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PROCEEDINGS AND DEBATES OF THE 93d CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES—*Thursday, December 5, 1974*

The House met at 12 o'clock noon.

Rev. Walter Maienshein, Roxborough Presbyterian Church, Philadelphia, Pa., offered the following prayer:

Almighty God, our Father, we come before You this day, not because of habit or custom or form, but because we recognize the need we have for Your guidance and direction.

Keep us from the pride and foolishness of believing that we can accomplish anything without You.

We thank You that You have not dealt with us as we deserve to be dealt with, but in love and mercy. You have provided the gift of life, both abundant and eternal, through Your Son.

We thank You for the promise that if we come in faith and true repentence You will forgive us and bless us with the presence of Your Holy Spirit.

Fill our hearts with the love of Christ this day, that we might reflect His unselfish compassion and concern in all we do.

We pray this in the name of Jesus Christ who loved us and gave Himself for us. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 11929) entitled "An act to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments."

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate with an amendment to a bill of the House of the following titles:

H.R. 7730. An act to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip.

The message also announced that the Senate had tabled the conference report on the bill H.R. 15977 and that the Senate further insists upon its amendments to the bill (H.R. 15977) entitled "An act to amend the Export-Import Bank Act of 1945, and for other purposes," requests a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SPARKMAN, Mr. WILLIAMS, Mr. PROXMIRE, Mr. CRANSTON, Mr. STEVENSON, Mr. MCINTYRE, Mr. BIDEN, Mr. HATHAWAY, Mr. TOWER, Mr. BROOKE, Mr. PACKWOOD, Mr. BROCK, Mr. BENNETT, and Mr. WEICKER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2931. An act to authorize Robert L. Rausch to accept an office or position in a university maintained by the Government of Canada; and

S. 4204. An act to authorize the Secretary of the Treasury to continue the minting of dollars, half-dollars, and quarter-dollars bearing the current design and coinage date during calendar year 1975, and for other purposes.

CHANGE IN LEGISLATION PROGRAM

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, in announcing the program for next week, referring to the whip notice, I wish to state there has been a change.

The consideration of H.R. 5385, Surface Transportation Act of 1974, under an open rule, with 1 hour of debate, will be the first item on the agenda. We will consider the rule only.

AUTHORIZING CLERK TO RECEIVE MESSAGES AND SPEAKER TO SIGN ENROLLED BILLS NOTWITHSTANDING ADJOURNMENT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign enrolled bills, notwithstanding the adjournment of the House until Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, reserving the right to object—and I shall not object—I would like to ask the gentleman why we will consider only the rule on the surface transportation bill on Monday.

Mr. O'NEILL. Mr. Speaker, if the gentleman will yield, the reason for that is because we believe that is the best way in order to expedite the business of the day.

Mr. GROSS. Does the gentleman mean to say that to adopt the rule and not take up the bill is expeditious?

Mr. O'NEILL. That is what we believe. I trust the gentleman will go along with that procedure. That is the manner in which we have made the assignment on the calendar.

Mr. GROSS. Mr. Speaker, may I ask the gentleman this: That would not have anything to do with transferring the bloodletting that is taking place here to Kansas City, would it?

Mr. O'NEILL. No.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CONFERENCE REPORT ON S. 425, PROVIDING FOR COOPERATION BETWEEN SECRETARY OF INTERIOR AND THE STATES IN REGULATION OF SURFACE MINING OPERATIONS AND ACQUISITION AND RECLAMATION OF ABANDONED MINES

Mr. UDALL, of Arizona, filed the following privileged conference report on the Senate bill (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface mining operations and the acquisition and reclamation of abandoned mines, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 93–1522)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

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TITLE I—STATEMENT OF FINDINGS AND POLICY

FINDINGS

SEC. 101. The Congress finds and declares that—

(a) extraction of coal and other minerals from the earth can be accomplished by various methods of mining, including surface mining;

(b) coal mining operations presently contribute significantly to the Nation's energy requirements; surface coal mining constitutes one method of extraction of the resource; the overwhelming percentage of the Nation's coal reserves can only be extracted by underground mining methods, and it is, therefore, essential to the national interest to insure the existence of an expanding and economically healthy underground coal mining industry;

(c) many surface mining operations result in disturbances of surfaces areas that burden and adversely affect commerce and the public welfare by destroying or diminishing the utility of land for commercial, industrial, residential, recreational, agricultural, and forestry purposes, by causing erosion and landslides, by contributing to floods, by polluting the water, by destroying fish and wildlife habitats, by impairing natural beauty, by damaging the property of citizens, by creating hazards dangerous to life and property, by degrading the quality of life in local communities, and by counteracting governmental programs and efforts to conserve soil, water, and other natural resources;

(d) surface mining and reclamation technology are now developed so that effective and reasonable regulation of surface coal mining operations by the States and by the Federal Government in accordance with the requirements of this Act is an appropriate and necessary means to minimize so far as practicable the adverse social, economic, and environmental effects of such mining operations;

(e) because of the diversity in terrain, climate, biologic, chemical, and other physical conditions in areas subject to mining operations, the primary governmental responsibility for developing, authorizing, issuing, and enforcing regulations for surface mining and reclamation operations subject to this Act should rest with the States;

(f) while there is a need to regulate surface mining operations for minerals other than coal, more data and analyses are needed to serve as a basis for effective and reasonable regulation of such operations;

(g) surface and underground coal mining operations affect interstate commerce, contribute to the economic well-being, security, and general welfare of the Nation and should be conducted in an environmental sound manner; and

(h) the cooperative effort established by this Act is necessary to prevent or mitigate adverse environmental effects of present and future surface mining operations.

PURPOSES

SEC. 102. It is the purpose of this Act to—

(a) establish a nationwide program to prevent the adverse effects to society and the environment resulting from surface coal mining operations and surface impacts of underground coal mining operations;

(b) assure that the rights of surface landowners and other persons with a legal interest in the land or appurtenances thereto are fully protected from such operations;

(c) assure that surface coal mining operations are not conducted where reclamation as required by this Act is not feasible;

(d) assure that surface coal mining operations are so conducted as to protect the environment;

(e) assure that adequate procedures are undertaken to reclaim surface areas as contemporaneously as possible with the surface coal mining operations;

(f) assure that the coal supply essential to the Nation's energy requirements, and to its economic and social well-being is provided and strike a balance between protection of the environment and the Nation's need for coal as an essential source of energy;

(g) assist the States in developing and implementing a program to achieve the purposes of this Act;

(h) promote the reclamation of mined areas left without adequate reclamation prior to the enactment of this Act and which continue, in their unreclaimed condition, to substantially degrade the quality of the environment, prevent or damage the beneficial use of land or water resources, or endanger the health or safety of the public;

(i) assure that appropriate procedures are provided for the public participation in the development, revision, and enforcement of regulations, standards, reclamation plans, or programs established by the Secretary or any State under this Act;

(j) encourage the full utilization of coal resources through the development and application of underground extraction technologies:

(k) provide a means for development of the data and analyses necessary to establish effective and reasonable regulations of surface mining operations for other minerals:

(l) stimulate, sponsor, provide for and/or supplement present programs for the conduct of research investigations, experiments, and demonstrations, in the exploration, extraction, processing, development, and production of minerals and the training of mineral engineers and scientists in the fields of mining, minerals resources, and technology, and the establishment of an appropriate research and training center in various States; and

(m) wherever necessary, exercise the full reach of Federal constitutional powers to insure the protection of the public interest through effective control of surface coal mining operations.

TITLE II—OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

CREATION OF THE OFFICE

SEC. 201. (a) There is established in the Department of the Interior, the Office of Surface Mining Reclamation and Enforcement (hereinafter referred to as the "Office").

(b) The Office shall have a Director who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate provided for level V of the Executive Schedule under section 5315 of title 5 of the United States Code, and such other employees as may be required. The Director shall have the responsibilities provided under subsection (c) of this section and those duties and responsibilities relating to the functions of the office which the Secretary may assign, consistent with this Act. Employees of the Office shall be recruited on the basis of their professional competence and capacity to administer the provisions of this Act. No legal authority, program, or function in any Federal agency which has as its purpose promoting the development or use of coal or other mineral resources, shall be transferred to the Office.

(c) The Secretary, acting through the Office, shall—

(1) administer the programs for controlling surface coal mining operations which are required by this Act; review and approve or disapprove State programs for controlling surface coal mining operations; make those investigations and inspections necessary to insure compliance with this Act; conduct hearings, administer oaths, issue subpenas, and compel the attendance of witnesses and production of written or printed material as provided for in this Act; issue cease-and-desist orders; review and vacate or modify or approve orders and decisions; and order the suspension, revocation, or withholding of any permit for failure to comply with any of the provisions of this Act or any rules and regulations adopted pursuant thereto;

(2) publish and promulgate such rules and regulations as may be necessary to carry out the purposes and provisions of this Act;

(3) administer the State grant-in-aid program for the development of State programs for surface coal mining and reclamation operations provided for in title V of this Act;

(4) administer the program for the purchase and reclamation of abandoned and unreclaimed mined areas pursuant to title IV of this Act;

(5) administer the surface mining and reclamation research and demonstration project authority provided for in this Act;

(6) consult with other agencies of the Federal Government having expertise in the control and reclamation of surface mining operations and assist States, local governments, and other eligible agencies in the coordination of such programs;

(7) maintain a continuing study of surface mining and reclamation operations in the United States;

(8) develop and maintain an Information and Data Center on Surface Coal Mining, Reclamation, and Surface Impacts of Underground Mining, which will make such data available to the public and to Federal, regional, State, and local agencies conducting or concerned with land use planning and agencies concerned with surface and underground mining and reclamation operations;

(9) assist the States in the development of State programs for surface coal mining and reclamation operations which meet the requirements of this Act and, at the same time, reflect local requirements and local environmental conditions;

(10) assist the States in developing objective scientific criteria and appropriate procedures and institutions for determining those areas of a State to be designated unsuitable for all or certain types of surface coal mining pursuant to section 522; and

(11) monitor all Federal and State research programs dealing with local extraction and use and recommend to Congress the research and demonstration projects and necessary changes in public policy which are designated to (A) improve feasibility of underground coal mining, and (B) improve surface mining and reclamation techniques directed at eliminating adverse environmental and social impacts; and

(12) perform such other duties as may be provided by law and relate to the purposes of this Act.

TITLE III—STATE MINING AND MINERAL RESOURCES AND RESEARCH INSTITUTE

AUTHORIZATION OF STATE ALLOTMENTS TO INSTITUTES

SEC. 301. (a) There are authorized to be appropriated to the Secretary of the Interior sums adequate to provide for each participating State $200,000 for fiscal year 1975, $300,000 for fiscal year 1976, and $400,000 for each fiscal year thereafter for five years, to assist the States in carrying on the work of a competent and qualified mining and mineral resources research institute, or center (hereinafter referred to as "institute") at one public college or university at the State, which has in existence at the time of enactment of this title a school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction or which establishes such a school of mines, or division, or department subsequent to the enactment of this title and which school of mines, or division, or department shall have been in existence for at least two years. The Advisory Committee on Mining and Minerals Resources Research as created by this title shall determine a college or university to have an eligible school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction wherein education and research in the minerals engineering fields are being carried out and wherein at least five full-time permanent faculty members are employed: *Provided*, That—

(1) such moneys when appropriated shall be made available to match, on a dollar-for dollar basis, non-Federal funds which shall be at least equal to the Federal share to support the institute;

(2) if there is more than one such eligible college or university in a State, funds under this title shall, in the absence of a designation to the contrary by act of the legislature of the State, be paid to one such college or university designated by the Governor of the State; and

(3) where a State does not have a public college; or university with an eligible school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction, said advisory committee may allocate the State's allotment to one private college or university which it determines to have an eligible school of mines, or division, or department as provided herein;

(b) It shall be the duty of each such institute to plan and conduct and or arrange for a component or components of the college or university with which it is affiliated to conduct competent research, investigations, demonstrations, and experiments of either a basic or practical nature, or both, in relation to mining and mineral resources and to provide for the training of mineral engineers and scientists through such research, investigations, demonstrations, and experiments. Such research, investigations, demonstrations, experiments, and training may include, without being limited to exploration; extraction; processing; development; production of mineral resources; mining and mineral technology; supply and demand for minerals; conservation and best use of available supplies of minerals; the economic, legal, social engineering, recreational, biological, geographic, ecological, and other aspects of mining, mineral resources, and mineral reclamation, having due regard to the interrelation on the natural environment, the varying conditions and needs of the respective States, to mining and mineral resources research projects being conducted by agencies of the Federal and State governments, and other, and to avoid any undue displacement of mineral engineers and scientists elsewhere engaged in mining and mineral resources research.

RESEARCH FUNDS TO INSTITUTES

SEC. 302. (a) There is authorized to be appropriated annually for seven years to the Secretary of the Interior the sum of $15,000,000 in fiscal year 1975, said sum increased by $2,000,000 each fiscal year thereafter for six years, which shall remain available until expended. Such moneys when appropriated shall be made available to institutes to meet the necessary expenses for purposes of:

(1) specific mineral research and demonstration projects of industrywide application, which could not otherwise be undertaken, including the expenses of planning and coordinating regional mining and mineral resources research projects by two or more institutes, and

(2) research into any aspects of mining and mineral resources problems related to the mission of the Department of the Interior, which may be deemed desirable and are not otherwise being studied.

(b) Each application for a grant pursuant to subsection (a) of this section shall, among other things, state the nature of the project to be undertaken, the period during which it will be pursued, the qualifications of the personnel who will direct and conduct it, the estimated costs, the importance of the project to the Nation, region, or State concerned, and its relation to other known research projects theretofore pursued or being pursued, and the extent to which it will provide opportunity for the training of mining and mineral engineers and scientists, and the extent of participation by nongovernmental sources in the project.

(c) The Secretary shall insofar as it is practicable, utilize the facilities of institutes designated in section 301 of this title to perform such special research, authorized by this section, and shall select the institutes for the performance of such special research on the basis of the qualifications without regard to race or sex of the personnel who will conduct and direct it, and on the basis of the facilities available in relation to the particular needs of the research project, special geographic, geologic, or climatic conditions within the immediate vicinity of the institute in relation to any special requirements of the research project, and the extent to which it will provide opportunity for training individuals as mineral engineers and scientists. The Secretary may designate and utilize such portions of the funds authorized to be appropriated by this section as he deems appropriate for the purpose of providing scholarships, graduate fellowships, and postdoctoral fellowships.

(d) No grant shall be made under subsection (a) of this section except for a project approved by the Secretary of the Interior and all grants shall be made upon the basis of merit of the project, the need for the knowledge which it is expected to produce when completed, and the opportunity it provides for the training of individuals as mineral engineers and scientists.

No portion of any grant under this section shall be applied to the acquisition by purchase or lease of any land or interests therein or the rental, purchase, construction, preservation, or repair of any building.

FUNDING CRITERIA

SEC. 303. (a) Sums available to institutes under the terms of sections 301 and 302 of this title shall be paid at such times and in such amounts during each fiscal year as determined by the Secretary, and upon vouchers approved by him. Each institute shall set forth its plan to provide for the training of individuals as mineral engineers and scientists under a curriculum appropriate to the field of mineral resources and mineral engineering and related fields; set forth policies and procedures which assure that Federal funds made available under this title for any fiscal year will supplement and, to the extent practicable, increase the level of funds that would, in the absence of such Federal funds, be made available for purposes of this title, and in no case supplant such funds; have an officer appointed by its governing authority who shall receive and account for all funds paid under the provisions of this title and shall make an annual report to the Secretary on or before the first day of September of each year, on work accomplished and the status of projects underway, together with a detailed statement of the amounts received under any provisions of this title during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary. If any of the moneys received by the authorized receiving officer of any institute under the provisions of this title shall by any action or contingency be found by the Secretary to have been improperly diminished, lost, or misapplied, it shall be replaced by the State concerned and until so replaced no subsequent appropriation shall be allotted or paid to any institute of such State.

(b) Moneys appropriated pursuant to this title shall be available for expenses for research, investigations, experiments, and training conducted under authority of this title. The institutes are hereby authorized and encouraged to plan and conduct programs under this title in cooperation with each other and with such other agencies and individuals as may contribute to the solution of the mining and mineral resources problems involved, and moneys appropriated pursuant to this title shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

DUTIES OF THE SECRETARY

Sec. 304. The Secretary of the Interior is hereby charged with the responsibility for the proper administration of this title and, after full consultation with other interested Federal agencies, shall prescribe such rules and regulations as may be necessary to carry out its provisions. The Secretary shall furnish such advice and assistance as will best promote the purposes of this title, participate in coordinating research initiated under this title by the institutes, indicate to them such lines of inquiry as to him seem most important, and encourage and assist in the establishment and maintenance of cooperation by and between the institutes and between them and other research organizations, the United States Department of the Interior, and other Federal establishments.

On or before the 1st day of July in each year after the passage of this title, the Secretary shall ascertain whether the requirements of section 303(a) have been met as to each institute and State.

The Secretary shall make an annual report to the Congress of the receipts, expenditures, and work of the institutes in all States under the provisions of this title. The Secretary's report shall indicate whether any portion of an appropriation available for allotment to any State has been withheld and, if so, the reasons therefor.

AUTONOMY

Sec. 305. Nothing in this title shall be construed to impair or modify the legal relationship existing between any of the colleges or universities under whose direction an institute is established and the government of the State in which it is located, and nothing in this title shall in any way be construed to authorize Federal control or direction of education at any college or university.

MISCELLANEOUS PROVISIONS

Sec. 306. (a) The Secretary of the Interior shall obtain the continuing advice and cooperation of all agencies of the Federal Government concerned with mining and mineral resources of State and local governments, and of private institutions and individuals to assure that the programs authorized in this title will supplement and not duplicate established mining and minerals research programs, to stimulate research in otherwise neglected areas, and to contribute to a comprehensive nationwide program of mining and minerals research, having due regard for the protection and conservation of the environment. The Secretary shall make generally available information and reports on projects completed, in progress, or planned under the provisions of this title, in addition to any direct publication of information by the institutes themselves.

(b) Nothing in this title is intended to give or shall be construed as giving the Secretary of the Interior any authority over mining and mineral resources research conducted by any other agency of the Federal Government, or as repealing, superseding, or diminishing existing authorities or responsibilities of any agency of the Federal Government to plan and conduct, contract for, or assist in research in its area of responsibility and concern with mining and mineral resources.

(c) Contracts or other arrangements for mining and mineral resources research work authorized under this title with an institute, educational institution, or nonprofit organization may be undertaken without regard to the provisions of section 3684 of the Revised (31 U.S.C. 529) when, in the judgment of the Secretary of the Interior, advance payments of initial expense are necessary to facilitate such work.

(d) No research, demonstration, or experiment shall be carried out under this Act by an institute financed by grants under this Act unless all uses, products, processes, patents, and other developments resulting therefrom with such exception or limitation, if any, as the Secretary may find necessary in the public interest, be available promptly to the general public. Nothing contained in this section shall deprive the owner of any background patent relating to any such activities of any rights which that owner may have under that patent. There are authorized to be appropriated such sums as are necessary for the printing and publishing of the results of activities carried out by institutes under the provisions of this Act and for administrative planning and direction, but such appropriations shall not exceed $1,000,000 in any fiscal year.

CENTER FOR CATALOGING

Sec. 307. The Secretary shall establish a center for cataloging current and projected scientific research in all fields of mining and mineral resources. Each Federal agency doing mining and mineral resources research shall cooperate by providing the cataloging center with information on work underway or scheduled by it. The cataloging center shall classify and maintain for public use a catalog of mining and mineral resources research and investigation projects in progress or scheduled by all Federal agencies and by such non-Federal agencies of government, colleges, universities, private institutions, firms and individuals as may make such information available.

INTERAGENCY COOPERATION

Sec. 308. The President shall, by such means as he deems appropriate, clarify agency responsibility for Federal mining and mineral resources research and provide for interagency coordination of such research, including the research authorized by this title. Such coordination shall include—

(a) continuing review of the adequacy of the Government-wide program in mining and mineral resources research;

(b) identification and elimination of duplication and overlap between two or more agency programs;

(c) identification of technical needs in various mining and mineral resources research categories;

(d) recommendations with respect to allocation of technical effort among the Federal agencies;

(e) review of technical manpower needs and findings concerning management policies to improve the quality of the Government-wide research effort; and

(f) actions to facilitate interagency communication at management levels.

ADVISORY COMMITTEE

Sec. 309. (a) The Secretary of the Interior shall appoint an Advisory Committee on Mining and Mineral Research composed of—

(1) the Director, Bureau of Mines, or his delegate, with his consent;

(2) the Director of the National Science Foundation, or his delegate, with his consent;

(3) the President, National Academy of Sciences, or his delegate, with his consent.

(4) the President, National Academy of Engineering, or his delegate, with his consent;

(5) the Director, United States Geological Survey, or his delegate, with his consent; and

(6) not more than four other persons who are knowledgeable in the fields of mining and mineral resources research, at least one of whom shall be a representative of working coal miners.

(b) The Secretary shall designate the Chairman of the Advisory Committee. The Advisory Committee shall consult with, and make recommendations to, the Secretary of the Interior on all matters involving or relating to mining and mineral resources research and such determinations as provided in this title. The Secretary of the Interior shall consult with, and consider recommendations of, such Committee in the conduct of mining and mineral resources research and the making of any grant under this title.

(c) Advisory Committee members, other than officers or employees of Federal, State, or local governments, shall be, for each day (including traveltime) during which they are performing committee business, entitled to receive compensation at a rate fixed by the Secretary, but not in excess of the maximum rate of pay for grade GS–18 as provided in the General Schedule under section 5332 of title 5 of the United States Code, and shall, notwithstanding the limitations of sections 5703 and 5704 of title 5 of the United States Code, be fully reimbursed for travel, subsistence, and related expenses.

TITLE IV—ABANDONED MINE RECLAMATION

ABANDONED COAL MINE RECLAMATION FUND

Sec. 401. (a) There is created on the books of the Treasury of the United States a trust fund to be known as the Abandoned Mine Reclamation Fund (hereinafter referred to as the "fund") which shall be administered by the Secretary of the Interior.

(b) The fund shall consist of amounts deposited in the fund, from time to time, derived from—

(1) the sale, lease, or rental of land reclaimed pursuant to this title;

(2) any user charge imposed on or for land reclaimed pursuant to this title, after expenditures for maintenance have been deducted; and

(3) the reclamation fees levied under subsection (d) of this section.

(c) Amounts covered into the fund shall be available for the acquisition and reclamation of land under section 405, administration of the fund and enforcement and collection of the fee as specified in subsection (d), acquisition and filing of voids and sealing of tunnels, shafts, and entryways under section 406, and for use under section 404, by the Secretary of Agriculture, of up to one-fifth of the money deposited in the fund annually and transferred by the Secretary of the Interior to the Secretary of Agriculture for such purposes. Such amounts shall be available for such purposes only when appropriated therefor; and such appropriations may be made without fiscal year limitation.

(d) All operators of coal mining operations subject to the provisions of this Act shall pay to the Secretary of the Interior, for deposit in the fund, a reclamation fee of thirty-five cents per ton of coal produced by surface coal mining and twenty-five cents per ton of coal produced by underground mining or 10 per centum of the value of the coal at the mine, as determined by the Secretary, whichever is less. Such fee shall be paid each calendar quarter occurring after the date of enactment of this Act, beginning with the first calendar quarter (or part thereof) occurring after such date of enactment and ending ten years after the date of enactment of this Act unless extended by an Act of Congress. At the end of each three-year period following the date of enactment of this Act, the Secretary shall adjust the fee to reflect any change in the cost of living index since the beginning of such three-year period.

(e) The geographic allocation of expenditures from the fund shall reflect both the area from which the revenue was derived as well as the program needs for the funds. Fifty per centum of the funds collected annually in any State or Indian reservation shall be expended in that State or Indian reservation by the Secretary to accomplish the purposes of this title: *Provided, however,* That if such funds have not been expended within three years after being paid into the fund, they shall be available for expenditure in any area. The balance of funds collected on an annual basis may be expended in any area at the discretion of the Secretary in order to meet the purposes of this title.

OBJECTIVES OF FUND

SEC. 402. Objectives for the obligation of funds for the reclamation of previously mined areas shall reflect the following priorities in the order stated:

(a) the protection of health or safety of the public;

(b) protection of the environment from continued degradation and the conservation of land and water resources;

(c) the protection, construction, or enhancement of public facilities such as utilities, roads, recreation, and conservation facilities and their use;

(d) the improvement of lands and water to a suitable condition useful in the economic and social development of the area affected; and

(e) research and demonstration projects relating to the development of surface mining reclamation and water quality control program methods and techniques in all areas of the United States.

ELIGIBLE LANDS

SEC. 403. The only land eligible for reclamation expenditures under this title are those which were mined for coal or which were affected by such mining, wastebanks, coal processing, or other coal mining processes, and abandoned or left in an inadequate reclamation status prior to the date of enactment of this Act, and for which there is no continuing reclamation responsibility under State or other Federal laws.

RECLAMATION OF RURAL LANDS

SEC. 404. (a) In order to provide for the control and prevention of erosion and sediment damages from unreclaimed mined lands, and to promote the conservation and development of soil and water resources of unreclaimed mined lands and lands affected by mining, the Secretary of Agriculture is authorized to enter into agreements, of not more than ten years with landowners (including owners of water rights) residents and tenants, and individually or collectively, determined by him to have control for the period of the agreement of lands in question therein, providing for land stabilization, erosion, and sediment control, and reclamation through conservation treatment, including measures for the conservation and development of soil, water (excluding stream channelization), woodland, wildlife, and recreation resources, of such lands. Such agreements shall be made by the Secretary with the owners, including owners of water rights, residents, or tenants (collectively or individually) of the lands in question.

(b) The landowner, including the owner of water rights, resident, or tenant shall furnish to the Secretary of Agriculture a conservation and development plan setting forth the proposed land uses and conservation treatment which shall be mutually agreed by the Secretary of Agriculture and the landowner, including owner of water rights, resident, or tenant to be needed on the lands for which the plan was prepared. In those instances where it is determined that the water rights or water supply of a tenant, landowner, including owner of water rights, residents, or tenant have been adversely affected by a surface or underground coal mine operation which has removed or disturbed a stratum so as to significantly affect the hydrologic balance, such plan may include proposed measures to enhance water quality or quantity by means of joint action with other affected landowners, including owner of water rights, residents, or tenants in consultation with appropriate State and Federal agencies.

(c) Such plan shall be incorporated in an agreement under which the landowner, including owner of water rights, resident, or tenant shall agree with the Secretary of Agriculture to effect the land uses and conservation treatment provided for in such plan on the lands described in the agreement in accordance with the terms and conditions thereof.

(d) In return for such agreement by the landowner, including owner of water rights, resident, or tenant the Secretary of Agriculture is authorized to furnish financial and other assistance to such landowner, including owner of water rights, resident, or tenant in such amounts and subject to such conditions as the Secretary of Agriculture determines are appropriate and in the public interest for carrying out the land use and conservation treatment set forth in the agreement. Grants made under this section shall not exceed 80 per centum of the cost of carrying out such land uses and conservation treatment on not more than thirty acres of land occupied by such owner including water rights owners, resident or tenant, or on not more than thirty acres of land which has been purchased jointly by such landowners including water rights owners, residents, or tenant under an agreement for the enhancement of water quality or quantity or on land which has been acquired by an appropriate State or local agency for the purpose of implementing such agreement.

(e) The Secretary of Agriculture may terminate any agreement with a landowner including water rights owners, operator, or occupied by mutual agreement if the Secretary of Agriculture determines that such termination would be in the public interest, and may agree to such modification of agreements previously entered into hereunder as he deems desirable to carry out the purposes of this section or to facilitate the practical administration of the program authorized herein.

(f) Notwithstanding any other provision of law, the Secretary of Agriculture, to the extent he deems it desirable to carry out the purposes of this section, may provide in any agreement hereunder for (1) preservation for a period not to exceed the period covered by the agreement and an equal period thereafter of the cropland, crop acreage, and allotment history applicable to land covered by the agreement for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation on the production of such crop; or (2) surrender of any such history and allotments.

(g) The Secretary of Agriculture shall be authorized to issue such rules and regulations as he determines are necessary to carry out the provisions of this section.

(h) In carrying out the provisions of this section, the Secretary of Agriculture shall utilize the services of the Soil Conservation Service.

(i) Funds shall be made available to the Secretary of Agriculture for the purposes of this section, as provided in section 401(c).

ACQUISITION AND RECLAMATION OF ABANDONED AND UNRECLAIMED MINED LANDS

SEC. 405. **(a)** (1) The Congress hereby declares that the acquisition of any interest in land or mineral rights in order to eliminate hazards to the environment or to the health or safety of the public from mined lands, or to construct, operate, or manage reclamation facilities and projects constitutes acquisition for a public use or purpose, notwithstanding that the Secretary plans to hold the interest in land or mineral rights so acquired as an open space or for recreation, or to resell the land following completion of the reclamation facility or project.

(2) The Secretary may acquire by purchase, donation, or otherwise, land or any interest therein which has been affected by surface mining and has not been reclaimed to its approximate original condition. Prior to making any acquisition of land under this section, the Secretary shall make a thorough study with respect to those tracts of land which are available for acquisition under this section and based upon those findings he shall select lands for purchase according to the priorities established in section 402. Title to all lands or interests therein acquired shall be taken in the name of the United States. The price paid for land under this section shall take into account the unrestored condition of the land. Prior to any individual acquisition under this section, the Secretary shall specifically determine the cost of such acquisition and reclamation and the benefits to the public to be gained therefrom.

(3) For the purposes of this section, when the Secretary seeks to acquire an interest in land or mineral rights, and cannot negotiate an agreement with the owner of such interest or right he shall request the Attorney General to file a condemnation suit and take interest or right, following a tender of just compensation awarded by a jury to such person. When the Secretary determines that time is of the essence because of the likelihood of continuing or increasingly harmful effects upon the environment which would substantially increase the cost or magnitude of reclamation or of continuing or increasingly serious threats to life, safety, or health, or to property, the Secretary may take such interest or rights immediately upon payment by the United States either to such person or into a court of competent jurisdiction of such amount as the Secretary shall estimate to the the fair market value of such interest or rights; except that the Secretary shall also pay to such person any further amount that may be subsequently awarded by a jury, with interest from the date of the taking.

(4) For the purposes of this section, when the Secretary takes action to acquire an interest in land and cannot determine which person or persons hold title to such interest

or rights, the Secretary shall request the Attorney General to file a condemnation suit, and give notice, and may take such interest or rights immediately upon payment into court of such amount as the Secretary shall estimate to be the fair market value of such interest or rights. If a person or persons establishes title to such interest or rights within six years from the time of their taking, the court shall transfer the payment to such person or persons and the Secretary shall pay any further amount that may be agreed to pursuant to negotiations or awarded by a jury subsequent to the time of taking. If no person or persons establish title to the interest or rights within six years from the time of such taking, the payments shall revert to the Secretary and be deposited in the fund.

(5) States are encouraged to acquire abandoned and unreclaimed mined lands within their boundaries and to transfer such lands to the Secretary to be reclaimed under appropriate Federal regulations. The Secretary is authorized to make grants on a matching basis to States in such amounts as he deems appropriate for the purpose of carrying out the provisions of this title but in no event shall any grant exceed 90 per centum of the cost of acquisition of the lands for which the grant is made. When a State has made any such land available to the Federal Government under this title, such State shall have a preference right to purchase such lands after reclamation at fair market value less the State portion of the original acquisition price. Notwithstanding the provisions of paragraph (1) of this subsection, reclaimed land may be sold to the State or local government in which it is located at a price less than fair market value, which in no case shall be less than the cost to the United States of the purchase and reclamation of the land, as negotiated by the Secretary, to be used for a valid public purpose. If any land sold to a State or local government under this paragraph is not used for a valid public purpose as specified by the Secretary in the terms of the sales agreement then all right, title, and interest in such land shall revert to the United States. Money received from such sale shall be deposited in the fund.

(6) The Secretary shall prepare specifications for the reclamation of lands acquired under this section. In preparing these specifications, the Secretary shall utilize the specialized knowledge or experience of any Federal department or agency which can assist him in the development of implementation of the reclamation program required under this title.

(7) In selecting lands to be acquired pursuant to this section and in formulating regulations for the making of grants to the States to acquire lands pursuant to this title, the Secretary shall give priority to lands in this unreclaimed state which will meet the objectives as stated in section 402 above when reclaimed. For those lands which are reclaimed for public recreational use, the revenue derived from such lands shall be used first to assure proper maintenance of such funds and facilities thereon and any remaining moneys shall be deposited in the funds.

(8) Where land reclaimed pursuant to this section is deemed to be suitable for industrial, commercial, residential, or private recreational development, the Secretary may sell such land by public sale under a system of competitive bidding, at not less than fair market value and under such other regulations as he may promulgate to insure that such lands are put to proper use, as determined by the Secretary. If any such land sold is not put to the use specified by the Secretary in the terms of the sales agreement, then all right, title, and interest in such land shall revert to the United States. Money received from such sale shall be deposited in the fund.

(9) The Secretary shall hold a public hearing, with the appropriate notice, in the county or counties or the appropriate subdivisions of the State in which lands acquired to be reclaimed pursuant to this title are located. The hearings shall be held at a time which shall afford local citizens and governments the maximum opportunity to participate in the decision concerning the use of the lands once reclaimed.

(b)(1) The Secretary is authorized to use money in the fund to acquire, reclaim, develop, and transfer land to any State, or any department, agency, or instrumentality of a State or of a political subdivision thereof, or to any person, firm, association, or corporation if he determines that such is an integral and necessary element of an economically feasible plan for a project to construct or rehabilitate housing for persons employed in mines or work incidental thereto, persons disabled as the result of such employment, persons displaced by governmental action, or persons dislocated as the result of natural disasters or catastrophic failure from any cause. Such activities shall be accomplished under such terms and conditions as the Secretary shall require, which may include transfers of land with or without monetary consideration: *Provided*, That, to the extent that the consideration is below the fair market value of the land transferred, no portion of the difference between the fair market value and the consideration shall accrue as a profit to such person, firm, association, or corporation. Land development may include the construction of public facilities or other improvements including reasonable site work and offsite improvements such as sewer and water extensions which the Secretary determines necessary or appropriate to the economic feasibility of a project. No part of the funds provided under this title may be used to pay the actual construction costs of housing.

(2) The Secretary may carry out the purposes of this subsection directly or he may make grants and commitments for grants, and may advance money under such terms and conditions as he may require to any State, or any department, agency, or instrumentality of a State, or any public body or nonprofit organization designated by a State.

(3) The Secretary may provide, or contract with public and private organizations to provide information, advice, and technical assistance, including demonstrations, in furtherance of this subsection.

(4) The Secretary may make expenditures to carry out the purposes of this subsection, without regard to the provisions of section 403, in any area experiencing a rapid development of its coal resources which the Secretary has determined does not have adequate housing facilities.

FILLING VOIDS AND SEALING TUNNELS

SEC. 406. (a) The Congress declares that voids and open and abandoned tunnels, shafts, and entryways resulting from mining constitute a hazard to the public health or safety. The Secretary, at the request of the Governor of any State, is authorized to fill such voids and seal such abandoned tunnels, shafts, and entryways which the Secretary determines could endanger life and property or constitute a hazard to the public health or safety.

(b) In those instances where mine waste piles are being reworked for coal conservation purposes, the incremental costs of disposing of the wastes from such operations by filling voids and sealing tunnels may be eligible for funding providing that the disposal of these wastes meet the purposes of this section.

(c) The Secretary may acquire by purchase, donation, or otherwise such interest in land as he determines necessary to carry out the provisions of this section.

FUND REPORT

SEC. 407. Not later than January 1, 1976, and annually thereafter, the Secretary shall report to the Congress on operations under the fund together with his recommendations as to future uses of the fund.

TRANSFER OF FUNDS

SEC. 408. The Secretary of the Interior may transfer funds to other appropriate Federal agencies, in order to carry out the reclamation activities authorized by this title.

TITLE V—CONTROL OF THE ENVIRONMENTAL IMPACTS OF SURFACE COAL MINING

ENVIRONMENTAL PROTECTION STANDARDS

SEC. 501. Not later than the end of the one-hundred-and-eighty-day period immediately following the date of enactment of this Act, the Secretary shall promulgate and publish in the Federal Register regulations covering a permanent regulatory procedure for surface coal mining and reclamation operations setting mining and reclamation performance standards based on and incorporating the provisions of title V and establishing procedures and requirements for preparation, submission, and approval of State programs and development and implementation of Federal programs under this title. Such regulations shall not be promulgated and published by the Secretary until he has—

(A) published proposed regulations in the Federal Register and afforded interested persons and State and local governments a period of not less than forty-five days after such publication to submit written comments thereon;

(B) obtained the written concurrence of the Administrator of the Environmental Protection Agency with respect to those regulations promulgated under this section which relate to air or water quality standards promulgated under the authority of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151–1175), and the Clean Air Act, as amended (42 U.S.C. 1857); and

(C) held at least one public hearing on the proposed regulations.

The date, time, and place of any hearing held on the proposed regulations shall be set out in the publication of the proposed regulations. The Secretary shall consider all comments and relevant data presented at such hearing before final promulgation and publication of the regulations.

INITIAL REGULATION PROCEDURES

SEC. 502. (a) No person shall open or develop any new or previously mined or abandoned site for surface coal mining operations on lands on which such operations are regulated by a State unless such person has obtained a permit from the State regulatory authority.

(b) All surface coal mining operations on lands on which such operations are regulated by the State which commence operations pursuant to a permit issued on or after the date of enactment of this Act shall comply, and such permits shall contain terms requiring compliance with the provisions of subsections 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act.

(c) On and after one hundred thirty-five days from the date of enactment of this Act, all surface coal mining operations on lands on which such operations are regulated by a State which are in operation pursuant to a permit issued before the date of enactment of this Act shall comply with the provisions of subsections 515(b)(2), 515(b)(3), 515 (b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act, with respect to lands from which overburden and the coal seam being mined have not been removed.

(d) Upon the request of the permit applicant or permittee subsequent to a written finding by the regulatory authority and under the conditions and procedures set forth in subsection 515(c), the regulatory authority may grant variances from the requirement to restore to approximate original contour set forth in subsections 515(b)(3) and 515(d).

(e) Not later than twenty months from the date of enactment of this Act, all operators of surface coal mines in expectation of operating such mines after the date of approval of a State program, or the implementation of a Federal program, shall file an application for a permit with the regulatory authority, such application to cover those lands to be mined after the date of approval of the State program. The regulatory authority shall process such applications and grant or deny a permit within six months after the date of approval of the State program, but in no case later than thirty months from the date of enactment of this Act.

(f) No later than one hundred and thirty-five days from the date of enactment of this Act, the Secretary shall implement a Federal enforcement program which shall remain in effect in each State in which there is surface coal mining until the State program has been approved pursuant to this Act or until a Federal program has been implemented pursuant to this Act. The enforcement program shall—

(1) include inspections of surface coal mine sites which shall be made on a random basis (but at least one inspection for every site every three months), without advance notice to the mine operator and for the purpose of ascertainig compliance with the standards of subsection (b) above. The Secretary shall order any necessary enforcement action to be implemented pursuant to the Federal enforcement provision of this title to correct violations identified at the inspections;

(2) provide that upon receipt of inspection reports indicating that any surface coal mining operation has been found in violation of subsection (b) above, during not less than two consecutive State inspections or upon receipt of the Secretary of information which would give rise to reasonable belief that such standards are being violated by any surface coal mining operation, the Secretary shall order the immediate inspection of such operation by Federal inspectors and the necessary enforcement actions, if any, to be implemented pursuant to the Federal enforcement provisions of this title. When the Federal inspection results from information provided to the Secretary by any person, the Secretary shall notify such person when the Federal inspection is proposed to be carried out and such person shall be allowed to accompany the inspector during the inspection;

(3) for purposes of this section, the term "Federal inspector" means personnel of the Office of Surface Mining Reclamation and Enforcement and such additional personnel of the United States Geological Survey, Bureau of Land Management, or of the Mining Enforcement and Safety Administration so designated by the Secretary, or such other personnel of the Forest Service, Soil Conservation Service, or the Agricultural Stabilization and Conservation Service as arranged by appropriate agreement with the Secretary on a reimbursable or other basis;

(4) provide that the State regulatory agency file with the Secretary and with a designated Federal office centrally located in the county or area in which the inspected surface coal mine is located copies of inspection reports made;

(5) provide that moneys authorized by section 714 shall be available to the Secretary prior to the approval of a State program pursuant to this Act to reimburse the States for conducting those inspections in which the standards of this Act are enforced and for the administration of this section.

(g) Following the final disapproval of a State program, and prior to promulgation of a Federal program or a Federal lands program pursuant to this Act, including judicial review of such a program, existing surface coal mining operations may continue surface mining operations pursuant to the provisions of section 502 of this Act.

STATE PROGRAMS

SEC. 503. (a) Each State in which there is or may be conducted surface coal mining operations, and which wishes to assume exclusive jurisdiction over the regulation of surface coal mining and reclamation operations, except as provided in section 521 and title IV of this Act, shall submit to the Secretary, by the end of the eighteen-month period beginning on the date of enactment of this Act, a State program which demonstrates that such State has the capability of carrying out the provisions of this Act and meeting its purposes through—

(1) a State law which provides for the regulation of surface mining and reclamation operations in accordance with the requirements of this Act and the regulations issued by the Secretary pursuant to this Act;

(2) a State law which provides sanctions for violations of State laws, regulations, or conditions of permits concerning surface mining and reclamation operations, which sanctions shall meet the minimum requirements of this Act, including civil and criminal actions, forfeiture of bonds, suspension, revocation, and withholding of permits, and the issuance of cease-and-desist orders by the State regulatory authority or its inspectors;

(3) a State regulatory authority with sufficient administrative and technical personnel, and sufficient funding to enable the State to regulate surface coal mining and reclamation operations in accordance with the requirements of this Act;

(4) a State law which provides for the effective implementation, maintenance, and enforcement of a permit system, meeting the requirements of this title for the regulation of surface mining and reclamation operations for coal on lands within the State;

(5) establishment of a process for the designation of areas as unsuitable for surface coal mining in accordance with section 522;

(6) establishment, for the purpose of avoiding duplication, of a process for coordinating the review and issuance of permits for surface mining and reclamation operations with any other Federal or State permit process applicable to the proposed operations.

(b) The Secretary shall not approve any State program submitted under this section until he has—

(1) solicited and publicly disclosed the views of the Administrator of the Environmental Protection Agency, the Secretary of Agriculture, and the heads of other Federal agencies concerned with or having special expertise pertinent to the proposed State program;

(2) obtained the written concurrence of the Administrator of the Environmental Protection Agency with respect to those aspects of a State program which relate to air or water quality standards promulgated under the authority of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151–1175), and the Clean Air Act, as amended (42 U.S.C. 1857);

(3) held at least one public hearing on the State program within the State; and

(4) found that the State has the legal authority and qualified personnel necessary for the enforcement of the environmental protection standards.

The Secretary shall approve or disapprove a State program, in whole or in part, within six full calendar months after the date such State program was submitted to him.

(c) If the Secretary disapproves any proposed State program in whole or in part, he shall notify the State in writing of his decision and set forth in detail the reasons therefor. The State shall have sixty days in which to resubmit a revised State program, or a portion thereof: The Secretary shall approve or disapprove the resubmitted State program or portion thereof within sixty days from the date of resubmission.

(d) For the purposes of this section and section 504, the inability of a State to take any action the purpose of which is to prepare, submit, or enforce a State Program, or any portion thereof, because the action is enjoined by the issuance of an injunction by any court of competent jurisdiction shall not result in a loss of eligibility for financial assistance under titles IV and VII of this Act or in the imposition of a Federal Program. Regulation of the surface coal mining and reclamation operations covered or to be covered by the State Program subject to the injunction shall be conducted by the State pursuant to section 502 of this Act, until such time as the injunction terminates or for one year, whichever is shorter, at which time the requirements of sections 503 and 504 shall again be fully applicable.

FEDERAL PROGRAMS

SEC. 504. (a) The Secretary shall prepare and, subject to the provisions of this section, promulgate and implement a Federal program for a State if such State—

(1) fails to submit a State program covering surface mining and reclamation operations by the end of the eighteen-month period beginning on the date of enactment of this Act;

(2) fails to resubmit an acceptable State program within sixty days of disapproval of a proposed State program: *Provided*, That the Secretary shall not implement a Federal program prior to the expiration of the initial period allowed for admission of a State program as provided for in clause (1) of the subsection; or

(3) fails to implement, enforce, or maintain an approved State program as provided for in this Act.

If State compliance with clause (1) of this subsection requires an act of the State legislature the Secretary may extend the period for submission of a State program up to an additional six months. Promulgation and implementation of a Federal program vests the Secretary with exclusive jurisdiction for the regulation and control of surface mining and reclamation operations taking place on lands within any State not in compliance with this Act. After promulgation and implementation of a Federal program the Secretary shall be the regulatory authority. In promulgating and implementing a Federal program for a particular State the Secretary shall take into consideration the nature of that State's terrain, climate, biological, chemical, and other relevant physical conditions.

(b) In the event that a State has a State program for surface coal mining, and is not enforcing any part of such program, the Secretary may provide for the Federal enforcement, under the provisions of section 521, of that part of the State program not being enforced by such State.

(c) Prior to promulgation and implementation of any proposed Federal program, the Secretary shall give adequate public notice and hold a public hearing in the affected State.

(d) Permits issued pursuant to an approved State program shall be valid but reviewable under a Federal program. Immediately following promulgation of a Federal program, the Secretary shall undertake to review such permits to determine that the requirements of this Act are not violated. If the Secretary determines any permit to have been granted contrary to the requirements of this Act, he shall so advise the permittee and provide him a reasonable opportunity for submission of a new application and reasonable time to conform ongoing surface mining and reclamation operations to the requirements of the Federal program.

(e) A State which has failed to obtain the approval of a State program prior to implementation of a Federal program may submit a State program at any time after such implementation. Upon the submission of such a program, the Secretary shall follow the procedures set forth in section 503(b) and shall approve or disapprove the State program within six months after its submittal. Approval of a State program shall be based on the determination that the State has the capability of carrying out the provisions of this Act and meeting its purposes through the criteria set forth in section 503(a) (1) through (6). Until a State program is approved as provided under this section, the Federal program shall remain in effect and all actions taken by the Secretary pursuant to such Federal program, including the terms and conditions of any permit issued thereunder, shall remain in effect.

(f) Permits issued pursuant to the Federal program shall be valid but reviewable under the approved State program. The State regulatory authority may review such permits to determine that the requirements of this Act and the approved State program are not violated. If the State regulatory authority determines any permit to have been granted contrary to the requirements of the Act or the approved State program, he shall so advise the permittee and provide him a reasonable opportunity for submission of a new application and reasonable time to conform ongoing surface mining and reclamation operations to the requirements of the Act or approved State program.

(g) Whenever a Federal program is promulgated for a State pursuant to this Act, any statutes or regulations of such State which are in effect to regulate surface mining and reclamation operations subject to this Act shall, insofar as they interfere with the achievement of the purposes and the requirements of this Act and the Federal program, be preempted and superseded by the Federal program.

(h) Any Federal program shall include a process for coordinating the review and issuance of permits for surface mining and reclamation operations with any other Federal or State permit process applicable to the proposed operation.

STATE LAWS

SEC. 505. (a) No State law or regulation in effect on the date of enactment of this Act, or which may become effective thereafter, shall be superseded by any provision of this Act or any regulation issued pursuant thereto, except insofar as such State law or regulation is inconsistent with the provisions of this Act.

(b) Any provision of any State law or regulation in effect upon the date of enactment of this Act, or which may become effective thereafter, which provides for more stringent land use and environmental controls and regulations of surface coal mining and reclamation operations than do the provisions of this Act or any regulation issued pursuant thereto shall not be construed to be inconsistent with this Act. Any provision of any State law or regulation in effect on the date of enactment of this Act, or which may become effective thereafter, which provides for the control and regulation of surface mining and reclamation operations for which no provision is contained in this Act shall not be construed to be inconsistent with this Act.

(c) Nothing in this Act shall be construed as affecting in any way the right of any person to enforce or protect, under applicable State law, his interest in water resources affected by a surface coal mining operation.

PERMITS

SEC. 506. (a) After the expiration of the thirty month period following the date of enactment of this Act, no person shall engage in or carry out on lands within a State any surface coal mining operations unless such person has first obtained a permit issued by such State pursuant to an approved State program or by the Secretary pursuant to a Federal program; except a person conducting surface coal mining operations existing at the date of enactment of this Act under a valid permit from the State regulatory authority may conduct such operations beyond such period if an application for a permit has been filed in accordance with the provisions of this Act, but the initial administrative decision has not been rendered.

(b) All permits issued pursuant to the requirements of this Act shall be issued for a term not to exceed five years and shall be nontransferable: *Provided*, That a successor in interest to a permittee who applies for a new permit within thirty days of succeeding to such interest and who is able to obtain the bond coverage of the original permittee may continue surface coal mining and reclamation operations according to the approved mining and reclamation plan of the original permittee until such successor's application is granted or denied.

(c) A permit shall terminate if the permittee has not commenced the surface coal mining and reclamation operations covered by such permit within three years of the issuance of the permit.

(d) (1) Any valid permit issued pursuant to this Act shall carry with it the right of successive renewal upon expiration with respect to areas within the boundaries of the existing permit. The holder of the permit may apply for renewal and such renewal shall be issued, subsequent to public hearing upon the following requirements and written finding by the regulatory authority that—

(A) the terms and conditions of the existing permit are being satisfactorily met;

(B) the present surface coal mining and reclamation operation is in full compliance with the environmental protection standards of this Act and the approved State plan pursuant to this Act;

(C) the renewal requested does not jeopardize the operator's continuing responsibility on existing permit areas;

(D) the operator has provided evidence that the performance bond in effect for said operation will continue in full force and effect for any renewal requested in such application as well as any additional bond the regulatory authority might require pursuant to section 509; and

(E) any additional revised or updated information required by the regulatory authority has been provided. Prior to the approval of any extension of permit the regulatory authority shall provide notice to the appropriate public authorities.

(2) If an application for renewal of a valid permit includes a proposal to extend the mining operation beyond the boundaries authorized in the existing permit, the portion of the application for revision of a valid permit which addresses any new land areas shall be subject to the full standards applicable to new applications under this Act.

(3) Any permit renewal shall be for a term not to exceed the period of the original permit established by this Act. Application for permit renewal shall be made at least one hundred and twenty days prior to the expiration of the valid permit.

APPLICATION REQUIREMENTS

SEC. 507. (a) Each application for a surface coal mining and reclamation permit pursuant to an approved State program or a Federal program under the provisions of this Act shall be accompanied by a fee as determined by the regulatory authority. Such fee shall be based as nearly as possible upon the actual or anticipated cost of reviewing, administering, and enforcing such permit issued pursuant to a State or Federal program.

(b) The permit application shall be submitted in a manner satisfactory to the regulatory authority and shall contain, among other things—

(1) the names and addresses of (A) the permit applicant; (B) every legal owner of record of the property (surface and mineral) to be mined; (C) the holders of record of any leasehold interest in the property; (D) any purchaser of record of the property under a real estate contract; (E) the operator if he is a person different from the applicant; and (F) if any of these are business entities other than a single proprietor, the names and addresses of the principals, officers, and resident agent;

(2) the names and addresses of the owners of record of all surface and subsurface areas within five hundred feet of any part of the permit area;

(3) a statement of any current or previous surface coal mining permits in the United States held by the applicant and the permit identification;

(4) if the applicant is a partnership, corporation, association, or other business entity, the following where applicable; the names and addresses of every officer, partner, director, or person performing a function similar to a director, of the applicant, together with the name and address of any person owning, of record or beneficially either alone or with associates, 10 per centum or more of any class of stock of the applicant and a list of all names under which the applicant, partner, or principal shareholder previously operated a surface mining operation within the United States;

(5) a statement of whether the applicant, any subsidiary, affiliate, or persons controlled by or under common control with the applicant, has ever held a Federal or State mining permit which subsequent to 1960 has been suspended or revoked or has had a mining bond or similar security deposited in lieu of bond forfeited and, if so, a brief explanation of the fact involved;

(6) a copy of the applicant's advertisement to be published in a newspaper of general circulation in the locality of the proposed site at least once a week for four successive weeks, and which includes the ownership, a description of the exact location and boundaries of the proposed site sufficient so that the proposed operation is readily locatable by local residents, and the location of where the application is available for public inspection;

(7) a description of the type and method of coal mining operation that exists or is proposed, the engineering techniques proposed or used, and the equipment used or proposed to be used;

(8) the anticipated or actual starting and termination dates of each phase of the mining operation and number of acres of land to be affected;

(9) evidence of the applicant's legal right to enter and commence surface mining operations on the area affected;

(10) the name of the watershed and loca-

tion of the surface stream or tributary into which surface and pit drainage will be discharged;

(11) a determination of the hydrologic consequences of the mining and reclamation operations, both on and off the mine site, with respect to the hydrologic regime, quantity and quality of water in surface and ground water systems including the dissolved and suspended solids under seasonal flow conditions and the collection of sufficient data for the mine site and surrounding area so that an assessment can be made of the probable cumulative impacts of all anticipated mining in the area upon the hydrology of the area and particularly upon water availability;

(12) when requested by the regulatory authority, the climatological factors that are peculiar to the locality of the land to be affected, including the average seasonal precipitation, the average direction and velocity of prevailing winds, and the seasonal temperature ranges;

(13) an accurate map or plan to an appropriate scale clearly showing (a) the land to be affected as of the date of application and (b) all types of information set forth on topographical maps of the United States Geological Survey of a scale of 1:24,000 or larger, including all man-made features and significant known archeological sites existing on the date of application:

Such a map or plan shall among other things specified by the regulatory authority show all boundaries of the land to be affected, the boundary lines and names of present owners of record of all surface areas abutting the permit area, and the location of all buildings within one thousand feet of the permit area;

(14) cross-section maps or plans of the land to be affected including the actual area to be mined, prepared by or under the direction of and certified by a registered professional engineer, or registered land surveyor and a professional geologist (when specific subsurface information is deemed essential and requested by the regulatory authority), showing pertinent elevation and location of test borings or core samplings and depicting the following information: the nature and depth of the various strata of overburden; the location of subsurface water, if encountered, and its quality; the nature and thickness of any coal or rider seam above the coal seam to be mined; the nature of the stratum immediately beneath the coal seam to be mined; all mineral crop lines and the strike and dip of the coal to be mined within the area of land to be affected; existing or previous surface mining limits; the location and extent of known workings or any underground mines, including mine openings to the surface; the location of aquifers; the estimated elevation of the water table; the location of spoil, waste, or refuse areas and topsoil preservation areas; the location of all impoundments for waste or erosion control; any settling or water treatment facilities; constructed or natural drainways and the location of any discharges to any surface body of water on the area of land to be affected or adjacent thereto; and profiles at appropriate cross sections of the anticipated final surface configuration that will be achieved pursuant to the operator's proposed reclamation plan;

(15) a statement of the results of test borings or core samplings from the permit area, including logs of the drill holes; the thickness of the coal seam found, an analysis of the chemical properties of such coal; the sulfur content of any coal seam; chemical analysis of potentially acid or toxic forming sections of the overburden; and chemical analysis of the stratum lying immediately underneath the coal to be mined; and

(16) information pertaining to coal seams, test borings, or core samplings as required by this section shall be made available to any person with an interest which is or may be adversely affected: *Provided*, That information which pertains only to the analysis of the chemical and physical properties of the coal (excepting information regarding such mineral or elemental content which is potentially toxic in the environment), shall be kept confidential and not made a matter of public record.

(c) Each applicant for a permit shall be required to submit to the regulatory authority as part of the permit application a certificate issued by an insurance company authorized to do business in the United States certifying that the applicant has a public liability insurance policy in force for the surface mining and reclamation operations for which such permit is sought, or evidence that the applicant has satisfied other State or Federal self-insurance requirements. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons damaged as a result of surface coal mining and reclamation operations and entitled to compensation under the applicable provisions of State law. Such policy shall be maintained in full force and effect during the term of the permit or any renewal, including the length of all reclamation operations.

(d) Each applicant for a permit shall be required to submit to the regulatory authority as part of the permit application a reclamation plan which shall meet the requirements of this Act.

(e) Each applicant for a surface coal mining and reclamation permit shall file a copy of his application for public inspection with the recorder at the courthouse of the county or an appropriate official approved by the regulatory authority where the mining is proposed to occur, except for that information pertaining to the coal seam itself.

RECLAMATION PLAN REQUIREMENTS

SEC. 508. (a) Each reclamation plan submitted as part of a permit application pursuant to any approved State program or a Federal program under the provisions of this Act shall include, in the degree of detail necessary to demonstrate that reclamation required by the State or Federal program can be accomplished, a statement of:

(1) the identification of the entire area to be mined and affected over the estimated life of the mining operation and the size, sequence, and timing of the subareas for which it is anticipated that individual permits for mining will be sought;

(2) the condition of the land to be covered by the permit prior to any mining including:

(A) the uses existing at the time of the application, and if the land has a history of previous mining, the uses which preceded any mining;

(B) the capability of the land prior to any mining to support a variety of uses giving consideration to soil and foundation characteristics, topography, and vegetative cover;

(3) the use which is proposed to be made of the land following reclamation, including a discussion of the utility and capacity of the reclaimed land to support a variety of alternative uses and the relationship of such use to existing land use policies and plans, and the comments of any State and local governments or agencies thereof which would have to approve or authorize the proposed use of the land following reclamation;

(4) a detailed description of how the proposed postmining land use is to be achieved and the necessary support activities which may be needed to achieve the proposed land use;

(5) the engineering techniques proposed to be used in mining and reclamation and a description of the major equipment; a plan for the control of surface water drainage and of water accumulation; a plan, where appropriate, for backfilling, soil stabilization, and compacting, grading, and appropriate revegetation (where vegetation existed immediately prior to mining); and estimate of the cost per acre of the reclamation, including a statement as to how the permittee plans to comply with each of the requirements set out in section 515;

(6) the steps to be taken to comply with applicable air and water quality laws and regulations and any applicable health and safety standards;

(7) the consideration which has been given to developing the reclamation plan in a manner consistent with local, physical, environmental, and climatological conditions and current mining and reclamation technologies;

(8) the consideration which has been given to insuring the maximum practicable recovery of the mineral resource;

(9) a detailed estimated timetable for the accomplishment of each major step in the reclamation plan;

(10) the consideration which has been given to making the surface mining and reclamation operations consistent with applicable State and local land use plans and programs;

(11) all lands, interests in lands, or options on such interests held by the applicant or pending bids on interests in lands by the applicant, which lands are contiguous to the area to be covered by the permit;

(12) the results of test borings which the applicant has made at the area to be covered by the permit, including the location of subsurface water, and an analysis of the chemical properties including acid forming properties of the mineral and overburden: *Provided*, That information about the mineral shall be withheld by the regulatory authority if the applicant so requests;

(13) a detailed description of the measures to be taken during the mining and reclamation process to assure the protection of (A) the quantity and quality of surface and ground water systems, both on- and off-site, from adverse effects of the mining and reclamation process, and (B) the rights of present users to such water; and

(14) such other requirements as the regulatory authority shall prescribe by regulation.

(b) Any information required by this section which is not on public file pursuant to State law shall be held in confidence by the regulatory authority.

PERFORMANCE BONDS

SEC. 509. (a) After a surface coal mining and reclamation permit application has been approved but before such a permit is issued, the applicant shall file with the regulatory authority, on a form prescribed and furnished by the regulatory authority, a bond for performance payable, as appropriate, to the United States or to the State, and conditional upon faithful performance of all the requirements of this Act and the permit. The bond shall cover that area of land within the permit area upon which the operator will initiate and conduct surface coal mining and reclamation operations within the initial term of the permit. As succeeding increments of surface coal mining and reclamation operations are to be initiated and conducted within the permit area, the permittee shall file with the regulator authority an additional bond or bonds to cover such increments in accordance with this section. The amount of the bond required for each bonded area shall depend upon the reclamation requirements of the approved permit and shall be determined by the regulatory authority on the basis of at least two independent estimates. The amount of the bond shall be sufficient to assure the completion of the reclamation plan if the work had to be performed by a third party in the event of forfeiture and in no case shall the bond be less than $10,000.

(b) Liability under the bond shall be for the duration of the surface mining and reclamation operation and for a period coincident with operator's responsibility for vegetation requirements in section 515.

The bond shall be executed by the operator and a corporate surety licensed to do business in the State where such operation is located, except that the operator may elect to deposit cash, negotiable bonds of the United States Government or such State, or negotiable certificates of deposit of any bank organized or transacting business in the United States. The cash deposit or market value of such securities shall be equal to or greater than the amount of the bond required for the bonded area.

(c) The regulatory authority may accept the bond of the applicant itself without separate surety when the applicant demonstrates to the satisfaction of the regulatory authority the existence of a suitable agent to receive service of process and a history of financial solvency and continuous operation sufficient for authorization to self-insure or bond such amount.

(d) Cash or securities so deposited shall be deposited upon the same terms as the terms upon which surety bonds may be deposited. Such securities shall be security for the repayment of such negotiable certificate of deposit.

(e) The amount of the bond or deposit required and the terms of each acceptance of the applicant's bond shall be adjusted by the regulatory authority from time to time as affected land acreages are increased or decreased or where the cost of future reclamation obviously changes.

PERMIT APPROVAL OR DENIAL

SEC. 510. (a) Upon the basis of a complete mining application and reclamation plan or a revision or renewal thereof, as required by this Act and pursuant to an approved State program or Federal program under the provisions of this Act, including public notification and an opportunity for a public hearing as required by section 513, the regulatory authority shall grant or deny the application for a permit and notify the applicant in writing. Within ten days after the granting of a permit, the regulatory authority shall notify the State and the local official who has the duty of collecting real estate taxes in the local political subdivision in which the area of land to be affected is located that a permit has been issued and shall describe the location of the land.

(b) No permit, revision, or renewal application shall be approved unless the application affirmatively demonstrates and the regulatory authority finds in writing on the basis of the information set forth in the application or from information otherwise available which will be documented in the approval, and made available to the applicant, that—

(1) all the requirements of this Act and the State or Federal program have been complied with;

(2) the applicant has demonstrated that reclamation as required by this Act and the State or Federal program can be accomplished under the reclamation plan contained in the permit application;

(3) the assessment of the probable cumulative impact of all anticipated mining in the area on the hydrologic balance specified in section 507(b) has been made and the proposed operation thereof has been designed to prevent irreparable offsite impacts to hydrologic balance;

(4) the area proposed to be mined is not included within an area designated unsuitable for surface coal mining pursuant to section 522 of this Act or is not within an area being considered for such designation (unless in such an area as to which an administrative proceeding has commenced pursuant to section 522(a)(4)(D) of this Act, the operator making the permit application demonstrates that, prior to September 1, 1974, he has made substantial legal and financial commitments in relation to the operation for which he is applying for a permit); and

(5) the proposed surface coal mining operation, if located west of the one hundredth meridian west longitude, would not have a substantial adverse effect on valley floors underlain by unconsolidated stream laid deposits where farming can be practiced in the form of flood irrigated or naturally subirrigated hay meadows or other crop lands (excluding undeveloped range lands), where such valley floors are significant to present or potential farming or ranching operations.

(c) The applicant shall file with his permit application a schedule listing any and all notices of violations of this Act and any law, rule, or regulation of the United States or of any department or agency in the United States pertaining to air or water environmental protection incurred by the applicant in connection with any coal surface mining operation during the one-year period prior to the date of application. The schedule shall also indicate the final resolution of any such notice of violation. Where the schedule or other information available to the regulatory authority indicates that any surface coal mining operation owned or controlled by the applicant is currently in violation of this Act or such other laws referred to in this subsection, the permit shall not be issued until the applicant submits proof that such violation has been corrected or is in the process of being corrected to the satisfaction of the regulatory authority, department, or agency which has jurisdiction over such violation.

REVISION OF PERMITS

SEC. 511. (a)(1) During the term of the permit the permittee may submit an application, together with a revised reclamation plan, to the regulatory authority for a revision of the permit.

(2) An application for a revision of a permit shall not be approved unless the regulatory authority finds that reclamation as required by this Act and the State or Federal program can be accomplished under the revised Reclamation Plan. The revision shall be approved or disapproved within a period of time established by the State or Federal program. The regulatory authority shall establish guidelines for a determination of the scale or extent of a revision request for which all permit application information requirements and procedures, including notice and hearings, shall apply: *Provided,* That any revisions which propose a substantial change in the intended future use of the land or significant alterations in the Reclamation Plan shall, at a minimum be subject to notice and hearing requirements.

(3) Any extensions to the area covered by the permit except incidental boundary revisions must be made by application for another permit.

(b) No transfer, assignment or sale of the rights granted under any permit issued pursuant to this Act shall be made without the written approval of the regulatory authority.

(c) The regulatory authority may require reasonable revision or modification of the permit provisions during the term of such permit: *Provided,* That such revision or modification shall be subject to notice and hearing requirements established by the State or Federal program.

COAL EXPLORATION PERMITS

SEC. 512. (a) Each State program or Federal program shall include a requirement that coal exploration operations which substantially disturb the natural land surface be conducted under a permit issued by the regulatory authority.

(b) Each application for a coal exploration permit pursuant to an approved State or Federal program under the provisions of this Act shall be accompanied by a fee established by the regulatory authority. Such fee shall be based, as nearly as possible, upon the actual or anticipated cost of reviewing, administering, and enforcing such permit issued pursuant to a State or Federal program. The application and supporting technical data shall be submitted in a manner satisfactory to the regulatory authority and shall include a description of the purpose of the proposed exploration project. The supporting technical data shall include, among other things:

(1) a general description of the existing environment;

(2) the location of the area of exploration by either metes or bounds, lot, tract, range, or section, whichever is most applicable, including a copy of the pertinent United States Geological Survey topographical map or maps with the area to be explored delineated thereon;

(3) a description of existing roads, railroads, utilities, and rights-of-way, if not shown on the topographical map;

(4) the location of all surface bodies of water, if not shown on the topographical map;

(5) the planned approximate location of any access roads, cuts, drill holes, and necessary facilities that may be constructed in the course of exploration, all of which shall be plotted on the topographical map;

(6) the estimated time of exploration;

(7) the ownership of the surface land to be explored;

(8) the written permission of all surface landowners of any exploration activities, except where the applicant owns such exploration rights;

(9) provisions for reclamation of all land disturbed in exploration, including excavations, roads, drill holes, and the removal of necessary facilities and equipment; and

(10) such other information as the regulatory authority may require.

(c) Specifically identified information submitted by the applicant in the application and supporting technical data as confidential concerning trade secrets or privileged commercial or financial information which relates to the competitive rights of the applicant shall not be available for public examination.

(d) If an applicant is denied a coal exploration permit under this Act, or if the regulatory authority fails to act within a reasonable time, then the applicant may seek relief under the appropriate administrative procedures.

(e) Any person who conducts any coal exploration activities in connection with surface coal mining operations under this Act without first having obtained a permit to explore from the appropriate regulatory authority or shall fail to conduct such exploration activities in a manner consistent with his approved coal exploration permit, shall be subject to the provisions of section 518.

PUBLIC NOTICE AND PUBLIC HEARINGS

SEC. 513. (a) At the time of submission of an application for a surface coal mining and reclamation permit, or revision of an existing permit pursuant to the provisions of this Act or an approved State program, the applicant shall submit to the regulatory authority a copy of his advertisement of the ownership, precise location, and boundaries of the land to be affected. At the time of submission such advertisement shall be placed in a local newspaper of general circulation in the locality of the proposed surface mine at least once a week for four consecutive weeks. The regulatory authority shall notify various local governmental bodies, planning agencies, and sewage and water treatment authorities, or water companies in the locality in which the proposed surface mining will take place, notifying them of the operator's intention to surface mine a particularly described tract of land and indicating the application's permit number and where a copy of the proposed mining and reclamation plan may be inspected. These local bodies, agencies, authorities, or companies have obligation to submit written comments within thirty days on the mining applications with respect to the effect of the proposed operation on the environment which are within their area of responsibility. Such comments shall be made available to the public at the same locations as are the mining applications.

(b) Any person with a valid legal interest or the officer or head of any Federal, State, or local governmental agency or authority shall have the right to file written objections to the proposed initial or revised application for a permit for surface coal mining and reclamation operation with the regulatory authority within thirty days after the last publication of the above notice. If written objections are filed and a hearing requested, the regulatory authority shall then hold a public hearing in the locality of the proposed mining within a reasonable time of the receipt of such objections. The date, time, and location of such public hearing shall be advertised by the regulatory authority in a newspaper of general circulation in the locality at least once a week for three consecutive weeks prior to the scheduled hearing date. The regulatory authority may arrange with the applicant upon request by any party to the administrative proceeding access to the proposed mining area for the purpose of gathering information relevant to the proceeding. At this public hearing, the applicant for a permit shall have the burden of establishing that his application is in compliance with the applicable State and Federal laws. Not less than ten days prior to any proposed hearing, the regulatory authority shall respond to the written objections in writing. Such response shall include the regulatory authority's preliminary proposals as to the terms and conditions, and amount of bond of a possible permit for the area in question and answers to material factual questions presented in the written objections. The regulatory authority's responsibility under this subsection shall in any event be to make publicly available its estimate as to any other conditions of mining or reclamation which may be required or contained in the preliminary proposal. In the event all parties requesting the hearing stipulate agreement prior to the requested hearing, and withdraw their request, such hearings need not be held.

(c) For the purpose of such hearing, the regulatory authority may administer oaths, subpena witnesses, or written or printed materials, compel attendance of the witnesses, or production of the materials, and take evidence including but not limited to site inspections of the land to be affected and other surface coal mining operations carried on by the applicant in the general vicinity of the proposed operation. A verbatim transcript and complete record of each public hearing shall be ordered by the regulatory authority.

DECISIONS OF REGULATORY AUTHORITY AND APPEALS

SEC. 514. (a) If a public hearing has been held pursuant to section 513(b), the regulatory authority shall issue and furnish the applicant for a permit and persons who are parties to the administrative proceedings with the written finding of the regulatory authority, granting or denying the permit in whole or in part and stating the reasons therefor, within thirty days of said hearings.

(b) If there has been no public hearing held pursuant to section 513(b), the regulatory authority shall notify the applicant for a permit within a reasonable time, taking into account the time needed for proper investigation of the site, the complexity of the permit application and whether or not written objection to the application has been filed, whether the application has been approved or disapproved. If the application is approved, the permit shall be issued. If the application is disapproved, specific reasons therefor must be set forth in the notification. Within thirty days after the applicant is notified that the permit or any portion thereof has been denied, the applicant may request a hearing on the reasons for the said disapproval. The regulatory authority shall hold a hearing within thirty days of such request and provide notification to all interested parties at the time that the applicant is so notified. Within thirty days after the hearing the regulatory authority shall issue and furnish the applicant, and all persons who participated in the hearing, with the written decision of the regulatory authority granting or denying the permit in whole or in part and stating the reasons therefor.

(c) Any applicant or any person who has participated in the administrative proceedings as an objector, and who is aggrieved by the decision of the regulatory authority, or if the regulatory authority fails to act within a reasonable period of time, shall have the right of appeal for review by a court of competent jurisdiction in accordance with State or Federal law.

ENVIRONMENTAL PROTECTION PERFORMANCE STANDARDS

SEC. 515. (a) Any permit issued under any approved State or Federal program pursuant to this Act to conduct surface coal mining operations shall require that such surface coal mining operations will meet all applicable performance standards of this Act, and such other requirements as the regulatory authority shall promulgate.

(b) General performance standards shall be applicable to all surface coal mining and reclamation operations and shall require the operator as a minimum to—

(1) conduct surface coal mining operations so as to maximize the utilization and conservation of the solid fuel resource being recovered so that reaffecting the land in the future through surface coal mining can be minimized;

(2) restore the land affected to a condition at least fully capable of supporting the uses which it was capable of supporting prior to any mining, or higher or better uses of which there are reasonable likelihood, so long as such use or uses do not present any actual or probable hazard to public health or safety or pose any actual or probable threat of water diminution or pollution, and the permit applicants' declared proposed land use following reclamation is not deemed to be impractical or unreasonable, inconsistent with applicable land use policies and plans, involves unreasonable delay in implementation, or is violative of Federal, State, or local law;

(3) with respect to all surface coal mining operations backfill, compact (where advisable to insure statability or to prevent leaching of toxic materials), and grade in order to restore the approximate original contour of the land with all highwalls, spoil piles and depressions eliminated (unless small depressions are needed in order to retain moisture to assist revegetation or as otherwise authorized pursuant to this Act: *Provided, however,* That in surface coal mining which is carried out at the same location over a substantial period of time where the operation transects the coal deposit; and the thickness of the coal deposits relative to the volume of the overburden is large and where the operator demonstrates that the overburden and other spoil and waste materials at a particular point in the permit area or otherwise available from the entire permit area is insufficient, giving due consideration to volumetric expansion, to restore the approximate original contour, the operator, at a minimum, shall backfill, grade, and compact (where advisable) using all available overburden and other spoil and waste materials to attain the lowest practicable grade but not more than the angle or repose, to provide adequate drainage and to cover all acid-forming and other toxic materials, in order to achieve an ecologically sound land use compatible with the surrounding region: *And provided further,* That in surface coal mining where the volume of overburden is large relative to the thickness of the coal deposit and where the operator demonstrates that due to volumetric expansion the amount of overburden and other spoil and waste materials removed in the course of the mining operation is more than sufficient to restore the approximate original contour, the operator shall after restoring the approximate contour, backfill, grade, and compact (where advisable) the excess overburden and other spoil and waste materials to attain the lowest grade but not more than the angle of repose, and to consider all acid-forming and other toxic materials, in order to achieve an ecologically sound land use compatible with the surrounding region and that such overburden or spoil shall be shaped and graded in such a way as to prevent slides, erosion, and water pollution and is revegetated in accordance with the requirements of this Act;

(4) stabilize and protect all surface areas including spoil piles affected by the mining and reclamation operation to effectively control erosion and attendant air and water pollution;

(5) remove the topsoil from the land in a separate layer, replace it on the backfill area, or if not utilized immediately, segregate it in a separate pile from other spoil and when the topsoil is not replaced on a backfill area within a time short enough to avoid deterioration of the topsoil, maintain a successful cover by quick growing plant or other means thereafter so that the topsoil is preserved from wind and water erosion, remains free of any contamination by other acid or toxic material, and is in a usable condition for sustaining vegetation when restored during reclamation, except if topsoil is of insufficient quantity or of poor quality for sustaining vegetation, or if other strata can be shown to be more suitable for vegetation requirements, then the operator shall remove, segregate, and preserve in a like manner such other strata which is best able to support vegetation;

(6) restore the topsoil or the best available subsoil which has been segregated and preserved;

(7) protect offsite areas from slides or damage occurring during the surface mining and reclamation operations, and not deposit spoil material or locate any part of the operations or waste accumulations outside the permit areas;

(8) create, if authorized in the approved mining and reclamation plan and permit, permanent impoundments of water on mining sites as part of reclamation activities only when it is adequately demonstrated that—

(A) the size of the impoundment is adequate for its intended purposes;

(B) the impoundment dam construction will be so designed as to achieve necessary stability with an adequate margin of safety compatible with that of structures constructed under Public Law 83-566;

(C) the quality of impounded water will be suitable on a permanent basis for its intended use and that discharges from the impoundment will not degrade the water quality in the receiving stream;

(D) the level of water will be reasonably stable;

(E) final grading will provide adequate safety and access for proposed water users; and

(F) such water impoundments will not result in the diminution of the quality or quantity of water utilized by adjacent or surrounding landowners for agricultural, industrial, recreational, or domestic uses;

(9) fill all auger holes with an impervious and noncombustible material in order to prevent drainage;

(10) minimize the disturbances to the prevailing hydrologic balance at the mine-site and in associated offsite areas and to the quality and quantity of water in surface and ground water systems both during and after surface coal mining operations and during reclamation by—

(A) avoiding acid or other toxic mine drainage by such measures as, but not limited to—

(i) preventing or removing water from contact with toxic producing deposits;

(ii) treating drainage to reduce toxic content which adversely affects downstream water upon being released to water courses;

(iii) casing, sealing, or otherwise managing boreholes, shafts, and wells to keep acid or other toxic drainage from entering ground and surface waters;

(B) conducting surface mining operations so as to prevent additional contributions of suspended solids to streamflow or runoff outside the permit area above natural levels under seasonal flow conditions as measured prior to any mining, and avoiding channel deepening or enlargement in operations requiring the discharge of water from mines;

(C) removing temporary or large siltation structures from drainways after disturbed areas are revegetated and stabilized;

(D) restoring recharge capacity of the aquifer at the mine site to approximate premining conditions;

(E) preserving throughout the mining and reclamation process the hydrologic integrity of alluvial valley floors in the arid and semiarid areas of the country; and

(F) such other actions as the regulatory authority may prescribe.

(11) with respect to surface disposal of mine wastes, tailings, coal processing wastes, and other wastes in areas other than the mine working or excavations, stabilize all waste piles in designated areas through construction in compacted layers including the use of incombustible and impervious materials if necessary and assure the final contour of the waste pile will be compatible with natural surroundings and that the site can and will be stabilized and revegetated according to the provisions of this Act;

(12) refrain from surface coal mining within five hundred feet from active and abandoned underground mines in order to prevent break-throughs and to protect health or safety of miners: *Provided*, That the regulatory authority shall permit an operator to mine closer to an abandoned underground mine: *Provided*, That this does not create hazards to the health and safety of miners; or shall permit an operator to mine near, through or partially through an abandoned underground mine working where such mining through will achieve improved resource recovery, abatement of water pollution or elimination of public hazards and such mining shall be consistent with the provisions of the Act;

(13) with respect to the use of existing or new impoundments for the disposal of coal mine wastes, coal processing wastes, or other liquid or solid wastes, incorporate the best engineering practices for the design and construction of water retention facilities and construct or reconstruct such facilities to insure that the construction will be so designed to achieve necessary stability with an adequate margin of safety to protect the health and safety of the public and which at a minimum, is compatible with that of structures constructed under Public Law 83–566 (16 U.S.C. 1006); that leachate will not pollute surface or ground water, and that no mine waste such as coal fines and slimes determined as unsuitable for construction constituents by sound engineering methods and design practices are used in the construction of water impoundments, water retention facilities, dams, or settling ponds; and that the location will not endanger public health and safety should failure occur;

(14) insure that all debris, acid forming materials, toxic materials, or materials constituting a fire hazard are treated or disposed of in a manner designed to prevent contamination of ground or surface waters or sustained combustion;

(15) insure that explosives are used only in accordance with existing State and Federal law and the regulations promulgated by the regulatory authority; which shall include provisions to—

(A) provide adequate advance written notice by publication and/or posting of the planned blasting schedule to local governments and to residents who might be affected by the use of such explosives and maintain for a period of at least two years a log of the magnitudes and times of blasts; and

(B) limit the type of explosives and detonating equipment, the size, the timing and frequency of blasts based upon the physical conditions of the site so as to prevent (i) injury to persons, (ii) damage to public and private property outside the permit area, (iii) adverse impacts on any underground mine, and (iv) change in the course, channel, or availability of ground or surface water outside the permit area.

(16) insure that all reclamation efforts proceed in an environmentally sound manner and as contemporaneously as practicable with the surface mining operations;

(17) ensure the construction, maintenance, and postmining conditions of access roads into and across the site of operations will control or prevent erosion and siltation, pollution of water, damage to fish or wildlife or their habitat, or public or private property: *Provided*, That the regulatory authority may permit the retention after mining of certain access roads where consistent with State and local land use plans and programs and where necessary may permit a limited exception to the restoration of approximate original contour for that purpose;

(18) refrain from the construction of roads or other access ways up a stream bed or drainage channel or in such proximity to such channel so as to seriously alter the normal flow of water;

(19) establish on the regraded areas, and all other lands affected, a diverse, effective and permanent vegetative cover native to the area of land to be affected and capable of self-regeneration and plant succession at least equal in extent of cover to the natural vegetation of the area; except, that introduced species may be used in the revegetation process where desirable and necessary to achieve the approved postmining land use plan;

(20) assume the responsibility for successful revegetation, as required by paragraph (19) above, for a period of five full years after the last year of augmented seeding, fertilizing, irrigation, or other work in order to assure compliance with paragraph (19) above, except in those areas or regions of the country where the annual average precipitation is twenty-six inches or less, then the operator's assumption of responsibility and liability will extend for a period of ten full years after the last year of augmented seeding, fertilizing, irrigation, or other work: *Provided*, That when the regulatory authority approves a long-term intensive agricultural postmining land use, the applicable five- or ten-year period of responsibility for revegetation shall commence at the date of initial planting for such long-term intensive agricultural postmining land use: *Provided further*, That when the regulatory authority issues a written finding approving a long-term, intensive, agricultural postmining land use as part of the mining and reclamation plan, the authority may grant exceptions to the provisions of paragraph (19) above; and

(21) meet such other criteria as are necessary to achieve reclamation in accordance with the purposes of this Act, taking into consideration the physical, climatological, and other characteristics of the site, and to insure the maximum practicable recovery of the mineral resources.

(c)(1) Each State program may and each Federal program shall include procedures pursuant to which the regulatory authority may permit variances for the purposes set forth in paragraph (3) of this subsection.

(2) Where an applicant meets the requirements of subparagraphs (3) and (4) of this subsection a variance from the requirement to restore to approximate original contour set forth in subsection 515(b)(3) or 515(d) of this section may be granted for the surface mining of coal where the mining operation will remove an entire coal seam or seams running through the upper fraction of a mountain, ridge, or hill (except as provided in subsection (c)(4)(A) hereof) by removing all of the overburden and creating a level plateau or a gently rolling contour with no highwalls remaining, and capable of supporting postmining uses in accord with the requirements of this subsection.

(3) In cases where an industrial, commercial (including commercial agricultural), residential or public facility (including recreational facilities) development is proposed for the postmining use of the affected land, the regulatory authority may grant a variance for a surface mining operation of the nature described in subsection (c)(2) where—

(A) after consultation with the appropriate land use planning agencies, if any, the proposed development is deemed to constitute an equal or better economic or public use of the affected land, as compared with the premining use;

(B) the equal or better economic or public use can be obtained only if one or more exceptions to the requirements of section 515 (b)(3) are granted;

(C) the applicant presents specific plans for the proposed postmining land use and appropriate assurances that such use will be—

(i) compatible with adjacent land uses;

(ii) obtainable according to data regarding expected need and market;

(iii) assured of investment in necessary public facilities;

(iv) supported by commitments from public agencies where appropriate;

(v) practicable with respect to private financial capability for completion of the proposed development;

(vi) planned pursuant to a schedule attached to the reclamation plan so as to integrate the mining operation and reclamation with the postmining land use; and

(vii) designed by a registered engineer in conformance with professional standards established to assure the stability, drainage, and configuration necessary for the intended use of the site;

(D) the proposed use would be consistent with adjacent land uses, and existing State and local land use plans and programs;

(E) the regulatory authority provides the governing body of the unit of general-purpose government in which the land is located and any State or Federal agency which the regulatory agency, in its discretion, determines to have an interest in the proposed use, an opportunity of not more than sixty days to review and comment on the proposed use;

(F) a public hearing is held in the locality of the proposed surface mining operation prior to the grant of any permit including a variance; and

(G) all other requirements of this Act will be met.

(4) In granting any variance pursuant to this subsection the regulatory authority shall require that—

(A) the toe of the lowest coal seam mined and the overburden associated with it are retained in place as a barrier to slides and erosion;

(B) the reclaimed area is stable;

(C) the resulting plateau or rolling contour drains inward from the outslopes except at specified points;

(D) no damage will be done to natural watercourses;

(E) all other requirements of this Act will be met.

(5) The regulatory authority shall promulgate specific regulations to govern the granting of variances in accord with the provisions of this subsection, and may impose such additional requirements as he deems to be necessary.

(6) All exceptions granted under the provisions of this subsection shall be reviewed not more than three years from the date of issuance of the permit, unless the applicant affirmatively demonstrates that the proposed development is proceeding in accordance with the terms of the approved schedule and reclamation plan.

(d) The following performance standards shall be applicable to steep-slope surface coal mining and shall be in addition to those general performance standards required by this section: *Provided, however,* That the provisions of this subsection (d) shall not apply to those situations in which an operator is mining on flat or gently rolling terrain, on which an occasional steep slope is encountered through which the mining operation is to proceed, leaving a plain or predominantly flat area:

(1) Insure that when performing surface mining on steep slopes, no debris, abandoned or disabled equipment, spoil material, or waste mineral matter be placed on the downslope below the bench or mining cut, except that where necessary soil or spoil material from the initial block or short linear cut of earth necessary to obtain initial access to the coal seam in a new surface mining operation can be placed on a limited and specified area of the downslope below the initial cut if the permittee demonstrates that such soil or spoil material will not slide and that the other requirements of this subsection can still be met: *Provided,* That spoil material in excess of that required for the reconstruction of the approximate original contour under the provisions of paragraphs 515(b)(3) or 515(d)(2) or excess spoil from a surface coal mining operation granted a variance under subsection 515(c) may be permanently stored at such offsite spoil storage areas as the regulatory authority shall designate and for the purposes of this Act such areas shall be deemed in all respects to be part of the lands affected by surface coal mining operations. Such offsite spoil storage areas shall be designed by a registered engineer in conformance with professional standards established to assure the stability, drainage, and configuration necessary for the intended use of the site.

(2) Complete backfilling with spoil material shall be required to cover completely the highwall and return the site to the approximate original contour, which material will maintain stability following mining and reclamation.

(3) The operator may not disturb land above the top of the highwall unless the regulatory authority finds that such disturbance will facilitate compliance with the environmental protection standards of this section: *Provided, however,* That the land disturbed above the highwall shall be limited to that amount necessary to facilitate said compliance.

(4) For the purposes of this section, the term "steep-slope" is any slope above twenty degrees or such lesser slope as may be defined by the regulatory authority after consideration of soil, climate, and other characteristics of a region or State.

SURFACE EFFECTS OF UNDERGROUND COAL MINING OPERATIONS

SEC. 516. (a) The Secretary shall promulgate rules and regulations directed toward the surface effects of underground coal mining operations, embodying the following requirements and in accordance with the procedures established under section 501 of this Act.

(b) Each permit issued under any approved State or Federal program pursuant to this Act and relating to underground coal mining shall require the operator to—

(1) adopt measures consistent with known technology in order to prevent subsidence to the extent technologically and economically feasible, maximize mine stability, and maintain the value and use of such surface lands, except in those instances where the mining technology used requires planned subsidence in a predictable and controlled manner: *Provided,* That nothing in this subsection shall be construed to prohibit the standard method of room and pillar continuous mining:

(2) seal all portals, entryways, drifts, shafts, or other openings between the surface and underground mine workings when no longer needed for the conduct of the mining operations;

(3) fill or seal exploratory holes no longer necessary for mining, maximizing to the extent practicable return of mine and processing waste, tailings, and any other waste incident to the mining operation, to the mine workings or excavations;

(4) with respect to surface disposal of mine wastes, tailings, coal processing wastes, and other wastes in areas other than the mine workings or excavations, stabilize all waste piles created by the permittee from current operations through construction in compacted layers including the use of incombustible and impervious materials if necessary and assure that the leachate will not pollute surface or ground waters and that the final contour of the waste accumulation will be compatible with natural surroundings and that the site is stabilized and revegetated according to the provisions of this section;

(5) with respect to the use of existing or new impoundments for the disposal of coal mine wastes, coal processing wastes, or other liquid or solid wastes, incorporate the best engineering practices for the design and construction of water retention facilities and construct or reconstruct such facilities to insure that the construction will be so designed to achieve necessary stability with an adequate margin of safety to protect the health and safety of the public and which, at a minimum, is compatible with that of structures constructed under Public Law 83-566 (16 U.S.C. 1006); that leachate will not pollute surface or ground water, and that no mine waste such as coal fines and slimes determined as unsuitable for construction constituents by sound engineering methods and design practices are used in the construction of water impoundments, water retention facilities, dams, or settling ponds and that the location will not endanger public health and safety should failure occur;

(6) establish on regarded areas and all other lands affected, a diverse and permanent vegetative cover capable of self-regeneration and plant succession and at least equal in extent of cover to the natural vegetation of the area;

(7) protect offsite areas from damages which may result from such mining operations;

(8) eliminate fire hazards and otherwise eliminate conditions which constitute a hazard to health and safety of the public;

(9) minimize the disturbances to the prevailing hydrologic balance at the mine-site and in associated offsite areas and to the quality and quantity of water in surface and ground water systems both during and after coal mining operations and during reclamation by—

(A) avoiding acid or other toxic mine drainage by such measures as, but not limited to—

(i) preventing or removing water from contact with toxic producing deposits;

(ii) treating drainage to reduce toxic content which adversely affects downstream water upon being released to water courses;

(iii) casing, sealing, or otherwise managing boreholes, shafts, and wells to keep acid or other toxic drainage from entering ground and surface waters; and

(B) conducting mining operations so as to prevent additional contributions of suspended solids to streamflow or runoff outside the permit area above natural levels under seasonal flow conditions as measured prior to any mining, and avoiding channel deepening or enlargement in operations requiring the discharge of water from mines.

(c) In order to protect the stability of the land, the regulatory authority shall suspend underground coal mining under urbanized areas, cities, towns, and communities and adjacent to industrial or commercial buildings, major impoundments, or permanent streams if he finds imminent danger to inhabitants of the urbanized areas, cities, towns, and communities.

(d) The provisions of title V of this Act relating to State and Federal programs, permits, bonds, inspections and enforcement, public review, and administrative and judicial review shall be applicable to surface coal mining and reclamation operations incident to underground coal mining with such modifications to the permits application requirements, permit approval or denial procedures, and bond requirements, as are deemed necessary by the Secretary due to the differences between surface and underground coal mining. The Secretary shall promulgate such modifications in accordance with the rulemaking procedure established in section 501 of this Act.

INSPECTIONS AND MONITORING

SEC. 517. (a) The Secretary shall cause to be made such inspections of any surface coal mining and reclamation operations as are necessary to evaluate the administration of approved State programs, or to develop or enforce any Federal program, and for such purposes authorized representatives of the Secretary shall have a right of entry to, upon, or through any surface coal mining and reclamation operations.

(b) For the purpose of developing or assisting in the development, administration, and enforcement of any approved State or Federal program under this Act or in the administration and enforcement of any permit under this Act, or of determining whether any person is in violation of any requirement of any such State or Federal program or any other requirement of this Act—

(1) the regulatory authority shall require any permittee to (A) establish and maintain appropriate records, (B) make monthly reports to the regulatory authority, (C) install, use, and maintain any necessary monitoring equipment or methods, (D) evaluate results in accordance with such methods, at such locations, intervals, and in such manner as a regulatory authority shall prescribe, and (E) provide such other information relative to surface mining and reclamation operations as the regulatory authority deems reasonable and necessary;

(2) for those surface coal mining and reclamation operations which remove or dis-

turb strata that serve as aquifers which significantly insure the hydrologic balance of water use either on or off the mining site, the regulatory authority shall specify those—

(A) monitoring sites to record the quantity and quality of surface drainage above and below the minesite as well as in the potential zone of influence;

(B) monitoring sites to record level, amount, and samples of ground water and aquifers potentially affected by the mining and also directly below the lower most (deepest) coal seam to be mined;

(C) records of well logs and borehole data to be maintained; and

(D) monitoring sites to record precipitation.

The monitoring, data collection, and analysis required by this section shall be conducted according to standards and procedures set forth by the regulatory authority in order to assure their reliability and validity; and

(3) the authorized representatives of the regulatory authority, without advance notice and upon presentation of appropriate credentials (A) shall have the right to entry to, upon, or through any surface mining and reclamation operations or any premises in which any records required to be maintained under paragraph (1) of this subsection are located; and (B) may at reasonable times, and without delay, have access to any copy any records, inspect any monitoring equipment or method of operation required under this Act.

(c) The inspections by the regulatory authority shall (1) occur on an irregular basis averaging not less than one inspection per month for the surface mining and reclamation operation for coal covered by each permit; (2) occur without prior notice to the permittee or his agents or employees; and (3) include the filing of inspection reports adequate to enforce the requirements of and to carry out the terms and purposes of this Act and the regulatory authority shall make copies of such inspection reports immediately and freely available to the public at a central location in the pertinent geographic area of mining. The Secretary or regulatory authority shall establish a system of continual rotation of inspectors so that the same inspector does not consistently visit the same operations.

(d) Each permittee shall conspicuously maintain at the entrances to the surface mining and reclamation operations a clearly visible sign which sets forth the name, business address, and phone number of the permittee and the permit number of the surface mining and reclamation operations.

(e) Each inspector, upon detection of each violation of any requirement of any State or Federal program or of this Act, shall forthwith inform the operator in writing, and shall report in writing any such violation to the regulatory authority.

(f) Copies of any records, reports, inspection materials, or information obtained under this title by the regulatory authority shall be made immediately available to the public at central and sufficient locations in the county, multicounty, and State area of mining so that they are conveniently available to residents in the areas of mining.

PENALTIES

Sec. 518. (a) In the enforcement of a Federal program or Federal lands program, or during Federal enforcement pursuant to section 502 or during Federal enforcement of a State program pursuant to section 521 of this Act, any permittee who violates any permit condition or who violates any other provision of this title, may be assessed a civil penalty by the Secretary, except that if such violation leads to the issuance of a cessation order under section 521, the civil penalty shall be assessed. Such penalty shall not exceed $5,000 for each violation. Each day of a continuing violation may be deemed a separate violation for purposes of penalty assessments. In determining the amount of the penalty, consideration shall be given to the permittee's history of previous violations at the particular surface coal mining operation; the appropriateness of such penalty to the size of the business of the permittee charged; the seriousness of the violation, including any irreparable harm to the environment and any hazard to the health or safety of the public; whether the permittee was negligent; and the demonstrated good faith of the permittee charged in attempting to achieve rapid compliance after notification of the violation.

(b) A civil penalty shall be assessed by the Secretary only after the person charged with a violation described under subsection (a) of this section has been given an opportunity for a public hearing. Where such a public hearing has been held, the Secretary shall make findings of fact, and he shall issue a written decision as to the occurrence of the violation and the amount of the penalty which is warranted, incorporating, when appropriate, an order therein requiring that the penalty be paid. When appropriate, the Secretary shall consolidate such hearings with other proceedings under section 521 of this Act. Any hearing under this section shall be of record and shall be subject to section 554 of title 5 of the United States Code. Where the person charged with such a violation fails to avail himself of the opportunity for a public hearing, a civil penalty shall be assessed by the Secretary after the Secretary has determined that a violation did occur, and the amount of the penalty which is warranted, and has issued an order requiring that the penalty be paid.

(c) If no complaint, as provided in this section is filed within thirty days from the date of the final order or decision issued by the Secretary under subsection (b) of this section, such order and decision shall be conclusive.

(d) Interest at the rate of 6 per centum per annum shall be charged against a person on any unpaid civil penalty assessed against him pursuant to the final order of the Secretary, said interest to be computed from the thirty-first day after issuance of such final assessment order.

(e) Civil penalties owed under this Act, either pursuant to subsection (c) of this section or pursuant to an enforcement order entered under section 526 of this Act, may be recovered in a civil action brought by the Attorney General at the request of the Secretary in any appropriate district court of the United States.

(f) Any person who willfully and knowingly violates a condition of a permit issued pursuant to a Federal program, a Federal lands program or Federal enforcement pursuant to section 502 or during Federal enforcement of a State program pursuant to section 525 of this Act or fails or refuses to comply with any order issued under section 525 or section 526 of this Act, or any order incorporated in a final decision issued by the Secretary under this Act, except an order incorporated in a decision issued under subsection (b) of this section or section 703 of this Act, shall, upon conviction, be punished by a fine of not more than $10,000, or by imprisonment for not more than one year or both.

(g) Whenever a corporate permittee violates a condition of a permit issued pursuant to a Federal program, a Federal lands program or Federal enforcement pursuant to section 502 or Federal enforcement of a State program pursuant to section 521 of this Act or fails or refuses to comply with any order issued under section 521 of this Act, or any order incorporated in a final decision issued by the Secretary under this Act except an order incorporated in a decision issued under subsection (b) of this section or section 703 of this Act, any director, officer, or agent of such corporation who willfully and knowingly authorized, ordered, or carried out such violation, failure, or refusal shall be subject to the same civil penalties, fines, and imprisonment that may be imposed upon a person under subsections (a) and (f) of this section.

(h) Whoever knowingly makes any false statement, representation, or certification, or knowingly fails to make any statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained pursuant to a Federal program or a Federal lands program or any order or decision issued by the Secretary under this Act, shall, upon conviction be punished by a fine of not more than $10,000, or by imprisonment for not more than one year or both.

(i) As a condition of approval of any State program submitted pursuant to section 503 of this Act, the civil and criminal penalty provisions thereof shall, at a minimum, incorporate penalties no less stringent than those set forth in this section, and shall contain the same or similar procedural requirements relating thereto.

RELEASE OF PERFORMANCE BONDS OR DEPOSITS

Sec. 519. (a) The permittee may file a request with the regulatory authority for the release of all or part of the performance bond or deposit. Within thirty days after any application for bond or deposit release has been filed with the regulatory authority, the operator shall submit a copy of an advertisement placed on five successive days in a newspaper of general circulation in the locality of the surface mining operation. Such advertisement shall be considered part of any bond release application and shall contain a notification of the location of the land affected, the number of acres, the permit number and the date approved, the amount of the bond filed and the portion sought to be released, and the type and the approximate dates of reclamation work performed, and a description of the results achieved as they relate to the operator's approved reclamation plan. In addition, as part of any bond release application, the applicant shall submit copies of letters which he has sent to adjoining property owners, local governmental bodies, planning agencies, and sewage and water treatment authorities, or water companies in the locality in which the surface mining and reclamation activities took place, notifying them of his intention to seek release from the bond.

(b) Upon receipt of the notification and request, the regulatory authority shall within a reasonable time conduct an inspection and evaluation of the reclamation work involved. Such evaluation shall consider, among other things, the degree of difficulty to complete any remaining reclamation, whether pollution of surface and subsurface water is occurring, the probability of continuance of future occurrence of such pollution, and the estimated cost of abating such pollution.

(c) The regulatory authority may release in whole or in part said bond or deposit if the authority is satisfied that reclamation covered by the bond or deposit or portion thereof has been accomplished as required by this Act according to the following schedule:

(1) When the operator completes the backfilling, regrading, and drainage control of a bonded area in accordance with his approved reclamation plan, the release of 60 per centum of the bond or collateral for the applicable permit area;

(2) After revegetation has been established on the regraded mined lands in accordance with the approved reclamation plan. When determining the amount of bond to be released after successful revegetation has been established, the regulatory authority shall retain that amount of bond for the revegetated area which would be sufficient for a third

party to cover the cost of reestablishing revegetation and for the period specified for operator responsibility in section 515 of reestablishing revegetation;

(3) When the operator has completed successfully all surface mining and reclamation activities, but not before the expiration of the period specified for operator responsibility in section 515;

Provided, however, That no bond shall be fully released until all reclamation requirements of this Act are fully met.

(d) If the regulatory authority disapproves the application for release of the bond or portion thereof, the authority shall notify the permittee, in writing, stating the reasons for disapproval and recommending corrective actions necessary to secure said release.

(e) With any application for total or partial bond release filed with the regulatory authority, the regulatory authority shall notify the municipality in which a surface mining operation is located by certified mail at least 30 days prior to the release of all or a portion of the bond.

(f) Any person with a valid legal interest or the officer or head of any Federal, State, or local governmental agency shall have the right to file written objections to the proposed release from bond to the regulatory authority within thirty days after the last publication of the above notice. If written objectives are filed, and a hearing requested, the regulatory authority shall inform all the interested parties, of the time and place of the hearing, and hold a public hearing in the locality of the surface mining operation proposed for bond release within thirty days of the request for such hearing. The date, time, and location of such public hearings shall be advertised by the regulatory authority in a newspaper of general circulation in the locality twice a week for two consecutive weeks.

(g) For the purpose of such hearing the regulatory authority shall have the authority and is hereby empowered to administer oaths, subpena witnesses, or written or printed materials, compel the attendance of witnesses, or production of the materials, and take evidence including but not limited to inspections of the land affected and other surface mining operations carried on by the applicant in the general vicinity. A verbatim transcript and a complete record of each public hearing shall be ordered by the regulatory authority.

CITIZEN SUIT

SEC. 520. (a) Except as provided in subsecsection (b) of this section, any person having an interest which is or may be adversely affected may commence a civil action on his own behalf—

(1) against any person including—

(A) the United States, and

(B) any other governmental instrumentality or agency to the extent permitted by the eleventh amendment to the Constitution who is alleged to be in violation of the provisions of this Act or the regulation promulgated thereunder, or order issued by the regulatory authority; or

(2) against the Secretary or the appropriate State regulatory authority to the extent permitted by the eleventh amendment to the Constitution where there is alleged a failure of the Secretary or the appropriate State regulatory authority to perform any act or duty under this Act which is not discretionary with the Secretary or with the appropriate State regulatory authority.

(b) No action may be commenced—

(1) under subsection (a)(1) of this subsection—

(A) prior to sixty days after the plaintiff has given notice in writing under oath of the violation (i) to the Secretary, (ii) to the State in which the violation occurs, and (iii) to any alleged violator of the provisions, regulations, or order; or

(B) if the Secretary or the State has commenced and is diligently prosecuting a civil action in a court of the United States or a State to require compliance with the provisions of this Act or the regulations thereunder, or the order, but in any such action in a court of the United States any person may intervene as a matter of right; or

(2) under subsection (a)(2) of this section prior to sixty days after the plaintiff has given notice in writing under oath of such action to the Secretary, in such manner as the Secretary shall by regulation prescribe, or to the appropriate State regulatory authority, except that such action may be brought immediately after such notification in the case where the violation or order or lack of order complained of constitutes an imminent threat to the health or safety of the plaintiff or would immediately affect a legal interest of the plaintiff.

(c)(1) Any action respecting a violation of this Act or the regulations thereunder may be brought only in the judicial district in which the surface mining operation complained of is located.

(2) In such action under this section, the Secretary, or the State regulatory authority, if not a party, may intervene as a matter of right.

(d) The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation to any party, whenever the court determines such award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

(e) Nothing in this section shall restrict any right which any person (or class of persons) may have under this or any statute or common law to seek enforcement of any of the provisions of this Act and the regulations thereunder, or to seek any other relief (including relief against the Secretary or the appropriate State regulatory authority).

(f) Any resident of the United States who is injured in any manner through the failure of any operator to comply with the provisions of this Act, or of any regulation, order, permit, or plan or reclamation issued by the Secretary, may bring an action for damage (including attorney fees) in an appropriate United States district court.

ENFORCEMENT

SEC. 521. (a)(1) Whenever, on the basis of any information available to him, including receipt of information from any person, the Secretary has reason to believe that any person is in violation of any requirement of this Act or any permit condition required by this Act, the Secretary shall notify the State regulatory authority, if one exists, in the State in which such violation exists. If no such State authority exists or the State regulatory authority fails within ten days after notification to take appropriate action to cause said violation to be corrected or to show good cause for such failure and transmit notification of its action to the Secretary, the Secretary shall immediately order Federal inspection of the surface coal mining operation at which the alleged violation is occurring unless the information available to the Secretary is a result of a previous Federal inspection of such surface coal mining operation. When the Federal inspection results from information provided to the Secretary by any person, the Secretary shall notify such person when the Federal inspection is proposed to be carried out and such person shall be allowed to accompany the inspector during the inspection.

(2) When, on the basis of any Federal inspection, the Secretary or his authorized representative determines that any condition or practices exist, or that any permittee is in violation of any requirement of this Act or any permit condition required by this Act, which condition, practice, or violation also creates an imminent danger to the health or safety of the public, or is causing, or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources, the Secretary or his authorized representative shall immediately order a cessation of surface coal mining and reclamation operations or the portion thereof relevant to the condition, practice, or violation. Such cessation order shall remain in effect until the Secretary or his authorized representative determines that the condition, practice, or violation has been abated, or until modified, vacated, or terminated by the Secretary or his authorized representative pursuant to subparagraph (a)(5) of this section.

(3) When, on the basis of a Federal inspection which is carried out during the enforcement of a Federal program or a Federal lands program, Federal inspection pursuant to section 502, or section 504(b) or during Federal enforcement of a State program in accordance with subsection (b) of this section, the Secretary or his authorized representative determines that any permittee is in violation of any requirement of this Act or any permit condition required by this Act, but such violation does not create an imminent danger to the health or safety of the public, or cause or can be reasonably expected to cause significant, imminent environmental harm to land, air, or water resources, the Secretary or authorized representative shall issue a notice to the permittee or his agent fixing a reasonable time but not more than ninety days for the abatement of the violation.

If, upon expiration of the period of time as originally fixed or subsequently extended, for good cause shown and upon the written finding of the Secretary or his authorized representative, the Secretary or his authorized representative finds that the violation has not been abated, he shall immediately order a cessation of surface coal mining and reclamation operations or the portion thereof relevant to the violation. Such cessation order shall remain in effect until the Secretary or his authorized representative determines that the condition, practice, or violation has been abated, or until modified, vacated, or terminated by the Secretary or his authorized representative pursuant to subparagraph (a)(5) of this section.

(4) When, on the basis of a Federal inspection which is carried out during the enforcement of a Federal program or a Federal lands program, Federal inspection pursuant to section 502 or section 504(b) or during Federal enforcement of a State program in accordance with subsection (b) of this section, the Secretary or his authorized representative determines that a pattern of violations of any requirements of this Act or any permit conditions required by this Act exists or has existed, and if the Secretary or his authorized representative also find that such violations are caused by the unwarranted failure of the permittee to comply with any requirements of this Act or any permit conditions, or that such violations are willfully caused by the permittee, the Secretary or his authorized representative shall forthwith issue an order to the permittee to show cause as to why the permit should not be suspended or revoked, the Secretary or his authorized representative shall forthwith suspend or revoke the permit.

(5) Notices and orders issued pursuant to this section shall set forth with reasonable specificity the nature of the violation and the remedial action required, the period of time established for abatement, and a reasonable description of the portion of the sur-

face coal mining and reclamation operation to which the notice or order applies. Each notice or order issued under this section shall be given promptly to the permittee or his agent by the Secretary or his authorized representative who issues such notice or order, and all such notices and orders shall be in writing and shall be signed by such authorized representatives. Any notice or order issued pursuant to this section may be modified, vacated, or terminated by the Secretary or his authorized representative. A copy of any such order or notice shall be sent to the State regulatory authority in the State in which the violation occurs.

(b) Whenever the Secretary finds that violations of an approved State program appear to result from a failure of the State to enforce such State program effectively, he shall so notify the State. If the Secretary finds that such failure extends beyond thirty days after such notice, he shall give public notice of such finding. During the period beginning with such public notice and ending when such State satisfies the Secretary that it will enforce this Act, the Secretary shall enforce any permit condition required under this Act, shall issue new or revised permits in accordance with requirements of this Act, and may issue such notices and orders as are necessary for compliance therewith.

(c) The Secretary may request the Attorney General to institute a civil action for relief, including a permanent or temporary injunction, restraining order, or any other appropriate order in the district court of the United States for the district in which the surface coal mining and reclamation operation is located or in which the permittee thereof has his principal office, whenever such permittee or his agent (A) violates or fails or refuses to comply with any order or decision issued by the Secretary under this Act, or (B) interferes with, hinders, or delays the Secretary or his authorized representative in carrying out the provisions of this Act, or (C) refuses to admit such authorized representative to the mine, or (D) refuses to permit inspection of the mine by such authorized representative, or (E) refuses to furnish any information or report requested by the Secretary in furtherance of the provisions of this Act, or (F) refuses to permit access to, and copying of, such records as the Secretary determines necessary in carrying out the provisions of this Act. Such court shall have jurisdiction to provide such relief as may be appropriate. Temporary restraining orders shall be issued in accordance with rule 65 of the Federal Rules of Civil Procedure, as amended. Any relief granted by the court to enforce an order under clause (A) of this section shall continue in effect until the completion or final termination of all proceedings for review of such order under this title, unless, prior thereto, the district court granting such relief sets it aside or modifies it.

(d) As a condition of approval of any State program submitted pursuant to section 503 of this Act, the enforcement provisions thereof shall, at a minimum, incorporate sanctions no less stringent than those set forth in this section, and shall contain the same or similar procedural requirements relating thereto.

DESIGNATING AREAS UNSUITABLE FOR SURFACE COAL MINING

SEC. 522. (a)(1) To be eligible to assume primary regulatory authority pursuant to section 503, each State shall establish a planning process enabling objective decisions based upon competent and scientifically sound data and information as to which if any, land areas of a State are unsuitable for all or certain types of surface coal mining operations pursuant to the standards set forth in paragraphs (2) and (3) of this subsection but such designation shall not prevent the mineral exploration pursuant to the Act of any area so designated.

(2) Upon petition pursuant to subsection (c) of this section, the State regulatory authority shall designate an area as unsuitable for all or certain types of surface coal mining operations if the State regulatory authority determines that reclamation pursuant to the requirements of this Act is not feasible.

(3) Upon petition pursuant to subsection (c) of this section, a surface area may be designated unsuitable for certain types of surface coal mining operations if such operations will—

(A) be incompatible with existing land use plans or programs; or

(B) affect fragile or historic lands in which such operations could result in significant damage to important historic, cultural, scientific, and esthetic values and natural systems; or

(C) affect renewable lands in which such operations could result in a substantial loss or reduction of long-range productivity of water supply or of food or fiber products, and such lands to include aquifers and aquifer recharge areas; or

(D) affect natural hazard lands in which such operations could substantially endanger life and property, such lands to include areas subject to frequent flooding and areas of unstable geology.

(4) To comply with this section, a State must demonstrate it has developed or is developing a process which includes—

(A) a State agency responsible for surface coal mining lands review;

(B) a data base and an inventory system which will permit proper evaluation of the capacity of different land areas of the State to support and permit reclamation of surface coal mining operations;

(C) a method or methods for implementing land use planning decisions concerning surface coal mining operations; and

(D) proper notice, opportunities for public participation, including a public hearing prior to making any designation or redesignation, pursuant to this section, and measures to protect the legal interests of affected individuals in all aspects of the State planning process.

(5) Determinations of the unsuitability of land for surface coal mining, as provided for in this section, shall be integrated as closely as possible with present and future land use planning and regulation possesses at the Federal, State, and local levels.

(6) The requirements of this section shall not apply to lands on which surface coal mining operations are being conducted on the date of enactment of this Act or under a permit issued pursuant to this Act, or where substantial legal and financial commitments in such operations are in existence prior to September 1, 1974.

(b) The Secretary shall conduct a review of the Federal lands to determine, pursuant to the standards set forth in paragraphs (2) and (3) of subsection (a) of this section, whether there are areas on Federal lands which are unsuitable for all or certain types of surface coal mining operations. When the Secretary determines an area on Federal lands to be unsuitable for all or certain types of surface coal mining operations, he shall withdraw such area or condition any mineral leasing or mineral entries in a manner so as to limit surface coal mining operations on such area. Where a Federal program has been implemented in a State pursuant to section 504, the Secretary shall implement a process for designation of areas unsuitable for surface coal mining for non-Federal lands within such State and such process shall incorporate the standards and procedures of this section.

(c) Any person having an interest which is or may be adversely affected shall have the right to petition the regulatory authority to have an area designated as unsuitable for surface coal mining operations, or to have such a designation terminated. Such a petition shall contain allegations of facts with supporting evidence which would tend to establish the allegations. As soon as practicable after receipt of the petition the regulatory authority shall hold a public hearing in the locality of the affected area, after appropriate notice and publication of the date, time, and location of such hearing. After a person having an interest which is or may be adversely affected has filed a petition and before the hearing, as required by this subsection, any person may intervene by filing allegations of facts with supporting evidence which would tend to establish the allegations. Within sixty days after such hearing, the regulatory authority shall issue and furnish to the petitioner and any other party to the hearing, a written decision regarding the petition, and the reasons therefor. In the event that all the petitioners stipulate agreement prior to the requested hearing, and withdraw their request, such hearing need not be held.

(d) Prior to designating any land areas as unsuitable for surface coal mining operations, the regulatory authority shall prepare a detailed statement on (i) the potential coal resource of the area, (ii) the demand for coal resources, and (iii) the impact of such designation on the environment, the economy, and the supply of coal.

(e) Subject to valid existing rights no surface coal mining operations except those which exist on the date of enactment of this Act shall be permitted—

(1) on any lands within the boundaries of units of the National Park System, the National Wildlife Refuge System, the National System of Trails, the National Wilderness Preservation System, the Wild and Scenic Rivers System, including study rivers designated under section 5(a) of the Wild and Scenic Rivers Act and National Recreation Areas designated by Act of Congress;

(2) on any Federal lands within the boundaries of any national forest except surface operations and impacts incident to an underground coal mine;

(3) which will adversely affect any publicly owned park or places included in the National Register of Historic Sites unless approved jointly by the regulatory authority and the Federal, State, or local agency with jurisdiction over the park or the historic site;

(4) within one hundred feet of the outside right-of-way line of any public road, except that the regulatory authority may permit such roads to be relocated or the area affected to lie within one hundred feet of such road, if after public notice and opportunity for public hearing in the locality a written finding is made that the interests of the public and the landowners affected thereby will be protected; or

(5) within three hundred feet from any occupied dwelling, unless waived by the owner thereof, nor within three hundred feet of any public building, school, church, community, or institutional building, public park, or within one hundred feet of a cemetery.

FEDERAL LANDS

SEC. 523. (a) No later than six months after the date of enactment of this Act, the Secretary shall promulgate and implement a Federal lands program which shall be applicable to all surface coal mining and reclamation operations taking place pursuant to any Federal law on any Federal lands: *Provided*, That except as provided in section 712 the provisions of this Act shall not be applicable to Indian lands. The Federal lands program shall, at a minimum, incorporate all of the requirements of this Act and shall take into consideration the diverse physical, climatological, and other unique characteristics of the Federal lands in question. Where Federal lands in a State with an approved State program are involved, the Federal lands program shall, at a minimum, include the requirements of the approved State program.

(b) The requirements of this Act and the Federal lands program shall be incorporated by reference or otherwise in any Federal mineral lease, permit, or contract issued by the Secretary which may involve surface mining and reclamation operations. Incorporation of such requirements shall not, however, limit in any way the authority of the Secretary to subsequently issue new regulations, revise the Federal lands program to deal with changing conditions or changed technology, and to require any surface mining and reclamation operations to conform with the requirements of this Act and the regulations issued pursuant to this Act.

(c) The Secretary may enter into agreements with a State or with a number of States to provide for a joint Federal-State program covering a permit or permits for surface mining and reclamation operations on land areas which contain lands within any State and Federal lands which are interspersed or checkerboarded and which should, for conservation and administrative purposes, be regulated as a single management unit. To implement a joint Federal-State program the Secretary may enter into agreements with the States, may delegate authority to the States, or may accept a delegation of authority from the States for the purpose of avoiding duality of administration of a single permit for surface mining and reclamation operations.

(d) Except as specifically provided in subsection (c) this section shall not be construed as authorizing the Secretary to delegate to the States any authority or jurisdiction to regulate or administer surface mining and reclamation operations or other activities taking place on the Federal lands.

(e) The Secretary shall require as one of the terms and conditions of any permit, lease, or contract to surface mine coal owned by the United States, that the lessee, permittee, or contractor give satisfactory assurances that no class of purchasers of the mined coal shall be unreasonably denied purchase thereof.

PUBLIC AGENCIES, PUBLIC UTILITIES, AND PUBLIC CORPORATIONS

SEC. 524. Any agency, unit, or instrumentality of Federal, State, or local government, including any publicly owned utility or publicly owned corporation of Federal, State, or local government, which proposes to engage in surface coal mining operations which are subject to the requirements of this Act shall comply with the provisions of title V.

REVIEW BY SECRETARY

SEC. 525. (a)(1) A permittee issued a notice or order by the Secretary pursuant to the provisions of subparagraphs (a) (2) and (3) of section 521 of this title, or pursuant to a Federal program or the Federal lands program or any person having an interest which is or may be adversely affected by such notice or order or by any modification, vacation, or termination of such notice or order, may apply to the Secretary for review of the notice or order within thirty days of receipt thereof or within thirty days of its modification, vacation, or termination. Upon receipt of such application, the Secretary shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing, at the request of the applicant or the person having an interest which is or may be adversely affected, to enable the applicant or such person to present information relating to the issuance and continuance of such notice or order or the modification, vacation, or termination thereof. The filing of an application for review under this subsection shall not operate as a stay of any order or notice.

(2) The permittee and other interested persons shall be given written notice of the time and place of the hearing at least five days prior thereto. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code.

(b) Upon receiving the report of such investigation, the Secretary shall make findings of fact, and shall issue a written decision, incorporating therein an order vacating, affirming, modifying, or terminating the notice or order, or the modification, vacation, or termination of such notice or order complained of and incorporate his findings therein.

(c) Pending completion of the investigation required by this section, the applicant may file with the Secretary a written request that the Secretary grant temporary relief from any notice or order issued under section 521 of this title, a Federal program or the Federal lands program together with a detailed statement giving reasons for granting such relief. The Secretary may grant such relief, under such conditions as he may prescribe, if—

(1) a hearing has been held in the locality of the permit area on the request for temporary relief in which all parties were given an opportunity to be heard;

(2) the applicant shows that there is substantial likelihood that the pleadings of the Secretary will be favorable to him; and

(3) such relief will not adversely affect the health or safety of the public or cause significant, imminent environmental harm to land, air, or water resources.

(d) Following the issuance of an order to show cause as to why a permit should not be suspended or revoked pursuant to section 521, the Secretary shall hold a public hearing after giving written notice of the time, place, and date thereof. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Within sixty days following the public hearing, the Secretary shall issue and furnish to the permittee and all other parties to the hearing a written decision, and the reasons therefor, concerning suspension or revocation of the permit. If the Secretary revokes the permit, the permittee shall immediately cease surface coal mining operations on the permit area and shall complete reclamation within a period specified by the Secretary, or the Secretary shall declare as forfeited the performance bonds for the operation.

JUDICIAL REVIEW

SEC. 526. (a)(1) Any action of the Secretary to approve or disapprove a State program or to prepare and promulgate a Federal program pursuant to this Act shall be subject to judicial review only by the appropriate United States Court of Appeals upon the filing in such court within sixty days from the date of such action of a petition by any person who participated in the administrative proceedings related thereto and who is aggrieved by the action praying that the action be modified or set aside in whole or in part. A copy of the petition shall forthwith be sent by registered or certified mail to the Secretary, and the Attorney General and thereupon the Secretary shall certify, and the Attorney General shall file in such court the record upon which the action complained of was issued, as provided in section 2112 of title 28, United States Code.

(2) All other orders or decisions issued by the Secretary pursuant to this Act shall be subject to judicial review only in United States district court for the locality in which the surface coal mining operation is located. Such review shall be in accordance with the Federal Rules of Civil Procedure. In the case of a proceeding to review an order or decision issued by the Secretary under section penalties of this Act, the court shall have jurisdiction to enter an order requiring payment of any civil penalty assessment enforced by its judgment. The availability of review established in this subsection shall not be construed to limit the operation of the rights established in section 520.

(b) The court shall hear such petition or complaint solely on the record made before the Secretary. The findings of the Secretary if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may affirm, vacate, or modify any order or decision or may remand the proceedings to the Secretary for such further action as it may direct.

(c) In the case of a proceeding to review any order or decision issued by the Secretary under this Act, except an order or decision pertaining to any order issued under section 521 of this title, the court may, under such conditions as it may prescribe, grant such temporary relief as it deems appropriate pending final determination of the proceedings if—

(1) all parties to the proceedings have been notified and given an opportunity to be heard on a request for temporary relief;

(2) the person requesting such relief shows that there is a substantial likelihood that he will prevail on the merits of the final determination of the proceeding; and

(3) such relief will not adversely affect the public health or safety or cause significant imminent environmental harm to land, air, or water resources.

(d) The commencement of a proceeding under this section shall not, unless specifically ordered by the court, operate as a stay of the action, order or decision of the Secretary.

(e) Action of the State regulatory authority pursuant to an approval State program shall be subject to judicial review by the court of competent jurisdiction in accordance with State law, but the availability of such review shall not be construed to limit the operation of the rights established in section 520.

SPECIAL BITUMINOUS COAL MINES

SEC. 527. The regulatory authority is authorized to and shall issue separate regulations for those special bituminous coal surface mines located west of the one hundredth meridian west longitude which meet the following criteria:

(a) the excavation of the specific mine pit takes place on the same relatively limited site for an extended period of time;

(b) the excavation of the specific mine pit follows a coal seam having an inclination of fifteen degress or more from the horizontal, and continues in the same area proceeding downward with lateral expansion of the pit necessary to maintain stability or as necessary to accommodate the orderly expansion of the total mining operation;

(c) the excavation of the specific mine pit involves the mining of more than one coal seam and mining has been initiated on the deepest coal seam contemplated to be mined in the current operation;

(d) the amount of material removed is large in proportion to the surface area disturbed;

(e) there is no practicable alternative method of mining the coal involved;

(f) there is no practicable method to reclaim the land in the manner required by this Act; and

(g) the specific mine pit has been actually producing coal since January 1, 1972, in such manner as to meet the criteria set forth in this section, and, because of past duration of mining, is substantially committed to a mode of operation which warrants exceptions to some provisions of this title.

Such alternative regulations shall pertain only to the standards governing onsite handling of spoils, elimination of depressions capable of collecting water, creation of impoundments, and regrading to the approximate original contour and shall specify that remaining high walls are stable. All other performance standards in this title shall apply to such mines.

SURFACE MINING OPERATIONS NOT SUBJECT TO THIS ACT

SEC. 528. (a) The provisions of this Act shall not apply to any of the following activities:

(1) the extraction of coal by a landowner for his own noncommercial use from land owner or leased by him; and

(2) the extraction of coal for commercial purposes where the surface mining operation affects two acres or less.

ANTHRACITE COAL MINES

SEC. 529. (a) The Secretary is hereby authorized to and shall issue separate regulations according to time schedules established in the Act for anthracite coal surface mines, if such mines are regulated by environmental protection standards of the State in which they are located. Such alternative regulations shall adopt, in each instance, the environmental protection provisions of the State regulatory program in existence at the date of enactment of this Act in lieu of section 515 and 516. Provisions of section 509 and 519 are applicable except for specified bond limits and period of revegetation responsibility. All other provisions of this Act apply and the regulation issued by the Secretary of Interior for each State anthracite regulatory progam shall so reflect: *Provided, however,* That upon amendment of a State's regulatory program for anthracite mining or regulations thereunder in force in lieu of the above-cited sections of this Act, the Secretary shall issue such additional regulations as necessary to meet the purposes of this Act.

(b) The Secretary of Interior shall report to Congress biennially commencing on December 31, 1975, as to the effectiveness of such State anthracite regulatory programs operating in conjunction with this Act with respect to protecting the environment and such reports shall include those recommendations the Secretary deems necessary for program changes in order to better meet the envionmental protection objectives of this Act.

TITLE VI—DESIGNATION OF LANDS UNSUITABLE FOR NON-COAL MINING

DESIGNATION PROCEDURES

SEC. 601. (a) With respect to Federal lands within any State, the Secretary of Interior may, and if so requested by the Governor of such State, shall review any area within such lands to assess whether it may be unsuitable for mining operations for minerals or materials other than coal, pursuant to the criteria and procedures of this section.

(b) An area of Federal lands may be designated under this section as unsuitable for mining operations if (a) such area consists of Federal land of a predominantly urban or suburban character, used primarily for residential or related purposes, the mineral estate of which remains in the public domain, or (b) such area consists of Federal land where mining operations would have an adverse impact on lands used primarily for residential or related purposes.

(c) Any person having an interest which is or may be adversely affected shall have the right to petition the Secretary to seek exclusion of an area from mining operations pursuant to this section or the redesignation of an area or part thereof as suitable for such operations. Such petition shall contain allegations of fact with supporting evidence which would tend to substantiate the allegations. The petitioner shall be granted a hearing within a reasonable time and a finding with reasons therefor upon the matter of their petition. In any instance where a governor requests the Secretary to review an area, or where the Secretary finds the national interest so requires, the Secretary may temporarily withdraw the area to be reviewed from mineral entry or leasing pending such review: *Provided, however,* That such temporary withdrawal be ended as promptly as practicable and in no event shall exceed two years.

(d) In no event is a land area to be designated unsuitable for mining operations under this section on which mining operations are being conducted prior to the holding of a hearing on such petition in accordance with subsection (c) hereof. Valid existing rights shall be preserved and not affected by such designation. Designation of an area as unsuitable for mining operations under this section shall not prevent subsequent mineral exploration of such area, except that such exploration shall require the prior written consent of the holder of the surface estate, which consent shall be filed with the Secretary. The Secretary may promulgate, with respect to any designated area, regulations to minimize any adverse effects of such exploration.

(e) Prior to any designation pursuant to this section, the Secretary shall prepare a detailed statement on (i) the potential mineral resources of the area, (ii) the demand for such mineral resources, and (iii) the impact of such designation or the absence of such designation on the environment, economy, and the supply of such mineral resources.

(f) When the Secretary designates an area of Federal lands as unsuitable for all or certain types of mining operations for minerals and materials other than coal pursuant to this section he may withdraw such area from mineral entry or leasing, or condition such entry or leasing so as to limit such mining operations in accordance with his determination, if the Secretary also determines, based on his analysis pursuant to subsection 601 (e), that the benefits resulting from such designation, would be greater than the benefits to the regional or national economy which could result from mineral development of such area.

(g) Any party with a valid legal interest who has appeared in the proceedings in connection with the Secretary's determination pursuant to this section and who is aggrieved by the Secretary's decision (or by his failure to act within a reasonable time) shall have the right of appeal for review by the United States district court for the district in which the pertinent area is located.

TITLE VII—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 701. For the purpose of this Act—

(1) "Secretary" means the Secretary of the Interior, except where otherwise described;

(2) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and Guam;

(3) "Office" means the Office of Surface Mining, Reclamation, and Enforcement established pursuant to title II;

(4) "commerce" means trade, traffic, commerce, transportation, transmission, or communication among the several States, or between a State and any other place outside thereof, or between points in the same State which directly or indirectly affect interstate commerce;

(5) "surface coal mining operations" means—

(A) activities conducted on the surface of lands in connection with a surface coal mine or surface operations and impacts incident to an underground coal mine, the products of which enter commerce or the operations of which directly or indirectly affect interstate commerce. Such activities include excavation for the purpose of obtaining coal including such common methods as contour, strip, auger mountain top removal, box cut, open pit, and area mining, and in situ distillation or retorting, leaching or other chemical or physical processing, and the cleaning, concentrating, or other processing or preparation, loading of coal for interstate commerce at or near the mine site: *Provided, however,* That such activities do not include the extraction of coal incidental to the extraction of other minerals where coal does not exceed 16⅔ per centum of the tonnage of minerals removed for purposes of commercial use or sale or coal explorations subject to section 530 of this Act; and

(B) the areas upon which such activities occur or where such activities disturb the natural land surface. Such areas shall also include any adjacent land the use of which is incidental to any such activities, all lands affected by the construction of new roads or the improvement or use of existing roads to gain access to the site of such activities and for haulage, and excavations, workings, impoundments, dams, ventilation shafts, entryways, refuse banks, dumps, stockpiles, overburden piles, spoil banks, culm banks, tailings, holes or depressions, repair areas, storage areas, processing areas, shipping areas and other areas upon which are sited structures, facilities, or other property or materials on the surface, resulting from or incident to such activities;

(6) "surface coal mining and reclamation operations" means surface mining operations and all activities necessary and incident to the reclamation of such operations after the date of enactment of this Act;

(7) "lands within any State" or "lands within such State" means all lands within a State other than Federal lands and Indian lands;

(8) "Federal lands" means any land, including mineral interests, owned by the United States without regard to how the United States acquired ownership of the land and without regard to the agency having responsibility for management thereof, except Indian lands;

(9) "Indian lands" means all lands, including mineral interests, within the exterior boundaries of any Indian reservation, notwithstanding the issuance of any patent, and including rights-of-way, and all lands held in trust for or supervised by any Indian tribe;

(10) "Indian tribe" means any Indian tribe, band, group, or community having a governing body recognized by the Secretary;

(11) "State program" means a program established by a State pursuant to section 503 to regulate surface mining and reclamation operations, on lands within such State in accord with the requirements of this Act and regulations issued by the Secretary pursuant to this Act;

(12) "Federal program" means a program established by the Secretary pursuant to section 504 to regulate surface coal mining and reclamation operations on lands within a State in accordance with the requirements of this Act;

(13) "Federal lands program" means a program established by the Secretary pursuant to section 523 to regulate surface coal mining and reclamation operations on Federal lands;

(14) "Reclamation plan" means a plan submitted by an applicant for a permit under a State program or Federal program which sets forth a plan for reclamation of the proposed surface mining operations pursuant to section 508;

(15) "State regulatory authority" means the department or agency in each State which has primary responsibility at the State level for administering this Act;

(16) "regulatory authority" means the State regulatory authority where the State is administering this Act under an approved State program or the Secretary where the

Secretary is administering this Act under a Federal program;

(17) "person" means an individual, partnership, association, society, joint stock company, firm, company, corporation, or other business organization;

(18) "permit" means a permit to conduct surface mining and reclamation operations issued by the State regulatory authority pursuant to a State program or by the Secretary pursuant to a Federal program;

(19) "permit applicant" or "applicant" means a person applying for a permit;

(20) "permittee" means a person holding a permit;

(21) "Fund" means the Abandoned Mine Reclamation Fund established pursuant to section 401;

(22) "other minerals" means clay, stone, sand, gravel, metalliferous and nonmetalliferous ores, and any other solid material or substances of commercial value excavated in solid form from natural deposits on or in the earth, exclusive of coal and those minerals which occur naturally in liquid or gaseous form;

(23) "approximate original contour" means that surface configuration achieved by backfilling and grading of the mined area so that it closely resembles the surface configuration of the land prior to mining and blends into and complements the drainage pattern of the surrounding terrain, with all highwalls, spoil piles, and depressions eliminated except that water impoundments may be permitted where the regulatory authority determines that they are in compliance with section 515(b)(21) of this Act;

(24) "operator" means any person, partnership, or corporation engaged in coal mining who removes or intends to remove more than two hundred and fifty tons of coal from the earth by coal mining within twelve consecutive calendar months in any one location;

(25) "permit area" means the area of land indicated on the approved map submitted by the operator with his application, which area of land shall be covered by the operator's bond as required by section 509 of this Act and shall be readily identifiable by appropriate markers on the site;

(26) "unwarranted failure to comply" means the failure of a permittee to present the occurrence of any violation of his permit or any requirement of this Act due to indifference, lack of diligence, or lack of reasonable care, or the failure to abate any violation of such permit or the Act due to indifference, lack of diligence, or lack of reasonable care;

(27) "alluvial valley floors" means the unconsolidated stream laid deposits holding streams where water availability is sufficient for subirrigation or flood irrigation agricultural activities;

(28) "imminent danger to the health or safety of the public" means the existence of any condition or practice, or any violation of a permit or other requirement of this Act in a surface coal mining and reclamation operation, which condition, practice, or violation could reasonably be expected to cause substantial physical harm to persons outside the permit area before such condition, practice, or violation can be abated.

OTHER FEDERAL LAWS

SEC. 702. (a) Nothing in this Act shall be construed as superseding, amending, modifying, or repealing the Mining and Minerals Policy Act of 1970 (30 U.S.C. 21a), the National Environmental Policy Act of 1969 (42 U.S.C. 4321–47), or any of the following Acts or with any rule or regulation promulgated thereunder, including, but not limited to—

(1) The Federal Metal and Nonmetallic Mine Safety Act (30 U.S.C. 721–740).

(2) The Federal Coal Mine Health and Safety Act of 1969 (83 Stat. 742).

(3) The Federal Water Pollution Control Act (79 Stat. 903), as amended, the State laws enacted pursuant thereto, or other Federal laws relating to preservation of water quality.

(4) The Clean Air Act, as amended (42 U.S.C. 1857).

(5) The Solid Waste Disposal Act (42 U.S.C. 3251).

(6) The Refuse Act of 1899 (33 U.S.C. 407).

(7) The Fish and Wildlife Coordination Act of (16 U.S.C. 661–666c).

(b) Nothing in this Act shall affect in any way the authority of the Secretary or the heads of other Federal agencies under other provisions of law to include in any lease, license, permit, contract, or other instrument such conditions as may be appropriate to regulate surface mining and reclamation operations on lands under their jurisdiction.

(c) To the greatest extent practicable each Federal agency shall cooperate with the Secretary and the States in carrying out the provisions of this Act.

EMPLOYEE PROTECTION

SEC. 703. (a) No person shall discharge, or in any other way discriminate against, or cause to be fired or discriminated against, any employee or any authorized representative of employees by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this Act, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions of this Act.

(b) Any employee or a representative of employees who believes that he has been fired or otherwise discriminated against by any person in violation of subsection (a) of this section may, within thirty days after such alleged violation occurs, apply to the Secretary for a review of such firing or alleged discrimination. A copy of the application shall be sent to the person or operator who will be the respondent. Upon receipt of such application, the Secretary shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to such review to enable the parties to present information relating to the alleged violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation the Secretary shall make findings of fact. If he finds that a violation did occur, he shall issue a decision incorporating therein and his findings in an order requiring the party committing the violation to take such affirmative action to abate the violation as the Secretary deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no violation, he shall issue a finding. Orders issued by the Secretary under this subparagraph shall be subject to judicial review in the same manner as orders and decisions of the Secretary are subject to judicial review under this Act.

(c) Whenever an order is issued under this section to abate any violation at the request of applicant, a sum equal to the aggregate amount of all costs and expenses (including attorneys' fees), to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the persons committing the violation.

(d) The Secretary shall conduct continuing evaluations of potential losses or shifts of employment which may result from the enforcement of this Act or any requirement of this Act including, where appropriate, investigating threatened mine closures or reductions in employment allegedly resulting from such enforcement or requirement. Any employee who is discharged or laid off, threatened with discharge or layoff, or otherwise discriminated against by any person because of the alleged results of the enforcement or requirement of this Act, or any representative of such employee, may request the Secretary to conduct a full investigation of the matter. The Secretary shall thereupon investigate the matter, and, at the request of any interested party, shall hold public hearings on not less than five days' notice, and shall at such hearings require the parties, including the employer involved, to present information relating to the actual or potential effect of such limitation or order on employment and on any alleged discharge, layoff, or other discrimination and the detailed reasons or justification therefor. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary shall promptly make findings of fact as to the effect of such enforcement or requirement on employment and on the alleged discharge, layoff, or discrimination and shall make such recommendations as he deems appropriate. Such report, findings, and recommendations shall be available to the public. Nothing in this subsection shall be construed to require or authorize the Secretary or a State to modify or withdraw any enforcement action or requirement.

PROTECTION OF GOVERNMENT EMPLOYEES

SEC. 704. Section 114, title 18, United States Code, is hereby amended by adding the words "or of the Department of the Interior" after the words "Department of Labor" contained in that section.

GRANTS TO THE STATES

SEC. 705. (a) The Secretary is authorized to make annual grants to any State for the purpose of assisting such State in developing, administering, and enforcing State programs under this Act. Such grants shall not exceed 80 per centum of the total costs incurred during the first year, 60 per centum of total costs incurred during the second year, and 40 per centum of the total costs incurred during the third and fourth years.

(b) The Secretary is authorized to cooperate with and provide assistance to any State for the purpose of assisting it in the development, administration, and enforcement of its State programs. Such cooperation and assistance shall include—

(1) technical assistance and training including provision of necessary curricular and instruction materials, in the development, administration, and enforcement of the State programs; and

(2) assistance in preparing and maintaining a continuing inventory of information on surface mining and reclamation operations for each State for the purposes of evaluating the effectiveness of the State programs. Such assistance shall include all Federal departments and agencies making available data relevant to surface mining and reclamation operations and to the development, administration, and enforcement of State programs concerning such operations.

ANNUAL REPORT

SEC. 706. The Secretary shall submit annually to the President and the Congress a report concerning activities conducted by him, the Federal Government, and the States pursuant to this Act. Among other matters, the Secretary shall include in such report recommendations for additional administrative or legislative action as he deems necessary and desirable to accomplish the purposes of this Act.

PREFERENCE FOR PERSONS ADVERSELY AFFECTED BY THE ACT

SEC. 707. (a) In the award of contracts for the reclamation of abandoned and unreclaimed mined areas pursuant to title IV and for research and demonstration projects pursuant to section 716 of this Act the Secretary shall develop regulations which will accord a preference to surface mining operators who can demonstrate that their surface mining operations, despite good-faith efforts to comply with the requirements of this Act, have been adversely affected by the regulation of surface mining and reclamation operations pursuant to this Act.

(b) Contracts awarded pursuant to this section shall require the contractor to afford an employment preference to individuals whose employment has been adversely affected by this Act.

EMPLOYMENT IMPACT AND UNEMPLOYMENT ASSISTANCE

SEC. 708. (a) The President shall take into consideration and shall minimize to the fullest extent practicable, any adverse impact of actions taken pursuant to this Act upon employment. All agencies of Government shall cooperate fully under their existing statutory authority to minimize any such adverse impact.

(b) (1) The Secretary of Labor shall make grants, in accordance with regulations prescribed by him, to States to provide cash benefits to any individual who loses his job in the coal mining industry as a direct result of the closure of a mine which closed as a direct result of the administration and enforcement of this Act and who is not eligible for unemployment assistance or who has exhausted his rights to such assistance (within the meaning of paragraph (4) (B)).

(2) Regulations of the Secretary of Labor under paragraph (1) may require that States enter into agreements as such regulations—

(A) shall provide that—

(i) a benefit under this subsection shall be available to any individual who is unemployed as a result of the administration and enforcement of this Act as defined in subsection (b) (1) of this section, and who is not eligible for unemployment assistance;

(ii) a benefit provided to such an individual shall be available to such individual for any week of unemployment which begins after the date on which this Act is enacted;

(iii) the amount of a benefit with respect to a week of unemployment shall be equal to—

(1) in the case of an individual who has exhausted his eligibility for unemployment assistance, the amount of the weekly unemployment compensation payment for which he was most eligible; or

(II) in the case of any other individual, an amount which shall be set by the State which the individual was last employed at a level which shall take into account the benefit levels provided by State law for persons covered by the State's unemployment compensation program, but which shall not be less than the minimum weekly amount, nor more than the maximum weekly amount, under the unemployment compensation law of the State; and

(B) may provide that individuals eligible for a benefit under this subsection have been employed for up to one month in the fifty-two week period preceding the filing of a claim for benefits under this subsection.

(3) Unemployment resulting from the administration and enforcement of this Act shall be defined in regulations of the Secretary of Labor, consistent with the provisions of subsection (b) (1) of this section. Such regulations shall provide that such unemployment includes unemployment clearly attributable to such administration and enforcement. The determination as to whether an individual is unemployed as a result of such administration and enforcement (within the meaning of such regulations) shall be made by the State in which the individual was last employed in accordance with such industry, business, or employer certification process or such other determination procedure (or combination thereof) as the Secretary of Labor shall, consistent with the purposes of paragraph (1) of this subsection, determine as most appropriate to minimize administrative costs, appeals, or other delay, in paying to individuals the cash allowances provided under this section.

(4) For purposes of this subsection—

(A) an individual shall be considered unemployed in any week if he is—

(i) not working

(ii) able to work, and

(iii) available for work,

within the meaning of the State unemployment compensation law in effect in the State in which such individual was last employed, and provided that he would not be subject to disqualification under that law for such week, if he were eligible for benefits under such law:

(B) (i) the phrase "not eligible" for unemployment assistance means not eligible for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada; and

(ii) the phrase "exhausted his rights to such assistance" means exhausted all rights to regular, additional, and extended compensation under all State unemployment compensation laws and chapter 85 of title 5, United States Code, and has no further rights to regular, additional, or extended compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada.

SEVERABILITY

SEC. 709. If any provision of this Act or the applicability thereof to any person or circumstance is held invalid, the remainder of this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

ALASKAN SURFACE COAL MINE STUDY

SEC. 710. (a) The Secretary is directed to contract with the National Academy of Sciences-National Academy of Engineering for an indepth study of surface coal mining conditions in the State of Alaska in order to determine which, if any, of the provisions of this Act should be modified with respect to surface coal mining operations in Alaska.

(b) The Secretary shall report on the findings of the study to the President and Congress no later than two years after the date of enactment of this Act.

(c) The Secretary shall include in his report a draft of legislation to implement any changes recommended to this Act.

(d) Until one year after the Secretary has made this report to the President and Congress, or three years after the date of enactment of this Act, whichever comes first, the Secretary is authorized to suspend the applicability of any provision of this Act, or any regulation issued pursuant thereto, to any surface coal mining operation in Alaska in existence on the date of the enactment of this Act if he determines that it is necessary to insure the continued operation of such surface coal mining operation. The Secretary may exercise his suspension authority only after he has (1) published a notice of proposed suspension in the Federal Register and in a newspaper of general circulation in the area of Alaska in which the affected surface coal mining operation is located, and (2) held a public hearing on the proposed suspension in Alaska.

(e) There is hereby authorized to be appropriated for the purpose of this section $250,000.

STUDY OF RECLAMATION STANDARDS FOR SURFACE MINING OF OTHER MINERALS

SEC. 711. (a) The Chairman of the Council on Environmental Quality is directed to contract with the National Academy of Sciences-National Academy of Engineering, other Government agencies or private groups as appropriate, for an in-depth study of current and developing technology for surface and open pit mining and reclamation for minerals other than coal designed to assist in the establishment of effective and reasonable regulation of surface and open pit mining and reclamation for minerals other than coal. The study shall—

(1) assess the degree to which the requirements of this Act can be met by such technology and the costs involved;

(2) identify areas where the requirements of this Act cannot be met by current and developing technology;

(3) in those instances describe requirements most comparable to those of this Act which could be met, the costs involved, and the differences in reclamation results between these requirements and those of this Act; and

(4) discuss alternative regulatory mechanisms designed to insure the achievement of the most beneficial post-mining land use for areas affected by surface and open-pit mining.

(b) The study together with specific legislative recommendations shall be submitted to the President and the Congress no later than eighteen months after the date of enactment of this Act: *Provided*, That, with respect to surface or open pit mining for sand and gravel the study shall be submitted no later than twelve months after the date of enactment of this Act.

(c) There are hereby authorized to be appriated for the purpose of this section $500,000.

INDIAN LANDS

SEC. 712. (a) The Secretary is directed to study the question of the regulation of surface mining on Indian lands which will achieve the purpose of this Act and recognize the special jurisdictional status of these lands. In carrying out this study the Secretary shall consult with Indian tribes. The study report shall include proposed legislation designed to allow Indian tribes to elect to assume full regulatory authority over the administration and enforcement of regulation of surface mining of coal on Indian lands.

(b) The study reported required by subsection (a) together with drafts of proposed legislation and the view of each Indian tribe which would be affected shall be submitted to the Congress as soon as possible but not later than January 1, 1976.

(c) On and after one hundred and thirty-five days from the enactment of this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by subsections 515(b) (2), 515(b) (3), 515(b) (5), 515(b) (10), 515(b) (13), 515(b) (19), and 515(d) of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(d) On and after thirty months from the enactment this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by sections 507, 508, 509, 510, 515, 516, 517, and 519 of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(e) With respect to leases issued after the date of enactment of this Act, the Secretary shall include and enforce terms and conditions in addition to those required by subsections (c) and (d) as may be requested by the Indian tribe in such leases.

(f) Any change required by subsection (c) or (d) of this section in the terms and conditions of any coal lease on Indian lands existing on the date of enactment of this Act, shall require the approval of the Secretary.

(g) The Secretary shall provide for adequate participation by the various Indian tribes affected in the study authorized in this section and not more than $700,000 of the funds authorized in section 715(a) shall be reserved for this purpose.

EXPERIMENTAL PRACTICES

SEC. 713. In order to encourage advances in mining and reclamation practices, the regulatory authority may authorize departures in individual cases on an experimental basis from the environmental protection performance standards promulgated under sections 515 and 516 of this Act. Such departures may be authorized if (i) the experimental practices are potentially more or at least as environmentally protective, during and after mining operations, as those required by promulgated standards; (ii) the mining operation is no larger than necessary to determine the effectiveness and economic feasibility of the experimental practices; and (iii) the experimental practices do not reduce the protection afforded public health and safety below that provided by promulgated standards.

AUTHORIZATION OF APPROPRIATIONS

SEC. 714. There is authorized to be appropriated to the Secretary for the purposes of this Act the following sums, and all such funds appropriated shall remain available until expended:

(a) For the implementation and funding of sections 502, 522, 405(b)(3), and 712, contract authority is granted to the Secretary of the Interior for the sum of $10,000,000 to become available immediately upon enactment of this Act and $10,000,000 for each of the two succeeding fiscal years.

(b) For administrative and other purposes of this Act, except as otherwise provided for in this Act, authorization is provided for the sum of $10,000,000 for the fiscal year ending June 30, 1975, for each of the two succeeding fiscal years the sum of $20,000,000 and $30,000,000 for each fiscal year thereafter.

RESEARCH AND DEMONSTRATION PROJECTS ON ALTERNATIVE COAL MINING TECHNOLOGIES

SEC. 715. (a) The Secretary is authorized to conduct and promote the coordination and acceleration of, research, studies, surveys, experiments, demonstration projects, and training relating to—

(1) the development and application of coal mining technologies which provide alternatives to surface disturbance and which maximize the recovery of available coal resources, including the improvement of present underground mining methods, methods for the return of underground mining wastes to the mine void, methods for the underground mining of thick coal seams and very deep seams; and

(2) safety and health in the application of such technologies methods and means.

(b) In conducting the activities authorized by this section, the Secretary may enter into contracts with and make grants to qualified institutions, agencies, organizations, and persons.

(c) There are authorized to be appropriated to the Secretary, to carry out the purposes of this section, $35,000,000 for each fiscal year beginning with the fiscal year 1976, and for each year thereafter for the next four years.

SURFACE OWNER PROTECTION

SEC. 716. (a) The provisions and procedures specified in this section shall apply where coal owned by the United States under land the surface rights to which are owned by a surface owner as defined in this section is to be mined by methods other than underground mining techniques. In order to minimize disturbance to surface owners from surface coal mining of Federal coal deposits, the Secretary shall, in his discretion but, to the maximum extent practicable, refrain from leasing such coal deposits for development by methods other than underground mining techniques.

(b) Any coal deposits subject to this section shall be offered for lease pursuant to section 2(a) of the Mineral Leasing Act of 1920 (30 U.S.C. 201a), except that no award shall be made by any method other than competitive bidding.

(c) Prior to placing any deposit subject to this section in a leasing tract, the Secretary shall give to any surface owner whose land is to be included in the proposed leasing tract actual written notice of his intention to place such deposits under such land in a leasing tract.

(d) The Secretary shall not enter into any lease of such coal deposits until the surface owner has given written consent and the Secretary has obtained such consent, to enter and commence surface mining operations, and the applicant has agreed to pay in addition to the rental and royalty and other obligations due the United States the money value of the surface owner's interest as determined according to the provisions of subsection (e).

(e) The value of the surface owner's interest shall be fixed by the Secretary based on appraisals made by three appraisers. One such appraiser shall be appointed by the Secretary, one appointed by the surface owner concerned, and one appointed jointly by the appraisers named by the Secretary and such surface owner. In computing the value of the surface owner's interest, the appraisers shall first fix and determine the fair market value of the surface estate and they shall then determine and add the value of such of the following losses and costs to the extent that such losses and costs arise from the surface coal mining operations:

(1) loss of income to the surface owner during the mining and reclamation process;

(2) cost to the surface owner for relocation or dislocation during the mining and reclamation process;

(3) cost to the surface owner for the loss of livestock, crops, water or other improvements;

(4) any other damage to the surface reasonably anticipated to be caused by the surface mining and reclamation operations; and

(5) such additional reasonable amount of compensation as the Secretary may determine is equitable in light of the length of the tenure of the ownership; *Provided*, That such additional reasonable amount of compensation may not exceed the value of the losses and costs as established pursuant to this subsection and in paragraphs (1) through (4) above, or one hundred dollars ($100.00) per acre, whichever is less.

(f) All bids submitted to the Secretary for any such lease shall, in addition to any rental or royalty and other obligations, be accompanied by the deposit of an amount equal to the value of the surface owner's interest computed under subsection (e). The Secretary shall pay such amount to the surface owner either upon the execution of such lease or upon the commencement of mining, or shall require posting of bond to assure installment payments over a period of years acceptable to the surface owner, at the option of the surface owner. At the time of initial payment, the surface owner may request a review of the initial determination of the amount of the surface owner's interest for the purpose of adjusting such amount to reflect any increase in the Consumer Price Index since the initial determination. The lessee shall pay such increased amount to the Secretary to be paid over to the surface owner. Upon the release of the performance bonds or deposits under section 519, or at an earlier time as may be determined by the Secretary, all rights to enter into and use the surface of the land subject to such lease shall revert to the surface owner.

(g) For the purpose of this section the term "surface owner" means the natural person or persons (or corporation, the majority stock of which is held by a person or persons who meet the other requirements of this section) who—

(1) hold legal or equitable title to the land surface;

(2) have their principal place of residence on the land; or personally conduct farming or ranching operations upon a farm or ranch unit to be affected by surface coal mining operations; or receive directly a significant portion of their income, if any, from such farming or ranching operations; and

(3) have met the conditions of paragraph (1) and (2) for a period of at least three years prior to the granting of the consent.

In computing the three-year period the Secretary may include periods during which title was owned by a relative of such person by blood or marriage during which period such relative would have met the requirements of this subsection.

(h) Where surface lands over coal subject to this section are owned by any person who meets the requirements of paragraphs (1) and (2) of subsection (g) but who does not meet the requirements of paragraph (3) of subsection (g), the Secretary shall not place such coal deposit in a leasing tract unless such person has owned such surface lands for a period of three years. After the expiration of such three-year period such coal deposit may be leased by the Secretary, provided that if such person qualifies as a surface owner as defined by subsection (g) his consent has been obtained pursuant to the procedures set forth in this section.

(i) Nothing in this section shall be construed as increasing or diminishing any property rights held by the United States or by any other land owner.

(j) The determination of the value of the surface owner's interest fixed pursuant to subsection (e) or any adjustment to that determination made pursuant to subsection (f) shall be subject to judicial review only in the United States district court for the locality in which the leasing tract is located.

(k) At the end of each two-year period after the date of enactment of this Act, the Secretary shall submit to the Congress a report on the implementation of the Federal coal leasing policy established by this section. The report shall include a list of the surface owners who have (1) given their consent, (2) received payments pursuant to this section, (3) refused to give consent, and (4) the acreage of land involved in each category. The report shall also indicate the Secretary's views on the impact of the leasing policy on the availability of Federal coal to meet national energy needs and on receipt of fair market value for Federal coal.

(l) This section shall not apply to Indian lands.

(m) Any person who gives, offers or promises anything of value to any surface owner or offers or promises any surface owner to give anything of value to any other person or entity in order to induce such surface owner to give the Secretary his written consent pursuant to this section, and any surface owner who accepts, receives, or offers or agrees to receive anything of value for himself or any other person or entity, in return for giving his written consent pursuant to this section shall be subject to a civil penalty of one and a half times the monetary equivalent of the thing of value. Such penalty shall be assessed by the Secretary and collected in accordance with the procedures set out in subsections 518(b), 518(c), 518(d), and 518(e) of this Act.

(n) Any Federal coal lease issued subject to the provisions of this section shall be automatically terminated if the lessee, before or after issuance of the lease, gives, offers or promises anything of value to the surface owner or offers or promises any surface owner to give anything of value to any other person or entity in order to (1) induce such surface owner to give the Secretary his written consent pursuant to this section, or (2) compensate such surface owner for giving such consent. All bonuses, royalties, rents and other payments made by the lessee shall be retained by the United States.

(o) The provisions of this section shall become effective on February 1, 1976. Until February 1, 1976, the Secretary shall not lease any coal deposits owned by the United States, under land the surface rights to which are not owned by the United States, unless the Secretary has in his possession a document which demonstrates the acquiescence prior to December 3, 1974, of the owner of the surface rights to the extraction of minerals within the boundaries of his property by current surface coal mining methods.

FEDERAL LESSEE PROTECTION

Sec. 717. In those instances where the coal proposed to be mined by surface coal mining operations is owned by the Federal Government and the surface is subject to a lease or a permit issued by the Federal Government, the application for a permit shall include either:

(1) the written consent of the permittee or lessee of the surface lands involved to enter and commence surface coal mining operations on such land, or in lieu thereof; and

(2) evidence of the execution of a bond or undertaking to the United States or the State, whichever is applicable, for the use and benefit of the permittee or lessee of the surface lands involved to secure payment of any damages to the surface estate which the operations will cause to the crops, or to the tangible improvements of the permittee or lessee of the surface lands as may be determined by the parties involved, or as determined and fixed in an action brought against the operator or upon the bond in a court of competent jurisdiction. This bond is in addition to the performance bond required for reclamation under this Act.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the title of the bill insert the following:

"To provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes."

And the House agree to the same.

Morris K. Udall,
Patsy T. Mink,
Joseph P. Vigorito,
John Melcher,
Teno Roncalio,
John F. Seiberling,
Philip E. Ruppe,
Managers on the Part of the House.
Henry M. Jackson,
Lee Metcalf,
J. Bennett Johnston, Jr
Floyd K. Haskell,
Gaylord Nelson,
Clifford P. Hansen,
James L. Buckley,
Managers on the Part of the Senate.

Joint Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, submit this joint statement in explanation of the effect of the language agreed upon by the managers and recommended in the accompanying conference report.

INTRODUCTION

The Senate bill and House amendment are quite similar with respect to their approach, structure, and coverage of major provisions of the legislation to regulate surface coal mining operations including the surface impacts of underground mining. Both provided for a State lead with respect to implementing a regulatory program including a period for States to develop their own programs, equal to or exceeding the minimum requirements in the Federal legislation. Both pieces of legislation included requirements for: mining permits, applications, reclamation plans, permit approval and denial criteria, environmental protection standards, inspections and monitoring, performance bonds, enforcement, penalties, citizen suits, designation of areas unsuitable for mining and a Federal lands program.

Following are brief summaries of the resolution of differences between the major provisions of the two bills along with specific comments on some agreed on provisions.

I. MAJOR PROVISIONS

1. Mining and Minerals Resource Research Institutes.—Both Senate bill and House amendment contained titles establishing State mining and minerals resources research institutes. The primary differences between these titles lay in the levels of funding and the criteria for determining eligibility of a State or private institution. In general, the Conference followed the House amendment, although the original three tiers of funding were reduced to two, in keeping with the Senate approach.

Under the approved version, each participating State will receive $200,000 for fiscal year 1975, $300,000 for fiscal year 1976 and $100,000 for each fiscal year thereafter for five years. In addition, the Secretary is authorized to expend $15 million in fiscal year 1975 and that sum increased by $2 million each fiscal year thereafter for six years for specific mineral and demonstration projects of industrywide application and other projects carried out by the Institutes. However, the main thrust of the program would concern the training of mineral engineers and scientists. In conformance with the Senate bill, the definition of qualifying institutions was broadened to include schools of mines. An advisory committee would be given the responsibility of determining whether or not a college or university has an eligible school of mines, division or department meeting the criteria set forth in the House amendment.

The conferees also adopted the House provision to protect the owner of background patents and the general requirement that the Secretary make the results of research available to the public.

2. Reclamation Program.—The Senate bill included a program to reclaim previously mined lands to be conducted by the Secretary of Interior and the Secretary of Agriculture. The initial authorization for this program was $100 million.

The House amendment included a similar reclamation program to be carried out by the Secretary of Interior and the Secretary of Agriculture pursuant to program priorities set out in the House program. The House amendment included a $200 million authorization and earmarked funds from the miscellaneous receipts of the Outer Continental Shelf Fund to the extent necessary to make up the difference between annual appropriations and the $200 million level.

Conferees melded the two program approaches, including the priorities of the House approach. The funding difference between the programs was resolved by adopting a reclamation fee of 35¢ per ton for surface mined coal and 25¢ per ton for underground mined coal, or 10% of the value of the coal at the mine (whichever is lesser) on each ton of coal mined. Imposition of the reclamation fee begins on the date of enactment and is to be imposed for a ten-year period unless extended by Congress. Under the Conference version, 50% of the reclamation fee revenues derived in any State are to be expended by the Secretary in that state for the purposes of the title.

3. Interim Environmental Standards.—The Senate bill did not apply specific environmental standards to existing mines until 24 months after enactment.

The House amendment provides that certain environmental standards would be applicable during an interim period between enactment and implementation of a State or Federal program. In some cases the interim standards differed from their counterparts in the permanent program.

The Conferees adopted a simplified version of the House approach by reducing the number of standards applicable in the interim period. Moreover, the particular standards of the interim period are the same as those in the permanent program in order to provide greater continuity between the interim and permanent programs.

4. Implementation Timetable.—The Senate bill and House amendment concurred differing mechanisms to accomplish the implementation of the Act. The Senate bill allowed States eighteen months within which to submit regulatory programs in compliance with the Act to the Secretary. Pending approval of a State program (or promulgation of a Federal program for those States not obtaining approval of submitted programs) any person opening a coal surface mining operation after the date of enactment of this Act or expending an existing mine by more than fifteen per centum was required to submit an application and obtain a permit in compliance with the full standards of the Act. Finally, under the Senate bill, no person could operate a coal surface mine after the twenty-four month period after the date of enactment without a permit issued pursuant to an approved State program or Federal program, an exception was made for a person operating a mine at the date of enactment of the Act. Such an operation could continue after the expiration of the twenty-four month period if the operator had filed an application for a permit and was awaiting administrative action on the application.

The House amendment, on the other hand, gave the States twenty-four months within which to submit regulatory programs to the Secretary. Pending approval of a State program or the promulgation of a Federal program, all coal surface mines had to comply with the provision of a special "interim" period program, which included environmental standards and a Federal inspection and enforcement program. All coal surface mines were required to be in compliance with a State or Federal program within six months from such approval or implementation.

The conferees adopted a blend of the two provisions. In the approved version, the States are given eighteen months within which to submit programs to the Secretary. Pending approval of State programs or implementation of a Federal program, all coal surface mines are required to comply with an abbreviated list of environmental standards, including standards relating to spoil placement, approximate original contour and hydrology. Coal operators may obtain variances from these standards according to the permanent variance provisions of the legislation as set forth in subsection 515(c). All coal operators must obtain a permit in compliance with a State or Federal program within thirty months from the date of enactment of the Act except that coal surface mine operations existing at the date of enactment for which an application has been submitted but with respect to which the initial administrative decision has not been rendered, may continue in operation past the thirty-month deadline. As in the House amendment, the Secretary is given full inspection and enforcement powers during the "interim" period pending approval of State programs or promulgation of Federal programs.

5. Variances.—Both the Senate bill and House amendment contained a variance from the requirement to restore the mined area to the approximate original contour, but only with respect to socially valuable uses of the post-mining site. The Senate provisions allowed a variance from approximate original control for mountain-top removal operations and required that the affected area be shaped in such a way as to promote controlled internal drainage. The House amendment included broader exemptions to regrading, backfilling, spoil placement and revegetation under steep slope requirements.

The conferees merged the provisions of the House amendment and the Senate bill. Under the new provision, a variance from the approximate original contour standard is limited to mountain-top removal operations including reshaping and drainage requirements. In addition, the House criteria limiting the post-mining land uses qualifying for the variance to industrial, commercial (including commercial agricultural), residential or public facility (including recreational facilities) developments were adopted. Plans for such development are to demonstrate feasibility of the proposed projects as well as appropriate site engineering and the House amendment requirement that the variance would be reviewed within three years was approved.

6. Enforcement.—The Senate bill and House amendment contained similar enforcement provisions which made available to the Secretary and State regulatory authorities an array of sanctions and procedures for violations of the Act and of permits. The House amendment required cease and desist orders upon the existence of certain conditions or practices or violations of the Act or permit which created imminent dangers to the public health or safety or posed a threat of significant, imminent harm or damage to land, air or water resources. The Senate bill made such cease and desist orders under similar conditions discretionary. The House amendment, contrary to the Senate bill, also made available to the Secretary the full range of enforcement sanctions and provisions against coal operators pending the development of approved State programs pursuant to the Act.

The conferees elected to adopt the approach of the House amendment and to combine all enforcement provisions in one section.

7. Designation of Areas Unsuitable for Surface Coal Mining.—Both the Senate bill and House amendment provide for the establishment of a process by which the regulatory authority could designate land areas as unsuitable for the surface mining of coal. In addition to the prohibition of surface mining which may result from the operation of the designation process, certain outright prohibitions were included in the Senate bill and House amendment. Thus both the Senate bill and the House amendment would prohibit new surface coal mining operations on lands within the National Park System, the National Wilderness Preservation System, and the House amendment contained additional bans applicable to the National Forest System (including national grasslands) and alluvial valley floors.

The conferees adopted certain of the statutory prohibitions (e.g., lands within the National Park System, National Wildlife Refuge System, National Wilderness System), and modified others, (rejected the prohibition applicable to national grasslands but retained a ban on National Forests). The blanket prohibition on mining on alluvial valley floors which had been included in the House amendment was modified to apply only to alluvial valley floors, which the regulatory authority found to be significant for present or potential farming or ranching operations.

In general, the conferees approved the House approach to the designation process which provides that where reclamation pursuant to the Act is not feasible, designation is mandatory. The conferees also approved language to clarify the intention that a State is not required to review all lands within its jurisdiction, but, rather, that the designation process is to be invoked upon petition pursuant to the section's requirements. A designation of unsuitability will not affect existing operations or operations for which there are substantial legal and financial commitments in existence prior to September 1, 1974.

8. Special Bituminous Coal Mines.—The Senate bill exempted "open pit" coal mines from regulation under the Act and directed the Secretary to conduct a study of such operations and report to Congress with the recommendations regarding environmental controls appropriate to such operations. The definition of open pit included concepts of: relation of size of excavation to acreage disturbed; movement of mining downward as provided for across large areas; duration of operation on same relative limited site; practicality of meeting reclamation standards; and existence of a practical alternative method of mining.

The House amendment included a provision addressing "special bituminous coal mines" which were defined as operations that would result in excess of 900 feet deep according to existing mine plans, were in existence at least 10 years prior to the date of enactment and met several other criteria. Such mines were not exempted from the Act, but the Secretary was authorized to allow appropriate variation from certain requirements dealing with spoil handling, regrading to approximate original contour, and drainage.

The conferees adopted the basic approach of the House provision and included the regulation of such mines under the provisions of the Act but provided authority for the Secretary to issue special environmental provisions as may be necessary. The approved provision includes from both the Senate bill and the House amendment to define eligibility under this section. The conferees expressed their concern that this section not be used so that eligibility would become the rule rather than the exception and specifically intend that it only apply to existing mine pits which have been producing coal in commercial quantities since January 1, 1972.

9. Anthracite Coal Mines.—The Senate bill contained no special provisions concerning anthracite mining in Pennsylvania. The House amendment contained an exemption for anthracite coal mines. The exemption required the Secretary to issue separate regulations for such mines in lieu of the bill's interim performance standards, the permit application and approval requirements, and the permanent enforcement standards. Performance bond limits and liabilities were also to be adjusted by the Secretary. All other provisions of the Act were to apply. It is understood that the only anthracite mines qualifying under this provision were those in Pennsylvania.

The conferees adopted the House approach, but reduced the exempted provisions to environmental protection performance standards and permit approval or denial provisions. It is the understanding of the Conferees that if the State fails to enforce its regulatory program for anthracite coal mines, the Secretary is authorized to take over the enforcement of the special anthracite regulations as well as the provisions of the Act which are not exempted.

10. Designation of Areas as Unsuitable for Mining of Minerals Other Than Coal.—The Senate bill contained no provision relating to mining of minerals other than coal.

The House amendment included a separate title which authorizes the Secretary to designate certain areas unsuitable for mining of minerals other than coal. Upon the request of the governor of any State, or petition of any citizen which contains allegations of fact with supporting evidence, the Secretary shall review a proposed area for designation. The House amendment provided that an area may be designated if it is of a predominantly urban or suburban nature, the mineral estate of which remains in the public domain, or where mining operations would result in damage to important historic or environmental values.

The conferees adopted a modified version of the House provision. This provision does not authorize designations based on historic or environmental values. Under the version adopted by the Conferees, an area may be designated unsuitable for non-coal surface mining if the lands involved are either used for residential or related purposes, or if mining operations would have an adverse impact on lands used primarily for such purposes.

11. Employment Impact and Worker Assistance.—The Senate bill and the House amendment contained very similar provisions to provide for extended unemployment assistance and economic relief for individuals who lost their jobs through the administration and enforcement of this Act. The purpose of such a provision was to cushion any regional or community impacts in high density mining areas such as rural Appalachia. These provisions have been opposed by the Administration as inflationary.

In an effort to reduce the possible cost of the employment provisions, the Conferees modified the employment assistance provision. The new proposed Section 708 is substantially the same as the provisions included in S. 3267, "Standby Energy Emergency Authorities Act." The provisions of S. 3267 were developed jointly by minority and majority staff of both houses, representatives of the White House, Office of Management and Budget, Labor Department and the Federal Energy Office.

This provision requires the Secretary of Labor to make grants, in accordance with regulations prescribed by him, to States to provide cash benefits to any individual who loses his job in the coal mining industry as direct result of the closure of a mine which closed as a direct result of the administration and enforcement of the Act and who is not eligible for unemployment assistance or who has exhausted his rights to such assistance.

12. Alaska Study.—The Senate bill included no special provision regarding surface coal mining in Alaska.

The House amendment directed the Secretary of Interior, through the National Academy of Sciences-National Academy of Engineering, to conduct a study to promulgate a set of surface coal mining regulations best suited to govern such operations given the special physical and climatic locations of such mines. Until the Secretary made his report to Congress and promulgated regulations resulting from such a study, the provisions of the Act would not apply.

The conferees adopted the House approach of directing that a study be made, but further provided that provisions of the Federal Act are to apply during the study period. However, if the Secretary finds that the suspension of specific provisions of the Act are necessary to insure continuation of an existing mining operation, then such suspension is authorized after public notice and hearing.

13. Studies.—The Senate bill included several programs to study coal surface and open pit mining, other minerals mining impacts, as well as technologies and resource recovery matters. The Chairman of the Council on Environmental Quality, the National Academy of Sciences and the National Academy of Engineering were to have participated in this program. The House amendment authorized the Secretary to conduct research and demonstration projects into alternative coal mining technologies relating to underground mining and safety; a study of Alaskan surface mining, and reclamation of surface mined areas research and development.

These various alternatives were reduced by Conferees to a single effort directing the Chairman of CEQ to contract with the National Academy of Sciences and the National Academy of Engineering for an in-depth study involving surface and open pit mining for minerals other than coal.

This study, with an authorization of $500,000 merged features of both Senate and House bills.

14. Indian Lands.—The Senate bill provided for a study of the question of regulating surface coal mining on Indian lands. The House amendment contained a separate title addressing regulation of surface coal mining on Indian lands. Under this provision, Indian tribes were to be treated as are States under the Act in that a tribe could elect to become the regulatory authority for the purposes of enforcement of the Act or could choose to allow the Secretary to administer the program for the tribe.

The conferees chose to provide for a study of the issues involved in implementing a full regulatory program on Indian lands rather than adopting a regulatory scheme which could be implemented by the tribe under the approved provision. The Secretary is to submit his report by January 1, 1976, along with proposed legislation designed to allow tribes to assume regulatory authority over a surface mining regulatory program. The provision approved by the conferees also requires operations on Indian lands to comply with requirements at least as stringent as the full program's provisions by 30 months after enactment. These are the same time periods as are applicable for non-Indian lands. The Secretary is to enforce these provisions as well as incorporate such standards into existing and new leases.

15. Surface Owner Protection.—Both the House and the Senate recognized the special peculiarities that obtain where coal deposits have been reserved to the United States when title to the surface rights has been issued to patentees.

Undoubtedly, underground coal mining operations often cause some disruption to the surface. But contemplated surface mining operations, particularly in the West where coal of as much as 100 feet in thickness may lie as many as 80 feet underneath the surface of the land, may in the opinion of the conferees result in a massive upheaval of the surface land.

The Senate bill dealt with this problem by prohibiting any leasing of Federal coal lying under land not owned by the United States. The House amendment instead provided that such coal could be leased but not without the consent of the surface owner. The conferees agreed that neither approach was wholly right. Just as there should not be an absolute prohibition to development of a natural resource belonging to all the citizens of the Nation, particularly when there is an energy crisis, so there ought not to be an opportunity for an individual owning land to reap a windfall in order to obtain his consent.

Section 716 of the conference report includes a moratorium, but for a short period only, from the date of enactment of the bill until February 1976. And it embodies the House concept of surface owner consent, but with a carefully drafted definition of what a "surface owner" is. He must not only hold title to the land, but also, for at least three years before granting consent to a surface mining operation, must have his principal place of residence on the land, or personally farm or ranch the land affected by the mining operation, or receive directly a "significant portion" of his income from such farming. The conferees do not intend by this to impose an arbitrary or mechanical formula for determining what is "significant." This should be construed in terms of the importance of the amount to the surface owner's income. Significant is not intended to be measured by a fixed percentage of income. For example, where a person's gross income is relatively small, a loss of but a fraction thereof may be significant. By so defining "surface owner," the conferees seek to prevent speculators purchasing land only in the hope of reaping a windfall profit simply because Federal coal deposits lie underneath the land.

At the same time, so that there will not be any undue locking up of Federal coal, generous compensation is guaranteed to the surface owner, based not only upon the market value of the property but also the costs of dislocation and relocation, loss of income and other values and damages.

The procedure for obtaining surface owner consent is intended to assure that the surface owner will be dealing solely with the Secretary in deciding whether or not to give his consent to surface coal mining. Penalties would be assessed to discourage the making of "side deals" in order to circumvent the strict provisions governing surface owner consent.

Finally, section 716 established as one criterion for Federal coal leasing "that the Secretary shall, in his discretion but to the maximum extent practicable" refrain from leasing Federal coal underlying lands held by surface owners. In implementing this policy, the Secretary should consider economic as well as physical conditions in determining what is "practicable."

II. COMMENTS REGARDING SPECIFIC PROVISIONS

1. Nondegradation Issue.—Both the House and Senate bills fully recognize that surface coal mining causes significant disruption of the environment while it is taking place. While the bill requires that land which cannot be reclaimed should not be surface-mined, it is not intended that all surface coal mining be forbidden. Therefore, the language of section 102(a) which refers to a "nationwide program to prevent the adverse effects to society and the environment" is not intended to mean that all surface mining be banned.

2. Office of Surface Mining Reclamation.—Title II establishes the Office of Surface Mining and Enforcement within the Department of Interior. The language of this new title is based on very similar language of both the Senate bill and the House amendment.

In order to provide the Secretary administrative discretion, the conferees did not adopt the House provision directing the placement of the office under the Assistant Secretary for Land and Water. The conferees believe, however, that it would be unwise to place the office under an Assistant Secretary whose program responsibilities include agencies whose missions could conflict with the responsibilities of the office.

In order to assist in getting the office established and underway expeditiously, authority is granted to borrow on a reimbursable or other basis personnel from within the Department or from other Federal agencies. Such utilization of personnel might result in a delegation of authority to them, but in these instances, responsibility for those aspects of the program are to remain within the newly created office.

Concern has been expressed that the establishment of a new office at the Federal level implicitly requires a similar entity in every State in order to manage the State program. This is not the case. It should be noted that many States already have a particular governmental unit regulating surface coal mining industry. The conferees believe that some aspects of the regulatory program might be carried out on the State level by more than one agency, especially where States with surface coal mining agencies have another agency which regulates surface impacts of underground mines.

3. Abandoned Mine Reclamation Fund.—Title IV establishes an abandoned mine reclamation program. The primary purpose of this program is to provide authority to the Secretary of Interior to reclaim previously mined, abandoned, and inadequately reclaimed lands, correct water pollution problems from past coal mine operations, and remedy surface impacts from underground mines.

Priorities for the implementation of this program are established. The first priority is the protection of the health and safety of the public. It is intended that projects to correct such hazards to the public as the stabilization of mine waste embankments or waste piles are to be included among the first projects undertaken.

A rural lands program administered by the Secretary of Agriculture is authorized for reclamation of private farm lands. The conferees agreed that this program should be implemented through the Soil Conservation Service. While the Soil Conservation Service may want to integrate such projects on a watershed or drainage area basis in order to enhance program effectiveness, it is not intended that such an approach and its planning process slow down reclamation or deny work in those areas or instances where the landowners are willing to participate but the watershed planning is not completed. It is also intended that the rural lands program will be coordinated with the reclamation program implemented by the Department of Interior.

The reclamation program authorized for the Department of Interior provides mechanisms for bringing lands into public ownership prior to reclamation and then utilizing such lands for various purposes which may require a change in ownership.

The Secretary of the Interior is given authority to reclaim lands to be used for the purposes of housing for miners, mining related employees or persons displaced by natural disasters or catastrophic failures. Reclamation work in this instance includes the construction of on- and off-site public facilities necessary to support such housing. For the purposes of this section, the term public facilities includes those public works needed for supporting housing (on- and off-lands developed for housing sites), including roads, water, sewers, education, health or other municipal facilities; supporting services and equipment required. Such facilities, works and services may be temporary or permanent. Through this program, the Secretary may provide aid to communities undergoing rapid growth due to the opening of coal mines and coal related operations such as power plants and coal conversion facilities. Employment in all such activities is considered to be coal related. In carrying out this work, the Secretary may contract with other Federal or state agencies, including the Regional Commissions, established under Federal statute for developmental purposes. The Secretary is also given authority to contract for plans, technical assistance and demonstrations. Existing applicable Federal standards for the design and construction of such facilities should in general be followed by the Secretary where appropriate, however, the Secretary may fund innovative projects meeting the identified needs.

The conferees added section 408 authorizing the Secretary to transfer funds to other appropriate Federal agencies (such as the Corps of Engineers or Environmental Protection Agency) in order to carry out the reclamation activities. It was recognized that this authority might be desirable since such agencies have appropriate program responsibilities and expertise, such as reducing sediment and other pollution from entering reservoirs, navigable waterways as well as in acid mine drainage control.

The reclamation program is supported by a reclamation fee which, depending on the value of the coal will be no greater than 25¢ per ton of coal mined with underground methods and 35¢ per ton of coal mined by surface mining methods. The differential fee was adopted recognizing the differing costs in meeting various health and safety objectives mandated by law.

It is estimated that the reclamation fee adopted by the conferees would yield approximately $165 million per year based on the most recent annual coal statistics concerning tonnage, method of mining and average value at the mine. The fee is quite small relative to the current prices of coal. When translated into power cost per kilowatt hour (assuming conservative figures of 10,000 BTU/lb. and a conversion rate of 10,000 BTU/kwh) it is less than 0.015 cents per kwhr of electricity. For consumer utilizing from 250 to 750 kwhr per month, this represents an increase of 4–12 cents per month on their utility bill. The conferees do not consider this small increase a burden on current coal consumers or inflationary in nature.

4. Interim Environmental Standards.—Section 502 incorporates by reference seven of the permanent environmental standards to be applicable in the interim period to all surface coal mining operations. One of these standards pertains to the use of mine waste impoundments to dispose of wastes from both underground and surface mines and coal processing plants. The balance of the standards represent other key provisions of the permanent program pertaining to surface coal mining operations: post-mining land use objectives, regrading to approximate original contour, steep slope requirements including limitation of spoil placement on downslopes, segregation and preservation of topsoil, protection of the hydrologic balance, and revegetation requirements.

The conferees believe that the application of these standards to existing mining operations will remedy much of the environmental degradation resulting from current coal surface mining practices and provide a fair basis for transition into the full range of requirements in the permanent program.

The incorporation of the requirements of the interim standards into existing operations within the regulatory time period is practical mechanism for assuring compliance without raising the possibility of unwarranted hardship on the operator. The approved language provides that operators are to be given a "reasonable time" to remedy conditions which are violative of the Act, and thus as an operator may have to accomplish significant adjustments in his operations to achieve initial compliance, a reasonable time may be a more lengthy period than would be the case after the Act is fully implemented. Similarly, where an operator is attempting to obtain a variance under the Act to allow the continuation of a particular operation, it is not the intention of the Congress that the operation be interrupted if action on the variance application is not taken prior to the implementation of the Interior standards. In such an event, the determination of a reasonable time for the operator to comply should take into account the administration capabilities of the implementation of new regulations and the operator acting in good faith should not be unfairly penalized.

5. Application Fee.—The requirements in section 507(a) and in section 530(b) of the Act that applications for mining and reclamation permits or coal exploration permits be accompanied by a fee as determined by the regulatory authority and based as nearly as possible upon the actual or anticipated cost of reviewing, administering and enforcing such permits are intended to eventually permit both Senate and Federal regulatory programs to be self-funding. It may, however, be unduly burdensome to require the total amount of the fee to be paid immediately. Therefore, it is the intent of the conferees that the regulatory authority develop procedures for the purpose of spreading the cost of the reclamation fee over the term of the permit.

6. Valid Existing Rights.—The language "subject to valid existing rights" in Section 522(e) is intended to make clear that the prohibition of strip mining on the national forests is subject to previous state court interpretation of valid existing rights. The language of 522(e) is in no way intended to affect or abrogate any previous state court decisions. For example, in West Virginia's Monongahela National Forest, strip mining of privately owned coal underlying federally owned surface has been prohibited as a result of U.S. vs. Polino (133 F.S., 722, 1955). In this case the court held that "stripping was not authorized by mineral reservation in a deed executed before the practice was adopted in the county where the land lies, unless the contract expressly grants stripping rights by use of direct or clearly equivalent words. The party claiming such rights must show usage or custom at the time and place where the contract is to be executed and must show that such rights were contemplated by the parties." The phrase "subject to valid existing rights" is thus in no way intended to open up national forest lands to strip mining where previous legal precedents have prohibited stripping.

Section 522 provides for the establishment of a process for designating lands unsuitable for surface coal mining while title VI grants authority to the Secretary to prohibit mining operations for minerals or materials other than coal on Federal lands. Designation of an area of Federal lands in Alaska under this provision or under title VI will not affect such land's availability for selection by the State of Alaska under the Alaska Statehood Act or by Alaska Natives under the Alaska Native Claims Settlement Act.

7. Designation of Federal Lands as Unsuitable for Surface Mining.—Section 522(b) directs the Secretary of the Interior to review the Federal lands to determine whether there are areas which are unsuitable for surface coal mining on Federal lands until this review is completed.

8. Special Bituminous Coal Mines.—Section 527 provides for the adjustment of several environmental standards for a limited number of existing mine pits in the United States. The Conferees agreed that there were probably a few "open-pit" type coal mines in the Western States which would be unduly burdened by meeting all of the environmental standards as proposed in the bill. In particular, a special provision was included in the House bill which was designed to allow special regulations to be applicable to the "big-pit" mine pit at the Kemmerer mine. The conferees redrafted this section so that it would be applicable to other mines which have the very unusual characteristics of the "big-pit" at Kemmerer.

The specific environmental standards that are affected by Section 527 are those related to: spoil handling, regrading to approximate original contour, elimination of depressions capable of collecting water, and creation of impoundments. It is thought that some mine pits, because of their setting, design and duration of existing operation are sufficiently committed to a mode of operation which makes adjustment to the basic standards in the act difficult. A judgment was made that in these limited cases, such pits could continue with their basic mode of operation, meeting the special requirements of this section and all other requirements of the act.

The compromise language was carefully drawn to apply to pits which were operational prior to January 1, 1972. New mine pits, those opened or re-started after January 1, 1972, must be designed or adjusted to meet the basic environmental standards of the Act. This applies even in those same settings where existing pits may be determined eligible for the special standards. In other words, specific pits, not entire operations which may cover thousands of acres are eligible under this section. Similarly, in determining the practicability of existing pits to adjust to meet the basic environmental standards of the Act, the Secretary should ascertain that the long-range plan of the pit is such that adjustment cannot be made to bring the operation in conformance with the Act. In some instances, it would seem probable that the reworking of old pits or combination of existing pits on a mined site would provide an opportunity for a mining operation adjustment to meet the basic provisions of the Act and the eligibility for exceptions should be so conditioned.

9. Alaska Study.—Section 711 recognized that the physical setting of the far north coal fields in Alaska may require special provisions for environmental control which are not required in the coal fields in the 48 contiguous states. Similarly, some of the specific provisions agreed to by the conferees may need to be adjusted in order to allow operations within the environmental objectives and intent of this legislation.

The Secretary is directed to contract with the National Academy of Sciences-National

Academy of Engineering for a study to determine if additional or different environmental protection provisions are needed. The Academies offer an opportunity for an independent analysis of this problem and will be able to combine appropriate engineering and environmental capability for the effort.

10. Funding.—The Conferees adopted the general House approach to funding of the Administration of the State and Federal regulatory programs. The funding of the interim program provides reimbursement to the states of costs incurred in implementing and enforcing the interim environmental protection standards. Contract authority is provided to the Secretary of the Interior in order to assure that funds are available upon enactment so program implementation is not delayed. The funds provided the states during the interim program are to be used for improving state regulatory programs and developing state programs to be submitted under the provisions of the Act. It is not intended that these funds be used in such a way as to permit states to reduce their present level of effort in regulating surface coal mining operations.

Morris K. Udall,
Patsy T. Mink,
Joseph P. Vigorito,
John Melcher,
Teno Roncalio,
John F. Seiberling,
Philip E. Ruppe,
Managers on the Part of the House.

Henry M. Jackson,
Lee Metcalf,
J. Bennett Johnston, Jr.,
Floyd K. Haskell,
Gaylord Nelson,
Clifford P. Hansen,
James L. Buckley,
Managers on the Part of the Senate.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO FILE CONFERENCE REPORT ON H.R. 14214, PUBLIC HEALTH SERVICE ACT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a conference report on H.R. 14214, to amend the Public Health Service Act and related laws to revise and extend programs of health revenue sharing and health services, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PERMISSION FOR MANAGERS TO HAVE UNTIL MIDNIGHT, FRIDAY, DECEMBER 6, 1974, TO FILE A CONFERENCE REPORT ON S. 3341

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the managers may have until midnight Friday, December 6, 1974, to file the conference report on S. 3341 providing for per diem and mileage expense increases for Federal employees on official business.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REPRESENTATIVE GRIFFITHS INTRODUCES TAX CREDITS AND ALLOWANCES ACT OF 1974

(Mrs. GRIFFITHS asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. GRIFFITHS. Mr. Speaker, I am introducing today a major bill to scrap our current welfare setup and establish a sensible national system for income supplementation. This bill, the Tax Credits and Allowances Act of 1974, will repeal aid to families with dependent children—AFDC—and food stamps and start us on a new direction of income maintenance, merging under the Internal Revenue Service the supplementation of low incomes with the taxation of higher incomes. This proposed merger will aid the poverty-stricken, but will also improve the fairness and efficiency with which such aid is offered, and will do it in a way which will mean tax savings to many taxpayers as well.

Briefly, the bill's major provisions are as follows:

First, State-determined eligibility requirements and benefit levels based on categorical need are replaced by a Federal benefit system based only on financial need and family size and type.

Second, the $750 personal exemption is replaced with a $225 per person tax credit. If credits exceed income tax liability, the balance is paid to the filer. These credits offer income supplementation to the poor as well as tax savings for taxpayers with incomes below the 30-percent tax rate bracket. Most taxpaying families of four with incomes below $25,000 will pay less tax.

Third, the current itemized deduction for child care and household expenses is replaced with a standard employment expense deduction for working single household heads and households in which both spouses work. This deduction, a percentage of earnings varying by family type, is designed to encourage the single parent with children to work and to provide more equity under the tax law for two-earner families. It will reduce or eliminate the "marriage penalty" which most two-earner families face under current tax law.

Fourth, a new system of allowances for basic living expenses—the ABLE program—is established under IRS administration. The maximum allowances are specified for each family member and are reduced by a portion of family income at a rate which preserves the incentive to work. A family of two parents and two children with no income will receive allowances totaling $2,700 yearly. Their four $225 rebated tax credits will raise this to a total yearly income of $3,600. If this family earns $5,400, they will receive no allowances, only the $900 in credits. An alternative tax computation method, which reduces tax liabilities for those with incomes just above the ABLE eligibility level, smooths the transition from ABLE recipient to taxpayer status.

Fifth, the new ABLE program will cover all persons not covered by the supplemental security income—SSI—program for the aged, blind, and disabled. SSI recipients as well as all other persons will be eligible for tax credits. Thus, this bill will right years of wrong and discriminatory treatment of groups previously excluded from public assistance—working men and their families, and nonaged, nondisabled single persons and childless couples. By offering fair treatment to the working poor, this plan drastically reduces or eliminates incentives for poor husbands to desert their wives and children. We no longer will exact that cruel price of families as a condition of receiving aid.

Sixth, ABLE benefits will be reduced by 50 cents of each earned dollar, net of social security taxes. Qualifying ABLE recipients will also benefit from the standard employment expense deduction. Moreover, rigorous measures to coordinate ABLE with remaining programs based on income need are written into this bill to assure that even multibeneficiaries will find work profitable. This is in stark contrast to today's situation, where multibeneficiaries may gain as little as 20 cents or 10 cents from each extra dollar they earn; some people now even suffer income losses by working more. We have dealt with this intolerable operation by assuring that those who work, or work more, are always considerably better off than those who do not work, or who work less.

Seventh, the combination of allowances and credits permits a termination of the present low-income allowance feature in the income tax and a repeal of the AFDC and food stamp programs. Most recipients of social security or veterans' pensions or SSI or State supplementary programs will be more than compensated by tax credits for the loss of food stamps. Families made worse off by repeal of AFDC must be supplemented by State welfare agencies for up to 2 years to ease this transition. And States may opt to supplement new cases as well, at their own expense. To make the supplemental security income program for the aged, blind, and disabled more compatible with the new ABLE system, dependents' allowances are added to the SSI program, blind and disabled children under 18 are transferred to ABLE units, and the very restrictive eligibility limits on assets are loosened. The effective date for these changes is January 1, 1977.

As you can see, Mr. Speaker, this is a complex bill, for there is no simple way to unscramble the maze of programs that have mushroomed during the past few years. But it is a bill based on considerable study and analysis, for it draws on the findings of the 3-year welfare study I have directed for the subcommittee on fiscal policy.

The subcommittee's 19 published volumes have spelled out with clarity and precision what many of us have long sensed was true from talking to our constituents. That is, the welfare system is faulty beyond repair, and its total overhaul is essential. We have termed the administration of welfare a "nightmare"; we have demonstrated how welfare can leave some poor people to live their lives in poverty while offering others more in aid than millions of people earn by working; we have seen how welfare drives financially troubled fathers out of their homes in order to have the State give the mothers and children the support they need; we have examined the failure of welfare to make work profitable for the able-bodied; and, we have noted the Dr. Strangelove nature of the welfare system, where a legislated benefit increase can leave the beneficiary worse off, or an administrative sanction can leave him untouched. Our public welfare programs are based on a bizarre reward structure. Failure to work or to marry or to support one's children can yield high incomes. Activities and qualities that society prizes and the labor market rewards are penalized. My proposal changes the welfare reward structure.

Today's harsh economic conditions place the necessity for program overhaul in stark relief. Both low- and moderate-income people are suffering from the rapid inflation, unemployment, and falling real wages that plague our country. Many people are pushed into higher income tax brackets because their wages are increased to compensate for rising prices. The harder they work, the further behind they fall. And our costly income security programs are inadequate to the task of protecting them. What will we do for persons who are jobless and who have exhausted their unemployment insurance coverage or are not eligible for unemployment insurance? How can we shore up purchasing power in our sagging economy? And what can we do to help low- and moderate-income workers whose economic status is always precarious but now is impossible? I want to emphasize to my colleagues that full-time work at the minimum wage still leaves a family of four persons $1,058 below the estimated July 1974 poverty line, based on gross wages; nearly $1,300 below the poverty line when social security taxes are deducted; and at least $1,800 below the line when work expenses are taken into account. Surely, given a plan which keeps work profitable, and given the rampant inflation, we shall have laid to rest doubts and fears about the wisdom of aiding workers. They, above all others, deserve aid, and now, more than ever before, it is clear they need it.

Now that we know in no uncertain terms what the welfare and economic problems of our Nation are, Mr. Speaker, we have devised a solution; it is time to implement it.

The estimated net Federal cost of this bill in the first full year is $15.4 billion. Over half of this cost is in the form of tax relief to hard-pressed modest- and middle-income taxpayers. The elimination or reduction of $16 billion worth of current programs would more than offset the new Federal outlays for ABLE, the grant system.

This sizable impact on the Federal budget need not be incurred all at once. By phasing in this proposal in stages, over a 4-year period, the incremental cost in the first year to replace personal exemptions with nonrebatable credits would be only $3.2 billion, building up to the fourth step—implementation of ABLE—at an added cost of $9.1 billion in the fourth year. The first step could and should be taken this year, in this session of Congress.

Now you may be wondering, "How can we afford such a major restructuring of the tax and welfare systems during this period of high inflation?" There are three important points we should all keep in mind in answering this question. The first point is simply one of timing. The bill as submitted, effective on January 1, 1977, without phasing in, will cost nothing until 1977. We hope the present inflation will be just a bad memory by then. Even if the plan is begun now and phased in over 4 years, the bulk of its budgetary impact would not be felt until the fourth year.

Second, even if we stick with our current laws, welfare costs are going to rise with inflation. Food stamp benefits automatically rise as food prices increase. Medicaid costs go up in part because of inflation in health care costs. And since 1971 a number of States have raised AFDC payment levels faster than the change in the Consumer Price Index. Going to a Federal cash system of income maintenance will give the Federal Government more fiscal control over these payments and reduce the control of State governments, on the one hand, and producers of goods and services, on the other.

Third, and this point is most important at this time, a sound and fair income maintenance system under Federal control will give more freedom to economic policymakers in the fight against inflation. Under present circumstances, a major concern in fighting inflation is the effect harsh new belt-tightening measures will have on the poor. However, if low-income families can be protected against rising prices or higher unemployment through adjustments in benefit levels, then we will have a broader range of economic tools at our disposal than we do now. I believe that the burden of fighting inflation should not be borne by those low-income persons who always bear our economic burdens. We cannot ask some groups to go without food because they cannot afford it so the rest of us can have lower food prices.

Mr. Speaker, the bill I am submitting today is based on the most thorough study of welfare ever conducted on Capitol Hill or elsewhere. It deals with a sector of Government in great need of overhaul. I urge every Member to help in bringing about the restructuring I propose in the Tax Credits and Allowances Act of 1974.

TIME FOR A TAX REFORM BILL

(Mr. SIKES asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SIKES. Mr. Speaker, many, many people in and out of Congress are asking when there will be tax reform. We talk tax reform. The Nation knows there is a need for tax reform. But Congress does not vote it. A sound tax bill would provide reform plus added revenues. Thus Congress should accept the responsibility for providing funds to help pay the mounting costs of programs which have been enacted without the benefit of tax revenues to defray the costs.

Is Congress afraid of the big oil companies? They pay very little in taxes in comparison with the enormous profits they are making from inflated gasoline prices. They have never paid taxes proportionate to those levied on other segments of the American economy. Are they to be forever privileged to enjoy an exemption from equitable taxation? The little people of our Nation can claim no such exemption. They carry the big end of the tax load. They want it to be more evenly distributed.

There are those who say, why pass a bill in the House if nothing is to be done in the other body? What happens in the other body is not our responsibility. What happens in the House is our responsibility. We owe it to the American people to pass a tax reform bill—now.

The public is not impressed with headlines on congressional reform. The public wants Congress to come to grips with the problems of the economy. It is the realization of a recession and the threat of a depression which is foremost in the minds of the American people. A tax reform bill will help to cope with these problems.

In a few short days this session will end. How do we propose to explain to the public that about all we have done is to pass bills to run the country further in debt? Some of these programs are good and needed. But the public wants something done to require those who fatten on other people's sweat to pay their part of the tax bill.

BACK-DOOR DEREGULATION OF NATURAL GAS

(Mr. VANIK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VANIK. Mr. Speaker, yesterday's action of the Federal Power Commission almost doubling the average wellhead price of natural gas constitutes a backdoor deregulation of natural gas by price manipulation.

The FPC action and its future implications emasculates the purpose of the Natural Gas Act.

It moves gas prices to a free market concept. There can be no free market of a scarce commodity controlled by so few. Increased prices will increase the profits of those who own gas discovered and developed by massive taxpayer subsidies. It has not been proven that these profits will be utilized for the search and development of new supplies.

For the American people, the FPC action has decreed a smashing reduction in our quality of life. In my own community, the FPC action will clearly spell an economic disaster.

The Federal Power Commission has betrayed its trust to a degree which warrants the removal of the entire Commission by impeachment.

DANGER TO OUR OZONE LAYER

(Mr. **ROGERS** asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. **ROGERS**. Mr. Speaker, I take this time simply to call to the attention of the House the fact that the Subcommittee on Public Health and Environment of the House Committee on Interstate and Foreign Commerce plans to hold hearings next week on a very important matter regarding the fluorocarbon compounds that are being discharged into the upper air. Reports now indicate that this is potentially a very dangerous situation, and that according to studies it could, in time, impair the environmental ozone layer, which could result in rather extensive increases in skin cancer risks. Bills regarding this matter will be reviewed at that time, and experts will be heard.

I think it is an important hearing, and a matter that the committee will go into in some detail.

ARNOLD MILLER'S BRILLIANT VICTORY

(Mr. **HECHLER** of West Virginia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **HECHLER** of West Virginia. Mr. Speaker, the coal miners of the Nation have voted to ratify an excellent contract. Ratification of this contract is a brilliant victory for Arnold Miller, the international president of the United Mine Workers of America. The vote as announced by Mr. Miller less than an hour ago was 44,754 for and 34,741 against.

Arnold Miller sprang from the ranks of working coal miners. He is a product of the rank and file. He is himself a victim of pneumoconiosis.

One of the most inspiring developments in American labor history is the way in which Arnold Miller, Mike Trbovich, Harry Patrick, Chip Yablonski, and a small group of rank-and-file coal miners overthrew the corrupt and murderous officials who had stained and blackened this great union for so long.

During the negotiations and after the coal miners started voting, there were many negative comments made against this very liberal contract. But Arnold Miller went out into the coal fields and met the miners, taking the brickbats, answering their questions, and acting as a leader and not a dictator.

This contract is a tribute to Arnold Miller's outstanding leadership. The Nation is grateful, and the coal miners are grateful for this excellent contract.

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO FILE A REPORT ON H.R. 17570, TO PROVIDE A PROGRAM OF EMERGENCY UNEMPLOYMENT COMPENSATION

Mr. **ULLMAN**. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report on the bill, H.R. 17570, to provide a program of emergency unemployment compensation, along with any additional or separate views.

The **SPEAKER**. Is there objection to the request of the gentleman from Oregon?

There was no objection.

INDIANA DUNES PARK EXPANSION BILL IN INTERIOR COMMITTEE

(Mr. **MADDEN** asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. **MADDEN**. Mr. Speaker, last June I testified, along with Congressman Roush and a number of other witnesses, at the hearing of the House Interior Subcommittee in behalf of legislation calling for expansion of the Indiana Dunes Park area.

The beautiful sandy beaches and scenic dunes section of the south shore of Lake Michigan has, over the last quarter of a century, been gradually usurped by steel mills, utilities, factories, industries, and so forth. But today a limited area remains adjacent to the beautiful shore and sand dune parks on Lake Michigan.

The Indiana Dunes National Park is within an hour and a half drive of approximately 8 million people located in the Chicagoland area, the Calumet region of Indiana, southern Michigan, and folks living in the neighboring States of Illinois and Wisconsin.

Over the years, millions have been spent on national parks in Western States far removed from any concentration of population, where only those folks with considerable income can enjoy the recreation these parks have to offer.

Sponsors for the expansion of the Dunes Park have been working for months to get this legislation released from the House Interior Subcommittee.

I include with my remarks the following editorial from the New York Times which reveals some of the difficulties confronting the Dunes legislation in the Interior Subcommittee.

[From the New York Times, Dec. 5, 1974]

. . . Lose the Dunes?

These same stalling tactics are being deployed against bills to extend the boundaries of the Indiana Dunes National Lakeshore and to protect that portion of the New River in the Blue Ridge Mountains that is still free-flowing.

The Indiana Dunes were saved from industrial exploitation nearly a decade ago through the persistent efforts of former Senator Paul H. Douglas and many dedicated private citizens. Since remaining economic and land use problems have been fairly worked out, there is now a consensus in favor of a bill that would add more than 5,000 acres to the national lakeshore; but a bill to this purpose has been held up for months in the House Interior Committee.

To bring pressure on behalf of the Dunes bill, Representative Ray Madden of Indiana, chairman of the House Rules Committee, has been blocking the unrelated measure protecting the New River. At issue in that controversy is the proposal of American Electric Power Company to dam the river and generate hydroelectricity. The Federal Power Commission has granted the power company a license effective in January, but the Senate last May passed a bill to block the project.

American Electric Power lost again in the House Interior Committee in August when the Senate bill was approved. But the bill cannot come to a vote on the floor unless it gets clearance from the Rules Committee, something Chairman Madden is withholding until the Interior Committee clears the Dunes bill.

The utility lobbyists and their allies in Congress care nothing about the Dunes bill but they see in this situation an opportunity to win on New River by stealth and delay what they lost on the merits. Their maneuver is to boycott Interior Committee sessions and have one of their faction move to adjourn because of the absence of a quorum. This reprehensible tactic used in the subcommittee against the Hells Canyon bill is being used in the full committee against the Dunes bill. The organizers of this shabby business are Representatives Craig Hosmer, California Republican, Sam Steiger, Arizona Republican and Teno Roncalio, Wyoming Democrat.

Both the committee and the subcommittee have scheduled meetings today. Every member has an obligation to attend and to make certain that these issues are decided on their merits. Hells Canyon and the Indiana Dunes are extraordinary scenic and recreational resources. They have to be saved for all Americans for all time. They must not be lost through the machinations of narrow-minded politicians playing cynical games.

FAIRNESS DOCTRINE AND AD COUNCIL: WRONG TARGETS

(Mr. **VAN DEERLIN** asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. **VAN DEERLIN**. Mr. Speaker, on November 27, a number of our colleagues joined Mr. Rosenthal in addressing a letter to the Advertising Council and the three broadcast networks. This letter contained a warning that any attempt to air television or radio public service announcements urging citizens to fight inflation and conserve energy could be met with law suits under the Fairness Doctrine.

I have no doubt that Mr. Rosenthal and the colleagues who joined him believed they were attacking a partisan attempt to persuade the public to back the administration's legislative program. But I am convinced this proposed public service advertising campaign is a worthy effort that should be allowed to proceed.

In general, the performance of the Advertising Council over the years has been highly commendable and free of partisan overtones. As most of our colleagues know, Mr. Speaker, the council arranges for the donation of time, space, and services for the presentation of important messages that otherwise might not be aired or see print.

The anti-inflation announcements would come from the Citizens' Action Committee To Fight Inflation, a politically mixed group that has taken on the challenging task of trying to persuade the American people to save fuel and fight inflation.

In my view it would be a misuse of the Fairness Doctrine to challenge this campaign on partisan grounds. In the long run, this type of appeal—involving a case where no one has been attacked or otherwise harmed—can only serve to weaken the Fairness Doctrine.

As one who is far from enchanted with the administration's economic policies, I would nevertheless hope that the Advertising Council is not intimidated by efforts to make it drop the anti-inflation campaign. This campaign is by no means a complete answer to the economic ills now besetting us, but it will surely do no harm and may be a positive help.

The following statement of principle was approved by all members of the Citizens' Action Committee To Fight Inflation, whose names and positions follow:

STATEMENT OF THE CITIZENS' ACTION COMMITTEE TO FIGHT INFLATION

The Citizens' Action Committee To Fight Inflation would like to correct certain misconceptions of its role. The committee is nonpartisan, as outlined in its statement of principle, adopted October 12, 1974, which follows:

"The Citizens' Action Committee To Fight Inflation is a nonpartisan, volunteer working committee. The committee will develop public understanding and participation in a nationwide effort to control inflation and save energy. This nonpartisan committee dealing with a nonpartisan problem will mobilize the nation through all of its people. The committee calls on every American, on Federal, state and local governments, organizations, business and labor to WIN the fight against inflation."

The WIN program operated by the committee is a nonpolitical, volunteer effort on the part of local volunteers around the country and a group of citizens who volunteered to serve at President Ford's invitation on the Citizens' Action Committee. As President Ford said in Kansas City on October 15th:

"I told the committee that if there was a scintilla of partisanship or if the group seemed to be merely a front for the White House, it would be doomed to failure. Columnist Sylvia Porter, who has agreed to serve as national chairperson of this committee, responded that if I tried to manipulate the committee or seek to influence its actions, she and the other members would not participate. We understand each other."

The public-spirited men and women of the committee have various political affiliations. They have agreed to give their time and energy to this effort because they feel strongly that the voluntary cooperation of all Americans is needed to attack and conquer the cancer of inflation.

In no way do they endorse or oppose President Ford's legislative proposals or any other specific Congressional proposal as a committee. Each has his or her private convictions concerning government actions. The reason they have come together as a Citizens' Action Committee is because they agree that the public must be made aware of the perils of inflation and because they believe the American citizen wants to be shown what each individual can do about it. They ask that all citizens pledge to become inflation fighters and energy savers in a national purpose above partisanship and politics.

COMMITTEE MEMBERS

Sylvia Porter, Chairperson, Columnist.

Willis W. Alexander, Executive Vice President, American Bankers Association.

Mayor Joseph Alioto, Chairman, U.S. Conference of Mayors.

Charles L. Andes, President, Franklin Mint.

Arch Booth, President, Chamber of Commerce of the United States.

Ronald Brown, Executive Director, National Urban League.

John P. Condon, President, The National Alliance of Businessmen.

Roger Fellows, 4–H, University of Minnesota.

Carol T. Foreman, Executive Director, Consumer Federation of America.

William H. G. France, Chairman, National Motor Sports Committee.

David L. Hale, President, United States Jaycees.

James A. Harris, President, National Education Association.

Mrs. Lillie Herndon, President, National Congress of Parents and Teachers.

Robert P. Keim, President, The Advertising Council.

Stephen Kelly, President, Magazine Publishers' Association.

E. Douglas Kenna, President, National Association of Manufacturers.

William J. Meyer, President, Central Automatic Sprinkler Company.

Mrs. Carroll E. Miller, President, General Federation of Women's Clubs.

George Myers, President, Consumer Federation of America.

Ralph Nader, Private Citizen.

Richard E. Ohendalski, Boy Scouts of America.

Leo Perlis, Director of Community Service, AFL–CIO.

Governor Calvin Rampton, Chairman, National Governors' Conference.

George Romney, Chairman of the Board, National Center for Voluntary Action.

Theodore A. Serrill, Executive Director, National Newspaper Association.

Stanford Smith, President, American Newspaper Publishers' Association.

Stanley Smoot, President, National Association of Counties.

Frank Stanton, Chairman, American National Red Cross.

Vincent T. Wasilewski, President, National Association of Broadcasters.

Roy Wilkins, Executive Director, National Association for the Advancement of Colored People.

Douglas Woodruff, President, National Association of Retired People.

INVESTIGATION NEEDED ON SKYROCKETING PRICES AND OUTRAGEOUS PROFIT LEVELS OF DOMESTIC SUGAR PRODUCERS

(Mr. QUILLEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. QUILLEN. Mr. Speaker, I have today called on the U.S. Department of Justice to conduct a full-scale investigation of skyrocketing prices and outrageous profit levels of domestic sugar producers, and of uniform behavior within the sugar industry for possible violations of Federal antitrust laws. I have also asked the Department to bring charges where indicated, as immediate affirmative action is necessary.

The present sugar situation is a serious threat to the American consumers and it would appear they are being pirated and cheated by the sugar producers.

My constituents, as well as all Americans, are deeply concerned about high prices in general and about one item especially—sugar.

After studying these unreasonable price increases and the skyrocketing profits in the American sugar industry, I am convinced that a full-scale investigation should be made on this subject.

Although the Government can do nothing about bad weather or crop failure, it is not a helpless bystander with regard to domestic firms and their markups. We must see that these incriminating facts are checked out and go after any offenders of the antitrust laws, for the sake of the people.

Sugar prices have climbed faster this year than at any time since the 1920's. Since January beet and cane sugar prices both increased over 320 percent at the wholesale level.

On January 1, 1974, the American consumer paid around 18 cents a pound for sugar. As of December 1, 11 months later, the housewife was paying up to 76 cents per pound and no doubt will be paying more by the end of the year if affirmative action is not taken to bring the price of sugar down.

The sugar industry's profits, like its prices, have risen dramatically in recent months. One company reported profits running as much as 1,200 percent ahead of last year. A large sugar refiner of both beet and cane sugar increased its earnings for the fiscal year ending June 30, by about 420 percent.

These increased profits far exceed the sugar producers' increased operating costs.

In the present domestic market there is no competition. For example, three major sugar refining corporations increased the wholesale price of sugar within a span of a 3-day period.

It is obvious to us all that sugar prices and profits are reaching an all-time high, and we must look at the reasons for these sudden increases with highly critical eyes.

There are several questions which must be answered. For instance, we must find out why sugar increased over 320 percent in an 11-month period. We must also know why the price of sugar is exactly the same regardless of the location from which it is processed and shipped.

Such an unreasonable escalation in the cost of a basic commodity as vital as sugar cannot be sustained without compounding the prevalent problem of inflation and thus causing the average consumer to suffer even more.

The American consumer is the victim and the loser in the big runup in sugar prices. Not only does the noncompetitive sugar market affect the price of sugar on the store shelf, but on thousands of other items as well.

The soaring price of sugar naturally has a direct relation on the cost of these other items.

The retailers and wholesalers are caught in the middle. They are not responsible for these high prices.

It would be naive to believe that a 1,200-percent increase in profit or a 320 percent or more increase in price could be attributed to the working of a free market. I am firmly convinced that price-fixing and collusion by producers are definite possibilities.

We cannot allow the consumer to bear the distortion of a market riddled with producers that would project excess profits at the expense of the average citizen.

I believe the sugar producers are absolutely robbing the American consumer blind and that strong antitrust enforcements must be taken to prevent the kind of situation which has developed in the sugar industry. Such steps are vital in winning the battle against inflation.

SPECIAL ORDER TO EXPLAIN VICTIMIZING OF CONGRESSMEN

(Mr. STEIGER of Arizona asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. STEIGER of Arizona. Mr. Speaker, I take this opportunity to advise my colleagues who are not going to Kansas City that in the special order today I am going to describe the victimizing of two of our Democrat colleagues at the hand of a very unscrupulous man that prompted activity that is so uncharacteristic of these gentlemen that I know will stir the interest of my colleagues. The gentlemen who have been victimized are Congressman Roybal and Congressman George Brown, both good friends of ours from the great State of California. I hope to explain the circumstances that led to their victimization, and I know that my colleagues will all be interested.

WORLD FOOTBALL BOWL PLAYOFF CHAMPIONSHIP AT BIRMINGHAM TODAY

(Mr. BUCHANAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. BUCHANAN. Mr. Speaker, not all of the excitement today will be in Kansas City. At 8 p.m. Birmingham time in Birmingham, Ala., at Legion Field, the world capital of football, we will have the first World Football Bowl in the playoff championship game between the Birmingham Americans and the Florida Blazers of the World Football League.

While this league has been beset with financial difficulties, it has been blessed with many outstanding athletes and coaches who have proven themselves to be a credit to our country, to the league, and to the cities they represent. This is especially true of the Florida Blazers and the even more superior Birmingham Americans, who will doubtless win the contest tonight.

Mr. HUNT. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from New Jersey.

Mr. HUNT. I thank the gentleman for yielding.

I wonder whether or not the gentleman from Alabama witnessed a football game about 10 days ago with a team from California playing Notre Dame?

Mr. BUCHANAN. Yes, I did witness that football game.

Mr. HUNT. Well, Notre Dame took a pretty good beating in that game, and I expect Alabama to administer the same medicine in the Orange Bowl.

Mr. BUCHANAN. I thank the gentleman for his confidence in Bear Bryant's great team. Mr. Speaker, let me conclude by saying that my city, which is being honored at this moment in New York City by receiving a national award for the work of its Birmingham Beautification Board in the area of beautification is an All-American City in every respect and has been represented by an All-American team.

TRADING, HOLDING, AND SPECULATING IN GOLD

The SPEAKER. Under a previous order of the House the gentleman from Texas (Mr. Gonzalez) is recognized for 1 hour.

Mr. GONZALEZ. Mr. Speaker, just a few minutes ago the Subcommittee on International Finance of the House Committee on Banking and Currency terminated a second hearing on the question of the postponement of the effective date of January 1 on the allowability for Americans to trade in and to hoard and to speculate in gold. This has been mislabeled as a restoration of the right of Americans to hold gold, which it is not. Americans have always owned gold in certain forms. What has been prohibited has been the holding without license of such things as gold in bullion form and the speculation therein or the trading or selling therein.

This morning the principal witness was Chairman Arthur Burns of the Federal Reserve System. At this point, Mr. Speaker, I am inserting into the Record the written statement made by the distinguished Chairman of the Federal Reserve System Arthur F. Burns, because it is one of the most important presentations anybody has ever made to the Congress and is done in a most propitious and a most responsible manner.

The statement is as follows:

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System

I am pleased to appear before this Committee to give you the views of the Board of Governors of the Federal Reserve System on H.R. 17475. This bill seeks to postpone the date, now set by Public Law 93-373, when citizens of the United States can again "purchase, hold, sell, or otherwise deal with gold."

I respect the views expressed by the Secretary of the Treasury in opposing H.R. 17475, and I also recognize that there is considerable opposition in the Congress to any change in the provisions of Public Law 93-373. In the latter part of my testimony, I shall therefore address myself to measures that can and should be taken to limit the risks and minimize some of the adverse consequences that may flow from implementation of this law. With good management, I believe that we shall be reasonably successful; but it is my duty, nevertheless, to point out that prompt removal of present restrictions on private trading in gold could complicate a financial situation that is already beset by strains and stresses.

In recent debates on the gold problem, members of the Congress took the position that gold has ceased to serve as the foundation of our monetary system, that indefinite continuance of the prohibition of private gold holdings can no longer be justified, and that the time has therefore arrived for restoring the right and freedom of our citizens to buy or sell gold. As I understand the proposal of H.R. 17475, it in no way questions the objectives of Public Law 93-373, but merely seeks to delay the date for making this legislation effective. That is also the Board's position.

The Congress has set December 31 as the outside date for ending the restrictions on private ownership of gold. However, the President was given the authority to end these restrictions sooner, if he found that the international monetary position of the United States would not be adversely affected by such action. The language of Public Law 93-373 clearly indicates that although the Congress wanted the prohibition on private ownership of gold to end in the near future, the Congress was also concerned about the adverse consequences that could result from an abrupt ending.

It is difficult to foresee with any confidence the effects of removing the ban on private ownership of gold later this month. True, there is considerable interest in the reopening of the private gold market on the part of some businessmen and financiers; but there is also great uncertainty about the extent to which our citizens will actually want to acquire and hold gold.

Historically, gold has been regarded by many people as a hedge against inflation, or as a means of protection against a decline in the exchange value of a country's currency. At present, some individuals also regard gold as an asset whose value is more dependable than that of common stock or other financial investments. In the climate of uncertainty that now prevails, with fears of inflation continuing to spread, the opportunity to own gold might seem attractive to large numbers of people in the United States.

There is fragmentary evidence supporting this view. As already noted, a lively interest has developed among banks, stock brokers, currency and metals dealers, and commodity exchanges in preparing for private gold trading. Also, the recent runup in the price of gold in European markets suggests that market participants abroad anticipate the development of an active market in the United States.

Some sources close to the gold market have attempted to estimate the potential demand for gold in this country. We at the Board have no estimate of our own and are skeptical of the guesses being bandied about. But we as well as others recognize that when the gold market is reopened, people might rush in with funds transferred from savings accounts, common stocks, or other financial assets. The financial wealth of households, personal trusts, and nonprofit organizations in the United States is enormous. Although we can be quite sure that the transfer of accumulated savings to the gold market will not be more than a tiny fraction of this total, the diversion of funds from customary financial channels could still come to an uncomfortably large sum in dollars.

The resulting disturbance of the money and capital markets—especially in the period immediately following removal of the ban on gold ownership—would tend to have adverse effects on the sectors of the economy that are most heavily dependent on credit. Thrift institutions and commercial banks have only recently begun to experience improved deposit inflows. Any sizable withdrawal of funds from savings accounts would, of course, dim the prospects for a larger supply of mortage credit in coming months. Recovery of the homebuilding industry might therefore be retarded.

Money flows to the equity and debt markets may also be reduced as investors move to acquire gold. At present, prices of common stocks are severely depressed. The corporate and municipal bond markets, meanwhile, are handling a huge volume of new issues.

Borrowers in these markets are counting on an ample supply of funds to refinance maturing debt and to raise capital for new business ventures or new public undertakings. To the extent that the public's savings are diverted from these markets to gold, business firms and other borrowers would find it more expensive and more difficult to carry out their capital expenditure programs.

Besides these effects on credit flows, early removal of the prohibition on gold ownership could lead to excessive speculation in the gold market. Since annual world production of gold is rather small, and the gold market abroad has typically been rather thin, changes in demand have often led to wide swings in the price of gold. Given these characteristics of the market, removal of the ban on gold ownership might lead for a time to exceptionally large movements in the price of gold, and therefore encourage widespread speculation. Speculative forces originating in the gold market may spread to the markets for silver and other precious metals, and from there to other commodity markets. Eventually, a reversal of such a speculative development would be practically inevitable, so that many investors in gold and other commodities would suffer losses. If events took such a course, our economy could be injured.

The risks associated with a reopening of the gold market extend also to the exchange value of the dollar in international markets. Apart from sales by the Treasury, any substantial demand for gold by our citizens would have to be met by gold imports. The consequence might be a worsening of our international balance of trade and downward pressures on the dollar in foreign exchange markets.

These pressures on the dollar could, of course, be checked by sales of gold from our nation's monetary reserves. But there are risks associated also with this course of action. Since the precise role of gold in the international monetary system is yet to be determined, it would hardly be desirable to dispose of any sizable part of our reserve assets.

Clearly, therefore, various adverse consequences for our financial markets and our economy may stem from a reopening of the gold market at the end of this month. No one can now say with any confidence how serious these consequences are likely to be. The risks associated with private ownership of gold are, however, postponable, and I see no material advantage to the nation in incurring these risks under present circumstances. The prudent course of action would be to delay the reopening of the gold market until a more propitious time. In the Board's judgment, therefore, the proposal of H.R. 17475 goes in the right direction.

At the same time, the Board recognizes that the bill presently before this Committee may not be greeted with enthusiasm by the Congress, and that the development of plans for implementing the provisions of Public Law 93–373 must go forward.

It will be important to do what we reasonably can to minimize the risks associated with that statute. I expressed doubts earlier about the wisdom of disposing of any large amount of gold at the present time. We should be ready, nevertheless, to make prudent use of the Treasury's holdings if demands for gold threaten to have adverse economic or financial consequences. For example, if large imports of gold exerted significant downward pressure on the exchange value of the dollar, prices of imported products would rise, and this would tend to worsen our inflationary problem. Sales from the Treasury's gold stock could lessen this difficulty, and I therefore endorse the Treasury's intention to auction 2 million ounces of gold early in January.

Moreover, we will need to bear in mind that the proceeds of any gold sales by the government would enable the Treasury to reduce its borrowing compared with what it otherwise would be. This reduced borrowing in turn would tend to lower interest rates on government securities, and thus mitigate the adverse effects on money and capital markets that would result from large private purchases of gold.

Over the long future, however, it would be best for the government to avoid frequent or sizable intervention in the market. A principal reason for abandoning the existing prohibition on gold ownership is the fact that it infringes on the freedom of our citizens. Periodic sales or purchases by the Treasury to influence the price of gold would hardly be consistent with return to a free market for that commodity. All in all, it would seem better to let the gold market find its own level, and to let the cost of any excesses be borne by those investors or speculators who choose to enter the market.

I would like to conclude with a brief comment on the regulatory status of gold transactions by banks. Since 1968, banks have been able to buy and sell gold for industrial or artistic uses under a Treasury license. At present, only two banks are actively engaged in such transactions.

If private gold ownership goes into effect on December 31, 1974, banks will no longer require Treasury licenses to deal in gold, and many banks may become involved in gold transactions or in providing gold-related services to their customers.

In anticipation of this possibility, the Federal Reserve has been working jointly with the other bank supervisory agencies to clarify the regulatory status of gold transactions. It is expected that the results of this effort will be made available to banks in the near future.

The Federal authorities agree that our nation's financial institutions must proceed cautiously in participating in gold transactions. Because of the risks inherent in gold trading, some banks may prefer to act only as agencies. In cases where a bank decides to trade in gold for its own account, it would be appropriate to do so only in such amounts as may be required to satisfy the needs of customers. It will be particularly important that banks offering gold for sale avoid promotional efforts that could lead to unrealistic expectations by bank clients or to adverse effects on public confidence in individual banks or the banking system.

The bank examination process must play a role in assuring that banks are not exposed to undue risks because of gold transactions. Examiners will have to be concerned with a bank's accounting practices in regard to gold, with its record-keeping for the accounts of customers, with its management expertise in this area, and with the additional risks that the bank undertakes in relation to its capital. Banks will need to understand that excessive involvement in gold transactions, including concentration on loans collateralized by gold or otherwise related to gold dealings, could constitute an unsafe or unsound banking practice and therefore become subject to the cease-and desist provisions of the Financial Institutions Supervisory Act of 1966.

The first hearing we had on this subject matter which is predicated on my bill H.R. 17475 was held day before yesterday and our principal witness at that point was Secretary William Simon, Secretary of the Treasury of the United States. Prior to his appearing before the subcommittee at 10 o'clock, the day previous to that at a late hour I was called by the Under Secretary of the Treasury for Monetary Affairs, Mr. Bennett, requesting an urgent meeting with the chairman of the full committee, the ranking minority member of the full committee, me as the chairman of the Subcommittee on International Finance, and two others who are members of the committee as well as the Joint Economic Committee.

We decided we would have breakfast at 8 a.m. the next day which was Tuesday. This was 2 hours prior to the formal meeting of the subcommittee. At that time Secretary Bennett said the reason he requested this meeting prior to the formal meeting was that he wanted to confide a decision that would be announced at 10 a.m. by the Secretary to the effect that the Treasury would intend to have an auction of better than 2 million ounces of gold on January 6 next.

At that very precise point I told Secretary Bennett that this was an unbelievably egregious error at a most unpropitious and dangerous time and obviously it was some scheme developed in order to present as an announcement at the time we would have the hearing on this bill.

I asked how much consideration had been given this decision and the answer was in a way unresponsive and I have very serious misgivings about how much thought and how much preparation and how much consultation went into that decisionmaking process.

I asked specifically if the regulatory agencies had been working with the Treasury and, if not, whether they had been consulted. The answer was "yes," but today the Chairman of the Federal Reserve System tells us that he agrees wholeheartedly with the intent and the purposes and the content of H.R. 17475 and that he cannot consider a more improper time to go into this question without safeguards to the American public and the American monetary and fiscal system than January 1, and believes that the prudent thing, in his words, the prudent thing is for the Congress to extend the effective date of this goldholding proviso until July 1, unless the President decides it can safely be done before then.

This is the reason I have taken the liberty at this point to ask that the general membership of the Congress have the benefit of the statements that were submitted to us for our consideration by Secretary Burns.

Now, let me assure my colleagues on this side, as well as the other side of this Capitol structure, we are at war. We are losing the war. We are losing it worse than we lost the Vietnam war. The only thing is that it is not looked upon that way, but the thing that is at stake, as I have been saying repeatedly in these words, is not just the American fiscal or monetary system, not just that, but everything that the American dream has stood for and that is the American standard of living. This is at stake. This is the issue. This is what the war is all about.

We have the equivalent of determined, skilled, well-prepared adversaries, and it is unbelievable that after the Secretary of the Treasury presented his testimony yesterday and after he withstood some tests, that his admissions were so naively made in such an unrealistic frame of reference that even at this time as I stand before the House, I find it difficult to think that the leadership of this Congress, that the general membership of this Congress, will not partake of the sense of urgency to act now while we still have time.

The only reason given by the Secretary of the Treasury to insist that we continue with the January 1 deadline was that he felt that it would breach faith with those who voted for the bill committing the fourth replenishment on the part of our Government to the tune of $1.5 billion to the International Development Association, which was part of the bargain made in order at that time to obtain the votes to pass that bill, the $1.5 billion bill. This was used as a sweetener to attract those Members of the House who in good faith had believed that we would be restoring the right of private ownership of gold to America; but I will hazard the statement that the overwhelming preponderant Members of this body and of the Senate were not aware of the true extent of what was involved. Every Member of the subcommittee that voted the other way that I have since discussed this matter with in the past week have expressed surprise and consequently concern when I pointed out that what is at stake is not the ownership or right of ownership of gold of the average American citizen, but the immersion of our investing public into the most dangerous and sophisticated game of all, which is the international game of the gold-holding speculative world in which we will be pitted against organizations that have been in this game, in fact, not for decades, but for centuries, without any of the minimal safeguards that we, the lawmakers of this country, at this particular time are charged with erecting as the basic safeguards to the American public and to its system of fiscal and monetary operations.

It is incredible that we should stand on the verge of plunging into these dangerous waters with the tacit admission that we cannot swim skillfully, but that we do not want to obtain even a life preserver or some other life support system which is available to us.

There is still time; we can do it. Who is going to be hurt? The professional multimillionaire gold speculators and hoarders? Is the American public going to be generally hurt? No, the Secretary admitted, "No, that is not where the area of damage will be."

But is there a damage that the average American working man, depending on a stable industrial structure, depending on a stable fiscal and monetary system, will be in danger? The Secretary said "Yes." When I pointed out why I was motivated in introducing my bill to extend the dateline from January 1 to June 30 in order to give us time to erect the safeguards that both he as well as the Chairman of the Federal Reserve Board say and admit we must do at some time, he says, "No, I think that even despite these risks. I think that even despite these perils which I admit to, that there is no reason to hesitate. Let us go on ahead and then, if the danger rears its head, we will see what we shall do then. We have the regulatory bodies and agencies that can take effective action under the present law."

When I asked both the Secretary and the Chairman of the Federal Reserve Board, "Do you have the power now to restrain a bank if it wants to go on its own into gold ownership," they both said, "No, we do not, but there is a general proviso that says that any unsafe banking practice can be warded off on the warning and the implementation of regulations by a regulatory authority."

When I asked the chairman of the Federal Reserve Board, "Do you have that right now," he said, "No, we would have to have a statute passed."

When I asked the Secretary of the Treasury, be said:

> Well, we are getting together. We are going to continue to meet with the heads of the regulatory agencies, the Securities and Exchange Commission, the Comptroller of Banks or the administrator of the banking system. Then, we created, but it was not effective until April 1, the commodities exchange market which will be able to handle gold as a commodity after April 1, but not before.

This was an astounding answer in view of the fact that every response I have obtained from these regulatory agencies has been to the effect that they do not now presently have the power to regulate, or regulate effectively; that they hope bad things will not happen.

As the chairman of the Federal Reserve Board said this morning:

> Well, I am hoping and I am trusting that bankers will be prudent, that bankers will be sober, that bankers will not go into the gold direct purchasing and speculative markets.

That is a pious hope in light of what has been happening in less than a year, with the Federal Reserve Board having to go in and bail out the Franklin National Bank to the tune of over $2 billion, because as the same chairman of the Federal Reserve Board says:

> The laxity the incompetency and the absolute negligence on the part of those self-same regulatory agencies—

Mr. Speaker, maybe the Democrats are going to have a big, big meeting in Kansas City, and that is why we are quitting early today, and maybe there will be great things doing there. But I say to the Members that the only hope of the country is that this viable system of two parties is working and effective and helping, and it cannot be when we turn our backs on the urgency of immediate Congressional action on this question of safeguarding against the imminent, the clear, the present danger to our financial, our fiscal and our monetary system.

TENSE LABOR SITUATION IN YUMA, ARIZ.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. STEIGER) is recognized for 20 minutes.

Mr. STEIGER of Arizona. Mr. Speaker, is our colleague (Mr. ROYBAL) in the back there? I do not want him to miss any of this. Here he is.

Mr. Speaker, I think that the Congress should be aware of the most unfortunate set of circumstances that allowed two of our colleagues to be misled into supporting a cause in absolute good faith, that allowed our colleagues and this body to add fuel to the situation that was already a very strained and a very tense one in the community of Yuma, Ariz.

Mr. Speaker, on Friday last, our good friends, Mr. GEORGE BROWN and Mr. EDWARD ROYBAL, of the California delegation, went to Yuma, Ariz. for—at least as represented to me—the purpose of investigating the brutality of the sheriff's department against the United Farm Workers, who are, of course, led by Ceasar Chavez.

Mr. Speaker, the urgency, obviously, with which this situation was described to our friends was of such a devious nature as to make them forget even the normal courtesy of advising another colleague that they were going to come into his district, so one knows that these normally courteous people must have been under great stress.

In addition, they spent all of their time with one Manuel Chavez, who is a cousin of Ceasar Chavez, and who took them, apparently, on a tour of the area. They interviewed by phone the very, very able sheriff of the County of Yuma, Bud Yancey, who has held this county together only through the great effort and overwork of most of his men and himself for over 6 weeks now. Then they met with a representative of two of the growers.

Mr. Speaker, the very unfortunate thing about this was that they gave, by their presence and their conversation, congressional sanction to what has been not a strike but simple extortion.

The Ceasar Chavez effort has been described as a strike. What happens is that Ceasar Chavez approaches growers who do not have a contract, a labor contract, with anybody, and he says, "If you will sign the labor contract with me, your labor troubles will be over, you will sign an exclusive contract with me, and I will furnish all of your labor."

The grower says, "Well, we do not have any labor troubles."

Then Ceasar Chavez says, "Oh, no? Hide there, I will show you labor troubles," and he brings in professional pickets at the rate of $60 to $80 a week, which he pays them.

At the peak of this effort there were some 2,000 pickets, and at a cost of some $250,000 a month.

I am here to tell the Members that the extortion effort has failed. No grower has signed with Mr. Chavez, the lemons are being picked, and there is an orderly process, so far as the growers are concerned. But there is tremendous concern in the community, and there has been tremendous strain on both the budget of the county of Yuma and the city police department of Yuma, as well as the State of Arizona. But most important of all, I think, the greatest victim of this effort has been the worker himself, because there has been violence on this extortion attempt, a lot of it.

Workers have been beaten up. Workers' property has been destroyed. Eleven cars have been burned in San Luis, Mexico, cars belonging to legal Mexican aliens working in the groves.

Who has done these things? The United Farm Workers has done these things in an attempt to intimidate the workers so that they would not go into the fields.

The best evidence I can give the Members is, not my own conversations, but the fact that the Federal Union of Mexico, which is the official labor organization for the entire country of Mexico, withdrew its support of the Yuma extortion effort. They originally supported the United Farm Workers. However, they withdrew their support when the United Farm Workers destroyed the workers' property by burning their cars and when the United Farm Workers beat up the workers. Ultimately the country of Mexico, through the Federal Union of Mexico, withdrew its support of the United Farm Workers' effort at Yuma.

Mr. Speaker, I am sure our colleagues had no way of knowing this. I am sure our colleagues had no desire to sanction what has been patently an illegal operation from start to finish. I am sure that under any normal situation our colleagues would have had the courtesy to inquire of the resident Member of Congress as to what the situation was, or if they had no faith in the resident Member of Congress, to inquire of one of the Senators from Arizona as to what the actual situation was in that area. The fact that they did not only means to me that these colleagues of ours were led to believe that which was not true and to believe that the urgency of whatever the situation was allowed them to violate the normal courtesy that we show one another.

It is impossible for me to accept the presumption that Mr. Chavez has so much clout with the liberal Democrats in California that he can force them to do his bidding. I refuse and reject out of hand that concept. However, I will simply tell the Members that this body must not be in a position of sanctioning, by implication or otherwise, the activities of Mr. Chavez.

If those activities, as demonstrated in Yuma, Ariz., are typical, Mr. Chavez is little more than a proponent of the old-time protection racket where the hoodlums used to invade small businesses and say, "You will pay protection to me or you will be in trouble"—and when they did not pay, they got beaten up.

That is Chavez' approach. He preaches nonviolence, he has the endorsement of churches all over this country, and I can only surmise that he has succeeded in fooling most of those people, just as I am sure he fooled our colleagues from the great State of California.

Mr. ROYBAL. Mr. Speaker, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from California.

Mr. ROYBAL. Mr. Speaker, I thank the gentleman for yielding.

I believe it is no more than proper that the record be set straight. Allegations have been made by the gentleman from Arizona (Mr. Steiger) that are definitely not correct.

No one has misled the two Congressmen from California. We went there simply because we were interested in solving or trying to solve the situation in Arizona. We went there because we were told there was a great deal of violence, that neither side was able to talk to one another, that the strikers had been gassed and beaten, and that no attempt was being made by the sheriff of that county to protect them—and also, that illegal aliens were hired in the fields by the farm operators. These were the allegations.

We went out there to find out what the situation really has been. I had the privilege of talking to Sheriff Yancey, who did admit that Chavez' people, the union workers, were gassed. He said that gas was used because they wanted to disperse them. He did assure me that he was doing everything he possibly could to apply the law equally to all concerned.

I asked him, "How can the law be applied equally to all concerned when only one side is gassed?"

He assured me at that particular time that it was necessary, and not being a law enforcement officer myself, I accepted the statement that he had made.

We were also told that no one in Arizona was really trying to get the two groups together.

This, of course, was not so.

We spoke to various individuals in the State, men and women in the area, and responsible officials, who said that they were interested in getting something done and that perhaps something could be done during our visit to that area.

The gentleman from Arizona (Mr. Steiger) says that we only talked to Mr. Manuel Chavez. This is not so. Mr. Manuel Chavez did meet us at the airport. He took us out to see all the fields, and I saw acre after acre of lemons that were almost breaking those trees, that had not been picked and were already ripe.

When I remembered the prices we pay for lemons in California and here in Washington, I began wondering why these lemons were being permitted to break those trees and ripen on the vine.

I went out there because I was interested in having something done about this particular situation.

The gentleman from California (Mr. Brown) is a member of the Committee on Agriculture, and he has an interest not only in Arizona or in California but throughout the entire country. I am a member of the Committee on Appropriations; and as the Members know, we do make available certain funds to support crops, not only in Arizona but all over the United States. Therefore, I do have an interest in the State of Arizona and in what happens there.

But the main interest lies in the fact that if this strike is not settled in Arizona, it may go on to other States, and the rest of the Nation is going to suffer the consequences.

This is what was done. We spoke to Mr. Yancey, who, as I said before, did tell us that it was his intention to continue to apply the law equally to all sides, and with that we agreed.

We also met with two growers and the attorney representing all the growers of that area. We presented to them a proposal suggested by the union. The union asked us to make this proposal to the growers: that a citizens' committee be established to form the guidelines that would be used for an election on union representation and that an election be held.

That proposal was not approved in its entirety. The growers who were present said perhaps it would be best that we consult the Governor of the State of Arizona and make a similar proposal to him; perhaps he would be interested in naming these people.

We got on the phone and finally made contact with the Governor-elect of Arizona. He told me personally that he was going to research the matter and that he would give me an answer some time this week. However, in all fairness to the Governor, he did say that he felt as Governor of the State and as an attorney that he could not possibly agree to violate the law of the State of Arizona which is a right-to-work State; that it has certain laws; and that he as an attorney and as the Governor of that State could not at this time agree to the naming of a special citizens' committee.

I do not blame the Governor. I think that he took the correct position, but we went out there in good faith. We were not misled by anybody. We were not misled by the union, nor were we misled by the growers. The growers sat down with us for more than 2 hours, 2 hours and 15 minutes; and we had a thorough discussion of the situation. We understand their problems. We understand the problems of the union.

It seems to me, now, that the gentleman from Arizona should join us in trying to get this citizens' committee established so that this strike can be settled once and for all. Each side should and will agree, I am sure, to abide by that particular election, and when that time comes, I think this strike can be settled.

I do believe that the gentleman from Arizona does have one legitimate complaint, and that is, we did not notify him before we went out there.

For that I apologize.

But the reason that I failed to do so is because I was not sure that the gentleman was the Congressman from that area, since the gentleman is listed as being from Prescott. That was my error, and I apologize to the gentleman from Arizona for not notifying him that I was going into his district.

By the same token, I may also remind the gentleman from Arizona that many times when individuals from this Congress, from this House of Representatives, go to Los Angeles. And when they sleep in any hotel in the downtown district of Los Angeles, they are in my district, and nobody notifies me about it.

Mr. Speaker, one more thing, and I would like to be most constructive in this last remarks, and that is, that the American public as a whole suffers when allegations are made by both sides. Some of the things the gentleman from Arizona has said with regard to the union are definitely not true; they are only allegations. I can also say that some of the things mentioned by the union and the growers are not true, but are allegations. However, when one looks objectively at the situation, one finds that each side blames the other for many of the things that have happened in the past. I do not think we should try to determine who is to blame here, I think we should do our best to try to end the strike as soon as possible so that the American housewife will not suffer every time she goes to the supermarket to buy lemons.

Mr. STEIGER of Arizona. Mr. Speaker, I thank my friend, the gentleman from California, and I want to advise the gentleman that his apology really was not necessary.

I would also like to point out that the gentleman is welcome to come to Arizona at any time he wants. The only thing I would say is that he should not come back in some semiofficial capacity unless the gentleman first can determine the facts.

I would also like to point out the fact that many of us stay in downtown Los Angeles hotels, and do not notify the gentleman. But, in addition to that, they do not notify anyone. It is not a matter of professional courtesy at all, and it is not because they are there on official business.

Mr. Speaker, what I have stated on this floor is accurate. I have lived with this situation now for many weeks. I have been in the fields. I have been to San Luis, and I have been in the barrios there. I have talked to both the legals and the illegals. And I will tell my friend, the gentleman from California, that the gentleman is still misled, and that this is not a strike—it is an intimidation of those workers by those who did not want to work. I was there Friday, and there were 2,680 workers in the fields, and there were 40 pickets.

I will tell my friend, the gentleman from California, that this attempt is a failure, and one of the best reasons that it is a failure is the fact that they tried to involve the Congress in the situation in an attempt to intimidate the growers. The statement by the growers as a result of the gentleman from California's visit was that the gentleman from California was most gracious, that the gentleman was most interested, that the interest of the gentleman was sincere, and that the gentleman did not know a "damned thing" about the situation.

I might add that that appeared in the local newspaper, and I will furnish the gentleman with a copy of the article. I do not see any point in pursuing this further.

Mr. ROYBAL. Mr. Speaker, will the gentleman yield further?

Mr. STEIGER of Arizona. I yield further to the gentleman from California.

Mr. ROYBAL. Just briefly—prior to this moment I have not taken the position that the gentleman from Arizona was misled, but after hearing the gentleman's last remark I can assure the gentleman that he himself does not know the facts.

What the gentleman and I should do as individuals is to look at this matter objectively; go out together, and study and examine it, and bring about some change in our opinions. We can do this if we look at it objectively.

But my good friend, the gentleman from Arizona, I believe, is very much misled by the growers.

Mr. STEIGER of Arizona. Mr. Speaker, I thank the gentleman from California again. I can assure the gentleman I do not question the gentleman's sincerity. I would also assure the gentleman that the figures I gave, those figures are accurate, and they were verified by both the highway patrol, the State department of public safety, and the sheriff's office.

I will simply tell the gentleman from California and, believe me, this is not any attempt at being a personal attack on the gentleman from California or anybody else who is interested, but Mr. Chavez' technique is one of public relations, skilled public relations, the seduction of responsible leaders, and the intimidation by violence and force of the workers, the people he, ostensibly, is trying to protect.

The Yuma situation is a laboratory sample of it. It will not succeed and has not succeeded. They are about to pull out of there. They have pulled out of there, for all intents and purposes.

I will tell the gentleman that any attempt to so-call resolve the strike would only be to play into Chavez' hands because his attempted extortion has failed. He was using the gentleman; I am convinced of that. And I know the gentleman is not convinced of it.

I thank the Speaker for his indulgence, and I yield back the remainder of my time.

FEDERAL GRAND JURIES

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 5 minutes.

Mr. EILBERG. Mr. Speaker, on June 6, 1973, I introduced a bill, H.R. 8461, designed to substantially revise Federal grand jury practices and procedures. A report was requested and received from the Department of Justice on this legislation and this report clearly indicated that the Department was adamantly opposed to any significant changes in the institution.

Subsequently, as an alternative approach I introduced House Joint Resolution 774 which is intended to eliminate the constitutional requirement of a grand jury indictment, but at the same time retain the grand jury for legitimate investigative purposes in accordance with specific statutory guidelines.

In addition, I have addressed over 500 letters to Federal judges, State attorneys general, and other interested groups requesting their comments and suggestions regarding the Federal grand jury system. We have received numerous replies and the subcommittee staff is currently engaged in reviewing their suggestions and recommendations as well as extensively researching developing case law concerning Federal grand juries. In addition, at my request the American Bar Association has assigned three of its sections—sections on individual rights, criminal justice, and coordination of judicial improvement—to study this institution.

Likewise, the Judicial Conference of the United States at the direction of the Chief Justice and in view of the congressional interest in this matter has assigned its Advisory Committee on Criminal Rules to conduct a comprehensive examination of the Federal grand jury system.

It has been my intention to schedule detailed hearings to consider this very important matter in the 93d Congress, but as my colleagues are aware, the activities of the Committee on the Judiciary during this Congress prevented the conduct of such hearings. Therefore, I am hopeful that this subject can be thoroughly reviewed in the 94th Congress and I can assure my colleagues that it will be a priority matter for my subcommittee.

I am inserting at this point in the RECORD a report which we received from the Department of Justice on my proposed constitutional amendment (H.J. Res. 774) to eliminate indicting grand juries. In this report the Department recognizes that Federal grand juries no longer serve a protective function and it further concedes that this institution has become merely a convenient tool for Federal prosecutors.

DEPARTMENT OF JUSTICE,
Washington, D.C., September 10, 1974.

Hon. PETER W. RODINO, Jr.,
Chairman, House Judiciary Committee, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice on H.J. Res. 752, H.J. Res. 774, and H.J. Res. 855, all of which propose amendments to the Constitution with respect to grand juries.

H.J. Res. 774 would amend the Constitution to provide that no grand jury could present or indict or otherwise hold any person to answer for any Federal offense. The only way to hold a person to answer for a Federal offense would be pursuant to an information signed by the attorney for the Government stating the essential facts of the crime charged. Congress would not be prevented, however, from legislating to create grand juries solely to investigate organized crime activity or any crime against the United States. We assume that such an investigative type of grand jury—the only type allowed for under H.J. Res. 774—would be able to give the attorney for the Government non-binding advice as to whether he should file an information charging the commission of a Federal offense and could also, as the law might provide, issue reports on the order of the reports authorized under 18 U.S.C. 3333. However, the proposal would erect a barrier against any future use of a grand jury of the traditional type. The proposed amendment would be valid if ratified by the legislatures of three-fourths of the States within seven years after final passage of the joint resolution.

H.J. Res. 752 and H.J. Res. 885 propose the following identical amendment: "No person shall be held to answer for a capital, or otherwise infamous crime against the United States, unless upon an information or by indictment of a grand jury, as Congress may prescribe." The amendment would be valid as part of the Constitution if ratified by the legislatures of three-fourths of the several States within seven years from the time of its submission by the Congress.

Such an amendment would not necessarily work any change in existing practice under the Fifth Amendment to the Constitution and Rule 7 of the Federal Rules of Criminal Procedure. The proposed amendment would simply subject what is now a mandated procedure to possible changes from time to time in the legislative process. Under the proposal the Congress could preserve or change the grand jury system or even abolish it entirely as it chose.

In the view of the Department, H.J. Res. 774, in abolishing altogether the indictment function of the grand jury, goes too far. On the other hand, H.J. Res. 752 and H.J. Res. 855, while not seriously objectionable, in our view do not go far enough. As will be seen, our position stems from a basic belief that, while the traditional role of the grand jury may be dispensed with in most cases, its use should be preserved in a limited number of situations. After discussing the above resolutions, the Department will accordingly urge that your Committee consider still a different approach to the problem.

At the onset, we commend to your Committee an article entitled "Eliminate the Grand Jury" in Volume 64, *The Journal of Criminal Law and Criminology*, pages 174–182 (1973). This article was written by an eminent trial jurist, William J. Campbell, Senior Judge, United States District Court for the Northern District of Illinois. Besides being highly readable, the article contains citations to many cases, articles and treatises of pertinence to this discussion.

Judge Campbell is convinced that abolition of the grand jury would significantly improve our system of justice (*id.* at 181):

"Another important contribution which would result from the system I advocate would be a substantial increase in the efficiency and economy of our system of criminal justice. It cannot be doubted that the daily operation of grand juries in the communities across this land constitutes a very expensive project. Nor can we underestimate the unnecessary waste in the energies of our law enforcement and prosecuting personnel generated by the totally repetitious task of making presentations before the grand jury. The elimination of this needless squandering of resources would be a great boon to the administration of justice."

It seems evident that the grand jury system is passing away. In England, where the institution originated, the grand jury was abolished in 1933 (except for rare situations), and many of the states of the United States "have to a greater or lesser degree followed suit," with 23 states permitting prosecution of almost all crimes by either indictment or information (*id.* at 174). Time and change have simply overtaken the grand jury system. As a number of commentators have pointed out (1 Wright, Federal Practice and Procedure, p. 152 (1969)):

"Although in legal theory the role of the grand jury is the same as it always has been, necessarily it must perform a different function in a complex urban society than it was able to do in earlier times."

See also 8 Moore's Federal Practice—Cipes. Criminal Rules, pp. 6–9 (1973).

Possibly the most cherished rationale for the grand jury system is that it protects the individual against the prosecutor's "bipartisan passion or private enmity." *Ex Parte Bain*, 121 U.S. 1 (187). Whatever may have been true many years ago when the nation was less populous, it is highly questionable today whether any such protection for the individual is realized by having grand juries. Today the Federal prosecutor relies generally upon the investigative agencies to develop cases, and he will never previously have heard of the defendants in most of the matters presented to him. Then, too, the grand jury performs a purely preliminary function; the proceedings are *ex parte;* only twelve members need agree that probable cause exists to indict while as many as eleven members may disagree; and the return of a no bill does not preclude further efforts by the prosecutor to establish basis for indictment. In that light it is certainly doubtful whether the grand jury system provides the individual any surer protection than that afforded him by the prosecutor's own sense of civic and professional responsibility and his certain desire to perform fairly and competently in the sight of the bench, the bar, and the public.

While in our judgment, the grand jury does not operate to protect the individual to any substantial degree, there is nevertheless good reason for preserving the traditional grand jury for use in a limited number of situations. For investigative purposes the grand jury is invaluable. It has the unique power at the investigative stage to subpoena witnesses to testify under oath and to produce documents and other physical evidence. While most cases are fully developed by investigative agents before presentation to the grand jury, a significant number of cases—often ones of the greatest importance—have to be developed in the grand jury, utilizing its compulsory process.

The grand jury is of great value to the prosecutor in other respects as well. Considering the heavy burden of proof that has to be met in criminal cases, a prosecutor should be able to recognize the unappealing cases and to decline action upon them in the exercise of discretion, without wasting the time of the grand jury, but a prosecutor is well advised to use a grand jury as a sounding board in the novel or highly complex cases. It is vain to proceed with a logically valid theory of prosecution that cannot be made impressive or understandable to jurors. Further, the questions grand jurors ask of witnesses often reveal the latent difficulties in a case, and if an indictment can be won only upon a narrow division of the grand jurors, the prosecutor must reevaluate his situation. Since highly significant cases are often the difficult ones, such cases may arouse expressions of difficulty by the grand jurors, but the crucial test is whether the jurors are strong for indictment at the finish, notwithstanding the difficulties.

H.J. Res. 774 recognizes how valuable the grand jury can be in organized crime cases particularly, but takes the approach that, if a grand jury is to be used, its role should be essentially advisory in nature. For the reasons stated, the Department believes that this approach goes too far; we would much prefer to leave open the option, in such situations, of having the jurors engaged to the extent that they would have to vote for or against indictment.

There can be no strong objection to H.J. Res. 752 and H.J. Res. 885, assuming as we do that the Congress would never act to deny the government the use of a grand jury, as might be necessary, to develop difficult or complicated cases. The more highly organized criminal activity is, the more the ingenuity of the prosecutor is taxed in bringing to justice those toward the top of the organization, and, in such situations, the government needs the aid of grand jury process. But the government may need the aid of such process to do justice in lesser cases. All in all, this Department is convinced that the approach taken in H.J. Res. 752 and H.J. Res. 885 can be improved upon markedly.

The constitutional amendment proposed in these two resolutions does not attempt to resolve question as to the standard by which legislation would be devised to distinguish the cases appropriate for handling under criminal information from those to be worked by a grand jury. Would the subject matter be the distinguishing factor? Would the procedure turn upon the particular felony provisions being employed, *e.g.*, by title and section designation? Or would the distinction have to be drawn in broader terminology to allow for a more desirable measure of flexibility? In our view none of these suggested solutions is the correct one. However, there is available a simple and workable answer which, if included in the proposed amendment, would obviate the necessity for future legislative grappling with the problem.

The preferable way of dealing with this subject matter, we submit, would be to provide that no person shall be held to answer for any crime against the United States, except under an information subscribed by the attorney for the government or upon an indictment of a grand jury, as the attorney for the government may elect.

We think that this approach is a sensible and proper one. It recognizes that a grand jury, despite the antiquated notion to the contrary, in fact is not a bulwark between the individual and the prosecutor. It is true that a prosecutor (and also a grand jury) may be moved at times to particularly strong feelings in a case, but if the prosecutor cannot be sobered by the necessity of proving his case beyond a reasonable doubt and of winning a unanimous verdict of guilty, then it would not seem very plausible to rely upon grand jurors to exercise the needed restraint. Besides, the grand jury might as likely supply vindication as restraint. Judge Campbell states the matter as follows in the article cited above (*id.* at 179):

"It has also been suggested that the mere existence of the grand jury acts as a deterrent to the presentation of unfounded accusations by overzealous and malicious prosecutors. Of course, no empirical data is available to support this theory. Although difficult to refute for the same reason, in my judgment both logic and my experience mitigates its persuasiveness. In the first place, the theory, like all others in support of the grand jury, presumes the existence of a strong independent body intelligently and carefully analyzing the evidence presented to it. As we have seen, such independence has long since vanished under the strain of outside forces. Moreover, this myth of grand jury independence affords the prosecutor anonymity in the exercise of his discretion. I suggest that the consequence of such misplaced responsibility for the initiation of a prosecution encourages, rather than stifles, mal-intended prosecution and character assassination."

This approach also recognizes that the sole substantial reason for having a grand jury today is to help the attorney for the government, when the need arises, to discharge his prosecutive responsibilities by expediting and facilitating the criminal justice process. It follows that the prosecutor should be able to utilize a grand jury according to his felt needs. Only the prosecutor in an actual case is in a good position to determine when completion of the investigation requires a resort to grand jury process, or when the grand jury may be helpful in registering its reaction to a novel or complicated case or to the particular witnesses, or when grand jury experience with particular kinds of cases may be valuable in reviewing or refining law enforcement policy.

This Department does not anticipate any substantial risk of abuse if discretion is granted to permit prosecutors to make a sensible use of the grand jury system. What protects the individual against the abuse of ill-founded charges is not the grand jury but the arduous task of winning convictions. Poor cases are naturally sought to be kept out of court, not just because they represent a waste of time and resources, but because achievement by this Department of a very high rate of conviction is vital as a means of commanding public respect and support. On the other hand, no impropriety is apparent if the government should choose often to utilize the grand jury system. Once it is recognized that the mandatory grand jury system has become antiquated but that the grand jury at times may be employed to serve a useful function, then the question whether to use a grand jury often or seldom is one of effective administration. Accordingly, it would be proper, in amending the Constitution to do away with the mandatory grand jury requirement, to include a provision permitting the election in individual cases between the alternative means of initiating prosecutions.

Summarizing then, in preference to H.J. Res. 774, or to either H.J. Res. 752 or H.J. Res. 885 in their present form, this Department would support a Constitutional amendment that would give the attorney for the government discretion in electing to proceed either by information or by indictment.

The Office of Management and Budget has advised this Department that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

W. VINCENT RAKESTRAW,
Assistant Attorney General.

U.S. CANAL ZONE AND PANAMA CANAL: LATEST INFORMATION ON PROJECTED BETRAYAL OF U.S. TAXPAYERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 15 minutes.

Mr. FLOOD. Mr. Speaker, since December 18, 1964, as the result of an attempted Panamanian mob invasion of the Canal Zone, the Governments of the United States and Panama have been engaged in a series of negotiations for a new treaty for the Panama Canal. Prime objectives of these negotiations, as announced on February 7, 1974, in an eight-point "agreement on principles" signed by the U.S. Secretary of State, Henry A. Kissinger, and Panamanian Foreign Minister, Juan A. Tack, are: Surrender of U.S. sovereignty over the U.S.-owned Canal Zone territory to Panama; and the eventual giving the canal itself to that country.

These diplomatic maneuvers, undertaken without the authorization of the Congress, which is the agency of the U.S. Government vested by the Constitution with the power to dispose of territory and other property of the United States, are a grave threat to hemispheric security and interoceanic commerce that must be met and blocked.

Because the magnitude of the financial investment of the taxpayers of the United States in the Panama Canal enterprise is not well known, I recently obtained from the Secretary of the Army, Howard H. Callaway, a statement on the total U.S. investment in it. From the data therein provided and that given in my address to the House of Representatives in the CONGRESSIONAL RECORD, volume 118, part 10, pages 13154–13157, the following table summarizes our total investment from 1904 through June 30, 1974:

DEFENSE OF PANAMA CANAL

	1904 to June 30, 1971	July 1, 1971 to June 30, 1974	Total
Army	$3,335,395,000	$351,335,000	$3,686,730,000
Navy	946,316,000	57,468,000	1,003,784,000
Air Force	512,934,000	108,722,000	621,656,000
Total	4,794,645,000	517,525,000	5,312,170,000

Panama Canal Enterprise

Gross U.S. investment from inception to June 30, 1974	$2,481,000,000
Recoveries by United States	921,800,000
Unrecovered	1,568,200,000
Grand total	
Defense costs, 1904 to June 30, 1974	$5,312,170,000
Unrecovered, Panama Canal costs	1,568,200,000
Grand total	6,880,370,000

Much of these sums has been expended in the Republic of Panama, giving that country the highest per capita income in all Central America. Significant also is the fact that about one-third of the population of Panama lives in the proximity of the Canal Zone, attracted there by the greater opportunities for employment.

Mr. Speaker, the total book value of the Panama Canal enterprise, including the cost of defense, of $6,880,370,000, is far greater than many would expect. If converted into 1974 dollars this figure would be even larger. The very idea of surrendering the Canal Zone and other property of the United States in it to a very small, weak and unstable country is an atrocious assault on the taxpayers of our country who paid for the acquisition of the zone territory, purchased all the privately owned land and property in it, and have borne the costs of the canal's construction, maintenance, operation, sanitation, and protection. No wonder the architects of this projected betrayal seek to accomplish through the treaty process what they could never obtain by forthright legislation. From my long association with interoceanic canal problems, I am sure that I reflect the feeling of a large majority of my colleagues on both sides of the aisle when I say that they will never give their approval to the proposed giveaway at Panama.

Mr. Speaker, it is obvious that those in the State Department who, by their inept handling of Panama Canal policy matters over many years, are primarily responsible for the present situation as regards the canal, still remain in command and are pursuing the same methods by which mainland China was lost to the Communists and Cuba was made into a Soviet satellite. We certainly do not wish to see the canal surrounded by another Red satellite.

As the latest information on U.S. investments in the Panama Canal enterprise should be of interest to all Members of the Congress, especially those on the House Committee on Merchant Marine and Fisheries, the Senate Committee on Armed Services, and all others concerned with Isthmian canal policy matters, I quote the indicated report from the Secretary of the Army as part of my remarks:

SECRETARY OF THE ARMY,
Washington, D.C., November 7, 1974.

DEAR DAN: Reference my 14 October letter regarding the information concerning the total United States investment in the Panama Canal enterprise.

You will find the data requested at the following inclosures:

Inclosure 1 provides a statement of funds and property received by the Canal enterprise from the U.S. Government and includes interest costs thereon payable to the U.S. Treasury and funds repaid to our Government by Canal agencies from inception to June 30, 1974.

The cost of protection and defense of the Panama Canal is reflected on the consolidated report at Inclosure 2. Attached to this report are major appropriation data by military department.

Each military department attempted to exclude those costs which were related to various Latin American programs such as military missions that did not contribute directly to the cost of Canal protection and defense.

I hope you will find this information useful. Please let me know if I can be of any further assistance.

With best regards,

Sincerely,

HOWARD H. CALLAWAY.

Enclosures.

PANAMA CANAL ENTERPRISE

Unaudited summary statement of funds and property received by the Panama Canal enterprise from the U.S. Government, interest costs thereon payable to the U.S. Treasury and funds repaid to the U.S. Government by the Panama Canal enterprise from inception to June 30, 1974. The Panama Canal enterprise consists of the Panama Canal Company, the Canal Zone Government, and their predecessor agencies. The enterprise does not include military or other Federal agencies located in the Canal Zone.

[In millions]

	July 1, 1951	June 30, 1974
Gross investment of U.S. Government:		
Funds and property transfers (1)	$1, 013. 9	$1, 826. 8
Interest on net investment of U.S. Government:		
From inception to June 30, 1951 (2)	373. 4	373. 4
From July 1, 1951, to June 30, 1974:		
Panama Canal Company (paid to U.S. Treasury) (3)		237. 6
Canal Zone Government and Thatcher Ferry Bridge (4)		43. 2
Total gross investment of U.S. Government	1, 387. 3	2, 481. 0
Recoveries by the U.S. Government:		
Deposits and deposit credits from all sources (5)	784. 6	1, 751. 8
Total unrecovered balance, excluding retained earnings	[1] 602. 7	[1] 729. 2
Add recorded retained earnings	71. 1	183. 6
Adjusted totals	673. 8	912. 8

[1] The total unrecovered net investment excludes retained earnings recorded in the accounts totaling $183,600,000. Of this amount, $71,100,000 was carried over from the Panama Railroad Company at June 30, 1951, and $112,500,000 was earned by the Panama Canal Company subsequent to July 1, 1951. If this amount is to be considered as an additional investment, it should be added to the amounts shown.

Prepared: October 1974.

Source: Reports and Analysis Staff.

PANAMA CANAL ENTERPRISE

	Amount
1. FUNDS AND PROPERTY TRANSFERS	
(a) Funds appropriated directly for the enterprise:	
Original construction	$386, 910, 301. 00
Maintenance, operation, and additional capital expenditures	1, 316, 511, 142. 82
Subtotal	1, 703, 421, 443. 82
(b) Funds appropriated for other U.S. Government agencies for the direct benefit of the enterprise:	
Construction annuity to employees (and their widows) engaged in the construction of the canal	51, 198, 511. 20
Increased annuity to Panama	28, 938, 028. 00
Annuities to employees retired prior to July 1, 1951	15, 091, 000. 00
Salaries of military personnel assigned to the Canal prior to July 1, 1951	9, 307, 002. 00
Injury and death payments, Bureau of Employees' Compensation	5, 666, 866. 84
Subtotal	110, 201, 408. 04
Total appropriations	1, 813, 622, 851. 86
(c) Property transferred from other U.S. Government agencies	20, 705, 938. 49
(d) Property transferred to other U.S. Government agencies	7, 543, 724. 33
Total property transfers, net	13, 162, 214. 16
Total funds and property transfers	1, 826, 785, 066. 02
2. INTEREST ON NET DIRECT INVESTMENT	
From inception to June 30, 1951: Interest at 3 percent to Aug. 14, 1914, and at individual annual rates thereafter (as determined by the Secretary of the U.S. Treasury) has been calculated on net withdrawals (total appropriations less deposits of Canal tolls and other deposits) from 1904 to 1951	373, 442, 987. 50
3. PANAMA CANAL COMPANY	
From July 1, 1951 to June 30, 1974: Interest at rates from 1.95 percent for fiscal year 1951 to 4.349 percent for fiscal year 1974 (as determined by the Secretary of the U.S. Treasury) has been calculated on the Company's net direct investment, established in accordance with section 62 of title 2 of the Canal Zone Code, charged to Company operations and subsequently deposited into the U.S. Treasury as miscellaneous receipts, as required by law	237, 633, 088. 03
4. CANAL ZONE GOVERNMENT AND THATCHER FERRY BRIDGE	
[Existing law specifically exempts the net direct investment of the Canal Zone Government and the Thatcher Ferry Bridge from interest charges However, it is considered that this element should be included in arriving at the unrecovered investment of the U.S Government in the Canal enterprise.]	
The interest cost reflected herein has been calculated at the same rates used for the Company as shown under paragraph 3 above, on the net direct investment of the Canal Zone Government and Thatcher Ferry Bridge as of June 30 each year through June 30, 1974	$43, 200, 399. 96
5. RECOVERIES BY THE U.S. GOVERNMENT	
(a) Actual deposits into the U.S. Treasury:	
Canal tolls prior to June 30, 1951	643, 883, 520. 78
Net profits from business operations (activities corresponding roughly to our present supporting operations)	28, 591, 812. 05
Licenses, fines, fees, and postal receipts	6, 887, 294. 59
Proceeds from sale of construction equipment	6, 990, 681. 75
Capital repayments and interest on public works in Panama and Colon	3, 547, 006. 22
Dividends paid by the Panama Railroad from 1905 to 1950	23, 994, 905. 00
Interest on net direct investment of the Company from July 1, 1951, to date	237, 633, 088. 03
Capital repayments from July 1, 1951, to date	40, 000, 000. 00
Net cost of Canal Zone Government, reimbursed by the Panama Canal Company	394, 445, 767. 33
Canal Zone Government revenue and plant salvage	295, 157, 893. 05
Total	1, 681, 131, 968. 80
(b) Deposit credits: Value of canal tolls on U.S. Government vessels to June 30, 1951	70, 668, 969. 00
Total deposits and deposit credits	1, 751, 800, 937. 80

COST OF PROTECTION AND DEFENSE OF THE PANAMA CANAL

CONSOLIDATED COST REPORT BY MILITARY DEPARTMENT

[Dollars in thousands]

Military Department	Fiscal year— 1972	1973	1974
Army	$107, 428	$120, 893	$123, 014
Navy[1]	23, 912	16, 972	16, 584
Air Force	35, 436	36, 546	36, 740
Total	166, 776	174, 411	176, 338
Military strength	10, 533	10, 321	10, 414

[1] Includes United States Marine Corps.

DEPARTMENT OF THE ARMY

[Dollars in thousands]

Appropriation	Fiscal year— 1972	1973	1974
Military personnel	$56, 509	[1] $68, 208	$70, 404
Operation and maintenance	36, 814	33, 994	35, 094
Procurement	6, 458	6, 508	6, 776
Military construction	1, 898	[2] 7, 171	2, 047
Subtotal	101, 679	115, 881	114, 321
Family housing	(5, 749)	(5, 012)	(8, 693)
Construction	[3] 1, 086	0	[4] 2, 786
Operation and maintenance	4, 663	5, 012	5, 907
Total	107, 428	120, 893	123, 014
Military strength (man-years)	7, 361	7, 452	7, 723

[1] The increase over fiscal year 1972 is the result of 3 pay raises: the "All Volunteer" pay raise granted November 1971 which almost doubled junior enlisted pay, the comparability pay raise of January 1972 of 7.21 percent, and the comparability pay raise of January 1973 of 6.69 percent.

[2] Major project—barracks renovation.

[3] Major project—flood control.

[4] Major project—modernization, 147 housing units.

DEPARTMENT OF THE NAVY

[Dollars in thousands]

Appropriation	Fiscal year— 1972	1973	1974
Military personnel	$5, 742	$6, 528	$6, 048
Operation and maintenance	16, 079	7, 458	8, 906
Procurement	1, 110	1, 486	785
Military construction	46	730	18
Subtotal	22, 977	16, 202	15, 757
Family housing	(935)	(770)	(827)
Construction	0	0	0
Operation and maintenance	935	770	827
Total	23, 912	16, 972	16, 584
Military strength (man-years)	687	612	579

Note: Above data include costs for United States Marine Corps.

DEPARTMENT OF THE AIR FORCE

[Dollars in thousands]

Appropriation	Fiscal year— 1972	1973	1974
Military personnel	$21, 645	$21, 554	$21, 397
Operation and maintenance	11, 480	11, 608	12, 468
Procurement	52	45	58
Subtotal	33, 177	33, 207	33, 923
Family housing	(2, 259)	(3, 339)	(2, 817)
Construction	10	580	101
Operation and maintenance	2, 249	2, 759	2, 716
Total	35, 436	36, 546	36, 740
Military strength (man-years)	2, 485	2, 257	2, 112

RULE CHANGES CAN HELP MOVE THE HOUSE FORWARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 5 minutes.

Mr. PATMAN. Mr. Speaker, some of the news stories which have been emanating from our organizational efforts in the Democratic Caucus have attempted to lump Members into various camps—liberals, conservatives, seniors, juniors, leadership groups, and other miscellaneous categories.

In reality, Mr. Speaker, I think there is genuine and broad support for procedural reforms—something which cuts across ideological lines or any other groupings which may be real or imagined.

As the most senior Member in the Congress, I personally welcome this new spirit and I think that we will be off to a good start in the 94th Congress. Frankly, I am very hopeful that this new Congress and this new Democratic majority will be more responsive on many of the basic economic issues which some of us have tried to pursue for a number of years.

Mr. Speaker, I am proud that during my long career in the House that I have been often on the side of change and new approaches. I am proud of the fact that our Banking and Currency Committee has been in the forefront of many of the new reform procedures and I hope that it continues in this spirit.

The new caucus rules will not allow Members to serve as chairmen of major legislative committees in the House and of Joint House-Senate committees at the same time. While this rule does directly affect my membership on the Joint Committee on Defense Production and the Joint Economic Committee, I think this is something that will help spread important assignments among more Members. I did not resist this change and I do not object to this new rule.

Of course, I will remain an active member of these joint committees and I am convinced that these committees—while lacking legislative jurisdiction—can help to move legislative efforts forward. They have been important in the past and I know that they will continue to be so in the 94th Congress and I certainly will lend my full cooperation to these bodies.

Mr. Speaker, as I have indicated in a number of recent statements, I expect that our Banking and Currency Committee will be extremely busy in the 94th Congress. Much of the economic legislation which we must pass will emanate from this committee and I am very hopeful that the new majorities will help move this legislation forward.

Mr. Speaker, I am convinced that the new Democratic majorities leave us with big responsibilities and the American people are expecting us to meet these forthrightly and expeditiously. In a speech which I made this fall—before the caucus convened—I outlined some of my thoughts on the new majorities and the legislative issues coming up. I want to place a portion of these comments in the Record at this point:

EXCERPTS OF REMARKS BY CONGRESSMAN WRIGHT PATMAN TO THE SAVINGS BANKS ASSOCIATION OF NEW YORK STATE, NOVEMBER 23, 1974

All over the nation, the voters pretty well recorded the same message—a rejection of the do nothing economic policies and a call for action. I am convinced that this fall's election returns indicate a desire for a quick and dramatic change in the Administration's policies and I believe that President Ford is a good enough politician to recognize this fact.

The Democrats are going to have big majorities in the Congress—two to one in the House of Representatives—and these ratios will be reflected on the various Committees. As a Democrat and as a Chairman of a Committee, I am happy to see this kind of working majority, but at the same time, I fully recognize that this carries with it big responsibilities.

In my opinion, this Democratic majority is going to have to produce a solid program. The people are going to be watching closely to see how well their mandate is being carried out and unless the Democrats do produce in the Congress they deserve to suffer at the polls next time around. That's our American political system and that's what keeps us moving forward as a nation.

At last count, it looks like we will have almost 100 new faces in the House of Representatives and as the shifts take place we will have at least seven new Members on the Banking and Currency Committee. During the past several months, I have seen a great deal of the comments and positions taken by these new Members and I think we are going to find that this is an exceptionaly good group of freshman Congressmen.

As we reorganize and start setting up the machinery for the 94th Congress, I sincerely hope that we will have a full input from these new Members, particularly in economic areas which were so important in this fall's campaign. These new Members are going to bring some fresh ideas and I hope all of the Committees are going to give these views a full hearing as we attempt to find solutions to our national problems.

As you know, the reorganization of the House begins right after Thanksgiving and will continue through December until the Committee assignments are completed. This early organization is beneficial because it will allow us to move immediately into substantive legislative issues in January.

Also, we will be operating under some new rules and procedures which were adopted earlier in this session and these, for the most part, will help speed along the work of the House. Of course, we on the Banking and Currency Committee have always been proud of the fact that we adopted many of the so-called "reform" rules and procedures long before most of the House.

In fact, I opened up executive sessions—the marking up of legislation—to the public shortly after I took over as Chairman in the mid-1960's. I have always insisted that our Committee votes be fully available to the public and we were the first Committee in the House of Representatives to hold televised hearings. Frankly, I believe that all of these Committee sessions and the records should be open—fully available to the public in every sense. And I think the reforms which have been brought all of these procedures out into the open are highly beneficial and I hope they continue.

In the end, though, judgment on the 94th Congress will be made on its substantive legislative accomplishments rather than on procedures or reorganizational efforts. We don't want to get so bogged down in internal and intra-mural discussions that we lose sight of the people's desire for concrete action.

The Congress—in my opinion—will cooperate with the President and I hope that the Administration recognizes that this has to be a two-way street. If the President sends up workable programs, I think he will find that the Democratic majorities will move with him in a fair and cooperative spirit.

However, I think it would be a big mistake for the Democratic Congress to wait for the President, particularly in view of the track record of the last six years. There is no reason why the Congress should not move on its own initiative to develop programs and to push legislation forward without awaiting the endorsement of the Administration. I think the voters clearly want the Congress to help provide some directions.

In the Banking and Currency Committee, we plan to do just that. To make certain that we did not fall behind during the recesses in the fall, I instructed the staff to explore a number of areas involving monetary policy, bank structure, and bank regulation. Events this past year have raised a number of fundamental questions in these areas and the Committee must address itself to long-term remedies—remedies which will provide a better delivery of credit, better regulation, and prevent these constant collapses of the housing industry.

The reports of the staff research on some of these issues will be completed in early January and I hope that this will give us some important help in charting new courses.

I am very hopeful that the 94th Congress will take a more realistic view of monetary policy and the monetary policymakers. Fortunately, in recent weeks and months a number of respected publications and economists have been pointing the finger of blame at the Federal Reserve—something which hasn't happened too often in the past. The Federal Reserve is finally being recognized as a government agency run by mortals and not as some sacrosanct and mystical agency whose policies are derived from some divine power. The removal of the Federal Reserve as the Federal Government's Number One Sacred Cow will do more than anything else to get politicians to face the real economic facts.

In my opinion, there are four big areas that need immediate attention in the Committee:

1. Restructuring of financial institutions to assure the maximum competition and maximum flow of funds into the mortgage markets.

2. A restructuring of financial regulation to enhance competition and to provide the consuming public with an efficient and fair delivery of credit.

3. An ongoing system of credit allocation to assure that socially desirable areas such as housing receive a steady supply of loan funds.

4. Reform of monetary policy to make it more responsive to the needs of the nation and to provide long-range economic stability.

This is not an all-encompassing list, but it is a starting point toward putting the financial community and the economy back on solid ground. The next Congress—I am convinced—will be activist. We are going to have a great opportunity to do things and to reverse the negative policies which have hurt the nation so bady over the past six years.

WICHITA—50 YEARS LATER

(Mr. SIKES asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, Wichita, Kans., is a very long way from Florida's first and finest district, but I am interested in the happenings at Wichita for two reasons in particular. One is the fact that the National Sojourners, which is a leading patriotic Masonic organization for military personnel, held the 50th anniversary meeting of Wichita Chapter No. 24 of the National Sojourners, and the second is the fact that the speaker of the evening was our distinguished colleague, the Honorable GARNER E. SHRIVER, from Kansas, a 33d degree Mason.

I feel that the account of the meeting will be interesting to the Members of the Congress and I submit it for printing in the Record:

WICHITA—50 YEARS LATER

Seventy Sojourners and guests were present at McConnell AFB Officers Open Mess on 6 November when Bro (LTC) Robert F. Baker, Chapter President, officially opened the 50th Anniversary meeting of Wichita Chapter No. 24, National Sojourners, Inc. The Invocation was presented by Bro (COL-Chaplain) George E. Hoop. Distinguished members and guests present included Bro (LT) J. Earl Schaefer, oldest living member of Wichita Chapter (initiated in 1926); Bro (COL) Leonard D. Acheson, Regional Representative, Kansas; Bro (COL) Illustrious Potentate Judge Robert L. Morrison, Potentate of Midian Temple, Wichita, KS; Bro (MG) Carl F. Buck, CG, 89th Army Reserve Command; COL George W. Robinson, Commander, McConnell AFB; COL Jimmy F. Scott, Commander, 381st Strategic Missile Wing; Bro (COL) Peter L. Smith, Deputy Commander for Operations, 381st SMW; Bro

(COL) William J. Wertz, retired Justice of the Kansas Supreme Court; Bro (CPT) E. E. Baird; Bro (LT) Jerald F. Byrd; and Bro (LT) Russell Jump, all former Mayors of Wichita; and Bro W. Lloyd Fish, Press Agent, Imperial Council, AANOMS.

Letters of congratulations from Bro (CWO) Melvin W. Beyers, National President; Bro (COL) LaVon P. Linn, National President-Elect; Bro (LTC) William S. Lovett, First Vice President; Bro (MAJ) H. A. Duryea, Second Vice President; and Bro (MAJ) William F. Koeckert, Third Vice President, were read by Brother Baker and Brother Acheson. Brother Baker recognized those members present with over 40 years of membership: Bro Baird, Bro Jump, Bro (MAJ) Dale Reed, Bro LeRoy E. Dietrick, Sr., Bro (LT) Arch M. O'Bryant, and Bro (LT) Lee H. Seifert. A report from the Nominating Committee was received and election of 1975 officers was conducted. The following Brothers were elected: President—Bro (LT) James E. Loveland; Vice President—Bro (LTC) George W. Stabler; and Secretary-Treasurer—Bro (MAJ) Kenneth R. Fortney, Jr. Announcement was made of the annual Christmas party and Bro Stabler was recognized for his outstanding actions as the 50th Anniversary Chairman. Bro Richard D. Dickey presented all present with a memento of the anniversary meeting.

Bro (LT) Robert M. Moore presented a history of Wichita Chapter #24 naming such dignitaries who had attended early chapter meetings as General of the Army George C. Marshall, General George S. Patton, and General Hap Arnold.

The distinguished speaker of the evening was a member of Wichita Chapter, Bro (LT) the Honorable Garner E. Shriver 33°, United States Congress, and Past Chapter President. Prior to delivering his remarks he read the following telegram:

THE WHITE HOUSE.

Hon. GARNER E. SHRIVER:

It pleased me to know that you will be attending the fiftieth anniversary meeting of the National Sojourners of Wichita. I hope that you will take this opportunity to express my very best wishes to the members of this fine Masonic organization. I am well aware of their outstanding youth activity programs, their work with ROTC students and their efforts to promote patriotism throughout the Wichita community. They deserve to be commended for the vitality and strength they bring to their community, and I fully share in your own sentiments on this occasion.

GERALD R. FORD.

Brother Shriver then delivered his remarks concerning the role of Sojourners on the National scene in relationship to the National Defense role of the United States Congress. He talked about the difficulties in maintaining a proper defense posture in the fact of inflation and increasing demands from special interest groups to move funds into other program areas.

Applications for membership were received from Bro (CPT) Dale A. Rensner, Outer Guard, Midian Temple, Bro (Capt) Earl W. Youngmeyer, Bro Smith, Bro (CPT) Charles M. Cleve, Jr., Bro (LT) Frank E. Woolf, Bro (LT) Hugh M. Basow, Bro (LT) James M. McCormack and Bro (CW3) Chester B. Johnson.

When Brother Baker officially closed the 50th Anniversary meeting, all present, including some twenty Past Presidents, felt that the gathering had been a fitting conclusion to fifty years of National Sojourners in Wichita.

THE FORESTRY INCENTIVES PROGRAM MUST BE CONTINUED

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, regrettably, the President has proposed a reduction of 100 percent in the forestry incentives program which is funded in the fiscal year 1975 agriculture appropriations bill. I find it exceedingly difficult to understand the logic or reasoning which was associated with this decision. The forestry incentives program is one which should be expanded, not reduced. The agriculture appropriations bill for fiscal year 1975 is now in conference. The proposal to delete funds which have already been agreed upon by both the House and Senate is very unlikely to receive favorable action by the conferees. Both the House and Senate appropriated the sum of $25 million for the fiscal year 1975 program. Consequently, it would not be appropriate for the deletion of the item to be considered in conference.

If the President's recommendation were followed, the action would be nothing short of a disaster for State and private forestry. It would be very difficult to pick the program up again, if ever. Contractors and vendors would be very reluctant to make substantial investments in another "one-shot" program.

The forestry incentives program is providing several unique benefits that should be considered in a budget adjustment.

It is providing employment now in hard-pressed rural areas.

It requires an input of at least $1 of private money for every $3 in Federal funding. This feature alone extends the employment benefit farther than a "make-work" program.

Forestry incentives have a beneficial ripple effect. Forest industries are aiding smaller owners with equipment for site preparation and labor for planting.

The forestry incentives program is an investment in a basic, renewable natural resource that yields products for use in place of those from energy-depleting sources.

The 50 State foresters have urged that forestry incentives be retained as an ongoing program at a level in keeping with the $13.2 million provided for cost-sharing in 1974.

It should be understood that public sharing of private costs in woodland management is becoming the long sought key to better forestry on small, nonindustrial forests. Positive proof that an effective appeal has been found is evident in the strong response of landowners in all 50 States to the forestry incentives program.

During the first 9 months of operation—January through September, 1974—some 19,754 owners applied for public assistance in tree planting and timber stand improvement on 472,765 acres. Two-thirds of these applications were approved for treatment of 277,601 acres in a ratio of 4 acres planted to 3 acres stand improvement. At this rate, accomplishments for all of 1974 may be 252,096 acres of planting and 183,225 acres of stand improvement.

Achievements in 1975 are expected to be greater in spite of the present economic crunch because of the forestry incentives program provides significant opportunities for employment in rural areas. The Congress recognized these advantages by appropriating $25 million for next year, compared to an initial allotment in 1974 of $10 million plus a reserve of $3.2 million, plus $1.2 million for technical assistance to landowners, or a total of $14.4 million. All of the 1974 money has been allotted to the states and all of it has been applied for by forest owners.

Planting approvals nationwide averaged 20.3 acres at a cost of $44.89 of which 75 percent—$33.67—was paid by the Federal Government. These grants compare favorably with similar grants in Great Britain of £18.21—$42.25—per acre for planting conifers and £50—$117.37—per acre for planting hardwoods.

Approvals for stand improvement averaged 19.9 acres with the Government paying $20.21 of the $26.95 cost. There is no similar program in Great Britain.

All of this attests to the need for a continuation and expansion of this important and highly desirable new program.

CAREER GUIDANCE AND COUNSELING ACT OF 1975

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, today I am introducing the Career Guidance and Counseling Act of 1975 on behalf of the American Personnel and Guidance Association. Congressman AL QUIE, the ranking minority member of the Committee on Education and Labor, is joining me in introducing this legislation.

On October 11, I introduced bills prepared by the American Vocational Association and the American Association of Community and Junior Colleges with AL QUIE's cosponsorship. At that time I stated my intention of also introducing the American Personnel and Guidance Association's bill and the administration's proposal which has not been submitted to Congress as yet. As I stated in the CONGRESSIONAL RECORD on October 11, it is our hope that these bills which all contain recommendations for national legislation in the field of vocational, occupational and career education will be distributed and discussed throughout the country by school administrators, teachers, students, and citizens so that the Congress will have the best advice available to it next year when we begin to draft our own bill to revise and expand the expiring Vocational Education Act.

The bill I am introducing today sets forth programmatic, administrative, research, and training and retraining proposals for guidance and counseling in the area of career education. The bill concentrates on the career development needs of children, youth, and adults, including the disadvantaged, women, second careerists, the aged and the handicapped.

The American Personnel and Guidance Association is the only professional organization representing guidance counselors and other personnel throughout the country. The American Personnel and Guidance Association has 37,000 national members from every State and represents a range of subdisciplines in the counseling profession.

Mr. Speaker, I would like to insert at this point in the Record a short summary of the Career Guidance and Counseling Act of 1975.

Summary of the Career Guidance and Counseling Act of 1975

The Career Guidance and Counseling Act has as its purpose: (1) the improvement and development of career guidance and counseling programs for all individuals of all ages in all communities of the Nation, (2) the promotion of an understanding of educational and occupational options among individuals served, and (3) the facilitation of career development over the life span of all such individuals.

The Act proposed to achieve this purpose by a program of grants available to States upon submission of State plans which establish a State Advisory Committee and local school district advisory committees, and which provide for career development services beginning in the elementary school and continuing through high school and which are also available for out-of-school individuals.

In addition, the Act provides support for training and retraining of personnel engaged in career guidance and counseling. Funds are also provided for research and evaluation of the programs authorized by this Act.

There would be established within the Bureau of Occupational and Adult Education an Office of Career Guidance and Counseling which would have responsibility for administering this Act. A National Advisory Council on Career Guidance and Counseling would also be established to advise the Commissioner of Education on guidance and counseling programs and to conduct a survey and assessment of career guidance programs in the U.S.

Mr. QUIE. Mr. Speaker I am pleased to join with Chairman Perkins in cosponsoring a bill entitled the "Career Guidance and Counseling Act of 1975" which was drafted by the American Personnel and Guidance Association. This is the third in a series of bills—the other two having been drafted by the American Vocational Association (H.R. 17304), and the American Association of Junior and Community Colleges (H.R. 17305)—which Chairman Perkins and I have introduced for discussion and informational purposes prior to the committee's markup of a revised Vocational Education Act next year. I am confident that these bills, which I hope will be carefully studied by all those concerned with this legislation, will make a major contribution to that work.

In the hearings our General Subcommittee on Education has conducted over the past months both here in Washington and in the field we have already identified career counseling and guidance, and particularly vocational counseling, as being a critical point in our entire educational structure. A major weakness is that very few of our schools have personnel and facilities designed to provide comprehensive guidance to students. Traditionally such guidance has been focused upon the college-bound, even though 80 percent of the students will never complete 4 years of college and 80 percent of available jobs will require skills other than those obtained in academic work leading to a baccalaureate degree. Young people particularly, but increasingly people of all ages who face a change in their careers, urgently need help in making an informed choice regarding career preparation. They need to know where their interests and aptitudes would best be utilized and the prospects for employment in various fields. Unfortunately, we are not doing a very good job today of providing this essential help in making career and education and training choices.

So we particularly welcome the suggestions for Federal action embodied in the bill we are introducing today. These will receive very careful consideration and possibly be the background for taking additional testimony relating to career counseling and guidance. The work and thought which has gone into this bill are genuinely appreciated.

GENERAL LEAVE

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that all Members may be permitted to revise and extend their remarks on the vocational education bill I just introduced, and all other matters.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

BIRMINGHAM AGAIN CITED FOR BEAUTIFICATION EFFORTS

(Mr. BUCHANAN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BUCHANAN. Mr. Speaker, just a few moments ago, I enlightened my colleagues on the achievements of the Birmingham Americans from our all-America city of Birmingham, Ala. I would like to now inform my colleagues that next year, many of them will have an opportunity for their cities to receive the Keep America Beautiful first place award. This will be the first time in 2 years that many cities will be eligible for first place award because for the past 2 years in a row, Birmingham has received this award for cities with a population of over 50,000. This year, Keep America Beautiful officially installed Birmingham in the President's Society, thereby eliminating us from competing next year for this award.

The President's Society is Keep America Beautiful's Hall of Fame and was awarded today, just a few moments ago in New York during the organization's 21st annual meeting.

This award was presented in recognition not only of Birmingham's past achievements, but the fact that our program is ongoing.

Mr. Speaker, Birmingham has made tremendous achievements in virtually every aspect of life and this latest award is but another tribute to the fact that Birmingham, Ala., is truly an all-America city.

CONFERENCE REPORT ON H.R. 14214

Mr. STAGGERS submitted the following conference report and statement on the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes:

Conference Report (H. Rept. No. 93-1524)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

Section. 1. This Act may be cited as the "Health Revenue Sharing and Health Services Act of 1974".

TITLE I—HEALTH REVENUE SHARING

Sec. 101. This title may be cited as the "Special Health Revenue Sharing Act of 1974".

Sec. 102. Section 314(d) of the Public Health Service Act is amended to read as follows:

"Comprehensive Public Health Services

"(d) (1) From allotments made pursuant to paragraph (4), the Secretary may make grants to State health and mental health authorities to assist in meeting the costs of providing comprehensive public health services under State plans approved under paragraph (3).

"(2) No grant may be made under paragraph (1) to the State health or mental health authority of any State unless an application therefor has been submitted to and approved by the Secretary and unless—

"(A) the State has submitted to the Secretary a State plan for the provision of comprehensive public health services and has had the plan initially approved by him under paragraph (3); or

"(B) in the case of a State which has had a State plan initially approved under such paragraph, the Secretary, upon his annual review of the State plan of the State, determines that the plan and the activities undertaken under it continue to meet the requirements of such paragraph.

An application for a grant under paragraph (1) shall be submitted in such form and manner and shall contain such information as the Secretary may require.

"(3) A State plan for the provision of comprehensive public health services shall include such information and assurances as the Secretary may find necessary for approval of the plan and shall be comprised of the following three parts:

"(A) An administrative part setting out a program for the performance of the activities prescribed by the public health service and mental health service parts of the State plan, which program shall—

"(i) provide for administration, or supervision of administration, of such activities by the State health authority or, with respect to mental health activities, by the State mental health authority;

"(ii) set forth policies and procedures to be followed in the expenditure of funds received from grants made under paragraph (1);

"(iii) contain or be supported by assurances satisfactory to the Secretary that (I) the funds paid to the State public and mental health authorities under grants made under paragraph (1) will be used to make a significant contribution toward providing and strengthening public health services in the various political subdivisions of the State; (II) such funds will be made available to other public or nonprofit private agencies, institutions, and organizations, in accordance with criteria which the Secretary determines are designed to secure maximum participation of local, regional, or metropolitan agencies and groups in the provision of such services; (III) such funds will be used to supplement and, to the extent practical, to increase the level of non-Federal funds that would otherwise be made available for the purposes for which the grant funds are provided and not to supplant such non-Federal funds; and (IV) the plan is compatible with the total health program of the State;

"(iv) provide that the State health authority or, with respect to mental health activities, the State mental health authority, will, from time to time, but not less often than annually, (I) review and evaluate its State plan and submit to the Secretary appropriate modifications thereof, (II) report to the Secretary (by such categories as the Secretary may prescribe) a description of the services provided pursuant to the public health service and mental health service parts of the State plan in the preceding fiscal year and the amount of funds spent by such categories for the provision of such services, and (III) report to the Secretary the extent to which services provided under the State plan for persons with developmental disabilities and for the prevention and treatment of alcohol and drug abuse are integrated with services provided under the plan through community mental health centers;

"(v) provide that the State health authority or, with respect to mental health activities, the State mental health authority will make such reports, in such form and containing such information, as the Secretary may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary finds necessary to assure the correctness and verification of such reports;

"(vi) provide for such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for funds paid under grants under paragraph (1), and

"(vii) include provisions, meeting such requirements as the Civil Service Commission may prescribe, relating to the establishment and maintenance of personnel standards on a merit basis;

"(viii) contain such additional provisions as the Secretary may find necessary for the proper and efficient operation of the State plan.

"(B) A public health service part setting out a plan for the provision within the State of public health services (other than mental health services). Such plan shall be prepared by the State health authority and shall—

"(i) require that such services provided within the State be provided in conformity with the applicable provisions and requirements of any comprehensive State health plan developed with assistance provided under subsection (a) of this section;

"(ii) include an assessment of the most serious public health problems that exist within the State, based upon data pertaining to mortality and morbidity within the State and to the economic impact of public health problems within the State and upon other appropriate information; and

"(iii) provide for programs relating to environmental health, health education, preventive medicine, health manpower and facilities licensure, and, commensurate with the extent of the problem, services for the prevention and treatment of hypertension, drug abuse, drug dependence, alcohol abuse, and alcoholism.

"(C) A mental health service part setting out a plan for the provision within the State of mental health services. Such plan shall be prepared by the State mental health authority and shall—

"(i) require that such services provided within the State be provided in conformity with the applicable provisions and requirements of any comprehensive State health plan developed with assistance provided under subsection (a) of this section;

"(ii) include an assessment of the most serious mental health problems that exist within the State, based upon data pertaining to mortality and morbidity within the State and to the economic impact of mental health problems within the State and upon other appropriate information;

"(iii) include a detailed plan designed to eliminate inappropriate placement of persons with mental health problems in institutions and to improve the quality of care for those with mental health problems for whom institutional care is appropriate;

"(iv) prescribe minimum standards for the maintenance and operation of mental health programs and facilities (including community mental health centers) within the State and for the enforcement of such standards; and

"(v) provide for assistance to courts and other public agencies and to appropriate private agencies to facilitate (I) screening by community mental health centers (or, if there are no such centers, other appropriate entities) of residents of the State who are being considered for inpatient care in a mental health facility to determine if such care is necessary, and (II) provision of followup care by community mental health centers (or, if there are no such centers, by other appropriate entities) for residents of the State who have been discharged from mental health facilities.

The Secretary shall approve a State plan submitted to him which meets the requirements of subparagraphs (A), (B), and (C) of this paragraph and such other requirements as he is authorized to prescribe under this paragraph. The Secretary shall review annually each State plan which has been initially approved by him and the activities undertaken under the plan to determine if the plan and such activities continue to meet the requirements of such subparagraphs.

"(4) In each fiscal year the Secretary shall, in accordance with regulations, allot the sums appropriated for such year under paragraph (7) among the States on the basis of the population and the financial need of the respective States. The populations of the States shall be determined on the basis of the latest figures for the population of the States available from the Department of Commerce.

"(5) The Secretary shall determine the amount of any grant under paragraph (1); but the amount of grants made in any fiscal year to the public and mental health authorities of any State may not exceed the amount of the State's allotment available for obligation in such fiscal year. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

"(6) In any fiscal year—

"(A) not less than 15 per centum of a State's allotment under paragraph (4) shall be made available only for grants under paragraph (1) to the State's mental health authority for the provision of mental health services pursuant to its State plan, and not less than 22 per centum of a State's allotment under paragraph (4) shall be available only for establishing and maintaining under the State plan programs for the screening, detection, diagnosis, prevention, and detection of hypertension; and

"(B) not less than—

"(i) 70 per centum of the amount of a State's allotment which is made available for grants to the mental health authority, and

"(ii) 70 per centum of the remainder of the State's allotment,

shall be available only for the provision under the State plan of services in communities of the State.

"(7) For the purpose of making grants under paragraph (1) there are authorized to be appropriated $160,000,000 for the fiscal year ending June 30, 1975, and $160,000,000 for the fiscal year ending June 30, 1976."

TITLE II—FAMILY PLANNING PROGRAMS

Sec. 201. This title may be cited as the "Family Planning and Population Research Act of 1974".

Sec. 202. (a) Section 1001(c) of the Public Health Service Act is amended (1) by striking out "and" after "1973;" and (2) by inserting after "1974" the following: "; $150,000,000 for the fiscal year ending June 30, 1975; and $175,000,000 for the fiscal year ending June 30, 1976".

(b) Section 1003(b) of such Act is amended (1) by striking out "and" after "1973;" and (2) by inserting after "1974" the following: "; $4,000,000 for the fiscal year ending June 30, 1975; and $5,000,000 for the fiscal year ending June 30, 1976".

(c) Section 1004 of such Act is amended to read as follows:

"RESEARCH

"Sec. 1004. (a) The Secretary may—

"(1) conduct, and

"(2) make grants to public or nonprofit private entities and enter into contracts with public or private entities and individuals for projects for,

research in the biomedical, contraceptive development, behavioral, and program implementation fields related to family planning and population.

"(b)(1) To carry out subsection (a) there are authorized to be appropriated $60,000,000 for the fiscal year ending June 30, 1975, and $75,000,000 for the fiscal year ending June 30, 1976.

"(2) No funds appropriated under any provision of this Act (other than this subsection) may be used to conduct or support the research described in subsection (a)."

(d) Section 1005(b) of such Act is amended (1) by striking out "and" after "1973;" and (2) by inserting after "1974" the following: "; $1,500,000 for the fiscal year ending June 30, 1975; and $2,000,000 for the fiscal year ending June 30, 1976".

(e) The last sentence of section 1006(c) of such Act is amended by inserting immediately before the period the following: "so as to insure that economic status shall not be a deterrent to participation in the programs assisted under this title."

SEC. 203. (a) Title X of such Act is amended by inserting after section 1008 the following new section:

"PLANS AND REPORTS

"SEC. 1009. (a) Not later than four months after the close of each fiscal year, the Secretary shall make a report to the Congress setting forth a plan to be carried out over the next five fiscal years for—

"(1) extension of family planning services to all persons desiring such services,

"(2) family planning and population research programs,

"(3) training of necessary manpower for the programs authorized by this title and other Federal laws for which the Secretary has responsibility and which pertain to family planning programs, and

"(4) carrying out the other purposes set forth in this title and the Family Planning Services and Population Research Act of 1970.

"(b) Such a plan shall, at a minimum, indicate on a phased basis—

"(1) the number of individuals to be served by family planning programs under this title and other Federal laws for which the Secretary has responsibility, the types of family planning and population growth information and educational materials to be developed under such laws and how they will be made available, the research goals to be reached under such laws, and the manpower to be trained under such laws;

"(2) an estimate of the costs and personnel requirements needed to meet the purposes of this title and other Federal laws for which the Secretary has responsibility and which pertain to family planning programs; and

"(3) the steps to be taken to maintain a systematic reporting system capable of yielding comprehensive data on which service figures and program evaluations for the Department of Health, Education, and Welfare shall be based.

"(c) Each report submitted under subsection (a) shall—

"(1) compare results achieved during the preceding fiscal year with the objectives established for such year under the plan contained in such report;

"(2) indicate steps being taken to achieve the objectives during the remaining fiscal years of the plan contained in such report and any revisions necessary to meet these objectives; and

"(3) make recommendations with respect to any additional legislative or administrative action necessary or desirable in carrying out the plan contained in such report."

(b) Section 5 of the Family Planning Services and Population Research Act of 1970 is repealed.

TITLE III—COMMUNITY MENTAL HEALTH CENTERS

SEC. 301. This title may be cited as the "Community Mental Health Centers Amendments of 1974".

SEC. 302. (a) The Congress finds that—

(1) community mental health care is the most effective and humane form of care for a majority of mentally ill individuals;

(2) the federally funded community mental health centers have had a major impact on the improvement of mental health care by—

(A) fostering coordination and cooperation between various agencies responsible for mental health care which in turn has resulted in a decrease in overlapping services and more efficient utilization of available resources,

(B) bringing comprehensive community mental health care to all in need within a specific geographic area regardless of ability to pay, and

(C) developing a system of care which insures continuity of care for all patients,

and thus are a national resource to which all Americans should enjoy access; and

(3) there is currently a shortage and maldistribution of quality community mental health care resources in the United States.

(b) The Congress further declares that Federal funds should continue to be made available for the purposes of initiating new and continuing existing community mental health centers and initiating new services within existing centers, and for the monitoring of the performance of all federally funded centers to insure their responsiveness to community needs and national goals relating to community mental health care.

SEC. 303. The Community Mental Health Centers Act is amended to read as follows:

"TITLE II—COMMUNITY MENTAL HEALTH CENTERS

"PART A—PLANNING AND OPERATIONS ASSISTANCE

"REQUIREMENTS FOR COMMUNITY MENTAL HEALTH CENTERS

"SEC. 201. (a) For purposes of this title (other than part B thereof), the term 'community mental health center' means a legal entity (1) through which comprehensive mental health services are provided—

"(A) principally to individuals residing in a defined geographic area (referred to in this title as a 'catchment area'),

"(B) within the limits of its capacity, to any individual residing or employed in such area regardless of his ability to pay for such services, his current or past health condition, or any other factor, and

(C) in the manner prescribed by subsection (b), and (2) which is organized in the manner prescribed by subsection (c).

"(b)(1) The comprehensive mental health services which shall be provided through a community mental health center shall include—

"(A) inpatient services, outpatient services, day care and other partial hospitalization services, and emergency services;

"(B) a program of specialized services for the mental health of children, including a full range of diagnostic, treatment, liaison, and followup services (as prescribed by the Secretary);

"(C) a program of specialized services for the mental health of the elderly, including a full range of diagnostic, treatment, liaison, and followup services (as prescribed by the Secretary);

"(D) consultation and education services which—

"(i) are for a wide range of individuals and entities involved with mental health services, including health professionals, schools, courts, State and local law enforcement and correctional agencies, members of the clergy, public welfare agencies, health services delivery agencies, and other appropriate entities; and

"(ii) include a wide range of activities (other than the provision of direct clinical services) designed to (I) develop effective mental health programs in the center's catchment area, (II) promote the coordination of the provision of mental health services among various entities serving the center's catchment area, (III) increase the awareness of the residents of the center's catchment area with respect to the nature of mental health problems and the type of mental health services available, and (IV) promote the prevention and control of rape and the proper treatment of the victims of rape;

"(E) assistance to courts and other public agencies in screening residents of the center's catchment area who are being considered for referral to a State mental health facility for inpatient treatment to determine if they should be so referred and provision, where appropriate, of treatment for such persons through the center as an alternative to inpatient treatment at such a facility;

"(F) provision of followup care for residents of its catchment area who have been discharged from a mental health facility;

"(G) a program of transitional halfway-house services for mentally ill individuals who are residents of its catchment area and who have been discharged from a mental health facility; and

"(H) provision of each of the following service programs (other than a service program for which there is not sufficient need (as determined by the Secretary) in the center's catchment area, or the need for which in the center's catchment area the Secretary determines is currently being met):

"(i) A program for the prevention and treatment of alcoholism and alcohol abuse and for the rehabilitation of alcohol abusers and alcoholics.

"(ii) A program for the prevention and treatment of drug addiction and abuse and for the rehabilitation of drug addicts, drug abusers, and other persons with drug dependency problems.

"(2) The provision of comprehensive mental health services through a center shall be coordinated with the provision of services by other health and social service agencies in the center's catchment area to insure that persons receiving services through the center have access to all such health and social services as they may require. The center's services (A) may be provided at the center or satellite centers through the staff of the center or through appropriate arrangements with health professionals and others in the center's catchment area, (B) shall be available and accessible to the residents of the area promptly, as appropriate, and in a manner which preserves human dignity and assures continuity and high quality care and which overcomes geographic, cultural, linguistic, and economic barriers to the receipt of services, and (C) when medically necessary, shall be available and accessible twenty-four hours a day and seven days a week.

"(c)(1)(A) The governing body of a community mental health center (other than a center described in subparagraph (B)) shall (i) be composed, where practicable, of individuals who reside in the center's catchment area and who, as a group, represent the residents of that area taking into consideration their employment, age, sex, and place of residence, and other demographic characteristics of the area, and (ii) meet at least once a month, establish general policies for the center (including a schedule of hours during which services will be provided), approve the center's annual budget, and approve the selection of a director for the center. At least one-half of the members of such body shall be individuals who are not providers of health care services.

"(B) In the case of a community mental health center which before the date of enactment of the Community Mental Health Centers Amendments of 1974 was operated by a governmental agency and received a grant under section 220 (as in effect before such date), the requirements of subparagraph (A) shall not apply with respect to such center, but the governmental agency operating the center shall appoint a committee to advise it with respect to the operations of the center, which committee shall be composed of individuals who reside in the center's catchment area, who are representative of the residents of the area as to employment, age, sex, place of residence, and other demographic characteristics, and at least one-half of whom are not providers of health care services.

"(C) For purposes of subparagraphs (A) and (B), the term 'provider of health care services' means an individual who receives (either directly or through his spouse) more than one-tenth of his gross annual income from fees or other compensation for the provision of health care services or from financial interests in entities engaged in the provision of health care services or in producing or supplying drugs or other articles for use in the provision of such services, or from both such compensation and such interests.

"(2) A center shall have established, in accordance with regulations prescribed by the Secretary, (A) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, (B) an integrated medical records system (including a drug use profile) which, in accordance with applicable Federal and State laws respecting confidentiality, is designed to provide access to all past and current information regarding the health status of each patient and to maintain safeguards to preserve confidentiality and to protect the rights of the patient, (C) a professional advisory board, which is composed of members of the center's professional staff, to advise the governing board in establishing policies governing medical and other services provided by such staff on behalf of the center, and (D) an identifiable administrative unit which shall be responsible for providing the consultation and education services described in subsection (b)(1)(D). The Secretary may waive the requirements of clause (D) with respect to any center if he determines that because of the size of such center or because of other relevant factors the establishment of the administrative unit described in such clause is not warranted.

"GRANTS FOR PLANNING COMMUNITY MENTAL HEALTH CENTER PROGRAMS

"SEC. 202. (a) The Secretary may make grants to public and nonprofit private entities to carry out projects to plan community mental health center programs. In connection with a project to plan a community mental health center program for an area the grant recipient shall (1) assess the needs of the area for mental health services, (2) design a community mental health center program for the area based on such assessment, (3) obtain within the area financial and professional assistance and support for the program, and (4) initiate and encourage continuing community involvement in the development and operation of the program. The amount of any grant under this subsection may not exceed $75,000.

"(b) A grant under subsection (a) may be made for not more than one year, and, if a grant is made under such subsection for a project, no other grant may be made for such project under such subsection.

"(c) The Secretary shall give special consideration to applications submitted for grants under subsection (a) for projects for community mental health centers programs for areas designated by the Secretary as urban or rural poverty areas. No applications for a grant under subsection (a) may be approved unless the application is recommended for approval by the National Advisory Mental Health Council.

"(d) There are authorized to be appropriated for payments under grants under subsection (a) $5,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976.

"GRANTS FOR INITIAL OPERATION

"SEC. 203. (a) (1) The Secretary may make grants to—

"(A) public and nonprofit private community mental health centers, and

"(B) any public or nonprofit private entity which—

"(i) is providing mental health services,

"(ii) meets the requirements of section 201 except that it is not providing all of the comprehensive mental health services described in subsection (b)(1) of such section, and

"(iii) has a plan satisfactory to the Secretary for the provision of all such services within two years after the date of the receipt of the first grant under this subsection,

to assist them in meeting their costs of operation (other than cost related to construction).

"(2) Grants under subsection (a) may only be made for a grantee's costs of operation during the first eight years after its establishment. In the case of a community mental health center or other entity which received a grant under section 220 (as in effect before the date of enactment of the Community Mental Health Centers Amendments of 1974), such center or other entity shall, for purposes of grants under subsection (a), be considered as being in operation for a number of years equal to the sum of the number of grants in the first series of grants it received under such section and the number of grants it received under this subsection.

"(b) (1) Each grant under subsection (a) to a community mental health center or other entity shall be made for the costs of its operation for the one-year period beginning on the first day of the month in which such grant is made.

"(2) No community mental health center may receive more than eight grants under subsection (a). No entity described in subsection (a)(1)(B) may receive more than two grants under subsection (a). In determining the number of grants that a community mental health center has received under subsection (a), there shall be included any grants which the center received under such subsection as an entity described in paragraph (1)(B) of such subsection.

"(c) The amount of a grant for any year made under subsection (a) shall be the lesser of the amounts computed under paragraph (1) or (2) as follows:

"(1) An amount equal to the amount by which the grantee's projected costs of operation for that year exceed the total of State, local, and other funds and of the fees, premiums, and third-party reimbursements which the grantee may reasonably be expected to collect in that year.

"(2) (A) Except as provided in subparagraph (B), an amount equal to the following percentages of the grantee's projected costs of operation: 80 per centum of such costs for the first year of its operation, 65 per centum of such costs for the second year of its operation, 40 per centum of such costs for the third year of its operation, 35 per centum of such costs for the fourth year of its operation, 30 per centum of such costs for the fifth and sixth years of its operation, and 25 per centum of such costs for the seventh and eighth years of its operation.

"(B) In the case of a grantee providing services for persons in an area designated by the Secretary as an urban or rural poverty area, an amount equal to the following percentages of the grantee's projected costs of operation: 90 per centum of such costs for the first two years of its operation, 80 per centum of such costs for the third year of its operation, 70 per centum of such costs for the fourth year of its operation, 60 per centum of such costs for the fifth year of its operation, 50 per centum of such costs for the sixth year of its operation, 40 per centum of such costs for the seventh year of its operation, and 30 per centum of such costs for the eighth year of its operation.

In any year in which a grantee receives a grant under section 204 for consultation and education services, the costs of the grantee's operation for that year attributable to the provision of such services and its collections in that year for such services shall be disregarded in making a computation under paragraph (1) or (2) respecting a grant under subsection (a) for that year.

"(d) (1) There are authorized to be appropriated for payments under initial grants under subsection (a) $85,000,000 for the fiscal year ending June 30, 1975, and $100,000,000 for the fiscal year ending June 30, 1976.

"(2) For the fiscal year ending June 30, 1976, and for each of the succeeding seven fiscal years, there are authorized to be appropriated such sums as may be necessary to make payments under continuation grants under subsection (a) to community mental health centers and other entities which first received an initial grant under this section for the fiscal year ending June 30, 1975, or the next fiscal year and which are eligible for a grant under this section in a fiscal year for which sums are authorized to be appropriated under this paragraph.

"(e) (1) Any entity which has not received a grant under subsection (a), which received a grant under section 220, 242, 243, 251, 256, 264, or 271 of this title (as in effect before the date of enactment of the Community Mental Health Centers Amendments of 1974) from appropriations under this title for a fiscal year ending before July 1, 1974, and which would be eligible for another grant under such section from an appropriation for a succeeding fiscal year if such section were not repealed by the Community Mental Health Centers Amendments of 1974 may, in lieu of receiving a grant under subsection (a) of this section, continue to receive a grant under each such repealed section under which it would be so eligible for another grant—

"(A) for the number of years and in the amount prescribed for the grant under each such repealed section, except that—

"(i) the entity may not receive under this subsection more than two grants under any such repealed section unless it meets the requirements of section 201, and

"(ii) the total amount received for any year (as determined under regulations of the Secretary) under the total of the grants made to the entity under this subsection may not exceed the amount by which the entity's projected costs of operation for that year exceed the total collections of State, local, and other funds and of the fees, premiums, and third-party reimbursements, which the entity may reasonably be expected to make in that year; and

"(B) in accordance with any other terms and conditions applicable to such grant.

In any year in which a grantee under this subsection receives a grant under section 204 for consultation and education services, the staffing costs of the grantee for that year which are attributable to the provision of such services and the grantee's collections in that year for such services shall be disregarded in applying subparagraph (A) and the provision of the repealed section applicable to the amount of the grant the grantee may receive under this subsection for that year.

"(2) An entity which receives a grant under this subsection may not receive any grant under subsection (a).

"(3) There are authorized to be appropriated for the fiscal year ending June 30, 1975, and for each of the next six fiscal years such sums as may be necessary to make grants in accordance with pararaph (1).

"GRANTS FOR CONSULTATION AND EDUCATION SERVICES

"SEC. 204. (a) (1) The Secretary may make annual grants to any community mental health center for the costs of providing the consultation and education services described in section 201(b) (1) (D) if the center—

"(A) received from appropriations for a fiscal year ending before July 1, 1974, a staffing grant under section 220 of this title (as in effect before the date of enactment of the Community Mental Centers Amendments of 1974) and may not because of limitations respecting the period for which grants under that section may be made receive under section 203(e) an additional grant under such section 220; or

"(B) has received or is receiving a grant under subsection (a) or (e) of section 203 and the number of years in which the center has been in operation (as determined in accordance with section 203(a) (2)) is not less than four (or is not less than two if the Secretary determines that the center will be unable to adequately provide the consultation and education services described in section 201(b) (1) (D) during the third or fourth years of its operation without a grant under this subsection).

"(2) The Secretary may also make annual grants to a public or nonprofit private entity—

"(A) which has not received any grant under this title (other than a grant under this section as amended by the Community Mental Health Centers Amendments of 1974),

"(B) which meets the requirements of section 201 except, in the case of an entity which has not received a grant under this section, the requirement for the provision of consultation and education services described in section 201(b) (1) (D); and

"(C) the catchment area of which is not within (in whole or in part) the catchment area of a community mental health center,

for the costs of providing such consultation and education services.

"(b) The amount of any grant made under subsection (a) shall be determined by the Secretary, but no such grant to a center may exceed the lesser of 100 per centum of such center's costs of providing such consultation and education services during the year for which the grant is made or—

"(1) in the case of each of the first two years for which a center receives such grant, the sum of (A) an amount equal to the product of $0.50 and the population of the center's catchment area, and (B) the lesser of (i) one-half the amount determined under clause (A), or (ii) one-half of the amount received by the center in such year from charges for the provision of such services;

"(2) in the case of the third year for which a center receives such a grant, the sum of (A) an amount equal to the product of $0.50 and the population of the center's catchment area, and (B) the lesser of (i) one-half the amount determined under clause (A), or (ii) one-fourth of the amount received by the center in such year from charges for the provision of such services; and

"(3) (A) except as provided in subparagraph (B), in the case of the fourth year and each subsequent year thereafter for which a center receives such a grant, the lesser of (i) the sum of (I) an amount equal to the product of $0.125 and the population of the center's catchment area, and (II) one-eighth of the amount received by the center in such year from charges for the provision of such services, or (ii) $50,000; or

"(B) in the case of the fourth year and each subsequent year for which a center receives such a grant, the sum of (i) an amount equal to the product of $0.25 and the population of the center's catchment area, and (ii) the lesser of (I) the amount determined under clause (i) of this subparagraph, or (II) one-fourth of the amount received by the center in such year from charges for the provision for such services if the amount of the last grant received by the center under section 220 of this title (as in effect before the date of the enactment of the Community Mental Health Amendments of 1974) or section 203 of this title, as the case may be, was determined on the basis of the center providing services to persons in an area designated by the Secretary as an urban or rural poverty area.

For purposes of this subsection, the term 'center' includes an entity which receives a grant under subsection (a) (2).

"(c) There are authorized to be appropriated for payments under grants under this section $4,000,000 for the fiscal year ending June 30, 1975, and $9,000,000 for the fiscal year ending June 30, 1976.

"CONVERSION GRANTS

"SEC. 205. (a) The Secretary may make not more than two grants to any public or nonprofit entity which—

"(1) has an approved application for a grant under section 203 or 211, and

"(2) can reasonably be expected to have an operating deficit, for the period for which a grant is or will be made under such application, which is greater than the amount of the grant the entity is receiving or will receive under such application,

for the entity's reasonable costs in providing mental health services which are described in section 201(b) (1) but which the entity did not provide before the date of the enactment of the Community Mental Health Centers Amendments of 1974. For purposes of this section, the term 'projected operating deficit' with respect to an entity described in the preceding sentence means the excess of its projected costs of operation (including the costs of operation related to the provision of services for which a grant may be made under this subsection) for a particular period over the total of the amount of State, local, and other funds (including funds under a grant under section 203, 204, or 211) received by the entity in that period and the fees, premiums, and third-party reimbursements to be collected by the entity during that period.

"(b) (1) Each grant under subsection (a) to an entity shall be made for the same period as the period for which the grant under section 203 or 211 for which the entity had an approved application is or will be made.

"(2) The amount of any grant under subsection (a) to any entity shall be determined by the Secretary, but no such grant may exceed that part of the entity's projected operating deficit for the year for which the grant is made which is reasonably attributable to its costs of providing in such year the services with respect to which the grant is made.

"(c) There are authorized to be appropriated for payments under grants under subsection (a) $20,000,000 for the fiscal year ending June 30, 1975, and $20,000,000 for the fiscal year ending June 30, 1976.

"GENERAL PROVISIONS RESPECTING GRANTS UNDER THIS PART

"SEC. 206. (a) (1) No grant may be made under this part to any entity or community mental health center in any State unless a State plan for the provision of comprehensive mental health services within such State has been submitted to, and approved by, the Secretary under section 237.

"(b) No grant may be made under this part unless—

"(1) an application (meeting the requirements of subsection (c) for such grant has been submitted to, and approved by, the Secretary; and

"(2) the proposed use of grant funds in any area under the jurisdiction of a State or area health planning agency established under the Public Health Service Act has been reviewed to the extent provided by law by such agencies to determine whether such use is consistent with any plans which such agencies have developed for such area, and with respect to—

"(A) the need for a community mental health center in such area;

"(B) the definition of the catchment area to be served, which shall be determined after consideration of any such area previously designated;

"(C) the need for the services to be offered;

"(D) in the case of an applicant described in section 203(a) (1) (B), the applicant's plans for developing comprehensive mental health services;

"(E) the adequacy of the resources of the applicant for the direct provision of mental health services and the adequacy of agreements with the applicant for the indirect provision of such services;

"(F) the adequacy of the applicant's arrangements for the appropriate use of and integration with existing health delivery services and facilities to assure optimum utilization of and nonduplication of such services and facilities and to assure continuity of patient care, including arrangements of the applicant with health maintenance organizations and community health centers serving individuals who reside in or are employed in the area served by the applicant for the provision by the applicant of mental health services for the members and patients of such organizations and centers;

"(G) the adequacy of arrangements of the applicant for the coordination of its services with those of other health and social service agencies including, where appropriate, exchange of staff resources; and

"(H) any other factor which the State or area health planning agency determines to be significant for purposes of planning and coordination of health services for the area within the jurisdiction of such planning agency.

"(c) (1) An application for a grant under this part shall be submitted in such form and manner as the Secretary shall prescribe and shall contain such information as the Secretary may require. Except as provided in paragraph (3), an application for a grant under section 203, 204, or 205 shall contain or be supported by assurances satisfactory to the Secretary that—

"(A) the community mental health center for which the application is submitted will provide, in accordance with regulations of the Secretary (i) an overall plan and budget that meets the requirements of section 1861 (z) of the Social Security Act, and (ii) an effective procedure for developing, compiling, evaluating, and reporting to the Secretary statistics and other information (which the Secretary shall publish and disseminate on a periodic basis and which the center shall disclose at least annually to the general public) relating to (I) the cost of the center's operation, (II) the patterns of utilization of its services, (III) the availability, accessibility, and acceptability of its services, (IV) the impact of its services upon the mental health of the residents of its catchment area, and (V) such other matters as the Secretary may require;

"(B) such community mental health center will, in consultation with the residents of its catchment area, review its program of services and the statistics and other information referred to in subparagraph (A) to assure that its services are responsive to the needs of the residents of the catchment area;

"(C) to the extent practicable, such community mental health center will enter into cooperative arrangements with health maintenance organizations serving residents of the center's catchment area for the provision through the center of mental health services for the members of such organizations under which arrangements the charges to the health maintenance organizations for such services shall be not less than the actual costs of the center in providing such services;

"(D) in the case of a community mental health center serving a population including a substantial proportion of individuals of limited English-speaking ability, the center has (i) developed a plan and made arrangements responsive to the needs of such population for providing services to the extent practicable in the language and cultural context most appropriate to such individuals, and (ii) identified an individual on its staff who is bilingual and whose responsibilities shall include providing guidance to such individuals and to appropriate staff members with respect to cultural sensitivities and bridging linguistic and cultural differences;

"(E) such community mental health center has (1) established a requirement that the health care of every patient must be under the supervision of a member of the professional staff, and (ii) provided for having a member of the professional staff available to furnish necessary mental health care in case of emergency;

"(F) such community mental health center has provided appropriate methods and procedures for the dispensing and administering of drugs and biologicals;

"(G) in the case of an application for a grant under section 203 for a community mental health center which will provide services to persons in an area designated by the Secretary as an urban or rural poverty area, the applicant will use the additional grant funds it receives, because it will provide servlices to persons in such an area who are unable to pay therefor;

"(H) such community mental health center will develop a plan for adequate financial support to be available, and will use its best efforts to insure that adequate financial support will be available to it from Federal sources (other than this part) and non-Federal sources (including, to the maximum extent feasible, reimbursement from the recipients of consultation and education services and screening services provided in accordance with sections 201(b)(1)(D) and 201(b)(1)(E)) so that the center will be able to continue to provide comprehensive mental health services when financial assistance provided under this part is reduced or terminated, as the case may be;

"(I) such community mental health center (i) has or will have a contractual or other arrangement with the agency of the State in which it provides services, which agency administers or supervises the administration of a State plan approved under title XIX of the Social Security Act, for the payment of all or a part of the center's costs in providing health services to persons who are eligible for medical assistance under such a State plan, or (ii) has made or will make every reasonable effort to enter into such an arrangement;

"(J) such community mental health center has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title XVIII of the Social Security Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program;

"(K) such community mental health center (i) has prepared a schedule of fees or payments for the provision of its services designed to cover its reasonable costs of operation and a corresponding schedule of discounts to be applied to the payment of such fees or payments which discounts are adjusted on the basis of the patient's ability to pay; (ii) has made and will continue to make every reasonable effort (I) to secure from patients payment for services in accordance with such approved schedules, and (II) to collect reimbursement for health services to persons described in subparagraph (J) on the basis of the full amount of fees and payments for such services without application of any discount, and (iii) has submitted to the Secretary such reports as he may require to determine compliance with this subparagraph; and

"(L) such community mental health center will adopt and enforce a policy (i) under which fees for the provision of mental health services through the center will be paid to the center, and (ii) which prohibits health professionals who provide such services to patients through the center from providing such services to such patients except through the center.

An application for a grant under section 203 shall also contain a long-range plan for the expansion of the program of the community mental health center for which the application is submitted for the purpose of meeting anticipated increases in demand by residents of the center's catchment area for the comprehensive mental health services described in section 201(b)(1). Such a plan shall include a description of planned growth in the programs of the center, estimates of increased costs arising from such growth, estimates of the portion of such increased costs to be paid from Federal funds, and anticipated sources of non-Federal funds to pay such increased costs.

"(2) The Secretary may approve an application for a grant under section 203, 204, or 205 only if the application is recommended for approval by the National Advisory Mental Health Council, the application meets the requirements of paragraph (1), and, except as provided in paragraph (3), the Secretary—

"(A) determines that the facilities and equipment of the applicant under the application meet such requirements as the Secretary may prescribe;

"(B) determines that—

"(i) the application contains or is supported by satisfactory assurances that the comprehensive mental health services (in the case of an application for a grant under section 203 or 205) or the consultation and education services (in the case of an application for a grant under section 204) to be provided by the applicant will constitute an addition to, or a significant improvement in quality (as determined in accordance with criteria of the Secretary) of, services that would otherwise be provided in the catchment area of the applicant;

"(ii) the application contains or is supported by satisfactory assurances that Federal funds made available under section 203, 204, or 205, as the case may be, will (I) be used to supplement and, to the extent practical, increase the level of State, local, and other non-Federal funds, including third-party health insurance payments, that would in the absence of such Federal funds be made available for the applicant's comprehensive mental health services, and (II) in no event supplant such State, local, and other non-Federal funds;

"(iii) in the case of an applicant which received a grant from appropriations for the preceding fiscal year, determines that during the year for which the grant was made the applicant met, in accordance with the section under which such grant was made, the requirements of section 201 and complied with the assurances which were contained in or supported the applicant's application for such grant; and

"(iv) in the case of an application for a grant the amount of which is or may be determined under section 203(c)(2)(B) or 204(b)(3)(B) or under a provision of a repealed section of this title referred to in section 203(e) which authorizes an increase in the ceiling on the amount of a grant to support services to persons in areas designated by the Secretary as urban or rural poverty areas, that the application contains or is supported by assurances satisfactory to the Secretary that the services of the applicant will, to the extent feasible, be utilized by a significant number of persons residing in an area designated by the Secretary as an urban or rural poverty area and requiring such services.

"(3) In the case of an application—

"(A) for the first grant under section 203 (a) for an entity described in section 203(a) (1)(B), or

"(B) for the first grant under section 203(e),

the Secretary may approve such application without regard to the assurances required by the second sentence of paragraph (1) of this subsection and without regard to the determinations required of the Secretary under paragraph (2) of this subsection if the application contains or is supported by assurances satisfactory to the Secretary that the applicant will undertake, during the period for which such first grant is to be made, such actions as may be necessary to enable the applicant, upon the expiration of such period, to make each of the assurances required by paragraph (1) and to enable the Secretary, upon the expiration of such period, to make each of the determinations required by paragraph (2).

"(4) In each fiscal year for which a community mental health center receives a grant under section 203, 204, or 205, such center shall obligate for a program of continuing evaluation of the effectiveness of its programs in serving the needs of the residents of its catchment area and for a review of the quality of the services provided by the center not less than an amount equal to 2 per centum of the amount obligated by the center in the preceding fiscal year for its operating expenses.

"(5) The costs for which grants may be made under section 203, 204, or 205 shall be determined in the manner prescribed in regulations of the Secretary issued after consultation with the National Advisory Mental Health Council.

"(6) An application for a grant under section 203, 204, or 205—

"(A) may not be disapproved, and

"(B) may not be approved for a grant which is less than the amount of the grant received by the applicant under such section in the preceding fiscal year,

on the ground that the applicant has not made reasonable efforts to secure payments or reimbursements in accordance with assurances provided under subparagraphs (I), (J), and (K) of subsection (c)(1) unless the Secretary first informs such applicant of the respects in which he has not made such reasonable efforts and the manner in which his performance can be improved and gives the applicant a reasonable opportunity to respond. Applications disapproved, and applications approved for reduced amounts, on such grounds shall be referred to the National Advisory Mental Health Council for its review and recommendations respecting such approval or disapproval.

"(d) An application for a grant under this part which is submitted to the Secretary shall at the same time be submitted to the State mental health authority for the State in which the project or community mental health center for which the application is submitted is located. A State mental health authority which receives such an application under this subsection may review it and submit its comments to the Secretary within the forty-five-day period beginning on the date the application was received by it. The Secretary shall take action to require an applicant to revise his application or to approve or disapprove an application within the period beginning on the date the State mental health authority submitted its comments or on the expiration of such forty-five-day period, whichever occurs first, and ending on the ninetieth day following the date the application was submitted to him.

"(e) Not more than 2 per centum of the total amount appropriated under sections 203, 204, and 205 for any fiscal year shall be used by the Secretary to provide directly through the Department technical assistance for program management and for training in program management to community mental health centers which received grants under such sections or to entities which received grants under section 220 of this title in a fiscal year beginning before the date of the enactment of the Community Mental Health Centers Amendments of 1974.

"(f) For purposes of subsections (b), (c), (d), and (e) of this section, the term 'community mental health center' includes an entity which applies for or has received a grant under section 203(a), 203(e), or 204(a)(2).

"Part B—Financial Distress Grants

"GRANT AUTHORITY

"Sec. 211. The Secretary may make grants for the operation of any community mental health center which—

"(1)(A) received a grant under section 220 of this title (as in effect before the date of enactment of the Community Mental Health Centers Amendments of 1974) and, because of limitations in such section 220 respecting the period for which the center may receive grants under such section 220, is not eligible for further grants under that section; or

"(B) received a grant or grants under section 203(a) of this title and, because of limitations respecting the period for which grants under such section may be made, is not eligible for further grants under that section; and

"(2) demonstrates that without a grant under this section there will be a significant reduction in the types or quality of services provided or there will be an inability to provide the services described in section 201(b).

"GRANT REQUIREMENTS

"Sec. 212. (a) No grant may be made under section 211 to any community mental health center in any State unless a State plan for the provision of comprehensive mental health services within such State has been submitted to, and approved by, the Secretary under section 237. Any grant under section 211 may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the community mental health center agree (1) to disclose any financial information or data deemed by the Secretary to be necessary to determine the sources or causes of that center's financial distress, (2) to conduct a comprehensive cost analysis study in cooperation with the Secretary, (3) to carry out appropriate operational and financial reforms on the basis of information obtained in the course of the comprehensive cost analysis study or on the basis of other relevant information, and (4) to use a grant received under section 211 to enable it to provide (within such period as the Secretary may prescribe) the comprehensive mental health services described in section 201(b) and to revise its organization to meet the requirements of section 201(c).

"(b) An application for a grant under section 211 must contain or be supported by the assurances prescribed by subparagraphs (A), (B), (C), (D), (E), (F), (G), (I), (J), (K), and (L) of section 206(c)(1) and assurances satisfactory to the Secretary that the applicant will expend for its operation as a community mental health center, during the year for which such grant is sought, an amount of funds (other than funds for construction, as determined by the Secretary) from non-Federal sources which is at least as great as the average annual amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the three years immediately preceding the year for which such grant is sought. The Secretary may not approve such an application unless it has been recommended for approval by the National Advisory Mental Health Council. The requirements of section 206(d) respecting opportunity for review of applications by State mental health authorities and time limitations on actions by the Secretary on applications shall apply with respect to applications submitted for grants under section 211.

"(c) Each grant under this section to a grantee shall be made for the projected costs of operation (except the costs of providing the consultation and education services described in section 201(b)(1)(D)) of such grantee for the one-year period beginning on the first day of the first month in which such grant is made. No community mental health center may receive more than three grants under section 211.

"(d) The amount of a grant for a community mental health center under section 211 for any year shall be the lesser of the amounts computed under paragraph (1) or (2) as follows:

"(1) An amount equal to the amount by which the center's projected costs of operation for that year exceed the total of State, local, and other funds and of the fees, premiums, and third-party reimbursements which the center may reasonably be expected to collect in that year.

"(2) An amount equal to the product of—

"(A) 90 per centum of the percentage of costs—

"(i) which was the ceiling on the grant last made to the center in the first series of grants it received under section 220 of this title (as in effect before the date of the enactment of the Community Mental Health Centers Amendments of 1974), or

"(ii) prescribed by subsection (c)(2) of section 203 for computation of the last grant to the center under such section,

whichever grant was made last, and

"(B) the center's projected costs of operation in the year for which the grant is to be made under section 211.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 213. There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1975, and $15,000,000 for the fiscal year ending June 30, 1976, for payments under grants under section 211.

"Part C—Facilities Assistance

"ASSISTANCE AUTHORITY

"Sec. 221. (a) From allotments made under section 227 the Secretary shall pay, in accordance with this part, the Federal share of projects for (1) the acquisition or remodeling, or both, or facilities for community mental health centers, (2) the leasing (for not more than twenty-five years) of facilities for such centers, (3) the construction of new facilities or expansion of existing facilities for community mental health centers if not less than 25 per centum of the residents of the centers' catchment areas are members of low-income groups (as determined under regulations prescribed by the Secretary), and (4) the initial equipment of a facility acquired, remodeled, leased, or constructed with financial assistance provided under payments under this part. Payments shall not be made for the construction of a new facility or the expansion of an existing one unless the Secretary determines that it is not feasible for the recipient to acquire or remodel an existing facility.

"(b)(1) For purposes of this part, the term 'Federal share' with respect to any project described in subsection (a) means the portion of the cost of such project to be paid by the Federal Government under this part.

"(2) The Federal share with respect to any project described in subsection (a) in a State shall be the amount determined by the State agency of the State, but, except as provided in paragraph (3), the Federal share for any such project may not exceed 66⅔ per centum of the costs of such project or the State's Federal percentage, whichever is the lower. Prior to the approval of the first such project in a State during any fiscal year, the State agency shall give the Secretary written notification of (A) the maximum Federal share, established pursuant to this paragraph, for such projects in such State which the Secretary approves during such fiscal year, and (B) the method for determining the specific Federal share to be paid with respect to such project; and such maximum Federal share and such method of Federal share determination for such projects in such State during such fiscal year shall not be changed after the approval of the first such project in the State during such fiscal year.

"(3) In the case of any community mental health center which provides or will, upon completion of the project for which application has been made under this part, provide services for persons in an area designated by the Secretary as an urban or rural poverty area, the maximum Federal share determined under paragraph (2) may not exceed 90 per centum of the costs of the project.

"(4)(A) For purposes of paragraph (2), the Federal percentage for (i) Puerto Rico, Guam, American Samoa, and the Virgin Islands shall be 66⅔ per centum, and (ii) any other State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the average per capita income of the fifty States and the District of Columbia.

"(B) The Federal percentages under clause (ii) of subparagraph (a) shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average of the per capita incomes of the States subject to such Federal percentages and of the fifty States and the District of Columbia for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation.

"APPROVAL OF PROJECTS

"SEC. 222. (a) For each project for a community mental health center facility pursuant to a State plan approved under section 237, there shall be submitted to the Secretary, through the State agency of the State, an application by the State or a political subdivision thereof or by a public or other nonprofit agency. If two or more such agencies join in the project, the application may be filed by one or more of such agencies. Such application shall set forth—

"(1) a description of the site for such project;

"(2) plans and specifications therefor in accordance with the regulations prescribed by the Secretary under section 236;

"(3) except in the case of a leasing project, reasonable assurance that title to such site is or will be vested in one or more of the agencies filing the application or in a public or other nonprofit agency which is to operate the community mental health center;

"(4) reasonable assurance that adequate financial support will be available for the project and for its maintenance and operation when completed;

"(5) reasonable assurance that all laborers and mechanics employed by contractors or subcontractors in the performance of work on a construction or remodeling project will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a—276a-5, known as the Davis-Bacon Act), and the Secretary of Labor shall have with respect to such labor standards the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c);

"(6) a certification by the State agency of the Federal share for the project; and

"(7) the assurances described in section 206(c)(2).

Each applicant shall be afforded an opportunity for a hearing before the State agency respecting its application.

"(b) The Secretary shall approve an application submitted in accordance with subsection (a) if—

"(1) sufficient funds to pay the Federal share for the project for which the application was submitted are available from the allotment to the State;

"(2) the Secretary finds that the application meets the applicable requirements of subsection (a) and the community mental health center for which the application was submitted will meet the requirements of the State plan (under section 237) of the State in which the project is located; and

"(3) the Secretary finds that the application has been approved and recommended by the State agency and is entitled to priority over other projects within the State, as determined under the State plan.

No application shall be disapproved by the Secretary until he has afforded the State agency an opportunity for a hearing. The Secretary may not approve an application under this part for a project for a facility for a community mental health center or other entity which received a grant under section 220, 242, 243, 251, 256, 264, or 274 of this title (as in effect before the date of the enactment of the Community Mental Health Centers Amendments of 1974) from appropriations for a fiscal year ending before July 1, 1974, unless the Secretary determines that the application is for a project for a center or entity which upon completion of such project will be able to significantly expand its services and which demonstrates exceptional financial need for assistance under this part of such project. Amendment of any approved application shall be subject to approval in the same manner as an original application.

"PAYMENTS

"SEC. 223. (a)(1) Upon certification to the Secretary by the State agency, based upon inspection by it, that work has been performed upon a construction or remodeling project, or purchases for such a project have been made, in accordance with the approved plans and specifications, and that payment of an installment is due to the applicant, such installment shall be paid to the State, from the applicable allotment of such State, except that (1) if the State is not authorized by law to make payments to the applicant, the payment shall be made directly to the applicant, (2) if the Secretary, after investigation or otherwise, has reason to believe that any act (or failure to act) has occurred requiring action pursuant to subsection (c) of this section, payment may, after he has given the State agency notice of opportunity for hearing pursuant to such section, be withheld, in whole or in part, pending corrective action or action based on such hearing, and (3) the total of payments with respect to such project may not exceed an amount equal to the Federal share of the cost of such project.

"(2) In case an amendment to an approved application is approved or the estimated cost of a construction or remodeling project is revised upward, any additional payment with respect thereto may be made from the applicable allotment of the State for the fiscal year in which such amendment or revision is approved.

"(b) Payments from a State allotment for acquisition and leasing projects shall be made in accordance with regulations which the Secretary shall promulgate.

"c) (1) If the Secretary finds that—

"(A) a State agency is not substantially complying with the provisions required by section 237 to be in a State plan or with regulations issued under section 236;

"(B) any assurance required to be in an application filed under section 222 is not being carried out;

"(C) there is substantial failure to carry out plans and specifications approved by the Secretary under section 222; or

"(D) adequate State funds are not being provided annually for the direct administration of a State plan approved under section 237,

the Secretary may take the action authorized under paragraph (2) of this subsection if the finding was made after reasonable notice and opportunity for hearing to the involved State agency.

"(2) If the Secretary makes a finding described in paragraph (1), he may notify the involved State agency, which is the subject of the finding or which is connected with a project or State plan which is the subject of the finding, that—

"(A) no further payments will be made to the State from allotments under section 227; or

"(B) no further payments will be made from allotments under section 227 for any project or projects designated by the Secretary as being affected by the action or inaction referred to in subparagraph (A), (B), (C), or (D) of paragraph (1),

as the Secretary may determine to be appropriate under the circumstances; and, except with regard to any project for which the application has already been approved and which is not directly affected, further payments from such allotments may be withheld, in whole or in part, until there is no longer any failure to comply (or to carry out the assurance or plans and specifications or to provide adequate State funds, as the case may be) or, if such compliance (or other action) is impossible, until the State repays or arranges for the repayment of Federal moneys to which the recipient was not entitled.

"JUDICIAL REVIEW

"SEC. 224. If—

"(1) the Secretary refuses to approve an application for a project submitted under section 222, the State agency through which such application was submitted, or

"(2) any State is dissatified with the Secretary's action under section 223(c) or 237(c), such State, may appeal to the United States court of appeals for the circuit in which such State agency or State is located, by filing a petition with such court within sixty days after such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary, or any officer designated by him for that purpose. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record, the Secretary may modify or set aside his order. The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of facts and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence. The judgment of the court affirming or setting aside, in whole or in part, any action of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this section shall not, unless so specifically ordered by the Court, operate as a stay of the Secretary's action.

"RECOVERY

"SEC. 225. If any facility of a community mental health center remodeled, constructed, or acquired with funds provided under this part is, at any time within twenty years after the completion of such remodeling or construction or after the date of its acquisition with such funds—

"(1) sold or transferred to any person or entity (A) which is not qualified to file an application under section 222, or (B) which is not approved as a transferee by the State agency of the State in which such facility is located, or its successor; or

"(2) not used by a community mental health center in the provision of comprehensive mental health services, and the Secretary has not determined that there is good cause for termination of such use,

the United States shall be entitled to recover from either the transferor or the transferee in the case of a sale or transfer or from the owner in the case of termination of use an amount bearing the same ratio to the then value (as determined by the agreement of the parties or by action brought in the district court of the United States for the district in which the center is situated) of so much of such facility or center as constituted an approved project or projects, as the amount of the Federal participation bore to the cost of the construction of such project or projects. Such right of recovery shall not constitute a lien upon such facility or center prior to judgment.

"NONDUPLICATION

"SEC. 226. No grant may be made under the Public Health Service Act for the construction or modernization of a facility for a community mental health center unless the Secretary determines that there are no funds available under this part for the construction or modernization of such facility.

"ALLOTMENTS TO STATES

"SEC. 227. (a) In each fiscal year, the Secretary shall, in accordance with regulations, make allotments from the sums appropriated under section 228 to the several States (with State plans approved under section 237) on the basis of (1) the population, (2) the extent of the need for community mental health centers, and (3) the financial need of the respective States; except that no such allotment to any State, other than the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, in any fiscal year may be less than $100,000. Sums so allotted to a State other than the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, in a fiscal year and remaining unobligated at the end of such year shall remain available to such State for such purpose in the next fiscal year (and in such year only), in addition to the sums allotted for such State in such next fiscal year. Sums so allotted to the Virgin Islands, American Samoa, Guam, or the Trust Territory of the Pacific Islands in a fiscal year and remaining unobligated at the end of such year shall remain available to it for such purpose in the next two fiscal years (and in such years only), in addition to the sums allotted to it for such purpose in each of such next two fiscal years.

"(b) The amount of an allotment under subsection (a) to a State in a fiscal year which the Secretary determines will not be required by the State during the period for which it is available for the purpose for which allotted shall be available for reallotment by the Secretary from time to time, on such date or dates as he may fix, to other States with respect to which such a determination has not been made, in proportion to the original allotments of such States for such fiscal year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use during such period; and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount so reallotted to a State in a fiscal year shall be deemed to be a part of its allotment under subsection (a) in such fiscal year.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 228. There are authorized to be appropriated $15,000,000 for the fiscal year ending June 30, 1975, and $15,000,000 for the fiscal year ending June 30, 1976, for allotments under section 227.

"Part D—Rape Prevention and Control

"Rape Prevention and Control

"Sec. 231. (a) The Secretary shall establish within the National Institute of Mental Health an identifiable administrative unit to be known as the National Center for the Prevention and Control of Rape (hereinafter in this section referred to as the 'Center').

"(b) (1) The Secretary, acting through the Center, may, directly or by grant, carry out the following:

"(A) A continuing study and investigation of—

"(i) the effectiveness of existing Federal, State, and local laws dealing with rape;

"(ii) the relationship, if any, between traditional legal and social attitudes toward sexual roles, the act of rape, and the formulation of laws dealing with rape;

"(iii) the treatment of the victims of rape by law enforcement agencies, hospitals or other medical institutions, prosecutors, and the courts;

"(iv) the causes of rape, identifying to the degree possible—

"(I) social conditions which encourage sexual attacks,

"(II) motivations of offenders, and

"(III) the impact of the offense on the victim and the family of the victim;

"(v) sexual assaults in correctional institutions;

"(vi) the actual incidence of forcible rape as compared to the reported cases and the reasons therefor; and

"(vii) the effectiveness of existing private and local and State government education and counseling programs designed to prevent and control rape.

"(B) The compilation, analysis, and publication of summaries of the continuing study conducted under subparagraph (A) and the research and demonstration projects conducted under subparagraph (E). The Secretary shall annually submit to the Congress a summary of such study and projects together with recommendations where appropriate.

"(C) The development and maintenance of an information clearinghouse with regard to—

"(i) the prevention and control of rape;

"(ii) the treatment and counseling of the victims of rape and their families; and

"(iii) the rehabilitation of offenders.

"(D) The compilation and publication of training materials for personnel who are engaged or intend to engage in programs designed to prevent and control rape.

"(E) Assist community mental health centers and other qualified public and nonprofit private entities in conducting research and demonstration projects concerning the control and prevention of rape, including projects (i) to research and demonstrate alternative methods of planning, developing, implementing, and evaluating programs used in the prevention and control of rape, the treatment and counseling of victims of rape and their families, and the rehabilitation of offenders; and (ii) involving the application of such methods.

"(F) Assist community mental health centers in meeting the costs of providing consultation and education services respecting rape.

"(2) For purposes of this subsection, the term 'rape' includes forcible, statutory, and attempted rape, homosexual assaults, and other criminal assaults.

"(c) The Secretary shall appoint an advisory committee to advise, consult with, and make recommendations to him on the implementation of subsection (b). The Secretary shall appoint to such committee persons who are particularly qualified to assist in carrying out the functions of the committee. A majority of the members of the committee shall be women. Members of the advisory committee shall receive compensation at rates, not to exceed the daily equivalent of the annual rate in effect for grade GS–18 of the General Schedule, for each day (including traveltime) they are engaged in the performance of their duties as members of the advisory committee and, while so serving away from their homes or regular places of business, each member shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as is authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

"(d) For the purpose of carrying out subsection (b), there are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1975, and $10,000,000 for the fiscal year ending June 30, 1976.

"PART E—GENERAL PROVISIONS

"DEFINITIONS

"SEC. 235. For purposes of this title—

"(1) The term 'State' includes the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the District of Columbia.

"(2) The term 'State agency' means the State mental health authority responsible for the mental health service part of a State's plan under section 314(d) of the Public Health Service Act.

"(3) The term 'Secretary' means the Secretary of Health, Education, and Welfare.

"(4) The term 'National Advisory Mental Health Council' means the National Advisory Mental Health Council established under section 217 of the Public Health Service Act.

"REGULATIONS

"SEC. 236. Regulations issued by the Secretary for the administration of this title shall include provisions applicable uniformly to all the States which—

"(1) prescribe the general manner in which the State agency of a State shall determine the priority of projects for community mental health centers on the basis of the relative need of the different areas of the State for such centers and their services and requiring special consideration for projects on the basis of the extent to which a center to be assisted or established upon completion of a project (A) will, alone or in conjunction with other centers owned or operated by the applicant for the project or affiliated or associated with such applicant, provide comprehensive mental health services for residents of a particular community or communities, or (B) will be part of or closely associated with a general hospital;

"(2) prescribe general standards for facilities and equipment for centers of different classes and in different types of location; and

"(3) require that the State plan of a State submitted under section 237 provide for adequate community mental health centers for people residing in the State, and provide for adequate community mental health centers to furnish needed services for persons unable to pay therefor.

The Federal Hospital Council (established by section 641 of the Public Health Service Act) and the National Advisory Mental Health Council shall be consulted by the Secretary before the issuance of regulations under this section.

"STATE PLAN

"SEC. 237. (a) A State plan for the provision of comprehensive mental health services within a State shall be comprised of the following two parts:

"(1) An administrative part containing provisions respecting the administration of the plan and related matters. Such part shall—

"(A) provide for the designation of a State advisory council to consult with the State agency in administering such plan which council shall include (i) representatives of nongovernment organizations or groups, and of State agencies, concerned with planning, operation, or utilization of community mental health centers or other mental health facilities, and (ii) representatives of consumers and providers of the services provided by such centers and facilities who are familiar with the need for such services;

"(B) provide that the State agency will make such reports in such form and containing such information as the Secretary may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports;

"(C) provide that the State agency will from time to time, but not less often than annually, review the State plan and submit to the Secretary appropriate modifications thereof which it considers necessary; and

"(D) include provisions, meeting such requirements as the Civil Service Commission may prescribe, relating to the establishment and maintenance of personnel standards on a merit basis.

"(2) A services and facilities part containing provisions respecting services to be offered within the State by community mental health centers and provisions respecting facilities for such centers. Such part shall—

"(A) be consistent with the mental health services part of the State's plan under section 314(d) of the Public Health Service Act;

"(B) set forth a program for community mental health centers within the State (i) which is based on a statewide inventory of existing facilities and a survey of need for the comprehensive mental health services described in section 201(b); (ii) which conforms with regulations prescribed by the Secretary under section 236; and (iii) which shall provide for adequate community mental health centers to furnish needed services for persons unable to pay therefor;

"(C) set forth the relative need, determined in accordance with the regulations prescribed under section 236, for the projects included in the program described in subparagraph (B), and, in the case of projects under part C, provide for the completion of such projects in the order of such relative need;

"(D) emphasize the provision of outpatient services by community mental health centers as a preferable alternative to inpatient hospital services; and

"(E) provide minimum standards (to be fixed in the discretion of the State) for the maintenance and operation of centers which receive Federal aid under this title and provide for enforcement of such standards with respect to projects approved by the Secretary under this title.

"(b) The State agency shall administer or supervise the administration of the State plan.

"(c) A State shall submit a State plan in such form and manner as the Secretary shall by regulation prescribe. The Secretary shall approve any State plan (and any modification thereof) which complies with the requirements of subsection (a). The Secretary shall not finally disapprove a State plan except after reasonable notice and opportunity for a hearing to the State.

"(d)(1) At the request of any State, a portion of any allotment or allotments of such State under section 227 for any fiscal year shall be available to pay one-half (or such smaller share as the State may request) of the expenditures found necessary by the Secretary for the proper and efficient administration of the provisions of the State plan approved under this section which relate to construction projects for facilities for community mental health centers; except that not more than 5 per centum of the total of the allotments of such State for any fiscal year, or $50,000, whichever is less, shall be available for such purpose. Amounts made available to any State under this paragraph from its allotment or allotments under section 227 for any fiscal year shall be available only for such expenditures (referred to in the preceding sentence) during such fiscal year or the following fiscal year. Payments of amounts due under this paragraph may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine.

"(2) Any amount paid under paragraph (1) to any State for any fiscal year shall be paid on condition that there shall be expended from State sources for such year for administration of such provisions of the State plan approved under this section not less than the total amount expended for such purposes from such sources during the fiscal year ending June 30, 1968.

"CATCHMENT AREA REVIEW

"SEC. 238. Each agency of a State which administers or supervises the administration of a State's health planning functions under a State plan approved under section 314(a) of the Public Health Service Act shall, in consultation with that State's mental health authority, periodically review the catchment areas of the community mental health centers located in that State to (1) insure that the sizes of such areas are such that the services to be provided through the centers (including their satellites) serving the areas are available and accessible to the residents of the areas promptly, as appropriate, (2) insure that the boundaries of such areas conform, to the extent practicable, with relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs, and (3) insure that the boundaries of such areas eliminate, to the extent possible, barriers to access to the services of the centers serving the areas, including barriers resulting from an area's physical characteristics, its residential patterns, its economic and social groupings, and available transportation.

"STATE CONTROL OF OPERATIONS

"SEC. 239. Except as otherwise specifically provided, nothing in this title shall be construed as conferring on any Federal officer or employee the right to exercise any supervision or control over the administration, personnel, maintenance, or operation of any community mental health center with respect to which any funds have been or may be expended under this title.

"RECORDS AND AUDIT

"SEC. 240. (a) Each recipient of assistance under this title shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project of undertaking in connection with which such assistance is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the assistance received under this title.

"NONDUPLICATION

"SEC. 241. In determining the amount of any grant under part A, B, or C for the costs of any project there shall be excluded from such costs an amount equal to the sum of (1) the amount of any other Federal grant which the applicant for such grant has obtained, or is assured of obtaining, with respect to such project, and (2) the amount of any non-Federal funds required to be expended as a condition of such other Federal grant.

"DETERMINATION OF POVERTY AREA

"SEC. 242. For purposes of any determination by the Secretary under this title as to whether any urban or rural area is a poverty area, the Secretary may not determine that an area is an urban or rural poverty area unless—

"(1) such area contains one or more subareas which are characterized as subareas of poverty;

"(2) the population of such subarea or subareas constitutes a substantial portion of the population of such rural or urban area; and

"(3) the project, facility, or activity, in connection with which such determination is made, does, or (when completed or put into operation) will, serve the needs of the residents of such subarea or subareas.

"PROTECTION OF PERSONAL RIGHTS

"SEC. 243. In making grants under parts A and B, the Secretary shall take such steps as may be necessary to assure that no individual shall be made the subject of any research involving surgery which is carried out (in whole or in part) with funds under such grants unless such individual explicitly agrees to become a subject of such research.

"REIMBURSEMENT

"SEC. 244. The Secretary shall, to the extent permitted by law, work with States, private insurers, community mental health centers, and other appropriate entities to assure that community mental health centers shall be eligible for reimbursement for their mental health services to the same extent as general hospitals and other licensed providers.

"SEC. 245. This title may be cited as the 'Community Mental Health Centers Act'.".

SEC. 304. The amendment made by section 303 shall take effect as of July 1, 1974.

SEC. 305. (a) Section 513 of the Public Health Service Act is amended by striking out "or by grants or contracts" and inserting in lieu thereof "or, except in the case of evaluations of programs under the Community Mental Health Centers Act, by grants or contracts".

(b) The amendment made by subsection (a) shall apply with respect to evaluations of programs under the Community Mental Health Centers Act made under such section 513 with appropriations for fiscal years ending after June 30, 1974.

SEC. 306. (a) Not later than one year after the date of the enactment of this Act the Secretary of Health, Education, and Welfare shall make a report to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate setting forth a plan, to be carried out in a period of five years, for the extension of comprehensive mental health services through community mental health centers to persons in all areas in which there is a demonstrated need for such services. Such plan shall, at a minimum, indicate on a phased basis the number of persons to be served by such services and an estimate of the cost and personnel requirements needed to provide such services.

(b) Not later than eighteen months after the date of the enactment of this Act the Secretary of Health, Education, and Welfare shall submit to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate a report setting forth (1) national standards for care provided by community mental health centers, and (2) criteria for evaluation of community mental health centers and the quality of the services provided by the centers.

TITLE IV—MIGRANT HEALTH CENTERS

MIGRANT HEALTH CENTERS

SEC. 401. (a) Section 310 of the Public Health Service Act is amended to read as follows:

"MIGRANT HEALTH

"SEC. 310. (a) For purposes of this section:

"(1) The term 'migrant health center' means an entity which either through its staff and supporting resources or through contracts or cooperative arrangements with other public or private entities provides—

"(A) primary health services,

"(B) as may be appropriate for particular centers, supplemental health services necessary for the adequate support of primary health services,

"(C) referral to providers of supplemental health services and payment, as appropriate and feasible, for their provision of such services,

"(D) environmental health services, including, as may be appropriate for particular centers, the detection and alleviation of unhealthful conditions associated with water supply, sewage treatment, solid waste disposal, rodent and parasitic infestation, field sanitation, housing, and other environmental factors related to health,

"(E) as may be appropriate for particular centers, infectious and parasitic disease screening and control,

"(F) as may be appropriate for particular centers, accident prevention, including prevention of excessive pesticide exposure, and

"(G) information on the availability and proper use of health services,

for migratory agricultural workers, seasonal agricultural workers, and the members of the families of such migratory and seasonal workers, within the area it serves (referred to in this section as a 'catchment area').

"(2) The term 'migratory agricultural worker' means an individual whose principal employment is in agriculture on a seasonal basis, who has been so employed within the last twenty-four months, and who establishes for the purposes of such employment a temporary abode.

"(3) The term 'seasonal agricultural worker' means an individual whose principal employment is in agriculture on a seasonal basis and who is not a migratory agricultural worker.

"(4) The term 'agriculture' means farming in all its branches, including—

"(A) cultivation and tillage of the soil,

"(B) the production, cultivation, growing, and harvesting of any commodity grown on, in, or as an adjunct to or part of a commodity grown in or on, the land, and

"(C) any practice (including preparation and processing for market and delivery to storage or to market or to carriers for transportation to market) performed by a farmer or on a farm incident to or in conjunction with an activity described in subparagraph (B).

"(5) The term 'high impact area' means a health service area or other area which has not less than six thousand migratory agricultural workers and seasonal agricultural workers residing within its boundaries for more than two months in any calendar year. In computing the number of workers residing in an area, there shall be included as workers the members of the families of such workers.

"(6) The term 'primary health services' means—

"(A) services of physicians and, where feasible, services of physicians' assistants and nurse clinicians;

"(B) diagnostic laboratory and radiologic services;

"(C) preventive health services (including children's eye and ear examinations to determine the need for vision and hearing correction, perinatal services, well child services, and family planning services);

"(D) emergency medical services;

"(E) transportation services as required for adequate patient care; and

"(F) preventive dental services.

"(7) The term 'supplemental health services' means services which are not included as primary health services and which are—

"(A) hospital services;

"(B) home health services;

"(C) extended care facility services;

"(D) rehabilitative services (including physical therapy) and long-term physical medicine;

"(E) mental health services;

"(F) dental services;

"(G) vision services;

"(H) allied health services;

"(I) pharmaceutical services;

"(J) therapeutic radiologic services;

"(K) public health services (including nutrition education and social services);

"(L) health education services; and

"(M) services which promote and facilitate optimal use of primary health services and the services referred to in the preceding subparagraphs of this paragraph, including, if a substantial number of the individuals in the population served by a migrant health center are of limited English-speaking ability, the services of outreach workers fluent in the language spoken by a predominant number of such individuals.

"(b)(1) The Secretary shall assign to high impact areas and any other areas (where appropriate) priorities for the provision of assistance under this section to projects and programs in such areas. The highest priorities for such assistance shall be assigned to areas in which reside the greatest number of migratory agricultural workers and the members of their families for the longest period of time.

"(2) No application for a grant under subsection (c) or (d) for a project in an area which has no migratory agricultural workers may be approved unless grants have been provided for all approved applications under such subsections for projects in areas with migratory agricultural workers.

"(c)(1)(A) The Secretary may, in accordance with the priorities assigned under subsection (b)(1), make grants to public and nonprofit entities for projects to plan and develop migrant health centers which will serve migratory agricultural workers, seasonal agricultural workers, and the members of the families of such migratory and seasonal workers, in high impact areas. A project for which a grant may be made under this subparagraph may include the cost of the acquisition and modernization of existing buildings (including the costs of amortizing the principal of, and paying the interest on, loans) and the costs of providing training related to the management of migrant health center programs, and shall include—

"(i) an assessment of the need that the workers (and the members of the families of such workers) proposed to be served by the migrant health center for which the project is undertaken have for primary health services, supplemental health services, and environmental health services;

"(ii) the design of a migrant health center program for such workers and the members of their families, based on such assessment;

"(iii) efforts to secure, within the proposed catchment area of such center, financial and professional assistance and support for the project; and

"(iv) initiation and encouragement of continuing community involvement in the development and operation of the project.

"(B) The Secretary may make grants to or enter into contracts with public and nonprofit private entities for projects to plan and develop programs in areas in which no migrant health center exists and in which not more than six thousand migratory agricultural workers and their families reside for more than two months—

"(i) for the provision of emergency care to migratory agricultural workers, seasonal agricultural workers, and the members of the families of such migratory and seasonal workers;

"(ii) for the provision of primary care (as defined in regulations of the Secretary) for such workers and the members of their families;

"(iii) for the development of arrangements with existing facilities to provide primary health services (not included as primary care as defined under regulations under clause (ii)) to such workers and the members of their families; or

"(iv) which otherwise improve the health of such workers and their families.

Any such program may include the acquisition and modernization of existing buildings and the cost of providing training related to the management of programs assisted under this subparagraph.

"(2) Not more than two grants may be made under paragraph (1)(A) for the same project, and if a grant or contract is made or entered into under paragraph (1)(B) for a project, no other grant or contract under that paragraph may be made or entered into for the project.

"(3) The amount of any grant made under paragraph (1) for any project shall be determined by the Secretary.

"(d)(1)(A) The Secretary may, in accordance with priorities assigned under subsection (b)(1), make grants for the costs of operation of public and nonprofit private migrant health centers in high impact areas.

"(B) The Secretary may, in accordance with priorities assigned under subsection (b)(1), make grants for the costs of the operation of public and nonprofit entities which intend to become migrant health centers, which provide health services in high impact areas to migratory agricultural workers, seasonal agricultural workers, and the members of the families of such migratory and seasonal workers, but with respect to which he is unable to make each of the determinations required by subsection (f)(2). Not more than two grants may be made under this subparagraph for any entity.

"(C) The Secretary may make grants to and enter into contracts with public and nonprofit private entities for projects for the operation of programs in areas in which no migrant health center exists and in which not more than six thousand migratory agricultural workers and their families reside for more than two months—

"(i) for the provision of emergency care to migratory agricultural workers, seasonal agricultural workers, and the members of the families of such migratory and seasonal workers:

"(ii) for the provision of primary care (as defined in regulations of the Secretary) for such workers and the members of their families;

"(iii) for the development of arrangements with existing facilities to provide primary health services (not included as primary care as defined under regulations under clause (ii)) to such workers and the members of their families; or

"(iv) which otherwise improve the health of such workers and the members of their families.

Any such program may include the acquisition and modernization of existing buildings and the cost of providing training related to the management of programs assisted under this subparagraph.

"(2) The costs for which a grant may be made under paragraph (1)(A) or (1) may include the costs of acquiring and modernizing existing buildings (including the costs of amortizing the principal of, and paying the interest on, loans); and the costs for which a grant or contract may be made under paragraph (1) may include the costs of providing training related to the provision of primary health services, supplemental health services, and environmental health services, and to the management of migrant health center programs.

"(3) The amount of any grant made under paragraph (1) shall be determined by the Secretary.

"(e) The Secretary may enter into contracts with public and private entities to—

"(1) assist the States in the implementation and enforcement of acceptable environmental health standards, including enforcement of standards for sanitation in migrant labor camps and applicable Federal and State pesticide control standards; and

"(2) conduct projects and studies to assist the several States and entities which have received grants or contracts under this section in the assessment of problems related to camp and field sanitation, pesticide hazards, and other environmental health hazards to which migratory agricultural workers, seasonal agricultural workers, and members of their families are exposed.

"(f) (1) No grant may be made under subsection (c) or (d) and no contract may be entered into under subsection (c) (1) (B), (d) (1) (C), or (e) unless an application therefor is submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and manner and shall contain such information as the Secretary shall prescribe. An application for a grant or contract which will cover the costs of modernizing a building shall include, in addition to other information required by the Secretary—

"(A) a description of the site of the building,

"(B) plans and specifications for its modernization, and

"(C) reasonable assurance that all laborers and mechanics employed by contractors or subcontractors in the performance of work on the modernization of the building will be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a—276a-5, known as the Davis-Bacon Act).

The Secretary of Labor shall have with respect to the labor standards referred to in subparagraph (C) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

"(2) The Secretary may not approve an application for a grant under subsection (d) (1) (A) unless the Secretary determines that the entity for which the application is submitted is a migrant health center (within the meaning of subsection (a) (1)) and that—

"(A) the primary health services of the center will be available and accessible in the center's catchment area promptly, as appropriate, and in a manner which assures continuity;

"(B) the center will have organizational arrangements, established in accordance with regulations of the Secretary, for (i) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and (ii) maintaining the confidentiality of patient records;

"(C) the center will demonstrate its financial responsibility by the use of such accounting procedures and other requirements as may be prescribed by the Secretary;

"(D) the center (i) has or will have a contractual or other arrangement with the agency of the State in which it provides services which agency administers or supervises the administration of a State plan approved under title XIX of the Social Security Act for the payment of all or a part of the center's costs in providing health services to persons who are eligible for medical assistance under such a State plan, or (ii) has made or will make every reasonable effort to enter into such an arrangement;

"(E) the center has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title XVIII of the Social Security Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program;

"(F) the center (i) has prepared a schedule of fees or payments for the provision of its services designed to cover its reasonable costs of operation and a corresponding schedule of discounts to be applied to the payment of such fees or payments, which discounts are adjusted on the basis of the patient's ability to pay, (ii) has made and will continue to make every reasonable effort (I) to secure from patients payment for services in accordance with such schedules, and (II) to collect reimbursement for health services to persons described in subparagraph (E) on the basis of the full amount of fees and payments for such services without application of any discount, and (iii) has submitted to the Secretary such reports as he may require to determine compliance with this subparagraph;

"(G) the center has established a governing board which (i) is composed of individuals a majority of whom are being served by the center and who, as a group, represent the individuals being served by the center, and (ii) establishes general policies for the center (including the selection of services to be provided by the center and a schedule of hours during which services will be provided), approves the center's annual budget, and approves the selection of a director for the center;

"(H) the center has developed, in accordance with regulations of the Secretary, (i) an overall plan and budget that meets the requirements of section 1861(z) of the Social Security Act, and (ii) an effective procedure for compiling and reporting to the Secretary such statistics and other information as the Secretary may require relating to (I) the costs of its operations, (II) the patterns of utilization of its services, (III) the availability, accessibility, and acceptability of its services, and (IV) such other matters relating to operations of the applicant as the Secretary may, by regulation, require;

"(I) the center will review periodically its catchment area to (i) insure that the size of such area is such that the services to be provided through the center (including any satellite) are available and accessible to the migratory agricultural workers, seasonal agricultural workers, and the members of the families of such migratory and seasonal workers, in the area promptly and as appropriate, (ii) insure that the boundaries of such area conform, to the extent practicable, with relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs, and (iii) insure that the boundaries of such area eliminate, to the extent possible, barriers to access to the services of the center, including barriers resulting from the area's physical characteristics, its residential patterns, its economic and social groupings, and available transportation; and

"(J) in the case of a center which serves a population including a substantial proportion of individuals of limited English-speaking ability, the center has (i) developed a plan and made arrangements responsive to the needs of such population for providing services to the extent practicable in the language and cultural context most appropriate to such individuals, and (ii) identified an individual on its staff who is bilingual and whose responsibilities shall include providing guidance to such individuals and to appropriate staff members with respect to cultural sensitivities and bringing linguistic and cultural differences.

"(3) In considering applications for grants and contracts under subsection (c) or (d) (1) (C), the Secretary shall give priority to applications submitted by community-based organizations which are representative of the populations to be served through the projects, programs, or centers to be assisted by such grants or contracts.

"(4) Contracts may be entered into under this section without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(g) The Secretary may provide (either through the Department of Health, Education, and Welfare or by grant or contract) all necessary technical and other nonfinancial assistance (including fiscal and program management and training in such management) to any migrant health center or to any public or private nonprofit entity to assist it in developing plans for, and in operating as, a migrant health center, and in meeting the requirements of subsection (f) (2).

"(h) (1) There are authorized to be appropriated for payments pursuant to grants and contracts under subsection (c) (1) $5,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976. Of the funds appropriated under this paragraph for the fiscal year ending June 30, 1975, not more than 30 per centum of such funds may be made available for grants and contracts under subsection (c) (1) (B), and of the funds appropriated under this paragraph for the next fiscal year, not more than 25 per centum of such funds may be made available for grants and contracts under such subsection.

"(2) There are authorized to be appropriated for payments pursuant to grants and contracts under subsection (d) (1) (other than for payments under such grants and contracts for the provision of inpatient and outpatient hospital services) and for payments pursuant to contracts under subsection (e) $60,000,000 for the fiscal year ending June 30, 1975, and $65,000,000 for the fiscal year ending June 30, 1976. Of the funds appropriated under the first sentence for the fiscal year ending June 30, 1975, there shall be made available for grants and contracts under subsection (d) (1) (C) an amount equal to the greater of 30 per centum of such funds or 90 per centum of the amount of grants made under this section for the preceding fiscal year for programs described in subsection (d) (1) (C). Of the funds appropriated under the first sentence for the fiscal year ending June 30, 1976, there shall be made available for grants and contracts under subsection (d) (1) (C) an amount equal to the greater of 25 per centum of such funds or 90 per centum of the amount of grants made under this section for the preceding fiscal year for programs described in subsection (d) (1) (C) which received grants under this section for the fiscal year ending June 30, 1974.

Of the funds appropriated under this paragraph for any fiscal year, not more than 10 per centum of such funds may be made available for contracts under subsection (e).

"(3) There are authorized to be appropriated for payments under grants and contracts under subsection (d) (1) for the provision of inpatient and outpatient hospital services $10,000,000 for the fiscal year ending June 30, 1975, and $10,000,000 for the fiscal year ending June 30, 1976."

(b) Section 217 of the Public Health Service Act is amended by adding after subsection (f) the following new subsection:

"(g) (1) Within one hundred and twenty days after the date of the enactment of this subsection, the Secretary shall appoint and organize a National Advisory Council on section referred to as the 'Council') which Migrant Health (hereinafter in this sub- shall advise, consult with, and make recommendations to, the Secretary on matters concerning the organization, operation, selection, and funding of migrant health centers and other entities under grants and contracts under section 310.

"(2) The Council shall consist of fifteen members, at least twelve of whom shall be members of the governing boards of migrant health centers or other entities assisted under section 310. Of such twelve members who are members of such governing boards, at least nine shall be chosen from among those members of such governing boards who are being served by such centers or grantees and who are familiar with the delivery of health care to migratory agricultural workers and seasonal agricultural workers. The remaining three Council members shall be individuals qualified by training and experience in the medical sciences or in the administration of health programs.

"(3) Each member of the Council shall hold office for a term of four years, except that (A) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (B) the terms of the members first taking office after the date of enactment of this subsection shall expire as follows: four shall expire four years after such date, four shall expire three years after such date, four shall expire two years after such date, and three shall expire one year after such date, as designated by the Secretary at the time of appointment.

"(4) Section 14(a) of the Federal Advisory Committee Act shall not apply to the Council.".

(c) (1) The Secretary of Health, Education, and Welfare (hereinafter in this subsection referred to as the "Secretary") shall conduct or arrange for the conduct of a study of—

(A) the quality of housing which is available to agricultural migratory workers in the United States during the period of their employment in seasonal agricultural activities while away from their permanent abodes;

(B) the effect on the health of such workers of deficiencies in their housing conditions during such period; and

(C) Federal, State, and local government standards respecting housing conditions for such workers during such period and the adequacy of the enforcement of such standards.

In conducting or arranging for the conduct of such study, the Secretary shall consult with the Secretary of Housing and Urban Development.

(2) Such study shall be completed and a report detailing the findings of the study and the recommendations of the Secretary for Federal action (including legislation) respecting such housing conditions shall be submitted to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate within eighteen months of the date of the enactment of this first Act making appropriations for such study.

TITLE V—COMMUNITY HEALTH CENTERS

COMMUNITY HEALTH CENTERS

SEC. 501. (a) Part C of title III of the Public Health Service Act is amended by adding after section 329 the following new section:

"COMMUNITY HEALTH CENTERS

"SEC. 330. (a) For purposes of this section, the term 'community health center' means an entity which either through its staff and supporting resources or through contracts or cooperative arrangements with other public or private entities provides—

"(1) primary health services,

"(2) as may be appropriate for particular centers, supplemental health services necessary for the adequate support of primary health services,

"(3) referral to providers of supplemental health services and payment, as appropriate and feasible, for their provision of such services,

"(4) as may be appropriate for particular centers, environmental health services, and

"(5) information on the availability and proper use of health services,

for all residents of the area it serves (referred to in this section as a 'catchment area').

"(b) For purposes of this section:

"(1) The term 'primary health services' means—

"(A) services of physicians and, where feasible, services of physicians' assistants and nurse clinicians;

"(B) diagnostic laboratory and radiologic services;

"(C) preventive health services (including children's eye and ear examinations to determine the need for vision and hearing correction, perinatal services, well child services, and family planning services);

"(D) emergency medical services;

"(E) transportation services as required for adequate patient care; and

"(F) preventive dental services.

"(2) The term 'supplemental health services' means services which are not included as primary health services and which are—

"(A) hospital services;

"(B) home health services;

"(C) extended care facility services;

"(D) rehabilitative services (including physical therapy) and long-term physical medicine;

"(E) mental health services;

"(F) dental services;

"(G) vision services;

"(H) allied health services;

"(I) pharmaceutical services;

"(J) therapeutic radiologic services;

"(K) public health services (including nutrition education and social services);

"(L) health education services; and

"(M) services which promote and facilitate optimal use of primary health services and the services referred to in the preceding subparagraphs of this paragraph including, if a substantial number of the individuals in the population served by a community health center are of limited English-speaking ability, the services of outreach workers fluent in the language spoken by a predominant number of such individuals.

"(3) The term 'medically underserved population' means the population of an urban or rural area designated by the Secretary as an area with a shortage of personal health services or a population group designated by the Secretary as having a shortage of such services.

"(c) (1) The Secretary may make grants to public and nonprofit private entities for projects to plan and develop community health centers which will serve medically underserved populations. A project for which a grant may be made under this subsection may include the cost of the acquisition and modernization of existing buildings (including the costs of amortizing the principal of, and paying the interest on loans) and shall include—

"(A) an assessment of the need that the population proposed to be served by the community health center for which the project is undertaken has for primary health services, supplemental health services, and environmental health services;

"(B) the design of a community health center program for such population based on such assessment;

"(C) efforts to secure, within the proposed catchment area of such center, financial and professional assistance and support for the project; and

"(D) initiation and encouragement of continuing community involvement in the development and operation of the project.

"(2) Not more than two grants may be made under this subsection for the same project.

"(3) The amount of any grant made under this subsection for any project shall be determined by the Secretary.

"(d) (1) (A) The Secretary may make grants for the costs of operation of public and nonprofit private community health centers which serve medically underserved populations.

"(B) The Secretary may make grants for the costs of the operation of public and nonprofit private entities which provide health services to medically underserved populations but with respect to which he is unable to make each of the determinations required by subsection (e) (2).

"(2) The costs for which a grant may be made under paragraph (1) may include the costs of acquiring and modernizing existing buildings (including the costs of amortizing the principal of, and paying interest on, loans) and the costs of providing training related to the provision of primary health services, supplemental health services, and environmental health services, and to the management of community health center programs.

"(3) Not more than two grants may be made under paragraph (1) (B) for the same entity.

"(4) The amount of any grant made under paragraph (1) shall be determined by the Secretary.

"(e) (1) No grant may be made under subsection (c) or (d) unless an application therefor is submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and manner and shall contain such information as the Secretary shall prescribe. An application for a grant which will cover the costs of modernizing a building shall include, in addition to other information required by the Secretary—

"(A) a description of the site of the building,

"(B) plans and specifications for its modernization, and

"(C) reasonable assurance that all laborers and mechanics employed by contractors or subcontractors in the performance of work on the modernization of the building will be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a—276a-5, known as the Davis-Bacon Act).

The Secretary of Labor shall have with respect to the labor standards referred to in subparagraph (C) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176, 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

"(2) Except as provided in subsection (d) (1) (B), the Secretary may not approve an application for a grant under subsection (d) unless the Secretary determines that the entity for which the application is submitted is a community health center (within the meaning of subsection (a)) and that—

"(A) the primary health services of the center will be available and accessible in the center's catchment area promptly, as appropriate, and in a manner which assures continuity;

"(B) the center will have organizational arrangements, established in accordance with regulations prescribed by the Secretary, for (i) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and (ii) maintaining the confidentiality of patient records;

"(C) the center will demonstrate its financial responsibility by the use of such accounting procedures and other requirements as may be prescribed by the Secretary;

"(D) the center (i) has or will have a contractual or other arrangement with the agency of the State in which it provides services which agency administers or supervises the administration of a State plan approved under title XIX of the Social Security Act for the payment of all or a part of the center's costs in providing health services to persons who are eligible for medical assistance under such a State plan, or (ii) has made or will make every reasonable effort to enter into such an arrangement;

"(E) the center has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title XVIII of the Social Security Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program;

"(F) the center (i) has prepared a schedule of fees or payments for the provision of its services designed to cover its reasonable costs of operation and a corresponding schedule of discounts to be applied to the payment of such fees or payments, which discounts are adjusted on the basis of the patient's ability to pay, (ii) has made and will continue to make every reasonable effort (I) to secure from patients payment for services in accordance with such schedules, and (II) to collect reimbursement for health services to persons described in subparagraph (E) on the basis of the full amount of fees and payments for such services without application of any discount, and (iii) has submitted to the Secretary such reports as he may require to determine compliance with this subparagraph;

"(G) the center has established a governing board which (i) is composed of individuals a majority of whom are being served by the center and who, as a group, represent the individuals being served by the center, and (ii) meets at least once a month, establishes general policies for the center (including the selection of services to be provided by the center and a schedule of hours during which services will be provided), approves the center's annual budget, and approves the selection of a director for the center;

"(H) the center has developed, in accordance with regulations of the Secretary, (i) an overall plan and budget that meets the requirements of section 1861(z) of the Social Security Act, and (ii) an effective procedure for compiling and reporting to the Secretary such statistics and other information as the Secretary may require relating to (I) the costs of its operations, (II) the patterns of utilization of its services, (III) the availability, accessibility, and acceptability of its services, and (IV) such other matters relating to operations of the applicant as the Secretary may, by regulations, require;

"(I) the center will review periodically its catchment area to (i) insure that the size of such area is such that the services to be provided through the center (including any satellite) are available and accessible to the residents of the area promptly and as appropriate, (ii) insure that the boundaries of such area conform, to the extent practicable, with relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs, and (iii) insure that the boundaries of such area eliminate, to the extent possible, barriers to access to the services of the center, including barriers resulting from the area's physical characteristics, its residential patterns, its economic and social groupings, and available transportation; and

"(J) in the case of a center which serves a population including a substantial proportion of individuals of limited English-speaking ability, the center has (i) developed a plan and made arrangements responsive to the needs of such population for providing services to the extent practicable in the language and cultural context most appropriate to such individuals, and (ii) identified an individal on its staff who is bilingual and whose responsibilities shall include providing guidance to such individuals and to appropriate staff members with respect to cultural sensitivities and bridging linguistic and cultural differences.

"(f) The Secretary may provide (either through the Department of Health, Education, and Welfare or by grant or contract) all necessary technical and other nonfinancial assistance (including fiscal and program management and training in such management) to any public or private nonprofit entity to assist it in developing plans for, and in operating as, a community health center, and in meeting the requirements of subsection (e)(2).

"(g)(1) There are authorized to be appropriated for payments pursuant to grants under subsection (c) $20,000,000 for the fiscal year ending June 30, 1975, and $20,000,000 for the fiscal year ending June 30, 1976.

"(2) There are authorized to be appropriated for payments pursuant to grants under subsection (d) $240,000,000 for the fiscal year ending June 30, 1975, and $260,000,000 for the fiscal year ending June 30, 1976."

(b) Section 314(e) of the Public Health Service Act is repealed.

TITLE VI—MISCELLANEOUS

DISEASES BORNE BY RODENTS

SEC. 601. (a) Section 317(h)(1) of the Public Health Service Act is amended by striking out "and RH disease" and inserting in lieu thereof ", RH disease, and diseases borne by rodents".

(b) Section 317(d)(3) of such Act is amended by striking out "$23,000,000 for the fiscal year ending June 30, 1975" and inserting in lieu thereof "$38,000,000 for the fiscal year ending June 30, 1975".

HOME HEALTH SERVICES

SEC. 602. (a)(1) For the purpose of demonstrating the establishment and initial operation of public and nonprofit private agencies (as defined in section 1861(o) of the Social Security Act) which will provide home health services (as defined in section 1861 (m) of the Social Security Act) in areas in which such services are not otherwise available, the Secretary of Health, Education, and Welfare may, in accordance with the provisions of this section, make grants to meet the initial costs of establishing and operating such agencies and expanding the services available through existing agencies, and to meet the costs of compensating professional and paraprofessional personnel during the initial operation of such agencies or the expansion of services of existing agencies.

(2) In making grants under this subsection, the Secretary shall consider the relative needs of the several States for home health services and preference shall be given to areas within a State in which a high percentage of the population proposed to be served is composed of individuals who are elderly, medically indigent, or both.

(3) Applications for grants under this subsection shall be in such form and contain such information as the Secretary shall prescribe by regulation.

(4) Payment of grants under this subsection may be made in advance or by way of reimbursement or in installments as the Secretary may determine.

(5) There are authorized to be appropriated $12,000,000 for the fiscal year ending June 30, 1976, for payments under grants under this subsection.

(b)(1) The Secretary of Health, Education, and Welfare may make grants to public and nonprofit private entities to assist them in demonstrating the training of professional and paraprofessional personnel to provide home health services (as defined in section 1861(m) of the Social Security Act).

(2) Applications for grants under this subsection shall be in such form and contain such information as the Secretary shall by regulations prescribe.

(3) Payment of grants under this section may be made in advance or by way of reimbursement, or in installments, as the Secretary shall determine.

(4) There is authorized to be appropriated $3,000,000 for the fiscal year ending June 30, 1976, for payments under grants under this subsection.

COMMITTEE ON MENTAL HEALTH AND ILLNESS OF THE ELDERLY

SEC. 603. (a) The Secretary of Health, Education, and Welfare shall appoint a Committee on Mental Health and Illness of the Elderly (hereinafter in this section referred to as the "Committee") to make a study of and recommendations respecting—

(1) the future needs for mental health facilities, manpower, research, and training to meet the mental health care needs of elderly persons.

(2) the appropriate care of elderly persons who are in mental institutions or who have been discharged from such institutions, and

(3) proposals for implementing the recommendations of the 1971 White House Conference on Aging respecting the mental health of the elderly.

(b) Within one year from the date of enactment of this Act the Secretary shall report to the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives the findings of the Committee under the study under subsection (a) and the Committee's recommendations under such subsection.

(c)(1) The Committee shall be composed of nine members appointed by the Secretary of Health, Education, and Welfare. The Committee shall include at least one member from each of the fields of psychology, psychiatry, social science, social work, and nursing. Each member of the Committee shall by training, experience, or attainments be exceptionally qualified to assist in carrying out the function of the Committee.

(2) Members of the Committee shall receive compensation at a rate to be fixed by the Secretary, but not exceeding the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule, for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Committee. While away from their homes or regular places of business in the performance of services for the Committee, members of the Committee shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

(d) The Committee shall cease to exist thirty days after the submission of the report pursuant to subsection (b).

COMMISSION FOR CONTROL OF EPILEPSY

SEC. 604. (a) The Secretary of Health, Education, and Welfare shall establish a temporary commission to be known as the Commission for the Control of Epilepsy and Its

Consequences (hereinafter referred to in this section as the "Commission").

(b) It shall be the duty of the Commission to—

(1) make a comprehensive study of the state of the art of medical and social management of the epilepsies in the United States;

(2) investigate and make recommendations concerning the proper roles of Federal and State governments and national and local public and private agencies in research, prevention, identification, treatment, and rehabilitation of persons with epilepsy;

(3) develop a comprehensive national plan for the control of epilepsy and its consequences based on the most thorough, complete, and accurate data and information available on the disorder; and

(4) transmit to the President and the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives, not later than one year after the date of enactment of this Act, a report detailing the findings and conclusions of the Commission, together with recommendations for legislation and appropriations, as it deems advisable.

(c)(1) The Commission shall be composed of nine members to be appointed by the Secretary of Health, Education, and Welfare. Such members shall be persons, including consumers of health services, who, by reason of experience or training in the medical, social, or educational aspects of the epilepsies, are especially qualified to serve on such Commission.

(2) The Secretary shall designate one of the members of the Commission to serve as Chairman and one to serve as Vice Chairman. Vacancies shall be filled in the same manner in which the original appointments were made. Any vacancy in the Commission shall not affect its powers.

(3) Any member of the Commission who is otherwise employed by the Federal Government shall serve without compensation in addition to that received in his regular employment, but shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by him in the performance of his duties on the Commission.

(4) Members of the Commission, other than those referred to in paragraph (3), shall receive compensation at rates, not to exceed the daily equivalent of the annual rate in effect for grade GS–18 of the General Schedule, for each day (including traveltime) they are engaged in the performance of their duties and, while so serving away from their homes or regular places of business, each member shall be allowed travel expenses, including per diem in lieu of subsistence in the same manner as is authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(d) The Commission shall cease to exist thirty days after the submission of the final report required by subsection (b)(4).

COMMISSION FOR CONTROL OF HUNTINGTON'S DISEASE

Sec. 605. (a) The Secretary of Health, Education, and Welfare shall establish a temporary commission to be known as the Commission for the Control of Huntington's Disease and Its Consequences (hereinafter referred to in this section as the "Commission").

(b) It shall be the duty of the Commission to—

(1) make a comprehensive study of the state of the art of medical and social management of Huntington's disease in the United States;

(2) investigate and make recommendations concerning the proper roles of Federal and State governments and national and local public and private agencies in research, prevention, identification, treatment, and rehabilitation of persons with Huntington's disease;

(3) develop a comprehensive national plan for the control of Huntington's disease and its consequences based on the most thorough, complete, and accurate data and information available on the disorder; and

(4) transmit to the President and the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives, not later than one year after the date of enactment of this Act, a report detailing the findings and conclusions of the Commission, together with recommendations for legislation and appropriations, as it deems advisable.

(c)(1) The Commission shall be composed of nine members to be appointed by the Secretary of Health, Education, and Welfare. Such members shall be persons, including consumers of health services, who, by reason of experience or training in the medical, social, or educational aspects of Huntington's disease, are especially qualified to serve on such Commission.

(2) The Secretary shall designate one of the members of the Commission to serve as Chairman and one to serve as Vice Chairman. Vacancies shall be filled in the same manner in which the original appointments were made. Any vacancy in the Commission shall not affect its powers.

(3) Any member of the Commission who is otherwise employed by the Federal Government shall serve without compensation in addition to that received in his regular employment, but shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by him in the performance of his duties on the Commission.

(4) Members of the Commission, other than those referred to in paragraph (3), shall receive compensation at rates, not to exceed the daily equivalent of the annual rate in effect for grade GS–18 of the General Schedule, for each day (including traveltime) they are engaged in the performance of their duties and, while so serving away from their homes or regular places of business, each member shall be allowed travel expenses, including per diem in lieu of subsistence in the same manner as is authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(d) The Commission shall cease to exist thirty days after the submission of the final report required by subsection (b)(4).

HEMOPHILIA PROGRAMS

Sec. 606. Title XI of the Public Health Service Act is amended by adding after part C the following new part:

"Part D—Hemophilia Programs

"TREATMENT CENTERS

"Sec. 1131. (a) The Secretary may make grants to and enter into contracts with public and nonprofit private entities for projects for the establishment of comprehensive hemophilia diagnostic and treatment centers. A center established under this subsection shall provide—

"(1) access to the services of the center for all individuals suffering from hemophilia who reside within the geographic area served by the center;

"(2) programs for the training of professional and paraprofessional personnel in hemophilia research, diagnosis, and treatment;

"(3) a program for the diagnosis and treatment of individuals suffering from hemophilia who are being treated on an outpatient basis;

"(4) a program for association with providers of health care who are treating individuals suffering from hemophilia in areas not conveniently served directly by such center but who are more conveniently (as determined by the Secretary) served by it than by the next geographically closest center;

"(5) programs of social and vocational counseling for individuals suffering from hemophilia; and

"(6) individualized written comprehensive care programs for each individual treated by or in association with such center.

"(b) No grant or contract may be made under subsection (a) unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(c) An application for a grant or contract under subsection (a) shall contain assurances satisfactory to the Secretary that the applicant will serve the maximum number of individuals that its available and potential resources will enable it to effectively serve.

"(d) In considering applications for grants and contracts under subsection (a) for projects to establish hemophilia diagnostic and treatment centers, the Secretary shall—

"(1) take into account the number of persons to be served by the programs to be supported by such centers and the extent to which rapid and effective use will be made by such centers of funds under such grants and contracts, and

"(2) give priority to projects for centers which will operate in areas which the Secretary determines have the greatest number of persons in need of the services provided by such centers.

"(e) Contracts may be entered into under subsection (a) without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(f) There are authorized to be appropriated to make payments under grants and contracts under subsection (a) $3,000,000 for the fiscal year ending June 30, 1975, $5,000,000 for the fiscal year ending June 30, 1976.

"BLOOD SEPARATION CENTERS

"Sec. 1132. (a) The Secretary may make grants to and enter into contracts with public and nonprofit private entities for projects to develop and expand, within existing facilities, blood-separation centers to separate and make available for distribution blood components to providers of blood services and manufacturers of blood fractions. For purposes of this section—

"(1) the term 'blood components' means those constituents of whole blood which are used for therapy and which are obtained by physical separation processes which result in licensed products such as red blood cells, platelets, white blood cells, AHF-rich plasma, fresh-frozen plasma, cryoprecipitate, and single unit plasma for infusion; and

"(2) the term 'blood fractions' means those constituents of plasma which are used for therapy and which are obtained by licensed fractionation processes presently used in manufacturing which result in licensed products such as normal serum albumin, plasma, protein fraction, prothrombin complex, fibrinogen, AHF concentrate, immune serum globulin, and hyperimmune globulins.

"(b) In the event the Secretary finds that there is an insufficient supply of blood fractions available to meet the needs for treatment of persons suffering from hemophilia, and that public and other nonprofit private centers already engaged in the production of blood fractions could alleviate such insufficiency with assistance under this subsection, he may make grants not to exceed $500,000 to such centers for the purposes of alleviating the insufficiency.

"(c) No grant or contract may be made under subsection (a) or (b) unless an application therefore has been submitted to and approved by the Secretary. Such an application shall be in such form, submitted in such manner, and contain such information as the Secretary shall by regulation prescribe.

"(d) Contracts may be entered into under subsection (a) without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(e) For the purpose of making payments under grants and contracts under subsections (a) and (b), there are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976."

TECHNICAL AMENDMENTS

SEC. 607. (a) Section 399c of the Public Health Service Act (added by Public Law 93–222) is redesignated as section 399A.

(b) The section 472 of the Public Health Service Act (entitled "Peer Review of Grant Applications and Control Projects") is redesignated as section 475.

(c) Section 317(d) of the Public Health Service is amended (1) by striking out "communicable and other disease" in paragraphs (1) and (2), and (2) by striking out "communicable and other disease" the second time it occurs in paragraph (3).

And the Senate agree to the same.

HARLEY O. STAGGERS,
PAUL G. ROGERS,
DAVID E. SATTERFIELD, III
PETER N. KYROS,
RICHARDSON L. PREYER,
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WM. ROY,
ANCHER NELSEN,
TIM LEE CARTER,
J. F. HASTINGS,
JOHN HEINZ,
WILLIAM H. HUDNUT, III,
Managers on the Part of the House.

EDWARD M. KENNEDY,
HARRISON WILLIAMS,
GAYLORD NELSON,
THOMAS F. EAGLETON,
ALAN CRANSTON,
CLAIBORNE PELL,
WALTER F. MONDALE,
W. D. HATHAWAY,
HAROLD E. HUGHES,
DICK SCHWEIKER,
J. JAVITS,
PETER H. DOMINICK,
J. GLENN BEALL, Jr.,
ROBT. TAFT, Jr.,
ROBT. STAFFORD,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SHORT TITLE

The House bill provides that the short title shall be the "Health Revenue Sharing and Health Services Act of 1974".

The Senate amendment provides that the short title shall be: "Health Services Act of 1974".

The conference substitute adopts the provisions of the House bill.

FINDINGS OF CONGRESS

The House bill has no provision for findings of Congress. The Senate amendment provides that Congress finds that—

(1) the provision of high quality health services in all American communities is a national goal;

(2) no community should be deprived of such services because of the lack of financial resources, location, the limited English-speaking ability of any part of its population, or any other factor;

(3) to the maximum extent possible without compromising the national goal, health services should be provided by providers which are financially independent of Federal support;

(4) to the extent that financial independence cannot be attained under existing public and private health services financing arrangements without compromising this national goal, Federal funds should be made available to support the development and provision of those services under such financing arrangements become adequate; and

(5) this national goal should be pursued on a wholely voluntary basis by providing funds in communities where requested and allowing maximum flexibility in organization and delivery of health care responsive to provider preference and community need.

The conference substitute deletes the provisions of the Senate amendment.

HEALTH REVENUE SHARING

The House bill revises and extends section 314(d) of the Public Health Service Act (relating to grants, through allotments, to State health and mental health authorities for the provision of public health services) for 2 years and authorizes appropriations of $200 million for fiscal year 1975, and $220 million for fiscal year 1976. The House bill revises existing requirements relating to State plans for the provision of Comprehensive Public Health Services to require that before grants could be awarded under section 314(d), States would be required to submit plans comprised of 3 parts: an administrative part, a public health service part, and a mental health services part.

The House bill deletes existing "Federal share" provisions of section 314(d) and specifies that the Secretary shall determine the amount of any grant to a State, but that the amount of grants made in any fiscal year to the public and mental health authorities of any State may not exceed the amount of the State's allotment available for obligation in such year. It retains provisions of existing law that require that no less than 15 per centum of a State's allotment shall be made to the State mental health authority, and that not less than 70 of the entire allotment shall be made for the provision of services in communities of the State.

The Senate amendment extends existing provisions of section 314(d) for one year and authorizes appropriations of the $90 million for fiscal year 1975 for formula grants under this section.

In addition, the Senate amendment authorizes for allotments, to States, $70 million for fiscal year 1975 to assist States in establishing and maintaining programs for the screening, detection, diagnosis, and treatment of hypertension.

The conference substitute adopts the House provisions with the following changes:

(1) the authorizations are reduced to $160,000,000 for fiscal year 1975 and $160,000,000 for fiscal year 1976.

(2) 22 percent of each State's allotment must be available to establish and maintain programs for the screening, detection, diagnosis, and treatment of hypertension.

TITLE II—FAMILY PLANNING PROGRAMS

Extension of authorization of appropriations for family planning services project grants and contracts and for training grants and contracts. The House bill provides for a two-year authorization of appropriations for family planning services project grants and contracts, $150,000,000 for fiscal year 1975, and $175,000,000 for fiscal year 1976; and for a two-year authorization of appropriations for training grants and contracts, $4,000,000 for fiscal year 1975, and $5,000,000 for fiscal year 1976.

The Senate amendment contains no comparable provisions.

The conference substitute adopts the provisions of the House bill.

The conferees agree that substantial increases in authorizations are necessary in order for the programs to expand to achieve the expressed goal of providing family planning services to all Americans who want and need them, but cannot afford them, so that they can successfully plan their families.

With the enactment of the Family Planning and Population Research Act of 1970 (P.L. 91–572), Congress provided explicit directions (in a new title X added to the Public Health Service Act) to guarantee that participation in the program be entirely voluntary and free from any form of coercion or pressure. Voluntary participation has remained a basic premise of programs supported by title X funds. The detailed guidelines set forth in the House report on the House bill (House Report No. 93–1161) with regard to informed consent are a logical extension of this premise since such consent is essential to voluntary and informed participation in family planning programs. The conferees believe that the guidelines must be applied with regard to the provision of any medical procedure or service, and in connection with the participation of a patient in any research program authorized under the provisions of the Family Planning and Population Research Act.

The conferees believe that—the clear line of authority, under the Act, between the Deputy Assistant Secretary for Population Affairs and the Office of Population Affairs and family planning services and research programs have become eroded and blurred despite statutory requirements. The massive reorganizations which have occurred within H.E.W., both at the national and regional levels, and the reassignment of specialized staffs to general and often multitudinous responsibilities have resulted in a situation which threatens the accountability that should stem from line authority. It is imperative that in each region, in the Health Services Administration and in the Office of Population Affairs, there be sufficient, full-time, specialized staff assigned solely to monitor, evaluate and assist programs on an on-going basis. The conferees direct that a minimum of one senior staff be assigned solely to this program in each region and that, when warranted (by size, workload, program and fiscal responsibilities of the individual region), they be supplemented by additional full-time specialized staff.

The conferees believe the objective enunciated in the third progress report on the five-year plan submitted in April, 1974 ("consolidating projects to encourage State agencies to take responsibility for grants administration and to obtain the benefits of economies of scale . . .") is in direct opposition to the project grant approach authorized by title X

The conferees agree that since family planning services projects are established to meet the needs of the residents of the community, consolidation at the State level, and particularly, through a State agency, would place an unnecessary barrier between the administration of the program and the individuals it seeks to serve.

The language which appeared in the House Report (page 19) accurately expresses Congressional intent in this regard.

Although the conferees believe that strict adherence to the directions in the House Report would limit the necessity or applicability of such procedures, the conferees express approval of the written assurance made to the Senate Committee in a letter from the Assistant Secretary for Legislation, Stephen Kurzman, of May 31, 1974, with respect to certain kinds of consolidation activities, as follows:

3. In the future, *prior* to the final sign off in the regional office of any grants awarded which would further consolidate family planning projects, the Regional Health *Administrator* would advise the Deputy Assistant Secretary of his plan to award a consolidated grant, giving the Office of Population Affairs opportunity to review the decision and comment on it; *the opportunity to review does not give authority to override the Regional Health Administrator's decision prior to his sign off;*

4. The Deputy Assistant Secretary would continue to have the authority to override such a consolidation *after* the fact if it was determined to be unwarranted.

The conferees further believe that it is essential that family planning services programs provide an opportunity for active participation of representatives of the community in the policy-making decisions of the program.

The conferees believe that comprehensive health care programs, particularly those concerned with maternal health, should include family planning in the services they routinely provide and stress that it is essential that there be close coordination and, whenever possible, integration of family planning services into all general health care programs. In addition, the conferees believe that family planning services under title X generally are most effectively provided in a general health setting and thus encourage coordination and integration into programs offering general health care.

Research. The House bill provides for a two-year authorization of appropriations for the support of research in the biomedical, contraceptive development, behavioral, and program implementation fields related to family planning and population, $60,000,000 for fiscal year 1975, and $75,000,000 for fiscal year 1976. The House bill also directs that no funds appropriated under any provision of the Public Health Service Act, other than section 1004, may be used to conduct or support such research. The Senate amendment contains no comparable provisions.

The conference substitute adopts the provisions of the House bill.

The requirement that research in human reproduction and population dynamics be supported under the specific authority created by title X of the Public Health Service Act is intended to foster the program accountability and visibility of these activities and to increase coordination among all authorities in title X and related programs in H.E.W. and other Federal agencies and departments through the Office of the Deputy Assistant Secretary for Population Affairs. With population research a clearly identifiable item in the budget, Congress will be better able to monitor the progress and growth of the program.

Informational and educational materials. The House bill provides for a two-year authorization of appropriations for grants and contracts to assist in developing and making available family planning and population growth information (including educational materials) to all persons desiring such information (or materials), $1,500,000 for fiscal year 1975, and $2,000,000 for fiscal year 1976.

The Senate amendment contains no comparable provision.

The conference substitute adopts the provisions of the House bill.

Income criteria for participation in family planning services programs. The House bill amends existing law in order to clarify that the criteria used by the Secretary in determining "low income families" for purposes of determining priority in the furnishing of voluntary family planning services, must be defined by the Secretary so as to insure that economic status shall not be a deterrent to participation in the programs assisted under title X of the Public Health Service Act.

The Senate amendment contains no comparable provision.

The Conference substitute adopts the provisions of the House bill.

The conferees reiterate the House's direct mandate that the provision of family planning services not be narrowly restricted to the very poor but be broadly available to all persons who need and want services but have difficulty in gaining access to them for economic or other reasons. The conferees intend that the Secretary in defining "low-income families" for the purposes of this title shall insure that this definition will encompass all persons of marginal low income for whom the cost of preventive services is a particular burden.

Plans and Reports. The House bill adds as a section of title X of the Public Health Service Act the requirement (presently contained in section 5 of Public Law 91–572) that the Secretary shall make, as soon as possible after the end of each fiscal year, an annual report to Congress setting forth a plan for the succeeding five years for carrying out the purposes of title X and Public Law 91–572, and sets forth explicit areas and issues the plan must cover.

The Senate amendment contains no comparable provisions. The conference substitute adopts the provision of the House bill with an amendment retaining the applicable provision of present law requiring submission of the annual plan by a date certain—in this case not later than four months after the end of each fiscal year.

The conferees believe that a critical element in the title K program's success to date has been H.E.W.'s ability to project quantitative and detailed service goals. Thus, Congress has received an accurate view of progress from year to year, and local and Federal administrators have been able to evaluate program effectiveness rapidly and with precision.

The five-year plan request and the uniform reporting system requirements contained in the initial legislation (P.L. 91–572) have proven to be highly effective tools in this regard, and the conference report extends both requirements. The conferees intend that the next five-year plan and its subsequent revisions address and assess the availability and adequacy of the provision of family planning services for the general population, and identify the deficiencies in the provision of services to certain groups or subgroups.

Within this context, the plan and each annual update should delineate which service needs can and should be met by organized programs generally, and which service needs can be met under this title and under other laws for which the Secretary has responsibility. Both the research and service plans should be designed to provide Congress with projected timetables to meet their stated goals, including the Federal funding projections for this title, and for other laws for which the Secretary has responsibilities, which are necessary for the achievement of the objectives.

The conferees express their displeasure that H.E.W. has failed to meet its January 1 deadlines for plan submission in the past, and, in conformance with the aims of Congressional budget reform, the conferees have required that the next plan and its subsequent revisions be submitted to Congress not later than four months after the end of each fiscal year.

The importance of the plan being submitted in accordance with this schedule has been intensified by enactment of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93–344) which requires legislation authorizing appropriations in the succeeding fiscal year to be reported to the floor of both Houses of Congress by May 15 prior to the commencement of such fiscal year (under that Act moved to October 1).

In order to meet this deadline, the Congressional Committees must have the information contained in the plan before them in ample time to give full consideration to any changes in legislation which may be necessitated by information contained in the plan.

COMMUNITY MENTAL HEALTH CENTERS

Congressional findings

The House bill states congressional findings that:

(1) community mental health care is the most effective and humane form of care for a majority of mentally ill individuals;

(2) the federally funded community mental health centers have had a major impact on the improvement of mental health care by—

(A) fostering coordination and cooperation between the various agencies responsible for mental health care which in turn has resulted in a decrease in overlapping services and more efficient utilization of available resources,

(B) bringing comprehensive community mental health care to all in need within a specific geographic area regardless of ability to pay, and

(C) developing a system of care which insures continuity of care for all patients,

and thus are a national resource which all Americans should enjoy access; and

(3) that there is a shortage and maldistribution of community mental health resources in the United States.

The Senate amendment states congressional findings that:

(1) Community care is the most effective and humane form of care for the majority of mentally ill and mentally retarded individuals and individuals with developmental disabilities;

(2) The federally funded community mental health centers have had a major impact on the improvement of care by:

(A) fostering coordination and cooperation between various agencies resulting in a decrease in overlapping services and a more efficient utilization of available resources, bringing community care to all in need within a specific geographic area regardless of ability to pay, and

(B) by developing a system of care which insures continuity of care for all patients; and

(3) There is a shortage and maldistribution of community mental health resources in the United States.

The Senate amendment also states that the obligation for insuring the expansion of the community mental health center concept in the United States and the provision of comprehensive community care to all in need rests with the Federal Government, and declares further that Federal funds should continue to be made available for the purposes of initiating new and existing community mental health centers, and initiating new services within existing centers, and for the monitoring and performance of all federally-funded centers to assure their responsiveness to community needs, and national goals relating to community mental health care.

The conference substitute adopts the provisions of the House bill with the addition of the Senate provision declaring that Federal funds should continue to be made available for purposes of initiating new and continuing existing community mental health centers.

Revisions to current authority

The House bill revises and amends current authority within the Community Mental Health Centers Act.

The Senate amendment repeals the Community Mental Health Centers Act and replaces it with a new Part C of a new title XIV of the Public Health Service Act.

The conference substitute adopts the provision of the House bill.

Definition of a community mental health center

The House bill defines a community mental health center as a legal entity—

(1) through which specified comprehensive mental health services are provided in the area (termed the "catchment area") served by the center; and

(2) which coordinates the comprehensive mental health services it offers with the provision of services by other health and social service agencies in the center's catchment area to assure the persons receiving services through the center have access to all such health and social services as they may require.

The House bill provides that the services of a community mental health center—

(1) may be provided at the center or satellite centers through the staff of the center or through appropriate arrangements with health professionals and others in the center's catchment area;

(2) should be available and accessible to the residents of the area promptly, as appropriate, and in a manner which assures continuity and which overcomes geographic, cultural, linguistic, or economic barriers through receipt of services; and

(3) where medically necessary, shall be available and accessible 24 hours a day, and 7 days a week.

The House bill further provides that community mental health centers shall establish a governing body which is composed, where practical, of individuals who reside in the center's catchment area, who, as a group, represent the residents of the area, and at least one-half of whom are not providers of health care services; and shall establish organizational arrangements for an ongoing quality assurance program (including utilization and peer review systems), and for maintaining the confidentiality of patient records.

The Senate amendment defines a community mental health center as a public or private nonprofit agency, organization, or institution—

(1) which provides specified comprehensive mental health services—

(A) principally to individuals residing in a defined geographic area,

(B) within the limits of its capacity, to any individual residing or employed in such area, regardless of his ability to pay for such services, his current or past health condition, or any other factor; and

(2) which coordinates the comprehensive mental health services it offers with the provision of services by other health and social service agencies in the center's catchment area to insure that persons receiving services through the center have access to all such health and social services as they may require.

The Senate amendment further provides that the services of a community mental health center—

(1) may be provided at the center or satellite center through the staff of the center or through appropriate arrangements with health professionals and others in the center's catchment area;

(2) should be available and accessible to the residents of the area promptly, as appropriate, and in a manner which preserves human dignity, assures continuity and high-quality care, and which overcomes geographic, cultural, linguistic, or economic barriers to the receipt of services; and

(3) shall be available and accessible 24 hours a day and 7 days a week.

The conference substitute combines the provisions of the House bill and the Senate amendment.

Services to be offered

The House bill provides that the comprehensive mental health services which must be provided through a community mental health center include—

(1) services for individuals who are in a hospital or other health services delivery facility, outpatient services, day care and similar partial hospitalization services, and emergency services;

(2) specialized services for the mental health of children;

(3) specialized services for the mental health of the elderly;

(4) consultation and education services for health professionals, schools, state and local law enforcement and correctional agencies, public welfare agencies, health services delivery agencies, and other appropriate entities;

(5) assistance to courts and other public agencies in screening residents in the centers catchment area who are being considered for referral to a state mental health facility for inpatient treatment to determine if they should be so referred, and provision where appropriate of treatment of such persons through the center as an alternative to inpatient treatment at such facility;

(6) provision for followup care for residents of its catchment area who have been discharged from a state mental health facility; and

(7) provision of each of the following service programs other than a service program for which there is not sufficient need in the catchment area or the need for which in the center's catchment area is currently being met:

(A) A program for the prevention and treatment of alcoholism and alcohol abuse, and for the rehabilitation of alcohol abusers and alcoholics.

(B) A program for the prevention and treatment of drug addiction and abuse, and for the rehabilitation of drug addicts, drug abusers, and other persons with drug dependency problems.

The Senate amendment provides that the comprehensive mental health services which must be provided by community mental health centers shall include—

(1) inpatient services, outpatient services, day care and other partial hospitalization services and emergency services;

(2) comprehensive specialized services for the mental health of children;

(3) comprehensive specialized services for for the mental health of the elderly;

(4) consultation and education services (including preventive services) for health professionals, law enforcement and correctional agencies, public welfare agencies, and health services delivery agencies;

(5) assistance to courts and other public agencies in screening individuals who are residents of its catchment area, and who are being considered for referral to a mental health facility for treatment to determine whether they should be referred, and provision, where appropriate, of treatment for such individuals through the center as an alternative to treatment at such facility;

(6) follow up services to individuals who are residents of its catchment area and who have been discharged from a mental health facility;

(7) provision of each of the following service programs, (other than a service program which the center is unable to provide, or for which there is not sufficient need in the center's catchment area, or which should be provided by another public or private nonprofit agency, organization or institution)—

(A) a comprehensive program for the prevention and treatment of alcoholism and alcohol abuse, and for the rehabilitation of alcoholics and alcohol abusers, and

(B) a comprehensive program for the prevention and treatment of drug addiction and abuse for the rehabilitation of drug addicts, drug abusers, and other persons with drug dependency problems; and

(8) a program of community residence and halfway houses serving individuals who are residents of its catchment area, and who have been discharged from a mental health facility.

The conference substitute conforms to the Senate provision with respect to inpatient and outpatient services, and to the House provision with respect to followup care for residents discharged from mental health facilities and provision of service programs for the prevention and treatment of alcoholism and drug abuse. The conference substitute combines the provisions of the House bill and the Senate amendment with respect to specialized services for the mental health of children, specialized services for the mental health of the elderly, consultation and education services, and assistance to courts and other public agencies. In each case the conference substitute merely specifies more explicitly what is intended, in differing language, by both the House bill and the Senate amendment.

The conference substitute conforms to the Senate provision with respect to programs of halfway house services for individuals who are residents of a center's catchment area but eliminates provision for community residence services and specifies that halfway house services are to be "transitional" to emphasize the conferees' intent that these services be designed to assist individuals only in their transition from one level of care (such as inpatient care) to another, and that halfway houses not serve as long-term care institutions. Further, the conference substitute adds the words "mentally ill" to describe the individuals for whom the services are to be provided to emphasize the conferees' intent that these facilities should provide an opportunity for therapeutic assistance only to individuals whose mental health problems make halfway houses an appropriate setting for mental health services.

Grants for planning community mental health center programs

The House bill authorizes the Secretary to make grants to public and nonprofit private entities to carry out projects to develop community mental health center programs and provides that the amount of any grant for a project to develop a community mental health center is to be determined by the Secretary. The House bill authorizes $5 million for fiscal year 1975 and $5 million for fiscal year 1976 for such grants.

The Senate amendment authorizes the Secretary to make grants to any public or private nonprofit agency, organization, or institution to carry out any project to plan and develop community mental health center programs. It also provides that the amount of any grant for any project to plan and develop a community mental health center program is to be determined by the Secretary except that no grant may exceed the lesser of

(1) $75,000, or

(2) 100 percent of the cost of the project.

The Senate amendment authorizes $5 million for fiscal year 1975 and a like amount for the three succeeding fiscal years for such grants.

The conference substitute combines the two provisions. It authorizes $5 million for fiscal year 1975 and $5 million for fiscal year 1976 for grants to carry out programs to plan community mental health center programs, and provides that no grant may exceed $75,000.

Grants for initial operation

Length of Grants

The House bill authorizes grants to community mental health centers to assist them in meeting their cost of operation (other than costs related to construction) during the first five years (or eight years in the case of a community mental health center providing services for persons residing in an area designated by the Secretary as an urban or rural poverty area) after their establishment.

The Senate amendment authorizes grants to—

(1) any community mental health center, or

(2) any public or private nonprofit agency, organization, or institution which is providing mental health services and meets the definition of a community mental health center except that it is not providing all of the required comprehensive mental health services and which has a plan satisfactory to the Secretary for providing comprehensive mental health services within the period during which such grants are available.

The Senate amendment also provides that grants are to be made for the reasonable cost of operation (except the cost of providing consultation and education services) for the first eight years of operation or, in the case of an entity that is not providing comprehensive mental health services, one year, with provision for extension of this period upon a determination by the Secretary that the entity is making reasonable efforts to provide such services or is unable to develop such services.

The conference substitute combines the provisions of the House bill and the Senate amendment. It authorizes no more than eight initial operating grants to community mental health centers and no more than two such grants to entities which do not meet the definition of a community mental health center specified in the conference substitute.

Amount of grants

The House bill provides that the amount of a grant for the costs of initial operation of a community mental health center which does not serve an urban or rural poverty area may not exceed 80 percent of such costs for the first year of the center's operation, 65 percent of such costs the second year of its operation, 50 percent of such costs for the third year of its operation, 35 percent of such costs for the fourth year of its operation, and 20 percent of such costs for the fifth year of its operation. Further, it provides that in the case of a community mental health center which provides services for persons in an area designated by the Secretary as an urban or rural poverty area, the amount of any grant for initial operating costs may not exceed 90 percent of such costs for the first year of its operation. This percentage decreases by 10 percent for each of the center's subsequent seven years of operation.

The Senate amendment provides that the amount of a grant for the reasonable costs of operation is to be the lesser of the following:

(1) the difference between—

(A) the grantee's projected reasonable costs of operation for the applicable year, and

(B) the total of State, local, and other funds, and the fees, premiums, and third-party reimbursement payments which the grantee may reasonably be expected to collect for the services it renders; or

(2) 75 percent of the grantee's costs of operation for each of the first two years of its operation, 60 percent of such costs for the third year, 45 percent of such costs for the fourth year, and 30 percent of such costs for each of the next 4 years; except that in the case of any grantee providing services to individuals residing or employed in an area designated by the Secretary as an urban or rural poverty area, 90 percent of the grantee's costs of operation for each of the first two years of its operation, 80 percent of such costs for the third year, 75 percent of such costs for the fourth and fifth years, and 70 percent of such costs for each of the next three years.

The Senate amendment also provides that, for the purposes of determining the year of operation of any grantee which received financial assistance under the Community Mental Health Centers Act as in effect prior to the enactment of the Senate amendment, such grantee is deemed to have been in operation for a number of years equal to the number of grants already received under the Act. The amendment further provides that grantees required to add services to those which it offers on the date of the enactment of the Senate amendment because of the amendment's new definition of a community mental health center are to be considered to be in its first year of operation with respect to such services in the year it begins providing such services.

The conference substitute adopts the provisions of the Senate amendment with respect to determining the amount of the grant, except that, in cases in which the formula of percentages of costs of operation is used, the percentages of allowable support is reduced so that community mental health centers located in poverty areas may receive no more than 90 percent of their operating costs in the first two years, 80 percent in their third year, 70 percent in their fourth year, 60 percent in their fifth year, 50 percent in their sixth year, 40 percent in their seventh year, and 30 percent in their eighth year, and so that community mental health centers in nonpoverty areas may receive a maximum of 80 percent of their operating costs in their first year, 65 percent in their second year, 40 percent in their third year, 35 percent in their fourth year, 30 percent in their fifth and sixth years, and 25 percent in their seventh and eighth years.

The conferees wish to emphasize that these percentages of operating costs represent maximum amounts that may be awarded under the conference substitute, and in no case should an award be made which exceeds the difference between projected operating costs and projected revenues from sources other than the conference substitute. The conferees anticipate that each applicant's financial situation will be reviewed individually and that, in each case, a grant be made only after a review of reasonable projections with respect to a center's ability to collect fees and revenues from other sources.

The conference substitute adopts the provisions of the Senate amendment with respect to determining the year of operation of entities that received assistance under provisions of the Community Mental Health Centers Act in effect prior to the conference substitute, with the addition of a provision which clarifies that the Secretary shall consider only the first series of grants a center received under section 220 of the Community Mental Health Centers Act and disregard any series of "growth grants" that may have been awarded. Specifically, the conference substitute provides that a center will be construed as being in operation for a number of years equal to the sum of the number of grants in the first series of grants it has received under section 220.

Authorization of Appropriations

The House bill authorizes appropriations for grants for initial operation as follows: $85 million for fiscal year 1975 and $105 million for fiscal year 1976, for initial grant and such sums for fiscal year 1976 and for each of the succeeding seven years as may be necessary to make continuation grants to community mental health centers which first received initial grants under the bill in fiscal year 1975 or fiscal year 1976 and are otherwise eligible for such grants.

The Senate amendment provides the following authorizations for initial operating grants: $90 million for fiscal year 1975, $100 million for fiscal year 1976, $110 million for fiscal year 1977, and $120 million for fiscal years 1978 for grantees in their first year of operation, and such sums as may be necessary for fiscal year 1975 and each of the ten succeeding years for grantees in their subsequent years of operation.

The conference substitute conforms to the House provisions, except that $100 million is authorized for fiscal year 1976 for initial grants.

Continuation Grants

The House bill provided that entities which received grants under the Community Mental Health Centers Act as in effect prior to the date of enactment of the House bill are authorized to continue to receive such assistance for a period, in the amount, and in accordance with provisions, prescribed for such grants under applicable provisions of such Act.

The House bill authorized such sums as are necessary for the fiscal year which begins after the date of enactment of the bill and for each of the next six fiscal years for continuation of assistance.

The Senate amendment contained no corresponding provision although community mental health centers which received grants under the Community Mental Health Centers Act as in effect prior to the date of enactment of the Senate amendment would be eligible to receive initial operating grants under the provisions of the amendment.

The conference substitute, in a subsection of the section providing grants for initial operation (section 203(a)), authorizes community mental health centers—

(1) which received staffing grants under section 220, 242, 243, 251, 256, 264, or 271 of the Community Mental Health Centers Act (as in effect prior to the date of enactment of the conference substitute), and

(2) which but for the amendments made by the conference substitute would still be eligible for further grants under such sections,

to continue to receive such grants for the number of years and in the amounts prescribed for such grants with the following exceptions: (A) the grantee under this provision must meet the requirements of the conference substitute for community mental health centers before it may receive more than two grants under this provision, and (B) the total amount received under the "continued" grants may not exceed in any year the excess of the grantee's projected costs of operations (computed, in the case of a grantee which receives a grant under the new section 204 for consultation and education services, without regard to staffing costs for consultation and education services) over its expected collections in that year (computed, in the case of a grantee which receives a grant under the new section 204 for consultation and education services, without regard to the grantee's collections in that year for such services). A grantee under this provision may not receive any grant for initial operation under the new section 203 and any grantee which receives such an initial operation grant may not receive a "continuation" grant under this provision. There are authorized to be appropriated for the fiscal year ending June 30, 1975, and for each of the next six fiscal years such sums as may be necessary to make grants under this provision.

Financial distress grants

The House bill authorizes the Secretary to make grants for the operation of community mental health centers which—

(1) received grants under section 220 of the existing Community Mental Health Centers Act prior to the enactment of the House bill, or a continuation of each grant under section 304 of the bill,

(2) because of limitations respecting the period for which such grants may be made are not eligible for additional grants, and

(3) demonstrate that without further assistance, there would be a significant reduction in the type or quality of services provided or there will be an inability to provide comprehensive mental health services required under the bill's new definition of a community mental health center.

The House bill further provides that the amount of the first financial distress grant may not exceed 75 percent of the amount of the last grant made under the Community Mental Health Centers Act prior to enactment of the House bill, and the amount of the second and any subsequent financial distress grant may not exceed 90 percent of the amount of the last financial distress grant.

Further, the House bill contains the following special requirements which must be met prior to the award of financial distress grants: The State in which the center is located must have an approved State plan; the center must agree to requirements respecting financial information, cost analysis studies, financial reform, and the use of funds to conform to definitional requirements; the application must contain assurances respecting reporting information, review of services, cooperation with health maintenance organizations, services to persons unable to pay, control of fees paid to providers, and a maintenance of financial effort from non-Federal sources.

The Senate amendment authorizes the Secretary to make financial distress grants to—

(1) any community mental health center, or

(2) any public or private nonprofit agency, organization, or institution which is providing mental health services, meets the definition of a community mental health center, except that it is not providing all the specified comprehensive mental health services, which has a plan satisfactory to the Secretary for providing comprehensive mental health services within the period during which such grants are available, and which has received operating grants under the Community Mental Health Centers Act or the new provisions added by the Senate amendment, and which because of limitations on the period for which such grants may be made, is not eligible for further grants.

Grants would be made for the purpose of assisting a grantee in meeting its reasonable cost of operation (except the cost of providing consultation and education services). Grantees would be limited to no more than five financial distress grants.

The Senate amendment provides that the amount of a financial distress grant would be the lesser of—

(1) the difference between—

(A) the grantee's projected reasonable cost of operation for the year for which the grant is made, and

(B) the total of State, local, and other funds and fees, premiums, and third-party reimbursement payments, which the grantee may reasonably be expected to collect through Medicare, Medicaid, and other public and private insurance payments; or

(2) an amount equal to 30 percent of the grantee's reasonable cost of operation, or in the case of any grantee providing services for individuals residing or employed in an area designated as one of urban or rural poverty, an amount equal to 70 percent of the grantee's reasonable cost of operation.

The conference substitute provides that grants may be made for the operation of any community mental health center (1) which received a grant under section 220 of the Community Mental Health Centers Act prior to its amendment by the conference substitute, or an initial operating grant under section 203(a) of the Act as amended by the conference substitute, and which is ineligible for further grants under such sections, and (2) which demonstrates that without support under this section there will be a significant reduction in the types or quality of the services it provides or it will be unable to provide all of the services required of a center under section 201.

The conference substitute adopts the provisions of the House bill respecting requirements applicable to applications for such grants and to grantees under this section. The conference substitute contains the provision of the Senate amendment specifying that (1) the grant is to be used for the grantee's costs of operation (other than its costs associated with consultation and education services), (2) each grant is to be made for a year, and (3) no center may receive more than five grants.

The amount of any grant is to be the lesser of—

(1) an amount equal to the amount by which the center's projected costs of operation for the grant year exceed the total of State, local, and other funds and of the fees, premiums, and third-party reimbursements which the grantee may reasonably be expected to collect in the grant year; or

(2) an amount equal to the product of—

(A) 90 per centum of the percentage of costs—

(i) which was the ceiling on the last grant last made the grantee in the first series of grants it received under the current section 220, or

(ii) prescribed for the grantee's last initial operating grant under the new section whichever grant was made last, and

(B) the grantee's projected costs of operation in the grant year.

The conference substitute authorizes $10 million for fiscal year 1975 and $15 million for fiscal year 1976 for financial distress grants.

Facilities assistance and conversion grants

The House bill requires the Secretary to pay, from allotments made to States, the Federal share of projects for:

(1) the acquisition or remodeling, or both, of facilities for community mental health centers,

(2) the leasing, for not more than 25 years, of facilities for such centers,

(3) the construction of new facilities, or expansion of existing facilities, for community mental health centers if not less than 25 percent of the residents of the center's catchment area are members of low income groups (as determined under regulations prescribed by the Secretary), and

(4) the initial equipment of a facility.

The House bill further provides that payments are not to be made for construction of a new facility or the expansion of an existing one unless the Secretary determines that it is not feasible for the recipient to acquire or remodel an existing facility.

The House bill continues, with minor modification, provisions of existing law respecting the maximum Federal share, application procedures, conditions for project approval, payments, recovery of funds, and judicial review.

The House bill authorizes appropriations of $20 million for fiscal year 1975 and $25 million for fiscal year 1976 for allotments to States for facilities assistance.

The Senate amendment provides that the Secretary is authorized to make startup grants to any—

(1) community mental health center, or

(2) public or private nonprofit agency, organization, or institution which has a plan satisfactory to the Secretary for providing comprehensive mental health services through a community mental health center, and for complying with conditions for grant approval.

Under the Senate amendment, grants are to be made to assist in meeting the costs of—

(1) the development of comprehensive mental health services, including the addition of new services;

(2) development of the resources in order to achieve compliance with the conditions for approval of grant applications;

(3) acquisition, expansion, and remodeling of existing facilities, and acquisition and construction of new facilities, the acquisition of land associated with such facilities, leasing of facilities, and initial equipment of facilities.

The Senate amendment provides that each startup grant shall be made for a period not to exceed one year and provide that no more than three such grants may be made to any community mental health center.

The Senate amendment further provides that the amount of a startup grant shall not exceed—

(1) 100 percent of the costs of development of comprehensive mental health services or the costs of development of resources in order to achieve compliance with conditions for grant applications; or

(2) 75 percent of the costs incurred in acquisition, expansion, remodeling, acquisition of land, leasing, and initial equipment unless the Secretary waives such limitation upon a finding that there are no other funds available to the applicant to meet such costs.

The Senate amendment provides that any recipients of initial operating grants are authorized to receive startup grants. It further provides that grants for the cost of construction, acquisition, or renovation of facilities are to be available only to entities that have received at least two initial operating grants.

The Senate amendment authorizes $50 million for fiscal year 1975 and a like amount for the three succeeding fiscal years for startup grants.

The conference substitute conforms to the House bill with respect to facilities assistance, except that the authorization for fiscal year 1976 is reduced to $15 million.

The conference substitute adopts the provisions of the Senate amendment with respect to startup assistance, except that the provisions for facilities assistance are deleted, and the development of comprehensive mental health services and of resources to comply with conditions of approval of grant applications are modified to apply only to existing centers for the purpose of expanding services to meet the new requirements of the conference substitute. Thus, the Senate provision as modified is termed "conversion grants".

The conference substitute further provides that conversion grants may be made only to centers which have received approved applications for initial operating grants or financial distress grants, and which can reasonably be expected to have an operating deficit for the period in which the conversion grant is made that is greater than the amount of the applicable initial operating grant or financial grant. Conversion grants may not exceed that portion of operating deficits attributable to the provision of new services.

The conference substitute provides that the Secretary may make not more than two conversion grants to any entity.

The conference substitute authorizes appropriations of $20 million for fiscal year 1975 and $20 million for fiscal year 1976 for conversion grants.

Grants for consultation and educational services

The House bill authorizes the Secretary to make annual grants for the cost of providing consultation and educational services to—

(1) community health centers which were assisted under the existing law and were either in their last year of assistance or had completed thier period of assistance;

(2) community mental health centers which are assisted under the proposed legislation and are either in their last year of assistance or have completed their period of assistance; and

(3) public or nonprofit entities which have not received assistance under the Community Mental Health Centers Act, but conform to all the requirements respecting the organization and operation of community mental health centers specified in the House bill except for the requirement that they provide consultation and educational services, and are not located in the same catchment area as an assisted center.

The House bill also provides that the amount of any grant for consultation and educational services would be determined by the Secretary, but that no such grant may exceed the lesser of 100 percent of the center's cost of providing such consultation and education services during the year for which the grant is made, or amounts calculated on the basis of a two-part formula which includes:

(1) a "capitation payment" based upon the population of the center's catchment area and

(2) an "incentive payment" based upon the amount of funds the center succeeds in collecting from charges to other agencies for its consultation and education services.

The House bill authorizes appropriations for consultation and education services of $4,000,000 for fiscal year 1975, and $9,000,000 for fiscal year 1976.

The Senate amendment authorizes the Secretary to make annual grants starting in their first year of operations for the cost of providing consultation and education services to:

(1) community mental health centers; and

(2) public or private nonprofit agencies, organizations or institutions which—

(A) are providing mental health services,

(B) meet the definition of a community mental health center, except that they are not providing all the specified comprehensive mental health services, and

(C) in the case of grantees described under paragraph (b), have plans satisfactory to the Secretary for providing comprehensive mental health services within the period during which grants are available.

The Senate amendment also provides that the amount of any grant for consultation and education services would be determined by the Secretary, but that no such grant may exceed the lesser of the following:

(1) the difference between:

(A) the grantee's projected reasonable costs of providing consultation and education services for the year for which the grant is made, and

(B) the total of State, local, and other funds and fees, premiums, and third-party payments which the grantee may reasonably be expected to collect for the provision of consultation and education services, or

(2) $2 times the number of individuals residing in the catchment area of the grantee, or, in the case of a grantee providing services in an urban or rural poverty area, $3 times the number of individuals residing in the catchment area of such grantee.

The Senate amendment specified limitations on the numbers of grants which may be awarded to entities not providing all the required comprehensive mental health services.

The Senate amendment authorizes appropriations of such sums as may be necessary for fiscal years 1975 through 1978 for consultation and education services.

The conference substitute specifies that grants for consultation and education services will begin in the fifth year of a center's operation, except the Secretary shall make available consultation and education grants in the third or fourth years of a center's operation if he determines that as a result of the declining percentage of that center's cost of operations or staffing available to it under its initial operating or staffing grant, it is unable to offer adequate consultation and education services. Any center receiving a consultation and education grant shall not include the cost of providing consultation and education services in the total cost of operations used as a basis for calculating initial operating grants under this Act.

The conferees adopted the provisions of the House bill for calculating the amount of a grant which a center may receive for consultation and education services.

The conference substitute adopts the provisions of the House bill regarding authorizations of appropriations, providing $4,000,000 for fiscal year 1975 and $9,000,000 for fiscal year 1976.

The conference substitute adds a requirement to the definition of required consultation and education services that centers offer services which promote the prevention and control of rape and the proper treatment of the victims of rape. This provision is taken from a separate Senate provision, not included in the House bill, concerning rape.

The conferees note that consultation and education are the required indirect services of a community mental health center. Their emphasis is on the achievement, through a variety of means, of prevention of emotional disturbance and the promotion of improved mental health within the catchment area.

Inasmuch as consultation and education services are not reimbursable by third party payors, nor likely to be covered by national health insurance, and return only a portion of their costs when paid for by recipients, they are most vulnerable to erosion as Federal and other funds decline. It is particularly important to ensure the viability of a community mental health approach by promoting the visibility and identifiability of consultation and education services.

Such visibility is best assured through an identifiable and separate grant program. One of the difficulties in developing consultation and education programs has been that the pressure of establishing direct clinical services has resulted in a relative neglect of the indirect services. Without special attention to consultation and education programs, there is no real incentive for centers to develop well articulated and defined programs, particularly in the early years of operation.

Basically, consultation involves the provision of mental health assistance, by qualified personnel, to a wide variety of community agents and caregivers, including, but not limited to, schools, courts, police, clergy, and health care personnel such as physicians and public health nurses. In the case of case consultation, this may take the form of collaboration with community agents, enabling them to deal more effectively with certain of their clients who may be experiencing emotional difficulties. In the case of program consultation, the emphasis is not on an individual client, but on the planning and development of mental health related programs in a variety of community agencies. Such consultation may be reflected, for example, in the development of public school classes for emotionally disturbed children, or the development of mental health programs in industrial work situations.

The particular advantage of all forms of consultation is that the impact of mental health personnel is extended to groups of persons who might never reach the community mental health center. A school teacher better able to deal with underachieving or aggressive children, a physician better able to deal with the family of a person with a terminal disease, and a more humane and effective community program for dealing with the emotionally disturbed offender are all reflections of an effective community mental health center consultation program.

The education program of the community mental health center has at least two major functions. First, its goal is to increase the visibility, identifiability, and accessibility of the community mental health center for all residents of the catchment area. A community mental health center cannot serve as an effective community resource if large segments of the population are unaware of its purposes, its functions, its location, or its relevance to community needs.

A second major goal of a community mental health center educational program is to promote mental health and to prevent emotional disturbance through the distribution and dissemination of relevant mental health knowledge. Materials on effective ways of dealing with depression, the mental health aspects of baby and child care, and the impact of life crises on mental health are all appropriate concerns of the "education" part of consultation and education.

The consultation and education service must be coordinated with all other center services. The service, for example, can have marked impact on the appropriate, effective utilization of the center and upon patient flow through the direct services. Through effective consultation and education, the center will receive more appropriate referrals, enable other caregivers to manage their clients more effectively, and enhance continuity of care, as well as extending service to underserved groups in the catchment area.

While consultation and education include a range of activities aimed at promoting coordination among community agencies and developing effective mental health programs throughout the community, it specifically excludes the provision of direct clinical services. All services other than direct clinical services, however, are not appropriately labeled consultation and education. Staff training, community organization, and fund raising activities, for example, may be relevant community mental health center foci, but they are not legitimately defined as consultation and education.

Conditions applicable to grants

The House bill provides that, to receive a development, initial operation, or consultation and education services grant, the recipient must be in a State with an approved State plan and must not have received any assistance under existing law.

To receive an initial operation or consultation and education services grant, the application must contain assurances respecting:

(1) reporting of information,

(2) review of the responsiveness of the services to community needs,

(3) cooperation with health maintenance organizations,

(4) development of adequate non-Federal financial support,

(5) provision of a reasonable volume of services to persons unable to pay therefor,

(6) payment to the center for services of its providers,

(7) use of Federal support to add to or improve provided services,

(8) maintenance of financial effort,

(9) compliance with definitional requirements and previous assurances, and

(10) if the grant amount is based on service to an urban or rural poverty area, provision of services to a significant number of persons in that area.

Applications are also to contain a plan respecting the center's future growth.

To receive a construction grant:

(1) the project must be in a State with an approved State plan,

(2) the project must be approved under the approved State plan, and

(3) the application must contain assurances respecting title, plans, financial support, Davis-Bacon compliance, and the requirements described above.

The Senate amendment requires for applications for grants for planning and development, startup, initial operation, financial distress, and consultation and education services, review by the health planning agency, assurances that services provided with Federal assistance will be an addition to or an improvement in existing services, and assurances respecting maintenance of financial effort.

For initial operation, financial distress, and consultation and education services grants, there must be assurances respecting:

(1) reimbursement under titles XVIII and XIX of the Social Security Act,

(2) fee and discount schedules and collection of fees,

(3) the governing board for the center,

(4) a professional advisory board,

(5) quality assurance and utilization of professional standards review organizations,

(6) integrated medical records systems,

(7) availability of services and physician responsibilities,

(8) dispensing of drugs and biologicals,

(9) budgets and reporting of information,

(10) review of catchment areas,

(11) where appropriate, bilingual services,

(12) cooperation with health maintenance organizations,

(13) control of provider fees, and

(14) expenditures for evaluation of services in an amount equal to 2 percent of the prior year's operating costs.

To receive a construction grant, the requirements are the same as the House bill except that the Senate amendment does not require a State plan.

The conference substitute merges the provisions of the House bill and of the Senate amendment with the following exceptions:

(1) The Senate provision waiving the requirement for a governing board when a center is operated by a government agency is amended to waive this requirement only for existing centers which have been operated by a governmental agency and have received a staffing grant under the Community Mental Health Center Act prior to fiscal year 1975. Newly started centers, centers receiving their first grant under this Act, or centers first operated by governmental agencies in fiscal year 1975 or later must comply with the governing board requirements in this Act.

(2) The substitute modifies the Senate requirements of quality assurance to eliminate required use of PSRO's.

(3) The conference substitute adopts the Senate provision concerning the needs of populations of limited English-speaking ability served by the community mental health centers with an amendment. The conferees intend that the bilingual individual designated by the center under this requirement shall have as one of his responsibilities a major involvement in the development of the plan and arrangements for assuring adequate services to the limited English-speaking patients. The appropriate staff members to whom he provides guidance on bridging linguistic and cultural differences shall include both salaried staff members of the center and the appropriate staff members of referral agencies.

Miscellaneous provisions

The House bill contains no miscellaneous provisions.

The Senate amendment contains the following miscellaneous provisions—

(1) The Secretary may provide necessary technical and other nonfinancial assistance to entities eligible to receive grants for planning and development, startup, or initial operation to assist the entity in developing plans for and in becoming a community mental health center and in complying with the requirements of such grants. Two percent of all funds appropriated are earmarked for this purpose.

(2) In making grants, the Secretary shall give priority to (A) applicants which will serve areas with the greatest need for the services of the community mental health centers notwithstanding the ability of any such applicant to become a solvent operation, and (B) applicants which received approval of, but not funding, under applications for staff and grants under section 220 of the Community Mental Center Act before June 30, 1974.

(3) Authorizes the Secretary to make payments to professional standards review organizations equal to the amount of expenses reasonably and necessarily incurred as determined by the Secretary by such organizations in carrying out or preparing to carry out their duties and functions under the Senate amendment.

For such purposes the Senate amendment authorizes appropriation of such sums as may be necessary. If the Secretary finds that the review activities of the professional standards review organization are effective and adequate, he may waive the quality assurance activities which the Senate amendment requires of centers.

The conference substitute adopts the Senate provision respecting technical assistance with conforming amendments.

The conferees deleted the Senate amendment concerning priorities for awarding grants but intend that the Secretary give every consideration to applicants for community mental health center grants under the Act who have previously applied and been approved but who have remained unfunded. Such applicants may be required to reapply in a form which demonstrates their compliance with conditions of award or with the definition of a community mental health center under this Act, or both, but the Secretary should nevertheless give every consideration to these previously approved but unfunded applicants.

The conference substitute deletes Senate provisions respecting PSRO's and the promulgation of regulations.

TITLE IV—MIGRANT HEALTH CENTERS

Revisions of current authority

The House bill revises the authority existing in section 310 of the Public Health Service Act.

The Senate amendment repeals section 310 of the Public Health Service Act and replaces it with a new part B of a new title XIV of such Act.

The conference substitute adopts the approach of the House bill.

Definition of a migrant health center

The House bill defines a migrant health center as a public and nonprofit private agency (1) which provides specified health services:

(A) to agricultural migratory workers and their families (although the number of such workers and their families in the area served by the center is not a definitional requirement, grants for establishment and operation of a center may only be made in a high impact area with at least 6,000 such workers for 2 months in any year), and

(B) to persons (and their families) in the area served by the entity who perform seasonal agricultural work similar to that performed by agricultural migratory workers, if the Secretary finds that the provision of such services to such persons may contribute to the improvement of the health conditions of agricultural migratory workers and their families;

(2) which provides specified health services directly through its staff and supporting resources or through contracts or cooperative arrangements with public or private entities. Primary health services should be available and accessible in the areas served by the center promptly, as appropriate, and in a manner which assures continuity; and

(3) which has established a governing body and organizational arrangements for an ongoing quality assurance program (including utilization and peer review systems) and for maintaining the confidentiality of patient files.

The Senate amendment defines a migrant health center as a public or private nonprofit agency, organization, or institution—

(1) which provides specified health services—

(A) to agricultural migratory and seasonal workers and their families in an area which has not less than 5,000 such workers and their families residing within its boundaries, and

(B) within the limits of its capacity, to any eligible individual regardless of his ability to pay for such services, his current or past health condition, or any other factor.

(2) which provides specified health services directly through its own staff and supporting resources, or indirectly under arrangements with providers designed to assure the patient maximum accessibility to economical and high quality services. A center's services may be provided at the center or satellite centers, and should be available and accessible to the individuals it serves promptly, as appropriate, and in a manner which preserves human dignity, assures continuity and a high quality of care and overcomes geographic, cultural, linguistic, or economic barriers to the receipt of services. A center's services are to be provided for a minimum of 6 months in any calendar year.

The conference substitute adopts the House provisions with amendments specifically providing for the coverage of both migratory agricultural workers and their families and seasonal agricultural workers and their families as eligible recipients of center services.

Definition of agricultural migratory worker

The House bill defines "agricultural migratory worker" to mean an individual whose principal employment is in agriculture on a seasonal basis who has been so employed within the last 24 months, and who establishes for the purposes of such employment a temporary abode.

The Senate amendment defines "agricultural migratory and seasonal workers" as individuals whose principal occupation is in agriculture on a seasonal basis. The Senate amendment defines "agriculture" to mean farming in all its branches including but not limited to cultivation and tillage of the soil, the production, cultivation, growing, and harvesting of any commodity grown on, in, or as an adjunct to or part of an item grown in or on the land, including any practices performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, including preparation and processing for market delivery to storage or to market or to carriers for transportation to market.

The conference substitute adopts the House provision with an amendment to define a "seasonal agricultural worker" as an individual whose principal employment is in agriculture on a seasonal basis and who is not a migratory agricultural worker. The conference substitute adopts the Senate definition of "Agriculture" with a technical amendment.

Services to be offered

The House bill specifies the following services which must be provided by a migrant health center:

Primary health services.

As may be appropriate for particular centers, supplemental health services necessary for the adequate support of primary health services.

Referral to providers of supplemental health services and payment as appropriate and feasible for their provision of such services.

Environmental health services including as may be appropriate for particular centers the detection and alleviation of unhealthful conditions associated with water supply, sewage treatment, solid waste disposal, rodent and parasitic infestation, field sanitation, housing and other environmental factors related to health.

As may be appropriate for particular centers infectious and parasitic disease screening and control.

As may be appropriate for particular centers accident prevention, including prevention of excessive pesticide exposure.

Information on the availability and proper use of health services. (Services which promote and facilitate optimal use of primary health services and other services indicated, are included under supplemental health services.)

The Senate amendment specifies as services which must be provided by a migrant health center the same services as the House bill (with technical differences) except that infectious and parasitic disease services, accident prevention and information on the use of services are omitted.

The conference substitute adopts the provisions of the House bill.

Definition of Primary Health Services

The House bill provides as primary health services:

(1) services of physicians and where feasible services of physicians assistants and nurse clinicians;

(2) diagnostic laboratory and radiologic services;

(3) preventive health services including—

(A) children's eye examinations to determine the need for vision correction,

(B) perinatal services,

(C) well child services,

(D) family planning services,

(E) infectious and parasitic disease screening and control, and

(F) preventive dental services;

(4) emergency medical services;

(5) transportation services as required for adequate patient care; and

(6) preventive dental services.

The Senate amendment provides as essential health services:

(1) physicians services (including diagnostic treatment consultant and referral services by a physician and followup services) and where feasible services of physician extenders and nurse practitioners;

(2) diagnostic laboratory and radiologic services;

(3) preventive health services including—

(A) children's eye and ear examinations conducted to determine the need for vision and hearing correction,

(B) prenatal and postpartum services,

(C) periodic screening for well child care,

(D) voluntary family planning services, and infertility services,

(E) services for the prevention of malnutrition,

(F) screening and immunization programs which include infectious and parasitic disease screening and control, and

(G) preventive dental care for children;

(4) emergency medical services;

(5) transportation services necessary to overcome difficulties of access to services provided by the migrant health center; and

(6) information on the availability and use of health services including services of outreach workers fluent in the language of the population served.

The conference substitute adopts the House provision with an amendment to include those additional services contained in the Senate bill which were not in the House bill. Emergency medical services are intended to include emergency dental services.

Definition of supplemental health services

The House bill specifies a list of supplemental health services including:

(1) hospital services,
(2) home health services,
(3) extended care facility services,
(4) rehabilitation services,
(5) dental services,
(6) mental health services,
(7) vision services,
(8) allied health services,
(9) pharmaceutical services,
(10) health education services, and
(11) services which promote and facilitate optimal use of primary health services and the services included in definitions of primary and supplemental health services.

The Senate amendment specifies a list of supplemental health services including:

(1) in-patient and out-patient hospital services,
(2) home health services,
(3) extended care facility services,
(4) rehabilitative services (including physical therapy and long-term physical medicine),
(5) dental services,
(6) mental health services,
(7) vision care,
(8) allied health services,
(9) the provision of prescription drugs,
(10) health education services,
(11) public health services (including social services),
(12) specialized medical services for treatment of nutritional deficiencies and for the treatment of alcohol abuse, alcoholism, and other drug abuse and drug dependence problems,
(13) therapeutic radiologic services, and
(14) accident prevention services (including prevention of excessive pesticide exposure).

The conference substitute adopts the House provision with an amendment to include services required by the Senate provision and not by the House bill.

Grants for the establishment and operation of migrant health centers

The House bill authorizes the Secretary to make grants to public and nonprofit and private entities to assist in (1) the establishment and initial operation of migrant health centers which will serve one or more high impact areas, and (2) meeting the cost of the continued operation of migrant health centers serving one or more such areas, including training related to the provision of primary, supplemental and environmental health services and program management.

The House bill defines "high impact area" to mean a county or other political subdivision within a State which has not less than 6,000 agricultural migratory workers residing within its boundaries for more than 2 months in any one calendar year.

The Senate amendment authorizes the Secretary—

(1) to make grants to any public or private nonprofit agency, organization, or institution to carry out any project to plan and develop migrant health center programs.

(2) to make startup grants to any migrant health center or public or private nonprofit agency, organization, or institution which has a plan satisfactory to the Secretary for providing health services through a migrant health center. Grants would be made to assist in meeting the cost of (A) the development of health services, including the addition of new services; (B) the development of resources and techniques to achieve compliance with conditions for approval of initial operating grant applications; and (C) the acquisition, expansion, and remodeling of facilities.

(3) to make initial operating grants for the purpose of assisting an applicant in meeting its reasonable cost of operation and providing such training as may be necessary for the provision of essential, supplemental and environmental health services and program management. Initial operating grants may be awarded to any migrant health center or any public or private nonprofit agency, organization, or institution which (A) is providing health services; (B) meets the definition of a migrant health center, except that it does not provide all of the required essential, supplemental, and environmental health services; and (c) has a plan satisfactory to the Secretary for the provision of the required essential, supplemental, and environmental health services within the period during which grants are available.

The conference substitute defines high impact areas as does the House bill with the inclusion of seasonal agricultural workers and their families. Further, the conference substitute requires the Secretary to provide grants for centers only after establishing priorities among high impact areas, with the highest priority for areas in which reside the greatest number of migratory agricultural workers and their families for the longest period of time. No grant for a center is to go to a high impact area with only seasonal agricultural workers until all such areas with migratory workers have been served. This provision will insure that funds will be concentrated on those home base high impact areas with the greatest number of migrants where the conferees believe the greatest need exists.

The conference substitute compromises the House single grant authority with the Senate three stage authority by authorizing pre-operational grants to plan and develop centers and separate operational grants for centers providing services. Both stages may include support of acquiring and modernizing facilities. Operational grants may include necessary training costs associated with providing services and program management. Waiver for up to two years of the service and application requirements is provided at the discretion of the Secretary for operating centers.

Conditions for approval of grant applications

The House bill provides that the following must be established before a grant may be made: (1) appropriate compiling and reporting of information, (2) compliance with accounting procedures and other requirements for solvent operation, (3) arrangements for payments of the center's cost of providing services to persons eligible for medical assistance under title XIX of the Social Security Act, (4) arrangements for the collection and reimbursement under titles XVIII and XIX of the Social Security Act, any other public assistance program, or private health insurance, and (5) a governing body meeting specified requirements.

The Senate amendment provides that the following must be established before a grant may be made: (1) a budget and appropriate compiling and reporting of information, (2) arrangements for payment of a center's cost of providing services to persons eligible for medical assistance under title XIX of the Social Security Act, (3) arrangements for collection and reimbursement under titles XVIII and XIX, any other public assistance program, or private health insurance, (4) as a condition for construction grants, a description of the site, a copy of the plans, and the title to the land, (5) review by the Secretary of the use of the grant and assurances that services will constitute an addition to or an improvement of existing services, and that the State shall maintain its efforts with regard to financing of the projects, (6) schedules of fees and discounts and efforts to secure payments, (7) limitations on expenditures for environmental health services to an amount not in excess of 10 percent of that expended in the prior year for operating costs, (8) an integrated medical records system, (9) compliance with requirements respecting physician's services, (10) compliance with requirements respecting drugs and biologicals, (11) bilingual assistance, (12) a continuing evaluation program, (13) compliance with any other requirements the Secretary imposes, and (14) a governing body meeting specified requirements different from those in the House bill.

The conference substitute includes all the House requirements except that it follows the Senate provision respecting governing bodies, and the substitute adds Senate requirements respecting the use of fee and discount schedules, and preparation of a budget. The conference adopted the Senate provision concerning the needs of populations with limited English-speaking abilities served by the Migrant Health Centers, Community Mental Health Centers and Community Health Centers with an amendment. The bilingual individual designated by the center under this amendment is to have as one of his responsibilities a major involvement in the development of the plan and arrangements for assuring adequate services to the limited English-speaking consumers. The appropriate staff members to whom he provides guidance on bridging linguistic and cultural differences shall include both salaried staff members of the center and the appropriate staff members of referral agencies.

Provisions respecting periods and amounts of grants

The House bill has no provision with regard to the period and amount of grants.

The Senate amendment requires that planning and development grants be made for a period not to exceed one year, and that not more than one grant may be made with respect to any project.

The Senate amendment provides that start-up grants may be made for a period not to exceed one year and not more than three grants may be made for any center. Grants for facilities may not exceed 75 percent of costs unless waived by the Secretary. Funds under a grant available for facilities not obligated within two years may be required to be returned to the Secretary for the purpose of making other grants for other facilities.

The Senate amendment with regard to initial operating grants requires that such grants may be made for a period not to exceed one year. Grantees which are not qualified as centers may receive up to two grants with provision for one more grant in special cases. The amount of any grant shall be the difference between the grantees projected reasonable cost of operation and training, and the expected reasonable State and local contributions and income from the delivery of services.

A grantee may spend no more than 5 percent of an initial operation grant for training purposes.

The conference substitute follows the House bill except that no more than two planning and development grants are to be made to any project and no more than two operating grants are to be made to projects which do not fully qualify as centers.

Grants and contracts in areas not served by migrant health centers

The House bill authorizes the Secretary to make grants to public and nonprofit private entities and to enter into contracts with public and private entities in areas in which no migrant health center exists, and which are not high impact areas (1) for the provision for emergency care to migratory agricultural workers and their families; (2) for the provision of primary care to such workers and their families; (3) for the development of arrangements with the existing facilities to provide primary health services to such workers and their families; and (4) for activities which improve the health of such migratory workers and their families.

The Senate amendment authorizes grants and contracts to any public or nonprofit private agency, organization, or institution for the provision of health services to migrants in areas where migrant health centers cannot be funded because fewer than the required number of workers and their families are residing. These grants and contracts would be awarded for the purpose of:

(1) planning, developing or providing any or all essential, supplemental, and environmental health services described to migratory and seasonal agricultural workers and their families,

(2) developing arrangements with existing providers of health care services, and

(3) developing other projects designed to improve the health conditions of such workers and their families.

A grant would be made for reasonable cost of operations in one year. The amount of a grant would be the difference between the grantees' projected reasonable cost of operation, and expected State and local contributions and income from the provision of services by third-party payors. A grantee must make satisfactory bilingual arrangements where appropriate, and may not expend more than 10 percent of the grant for environmental health services.

The conference substitute adopts the House provisions with an amendment to provide that no more than one grant or contract may be provided for planning and development of projects in areas in which no migrant health center exists and in which no more than six thousand migratory agricultural workers and their families reside for more than two months. The conference substitute also provides that grants and contracts for the operation of programs in such areas may include training and the costs of acquisition and modernization of existing buildings. It is the intent of the conferees that these costs be limited and the bulk of the funds be used for the delivery of services.

Authorization of appropriations

The House bill provides an authorization of appropriations for grants and contracts for the several purposes of the bill. $50 million for the fiscal year 1975, and $55 million for the fiscal year 1976. The House bill also specifies that, for the fiscal year 1975, not more than 30 percent of the funds appropriated can be used for grants and contracts in areas which are not high impact areas and where no migrant health centers exist, and that not more than 20 percent of such funds should be used for such purpose during any succeeding fiscal year. The House bill also specifies that not more than 10 percent of appropriated funds can be used for contracts for environmental health standards enforcement and for studies of environmental health problems faced by agricultural migratory workers.

The Senate amendment has the following authorizations of appropriations:

[In millions of dollars]

Fiscal year	Planning and development, sec. 1422	Start-up, sec. 1423	Initial operating[1], secs. 1424 and 1426	Hospitalization[1], secs. 1424 and 1426	Total
1975	0.25	15.0	120.0	35.0	170.25
1976	.25	15.0	135.0	40.0	190.25
1977	.25	15.0	150.0	45.0	210.25
1978	.25	15.0	165.0	50.0	230.25
Total	1.0	60.0	570.0	170.0	801.00

[1] For both migrant health centers under sec. 1424 and other programs under sec. 1426. Sec. 1426 is intended to receive the 1974 appropriation plus up to 20 percent of any excess over the 1974 figure.

The Senate amendment requires that one percent of amounts appropriated for planning and developing, startup, and initial operating grants for any fiscal year, be used by the Secretary to evaluate programs assisted by this legislation and two percent of such amounts be used by the Secretary to provide, through the Department of Health, Education, and Welfare, or by contract, technical assistance to grantees.

The conference substitute provides:

[In millions of dollars]

Fiscal year	Planning and development grants	Operating grants	Hospitalization	Total
1975	[1] 5	[1][2] 60	10	75
1976	[1] 5	[1][2] 65	10	80
Total	10	125	20	155

[1] Not more than 30 percent in 1975 and 25 percent in 1976 of appropriated funds are to be used for projects other than migrant health centers except that, if it represents a greater amount, 90 percent of what such projects received in the previous year for operating grants may be used in each year.

[2] Not more than 10 percent of appropriated funds under this section are to be used for environmental control activities.

This conference substitute otherwise conforms to the House bill.

Environmental health standards

The House bill authorizes the Secretary to enter into contracts with public and private entities to:

(1) assist the States in the implementation and enforcement of acceptable environmental health standards, including enforcement of standards for sanitation in migrant labor camps and applicable Federal and State pesticide control programs; and

(2) conduct projects and studies to assist the several States in the assessment of problems related to camp and field sanitation, pesticide hazards, and other environmental health problems faced by agricultural migrant workers.

The Senate amendment contains no corresponding provision with regard to environmental health standards.

The conference substitute adopted the provisions of the House bill with an amendment to include assistance for entities receiving grants or contracts as migrant health programs in the assessment of environmental health hazards.

Governing boards of migrant health centers

The House bill provides that in order to be a migrant health center, an entity must establish a governing body which meets at least once a month, establishes general policies for the center, approves the center's budget, and approves the selection of a director for the center. The composition and the manner of selection of the members of the governing body would be prescribed by regulations of the Secretary, except that there should be on a governing body of a center an equitable representation of consumers of health services from the center, providers of health services, and the general public.

The Senate amendment provides as a condition for approval of an initial operating grant, that the applicant must establish a governing board which:

(1) is composed of individuals, a majority of whom are being served by the applicant, and who, as a group, represent the individuals being served by the applicant, and

(2) includes at least three members experienced in the delivery of health services of the type provided by the applicant, and knowledgeable with respect to the health needs of the population served by the applicant, and

(3) meets regularly throughout the year, establishes general policies for the applicant (including the selection of services to be provided by the applicant and a schedule of hours during which services would be provided), and approves the applicant's annual budget and the selection of the program's director.

The conference substitute adopts the Senate provisions regarding the composition of the board and provides that the board shall establish general policies for the center, approve the annual budget and approve the selection of a director for the center.

Quality assurance program

The House bill provides that in order to meet the definition of a migrant health center, an entity must have organizational arrangements, established in accordance with regulations prescribed by the Secretary for—

(1) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and

(2) maintaining the confidentiality of patient records.

The Senate amendment provides, among the conditions specified for approval of initial operating grants, the following:

(1) The applicant must establish organizational arrangements for an ongoing quality assurance program, including utilization and peer review systems.

(2) The applicant must establish an integrated medical records system (including a drug use profile) which is designed to provide access to all past and current information regarding the health status of each patient and which maintains safeguards to preserve confidentiality and protect the rights of the patient.

The conference substitute adopts the provisions of the House bill.

Study of migrant housing conditions

The House bill requires the Secretary to conduct or arrange for the conduct of a study of—

(1) the quality of housing which is available to agricultural migratory workers in the United States during the period of their employment in seasonal agricultural activities while away from their permanent abodes;

(2) the effect on the health of such workers of deficiencies in their housing conditions during such period; and

(3) Federal, State and local government standards respecting housing conditions for such workers during such periods, and the adequacy of such standards.

In conducting or arranging for the conduct of such study, the Secretary of the Department of Health, Education, and Welfare would be required to consult with the Secretary of the Department of Housing and Urban Development.

The Senate amendment contains no corresponding provision with regard to a study of migrant housing conditions.

The conference substitute adopts the provisions of the House bill.

National advisory council on migrant health centers

The House bill contains no provision establishing a National Advisory Council on Migrant Health.

The Senate amendment requires the Secretary to appoint and organize a National Advisory Council on Migrant Health which would advise, consult with, and make recommendations to the Secretary on matters concerning the organization, operation, selection and funding of migrant health centers and other grantees.

The conference substitute adopts the provisions of the Senate amendment with an amendment providing that all members of the Council shall be named by the Secretary.

Technical assistance

The House bill has no provision requiring technical assistance.

The Senate amendment authorizes the Secretary to provide all necessary technical and other financial assistance to grantees to assist them in developing plans for achieving migrant health center status and necessary for their compliance with the conditions for approval of initial operating grant applications.

The conference substitute adopts the provisions of the Senate amendment with a technical amendment.

Priorities in awarding grants

The House bill has no provision with regard to priorities in the awarding of grants.

The Senate amendment requires the Secretary, in awarding grants, to accord priority to those applicants which are community-based agencies, organizations, and institutions and

(1) which received financial assistance during the fiscal year 1974 under section 310 of the Public Health Services Act, or

(2) which are new applicants which will serve areas with the greatest need for health services of the type offered by migrant health centers, without regard to the ability of any such applicant to become a solvent operation. Community-based agencies, organizations or institutions are those which are representative of the population to be served or of a significant segment thereof. The conference substitute compromises and gives priority to projects which will serve the largest number of migrant workers for the longest period, and to community-based organizations.

Regulations and administration

The House bill has no provision with regard to regulations and administration.

The Senate amendment requires the Secretary, within 6 months after the date of enactment of this legislation, and, after consultation with the National Advisory Council on Migrant Health, to prescribe regulations to implement this program, including regulations concerning conditions for approving applications, eligibility for grants, and determination of reasonable cost with respect to which grants may be made.

The conference substitute adopts the provisions of the House bill.

COMMUNITY HEALTH CENTERS

Revisions of current authority

The House bill repeals section 314(e) of the Public Health Service Act and amends part C of title III of that Act by adding after section 329 a new section 330.

The Senate amendment repeals section 314 (e) of the Public Health Service Act and replaces it with a new part A of a new title XIV of such Act. The conference substitute adopts the approach of the House bill.

Definition of a community health center

The House bill provides that a Community Health Center means an entity (public and nonprofit private)—

(1) which provides specified health services to all residents of an area it serves (referred to as a "catchment area");

(2) which provides specified health services directly through its staff and supporting resources or through contracts or cooperative arrangements with public or private entities and which makes health services available and accessible in the area served by the center promptly, as appropriate, and in a manner which assures continuity;

(3) which has established a governing body; and

(4) which has established organizational arrangements for an on-going quality assurance program and for maintaining the confidentiality of patient records.

The Senate amendment provides that a Community Health Center means a public or private nonprofit agency, organization, or institution—

(1) which provides specified health services—

(A) principally to a medically underserved population,

(B) within the limits of its capacity, to any individual in such population regardless of his abilty to pay for such services, his current or past health condition, or any factors;

(2) which provides specified health services directly through its own professional staff and supporting resources, or indirectly under agreements with providers designed to assure the patient maximum accessibility to economical and high quality services, which provides services at the center or satellite center, and which make services available and accessible to the individuals it serves promptly, as appropriate, and in a manner which preserves human dignity, assures continuity and high quality care, and overcomes geographic, cultural, linguistic and economic barriers to the receipt of services.

The conference substitute adopts the provisions of the House bill but with the deletion of provisions requiring establishment of a governing body and of organizational arrangements for ongoing quality assurance as part of the definition of a community health center. Similar provisions are made conditions of approval of applications for operating grants.

Services to be provided

The House bill provides that the following services are to be provided by a Community Mental Center:

(1) primary health services,

(2) as may be appropriate for particular centers, supplemental health services as necessary for the adequate support of primary health services,

(3) referral to providers of supplemental health services and payments, as appropriate and feasible, for their provision of such services,

(4) as may be appropriate for particular centers, environmental health services, and

(5) informational services.

The Senate amendment provides that a community health center shall provide the same services as are required under the House bill, except that informational services are considered primary health services under the Senate amendment.

The conference substitute adopts the provisions of the House bill.

Definition of primary health services

The House bill provides that primary health services shall include—

(1) services of physicians and, where feasible, services of physicians' assistants and nurse clinicians;

(2) diagnostic laboratory and radiologic service;

(3) preventive health services including—

(A) children's eye examinations to determine the need for vision correction,

(B) prenatal services,

(C) well child services, and

(D) family planning services;

(4) emergency medical services;

(5) transportation services as required for adequate patient care; and

(6) preventive dental services.

The Senate amendment provides that primary health services shall include—

(1) physicians' services (including diagnostic treatment, consultant and referral services by a physician and, where feasible, services of physician extenders and nurse practitioners;

(2) diagnostic laboratory and radiologic services;

(3) preventive health services including—

(A) children's eye and ear examinations conducted to determine the need for vision and hearing correction,

(B) prenatal and post partum services,

(C) periodic screening for well child care,

(D) voluntary family planning and infertility services,

(E) consultation and education programs for mental health of children,

(F) immunization programs, and

(G) preventive dental care for children;

(4) emergency medical services;

(5) transportation services necessary to overcome special difficulties of access to services provided by the community health center; and

(6) informational services.

The Conference substitute adopts the House provisions with the addition of the Senate provision that includes children's ear examinations within the list of services to be considered as preventive health services. The conference substitute deletes the Senate requirement for consultation and education programs for mental health of children, immunization programs, and information services. The conferees construe immunization programs as an essential part of well child services which are covered in the conference substitute. The conferees construe information services as one of the basic services required of all centers under the conference substitute.

The conferees found that the House and Senate provisions with respect to primary services were identical in intent except for these items mentioned above.

Definition of supplemental health services

The House bill specifies a list of supplemental health services as follows—

(1) hospital services,

(2) rehabilitation services,

(3) pharmaceutical services,

(4) services which promote and facilitate optimal use of primary and supplemental health services,

(5) home health services,

(6) extended care for facility services,

(7) dental services,

(8) mental health services,

(9) vision care services,

(10) allied health services, and

(11) health education services.

The Senate amendment specifies a list of supplemental health services as follows—

(1) in-patient and out-patient hospital services,

(2) rehabilitative services (including physical therapy) and long-term physical medicine,

(3) the provision of prescription drugs,

(4) public health services (including nutrition, education and social services),

(5) specialized medical services for treatment of alcohol abuse, alcoholism, and other drug abuse and drug dependents problems,

(6) therapeutic radiologic services,

(7) home health services,

(8) extended care for facility services,

(9) dental services,

(10) mental health services,

(11) vision care services,

(12) allied health services, and

(13) health education services.

The conference substitute adopts the House provisions with the addition of public health services and therapeutic radiologic services from the Senate amendment. The substitute also clarifies that rehabilitation services include physical therapy and long-term physical medicine as provided in the Senate amendment.

Information services

The House bill provides that a community health center is to provide information on the availability and proper use of health services.

The Senate amendment includes as part of primary health services, services which provide information on the availability of health services and which promote and facilitate optimal use of available health services, including in those cases where a substantial number of individuals in the population served are of limited English-speaking ability, the services of outreach workers fluent in the language spoken by a predominant number of such individuals.

The Conference substitute retains the provisions of the House bill under the definition of a community health center and includes the provision of the Senate amendment as a supplemental health service.

Grants for the establishment and operation of community centers

The House bill authorizes the Secretary to make grants to public and nonprofit private entities to assist in—

(1) the establishment and initial operation of community health centers which will serve a medically underserved population,

(2) meeting the cost of continued operation of community health centers serving such a population,

(3) organizing and coordinating such centers serving such populations, and

(4) providing training related to the provision of primary, supplemental health, and environmental health services and program management.

The Senate amendment authorizes the Secretary—

(1) to make grants to any public or nonprofit private agency, organization, or institution to carry out any project to plan and develop community health center programs.

(2) to make start-up grants to any (A) community health center, or (B) public or private nonprofit agency, organization, or institution which has a plan satisfactory to the Secretary for providing health services through a community health center to assist in meeting the costs of (i) development of health services, including the addition of new services; (ii) development of resources and techniques to achieve compliance with conditions for approval of initial operating grant applications; and (iii) acquisition, expansion, and remodeling of facilities.

(3) to make initial operating grants for the purpose of assisting any grantee in meeting his reasonable cost of (A) operation and (B) providing training related to the provision of primary, supplemental, and environmental health services and program management. Initial operating grants may be awarded to any community health center or public or private nonprofit agency, organization, or institution which (i) is providing health services; (ii) meets the definition of a community health center, except that it does not provide in all of the required primary, supplemental, and environmental health services; and (iii) has a plan satisfactory to the Secretary for providing the required essential, supplemental, and environmental health services which it does not provide within the period during which grants are available.

The conference substitute provides for two programs of grant support to community health centers or to entities planning to initiate or develop into community health centers. In both cases grants can only be made to centers or entities which serve medically underserved populations.

First, the Secretary may award up to two grants to public and nonprofit private entities to plan and develop community health centers. Such grants may include the cost of acquisition and modernization of existing buildings, including the cost of amortizing the principal of and paying the interest on loans.

Second, the Secretary may make grants to cover the costs of operations of community health centers and public and nonprofit private entities for providing primary and supplemental health services. There is no limitation on the number of operating grants that a community health center may receive if it meets all the conditions of grant awards, but a public or private nonprofit entity which does not meet the definition of a community health center and cannot meet the conditions of award for operating grants (described below) specified in the bill can receive no more than two such operating grants. If such an entity is able at any point to meet these conditions and the definition of a center, it may receive additional operating grants.

Review of catchment areas

The House bill specifies that each community health center which receives a grant should review periodically its catchment area to (1) insure that the size of such area is such that the services to be provided through the center (including any satellite) are available and accessible to the residents of the area promptly and as appropriate, (2) insure that the boundaries of such area conform, to the extent practicable, with relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs, and (3) insure that the boundaries of such area eliminate, to the extent possible, barriers to access to the services of the center, including barriers resulting from the area's physical characteristics, its residential patterns, and its economic and social groupings, and available transportation.

The Senate amendment provides as a condition for the approval of an initial operating grant, that the applicant must review periodically the boundaries of the area which it serves to—

(1) insure that the size of such area is such that the services to be provided through the applicant (including its satellites) are available and accessible to the individuals it serves promptly, as appropriate, and

(2) insure that the boundaries of such area eliminate, to the extent possible, barriers to access to the services of the applicant, including barriers resulting from the area's physical characteristics, its residential patterns, its economic and social groupings, and available transportation.

The conference substitute adopts the provisions of the House bill.

Conditions for approval of grant applications

The House bill provides that entities must meet certain conditions before a grant may be made. These conditions include:

(1) compilation and reporting of certain information respecting cost, use of services, and availability of services,

(2) compliance with accounting procedures and other requirements that insure solvent operation,

(3) arrangements with State agencies for payment of a center's costs in providing services to persons eligible for medical assistance

under title XIX of the Social Security Act, and

(4) arrangements for collection of reimbursement under titles XVIII and XIX of the Social Security Act or of any other public assistance program or under private health insurance.

The Senate amendment in addition to the provisions required under the House bill requires as a condition for approval of applications for construction grants a description of site, plans, and title.

The Senate amendment also provides as a condition for approval of all grants:

(A) prior review by health planning agencies with regard to the use of the grant,

(B) assurances that services will constitute an addition to or an improvement of services, and

(C) that there will be a maintenance of financial effort on the part of States.

The Senate amendment also provides as conditions for initial operating grants:

(A) preparation of a schedule of fees and efforts to secure payment for services,

(B) establishment of an advisory board,

(C) requirements respecting availability of title XIX of the Social Security Act, and

(D) arrangements for collection of reimbursement under titles XVIII and XIX of the Social Security Act or of any other public assistance program or under private health insurance.

The Senate amendment in addition to the provisions required under the House bill requires as a condition for approval of applications for construction grants a description of site, plans, and title.

The Senate amendment also provides as a condition for approval of all grants:

(A) prior review by health planning agencies with regard to the use of the grant,

(B) assurances that services will constitute an addition to or an improvement of services, and

(C) that there will be a maintenance of financial effort on the part of States.

The Senate amendment also provides as conditions for initial operating grants:

(A) preparation of a schedule of fees and efforts to secure payment for services,

(B) establishment of an advisory board,

(C) requirements respecting availability of physicians' services,

(D) requirements respecting the dispensing of drugs and biologicals,

(E) development of a prospective budget and a financial plan,

(F) provision of services in appropriate language and cultural contexts, and

(G) a program of continuing evaluation.

The conference substitute adopts the House provisions as conditions for operating grants as defined in the conference substitute. In addition, the conference substitute includes conditions for operating grants originally contained in the Senate amendment with respect to preparation of schedules of fees and efforts to secure payment for health services, preparation of prospective budgets and financial plans, and provision of services in appropriate language and cultural contexts. The latter provision includes a requirement that, with respect to a center which serves substantial proportions of individuals of limited English-speaking ability the center develop a plan responsive to the needs of such individuals and identify an individual on a center's staff who is bilingual to guide such individuals and the center's staff with respect to linguistic and cultural differences. The conferees intend that the bilingual individuals designated by the centers under this condition have as one of their major responsibilities a major involvement in the development of the required plan and provision for assuring adequate services to limited English-speaking patients. The staff members to whom he provides guidance on bridging linguistic and cultural differences should include both salaried staff members of the Center and staff members of referral agencies.

The conference substitute also includes, as a condition for approval of grants for the costs of modernizing buildings, a requirement for a description of the site, plans and specifications for modernization, and assurances with respect to wage rates of all laborers and mechanics employed by contractors or subcontractors in performance of the work.

Provisions respecting period and amount of grants

The House bill has no provision with respect to the period and amount of grants.

The Senate amendment provides with regard to planning and development grants that such a grant may be made for a period not to exceed one year and not more than one grant may be made with respect to any project.

The Senate amendment provides with regard to starting grants that such a grant may be made for a period not to exceed one year and not more than three such grants may be made to any grantee. Grants for facilities may not exceed 75 percent of costs of acquisition, expansion and remodeling, unless this requirement is waived by the Secretary. Funds under a grant for facilities not obligated within two years may be required to be returned to the Secretary for other grants for other facilities.

The Senate amendment further provides with regard to initial operating grants that such grants may be made for a period not to exceed one year, and up to eight grants may be made to a grantee. Grantees which are not centers may receive up to three grants with provision for award of three more grants at the discretion of the Secretary, or in special cases an unlimited number of grants is authorized. The amount of any such grant shall be the difference between the grantees' projected reasonable cost of operation and training and the expected State and local contributions and third party payments for the delivery of services.

The conference substitute provides that up to two grants for planning and development may be made. It also authorizes the award of grants to community health centers for their costs of operation, with no limitation upon the total number of grants that a center may receive. Public and private nonprofit entities which do not meet the definition of a center or do not meet the conditions for receipt of an operating grant specified in the conference substitute may receive only two grants for their costs of operation.

The conferees did not adopt the Senate provision that required that grants may be made only for periods not to exceed one year because they were advised that HEW regulations already provide for such limitations on grants authorized to be awarded by the Department.

Authorization of appropriations

The House bill authorizes appropriations of $220,000,000 for fiscal year 1975 and $240,000,000 for the fiscal year 1976 for grants for establishment and initial operation of community health centers.

The Senate amendment authorizes (1) $500,000 for fiscal year 1975 and for each of the three subsequent fiscal years for planning and development grants; (2) $30,000,000 for fiscal year 1975 and for each of the three subsequent fiscal years for start up grants; and (3) $270,000,000 for fiscal year 1975, $290,000,000 for fiscal year 1976, $310,000,000 for fiscal year 1977, and $330,000,000 for fiscal year 1978 for initial operating grants.

The Senate amendment also requires that one percent of the amounts appropriated for planning and development, start up and initial operating grants for any fiscal year be used by the Secretary to evaluate programs assisted by such grants. The Senate amendment also requires that two percent of such amounts be used by the Secretary to provide, either through the Department of Health, Education and Welfare or by grant and contract, technical assistance to grantees.

The conference substitute provides authorizations of $20,000,000 for fiscal year 1975 and $20,000,000 for fiscal year 1976 for planning and development grants, and $240,000,000 for fiscal year 1975 and $260,000,000 for fiscal year 1976 for grants for the cost of operation.

The conferees deleted the provisions of the Senate amendment that required that fixed percentages of appropriations be set aside for evaluation and technical assistance.

Governing Boards of Community Health Centers

The House bill provides that in order to meet the definitional requirements of a community health center, a center must establish a governing body which meets at least once a month, establishes general policies for the center, approves the center's annual budget, and approves the selection of a director for the center. The composition and the manner of selection of the members of the governing body would be prescribed by regulations of the Secretary, except that the governing body of a center must have an equitable representation of consumers of health services from the center, providers of health services, and the general public.

The Senate amendment provides as a condition for approval of an initial operating grant that the applicant must establish a governing board which (1) is composed of individuals, a majority of whom are being served by the applicant and who, as a group, represent the individuals being served by the applicant, and (2) meets at least once a month, establishes general policies for the applicant (including a schedule of hours during which services will be provided), approves the applicant's annual budget, and approves the selection of a director for the applicant.

The conference substitute adopts the provisions of the Senate amendment.

Quality Assurance programs

The House bill provides that in order to meet the definitional requirements of a community health center, a center would be required to have organizational arrangements, established in accordance with regulations prescribed by the Secretary for—

(1) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and

(2) maintaining the confidentiality of patient records.

The Senate amendment requires as conditions for approval of initial operating grant applications the following:

(1) the applicant must establish organizational arrangements for an ongoing quality assurance program, including utilization and peer review systems, in accordance with regulations prescribed by the Secretary and must have arrangements to utilize the services of the Professional Standards Review Organization responsible for reviewing services in the area to perform applicable review and other functions described in title XI of the Social Security Act, and

(2) the applicant must establish an integrated medical records system (including a drug use profile) which is designed to provide access to all past and current information regarding the health status of each patient, and which maintains safeguards to preserve the confidentiality and protect the rights of the patient.

The conference substitute adopts the provisions of the House bill.

National Advisory Council on Community Health Centers

The House bill has no provision with regard to the establishment of a National Advisory Council on Community Health Centers.

The Senate amendment requires the Secretary to appoint and organize a National Advisory Council on Community Health Centers which would advise, consult, and make recommendations to the Secretary on matters concerning the organization, operation, and funding of community health centers and other grantees.

The conference substitute deletes the provisions of the Senate amendment.

Technical assistance

The House bill has no provision with regard to technical assistance.

The Senate amendment authorizes the Secretary to provide either directly, or by grant or contract all necessary technical and other nonfinancial assistance to grantees to assist them in developing plans to become community health centers and complying with conditions for approval of initial operating grant applications.

The conference substitute adopts the provisions of the Senate amendment.

Priorities in awarding grants

The House bill has no provision with regard to providing priorities in the awarding of grants.

The Senate amendment requires the Secretary, in awarding grants, to accord priority to (1) applicants which received financial assistance during the fiscal year 1974 under section 314(e) of the Public Health Service Act, the Community Mental Health Centers Act, or title V of the Social Security Act, and (2) new applicants which will serve areas with the greatest need for health services of the type offered by community health centers, without regard to the ability of any such applicant to become a solvent operation.

The conference substitute deletes the provisions of the Senate amendment.

Professional standards review organizations

The House bill has no provision with respect to agreements with professional standards review organizations.

The Senate amendment provides that the professional standards review organization designation agreements under the Social Security Act require review of service of community health centers. The Senate amendment authorizes the Secretary to make payments to professional standards review organizations equal to the amount of expenses incurred by such organizations in carrying out or preparing to carry out such review. For such purposes the Senate amendment authorizes such sums as may be necessary. The Senate amendment provides further that if the Secretary finds that the review activities of the professional standards review organizations are effective and adequate, he may waive the quality assurance activities which the Senate amendments otherwise require of community health centers.

The conference substitute deletes the provisions of the Senate amendment.

Regulations and administration

The House bill has no provision with respect to regulations and administration.

The Senate amendment requires the Secretary, within six months after the enactment of the Senate amendment and, after consultation with the National Advisory Council on Community Health Centers, to prescribe regulations to implement the program provided by the Senate amendment, including regulations concerning conditions for approving applications, eligibility for grants, and determination of reasonable costs with respect to which grants may be made.

The conference substitute deletes the provisions of the Senate amendment.

PROGRAMS FOR THE CONTROL OF DISEASES BORNE BY RODENTS

The House bill contains no provision for a program for the control of diseases borne by rodents.

The Senate amendment amends section 317 of the Public Health Service Act to expand the types of disease control programs to be conducted under such section to include programs for the control of diseases borne by rodents. It increases the existing fiscal year 1975 authorization for section 317 by $15 million for this purpose. Such control programs formerly have been funded under section 314(e) of such Act, which is repealed.

The Conference substitute adopts the provisions of the Senate amendment.

HOME HEALTH SERVICES

The House bill contains no provision with regard to home health services.

The Senate amendment provides grants to assist in the establishment and initial operation of, and expansion of services of, agencies providing home health services; and grants to public and private agencies and institutions to train professional and paraprofessional personnel to provide home health services. The Senate amendment authorizes appropriations of $15 million for fiscal year 1975, $18 million for fiscal year 1976, $21 million for fiscal year 1977, and $24 million for fiscal year 1978 for grants for the development and expansion of the services of home health service agencies. For grants for the training of professional and paraprofessional personnel to provide home health services, there are authorized to be appropriated $5 million for fiscal year 1975, $6 million for fiscal year 1976, $7 million for fiscal year 1977, and $8 million for fiscal year 1978.

The Conference substitute adopts the Senate provisions with the following changes:

(1) Funds are authorized for fiscal year 1976 only, at levels of $12 million for development grants and $3 million for training grants;

(2) Grants are to be made only for demonstration purposes.

COMMISSION ON MENTAL HEALTH AND ILLNESS OF THE ELDERLY

The House bill contains no provision with regard to a Commission on Mental Health and Illness of the Elderly.

The Senate amendment proposes the establishment of a temporary Commission on the Mental Health and Illness of the Elderly which would—

(1) develop a national policy for the proper maintenance of mental health for aged and aging persons as well as a policy for the care and treatment of mental illness of such persons;

(2) undertake studies to assess future needs for mental health facilities, manpower, research, and training to meet the mental health care needs of the elderly;

(3) submit to the President for transmittal to the Congress an annual report describing major developments concerning the treatment and care for elderly persons suffering from mental illness;

(4) evaluate existing mental health programs to determine whether such programs are responsive to the needs of the aged and aging persons;

(5) develop priorities for programs designed to increase knowledge about various aspects of mental illness among aged and aging persons; and

(6) cooperate with the executive and legislative branches in implementing the policy proposals recommended at the 1971 White House Conference on Aging.

The Senate amendment also establishes an Advisory Council on Mental Health and Illness of the Elderly which would advise the Commission on policy matters relating to mental health and illness.

The conference substitute provides for the Secretary of Health, Education and Welfare to appoint a Committee on Mental Health and Illness of the Elderly to study and make recommendations respecting future facility, manpower, research and training needs for supplying mental health care to the elderly, the appropriate care and disposition of elderly patients released from mental hospitals, and proposals for implementing recommendations of the 1971 White House conference on aging. The report is to be submitted to the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives within one year of the date of enactment.

The Committee is to be composed of nine representatives of the various and professional fields involved in mental health care of the elderly.

COMMISSION FOR THE CONTROL OF EPILEPSY

The House bill has no provision for the establishment of a Commission for the Control of Epilepsy.

The Senate amendment would establish a temporary Commission for the Control of Epilepsy and its Consequences to study the current state of medical and social management of epilepsy; to make recommendations for the proper roles of the Federal, State, and private agencies in the prevention and research of epilepsy and in the treatment and rehabilitation of persons with epilepsy; to develop a comprehensive national plan for the control of epilepsy and its consequences; and to report to the President and the Congress its recommendations within one year from the date of enactment of this Act.

The Conference substitute adopts the provisions of the Senate amendment.

NATIONAL HUNTINGTON'S DISEASE PROGRAMS CONTROL

The House bill has no provision for the establishment of programs relating to Huntington's disease.

The Senate amendment authorizes the Secretary to make grants and enter into contracts for projects for the establishment and operation, primarily through other existing health programs, of Huntington's disease screening, treatment, and counseling programs. For such purposes there is authorized $500,000 for fiscal year 1975 and for each of the next 2 fiscal years. The Senate amendment authorizes the Secretary to make grants and enter into contracts for projects for research and diagnosis, treatment and prevention of Huntington's disease. For such purposes there is authorized to be appropriated $1.5 million for fiscal year 1975 and for each of the next 2 fiscal years. For grants and contracts to develop information and educational materials relating to Huntington's disease and to disseminate such information and materials to persons providing health care and to the public generally there is authorized to be appropriated $150,000 for the fiscal year 1975 and for each of the next 2 fiscal years. The Senate amendment also directs the Secretary to establish a program within the Public Health Service to provide for voluntary Huntington's disease screening, counseling, and treatment.

The Conference substitute authorizes a Commission for the Control of Huntington's Disease with provisions identical to those governing the Commission for Control of Epilepsy established by this report. Thus, the provision of the Senate amendment authorizing appropriations for grants and contracts with respect to Huntington's disease are deleted.

HEMOPHILIA PROGRAMS

The House bill has no provision with regard to the establishment of hemophilia programs.

The Senate amendment authorizes the Secretary to make grants to public and nonprofit private entities and to enter into competitive contracts with public and private entities for projects for the establishment of no less than 15 new hemophilia centers for the diagnosis and treatment of individuals suffering from hemophilia. These centers would emphasize outpatient care; provide, in addition to necessary medical services, social and vocational counseling; and serve as training centers for professional and paraprofessional personnel in hemophilia research, diagnosis, and treatment. The Senate amendment authorizes $5 million for fiscal year 1975, $10 million for fiscal year 1976, and $15 million for fiscal year 1977 for the establishment of treatment centers. The Senate amendment also proposes assistance for the development and expansion of blood separation centers. For grants and contracts for such blood separation centers, the Senate amendment authorizes $5 million for fiscal year 1975, $10 million for fiscal year 1976, and $15 million for fiscal year 1977. The Senate amendment would in addition entitle any individual who is a resident of the United States and who is suffering from hemophilia to have payment made for specified items and services required for the treatment and diagnosis of hemophilia. The funding of such entitlements would be appropriated on a "such sums as may be necessary" basis. The Senate amendment would also establish a National Hemophilia Advisory Board to develop treatment guidelines, to make recommendations to the Secretary with respect to the scope of benefits not specified under the entitlements provisions of this title, to make recommendations regarding the shortage of blood fractions, and to submit an annual report to the President on the scope of activities conducted under this program.

The conference substitute adopts the provisions of the Senate amendment with the following changes:

(1) the program of entitlement to treatment is deleted;

(2) the provision establishing a National Hemophilia Advisory Board is deleted;

(3) the authorizations for treatment centers are reduced to $3,000,000 for fiscal year 1975 and $5,000,000 for fiscal year 1976;

(4) the authorizations for blood separation centers are reduced to $5,000,000 for fiscal year 1975 and $5,000,000 for fiscal year 1976.

The House Conferees acknowledge the great need for personal health services for the victims of hemophilia and hope to address hearings to this need in the context of health services and national health insurance next year.

RAPE PREVENTION AND CONTROL

The House bill has no provision with regard to rape prevention and control programs.

The Senate amendment proposes the establishment of a National Center for the Control and Prevention of Rape within the National Institute of Mental Health. The Center would conduct research into the legal, social and medical aspects of rape and would be charged with the responsibility of disseminating information and providing training materials related to rape prevention and control. For these purposes the Senate amendment authorizes to be appropriated $1 million for the fiscal year 1975 and for each of the 3 succeeding fiscal years. The Senate amendment also directs the Secretary of Health, Education, and Welfare, through the Center, to make grants to community mental health centers, nonprofit private organizations, and public agencies for the purpose of conducting research and demonstration projects concerning the control and prevention of rape. For this purpose there is authorized to be appropriated $9 million for fiscal year 1975, $10 million for fiscal year 1976, $11 million for fiscal year 1977, and $12 million for fiscal year 1978.

The conference substitute adopts the provisions of the Senate bill with the following changes:

(1) the program is reduced from 4 years to 2 years, with an authorization of $10,000,000 per year for fiscal year 1975 and fiscal year 1976.

(2) the authorization of $1,000,000 for operations of the center is deleted.

Harley O. Staggers,
Paul G. Rogers,
David E. Satterfield III,
Peter N. Kyros,
Richardson L. Preyer,
J. Symington,
William Roy,
Ancher Nelsen,
Tim Lee Carter,
J. F. Hastings,
John Heinz,
William H. Hudnut III,
Managers on the Part of the House.

Edward M. Kennedy,
Harrison Williams,
Gaylord Nelson,
Thomas F. Eagleton,
Alan Cranston,
Claiborne Pell,
Walter F. Mondale,
W. D. Hathaway,
Harold E. Hughes,
Dick Schweiker,
J. Javits,
Peter H. Dominick,
J. Glenn Beall, Jr.,
Robert Taft, Jr.,
Robert Stafford,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Rogers, for 60 minutes, today, and to include extraneous matter.

Mr. Gonzalez, for 1 hour, today.

(The following Members (at the request of Mr. Miller), to revise and extend their remarks, and to include extraneous matter:)

Mr. Steiger of Arizona, for 20 minutes, today.

Mr. Crane, for 10 minutes, today.

(The following Members (at the request of Mr. Roybal), to revise and extend their remarks and include extraneous material:)

Mr. Eilberg, for 5 minutes, today.

Mr. Flood, for 15 minutes, today.

Mr. Patman, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Miller) and to include extraneous matter:)

Mr. Hogan.

Mr. Derwinski in three instances.

Mr. Whalen.

Mr. Buchanan.

Mr. Lent.

Mr. Del Clawson.

(The following Members (at the request of Mr. Gonzalez) and to include extraneous matter:)

Mr. Seiberling in 10 instances.

Mr. Murtha.

Mr. Rogers in five instances.

Mr. Wolff.

Mrs. Schroeder.

Mr Downing in two instances.

Mr. Fuqua.

Mr. Gonzalez in three instances.

Mr. Rarick in three instances.

Mr. Anderson of California in three instances.

Mr. Bingham.

Mr. Flood.

The following Members (at the request of Mr. Roybal) and to include extraneous material:)

Mr. Drinan in three instances.

Mrs. Schroeder in one instance.

Mr. Rangel in two instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2931. An act to authorize Robert L. Rausch to accept an office or position in a university maintained by the Government of Canada, to the Committee on Foreign Affairs.

S. 4204. An act to authorize the Secretary of the Treasury to continue the minting of dollars, half-dollars, and quarter-dollars bearing the current design and coinage date during calendar year 1975, and for other purposes, to the Committee on Banking and Currency.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 57 minutes p.m.), under its previous order, the House adjourned until Monday, December 9, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

3053. Under clause 2 of rule XXIV, a letter from the Comptroller General of the United States, transmitting his views concerning the interpretation and application of the Impoundment Control Act of 1974 (title X of Public Law 93–344) (H. Doc. No. 93–404); referred to the Committee on Rules and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee of conference. Conference report on S. 425 (Rept. No. 93–93–1522). Ordered to be printed.

Mr. ULLMAN: Committee on Ways and Means. H.R. 17570. A bill to provide a program of emergency unemployment compensation; with amendment (Rept. No. 93–1523). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee of conference. Conference report on H.R. 14214 (Rept. No. 93–1524). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ULLMAN:

H.R. 17570. A bill to provide a program of emergency unemployment compensation; to the Committee on Ways and Means.

By Mr. BAUMAN (for himself, Mr. Martin of North Carolina, Mr. Lent, Mr. Helstoski, Mr. Talcott, Mr. Young of Alaska, and Mr. Lagomarsino):

H.R. 17571. A bill to amend the Coastal Zone Management Act of 1972 to suspend until no later than June 30, 1976, Federal oil and gas leasing in areas seaward of State coastal zones; to the Committee on Merchant Marine and Fisheries.

By Mr. BIAGGI:

H.R. 17572. A bill to create a national system of health security; to the Committee on Ways and Means.

By Mr. GINN:

H.R. 17573. A bill to amend section 115 of title 23, United States Code, relating to advance construction; to the Committee on Public Works.

By Mrs. GRIFFITHS:

H.R. 17574. A bill to amend the Internal Revenue Code of 1954, the Social Security Act, and other laws to provide effective welfare reform by replacing public assistance and food stamps with a system of allowances and refundable credits, and for other purposes; to the Committee on Ways and Means.

By Mr. PERKINS (for himself and Mr. Quie):

H.R. 17575. A bill to provide for career guidance and counseling plans and programs for States and local educational agencies; to the Committee on Education and Labor.

By Mr. RHODES:

H.R. 17576. A bill to provide for the development of a long-range plan to advance the national attack on arthritis and related musculoskeletal diseases and for arthritis training and demonstration centers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS (for himself and Mr. Esch):

H.R. 17577. A bill to amend the Clean Air Act so as to assure that products discharging fluorocarbon compounds into the ambient air will not impair the environmental ozone layer, to prevent any increased skin cancer risk and otherwise to protect the public health and environment; to the Committee on Interstate and Foreign Commerce.

By Mr. VANIK (for himself, Ms. Abzug, Mr. Bell, Mr. Drinan, Mr. Helstoski, Mr. Mazzoli, Mr. Moorhead of Pennsylvania, Mr. Quie, Mr. Roe, Mr. St Germain, Mr. Stark, Mr. Waldie, Mr. Wright, and Mr. Young of Georgia):

H.R. 17578. A bill to amend the Internal Revenue Code of 1954 to provide for a tax on every new automobile with respect to its fuel consumption rate, to provide for public disclosure of the fuel consumption rate of every automobile, to provide funding to develop more efficient automobile engines, and for other purposes; to the Committee on Ways and Means.

By Mr. MOORHEAD of Pennsylvania:

H. Con Res. 690. Concurrent resolution requesting the release of certain Ukrainian intellectuals imprisoned in the Soviet Union; to the Committee on Foreign Affairs.

By Mr. FRELINGHUYSEN:

H. Res. 1486. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. LAGOMARSINO introduced a bill (H.R. 17579) for the relief of Juan Lopez Mejia, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

581. By the **SPEAKER**: Petition of the First Baptist Church of Penns Grove, N.J., relative to the textbook controversy in West Virginia; to the Committee on Education and Labor.

582. Also, petition of the Association of Western State Engineers, Oklahoma City, Okla., relative to legislation on Federal claims to the use of water; to the Committee on Interior and Insular Affairs.

583. Also, petition of Charles A. Williams, Waycross, Ga., relative to the qualifications of Gerald R. Ford to be President; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 5385

By Mr. MATSUNAGA:

At the end of Title VIII add a new section as follows:

Sec. 806. That this Act may be cited as the "United States Pacific Islands Surface Commerce Act of 1974."

Sec. 2. Title II of the Railway Labor Act (45 U.S.C. 181–188) is amended by adding at the end thereof the following:

"Sec. 209. (a) For purposes of this section—

"(1) the term 'strike' has the same meaning as it has in section 501(2) of the Labor Management Relations Act, 1947; and

"(2) the terms 'employer', 'employee', and 'labor organization' have the same meanings as such terms have in section 2 (2), (3), and (5), respectively, of the National Labor Relations Act.

"(3) the term 'United States Pacific Islands' means the State of Hawaii, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"(4) the term 'west coast' means any port or ports located in the States of California, Oregon and Washington.

"(5) the term 'maritime interstate commerce' means that cargo destined for use in any United States Pacific Island shipped from the west coast by surface transportation or that cargo shipped to the west coast by surface transportation from any United States Pacific Island.

"(b) (1) No strike or lockout in the west coast longshore or maritime industry which adversely affects the health or well-being of the people in any United States Pacific Island shall be permitted to interrupt normal maritime interstate commerce from any port on the west coast to any of the United States Pacific Islands or from any United States Pacific island to any port on the west coast for a period of one hundred and twenty days.

"(2) The Governor of Hawaii, Guam, or American Samoa, or the High Commissioner of the Trust Territory of the Pacific Islands, or the designated representative of any such Governor or of such Commissioner (if such a strike or lockout interrupts normal maritime interstate commerce of any United States Pacific island where such Governor or High Commissioner is the executive) may petition any United States district court having jurisdiction to issue an injunction or temporary restraining order to enforce the provisions of paragraph (1). Any such injunction and temporary restraining order shall in the aggregate remain in effect until the end of the one hundred sixty days unless discharged prior to expiration of such period with discontinuance of the disruption of maritime interstate commerce.

"(c) (1) Any employee (the terms or conditions of whose position of employment are governed by the agreement entered into between the employer and the labor organization which resolves a strike or lockout described in subsection (b) (1)), who performs work or services for his employer during the term of the injunction or temporary restraining order referred to in subsection (b), shall perform such work or services pursuant to wages, hours, and other terms and conditions of employment of the last agreement between such employer and labor organization prior to such strike or lockout.

"(2) Each employee shall receive additional wages for performing work or services described in subsection (c) (1) to compensate him fully for the difference between the wage he actually was paid for performing such work or services and the hourly wage he would have been paid under the agreement which resolves the labor dispute had it been in effect.

"(d) The provisions of the Act entitled 'An Act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes', approved March 23, 1932 (29 U.S.C. 101–115) shall not apply to any injunction issued under subsection (b) (2)."

Sec. 3. The provisions of the amendments made by this Act shall take effect on the date of its enactment unless a strike or lockout in the longshore or maritime industry on the west coast is occurring on such date of enactment, in which case such provisions shall take effect on the fifth day after such date of enactment.

H.R. 17234

By Mr. MILLER:

Page 28, strike out line 12 down through line 10 on page 29, and insert after line 24 on page 23 the following:

EXCHANGES OF NECESSARY OR STRATEGIC RAW MATERIALS

Sec. 28. Chapter 3 of part III of the Foreign Assistance Act of 1961 is further amended by adding at the end thereof the following new section:

"Sec. 661. Exchanges of Certain Materials.—(a) Notwithstanding any other provision of law, whenever the President determines it is in the United States national interest, he shall furnish assistance under this Act or shall furnish defense articles or services under the Foreign Military Sales Act pursuant to an agreement with the recipient of such assistance, articles, or services which provides that such recipient may only obtain such assistance, articles, or services in exchange for any necessary or strategic raw material controlled by such recipient. For the purposes of this section, the term 'necessary or strategic raw material' includes petroleum, other fossil fuels, metals, minerals, or any other natural substance which the President determines is in short supply in the United States.

"(b) The President shall allocate any necessary or strategic raw material transferred to the United States under this section to any appropriate agency of the United States Government for stockpiling, sale, transfer, disposal, or any other purpose authorized by law.

"(c) Funds received from any disposal of materials under subsection (b) shall be credited to the appropriations of the agency of the United States Government in an amount which except for this section would have been credited to such agency for its furnishing of the assistance or defense article or service. Any funds not so credited shall be deposited as miscellaneous receipts in the United States Treasury."

Renumber the following sections accordingly.

SENATE—*Thursday, December 5, 1974*

The Senate met at 10 a.m. and was called to order by Hon. HOWARD M. METZENBAUM, a Senator from the State of Ohio.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal God who has brought us to this season of great expectation, prepare our hearts to welcome Thy coming again in the person of Thy Son. Look upon us in compassion. Forgive our sins. Form a right spirit within us and guide our feet in the way of peace. Put to shame those who would make darkness to be light and light to be darkness. Confound those in whom lust for wealth or power threatens new disasters. Open the eyes of those who are blinded by ignorance, fear, or prejudice. Bring good tidings to the poor, heal the brokenhearted, and fill with rejoicing all workers of good. Let the whole Earth be filled with Thy praise, O Lord, almighty and everlasting God; and unto Thee be glory and majesty, dominion and power, now and forever. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., December 5, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. HOWARD M. METZENBAUM, a Senator from the State of Ohio, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. METZENBAUM thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, December 4, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar under "New Reports," beginning with the Mississippi River Commission.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations will be stated.

MISSISSIPPI RIVER COMMISSION

The second assistant legislative clerk read the nomination of Maj. Gen. Francis Paul Koisch, U.S. Army, to be a member and president of the Mississippi River Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

The second assistant legislative clerk read the nomination of Wilmer Richard Hall, of Tennessee, to be a member of the Mississippi River Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

NONLEGISLATIVE PERIODS, CALENDAR YEAR 1975

Mr. MANSFIELD. Mr. President, on yesterday, the joint leadership of the Senate met with interested Senators; and as a result, I ask unanimous consent to have printed in the RECORD the nonlegislative periods, calendar year 1975. As an addendum to that, may I say that the Lincoln's Birthday period which had been previously announced is now null and void and that the newly announced schedule will be the one which will be in effect.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NONLEGISLATIVE PERIODS, CALENDAR YEAR 1975

Congress will reconvene at Noon on January 14.

Lincoln's Birthday (Wednesday, February 12)—From conclusion of business Friday, February 7, until Monday, February 17.

Easter (Sunday, March 30)—From conclusion of business Friday, March 21, until Monday, April 7.

Memorial Day (Monday, May 26)—From conclusion of business Friday, May 23 until Monday, June 2.

July 4 (Friday)—From conclusion of business Friday, June 27, until Monday, July 7.

August Recess—From conclusion of business Friday, August 1, until Wednesday, September 3.

October—From conclusion of business Friday, October 10, until Monday, October 20.

Veterans Day—(One day only).

Thanksgiving (Thursday, November 27)—From conclusion of business Friday, November 21, until Monday, December 1.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

VISIT TO THE PEOPLE'S REPUBLIC OF CHINA

Mr. MANSFIELD. Mr. President, on Friday, December 6, 1974, I expect to leave for the People's Republic of China. During the course of this journey, I will go to Peking and several other Chinese cities.

I have had the impending visit under consideration with Chinese officials and the executive branch for many months. It is undertaken at this time with the full concurrence and support of the President and the Secretary of State. It represents a continuance of the effort to maintain and develop the bipartisan approach which has characterized the rapprochement with China from the beginning.

In China, it is my intention to hold conversations with Chinese leaders on the current state of Sino-United States normalization as well as on the situation in the Western Pacific. I also hope to gain greater familiarity with the Chinese system, particularly by visits to autonomous regions. It is also my hope that my presence in China, as the leader of the majority party in the Senate, will serve to reaffirm the nonpartisan character of U.S. policy with respect to China and the irreversibility of the course of normalization.

Such enlightenment as is obtained during the course of this mission will be communicated in the form of reports and recommendations to the President and the Senate. It will also be made available to the Commission on the Organization of the Government for the Conduct of Foreign Policy.

At my request, the following persons will accompany me to China. Many have been with me on previous Presidential missions. The professional members have all had extensive experience in the international affairs of the Western Pacific.

Hon. MIKE MANSFIELD, majority leader, U.S. Senate;

Mrs. Maureen Mansfield;

Mrs. Jane B. Engelhard, member of the Commission on the Organization of the Government for the Conduct of Foreign Policy—on which I also serve;

Mrs. Salpee Sahagian, assistant to the majority leader, who has accompanied me on Presidential trips covering the tenures of Presidents Kennedy, Johnson, and Nixon;

Hon. Francis R. Valeo, Secretary of the U.S. Senate, who also accompanied me on those three Presidential trips;

Mr. Norvill Jones, professional staff member of the Senate Foreign Relations Committee, who accompanied me to China on the last trip;

Hon. Francis E. Meloy, U.S. Ambassador to Guatemala, who accompanied me on Presidential trips for Presidents Kennedy and Johnson;

Hon. John M. Thomas, Assistant Secretary for Administration, U.S. Department of State;

RADM Freeman H. Cary, MC, USNR—attending physician of the Capitol; and

Miss Dixie M. Grimes, Secretary, U.S. Department of State.

Mr. President, I suggest the absence of a quorum.

The **ACTING PRESIDENT** pro tempore. The clerk will call the roll.

Mr. GRIFFIN. Mr. President, will the Senator withhold that?

Mr. MANSFIELD. I withdraw it.

Mr. GRIFFIN. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, the trip of the majority leader and others to China should go a long way toward improving the already better relations which we have with the People's Republic of China. I know that if anyone can help with the situation, it is the majority leader. He understands the people, and I think they know him; so we want to wish him well on this trip, and I know that he will bring back a very constructive report for the incoming Congress.

Mr. MANSFIELD. I thank the distinguished Senator from Vermont. May I say it is my intention to make written reports as well as an oral report to the President and the Secretary of State, a written report for the information of the Senate, and a written report to the Commission on the Organization of the Government for the Conduct of Foreign Policy.

Mr. AIKEN. And may I also warn the majority leader, if he does not already know it—as I think he does—that it is very difficult to eat rice with chopsticks.

Mr. GRIFFIN. Mr. President, I wish to be associated with the remarks of the distinguished dean of the Senate, the Senator from Vermont (Mr. Aiken). I join him in his indication that the distinguished majority leader goes on this trip with the support and best wishes of both parties in the Senate as well as the administration.

Last year, along with some other Members of Congress, I had the opportunities to visit the People's Republic of China and several other countries in that part of the world. I can say that it was impressive to this junior Senator from Michigan to find and confirm that the distinguished majority leader, is not only well known and well respected in Montana and in the United States of America, but also in the Far East. He is a person who speaks with authority, not only because of his position, but also, because of his experience, background, and the personal relationships he has established over the years in that part of the world. He is in a position not only to influence, but to assist importantly in the implementation of U.S. foreign policy, particularly with respect to that part of the world.

So, from both sides of the aisle, we wish the majority leader bon voyage, and we look forward to his return and his report.

Mr. MANSFIELD. Mr. President, I cannot express in words how much I appreciate the good wishes and the expressions of concern for me personally which have just been made by the distinguished Senator from Vermont, my longtime friend—I guess we have had our last breakfast as Senators together this morning, a custom that goes back 22 years—and my distinguished friend the acting minority leader. I thank them for the kind expressions which they have given at this time.

Mr. President, I ask unanimous consent that the time allocated to the distinguished Senator from North Carolina (Mr. Helms) be vitiated, and that the remaining time allocated to the distinguished Senator from Michigan and the Senator from Montana now speaking be vitiated.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The **ACTING PRESIDENT** pro tempore (Mr. Metzenbaum). Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each.

MESSAGES FROM THE HOUSE

At 11:15 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 8352) to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House has passed the bill (H.R. 17505) to rescind certain budget authority recommended in the messages of the President of September 20, 1974 (H. Doc. 93–361), October 4, 1974 (H. Doc. 93–365) and November 13, 1974 (H. Doc. 93–387), transmitted pursuant to section 1012 of the Impoundment Control Act of 1974, in which it requests the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker has signed the following enrolled bills and joint resolution:

S. 433. An act to amend the Public Health Service Act to assure that the public is provided with safe drinking water, and for other purposes;

S. 3537. An act to modify section 204 of the Flood Control Act of 1965 (79 Stat. 1085); and

H.J. Res. 444. Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

The enrolled bills and joint resolution were subsequently signed by the Acting President pro tempore (Mr. Metzenbaum).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By **Mr. JACKSON**, from the Committee on Interior and Insular Affairs, without amendment:

S. 4141. A bill authorizing the erection of a statue to commemorate the founding of Marine Barracks, Washington, District of Columbia, by President Thomas Jefferson (Rept. No. 93–1310).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By **Mr. TAFT** (for himself, Mr. Tower, Mr. Javits, Mr. Hatfield and Mr. Beall):

S. 4214. A bill to amend section 313 of the National Housing Act, as amended by the Emergency Home Purchase Assistance Act of 1974, to authorize GNMA, under the emergency program authorized by that section, to purchase certain mortgages covering multifamily rental, cooperative or condominium housing. Referred to the Committee on Banking, Housing and Urban Affairs.

By **Mr. CRANSTON** (for himself and Mr. Tunney):

S. 4215. A bill to study certain lands in the Sierra National Forest, Calif., for possible inclusion in the national wilderness preservation system. Referred to the Committee on Interior and Insular Affairs.

By **Mr. McGOVERN** (for himself, Mr. Talmadge, Mr. Magnuson, Mr. Bayh, Mr. Clark, Mr. Eagleton, Mr. Eastland, Mr. Hatfield, Mr. Helms, Mr. Hughes, Mr. Humphrey, Mr. Metcalf, Mr. Mondale, Mr. Nelson, Mr. Nunn, Mr. Sparkman, Mr. Stennis, Mr. Stevenson, Mr. Symington, Mr. Tunney, Mr. Cranston, and Mr. Muskie):

S. 4216. A bill to provide a priority system for certain agricultural uses of natural gas. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By **Mr. TAFT** (for himself, Mr. Tower, Mr. Javits, Mr. Hatfield, and Mr. Beall):

S. 4214. A bill to amend section 313 of the National Housing Act, as amended by the Emergency Home Purchase Assistance Act of 1974, to authorize GNMA, under the emergency program authorized by that section, to purchase certain mortgages covering multifamily rental, cooperative, or condominium housing. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. TAFT. Mr. President, today I am introducing legislation which would bring apartments, cooperatives, and condominiums not insured by FHA or VA into the emergency 8¼-percent interest, Government mortgage purchase program which Congress authorized several weeks ago.

This bill is similar to an amendment I offered when the emergency housing legislation was before the Senate last month. I withdrew the amendment at the request of the bill's managers at that time, in view of the necessity for prompt passage of the legislation and the lack of time for review of the ramifications of my amendment. Since that time, however, President Ford has requested Congress several times to pass legislation such as the bill I am introducing. I see no reason why we cannot give the proposal our concentrated immediate attention, in view of the importance of prompt action.

Congress and the public are becoming all too familiar with the magnitude of the housing depression. The estimated number of housing starts for both 1974 and 1975 will be more than 1 million starts lower than the estimated number necessary to fulfill housing needs. This situation has already led to unemployment almost twice the national average in the housing construction industry, which in turn has had unemployment effects upon related industries.

To a large extent, this situation has developed as a result of the tight money policy used by the Government to fight inflation. It is incumbent upon the Government to take all reasonable action, within the bounds of fiscal prudence, to alleviate the situation.

Although the 100,000 units the emergency program is expected to supply obviously do not constitute the total answer to the housing depression, passage by Congress of that program was certainly a step in the right direction. However, the exclusion of conventionally financed apartments and condominium units from the program diminishes its possible effectiveness considerably in terms of sheer numbers, 37 percent of the housing units started in 1973 were apartments, while the percentage of condominium units is expected to reach 16 percent of housing starts in 1975. Since only a small portion of these units were or will be insured by FHA or VA, the emergency program presently excludes entirely a major portion of the housing sector. This is even more true with respect to condominiums for Ohio than for the Nation as a whole; 28.7 percent of all 1973 housing completions in Ohio were condominium units.

The exclusion of conventionally financed rental projects is particularly damaging, because activity in the multifamily sector has declined much more drastically than building of single family housing. While single family starts are expected to drop 26 percent this year, multifamily starts are expected to drop 42.5 percent. The proportion of rental units in the mix housing started in 1975 is expected to decline to 26 percent. This percentage is the lowest apartment share of new housing starts in 14 years. It constitutes the lowest number of apartment units started in any year since 1961.

The weakness in the apartment portion of the housing sector is particularly acute in the north central region of the country, which had only 30 percent of total starts in multifamily units in the first half of 1974 compared to 39 percent in 1973. Ohio's experience certainly reflects this. Thomas Phillips of the Ohio Homebuilders' Association was reported in a Cleveland Plain Dealer article of October 31 to have presented figures to a committee of the Ohio Legislature which indicated that Cincinnati's total apartment housing starts were virtually zero, while Cleveland had had no starts on apartment dwellings since August.

Quite apart from the argument that inclusion of apartments and condominium units would allow the program to provide a greater overall number of housing units, I believe that there are extremely important reasons why these specific types of housing should be included. Recent studies have verified that multifamily structures are more economical in several ways than single family housing. They seem particularly suited to the present situation of land scarcity in many cities, energy shortages and rampant inflation. Condominium units often constitute a relatively cheap form of homeownership. They also provide a disproportionately large amount of housing for our elderly citizens.

There is no question that because of the higher individual mortgage amounts involved and the much greater number of variables which contribute to their financial soundness or lack thereof, multifamily projects involve a greater financing risk for the Government than single-family housing. To help reduce that risk, this bill limits the maximum mortgage loan to appraised value ceiling for mortgages covering conventionally financed projects to 75 percent rather than 80 percent as the program allows for FHA-insured projects. In addition to this step, HUD personnel have commented informally that the Government might use the authority contained in my bill to purchase senior participations in project mortgages. In other words, rather than assuming the entire mortgage loan, the Government might share the financing risk with the private sector by covering only a part of the mortgage loan amount needed. The desirability of administering the program in this manner certainly should be explored further.

This legislation recognizes that a significant increase in multifamily- and condominium-unit starts is not likely to be accomplished through the emergency program if developers must go through FHA as a condition for the emergency assistance. Provision of Federal assistance for these types of conventional units raises more important questions with respect to entire projects than to individual condominium units, because in the case of the projects the issue directly involves important concerns such as the necessity for a Federal environmental impact statement. In view of the emergency need for increased rental- and condominium-unit starts, the presence of local regulatory requirements in any event and the temporary nature of the emergency program, it is my judgment that the FHA insurance requirements must not remain a condition for project assistance under this program.

This legislation would bring apartments and condominium units into the program under the program rules basically used for similar types of housing now, with some minor exceptions. As I have explained, the maximum mortgage loan to appraised value ratio would be lower for conventional projects than for FHA-insured projects. In addition, HUD specifically would be given the authority to impose any further requirements needed to protect consumers or to protect the Government's financial interest. Conversion of existing apartments into condominiums or cooperatives would continue to be excluded from the emergency program.

I ask unanimous consent that an October 24 editorial from the Dayton Journal Herald which emphasizes some of the drawbacks of limiting the present emergency program largely to single-family housing, as well as a copy of the legislation itself, be printed in the RECORD at this point.

There being no objection, the editorial and bill were ordered to be printed in the RECORD, as follows:

URBAN SPRAWL: FEDERAL CONTRADICTIONS ON GROWTH

Urban sprawl is not only bad aesthetics, a new federal study shows, it is bad economics. The report, which was done for the Dept. of Housing and Urban Development, the Council on Environmental Quality and the Environmental Protection Agency, says that planned growth can save up to 50 percent in land and construction costs, energy consumption and pollution.

Indeed, the single-family home on its own lot is so much more expensive to build and maintain that one wonders why new subdivisions continue to spring up like mushrooms.

One answer is that the government continues to subsidize the construction of new homes in new suburbs. Indeed, President Ford just signed into a law a bill providing $3 billion for the purchase by the federal government of conventional home mortgages—it already buys FHA and VA mortgages. Government officials expect the funds will encourage the construction of about 100,000 new homes.

We should not want to curb free choice in the matter of lifestyle, including the kind of homes people buy. We do believe, however, that the government should not subsidize, and therefore make more attractive, the kind of wasteful growth characterized by subdivisions of single-family dwellings. And it is a little absurd to see the federal government doing this with one hand while the other hand is pointing the finger in rebuke.

S. 4214

A bill to amend section 313 of the National Housing Act, as added by the Emergency Home Purchase Assistance Act of 1974, to authorize GNMA, under the emergency program authorized by the section, to purchase certain mortgages covering multifamily rental, cooperative or condominium housing

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 313 of the National Housing Act is amended by adding at the end thereof a new subsection (h) as follows:

"(h) Notwithstanding the provisions of subsection (b), the Association may make commitments to purchase and purchase, and may service, sell (with or without recourse) or otherwise deal in, a mortgage which covers more than four-family residences (including residences in a cooperative or condominium), or a single-family unit in a condominium, and which is not insured under the National Housing Act of guaranteed under chapter 37 of title 38 of the United States Code if—

"(1) in the case of a project mortgage, the principal obligation of the mortgage does not exceed, for that part of the property attributable to dwelling use, the lesser of the per unit amount specified in subsection (b)(B) or the per unit limitations specified in section 207 of this Act in the case of a mortgage covering a rental project, section 213 in the case of a cooperative project, or section 234 in the case of a condominium project;

"(2) in the cause of a mortgage covering a housing project, the outstanding principal balance of the mortgage does not exceed 75 per centum of the value of the property securing such mortgage (or 80 per centum if such mortgage is insured by a qualified private insurer as determined by the Association);

"(3) in the case of a mortgage covering an individual condominium unit, the mortgage is insured by a qualified private insurer as determined by the Association or has an outstanding principal balance which does not exceed 80 per centum of the value of the property securing the mortgage;

"(4) the mortgage is not being used to finance the conversion of existing rental housing into a condominium or individual unit therein or into a cooperative project; and

"(5) the mortgage meets the requirements of subsection (b) except as modified by this subsection and any additional requirements the Secretary may prescribe to protect the interests of the United States or to protect consumers."

By Mr. CRANSTON (for himself and Mr. TUNNEY):

S. 4215. A bill to study certain lands in the Sierra National Forest, Calif., for possible inclusion in the national wilderness preservation system. Referred to the Committee on Interior and Insular Affairs.

Mr. CRANSTON. Mr. President, I introduce for appropriate reference a bill to study the Kaiser Area of the Sierra National Forest, Calif., for possible addition to the national wilderness preservation system. I am pleased that my colleague from California (Mr. TUNNEY) is joining me as cosponsor of this bill.

The Kaiser Area proposed for study under this bill comprises approximately 28,000 acres of roadless national forest land. It is an area of high quality scenic beauty, with small lakes, grassy meadows, a glacial ridge, and snowcapped crest. The majority of the Kaiser Area is covered with a mixed conifer forest with vegetation varying from pine at the lower elevations to true fir at the higher elevations.

This wilderness environment is just 2 hours from Fresno and 5 hours from San Francisco and Los Angeles. More specifically, the Kaiser Area lies adjacent to the developed vacation community on the north shore of Huntington Lake—an area which annually serves 20,000 campers, 400 cabin owners and their families, and visitors to a Boy Scout camp, a religious retreat and several other organizational camps.

Because of its beauty and proximity to urban areas of California, the Kaiser Area has long been popular with hikers, backpackers, fishermen, and hunters. In addition, the accessibility from the Huntington Lake Basin development affords an excellent high Sierra wilderness experience for many who are unable to reach more remote forest lands. Here even an elderly person could spend an afternoon or an hour in the solitude of a virgin forest.

However, the future of this pristine region is in question. The Forest Service presently proposes two timber sales in the Kaiser Area—the north shore of Huntington Lake sales and the Aspen-Horsethief timber sales. If the logging takes place, longterm damage might well be done to the area and the opportunity for wilderness classification will be lost forever.

While wilderness designation was one of the alternatives considered by the Forest Service in the environmental impact statements on the proposed timber sales, many have expressed concern that this consideration was given only after a policy decision had been made to log large portions of the Kaiser roadless area.

Again, when the Forest Service inventoried national forest lands as part of its preliminary wilderness review, the Kaiser Area was not recommended for inclusion among the new study areas, in a large part because of the interest in the commercial timber in the area.

Given the strong local support for preservation of the Kaiser Area as wilderness, I believe the wilderness potential of the entire 28,000-acre area should be carefully and thoroughly studied, separate of any other contemplated action. The bill I am introducing today would provide for the study, on the basis of which we can more accurately determine the value of designating the Kaiser Area as wilderness.

By Mr. McGOVERN (for himself, Mr. TALMADGE, Mr. MAGNUSON, Mr. BAYH, Mr. CLARK, Mr. EAGLETON, Mr. EASTLAND, Mr. HATFIELD, Mr. HELMS, Mr. HUGHES, Mr. HUMPHREY, Mr. METCALF, Mr. MONDALE, Mr. NELSON, Mr. NUNN, Mr. SPARKMAN, Mr. STENNIS, Mr. STEVENSON, Mr. SYMINGTON, Mr. TUNNEY, Mr. CRANSTON, and Mr. MUSKIE):

S. 4216. A bill to provide a priority system for certain agricultural uses of natural gas. Referred to the Committee on Commerce.

NATURAL GAS AGRICULTURAL PRIORITY ACT

Mr. McGOVERN. Mr. President, Senator HERMAN E. TALMADGE, chairman of our Senate Committee on Agriculture and Forestry, had hoped to be present today to introduce a bill he has developed to provide a priority system for certain agricultural uses of natural gas. However, due to illness, Senator TALMADGE will not be present today and, therefore, has asked me to introduce the bill for him, myself, and the following other Senators: Mr. MAGNUSON, Mr. BAYH, Mr. CLARK, Mr. EAGLETON, Mr. EASTLAND, Mr. HATFIELD, Mr. HELMS, Mr. HUGHES, Mr. HUMPHREY, Mr. METCALF, Mr. MONDALE, Mr. NELSON, Mr. NUNN, Mr. SPARKMAN, Mr. STENNIS, Mr. STEVENSON, Mr. SYMINGTON, Mr. TUNNEY, Mr. CRANSTON, and Mr. MUSKIE.

Mr. President, I ask unanimous consent that the full text of this bill and Senator TALMADGE's statement be printed following these remarks. I also ask unanimous consent that the names of the Senators sponsoring this bill be listed in the order listed above when the bill is printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the bill and statement were ordered to be printed in the RECORD, as follows:

A bill to provide priority system for certain agricultural uses of natural gas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Natural Gas Agricultural Priority Act".

SEC. 2. The Natural Gas Act, as amended (52 Stat. 821; 15 U.S.C. 717 et seq.), is amended by inserting immediately after section 22 the following new sections:

"NATURAL GAS FOR ESSENTIAL AGRICULTURAL PURPOSES

"SEC. 22 a. (a) Notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law, the Commission shall prohibit any interruption or curtailment of natural gas and take such other steps as are necessary to assure as soon as possible the availability in interstate commerce of sufficient quantities of natural gas for use as a raw material feedstock or process fuel in the production of fertilizer (including materials utilized in the production of fertilizer such as sulphur), animal feed grade chemicals including defluorinated phosphates and urea), essential agricultural chemicals, and for use in agricultural crop drying, in existing plants (for present or expanded capacity) and in new plants. All such uses are referred to in this Act as "agricultural requirements." Any priority granted under this section shall also apply to the use of natural gas to meet existing boiler fuel capacity needs of such agricultural requirements: *Provided,* That it is not feasible to meet such existing boiler fuel requirements with an alternate fuel (other than propane). As used in this section, "sufficient quantities of natural gas" means the amounts of natural gas which the Secretary of Agriculture certifies to the Commission are necessary (1) to meet such agricultural requirements domestically; (2) to meet certain United States export requirements that are important to maintain, or expand United States imports of materials which are similarly essential to the production of food; and (3) to carry out certain humanitarian objectives in friendly countries under the Agricultural Trade Development and Assistance Act of 1954, as amended, except to the extent that any such amounts are required to maintain natural gas service to existing residential and small commercial users.

"(b) Notwithstanding any other provision of law, the rule implemented by the Commission pursuant to subsection (a) of this section shall also apply with respect to the availability of natural gas sold in intrastate commerce in any State which has not, within ninety days after the date of enactment of this section, adopted a rule to implement the purposes of subsection (a). The Commission shall formulate rules and regulations to implement this section.

"(c) In implementing the provisions of this section with respect to intrastate commerce, the Commission shall apply the provisions of section 17 of this Act.

"(d) Nothing in this section shall impair any requirement in any State or Federal law pertaining to safety or environmental protection, and the Commission, in carrying out this section shall not assume that there will be any lessening of safety or environmental requirements established pursuant to State or Federal law.

"NATURAL GAS CONSERVATION

"SEC. 22 b. The Commission by rule shall prohibit boiler fuel use of natural gas and propane (except when propane is used for agricultural crop drying purposes) in interstate and intrastate commerce not contracted for prior to the date of enactment of the Natural Gas Agricultural Priority Act by users other than residential or small commercial users unless, upon petition by a user, the Commission determines that—

"(A) such user has a plan to convert as soon as possible to alternative fuels produced in any State; or

"(B) it is not feasible to utilize such alternative fuels at the time of such Commission determination."

DIRECT COMMISSION AUTHORITY OVER AGRICULTURAL REQUIREMENTS FOR NATURAL GAS

SEC. 3. Section 7(a) of the Natural Gas Act, as amended, is amended by inserting immediately after the words "any person or municipality engaged or legally authorized to engage in the local distribution of natural gas or artificial gas to the public," the words "or to meet agricultural requirements as specified in this Act,".

STATEMENT OF SENATOR TALMADGE

NATURAL GAS PRIORITY FOR AGRICULTURAL PRODUCTION

I am introducing a bill today, on behalf of myself and several other Senators, to amend the Natural Gas Act to provide a priority system for certain agricultural uses of natural gas.

The bill I am introducing today would provide for the following:

(1) The establishment of a priority—equal to existing residual users—for the following purposes with respect to access to available natural gas supplies:

Fertilizer production, including for materials utilized in the production of fertilizer, such as sulphur:

Animal feed grade chemical production;

Essential agricultural chemical production (pesticides, herbicides and fungicides); and for

Agricultural crop drying.

(2) This new priority would apply to these activities as it relates to their feedstock and process fuel requirements. It also would apply to their boiler fuel requirements insofar as alternate fuels are not available, except propane.

(3) This new priority would apply to meeting the natural gas requirements of existing plants (for present or expanded capacity) and to meet requirements that would be involved in new plants.

(4) This new priority system would apply to both interstate and intrastate gas supplies. State regulatory agencies having jurisdiction over intrastate natural gas supplies would be given 90 days to adopt rules for implementing the above mentioned agricultural priority system. In the event any State fails to adopt such rules within that period, the Federal Power Commission is required to do so for such State.

(5) A requirement on the Secretary of Agriculture to certify to the Federal Power Commission the "amounts" of natural gas that would be necessary to meet such priority agricultural requirements. The Secretary in determining such "amounts" must take into account U.S. domestic requirements; certain (limited) commercial export requirements; and those "amount" requirements which may be deemed necessary to meet certain foreign humanitarian relief objectives.

(6) A general prohibition against any new contracts being entered into with respect to the use of natural gas and propane as boiler fuel—unless a user demonstrates that he has a plan to convert to an alternate fuel as soon as possible, or that it is not feasible for him to utilize an alternative fuel at such time as the commission is asked to make such a determination.

(7) A provision which would make it possible for these agricultural priority users to file directly with the Federal Power Commission to obtain their priority and which would give the FPC the power to direct the pipeline company to supply whatever gas might be involved in satisfying such requirements.

Also included in the bill is a provision making it clear that nothing in my bill is intended to lessen or waive any Federal or State safety or environmental laws.

I and other members of our Senate Committee on Agriculture and Forestry, have been wrestling with the problems of fertilizer, farm chemicals and other farm input supply for over a year and a half. We have held public hearings, conducted studies, and initiated legislation covering these matters, but the scope and severity of these problems continue.

While we were successful this past year in getting agriculture—including fertilizer and farm chemical production—a top priority under the mandatory Federal fuel allocation regulation program, our success in gaining a similar priority for these same groups as it relates to meeting their natural gas requirements has been limited.

Based in large part upon action taken by our committee, U.S. fertilizer manufacturers this past year were able to obtain swift relief from the Federal Power Commission in obtaining sufficient amounts of natural gas to produce at maximum existing capacity levels. However, despite this accomplishment, many farmers were not able to obtain all of the fertilizer and farm chemicals they required during the 1974 crop year. And had it not been for the inventories on hand at the beginning of the 1974 crop year (the fall of 1973), these shortages would have been even more severe than they turned out to be.

Now, as we enter the 1975 crop year season, inventories of fertilizer and farm chemicals are at minimum levels and producers of these essential farm inputs are again faced with natural gas curtailments, in addition to being unable to obtain additional commitments of natural gas for plant expansion or for new plant capacity which is essential if our Nation is to achieve its food and fiber production goals beginning with the 1975 crop year.

We have nitrogen fertilizer producers in my part of the country such as Columbia Nitrogen, Inc., in Augusta, Georgia; Kaiser Industries in Savannah, Georgia; and the Farmers Chemical Association in Tunis, North Carolina; who have both plans and the money now in hand to expand their nitrogen production facilities if they can obtain additional quantities of natural gas to meet their feedstock and process fuel requirements which are essential in the production of nitrogen fertilizers.

These plants, like many others throughout the nation today, are not only unable to obtain these additional supplies of natural gas, but are faced with curtailment orders which, if implemented, will mean they will not be able to produce even at existing capacity levels. In the case of the farmers chemical association plant in Tunis, North Carolina—which is now obtaining natural gas under a firm contract—a curtailment order has been issued by the Transcontinental Gas Pipeline Corporation, which, if implemented, will close this plant down entirely. This particular plant supplies over 30 percent of all of the nitrogenous fertilizer material now utilized in four Southern States. Last week, the Federal Power Commission denied FCA's petition for emergency relief from this curtailment order, and has now set the matter for hearing.

I have taken time today to go into some of these cases, so that my Senate colleagues and others, can gain a better appreciation of the "policy and procedural paralysis" that our nation is now suffering from, concerning the availability and allocation of natural gas. Unless and until Congress acts to unsnarl this mess, the future food supply of both our Nation and much of the world will be in serious jeopardy.

I believe the bill I have introduced today, if enacted, will help unravel at least those aspects of this mess that relate to certain essential agricultural uses of natural gas by granting such users a priority equal to existing residual users. This priority system would apply to both interstate and intrastate natural gas supplies, which, in my judgment, is essential if we are to avoid imposing the total burden of national shortages of natural gas solely upon interstate suppliers and users. Of the 22 trillion cubic feet of natural gas produced this past year, only 15 trillion cubic feet was subject to regulation by the Federal Power Commission, leaving about 7 trillion cubic feet unregulated in the intrastate market.

Those provisions in my bill relating to the certification requirements that the Secretary of Agriculture must follow in determining the "amounts" of natural gas that are needed for these limited agricultural purposes are designed to assure only those amounts of natural gas that are actually needed to meet U.S. demands and limited export demands—and no more. The priority and certification provisions in my bill would not permit such users to expand or enhance their position in world markets, where today, for instance, in the case of fertilizer, prices are double those now being paid in the U.S. market.

The provisions in my bill prohibiting any future contracts being entered into for use of natural gas or propane as a boiler fuel also is essential, in my judgment, if we are to avoid even more severe shortages of these precious fuels in future years.

Over 3.8 trillion cubic feet of natural gas is being utilized annually today as "boiler fuel" by electrical utilities alone! In most cases, alternative fuels could and should be substituted for such purposes so that future supplies of natural gas can be conserved for those uses where it is essential and where no alternative fuel is feasible.

For the period April, 1974, to March, 1975, the Federal Power Commission estimates a 1.8 trillion cubic foot shortage of natural gas to meet firm contract commitments. This is 55% higher than the shortage was for the preceding year. Therefore, the extent to which we can reduce boiler fuel uses of natural gas in the future will determine in large part whether growing shortages of natural gas can be minimized, if not entirely eliminated.

Many industries and utilities often choose to substitute propane for natural gas during periods when they are subject to natural gas curtailments or interruptions, in that propane, like natural gas, is relatively clean and inexpensive in Btu cost terms. However, such practices, in my judgment, also must be curtailed, in that liquid petroleum (LP gas) use on our Nation's farms represents a substantial proportion of total LP gas sales. In 1971, farms purchased 17 percent of all LP gas sold. Of the total propane sales alone, farmers purchased 22 percent. Most farm use of propane is for agricultural crop drying with peak demand for use occurring in the last four months of the year. In the Corn Belt, for instance, as much as 90 percent of the annual use of propane for crop drying usually occurs during October through December. The rapid rise in use of propane for crop drying is due to two major factors: (1) Earlier harvest to reduce the uncertainty of losses from field dried corn, and (2) the conversion from harvesting corn in the ear to the more economical field-shelling method. Over 50 percent of U.S. corn is dried on the farm today utilizing propane. About 20 percent of the corn is dried off the farm, of which about half requires propane with the remainder being dried utlizing natural gas. Of course, propane also is used increasingly to dry wheat, soybeans, rice, sorghum, peanuts, and tobacco.

Given the tremendous importance of LP gas for rural home and farm production use, I have included a provision in my bill which also would prohibit any new contracts being entered into for use of propane as "boiler fuel".

I have included the production of farm chemicals in the priority system provided in my bill because here again the availability of these essential farm input products are increasingly in short supply. American farm producers have increasingly and very effectively utilized herbicides, insecticides and fungicides to protect and increase farm output. It is estimated by some USDA scientists that the use of pesticides alone has accounted for at least 20 percent of farm output since 1940.

The use of herbicides has substantially reduced farm land cultivation requirements in the United States, which in terms of fuel saving, means hundreds of millions of gallons of fuel saved that would otherwise be used for such cultivation.

In Committee hearings held last July, representatives from the Federal Energy Administration and other nongovernmental experts projected continued shortages of farm chemicals in future years due to: (1) a sharp reduction in inventories of these farm chemicals, and (2) an expected continuing shortage of raw materials (petrochemical based feedstocks, intermediates, emulsifiers and solvents), most of which materials are derivatives of either petroleum or natural gas. And, as I indicated before, while producers of these materials have already been given a top priority under the Federal Mandatory Fuel Allocation Regulation Program, they have not been extended a similar priority to date as they relate to natural gas, which my bill would now provide.

Animal feed grade chemical production has been included in my bill because, similar to fertilizer and other farm chemicals, their supply has been increasingly threatened due to the shortages of certain raw materials—such as natural gas and phosphoric acid. While the natural gas requirements involved in the production of these feed grade chemicals are very limited, they are nonetheless essential.

All livestock, animals and poultry require these chemicals in their diet. Without them they die: Therefore, if our Nation wishes to continue to enjoy meat, milk and eggs in its daily diet, these chemicals must be made available in sufficient amounts to satisfy the requirements of our Nation's animal and poultry industries.

The bill I am introducing today, of course, will be referred to the Senate Commerce Committee which has legislative jurisdiction over the Natural Gas Act. In working on this bill, the staff of that Committee, has worked very closely with our Senate Agriculture Committee staff. Therefore, I wish to thank the Senate Commerce Committee for their cooperation in the development of this legislation, especially its distinguished Chairman, Senator Warren Magnuson. I understand that the Senate Commerce Committee is currently developing a new comprehensive natural gas bill which the Senate may be asked to vote on before adjournment. I further understand that serious consideration is already being given by that Committee to the inclusion of my bill as part of their more comprehensive bill. I certainly hope that this will be done. Until more natural gas is made available for the agricultural purposes covered by my bill, U.S. farmers will not, in my judgment, be able to achieve our Nation's future food and fiber production goals.

Both Americans and the people of this world are now experiencing food shortages of various kinds. Furthermore, neither the United States nor the rest of the world has much on hand today by way of food reserves. Another crop failure in the United States in 1975, similar to that experienced this year, will result in human and economic chaos both here at home and in most of the world. Therefore, nothing should be permitted to stand in the way of all-out food production, beginning now: Enactment of my bill, in my judgment, is essential to increased food production. And I hope, for the sake of 211 million Americans and the hundreds of millions of people elsewhere in the world that depend upon us for their food, that enough Members of Congress will agree with me so we can look forward to enactment of my bill at the earliest possible date.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 4139

At the request of Mr. Cranston, the Senator from Pennsylvania (Mr. Schweiker) was added as a cosponsor of S. 4139, a bill to extend the basic eligibility for GI bill educational assistance under chapter 34, of title 38, United States Code, from 36 to 45 months.

SENATE RESOLUTION 444—SUBMISSION OF A RESOLUTION AUTHORIZING THE PRINTING OF SENATE REPORT RELATING TO NURSING HOME CARE

(Referred to the Committee on Rules and Administration.)

Mr. MOSS submitted the following resolution:

S. Res. 444

Resolved, That there be printed for the use of the Special Committee on Aging Two Thousand Five Hundred copies of its report to the Senate entitled "Nursing Home Care in the United States: Failure in Public Policy (Introductory Report)".

AMENDMENTS SUBMITTED FOR PRINTING

STANDBY AUTHORITIES ACT—S. 3267

AMENDMENT NO. 2006

(Ordered to be printed and to lie on the table.)

Mr. JACKSON (for himself, Mr. Mansfield, Mr. Robert C. Byrd, Mr. Magnuson, Mr. Randolph, Mr. Stevenson, Mr. Haskell, Mr. Pastore, Mr. Nelson, and Mr. Ribicoff) submitted an amendment in the nature of a substitute intended to be proposed to the bill (S. 3267) to provide standby emergency authority to assure that the essential energy needs of the United States are met, and for other purposes.

Mr. JACKSON. Mr. President, last winter, this country experienced a significant national trauma in the form of the Arab oil embargo and the quadrupling of world oil prices. Faced with severe energy shortages and spiralling inflation, the Congress responded by passing the national energy emergency bill, S. 2589, which was subsequently vetoed by President Nixon. Without adequate contingency plans or proper authority to manage our energy system, the administration relied on voluntarism to meet the exigencies of the situation, with the result that gas lines grew along with oil company profits.

This winter, we face the very real and immediate prospect of a similar crisis. Renewed hostilities in the Middle East and a renewed embargo is an ever present danger. Furthermore, the OPEC producers predict still further increases in the price of crude oil. These threats come at a time when U.S. domestic oil production is steadily declining and the Nation will be recovering from a coal strike. Such reductions in our energy supply will result in severe economic hardship at the least, and, if prolonged, could push our economy to the brink of depression.

Yet, little has been done to provide for such eventualities. The ethic of energy conservation has been dissipated, the administration still does not have sufficient authority to manage an energy crisis and minimize its adverse impacts, nor have they asked for such authority, although in the executive summary of the Project Independence Blueprint, the FEA recognized the need for such measures as follows:

The domestic supply or demand strategies are cheaper in economic terms than imported oil or any other emergency option.

At either $7 or $11, they have a lower present resource cost than imports and reduce insecure imports.

The least expensive strategy after domestic action is standby conservation or curtailment measures.

Depending on the level of demand in 1985, can cut consumption in response to an embargo by 1–3 MBD; at higher world prices they are less effective because there is less fat in energy consumption; they involve almost no cost when not needed and relatively small bureaucratic costs and some economic impact when implemented; they can be instituted in 60–90 days; in almost all cases. domestic action plus standby measures can eliminate vulnerability.

In the business as usual case at $7 oil, 2–3 MBD will still be susceptible to interruption. At $11 or if some policy actions are not taken, significant imports can still be subject to disruption.

Emergency storage is cost-effective in reducing the impacts of these imports.

Storage for each MBD of insurance would cost $4.7 billion over 10 years, a one MBD interruption for 1 year in that period would cost $33 billion; this cost effectiveness holds for any level of insecure imports, and even if there is only a 1-in-7 chance of one disruption in 10 years.

However, there are now pending before the Senate two bills which if enacted, would provide the necessary authorities for contingency planning and the implementation of emergency supply and conservation measures in the event of major disruptions in our energy supply system. The first of these measures, S. 3267, the Standby Energy Authorities Act, was introduced on March 28, 1974, precisely for this reason. The second bill, S. 4151, would establish a national system of strategic energy reserves, to minimize the impact of disruptions in energy supplies on the Nation's economy and industrial output.

Although the administration earlier opposed these measures, it now recognizes their urgent necessity. Also, the leadership in the Senate on both sides of the aisle has urged passage of standby contingency programs before our energy posture worsens much further.

Today, therefore, in order to be responsive to recent events and to administration needs, I am introducing an amendment in the nature of a substitute to S. 3267, which as I said, the leadership has agreed to support. This amendment strips down S. 3267 to its bare, absolutely essential provisions, includes the essential provisions of S. 4151, with certain additional provisions that are deemed necessary to implement the administration's currently proposed domestic and international energy programs.

This amendment grants to the administration standby authority to implement orderly and equitable programs to restrain energy demand, including end use rationing and other conservation measures, and requires the prompt development of specific recommendations and plans for establishing strategic energy reserves.

More specifically, the major provisions which are incorporated into this amendment to S. 3267 are as follows:

Standby authorities and contingency plans for mandatory energy conservation and rationing;

Standby authorities to mandate increased domestic fuel production;

Standby authorities for materials allocation;

Authority for gathering and disseminating energy related information;

Requirements for establishing a national system of strategic reserves.

Mr. President, in view of the renewed support for this legislation, and the urgent need for standby energy emergency authorities, I trust that the Senate will move this legislation before the end of this Congress, and I ask the support of my colleagues for this goal.

Mr. President, I also ask unanimous consent that a more detailed summary of the amendment be printed in the RECORD at this point, along with a letter I have written to my colleagues.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., December 2, 1974.

DEAR COLLEAGUE: For more than a year, the people of the United States have attempted to manage their economic affairs under the burden of disastrously high energy costs which have been driven upwards by the steeply rising international oil prices. New oil price increases to be set by the OPEC cartel are now expected by the end of this year, and the danger of a serious supply interruption due to a new oil embargo remains as great as a year ago.

We find it most distressing that the Administration has failed to develop a realistic and effective program to deal with these energy prices and with our continued dependence on imported oil. We believe that the time has clearly come for the Congress to require action by the Administration and to set in place standby authority to deal with supply interruptions.

S. 3267, the Standby Energy Emergency Authorities Act has been on the Senate calendar since April. The leadership has committed itself to call this bill up in the very near future and to introduce the enclosed amendment to update its provisions.

The amendment is in the nature of a substitute and grants to the Administration standby authority to implement orderly and equitable programs to restrain energy demand, including end use rationing and other conservation measures and requires the prompt development of specific recommendations and plans for establishing strategic energy reserves.

As you know, the United States is obligated to develop contingency programs to restrain energy demand and to maintain an energy reserve capability under the recently signed International Energy Program. In addition to authorizing the essential Federal preparation required by the threat of a new embargo, the amendment calls for a specific program to limit oil imports. No one now disputes the importance of limiting U.S. dependence on imported oil, beginning as soon as possible. The Administration is required to submit detailed plans to accomplish this to the Congress for approval prior to implementation of these programs.

Many of the cosponsors of this letter strongly believe that current prices allowed for new domestic oil serve no useful economic purpose. These prices constitute an unwarranted windfall for domestic producers and give an undeserved aura of legitimacy to the unilateral price setting of a cartel of foreign producers who are apparently insensitive to the threat their actions pose to the world's economy, the international financial system, and the less developed countries. We do not propose, however, to debate this issue in the context of Senate consideration of the present amendment. It is our view that the precarious and uncertain energy future we face requires prompt action to vest the President and the Executive Branch with standby authority to deal with supply disruptions, to honor international commitments under the International Energy Program, to initiate contingency planning, and to develop specific recommendations to the Congress for limiting imports and establishing a system of strategic oil reserves.

The question of domestic oil prices will be debated in the context of other measures and in a manner which will not prevent the Congress from doing what is necessary and urgent, and is capable of achievement in the closing days of the Congress.

We regret that the Administration has not responded to requests from the Congress to develop—on a bipartisan, mutual basis—a unified response to the political threat we face from abroad and legislative programs to prevent the needless suffering the American people will endure if adequate standby authorities are not adopted. We continue, however, to stand ready to work with representatives of the Administration to develop needed legislative initiatives which will demonstrate to the world our country's ability to act wisely and intelligently in protecting our basic interests.

Enclosed for your use and information are the following materials:

A one page summary of the major provisions of the amendment;

A summary of excerpts concerning the need for the authorizations contained in the amendment; and

The text of a working draft of the amendment.

We hope you will join us in cosponsoring this amendment. We believe that the Congress must take the initiative and that the time to do so is now.

Should you have any questions on this matter, please contact the legislative assistants in our offices.

Sincerely,
Henry M. Jackson, Warren G. Magnuson, Adlai E. Stevenson, Floyd K. Haskell, Jennings Randolph, Mike Mansfield, Gaylord Nelson, John O. Pastore, Robert Byrd, and Abe Ribicoff.

Summary of Major Provisions

TITLE I—STANDBY ENERGY AUTHORITIES

Title I is closely patterned after S. 3267, the Standby Energy Emergency Authorities Act, which is pending on the Senate Calendar. Title I of the amendment sets in place standby authority to deal with energy shortages. These authorities include end use rationing, mandatory energy conservation programs (both of which are subject to Congressional review and veto), materials allocation, energy export limitations, grants-in-aid to State governments, information reporting, and contingency planning. A number of provisions included in S. 3267 were not incorporated in the amendment because of previous action by the Congress or because they could lead to extended floor debate. These include coal conversion, protection of franchised dealers, unemployment assistance, and small business information.

TITLE II—REDUCTIONS IN OIL IMPORTS

Title II of the amendment is new. This title generally concurs in the President's announced policy of reducing imports of high priced oil from insecure sources. The title recognizes, however, that attainment of these reductions will be difficult and calls upon the President to furnish the Congress his legislative recommendations and a report on his import reduction program within sixty days of date of enactment.

TITLE III—STRATEGIC ENERGY RESERVES SYSTEM

Title III establishes a policy and takes the first steps toward creation of a National System of Strategic Energy Reserves. The policy is to create, over a period of three years, strategic storage reserves capable of offsetting a 90 day supply interruption of all oil imports. This title creates a Strategic Energy Reserve Office in the Federal Energy Administration, directs the development of a prototype salt dome storage program, and requires reports to the Congress within 90 days on the implementation of the policy establishing industry, electrical, utility, and national defense strategic reserves.

TITLE IV—STUDIES AND REPORTS

Title IV requires a number of specific studies and reports concerning energy conservation policy, public transportation, and other matters.

SUMMARY OF EXCERPTS ON NEED FOR STANDBY AUTHORITY

The urgent need for adoption of the authorities contained in the amendment are apparent to all observers of domestic energy policy. For example:

Secretary Kissinger, speaking in Chicago on November 14, 1974, set forth "The Five Action Areas" for the oil consuming nations:

"To carry through the overall design, the consuming countries must act in five interrelated areas.

"First, we must accelerate our national programs of energy conservation, and we must coordinate them to insure their effectiveness."

Secretary Simon, speaking in New York on November 18, 1974, stated that:

"President Ford has announced a U.S. Program to reduce oil imports by one million barrels a day below what they otherwise would have been by the end of 1975. The President has made it clear that we will meet this target and that whatever steps are necessary will be taken . . .

"Immediate efforts to reduce oil imports are essential. But equally essential are the efforts needed to promote energy conservation and production in the longer run. Fortunately, we now have, in the new International Energy Agency, a forum for developing and coordinating new national and international policies to achieve these ends. It is no secret that administrative and policy barriers to conservation and to increased production still exist in almost all countries—including the United States. It is also no secret that international efforts to achieve these same objectives face many difficulties. But it is essential that we push ahead."

Arthur F. Burns, Chairman of the Federal Reserve Board, in testimony before the Joint Economic Committee said:

"This October, the President outlined a number of proposals to conserve energy and develop alternative domestic sources. The President's program included legislation to require the use of coal or nuclear power in new electric generating plants, and the conversion of existing plants to coal. It included proposals for gasoline savings on new automobiles, for fuel savings by industry, and for further conservation within the government. The immediate objective of the program was to achieve a reduction of 1 million barrels a day in oil consumption by the end of 1975. These proposals by the President deserve strong support from the Congress and the general public.

"While the President's program emphasizes voluntary actions, it is well to keep in mind that he has indicated that more stringent measures to reduce dependence on imported oil may become necessary in the future. In view of the gravity of the international energy situation, I believe that some preliminary planning on stronger measures to reduce domestic consumption should be undertaken at once. These include a sizable tax on gasoline, or on imported oil, or on automobiles according to their weight or horsepower." November 27, 1974.

Treasury Secretary William Simon in testimony before the Joint Economic Committee:

". . . the Administration would not hesitate to call for stronger measures by late January or early February if voluntary measures were not leading to a 1 million-barrel-a-day reduction in oil imports by the end of 1975, Washington Post, November 28, 1974.

Dr. John C. Sawhill, Administrator of the Federal Energy Administration, in testimony before the Senate Committee on Interior and Insular Affairs said:

". . . for the next five years and certainly for the next three years, the United States has no realistic alternative except conservation to reduce vulnerability and bring pressure on world oil prices. We have no way to really bring pressure on the cartel unless we, ourselves, reduce consumption and thereby cause the gap between productive capacity and consumption to grow and bring pressure to bring prices down which I think is absolutely necessary."

* * * * *

". . . That is another very strong impression I got at the public hearings last summer; that people wanted it laid out for them, a mandatory program that was fair.

"Americans do not mind sacrificing but they do not like to sacrifice unequally. As long as they can all feel they are sacrificing together, I do not think people mind doing that."

Senator Abourezk: Do you consider it necessary to mandate an upper limit on petroleum imports by either dollar or volume outlet?

"I will put this this way; I think that is one of the things we should look at but I would not do that without a companion set of conservation measures.

"I do not think it makes sense to say we are only going to bring x amount of imports into this country because then you are going to ration and have people waiting in line at the gasoline station and I do not think we should create a shortage without finding some way to manage that shortage."

NOTICE OF HEARINGS ON ENFORCEMENT AND COMPLIANCE OF FEA OIL PRICE REGULATIONS

Mr. RIBICOFF. Mr. President, the Subcommittee on Reorganization, Research and International Organizations of the Committee on Government Operations will hold hearings on the enforcement and compliance of FEA oil price regulations.

The hearings will begin at 10 a.m. on Wednesday, December 11, in room 1224, Dirksen Senate Office Building.

NOTICE OF HEARING

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, December 12, 1974, at 9 a.m., in room 2228 Dirksen Senate Office Building, on the following nominations:

James P. Churchill, of Michigan, to be U.S. district judge for the eastern district of Michigan, vice Stephen J. Roth, deceased.

H. Dale Cook, of Oklahoma, to be U.S. district judge for the northern, eastern, and western districts of Oklahoma, vice Luther L. Bohanon, retired.

James M. Fitzgerald, of Alaska, to be U.S. district judge for the district of Alaska, vice Raymond E. Plummer, retired.

Any persons desiring to offer testimony in regard to these nominations, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Arkansas (Mr. McCLELLAN) and the Senator from Nebraska (Mr. HRUSKA).

NOTICE OF HEARINGS

Mr. CRANSTON. Mr. President, the distinguished chairman of the Committee on the Budget (Mr. MUSKIE) has asked me to announce, for the information of Senators, that the Senate Budget Committee will hold public hearings during the next 2 weeks on the subject of the economy and fiscal policy. These hearings continue scrutiny begun by the committee last August on the relationship between Federal fiscal policy and our country's well-being.

Since, August, the economic picture has darkened considerably. President Ford has submitted his economic program to Congress and proposed budgetary actions which would reduce Federal outlays by $5 billion in fiscal year 1975 and almost $7 billion in fiscal year 1976. The committee plans to focus on these worsened economic circumstances and their relationship to appropriate fiscal and budget policy as we begin preparing for the committee's activities in connection with the 1976 budget.

These hearings will be held on December 11, 12, 17, 18, and 19 in room 1114 of the Dirksen Senate Office Building beginning at 10 a.m.

Next Wednesday, December 11, the committee will hear testimony from a panel of distinguished economists including Dr. Arthur Okun, Dr. Otto Eckstein, and Prof. Murray Weidenbaum, and from the Comptroller General, Elmer Staats.

On Thursday, December 12, the committee will hear testimony from the Honorable Roy Ash, Director of the Office of Management and Budget.

On Tuesday, December 17, the committee will hear testimony from Secretary of the Treasury William Simon. Other witnesses that week will testify about the relationship between Federal fiscal policy and alternative solutions to some of our pressing national concerns, such as the energy crisis.

I am hopeful that these hearings will produce a constructive dialog that will result in positive and responsible action by the Federal Government in coping with our present economic ills.

ADDITIONAL STATEMENTS

SOVIET EMIGRATION

Mr. ROTH. Mr. President, when Secretary of State Henry Kissinger appeared before the Finance Committee on Tuesday to testify on the Jackson amendment relating to Soviet emigration, I had three additional questions which I submitted in writing rather than asked orally because of the shortness of time. These questions concerned the imprisonment of Jewish doctor, Mikhail Shtern, on falsified charges, the assistance that could be given other Soviet prisoners, and the extent to which nongovernmental groups could be used in monitoring Soviet emigration policies.

Because of the interest of the Senate in this topic, I ask unanimous consent that these questions and the answer I received be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

QUESTIONS SUBMITTED BY SENATOR WILLIAM V. ROTH, JR. TO SECRETARY OF STATE KISSINGER FOR WRITTEN RESPONSE

(1) Mr. Secretary, despite the exchange of letters, I continue to hear of cases of harassment of minority groups in the Soviet Union—for example, the case of Mikhail Shtern, a Jewish doctor from Vinnitsa who will go on trial on December 10 (Human Rights Day) on fabricated charges. It certainly seems to me that this is a violation of the spirit of the agreement. Will you see that this case and similar ones are brought forcefully to the attention of the Soviet government?

(2) In your letter to Senator Jackson, you wrote that "Persons imprisoned who, prior to imprisonment, expressed an interest in emigrating, will be given prompt consideration for emigration upon their release; and sympathetic consideration may be given to the early release of such persons." There are cases where prisoners are not getting medical treatment, do not get visiting privileges, receive no mail, and have been kept in solitary confinement. Some have disappeared from sight according to my understanding. What can we do to see that these prisoners receive better attention and do receive sympathetic consideration as far as early release? Have you brought cases of this sort to the attention of Soviet officials?

(3) With regard to cases of harassment and denial of emigration rights, it seems to me that it will be essential to have close contact between your department and the private groups, including Jewish and emigree groups, which have sources of information superior in many respects to that of the government. Will the Department use every means to collect all the information you can about the treatment of Soviet Jewry and other minorities and ensure that this information is not simply discarded but brought to the Soviets' attention?

DEPARTMENT OF STATE,
Washington, D.C., December 4, 1974.

Hon. WILLIAM V. ROTH, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROTH: The Secretary has asked me to transmit to you answers to those questions on the Soviet emigration issue that you submitted on December 3 for written response and were not able to raise orally during the Finance Committee hearing that day.

One question dealt with the case of Dr. Mikhail Shtern and asked if this and similar cases would be brought to the attention of the Soviet Government. We are aware of the Shtern case and agree that Dr. Shtern's situation merits sympathy and concern. We have in the past found ways to bring such matters to the attention of Soviet authorities in a manner that has often produced results. We will certainly continue to do so.

Another question concerned assistance for persons imprisoned in the USSR who, prior to imprisonment, expressed interest in emigrating. The feelings of the American people regarding conditions of imprisonment of the "Prisoners of Conscience" to whom you referred have been made clear to Soviet authorities. In addition, we have facilitated efforts of private groups to assist these prisoners. We believe that our quiet efforts, against the backdrop of responsible private and Congressional concern, provide the best approach to this problem.

A third question dealt with our gathering and discussing with Soviet authorities information about harassment and denial of emigration rights. We plan to expand our close contacts with concerned private groups and will use that channel as well as all others available to us in order to gather relevant information. We will be in a position to bring to the attention of the Soviet leadership information about the application of the criteria and practices enumerated in the Secretary's letter to Senator Jackson.

I hope you call on me if you believe we can be of further assistance on this matter.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

ERTS AMENDMENT COSPONSORS

Mr. MOSS. Mr. President, on Monday, November 25, I introduced amendment No. 1996 to S. 2350, a bill related to remote sensing Earth resources satellites. Senator GOLDWATER joined me as a cosponsor of the amendment, and on Tuesday, November 26, Congressman SYMINGTON introduced an identical bill, H.R. 17534, for himself and a number of his colleagues on the House Committee on Science and Astronautics.

In proposing this new legislative approach to the experimental resources satellite program, I summarized its major features as follows:

First. The policy of the United States would be to continue the experimental program until 1980, or until the earlier establishment of a permanent Earth resources satellite system.

Two. The President would be directed, acting through NASA, the Department of the Interior and other agencies, to assure continuity of satellite data during the experimental period.

Third. The President would be required to furnish the Congress with any necessary fiscal year 1976 budget amendments by next April 15.

Fourth. The President's annual aeronautics and space report, already required by law, would include for each of the next 5 years a progress report and a statement of his views on the need for a permanent operational satellite system.

I also made reference to the strong support that many Governors have given to continuity of ERTS satellite data.

In the intervening weeks, Senators from several States that support the ERTS program have asked to be included as cosponsors of amendment 1996. These include Senator ABOUREZK of South Dakota, Senator CANNON of Nevada, Senator GURNEY of Florida, Senator HATHAWAY of Maine, Senator HUGHES of Iowa, Senator METZENBAUM of Ohio, Senator MONTOYA of New Mexico, Senator STAFFORD of Vermont, Senator SYMINGTON of Missouri, Senator TAFT of Ohio, Senator THURMOND of South Carolina, Senator TUNNEY of California, and Senator WILLIAMS of New Jersey.

In accordance with the leadership, we do not presently plan to bring this bill to the floor in this Congress. Accordingly, I am not now seeking additional cosponsors. However, I wish to announce to my colleagues that we will be glad to have other Senators join with those of us who are taking this step as one means of indicating our belief in the importance of continuity of the experimental Earth resources satellite program.

SYLVIA HANSEN: FROM COVERED WAGONS TO MEN ON THE MOON

Mr. HANSEN. Mr. President, historians rightly recognize the contribution living people can make to the accuracy of the record of the past.

Susan Brown, a friend of my mother, is a 1974 graduate of Jackson Hole High School. Susan now is a freshman at DePauw University and is a talented young writer. One of her essays recently won second place in the Wyoming Historical Society's statewide competition. Her award-winning essay was printed November 7 in the Jackson Hole News, under the title "From Covered Wagons to Men on the Moon."

The historical narrative covers some of the events of my mother's life, beginning with her early years in the West. Susan Brown chose to write the article in the first person, and I believe she has achieved an excellent result.

I ask unanimous consent that Miss Brown's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NARRATIVE AWARDED IN STATE COMPETITION: FROM COVERED WAGONS TO MEN ON THE MOON

(By Susan Brown)

Now that I am older and have little to do, I am able to occupy my mind with thoughts from the past. Many a morning I'll just lie here in bed thinking over those long lost days of my childhood. I always go back to the beginning, in Rockland, Idaho. I was born September 29, 1885, to Daniel and Elizabeth Wood. (The sixth child in a family of eleven.) It didn't take them too long to come up with a name for me: Sylvia Irene Wood. I don't recall much of my life in Rockland as I was very young, but what I do remember are the stories Dad used to tell. My favorite was the one of Grandpa Wood, who traveled west and settled in Salt Lake City. The many "good" Indians around would come and pitch their tents in Grandpa's yard. He'd holler at them to move on, but when they refused, he would go and throw their teepees over his fence. Later, they would come back and set them up again. Grandpa got so angry! The neighbors used to say "Old Wood's cross today." People caught on the phrase, even now this spot is known as "Wood's Cross."

When I was seven, we moved to Star Valley. My father bought some land and an old three room log cabin. Fitting eleven children and parents into that cabin was a real chore! We used to sleep three to a bed and those beds were quite small. The two children on the sides slept in comfort, only the one in the middle got rolled on. (We always put the younger children in the middle; they didn't like it but then we never gave them a choice!)

Dad later added on to the cabin. We would sit outside and watch him shave the logs then carefully fit them together. When the rooms were completed there were two inch cracks between each log so he went back and filled these in with wood strips and mud. With the enlargement of our house, things were much more comfortable.

In the Fall my father and brothers went to Eagle Rock (now Idaho Falls) and picked potatoes. They were usually gone a month. Instead of pay they kept a percentage of the spuds they picked. Dad took advantage of the larger town and did extra shopping while he was there bringing back food, clothing and other necessities for the oncoming winter. Most of the time Dad had very good taste in clothes. I only complained once, when he brought me a new pair of shoes—both for the same foot! Because of the great distance between Eagle Rock and Star Valley, returning the shoes was out of the question so I had to wear them. I can remember whenever I was in a public place, I tried to hide my feet so people wouldn't notice and laugh.

Our family was very poor as were most other families in the area. We were always hard at work trying to make ends meet, and in the evenings, everyone was tired. Little socializing went on except for an occasional church dance. We children seemed to find more free time than anyone. The girls would make clay pans and dishes, then decorate their "Forts" with them. I would take mine home and set them to dry on the window sills. What a mess when they fell and broke! The boys spent their time fishing. When we all got together, our favorite game was hide and seek. We never ran out of places to hide!

I remember Sundays very well. I was able to wear my favorite dress, it was black with a red rose in the center. When I wore it I always felt like a queen. While Mom and Dad listened to the sermon, we attended Sunday school. What a terrible bore just sitting in a room listening to a lady read the Bible. It was all so confusing!

I did most of the caring for Elva, my youngest sister. Mama was busy with her many chores and I loved children so things worked out well. I was nine and Elva was four. During the entire month of February, Mama was very sick after losing her twelfth child. One day she called us all into her room to say good-bye. Her last words to me were "Sylvia, be a good girl." She died February 28, 1895. I missed Mama very much. She had the patience of Job.

I did what Mama asked: I looked after Elva. She followed me around everywhere I went. She never cried for Mama. I suppose she was too young to understand death.

Less than a year after Mama died, Daddy remarried an English girl, Maggie Edwards. She and her father had come to the U.S. as missionaries. Along with Maggie came her little son, Milton. Maggie was never bad to us though she would make my brother mad when Dad would bring home a sack of candy and Maggie would hoard it for herself and Milton. Taking on the responsibility of eleven new children was more than she could handle. She used to come and weep on my shoulders, she was homesick and unsure of her future.

A few years later, Dad gave up our ranch and settled his family outside the city limits of Blackfoot. I took odd jobs with the folks who lived around us. Usually I took care of children or did housework. The good people I worked for encouraged me to go back to school. I had up to the fifth grade. I remember how hard it was to go back. I was much older than the other students, but no one teased me about it. Mrs. Osborne, who had been the main instigator in getting me to school, pushed me through until I completed the eighth grade; then she had me take the teacher's examination. I qualified for a third grade certificate. The superintendent of schools assigned me to a three month school in Cedar Creek. (About 16 miles north of Blackfoot, I received $45 a month. Several families hired me to stay on for two more months. As pay I received my choice of 2 heifers from their herd.

During my first year of teaching, I met Pete Hansen. He would come to school and visit me quite often. There wasn't much to do as far as dating so Peter and I settled for picnics and an occasional buggy ride. One afternoon Peter came by after school. He was breaking in a new colt and I was ready to go home, so he offered me a ride. I got in and so did Jake, one of my students who loved excitement. As we went along, the colt wouldn't turn, and ran straight into a stream, tipping over buggy and passengers. We all landed in the water and got wet, but laughing. Jake's mother said, "That's a sure sign Pete will marry Wood!" (That's what she always called me.) Sure enough it happened: May 2, 1906, Peter and I were married. He was 39 and I was 21. Mrs. Osborne put on the entire ceremony for me. What a wonderful person she was! She didn't have any daughters so she thought of me as her own. I was married in a new blue silk dress; which was the prettiest I could afford. It had no lace or ruffles but was charming in its own simple way. After the ceremony, we went to Salt Lake for our honeymoon. The following is a write-up of our wedding from our Blackfoot paper:

"Wednesday morning at 9:15 at the home of R. J. Osborne occurred the wedding of Peter C. Hansen and Sylvia Wood. Rev. G. G. Haley officiating. The pretty bride looked very charming in a blue silk dress. She carried a bouquet of Bride's roses. Immediately after the ceremony an elaborate and delicious wedding breakfast was served. The table was beautifully decorated with roses and smalix from California. In the parlor during the ceremony, the bride and groom stood under a canopy of smalix. The groom is a prosperous cattleman. They departed amid a shower of rice, on the 11 o'clock train for Salt Lake City where they will spend a week." (the train was held up five minutes waiting for us.)

We lived with Russ Hansen, Peter's brother, until June of 1906, then we moved to our new home in Wilson, Wyoming. Our house was a one room log cabin beneath the Tetons. Our furnishings were limited, consisting of a stove, two chairs and our homemade bed. Peter laced the bed with rope and straw tick. I never could arrange the tick to his satisfaction and he would continually jump out of bed and fluff it saying "You don't savvy." I gathered wood boxes and made cabinets with cloth curtains.

I used to help Peter in the fields by standing on the plow, giving it more weight to deepen the furrows. It was hard work helping him clear those fields, but he enjoyed the company and I enjoyed helping out. We were pleased when we put up five tons of hay that first year. After work Peter would take out his pistol, go into the field and shoot several sage hens for meat the next day.

During late August, we went to Andy Madison's Ranch to help them put up their hay. The women made themselves useful by plucking Andy's ducks. He always bragged about his shooting ability so I challenged him. I got seven ducks in one shot! Beginners luck I suppose! I rushed back to boast of my success but was quickly degraded when he announced that his record was eleven.

At the end of September, Peter got a job at the Coffer Dam. I was paid to cook three meals a day for nine boarders. We set up residence in a tent until the day after Christmas. Then we both left with our pockets full of money.

So many things have happened between that first year of marriage and now. I settled down to my mother role. One November 21, 1907, God blessed us with our first child. Parthenia. Her first sentence turned out to be "Bubba drink milk." She would then share her milk with our dog letting him drink right out of her cup.

After Parthenia came Jerry, Cliff, Helen, Ordeen and Robert. Around 1912, we settled in the Teton Valley permanently.

Once Peter's sisters came to visit us. To their disappointment Peter was with the cattle up on the high range. We all loaded into the buggy and went to see him. After crossing the Snake River a man stopped us and said that our wagon reach was broken. He generously fixed it but delayed us several hours. When it became dark we were still many miles from camp. I got in front of the team and walked them straining my eyes to see ahead. A cowboy came down the road. When he saw people he yelled "Are you lost?" With a cry of relief I screamed back "YES!" He led up to camp. We were all so thankful!

One day Peter went to call on several business men. He stayed out overnight. Our ranch hand went to town and couldn't make it back. Since no one else was home, it was up to me to feed the cattle. I wrapped up Parthenia and Jerry in very warm blankets, hitched the horses to the sleigh, loaded the hay and went out to feed the herd.

One August day a friend and myself decided to go pick huckleberries. We had no trouble driving the team across the Snake River but as we started home a man informed us that the water gates had been lifted and we would have to turn around and cross the River at the Moran Bridge. We returned home the next day totally exhausted from our two day ride. All that for a gallon of berries! Maybe that's why I don't like them.

That year I made and sold butter to make enough money to buy our first separator. It was a good investment.

One day the girls were throwing water on the horses making them run. Helen tried to herd them. By mistake she stepped in front. One of the horses ran her over, breaking her arm. (She was only 5.)

In 1925, we sent Cliff to the Bogue Institute in Indianapolis, Indiana to correct his speech problem. He never could express himself. He stuttered on almost every word. He had wonderful teachers at the Institute. They made him lower his arm for each syllable he spoke. He spent six weeks there, then came home and practiced his speech lessons that winter. He was able to cure himself. He sure has come a long way!

In 1937, Peter became State Senator. He traveled to Cheyenne for each session. The first year he went alone but from then on I accompanied him.

Jackson grew at an unbelievable pace! Mr. Miller, a ranger from Teton and Yellowstone Parks, had the first car I can remember. He would drive it around town showing off to all of us envious people. The joke was on him when the car broke down. Mechanics were hard to find and new parts were rare.

As my children grew up and got married, I filled in my extra time with flying lessons, graduating with nine hours of credit. Once I flew over the school at recess. All the children looked up trying to see who it was. "Little" Peter called out "Oh, that's just my grandmother." Flying lessons were the biggest waste of money but I truly enjoyed them.

In July of 1950, Peter had a stroke. He lost his voice at first except for a slight whisper but with work he later regained it.

I was in Denver for surgery during the fall of 52. Cliff and his wife, Martha, were caring for Peter until he fell ill and was taken to the hospital. He died November 26, 1952. "What a wonderful husband and father."

During the years that followed, I had the opportunity to see much of the world; including Hawaii, Mexico, South America and Japan.

"I guess perhaps the proudest moment of my life was in January of 1963, when Cliff was inaugurated as Governor of Wyoming. All of our family were there except Robert, who was then living in California."

What a wonderful life I have had. From covered wagons to landing men on the moon. Such a life span! I thank the Lord for all I have been able to see and do, for He has been very good to me.

SENATOR MUSKIE PRESENTS THOUGHTFUL ANALYSIS OF ENVIRONMENTAL ISSUES

Mr. RANDOLPH. Mr. President, on Monday, December 2, Senator Edmund S. Muskie, chairman of the Subcommittee on Environmental Pollution of the Senate Committee on Public Works, addressed the American Institute of Chemical Engineers. In his speech, entitled "Energy or Environment: An Echo—Not A Choice," Senator Muskie analyzed the outstanding questions and pending issues regarding Federal and environmental laws. He discussed the relationship between energy and environment, and he indicated some approaches that the Subcommittee on Environmental Pollution will consider next year as it reviews the Clean Air Act and the Federal Water Pollution Control Act. Senator Muskie addressed at some length the current energy situation and the impact of energy on the economy.

Mr. President, I believe his remarks *are timely* and valuable and I ask unanimous consent that they be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Energy or Environment: An Echo—Not a Choice

(By Edmund S. Muskie)

Recently I read a statement by a young man who had decided to change his lifestyle. He said that he had reached an age when he had to either admit failure or redefine success. Many people are now asking us to either admit failure or redefine success of environmental programs.

We are being asked to redefine the success of an air quality improvement program by delaying until the next decade achievement of health-related air quality standards.

We are being asked to redefine the success of our effort to achieve a clean car by modifying auto emission standards on bases other than public health. We are being asked to redefine the success of our water pollution control program by accepting a decision to spend less than half the funds we need to implement that program.

The fact is that some of us are not ready to either admit failure or redefine success. Those who would modify environmental laws have not made their case. In 1970, and again in 1972, the Congress acted with the support of the American people to provide strong clean air and water laws.

These laws demand changes in the way industries—communities—and most important, people—do business. These laws are the result of a growing recognition that the quality of life is as important as the quantity of life, and that uncontrolled growth is less desirable than stable, healthy growth.

And as these laws have begun to change existing processes—to force new approaches—to alter old methods and apply new technologies and techniques, resistance has grown.

Like anything new, stringent environmental rules have forced readjustments. There have been delays. Some decisions have had to be remade—rethought and replanned.

Public participation has caused great agony in board rooms and council chambers. The right of people—lay people in a technically complex society—to participate in public and private decisions has been provided.

Unfortunately, the current economic crisis may tend to obscure the benefits of these new policies. And, there are those who would distort the crisis and its causes to obtain relief from environmental regulations.

For example, auto and utility executives would have you believe that the changes demanded by these laws are unnecessary. They argue that the cost is too high, that the energy requirements are too great, that the capital to build abatement equipment should be invested in productive capacity. They even argue over how clean is clean.

And they reject the underlying principle of these laws that the world is a finite resource, with limited amounts of energy resources, materials resources, land, air, and water.

Classical economists claim that we are not resource-limited for the foreseeable future.

They argue that, for practical purposes, there is a limitless supply of money and energy. The money supply is theoretically unlimited because it is controllable by governments. And energy supply is supposedly unlimited because we have historically discovered additional sources at about the same rate as we have increased demand.

The same argument is made about materials resources as is made about energy. It is argued that the Earth's crust is at our disposal and that the price mechanism dictates when any given deposit becomes a resource.

These opinions overlook basic factors that impose limits on our ability to convert potential into reality. The most important limitation is that, for any conversion to be useful, we have to get more out of it than we put into it.

For example, E. J. Hoffman, a nuclear energy specialist has calculated that "the cumulative energy expenditure of the entire atomic energy program may not be recouped from nuclear fission power plants by the time the reserves of economically recoverable uranium–235 are used up."

There is a similar concern over shale oil, with one recent estimate leading to a prediction that the net energy yield from Rocky Mountain oil shale may be between zero and one percent.

These arguments are physically based—geology, physics, economics. An equivalent concern arises from the life sciences. In many respects, the relation of mankind to the earth is similar to that of bacteria in a culture medium. The earth is the host; mankind is the guest. The earth has finite resources in place. No new oil, gas or coal—no new air or water will be invented in any foreseeable future.

Under growing conditions, even amateur biologists know that bacteria can multiply on a culture so fast that they overpopulate —overgraze—their food supply even when the culture is being replenished. Over-population leads to massive die-off and eventually to an equilibrium between population and resources.

The Club of Rome—an international group of concerned industrialists—wondered several years ago whether or not this host/guest analogy was relevant to humanity and the ecosystem. They asked Jay Forrester's industrial dynamics group at MIT to study "the dynamics of human expansion in the natural system of finite dimensions represented by the globe." The well known and highly controversial book, *Limits of Growth,* was the result of that study.

Limits of Growth attempted to predict a number of alternative human futures and concluded that mankind had the potential *to* "overgraze."

These people were optimists. They said it is not necessary that mankind overshoot the limits of mother earth and subsequently die by the billions. But they were realists, and they said that, unless the forces now driving society are modified, catastrophe will be the inevitable result.

These concerns with the earth's carrying capacity and ultimate energy limitations, at the very least, must be accepted until proved inaccurate. We do not know where these limits are, but world food shortages around the world, the declining production levels of oil and gas in the older oil fields of Western Russia and the United States, the skyrocketing demand for resources of all sorts, the growing seriousness of infrastructure limits—railroad cars to ship coal, pipelines to move oil and gas, highways, waterways, ocean freighters—are indicators that the time for action is now.

Where does pollution control fit into all of this? It fits directly. The earth has a limited carrying capacity for pollutants and, as I have said so often, we are exceeding it in virtually every major population center in the world today. Most major waterways are polluted, and most cities are running out of disposal space for their solid waste.

Walter Langbein of the U.S. Geological Survey, estimates that, by 1990, the United States will need 90% treatment of waterborne pollutants. That is on the average, which means that in areas of high concentration, higher reductions in pollutant discharges will be required. And that is, in essence, what the 1972 Clean Water Act requires.

The story is similar in air pollution, where every major air quality control region in the U.S. foresees air quality below secondary or welfare standards within the next decade, while those 66 already in violation of health standards for one or more pollutants will have to face grave dislocations in order to protect public health as population grows.

And yet, in the face of all these indicators, many would have you believe that our current pollution control legislation has gone too far, too fast. Quite to the contrary; the battle has just been joined and the hard part is yet to come.

We are being asked to compromise deadlines, modify regulations, relax standards, and compromise goals.

This year the Congress will be asked to extend the deadlines in the Clean Air Act to 1980 or 1983 or even 1985.

We will be asked to abandon the non-degradation—keep clean air areas clean—policy of the Clean Air Act because secondary standards are adequate to achieve these purposes.

We will be asked to abandon the Federal-State relationship which has been the key to implementation of clean air requirements, and adopt instead pre-emptive Federal regulation of major energy sources.

We will be asked to substitute the "rhythm method of pollution control," so-called intermittent control strategies for permanent, continuance emission reduction systems.

We will be asked to void the transportation and land use control elements of air quality improvement strategies.

We will be asked to delay one or two or five years the achievement of clean car goals.

We will, in effect, be asked to delay protection of the health of millions of Americans for yet another ten years.

And yet the facts show that 15,000 excess deaths each year can be attributed to air pollution and the health of as many as a million people is adversely affected each year.

We know that the utility executives and Administration officials who propose to eliminate non-degradation in favor of secondary standards are the very same people who have asked to be relieved from compliance with emission limits based on secondary standards and who have asked that State enforcement of the secondary standards be pre-empted by national regulations.

We know that people are more likely to achieve environmental objectives through governmental units closest to the problems—and to the electorate.

We know that intermittent controls and tall stacks only disperse pollution and are not enforceable.

And we know that dirty cars mean more land use controls while less land use control will require even stricter regulation of auto emissions.

For water pollution the assault is similar though less provocative because the health of people is less directly involved.

Already we have been told that the deadlines for communities set in 1972 must be compromised because adequate funds were not available soon enough.

We are told that a goal of protecting fish and aquatic life is unrealistic and that controls based on technological availability are too stringent.

And yet, as I have noted, achievement of the modest goal based on technological availability and economic achieveability may not be sufficient to assure sufficiently clean streams for public purposes by 1990.

We are being asked to make these compromises to avoid a confrontation—between energy and the environment—between inflation and the environment—between our current economic chaos and the environment.

There is no evidence to support the allegation that environmental requirements have contributed to inflation. In fact, the Council on Environmental Quality has estimated that in its 1973 annual report only 2½% of the Gross National Product over the next ten years will go to pollution control expenditures. Other estimates range from .6% to 10%.

In early September, Russell Train stated that EPA's surveys indicated that .3 of 1% of the overall inflation rate of 8–10% was due to environmental programs. He called higher estimates "greatly exaggerated." What are the facts?

Skyrocketing energy prices now account for roughly one-fourth of our present inflation. But that is merely the national average.

In regions heavily dependent on oil, such as my own New England, the figure may be closer to half.

In spite of the Arab oil boycott, our oil imports have risen during 1974, and now constitute almost 40% of all oil consumed in the United States.

Increased reliance on imports has raised the oil portion of our balance of payments deficit from $4 billion in 1970 to an estimated $25 billion in 1974.

The explosion of energy prices has ripped through our economy, opening holes in an already battered system.

So what must we do? Should the Congress abandon its initiatives on clean air and clean water? Should the precedential action taken in the clean air and clean water laws be junked because the statutory deadlines, standards and regulatory requirements are having the impact that we anticipated when we began four years ago? I think not.

Rather, we must reweave the fabric of the Clean Air Act to keep the deadlines and yet permit flexibility when good faith has been demonstrated. Perhaps we will have to supplement those deadlines with statutory penalties triggered when deadlines are breached and good faith has not been demonstrated.

We may have to refine the Clean Air Act land use planning mechanism to provide for more local initiative and to integrate clean air related land use decisions with water quality and solid waste land use planning.

We may have to reconsider the level of project funding in water pollution both in total Federal dollars and the amount of per project participation. And we may have to limit Federal water pollution assistance so as not to subsidize new growth while eliminating the backlog of needed treatment facilities.

We will have to find a better way to allocate water pollution funds among States and guarantee that the projects which need to be built first are built first.

But these are minor, mid-course corrections in the environmental moon shot. They neither abandon goals nor do they alter our purpose. Our real attention—the national will—must be turned to our energy problem. And no amount of change in environmental laws is going to solve that problem.

It has become clear that we must reduce our reliance on imported oil. To do this, we have two choices: produce more or use less.

But domestic production has declined in the last few years and it is doubtful that it can ever make up the difference we need. New sources are going to be tremendously costly—both in economic and in environmental terms.

Drilling on the Atlantic shelf, strip-mining Appalachian mountains and Western prairies and developing oil shale will have substantial environmental impact even when the best, cleanest technologies are applied. And they will be expensive to sustain. Even if these sources of energy were free from environmental and economic problems, new coal mines and oil shale refineries take four to five years to construct, and nuclear power plants take up to ten years.

But, of course, more energy production is not free from environmental problems. Strip mines scar our land and leave acid drainage to foul water supplies for years to come. Underground fresh water acquifiers are permanently disrupted.

Oil spills cake beaches and spoil spawning grounds. And a major blowout could destroy a region's fishery resource.

Shale development siphons western water away from traditional uses, may render the residual unusable and will leave mountains of waste materials. All three sources of energy will have significant secondary environmental impacts—at ports and harbors in the East or in rural areas in the West.

Congress has made strong commitments to increased energy production. In October, we created the new Energy Research and Development Administration. This year we have increased the appropriations for energy projects by 66%.

But these investments are for long term answers. If we are to have any near term solution to the problems of energy supply, to problems of environmental effects of energy production, and to problems of spiraling energy prices, we must accept the only available choice: less wasteful use of present energy resources.

There are dozens of solutions to these complicated issues, but one piece of this puzzle dominates the picture. The automobile, with its ravenous thirst for precious oil, must draw our undivided attention.

The gasoline we burn accounts for more than 40% of all the oil consumed in America. And consumption is increasing at a rate of 4½% each year. Although that growth rate slowed for a few months early in 1974, the amount of oil being pumped into gas tanks is again on the increase.

For the past year, we have all talked about the automobile and energy. But that is all we have heard—talk. Last winter when the crisis seemed more real, and action was recognized as necessary, proposals were brought forth to reduce automobile gas guzzling by imposing mandatory fuel economy standards on the production of automobiles. This proposal was resisted by many, and, instead, a study replaced a standard.

That study has now been produced. The Department of Transportation and the Environmental Protection Agency were required by law to provide Congress with a report on the practicability of achieving a 20% increase in auto fuel economy by 1980.

The report was to assume current public health-related emission requirements and current safety standards would be met. The final draft of this report produced on October 16 analyzed the potential for fuel economy increases without compromising environmental standards. The draft report concluded that President Ford's goal of a 40% increase can be met without altering environmental standards.

Unfortunately, less than a week before the study was to be released, crucial portions were modified. And, simultaneous with an invitation from top Administration officials to auto executives to meet to discuss fuel economy, the industry was assured that pollution control standards would be softened so that fuel economy standards would be easy to meet.

Even though Federal law specifies that certain levels of emission control must be achieved by specified dates, the text of the report was altered to assure the industry that Congress would change the law.

I repeat: these emission standards are based on protection of public health. They are luxuries to be bargained away. Current data, confirmed less than two months ago by the National Academy of Sciences, suggests that every modification of the standards will increase the number of deaths, increase the number of sick, and increase the number of Americans who face physical discomfort from air pollution.

It appears that the Administration is willing to sacrifice environmental standards—binding standards written into law by Congress—in exchange for voluntary, unenforceable promises to increase fuel economy at some time, in some way, on some day in the future.

The long struggle in auto pollution control provides little hope for a voluntary approach. We tried that, and it didn't work. When we changed to a legislative mandate, we saw progress—progress that has brought about an 80% clean-up in the cars being marketed today. That progress would not have come through a voluntary approach. We have already seen that the voluntary approach to increased fuel economy may lead to a sacrifice of environmental progress with little more than a whisper of hope from the industry that they may some day be able to curb their gas guzzlers. Pollution control may be traded for future promises.

Mandatory legislative requirements will be necessary to attain the fuel economy increases the public needs and the situation demands. In that mandate, we may need to forbid the production of cars that operate on the very low end of the fuel economy range. And we may need to require a 40% improvement in sooner than four years.

If you doubt this assessment, then you only need examine the 1975 automobiles. Weight is the single most important contributor to fuel economy losses. Yet on the average, 1975 cars are heavier than their 1974 counterpart with no added safety regulations! This comes in spite of a year when the energy crisis increased the nation's concern for fuel economy.

We must beware of phony attempts to "balance" environmental concerns with energy requirements. This approach is wrong, for it assumes the environmental standards are a commodity that can be bartered. Let me remind you that the Clean Air Act is based on public health standards, not on some will-of-the-wisp criteria that can be traded off for energy or economic gain.

We must make all of our activities consistent with environmental requirements. Controlling the automobile is not the only solution. Dozens of other policies must be enacted. But the auto is the place to begin.

The problems of energy consumption, inflation, recession, and environmental quality are all one cloth. The public knows that decisive measures are required. If these are put forward, the public will follow.

We cannot expect the public to understand when the rhetoric of crisis is accompanied by a program of pablum. If we do not take strong action soon, we may find ourselves too far into the quicksand to struggle out. America has always responded to a crisis with workable solutions. But we must begin now.

In the present case, time—like energy, clean air and clean water—is a finite resource.

PROSPERITY IN WICHITA, KANS.

Mr. DOLE. Mr. President, the industrious working men and women of Wichita, Kans.; some farsighted business managers; and imaginative local leaders have, by their joint efforts, kept their city growing and prosperous. As Time magazine points out in its December 9, 1974, issue, Wichita is a "pocket of prosperity" that does not share the gloomy economic statistics which characterize other cities and towns of comparable size in the country.

Wichita is the center of a large trading area which both serves, and in turn is served by, the bountiful rural agricultural area which surrounds it. Numerous industries have also flourished in the Wichita area including significant activity by the independent petroleum companies and the manufacturing and service industries. Wichita is the "air capital of America," producing most of—and the best of—the world's light or general aircraft.

It is an attractive town, as the article points out, with "a sense of community" and I am proud to share with my colleagues this brief account of its success story. I ask unanimous consent, therefore, that the Time magazine article, in its entirety be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Time magazine, Dec. 9, 1974]

WICHITA: A POCKET OF PROSPERITY

(There are still a few sunny pockets of prosperity to be found in the U.S. despite the deepening shadow of recession afflicting most of the nation. One of these is Wichita, Kans. (pop. 262,000). Here the news remains almost too good to be true: in October unemployment dropped from 3.2% to an even 3%, less than half the national average. The board of education recently approved a $30 million school-building program, and a $14 million city hall is under construction. Along Topeka Street east of the Little Arkansas River nearly every one of the turn-of-the-century houses is getting a face-lifting. TIME Correspondent Barrett Seaman traveled to Wichita to find out why. His report:)

Wichita has known more than its historic share of booms. Back in the 1870s the town was a major overnight hitching post for cowhands who were taking their Texas longhorns north over the dusty Chisholm Trail. Signs posted outside the self-proclaimed "cow capital" declared: "Anything goes in Wichita. Leave your revolvers at police headquarters." Thirsty cowpunchers, ranchers, Indian scouts and gamblers filled the barrooms and dance halls, earning Wichita a reputation as "the noisiest town on the American continent."

CARRY NATION

After a brief decline, Wichita boomed again in the late 1880s, this time as a grain market and milling center. During harvest, carts and wagons loaded with wheat lined its streets in columns ten blocks long. Sober homesteaders built schools and churches instead of taverns, and Carry Nation carried her cause into the local saloons. The discovery of large oil reserves in 1915 produced another upswing and catapulted Wichita into the 20th century, attracting men like Walter Beech, Clyde Cessna and Lloyd Stearman, who turned the city into the "air capital of America."

In the years since, Wichita and aviation have had a reputation of running on a steep boom-and-bust cycle. Explains Beech Aircraft's Bill Robinson: "When the rest of the economy coughed, general aviation got the first cold." When the last bust cycle hit in 1969–70, the people of Wichita decided to do something about it. The city and county governments and the Chamber of Commerce joined wih community leaders to recruit diverse businesses to take the burden of employment—and stability—off the aircraft industry. During the '60s about one in four employed Wichitans worked for either Beech Aircraft, Cessna, Boeing or Gates Learjet.

BICYCLE PATHS

Wichita used income from the sale of industrial bonds to draw such national firms as Metropolitan Life, National Cash Register and J. I. Case Co. Early next year Western Electric will open a new plant on the western outskirts. In the past year every one of the city's meat-packing plants has either completed or begun major expansion programs. A giant retail shopping center and hotel-convention hall will open this spring on the east side of town.

In addition to its own funding program, Wichita has received more than $27 million in grants since 1969. Some federal money is being used to develop six mini-city halls, one of which is already in operation. Scattered around the city, they will provide recreation facilities, meals for the elderly, library services, medical assistance, job team training and water- and electricity-bill-paying centers at the neighborhood level. When a survey showed bicycle paths to be a top priority, 86 miles of them were added to Wichita's parks.

With economic troubles in hand, Wichita is attending to its quality of life. Says Mayor Gary Porter: "We're talking about putting a couple of hundred thousand dollars into the arts, theaters and museums. You can't do that when times are hard." The city is building a new zoo, an agriculture coliseum, a $3.5 million art museum, a $2 million Indian culture center and a planetarium. "Short of a first-rate meal," says History Professor Martin A. Reif of Wichita State, "you can get just about anything you want here."

The city is slightly swollen with pride and somewhat torn between shouting to the world that it is not a hick cow town any more and keeping all the hordes east of the Mississippi out of their beautiful country. When asked what they like about their city, most Wichitans cite intangibles such as the sense of community and quality of life. Grover McKee, the budget director who engineered the industrial-development program, came back to Wichita after ten years on Wall Street. "When I was in New York I was spending $200 a month commuting two hours each way. Now I'm 14 minutes door to door, and I live on a farm." Adds Mayor Porter, who in a neat reverse moved to Wichita from Southern California: "It's the kind of community that can be stimulating and still be Midwestern enough to be concerned about things like honesty and being nice to old folks."

SMOKE SIGNALS

Wichita is also well aware that its present heady prosperity is partly a matter of luck and geography, of being relatively uninvolved in those sectors of the U.S. economy that are in trouble and of participating heavily in those that are still flourishing. As a major regional market and processing center for the farm belt, it is riding with wheat and other farm products in their continuing record prosperity and with Kansas oilmen in the higher prices for their petroleum.

Above all, the aircraft industry, still supplier of over 15% of the area jobs, is holding strong. Cessna is projecting an increase of 32% over last year's $416 million record sales. Gates Learjet, which has added 650 employees to its payroll since the beginning of the year, would hire another 200 if they could find enough skilled workers. To explain the sustained health of the private-plane business, industry executives point to reduced automobile speed limits, air-schedule cutbacks, small propeller planes capable of getting up to 18 miles to the gallon at a speed of over 150 m.p.h. as well as growing overseas markets. That is not to say that the aircraft makers and the city in general feel immune from the ills of the rest of the nation. But so far, all is happily well in Wichita, with only a slight sense of foreboding. Says Lear President Harry Combs: "It's sort of like seeing Indian smoke signals in the distance, but we can't figure out where the attack will come from."

BURDICK AMENDMENT NO. 1990 TO S. 2928, THE CONSUMER CONTROVERSIES RESOLUTION ACT

Mr. BURDICK. Mr. President, my printed amendment No. 1990 amends S. 2928 by striking all of section 8 and renumbering sections 9 and 10 as sections 8 and 9.

According to the committee report, the primary purpose of section 8. which was added by the Subcommittee on Citizens Interests, is to reestablish the National Institute for Consumer Justice to study the feasibility of using U.S. magistrates for the resolution of small claims involving consumers. The National Institute had a short existence for the purpose of studying consumer redress mechanisms. I offer no comment on the accomplishments of the Institute during its existence, but I firmly believe that there is absolutely no justification to continue the Institute for an additional period of 2 years simply for the purpose of studying the feasibility of using U.S. magistrates in this area.

S. 3501, which would confer such additional jurisdiction upon the magistrates, was referred to the Subcommittee on Improvements in Judicial Machinery, which I am privileged to chair, where it is currently under study. The Subcommittee on Improvements has conducted extensive other studies during the past 3½ years on the use of magistrates by the Federal courts. On August 3 and 11, 1972, we held specific hearings on the magistrates and reported out a bill not only increasingly the pay of magistrates but encouraging the Federal judicial system to use magistrates more extensively. The Judicial Conference of the United States contributed to the implementation of the committee's suggestion by creating an additional 18 full-time magistrate positions at its most recent meeting in September of 1974. In the last session, the subcommittee held 15 days of hearings on the omnibus judgeship bill, during the course of which virtually all of the 42 district court chief judges who testified were interrogated extensively about the use they were making of magistrates.

We focused our questions upon the extent to which the magistrates were relieving our judges of time-consuming off-the-bench duties and certain of the more time-consuming minor bench duties. We felt that such activity was the principle objective envisioned by Congress when it created the magistrates system. The testimony given by the chief judges suggested that real progress has been made toward achieving that objective in many of our district courts, and the latest statistics from the Administrative Office of the U.S. Courts confirm that suggestion. I fear that, if we precipitously place an added burden of small consumer claims on our magistrates, we risk undoing all that we have achieved in the past 3 years.

The subcommittee staff has the matter under study now. It is a matter which cannot be properly studied without a working familiarity with the magistrate system as a whole. Because of this activity by the subcommittee, there is no useful purpose served by squandering money on another 2-year extension of the Institute for Consumer Justice so that it can study one limited area of possible magistrate jurisdiction.

I would also like to make one additional point. In 1948 the Congress increased the jurisdictional amount in Federal courts to $6,000. In 1958 it was increased to $10,000. Now my subcommittee is currently considering legislation which would raise that amount to $15,000. The purpose has always been to keep the Federal courts from becoming small claims courts. While it may prove feasible and necessary to give magistrates some jurisdiction below $10,000, this is a matter which should be studied and determined by the appropriate committee of this Senate and not by the National Institute of Consumer Justice, which body, I respectfully submit, has little expert knowledge of the magistrate system and how it works.

SENATOR ALLEN HITS BULLSEYE ON REGULATORY REFORM

Mr. PROXMIRE. Mr. President, although I disagree with the distinguished Senator from Alabama on the central importance of a consumer advocacy agency, I must wholeheartedly concur with his ringing call for a commission to go after the moribund regulatory agencies with a meat cleaver.

Senator Allen has written a remarkably telling article for the Washington Post on the need for cleaning out and cleaning up the maze of regulatory bodies that make the path of the enterprising businessman so painfully difficult and costly, and in the process aggravate our serious inflation.

This is an article that all Members of Congress can read with benefit.

The enormous number of reports required of business, and especially the destruction of vigorous competition through the cozy relationship between the agencies regulating and the regulated call for the meat cleaver to which Senator Allen refers in his excellent article.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Need To Monitor Regulatory Reform

(By James B. Allen)

In his address on inflation to a joint session of Congress last month, President Ford called upon the Congress to create a National Commission on Regulatory Reform. It would pierce the veil of federal agency press releases and identify for destruction or modification costly programs and agencies which have outlived their usefulness, or which were never useful in the first instance.

The congressional response appears to be enthusiastic. There are seven bills, one of them mine, on this and related subjects already undergoing hearings in the Senate.

Of course there are troubling aspects. Asking Congress to focus on the problems of the Executive Branch at a time like this can be like walking into a pigeon-laden park with a small handful of peanuts.

There is always the danger that the initial flurry of activity will produce little more than a short-term flapping of wings, an attention-diverting phenomenon.

But the potential of this little reform commission outweighs its risks. It is to be unlike other blue-ribbon study groups of recent vintage which were commissioned to tell us how to rearrange bureaucratic blocks or to justify the addition of even more blocks to the federal pile.

The new reform commission is to be handed a meat cleaver and pointed toward several sacred cows. This heretical proposal is in defiance of the old religion of public policy which teaches that the answer to social and economic problems is to create another or larger federal bureaucracy to tell everyone what must be done.

Consider, for example, a recent problem-solving venture. The problem was stated this way: Consumers do not appear before regulatory agencies in sufficient numbers to advocate their interests effectively; they lack time, money and expertise, things that regulated industries, some believe, have in surplus.

The old school solution? Create yet another permanent federal agency before which consumers also will not appear, but have the new agency appear before other federal agencies on behalf of the unheard from consumers. This is the now moribund Agency for Consumer Advocacy (alias Consumer Protection Agency) bill which may be resurrected next year, if organized labor is successful in maintaining its exemption.

The new reform commission proposal represents a refreshingly logical change of attitude. I must confess, however, that under my bill I would mandate that the reform commission objectively study and report back on the viability of an Agency for Consumer Advocacy, along with other alternative measures to increase consumer representation before regulatory agencies.

Hopefully, the popularity of the reform commission proposal represents, at long last, a recognition that the federal government has gotten too large, too pervasive. More government does not necessarily mean better government, but can actually mean government subject to, and capable of, abuse because of its very pervasiveness.

Federal regulatory agencies literally affect our lives from womb to tomb. They are in the business of regulating, and that they do, promulgating millions of expensive new requirements annually in areas that deal with some of the most sensitive phases of our society, economy and governmental operations.

Unfortunately, very few people ever read the Code of Federal Regulations. This is a mountain of ever-changing and always increasing regulatory requirements and procedures, covering most minutely what people can and cannot do, especially people attempting to make a living in a regulated industry. Frankly, many of these regulatory requirements and procedures have taken drastic steps away from the democratic principle of a government based upon the consent of the governed.

It tells you, for example, where and how to make toilet tissue available to employees and what to do about weeds near your factory.

A recent Office of Management and Budget survey on the number of reports required of businesses, just from certain federal agencies, shows that as of this summer 2,178 different types of reports were required and that it took businessmen the equivalent of 35.6 million—that's *million*—man hours to fill them out. And the trend is definitely up.

The extensive attention given to regulatory agencies by regulated businessmen is at once explainable. Allowing the process to continue unabated is not. This necessary familiarity can, and does, breed abuses.

Truckers, major airlines, drug companies and other highly-regulated lions of industry, though they may be lithe and snarling when captured, appear to grow fat and sluggish in their federal circus cages.

It is easy to forget the competitive jungle where you belong, if you are forced to learn to jump through hoops, let your trainer stick his head in your mouth and submit to similar experiences.

But you can take comfort in the realization that cages also can be used to prevent your natural enemies from coming *in*. And if, as you grow old with the man holding the whip, you find that he considers your relationship with him his most valuable asset, it can get downright cozy.

Hopefully, the new reform commission will bring about the retirement of some aged lion tamers and the preservation of an endangered species in this country—the competitive businessman who is not unduly shackled by the bureaucracy.

SPAIN

Mr. KENNEDY. Mr. President, Spain currently is in a state of transition from one era to a hopefully more democratic and more liberal future. Yet that hopeful future is now besmirched by a backlash that has produced in its wake the arrest of Spanish playwright Alfonso Sastre and his wife, Genoveva Forest, a psychiatrist, and 17 other intellectuals.

Various groups charge that these political prisoners have been tortured. A recent article by Barbara Probst Solomon in the New York Times describes the brutal treatment of these individuals.

I would hope the administration would register its concern about these alleged violations of human rights with the current government of Spain.

I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Nov. 25, 1974]

Torture in Spain

(By Barbara Probst Solomon)

Spain is in a chaotic state of political decomposition. The Franco family has been discreetly removing furniture and other valuables from the Pardo Palace to family property in Torrelodones. The Franco estate in Mostoles has been quietly sold. Clearly, the family is preparing for mobility.

From left to ultra-right, the power play for political control is in full swing. The more liberal members of the opposition are hoping that legal political associations will be allowed. The Communist party, which has steadily worked toward an image of respectability, is also trying to negotiate an eventual legal place in a future government.

It is against the background of these confused political events that the current right-wing backlash must be understood. It has led to the bizarre arrest of the famous Madrid playwright Alfonso Sastre and his wife, the psychiatrist Genoveva Forest. It is the most important political case since the Burgos trials; it is the most brutal arrest since the Spain of the nineteen-forties and will undoubtedly be considered an equivalent of the Sacco-Vanzetti trial.

On Sept. 13 a bomb exploded in a Madrid cafeteria generally frequented by Madrid policemen. Twelve people were killed. The Basque nationalist group known as E.T.A., which was responsible for the assassination of the Premier, Adm. Luis Carrero Blanco, last December, was immediately blamed. E.T.A. policy is to claim responsibility for all acts of E.T.A. terrorism; this time E.T.A. disclaimed involvement.

The fact that at the time of the bombing no policemen were in a cafe habitually frequented by the police was immediately picked up by the Barcelona newspaper Vanguardia as giving a somewhat "odd cast" to the affair. Special newspapers suspected ultra-right-wing involvement.

On Sept. 16, Genoveva Forest and seven other prominent intellectuals were arrested. They were charged with being a "link" between the Communist party and the E.T.A. and with having aided the E.T.A. in the cafeteria bombing.

According to the police, the homes of these prominent Madrid and Barcelona intellectuals were used as E.T.A. hiding places. Genoveva Forest was accused of having co-authored "Operation Ogre," a clandestine E.T.A. best-seller that gives a documented E.T.A. account of the Carrero Blanco assassination.

I have read the book. Clearly, it is written in the unique Basque argot, which a non-Basque, Madrid psychiatrist such as Dr. Forest simply would have had no access to. Dr. Forest is of Catalan origin.

Those familiar with the Spanish political scene and aware of the animosity of the conservative Communists and trade unionists toward E.T.A. terrorist tactics consider linkage between the two groups lacking in credibility. Clearly, it is an attempt by extremists in the police to discredit the opposition.

What has most shocked the Spanish and European intellectual community has been the torture used against prominent intellectuals. In an article in Le Monde, corroborated by information received from Amnesty International, the following events have been reported:

Dr. Forest was held incommunicado for 26 days. She was continuously beaten and kicked in all parts of her body. She was told she would be thrown out of a window and that the world would be told that she had committed suicide. When she vomited, she was forced to swallow "the mess", when forced to urinate, she was mocked by twelve policemen.

According to a letter smuggled to her lawyer, Dr. Forest wrote that the severest form of torture for her was psychological and involved her daughter. She was told, untruthfully, that her 12-year-old daughter was being interrogated in prison concerning her parents' activities and that her husband was dead.

Mr. Sastre had of his own volition handed himself over to the Madrid police in an effort to save the lives of his wife and the other prisoners. He is now in Carabanchel prison awaiting trial: According to Spanish law, a husband is legally responsible for crimes committed by his wife.

The other prisoners are as follows: Lidia Falcón O'Neill, a Barcelona labor lawyer and feminist; her husband, the writer Eliseo Bayo Poblador; Antonio Durán Velasco, a labor leader; María Paz Ballesteros, a television actress; her husband, the producer Vicente Sains de la Pena; María del Carmen Nadal, a teacher; her husband, an airline pilot, Bernardo Vadell Carreras. All have been tortured.

Apparently the continued use of torture these last two months on Genoveva Forest has been successful. She has been charged with the murder of Admiral Carrera Blanco.

WASHINGTON STAR-NEWS SUPPORTS NURSING HOME REFORM

Mr. MOSS. Mr. President, on November 19 my Subcommittee on Long-Term Care of the Senate Special Committee on Aging released the first of a 12-volume series on nursing home problems. This report is the culmination of many years of work for me. From 1969 through 1973 alone the subcommittee held 22 hearings and received almost 3,000 pages of testimony.

It was my intention from the beginning to document nursing home problems; to separate fact from fiction. Having the facts before us the members of the subcommittee could press certain reforms already introduced and introduce new measures.

The second volume in our series, "Nursing Home Care in the United States: Failure in Public Policy," will be released in a few days with other volumes following monthly. I hope that the second and subsequent volumes receive the support and attention given to our introductory report.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from Tuesday's Washington Star-News.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MOSS. Mr. President, the editorial makes many of the points I have tried to make in the past. The editorial suggests that reforms must be made immediately. It suggests that the Congress must guarantee at least minimum protections to the Nation's infirm elderly. It underscores our findings that the Department of Health, Education, and Welfare must make a more serious effort to regulate the nursing home industry.

I pledge myself to these ends and to making nursing home coverage more readily available to the thousands who need but cannot afford it. I am gratified that so many organizations, including nursing home spokesmen, have communicated their wish to aid in this effort.

As the Washington Star-News suggests, something must be done and something must be done now. The alternative is that future generations will continue to be shocked and appalled by conditions which fester as a result of our inaction.

EXHIBIT 1

[From the Washington Star-News, Dec. 3, 1974]

NURSING HOME ABUSES

Having rediscovered the nation's nursing home mess, Congress must be less prone to forgetfulness than in years past. Every two or three years, it seems, the miserable plight of aged people in substandard nursing facilities is brought to light with expressions of outrage on Capitol Hill, then the issue fades away. The shabbier "human warehouses" keep operating pretty much as they had before, reaping big profits off misery. But perhaps the latest uproar, raised this month by a Senate subcommittee, will bring results.

Certainly the findings of this panel, headed by Senator Frank Moss of Utah, should be startling enough to have some impact on the next Congress. They are not unlike the revelations of abuse and squalor which were brought out in hearings three years ago. They point to a frustration of reforms which Congress thought it was instituting in legislation passed seven years ago. Moss accuses the Department of Health, Education and Welfare of "neglect, indifference and ineptitude" in protecting the interests of patients in one-half of the nation's nursing homes. HEW's reply is that significant progress has been made in the past three years, and this is true. But progress, nonetheless, has been much too slow, and HEW raises a very hazy alibi in implying that faster application of higher standards will cause many aged people to be without any nursing facilities at all.

This becomes doubly apparent when one views the sorry picture of performance in much of the fast-growth nursing home industry, as revealed in this report. More than half of the nation's 23,000 homes still fail to meet federal standards, the panel found, and a majority of the one million people in nursing facilities receive inadequate care. In an "alarming number" of cases, patients suffer abuses, or even exposure to physical danger. Filthy conditions persist in numerous homes, along with fire hazards. Frequent errors in medication, most notably the overuse of tranquilizers, are a major complaint, and poor or unwholesome food is served to many oldsters in their bleak exile. "In many cases," the report says, "they have not even received humane treatment."

Well, these conditions need not and must not continue, for public funds now account for two-thirds of all nursing home revenues and the federal government obviously can call the tune, if it has the will. A major problem is that too much responsibility for enforcement of standards has been left to the states, whose record in this respect is poor indeed. And though HEW was given extensive regulatory power, the report says it has issued "watered down" standards that were "weak, vague and misleading."

Legislation is being drafted to require stronger enforcement and improved nursing care in general, and, in the name of human decency, the next Congress must take meaningful action. A great many of the aged receive good and compassionate care in nursing homes, but the nation simply cannot doom all those others to live their last years in shameful neglect. Not when all of us are paying so much of the bill.

THE PRESIDENT AND THE ECONOMY

Mr. BAYH. Mr. President, I was both pleased and terribly troubled in listening to President Ford finally address himself Monday night to the Nation's most critical problem—the economy. I was pleased that the administration, now that the elections are over, is slowly coming around to the realization that we are in the midst of a worsening recession.

I was terribly troubled, however, by the President's advice to avoid undue alarm. Mr. President, I am alarmed by the state of our economy. I am alarmed when Alan Greenspan, the Chairman of the President's Council of Economic Advisers, predicts unemployment in excess of 7 percent within the next 6 months. But I am most alarmed at the way in which the present administration has failed to address itself to the twin problems of recession and inflation. I am alarmed because there is nothing on the horizon to indicate that stagflation will be cured by natural causes. Left to run its own course, it will destroy our economic and social fabric in the process. The "wear your WIN button" approach will not solve our problems.

Mr. President, for months many of us in Congress have been warning that a hands-off policy would lead us from no growth to minus growth, from a slowdown to a recession—and that is precisely what has happened. At first, the administration refused to recognize the downturn. Today the same administration spokesmen who a few weeks ago refused to acknowledge that we were in a recession are now predicting when we will be getting out of a recession. This is hardly a track record to inspire confidence.

There is indeed cause for alarm. All indications are that the downturn is spreading over a broad range of economic activity. The index of economic indicators forecasts deepening recession. With unemployment likely to rise to 8 percent—a point we did not even reach in the 1958 recession—and with continued inflation, I do not think it is an exaggeration to say that unless we make a sharp change in current policy there is a real danger that unemployment and inflation figures could meet somewhere over 8 percent by mid-1975. This would be a strange and most unfortunate summit meeting.

President Ford has had nearly 4 months in office. During that time, the Nation has waited and hoped for decisive action to set our economy straight. No such action has come. Many of us hoped that the elections on November 5, would bring the President to bite the bullet, but evidently this is not the case. We in Congress are left by default with the responsibility of providing a sound economic program, and we must act quickly.

We must speed up our consideration of legislation to allocate credit to important sectors of our economy such as housing, and away from speculative use. If the Federal Reserve fails to further ease its policy of tight money, such legislation will be a necessity.

We must swiftly enact an effective public service employment program, rather than the poorly funded and restrictive program proposed by the President.

It is time we enact a balanced tax reform and tax relief package. Proposals in this area have been thoroughly considered by both Houses of Congress in recent years. The issues are clear, and we should move to insure that all, including the wealthy and powerful, pay their fair share of taxes while providing relief to those who have suffered most from inflation.

It is also time that we reduce the impact of oil prices on our economy by reenacting the price rollback legislation which was vetoed by President Nixon. We must direct immediate attention to energy conservation including auto efficiency and home insulation legislation.

There are several other measures which Congress must take up in the next few months—increasing our investment in coal research, strengthening our antitrust laws, reforming our unemployment compensation system, and reviving the Reconstruction Finance Corporation—to name just a few. Perhaps no message came through quite so clearly during the President's press conference than that the responsibility for providing leadership in economic policy has been passed to Congress.

I believe that the Congress rightly views our current economic predicament with alarm. That is an important first step. Hopefully, it will propel us to act decisively and quickly—in contrast to the paralysis that seems to have gripped the administration's economic policymakers and the President. Under our constitutional structure Congress cannot run our governmental system. Congress is not an administrative body. But, Congress can and must speedily pass those programs needed to put our Nation on a different economic course. Hopefully, the President will then administer these new programs and get our Nation moving again.

SEYMOUR KAPLAN

Mr. JACKSON. Mr. President, recently we in the State of Washington lost one of our most distinguished citizens and one of our great humanitarian leaders. Seymour Kaplan lived a life dedicated to the service of his fellow man and committed to the development of the full potential of each of our citizens. On October 21, Rabbi Norman Hirsh of Temple Beth Am in Seattle expressed our deep feelings over Sy Kaplan's death. I ask unanimous consent that the text of this moving eulogy be printed in the RECORD.

There being no objection, the eulogy was ordered to be printed in the RECORD, as follows:

EULOGY FOR SEYMOUR KAPLAN

Sweet, gentle, loving—these are the words we use about Sy Kaplan. But our tears speak better than words. How many of us, after the first shock, could not contain our tears?

Sy was a loving man. He felt and cared about everyone. His love was not an abstract love for mankind. Sy dared to feel. He never learned to harden himself against people; he never learned to protect himself from the pain love brings. That was his greatness and, I believe, the essence of the man.

Sy listened to people. He could accept people as they are. If something was important to you, it was important to Sy. He had a gentleness rare in a leader. He was uniquely thoughtful.

I don't think Sy knew it, but he personified many of the truths he taught. He was the best of all his resources—himself. He was the best lesson in brotherhood—that a human being can become a truth.

He taught us that to do we must be. Sy was trusted and beloved in both the Jewish and the non-Jewish community because of his humanity.

He served with ADL for 25 years. More than anyone else, it was Sy who brought human relations into Northwest schools. He was a superb resource for schools in helping teachers overcome prejudice and accept differences. He worked quietly behind the scenes.

In the midst of emotion, he was steady. Human relations was not a job for him; it was a dedication. He was a true professional, but he avoided that indifference to individuals which is the curse of professionalism.

Sy was a religious Jew, a synagogue Jew. Despite his exhausting schedule, he served Temple Beth Am both as president and one of its cantors. Sy felt that God required something from him. When he made a decision he truly would ask himself: What is the right thing to do? Sy was an "eved adonai," a servant of the Lord.

He was a man responding to diverse and pressing challenges, often beseiged; even his exhaustion emphasized his humanity. Close to life, he learned to cope with its many-sided demands.

Sy was a dedicated Jew, capable of serving the entire Jewish community. Indeed, he personified what a good Jew should be. The prophetic teachings were part of his life.

He loved the land of Israel. Sy knew the heart of the stranger—the heart of his own people, the heart of the Black, the Chicano, the Indian, the farm worker in the field, the minority child in the classroom, the oppressed Jew in Russia.

In his wallet, Sy carried a favorite quotation by Sheldon Blank, professor of Bible at Hebrew Union College, Cincinnati. It reads "Judaism is not something we have, it is something we do."

Although he loved Jewish books, music and worship, Sy never forget that Judaism is a religion of the ethical deed. He appreciated the doors of Beth Am synagogue with the words 'mishpat v'hesed,' justice and mercy, sculptured across them.

Sy loved his family although he did not spend all the time he wanted to with them. Yet they knew he loved them, and when they needed him, he was there, Unlike many busy men, he somehow did not sacrifice his family.

Sy and Sarah were married nearly 25 years and were beautifully matched—sharing so many concerns and interests. They lived and worked through many trials together.

Sy loved his children deeply and lived to see them solidly rooted as Jews and human beings. Freud, in his old age, once was asked what a healthy human being should be able to do. The master replied, "to love and to work." Sy achieved both.

Sy, we treasure your memory and the love you gave us. We find comfort in a life lived so nobly. Your life was a credit to you, to humankind, and to our Creator.

I believe I may dare to assert that God is proud of His servant Seymour.

"Zacher zadik l'vrachah"—the memory of the righteous is a blessing.

THE GENOCIDE CONVENTION AND OUR FIRST AMENDMENT FREEDOMS

Mr. PROXMIRE. Mr. President, article III of the Genocide Convention makes it a crime to engage in "direct and public incitement to commit genocide." This provision has given rise to legitimate concern regarding the effect of this provision on our first amendment right of free speech.

I am happy to report, Mr. President, that this provision does not endanger these precious rights.

Over the years the Supreme Court has drawn a distinction between two types of free speech: advocacy and incitement. Advocacy of any political philosophy or belief—even overthrow of the Government—is protected by the first amendment. However, the Supreme Court has concluded that "where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action," the first amendment does not apply.

A simplistic example would be the right of any individual to urge that the system be burned down. However, if he hands out kerosene and torches at the same time, the situation is much different.

Thus, the Genocide Convention focuses upon the latter type of action—direct and public incitement—which the Government clearly has the authority to control.

This is a position with which the American Civil Liberties Union agrees—an organization dedicated to preserving our freedoms. I ask unanimous consent that the testimony of Mr. Hope Eastman, assistant director of the Washington ACLU office, on the Genocide Convention be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

STATEMENT OF HOPE EASTMAN

My name is Hope Eastman. I am the Assistant Director of the Washington Office of the American Civil Liberties Union. I am an attorney and a member of the State Bar of California. On behalf of the ACLU, I would like to thank the Chairman and members of the Subcommittee for this opportunity to appear today in order to add our voice to the many others who have already spoken in favor of ratification of the United Nations Convention on the Prevention and Punishment of the Crime of Genocide.

The American Civil Liberties Union strongly endorses the ratification of this U.N. Convention on Genocide. This Convention was adopted by the United Nations in 1948 and has been ratified by seventy-five countries. The provisions of the Convention are fully in accord with the civil liberties and civil rights provisions of our Constitution. The Convention is in all respects consistent with the Constitution, laws and ideals of the United States. Moreover, ratification of the Convention, which would have a beneficial impact on world opinion of the United States and which would be a valuable contribution to world law, would clearly serve our national interest. It deals with a subject which is a matter of international concern. Ratification of this Convention is, therefore, a proper exercise of the treatymaking power of the Constitution. These essential points have been amply documented by the recent reports on the Genocide Convention by the American Bar Association's Section of Individual Rights and Responsibilities, and by its Standing Committee on World Order Through Law, and by "A Report on the Treatymaking Power of the United States in Human Rights Matters" of the Special Committee of Lawyers of the President's Commission for the Observance of Human Rights Year 1968.

I do not think it is necessary for me to repeat the constitutional and legal arguments so thoroughly covered by these reports, but I would like to comment briefly on one point in which the American Civil Liberties Union has a particular interest and, we think, some special competence. Some critics of this Convention have argued that ratification of the Convention would conflict with the First Amendment. The American Civil Liberties Union is well known for its vigorous efforts to protect the First Amendment rights and we would not hesitate to criticize this Convention if it violated the First Amendment. But it clearly does not. Ratification of this Convention could not obligate us to ignore the First Amendment and is in fact completely consistent with the decisions of the Supreme Court which over the years have amplified for us the scope of the constitutional guarantees of speech and press.

Critics point to Article III of the Convention, which makes it a crime to engage in "direct and public incitement to commit genocide," as evidence for their assertion that the Convention infringes the First Amendment guarantees of freedom of speech and press. This assertion is entirely erroneous. The First Amendment does not protect conduct which involves efforts to incite to immediate unlawful action. The First Amendment would, we believe, protect the advocacy of genocide. But the Convention does not make this a crime. It seeks to ban only "direct and public" incitement. This standard is fully consistent with Supreme Court decisions drawing the line between protected speech and prohibited direct and immediate incitement to action. This standard has been most recently enunciated by the Court in *Brandenburg* v. *Ohio*, 395 U.S. 444, 447 (1969), where the Court said:

". . . the constitutional guarantees of free speech and free press do not permit a State to forbid or proscribe advocacy of the use of force or of law violation *except where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.*" (Emphasis added.)

Although the Convention's standard meets the prevailing definition of the scope of the Constitution, one further point should be mentioned to negate any fear of conflict with the First Amendment. Should a particular indictment produce a conflict between the Convention and the First Amendment, the First Amendment would prevail. Article V of the Convention obligates the contracting parties to enact, "in accordance with their respective Constitutions" implementing legislation necessary to make these offenses punishable in their countries. Moreover, it is axiomatic that, as a matter of constitutional law, a treaty could not validly obligate the United States to do anything the Constitution prohibits. If a case arose under implementing legislation enacted by the Congress to make "direct and public incitement to commit genocide" a criminal offense in the United States, the accused person would still have to be prosecuted and convicted under those criminal procedures which protect all persons accused of committing a crime in this country. The Supreme Court could invalidate a conviction if it found that the acts with which the defendant was charged were protected by the First Amendment and did not constitute the kind of incitement which falls outside the protection of the First Amendment. Ratification of the Convention would in no way diminish the Court's power to apply the First Amendment.

As the constitutional objections to the Convention have been shown by many to be without substance, there is no legal obstacle to U.S. ratification of this Convention. The United States should move promptly toward ratification. This country played a leading role in the adoption of the Genocide Convention by unanimous vote of the members of the U.N. General Assembly in 1948. Since then the United States has continued to work for the promotion of human rights through the United Nations. However, the United States failure to ratify this Convention in the twenty years since its adoption, when coupled with a similar lack of movement on some of the other human rights conventions, casts serious doubt on the sincerity of our efforts and of our stated commitment to human rights. Our concern about human rights in the international community must be accompanied by a willingness to obligate ourselves to act in accordance with these same international standards. Ratification of the Genocide Convention would be a long overdue step in the pursuit of truly effective international human rights throughout the world.

DÉTENTE AND THE EXIMBANK

Mr. BAYH. Mr. President, for the last 2 days, I have voted against invoking cloture on debate on the Eximbank conference report. Yesterday, along with the majority of the Senate, I voted to table the conference report.

Mr. President, I regret that the Senate had to further delay the extension of the Eximbank, an institution which has made some significant contributions toward increasing the exchange of commodities between the United States and foreign countries—exchanges that would not have taken place were it not for the financial backing of the Eximbank.

While I feel the Eximbank has made many important contributions in furthering the exchange of commodities between this Nation and underdeveloped countries in particular, I regret to say that I feel the purpose for which the Eximbank had been created—to further trade initially with the Soviet Union and after 1945, with underdeveloped countries in general—has been frustrated by current attempts to use Eximbank as a tool for détente.

Détente, like so many other concepts in these frenetic times, means many different things to different people. I think that it is time that we come to grips with exactly what détente is and *what it* is not.

The underpinnings of détente come from the basic principles and accord signed in May, 1972 and June, 1973. They provide:

First, that neither the United States nor the Soviet Union will seek unilateral advantage;

Second, both will refrain from threats; and

Third, both will do everything possible to avoid creating international tensions.

Recent history, particularly last October's war in the Middle East, should have taught us that the Soviets had no intention of practicing these three glowing principles when it is to their advantage to do otherwise. I am afraid, however, that few learned. The President ignored the real meaning of the war and claimed on national TV that détente had saved the day and brought peace.

The whole purpose of stable relationships with foreign powers, the whole purpose of détente as expresed in the principles we have discussed, is to prevent war. And in the Middle East last fall, there is no question that there would have been no war if the Soviet Union had lived up to the basic principle and accord and restrained the Arabs at the outset. Yet the Soviets not only did not restrain the Arabs, but they also supplied the weapons to continue the conflict. Contrary to the President's assessment, the Soviet Union was not a reluctant dragon.

The Soviet Union supplied 5,000 tanks, 1,000 fighter planes, 2,000 artillery pieces, and the latest missiles and antitank weapons. It made over 500 cargo plane shipments for resupply.

Our State Department's intelligence knew exactly what was going on in the Arab world in September. Yet we did nothing. The administration knew there could be no war without massive Soviet participation—but détente delayed the administration into believing that the Soviets would not underwrite another war in the Middle East.

Just as the Middle East war provided us with a better notion of how the policymakers in the Kremlin view détente, so would a closer examination of our commercial relations with the Soviet Union lead to a more realistic view of détente.

One crucial aspect of these commercial relations with the Soviet Union has been the Eximbank. The Soviet Union has received over $367 million in direct loans from Eximbank over the last year. This figure was topped only by direct loans made by Eximbank to Yugoslavia at $376 million. These loans to the Soviet Union were made at 6 and 7 percent interest rates—rates not available to those American industries and businesses which export over 95 percent of American goods without Eximbank assistance.

When I see that Eximbank is in the process of funding Soviet fossil fuel research projects while Americans at home are reeling from the oil shortage and energy crisis, I think the time has come to question just what role we wish the Eximank to play.

The Senate, in its consideration of the extension of Eximbank, tried to reassess this role and to place on the Eximbank only those restrictions which would prevent Eximbank from becoming a tool in what appears to be a very shortsighted view of détente. This view of détente fosters the establishment of commercial relationships that will provide the Soviets with low-cost commodities and large infusions of low-cost capital to develop Russia's natural resources. I am sure that most Americans would not support this definition of détente.

When the legislation to extend Eximbank comes out of the new conference, I hope that we can once again see Eximbank continue in the role that it was originally designed to play—a role which fosters the growth of American exports and imports in a way that strengthens our role in the world market, by providing jobs for American workers and markets for American farmers and businessmen as well as helping these developing countries which would not otherwise be able to expand their own economic growth.

CONDOMINIUM OWNERSHIP

Mr. BIDEN. Mr. President, condominium ownership has emerged in recent years as an attractive form of home ownership. Diversified forms of home ownership including that of condominiums should be encouraged. However, difficult experiences besiege many owners of condominium units. There are attractions to this type of ownership which include tax deductions, relative freedom from maintenance, buildup of equity, and access to communal facilities. The purchaser finds that his or her money, time, and welfare depend on others in a unit owners association because he or she is a joint owner of the pipes, wires, and other common elements.

The National Association of Home Builders predicts that this year condominiums will account for nearly one out of four single family housing units sold. According to a Housing and Urban Development survey, almost 50 percent of new units for sale last year in 25 metropolitan areas were condominiums. In addition to new construction activity, the condominium boom is being intensified by the steady conversion of rental units to condominiums.

On October 9 and 10, the Senate Banking, Housing and Urban Affairs Committee held hearings on S. 3658, the Condominium Disclosure Act, and S. 4047, the Condominium Act of 1974 to hear the grievances, bring the issues into focus, and to discuss the suggestions by Senators PROXMIRE, BROOKE, and myself that Federal regulations, including disclosure, are necessary. We also heard testimony on what practices should be absolutely curtailed, because abuses have become so grave that a law is needed to protect people.

During the last several months, major newspapers have depicted the abuses and unforeseen difficulties plaguing condominium owners. In an article printed in the Washington Post on September 21, 1974, Thomas Lippman interviewed owners of condominium units in Colchester Towne, Md., who complained that the developer, faced with slow sales and high costs, was beginning to rent units to their possible financial detriment. Since rental tenants are entitled to use the pool, laundry facilities, and utilities, the renters pay less in rent than it would cost to buy. According to the article:

> This practice is becoming common as condominium projects flood the market and sales have slowed at some projects, but it has attracted little attention, except from buyers who move into what they thought would be a community of owners, not renters.

With housing starts in decline, the rental market at a standstill, and condominiums accounting for nearly a quarter of all housing units sold, some viable alternative to the harsh impact on the poor and elderly is needed. In an article printed in the New York Times, Walter Rugaber pointed out that the practice of converting a building to a condominium is catching on because of profit:

> There are still powerful forces behind the spreading condominiums . . . Some of the reasons are apparent . . . The principal factor probably is the greater profitability in selling a building unit by unit rather than as a whole.

In response to this situation, for example, the municipal government in Washington, D.C., has imposed a moratorium on conversions.

The city of Miami, Fla., which has experienced expansive growth of condominium development, has also experienced some of the most complicated problems. At the exotic Emerald Isles West, many buyers put down a full 25 percent of the purchase price, and received a promise that they would get 10 percent of it back at closing. Now that the development corporation is discussing bankruptcy and already gone into foreclosure, the buyers, with $1.5 million in deposits at stake, may not recoup their investment. As Evan Cooper describes in the Miami Herald, many buyers out of State, are waiting to find out whether they will ever take title to the apartment or get the deposit back:

> While the future of the depositors' money is uncertain, one fact is clear: The emotional and physical toll on Emerald Isles West buyers has been enormous. As one said: "I can't believe we have nothing left."

Finally, Douglas Watson, in a series of articles which were printed in the Washington Post describes the bleak economic situation at Ocean City, Md., one of the first cities inundated by condominium speculators. Most of the units at Ocean City during the height of the condominium craze stand empty now—casualties of overspeculation, the gas crisis, and the economic recession:

> Ocean City issued building permits for 109 condo units in 1967, 181 in 1968, 309 in 1969. Then the boom really got going. The city issued building permits for 1,077 condo units in 1970, 1,258 in 1971, 3,594 in 1972 and 3,064 in 1973. The bottom fell out of Ocean City's condominium market this year and only 139 building permits have been issued, none since May.

The decline and near economic ruin of the condominium market at Ocean City is the result of speculators who just rushed in to buy condominium units, but never intended to complete settlement and live in the units. In a special report, the Economics Research Associates points out that developers and their financial backers failed to differentiate speculative buying from the real market for second home condominiums and long-term investment property with the result that no planning has created worse conditions.

Mr. President, I ask unanimous consent that the text of these five informative articles be printed in the RECORD at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 21, 1974]

CONDOMINIUM OWNERSHIP—I

(By Thomas W. Lippman)

For the school teachers and policemen and military families and government workers who live there, Colchester Towne is the foundation of their economic future.

With meager savings and family incomes under $20,000 a year, they had little hope of buying that suburban dream house they wanted, at today's prices.

But Colchester Towne, a garden apartment condominium development just off U.S. Rte. 1 in Fairfax County, offered them the promise of good living now and prosperity ahead.

For a small down payment and a total price of about $26,000, they could buy their own apartment, with air conditioning and use of a swimming pool, reap the tax benefits of property ownership, and watch the value of their investments grow. It was the same combination of necessity and opportunity that has induced tens of thousands of

Washington-area residents to buy condominium apartments.

But the condominium is a relatively new form of real estate and has yet to become established as a reliable long-term investment. Last week, 26 buyers of Colchester Towne apartments, fearing that current conditions there have jeopardized their investments, filed a complaint with the Virginia Real Estate Commission.

Their chief grievance is that the developer, faced with slow sales and high costs, has begun renting some of the unsold units, a move that the buyers feel could lower the value of the entire community.

This practice is becoming common as condominium projects flood the market and sales have slowed at some projects, but it has attracted little attention, except from buyers who move into what they thought would be a community of owners, not renters.

In response to the complaint from Colchester Towne, however, Virginia officials have promised an investigation "to determine if the developer, . . . has violated any provision of the Virginia condominium law."

"This is the first thing I bought," said William Dell, a Patent Office computer specialist with a wife and two children, who organized the residents' protest. "None of us want to move. We shopped location and price and we feel this is a good deal. But people are screaming because they feel that in two or three years they won't be able to sell."

He said rental tenants are entitled to use the pool, laundry facilities and utilities at Colchester Towne, just as the purchasers are, but pay less in rent than it would cost to buy. "Would you spend $30,000 for a home with mortgage payments of $290 a month and a condominium fee of $79 when you could rent the place for less with no obligation?" Dell asked.

He and other owners said they had no objection to the rental tenants as individuals, but were protesting the idea that there should be any rentals at all.

The developer of Colchester Towne, Dr. Cyrus Katzen, a prominent builder, did not return repeated telephone calls to his office.

Employees at the project said rentals were being offered only to prospective purchasers, but at least some rental tenants say they have no intention of buying and said so when they signed their leases.

Colchester Towne is a 200-unit project situated just off U.S. 1, between the Beltway and Ft. Belvoir, behind the Mount Vernon Drive-in theater and next to a mobile home park. In design and layout, it is similar to thousands of other garden apartments throughout the Washington suburbs, but because developers find rental housing unprofitable in the current economic squeeze, the apartments were intended to be sold to their individual occupants.

A "public report" on the project by the State Real Estate Commission, "issued for the purpose of preventing fraud, misrepresentation or deceit" and given to all prospective purchasers, says that "the developer intends to sell all 200 units in the project and to retain none for rental."

The protesting buyers say they do not doubt that Katzen would in fact prefer to sell the 100 or more units still available, but question his right to rent then as an alternative.

"I'm pleased with the area, but I'm worried about my investment," said James Grasewicz, a D.C. policeman. "The people who are really getting hurt are the military. If they get transferred next year they can't sell, and they can't charge a high enough rent to cover their costs. If I had it to do over again, I wouldn't touch a condominium."

"I love it, and I hope I don't have to move," said Lynn Niederstrasser, a school teacher. "But the biggest concern is the value of our property. It's not fair that rental units go for $245 and they get everything we get, when the owners are paying more than $300 a month."

With housing prices rising all over the metropolitan area, property owners have come to expect that their homes will rise in value, and the sales pitch at Colchester Towne caters to that expectation.

In addition to offering "fun facilities" and "super floor plans," the brochure says, "Get Rich! Your Colchester Towne condominium becomes part of your family's assets. You can sell it, lease it, will it, just like any other form of real estate. And if, like most real estate, your Colchester Towne condominium increases in value, then the profits belong to you when you sell!"

"There is a basis for complaint," said State Sen. Joseph Gartlan, who met with the protesting residents Monday night. "They come under the old Virginia condominium law, which requires that a developer, in the event of any change in the set-up or use of the project, notify the commission and the buyers . . . when you switch to a predominantly rental operation, and the utilities are centrally metered, the costs are going to go up" because the bills are paid by the project as a whole and the renters, whose costs are fixed, have no incentive to hold the bills down.

In many condominium projects, the bank or mortgage company that is providing mortgage money to the buyers will not go to settlement and make the purchase final until 50 per cent of the units are committed under sales contract.

But at Colchester Towne, according to William Blomquist, president of Colonial Mortgage Co., he had an agreement with Katzen to go to settlement when only 25 per cent, or 50 apartments, had been sold. So the early purchasers, instead of being able to back out when they saw what was happening, are now locked in because they have already settled.

In real estate transactions, settlement is the point of no return. Until settlement, either buyer or seller can back out, though the buyer may forfeit his deposit if he does so.

At settlement, the buyer receives his deed, signs his mortgage and takes the keys, and from that time on the property belongs to him and his debt is to the mortgage lender. The original owner or builder is free of any legal responsibility for the property, except where there is a separate agreement or contract between parties.

"There's no question in my mind that Katzen is going full condominium," Blomquist said. "The people who are renting are not on long term leases. They have options to buy and are waiting to save up the down payment.

He said Katzen was forced to rent some apartments because he was being "eaten up" by the cost of carrying the unsold units.

[From the New York Times, Sept. 28, 1974]

CONDOMINIUM OWNERSHIP—II

WASHINGTON, Sept. 27.—Kathleen M. Jackson, a retired college professor who had lived in a quiet old building on Connecticut Avenue for 14 years got the option several months ago of buying her apartment or moving out.

Her new landlords, citing a backbreaking interest rate, an expensive renovation program, and a belief that residential rental properties are no longer attractive investments, had announced plans to convert their units into condominiums.

Miss Jackson never seriously considered buying her apartment. Faced with eviction in 60 days, she instead became one of a rapidly growing number of abruptly uprooted Americans searching urgently for a new place to live.

Her experiences reflect most of the difficulties encountered by tenants in cities across the country who are cast adrift by the conversion of their apartments into condominiums they often cannot afford.

Miss Jackson carefully studied the classified advertisements, canvassed the neighborhood, and paid fees to so-called "apartment locators." At one point she published this appeal in a neighborhood newspaper:

"Cat lovers please help—retired professional woman and 2 retired cats being displaced after 14 years at Cleveland Park address by condominium craze needs 1 bedroom, basement or garage apartment, etc.

None of these tactics were successful. The "condominium craze" not only forced Miss Jackson out of her home but also—by eliminating other rental units—made it more difficult for her to find a new one.

Furthermore, the trend in Washington and in other cities, together with nationwide forecasts, suggests that the rush to convert will eventually wipe out huge portions of the rental market.

By last June 30, according to estimates of the Metropolitan Washington Council of Governments, 20,618 apartments in the area had been converted from rental to condominium units.

Almost all the change has occurred since 1970. There were 572 conversions in 1971, 3,563 in 1972, 8,439 in 1973 and 4,923 in the first half of this year. New construction, meanwhile, has produced more than 24,000 additional units.

In 1970, 87 per cent of the area's new multifamily housing was rental and 12 per cent was condominium; this year the figures are reversed: 86 per cent in condominium and 13 per cent is rental.

While only about 4 per cent of the area's 500,000 units have been converted so far, the change is uneven geographically, economically and socially; 9.3 per cent of the apartments in suburban Fairfax, Va., for example, have been converted.

More important, Government predictions that half the nation's population will live in condominiums within 20 years imply a shift in housing patterns so vast as to require wholesale conversions throughout the country.

"I think the time will come when most of the soundly built, well-situated buildings in the United States will be converted," remarked David Clurman, an Assistant Attorney General in New York, who is a leading condominium expert.

Landlord-tenant relationships—often embittered by rent controls, inflationary pressures and other problems—tend to be greatly exacerbated by the condominium trend.

POLITICAL ISSUE

Conversions have become a major political issue in many urban areas. Government leaders sometimes profess to be torn between respecting an owner's right to sell his property and easing the hardship of eviction.

But some state and local governments either are considering or have taken steps to control the tide of conversion.

Two of the most common approaches are contained in legislation approved last June in New York State.

The principal requirement of the new law is that before an apartment building can be converted into a condominium 35 per cent of its tenants must have agreed to buy their units.

The legislation, sponsored by Assemblyman John C. Dearie, Democrat of the Bronx, and Senator Roy M. Goodman, Republican of Manhattan, also requires landlords to give two years' notice of eviction to those who decline to buy.

In Washington recently, the local government imposed a 60-day moratorium on conversions after Mayor Walter Washington declared that an "emergency situation" had resulted from the sharp decline in rental housing.

The Mayor proposed a six-month extension of the freeze, during which time the Ctiy Council could work out long-range condominium regulations. A building industry spokesman held out the possibility of a legal challenge.

HIGH COST OF BUILDING

There still are powerful forces behind the spreading condominium, a form of ownership under which individuals hold title to a particular apartment and a joint interest in common areas such as swimming pools and corridors.

Some of the reasons for conversion are apparent, others much less so. The principal factor probably is the greater profitability in selling a building unit by unit rather than as a whole.

"Make no mistake about it," declared Robert Klein, who has converted a 255-unit apartment building in Miami Beach. "The principal reason for conversion is profit or, if you will, greed," Mr. Klein explained.

"If you sell an apartment house (as a whole) you expect to get at most six times its total annual (rental) income. With conversion it's at least 10 times as much (as the rental income)."

High construction costs make existing buildings attractive targets for conversion. Moratoriums on new sewer line hookups and other limitations on growth also encourage the change in some areas.

Investors seem to regard the risks of rental property as no longer acceptable. Taxes, utility bills and labor costs are soaring, they complain, and rent controls either hold down income or threaten to do so.

Bad feeling contributes to the unpopularity of rentals. Landlords sometimes are attacked as cruel profiteers, or worse, and they in turn often assert that the militant demands of organized tenants make their positions impossible.

The atmosphere in New York is especially stormy. One of the city's biggest landlords, Harry Helmsley, provoked a storm of tenant protest in the Bronx when he moved to convert the huge Parkchester complex there.

The attempt prompted Assemblyman Dearie, a Parkchester resident, to sponsor his restrictive legislation. Mr. Helmsley said he still would convert every one of his rental properties "if I could."

"Tenant power!" he exclaimed acidly. "If they want tenant power, let them own the buildings," he said. "There's no room for the landlord any more. Tenants should own the buildings."

While not all tenants oppose the conversion of their apartments most would rather rent. Real estate experts have said that as a rule, no more than about 25 per cent of the occupants buy their apartments and stay on after conversion.

More modern buildings are thought to be easier to convert because the prices, when translated into monthly mortgage and maintenance payments, are apt to come closer to the rent tenants are paying.

PROBLEMS FOR BUYERS

Buying a converted apartment can present the consumer with problems not encountered in new condominium units. The Department of Housing and Urban Development has outlined the chief consideration as follows:

"You will not only become the owner of a dwelling unit but also a joint owner of the pipes, wires and other common elements. If rehabilitation is necessary after the property has been converted the new owners will have to bear the cost."

"If the condominium has insufficient reserve funds to pay the cost, the money would have to be obtained by special assessment against the owners, or from a lender. If a loan is obtained, all owners would normally have to sign the note."

"Notwithstanding the reputable majority, it should be kept in mind that there are some speculative operators who might attempt to use [condominium conversion] as a 'dumping ground' for undesirable properties."

The department recommended obtaining an engineering report to learn the condition of common elements, but a group of tenants and owners in a Philadelphia suburb has learned that things are not that simple.

A group of investors moved last year to convert a nine-story, 228-unit luxury building—rents are as high as $1,800 a month—at 191 Presidential Boulevard in the Main Line community of Bala-Cynwyd, Pa.

The tenants, some of whom had invested large sums in their apartments, immediately organized an association and hired a lawyer in Philadelphia, Tom P. Monteverde, to represent them.

"Here are people who are affluent and who are able to hire a lawyer to find out what's going on, and they're still having a rough time," observed Elaine Leiberman, the association's treasurer.

HINDERING CONVERSION

Mrs. Leiberman and other tenants have insisted that they do not question the basic right of the owners to convert, but so far they have managed to block the process by demanding full disclosure and by raising a range of issues.

Those have ranged from doubts about the structural integrity of an outside wall and "problems with the roof" to charges that "there were no filters in the swimming pool" and "the fire alarm system did not meet current standards."

The owners produced a report by an independent group of engineers on the "existing mechanical systems" in the building, and they promised to spend more than $1.1-million on capital improvements.

The tenants group remained dissatisfied contending that the available information was inadequate and misleading. They filed a civil lawsuit early this year in an attempt to prevent conversion until their complaints were settled.

THE EXPENSES OF MOVING

The tenants have lost the court tests so far, but in a hostile atmosphere they have continued to press the case while owners have threatened to begin evictions. Mrs. Leiberman said, "We need Henry Kissinger."

Tenants unprepared to buy their apartments ordinarily find there is nothing for them to do but to move. Some of the individual costs involved can be counted in the recent experience of Kathleen Jackson.

Her building, at 3100 Connecticut Avenue (near the entrance to the National Zoo), was put up about 45 years ago and survives as a unit in one of the city's more fashionable apartment corridors.

It was one of five structures in the immediate area purchased last March 15 in a $6-million package deal. A spokesman for the investors, John Fitzgerald, said they would spend an additional $2.5-million on a complete renovation.

Miss Jackson's building had not been carefully maintained, and the rents were relatively low. She paid $155 a month for a rather spacious one-bedroom unit on the second floor.

Mr. Fitzgerald said the buyers had been forced to borrow money at a number of percentage points above the prime lending rate, now 12 per cent. The existing rents would not have paid the interest, he added.

This made substantial increases inevitable, according to Mr. Fitzgerald, and to justify them the new owners would have had to undertake a full scale renovation. None of the tenants were likely to survive either as renters or as owners.

The reasons for converting were largely the conventional ones. Mr. Fitzgerald, noting "the economic and political pressures," remarked that "people are going to stop doing whatever it is that you're making less and less attractive."

PRICE OF $40,000

The average one-bedroom apartment went on the market at $40,000. For Miss Jackson, that would have meant a $2,000 down payment and, if she could get a loan, mortgage payments, taxes and operating expenses of $422.50 a month.

Miss Jackson is a 68-year-old native of Vancouver, B.C., who has lived in the United States for many years and was an assistant professor at the Howard School of Social Work until her retirement.

She has tried to remain in the city rather than move to a suburb "because I still want to study and write."

She might have considered trying to buy, she said, "had I had several years of work ahead of me." But as it was, Miss Jackson went on, "I couldn't tie up the capital" in a down payment and a mortgage.

Also, she observed, she would not have enough taxable income for the deduction of interest payments to mean very much on federal returns. And she questioned her ability to recover her investment when selling.

Mr. Fitzgerald asserted that he and his partners had been "genuinely interested in the tenants and their plight" and had tried to find new places for them. But within days of her scheduled eviction, Miss Jackson had no place to go.

Finally, she was offered and took an apartment in one of the group's nearby buildings. It was not so large, Miss Jackson noted, and the rent of $190 a month meant spending about 40 per cent of her income on housing. That would mean "fewer small luxuries" such as concerts and trips to visit friends, she said, but still, it is worse for others, she remarked.

It cost $170 to move Miss Jackson's belongings. There was an additional charge for changing her telephone. An "apartment locator" service, which failed to find her a place she wanted, got $30.

Miss Jackson moved into her new apartment on July 8. On Aug. 19 her landlords addressed to her the following form letter:

"We wish to take this opportunity to inform you that Park Cleveland, Inc., is planning to convert all the units in your building to condominiums beginning on or about March, 1975.

"Because you are currently a resident of the building, we are offering your unit to you for sale first. We will keep this option open exclusively for you for sale first. We will keep this option open exclusively for you during the next 60 days.

"Park Cleveland, Inc., is offering your unit for $41,500 plus any adjustment caused by any increase or decrease in construction, financing, and administrative costs which occur during the construction."

[From the Miami Herald, Oct. 20, 1974]

CONDOMINIUM OWNERSHIP—III

(By Evan Cooper)

Mrs. Dorothy Jacobson, in the market for a condominium last year, was intrigued, by an ad she saw for the Emerald Isles West development in Davie.

The North Miami Beach real estate saleswoman visited the site, liked what she saw and put down $9,725 for a $37,100 apartment.

Now, almost six months after she was to move in, Mrs. Jacobson, with 199 other Emerald Isles West buyers, is waiting to find out whether she will ever take title to her apartment—or get her deposit back.

She may get neither.

Even though the first phase of the complex is complete and occupied by more than 30 owners, even though the second phase is within weeks of completion and pilings are in for much of the rest of the project, work on the entire development has ceased. The developer, Barth Corp., is discussing bankruptcy, and the financial backer CleveTrust Realty, filed foreclosure proceedings Wednesday.

This leaves the apartment buyers, with $1.5 million in deposits at stake, at the bottom of a list of creditors claiming more than $5 million in defaulted payments.

And it leaves the occupants of the completed apartments without the swimming pool, sauna, tennis courts and bike paths promised, and only a piling-pocked, dusty construction site as a balcony view.

What happened?

According to developer Jerome Barth, Emerald Isles West was the victim of double-digit inflation and the unwillingness of CleveTrust to go along with any of a number of compromise plans.

"Our problem was that we sold 80 percent of the units almost as soon as we put them up for sale. Costs kept rising and by the end of the summer, we realized that we would not have enough money to complete the project," Barth said.

"At this point, we've drawn $3.4 million of the original $6.3-million loan from CleveTrust, and we're still trying to negotiate with them for additional money to complete the project," Barth said. "I feel sorry for everyone involved, but I've decided to stick with it and see it through.

While CleveTrust auditors pore over Barth books and both groups continue their discussions, Emerald Isles West condominium buyers are in a state of limbo. They knew that if the Barth Corp. files for bankruptcy, CleveTrust and the building suppliers, as secured creditors, will divide the bulk of the firm's assets. For the buyers, it is likely that any resolution will involve months, or perhaps years, of legal proceedings.

The project seemed to have everything going for it when the full-page ads began to run, with the Emerald Isles leprechaun smiling out over an artist's rendering of country lodge-style architecture of glass and rock, with cypress-shingled roofs and massive, wrap-around balconies.

In an ecology conscious area turning away from the concrete jungle of high-rises, the promise of three-story buildings spread on 12 acres of highly-landscaped land on the fringe of Davie was a strong selling point.

Many buyers put down a full 25 percent of the purchase price, and received a promise that they'd get 10 percent of that back in cash at closing.

Others paid the full amount for the two-bedroom apartments, and now fear their life savings are gone.

"A lot of older people who didn't want to worry about mortgage payments took all their money and paid for their apartments in full," said Ted Kanov, Miami Beach motel owner and president of Concerned Collective Condominium Owners, a group formed by 55 Emerald Isles apartment owners. CCCO was formed in September, when the Barths insisted the project could be saved if buyers would agree to pay from $3,000 to $7,500 more for each apartment. They now estimate the cost to complete the project at about $10,000 per unfinished apartment.

"We never wanted to push the Barths into bankruptcy," Kanov said. "We were willing to pay more for our apartments if they could have assured us that the additional amount would totally cover their costs."

Barth still feels that most apartment owners would provide additional funds if CleveTrust agreed to continue funding the development.

"We've agreed to give the condominium buyers our $2 million, 25-year recreation lease and we've told CleveTrust that we would pledge $750,000 of our own money if they would continue to fund us," Barth said.

CleveTrust attorney Michael Waywood said his firm was reluctant to file the foreclosure action but "it made no economic or business sense to go forward with the financing of the project."

"There was an outstanding principal of $2.3 million plus interest and expenses," Waywood said.

The project, as it now sits in western Broward County, is worth less than the $2.3 million CleveTrust wants to recoup, according to CleveTrust President John Kikol.

Last month, Barth Corp. told buyers that it owes contractors $1.5 million. When asked why they didn't require performance bonds of their contractors—which would have insured completion—Barth said:

"We just didn't have them. CleveTrust didn't require it. A performance bond is great, but if the subcontractor doesn't fulfill his obligation, where do you go?"

Whatever happens now, about 200 buyers are out at least months of time and interest on deposit money. Some gave up homes or other apartments in anticipation of closing dates on their new apartments.

Mrs. Jacobson, who has bought and sold condominiums for herself and for customers at a major Miami realty firm, said she never thought she'd find herself in this position.

"Maybe I should have known something was wrong, but there was really no way to tell," she said.

"The sales force was great and the apartments sold themselves. In fact, the development was 82 per cent sold when the Barths stopped construction. We investigated the company before we invested and found that the Barths were well financed and were well regarded.

"I began to suspect something peculiar when the full-page color ads suddenly stopped running in The Herald. Since I'm familiar with real estate advertising, I thought it was fishy that they just stopped instead of tapering off."

Other buyers began to think something was amiss when, early this summer, they received requests from the Barths for upgrading payments. Although these charges came along earlier than most buyers anticipated, many wrote checks for options they had requested, including better carpeting, higher-grade appliances and enclosed patios.

A prominent Miami physician sent the Barths $400 to pay for a screened terrace. The doctor, who has $89,000 invested in the project, had purchased two apartments outright and had made down payments on two others. He said he investigated the Barths thoroughly before investing.

"A developer friend told me that the Barths were financially sound and had a good reputation in Cleveland. What impressed me most about the development was its architecture—it was really a superior design. Also, the Barths offered a financing plan that was attractive.

"They were going to refund 10 per cent of all money advanced prior to 90 days before closing, if the prospective buyer would make a 25 per cent down payment. They told us they could afford to do this because the cost of borrowed money was even higher."

As prospective buyers were asked for additional money—and when construction ceased toward the end of the summer—many condominium buyers began to sense that something was wrong. Their fears were confirmed when the Barth brothers invited individual buyers to meetings and requested that they come alone.

"We asked them to come without families or attorneys because we wanted to talk to the people directly and not waste time," Barth said. "I signed the letters but they were conceived and written by my sales manager. I didn't really think they were a good idea."

Typical of what happened to buyers is the case of Richard and Shirley Crisorio of Niles, Ill.

They bought a $34,000 apartment in Phase 2 on Aug. 20, 1973. The prices on the apartments differ because they were purchased at varying pre-construction prices. They put down a $3,000 deposit on August and on Feb. 6, 1974, sent an additional $5,625 so they could benefit from the 10 per cent discount.

On July 19, they sent the Barths a check for $401.44 for an extra-mirrored closet doors. Barth asked them to come to his office to talk about the future of their apartment and requesting that they come alone.

At that meeting, the Crisorios say, the Barth firm asked for an additional $14,000 for their apartment.

"They provided us with the option of paying the $14,000 or relinquishing our apartment to them and have them try to sell it and give us our money back."

Now the Crisorios, who borrowed half their downpayment from Mr. Crisorio's father, don't know what will become of their investment.

Many Emerald Isles West buyers are trying to take action.

Mrs. Carol Weiss of Opa-locka, who took a second mortgage on her home to pay for a condominium, wrote letters to the state attorney's office, the attorney general, the FBI, the Mortgage Bankers Association, the Internal Revenue Service and the Florida Real Estate Commission. Many offices said they would look into the matter.

A small group of owners retained Hollywood attorney Stanley J. Seligman. Others formed the CCCO and retained the Miami law firm of Becker and Poliakoff.

What will happen to the unfinished buildings? And to the deposits of the Emerald Isles West buyers?

If Barth and CleveTrust can work out some arrangement for further financing, buyers may be asked for additional funds to complete their apartments.

Another firm could buy out the Barths and complete the development, but given the current housing and money markets that prospect seems unlikely.

If CleveTrust goes through with its foreclosure, it could hire another developer to finish the project, leaving current depositors with clouded legal status. If Barth Corp. declared bankruptcy, another possibility, the whole matter would be in the hands of the federal bankruptcy court and might be unresolved for years.

While the future of the depositors' money is uncertain, one fact is clear: The emotional and physical toll on Emerald Isles West buyers has been enormous.

As one said, "I just can't believe we have nothing left."

[From the Washington Post, Oct. 13, 1974]

(By Douglas Watson)

OCEAN CITY, MD.—There are 3,000 to 5,000 condominium units here in recently constructed buildings that rise as high as 26 floors above the adjacent Atlantic Ocean. They remain largely empty, waiting for buyers.

Last month several condominiums here—including two of the massive high-rises that sprouted to create Maryland's "Miami Beach"—were foreclosed or otherwise lost by their redevelopers.

Many businessmen interviewed privately recently predict that before spring there will be more financial failures of the condominiums that largely were inspired by a speculative rush.

Ocean City's condominium market has been particularly vulnerable to the national economy's general decline because of overbuilding that almost everyone agrees occurred here in recent years.

"The recent history of resort condominiums in Ocean City, Md., is a classic example of initial market success stimulating uncontrolled over-building," Economic Research Associates, a consulting firm, reported this summer.

Despite a slump in sales of condominium units priced from $25,000 to $150,000 that threatens further foreclosures, more condominium high-rises continue to be rushed to completion along a two-mile stretch at the north end of this island city.

For example, the 19-floor Pyramid continues to go up as ads call it "a new oceanfront environment built around the architecture of the sand dunes and 3,000 miles of view." The 21-story Carousel Center rises near a billboard proclaiming, "Luxury Condominium Apartments Overlooking the World" and "Dining and Dancing 24 Hours."

However, the discouraging signs among Ocean City's condominiums are hard to hide. One can see towering high-rise buildings with only a few apartments lit during an evening's drive along Coastal Highway, the resort's main street that runs 150 blocks with the ocean on one side and Assawoman Bay on the other.

On a pleasant Saturday morning you can see high-rises that are fully or largely completed, but are locked and empty. A couple of cars are isolated in huge parking lots and, in some instances, only the swimming pools are full.

The dreary situation for condominiums, which involve individual ownership of units in a multi-unit building, has not spread to the rest of Ocean City, which had a record number of visitors last summer.

"It's only the condominium developers and lenders that are suffering. There are 500 other businessmen here who had a fine season," said a local banker.

Not everyone is going to get hurt by Ocean City's troubled condominium market. An individual who owns a unit he enjoys probably will be able to keep on enjoying it regardless of who may end up owning the rest of the building because owners of condominium units have substantial legal protection and are not going to be evicted.

But the individual condominium unit owner may find it difficult to resell his unit for the higher price he previously had counted on, at least until more of the newly-constructed units are purchased.

Ocean City issued building permits for 109 condominium units in 1967, 181 in 1968, 309 in 1969. Then the boom really got going. The city issued building permits for 1,077 condominium units in 1970, 1,258 in 1971, 3,594 in 1972 and 3,064 in 1973.

The bottom fell out of Ocean City's condominium market this year and only 139 building permits have been issued, none since May.

Brady Bounds, Ocean City's chief building inspector, said recently that throughout the resort there now are 4,500 unsold condominium units, half the total built since 1967. "I don't see how the situation can clear up for at least two to three years," he said.

Others are more pessimistic. McCurdy-Lipman and Associates, an independent appraiser, reported last month that among just the resort's 24 largest buildings, 2,500 of 3,500 condominium units remain unsold. The firm said that at the present rate of sales it will take five years for the supply of condominiums on hand to be sold, although an economic upturn might enable this to be done in 3½ years.

Economic Research Associates said, "If the rate of sales returns to its 1973 level of 1,300 units per year, only four years would be required to absorb the present supply." But ERA's study warned, "Given the continuation of the 1974 settlement rate of 500 units per year, more than 10 years would be required for the existing supply to be absorbed."

Even if the more optimistic forecasts prove right, sales of Ocean City's condominium units are not expected to resume fast enough to save all the big buildings from foreclosure.

Without sufficient sales of individual units, many developers may not be able to keep paying interest on construction loans that often runs as high as $1 million a year, or more than $2,500 a day.

The builder of one high-rise said bitterly, "If things get better within three, four or five months, I could stay (financially) alive." He added sardonically, "I'm about to jump out of a window." On a recent Saturday morning his condominium building attracted six visitors to the sales office, none becoming a buyer.

Another developer who this year lost $700,000 when a building of which he was part-owner was taken over by the lenders, gloomily predicted: "By the first of the year most of the high-rises are going to end up being owned by the lenders."

On the other hand, Ocean City officials and salesmen here continue to talk confidently about the condominium market, if not now, in the future. "Once there's more confidence in the country, I think we're going to move those condominiums," said Mayor Harry W. Kelly.

Bruce Moore, a condominium salesman, said, "I don't care whether it's tomorrow, this year or five years from now, these units will be sold and occupied."

But a former sales manager for one of the larger condominium projects said, "There's nothing that is selling in that town now."

Condominium construction continues along the Gold Coast because buildings aren't worth anything if they aren't finished and their owners hope their particular projects will have selling qualities nearby buildings lack.

"Introducing the Self-Contained World," boasts the billboard in front of the 21-floor Carousel Center that is nearing completion on the site of Bobby Baker's former Carousel Motel, which is incorporated into the much bigger building.

"Ice skating, computer golf, tennis, banquet facilities . . ." adds the sign as further enticement. Inside, in the center of a huge covered court and between the skating rink and swimming pool stands a colorful, hand-carved, $150,000 merry-go-round that was imported from Italy as the centerpiece for the $17 million building.

Even for Ocean City, the Carousel Center is unusual, being a hotel-condominium combination. It plans to sell 180 condominium units on the upper floors, though none has been offered for sale yet.

The other 232 units on the lower floors will be rented as rooms in a hotel that will be operated by the Marriott Corp. Condominium owners as well as overnight guests, will be able to ring for room service.

The hotel already has hired 74 employees and expects to open in November to compete for recognition as Ocean City's most luxurious hotel against the Sheraton Fontainebleau Inn, whose 16 stories are dwarfed by tall condominiums next door.

A Marriott official said the hotel's rates will be from $52 to $150 in-season and from $28 to $84 off-season. Despite such prices, he expects the new hotel-condominium and its five-story parking garage to attract many of the 175 conventions that come to Ocean City annually.

Robino-Ladd Co., a diversified real estate concern which bought Carousel Center in 1972 from developer Max Berg, last week announced several changes in top management because its sales generally "aren't reaching forecast levels" and said the company will attempt to sell some of its real estate holdings to raise cash.

The 19-floor, $10 million Pyramid is, architecturally, the most unusual of the condominiums being built in Ocean City. Looking something like an indented pyramid or stacks of boxes in staggering rows, the building has buttresses and none of its rooms is square or rectangular.

Built by the Caliban Corp., which has sold 540 condominium units in previously constructed buildings, the Pyramid is planned as the first of three similarly striking structures that will stand next to each other.

However, one of the Pyramid's salesmen conceded that most people who look at the units there, which are priced from $45,000 to $90,000, "are waiting. They're not in the mood to buy something that they think is not essential." A sign in a model unit admonishes the salesman, "Press on. Nothing in the world can take the place of persistency."

The most expensive condominium apartments being sold in Ocean City are penthouse units in the Sea Watch that are priced as high as $150,000. For that, one can get 79 feet of oceanfront view on the 20th floor and four bedrooms in the yet to be completed building.

While most of the resort's condominium units aren't priced above $75,000, the majority are listed above $35,000. A local realtor said, "If they had priced these units realistically when they started building instead of trying to get rich on one project, they probably would have sold most of them."

The McCurdy-Lipman report says, "It has become evident in the past several months that prices in a number of the oceanfront buildings have been reduced. Some are reduced openly through advertisement and others as a result of individual negotiations."

The report says that where buildings have cut prices, they generally have dropped from 5 to 20 per cent. But it adds "Many of the buildings . . . are not practicing this price cutting."

The reason many buildings haven't dropped their prices substantially is that they can't afford to do so and still hope to pay their high land, construction, interest and advertising costs, several businessmen said. At least one building is even considering raising its prices to pay for additional "amenities" planned to attract buyers.

Whatever buyers pay for a condominium unit, they usually spend at least $3,000 more to furnish it, a local furniture store owner said. He has sold as much as $15,000 worth of furniture to fill one penthouse apartment.

Everyone in Ocean City agrees that as far as condominiums are concerned, it's a buyer's market these days. "Everybody is down here looking for a steal," said one salesman. Many of the condominium shoppers compare 10 to 15 buildings, but few put their money down. "By the time they look at them all, they are so confused they don't buy any," said another salesman.

Condominium developers and lenders are likely to be the biggest losers along Ocean City's Gold Coast, although those who can hold onto the buildings until the economy revives may make money after all.

All hope to avoid the fate of Rowland Paddy, head of the Paddy Construction Co. Last year there were foreclosures on a half dozen medium-sized buildings of his. Paddy lost his business and his home.

Such recollections hardly calm some jittery businessmen here. One businessman said of a radio announcer who regularly mentions condominium foreclosures along with the rest of the news, "They ought to take him out and shoot him."

The financial failures this year have hurt, especially as many in Ocean City fear they may be but a forerunner of what's to come. "Everybody's scared to death," conceded one real estate salesman.

The 20-floor, $9 million Capri built by Michael G. Cappy, a Prince George's County developer, was the first condominium high-rise to be foreclosed. Last winter the 222-unit building was bought at auction by the Cameron Brown Investment Group, the construction lender, for $5.8 million. An official of Cameron Brown said it then sold the building to two Richmond men.

Cappy said recently that he lost $600,000 on Capri. Most of the original 72 purchasers of units were frightened away by the foreclosure, but the building's new owners maintained all the sales contracts they could and the largely empty Capri continues. "Once you see the Capri you'll never want to leave it. And we've built it so you'll never have to," say ads that picture many features still in the planning stage.

The Atlantis, a 21-story condominium building featuring curved, wrap-around corners that give it an ultra-modern look, became the second Ocean City high-rise to be sold at auction.

In early September, Colonial Mortgage Service Co., a subsidiary of Philadelphia National Bank, foreclosed, purchasing the building's $8 million mortgage for $7.8 million.

Now, despite a sign declaring, "Models Open Daily," security guards but no salesmen can be found around the empty Atlantis, where units are priced from $29,500 to $75,000.

The 15-story, 124-unit Sea Terrace, which cost more than $5 million and has units listed at an average $50,000 price, was the third Ocean City high-rise to be lost by its owners this year.

On Sept. 16, four hours before a scheduled foreclosure sale, the three owners gave Suburban Trust Co. and Columbia Federal Savings and Loan, the construction and permanent lenders, a deed for the building. They thus avoided the stigma of foreclosure but did not avoid a heavy financial loss.

One of the former owners said, "I feel lucky to be out."

Wesley Stewart, vice president of Suburban Trust and head of its mortgage loan department, said, "Our plans for the building are to try to get out. The only way is to sell units."

The billboard in front of Sea Terrace speaks of, "Fifteen Floors of Pride." But there's not one lounge chair on the 124 balconies stacked in staggered rows across the building's oceanfront.

There have been financial failures of smaller Ocean City condominiums as well. Tide's Edge, a nearly completed 20-unit building next to the beach was bought at a foreclosure sale on Oct. 1 for $500,000 by Baltimore Federal Savings and Loan, the project's permanent lender.

"It was a steal, frankly," said Allen Brufsky of the $25,000-per-unit price on which there were no other bidders. Brufsky said that he and Donald Van Reeden, the other principal of Donald Development Co. which was in default on the building, lost about $250,000.

A foreclosure sale on Coves of Normandy, a low-rise condominium project planned for Ocean City's bayside was held in late September. The auctioneer couldn't get a bid on the project which had a $733,962 mortgage and had gotten no further than its completed pilings.

High Sails, a condominium planned to be built along the beach at 134th Street, had sales commitments for 54 of its 98 units but was cancelled recently after First Mortgage Investors, a Miami Beach real estate investment trust that was the construction lender, dropped out. First Mortgage Investors has major financial problems. The discontinued High Sails project is now tied up in litigation.

The billboard in front of the nearly completed Antigua, a 14-story oceanfront building, calls it a "unique condominium," but Antigua's problems are hardly unique. No more than one-fourth of Antigua's 104 units, which are priced from $49,000 to $97,000, have been sold.

A source close to the project said that serious negotiations are under way to sell Antigua to a Montgomery County group for considerably less than its originally planned total retail price of $6.2 million.

Friendship Irene, a 21-floor, $6 million condominium, averted foreclosure this summer when the developer, Max Berg, agreed to bring in a management company to operate the building and a real estate firm to push sales, according to a lawyer for Capitol Mortgage investments, the lender.

Most of those looking at Ocean City's condominiums these days are waiting, salesmen said. The bargain hunters apparently think that if prices are dropping now, they'll be even lower this winter.

They seem to agree with a Salisbury banker who said of Ocean City's condominium market, "Last winter was bad and this winter is likely to be worse."

[From the Washington Post, Oct. 14, 1974]

CONDOMINIUM OWNERSHIP—IV

OCEAN CITY, MD.—Many of the high-rise condominiums that have transformed this resort's skyline but remain largely unsold and empty were inspired by a speculative rush to buy condominium unit contracts by people who never intended to complete settlement and live in the units.

Independent consultants and local businessmen agree that the recent boom in condominium construction here, which has been followed by a steep slump in sales was largely spurred by speculation that highly exaggerated the real market.

The speculation in Ocean City condominiums that occurred in recent years involved the resale of contracts on many condominium units several times before the buildings actually were built. Many purchasers bought numerous units and then sold them like common stocks or commodity futures.

Buyers, the largest group of whom were from the Washington area, often made a lot of money in the late 1960s and early 1970s. But with 3,000 to 5,000 unsold condominium units here, those who still own a number of units may be sorry.

So are many developers and big lenders, who were overly anxious to invest their money in what seemed like a great boom and didn't see that the real market had been exaggerated by the speculation.

"Speculators quickly realized that they could reserve a unit for as little as $500 or $1,000 and resell the unit or option to buy the unit after the project was completed two years later at a substantial profit," said a report issued this summer by Economics Research Associates, a consultant.

"So great was the opportunity to realize an extraordinary gain that the market was soon swarming with speculators. If fact, in late 1972 and early 1973, speculators accounted for 50 to 90 per cent of all deposits collected at many condominium projects," the ERA study says.

An Ocean City banker said that before the condominium balloon burst there in 1973, "People were running down and buying units for $500 down. They could buy anything on the beach for $1,000 and sometimes for as little as $250 down."

"I don't know of a single case from 1969 to 1973 when a condominium unit sold before it went to settlement (and actually was built) was not sold at a profit," the banker said.

Edgar F. Britt, executive vice president of Second National Building and Loan, Inc. in Ocean City, said the speculating was widespread and not limited to a small group of insiders.

"I think it was something that everybody heard about and everybody wanted to take a shot at. It was open season," Britt said. Much of the reselling of condominium units was done by word of mouth with little need for paid advertising, he said.

McCurdy-Lipman and Associates, an independent appraiser, reported last month, "Speculators were able to make huge profits in terms of their cash outlay in a relatively short period of time."

The McCurdy-Lipman report explained, "Typically a high-rise building takes one to two years to build, which means that if in 1971 a buyer were able to 'hold' five apartments for a deposit of $1,000 each and each of these apartments increased in value $7,000, assuming a $2,000 per unit sales commission, an initial outlay of $5,000 could earn $25,000 or approximately 500 per cent within two years.

"This highly successful investment scheme was not uncommon. In fact, it was par for the course during the early 1970's," the report added.

The purchase of options on condominium units by people who never intended to go to settlement on the yet-to-be-built apartments "began to attract developers from all over the East Coast and lenders from all over the United States," the McCurdy-Lipman study says.

"Land prices began to skyrocket and oceanfront land was advancing in value at the rate of 50, 75 and 100 per cent a year. What had sold for $1,500 to $2,500 per front-foot went to a high of over $6,000 a front-foot within a period of 30 to 36 months," it continues.

The ERA reports concludes, "Developers and their financial backers failed to differentiate speculative buying from the 'real' market for second-home condominiums and long-term investment property. Thus, they rushed to get their projects started . . .

"By the summer of 1973 when a substantial number of units were nearing completion, it became apparent that speculators had acquired options on many more units than they would be able to resell. Even under a stable economic environment, speculators would have been faced with a surplus."

Speculation wasn't the only ingredient fueling the condominium building boom that between 1971 and 1973 accounted for possibly more than $203 million worth of construction in Ocean City.

A local real estate broker said that at least one builder obtained a multimillion-dollar construction loan by telling the lender that many people were so interested in his project they already had bought condominium unit contracts. Once the construction loan was obtained, the money for many of the "purchases" was refunded by the builder to friends of his, the realtor said.

When a former sales director for one of the big condominiums was asked whether such tactics were used, he responded, "My goodness, yes." He said he knows one Ocean City businessman who bought contracts on 20 condominium units on which he never intended to go to settlement to help his friend, a builder, convince a lender there was a strong market.

The sewer moratorium that has slowed construction in Washington's Maryland suburbs and Ocean City's friendly zoning policies together also spurred the rush to build condominiums there with such inviting names as Aquarius, Blue Water East, Bonaire, Braemar, English Towers, Fountainhead, Golden Sands Club Condominium, Mooring, Oceana, Phoenix, Sea Gate and Spinnaker.

Another stimulant was the great desire of the big construction and permanent lenders—real estate investment trusts, insurance companies, major banks and savings loan institutions from all over the East Coast—to earn high interest rates on large amounts of money they had to invest several years ago.

One developer said, "When we started out, we sought financing for a building only half the size we eventually built, but the lender insisted that we build it twice as large so he could loan us more money."

Wendall Stewart, a vice president of Suburban Trust Co., defended the big lenders such as his bank, saying, "I don't think any lender has ever made a loan which he didn't think was a good loan. Our crystal ball is no clearer than anybody else's."

The builders, like the lenders, rushed to get in on the good thing along the beach. "If you saw a band wagon going down the street, you'd jump on it," said Michael G. Cappy, a developer who built the 20-floor Capri in Ocean City only to be foreclosed on last winter.

There are many successful condominiums in Ocean City, those that were built first and sold out before the bubble burst. A typical one is Surf Side 84, a nine-floor building that sold all 36 of its units by 1972 for $44,000 to $57,000, the prices getting about $1,000 higher for each floor one went up. Surf Side 84 is much more modest in size than many of the later high-rises.

There also are pleased buyers of condominium units. Albert L. Beall, of Upper Marlboro, bought a condominium unit in the Capri in 1972. He said recently he is glad he did, though "we did have a scare for awhile." Beall has stayed at the Capri on all but two weekends since July.

Buyers who didn't read their purchase contracts too carefully could be sorry. Some have discovered that their deposits were not held in escrow but were used to construct the building and weren't available when the project failed.

Salisbury banker warned that some condominium unit buyers "are not going to get their mortgage recorded until all the liens against the building are satisfied."

There are a number of liens against several of Ocean City's condominiums these days, placed there often by contractors and subcontractors who haven't been paid for their work. Lawyers are one group likely to come out ahead on Ocean City's condominiums.

The resort's recently constructed condominiums were hurt by high interest rates that many of the builders had to pay for construction loans. For example, the Aquarius, on which work was halted for five months last winter because of a money shortage, was financed with a 12 percent loan plus five points, a total of 17 percent interest.

Escalating construction costs were another added expense. One builder said construction costs for his building have risen from $28 a square foot in 1972 to $42 a square foot now. "The cost overruns were as bad as on federal contracts," a realtor said.

Another problem for condominium builders has been the labor shortage. After Labor Day, most of Ocean City's workers go back to school. There weren't enough capable construction workers around to build all the condominiums going up, businessmen agreed.

The condominium boosters complain that buyers were scared away by predictions of a gas shortage that never materialized in Ocean City. When the gas shortage ended elsewhere last spring, vacationers were ready to travel to Ocean City as they always have, but they seemed less likely to buy condominiums that would commit them to driving there for years and years.

These various problems caused slowdowns in construction that proved costly for many of the big condominiums, some of which were completed as much as a year behind schedule, after the boom broke.

"We were one year late in being finished and missed the market by a year," said Stewart of the Sea Terrace, now owned by his bank and another lender.

Also about a year behind schedule was 9400, a 22-story $7.2 million building. Paul C. Stokes, head of the Anderson Stokes real estate company that is one of a partnership which developed the project, said last week, "There is no possibility of a profit to the developers."

The building's 164 units were priced from $38,500 to $72,500 but with far less than half having been sold, they are being reduced by as much as 25 per cent. Stokes said the lenders have waived interest payments on the high rise for the time being and there is a plan to divide the unsold units among the partners to spread the financial burden.

The 9400 building is half-owned by Robert Mack, Adrian Carpenter and Robert A. Butler, the three principals of the financially-troubled House and Home Real Estate Corp., which recently had audited shortages of $270,000 in its escrow accounts.

Those close to Ocean City's glutted condominium market see some bright spots in the midst of an otherwise discouraging picture. For one, the resort's broad, white beach is a continuing attraction that brought more visitors to the city last summer than ever before, as indicated by motel tax revenues that rose by 12 per cent over those during the summer of 1973.

Most Ocean City businessmen predict that the condominiums eventually will be filled because there is only a very limited supply of Atlantic coastline and millions of people within easy driving distance of it.

In many of the condominium units one can watch the sun rise from a balcony facing the ocean and watch it set from another balcony facing the bay. "There's no question the basic attraction is still there," said a local savings and loan official.

Another plus for Ocean City's condominium market are interest rates as low as 7¾, 8 and 8½ per cent for purchasers of units in many—but not all—of the buildings.

On the negative side, there has been a weakening of the rental market for condominium units. Many individual unit buyers who expected help in paying for them to come from rentals at least part of the year have been disappointed. Rentals still help many buyers, but they often are less than had been anticipated because there are so many units from which renters can choose.

To offset costs at the largely empty, 26-floor Century One where condominium units are priced from $54,500 to $75,000, purchasers' apartments are avaliable for rent to others for as little as two nights, at $35 to $50 a night.

The high-rise condominiums' huge size and resulting likelihood of overcrowding if they are filled are other negative factors. While some people are delighted by the big buildings, many others are appalled.

The Economic Research Associates report says, "Many visitors and potential condominium purchasers believe that, as a result of its condominium boom, Ocean City has become less attractive."

The ERA report points out, "By reducing the maximum building height from 85 to 50 feet and by requiring that 40 per cent of a building site be left for open space, officials in the resort town of Rehobeth Beach, Del., have both maintained the established character of their jurisdiction and have moderated the number of condominium units started. Consequently, the area has not experienced overbuilding."

Ocean City Mayor Harry W. Kelly, however, is proud of his resort's high-rise condominiums and not worried that their emptiness will hurt the municipal image. "Some people are now saying that maybe we (the city) should have slowed up on issuing building permits," said Kelly. He disagreed, saying, "We've been an exciting country. I think we're one of daring."

Ocean City's big condominum buildings are likely to form the skyline there for a long time, no matter what happens to them financially. As the resident manager of one high-rise said, "Whatever happens, they'll still be here. You can't blow these buildings up."

LIST OF GAO REPORTS FOR OCTOBER

Mr. METCALF. Mr. President, the monthly list of GAO reports contains brief synopses of detailed reports of findings based upon the examination of various Federal projects by the staff of the Government Accounting Office. These reports provide information useful to all Members in fulfilling their responsibilities in the Congress. Full texts of the reports are available upon request, therefore, I ask unanimous consent that the full listing for the month of October 1974 be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

[Vol. 8, No. 9, October 1974]

Monthly List of GAO Reports

COMPTROLLER GENERAL OF THE UNITED STATES

EDUCATION AND MANPOWER

Opportunity to Increase Effectiveness of JOBS-Type Programs to be Funded Under CETA. *Department of Labor. (To the Secretary of Labor.) September 23,* P–75–MWD–11

This is a follow-up review of a 1971 GAO report. It recommends that the Labor Department insure that prime sponsors who carry out JOBS-type programs under the Comprehensive Employment and Training Act:

Limit training to disadvantaged individuals requiring costly on-the-job training and support services and

Provide payments to employers only for the costs of training and support services to program enrollees over and above those normally provided by an employer.

Examination of Financial Statements of Student Loan Insurance Fund Fiscal Year 1973. *Office of Education, Department of Health, Education, and Welfare. September 17.* P–75–FOD–17.

Financial statements for the Student Loan Insurance Fund show a net loss of $350 million on defaulted loans; $302 million of this amount represents estimated losses on loans expected to be defaulted in the future.

The automated system which the Office of Education uses to maintain detailed accounting records and to provide information to administer the program is not working properly.

This system contains inaccurate data files and computer programs which do not process the data correctly.

The attention of the Congress is called to—

The high default rate and resulting increase in costs of the Guaranteed Student Loan Program.

The substantial future funding required to pay future losses, and

OE's inability to provide accurate information on the program.

Examination of Grants Awarded to the Berkeley Unified School District and to Bilingual Children's Television, Inc. *Office of Education, Department of Health, Education, and Welfare. September 4, released September 11 by Representative Edith Green.* P–75–MWD–15.

Congresswoman Edith Green asked GAO to review two grant awards totaling $5.9 million by the Office of Education. The purpose of the awards was to develop a bilingual and bicultural (Spanish-English) educational television series to be aired nationally for children 3 to 8.

The Berkeley school district and Bilingual Children's Television, Inc. (BC/TV) were expecting continuous funding over the project's development and planned accordingly. As delays in funding occurred, production schedules slipped.

Much of the controversy over BC/TV's performance could have been eliminated if production schedules had been revised when it became apparent that funding of the project would not be continuous.

Sixty-five half-hour shows were completed and the Public Broadcasting Service agreed to make the shows available to participating stations in the fall of 1974.

General government

General Accounting Office Assistance to the Congress in Improving Access and Usefulness to the Congress of Fiscal, Budgetary and Program-Related Information. *September 20*. P-75-FGMSD-8.

This is GAO's first report to the Congress on the progress and results of GAO's continuing program to make fiscal, budgetary, and program-related information more useful to congressional users.

The Congress provided specifically under Public Law 93-344 for coordination of the operation of the Congressional Budget Office and the GAO in order that the information, services, and capabilities of each became as effective as possible. Provisions of the law require coordination and cooperation with other leglislative and executive agencies and with State and local governments.

An early need will be development of joint working plans and agreements on tasks and staffing among various organizations, including GAO and the congressional committees, Congressional Budget Office, Treasury, and OMB.

Propriety of the City Edges Grant Awarded to the Suburban Action Institute. *National Endowment for the Arts. September 5, released September 6 by Senator James L. Buckley*. P-75-GGD-7.

This report is based on a constituent's letter which questioned the propriety of the City Edges program and particularly a $38,000 grant awarded under the program to Suburban Action Institute.

GAO's review of the project resulted in finding no legal objection to the grant. The conclusion is that concetps of the City Edges program and the grant to the Institute are in harmony with controlling Federal statutes.

How Passenger Sedans in the Federal Government Are Used and Managed. *September 6, released September 16 by the Chairman, Ad Hoc Subcommittee on Government Vehicle Use, Senate Committee on Appropriations*. P-74-LCD-224.

GSA and Federal departments and agencies have not provided adequate criteria for measuring the use of sedans or evaluating their actual vehicle needs.

Many Government cars are being used contrary to department or agency policies for transporting personnel:

From home to work,

From home or place of duty to local airports,

To theaters, restaurants, golf courses, and sporting events, and

For transporting their children to schools.

GAO's inquiry into private industries' policies and practices about their passenger cars showed that a Government contractor kept better records and exercised tighter control over its sedans than most Government units.

GAO said the Subcommittee may wish to consider the need for a restatement of congressional policy on matters discussed in the report.

Fundamental Changes Needed to Achieve a Government-Wide Overseas Benefits and Allowances System. *Multiagency, September 9*. P-74-ID-67.

The U.S. Government has about 737,000 employees—649,000 military and 88,000 civilian—from 38 agencies and departments assigned overseas.

Benefits and allowances, exclusive of salaries, amount to about $1.5 billion annually ($1.3 billion for uniformed personnel, $150 million for civilians.)

GAO found innumerable differences in the 50 different types and amounts of allowances paid to employees overseas by different agencies yet within the same departments.

Information on Management and Use of the Radio Frequency Spectrum—A Little Understood Resource. *Federal Communications Commission, Office of Telecommunications Policy. (To the Chairman, FCC, and Director, OTP.) September 13*. P-74-LCD-103.

Over $90 billion has been invested in the U.S. for spectrum dependent equipment using the radio frequency spectrum. About 55 percent represents Federal investment. The spectrum serves government, industry, and private individuals.

Goods and services valued at more than $32 *billion* a year have been attributed to use of the spectrum. Studies have concluded the U.S. is not making the most effective use of this valuable natural resource.

Although Government frequency managers do not foresee a spectrum crisis resembling that of energy, the gathering problems of spectrum management suggest the need for increased attention to these matters.

Employment Opportunities in the Federal Government for the Physically Handicapped. *Civil Service Commission. September 16*. P-75-FPCD-74.

More than 18 million U.S. adults have physical handicaps severe enough to limit in some way their ability to hold a job.

GAO wanted to know how the Federal Government was providing employment opportunities for, and serving as an exemplary employer of, the handicapped.

The overall Federal program could be strengthened. Changes should be made in planning, managing, and implementing the Selective Placement Program.

Agencies' Personnel Management Can Be Enhanced by Improving the Evaluation Process. *Civil Service Commission. (To the Chairman, CSC) September 17*. P-75-FPCD-95

The Commission has made a good start in establishing standards and goals for the evaluation process.

The Commission's approach and certain practices in the past have detracted from the effectiveness of its evaluation because of:

The strong emphasis placed on obtaining agency cooperation and participation in its reviews, and

Several weaknesses in its reporting practices.

GAO noted that agencies have done less than they should to develop acceptable personnel management evaluation systems and the Commission has spent relatively little effort to improve agencies' systems.

The U.S. Magistrates: How Their Services Have Assisted Administration of Several District Courts; More Improvements Needed. *Judicial Branch. September 19*. P-74-GGD-104.

Results of the new magistrate system, established in 1968 to reduce the workload of Federal district courts, are difficult to measure, because of varying factors. Full benefits of the 1968 act, as intended by the Congress, are not yet being achieved.

However, there are indications that the new system is providing assistance by disposing of a number of minor criminal offenses and in relieving district court judges of some duties. During FY 1973 magistrates handled 251,218 matters. More than 77,000 of these would have added to district judges' workload.

Industrial Management Review of the U.S. Mint, Philadelphia, Pennsylvania. *Bureau of the Mint, Department of the Treasury. (To the Secretary of the Treasury.) September 19*. P-74-LCD-427.

The Philadelphia Mint needs to improve measurement of its productivity to provide management with knowledge of its operating efficiency.

Its equipment was not fully used, data was not adequate, and the Mint still has no formal machine standards for comparing actual with expected equipment output. Labor standards for both production and maintenance work also are needed.

Developing such standards would help improve workload planning and overall Mint productivity.

Information on Law Enforcement Activities of the United States Postal Service. *February 14, released September 25 by the Chairman, House Committee on Post Office and Civil Service*. P-74-GGD-63.

This report provides information describing the responsibilities, structure, and activities of the Postal Inspection Service, with particular emphasis on its criminal investigations activities.

The Postal Inspection Service is one of the oldest Federal law enforcement agencies, having its origins in 1737. An important part of the Inspection Service's mission is the internal audit and review of postal operations.

Health

Better Controls Needed for Health Maintenance Organizations Under Medicaid in California. *Department of Health, Education, and Welfare. September 10, released September 16 by the Chairman, Senate Committee on Finance*. P-75-MWD-6.

GAO evaluated California's procedures regarding:

Establishment of payment rates;

Enrollment, disenrollment, and grievance procedures; and

Capability of health maintenance organizations to deliver quality services.

As with any new program, a number of problems have been encountered. HEW has relied heavily on California to resolve these problems.

Although considerable progress has been made, problems still exist in insuring that prepaid health plans provide quality medical care to enrollees at a cost less than that of the traditional fee-for-service system.

International affairs and finance

Increasing World Food Supplies—Crisis and Challenge. *Department of State and other agencies. September 6*. P-75-ID-4.

In the next 25 years the world will experience a growth in its population to more than 7 *billion* people—double today's. This means challenges to improve production and distribution of food for all mankind.

To help the Congress prepare to meet these challenges, GAO is undertaking a series of reports on food. This is the first.

It summarizes attempts by the United States and international agencies to deal with current problems. Subsequent reports will discuss, more specifically, the adequacy of long- and short-range programs.

Improved Government Assistance Can Increase United States Share of Foreign Engineering and Construction Projects. *Multiagency. September 9*. P-74-ID-63.

Many engineering and construction companies in the U.S. are unaware of, or do not sufficiently understand, types of Government assistance available when competing for foreign contracts. Because of this:

Government programs have not achieved their full potential, and

Companies probably have refrained from bidding, or submitted higher bids for foreign projects, resulting in the loss of potential business.

Industry sources said foreign work of the 400 largest U.S. contractors—in the range of $3 *billion* to $6 *billion* during 1971 through 1973—could increase to about $10 *billion* within a short time with improved Government assistance.

Rescission of the Opium Poppy Growing Ban by Turkey. *Department of State, Agency for International Development. September 9*. P-75-ID-11.

This report provides current information that may be useful to the Congress on the rescission of the opinion poppy growing ban by Turkey.

The report consists primarily of first-hand information obtained by GAO from U.S. Embassy and Agency for International Development officials during a visit to Turkey in mid-July 1974, including income replacement projects in former poppy-growing areas.

Legislation before both Houses provides that it is the sense of the Congress that the President (1) immediately initiate negotiations with the Turkish Government to prevent resumption of opium production or (2) eventually suspend all assistance to Turkey or any other opium-producing country that fails to prevent diversion of drugs into illicit channels.

United States Economic Assistance to Turkey. *September 16.* P–74–ID–64.

Over 27 years, the U.S. has provided Turkey with $6.7 *billion*—$3.7 *billion* for military assistance, $3 *billion* for economic assistance.

Despite a decade of talk directed toward phasing out U.S. economic assistance by 1973, the AID program in Turkey continues.

Recent events in Turkey created a favorable climate for phasing out this assistance:

Certain types of aid no longer are needed.

AID has had difficulty using funds allocated for Turkey's development.

The FY 1974 AID program presentation to the Congress did not discuss a new $114 million U.S. loan to Turkey in 1973 or the debt relief it represents. It did not provide full and timely information to congressional committees responsible for authorizing and appropriating U.S. economic assistance.

Use of United States-Owned Foreign Currencies. *Departments of State and Treasury; Agency for International Development, August 19, released September 3, by the Chairman, Senate Committee on Foreign Relations.* P–75–ID–1.

GAO was asked to study U.S.-owned foreign currencies—amounting to the equivalent of about $1.9 *billion* as of June 30, 1973—to find possible ways to put them to more effective use.

Accordingly, this report develops information on:

The nature and extent of current and projected holdings, including debts:

The nature and extent of partially controlled currencies;

Current and prospective U.S. uses of currencies, by agency, and estimates of dollar savings; and

Applicable laws regarding use and debt settlement.

Cost and Use of Personnel in the Agency for International Development. *August 29, released September 9 by the Chairman, Subcommittee on Foreign Operations, Senate Committee on Appropriations.* P–75–ID–2.

An increase in numbers and salaries of Foreign Service personnel has caused a large increase in the average salary of Washington-based personnel—from $12,168 to $20,383.

Sixty-six percent of personnel are assigned to positions which could be filled by lower graded personnel.

Continuing promotions have contributed to the overgrading problem. Also, the CSC's last review of AID, in 1966–67, indicated serious problems in the classifying of GS positions, with 62 percent being over classified.

AID's average grade levels generally are higher than those of other Government agencies with overseas-oriented programs. Its salaries are considerably higher than those of private nonprofit organizations having large developmental assistance programs in foreign countries.

National defense

Why Performance of Automatic Voice Network (AUTOVON) Service Needs Improvement. *Department of Defense. September 11.* P–75–LCD–111.

This report provides information on fragmented management in the area of DOD communications, which is a recurring obstacle to efficient management and effective control of DOD communications.

It also provides DOD's views opposing actions considered appropriate to improve management of AUTOVON on a total system basis.

The Cost of Aerospace Ground Equipment Could Be Reduced. *Department of the Air Force. September 11.* P–74–PSAD–85.

Cost of nine of 88 special equipment items could have been substantially eliminated—$341,500 out of $343,600—if the Air Force had used maintenance procedures not requiring special equipment to repair, maintain, overhaul, and operate aircraft and related subsystems while on the ground.

An additional $339,900 could have been saved on 23 items if the Air Force had considered the less costly alternative of manufacturing equipment rather than procuring it from contractors. Air Force expenditures for aerospace ground equipment (AGE) average an estimated $600 million each fiscal year.

Numerically Controlled Industrial Equipment: Progress and Problems. *Department of Defense. September 24.* P–74–LCD–423.

In 1973 DOD owned $300 million worth of numerically controlled industrial equipment, which is directed automatically by punched tape, is expensive and complex, but offers tremendous productivity increases and savings.

GAO recommended that DOD should (1) work with the General Services Administration, the Atomic Energy Commission, and other Federal agencies having interest in the future of numerical control and (2) consider to what extent DOD should sponsor R&D in the numerical control field.

DOD acknowledged numerical control's effective application was a broad national matter requiring contributions from industry, universities, and Government agencies, adding it was participating with many organizations on how best to increase productivity through automated manufacturing.

Procurement of 20-Ton Dump Trucks under Contract DSA–700–72–C–9235. *Department of the Army. August 12, released September 4 by Representative Fred B. Rooney.* P–75–PSAD–7.

Procurement of dump trucks was one of three pilot items selected to test the Army's program to acquire commercial construction equipment rather than equipment built to military specifications. This report describes the Army's procurement procedure in selecting the manufacturer for a 20-ton on-off highway dump truck.

Problems in Providing Education Overseas for Dependents of U.S. personnel, *Department of Defense, September 25.* P–75–FPCD–71.

GAO recommended that the Overseas Dependents School System reconsider recent changes to its educational goals and testing programs and reaffirm commitment to earlier, higher educational goals.

It also suggested that any program used to test or evaluate the quality of education include features permitting comparisons with other areas and other systems in the United States.

Dependents of American military and civilian personnel overseas attend three major school systems with a total enrollment of 233,000.

Problems in the Acquisition of Standard Computers for World-Wide Military Command and Control System. *Department of Defense. December 29, 1970, released September 20 by the Chairman, House Committee on Appropriations.* B–163074.

A DOD 1969 program for acquiring up to 87 computers was not planned adequately or supported by valid cost and savings estimates or determination of need.

DOD reexamined the plan and in 1970 the Deputy Secretary of Defense approved a revision whereby only 15 standard computer systems (with an option for 20 more) would be acquired. Modern computers already installed and functioning at many sites were to be retained in use.

The decision to reduce substantially the number of computers to be acquired is a proper one. The revised program is more closely aligned to needs; it precludes the needless replacement of up-to-date equipment already in operation, it will minimize disruption of command and control systems currently in operation.

Natural resources and environment

Need for Improving the Regulation of the Natural Gas Industry and Management of Internal Operations. *Federal Power Commission. September 13, released September 15 by Representative John E. Moss.* P–74–GGD–106.

Extensions granted by the Federal Power Commission to producers making 60-day emergency gas sales "were improper," GAO said, because they:

Were not authorized by FPC regulations and

Were contrary to FPC's stated intention to limit emergency sales by producers to a single 60-day period.

The Chairman, FPC, disagreed with GAO on this issue. Relying on his General Counsel's opinion that FPC had plenary authority to waive the requirement that emergency sales be terminated after 60 days, he said the granting of extensions was legal, necessary, and in the public interest.

To accept FPC's interpretation of its authority would, GAO said, "make a sham of the regulatory process and render litigation by dissenting parties futile."

Resolution of this matter lies with the Congress and the courts.

GAO also found widespread noncompliance by FPC officials with the agency's standards of conduct regulations intended to prevent conflicts of interest.

Improvements Needed in Making Benefit—Cost Analysis for Federal Water Resources Projects. *Departments of Agriculture, Army, and Interior; Tennessee Valley Authority. September 20.* P–75–RED–264.

GAO reviewed methods and procedures for making benefit-cost analyses for projects which include flood control, irrigation, power, recreation, fish and wildlife enhancement, and municipal and industrial water supply.

Importance of the analysis to making decisions requires that benefits and costs be determined on the basis of uniform methods and procedures consistent with the governing criteria and considering all pertinent effects, good and bad.

Because of problems such as varying guidance and varying application by agencies of their own procedures, a review by the Water Resources Council of both the implementing and the detailed procedures is necessary.

How Federal Agencies Can Conserve Utilities and Reduce Their Cost. *General Services Administration, Department of Defense. (To the Secretary of Defense and the Administrator of General Services.) September 17.* P–74–LCD–325.

Government agencies spend at least $1.5 *billion* a year on electricity, gas, fuel oil, coal, water, and sewage disposal. Building and facility operations account for almost 40 percent of energy consumed in Government, with GSA and DOD responsible for most of this.

Although the two departments have utility conservation programs, 12 of 19 installations GAO reviewed had none.

Most utility companies consider it the customer's responsibility to select the lowest applicable rate available for his particular conditions. As a result, an installation has no assurance of getting the lowest rate for utility services.

Rates being paid vary from near-wholesale to retail. The Government needs to develop more in-house expertise in the utilities area to obtain the lowest utility costs and to help conserve energy.

Veterans benefits and services

Management Practices Used by the Veterans Administration's Denver Regional Office in Assisting Veterans. *September 11, released September 26 by Representative Patricia Schroeder*. P-75-MWD-9.

This report centered on complaints that:

VA's telephone number in Denver was constantly busy.

Calls were assigned on a "haphazard" basis, and

Delays were excessive in responding to and resolving veterans' problems.

There was concern that many Denver VA employees were disturbed about administrative procedures and these complaints might be indicative of nationwide problems.

The complaits generally were well founded. VA officials were aware of the operational and personnel difficulties and had taken, or planned to take, corrective actions.

LETTER REPORTS

To Representative Les Aspin, on expenditures for air travel by AMTRAK personnel. August 26, released September 5. P-75-RED-268.

To the Chairman, House Committee on Post Office and Civil Service, on the U.S. Postal Service's Capital Investment Program. August 22, released September 26. P-75-GGD-17.

To Representative Les Aspin, on purchases of aviation products from the Goodyear Tire and Rubber Company by Government procurement personnel at Hill Air Force Base, Utah, and Akron, Ohio. August 19, released September 12 P-75-PSAD-9.

To Representative Edwin D. Eshleman, on a grant for a water pollution research and demonstration project in Lancaster, Pennsylvania. August 13, released August 26, P-74-RED-259.

To the Chairman, Joint Committee on Congressional Operations, answering questions on GAO's capability to evaluate Federal programs. August 8, released September. B-161740.

To Representative Patsy T. Mink, on the reasonableness of insulation requirements in a military family housing contract awarded in Hawaii. July 9, released September 23. P-74-LCD-348.

To Senator Adlai E. Stevenson, III, reviewing eight Model Cities projects in East St. Louis, Illinois. July 30, released September 6. P-74-RED-255.

To Senator George McGovern, concerning Federal program to aid the social and economic development of Indian reservations. July 11, 1973, released September 4. P-73-017.

To Representative Benjamin S. Rosenthal, on the legality of a grant of $10 million in excess Egyptian pounds to the Wafaa wa'l Amal, an Egyptian charitable organization. September 19, released September 23. B–156766.

To Senator Richard S. Schweiker, on the proposed closure of the Philadelphia Naval Air Engineering Center and relocation to Lakehurst, New Jersey. September 16, released September 30. P–75–LCD–306.

To the Chairman, Government Activities Subcommittee, House Committee on Government Operations, on GAO's inspection of several gifts from foreign governments to members of the Nixon family. September 10, released September 30. P–75–ID–14.

To the Board of Directors, Overseas Private Investment Corporation, on the examination of OPIC's financial statements for the year ended June 30, 1974. September 26. B–173240.

To the Board of Directors, Export-Import Bank of the United States, on the examination of Ex-Im Bank's financial statements for the year ended June 30, 1974. September 27. B–114823.

To the Secretary of Defense, pointing out improper use of appropriated funds by the Army and Air Force to ship foreign-made liquor and wine. September 3. P–74–TCD–8.

To the Secretary of the Army, on the Army's program to buy general purpose tank cars for the Defense Freight Railway Interchange Fleet. September 5. P–75–PSAD–13.

To the Secretary of Defense, pointing out inconsistent policies of the military services in administering retirement withholdings for overseas dependent hires. September 17. P–75–FPCD–102.

To the Secretary of the Interior, pointing out savings available if Interior agencies buy, rather than lease, radio equipment. September 17. P–75–LCD–102.

To the Secretary of Housing and Urban Development, suggesting ways to improve housing in rural Alaska. September 24. P–75–RED–267.

To the Secretary of the Army, on the need to charge fees for permits for projects in or affecting navigable waters. September 25. P–75–RED–274.

Office of Federal Elections Reports

OFE's Clearinghouse on Election Administration released its report based on the first extensive survey of voter registration systems.

In addition to comprehensive reviews of registration systems and procedures in 13 states and the District of Columbia, the report also provides:

Guidelines for states and localities considering converting all or part of their registration systems to computers, and

Information to Congress on problems relating to voter turnout.

Government officials and members of nonprofit organizations may obtain copies of the survey free from GAO's Office of Federal Elections, Room 3850, 441 G Street, NW, Washington, D.C. 20548. Phone (202) 386-6411.

All others may obtain copies through the Government Printing Office by ordering "A Study of State and Local Voter Registration Systems Final Report," No. 721–031, $4 per copy.

How to obtain GAO audit reports

Copies of these reports are available from the U.S. General Accounting Office, Room 4522, 441 G Street, NW, Washington, D.C. 20548. Phone (202) 386–6594.

Copies are provided without charge to Members of Congress, congressional committee staff members, Government officials, members of the press, college libraries, faculty members, and students. The price to the general public is $1.00 a copy, except as noted. There is no charge for copies of letter reports.

Those entitled to reports without charge should address mail requests to:

U.S. General Accounting Office, Distribution Section, Room 4522, 441 G Street, NW, Washington, D.C. 20548.

Those required to pay for reports should send requests accompanied by check or money order payable to the General Accounting Office to:

U.S. General Accounting Office, P.O. Box 1020, Washington, D.C. 20013.

When ordering a GAO report, please use the publication number indicated in bold face type after the title of each report.

UNITED STATES-PHILIPPINE RELATIONS

Mr. BAYH. Mr. President, yesterday during the debate on the foreign aid bill, I had the opportunity to discuss briefly certain aspects of the political situation in the Philippines. I pointed out that a number of members of the Senate are deeply concerned about the manner in which political opponents have been treated by the Philippine Government.

For some time now, as one Member of the Senate, I have been deeply concerned over certain repressive tactics which have been evident in the Philippines. I, as well as others, have made a number of efforts to see that our concern over these tactics was made clear to the Philippine Government.

The United States has had a long, warm friendship with the people of the Philippines. The roots of freedom are planted deeply in the hearts and minds of the Philippine people. Each of us who are concerned about the continued existence of both friendship and freedom must be willing to undertake whatever efforts are necessary to insure these joint goals. Sometimes these steps and the words necessary to explain them evoke hard feelings. This is a risk we must be willing to take and a price we must be willing to pay.

I mentioned in yesterday's discussion on the floor a very productive conversation I had earlier this week with the distinguished Philippine Ambassador—a man who has earned the deep respect of the people of America. Today, I have had another conversation with this distinguished emissary from the Philippines. He relayed to me that there is a distinct possibility in the next few days that President Marcos will announce the granting of amnesty to Mr. Sergio Osmena, Jr., Mr. Sergio Osmena III, and Mr. Eugenio Lopez, Jr. There is a further possibility that President Marcos will announce a broader policy relative to the detention of Philippine citizens. This is very heartening news to those of us who have been deeply concerned about the course of events in the past. I am hopeful that President Marcos will initiate a new policy and that it will take into consideration the future of all political opponents which may now be confined as well as the future of those three prominent citizens.

Mr. President, as a citizen of the United States I am not fully aware of the political nuances in the Philippines, nor is it my intention to become involved in such a domestic matter. But, Mr. President, it is my deep hope that President Marcos will realize the great contribution he can make to furthering the longtime, warm relationship between our countries by concretely initiating policies which will not sanction the incarceration of those who have differing political views.

I am hopeful, Mr. President, that President Marcos has such plans in mind. He, more than any of us in the United States, has a better understanding of the problems which exist in the Philippines, the importance of the tradition of freedom to the Philippine people, and an understanding of the importance of the continued warm friendship between the people of the United States and the people of the Philippines.

GRAIN ALCOHOL AS AN ENERGY SUBSTITUTE

Mr. METCALF. Mr. President, Dick Hansen, Jr., farm writer for the Great Falls Tribune in my State, has written a column stressing the potential of grain alcohol as an energy substitute in our fuel crisis. While the substitute, dubbed "gasohol," is not new, today's emphasis on research on alternative sources of energy does make it a very current item.

I commend the reading of the column to my colleagues in the Senate and ask unanimous consent that Mr. Hansen's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ON THE FARM SCENE: KEY TO BOTH FOOD AND ENERGY CRUNCH MAY LIE IN THE HANDS OF GRAIN PRODUCERS

(By Dick Hansen, Jr.)

JOPLIN.—News stories originating in the oil-rich countries of the Arab nations recently have indicated those countries have learned the power that lies in manipulating their oil supplies. The recent oil shortage—threatened to be repeated this coming winter—threw the U.S. in a near crisis, and could become the Sword of Damocles hanging over our heads throughout the future years.

The furor this time centers on the price policies of the Arab nations with oil. An 18-nation Arab group insists use of their oil is their natural right, and they can use it to serve their own interests and causes. President Ford and Secretary Kissinger have said that high oil prices risk world depression, breakdown of world order and safety, and more menacing—could lead to war.

Motor fuel—gasoline—is one of the most important quantity uses of oil. Much of our modern technology is based on the availability of motor fuels for autos, trucks, farm implements, and other motors. Without them—or with restricted use due to fuel shortages—we would have to do some serious retrenching.

But a very large part of the solution to this particular problem lies easily and quickly within our own reach. The answer is popularly known as 'gasohol.'

Not too many years back, I recall attending a meeting at Conrad (Mont.) where farmers, who had been following the extensive research from Montana State University in the conversion of grain to alcohol, invited a group of these researchers and others to bring them up to date on the studies.

Before the evening was over, these farmers had become so enthusiastic over the definite promise the conversion studies held, that they dug deep in their pockets, raised several thousand dollars, hired a Bozeman consulting firm to proceed with further economic studies, and left the meeting talking confidently about a pilot plant in the Conrad area within a short time. The economic boost to state agriculture which was envisioned as resulting along with such a development was also a cause for added enthusiasm.

Although research proves that wheat and several other grains can be used in the gasohol process, at that time the major emphasis of such conversion was on barley, which was in the greatest supply, as well as being generally about the lowest priced grain at the time.

As near as I can recall, the project proceeded with up and down enthusiasm for some time, and—again trusting my memory—the fact that there would be some six to ten cents a gallon added cost for gas laced with grain alcohol eventually shelved the project.

Well, since that time it has become a whole new ball game. Even a partial solution—which would extend our use of crude oil available—is development and use of grain alcohol as an additive. Experimental data indicates that we could use ten percent of grain alcohol in motor fuels, which, any way you slice it, is a solid ten percent saving on crude production and imports.

One of the important elements in this whole picture is the nature of the supply of crude oil. It has taken millions of years to lay down the available crude oil on which our whole civilization is based. When it is used up, there won't be any more. But, we produce a grain crop every year, and alcohol from that crop would extend our motor fuels supply by at least the aforementioned ten percent or more—aside also from the many by-products of the conversion process.

Also noteworthy is the fact that the demand for grain alcohol to be used in fuels would give a tremendous boost to agricultural production throughout the U.S. And even more important, is the fact that use of even ten percent grain alcohol would eliminate the need for addition of tetraethyl lead to gasoline, an important step in cleaning up the atmosphere. The 1975 autos can burn only unleaded gas, but preliminary research indicates that cost of production of this gas, special service station facilities, as well as modifications to the cars themselves, are substantially higher than simply adding the grain alcohol in the range of ten percent during regular refining.

From time to time in the past few years, reports have surfaced, indicating studies are still continuing here in Montana on the alcohol project. There have been many objections to the use of alcohol in gasoline—one suspects the major oil companies in the past have been the largest stumbling block—but the principal one in the past—aside from the speculation voiced above—is the plea of uneconomic production. However, the increase in the cost of gasoline with grain alcohol added—called Gasohol by the Nebraska wheat producers who have had a continuing study going on the project for years—would be somewhere in the range of three cents. As I mentioned, several years ago this cost increase did seem to be a serious objection. But today it is more or less academic.

Like most good ideas, the researchers of the time, and the grain producers at the Conrad meeting were just a bit ahead of the times. The words "energy crunch" and "oil import" were yet to be heard. No one, apparently, except grain producers, is willing to work to put gasohol studies to use. The major thrust in thinking on the national energy crisis seems to lie in all kinds of nuclear or other long-range, far-in-the-future solutions. Gasohol is here and now!

Researchers who have spent years on the subject say it is simply a matter of building plants and producing. If this is true, then grain producers should not let up the pressure, regardless of the rebuffs they may receive.

One last thought—in view of the present tight grain supplies, the roadblock of using existing grain for alcohol instead of food is almost sure to surface in the way of such a program. But, only the most naive really believe the world—and the U.S.—will not again in the near future rebuild its grain supplies amply to provide both food and alcohol. But even if such an unlikely event did come about that we could produce only enough grain for food here at home, there is still the research from the University of Idaho, which predicts that grain straw will likely become a valuable commodity, since scientists can now convert straw into alcohol, tractor fuel, and equally important—nitrogen fertilizer.

So, the upshot of the whole picture seems to be that U.S. grain producers not only hold the key to U.S.—and to a large extent, world food and fiber supplies—but equally important, could hold the Golden Wand to at least a partial solution to the nation's energy crunch.

VIEWS OF SENATOR HARTKE ON FOREIGN TRADE

Mr. BAYH. Mr. President, because my colleague from Indiana, Mr. HARTKE, cannot be present here today, I ask unanimous consent that his speech before the League of Women Voters be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR VANCE HARTKE

I would like to thank you for your kind invitation to discuss my views on foreign trade. Tuesday evening, President Ford expressed his views. What I would like to share with you is the philosophical underpinnings of my views, and show you by practical example that my position should not be considered unorthodox or controversial.

In point of fact, my position does not stem from any particular philosophy. Without being unfair to philosophers, I would like to suggest that the rigid adherence to any system of thought, regardless of how innately good or sound, usually leads to disaster. For the purpose of considering the foreign trade problem, let us do what we Americans are best noted for—being practical.

America has a long tradition of pragmatism. Our experience and our culture have nurtured the view that we should not make our decisions on the basis of preconceived philosophical notions; but that our decisions should reflect the best means at hand for resolving the problem. It implies considerable intellectual flexibility. I believe that our adherence to pragmatism is largely responsible for the enormous success of our economic and political systems.

But it seems to me that we have lost sight of pragmatism in the foreign trade controversy. We have elevated the idea of absolute free trade into a philosophical axiom. It is true that for most of our national history we have adhered to free trade. But we did so not because of any abstract conviction that free trade was philosophically right; we practiced and preached free trade because it was in our economic interest to do so.

Many Americans have simply put aside their pragmatism—their willingness to look at problems in a common sense way—in favor of what amounts to a philosophical commitment to free trade which is unrelated to the pressing economic problems confronting this country.

When Adam Smith and David Ricardo first outlined the benefits to be derived from free trade, they were speaking against a background of mercantilism which was oppressive government interference in all aspects of economic life. They were also talking about economies that had not yet experienced the full impact of the industrial revolution. It is to their credit that much of their analysis remains true up until the recent past. That is not to say that what was for them an exercise in pragmatic economics should be transformed by us into an article of quasi-religious belief. We must examine the economic situation carefully, and if the facts warrant it, we must be prepared to deviate from a policy of pure, unadulterated free trade.

As a United States Senator, I have an obligation that far transcends the belief in free trade. My obligation is to the people of Indiana and to see to their needs. Whether this leads towards or away from free trade is immaterial; the people's welfare is the overriding objective.

My obligations to the people of Indiana do not relieve me of my responsibilities towards all men; it does mean, however, that I must formulate international policy in such a manner that the interests of the American people do not suffer. I consider myself an internationalist in the best sense of that word. I believe that my stand on a number of critical issues ranging from world peace to the problems of hunger place me squarely in that tradition.

I want to emphasize, therefore, that while my approach to trade may be unorthodox, it does not reflect isolationism or even "go-it-alone-ism."

The Hartke-Burke bill which has introduced in 1971 embodies the thrust of my views on international trade. It represents an alternative to what has been established policy, and an alternative that I believe is in better tune with today's economic realities than a blind adherence to free trade for its own sake.

The American worker is faced with a series of crises. Spiralling prices and spreading unemployment are the obvious ones. In my view, our trade policy is materially contributing to this spreading economic malaise. When Smith and Ricardo demonstrated the possibilities inherent in free trade, they saw it as a means of increasing the economic well-being of all the countries involved. It was not a system meant to penalize one country at the expense of others.

The leading exponent of unfettered trade and capital transfers are the spokesmen of multinational corporations. Although a relative newcomer on the world scene, the multinational is having a profound effect on the lives of each and every one of us.

The contemporary free trade movement—and, conversely, the attacks that have been launched against Hartke-Burke—is financed almost entirely by the large multinational corporations.

They have been behaving like arrogant giants, disregarding the wishes of governments and peoples alike. They have no political allegiance; and they feel no sense of responsibility towards the peoples whose lives they affect. They are totally self-interested and self-committed. Corporate decisions are motivated entirely to further the interests of the managerial class and the large stockholders. Recently, the chairman of the board of Dow Chemical said—and I quote—"I have long dreamed of buying an island owned by no nation and of establishing the world headquarters of the Dow Company on the truly neutral ground of such an island, beholden to no nation or society."

The modern multinational corporation has taken the objective of turning a profit and transformed it into a holy crusade, regardless of the effects its actions might have on the thousands of people it touches. Frankly, this is a philosophy which repulses me. And I say that as one committed to the free enterprise system, and one who has worked to preserve and expand it.

However, the free enterprise system was never meant to exist in a moral vacuum. Its originators viewed it as a way of increasing productivity to provide citizens with a richer, fuller life. It has succeeded in that objective admirably. But always, we must consider the social context. Because it is operating outside of the contemporary political and social organizational framework, the multinational corporation often acts like an international outlaw: Not owing or giving allegiance, and evidencing no social concern or conscience.

The United States is being harmed by the unfettered operations of the multinational corporation. American plants are being closed, American workers are being thrown out of jobs, American technology is being exported, and American capital is being invested abroad. In return for all this, the American Government does not even get any substantial taxes. We, the people, are paying for the unhampered and uncontrolled free trade of a few hundred large corporations and their managers and stockholders.

We, the people, must pay for the huge profits that these companies reap because of our inaction. We, the people, wonder how to feed and clothe our poor and elderly and how to lessen the oppressive tax burden on the average family while the managers and stockholders of these untouchables enjoy wealth that is almost obscene.

In the last half dozen years, millions of American workers have been displaced by the large-scale exodus from the United States of the multinational corporations. In an effort to maximize profits, hundreds of plants have been simply closed down and reopened in some economically backward area to take advantage of incredibly low wages. The top 300 corporations with headquarters in the United States earned at least one-third of their profits abroad; furthermore, the profit rate is considerably higher in their foreign operations than their domestic ones.

At the same time, there has been a massive outflow of capital and technology. Much of this movement is simply a reflection of management's desire to capitalize on the outrageous labor conditions still to be found in the hungry nations of the world. Some of the companies actually receive guarantees from the host government that they will not be subjected to any labor disturbances and that they will have an adequate supply of labor. I do not wish to characterize such practices by foreign countries too harshly, but they come awfully close to the nefarious and infamous practices of some despotic rulers of yesteryear.

In Hong Kong, for example, which is now headquarters for a great many labor intensive industries once located in the United States, salaries amount to only a few cents an hour. More than half the adult working force and a very substantial part of the children's labor pool—yes, child labor—work seven days a week for up to twelve hours a day. I find this shocking. Yet, this has become a way of life for the multinational corporation.

They would seek to undo what I believe to be perhaps the greatest social achievement of the century—the increased dignity of the working man. It was not long ago that workers were thought of largely as chattel. When they were needed, they were employed; when things got bad, they were let go. No provision was made for their periods of forced inactivity. They either accepted the wage offered by the employer or went elsewhere. By law, workers were forbidden to organize themselves into unions to press for better salaries and better conditions.

All the major pieces of social legislation that have totally revised our treatment of the working man and altered his status in society, were enacted within the last two generations. By searching out areas that still—generally through no fault of their own—allow such treatment, the multinational corporation is rejecting the new economic and social status of the working man by implying that to be economically productive and competitive, cheap labor is essential. They are telling us, in effect, that we cannot integrate the well-paid worker into an economically viable society. I vehemently disagree!

The objective of the Hartke-Burke was not—as its opponents have suggested—to provide for the withdrawal of the United States from the world market. The key provisions of the bill are designed to restrain some of the extreme financial latitude now enjoyed by the multinationals.

The Trade Reform Act that was reported out of the Finance Committee did not carry these essential provisions. I intend, however, to raise them as amendments on the floor of the Senate. In recent weeks, there has been a growing amount of support for these amendments and I am hopeful that they will be incorporated into the final Senate version.

Under present law, the multinational corporation does not have to pay Federal taxes on the profits it earns abroad until and when that money is brought back to this country. If the money is not repatriated, no taxes on it are paid.

We have managed to create the perfect incentive for corporations to leave their foreign earnings abroad, even though they were occasioned by the export of American capital and technology.

The amendment that I will introduce on the floor, and which was part of the original Hartke-Burke bill, will eliminate these tax deferals. Regardless of whether or when profits are repatriated, they will be subject to United States taxation.

Under present law, the multinational corporation is provided with another major incentive to pursue its operations abroad. Our tax law now discriminates against companies operating in the United States. For example, if a company is located in Indiana, it pays taxes to the State of Indiana. When it prepares its Federal tax return, that tax is treated like a regular business expense and is a deduction from gross income. However, that same company is able to claim its foreign taxes not as a deduction, but as a credit against its Federal tax bill. Why should we treat a tax payment to the Government of Hong Kong differently than a tax payment to the government of Indiana?

The second amendment that I will introduce on the floor of the Senate, and which was also a part of the original Hartke-Burke bill, will put an end to that practice. The giant multinationals have fought this bitterly and are now engaged in a major lobbying campaign against it. To make the pill a little less bitter, I have agreed to incorporate a provision in the amendment lowering the rate at which the operations of multinationals abroad are taxed from 48% to 24%.

A third amendment which is directed against the oil companies operating overseas concerns the oil depletion allowance. Under present law, the first 22½ percent of the income earned from the production of oil and natural gas is not subject to any tax. It is tax-free. Because production costs are less in Arab and Latin American countries than in the United States, there has been a great migration out of the United States. This migration has contributed substantially to our present energy crisis.

By ending the depletion allowance on foreign-produced oil, we will be providing an economic incentive to the oil companies to resume major exploration and development in the United States.

In summation, let me simply state that I believe that I am an internationalist in the true sense of that term. I do not blindly believe in the value of free trade. I believe that we must approach economic problems pragmatically, developing solutions that are tailored to the situation, not ready-made ones from some philosophical closet.

LAURANCE ROCKEFELLER'S HOLDINGS IN EASTERN AIR LINES, INC.

Mr. METCALF. Mr. President, on July 25 I placed in the Congressional Record—page 25336—the introduction and summary of a special report that had just been issued by the Civil Aeronautics Board, concerning the 30 largest stockholders of certified air carriers. I summarized the value and limitations of this report, which I had requested, in these words:

This report does not tell the reader the extent to which the various financial institutions are empowered to exercise voting rights to the stock which they hold. But this report does get behind nominee names, behind Cede & Co., the nominee for the New York Stock Exchange subsidiary. This report does aggregate the holdings of the major stockholders. It is a forward step in information management by a regulatory commission. I compliment Chairman Timm, his fellow commissioners, and the CAB staff for this work.

The CAB's report on Eastern Air Lines, Inc., showed that, as is the case with most large airlines and, in fact most large corporations, substantial percentages of the stock were held by a few New York banks and brokerage houses. Only one individual was listed. He was stockholder No. 30, who held 50,000 shares, which amounted to 0.26 percent of the 19,043,000 shares outstanding.

This individual was not Laurance Rockefeller who, according to other sources, is a major stockholder of Eastern Air Lines, Inc. My staff asked the CAB to explain why Mr. Rockefeller's name did not appear on the list.

The materials which I shall place in the RECORD shortly, after a summary and commentary on their contents, help explain the discrepancy. The entire CAB report, "Thirty Largest Stockholders of U.S. Certified Air Carriers and Summary of Stock Holdings of Financial Institutions," along with subsequent correspondence, will appear in part 3 of the hearings on corporate disclosure by Senator MUSKIE's and my Government Operations Subcommittees. Those hearings are now at the Government Printing Office and may be available next week.

SUMMARY

On May 24, 1973, one of Mr. Rockefeller's associates reported to the CAB pursuant to its regulations that Mr. Rockefeller was the beneficial owner of 49,400 shares of Eastern's common stock and 216,736 shares of its 3¾ convertible preferred stock, as of the end of 1972. It was also reported that these were his maximum interests in Eastern during 1972.

On February 1, 1974, in a similar report, Laurance Rockefeller's holdings in Eastern, as of the end of 1973, were reported as 125,000 shares of common, an increase of 75,600 over the preceding year. His preferred holdings were the same as the preceding year, 216,736, which was 100 percent of that preferred issue.

The report filed for Mr. Rockefeller this year also states that his maximum interests in Eastern during 1973 were 125,000 shares of common. The previous year, as I pointed out above, his agent reported that at the end of 1972 he had 49,400 shares of common, and that 49,400 was the maximum interest he had held in Eastern during 1972.

In Eastern's March 22, 1974, submission to the CAB regarding its 30 top stockholders, Mr. Rockefeller was listed as stockholder No. 21, with those 49,400 shares of common stock. However, Eastern was asked by the CAB to revise this list, and properly so, because the airline had not treated holdings of brokers, in the name of Cede & Co.—nominee for Depository Trust, subsidiary of the New York Stock Exchange—as separate stockholders. After treating brokers as individual stockholders, Mr. Rockefeller's voting common stock interests were insufficient to include his holdings of 49,400 shares in the listing of the top 30.

However, Eastern's March 22 submission to the CAB did not mention Mr. Rockefeller's preferred stock, the $3.75 convertible preferred issue of 1967. This stock has voting rights. And all of it, the 216,736 shares, is owned by Laurance Rockefeller.

After further exchange of correspondence with the CAB, Eastern's Board Chairman F. D. Hall advised the CAB on November 14, 1974, that Laurance S. Rockefeller was stockholder No. 7, with 266,136 shares, that being the sum of his preferred stock and the 49,400 shares of common referred to above.

But Eastern's board chairman still could not verify Mr. Rockefeller's holdings of an additional 75,600, for the total of 125,000 shares of common stock reported by Mr. Rockefeller's agent in February.

COMMENTARY

Where are those other 75,600 shares of Laurence Rockefeller's common stock? They could be in a brokerage account, such as Merrill Lynch, which is the largest stockholder in Eastern, holding 12.74 percent of the stock. Or they could be in a custodial account of a bank such as the Bank of New York, Morgan Guaranty Trust or Chase Manhattan, each of which through nominees holds more than 1 percent of the company's stock. Or they could be in a combination of street name or nominee accounts. As the junior Senator from Ohio (Mr. METZENBAUM) and other students of the subject know, it is not uncommon for a substantial investor to hold stock in a company in several different accounts.

Mr. President, the record of this case so far does not show any impropriety by Laurance Rockefeller. What the case does show is that while some progress is being made in improving the accuracy and detail in reports to regulatory agencies regarding corporate ownership and control, the Congress must continue to work for improvement, and insist that commissions use the substantial powers granted them by the Congress to require adequate and accurate submissions.

The Subcommittee on Budgeting, Management and Expenditures, in cooperation with the Subcommittee on Intergovernmental Relations, the General Accounting Office and the independent regulatory commissions, is continuing to work at this problem. The CAB is continuing its pursuit of this particular case and it is my intention to send these remarks to Mr. Rockefeller along with a request for his comments.

I would point out here that there is substantial support among chief executive officers of small and medium-sized publicly held corporations for identification of the persons or institutions whose proprietary interests in their companies are shrouded in a maze of street names and nominees. Translation and aggregation of nominee and street name accounts, with subsequent reporting of major stockholdings in the name of whoever exercises voting rights, is a fundamental requirement of a regulatory information system.

Yet some agencies continue to propound questionnaires which will not provide the answers which we need, and which Congress thinks it is getting. The most recent example of this is the proposed Treasury questionnaire, which appeared in the November 1 issue of the Federal Register. It is supposed to obtain information on foreign ownership in this country, pursuant to Public Law 93–479, the Foreign Investment Study Act of 1974, which states in section 6 that the Secretary of the Treasury shall, along with other responsibilities under the act, "study and analyze the concentration and distribution of foreign portfolio investment in specific United States economic sectors" and "identify the processes and mechanisms through which foreign portfolio investment is made in the United States, the financing methods used, and the effects of foreign portfolio investment on American financial markets." However, the proposed regulations do not require identification of foreign owners. I see no justification for issuing lesser reporting requirements for foreign interests than for domestic stockholders.

Mr. President, I ask unanimous consent to insert at this point in the RECORD the correspondence to which I referred regarding Laurance Rockefeller and Eastern Air Lines, Inc. The materials include a November 8 letter to me from Chairman Timm of the CAB, with enclosures, the November 5 letter from W. Fletcher Lutz, Director, Bureau of Accounts and Statistics, CAB, to F. D. Hall, chairman of the board and president of Eastern Air Lines Inc., and Mr. Lutz' November 22 letter with enclosures to Subcommittee Staff Director Vic Reinemer.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CIVIL AERONAUTICS BOARD,
Washington, D.C., November 8, 1974.

Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: In response to a telephone request October 22, 1974, by Mr. Vic Reinemer, Staff Director, Senate Subcommittee on Budgeting, Management, and Expenditures, the Board's Staff reviewed its information regarding the security interests of Mr. Laurence Rockefeller in Eastern Air Lines, Inc.

I have enclosed copies of Mr. Rockefeller's reports filed with the Civil Aeronautics Board under Subpart B of Part 245 of the Board's Economic Regulations for the years ended December 31, 1972 and December 31, 1973. In addition, I have also enclosed copies of responses by Mr. F. D. Hall, the Chairman of the Board of Directors of Eastern Air Lines, Inc., to my request of March 5, 1974, for a listing of Eastern's top thirty shareholders and a copy of Eastern's Proxy Statement for their annual stockholders meeting held April 23, 1974.

You will note that on Eastern's original submission dated March 22, 1974, Mr. Rockefeller was listed twenty-first among the top thirty shareholders with 49,400 shares of voting common stock. However, because Eastern's original listing aggregated shares in the name of Cede & Co., Eastern was requested by the Board's Director, Bureau of Accounts and Statistics to file a revised listing which treated holdings of brokers in the name of Cede & Co., as separate stockholders. Eastern responded again by letter dated April 22, 1974 with a revised listing. After treating brokers as individual stockholders, Mr. Rockefeller's voting common stock interests were insufficient to include his holdings in the listing of the top thirty.

We are aware of the difference between Mr. Rockefeller's report of his common stock holdings as of December 31, 1973 and Eastern's submissions in response to my top thirty shareholders request. However, we attribute this difference to the fact that Mr. Rockefeller's report showed his interests as of December 31, 1973, while the Eastern submissions were prepared from a listing of shareholders as of March 8, 1974. This was the record date of shareholders entitled to vote at Eastern's Annual Meeting of Stockholders held on April 23, 1974.

Section 245.15 of the Board's Economic Regulations requires a report of security transactions involving more than 5 percent of any class of capital stock. Since Mr. Rockefeller's common stock interests were well below that level, he would not be required to report a transaction involving the disposition of his common stock interests.

Notwithstanding the difference between Mr. Rockefeller's report of his common stock holdings as of December 31, 1973, and Eastern's submission in response to my top thirty shareholders request, the Staff has learned from Securities and Exchange Commission records that Mr. Rockefeller's preferred shares were entitled to one vote per share at Eastern's Annual Stockholders Meeting held April 23, 1974.

In view of the foregoing, the Staff has requested Mr. Hall to review his records and resubmit a listing of Eastern's top thirty voting shareholders which aggregates Mr. Rockefeller's common and preferred interests if they were, in fact, entitled to equal voting rights at the April 23, 1974 meeting. In addition, we have requested information regarding restrictions, if any, which could limit the voting rights of the preferred stock.

Mr. Reinemer will be kept informed of the outcome of this matter and the revised listing will be transmitted to you as soon as possible.

Sincerely,

ROBERT D. TIMM,
Chairman.

NEW YORK, N.Y., *May 24, 1973.*

Mr. HARRY J. ZINK,
Secretary, Civil Aeronautics Board, Washington, D.C.

DEAR MR. ZINK: I enclose herewith Report of Mr. Laurance S. Rockefeller pursuant to Subpart B of Part 245 of the Economic Regulations of the Board covering his interest in Eastern Air Lines Incorporated. The report is late this year because of a staff error. Your indulgence is requested.

Very truly yours,

DAVID G. FERNALD.

REPORT

Pursuant to Part 245, Subpart B, of the Economic Regulations of the United States Civil Aeronautics Board.

RE: EASTERN AIR LINES INCORPORATED

I. Name and address of person reporting: Laurance S. Rockefeller, Room 5600, 30 Rockefeller Plaza, New York, New York 10020.

II. Interests held as of December 31, 1972:

Amount	Security	Percentage of issue
49,400 shares [1]	Common stock, par $1	0.289
216,736 shares [1]	3¾ percent convertible preferred stock, par $100.	100.00
III. Maximum interests held during year preceding Dec. 31, 1972:		
49,400 shares [1]	Common stock, par $1	.289
216,736 shares [1]	3¾ percent convertible preferred stock, par $100.	100.00

[1] Held beneficially and of record.

NEW YORK, N.Y., *February 1, 1974.*

Mr. HARRY J. ZINK,
Secretary, Civil Aeronautics Board,
Washington, D.C.

DEAR MR. ZINK: I enclose herewith Report of Mr. Laurance S. Rockefeller pursuant to Subpart B of Part 245 of the Economic Regulations of the Board covering his interest in Eastern Air Lines Incorporated.

Very truly yours,

DAVID G. FERNALD.

REPORT

Pursuant to Part 245, Subpart B, of the Economic Regulations of the United States Civil Aeronautics Board

RE: EASTERN AIR LINES INCORPORATED

I. Name and address of person reporting: Laurance S. Rockefeller, Room 5600, 30 Rockefeller Plaza New York, New York 10020.

II. Interests held as of December 31, 1973:

Amount	Security	Percentage of issue
125,000 shares [1]	Common stock, par $1	0.6564
216,736 shares [1]	3¾ percent convertible preferred stock, par $100.	100.00
III. Maximum interests held during year preceding Dec. 31, 1973:		
125,000 shares [1]	Common stock, par $1	.6564
216,736 shares [1]	3¾-percent convertible preferred stock, par $100.	100.00

[1] Held beneficially and of record.

EASTERN AIR LINES, INC.,
April 22, 1974.

Mr. W. FLETCHER LUTZ,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

DEAR MR. LUTZ: In reply to your April 12, 1974, letter, our recent submission of the list of Eastern's 30 largest Common Stock holders was prepared in accordance with our understanding of the six-step methodology previously furnished. The third paragraph of your instant letter changes our understanding of the previous methodology.

We now have removed all other brokers from the Cede & Company holdings and treated them as individual stockholders for the purpose of your listing. We also added to each broker's holdings removed from Cede any shares of record in each particular broker's name. After applying this amended procedure, we revised the resulting list of the top 30 stockholders. The new list changes our earlier submission of the top 30 holders and at the same time eliminates Cede & Company completely. Two copies of such revised listing are attached.

Sincerely,

F. D. HALL.

EASTERN AIR LINES, INC.

COMMON STOCKHOLDER LISTING AS OF MAR. 8, 1974

Principals of record Mar. 8 1974	Mailing address	Explanation	Number of shares	Percentage of issued and outstanding shares
1. Merrill Lynch, Pierce, Fenner & Smith, Inc	1 Liberty Plaza, New York, N.Y	Broker with redistribution from Cede	2,454,081	12.87
2. Bank of New York	Box 11203, New York, N.Y	And nominees	721,456	3.79
3. Bache & Co	100 Gold St., New York, N.Y	Broker with redistribution from Cede	702,981	3.70
4. Morgan Guaranty Trust Co. of New York	Box 491, Church Street Station, New York, N.Y	With redistribution from Cede	352,436	1.85
5. E. F. Hutton & Co	1 Battery Pl., New York, N.Y	Broker with redistribution from Cede	329,717	1.73
6. Reynolds Securities, Inc	120 Broadway, New York, N.Y	do	271,948	1.43
7. Shearson, Hammill Co., Inc	14 Wall St., New York, N.Y	do	241,383	1.28
8. Chase Manhattan Bank	Box 1508, Church Street Station, New York, N.Y	And nominees	240,980	1.27
9. Thomson & McKinnon, Auchinloss Kohlmeyer Inc.	2 Broadway, New York, N.Y	Broker with redistribution from Cede	236,997	1.25
10. Dean Witter & Co. Inc	14 Wall St., New York, N.Y	do	228,363	1.20
11. Paine Webber, Jackson & Curtis Inc	140 Broadway, New York, N.Y	do	222,985	1.18
12. Hornblower & Weeks-Hemphill, Noyes, Inc	120 Wall St., New York, N.Y	Broker-redistributed from Cede	212,422	1.13
13. Loeb, Rhoades & Co	42 Wall St., New York, N.Y	do	210,081	1.10
14. Pershing & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	175,896	.92
15. A. G. Edwards	1 North Jefferson St., St. Louis, Mo	Broker-redistributed from Cede	174,098	.91
16. The Firestone Bank of Ohio	1115 South Main St., Akron, Ohio	And nominees	167,000	.87
17. Harris, Upham & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	161,829	.84
18. Hayden Stone Inc	1 W.U.I. Pl., New York, N.Y	do	150,238	.78
19. Girard Trust Bank	C/o Trust Department, Box, 7334, Philadelphia, Pa	And nominees	114,830	.60
20. Manufacturers Hanover Trust	Securities Department, 40 Wall St., New York, N.Y	With nominees; also with redistribution from Cede	103,692	.54
21. First National City Bank of New York	20 Exchange Pl. New York, N.Y	do	88,203	.46
22. Swiss Bank Corp	15 Nassau St., New York, N.Y	And nominee	79,839	.42
23. Midwest Stock Exchange Clearing Corp	120 LaSalle St., Chicago, Ill	do	75,962	.40
24. Edwards & Hanly	200 N. Franklin St., Hempstead, N.Y	Broker with redistribution from Cede	74,300	.39
25. Pacific Securities Depository	Box 7877 San Francisco, Calif	And nominee	71,899	.38
26. Reserve Life Insurance Co	Att. Investment Department Box 6166, Dallas, Tex	Individual Co	68,786	.36
27. Madison Fund Inc	501 Farmers Bank Bldg., Wilmington, Del	And nominee	60,000	.32
28. Dupont Glore, Forgan Inc	77 Water St., New York, N.Y	Broker with redistribution from Cede	59,927	.31
29. Brown Bros, Harriman & Co	67 Wall St., New York, N.Y	do	52,494	.28
30. Grady L. Clark	3385 Ritman Rd., NW. Atlanta, Ga	Individual	50,000	.26
Total			8,154,823	42.82

NOTES

This listing as of March 8, 1974 which is record date of stockholders entitled to vote at Eastern's Annual Meeting of Stockholders to be held on April 23, 1974 in New York City, and used since full stockholders list and other data available as of March 8 and not at other dates entailing excessive cost.

Step-by-step prescribed procedure listing six steps was followed plus letter of April 12, 1974 from Mr. W. Fletcher Lutz.

It is impossible to list in order of number of shares owned (high to low) the 30 stockholders that "own" the most stock since there is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers or nominees names, or for that matter in any other name.

EASTERN AIR LINES, INC., *March 22, 1974.*

HON. ROBERT D. TIMM,
Chairman, Civil Aeronautics Board, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your letter dated March 5, 1974, we have prepared the attached listing of 30 of our stockholders in accordance with the step-by-step prescribed procedure you enclosed for our use to minimize the burden of the request.

We also are sending a copy of the foregoing to the Director, Bureau of Accounts and Statistics, simultaneously with this mailing, as directed in your letter.

Sincerely,

F. D. HALL.

EASTERN AIR LINES, INC.

STOCKHOLDER LISTING AS OF MAR. 8, 1974

Principals of record Mar. 8, 1974	Mailing address	Explanation	Number of shares	Percentage of issued and outstanding shares
1. Cede & Co	Box 20, Bowling Green Station, New York, N.Y.	After redistribution to any others listed herein	3, 456, 465	18. 15
2. Merrill Lynch, Pierce, Fenner & Smith, Inc	1 Liberty Plaza, New York, N.Y	With redistribution from Cede	2, 454, 081	12. 87
3. Bank of New York	Box 11203, New York, N.Y	And nominees	721, 456	3. 79
4. Bache & Co	100 Gold St., New York, N.Y	With redistribution from Cede	702, 981	3. 69
5. Morgan Guaranty Trust Co of New York	Box 491 Church Street Station, New York, N.Y	With redistribution from Cede; and nominees	352, 436	1. 85
6. E. F. Hutton & Co	1 Battery Pl., New York, N.Y	With redistribution from Cede	329, 717	1. 73
7. Chase Manhattan Bank	Box 1508 Church Street Station, New York, N.Y	And nominees	240, 980	1. 27
8. Paine, Webber, Jackson & Curtis, Inc	140 Broadway, New York, N.Y	With redistribution from Cede	222, 895	1. 18
9. The Firestone Bank of Akron, Ohio	1115 South Main St., Akron, Ohio	And nominees	167, 000	. 88
10. Girard Trust Bank	c/o Trust Department Box 7334, Philadelphia, Pa.	do	114, 830	. 61
11. Manufacturers Hanover Trust	Company Securities Department, 40 Wall St., New York, N.Y.	With nominees; also with redistribution from Cede	103, 692	. 54
12. First National City Bank	20 Exchange Pl., New York, N.Y.	With nominees; also with redistribution from Cede	88, 203	. 46
13. Swiss Bank Corp	15 Nassau St., New York, N.Y	And nominee	79, 839	. 42
14. Midwest Stock Exchange Clearing Corp	120 LaSalle St., Chicago, Ill	do	75, 962	. 40
15. Pacific Securities Depository	Box 7877, San Francisco, Calif	do	71, 899	. 38
16. Reserve Life Insurance Co	Attention Investment Department, Box 6166, Dallas Tex.	Individual Co	68, 786	. 36
17. Madison Fund, Inc	501 Farmers Bank Bldg., Wilmington, Del	And nominee	60, 000	. 32
18. Dupont Glore Forgan, Inc	77 Water St., New York, N.Y	With redistribution from Cede	59, 927	. 31
19. Brown Bros. Harriman & Co	59 Wall St., New York, N.Y	Brokers	52, 494	. 28
20. Grady L. Clark	3385 Rilman Rd. NW., Atlanta, Ga	25,000 in Trust Co. of Georgia; 25,000 in own name	50, 000	. 26
21. Laurance S. Rockefeller	30 Rockefeller Plaza, Room 5600, New York, N.Y.	Individual	49, 400	. 26
22. Bank of California, N. A	Custodian Cashiering Department, P. O. Box 4 5019, San Francisco Calif.	And nominee	45, 000	. 24
23. First National Bank of Chicago	1 First National Pl., Chicago, Ill	And nominees	42, 660	. 22
24. MLRS & Co	20 King St West Toronto, 1, Ontario, Canada	Individual Co	42, 567	. 22
25. Mrs. Paul's Kitchens	5830 Henry Ave., c/o J. Lash, Philadelphia, Pa	do	36, 400	. 19
26. Rush & Co	P.O. Box 61 Wall Street Station, New York, N.Y	Broker	35, 068	. 18
27. Irving Trust Co	Custodies Department, 1 Wall St., New York, N.Y	And nominees	34, 485	. 18
28. Bankers Trust Co	Box 2444 Church Street Station, New York, N.Y	do	34, 000	. 18
29. Lavern G. King	6625 Sodom-Hutchings Rd, Girard, Ohio	Individual	31, 950	. 17
30. Continental Bank	231 South LaSalle St., Trust Records Account, Chicago, Il.	And nominees	31, 717	. 17
Grand total			9, 856, 890	51. 76

NOTES

This listing as of March 8, 1974 which is record date of stockholders entitled to vote at Eastern's Annual Meeting of Stockholders to be held on April 23, 1974 in New York City, and used since full stockholders list and other data available as of March 8 and not at other dates entailing excessive cost.

Step-by-step prescribed procedure listing six steps was followed.

It is impossible to list in order of number of shares owned (high to low) the 30 stockholders that *"own"* the most stock since there is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers or nominees names, or for that matter in any other name.

NOVEMBER 5, 1974.

Mr. F. D. HALL,
Chairman of the Board and President, Eastern Air Lines, Inc., New York, N.Y.

DEAR MR. HALL: The Civil Aeronautics Board has received an inquiry from the Staff Director of the Senate Subcommittee on Budgeting, Management and Expenditures, Senate Committee on Government Operations with regard to the listing of Eastern's top thirty voting shareholders which you supplied in response to Chairman Timm's request of March 5, 1974.

The inquiry was specifically directed at the voting shares of Mr. Laurance Rockefeller. Mr. Rockefeller's interests were not mentioned in the revised listing which you submitted with a letter dated April 22, 1974. According to our records Mr. Rockefeller's interests as of December 31, 1973, consisted of 125,000 shares of common stock and 216,736 shares of $3.75 cumulative preferred stock. A review of Eastern's Proxy Statement for the Annual Stockholder's Meeting held April 23, 1974, indicates that Mr. Rockefeller's preferred stock was entitled to one vote per share. Accordingly, it appears that Mr. Rockefeller's preferred shares should have been included in your listing of Eastern's top thirty voting shareholders.

If our assumption is correct, we are requesting that you file a revised listing which aggregates Mr. Rockefeller's preferred and common shares as of the date you prepared the original submission so that we may correct our records and the report we issued Senator Lee Metcalf. The revised listing should be submitted in the same format as your previous submission. It should include the percentage of shares held by each stockholder in relation to Eastern's total outstanding voting shares making no distinction between common and preferred shares provided, they had equal voting rights at the April 23, 1974, meeting.

Since it is our understanding that the voting rights of preferred shares are fixed by Eastern's Board of Directors, it would also be helpful to know if there are any restrictions which would alter the voting rights of preferred shares.

Finally, we request your cooperation in filing the revised listing as soon as possible, so that this matter may be quickly resolved.

Sincerely yours,

CLIFFORD M. RAND,
(For W. Fletcher Lutz,
Director, Bureau of Accounts and Statistics.)

CIVIL AERONAUTICS BOARD,
Washington, D.C., November 22, 1974.

Mr. VIC REINEMER,
Staff Director, Senate Subcommittee on Budgeting Management and Expenditures, Washington, D.C.

DEAR MR. REINEMER: In response to your inquiry of October 22, 1974, we have enclosed a revised listing of the top thirty voting shareholders of Eastern Air Lines, Inc.

The listing supersedes the listing of Eastern's top thirty shareholders as set forth in the CAB report dated July 1974 which did not include the preferred shares held by Mr. Laurence S. Rockefeller.

Mr. F. D. Hall, Chairman of the Board and President of Eastern, indicated in a letter accompanying the revised listing that Mr. Rockefeller owned 49,400 common shares and 216,736 preferred shares of capital stock as at March 8, 1974. Mr. Hall's letter does not resolve a difference between the common stock Mr. Rockefeller reports owning as of December 31, 1973, and Eastern's records as of December 31, 1973.

Mr. Rockefeller will be notified of this difference and requested to review his records and, if necessary, file a revised report under Part 245 of the Economic Regulations.

Sincerely yours,

JOHN J. SANDY,
(For W. Fletcher Lutz,
Director, Bureau of Accounts and Statistics.)

EASTERN AIRLINES, INC.

VOTING STOCKHOLDER LISTING AS OF MAR. 8, 1974

Principals of record Mar. 8, 1974	Mailing address	Explanation	Number of shares	Percentage of issued and outstanding shares
1. Merrill Lynch, Pierce Fenner & Smith, Inc	1 Liberty Plaza, New York, N.Y	Broker with redistribution from Cede	2, 454, 081	12. 74
2. Bank of New York	Box 11203, New York, N.Y	And nominees	721, 456	3. 75
3. Bache & Co	100 Gold St., New York, N.Y	Broker with redistribution from Cede	702, 981	3. 65
4. Morgan Guaranty Trust Co. of New York	Box 491, Church Street, Station, New York, N.Y	With redistribution from Cede	352, 436	1. 83
5. E. F. Hutton & Co	1 Battery Pl., New York, N.Y	Broker with redistribution from Cede	329, 717	1. 71
6. Reynolds Securities, Inc	120 Broadway, New York, N.Y	do	271, 948	1. 41
7. Laurance S. Rockefeller	30 Rockefeller Plaza, Room 5600, New York, N.Y	Individual	[1] 266, 136	1. 38
8. Shearson, Hammill Co. Inc	14 Wall St., New York, N.Y	Broker with redistribution from Cede	241, 383	1. 25
9. Chase Manhattan Bank	Box 1508, Church Street Station, New York, N.Y	And nominees	240, 980	1. 25
10. Thomson & McKinnon, Auchincloss, Kohlmeyer, Inc.	2 Broadway, New York, N.Y	Broker with redistribution from Cede	236, 997	1. 23
11. Dean Witter & Co. Inc	14 Wall St., New York, N.Y	do	228, 363	1. 19
12. Paine Webber, Jackson & Curtis Inc	140 Broadway, New York, N.Y	do	222, 985	1. 16
13. Hornblower & Weeks-Hemphill, Noyes, Inc	120 Wall St., New York, N.Y	Broker-redistributed from Cede	212, 422	1. 10
14. Loeb, Rhoades & Co	42 Wall St., New York, N.Y	do	210, 081	1. 09
15. Pershing & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	175, 896	. 91
16. A. G. Edwards	1 North Jefferson St., St. Louis, Mo	Broker-redistributed from Cede	174, 098	. 90
17. The Firestone Bank of Ohio	1115 South Main St., Akron, Ohio	And nominees	167, 000	. 87
18. Harris, Upham & Co	120 Broadway, New York, N.Y	Broker with redistribution from Cede	161, 829	. 84
19. Hayden Stone Inc	1 W.U.I. Plaza, New York, N.Y	do	150, 238	. 78
20. Girard Trust Bank	c/o Trust Department Box, 7334, Philadelphia, Pa	And nominees	114, 830	. 60
21. Manufacturers Hanover Trust	Securities Department, 40 Wall St., New York, N.Y	With nominees; also with redistribution from Cede	103, 692	. 54
22. First National City Bank of New York	20 Exchange Fl., New York, N.Y	With nominees; also with redistribution from Cede	88, 203	. 46
23. Swiss Bank Corp	15 Nassau St., New York, N.Y	And nominee	79, 839	. 41
24. Midwest Stock Exchange Clearing Corp	120 LaSalle St., Chicago, Ill	do	75, 962	. 39
25. Edwards & Hanly	200 North Franklin St., Hempstead, N.Y	Broker with redistribution from Cede	74, 300	. 39
26. Pacific Securities Depository	Box 7877, San Francisco, Calif	And nominee	71, 899	. 38
27. Reserve Life Insurance Co	Attention Investment Department, Box 6165, Dallas, Tex.	Individual Company	68, 786	. 36
28. Madison Fund Inc	501 Farmers Bank Bldg., Wilmington, Del	And nominee	60, 000	. 31
29. Dupont Glore, Forgan Inc	77 Water St., New York, N.Y	Broker with redistribution from Cede	59, 927	. 31
30. Brown Bros., Harriman & Co	67 Wall St., New York, N.Y	do	52, 494	. 27
Total			8, 370, 959	43. 46

[1] Includes 216,736 shares of preferred stock (100 percent).

NOTES

This listing as of March 8, 1974 which is record date of stockholders entitled to vote at Eastern's Annual Meeting of Stockholders to be held on April 23, 1974 in New York City, and used since full stockholders list and other data available as of March 8 and not at other dates entailing excessive cost.

Step-by-step prescribed procedure listing six steps was followed plus letters of April 12, 1974 and November 5, 1974 from Mr. W. Fletcher Lutz.

It is impossible to list in order of number of shares owned (high to low) the 30 stockholders that *"own"* the most stock since there is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers or nominiss names, or for that matter in any other name.

EASTERN AIR LINES, INC.,
November 14, 1974.

In re: Your Ref.: B-40-44.
Mr. W. FLETCHER LUTZ,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

DEAR MR. LUTZ: As requested in your letter of November 5, 1974, we are herewith enclosing two copies of a revised listing of our 30 largest Voting Shareholders of Records as of March 8, 1974.

This revised listing now includes a 216,736 shares (total outstanding) of the $3.75 Cumulative Preferred Stock and 49,400 shares of the Common Stock, all of record in the name of Laurance S. Rockefeler. Each share of both Preferred and Common is entitled to one vote. There are no restrictions which would alter the voting rights of the Preferred shares.

We note in the second paragraph of your letter that, according to your records, Mr. Rockefeller's interest as of December 31, 1973, consisted of 125,000 shares of Comomn Stock and 216,736 shares of Preferred Stock. We cannot verify the 125,000 figure as the stockholders' lists for December 31, 1973 and March 8, 1974 both show a holding of record of 49,400 Common shares.

Sincerely,

F. D. HALL.

Mr. METCALF. Mr. President, I would add one note to Eastern's comments that—

> There is no way that Eastern can determine the "beneficial holders" (owners) of shares held in brokers' or nominees' names, or for that matter in any other name.

Eastern can ask the brokers and the banks who hold stock for others to identify the major beneficial holders, and supply that information to the CAB, just as railroads and motor carriers now obtain such information which they then file with the Interstate Commerce Commission.

SENATOR RANDOLPH COMMENDS ELLEN KIRBY OF PETERSBURG, W. VA., ON BEING NAMED 1 OF 10 OUTSTANDING YOUNG WOMEN OF AMERICA FOR 1974

Mr. RANDOLPH. Mr. President, on Tuesday, December 3, 10 young women from throughout the Nation were presented at a special awards luncheon in the Nation's Capital as the 10 Outstanding Young Women of America for 1974.

Sponsored by leading women's organizations, the Young Women of America program each year—through its annual awards, honors women between the ages of 21 and 35 for professional and civic achievement.

We are especially gratified that one of the honorees to receive this significant award was Ellen Irene Kirby of Petersburg, W. Va. Others in the top 10 include Carolyn Louise Stapleton, Atlanta, Ga.; Dianne Stone Milhollin, Moscow, Idaho; Judith Anne Bensinger, Chicago, Ill.; Karel Colette Petraitis, College Park, Md.; Linda Louise Glenn, Omaha, Nebr.; Martha K. Schweback, Moriarty, N. Mex.; Lynn Dianne Salvage, New York, N.Y.; Lelia Kasenia Foley, Taft, Okla., and Gilda Marie Iriarte of Washington, D.C.

The board of judges included Carmen R. Maymi, director of the Labor Department's Women's Bureau; former Supreme Court Justice Tom C. Clark; Dr. Bertha Adkins, Chairman, Federal Council on Aging; Capt. Donald K. Forbes, Commandant of the Midshipmen, U.S. Naval Academy, and Mary Kathleen Taylor, editor of the General Federation of Women's Clubs' publication, Clubwoman. Ellen Kirby is the Grant County Public Health Nurse. She attended Texas Woman's University College of Nursing and Physical Modalities Institute, Inc. and Rockingham Memorial Hospital School of Nursing.

She is involved in professional and civic activities, the Parent Advisory Counsel, the American Nurses' Association, the West Virginia Nurses Association and the National Registry of Registered Nurse Therapists. Ellen serves as an advisor on health care for children, and is active in the 4-H program, and in her church.

Ellen attends educational courses and workshops where her medical skills are improved in such areas as treatment of arthritis, heart defects, strokes, and rural health.

She is the daughter of Earl and Neva Groves of Maysville. She grew up on a farm. Ellen was active in 4-H at an early age and has been selected by the National 4-H Foundation and the Cooperative Extension Service of West Virginia University to serve as goodwill ambassador to Norway. She has been the West Virginia delegate to the World's International Farm Youth Exchange Conference and also was the only IFYE representative from West Virginia to the International 4-H Programs Workshop in 1972. During that same year, she was selected as first runner-up in State competition for Young Career Woman.

Ellen, an extremely personable young lady, is married and the mother of a 6-month-old son.

ISSUES IN THE ROCKEFELLER NOMINATION—PART II: THE CASE OF L. JUDSON MORHOUSE

Mr. HELMS. Mr. President, yesterday I laid forth some basic considerations as to why the Rockefeller nomination was ill-suited to the times in which we live, and would bring the procedures of the 25th amendment into disrepute. As I said then, it is the conviction of many people, myself included, that he would be totally unable to separate himself from the suspicion that his official duties, particularly if he succeeded to the Presidency, were influenced by the goals and aspirations of the Rockefeller family dynasty.

Today, however, I wish to turn to something more specific, and that issue is Mr. Rockefeller's relationship with Mr. L. Judson Morhouse, formerly State Chairman of the Republican Party of New York. It is, of course, embarrassing for any political figure to have a close associate tried and convicted for participating in a bribery scheme. It is also true that the bribery plot did not touch the Governor personally.

STANDARDS OF WATERGATE

But since we are considering the elevation of Mr. Rockefeller to high executive office, it is pertinent to examine his attitude toward corruption as already documented in his gubernatorial administration. Since Watergate, we have higher standards about such issues than we have had in past; certainly we are more sensitive about the treatment of those standards. And since our former President stands disgraced because of his lack of candor with regard to corruption in his administration, we would certainly be remiss if we elevated a man to the succession to the Presidency whose standards of candor were, in the minds of countless Americans, equally in question.

Our view of Mr. Rockefeller's character must inevitably be colored not only by what Mr. Rockefeller revealed about the Morhouse case, but also by what he concealed.

MR. ROCKEFELLER'S MISLEADING TESTIMONY

Unfortunately, we do not yet have the whole truth about the Morhouse case. A study of the hearing record can only lead us reluctantly to the conclusion that Mr. Rockefeller deliberately set about to minimize the impact of his relationship with Mr. Morhouse, and even to mislead the Rules Committee and the American people. Certainly his sworn account of one material aspect of that relationship directly contradicts sworn testimony taken 2 years ago before the House Select Committee on Crime, and is apparently also at variance with testimony and evidence introduced at the trial and conviction of one of Mr. Morhouse's associates. I shall go into details on these points in a moment.

But before we begin to analyze the Morhouse case, we should bear in mind that the crucial issue is not how Mr. Rockefeller acted in 1961 when Mr. Morhouse was implicated in the bribery plot and Mr. Morhouse's reputation was publicly accused beyond the capability of cover-up, but rather how Mr. Rockefeller acted in 1959 and 1960 when a scandal would have torpedoed his well-oiled operation intended to capture the Presidential nomination. And perhaps of more importance to us today is consideration of how Mr. Rockefeller acted in 1974 before the Rules Committee. In both cases his actions were reprehensible; but, as I said before, in 1974 we ought to be more sensitive to such actions.

KEY SIGNIFICANCE OF MORHOUSE

To begin with, Mr. Rockefeller on several occasions emphasized that Mr. Morhouse was the only one of his appointees to be convicted for corruption. I don't know why he placed this emphasis on Mr. Morhouse as the solitary criminal example, unless it was to minimize the importance of Mr. Morhouse in his administration. This in itself distorts the significance of Mr. Morhouse. In actuality, Mr. Morhouse first became New York State chairman through the good offices of the late Thomas E. Dewey. It was Mr. Morhouse who, in effect, appointed Mr. Rockefeller.

As State chairman, it was Mr. Morhouse who first championed Mr. Rockefeller as a Republican gubernatorial candidate against considerable opposition, and it was Mr. Morhouse who scoured the State lining up county chairmen behind the Rockefeller ticket in advance of the 1958 State convention. It was Mr. Morhouse who was popularly credited with creating Mr. Rockefeller as an electable politician. At least that was the judgment of the New York Times in a portrait of Mr. Morhouse published on August 25, 1958. I will quote only two sentences frcm that article:

> L. Judson Morhouse established himself today as a major power in Republican state politics in his own right with his re-election to his third two-year term as state chairman. . . .
>
> By engineering the selection of Nelson A. Rockefeller as this year's candidate, in the face of strong early opposition from powerful groups within the party, he demonstrated his graduation from the amateur to the professional class in politics.

Mr. President, I shall ask unanimous consent that the whole article be printed in the RECORD at the conclusion of my remarks as appendix A.

This commonly accepted political wisdom was contradicted in the Senate hearings by Mr. Rockefeller in an exchange which is strikingly self-serving:

> Senator ALLEN. Was Mr. Morhouse instrumental in your getting the Republican nomination?
>
> Mr. ROCKEFELLER. No, sir.
>
> Senator ALLEN. He had nothing to do with it?
>
> Mr. ROCKEFELLER. Well, he was state chairman, but we had a system at that time where each county had a county committee.
>
> Senator ALLEN. But he supported you personally?
>
> Mr. ROCKEFELLER. Not in the beginning.
>
> Senator ALLEN. I see. When did the support start?
>
> Mr. ROCKEFELLER. If you will forgive me for saying so, when he saw I was going to win.

CREWS AND EPSTEIN

In "engineering the selection of Mr. Rockefeller," Mr. Morhouse had to convince many of the party leaders that Mr. Rockefeller, who was being promoted as an upstate New Yorker, would indeed look out for the interests of the party in New York City. One of the key leaders who became convinced and went over to Mr. Rockefeller's camp at a crucial moment, was John R. Crews, the Brooklyn party chief. In 1959, Governor Rockefeller appointed a well-known Brooklynite, Mr. Martin C. Epstein, to the State liquor authority. On September 13, 1960, Mr. Rockefeller named him as chairman.

In an article in the New York Times, November 27, 1962, Mr. Epstein's relationship with Mr. Crews was described this way:

> In 1960, he was appointed chairman of the State Liquor Authority by Governor Rockefeller on the recommendation of the Brooklyn Republican leader, John R. Crews, with whom Mr. Epstein grew up.

Mr. President, I shall ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks as appendix B.

By the time this article appeared, Mr. Epstein was appearing before a grand jury investigating the State liquor authority. He was subsequently indicted and fled prosecution to the State of Florida. To the extent I have been able to find out, the Governor did not seek extradition. In all probability, if Mr. Epstein had been brought to trial in New York State, he would have been convicted. For in two separate trials, in 1964 and 1966, two individuals were convicted of conspiracy to bribe Mr. Epstein in connection with the issuance of a license to the Playboy Club in New York. The first man was a Chicago public relations man named Ralph Berger, and the second was Mr. L. Judson Morhouse. Mr. Morhouse was convicted on two counts: the first that he had aided the Playboy group in the bribery of Mr. Epstein, and the second that he himself had induced Mr. Epstein to accept an illegal fee.

Simply because Mr. Epstein was never brought to trial, Mr. Rockefeller is probably technically correct in implying that Mr. Morhouse was the only conviction for corruption. According to some newspaper reports, Mr. Epstein became seriously ill, so undoubtedly humanitarianism also played a role in the Governor's failure to pursue a prosecution that would have further embarrassed his administration.

FURTHER CORRUPTION IN LIQUOR AUTHORITY

Moreover, emphasizing the fact that only Mr. Morhouse was convicted also minimizes the generalized state of corruption in the State liquor authority under Mr. Rockefeller. It would be too tedious to recite here the whole history of the investigation, and I suggest that a glance at the many columns in the New York Times index dealing with the district attorney's investigation of the SLA for 1962, 1963, and 1964 would give an indication of the problem.

Mr. President, I shall ask unanimous consent that the sections of the New York Times index be printed in the RECORD at the conclusion of my remarks as appendix C.

Nor is it true that Governor Rockefeller lacked expert counsel on the situation in the SLA. For 27 years, his own attorney general, Mr. Louis J. Lefkowitz, was the law partner of Mr. Hyman D. Siegel, with a practice specializing in pleadings before the SLA. When Mr. Lefkowitz became attorney general, he left the partnership with Mr. Siegel. Mr. Siegel did not divorce himself from contacts with Governor Rockefeller's administration. During the Morhouse trial in 1966, Mr. Siegel's name was introduced in connection with the allegation that Mr. Epstein had urged the Playboy group to retain Mr. Siegel as part of the payoff. According to the New York Times account, Mr. Siegel was retained, but later withdrew and returned $5,000 to his client.

Meanwhile, Mr. Siegel had been indicted on several counts of conspiracy to pay unlawful fees to officials of the SLA. Complications arose with regard to evidence obtained by wiretaps, and the case was not disposed of until 1969 or *1970. At that* time, according to information received from the district attorney's office, Mr. Siegel pleaded guilty to the full indictment. He was fined instead of given a jail term on the grounds that he was over the age of 70, the case was 5 years old, and, as a lawyer, the grievance committee of the bar could take action. Mr. Siegel was subsequently censured and suspended by the bar association.

Mr. President, I ask unanimous consent that the article from the New York Times of May 4, 1966, be printed in the RECORD at the conclusion of my remarks as appendix D.

Mr. President, I realize that there are such things as political indictments. But there were also convictions. But it cannot be denied that the district attorney of New York County had uncovered a generalized system of corruption in the State liquor authority, that it reached to the highest levels in the authority, and that it came very close to the political bosses who put Nelson Rockefeller in power. I think that we need this perspective to understand that the Morhouse case was not an isolated phenomenon, or a peripheral incident. There was rottenness at the core. Those to whom Mr. Rockefeller owed a fundamental political debt had abused his trust and the public trust.

These incidents are so well-known in New York that they became an issue in Mr. Rockefeller's 1966 campaign for reelection, when his opponent, Franklin Delano Roosevelt, Jr., charged that Mr. Rockefeller had received the Republican nomination in 1958 as a result of a corrupt "deal" between Mr. Crews and Mr. Morhouse. Mr. Rockefeller's response at first was to refuse to dignify the charges with comment; later he denied that there was a "deal." But he could not deny that Mr. Crews was persuaded by Mr. Morhouse to back the Rockefeller candidacy at a crucial time, that Mr. Epstein was Mr. Crews' lifelong friend, that Mr. Crews did recommend Mr. Epstein, and that Mr. Rockefeller did appoint Mr. Epstein commissioner and later chairman of the SLA. Nor could he deny that Mr. Morhouse entered into a bribery conspiracy with Mr. Epstein.

Mr. President, I ask unanimous consent that a series of articles relating to this matter from the New York Times in October 1966, be printed in the RECORD at the conclusion of my remarks as appendix E.

THE PLAYBOY BRIBERY DEAL

What kind of a man was Mr. Morhouse when he was a member of Governor Rockefeller's chosen inner group? According to the accounts of his trial, Mr. Morhouse had demanded that $50,000 be given to Mr. Epstein, of which $25,000 was delivered and that $100,000 be given to himself in five yearly installments to secure the liquor license for the Playboy Club of New York. The conviction dealt only with the bribe to Mr. Epstein; by the peculiarity of New York law it was not illegal for a State party chairman to accept fees because as a party chairman he was not a public official of the State. In 1967, it became illegal for a party chairman in New York to accept such fees. Nevertheless, the $50,000 and the $100,000 were part of the same deal, and as far as the Playboy group was concerned, it was part of the cost of doing business under the Rockefeller administration. It was this $100,000, of which Mr. Morhouse got only $18,000 before the scandal broke, that Governor Rockefeller referred to before the Rules Committee on November 14 as a "public relations fee."

The accounts of Mr. Morhouse's trial make it clear just what kind of public relations services he performed. The Playboy witnesses testified that Mr. Morhouse first asked not only for $100,000, but also for an option to buy 100,000 shares of stock in the club, and the gift shop concession in Playboy clubs in several cities. They were able to convince him to drop the stock option demand when they told him his name would become public. This passion for anonymity also overcame him when he received his first $10,000 check from the Playboy Club; he sent it back and got a replacement check drawn on the account of H. & H. Publishing Co., the publisher of Playboy magazine. Moreover, when the grand jury subpenaed the Playboy Club books, and Mr. Morhouse realized that the payments were recorded and would be discovered, he wrote a letter to Mr. Hugh M. Hefner, top officer for Playboy, setting forth that he had not accepted fees from the Playboy Club nor performed any services for the club, and asked Mr. Hefner to "make prompt inquiries" into the "error" that made it appear that he had received funds from the club. So much for his skill as a public relations expert.

DELIBERATE FOSTERING OF CORRUPTION

When Mr. Morhouse was brought up for sentencing, however, Chief Assistant District Attorney Alfred J. Scotti, put it in a different perspective which is useful for our purposes here:

> Leadership in the best interest of his party and state was expected of him. Instead, he chose to misuse the vast power of his position to satisfy his greed for money. The possession of this power was considered not as an obligation to improve the quality of our government but as an opportunity to acquire wealth for himself. . . .
>
> It has been established that this defendant in seeking to enrich himself by the use of his political power, knowingly, deliberately fostered corruption in public office. We must take a very serious view of these crimes if we are to sustain the confidence of the people in the integrity of our government.

It was also at the sentencing that Mr. Scotti brought up another aspect of Mr. Morhouse's career. The $100,000 he sought from the Playboy group was not an isolated incident either. He revealed that Mr. Morhouse had received large fees from a number of corporations. Like the Playboy fee, these were not illegal. Mr. Scotti pointed out, however, that Mr. Morhouse was "at least engaged in the sale of political influence for substantial sums of money." According to the New York Times, these were:

> From 1958 to 1962 he received annual payments of $5,000, totalling $25,000 from a company engaged in distributing trading stamps for "keeping an ear tuned to any matter in the state Legislature which would affect trading stamps."
>
> In 1958 and 1962 Morhouse received two $5,000 payments from a corporation for "no specific function."
>
> In 1957 he received $20,000 from a corporation conducting the business of "custom consultant." This was not further explained.
>
> In 1959, from another corporation in the same field, he got $32,000.
>
> Between 1959 and 1961 Morhouse got $19,000 from a public relations firm.
>
> In 1962 a Morhouse corporation, Lyman Associates, received $5,000 from a broadcasting company.
>
> Between June 1959 and January 1963, the defendant received $18,500 from a detective agency.

This totals about $130,000 over a period of 5 years before the Playboy scandal broke. If he had received all of the Playboy money, the total would have been $212,000. Then, according to Mr. Scotti, there was an additional matter of $100,000 which Mr. Morhouse had received in cash in Florida for the purpose of obtaining a racetrack license in 1959. This latter transaction will require a great deal more analysis.

Mr. President, I have a number of news articles from the New York Times dealing with the trial and sentencing of Mr. Morhouse, and I shall ask that they be printed in the RECORD at the conclusion of my remarks as appendix F.

THE RACETRACK TRANSACTION

The transaction between Mr. Morhouse and the racetrack group has been carefully documented in sworn testimony by the House Select Committee on Crime in hearings held on May 22, 1972, and in the trial on New York State Assemblyman Hyman Mintz. Mr. Mintz was convicted on a collateral issue growing out of an attempt to bribe a detective in the Manhattan district attorneys' office to obtain information on the racetrack bribery investigation. The newspaper accounts of the trial which I have consulted agree with the House testimony by Mr. David Goldstein, former assistant district attorney in New York County, Manhattan.

The chronology of the events concerned is extremely important to an understanding of the circumstances under which Mr. Morhouse received the $100,000 in cash, and under which Governor Rockefeller ordered the money returned. The documented account is considerably at variance on material points with the account which Mr. Rockefeller gave under oath to the Senate Rules Committee.

CHRONOLOGY ON RACETRACK PAYOFF

First. September, 1958.—$100,000 viewed in a safe deposit box by a lawyer, later disbarred, who made representations that the money was going to Carmine DeSapio, then State Chairman of the Democratic Party in New York, and secretary of State whose office had jurisdiction over the State racing commission.

The money was to secure a license for a horse racetrack in upstate New York, now the Finger Lakes Racetrack.

Second. November, 1958.—Nelson Rockefeller defeated Governor Harriman for the Governorship. After the election, Morris Gold, a Republican politician and plumbing contractor, let it be known that the payoff money was "on the wrong horse," and that the money had to go to the Republicans.

Third. Early 1959.—The Nilon brothers, John and James, of Chester, Pa., began to express an interest in getting the food and beverage concession at the racetrack. They were in the concession business.

They were called upon to put up some money for a payoff in order to obtain the concession. Basically, they were to put up $100,000, which was to go to Judson Morhouse in order to secure the license for the racetrack. In return for putting up the money, the Nilons were promised the desired concessions.

Morhouse, an attorney, was then chairman of the Republican Party in New York, a post he had held since 1954. He also was a close political confidant of the newly-elected Governor, in whose campaign for the governor's office Morhouse played an important role.

Fourth. April 7, 1959.—A meeting was held at the Belmont Plaza Hotel in New York. At the meeting were Gold, Hyman "Bucky" Mintz, a New York State Assemblyman and John P. Maguire, Jr., one of the applicants for the racetrack license. Gold and Mintz told Maguire that the license was about to be issued to the Maguire group, but to insure that the license was forthcoming, $100,000 in cash would have to be paid immediately, and that Gold and Mintz were to deliver the money to Morhouse in Florida.

On the same date, a telephone call was placed to the Nilon brothers in Pennsylvania, and they agreed to deliver the money in Florida.

Fifth. April 8, 1959.—Mintz, Gold, and one other person went to Miami and checked into a hotel at Miami Beach. One Nilon brother, in the meantime, had $100,000 transferred from his safe deposit box in the Philadelphia Trust Co., Ridley Park. Pa., to his account, in care of the Metropolitan Bank of Miami. The Nilon brothers then flew to Miami and checked in at the Edon Roc Hotel in Miami Beach.

There was a meeting on April 8, 1959, between Gold, Mintz, certain other persons, and the Nilons. The Nilons refused to turn over the money to Mintz and Gold because the license had not been issued.

The money was not turned over at this time and the Nilons left for Pennsylvania. The Nilons directed that the $100,000 be returned to Pennsylvania.

Sixth. April 9, 1959.—The New York Racing Commission approved the filing of a certificate of incorporation for the Finger Lakes Racing Association, Inc. This was the Maguire group. The reason that the Maguire group was chosen over a competing interest was given by the secretary of State's office, as follows: First, the Maguire group made its application before the other group; second, the Maguire group sought informal conversations with the racing commission first; and third, the landsite for the Maguire group's racetrack was better than the site proposed by the other group. Hardly a convincing series of arguments for preference of one group over another.

The actual license for holding, maintaining and conducting "race meetings" was approved in January of 1962. The track opened for business in 1962.

Seventh. April 10, 1959.—Morris Gold flew to Pennsylvania, where he received $100,000 in cash from the Nilon brothers, and delivered the money to the State of Florida, where he transferred it to Assemblyman Mintz. Mintz told Gold that he was going to the Americanna Hotel to deliver the money to Morhouse.

When questioned about the whole matter in later criminal investigations of the scandals revolving around the Finger Lakes Raceway, Mr. Morhouse refused to answer questions, invoking his constitutional right against self-incrimination under the fifth amendment.

Mintz returned and told Gold that he had given the money to Morhouse.

Eighth. May 5, 1959.—According to testimony given by Gold in the trial of Mintz in 1965—growing out of an attempt to bribe a detective in the Manhattan DA's office to give information on the investigation into the racetrack bribery investigation—Mintz and Gold drove to New York City on May 5 after a summons to do so by Morhouse.

Mintz met with Morhouse for a short while. At the meeting, Morhouse returned the money to Mintz, telling him that Governor Rockefeller had "gotten wind" of the deal and had told Morhouse to give the money back.

How Governor Rockefeller "got wind" of the matter is an interesting matter set out in testimony by Assistant District Attorney Goldstein in his testimony before the House committee.

The same day the $100,000 was turned over to Gold for delivery to Mintz to Morhouse, that is, on April 10, a contract was prepared in the Pennsylvania offices of the Nilon brothers and signed on or about the same date, giving the brother the concessions at the racetrack that they sought. But several of the other directors of the racetrack corporation found out about the contract and repudiated it.

According to information received by the district attorney's office, the Nilon brothers contacted a Mr. Pew, then chairman of the Pennsylvania Republican Party, urging him to contact Governor Rockefeller and tell him that a "political contribution" had been made to the New York GOP and that they "didn't get what they were supposed to get." Mr. Pew was deceased at the time of the House select committee investigation and could not be called to verify this incident. It is unfortunate that Governor Rockefeller was not asked about this point at all.

Mintz took the money back and returned to his home in upstate New York with Gold, to whom he had given the money.

Ninth. May 6, 1959.—According to bank records introduced at the Mintz trial, the $100,000 was placed in a safe deposit box by Gold.

Tenth. May 12, 1959.—The Nilons met with Gold and he returned the money to them.

Mr. President, I shall ask unanimous consent that an article from the New York Times, "Testimony by Rockefeller Raises a Morhouse Issue," November 15, 1974, as well as the testimony of Mr. David Goldstein before the House Select Committee on Crime, be printed in the RECORD as appendix G.

SUMMARY OF CHRONOLOGY

Mr. President, it is clear from this chronology, which has been well established as fact, that Mr. Morhouse went to Florida ostensibly on vacation. At the same time, the group seeking the racetrack license in New York contacted a group in Philadelphia interested in the track concessions and asked them to put up $100,000. The New York group and the Philadelphia group then met in Florida, but the Philadelphia group would not hand over the money until the racetrack license was issued. Technically speaking, what was sought was the permission of the New York State Racing Commission to incorporate as a racing association; this was the substantive decision since the actual license would not be issued until the facilities were constructed and ready to go in operation some years later.

The two groups returned to New York and Philadelphia. Meanwhile, the license was issued. A representative of the New York group went to Philadelphia, picked up the $100,000 in cash and took it to Morhouse in Florida.

All of these events took place between April 7 and April 10, 1959. On May 5, Mr. Morhouse had returned the $100,000 in cash to the racetrack group, telling them, according to the information that came to the district attorney's office, that "the Governor got wind of it."

There is also no doubt that the money was a bribe to get the racetrack license, at least in the view of the man who prosecuted the case. The House Select Committee hearings contain the following exchange:

> Mr. WALDIE. So it is your view that the $100,000 that was gathered together was the factor that resulted in the granting of the license?
>
> Mr. GOLDSTEIN. That is my view.

At that time, however, it was not a crime to bribe a party chairman because such a person was not a public official under the law. But the law was later changed because this kind of so-called influence peddling is a system of corruption that is morally reprehensible. Although technically if Mr. Morhouse had converted the $100,000 to his own use and treated it as income, it would have been legal, the fact that the money came from a group seeking a racetrack license taints it on its face. Moreover, according to Mr. Goldstein's testimony, the head of the group, one John Maguire, had unsavory connections, being the hand-picked candidate of a certain Joseph Cataldo. In Mr. Goldstein's words:

> Mr. Cataldo is known in New York City to be an associate of many well-known underworld figures, such as Joseph "Socks" Lanza, who is now deceased. As a matter of fact, I have in my possession today a photograph taken of Mr. Cataldo and Mr. Lanza at a wedding in October 1963 that the committee might have some interest in. He was also an associate of Matty "The Horse" Ianello, Anthony "Tony Bender" Strollo, Anthony "Tony Ducks" Crallo, Santo Trafficante, Meyer Lansky, Vito Genovese, Tommy "Ryan" Eboli, and John "Sonny" Franzese.

Mr. Morhouse was investigated by the grand jury in connection with this matter, but he pled the fifth amendment, and so his version of the events was never placed on record.

Mr. President, I think most reasonable persons would conclude that when Mr. Morhouse went to Florida and received $100,000 in cash from interested parties from Philadelphia that it was not exactly a campaign contribution for the New York Republican Party.

MR. ROCKEFELLER'S VERSION

Now the record shows indisputably that when Governor Rockefeller got wind of this unusual transaction he demanded that the money be given back. He is not to be congratulated for this action. Under the circumstances it was morally reprehensible that the Governor failed to take corrective action. For even if Mr. Morhouse did represent to the Governor that the cash transaction was a party contribution, the Governor was derelict in his duty not to discharge Mr. Morhouse for accepting the money in the first place, and for failing to investigate the matter fully in order to purge the State government and the Republican Party of all such malign influences. But there is sufficient testimony by Mr. Rockefeller on the record to suggest very strongly that he was aware all along that Mr. Morhouse was engaged in questionable activities with questionable associates. His version of the incident is strongly lacking in candor:

> In 1959, at the Republican Fundraising Dinner, a gentleman arrived, Legislator, with $100,000 in cash in a shoebox, which he handed to Mr. Morhouse. He came from the Finger Lake area.
>
> Well, I was new to politics. I do not like cash. And I said, "Look, get that money back and get it to the people who gave it to him."
>
> I was fearful, and I say it in total frankness, that this was racetrack money, people who wanted to get a license for a racetrack.

That was Mr. Rockefeller's testimony on November 13. On November 14, he added these details:

> The circumstances were at a Republican Fundraising Dinner, the first one I attended as a Governor. If my memory serves me correctly, at dinner—and I think it was behind the second tier on the dais—a little huddle was held in which a number of us were informed by Mr. Morhouse that someone had given him a shoebox—later it came out it was a paper bag—my memory is still a shoebox, although I never saw it. . . .
>
> Morhouse was reporting to, I would assume, myself, and the Lieutenant Governor and maybe the Attorney General, you know the whole group was there.
>
> I was indignant. Mr. Morhouse did not say, "This comes from the racetrack people." Mr. Bucky Mintz did not say that. He said it was a cash contributon from friends to the Party.
>
> Mr. Bucky Mintz could have been given a receipt by the Party for $100,000 received and it would have been put into the coffers of the Party and would have been, if I—I am not a lawyer, but if I understand—perfectly legitimately handled.
>
> My concern was, although I was new to the business, but my Attorney General is very sophisticated and very bright, that this did not just sound like Mr. Bucky Mintz coming in with $100,000. To begin with, he did not have it—or at least I do not think he did.
>
> So I looked through what was paid to what I thought was the case, and I said, "Tell that guy to get that money back and to get back to the people who gave it to him."
>
> That was what concerned me . . .
>
> Now at that point I did not know Bucky Mintz. He was an assemblyman, I think, but I wanted to be sure they got it back to the people from whom it came so that they would not find themselves in a position of feeling that they had made a contribution, somebody else pocketing the money.
>
> And then this whole thing really being a very serious situation.
>
> Mr. Morhouse accepted the assignment and reported back to me later that it was carried out . . .
>
> Now, I did not see—although as I say, I am not a lawyer and I was new in the business—I did not see an occasion to take action, legal action, because on the face of it, this could be handled as a legitimate operation.

If we examine this testimony, Mr. Rockefeller's assertions may be summarized as follows:

First. The $100,000 in cash was handed to Mr. Morhouse at the Republican fundraising dinner in 1959.

Second. Mr. Morhouse brought the money up to the dais where the top officials of the administration—Governor, Lieutenant Governor, and attorney general were gathered, and a conference was held.

Third. Although the Governor was unacquainted with Mr. Bucky Mintz, and Mr. Mintz had not said to Mr. Morhouse that the money was racetrack money, the Governor was fearful that it was in connection with the racetrack license.

Fourth. Even though the Governor was fearful that it was racetrack money, he was confident that the transaction could have been legitimately handled if a receipt had been given for a party contribution.

Fifth. The Governor was fearful that if the money did not get back to the original donors, that somebody would pocket the money, and the donors would feel that they had purchased an obligation.

Sixth. If the donors had felt that they were cheated, the situation only then would be serious.

Seventh. Mr. Morhouse returned the money after the dinner, and reported back to the Governor.

Eighth. The Governor took no legal action, because, on the face of it, it could be handled as a legitimate operation.

The explanation has an air of plausibility about it, designed to explain how, on a pragmatic basis, the situation was handled.

INCONSISTENCIES

Mr. Hugh Morrow, Mr. Rockefeller's official spokesman, said after the testimony that the Republican fundraising dinner referred to by Mr. Rockefeller, took place on June 4, 1959.

Mr. President, a major fundraising dinner did take place on June 4, 1959. Since the party was $800,000 in debt after the Governor's campaign, it is plain that this was a major event. It is described in the New York Times for June 5, 1959.

Mr. President, I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks as appendix H.

Mr. President, since the fundraising dinner referred to by the Governor indisputably took place on June 4, 1959, Mr. Rockefeller's testimony is demonstrably false as to the circumstances surrounding the $100,000 transaction:

First. It has been clearly established as matters of fact and record that the money was transferred to Mr. Morhouse in Florida on April 8, and that it was returned by May 5, one month before the purported events as narrated by Mr. Rockefeller.

Second. The fundraising context with which Mr. Rockefeller invested his narrative evaporates when the real circumstances are called to mind.

Third. The suspicion with which Mr. Rockefeller, with hindsight viewed the transfer of funds from Mr. Mintz and his associates, suggests that Mr. Rockefeller had a greater awareness of the unsavory nature of the transaction than he cares to articulate.

Fourth. The notion that such a transaction could be legal on the face of it—when it implied a debt of gratitude to underworld characters—is strikingly naive for Mr. Rockefeller to assert after 15 years have passed.

Fifth. By drawing a vivid picture of the events compressed into a brief time span—the contribution at the dinner, the immediate huddle by the top administration officials, the spontaneous and emphatic rejection of the cash contribution, the impression is left of high moral indignation.

Either the events took place at the function specified by Mr. Rockefeller, or they did not. If Mr. Rockefeller is right, then at least one man was convicted upon evidence substantially different, and another man, a distinguished professional prosecutor, has committed perjury before the House Select Committee on Crime.

But is it possible that Mr. Rockefeller's memory has played tricks upon him, that he has slipped up on a trivial date? The testimony quoted above took place on 2 days, November 13 and 14. It is hard to believe that his ever-present lawyers and advisers might not have refreshed his memory in the interim. Moreover, a week later, at the hearings before the House Judiciary Committee, he spoke on the same matter as follows:

> There is some dispute as to exactly what the date was in terms of the difference of the memories of different people, but there is no question as to what happened. I talked to the Lieutenant Governor, the present Governor of the State, and he said it was at lunch the day of the Republican fundraising dinner. I thought it was that night. My personal feeling is that we probably discussed it both occasions. I simply said, in language that I would not care to repeat at this meeting, get this money back to the people who gave it, not just to Bucky Mintz who was the guy who had it, but to the people back of Mr. Mintz who had given him the money, because I was afraid that this money might not get all the way back to the original contributors, and that we would be hearing from them later, saying, well, we gave money . . .
>
> So, I got a report back that he had, Mr. Bucky Mintz went down to the Roosevelt Hotel, bought a suitcase for $17.50 to put his money in and take it back to where it came from. He returned it to the individuals and this was not in payment of a license that had been granted. The story was this was hopefully to encourage those who would grant the license.

This further piece of testimony makes it exactly clear that Mr. Rockefeller is sticking to his story that the events took place on June 4. Moreover, he suddenly shows a greater familiarity with the detail—how much the suitcase cost, where he bought it, and what the alleged contribution was for. Whereas, before he only admitted to a suspicion that the money was in connection with the racetrack license, in this further exchange, he shows a familiarity with the reason for which the money was given. On the face of Mr. Rockefeller's own testimony, his assertion that the money was offered as a contribution which was bona fide on its face is an assertion which is inherently improbable.

If Mr. Rockefeller's righteous indignation could not have taken place in the fundraising context where he attempts to place it, then it must have taken place earlier. And if it took place earlier, and he was familiar with the racetrack origin of the money, then he must have been aware that there was an illegal, or at least immoral, debt of obligation connected with the transaction. And if he saw no reason to take legal action, or even to take the prudent action of investigation to purge the administration and the party of everyone who was involved in the transaction, then he was certainly guilty of dereliction of duty as Governor and head of the party.

Many will make the reasonable inference that Governor Rockefeller in 1959 had learned the details of the transaction between Mr. Morhouse and the racetrack group in Miami, and that he feared a scandal would disrupt the prestige of his new administration. Indeed, his reiteration of his supposed fear that the so-called contributors would demand a quid-pro-quo for their money is strikingly parallel to the allegation that came to the District Attorney's office that the Republican Chairman of Pennsylvania did in fact contact Governor Rockefeller to complain that the Philadelphia would-be concessionaires had made a contribution in New York and were not getting what was promised. And this would be consistent with the testimony in the trial of Mr. Mintz that the money was given back because the Governor had "got wind" of the transaction.

The cash "contribution" to Mr. Morhouse from the racetrack group was therefore a sordid transaction to which the Governor was an accessory. Giving the money back in itself was not a laudable conclusion to the incident; the circumstances suggest that the money was given back to cover up the fact that such transactions were taking place in the Rockefeller administration. Moreover, the events took place at a time when Mr. Rockefeller was beginning to organize his expensive, but abortive, campaign to capture the 1960 Presidential nomination, and a racetrack scandal would have been fatal to his ambitions. Had he taken action to purge his administration and party of such influences, then the incident would have been a mark of courage and true statesmanship. As it stands, it is a dirty little story to be kept in the shadows.

COVERUP 1974?

Some might say, of course, that the events were characteristic of politics, particularly New York politics, in that decade, and that the Governor made an error of judgment, but not a major error. Yet today, the same man is asking to be confirmed as Vice President. In recent weeks he has appeared before two committees of Congress and given a version of the incident that is not only demonstrably in material error, but in the kind of error that seems calculated to put the light of moral outrage on a situation where the nominee's own character was lacking. In short, the coverup of 1959 was perhaps the slipup of an inexperienced neophyte in practical politics; but is it not a fair inference that the episode of 1974 was a deliberate deception by a mature political figure who had before him the tragic example of Watergate?

It also helps to explain, too, why Mr. Rockefeller gave such a peculiar characterization to his reasons for making loans to Mr. Morhouse. Repeatedly, he stated that Mr. Morhouse was unsalaried as State chairman, and that he had no visible means of support. Therefore, the loans which he and his brother made to Mr. Morhouse were necessary to put him beyond the reach of "temptation" and to give him some "legitimate" income. Strange words are these to use of a man who was engaged in the public trust. They suggest strongly that, long before the Playboy bribery plot was unfolded, Mr. Rockefeller had reason to suspect the probity and prudence of Mr. Morhouse.

Mr. Rockefeller knew full well that, as vice chairman of the New York Thruway Authority, Mr. Morhouse, who had no experience with highways, was earning $17,000 per year. His duties were once again described by Mr. Rockefeller as of a "public relations" nature. I asked the Library of Congress what the equivalent of $17,000 in 1959 dollars was in 1974 dollars, and I was given the figure of $29,833. Now $30,000 may be pocket change to Mr. Rockefeller but there are millions of people in this Nation who would like a chance for that salary where their duties consisted of "public relations."

One must ponder, therefore, whether Mr. Rockefeller's repeated assertion that Mr. Morhouse was unsalaried as State chairman was an attempt to mislead the Congress and the American people into thinking that Mr. Morhouse's public spirited activity was driving him to the verge of poverty. Actually, the fact that he was State party chairman was his sole qualification to be vice chairman of the Thruway Authority. And when Mr. Morhouse was convicted of participating in the bribery plot, the State legislature approved the expenditure of $133,000 to New York City as reimbursement for prosecution of a State official.

Nevertheless, by minimizing Mr. Morhouse's income before the committee, Mr. Rockefeller provided himself with an attempted rationale for the loans and gifts which he and his brother provided. It is one thing to say that a man needs income because he is performing free public service and has no private income; it is another when the man has a private income from a State sinecure. Real need would be the explanation of the first; a gratuitous reward not based on need would be the explanation of the second. But to go beyond these explanations and maintain that a man with a comfortable income needs an income supplement to put him beyond the "temptation" of corruption is to suggest that the recipient is a man of unusual greed and questionable morals. That latter point is effectively established by his conviction in the bribery plot.

WARNING ON MORHOUSE'S CHARACTER

But did Mr. Rockefeller have reason to believe that his protege was not a man of high character at the time the loans were made?

Mr. Rockefeller denied that he had reason to suspect Mr. Morhouse. In the Senate hearings, Senator Allen asked:

> How is it that you were willing to keep in office such a man who had the propensity for yielding to temptation?
>
> Mr. ROCKEFELLER. Well Senator Allen, if I had your perception, I would have fired him, but I did not know that he had that propensity until it showed up——
>
> Senator ALLEN. I thought in 1960 you knew that because that was the reason you made him these loans.
>
> Mr. ROCKEFELLER. I wanted to keep him from the temptations of a man who had a large family to support—college age children, his mother-in-law and his mother living with him in his home—a wonderful opportunity, of course, for him, but, of course it was expensive, and I felt this man was under a lot of pressure.

Reviewing the documented evidence, the answer must be made that Mr. Rockefeller had ample warning, and did not need to implicate Mr. Morhouse's mother-in-law as a probable cause of corruption. The race-track transaction was warning enough, even if he did not know of the other "public relations" fees Mr. Morhouse was receiving from private corporations. But instead of reprimanding Mr. Morhouse, or better yet, dismissing him, he condoned the action. It is true he ordered the money given back, but his own testimony shows that order was intended to avoid trouble with those offering the corrupt contribution.

How did Mr. Rockefeller condone the action? He immediately set about arranging so-called "legitimate" income. It is possible that Mr. Morhouse had difficulty distinguishing between the questionable political deals he was arranging for himself, and the equally political arrangements between himself and the Rockefeller brothers. Both, after all, were behind-the-scenes arrangements based upon political influence, rather than upon merit in the free market. Both kinds of deals sought to secure influence, that is, to establish a firm political bond between the participants. The fact that financial gain was the motive behind the one type and building a viable political organization was behind the other is a difference in emphasis.

THE MORHOUSE LOANS

The racetrack transaction took place in April and May 1959.

Almost immediately, Mr. Rockefeller set about getting Mr. Morhouse some "legitimate" income. This centered on the Babylon, N.Y. property. A story appeared in the New York Post on December 2 which has the appearance of careful investigation and reporting. This story says:

> In the summer of 1959, The Post learned, real estate developer William Zeckendorf focused on this property as "a perfect investment for anyone who wanted to make a steady buck."
>
> His assessment, it was found, reached the offices of Milbank, Tweed, Hope & Hadley at 15 Broad Street, the Rockefeller family lawyers, at the very moment they had assertedly been instructed to find a profit-making enterprise for Morhouse."

Mr. Rockefeller confirmed in the hearings that the property did come to his attention through Mr. Zeckendorf.

On August 14, 1959, according to the New York Post investigation, Seyah Corp. was established, with the directors listed as Francis D. Logan, Francis H. Musselman, and Nolly S. Evans. Mr. Morhouse was president. The address was given as 15 Broad Street. Logan and Musselman were lawyers with the Milbank, Tweed firm.

On December 3, the property was sold by its former owner to Seyah Corp., the stock of which was wholly owned by Mr. Rockefeller.

Meanwhile, on December 22, Laurance Rockefeller sold to Mr. Morhouse securities from his personal portfolio at a cost of $49,000 and took his promissory note in payment. Thereafter, Mr. Morhouse sold 2,500 shares of one company back to Mr. Laurance Rockefeller and his associates for about $79,375. That canceled the note to Laurance Rockefeller, leaving Mr. Morhouse with a net profit of $29,823.25, and 2,500 shares in another company worth $240,000 free and clear.

On September 21, 1960, Mr. Rockefeller loaned Morhouse $100,000 to purchase all of the stock of Seyah Corp. The loan, in effect, enabled Mr. Morhouse to purchase property worth $275,000, not including a long-term lease by a blue chip company.

On July 20, 1961, the State public works department approved the purchase of 7,374 square feet of the land owned by Seyah Corp. for $3 per foot, a total of $22,629.99, to build an embankment for a grade elimination crossing. By one of those fortunate coincidences that sometimes happen to those who move in the inner circles of power, the property purchased by Mr. Rockefeller and subsequently by Mr. Morhouse just happened to be on a proposed grade elimination site. Although the State paid $22,000, the town of Babylon reduced the assessment for the remaining site by only $75. The investigation by the Post indicated that the State paid about twice the going rate for industrial warehouse properties condemned elsewhere in the area for the grade elimination program.

Mr. President, the Post investigation reported that the total value of Mr. Rockefeller's generosity in the Seyah Corp. loan/gift transaction was more than $600,000.

Mr. President, I shall ask unanimous consent that the article from the New York Post of December 2, 1974, be printed in the Record at the conclusion of my remarks as appendix I.

The hopes of putting Mr. Morhouse beyond "temptation" apparently were doomed to failure, because at this very time he was engaging in his negotiations with the Playboy group that led to his conviction.

On December 27, 1962, Mr. Morhouse abruptly resigned as State chairman, only 3 months after he had been elected to a fifth 2-year term. Thirteen days later, he gave up his post as vice-chairman of the State thruway authority and resigned as chairman of the Lake George Park Commission. Hours later he was called before the grand jury investigating the State liquor authority. On December 7, 1965, he was indicted.

The events of his trial in June 1966, have already been recounted. The only other matter of note is the hundreds of communications sent to Justice Abraham J. Gellinoff before he sentenced Mr. Morhouse. The letters commended Mr. Morhouse for his "integrity, honesty, and devotion to good government." They came from people in high offices throughout the party structure in the State, a phenomenon which many interpreted as requiring the approbation of the Governor. Indeed, one such letter came from the secretary to the Governor, and it used the Governor's name in urging leniency. The signature, first denied, then admitted, on the letter was that of William J. Ronan.

Mr. President, I shall ask unanimous consent that two articles from the New York Times, June 17 and June 18, 1966, be printed in the Record at the conclusion of my remarks as appendix J.

Mr. Morhouse appealed his case, but lost all the appeals. On December 23, 1970, before he began serving his sentence, Mr. Rockefeller commuted his sentence. On December 27, 1973, Mr. Rockefeller cancelled his noninterest bearing note at the discounted value of $86,312.50.

It is generally agreed that Mr. Morhouse is indeed a sick man. But once again, Mr. Rockefeller's humanitarian interests and political interests conveniently coincide. Despite Mr. Rockefeller's denial, it is undoubtedly true that he owed Mr. Morhouse a debt of gratitude for electing him to office. But it is plain that Mr. Rockefeller repaid that debt in a way that contributed to, rather than prevented Mr. Morhouse's ruin. The concept of easy money through political influence was apparently reinforced in the mind of his protege, even though this money was "legitimate."

There is no way to rewrite history. But I suggest that one reason for the lack of candor with which Mr. Rockefeller presents the Morhouse story is the nagging feeling that there was something unwise about a wealthy man in high office bestowing lavish gifts upon subordinates and making them psychologically dependent. Only one of Mr. Rockefeller's beneficiaries was actually convicted, but key officials throughout his administration were caught up in an unnatural relationship that distorted the execution of the public business. I will address myself to this point when the Senate takes up the nomination of Mr. Rockefeller for floor debate.

Mr. President, I have prepared a chart which shows the chronology of the Morhouse case, and Mr. Rockefeller's version of it, and I shall ask unanimous consent that it be inserted before the appendices at the end of my remarks.

Mr. President, I now ask unanimous consent that all of the material heretofore referred to by me for printing at the conclusion of my remarks be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPENDIX A

[From the New York Times, Aug. 25, 1958]

LEADER OF THE YOUNG GUARD G.O.P.—LYMAN JUDSON MORHOUSE

Rochester, Aug. 24.—L. Judson Morhouse established himself today as a major power in Republican State politics in his own right with his re-election to his third two-year term as state chairman.

For most of his tenure he was regarded as "Dewey's boy," a reference to his selection for the office by former Gov. Thomas E. Dewey on the eve of the 1954 state convention. He was placed in charge of running a campaign for a ticket he had no part in picking. When it went down to defeat, there were many who thought he had been given an assignment that was too big for him.

By engineering the selection of Nelson A. Rockefeller as this year's candidate, in the face of strong early opposition from powerful groups within the party, he demonstrated his graduation from the amateur to the professional class in politics.

He is now faced with the problem of electing Mr. Rockefeller.

A lanky six-footer with a fair complexion and unruly sandy hair, Mr. Morhouse is a far cry from the old popular concept of the portly, cigar-smoking politician.

ACCENT ON YOUTH

Mr. Morhouse is 44 years old. He leans strongly to the view that the future of the political parties belongs to their younger members and that the successful politician today must be well versed in the modern techniques for attracting attention and influencing people.

One of the first things he did after the 1954 election was to acquire a dozen and a half books on opinion polls, their strengths and weaknesses, by the recognized masters of the subject and their leading critics. His belief is that the opinion poll can be a powerful tool in winning elections if properly used.

He also devoted himself to a study of the manner in which various concepts of people and ideas become imbedded in the public mind. With this as a base and the skillful assistance of Harry J. O'Donnell, he has kept up a barrage of public statements he hopes has produced a picture of Governor Harriman as weak, vacillating, ineffective, power-seeking and frustrated. Mr. O'Donnell was Governor Dewey's press secretary and is a recognized master of the verbal barb.

Lyman Judson Morhouse was born in Ticonderoga, on Lake Champlain, where he still lives. His father ran a summer camp for boys, and young Jud devoted many summers to work as a counselor. At Middlebury College in Vermont he earned the nickname "Breeze." He qualified for the bar by reading law in a local law office. His firm now has its main office in New York City.

He got into politics by winning election for Justice of the Peace. This was followed by election to the Assembly. He came to Governor Dewey's attention by his campaign as director of the Good Roads Association to win approval of a state constitutional amendment placing the state's credit behind $500,000,000 of Thruway bonds.

COVERS STATE BY PLANE

He usually spends two days of each week at Republican headquarters in Albany, another two days at headquarters in New York and two days traveling about the state.

He spends Sundays, and those Mondays when the weather won't permit flying, at Ticonderoga with his wife Marge, and three of their four children. The oldest was married last winter.

As state chairman, he has run up some of the biggest telephone bills and plane travel bills in the party's history.

His telephone technique requires an instrument with a cord long enough to reach from one end of the room to the other. This enables him to pace the floor while talking.

[From the New York Times, Nov. 27, 1974]

APPENDIX B

EMBATTLED LIQUOR CHIEF—MARTIN CHESTER EPSTEIN

Fifty years ago, Martin Chester Epstein sat in the darkness of Brooklyn movie houses and pounded tensely on a piano while Indians chased the stagecoach down a dusty road or while the girl hung precariously from the cliff.

He was never a pianist of great promise, but he was good enough to make a living at it, and with the money he earned he paid his way through New York Law School. After that, he earned a quieter, and better, living. He became a successful lawyer, got into politics and soon reaped the profits of Republican patronage in his home borough of Brooklyn.

In 1960, he was appointed chairman of the State Liquor Authority by Governor Rockefeller on the recommendation of the Brooklyn Republican leader, John R. Crews, with whom Mr. Epstein grew up.

Mr. Epstein was 70 years old yesterday, but there was no birthday party. Late in the day he was in bed, under sedation, and his wife, Roselyn, and two miniature French poodles moved quietly through the family apartment at 25 Monroe Place.

"THE BEST HE COULD"

"All I know is that this man did the best he could," Mrs. Epstein said quietly. She was obviously tired and distraught after her husband's day in the Criminal Court Building. "He practically gave his life, and certainly gave his leg, to this job."

Mr. Epstein has diabetes, and a circulatory condition forced the amputation of his left leg this year. He is also suffering from heart trouble, hardening of the arteries and poor hearing.

"I'm not interested in the legal aspects of this case," his wife said. "All I'm interested in is my husband's health."

For Mrs. Epstein, her husband and his friends, it was the most depressing of birthdays. His failure to waive immunity when he appeared before the grand jury investigating the Liquor Authority resulted in Governor Rockefeller's relieving him from his job as chairman of the agency.

Until this year, Mr. Epstein's career had been marked by many successes.

He was an industrious student at Erasmus Hall High School, and helped support himself and his family from his earnings at the piano.

FORMER U.S. COMMISSIONER

In 1927, he was appointed United States Commissioner in the Eastern District of New York by President Calvin Coolidge, and thousands and thousands of faces passed before his bench. He once said that most criminals went wrong because they were lazy and that this laxness coupled with their egos gave them courage to commit their crimes.

"You see," explained, "there are two very definite types of criminals. There is the professional hardened by many crimes and arraignments, who comes up here knowing what it is all about and as cold as ice; then there is the more petty offender, usually a case of arrested mental development, who is surly and defiant, even feeling that it is unjust for society to punish him. Those in the first group often try to tell me what the law is. They know all the loopholes."

An old acquaintance said that Mr. Epstein was "very tough on bank robbers and narcotic defendants" but that too often had warmth and compassion for the unfortunate.

"I remember one Christmas Eve when a part-time mailman got half stiff and threw some mail down a sewer," the acquaintance recalled. "The assistant United States attorney wanted $5,000 bail, but Epstein looked around the room and said, 'Not on Christmas Eve'. And the mailman was allowed to go home. The mail was eventually recovered."

He was Commissioner until he joined the Liquor Authority on Feb. 25, 1959. He was appointed the Authority chairman on Sept. 13, 1969.

Mr. Epstein, 5 feet 8 inches tall, was prematurely bald, and stocky; but he dropped from 160 pounds to 125 this year, his wife said. He was known to fellow Republican politicians in Brooklyn as an inveterate cigar-smoker until diabetes forced him to give up cigars; a one-drink man and a dog fancier.

His interest in dogs began in a big way 14 years ago after he married his wife, a Brooklyn girl who owned a Bedington terrier. The Bedington won many ribbons in dog shows and a judicial friend said yesterday that his lasting image of Mr. Epstein would be one of him "walking around Brooklyn Heights in the evening with a screwy looking dog."

Mr. and Mrs. Epstein have no children.

APPENDIX C

[From the 1962 New York Times Index]

SLA PROBE: NY County Dist Atty Hogan probes SLA and Chmn Epstein for violations in adm; gets ct order for Epstein med exam after he fails to answer grand jury subpoena; Asst Dist Atty Scotti comments, N 15,1:1

SLA PROBE: Hogan's office subpoenas SLA records, hints probe may be expanded; Rockefeller office repts Epstein to be retired in Dec on reaching age of 70; Mayor Wagner's '61 criticism of SLA noted, N 16,1:2; Hogan gets truckload of SLA records; Sen Marchi comments on probe; ct-apptd dr examines Epstein; Albert French Restaurant mgr says he picketed SLA during summer demanding probe; he and others discuss 'graft' in agency operations, N 17,1:2; ed lauds Hogan handling of probe, N 17,24:2; Rockefeller offers NYS support to Hogan, lr; calls for prosecution of guilty; '55 probe of SLA revd, N 18,1:1; SIC probes SLA for adm shortcomings; will not conflict with Hogan inquiry, N 19,1:1; ct rules Epstein physically able to appear before grand jury, limits conditions, N 20,1:7; SLA sr investigator E Moss relieved of duties for refusing to waive immunity before grand jury, N 21, 1:4; Hogan plan to enlarge staff indicates expanded inquiry; SLA statement defends personnel, pledges aid to Hogan, N 22, 1:2; Hogan expected to seek grand jury term extension; data study will take several mos, N 23, 1:1; Epstein atty says he will refuse to sign waiver of immunity; reads Epstein statement; Atty Gen Lefkowitz says Moss must be removed from post, lr to SLA, N 24, 1:1; Rockefeller urges Epstein to appear before grand jury, waive immunity, wire; warns on ouster; Epstein says he will appear, N 25, 1:2; wire text, N 25, 46:1; Epstein appears on stretcher, refuses to sign waiver; ousted by Rockefeller; Moss dismissed, N 27, 1:1; Epstein biog, N 27, 33:1; ed scores conduct of press and TV reprs as Epstein was carried out of ct, N 28, 38:2; 3d SLA official M L Bernstein dismissed for refusing to waive immunity; Epstein atty charges Rockefeller had no right to ask Epstein to waive it, lr to him; NYC Hotel Assn defends SLA, statement, N 28,1:3; ouster of SLA aides for refusing to waive immunity explained, N 28,52:6; 23 holders of liquor licenses turn in records to Dist Atty; SLA denies it will bar resignation of employes who may be questioned in probe; Albert French Restaurant links Aug 22 suspension of liquor license to its pub criticism of SLA, N 29,1:3; Dist Atty office indicates grand jury will not be held over, new one will handle probe, N 30,22:5; lr backs ed on Hogan, N 30,32:6

SLA PROBE: Gov Rockefeller pledged to bar 'econ reprisals' against dealers and bar owners who testify against SLA news conf; urges all aid Dist Atty in probe, D 1,1:3; comment on probe; SLA powers and functions opportunity for graft discussed D 2,IV, 5:6; D 3,19:3; issuance of liquor license to Embassy bar W 44th St, probed; actual owners reptdly are S, H and B Mason, charged with operating it as 'clip joint'; details, D 5.1:6; lrs on Nov 28 ed on newsmen's conduct in covering Epstein appearance before grand jury, D 5.46:4; D 7,38:6; SLA revokes Embassy license; Hogan starts submitting evidence to grand jury, D 6,1:6; more data presented to jury; 25 more subpoenas issued to bar and liquor store owners; NYS Appellate Div upholds license suspension of Albert French Restaurant, NYC, D 7.45:1

[From the 1963 New York Times Index]

APPENDIX C

SLA PROBE: L. J. Morhouse refuses to waive immunity when called before NY County grand jury, Ja 10, 15:8; ed. Ja 23, 6:1

SLA PROBE: ex-State Sup Ct Justice Newman testified before grand jury in Jan; Gaslight Club says it had retained Newman for 'gen purposes' early in '63, assumes he was queried on his services to it, Mr 6, 4:8

SLA PROBE: forthcoming Life magazine names Morhouse, Sen Mahoney, Speaker Carlino and NY County ex-Chmn Newman among prominent Repubs who represented clients before SLA; Mahoney charges attempt to smear Rockefeller; latter comments, news conf; illus, Ap 2, 1:3; SLA Chmn Hostetter and aides map changes to combat graft and corruption within agency; police question ins investigator on theft of SLA records, Ap 6, 47:3; arrest investigator G. Reinhardt, unpaid SLA aide, for theft, Ap 7, 77:3; Hostetter says that Reinhardt played minor role in SLA, that stolen records were unimportant, Ap 9, 51:1; H D Stegel, ex-aide to Atty Gen Lefkowitz for 27 yrs, refuses to waive immunity before grand jury, Ap 11, 1:6; Siegel says Lefkowitz ended their relationship completely when he became Atty Gen, Ap 12, 15:7

SLA PROBE: Rockefeller asks Judge Osterman to resign for refusing to waive immunity to testify before grand jury; warns that Ct on Judiciary will be convened to remove him if he refuses; Osterman had agreed to signing ltd waiver; illus, Ap 16, 1:7; Osterman refuses to resign; Rockefeller directs Ct on Judiciary be convened; Osterman refusal contained in blistering lr from his atty H B Steinberg to Gov, Ap 17, 1:2; texts of Steinberg lr and Rockefeller's lr to Chief Judge Desmond asking ct be convened, Ap 17, 28:4; Osterman gets leave of absence pending outcome of proceedings; ABC Bd investigator S M Appel refuses to waive immunity; bd rescinds acceptance of his resignation granted before it knew he was under subpoena, Ap 18, 1:2; ed queries legal correctness of Osterman's refusal to sign gen waiver, Ap 18, 34:1; Osterman career, Ap 18, 71:2; R. Berger indicted for plot to bribe high SLA official to issue liquor licenses to Playboy and Tenement night clubs; repls $50,000 was agreed-upon-price for Playboy, $10,000 for Tenement; describes several visits paid to SLA official in a NY County hosp; charges $18,000 was paid to a 'certain atty' in connection with conspiracy to get Playboy license; names 3 other co-conspirators who testified before grand jury and read immunity from prosecution; Berger illus, Ap 18, 1:5, ACLU to back Osterman, Ap 19, 87:4; Playboy official H M Hefner says club sought only its legal rights and was victim of extortion; notes it cooperated with Dist Atty immediately; recalls Rockefeller pledge last Nov to bar econ reprisals against those who cooperated; Appel fails to return to work, Ap 20, 1:4; Rockefeller says Playboy Club will keep license, Ap 21, 1:3; probe points up powerful SLA and ABC controls; reforms seen; cartoon on Gov's role, Ap 21, IV, 5:1; SLA dismisses Appel after he again refuses to waive immunity; illus; Morhouse disclosed to have met twice with Playboy Club officials before it read liquor license; SLA aide W E Phillips testifies; Hostetter says no disciplinary action will be taken against Playboy or Tenement clubs, Ap 23, 29:1; Hogan charges wife of ousted SLA Chmn Epstein stole documents from SLA office Nov. 29 to conceal evidence of bribery and other crimes; says documents were retrived from her bro; Reinhardt indicted for stealing files, Ap 24, 1:2; Tenement owner Jacklone says he testified he made a $10,000 payoff to an Epstein relative and another $10,000 to Berger for liquor license; says Tenement recd it June 29 '62, Ap 25, 25:7; Piccolo Club owner S. Turiello testifies that SLA employe demanded $2,000 to let him keep liquor license; charges police harassment since '57, Ap. 27, 1:2; ed backs Hogan's effective use of immunity grant to get evidence, Ap 29, 30:2; L Mayers criticizes officials demanding immunity as price for testifying, lr, Ap 29, 30:5; jury grants immunity to Winkler to force him to testify whether he conspired to bribe an SLA official, Winkler balks, Ap 30, 1:1

SLA PROBE: E Rager, ex-City Coucilman and atty for private detective H. J. Getting, charges Lefkowitz is trying to 'ruin' him and his client because they have information linking Lefkowitz to corruption in SLA; says Lefkowitz's persecution of them stems from their own probe of his activities; Lelkowitz scores charges, My 1,1:6; Siegel's atty sues Hogan to halt current phase of probe because electronic eavsedropping was used; move seen attempt to forestall testimony by Seigel's law partner M Winkler, My 1,1:7; officials of states in which pkg stores are state-operated rept far less corruption than under N.Y. system, Natl. Alcoholic Beverage Control Assn., My 1,30:1. Winkler, under cloak of immunity, testifies after Siegel's efforts to stay proceedings fail; Appellate Div. sets hearing on Siegel protest against data obtained by eavesdropping; Sec. Simon denies Getting charge that N.Y. State Dept. probe of his activities is linked to SLA probe, My 2,1:6; A Klapper, Epstein's law clerk for 15 yrs., and 2 others indicted for bribery and conspiracy; Klapper identified as man who carried $2,500 to N.Y.C. hosp. in Aug. '69 to bribe SLA official to approve change of location for Bklyn. bar; indictment stemmed from bar owner P. Ferraro testimony given to grand jury after he was granted immunity, My 3,1:8; SLA Chmn. Hostetter to ask Turiello to identify SLA employe who sought $2,000 pay-off to let Piccolo Club keep its license; Dist. Atty's. office says alleged incident was thoroughly investigated at the time, My 4,1:5; influential Repubs. urge Rockefeller to widen probe, My 5,1:5; 'important' but unidentified witness testifies before grand jury, My 7,1:7; 4 persons testify; Rager sues Lefkowitz for $3.5 million, charging attempt to ruin his reputation and discredit information he has about Lefkowitz role in SLA corruption, My 9,31:3; H. Steinman, theatrical agent, indicted for perjured testimony on his role in getting licenses for Playboy and Tenement Clubs; illus.; had been granted immunity from prosecution, My 10,19:1; probe repercussions outside N.Y.C. discussed; dist. Attys. in 7 other counties get data on possible crimes; other N.Y.'s residents complain of liquor license graft, some dist. attys. comment, My 11,1:7; IRS looks into finances of those involved in probe, My 12,1:2; typewriter on which bribery note was allegedly written in Osterman's chambers exhibited to grand jury; Osterman sec. G. O'Shaughnessy testifies after getting immunity from prosecution; illus., My 14,23:1.

SLA PROBE: Klapper appears voluntarily before grant jury; 6 others testify; Siegel renews efforts to avoid testifying, My 16,1:5; ex-convict C. Duke (C. Kaminetsky) and ex-union official S. Berger indicted for perjury in testimony on alleged payoffs for Playboy and Tenement Clubs licenses; both had been granted immunity; Winkler testifies, 3d time, My 21,1:1; SLA chief exec officer W. F. Wise, Deputy Comr. Weiss and 4 ABC Bd. investigators testify; all waive immunity My 23,1:7; Siegel indicted on 4 counts of conspiracy to bribe SLA officials; illus.; 1st count concerns store owners' unsuccessful 3½-yr. effort to move next door until they asked Siegal's aid, paid him $5,000; Siegal and Winkler charged with paying SLA official $1,500 to get move approved; other details, My 24,1:6; ed scores 'ugly mess of corruption'; urges strict legis. reforms, My 25,24:2; SLA overrules N.Y.C. ABC Bd., reinstates Piccolo Club license, My 25,25:1; Ct. on the Judiciary to hear charges against Osterman; B. Bromley to conduct case; charges detailed, My 26,95:4; wide variance in U.S. liquor legis. discussed; N.Y.'s laws found as effective as others, My 26,IV, 8:3; ABC Bd. Comr. Meany, Wise and J. R. Pape testify; waive immunity; Rager raises libel damage demand for Lefkowitz to $4.1 million, My 28,27:3; A. V. Selig, atty. and ex-member of Local School Bd. 3, refuses to waive immunity; Pape and Wise testify again, My 30,18:4.

SLA PROBE: Selig held in contempt for refusing to tell grand jury if he passed $39,000 bribe to Epstein, Je 6,32:2; apologizes to ct, promises to testify; illus, Je 7,32:2, NYS Sup Ct rejects Siegel complaint that his law office was 'bugged' by Dist Atty, Je 8, 14.1; lr on May 25 ed on 'mess' backs broader reforms, Je 10,3:5; Selig, O'Shaughnessy and Pape testify, Je 11,41:4; Selig cleared of contempt, Je 12.18:7; ABC Bd. investigator L. Carlin refuses to waive immunity; dismissed, Je 13,23:1.

SLA PROBE: ABC investigator D H Martin dismissed for refusing to waive immunity, Je 18,25:5; grand jury extended 6 mos; SLA Deputy Comr Licato, 6 others testify, Je 21, 60:1; Mrs. Leon details fruitless 4-yr effort to get license to relocate pkg store; describes bribery demands by SLA officials and other illegal proposals by self-termed 'fixers'; says she reptd it to Dist Atty in '60, would gladly testify before grand jury, Je 24,55:1; Licato and 2 others testify, Je 25,41:1; bar operator J M Golly indicted for perjury, atty H Neyer indicted again on 6 new counts of conspiracy in pay-offs; grand jury recesses for 2 mos, Je 27,41:2; rev of probe results to date. Je 30,59:4

SLA PROBE: Hogan repts probe will be stepped up in Sept to keep 2 grand juries at work simultaneously, Jl 6,11:3; SLA Chmn Hostetter creates Trial Examiners Bur and Pub Service Bur to curb bribery and influence peddling, Jl 17,1:1; Osterman trial before Ct on Judiciary postponed pending motion to dismiss case, Ag 6,28:5; indictment of SLA 'higher-ups' seen after 2 grand juries get information; Hostetter plans for further SLA reorgn, S 1,39:1; Ct. on Judiciary hears Osterman case, S 24,43:2; grand jury ends 3-mo recess; acts to insure greater secrecy, S 26,27:1

SLA PROBE: Ct on the Judiciary ousts Osterman as NYS Claims Ct judge; rules that by refusal to sign immunity waiver he obstructed grand jury inquiry on alleged bribery of SLA official, O 9,1:3; grand jury hears Osterman aides G O'Shaughnessy and M N Thaler, O 10,36:3; ed backs Osterman removal, O 11,36:1

SLA PROBE: NYS Sup Ct dismisses Rager's $4.1-million libel suit against Lefkowitz, O 22, 76:1; ct denies J Golly motion to inspect mins of grand jury which indicted him for perjury in June, O 24,21:1

SLA PROBE: Bklyn Dem leader E Victor charges Moreland Act Comm was set up to divert attention from SLA corruption, comm hearings, NYC, N 2,54:3; Osterman and Epstein revealed to have been indicted for bribery; indictments not pub, N 5,1:5; grand jury hands up sealed indictment on Osterman, N 7,27:3; he surrenders; pleads not guilty; illus, N 8,1:5

SLA PROBE: Dist Atty probes rept that pal figure offered to give Epstein $5,000 bribe to fix '59 license revocation of night club secretly owned by ex-convict, N 23,35:4

SLA PROBE: grand jury probe ends 1st yr, D 3,47:1; Epstein pleads not guilty to 2 indictments for accepting $5,000 bribe from Osterman, '62 on behalf of Bermuda Sales Corp, and failing to pay NYS income tax on bribes amounting to $32,000 in '60, '61; illus, D 6,1:4; grand jury term extended to June 30; NYC ABC Bd investigator A Fishbin refuses to waive immunity to testify, is dismissed, D 10,49:6; Bermuda Sales role in Epstein case detailed; owner H Hartford seeks SLA approval to sell it, D 11,28:3; Hogan says Hartford partner S Alter has 'cooperated completely' in probe; paves way for SLA approval of sale, D 12,15:1; ex-SLA Deputy Comr Licato indicted for accepting bribes from H. Farrell to fix 2 liquor-license cases and for perjury and contempt, D 13,49:3

[From the 1964 New York Times Index]

APPENDIX C

SLA Probe: Mrs. Epstein, wife of indicted ex-SLA chmn, gets 30-day sentence for refusing to answer grand jury questions although granted immunity; illus; execution of sentance stayed until Jan. 27, Ja 14,1:6

SLA PROBE: *Epstein* asks dismissal of bribery charges against him; says evidence was obtained illegally with electronic bug placed in hosp bed, Ja 21,18:5; Dist Atty's office denies charge, Ja 22,75:2, ex-SLA Deputy Comr A Licato seeks dismissal of perjury and bribery charges claiming grand jury lacked quorum on several times that he testified and that some jurors slept occasionally; Sup Ct justice adjourns hearing, advises Licato to produce more evidence, Ja 23,41:6; SLA revokes liquor license of Harlem tavern Chateau Lounge from whose owner ex-Judge Osterman allegedly took bribe to fix like suspension in '63; Sup Ct justice permits Licato to withdraw not guilty plea to enable him to file demurrer, Ja 30,18:3

SLA PROBE: US Sup Ct bars Osterman a hearing on claim that he was denied protection and due process of law when NYS Ct on Judiciary ousted him, '63 for not cooperating with grand jury, F 18,44:3; NYS Justice Silverman reveals he does not know what a blackjack looks like, hearing on G Reinhardt motion on certain evidence against him; Reinhardt '63 arrest on charges of stealing SLA files revd; blackjack illus, F 29,23:7

SLA PROBE: Mrs. Epstein loses appeal from sentence, Mr 3,39:6; arrest stayed for 1 week, Mr 4,41.2; she testifies illus, Mr 11, 49:4; bill offered at Rockefeller's request, NYS Sen, to give more authority to SLA chmn and make him responsible to Gov. Mr 13,35:1

SLA PROBE: ct reserves decision on Mrs Epstein, permits her to return to Fla; Asst Dist Atty Scotti charges her response to grand jury showed 'complete lack of good faith,' Mr 17,38:1; Legis kills bill to give Gov more authority over SLA, Mr 30,24:7

SLA PROBE: Reinhardt taken to ct, 37th time; trial date set, Ap 1,77:6; Osterman trial opens after Justice Sarafite denies defense motion to suppress evidence of alleged bribery deal, obtained from electronic eavesdropping in Epstein's hosp room in '62; Asst Dist Atty Scotti puts into record Sarafite's '62 order authorizing eavesdropping and affidavit for authorization; disclosures in latter cited, Ap 2,21:3; Scotti charges E M Javits, candidate for Repub nomination for NYS Sen and nephew of Sen Javits, was contact man who put S Alter, mgr of Bermuda Sales Co which was in difficulties with SLA, in touch with atty M Thaler, allegedly Osterman's front in bribery deals; says Javits continued as go-between even after Thaler told him it would cost $25,000; says NYS will prove Osterman agreed to Epstein's demand for $5,000 to fix case; details Osterman's alleged fixing of license cases; Javits declines comment; Osterman jury completed; named, Ap 3.1:2; Javits denies any wrongdoing, news conf; illus; says he will not withdraw as candidate; charges 'misleading' repts on Scotti statements; says he recd no fees, that the sole interest was to help H Hartford, then an owner of Bermuda Sales, Ap 4,1:6; Osterman pleads guilty to 3 counts of conspiracy, ends trial abruptly; admits he offered $5,000 bribe to Epstein which latter agreed to accept; conspiracy counts detailed; Scotti says Javits need not now be called as witness, Ap 7,1:6; Javits denies ever being a party to any bribe attempt or scheme; admits he recommends Thaler to alter; says he thought $25,000 requested by Thaler was his legal fee; speculation on pol repercussions of Javits link to case, Ap 8,32:3

SLA PROBE: Osterman sentenced to 1 yr in prison; 1-yr terms on each of 3 conspiracy counts imposed, but ct directs they be served concurrently, Ap 30,1:8; correction, My 1,33:2; Epstein to be examined on fitness to stand trial, My 5,40:5; My 15,21:2

SLA PROBE: Judge Schweitzer drops contempt charge against Mrs Epstein, cancels 30-day jail term; rules she purged self of contempt by testifying before grand jury, My 16,50:8, ct-apptd dr repts Epstein is too ill to stand trial now, My 29,8:3

SLA PROBE: SLA ex-investigator M L Bernstein pleads guilty to conspiracy to get bribe from Candlelight Lounge, Je 3,37:7; grand jury extended to Nov 30, Je 10,89:8; Mrs Epstein indicted for criminal contempt for refusing to answer proper questions and giving 'conspicuously unbelievable and false' answers; her replies to grand jury Mar session made pub, Je 12,1:8

SLA PROBE: NYS Sup St orders new physical exam for Epstein by Sept. 17, Je 16,34:6

SLA PROBE: recalcitrant witness B Cohen, pres of bar which operated now-defunct Rialto Bar and Grill, agrees to testify after being taken before judge, Jl 10,26:3; Dist Atty Scotti says new indictments may be returned by fall; hopes to try Epstein, Jl 12,72:1

SLA PROBE: Assemblyman Mintz has been questioned by 2 grand juries, Jl 25,20:1

SLA PROBE: trial of R Berger, charged with conspiring to have bribes paid to SLA ex-Chmn Epstein to obtain liquor licenses for Playboy Club and Tenement, opens, NYC; Asst Dist Atty McKenna, while questioning prospective jurors, says that NYS ex-Repub Chmn Morhouse told Playboy Club Officers that license would cost $100,000; Morhouse atty says Morhouse asked money for work as atty for Playbody Club head H M Hefner; ct denies defense motions to suppress evidence resulting from electronic eavesdropping, O 7,1:8; prosecutor, at direction of ct, names Hefner, H W Stiegel, Morhouse and others as possible witnesses who may be co-conspirators; jury selection continues, O 8,1:4; list of people and clubs involved, O 8,38:4; jury completed; McKenna says Morhouse told Playboy Club backers in '61 that he could arrange for license, opening statement; outlines case against Berger, O 9,1:2; correction, O 9,43:1; Playboy Club partner A J Morton says Morhouse in '61 asked $100,000 stock option in Playboy enterprises plus $20,000 yrly legal fee for 5 yrs as price for license, testimony; links Berger to Morhouse; says Berger earlier involved club in $50,000 bribe deal with Epstein; Berger and atty illus, O 10,1:1; Morton excerpts, O 10,16:4; Playboy enterprises described, O 10,16:1; Playboy Club vp R Morton says 'blackmail' not bribery led him and assocs to agree to $50,000 payment to Epstein, '61; says same reason led to agreement to pay $100,000 to Morhouse, O 14,40:1; Playboy treas Preuss testifies on checks made out to Morhouse and Berger; other testimony, O 15,55:1.

SLA PROBE: Berger trial; Preuss testifies; ct rules out testimony on Playboy Clubs' 'bunnies' and owners private parties; Preuss admits payments to Berger were, of necessity, falsely entered into club accts as payments for legal services; says payments for Epstein and Morhouse were blackmail, O 16,77:1; says club officers rejected scheme to give Morhouse benefits of $100,000 stock option in club, which he demanded, without listing him as an owner; says Berger took him and other club execs to Epstein and Morhouse; V Lownes, chief of clubs' Eur operations, says he proposed that 'we ought to blow whistle' when Morhouse demands were discussed by club execs; Berger's alleged demand of $50,000 for Epstein as price for NYC club to get liquor license and clubs' charge that he recd $41,000 revd, O 17,44:1; Tenement Club owner Jacklone testifies he agreed to give Berger and theatrical agent H Steinman, who introduced them, $10,000 for Epstein to get license for his club; illus; says Berger warned him that SLA could cancel his license if he withheld payoff; indictment against Steinman for perjury noted; ct denies application of 2 attys to revoke immunity under which Lownes came from London to testify to enable them to serve him with arrest warrant for non-support of his child, O 20,21:1; ct-apptd physician repts Epstein now has pneumonia, may not be able to stand trial on bribery and other charges, O 21,24:5; Detective Bernhard testifies he trailed Berger from Epstein's hosp bedside to restaurant where he heard Berger tell Jacklone fix was in to get him license; Jacklone notes he had paid $10,000 fee to Epstein's brother-in-law N Roth to get a license, that SLA rejected his application because of his then business assn with W Lassner, and Roth had returned $2,500 to him; admits testifying falsely in 1 detail before grand jury that indicted Berger; admits he pleaded guilty to '51 gambling charge under name of Giaculone, O 22.72:1; jury sees film taken June 29, '62 by 2 detectives outside NY hosp to corroborate their testimony on visits Berger paid Epstein; Berger atty Brill objects to film admission as evidence, O 23,77:6; detectives testify on information obtained by eavesdropping device hidden in Steinman's office revealing his talks with Berger which corroborate Playboy Clubs owners and Jacklone testimony; 3 business cards which Berger reptdly tried to destroy, Dec '62, placed in evidence; contents detailed, O 24,33:2; ct dismisses juror J W Bierhorst, who rejects evidence based on eavesdropping; Brill argues to retain him; alternate juror chosen, O 27,50:7; Brill attacks recordings of talks as being so indistinct that even 2 detectives listening to them could not agree on what they heard; says series of alterations have been made in transcripts; elicits supporting testimony in cross-examining detectives, O 28,38:5; clashes over eavesdropping conversations; Brill's attacks on transcripts accuracy delays playing them for jury; Jacklone recalled for questioning, O 29,32:4; ct lets jury hear tape recordings twice while scanning mimeographed transcripts of them; some phrases clear, others difficult to understand; O 30, 47:5; both sides rest after Brill's unsuccessful move for dismissal of indictment against Berger, O 31,60:5

SLA PROBE: Berger trial; defense and prosecution attys sum up, N 3,24:1; Berger convicted on 2 counts; found to have plotted with Playboy Clubs and Tenement club owners to bribe Epstein to get licenses, N 5,53:2; Dist Atty Hogan to speed more trials; places Berger trial records under intensive study, especially regarding alleged demands by Morhouse; 6 other cases scheduled; ex-Deputy Comr Licato, indicted Dec '63 on charges of taking bribes, perjury and contempt will be 1st tried; ct postpones sentencing of M Bernstein and J Golly who pleaded guilty in license cases, May-June N 6,23:1

SLA PROBE: Epstein trial adjourned to Jan 15 because of his continued illness, N 17,49:3

SLA PROBE: Berger sentenced to 2 concurrent 1-yr jail terms; subpoenaed to appear before grand jury, D 8,33:3; released on bail, D 10,58:5; Licato admits taking 2 bribes totaling $8,500, says he gave money to Epstein; pleads guilty to 3 counts in 10-count indictment; says he recd $5,000 from atty Farrell, '61, to fix case for Classic tavern, accepted $3,500 from him in '62 to fix case for Embassy bar; says he kept no part of money, D 15,1:6

SLA PROBE: Osterman freed from prison for good behavior, D 25,21:1

Moreland Act Comm urges sale of bottled liquor in super mkts, dept store branches, drugstores and other retail shops, NYS, rept to Gov Rockefeller on 1-yr study; urges more pkg stores opened, end to limit in distance between them; holds existing curbs invite SLA and ABC Bds corruption and cause high NYS prices; chmm Walsh says comm doubts revisions will spur consumption, news conf; illus; indus scores proposals, Ja 6,1:7; Legis com chmn Sen Marchi lauds them; Licensed Beverage Indus pres Donovan, Save Our Stores Com chmn Bandel, other indus reprs score them; R H Macy and Gimbel Bros aides favor sales in suburban branches, Ja 6,27:1; Marchi opposes sales outside licensed stores; backed by Sen Mackell, TV; Donovan opposes lifting price controls, TV int; Citizens Union chmn Bergerman comment, Ja 13,19:1

'63 revd; imports up; figures, by types; price rise seen; sales of imported and domestic liquor put at record 261 million gals;

'64 vol of 269 million seen; other data, Ja 6,65:3,4

Donovan says indus is unalterably opposed to proposals to lift curbs on number of pkg stores and end price control, NYS, Ja 16,47.4; Moreland Act Comm calls for repeal of compulsory price maintenance by SLA, final rept to Rockefeller; says competitive mkt will cut prices by about $1 on ⅕ gal; includes chart comparing retail prices on 18 brands sold in NYS pkg stores with those in 7 other cities; proposes 6-mo transition period after repeal; again denies lower prices will raise consumption; indus scores proposal, Ja 22,1:5; comm names W Golub as special counsel to draft bills embodying changes; Marchi offers legis to create appeals bd within SLA to rev findings and penalties imposed on liquor licenses, Ja 24,15:2; ed backs proposals, urges early enactment, Ja 25,22:5; indus begins drive to prevent changes; Donovan warns of econ chaos, press conf; comm replies, Ja 29,35:8; lr opposes sales in super mkts, Ja 31,26:6

Comment on large '63 imports, Ja 17,66:4

Reply to Jan 31 lr backs Moreland Act Comm proposal that liquor be sold in super mkts, NYS, F 5, 34:5; Sen Zaretzki offers bill to make it illegal for distillers or wholesalers to charge more in NYS than in any other, F 7,33:1; Rockefeller backs Moreland Act Comm proposals in full, special message to Legis released at news conf; illus; urges 'forthright decisions and action'; comm chmn Walsh says it will continue for 1 yr to study enforcement problems, F 11,1:4; ed, F 12,32:1; Save Our Stores Com chmn Bandell says proposals benefit large interests, small businessmen will oppose them, F 11, 35:2; Rockefeller sends Legis omnibus bill calling for sweeping revisions, F 13,16:3; legis to cut prices and end curbs on new pkg store licenses seen doomed at current Legis session, F 14,1:1; State (NYS) Council of Chs enlists support of 5,000 clergymen to fight revisions, F 15,25:1 (for provision on ending food service requirement for bars, see Hotels—US, NYS pars F 13,14,27, Mr 9,12, Ap 15,17,18, My 27, O 3)

Walsh calls for consumer counterattack on liquor indus and prohibitionists lobbies trying to scuttle Rockefeller programs, s, City Club, NYC; City Club trustees bd backs Moreland Act Comm rept, F 18, 44:1; C Grutzner survey of NYS lobbyists tactics and activities, Albany, repts liquor indus reprs will mass to fight bills, have convinced legislators it would not be politically expedient to make revisions in '64; notes indus has no single lobby, that Licensed Beverage Indus is nearest approach to unity, F 19,1:1; outlook for passage of some secs of Rockefeller bill brightens; legis to end price fixing and permit sales in unlicensed stores unlikely; Rockefeller says he supports 'program in total' but will not insist on single bill, news conf. F 19,25:5; ed deplores lobby, F 19,38:2; Sens score Times article charging they have yielded to lobbyists, Sen floor discussion of Grutzner article; Sen Mahoney says Feb 19 ed implies criticism of him and Sen Carlino for breaking omnibus bill into 6 separate ones; defends breakdown; Sen Zaretzki charges ed attempts to intimidate him and influence his actions; backed by Sen Duffy, F 20,1:6; ed gibes at legislators indignation, replies to Zaretzki; lr backs liquor legis reforms, F 22,20:1,4; Marchi queries comm estimate that price-fixing costs consumers $100 million yrly, TV int; says Legis com will hold pub hearings on revisions; Licensed Beverage Indus says study shows retail price maintenance law has not caused price rise, F 24,28:3; SLA ex-Chmn O'Connell lauds State Council of Chs fight against revisions, F 26,39:3; SLA Chmn Hostetter backs entire program prepared by comm, Legis com hearings, Albany; SLA aide W H Morgan scores most proposals; terms NYS liquor law 'model for rest of country'; Council of Chs, liquor dealers and others oppose revisions, F 27,1:4.

NYS Appeals Ct, 4–3, upsets '63 SLA decision, rules tourists may buy untaxed liquor abroad for delivery to homes, F 28,31:4.

NYC suburban teen-agers state preference for hard liquor, poll taken at 'Teens and Alcohol' forum sponsored by Reader's Digest, NYC, F 28,31:5.

Walsh sees NYS Legis adopting many Moreland Act Comm proposals, Mr 2,4:4; Citizens Union chmn Bergerman urges consumers to write Legis members asking lower prices, Mr 5,27:3; Marchi indicates Legis com backs licensing of more pkg stores, opposes liquor sales in new outlets, news conf; Rev S Graf charges State Council of Chs misrepresents views of many Prot clergymen; backs most Rockefeller proposals; comm sends memo to Marchi com to support claim that new legis will cut prices, Mr 6,19:4; Hostetter repts Repub SLA members Comrs Balcon and Doyle back proposal to end moratorium on number of pkg stores and other Rockefeller proposals, lr to Marchi com; holds population rise and shifts require more stores; SLA with 3-to-2 majority can end moratorium without Legis approval, Mr 9,1:1; SLA Comrs Hart and Morgan (Dems) approve ending moratorium but would keep law setting minimum distance between stores, Mr 10,26:1; Marchi repts Legis com proposes removal of price controls on wine only as step toward possibly cutting liquor prices, news conf; says com opposes liquor sales in super mkts and other outlets, would cut minimum distance between stores and let liquor dealers share wholesalers occasional discounts with consumers, Mr 12,1:4; Walsh scores proposed price changes, Mr 12,40:6; wine indus upset by com proposal, Mr 13,35:1; pkg store owners fear wine price war; whiskey distillers and Citizen Union score proposal; Save Our Stores Com seeks contributions for ad drive against it; Amer Wine Assn urges Marchi to reconsider, Mr 14,19:1; Walsh disputes Marchi charge that ending price controls would make NYS dumping ground for cheap liquor; defends comm proposals, Mr 15,54:4.

Distillers circumvent NYS ban on sale of half pints of whiskey by technically converting it into 'liqueur' by adding sugar; 'liqueurs' illus, Mr 5,35:2.

T Irwin article on history, mfr and growing popularity of bourbon; repts yrly consumption at 76.5 million gals, Mr 8,VI,p75.

10 of 41 coll students held, Indianapolis, for under-age drinking, freed for lack of evidence, Mr 14,52:6,

Rockefeller holds Legis should revise liquor laws at this session, press conf; scores Legis com proposals, Mr 17,1:6; ed scores com proposal to lift price controls on wine alone, Mr 19,32:1; Assembly com, in surprise move, votes out, for floor debate proposal to end price controls on liquor, Mr 21,12:4; Rockefeller urges Legis to pass 3 proposals before adjourning, Mr 22,1:6; wages intensive behind-the-scenes battle to get Repubs support; Sen defers action on bill; Rockefeller major concern is bill to end price fixing; Sen Zaretzki sees Dems opposing it, Mr 25,1:2; Sen approves bill to let pkg store owners apply to SLA for permit to sell on credit, Mr 25,45:8; Rockefeller warns Legis, in effect, that its refusal to pass bill will be interpreted as surrender to liquor lobby, special message; statement follows 24-hr effort to get support for program; Repubs and Dems incensed by message; hold he has destroyed any chance for bill's passage; Legis adjournment postponed; Assemblyman Brennan and Sen Ohrenstein score message; Rockefeller's drive followed Repub Sen conf decision to reject his proposals, back Legis com recommendations, Mr 26,1:8; Rockefeller message text, Mr 26,31:7; Assembly defeats all 3 bills overwhelmingly; Legis adjourns; Speaker Carlino and Assemblymen Feinberg were only speakers to support bills; prior to vote Rockefeller denied repts of deal with Bronx Dem leader Buckley; bill's defeat seen major setback for Rockefeller campaign for Pres nomination, Mr 27,1:8; roll-call, Mr 27,25:5; Rockefeller to call special Legis session for Apr 15, press conf, Mr 27,1:6; ed deplores defeat of legis, Mr 27,26:1; Rockefeller seeks to convert Legis defeat into pol asset; his supporters see bill passed at special session, Mr 28,1:6; Rockefeller and Buckley deny deal, Mr 28,8:5; ed sees Pres election link, Mr 28,18:2; Zaretzki sees Rockefeller program defeated at special session; disputes view that defeat of bills was defeat for Rockefeller, Mr 29,35:2; Rev T Conklin credits defeat of bills to NYS Council of Chs active opposition; comments on Zaretzki's claim that it was biggest lobby on issue, Mr 30,25:1; Rockefeller says he will seek accord on bill with Legis leaders before Apr 15, Mr 31,21:2; ed, Mr 31,34:2; Rockefeller issues formal call for Legis to reconvene, Mr 31,37:8; Zaretzki says he will press for his own bill on pricing; Marchi repts Sen passed Legis com bill on promotional discounts but Assembly failed to act on it before adjournment, Mr 31,39:1

Fiscal '63 whisky output 22% below '62; gin and vodka output up, Mr 21,38:3; Alcoholic Beverage Importers Assn repts '63 imports up to $337 million, $19 million above '62; notes growth rate slower than in '62; breakdown on imports and sources, Mr 29,III, 5:1

Fed Maritime Comm to probe freight rates of 4 ss confs and 3 ind lines after repts of discriminatory prices, Ap 1,77:7

Save Our Stores Com chmn L Bandell and R Campanella Jr scores Rockefeller's proposed legis, Ap 2,32:6; lr backs legis, Ap 3, 32:6; its defeat discussed; passage in special Legis session seen unlikely, Ap 5,IV,6:1; Marchi optimistic on program acceptable to all pol parties, Ap 8,69:1; ed hopes Rockefeller will not accept compromise, Ap 10,34:2; Carlino confs with Rockefeller; says amt of support Rockefeller can expect is uncertain; Citizens Com for Liquor Law Reform, to which Rockefeller has contributed, appeals for funds to pay for 'telecasts' and other activities to revise laws; Marchi hopeful on compromise; Sen Mackell less optimistic; Zaretzki says he is 'unalterably opposed to Gov's plan,' Ap 11,1:7; Rockefeller urges pub to demand Legis pass 3-point reform bill, TV s; holds current laws spur vice and corruption, 'fleece' pub out of $150 million yrly; Carlino lauds appeal; Distilled Spirits Inst pres Coyne disputes Rockefeller claims; Save Our Stores Com files complaint with FCC against 2 radio stations that refused to accept its paid reply to telecast; charges Rockefeller with 'deceitfully' paying for his time through Citizens Com for Liquor Reform; Rockefeller's aide explains payment arrangement; Zaretzki comment, Ap 12,1:5; Rockefeller text, Ap 12,82:2; Repub Legis leaders cautiously optimistic; Rockefeller adm drafts bill retaining substance of defeated bills but different enough to be enacted; Sen Mahoney confs with Rockefeller; he and Carlino optimistic, Zaretzki pessimistic on bill's passage, radio and TV ints, Ap 13,1:2; ed backs Rockefeller's appeal, Ap 13,28:1; Rockefeller confs with Repub legis leaders on compromise legis, Ap 14,41:6; compromise plan detailed; major change includes, in essence, price proposal urged by Zaretzki; State Council of Chs proposes changes making program more acceptable, Ap 15,1:5; ed deplores Rockefeller's failure to broaden agenda of special session; backs reforms but urges SLA set up clearer criteria on licensing stores, Ap 15, 38:1; Coyne urges Legis to veto new proposals, TV int, Ap 15,44:8

Distilled Spirits Inst repts rise in consumption on gallonage and per capita basis, '63; Calif leads in amt, DC in per capita use; chart traces rise, '54–63, Ap 2,43:3

Special NYS Legis session convenes; Carlino repts 60 Repub Assemblymen indicate willingness to support compromise bill if ban on price ad is included; Sen Repubs conf; rept price ad major issue; Rockefeller and Legis leaders agree to exclude wines from bill, Ap 16,1:8; bill passed with aid of Dem votes; signed; calls for end to price-fixing with requirement that distillers and wholesalers sell at prices at least as low as elsewhere in US, bans ad prices, ends distance requirement between pkg stores; other revisions; Rockefeller again denies Dem support stemmed from deal with Buckley, news conf; hails bill's passage; NYS Publishers Assn urged defeat of ban on ad prices, Ap 17,1:8; speculation on effect of bill's passage on Rockefeller's pol role, Ap 17,1:7; store owners link bill's passage to alleged deal; Marchi and Mahoney laud bill; rollcall, Ap 17,16:5,6; ed scores bill as surrender by Rockefeller, Ap 17,34:1; Distilled Spirits Inst and Licensed Beverage Industries weigh ct challenge to const of provision on selling at prices as low as elsewhere in US; note Kan law with like provision has been enjoined by distillers suit for nearly 2 yrs; Finger Lakes Wine Growers Assn criticizes exemption of wines from new law; State Council of Chs criticizes bill; SLA Chmn Hostetter weighs implementation problems; Sen Ohrenstein disclosures on Rockefeller's dependence upon votes of Bronx Dems to get bill passed gives further credence to reptd deal, Ap 18, 1:1; Rockefeller claims major victory for 'people of NY,' ss, Oregon; credits Repub legislators, Ap 18,15:6; repeal of price fixing expected to spark like moves in other states; some pol leaders comment; store owners score Rockefeller on retail prices cut, Ap 18,34:2,4; SLA to delay licensing additional outlets in move to protect established pkg stores, Ap 22,49:8; lr criticizes reforms, Ap 24,32:5; Rockefeller signs slate-voting bill that led to repts of Buckley deal, Ap 26,47:1; F J Lind warns new laws may be copied by other states with 'disastrous results' to many pkg stores, Liquor Stores Assn conv; criticizes Save Our Stores Com position on prices; M Sheen urges indus fight to change laws, s, NYC, Ap 28,40:6; indus leaders differ on means of becoming more influential in NYS Legis, Liquor Stores Assn conv; L Bandell says Save Our Stores Com will retaliate against those legislators who 'ran out on us' during fight on new legis; Westchester Retail Liquor Dealers repr S Friedman says his group will back those who acted in good faith, Ap 29,65:1.

'63 Scotch whiskey bulk imports up sharply; importers see indus gains; comment, Ap 19,111,1:1

NYS bill to require SLA to hold pub hearings before changing rules and give liquor assns 10 days notice of hearing vetoed, Ap 21,25:1; NYS bill calling for yrly renewal of liquor licenses vetoed, Ap 22,41:3

Calhoun County, Mich, judge dismisses $1-million libel suit against Battle Creek Enquirer & News, editor and aide brought by Comr Wilklow and 3 excomrs charging newspaper defamed them in series of articles criticizing Battle Creek liquor policy; cites Sup Ct decision in NY Times v Sullivan case, Ap 26,65:4

NY SLA to screen license applicants more thoroughly than ever to bar undesirable elements from indus, annual rept, Ap 29,65:1,2

Marchi repts Legis com to probe if lobbying on recent bill involved bribe offers or threats of pol reprisals, My 5,38:4; major distillers notify NYS retailers they will try to enforce minimum retail prices when SLA controls end; Schenley Distillers and '21' Brands assurances cited; distillers will act under Feld-Crawford Fair-Trade Act, negate intent of new law, My 9,1:6; survey shows NJ retailers pay up to $110,000 for liquor license with face value of $500–600; system under which each municipality issues and renews licenses and sets fees described, My 11,1:2; Shawnee County Kan, ct rules that state's '61 law requiring distillers to sell to Kan distributors at prices no higher than lowest charged elsewhere is unconst, suit brought by 35 distillers; holds proviso is interference by state in interstate commerce, My 12,30:5

Meth Ch Gen Conf reaffirms abstinence rule, My 6,26:6; Natl Sciences Acad-Natl Research Council unit notes avg Amer consumes 76 calories of alcohol daily, My 7,39–8

More land Act Comm completes formal inquiry on NYS laws begun in '63; Walsh comments, My 24, 92:1; NYS lobbyists rept $8,482 spent to influence regular and special sessions of '64 Legis; data filed with State Sec, My 28, 74:8

US Sup Ct, 6–2, holds no state may prohibit sale of untaxed liquor to airline passengers leaving on overseas flights, rejects NY SLA regulatory claims over sale at Kennedy International Airport, Bon Voyage Liquor Corp case, Je 2,1:6; Atty Gen Lefkowitz comments, Je 2,42:3; comment, Je 7,IV,4:1

Palo Alto, Calif, repeals prohibition, Je 4,16:7

NYC may ban consumption at pub beaches to cut summer rowdyism; Councilman Santucci will offer Adm Code amendment to bar consumption on beaches or sts by anyone under 18, Je 6,1:1 (see also Crime—NYC Je 6,1 3 in Je 3 par, Jl 8 par, Jl 29, N 6)

GB claims $35-million-a-yr loss from US system of taxing 86 proof Scotch whiskey on basis of 100 proof, GATT subcom, Je 25,50:8

V Fischel & Co signs accords with NY retailers to maintain prices when controls end; others plan like accords, Jl 2,28:4; NYS Sup Ct temporarily enjoins SLA from enforcing certain provisions of new law after 2 Queens retailers challenge its const; Save Our Stores Com chmn Bandell comments, Jl 10,26:7

Rutgers U sociologists study drinking habits and attitudes of 2 suburban NJ communities; Dr H Fallding dir, Jl 18,21:1; B Lang on ten-agers drinking habits, Jl 19,VI, p47; Sen Dirksen offers legis to designate youth temperance educ wk, Apr, Jl 21,14:3

Queens store owners challenge new legis, NYS Sup Ct; claim changes offer leeway for corruption; attack provisions on distance requirements and more licenses, Jl 25,21:1

Teamsters temporarily bars deliveries to Harlem NYC, and Bedford-Stuyvesant sec, Bklyn, scenes of race riots, to protect drivers, Jl 28,1:4; SLA bans sale in Rochester, Jl 28, 14:1; Jl 29,1:1; ban lifted, NYC, Jl 29,40:1; Rochester, Jl 30,12:1

Lr on Lang July 19 article on teen-age drinking, Ag 2,VI,p2

NYS Sup Ct Justice Cooke rules against 2 Queens liquor store owners, upholds legis changes, Ag 4,31:6

SLA to issue up to 2,000 new pkg-store licenses a yr beginning Dec 1, NYS; Chmn Hostetter details plans for relocating estab dealers and issuing more licenses, Ag 7,1:4; admits some resulting hardships but notes dealers may apply to change locations anywhere in state; says only requirements for license will be good character and financial responsibility; reaction, Ag 8,45:1

Lrs on Lang July 19 article on teen-age drinking, Ag 16,VI,p2

Teamsters local lifts ban on deliveries to Harlem and Bedford-Stuyvesant sec imposed during July race riots, Ag 18,63:4; Gov Scranton bans liquor sales in N Phila Negro neighborhood, scene of rioting, Ag 30,76:2

NYS Repub Sens charge SLA plan to issue 2,000 new licenses violates 'understanding' with Legis; Mahoney cites Hostetter pledge to issue licenses in 'orderly' manner on basis of pub convenience and need, S 10,39:1; SLA approves 43 store site changes, S 11,23:2

[From the 1965 New York Times Index]

APPENDIX C

SLA PROBE: ex-SLA investigator M L Bernstein sentenced for conspiracy to get bribe from bar owner, Ja 30,56:4

SLA PROBE: ex-SLA deputy comr Licato gets 1-yr sentence for '64 conviction for taking bribes to fix licenses; R Berger, convicted in '64 for conspiracy to bribe M Epstein, refuses to answer grand jury queries on pact with Epstein and L Morhouse on money recd from Playboy Club in '61 because appeal is pending, F 5,38:1; ct directs him to answer, F 11,26:7

SLA PROBE: Berger sentenced to 30 days in jail for contempt of grand jury, F 24,33:1

SLA PROBE: L J Morhouse indicted, NYS Sup Ct, for bribery and conspiracy to bribe then SLA chmn Epstein to approve Playboy Club's license; pleads innocent; case revd, D 8,1:5 NY County Dist Atty Hogan lauds Asst Dist Attys Scotti and Goldstein for roles, D 12,68:5

SLA PROBE: Asst Dist Atty Scotti lr to Comr DiCarlo lauds Playboy Club's execs role in probe, D 23,29:2

[From the 1966 New York Times Index]

APPENDIX C

SLA PROBE: L J Morhouse on trial for bribery and conspiracy, NYS Sup Ct; Playboy Clubs Internatl exec vp Morton says Morhouse asked $100,000 and other payments for himself at NYC meeting with Morton and go-between R Berger, after Playboy agreed to pay then SLA Chmn Epstein $50,000 bribe for NYC club liquor license, My 4,30:3; prosecution notes atty H D Siegel, indicted for conspiring to bribe SLA officials, still practices before SLA; Chmn Hostetter comments, My 4,30:1; Morton says Morhouse insisted checks be from HMH Publishing; $10,000 HMH check to Morhouse put into evidence, My 5,41:2; Berger says Epstein said he had earlier deals with Morhouse and Morhouse knew about bribe; repts M Korshak, now Illinois official, helped him get $5,000 payment from Playboy, My 6,33:3; Playboy and HMH official R Preuss testifies, My 7,32:5; admits he has no direct knowledge that Morhouse knew about Epstein bribe; atty H Hayes is granted immunity from prosecution, says NYS Thruway Auth Chmn Bixby wrote final draft of Morhouse Dec '62 lr to Playboy owner H M Hefner denying he got fee from NY club; Bixby denies charge, int, My 10,28:3; state rests, My 11,17:1; Morhouse declines to testify, My 12,89:4.

SLA PROBE: Morhouse bribery and conspiracy trial; defense summation calls Morhouse action improper but not illegal, My 17,35:2; Asst Dist Atty Scotti summation, My 18,43:1; jury deliberating, My 20,51:5; Morhouse convicted on 2 counts in Epstein bribery, acquitted of conspiracy; illus, My 21,1:2.

SLA PROBE: Morhouse gets 2 concurrent 2–3-yr jail terms for bribing SLA ex-Chmn Epstein to get license for NYC Playboy club; Scotti, in urging heavy sentence, cites for 1st time other alleged cases of Morhouse selling his pol influence; Morhouse seeks bail pending appeal; is remanded, Je 16,1:5; Sen Javits, T E Dewey, NYS Repub Chmn Spad, county Chmn Albano and many more wrote to Justice Gellinoff lauding Morhouse prior to sentencing; Rockefeller's sec W J Ronan reptdly sent lr with Gov's knowledge; his aide denies rept; Dist Atty's office comments, Je 17,46:1; Rockefeller aide admits Ronan wrote lr urging leniency, Je 18,26:8; Morhouse released in own custody; testimony of accomplices deemed insufficient to support conviction, adequacy of nonaccomplice evidence challenged, Je 22,41:4.

SLA PROBE: NYS Appeals Ct, 5–2, upholds Berger bribery conviction in Playboy Club license case; Chief Judge Desmond and Judge Fuld dissent cites unconst use of electronic eavesdropping, Jl 8,39:7; Dem candidate for gov nomination E H Nickerson charges Rockefeller "tolerated scandalous situation," TV int; says it was 'gen knowledge' that person seeking license had to go to "repub-oriented" atty; cities Morhouse case, Jl 11,23:3; former NYC ABC Bd investigator S Appel, who was fired in '63 for refusing to waive immunity before grand jury, indicted for perjury and criminal contempt, NY; allegedly impeded jury probe of $4,500 bribe sought to get license for Harlem bowling alley; arrested, Rockville, Md; free on bail pending extradition, Jl 15,12:1.

SLA PROBE: NYS Sup Ct strikes Morhouse name from state attys role because of conviction, S 1,7:5.

SLA PROBE: scandal recalled in light of Liberal party Gov candidate Roosevelt charge choice of next SLA chmn was Kings County Repub Chmn Crews's price for his support for Rockefeller's '58 Gov nomination, O 14, 1:5; politicians reptdly expected scandal to be used against Rockefeller; Rockefeller discusses some aspects of it, O 15,15:5.

SLA PROBE: NYS Dem Chmn Burns demands Rockefeller break 4-yr silence on scandal; Repub Chmn Spad replies, O 23,87:4; Dem Gov candidate O'Connor attacks Rockefeller on scandal, ties with Morhouse, O 27, 53:4; SLA Chmn Hostetter confirms rept that Dist Atty Hentel probes $5,000 shakedown attempt of Queens license seeker allegedly involving SLA official, NYC judge and politicians; notes SLA participated in probe from earliest stages; Rockefeller says he briefly discussed probe at conf 2 or 2 mos ago with Hentel and Atty Gen Lefkowitz; pol implications for coming election noted; Liberal Atty Gen candidate Golar notes "peculiar" Repub party ties to SLA; O'Connor declines comment, scores Hentel for allowing news leaks, O 31,28:2.

SLA PROBE: J. Brodsky arrested for July plot to shake down 3 seeking license for Imperial Inn, NYC; Hentel says he reptd involvement of at least 1 judge to Presiding Justice Beldock; denies SLA or ABC Bd member involved; says NY News premature disclosure of case hampered probe; pol implications discussed; O'Connor, Sedita statements attacking Rockefeller and Lefkowitz noted, N 1, 1:2; Brodsky arraigned; pleads not guilty; R Lansperg, 1 of license applicants, says C Morales, after 1st unsuccessful shakedown attempt, arranged meeting for him with Brodsky; says he informed police, recorded 3 talks in which Brodsky claimed he had ties with someone in SLA, agreed on $3,500 bribe; says no SLA official appeared at last meeting; Hentel continues probe, N 2,28:5; O'Connor attacks Rockefeller for '2d SLA scandal' of his adm; asks Hentel join him in urging SIC probe; Rockefeller to ask probe; says NYC judge and apparently some Legis members are involved, N 2,31:3; replies to O'Connor's alleged pol use of case, news conf; orders SIC probe; says Dem judge who was SLA member and 3 Dem members of Legis are involved; denies SLA is implicated; SIC Chmn Grumet confs with Hentel; Beldock says he has not recd Hentel rept; Hentel sets conf with him; O'Connor attacks Rockefeller on liquor scandals; Dem Dist Atty candidate Mackell charges Hentel tried to hide scandal until after election to protect Rockefeller, N 3,1:1; Grumet questions witness at Beldock; Beldock sets ct probe, says only 1 Hentels office; illus; with Hentel, confs with judge is involved; F M Reuss Jr, atty for applicants, says 3 judges are involved, N 4, 1:1; NYC Criminal Ct Judge Schor and Brodsky indicted for roles in shakedown after grand jury hears Schor, SLA investigating supervisor S Balsam, Morales, Landsperg, others; Schor claims innocence; Balsam reptdly claims Schor sent him to Brodsky's used-car lot, later asked him whether anything was delaying inns license; Hentel denies pol, news conf; his unusual procedure in ordering Brodsky's arrest before grand jury probe ends discussed; Grumet, Beldock set probes, N 5,1:8; Schor booked, released; Grumet holds legislators may not be involved, N 6,48:1; Schor relieved of ct duties pending judicial probe; Beldock comments, N 8,30:1; Grumet says latest events have changed SIC plans; holds it would be unfair to call Schor, Brodsky, as witnesses; says probe will not cover '62–63 scandals, N 9,78:2; Hentel, defeated in election, plans to complete probe, N 10,37:3; Schor's atty holds he asked about license for Brodsky, did not know about plot, NYS Sup Ct; asks to see grand jury minutes, N 15,40:1

SLA PROBE: comment on recent scandals notes opportunities for graft remain despite Rockefeller reform program, Hostetter changes in SLA procedures, N 20,IV,4:1; NYS Sup Ct, in unusual move, gives Judge Schor right to inspect grand jury minutes; Brodsky atty denied direct access to them but may see Schor's atty copy; hearing on move to dismiss both indictments set; Justice Shapiro explains move, int, N 24,87:4

SLA PROBE: Justice Shapiro holds Schor Nov 4 testimony to grand jury evasive, hearing on motion to dismiss indictments against Schor and Brodsky; criticizes Hentel office failure to tell jury that part of evidence was obtained through legal wiretaps, D 1,48:1; US Sup Ct to rev const of NYS law permitting use of eavesdropping equipment without ct approval, case of R Berger, convicted of bribery in Playboy Club case, '64, D 6,40:6; Appellate Div orders probe to determine if Schor should be removed from bench; names Prof S A Klein to conduct it; directs Klein to 'arrange' with Judge Murtagh for relieving of Schor, opening way for Murtagh to suspend Schor's salary, D 7,42:4; Schor files for retirement, D 13,60:1; Justice Shapiro dismisses indictment against Schor for "insufficient evidence' although he believes Schor committed 'transparent perjury' before grand jury; orders jury mins submitted to Appellate Div; Appellate Div repr says judicial disciplinary probe will continue regardless of Schor's retirement status, D 14,1:1; ed, D 14,46:1

SLA PROBE: atty H W Farrell disbarred, Appellate Div, for twice bribing former SLA deputy comr A DeF Licato, '61, '62, D 30,50:8

Vietnam, South

US Govt cuts ration of pkgd liquor that US mil and civilian personnel can buy, Je 17,3:2

M C Hall (US) charges US Army plans to cut off missionaries from Army postal privileges after Sept 1 on econ grounds while continuing to ship liquor for troops, lr to Repr Broomfield; urges ruling be reversed, Ag 2,2:3

WCTU pres Tooze charges US ships huge amts to US soldiers, S 9,43:1; Defense Dept repts monthly shipments of 128,000 bottles, less than ½ bottle per man, S 10,2:7

[APPENDIX D]

[From the New York Times, May 4, 1966]

INDICTED LAWYER KEEPS S.L.A. ROLE

(By Sidney E. Zion)

Hyman D. Siegel, the former law associate of Attorney General Louis J. Lefkowitz who was indicted three years ago for conspiring to bribe officials of the State Liquor Authority, has continued to represent clients before the authority.

He was mentioned yesterday by the prosecution in the bribery-conspiracy trial of L. Judson Morhouse as the lawyer who first sought a liquor license for the Playboy Club. It was alleged that Martin C. Epstein, then chairman of the authority, suggested that Mr. Siegel be retained by the Playboy Club. However, the lawyer later withdrew from the case and returned a $5,000 fee to his client.

Mr. Siegel, who according to the authority's records made his most recent appearance on March 31, 1966, has not yet been tried on the bribe charges.

A preliminary motion in an attempt to learn whether eavesdropping devices were used against him has been tied up in the courts. Recently the New York Court of Appeals, in a 4–3 decision, ruled that the District Attorney did not have to reveal such information at this stage in the case. Mr. Siegel has asked the United States Supreme Court to review that ruling.

"NOTHING CAN BE DONE"

Donald S. Hostetter, the chairman of the S. L. A., said recently that "nothing can be done" to bar indicted lawyers from practicing before the authority. He said that because of his concern about the problem he had asked the ethics committee of the Association of the Bar of the City of New York in early 1964 for an opinion on the matter.

"The Bar Association agreed that there was no easy solution," he said, "and they conceded that it posed a problem, but they had said there was no way to keep a lawyer who had been charged with corrupting our people from practicing before us in the absence of a conviction or unless we were prepared to refer specific charges to the grievance committee of the bar."

Mr. Hostetter said he had no charges to make against Mr. Siegel or "anyone else involved in similar ways," since the case was entirely in the hands of the District Attorney.

The office of Mr. Siegel said he would have no comment on the situation.

SCANDAL BROKE IN 1962

Mr. Siegel was one of the busiest liquor lawyers in New York when the S. L. A. scandal broke in 1962. He was associated in a law practice with Mr. Lefkowitz for 27 years until 1957, when Mr. Lefkowitz became State Attorney General.

A cursory examination of the lawyers register at the authority indicates that Mr. Siegel resumed his practice there on Aug. 23, 1963, some three months after his indictment. He has represented a number of clients since then although apparently not as many as in the past.

One client that Mr. Seigel has continued to represent is the Hershey Bar and Grill, at 245 Bowery, a concern named in the indictment. The grand jury charged that Mr. Siegel had tried to influence an S. L. A. official's action in the disposition of a violation against the bar.

On June 17, 1964, Mr. Seigel represented the Hershey Bar and Grill in an application for a "corporate change."

[APPENDIX E]

[From the New York Times, Oct. 14, 1966]

ROOSEVELT LINKS GOVERNOR TO DEAL

(By Richard Witkin)

Franklin D. Roosevelt Jr charged last night that Governor Rockefeller's first nomination, in 1958, was produced by the same sort of boss deal he has accused the Democrats of making in this year's nomination of Frank D. O'Connor.

Mr. Roosevelt, the Liberal party's candidate for Governor, said the 1958 arrangement was worked out by L. Judson Morhouse, then Republican state chairman and recently convicted in a bribery scandal, and John R. Crews, the party's Brooklyn leader.

Mr. Morhouse won Mr. Crews over to the Rockefeller camp, Mr. Roosevelt contended, in return for the promise that Mr. Crews could name the next chairman of the State Liquor Authority.

ALLEGATION DISCOUNTED

An aide to the Governor, informed of Mr. Roosevelt's charge last evening, said: "That wasn't the way I remember it. As I recall, John Crews had to run to get on the bandwagon."

In any case, on Mr. Crews' recommendation Governor Rockefeller made Martin C. Epstein the next S.L.A. chairman. This was in September, 1960, after the Democrat who had been chairman was given a judgeship.

Mr. Rockefeller named Mr. Epstein a commissioner on Feb. 25, 1959, two months after taking office. He said at the time that he would make him the chairman "at the earliest opportunity."

Mr. Rockefeller summarily removed Mr. Epstein from office in November, 1962, when the latter refused to waive immunity before a grand jury investigating graft charges against the S.L.A. An indictment is pending against Mr. Epstein, but he is seriously ill in Florida and is not expected to be called to trial.

Mr. Morhouse has been sentenced to two to three years in prison in the bribery case. However, his sentence has been stayed pending an appeal.

Attempts to reach Mr. Morhouse by phone at his home in Ticonderoga, N.Y., proved fruitless last night. Nor was there any reply at Mr. Crews' home in Brooklyn.

The charge Mr. Roosevelt has repeatedly leveled against Mr. O'Connor is that he sewed up this year's nomination in a deal with party leaders in July, 1965.

Specifically Mr. Roosevelt contends that Mr. O'Connor agreed to pull out of the mayoral race in return for the promise of Charles A. Buckley, the Democratic leader in the Bronx, and Stanley Steingut, the Brooklyn leader, to back him for Governor.

Mr. Roosevelt attacked both his opponents for the alleged deals in a speech last night before the Liberals' annual dinner in the Americana Hotel.

It was by all odds the major effort of his campaign so far. What was particularly noteworthy was that Mr. Rockefeller came in for as severe treatment as Mr. O'Connor has been getting from Mr. Roosevelt all along.

This seemed designed to meet two objectives:

To counter Democratic charges that Mr. Roosevelt, a life-long Democrat, was serving to spoil his own party's chances.

To show he meant it when he said he was in the race to win and would therefore have to train his fire on both his major opponents.

Recent polls have shown that Mr. Roosevelt has made a greater impact than most politicians initially predicted. He is said to be pulling between 15 and 17 per cent of the votes, and he thinks his momentum can carry him to victory.

Mr. Roosevelt, who had dined at the Alfred E. Smith dinner, arrived at his own affair to respectful applause after the dessert was almost finished and just before the speechmaking.

But later, his speech—delivered in booming, confident tones—fired up his listeners.

The other highlight of the speech-making was a call to victory by David Dubinsky, the first vice chairman of the party.

He received his biggest applause when he conveyed an encouraging message from Louis Stulberg, who succeeded him in June as head of the International Ladies Garment Workers Union.

Mr. Stulberg, also a party vice chairman, had refused to join the majority on the party's policy committee in voting to nominate Mr. Roosevelt, as had his assistant president, Gus Tyler.

There had been deep fears that the split might seriously damage the Liberal campaign, particularly if the union did not come through with its usual sizable campaign contribution.

But Mr. Dubinsky said that Mr. Stulberg, who was in Miami, "wishes me to advise you that the I.L.G.W.U. is providing its traditional moral and financial support of the party this year and that he is confident—and so am I—that the union will continue this support in the future."

Mr. Roosevelt made his allegation of a 1958 Republican deal in these words:

"Rockefeller, before the 1958 Republican State Convention, had many of the upstate counties but not one of the big New York City delegations. Morhouse went to the Republican leader in Brooklyn, John R. Crews, and made a deal.

"In return for the support of Crews and the Republican Brooklyn delegation for Rockefeller, Morhouse pledged that Crews could name the chairman of the State Liquor Authority. . . . With the Brooklyn delegation committed, Rockefeller's nomination was in the bag."

Mr. Morhouse, the Liberal candidate noted, managed the successful Rockefeller campaigns in both 1958 and 1962.

"The issue in this campaign," Mr. Roosevelt said, "is . . . bossism—bossism in the real meaning of that term.

"When we talk abut bossism, we do not mean simply Buckley and Steingut and Morhouse but also that sinister coalition of political lawyers; businessmen who do business with the city and state; the influence peddlers, and the clubhouse loafers who are in politics to make money."

Mr. Roosevelt named names in both major parties. On the Democratic side, he listed a number of men who, he said, did business with the city or state and signed bank loans to help finance the 1965 mayoral race of Abraham D. Beame, then Controller.

On the Republican side, Mr. Roosevelt mentioned, in addition to Mr. Morhouse and Mr. Epstein, former State Senator MacNeil Mitchell, co-author of the Mitchell-Lama Housing Act.

He charged Mr. Mitchell's law firm had "received almost $500,000 in fees for helping to organize housing projects under the Mitchell-Lama law."

"Illegal?" he asked. "Evidently not. Corruptive of the public interest? Clearly yes."

In concluding his hard-hitting speech, Mr. Roosevelt said:

"That's what this election is about. It is about a basic concept of government, a concept that believes that good government must be equated with common decency and social responsibility to the people—and to no one else."

[From the New York Times, Oct. 15, 1966]

GOVERNOR DISDAINS CHARGES OF A DEAL

(By Richard Witkin)

Governor Rockefeller refused yesterday to "dignify" with an answer a charge by Franklin D. Roosevelt Jr. that the Governor's nomination in 1958 had resulted from a "deal" engineered by political bosses.

But the Republican state chairman, Carl Spad, issued an unqualified denial.

Six times, during a morning of campaigning, Mr. Rockefeller was asked whether there was any truth to the charge. Six times he refused to say "yes" or "no," sounding the "I refuse to dignify" theme in one form or another.

Mr. Roosevelt, running for Governor on the Liberal party ticket, charged Thursday night that Mr. Rockefeller's nomination was locked up by a "deal" worked out between L. Judson Morhouse, then the Republican state chairman and John R. Crews, the Republican leader in Brooklyn.

Mr. Morhouse was said to have won Mr. Crews' support of the Rockefeller candidacy in return for a promise that he could name the next chairman of the State Liquor Authority.

Leaving the denial of the charge to Mr. Spad, Mr. Rockefeller took a positive tack yesterday by making his most optimistic assessment to date of his chances for re-election. He called the campaign as "a battle that can be won," but he made clear that he thought the decision would be terribly close.

Mr. Spad, in denying the Roosevelt charge, said:

"Governor Rockefeller was elected in 1958 and 1962 by the votes of more than three million New Yorkers. He did not then, and does not now, owe political debts to anyone. His public life has been a career of service and action for the people. He has neither needed, sought, nor benefited from any 'deals' in seeking to serve the people in an office of high trust and responsibility.

"Mr. Roosevelt is obviously trying to rewrite political history in digging for deals outside the fertile ground of his own party, from which he has taken a walk only because the bosses rejected his courtship and chose another."

CHARGED O'CONNOR "DEAL"

Mr. Roosevelt, a life-long Democrat, abandoned his effort to win the Democratic nomination on Aug. 25. His explanation was that the nomination had been locked up for Frank D. O'Connor by a 1965 "deal" much like the one he has now ascribed to the 1958 Rockefeller team.

The specific Roosevelt charge—that Mr. Morhouse made a deal with Mr. Crews in 1958 to allow the latter to name the next S.L.A. chairman—may not have been expected. But it was no surprise to politicians that the S.L.A. scandal in general was brought up in the campaign against Mr. Rockefeller.

Mr. Crews did eventually recommend a man to become the S.L.A. chairman, and Mr. Rockefeller adopted the recommendation. The man was Martin C. Epstein. In November, 1962, Mr. Rockefeller had to remove Mr. Epstein summarily when the latter refused to waive immunity before a grand jury that was looking into graft charges against the liquor authority.

Mr. Epstein was ultimately indicted, but he is not expected to be tried because he is seriously ill. Mr. Morhouse received a two-to-three year sentence on bribery charges. He has appealed, and the sentence has been stayed pending the appeal.

WON'T "DIGNIFY THEM"

The first questioning of Mr. Rockefeller on the "deal" charge came at the studios of WCBS, where he went early in the day to tape a broadcast for Sunday.

His immediate response was to note that there were many issues facing the voters and that he had been trying vainly to persuade his opponents to discuss them. As his questioner started to prod him for a direct reply, he said:

"Frankly, I just can't even dignify them [the charges] with an answer."

He parried the issue in similar fashion one more time, then drove downtown to address a state committee on crime. Later, he went across the hall for another news conference, facing a battery of microphones planted in the middle of a large wood-paneled reception room.

The Roosevelt charge was brought up at once. He again refused to dignify it with an answer, terming it a "diversionary tactic" to avoid facing the issues.

"Governor," a newsman asked, "is your refusal to dignify with an answer Mr. Roosevelt's statement that Mr. Morhouse made a deal with Mr. Crews tantamount to saying that it is not true?"

"I have just said that I will not dignify this with an answer," Mr. Rockefeller replied.

"Is it true?" the questioner persisted.

"I have just said that I am not going to dignify this with an answer," Mr. Rockefeller replied once more.

REFERS TO "TRAGEDY"

The Governor was quite willing to discuss some aspects of the S.L.A. scandal. Referring to Mr. Morhouse and Mr. Epstein, he said it was "a tragedy" that "some people have human weaknesses."

He said that he had appointed 10,000 people since becoming Governor and that, of those, "there may be about one-half dozen who have become involved in questionable situations, and I have dismissed them immediately."

He said he had expected the S.L.A. scandal "to be raised from the beginning of the campaign."

But he stuck to his refusal to make any comment on the truth or falsity of the Roosevelt charge.

Mr. Roosevelt, for his part, repeated the charge in speaking to a sidewalk crowd during a walking tour at Rockefeller Center. He said the Governor had "allowed this kind of corruption to creep into the government" because he was too busy using his office as "a stepping stone for his own ambitions."

The Liberal candidate pledged that, if he is elected, anyone having business to do with the state would be treated fairly, "provided everything is on top of the table."

[From the New York Times, Oct. 16, 1966]

Rockefeller Denies Charges of a Deal, Attacks Roosevelt

(By John Sibley)

Governor Rockefeller emphatically denied yesterday that his nomination in 1958 had been engineered in a backroom deal between party bosses.

"Of course, the charge is an absurdity, completely unfounded," the Governor declared.

The accusation, was made Thursday night by Franklin D. Roosevelt Jr., who is running for Governor on the Liberal party ticket. Mr. Roosevelt said that L. Judson Morhouse, then the Republican state chairman, had made the deal with John R. Crews, the Brooklyn leader.

According to Mr. Roosevelt, Mr. Morhouse bought Mr. Crews' support for Mr. Rockefeller by promising that the Brooklyn leader could name the next chairman of the State Liquor Authority.

HE ANSWERS ROOSEVELT

For a day, the Governor maintained a posture of aloofness to the charge. When newsmen asked for the sixth time Friday for a reply to Mr. Roosevelt, Mr. Rockefeller had said: "I have just said I will not dignify this with an answer."

But yesterday, he lashed back with an unqualified denial. Speaking of Mr. Roosevelt, the Governor said:

"If he wants to campaign from the gutter, that's a decision he'll have to make himself. We're in the last three weeks of the campaign now, and I suppose we'll be getting more of this."

Mr. Rockefeller added: "I think the people want to hear the issues intelligently, honestly and forthrightly discussed. It's an insult to their intelligence."

Regardless of Mr. Roosevelt's charge of a deal. Mr. Crews did recommend a man to become chairman of the S.L.A., and Mr. Rockefeller, soon after becoming Governor, made the appointment. The man was Martin C. Epstein.

In November, 1962, Governor Rockefeller removed Mr. Epstein summarily when the chairman refused to waive immunity before a grand jury that was investigating alleged bribery and corruption within the authority.

Mr. Epstein was indicted, but has not been tried because of illness. Mr. Morhouse has been convicted on bribery charges in a related case, but sentence has been stayed pending appeal.

Thus in the last few days, the Governor also has become a target of "bossism" charges by Mr. Roosevelt, who fired such charges early in the campaign at the Democratic candidate, Frank D. O'Connor.

DEAL LAID TO DEMOCRATS

Mr. Roosevelt, a life-long Democrat, had sought his party's designation, but abandoned the race in August, charging that Mr. O'Connor had sewed up the nomination through a political deal.

Mr. Roosevelt subsequently received the Liberal party nomination.

He had charged that the Democratic nomination had been agreed on in a deal involving Stanley Steingut and Charles A. Buckley, the Democratic leaders in Brooklyn and the Bronx.

Mr. Roosevelt said Mr. O'Connor had agreed not to run for Mayor in 1965 if the Brooklyn and Bronx organizations would support his bid for the governorship this year.

When Mr. Roosevelt turned his fire on Mr. Rockefeller on Thursday, the Governor at first disdained to answer.

But he abandoned this aloofness yesterday in a brief huddle with newsmen in the Bronx. He had just received a warm reception while dedicating a new headquarters for the Bronx Youth Opportunity Center, an office of the State Division of Employment.

[From the New York Times, Oct. 27, 1966]

Candidates for Governor Intensify Campaigns as Election Nears

The three major candidates for Governor intensified their attacks on one another yesterday.

With the election only two weeks away, it was a day for charges and counter-charges.

Governor Rockefeller set the pot of acrimony boiling when he charged that the tax plan advanced by Frank D. O'Connor, the Democratic candidate, "could force the state to cut back its aid for schools by almost 20 per cent."

Mr. O'Connor branded that charge "a shabby attempt to mislead the people" and attacked the Governor on another flank—the State Liquor Authority scandal involving a Rockefeller appointee, the former Republican state chairman, L. Judson Morhouse.

Mr. Rockefeller made his initial charges about Mr. O'Connor's tax plan in Ithaca, at a Tompkins County Republican gathering. He said the state's schools would suffer if Mr. O'Connor's plan to give a salestax credit against the state income tax were adopted.

Later. in Utica, Mr. Rockefeller said some O'Connor proposals would cost state and local governments $350-million a year in tax revenues that were badly needed.

Mr. O'Connor's initial reaction was to bring up what he called "an unusual amount of corruption in the Republican party under Rockefeller." He returned to that theme last night, but first he issued an angry statement in rebuttal to Mr. Rockefeller's tax charges.

TAXES HELD INEQUITABLE

"The schools of this state will get a better break and more equitable distribution of state funds when I am Governor," Mr. O'Connor asserted. "I would smooth out the glaring irregularities in the present tax structure, which bears most heavily on those least able to afford to pay."

Mr. Rockefeller's interpretation of his tax proposals, Mr. O'Connor said, represented "a complete perversion of the truth."

Mr. O'Connor expanded on his "corruption" charges against Mr. Rockefeller at the Queens County Democratic dinner at the Commodore Hotel.

Telling the story of "Nelson and Judson," he charged that Mr. Rockefeller "dropped" Mr. Morhouse only after the Liquor Authority scandals broke into the news.

When he first brought up the subject of Morhouse at a news conference earlier in the day, Mr. O'Connor said the Democrats had no "old-line leaders" in jail and he was ready to debate political corruption with Mr. Rockefeller.

Morhouse, who was sentenced in the summer to two to three years in prison on bribery charges involving the selling of S.L.A. favors, is free pending an appeal.

What stung Mr. O'Connor into the "old-line leaders" remarks was Mr. Rockefeller's warning, in Utica, that upstate communities would become "forgotten boroughs" if Mr. O'Connor, "product of the old-line type Democratic machine in New York City," won the election.

With yesterday's campaigning, the Governor completed his plan to visit every county in the state before the Nov. 8 elections.

Franklin D. Roosevelt Jr., the Liberal candidate, told a lunchtime crowd of about 500 in Washington Square that Mr. O'Connor was "a small man, a political chameleon shifting with the times."

SMALL ACHIEVEMENTS

He said that Mr. O'Connor had a questionable record as a legislator, that as Queens District Attorney he had appointed all his assistants from the clubhouse and that he had done nothing about schools, hospitals or welfare while City Council President.

Mr. Roosevelt was greeted with raucous laughter when he told another meeting of New York University law students that he was running "in the certainty that I'm going to win." He said at another point that the race was now between him and Mr. Rockefeller.

When Mr. O'Connor was asked about Mr. Roosevelt, he said the Liberal nominee had been a failure as a Congressman, "a failure at every job he had ever held," and that he had accepted a retainer from a dictator.

The last comment was a reference to Mr. Roosevelt's 1956 acceptance of a $15,000 fee to represent the Dominican Republic under the dictatorship of Rafael Trujillo. Mr. Roosevelt has since conceded that the retainer was a mistake.

SUPPORT FOR O'CONNOR

At Mr. O'Connor's news conference, he was endorsed by Thomas K. Finletter, former Air Force Secretary and one of the founders of the Reform Democratic movement, as "a splendid candidate" and by Mrs. Herbert H. Lehman, widow of the former Governor.

During Mr. Rockefeller's upstate tour, he accused Mr. O'Connor of "fiscal fakery."

Worried over lingering traces of upstate hostility to the 2 per cent sales tax he proposed in 1964, the Governor charged that the tax relief suggested by Mr. O'Connor would starve the public schools.

He said Mr. O'Connor was trying to "make people think he would help them by soaking business and industry," while omitting to say that this would dry up the supply of jobs and job opportunities.

The Governor also declared that the fiscal policies of his administration had restored the climate for economic growth and that this had been demonstrated by industrial expansion and an increase in jobs and personal incomes.

He promised during his state tour to speed an appropriation for a recreational park along a 36-mile stretch of the old Erie Canal between De Witt and Rome and to get early action on a teachers college for Utica and the construction of a road that would run through the city.

Among the Reform Democrats with Mr. O'Connor at his morning conference, besides Mr. Finletter and Mrs. Lehman, were Irving M. Engel, former chairman of the Committee for Democratic Voters, and Edward Gold, the present chairman.

Others were Mrs. Marshall Field, Orin Lehman, John J. B. Shea, Frederick W. Richmond, Miss Alice Sachs and Russell Hemenway, the former executive director of the Democratic Voters Committee.

In speaking of corruption in the Republican party, Mr. O'Connor emphasized that the Governor personally was not corrupt.

'Had he paid more attention to his job instead of running around the country to be president, it might not have happened," the Democrat asserted.

Liquor Scandals Just Will Not Go Away

(By Charles Grutzner)

Booze and boodle have mixed throughout the ages, from the wine sellers of ancient Rome through the Prohibition era to the current liquor license case in Queens.

The complexity of rules incorporated in the State Alcoholic Beverage Control Law following the repeal of Prohibition in 1933 provided fertile ground for Taft. The graft erupted in a scandal during the Democratic administration of Gov. W. Averell Harriman, and again after Republican Governor Rockefeller succeeded Mr. Harriman in 1959. Mr. Rockefeller instituted some reforms, but opportunities for graft still exist in the control of liquor in the state.

The State Liquor Authority scandal under Governor Rockefeller followed the Governor's appointment of Martin C. Epstein as an S.L.A. member and quick promotion of him to the chairmanship. An investigation by District Attorney Frank S. Hogan uncovered widespread liquor license graft in 1962.

Governor Rockefeller promptly dismissed Epstein for refusing to testify without immunity before a grand jury. Esptein subsequently was indicted on charges of accepting graft and cheating on his state income tax, but he is critically ill and will probably never be tried.

L. Judson Morhouse, who had directed Mr. Rockefeller's two successful gubernatorial campaigns, quit his state and party positions rather than testify before the grand jury. Later he was convicted in connection with a shakedown of the Playboy Club, and he is now appealing a prison term.

REMEDIAL MEASURES

Governor Rockefeller took two remedial measures. First, he appointed Donald S. Hostetter, a former F.B.I. agent, as S.L.A. chairman; Mr. Hostetter then brought in four other ex-F.B.I. men as his top aides and reorganized procedures. Second, the Governor put a liquor law reform program through a special session of the Legislature. Easier conditions for obtaining and keeping licenses removed some of the opportunities for graft.

A moratorium on issuance of package store licenses was ended. Existing licensees were permitted to relocate in new areas. Owners of bars who had been making a mockery of the requirement that they maintain fully equipped kitchens were permitted to apply for a new type of license—a tavern license—that eliminated the food requirement.

Mr. Hostetter eliminated "reconsiderations" and "predetermination." Under the former policy a licensee against whom the S.L.A. had made an adverse finding frequently hired a new lawyer who got the board to reconsider the case. The predetermination hearings had made it possible for lawyers whose clients faced disciplinary action to come in and dicker about possible penalties. Both practices had been used by lawyers and fixers to shake down licensees.

Sometimes the money had been used for bribes. Sometimes a crooked lawyer or a fixer, playing on the ignorance of a licensee, pocketed the "bribe" money and got a favorable decision on the merits of the case. Many licensees did not know what penalties they faced. To end the latter situation, the S.L.A. instituted a policy of notifying the licensee directly of the maximum penalty he faced if the charges were sustained.

NOTIFICATION BY PHONE

A licensee who might pay $1,000 or more for a fix if he feared loss of his license is not such an easy victim if he knows that the maximum penalty for his particular offense is only a 10-day suspension.

In another innovation, the S.L.A. now notifies an applicant by telegram immediately of its approval of his application. Formerly this was done by mail, something after several days. A crooked lawyer or fixer could learn that the license had been granted and would then prey upon the applicant by telling him that the application had been denied or was still in the works but that a fat bribe could get him the license if he paid up promptly.

The S.L.A. also discontinued selective inspections. Previously, when the Authority received a complaint, anonymous or otherwise, of gambling, solicitation for prostitution or other improprieties, an investigator would visit the premises. Now the S.L.A. turns over to the police all complaints of criminality at a licensed premise.

Instead of having license applicants come in to be interviewed by the officials who would decide whether to grant or deny a license, Mr. Hostetter now has the interviews and investigations conducted by civil service employes—usually women who are lawyers—who then make written reports to the board on the applicants' background and financial responsibility.

STILL SOME POLITICS

In a shakeup begun when he took office, Mr. Hostetter put civil service employees into the sensitive positions wherever possible. In the past, whenever a new Governor was elected, key positions in the S.L.A. were filled by new political appointees.

There is still too much political control in the S.L.A., which has about 750 employes in the state. Of these, 150 are in exempt positions, most of them political appointees.

This is largely because of the local Alcoholic Beverage Control Boards. There are 58 such boards, one in each county except in New York City which has a single board for the five counties in the city. The local boards, which handle preliminary processing of applications for liquor licenses, consist of one Democrat and one Republican, except in this city, where the local board is made up of two Democrats and two Republicans.

There are plans to put most of the exempt positions under civil service. Besides removing political pressures, this would also provide continuity of service by career employes regardless of which party or faction within a party is in control at Albany. Such a shift would require State legislation.

Despite the changes made by Governor Rockefeller, booze and boodle still go together and loopholes for graft remain. In the current Queens case, no S.L.A. employes have been implicated, but Criminal Court Judge Benjamin Schor, a Democrat, and Jack Brodsky, a racetrack figure, have been indicted on charges of participation in a shakedown attempt. The Appellate Division of the State Supreme Court relieved Judge Schor of all assignments pending completion of its own inquiry.

The indicted men were accused of participating in an attempted shakedown of two partners who had applied for a liquor license for an inn in Queens. Last week Judge Schor's lawyer told the State Supreme Court that the judge would use the Good Samaritan defense. He said the judge never suspected that a pay-off was involved when a friend asked him to find out what progress was being made in the processing of a liquor license for the inn.

Appendix F

[From the New York Times, May 4, 1966]

Morhouse Called Greedy at Trial: Playboy Club Aide Tells of Exorbitant Demands

(By Charles Grutzner)

A Playboy Club officer testified yesterday that after his group had agreed to pay a $50,000 bribe to Martin C. Epstein, chairman of the State Liquor Authority, more exorbitant demands were made by L. Judson Morhouse for his part in obtaining a liquor license for the club here.

Arnold J. Morton, executive vice president of the Playboy Clubs International, was the first prosecution witness at the trial in State Supreme Court of Mr. Morhouse on charges of bribery and conspiracy. Mr. Morhouse was Republican state chairman at the time of the alleged bribe.

The trial will resume today at 11 A.M. before Justice Abraham J. Gellinoff and a jury of 10 men and 2 women.

Mr. Morton told the court that after his group had agreed to pay Epstein $50,000, Ralph Berger, a go-between, brought a message from Epstein that they would have to make a separate deal with Mr. Morhouse, whom Epstein described as the "Mr. Big" of Republican politics in New York.

The witness said he and Berger came here from Chicago on May 1, 1961, and went to Mr. Morhouse's midtown office where the Republican chairman allegedly told him:

"I can help you with your problem."

According to Mr. Morton, Mr. Morhouse said he would, however, want $100,000 for himself, plus an option to buy 100,000 shares of stock if Playboy Clubs went into public ownership, and the concession to operate gift shops in the clubs in several cities.

"I said that would be expensive since I had to pay Epstein $50,000," the witness testified. "He said: 'That's a separate deal. You have to handle that yourself.' "

Chief Assistant District Attorney Alfred J. Scotti elicited this testimony in an effort to substantiate his contention that Mr. Morhouse had been aware that his help to the Playboy group was connected with the bribery of the S.L.A. chairman.

Epstein, who was dismissed by Governor Rockefeller in 1962 when he refused to waive immunity and testify before the grand jury that uncovered a widespread liquor scandal, has been under indictment since 1963 on charges of taking bribes and cheating on his state income tax.

It is believed in court circles that he will never be brought to trial. The 73-year-old former official and Brooklyn Republican wheelhorse is seriously ill in a Miami hospital with heart disease, diabetes and other ailments.

Mr. Morhouse, a close friend of Governor Rockefeller and his former campaign manager, resigned his post with the Republican party unexpectedly on Dec. 27, 1962.

A few days later he gave up a $17,000-a-year post as vice chairman of the State Thruway Authority before going before a grand jury where he refused to answer questions. He was indicted last Dec. 8.

Mr. Morhouse, who is a lawyer, has spent the past winter in his home village of Ticonderoga as a plumbing and heating contractor.

Ruddy-cheeked and with his usual crew cut, he sat at the defense table yesterday with clasped hands in his lap, listening to the diametrically opposed interpretations Mr. Scotti and Sol Gelb, defense counsel, put on his role in the Playboy license case.

The prosecutor, in an hour-and-20-minute opening address to the jury, described the defendant as a participant in "a corrupt and unlawful scheme" to bribe the S.L.A. chairman.

Mr. Gelb, a former chief assistant district attorney, said he intended to show that the payments Mr. Morhouse demanded—and part of which he received—were for legal advice and other services to the Playboy enterprises.

Mr. Gelb, who took less than half an hour for his opening, reminded the jurors that the defendant was on trial for having allegedly had a hand in the $50,000 bribery of Epstein, not on a charge that he had received any money for himself.

Berger, who was convicted in November, 1964, on two counts of conspiring to bribe Epstein, was sentenced to one year in prison but has not begun serving his term. His conviction is being appealed because of the use of electronic eavesdropping. Berger is to be a state witness in the Morhouse trial.

[From the New York Times, May 5, 1974]

PLAYBOY DECISION ON "BRIBE" RECOUNTED

(By Charles Grutzner)

A State Supreme Court jury heard yesterday how principal stockholders in the Playboy Clubs decided to meet payoff demands allegedly made on them in return for a liquor license here.

Arnold J. Morton, a prosecution witness in the conspiracy-bribery trial of L. Judson Morhouse, said he and his partners had agreed in 1961 to pay a $50,000 bribe to Martin C. Epstein, State Liquor Authority chairman. But, they went on, they were astounded by additional demands allegedly made by Mr. Morhouse, then the Republican state chairman.

Mr. Morton, a vice-president of Playboy, said he had met in Chicago with his associates after Mr. Morhouse reportedly had told him in New York that he wanted $100,000 for himself, an option to buy 100,000 shares of Playboy stock, and the gift shop concession in Playboy clubs in several cities.

Under questioning by Chief Assistant District Attorney Alfred J. Scotti, the witness quoted Victor Lownes, who owned 25 per cent of the stock, as saying they would "have to blow the whistle."

NO PLACE TO GO

But, said Mr. Morton, his own comment was: "We really have no place to go if things are corrupt so high in the Republican party."

The upshot of the meeting, the witness said, was that they agreed to pay Mr. Morhouse $20,000 a year for five years and persuaded him to "table" his other demands by telling him that his name would have to be made public if he obtained a stock option, and that the gift shop proposal was unrealistic.

Mr. Morton said that it was understood that the payments were for obtaining a liquor license for the club that was later opened at 5 East 59th Street. He related that Mr. Morhouse insisted that the checks be drawn on the account of the H. & H. Publishing Company, instead of the Playboy Clubs, because he wanted no record of any connection with the club's seeking a liquor license. Hugh M. Hefner of Chicago is the major stockholder in both the publishing firm and the clubs.

A check for $10,000 from the publishing company to Mr. Morhouse was put into evidence without objection from Sol Golb, defense counsel, who had told the jury in his pending address that money paid to Mr. Morhouse was for services to the publishing company.

Mr. Morton said that a check drawn on the Playboy Clubs had first been sent to Mr. Morhouse, but that he had returned it, and a replacement check, drawn on H. M. H., was then sent to him.

TOLD ABOUT SUBPENA

Mr. Scotti had told the jury of 10 men and two women that he would show that Mr. Morhouse had received $8,000 more before the exposure of the liquor license scandal put an end to the payments in late 1962.

Mr. Morton testified yesterday that when the Playboy organization's books were subpoenaed by the District Attorney in December, 1962, he telephoned Mr. Morhouse and informed him that payments made to him were recorded in the books.

"In plain language, you tipped him off," suggested Mr. Scotti.

"I notified him, whatever you want to say," was the reply.

Also put in evidence were two $12,500 Playboy checks, one made out to Lee Berco, Inc., the other to Harry Steinman, a theatrical agent. Mr. Morton said they were given to Ralph Berger, who has since been convicted of conspiracy to bribe Epstein, to cash and make the first payment in cash to Epstein.

Berger, according to Mr. Morton, was asserted to be the "fixer" who first told the Playboy group that Epstein wanted a pay-off.

Mr. Morhouse is being tried on six counts of conspiracy and attempting to bribe Epstein. Conviction on all counts could lead to a maximum penalty of 42 years in prison and $19,000 in fines.

Under cross-examination by Mr. Gelb, Mr. Morton admitted discrepancies in his present testimony and some of his answers at Berger's trial in November, 1964.

The witness said he had not felt in 1961 that the payments to Epstein were a bribe. He said he and his associates then believed that they had a legal right to a New York liquor license, but that he had since come to realize that it was bribery of a public official regardless of the circumstance.

The trial resumes today at 10:30 A.M. before Justice Abraham J. Gellinoff in the Criminal Courts Building.

[From the New York Times, May 6, 1966]

MORHOUSE NAMED AGAIN IN BRIBERY—BERGER QUOTES EPSTEIN ON PLAYBOY LIQUOR PERMIT

(By Charles Grutzner)

Ralph Berger, convicted in 1964 of conspiracy to bribe Martin C. Epstein, the State Liquor Authority chairman, returned to the courthouse yesterday to denounce L. Judson Morhouse as a fellow conspirator.

Berger, free on bail pending his appeal from a one-year penitentiary sentence, testified that Epstein told him Mr. Morhouse, the Republican state chairman then, "knew all about" a deal whereby the Playboy Club owners were to give Epstein a $50,000 bribe for a liquor license for their New York club.

The witness also quoted Epstein as saying that he had "had deals with Mr. Morhouse" before the Playboy Club bribe.

Berger, white-haired, deep-tanned and pudgy, was the state's second witness against Mr. Morhouse, who is being tried on a six-count conspiracy indictment before State Supreme Court Justice Abraham J. Gellinoff and a jury. The trial will resume at 10:30 A.M. today.

Chief Assistant District Attorney Alfred J. Scotti put Berger on the stand chiefly to corroborate the testimony of Arnold J. Morton, a Playboy Club vice president, who had told of a meeting in Mr. Morhouse's law office at which the Republican chairman allegedly demanded $100,000, among other things, for himself.

Berger, who was present at the meeting in May, 1961, testified also that Mr. Morhouse told him the payments to him were to be "a separate matter" from the $50,000 payment to Epstein.

Under a stinging cross-examination by Sol Gelb, the defense counsel, Berger admitted that when New York's liquor-license scandal came into the open in November, 1962, he was still holding $19,000 of the Playboy group's money, which he was to convey to Epstein. He said he didn't know what else to do with the money then, so he kept it and reported it on his income-tax return.

"You'd do anything for money, wouldn't you?" asked Mr. Gelb.

The witness said no, not anything.

"You wouldn't kill for money, I suppose?" asked Mr. Gelb, his voice dripping scorn.

The witness said no.

Berger disclosed that the 1960 Republican National Convention was the occasion of his association with Epstein. He said a friend in San Francisco had telephoned him that Epstein was coming to the convention and had asked him to arrange "some entertainment and dinners" for Epstein and his party.

Berger testified that he arranged with Mr. Morton, whom he had known for years, for Epstein and his friends to visit the Playboy Club in Chicago. He said that Epstein and his group did not visit the club after he made reservations, but that the incident led Morton to say he wanted to meet the Commissioner because the Playboy Club desired a liquor license in New York. Berger said he later arranged a meeting here.

In testifying about his own dealings with the Playboy group, Berger said they first agreed to pay him $5,000 for making the contact with Epstein. After they delayed giving him any money, he said, he went to see a friend, Marshall Korshak, who called someone in the Playboy organization, and he soon received $5,000. Marshall Korshak, a former Democratic State Senator in Illinois, is now the Illinois State Revenues Director.

[From the New York Times, May 7, 1966]

PAYOFF PLANS TOLD AT MORHOUSE TRIAL

A jury heard yesterday a tale of arrangements whereby the Playboy organization allegedly concealed that money it was paying L. Judson Morhouse was for his aid in getting a liquor license for the Playboy Club in this city.

But the alleged payoff came into the open after District Attorney Frank S. Hogan subpoenaed Playboy records and the liquor license scandal broke open in 1962, Robert Preuss testified. He is an officer and director of both the Playboy Clubs International and the H.M.H. Publishing Company, whose publications include Playboy magazine.

Mr. Preuss was the third prosecution witness in the trial of Mr. Morhouse in State Supreme Court. Mr. Morhouse, former Republican state chairman, is accused of conspiracy and aiding in the bribery of Martin C. Epstein, ousted chairman of the State Liquor Authority.

The witness testified, as had two others, that Mr. Morhouse had acknowledged to them that the deal included a $50,000 bribe for Epstein and $100,000, plus other demands that he later dropped, for himself.

[From the New York Times, May 10, 1966]

BIXBY NAMED AT MORHOUSE TRIAL, BUT HE DENIES ANY ROLE IN PLAYBOY PLOT

(By Charles Grutzner)

The name of R. Burdell Bixby, chairman of the State Thruway Authority and law partner of former Gov. Thomas E. Dewey, was injected yesterday into the conspiracy and bribery trial of L. Judson Morhouse, former Republican state chairman.

Mr. Morhouse is accused of participation in a plot to give Martin C. Epstein, former chairman of the State Liquor Authority, a $50,000 bribe to get a liquor license for the Playboy Club here.

Harry Hayes, an Albany lawyer, told a jury in State Supreme Court that after a grand jury had subpoenaed the books of the Playboy organization, Mr. Bixby composed the final draft of a letter sent by Mr. Morhouse to make it appear he had been paid $18,000 for services to Playboy Magazine instead of for his aid in obtaining a liquor license.

ACCOUNTS CALLED FALSE

Mr. Bixby, reached at the law offices of Dewey, Ballantine, Bushby, Palmer & Wood, said Mr. Hayes's account was "totally false in every respect."

He said he had attended a meeting on Dec. 26, 1962 to help draft Mr. Morhouse's letter of resignation as vice chairman of the Thruway Authority. He said it was possible Mr. Hayes had confused that with something else.

Mr. Bixby said he would withhold further comment until he had "a better word-by-word description of what I'm alleged to have said and done."

Mr. Hayes's testimony about the alleged letter-writing session came after he had first refused to tell his story, on the ground that it might incriminate him. He gave his account only after Justice Abraham J. Gellinoff had given him immunity from prosecution.

The witness had been telling the jury that Mr. Morhouse whom he had known for 10 years, asked him in July, 1961, to recommend a New York City lawyer who would file a liquor-license application with the S.L.A. for the Playboy Club that was to open here.

PHONE CALL RECALLED

Mr. Hayes said that he had recommended Jerome Marrus, and that he had handled the application as an open and above-board legal matter, without being told that Mr. Morhouse was connected with it. He testified further that in December, 1962, he got a call from Mr. Morhouse, who told him he had learned that the grand jury had subpoenaed the Playboy books and records.

"He asked me to meet him that day halfway between Ticonderoga [where Mr. Morhouse lived] and Albany, at a diner," said Mr. Hayes. He described Mr. Morhouse as "distraught" because of entries in the books and said Mr. Morhouse "wanted to review the situation."

"I told him it was evident I'd be called as a witness, and I didn't want to hear anything from him," the witness testified.

But the following week, Mr. Hayes said, Mr. Morhouse asked him to go to the Roosevelt Hotel here, and he went.

"Who else was present at the meeting?" asked Chief Assistant District Attorney Alfred J. Scotti.

It was at this point that Mr. Hayes balked on the ground of possible self-incrimination.

IMMUNITY ASKED

After the jury had been excused from the room, Mr. Scotti told the court that Mr. Hayes's testimony "may involve a conspiracy to obstruct justice." The prosecutor asked the court to direct the witness to answer and to give him immunity from prosecution if needed.

During an argument between Mr. Scotti and the defense lawyer, Sol Gelb, the prosecutor shouted: "Oh, you don't know your law!"

"Why, you are really, really —," fumed Mr. Gelb, his exasperation preventing him from finishing the sentence.

With the jurors back in their seats and Mr. Hayes speaking under immunity, the witness said that present besides himself and Mr. Morhouse were "a Mr. Couri and another individual since deceased." Mr. Couri was identified later as Aleer J. Couri, a businessman who had shared office space with Mr. Morhouse.

Mr. Hayes said that Mr. Morhouse told them he had tried, without success, to get some Playboy executive to write a letter saying the books were in error in showing that Playboy Club money had gone to him.

The witness said Mr. Morhouse then told them he would write such a letter himself. Mr. Hayes said that although he opposed this as "stupid and senseless," a draft was prepared.

"Later that afternoon Burdell Bixby arrived and was shown the letter," Mr. Hayes testified. He said Mr. Bixby took exception to the wording of the letter and announced, "I'll take it."

The next day, according to Mr. Hayes, Mr. Bixby phoned him and read a final draft. The witness said he took it down in pencil and had his secretary type it on Mr. Morhouse's letterhead. He said Mr. Morhouse then went to Albany and signed it.

The Morhouse letter, addressed to Hugh M. Hefner, top officer of the publishing company and Playboy Clubs International, set forth that he had not accepted fees from the Playboy Club nor performed services for the club here. It asked Mr. Hefner to "make prompt inquiries" into the "error" that made it appear that he had been paid from funds of the New York Playboy Club.

It was brought out that Mr. Hayes had made no mention of his part in the letter writing when he was questioned by the grand jury. Mr. Scotti said he knew nothing about it himself until last Saturday. Under cross-examination by Mr. Gelb, Mr. Hayes said his role in the matter had been "to help a friend."

Mr. Morhouse resigned as Republican state chairman on Dec. 27, 1962. He also gave up his $17,000 post as vice chairman of the Thruway Authority a few hours before he went before the grand jury and refused to testify without being granted immunity.

Mr. Bixby's salary as chairman of the Thruway Authority is $19,500. He was treasurer of the Republican State Committee when Mr. Morhouse was chairman.

In yesterday's morning session of the trial, Robert Preuss, secretary of Playboy Clubs International, admitted under cross-examination that he had no direct knowledge that Mr. Morhouse knew that Epstein was to get a $50,000 bribe.

He had testified that, at a meeting at which he was present, Mr. Morhouse had demanded $100,000 for himself. He had also testified that other Playboy executives had reported to him that at earlier conferences Mr. Morhouse told them this was his deal and that the bribe for Epstein was "a separate matter."

Mr. Gelb has told the jury that Mr. Morhouse is not on trial for any sums he may have demanded or received for himself but only as an alleged participant in the plot to bribe Epstein.

The trial will resume today at 10:30 a.m.

[From the New York Times, May 12, 1974]

MORHOUSE SILENT AS DEFENSE RESTS

Former Republican State Chairman L. Judson Morhouse declined yesterday to take the witness stand in his own defense at his trial for bribery and conspiracy.

The 52-year-old lawyer thus staked his freedom on the ability of his counsel, Sol Gelb, to persuade the jury of 10 men and 2 women that the testimony of the 5 prosecution witnesses, including 3 self-described accomplices, was either inadmissible as hearsay or unworthy of belief.

Mr. Morhouse is being tried in State Supreme Court on a six-count indictment that charges him with taking part in a plot to give a $50,000 bribe to Martin C. Epstein, ousted chairman of the State Liquor Authority, for a liquor license for the Playboy Club here.

If convicted on all counts, Mr. Morhouse could be sentenced up to 42 years in prison and fined $19,000.

[From the New York Times, Mar. 17, 1974]

MORHOUSE ACTION IS CALLED "STUPID" BUT IT WAS NOT ILLEGAL, HIS LAWYER TELLS COURT

(By Charles Grutzner)

L. Judson Morhouse's lawyer conceded yesterday that the former Republican state chairman's involvement in the Playboy Club liquor license scandal had been "improper and stupid" but had not violated any law.

In a two-and-a-half-hour summation in State Supreme Court, the lawyer, Sol Gelb, suggested that Mr. Morhouse's actions, including a demand for $100,000 and his acceptance of $18,000 before the scandal broke open, raised an issue of ethics rather than criminality.

Mr. Gelb, a former Chief Assistant District Attorney, attacked the District Attorney's office in his attempt to persuade the 10 men and 2 women jurors that Mr. Morhouse had neither plotted to bribe Martin C. Epstein, former chairman of the State Liquor Authority, nor taken part in bribing Epstein. Mr. Morhouse is being tried on a six-count indictment charging conspiracy and bribery. Conviction on all counts could bring up to 42 years in prison and fines totaling $19,000.

"I say this is a dishonest indictment," declared the short, peppery defense lawyer.

Chief Assistant District Attorney Alfred J. Scotti, in charge of the grand jury investigation that led to the liquor license disclosures, will sum up for the prosecution today, beginning at 10:30 A.M.

Mr. Gelb said Mr. Scotti, who had secured convictions of several lesser figures in the liquor scandals, had decided to "get Mr. Morhouse, the 'Mr. Big' of the Republican party." He said Mr. Scotti had produced an indictment that would require the perjured testimony of conspirators who hoped to get immunity from prosecution or an easing of their punishment for their "cooperation."

Reminding the jurors that Ralph Berger, a principal state witness, who was convicted in 1964 of conspiracy to bribe Epstein, had not begun serving his prison sentence, Mr. Gelb said:

"This witness was here to do a job. When this trial is over this witness will get consideration. His jail sentence will be set aside. I make that prediction."

The prosecution had relied heavily on Berger's testimony to indicate that Mr. Morhouse was aware, in making his own demands, that the payoffs, to him were part of an over-all deal that required a $50,000 bribe for Epstein to issue the type of license sought by the Playboy Club.

Mr. Gelb also attacked as "unbelievable" the testimony of Arnold J. Morton, executive vice president of the Playboy Clubs International, which depicted Mr. Morhouse as an active participant in the bribery plot.

In the nine days of this trial, Mr. Scotti has elicited testimony from five prosecution witnesses. Mr. Gelb rested the defense without calling Mr. Morhouse or any other witness to the stand.

APPENDIX F

[From the New York Times, May 18, 1974]

JURY HEARS GREED LED MORHOUSE ON: PROSECUTOR SAYS DEFENDANT USED POST TO GET RICH

(By Charles Grutzner)

The relationship in 1961 and 1962 between L. Judson Morhouse and Martin C. Epstein was described to a jury yesterday as that of a political boss and a grafting public official who teamed up to enrich themselves and one another.

Chief Assistant District Attorney Alfred J. Scotti offered this characterization in a summation of 3 hours and 40 minutes against Mr. Morhouse, a former Republican state chairman who is on trial in State Supreme Court, on charges of conspiracy and bribery.

The six-count indictment alleges that Mr. Morhouse took part in a plot by which officers of the Playboy Club bribed Epstein, who was then chairman of the State Liquor Authority, to give a liquor license to the club at 5 East 59th Street.

"BETRAYAL" CHARGED

Asking the 10 men and 2 women on the jury to find the defendant guilty on all counts, the prosecutor declared:

"We have established beyond the shadow of a doubt that this defendant used his political power to enrich himself by controlling a corrupt public official. This man not only betrayed his party, not only betrayed the people of New York, but fostered corruption in public office to make it a source of wealth for himself.

"You must not regard corruption as a way of life, as an element in democratic government."

Mr. Scotti devoted part of his summation to an attack on an argument made by Sol

Gelb, defense lawyer. Mr. Gelb had contended that Mr. Morhouse could not be found guilty of bribery—despite the fact that he had demanded $100,000 from the Playboy group and had actually received $18,000 until the license scandal became publicly known in November, 1962—because he was not a public official.

PLAYBOY WITNESSES

The prosecutor said that the testimony of state's witnesses, including two Playboy entrepreneurs who were granted immunity from prosecution, made it clear that the $50,000 demanded by Epstein and the $100,000 demanded by Mr. Morhouse had been part of the same deal.

Mr. Gelb twice interrupted the summation to move for a mistrial on the ground that Mr. Scotti's version of the testimony was inaccurate and highly prejudicial. Justice Abraham J. Gellinoff denied both motions.

Mr. Scotti assailed the defense's argument that the Playboy officers were unworthy of belief because they had been given immunity, although named as co-conspirators with Ralph Berger, who was convicted of conspiracy to bribe Epstein.

The prosecutor reminded the jurors that Governor Rockefeller, who dismissed Epstein after the scandal broke, had assured holders of liquor licenses that there would be no reprisals if they cooperated in the inquiry.

"If the Governor hadn't given that assurance," Mr. Scotti said, "the grand jury could never have indicted Epstein. He would still be S.L.A. chairman and we would never have uncovered the extraordinary corruption in which he was engaged with confederates."

[APPENDIX F]

[From the New York Times, May 20, 1966]

JURY DEADLOCKED IN MORHOUSE CASE—LOCKED UP FOR NIGHT AFTER DELIBERATING 7½ HOURS

(By Charles Grutzner)

The jury in the conspiracy and bribery trial of L. Judson Morhouse, former Republican state chairman, failed to reach a verdict last night after seven-and-a-half hours of deliberation.

At 11:55 P.M., State Supreme Court Justice Abraham J. Gellinoff sent the 10 men and two women on the jury to a midtown hotel with instructions to return at 11 A.M. today and resume their deliberation.

The judge gave the case to the jury at 1:55 P.M. after a three-hour charge in which he outlined the six counts—four felonies and two misdemeanors—on which the defendant has been standing trial for 12 days. The jury ate lunch in the jury room, but took a two-and-a-half-hour dinner recess at a nearby restaurant.

Mr. Morhouse is accused of having been a principal in the bribery by Playboy Club executives of Martin C. Epstein, former chairman of the State Liquor Authority, to get a liquor license for the New York Playboy Club at 5 East 59th Street.

Prosecution witnesses testified that Mr. Morhouse had demanded $100,000 for himself in the deal, and had received $18,000 until November, 1962.

Epstein had allegedly demanded $50,000 for himself and had received $25,000, before payments stopped.

If he were convicted on all counts, Mr. Morhouse could get a maximum penalty of 42 years in prison and fines of $19,000.

An hour and 40 minutes after they had received the judge's three-hour charge—with part of the time consumed by lunch in the jury room—the jurors sent word that they wanted further instructions. The foreman, Arnold J. Voit, asked Justice Gellinoff: "Can we have the six counts of the indictment?"

Justice Gellinoff said he could not read them the indictment, since that document had not been put in evidence. He said he could again summarize and explain the various counts, if that was what the jurors wanted. After the judge had reviewed the counts and the jury filed out of the courtroom, Sol Gelb, Mr. Morhouse's lawyer, went to the bench and put an exception into the record.

"Mr. Gelb, I am shocked and surprised at you!" exclaimed Justice Gellinoff. "Don't you do that to me again, Mr. Gelb! I deliberately consulted and got your consent to that."

Mr. Gelb said he did not object to the substance of what Justice Gellinoff had told the jurors but to the fact that he had "gratuitously" offered to explain the counts when the jury had asked only what they were.

[APPENDIX F]

[From the New York Times, May 21, 1966]

MORHOUSE FOUND GUILTY IN PLAYBOY BRIBERY CASE

(By Charles Grutzner)

L. Judson Morhouse, who was described at his trial as the "Mr. Big of the Republican party," was found guilty yesterday on two felony counts in the bribery of Martin C. Epstein, former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

The former chairman of the state Republican party was acquitted on two other bribery counts and two misdemeanor counts of conspiracy based on the same set of happenings.

With sentence set for June 15, in State Supreme Court, Morhouse faces a possible maximum penalty of 10 years in prison and a $5,000 fine on one count and 10 years and $4,000 on the other.

The jury, which spent Thursday night in a hotel here after having remained deadlocked throughout the day, returned to the courthouse yesterday morning and produced the verdict by early afternoon.

Morhouse got to his feet to hear the jury's decision. As the foreman, Arnold J. Voit, uttered the verdict, the defendant, of a normally ruddy complexion, turned a shade deeper red, but gave no other sign of emotion.

His 21-year-old son, Sanford, wept openly. Morhouse walked over to him and made a smiling remark. Sanford, a senior at Williams College, had received notification on Thursday of his acceptance into Columbia Law School.

TWO COUNTS DESCRIBED

Sol Gelb, defense lawyer, said an appeal would be made. The first step will be a motion, on sentence day, to have the verdict set aside.

One of the counts on which Morhouse was convicted charged he aided the Playboy group in the bribery of Commissioner Epstein. The other held that he had induced Epstein to accept an illegal fee; which is a legalism for tasking a bribe.

Mr. Gelb said that it "seems inconsistent" that the jury after deciding Morhouse was not guilty of conspiring with the Playboy group to bribe Epstein, should find him guilty in the actual bribery in which money from the Playboy enterprises was used.

CALLED PAY FOR SERVICES

It was brought out at the 12-day trial that Epstein had in 1961 demanded $50,000 as his price for a license and had received $25,000 by the time the scandal broke in November 1962. There was testimony also that after Epstein made his deal with the Playboy principals he sent them in April, 1961, to see Morhouse, who then demanded $100,000 for himself in five annual instalments and actually received $18,000 before the scandal became public.

Morhouse, who did not deny the $100,000 deal or the $18,000 payments, contended that these were for legal and publicity services to the Playboy enterprises. The state maintained that the payments to Epstein and Morhouse were parts of the same deal by which "a corrupt public official and his political boss" teamed up to enrich themselves and one another illegally.

The principal witnesses against Morhouse were three convicted or admitted accomplices in the bribery of Epstein. Ralph Berger, a "fixer" from Chicago, was convicted in 1964 of conspiracy at a trial which brought out that he had delivered $25,000 in cash, proceeds of two Playboy Club checks, to Epstein in his room in New York Hospital. Berger, who has not begun serving his one-year term, admitted in the Morhouse trial that he hoped he would get "consideration" from the court for his testimony.

The other two star witnesses for the prosecution, admitted conspirators and bribers, were Playboy executives Arnold J. Morton and Robert Preuss, who had been given immunity from prosecution for their testimony

Justice Abraham J. Gellinoff gave the case to the jury early Thursday afternoon. With the ten men and two women jurors still deadlocked at midnight, the judge had them taken in a hired bus to a hotel with instructions to return to the Criminal Courts Building at 11 A.M. yesterday and resume deliberations.

JURY BACK EARLY

The jurors returned to the courthouse an hour early, apparently determined to end the deadlock. At 12:30 P.M., they sent word to the judge that they had reached a verdict.

Mr. Gelb and Morhouse took their accustomed seats at the defense table and Assistant District Attorney David A. Goldstein sat at the prosecution table. In a front row of spectator seats were Mrs. Margo Morhouse, his dark-haired wife; his son, a daughter, Mrs. Christopher Breiseth, and her husband, professor of modern European history at Williams.

In court, standing erect, the tall crew-cut defendant spoke in a low voice as he gave his pedigree to a court officer. Fifty-two years old, occupation lawyer, address Black Point Road, Ticonderoga. Later, he told newsmen he had no comment.

Morhouse will continue on parole in his own custody until sentence is imposed.

The delay in agreeing on a verdict was because one of the women jurors had held out for acquittal on all counts. Shortly before noon she "began to listen to reason," as another juror put it.

JURORS' REASONING

Another juror reconciled the conviction on the bribery counts with the acquittal of conspiracy to bribe by saying that the jurors agreed that the conspiracy had been completed when Epstein agreed to accept the bribe before sending the Playboy entrepreneurs to Morhouse, but that Morhouse was guilty of bribery before he went along with the deal.

Morhouse, named Republican state chairman in 1954 by former Governor Dewey, was subsequently elected to four more two-year terms. A close friend of Nelson A. Rockefeller, he managed Mr. Rockefeller's successful campaigns for Governor in 1958 and 1962. Governor Rockefeller appointed him to the $17,000 position as vice-chairman of the State Thruway Authority and as non-salaried chairman of the Lake George Park Commission. He resigned abruptly as Republican chairman on Dec. 27, 1962. A few days later he quit both state offices before going before a grand jury, where he refused to waive immunity and answer questions about the liquor scandal.

A spokesman for the Governor said yesterday Mr. Rockefeller would not comment on Morhouse's conviction.

[APPENDIX F]

[From the New York Times, June 16, 1974]

MORHOUSE GETS 2 TO 3 YEARS IN S.L.A. BRIBERY—EX-CHIEF OF STATE G.O.P. IS JAILED PENDING APPEAL; SCOTTI, PROSECUTOR, CALLS HIM AN INFLUENCE PEDDLER

(By Jack Roth)

L. Judson Morhouse, former chairman of the State Republican Committee, was sentenced yesterday in State Supreme Court to serve two to three years in prison after hearing himself described as a man who "misused the vast power of his political position to satisfy his greed for money."

The tall defendant, wearing a brown suit and with his hair crew-cut, stood before the bench first with his hands clasped and then with his arms folded. He winced occasionally as he was excoriated by Chief Assistant District Attorney Alfred J. Scotti and then by Justice Abraham J. Gellinoff, who imposed the prison term.

The 52-year-old defendant was convicted May 20 on two felony counts in the bribery of Martin C. Epstein, the former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

Morhouse's wife, Margo, who wore dark glasses, sat in a first-row seat in the court and sobbed aloud when she heard her husband sentenced. She had been hoping, as had Morhouse's lawyer, Sol Gelb, that the defendant might receive a suspended sentence.

Mr. Gelb applied to Supreme Court Justice Samuel M. Gold for a certificate of reasonable doubt to permit the defendant to be free on bail pending appeal. Justice Gold said he would reserve decision until he had read the record.

Morhouse, a lawyer who lives in Ticonderoga, N.Y., was remanded to Manhattan City Prison and will remain there until Justice Gold rules on his application for the certificate. His conviction on the felony counts means automatic disbarment.

In sentencing Morhouse to two concurrent two-to-three year terms, the Justice said he was seeking a "realistic balance that must be struck between compassion for the defendant and concern for the public."

The convicted man will be eligible for parole after serving 16 months in prison.

The evidence at the trial showed that Epstein, in 1961, had demanded $50,000 for the license, $25,000 of which he received before the investigation into the S.L.A. became public knowledge in November, 1962. It was also testified that Epstein after he had made his deal for the license, sent the Playboy Club officers to see Morhouse who demanded $100,000 in five annual payments, receiving $18,000 before the scandal broke.

INDICTMENT IS PENDING

An indictment is pending against Epstein, but he is seriously ill in Florida and is not expected to be called to trial.

Mr. Scotti, who had prosecuted the case against Morhouse, urged Justice Gellinoff to impose a "substantial" jail term on the defendant and said:

"Leadership in the best interest of his party and state was expected of him. Instead, he chose to misuse the vast power of his position to satisfy his greed for money. The possession of this power was considered not as an obligation to improve the quality of our government but as an opportunity to acquire wealth for himself."

The prosecutor enumerated a series of what he termed "instances of the misuse of power" that, although there was no evidence of crime, showed the defendant was "at least engaged in the sale of political influence for substantial sums of money."

Mr. Scotti recited the following matters that his office had discovered, but had not disclosed until now, and labelled them all as the "sale of political influence."

From 1958 to 1962 he received annual payments of $5,000 totaling $25,000 from a company engaged in distributing trading stamps for "keeping an ear tuned to any matter in the state Legislature which would affect trading stamps."

In 1958 and 1962 Morhouse received two $5,000 payments from a corporation for "no specific function."

In 1957, he received $20,000 from a corporation conducting the business of "custom consultant." This was not further explained.

In 1959, from another corporation in the same field, he got $32,000.

Between 1959 and 1961 Morhouse got $19,000 from a public relations firm.

In 1962 a Morhouse corporation, Lyman Associates received $6,000 from a broadcasting company.

Between June 1959, and January, 1963, the defendant received $18,500 from a detective agency.

NO CRIME IS FOUND

"These are some of the instances our office has been able to uncover involving the sale of his political influence . . . though we have not been able to uncover evidence of crime in these instances," Mr. Scotti said.

The prosecutor went on to say that when persons in certain corporations were questioned by his office as to why Morhouse had been given money, the answer, in substance, was: "Mr. Morhouse is the chairman of the Republican party and, as such, he knew a lot of people and that is why we called him in."

"In other words," Mr. Scotti said, "the defendant was being paid for the use of his political influence."

Morhouse was first named Republican state chairman in 1954 by former Gov. Thomas E. Dewey. He subsequently was elected to four more two-year terms. He managed Nelson A. Rockefeller's successful campaigns for Governor in 1958 and 1962. The Governor appointed him to the $17,000 post as vice chairman of the State Thruway Authority and as a nonsalaried chairman of the Lake George Park Commission.

He resigned suddenly as Republican chairman on Dec. 27, 1962, and a few days later he quit his other offices before going before a grand jury where he refused to waive immunity and answer questions about the liquor scandal.

GOT $100,000 IN FLORIDA

Mr. Scotti, speaking calmly and dispassionately, said that Morhouse also had received $100,000 in cash in Florida for the purpose of obtaining a racetrack license in 1959. He did not mention the track, but it has become public knowledge that it was the Finger Lakes Race Track in Farmington, N.Y.

"It has been established," Mr. Scotti told the court "that this defendant in seeking to enrich himself by the use of his political power, knowingly, deliberately fostered corruption in public office. We must take a very serious view of these crimes if we are to sustain the confidence of the people in the integrity of our government."

In sentencing Morhouse, Justice Gellinoff said the defendant had "many good friends in most high places who came forward willingly to urge leniency."

The court said Morhouse had wielded "tremendous governmental power and influence and perverted this power for personal and financial gain."

Mr. Scotti, on his way to Justice Gold's court, was asked if influence peddling was not a crime.

He answered that it was a "pernicious practice" but not a crime and said that it would be "salutary if the Legislature would consider the advisability of making the sale of political influence a crime."

[APPENDIX F]

[From the New York Times, June 17, 1966]

MORHOUSE AIDED BY HIGH OFFICIALS—JUDGE GOT LETTERS PRAISING DEFENDANT'S INTEGRITY

(By Jack Roth)

Letters commending L. Judson Morhouse for "integrity, honesty and devotion of good government" were sent to a State Supreme Court justice by Senator Jacob K. Javits, former Gov. Thomas E. Dewey and a secretary to Governor Rockefeller before the former Republican state chairman was sentenced on Wednesday.

The letters were among hundreds of communications, in effect urging leniency, received by Justice Abraham J. Gellinoff before he sentenced Morhouse to two concurrent prison terms of two to three years on his conviction of two felony counts.

The defendant had been found guilty in the bribing of Martin S. Epstein, former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

The name of the Governor's secretary was not disclosed, but it was ascertained that he had written the letter with Mr. Rockefeller's knowledge.

A spokesman for the Governnor, however, denied last night that any such letter had been written or sent.

PROPRIETY DEBATED

The letters from those officials, as well as from others, such as Carl Spad, the Republican state chairman, and Vince J. Albano, the county chairman, precipitated a discussion among officials in the District Attorney's office and lawyers as to the propriety of such high officers in commending a man whom the prosecutor's office called "greedy for money" and condemned him for selling "political influence for substantial sums."

District Attorney Frank S. Hogan said he was not "particularly disturbed" by the letters and that he would be concerned "only if a sentencing judge gave undue weight to such requests for leniency with a consequent failure to give proper weight to the evidence in the case and the verdict of the jury."

In the Morhouse case, there was no question that the prosecutor's office was satisfied with the sentence, as Alfred J. Scotti, the chief assistant district attorney, termed it "fair and adequate" after leaving the courtroom.

Two other aides in the prosecutor's office spoke angrily about the letters. One said that it "displays a callous disregard of a betrayal of good government."

PRAISE CALLED DISGRACEFUL

The other declared it was "disgraceful that public officials, past and present, should say anything in the least praiseworthy about a man who had refused to waive immunity before a grand jury and who was convicted, in reality, of cheating his party and his state."

Another lawyer spoke of "the other side of the coin."

"People who know people a long time," he said, "could do something like this out of a sense of mercy or compassion. Their commending the defendant because of their knowledge of him does not mean they are condoning anything that Morhouse did."

A lawyer who has been associated closely with judges for years, commented:

"It seems very poor taste for such high governmental officers to urge leniency for or speak in flattering terms of a man convicted of a crime that entails subversion of governmental power, a man so criticized and assailed by the District Attorney's office as Morhouse was."

JUDGE GIVES HIS VIEWS

Justice Gellinoff, asked whether he had received the letters and if so what he had thought of them, said:

"In many cases in which a judge sentences defendants he receives communications from various persons asking that he be lenient in imposing sentence. I do not think it proper that in any of these cases I should disclose either the name of the sender of such a letter or the contents of his message.

"In the Morhouse case I will say only that I received letters—as I said in court—from people in most high places who came forward willingly to urge leniency. I will say nothing more on the subject, neither confirming nor denying any information."

From other sources who saw the letters, however, it was reported that they spoke of Morhouse's good reputation, his excellent family life and declared that he was honest and upright and devoted to the interests of good government.

None, it was learned, specifically urged a lenient sentence, but said, instead, they wanted to bring their knowledge of the defendant to the court's attention.

The letters, it became known, have been filed with the court's probation department.

Morhouse was first named Republican state chairman by Governor Dewey in 1954 and was elected after that to four more two-year terms.

The 52-year-old lawyer of Ticonderoga, N.Y., was credited with getting Governor Rockefeller to enter politics and managed his gubernatorial campaigns of 1958 and 1962.

Morhouse was appointed to the $17,000 post of vice chairman of the State Thruway Authority by Governor Rockefeller and also as the nonsalaried chairman of the Lake George Park Commission.

He resigned as Republican chairman on Dec. 27, 1962, and a few days later quit his other posts before being called to testify before a grand jury investigating the liquor scandals. He refused to waive immunity before that panel and did not testify.

APPENDIX F

[From the New York Times, June 18, 1966]

ROCKEFELLER AIDE RETRACTS DENIAL OF LETTER ON MORHOUSE

Governor Rockefeller's press secretary, Leslie Slote, who denied on Thursday that any secretary of the Governor had written or sent a letter to a Supreme Court justice concerning L. Judson Morhouse, the former Republican state chairman, withdrew the denial yesterday.

Mr. Slote confirmed that a letter, characterized by court authorities as "urging leniency," was sent to Justice Abraham J. Gellinoff by William J. Ronan, the Governor's secretary, before Morhouse was sentenced to two to three years in prison by the justice.

Morhouse was convicted in the bribery of Martin C. Epstein, former State Liquor Authority chairman, to obtain a liquor license for the Playbody Club.

Mr. Slote explained yesterday:

"It is true that such a letter was sent. It was sent by Mr. Ronan. When I said that such a letter had never been sent I was incorrect." The letter from Mr. Ronan, it was reported, detailed his relationship with Morhouse and mentioned the Governor's name.

[APPENDIX F]

[From the New York Times, June 22, 1966]

MORHOUSE FREED PENDING APPEAL—COURT ISSUES CERTIFICATE OF REASONABLE DOUBT

(By Edith Evans Asbury)

L. Judson Morhouse, former chairman of the state Republican Committee, was released yesterday in his own custody from Sing Sing prison at Ossining, N.Y., pending appeal.

He was sent there last Friday to begin serving a sentence of two to three years for bribery.

Supreme Court Justice Samuel M. Gold released Morhouse with the consent of David A. Goldstein, assistant district attorney.

In a written opinion, Justice Gold stated that he was granting the release, and a certificate of reasonable doubt, because "if the certificate were denied, defendant might be compelled to serve a substantial part of his sentence only to have his conviction reversed on appeal."

In his application for the certificate, Morhouse had argued that the evidence against him was based on testimony of accomplices, and that therefore his conviction would be reversed on appeal.

Justice Gold, in his opinion, recalled that the judge had instructed the jury that testimony of accomplices was insufficient to support a conviction unless corroborated by independent evidence.

"A serious question is presented," the justice found, "as to whether the nonaccomplice evidence adduced at the trial was sufficient to establish the bribing of Epstein and defendant's connection therewith."

Morhouse was convicted on two felony counts of the bribery of Martin C. Epstein, the former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

Ralph Berger, an intermediary between the club and Epstein, and Arnold Morton and Robert Preuss, officers of the club, testified as prosecution witnesses concerning the bribery.

They were "correctly held by the trial court to be accomplices of the defendant," according to Justice Gold.

Harry Hayes and Jerome Marrus were called at the trial by the prosecution to corroborate the accomplices' testimony. However, in Justice Gold's opinion, "the body of the crime, viz., the bribing of Epstein, depended for its establishment solely upon the accomplices' testimony."

Therefore Justice Gold continued, "this court is of the opinion that a reasonable doubt exists as to whether the judgment of conviction will be upheld on appeal."

The 52-year-old defendant, a lawyer, was convicted May 20, after a jury trial. He was sentenced June 15 by Supreme Court Justice Abraham J. Gellinoff to two concurrent two-to three-year terms.

Morhouse's son, Sanford, accompanied his lawyer, Harris R. Steinberg, to Sing Sing yesterday to deliver the court order to the warden and drive Morhouse to his home at Ticonderoga, N.Y.

An indictment is pending against Epstein but he is seriously ill in Florida and is not expected to be called to trial.

APPENDIX F

[From the New York Times, July 8, 1966]

"WORKING OUT" A FINE IN PRISON IS BANNED

(By Sidney E. Zion)

ALBANY.—The Court of Appeals ruled unanimously today that an indigent defendant cannot be sentenced to additional time in prison to "work out" a fine imposed by the judge.

Thus, the state's highest court reversed a sentence of one year plus 500 days—"one day for each dollar"—meted out in Erie County in June, 1965, to Albert Saffore, an indigent who pleaded guilty to third degree assault.

In two other cases, a bitterly divided court upheld, by votes of 5 to 2, the state's "stop and frisk" law under circumstances that the dissent said "goes beyond anything" decided earlier in this area.

Judge John Van Voorhis said in dissent that he had understood the earlier rulings by the state's highest court meant to limit the police to frisk for weapons and to allow as evidence against a defendant only weapons found on his person.

But today, the court upheld burglar's tools as evidence in one case and heroin in another. Both items were found on the defendants after a frisk performed by officers who had not had probable cause to conduct a search.

The stop-and-frisk law generally permits a cursory search of a person on "reasonable suspicion," which means less than the constitutional requirement of probable cause necessary to justify an arrest and full-scale search.

PRINCIPLE UPHELD IN 1964

In the Saffore case, involving the fines, Chief Judge Charles S. Desmond was scathingly critical of the sentence. He wrote:

"A fine of $500 for a common misdemeanor, levied on a man who has no money at all, is necessarily excessive when it means in reality that he must be jailed for a period far longer than the normal period for the crime. . . . To make it worse, this fine is to be served out at the absurdly low rate of $1 per day in a state where the Legislature has recently imposed a minimum wage of $1.50 per hour."

But the court said that every judgment condemning a defendant to prison for not paying a fine was not illegal.

"We do hold," the opinion said, "that when payment of a fine is impossible and known by the court to be impossible, imprisonment to work out the fine, if it results in a total imprisonment of more than a year for a misdemeanor, is unauthorized by the code of criminal procedure and violates the defendant's right to equal protection of the law and the constitutional ban against excessive fines."

Lawyers said that the sweeping language of the opinion made it clear that the ruling would apply to felonies as well as to misdemeanors.

Although today was the first time the court had ruled on the constitutionality of the stop-and-frisk statute, it upheld the principle of such practices in 1964 in a case that arose before the law was passed. Thus the court had justified the practice under the common law and without the necessity of a statute.

The United States Supreme Court has not ruled on the validity of stop-and-frisk laws. Judge Stanley H. Fuld, who also dissented in today's cases, took note of this and said:

"Until the Supreme Court has authoritatively decided that 'reasonable suspicion' justifies a search without a warrant and that the police may 'frisk' a suspect without probable cause, I adhere to the views I expressed [previously]."

Judge Fuld was the lone dissenter in the 1964 case.

The majority wrote an opinion in only one of the two stop-and-frisk cases decided today. This was the case involving the burglary tools. Briefly, as explained by Judge Kenneth B. Keating, the facts were these:

On July 10, 1964, Samuel Lasky, for 18 years a patrolman in the New York City Police Department, stepped out of his shower and heard a noise at the front door of his Mount Vernon apartment house. He looked through a peephole and saw two men tiptoeing down the hallway. He called the police, put on street clothes, took a pistol and followed the two men down the stairway.

Mr. Lasky apprehended John Francis Peters, who became the defendant in the case, between floors and asked him what he was doing there. Peters said he was looking for a girl friend, whom he would not identify on the ground that she was married.

BURGLAR TOOLS FOUND

Mr. Lasky then searched him for a weapon, felt something hard that "could have been a knife" and withdrew a plastic envelope from Peters' pants pocket.

This envelope turned out to contain a number of burglar tools. It was on the basis of these tools that Peters was convicted. The building in which he was seized had not been burglarized and apparently the second man got away.

In the other case, the facts must be gleaned from Judge Van Voorhis's dissent, since there is no majority opinion, the conviction of the defendant, Nelson Sibron, merely being affirmed by a 5-to-2 vote.

According to the dissent, a policeman searched Sibron after he had watched him talk with known narcotics addicts. The policeman said he had put his hand into Sibron's pocket to check for a dangerous weapon, but instead had found heroin.

Judge Van Voorhis was openly skeptical that the policeman had been looking for a weapon, pointing out that the policeman first had said to Sibron: "You know what I am looking for."

"If we go beyond [frisking for a weapon]," Judge Van Voorhis wrote, "then frisking a suspect, which can be done in practice (though not in theory) at the officer's whim, will become a pretext for the general search of the person, without probable cause, which the Fourteenth Amendment was designed to prevent."

The judge said that if these kinds of practices were permitted ". . . we shall have progressed a considerable distance toward the police state."

The court also upheld today the conviction of Ralph Berger, a Chicago public relations man, for conspiracy to bribe a state liquor authority official to obtain liquor licenses for the Playboy Club in New York City.

The court split, 5 to 2, in affirming the conviction, but issued no opinion.

Chief Judge Desmond and Judge Fuld dissented on the ground that electronic eavesdrops, which had been used, were unconstitutional "as a physical intrusion into private premises and as a 'general search' for evidence."

[From the New York Times, July 11, 1966]

Nickerson Attacks Governor on S.L.A. "Scandal"

(By Clayton Knowles)

Governor Rockefeller was accused by Nassau County Executive Eugene H. Nickerson yesterday of having "tolerated a scandalous situation" in the State Liquor Authority.

Mr. Nickerson, who is seeking the Democratic nomination for Governor, noted that the situation led to a string of indictments and the conviction of a former Republican state chairman, L. Judson Morhouse.

"It was an open and notorious situation in which a person had to go to a Republican-oriented lawyer to get a liquor license," Mr. Nickerson said. "It was general knowledge that the situation in the S.L.A. stank, and the Governor tolerated it."

A spokesman for the Governor, who is now vacationing in France, said there would be no comment on Mr. Nickerson's accusation nor on a further charge by City Council President Frank D. O'Connor, another Democrat hopeful of the Governorship, that Mr. Rockefeller and Mayor Lindsay shared responsibility for killing the 15-cent subway fare in New York City.

In linking both as the men "who killed Cock Robin," Mr. O'Connor hit far harder at Mr. Lindsay.

He asserted that the Mayor had in hand during the Governor's "summit" talks on city taxes, an opinion from Corporation Counsel J. Lee Rankin stating that city funds could not be transferred to save the 15-cent fare without the approval of the Legislature. The talks ended June 17.

Mr. Lindsay has maintained that he first received the Rankin opinion July 2, after he had requested it. The Transit Authority, given a similar opinion that weekend, raised the fare to 20 cents, effective at midnight last Monday.

"This is not idle supposition," said Mr. O'Connor, a participant in the summit meeting. "I am not making this claim lightly."

In another development in the competition for the Democratic nomination for Governor, Monroe County delegates to the state convention, organizing formally tonight, are understood to be preparing a strong endorsement of Howard J. Samuels, millionaire upstate industrialist.

Franklin D. Roosevelt Jr., the fourth of the active candidates for the nomination, said on "Let's Find Out," a WCBS radio program, that he was the only one of the group "who can beat Nelson Rockefeller." Without him, he said, the party is "in trouble."

The other candidates, in the interviews and telecasts, agreed with Mr. Roosevelt's statement that Mr. Rockefeller would be tough to defeat. But, while expressing confidence individually of getting the nomination, they stopped short of saying they were the only ones who could beat him.

Mr. Nickerson conceded that Mr. Rockefeller "can mobilize a lot of support as Governor, has unlimited funds and gets a lot of Madison Avenue help." But he noted that the Governor was vulnerable, that he was in Europe "when a Governor's Conference was meeting that dealt with many things affecting our state."

It was at this point in the WCBS–TV "Newsmakers" program that Mr. Nickerson was asked if he sought to involve Mr. Rockefeller in the Liquor Authority scandals.

He responded that the Governor "tolerated, knew all about and did nothing" about the bad situation in the S.L.A. Asked how he knew the Governor knew, Mr. Nickerson declared:

"He would have to be awful dumb if he didn't. Governor Rockefeller just doesn't care. He has spent little time in the state—two days a week at Albany, until election time rolls around—and he just let this thing slide."

If he had been Governor, Mr. Nickerson said, he would have "gone in and fired people" to correct the situation.

Mr. Nickerson and Mr. O'Connor had varying views on their strength. The Nassau County Executive said that if the convention were held at this time, he would have about 350 delegate votes on the first ballot, "though I have sought no commitments."

By contrast, the Council President argued on the WNBC-TV program "Searchlight" that he would be nominated at this time, "with at least 600 votes." His claims, which have been made previously, have been discounted by rivals. The necessary majority in the convention is 573 votes.

Mr. Roosevelt has only 12 votes openly pledged to him, but he appeared as confident as Mr. O'Connor yesterday that he would win a first-ballot nomination on the basis of strong support among minority groups.

[From the New York Times, July 15, 1966]

Perjury Charged to Ex-Liquor Aide

A 58-year-old former investigator for the city's Alcoholic Beverage Control Board was indicted yesterday on charges he had impeded the long-run New York County grand jury inquiry into corruption in the State Liquor Authority.

The man, Sidney Appel, now a motel operator in Rockville, Md., was named in a four-count true bill that covered two counts each of perjury and criminal contempt.

Assistant District Attorney David A. Goldstein said Mr. Appel had hamstrung the grand jury in its investigation of a purported $4,500 bribe sought to get a liquor license for a Harlem bowling alley.

Mr. Appel, who served on the board for 28 years as an $8,000-a-year investigator, was dismissed in April, 1963, when he refused to sign a waiver of immunity before a grand jury.

Following the indictment Mr. Appel was arrested at the Colonial Manor Motel in Rockville and released in $2,000 bail pending disposition of extradition proceedings.

[From the New York Times, Sept. 1, 1966]

Morhouse's Name Stricken From State Roll of Lawyers

Albany.—The name of L. Judson Morhouse was stricken from the state's roll of lawyers today. Mr. Morhouse, the former Republican state chairman, has been convicted of bribery.

The State Supreme Court's Appellate Division, Third Department, announced a unanimous decision that the 51-year-old Morhouse was "no longer competent to practice law."

State law provides that the names of lawyers convicted of felonies shall be dropped from the list of practitioners.

Morhouse, a resident of Ticonderoga, was admitted to the bar 27 years ago.

He was sentenced last June to serve two to three years in prison after the state labeled him a wholesale peddler of political influence who made $131,000 in a variety of deals. The sentence has been stayed, pending an appeal.

[From the New York Times, Nov. 26, 1970]

Morhouse Loses Top State Appeal

Albany.—The Court of Appeals unanimously agreed today that the Playboy liquor-scandal trial conviction of L. Judson Morhouse, former Republican state chairman, had not been tainted by electronic eavesdropping.

Morhouse had challenged the validity of his conviction on the ground that his constitutional rights were violated by the eavesdropping.

The 56-year-old Republican, who lives at Ticonderoga, was convicted in 1966 of bribery and the taking of unlawful fees. He was sentenced to not less than two nor more than three years in prison. He has been free on bail pending the outcome of appeals.

The state's high court submitted no opinion today in reaching its 6–0 decision to uphold the findings of the Appellate Division. Associate Justice Charles Breitel took no part in the determination.

Three years ago, the Court of Appeals, in a 4–3 decision, sent the case back to the lower courts for a determination of the eavesdropping question. Attorneys for Morhouse contended that the electronic surveillance had been authorized under a state law subsequently ruled unconstitutional.

The trial court, after receiving the case from the Court of Appeals, decided that the evidence was not tainted. The Appellate Division agreed with this finding.

[From the New York Times, Dec. 24, 1970]

Morhouse Given Commuted Sentence

Albany.—Governor Rockefeller today commuted the sentence of L. Judson Morhouse, the former Republican State Chairman, who was convicted four years ago in connection with the issuance of a liquor license to the Playboy Club in New York City.

Morhouse, 56 years old, of Ticonderoga, is reported to be seriously ill. Mr. Rockefeller noted that physicians had stated that imprisonment would place Morhouse's life in serious danger and could cause his death.

The commutation means that Morhouse will not have to serve time in prison. He will be subject, however, to parole supervision for the remainder of his sentence.

Mr. Rockefeller also commuted the sentences of three other men who had been convicted of murder. The commutations were traditional Christmas grants of executive clemency.

Morhouse was convicted in 1966 of bribery and taking unlawful fees. He was accused of aiding others to give bribes to Martin C.

Epstein, former chairman of the State Liquor Authority, and of helping Epstein to receive unlawful fees.

PAROLED AFTER 6 DAYS

He was sentenced to two to three years in prison while the case was being appealed in higher courts.

Just last month, the Court of Appeals upheld the eavesdropping methods used by the Manhattan District Attorney to gather evidence against Morhouse.

The ruling, in effect, upheld the conviction, but Morhouse remained out of prison pending an appeal to the United States Supreme Court.

Morhouse, a lawyer, became G.O.P. state chairman in 1954 and resigned in 1962 because of a bribe scandal. After his conviction, he was barred from practicing law.

Others receiving commuted sentences from the Governor were:

[From the New York Times, Mar. 6, 1973]

State Repays City $133,000 for Prosecution of Morhouse

New York State gave the city a check yesterday *for $133,000* to cover the costs of the city's investigation and prosecution of L. Judson Morhouse, former Republican state chairman.

The payment marks the first time, according to officials here and in Albany, that the state has complied with a little-known section of the State Constitution. It calls for it to pay all local costs incurred in prosecuting a bribery case involving a state official.

Morhouse held two state posts before his conviction. He was vice chairman of the State Thruway Authority and chairman of the Lake George Park Commission.

The state's payment was disclosed yesterday by Manhattan District Attorney Frank S. Hogan, who prosecuted Morhouse on bribery charges following a lengthy investigation of corrupt practices in the State Liquor Authority.

After the Court of Appeals upheld Morhouse's conviction in 1970, Mr. Hogan began legal proceedings to receive state compensation for expenses in the case.

"The Mayor should be calling me any minute now to thank me for this windfall," the District Attorney said, laughing.

Morhouse, long a powerful figure in state Republican policies, came under investigation by the Manhattan District Attorney's office in 1962 in its inquiry into the State Liquor Authority.

In 1966 he was convicted of bribing a public official—Martin Epstein, chairman of the S.L.A.—and of taking unlawful fees. Morhouse served his three-year sentence because Governor Rockefeller granted executive clemency in 1970 on the ground that the defendant was too ill to go to prison.

In applying for reimbursement of expenses, District Attorney Hogan invoked Article 13, Section 13b, of the State Constitution. Last May the State Legislature authorized the $133,000 payment in its annual budget, and yesterday morning the check arrived at the City Controller's office in the Municipal Building.

Appendix F

[From the New York Times, Dec. 8, 1965]

Once a G.O.P. Power

For the last three years, Lyman Judson Morhouse has been almost a mystery figure in his home community of Ticonderoga, N.Y., in contrast to his former public status as Republican state chairman. Mr. Morhouse, who was indicted yesterday on charges of bribery and conspiracy in the State Liquor Authority scandals, is now seldom seen at political and social functions and in the Essex County courtrooms where he once had a thriving practice. "We don't see much of him, anymore," an old friend said yesterday. "He lives out near Lake George and I guess he spends all his time fishing and hunting."

Mr. Morhouse, who is known to many state Republicans as Jud, has been mentioned prominently during the liquor investigation that has periodically rocked the state since January, 1962.

SET A PARTY RECORD

Mr. Morhouse's days as a major power in Republican state politics came to an abrupt end on Dec. 27, 1962, when he resigned the state chairmanship only three months after he had been elected to a fifth two-year term, a party record.

* * * * *

Then, by engineering the selection of Nelson A. Rockefeller as his party's candidate and by leading the successful 1958 campaign, he became a respected and popular political leader. His election to a fifth term as chairman was testimony to his reputation as a successful politician.

Mr. Morhouse was born on March 21, 1914, in Proctor, Vt., the son of a Y.M.C.A. secretary active in boys' camp work. He attended five public and two preparatory schools in Massachusetts and Rhode Island. His New England origin still shows in a tendency to speak of the Republican "party."

STUDIED IN LAW OFFICE

He worked his way through two years at Middlebury College, then went to work in the Ticonderoga law office of County Attorney Elmer J. Vincent. Five years later, he qualified for the bar and began practice in Ticonderoga.

Mr. Morhouse lost his first bid for elective office in 1938 when he ran for Justice of the Peace. Two years later he won a race for the same job and five years later was elected to his first term as a Republican Assemblyman from Essex County.

After serving in the Assembly for six years, he resigned to become executive director of the New York Good Roads Association, a private group dedicated to improving highways. From that job he went on to become Republican state chairman. * * *

Appendix G

[From the New York Times, Nov. 15, 1974]

Testimony by Rockefeller Raises a Morhouse Issue

(By Ralph Blumenthal)

Sworn testimony yesterday by Vice President-designate Nelson A. Rockefeller on how he dealt with a $100,000 possible bribe offer to L. Judson Morhouse conflicts with another account and raises new questions about a race track bribery case, that is still mysterious after 15 years.

David Goldstein, the assistant district attorney who investigated the case a decade ago, said yesterday he had never been aware of a meeting that Mr. Rockefeller told the Senate Rules Committee he had had with Mr. Morhouse on the $100,000 offer. The meeting took place at a Republican fund-raising dinner in 1959.

Mr. Goldstein, now in private law practice, declined to say how knowledge of the meeting might have affected the case.

Testifying at the second day of his reopened confirmation hearings, Mr. Rockefeller disclosed that Mr. Morhouse, then the Republican state chairman, informed him in a huddle at the dais that "friends" had provided $100,000 in cash in a shoebox or paper bag, ostensibly as a contribution to the party. Mr. Rockefeller said yesterday that he immediately ordered Mr. Morhouse to return the money.

CONFLICT IN DATES

However, the date established for the dinner, June 4, 1959, does not coincide with previous testimony in the case—that is, that a month earlier Mr. Rockefeller ordered the money returned.

Mr. Morhouse was later convicted on bribery charges in another case, involving the illicit purchase of a liquor license for the Playboy Colub here. His two-to-three year sentence was commuted by Governor Rockefeller in 1970.

The case concerned an effort by two sports concessionaries—James and John Nilon of Pennsylvania—and a racketeer, Joseph Cataldo, to promote a Finger Lakes racetrack in Farmington, N.Y., beginning in 1958.

After the Republicans under the newly elected Governor Rockefeller ousted, the Democratic state administration, the track promoters sought to make a $100,000 contribution of some kind to the new administration or figures in it to advance their application for a license.

1965 TRIAL RECALLED

The account emerged at the trial in 1965 of former Assemblyman Hyman E. Mintz of Sullivan County and two associates, Morris Gold and Carl Kaplan that case grew out of an attempt to bribe a detective in the Manhattan District Attorney's office to obtain information on the racetrack bribery investigation. All three were later convicted on various charges.

In the trial, Mr. Gold, a Sullivan County Republican leader, testified that he had received $100,000 from the Nilons to pass on as a "political contribution," presumably to expedite the racetrack license. Mr. Gold testified he had turned the money over to Assemblyman Mintz in Florida for transmittal to Mr. Morhouse, who was waiting in a Miami Beach Hotel.

According to Mr. Goldstein, an assistant district attorney in Frank Hogan's office who two years ago related the case to a subcommittee of the House of Representatives, the information was that Mr. Morhouse in turn was to give the money to a public official. The official has never been identified.

Mr. Gold testified that on *April 11, 1959,* Mr. Mintz told him he had turned the $100,000 over to Mr. Morhouse and that Mr. Mintz said, "We sweated counting the money."

However, Mr. Gold went on; he was told on May 5, 1959 by Mr. Mintz that the Assemblyman had been summoned by Mr. Morhouse and told to return the money. "The Governor got wind and doesn't want no part of this—give it back," Mr. Gold said he was told.

BANK RECORDS

The next day, May 6, according to bank records introduced at the trial, the money was returned to a safe-deposit box and on May 12, other records and testimony showed, the Nilons came and took the $100,000 back.

In his testimony yesterday, Mr. Rockefeller said he learned of the $100,000 offer at his first Republican fund-raising dinner—later dated by his spokesman, Hugh Marlow, as June 4, 1959—at the Waldorf-Astoria Hotel.

Mr. Rockefeller testified: "At dinner behind the second tier at the dais a little huddle was held. I was informed by Mr. Morhouse someone had given him a shoebox, it could have been a paper bag."

Also in the "huddle," Mr. Rockefeller recalled, were State Attorney General Louis J. Lefkowitz and Lieut. Gov. Malcolm Wilson.

Mr. Rockefeller said Mr. Morhouse identified the source of the $100,000 only as "friends" and not as racetrack promoters. He said he ordered: "Tell that guy to get the money back and get it back to the people from whom it came."

He added: "Mr. Morhouse accepted the assignment and reported back to me later it was given back."

Mr. Rockefeller said that he did not regard what he took to be a political contribution to his party chairman as a crime and so he never hought legal action.

Hearings Before the Select Committee on Crime, House of Representatives, 92d Congress

Organized Crime in Sports—Racing

STATEMENT OF DAVID GOLDSTEIN, ATTORNEY, NEW YORK, N.Y.

(Having been duly sworn by Mr. Waldie.)

Mr. Waldie. Counsel, will you please continue?

Mr. Phillips. Mr. Goldstein, could you tell us what your present occupation is?

Mr. Goldstein. I am an attorney in private practice in New York City.

Mr. Phillips. In 1967, were you assistant district attorney in New York County?

Mr. Goldstein. I was.

Mr. Phillips. Did you have a specific assignment in New York County at that time in relation to rackets investigations?

Mr. Goldstein. I was assigned to the Rackets Bureau of the New York County District Attorney's Office whose function was to investigate and prosecute organized crime and public corruption.

Mr. Phillips. In relation to that assignment, did you conduct an investigation in relation to a racetrack in the State of New York?

Mr. Goldstein. The New York County District Attorney's Office did conduct an investigation concerning the Canadaigua or Fingerlakes Racetrack, and I was assigned to conduct that investigation.

Mr. Phillips. Could you tell us whether or not organized crime and official corruption were unearthed in that investigation?

Mr. Goldstein. It certainly was.

Mr. Phillips. Would you tell us about the investigation, please?

Mr. Goldstein. Yes. In 1963, Detective Carl Bogan, a New York City police officer, assigned to the New York County District Attorney's Office squad, transmitted information to the office that he had received from a confidential informant that a payoff of $50,000 had been made in the State of Florida to a representative of a certain public official for the latter's intercession in the granting of a racetrack license to the Canandaigua Racetrack, which became located in the County of Ontario, town of Farmingtown, in upstate New York, somewhere near Rochester, N.Y., as a matter of fact, near exit 44 on the New York State Thruway.

We conducted an investigation to determine whether there was any validity to this information and we found that there were various "payoff" situations involving both Democrats and Republicans, and there was some underworld influence in connection with proposed stock ownership and obtaining persons who were supposed to be acceptable to the New York State Racing Commission.

The first information that we developed was that a certain underworld figure in New York City by the name of Joseph Cataldo had come to an understanding with people who were interested in promoting this track that he would receive a "finder's fee" of $100,000 for having obtained a person, one John Maguire, who was acceptable to the New York State Racing Commission.

Mr. Phillips. You say Cataldo was an underworld figure?

Mr. Goldstein. Yes.

Mr. Phillips. Do you know what he is doing now?

Mr. Goldstein. Well, like one of your witnesses said the other day, he is doing time in Lewisburg Penitentiary. I believe he has been convicted of a stock fraud.

Mr. Phillips. You say he received $100,000?

Mr. Goldstein. I didn't say that he received it. I said that allegedly he had come to an understanding with certain persons who were promoting this track license application that he would receive $100,000 in cash for having obtained a person acceptable to the racing commission to go on the license. He never did in fact, as far as we know, get the $100,000. We heard later that the $100,000 cash promised had been changed to a stock promise; that he was supposed to get some stock in the track.

Eventually, I understand that he and a conventurer of his sued the track corporation and various individuals connected with the track.

I understand further that that law suit for an alleged $100,000 finder's fee was compromised by settlement and the total amount of $15,000 had been paid.

Mr. Cataldo is known in New York City to be an associate of many well-known underworld figures, such as Joseph "Socks" Lanza, who is now deceased. As a matter of fact, I have in my possession today a photograph taken of Mr. Cataldo and Mr. Lanza at a wedding in October 1963 that the committee might have some interest in. He was also an associate of Matty "The Horse" Iannello, Anthony "Tony Bender" Strollo, Anthony "Tony Ducks" Corallo, Santo Trafficante, Meyer Lansky, Vito Genovese, Tommy "Ryan" Eboli and John "Sonny" Franzese.

Mr. Phillips. You say there were a number of payoffs involved in this particular investigation. Can you tell us generally what these payoffs were and can you detail them for us, please?

Mr. Waldie. Is a finder's fee illegal in New York?

Mr. Goldstein. Not to my knowledge, if it is a legitimate finder's fee. If it involved a real estate brokerage transaction, then I suppose the man would have to be licensed under State law.

Mr. Waldie. Was the finder's fee in this instance an illegal transaction?

Mr. Goldstein. Not to my knowledge.

Mr. Waldie. It didn't involve a real estate transaction, it involved getting someone satisfactory to the commission on the license. Is that a legal transaction in New York?

Mr. Goldstein. I purposely used the term "finder's fee" in quotes because that is the term that had been used by Mr. Cataldo when he sued for $100,000. If there is any illegality involved, it might have involved the undisclosed ownership of the stock in a racing association which the commission might not have granted if they knew he was going to be the owner of the stock.

Mr. Waldie. I guess the question I am asking is: Can a man in New York today go to another man in New York and say, "If I get you a name satisfactory to the racing commission to be on the license, I expect a fee and you will pay it"?

Would that be a legal offer, a legal acceptance and a legal contract?

Mr. Goldstein. I would suppose it would be legal.

Mr. Waldie. Thank you.

Mr. Goldstein. Mr. Phillips, you asked about the investigation and what is disclosed in terms of payoffs.

On a realtively smaller scale, the first information that we developed was that payoffs had been made to the secretary of the racing commission in New York State sometime starting in 1956, over a long period of time, and the payoffs were for the purpose of obtaining information from a person, namely the secretary to the racing commission, as to what the thinking of the racing commission was in terms of who was going to get a license.

We developed evidence that certain checks, payable to cash, had been endorsed by the secretary of the racing commission and, as a matter of fact, we found later that a corporation had been formed and the secretary of the racing commission was on the payroll of this corporation. The corporation was owned by one of the promoters of this track license.

Mr. Phillips. Was there a $100,000 payoff?

Mr. Goldstein. There were smaller payoffs, in the hundreds of dollars; $100 at a time. Maybe a total of whatever the salary was from the corporation, several hundreds of dollars.

Mr. Phillips. Did there come a time when a $100,000 or $125,000 payoff was uncovered?

Mr. Goldstein. There were two $125,000 figures. The first payoff that we learned about was an alleged payoff, or bribe, of $125,000 represented to be going to Carmine DeSapio who was then the Democratic State chairman in New York and secretary of state of the State of New York.

I might add that the division of the State racing commission is under the jurisdiction of the secretary of state's office in the State of New York.

In the course of developing evidence of this alleged $125,000 payoff we had witnesses who testified that they had paid a total of $25,000 to an attorney who has since been disbarred in connection with another matter, and was convicted of various crimes. This was the man who had made the representations that the money was going to Carmine DeSapio.

Concerning the other $100,000, making a total of $125,000, when this lawyer requested the other $100,000, after he had received a total of $25,000, he was told that the money was available but would not be passed unless and until the license was issued.

The lawyer said that he wanted to see the money to make sure that the money was available for the payoff. So a gentleman by the name of Walter Troutman, who was a sportsman and a rather wealthy man and who was friendly with one of the applicants for the track license, was called upon to put up $100,000 in cash, which he took out of a bank account and in fact made a loan to make a total of $100,000, and it was placed in a safe deposit box for 3 days in early September 1958.

During that 3-day period this lawyer went to the box and viewed the money, requested it and was told it was not available until the license was issued. He left after seeing that money.

You might recall that in November 1958 there was an election in the State of New York and the Harriman administration was defeated by the Rockefeller administration. Governor Rockefeller won the election in November 1958. A man by the name of Morris Gold, who was a Republican politician and a plumbing and heating contractor in upstate New York, was interested in this track license because he had loaned approximately $32,500 to one of the promoters of the track. The inducement for the loan, in addition to the hope of receiving interest on the money, was that he would get the plumbing and heating contracts for the track when it was going to be built, and would also get some stock in the track.

After the 1958 election, Mr. Gold let it be known that the $125,000 payoff which was supposed to go to the Democrats, or to Carmine De Sapio, was on the wrong horse and that the money had to go to the Republicans.

Sometime in early 1959, there were two brothers by the name of John and James Nilon, who were food and beverage concessionaires living and working in Chester, who came upon the scene. They were interested in getting the food and beverage concessions at the Canandaigua track.

They were called upon to put up some money for this payoff that was supposed to go to L. Johnson Morhouse, who was then the chairman of the State Republican committee in the State of New York.

On April 7, 1959, a meeting was held in the Belmont Plaza Hotel in New York County. At this meeting Mr. Gold, a New York State assemblyman named Hyman Mintz and John P. Maguire, Jr., one of the applicants for the track license, were also present. Mr. Gold and Mr. Mintz represented at this meeting that the license was about to be issued to the Maguire group and that in order to assure getting the license, $100,000 in cash would have to be paid immediately, and that Mr. Gold and Mr. Mintz were going to deliver this money to Mr. Morhouse in the State of Florida. There was an additional $25,000 requested to make a total of $125,000. But at that time only $100,000 was immediately requested.

A telephone call was placed on the night of April 7, 1959, to the Nilon brothers in Pennsylvania, and they agreed to deliver the money to the State of Florida.

On April 8, 1959, Assemblyman Mintz, Mr. Gold, and another person, went to the State of Florida and checked into a hotel in Miami Beach, the Carillon Hotel. The Nilon brothers, John and James Nilon, went to the Eden Roc Hotel in Miami Beach in the State of Florida on April 8, 1959, with their attorney. Before leaving their home in Pennsylvania, John Nilon went to his safe deposit box in the Fidelity Philadelphia Trust Co. in Ridley Park, Pa.

We have a record of access to that box showing that on April 8, 1959, at 9:24 a.m., John Nilon made an entry into his box. We also have a record of a wire order from the Federal Reserve Bank of Philadelphia dated April 8, 1959, indicating that $100,000 in cash was transferred from the Federal Reserve Bank of Philadelphia on behalf of the Fidelity Philadelphia Trust Co. to the Federal Reserve Bank in Atlanta, Ga., which covered the Florida area, and it was for the account of the Metropolitan Bank of Miami.

In others words, $100,000 was transferred on April 8, 1959, to the State of Florida from the State of Pennsylvania on behalf of the Nilon brothers.

There was a meeting on April 8, 1959, at the Eden Roc Hotel between Messrs. Gold and Mintz, and certain other persons, and the Nilons. The Nilons refused to turn over the money because the license had not been isssued, even though they had been assured by Messrs. Mintz and Gold that the license was going to be issued imminently and it would go to the Maguire group.

In any event, the Nilons did not turn money over to Gold on April 8, 1959, and left and went back to the State of Pennsylvania.

We never were able to discover any record of that $100,000 going back from the State of Florida to the State of Pennsylvania, although there has been testimony and if the Nilons appear here I assume their testimony will be consistent with what it was in the past, that they directed that the $100,000 be returned from the State of Florida to Pennsylvania. We were never able to document this.

Under the laws of the State of New York—Title 21, entitled, "Racing, Unconsolidated Laws of the State of New York" a certificate of incorporation of a corporation formed "for the purpose of raising and breeding and improving the breed of horses * * *" which corporation claims the right to conduct running or steeplechase race meetings, must be approved by the New York State Racing Commission before filing with the secretary of state of the State of New York (see sec. 7001, Unconsolidated Laws of New York).

On April 9, 1959, the New York State Racing Commission approved the filing of the certificate of incorporation of the Finger Lakes Racing Association, Inc.—the Maguire group—in the secretary of state's office of the State of New York.

Thereafter, the corporation filed for approval of a license to hold, maintain, and conduct race meetings (see sec. 7909, Unconsolidated Laws of the State of New York) and to conduct parimutuel betting on the races (see sec. 7953, Unconsolidated Laws of the State of New York), which licenses were approved in January 1962.

On April 10, 1959, Morris Gold flew to the State of Pennsylvania where he received $100,000 in cash from the Nilon brothers and delivered it to the State of Florida where he, in turn, delivered it to Assemblyman Mintz. Assemblyman Mintz told Mr. Gold that he was going to the Americana Hotel to deliver this money to L. Judson Morhouse, who he represented was on vacation there with his wife. We obtained a hotel registration card from the Americana Hotel documenting the fact that Mr. Morhouse was at the Americana Hotel at this time.

Mr. Morhouse was never questioned about this because he invoked his constitutional privilege against self-incrimination at some later time in the investigation, and he had already been indicted in connection with a State liquor authority investigation involving the Playboy Clubs in New York City. He was subsequently convicted of the State liquor authority bribery charge.

After the money had been passed to Assemblyman Mintz, and after Mintz had represented that he had delivered it to Mr. Morhouse, sometime in early May of 1959, Assemblyman Mintz and Morris Gold drove to the city of New York and after Mr. Mintz left Mr. Gold's company for a short time he came back with $100,000 in cash in a paper bag. He told Mr. Gold that Mr. Morhouse had returned the money.

When Mr. Gold asked for an explanation, Mr. Mintz told him that all that Morhouse had told Mr. Mintz was that the Governor had found out about this and when Mr. Morhouse was questioned about it, had reported that a political contribution of $100,000 in cash had been made by the Nilon brothers.

The Governor allegedly told Mr. Morhouse to give the money back under those circumstances.

Mr. Gold had this money and he returned to the Sullivan County area in upstate New York where he came from. His home is up there and his business is up there. He placed it in a safe deposit box. Shortly after that time the Nilons indicated they were going to come up and pick up the money. On the day that they were to come to pick up the money, Mr. Gold received a telephone call from none other than Joseph Cataldo, the underworld figure who I have referred to before.

Mr. Cataldo said, "I understand that the Nilons are coming to pick up their money. Let's talk about it before you give it back." So a meeting was held in a restaurant at the Harriman exit of the New York State Thruway which was halfway between the New York City area and the Sullivan County area, where Mr. Mintz and Mr. Gold came from.

At this meeting, Assemblyman Mintz and Gold met with Cataldo and certain other persons. Cataldo tried to persuade Gold not to give the money back, indicating that one Harris Osman, one of the promoters of the track, owed money to Gold and the track owed money to Cataldo for the so-called finder's fee.

In any event, despite these requests, Mr. Gold went back to the Sullivan County area and gave that money back to the Nilons when they came there that day.

Mr. Phillips. The $100,000, as I understand it, was paid to Mr. Morhouse and then ultimately returned when the Governor learned of it?

Mr. Goldstein. That is what the testimony was, yes.

Mr. Phillips. And the people who were paying this $100,000 wanted a license for a racetrack, is that correct?

Mr Goldstein. The people who put up the $100,000—namely, the Nilon brothers—wanted the food and beverage concessions, the parking lot concessions, and the program concessions at the track. They couldn't get those concessions unless there was a license.

Mr. Phillips. Can you tell us where the $100,000 in cash came from? Did that come from the Nilon brothers?

Mr. Goldstein. John Nilon indicated it came from his safe deposit box.

Mr. Phillips. Can you tell us what they were doing with $100,000 in the safe deposit box?

Mr. Goldstein. I think you had better ask the Nilon brothers.

I would like to explain to you how the approval of the license took place or takes place under the laws of the State of New York.

Mr. Waldie. May I interrupt you a moment so we don't lose track of the story?

Mr. Goldstein. Certainly.

Mr. Waldie. What indictments and convictions were forthcoming from the series of events you just described to us?

Mr. Goldstein. This whole matter of alleged payoffs and bribes to secure a license application was investigated by a New York County grand jury. In the course of the grand jury investigation, Morris Gold, whom I mentioned, appeared before the grand jury and lied and was indicted, charged with several crimes of perjury.

In addition, at some future time in the course of the investigation, we discovered that some of the principals in the investigation had conspired to bribe a police officer to find out information or grand jury testimony concerning our investigation of the original alleged bribe.

There were indictments against Assemblyman Mintz and a police chief by the name of Carl Kaplan from upstate New York. They were charged with conspiring to bribe a police officer.

Mr. Waldie. What else?

Mr. Goldstein. Those were the indictments.

Mr. Waldie. I gather there were absolutely no indictments against any of the people who put up the $100,000, who sought to buy the license?

Mr. Goldstein. I think you are leading into a very interesting area. That is, as far as I know, there is no crime in the State of New York for a person to pay money to a person holding political office or even to a public official, so long as that public official is not being influenced in the performance of his official duties.

Our information, as I indicated at the beginning of my testimony, was that the money had been paid to Morhouse as a representative of a public official for the purpose of inducing the public official to intercede in the granting of a racetrack license. If we had been able to establish that fact, then we would have had a successful criminal prosecution for that crime.

But if the fact was that the money only went to the person holding a political office and he used his influence to influence a public official in the performance of his duties, it would not be a crime.

I would say if you were to ask me whether I would recommend any legislation in this area. I would like to see that to be a crime if it was within constitutional standards.

Mr. Phillips. A payment to the State chairman of the party is not a crime in New York?

Mr. Goldstein. Not for the purpose of using his influence to influence some other public official who might be a party member in the performance of the other public official's duties; no, it is not a crime, to my knowledge.

Mr. Waldie. Do you mean that even though you were able to establish as a fact that men got together $100,000 for purposes of procuring a racing license, that a crime of conspiracy does not occur at that point?

Mr. Goldstein. Conspiracy is no more than a legal term for an unlawful agreement. It must be an agreement to commit an unlawful act.

Mr. Waldie. Wasn't the unlawful act to buy a racing license?

Mr. GOLDSTEIN. The act that these people had agreed to do, so far as we could establish by testimony from live witnesses, was that they agreed to pay a sum of money on the representation it was going to Mr. Morhouse, who was the chairman of the State Republican committee, a political office. That would not be a substantive crime nor a conspiracy to commit a crime.

Mr. WALDIE. But you told us they agreed to pay it to him because DeSapio was the wrong horse and they better switch horses if they wanted their license. I gather you were not speculating but you were basing that on some evidence. Am I incorrect?

Mr. GOLDSTEIN. The important factor would be the name and office of the ultimate recipient of the money.

Mr. WALDIE. Let me place the facts before you hypothetically as I understood them as presented by you. Men got together $100,000 that was to be given to Carmine DeSapio to influence the public official that grants the racing licenses in order that this group would get the license.

At some later point in the passage of time, it looked like Rockefeller rather than Harriman was going to win the election, so they switched signals and said, "We will now get on a different horse, not DeSapio. You better get on with Morhouse." So they went through acts, not guesses, but acts, of getting money out of banks, transporting it to Florida, taking it to hotels. Isn't that a conspiracy to commit a crime?

Mr. GOLDSTEIN. Not if the ultimate recipient of the money is a person holding a political office. It has to be a public official being influenced in the performance of his own official duties.

Mr. WALDIE. Was it your understanding that the ultimate recipient was never to be the person who was granting the license?

Mr. GOLDSTEIN. Our original information was that the ultimate recipient was some person other than the person holding political office. However, we were never able to establish that.

Mr. WALDIE. Do I understand you are going to a different subject now, you are leaving this subject?

Mr. GOLDSTEIN. There are some other subjects that may have the effect of answering some of your questions.

Mr. WALDIE. Will you be testifying about other events than the one just discussed?

Mr. GOLDSTEIN. Yes.

Mr. WALDIE. Are there any questions from the committee on this particular event?

Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

You were present, I believe, this morning when we were talking about political contributions with the previous witness. One of the witnesses told how he contributed routinely, no matter who the candidate or the party was, on request.

Mr. GOLDSTEIN. I don't know that I would characterize it as a political contribution. If it was a true political contribution, it would go into the coffers of the party and not the pockets of the individual.

Mr. STEIGER. What I wanted to do was to make a distinction between what was looked upon by at least the one witness this morning as sort of a routine, minor shakedown for political contributions, in which he didn't even know the principals involved or their party affiliation, and this situation in which the deliberate decision was made as to who the money was to go to and for what purpose.

There obviously is a distinction. You say under New York law if it is a political contribution, it is legal no matter what its intent?

Mr. GOLDSTEIN. No, I don't say that. For example, if a public official told a businessman to make a contribution of $5,000, for example, to his party, and the public official would be influenced in the performance of his duties, I think that that might make out a crime.

Mr. STEIGER. So we have established, as I gather from the recitation of facts, that the money was raised by people who were interested in starting the racetrack at Finger Lakes or Canandaigua.

Mr. GOLDSTEIN. Yes.

Mr. STEIGER. It was raised with the clear understanding from at least one group, the Nilon brothers, that in exchange for this, they were going to get the concessions at the racetrack.

Mr. GOLDSTEIN. Right.

Mr. STEIGER. They couldn't get the concessions unless there was a racetrack. That was looked upon, I suppose, as a cost of doing business. In light of that, and reflecting upon the line of questioning that the chairman has recited, what I want to know is the fact of the money changing hands, the purpose being established, your response to the chairman at that point was that there was still no conspiracy to commit a crime because it was earmarked as a political contribution. Am I correct?

Mr. GOLDSTEIN. No, that is not quite my testimony. If I may try to explain it somewhat further.

Mr. STEIGER. I wish you would.

Mr. GOLDSTEIN. If there is an agreement or understanding to pay a political contribution—to me that means making a contribution of money or something of value to the party—it would go on the books and records of either the Republicans or Democratic Party or whatever party.

Mr. STEIGER. Or a candidate. You do recognize the possibility of contributing to a candidate?

Mr. GOLDSTEIN. Yes, I do.

Mr. STEIGER. And he, in turn, would report it as a campaign contribution.

Mr. GOLDSTEIN. It would be something that would be reported as a matter of record for political purposes.

Mr. STEIGER. So your distinction is if it is reported by either the party or the candidate as a contribution for political purposes, it is a campaign contribution?

Mr. GOLDSTEIN. On its face, that is legitimate. If on the other hand, a public official told a businessman, "Make this political contribution by check, if you will, and I will vote your way," that would constitute a crime, in my opinion, because he would be receiving something of value, or the equivalent of money, as far as the public official was concerned, and he would be influenced in performance of his duties.

The clear case of a bribe is where money passes hands to a public official and he is influenced in the performance of his duties.

In the unclear area, the area I am suggesting, there probably should be some legislation making it a crime. It is the area where money is paid to a person holding political office and it is paid in cash, not as a matter of record, and the only purpose for which the money is paid is to induce that politician, or he could be a public official, but not in the area where the influence is sought.

The only purpose that it is paid is to require that person to make a telephone call or get in touch with the person who is in the position to perform the official duty.

Mr. STEIGER. Thank you.

Mr. WALDIE. Mr. Winn?

Mr. WINN. I have no questions.

Mr. WALDIE. You mentioned that Governor Rockefeller apparently put pressure on Morhouse to give the money back. Is that correct?

Mr. GOLDSTEIN. That is what we were told by one or more witnesses.

Mr. WALDIE. And you accept that as being fact?

Mr. GOLDSTEIN. I wasn't there, and I never spoke to the Governor, so I really can't tell you whether it is fact or not.

Mr. WALDIE. Is Morhouse connected with the Governor?

Mr. GOLDSTEIN. Mr. Morhouse, I understand, is quite ill today. He is no longer connected with State government.

Mr. WALDIE. Was he at the time of these events?

Mr. GOLDSTEIN. Yes. He was the chairman of the State Republican committee.

Mr. WALDIE. The license was granted to the people who raised the $100,000?

Mr. GOLDSTEIN. Yes.

Mr. WALDIE. In your view, was it because they raised the $100,000?

Mr. GOLDSTEIN. In my view, that had a very distinct function in granting that license. As a matter of fact, when I looked at the press release of the racing commission, whereby they informed the public and the media that they had granted the license, they gave three reasons for granting the license in view of the fact that a rival group had also made an application.

The three reasons were: No. 1, that the group that made that payment had applied first; No. 2, that the group who made the payment had sought informal conversations with the racing commission first; and, No. 3, the racing commission claimed that the landsite for their proposed track was better than the other landsite. I wasn't very happy with those reasons.

Mr. WALDIE. So it is your view that the $100,000 that was gathered together was the factor that resulted in the granting of the license?

Mr. GOLDSTEIN. That is my view.

Mr. WALDIE. And it must be your additional view that the quid pro quo failed when it came to the attention of the public, and the $100,000 had to be given back?

Mr. GOLDSTEIN. But the license had already been issued.

Mr. WALDIE. I know. Those who promised the license performed. Those who promised the money didn't perform.

Mr. GOLDSTEIN. That is the effect of it.

Mr. WALDIE. And the reason they didn't perform is because public scrutiny fell upon the transaction?

Mr. GOLDSTEIN. If that be the fact, that would be the result.

Mr. WALDIE. What was the fact? How did it come to the Governor's attention that the chairman of the Republican Party received $100,000?

Mr. GOLDSTEIN. Well, the information that we received was that the Nilon brothers, as a quid pro quo for putting up this money, were to receive all of the concessions at the track; namely, the food and beverage, the program, and the parking concessions. Written contracts were entered into on or about April 10, 1959, the very same day the money was passed. As a matter of fact, the contracts were drawn up in the Nilon's lawyer's office in Pennsylvania on the same day.

As the same time, other directors of the corporation found out about these contracts and they repudiated them. The Nilons were required to renegotiate the contracts. They lost the program concession at that time and they had to change their percentages on their deal with the track.

Our information was that they complained to a Mr. Peu who was an oil man in Pennsylvania, and I believe chairman of one of the political parties in the State of Pennsylvania.

Allegedly, the Nilons prevailed upon him to make contact with Governor Rockefeller claiming that a political contribution had been made and they didn't get what they were supposed to get or something like that.

Mr. WALDIE. So Mr. Peu, who I presume is the chairman of the Republican Party in Pennsylvania——

Mr. GOLDSTEIN. I believe that was his title. He is now deceased.

Mr. WALDIE. Mr. Peu complained to the

Governor of New York that the Governor's party was not performing on the part of the Nilons who had paid the $100,000?

Mr. GOLDSTEIN. I don't know the details of that conversation. This was just information that we had received.

Mr. WALDIE. I have no further questions. Mr. Sandman?

Mr. SANDMAN. When the Nilon brothers lost the program concession, do you know who picked it up?

Mr. GOLDSTEIN. I was just about to get into that, if I may. Morris Gold, who was the man who delivered the $100,000 in cash and I believe it was in a paper bag or an attaché case, on the way down to Florida, he got something out of this. In 1961, he got $44,000 in cash which was listed as a consultant's fee on the books of the general contractor which built that track.

In addition, Morris Gold got the parking concession at the track. The track was built sometime between 1959 and 1962 when they first opened for business. Their first season in 1962 unfortunately was a losing season. They lost $1 million at the track. They borrowed a lot of money from several indviduals, over $1 million worth of funds, loans. These individuals assigned the loans to a bank and the bank was putting pressure on the track prior to the 1963 racing season. As a result, a corporation by the name of Emprise Corp. came into the picture.

In the spring of 1963, Emprise Corp. loaned $1,500,000 to the track in return for 15 percent interest on the money, a $40,000 bonus for giving the loans, and they also got contracts to get all the concessions of the track.

Keep in mind that the Nilons had the food and beverage concession at this time. I think that the Emprise deal with the track was that they would get the exclusive right to have the food and beverage concession upon the termination of the Nilons' contract.

I don't know what the dealings were between Emprise and the Nilons, but I do know as a fact the Emprise people took over the food and beverage concessions at the track, and I believe also the program and parking.

Mr. PHILLIPS. There is one other area, Mr. Goldstein, in relation to this investigation which you conducted, I think in 1964, 1965 and 1966, that I want to inquire about.

Mr. GOLDSTEIN. The investigation started in 1964 and it culminated in 1966 with the trial that I mentioned before of Assemblyman Mintz and Police Chief Kaplan.

Mr. PHILLIPS. They were convicted of what charge?

Mr. GOLDSTEIN. Conspiracy to bribe a police officer.

Mr. PHILLIPS. This investigation in that period of time developed these witnesses who told you about the prior incidents, is that correct?

Mr. GOLDSTEIN. That is correct.

Mr. PHILLIPS. Were there any organized crime elements in that subsequent situation; that is, the conspiracy to kill the investigation, if you want to use that term, into this racetrack situation?

Mr. GOLDSTEIN. Yes. In the course of investigating the original payoff to get the track license, I told you before that the person named Morris Gold had committed perjury and had been indicted for that crime in August 1964.

Shortly after Morris Gold interrupted the start of his trial for three counts of perjury in the first degree, and entered a plea of guilty to one felony count of perjury, on February 1, 1965, the district attorney's office received information that a certain underworld figure had been requested to kill Morris Gold to prevent him from cooperating any further. During the taking of the plea of guilty by the court on February 1, 1965, Gold admitted that he had transmitted $100,000 in cash to Assemblyman Hyman Mintz in Florida in April 1959.

In February 1965, after receiving the information about an alleged plot to kill Gold, it was learned that Carl Kaplan, chief of police of the upstate New York community of Fallsburg, had been introduced to the underworld figure in New York City and had requested him to accompany Chief Kaplan to the State of Florida. Further investigation revealed that Chief Kaplan went to Florida in February 1965, and a telephone call was made from his hotel room to telephone number WA 3-6603 in Hollywood, Fla., listed in the name of Mrs. Phil Kovolick, 1311 Jefferson Street, Hollywood, Fla.

It should be noted that Mrs. Kovolick is the widow of Philip "Spick Farvel" Kovolick, an oldtime underworld figure going back to the days of Louis Lepke Buchalter and Murder, Inc., and also an associate of noted underworld figure Meyer Lansky.

On April 30, 1972, the New York Daily News reported that the decomposed body of Philip Kovolick—who disappeared a year ago after being sought for questioning in connection with a grand jury investigation of police corruption—was found on April 29, 1972, inside a 55-gallon steel drum at the bottom of a rock pit in Hallandale, Fla. Kovolick had been murdered gangland style, with bullet wounds, and his body had been placed with metal bars inside the steel drum which was located by scuba divers at the bottom of a limestone quarry under approximately 40 feet of water.

Mr. WALDIE. Let me interrupt you a moment. You allege that was a payoff but you have not been able to prove it was a payoff.

Mr. GOLDSTEIN. I allege it was because that was the language that was used at the meeting to induce the Nilons to part with the money.

Mr. WALDIE. If that was the language adduced at the meetings, is that not a crime, to conspire to gather together a payoff?

Mr. GOLDSTEIN. Not if it is to a person holding a political office as opposed to a public official who is to be influenced in the performance of his official duties.

Mr. WALDIE. Was it in your view as an attorney a payoff attempt?

Mr. GOLDSTEIN. The information that we had originally received was that the money was going to Mr. Morhouse as a representative of another public official.

Mr. WALDIE. Who was the other public official?

Mr. GOLDSTEIN. I do not know that I would be at liberty to disclose this since it was in the course of a grand jury investigation and no indictments of this public official have even been made. I think that is the very purpose of a grand jury investigation. Unless the facts are public or brought out by indictment or at a trial, it is not appropriate to disclose them.

Mr. WALDIE. Have any indictments been brought against the Nilons?

Mr. GOLDSTEIN. No.

Mr. WALDIE. Why have we discussed their role?

Mr. GOLDSTEIN. The Nilons testified before the grand jury.

Mr. WALDIE. Why are you less considerate of their rights than you are of this undisclosed public figure?

Mr. GOLDSTEIN. Their names had already been disclosed in the prior trial. That was a matter of public knowledge.

Mr. WALDIE. Which prior trial?

Mr. GOLDSTEIN. The trial of Assemblyman Mintz and Police Chief Kaplan.

Mr. WALDIE. But this undisclosed public figure's was not disclosed in that trial?

Mr. GOLDSTEIN. It has never been publicly disclosed.

Mr. WALDIE. And your reason for not publicly disclosing it now is because it was part of a grand jury proceedings and it therefore is entitled to privilege?

Mr. GOLDSTEIN. Yes, and furthermore, we never developed evidence of any wrongdoing on the part of this public official.

Mr. WALDIE. Have you developed evidence of wrongdoing on the part of the Nilons?

Mr. GOLDSTEIN. Yes.

Mr. WALDIE. Have they been prosecuted?

Mr. WALDIE. Have you developed evidence for their testimony.

Mr. WALDIE. By whom?

Mr. GOLDSTEIN. Who did they receive immunity from? The New York County grand jury.

Mr. WALDIE. Immunity from what?

Mr. GOLDSTEIN. Criminal prosecution.

Mr. WALDIE. For what?

Mr. GOLDSTEIN. For any crimes that might have been disclosed by their testimony.

Mr. WALDIE. What crimes were disclosed by their testimony for which they were given immunity?

Mr. GOLDSTEIN. The grand jury was conducting an investigation to determine whether a bribe had been paid to a public official. They sought immunity and received immunity from the grand jury for their testimony.

Mr. WALDIE. Had they not sought and received immunity, would they have been prosecuted?

Mr. GOLDSTEIN. Yes; there is a possibility that they would have been prosecuted for perjury.

Mr. WALDIE. But not for payoff?

Mr. GOLDSTEIN. No.

Mr. WALDIE. Subsequent to their granting of immunity, they were continued as a concessionaire at the racetrack?

Mr. GOLDSTEIN. The Nilons testified in 1964, and I believe the Emprise Corp. made their loan in 1963. I don't know the specifics on this. It is possible the Nilons were not the concessionaires at that time, although I kind of think that they were. I think they were subpenaed at the track and they must have been the concessionaire.

Mr. WALDIE. Would they be able to remain concessionaires when they seek immunity from prosecution of crimes in order to testify under New York law?

Mr. GOLDSTEIN. The only specific answer I can give you, Mr. Chairman, is that if they were licensees, and I take it they were holding a State liquor license for the beverage concession, I am not sure if there is a provision in New York State law which would prohibit them from holding a license for invoking their constitutional privilege.

There are provisions in the State law for removing a public official from office who invokes.

Mr. WALDIE. It is not a constitutional privilege to seek and have granted an immunity. That is not a constitutional privilege at all.

Mr. GOLDSTEIN. To grant immunity under New York law at that time would not take place unless a witness invoked his constitutional privilege. Then the grand jury foreman would have to direct the witness to answer with the consent of the district attorney. That is the way the witness would get immunity.

Mr. WALDIE. But the act of immunity is the act of the prosecutor?

Mr. GOLDSTEIN. It is the act of the grand jury with the consent of the prosecutor.

Mr. WALDIE. Will you find out for my own information and the committee's record as to whether if the man was a licensee of the State of New York at the time immunity was granted him for prosecution of crimes which he committed and if after his immunity was granted and his testimony taken, the crimes revealed, was he continued as a licensee?

Mr. Goldstein. I certainly will, Mr. Chairman.

(The information requested follows;)

Re Canandaigua Race Track Investigation.

Hon. Claude Pepper,
Chairman, Select Committee on Crime, U.S. House of Representatives, Washington, D.C.

Dear Chairman Pepper: On May 22, 1972, Congressman Waldie inquired of me during the course of my testimony before your Committee:

Question. "Will you find out for my own information and the committee's record as to whether if the man was a licensee of the State of New York at the time immunity was granted him for prosecution of crimes which he committed and if after his immunity was granted and his testimony taken, the crimes revealed, was he continued as a licensee?"

Presumably, the question was directed at whether or not the Nilon brothers, who were officers of a corporation holding a liquor license at the Canandaigua Race Track, retained their license after receiving immunity from prosecution for any crimes revealed by their testimony before a New York County grand jury which was investigating to determine whether a bribe had been paid to any public officer in order to influence him in the performance of his official duties in connection with the granting of a race track license at the Canandaigua Race Track.

In response to Congressman Waldie's question, I have made inquiry at the New York State Liquor Authority and have researched the law of the State of New York in this area.

At the outset let me state, in direct response to the question, that the Nilons did not lose their liquor license as a result of their testimony before a New York County grand jury given under a grant of immunity requested by them.

THE APPLICABLE LAW

Section 17(3) of the New York Alcoholic Beverage Control Law authorizes the New York State Liquor Authority to revoke, cancel or suspend for cause any license issued under the Alcoholic Beverage Control Law. The New York courts have held consistently that the liquor authority's power to revoke, cancel, or suspend liquor licenses is discretionary.

Section 53.1(g) of the Rules of the New York State Liquor Authority authorizes that agency to revoke, cancel, or suspend a liquor license where the licensee has been convicted of a felony crime or of certain specified misdemeanors.

Section 53.1(o) of the Rules of the New York State Liquor Authority authorizes the revocation, cancellation, or suspension of a liquor license for the refusal by a licensee or an officer or director of a corporate licensee to appear and/or testify under oath at an inquiry or hearing held by the Liquor Authority with respect to any matter bearing upon the conduct of the licensed business or bearing upon the character or fitness of such person to continue to hold a permit or license or for the offering of false testimony under oath at such inquiry or hearing.

It appears that there is no definitive provision in the laws of the State of New York which would require the liquor authority to revoke a license upon establishing the fact that a licensee appeared before a grand jury, requested immunity against prosecution for crimes revealed by the licensee's testimony, and subsequently testified to the commission of crimes cloaked in the protection of immunity.

Article I, § 6. of the Constitution of the State of New York, entitled ". . . duty of public officers to sign waiver of immunity and give testimony; penalty for refusal," reads in its pertinent language as follows:

". . . nor shall he be compelled in any criminal case to be a witness against himself, providing, that any public officer who, upon being called before a grand jury to testify concerning the conduct of his present office or of any public office held by him within 5 years prior to such grand jury call to testify, or the performance of his official duties in any such present or prior offices, refuses to sign a waiver of immunity against subsequent criminal prosecution, or to answer any relevant question concerning such matters before such grand jury, shall by virtue of such refusal, be disqualified from holding any other public office or public employment for a period of 5 years from the date of such refusal to sign a waiver of immunity against subsequent prosecution, or to answer any relevant question concerning such matters before such grand jury, and shall be removed from his present office by the appropriate authority or shall forfeit his present office at the suit of the attorney general."

There are other provisions of law (in the New York City Charter and/or Administrative Code, for example) which bar a person or business entity from receiving contracts from the city of New York for a period of time after a person refuses to waive immunity and appear before a grand jury to answer questions concerning an inquiry into public corruption in connection with contracts held by the person with the municipality.

STATE LIQUOR AUTHORITY POLICY

On May 30, 1972, the undersigned spoke with Howard L. Gillespie, Deputy Commissioner (New York City office) of the New York State Liquor Authority, about the question raised by Congressman Waldie. Mr. Gillespie reported that in the absence of a specific provision of law requiring the revocation, cancellation, or suspension of a liquor license after the licensee requested and received immunity from prosecution for any crimes revealed by his testimony, the policy of the Liquor Authority was to treat each case on an individual basis in determining whether or not to exercise the discretionary power of the liquor authority to take disciplinary action against the licensee "for cause."

Mr. Gillespie also indicated that during the investigation of alleged corruption in the liquor authority, which was conducted by the New York County District Attorney's office in 1962 and 1963, the Governor of the State of New York had given an assurance to all licensees that they would not suffer any reprisals as a result of their cooperation with the New York County District Attorney's office and the New York County grand jury. As a result, the liquor authority, when informed by the district attorney's office that a particular licensee had cooperated and had given testimony under a grant of criminal immunity, took no disciplinary action against the licensee, notwithstanding the fact that the licensee gave testimony admitting to the commission of crimes such as bribery, etc.

I hope that the above fully answers the questions raised by Congressman Waldie.

Very truly yours,

David A. Goldstein.

Mr. Waldie. In the Emprise situation, your reference was that Emprise became the subsequent concessionaire after the Nilons. Is there any intimation in your testimony on that subject that wrongdoing was present in that situation?

Mr. Goldstein. None whatsoever.

Mr. Waldie. Was there any shadow of illegality or shadow of organized criminal machinations involved in the Emprise deal?

Mr. Goldstein. Not to our knowledge. We had no information concerning the Emprise people other than the fact that they got the concession.

Mr. Waldie. I have no further questions. Mr. Steiger.

Mr. Steiger. On that point, Mr. Goldstein: In my presence on two occasions, one Mr. Arnold Weiss, a lawyer for Emprise, and the other time another attorney for Emprise and I am sorry I cannot report his name, made the statement that Emprise had turned over the information that led to the discovery of the $100,000 payment to Mr. Morhouse. Subsequently, the money that went to Assemblyman Mintz.

As I understand it, you were involved in the prosecution of both the information received by the grand jury and also in the ultimate convictions that resulted in the *Mintz* case and in the *Gold* case; is that true?

Mr. Goldstein. Yes.

Mr. Steiger. To your knowledge, did Emprise contribute anything in the way of information, discovery, or aid in any way, in the successful prosecution of this matter?

Mr. Goldstein. Not to my knowledge.

Mr. Steiger. Would you be in a position to know if they had made such a contribution?

Mr. Goldstein. Yes; I believe so. I indicated at the beginning of my testimony that the information had been developed by Detective Carl Bogan. Detective Bogan had received this information from a confidential informant in upstate New York sometime in early 1963.

I had questioned Detective Bogan as to whether or not this information came from the Emprise Corp. or the Jacobs people or anybody connected with them. He has informed me that that was not the case.

I might say to you also, Congressman Steiger, that I recall receiving a telephone call, in 1964, from a Federal law enforcement agency asking us to corroborate or refute the fact that the Emprise people had turned over derogatory information to our office concerning the Nilon brothers.

At that time, and I state again now, we never received any information whatsoever from the Emprise people concerning the Nilons.

Mr. Steiger. So apparently Emprise had made this claim that I heard as early as 1964?

Mr. Goldstein. I don't know who made the claim. All I know is we received a request in 1964 from a Federal agency to either corroborate or refute the fact that the Emprise people had turned over derogatory information to us. We informed that agency at that time they had not.

Mr. Steiger. And nothing has changed your mind in the interim that they had contributed information?

Mr. Goldstein. Nothing whatsoever.

Mr. Steiger. Thank you.

Mr. Waldie. I don't fully understand that line of questioning, nor your response. Is it your conclusion that Emprise hampered the prosecution of this case of the Nilons?

Mr. Steiger. No. I assume what Congressman Steiger is suggesting is that Emprise people had attempted to take the credit, with him or in other places, of turning over the information about these dealings. That is not the fact.

Mr. Waldie. Is it a fact that they hampered the investigation?

Mr. Goldstein. No; not at all. They had nothing to do with the investigation.

Mr. Waldie. They were not inquired of to assist and there was a refusal from them?

Mr. Goldstein. No. No inquiry was made to them because there was no information that we knew of that they could give us which would be helpful to the investigation.

Mr. Waldie. Counsel, you may proceed.

Mr. Phillips. I have no other questions.

[From the New York Times, June 5, 1959]

Rockefeller Vows a Stronger Party: Makes Pledge at $100 G.O.P. Dinner Here—President and Nixon Hail State

Governor Rockefeller pledged last night to do all he could to strengthen the Republican party in New York State.

Republicans in the state, he said, are

stimulated by "the unprecedented opportunity we have to make our state once more a leader in facing not only the problems that lie within our own borders, but also in coping with our share of the problems facing all of us as a nation in the 'cold war.' "

His promise to help rebuild the party was made in his address at the State Committee's eleventh annual $100-a-plate fund-raising dinner at the Waldorf-Astoria Hotel.

More than 2,900 tickets to the dinner were sold, a record. The committee also obtained more than $160,000 from the sale of advertising in its yearbook, which was distributed at the dinner. This also was a record.

Profits from the dinner and the yearbook will be used to finance the State Committee's activities in the year ahead and to reduce the $800,000 deficit resulting from last fall's state campaign.

Besides the Governor the speakers last night were L. Judson Morhouse, Republican state chairman, former Gov. Thomas E. Dewey and Miss Jane Todd, vice chairman of the State Committee.

The yearbook carried special messages from President Eisenhower, Vice President Richard M. Nixon and a number of party leaders and officeholders in New York.

PRESIDENT'S COMMENT

Referring to Mr. Rockefeller's victory last fall, President Eisenhower wrote:

"Your fellow Republicans throughout the land have been greatly encouraged by your example."

Vice President Nixon in his message said:

"The magnificent victory of Nelson Rockefeller, [Senator] Ken Keating and our other Republican candidates in New York State last November demonstrated to our party nationally that outstanding candidates, backed by a united party organization, can win elections even when the tide is running against us."

Governor Rockefeller told those at the dinner that his Administration had already made good on its campaign promise to restore teamwork-government to the state. It is providing the state with "the kind of leadership which faces problems squarely and tackles them aggressively," he asserted.

He said the political formula that resulted in his own election last fall would bring Republican gains in local elections throughout the state this year and put New York in the Republican column again in next year's national elections.

The Governor declared that the formula called for party unity, vigorous and able candidates and courage to face the real problems of all the voters, not just segments of them.

COMMITTEEMAN CHOSEN

At a meeting yesterday afternoon, the State Committee elected George L. Hinman, a Binghamton lawyer, to succeed Representative Dean P. Taylor of Troy as national committeeman for New York.

It elected R. Burdell Bixhy, a law partner of Mr. Dewey, to replace Alger B. Chapman as committee treasurer and Lyle W. Hornbeck, Syracuse lawyer, to replace Col. Walter E. Bligh as committee secretary. Mr. Chapman and Colonel Bligh had resigned.

The committee authorized the purchase of a four-story building in Albany for its state headquarters at a cost of about $35,000, and filled vacancies in its membership.

Among the new members are A. Holly Patterson, Nassau County executive, and Dr. Solomon Petersen of 26 East 105th Street. Mr. Patterson is reported slated to succeed J. Russell Sprague as Nassau County Republican leader this fall. As a committee member he replaced Edward Dougherty of the Fifth District, Nassau, who had resigned.

Dr. Petersen replaced Richard D. Rochester, who moved out of the Fourteenth Assembly district in Manhattan.

The Governor and Mrs. Rockefeller were hosts to the entire committee at a luncheon preceding the meeting. At that time, he said "from here in I want to spend as much time as possible with the State organization."

APPENDIX I

[From the New York Post, Dec. 2, 1974]

MORHOUSE RAN ROCKY $$ UP TO $600G

(By George Carpozi, Jr.)

Former State Republican Chairman L. Judson Morhouse has turned a $100,000 loan from Vice President-designate Nelson A. Rockefeller into land worth more than $600,000, a Post investigation has determined.

Morhouse fared even better with his investment in Long Island real estate than Dr. William J. Ronan did with part of his $625,000 Rockefeller gift.

Last month The Post disclosed that Ronan invested $101,900 of Rockefeller money in choice East Hampton properties and realized an estimated $408,100 in net gains.

Both Ronan's and Morhouse's loans were forgiven for "hardship" reasons, according to Rockefeller's testimony before Congressional investigators now looking into his qualifications as President Ford's choice for Vice President.

The Post's inquiry into Morhouse's investment in Long Island real estate shows that he not only found a seemingly permanent money-making venture that involves the New York Telephone Co. as a long-term tenant, but also benefited from condemnation proceedings by the state in behalf of the Long Island Rail Road.

Morhouse was given executive clemency by Rockefeller in 1970 that saved him from a long prison term after his conviction in a bribery scandal. He served no time in jail.

Here in sequence is the story:

On Jan. 11, 1957, Martin and Harry Weinstein of West Islip sold a parcel of undeveloped land amounting to 65,824 square feet, about an acre and a half, to the Tefar Realty Corp. in Bay Shore.

The price was $33,000. The unique feature of this property, listed on the West Babylon Town map as No. 117–158B, was that it abutted the LIRR Montauk Branch. The front of the property was on Pine St., since renamed Evergreen.

Tefar Realty, a corporation formed by Raymond G. Terry and his wife, Margery, both real estate agents, had already negotiated a deal with the telephone company to build a garage for the utility's vehicles according to the utility's specifications, then rent it to the utility, along with the grounds that were to be used for parking vehicles and storing poles.

The Terrys retained an architect and a construction firm which put up the building amounting to 25,000 square feet. That left 40,824 square feet on the west side of the building and behind it (on the north) which bordered on the LIRR right-of-way (then running at ground level).

In the summer of 1959, The Post learned real estate developer William Zeckendorf focused on this property as "a perfect investment for anyone who wanted to make a steady buck."

His assessment, it was found, reached the offices of Milbank, Tweed, Hope & Hadley, at 15 Broad Street, the Rockefeller family lawyers, at the very moment they had assertedly been instructed by Gov. Rockefeller to find a profit-making enterprise for Morhouse.

Rockefeller had told the Senate Rules Committee that he loaned the $100,000 to Morhouse. Morhouse was unsalaried in his position as State GOP chairman, and Rockefeller wanted him to have "an income."

In 1959, Morhouse was owed a debt of gratitude by Rockefeller. It wasn't many months since the gubernatorial contest that resulted in Rockefeller's election to the first of his four terms as Governor. Morhouse had been instrumental in leading the campaigns that brought Rockefeller's nomination by the GOP and his victory in the election.

On Dec. 3, 1959, Raymond and Margery Terry, acting as owners of the West Babylon property—a year earlier they dissolved the corporation and took over as individual owners—sold their holdings to the Seyah Company, Inc.

The Post's investigation shows Seyah was incorporated on Aug. 14, 1959, with directors listed as Francis D. Logan, Francis H. Musselman, and Nolly S. Evans. Morhouse was president. The address was given as 15 Broad St.

Logan and Musselman are listed today as attorneys with Milbank, Tweedy, Hadley and McCoy, who are still the Rockefeller family lawyers. In 1959, the firm was still Milbank, Tweed, Hope & Hadley. The name change occurred in 1961 after a shift in law partners.

The sale by the Terrys to Morhouse's Seyah Corp. is on record in the Suffolk County Clerk's office in Riverhead. The $122.10 in federal stamps on the deed translates it into a $111,000 transaction. This sum was paid in cash to the Terrys but does not represent the real value of the property, for there was also a $174,319.97 unpaid balance on the mortgage for the land and building. In effect, Rockefeller's $100,000 loan to Morhouse enabled him to buy a property apparently worth $275,000.

The mortgage was issued by the Bank for Savings in New York City (now the New York Bank for Savings) to Tefar Realty in 1957 and was for $185,000 at 5½ per cent interest. That loan enabled the Terrys to build the garage. When the Terrys sold to Seyah, the bank allowed Morhouse to assume the obligations of the mortgage, whose payments amounted to $1310.42 a month or $15,725.04 a year.

With Seyah's purchase of the West Babylon property, Morhouse assumed collection of rents under the terms of a 10-year lease signed by the phone company in December, 1957, when it took occupancy of the garage and grounds. The rental was $28,000-a-year.

Since then the phone company has been mailing its rent payments to Morhouse in upstate Ticonderoga, N.Y., where he now lives.

ORDERED A STUDY

Eighteen months after he became the landlord, the State Public Works Dept. notified Morhouse that the LIRR was going to require a strip of his back land for a grade crossing elimination project. What this meant was that the LIRR had to have an elevation, built on an embankment, so its tracks could cross nearby Great East Neck Road with an overhead bridge instead of at street level.

Public Works assigned E. J. Ramer, its deputy chief engineer, to conduct a study. Ramer came up with a finding that 0.167 of an acre or 7374 square feet of Morhouse's 65,824 square feet were needed for the LIRR project.

On July 20, 1961, Public Works approved the takeover, followed by LIRR engineers' approval on July 26.

The office of State Controller Levitt in Albany, which makes payments in behalf of the state in all condemnation and appropriation proceedings, had a record of the transaction on file.

"Morhouse didn't get hurt on this deal," a spokesman for Levitt's office told The Post. "The state paid $22,629.99 for those 7374 square feet—which is about $3 a square foot."

In 1964, land in comparable useage (such as for gas stations and warehouses) in West Babylon along the LIRR elevation project commanded $1.50 a square foot at most in related condemnation proceedings, a survey showed.

One question relating to the appropriation of Morhouse's land remains unanswered:

It is not known whether Morhouse or the Rockefeller lawyers who figured in the incorporation of Seyah and the purchase of the property had knowledge beforehand of the LIRR's plans to elevate its line. But the project had been discussed in Albany for years before it became reality.

At the time, too, the LIRR was owned by the nearly bankrupt Pennsylvania Railroad, which owed the First National City Bank $60 million. As mortgagee, the bank had to be informed of all plans regarding improvements. Among officials who had to be kept abreast of such goings-on was James Stillman Rockefeller, the Governor's cousin, who was then chairman of First National City.

Efforts to reach Morhouse in Ticonderoga were unsuccessful. His wife, Marguerite, told a reporter: "My husband does not want to be interviewed or answer any questions."

An indication that the $22,629.99 payment for the land may have been out of line can be traced to the consideration Morhouse received from the Town of Babylon for "deprivation of his land." According to Taylor Gifford, Town Assessor for Babylon, the state's takeover of the 7374 square feet of "back land" brought a mere $75 reduction in the assessed valuation of the property.

"Our records show," said Gifford, "that the property was assessed for $27,760 before the appropriation. Afterward, we took another look and reduced the assessment to $27,685."

NEVER REASSESSED

Based on a 1962–63 tax rate of $15.95 for each $100 of assessed valuation, Morhouse realized only an $11.94 reduction on his tax bill of $4427.72 that year. What is particularly significant, however, is that Morhouse's property has never been reassessed, although real estate values have increased considerably in the past 16 years.

It is not unusual, however, for Long Island towns not to reassess properties for years, even decades. In general practice, Suffolk County commercial and residential structures are reassessed only when they have been enlarged, improved, or nave benefited from neighborhood buildup which enhanced their value significantly, or by adverse changes that invite lower realty valuations.

The street on which Morhouse's property is situated is largely unchanged since 1959. Thus, to this day he is still paying taxes on that $27,685.

Yet the tax rates themselves in West Babylon have been going up steadily, as elsewhere, and thus Morhouse paid $9579 for the 1973–74 tax year, based on a rate of $34.60 per $100 of assessed valuation.

Records also show that the phone company put a slight dent on the rent after the LIRR took some of the utility's parking space for the embarkment. By mutual agreement, $700 a year was lopped off the rent. Thus the annual yield to Morhouse was reduced to $27,300.

In terms of the $22,629.99 emolument from the state, it would have taken more than 32 years before the $700 annual loss in rent caught up with the condemnation payment—if the rent had remained constant. But that can never occur because Morhouse managed to improve his financial picture even further.

In 1967, the phone company exercised its option to renew for five more years. Morhouse had no control over the terms written into the initial lease, thus the same rental of $27,300 prevailed until 1972.

But in that year, the phone company signed a new 10-year lease, calling for $32,688—a $5388 annual increase. The lease shows that $27,568 is allocated for rental of the building and $5120 for the grounds.

Under the terms of the lease, the phone company pays for all interior repairs and maintenance, as well as utilities and heat. Morhouse is only responsible for exterior repairs and maintenance, such as the roof and structural upkeep.

A breakdown of known income vs. known expenses in the 16 years since Morhouse bought the property with Rockefeller's money indicates that he has had expenditures of about $270,000 and income of approximately $430,000—for a net profit in the neighborhood of $160,000, a $10,000-a-year average.

In the same period the property has leapfrogged in value. While the Town of Babylon has assessed land and building for $27,685, its 13 percent equalization rate—the true barometer of real estate values—indicates the actual minimum worth of the property is $213,000.

But real estate sources in the town say that Morhouse could realize considerably more if he sold the property, even in today's realty market.

"I don't think you could touch that parcel for less than $400,000," one real estate man said. "I'd suggest that with a prime tenant like the phone company in there the property should be worth $500,000 and perhaps even more. After all, it was worth $275,000 over 16 years ago. And everyone knows how much real estate values have gone up in that period."

Seyah is Hayes spelled backwards.

APPENDIX J

[From the New York Times, June 17, 1966]

MORHOUSE AIDED BY HIGH OFFICIALS: JUDGE GOT LETTERS PRAISING DEFENDANT'S "INTEGRITY"

(By Jack Roth)

Letters commending L. Judson Morhouse for "integrity, honesty and devotion to good government" were sent to a State Supreme Court justice by Senator Jacob K. Javits, former Gov. Thomas E. Dewey and a secretary to Governor Rockefeller before the former Republican state chairman was sentenced on Wednesday.

The letters were among hundreds of communications, in effect urging leniency, received by Justice Abraham J. Gellinoff before he sentenced Morhouse to two concurrent prison terms of two or three years on his conviction of two felony counts.

The defendant had been found guilty in the bribing of Martin C. Epstein, former chairman of the State Liquor Authority, to obtain a liquor license for the Playboy Club.

The name of the Governor's secretary was not disclosed, but it was ascertained that he had written the letter with Mr. Rockefeller's knowledge.

A spokesman for the Governor, however, denied last night that any such letter had been written or sent.

PROPRIETY DEBATED

The letters from those officials, as well as from others, such as Carl Spad, the Republican state chairman, and Vince J. Albano, the county chairman, precipitated a discussion among officials in the District Attorney's office and lawyers as to the propriety of such high officers in commending a man whom the prosecutor's office called "greedy for money" and condemned him for selling "political influence for substantial sums."

District Attorney Frank S. Hogan said he was not "particularly disturbed" by the letters and that he would be concerned "only if a sentencing judge gave undue weight to such requests for leniency with a consequent failure to give proper weight to the evidence in the case and the verdict of the jury."

In the Morhouse case, there was no question that the prosecutor's office was satisfied with the sentence, as Alfred J. Scotti, the chief assistant district attorney, termed it "fair and adequate" after leaving the courtroom.

Two other aides in the prosecutor's office spoke angrily about the letters. One said that it "displays a callous disregard of a betrayal of good government."

PRAISE CALLED DISGRACEFUL

The other declared it was "disgraceful that public officials, past and present, should say anything in the least praiseworthy about a man who had refused to waive immunity before a grand jury and who was convicted, in reality, of cheating his party and his state."

Another lawyer spoke of "the other side of the coin."

"People who know people a long time," he said, "could do something like this out of a sense of mercy or compassion. Their commending the defendant because of their knowledge of him does not mean they are condoning anything that Morhouse did."

A lawyer who has been associated closely with judges for years, commented:

"It seems very poor taste for such high governmental officers to urge leniency for or speak in flattering terms of a man convicted of a crime that entails subversion of governmental power, a man so criticized and assailed by the District Attorney's office as Morhouse was."

JUDGE GIVES HIS VIEWS

Justice Gellinoff, asked whether he had received the letters and if so what he had thought of them, said:

"In many cases in which a judge sentences defendants he receives communications from various persons asking that he be lenient in imposing sentence. I do not think it proper that in any of these cases I should disclose either the name of the sender of such a letter or the contents of his message.

"In the Morhouse case I will say only that I received letters—as I said in court—from people in most high places who came forward willingly to urge leniency. I will say nothing more on the subject, neither confirming nor denying any information."

From other sources who saw the letters, however, it was reported that they spoke of Morhouse's good reputation, his excellent family life and declared that he was honest and upright and devoted to the interests of good government.

None, it was learned, specifically urged a lenient sentence, but said, instead, they wanted to bring their knowledge of the defendant to the court's attention.

The letters, it became known, have been filed with the court's probation department.

Morhouse was first named Republican state chairman by Governor Dewey in 1954 and was elected after that to four more two-year terms.

The 52-year-old lawyer of Ticonderoga, N.Y., was credited with getting Governor Rockefeller to enter politics and managed his gubernatorial campaigns of 1958 and 1962.

Morhouse was appointed to the $17,000 post of vice chairman of the State Thruway Authority by Governor Rockefeller and also as the nonsalaried chairman of the Lake George Park Commission.

He resigned as Republican chairman on Dec. 27, 1962, and a few days later quit his other posts before being called to testify before a grand jury investigating the liquor scandals. He refused to waive immunity before that panel and did not testify.

[From the New York Times, June 18, 1966]

ROCKEFELLER AIDE RETRACTS DENIAL OF LETTER ON MORHOUSE

Governor Rockefeller's press secretary, Leslie Slote, who denied on Thursday that any secretary to the Governor had written or sent a letter to a Supreme Court justice concerning L. Judson Morhouse, the former Republican state chairman, withdrew the denial yesterday.

Mr. Slote confirmed that a letter, characterized by court authorities as "urging leniency," was sent to Justice Abraham J. Gellinoff by William J. Ronan, the Governor's secretary, before Morhouse was sentenced to two to three years in prison by the justice.

Morhouse was convicted in the bribery of Martin C. Epstein, former State Liquor Authority chairman, to obtain a liquor license for the Playboy Club.

Mr. Slote explained yesterday:

"It is true that such a letter was sent. It was sent by Mr. Ronan. When I said that such a letter had never been sent I was incorrect." The letter from Mr. Ronan, it was reported, detailed his relationship with Morhouse and mentioned the Governor's name.

TWO VIEWS OF THE CASE OF L. JUDSON MORHOUSE

DOCUMENTED FACTS FROM OTHER SOURCES	MR. ROCKEFELLER'S VERSION
1958	*1958*
Morhouse vigorously works to get nomination for Rockefeller; does so, and elects him. Morhouse convinces Crews to bring the key delegation of Brooklyn Republicans into the Rockefeller camp.	Morhouse got on the bandwagon after he saw that Rockefeller was going to win. Crews got on the bandwagon.
1959	*1959*
Morhouse's salary is $17,000 as Vice Chairman of N.Y. Thruway Authority, equivalent of $30,000 today. Morhouse also gets $130,000 over five years in "public relations" fees from private corporations.	Morhouse is "unsalaried" as State Party Chairman and in financial straits.
Crews nominates Epstein who is appointed by Rockefeller to State Liquor Authority.	There was no "deal" with Crews.
April 7. Race track group mets in NYC. April 8. Race track group flies from N.Y. to Miami; concessionaires fly from Pennsylvania to Miami with $100,000. No transaction because license not issued. April 9. Racing Commission approves license for Finger Lakes group. April 10. Race track group flies to Philadelphia, gets $100,000, delivers to Morhouse in Miami. May 5. Morhouse returns $100,000 in NYC because Governor "got wind" of transaction. May 12. Race track group returns money to concessionaires because promises not kept.	
	June 4. $100,000 offered to Morhouse at fund-raising dinner as a "legal" contribution; Rockefeller immediately orders cash returned to avoid trouble with donors.
August 15. Seyah corporation organized by Rockefeller lawyers; Morhouse is President of corporation. Dec. 3. Seyah Corp., wholly owned by Nelson Rockefeller, buys Babylon property.	
Dec. 22. Laurance Rockefeller sells venture securities to Morhouse, taking back $49,000 note (later sold back to Laurence for $30,000 profit, plus $240,000 equity in remainder).	Dec. 22. Morhouse needed "legitimate" income.
1960	*1960*
Sept. 21. Nelson Rockefeller sells all stock in Seyah Corp. to Morhouse, taking back a $100,000 promissory note. Property ultimately worth $600,000 to Morhouse.	Sept. 21. Morhouse needed to be put beyond "temptation."
1961	*1961*
May 1. Morhouse begins negotiations with Playboy Club to bribe Epstein. July 20. N.Y. State buys Seyah Corp land segment for $22,600, twice the rate of awards for condemnation of similar property.	
1962	*1962*
Dec. 27 Morhouse resigns as Party Chairman	
1963	*1963*
Jan. 9. Morhouse resigns as Vice Chairman of N.Y. Thruway Authorty. Called before grand jury few hours later in connection with State Liquor Authority probe.	
1965	*1965*
Dec. 7. Morhouse indicted.	
1966	*1966*
May 20. Morhouse convicted. June 15. Morhouse sentenced.	**June 15. High state officials, including Rockefeller's Secretary, William Ronan, hail Mr. Morhouse as a man of integrity, and ask Judge for leniency.**
1970	*1970*
Dec. 23.	**Dec. 23. Morhouse's sentence is commuted without serving sentence on grounds of health.**
1973	*1973*
December.	**December. $100,00 loan for Sayah Corp stock is forgiven at discounted rate of $87,000.**

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

RECESS

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until the hour of 11 a.m. today.

The motion was agreed to; and at 10:27 a.m. the Senate took a recess until 11 a.m.

The Senate reassembled at 11 a.m., when called to order by the Presiding Officer (Mr. ABOUREZK).

ATOMIC ENERGY COMMISSION UNANIMOUS CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, with respect to the agreement that was previously entered into in connection with S. 4033, to authorize appropriations for the Atomic Energy Commission, I ask unanimous consent that on one amendment by Mr. KENNEDY, Mr. HUMPHREY, and Mr. MUSKIE, there be a 1-hour limitation, to be equally divided in accordance with the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, is there any business before the Senate?

The PRESIDING OFFICER. There is no business before the Senate.

TRADE REFORM ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, in order that there may be business before the Senate, but with the understanding that there will be no action thereon today, that it will just be laid before the Senate for the purpose of making it the unfinished business, I ask unanimous consent that the Senate proceed to the consideration of H.R. 10710, the Trade Reform Act of 1974.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments on page 1, in line 4, strike out "1973" and insert in lieu thereof "1974".

On page 1, beginning after line 4, strike out the following:

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Sec. 102. Nontariff barriers to and other distortions of trade.
Sec. 103. Staging requirements and rounding authority.

Chapter 2—Other Authority

Sec. 121. Steps to be taken toward GATT revision; authorization of appropriations for GATT.
Sec. 122. Balance of payments authority.
Sec. 123. Authority to suspend import barriers to restrain inflation.
Sec. 124. Compensation authority.
Sec. 125. Authority to renegotiate duties.
Sec. 126. Termination and withdrawal authority.
Sec. 127. Nondiscriminatory treatment.
Sec. 128. Reservation of articles for national security or other reasons.

Chapter 3—Hearings and Advice Concerning Negotiations

Sec. 131. Tariff Commission advice.
Sec. 132. Advice from departments and other sources.
Sec. 133. Public hearings.
Sec. 134. Prerequisites for offers.
Sec. 135. Advice from private sector.

Chapter 4—Office of the Special Representative for Trade Negotiations

Sec. 141. Office of the Special Representative for Trade Negotiations.

Chapter 5—Congressional Disapproval Procedures With Respect to Presidential Actions

Sec. 151. Resolutions disapproving the entering into force of trade agreements on distortions of trade or disapproving certain other actions.
Sec. 152. Special rules relating to congressional disapproval procedures.

Chapter 6—Congressional Liaison and Reports

Sec. 161. Congressional delegates to negotiations.
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TITLE III—RELIEF FROM UNFAIR TRADE PRACTICES

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Sec. 302. Procedure for congressional disapproval of certain actions taken under section 301.

Chapter 2—Antidumping Duties

Sec. 321. Amendments to the Antidumping Act of 1921.

Chapter 3—Countervailing Duties

Sec. 331. Amendments to sections 303 and 516 of the Tariff Act of 1930

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Sec. 341. Amendments to section 337 of the Tariff Act of 1930.

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TITLE VI—GENERAL PROVISIONS

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Sec. 605. Separability.
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And insert in lieu thereof:

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On page 8, beginning at line 2, strike out the following language:

The purposes of this Act are, through trade agreements affording mutual trade benefits—

(1) to stimulate the economic growth of the United States and to maintain and enlarge foreign markets for the product of United States agriculture, industry, mining, and commerce; and

(2) to strengthen economic relations with foreign countries through the development of fair and equitable market opportunities and through open and nondiscriminatory world trade.

And insert in lieu thereof:

The purposes of this Act are—

(1) to authorize the President, for a period of five years, to enter into trade agreements with foreign countries with the objectives of establishing fairness and equity in international trading relations, including reform of the rules governing international trade, the harmonization, reduction, or elimination of tariff and nontariff barriers to, and other distortions of, international trade, to secure for the commerce of the United States on the basis of reciprocity, equal competitive opportunities in foreign markets, and to promote the economic growth of, and full employment in, the United States;

(2) to authorize the President to proclaim, subject to certain conditions and limitations, such modifications or continuance of any existing duty, such continuance of existing duty-free or excise treatment, or such additional duties as he determines is required or appropriate to carry out trade agreements;

(3) to authorize the President to negotiate trade agreements with foreign countries providing for the harmonization, reduction, or elimination of nontariff barriers to and other distortions of international trade, and to establish procedures for the consideration and implementation of such agreements by the Congress;

(4) to require the President in the exercise of trade agreement authority to assure reciprocal trade benefits, and in particular, fair treatment and equitable market access for exports of the United States, through the full exercise of rights in such agreements, including the reform and revision of international trade rules;

(5) to require the President in the exercise of trade agreement authority to strengthen international agreements governing fair and equitable access to supplies of food, raw materials, and manufactured and semimanufactured products;

(6) to require the reporting of the balance of trade of the United States on a cost, insurance, and freight basis;

(7) to provide additional authority to the President temporarily to modify restrictions

upon imports into the United States in response to balance-of-payments disequilibria;

(8) to provide for full participation by private advisory bodies representing the interests of major segments of our economy affected by international trade;

(9) to provide for close and continuing congressional oversight of international trade negotiations and the implementation and operation of international trade agreements;

(10) to rename the United States Tariff Commission as the United States International Trade Commission and to strengthen the independence of the Commission;

(11) to assure greater access to and more effective delivery of import relief to industries which may be seriously injured or threatened with serious injury from increased imports;

(12) to establish a program of adjustment assistance for communities adversely affected by imports and to improve existing adjustment assistance programs for workers and firms;

(13) to improve the procedures for responding to unfair trade practices in the United States and abroad;

(14) to authorize the President to extend nondiscriminatory treatment, upon certain conditions, to countries not presently enjoying such treatment and to provide adequate safeguards against market disruption by imports into the United States from Communist countries; and

(15) to authorize the President to extend preferential tariff treatment to the exports of less-developed countries to encourage diversification and development of exports from the developing world.

On page 12, in line 14, strike out "stated in section 2" and insert in lieu thereof "of this Act".

On page 13, beginning at line 1, strike out the following language:

(b) (1) Except as provided in paragraph (2), no proclamation pursuant to subsection (a) (2) shall be made—

(A) in the case of a rate of duty existing on July 1, 1973, which is 25 percent ad valorem or less, decreasing such rate of duty to a rate below 40 percent of the rate existing on July 1, 1973; or

(B) in the case of a rate of duty existing on July 1, 1973, which is more than 25 percent ad valorem, decreasing such rate of duty to a rate below the higher of the following:

(i) 25 percent of the rate existing on July 1, 1973, or

(ii) 10 percent ad valorem.

(2) Paragraph (1) shall not apply in the case of any article for which the rate of duty existing on July 1, 1973, is not more than 5 percent ad valorem.

And insert in lieu thereof:

(b) (1) Except as provided in paragraph (2), no proclamation pursuant to subsection (a) (2) shall be made decreasing a rate of duty to a rate below 50 percent of the rate existing on January 1, 1975.

(2) Paragraph (1) shall not apply in the case of any article for which the rate of duty existing on January 1, 1975, is not more than 10 percent ad valorem.

On page 13, beginning at line 24, strike out the following language:

(c) (1) Except as otherwise provided in paragraph (2), no proclamation shall be made pursuant to subsection (a) (2) increasing any rate of duty to (or imposing) a rate above the higher of the following: (A) the rate which is 50 percent above the rate existing on July 1, 1934, or (B) the rate which is 20 percent ad valorem above the rate existing on July 1, 1973.

(2) The limitation set forth in paragraph (1) may be exceeded with respect to the conversion by the United States of a barrier to (or other distortion of) international trade into a rate of duty which affords substantially equivalent protection, to the extent that it is necessary to exceed such limitation to effectuate such conversion.

And insert in lieu thereof:

(c) No proclamation shall be made pursuant to subsection (a) (2) increasing any rate of duty to, or imposing a rate above, the higher of the following:

(1) the rate which is 50 percent above the rate set forth in rate column numbered 2 of the Tariff Schedules of the United States as in effect on January 1, 1975, or

(2) the rate which is 20 percent ad valorem above the rate existing on January 1, 1975.

On page 15, in line 2, after the word "concessions," insert the words "adversely affecting the United States economy, preventing fair and equitable access to supplies,".

On page 15, in line 8, strike out the words "reduce or eliminate" and insert in lieu thereof the words "harmonize, reduce, or eliminate such".

On page 15, in line 14, strike out the words "reduction or" and insert in lieu thereof the words "harmonization, reduction, or".

On page 15, beginning at line 20, strike out the following language:

(b) (1) Whenever the President determines that any existing barriers to (or other distortions of) international trade of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes stated in section 2 will be prompted thereby, the President, during the 5 year period beginning on the date of the enactment of this Act, may enter into trade agreements with foreign countries or instrumentalities providing for the reduction or elimination of such barriers or other distortions.

(2) Except as provided in subsection (g) (1), no trade agreement entered into under this section may provide for any modification in a rate of duty imposed by the United States.

(c) (1) A principal United States negotiating objective under this section shall be to obtain with respect to each product sector of manufacturing, and with respect to the agricultural sector, competitive opportunities for United States exports to the developed countries of the world equivalent to the competitive opportunities afforded in United States markets to the importation of like or similar products, taking into account all barriers (including tariffs) to and other distortions of international trade affecting that sector.

(2) To the maximum extent appropriate to the achievement of the negotiating objective set forth in paragraph (1), trade agreements entered into under this section shall be negotiated, to the extent feasible, on the basis of each product sector of manufacturing and on the basis of the agricultural sector.

(3) For purposes of this subsection and of section 135, the Special Representative for Trade Negotiations together with the Secretary of Commerce or Agriculture, as appropriate, shall, after consultation with the Advisory Committee for Trade Negotiations established by section 135 and after consultation with interested private organizations, define appropriate product sectors of manufacturing.

(4) The President shall include in his statement on each trade agreement submitted to each House of the Congress pursuant to section 162(a), a sector by sector analysis of the extent to which the objective set forth in paragraph (1) has been achieved.

(d) Before the President enters into any trade agreement under this section providing for the reduction or elimination of a barrier to (or other distortion of) international trade, he shall consult with the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(e) (1) Whenever—

(A) the President enters into a trade agreement under this section providing for the reduction or elimination of a barrier to (or other distortion of) international trade, and

(B) the President submits such agreement (and the proclamations and orders proposed to be issued for the purpose of implementing such agreement) to the Congress for its approval in accordance with subsection (f),

such agreement shall enter into force with respect to the United States, and such proclamations and orders shall take effect if (and only if) the provisions of subsection (f) are complied with.

(2) The procedure set forth in subsection (f) may be used with respect to a trade agreement whether or not the implementation of such agreement requires further action by the Congress.

(f) Any trade agreement submitted to the Congress under this subsection shall enter into force with respect to the United States, and the proclamations and orders required or appropriate to carry out such agreement which are submitted with such agreement shall take effect, if (and only if)—

(1) the President, not less than 90 days before the day on which he enters into such trade agreement, notifies the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(2) after entering into the agreement, the President delivers a copy of such agreement to the House of Representatives and to the Senate together with—

(A) a copy of the proclamations and orders, if any, proposed to be issued for the purpose of implementing such agreement and an explanation as to how the proclamations and orders affect existing law, and

(B) a statement of his reasons as to how the agreement serves the interests of United States commerce and as to why each such proclamation and order is required or appropriate to carry out the agreement; and

(3) before the close of the 90-day period after the day on which the copy of such agreement is delivered to the House of Representatives and to the Senate pursuant to paragraph (2), neither the House of Representatives nor the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval under the procedures set forth in section 151.

(g) If, in any trade agreement entered into under this section, it is provided that any trade barrier (or other distortion) of the United States with respect to an article is to be converted into a rate of duty affording substantially equivalent tariff protection, then—

(1) such agreement may also provide for the reduction of part or all of that portion of the rate of duty resulting from the conversion of the trade barrier (or other distortion) of the United States which is attributable to such conversion, and

(2) no agreement may be entered into under section 101 reducing to any extent the rate of duty with respect to such article unless the agreement entered into under this section is submitted to the Congress, and on or before the time of such submission there is also submitted to the Congress—

(A) a clear statement of the reductions (if any) proposed to be taken under section 101 with respect to the column 1 rates of duty for such article, and

(B) the determination by the Tariff Commission of the rates of duty which afford substantially equivalent protection to the barrier (or other distortion) of the United States which is being converted.

(h) For purposes of this section the term "barrier" includes the American selling price basis of customs valuation (19) U.S.C. sec. 1401a(c) and 1402(g)).

And insert in lieu thereof:

(b) Whenever the President determines that any barriers to (or other distortions of) international trade of any foreign country or the United States unduly burden and restrict the foreign trade of the United States or adversely affect the United States economy, or that the imposition of such barriers is likely to result in such a burden, restriction, or effect, and that the purposes of this Act will be promoted thereby, the President, during the 5-year period beginning on the date of the enactment of this Act, may enter into trade agreements with foreign countries or instrumentalities providing for the harmonization, reduction, or elimination of such barriers (or other distortions) or providing for the prohibition of or limitations on the imposition of such barriers (or other distortions).

(c) Before the President enters into any trade agreement under this section providing for the harmonization, reduction, or elimination of a barrier to (or other distortion of) international trade, he shall consult with the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and with each committee of the House and the Senate and each joint committee of the Congress which has jurisdiction over legislation involving subject matters which would be affected by such trade agreement. Such consultation shall include all matters relating to the implementation of such trade agreement as provided in subsections (d) and (e). If it is proposed to implement such trade agreement, together with one or more other trade agreements entered into under this section, in a single implementing bill, such consultation shall include the desirability and feasibility of such proposed implementation.

(d) Whenever the President enters into a trade agreement under this section providing for the harmonization, reduction, or elimination of a barrier to (or other distortion of) international trade, he shall submit such agreement, together with a draft of an implementing bill (described in section 151(b)) and a statement of any administrative action proposed to implement such agreement, to the Congress as provided in subsection (e), and such agreement shall enter into force with respect to the United States only if the provisions of subsection (e) are complied with and the implementing bill submitted by the President is enacted into law.

(e) Each trade agreement submitted to the Congress under this subsection shall enter into force with respect to the United States if (and only if) —

(1) the President, not less than 90 days before the day on which he enters into such trade agreement, notifies the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(2) after entering into the agreement, the President transmits a document to the House of Representatives and to the Senate containing a copy of such agreement together with—

(A) a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, and an explanation as to how the implementing bill and proposed administrative action change or affect existing law, and

(B) a statement of his reasons as to how the agreement serves the interests of United States commerce and as to why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement; and

(3) the implementing bill is enacted into law.

(f) To insure that a foreign country or instrumentality which receives benefits under a trade agreement entered into under this section is subject to the obligations imposed by such agreement, the President may recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the parties to such agreement, if such application is consistent with the terms of such agreement. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(g) For purposes of this section—

(1) the term "barrier" includes the American selling price basis of customs evaluation as defined in section 402 or 402a of the Tariff Act of 1930, as appropriate.

(2) the term "distortion" includes a subsidy; and

(3) the term "international trade" includes trade in both goods and services.

SEC. 103. OVERALL NEGOTIATING OBJECTIVE.

The overall United States negotiating objective under sections 101 and 102 shall be to obtain more open and equitable market access and the harmonization, reduction, or elimination of devices which distort trade or commerce. To the maximum extent feasible, the harmonization, reduction, or elimination of agricultural trade barriers and distortions shall be undertaken in conjunction with the harmonization, reduction, or elimination of industrial trade barriers and distortions.

SEC. 104. SECTOR NEGOTIATING OBJECTIVE.

(a) A principal United States negotiating objective under sections 101 and 102 shall be to obtain, to the maximum extent feasible, with respect to appropriate product sectors of manufacturing, and with respect to the agricultural sector, competitive opportunities for United States exports to the developed countries of the world equivalent to the competitive opportunities afforded in United States markets to the importation of like or similar products, taking into account all barriers (including tariffs) to and other distortions of international trade affecting that sector.

(b) As a means of achieving the negotiating objective set forth in subsection (a), to the extent consistent with the objective of maximizing overall economic benefit to the United States (through maintaining and enlarging foreign markets for products of United States agriculture, industry, mining, and commerce, through the development of fair and equitable market opportunities, and through open and nondiscriminatory world trade), negotiations shall, to the extent feasible, be conducted on the basis of appropriate product sectors of manufacturing.

(c) For the purpose of this section and section 135, the Special Representative for Trade Negotiations together with the Secretary of Commerce, Agriculture, or Labor, as appropriate, shall, after consultation with the Advisory Committee for Trade Negotiations established under section 135 and after consultation with interested private organizations, identify appropriate product sectors of manufacturing.

(d) If the President determines that competitive opportunities in one or more product sectors will be significantly affected by a trade agreement concluded under section 101 or 102, he shall submit to the Congress with each such agreement an analysis of the extent to which the negotiating objective set forth in subsection (a) is achieved by such agreement in each product sector or product sectors.

SEC. 105. BILATERAL TRADE AGREEMENTS.

If the President determines that bilateral trade agreements will more effectively promote the economic growth of, and full employment in, the United States, then, in such cases, a principal negotiating objective under sections 101 and 102 shall be to enter into bilateral trade agreements. Each such trade agreement shall provide for mutually advantageous economic benefits.

SEC. 106. AGREEMENTS WITH DEVELOPING COUNTRIES.

A principal United States negotiating objective under sections 101 and 102 shall be to enter into trade agreements which promote the economic growth of both developing countries and the United States and the mutual expansion of market opportunities.

SEC. 107. INTERNATIONAL SAFEGUARD PROCEDURES.

(a) A principal United States negotiating objective under section 102 shall be to obtain internationally agreed upon rules and procedures, in the context of the harmonization, reduction, or elimination of barriers to, and other distortions of, international trade, which permit the use of temporary measures to ease adjustment to changes occurring in competitive conditions in the domestic markets of the parties to an agreement resulting from such negotiations due to the expansion of international trade.

(b) Any agreement entered into under section 102 may include provisions establishing procedures for—

(1) notification of affected exporting countries,

(2) international consultations,

(3) international review of changes in trade flows,

(4) making adjustments in trade flows as the result of such changes, and

(5) international mediation.

Such agreements may also include provisions which—

(A) exclude, under specified conditions, the parties thereto from compensation obligations and retaliation, and

(B) permit domestic public procedures through which interested parties have the right to participate.

SEC. 108. ACCESS TO SUPPLIES.

(a) A principal United States negotiating objective under section 102 shall be to enter into trade agreements with foreign countries and instrumentalities to assure the United States of fair and equitable access at reasonable prices to supplies of articles of commerce which are important to the economic requirements of the United States and for which the United States does not have, or cannot easily develop, the necessary domestic productive capacity to supply its own requirements.

(b) Any agreement entered into under section 102 may include provisions which—

(1) assure to the United States the continued availability of important articles at reasonable prices, and

(2) provide reciprocal concessions or comparable trade obligations, or both, by the United States.

On page 28, beginning at line 16, strike out the following language:

(1) a reduction of 3 percent ad valorem or a reduction of one-fifteenth of the total reduction under such agreement, whichever is greater, had taken effect on the date of the first proclamation pursuant to section 101(a) (2) to carry out such trade agreement, and

(2) the remainder of such total reduction had taken effect at 1 year intervals after the date referred to in paragraph (1) in installments equal to the greater of 3 percent ad valorem or one-fourteenth of such remainder.

And insert in lieu thereof:

(1) in the case of a total reduction in the rate of duty on any article under such agreement in excess of 20 percent ad valorem, a reduction of one-tenth of that total reduction had taken effect on the effective date of the first reduction proclaimed pursuant to section 101(a)(2) to carry out such agreement with respect to such article and at the beginning of each 1-year period after that date; or

(2) in the case of a total reduction in such rate of duty not in excess of 20 percent ad valorem, a reduction of 2 percent ad valorem had taken effect on the effective date of such first reduction and at the beginning of each 1-year period after that date.

On page 29, beginning at line 24, strike out the following language:

(c)(1) No reduction pursuant to a trade agreement under this title shall take effect more than 15 years after the date of the first proclamation to carry out such trade agreement.

And insert in lieu thereof:

(c)(1) No reduction in the rate of duty on any article pursuant to a trade agreement under section 101 shall take effect more than 10 years after the effective date of the first reduction proclaimed to carry out such trade agreement with respect to such article.

On page 30, in line 11, after the word "thereunder," insert the words "the effect of which is to maintain or increase the rate of duty on an article,".

On page 30, in line 13, strike out the word "intervals" and insert in lieu thereof the word "periods".

On page 30, in line 14, strike out "(2)".

On page 30, in line 15, strike out the number "15" and insert in lieu thereof the number "10".

On page 30, at the end of line 25, strike out the comma and insert in lieu thereof a period.

On page 31, in line 1, strike out the words "including (but not limited to):" and insert in lieu thereof the words "The action and principles referred to in the preceding sentence include, but are not limited to, the following—".

On page 31, in line 4, strike out the word "machinery" and insert in lieu thereof the word "procedures".

On page 31, in line 7, strike out the word "interest" and insert in lieu thereof the word "interests".

On page 31, in line 24, strike out the word "and".

On page 32, in line 4, strike out the word "required." and insert in lieu thereof the word "required,".

On page 32, beginning at line 5, insert the following new language:

(7) the improvement and strengthening of the provisions of GATT and other international agreements governing access to supplies of food, raw materials, and manufactured or semi-manufactured products, including rules and procedures governing the imposition of export controls, the denial of fair and equitable access to such supplies, and effective consultative procedures on problems of supply shortages,

(8) the extension of the provisions of GATT or other international agreements to authorize multilateral procedures by contracting parties with respect to member or nonmember countries which deny fair and equitable access to supplies of food, raw materials, and manufactured or semi-manufactured products, and thereby substantially injure the international community.

(9) any revisions neecssary to establish procedures for regular consultation among countries and instrumentalities with respect to international trade and procedures to adjudicate commercial disputes among such countries or instrumentalities,

(10) any revisions necessary to apply the principles of reciprocity and nondiscrimination, including the elimination of special preferences and reverse preferences, to all aspects of international trade,

(11) any revisions necessary to establish more flexible international monetary mechanisms,

(12) any revisions necessary to define the forms of subsidy to industries producing products for export and the forms of subsidy to attract foreign investment which are consistent with an open, nondiscriminatory, and fair system of international trade, and

(13) any revisions necessary to establish agreement on the extraterritorial application of national laws, including laws relating to antitrust, taxation, and foreign trade.

On page 33, beginning at line 15, strike out the following language:

(b) There are hereby authorized to be appropriated annually such sums as may be necessary for the payment by the United States of its share of the expenses of the contracting parties to the General Agreement on Tariffs and Trade.

And insert in lieu thereof:

(b) The President shall, to the extent feasible, enter into agreements with foreign countries or instrumentalities to establish the principles described in subsection (a) with respect to international trade between the United States and such countries or instrumentalities.

(c) If the President enters into a trade agreement which establishes rules or procedures, including those set forth in subsection (a), promoting the development of an open, nondiscriminatory, and fair world economic system and if the implementation of such agreement will change any provision of Federal law (including a material change in an administrative rule), such agreement shall take effect with respect to the United States only if the appropriate implementing legislation is enacted by the Congress unless implementation of such agreement is effected pursuant to authority delegated by Congress. Such trade agreement may be submitted to the Congress for approval in accordance with the procedures of section 151. Nothing in this section shall be construed as prior approval of any legislation necessary to implement a trade agreement entered into under this section.

(d) There are authorized to be appropriated annually such sums as may be necessary for the payment by the United States of its share of the expenses of the Contracting Parties to the General Agreement on Tariffs and Trade. This authorization does not imply approval or disapproval by the Congress of all articles of the General Agreement on Tariffs and Trade.

On page 34, beginning at line 23, strike out the following language:

(a) Whenever the President determines that fundamental international payments problems require special import measures to restrict imports—

(1) to deal with a large and serious United States balance of payments deficit,

(2) to prevent an imminent and significant depreciation of the dollar in foreign exchange markets, or

(3) to cooperate with other countries in correcting an international balance of payments disequilibrium,

the President is authorized for a period not exceeding 150 days (unless a longer period is authorized by Act of Congress)—

(A) to proclaim a temporary import surcharge, not to exceed 15 percent ad valorem, in the form of duties (in addition to those already imposed, if any) on articles imported into the United States; and

(B) to proclaim temporary limitations through the use of quotas on the importation of articles into the United States.

Subparagraph (B) shall apply (i) only if international trade or monetary agreements to which the United States is a party permit the imposition of quotas as a balance-of-payments measure, and (ii) only to the extent that the fundamental imbalance cannot be dealt with effectively by a surcharge proclaimed pursuant to subparagraph (A). Any temporary import surcharge proclaimed pursuant to subparagraph (A) shall be treated as a regular customs duty.

And insert in lieu thereof:

(a) Whenever fundamental international payments problems require special import measures to restrict imports—

(1) to deal with large and serious United States balance-of-payments deficits,

(2) to prevent an imminent and significant depreciation of the dollar in foreign exchange markets, or

(3) to cooperate with other countries in correcting an international balance-of-payments disequilibrium,

the President shall proclaim, for a period not exceeding 180 days (unless such period is extended by Act of Congress)—

(A) a temporary import surcharge, not to exceed 15 percent ad valorem, in the form of duties (in addition to those already imposed, if any) on articles imported into the United States;

(B) temporary limitations through the use of quotas on the importation of articles into the United States; or

(C) both a temporary import surcharge described in subparagraph (A) and temporary limitations described in subparagraph (B).

The authority delegated under subparagraph (B) (and so much of subparagraph (C) as relates to subparagraph (B)) may be exercised (i) only if international trade or monetary agreements to which the United States is a party permit the imposition of quotas as a balance-of-payments measure, and (ii) only to the extent that the fundamental imbalance cannot be dealt with effectively by a surcharge proclaimed pursuant to subparagraph (A) or (C). Any temporary import surcharge proclaimed pursuant to subparagraph (A) or (C) shall be treated as a regular customs duty.

(b) If the President determines that the imposition of import restrictions under subsection (a) will be contrary to the national interest of the United States, then he may refrain from proclaiming such restrictions and he shall—

(1) immediately inform Congress of his determination, and

(2) immediately convene the group of congressional official advisers designated under section 161(a) and consult with them as to the reasons for such determination.

On page 37, at the beginning of line 14, strike out "(b)" and insert in lieu thereof "(c)."

On page 37, in line 17, strike out the words "a large and persistent United States balance of payments surplus, or" and insert in lieu thereof the words "large and persistent United States balance-of-trade surpluses, as determined on the basis of the cost-insurance-freight value of imports, as reported by the Bureau of the Census, or".

On page 37, in line 24, after the word "authorized" insert the words "to proclaim."

On page 38, in line 1, strike out the words "a longer period is authorized" and insert in lieu thereof the words "such period is extended."

On page 38, in line 3, strike out the words "to proclaim."

On page 38, in line 6, strike out the words "to proclaim."

On page 38, in line 9, strike out the word "restrictions;" and insert in lieu thereof the word "restriction.".

On page 38, beginning at line 10, strike out the following language:

except with respect to those articles where in his judgment such action would cause or contribute to material injury to firms or workers in any domestic industry, including agriculture, mining, fishing, or commerce, or to impairment of the national security, or would otherwise be contrary to the national interest.

And insert in lieu thereof:

Import liberalizing actions proclaimed pursuant to this subsection shall be of broad and uniform application with respect to product coverage except that the President shall not proclaim measures under this subsection with respect to those articles where in his judgment such action will cause or contribute to material injury to firms or workers in any domestic industry, including agriculture, mining, fishing, or commerce, or to impairment of the national security, or will otherwise be contrary to the national interest.

On page 39, at the beginning of line 1, strike out "(c)" and insert in lieu thereof "(d)".

On page 39, in line 10, strike out the word "would" and insert in lieu thereof the word "will".

On page 39, in line 13, strike out the word "surcharge" and insert in lieu thereof the word "action".

On page 40, at the beginning of line 4, strike out "(d)" and insert in lieu thereof "(e)".

On page 40, in line 8, strike out the words "or groups of articles".

On page 40, in line 15, strike out the word "would" and insert in lieu thereof the word "will".

On page 40, at the beginning of line 23, strike out "(e)" and insert in lieu thereof "(f)".

On page 40, in line 24, strike out "(B)" and insert in lieu thereof "(B) or (C)".

On page 40, in line 25, strike out the words "or group of articles".

On page 41, in line 2, after the first word "value" insert the words "which is".

On page 41, in line 3, after the first word "article" strike out the words "or articles".

On page 41, in line 6, after the word "article" strike out the words "or articles".

On page 41, in line 10, after the word "article" strike out the words "or articles".

On page 41, at the beginning of line 12, strike out "(f)" and insert in lieu thereof "(g)".

On page 41, in line 15, after the words "150-day" insert the words "or 180-day".

On page 41, at the end of line 15, strike out the words "effectiveness or" and insert in lieu thereof the words "effectiveness, as applicable, or".

On page 41, at the beginning of line 18, strike out "(g)" and insert in lieu thereof "(h)".

On page 41, beginning at line 21, strike out the following language:

Sec. 123. Authority To Suspend Import Barriers To Restrain Inflation.

(a) If, during a period of sustained or rapid price increases, the President determines that supplies of articles, imports of which are dutiable or subject to any other import restriction, are inadequate to meet domestic demand at reasonable prices, he may, either generally or by article or category of articles—

(1) proclaim a temporary reduction in, or suspension of, the duty applicable to any article; and

(2) proclaim a temporary increase in the value or quantity of articles which may be imported under any import restriction.

Proclamations under this section in effect at any time shall not apply to more than 30 percent of the estimated total value of United States imports of all articles during the time such actions are in effect.

(b)(1) The President shall exclude from the application of any proclamation issued under subsection (a) any article if in his judgment such action would cause or contribute to material injury to firms or workers in any domestic industry, including agriculture, mining, fishing, or commerce, or to impairment of the national security, or would otherwise be contrary to the national interest.

(2) The President shall exclude from the application of any proclamation under subsection (a) any article which is the subject of any proclamation under section 22 of the Agricultural Adjustment Act.

(c) The President may, to the extent that such action is consistent with the purposes of this section and the limitations contained in this section, proclaim the modification or termination, in whole or in part, of any proclamation issued under subsection (a).

(d) The President shall promptly notify each House of Congress of any action taken under this section and the reasons therefor.

(e) The effective period for any proclamation issued under this section with respect to any article shall not exceed 150 days (unless a longer period is authorized by Act of Congress); nor shall any article which has been the subject of any proclamation issued under this section be the subject of another proclamation issued under this section until 1 year has expired after the termination of the effective period of such prior proclamation.

On page 43, in line 15, strike out the number "124." and insert in lieu thereof the number "123.".

On page 43, in line 17, after the number "203" strike out "(b)".

On page 43, in line 19, after the word "into" insert the word "trade".

On page 43, in line 20, after the word "countries" insert the words "or instrumentalities".

On page 44, in line 3, after "(b)" insert "(1)".

On page 44, at the begining of line 5, strike out the words "more than 30 percent below" and insert in lieu thereof the words "less than 70 percent of".

On page 44, beginning at line 7, insert the following new language:

(2) Where the rate of duty in effect at any time is an intermediate stage under section 109, the proclamation made pursuant to subsection (a) may provide for the reduction of each rate of duty at each such stage proclaimed under section 101 by not more than 30 percent of such rate of duty, and may provide for a final rate of duty which is not less than 70 percent of the rate of duty proclaimed as the final stage under section 101.

(3) If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed the limitations provided by paragraphs (1) and (2) of this subsection by not more than the lesser of—

(A) the difference between such limitation and the next lower whole number, or

(B) one-half of 1 percent ad valorem.

(4) Any concessions granted under subsection (a)(1) shall be reduced and terminated according to substantially the same time schedule for reduction applicable to the relevant import relief under section 203(h).

On page 45, beginning at line 3, strike out the following language:

(c) No agreement may be entered into under this section during any period in which agreements may be entered into under section 101.

And insert in lieu thereof:

(c) No trade agreement may be entered into under this section with any foreign country or instrumentality if such country or instrumentality has violated trade agreement concessions of benefit to the United States and such violation has not been adequately offset by action of the United States or by such country or instrumentality.

(d) Notwithstanding the provisions of subsection (a), the authority delegated under section 101 shall be used for the purpose of granting new concessions as compensation within the meaning of this section until such authority terminates.

On page 45, in line 16, after the word "Sec." strike out "125. Authority To Renegotiate Duties." and insert in lieu thereof "124. Two-Year Residual Authority To Negotiate Duties."

On page 45, at the beginning of line 23, strike out the words "stated in section 2" and insert in lieu thereof the words "of this Act".

On page 46, in line 10, after the words "duty-free" insert the words "or excise".

On page 46, at the beginning of line 16, strike out the words "more than 20 percent below" and insert in lieu thereof the words "less than 80 percent of".

On page 46, beginning at line 24, insert the following new language:

(3) Where the rate of duty in effect at any time is an intermediate stage under section 109, the proclamation made pursuant to subsection (a) may provide for the reduction of each rate of duty at each such stage proclaimed under section 101 by not more than 20 percent of such rate of duty, and, subject to the limitation in paragraph (2), may provide for a final rate of duty which is not less than 80 percent of the rate of duty proclaimed as the final stage under section 101.

(4) If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed the limitations provided by paragraphs (1) and (2) of this subsection by not more than the lesser of—

(A) the difference between such limitation and the next lower whole number, or

(B) one-half of 1 percent ad valorem.

On page 47, in line 19, strike out the number "126." and insert in lieu thereof the number "125.".

On page 47, in line 22, strike out the word "termination" and insert in lieu thereof the words "termination, in whole or in part,".

On page 48, beginning at line 7, strike out the following language:

(c) Whenever the United States, acting in pursuance of any of its rights or obligations under any trade agreement entered into pursuant to this Act, section 201 of the Trade Expansion Act of 1962, or section 350 of the Tariff Act of 1930, withdraws or suspends any obligation with respect to the trade of any foreign country or instrumentality thereof, the President is authorized, to the extent, at such times, and for such periods as he deems necessary or appropriate, in order to exercise the rights or fulfill the obligations of the United States and consistently with the purposes stated in section 2 and the international obligations of the United States, in adition to exercising the authority contained in subsection (b), to proclaim an increase in any existing duty to a rate not more than 50 percent above the rate existing on July 1, 1934, or 20 percent ad valorem above the rate existing on July 1, 1973, whichever is higher, and to proclaim the withdrawal or suspension of the application, in whole or in part, of the agreement.

And insert in lieu thereof:

(c) Whenever the United States, acting in pursuance of any of its rights or obligations under any trade agreement entered into pursuant to this Act, section 201 of the Trade Expansion Act of 1962, or section 350 of the Tariff Act of 1930, withdraws, suspends, or modifies any obligation with respect to the trade of any foreign country or instrumentality thereof, the President is authorized to proclaim increased duties or other import restrictions, to the extent, at such times, and for such periods as he deems necessary or appropriate, in order to exercise the rights or fulfill the obligations of the United States. No proclamation shall be made under this subsection increasing any existing duty to a rate more than 50 percent above the rate set forth in rate column numbered 2 of the Tariff Schedules of the United States, as in effect on January 1, 1975, or 20 percent ad valorem above the rate existing on July 1, 1975, whichever is higher.

(d) Whenever any foreign country or instrumentality withdraws, suspends, or modifies the application of trade agreement obligations of benefit to the United States without granting adequate compensation therefor, the President, in pursuance of rights granted to the United States under any trade agreement and to the extent necessary to protect United States economic interests (including United States balance of payments), shall—

(1) withdraw, suspend, or modify the application of substantially equivalent trade agreement obligations of benefit to such foreign country or instrumentality, and

(2) proclaim under subsection (c) such increased duties or other import restrictions as are appropriate to effect adequate compensation from such foreign country or instrumentality.

On page 50, at the beginning of line 7, strike out "(d)" and insert in lieu thereof "(e)".

On page 50, in line 12, after the word "agreement" insert the words "or by the withdrawal of the United States from such agreement".

On page 50, in line 14, after the word "termination" insert the words "or withdrawal".

On page 50, in line 16, after the words "level" insert the words "at which".

On page 50, in line 17, srike out the word "of" and insert in lieu thereof these words "after the date of".

On page 50, in line 18, after the word "termination" insert the words "'or withdrawal".

On page 50, at the beginning of line 21, insert the words "or **withdrawal**".

On page 50, at the beginning of line 23, strike out "(e)" and insert in lieu thereof "(f)".

On page 50, in line 24, srike out "(b) or (c)" and insert in lieu thereof "(b), (c), or (d)".

On page 51, in line 2, after the word "heard" insert a comma and the words "unless he determines that such prior hearings will be contrary to the national interest because of the need for expeditious action, in which case he shall provide for a public hearing promptly after such action".

On page 51, in line 6, after the word "Sec." strike out "127. Nondiscriminatory Treatment." and insert in lieu thereof "126. Reciprocal Nondiscriminatory Treatment."

On page 51, at the beginning of line 8, insert "(a)".

On page 51, beginning at line 13, insert the following new language:

(b) The President shall determine, after the conclusion of all negotiations entered into under this Act or at the end of the 5-year period beginning on the date of enactment of this Act, whichever is earlier, whether any major industrial country has failed to make concessions under trade agreements which provide competitive opportunities for the commerce of the United States in such country substantially equivalent to the competitive opportunities, provided by concessions made by the United States under trade agreements, for the commerce of such country in the United States.

(c) If the President determines under subsection (b) that a major industrial country has not made concessions under trade agreements which provide such substantially equivalent competitive opportunities for the commerce of United States, he shall, either generally with respect to such country or by article produced by such country, in order to restore equivalence of competitive opportunities—

(1) proclaim the termination of concessions or refrain from proclaiming benefits of trade agreement concessions made with respect to rates of duty or other import restrictions by the United States under any trade agreement; and

(2) recommend to Congress that any legislation necessary to carry out any trade agreement entered into under section 102 shall not apply to such country.

(d) For purposes of this section, "major industrial country" means Canada, the European Economic Community, the individual member countries of such Community, Japan, and any other foreign country designated by the President for purposes of this subsection.

On page 52, in line 18, strike out the number "128." and insert in lieu thereof the number "127.".

On page 52, beginning at line 25, strike out the following language:

(b) While there is in effect with respect to any article any action taken under section 203 of this Act, or section 232 or 351 of the Trade Expansion Act of 1962 (19 U.S.C. sec. 1862, 1981), the President shall reserve such article from negotiations under this title (and from any action under section 122(b) or (123) contemplating reduction or elimination of any duty or other import restriction. In addition, the President shall also so reserve any other article which he determines to be appropriate, taking into consideration information and advice available pursuant to and with respect to the matters covered by section 131, 132, 133(b), where applicable.

And insert in lieu thereof:

(b) While there is in effect with respect to any article any action taken under section 203 of this Act, or section 232 or 351 of the Trade Expansion Act of 1962 (19 U.S.C. 1862 or 1981), the President shall reserve such article from negotiations under this title (and from any action under section 122(c)) contemplating reduction or elimination of—

(A) any duty on such article,

(B) any import restriction imposed under such section, or

(C) any other import restriction, the removal of which will be likely to undermine the effect of the import restrictions referred to in subparagraph (B).

In addition, the President shall also so reserve any other article which he determines to be appropriate, taking into consideration information and advice available pursuant to and with respect to the matters covered by sections 131, 132, and 133, where applicable.

(c) The President shall submit to the Congress an annual report on section 232 of the Trade Expansion Act of 1962. Within 60 days after he takes any action under such section 232, the President shall report to the Congress the action taken and the reasons therefor.

(d) Section 232 of the Trade Expansion Act of 1962 is amended—

(1) by striking out "Director of the Office of Emergency Planning (hereinafter in this section referred to as the 'Director')" in the first sentence of subsection (b) and inserting in lieu thereof "Secretary of the Treasury (hereinafter referred to as the 'Secretary')";

(2) by striking out "advice from other appropriate departments and agencies" in the first sentence of subsection (b) and inserting in lieu thereof "advice from, and shall consult with, the Secretary of Defense, the Secretary of Commerce, and other appropriate officers of the United States";

(3) by striking out the last sentence of subsection (b) and inserting in lieu thereof the following: "The Secretary shall, if it is appropriate and after reasonable notice, hold public hearings or otherwise afford interested parties an opportunity to present information and advice relevant to such investigation. The Secretary shall report the findings of his investigation under this subsection with respect to the effect of the importation of such article in such quantities or under such circumstances upon the national security and, based on such findings, his recommendation for action or inaction under this section to the President within one year after receiving an application from an interested party or otherwise beginning an investigation under this subsection. If the Secretary finds that such article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall so advise the President and the President shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not threaten to impair the national security, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security."; and

(4) by striking out "Director" each place it appears in subsections (c) and (d) and inserting in lieu thereof "Secretary".

On page 56, in line 3, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 56, in line 6, strike out "124 or 125" and insert in lieu thereof "123 or 124".

On page 56, in line 7, strike out the words "Tariff Commission" and insert in lieu thereof the words "International Trade Commission (hereafter in this section referred to as the 'Commission')".

On page 56, in line 17, after the word "list" insert the words "or, in the case of a list submitted in connection with a trade agreement authorized under section 123, within 90 days after receipt of such list".

On page 56, in line 20, strike out the word "Tariff".

On page 57, in line 3, strike out the word "Tariff".

On page 57, in line 6, strike out the number "103" and insert in lieu thereof the number "107".

On page 57, in line 9, strike out the word "Tariff".

On page 57, in line 16, strike out the word "Tariff".

On page 58, in line 20, strike out the word "Tariff".

On page 58, in line 25, strike out "124 or 125" and insert in lieu thereof "123 or 124".

On page 59, in line 8, strike out "124 or 125" and insert in lieu thereof "123 or 124".

On page 59, in line 22, strike out "124 or 125," and insert in lieu thereof "123 or 124,".

On page 59, in line 24, strike out the word "duty" and insert in lieu thereof the words "duty, import restriction, or other barrier to (or other distortion of) international trade".

On page 60, in line 2, strike out the word "duties" and insert in lieu thereof the words "duties, import restrictions, or barriers to (or other distortions of) international trade,".

On page 60, in line 7, strike out the following language:

In addition, the President may make such an offer only after he has received advice concerning such article from the Tariff Commission under section 131(b), or after the expiration of the relevant 6-month period provided for in that section, whichever first occurs.

And insert in lieu thereof:

In addition, the President may make an offer for the modification or continuance of any United States duty, the continuance of United States duty-free or excise treatment, or the imposition of additional duties, with respect to any article included in a list published and furnished under section 131(a), only after he has received advice concerning such article from the International Trade Commission under section 131(b), or after the expiration of the 6-month or 90-day period provided for in that section, as appropriate, whichever first occurs.

On page 61, in line 8, after the word "agriculture," insert the words "service industries,".

On page 61, in line 12, strike out the words "at the expiration of 5 years from the date of the enactment of this Act" and insert in lieu thereof the words "upon submission of its report required under subsection (e)(2)".

On page 61, beginning at line 22, insert the following new language:

(c)(1) The President may, on his own initiative or at the request of organizations representing industry, labor, or agriculture, establish general policy advisory committees for industry, labor, and agriculture, respectively, to provide general policy advice on any trade agreement referred to in section 101 or 102. Such committees shall, insofar as practicable, be representative of all industry, labor, or agricultural interests, respectively, and shall be organized by the President acting through the Special Representative for Trade Negotiations and the Secretaries of Commerce, Labor, and Agriculture, as appropriate.

On page 62, in line 9, strike out the words "(c) In addtion to the Committee established under subsection (b), the" and insert in lieu thereof "(2) The".

On page 62, in line 11, strike out the word "product".

On page 62, in line 12, after the word "agricultural" insert the word "sector".

On page 62, in line 20, strike out "(1)" and insert in lieu thereof "(A)".

On page 62, in line 21, strike out "(2)" and insert in lieu thereof "(B)".

On page 63, beginning at line 15, insert the following new language:

(e)(1) The Advisory Committee for Trade Negotiations, each appropriate policy advisory committee, and each sector advisory committee, if the sector which such committee represents is affected, shall meet at the conclusion of negotiations for each trade agreement entered into under this Act, to provide to the President, to Congress, and to the Special Representative for Trade Negotiations a report on such agreement. The report of the Advisory Committee for Trade Negotiations and each appropriate policy advisory committee shall include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and the report of the appropriate sector committee shall include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sector.

(2) The Advisory Committee for Trade Negotiations, each policy advisory committee, and each sector advisory committee shall issue a report to the Congress as soon as is practical after the end of the period which ends 5 years after the date of enactment of this Act. The report of the Advisory Committee for Trade Negotiations and each policy advisory committee shall include an advisory opinion as to whether and to what extent trade agreements entered into under this Act, taken as a whole, serve the economic interests of the United States. The report of each sector advisory committee shall include an advisory opinion on the degree to which trade agreements entered into under this Act which affect the sector represented by each such committee, taken as a whole, provide for equity and reciprocity within that sector.

On page 64, in line 19, strike out "(e)" and insert in lieu thereof "(f)".

On page 65, in line 2, after the word "section 10" insert the words "and section 11".

On page 65, beginning at line 11, strike out the following language:

(f) Information received in confidence by the Advisory Committee for Trade Negotiations or by any advisory committee established under subsection (c) shall not be disclosed to any person other than to officers or employees of the United States designated by the Special Representative for Trade Negotiations, by the Committee on Ways and Means of the House of Representatives, or by the Committee on Finance of the Senate to receive such information for use in connection with negotiation of a trade agreement referred to in section 101 or 102.

And insert in lieu thereof:

(g)(1)(A) Trade secrets and commercial or financial information which is privileged or confidential, submitted in confidence by the private sector to officers or employees of the United States in connection with trade negotiations, shall not be disclosed to any person other than to—

(i) officers and employees of the United States designated by the Special Representative for Trade Negotiations, and

(ii) members of the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate who are accredited as official advisers under section 161(a) or are designated by the chairman of either such committee under section 161(b)(2), and members of the staff of either such committee designated by the chairman under section 161(b)(2),

for use in connection with negotiation of a trade agreement referred to in section 101 or 102.

(B) Information, other than that described in paragraph (A), and advice submitted in confidence by the private sector to officers or employees of the United States, to the Advisory Committee for Trade Negotiations or to any advisory committee established under subsection (c), in connection with trade negotiations, shall not be disclosed to any person other than—

(i) the individuals described in subparagraph (A), and

(ii) the appropriate advisory committees established under this section.

(2) Information submitted in confidence by officers or employees of the United States to the Advisory Committee for Trade Negotiations, or to any advisory committee established under subsection (c), shall not be disclosed other than in accordance with rules issued by the Special Representative for Trade Negotiations and the Secretary of Commerce, Labor or Agriculture, as appropriate, after consultation with the relevant advisory committees established under subsection (c). Such rules shall define the categories of information which require restricted or confidential handling by such committee considering the extent to which public disclosure of such information can reasonably be expected to prejudice United States negotiating objectives. Such rules shall, to the maximum extent feasible, permit meaningful consultations by advisory committee members with persons affected by proposed trade agreements.

On page 67, in line 15, strike out "(g)" and insert in lieu thereof "(h)".

On page 67, in line 22, strike out "(h)" and insert in lieu thereof "(i)".

On page 68, in line 20, strike out "(i)" and insert in lieu thereof "(j)".

On page 68, in line 23, after the word "informal" insert the words "and, if such information is submitted under the provisions of subsection (g), confidential".

On page 69, in line 1, after the word "agriculture," insert the words "service industries,".

On page 69, in line 5, strike out "(j)" and insert in lieu thereof "(k)".

On page 69, in line 14, after the word "established" insert the words "within the Executive Office of the President".

On page 69, in line 21, after the words "the Senate." insert the words "As an exercise of the rulemaking power of the Senate, any nomination of the Special

Representative for Trade Negotiations submitted to the Senate for confirmation, and referred to a committee, shall be referred to the Committee on Finance."

On page 70, in line 8, after the words "the Senate." insert the words "As an exercise of the rulemaking power of the Senate, any nomination of a Deputy Special Representative submitted to the Senate for confirmation, and referred to a committee, shall be referred to the Committee on Finance."

On page 70, beginning at line 19, strike out the following language:

(B) be responsible to the President and to Congress for the administration of trade agreements programs under this Act and the Trade Expansion Act of 1962;

And insert in lieu thereof:

(B) report directly to the President and the Congress, and be responsible to the President and the Congress for the administration of trade agreements programs under this Act, the Trade Expansion Act of 1962, and section 350 of the Tariff Act of 1930;

On page 73, in line 6, strike out the words "665(b) of title 31, United States Code" and insert in lieu thereof the words "3679(b) of the Revised Statutes (31 U.S.C. 665(b))".

On page 73, beginning at line 17, insert the following new language:

(f) There are authorized to be appropriated to the Office of Special Representative for Trade Negotiations such amounts as may be necessary for the purpose of carrying out its functions for fiscal year 1976 and each fiscal year thereafter any part of which is within the 5-year period beginning on the date of the enactment of this Act.

(g) (1) The Office of Special Representative for Trade Negotiations established under Executive Order No. 11075 of January 15, 1963, as amended, is abolished.

(2) The assets, liabilities, contracts, property, and records and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, or available to such Office are transferred to the Office of Special Representative for Trade Negotiations established under subsection (a) of this section.

On page 74, in line 10, strike out "(f)" and insert in lieu thereof "(h)".

On page 74, in line 14, strike out the word "confirmed" and insert in lieu thereof the word "appointed".

On page 74, in line 16, after the words "paragraph (1)" insert the words "of subsection (b)".

On page 75, in line 1, strike out "DISAPPROVAL".

On page 75, beginning at line 4, insert the following new language:

SEC. 151. BILLS IMPLEMENTING TRADE AGREEMENTS ON NONTARIFF BARRIERS AND RESOLUTIONS APPROVING COMMERCIAL AGREEMENTS WITH COMMUNIST COUNTRIES

(a) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This section and section 152 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of implementing bills described in subsection (b) (1), implementing revenue bills described in subsection (b) (2), approval resolutions described in subsection (b) (3), and resolutions described in section 152(a); and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) DEFINITIONS.—For purposes of this section—

(1) The term "implementing bill" means only a bill of either House of Congress which is introduced as provided in subsection (c) with respect to one or more trade agreements submitted to the House of Representatives and the Senate under section 102 and which contains—

(A) a provision approving such trade agreement or agreements,

(B) a provision approving the statement of administrative action (if any) proposed to implement such trade agreement or agreements, and

(C) if changes in existing laws or new statutory authority is required to implement such trade agreement or agreements, provisions, necessary or appropriate to implement such trade agreement or agreements, either repealing or amending existing laws or providing new statutory authority.

(2) The term "implementing revenue bill" means an implementing bill which contains one or more revenue measures by reason of which it must originate in the House of Representatives.

(3) The term "approval resolution" means only a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the extension of nondiscriminatory treatment with respect to the products of ——— transmitted by the President to the Congress on ———.", the first blank space being filled with the name of the country involved and the second blank space being filled with the appropriate date.

(c) INTRODUCTION AND REFERRAL.—

(1) On the day on which a trade agreement is submitted to the House of Representatives and the Senate under section 102, the implementing bill submitted by the President with respect to such trade agreement shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a trade agreement is submitted, the implementing bill shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. Such bills shall be referred by the Presiding Officers of the respective Houses to the appropriate committee, or, in the case of a bill containing provisions within the jurisdiction of two or more committees, jointly to such committees for consideration of those provisions within their respective jurisdictions.

(2) On the day on which a bilateral commercial agreement, entered into under title IV of this Act after the date of the enactment of this Act, is transmitted to the House of Representatives and the Senate, an approval resolution with respect to such agreement shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such an agreement is transmitted, the approval resolution with respect to such agreement shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. The approval resolution introduced in the House shall be referred to the Committee on Ways and Means and the approval resolution introduced in the Senate shall be referred to the Committee on Finance.

(d) AMENDMENTS PROHIBITED.—No amendment to an implementing bill or approval resolution shall be in order in either the House of Representatives or the Senate; and no motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House for the Presiding Officer to entertain a request to suspend the application of this subsection by unanimous consent.

(e) PERIOD FOR COMMITTEE AND FLOOR CONSIDERATION.—

(1) Except as provided in paragraph (2), if the committee or committees of either House to which an implementing bill or approval resolution has been referred have not reported it at the close of the 45th day after its introduction, such committee or committees shall be automatically discharged from further consideration of the bill or resolution and it shall be placed on the appropriate calendar. A vote on final passage of the bill or resolution shall be taken in each House on or before the close of the 15th day after the bill or resolution is reported by the committee or committees of that House to which it was referred, or after such committee or committees have been discharged from further consideration of the bill or resolution. If prior to the passage by one House of an implementing bill or approval resolution of that House, that House receives the same implementing bill or approval resolution from the other House, then—

(A) the procedure in that House shall be the same as if no implementing bill or approval resolution had been received from the other House; but

(B) the vote on final passage shall be on the implementing bill or approval resolution of the other House.

(2) The provisions of paragraph (1) shall not apply in the Senate to an implementing revenue bill. An implementing revenue bill received from the House shall be referred to the appropriate committee or committees of the Senate. If such committee or committees have not reported such bill at the close of the 15th day after its receipt by the Senate (or, if later, before the close of the 45th day after the corresponding implementing revenue bill was introduced in the Senate), such committee or committees shall be automatically discharged from further consideration of such bill and it shall be placed on the calendar. A vote on final passage of such bill shall be taken in the Senate on or before the close of the 15th day after such bill is reported by the committee or committees of the Senate to which it was referred, or after such committee or committees have been discharged from further consideration of such bill.

(3) For purposes of paragraphs (1) and (2), in computing a number of days in either House, there shall be excluded any day on which that House is not in session.

(f) FLOOR CONSIDERATION IN THE HOUSE.—

(1) A motion in the House of Representatives to proceed to the consideration of an implementing bill or approval resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on an implementing bill or approval resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the bill or resolution. A motion further to limit debate shall not be debatable. It shall not be in order to move to recommit an implementing bill or approval resolution or to move to reconsider the vote by which an implementing bill or approval resolution is agreed to or *disagreed to.*

(3) Motions to postpone, made in the House of Representatives with respect to the consideration of an implementing bill or approval resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to an implementing bill or approval resolution shall be decided without debate.

(5) Except to the extent specificially provided in the preceding provisions of this subsection, consideration of an implementing bill or approval resolution shall be governed by the Rules of the House of Representatives applicable to other bills and resolutions in similiar circumstances.

(g) Floor Consideration in the Senate.—

(1) A motion in the Senate to proceed to the consideration of an implementing bill or approval resolution shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on an implementing bill or approval resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with an implementating bill or approval resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of an implementing bill or approval resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate is not debatable. A motion to recommit an implementing bill or approval resolution is not in order.

On page 84, beginning at line 1, strike out the following language:

SEC. 151. RESOLUTIONS DISAPPROVING THE ENTERING INTO FORCE OF TRADE AGREEMENTS ON DISTORTIONS OF TRADE OR DISAPPROVING CERTAIN OTHER ACTIONS

(a) Rules of House of Representatives and Senate on Such Resolutions.—This chapter is enacted by the Congress.

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b); and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) Terms of Resolution.

(1) For purposes of this section, the term "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the ——— does not favor ——— transmitted to Congress by the President on ———", the first blank space therein being filled with the name of the resolving House, the third blank space therein being appropriately filled with the day and year, and the second blank space therein being filled in accordance with paragraph (2).

(2) The second blank space referred to in paragraph (1) shall be filled as follows:

(A) in the case of a resolution relating to the entering into force of a trade agreement under section 102(f), with the phrase "the entering into force of the trade agreement;"

(B) in the case of a resolution referred to in section 204(b), with the phrase "the taking effect or the continuation in effect of the proposed action under paragraph (3) or (4) of section 203(b) of the Trade Reform Act of 1973";

(C) in the case of a resolution referred to in section 302(b), with the phrase "the taking effect or the continuation in effect of action under section 301 of the Trade Reform Act of 1973"; and

(D) in the case of a resolution referred to in section 406(c), with the phrase "the entering into force or the continuing in effect of nondiscriminatory treatment with respect to the products of ———"
(with this blank space being filled by the name of the appropriate country).

(c) Reference of Resolution to Committee.—A resolution disapproving the entering into force of a trade agreement under section 102(f) shall be referred to the committee or committees of each House which would have jurisdiction over proposed legislation relating to matters covered by the proclamation and orders submitted with such agreement. A resolution referred to in section 204(b), 302(b), or 406(e), shall be referred to the Committee on Ways and Means of the House of Representatives or to the Committee on Finance of the Senate, as the case may be.

(d) Discharge of Committee Considering Resolution.—

(1) If the committee to which a resolution has been referred has not reported it at the end of 7 calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the agreement which has been referred to the committee.

(2) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same matter), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same matter.

(e) Procedure After Report or Discharge of Committee; Debate.—

(1) When the committee has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on the resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(f) Decisions Without Debate on Motion To Postpone or Proceed.—

(1) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(2) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution shall be decided without debate.

And insert in lieu thereof:

Sec. 152. Resolutions Disapproving Certain Actions.

(a) Contents of Resolutions.—

(1) For purposes of this section, the term "resolution" means only—

(A) a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress does not approve ——— transmitted to the Congress on ———.", the first blank space being filled in accordance with paragraph (2) and the second blank space being filled with the appropriate date; and

(B) a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the ——— does not approve ——— transmitted to the Congress on ———.", with the first blank space being filled with the name of the resolving House, the second blank space being filled in accordance with paragraph (3), and the third blank space being filled with the appropriate date.

(2) The first blank space referred to in paragraph (1)(A) shall be filled as follows:

(A) in the case of a resolution referred to in section 203(c), with the phrase "the action taken by the President under section 203 of the Trade Reform Act of 1974"; and

(B) in the case of a resolution referred to in section 302(b), with the phrase "the action taken by the President under section 301 of the Trade Reform Act of 1974".

(3) The second blank space referred to in paragraph (1)(B) shall be filled as follows:

(A) in the case of a resolution referred to in section 303(e) of the Tariff Act of 1930, with the phrase "the determination of the Secretary of the Treasury under section 303(d) of the Tariff Act of 1930";

(B) in the case of a resolution referred to in section 407(c)(2), with the phrase "the extension of nondiscriminatory treatment with respect to the products of ———" (with this blank space being filled with the name of the country involved); and

(C) in the case of a resolution referred to in section 407(c)(3), with the phrase "the report of the President submitted under section ——— of the Trade Reform Act of 1974 with respect to ———" (with the first blank space being filled with "402(b)" or "403(b)", as appropriate, and the second blank space being filled with the name of the country involved).

(b) Reference to Committees.—All resolutions introduced in the House of Representatives shall be referred to the Committee on Ways and Means and all resolutions introduced in the Senate shall be referred to the Committee on Finance.

(c) DISCHARGE OF COMMITTEES.—

(1) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, not counting any day which is excluded under section 153(b), it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except no motion to discharge shall be in order after the committee has reported a resolution with respect to the same matter.

(2) A motion to discharge under paragraph (1) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(d) FLOOR CONSIDERATION IN THE HOUSE.—

(1) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

(3) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

(e) FLOOR CONSIDERATION IN THE SENATE.—

(1) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

(f) SPECIAL RULE FOR CONCURRENT RESOLUTIONS.—In the case of a resolution described in subsection (a)(1), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

(1) the procedure in that House shall be the same as if no resolution had been received from the other House; but

(2) the vote on final passage shall be on the resolution of the other House.

On page 94, in line 15, strike out the number "152." and insert in lieu thereof the number "153".

On page 94, in line 16, strike out the word "DISAPPROVAL".

On page 94, in line 17, strike out "102(f), 204(b), 302(b), or 406 (a) and (b)," and insert in lieu thereof "102(e), 203(b), 302(a), or 407(a) or (b), or section 303(e) of the Tariff Act of 1930".

On page 95, in line 1, strike out the words "section 102(f)(3), 204(b), 302(b), and 406(c)," and insert in lieu thereof the words "sections 203(c), 302(b), 407(c)(2), and 407(c)(3)".

On page 95, beginning at line 14, strike out the following language:

At the beginning of each regular session of the Congress, the President shall, upon the recommendation of the Speaker of the House of Representatives, select five members (not more than three of whom shall be of the same political party) of the Committee on Ways and Means, and shall, upon the recommendation of the President of the Senate, select five members (not more than three of whom shall be of the same political party) of the Committee on Finance, who shall be accredited as official advisers to the United States delegation to international conferences, meetings, and negotiation sessions with respect to trade agreements. Any individual so selected may be reselected under this section.

And insert in lieu thereof:

(a) At the beginning of each regular session of Congress, the Speaker of the House of Representatives, upon the recommendation of the chairman of the Committee on Ways and Means, shall select five members (not more than three of whom are members of the same political party) of such committee, and the President pro tempore of the Senate, upon the recommendation of the chairman of the Committee on Finance, shall select five members (not more than three of whom are members of the same political party) of such committee, who shall be accredited by the President as official advisers to the United States delegations to international conferences, meetings, and negotiation sessions relating to trade agreements.

(b)(1) The Special Representative for Trade Negotiation shall keep each official adviser currently informed on United States negotiating objectives, the status of negotiations in progress, and the nature of any changes in domestic law or the administration thereof which may be recommended to Congress to carry out any trade agreement.

(2) The chairmen of the Committee on Ways and Means and the Committee on Finance may designate members (in addition to the official advisors under subsection (a)) and staff members of their respective committees who shall have access to the information provided to official advisers under paragraph (1).

On page 97, in line 5, strike out the numbers "124 or 125" and insert in lieu thereof the numbers "123 or 124".

On page 97, in line 10, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 97, in line 21, strike out the words "workers and firms" and insert in lieu thereof the words "workers, firms, and communities".

On page 98, in line 18, after the word "thereunder." insert the following:

Such report shall also include information regarding the number of applications filed for adjustment assistance for workers, firms, and communities, the number of such applications which were approved, and the extent to which adjustment assistance has been provided under such approved applications.

On page 98, in line 24, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 99, beginning at line 1, insert the following new language:

Chapter 7—UNITED STATES INTERNATIONAL TRADE COMMISSION

SEC. 171. CHANGE OF NAME OF TARIFF COMMISSION.

(a) The United States Tariff Commission (established by section 330 of the Tariff Act of 1930) is renamed as the United States International Trade Commission.

(b) Any reference in any law of the United States, or in any order, rule, regulation, or other document, to the United States Tariff Commission (or the Tariff Commission) shall be considered to refer to the United States International Trade Commission.

SEC. 172. ORGANIZATION OF THE COMMISSION.

(a) Subsections (a) and (b) of section 330 of the Tariff Act of 1930 (19 U.S.C. 1330) are amended to read as follows:

"(a) MEMBERSHIP.—The United States International Trade Commission (referred to in this title as the "Commission") shall be composed of seven commissioners who shall be appointed by the President, by and with the advice and consent of the Senate. No person shall be eligible for appointment as a commissioner unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of international trade problems and efficiency in administering the duties and functions of the Commission. A person who has served as a commissioner for more than 7 years (excluding service as a commissioner before the date of the enactment of the Trade Reform Act of 1974) shall not be eligible for reappointment as a commissioner. Not more than four of the commissioners shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable.

"(b) TERMS OF OFFICE.—The terms of office of the commissioners holding office on the date of the enactment of the Trade Reform Act of 1974 which (but for this sentence) would expire on June 16, 1975, June 16, 1976, June 16, 1977, June 16, 1978, June 16, 1979, and June 16, 1980, shall expire on June 16, 1976, June 16, 1978, June 16, 1980, June 16, 1982, June 16, 1984, and June 16, 1986, respectively. The term of office of each commissioner appointed after such date shall expire 14 years from the date of the expiration of the term for which his predecessor was appointed, except that—

"(1) the term of the first commissioner appointed by reason of the increase in the number of commissioners to seven shall expire on June 16, 1988; and

"(2) any commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed for the remainder of such term."

(b) Subsection (c) of such section is amended—

(1) by striking out "The" in the first sentence and inserting in lieu thereof "(1) Except as provided in paragraph (2), the"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Effective on June 17, 1976, the commissioner whose term is first to expire shall serve as chairman during the last 2 years of his term (or, in the case of a commissioner appointed to fill a vacancy occurring in the last 2 years of a term, during the remainder of his term), and the commissioner whose term is second to expire shall serve as vice chairman during the same 2-year period (or, in the case of a commissioner appointed to fill a vacancy occurring during the last 3d or 4th year of a term, during the remainder of such 2-year period)."

(c) (1) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(60) Chairman, United States International Trade Commission."

(2) Section 5315 of such title is amended by striking out paragraph (24) and inserting in lieu thereof the following:

"(24) Members, United States International Trade Commission."

(3) Section 5316 of such title is amended by striking out paragraph (93).

SEC. 173. VOTING RECORD OF COMMISSIONERS.

Section 332(g) of the Tariff Act of 1930 (31 U.S.C. 1332(g)) is amended—

(1) by striking out "and" before "a summary", and

(2) by inserting before the period at the end ", and a list of all votes taken by the commission during the year, showing those commissioners voting in the affirmative and the negative on each vote and those commissioners not voting on each vote and the reasons for not voting".

SEC. 174. REPRESENTATION IN COURT PROCEEDINGS.

Section 333(c) of the Tariff Act of 1930 (19 U.S.C. 1333(c)) is amended—

(1) by striking out "Upon application of the Attorney General of the United States, at" in subsection (c) and inserting in lieu thereof "At", and

(2) by adding at the end thereof the following new subsection:

"(g) REPRESENTATION IN COURT PROCEEDINGS.—The Commission shall be represented in all judicial proceedings by attorneys who are employees of the commission or, at the request of the commission, by the Attorney General of the United States."

SEC. 175. INDEPENDENT BUDGET AND AUTHORIZATION OF APPROPRIATIONS.

(a) (1) Effective with respect to the fiscal year beginning October 1, 1976, for purposes of the Budget and Accounting Act, 1921 (31 U.S.C. 1 et seq.), estimated expenditures and proposed appropriations for the United States International Trade Commission shall be transmitted to the President on or before October 15 of the year preceding the beginning of each fiscal year and shall be included by him in the Budget without revision, and the Commission shall not be considered to be a department or establishment for purposes of such Act.

(2) Section 3679 of the Revised Statutes (31 U.S.C. 665) is amended by inserting "the United States International Trade Commission," before ", or the District of Columbia" each place it appears in subsections (d) and (g).

(b) Section 330 of the Tariff Act of 1930 (19 U.S.C. 1330) is amended by adding at the end thereof the following new subsection:

"(e) AUTHORIZATION OF APPROPRIATIONS.—For the fiscal year beginning October 1, 1976, and each fiscal year thereafter, there are authorized to be appropriated to the Commission only such sums as may hereafter be provided by law.".

(c) (1) Paragraph (2) is enacted as an exercise of the rulemaking power of the Senate and with full recognition of the constitutional right of the Senate to change its rules at any time.

(2) Paragraph 6(a) of rule XVI of the Standing Rules of the Senate is amended by adding at the end of the table contained therein the following:

"Committee on Finance ---- For the International Trade Commission.".

On page 104, line 14, strike out the word "TARIFF" and insert in lieu thereof the words "INTERNATIONAL TRADE".

On page 104, in line 18, strike out the words "Tariff Commission" and insert in lieu thereof the words "International Trade Commission (hereinafter in this chapter referred to as the "Commission")".

On page 105, in line 5, strike out the word "Tariff".

On page 105, in line 13, strike out the word "Tariff".

On page 105, in line 20, strike out the word "Tariff".

On page 106, in line 8, after the word "an" insert the word "absolute".

On page 106, in line 9, strike out the words "(either actual or relative to domestic production)".

On page 106, in line 14, strike out the word "Tariff".

On page 107, in line 2, strike out the word "Tariff".

On page 107, in line 8, strike out the word "Tariff".

On page 107, in line 11, strike out the word "Tariff".

On page 107, in line 16, strike out the word "Tariff".

On page 107, in line 20, strike out the word "Tariff".

On page 107, beginning at line 24, strike out the following language:

(d) (1) The Tariff Commission shall report to the President its findings under subsection (b) and the basis therefor and shall include in each report any dissenting or separate views. If the Tariff Commission finds with respect to any article, as a result of its investigation, the serious injury or threat thereof described in subsection (b), it shall find the amount of the increase in, or imposition of, any duty or other import restriction on such article which is necessary to prevent or remedy such injury and shall include such finding in its report to the President. The Tariff Commission shall furnish to the President a transcript of the hearings and any briefs which may have been submitted in connection with each investigation.

And insert in lieu thereof:

(d) (1) The Commission shall report to the President its findings under subsection (b), and the basis therefor and shall include in each report any dissenting or separate views. If the Commission finds with respect to any article, as a result of its investigation, the serious injury or threat thereof described in subsection (b), it shall—

(A) find the amount of the increase in, or imposition of, any duty or import restriction on such article which is necessary to prevent or remedy such injury, or

(B) if it determines that adjustment assistance under chapters 2, 3, and 4 can effectively remedy such injury, recommend the provision of such assistance,

and shall include such findings or recommendation in its report to the President. The Commission shall furnish to the President a transcript of the hearings and any briefs which were submitted in connection with each investigation.

On page 109, in line 3, strike out the word "Tariff".

On page 109, in line 9, strike out the word "Tariff".

On page 109, in line 14, strike out the word "Tariff".

On page 109, in line 18, strike out the word "Tariff".

On page 109, in line 20, strike out the word "Tariff".

On page 110, in line 9, strike out the word "Tariff".

On page 110, beginning at line 17, strike out the following language:

(a) After receiving a report from the Tariff Commission containing an affirmative finding under section 201(b) that increased imports have been a substantial cause of serious injury or threat thereof with respect to an injury—

(1) the President shall evaluate the extent to which adjustment assistance has been made available (or can be made available) under chapters 2 and 3 to the workers and firms in such industry, and, after such evaluation, may direct the Secretary of Labor and the Secretary of Commerce that expeditious consideration be given to petitions for adjustment assistance; and

(2) the President may provide import relief for such industry pursuant to section 203.

(b) Within 60 days (30 days in the case of a supplemental report under subsection (d)) after receiving a report from the Tariff Commission containing an affirmative finding under section 201(b) (or a finding under section 201(b) which he may treat as an affirmative finding by reason of section 330(d) of the Tariff Act of 1930), the President shall make his determination whether to provide import relief pursuant to section 203. If the President determines not to provide import relief, he shall immediately submit a report to the House of Representatives and to the Senate stating the considerations on which his decision was based.

And insert in lieu thereof:

(a) After receiving a report from the Commission containing an affirmative finding under section 201(b) that increased imports have been a substantial cause of serious injury or the threat thereof with respect to an industry, the President—

(1) (A) shall provide import relief for such industry pursuant to section 203, and

(B) shall evaluate the extent to which adjustment assistance has been made available (or can be made available) under chapters 2, 3, and 4 of this title to the workers and firms in such industry and to the communities in which such workers and firms are located, and, after such evaluation, may direct the Secretary of Labor and the Secretary of Commerce that expeditious consideration be given to the petitions for adjustment assistance; or

(2) if the Commission, under section 201 (d), recommends the provision of adjustment assistance, shall direct the Secretaries of Labor and Commerce as described in paragraph (1) (B).

(b) Within 60 days after receiving a report from the Commission containing an affirmative finding under section 201(b) (or a finding under section 201(b) which he considers to be an affirmative finding, by reason of section 330 (d) of the Tariff Act of 1930, within such 60-day period), the President shall—

(1) determine what method and amount of import relief he will provide, and whether he will direct expeditious consideration of adjustment assistance petitions, and publish in the Federal Register that he has made such determination; or

(2) if such report recommends the provision of adjustment assistance, publish in the Federal Register his order to the Secretary of Labor and Secretary of Commerce for expeditious consideration of petitions.

On page 113, in line 1, strike out the words "whether to provide import relief" and insert in lieu thereof the words "what method and amount of import relief he will provide".

On page 113, in line 14, strike out the word "chapter 3" and insert in lieu thereof the words "chapters 3 and 4".

On page 114, beginning at line 13, strike out the following language:

(9) the economic and social costs which would be incurred by taxpayers, communities, and workers, if import relief were or were not provided.

And insert in lieu thereof:

(9) the economic and social costs which will be incurred, and which would be incurred if no such import relief were provided, by taxpayers, communities and workers.

On page 114, in line 20, strike out the number "45" and insert in lieu thereof the number "15".

On page 114, in line 22, strike out the word "Tariff".

On page 114, in line 23, strike out the word "Tariff".

On page 114, in line 24, strike out the word "Tariff".

On page 114, in line 25, strike out the words "(60 days where extensive additional information is requested)".

On page 115, beginning at line 6, strike out the following language:

(a) For purposes of applying the provisions of this section, each of the following methods of providing relief from injury caused by imports shall be preferred to the methods listed below it:

(1) Increases in, or impositions of, duties.

(2) Tariff rate quotas.

(3) Quantitative restrictions.

(4) Orderly marketing agreements.

Nothing in this section shall prevent the use of a combination of two or more such methods.

(b) If the President determines to provide import relief pursuant to this section, he shall, to the extent that and

And insert in lieu thereof:

(a) If the President is required to provide import relief under section 202(a)(1), he shall, to the extent that and

On page 115, line 21, after the word "necessary" insert the words "taking into account the considerations specified in section 202(c)".

On page 116, beginning at line 13, strike out the following language:

(c) Whenever the President selects under this section a method or methods of providing relief from injury caused by imports, he shall report to the Congress what action he is taking, and he shall state with respect to each such method the reasons why he selected that method of providing relief from such injury rather than adjustment assistance and rather than each method of import relief ranks higher in preference.

And insert in lieu thereof:

(b) On the day on which the President proclaims import relief under this section or announces his intention to negotiate one or more orderly marketing agreements, the President shall transmit to Congress a document setting forth the action he is taking under this section. If the action taken by the President differs from the action recommended to him by the Commission under section 201(b)(1)(A), he shall state the reason for such difference.

(c)(1) If the President reports under subsection (b) that he is taking action which differs from the action recommended by the Commission under section 201(b)(1)(A), the action recommended by the Commission shall take effect (as provided in paragraph (2)) upon the adoption by both Houses of Congress (within the 90-day period following the date on which the document referred to in subsection (b) is transmitted to the Congress), by an affirmative vote of a majority of the Members of each House present and voting, of a concurrent resolution disapproving the action taken by the President under section 202(a)(1)(A).

(2) If the contingency set forth in paragraph (1) occurs, the President shall (within 30 days after the adoption of such resolution) proclaim the increase in, or imposition of, any duty or other import restriction on the article which was recommended by the Commission under section 201(b).

On page 117, in line 21, after the word "subsection" strike out "(b)" and insert in lieu thereof "(a) or (c)".

On page 118, in line 2, after the word "subsection" strike out "(b)" and insert in lieu thereof "(a) or (c)".

On page 118, in line 3, strike out the words "such subsection" and insert in lieu thereof the word "subsection (a)".

On page 118, beginning at line 9, strike out the following language:

(c)(1) Any initial proclamation made pursuant to paragraph (1), (2), or (3) of subsection (b)(*a*) shall be made within 15 days after the import relief determination date. Any initial orderly marketing agreement under paragraph (4) of subsection (b)(*a*) shall be entered into within 180 days after the import relief determination date.

(2) If, within 15 days after the import relief determination date, the President announces his intention to negotiate one or more orderly marketing agreements, the taking effect of any initial proclamation referred to in paragraph (1) may be withheld until the entering into effect of an orderly marketing agreement which is entered into on or before the 180th day after the import relief determination date, and the application of any such initial proclamation may be suspended while such agreement is in effect.

(3) For purposes of this subsection, the term "import relief determination date" means the date of the President's determination under section 202 to provide import relief.

And insert in lieu thereof:

(e)(1) Import relief under this section shall be proclaimed and take effect within 15 days after the import relief determination date unless the President announces on such date his intention to negotiate one or more orderly marketing agreements under subsection (a) (4) or (5) in which case import relief shall be proclaimed and take effect within 90 days after the import relief determination date.

(2) If the President provides import relief under subsection (a) (1), (2), (3), or (5), he may, after such relief takes effect, negotiate orderly marketing agreements with foreign countries, and may, after such agreements take effect, suspend or terminate, in whole or in part, such import relief.

(3) If the President negotiates an orderly marketing agreement under subsection (a) (4) or (5) and such agreement does not continue to be effective, he may, consistent with the limitations contained in subsection (h), provide import relief under subsection (a) (1), (2), (3), or (5).

(4) For purposes of this subsection, the term "import relief determination date" means the date of the President's determination under section 202(b) as to what method and amount of import relief he will provide.

On page 119, in line 23, after the word "and" strike out "(b)" and insert in lieu thereof "(c)".

On page 120, in line 3, after the word "and" strike out "(b)" and insert in lieu thereof "(c)".

On page 120, in line 8, strike out the words "or (2)".

On page 120, in line 9, after the word "subsection" strike out "(b)" and insert in lieu thereof "(a) or (c)".

On page 120, in line 9, strike out the word "Tariff".

On page 120, in line 13, after the words "(or threat thereof)" insert the words "substantially caused by imports".

On page 120, in line 16, after the number "807.00" strike out the comma and the words "or from the designation of the article as an eligible article for purposes of title V, as the case may be".

On page 120, beginning at line 19, insert the following new language:

(4) No proclamation which provides solely for a suspension referred to in paragraph (2) with respect to any article shall be made under subsection (a) or (c) unless the Commission, in addition to making an affirmative determination with respect to such article under section 201(b), determines in the course of its investigation under section 201 (b) that the serious injury (or threat thereof) substantially caused by imports to the domestic industry producing a like or directly competitive article results from the designation of the article as an eligible article for the purposes of title V.

On page 121, beginning at line 5, strike out the following language:

(g) No import relief shall be provided pursuant to this section unless due diligence has been exercised in notifying those persons who may be adversely affected by the providing of such relief, and unless the President has provided for a public hearing with respect to the proposal to provide such relief during the course of which interested persons have been given a reasonable opportunity to be present, to produce evidence, and to be heard.

On page 121, at the beginning of line 13, strike out "(h)" and insert in lieu thereof "(g)".

On page 121, in line 15, strike out "(b)(3)" and insert in lieu thereof "(a) (3) or (c)".

On page 121, in line 18, strike out "(b)(4)" and insert in lieu thereof "(a) (4), (a)(5), or (e)(2)".

On page 121, in line 22, strike out "(b) (5)" and insert in lieu thereof "(a)(4), (a)(5), or (e)(2)".

On page 122, at the beginning of line 8, strike out "(i)" and insert in lieu thereof "(h)".

On page 122, in line 21, after the word "section" insert the words "or section 351 or 352 of the Trade Expansion Act of 1962".

On page 122, in line 24, strike out the words "2-year" and insert in lieu thereof the words "3-year".

On page 123, at the beginning of line 1, strike out the word "Tariff".

On page 123, in line 1, after the word "subsection" strike out "(j)" and insert in lieu thereof "(i)".

On page 123, beginning at line 4, strike out the following language:

(4) Any import relief provided pursuant to this section may be reduced or terminated by the President when he determines, after taking into account the advice received from the Tariff Commission under subsection (2) and after seeking advice of the Secretary of Commerce and the Secretary of Labor, that such reduction or termination is in the national interest.

On page 123, at the beginning of line 11, strike out "(5)" and insert in lieu thereof "(4)".

On page 123, at the beginning of line 12, strike out "(j)" and insert in lieu thereof "(i)".

On page 123, at the beginning of line 15,(strike out "(j)" and insert in lieu thereof "(i)".

On page 123, in line 16, after the word "section" insert the words "or section 351 or 352 of the Trade Expansion Act of 1962".

On page 123, in line 17, strike out the word "Tariff".

On page 123, in line 24, strike out the word "Tariff".

On page 124, in line 1, strike out the word "reduction" and insert in lieu thereof the words "extension, reduction,".

On page 124, in line 4, strike out the word "Tariff".

On page 124, in line 7, after the word "section" insert the words "or section 351 or 352 of the Trade Expansion Act of 1962".

On page 124, in line 9, strike out the word "Tariff".

On pag 124, in line 14, strike out the word "Tariff".

On page 124, in line 21, strike out the word "Tariff".

On page 124, at the beginning of line 25, strike out "(k)" and insert in lieu thereof "(j)".

On page 125, beginning at line 5, strike out the following language:

SEC. 204. PROCEDURE FOR CONGRESSIONAL DISAPPROVAL OF QUANTITATIVE RESTRICTIONS AND ORDERLY MARKETING AGREEMENTS.

(a) Whenever the President issues a proclamation pursuant to section 203(b)(3) or enters into an orderly marketing agreement pursuant to section 203(b)(4), he shall promptly transmit to the House of Representatives and to the Senate a copy of such proclamation or agreement together with a copy of the statement required to be made to Congress under section 203(c).

(b) If, before the close of the 90 day period beginning on the day on which the copy of the proclamation or agreement is delivered to the House of Representatives and to the Senate pusuant to subsection (a), either the Houese of Representatives or the Senate adopts, by an affirmative vote of a majority of these present and voting in that House, a resolution of disapproval under the procedures set forth in section 151, then such proclamation or such agreement, as the case may be, shall have no force and effect beginning with the day after the date of the adoption of such resolution of disapproval.

(c) For purposes of section 203(e)(1), in the case of the adoption of any resolution of disapproval referred to in subsection (b), a second 15-day period during which the President shall provide import relief under paragraph (1) or (2) of section 203(b) shall be deemed to have started on the day on which the resolution of disapproval was adopted.

On page 127, in line 14, after the word "that"insert the word "absolute".

On page 127, beginning at line 20, insert the following new language:

For purposes of paragrah (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

On page 128, in line 18, after the words "Federal Register" insert the words "together with his reasons for making such determination".

On page 129, in line 1, after the words "Federal Register" insert the words "together with his reasons for making such determination".

On page 129, in line 5, strike out the word "TARIFF" and insert in lieu thereof of the words "INTERNATIONAL TRADE".

On page 129, in line 9, strike out the words "Tariff Commission" and insert in lieu thereof the words "International Trade Commission (hereafter referred to in this chapter as the 'Commission')".

On page 129, in line 12, strike out the word "Tariff".

On page 129, at the end of line 16, strike out the word "which" and insert in lieu thereof the word "who".

On page 129, in line 24, strike out the word "Tariff".

On page 130, in line 1, strike out the word "its" and insert in lieu thereof the word "his".

On page 130, in line 6, strike out the word "Tariff".

On page 131, beginning at line 24, strike out the following language:

(1)(A) in the case of any such week in the first 26 weeks of such allowances, 70 percent of his average weekly wage (but not in excess of the average weekly manufacturing wage), or

(B) in the case of any subsequent week of such allowances, 65 percent of his average weekly (but not in excess of the average weekly manufacturing wage) reduced by

And insert in lieu thereof:

(1) 70 percent of his average weekly wage (but not in excess of the average weekly manufacturing wage), reduced by

On page 133, in line 4, strike out the words "has received or is seeking" and insert in lieu thereof the words "receives, or which he would receive if he applied for such insurance,".

On page 134, beginning at line 10, strike out the following language:

allowance would exceed—

(1) in the case of any such week in the first 26 weeks of such allowances, 80 percent of his average weekly wage (or, if lesser, 130 percent of the average weekly manufacturing wage), or

(2) in the case of any subsequent week of such allowances, 75 percent of his average weekly wage (or, if lesser, 130 percent of the average weekly manufacturing wage),

And insert in lieu thereof:

allowance exceeds 80 percent of his average weekly wage (or, if lesser, 130 percent of the average weekly manufacturing wage),

On page 135, beginning at line 1, strike out the following language:

(g)(1) If unemployment insurance is paid under a State law to an adversely affected worker for a week for which—

(A) he receives a trade readjustment allowance, or

(B) he makes application for a trade readjustment allowance and would be entitled (determined without regard to subsection (c) or (e)) to receive such allowance,

the State agency making such payment shall, unless it has been reimbursed for such payment under Federal law, be reimbursed from funds the authorization contained in pursuance to section 245(b), to the extent such payment does not exceed the amount of the trade readjustment allowance which such worker would have received, or would have been entitled to receive, as the case may be, if he had not received the State payment. The amount of such reimbursement shall be determined by the Secretary on the basis of reports furnished to him by the State agency.

(2) In any case in which a State agency is reimbursed under paragraph (1) for payments of unemployment insurance made to an adversely affected worker, such payments, and the period of unemployment of such worker for which such payments were made, may be disregarded under the State law (and for purposes of applying section 3303 of the Internal Revenue Code of 1954) in determining whether or not an employer is entitled to a reduced rate of contributions permitted by the State law.

On page 136, in line 15, strike out the number "13" and insert in lieu thereof the number "26".

On page 136, beginning at line 18, insert the following new language:

In no case may an adversely affected worker be paid trade readjustment allowances for more than 78 weeks.

On page 136, beginning at line 20, strike out the following language:

(b) Except for a payment made for an additional week specified in subsection (a), a trade readjustment allowance shall not be paid for a week of unemployment beginning more than 2 years after the beginning of the appropriate week. A trade readjustment allowance shall not be paid for any additional week specified in subsection (a) if such week begins more than 3 years after the beginning of the appropriate week. The appropriate week for a totally separated worker is the week of his most recent total separation. The appropriate week for a partially separated worker is the week in respect of which he first receives a trade readjustment allowance following his most recent partial separation.

And insert in lieu thereof:

(b)(1) Except for a payment made for an additional week under subsection (a)(1) or (a)(2), a trade readjustment allowance may not be paid for a week of unemployment beginning more than 2 years after the beginning of the appropriate week.

(2) A trade readjustment allowance may not be paid for an additional week specified in subsection (a)(1) if the adversely affected worker who would receive such allowance did not make a bona fide application to a training program approved by the Secretary within 180 days after the end of the appropriate week or the date of his first certification of eligibility to apply for ad-

justment assistance issued by the Secretary, whichever is later.

(3) A trade readjustment allowance may not be paid for an additional week specified in subsection (a) if such additional week begins more than 3 years after the beginning of the appropriate week.

(4) For purposes of this subsection, the appropriate week—

(A) for a totally separated worker is the week of his most recent total separation, and

(B) for a partially separated worker is the first week for which he receives a trade readjustment allowance following his most recent partial separation.

On page 139, in line 18, strike out the words "through manpower programs established by law." and insert in lieu thereof the words "on the job.".

On page 140, in line 1, strike out "$5" and insert in lieu thereof "$15".

On page 140, in line 2, strike out the number "10" and insert in lieu thereof the number "12".

On page 144, in line 2, strike out the word "payments" and insert in lieu thereof the words "program benefits".

On page 144, beginning at line 6, insert the following new language:

(e) Section 3302(c) of the Internal Revenue Code of 1954 (relating to credits against Federal unemployment tax) is amended by inserting after paragraph (3) the following new paragraph:

"(4) If the Secretary of Labor determines that a State, or State agency, has not—

"(A) entered into the agreement described in section 239 of the Trade Reform Act of 1974, with the Secretary of Labor before July 1, 1975, or

"(B) fulfilled its commitments under an agreement with the Secretary of Labor as described in section 239 of the Trade Reform Act of 1974,

then, in the case of a taxpayer subject to the unemployment compensation law of such State, the total credits (after applying subsections (a) and (b) and paragraphs (1), (2), and (3) of this section) otherwise allowable under this section for a year during which such State or agency does not enter into or fulfill such an agreement shall be reduced by 15 percent of the tax imposed with respect to wages paid by such taxpayer during such year which are attributable to such State.".

On page 145, in line 11, strike out the word "payments" and insert in lieu thereof the words "program benefits".

On page 146, in line 1, strike out the following language:

Sums reimbursable to a State pursuant to section 232(g) shall be credited to the account of such State in the Unemployment Trust Fund and shall be used only for the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration.

On page 146, in line 12, after the word "Assistance" insert the word "Trust".

On page 148, in line 25, after "(b)" insert "(1)".

On page 148, in line 25, strike out the word "is" and insert in lieu thereof the word "are".

On page 149, beginning at line 7, insert the following new language:

(2) There are authorized to be appropriated to the Trust Fund, for purposes of training (including administrative costs) under section 236, $50,000,000 for fiscal year 1975 and such sums as may be necessary for the 5 succeeding fiscal years.

On page 149, in line 17, strike out the words "approved or".

On page 150, in line 3, strike out the word "Tariff".

On page 151, beginning at line 4, strike out the following language:

(2) for weeks of unemployment beginning on or after the effective date of this chapter, to the rights and privileges provided in this chapter.

And insert in lieu thereof:

(2) for weeks of unemployment beginning on or after the effective date of this chapter, to the rights and privileges provided in this chapter, except that the total number of weeks of unemployment, as defined in the Trade Expansion Act of 1962, for which trade readjustment allowances were payable under that Act shall be deducted from the total number of weeks of unemployment for which an adversely affected worker is eligible for trade readjustment allowances under this chapter.

On page 151, in line 16, strike out the word "Tariff".

On page 153, in line 19, strike out the words "(75 percent in the case of any week after the first 26 weeks in which he is eligible to receive a trade readjustment allowance)".

On page 154, in line 25, strike out the words "(75 percent in the case of any week after the first 26 weeks in which he is eligible to receive a trade readjustment allowance)".

On page 155, beginning at line 13, insert the following new language:

SEC. 249. SUBPENA POWER.

(a) The Secretary may require by subpena the attendance of witnesses and the production of evidence necessary for him to make a determination under the provisions of this chapter.

(b) If a person refuses to obey a subpena issued under subsection (a), a United States district court within the jurisdiction of which the relevant proceeding under this chapter is conducted may, upon petition by the Secretary, issue an order requiring compliance with such subpena.

SEC. 250. JUDICIAL REVIEW.

(a) A worker or group of workers, or an authorized representative of such worker or group, aggrieved by a final determination by the Secretary under the provisions of section 223 may, within 60 days after notice of such determination, file a petition for review of such determination with the United States court of appeals for the circuit in which such worker or group is located or in the United States Court of Appeals for the District of Columbia Circuit. The clerk of such court shall send a copy of such petition to the Secretary. Upon receiving such petition, the Secretary shall promptly certify and file in such court the record on which he based such determination.

(b) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

On page 157, beginning at line 1, strike out the following language:

SEC. 249. EFFECTIVE DATE.

This chapter (other than section 250) shall become effective on the 90th day following the date of the enactment of this Act.

SEC. 250. COORDINATION.

There is hereby established the Adjustment Assistance Coordinating Committee to consist of a Deputy Special Trade Representative as Chairman, and the officials charged with adjustment assistance responsibilities of the Departments of Labor and Commerce and the Small Business Administration. It shall be the function of the Committee to coordinate the adjustment assistance policies and programs of the various agencies involved and to promote the efficient and effective delivery of adjustment assistance benefits.

On page 158, in line 19, after the word "that" insert the word "absolute".

On page 158, in line 22, strike out the word "separation" and insert the words "separation, or threat thereof,".

On page 158, beginning at line 24, insert the following new language:

For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

On page 159, in line 14, after "(b)" insert "(1)".

On page 159, at the beginning of line 19, strike out "(1)" and insert in lieu thereof "(A)".

On page 159, at the beginning of line 21, strike out "(2)" and insert in lieu thereof "(B)".

On page 159, at the beginning of line 22, strike out "(A)" and insert in lieu thereof "(i)".

On page 160, at the beginning of line 1, strike out "(B)" and insert in lieu thereof "(ii)".

On page 160, at the beginning of line 3, strike out "(C)" and insert in lieu thereof "(iii)".

On page 160, beginning at line 6, insert the following new language:

(2) The Secretary shall make a determination as soon as possible after the date on which an application is filed under this section, but in no event later than 60 days after such date.

On page 162, beginning at line 22, strike out the following language:

(b) In the case of guaranteed loans, the guaranteed portion of the loan shall not bear interest at a rate higher than the maximum rate permissible in the case of loans to small businesses which are guaranteed by the Small Business Administration. The rate of interest on direct loans shall be the prevailing rate authorized for loans to small businesses by the Small Business Administration.

And insert in lieu thereof:

(b) The rate of interest on loans which are guaranteed under this chapter shall be no higher than the maximum interest per annum that a participating financial institution may establish on guaranteed loans made pursuant to section 7(a) of the Small Business Act (15 U.S.C. 636(a)). The rate of interest on direct loans made under this chapter shall be (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity that are comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 percent, plus (ii) an amount adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program.

On page 164, in line 7, strike out the word "businesses".

On page 164, in line 10, strike out the words "that portion of the loan made for purposes specified in section 254(b)" and insert in lieu thereof the words "the balance of the loan outstanding".

On page 164, beginning at line 18, insert the following new language:

(g) The Secretary may charge a fee to a lender which makes a loan guaranteed under this chapter in such amount as is necessary to cover the cost of administration of such guarantee.

On page 106, at the beginning of line 22, strike out "(g)" and insert in lieu thereof "(h)".

On page 165, beginning at line 6, strike out the following language:

(a) In the case of any firm which is a small business (within the meaning of the Small Business Act and regulations promulgated thereunder), the Secretary may delegate all or any part of his functions under this chapter (other than the functions under section 251 with respect to the certification of eligibility) to the Administrator of the Small Business Administration.

And insert in lieu thereof:

(a) In the case of any firm which is small (within the meaning of the Small Business Act and regulations promulgated thereunder), the Secretary may delegate all of his functions under this chapter (other than the functions under sections 251 and 252(d) with respect to the certification of eligibility and section 264) to the Administrator of the Small Business Administration.

On page 166, beginning at line 1, insert the following new language:

(c) The unexpended balances of appropriations authorized by section 312(d) of the Trade Expansion Act of 1962 are transferred to the Secretary to carry out his functions under this chapter.

On page 167, beginning at line 12, insert the following new language:

(c) All repayments of loans, payments of interest, and other receipts arising out of transactions entered into by the Secretary pursuant to this chapter, shall be available for financing functions performed under this chapter, including administrative expenses in connection with such functions.

On page 169, in line 5, strike out the words "the action of the Secretary" and insert in lieu thereof the words "a determination".

On page 170, in line 13, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 170, in line 14, after the word "Commission" insert the words "(hereafter in this chapter referred to as the "Commission")".

On page 170, in line 16, strike out the word "Tariff".

On page 170, in line 21, strike out the word "Tariff".

On page 171, in line 2, strike out the word "Tariff".

One page 171, in line 18, strike out the word "TARIFF" and insert in lieu thereof the words "INTERNATIONAL TRADE".

On page 171, in line 21, strike out the word "Tariff".

On page 171, in line 23, strike out the word "Tariff".

On page 172, in line 10, strike out the word "Tariff".

On page 172, in line 16, strike out the word "Tariff".

On page 173, beginning at line 1, insert the following new language:

Chapter 4—ADJUSTMENT ASSISTANCE FOR COMMUNITIES

SEC. 271. PETITIONS AND DETERMINATIONS.

(a) A petition for certification of eligibility for adjustment assistance under this chapter may be filed with the Secretary of Commerce (hereinafter in this chapter referred to as the "Secretary") by a political subdivision of a State (hereinafter in this chapter referred to as a "community"), by a group of such communities, or by the Governor of a State on behalf of such communities. Upon receipt of the petition, the Secretary shall promptly publish notice in the Federal Register that he has received the petition and initiated an investigation.

(b) If the petitioner, or any other person found by the Secretary to have a substantial interest in the proceedings, submits not later than 10 days after the Secretary's publication of notice under subsection (a) a request for a hearing the Secretary shall provide for a public hearing and afford such interested persons an opportunity to be present, to produce evidence, and to be heard.

(c) The Secretary shall certify a community as eligible for adjustment assistance under this chapter if he determines—

(1) that a significant number or proportion of the workers in the trade impacted area in which such community is located have become totally or partially separated, or are threatened to become totally or partially separated,

(2) that sales or production, or both, of firms, or subdivisions of firms, located in the trade impacted area specified in paragraph (1) have decreased absolutely, and

(3) that absolute increases of imports of articles like or directly competitive with articles produced by firms, or subdivisions of firms, located in the trade impacted area specified in paragraph (1) or that the transfer of firms or subdivisions of firms located in such area to foreign countries have contributed importantly to the total or partial separations, or threats thereof, described in paragraph (1) and to the decline in sales or production described in paragraph (2).

For purposes of paragraph (3), the term "contributed importantly" means a cause which is important but not necessarily more important than any other cause.

(d) As soon as possible after the date on which a petition is filed under this section, but in any event not later than 60 days after that date, the Secretary shall determine whether the petitioning community, or group of communities, meets the requirements of subsection (c) and shall issue a certification of eligibility for assistance under this chapter covering any community located in the same trade impacted area in which the petitioner is located which meets such requirements.

(e) The Secretary, after consulting the Secretary of Labor, shall establish the size and boundaries of each trade impacted area, considering the criteria in subsection (c) and, to the extent they are relevant, the factors specified as criteria for redevelopment areas under section 401 of the Public Works and Economic Development Act of 1965.

(f) If the Secretary determines that a community requires no additional assistance under this chapter, he shall terminate the certification of eligibility of such community and promptly have notice of such termination published in the Federal Register. Such termination shall take effect on the termination date specified by the Secretary.

SEC. 272. TRADE IMPACTED AREA COUNCILS.

(a) Within 60 days after a community is certified under section 271, the Secretary shall send his representatives to the trade impacted area in which such community is located to inform officials of communities and other residents of such area about benefits available to them under this Act and to assist such officials and residents in establishing a Trade Impacted Area Council for Adjustment Assistance (hereinafter in this chapter referred to as the "Council") for such area.

(b)(1) The Secretary shall establish, subject to the last sentence of this paragraph, a Council for each trade impacted area in which one or more communities are certified under section 271. Such Council shall—

(A) develop a proposal for an adjustment assistance plan for the economic rejuvenation of certified communities in its trade impacted area, and

(B) coordinate community action under the adjustment assistance plan, as approved by the Secretary.

If an appropriate entity for purposes of performing the functions specified in subparagraphs (A) and (B) already exists in such area, then the Secretary may designate such entity as the Council for such area.

(2) Such Council shall include representatives of certified communities, industry, labor, and the general public located in the trade impacted area covered by the Council.

(c) Upon application by a Council established under subsection (b), the Secretary is authorized to make grants to such Council for maintaining an appropriate professional and clerical staff. No grant shall be made to a Council to maintain staff after the period which ends 2 years after the date on which such Council is established or designated.

(d) A Council established under this section may file an application with the Secretary for adjustment assistance under this chapter. Such application shall include the Council's proposal for an adjustment assistance plan for the communities in its trade impacted area.

SEC. 273. PROGRAM BENEFITS.

(a) Adjustment assistance under this chapter consists of—

(1) all forms of assistance, other than loan guarantees which are provided to a redevelopment area under the Public Works and Economic Development Act of 1965, and

(2) the loan guarantee program described in subsection (d).

(b) No adjustment assistance may be extended to any community or person in a trade impacted area under this chapter unless the Secretary approves the adjustment assistance plan submitted to him under section 272(d).

(c) For purposes of the Public Works and Economic Development Act of 1965—

(1) a trade impacted area for which an adjustment assistance plan has been approved under section 272(d) shall be treated as a redevelopment area, except that—

(A) no loan guarantees may be made to any person under such Act; and

(B) no loan or grant may be made to any recipient in such an area after September 30, 1980, and

(2) approval of an adjustment assistance plan submitted under section 272(d) shall be treated as approval of an overall economic

development program under section 202(b) (10) of such Act.

(d) The Secretary is authorized to guarantee loans for working capital made to private borrowers by private lending institutions in connection with projects in trade impacted areas subject to the same terms and conditions to which loan guarantees are subject under section 202 of the Public Works and Economic Development Act of 1965, including record and audit requirements and penalties, except that—

(1) no loan guarantee may be made unless the joint liability requirement described in subsection (e) is met,

(2) no loan guarantee may be made to a corporation unless the employee stock ownership requirement described in subsection (f) is met,

(3) no new loan guarantee may be made under this subsection after September 30, 1980.

(4) a loan guarantee may be made for the entire amount of the outstanding unpaid balance of such loan, and

(5) no more than 20 percent of the amound of loan guarantees made under this subsection may be made in one State.

(e)(1) No loan guarantee may be made under subsection (d) unless—

(A) the Governor of the State,

(B) the authorized representative of the community, or

(C) the Governor of the State and the authorized representative of the community in which the applicant for such guarantee is located sign a commitment to the Secretary pledging such portion of—

(i) the State government entitlement for one entitlement period under section 107 of the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1226) (hereinafter referred to in this subsection as the "1972Act"),

(ii) the local government entitlement for one entitlement period under section 108 of the 1972 Act (31 U.S.C. 1227), or

(iii) the State government and local government entitlements for one entitlement period under sections 107 and 108 of the 1972 Act, allocated between the State and local government entitlements in the manner such governments agree upon,

as is equal to one-half the amount of any liability which arises on such loan guarantee.

(2) The total amount of all portions of entitlement under the 1972 Act which a State or community may pledge for loan guarantees under paragraph (1) which are outstanding during any entitlement period may not exceed the amount to which such State or community was entitled under such Act during the previous entitlement period, unless the previous entitlement period was 6 months long, in which case the total amount of all such portions outstanding may not exceed twice the amount to which such State or community was entitled under such Act during such previous entitlement period.

(3) The requirement set forth in paragraph (1) shall be considered to have been met if the State in which the applicant for such guarantee is located has established by law a program, which is approved by the Secretary for purposes of this section, to pay one-half the amount of any liability which arises on a loan guarantee made under subsection (d).

(4) Section 107 of the 1972 Act (relating to State government entitlement) is amended by adding at the end thereof the following new subsection:

"(c) Reduction in Entitlement To Cover Liability on Certain Loan Guarantees.—

"(1) General rule.—The entitlement of a State government for an entitlement period beginning after June 30, 1976, shall be reduced by an amount which is equal to one-half the amount, if any, of the liability which arose during the preceding entitlement period on each community readjustment assistance loan guarantee for which the Governor of such State signed a commitment to the Secretary of Commerce under section 273 of the Trade Reform Act of 1974. If the Governor signed such a commitment jointly with the authorized representative of a local government, then such State government entitlement shall be reduced by the proportion of one-half the amount of such liability which is specified in such joint commitment. For purposes of subsection (b) (1)(A), the amount of any reduction in the entitlement of a State government under this subsection for an entitlement period shall, for subsequent entitlement periods, be treated as an amount transferred by the State government (out of its own sources) during such period to units of local government in such State.

"(2) Reduction in entitlement.—As soon as is practical, the Secretary of Commerce shall notify the Secretary as to the amount of liability which arises on any loan guarantee for which the Governor of a State signed a commitment under section 273 of the Trade Reform Act of 1974. The Secretary shall—

"(A) determine the amount of reductions which paragraph (1) requires in the entitlement of such State government for the appropriate entitlement period,

"(B) shall notify the Governor of such State of such determination, and

"(C) shall withhold from subsequent payments to such State government under this subchapter an amount equal to such reduction.

"(3) Transfer to general fund.—An amount equal to the reduction in entitlement of any State government which results from the application of this subsection (after any judicial review under section 143 of this title) shall be transferred from the Trust Fund to the general fund of the Treasury on the day on which such reduction becomes final."

(4) Section 108(b)(7) (relating to local government entitlement) is amended by adding at the end thereof the following new subparagraph:

"(D) Reduction in entitlement to cover liability on certain loan guarantees.—

"(i) The entitlement of a local government under subsection (b) for an entitlement period beginning after June 30, 1976, shall be reduced by an amount which is equal to one-half the amount, if any, of the liability which arose during the preceding entitlement period on each community readjustment assistance loan guarantee for which the authorized representative of such local government signed a commitment to the Secretary of Commerce under Section 273 of the Trade Reform Act of 1974. If the authorized representative signed such a commitment jointly with the Governor of the State, such local government entitlement shall be reduced by the proportion of one-half the amount of such liability which is specified in such joint commitment.

"(ii) As soon as is practical, the Secretary of Commerce shall notify the Secretary as to the amount of liability which arises on any loan guarantee for which the authorized representative of a local government sign a commitment under section 273 of the Trade Reform Act of 1974. The Secretary shall determine the amount of reduction which clause (i) requires in the entitlement of such local government for the appropriate entitlement period, notify such local government of such determination, and withhold from subsequent payments to such local government under this subchapter an amount equal to such reduction.

"(iii) An amount equal to the reduction in entitlement of any local government which results from the application of this subparagraph (after any judicial review under section 143 of this title) shall be transferred from the Trust Fund to the general fund of the Treasury on the day on which such reduction becomes final.".

(5) Section 143(a) of such Act is amended by—

(A) striking out "Any State" and inserting in lieu thereof "Any State or unit of local government", and

(B) inserting immediately after "107(b)" the following: "or (c) or section 108(b)".

(f)(1) A loan to a corporation (hereinafter referred to as the "recipient corporation") may not be guaranteed under subsection (d) unless—

(A) 25 percent of the principal amount of the loan is paid by the lender to a qualified trust established under an employee stock ownership plan established and maintained by the recipient corporation, by a parent or subsidiary of such corporation, or by several corporations including the recipient corporation,

(B) the employee stock ownership plan meets the requirements of this subsection, and

(C) the agreement among the recipient corporation, the lender, and the qualified trust relating to the loan meets the requirements of this section.

(2) An employee stock ownership plan does not meet the requirements of this section unless the governing instrument of the plan provides that—

(A) the amount of the loan paid under paragraph (1)(A) to the qualified trust will be used to purchase qualified employer securities.

(B) the qualified trust will repay to the lender the amount of such loan, together with the interest thereon, out of amounts contributed to the trust by the recipient corporation, and

(C) from time to time, as the qualified trust repays such amount, the trust will allocate qualified employer securities among the individual accounts of participants and their beneficiaries in accordance with the provisions of paragraph (4).

(3) The agreement among the recipient corporation, the lender, and the qualified trust does not meet the requirements of this section unless—

(A) it is unconditionally enforceable by any party against the others, jointly and severally.

(B) it provides that the liability of the qualified trust to repay loan amounts paid to the qualified trust may not, at any time exceed an amount equal to the amount of contributions required under paragraph (2) (B) which are actually received by such trust.

(C) it provides that amounts received by the recipient corporation from the qualified trust for qualified employer securities purchased for the purpose of this subsection will be used exclusively by the recipient corporation for those purposes for which it may use that portion of the loan paid directly to it by the lender,

(D) it provides that the recipient corporation may not reduce the amount of its equity capital during the one year period beginning on the date on which the qualified trust purchases qualified employer securities for purposes of this subsection, and

(E) it provides that the recipient corporation will make contributions to the qualified trust of not less than such amounts as are necessary for such trust to meet its obligation to make repayments of principal and interest on the amount of the loan received by the trust without regard to whether such contributions are deductible by the corporation under section 404 of the Internal Revenue Code of 1954 and without regard to any other amounts the recipient corporation is obligated under law to contribute to or under the employee stock ownership plan.

(4) At the close of each plan year, an employee stock ownership plan shall allocate to the accounts of participating employees that portion of the qualified employer securities the cost of which bears substantially the same ratio to the cost of all the qualified employer securities purchased under paragraph (2)(A) of this subsection as the amount of the loan principal and interest repaid by the qualified trust during that year bears to the total amount of the loan principal and interest payable by such trust during the term of such loan. Qualified employer securities allocated to the individual account of a participant during one plan year must bear substantially the same proportion to the amount of all such securities allocated to all participants in the plan as the amount of compensation paid to such participant bears to the total amount of compensation paid to all such participants during that year.

(5) For purposes of this subsection, the term—

(A) "employee stock ownership plan" means a plan described in section 407(d)(6) of the Employee Retirement Income Security Act of 1974, section 4975(e)(7) of the Internal Revenue Code of 1954, and in section 102(5) of the Regional Rail Reorganization Act of 1973, which meets the requirements of title I of the Employee Retirement Income Security Act of 1974 and of part I of subchapter D of chapter 1 of such Code,

(B) "qualified trust" means a trust established under an employee stock ownership plan and meeting the requirements of title I of the Employee Retirement Income Security Act of 1974 and of part I of subchapter D of chapter 1 of such Code,

(C) "qualified employer securities" means common stock issued by the recipient corporation or by a parent or subsidiary of such corporation with voting power and dividend rights no less favorable than the voting power and dividend rights on other common stock issued by the issuing corporation and with voting power being exercised by the participants in the employee stock ownership plan after it is allocated to their plan accounts, and

(D) "equity capital" means, with respect to the recipient corporation, the sum of its money and other property (in an amount equal to the adjusted basis of such property but disregarding adjustments made on account of depreciation or amortization made during the period described in paragraph (3)(D)), less the amount of its indebtedness.

(g)(1) The Federal Government share of loan guarantees made under subsection (d) on loans which are outstanding at any time may not exceed $500,000,000.

(2) For purposes of paragraph (1), the Federal Government share of a loan guarantee made under subsection (c) is one-half the amount of such loan guarantee.

SEC. 274. COMMUNITY ADJUSTMENT ASSISTANCE FUND AND AUTHORIZATION OF APPROPRIATIONS.

(a) There is established on the books of the Treasury of the United States a revolving fund to be known as the Community Adjustment Assistance Fund. The fund shall consist of such amounts as may be deposited in it pursuant to the authorization in subsection (b) and any collections, repayments of loans, or other receipts received under the program established in section 273(a). Amounts in the fund may be used only to carry out the provisions of sections 272 and 273(b), including administrative costs. Amounts appropriated to the fund shall be available to the Secretary without fiscal year limitation. Upon liquidation of all remaining obligations, any balances remaining in the fund after September 30, 1980, shall be transferred to the general fund of the Treasury.

(b) There are authorized to be appropriated to the Community Adjustment Assistance Fund, for the purpose of carrying out the provisions of sections 272 and 273 (a), $100,000,000 for the fiscal year ending June 30, 1975, and such sums as may be necessary for the succeeding 5 fiscal years.

(c) There are authorized to be appropriated to the Secretary such sums as may be necessary for carrying out the loan guarantee program under section 273(d).

Chapter 5—MISCELLANEOUS PROVISIONS

SEC. 280. GENERAL ACCOUNTING OFFICE REPORT.

(a) The Comptroller General of the United States shall conduct a study of the adjustment assistance programs established under chapters 2, 3, and 4 of this title and shall report the results of such study to the Congress no later than January 30, 1979. Such report shall include an evaluation of—

(1) the effectiveness of such programs in aiding workers, firms, and communities to adjust to changed economic conditions resulting from changes in the patterns of international trade; and

(2) the coordination of the administration of such programs and other Government programs which provide unemployment compensation and relief to depressed areas.

(b) In carrying out his responsibilities under this section, the Comptroller General shall, to the extent practical, avail himself of the assistance of the Departments of Labor and Commerce. The Secretaries of Labor and Commerce shall make available to the Comptroller General any assistance necessary for an effective evaluation of the adjustment assistance programs established under this title.

SEC. 281. COORDINATION

There is established the Adjustment Assistance Coordinating Committee to consist of a Deputy Special Trade Representative as Chairman, and the officials charged with adjustment assistance responsibilities of the Departments of Labor and Commerce and the Small Business Administration. It shall be the function of the Committee to coordinate the adjustment assistance policies, studies, and programs of the various agencies involved and to promote the efficient and effective delivery of adjustment assistance benefits.

SEC. 282. TRADE STATISTICS MONITORING SYSTEM.

The Secretary of Commerce and the Secretary of Labor shall establish and maintain a program to monitor imports of articles into the United States which will reflect changes in the volume of such imports, the relation of such imports to changes in domestic production, changes in employment within domestic industries producing articles like or directly competitive with such imports, and the extent to which such changes in production and employment are concentrated in specific geographic regions of the United States. A summary of the information collected by such program shall be published regularly and shall be provided to the Adjustment Assistance Coordinating Committee.

SEC. 283. FIRMS RELOCATING IN FOREIGN COUNTRIES.

Before moving productive facilities from the United States to a foreign country, every firm should—

(1) provide notice of the move to its employees who are likely to be totally or partially separated as a result of the move at least 60 days before the date of such move,

(2) provide notice of the move to the Secretary of Labor and the Secretary of Commerce on the same day it notifies employees under paragraph (1),

(3) apply for and use all adjustment assistance for which it is eligible under this title,

(4) offer employment opportunities in the United States, if any exist, to its employees who are totally or partially separated workers as a result of the move, and

(5) assist in relocating employees to other locations in the United States where employment opportunities exist.

SEC. 284. EFFECTIVE DATE.

Chapters 2, 3, and 4 of this title shall become effective on the 90th day following the date of enactment of this Act and shall terminate on September 30, 1980.

On page 194, at the end of line 1, insert the word "or".

On page 194, beginning at line 2, insert the following new language:

(4) imposes unjustifiable or unreasonable restrictions on access to supplies of food, raw materials, or manufactured or semimanufactured products which burden or restrict United States commerce,

On page 194, in line 14, strike out the word "instrumentality" and insert in lieu thereof the words "instrumentality, and may impose fees or restrictions on the services of such foreign country or instrumentality,".

On page 194, beginning at line 18, insert the following new language:

For purposes of this subsection, the term "commerce" includes services associated with the international trade.

On page 194, beginning at line 20, strike out the following language:

(b) In determining what action to take under subsection (a), the President shall consider the relationship of such action to the international obligations of the United States and to the purposes stated in section 2. Any action taken under subsection (a) may be on a nondiscriminatory treatment basis or otherwise; except that, in the case of a restriction, act, policy, or practice of any foreign country or instrumentality which is unreasonable but not unjustifiable, the action taken under subsection (a) shall be taken only with respect to such country or instrumentality.

And insert in lieu thereof:

(b) In determining what action to take under subsection (a), the President shall consider the relationship of such action to the purposes of this Act. Action shall be taken under subsection (a) against the foreign country or instrumentality involved, except that, subject to the provisions of section 302, any such action may be taken on a nondiscriminatory treatment basis.

On page 195, in line 20, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 196, beginning at line 3, strike out the following language:

(d) The President shall provide an opportunity for the presentation of views concerning the import restrictions, acts, policies, or practices referred to in paragraph (1), (2), or (3) of subsection (a). Upon request by any interested person, the President shall provide for appropriate public hearings with respect to such restrictions, acts, policies, or practices after reasonable notice, and he shall provide for the issuance of regulations concerning the conduct of hearings under this subsection and subsection (c).

And insert in lieu thereof:

(d)(1) The President shall provide an opportunity for the presentation of views concerning the restrictions, acts, policies, or practices referred to in paragraphs (1), (2), (3), and (4) of subsection (a).

(2) Upon complaint filed by any interested party with the Special Representative for Trade Negotiations alleging any such restriction, act, policy, or practice, the Special Representative shall conduct a review of the alleged restriction, act, policy, or practice, and, at the request of the complainant, shall conduct public hearings thereon. The Special Representative shall have a copy of each complaint filed under this paragraph published in the Federal Register. The Special Representative shall issue regulations concerning the filing of complaints and the conduct of reviews and hearings under this paragraph and shall submit a report to the House of Representatives and the Senate semi-annually summarizing the reviews and hearings conducted by it under this paragraph during the preceding 6-month period.

On page 197, beginning at line 5, strike out the following language:

(c) Before the President takes any action under subsection (a) with respect to the import treatment of any product—

(1) he shall provide an opportunity for the presentation of views concerning the taking of action with respect to such product,

(2) upon request by any interested person, he shall provide for appropriate public hearings with respect to the taking of action with respect to such product, and

(3) he may request the Tariff Commission for its views as to the probable impact on the economy of the United States of the taking of action with respect to such product.

And insert in lieu thereof:

(e) Before the President takes any action under subsection (a) with respect to the import treatment of any product or the treatment of any service—

(1) he shall provide an opportunity for the presentation of views concerning the taking of action with respect to such product or service,

(2) upon request by any interested person, he shall provide for appropriate public hearings with respect to the taking of action with respect to such product or service, and

(3) he may request the International Trade Commission for its views as to the probable impact on the economy of the United States of the taking of action with respect to such product or service.

If the President determines that, because of the need for expeditious action under subsection (a), compliance with paragraphs (1) and (2) would be contrary to the national interest, then such paragraphs shall not apply with respect to such action, but he shall thereafter promptly provide an opportunity for the presentation of views concerning the action taken and, upon request by any interested person, shall provide for appropriate public hearings with respect to the action taken. The President shall provide for the issuance of regulations concerning the filing of requests for, and the conduct of, hearings under this subsection.

On page 198, in line 23, after the word "section 301(a)" insert the words "with respect to any country or instrumentality other than the country or instrumentality whose restriction, act, policy, or practice was the cause for taking such action".

On page 199, beginning at line 4, strike out the following language:

(b) If, before the close of the 90 day period beginning on the day on which the copy of the document referred to in subsection (a) is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval under the procedures set forth in section 151, then such action under section 301(a) shall have no force and effect beginning with the day after the date of the adoption of such resolution of disapproval.

And insert in lieu thereof:

(b) If, before the close of the 90-day period beginning on the day on which the document referred to in subsection (a) is delivered to the House of Representatives and to the Senate, the two Houses adopt, by an affirmative vote of a majority of those present and voting in each House, a concurrent resolution of disapproval under the procedures set forth in section 152, then such action under section 301(a) shall have no force and effect beginning with the day after the date of the adoption of such concurrent resolution of disapproval, except with respect to the country or instrumentality whose restriction, act, policy, or practice was the cause for taking such action.

On page 200, beginning at line 4, strike out the following language:

(a) Section 201(b) of the Antidumping Act, 1921 (19 U.S.C. sec. 160 (b)), is amended to read as follows:

"(b) In the case of any imported merchandise of a class or kind as to which the Secretary has not so made public a finding, he shall, within six months, or in more complicated investigations within nine months, after the question of dumping was raised by or presented to him or any person to whom authority under this section has been delegated.

"(1) determine whether there is reason to believe or suspect, from the invoice or other papers or from information presented to him or to any other person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value); and

"(2) if his determination is affirmative, publish a notice of that fact in the Federal Register, and require, under such regulations as he may prescribe, the withholding of appraisement as to such merchandise entered, or withdrawn from warehouse for consumption, on or after the date of publication of that notice in the Federal Register (unless the Secretary determines that the withholding should be made effective as of an earlier date not more than one hundred and twenty days before the question of dumping was raised by or presented to him or any person to whom authority under this section has been delegated, in which case the effective date of the withholding shall be such earlier date), until the further order of the Secretary, or until the Secretary has made public a finding as provided for in subsection (a) in regard to such merchandise; or

"(3) if his determination is negative (or if he tentatively determines that the investigation should be discontinued), publish notice of that fact in the Federal Register, but the Secretary may within three months thereafter order the withholding of appraisement if he then has reason to believe or suspect, from the invoice or other papers or from information presented to him or to any other person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value) and such order of withholding of appraisement shall be subject to the provisions of paragraph (2). If no withholding of appraisement is ordered within such three-month period, the Secretary shall, not later than the close of such period, issue a determination terminating or discontinuing the investigation.

For purposes of this subsection, the question of dumping shall be deemed to have been raised or presented on the date on which a notice is published in the Federal Register that information relative to dumping has been received in accordance with regulations prescribed by the Secretary."

(B) Section 201(c) of the Antidumping Act, 1921 (19 U.S.C. sec. 160(c)), is amended to read as follows:

"(c)(1) Before making any determination pursuant to subsection (a) of this section, the Secretary or the Tariff Commission, as the case may be, shall conduct a hearing at which—

"(A) any foreign manufacturer or exporter or domestic importer of the foreign merchandise in question shall have the right to appear by counsel or in person; and

"(B) any other person, firm, or corporation may make application and, upon good cause shown, may be allowed by the Secretary or the Tariff Commission, as the case may be, to intervene and appear at such hearing by counsel or in person.

"(2) The Secretary, upon determining whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and the Tariff Commission, upon making its determination under subsection (a), shall publish in the Federal Register such determination, whether affirmative or negative, together with a statement of findings and conclusions, and the reasons or basis therefor, on all the material issues of fact or law presented.

"(3) The hearings provided for under this section shall be exempt from sections 554, 555, 556, 557, and 702 of title 5 of the United States Code. The transcript of any hearing, together with all information developed in connection with the investigation (other than items to which confidential treatment has been granted by the Secretary or the Tariff Commission, as the case may be), shall be made available in the manner and to the extent provided in section 552(b) of such title 5."

And insert in lieu thereof:

(a) Section 201 of the Antidumping Act, 1921 (19 U.S.C. 160), is amended—

(1) by striking out "United States Tariff Commission" in subsection (a) and inserting in lieu thereof "United States International Trade Commission (hereinafter called the 'Commission')", and by striking out "said" each place it appears in such subsection; and

(2) by striking out subsections (b) and (c) and inserting in lieu thereof the following:

"(b)(1) In the case of any imported merchandise of a class or kind as to which the Secretary has not so made public a finding, he shall, within six months after the publication under subsection (c)(1) of a notice of initiation of an investigation—

"(A) determine whether there is reason to believe or suspect, from the invoice or other papers or from information presented to him or to any other person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value); and

"(B) if his determination is affirmative, publish a notice of that fact in the Federal Register, and require, under such regulations as he may prescribe, the withholding of appraisement as to such merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of that notice in the Federal Register (or such earlier date, not more than one hundred and twenty days before the date of publication under subsection (c)(1) of notice of initiation of the investigation, as the Secretary may prescribe), until the further order of the Secretary, or until the Secretary has made public a finding as provided for in subsection (a) in regard to such merchandise; or

"(C) if his determination is negative (or if he tentatively determines that the investigation should be discontinued), publish notice of that fact in the Federal Register.

"(2) If in the course of an investigation under this subsection the Secretary concludes that the determination provided for in *paragraph (1) cannot* reasonably be made within six months, he shall publish notice of this in the Federal Register, together with a statement of reasons therefor, in which case the determination shall be made within nine months after the publication in the Federal Register of the notice of initiation of the investigation.

"(3) Within three months after publication in the Federal Register of a determination under paragraph (1), the Secretary shall make a final determination whether the foreign merchandise in question is being or is likely to be sold in the United States at less than its fair value (or a final discontinuance of the investigation).

"(c)(1) The Secretary shall, within thirty days of the receipt of information alleging that a particular class or kind of merchandise is being or is likely to be sold in the United States or elsewhere at less than its fair value and that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, determine whether to initiate an investigation into the question of whether such merchandise in fact is being or is likely to be sold in the United States or elsewhere at less than its fair value. If his determination is affirmative he shall publish notice of the initiation of such an investigation in the Federal Register. If it is negative, the inquiry shall be closed.

"(2) If, in the course of making a determination under paragraph (1), the Secretary concludes, from the information available to him, that there is substantial doubt whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, he shall forward to the Commission the reasons for such substantial doubt and a preliminary indication, based upon whatever price information is available, concerning possible sales at less than fair value, including possible margins of dumping and the volume of trade. If within thirty days after receipt of such information from the Secretary, the Commission, after conducting such inquiry as it deems appropriate, determines there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, it shall advise the Secretary of its determination and any investigation under subsection (b) then in progress shall be terminated.

"(d)(1) Before making any determination under subsection (a), the Secretary or the Commission, as the case may be, shall, at the request of any foreign manufacturer or exporter, *or* any domestic importer, of the foreign merchandise in question, or of any domestic manufacturer, producer, or wholesaler of merchandise of the same class or kind, conduct a hearing at which—

"(A) any such person shall have the right to appear by counsel or in person; and

"(B) any other person, firm, or corporation may make application and, upon good cause shown, may be allowed by the Secretary or the Commission, as the case may be, to intervene and appear at such hearing by counsel or in person.

"(2) The Secretary, upon determining whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and the Commission, upon making its determination under subsection (a), shall publish in the Federal Register such determination, whether affirmative or negative, together with a complete statement of findings and conclusions, and the reasons or bases therefor, on all the material issues of fact or law presented (consistent with confidential treatment granted by the Secretary or the Commission, as the case may be, in the course of making its determination).

"(3) The hearings provided for under this section shall be exempt from sections 554, 555, 556, 557, and 702 of title 5 of the United States Code. The transcript of any hearing, together with all information developed in connection with the investigation (other than items to which confidential treatment has been granted by the Secretary or the Commission, as the case may be), shall be made available in the manner and to the extent provided in section 552(b) of such title.".

On page 208, at the beginning of line 12, strike out "(c)" and insert in lieu thereof "(b)".

On page 209, at the beginning of line 22, strike out "(d)" and insert in lieu thereof "(c)".

On page 211, at the beginning of line 19, strike out "(e)" and insert in lieu thereof "(d)".

On page 213, in line 11, strike out **the** number "206." and insert in lieu thereof the number "206."

On page 213, beginning at line 12, insert the following new language:

"(d) Whenever, in the course of an investigation under this Act, the Secretary determines that—

"(1) merchandise exported to the United States is being produced in facilities which are owned or controlled, directly or indirectly, by a person, firm, or corporation which also owns or controls, directly or indirectly, other facilities for the production of such or similar merchandise which are located in another country or countries;

"(2) the sales of such or similar merchandise by the company concerned in the home market of the exporting country are nonexistent or inadequate as a basis for comparison with the sales of the merchandise to the United States; and

"(3) the foreign market value of such or similar merchandise produced in one or more of the facilities outside the country of exportation is higher than the foreign market value, or, if there is no foreign market value, the constructed value, of such or similar merchandise produced in the facilities located in the country of exportation,

he may determine the foreign market value of such merchandise by reference to the foreign market value at which such or similar merchandise is sold in substantial quantities by one or more facilities outside the country of exportation. The Secretary in making any determination under this paragraph, shall make adjustments for the difference between the costs of production (including taxes, labor, materials, and overhead) of such or similar merchandise produced in facilities outside the country of exportation and costs of production of such or similar merchandise produced in the facilities in the country of exportation, if such differences are demonstrated to his satisfaction. For the purpose of this subsection, in determining foreign market value of such or similar merchandise produced in a country outside of the country of exportation, the Secretary shall determine its price at the time of exportation from the country of exportation and shall make any adjustments required by section 205(a) for the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States by reference to such costs in the country of exportation."

On page 215, at the beginning of line 6, strike out "(f)" and insert in lieu thereof "(e)".

On page 215, in line 6, strike out the number "213" and insert in lieu thereof the number "212".

On page 215, beginning at line 11, insert the following new language:

(f) Section 481 of the Tariff Act of 1930 (19 U.S.C. 1481) is amended—

(1) by renumbering paragraph (10 of subsection (a) as (11);

(2) by striking out paragraph (9) of subsection (a) and inserting in lieu thereof the following:

"(9) All rebates, drawbacks, bounties, and grants, separately itemized, allowed, paid, or bestowed on the exportation, manufacture, or production of the merchandise;

"(10) The unit price of each item at which such merchandise is being sold or offered for sale in the home market of the country of exportation; and "; and

(3) by inserting before the period at the end of subsection (d) ", except that, with respect to any entry for which an invoice is required, and which covers merchandise other than articles (1) classifiable in schedule 8 of the Tariff Schedules of the United States (19 U.S.C. 1202); (2) imported for personal use and not for resale; or (3) having a purchase price or value under $1,000, the information specified in paragraphs (5), (9), and (10) of subsection (a) must be furnished unless the appropriate Customs officer determines that the information required is currently available."

(g)(1) Section 516 of the Tariff Act of 1930 (19 U.S.C. 1516) is amended by redesignating subsection (d), (e), (f), and (g) as subsections (e), (f), (g), and (h), respectively, and by inserting after subsection (c) the following new subsection:

"(d) Within 30 days after a determination by the Secretary under section 201 of the Antidumping Act, 1921 (19 U.S.C. 160), that a class or kind of foreign merchandise is not being, nor likely to be, sold in the United States at less than its fair value, an American manufacturer, producer, or wholesaler of merchandise of the same class or kind as that described in such determination may file with the Secretary a written notice of a desire to contest such determination. Upon receipt of such notice the Secretary shall cause publication to be made thereof and of such manufacturer's, producer's, or wholesaler's desire to contest the determination. Within 30 days after such publication, such manufacturer, producer, or wholesaler may commence an action in the United States Customs Court contesting such determination.".

(2) Section 2631(b) of title 28, United States Code, is amended by inserting before the period at the end thereof ", or, in the case of an action under section 516(d) of such Act, after the date of publication of a notice under such section".

(3) Section 2632 of title 28, United States Code, is amended—

(A) by striking out the first sentence of subsection (a) and inserting in lieu thereof the following: "A party may contest (1) denial of a protest under section 515 of the Tariff Act of 1930, as amended; (2) a decision of the Secretary of the Treasury made under section 516 of the Tariff Act of 1930, as amended; or (3) a determination by the Secretary of the Treasury under section 201 of the Antidumping Act, 1921, as amended, that a class or kind of merchandise is not being, nor likely to be, sold in the United

States at less than its fair value; by bringing a civil action in the Customs Court.";

(B) by inserting after "designee" in subsection (f) "in any action brought under subsection (a)(1) or (a)(2)"; and

(C) by adding at the end thereof the following new subsection:

"(g) Upon service of the summons on the Secretary of the Treasury or his designee in an action contesting the Secretary's determination under section 201 of the Antidumping Act, 1921, as amended, that a class or kind of foreign merchandise is not being, nor likely to be, sold in the United States at less than its fair value, the Secretary or his designee shall forthwith transmit to the United States Customs Court, as the official record of the civil action, a certified copy of the transcript of any hearing held by the Secretary in the particular antidumping proceeding pursuant to section 201(d)(1) of the Antidumping Act, 1921, as amended, and certified copies of all notices, determinations, or other matters which the Secretary has caused to be published in the Federal Register in connection with the particular antidumping proceeding.".

On page 218, at the beginning of line 18, strike out "(g)" and insert in lieu thereof "(h)".

On page 218, in line 18, strike out the words "subsections (a) and (b)" and insert in lieu thereof the word "subsection (a)".

On page 218, in line 22, strike out the words "(c) through (f)" and insert in lieu thereof the words "(b) through (e)".

On page 219, beginning at line 9, insert the following new language:

(3) The amendments made by subsection (f) shall apply with respect to merchandise which is exported from the country of exportation on or after the 90th day after the date of the enactment of this Act.

(4) The amendments made by subsection (g) shall apply with respect to determinations under section 201 of the Antidumping Act, 1921, resulting from questions of dumping raised or presented on or after the date of the enactment of this Act.

On page 220, in line 16, strike out the following language:

The Secretary of the Treasury shall determine within twelve months after the date on which the question is presented to him whether any bounty or grant is being paid or bestowed.

"(2) In the case of any imported article or merchandise which is free of duty, duties may be imposed under this section only if there is an affirmative determination by the Tariff Commission under subsection (b)(1); except that such a Tariff Commission determination shall be required only for such time as a determination of injury is required by the international obligations of the United States.

"(3) The Secretary of the Treasury shall from time to time ascertain and determine, or estimate, the net amount of each bounty or grant, and shall declare the net amount so determined or estimated.

"(4) Whenever, in the case of any imported article or merchandise as to which the Secretary has not determined whether a bounty or grant is being paid or bestowed, the Secretary concludes, from information presented to him or to any person to whom authority under this section has been delegated, that a formal investigation into the question of whether a bounty or grant is being paid or bestowed is warranted, he shall forthwith publish notice of the initiation of such an investigation in the Federal Register. The date of publication of such notice shall be considered the date on which the question is presented to the Secretary within the meaning of subsection (a)(1).

"(5) The Secretary of the Treasury shall make all regulations he may deem necessary for the identification of such articles and merchandise and for the assessment and collection of the duties under this section. All determinations by the Secretary under this section, and all determinations by the Tariff Commission under subsection (b)(1) (whether affirmative or negative), shall be published in the Federal Register.

"(b) INJURY DETERMINATIONS WITH RESPECT TO DUTY FREE MERCHANDISE; SUSPENSION OF LIQUIDATION. (1) Whenever the Secretary of the Treasury has determined under subsection (a) that a bounty or grant is being paid or bestowed with respect to any article or merchandise which is free of duty, he shall—

"(A) so advise the United States Tariff Commission, and the Commission shall determine within three months thereafter, and after such investigation as it deems necessary, whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States; and the Commission shall notify the Secretary of its determination; and

"(B) require, under such regulations as he may prescribe, the suspension of liquidation as to such article or merchandise entered, or withdrawn from warehouse, for consumption, on or after the thirtieth day after the date of the publication in the Federal Register of his determination under subsection (a)(1), and such suspension of liquidation shall continue until the further order of the Secretary or until he has made public an order as provided for in paragraph (3) of this subsection.

"(2) For the purposes of this subsection, the Tariff Commission shall be deemed to have made an affirmative determination if the Commissioners of such Commission voting are evenly divided as to whether its determination should be in the affirmative or in the negative.

"(3) If the determination of the Tariff Commission under paragraph (1)(A) is in the affirmative, the Secretary shall make public an order directing the assessment and collection of duties in the amount of such bounty or grant as is from time to time ascertained and determined, or estimated, under subsection (a).

"(c) APPLICATION OF AFFIRMATIVE DETERMINATION. An affirmative determination by the Secretary of the Treasury under subsection (a)(1) with respect to any imported article or merchandise shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the thirtieth day after the date of the publication in the Federal Register of such determination. In the case of any imported article or merchandise which is free of duty, so long as a finding of injury is required by the international obligations of the United States, the preceding sentence shall apply only if the Tariff Commission makes an affirmative determination of injury under subsection (b)(1).

"(d) ARTICLES SUBJECT TO QUANTITATIVE LIMITATIONS.—Whenever the Secretary determines, after seeking information and advice from such agencies as he may deem appropriate, that any article is subject to a quantitative limitation imposed by the United States on its importation into, or subject to an effective quantitative limitation on its exportation to, the United States and that such quantitative limitation is an adequate substitute for the imposition of a duty under this section, the imposition of an additional duty under this section shall not be required.

"(e) TEMPORARY PROVISION WHILE NEGOTIATIONS ARE IN PROCESS.—If, after seeking information and advice from such agencies as he may deem appropriate, the Secretary determines, at any time before the day which is four years after the date of the enactment of this subsection, that the imposition of an additional duty under this section with respect to any article would be likely to seriously jeopardize the satisfactory completion of the negotiations contemplated by sections 101 and 102 of the Trade Reform Act of 1973, the imposition of such additional duty under this section with respect to such article shall not be required. In the case of a question presented on or after the day which is one year after the date of the enactment of this Act, this subsection shall not apply with respect to any article which is the product of facilities owned or controlled by a developed country if the investment in, or the operation of, such facilities, is subsidized."

And insert in lieu thereof:

"(2) In the case of any imported article or merchandise which is free of duty, duties may be imposed under this section only if there is an affirmative determination by the Commission under subsection (b)(1); except that such a determination shall not be required unless a determination of injury is required by the international obligations of the United States.

"(3) In the case of any imported article or merchandise as to which the Secretary of the Treasury (hereafter in this section referred to as the 'Secretary') has not determined whether or not any bounty or grant is being paid or bestowed—

"(A) upon the filing of a petition by any person setting forth his belief that a bounty or grant is being paid or bestowed, and the reasons therefor, or

"(B) whenever the Secretary concludes, from information presented to him or to any person to whom authority under this section has been delegated, that a formal investigation is warranted into the question of whether a bounty or grant is being paid or bestowed, the Secretary shall initiate a formal investigation to determine whether or not any bounty or grant is being paid or bestowed and shall publish in the Federal Register notice of the initiation of such investigation.

"(4) Within six months from the date on which a petition is filed under paragraph (3)(A) or on which notice is published of an investigation initiated under paragraph (3)(B), the Secretary shall make a preliminary determination, and within twelve months from such date shall make a final determination, as to whether or not any bounty or grant is being paid or bestowed.

"(5) The Secretary shall from time to time ascertain and determine, or estimate, the net amount of each such bounty or grant, and shall declare the net amount so determined or estimated.

"(6) The Secretary shall make all regulations he deems necessary for the identification of articles and merchandise subject to duties under this section and for the assessment and collection of such duties. All determinations by the Secretary under this section, and all determinations by the Commission under subsection (b)(1), (whether affirmative or negative) shall be published in the Federal Register.

"(b) INJURY DETERMINATIONS WITH RESPECT TO DUTY-FREE MERCHANDISE; SUSPENSION OF LIQUIDATION.—(1) Whenever the Secretary makes a final determination under subsection (a) that a bounty or grant is being paid or bestowed with respect to any article or merchandise which is free of duty and a determination by the Commission is required under subsection (a)(2), he shall—

"(A) so advise the Commission, and the Commission shall determine within three months thereafter, and after such investigation as it deems necessary, whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States; and the Commission shall notify the Secretary of its determination; and

"(B) require, under such regulations as he may prescribe, the suspension of liquidation as to such article or merchandise entered, or withdrawn from warehouse, for consumption on or after the date of the publication in the Federal Register of his final determination under subsection (a), and such suspension of *liquidation shall* continue until the further order of the Secretary or until he has made public an order as provided for in paragraph (3).

"(2) For the purposes of this subsection, the Commission shall be deemed to have made an affirmative determination if the commissioners voting are evenly divided as to whether its determination should be in the affirmative or in the negative.

"(3) If the determination of the Commission under paragraph (1)(A) is in the affirmative, the Secretary shall make public an order directing the assessment and collection of duties in the amount of such bounty or grant as is from time to time ascertained and determined, or estimated, under subsection (a).

"(c) Application of Affirmative Determination.—An affirmative final determination by the Secretary under subsection (a) with respect to any imported article or merchandise shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the publication in the Federal Register of such determination. In the case of any imported article or merchandise which is free of duty, so long as a finding of injury is required by the international obligations of the United States, the preceding sentence shall apply only if the Commission makes an affirmative determination of injury under subsection (b)(1).

"(d) Temporary Provision While Negotiations Are in Process.—(1) It is the sense of the Congress that the President, to the extent practicable and consistent with United States interests, seek through negotiations the establishment of internationally agreed rules and procedures governing the use of subsidies (and other export incentives) and the application of countervailing duties.

"(2) If, after seeking information and advice from such agencies as he may deem appropriate, the Secretary of the Treasury determines, at any time during the two-year period beginning on the date of the enactment of the Trade Reform Act of 1974, that—

"(A) adequate steps have been taken to reduce substantially or eliminate during such period the adverse effect of a bounty or grant which he has determined is being paid or bestowed with respect to any article or merchandise;

"(B) there is a reasonable prospect that, under section 102 of the Trade Reform Act of 1974, successful trade agreements will be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to or other distortions of international trade; and

"(C) the imposition of the additional duty under this section with respect to such article or merchandise would be likely to seriously jeopardize the satisfactory completion of such negotiations;

the imposition of the additional duty under this section with respect to such article or merchandise shall not be required during the remainder of such two-year period.

"(3) The determination of the Secretary under paragraph (2) may be revoked by him, in his discretion, at any time, and any determination made under such paragraph shall be revoked whenever the basis supporting such determination no longer exists. The additional duty provided under this section shall apply with respect to any affected articles or merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of any revocation under this subsection in the Federal Register.

"(e) Reports to Congress.—(1) Whenever the Secretary makes a determination under subsection (d)(2) with respect to any article or merchandise, he shall promptly transmit to the House of Representatives and the Senate a document setting forth the determination, together with his reasons therefor.

"(2) If, at any time after the document referred to in paragraph (1) is delivered to the House of Representatives and the Senate, either the House or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval under the procedures set forth in section 152, then such determination under subsection (d)(2) with respect to such article or merchandise shall have no force or effect beginning with the day after the date of the adoption of such resolution of disapproval, and the additional duty provided under this section with respect to such article or merchandise shall apply with respect to articles or merchandise entered, or withdrawn from warehouse, for consumption on or after such day.".

On page 231, in line 5, strike out the words "Section 516 of the Tariff Act of 1930 (19 U.S.C. sec. 1516)" and insert in lieu thereof the words "So much of section 516 of the Tariff Act of 1930 (19 U.S.C. 1516) as precedes subsection (d)".

On page 233, beginning at line 20, insert the following new language:

(c) Section 515(d) of the Tariff Act of 1930 (19 U.S.C. 1315(d)) is amended by inserting before the period at the end thereof "or the imposition of countervailing duties under section 303".

On page 233, beginning at line 24, strike out the following language:

(c)(1) Except as provided in paragraph (2), the amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) The last sentence of section 303(a)(1) of the Tariff Act of 1930 (as added by subsection (a) of this section) shall apply only with respect to questions presented on or after the date of the enactment of this Act.

And insert in lieu thereof:

(d)(1) The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) For purposes of applying the provisions of section 303(a)(4) of the Tariff Act of 1930 (as amended by subsection (a)) with respect to any investigation which was initiated before the date of the enactment of this Act under section 303 of such Act (as in effect before such date), such investigation shall be treated as having been initiated on the day after such date of enactment under section 303(a)(3)(B) of such Act.

On page 235, beginning at line 2, strike out the following language:

Sec. 341. Amendments to Section 337 of the
Tariff Act of 1930.

(a) Section 337 of the Tariff Act of 1930 (19 U.S.C. sec. 1337) is amended by redesignating subsection (h) as subsection (i) and by inserting immediately after subsection (g) the following new subsection:

"(h) United States Patents.—The foregoing provisions of subsections (c) through (g) do not apply with respect to alleged unfair methods of competition and unfair acts based upon the claims of United States letters patent. Such alleged violations shall be dealt with by the commission as hereinafter provided:

"(1) Whenever the commission has reason to believe from the evidence in its possession that any article entered into the United States in violation of this section would, in the absence of exclusion, result in immediate and substantial harm, the Secretary of the Treasury shall, upon the commission's order in writing, exclude such articles from entry until an investigation by the commission may be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary.

"(2) Whenever the existence of any such unfair method or act shall be established to the satisfaction of the commission, the commission shall order that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this section, shall be excluded from entry into the United States, and upon information of such action by the commission, the Secretary of the Treasury shall, through the proper officers, refuse such entry. The decision of the commission shall be final.

"(3) Any refusal of entry under this section shall continue in effect until the commission shall find and instruct the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.

"(4) Any order entered pursuant to this subsection shall be made on the record after opportunity for a full hearing, including the opportunity to present legal defenses. Any person adversely affected by an action of the commission or refusal of the commission to act shall have the right to seek judicial review in the United States Court of Customs and Patent Appeals within such time after said action is made and in such manner as appeals may be taken from decisions of the United States Customs Court."

(b) Subsection (a) of such section 337 is amended by striking out "by the President".

(c) Subsection (b) of such section 337 is amended by striking out "To assist the President in making any decisions under this section the" and inserting in lieu thereof "The".

And insert in lieu thereof:

Sec 341. Amendment to Section 337 of the
Tariff Act of 1930.

(a) Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended to read as follows:

"Sec. 337. Unfair Practices in Import Trade.

"(a) Unfair Methods of Competition Declared Unlawful.—Unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are declared unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provisions of law, as provided in this section.

"(b) Investigations of Violations by Commission; Time Limits.—(1) The Commission shall investigate any alleged violation of this section on complaint under oath or upon its initiative. Upon commencing any such investigation, the Commission shall publish notice thereof in the Federal Register. The Commission shall conclude any such investigation, and make its determination under this section, at the earliest practicable time, but not later than one year (18 months in more complicated cases) after the date of publication of notice of such investigation. The Commission shall publish in the Federal Register its reasons for designating any investigation as a more complicated investigation. For purposes of the one-year and

18-month periods prescribed by this subsection, there shall be excluded any period of time during which such investigation is suspended because of proceedings in a court or agency of the United States involving similar questions concerning the subject matter of such investigation.

"(2) During the course of each investigation under this section, the Commission shall consult with, and seek advice and information from, the Department of Health, Education, and Welfare, the Department of Justice, the Federal Trade Commission, and such other departments and agencies as it considers appropriate.

"(3) Whenever, in the course of an investigation under this section, the Commission has reason to believe, based on information before it, that the matter may come within the purview of section 303 or of the Antidumping Act, 1921, it shall promptly notify the Secretary of the Treasury so that such action may be taken as is otherwise authorized by such section and such Act.

"(c) Determinations; Review.—The Commission shall determine, with respect to each investigation conducted by it under this section, whether or not there is a violation of this section. Each determination under subsection (d) or (e) shall be made on the record after notice and opportunity for a hearing in conformity with the provisions of subchapter II of chapter 5 of title 5, United States Code. All legal and equitable defenses may be presented, and, in cases based on claims of United States letters patent, defenses based on claims of price gouging may be presented. Any person adversely affected by a final determination of the Commission under subsection (d) or (e) may appeal such determination to the United States Court of Customs and Patent Appeals. Such court shall have jurisdiction to review such determination in the same manner and subject to the same limitations and conditions as in the case of appeals from decisions of the United States Customs Court.

"(d) Exclusions of Articles From Entry.—If the Commission determines, as a result of an investigation under this section, that there is violation of this section, it shall direct that the articles concerned, imported by any person violating the provision of this section, be excluded from entry into the United States, unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry. The Commission shall notify the Secretary of the Treasury of its action under this subsection directing such exclusion from entry, and upon receipt of such notice, the Secretary shall, through the proper officers, refuse such entry.

"(e) Exclusion of Articles From Entry During Investigation Except Under Bond.—If, during the course of an investigation under this section, the Commission determines that there is reason to believe that there is a violation of this section, it may direct that the articles concerned, imported by any person with respect to whom there is reason to believe that such person is violating this section, be excluded from entry into the United States, unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry. The Commission shall notify the Secretary of the Treasury of its action under this subsection directing such exclusion from entry, and upon receipt of such notice, the Secretary shall, through the proper officers, refuse such entry, except that such articles shall be entitled to entry under bond determined by the Commission and prescribed by the Secretary.

"(f) Cease and Desist Orders.—In lieu of taking action under subsection (d) or (e), the Commission may issue and cause to be served on any person violating this section, or believed to be violating this section, as the case may be, an order directing such person to cease and desist from engaging in the unfair methods or acts involved, unless after considering the effect of such order upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such order should not be issued. The Commission may at any time, upon such notice and in such manner as it deems proper, modify or revoke any such order, and, in the case of a revocation, may take action under subsection (d) or (e), as the case may be.

"(g) Referral to the President.—(1) If the Commission determines that there is a violation of this section, or that, for purposes of subsection (e), there is reason to believe that there is such a violation, it shall—

"(A) publish such determination in the Federal Register, and

"(B) transmit to the President a copy of such determination and the action taken under subsection (d), (e), or (f), with respect thereto, together with the record upon which such determination is based.

"(2) If, before the close of the 60-day period beginning on the day after the day on which he receives a copy of such determination, the President, for policy reasons, disapproves such determination and notifies the Commission of his disapproval, then, effective on the date of such notice, such determination and the action taken under subsection (d), (e), or (f) with respect thereto shall have no force or effect.

"(3) Subject to the provisions of paragraph (2), such determination shall, except for purposes of subsection (c), be effective upon publication thereof in the Federal Register, and the action taken under subsection (d), (e), or (f) with respect thereto shall be effective as provided in such subsections, except that articles directed to be excluded from entry under subsection (d) or subject to a cease and desist order under subsection (f) shall be entitled to entry under bond determined by the Commission and prescribed by the Secretary until such determination becomes final.

"(4) If the President does not disapprove such determination within such 60-day period, or if he notifies the Commission before the close of such period that he approves such determination, then, for purposes of paragraph (3) and subsection (c) such determination shall become final on the day after the close of such period or the day on which the President notifies the Commission of his approval, as the case may be.

"(h) Period of Effectiveness.—Except as provided in subsections (f) and (g), any exclusion from entry or order under this section shall continue in effect until the Commission finds, and in the case of exclusion from entry notifies the Secretary of the Treasury, that the conditions which led to such exclusion from entry or order no longer exist.

"(i) Importations by or for the United States.—Any exclusion from entry or order under subsection (d), (e), or (f), in cases based on claims of United States letters patent, shall not apply to any articles imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government. Whenever any article would have been excluded from entry or would not have been entered pursuant to the provisions of such subsections but for the operation of this subsection, a patent owner adversely affected shall be entitled to reasonable and entire compensation in an action before the Court of Claims pursuant to the procedures of section 1498 of title 28, United States Code.

"(j) Definition of United States.—For purposes of this section and sections 338 and 340, the term 'United States' means the customs territory of the United States as defined in general headnote 2 of the Tariff Schedules of the United States."

(b) Section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) is amended by adding at the end thereof the following new sentence: "Each such annual report shall include a list of all complaints filed under section 337 during the year for which such report is being made, the date on which each such complaint was filed, and the action taken thereon, and the status of all investigations conducted by the commission under such section during such year and the date on which each such investigation was commenced."

(c) The amendments made by this section shall take effect on the 90th day after the date of the enactment of this Act, except that, for purposes of issuing regulations under section 337 of the Tariff Act of 1930, such amendments shall take effect on the date of the enactment of this Act. For purposes of applying section 337(b) of the Tariff Act of 1930 (as amended by subsection (a)) with respect to investigations being conducted by the International Trade Commission under section 337 of the Tariff Act on the day prior to the 90th day after the date of the enactment of this Act, such investigations shall be considered as having been commenced on such 90th day.

On page 245, in line 8, strike out the word "Enjoying" and insert in lieu thereof the words "Currently Receiving".

On page 245, in line 16, strike out the words "column 1 tariff treatment" and insert in lieu thereof the words "the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States".

On page 247, in line 16, strike out the words "column 1 tariff treatment" and insert in lieu thereof the words "the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States".

On page 247, beginning at line 20, insert the following new language:

Sec. 403. United States Personnel Missing in Action in Southeast Asia

(a) Notwithstanding any other provision of law, if the President determines that a nonmarket economy country is not cooperating with the United States—

(1) to achieve a complete accounting of all United States military and civilian personnel who are missing in action in Southeast Asia,

(2) to repatriate such personnel who are alive, and

(3) to return the remains of such personnel who are dead to the United States,

then during the period beginning with the date of such determination and ending on the date on which the President determines such country is cooperating with the United States—

(A) the products of such country may not receive nondiscriminatory treatment,

(B) such country may not participate, directly or indirectly, in any program under which the United States extends credit, credit guarantees, or investment guarantees, and

(C) no commercial agreement entered into under this title between such country and the United States will take effect.

(b) After the date of the enactment of this Act, (1) a nonmarket economy country may receive nondiscriminatory treatment, (2) such country may participate in a program under which the United States extends credit, credit guarantees, or investment guarantees, and (3) a commercial agreement between the United States and such country entered into under this title may take effect under the provisions of this title, only after the President has submitted to the Congress a report indicating that such country is cooperating with the United States as described in subsection (a). Such report shall include information as to the nature of the cooperation by such country with the United States in securing an accounting for military and civilian personnel who are missing in action, the repatriation of those who are alive, and the recovery of the remains of those who are dead. The report required by this subsection shall be submitted initially as provided herein and, with current information, on or before each June 30 and December 31 thereafter so long as such treatment is received, such credits or guarantees are extended, or such agreement is in effect.

(c) This section shall not apply to any country the products of which are eligible for the rates set forth in rate column numbered 1 of the Tariff Schedules of the United States on the date of the enactment of this Act.

On page 349, in line 18, strike out the number "403." and insert in lieu thereof the number "404.".

On page 249, beginning at line 20, strike out the following language:

(a) The President may by proclamation extend nondiscriminatory treatment to the products of a foreign country which—

(1) has entered into a bilateral commercial agreement referred to in section 404, or

(2) has become a party to an appropriate multilateral trade agreement to which the United States is also a party.

No such proclamation may take effect before the close of the applicable 90 day period referred to in section 406(c).

And insert in lieu thereof:

(a) Subject to the provisions of section 405(c), the President may by proclamation extend nondiscriminatory treatment to the products of a foreign country which has entered into a bilateral commercial agreement referred to in section 405.

On page 250, in line 13, strike out the words "or multilateral agreement".

On page 250, in line 24, strike out the words "column 2 rate" and insert in lieu thereof the words "rates set forth in rate column numbered 2 of the Tariff Schedules of the United States".

On page 251, in line 3, strike out the number "404." and insert in lieu thereof the number "405.".

On page 251, in line 6, strike out "(d)" and insert in lieu thereof "(c)".

On page 251, in line 18, strike out the words "trade concessions" and insert in lieu thereof the words "concessions in trade and services".

On page 251, in line 20, strike out the word "each" and insert in lieu thereof the word "such".

On page 252, beginning at line 8, strike out the following language:

(3) provide safeguard arrangements necessary *to* prevent disruption of domestic markets;

(4) if the other party to the bilateral agreement is not a party to the Paris Convention for the Protection or Industrial Property, provide rights for United States nationals with respect to patents in such country not less than the rights specified in such convention;

(5) provide arrangements for the settlement of commercial differences and disputes; and

(6) provide for consultations for the purpose of reviewing the operation of the agreement and relevant aspects of relations between the United States and the other party.

(c) Bilateral commercial agreements referred to in subsection (a) may, in addition, include provisions concerning—

(1) arrangements for the protection of industrial rights and processes, trademarks, and copyrights;

(2) arrangements for the promotion of trade, including those for the establishment or expansion of trade and tourist promotion offices, for facilitation of activities of governmental commercial officers, participation in trade fairs and exhibits and the sending of trade missions, and for facilitation of entry, establishment, and travel of commercial representatives; and

(3) such other arrangements of a commercial nature as will promote the purposes stated in section 2.

(d) An agreement referred to in subsection (a), and a proclamation referred to in section 403(a), shall take effect only if, during the 90-day period referred to in section 406 (c), a disapproval resolution referred to in section 151 is not adopted.

And insert in lieu thereof:

(3) include safeguard arrangements (A) providing for prompt consultations whenever either actual or prospective imports cause or threaten to cause, or significantly contribute to, market disruption and (B) authorizing the imposition of such import restrictions as may be appropriate to prevent such market disruption;

(4) if the other party to the bilateral agreement is not a party to the Paris Convention for the Protection of Industrial Property, provide rights for United States nationals with respect to patents and trademarks in such country not less than the rights specified in such convention;

(5) if the other party to the bilateral agreement is not a party to the Universal Copyright Convention, provide rights for United States nationals with respect to copyrights in such country not less than the rights specified in such convention;

(6) in the case of an agreement entered into or renewed after the date of the enactment of this Act, provide arrangements for the protection of industrial rights and processes;

(7) provide arrangements for the settlement of commercial differences and disputes;

(8) in the case of an agreement entered into or renewed after the date of the enactment of this Act, provide arrangements for the promotion of trade, which may include those for the establishment or expansion of trade and tourist promotion offices, for facilitation of activities of governmental commerical officers, participation in trade fairs and exhibits, and the sending of trade missions, and for facilitation of entry, establishment, and travel of commercial representatives;

(9) provide for consultations for the purpose of reviewing the operation of the agreement and relevant aspects of relations between the United States and the other party; and

(10) provide such other arrangements of a commercial nature as will promote the purposes of this Act.

(c) An agreement referred to in subsection (a), and a proclamation referred to in section 404(a) implementing such agreement, shall take effect only if (1) approved by the Congress by the adoption of a concurrent resolution referred to in section 151, or (2) in the case of an agreement entered into before the date of the enactment of this Act and a proclamation implementing such agreement, a resolution of disapproval referred to in section 152 is not adopted during the 90-day period specified by section 407(c)(2).

On page 255, in line 14, strike out the number "405." and insert in lieu thereof the number "406.".

On page 255, beginning at line 15, strike out the following language:

(a) A petition may be filed, or a Tariff Commission investigation otherwise initiated, under section 201 of this Act in respect of imports of an article manufactured or produced in a country, the products of which are receiving nondiscriminatory treatment pursuant to this title, in which case the Tariff Commission shall determine (in lieu of the determination described in section 201(b) of this Act) whether imports of such article produced in such country are causing or are likely to cause market disruption and material injury to a domestic industry producing like or directly competitive articles.

(b) For purposes of sections 202 and 203, an affirmative determination of the Tariff Commission pursuant to subsection (a) of this section shall be treated as an affirmative determination of the Tariff Commission pursuant to section 201(b) of this Act; except that the President, in taking action pursuant to section 203(b), may adjust imports of the article from the country in question without taking action in respect of imports from other countries.

(c) For purposes of this section, market disruption exists whenever imports of a like or directly competitive article are substantial, are increasing rapidly both absolutely and as a proportion of total domestic consumption, and are offered at prices substantially below those of comparable domestic articles.

And insert in lieu thereof:

(a)(1) Upon the filing of a petition by an entity described in section 201(a)(1), upon request of the President or the Special Representative for Trade Negotiations, upon resolution of either the Committee on Ways and Means of the House of Representatives or the Committee on Finance of the Senate, or on its own motion, the International Trade Commission (hereafter in this section referred to as the "Commission") shall promptly make an investigation to determine, with respect to imports of an article which is the product of a Communist country, whether market disruption exists with respect to an article produced by a domestic industry.

(2) The provisions of subsections (a)(2), (b)(3), and (c) of section 201 shall apply with respect to investigations by the Commission under paragraph (1).

(3) The Commission shall report to the President its determination with respect to each investigation under paragraph (1) and the basis therefor and shall include in each report any dissenting or separate views. If the Commission finds, as a result of its investigation, that market disruption exists with respect to an article produced by a domestic industry, it shall find the amount of the increase in, or imposition of, any duty or other import restriction on such article which is necessary to prevent or remedy such market disruption and shall include such finding in its report to the President. The Commission shall furnish to the President a transcript of the hearings and any briefs which may have been submitted in connection with each investigation.

(4) The report of the Commission of its determination with respect to an investigation under paragraph (1) shall be made at the earliest practicable time, but not later

than 3 months after the date on which the petition is filed (or the date on which the request or resolution is received or the motion is adopted, as the case may be). Upon making such report to the President, the Commission shall also promptly make public such report (with the exception of information which the Commission determines to be confidential) and shall cause a summary thereof to be published in the Federal Register.

(b) For purposes of sections 202 and 203, an affirmative determination of the Commission under subsection (a) shall be treated as an affirmative determination under section 201(b), except that—

(1) the President may take action under sections 202 and 203 only with respect to imports from the country or countries involved of the article with respect to which the affirmative determination was made, and

(2) if such action consists of, or includes, an orderly marketing agreement, such agreement shall be entered into within 60 days after the import relief determination date.

(c) If, at any time, the President finds that there are reasonable grounds to believe, with respect to imports of an article which is the product of a Communist country, that market disruption exists with respect to an article produced by a domestic industry, he shall request the Commission to initiate an investigation under subsection (a). If the President further finds that emergency action is necessary, he may take action under sections 202 and 203 as if an affirmative determination of the Commission had been made under subsection (a). Any action taken by the President under the preceding sentence shall cease to apply (1) if a negative determination is made by the Commission under subsection (a) with respect to imports of such article, on the day on which the Commission's report of such determination is submitted to the President, or (2) if an affirmative determination is made by the Commission under subsection (a) with respect to imports of such article, on the day on which the action taken by the President pursuant to such determination becomes effective.

(d)(1) A petition may be filed with the Special Representative for Trade Negotiations by an entity described in section 201(a)(1) requesting the Special Representative to initiate consultations provided for by the safeguard arrangements of any agreement entered into under section 405 with respect to imports of an article which is the product of the country which is the other party to such agreement.

(2) If the Special Representative determines that there are reasonable grounds to believe, with respect to imports of such article, that market disruption exists with respect to an article produced by a domestic industry, he shall initiate consultations with such country with respect to such imports.

(e) For purposes of this section—

(1) The term "Communist country" means any country dominated or controlled by communism.

(2) Market disruption exists within a domestic industry whenever an article is being, or is likely to be, imported into the United States in such increased quantities as to be a significant cause of material injury, or the threat thereof, to such domestic industry.

On page 260, in line 5, strike out the number "406." and insert in lieu thereof the number "407.".

On page 260, in line 5, strike out the words "Disapproval of Extension or Continuance of Nondiscriminatory Treatment" and insert in lieu thereof the words "Approval or Disapproval of Extension of Nondiscriminatory Treatment and Presidential Reports".

On page 260, in line 12, strike out the number "403" and insert in lieu thereof the number "404".

On page 260, beginning at line 18, strike out the following language:

(b) On or before December 31 of each year, the President shall transmit to the Congress, with respect to each foreign country the products of which are receiving nondiscriminatory treatment under this title, a document containing the report required by section 402(b) to be submitted on or before December 31.

And insert in lieu thereof:

(b) The President shall transmit to the House of Representatives and the Senate a document containing the initial report submitted by him under section 402(b) or 403(b) with respect to a nonmarket economy country. On or before December 31 of each year, the President shall transmit to the House of Representatives and the Senate, a document containing the report required by section 402(b) or 403(b), as the case may be, to be submitted on or before such December 31.

On page 261, beginning at line 8, strike out the following language:

(c) If, before the close of the 90-day period beginning on the day on which the copy of the document referred to in subsection (a) or (b) is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval (under the procedures set forth in section 151) of the extension of nondiscriminatory treatment to the products of such country or for the continuing in effect of nondiscriminatory treatment with respect to such products, as the case may be, then, beginning with the day after the date of the adoption of such resolution of disapproval, nondiscriminatory treatment shall not be in force with respect to the products of such country, and the products of such country shall be dutiable at the column 2 rate.

And insert in lieu thereof:

(c)(1) In the case of a document referred to in subsection (a) (other than a document to which paragraph (2) applies), the proclamation set forth therein may become effective and the agreement set forth therein may enter into force and effect only if the House of Representatives and the Senate adopt, by an affirmative vote of a minority of those present and voting in each House, a concurrent resolution of approval (under the procedures set forth in section 151) of the extension of nondiscriminatory treatment to the products of the country concerned.

(2) In the case of a document referred to in subsection (a) which sets forth an agreement entered into before the date of the enactment of this Act and a proclamation implementing such agreement, such proclamation may become effective and such agreement may enter into force and effect after the close of the 90-day period beginning on the day on which such document is delivered to the House of Representatives and to the Senate, unless during such 90-day period either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval (under the procedures set forth in section 152) of the extension of nondiscriminatory treatment to the products of the country concerned.

(3) In the case of a document referred to in subsection (b) which contains a report submitted by the President under section 402(b) or 403(b) with respect to a nonmarket economy country, if, before the close of the 90-day period beginning on the day on which such document is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a Senate adopts, by an affirmative vote of a House, a resolution of disapproval (under the procedures set forth in section 152) of the report submitted by the President with respect to the products of such country, and the the day after the date of the adoption of such resolution of disapproval, (A) nondiscriminatory treatment shall not be in force with respect to the products of such country, and the products of such country shall be dutiable at the rates set forth in rate column numbered 2 of the Tariff Schedules of the United States, (B) such country may not participate in any program of the Government of the United States which extends credit or credit guarantees or investment guarantees, and (C) no commercial agreement may thereafter be concluded with such country under this title.

On page 263, beginning at line 18, strike out the following language:

Sec. 407. Effects of Other Laws.

The President shall from time to time reflect in general headnote 3(e) of the Tariff Schedules of the United States the provisions of this title and proclamations issued thereunder, as appropriate.

On page 264, beginning at line 1, insert the following new language:

Sec. 408. Payment by Czechoslovakia of Amounts Owed United States Citizens and Nationals.

Notwithstanding any other provision of law, Czechoslovakia shall not be eligible to receive most-favored-nation treatment or to participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly, and the Government of the United States shall not consent to the release to Czechoslovakia of any gold belonging to that nation and controlled directly or indirectly by the United States pursuant to the provisions of the Paris Reparations Agreement of January 24, 1946, or otherwise, until the Government of Czechoslovakia first pays all principal amounts it owes to citizens or nationals of the United States on awards heretofore rendered against that nation by the Foreign Claims Settlement Commission of the United States under the provisions of Public Law 85-604 (22 U.S.C. 1642 et seq.).

On page 265, in line 12, strike out the words "which, as of the date of entry or withdrawal from warehouse for consumption," and insert in lieu thereof the word "which".

On page 266, in line 1, strike out the number "30" and insert in lieu thereof the number "60".

On page 266, in line 2, after the word "Senate" insert the words "and has notified each country".

On page 266, beginning at line 6, strike out the following language:

(3) For purposes of this title, the term "country" means any foreign country, any overseas dependent territory or possession of a foreign country, any insular possession of the United States, or the Trust Territory of the Pacific Islands. In the case of any association of countries for trade purposes no member of which is barred from designation under subsection (b), the President may by Executive order provide that all members of such association shall be treated as one country for purposes of this title.

And insert in lieu thereof:

(3) For purposes of this title, the term "country" means any foreign country, any

overseas dependent territory or possession of a foreign country, or the Trust Territory of the Pacific Islands. In the case of an association of countries which is a free trade area or customs union, the President may by Executive order provide that all members of such association other than members which are barred from designation under subsection (b) shall be treated as one country for purposes of this title.

On page 267, beginning at line 13, strike out the following language:

(1) if the products of such country do not receive nondiscriminatory treatment by reason of general headnote 3(e) to the Tariff Schedules of the United States; or

(2) if such country affords preferential treatment to the products of a developed country other than the United States, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated before January 1, 1976.

And insert in lieu thereof:

(1) if such country is dominated or controlled by communism;

(2) if such country is a member of the Organization of Petroleum Exporting Countries;

(3) if such country is a party to any arrangement with other foreign countries, the effect of which is to withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level which causes serious disruption of the world economy;

(4) if such country accords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated before January 1, 1976, or that action will be taken before January 1, 1976, to assure that there will be no such significant adverse effect, and he reports those assurances to the Congress;

(5) if such country—

(A) has nationalized, expropriated, or otherwise seized ownership or control of property owned by a United States citizen or by a corporation, partnership, or association which is 50 percent or more beneficially owned by United States citizens,

(B) has taken steps to repudiate or nullify an existing contract or agreement with a United States citizen or a corporation, partnership, or association which is 50 percent or more beneficially owned by United States citizens, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of property so owned, or

(C) has imposed or enforced taxes or other exactions, restrictive maintenance or operational conditions, or other measures with respect to property so owned, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of such property,

unless—

(D) the President determines that—

(i) prompt, adequate, and effective compensation has been or is being made to such citizen, corporation, partnership, or association,

(ii) good faith negotiations to provide prompt, adequate, and effective compensation under the applicable provisions of international law are in progress, or such country is otherwise taking steps to discharge its obligations under international law with respect to such citizen, corporation, partnership, or association, or

(iii) a dispute involving such citizen, corporation, partnership, or association over compensation for such a seizure has been submitted to arbitration under the provisions of the Convention for the Settlement of Investment Disputes, or in another mutually agreed upon forum, and

promptly furnishes a copy of such determination to the Senate and House of Representatives; and

(6) if such country does not take adequate steps to prevent narcotic drugs and other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 812)) produced, processed, or transported in such country from entering the United States unlawfully.

On page 271, beginning at line 3, strike out the following language:

(4) whether or not such country has nationalized, expropriated, or seized ownership or control of property owned by a United States citizen, or by any corporation, partnership, or association not less than 50 percent beneficially owned by citizens of the United States, without provision for the payment of prompt, adequate, and effective compensation.

And insert in lieu thereof:

(4) the extent to which such country has assured the United States it will provide equitable and reasonable access to the markets and basic commodity resources of such country.

(d) General headnote 3(a) to the Tariff Schedules of the United States (19 U.S.C. 1202) (relating to products of insular possessions) is amended by adding at the end thereof the following new paragraph:

"(iii) Subject to the limitations imposed under sections 503(b) and 504(c) of the Trade Reform Act of 1974, articles designated eligible articles under section 503 of such Act which are imported from an insular possession of the United States shall receive duty treatment no less favorable than the treatment afforded such articles imported from a beneficiary developing country under title V of such Act."

(e) The President may exempt from the application of paragraphs (2) and (3) of subsection (b) any country during the period during which such country (A) is a party to a bilateral or multilateral trade agreement to which the United States is also a party if such agreement fulfills the negotiating objectives set forth in section 108 of assuring the United States fair and equitable access at reasonable prices to supplies of articles of commerce important to the economic requirements of the United States and (B) is not in violation of such agreement by action denying the United States such fair and equitable access.

On page 272, beginning at line 13, strike out the following language:

(a) The President shall, from time to time, publish and furnish the Tariff Commission with lists of articles which may be considered for designation as eligible articles for purposes of this title. Before any such list is furnished to the Tariff Commission, there shall be in effect an Executive order under section 502 designating beneficiary developing countries. Before any action is taken under section 501 to provide duty-free treatment for any article, the provisions of sections 131, 132, 133, and 134 of this Act shall be complied with as though action under section 501 were action under section 101 of this Act to carry out a trade agreement entered into under section 101.

(b) The duty-free treatment provided under section 501 with respect to any eligible article shall apply only—

(1) to an article which is imported directly from a beneficiary developing country into the customs territory of the United States; and

(2) if the sum of (A) the cost or value of the materials produced in the beneficiary developing country plus (B) the direct costs of processing operations performed in the beneficiary developing country equal or exceed the prescribed percentage of the appraised value of the article at the time of its entry into the customs territory of the United States.

(c)(1) For purposes of subsection (b)(2), the prescribed percentage shall be that percentage, not less than 35 percent and not more than 50 percent of the appraised value, prescribed by the Secretary of the Treasury by regulations. Such percentage, which may be modified from time to time, shall apply uniformly to all articles from all beneficiary developing countries.

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this subsection and subsection (b).

(d) No article shall be an eligible article for purposes of this title for any period during which such article is the subject of any action proclaimed pursuant to section 203 of this Act or section 351 of the Trade Expansion Act of 1962.

And insert in lieu thereof:

(a) The President shall, from time to time, publish and furnish the International Trade Commission with lists of articles which may be considered for designation as eligible articles for purposes of this title. Before any such list is furnished to the Commission, there shall be in effect an Executive order under section 502 designating beneficiary developing countries. The provisions of sections 131, 132, 133, and 134 of this Act shall be complied with as though action under section 501 were action under section 101 of this Act to carry out a trade agreement entered into under section 101. After receiving the advice of the Commission with respect to the listed articles, the President shall designate those articles he considers appropriate to be eligible articles for purposes of this title by Executive order.

(b) The duty-free treatment provided under section 501 with respect to any eligible article shall apply only—

(1) to an article which is imported directly from a beneficiary developing country into the customs territory of the United States; and

(2)(A) if the sum of (i) the cost or value of the materials produced in the beneficiary developing country plus (ii) the direct costs of processing operations performed in such beneficiary developing country is not less than 35 percent of the appraised value of such article at the time of its entry into the customs territory of the United States; or

(B) if the sum of (i) the cost or value of the materials produced in 2 or more countries which are members of the same association of countries which is treated as one country under section 502(a)(3), plus (ii) the direct costs of processing operations performed in such countries is not less than 50 percent of the appraised value of such article at the time of its entry into the customs territory of the United States.

For purposes of paragraph (2)(A), the term "country" does not include an association of countries which is treated as one country under section 502(a)(3) but does include a country which is a member of any such association. The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this subsection.

(c) No article shall be an eligible article for purposes of this title for any period during which such article is the subject of any action proclaimed pursuant to section 203 of this Act or section 232 or 351 of the Trade Expansion Act of 1962.

On page 276, beginning at line 7, strike out the following language:

(b) The President shall withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation—

(1) the products of such country are excluded from the benefit of nondiscriminatory treatment by reason of general headnote 3(e) to the Tariff Schedules of the United States; or

(2) he determines that such country has not eliminated or will not eliminate preferential treatment accorded by it to the products of a developed country other than the United States before January 1, 1976.

(c) Whenever the President determines that any country—

(1) has exported (directly or indirectly) to the United States a quantity of such article having an appraised value of more than $25,000,000 during any calendar year, or

(2) has exported (either directly or indirectly) to the United States a quantity of any article equal to or exceeding 50 percent of the value of the total imports of such article into the United States during any calendar year,

then, not later than 60 days after the close of such calendar year, such country shall not be treated as a beneficiary developing country with respect to such article unless, on or before such 60th day, the President determines and publishes that it is in the national interest to designate, or to continue the designation of, such country as a beneficiary developing country with respect to such article.

And insert in lieu thereof:

(b) The President shall, after complying with the requirements of section 502(a)(2), withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation, he determines that as the result of changed circumstances such country would be barred from designation as a beneficiary developing country under section 502(b). Such country shall cease to be a beneficiary developing country on the day on which the President issues an Executive order revoking his designation of such country under section 502.

(c)(1) Whenever the President determines that any country—

(A) has exported (directly or indirectly) to the United States during a calendar year a quantity of an eligible article having an appraised value in excess of an amount which bears the same ratio to $25,000,000 as the gross national product of the United States for the preceding calendar year, as determined by the Department of Commerce, bears to the gross national product of the United States for calendar year 1974, or

(B) except as provided in subsection (d), has exported (either directly or indirectly) to the United States a quantity of any eligible article equal to or exceeding 50 percent of the appraised value of the total imports of such article into the United States during any calendar year,

then, not later than 60 days after the close of such calendar year, such country shall not be treated as a beneficiary developing country with respect to such article, except that, if before such 60th day, the President determines and publishes in the Federal Register that, with respect to such country—

(i) there has been an historical preferential trade relationship between the United States and such country,

(ii) there is a treaty or trade agreement in force covering economic relations between such country and the United States, and

(iii) such country does not discriminate against, or impose unjustifiable or unreasonable barriers to, United States commerce,

then he may designate, or continue the designation of, such country as a beneficiary developing country with respect to such article.

(2) A country which is no longer treated as a beneficiary developing country with respect to an eligible article by reason of this subsection may be redesignated, subject to the provisions of section 502, a beneficiary developing country with respect to such article if imports of such article from such country did not exceed the limitations in paragraph (1) of this subsection during the preceding calendar year.

(d) Subsection (c)(1)(B) does not apply with respect to any eligible article if a like or directly competitive article is not produced in the United States.

On page 279, at the beginning of line 13, strike out "(d)" and insert in lieu thereof "(e)".

On page 280, in lieu 20, strike out the words "period, before the date on which the trade agreement is entered into, determined by him to be representative" and insert in lieu thereof the words "representative period".

On page 281, in lieu 5, strike out the words "period determined by him to be representative" and insert in lieu thereof the words "representative period".

On page 281, beginning at line 25, strike out the following language:

(7) The term "existing" without the specification of any date, when used with respect to any matter relating to entering into or carrying out a trade agreement or other action authorized by this Act, means existing on the day on which such trade agreement is entered into or such other action is taken, and, when referring to a rate of duty, refers to the nonpreferential rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing in column 1 of the Tariff Schedules of the United States on such day.

And insert in lieu thereof:

(7) The term "existing" means (A) when used, without the specification of any date, with respect to any matter relating to entering into or carrying out a trade agreement or other action authorized by this Act, existing on the day on which such trade agreement is entered into or such other action is taken; and (B) when used with respect to a rate of duty, the nonpreferential rate of duty (however established, and even through temporarily suspended by Act of Congress or otherwise) set forth in rate column numbered 1 of schedules 1 through 7 of the Tariff Schedules of the United States on the date specified or (if no date is specified) on the day referred to in clause (A).

On page 283, beginning at line 5, insert the following new language:

(10) The term "commerce" includes services associated with international trade.

On page 283, in line 14, strike out "1973" and insert in lieu thereof "1974".

On page 283, in line 19, strike out "1973" and insert in lieu thereof "1974".

On page 283, in line 24, strike out "1973" and insert in lieu thereof "1974".

On page 284, in line 6, strike out "1973" and insert in lieu thereof "1974".

On page 284, in line 9, after the word "paragraph (2)," insert the words "and inserting in lieu thereof the following: "unless extended under section 203 of the Trade Reform Act of 1974,"".

On page 284, at the end of line 14, strike out "(d)" and insert in lieu thereof "(e)".

On page 285, in line 11, strike out the word "TARIFF" and insert in lieu thereof the words "INTERNATIONAL TRADE".

On page 285, in line 13, strike out the word "Tariff" and insert in lieu thereof the words "International Trade".

On page 285, in line 18, strike out the word "Tariff".

On page 285, in line 20, strike out the word "Tariff".

On page 286, beginning at line 16, strike out the following language:

It is the sense of the Congress that effective international cooperation is necessary to put an end to the illicit production, smuggling, trafficking in, and abuse of dangerous drugs. In order to promote such cooperation, the President shall embargo trade and investment, public and private, with any nation when the President determines that the government of such country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. sec. 801 et seq.)) produced or processed, in whole or in part, in such country, or transported through such country, from entering the United States unlawfully. Such suspension shall continue until the President determines that the government of such country has taken adequate steps to carry out the purposes of this section.

And insert in lieu thereof the following:

The President shall submit a report to Congress at least once each calendar year listing those foreign countries in which narcotic drugs and other controlled substances (as listed under section 202 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 812)) are produced, processed, or transported for unlawful entry into the United States. Such report shall include a description of the measures such countries are taking to prevent such production, processing, or transport.

SEC. 607. VOLUNTARY LIMITATIONS ON EXPORTS OF STEEL TO THE UNITED STATES.

No person shall be liable for damages, penalties, or other sanctions under the Federal Trade Commission Act (15 U.S.C. 41–77) or the Antitrust Acts (as defined in section 4 of the Federal Trade Commission Act (15 U.S.C. 44)), or under any similar State law, on account of his negotiating, entering into, participating in, or implementing an arrangement providing for the voluntary limitation on exports of steel and steel products to the United States, or anny modification or renewal of such an arrangement, if such arrangement or such modification or renewal—

(1) was undertaken prior to the date of the enactment of this Act at the request of the Secretary of State or his delegate, and

(2) ceases to be effective not later than January 1, 1975.

SEC. 608. UNIFORM STATISTICAL DATA ON IMPORTS, EXPORTS, AND PRODUCTION.

(a) Section 484(e) of the Tariff Act of 1930 (19 U.S.C. 1484(e)) is amended to read as follows:

"(e) STATISTICAL ENUMERATION.—The Secretary of the Treasury, the Secretary of Commerce, and the United States International Trade Commission are authorized and directed to establish from time to time for statistical purposes an enumeration of articles in such detail as in their judgment may be necessary, comprehening all merchandise imported into the United States and exported from the United States, and shall seek in conjunction with statistical programs for domestic production, to establish the comparability thereof with such enumeration of articles. All import entires and export declarations shall include or have attached thereto an accurate statement specifying, in terms of such detailed enumeration, the kinds and qualities of all merchandise imported and exported and the value of the total quantity of each kind of article.".

(b) The amendment made by subsection (a) insofar as it relates to export declarations shall take effect on January 1, 1976.

SEC. 609. SUBMISSION OF STATISTICAL DATA ON IMPORTS AND EXPORTS.

(a) Section 301 of title 13, United States Code, is amended—

(1) by inserting "(a)" before "The Secretary"; and

(2) by adding at the end thereof the following new subsections:

"(b) The Secretary shall submit to the Commitee on Ways and Means of the House of Representatives and the Commitee on Finance of the Senate, on current monthly and cumulative bases, statistics on United States imports for consumption and United States exports by country and by product. Statistics on United States imports shall be submitted in accordance with the Tariff Schedules of the United States Annotated and general statistical headnote 1 thereof, in detail as follows:

"(1) net quantity;

"(2) United States customs value;

"(3) purchase price or its equivalent;

"(4) equivalent of arm's length value;

"(5) aggregate cost from port of exportation to United States port of entry;

"(6) a United States port of entry value comprised of (5) plus (4), if applicable, or if not applicable, (5) plus (3); and

"(7) for transactions where (3) and (4) are equal, the total value of such transactions.

The data for paragraphs (1), (2), (3), (5), and (6) shall be reported separately for nonrelated and related party transactions, and shall also be reported as a total of all transactions.

"(c) In submitting any information under subsection (b) with respect to exports, the Secretary shall state separately from the total value of all exports—

"(1) (A) the value of agricultural commodities exported under the Agricultral Trade Development and Assistance Act of 1954, as amended; and

"(B) the total amount of all export subsidies paid to exporters by the United States under such Act for the exportation of such commodities; and

"(2) the value of goods exported under the Foreign Assistance Act of 1961.

"(d) To assist the Secretary to carry out the provisions of subsections (b) and (c)—

(1) The Secretary of Agriculture shall furnish information to the Secretary concerning the value of agricultural commodities exported under provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and the total amounts of all export subsidies paid to exporters by the United States under such Act for the exportation of such commodities; and

"(2) the Secretary of State shall furnish information to the Secretary concerning the value of goods exported under the provisions of the Foreign Assistance Act of 1961, as amended."

(b) The amendments made by subsection (a) shall take effect on January 1, 1975.

SEC. 610. GIFTS SENT FROM INSULAR POSSESSIONS.

(a) Section 321(a) (2) (A) of the Tariff Act of 1930 (19 U.S.C. 1321(a) (2) (A)) is amended by inserting after "United States" the following: "($20, in the case of articles sent as bona fide gifts from persons in the Virgin Islands, Guam, and American Samoa)".

(b) The amendment made by subsection (a) shall apply with respect to articles entered, or withdrawn from warehouse, for consumption after the date of the enactment of this Act.

SEC. 611. REVIEW OF PROTESTS IN IMPORT SURCHARGE CASES.

Notwithstanding the provisions of section 515(a) of the Tariff Act of 1930 (19 U.S.C. 1515(a)), in the case of any protest under section 514 of such Act involving the imposition of an import surcharge in the form of a supplemental duty pursuant to Presidential Proclamation 4074, dated August 17, 1971, the time for review and allowing or denying the protest shall not expire until five years from the date the protest was filed in accordance with such section 514.

SEC. 612. TRADE RELATIONS WITH CANADA.

It is the sense of the Congress that the United States should enter into a trade agreement with Canada which will guarantee continued stability to the economies of the United States and Canada. In order to promote such economic stability, the President may initiate negotiations for a trade agreement with Canada to establish a free trade area covering the United States and Canada. Nothing in this section shall be construed as prior approval of any legislation which may be necessary to implement such a trade agreement.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 443—DESIGNATION OF DR. FLOYD M. RIDDICK AS PARLIAMENTARIAN EMERITUS OF THE U.S. SENATE

Mr. MANSFIELD. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution with its preamble, will be stated.

The assistant legislative clerk read as follows:

S. RES. 443

Whereas the Senate has been advised of the retirement of its Parliamentarian, Floyd M. Riddick, at the end of this session: Therefore be it

Resolved, That, effective at the *sine die* adjournment of this session, as a token of the appreciation of the Senate for his long and faithful service, Floyd M. Riddick is hereby designated as Parliamentarian Emeritus of the United States Senate.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. ALLLEN. Mr. President, I am delighted that the joint leadership has introduced this resolution naming Dr. Floyd M. Riddick as Parliamentarian Emeritus at the end of the 93d Congress.

Dr. Riddick has performed outstanding service as Parliamentarian of this body. He has acted in a nonpartisan, impartial manner. He has been of great assistance to every Member of the Senate.

I am hopeful that even though he is retiring as Parliamentarian and taking on the honorary title of Parliamentarian Emeritus, he will be available for consultation with Members of the Senate who may wish to confer with him, and I am sure that many Senators will.

I think it is sad that Dr. Riddick is retiring. He wants to travel, study, enjoy more time with his family, and certainly that is understandable.

Mr. President, I hope it will not be amiss if I ask unanimous consent that each Member of the Senate be named as a cosponsor of this resolution. I do make that unanimous-consent request.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. ALLEN. I am delighted to yield.

Mr. MANSFIELD. Mr. President, the job of being the Parliamentarian in the U.S. Senate is a difficult and a demanding one. The stresses and strains are much greater than the ordinary citizen would be led to believe.

I am delighted that this signal honor is being given to a man who has served so long and so faithfully, who has tried to be conscientious in his interpretations of the rules, who has tried to be fair to both sides and all sides. While I regret his retirement at the end of the year, I am delighted that the Senate will shortly bestow upon him an unusual honor—the second time this has been done in the history of the Senate—that of Parliamentarian Emeritus.

Mr. HUGH SCOTT. Mr. President, I join the majority leader in expressing my regrets on learning of the retirement of our Parliamentarian, Dr. Floyd Riddick. He has been enormously helpful to me during my tenure as Republican leader and I will miss his calm and balanced judgments on the thorny procedural questions which arise daily.

I wish Dr. Riddick well in his retirement years, although I am hopeful that he will be available from time to time for consultation as our Parliamentarian Emeritus.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. ALLEN. I yield.

Mr. HELMS. Mr. President, inasmuch as the distinguished Parliamentarian is a native of my State, I am grateful to the distinguished Senator from Alabama and the distinguished majority leader for the tributes they have paid to him.

I join them in my appreciation to Dr. Riddick for what he has meant during my brief tenure in the Senate. He has been highly instructive; he has always been fair and objective.

I am grateful to the Senator from Alabama and the Senator from Montana for their coments about my fellow North Carolinian.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. ALLEN. I yield.

Mr. JAVITS. Mr. President, I am pleased that I arrived in the Chamber at a moment when we are paying tribute to our Parliamentarian, who is retiring, because I should like to emphasize one thing about him which has been of enormous help to me, and that is his importance as an educational factor.

I came to the Senate knowing the House rules but hardly the Senate rules, and he was enormously helpful and patient in guiding my own views.

When you put a problem to him, he really answers it objectively, and he has no inhibition about the fact that he may have to rule on it and that he might rule differently. He appreciates the fact that we are all well over 21 and that our job is to look after ourselves, but his job is to be as helpful and instructive as he can to each of us individually.

I respectfully submit that for me—and I think it is true for many of us—he has made us much better Senators than we otherwise would have been without this fountain of knowledge from which we could drink, without any inhibition on his part that he had to worry about what he told us in the light of subsequent rulings.

Mr. ALLEN. I thank the distinguished Senator from New York.

Mr. President, the books that Dr. Riddick has written will serve the Senate in good stead for years to come. His book on Senate procedure, recently published, to complement the work of Dr. Riddick and Dr. Watkins, will be of great use to the Senate for decades to come.

I should like to make this comment with respect to the rulings by the Parliamentarian, which of course are the rulings of the Chair more properly: We need in this body uniform rules to go by, rules that will be the same under the same set of circumstances as the issues presented from time to time. I have served in legislative bodies for a number of years, in our State legislature and in the U.S. Senate.

I have never yet voted to overrule the Chair, even though I might disagree with the Chair. I feel that we must have uniformity in our rules. I do not think that the conduct of the Senate's business should be controlled by the whim or caprice of the Membership at a particular time when, due to emotionalism or other reasons, the Senate might want to go in a direction other than the direction that the rules prescribe.

I feel that this is a necessity, that we have an impartial Parliamentarian who will advise the Chair. I am confident that Dr. Riddick's successor, who I feel sure will be Mr. Murray Zweben, who has served under Dr. Riddick for a number of years, will carry on in the same fine tradition as Dr. Riddick.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution, with its preamble, was unanimously agreed to.

GROSS TONNAGE ABOARD CERTAIN VESSELS

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1353.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1353) to deduct from gross tonnage in determining net tonnage those spaces on board vessels used for waste materials, as follows:

Page 1, line 4, strike out "subsection", and insert: "paragraph".

Page 1, line 5, strike out "subsection:", and insert: "paragraph:".

Page 2, line 11, strike out "subsection." ", and insert: "paragraph."."

Page 2, line 14, strike out "subsections", and insert: "paragraphs".

Mr. MANSFIELD. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

COMMUNITY SERVICES ACT OF 1974

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of H.R. 14449, Calendar No. 1225.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana?

The motion was agreed to and the Senate proceeded to consider the bill.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, on behalf of the requisite number of Senators, I offer a cloture motion. It is my intention to ask unanimous consent that the vote on the motion to invoke cloture not occur until Wednesday. Under the rule, without such a consent being granted, the vote on the cloture motion would occur on Tuesday next. However, out of deference to my good friend from North Carolina (Mr. HELMS), who does not want that vote to occur on Tuesday, but prefers that the vote occur on Wednesday or Thursday, I shall ask unanimous consent that the vote not occur until Wednesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 14449, a bill to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

Gaylord Nelson, Robert C. Byrd, Mike Mansfield, Gale W. McGee, Stuart Symington, Edward M. Kennedy, John V. Tunney, Thomas F. Eagleton, Charles McC. Mathias, Jr., Jacob K. Javits, Birch Bayh, Howard M. Metzenbaum, Clifford P. Case, Jennings Randolph, Philip A. Hart, Edmund S. Muskie, Adlai E. Stevenson III, Frank Church, Hubert H. Humphrey, and John O. Pastore.

Mr. NELSON. Mr. President, I send to the desk an amendment in the nature of a substitute to H.R. 14449.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. NELSON) proposes an amendment in the nature of a substitute.

The amendment in the nature of a substitute is as follows:

Strike all after the enacting clause and insert in lieu thereof as a substitute the text of S. 4178 (an original bill reported by the Committee on Labor and Public Welfare) as follows:

That this Act may be cited as the "Headstart, Economic Opportunity, and Community Partnership Act of 1974".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to extend programs under the Economic Opportunity Act of 1964, including Headstart, community action, and community economic development programs; and to provide for increased involvement of State and local governments in antipoverty efforts by authorizing a community partnership program.

HEADSTART AND FOLLOW THROUGH

SEC. 3. (a) Title V of the Economic Opportunity Act of 1964 is amended by striking out the heading thereof and all of such title preceding part B thereof (which is hereby redesignated as part (D) and inserting in lieu thereof the following:

"TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

"PURPOSE OF TITLE

"SEC. 501. In recognition of the role of Project Headstart and Follow Through in the effective delivery of comprehensive health, education, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this title to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

"OFFICE OF CHILD DEVELOPMENT

"SEC. 502. Part A of this title shall be administered by the Office of Child Development in the Department of Health, Education, and Welfare. There shall be established within the Office of Child Development a division of migrant programs and a division of Indian programs, and the sums of $10,000,000 are authorized to be appropriated annually for the administration of each such division.

"PART A—HEADSTART PROGRAMS

"FINANCIAL ASSISTANCE FOR HEADSTART PROGRAMS

"SEC. 511. The Secretary may, upon application by an agency which is eligible for designation as a Headstart agency pursuant to section 514, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Headstart program focused primarily upon children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential, and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 512. There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977.

"ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

"SEC. 513. (a) Of the sums appropriated pursuant to section 512 for any fiscal year beginning after June 30, 1975, the Secretary shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. In addition, the Secretary shall reserve not more than 20 per centum of the sums so appropriated for use in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest satisfactory available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States; but there shall be made available, for use by Headstart programs within each State, no less funds for any fiscal year than were obligated for use by Headstart programs within such State with respect to fiscal year 1975, adjusted annually for cost-of-living increases. Allocation of such increases within each State shall, to the extent feasible, be made in such manner as to reflect the proportionate increases in program costs incurred by grantees, in accordance with regulations which the Secretary shall prescribe for this purpose. For the purpose of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census.

"(b) Financial assistance extended under this part for a Headstart program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No program shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.

"(d) The Secretary shall establish policies and procedures designed to assure that not less than 10 per centum of the total number of enrollment opportunities in Headstart programs in the Nation shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Headstart programs, including the number of children being served, their handicapping conditions, and the services being provided such children.

"(e) The Secretary shall adopt appropriate administrative measures to assure that the benefit of this part will be distributed equitably between residents of rural and urban areas.

"DESIGNATION OF HEADSTART AGENCIES

"SEC. 514. (a) The Secretary is authorized to designate as a Headstart agency any local public or private nonprofit agency which (1) has the power and authority to carry out the purposes of this part and perform the functions set forth in section 515 within a community, and (2) is determined by the Secretary to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Headstart program.

"(b) For the purposes of this title, a community may be a city, county, multicity, or multicounty unit within a State, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organization base and possesses the commonality of interest needed to operate a Headstart program.

"(c) In the administration of the provisions of this section, the Secretary shall give priority in the designation of Headstart agencies to any local public or private nonprofit agency which is receiving funds under any Headstart program on the date of the enactment of this Act, except that the Secretary shall, before giving such priority, determine that the agency involved meets program and fiscal requirements established by the Secretary.

"POWERS AND FUNCTIONS OF HEADSTART AGENCIES

"SEC. 515. (a) In order to be designated as a Headstart agency under this part, an agency must have authority under its charter or applicable law to receive and administer funds under this part, funds and contributions from private or local public sources which may be used in support of a Headstart program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Headstart program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

"(b) In order to be so designated, a Headstart agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to influence the character of programs affecting their interests, (2) provide for their regular participation in the implementation of such programs, and (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources.

"SUBMISSION OF PLANS TO GOVERNORS

"SEC. 516. In carrying out the provisions of this part, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Headstart program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by him to be fully consistent with the provisions and in furtherance of the purposes of this part. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of enactment of this Act.

"ADMINISTRATIVE REQUIREMENTS AND STANDARDS

"SEC. 517. (a) Each Headstart agency shall observe standards of organization, management, and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this part and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each such agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. Each such agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

"(b) No financial assistance shall be extended under this part in any case in which the Secretary determines that the costs of developing and administering a program assisted under this title exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such program. In any case in which the Secretary determines that the cost of administering such program does not exceed 15 per centum of such total costs but, in his judgment, is excessive, he shall forthwith require the recipient of such financial assistance to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more Headstart agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of this part.

"(c) The Secretary shall prescribe rules or regulations to supplement subsection (a) of this section, which shall be binding on all agencies carrying on Headstart program activities with financial assistance under this part. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. Policies and procedures shall be established to insure that indirect costs attributable to the common or joint use of facilities and services by programs assisted under this part and other programs shall be fairly allocated among the various programs which utilize such facilities and services.

"(d) At least thirty days prior to their effective date, all rules, regulations, guidelines, instructions, and application forms shall be published in the Federal Register and shall be sent to each grantee with the notification that each such grantee has the right to submit comments pertaining thereto to the Secretary prior to the final adoption thereof.

"PARTICIPATION IN HEADSTART PROGRAMS

"SEC. 518. (a) The Secretary shall by regulation prescribe eligibility for the participation of persons in Headstart programs assisted under this part. Such criteria shall provide (1) that children from low-income families shall be eligible for participation in programs assisted under this part if their families are below the poverty line, or if their families are eligible or in the absence of child care would potentially be eligible for public assistance; (2) that children who are disadvantaged because of their limited English-speaking ability shall be eligible for participation in programs assisted under this part; and (3) that programs assisted under this part may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (1).

"(b) The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Headstart programs, unless such fees are authorized by legislation hereafter enacted.

"APPEALS, NOTICE, AND HEARING

"SEC. 519. The Secretary shall prescribe procedures to assure that—

"(1) special notice of and an opportunity for a timely and expeditious appeal to the Secretary will be provided for an agency or organization which desires to serve as a delegate agency under this part and whose application to the Headstart agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Secretary, in accordance with regulations which he shall prescribe;

"(2) financial assistance under this part shall not be suspended, except in emergency situations, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(3) financial assistance under this part shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

"RECORDS AND AUDITS

"SEC. 520. (a) Each recipient of financial assistance under this part shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this part.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 521. The Secretary may provide, directly or through grants or other arrangements, (1) technical assistance to communities in developing, conducting, and administering programs under this part, and (2) training for specialized or other personnel needed in connection with Headstart programs.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 522. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part, and provide a program of research and needs assessment relating to bilingual methods and approaches in order to enhance the effectiveness of Headstart and Follow Through programs carried out under this title and related programs for persons of limited English-speaking ability. He may also contract or provide financial assistance for research pertaining to the purposes of this part.

"(b) The Secretary shall establish an overall plan to govern the approval of research, demonstration, or pilot projects and the use of all research authority under this part. Such plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECT CONTRACTS

"SEC. 523 (a) The Secretary shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

"(2) the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) of this section shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.

"(c) The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.

"(d) The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.

"EVALUATIONS

"SEC. 524. (a) The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this part, including evaluations that measure and evaluate the impact of programs authorized by this part, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluation.

"(b) Prior to obligating funds for the programs and projects covered by this part with respect to fiscal year 1976, the Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this part. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this part.

"(c) In carrying out evaluations under this part, the Secretary may require Headstart agencies to provide for independent evaluations.

"(d) In carrying out evaluations under this part, the Secretary shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this part about such programs and projects.

"(e) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(f) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this part shall become the property of the United States.

"PART B—FOLLOW THROUGH PROGRAMS

"FINANCIAL ASSISTANCE FOR FOLLOW THROUGH PROGRAMS

"SEC. 551. (a)(1) The Secretary is authorized to provide financial assistance in the form of grants to local educational agencies, combinations of such agencies, and, as provided in paragraph (2) of this subsection, any other public or appropriate nonprofit private agencies, organizations, and institutions for the purpose of carrying out Follow Through programs focused primarily on children from low-income families in kindergarten and primary grades, including such children enrolled in private nonprofit elementary schools, who were previously enrolled in Headstart or similar programs.

"(2) Whenever the Secretary determines (A) that a local educational agency receiving assistance under paragraph (1) is unable or unwilling to include in a Follow Through program children enrolled in nonprofit private schools who would otherwise be eligible to participate therein, or (B) that it is otherwise necessary in order to accomplish the purposes of this section, he may provide financial assistance for the purpose of carrying out a Follow Through program to any other public or appropriate nonprofit private agency, organization, or institution.

"(3) Programs to be assisted under this section shall provide such comprehensive services as the Secretary determines will aid in the continued development of children described in paragraph (1) to their full potential. Such projects shall provide for the direct participation of the parents of such children in the development, conduct, and overall direction of the program at the local level. If the Secretary determines that participation in the project of children who are not from low-income families will serve to carry out the purposes of this section, he may provide for the inclusion of such children from non-low-income families, but only to the extent that their participation will not dilute the effectiveness of the services designed for children described in paragraph (1) of this subsection.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 552. (a) There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

"(b) Financial assistance extended under this part for a Follow Through program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No project shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such project will be in addition to, and not in substitution for, services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may adopt.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS; EVALUATION; AND TECHNICAL ASSISTANCE ACTIVITIES

"Sec. 553. (a) In conjunction with other activities authorized by this part, the Secretary may—

"(1) provide financial assistance, by contract or otherwise, for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part;

"(2) provide, directly or through grants or contracts, for the continuing evaluation of projects assisted under this part, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects, which evaluations shall be conducted by persons not directly involved in the administration of the project evaluated; and

"(3) provide, directly or through grants or other appropriate arrangements, (A) technical assistance to Follow Through programs in developing, conducting, and administering programs under this part, and (B) training for specialized or other personnel which is needed in connection with Follow Through programs.

"SPECIAL CONDITIONS

"Sec. 554. (a) Recipients of financial assistance under this part shall provide maximum employment opportunities for residents of the area to be served, and to parents of children who are participating in projects assisted under this part.

"(b) Financial assistance under this part shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an application for refunding be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken.

"(c) Financial assistance under this part shall not be terminated for failure to comply with applicable terms and conditions unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

"PART C—GENERAL PROVISIONS

"DEFINITIONS

"Sec. 571. As used in this title, the term—

"(1) 'Secretary' means the Secretary of Health, Education, and Welfare;

"(2) 'State' means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; except that, when used in section 513(a) of this title, this term means only a State, Puerto Rico, or the District of Columbia; and

"(3) 'financial assistance' includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

"LABOR STANDARDS

"Sec. 572. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

"COMPARABILITY OF WAGES

"Sec. 573. (a) The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this title shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher, or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

"NONDISCRIMINATION PROVISIONS

"Sec. 574. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

"(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title.

"LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

"Sec. 575. No individual employed or assigned by any Headstart agency or other agency assisted under this title shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this part by such Headstart agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

"POLITICAL ACTIVITIES

"Sec. 576. (a) For purposes of chapter 15 of title 5 of the United States Code any agency which assumes responsibility for planning, developing, and coordinating Headstart programs and receives assistance under this title shall be deemed to be a State or local agency; and for purposes of clauses (1) and (2) of section 1502(a) of such title any agency receiving assistance under this part shall be deemed to be a State or local agency.

"(b) Programs assisted under this title shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or (3) any voter registration activity. The Secretary, after consultation with the Civil Service Commission, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

"ADVICE FUNDING

"Sec. 577. For the purpose of affording adequate notice of funding available under this title, appropriations for carrying out this part are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"BILINGUAL ASSISTANCE

"Sec. 578. The Secretary shall insure that programs and activities assisted under this title provide that special assistance be given to the needs of persons of limited English-speaking ability (as defined in section 703 (a)(1) of title VII of the Elementary and Secondary Education Act of 1965), by providing bilingual Headstart and Follow Through programs in which instruction is given in English and, to the extent necessary to allow such children to progress effectively through Headstart and Follow Through, in the native language of such children, and that such instruction is given with appreciation for the cultural heritage of such children."

(b) The Economic Opportunity Act of 1964 is further amended by striking out "Director" each place it appears in sections 522 and 523 and inserting in lieu thereof "Secretary", by striking out "and the Secretary of Health, Education, and Welfare" in section 522(d), and by striking out "their jurisdictions" in section 522(d) and inserting in lieu thereof "his jurisdiction".

(c) Sections 521 through 523 of the Economic Opportunity Act of 1964 are redesignated as sections 581 through 583, respectively.

(d)(1) Section 2 of the Child Abuse Prevention and Treatment Act is amended by adding at the end thereof the following new subsection:

"(c) The Secretary may carry out his functions under subsection (b) of this section either directly or by way of grant or contract.".

(2) Section 4 of such Act is amended by adding at the end thereof the following new subsection:

"(e) For the purpose of this section, the term 'State' includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam and the Trust Territories of the Pacific.".

ASSISTANCE FOR MIGRANT AND OTHER SEASONALLY EMPLOYED FARMWORKERS AND THEIR FAMILIES

SEC. 4. (a) Section 312(b)(3) of the Economic Opportunity Act of 1964 is amended by striking out "and training" and inserting in lieu thereof "and developmental programs".

(b) Effective October 1, 1975, the Economic Opportunity Act of 1964 is further amended by inserting after section 314 thereof the following new section:

"NATIONAL OFFICE FOR MIGRANT AND SEASONAL FARMWORKERS

"SEC. 315. There shall be established within the Community Services Administration a National Office for Migrant and Seasonal Farmworkers which shall be responsible for administering this part and for coordinating programs under this part with other Federal programs designed to assist or serve migrant and seasonal farmworkers, and for reviewing and monitoring such programs."

(c) In providing financial assistance under the provisions of part B of title III of the Economic Opportunity Act of 1964, the Director shall give priority to any public or private nonprofit agency which has previously received financial assistance thereunder for the provision of services for migrant and other seasonally employed farmworkers and their families, taking into account financial assistance provided to any such agency under section 303 of the Comprehensive Employment and Training Act of 1973.

NATIVE AMERICAN PROGRAMS

SEC. 5. The Economic Opportunity Act of 1964 is further amended by inserting after title VII thereof the following new title VIII:

"TITLE VIII—NATIVE AMERICAN PROGRAMS

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Native American Economic Opportunity Programs Act'.

"STATEMENT OF PURPOSE

"SEC. 802. The purpose of this title is to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives (as defined in paragraph (3) of section 813 of this title), and Alaskan Natives.

"FINANCIAL ASSISTANCE FOR NATIVE AMERICAN PROJECTS

"SEC. 803. (a) The Director is authorized to provide financial assistance to public and nonprofit private agencies, including but not limited to, governing bodies of Indian tribes on Federal and State reservations, Alaskan Native villages and regional corporations established by the Alaska Native Claims Settlement Act, and such public and nonprofit private agencies serving Hawaiian Natives, and Indian organizations in urban or rural nonreservation areas, for projects pertaining to the purposes of this title. In determining the projects to be assisted under this title, the Director shall consult with the other Federal agencies for the purpose of eliminating duplication or conflict among similar activities or projects and for the purpose of determining whether the findings resulting from those projects may be incorporated into one or more programs for which those agencies are responsible.

"(b) Financial assistance extended to an agency under this title shall not exceed 80 per centum of the approved costs of the assisted project, except that the Director may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. The Director shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this title.

"(c) No project shall be approved for assistance under this title unless the Director is satisfied that the activities to be carried out under such project will be in addition to, and not in substitution for, comparable activities previously carried out without Federal assistance, except that the Director may waive this requirement in any case in which he determines, in accordance with regulations establishing objective criteria, that application of the requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes of this title.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 804. The Director may provide, directly or through other arrangements, (1) technical assistance to public and private agencies in developing, conducting, and administering projects under this title, and (2) short-term in-service training for specialized or other personnel which is needed in connection with projects receiving financial assistance under this title.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 805. (a) The Director may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

"(b) The Director shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, OR PILOT PROJECTS

"SEC. 806. (a) The Director shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency for a research, demonstration, or pilot project; and

"(2) except in cases in which the Director determines that it would not be consistent with the purposes of this title, the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.

"SUBMISSION OF PLANS TO STATE AND LOCAL OFFICIALS

"SEC. 807. (a) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out on or in an Indian reservation or Alaskan Native village, unless a plan setting forth the project has been submitted to the governing body of that reservation or village and the plan has not been disapproved by the governing body within thirty days of its submission.

"(b) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a State other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead, unless the Director has notified the chief executive officer of the State of his decision to provide that assistance.

"(c) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a city, county, or other major political subdivision of a State, other than on or in an Indian reservation or Alaskan village, or Hawaiian Homestead, unless the Director has notified the local governing officials of the political subdivision of his decision to provide that assistance.

"RECORDS AND AUDITS

"SEC. 808. (a) Each agency which receives financial assistance under this title shall keep such records as the Director may prescribe, including records which fully disclose the amount and disposition by that agency of such financial assistance, the total cost of the project in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of any agency which receives financial assistance under this title that are pertinent to the financial assistance received under this title.

"APPEALS, NOTICE, AND HEARING

"SEC. 809. The Director shall prescribe procedures to assure that—

"(1) financial assistance under this title shall not be suspended, except in emergency situations, unless the assisted agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(2) financial assistance under this title shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the assisted agency has been afforded reasonable notice and opportunity for a full and fair hearing.

"EVALUATION

"SEC. 810. (a) The Director shall provide, directly or through grants or contracts, for the evaluation of projects assisted under this title, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

"(b) Prior to obligating funds for the programs and projects covered by this title with respect to fiscal year 1976, the Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this title. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this title.

"(c) In carrying out evaluations under this title, the Director may require agencies which receive assistance under this title to provide for independent evaluations.

"(d) In carrying out evaluations under this title, the Director shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this title about such programs and projects.

"(e) The Director shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(f) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this title shall become the property of the United States.

"LABOR STANDARDS

"SEC. 811. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting or decorating, of buildings or other facilities in connection with projects assisted under this title, shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, and section 2 of the Act of June 1, 1934.

"DELEGATION OF AUTHORITY

"SEC. 812. (a) The Director is authorized to delegate to the heads of other departments and agencies of the Federal Government any of his functions, powers, and duties under this title, as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this title.

"(c) Funds appropriated for the purpose of carrying out this title may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are authorized and appropriated.

"DEFINITIONS

"SEC. 813. As used in this title, the term—

"(1) 'financial assistance' includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

"(2) 'Indian reservation or Alaskan Native village' includes the reservation of any federally or State recognized Indian tribe, including any band, nation, pueblo, or rancheria, any former reservation in Oklahoma, any community under the jurisdiction of an Indian tribe, including a band, nation, pueblo, or rancheria, with allotted lands or lands subject to a restriction against alienation imposed by the United States or a State, and any lands of or under the jurisdiction of an Alaskan Native village or group, including any lands selected by Alaska Natives or Alaskan Native organizations under the Alaska Native Claims Settlement Act; and

"(3) 'Native Hawaiian' means any individual any of whose ancestors were natives of the area which consists of the Hawaiian Islands prior to 1778.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 814. There are authorized to be appropriated for the purpose of carrying out the provisions of this title, such sums as may be necessary for fiscal year 1975 through 1977."

COMMUNITY ACTION PROGRAMS WITH INDIAN TRIBES

SEC. 6. Section 210 of the Economic Opportunity Act of 1964 is amended—

(1) in subsection (a) thereof, by inserting "or an Indian tribal government," before the word "which" the second place it appears therein; and

(2) by repealing subsection (f) thereof.

RESEARCH AND DEMONSTRATION PROGRAMS

SEC. 7. The Economic Opportunity Act of 1964 is further amended by adding at the end thereof the following new title:

"TITLE XI—RESEARCH AND DEMONSTRATIONS

"STATEMENT OF PURPOSE

"SEC. 1101. The purpose of the title is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, including persons of limited English-speaking ability, in rural and urban areas to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 1102. (a) The Director may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

"(b) The Director shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. Such plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of minimizing duplication among similar activities or projects and determining whether the findings resulting from any such projects may be incorporated into one or more programs for which those agencies are responsible.

"(c) No project shall be commenced under this section unless a plan setting forth such proposed project has been submitted to the chief executive officer of the State in which the project is to be located and such plan has not been disapproved by him within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title.

"(d) In making grants or contracts under this title, the Director shall insure that not less than 25 per centum of the funds made available under this title in any fiscal year shall be made available for programs or projects receiving financial assistance under section 221 or 235 of this Act.

"CONSULTATION

"SEC. 1103. In carrying out projects under this title, the Director shall, whenever feasible, arrange to obtain the opinions of program participants about the strengths and weaknesses of programs.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 1104. (a) The Director shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

"(2) the results, findings, data, or recommendations made or reported as a result of such research, demonstration, or pilot project.

"(b) The public announcements required by subsection (a) of this section shall be made within thirty days of making any such grant or contract, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results, findings, data, or recommendations.

"(c) The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.

"(d) The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.

"NONDISCRIMINATION PROVISIONS

"SEC. 1105. (a) The Director shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

"(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Director to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program, project, or activity receiving assistance under this title.

"PROHIBITION OF FEDERAL CONTROL

"SEC. 1106. Nothing contained in this title shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

"DEFINITIONS

"SEC. 1107. As used in this title, the term—

"(1) 'State' means a State, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; and

"(2) 'demonstration or pilot project' means any project, whether or not involving research, which includes the delivery of human services.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1108. There are authorized to be appropriated for carrying out the purposes of this title such sums as may be necessary for fiscal years 1975 through 1977."

EVALUATION

SEC. 8. Title IX of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE IX—EVALUATION

"PROGRAM AND PROJECT EVALUATION

"SEC. 901. (a) (1) The Director shall, directly or through grants or contracts, measure and evaluate the impact of all programs authorized by this Act and of poverty-related programs authorized by other Acts, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

"(2) In carrying out his responsibilities under this subsection, the Director, in the case of research, demonstrations, and related activities carried out under title XI of this Act, shall, after taking into consideration the views of State agencies and community action agencies designated pursuant to section 210 of this Act, on an annual basis—

"(A) reassess priorities to which such activities should be directed; and

"(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities in section 1102(a) of this Act, whether and on what basis such activities should be continued, revised, or terminated.

"(3) The Director shall, within 12 months after the date of enactment of this Act, and on each April 1 thereafter, prepare and furnish to the appropriate committees of the Congress a complete report on the determination and review carried out under paragraph (2) of this subsection, together with such recommendations, including any recommendations for additional legislation as he deems appropriate.

"(b) Prior to obligating funds for the programs and projects covered by this Act with respect to fiscal year 1976, the Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this Act. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under any section of this Act. Reports submitted pursuant to section 608 of this Act shall describe the actions taken as a result of these evaluations.

"(c) In carrying out evaluations under this title, the Director shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this Act about such programs and projects, and shall consult, when appropriate, with State agencies and community action agencies designated pursuant to section 210, in order to provide for jointly sponsored objective evaluation studies on a State or areawide basis.

"(d) The Director shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(e) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this Act shall become the property of the United States.

"COOPERATION OF OTHER FEDERAL AGENCIES

"SEC. 902. Such information and cooperation as the Director may deem necessary for purposes of the evaluations conducted under this title shall be made available to him, upon request, by the agencies of the executive branch."

COMMUNITY PARTNERSHIP

SEC. 9. (a) The Economic Opportunity Act of 1964 is further amended by inserting after section 234 thereof the following new sections:

"DEMONSTRATION COMMUNITY PARTNERSHIP AGREEMENTS

"SEC. 235. (a) The Director may provide financial assistance for carrying out community partnership agreements under this section, upon his approval of an agreement meeting the requirements of subsection (b) of this section entered into by (A) a community action agency or a public or private nonprofit agency designated under section 210 of this Act or a combination of such agencies, and (B) a public agency of a State, or a political subdivision of a State or a combination of such subdivisions. Such agreement shall provide for the planning, development, and administration of programs and activities of the type described in part A of this title.

"(b) Such agreement shall set forth the terms of any arrangements for the use of financial assistance under this section, including a description of—

"(1) the area to be served;

"(2) the program and activities to be provided;

"(3) a survey of the needs for services within the area and an inventory of the resources available to meet such needs;

"(4) the persons who are to benefit from such program and activities;

"(5) the role of public agencies, community action agencies, community economic development corporations, and other nonprofit agencies and organizations in providing programs and activities under the agreement; and

"(6) the extent, if any, to which programs under other provisions of this title and funded through other public and private sources are to be included as part of the agreement for the purposes of planning.

"(c) Financial assistance extended under this section shall not exceed 80 per centum of the approved cost of the assisted programs and activities. The Director may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Matching non-Federal funds shall be in cash.

"(d) Of the sums which are appropriated or allocated for assistance under this section, the Director shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 20 per centum of sums appropriated or allocated for assistance under this subsection for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State compared to all States. For purposes of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 census. Funds within each State under this section shall be allocated by the Director among areas served by community action agencies or public or private nonprofit agencies designated under section 210 of this Act in the same proportion as the amount to be available to such area under section 221 for such fiscal year bears to the total of such amounts for use within the State for the prior fiscal year. Funds not utilized by any area within a State under this section shall be reallocated within the State as the Director deems appropriate for use under this section. Funds not utilized within a State shall be reallocated by the Director for use in other areas in the Nation, as he deems appropriate to achieve the objectives of the Act.

"(e) No program shall be approved for assistance under this section unless the Director finds that the programs and activities to be provided under such agreement will be supplemental to, and not in substitution for, programs under other provisions of this Act and services previously provided through other sources. The requirement of this subsection shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations with respect to situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes of this Act.

"(f) No program shall be approved for assistance under this section unless the Director finds that other funds and resources devoted to programs designed to meet the needs of persons eligible for assistance under this Act within the community will not be diminished in order to provide any contributions required under subsection (c) of this section, but nothing herein shall be construed so as to preclude inclusion of other services as a part of the agreement for the purpose of planning pursuant to subsection (b)(6) of this section.

"(g) The provisions of section 242 of this Act shall not apply to assistance provided under this section.

"INTERGOVERNMENTAL ADVISORY COUNCIL ON COMMUNITY SERVICES

"SEC. 236. (a) There shall be established within the Office of Economic Opportunity or successor authority an Intergovernmental Advisory Council on Community Services (referred to in this section as the 'Council').

"(b) The Council shall be composed of nine members who shall be appointed by the President as follows:

"(i) Three members shall be appointed from among representatives of States and county and municipal governments or organizations which represent such governmental units, selected on an equitable political and geographic basis after considering recommendations made by the National Governors' Conference, the National League of Cities-United States Conference of Mayors, the National Association of Counties and similar organizations representative of State and local government.

"(ii) Three members shall be appointed from among representatives of community action agencies and other grantees under this Act or organizations which represent such agencies and grantees, selected on an equitaable political and geographic basis after considering recommendations previously made by the Director of the Office of Economic Opportunity.

"(iii) Three members shall be appointed from among representatives of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs.

"(c) The Council shall—

"(1) encourage the formation of community partnership agreements;

"(2) review the substance of such agreements and any regulations, guidelines, or other program criteria with respect thereto and advise the Director thereon prior to final approval thereof;

"(3) evaluate the effectiveness of such agreements in meeting the purposes of this Act;

"(4) conduct a continuing survey throughout the Nation on the extent to which, and terms under which, public and private resources have been and may be available for antipoverty efforts;

"(5) identify and encourage means of increasing resources available for such activities; and

"(6) submit annual reports to the President and to the Congress on or before March 1, 1976, and March 1, 1977, with respect to its activities and findings, together with such recommendations for legislation as it may deem appropriate.

"(d) The Director shall provide the Council with such information and financial assistance as shall be necessary for the Council to discharge its functions under this section and necessary administrative service (including those related to budgeting, accounting, financial reporting, personnel and procurement) for which payment shall be made in advance or by reimbursement, and shall furnish the Council with copies of all grant applications within ten days of receipt thereof.

"FUNDS AVAILABLE

"SEC. 237. Out of any sums appropriated or allocated for local initiative programs under section 221 of this Act for any fiscal year, the Director may transfer and make available for the purpose of carrying out section 235 of this Act an amount not to exceed 50 per centum of any amount so appropriated or allocated which is in excess of $330,000,000 but not in excess of $450,000,000."

(b) Section 225(a) of the Economic Opportunity Act of 1964 is amended by striking out the third sentence thereof and inserting in lieu thereof the following: "The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States. For purposes of this subsection, the Director shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census. The Director shall insure that for the fiscal year ending June 30, 1975, and for each succeeding fiscal year, no State and no community action agency within a State, shall be allotted for programs under section 221 and section 222(a) an amount which is less than the amount received for use within such State and by such agency for programs described in such sections during the fiscal year ending June 30, 1974.".

SPECIAL EMPHASIS PROGRAMS

SEC. 10. (a) Section 222(a) of the Economic Opportunity Act of 1964 is amended by inserting after paragraph (11) the following:

"(12) A program to be known as 'Emergency Energy Conservation Services' designed to enable low-income individuals and families, including the elderly and the near poor, to participate in energy conservation programs designed to lessen the impact of the high cost of energy on such individuals and families and to reduce individual and family energy consumption. The Director is authorized to provide financial and other assistance for programs and activities, including, but not limited to, an energy conservation and education program; winterization of old or substandard dwellings, improved space conditioning, and insulation; emergency loans, grants, and revolving funds to install energy conservation technologies and to deal with increased housing expenses relating to the energy crisis; alternative fuel supplies, special fuel voucher or stamp programs; alternative transportation activities designed to save fuel and assure continued access to training, education, and employment; outreach efforts, including the establishment of energy crisis centers; furnishing personnel to act as coordinators, providing legal or technical assistance, or otherwise representing the interests of the poor in efforts relating to the energy crisis; nutrition, health, and other supportive services in emergency cases; and evaluation of programs and activities under this paragraph. Such assistance may be provided as a supplement to any other assistance extended under the provisions of this Act or under other provisions of Federal law. The Director, the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, the Director of ACTION, and the Administrator of the Federal Energy Office shall establish procedures and take other appropriate action necessary to insure that the effects of the energy crisis on low-income persons, the elderly, and the near poor are taken into account in the formulation and administration of programs relating to the energy crisis.

"(13) A program to be known as 'Summer Youth Recreation' designed to provide recreational opportunities for low-income children during the summer months. Funds made available for this section shall be allocated by the Director, after consultation with the Secretary of Labor, among prime sponsors and other agencies designated under title I of the Comprehensive Employment and Training Act of 1973 on the basis of (1) the relative number of public assistance recipients in the area served by such prime sponsor or agency, as compared to the Nation; (2) the relative number of unemployed persons in such area as compared with the Nation; and (3) the relative number of related children living with families with incomes below the poverty line in such area, as compared to the Nation. That part of any allotment which the Director determines will not be needed may be reallotted, at such dates during the fiscal year as the Director may fix, to the extent feasible, in proportion to the original allotments. In making allocations under this section, the Director shall insure, to the maximum extent possible, that for the program commencing in the fiscal year ending June 30, 1975, and for the program in each succeeding fiscal year, no prime sponsor or other designated agency shall receive an amount less than the amount received for such programs during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, whichever is higher.

"(14) A program to be known as the 'Urban Housing Demonstration Program' under which the Director may provide financial assistance for demonstration projects conducted by appropriate nonprofit organizations to encourage and assist low-income families living in neighborhoods characterized by abandonment and deteriorating residential housing to maintain and upgrade existing substantial residential housing in such neighborhoods. Such projects may include financial assistance in the form of grants and loans for administrative expenses and to defray costs of repair and moderate rehabilitation, for tenant organization and counseling, management and maintenance services, and for encouragement of homeownership by low-income families. For the purpose of this paragraph private nonprofit organizations include, subject to such guidelines as the Director may establish, associations of tenants in rented housing facilities which otherwise qualify for assistance under this section. The Director, after consultation with the Secretary of Housing and Urban Development, shall take all appropriate steps to insure coordination of programs under this section with those conducted under the Housing and Community Development Act of 1974 and related legislation."

(b) Paragraph (7) of section 222(a) of such Act (relating to the "Senior Opportunities and Services" program) is amended by adding at the end thereof the following: "In carrying out this section, the Director is authorized to make grants to institutions of higher education, public and private nonprofit agencies and organizations to train paraprofessional and other appropriate individuals to provide counseling, administrative representation, information, and referral services, and assist the elderly in obtaining public benefits and entitlements, including the payment of stipends for participants in training programs which he determines to be consistent with prevailing practices under comparable federally supported programs; to develop, test, and disseminate training materials and curriculum relevant to such programs; and to establish and strengthen programs for paraprofessional persons to provide counseling, representation, information, and referral services."

(c) Section 227 of such Act is amended as follows: (1) the heading above such section is amended to read "NATIONAL SUMMER YOUTH SPORTS PROGRAM"; and (2) subsection (a) of such section is amended by striking out "an annual youth recreation and sports program" and inserting in lieu thereof "national summer youth sports program".

COMMUNITY ECONOMIC DEVELOPMENT

SEC. 11. (a) Title VII of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

"STATEMENT OF PURPOSE

"SEC. 701. The purpose of this title is to encourage the development of special programs by which the residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, with appropriate Federal assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

"DEFINITIONS

"Sec. 702. As used in this title—

"(1) the term 'Resources Committee' means the Community Economic Development Resources Committee established under section 749;

"(2) the term 'community development corporation' means a nonprofit organization responsible to residents of the area it serves which is receiving financial assistance under part A of this title and any organization more than 50 per centum of which is owned by such an organization, or otherwise controlled by such an organization, or designated by such an organization for the purpose of this title;

"(3) the term 'local cooperative association' means an organization which is receiving financial assistance under part B of this title or any organization more than 50 per centum of which is owned or otherwise controlled by such an organization, or designated by such an organization for the purpose of this title; and

"(4) the term 'State' means the States of the United States, the District of Columbia, the Commonwealth of Puero Rico, and each of the territories and possessions of the United States.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 703. For the purpose of carrying out this title, there are authorized to be appropriated $84,000,000 for fiscal year 1975, and such sums as may be necessary for each of the two succeeding fiscal years.

"PART A—URBAN AND RURAL SPECIAL IMPACT PROGRAMS

"STATEMENT OF PURPOSE

"SEC. 711. The purpose of this part is to establish special programs of assistance to nonprofit private locally initiated community development corporations which (1) are directed to the solution of the critical problems existing in particular communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) within those urban and rural areas having concentrations or substantial numbers of low-income persons; (2) are of sufficient size, scope, and duration to have an appreciable impact in such communities, neighborhoods, and rural areas in arresting tendencies toward dependency, chronic unemployment, and community deterioration; (3) hold forth the prospect of continuing to have such impact after the termination of financial assistance under this part, and (4) provide financial and other assistance to start, expand, or locate enterprises in or near the area to be served so as to provide employment and ownership opportunities for residents of such areas, including those who are disadvantaged in the labor market because of their limited speaking, reading, and writing abilities in the English language.

"ESTABLISHMENT AND SCOPE OF PROGRAMS

"SEC. 712. (a) The Director is authorized to provide financial assistance in the form of grants to nonprofit and for profit community development corporations and other affiliated and supportive agencies and organizations associated with qualifying community development corporations for the payment of all or part of the cost of programs which are designed to carry out the purposes of this part. Financial assistance shall be provided so that each community economic development program is of sufficient size, scope, and duration to have an appreciable impact on the area served. Such programs may include—

"(1) community economic and business development programs, including but not limited to: (A) programs which provide financial and other assistance (including equity capital) to start, expand, or locate businesses in or near the area served so as to provide employment and ownership opportunities for residents of such areas, and (B) programs for small businesses located in or owned by residents of such areas;

"(2) community development including industrial parks and housing activities which contribute to an improved environment and which create new training, employment, and ownership opportunities for residents of such area;

"(3) training and public service employment programs and related services for unemployed or low-income persons which support and complement community development programs financed under this part, including, without limitation, activities such as those described in the Comprehensive Employment and Training Act of 1973; and

"(4) social service programs which support and complement community economic development programs financed under this part, including but not limited to child care, educational services, health services, credit counseling, energy conservation, and programs for the maintenance of housing facilities.

"(b) The Director shall conduct programs assisted under this part so as to contribute, on an equitable basis between urban and rural areas, to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

"FINANCIAL-ASSISTANCE REQUIREMENTS

"SEC. 713. (a) The Director, under such regulations as he may establish, shall not provide financial assistance for any community economic development program under this part unless he determines that—

"(1) such community development corporation is responsible to residents of the area served (i) through a governing body not less than 50 per centum of the members of which are area residents and (ii) in accordance with such other guidelines as may be established by the Director, except that the composition of the governing bodies of organizations owned or controlled by the community development corporation need not be subject to such residency requirement;

"(2) the program will be appropriately coordinated with local planning under this title, with housing and community development programs, with employment and training programs, and with other relevant planning for physical and human resources in the areas served;

"(3) adequate technical assistance is made available and committed to the programs being supported;

"(4) such financial assistance will materially further the purposes of this part;

"(5) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met;

"(6) all projects and related facilities will, to the maximum feasible extent, be located in the areas served;

"(7) projects will, where feasible, promote the development of entrepreneurial and management skills and the ownership or participation in ownership of assisted businesses and housing, cooperatively or otherwise, by residents of the area served;

"(8) projects will be planned and carried out with the fullest possible participation of residents or local businessmen and representatives of financial institutions, including participation through contract, joint venture, partnership, stock ownership or membership on the governing boards or advisory councils of such projects consistent with the self-help purposes of this title;

"(9) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

"(10) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal or other funds in connection with work that would otherwise be performed;

"(11) the rates of pay for time spent in work-training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant;

"(12) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants;

"(13) preference will be given to low-income or economically disadvantaged residents of the areas served in filling jobs and training opportunities; and

"(14) training programs carried out in connection with projects financed under this part shall be designed wherever feasible to provide those persons who successfully complete such training with skills which are also in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part.

"(b) The level of financial assistance for related purposes under this Act, or any other program for Federal financial assistance, to the area served by a special impact program shall not be diminished in order to substitute funds authorized by this part.

"FEDERAL SHARE OF PROGRAM COSTS

"SEC. 714. Federal assistance to any program carried out pursuant to this part, including grants used by community development corporations for capital improvements, shall (1) not exceed 90 per centum of the cost of such program including costs of administration unless the Director determines that the assistance in excess of such percentage is required in furtherance of the purposes of this part, and (2) be made available for deposit to the order of the grantee, under conditions which the Director deems appropriate, within thirty days following approval of the grant agreement by the Director and such grantee of the grant agreement. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. Capital investments made with funds granted as a result of the Federal share of the costs of programs carried out under this title, and the proceeds from such capital investments, shall not be considered Federal property. Upon investment, title rights vest in the community development corporation. The Federal Government retains the right to direct that on severance of the grant relationship the assets purchased continue to be used for the original purpose for which they were granted.

"PART B—SPECIAL RURAL PROGRAMS

"STATEMENT OF PURPOSE

"SEC. 721. It is the purpose of this part to meet the special economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons by providing support to self-help programs which promote economic development and independence, as a supplement to existing similar programs conducted by other departments and agencies of the Federal Government. Such programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise.

"FINANCIAL ASSISTANCE

"SEC. 722. (a) The Director is authorized to provide financial assistance, including loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than $3,500 at any one time, to any low-income rural family where, in the judgment of the Director, such financial assistance has a reasonable possibility of effecting a permanent increase in the income of such families, or will contribute to the improvement of their living or housing conditions, by assisting or permitting them to—

"(1) acquire or improve real estate or reduce encumbrances or erect improvements thereon;

"(2) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment; or

"(3) participate in cooperative associations, or to finance nonagricultural enterprises which will enable such families to supplement their income.

"(b) The Director is authorized to provide financial assistance to local cooperative associations in rural areas containing concentrations or substantial numbers of low-income persons for the purpose of defraying all or part of the costs of establishing and operating cooperative programs for farming, purchasing, marketing, processing, and to improve their income as producers and their purchasing power as consumers, and to provide such essentials as credit and health services. Costs which may be defrayed shall include but not be limited to—

"(1) administrative costs of staff and overhead;

"(2) costs of planning and developing new enterprises;

"(3) costs of acquiring technical assistance; and

"(4) initial capital where it is determined by the Director that the poverty of the families participating in the program and the social conditions of the rural area require such assistance.

"LIMITATION ON ASSISTANCE

"SEC. 723. (a) No financial assistance shall be provided under this part unless the Director determines that—

"(1) any cooperative association receiving assistance has a minimum of fifteen active members, a majority of which are low-income rural persons;

"(2) adequate technical assistance is made available and committed to the programs being supported;

"(3) such financial assistance will materially further the purposes of this part; and

"(4) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met.

"(b) The level of financial assistance for related purposes under this Act to the area served by a program under this part shall not be diminished in order to substitute funds authorized by this part.

"PART C—DEVELOPMENT LOANS TO COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

"DEVELOPMENT LOAN FUND

"SEC. 731. (a) The Director is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations, and families and local cooperatives eligible for financial assistance under this title, for business, housing, and community development projects which the Director determines will carry out the purposes of this part. No loans, guarantees, or other financial assistance shall be provided under this section unless the Director determines that—

"(1) there is reasonable assurance of repayment of the loan;

"(2) the loan is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs; and

"(3) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made.

Loans made by the Director pursuant to this section shall bear the interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes, except that, for the five years following the date in which funds are initially available to the borrower, the rate of interest shall be set at a rate considered appropriate by the Director in light of the particular needs of the borrower which rate shall not be lower than 1 per centum. All such loans shall be repayable within a period of not more than thirty years.

"(b) The Director is authorized to adjust interest rates, grant moratoriums on repayment of principal and interest, collect or compromise any obligations held by him, and to take such other actions in respect to such loans as he shall determine to be necessary or appropriate, consistent with the purposes of this section.

"(c)(1) To carry out the lending and guaranty functions authorized under this part, there shall be established a Development Loan Fund consisting of two separate accounts, one of which shall be a revolving fund called the Rural Development Loan Fund and the other of which shall be a revolving fund called the Community Development Loan Fund. The capital of each such revolving fund shall remain available until expended.

"(2) The Rural Development Loan Fund shall consist of such amounts as may be deposited in such Fund by the Director out of funds made available from appropriations for the purposes of carrying out this part.

"(3) The Community Development Loan Fund shall consist of such amounts as may be deposited in such fund by the Director out of funds made available from appropriations for the purpose of carrying out this part.

"ESTABLISHMENT OF MODEL COMMUNITY ECONOMIC DEVELOPMENT FINANCE CORPORATION

"SEC. 732. (a) To the extent he deems appropriate, the Director shall utilize funds available under this part to prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation to provide a user-controlled independent and professionally operated long-term financing vehicle with the principal purpose of providing financial support for community economic development corporations, cooperatives, other affiliated and supportive agencies and organizations associated with community economic development cooperations, and other entities eligible for assistance under this title.

"(b) In implementing this section, the Director shall insure that the Model Community Economic Development Finance Corporation plan provides for the establishment of the Corporation in such a way that—

"(1) representatives of Community Development Corporations shall make up the majority of the governing body;

"(2) community development corporations may eventually purchase up to a 100 per centum interest in the Model Community Economic Development Finance Corporation;

"(3) a portion of the moneys made available under parts A and B of this title may be utilized by community development corporations to purchase an interest in the Model Community Economic Development Finance Corporation; and

"(4) Funds made available under part C of this title may be utilized by community development corporations to purchase an interest in the Model Community Economic Development Finance Corporation.

"(c) In addition to meeting the requirements of subsection (b), the Director shall, in preparing the plan, consider and make recommendations with respect to the following elements:

"(1) the amount and method of initial capitalization taking into consideration capitalization and operational techniques such as those utilized by the Reconstruction Finance Corporation, the Federal Home Loan Bank System, the Federal National Mortgage Association, and Farm Credit Board under the Federal Farm Loan Act;

"(2) the guarantee of and use of public funds through the issuance of notes, debentures, bonds, and such other obligations as deemed necessary;

"(3) the role of the Secretary of the Treasury in the initial capitalization and subsequent issuance of notes, debentures, bonds, and such other obligations as deemed necessary;

"(4) the nature of obligations issued with respect to acceptance as security for fiduciary, trust, and public funds;

"(5) the use of firms, organizations, corporations, and individuals indigenous to the areas served under this title;

"(6) the tax status of real and personal property to be owned by the Model Community Economic Development Finance Corporation;

"(7) the terms, including the interest rate, time limitation, fees and commissions, and security required for loans and guarantees and other obligations to be issued by the Model Community Economic Development Finance Corporation;

"(8) the tax status of interest-bearing obligations to be issued by the Model Community Economic Development Finance Corporation;

"(9) after consultation with the Resources Board the use of information services, facilities, officers, and employees of Federal agencies and departments of the Federal Government; and

"(10) the extent to which the Model Community Economic Development Finance Corporation shall be a depository of public money and a financial agent of the United States Government.

"(d) Not later than June 1, 1975, the Director shall submit to the appropriate committees of the Congress and to the National Commission established under section 750 the plan required by this section.

"PART D—SUPPORTIVE PROGRAMS AND ACTIVITIES

"TRAINING AND TECHNICAL ASSISTANCE

"SEC. 741. (a) The Director shall provide, directly or through grants, contracts, or other arrangements, such technical assistance and training of personnel as may be required to effectively implement the purposes of this title. No financial assistance shall be provided to any public or private organization under this section unless the Director provides the beneficiaries of these services with opportunity to participate in the selection of and to review the quality and utility of the services furnished them by such organization.

"(b) Technical assistance to community development corporations and both urban and rural cooperatives may inlude planning, management, legal preparation of feasibility studies, product development, marketing, and the provision of stipends to encourage skilled professionals to engage in full-time activities under the direction of a community organization financially assisted under this title.

"(c) Training for employees of community development corporations and for employees and members of urban and rural cooperatives shall include, but not be limited to, on-the-job training, classroom instruction, and scholarships to assist them in development, managerial, entrepreneurial, planning, and other technical and organizational skills which will contribute to the effectiveness of programs assisted under this subchapter.

"SMALL BUSINESS ADMINISTRATION PROGRAMS

"SEC. 742. Funds granted under this title which are invested, directly or indirectly, in a small business investment company, limited small business investment company, or a local development company, shall be deemed to be 'private paid-in capital and paid-in surplus,' 'combined paid-in capital and paid-in surplus,' and 'paid-in capital' for purposes of sections 302, 303, and 502, respectively, of the Small Business Investment Act of 1958, as amended.

"ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS

"SEC. 743. Areas selected for assistance under this title shall be deemed 'redevelopment areas' within the meaning of section 401 of the Public Works and Economic Development Act of 1965, shall qualify for assistance under the provisions of title I and title II of such Act, and shall be deemed to have met the overall economic development program requirements of section 202(b)(10) of such Act.

"DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS

"SEC. 744. (a) The Secretary of Housing and Urban Development, after consultation with the Director, shall take all necessary steps to assist community development corporations and local cooperative associations to qualify for and receive (1) such assistance in connection with technical assistance, counseling to tenants and homeowners, and loans to sponsors of low- and moderate-income housing under section 106 of the Housing and Urban Development Act of 1968 as amended by section 811 of the Housing and Community Development Act of 1974, (2) such land for housing and business location and expansion under title I of the Housing and Community Development Act of 1974, and (3) such funds for comprehensive planning under section 701 of the Housing Act of 1954 as amended by section 401 of the Housing and Community Development Act of 1974, as shall further the purposes of this Act.

"(b) The Director, after consultation with the Secretary of Housing and Urban Development, shall take all appropriate steps to encourage State and local governments to provide financial and technical assistance to, and generally support and cooperate with, community development corporations, local cooperative associations, and other grantees under this title.

"DEPARTMENT OF AGRICULTURE AND FARMERS HOME ADMINISTRATION PROGRAMS

"SEC. 745. The Secretary of Agriculture or, where appropriate, the Administrator of the Farmers Home Administration, after consultation with the Director, shall take all necessary steps to insure that community development corporations and local cooperative associations shall qualify for and shall receive (1) such assistance in connection with housing development under the Housing Act of 1949, (2) such assistance in connection with housing, business, industrial, and community development under the Consolidated Farmers Home Administration Act of 1961 and the Rural Development Act of 1972, and (3) such further assistance under all such programs of the United States Department of Agriculture, as shall further the purpose of this title.

"COORDINATION AND COOPERATION

"SEC. 746. (a) The Director, after consultation with the Resources Committee and in coordination and cooperation with the heads of other Federal departments and agencies, shall take such steps as may be necessary and appropriate to insure that the purposes of sections 742 through 745 are met and that contracts, subcontracts, and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this title.

"(b) The Director shall take all necessary and appropriate steps to encourage State and local governments to make grants, provide technical assistance, enter into contracts, and generally support and cooperate with community development corporations and local cooperative associations.

"(c) Eligibility for assistance under programs enumerated in this section shall not be denied to any applicant on the ground that it is a community development corporation, a local cooperative association, or a for-profit, non-profit, or cooperative entity under State law.

"(d) Any funds approved as a grant to a community development corporation or a local cooperative association pursuant to the provisions of this title, and any assets or services required with such funds, shall be deemed non-Federal for the purpose of any programs referred to in this title which may require a non-Federal contribution.

"EVALUATION AND RESEARCH

"SEC. 747. (a) Each program for which grants are made under this title shall provide for a thorough evaluation of the effectiveness of the program in achieving its purposes, which evaluation shall be conducted by such public or private organizations as the Director, in consultation with existing grantees familiar with programs carried out under this Act, may designate, and all or part of the costs of evaluation may be paid from funds appropriated to carry out this part. In evaluating the performance of any community development corporation funded under part A of this title, the criteria for evaluation shall be based upon such program objectives, goals, and priorities as are consistent with the purposes of this title and were set forth by such community development corporation in its proposal for funding as approved and agreed upon by the Director or as subsequently modified from time to time by mutual agreement between the Director and such community development corporation.

"(b) The Director shall conduct, either directly or through grants or other arrangements, research designed to suggest new programs and policies to achieve the purposes of this title in such ways as to provide opportunities for employment, ownership, and a better quality of life for low-income residents.

"PLANNING GRANTS

"SEC. 748. In order to facilitate the purposes of this title, the Director is authorized to provide financial assistance to any public or private nonprofit agency or organization for planning of community economic development programs and cooperative programs under this title.

"COMMUNITY ECONOMIC DEVELOPMENT RESOURCES COMMITTEE

"SEC. 749. (a) In order to assure maximum utilization of the resources of all Federal agencies having responsibilities under this title, and other public and private agenices and organizations, there shall be established a Community Economic Development Resources Committee. The Committee shall be composed of seven members as follows:

"(1) the Director, who shall serve as Chairman;

"(2) the Secretary of Commerce or his representative;

"(3) the Secretary of Agriculture or his representative;

"(4) the Secretary of Labor or his representative;

"(5) the Secretary of Health, Education, and Welfare or his representative;

"(6) the Secretary of Housing and Urban Development or his representative; and

"(7) the Administrator of the Small Business Administration or his representative.

"(b) The Resources Committee shall develop on a continuing basis, plans and procedures to the maximum extent for cooperative efforts of Federal agencies required to provide assistance under section 742, 743, 744, 754, and 746, of this Act, and submit to the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor, and to the National Commission on Community Economic Development established under section 750, not later than June 1, 1975, a report on the plans and procedures established and resources expected therefrom.

"(c) A majority of the membership of the Resources Committee shall constitute a quorum for the purpose of conducting business.

"SPECIAL REVIEW OF COMMUNITY ECONOMIC DEVELOPMENT

"SEC. 750. (a) (1) There shall be established a National Commission on Community Economic Development (referred to in this section as the 'Commission'). Upon the submission of its final report required by subsection (c) of this section, the Commission shall cease to exist.

"(2) The Commission shall be composed of the following individuals:

"(A) Two Members of the Senate who shall be members of different political parties and shall be appointed by the President pro tempore of the Senate:

"(B) Two Members of the House of Representatives who shall be members of different political parties and shall be appointed by the Speaker of the House of Representatives; and

"(C) Nine individuals who shall be appointed by the President not later than sixty days after the date of enactment of this Act, of whom five shall be appointed from among individuals who are experienced in the operation of community economic development programs, cooperatives, and other similar programs conducted under this title, and of whom four shall be appointed from among individuals who are representative of management, labor, the financial community, and State and local government. No more than five of the members appointed under this paragraph shall be members of the same political party.

"(3) The President shall designate one of the members to serve as Chairman and one to serve as Vice Chairman of the Commission.

"(4) A majority of the membership of the Commission shall constitute a quorum for the purpose of conducting business, but a lesser number may conduct hearings.

"(5) The terms of office of the appointive members of the Commission shall expire after submission of the final report.

"(6) Members appointed under clause (C) of paragraph (2) of this subsection may, while serving on the business of the Commission, be entitled to receive compensation at rates fixed by the President but not exceeding the rate prescribed for GS-18 of the General Schedule under section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, such members may be allowed travel expenses, including per diem in lieu of subsistence.

"(b) The Commission shall be responsible for conducting a study, which study shall include—

"(1) a consideration of an appropriate administrative agency for carrying out community economic development programs in the future, including consideration of the establishment of an independent agency to administer such programs and to conduct and coordinate a system of making financial assistance and credit available to community economic development corporation and cooperatives assisted under this title;

"(2) a review of the extent to which programs and activities conducted under this title meet the overall need in the Nation for community economic development programs;

"(3) a review of the resources available to meet such needs;

"(4) a review of the adequacy of plans and procedures established by the Resources Committee pursuant to section 749 of this title; and

"(5) a review of the plan submitted by the Director pursuant to section 732 of this title.

"(c) Not later than June 30, 1975, the Commission shall submit a final report to the President and to the Congress on the results of the study authorized by this section, together with such findings and recommendations, including recommendations for legislation as it deems appropriate.

"(d) The Director shall provide the Commission with necessary administrative services (including those related to budgeting, accounting, financial reporting, personnel, and procurement) for which payment shall be made in advance, or by reimbursement, from funds of the Commission and such amounts as may be agreed upon by the Commission and the Director.

"(e) In carrying out the provisions of this section, the Commission is authorized to—

"(1) enter into contracts with institutions of postsecondary education and other appropriate individuals, public agencies, and private organizations;

"(2) appoint and fix the compensation of such personnel as may be necessary;

"(3) employ experts and consultants in accordance with section 3100 of title 5, United States Code;

"(4) utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement; and

"(5) consult with the heads of such Federal agencies as it deems appropriate.

"(f)(1) The Commission is further authorized to conduct such hearings at such times and places as it deems appropriate for carrying out the purposes of this section.

"(2) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out this section.

"NONDISCRIMINATION PROVISIONS

"SEC. 751. (a) The Director shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

"(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title."

ESTABLISHMENT OF COMMUNITY SERVICES ADMINISTRATION

SEC. 12. (a) Effective October 1, 1975, section 601 of the Economic Opportunity Act of 1964 is amended to read as follows:

"COMMUNITY SERVICES ADMINISTRATION

"SEC. 601. There is established within the executive branch an agency known as the 'Community Services Administration' (referred to in this Act as the 'Administration') which shall be headed by a Director (referred to in this Act as the 'Director'), which shall be the successor authority to the Office of Economic Opportunity. The Director, Deputy Director, and Assistant Directors of the Administration shall be appointed by the President by and with the advice and consent of the Senate. The Director shall be compensated at a rate not less than that of level IV of the Executive Schedule specified in section 5316 of title V, United States Code."

(b) Unless a reorganization plan pursuant to subsection (c) of this section is effective on October 1, 1975, the Community Services Administration shall be an independent agency; and such Administration shall have the responsibility for carrying out titles II, III–B, VI, VII, VIII, IX, and XI of the Economic Opportunity Act of 1964. The functions of the Director with respect to carrying out sections 221 and 235 and titles III–B, VI, VII, IX, and XI of such Act shall not be delegated to any other officer not directly responsible, both with respect to program operation and administration, to the Director.

(c)(1) After June 30, 1975, the President may submit to the Congress a reorganization plan which, subject to the provisions of paragraph (2) of this subsection and the other provisions of this Act, shall take effect if such reorganization plan is not disapproved by resolution of either House of Congress, in accordance with the procedures established with respect to reorganization plans by chapter 9 of title 5, United States Code, except to the extent otherwise provided in this Act.

(2) A reorganization plan submitted in accordance with the provisions of paragraph (1) shall provide—

(A)(1) for establishing, within the Department of Health, Education, and Welfare, the Community Services Administration provided for in section 601 of the Economic Opportunity Act of 1964 (as amended by this Act) and for transferring thereto the Office of Economic Opportunity (or successor authority under subsection (c) of this section); (ii) for delegating to the Community Services Administration any other functions, including carrying out other provisions of this Act for which the Secretary of Health, Education, and Welfare is responsible, as may be assigned to such Administration by the Secretary; (iii) that the Director of the Community Services Administration shall, in the performance of his functions, be directly responsible to the Secretary of Health, Education, and Welfare, and shall not be subject to the supervision or control of any officer or employee, other than the Secretary or Under Secretary of Health, Education, and Welfare; and (iv) that the Community Services Administration shall be the principal agency, and the Director thereof shall be the principal officer, for carrying out titles II, III–B, VI, VIII, IX and XI of the Economic Opportunity Act of 1964, and that the functions of the Director thereof with respect to carrying out sections 221 and 235 and titles III–B, VI, IX, and XI of such Act shall not be delegated to any other officer not directly responsible, both with respect to program operation and administration, to the Director;

(B) for the transfer to the Secretary of Commerce of the responsibility for administering title VII of the Economic Opportunity Act of 1964; but such transfer may be made only if there is established within the Department of Commerce a separate Community Economic Development Administration for the purpose of carrying out title VII of such Act, which Administration shall be headed by an Assistant Secretary for Community Economic Development, appointed by the President by and with the advice and consent of the Senate, who shall serve as Director of such Administration and who shall, in the performance of his functions, be directly responsible to the Secretary of Commerce, and shall not be subject to the supervision or control of any officer or employee, other than the Secretary or Under Secretary of Commerce; and

(C) for an effective date for the transfers authorized under subparagraphs (A) and (B), which shall not be earlier than the expiration of 30 days after the last date on which such reorganization plan could be disapproved by either House of Congress.

(d) Section 28 of the Economic Opportunity Amendments of 1972 (86 Stat. 705, September 19, 1972) is repealed, effective October 1, 1975.

(e) To further the purposes of this Act and the Economic Opportunity Act as amended by this Act, the regional directors of the Community Services Administration shall serve on the ten Federal Regional Councils with rights equal to those of regional directors for other Federal agencies.

(f) Effective October 1, 1975, the Economic Opportunity Act of 1964 is further amended by—

(1) striking out "Office of Economic Opportunity" and "Office" each time that they appear in section 602(d) and inserting in lieu thereof "Community Services Administration";

(2) striking out "Office of Economic Opportunity" in section 603(c) and inserting in lieu thereof "Community Services Administration";

(3) striking out "in the Office" in section 605(a) and inserting in lieu thereof "in the Community Service Administration";

(4) striking out "Office of Economic Opportunity" in section 632(2) and inserting in lieu thereof "Community Services Administration"; and

(5) striking out "of the Office of Economic Opportunity" in section 637(b)(2), and inserting in lieu thereof "of the Community Services Administration".

TRANSFER OF FUNCTIONS OF OFFICE OF ECONOMIC OPPORTUNITY

SEC. 13. (a) Paragraphs (1) and (2) of section 222(a) of the Economic Opportunity Act of 1964 are repealed, effective July 1, 1975.

(b) Effective October 1, 1975, the property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions of the Director of the Office of Economic Opportunity shall be transferred to the Director of the Community Services Administration. All grants, applications for grants, contracts, and other agreements awarded or entered into by the Director of the Office of Economic Opportunity under the authority of the Economic Opportunity Act of 1964 shall continue to be recognized so that there is no disruption of ongoing activities for which there is continuing authority.

(c) Effective October 1, 1975, all Federal personnel, employed by the Office of Economic Opportunity under the authorization and appropriations for the Economic Opportunity Act of 1964 shall be transferred to, and, to the extent feasible, assigned to related functions and organizational units in the Community Services Administration, without loss of salary, rank, or other benefits, including the right to representation and to existing collective bargaining agreements.

(d) All official actions taken by the Director of the Office of Economic Opportunity, his designee, or any other person under the authority of the Economic Opportunity Act of 1964 which are in force on September 30, 1975, and for which there is continuing authority under the provisions of this Act, shall continue in full force and effect until modified, superseded, or revoked by the Director of the Community Services Administration.

(e) All references to the Office of Economic Opportunity, or to the Director of the Office of Economic Opportunity, in any statute, reorganization plan, executive order regulation, or other official document or proceeding shall, on and after October 1, 1975, be deemed to refer to the Community Services Administration, or to the Director thereof as the case may be.

(f) No suit, action, or other proceeding, and no cause of action, by or against the agency known as the Office of Economic Opportunity, or any action by any officer thereof acting in his official capacity, shall abate by reason of the enactment of this Act.

(g) Persons appointed by the President, by and with the advice and consent of the Senate, to positions in the Office of Economic Opportunity, requiring appointment by and with such advice and consent, may continue to serve in comparable positions in an acting capacity in the Community Services Administration; but the President shall submit names for appointment to positions in the Community Services Administration, requiring the advice and consent of the Senate, within ninety days of continuous session of Congress after the establishment of such Administration.

ELIGIBILITY FOR PROGRAMS

SEC. 14. Section 625 of the Economic Opportunity Act of 1964 is amended to read as follows:

"CRITERIA FOR DETERMINING ELIGIBILITY

"SEC. 625. (a) Every agency administering programs authorized by this Act in which the poverty line is a criterion of eligibility shall revise the poverty line at annual intervals, or at any shorter interval it deems feasible and desirable.

"(b) The revision required by subsection (a) of this section shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

"(c) Revisions required by subsection (a) of this section shall be made and issued not more than thirty days after the date on which the necessary consumer price index data becomes available.

"(d) In applying the poverty line to families as a criterion for eligibility in programs authorized by this Act, the family unit shall not be defined so as to include income earned by individuals who are eighteen years of age or older other than the parents heading the household.

"(e) Each agency administering programs for the disadvantaged authorized by this Act shall include among the disadvantaged those persons who suffer in the labor market because of their limited speaking, reading, and writing abilities in the English language."

EXTENSION OF PROGRAM AUTHORITY

SEC. 15. (a) Sections 245, 321, and 615 of the Economic Opportunity Act of 1964, are each amended by striking out "eight succeeding fiscal years" and inserting in lieu thereof "eleven succeeding fiscal years.

(b) Section 523 of such Act (redesignated as section 573 by section 3(c) of this Act) is amended by striking out "seven succeeding fiscal years" and inserting in lieu thereof "ten succeeding fiscal years."

AUTHORIZATION OF APPROPRIATIONS

SEC. 16. (a) For the purpose of carrying out title II, title III, title V, title VI, title VII, title VIII, title IX, and title XI of the Economic Opportunity Act of 1964, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1975 through 1977.

(b) Unless the Congress has passed or formally rejected legislation extending the authorizations of appropriations for carrying out any title of the Economic Opportunity Act of 1964 specified in subsection (a) of this section, or adopts a concurrent resolution providing that the provisions of this subsection shall not apply, the authorizations of appropriations specified in subsection (a) are hereby automatically extended for one additional fiscal year beyond the terminal year specified therein.

EFFECTIVE DATE

SEC. 17. Except as otherwise provided, the provisions of this Act shall take effect on the date of enactment of this Act.

Mr. ROBERT C. BYRD. Mr. President, does the cloture motion apply to the amendment in the nature of a substitute?

The PRESIDING OFFICER. It applies to the bill.

Mr. ROBERT C. BYRD. And thus, the substitute is covered, is that correct?

The PRESIDING OFFICER. It therefore applies to everything attendant thereupon.

Mr. ROBERT C. BYRD. Will the Senator yield to me briefly?

Mr. NELSON. I yield.

Mr. ROBERT C. BYRD. Is my understanding correct that Senator HELMS and other Senators on his side of the aisle, and Senator NELSON and Senator JAVITS would be agreeable to a vote on cloture on Wednesday next at approximately 4:15 p.m., with the hour for debate on cloture to begin running at 3 o'clock p.m. on that date?

Mr. HELMS. Mr. President, that is perfectly acceptable to the Senator from North Carolina. I thank the distinguished assistant majority leader.

Mr. ROBERT C. BYRD. Then, Mr. President, I make that request.

Mr. JAVITS. Mr. President, the request is to vote on cloture at 4:15 on Wednesday?

Mr. ROBERT C. BYRD. At about 4:15.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. As I understand the parliamentary situation, if this unanimous consent agreement is entered into, it would require unanimous consent to change the time for debate on the vote on cloture?

The PRESIDING OFFICER. The agreement has been entered into. The Senator is correct, with the change from Tuesday to Wednesday.

Mr. ROBERT C. BYRD. According to my understanding, the rule would make the following procedure occur: At 3 p.m. on next Wednesday, the 1 hour of debate under rule XXII on the motion to invoke cloture will begin running. Immediately after the 1 hour of debate, the rule would require the Chair to call the roll to establish the presence of a quorum. When a quorum is established, which would take about 15 minutes, the rollcall vote on the motion to invoke cloture would occur, which is mandatory.

So, in the absence of further change, the rollcall vote would occur circa 4:15 p.m. on Wednesday.

Mr. President, I thank the Senator from North Carolina, who is always cooperative and understanding. He is most diligent in protecting his rights, and does it in a fine way, which is not abrasive, and everyone appreciates the way he performs. I appreciate in this instance his cooperation so that we can reach an understanding.

Mr. HELMS. Mr. President, similarly I can say that no Member of the Senate has been kinder nor more cooperative to me than the distinguished Senator from West Virginia, and I am grateful to him for his confidence.

Mr. NELSON. Mr. President, S. 4178 is the Senate committee-reported bill to extend the Economic Opportunity Act programs. Its short title is the "Headstart, Economic Opportunity, and Community Partnership Act of 1974."

H.R. 14449—to transfer Economic Opportunity Act programs to HEW—passed the House by a vote of 331 to 53 on May 20, 1974.

The last rollcall vote on OEO legislation in the Senate was June 30, 1972, when the Economic Opportunity Amendments of 1972 passed by a vote of 75 to 13.

The Headstart, Economic Opportunity, and Community Partnership Act of 1974 (S. 4178) extends the authorization for antipoverty programs under the Economic Opportunity Act for 3 years—through fiscal year 1977. These programs include Headstart, Follow Through, Community Action, Senior Opportunities and Services, Emergency Food and Medical Services, Community Economic Development programs, and Native American programs.

The bill authorizes the appropriation of such sums as may be necessary to carry out such programs through fiscal year 1977.

The Office of Economic Opportunity itself would be continued until October 1, 1975. At any time after June 30, 1975, the President may submit a reorganization plan proposing to transfer community action and the other remaining OEO programs to the Department of Health, Education, and Welfare, except for the Community Economic Development program which would be transferred to the Department of Commerce.

In accord with reorganization plan procedures, either the House or the Senate could disapprove such a reorganization plan within 60 days of its transmittal. If the President did not submit a reorganization plan, or, if either House of Congress disapproved it, OEO would become the Community Services Administration, which would be an independent agency in the Federal Government.

The legislation extends the authorization for local initiative funding for community action programs.

The committee-reported bill would retain the 80 percent Federal share with respect to financial assistance to Community Action programs. This is the same as the current law's provision setting the Federal share at 80 percent of the program costs for community action programs.

In accord with the administration's request, the committee-reported bill consolidates the legislative authority for the Headstart and Follow Through programs within the Department of Health, Education, and Welfare, in recognition of the fact that operational responsibility for such programs has been in HEW for several years.

In addition, the bill includes titles relating to Native American programs and Research programs along the lines requested by the administration.

The legislation adds a new section authorizing a Community Partnership program of incentive grants to match to these funds made available by State and local governments for community action programs.

The pending legislation does not earmark funds for particular purposes. Instead it authorizes the appropriation of such sums as may be necessary—leaving to the appropriations process any specific earmarking. However, it does provide that if funds appropriated for local Initiative Community Action in excess of $330 million, then half of any such excess amount should go to the new incentive program to match State and local contributions to community action activities.

COMMITTEE COMPROMISE

The committee-reported bill is a compromise between the views of those who support transferring OEO to HEW and those who support the continuation of a separate agency for antipoverty programs. The part of the legislation which involved the most difficult consideration was the question of where the Office of Economic Opportunity should be located organizationally.

At the present time, the Office of Economic Opportunity retains actual operational responsibility for local initiative community action programs, community economic development programs, senior opportunities and services, and emergency food and medical services. But most of the other programs initiated by the Office of Economic Opportunity have over the past several years been spun off under delegation arrangements to other departments and agencies of the Federal Government.

The bill which was passed by the House of Representatives earlier this session (H.R. 14449), provides for the programs which now remain under the administration of the Office of Economic Opportunity to be transferred to the Department of Health, Education, and Welfare, except for the community economic development program which the House-passed bill would transfer to the Department of Commerce.

The bill I introduced in the Senate (S. 3870) was similar to the House-passed bill in proposing to transfer the remaining OEO programs to HEW.

The other major bill was introduced by Senators JAVITS and KENNEDY (S. 3798). The Javits-Kennedy bill proposed creation of a new independent agency to replace the Office of Economic Opportunity as the Federal Government's antipoverty agency.

A large number of people around the Nation have urged the Congress to support the continuation of any agency within the Federal Government to serve as the focal point for antipoverty efforts.

Whether or not the Office of Economic Opportunity is established as a separate agency within HEW or remains as a separate agency, there should be no doubt that there is broadly felt need in this country to have a strong antipoverty agency.

Aside from the question of where the antipoverty agency should be located, the other major difference between the committee-reported bill and the House-passed bill is that the bill passed by the House reduces the Federal share for local initiative Community Action programs from 80 percent in fiscal year 1975, down to 70 percent in fiscal year 1976, and then to 60 percent in fiscal year 1977.

While the purpose of the House-passed phasing down of the Federal share is to encourage State and local contributions to community action programs, the impact upon hard-pressed State and local governments is to impose a severe fiscal impact at a time when the state of the economy is such as to make it particularly difficult for State and local governments to budget for new activities which they have not budgeted in the past.

To a limited extent, some State and local governments have devoted some funds to community action programs. The committee-reported bill contains a new community partnership program which seeks to encourage and reward those States and local governments which provide increased funding for community action activities in the future.

Under this new incentive program, funds would be provided to assist State and local governments which enter into arrangements with community action agencies to support activities and services in addition to those which have been provided by community action agencies. In other words, these activities would be supplemental to existing community action programs.

NEED TO CONTINUE THE ANTI-POVERTY PROGRAMS

The need for the anti-poverty programs authorized by the Economic Opportunity Act has been underscored by support from national leaders representing a variety of viewpoints. They insist that we not abandon programs that have demonstrated their effectiveness in reaching out to help solve the problems of the poor, and have urged that the Federal Government continue and strengthen these programs. The National Advisory Council on Economic Opportunity concluded that even in normal times federally funded anti-poverty programs are important in urban areas and indispensable in rural areas.

President Ford stated in his economic message to the Congress of October 8:

> I know that low-income and middle-income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel and medical care.

Food, housing, and fuel costs, together constitute 82 percent of the increase in the cost of living. But they make up a 40 percent larger chunk of the budget of the low-income family than of the average family. For the poor, as well as for others, there is little relief in sight. As of the third quarter of 1974, the Wholesale Price Index was increasing at a 28.1 percent annual rate, and the price of industrial commodities has been rising at a rate of 20.3 percent, insuring higher prices for many necessary products into the foreseeable future.

Furthermore, the substitution effect that serves to cushion somewhat the blow of economic distress on middle-income families simply does not function below the poverty line. As HEW economist John Palmer said in a recent study on the effects of inflation:

> The poor have little or no flexibility to adjust to job or real income losses: if the demand for unskilled labor slackens there are no lower-paying jobs for which they can compete. If the price of low-grade cuts of beef rises, there are no lower cuts to substitute.

COMMUNITY ACTION

Although community action programs were once highly controversial, they now enjoy wide acceptance and support from State and city officials and civic leaders from all sections of the country, reflecting political persuasions across the board, from conservative to liberal.

Community Action Agencies clearly perform a unique and essential function not only in providing services to the poor, but in reflecting the specific concerns of the communities they serve. Local participation and flexibility are the cornerstones of the Community Action program.

The Community Action program has been successful because it has been tailored to the unique needs of each local community. There are over 900 Community Action programs at the present time. A total of 95 of these Community Action programs are public agencies operating through the local government structure. Other Community Action Agencies are nonprofit private agencies which are governed by boards consisting of public representatives and community leaders.

Community Action Agencies have been effective in mobilizing other Federal and local resources. Thus, Community Action programs operate manpower programs and receive funding through the Comprehensive Employment and Training Act. In addition, many Community Action programs operate Headstart programs and receive funds directly from the Office of Child Development for carrying out Head Start programs.

The committee believes that one of the most important functions of Community Action Agencies is to initiate innovative programs. In the past, CAP's have responded to specific local problems with programs which may have applicability on a national level. The Maine Community Action Agency's energy conservation project initiated last winter in response to the severe impact of the energy crisis on the poor is one outstanding example.

HEAD START

The committee bill transfers legislative authority for the Head Start program to the Department of Health, Education, and Welfare and extends that authority through fiscal 1977. The Head Start title in the committee bill is based upon the administration's own legislative proposal.

In transferring the Head Start authority by legislation, the committee simply recognizes in the law the delegation of operating authority from the Director of the Office of Economic Opportunity to the Secretary of Health, Education, and Welfare which took place in 1969. It is in no way intended to alter the nature of Head Start as a local community-based child development program with maximum parental involvement.

In addition, the committee-reported bill prohibits the imposition of a fee schedule for participation in Head Start programs.

FOLLOW THROUGH

Part B of title V consolidates the legislative authority for the Follow Through program in the Department of Health, Education, and Welfare and extends its authorization through fiscal year 1977. Follow Through has been an effective program which has shown tremendous promise in creating new and exciting methods that aid in the continued development of children in grades 1 through 3 of elementary school—so that children who have been through Head Start will continue the gains they have made.

MIGRANT AND SEASONAL FARMWORKERS

In view of the demonstrated effectiveness of programs operated under title III–B of the Economic Opportunity Act (EOA) of 1964, the committee bill continues the authorization of funding for migrant and seasonal farmworker programs with respect to nonmanpower activities.

Although section 303 of the Comprehensive Employment and Training Act of 1973—CETA—included special funding for manpower activities for migrants, there continues to be a need for a special program under the Economic Opportunity Act for nonmanpower activities. For example, title III–B authorizes day care, basic education, health services, emergency housing and sanitation facilities, and consumer training and counseling.

NATIVE AMERICAN PROGRAM

The Native American program applies innovative approaches to deal with the special needs of Indians and Alaska Natives, and provides for a better focusing of available resources to enable them to attain economic self-sufficiency. The Native American title of the committee-reported bill is based upon legislation submitted by the administration.

The basic purpose of the Native American program is to increase the economic and social service self-sufficiency of the Indian people. This in line with the whole concept of self-determination which has as its main function to build the capacity of tribal governments as well as off-reservation Indians to make decisions and to manage programs which affect their social and economic conditions. This is reflected in the Native American program through two major activities: first, to assist tribal governments in building their capacity to manage economic development and human services; and, second, for off-reservation Indians, to develop the capacity for linking into human services delivery systems supported primarily through the Federal Government and State and local governments. This is done primarily through information and referral outreach centers in the major cities of the country with large concentrations of urban Indians.

ENERGY CONSERVATION SERVICES

One of the most significant features of the committee-reported legislation is the new special emphasis program "Emergency Energy Conservation Services." This new program is based upon the widely acclaimed energy project in the State of Maine, funded by OEO under its research and demonstration projects authority.

These programs will be designed to enable low-income individuals and families and others, to participate in energy conservation programs designed to lessen the impact of the crisis on such persons. This includes such activities as winterization of old or substandard dwellings, special transportation activities, and similar functions.

Everyone is greatly concerned about the effect of the energy crisis on the poor during the winter months, and the special hardships which the poor will face this winter as a result of the economic situation.

The energy conservation projects are an example of how flexible the Economic Opportunity programs have been in developing innovative projects quickly and with a minimum of red tape.

COMMUNITY ECONOMIC DEVELOPMENT

The committee bill extends the authority now contained in title VII of the Economic Opportunity Act relating to community economic development, with strengthened provisions to assure the availability of resources from other Federal agencies and the availability of long-term capital for community economic development corporations and other grantees.

As in the case of Community Action programs, the committee bill also provides for the continued administration of the community economic development program under the Office of Economic Opportunity through October 1 of next year. However, the bill does provide that the President may, next year, submit to Congress a reorganization plan transferring the administration of the community economic development program to the Department of Commerce, with strict criteria relating to the autonomy and character of the program within that department. Such a plan would take effect 60 days after its submission to Congress unless it is disapproved by either House of Congress. In order to assure that the President may make his recommendation regarding the administrative status of this program with as much information as possible, there is established, under the committee-reported bill, a Commission to undertake a study of community economic development efforts for submission to the President and Congress on or before June 30, 1975.

Programs conducted by the Community Economic Development Corporation and other self-help entities combine business development efforts with job training and employment, social services programs, and a wide variety of other efforts reflective of community needs. These programs are designed to be comprehensive responses to the needs of all persons living in communities or areas with concentrations or substantial numbers of low-income persons, both in rural and urban areas.

SUMMARY

Mr. President, the antipoverty programs under the Economic Opportunity Act are part of the overall program to help the poor in our Nation. Certainly, other programs, including economic policies, tax relief, health programs, food stamps and other direct assistance programs, and employment and training programs all are necessary to help the disadvantaged cope with the particular problems they face. But the unique characteristic of the Economic Opportunity Act programs has been the legislation's flexibility. The law does not impose rigid limits upon the creative possibilities of the poor to help themselves. With the assistance of Federal and State Economic Opportunity offices, Community Action agencies can propose almost any type of program to meet their needs, and are encouraged to look for and utilize other resources—State, local, and private, as well as other Federal programs.

The Congress should do all it can to continue to support these modest but important efforts, especially in these times of economic distress.

Mr. President, I ask unanimous consent that a section-by-section analysis of the "Headstart, Economic Opportunity, and Community Partnership Act of 1974" be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides that this legislation may be cited as the "Headstart, Economic Opportunity, and Community Partnership Act of 1974".

Section 2. Statement of purpose

This section states that it is the purpose of the legislation to extend programs under the Economic Opportunity Act of 1964 and to provide for increased involvement of State and local governments in antipoverty efforts by authorizing a community partnership program.

Section 3. Headstart and Follow Through

This section provides for a new title V of the Economic Opportunity Act of 1964, except for part B of the existing title V which is redesignated as part C.

TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

Sec. 501. Purpose of title

This section states that the purpose of the title is to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

Sec. 502. Office of Child Development

This section provides that part A (relating to Headstart) of this title shall be administered in the Department of Health, Education, and Welfare; and that there shall be established within the office of Child Development a division of migrant programs and a division of Indian programs with sums of $10,000,000 authorized to be appropriated annually for the administration of each such division.

Part B—Headstart Programs

Sec. 511. Financial assistance for Headstart program

This section authorizes the Secretary of Health, Education, and Welfare to provide financial assistance to eligible agencies which provide comprehensive health, educational, and other social services and which provide for the direct participation of parents.

Sec. 512. Authorization of appropriations

This section authorizes appropriations of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part.

Sec. 513. Allotment of funds; limitations on assistance

This section sets aside funds available to territories; establishes discretionary funds up to 20 percent for the Secretary; allots funds to States on the basis of relative numbers of public assistance recipients, unemployed persons, and children from families below the poverty line; limits Federal share to 80 percent of approved costs; provides that services must be in addition to comparable available Federal services; provides that 10 percent of total number of enrollment opportunities in Headstart programs in the Nation must be available for handicapped children; and requires equitable distribution of services under this part between rural and urban areas.

Sec. 514. Designation of Headstart agencies

This section authorizes the Secretary to designate as Headstart agencies any public and private agencies which are determined by the Secretary to be capable of meeting the purposes of this part.

Sec. 515. Powers and functions of Headstart agencies

This section defines powers and functions of Headstart agencies; authorizes them to receive and administer Headstart funds under the provisions of this part; provides for parental and community involvement in the conduct of programs, and for technical assistance and training.

Sec. 516. Submission of plans to Governors

This section provides for submission of program plans to Governors prior to approval and, if disapproved, for reconsideration by the Secretary.

Sec. 517. Administrative requirements and standards

This section establishes requirements for the standards of organization, management and administration which will ensure the purposes of this part; limits program administration and development costs to 15 percent of total program costs; requires the publication and distribution of rules and regulations which are to be promulgated by the Secretary.

Sec. 518. Participation in Headstart programs

This section provides that the Secretary shall by regulation prescribe eligibility for participation in Headstart programs, including children from poverty families or whose families are eligible or would in the absence of child care be potentially eligible for public assistance, disadvantaged children of limited English-speaking ability, and a reasonable proportion of other children. The section also prohibits the Secretary from imposing any fees for participation in Headstart.

Sec. 519. Appeals, notice, and hearing

This section provides for notice and opportunity for appeals by agencies whose request for funding has been denied; and a full and fair hearing prior to the termination of funding.

Sec. 520. Records and audits

This section requires the maintenance of adequate financial records by recipients of financial assistance and their accessibility by Government auditors.

Sec. 521. Technical assistance and training

This section authorizes the Secretary to provide technical assistance and training.

Sec. 522. Research, demonstration, and pilot projects

This section authorizes the Secretary to provide financial assistance to public or private agencies for research, demonstration, and pilot projects; and for the Secretary to establish an overall plan for their approval.

Sec. 523. Announcement of research, demonstration, and pilot projects

This section directs the Secretary to make public announcements of information concerning research, demonstration, and pilot projects within 30 days.

Sec. 524. Evaluation

This section requires that the Secretary provide for the continuing evaluation of programs conducted under this part; publish standards of evaluation, and authorizes him to require Headstart agencies to conduct independent evaluations.

Part B—Follow Through Programs

Sec. 551. Financial assistance for Follow Through programs

This section authorizes the Secretary to provide financial assistance to appropriate agencies, organizations, and educational institutions to carry out Follow Through programs which will serve primarily children from low income families who were previously enrolled in Headstart and are currently enrolled in Kindergarten and primary grades. Programs must provide comprehensive services which the Secretary finds will aid in the continued development of these children.

Sec. 552. Authorization of appropriations

This section authorizes the appropriation of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part; limits Federal share to 80 percent of approved program costs with a waiver provision; requires that services supplement, not serve as a substitute for, existing services.

Sec. 553. Research, demonstration, and pilot projects; evaluation; and technical assistance activities

This section authorizes the Secretary to provide financial assistance for research, demonstration, and pilot projects, and for program evaluation, and technical assistance and training in furtherance of the purposes of this part.

Sec. 554. Special conditions

This section generally provides that recipients of financial assistance under this part shall make maximum employment opportunities available to parents of program participants and to community residents; provides for adequate notice and fair hearings prior to suspension of grants.

Part C—General provisions

Sec. 571. Definitions

This section defines terms.

Sec. 572. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 573. Comparability of wages

This section requires the Secretary to ensure that salaries are not in excess of prevailing rates of compensation in communities for comparable responsibilities.

Sec. 574. Nondiscrimination provisions

This section prohibits discrimination.

Sec. 575. Limitation with respect to certain unlawful activities

This section prohibits participation of Headstart employees with respect to certain unlawful activies.

Sec. 576. Political activities

This section provides that an agency which is responsible for planning, developing, and coordinating Headstart programs shall be regarded as a State or local agency; prohibits involvement of programs in partisan or nonpartisan political activities and voter registration.

Sec. 577. Advance funding

This section provides for advance funding to afford adequate notice of funding available under this title.

Sec. 578. Bilingual assistance

This section provides that the Secretary shall insure that programs and activities under this title provide special assistance to the needs of persons of limited English-speaking ability by providing bilingual Headstart and Follow Through programs.

Section 4. Assistance for migrant and other seasonally employed farmworkers and their families

This section amends title III-B of the Economic Opportunity Act of 1964 to emphasize developmental programs; establishes within the Community Services Administration a National Office for Migrant and Seasonal Farmworkers; and requires that, in providing financial assistance under title III-B, priority be given to existing providers of services.

Section 5. Native American programs

This section amends the Economic Opportunity Act of 1964 by inserting a new title VIII.

TITLE VIII—NATIVE AMERICAN PROGRAMS

Sec. 801. Short title

This section provides that this title may be cited as the "Native American Economic Opportunity Program Act".

Sec. 802. Statement of purpose

This section provides that the purpose of this title is to promote the goal of enabling American Indians, Hawaiian Natives, and Alaskan Natives to become fully self-sufficient.

Sec. 803. Financial assistance for Native American projects

This section authorizes the Director to provide financial assistance to public and nonprofit private agencies for projects pertaining to the purposes of this title. Federal assistance would be equal to 80 percent of the cost of an assisted project, unless a higher percentage was authorized by the Secretary, Federal assistance could not be used to replace programs previously funded without Federal assistance, unless specially waived by the Director.

Sec. 804. Technical assistance and training

This section authorizes the Director to provide technical assistance and training in connection with the provision of financial assistance under this title.

Sec. 805. Research, demonstration, and pilot projects

This section authorizes the Director to support research, demonstration, and pilot projects pertaining to the purposes of this title.

Sec. 806. Announcement of research, demonstration, and pilot projects

This section requires the public announcement of information relating to research, demonstration, and pilot projects, except in certain circumstances.

Sec. 807. Submission of plans to State and local officials

This section requires that the governing body of an Indian reservation or Alaskan Native village must be given the opportunity to disapprove any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out on the reservation or in the village. The bill would require that State and local officials be notified of any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out in their jurisdictions, other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead.

Sec. 808. Records and audits

This section authorizes the Director to prescribe record-keeping requirements for agencies receiving assistance under this title and would provide for access to the records and books of any such agency.

Sec. 809. Appeals, notice, and hearing

This section imposes notice and hearing requirements in connection with the suspension or termination of assistance, or the denial of refunding under section 805.

Sec. 810. Evaluation

This section requires the Director to provide for the continuing evaluation of projects assisted under this title.

Sec. 811. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 812. Delegations of authority

This section authorizes the Director to delegate his duties and authorities under this title to other Federal agencies.

Sec. 813. Definitions

This section contains definitions of terms used in this title.

Sec. 814. Authorization of appropriations

This section authorizes the appropriation of such sums as are necessary for fiscal years 1975 through 1977 to carry out this title.

Section 6. Community action programs with Indian tribes

This section amends section 210 of the Economic Opportunity Act of 1964 to make clear that Indian tribes are not described as political subdivisions of States.

Section 7. Research and demonstrations

This section amends the Economic Opportunity Act of 1964 by adding a new title XI.

TITLE XI—RESEARCH AND DEMONSTRATIONS

Sec. 1101. Statement of purpose

This section provides that the purpose of this title is to stimulate the better focusing of public and private resources upon the goal of enabling low income persons to become self-sufficient.

Sec. 1102. Research, demonstration, and pilot projects

This section authorizes the Director to provide financial assistance to public and private agencies for the conduct of research, demonstration, and pilot projects in furtherance of the purposes of this title; to establish an overall plan for approval of projects; and requires that research, demonstration, and pilot projects be submitted to State and local officials prior to approval and, if disapproved, be reconsidered by the Director.

Sec. 1103. Consultation

This section authorizes the Director, in conducting evaluations under the title, to involve program participants, whenever feasible.

Sec. 1104. Announcement of research, demonstration, and pilot projects

This section requires public announcements of information relating to grants and contracts, and provides that results are property of Federal Government, and for publication of summaries of related activities.

Sec. 1105. Nondiscrimination provisions

This section prohibits discrimination.

Sec. 1106. Prohibition of Federal control

This section provides that nothing in this title shall be construed to authorize Federal control over the activities of educational institutions.

Sec. 1107. Definitions

This section defines terms as used in this title.

Sec. 1108. Authorization of appropriations

This section authorizes such sums as may be necessary for fiscal years 1975 through 1977 to carry out this title.

Section 8. Evaluation

This section revises title IX of the Economic Opportunity Act of 1964, relating to evaluation.

TITLE IX—EVALUATION

Sec. 901. Program and project evaluation

This section provides for the Director, directly or through grants or contracts, to measure and evaluate the impact of all programs authorized by the Economic Opportunity Act and poverty-related programs authorized by other Acts.

Sec. 902. Cooperation of other Federal agencies

This section provides for other agencies of the executive branch to provide such information and cooperation as may be requested by the Director for purposes of the evaluations under this title.

Section 9. Community partnership

This section amends the Economic Opportunity Act of 1964 by adding new sections to encourage community partnerships.

The new section 235 authorizes the Director to provide financial assistance to carry out agreements entered into by community action agencies (or other agencies designated under section 210 of the Economic Opportunity Act) and a public agency or a political subdivision of a State. Such agreements shall provide for the planning, development, and administration of programs and activities of the type described under part A of title II of such Act (community action) and supplemental to such programs and activities otherwise provided under the Act for the strengthening of the capability of public and private community institutions in accomplishing the purposes of the Act in a coordinated manner. The Federal share shall not exceed 80 percent and matching non-Federal funds shall be in cash.

The new section 236 establishes an Intergovernmental Advisory Council on Community Services, composed of three members representative of States and county and municipal governments, three members representative of community action agencies and other grantees under the Economic Opportunity Act, and three members representative of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs. The Council shall encourage community partnership agreements, review and evaluate such agreements, survey public and private resources available for antipoverty efforts, and identify and encourage means of increasing such resources.

The new section 237 provides that, out of any sums allocated for local initiative programs under section 221 of the Economic Opportunity Act for any fiscal year, the Director may allocate for community partnership agreements under section 235 up to 50 percent of any amounts appropriated between $330,000,000 and $450,000,000.

The formula in section 225 of the Economic Opportunity Act is modified to refer to the poverty criteria used in the 1970 census, instead of the $1,000 family poverty level in the original Act. This formula is also applied to the distribution of funds under the new section 235.

Section 10. Special emphasis programs

This section amends section 222 (a) of the Economic Opportunity Act of 1964 by adding programs known as Emergency Energy Conservation Services, Summer Youth Recreation, and Urban Housing Demonstration Program. The Senior Opportunities and Services program (sec. 222 (a) (7) of the Act) is amended to authorize support for strengthening counseling, administrative representation, information, and referral services for the elderly. Section 227 of the Act is amended to change the name of the Youth Recreation and Sports Program to the "National Summer Youth Sports Program".

Section 11. Community economic development

This section revises title VII of the Economic Opportunity Act.

TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

Sec. 701. Statement of purpose

This section states that the purpose of the title is to encourage the development of special self-help and community mobilization programs so as to contribute to the elimination of poverty and the establishment of permament economic and social benefits.

Sec. 702. Definitions

This section defines terms used in this title.

Sec. 703. Authorization of appropriations

This section authorizes the appropriation of $84,000,000 for fiscal year 1975, and such sums as may be necessary for each of the two succeeding fiscal years, to carry out this title.

Part A—Urban and rural special impact programs

Section 711. Statement of purpose

This section states that the purpose of this part is to establish special programs of assistance to private locally initiated community development corporations which are directed to the solution of critical problems existing in particular communities or neighborhoods, are of sufficient size, scope and duration to have an appreciable impact in such communities, neighborhoods, and rural areas, and have the prospect of continuing such an impact after termination of financial assistance under this part; and provide financial and other assistance to start, expand, or locate enterprises close to the area to be served so as to provide employment and ownership opportunities for residents of such areas.

Sec. 712. Establishment and scope of programs

This section authorizes the Director to provide financial assistance to community development corporations for the costs of programs under this part. Programs may include economic and business development programs, community development and housing activities, training and employment programs and supportive social services. Programs assisted under this part are to contribute on an equitable basis between urban and rural areas to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

Section 713. Financial assistance requirements

Subsection (a) of this section provides requirements for funding projects under this part. These requirements are: (1) that the community development corporation is responsive to residents of the area under guidelines established by the Director; (2) projects and related facilities will to the maximum feasible extent to be located in the area served; (3) projects will promote the development of entrepreneurial and management skills and ownership by residents of the area served; (4) projects will be planned and carried out with maximum participation of local businessmen and financial institutions; (5) the program will be appropriately coordinated with local planning under this act and other relevant planning in the areas served; (6) no participant will be employed in projects involving political parties or facilities used for sectarian instruction or place of worship; (7) will not result in displacement of employed workers or result in substitution of Federal for other funds; (8) will establish appropriate rates of pay for work-training and education; (9) will contribute to the occupational development of individual participants; (10) will give preference to low-income or economically disadvantaged residents of areas served in filling jobs and training opportunities; (11) training programs shall be designed to provide skills which are in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part; and (12) that financial assistance for related purposes under this act to the area served by a special impact program shall not be reduced in order to substitute funds authorized by this part.

Sec. 714. Federal share of program costs

This section provides for a Federal share of up to 90 percent of the cost of programs under this part. Non-Federal contributions may be in cash or in kind.

Part B—Special rural programs

Sec. 721. Statement of purpose

This section states that it is the purpose of this part to support self-help programs in rural areas with substantial numbers of low-income persons as a supplement to other Federal programs.

Section 722. Financial assistance

This section authorizes the Director to provide financial assistance, including loans to low-income rural families to effect a permanent increase in the families' incomes or improvement in living or housing conditions. Such loans will have a maximum maturity of 15 years and will total not more than $3,500. The Director is also authorized to provide financial assistance to local cooperative associations in rural areas for establishing and operating cooperative programs.

Section 723. Limitation on assistance

This section establishes conditions for financial assistance including number of low-income members in cooperative association receiving assistance, provision for adequate technical assistance, and determination that applicant is fulfilling need not already met. Funds under this part shall not be used to substitute funds for related purposes under the Act.

Part C—Development Loans to Community Economic Development programs

Sec. 731. Development loan fund

This section authorizes the Director to make or guarantee loans to community development corporations and families and local cooperatives for business, housing, and community development projects. Loans may not be made unless there is reasonable assurance of repayment, the loan is not otherwise available, and the amount of the loan is adequate to assure completion of the project. All loans shall be at a rate of interest to be determined by the Secretary of the Treasury, though the Director may set a lower rate for the first 5 years of indebtedness. All loans are repayable within 30 years. This section establishes a Development Loan Fund to carry out the lending and guarantee functions under this part.

Sec. 732. Establishment of Model Community Economic Development Finance Corporation

This section provides that the Director shall prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation. Not later than June 1, 1975, the Director shall submit such plan of action to the appropriate committees of Congress.

Part D—Supportive programs and activities

Sec. 741. Training and technical assistance

This section authorizes the Director to provide technical assistance to community development corporations and both urban and rural cooperatives, and training for employees of communty development corporations and employees and members of urban and rural cooperatives.

Sec. 742. Small Business Administration programs

This section permits community development corporations to use funds granted under this part as private paid-in capital for small business investment company and local development corporation programs of the Small Business Administration.

Sec. 743. The Economic Development Administration programs

This section provides that areas selected for assistance under this title shall be deemed "redevelopment areas" within the meaning of section 401 of the Public Works and Economic Development Act of 1965 and shall qualify for assistance under title I and title II of such Act.

Sec. 744. Department of Housing and Urban Development programs

This section provides that the Secretary of Housing and Urban Development shall assure that community corporations qualify as sponsors under the Housing and Urban Development Act of 1968 and the National Housing Act of 1949; that land for housing and business location is available under the Housing Act of 1949; and that funds are available under section 701(b) of the Housing Act of 1954.

Sec. 745. Department of Agriculture and Farmers Home Administration programs

This section provides that the Secretary of Agriculture or the Administrator of the Farmers Home Administration shall take steps to insure that community development corporations and local cooperative associations qualify for and receive assistance under the Farmers Home Administration and Rural Development Act of 1962.

Sec. 746. Coordination and cooperation

This section provides that the Director shall take steps to assure that contracts and deposits by the Federal Government are placed in such a way as to further the purposes of this title, and shall take steps to encourage State and local governments to provide assistance to community development corporations and local cooperative associations.

Sec. 747. Evaluation and research

This section requires each program to provide for a thorough evaluation of the effectiveness of the program in achieving its purposes. The Director shall conduct research to suggest new programs and policies to achieve the purposes of this part.

Sec. 748. Planning grants

This section authorizes the Director to provide financial assistance to public or private nonprofit agencies or organizations for planning of community economic development programs and cooperative programs under this title.

Sec. 749. Community Economic Development Resources Committee

This section provides for the establishment of a Community Economic Development Resources Committee to advise the Director on the administration of this title and to develop plans and procedures for cooperative efforts of Federal agencies required to provide assistance under sections 742, 743, 744, 745, and 746 of the Act. The Committee is to be composed of the Secretaries of Commerce, Agriculture, Labor, HEW, Housing and Urban Development and the Small Business Administration.

Sec. 750. Special review of community economic development

This section provides for the establishment of a National Commission on Community Economic Development composed of two members of the Senate, two members of the House of Representatives, and nine persons appointed by the President. The Commission shall conduct a study which shall consider an appropriate administrative agency for the carrying out of community economic development programs in the future. The Commission shall submit a final report to the President and to the Congress on the results of its study, not later than June 30, 1975.

Sec. 751. Nondiscrimination provisions

This section prohibits discrimination.

Section 12. Establishment of community services administration

Effective October 1, 1975, the Economic Opportunity Act is amended to establish within the executive branch a Community Services Administration, which shall be the successor authority to the Office of Economic Opportunity. The Director, Deputy Director, and Assistant Directors shall be appointed subject to the advice and consent of the Senate. The Director shall be compensated at a rate not less than Level IV of the Executive Schedule.

This section provides that after June 30, 1975, the President may submit to the Congress a reorganization plan to take effect if not disapproved by either House of Congress in accordance with the standard reorganization plan procedures, within sixty days of continuous session of Congress.

Any such reorganization plan must provide for a Community Services Administration to be established within the Department of Health, Education, and Welfare. The Director of such Administration shall be directly responsible to the Secretary of Health, Education, and Welfare. However the responsibility for administering title VII (Community Economic Development) would be transferred to a separate Community Economic Development Administration within the Department of Commerce under any such reorganization plan.

Unless a reorganization plan is effective on October 1, 1975, the Office of Economic Opportunity will become an independent agency within the executive branch on that date.

Section 13. Transfer of functions of Office of Economic Opportunity

This section contains technical and transitional provisions designed to effectuate the transfer of the Office of Economic Opportunity to the new Community Services Administration, with respect to property, records, funds, personnel, and actions, and related matters.

Section 14. Eligibility for program

This section amends section 625 of the Economic Opportunity Act of 1964 to make clear that the poverty line is to be revised to reflect the full percentage change in the Consumer Price Index over the annual or other interval, instead of the average percentage change over such period of time. The revised section also provides that in applying the poverty line to families, the family unit shall not be defined so as to include income earned by individuals who are eighteen years of age or older other than the parents. For purposes of this Act, disadvantaged persons include those who suffer in the labor market because of their limited speaking, reading, and writing abilities in the English language.

Section 15. Extension of program authority

This section extends the authority to carry out programs under the Economic Opportunity Act for three additional years, through fiscal year 1978.

Section 16. Authorization of appropriations

This section authorizes the appropriation of such sums as may be necessary for fiscal year 1975 through 1977 for carrying out the Economic Opportunity Act. In addition, the appropriations authorization is automatically extended for an additional year unless Congress otherwise acts with regard to the authorization.

Section 17. Effective date

This section provides that, except as otherwise provided the provisions of this legislation shall take effect on the date of enactment.

Mr. JAVITS. Mr. President, I wish to support the chairman of our subcommittee in commending the bill to the Senate, and to state the position of the Committee on Labor and Public Welfare in reporting favorably to the Senate S. 4178 the committee bill, which will now be considered under the House number under the procedure just adopted.

Mr. President, I urge that the Senate approve the "Headstart, Economic Opportunity, and Community Partnership Act of 1974", as reported by the Committee. This measure—in my opinion—combines the best elements of S. 3798, the "Economic Opportunity and Community Partnership Act of 1974", which I introduced with Senators KENNEDY, DOLE, JOHNSTON, ABOUREZK, BAYH, BROOKE, CASE, CLARK, CRANSTON, GRAVEL, HART, HASKELL, HATFIELD, HATHAWAY, HOLLINGS, HUMPHREY, LONG, MATHIAS, MCGEE, MCGOVERN, MCINTYRE, METZENBAUM, MONDALE, MOSS, MUSKIE, PASTORE, PELL, PERCY, RANDOLPH, RIBICOFF, HUGH SCOTT, TUNNEY, and WILLIAMS.

And, S. 3870, introduced by Senator NELSON and cosponsored by Senators BAYH, CRANSTON, MONDALE, and RANDOLPH.

The major elements of the committee bill are as follows:

First, the bill would extend the Economic Opportunity Act of 1964 for 3 years, authorizing "such sums as may be necessary" for each of the fiscal years, 1975, 1976, and 1977; the authorization of appropriations expired last June, but the programs have been continued to date under continuing resolutions. S. 3798 and S. 3870 each provided for a 3-year extension.

Continuation of our antipoverty efforts is essential generally since there are still 24 million Americans in the poverty syndrome, but those efforts are all the more important now as the Nation—and the poor particularly—are subject to what has been termed "stagflation," that is a high rate of inflation, coupled with a high rate of unemployment.

As President Ford noted in his economic message to the Congress on October 8:

> Now I know that low-income and middle income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel, and medical care.

On the employment side, while the national level of unemployment—at 6.2 per cent in October—is clearly unacceptable, in particular areas in which the poor live the unemployment rate is as high as 40 per cent—an outrageous level—and every prediction is that the November rate, to be announced by the Department of Labor this Friday will show a severe increase.

Second, the bill provides for the continuation of the Office of Economic Opportunity through September 1975; thereafter, it would be succeeded by a new independent agency, the Community Services Administration. However, at any time after July 1, 1975, the President could submit a reorganization plan for transfer of community action and related programs to a separate administration in HEW, and, of community economic development to a separate administration in the Department of Commerce. Either House could disapprove such a reorganization plan within 60 days.

This represents a basic compromise on the key difference between my bill and Senator NELSON'S; I had proposed that the Office of Economic Opportunity be succeeded by an independent agency; Senator NELSON on the other hand, following the general approach of the House bill proposed that the programs conducted by OEO be transferred to the Department of Health, Education, and Welfare and established there in a new Community Services Administration, with community economic development to be administered by the Department of Commerce.

While the administration seems to "lean" toward the HEW approach for community action, it has not submitted any legislation or other positive "blueprint" to provide for the continuation of community action programs in such a context; it did, however, submit legislation to transfer community economic development to Commerce.

This committee bill thus contains very strong provisions for the continuation of OEO and a successor independent agency, but with the option for the administration to take another position at a later date, but subject to disapproval by either House.

Those of us who favor the continuation of OEO as an independent agency, believe that independence is needed in a number of important aspects:

First, the poor need a separate "voice" in the Federal Establishment acting as their advocate vis-a-vis the actions taken by other established agencies; for example, in last winter's energy crisis, OEO was able to get HEW as well as other agencies to modify certain regulations affecting the poor, and to get the Federal Energy Office to be more responsive to the effects of the crisis on the poor.

Second, a separate agency, unlike an established one, will be free to experiment and innovate with less pressure from those who represent the "status quo"; for example, OEO conducted a very controversial educational "voucher" experiment; it would have been more difficult for HEW to have undertaken such a study.

Third, a separate agency for the poor will be more responsive to the indigenous needs of community action agencies and community economic development corporations.

Fourth, a separate agency is needed to evaluate independently and objectively programs of other agencies affecting the poor; the greatest portion of an estimated $30 billion in Federal programs benefiting the poor, including social security, welfare assistance, programs for the aging, and so forth, are conducted by HEW.

Beyond these considerations, there is a substantial risk that community action and related programs could be lost in HEW; under the administration's budget request, that agency would be responsible for administering $114 billion in fiscal year 1975.

Finally, and most crucially, at this time HEW does not want the program. Secretary Weinberger has so advised me.

Third, the committee bill continues 80 percent Federal matching for community action agencies and programs.

While for some years the administration has urged that Federal funding for such agencies be cut off completely or at least drastically phased down in the expectation that State and local governments will fund the programs in the future under the "New Federalism" every indication that we have suggests that while there is substantial support at the State and local level for community action programs in the general policy and political sense, this has not yet been translated into fiscal help even with general revenue sharing, governmental units—hit by inflation—are hard pressed, and in fact are cutting back services. In fact, less than 3 percent of over $14 billion in general revenue sharing funds have gone to programs for the poor, and very little of that to community action agencies.

Until there is greater evidence of both a willingness or ability to transfer resources to community action agencies on the State and local level, Federal funding should continue at the 80 percent current rate.

However, in recognition of the need to encourage new relationships between State and local government on the one hand and community action agencies on the other, the committee bill does contain new authority for "community partnership agreements"—which I authored—under which incentive funds will be available for joint undertakings. In each geographical area, these funds will be in addition to the regular local-initiative funds.

To encourage such agreements and to oversee activities, the bill establishes an "Intergovernmental Advisory Council on Community Services," including three members from State and local government, three from representatives of community action agencies, and three from other interested groups, appointed by the President.

Fourth, the committee bill authorizes a new community economic development effort, building with increased resources upon the experiences under title VII of the Economic Opportunity Act—which I coauthored with Senator KENNEDY—and the previous efforts under the "special impact" title I-D of the Act in such areas as Bedford-Stuyvesant in New York—in which I joined the late Senator Robert Kennedy.

There are currently 35 federally funded community development corporations—split almost evenly between rural and urban areas—and a number of rural cooperatives, and 75 likely privately funded corporations and similar entities across the Nation—operating with great success.

The authority in the committee bill is basically that contained in title VII of the present Economic Opportunity Act, but with the following new elements from S. 3798 which I introduced with Senator Kennedy and others:

Increased authorizations; under the committee bill, the program, which is now at the $39.3 million level, would increase to $84 million in fiscal year 1975, $120 million in fiscal year 1976, and $156 million in fiscal year 1977.

Strengthened credit arrangements available to community economic development programs; these are contained in part C of the revised title.

Greater supportive efforts from the Economic Development Administration, the Small Business Administration, and other Federal agencies, including the establishment of a "resources committee" made up of the heads of these agencies to encourage the focusing of other resources.

The administration had submitted legislation to transfer this program to the Department of Commerce to be joined with the programs conducted by the Office of Minority Business Enterprise.

While a transfer to Commerce—although not to OMBE—may be considered a possibility for the future—which may be accomplished by reorganization plans under the committee bill—I am pleased that the committee has chosen to keep this program in OEO or in the successor independent agency to OEO.

In that connection, I note that the committee states at page 10 of its report:

> The Committee stongly believes that such independence is important for the expansion and development of this unique self-help program.

Other statements in the committee report on that page and the following make clear the difference between community economic development and what is generally known as the "minority enterprise" effort.

Fifth, the committee bill would authorize three new special emphasis programs—which I authored:

"Emergency Energy Conservation Services", designed to enable low-income individuals and families and others, to participate in energy conservation programs designed to lessen the impact of the energy crisis on such persons. This includes such activities as winterization of old or substandard dwellings, special transportation activities, and similar functions.

Of the 8 million single family dwellings occupied by the poor, 4 million have no insulation and about 5 million have no storm windows or doors. One-fourth or 2 million of the homes are in the coldest or moderately cold climate zones where temperatures regularly go below freezing in the winter months.

The poor's access to fuel is being limited because of a reluctance of suppliers to extend credit for small orders.

This new authority is based on S. 3051, the "Emergency Energy Conservation Economic Opportunity Amendments of 1974", which I introduced on February 25, with 16 other Senators, including Senators McGovern, Abourezk, Cranston, Hart, Hughes, Humphrey, Kennedy, Mathias, Metcalf, Mondale, Nelson, Pell, Randolph, Ribicoff, Stafford, and Williams.

"Summer Youth Recreation Program" designed to provide recreation opportunities for low-income children during the summer months. This has been a matter of great importance to me as has the summer youth job program to which it has been linked.

We have a number of authorities in the Comprehensive Employment and Training Act of 1973 to continue the summer job element but need this new authority for recreation to insure continuation of that important aspect.

"Urban Housing Demonstration Program", designed to encourage and assist low-income families living in neighborhood characterized by abandoned and deteriorating housing to continue to maintain housing as a supplement to existing community development and housing legislation.

Sixth, the bill would establish the Headstart and Follow Through programs, now conducted by HEW in that Department, with a legislative authority.

Mr. President, in closing, the major element of the committee bill is essentially to continue the authority of the antipoverty program as we now know it, but permit a reorganization plan at a later date for transfer to HEW, which either House may disapprove. That is the essential difference between ourselves and the House of Representatives which provides for a transfer to HEW.

Just one other point, Mr. President. That is that of all the times not to end the antipoverty program, this is the time. All of us realize the impact, the terrible impact of higher food costs and higher fuel costs, which are falling with greatest severity on the poor. And the poorest, who are dealt with in this program, certainly do not have income tax problems. To the theory that "we are going to give them some break on the income tax" is hardly relevant to this situation.

The only way we can give them some break is by maintaining local community action, buttressed by Federal action. That is all that this bill is about.

So I hope very much, Mr. President, that Senators will carefully read and consider the materials put in by the Senator from Wisconsin (Mr. Nelson) and myself, and will allow us, because that is the only way we will get to it, by voting cloture, to get on with this bill to do something about it in an effective and prompt way.

We have been functioning on continuing resolutions since the close of fiscal 1974. That is hardly the way in which to treat so urgent a humanitarian subject as this, and hence the matter has been left in very grave concern for all the poor who are affected, because they simply did not know from one continuing resolution to the next whether it would continue at all, nor did the States and municipalities and others which deal with the programs, which are certainly entitled to far more certainty in their own planning and consideration of their policies.

For those reasons, Mr. President, I strongly recommend the measure which has been reported by the Committee on Labor and Public Welfare, now the House bill as amended by the amendment of the Senator from Wisconsin.

I ask unanimous consent that a chart, which appears at page 21 of the committee report, showing cost estimates for each of the three years of the bill, be printed at this point in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

ESTIMATE OF COSTS

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91–150), the Committee estimate of the cost of carrying out this bill is set forth in the following table:

[In millions of dollars]

Program	Fiscal year— 1975	1976	1977
Local initiative	$390.0	$390.0	$390.0
Community partnership	60.0	120.0	180.0
Community economic development	84.0	120.0	156.0
Emergency food and medical services	30.0	35.0	35.0
Senior opportunities and services	20.0	25.0	30.0
Consumer action and cooperative services	10.0	15.0	20.0
Design and planning assistanca programs	10.0	15.0	20.0
Native Americans program	33.5	37.0	43.0
Emergency energy conservation services	100.0	100.0	100.0
Youth sports program	6.0	6.0	6.0
Summer youth recreation program	26.0	30.0	35.0
Rural housing	10.0	15.0	20.0
Urban housing	10.0	15.0	20.0
Training and technical assistance	5.0	6.0	7.0
State economic opportunity offices	12.0	12.0	12.0
Intergovernmental Advisory Council on Community Services	1.5	1.5	1.5
Migrant program	40.0	50.0	60.0
Head Start	500.0	550.0	600.0
Follow Through	60.0	65.0	70.0
Research and demonstrations	22.0	22.0	22.0
Evaluation	60.0	70.0	80.0
Other programs and administration	30.0	30.0	30.0
Total	1,520.0	1,729.5	1,937.5

Mr. KENNEDY. Mr. President, I rise in support of the amendment of the Senator from Wisconsin in the nature of a substitute, which incorporates the provisions of S. 4178, the Headstart, Economic Opportunity, and Community Partnership Act of 1974, which will provide a needed indication to the Nation's poor that the Federal Government will not forsake them at this moment of economic crisis.

The bill will extend the Economic Opportunity Act of 1964 for 3 years and will insure the continuing independence of the Office of Economic Opportunity at least through next October 1. At that time, in the absence of a reorganization plan by the President, a new successor independent agency will come into being to continue to act as the voice of the poor.

The latest example of the need for the poor to have a voice speaking for their needs alone is the President's proposal to cut the Federal budget.

He calls for making food stamps more expensive. He calls for making Medicare patients pay larger shares of the bill. He calls for cutbacks in major health and education programs.

That is why I have objected to ending the independence of the Office of Economic Opportunity. For that reason, I introduced with Senator JAVITS, Senator JOHNSTON, and Senator DOLE, S. 3798, to establish a totally independent successor agency to OEO.

Although we all recognized that in the political climate of last May, the successful approval of House legislation to preserve community action agencies within the Department of HEW represented a victory, that action was far too limited to meet the needs of the Nation's poor.

I believe that the Nation's poor deserve far more support and assistance than they have received in the past. I also find it difficult to accept a situation where children go to bed hungry and men and women find it impossible to provide even the basic necessities for their families.

Yet we are a nation with the capability to remove poverty. We have a Federal budget that is $300 billion. We have a gross national product over a trillion dollars. We have a defense budget of $80 billion. Yet to bring all poor Americans to the incomes above the line in 1971 it would have cost only $11.4 billion.

It is not the adequacy of our resources but the political will to commit those resources that has prevented us from winning the war on poverty.

For that reason I have opposed the administration's efforts over the past several years to eradicate the Federal antipoverty effort. For that reason, I have opposed the limited step of retaining a skeleton community action program within HEW and a community economic development program submerged within the bottom layers of the Department of Commerce. I believe both programs should have at least separate status within an independent Federal antipoverty agency.

Virtually every affected group in the antipoverty field has supported the independence of the Federal antipoverty effort. At the hearings held in August, our proposal was supported by a wide variety of groups.

Their views and mine that the Federal antipoverty effort should remain totally independent was combined in a compromise with the administration and House position in the measure now before us. This bill will retain OEO for the next several months while studies on the future antipoverty structure are being conducted along with the future institutional structure of community economic development and community action agencies. My own view is that these programs deserve independent status and that this will be the result of the studies. The studies will fall due on June 30, 1975. The President then will have the opportunity to examine those along with the Congress. If he decides to move any of the programs from their current location, he could submit a reorganization plan for that purpose. He would have until October 1, 1975, to make that decision. Congress of course would have the power to disapprove that plan.

In the absence of a reorganization plan, then OEO would become the Community Services Administration, an independent Federal agency. Certain programs which have been delegated in the past to other agencies and found an unwelcome home will be returned to the new administration, including the nonmanpower aspects of the migrant program. Community Action and Community Economic Development would have separate divisions within the new agency.

I ask unanimous consent that a resolution adopted unanimously by the Community Action Agency Executive Directors Conference in Houston in October in support of S. 4178, be printed in the RECORD. I also ask unanimous consent that a telegram from Governor Francis Sargent in support of this bill be printed in the RECORD.

In a previous statement I have discussed in greater length the rationale for the independence of OEO which I ask unanimous consent to have printed in the RECORD along with other testimony. Also I would ask unanimous consent to have portions of the committee report which lists the programs contained in the current bill to be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESOLUTION ADOPTED BY COMMUNITY ACTION AGENCY EXECUTIVE DIRECTORS CONFERENCE

Region II submits for adoption by this Body the following Resolution:

Inasmuch as the Community Action world was successful in securing the passage of H.R. 14449 by an overwhelming six-to-one margin in May of 1974, despite the existence of an Administration dedicated to the dismantlement and eradication of Community Action,

And inasmuch as there has now been a change in that Administration,

And inasmuch as the majority of our supporters in the House of Representatives readily acknowledge that H.R. 14449 represents a survival compromise piece of Legislation to insure the continuation of Community Action at that time,

And inasmuch as we have been successful in having a Javits/Nelson Bill come out of the Senate Committee to sustain an Independent Agency for the poor outside of HEW and providing the Administration the opportunity of submitting a reorganization plan subject to the acceptance or rejection of the Congress by a Majority Vote,

Be it therefore resolved that this annual meeting conference of the National CAA Executive Directors Association go on record as supporting and working for the passage of the Javits/Nelson Legislation which retains Community Action in an Independent Agency outside of HEW.

Be it further resolved that this Resolution be transmitted to the Legislators of both Houses of Congress, the media and to all Community Action Agencies for distribution to their supporters and local elected officials.

BOSTON, MASS.,
December 5, 1974.

Senator EDWARD M. KENNEDY,
Senate Office Building,
Washington, D.C.:

I write to you to request that you give your full support to S. 4178 legislation to extend the basic features of the Economic Opportunity Act of 1964. The Community Action Agencies of the Commonwealth despite funding insecurity and despite questions regarding their very existence have continued for the past 5 years to deliver important services to the poor. As a result of the work the Community Action Agencies the Commonwealth saves millions of dollars each year in the areas of welfare and unemployment payments as well as in job training and other community services to the poor. Today when low income citizens are being hard hit by the effects of recession the services provided by Community Action Agencies are even more vital. I urge your full support.

Sincerely,

FRANCIS W. SARGENT,
Governor, Commonwealth of Massachusetts.

STATEMENT BY SENATOR EDWARD M. KENNEDY

I appreciate the opportunity to join with you at today's hearing of the Senate Subcommittee on Employment, Poverty, and Migratory Labor on the future of OEO. The issue before us is really whether there will remain a federal anti-poverty agency whose primary responsibility is to seek new ways to alleviate the conditions and causes of poverty.

The legislation before the Subcommittee includes a proposal introduced by my distinguished colleague Senator Javits and myself, and Senators Johnston and Dole, with some 30 other cosponsors. That bill would establish a successor to OEO, the Community Services and Community Economic Development Administration.

The essential element in that legislation is that it would maintain an independent agency whose primary responsibility is to continue the work of OEO. Although I was pleased to see the underlying support in the House of Representatives for the continuation of many of the programs begun by OEO, I believe that the best vehicle for their effective operation, and the best vehicle for new initiatives is an independent agency.

This Subcommittee and its Chairman have demonstrated their firm commitment in the past to the goal of providing equal advantages and oportunities for every American. Its attempt to protect the Office of Economic Opportunity has taken place in the face of a concerted Administration attack on that agency.

The erosion of a federal commitment to the antipoverty effort began with the current Administration, and it continues today.

The Administration's first attempt to dismantle OEO by executive fiat was rebuffed when the courts insisted that the office be continued at least until the expiration of its authorization legislation. In the interim, some OEO programs were shifted to other departments as OEO was turned into a skeleton Agency during the directorship of Howard Phillips.

The Administration's second attack came with a zero budget request for FY 1974. Congress rejected that policy and appropriated funds to continue most of those programs. Once again, a zero budget request is before us this year, as the Administration proposed to kill outright many of the programs, including community action programs, while it would permit others to expire slowly in other federal departments.

The most recent evidence of the opposition to effective action in meeting the needs of the poor was the firing on July 16 of Alvin

J. Arnett as Director of OEO for his resolute advocacy of the need for a continued federal anti-poverty agency.

Perhaps the Administration expected OEO to die quietly when its authorizing legislation expired on June 30th. A continuing Resolution has assured its survival until final Congressional action. I am hopeful that our final action will recognize the importance of maintaining an independent agency, whose visibility as well as its own actions provide a voice for the poor.

It is the independent anti-poverty agency that can make clear why an economic policy that calls on consumers to cut their spending for food and clothing and shelter is a policy blind to the reality of life for 25 million poor Americans. Food prices have risen by 20% since last year, fuel prices have increased even more as they hit the elderly and the poor in their rent and their utilities. There is not a single area of basic services necessary for survival in which prices for the poor have not skyrocketed.

The President has called for consumers to cut back on their consumption as the way to meet the problem of inflation. For the poor in America, that policy is unacceptable and unrealistic and cynical. When the poor are found to be buying pet food because they can't afford anything else, it is shameful to talk about asking them to cut back their spending.

The future Administration of the Community Development Corporations, which have pioneered the concept of self-help community economic development, if of particular concern. Since their inception in 1966, they have recorded significant achievements in the fields of housing, health, manpower training and social services. They have also justified the faith of Robert Kennedy and Jacob Javits, the program originators, that the poverty community has within it human resources that can be tapped and organized to effectively plan its own future development. They have succeeded both in starting new businesses and in attracting major corporations to invest in economically depressed areas.

Recognizing the current value of the Community Economic Development Programs, the Administration has proposed to spare them from the general extinction it intends for OEO Programs. Instead, the CDC's are to be transferred to the Office of Minority Business Enterprise in the Department of Commerce. That decision is both inappropriate and, as a sponsor of the expansion of the CDC Program in the 1972 OEO Amendments, I believe it is a direct misreading of the character of the Community Economic Development Program.

It is not solely a business promoting operation—although CDC's have sponsored 250 successful ventures including a fleet of taxis in Racine, Wisconsin, a lumber operation in Midwestern Minnesota, a cooperative fishery in Alaska, and a blue jeans factory in Greenville, Mississippi.

It is a program that involves every facet of community life from manpower training to housing construction to social service delivery. Not only has OMBE had no experience in these programs but it represents a narrow approach to the problem of economic development. In reality it would be far more appropriate to consolidate OMBE within a Community Economic Development Bureau than the reverse.

But the obvious and I believe the best answer is to retain the CAC's within an independent poverty agency fully responsive to the problems, proposals and potential of Community Economic Development. The CDC Program would be expanded to a $360 million program over the next three years.

In addition, we have mandated the creation of an interagency "Community Economic Development Resource Committee" to insure the maximum use of other federal resources with representatives from other federal departments.

Finally, the Bill would provide a joint Congressional study during the current fiscal year on the possibility of establishing an independent Community Economic Development Agency.

The new Bill also protects the local initiative or Community Action Programs which have been the core of the OEO Program from the outset.

According to a sample survey conducted by the national C.A.A. Executive Directors' Association, some 50 million persons are now affected by those programs.

They provide services, but equally important, they act as the voice of the poverty community within urban and rural America. There is no state in America today where a Community Action Agency has not had an impact on the quality of people's lives. They have produced controversy and consternation among traditional government agencies in the past, but they have convinced those same agencies today that the concerns they represent are legitimate concerns. They are the concerns of the poverty community for participation in decisions affecting their lives. They are the concerns of the poor for dignity. They are the concerns of the poor for the opportunity to achieve the same prosperity that is taken for granted by the more affluent majority.

I have seen the services provided by ABCD and the 24 other CAA's in Massachusetts, and I consider it to be one of the Administration's most shortsighted decisions to recommend the abandonment of these programs. I can assure this audience that the Senate will not accede to that abandonment.

Based on the success of Community Action Agencies and recognizing the desire of many cities, counties and states' to work more closely with these agencies, we have proposed a new program in the bill. This Community Partnership Program will offer incentives to these local government agencies to enter into agreements with a Community Action Agency to undertake joint anti-poverty projects. Some $420 million is authorized over three years for this new program.

Mr. Chairman, in addition, the bill extends and increases the authorizations for virtually all of the former OEO programs. It also attempts to distinguish those programs which have been delegated to other agencies and found happy homes and those which have had continued conflicts in their new agencies. For that reason, we are transferring the migrant program to the new agency rather than permitting it to remain in the Department of Labor. For that reason too, we are placing the Summer Youth Recreation Program in the new agency. At the same time, we are permitting Headstart and Follow-through—although with increased authorizations—to remain at HEW.

We feel that most of these programs can operate most effectively in the federal anti-poverty agency and therefore we believe that that agency should be continued and expanded. Its work is clearly not yet done.

The cost of poverty, of unemployment, of dependency, of unused talents—those costs cannot be measured in dollars alone. They also are counted in the bitterness and rancor that they produce.

I believe an independent anti-poverty agency is an essential element in the effort to reduce poverty in America. I hope that the final product of these hearings reflects that belief.

EXCERPT FROM COMMITTEE REPORT ON S. 4178

A SUMMARY OF THE MAJOR PROVISIONS OF THE BILL

The Committee reported "Headstart, Economic Opportunity, and Community Partnership Act of 1974" provides for the continuation of programs presently authorized under the Economic Opportunity Act of 1964, as amended, including the Community Action Program, and establishes a Community Services Administration as the successor agency to the Office of Economic Opportunity to administer these programs. In brief the Committee reported bill—

Extends the Economic Opportunity Act for three years, authorizing the appropriation of such sums as may be necessary for fiscal years 1975, 1976, and 1977.

Continues the Office of Economic Opportunity until October 1, 1975. At any time after June 30, 1975, the President may submit Reorganization Plan to transfer (not earlier than October 1, 1975) community action programs to the Department of Health, Education, and Welfare and community economic development programs to the Department of Commerce. Either House of Congress could disapprove such Reorganization Plan within 60 days If the President did not submit Reorganization Plan, or Congress disapproved it, OEO would become the Community Services Administration, which would be an independent agency in the Federal Government.

Provides legislative authority for Head Start, Follow Through, Native American and research programs in the Department of Health, Education, and Welfare (HEW now operates such programs under delegation arrangements from OEO).

Retains 80 percent Federal, 20 percent local share of costs, same as the Economic Opportunity Act currently requires of Community Action programs.

Authorizes additional program of "Community Partnership" incentive grants to augment those funds made available by State and local governments for community action programs.

Authorizes appropriation of such sums as may be necessary for Economic Opportunity Act programs for fiscal years 1975 through 1977. Any amount between $330 million and $450 million for local initiative community action programs be allocated in equal amounts between direct local initiative funds and community partnership grants.

DESCRIPTION OF PROGRAMS

Community action

The Community Action program provides assistance, both financial and technical, to communities conducting programs to reduce poverty. Community Action was originally conceived in recognition of the fact that, while poverty is a national concern, its various causes and symptoms are best understood and best dealt with at the local level. Communities are encouraged and helped to develop programs aimed at the special needs of their own poor families, to develop their own ideas, commit their own resources, assume responsibility for initiating and carrying out programs suited to their own needs. Under the Community Action program, financial and other assistance is provided to the communities for a variety of purposes and through a variety of mechanisms and a number of categorical approaches.

Local initiative

Local Initiative funding is the basic versatile money which provides support for the total Community Action process, which includes analysis of community problems, the development of a strategy for dealing with those problems, the assignment of priorities, the development of programs to accomplish specific objectives, mobilization of resources to support needed program efforts, the conduct of programs, and self-evaluation of these efforts. In addition, Local Initiative funds sustain a wide range of specific programs dealing with health, manpower, day care, youth development and other programs in addition to "special emphasis" programs which receive funds from specific sources other than Local Initiative.

Community economic development

The Community Economic Development program provides support for economic and community development in urban and rural areas with high concentrations of poor people through community development corporations and cooperatives. The program is designed to support a limited number of significant and highly visible projects promoting opportunities for community self-development, individual entrepreneurship, and good jobs.

Emergency food and medical services

The Emergency Food and Medical Service program was established to provide food and assistance in areas with serious hunger problems. Its chief purposes have been to provide mechanisms and facilities, such as outreach, transportation, certification assistance and liaison, and to identify and overcome obstacles to the full use of food programs, rather than direct feeding. In a limited way the program has provided food on a temporary basis in critical situations. Funds have been used for self-help projects whereby participants can raise and process their own foodstuffs.

Environmental action

This program authorizes projects to combat pollution and improve the environment. It combines the elements of a work program with a recognition of the need to improve the environment, particularly the environment in which the poor find themselves. Projects may include clean-up and sanitation activities, reclamation and rehabilitation of areas damaged by natural and man-made destruction.

Rural housing development and rehabilitation

This program is designed to give special emphasis to the problem of inadequate housing in rural areas. Its purpose is to encourage experimentation in rural areas, to enhance existing Federal housing programs, and provide new housing thrusts in the future through assistance to nonprofit rural housing development corporations and cooperatives for construction of new housing and the repair and renovation of existing housing.

Senior opportunities and services

The Senior Opportunities and Services program is designed to meet the special needs of elderly citizens which are not met by the more general programs designed for younger persons. Health, employment, housing, consumer, welfare and other needs of the elderly are recognized and provided for.

Design and planning assistance

This program provides financial assistance for technical assistance and professional architectural and related services for programs conducted by community-based design and planning organizations. The program encourages the maximum use of voluntary services of professional and community personnel.

National summer youth sports program

The National Summer Youth Sports Program provides disadvantaged young people with recreation and physical fitness instruction concentrated in the summer months and utilizing college and university and other recreational facilities. The program includes instruction concerning study practices, career opportunities, job responsibilities, health and nutrition, and drug abuse education. It is currently administered through the National Collegiate Athletic Association, and in 1973 involved 105 participating institutions located in 71 cities.

Consumer action and cooperative programs

The Consumer Action and Cooperative program aids the development and operation of consumer action and advocacy and cooperative programs, credit resources development programs, and consumer protection and education programs. It is intended to aid low-income individuals and groups in enforcing consumer rights and protect such individuals and groups against unfair or discriminatory trade and commercial practices.

Technical assistance and training

The Director provides training and technical assistance to communities to develop and conduct programs to meet their own needs and national goals. The Director may assign personnel to the local agency for limited times. However, most assistance is provided through contracts with various professional and volunteer organizations which have special competence in the areas involved.

State agency assistance

State agencies under this program are generally an adjunct to the Office of the Governor within the individual State. Their purpose is to mobilize antipoverty resources within the State, serve as an advocate for the poor, provide technical assistance to grantees, consult with Federal officials and local Community Action agency personnel on funding requests, give advice, training, and technical assistance, and assist in monitoring and evalulation of program activities.

Rural loan program

The Rural Loan Program provides loans to low-income rural families to assist them in maintaining and raising their income. Loans are made to both individuals and cooperative associations. The program is conducted by the Farmers Home Administration.

Special programs for migrants and seasonal farmworkers

Title III–B authorizes special programs for millions of Americans who depend for bare subsistence on earnings sporadically available from farm employment. The program serves both those classified as seasonal-hire farm labor and those who migrate during peak harvest seasons. These programs provide a wide variety of services including day care, remedial education (including high school equivalency), emergency food and housing, and heatlh care.

Research and demonstrations and evaluation

Research activities are designed to expand information on the causes of poverty, its incidence and on the means and mechanisms necessary to alleviate it. These efforts seek to develop workable models and innovative programs that can be used by Federal, State or local agencies to meet the needs of the poor. The research program authorized under the Economic Opportunity Act is presently operated by HEW under delegation by the Office of Economic Opportunity, provides broad policy research on questions of employment, income maintenance, etc., and basic research and statistical studies on the extent and causes of poverty.

Evaluation activities involve attempts objectively to assess the effects of a given program and the relative effects of different programs and techniques, as well as other variables such as different managerial and operational techniques.

Headstart

Headstart is a comprehensive preschool program for poor children providing medical, dental, nutritional, educational, and social services so as to meet many of the intellectual, social, and health needs and enhance the quality of life of the deprived school child while he is in the program. There is emphasis on parental involvement. Headstart serves children through three basic programs—full year, part-day; full-year, full day; and summer programs. Headstart is conducted by the Office of Child Development in the Department of Health, Education, and Welfare.

Follow Through

Follow Through is designed to build upon the gains enjoyed by children in Headstart and, as in Headstart, a range of early childhood needs—educational, physical, psychological, as well as social needs—are recognized through programs conducted in the early grade school years. Follow Through is administered by the Office of Education in the Department of Health, Education, and Welfare.

Native American

The Native American program applies innovative approaches to the special needs of Indians and Alaska Natives in an effort to increase the economic and social self-sufficiency of the Indian people.

Statement Prepared for Presentation Before the Committee on Labor and Public Welfare of the United States Senate

(By John Kearse and accompanied by William Bay, Fiorindo DiGianvittorio, and David Lizarraga)

My name is John Kearse. I am the Executive Director of the Economic Opportunity Commission of Nassau County, New York, which is a Community Action Agency and a Community Economic Development Corporation.

But I come before you today in my capacity as Executive Vice President of the National Congress for Community Economic Development—the association of OEO-funded Community Development Corporations, located in urban and rural areas across the nation. I have been appointed spokesman for our group, although I have with me Bill Bay, Executive Director of Impact Seven, a rural CDC in Northern Wisconsin; Fior DiGianvittorio, Chairman of the Board of the East Boston Community Development Corporation, and David Lizarraga, Executive Director of the East Los Angeles Community Union. Any of these gentlemen will be pleased to respond to specific questions you might have or to add to my prepared statement if time permits. Some of them wish to submit brief statements about their local programs for the record, and we therefore request that the record be kept open so this will be possible.

We are here to strongly support the continuation of OEO or the establishment of a new independent agency which has as its sole mandate the task of alleviating the multitude of social and economic problems that beset poor people.

I speak on behalf of a large majority of my colleagues and in accordance with a resolution passed by the membership of the National Congress for Community Economic Development.

Such an agency should be mandated to coordinate the resources of existing social and economic programs in the Federal and State governments as well as in the private sector, so they may be more effectively utilized by the people they were intended to serve and should include the Community Economic Development Program, the Community Action Program, and other programs specifically designed to reduce poverty.

Most of you are familiar with the Special Impact—or the CDC Program presently funded under Title VII of the Economic Opportunity Act of 1964 as amended. Many of you have been especially supportive—Senator Javits, of course, co-sponsored the enabling legislation, and has maintained a continuing and active interest. Senator Kennedy has accepted the mantle of community economic development left to him by his brother, the late Senator Robert Kennedy. Senator Nelson too has actively worked to refine the Special Impact legislation, which was amended several years ago to include disadvantaged rural areas as well as urban ghettos.

So most of you know the CDC story. But it may be useful at this time, to reiterate the definition of a Community Development Corporation, and thus point up the differences between the concept of community-based economic development programs, Community Action Programs, and Minority Business Assistance Programs.

CDCs are local institutions controlled by and responsive to residents of a particular community. They are engaged in a multi-objective program for the development of that community, with primary emphasis on economic development as the foundation for community development. The program and activities carried out by the CDC is a two-fold one: First, the process of building *an institution to* carry out the development of the community, and second, a program of economic and community development activities. In a technical sense, the building of the local institution is an economic development activity.

If the intent of the legislation, to effect "the establishment of permanent economic and social benefits" is to be met, the CDC must become a viable on-going institution. The CDC is not just interested in economic development, but in a broad range of activities for community development. The economic development activity is the major focus around which the wider range of community development activity takes place. This activity may include social and physical development efforts—housing, health care, child care, and public works programs.

It is important to understand that the CDC is more than just a tool for economic development. The CDC involves itself directly, and encourages other community agencies to become involved in a whole range of community activities, responses, interactions and relations directed toward the improvement of the quality of the economic and social participation in community life by community people.

Beyond this definition, it must be remembered that no two CDCs are alike. While each will sit within this broad definition, each is a creature of its own environment, each built according to the perceived needs and desires of people in their own community. Those CDCs currently funded under Title VII demonstrate a remarkable variety in size, approach and ethnic make-up. They range in size from a small neighborhood in a medium-sized city, to 10 counties even an entire state. The CDC may take the form of a for-profit corporation, a not-for-profit corporation, or a cooperative. The CDC is an institution but also in most instances is a group of interrelated institutions.

In its simplest form it is the basic corporation, plus one or more owned ventures. A complex CDC may include the basic corporation, a foundation [501(c)3], a holding company, wholly- and jointly-owned ventures, and not-for-profit housing corporation.

The business programs run by the CDCs include: planning, management, training, financing and the investment in conventional forms of business enterprise. Community Development Corporations have lent money to individual entrepreneurs, they have entered into joint ventures with large corporations and they have initiated and opened wholly-owned enterprises.

Some CDCs represent a single ethnic group, some include several ethnic and social groups. The program directly serves Blacks, white ethnics, white Appalachians, Chicanos, Puerto Ricans, native Americans, Eskimos, and Hawaiians.

In testimony before this committee in 1972 it was stated that neglect of rural area development had forced people to leave rural America and swell the unemployment and welfare rolls of inner cities, and that policies to disperse the ghetto residents to the suburbs were met with very powerful resistance.

The CDC program has been an especially positive influence in rural areas. Change is evident in all rural CDC communities—in the Delta area of Mississippi, in rural, Northern Wisconsin, in the Appalachian regions of Kentucky, Virginia, and Tennessee, in the

During the five years that the program has been administered by OEO there have been a number of evaluations, probably the most significant having been that commissioned by OEO and conducted by Abt Associates, Inc. This evaluation concluded: "The Special Impact Program should be continued because it performs critical development functions not performed by other programs, and because it performs several other functions more effectively and efficiently than do other programs."

While CDCs are only part of the answer to the plight of people living in disadvantaged urban and rural communities, they may be the most important tool to work with. The special task of the CDC is to see all of the problems together—the whole picture of poverty in the neighborhood—and how the activity of the entire neighborhood, its organizations, and its individuals can fit together in an over-all and comprehensive development approach.

The special role of the CDC, by legislative mandate, is to be a multi-purpose community tool to carry out the development programs and policies that the community wants—and to get other organizations to participate in doing necessary parts of the job.

The CDC is also a vital link between established institutions and poor people. It is just beginning to realize its potential in this regard and on behalf of all the CDC directors and boards of directors, we urge that serious consideration be given to expansion of this program, both in terms of increased support for existing CDCs and the creation of new ones.

In areas such as mine, where CDCs work hand in hand with Community Action Agencies, serving the same constituency—the CAA and addressing the social, educational, health and welfare needs, and the CDC, while concerned with the overall plan, more specifically addressing the economic development and physical rehabilitation of the neighborhood; minority business assistance programs, like those funded under OMBE and SBA can play a significant part in assisting individuals in the "Impact Area" who wish to operate small businesses of their own. Ideally, this assistance should be coordinated with the CDC, taking into consideration that such resources are only a small part of the overall economic development plan of the community.

I would like to take this opportunity to point out the critical distinctions between the CDC program and the OMBE programs.

Minority entrepreneurship programs are aimed at assisting minority businessmen with their problems and providing loan money. The Community Economic Development programs and the CDCs are catalysts that pool the resources and talents of the low income communities and combine them with outside financing and assistance. The unique advantages of the CDCs are that they provide a vehicle for mobilizing resources; they provide a point of contact through which those outside the poverty impacted area can help. And they permit the development of the comprehensive planning which links business development with: housing, manpower training, Health Maintenance Organizations, transportation projects, water and sewage projects, and other on-going governmental efforts which seek to maximize the impact on the low-income community.

What I have said should not be interpreted to mean that minority entrepreneur programs should not receive continuing support. Non-white businessmen have been systematically discriminated against for generations and compensatory programs of financing and technical aid are very much in order. It should be kept in mind, however,
coastal regions of Washington, and Alaska.
that there have been many administrative pitfalls in the handling of these traditional loan programs. In addition to the bureaucratic difficulties, this approach as an exclusive way to build the ghetto economy is ultimately self-defeating in that it concentrates too often, on mom and pop stores, and is therefore subject to high failure rates. More important, it does little for the disadvantaged. Entrepreneurs are not usually poor people and to require that small ghetto businessmen hire and train the unemployed, puts a crushing and unfair burden on them. Thus, a program of individual aid to small businesses, does not permit the wider range of comprehensive progrmming that is essential to economic development, nor does it help very much in providing institutions through which individuals interacting in the complex business development process can support and reinforce each other.

Nor do I mean to say that minority entrepreneurship and industrial location programs are not important ingredients in an economic development program. Independent, small and moderate sized businesses are essential elements in an urban economy. And outside firms can produce employment that is so much needed. But they are not sufficient.

In testimony on H.R. 10023 given last fall before the House Poverty Sub-Committee in favor of transferring the CDC program to the Office of Minority Business Enterprise within the Department of Commerce, Mr. Alex Armanderis, Director of that Office, himself recognized the differences between the two programs:

"While I have discussed so far similarities between the Special Impact Program and the OMBE program, it is essential to note the different objectives of the two programs. . . . The primary objective of the Special Impact Program is the economic revitalization of low-income communities. Its efforts are directed at specific low-income communities, while OMBE assists minority entrepreneurs whether they locate in a low-income community or in a suburban shopping center."

We are here today to address all the legislation you have before you—S. 3798, 3870, and H.R. 14449.

We did not have the opportunity to appear before the House Committee on Education and Labor or its Poverty Sub-Committee, to testify on H.R. 14449. We did, however, submit a statement to the Committee and we expressed to certain members of that Committee our support of H.R. 14449 which would transfer the Special Impact Program to the Department of Commerce. We did so because it appeared at the time that a move to the Department of Commerce was preferable to a move to the Department of Health, Education and Welfare, which we were told, was the alternative.

However, we expressed to numerous members of the staff of the House Committee our concerns regarding the language of the bill. H.R. 14449 does not give the Community Economic Development Program the autonomy within the Department of Commerce that we believe is essential if the program is to maintain its integrity and continue to carry out the intent of the Congress—namely to work under the direction of residents of the community in the planning and implementation of a comprehensive plan for the economic development of the community.

Thus, while an agency to coordinate all programs for the poor, separate from the administrative constraints and priorities of any existing federal department is and has always been the CDCs' priority option, nevertheless, if this Committee recommends to the Senate a transfer of existing OEO programs to other departments, the CDCs hope the Committee will see fit to place the Community Economic Development in the Department of Commerce—but with the full understanding that it will be administered as a separate entity from any other economic development or minority business assistance programs.

While we believe a transfer is premature at this time, if the Committee decides to make such a recommendation, we will look forward to working with members and their staffs in developing legislative language that will insure autonomy within the Department of Commerce, and preclude any possibility of the program being combined with OMBE Programs, or any other programs.

We request that the record be held open so we may submit a draft of the language we would recommend incorporating into transfer legislation.

In keeping with our resolution to support the continuation of an independent agency to administer poverty programs, we give our full support to S. 3798 because it provides for an integrated Federal, State and local approach to solving the problems of poor people.

Looking at it purely from the CDC perspective, it is very responsive to the community economic development program in that it provides for the creation of certain mechanisms that will undoubtedly facilitate realization of the board objectives of the Special Impact Program, namely:

Creation of the National Intergovernmental Review Board for encouraging Community Partnership Agreements;

The Community Economic Development Resources Committee for maximizing cooperative efforts to coordinate the resources of the Federal and private sectors in comprehensive community development programs; and

The Model Domestic Economic Development Finance Corporation—a refinement of the Development Bank concept outlined in the original legislation but never funded.

And we applaud the authors of this legislation for recognizing that the funding level of the Community Economic Development Program must be significantly increased if it is to adequately sustain existing CDCs and insure proliferation of the program.

We have, however, certain administrative concerns that are not specifically addressed by the legislation before you. We urge the Committee to develop language that will more adequately interpret the intent of the Congress and clarify these points.

First, we are very concerned that all Federal departments are moving toward decentralization of their programs. We feel very strongly that the Special Impact Program should be administered nationally, and not regionally. It requires an understanding not easily reached and oversight and monitoring requires more familiarity with the program than could be reached by a regional office which administers only one or two CDCs.

Second, we are concerned that requirements have been placed on CDCs to become self-sufficient before they have had adequate time to build a self-sustaining local institution and before they have had the level of capital input necessary to make a sustained impact. It is not possible to predetermine when a CDC will have this capability. Circumstances of size, internal and external resources, and strategy vary so much from CDC to CDC that no single policy approach is applicable. It should be the choice of each CDC to determine whether self-sufficiency is to be a goal and agree on it with the funding agency.

Third, we urge that continuing evaluations of the program take place and that they be carried out in such manner as to be adequate for making objective value judgments about the Community Economic Development Program, specific CDCs, and specific strategies.

To be an accurate reflection of the program's effectiveness, it will be necessary for an objective data collection agency (like the Census Bureau) to collect statistics on the neighborhood level, being sure that they are comparable from year-to-year and decade-to-decade. It is necessary that persons who have had first-hand experience in a CDC be included among those conducting the evaluation; that all aspects of the CDC are considered in the evaluation—even those difficult to measure, social and community development aspects, that the fact of the creation of a new local institution, the CDC, be given fuller consideration; and that each CDC be evaluated individually on the basis of whether it has succeeded or failed to meet a set of clearly defined goals for a given community.

Fourth, we urge that financial assistance be provided for comprehensive community development as well as purely economic development activities. It is important that the CDC be able to participate in social development activity and programs. The CDC is engaged in the process of creating an institution. This process requires that the CDC deal with as broad a spectrum of the interacting movements and processes in the community as possible. We urge that in its report the Committee give its attention to the social goals it believes are reasonable for CDCs to set forth. This aspect of the program is addressed in S. 3798, as well as in the existing legislation, but has never been carried out to a significant degree, because of restraints imposed by the funding level.

I appreciate the opportunity to appear before you today and my colleagues and I will be happy to respond to any questions you may have.

Statement of Manuel D. Fierro, President, Raza Association of Spanish Surnamed Americans, August 8, 1974

Mr. Chairman and members of the committee, my name is Manuel D. Fierro. I am the president of Raza Association of Spanish Surnamed Americans (RASSA), a national, non-partisan spanish speaking citizens' lobby.

In behalf of our 26 member board of trustees and the 54 participating national and local spanish speaking organizations, we want to thank you for the opportunity to appear before you today to express our concerns over the proposed legislation, (H.R. 14449, S. 3798 and S. 3870) that will continue existing federally funded programs that were created by the Economic Opportunity Act of 1964.

Accompanying me today are three gentlemen who have unsurpassed knowledge and experience in those specific program areas which this legislation addresses itself to. Dr. Leonard Meastas; child development specialist, author, and founder and director of the Juarez-Lincoln Graduate School of Education in Austin, Texas; Mr. Leveo Sanchez, president, Development Associates, Inc., former regional administrator of OEO and chairman of the board of the Hemisphere National Bank, Washington, D.C.; and Mr. Pete M. Mirales, national consulting and the former director of the OEO migrant division, Washington, D.C.

Before getting deeply into the main concerns we are here to express, I would like to give you a quick profile of the Spanish speaking population of this country so that our concerns might be better understood in their proper perspective.

Over 33% of all Spanish speaking families live at poverty levels on incomes of less than $3,000 per year.

The unemployment rate for the Spanish speaking male is 7.7% compared to 5% for a non-Spanish white person.

The education level of the Spanish speaking is four years below that of the Anglo.

The Spanish speaking school dropout rate is twice the national rate.

Only 31% of the Spanish speaking complete high school compared to 58.6% for non-Spanish whites and 34.7% for blacks.

18.3% of Spanish speaking homes are headed by females.

Only 12% of the Spanish speaking employed are in professional and managerial jobs.

A census bureau survey released yesterday shows the purchasing power of Spanish origin was unchanged from 1969 to 1973, while it increased 4% for the entire country.

The list is endless but for the sake of time I will include an addendum that will give you a more specific demographic picture of our community.

In the United States, the Spanish speaking are the second largest minority, and as a minority, we have received more than our share of neglect and indifference by the administrators of the very programs you are proposing to continue that are currently authorized under the Economic Opportunity Act of 1964.

While we agree that the continuation of these programs is of paramount importance in strengthening our economically deprived communities, in providing community participation in program planning and in the offering of new approaches to problems of the working poor, we are still not at all convinced that the continuation of these programs will offer our community an opportunity to participate meaningfully and equitably with other low-income groups. Congress must come to realize that these efforts cannot be restricted to designated poverty areas alone. But must specifically address itself to such heterogeneous ethnic groups as the Spanish speaking, whose cultural heritage and language preclude their seeking welfare, despite their apparent need and who sustain their meager existence often through sweat-shop working conditions at wages below minimum standard.

Mr. Chairman, and Members of the Committee, the Spanish speaking community is profoundly skeptical that the programs you are proposing to continue will ever do much to eradicate the hunger and poverty that they have always known and continue to know today. There has been a lack of understanding and commitment to the unique problems of our community, and the dismal amount of funds that have trickled down to the barrios reinforces this belief. This skepticism is not without merit.

The Head Start program was appropriated over $400 million last year of which only $4.2 million was expended on migrant Head Start programs, serving approximately 3,200 pre-school migrant children or less than 2% of those eligible. Compare this to the 15% non-migrant children eligible that were served nationally by the Office of Child Development.

The community economic development program, with a budget of over $39 million has funded over 30 community development corporations throughout the country. Yet, only five are to Spanish speaking organizations. This past year six new CDC's were funded, only one was a Spanish speaking organization.

Two weeks ago, an attempt to amend the Agriculture Appropriations bill to increase the appropriations from $5 million to $17.5 million for farm labor housing failed in a voice vote in spite of the fact that an FmHA report documented the need for more than 130,000 units.

The recent defunding of the bilingual children's television program by HEW, after its proven success and demonstrated quality programming.

In a more recent example an Anglo contractor was awarded a $1 million contract over a Spanish speaking firm, in spite of the fact that the Spanish speaking firm's bid was $142,000 less than the Anglo firm receiving the contract and who had no previous experience in the subject area.

This past week the U.S. district court sustained a request for a temporary restraining order against HEW in order to determine to what extent HEW violated its own Federal procurement regulations.

The uncertainty of continued funding for the League of United Latin American Citizen's National Education Service Program, in *spite of the demon*strated need to enhance the accessibility of post-secondary educational opportunities for Spanish speaking students.

The incidents I have just outlined are not isolated ones. They are just a few of the almost daily occurrences that our Spanish speaking community is continually subjected to.

This is not to say, Mr. Chairman and members of the committee, that these programs have been a total failure. Those communities and organizations that were fortunate enough to have received Federal funds have demonstrated their effectiveness in achieving good results. We cannot deny the importance of many of the services that have been provided our communities' children and families. In some instances, the delivery systems that were developed for providing these services have been the only ones available in many of our communities and we are thankful for that. But you cannot continue to ignore the social and economic needs of our community, and neither will the problems be eliminated with age-old remedies and no additional funding for new programs.

The proposed legislation before this committee continues programs currently authorized under the EOA. The Spanish speaking community in recent years has begun to take better note of the existence of these programs and the services they can provide in assisting to alleviate the intolerable conditions that exist in our barrios. But there are no new programs being proposed nor additional funds to start new projects. The realization of these facts has caused and is causing a great deal of frustration and skepticism in regard to programs such as are being continued in this legislation.

Mr. Chairman and members of the committee, it is critical that this committee assert itself and bring about some fundamental and institutional changes that will begin to resolve the dilemma of the Spanish speaking. The movement to respond to the urgent needs of the Spanish speaking has made significant gains in the Congress in the past few years. The recently passed bilingual education amendments contained in the Elementary and Secondary Education Act of 1974, the inclusion of migrants and seasonal farm workers and limited English speaking in CETA affirmed Congress' commitment to the Spanish speaking. It is for these reasons that we appear before you today to make recommendations to the proposed legislation. However, I want to emphasize to the committee that our central issue is not whether these programs are to be continued in an independent agency, which we support, or under the guise of HEW, but how are these programs to be continued.

Mr. Chairman, we strongly support the continuation of the programs currently authorized under the EOA with the following recommendations. These recommendations would require additional authorizations or the adding of new language to the proposed legislation before this committee.

1. That the definition of the terms "disadvantaged", "unemployed" and "underemployed" used in the EOA to describe persons who can qualify for services be further defined to include but not be limited to:

"Persons who suffer in the labor market because of their limited speaking, reading and writing abilities in the English language."

HEAD-START/FOLLOW-THROUGH

1. That a Bureau of Migrant Affairs be established within the Office of Child Development to adequately serve the needs of migrant pre-school children, and that this office be authorized an appropriation of no less than 5% of the total head-start budget.

1a. Justification: Less than 2% of those eligible pre-school migrant children are currently being served with a $4.2 million budget. The present office, the Indian and migrant program division was administratively created without a specific budget. The establishment of such an office will insure that migrant pre-school children will be adequately served.

2. That the following new language be added to the head-start and follow-through programs so as to,

"Provide that special assistance be given to the needs of persons of limited English speaking ability (as defined in Section 703(9) of Title VII of the Elementay and Secondary Education Act of 1965), by providing bilingual head-start and follow-through programs in which instruction is given in English and to the extent necessary to allow such children to progress effectively through the head-start and follow-through program, in the native language of such children, and such instruction is given with appreciation for the cultural heritage of such children. That the secretary be authorized to expend such sum of money as may be required for this program."

3. That the following new language be added in the research and demonstration programs in the Head-Start and Follow-Through program so as to,

"Provide a program of research and needs assessment in the field of bilingual education in order to enhance the effectiveness of the Head-Start and Follow-Through programs carried out under this act and other programs for persons of limited English speaking ability."

4. Provide for the inclusion of individuals of limited English speaking ability as defined in section 703 (9) of the Elementary and Secondary Education Act of 1964.

COMMUNITY ECONOMIC DEVELOPMENT

1. That the authorizations of appropriations for the continuation and the development of new community development corporations be increased to $50 million in fiscal year '75, $84 million in fiscal year '76, and $156 million in fiscal year '77, and $156 million in fiscal year '78.

2. That new language be added in the statement of purpose so as to,

"Provide financial and other assistance to start, expand or locate business in or near the area served so as to provide employment and ownership opportunities for residents of such areas, and programs including those who suffer in the labor market because of their limited speaking, reading and writing abilities in the English language."

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1. That the followng new language be added in the statement of purpose so as to,

"Provide for the inclusion of individuals of limited English speaking abilty as defined in section 703 (a) of the Elementary and Secondary Education Act of 1964."

SPECIAL PROGRAMS FOR MIGRANTS AND SEASONAL FARMWORKERS

The administration of programs currently authorized by title III-B of the Economic Opportunity Act of 1964 have transferred to the Department of Labor. Part B of title II of H.R. 14449 provides that the Department of Labor retain responsibility for these programs. However, I want to state clearly that this concurrence by the House is the second step in converting all the presently funded migrant programs into a single dimensional Manpower model.

Mr. William Kolberg, Assistant Secretary for Manpower, reaffirmed to Congressman Edward Roybal on January 3, 1974 a pledge that he had made to Senator Nelson that DOL had no intention of converting the farmworker programs into a single dimensional Manpower model. Yet in their published guidelines of July 25, 1974, they specifically emphasized the Manpower model. Additionally, the guidelines spell out the future of migrant programs. 20% of the $54 million will be handled at the national level and 80% of these funds are to be used by the States. This to me, gentlemen, is revenue sharing, and the demise of the present program sponsors, which are migrant and farmworkers themselves.

Mr. Chairman, I have enclosed "a position paper on the establishment of a national office for migrant and seasonal farmworkers" with responsibility for the coordinated administration of all national migrant and seasonal farmworker programs. I sincerely hope that this committee will give adequate consideration to our proposal before we see the last of the migrant programs.

Mr. Chairman and members of the committee, again I want to thank you for the opportunity to appear before you today and express our concerns over the proposed legislation. Muchisimas Gracias.

APPENDIX I

THE MIGRATORY AND SEASONAL FARMWORKER CONDITION

I. OVERALL NEEDS OF FARMWORKERS

The food industry is America's biggest business. The production end of that business, agriculture, depends upon a labor system which still bears the markings of its historical antecedent, slavery.

Farmworkers constitute a unique poverty class: their employment is sporadic, low-paying, and subject to the unpredictable vicissitudes of weather conditions and technical advances. They are virtually excluded from the benefits which industrial workers enjoy: minimum wage legislation, collective bargaining rights, unemployment insurance, workmen's compensation, child labor regulations, and decent working conditions.

Both seasonal and migratory farmworkers tend to receive minimal community services, but migrant farmworkers, as a result of their mobility, are essentially citizens of no communities and consequently benefit from almost no local programs or services. Residency requirements often aggravate their exclusion.

As if their plight as agricultural laborers were not already calamitous, the mechanization of agriculture is displacing the number of farm labor jobs at a geometrically increasing rate. The effect of this mechanization seems to be that farmworkers work fewer days, rather than that there are fewer farmworkers. Consequently, the relatively constant number of farmworkers work fewer man-days and earn less. The median annual income for farmworkers in 1971 was $2,000 (including income derived from non-agricultural work during off-season).

Target population

Family size—means, 7.0; median, 6.4; mode, 6.0.

Social characteristics—Ethnic background: Approx. 75%—Mexican-American; Approx. 15%—Black; Approx. 10%—Indians, Anglos, Puerto Rican.

(Note: These "ethnic background" figures are only estimates, since there is no data to yield accurate information.)

Education: Lowest of any occupation group med. years school completed—7.7;

functional illiteracy rate—all farmworkers—17%; among migrants—66%.

Life Expectancy: 41 years.

Health:

Category:	*Percent of Norm*
Infant mortality	125
Maternal mortality	125
Influenza, pneumonia	200
T.B. and infectious diseases	260

Occupational hazards

Pesticides:	
Deaths per annum	150
Nonfatal poisoning:	
Children	3,000
Adults	400
Per annum total	3,550

Occupational accidents:

Farmworkers make up 7% of work force, but account for 22% of work-related accidents.

Occupational accident rate: 300% of norm.

Legislation

Farmworkers receive:

I. No coverage under: Workmen's compensation, unemployment insurance, temporary disability insurance, industrial safety laws, National Labor Relations Act.

II. Minimum coverage under: social security, Wagner-Peyser housing regulations, child labor laws, minimum wage.

Social programs

Farmworkers receive little or no benefits from: Medicare, medicaid welfare, food stamps, commodities, Federal job training programs, voting regulations, Federal child care programs.

Program strategy

A. Alternatives to Farm Labor: Business enterprises, jobs, education leading to jobs.

B. Mobilizing resources.

C. Farmworker control of programs.

D. Community stability and settling out.

E. In-stream services.

APPENDIX II

A POSITION PAPER SUPPORTING THE ESTABLISHMENT OF A NATIONAL OFFICE FOR MIGRANTS AND SEASONAL FARMWORKERS WITH RESPONSIBILITY FOR THE COORDINATED ADMINISTRATION OF ALL NATIONAL MIGRANT AND SEASONAL FARMWORKER PROGRAMS

Under the present structure of the federal government, the categorical programs presently delivering services to migrant and seasonal farmworkers are diffusely spread throughout several departments and agencies of the federal government (HEW, DOL, OEO, HUD, DOA). This has resulted in the lack of a unifying philosophy, ambiguity in the definition of federal organizational missions and priorities, lack of substantive coordination among its members, outright duplication among programs and jurisdictional rivalry among agencies.

Furthermore, the federal perception of the population-at-risk is at best nebulous, there being as many definitions of "migrants" and "farmworkers" as there are categorical farm worker programs. Definitions have grown from programmatic sources which are based on the travel function, while ignoring the fact that the problems are the same whether the worker is in-stream, in a home-base situation, or attempting to leave the stream. This multiplicity of federal definitions has:

a. made coordination of programs difficult.

b. created non-comparable data bases for each program thus making evaluation of total programmatic impact impossible, and

c. varied the farmworker's eligibility for benefits in a manner which deprives him of services when his need is greatest.

Consequently, the federal expenditure of millions of dollars in farmworker programming in the last several years has not significantly benefitted the target population.

Rationale for a National/Federal Migrant Office:

Already among the most deprived in terms of health, education and social conditions, farmworkers face a constantly expanding crisis of unemployment due to the rapid mechanization of agribusiness. Past experience suggests that state and local governments are either unwilling or unable to meet the needs of farmworkers:

Residency requirements for social programs in some states prohibit their serving this mobil population.

Since farmworkers move through a number of states and regional jurisdictions, responsibility for meeting their needs is commonly shirked by any given area with the consequence that there is no firm focus on non-federal levels.

The documented lack of social opportunity and health and education resources in rural areas makes it difficult for state and local governments to meet the needs of many rural residents. Consequently, migrants and seasonal farmworkers are at the bottom of the list of priorities.

The GAO report, "Impact of Federal Programs to Improve Living Conditions of Migrants and Other Seasonal Farmworkers" is another example.

Based on these concerns, the creation of a National Office for Migrant and Seasonal Farmworkers seems to be the most feasible alternative to developing and facilitating a single comprehensive strategy to meet the needs of the migrant and seasonal farmworker through the federal government.

Combining the categorical programs presently delivering services to the migrant and seasonal farmworker under a single administrative office can stress the inter-relation of program areas as they affect the individual and family. This will focus on the inter-relationship between these programs in such a way that was not previously possible and will provide increased responsiveness to special concerns in each area. With one national office having the responsibility of federal activities, decisions involving the most effective allocation of resources and deployment of funds will be made at the national level by one single agency. This is in contrast to the present system which attempts to resolve migrant and seasonal farmworkers' problems with a multitude of government agencies and departments (see objective and programmatic functions of the National Office for Migrant and Seasonal Farmworkers).

Rationale for creation of the National Office for Migrant and Seasonal Farmworkers in a Federal department other than the Department of Labor—DOL.

Because of the comprehensive social, educational, and environmental nature of farmworker problems and the incompatibility of most migrant programs with those presently being undertaken by DOL, creation of such an office in a governmental agency other than DOL is recommended.

Migrant programing includes a wide range of activities such as day care, emergency food and medical assistance, health, education, manpower, housing, etc. The DOL's focus is limited in scope, i.e., manpower. Thus, the total migrant and seasonal farmworker program deficiencies could be overcome in an agency other than DOL.

In the formulation of this document, numerous inquiries were made with migrant program staffs, grantees, and migrant and seasonal farmworkers and the result has been this draft.

In summary, the National Office for Migrants and Seasonal Farmworkers will require its own authority, resources, and flexibility. Such development of a single comprehensive strategy might be organized along the following lines:

Creation of this office should be done through Congressional legislation rather than Executive Order or merely the acceptance of a transfer of programs.

Creation of a regional structure under NOMSF for those regions currently having programmatic responsibility for migrants.

Delegation of current migrant and seasonal farmworker administrative and programmatic responsibility presently in other departments and agencies to NOMSF.

Designation of NOMSF migrant task force to begin working out the process and mechanism for the implementation of such strategy.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. McCLURE. Would it be the Senator's intention to have the amendment adopted at this time, and if so, would it be in order to ask that it be treated as original text for purposes of further amendment?

Mr. JAVITS. I yield to the chairman on that. I think we would be perfectly willing.

Mr. NELSON. We have no objection to that on this side.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment in the nature of a substitute be treated as original text for purposes of amendment.

The PRESIDING OFFICER. Is there objection? Without objection, the amendment in the nature of a substitute is agreed to, and will be considered as original text for the purpose of further amendment.

TRADE REFORM ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent now that the Senate return to the consideration of the trade bill, H.R. 10710.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> H.R. 10710, a bill to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

The PRESIDING OFFICER. Is there objection to the consideration of the bill? Without objection, the Senate will proceed to its immediate consideration.

The Senate continued with the consideration of H.R. 10710.

ORDER FOR EXTENSION OF TIME TO FILE CONFERENCE REPORT ON H.R. 14214

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to file for printing until midnight tonight the conference report on H.R. 14214.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Mississippi is recognized.

SUPPORT OF THE VLADIVOSTOK AGREEMENT ON STRATEGIC WEAPONS

Mr. STENNIS. Mr. President, I shall not detain the Senate for but a few minutes. I do think I ought to say something with reference to the informal agreement that has been had with Soviet Russia by President Ford regarding nuclear weapons. There is a great deal being said about it, and all the detail facts are not in, and the formalization of this proposed treaty has not been had, but I base my remarks on the assumption that the matter, as announced by President Ford, the agreement, preliminary in nature, will develop formally along the same substantial lines that he has outlined.

Mr. President, in the coming weeks and months this agreement between President Ford and the Soviet Union will be the subject of extensive discussions, even though a congressional decision will not be required until the comprehensive agreement is submitted to Congress, hopefully in 1975, for ratification.

Mr. President, I fully support this preliminary agreement as announced, and I hope that President Ford will receive growing public support in this historic effort to limit the strategic arms.

Naturally, I would have preferred lower ceilings on the strategic weapons for both countries, and I continue to hope that the vast arsenal of strategic weapons in both the United States and Soviet Russia can be mutually reduced in the future on an equality basis.

This agreement, in establishing an overall ceiling on two vital elements in our strategic arsenal, will be a framework within which more extensive arms limitations can be achieved.

This announcement, therefore, is a critical step.

Mr. President, I felt for a long time, until some boundary lines could be established, or we may call it a ceiling or a top, until those would be established we would not be making substantial headway.

Of course, this agreement had to be preceded by a more preliminary one.

WHAT DOES THE AGREEMENT CONTROL—TWO ELEMENTS

This agreement places a limitation or ceiling on two elements of the strategic systems of the United States and the Soviet Union. The first is the limitation of 2,400 strategic delivery vehicles which include land-based and sea-based intercontinental ballistic missiles and strategic bombers.

Expressed in a more down-to-earth way, they include our land-based ICBSs and our sea-roving missiles like the Poseidon, as carried by the Poseidon submarine, and strategic bombers.

The second element is the limitation of 1,320 on strategic missiles which may be armed with multiple independently targeted warheads, that is, MIRVed missiles.

Spelling that out just a little more, it just means that 1,320 of these missiles, from whatver source propelled, may have independently targeted smaller bombs or weapons on them—targeted toward many places all in the same firing. Several different cities, say within a reasonable range could be targeted from the same rocket.

NEW PRINCIPLE OF EQUALITY IN NUMBERS

Mr. President, as we well know, the interim agreement of SALT provided for greater Russian numbers of certain strategic weapons in compensation for the U.S. qualitative advantage in these systems.

For the first time, this agreement establishes identical numerical ceilings for both sides with respect to strategic delivery vehicles and the number of MIRV missiles. This equality in numbers is an improvement from the interim agreement and is a sound basis on which to build further limitations in the future.

OTHER FAVORABLE ASPECTS OF AGREEMENT

In addition, the agreement has the advantage of being simple in covering those systems which are the heart of the strategic arms race. It overcomes a number of hurdles that have complicated negotiations up to now. Included in these hurdles have been arguments over whether recognition should be given to the side which has the greater technological advantage, possible geographical advantages which affect strategic systems, whether the capability of allies should be taken into account and whether the so-called forward-based nuclear systems should be taken into account. All these issues were set aside. This agreement, therefore, represents great progress from the standpoint of negotiations.

NO JEOPARDY TO U.S. SECURITY

The strategic security of the United States is based on the TRIAD, consisting of our heavy bombers, land-based missiles, and nuclear submarines. The TRIAD will remain intact and undiminished by this agreement. The United States will not have to reduce its strategic force by one single bomber, or one missile—land-based or sea-based. Under the agreement, the United States will have the flexibility to improve the quality and alter the mixture of its strategic forces. Moreover, it will permit the completion of every new strategic weapon system the United States now plans to build. This is due to the fact that the United States long-range planning does not contemplate more than 2,400 strategic delivery vehicles.

Now, this delivery vehicle, as used here, refers to carrying vehicles that can deliver the weapon on target.

The Russians, on the other hand, have already reached the allowable level of 2,400 strategic delivery vehicles and will therefore be compelled to reduce slightly their number in order to come within the terms of the agreement.

The issue can be raised as to why this agreement has any value if no significant reduction is to result. The great virtue is that this is a numerical ceiling, the absence of which could compel both sides to engage in an accelerated arms race and exceed the overall ceiling of 2,400, at enormous national cost to both sides.

Someone has said that this will create an arms race. It will not create an arms race. We are already in an arms race, and we have been in it for a long time without any agreed ceiling, of boundary lines of any kind, and this agreement does take that necessary, highly important step forward.

Mr. President, without this agreement the additional cost to the U.S. defense budget could be as much as $4 billion per year. I prefer that to the additional cost. This result is due to the fact that the Russians both could, and probably would, build up their strategic systems in excess of the 2,400 ceiling which would necessitate an additional buildup by the United States to compensate for the added Russian numbers.

I would emphasize that President Ford has stated that as a result of this agreement no major increases in U.S. strategic spending, other than for inflation, will be necessary in the future.

Well, we cannot guarantee a dollar figure of anything like that, of course, but it is a committal here that nothing except ordinary increases because of inflation and related matters, or really purely research, is contemplated.

CONCLUDING OBSERVATIONS

Mr. President, this agreement is a start and of course does not cover all of the elements with which strategic warfare can be conducted. Recognizing that there are many details and negotiating problems to be resolved, the agreement is nonetheless an important start. I feel that both nations do want an agreement, and this being the case, I am optimistic that one can be reached.

Now, we could all be mistaken, of course, in that surmise or in that fact.

If these negotiations succeed, it is my hope and belief that there will be a good chance that further negotiations could be undertaken which would lead to a mutual reduction in all elements of strategic capability.

Another one of my chief concerns, Mr. President, is the growing and spreading capability of many foreign nations, large and small, for developing nuclear weapons capability. This growing proliferation poses a most serious threat to world civilization.

If we can somehow stabilize United States and Soviet strategic weaponry by concluding a comprehensive arms limitation agreement, it will hopefully be a basis for controlling and reducing this capability among other nations.

Along with many other citizens I had hoped, too, that the new agreement in itself would cause a reduction in defense expenditures.

I was disappointed that the first agreement did not carry this possibility of a reduction in the defense expenditures, but I am not surprised that this one does not. I understand the problem better and have been into it deeper. I really was not expecting any agreement at this time that would cause any appreciable reduction in expenditures.

There is, though, a sound hope that the agreement, if carried out as announced, will result in preventing an increase. We have to do that first, and then take the next step, if possible.

Because this agreement is an arms limitation rather than an arms reduction, we can expect no actual reduction in defense expenditures now because of this agreement. It might work out a little better than that, but this is not a disarmament. I would not favor a disarmament in world affairs as conditions are now. It would be a dangerous thing. We could not afford to take such a chance.

This has been, all the time, an arms reduction effort, and an arms limitation effort. This agreement is not a reduction, necessarily, but a limitation, to define some limits. That is what this agreement has done.

I am a fact man. I like to know the facts. We could develop some surprise facts. I would like to count those for others. I have learned most of what I know here in the Senate, and I have learned from other Senators. But man is born with some commonsense, and has teachings from his parents or someone in their place, before he ever goes to the Senate. I think that commonsense and logic, and the down-to-earth qualities about this agreement, are what sell it. You do not have to be a scientist or a technician to measure this one.

This is the approach that I have been looking for that we could take because it has something to stand on.

The American people should also remember that our present arsenal of nuclear weapons and delivery systems, capable of placing nuclear weapons on target, are the most advanced in the world, and are now capable of destroying any given number of targets that we may choose.

We do not want to choose to destroy any, but if driven to it we have the capability.

This capability is not confined either to any one particular kind of weapon or delivery system, but is based on a wise mixture of what we call the TRIAD of land-based and sea-based missiles and heavy bombers.

Under the present plans, we, of course, expect to keep it that way—the TRIAD of land-based and sea-based missiles, as well as the heavy bombers.

For well over two decades the United States strategic policy has been one of nuclear deterrence, which means the capability to mount an effective nuclear counterattack against Russia or any country in the event the United States should be attacked first. This agreement will not affect this capability.

Also, we shall be free to continue to develop our research and technology in this field of weapons.

This agreement, as now outlined, has been discussed with the Chairman of our Joint Chiefs of Staff. He assures me that he and the Chiefs of Staff of all the services approve the agreement as outlined.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. STENNIS. I am happy to yield.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my request not interrupt the continuity of the Senator's statement.

I ask unanimous consent that during the rest of the day Senators may speak out of order for not to exceed 30 minutes, and the limitation on time not apply to the distinguished Senator from Mississippi (Mr. STENNIS) who has already begun his remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. I thank the leader very much, advising me, too, in such a smooth way that maybe I am out of order. I did not mean to be. I received permission from such of the leadership as could be here at that time, and also the Presiding Officer.

The PRESIDING OFFICER. The Chair, by virtue of the order, has officially recognized that the Senator is not out of order.

Mr. STENNIS. I thank the Chair.

Mr. ROBERT C. BYRD. It was not my intent to object.

Mr. STENNIS. I want to back our assistant floor leader as much as I can in his efforts over the years—bringing some order out of chaos here. He has given long and patient effort, and has greatly improved conditions on the floor.

Mr. ROBERT C. BYRD. I am sorry for the interruption.

Mr. STENNIS. Mr. President, I yield the floor.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CASCADE HEAD SCENIC-RESEARCH AREA, OREG.

Mr. HATFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 8352.

The PRESIDING OFFICER (Mr. CLARK) laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 8352) to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes, as follows:

Page 3, line 24 of the Senate engrossed amendment, strike out all after "activities." over to and including "occurrences." on page 4, line 3, and insert: "Timber harvesting activity may occur in these subareas only when the Secretary determines that such harvesting is to be conducted in connection with research activities or that the preservation of the timber resource is imminently threatened by fire, old age, infestation, or similar natural occurrences."

Mr. HATFIELD. Mr. President, H.R. 8352 is a bill which was passed by the House of Representatives earlier in this session and was passed by the Senate on August 16, 1974, with an amendment in the nature of a substitute. The House has concurred in the amendment of the Senate with an amendment which is technical in nature and does alter the substance of the Senate version.

My colleagues are aware of the need for this protection, and Senator PACKWOOD and Congressman WENDALL WYATT have played key roles in securing passage of this important legislation.

The amendment of the House is acceptable to Senator PACKWOOD and myself as well as to the other Members of the Committee on Interior and Insular Affairs. Therefore, Mr. President, I move that the Senate concur in the amendment of the House to H.R. 8352.

Mr. PACKWOOD. Mr. President, I simply want to echo the sentiments of the senior Senator from Oregon, to thank him for the work he has done on this matter, and to thank Representative WENDELL WYATT, who is retiring this year, in whose district this area exists.

This is one of the last unspoiled estuary areas on the Pacific coast, and under the provisions of this bill, that section will be set aside as a scenic research area. It was principally U.S. Forest Service land, but this bill will guarantee its protection forever.

I thank my colleague for getting this measure through the Committee on Interior and Insular Affairs, and I am delighted to share in the passage of it.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon (Mr. HATFIELD).

The motion was agreed to.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DIEGO GARCIA

Mr. MANSFIELD. Mr. President, I feel compelled to speak out on the issue of Diego Garcia, the projected naval operating facility in the Indian Ocean. As we move toward the final days of this second session of the 93d Congress, Senators are receiving a great deal of pressure from both the Department of Defense and the Department of the Navy to approve $14,802,000 as a downpayment on naval facilities that will enable the Navy to operate carrier task forces from the island of Diego Garcia. In addition, the Air Force is requesting Air Force facilities on Diego Garcia that will enable KC-135 tankers to refuel B-52's operating out of Thailand over the Indian Ocean. First of all, I would like to briefly give you some background, both historical and legislative, which bear directly upon the Navy's efforts to make the island of Diego Garcia an operating base.

Diego Garcia is an atoll located within the Chagos Archipelago in the middle of the Indian Ocean approximately 1,000 miles due south of the tip of India. The heavily vegetated island consists of 6,700 acres with average elevations of 3 to 7 feet. It is horseshoe shaped with a 40-mile perimeter. The enclosed lagoon is 5½ miles wide by 13 miles long with average depths of 30 to 100 feet. The annual rainfall is approximately 100 inches. The U.S. Government became interested in Diego Garcia in the early sixties, particularly when the British Government announced that it was withdrawing its naval forces from Singapore and indications were made public that Her Majesty's Government intended to greatly reduce its Indian Ocean naval squadron. At about the same time, the Russian navy began operations in the Indian Ocean and making port calls to nations bordering on the Indian Ocean. It must be pointed out that for years the U.S. Navy has been traversing the Indian Ocean with carriers and other auxiliary combatants when the transfer of aircraft carriers was made to the Pacific Fleet.

Beginning in the early sixties, as aforementioned, with the announcement that the British were greatly reducing their naval activity in the Indian Ocean, the United States has in a more frequent manner stepped up its operations in the Indian Ocean and the Persian Gulf, which is a part of the Indian Ocean. At the present time, naval presence is maintained at Bahrein consisting of a supply ship and two destroyers. The Russians have not matched this naval strength. However, since 1968 the Russians have greatly increased their presence in the Indian Ocean, sometimes having as many as 30 combatant ships, which include a large number of minesweepers.

The United States some time in calendar year 1966 began negotiating with the British Government for a lease to establish a communications station and an operational base on Diego Garcia. This base was to be an austere logistic support activity which was mainly a refueling stop for naval units operating in the Indian Ocean. In 1965, the British formed the British Indian Ocean territory which comprises the Chagos Archipelago which, of course, includes Diego Garcia. The U.S. Navy stated that the selection of these islands was predicated on unquestioned United Kingdom sovereignty in the absence of a population. A bilateral agreement was signed in December 1966 between the British Government and the United States, which granted base rights for a period of 50 years to the U.S. Government to the Indian Ocean territory.

The Navy came to Congress in the fiscal year 1970 military construction program with a submission for the first construction increment of a proposed logistic facility on the island of Diego Garcia. The logistic facility was approved by the House and Senate Armed Services Committees and the House Appropriations Military Construction Subcommittee. When presented to the Senate, there was strong opposition from within the Senate Appropriations Committee to the United States becoming committed to another naval operation base within the Indian Ocean. Senator Richard Russell, chairman of the Senate Appropriations Committee at that time, was very much opposed to the United States committing the Navy to sustained operations within the Indian Ocean and so stated in committee meetings on a number of occasions. The Military Construction Subcommittee also strenuously opposed the appropriation of money to construct the operating facility, and the military construction fiscal year 1970 conference committee debated this matter through a number of meetings lasting over a 2-week period.

Finally, an oral agreement was reached wherein the Navy was to be instructed to come back in fiscal year 1971 for a new appropriation which would support only a communications station, and all of the logistic support facilities were to be deleted from the fiscal year 1971 program. The rationale at that time for the communications station was that, in time, the United States would have to withdraw from the main continent of Africa the large communications facility that the U.S. Government had at Asmara, Ethiopia. Kagnew Station Communications Center, Asmara, Ethiopia, is now being phased out and the Navy will centralize its African communications facilities at Diego Garcia.

In support of the fiscal year 1971 appropriations for the communications facilities on Diego Garcia, the Navy stated the following:

> The requirement to close the gap in reliable communication coverage which exists today in the central Indian Ocean/Bay of Bengal area was a major consideration in developing the initial concept for a support facility on Diego Garcia. Establishment of a communications support capability in this area is an immediate requirement and is a requirement which exists independent of the modest logistics support facility which was rejected by the Congress. The purely passive role and image of a communications facility should not raise the same concern of active commitment which had apparently been associated with the logistics support aspects of the original concept.

As previously mentioned, the Navy was instructed to come back in the 1971 military construction program with a communications package only and to all intents and purposes the logistic support facility was not to be a part of the package. In fact, it was specifically agreed that there would be no items which could in any way support a carrier task force.

In all of the communications and oral conversations that the subcommittee had with the Navy, it was indicated that the Navy would not use Diego Garcia as an operational base. Members of the subcommittee were reassured, when the fiscal year 1971 construction budget for Diego Garcia was approved, that the Navy did not intend to operate fleet surface units from Diego Garcia.

To bring Senators up to date concerning the fiscal year 1975 military construction authorization bill, H.R. 16136, which is still in conference, I will explain section 612 in the bill. This section precluded the obligation of any funds until the President of the United States has advised the Congress in writing that he has evaluated all military and foreign policy implications regarding the need for these facilities and has certified that this construction is essential to the national interest. Such certification must be submitted to Congress and approved by both Houses of Congress. This will assure the opportunity for full debate on the policy question of Diego Garcia.

I might say, parenthetically, that I consider this most prudent and realistic action for Congress to take. I wish to point out further that section 612 of the authorization bill was adopted by a record vote of 83 to 0 in the Senate.

The position of the House Armed Services Committee is that the administration should be given the authority to build the facilities in Diego Garcia but that, prior to the exercise of that authority, the President shall notify Congress of his intention and that Congress shall have 60 days to reject the blanket authority it had previously given to him. This procedure has heretofore been used too often by the Executive and acquiesced in by Congress. The negative power of Congress—the power to deny a change in the status quo—is turned on Congress itself. The burden of persuasion shifts away from those who desire action to prove the rightness of their cause. Congress must insist that the justification for a policy must be made prior to the grant of authority. It is exactly that insistence that was included in the military construction authorization.

It is my contention, as stated earlier, that the Senate position in the authorization bill is realistic and prudent and Diego Garcia, as a policy question, should first of all be thoroughly investigated by the Committee on Foreign Relations, then the question should be taken to the floor and the two Houses of Congress should be allowed to work their will.

On November 17, at a meeting in New Delhi of the 30 nations surrounding the Indian Ocean, a policy statement was issued unanimously that America and the Soviet Union should not escalate the arms race in the Indian Ocean and the area should be left in peace; particularly, all 30 nations opposed the United States building a facility on Diego Garcia. The cost of this naval base for both construction and equipment will amount to approximately $173 million; thus, as you can see, this $14 million plus $3.3 million is only a downpayment.

Within the Department of Defense we do have a difference of opinion as to how important the building of this base is to our national interest. The Navy says that it is imperative for the defense of the United States, particularly in keeping the oil routes open in the Indian Ocean. The CIA has stated that the buildup of the Russians, particularly in Somaliland, is certainly not as extensive as outlined by admirals testifying for this project.

Mr. President, is this Southeast Asia and Vietnam all over again? It appears to me that our Government must have learned something about trying to be policemen for the World during our experience in Vietnam: 55,000 dead and 303,000 wounded men must certainly mean something to us. I respectfully submit that the United States cannot go on attempting to be a policeman for the world. And most certainly in my opinion, the construction of this operating base in the Indian Ocean is only a further effort by the Department of Defense to play the role of policeman in the Indian Ocean and to actively involve our military forces in the politics of an area that now wants to be left at peace.

Yet in the face of all the nations in the littoral area requesting that we not build up Diego Garcia as a naval base, there are those individuals in high places that contend we should go ahead in our own national interest with the building of this naval base. I ask the question—what really are our vital interests in the Indian Ocean besides gunboat diplomacy and "showing the flag"? Our presence in the Indian Ocean had no effect on the oil situation during the Yom Kippur war in October 1973; in fact, our naval vessels were completely cut off from Arab oil and the United States could do nothing about the Arab action.

In closing, there are a few points that I wish to make that I think have a direct bearing in my opinion upon whether or not Diego Garcia funding should be approved to build a naval base on Diego Garcia. In allowing this naval base to be built, I think Senators should be aware that they are actualy voting for a three-ocean Navy. It is my contention that this base on Diego Garcia could cost hundreds of millions of dollars. We already have an admission from the Navy of a cost of $173 million. Oh yes, the Navy will contend that the base will only cost $35 million but they are not telling the American people of the cost for salaries of the Seabees that are building the base, nor are they advising the Congress of the complete costs for the communications equipment and other machinery that will go into the making of this base.

I submit that all of the information I have in hand shows that the aircraft carrier is now obsolete with the technical advancement of the new cruise missiles and I might say, by way of explanation, that in the Mediterranean Sea, the Soviets always know exactly where our carriers are.

I state that for just this one time cannot the U.S. Government wait and really find out what the intentions of the Soviet Union are in regard to the Indian Ocean. All the reports I have indicate that the Soviet Union's naval activity is of a low order.

In summary, I would like to say that it appears to me that our Department of Defense is advocating a three-ocean Navy to station sailors 10,500 miles from home and putting obsolete carriers in the Indian Ocean, which are vulnerable and practically defenseless against new weaponry.

Are we building a naval base, a new Wake Island, that is completely, in time of crisis, indefensible?

Mr. President, in closing I am reminded of a very important incident that occurred on the floor of the Senate. Some years back when the defense appropriation bill was on the floor and the Senate was considering appropriating money for the Navy for naval landing craft—FDL's—the late great chairman of the Senate Appropriations Committee, Senator Richard Brevard Russell, said and I quote:

> If we make it easy for the Navy to go places and to do things, we will find ourselves always going places and doing things.

I remind the Senate in approving the building of a naval base on Diego Garcia that we will be making it easy for the United States to go to the Indian Ocean and more than likely that we will do things.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.R. 17505—ORDER FOR BILL TO BE HELD AT DESK

Mr. MANSFIELD. Mr. President, I ask unanimous consent that H.R. 17505, to rescind certain budget authority recommended in messages of the President, which has been passed in the House, I believe, and is now at the desk, be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF THE TRADE REFORM ACT OF 1974 (H.R. 10710)

Mr. ROBERT C. BYRD. Mr. President, it will be necessary, during the remaining days of this session, for the Senate to operate on a multiple-track system.

The unfinished business until disposed of will be H.R. 10710, the trade reform bill.

Having discussed this request with the distinguished majority leader, the distinguished minority leader, and the distinguished assistant minority leader, and also with the distinguished Senator from Alabama, who is in the Chamber, I ask unanimous consent that on each day until the trade bill is disposed of, with the exception of Monday, for which an order has already been entered, that the trade bill become the order of business at no later than 1 o'clock p.m. unless, in the discretion of the assistant majority leader, after consultation with the minority leader or his designee, the assistant majority leader then acts to take the trade bill up earlier.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. This will allow the Senate to transact other business up until 1 o'clock every day. The call for regular order cannot displace pending business prior to 1 o'clock. At 1 o'clock the trade bill would automatically come up.

Under the rules, it would be called up at any time after the morning hour by a call for the regular order. This would allow the assistant majority leader who, in the absence of the majority leader, will be working in an attempt to move the legislative process along, after consultation with the leadership on the other side, to set aside pending business before the hour of 1 o'clock, if necessary, on any day, and proceed immediately to the trade bill.

Do I have a correct understanding of what I have requested?

The PRESIDING OFFICER. That is the understanding of the Chair.

ORDER FOR CONSIDERATION OF ATOMIC ENERGY AUTHORIZATION BILL (S. 4033)

Mr. ROBERT C. BYRD. Now, Mr. President, I am going to propound a unanimous-consent request which I have not cleared with anyone.

There is an agreement on the Atomic Energy authorization bill. I do not know what our situation will be on Monday next after the debate on Mr. Rockefeller's nomination has played out.

There is no question but that under the rules, once Senators have stopped discussing the Rockefeller nomination, if they do so prior to the expiration of 5 hours of debate on Monday, the trade bill would automatically be brought up by a call for the regular order. Or at least it could be brought up. Am I correct?

The PRESIDING OFFICER. After we go into the legislative session, that is correct.

Mr. ROBERT C. BYRD. That is the reason why I said a call for the regular order. A call for the regular order in executive session would not bring up the trade bill.

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. I ask unanimous consent, Mr. President, that after the debate on the Rockefeller nomination on Monday next, if such debate does not consume 5 hours on Monday, it may be in order for the assistant leader to return to legislative session, and that it be in order at that time to call up either the Atomic Energy authorization bill or the trade bill, and that if the Atomic Energy authorization bill were to be called up, the trade bill would be temporarily laid aside and remain in a temporarily laid-aside status until the close of business that day, or until the disposition of the Atomic Energy authorization bill, whichever is earlier.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Reserving the right to object—and I do not intend to object—there is a time limit, as I understand it, on the Atomic Energy bill. Is that correct?

Mr. ROBERT C. BYRD. That is correct.

Mr. GRIFFIN. One hour on the bill and 30 minutes on each amendment.

The PRESIDING OFFICER. That is correct. There is one exception to that. There is 1 hour on an amendment filed by Senator KENNEDY.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I withdraw my request with respect to Monday.

I think I should state, however, that it may be advisable, based on whatever circumstances may obtain on Monday, at some point during the day, for the Senate to proceed to the consideration of the AEC authorization bill. We can decide that matter at that time. I make this statement so that Senators who will be managing the bill will at least be alerted that there is a possibility of that bill being called up on Monday.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday next, after the two leaders or their designees have been recognized under the standing order, there be a period for the transaction of routine morning business, with statements therein limited to 5 minutes each, not to extend beyond 11 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR THE SECRETARY OF THE SENATE TO RECEIVE MESSAGES FROM THE HOUSE OF REPRESENTATIVES DURING THE ADJOURNMENT OF THE SENATE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the adjournment of the Senate over until 10:30 a.m. on Monday next, the Secretary of the Senate be authorized to receive messages from the House of Representatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR THE PRESIDENT PRO TEMPORE AND THE ACTING PRESIDENT PRO TEMPORE TO SIGN DULY ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the adjournment of the Senate over until 10:30 a.m. on Monday next, the President pro tempore and the Acting President pro tempore be authorized to sign all duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on Monday, the Senate will convene at 10:30 a.m.

There will then be a period for the transaction of routine morning business, after the two leaders have been recognized under the standing order. The period for the transaction of morning business is not to extend beyond 11 a.m., with statements therein limited to 5 minutes each.

At 11 a.m., the Senate will go into executive session to consider the nomination of Mr. Nelson A. Rockefeller for the office of Vice President of the United States. Under the agreement, debate thereon may ensue for as much as 5 hours on Monday. The vote is not to occur until Tuesday, at 3 p.m.

Mr. President, I ask unanimous consent that after the time for debate on Mr. Rockefeller's nomination has expired on Monday, the Senate go back into legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. At that time, the Senate can either proceed with the trade bill or the atomic energy authorization bill, whichever appears to be advisable under the circumstances, and certainly the trade bill has the main track, in any event.

Mr. President, that is the statement of the program for Monday. I would anticipate the possibility of rollcall votes on Monday.

Mr. President, the distinguished assistant Republican leader has called my attention, also, to the order which was entered earlier by Mr. MANSFIELD, that on Monday there will be no rollcall votes. There will be no rollcall votes prior to 4 p.m.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT TO 10:30 A.M. ON MONDAY, DECEMBER 9, 1974

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10:30 on Monday next.

The motion was agreed to; and at 1:06 p.m. the Senate adjourned until Monday, December 9, 1974, at 10:30 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 5, 1974:

MISSISSIPPI RIVER COMMISSION

Maj. Gen. Francis Paul Koisch, [redacted], U.S. Army, to be a member and president of the Mississippi River Commission, under the provisions of section 2 of an act of Congress, approved June 28, 1879 (21 Stat. 37) (33 U.S.C. 642).

Wilmer Richard Hall, of Tennessee, to be a member of the Mississippi River Commission for a term of 9 years.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

FRIENDSHIP'S ROAD

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. LENT. Mr. Speaker, a gracious gentleman from Freeport, N.Y., Mr. Joseph Batcher, has been thoughtful enough to send me a copy of the poem entitled "Friendship's Road" which he copied in his own hand and very nicely illustrated.

Mr. Batcher's thoughtfulness is a reminder that our friendships are indeed dear and one of the few lasting things we have. It is always nice to know that we have a friend to share our joys and troubles.

I submit this poem for the attention of my colleagues and take great pride in calling Mr. Joseph Batcher my friend:

FRIENDSHIP'S ROAD

Friendship is a chain of gold,
Shaped in Gods' all perfect mold.
Each link a smile, a laugh, a tear,

A grip of the hand, a word of cheer.
As steadfast as the ages roll,
Bringing closer soul to soul;
No matter how far, or heavy, the load,
Sweet is the journey on Friendship's Road.

THE 30TH ANNIVERSARY OF UKRAINIAN QUARTERLY

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. FLOOD. Mr. Speaker, this week the Ukrainian Quarterly, a scholarly journal of East European and Asian affairs, will be celebrating its 30th anniversary.

Supplementing my remarks yesterday, I wish to point out that heavily contributing to this splendid record of 30 years in literary existence have been the leadership and efforts of the journal's present editor, Dr. Walter Dushnyck, who assumed editorship at the end of the 1950's.

As an example of the journal's high quality of scholarship and commentary, I submit additional portions of "Ucrainica in American and Foreign Periodicals," written by Dr. Lev E. Dobriansky of Georgetown University:

"Fifty-Sixth Anniversary of Ukraine's Independence," statements by the Honorable Daniel J. Flood *et al. Congressional Record*, U.S. Congress, Washington, D.C., January 30, 1974

As in previous years since 1953, legislators in the U.S. Congress commemorate the anniversary of Ukrainian independence proclaimed on January 22, 1918. Led usually by Representative Daniel J. Flood of Pennsylvania, a number of Congressmen observe the occasion with fitting speeches on the floor of the House. Also, a Ukrainian American prelate delivers a prayer to the Congress.

In his lead-off statement Congressman Flood states, "At a time when imperialist Moscow's military power continues to expand its penetrations in the Mideast, South Asia and elsewhere, and its repressions within its imperium in imperio, known as the Soviet Union, mount daily, the full significance of this memorable occasion will certainly reflect itself in the period ahead." Appended to his statement are commentaries on the USSR which were written by Dr. Lev E. Dobriansky for "the autumn issue of the internationally renowned *Ukrainian Quarterly*."

"Ukrainians Demonstrate National Unity," a report. *Minneapolis Sun*, Minneapolis, Minnesota, July 3, 1973

The first page of this newspaper is covered with interesting photos of those who attended Ukrainian Day, sponsored by the Minnesota branch of the Ukrainian Congress Committee of America. Pages four and five also contain additional photos of dancers. The keynote speaker for the afternoon festivities was Dr. Walter Dushnyck, editor of *The Ukrainian Quarterly*.

In his address to the group Dr. Dushnyck stressed the significance of observing the 40th anniversary of the horrible man-made famine in Ukraine. Not only to always remember this heinous act of genocide under Stalin, but also, and more so, to pursue in the name of its 7 million victims a firm and determined course toward the eventual liberation and freedom of Ukraine.

"Ukrainians Plead for an Old Church," an article by Christopher S. Wren. *The New York Times*, New York, January 5, 1974

An appeal by Ukrainians in Western Ukraine was lodged with the Kremlin to spare the Church of the Epiphany in Zhytomyr, a town about 90 miles west of Kiev. The graceful wooden church is slated to be razed by local officials to provide space for an adjoining school. The church, frequented by Ukrainians, is under the jurisdiction of the Russian Orthodox Church.

The appeal to Brezhnev, Kosygin and Podgorny emphasized that the church, graced by the traditional onion-shaped domes and crosses, "was built by the golden hands of Russian and Ukrainian artistic masters in the style of 16th century architecture and is an ornament in our part of town." Doubt is expressed by the writer that the appeal will be satisfied.

"Empty Constitution," a report. *The Wall Street Journal*, New York, January 3, 1974.

With incisive remarks about the emptiness of the USSR constitution, this report covers all the salient points of discrepancy between paper promises and real facts. As it puts the matter, the "gap between Soviet guarantees existing on paper and in actual practice is as wide as the gap between fact and fiction." Religious, racial and ethnic freedom and the so-called right of the national republics to secede from the USSR are depicted as the paper points.

A commission was set up in 1962 under Khrushchev's regime to replace the 1936 Stalin constitution now in vogue. Its final product is supposed to be presented to the next CPSU Party Congress in 1976. Covering dissidents and others, the report expects more paper promises. In unequivocal terms it states, "Estonia, Latvia, Lithuania and the Ukraine remain within the USSR because of terror, fear and the might of the Red Army."

"Ukrainians Just Aren't Russians," an article by Earl Arnett. *Baltimore Sun*, Baltimore, Maryland, October 12, 1973.

A long account is presented here on the Ukrainian American community in the Baltimore area. With considerable accuracy it traces the history of Ukraine, the immigration of Ukrainians to this country, and the role of the "School of Ukrainian Sciences" in the building of the Ukrainian Self-Reliance Association in Baltimore. The article points out, "Although people with Ukrainian names were in North America as early as the Seventeenth and Eighteenth Centuries, the majority of Ukrainians did not immigrate to this country until after the Civil War."

The extensive article is larded with quoted statements by Wolodymyr C. Sushko, Mychajlo Choma, principal of the school, and Paul Fenchak, a teacher. The writer conveys their thoughts and feelings when he writes, "To call a Ukrainian a Russian . . . is like calling a Frenchman a German." Among other instructive points, he also observes, "With a distinct language, history and culture, the Ukrainians in the United States resent being ignored under the general label 'Russian.' "

"China Widens Moscow Attack," a report. *The Washington Post*, Washington, D.C., January 9, 1974.

The Sino-Russian rivalry and conflict goes on unabated. In this account, the official *People's Daily* expresses itself in these words, "Soviet intellectuals are extremely discontent with the fascist domination of the renegade Brezhnev clique." This extension of tirade to the intellectual opposition in the USSR is a first for the Chinese Communists.

As before, the so-called minorities in the USSR are pointed to as being "involved in an increasingly widespread struggle against 'Soviet revisionist big-Russian chauvinism.' " The article states that thousands of students in Estonia and Ukraine had demonstrated against "assimilation by Soviet revisionism." It also warns that "the new czar is sitting on a volcano" and that "The heroic struggles of the working class and various nationalities will surely make increasingly powerful impact on the dark rule of Soviet imperialism."

"China says Soviet oppresses people with police and camps," a report. *The New York Times*, New York, January 9, 1974

Hsinhua, the official Red Chinese press agency, reflected also the new dimension of Peking's attacks against Moscow. The agency portrays the USSR as being in a state of turmoil through popular resistance to the "Brezhnev clique." It describes at length Moscow's use of secret police, labor camps, mental asylums, the use of mind-destroying drugs, and "armed oppression against its own people."

Numerous strikes, demonstrations and protests by Soviet workers and "national minorities" are also mentioned. The agency cites "Lithuania, Latvia, the Ukraine and Central Asia among places where non-Russian peoples have expressed dissatisfaction." Factually, the stress placed by Peking on the non-Russian nations in the USSR, particularly Ukraine, is far greater than what has been reported in Western media.

"Distinguished Visitors in Gallery," an official report. *Debates of the Senate*, 29th Parliament of Canada, Ottawa, Canada, October 31, 1973.

This item in the official Canadian record refers to the introduction by Senator Paul Yuzyk of members of the presidium and executive of the World Congress of Free Ukrainians. The introduction was made in the Canadian Parliament. The representatives were preparing for the Second World Congress in Toronto on November 1–4. Senator Yuzyk said, among other things, we "wish them success in their deliberations in the interests of freedom and democracy . . ."

Some of those in the visting group included Metropolitan Maxime Hermaniuk, Head of the Executive Committee of U.W.C.; Msgr. Vasyl Kushnir, Canadian Vice President, U.W.C.; Mr. Joseph Lesawyer, U.S. Vice President of U.W.C.; Professor B. Hnatiuk, Presidium Member for U.S.A., and several others. The Honorable Gildas L. Molgat asked to add to the words of Senator Yuzyk and declared in part, "I am delighted to see that the Congress is having its meetings this week, and we are honored by the presence of this distinguished group in the gallery."

"Hanna Kolesnik, Former Star of Kiev Opera, Sings Strongly," a critique by Peter G. Davis. *The New York Times*, New York, January 29, 1974

The very first paragraph of this critic's observation shows and measures the success of the new artist in our midst. As he begins, "Hanna Kolesnik took total command of the stage at Hunter College's Assembly Hall." The artist was a leading one with the Ukrainian Kiev Opera, which she left several years ago. She and her husband fled the USSR and made their way to Australia. She is now on a concert tour of the U.S., sponsored by the Ukrainian Congress Committee of America.

Some parts of the review are somewhat inaccurate. The distinction between Ukrainian and Russian lapses a bit when the reviewer observes, "Mrs. Kolesnik's huge mezzo-soprano is unmistakably Russian in timbre . . ." Also lapsing is the observation that "Mrs. Kolesnik clearly had an immeditae impact on her predominantly Russian-speaking audience." It was Ukrainian-speaking, but aside from these extra-musical aspects, the review was quite favorable.

"The 1973 Captive Nations Week—The 15th Observance," statements by the Honorable Daniel J. Flood and others. *Congressional Record,* Washington, D.C., July 18, 1973

As in every year since 1959, the U.S. Congress observed the 1973 Captive Nations Week. The Week, the 3rd one of every July, was established by Congress in its Captive Nations Week Resolution. Congressman Daniel J. Flood of Pennsylvania, who, along with Congressman Edward J. Derwinski of Illinois, leads the observance in the House, stated at the outset, "This 1973 Captive Nations Week represents the 15th observance of an annual event that signifies to the world our firm politico-moral commitment to 1 billion souls in Communist captivity."

The '73 Week proved to be a huge success in the circumstances of detente. Here and abroad the observance was widely maintained. *The Congressional Record,* from July to October, is filled with data and reports on the observance. The 1974 Week scheduled for July 14–20, will be the 15th anniversary of the institution that has been adopted in many foreign countries.

"Shameful Secret," a commentary by Lloyd Shearer. *Parade,* New York, March 3, 1974

Somewhat surprising for this magazine is this long account of Julius Epstein's work on "Operation Keelhaul," namely the forced repatriation of thousands upon thousands to the USSR following World War II. The work is tied up with Alexander Solzhenitsyn's *Gulag Archipelago.*

The pitiful aspect of this commentary is its gross misrepresentation of the repatriated. To aver that most of "these two million Russians were executed or died in Stalin's prison camps" is to confess not knowing the national differences in the USSR. This defect alone mars the commentary.

McKEESPORT AMVETS SPONSOR DRIVERS PROGRAM

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. GAYDOS. Mr. Speaker, every year thousands of Americans are injured or killed in automobile accidents on the Nation's highways. Many of the victims are young people, whose lives are ruined or snuffed out as they approach full maturity.

In an effort to reduce such tragedies, Amvets Post 8 at McKeesport, Pa., has joined with the Dodge Division of Chrysler Corp. in sponsoring the area's first "Partners in Safety Drivers Excellence Program."

It is anticipated approximately 1,000 students from several nearby high schools will compete in the contest, which will be conducted under the supervision of Mr. John Cook, a representative of the Pennsylvania State Police, and two top law enforcement officials from the city of McKeesport: Police Chief Joseph Graziano and Traffic Inspector Ernest Cippicchio. Winners in the local competition will be eligible for State and national awards and honors.

Amvet Post 8 members in charge of the program include Cochairmen Victor Bertoty and William Dzurko, Robert Harper, Gabriel Bertoty, Jean Rasch, Margaret Streams, Eugene Sisley, Richard Browell, Andrew Butovsky, Floyd Rollason, John Stasko and James Streams.

Participating school officials and organizers are Frank Gennaccaro and John Dadominici of Clairton High School; John Hazur and John Proksa, Duquesne High School; William L. Klein and Anthony Rubino, Elizabeth-Forward High School; Michael O'Toole and Frank Baratta, Gateway High School; Michael Hritz and Fred Stough, McKeesport Area High School, and Charles Lalley, James Sepesky and Frank Maglicco, South Allegheny High School.

Mr. Speaker, I believe the men and women of Amvets Post 8, local educators and the Chrysler Corp. should be commended for their interest and efforts on behalf of our Nation's youth.

IN MEMORY OF ROCCO J. CATANZARITO

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. MURTHA. Mr. Speaker. America has attained its level of excellence because of nearly 200 years of individual acts and accomplishments by our citizens.

Some of these accomplishments have been spectacular, headline-deserving achievements. But we cannot afford to forget the individual accomplishments of thousands of other citizens who contribute in an equally meaningful if less historic fashion.

One such individual, Mr. Speaker, was Rocco J. Catanzarito. A constituent, and a community leader. Mr. Catanzarito passed away recently. I would like the Congressional Record to include a brief rundown of the activities of Mr. Catanzarito as a reminder to all of us of the excellent work being done by thousands of American citizens in our local communities.

Mr. Catanzarito was a member of the SSCD Roman Catholic Church in Punxsutawney. He worked as the director of the Jefferson and Clarion Counties Community Action Agency.

He was a member of the Board of Directors of the National Employment of Handicapped Persons and the Pennsylvania Association of Older Persons. He was a former member of Goodwill Industries, and Catholic Charities.

A World War II veteran, Mr. Catanzarito was a member of the 348th Quartermaster Company of the U.S. Army Reserve Unit in Punxsutawney. He was past commander of the John Jacob Fisher Post 62, American Legion, and a past commander of the American Legion in Jefferson County.

He was also active in Punxsutawney, Pa.'s Annual Groundhog Day Celebration and was instrumental in having the first drum and bugle competition for the festival.

Mr. Catanzarito, 57, was also a former president of the B. & O.–C. & O. Railroad Association.

I know I speak for the entire House of Representatives in extending our condolences to his wife, Marie, three sons, James, Pat, and Donald, and two brothers, Michael and Joseph.

DOES THE ARMS AGREEMENT OF VLADIVOSTOK REALLY SLOW THE NUCLEAR WEAPONS RACE?

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. DRINAN. Mr. Speaker, it is distressing to have to note that the analyses now being published concerning the Vladivostok agreement on strategic offensive nuclear arms express almost universal disappointment at the arrangements arrived at.

The New York Times on December 4, 1974 observed that—

> The Vladivostok Agreement appears to be an agreement between the military on both sides . . . to permit the buildups each desired.

The Christian Science Monitor of December 4, 1974 concluded that—

> President Ford and his Secretary of State settled for much less than they reasonably needed to.

Dr. Robert Bowie, a member of the Harvard Center for International Affairs, is also critical of the contention made by the administration that the negotiated guidelines are the best attainable now. Professor Bowie concludes that "[the Vladivostok agreement] should not be accepted as the final answer."

These three articles raise the basic question of whether the Ford-Brezhnev agreement does in fact put "a cap on the arms race" as the administration has contended. The New York Times editorial declares that "the new agreement seems almost calculated to increase instability."

I attach these three important documents and commend them to the attention of Members of the House:

[From the New York Times, Dec. 4, 1974]

Spurring the Arms Race

President Ford now has confirmed that the Vladivostok agreement on strategic offensive nuclear arms legitimizes a further buildup, quantitative and qualitative, by both sides.

It is unlikely that the American buildup can be accomplished at present budget levels, despite the President's assertion to that effect. The Pentagon, in fact, expects a 25 per cent increase in strategic arms spending over the next two or three years. Mr. Ford will hardly be able to oppose that. He proclaimed at his news conference not only a "right" but an "obligation" to increase the American strategic offensive missile and bomber forces to the new permitted levels of 2,400 delivery vehicles, of which 1,320 may be missiles equipped with MIRV multiple warheads. The United States now has about 2,200 delivery vehicles, about 800 of which are MIRV-tipped.

But the strategic arms takes only about 18 per cent of the defense budget and cost is not the real issue, despite the many questions Mr. Ford was asked about it. Far more important is the effect the projected strategic arms limitation treaty (SALT II) will have on the stability of nuclear deterrence and on the very doctrine of deterrence itself.

About the only accomplishment here is the agreement to ban long-range air mobile ballistic missiles. Otherwise, the new agreement seems almost calculated to increase instability. By vastly increasing the number of warheads, it enshrines the doctrine that a nuclear war-fighting capability is needed. Planning to fight a nuclear war, rather than merely to deter one, is certain to reduce the inhibitions against using nuclear arms.

The new agreement authorizes the Soviet Union to replace 1,320 of its existing inaccurate single-warhead ICBMs with new, more accurate MIRVed missiles carrying an estimated 6,600 hydrogen warheads of a megaton or larger. Defense Secretary Schlesinger earlier this year warned the Congress that a small portion of such a force could threaten the American ICBM force with a preemptive "first strike" that might destroy the bulk of this country's 1,054 land-based missiles, while the bulk of the Soviet force remained in reserve to deter American retaliation against Soviet cities.

Will the Pentagon now ask—what Mr. Schlesinger then asserted would be needed—authorization to build a "matching counterforce" capability? Development of a bigger Minuteman with three to four times the throw-weight—and warheads—of Minuteman III already is under way and it doubtless will now be accelerated. The President emphasized that the agreement permits this buildup if the Pentagon wants it and Congress approves.

A fundamental reassessment of the American strategic forces already is underway to determine the nature of the American buildup desired to match that now authorized for the Soviet Union. Ten Trident submarines, each costing more than a giant nuclear aircraft carrier, will be built if Congress approves, adding 240 MIRVed missiles and perhaps 2,400 warheads.

More and more, the Vladivostok agreement appears to be an agreement between the military on both sides—achieved through the intermediary of the chiefs of government—to permit the buildups each desired. Apart from the high ceilings on aggregate numbers of delivery vehicles and MIRVed missiles and the ban on air mobiles, the only other limitations are those barring construction of new silos or enlargement of existing silos by more than 15 per cent. This provision of the 1972 interim agreement, now to be extended to 1985, retains the 300 limit on Russia's giant SS–9 and SS–18 missiles.

The qualitative arms race involving greater accuracy, higher yield-weight ratios, replacement of missiles and bombers by new generations of more advanced arms and the introduction of land-mobile missiles and submarine-launched cruise missiles can go on unhindered. If this is "putting a cap on the arms race," then a shrimp can whistle—as a former Soviet leader, Nikita Khrushchev, was fond of saying.

[From the Christian Science Monitor, Dec. 4, 1974]

SALT QUESTIONS REMAIN

This newspaper reacted enthusiastically to President Ford's arms agreement in Vladivostok. Any progress toward slowing the nuclear weapons race is welcome. But now that specific numbers have emerged, serious questions arise about the tentative accord—which does not restrain the arms buildup but permits it to go forward.

When even the arms disarmament community is skeptical, close scrutiny is merited. It may be better to have a "cap" on nuclear force levels than no cap at all. We think it is. But the cap is awfully big—and allows for a continuing race in qualitative improvements.

Under the accord, the United States will in effect replace existing systems as it planned to do anyway, going ahead with the Trident submarine and the B–1 bomber. The Russians in turn will proceed with installation of their massive launchers and deployment of the multiple warheads called MIRVs. True, they will have to cut back on the total number of launchers, but this merely means phasing out obsolete models.

The inexplicable question—and one which did not emerge in the Ford press conference—is why the President agreed in Vladivostok to the ceiling of 1,320 MIRVed missiles on each side. The U.S. now has under 800 such missiles and the Russians are not yet deploying them. Why such a huge jump? Why was it not possible at least to freeze the number at the existing American level?

Was this a yielding to the Pentagon, or to the Russians? If Moscow was especially eager for an agreement in order to save detente (and Leonid Brezhnev's political life), why did Washington not strike a better bargain?

Asked about the Soviet advantage in missile throwweight or size, Mr. Ford said the agreement would allow the American side to opt for larger missiles also. Does this imply a built-in restraint, some understanding with the Russians that if they chose to deploy MIRVs to the ceiling permitted, the U.S. would then start building larger launchers? Are there some subordinate agreements that provide hope for settling for lesser numbers than the proposed ceilings? How will Soviet deployment of MIRVs be verified?

These and other burning questions need clarification and public discussion. The impression at the moment is that in their haste for a show of progress on SALT and determination to keep detente going President Ford and his Secretary of State settled for much less than they reasonably needed to. Or, the Pentagon did not want an agreement that would interfere with its plans.

We recognize the importance of going on with the search for balance in the two nations' nuclear arsenals. But, unless the relevant questions are satisfactorily answered, it would not be surprising if Congress sent the administration back to work for a more acceptable framework.

[From the Christian Science Monitor, Dec. 4, 1974]

IMPROVING THE ARMS PACT

(By Robert R. Bowie)

Hyperbole seems to follow summitry as night follows day. The handling of the agreement regarding SALT II reached at Vladivostok is only the latest example. Dr. Kissinger hailed the accord as a "breakthrough" which put a "cap" on the arms race. It was a "triumph" for the President, according to his press spokesman.

As usual the reality is more modest and more complicated. The President and Secretary Brezhnev only agreed on an outline or guidelines for an agreement and the detailed provisions must be hammered out over the coming months. The proposed accord would limit each side to a total of 2,400 strategic nuclear launchers (including land-based and sea-based missiles and long-range bombers) and to an aggregate of 1,320 missiles carrying multiple warhead (MIRVs). It would take effect after the end of SALT I in 1977 and run through 1985.

Having these guidelines out in the open is useful. It will allow a debate on their merits before an agreement is frozen. Their adequacy will be judged primarily by two criteria:

First, will an accord based on these guidelines curtail competition in strategic arms?

It does not seem so. The ceilings on launchers and MIRVed missiles are so high that they probably will not prevent either side from doing what it would otherwise do.

Under SALT I, which applies until 1977, the Soviets are entitled to continue to build up their total missiles to 2,358 (1,407 land-based and 950 in 62 submarines). Their 140 strategic bombers would raise their total to almost 2,500. In 1977, the U.S. will have some 1,710 strategic missiles (1954 land-based and 656 in 41 submarines). Adding its 400 or so strategic bombers will bring the United States total to just over 2,100. Under the agreed guidelines the U.S.S.R. might have to retire a few older weapons, while the U.S. could add the 240 Trident missiles, some B–1 bombers or new missiles without cutting existing weapons.

The main competition, however, would be in improving and replacing current nuclear weapons and delivery vehicles. The U.S.S.R. would be installing MIRVs on some 1,300 missiles. For this purpose it has developed four new missiles all with greater accuracy and several with 3 to 5 times the payload of the missiles they will replace. By 1977 the U.S. will already have multiple warheads on over 1,000 missiles and will be developing others of greater accuracy and throwweight.

Besides striving to improve accuracy, payload, and other features, both sides will doubtless be developing mobile weapons for land and air launching unless this is prohibited. Thus such an accord may well stimulate 10 years of strenuous competition in new and improved strategic weapons within the ceiling. It contemplates no cutbacke before 1985 though talks might begin by 1980 or '81.

Second, would the proposed accord assure equality in security for the two sides?

Here the answer depends on the measure used. Each side would of course have the same number of launchers and missiles with MIRVs, fully sufficient to destroy the other several times over.

But critics will focus on the Soviet advantage in missile payload. Even today, Soviet missiles can carry 3 or 4 times the total payload of U.S. missiles (bombers provide nearly 75 percent of the strategic payload for the U.S., but only 25 percent for the Soviets). The 300 biggest Soviet missiles (the SS–9s) can carry 10 to 15 times as large a warhead as the U.S. Minuteman. Moreover the new generation of Soviet missiles will increase payloads by 3 to 5 times, and when deployed could carry some 5,000 or more multiple warheads in the megaton range—5 to 20 times bigger than current U.S. MIRVs.

Thus they could threaten the U.S. Minutemen and bombers. Even so nuclear war should still be deterred by the submarine force as long as it remains invulnerable. But the critics will be concerned with the potential political effects of such an imbalance. How might it influence Soviet behavior in a crisis, or the perceptions and policies of allies and others? The truth is, no one can be sure.

Thus the outline for agreement will probably be attacked both by those who insist on "essential equivalence" and by those who are anxious to reduce strategic forces. The first group will be troubled by the disparity in throwweight and its political implications; and the second group by the high ceilings, the spur to competition in weapons quality, and by putting off reduction until 1985.

The official answer will doubtless be, as in SALT I, that the agreed guidelines are the best attainable now. But in view of the huge redundancy on both sides already, that should not be accepted as the final answer. Why should both sides engage in 10 more years of competitive buildup before agreeing to cut back? Why can't they agree now on further guidelines for gradually reducing their strategic forces as they reshape them over the next decade? Moreover, reasonable tradeoffs in cutting back mitigate the disparity in throwweight as well.

The debate on the guidelines could serve to push the negotiations in these directions. Certainly that should be its goal.

FINANCIAL INFORMATION

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. ROGERS. Mr. Speaker, now that the election is over, I thought it would be well to provide for the public interest a listing of all contributions to my 1974 campaign for reelection along with other financial information.

Since becoming chairman of the Public Health and Environment Subcommittee in 1971, I have participated in two election campaigns—1972 and 1974. I am providing for the record a listing of all contributors and contributions from my last campaign, 1974, where some $17,000 was raised. It was not necessary to expend this entire amount, and such amounts remaining will be returned pro rata, as is my practice, to those kind enough to contribute.

Contributors—1974 campaign

Patti C. Spencer	$16.80
Joe C. Page, Jr	100.00
Joseph A. Daley	25.00
A. Paul Jensen	200.00
Harry E. Bray	300.00
John W. Bush	300.00
Harry C. Bauerle	100.00
Joseph Blau	25.00
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Blank, Williams & Benn	100.00
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Joseph B. Shearouse	50.00
Harrison Snider	25.00
Robert B. Clark DDS	25.00
David C. Ashe	25.00
Robt. V. Artola, MD	100.00
Louis A. Hawkins	25.00
Sidney Davidson, MD	25.00
Allan Krieger	25.00
Fred Woefling	25.00
Phillip N. Cheaney	300.00
Joseph B. Dunbaugh	25.00
Dale W. Alexander	100.00
G. Earl James	100.00
Sidney S. Brodhead	25.00
Knox B. Phagan	25.00
Col. Andrew T. Knight	25.00
Guy C. Hill	10.00
Frank Newman	50.00
William F. Boyle	50.00
John R. Gillespie	100.00
Willard T. Kniffin	100.00

In 1972, where a more extensive campaign was necessary, $104,917 was raised, and some $16,000 was not spent and was returned pro rata to those individuals who had contributed. Rather than list each of the some 1,700 persons who contributed, which is on public record with the Florida secretary of state and the clerk of the court, Palm Beach County, Fla., I am setting forth below an analysis of the contributions made by Common Cause, a public interest group.

FLORIDA CD 11, SUMMARY OF CAMPAIGN FINANCES, 1972

	Democrat Rogers, Paul G.; incumbent, 18 yrs; won general, opposed; votes 116,157, 60.2 percent; won primary, unopposed; no reports missing		Republican Gustafson, Joel Karl; challenger; lost general, opposed; votes 76,739, 39.8 percent; won primary, unopposed; no reports missing	
	Number	Amount	Number	Amount
Total contributions		$104,917		$59,108
Cash on hand		0		0
Total receipts disclosed		104,917		59,108
Total individual—$101 and over	132	60,052	62	33,465
Out of State—$101 and over	15	10,450	6	3,675
In State—$500 and over	41	31,012	32	24,900
In State—$101 and over	76	18,590	24	4,890
Total committee—$101 and over	11	11,650	8	12,390
Political parties—$101 and over	1	5,300	7	12,190
Other committees—$101 and over	10	6,350	1	200
Other receipts—$100 and under		$33,215		$13,253
Loans—$101 and over	0	0	1	5,000
Loans repaid		0		5,000
Total expenditures		87,253		59,108
Paid expenditures		87,253		59,108
Debts—other than loans		0		0
Media—expenditures		38,957		18,934
Cash on hand at end		17,665		0
Period covered	(1)	(1)	(2)	(2)

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[1] July 20, 1972 through Dec. 31, 1972.

[2] July 21, 1972 through Jan. 1973.

CONTRIBUTIONS FROM REGISTERED POLITICAL COMMITTEES

Contributor	Amount
National Automobile Dealers Association/Com of Auto Retailers—CAR	$100
Del Monte Corp./Del Monte Vol RP Good Gov't Com	500
Quaker Oats Group/Public Interest Com	400
General Mills, Inc./General Mills Good Gov't Fund, the	200
National Association of Real Estate Boards/Real Estate PEC (National)	250
Illinois Central Industries—RR/Industries Civic Trust	500
Total, business	1,950
Democratic—Congressional level/Democratic Cong Camp Comm (total)	5,300
American Dental Association/American Dental PAC (ADPAC)	1,000
American Medical Association—Florida/Florida Medical PAC (FLAMP&C)	5,000
Federation of American Hospitals/FEDPAC	1,000
American Nursing Home Association/ANHEPAC–Am Nursing Home CO&PAC	1,000
American Podiatry Association/Podiatry PAC	500
Total, health	8,500
Total, all registered committees	15,750

Note: Data on contributions to candidates from registered political committees are taken from the reports filed by the registered political committees and may not correspond to data listed on the candidate's reports.

I am also including the forms filed with the State of Florida Commission on Ethics containing my financial disclosure statement, in compliance with the laws of the State of Florida, as well as additional information filed showing my holdings and interests. All of this information is on public record with the Florida secretary of state.

State of Florida Commission on Ethics: Financial Disclosure Statement for Tax Year Ending December 31, 1973

Name: Paul G. Rogers. Telephone (305) 832–6424.

Address: 2800 N. Flagler Drive, West Palm Beach, Palm Beach County, Fla.

Check the appropriate box or boxes below indicating whether you are filing as a public officer, candidate, or both, and indicate the title of the position held or sought:

a. Public Officer: U.S. House of Rep., 11th Cong. Dist. of Fla.

b. Candidate: Same.

If filing as a public officer, indicate dates of present term:

a. Present term began: January 1973.

b. Present term ends: January 1975.

If filing as a candidate indicate dates of term sought:

a. Term begins: January 1975.

b. Term ends: January 1977.

You may select one of two alternative methods of financial disclosure:

(1) You may complete items 1 through 6 of this form, or

(2) You may file a current financial statement on Federal Reserve Form CB–110A together with a copy of your latest federal income tax return. Indicate by checking the appropriate box which method of financial disclosure you have selected.

a. Completion of items 1 through 6 below.

Date of filing: July 29, 1974.

SOURCES OF INCOME

1. Name every source of income, including money or things of value, that produced 10% or more of your gross income for the preceding taxable year. You do NOT have to name or list as a source any dividends, interest, moneys received from guardianship, alimony, child support, retirement compensation, disability compensation, or any compensation (including wages) from any level of government service, but you must include them in calculating your gross income. Do NOT include, as gross income or as sources of income, money or things of value given to you by your spouse or campaign contributions which are authorized by Florida law and which are expended for campaign purposes. "Source" refers to a normal category of income production, such as a medical or law practice, a store, or salary and wages from a non-government employment. List sources in descending order of importance with the largest source first.

Name of source of income: Sale of investment, real estate, to Philip Weiner, trustee.

Address of parcel or property: Hutchinson Island, St. Lucie County, Florida.

Description of the principal business activity: Not applicable.

SOURCES OF BUSINESS ENTITY INCOME

2. If during the preceding taxable year—

(a) you owned, directly or indirectly, 10% or more of the total assets or capital stock of any business entity, and

(b) you received $1,500.00 or more income from that business entity, and

(c) that income constituted 15% or more of your gross income as calculated in Question 1,

then you must report every source of income of that business entity which produced 15% or more of that business entity's gross income. List sources in descending order of importance with the largest source first.

None.

INTEREST IN SPECIFIED BUSINESS ENTITIES

3. If, during the preceding taxable year, you either—

(a) owned, directly or indirectly, 10% or more of the total assets or capital stock, or

(b) received 10% or more of the net distributed income of any chartered banks, savings and loan associations, small loan companies, alcohol and spirituous liquor businesses (whether retail or wholesale), parimutual wagering companies, utility companies, cemetery companies, insurance companies, mortgage or title insurance companies, credit unions, and any entity controlled by the Public Service Commission or granted a franchise to operate by a municipal or county government.

then you must list each of those entities below.

None.

DEBTS AT PREFERENTIAL INTEREST RATES

4. List each of your present or past debts which was outstanding at any time during the preceding taxable year and on which a preferential rate of interest was being charged. A preferential rate of interest is a rate of interest which, at the time the rate was set, was substantially below the customary and usual rate under the circumstances. You do NOT have to state the amount of the debt.

None.

DEBTS GREATER THAN NET WORTH

5. List each debt which at any time during the preceding taxable year was outstanding and exceeded your net worth. You do NOT have to state what your net worth is or what the amount of the debt is.

None.

ASSETS

6. If, during the preceding taxable year, you owned any asset, tangible or intangible, which had a value greater than 15% of the total value of all your assets at that time, then you must list it below. You do *not* have to list real property located outside of Florida, your personal residence, recreational homes or vacation homes, but these shall be used in calculating the total value of your assets. In calculating value, disregard all liabilities, such as debts or mortgages. List in descending order of value with the most valuable asset listed first. You do *not* have to state the value of any asset or the total value of all your assets.

Asset: 15% interest in real estate.

Location: Address or legal description—Lots 1 & 2, Golfview Addition, North Palm Beach, Florida, Plat Book 28, P. 199, public records of PB County, Fla.

Although the Financial Disclosure Law does not require the following information to be made public, in keeping with the spirit of that law I voluntarily disclose the following assets owned by me as of December 31, 1973:

1. I owned stock in the following companies:

American Fidelity Life Insurance Co.
Carolina Caribbean Corporation
D.P.D. Corporation—closely held
Energy Conversion Devices, Inc.
First National Bank in Palm Beach
First State Bank of Ocilla, Georgia
Florida Commercial Banks, Inc.
Jefferson Pilot Corporation
Lauderdale Beach Bank
Major Realty Corporation
Peoples Bank of Broward County
Royal Palm Beach Hotel, Incorporated
Southeast Banking Corporation

2. I owned investment real estate in the following Florida counties:

Palm Beach (as set forth)
Hillsborough
Lee
Indian River

3. I owned an interest in the family farm located in Irwin County, Georgia.

State of Florida

Commission on Ethics: Quarterly Statement of Disclosure of Clients Represented Before Agencies

For quarter ending September 30, 1974.

Name: Paul G. Rogers, Telephone: (305) 832–6424.

Address: 2800 N. Flagler Drive, West Palm Beach, Palm Beach County, Fla.

Check the appropriate box or boxes below indicating whether you are filing as a public officer, candidate, or both, and indicate the title of the position held or sought:

a. Public Officer: U.S. House of Representatives, 11th Cong. District of Florida.

b. Candidate: Same.

If filing as a public officer, indicate dates of present term:

a. Present term began: January 1973.

b. Present term ends: January 1975.

If filing as a candidate indicate dates of term sought:

a. Term begins: January 1975.

b. Term ends: January 1977.

DISCLOSURE OF CLIENTS REPRESENTED BEFORE AGENCIES

Show the names of all clients you, or if applicable, any partner or associate of the professional firm of which you are a member, have represented before your own agency or the agency in which you are seeking office or any agency at the same level of government as the agency in which you hold office or are seeking office, and also who the name of the agency before which you or your associate appears. For purposes of this form there are two levels of government: state and local. The state level includes agencies or units of government with state or regional jurisdiction. The local level includes agencies or units of government with county or municipal jurisdiction.

None.

State of Florida Commission on Ethics; Disclosure of Conflicts of Interest by Public Officials, Public Employees and Candidates

Name: Paul G. Rogers, Telephone (305) 832–6424.

Address: 2800 N. Flagler Drive, West Palm Beach, Palm Beach County, Fla.

Check the appropriate box or boxes below indicating whether you are filing as a candidate, public officer or employee and indicate the title of the position held or sought and the agency of government in which the position is located:

a. Public Officer: U.S. House of Representatives, 11th Congressional District of Florida'.

c. Candidate: U.S. House of Representatives, 11th Congressional District of Florida.

If filing as a public officer, indicate dates of present term:

a. Present term began: January 1973.

b. Present term ends: January 1975.

If filing as a candidate, indicate dates of term sought:

a. Term begins: January 1975.

b. Term ends: January 1977.

1. Indicate by checking in the space provided whether you—

(a) hold any of the enumerated positions in any business entity which is granted a privilege to operate, or is doing business with the governmental agency of which you are an officer or employee, OR

(b) own, directly or indirectly, 10% or more of the total assets or capital stock of such a business entity:

None.

July 29, 1974.

PAUL G. ROGERS.

As chairman of the Public Health and Environment Subcommittee, I have been called upon to make speeches to the following universities, foundations, professional associations, and other groups. All honorariums are declared on income tax returns and taxes are paid thereon, as provided by law.

1971 honorariums

Address to American Dental Trade Association	$250.00
Address to Government-Industry Conference on Aerosols	200.00
Address to Markle Scholars	100.00
Address to Annual Meeting of American Society of Oral Surgeons	250.00
Address to National Meeting of American Hospital Association	1,000.00
Address to National Association of Blue Shield Plans	250.00
Address to American Medical Political Action Committee	250.00
Address to University of Arizona	30.00
Address to Grocery Manufacturers of America	250.00
Address to American Association of Medical Clinics	250.00
Address to Florida Atlantic University graduation class	250.00
Total	3,080.00

1972 honorariums

Address to Florida Medical Association, Inc	$250.00
Address to Papanicolaou Cancer Research	500.00
Address to Air Transport Association	250.00
Address to National Association of Retail Druggists	250.00
Address to University of Arkansas	262.00
Address to American Psychiatric Association	250.00
Address to American Dental Association	250.00
Address to New York Academy of Medicine Anniversary Discourse	1,000.00
Address to American Association of Colleges of Pharmacy	250.00
Address to New England Hospital Assembly, Inc	250.00
Address to Duke University Director's Hour Speaker	200.00
Address to University of Maryland (Commencement)	1,000.00
Address to Brookings Institution	150.00
Address to Lasker Chemotherapy of Cancer awards luncheon, Lasker Foundation, Inc	1,000.00
Total	5,862.00

1973 honorariums

Address to University of Alabama-Lister Hill Lecture	$500.00
Address to Federation of American Hospitals, Inc	250.00
Address to Pennsylvania State University	500.00
Address to Roswell Park Division of Health Research, Inc	300.00
Address to Albany Medical College	200.00
Address to Geisinger Medical Center	300.00
Address to John M. Russell Markle Scholars	1,000.00
Address to American Association of Foundations for Medical Care	500.00
Address to American Association of Dental Schools	250.00
Address to Annual Forest Foundation	200.00
Address to American College of Hospital Administrators	---------
Total	4,000.00

1974 honorariums

Address to American Academy of Periodontology	$250.00
Address to Brookings Institution	150.00
Address to Georgetown University	300.00
Address to Florida Hospital Association	500.00
Address to Brookings Institution	150.00
Address to University of North Carolina School of Public Health	500.00
Address to Duke University	100.00
Address to Georgetown University (Health Policy Center)	125.00
Address to College of American Pathologists	500.00
Address to American College of Surgeons	500.00
Total	3,075.00

NEW YORK REMEMBERS ADAM CLAYTON POWELL, JR.

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. RANGEL. Mr. Speaker, the late Rev. Adam Clayton Powell, Jr., was a giant in the House of Representatives and in the Harlem district which elected him time after time. Adam's record as a legislative leader in the areas of education, labor, and human rights is unequalled. The period of his chairmanship of the House Education and Labor Committee was marked by a series of legislative innovations designed to make the Federal Government serve the needs of America's poor, unemployed, undereducated, and oppressed.

New York City has recognized Adam's achievements by declaring November 29 to be Adam Clayton Powell, Jr., Day by proclamation of Mayor Abraham Beame.

Under the leadership of City Councilman Fred Samuel, the city council has voted to rename one of central Harlem's major thoroughfares as Adam Clayton Powell, Jr., Boulevard.

Under the direction of Harlem Teams for Self-Help, an impressive bronze bust of Adam was unveiled at the Abyssinian Baptist Church where Adam Clayton Powell, Jr., served as minister for many years.

These three events serve to remind all of us that we owe Adam a great debt. For millions of poor, black, or forgotten Americans, Adam meant the difference between hope and despair, between accomplishments and rhetoric.

THERE AIN'T NO FREE LUNCH

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. WHALEN. Mr. Speaker, H.R. 16994 is scheduled to be considered by the House next Monday on the Suspension Calendar. This bill would exclude from taxable income the first $500 of interest on individual savings accounts—the first $1,000 on joint accounts.

Although I share the concern of those who wish to stimulate the sagging real estate market, I cannot support the approach embodied in H.R. 16994 and similar measures.

The economic arguments against H.R. 16994 were articulately outlined by Albert R. Hunt in an article which appeared in the December 3 edition of the Wall Street Journal. Mr. Hunt's analysis merits wide dissemination, and I commend his column to the attention of my colleagues.

The article follows:

THIS FREE LUNCH IS COSTLY, ARCHIE

(By Albert R. Hunt)

WASHINGTON.—Conservative economist Milton Friedman is fond of proclaiming there "ain't no such thing as a free lunch," meaning that almost any type of largesse carries a price tag, whether overtly displayed or not.

That's a pretty hard message to get across on Capitol Hill, however; Congress manages to offer free lunches of almost every variety. Today the House Ways and Means Committee will serve up one of the more appealing dishes to the full House.

This "something for nothing" proposal is a classic case of how not to legislate. It places political considerations ahead of economic ones, ignores a very real inflationary impact and typifies the all-too-frequent practice of offering a permanent solution to meet a short-run problem.

The proposal would provide a $1,000-a-year deduction from taxes for couples on interest income earned from savings accounts. Approved 15 to 6 by the committee, it would cost the Treasury an estimated $2 billion annually in lost revenues.

Savings and loan associations and home builders have diligently lobbied for this proposal. They argue it would transfer over $10 billion to S&Ls, mutual savings banks and commercial banks. From this sum would come more than $3.5 billion of new mortgage money to aid the slumping housing industry.

The legislation is opposed by such diverse interests as the Treasury and Common Cause, which claim it would be costly, inequitable and inefficient. Most economists seem to agree. At the President's September "summit" conference on inflation Albert Wojnilower, vice president and economist for First Boston Corp., warned that a plan of this kind "might very well backfire."

The inequity argument is pretty convincing. As Rep. Sam Gibbons (D., Fla.) figures it, the bill would "give $700 to Nelson and Happy Rockefeller and $11.97 to Edith and Archie Bunker (of TV fame)."

That's because the Rockefellers easily could have $19,050 in savings and at the present 5.25% interest rates on passbook accounts, would get the full $1,000 exemption. Since they're in the top 70% tax bracket, they would reap an annual tax savings of $700. But the average American couple—Archie and Edith—has only $1,200 in savings accounts and could take only a $63 tax deduction. If they're in the 19% tax bracket, they would save $11.97.

The AFL-CIO notes that two-thirds of all families have less than $2,000 in savings accounts, and that many of these people can't save more regardless of the tax benefits. The Treasury figures that eventually over 50% of the benefits derived from this measure would go to families making over $20,000 a year, which hardly makes it seem the "little guy" bill that sponsors claim it is.

It's highly questionable, too, how much the housing industry really would benefit and whether the pending tax bill is the most effective stimulus. Sen. William Proxmire (D., Wis.) figures the tax deduction lure would stimulate enough added savings to produce around 300,000 more housing units. If instead a direct interest-rate subsidy were provided lowering mortgage rates to 8% from 10%, he says, about 500,000 new units could be built for $300 million a year. "Thus for one-sixth the cost, we could build 200,000 more units," Sen. Proxmire contends. The Treasury, never renowned for its advocacy of new direct subsidies, concurs.

One effect the deduction for savings interest likely would have would be to further fuel inflationary pressures, for it would serve to deepen budget deficits. While the new money made available for mortgage loans would be a one-shot gain, the $2 billion-a-year revenue loss would continue indefinitely.

Moreover, both the Treasury and congressional experts agree the tax deduction for savings interest surely would drive up interest rates on competitive forms of investment, such as tax-exempt municipal bonds, Treasury bills and many corporate bonds.

And if $10 billion or more of new money really is to be pumped into savings accounts, it has to come from somewhere and a natural source would be the sagging stock market.

The growth of support for this bill is all too typical of the way tax breaks unfold: cries for help from one group lead rivals to demand similar aid. Originally the savings and loan industry was the one strong advocate of the tax deduction for savings interest; then commercial bankers, though not enthusiastic about the idea, decided they need the same tax incentive to stay competitive. This is the same sort of process that produced a depletion allowance not only for crucial resources such as oil and gas but also for clams and oyster shells.

Despite its support, the Ways and Means measure may have trouble getting through the House, as it's being brought up under a procedure that requires two-thirds vote for passage. It's known that privately Ways and Means Committee Chairman Wilbur Mills (D., Ark.) isn't very enthusiastic. Saddled with political problems during the recent elections, however, he promised some Little Rock S & L officials he would bring the measure to a floor vote.

Even the political pulses in the proposal may be overestimated. It was sponsored initially by Rep. Don Brotzman (R., Colo.) in hopes of helping his tough reelection struggle. Mr. Brotzman's opponent assailed his action and the Colorado Republican was defeated.

Nevertheless, the home builders have mounted a strong push for the bill and it's given close to an even chance of getting the necessary two-thirds vote for House passage; the prospects for Senate action this year are unclear.

Whether the bill clears the House or not, the lack of close consideration of its effects indicates the need to assess more carefully the impact of tax measures—and of direct spending bills as well. Sen. Edmund Muskie (D., Me.), chairman of the new Senate Budget Committee, promises to do that. He plans to have that committee, which is supposed to set spending and revenue targets each year, make up a complete list to let the public know the price tag on each tax preference and to see where the benefits are going.

That way maybe the nation will get a clearer idea how much these "free lunches" actually cost. And then a lot of taxpayers might well lose some of their appetite.

REMARKS ON THE CELEBRATION OF ALBANIAN FLAG DAY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. BIAGGI. Mr. Speaker, I am pleased to join with my many Albanian-American friends in marking the annual observance of Albanian Flag Day. It is a day when millions of Albanians, both here in the United States and throughout the world, take time to pay tribute to their heritage and we Americans take time to honor the many accomplishments of the Albanian-American community to the well-being of our Nation.

The nation of Albania has had a history riddled with adversities. It has been overrun by warring armies for over 2,000 years. It was able to free itself from Turkish occupation in 1912, only to again be occupied by various nations during the First World War. They were successful in establishing a republic in 1920, but this too was short lived for in 1939, the nation was again invaded this time by Italy.

Their history since that point has been equally tumultuous. For the past 29 years they have been under Communist control. While a majority of these years have found Albania allied with the Soviet Union, these two nations had a falling out capped by the severing of relations between the two nations in 1961, and the withdrawal of Albania from the Warsaw Pact nation in 1968.

Since the latter part of the 1960's Albania and the People's Republic of China have developed into strong allies. Yet the change in allies has not resulted in any improvements in the lines of Albania's citizens. They are still denied the basic guarantees of freedom and are subject to repressive rule. The brave people of Albania have endured years of ruthless Communist domination, yet have maintained an overwhelming desire for freedom and self-determination. They look to the onset of improved relations between the United States and the Communist powers as an opportunity for them to obtain new freedoms. We as the greatest freedom loving people of the world believe strongly in the right of all men to be free from domination.

The Albanian-American community is deeply committed to the cause of bringing freedom to their brethren in the homeland. Albanian Flag Day is a symbolic event for it symbolizes the support of the Albanian-American community to the concept of freedom and self-determination for all peoples of the world. In my home district in the Bronx and Queens, I have a large number of Albanian-Americans, who participate in this celebration. I salute them and all other Albanian-Americans on this date, and hope that the demonstration of support shown on this day can be translated into a meaningful commitment on the part of this Nation to work for the freedom and insure a life of dignity for the people of Albania.

OUR BLUE BLOODS CAN BE RED BLOODED, TOO

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. DERWINSKI. Mr. Speaker, it is a fact of life that the New York Times, the Washington Post, and the Washington Star-News receive dispassionate attention from Members of Congress and for that matter, Washington officialdom. It is also a fact of life that one is dependent on these publications for news, editorial commentary, and that the viewpoints expressed in these publications do not necessarily reflect the American public consensus.

Therefore, in the public interest, I insert into the RECORD a column by Chiago Tribune's Mike Killian, which certainly speaks for itself. The article of December 3, follows:

OUR BLUE BLOODS CAN BE RED-BLOODED, TOO

(By Michael Kilian)

One of the strong beliefs I have always held about the American middle class is that its members are largely ill-mannered, uncivilized cochons, utterly lacking in the social graces.

I came to this strong belief as a middle class American growing up in a section of New York's Westchester County populated largely by extremely upper-class Americans.

These upper-class types would occasionally allow their children to consort with such ill-bred middle-class oafs as myself, and, even more occasionally, would allow us into their homes.

But this, I quickly gathered, was mostly to provide them with the opportunity to point out how ill-mannered, uncivilized, and utterly lacking in the social graces we were.

As I was constantly reminded, gaucheries seemed to fall from my lips like autumn leaves, or, if you will, like cow droppings. There was no gaffe I could fail to commit even in the space of a brief introduction. I was forever provoking gasps by using the wrong fork, spilling wine, or putting Sauce Bearnaise on my salad.

I once provoked a near faint from a society matron by shaking her hand before she proffered it. Another time, I offered a well-born young lady a cigaret on a public street and became quickly known as the village barbarian.

At one dinner party, I brought up the horridly plebeian subject of football. From the stunned reaction, one would have thought I had brought up the subject of cow droppings, a topic with which I was most conversant, having worked summers on a dairy farm.

As soon as I was old enough, I fled Westchester, and have avoided the upper class ever since—an endeavor made easy by my moving to Chicago, where there isn't any. For years, I have happily lived a totally uncivilized middle class life, bringing up football, spilling wine, and talking about cow droppings to my heart's content.

But, occasionally, I find myself feeling nostalgic about my blue-blooded friends of yore—wondering how they're getting on, or in this heyday of the Democratic Party, whether they even still exist. So, I'll pick up a copy of Town & Country or glance at the New York Times society pages to see how it's going for them.

Reading an article in the Times the other day, I was pleased to see that it's going pretty well for them. They're still occupying their manor houses and vast estates, and still amusing themselves with such refined, civilized pursuits as fox hunting.

The article dealt with the Smithtown Hunt, one of 16 "recognized" hunts in the New York area and still the thing to do for the well born of Long Island's Suffolk County.

Strangely, the well born interviewed in the article seemed quite defensive about their sport. Arthur Fredericks, master of the hunt, took great pains to point out that there is a beauty to it.

"We have an organized, exhilarating sport," he said. "The main thing is the coordination with a 1,000-pound animal to follow your hounds. It is like having a front-row seat in a drama with the beauty of the chase."

"Let's face it," he went on. "The fox enjoys the chase. When he gets tired, he goes into his hole and is safe."

Federicks acknowledged that occasionally a fox will get done in—about once out of every 15 times.

"We do kill the fox sometimes," another member of the hunt was quoted as saying. "And we do award the mask and ears and so on to various members—just like in a bullfight. And all our new members who have never participated in a kill are 'blooded'—they get blood smeared over their forehead like a baptism."

Blood smeared on their forehead? Oh well. That's hardly as ghastly as Sauce Bearnaise on one's salad.

UNITED STATES: YOU SHALL HAVE TRANSIT

HON. DEL CLAWSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. DEL CLAWSON. Mr. Speaker, it appears that this session of Congress is in a big hurry to approve a substantial list of programs of even more substantial cost. But, like Scarlet O'Hara, we will "worry about that tomorrow." The Whittier Daily News, of Whittier, Calif., of November 26 contains a commentary about just one of these programs. At this point in the RECORD I would like to commend the editorial to the attention of my colleagues:

U.S.: YOU SHALL HAVE TRANSIT

The Congress has passed by a substantial margin a bill creating an $11.8 billion fund to help finance mass rapid transit in U.S. cities. President Ford has said he will sign it.

This money would be in addition to funds already available to urban transit systems for capital spending from the Federal Highway Trust Fund. Of the $11.8 billion, $7.8 billion would be available for new buses and subway cars; these are capital expenditures. The portion of the bill which pleases big city mayors most is the fact that the remainder of the federal money could go for wages, fuel and other operating expenses of transit systems.

Los Angeles County's share of the new funds could be as much as $1.2 billion.

A couple of weeks ago, voters in the Los Angeles area turned down by 963,861 to 832,423 a proposal to add a cent to the local sales tax so as to provide an additional $204 million annual subsidy to the local mass transit district.

Thus the Congress is going to provide what a majority of local voters do not want—more public subsidy of a local transit system.

It's indeed an almost other-worldly atmosphere in which we live when local people say they do not want something but Uncle Sam decides, even so, that it is best for them, so he will provide it at the expense of all his children.

Why taxpayers in Vermont or Wisconsin must chip in to transport people around the Los Angeles area is a logic that eludes us.

RESPONSIBILE FILM INDUSTRY

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. ROGERS. Mr. Speaker, on Sunday evening, November 17, the 10th Chicago International Film Festival paid tribute to the most outstanding theatrical, commercial, and industrial films of 1973 and 1974, as determined by special panels of distinguished jurors. This major artistic and cultural event gave awards this year in 84 different categories.

One of 23 categories of television commercials was for individual public service films produced for the general good of the people. Of the 50 public service films submitted in this category, the Council on Family Health's 30-second film, "Gimmicks," was awarded a certificate of merit by the festival's jurors. More significant than the award itself is that the film is just one part of a major campaign by the council to promote the safe, responsible use of prescription and over-the-counter medicines and that the nonprofit council exists only through the continuing voluntary support and commitment to education of the manufacturers of medicines.

The theme of the council's ongoing campaign is:

> Read label directions . . . Medicines can't help you if you don't take them right.

When this campaign was launched 1 year ago, I called the council's materials "very effective" and urged "their extensive use." It is rewarding to note that, since then, the television and radio networks and stations, national magazines, and major newspapers have supported the campaign with hundreds of thousands of dollars in free time and space so that the campaign could be seen, heard, and read by millions of people.

The Assistant Secretary of Health, Education and Welfare, Dr. Edwards, has called the campaign "a splendid example of enlightened communication in the public interest" and his colleague, Dr. Schmidt of the Food and Drug Administration, has enabled the Agency and the council to work jointly to eliminate through education the misuse of medicines. The council was consulted prior to the recent start of FDA's own safety with medicines campaign and contributed suggestions regarding both the production and distribution of materials. I understand that the council's new print and broadcast materials will not be released until early next year to permit FDA messages to receive all possible exposure.

Such cooperation between Government and industry deserves the recognition and support of Congress. I am delighted that the Chicago International Film Festival has singled out as important and basic a message as the council's and I hope that the award contributes further toward the public's recognition of the need to always use medicines with care and safety.

A BIT BEDRAGGLED BUT STILL A QUEEN

HON. LAWRENCE J. HOGAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. HOGAN. Mr. Speaker, the approach of the Bicentennial of the United States has made us all more aware of the great historical heritage which surrounds us. Much of this heritage has already been sacrificed to the bulldozer in the name of "progress." It is encouraging, therefore, to note instances where the easy approach of the bulldozer has been avoided and the more difficult approach of meticulous restoration has been adopted instead.

I would like to insert into the RECORD an article which appeared in the Washington Star-News on November 17, 1974, concerning one such attempt at preserving history. The article follows:

A BIT BEDRAGGLED BUT STILL A QUEEN

(By Donald Hirzel)

The floors are ripped up, there are holes in the walls and a few slats are missing from the roof.

Despite its condition, the house is still a Queen—the Indian Queen Tavern. It is more familiar to many as the George Washington House on U.S. Route 1 in Bladensburg.

Until recently, the Queen was destined to be torn down to make room for a hamburger stand or parking lot. Such a use for the land seemed almost inevitable, considering its surroundings—a foundry, used car lot and motorcycle shop are neighbors.

It would have been a sad fate for a building that was constructed in 1732 and later served as a tavern and inn for travelers going between Alexandria and Philadelphia by stage on the Old Post Road.

Florence I. Morgan, however, had a different fate in mind for what had been her home since 1902. She thought it should remain a landmark in the community.

So when the Prince Georges County Junior Chamber of Commerce proposed buying and restoring it as a historic site and museum, she sold it at a fraction of its value.

John Giannetti, then president of the Jaycees, said the Indian Queen Tavern will be an excellent museum in a county that does not have one.

The Jaycees now are having it restored

with funds raised through various campaigns. They expect the museum to open in a couple of years.

Work to date has uncovered beams supporting the main structure that are more than 200 years old, as well as glassware and other relics dug up from the earth foundation.

Giannetti said the inn was built when Bladensburg was a major port for transporting tobacco from the colonies to England.

One of the early owners was Jacob Wirt, who in the 1750s improved the original three-story brick building by adding a store, a blacksmith's shop and even a billiard room.

Later, a Scottish mercantile company leased it and used it as a trading center where goods were exchanged for tobacco.

Giannetti said historical research turned up an account by Wirt of seeing American troops pass by the inn during the Revolutionary War. Troops camped on grounds near the Anacostia River.

Although the tavern is steeped in history and bears the legend "Geo. Washington House" on one wall, there is no evidence that Washington actually stopped there.

In the War of 1812, the Battle of Bladensburg took place nearby in which American troops were routed by the British, who then marched on to Washington and set the Capitol and White House afire.

The tavern continued to be a center of local activity for the next century and a half, until 1970, when it finally was closed down. Mrs. Morgan continued to live elsewhere in the building.

Giannetti said the building will be restored as nearly as possible to the original, with the tavern serving as a museum.

He said the museum as now envisioned will not only display artifacts but will feature exhibits of living history such as dioramas.

SEEKS CONSERVATION AND DEVELOPMENT OF RESOURCES OF DEEP SEABED

HON. THOMAS N. DOWNING

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. DOWNING. Mr. Speaker, for some time now, as chairman of the Subcommittee on Oceanography, I have attempted to have legislation enacted which would provide for the conservation and orderly development of the hard mineral resources of the deep seabed. This measure has been favorably reported by the subcommittee after several days of hearings and extensive consideration. The United Nations' Law of the Sea Conference would hopefully have effected international agreements governing the deep seabed resources, but such agreements unfortunately do not appear to be forthcoming in the imminent future.

In the interim, American companies have taken the initiative in exploring the ocean bottom and developing methods for extracting its mineral wealth. One of the leading explorers in this endeavor is Deepsea Ventures, Inc., a company whose principal place of business is in Gloucester County, part of the First District of Virginia. As evidence of its progress in making valuable resources available to American industry, I would like to insert in the RECORD the "Notice of Discovery and Claim of Exclusive Mining Rights, and Request for Diplomatic Protection and Protection of Investment, by Deepsea Ventures, Inc.," which was just recently filed with the Department of State.

In view of this discovery and claim, I feel that it is imperative that the Congress meet its responsibility to assure orderly development in a field of such great potential importance to our Nation's welfare and future industrial capacity. I urge that the House soon complete its consideration of the legislation which would provide this guidance and act favorably upon it.

The article follows:

NOTICE OF DISCOVERY AND CLAIM OF EXCLUSIVE MINING RIGHTS, AND REQUEST FOR DIPLOMATIC PROTECTION AND PROTECTION OF INVESTMENT, BY DEEPSEA VENTURES, INC.

DEEPSEA VENTURES, INC.,
Gloucester Point, Va., November 14, 1974.

Hon. HENRY A. KISSINGER,
Secretary of State, U.S. Department of State, Washington, D.C.

MY DEAR MR. SECRETARY: Deepsea Ventures, Inc,. a Delaware corporation having its principal place of business in the County of Gloucester, The Commonwealth of Virginia, U.S.A., respectfully makes of record, by filing with your office this Notice of Discovery and Claim of Exclusive Mining Rights and Request for Diplomatic Protection and Protection of Investment, by Deepsea Ventures, Inc. (hereinafter "Claim"), as authorized by its Board of Directors by resolution dated 30 October 1974, a certified copy of which is annexed hereto as Exhibit A.

NOTICE OF DISCOVERY AND CLAIM OF EXCLUSIVE MINING RIGHTS

Deepsea Ventures, Inc., (hereinafter "Deepsea"), hereby gives public notice that it has discovered and taken possession of, and is now engaged in developing and evaluating, as the first stages of mining, a deposit of seabed manganese nodules (hereinafter "Deposit"). The Deposit, illustrated by the sketch annexed as Exhibit B, is encompassed by, and extends to, lines drawn between the coordinates numbered in series below, as follows:

From: (1) Latitude 15°44' N, Longitude 124°20' W

A line drawn West to: (2) Latitude 15°44' N, Longitude 127°46' W

And thence South to: (3) Latitude 14°16' N, Longitude 127°46' W

And thence East to: (4) Latitude 14°16' N, Longitude 124°20' W and thence North to the point of origin.

These lines include approximately 60,000 square kilometers for purposes of development and evaluation of the Deposit encompassed therein, which area will be reduced by Deepsea to 30,000 square kilometers upon expiration of a term of 15 years (absent force majeure) from the date of this notice or upon commencement (absent force majeure) of commercial production from the Deposit, whichever event occurs first. The Deposit lies on the abyssal ocean floor, in water depths ranging between 2300 to 5000 meters and is more than 1000 kilometers from the nearest island, and more than 1300 kilometers seaward of the outer edge of the nearest continental margin. It is beyond the limits of seabed jurisdiction presently claimed by any State. The overlying waters are, of course, high seas.

The general area of the Deposit was identified in August of 1964 by the predecessor in interest of Deepsea, and the Deposit was discovered by Deepsea on August 31, 1969.

Further exploration, evaluation, engineering development and processing research have been carried out to enable the recovery of the specific manganese nodules of the Deposit and the production of products and by-products therefrom.

The work done, and in progress, is summarized in the annexed affidavits, Exhibits C and D.

Deepsea, or its successor in interest, will commence commercial production from the deposit within 15 years (absent force majeure) from the date of this Claim, and will conclude production therefrom within a period (absent force majeure) of 40 years from the date of commencement of commercial production whereupon the right shall cease.

Deepsea has been advised by Counsel, whose names appear at the end hereof, that it has validly established the exclusive rights asserted in this Claim under existing international law as evidenced by the practice of States, the 1958 Convention on the High Seas, and general rules of law recognized by civilized nations.

Deepsea asserts the exclusive rights to develop, evaluate and mine the Deposit and to take, use, and sell all of the manganese nodules in, and the minerals and metals derived, therefrom. It is proceeding with appropriate diligence to do so, and requests and requires States, persons, and all other commercial or political entities to respect the exclusive rights asserted herein. Deepsea does not assert, or ask the United States of America to assert, a territorial claim to the seabed or subsoil underlying the Deposit. Use of the overlying water column, as a freedom of the high seas, will be made to the extent necessary to recover and transport the manganese nodules of the Deposit.

Disturbance of the seabed and subsoil underlying the Deposit will be temporary and will be restricted to that unavoidably occasioned by recovery of the manganese nodules of the Deposit. To facilitate the United States of America's domestic policies and programs of environmental protection, Deepsea will provide, at no cost, reasonable space for U.S. Government representatives of the United States of America on vessels utilized by Deepsea in the development and evaluation of the Deposit. Deepsea does not intend to process at sea the manganese nodules from the Deposit.

It is Deepsea's intention, by filing this Claim in your office and in appropriate State recording offices, to publish this Claim and provide notice and proof of the priority of the right of Deepsea to the Deposit, and its title thereto.

A true copy of this Claim is being filed for recordation in the office of the Secretary of State of the State of Delaware, U.S.A., the State wherein Deepsea is incorporated, and on 15 November 1974 in the office of the Clerk of the Circuit Court of Gloucester County, Virginia, U.S.A., the county and Commonwealth of Deepsea's principal place of business. Copies of this Claim are also being provided to others, as specified in the annexed Exhibit E.

We ask that this Claim, and all of the annexed Exhibits, be made available by your office for public examination.

REQUEST FOR DIPLOMATIC PROTECTION AND PROTECTION OF INTEGRITY OF INVESTMENT

Deepsea respectfully requests the diplomatic protection of the United States Government with respect to the exclusive mining rights described and asserted in the foregoing Claim, and any other rights which may hereafter accrue to Deepsea as a result of its activities at the site of the Deposit, and similar protection of the integrity of its investments heretofore made and now being undertaken, and to be undertaken in the future.

This request is made prior to any known interference with the rights now being asserted, and prior to any known impairment of Deepsea's investment. It is intended to give the Department immediate notice of Deepsea's Claim for the purpose of facilitating the protection of Deepsea's rights and investments should this be required as a consequence of any future actions of the United States Government or other States, persons, or organizations.

The protection requested accords with the assurances given on behalf of the Executive Department to the Congress of the United States, including those by Ambassador John R. Stevenson, by Honorable Charles N. Brower, and by Honorable John Norton Moore, as follows:

"The Department does not anticipate any efforts to discourage U.S. nationals from continuing with their current exploration plans. In the *event* that U.S. nationals should desire to engage in commercial exploitation prior to the establishment of an internationally agreed regime, we would seek to assure that their activities are conducted in accordance with relevant principles of international law, including the freedom of the seas and that the integrity of their investment receives due protection in any subsequent international agreement." Letter of January 16, 1970, from John R. Stevenson, Legal Advisor, Department of State, to Lee Metcalf, Chairman, Special Subcommittee on the Outer Continental Shelf, U.S. Senate, reproduced in Hearings before the Special Senate Subcommittee on the Outer Continental Shelf, 91st Cong., 1st and 2d Sess. at 210 (1970).

"At the present time, under international law and the High Seas Convention, it is open to anyone who has the capacity to engage in mining of the deep seabed subject to the proper exercise of high seas rights of other countries involved." Statement of Charles N. Brower, Hearings before the House Subcommittee on Oceanography of the Committee on Merchant Marine and Fisheries, 93d Cong., 1st Sess., at 50 (1974).

"It is certainly the position of the United States that the mining of the deep seabed is a high seas freedom and I think that would be a freedom today under international law. And our position has been that companies are free to engage in this kind of mining beyond the 200-meter mark subject to the international regime to be agreed upon, and of course, assured protection of the integrity of investment in that period." Statement of John Norton Moore, Hearings before the Senate Subcommittee on Minerals, Materials and Fuels, 93d Cong., 1st Sess., at 247 (1973).

The language of these extracts, and other statements similar to them made by these and other responsible officers of the Executive Branch is consistent with the Executive's continuing practice as reflected in a paragraph in President Taft's Message to the Congress of December 7, 1909, where he said:

"The Department of State, in view of proofs filed with it in 1906, showing American possession, occupation and working of certain coal-bearing lands in Spitzbergen [Spitzbergen was at that time recognized as being not subject to the territorial sovereignty of any State] accepted the invitation under the reservation above stated [i.e., the question of altering the status of the islands as countries belonging to no particular State and as equally open to the citizens and subjects of all States, should not be raised] and under the further reservation that all interests in those islands already vested should be protected and that there should be equality of opportunity for the future." *Annual Message of the President to Congress 7 December 1909,* [1901] For. Rels. of the U.S. IX at XIII (1914).

Deepsea has used its best efforts to ascertain that there are no pipelines, cables, military installations, or other activities constituting an exercise of freedom of the high seas in the area encompassing the Deposit or in the superjacent waters, with which Deepsea's operations might conflict. So far as is known, no claim of rights has been made by any State or person with respect to said Deposit or any other mineral resources in the area encompassing the Deposit and no State or person has established effective occupation of said area.

Initially, approximately 1.35 million wet metric tons of nodules will be recovered by Deepsea from the Deposit per year. In accord with market conditions, this may later be expanded to as much as 4 million wet metric tons per year recovered. Deepsea's processing and refining technology, successfully demonstrated in its pilot plant, will recover copper, nickel, cobalt, manganese, and other products, depending on the market situation and competitive conditions. The recovered weight of the major four metals that the initial 1.35 million wet metric tons of nodules will yield per year will be approximately as shown in Column A below. Column B gives some indication of the dependency of the United States of America upon imports for these four metals.

	A—production, metric tons	B—Net U.S. imports (1972) as a percentage of U.S. consumption
Nodules	1, 350, 000	
Copper	9, 150	9
Nickel	11. 300	71
Cobalt	2, 150	92
Manganese	253, 000	93

The importance of these minerals to the economy of the United States does not require elaboration. It has been effectively expressed to the Congress by the Executive Branch.

For your information, the capital stock of Deepsea is at present wholly owned by nationals of the United States. Ninety per cent thereof is owned by Tenneco Corporation, a Delaware corporation, and the other ten per cent is owned by individuals, all of whom are United States citizens. At this date stock options are outstanding which, if all are exercised, will result in acquisition of the following percentages of ownership of Deepsea's capital stock by others:

Essex Iron Company, a New Jersey corporation, a wholly owned subsidiary of United States Steel Corporation, a Delaware corporation—23.75%.

Union Mines Inc., a Maryland corporation, a wholly owned subsidiary of Union Miniere, S.A., a Belgian corporation—23.75%.

Japan Manganese Nodule Development Co., Ltd., a Japanese corporation—23.75%.

Respectfully,

JOHN E. FLIPSE, *President.*

BARRON'S EDITORIAL COMMENTARY ON THE U.S. POSTAL SERVICE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mrs. SCHROEDER. Mr. Speaker, on November 25, Barron's, a financial newspaper, contained an editorial pointing out that the U.S. Postal Service discriminates in rates charged the public generally in favor of subsidized rates for some other postal services.

I have repeatedly pointed out that this overcharging of first class users to the advantage of others is the prime reason that the rate for first class mail has risen so dramatically in recent years. I am sure that many of my colleagues share this concern, among other concerns for the waste and mismanagement in the present Postal Service. When the 94th Congress convenes I hope that we might all join together to discuss and find solutions to these problems.

For the information of my colleagues, the entire Barron's editorial follows:

(By Robert M. Bleiberg)

Full-page advertisements, even those carried in some other publication, rarely fail to catch our eye. We were particularly struck by one which appeared in The New York Times on November 15. "Others may come and go," proclaimed the message in big type. "The Post Office is here to stay." Curious kind of institutional ad, we mused, and perhaps a pacesetter for other government agencies. "Patronize the local branch of your friendly Internal Revenue Service"; "Tune in, turn on with the Federal Communications Commission"; "Don't be half-safe — go FDIC!"—all these and others perhaps less suitable for a family publication swiftly came to mind. On closer scrutiny, however, we saw that the ad was strictly hard sell.

"Ever since United Parcel struck the New York area last August," ran the copy, "the Post Office has delivered about a million extra packages every week for New Yorkers. Important packages, from back-to-school clothes to vital medicines. Now the UPS company says it might leave New York for good. . . . There's a big difference between the Post Office and other companies that deliver letters or packages. We say you have an absolute right to get your mail—packages included. No matter how tough things get, and no matter who leaves New York. You can count on us now, as you always could."

To be sure, the ad—signed by John Strachan, Postmaster, Manhattan and Bronx—candidly admitted that replacing United Parcel was no easy task. "A million extra packages every week have slowed our service down some, but few packages have *been* delayed more than two or three days." And for the long haul, the Post Office has big plans. "To keep your packages coming and going, we've opened new buildings and put tons of machinery to work. We've brought in hundreds of new delivery trucks. . . . And we're working round the clock, seven days a week." After hitting his stride, the copywriter somehow then proceeded to stumble. He should have risen to the glorious heights of "Neither snow nor rain nor heat (nor strike) nor gloom of night stays these couriers from the swift completion of their appointed rounds." Instead, the ad lamely wound up: "With all this, we think postal service will be pretty much back to normal—after the Christmas rush."

So it will—and by today, rather than a month hence. For at the eleventh hour last week, United Parcel Service of America Inc., the country's largest commercial trucker, and Local 804 of the Teamsters Union, signed a three-year contract which effectively removed the threat of UPS pulling up stakes in New York. While hailed by the Teamsters as a triumph—the union did win paychecks slightly fatter than originally offered, as well as formalized job security—the pact gave UPS roughly what it had sought all along: the right to replace workers lost through attrition (death, retirement or quitting) with part-time help, plus as many new part-timers as management deems fit. After a three-month dispute, the last-minute settlement brought sighs of relief from Gotham's merchants and shippers, who dispatch over 250,000 packages per day via UPS. As a spokesman for Abe Schrader (ladies coats and suits) told Women's Wear Daily: "Great. We're back in business."

All hands, in short, have reason to be pleased by the agreement save the Post Office, which now must write off the cost of its ill-timed venture into public relations and decide where to park all those new delivery trucks. The fiasco should come as no surprise either to John Strachan, his opposite numbers in Brooklyn, Queens and Staten Island or their superiors in Washington, D.C., all of whom have been running a poor second to United Parcel Service for a half century or more. Starting from scratch, handling packages of 50 pounds or less—often billed as the "freight nobody wants"—and paying corporate taxes every step of the way, UPS has built up a business of a billion-dollars-plus, operated and owned by employes. Today it handles more packages in its category than the Postal Service, which, since reorganization along allegedly more businesslike lines a few years ago, has been aggressively—some might say unfairly—seeking to vie with its unsubsidized rival. Full-page ads aside, it has sought to prevent UPS from expanding its service area, failed to allocate costs properly and kept parcel post rates artifically low. All of which in our book comes under the heading of restraint of trade. When the Department of Justice finishes stamping out the "monopolies" in the private sector, it might do well to look in its own backyard.

What it will find is a competitive struggle against a government monopoly waged without fanfare and with remarkable success by one of the most unusual ventures in the annals of American capitalism. "In August 1907," reads a bronze plaque in Seattle, "in a 6 by 17 foot office under the original sidewalk here, a few messenger boys began the business which their many thousand successors extended throughout the vast regions of our country covered by United Parcel Service today. Exemplifying the opportunities open to private citizens under the Constitution . . ." Since then UPS has gone a long way. Pick-up and delivery service is available in 40 states (and an application to cover 48 is pending with the Interstate Commerce Commission, which regulates its affairs). In 1973, United Parcel handled 798 million packages, compared with 514 million half a decade earlier; gross income totaled $1.2 billion, up nearly 15% from the previous year. After paying $45 million in federal income taxes, UPS last year netted $57 million, or $1.34 per share on some 42.7 million shares outstanding (all held by supervisors and managers currently active in the business and their families, or by former employes, their estates and heirs). From $16.50 per share at the turn of the year, book value at latest reckoning had risen to $17.

Such figures make a striking contrast to the huge deficits (put at $1.5 billion, including subsidies, for the current fiscal year) perennially rolled up by the Post Office. They reflect standards of reliability and service, and a customer acceptance, which leave its giant federal rival trailing far behind. Unlike the latter, UPS offers shippers regular pick-up service for packages at a modest weekly charge, automatic $100 insurance coverage and three attempts to deliver parcels. UPS is faster—frequently by 24 hours or more. Though it pays taxes and receives no subsidy, it's cheaper—by over 15%, so Avon Products once estimated. Its packages arrive in better shape—according to one Postmaster General, "We damage five for every one United Parcel does." And it boasts an expertise which the Post Office can't begin to match. The latter, for example, has sunk nearly $1 billion into a highly mechanized bulk mail system which, so the General Accounting Office claims in a recent report, will slow rather than speed parcel delivery.

If you can't win by fighting fair, runs a time-tested bit of political lore, fight foul. The U.S. Postal Service is doing just that. Thus, it not only has petitioned to intervene in the pending ICC case involving the UPS request to serve 48 states, but it also has asked the ICC to reopen the issue. The aim, charges UPS, is to create "an opportunity to show that adequate service is being provided by parcel post." Similarly, according to UPS testimony, in allocating costs to parcel post, the federal agency charges nothing for movement of packages between its offices by its own employes, for window service, motor vehicle costs or maintenance of buildings and equipment (UPS annual depreciation tops $40 million). Hence, while the Post Office since 1969 has increased first, second and third class mail rates by huge percentages, it has raised 4th class (parcel post) by precisely 6%. At current levels, says UPS, and contrary to law, "we estimate that parcel post is operating with a subsidy of more than 25%."

* * * * *

In a carefully documented study, "Postal Monopoly," published by the American Enterprise Institute for Public Policy Research the authors conclude as follows: "The Post Office has behaved like any profit-maximizing monopolist. . . . Apparently other public policy considerations—service, convenience, speed of delivery, needs of business and commerce—have been heavily discounted by the Post Office in interpreting and enforcing its monopoly." In mid-September, the U.S. Postal Service, in an abrupt aboutface, ruled that private concerns no longer may deliver intra-company mail, and, as its relentless campaign against UPS suggests, it continues to dream of recapturing at any cost the delivery of parcels. IBM and AT&T make great headlines for the trust-busters, but if the latter really mean business, they will break up the Post Office.

IN TRIBUTE TO KIAH SAYLES

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. RANGEL. Mr. Speaker, the recent and untimely death of Hezekiah Sayles, 56, was a shock to his many friends and contacts throughout the country. Kiah, as he was called, was a raconteur without equal, a world traveler, pioneer black salesman, a consort of the high and mighty, a friend to the lowly and a soft touch to the unfortunate. He was also an attentive husband, a devoted father, and a loving son.

Sayles never let his humble beginnings discourage him. He survived the streets of New York City and surmounted the racial prejudice which prevailed in the 1940's. He was a financial success as a liquor and beer salesman at a time when there were few such opportunities for blacks. His early concept of a special "Black Market" is now accepted by all of the industry and advertising hierarchy.

Kiah Sayles was a very special New Yorker and a very special tribute was paid to him by racing journalist Barney Nagler of the Daily Racing Form—a tribute which I am proud to place in the Record.

Kiah Sayles Fondly Remembered

(By Barney Nagler)

New York, September 24.—They buried Kiah Sayles today out of a church on Park Avenue. He was 56 and when he died the other day people who knew him during his long association with Joe Louis and, later, with Jackie Robinson walked just a little slower and spoke softly while they reflected on the final pilgrimage of a lovely man. He dreamed big dreams and none of them was realized, but he lived in eternal hope. Early in 1974 he went to a hospital for surgery and when he came out he was confident that he would beat the rap. He leaves behind him a residue of optimism and an army of friends.

His advent on the sports scene came after World War II. Wherever Louis went, Kiah Sayles was with him, serving mostly as a companion and preceptor. He had a deep sense of loyalty and while he was aware of Louis' foibles, he held the great champion in awe. About him Marshall Miles once said, "Man, you got Kiah for a friend, you got something."

Miles was Louis' manager in the closing years of the Brown Bomber's time in boxing. He came along in 1946, replacing John Roxborough and Julian Black as Louis' agent, and Sayles came into focus at that time.

He had been raised in Richmond, Va., where he was educated, and joined his mother and father here. He soon was running with the people who frequented the old Cotton Club and knew all the black athletes, who were few in number then. His mother was the wardrobe mistress at the Cotton Club and in Broadway theaters. He was proud of her and spoke of her with graceful regard. And he spoke well, with a devotion to syntax and a vocabulary that separated him from the Harlem folks around him.

Of all the beautiful people he traveled with, he was singular: he worked for a living. He sold beer, worked on the railroad, and turned a buck wherever he could. At the end he was working for the Jackie Robinson Construction Co., which continued in operation after the baseball pioneer died a couple of years ago. Sayles and Robinson were inseparable.

During Nelson Rockefeller's last gubernatorial campaign, Sayles and Robinson toiled in the Republican headquarters on Madison Avenue. Sayles said, "We're going to be all right if we win this thing, maybe get on the boxing commission." He didn't, but Robinson did. This did not annoy Sayles, Because Robinson had been made a member of the State Athletic Commission, he believed he, too, had been rewarded. "My friend's there and that's all right with me," Sayles said.

Whenever Louis came to town alone, during a particularly sordid time in his history, he would visit Kiah and his wife, Dean, in their apartment in Drydock Country. Sayles was early aware of Louis' now-defeated addiction to cocaine, but kept his own counsel. "He's going to straighten out," he said of his friend. "The champ's too big a man to get loused up."

His devotion to Louis and Robinson was not sycophantic. He knew their faults and strained to correct them, though, heaven knows, he had a few of his own. "Hell, man, ain't nobody perfect," he said, "but what I believe in is being a good man." He was.

A man writing a book about Louis' psychiatric problems went to Sayles for an insightful assessment of the former fighter's circumstances. Sayles spoke forthrightly about his friend, hiding little and disclosing much in the belief that such disclosure would release some of the psychic pressures on Louis. "You know the champ," he said, "a great man who is his own worst enemy. He's got friends he hasn't counted yet and everybody's pulling for him, but the people doing things really to help him aren't so many."

"Are you helping him?"

"Trying," Sayles said honestly. "People like Abe Margolies and Ash Resnick, they're doing their best. Trouble is, the champion gets so much from them he takes it for granted. Hell, nobody's been better to him than Marshall Miles, but when Marsh gives him good advice, he just goes against it. But you got to love that man. I do."

Robinson's death was a particularly heavy blow. Bereft and bewildered, Sayles wandered alone along the streets he had walked with Robinson. He had a fine mocha-chocolate face and the glasses he wore added to the dignity reflected in his countenance. Sadness slowed him down, but the inherent outward drive that was manifest in his charming manners pushed him along.

Now he has joined his friends and the place of their meeting has been enriched. Those left behind are impoverished.

THE INEVITABILITY OF CONTROLS

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. BINGHAM. Mr. Speaker, today, in contrast to the situation 6 months ago, there is increasing recognition that, to control inflation, we may well have to move to a new and equitable system of controls. On the eve of the Democratic miniconvention in Kansas City, I should like to call to the attention of my colleagues and other readers of the RECORD an incisive article outlining "the major requirements of an institutionalized incomes policy" by Robert Lekachman, distinguished professor of economics at City University of New York, Lehman Campus. The article, which appeared in the November–December issue of Challenge, follows:

THE INEVITABILITY OF CONTROLS

(By Robert Lekachman)

The spectacle of the olympian Arthur F. Burns lobbying for national incomes policy implies that the lengthy resistance of economists to unabashed public intervention into "free" market resource allocations has just about ended, save, naturally, in Chicago, the University of Virginia where Herbert Stein has fittingly migrated, the University of California at Los Angeles, the Federal Reserve Bank of St. Louis, and a few other tabernacles of the true faith.

OLD AFFECTIONS

The romance had a long run, John Stuart Mill in 1848 was insisting that "only through the principle of competition has political economy any pretension to the character of a science." The truth is, that even in the face of 1974 reality, the best worked out chapters of any standard introductory text deal with price determination under competitive assumptions. It is a mark of the persistence of old affections that, when the text discussion turns to oligopoly, the best the embarrassed authors can do is talk about Paul Sweezy's kinked demand curve—a 1939 *jeu d'esprit*—or von Neumann's and Morgenstern's 1944 exercise in the theory of games.

In economics, as in other branches of theology, bad doctrine is preferable to no doctrine at all. I take this prejudice to explain why economists have resisted for so long acknowledging the significance of some of the more important features of contemporary economic organization and political expectations. For present purposes, I specify only three such features. In much of American industry, law and medicine, banking, and life insurance, free markets are in short supply. Need I recall that in their respective industries four corporations control 99 percent of vehicle output, 96 percent of aluminum fabrication, 80 percent of cigarette production, 72 percent of the soap and detergent market, and so on? As economists concede, the usual consequences of such market concentration include higher prices, smaller output, and more substantial marketing and advertising expenditures than those generated by competitive markets. The minimum fee schedules promulgated by bar associations and the mutually beneficial alliances among doctors, hospitals, and health insurers have similar consequences for the allocation (or misallocation) of legal and medical resources and the incomes of lawyers and doctors.

A second durable feature of American economic organization is the alliance between the oldest antitrust statutes in the universe and the continuing growth and prosperity of exceedingly large economic units which exert an embarrassing degree of power over their customers, suppliers, distributors, and employees. As Thurman Arnold persuasively argued some four decades back, the major function of the Sherman and Clayton acts is the performance of occasional ceremonial exorcisms of monopoly that have the effect of reassuring the gullible public and allowing the monopolists and oligopolists to accumulate additional market power, often with the quiet connivance of federal agencies and Congress. It is food for reflection that the government won a famous victory over the oil trust—in 1911. The late Richard Hofstadter memorably dismissed antitrust as a faded passion of American reform.

Finally, American attitudes toward growth, prosperity, and depression have shifted since the end of World War II and the passage of the Employment Act in 1946. The voters are now unwilling, and so also are their elected representatives, to accept depression as an act of God, a moral retribution for the fleshpots of prosperity. If depression were a politically viable policy, even oligopolists and construction unions would in time respond to shrinking markets for their products and services by trimming their definitions of acceptable prices and wages. But since the voters will not (and should not) wait for 8, 9, 10 percent unemployment to cure inflation, the course of events in concentrated markets approximates the behavior predicted by students of bilateral monopoly.

Strong unions, in good or bad times, extract contract settlements substantially in excess of realized or prospective productivity improvements. Their employers pass on to the customers their higher labor costs, plus a consoling dollop of added profit. For within broad limits, oligopolists can choose between smaller sales at higher prices and larger sales at lower prices. Usually they prefer, possibly as more convenient, the first alternative. The auto industry, buffeted by declining sales and vanishing profits, raised price *five* times on 1974 models and by an average of 9.5 percent on the 1975 chariots, a figure jawboned down to 8.5 percent by President Ford in his first weeks of office. Unorganized consumers and unorganized workers pay higher prices and collect smaller paychecks because oligopolists and the unions with which they deal possess and exert the power to extract rewards for their services higher than those that free markets would confer upon them.

One way of looking at how things go in Galbraith's aptly named planning sector emphasizes resource misallocations. Another relates to the manifest inequities which flow from an inegalitarian distribution of economic power. And a third draws the obtrusive inference that public policy is urgently required as a corrective of misallocations and inequities alike. The characteristics of such a policy are in dispute among honest economists. In what follows, I suggest only the major requirements of an institutionalized incomes policy.

PERMANENT CONTROLS

The first necessity is commitment to a permanent statutory authority to establish criteria for wages and prices and a permanent federal agency to apply the criteria. The continuing concentration of economic power and the proliferation of conglomerates and multinational corporations as recent embodiments of that power dictate the creation of a countervailing source of power operating in the public interest. Hence, the sooner economists and politicians shed the delusion that controls are required only in exceptional circumstances, the better the prospect for economic management of higher quality than to which the later Administration accustomed us.

Controls must conform to generally acceptable standards of equity if widespread evasion is to be averted. Possibly the most dangerous aspect of the 1974 inflation is a profit surge accompanied by a 5 percent decline in the real income of typical working families. The inevitable attempt of unions to catch up can only operate as additional inflationary pressure. Since the United States is a conservative country, I daresay that a fair approximation of equity amounts to restoration of the usual shares of property and labor income, possibly by acceptance of Otto Eckstein's 5 percent price guidepost and 10 percent wage guidepost for the coming year. If and when popular opinion shifts toward the left, new standards of equity would imply less of investors and managers and more for blue and white collar workers.

Controls will fail except in the context of appropriate fiscal, monetary, and employment programs. Whether the emphasis is upon equity or diminished inflation, a desirable approach to policy in 1974 and 1975 commences with devices more credible than the monitoring function to which the resurrected Cost of Living Council is presently confined. On balance, tax policy probably ought to withdraw some demand from the economy, preferably by larger levies on estates, corporate profits, and affluent taxpayers. A tougher minimum tax and the plugging of some of the more outrageous tax preferences now available to oil companies, real estate developers, foundation operatives, and expense account manipulators would simultaneously collect some needed tax revenue and reassure citizens out in the Middle America who cannot employ tax lawyers and accountants.

An additional $25 billion or so of new tax revenue would allow some tax relief to low and moderate income families who have been hardest hit by inflation, fund a public job program in the $10 billion range (perhaps 1 million to 1.2 million new jobs), and still, on balance, withdraw rather more potential demand than it returned to the income stream.

Dr. Burns, a conservative on an exceedingly hot spot, supports public employment and fiscal restraint (though, as good conservatives ought, he prefers to cut spending rather than raise taxes), out of an acute realization that, as matters now stand, the Federal Reserve is the operator of the only policy in town. As the world knows, that policy has already driven the stock market into a state of acute melancholia, herded numerous enterprises to the verge of bankruptcy, and raised the specter of an acute, general liquidity crisis. No wonder Dr. Burns solicits help from Congress and the White House. In its absence, his choices are grim: he can either continue present restraints and risk financial disaster—probably, as West German Chancellor Helmut Schmidt warned, on an international scale; or he can loosen credit and remove the last constraint on runaway inflation.

Although, in a world of OPEC cartels, commuting anchovies, midwestern drought, global food shortages, and faltering economic development, the sources of inflation are multiple, it is not the less true that unchecked or inadequately checked private economic power has been a persistent structural source of inflation. Since the political will and the popular sentiment to fragment private power are absent, the logic of survival requires the design of appropriate public agencies. Such is the central argument for permanent controls, administered by an agency and by officials who believe in their necessity, and recognized as a respected part of the normal apparatus of public administration in societies like ours in which powerful animals of carnivorous appetites thrash through the economic jungles.

CANAVERAL NATIONAL SEASHORE

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1974

Mr. FUQUA. Mr. Speaker, the bill which would establish the Canaveral National Seashore, H.R. 5773, as it was reported by the Committee on Interior and Insular Affairs and passed by the House of Representatives on December 3, incorporates amendments which were proposed by my distinguished colleagues from Florida, Messrs. Chappell and Frey, and myself.

The purpose of those amendments was to emphasize that the primary purpose of the NASA Kennedy Space Center is and will remain for the foreseeable future to serve the needs of this Nation's space programs. We are pleased that the Committee on Interior and Insular Affairs adopted those proposed amendments. We are especially grateful to the distinguished chairman of the Subcommittee on National Parks and Recreation, the gentleman from North Carolina, for his efforts in that regard.

To record the intent of these amendments, I am including in the Record at this point a copy of our letter proposing and explaining the amendments:

Washington, D.C., *September 16, 1974.*

Re Canaveral National Seashore.
Hon. Roy A. Taylor,
Chairman, Subcommittee on National Parks and Recreation, Washington, D.C.

Dear Mr. Chairman: The purpose of this letter is to propose three amendments to the Canaveral National Seashore bill, H.R. 5773, and to request that these amendments be adopted by the Committee on Interior and Insular Affairs in its consideration of that bill later this week. We have discussed our amendments with NASA's Deputy Administrator, Dr. George M. Low, and other NASA officials, and it is their view that adoption of the amendments is necessary to assure that H.R. 5773 recognize that the primary purpose of the Kennedy Space Center is and will remain for the foreseeable future to serve the needs of this Nation's space programs. The detailed amendments are set forth in the enclosure.

As you know, in our support of the Canaveral National Seashore and our sponsorship of H.R. 5773, we have stressed the importance of assuring that nothing in the bill could be construed to affect adversely NASA in its operations at the John F. Kennedy Space Center (or KSC, as it is called). We believe that the amendments we propose would, in this regard, improve the bill as it was reported by the National Parks and Recreation Subcommittee last week.

Specifically, Amendment No. 1 would delete the requirement that by 1985 NASA and the Department of the Interior submit to the Congress a final plan regarding the NASA lands within the Seashore. NASA was authorized to acquire the KSC lands for all future space-program uses, some of which may not reasonably be predictable by 1985.

Amendment No. 2 would provide, in the interest of public safety, that the Secretary of the Interior close the "Spessard L. Holland Visitor Center" in the northwest corner of the KSC lands upon a request by the Administrator of NASA. We believe that it is important that the NASA Administrator have the right to determine when the Center must be closed for operational reasons.

Amendment No. 3 would add a proviso to section 7 that any NASA lands within the Seashore not transferred to the Secretary shall remain under the control and jurisdiction of NASA. This provision would avoid any possible interpretation that other sections of the bill would have a contrary intent.

We greatly appreciate your efforts in support of the Canaveral National Seashore. We believe that our amendments are entirely consistent with the Subcommittee's objectives and we therefore respectfully urge their adoption.

Sincerely,

Bill Chappell,
Don Fuqua,
Lou Frey, Jr.,
Members of Congress.

AMENDMENTS TO H.R. 5773

AMENDMENT NO. 1

On page 2, line 28, place a period (.) after "Act) and strike "and".

On page 2, strike lines 29 through 33.

AMENDMENT NO. 2

On page 5, line 20, after "seashore", change the period (.) to a colon (:) and insert:

Provided, however, That the Secretary of the Interior, upon the request of the Administrator of the National Aeronautics and Space Administration, shall close this area or any part thereof to the public when necessary for space operations."

AMENDMENT NO. 3

On page 6, line 33 after "Act", change the period (.) to a colon (:) and insert:

"*Provided,* That any portions of the John F. Kennedy Space Center within the seashore not transferred to the Secretary shall remain under the control and jurisdiction of the Administrator."

HAPPY ANNIVERSARY, CIVIL AIR PATROL

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. WOLFF. Mr. Speaker, this week, December 1–7, Civil Air Patrol is celebrating its 33d anniversary, completing a third of a century of service to the Nation.

This worthy organization, composed now as it was then of civilian volunteers, was organized December 1, 1941, 6 days before the Japanese attack on Pearl Harbor. At that time, it was an element of America's civilian defense forces. In a way, it still is—since it is still associated with America's civil defense agencies.

During World War II, Civil Air Patrol—often abbreviated CAP—won its wings by performing a variety of tasks to help win the war. These tasks included coastal patrol missions, patrol along the Mexican border, courier and liaison flights, target towing for antiaircraft gunners, and a variety of others.

These civilian airmen, most of them ineligible for the Armed Forces, or otherwise unable to serve, flew millions of miles on these wartime missions, using their own light airplanes, and giving their time, talent, and money for the Nation's good. Some of them gave their lives.

To keep alive this splendid organization after the war's end, the 79th Congress chartered Civil Air Patrol in 1946 as a private, nonprofit, benevolent corporation under Public Law 476, charging it with a number of humanitarian tasks to benefit the Nation.

In 1948, the 80th Congress, through Public Law 557, designated Civil Air Patrol a volunteer, civilian auxiliary of the U.S. Air Force and provided that the Air Force should render it some minimal support.

Today, Civil Air Patrol consists of eight geographic regions which are subdivided into 52 wings—one for each State plus Puerto Rico and the District of Columbia.

The membership of Civil Air Patrol includes 58,600 men and women, and boys and girls in 1,850 CAP units located in every section of the Nation. Included are 34,300 senior—adult—members and 24,300 cadets from grade 7 in school through 21 years. These members, young and old, spend their spare time helping others—and enjoying it.

The Civil Air Patrol Corporation is governed by a national board of senior members with a CAP brigadier general as its chairman. National headquarters is located at Maxwell Air Force Base, Ala.

Today, Civil Air Patrol members no longer fly coastal patrol missions, watching for Nazi submarines along America's coastline. Nor does it fly any border patrol missions, alert for spies and saboteurs trying to slip into the country, nor antiaircraft target-towing missions.

But it has other tasks which it performs voluntarily, for the good of the Nation. These are performed without pay, and quite often without thanks. As to the pay, Civil Air Patrol members often dig into their own pockets for equipment, for transportation, and for the opportunity to serve.

Civil Air Patrol's mission is primarily humanitarian and it probably is best known for its air search and rescue operations at which it is expert. It is the only civilian group organized nationwide and equipped for such a task. Today it is responsible for approximately 80 percent of all flying hours spent on inland air search and rescue missions in the United States.

Since Civil Air Patrol is a civilian organization, its early records are sketchy and incomplete. So, no one knows for sure just how many lives it has saved over the years, but the number runs into the hundreds.

The highest number of lives saved in recent years is 68, a record set in 1968. In 1971, Civil Air Patrol saved 24 lives, while flying nearly 31,000 hours on 389 missions officially authorized by the U.S. Air Force.

In 1972, it was 27,400 hours flying time, 349 officially-authorized missions and 20 lives saved. In 1973, Civil Air Patrol saved 48 lives while flying more than 27,000 hours on 429 Air Force-authorized missions.

As of November 15, Civil Air Patrol had flown 389 Air Force-authorized missions in 1974, putting in 19,709 hours flying time and saving the lives of 30 persons.

Civil Air Patrol also responds nationwide to such disasters as tornadoes, hurricanes, snowstorms, forest fires, floods, earthquakes and many other kinds of emergencies, assisting with rescue and relief—and helping with the cleanup when the emergency is over.

Every year, Civil Air Patrol members pitch in to help their fellowman, donating thousands of hours of their own time. Many times, the people helped don't even know Civil Air Patrol helped them. CAP uniforms resemble those of the Air Force so much that people often think the help is coming from the military.

Other missions Civil Air Patrol performs are not so dramatic, but the benefits are often more longrange. These include Civil Air Patrol's comprehensive cadet program and its aerospace education program.

Through its cadet program, CAP seeks to develop within the cadets—teenagers from the seventh grade through 21 years—an understanding of the total impact of aerospace on our society while also providing training in leadership and citizenship. It is a good program, which will provide benefits for decades to come as these highly motivated, bright young people take their places—as leaders—in communities across the Nation.

Helping motivate and train these thousands of young people are hundreds of civilian ministers and clergymen who serve as Civil Air Patrol chaplains. Civil Air Patrol's chaplaincy corps is larger than that of the Air Force. These, like other CAP members, serve without pay.

Incidentally, these cadets provide a continuing source of volunteer recruits for the Air Force. By joining Civil Air Patrol, the cadets demonstrate their interest in aerospace, their acceptance of a military-type uniform and their willingness to work in a quasi-military organization. Then the training they receive in Civil Air Patrol further orients them toward the Air Force or a career in aviation.

The net result is that a relatively high percentage of Civil Air Patrol cadets are motivated to join the Air Force. For the record, 5.34 percent of the Air Force Academy's newest class—those who will be graduated in 1978—are former Civil Air Patrol cadets.

As a proponent of aerospace education for all Americans, Civil Air Patrol has developed instructional materials for aerospace education courses at all levels in the schools of the Nation and continues to seek the interest of educators in such courses. In this connection, CAP each year helps sponsor teacher workshops to train classroom teachers in these subjects.

These programs help develop a continuing and growing public awareness of the importance of aviation and space to the world. This can be of great benefit to the Nation by building a backlog of support for a strong national posture in these fields.

Briefly, that is what Civil Air Patrol does. The question is: How is it able to accomplish all this?

To provide a capablity for air search and rescue and other emergency services, Civil Air Patrol has approximately 750 corporate-owned light aircraft, a fleet of some 3,000 various types of vehicles, and more than 17,000 two-way radio stations which can be tied into a nationwide network if the emergency demands it.

In addition, more than 5,000 CAP members own their own small airplanes which they use for Civil Air Patrol missions. More thousands use their own vehicles and privately owned radio equipment.

To help defray the costs involved in flying Air Force-directed missions, the Air Force is authorized under Public Law 557 to reimburse individual Civil Air Patrol members for aviation fuel and lubricants used and for communications costs while participating in such Air Force-authorized search and rescue missions, test exercises, disaster relief missions, and civil defense missions.

In addition, Public Law 557, which established Civil Air Patrol as an Air Force auxiliary, also authorized the Secretary of the Air Force to assign personnel from the Department of the Air Force to duty with Civil Air Patrol at national, region and wing—State—levels. Currently, 110 officers, 120 enlisted personnel, and 66 civilians are authorized for this purpose. They are all assigned to U.S. Air Force-Civil Air Patrol and are under the command of Brig. Gen. Leslie J. Westberg who also serves as national commander of the Civil Air Patrol organization.

Air Force personnel exercise indirect control over the activities of Civil Air Patrol by advising and assisting the organization in carrying out its congressionally assigned missions.

Public Law 557 also made Civil Air Patrol eligible to receive surplus equipment and supplies from the Department of Defense. Over the years, CAP has received quantities of these materials, including airplanes, but the supply is drying up with the end of the war in Vietnam, the changing military role, and the change in type equipment the military uses.

Civil Air Patrol, for example, has no use for obsolete jet aircraft. The small planes it has received are useful but they have cost the organization many thousands of dollars each to have them converted for civilian use. And when they are refurbished, they are still old airplanes.

Some radios and other equipment most of it is obsolete and difficult to maintain. Therefore, most of Civil Air Patrol's modern radio equipment has been bought and paid for by its members.

And that is about all Civil Air Patrol receives from the Air Force. Most of Civil Air Patrol's operating funds come from the membership dues paid by those who are in it. Many States appropriate funds for the support of Civil Air Patrol units within their own boundaries. Other funds come from interest on savings, from individual donations, from materials sold by its own bookstore, and from funds raised by individual units.

Civil Air Patrol is not the beneficiary of any nationwide fund drive or United Fund campaign. Its funds are limited and sometimes it is hard put to keep up with its commitments.

Actually, the Nation is getting a bargain in Civil Air Patrol. Who can compute the value, for example, of all the lives it has saved over the years? Or the value of the property it has helped save and salvage when disasters struck? Or the worth of the young people it has motivated and inspired in the last 33 years?

Oh, it costs the Air Force something to support Civil Air Patrol. It has to pay the Air Force people who work with those volunteers. And it has to pay for the gas and oil those little airplanes use on Air Force missions.

But it saves the Air Force and the Nation millions of dollars every year on its search and rescue and other emergency service missions. This is a fact. It would cost the Air Force and the Nation millions more dollars if it had to do what it now lets Civil Air Patrol do for it—and for all of us.

We are getting a bargain.

There is another bill relating to Civil Air Patrol now before this Congress. It is H.R. 13884, the Civil Air Patrol supply bill, which is now in the Armed Services Committee. Mr. HÉBERT introduced the bill on April 2, 1974.

The measure would provide some additional Air Force support to Civil Air Patrol to further assist it in its humanitarian missions. It, too, would cost money. But it would be money well-spent. The Air Force, the Nation, would still be getting a bargain.

So, briefly, that's what Civil Air Patrol is all about. It is a unique organization performing unique services for all of us. For 33 years, its volunteer members have gone their quiet way, asking nothing much except the opportunity to serve, in ways they enjoy.

One man, not a member, had some kind words not too long ago about Civil Air Patrol's mission. He said:

> Even if I get killed, I still want somebody to care enough to look for me.

And, if you are ever lost in the wilderness, if your plane is ever forced down miles and miles from nowhere ,you are going to feel awfully good knowing that Civil Air Patrol cares enough to be out there looking for you.

They deserve more than a passing mention. They deserve our backing and our support.

Happy anniversary, Civil Air Patrol.

ERA OF DOMESTIC COMMERCIAL DEEPSEA MINING

HON. THOMAS N. DOWNING

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. DOWNING. Mr. Speaker, what one publication has called "the era of domestic commercial deepsea mining" began on November 15, 1974, with the delivery of a letter to the U.S. Secretary of State.

The letter, from President John Flipse of Deepsea Ventures, Gloucester Point, Va., gave notice of discovery and claim of exclusive mining rights on the floor of the Pacific Ocean.

A reply was dated a week later.

The events of that week were reported in some detail by the Ocean Science News newsletter published in Washington, D.C., in its issues of November 15 and November 22.

I call these reports to the attention of my colleagues and ask unanimous consent that they be printed at this point in the RECORD.

There being no objection, they were ordered to be printed as follows:

ERA OF COMMERCIAL DEEPSEA MINING

Today (15 Nov.) the era of commercial deepsea mining opened with the delivery of a "Notice of Discovery and Claim of Exclusive Mining Rights, and Request for Diplomatic Protection and Protection of Investment, by Deepsea Ventures" to U.S. Secretary of State Henry Kissinger. The "My Dear Secretary" letter was from John E. Flipse, president of the Gloucester Point VA, 90%-owned subsidiary of Tenneco.

Depsea claimed exclusive rights over the "Deposit of Northeastern Pacific Ocean manganese nodules" from latitude 15°44′ N, longitude 124°20′W west to longitude 127°46′W and south to latitude 14°16′N, and then east to longitude 124°20′W and thence north to the point of origin. The area is about 60,000 sq. kilometers, and will be reduced to 15,000 sq. km., 15 years hence, or upon commencement of commercial production, whichever date comes first. The deposit is at depths ranging 2,300 to 5,000 meters, is more than 1,000 km. from the nearest island, and more than 1,300 km. seaward of the outer edge of the nearest continental margin. It is beyond the limits of seabed jurisdiction claimed by any government. Deepsea discovered the deposit 31 Aug. 69. The company promises to begin commercial production within 15 years and conclude production 40 years after that. Then its rights shall cease.

Deepsea doesn't assert, nor ask the U.S. government to assert, any territorial claim to the seabed or subsoil. Disturbance of them will be temporary, claims the company, which promises to provide space on its vessels for U.S. government representatives for environmental protection purposes. No processing will take place at sea. Secretary Kissinger is asked for "diplomatic protection" in accordance with assurances given by Ambassador John R. Stevenson & others to the U.S. Congress, namely in a letter of 16 Jan 70 to Sen. Lee Metcalf (D–MT), and other communications.

Deepsea plans to take up to 4 million wet metric tons of nodules from the deposit each year. The recovered weight of the four major metals (based on initial plans for taking 1.35 tons million wet metric tons a year) would be (in metric tons): 9,150 tons of copper, 11,300 tons of nickel, 2,150 tons of cobalt, and 253,000 tons of manganese.

U.S. Steel Corp. has joined Deepsea Ventures' deep ocean mining consortium. Union Miniere of Brussels, Belgium, is also joining the group which includes three Japanese companies. The initial phase of a planned $20-million, 3-year development program will include the assessment of a Pacific ore body, the testing of mining and processing systems, market-testing of the product, and a detailed study of the feasibility of the commercial operation. Manganese nodules will be mined from depths of more than 15,000 ft. The interest of U.S. Steel in deep ocean mining has been a long standing one. Its decision to join Deepsea Ventures, the Gloucester Point VA subsidiary of Tenneco, represents a real plus for this consortium: Competitive groups would all have welcomed U.S. Steel.

The State Department has answered the Deepsea Ventures request for "diplomatic protection" of its claim on 60,000 sq. kilometers of the Pacific Ocean. Deepsea Ventures' President Jack Flipse has been told: "The Department of State does not grant or recognize exclusive mining claims on the seabeds beyond the limits of national jurisdiction. International law does not, in our view, prohibit deep seabed mining, and those interested are free to do so." Thus the U.S. continues its traditional practice of restricting its assertion of diplomatic protection to torts—and not to contract obligations. The "diplomatic protection" requested by Deepsea Ventures would have amounted to the U.S. government asserting the claims of the Gloucester Point VA firm against any other government which might commit a wrong against the U.S. corporation in the claimed area.

First reported in OSN a week ago (OSN, 15 Nov), the action by the Tenneco subsidiary generally has been ignored by all except the most directly concerned parties—Kennecott, (which heads a competitive international consortium), International Nickel Corp. (which will announce a rival consortium soon), and Summa Corp. (the Hughes seabed mining venture)—but a scenario of possible events that might be triggered by the Deepsea claim can be identified. H. Gary Knight, of Louisiana State University (Baton Rouge), suggests this range of possibilities: (1) A suit in the district where the nodules are first landed against Deepsea Ventures by a developing country, charging that the company has expropriated "the common heritage of mankind" and asking the local court to rule on ownership; (2) a move by a developing country to have its own highest court declare that Deepsea has been guilty of an act of expropriation, thus making "legal" a counter expropriation move in that country of any property Deepsea might own there; (3) a U.N. resolution passed at the upcoming Geneva session of the Law of the Sea Conference, condemning the action in general terms; (4) a more specific resolution by the U.N., condemning the U.S. for failing to halt an action of one of its nationals; and (5) a similar resolution by the U.N. Conference on Trade & Development.

The Deepsea Ventures mining ship heads to sea after Christmas. The timing of the claim surprises some observers, while seeming quite reasonable to Flipse himself—who says the claim is just based on the fact that "we want to get on with our work." One Flipse watcher comments: "I am not disposed to dispute the claim; I am not disposed to file any claims on my own; and I am not disposed to ignore what he has done." Another expresses surprise that so much data of a confidential nature has been revealed but it is Deepsea Ventures' attitude that the publishing of complete data on the claim goes to support the claim more authoritatively. One competitor assures OSN: "We'd have a claim out there, too, if we had protection by the U.S. guaranteed." The fact that Kennecott is known to have explored a corner of the Deepsea Ventures claim doesn't nullify any intent to dispute the claim, OSN is told.

One possibility being discussed in some board rooms: Will the Flipse move lead to some national claims—either in the form of a claim by a socialist country through a state corporation, or by one of the developing nations as an assertion of the common heritage principle? Worries another observer: Will the next U.S. Congress possibly more liberal than the current one, be scared off the Deep Seabed Mining Bill by such an overt act? Indeed, might it over-react and pass a resolution against such claims?

The location of the claim was not dictated by the abundance of nodules there or the quality of them. Deepsea certainly wanted to be more than 200 miles from anyone's territorial waters, yet relatively close to the U.S. in the remote case of some violent response to the claim, while also being as close as possible to San Diego, the logistics center of the operation. The location of Deepsea's processing plant raises another problem. Current thinking is for it to be located at Freeport TX, but corporate officials worry about access to the U.S. Gulf Coast through the Panama Canal—both in terms of Panama closing the Canal, or in terms of that country declaring a 200-mile economic zone of its own, with a corollary pollution zone, which would hamper if not halt nodule-carrying ships from the Pacific.

As Flipse made his move, International Nickel Corp. sources acknowledged to OSN that it will announce its own consortium (the world's third) about mid-December. This group has been rumored for months (OSN, 30 Aug), and the hold-up in its announcement appears to be the selection of an American partner. At one time, it was understood that Amax, Inc. of New York City would join, but the firm may have pulled out. The Japanese members will be Sumitomo, Marubeni, Mitsui, and (maybe) Nishho-Iwai. The German members have banded together as AMR and include Metallgesellschaft, Preussag and Salzgiter. Meanwhile the Howard Hughes mining barge system and its mother ship have run into technical problems and are back in Long Beach CA after extensive testing this summer. They'll be back to sea "as soon as possible," OSN is told. One thought on the Hughes approach: Maybe Summa Corp. is not so much interested in going into the manganese nodule mining business as it is in becoming the hardware supplier to the miners—in the manner in which the original Hughes fortune was built with the oil field drill bit. An additional piece of information on the Deepsea set-up: Flipse and others who now own 10% of the Deepsea Ventures capital stock with Tenneco owning 90%, will sell 5% to Tenneco, with the 95% then being divided equally four ways (if all the options are exercised) between the consortium members—Essex Iron Co. (wholly owned by U.S. Steel); Union Mines, Inc. (wholly owned by Union Miniere, S.A. of Belgium); Japan Manganese Nodule Development Co. Ltd. (Jamco), which was set up by four Japanese companies; and Tenneco.

While the hot line between Washington and Gloucester Point warmed up this week, U.S. policy on Law of the Sea negotiations in Geneva next spring was under routine "review" with some signs that the U.S. position might become just a bit more flexible. In Miami for a fisheries meeting a couple of weeks ago, John Norton Moore, Deputy Chief, U.S. Delegation, during the Q&A period, acknowledged that the pressure for unilateral action by the U.S. was mounting and reported that the deep seabed mining issue was the largest obstacle to successful negotiations for a treaty. He publicly admitted: "I am not sure we can conclude an LOS treaty in 1975 . . ." and said that as time passes and an agreement still isn't reached, unilateral action will overtake the ability to make an agreement. He denied, however, that any State Department spokesman has ever indicated that the U.S. would favor unilateral action if there were no agreement next year.

So Sen. Ernest Hollings' (D-SC) recent remarks should be taken much to heart at the State Dept. Last month at a Johns Hopkins U. Ocean Policy Project conference, the chairman of the Senate Oceans Subcommittee called upon U.S. negotiators to abandon their hard line on "unimpeded transit rights for our military vessels" and, instead, recognize military issues for what they are—namely of perhaps less importance than resource issues: ". . . Resources indeed are as powerful as military weapons, perhaps more so. We have learned that it could be more difficult for this nation to fight an oil embargo, than it is to fight a war . . ." Finally, the senator appeared to reflect the current trend of public (and Congressional) opinion, when he said: "If a treaty cannot be agreed upon, I believe that this nation must seriously consider unilateral action—for sure on fisheries, and perhaps on other matters as well."

THE 30TH YEAR OF THE UKRAINIAN QUARTERLY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. DERWINSKI. Mr. Speaker, in further congratulatory comment on the 30th anniversary of the Ukrainian Quarterly, an internationally recognized scholarly journal of East European and Asian affairs, I wish to make the point that this journal is read in 62 countries of the world and since its founding in 1944 institutes in Moscow itself have followed its development carefully and strongly criticized it often because of its scholarly and objective output. Numerous agencies in our Government have found it invaluable for its emphasis on the non-Russian nations within the Soviet Union. The journal's editorial advisory board consists of scholars in this hemisphere, Western Europe and Asia.

One of the absorbing, current analytical sections of the journal is "Ucrainica in American and Foreign Periodicals," which is written by Dr. Lev E. Dobriansky of Georgetown University. I include the second part of this section as it appeared in the periodical's recent summer issue:

UCRAINICA IN AMERICAN AND FOREIGN PERIODICALS—PART II

"Soviet Novelist Nekrasov Protests 'Shameful Stream of Slander,'" a report by Robert G. Kaiser, *The Washington Post*, Washington, D.C., March 12, 1974

Viktor Nekrasov, 62, is a prize-winning Soviet writer whose works in the USSR are better known than those of Solzhenitsyn. This report covers Nekrasov's recent emotional denunciation of official controls on writers and literature. Pointing to the loss of talented writers who are imprisoned, exiled or defect, the courageous critic states in part, "After all, KGB investigators don't write books for us, or paint pictures, or compose symphonies."

The reporter stresses the fact that "Khrushchev's successors lifted the ban on Nekrasov, but in 1969 he got into trouble again for signing a letter in support of a Ukrainian writer who had displeased the authorities." Nekrasov's speech on the 25th anniversary of the massacre of Jews at Babi Yar, near Kiev, also placed him in jeopardy with the KGB. In this latest denunciatory statement the Soviet writer declares, "A search is the highest expression of a state's mistrust for one of its citizens."

"Speakers Air World Problems at U.N. Fete," *Syracuse Herald-Journal*, Syracuse, New York, October 25, 1973

The United Nations Association of Central New York sponsored last fall a seminar on world problems in the city of Syracuse, New York. Among the various problems discussed were those on drugs, aging people and human rights and dissidents in the USSR. Dr. Walter Dushnyck, editor of *The Ukrainian Quarterly*, was one of the participating speakers who dealt with the problem of human rights.

The report quotes Dr. Dushnyck at length, holding, for one, that violations of human rights in the USSR are being practiced on a gigantic scale "not by a group of some racists or political fanatics, but by the government itself." The speaker expressed a hope for the future based on dissident movements among Russian intellectuals who will "cease to equate the USSR with Russia." This is a most significant point when the names of Solzhenitsyn, Sakharov, Amalrik and others arise and are accurately quoted abroad.

"Bit of Old Ukraine in the Valley," an article by Jim Choate. *San Jose News*, San Jose, California, February 25, 1974

A full page of photos and write-up is devoted to the cultural and political activities of Ukrainian Americans living in the San Jose Valley of California. The writer dips into the essentials of Ukrainian history to provide a background for "the Valley's Ukrainians, an active, restive group which would like to see their homeland independent from the Soviet Union." He warns his readers to use "Ukraine," never "The Ukraine" . . . "as some do erroneously, and never, never call them Russians."

Depicted also in this comprehensive and most interesting account are the various organizational ties of these Ukrainians in the Valley. They have a radio program over KQED-FM and are united with others in northern California in the Ukrainian Congress Committee of America. The article describes their annual support of Ukrainian Independence Day, which is observed in the U.S. Congress and in most states of the Union. Northern California readers of this page and comprehensive article couldn't but obtain a complete picture of their neighbors in the Valley.

"Spirit Under Oppression," an article by Roman Rakhmanny. *The Montreal Star*, Montreal, Canada, November 3, 1973

Continuing with his lucid, informative and attractive exposures of conditions in the USSR, this writer relates here the fate of a young poet, Ihor Kalynets, whom he knew as a boy of five when the Nazis were ravaging Ukraine and now lingers in a Russian prison at the age of 34. The account is a moving one, and interestingly another exemplary case of human rights' violation in the USSR. The imprisonment of the poet's wife, Iryna, is also described in vivid terms, ostensibly for the "crime" of "giving moral support to her husband's ideas about the preservation of the identity of the Soviet Ukrainian."

Like so many other Ukrainian dissidents, Ihor Kalynets is portrayed as a protagonist of human rights and the literal execution of provisions in the USSR Constitution itself. As the writer points out, his poems express the "longing for uncensored self-expression in art and everyday life . . . for human rights both on behalf of the inhabitants of Ukraine without discrimination, and for authentic self-government." Needless to say, it is vitally important to keep writing about each of these victims so that the Western world can properly assess its developing relations with the USSR. The hope of freedom can never be extinguished for those behind the Iron Curtain, and the value of such articles is therefore incalculable.

"Voices From the Other World," a TASS report. *Pravda*, Moscow, USSR, April 13, 1974

Our American newspaper organs might have devoted little attention to the 7th WACL Conference in Washington, but it is evident that Communists covered the conference thoroughly. *Pravda* carried the *Tass* report which refers to WACL as "an organization created by diehard reactionaries." Without offering an iota of evidence, as usual, this so-called report paints the conference in black colors.

What seemed to disturb the reporter is the firm stand taken by the conference on the necessity for military superiority over the Communist camp. Words such as "venom," "hatred," "Hitlerite," "clique" and so forth stud the report throughout. The realism of the voices of the other world definitely moved the communist correspondents while ours are by and large entertained with Watergate.

"Squelching Nationalism in the Politburo," an article by Victor Zora. *The Washington Post*, Washington, D.C., June 5, 1973

This article presents a well-balanced analysis of the threat of non-Russian nationalism in the USSR. The writer begins quite clearly with this statement, "The nationalist frictions which have from time to time threatened the political stability of the Soviet Union are once again causing problems for the Kremlin." "National communism" in Ukraine, Shelest, and Russification are some of the topics handled in the perceptive analysis.

According to the writer, the dismissal of Pyotr Shelest was only an expression of the deeper problem which he feels "is likely to become more vexing." Brezhnev is quoted as viewing the problem in terms of "nationalistic prejudice, exaggerated or distorted national feelings . . . extremely tenacious and deeply embedded in the psychology of politically immature people." The writer shows with factual detail the speciousness of this explanation. In Ukraine the resistance to the imposed Russian language and the placement of Russians in top jobs is well described. He vividly shows that there are potential "national communists" in every Soviet republic and, as he phrases it, "they will now feel encouraged to press their claims and their arguments more forcefully."

Christopher T. Emmet Is Dead; Writer on Totalitarianism, 73," an obituary. *The New York Times*, New York, N.Y., February 13, 1974

Those connected with *The Ukrainian Quarterly* and the UCCA mourned the loss of a friend of the captive nations in the person of Christopher Emmet. This obituary describes the long life devoted to a personal and organizational struggle against totalitarianism, whether Nazi or Communist. Although there were problems and disagreements regarding Ukraine and the non-Russian nations in the USSR, basically Emmet possessed nothing but warm and friendly feelings toward these captive nations in the USSR.

As the account shows, Emmet "came to play a role in more than a score of organizations and committees formed to defend democratic liberties against totalitarianism." He was deeply involved in the celebrated

Kasenkina case in New York, and his efforts to advance the cause of the captive nations will long be remembered.

"Operation Keelhaul," a report by B. Mashakov. *Novoye Russkoye Slovo,* New York, N.Y., February 15, 1974

In this long-established Russian language newspaper a survey account is given to "Operation Keelhaul." The operation concerns the forced repatriation of Soviet citizens that took place at the close of World War II. In what is an indelible blemish on the traditional American record of political asylum, hundreds of thousands of Russians, Ukrainians, Georgians and other citizens of the USSR were forcibly turned back by the Allied Forces in Western Europe. Scores committed suicide here at Fort Dix and in Western Europe rather than be turned over to the Red Army.

This lengthy article deals with this and other aspects of what has come to be known as "Operation Keelhaul." The work of Julius Epstein who has stayed with the subject for over a generation is well related. Also the combined efforts of Epstein, Professor Bertram Wolfe and Dr. Lev E. Dobriansky to obtain the official declassification of War Department files on the "Operation" are discussed.

"Dissident Soviet Writer Tells of Threat," a report by Hedrick Smith. The New York Times, New York, N.Y., March 12, 1974

Once again the Soviet writer, Viktor P. Nekrasov, is being subjected to a form of harsh harassment if he continues to refuse participation in formal denunciations of Alexander I. Solzhenitsyn and Andrei D. Sakharov. He is being threatened by the KGB and the Kremlin to the degree that his works would no longer be published in the Soviet Union. The report states that Nekrasov's archives, which included Ukrainian and German newspapers from the time of the Battle of Stalingrad, have already been confiscated by the police.

The Soviet writer had been a member of the Communist Party for nearly thirty years. A Stalin prize winner, Nekrasov was expelled from the Party in 1972. His involvement in protests in behalf of Urkainian and Jewish dissidents was largely the cause of this expulsion.

"Ukrainian Community Salutes Solzhenitsyn," a report. Novye Russkoye Slovo, New York, N.Y., February 28, 1974

This report in the Russian language newspaper contains the text of the message sent by the Ukrainian Congress Committee of America to the Russian novelist, Alexander I. Solzhenitsyn. The message supports the struggle of the prominent novelist in behalf of human rights in the USSR. It emphasizes the importance of the Ukrainian dissident movement in terms of national self-determination and aspirations.

LINCOLN SCHOOL PTA "TOPS" IN PENNSYLVANIA

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. GAYDOS. Mr. Speaker, I know all of us in the Congress recognize the extended effort put forth by parent-teacher organizations throughout the Nation in promoting communication and understanding between home and school of local educational programs.

Consequently, I was highly pleased to learn that a PTA from my 20th Congressional District of Pennsylvania—the Lincoln School PTA of White Oak Borough—had been selected "Tops in the State" for excellence and outstanding accomplishments during the 1973–74 term. The award was bestowed upon the Lincoln School PTA during the recent convention of the Pennsylvania Parent-Teacher Association.

What makes the award even more impressive is the fact the Lincoln PTA achieved such a high honor in just the second year of its operation. Furthermore, it is the first time any PTA group from its particular district ever was nominated for the award.

It would be extremely difficult and time-consuming to list all of the many programs and projects undertaken by the dedicated members of this group. However, I would like to cite just a few of its endeavors: the establishment of a school-bus safety program, sponsored by the McKeesport Council of PTA's; the introduction of a block safety program, in cooperation with local law enforcement officials; a weekly student recreation night; parental reviews of school programs and public support of various scholarship funds and community health immunization clinics.

The Lincoln School PTA also distributed an informative newsletter to members and nonmembers, keeping citizens abreast of the PTA as well as school activities and encouraging public participation in numerous programs.

Mr. Speaker, on behalf of my colleagues in the Congress of the United States, I would like to extend official congratulations to the Lincoln Elementary School Parent-Teacher Association in recognition of its outstanding achievement. I also would like to insert into the RECORD the names of its leaders for your attention:

Mrs. Raymond Reilly, president; Miss Dena Winter, vice president; Mrs. Richard C. Coonrod, secretary; Mrs. Robert P. Keenan, Treasurer; Mrs. Harry S. McDaniel and Mrs. Joan Oates, council delegates, and Mrs. A. R. Turocy and Mrs. G. O. Barkley, council alternates.

Morrell C. Dodds, school principal and board member; Mrs. H. Coughanour, ways and means chairman; Mrs. P. O. Porter, moral and ethical values chairman; Mrs. Barkley, publicity/historian; Mr. and Mrs. McDaniel, bylaws; Mrs. R. J. Tarabek, hospitality; Mrs. J. S. Leib, program; Mrs. L. L. Bickerstaff, membership chairman; Mrs. M. C. Valenta, legislative chairman; Mr. and Mrs. G. Klipa, special recreation; Mrs. J. W. Beatty, homeroom mothers, and Mr. Edward J. Osterman, who, although not an officer of the PTA, recognized the extent of its dedication and efforts and recommended its nomination to the state PTA for the award.

WHAT'S RIGHT WITH AMERICA?

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 5, 1974

Mr. FUQUA. Mr. Speaker, what is right with America?

A great deal. Too often today we are so concerned with the manifold problems of our society that we fail to take notice of the many blessings which are ours. Certainly we have problems, and they are serious problems. But, are they any more serious and perplexing than those faced by our forefathers at Valley Forge, following the Civil War, the global conflicts of world war?

I doubt it.

It is for that reason that I would like to call attention of the Congress and the American people to a program initiated by the Civitan Club of Tallahassee, Fla.

They want people to talk more about what is right with this great Nation. They want to bring an end to a seeming obsession with only pointing out the problems that confront us as we near the end of our second century.

This can and should be a great program. I endorse its concept and commend it to my fellow Americans. Let us point out what is right about America and her people. We are not sweeping problems under the rug, we are just putting them in perspective.

This is still the most blessed land in the history of mankind and just as in previous generations, we are going to meet the challenge.

In this regard, I would like to have printed in these pages the following resolution adopted by the Civitan Club of Tallahassee, Fla., and I commend it to your attention:

RESOLUTION

Whereas, in the year 1607 A.D., the Colony of Jamestown was established on the Continent of America and thereafter in the year 1620 A.D. the Pilgrims landed to commence the establishment of the greatest nation ever to exist, and

Whereas, from that humble beginning a Nation of 13 original Colonies with less than 2,500,000 people declared its independence on July 4, 1776, and from those 13 tiny outposts, the United States of America finally evolved, and

Whereas, throughout its short existence this great Nation has been the World leader in obtaining freedom for men, advancements for the benefit of all mankind and has accomplished more than any other Nation ever to exist and has been a world leader in discoveries of all types which have benefited not only its own Citizens but people over the face of the Globe. This Nation carved out of a wilderness a Country of 200,000,000 people who enjoy the greatest standard of living and reside in the greatest cities ever known to mankind. This same Nation which has increased the span of life for its citizens from 47 years average in the year 1900 to over 70 years average today. A Nation which has reduced the industrial workers hours per week to an average of 38 hours per week and has provided more leisure time and recreational facilities for its citizens than have ever been known to mankind heretofore.

With its industrial giants the United States has led the World in its discoveries and accomplishments in the field of medicine, communications, transportation, agricultural, spiritual and educational. In each field the United States has been a leader in providing advancement. This Country having twice defeated axis powers in World conflicts in an effort to preserve freedom for all mankind. The United States, among its many medical achievements having removed from the face of the earth, the dread polio, yellow fever, having performed the first open heart surgery, provided the first iron lung and the first heart lung machine.

Its many industrial giants and world renowned scientists having provided for the World the first telephone, the first transistor, the first airplane, the first tractor, the light bulb, and atomic energy just to name a few. It having placed the first man on the moon and made other discoveries in the field of space which have resulted in medical benefits, scientific and industrial benefits to all of its Citizens and those of the entire World. The United States having brought its people through one of the worst World depressions ever known to man only to achieve the greatest economic strength and heights than ever before envisioned. Now therefore, be it

Resolved, That this Great Nation, The United States of America, stronghold of freedom for the entire World and the Nation that has given man its highest standard of living ever known, should be given credit and praise for these accomplishments and every Citizen owes a duty to publicly acknowledge the accomplishments of this great Nation and to continually bring forth the news of its accomplishments by actively engaging in that project adopted and commenced by the Tallahassee Civitan Club known as "Tell What's Right With America." Be it further

Resolved, That this project, "Tell What's Right With America" be proclaimed as a continuing project of the Tallahassee Civitan Club and that every member wholeheartedly endorse and work towards the successful accomplishment of this project. Be it further

Resolved, That a copy of this Resolution be spread upon the minutes of the Tallahassee Civitan Club.

Dated this 17th day of September, 1974.

SENATE—*Monday, December 9, 1974*

The Senate met at 10:30 a.m. and was called to order by the President pro tempore (Mr. EASTLAND).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

For this new day and its promise we give Thee thanks, O God. Help us, amid the pressures of duty, the hurried pace of our programs, and the tumult of our troubled world to keep our hearts and minds open to Thee.

Renew within us confidence in the far-off event toward which the course of men and nations move. Confirm us in this faith through an understanding of our own times, through companionship with great souls, through constant communion with nature, with history, and with Thee. As knowledge grows more and more, so may reverence also grow within us, that we may say, "Surely the Lord is in this place, and I knew it not." Amen.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, December 5, 1974, be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the call of the legislative calendar under rule VII of the Standing Rules of the Senate be waived.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar orders numbered 1238 through 1242.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will report the first one.

AUTHORIZATION TO PERMIT CERTAIN TEMPORARY AND PERMANENT CONSTRUCTION WORK ON THE CAPITOL GROUNDS

The joint resolution (S.J. Res. 262) authorizing the Architect of the Capitol to permit certain temporary and permanent construction work on the Capitol Grounds in connection with the erection of an addition to a building on privately owned property adjacent to the Capitol Grounds was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) The Architect of the Capitol is hereby authorized to permit (1) the performance within the United States Capitol Grounds of excavation, temporary construction, or other work, that may be necessary for the construction of an addition to the national headquarters building, and other related facilities, of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers on D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest commencing at the westerly end of the existing headquarters building and extending westward to a point approximately thirty-five feet from the intersection of New Jersey Avenue and D Street Northwest, in the District of Columbia; and (2) the use of Capitol Grounds property located north of the street curb on D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest, for purposes of ingress and egress to and from the building site during such construction. No permanent construction shall extend into the United States Capitol Grounds except as otherwise provided in subsection (b) of this section.

(b) The Architect of the Capitol is hereby authorized to permit the following improvements of a permanent nature to be made on Capitol Grounds property located north of the street curb at D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest:

(1) the extension of existing sewers and the building of new manholes under the northern sidewalk of D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest, to accommodate service laterals from the proposed new building addition, and the installation of necessary laterals;

(2) the installation of service laterals from existing water mains under the northern sidewalk of D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest, as may be required for the proposed new building addition;

(3) the removal and replacement of existing sidewalks located on Capitol Grounds property north of the curbline on D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest, including the removal and replacement of a driveway into an existing parking lot, to serve building facilities after construction of the proposed new building addition;

(4) the planting of additional trees between the street curb and the new sidewalk along D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest, of a number and kind prescribed and selected by the Architect of the Capitol;

(5) the regrading and resodding of the remaining area between the street curb and the new sidewalk north of the curbline on D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest; and

(6) the plugging and filling of any portion of abandoned sewer and the repair and/or alteration of any active sewer which extend into the Capitol Grounds on D Street Northwest between New Jersey Avenue Northwest and Louisiana Avenue Northwest and which are encountered or damaged during excavation for, and construction of, the proposed new building addition.

SEC. 2. The United States shall not incur any expense or liability whatsoever, under or by reason of this joint resolution, or be liable under any claim of any nature or kind that may arise from anything that may be connected with or grow out of this joint resolution.

SEC. 3. No work shall be performed within the Capitol Grounds pursuant to this joint resolution until the Architect of the Capitol shall have been furnished with such assurances as he may deem necessary that all areas within such grounds, disturbed by reason of such construction, shall, except as otherwise provided in this joint resolution, be restored to their original condition without expense to the United States; and all work within the Capitol Grounds herein authorized shall be performed under conditions satisfactory to the Architect of the Capitol.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93-1307), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of this legislation is to permit the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers to perform temporary and permanent construction work on the Capitol Grounds for the addition to their headquarters building at

Louisiana Avenue and D Streets, NW., Washington, D.C.

FORMER SPEAKERS OF THE HOUSE OF REPRESENTATIVES

The bill (H.R. 17026), an act relating to former Speakers of the House of Representatives, was announced as next in order.

Mr. HUGH SCOTT. Mr. President, on H.R. 17026—and reserving the right to object—would the distinguished majority leader advise me what that act does?

Mr. ROBERT C. BYRD. Mr. President, this legislation provides former Speakers of the House of Representatives with staff assistants, office space, supplies, and equipment. These will be available so long as each former Speaker determines that they are necessary. The bill makes permanent the provisions of House Resolution 1238, 91st Congress, which authorizes up to two staff aides, office space, stamps, stationery, telephone, and related office equipment. These will be available so long as each former Speaker deems them necessary.

I would only note further that the full cost of these support items amounts to no more than $32,000 per year, a sum that, in my judgment, is not excessive for a former Speaker of the House, the person standing—in ordinary circumstances at least—third in line of succession to the President.

The bill (H.R. 17026) was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1306), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

GENERAL STATEMENT

This legislation provides former Speakers of the House of Representatives with staff assistance, office space, supplies and equipment. These will be available so long as each former Speaker determines that they are necessary. The bill makes permanent the provisions of House Resolution 1238, 91st Congress, which authorizes up to two staff aides, office space, stamps, stationery, telephone, and related office equipment.

VOTE

Section 133 of the Legislative Reorganization Act of 1970 requires that rollcall votes taken during consideration of this legislation be reported. The bill was ordered reported without a rollcall vote.

COST OF LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in this report of the committee's estimate of the costs of reported legislation. These estimates are as follows: Fiscal year: 1975, $16,250; 1976, $32,500; 1977, $32,500; 1978, $32,500; 1979, $32,500; and 1980, $32,500.

EXCHANGE OF CERTAIN LANDS BETWEEN THE PUEBLO OF ACOMA AND THE FOREST SERVICE

The bill (H.R. 6925) to authorize the exchange of certain lands between the Pueblo of Acoma and the Forest Service, was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1308), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE BILL

The purpose of H.R. 6925 is to authorize the Forest Service to exchange two sections of land within the Cibola National Forest, New Mexico, for two sections of land held in trust by the United States for the Pueblo of Acoma of New Mexico.

EXPLANATION

The Pueblo of Acoma and the Forest Service have been negotiating for several years for the exchange of the lands described in the bill to eliminate a troublesome boundary situation. The lands in this area are checkerboarded. The exchange would eliminate this checker-boarding and facilitate better management and use by both parties. The lands to be exchanged are similar in character and equal in value.

There is existing authority for the exchange of the Pueblo lands under the provisions of section 4 of the Indian Reorganization Act of June 18, 1934 (48 Stat. 984). However, the authority contained in H.R. 6925 is necessary to effectuate the exchange of the U.S. Forest Service lands.

CONVEYANCE OF CERTAIN REAL PROPERTY OF THE UNITED STATES TO MRS. HARRIET LA POINTE VANDERVENTER

The bill (H.R. 8824) to provide for the conveyance of certain real property of the United States to Mrs. Harriet La Pointe Vanderventer, was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1309), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF BILL

H.R. 8824 provides for the correction of an error of officials of the Bureau of Indian Affairs with respect to an allotment made on the Bad River Indian Reservation in Wisconsin. This allotment, numbered 15, containing 80 acres, more or less, would be conveyed to Mrs. Harriet La Pointe Vanderventer, descendant of A. J. Vanderventer. The land would be subject to the same limitations, conditions, restrictions and reservation contained in the patent issued by the United States to Mr. Vanderventer.

AUTHORIZATION FOR ERECTION OF STATUE COMMEMORATING THE FOUNDING OF MARINE BARRACKS BY THOMAS JEFFERSON

The bill (S. 4141) authorizing the erection of a statue to commemorate the founding of Marine Barracks, Washington, District of Columbia, by President Thomas Jefferson, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, to commemorate the founding of the oldest post of the United States Marine Corps by President Thomas Jefferson, the Secretary of the Interior is hereby authorized and directed to erect, on a suitable site at the United States Marine Barracks, Washington, District of Columbia, a statue of President Jefferson in company with Lieutenant Colonel William Ward Burrows, second Commandant of the Marine Corps.

Sec. 2. (a) The design and location of the statue shall be approved by the Secretary of the Interior, the National Commission of Fine Arts, and the National Capital Planning Commission.

(b) The Secretary of the Interior is authorized to accept and use any donations or contributions of funds or services for the aforesaid purpose.

Sec. 3. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1310), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF BILL

The purpose of S. 4141 is to commemorate the establishment of a permanent barracks for the Marine Corps in Washington, D.C.

The PRESIDENT pro tempore. The Republican leader is recognized at the present time.

NOMINATION OF NELSON A. ROCKEFELLER TO BE VICE PRESIDENT OF THE UNITED STATES

Mr. HUGH SCOTT. Mr. President, two matters: First, the matter of the confirmation of Nelson Rockefeller to be Vice President of the United States.

As the Washington Post states this morning he deserves to be approved by both bodies. It could have been done a month before. I think it could have been done a lot sooner than that. Nevertheless, the record is being made. It has taken longer to confirm a Vice President than it takes to elect a President in actual time spent on the matter. But at least we are at long last getting through with it. I hope that we do not have to go through this exercise again.

Mr. President, I believe it is important that the views of two campaign managers who worked against Nelson Rockefeller when he ran for Governor of New York be included in the Record. Despite their support for opponents of Governor Rockefeller, each man found Nelson Rockefeller to be a man of great personal integrity. I ask unanimous consent that a letter from Justin N. Feldman, campaign manager for Robert M. Morgenthau, New York gubernatorial candidate in 1962, and a letter from Lawrence Peirez, 1966 campaign manager for Frank O'Connor to be Governor of New York, be printed at this point in the Record.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

POLETTI FRIEDIN PRASHKER FELDMAN & GARTNER,
New York, N.Y., November 20, 1974.
Re *Confirmation of Nelson A. Rockefeller*
Senator HUGH SCOTT,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

MY DEAR SENATOR SCOTT: I managed the campaign for the Democratic Party's candidate for Governor of New York in 1962, Robert M. Morgenthau. As a consequence, a number of people in the past few weeks whose interest in the subject has been sparked by the discussion of the 1970 gubernatorial race in New York have asked me about the 1962 campaign. Given the interest which has been expressed in Governor Rockefeller's 1970 campaign, I think it only fair to inform those who have a responsibility in the matter of my observations and conclusions with regard to the 1962 campaign and to Governor Rockefeller's designation as Vice President. I am therefore taking the liberty of writing not only to you but also to Senator Cannon, Chairman Rodino and Congressman Hutchinson.

The 1962 campaign for Governor of New York was conducted almost entirely on issues of state and local concern. It was a hard-fought campaign, and for many reasons a difficult one for both Mr. Morgenthau and Governor Rockefeller. To my recollection, however, neither of the candidates indulged in tactics of a personal or unfair nature. Mr. Morgenthau insisted upon and conducted a campaign geared to the delineation of the issues and the exposition of his views of Governor Rockefeller's record. Governor Rockefeller defended his record and his views with vigor and skill. I am not aware of any evidence that the Governor or any of the persons close to him in any way participated in anything which one might consider inappropriate campaign tactics or which we have come to call "dirty tricks".

I have been more than a casual observer of the New York political scene for a considerable period of time. I have been an active participant in virtually every political campaign in this State between 1946 and 1970. I have often been in disagreement with Governor Rockefeller on political issues. I have generally been active in opposition to his candidacy and very often to his programs. Yet I have enormous respect for his talents, his capabilities, his dedication to public service, and his ability to attract competent, imaginative, and innovative people. I also greatly respect his comprehensive overview of the problems of our times and his commitment to the search for new and constructive solutions. I have been particularly respectful of his demonstrated administrative ability and of his understanding of world affairs.

As a partisan I regret that he is a Republican. As an American, I am delighted with his designation at this time and would strongly urge his confirmation.

Sincerely,

JUSTIN N. FELDMAN.

PEIREZ, ACKERMAN & LEVINE,
Great Neck, N.Y., November 12, 1974.
Hon. HUGH SCOTT,
Senate Office Building,
Washington, D.C.

DEAR MR. SCOTT: I have been listening to radio and television and reading in the papers about the confirmation of former Governor Nelson A. Rockefeller, and thought it incumbent upon me to give you my personal feelings, both as a lawyer and as a student of government.

I would like to point out that invasion of privacy and leaks of any kind disturb me greatly and I am sensitive to all kinds of "dirty tricks" in the law, in business, in politics and in government.

During 1966, I was honored to serve as campaign manager for the Honorable Frank O'Connor, who ran against Nelson Rockefeller in the campaign for governor of New York.

I thought it would be appropriate to state at this time that, though Mr. Rockefeller was a tough and worthy opponent, in the tradition of American politics, we did not observe any unfair campaign practices, and he conducted his campaign on a high level.

If I were on your committee considering Mr. Rockefeller's qualifications for the Vice Presidency of the United States, I would not hesitate to vote for his confirmation—and I would be proud of my vote.

Most sincerely,

LAWRENCE PEIREZ.

MIDTERM CONVENTION OF THE DEMOCRATIC PARTY

Mr. HUGH SCOTT. Mr. President, on another matter, I congratulate my friends on the other side of the aisle on their safe return from Kansas City. This business of midterm conventions is always perilous. I do not imagine the Democratic Party will have another one. I cannot see the Republican Party having them.

Actually, they seem to and then tend to expose divisions rather than to cure them. They lead to a cosmetic treatment whereby the differences are papered over, and promises are made which are not meant to be kept.

For example, the economic package delivered to a bored audience, without debate, and whipped through on a voice vote, consumed about an hour, which is to say that my friends in the other party think that the economy can be handled in that cavalier fashion.

I note that they promised mandatory wage and price controls, and in the same statement promised not to impose them. Well, that seems to be par for the course.

The offer is to have the mandatory wage and price controls but to provide for rollbacks and wage reviews, which is to say, "For those of you who want to read the papers and see what we are going to do for you, we are going to freeze prices and wages at present levels. And then for those of you who are concerned about that, we want you to know we are not really going to do it."

Now, I believe that the worst thing that could have happened to this country would be for the Democrats to mean what they say. Fortunately, Mr. President, they do not.

MIDTERM CONVENTION OF THE DEMOCRATIC PARTY

Mr. ROBERT C. BYRD. Mr. President, the Democrats conducted their business at the convention, I think, in a very admirable way. Everybody had a fair opportunity to express his viewpoint, and I personally want to congratulate the chairman of the Democratic Party, Mr. Strauss, and all of the delegates from throughout this country on the way they conducted the business of the convention and on the decisions that were made there.

I do not agree with my distinguished friend from Pennsylvania that promises were made that will not be kept. I made certain statements in respect to what I anticipated Congress would do during the next few days and months, and I have every confidence that my statement, which will be placed in the RECORD, will in great measure be implemented. It will certainly be my intention to do everything I can to see that it is fully implemented.

Many of the measures which I indicated and which others indicated at the convention were needed and would be supported are measures which the President himself has indicated support for.

The convention is behind us. The American people are expecting the administration and the Congress to work together now in developing programs that will deal with the great problems that confront this country.

It will be a responsibility on the Republicans and Democrats alike in this Congress to cooperate in attempting to arrive at solutions to the manifold problems that beset our people.

The people are going to be more interested in solutions than they are in speeches from either side of the aisle.

We have 2 weeks left, which means 10 days at the most, including Saturdays, and I would hope we would get on to the remaining business of this session with a minimum of political speeches, recriminations, charges and countercharges, and so on, and try to utilize our time here in the interest of the people and in the interest of carrying out the promises of all of us to the people.

We are going to endeavor to enact an extension of the unemployment compensation benefits. This is one of the absolute musts, one of the things we said at the convention we would try to do before the session ends.

We must also endeavor to enact public service programs to help some of the people who are unemployed in this country.

I would hope that Republicans and Democrats would join in working together on these measures and bring them to fruition. These are only two of the very important measures that must be enacted by Congress.

Mr. HUGH SCOTT. Will the Senator yield?

Mr. ROBERT C. BYRD. I am happy to yield.

Mr. HUGH SCOTT. If the distinguished assistant majority leader will yield, he knows we have made that claim many times. We will cooperate.

We recommend the enactment of the President's 31-point program. If the majority in Congress does not want it, we recommend the Senator enact his own and that we will cooperate with him and help get it done.

I have already indicated I favor a Reconstruction Finance Corporation, a windfall profit tax, relief to the lower- and middle-income taxpayers, and so on, but my point was primarily on wage and price controls.

Can the acting majority leader advise me whether the Democratic majority plans to do anything about wage and price controls in this Congress?

Mr. ROBERT C. BYRD. I personally

doubt that with only 2 weeks remaining, and with the trade bill which the administration very much wants—which I may vote for, or I may not vote for, but which I will do everything within my power to expedite regardless of my own personal feelings—with only these few days remaining, I think it would be impossible for the Congress to enact a measure dealing with wage and price controls.

My viewpiont on this matter is that there should be voluntary price and wage guidelines with the emphasis on prices—keeping in mind that wages have not kept pace with prices.

Also, I think there should be a stick in the closet, which would be wage and price controls, again with emphasis on prices, and to be applied to the big companies and corporations, because they largely influence price levels in this country, keeping in mind again that wages have not kept up with prices.

But we have got to be thinking along these lines, I think, and one of these days the administration may come around to that belief itself as things become worse. But I think this would be a matter we would have to consider in the new Congress.

Mr. HUGH SCOTT. If the Senator will yield, the administration already favors substantially what the distinguished acting majority leader says, which is a voluntary system.

I have said that we are opposed to mandatory wage and price controls. I do not believe they will work and I am glad the distinguished majority leader has not made that point either.

I do think that the President may have to consider very seriously mandatory allocations of fuel, and I have not said this before, but I think our job is to lead as well as to follow, and I think it is a very serious situation. We are getting close to the point where we are going to have to decide whether to have mandatory allocation of fuel or not.

So I hope that what we will do is work together on it.

Mr. ROBERT C. BYRD. I can assure the Senator that on this side of the aisle we will work together in supporting administration programs we consider will be effective. But volunteerism is not going to work. When I made reference to voluntary wage and price guidelines, I did not mean to stop there. I meant there had to be a stick in the closet and a determination and willingness and intent to use it if the big corporations get out of line.

I am not willing to concede that wage and price controls will not work. I think phase II worked very well, but I think that we also have to remember Congress is not constitutionally structured to administer programs and unless there is the willpower and determination in the executive branch to make programs work, they are not going to work. There was not that determination to make them work and consequently they did not work too well under the Nixon administration.

The horse may be out of the barn now, it may be too late, but may I assure the distinguished minority leader that the leadership on this side of the aisle is determined first to serve the best interests of this country and let politics come in second. We are going to work to the best of our ability to make the remaining days of this session count in the best interests of the people. What we are unable to do in this Congress, we will come back and renew our energies in the next Congress in the effort to complete.

Mr. HUGH SCOTT. Well, good legislation is the best answer to charges of politics and I am simply suggesting that we are reaching the point where we have to consider the possibility of mandatory allocation of fuel or import controls.

I very seriously doubt, as the Senator says, whether volunteerism in that area will work. I make a distinction there between that and wage and price controls, mandatory wage and price controls.

Mr. ROBERT C. BYRD. In my judgment, volunteerism is not going to work in either area. I think we have already seen that. I think we are already long past the time when import controls should have been invoked.

When we consider the fact that year before last this country imported over $4 billion worth of oil and last year over $7 billion worth of oil, and this year it will import more than $25 billion worth of oil, and the figures just continue to go up. When we consider also that Saudi Arabia last year was 13th among all the nations in terms of accumulated cash reserves and next year it will be No. 2 among all nations—second to West Germany, ahead of the United States, ahead of Japan—I think it is about time we realize volunteerism has not worked and is not going to work.

There are going to have to be controls on imports and we are going to have to go beyond that. In my judgment, we should have a standby gasoline rationing program. It will be psychologically good for the American people to see that their Government means business regarding conservation of energy. The people will first have to believe in their leadership and the leadership is going to have to tell the people they are going to have to sacrifice. One of the ways we will have to sacrifice is in the conservation of energy. The sooner we come to that understanding the better.

Mr. HUGH SCOTT. Finally, if the Senator will yield, I do not think the people are going to believe in their leadership, congressional or executive, on matters such as standby rationing of gasoline unless the Congress is willing, in addition to consider standby rationing, to consider the establishment of certain guidelines at certain trigger points.

In other words, the Congress ought not pass the buck to the President and say that we will give him all authority to use if he chooses, make a mistake and we will blame him. The authority should be so designated, so designed, that the President would be required to use it under certain circumstances and not under others.

I am not advocating standby rationing of gasoline, but if we do it at all, for Heaven's sake, let us have the courage to state the conditions under which it shall be used and not pass such broad legislation as to simply set a trap for the President and then lie in wait to see whether he puts his foot in it.

Mr. ROBERT C. BYRD. Well, the distinguished minority leader is in a position to talk to the President every day. I would hope he would convince the President that leadership in this country is vested in one man, that the Presidency is the one office in this country that is constitutionally structured to lead, and that only one man can lead this country. Five hundred and thirty-five Members of Congress, with their varying constituencies, and representing countless cross-sections of opinions, cannot formulate national policy or administer national programs. Only the Executive can do this.

Let the President ask for mandatory gasoline rationing authority. If he will ask for it, I am one who will try to help him to get it.

May I just say to my friend from Pennsylvania that this Congress is not lacking in courage, and the next Congress will not lack courage. The hope is that the President will manifest some courage and some determination to lead. If he wants mandatory gasoline rationing, let him ask for it. I say let him take some tough positions and ask for sacrifices. We are all going to have to make sacrifices. But only the President can lead. He can be assured that this Democratic side of the aisle in the Senate, and I am confident the same can be said in the other body, is going to be more than cooperative, if he will provide the leadership. If he does not, we will do the best we can to provide whatever leadership we can provide.

Mr. HUGH SCOTT. I must say I disagree with the Senator when he says the only leadership is in the Executive.

Mr. ROBERT C. BYRD. I did not say that.

Mr. HUGH SCOTT. He said we have only one leader.

Mr. ROBERT C. BYRD. I did not say that. I said that the one office in this country that is constitutionally structured to provide leadership is the President of the United States.

Mr. HUGH SCOTT. I will accept that, to provide leadership. Then one wonders what the meeting at Kansas City was about, if it, too, was not intended to provide some leadership. After all, the Congress has been in the control of the Democratic Party for 38 of the last 42 years. They did not say at Kansas City they were waiting on the President. They said they favored certain programs.

I say if they favor them, then have the courage to enact them, or try to enact them. That is the only point I am making on that.

I agree that the President must make proposals. He has made 31 proposals. Most of them have been ignored by the Congress.

The leadership function is shared by Congress and the President. If the Senator does not like the President's 31 points, he should enact his own. That is all I am saying.

Mr. ROBERT C. BYRD. We have

heard about 31 points and we have heard about 10 points. Initially, I heard it was a 10-point program. Then it became 31 points. I have not seen any change in the verbiage in the meantime.

As for the 10 points, most of them had been talked about before; there was little that was new. The extension of unemployment compensation benefits is one proposal that I believe we will hope to enact before we conclude this session.

Mr. *HUGH* SCOTT. I am sure the Senator will have our help on that.

Mr. ROBERT C. BYRD. And I hope we will have the help of the Senator on other things.

I thank the distinguished minority leader. I hope we do not take too many mornings talking about the Kansas City Miniconvention.

Mr. HUGH SCOTT. I believe the least said about that the better.

Mr. ROBERT C. BYRD. The able Senator was the one who started talking about it. I did not.

ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business of not to extend beyond 11 a.m., with statements therein limited to 5 minutes.

AUTHORITY FOR THE SECRETARY OF THE SENATE TO MAKE A CLERICAL CORRECTION IN S. 3394, FOREIGN ASSISTANCE ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, during the consideration of S. 3394, the Foreign Assistance Act of 1974, Senator Humphrey introduced an unprinted amendment entitled "Policy With Respect to Countries Most Seriously Affected by Food Shortages," which subsequently became section 49 of the bill which passed on December 4, 1974.

However, in the confusion of the final minutes of debate, an earlier version of this measure was mistakenly introduced. We had earlier agreed to change the first figure in the first section of 49(a) (5) from $250 million to $350 million.

I have a unanimous consent request, Mr. President, if my distinguished counterpart will look at it, which would correct this error.

It was an error that was inadvertently made because of the transferring of figures from one copy of a proposed amendment to another.

I would like to ask unanimous consent, if the minority leader would approve——

The PRESIDENT pro tempore. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, I withhold my request for the time being.

Mr. President, I yield the floor.

(Later in the day the following proceedings occurred:)

Mr. ROBERT C. BYRD. Mr. President, this request has been cleared with the distinguished minority leader and the distinguished assistant Republican leader.

As in legislative session, I ask unanimous consent that the Secretary of the Senate be authorized in the engrossment of S. 3394, a bill to amend the Foreign Assistance Act of 1961, and for other purposes, to make a clerical correction from "250,000,000" to "350,000,000" in section 49, relative to "Policy With Respect to Countries Most Seriously Affected by Food Shortages." This error was inadvertently made because of transferring figures from one copy of a proposed amendment to another.

I make this request on behalf of Mr. Humphrey and Mr. Case.

The PRESIDING OFFICER. Without objection, it is so ordered.

DOMESTIC ENERGY SUFFICIENCY

Mr. BARTLETT. Mr. President, the Washington Post in a Thursday, December 5, 1974, editorial entitled "The Economy and the Polls," criticized President Ford for not adopting the current conventional wisdom of a tax on gasoline, and instead for following the wishes of 81 percent of the people. Perhaps the people do not want any more taxes and perhaps they want energy sufficiency rather than just assurances of continued shortages.

I strongly believe, because of the huge trade imbalance caused by excessive imports of high cost oil, our Nation, as well as others, is on a collision course with economic collapse. We must reduce high cost foreign imports.

Our present energy policy, or lack of one, pushed by Congress and partially acquiesced in by the administration, is primarily guided by partially controlled prices on oil and full price controls on natural gas. Thus, price controls, the foundation of our energy program, artificially increase the demand for gasoline, other petroleum products, and natural gas.

On the other hand, the rationale in favor of a tax on gasoline is to decrease demand, which of course it would accomplish. Thus, we find ourselves in the Catch-22 imbroglio of a tax to dampen demand and concurrently continue price controls to increase demand. And the greatest irony, neither does one thing to increase the domestic supply of oil and gas. A great amount of time, money and energy will have been expended in a tug-of-war which will do nothing except prolong the energy crisis.

When our domestic production of crude oil and natural gas continues to decline, it is time to go all-out to obtain additional supplies. Going all-out demands that price controls, which increase demand and reduce supplies, be replaced by free market prices which will do the opposite—decrease demand and increase supplies.

In my opinion, the people desire an energy program which will guarantee domestic sufficiency and they are willing to pay for it as long as they have confidence in the program and are assured that energy company profits are primarily used to develop additional and alternate sources of energy as well as expand research and development.

It is estimated that the additional price of gasoline in a free market would be only 5 cents per gallon—far less than a 10-cent tax.

Certainly the price of gasoline has gone up rapidly, but looking at the long pull, it compares favorably with the price of other commodities. In 1941, a Ford two-door sedan was approximately $750 and regular gasoline was 19 cents a gallon. Today, regular gasoline at 53 cents is less than three times as much, but a Ford LTD two-door is priced at $5,400, an increase of over seven times.

Anything less than an all-out free market effort for domestic energy sufficiency is, at least, shortsighted.

It is not in the best interests of this Nation to continue having a "do nothing" Congress in regard to energy. The Congress must assure the people of more than shortages, allocations, rationing, and long lines. The people want energy sufficiency, and they deserve it.

Mr. President, I yield the floor.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

ANNUAL REPORT OF THE DEPARTMENT OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. —)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States which, with the accompanying report, was referred to the Committee on Commerce:

To the Congress of the United States:

I transmit herewith the Seventh Annual Report of the Department of Transportation, as required by section 11 of Public Law 89–670. This report discusses the work of the Department during fiscal year 1973.

GERALD R. FORD.

THE WHITE HOUSE, *December 9, 1974.*

APPROVAL OF BILLS AND JOINT RESOLUTION

A message from the President of the United States stated that on December 5, 1974, he had approved and signed the following bills:

S. 1064. An act to improve judicial machinery by amending title 28, United States Code, to broaden and clarify the grounds for judicial disqualification; and

S. 2299. An act to provide authority to expedite proceedings for consideration and approval of projects drawing upon more than one Federal assistance program to simplify requirements for operation of those projects, and for other purposes.

The message also stated that on December 6, 1974, he had approved and signed the following bill and joint resolution:

S. 3802. An act to provide available nuclear information to committees and Members of Congress; and

S.J. Res. 248. A joint resolution assuring compensation for damages caused by nuclear incidents involving the nuclear reactor of a U.S. warship.

EXECUTIVE MESSAGES REFERRED

As in executive session, the President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on Thursday, December 5, 1974, he presented to the President of the United States the following enrolled bills:

S. 433. An act to amend the Public Health Service Act to assure that the public is provided with safe drinking water, and for other purposes; and

S. 3537. An act to modify secton 204 of the Flood Control Act of 1965 (79 Stat. 1085).

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 12:40 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had signed the following enrolled bills:

S. 1353. An act to deduct from gross tonnage in determining net tonnage those spaces on board vessels used for waste materials; and

H.R. 8352. An act to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore.

At 2:33 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 7730) to authorize the Secretary of the Interior to purchase property located within the San Carlos mineral strip.

The message also announced that the House further disagrees to the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, and agrees to the further conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Patman, Mr. Ashley, Mr. Rees, Mr. Mitchell of Maryland, Mr. St Germain, Mr. Hanna, Mr. Koch, Mr. Young of Georgia, Mr. Moakley, Mr. Widnall, Mr. Blackburn, Mr. Brown of Michigan, Mr. Johnson of Pennsylvania, Mr. McKinney, and Mr. Frenzel were appointed managers of the conference on the part of the House.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Proposed Closure of Frankford Arsenal, Philadelphia, Pa.

A letter from the Assistant Secretary of the Army—installations and logistics—reporting, pursuant to law, on the facts and the justification for the proposed closure of Frankford Arsenal, Philadelphia, Pa. (with accompanying papers). Referred to the Committee on Armed Services.

Department of the Army Contract Awards

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, the Department of the Army contract report for the period November 15 to February 15, 1975 (with an accompanying report). Referred to the Committee on Armed Services.

Reapportionment of Department of Transportation Appropriation for Operating Expenses

A letter from the Director, Office of Management and Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation to the Department of Transportation for "operating expenses" for the fiscal year 1975, has been reapportioned on a basis which indicates the necessity for a supplemental estimate of appropriation. Referred to the Committee on Appropriations.

Proposed Legislation Affecting the Separation of Powers

A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a draft of proposed legislation to amend the act entitled "To increase deposit insurance from $20,000 to $40,000, to provide full insurance for public unit deposits of $100,000 per account, to establish a National Commission on Electronic Fund Transfers, and for other purposes (with accompanying papers). Referred to the Committee on Banking, Housing and Urban Affairs.

Report of Department of Defense Procurement From Small and Other Business Firms, July–September 1974

A letter from the Assistant Secretary of Defense (installations and logistics), transmitting, pursuant to law, the report of Department of Defense procurement from small and other business firms for July–September 1974 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

Report on Actions Taken by the Export-Import Bank of the United States

A letter from the President and Chairman, Export-Import Bank of the United States, transmitting, pursuant to law, a report on the actions taken by the Export-Import Bank of the United States during the quarter ended September 30, 1974 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

The National Power Survey Energy Systems Research Task Force Report

A letter from the Chairman, Federal Power Commission, transmitting for the information of the Senate, a publication entitled "The National Power Survey 'Energy Systems Research Task Force Report'," (with an accompanying publication). Referred to the Committee on Commerce.

Report of the Migratory Bird Conservation Commission

A letter from the Chairman, Migratory Bird Conservation Commission, transmitting, pursuant to law, a report of the Migratory Bird Conservation Commission for the fiscal year ended June 30, 1974 (with an accompanying report). Referred to the Committee on Commerce.

Final Report of the International Exposition on the Environment—Expo '74

A letter from the U.S. Commissioner General for Expo '74, transmitting, pursuant to law, the final report on the International Exposition on the Environment—Expo '74 (with an accompanying report). Referred to the Committee on Foreign Relations.

Report on Extent and Disposition of U.S. Contributions to International Organizations

A letter from the Acting Secretary, Department of State, transmitting, pursuant to law, a report on the extent and disposition of U.S. contributions to international organizations (with an accompanying report). Referred to the Committee on Foreign Relations.

Report of the U.S. Information Agency

A letter from the Director, U.S. Information Agency, transmitting, pursuant to law, the 41st semiannual report of the U.S. Information Agency (with an accompanying report). Referred to the Committee on Foreign Relations.

Reports of the Comptroller General

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on examination of financial statements pertaining to insurance operations of the Federal Housing Administration, fiscal year 1973, Department of Housing and Urban Development (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on effectiveness of independent and comprehensive audits of the Inter-American Development Bank, Department of the Treasury (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of financial statements of the accountability of the Treasurer of the United States, fiscal years 1972 and 1973, Department of the Treasury (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on low-income groups not helped by Agency for International Development's housing investment guaranty program (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on grants to improve bus transit systems—progress and problems, Urban Mass Transportation Administration, Department of Transportation (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report—greater benefits can be derived from improved HUD audits of program participants, Department of Housing and Urban Development (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on increased use of computer-output-microfilm by Federal agencies could result in savings (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a list of reports of the General Accounting Office for November 1974 (with an accompanying document). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, reporting, pursuant to law, on claims originating as a result of newspaper advertising payable from the applicable appropriations of the Departments of the Army and Agriculture. Referred to the Committee on the Judiciary.

Proposed Legislation To Require Mandatory Application of the General Records Schedules to All Federal Agencies

A letter from the Acting Assistant Administrator, General Services Administration, transmitting a draft of proposed legislation to amend chapter 33 of title 44, United States Code, to require mandatory application of the General Records Schedules to all Federal agencies (with accompanying papers). Referred to the Committee on Government Operations.

Report on the Coordination of Federal and State Energy Policy

A letter from the Administrator, Federal Energy Administration, transmitting, pursuant to law, a report on the coordination of Federal and State energy policy (with an accompanying report). Referred to the Committee on Government Operations.

Proposed Plan for Use and Distribution of Judgment Funds Awarded to the Lummi Tribe of Indians

A letter from the Secretary of the Interior, submitting, pursuant to law, a proposed plan for the use and distribution of the judgment funds awarded to the Lummi Tribe of Indians in docket 110 before the Indian Claims Commission (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Proposed Additions to the National Wilderness Preservation System

A communication from the President of the United States, transmitting proposed additions to the National Wilderness Preservation System. Referred to the Committee on Interior and Insular Affairs.

Proposed Contract for A Research Project Entitled "Oil Recovery by Thermal Methods"

A letter from the Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed contract with Hanover Planning Co., Inc., Dallas, Tex., for a research project entitled "Oil Recovery by Thermal Methods" (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Proposed Contract for A Research Project Entitled "Oil Recovery by Thermal Methods"

A letter from the Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed contract with Husky Oil Co., Cody, Wyom., for a research project entitled "Oil Recovery by Thermal Methods" (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Proposed Contract for a Research Project Entitled "Oil Recovery by Carbon Dioxide Injection"

A letter from the Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed contract with Guyan Oil Co., Inc., Huntington, W. Va., for a research project entitled "Oil Recovery by Carbon Dioxide Injection" (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Proposed Contract for a Project Entitled "Oil Recovery by Carbon Dioxide Injection"

A letter from the Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed contract with Williams Brothers Engineering Co., Tulsa, Okla., for a research project entitled "Oil Recovery by Carbon Dioxide Injection" (with accompanying papers). Referred to the Committee on Interior and Insular Affairs.

Report of Orders Suspending Deportation

Two letters from the Commission, Immigration and Naturalization Service, U.S. Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation as well as a list of persons involved (with accompanying papers). Referred to the Committee on the Judiciary.

Third Preference and Sixth Preference Classification for Certain Aliens

Two letters from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting, pursuant to law, reports relating to third preference and sixth preference classification for certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

Regulations for the Program of Demonstration Projects To Improve School Health and Nutrition Services for Children From Low-Income Families

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, the final regulations for the program of demonstration projects to improve school health and nutrition services for children from low-income families (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Notice of Proposed Rulemaking To Issue Priorities for Financial Assistance Under the Environmental Education Act

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a notice of proposed rulemaking to issue priorities for financial assistance under the Environmental Education Act, as amended (P.L. 93-278) (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Regulations and Guidelines Governing Special Programs for Students From Disadvantaged Backgrounds

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, regulations and guidelines governing special programs for students from disadvantaged backgrounds (title IV of the Higher Education Act of 1965, P.L. 89-329, as amended, 20 U.S.C. 1001-1011) (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Regulations Relating To Disbursement of Payments for the Basic Educational Opportunity Grant Program

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, regulations relating to disbursement of payments for the basic educational opportunity grant program (subpart 1 of part A of title IV of the Higher Education Act of 1965, P.L. 92-318, as amended (20 U.S.C. 1070a), (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Regulations and Guidelines Governing the Library Services and Construction Act

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, regulations and guidelines governing the Library Services and Construction Act, as amended by Public Law 91-600 and by Public Law 93-133 (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Support for Improvement of Postsecondary Education

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, support for improvement of postsecondary education (amendments to regulations, notice of proposed rulemaking) (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Reports of the National Commission for Manpower Policy

A letter from the Chairman, National Commission for Manpower Policy, transmitting, pursuant to law, reports on an evaluation with recommendations of the Secretary of Labor's report on the manpower impacts of the energy problem, a coordination study of programs of manpower training with closely associated programs under the Wagner-Peyser Act, and at least an annual report of the Commission's findings and recommendations. Referred to the Committee on Labor and Public Welfare.

Report of the Architectural and Transportation Compliance Board

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, the first report of the Architectural and Transportation Barriers Compliance Board (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

Proposed Construction of Federal Bureau of Investigation Federal Parking Facility, West Los Angeles, Calif.

A letter from the Administrator, General Services Administration, transmitting, pursuant to law, a prospectus which proposes construction of a Federal parking facility for the use of the Federal Bureau of Investigation in West Los Angeles, Calif. (with accompanying papers). Referred to the Committee on Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A resolution memorializing the President of the United States, the Speaker of the United States House of Representatives and the President pro tempore of the Senate of the United States to enact legislation to support citizens' efforts to combat inflation. Referred to the Committee on Banking, Housing and Urban Affairs.

A special report of the Advisory Council on Historic Preservation concerning an undertaking in Baltimore, Maryland, assisted by the Department of Housing and Urban Development, which will adversely affect the St. Mary's Seminary Building, the St. Mary's Seminary Chapel, and the Mother Seton House, properties listed in the National Register of Historic Places. Referred to the Committee on Interior and Insular Affairs.

A petition of citizens in Atlantic, Iowa, opposing any proposed congressional pay raise. Referred to the Committee on Post Office and Civil Service.

A resolution of the National Council for the Social Studies, that the National Council for the Social Studies takes the position that the innocence or guilt of all parties, including the President of the United States, be determined and firmly established in accordance with the workings of our judiciary process and the constitutional impeachment procedure; and that the teachers of the social studies throughout the Nation be strongly encouraged to emphasize the viability of our democratic governmental institutions and processes to deal with the problems of corruption and to reaffirm the faith of their students in the Constitution and the democratic form of government. Ordered to lie on the table.

REPORTS OF THE COMMITTEES

The following reports of committees were submitted:

By Mr. LONG, from the Committee on Finance, without amendment:

H.R. 3538. A bill for the relief of Selmer Amundson (Rept. No. 93-1312).

By Mr. ALLEN, from the Committee on Agriculture and Forestry, with an amendment:

H.R. 11273. An act to provide for the regulation of the movement in foreign commerce of noxious weeds and potential carriers thereof (Rept. No. 93–1313).

HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1974—CONFERENCE REPORT SUBMITTED DURING ADJOURNMENTS (S. REPT. 93–1311)

Under authority of December 5, 1974, Mr. KENNEDY, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, which was ordered to be printed.

INTRODUCTION OF BILLS AND JOINT RESOLUTION

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. TAFT:

S. 4217. A bill to amend section 1 of the Flood Control Act of 1936 (49 Stat. 1570) to authorize the consideration of public health benefits in support of Federal projects for the control of floods. Referred to the Committee on Public Works.

By Mr. FANNIN:

S. 4218. A bill to encourage States not presently having in effect an approved medicaid plan to establish and put into effect such a plan. Referred to the Committee on Finance.

By Mr. RIBICOFF:

S. 4219. A bill to amend section 1504 of the Internal Revenue Code of 1954, as amended. Referred to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TAFT:

S. 4217. A bill to amend section 1 of the Flood Control Act of 1936 (49 Stat. 1570) to authorize the consideration of public health benefits in support of Federal projects for the control of floods. Referred to the Committee on Public Works.

Mr. TAFT. Mr. President, today I am introducing legislation to authorize the Army Corps of Engineers to consider public health benefits in computing cost-benefit ratios for flood control construction projects.

This legislation developed from a case in my home State of Ohio which was brought to my attention this summer. The village of Washingtonville, Ohio, with a population of 747,000, is faced with a flood problem in the Cherry Valley Run, a stream running through the village. For many years, the flow of the stream was maintained by workers from the Cherry Valley Iron Works, which discontinued operations some 30 years ago. Since that time sedimentation has been allowed to collect and slow the flow of the stream until now the area has turned into a swamp. The swamp has become a health hazard to Washingtonville, because in times of high water the effluent discharged from the sewage treatment plant has nowhere to go and backs up into the plant.

The Army Corps of Engineers conducted an engineering survey on the Washingtonville sector of the stream; however, they said the project "flood control" would not be feasible because the benefits would not outweigh the expense of the work.

However, although tangible damages to the sewage treatment plant were included as a project benefit in the cost-benefit estimate, it is my understanding that intangible damages, such as hazards to public health stemming from a diseased sewage treatment plant, were not taken into consideration. It is also my understanding that it is the general practice of the Army Corps of Engineers to require that the tangible or quantifiable benefits alone exceed the cost of a particular project.

Therefore, I feel it is necessary and important to strengthen the authority of the Corps to consider intangible, secondary public health benefits in support of Federal projects for flood control improvements. The application of this authority should have specific impact for smaller floor control projects, such as the one being considered for Washingtonville, Ohio.

By Mr. FANNIN:

S. 4218. A bill to encourage States not presently having in effect an approved medicaid plan to establish and put into effect such a plan. Referred to the Committee on Finance.

Mr. FANNIN. Mr. President, today, I am introducing legislation which will facilitate the establishment of a medicaid program in Arizona. Specifically, this bill will permit Arizona to take advantage of title XIX funds to develop Arizona's capacity to manage its medicaid program.

It is no secret that Arizona is the last State to establish a medicaid program. Its reluctance to enter into this program when passed initially was based on the fear of runaway costs and the very real financial implications to the financial integrity of the State. These fears were proven correct as numerous States found themselves with financial problems of considerable proportions. The State of Arizona then took the position that until the Federal Government corrected some of the deficiencies in the program it would not participate. With the passage of Public Law 92–603, the Social Security Amendments of 1972, however, the State determined that with the modifications in the medicaid law provided for under Public Law 92–603 it could establish a medicaid program without fear of major financial difficulties. Consequently, the Arizona State Legislature passed and the Governor approved a bill this year to establish a medicaid program with delivery of services set for October 1, 1975. The reason the State chose to begin services on October 1 was to allow for planning, administrative development, and the installation of a mechanized claims processing and informational retrieval system; all of which were considered vital to proper financial management of this program.

In preparing for the implementation of this program, however, the State found that Federal matching funds for meeting administrative costs provided for under the act could not be made available to Arizona until 3 months preceding the date of service delivery and the approval of a State medicaid plan. In addition, the Department of Health, Education, and Welfare determined that costs for developing a computer claims processing system, which HEW developed, would be unavailable to Arizona since such administrative startup funds are, according to HEW interpretation, only available to current operating programs.

Understandably, the State of Arizona is concerned that while embarking on a major program, it now finds itself without adequate funds to prepare for the implementation of a program which could conceivably serve 260,000 medically indigent Arizonans at a cost of approximately $130 million in Federal-State funds. Since this problem is a result of the interpretation of current law by the Department of Health, Education, and Welfare, I am proposing legislation which would have the effect of enabling the Department to make available funds sufficiently in advance of the delivery of services to permit the State of Arizona to meet its deadlines in program development and install the most efficient and effective procedures and mechanisms to operate the program. This legislation will promote better service to the recipient and yet protect the taxpayer.

In brief, the proposed legislation provides that where a State intends to put into effect a medicaid program no later than January 1, 1976, it may apply for Federal administrative matching funds beginning as early as July 1, 1974. This will extend the period of time for the availability of such funds to enable the State, with Federal assistance, to proceed with its startup plans without having to have approved a State plan. It is my view that this is what the Congress intended in regard to providing Federal matching funds for meeting administrative startup costs for this program. This legislation, therefore, corrects minor deficiencies in the law and will immeasurably assist the State of Arizona in developing an efficient and effective medicaid program.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 4082

At the request of Mr. MONDALE, the Senator from Tennessee (Mr. BROCK), the Senator from North Dakota (Mr. BURDICK), the Senator from New Jersey (Mr. CASE), the Senator from Idaho (Mr. CHURCH), the Senator from Iowa (Mr. CLARK), the Senator from Michigan (Mr. HART), the Senator from Oregon (Mr. HATFIELD), the Senators from Maine (Mr. HATHAWAY and Mr. MUSKIE), the Senator from Iowa (Mr. HUGHES), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maryland (Mr. MATHIAS), the Senator from Montana (Mr. METCALF), the Senator from Connecticut (Mr. RIBICOFF), the Senators from Pennsylvania (Mr. SCHWEIKER and Mr. HUGH SCOTT), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 4082, the Social Services Amendments Act of 1974.

S. 4183

At his own request, Mr. RANDOLPH was added as a cosponsor of S. 4183, a bill to reduce the salaries of the President, Senators, and Members of the House of Representatives.

S. 4207

At the request of Mr. RIBICOFF, the Senator from Iowa (Mr. CLARK), the Senator from Alaska (Mr. GRAVEL), and the Senator from Indiana (Mr. BAYH) were added as cosponsors of S. 4207, the Emergency Unemployment Act of 1974.

S. 4209

At the request of Mr. MUSKIE, the Senator from Maine (Mr. HATHAWAY), the Senators from Iowa (Mr. HUGHES and Mr. CLARK), the Senator from Michigan (Mr. HART), the Senators from Minnesota (Mr. MONDALE and Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Utah (Mr. MOSS), the Senators from Rhode Island (Mr. PASTORE and Mr. PELL), the Senator from Illinois (Mr. PERCY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 4209, the Intergovernmental Emergency Heating Fuel Assistance Act of 1974.

S. 4214

As the request of Mr. TAFT, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 4214, a bill to amend section 313 of the National Housing Act, as amended by the Emergency Home Purchase Assistance Act of 1974, to authorize GNMA, under the emergency program authorized by that section, to purchase certain mortgages covering multifamily rental, cooperative or condominium housing.

AMENDMENTS SUBMITTED FOR PRINTING

TRADE REFORM ACT OF 1974—H.R. 10710

AMENDMENT NOS. 2007, 2008, AND 2009

(Ordered to be printed and to lie on the table.)

Mr. MOSS. Mr. President, I send to the desk three amendments to the bill H.R. 10710, to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

I ask unanimous consent that these amendments be treated as though they were presented and read in order to comply with the second paragraph of rule XXII, if cloture is invoked on the bill, or any amendment thereto.

I further ask unanimous consent that the amendments lie on the desk and be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments will be received and printed, and will lie on the table.

AMENDMENT NO. 2010

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON submitted an amendment intended to be proposed by him to the bill H.R. 10710, supra.

AMENDMENT NO. 2011

(Ordered to be printed and to lie on the table.)

Mr. HART. Mr. President, I send to the desk an amendment to the bill H.R. 10710 to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes. It is my understanding that we may be asked to vote on an amendment that would propose the deregulation of natural gas. The amendment I now offer is identical to my amendment No. 1999, which proposes to amend Senator BUCKLEY's deregulation of natural gas proposal. In the event that a deregulation amendment is considered, it is my intention to call up this amendment.

I ask unanimous consent that the amendment be treated as though it were presented and read in order to comply with the second paragraph of rule XXII, if cloture be invoked on the bill or any amendments thereto. And I further ask unanimous consent that the amendment lie on the table and be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection, the amendment will be printed and will lie on the table.

AMENDMENT NO. 2012

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI. Mr. President, today I am submitting an amendment to H.R. 10710, the Trade Reform Act.

The basic purpose of this amendment is to prohibit the granting of Government-backed credits or commercial agreements to any nonmarket economy country which fails to enter into an agreement to supply, on a regular basis, information on the production, consumption, demand, and trade of major agricultural commodities.

This amendment is offered as a result of a resolution recently passed at the World Conference in Rome, Italy. The resolution to which I refer calls for the establishment of a worldwide food information and early warning system.

The capacity of the United States and other governments to contend with food shortages, particularly in cooperation with each other, depends to a large extent on the availability of accurate information describing the current and prospective crop and food situation. Some countries refuse to provide this information at all, others provide information that is incomplete, and still others provide the information at such a late date that it is no longer useful.

In June of 1973, the United States and the Soviet Union signed an agreement on cooperation in the field of agriculture. The wording in my amendment which specifies the type of information to be exchanged is taken directly from this agreement. Although this amendment will apply to all nonmarket economy countries, with respect to the Soviet Union we would be simply demanding that they comply with an agreement which they have already entered into.

The majority of countries participating at the World Food Conference agreed that if we are to solve the many problems involved in food production and distribution, the availability of this type of information is essential. I think it is only proper that the United States require the exchange of this type of pertinent data before granting special privileges to any nonmarket economy country.

SUSPENSION OF DUTY ON CATALYSTS OF PLATINUM AND CARBON—H.R. 13370

AMENDMENT NO. 2013

Mr. TUNNEY submitted an amendment intended to be proposed by him to the bill (H.R. 13370) to suspend until June 30, 1976, the duty on catalysts of platinum and carbon used in producing caprolactam.

TRADE REFORM ACT OF 1974—H.R. 10710

AMENDMENT NOS. 2014, 2015, 2016, 2017, 2018, AND 2019

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted six amendments intended to be proposed by him to the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 2006

At the request of Mr. JACKSON, the Senator from Minnesota (Mr. HUMPHREY), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from New Jersey (Mr. CASE) were added as cosponsors of amendment No. 2006, the substitute amendment to S. 3267, the Energy Emergency Standby Authority Act.

NOTICE CONCERNING NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

William E. Amos, of Maryland, to be a member of the Board of Parole for the term expiring September 30, 1980—reappointment.

James R. Durham, Sr., of North Carolina, to be U.S. marshal for the eastern district of North Carolina for the term of 4 years, vice James W. Norton, Jr., term expired.

Kenneth M. Link, Sr., of Missouri, to be U.S. marshal for the eastern district of Missouri for the term of 4 years—reappointment.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Monday, December 16, 1974, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARING

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the judiciary, I desire to give notice that a public hearing has been scheduled before the full Judiciary Committee on Monday, December 16, 1974, at 9:30 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

Murray Saltzman, of Indiana, to be a member of the Commission on Civil Rights, vice the Reverend Theodore M. Hesburgh, resigned.

Any persons desiring to offer testimony in regard to this nomination, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

HEARINGS ON NOMINATION OF ROBERT C. SEAMANS, JR., TO BE ADMINISTRATOR OF THE ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Mr. JACKSON. Mr. President, hearings on the President's nomination of Robert C. Seamans, Jr., to be Administrator of the Energy Research and Development Administration—ERDA—have been scheduled for 2 p.m., Wednesday, December 11, in the Joint Committee on Atomic Energy's public hearing room S-407, U.S. Capitol Building.

The President on October 29 announced his intention to nominate Dr. Seamans to the position of Administrator of the Energy Research and Development Administration. The nomination was formerly submitted to the Senate on December 2, 1974.

On December 4, 1974, Dr. Seamans' nomination was jointly referred to the Senate Interior and Insular Affairs Committee and to the Joint Committee on Atomic Energy. The hearings on Wednesday will be joint hearings before the two committees.

Members of the Senate Public Works, Commerce, and Aeronautical and Space Sciences Committees having programmatic interests in the work to be carried out by the new Administrator have been invited to attend and participate in the hearing.

The legislation establishing ERDA was handled by the Senate Government Operations Subcommittee on Reorganization, Research, and International Organization. Members of the subcommittee in recognition of their interest in the organization and implementation of the ERDA legislation, have also been invited to participate in the confirmation hearings.

Dr. Seamans has been nominated to be the first head of the new Energy Research and Development Administration established under the Energy Reorganization Act of 1974, Public Law 93-438, enacted on October 11, 1974. This act provides for the reorganization and consolidation of energy research and development programs of the Atomic Energy Commission, Department of the Interior, National Aeronautics and Space Administration, National Science Foundation, and the Enviromenntal Protection Agency into a single agency.

Since May 15, 1973, Dr. Seamans has served as president of the National Academy of Engineering. From February 1969 to May 1973, he was Secretary of the Air Force. In 1968, he was appointed a visiting professor at the Massachusetts Institute of Technology.

From 1960 to 1968, he was an Associate Administrator of the National Aeronautics and Space Administration. He also was a member of the Scientific Advisory Board from 1959 to 1962 after serving as an associate adviser to the Board.

Dr. Seamans was born on October 30, 1918, in Salem, Mass. He received his B.S. degree from Harvard University in 1939 and his M.S. degree from MIT in 1942. He received his doctor of science degree from MIT in 1951.

Those individuals desiring to testify on the nomination are requested to contact the Senate Interior and Insular Affairs Committee.

Mr. President, I ask unanimous consent that Dr. Seamans' biography be printed at this point in the RECORD.

There being no objection, the biography was ordered to be printed in the RECORD, as follows:

DR. ROBERT C. SEAMANS, JR.

Dr. Robert C. Seamans, Jr. was elected President of the National Academy of Engineering on May 15, 1973 following completion of his responsibilities as Secretary of the Air Force (February 1969–May 1973).

Dr. Seamans was born on October 30, 1918 in Salem, Massachusetts. He attended Lenox School, Lenox, Massachusetts; earned a Bachelor of Science degree in Engineering at Harvard University in 1939; a Master of Science degree in Aeronautics at Massachusetts Institute of Technology (MIT) in 1942; and a Doctor of Science degree in Instrumentation from MIT in 1951. Dr. Seamans has also received the following honorary degrees: Doctor of Science from Rollins College (1962) and from New York University (1967); Doctor of Engineering from Norwick Academy (1971), from Notre Dame (1974), and from Rensselaer Polytechnic Institute (RPI) in 1974. He is a member of the Board of Trustees of the National Geographic Society.

From 1941 to 1955 he held teaching and project positions at MIT during which time he worked on aeronautical problems, including instrumentation and control of airplanes and missiles. Positions that he held at MIT include: Instructor (1941–1945), Assistant Professor (1945–1950), and Associate Professor (1950–1955), Department of Aeronautical Engineering; Project Engineer, Instrumentation Laboratory; Chief Engineer, Project Meteor; and Director, Flight Control Laboratory.

Dr. Seamans joined Radio Corporation of America (RCA) in 1955 as Manager of the Airborne Systems Laboratory and Chief Systems Engineer of the Airborne Systems Department. In 1958, he became Chief Engineer of the Missile Electronics and Controls Division at RCA in Burlington, Massachusetts.

In 1960, Dr. Seamans joined the National Aeronautics and Space Administration (NASA) as Associate Administrator. In 1965, he became Deputy Administrator, retaining many of the general management-type responsibilities of the Associate Administrator and also serving as Acting Administrator. During his years at NASA he worked closely with the Department of Defense in research and engineering programs and served as Co-chairman of the Astronautics Coordinating Board. Through these associations, NASA was kept aware of military developments and technical needs of the Department of Defense and was able to advise that agency of NASA activities which had application to national security.

In January, 1968 he resigned from NASA to become a visiting professor at MIT and in July, 1968 was appointed to the Jerome Clarke Hunsaker professorship, an MIT-endowed visiting professorship in the Department of Aeronautics and Astronautics, in honor of the founder of the Aeronautical Engineering Department. During this period with MIT, he was also a consultant to the Administrator of NASA.

From 1948 to 1958, Dr. Seamans served on technical committees of NASA's predecessor organization, the National Advisory Committee for Aeronautics. He served as a consultant to the Scientific Advisory Board of the Air Force from 1958 to 1959, as a Member of the Board from 1959 to 1962, and as an Associate Advisor from 1962 to 1967. He was a National Delegate, Advisory Group for Aerospace Research and Development (NATO) from 1966 to 1969.

Dr. Seamans is a member of Sigma Xi, American Association for the Advancement of Science, American Astronautical Society, American Society for Public Administration, American Academy of Arts and Sciences (Boston), National Space Club, Council on Foreign Relations, Foreign Policy Association, International Academy of Astronautics, and the American Institute of Aeronautics and Astronautics. He is also a Fellow of the Institute of Electrical and Electronic Engineers and an Honorary Fellow of the American Institute of Aeronautics and Astronautics.

He has received the following awards: Naval Ordnance Development Award (1945); American Institute of Aeronautics and Astronautics, Lawrence Sperry Award (1951); Godfrey L. Cabot Award, Aero Club, New England (1965); NASA Distinguished Service Medal (1965 and 1969); Goddard Trophy (1968); General Thomas D. White United States Air Force Space Trophy (1973); Department of Defense Distinguished Public Service Medal (1973); and the Department of the Air Force Exceptional Civilian Service Award (1973).

Dr. Seamans is a member of the following clubs: Chevy Chase, Cosmos, Federal City of Washington, D.C.; Manchester Yacht, Essex County, and Harvard Club of Boston.

His hobbies are tennis, sailing, and skiing.

Dr. Seamans and his wife, the former Eugenia A. Merrill, live at 3921 Idaho Avenue, N.W., Washington, D.C. They have five children: Katherine (Mrs. Louis Padulo, Jr.); Robert C., III; Joseph; May (Mrs. Eugene Baldwin); and Daniel; and three grandchildren, Robert B. and Joseph E. Padulo, and Robert Seamans.

ADDITIONAL STATEMENTS

WINSTON CHURCHILL—THE MAN OF THE CENTURY

Mr. HARRY F. BYRD, JR. Mr. President, on November 30, the 100th anniversary of the birth of Sir Winston Churchill was observed. Many tributes were paid to the late British statesman, whom I regard as the outstanding leader of the 20th century.

Through the years, it was my good fortune to have several personal contacts with Churchill. For the occasion of the centennial of his birth, I wrote for the Associated Press an article recalling my experiences of Churchill and stating my high regard for him. It was distributed throughout the Nation on Sunday, December 1, 1974.

I ask unanimous consent that this article, "Recollections of Churchill, the Man of the Century," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RECOLLECTIONS OF CHURCHILL, THE MAN OF THE CENTURY

(By U.S. Senator HARRY F. BYRD, JR., of Virginia)

It was 100 years ago November 30 that Winston Spencer Churchill was born.

In my judgment, he was the greatest man of the 20th Century.

Who can rival him?

Josef Stalin, certainly, and Nikolai Lenin: their impact on the world was greater, but was a force for evil, for terror, for oppression.

Mao Tse-Tung, yes. He changed history for one-third of the world's population, 800 million Chinese.

Franklin D. Roosevelt, as President of the world's greatest nation, played a major role, as did a Virginian, Woodrow Wilson; in a smaller way, Charles DeGaulle has some claim.

But it was Winston Churchill—more than any single individual—who saved freedom for England and Europe. For six long years the British fought against the forces of Adolf Hitler with fierce valor and unyielding determination. The United States helped mightily, but it was Winston Churchill who rallied his own people, who gave them hope and confidence, who demanded and received from them blood, sweat and tears.

No generation not alive in 1940 when reckless, cruel, insane tyranny threatened all of Europe can quite appreciate the stout-hearted Churchill.

The might of German arms, devastating everything before it, had driven the British into the English Channel and surrender seemed only days away.

But the voice of the British Lion roared across the world, carrying hope to oppressed millions, convincing them that Britain would never forsake freedom's cause. It was fresh hope for free men everywhere, and with it, free men won freedom's greatest battle.

Had England fallen prior to the entry of the United States into the war at the end of 1941, it is doubtful that Hitler's tide could have been stemmed.

Churchill was the mainstay of Britain's courageous stand, the symbol of the struggle against tyranny throughout the world. Because of this, I believe he stands first among the leaders of this century.

My admiration for Mr. Churchill was not shared by my late mother. But I shall get to that a little later.

I first met Winston Churchill in 1929, when he was a guest in my father's home, or more accurately the Governor's Mansion in Richmond, Virginia's Capital. My father was Governor.

To a boy 14 years of age, Mr. Churchill differed from other famous guests in our home only in that he was English.

I was standing with my mother's cousin—a man little older than my mother—when Mr. Churchill descended the steps from the second floor just prior to the state dinner to be held in his honor.

Without a word of greeting, the guest from England said to my cousin, obviously mistaking him for a butler, "My man, will you get me the afternoon paper?"

The late R. Gray Williams, who turned down two opportunities for appointment to the Supreme Court of Virginia and subsequently became Rector of the University of Virginia, replied: "Sir, I would be delighted."

So Gray and I walked two blocks to the newsstand. On our return, Mr. Churchill tipped my cousin a quarter, which Mr. Williams kept to his dying day.

That was not the only trip I was to make that evening.

At dinner, Virginia ham was served and Mr. Churchill asked for mustard. My mother sent to the kitchen but there was none. (We feel Virginia ham does not need to be embellished.)

In an effort to pass it off lightly, my mother told Mr. Churchill there was no mustard in the house, but if he would like she would send to the store.

Mr. Churchill said he would like.

So I was called from my room, being too young to be at the table, and dispatched three blocks to bring back the mustard.

I thought of that incident many times when Mr. Churchill, eleven years later, became Prime Minister of England during her darkest hour. To me it dramatized his bulldog tenacity.

My mother found Mr. Churchill a difficult house guest. She didn't mind the dinner incident, but she did become quite aggravated when he insisted upon wandering around the house in his shorts.

But that was nothing compared to her reaction when Mr. Churchill began to tell her at what time to have meals, and what to serve.

When the great one left, after a week or more, my mother's first words to my father were: "Harry, never invite that man back."

The last time I saw Mr. Churchill was in 1951 at his office in the House of Commons. I was a newspaper correspondent and spent a delightful several hours with him.

For the first 40 minutes he spoke entirely of the Shenandoah Valley of Virginia—my home area—and told me more about General Stonewall Jackson's Valley campaigns during the War between the States than I had ever known.

We fell to discussing the relative merits of the British Parliamentary System and the American Constitutional System of government and I expressed the view that in some respects, the British system seemed to have much to commend it over the American.

I shall never forget Mr. Churchill's deliberate reply:

"Ah, yes, Mr. Byrd, but don't forget this:

"The basic strength of America, in my judgment, lies in the fact that the 48 states, acting through their own legislatures, can to a considerable extent determine their own local problems. You are not centralized like we are in England."

When we finished our discussions, he went with me to the Reception Room where I introduced him to Mrs. Byrd. He asked whether we had been to the House of Commons, and neither of us had.

"You must see it and know something about it," he said, "and I shall take you personally."

Thus began another fascinating hour.

Mr. Churchill related how the House of Commons had been severely damaged by German bombs during the War and that, in restoring the Chamber his colleagues wanted to make it more spacious. "I resisted," Mr. Churchill told us, "and I persevered to the end that it has been restored precisely as it existed over the centuries."

The British statesman volunteered two pieces of advice:

"If you have occasion, Mr. Byrd, to be the architect of a legislative chamber, one, make the chamber oblong; then put one party on one side and the other party on the other—and make them stay there. (He himself had changed parties twice.)

"My second suggestion is that there never be enough seats for all the members. The House of Commons has 625 members, but only 437 seats. It is important that the members crowd in, sit on the floor, sit on each other's lap. It is more democratic that way." After a pause, he added, "and it is much easier to speak to a crowded room."

Churchill served in Parliament longer than any individual in any freely elected legislative body.

He was elected to the House of Commons in 1900 and served continuously until his retirement in 1964, with the exception of one 2-year period, 1922–23. Thus, he served 62 years. Incidentally, because of that 2-year defeat, Mr. Churchill must take a back seat for continuous service to Representative and then Senator, Carl Hayden of Arizona, who served in the Congress of the United States for 56 consecutive years.

During the 1930's Churchill was virtually a lone voice in opposing the policies of the leader of his party, first Prime Minister Stanley Baldwin and then Prime Minister Neville Chamberlain.

His voice was even more lonely and even less heeded after the Munich Agreement of 1938. Signed by Hitler of Germany, Mussolini of Italy, Daladier of France, and Chamberlain of Great Britain, this pact sought to appease Hitler by giving him a piece of Czechoslovakia.

Following the signing of the Munich Agreement, Chamberlain returned to Britain as a popular hero proclaiming "peace in our time." He was applauded throughout England, indeed throughout the world.

The only opposition was that of an old bulldog named Winston Churchill.

But let us recall what follows.

Churchill thunders in the Parliament and throughout England that not only would the Munich Agreement not lead away from war, but inevitably would lead to war, because, he says, "it is fundamentally unsound and will not stand the test of time."

No one listens.

Eleven months later Hitler strikes again, sending his armies into Poland. Britain and France declare war, and World War II begins. Chamberlain resigns and the old bulldog is called upon to save his nation.

While I believe that Winston Churchill is the greatest man of the 20th Century, I believe likewise that Neville Chamberlain was just as patriotic, just as dedicated, just as desirous of doing what was best for England and Europe as was Mr. Churchill.

As I see it, it was not a question of motive. It was a question of judgment—judgment as to which policies would stand the test of time.

Perhaps there is a lesson in this for those of us in the United States: Popular programs do not necessarily stand the test of time.

PAUL B. DAGUE, FORMER U.S. REPRESENTATIVE

Mr. HUGH SCOTT. Mr. President, I was deeply saddened to learn of the passing of former U.S. Representative Paul B. Dague. We served together in the House of Representatives, and I knew him to be a man of honor and integrity.

Congressman Dague served in the House for 20 years as representative of Pennsylvania's old 9th district, which included Lancaster and Chester Counties. He knew his district well and was always conscious of the needs of his constituents.

At his retirement dinner 7 years ago, then-Represenative Gerald Ford described Congressman Dague as a "quiet, unassuming and totally humbly man."

Mr. Dague earned the respect of both his colleagues and his constituents, and he will be greatly missed by those of us who knew him.

I ask unanimous consent that the Philadelphia Inquirer article recalling his service to the people of Pennsylvania be printed in today's Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Philadelphia Inquirer, Dec. 4, 1974]

Former Representative Paul B. Dague, 76

Former U.S. Rep. Paul B. Dague, who rose from truck driver to congressman, died Monday at Downingtown Hospital. He was 76.

The Republican represented Pennsylvania's old 9th District, which included Lancaster and Chester counties, for 20 years. He was first elected to the seat in 1947.

Mr. Dague had been a patient at the hospital since Nov. 20, when he was admitted with a broken hip.

Known as a staunch conservative, he was the ranking GOP member of the House Committee on Agriculture.

At Mr. Dague's retirement dinner in 1967, Gerald Ford, then House minority leader, described his colleague as "quiet, unassuming and a totally humble man."

A native of Whitford, Chester County, Mr. Dague had lived in Downingtown for the last 33 years. He remained active in politics until his death.

"He knew this county well and he knew the people," said Theodore Rubino, chairman of the Chester County Republican Committee. "He was always available to his constituents."

Mr. Dague, a Marine Corps veteran of World War I, drove a truck for the state highway department before becoming a deputy sheriff in Chester County in 1936. He was elected sheriff in 1944, retiring two years later to run for Congress.

He was a graduate of Downingtown High School and attended West Chester State Teachers College and Drexel Institute.

Mr. Dague was a Mason and a member of the Charles F. Moran American Legion Post. At one time he was county and district Legion commander, and he was for four years the organization's state finance officer.

While in Congress, his conservatism earned him zero ratings from the liberal Americans for Democratic Action but the strong affection of his rural and heavily Republican district. He described himself as "the last of the horse-and-buggy congressmen."

He is survived by his wife, the former Mary Virginia Williams, whom he married in 1925.

Funeral services will be Thursday at 2 P. M. at Central Presbyterian Church in Downingtown. Burial will be in Northwood Cemetery.

FOREIGN INVESTMENTS IN DEFENSE FIRMS

Mr. INOUYE. Mr. President, since the beginning of the year, there has been a great deal of discussion about the possibility of large scale Arab investments in the United States. The potential for such investments is understandable. It is anticipated that the OPEC nations will have an investible surplus of approximately $60 billion in 1974. These reserves will probably accumulate rapidly for at least a decade.

It is generally acknowledged that Arab direct and portfolio investments in the industrialized nations will increase substantially. As an island of economic stability, the United States will undoubtedly prove to be an attractive source for investments. Regrettably, however, there has been a great deal of idle and misleading speculation about the use of these surplus petrofunds. Their magnitude has had a hypnotic effect on many Western politicians, economists, and journalists and has led many individuals, some with outspoken biases, to project irresponsible scenarios for Arab investments. Such hypotheses, while possible, are highly improbable, and I believe their proponents seriously misjudge the financial and political acumen of Arab and other foreign investors. There is little, if any, evidence to support the assertion that Arab investors are about to purchase control of major American corporations and utilize their assets to weaken the American economy.

It is the policy of the American Government to extend national treatment to all foreign investors. This means that with a few minor exceptions foreign investors are treated the same as domestic investors. It is a policy which I have supported in the past and which I shall continue to support in the foreseeable future in the absence of evidence to support the enactment of new restrictions.

There are a number of bills currently before the Congress which would impose arbitrary restrictions on foreign investment in the United States. A much more intelligent approach has been proposed by Senator Howard Metzenbaum, who has introduced S. 3955, the Foreign Investment Review Act, which is currently before the Subcommittee on Foreign Commerce and Tourism, of which I am chairman. His bill would require certain substantial foreign investors to disclose their holdings and the Department of Commerce to collect and publish this information. It would not impose any restrictions but the bill, if enacted, would provide the Congress and the public with a continuing flow of current information—the necessary first step in the formulation of rational public policy.

In reaffirming my commitment to a nonrestrictive foreign investment policy, I must nevertheless express strong misgivings over the recent report that Arab investors attempted to purchase a controlling interest in the Lockheed Corp., our largest defense contractor. The story, which appeared in last Sunday's Washington Post, is admittedly very sketchy. Nevertheless, even if it turns out to have been inaccurate, the article raises many important issues about foreign investment in our defense contractors and defense-related industries. This would be true regardless of whether these foreign investors were Arab or non-Arab.

The defense firms are our most sensitive businesses, because their well-being relates directly to our national security. Clearly this is precisely the problem to which Arthur Burns, Chairman of the Federal Reserve Board, alluded, when he recently told the Joint Economic Committee that foreign investment "in some of our strategic enterprises or industries would concern me."

I have today written a letter to the Secretary of Defense James Schlesinger to request a clarification of the Lockheed report and of the Department of Defense's policies with respect to foreign investment in American firms with a significant involvement in defense work. I shall make available to my colleagues the Department's response when it is provided.

I ask unanimous consent that the Post article and my letter to Secretary Schlesinger be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Arabs Fail in Lockheed Takeover Bid

(By Jim Hoagland)

Beirut, November 30.—Lockheed Aircraft Corp. has rejected an Arab bid to invest $100 million in the troubled company, America's largest defense contractor.

According to Arab financiers, this move, plus newly expressed U.S. reservations about foreign investment in key American industries, has chilled Arab enthusiasm for putting surplus oil revenue into U.S. business.

The attempt to purchase controlling interest of Lockheed, which was made last spring and disclosed here yesterday, was considered a test of U.S. willingness to allow major foreign investment, Arab sources said.

U.S. officials, however, say they are surprised that Arab financiers would expect that a leading defense industry of any major power would be available for significant foreign investment.

(Lockheed officials acknowledged in Washington that an investment offer was made by Arab financiers but they said it was not pursued. Lockheed and U.S. officials said the government played no role in the matter.)

Disclosure of the Lockheed bid came in the same week that Federal Reserve Board Chairman Arthur Burns told a Congressional Joint Economic subcommittee that while it would be all right for oil producers to invest in companies like Quaker Oats, foreign investment "in some of our strategic enterprises or industries would concern me."

Arab financial experts said the "Quaker Oats" approach is certain to discourage prospective Arab investors at a time when the West is trying to convince the oil producers to recycle excess revenues through loans and investments that will help oil consuming nations ease balance of payments deficits caused by higher oil prices.

Burns urged the Congressional subcommittee on Wednesday to begin immediate hearings on legislation that would limit direct investment by members of the Organization of Petroleum Exporting Countries in large corporations in the United States.

But Arab investors, troubled by the downturn in the American economy, are already showing a wariness of their own about investing in the United States. Arab investors who had put together $1 billion to buy into an important American bank called off the deal recently after the collapse of the Franklin National Bank in New York.

Arab investors cite the previously confidential Lockheed rejection as an indication that the United States wants Arab investment only on American terms.

Confirmation of reports of an Arab offer to buy controlling interest in Lockheed came from Roger Tamraz, a Harvard-educated Lebanese investment banker who heads the First Arabian Corp. here.

Tamraz, who, in the past, has handled U.S. aircraft sales to the Middle East and arranged financing for Egypt's planned pipeline connecting the Gulf of Suez and the Mediterranean Sea, left Kidder Peabody & Co., the New York investment firm, early this year to form the First Arabian Corp., which has substantial Arab oil backing.

Tamraz said he made the $100 million offer last spring on behalf of a group of Arab investors from Persian Gulf oil-producing states "as a test case, that would show Arab money coming into the U.S. in a responsible fashion."

The intention of the bid, beyond providing a good investment for the Arab businessmen, was to engage Arab capital in helping to bail out an important but failing American company, according to sources familiar with Tamraz's offer.

"This deal was intended to break the dam, to get Arab funds flowing to the U.S. in ways that visibly help both sides," said one Arab source involved. "The dam is still up and not because of the Arabs."

Tamraz reportedly offered a pledge that the Arab investors would in no way obstruct decisions by Lockheed's board of directors and would give Lockheed equal say in choosing the board members to be drawn from the Arab side.

Lockheed initially indicated it would accept the $100 million offer for about 41 per cent of its common stock, these sources said. But then the Arab firm was told without a clear explanation that the deal had been turned down.

Some of the investors, who apparently include important Saudi Arabian businessmen, suspect that the U.S. government informally vetoed the bid for an interest in America's largest defense firm, though they acknowledge they have no evidence that the government was involved.

Lockheed received a controversial $250 million U.S. government loan guarantee in 1971 to prevent its bankruptcy because of delays in its L–1011 TriStar jumbo jet program and other business setbacks.

Last March, Lockheed increased its line of credit with its 24-bank lending group from $60 million to $725 million after new cash flow problems developed.

Under an agreement negotiated last June and approved by the Federal Emergency Loan Guarantee Board, which oversees Lockheed activities under terms of the U.S. loan, Textron, a multi-product conglomerate, is preparing to rescue Lockheed by buying controlling interest at terms quite similar to those reportedly contained in the Arab offer—47 per cent of the common stock for $100 million.

(The following was reported from Washington by Washington Post staff writer Richard Homan.)

Lockheed officials said this week that the company had been approached last spring with an offer from Arab financiers.

Robert W. Haack, chairman of Lockheed's merger committee, which was set up to negotiate a financial rescue and handled the arrangements with Textron, said, "A number of people contacted me in my capacity as chairman to find out if any Middle East money might be invested in Lockheed—not necessarily on an equity basis but on a debt basis.

"Because of Lockheed's longstanding relationship in the Middle East, financing from that area was discussed. In any event, the Lockheed board never approved or disapproved any concrete proposals and it therefore never went to [the government]."

Treasury Secretary William E. Simon, who is also chairman of the Emergency Loan Guarantee Board, and Jack F. Bennett, undersecretary for monetary affairs, both said they knew nothing about the Arab offer or about any U.S. involvement in the decision.

Other sources noted that, at the time the Arab offer was made, Saudi Arabia was negotiating with Lockheed for the purchase of L–1011 aircraft and Lockheed, in order not to harm these negotiations, may have adopted a friendly attitude toward the $100 million investment proposal.

Negotiations with Textron were in their final stages when the Arab offer was being made, sources said, and Lockheed's preference for the Textron arrangement could account for its dropping talks with the Arabs.

Haack, according to sources, did not deal directly with Tamraz but informed the Lockheed board of directors about the offer and received no authorization to pursue it.

U.S. SENATE,
Washington, D.C., December 5, 1974.

Hon. JAMES SCHLESINGER,
Secretary of Defense,
Department of Defense,
Washington, D.C.

DEAR MR. SECRETARY: On Sunday, December, 1st, the Washington Post carried a story on a proposed attempt by foreign investors to purchase a substantial block of common stock in the Lockheed Corporation. The proposed purchase would have been of such a magnitude as to constitute a controlling interest in that firm.

According to one version reported in the Post, the initial offer was accepted and then subsequently rejected. It was further reported that the foreign investors suspected that the United States Government vetoed the bid although there was no evidence to support such a suspicion.

Without prejudging the accuracy of the article, I have developed some misgivings over foreign investments in American firms involved in national security activities and the Administration's policies wth respect to such investments—or proposed investments. Our policy has been to permit foreign investment in the United States with the exception of a few areas traditionally reserved for domestic control and investment and to extend to such foreign investment—once made—"national treatment". I have supported and still support that policy. I believe in the need to maintain an open world economy. Enactment of unnecessary restrictions would seriously undermine free trade and the free flow of capital.

Nevertheless, I believe that it would be advisable if the policy with respect to foreign investment in American companies with a large or important stake in defense work were clarified. Therefore, I would appreciate your response to several questions which I have prepared about the news story and about the Defense Department's policy in general.

1. Is the Department of Defense able to confirm the report that an offer for a controlling interest in Lockheed was in fact made by Arab investors?

2. Is the Department able to confirm the claim that Lockheed rejected the offer in the manner described in the POST article?

3. If such an offer was made, was the Department advised of it? At what point in the negotiations was the Department told of the offer and rejection?

4. Is the Department aware of any companies engaged in significant defense activities in which foreign investors have a controlling interest (10 per cent or more of the voting stock)? If the answer is yes, please list them. (The term "significant" is intended to mean significant in volume or in importance because of the type of product, process, data, or service provided).

5. Does the Department of Defense know of any other bids for control (as defined above) of any such firms described above?

6. If such offers for control are made, does the Department require this information to be forwarded to the Department? If not, why not? If yes, at what point during the negotiation would this information have to be provided to the Department?

7. Please list existing reporting requirements—laws, rules, regulations or other procedures—maintained by the Department as to the identity, location, and nationality of the foreign investors and the nature of the investment in companies engaged in significant defense work. In replying to this question, please cite the precise legal basis for the requirements.

8. Please list all enforcement powers which exist to ensure compliance with the Department's data collection.

9. To your knowledge, have the disclosure and reporting requirements been effective or ineffective? Have the enforcement powers to require disclosure ever been used, and if so, in your opinion have they been sufficient to secure the necessary disclosure?

10. To what extent has the information collected been made available to the public and to the Congress?

11. Are there any gaps in the scope or coverage of reporting and disclosure? If so, in your opinion, what are they?

12. Are there any factors such as foreign laws, use of foreign or domestic nominees, etc. which make it difficult or impossible to obtain information as to the identity, location, and nationality of the investors and the nature of the investment?

13. In your view, is any additional legislative authority needed to improve the data collection and disclosure program administered by the Department of Defense? If the answer is yes, please list your suggestions.

14. Can any changes or improvements be made administratively without further legislation? If so, please list your suggestions.

15. Please list any laws which restrict or otherwise limit foreign investment in businesses engaged in defense work or in defense-related industries.

16. Has the Department of Defense encountered any special problems with foreign government investors or foreign government-controlled investors?

Your cooperation in responding to this inquiry is greatly appreciated.

Sincerely yours,

DANIEL K. INOUYE,
Chairman, Foreign Commerce and Tourism Subcommittee.

INDEPENDENT SCIENTISTS CRITICIZE AEC SAFETY REPORT

Mr. GRAVEL. Mr. President, the AEC's 14-volume Rasmussen report, alleging that there is no chance of truly catastrophic nuclear accidents like the ones postulated in an earlier AEC report, has been analyzed by the Union of Concerned Scientists and the Sierra Club.

These groups say that the assumptions, methodology, and conclusions of the Rasmussen report are faulty. The text of their critique is available for $5 from the Union of Concerned Scientists, 1208 Massachusetts Avenue, Cambridge, Mass. 02138.

A summary of some of its most important points is given in an article by Paul Langer in the Boston Globe, November 24, 1974, entitled "AEC Criticized for Handling of Nuclear Safety Report." Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AEC CRITICIZED FOR HANDLING OF NUCLEAR SAFETY REPORT

(By Paul Langner)

Three months after the Atomic Energy Commission released its Rasmussen report that was supposed to ease public fear about nuclear power plant safety, two groups of critics have issued their own report attacking methods used in the AEC study and questioning the conclusions.

In a joint press conference in Washington yesterday, the Sierra Club and the Cambridge-based Union of Concerned Scientists (UCS) said the AEC's claim that nuclear power plant accidents present a negligible public risk is false.

The AEC study, the critics said, has "serious limitations and cannot be used to sweep away doubts about reactor safety."

Dr. Henry W. Kendall of USC and one of two authors of a report attacking the Rasmussen study, said he was troubled by the AEC claim that serious accidents would happen open once in a billion years of reactor operation when "there have been near misses already."

The Rasmussen report, titled "An Assessment of Accident Risks in US Commercial Nuclear Power Plants," and referred to variously as WASH-1400, or RSS (for Reactor Safety Study) was compiled over a two-year period by a staff of 60 under the direction of Prof. Norman C. Rasmussen, nuclear engineering professor at MIT. It cost $3 million and ran to 3300 pages in 14 volumes, including appendices.

The critics' report released yesterday was compiled over three months by Dr. Kendall, a nuclear physicist at MIT, and by Sidney Moglewer, an aerospace engineer at McDonnell-Douglas Corp., with the help of eight contributors, among them Prof. David R. Inglis, a theoretical phycist at UMass Amherst.

The Rasmussen report may be purchased for $182.10. The Sierra Club-UCS critique costs $5.

Dr. Rasmussen was unavailable for comment. He is traveling in Sweden where, Dr. Kendall said, he is "telling the Swedes how safe reactors are."

The Sierra Club and the scientists said the AEC study was based on "speculative and unverified computer prediction that relies on a wide range of poorly founded and inconsistent assumptions."

Evaluating the methods used by the Rasmussen team, the critics said they found estimates of deaths and injuries from a catastrophic accident should have been 15.6 times higher than given.

The Rasmussen study estimated 2300 deaths, for example, but critics say it would be more like 36,800. This figure is close to that given by an earlier report, done by the AEC in 1965 by the Brookhaven National Laboratory, which estimated that about 40,000 would die if the worst of all possible accidents happened.

One criticism charges that the Rasmussen report assumed that the people in the vicinity of a broken reactor could be evacuated swiftly or could get behind sheltering walls to be shielded from radiation.

Evacuation, according to civil defense experts cited, would be difficult and disorderly in congested urban areas.

The critics also charge that the AEC used safety analysis methods developed in the space program which, they say, have been discredited.

These methods, they charge, had predicted that there would be only one failure per 10,000 missions for one of the Apollo rocket engines. Actually, the reliability achieved was no better than one failure in 100 missions.

The critics also attack the Rasmussen study's claim that their method, the so-called event-tree/fault-tree analysis, can account for all, or nearly all, possible events. Yet in the Apollo program, a human error in preparing equipment for the Apollo 13 mission caused an explosion in a liquid oxygen tank, the group said. The mission was aborted and the three astronauts barely escaped with their lives.

Also under attack is the AEC's claim that all important nuclear power plant design errors have been identified. The critics maintain that design errors are frequently discovered in operating plants.

Among the near misses was one in October, 1966 when the Fermi plant near Detroit suffered a core meltdown because a piece of metal drifted loose and blocked a coolant pipe. The reactor is still shut down because the material inside is too radioactive to handle.

Dr. Inglis, who contributed to the Sierra Club-UCS study, told an energy conference in Worcester last month that he had used the Rasmussen methodology to see what the chances were that a chain of seven safety circuits, each with two backup circuits, would fail simultaneously.

The odds against the 21 circuits breaking down at the same time, he said, came out to be one in a billion trillion, or 23 places to the right of the decimal point. Yet precisely such a failure occurred in a Virginia nuclear plant.

Charging that the AEC's study was "deeply flawed," the critics said they were questioning "the prudence of further nuclear power plant construction."

Dr. Kendall, at a news conference two weeks ago, said "American reactors are the worst in the world." The designs suggested to replace them are the Canadian heavy water reactor and the High Temperature Gas-Cooled Reactor, a demonstration model of which is now running in Fort St. Vrain, Colo.

Sen. Mike Gravel (D-Alaska), also a critic of nuclear power, read into the Congressional Record of Oct. 1 the statement that "there is no evidence yet that anyone believes the nuclear safety claims in the AEC's $3 million Rasmussen report . . ."

Actually, the AEC and the reactor manufacturers have hailed the report as the definitive answer to the critics.

Sen. Gravel also read into the record the fact that Dr. Carl Hocevar, a safety expert, had resigned from Aerojet Nuclear Corp. of Idaho, an AEC contractor, because he said he felt the AEC was misleading the public on safety matters.

He sent a letter to AEC Chairman Dr. Dixy Lee Ray outlining his reasons. Dr. Herbert Kouts, the AEC safety director, answering on behalf of Dr. Ray, told Hocevar that his criticism was unfounded and based on outdated approaches that have been revised.

Dr. Hovecar now works for the Union of Concerned Scientists.

Mr. GRAVEL. Mr. President, in addition, I ask unanimous consent that an issue brief by Dr. Warren Donnelly and Barbara Rather of the Congressional Research Service, entitled "Nuclear Power Plants: Accident Risks—The Rasmussen Report" dated November 4, 1974, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

(*Date originated Sept. 16, 1974; Date updated Nov. 4, 1974*)

[From the Library of Congress, Congressional Research Service Major Issues System]

NUCLEAR POWER PLANTS: ACCIDENT RISKS "THE RASMUSSEN REPORT"—ISSUE BRIEF NUMBER IB 74113

(Author: Donnelly, Warren H., Environmental Policy Division; Rather, Barbara L., Environmental Policy Division)

ISSUE DEFINITION

Nuclear power is a potentially dangerous technology regulated by the Atomic Energy Commission. Critics warn that an accident could release radioactive materials causing catastrophic injury, loss of life, and contamination of land and property. The AEC (soon to be a principal part of the Energy Research and Development Administration) asserts the probabilities of such catastrophes are so remote as to be outweighed by the benefits of nuclear power. The AEC recently released a draft report by Professor Rasmussen of MIT on the public risks from potential accidents in commercial nuclear power plants.

The controversy over safety is likely to continue in this and the next Congress, with emphasis on the adequacy and implications of the Rasmussen report and needed changes in legislation for nuclear safety.

BACKGROUND AND POLICY ANALYSIS

Nuclear power is expected to supply an increasing part of the nation's future energy input. By the year 2000, the AEC estimates that the national electric generating capacity will be about 2000 plants generating one thousand megawatts each, of which nuclear power may account for slightly more than half. The Nuclear Task Force of the Federal Energy Administration anticipates that nuclear power generating capacity will rise from between 47 to 52 thousand megawatts in 1975 to from 500–730 thousand megawatts by 1990. Since 1,000 megawatts is a common size for nuclear power plants, the FEA estimate indicates from 500 to 730 large nuclear power plants in operation within 16 years.

Nuclear safety critics of nuclear energy are questioning the safety of nuclear power plants, and warn of the probability of an accident with catastrophic consequences. Such questions led to the AEC's generic hearings on the emergency core cooling systems used by light water reactors, which are the type in common commercial use in the United States. These hearings lasted from January 1972 to July 1973. Their purpose was to determine the adequacy of AEC safety requirements for licensing nuclear power plants. As a result of these hearings, the AEC, in August 1972, embarked upon a major study, the Reactor Safety Study, headed by Professor Norman C. Rasmussen of MIT.

The Rasmussen report

The purpose of the study was to estimate the public risks that could be involved in potential accidents in commercial nuclear power plants of the type now in use, and to compare these risks with nonnuclear risks to which society is already exposed.

The study was conducted at AEC headquarters by scientists and engineers drawn from many organizations including the AEC, its national laboratories, private laboratories, and universities. The study took two years to complete, involved 50 man-years of effort and cost $3 million.

On Aug. 20, 1974, the AEC released the Rasmussen report in draft for comment (sending copies to many organizations and individuals for their comments), which will be received until Nov. 1, 1974. Publication of the final version is planned for early 1975.

The principal objective of the study was to try to reach some meaningful conclusions about the risks of nuclear accidents using current technology.

The summary of the draft report presents the basic conclusion that the risks to the public from potential accidents in nuclear power plants are very small. More specifically, the study found that:

The consequences of potential reactor accidents are no larger, and in most cases, are much smaller than people have been led to believe by previous studies . . .

The likelihood of reactor accidents is much smaller than many nonnuclear accidents having similar consequences.

Nonnuclear accidents, including fires, explosions, toxic chemical releases, dam failures, airplane crashes, earthquakes, hurricanes, and tornadoes, are much more likely to occur and can have consequences comparable or larger than nuclear accidents.

Nonnuclear accidents to which society is already exposed are about 10,000 times more likely to produce larger numbers of injuries to people than nuclear plants.

Nuclear plants are about 100 to 1,000 times less likely to have costly large dollar value accidents than other sources.

Some reactions to the Rasmussen report

Well before publication of the draft report, William Bryan, an aerospace engineer, criticized the Rasmussen study as an exercise in futility and as using analytical methods that had long since been discarded by the aerospace industry. Subsequently, Senator Gravel placed in the Congressional Record of July 25, 1974, at page 25337, testimony of Mr. Bryan before the California State Assembly's Committee on Planning and Energy, which expanded this criticism. Also in July 1974, Nucleonics Week quoted nuclear critics Harold Green and Anthony Roisman as agreeing that the results of the Rasmussen study, when published in full, would do more to promote controversy about nuclear power than to settle it. Green was reportedly skeptical about attempts to quantify nuclear risks.

The New York Times on Aug. 21, 1974, re*ported* that Ralph Nader, who has become a critic of nuclear power, expressed skepticism about the study's findings and doubted that the statistical analysis was either valid or possible. He said the study will be subjected to a thorough review by experts under the direction of Dr. Henry Kendall, professor of physics at MIT. The National Observer on Aug. 31, 1974, reported that critics of the report contend it merely proves what its sponsors intended. It quotes Professor Kendall as saying: "The AEC is now 25 years into the atomic power program, and after several years of substantial criticism about safety of its design and management, they're now trying to justify their performance after the fact. . . . An industry with a $10 billion a year budget, which has more than $200 billion invested, can certainly afford to sink $3 milliion into a study that 'proves' these power plants are safe." Also, according to the National Observer, Mr. Nader described the report as "fiction."

The Price-Anderson Bill

The Rasmussen report has been woven into the pending legislation to revise and amend the Price-Anderson Indemnity Provisions of the Atomic Energy Act of 1954. The Conference report on H.R. 15323, Aug. 20, 1974, notes that the House bill specifies that the study must be completed before the bill's provisions go into effect. A Senate amendment also would enable Congress to prevent the effectuation of this Act by a concurrent resolution passed within 30 days after submission by the Joint Committee on Atomic Energy of its evaluation of the report.

Issues for legislative attention

Since the AEC views the Rasmussen report as upholding its assessment of the safety of nuclear power plants, several issues of likely interest to Congress can be anticipated and are listed.

(1) *Limited Scope of the Report.* The Rasmussen report examines risks from light water reactors only. It does not include those from other kinds of reactors, the reprocessing of nuclear fuel, or the transportation and storage of intensely radioactive wastes. Whether and when the AEC plans similar examinations of these sources of risk is an open item. It should be noted that other AEC reports, particularly environmental impact statements and safety analysis, provide some examination of some of these other risks, but not by using the analytical approach of the Rasmussen report.

(2) *Review of the Report.* The draft has been sent to many experts and to government agencies for comment. What comments and criticisms are made and how the AEC responds to them will be of interest to Congress. Some proposals may be made for separate review for Congress, perhaps by the Office of Technology Assessment, or some other body that is reasonably neutral in the controversy over nuclear safety.

(3) *Review of Analytical Methods.* Because the results of the study depend heavily upon analytical methods adopted from the Department of Defense and NASA, Congress may pay special attention to comments on the Report from these two agencies and from the Environmental Protection Agency, and the American Physics Society as to how these methods were applied.

(4) *Public Determination of Acceptable Risk.* As the report notes, it does not address what level of risk from nuclear accidents should be accepted by society. This, and the associated question of deciding upon acceptable risks from other potentially dangerous technologies remain open items, as do arrangements for public participation in such decisions.

(5) *Safety and Sabotage.* The report infers that consequences of acts of sabotage against light water reactors would be of the same kind as produced by various kinds of accidents. It goes no further because the probabilities of sabotage are not so predictable as are other causes of accidents. Since the possibility of sabotage presumably depends upon international or social tensions existing at any time, it seems unlikely that specific numerical probabilities for sabotage attempts can be projected.

While it seems likely that the report will be criticized by some for not giving more attention to releases caused by sabotage, a detailed discussion in public record of how sabotage might be done may not be in the public interest.

(6) *Evacuation.* The comparatively low figure for casualties given in the report assumes evacuation of the public near a nuclear power plant. However, the Federal and State governments have given comparatively little attention to organization and planning for such evacuation. The evacuation assumption may make evacuation the subject of Congressional attention.

(7) *Comparison With Other Reports.* The Rasmussen report probably will be compared with the earlier report, WASH–740, particularly with respect to the substantial decrease in projected casualties from a major accidental release. The bases for these differences and their validity are likely to attract attention.

The Energy Reorganization Act. On Oct. 11, 1974, President Ford signed the Energy Reorganization Act of 1974 (P.L. 93–438), which abolished the AEC and divided its functions between a new Energy Research and Development Administration (ERDA) and a new Nuclear Regulatory Commission (NRC). Presumably, the NRC will make revisions for the final version of the Rasmussen report; but, this is not yet certain.

LEGISLATION

H.R. 15323, sec. 12 (Senators Nelson and Mondale)

An amendment by Senators Nelson and Mondale to change Section 12 of H.R. 15323—revising and amending the Price-Anderson indemnity provisions of the Atomic Energy Act of 1954, as amended stipulating that:

"The provisions of this bill shall become effective thirty (30) days after the date on which the Joint Committee on Atomic Energy submits to the Congress an evaluation of the Reactor Study, WASH 1400, except that it shall not become effective if within the thirty (30) day period after the Joint Committee submits its evaluation, the Congress adopts a concurrent resolution disapproving such report."

This provision remained in the legislation that was sent to President Ford for approval, and was identified by him as the reason for his veto of Oct. 15, 1974.

H.R. 16582 (Waldie)

A bill to terminate the granting of construction licenses of nuclear fission power plants in the United States pending action by the Congress following a comprehensive five-year study of the nuclear fuel cycle, with particular reference to its safety and envionmental hazards, to be conducted by the Office of Technological Assessment.

HEARINGS

U.S. Congress. Joint Committee on Atomic Energy. H.R. 15323, including S. 3254 and H.R. 14408. To revise and amend the Price-Anderson indemnity provisions of the Atomic Energy Act. Hearings, 93d Congress, 2d session. Jan. 31, 1974; May 9–10, 13–16, 1974. (To be published)

——— The Atomic Energy Commission's nuclear reactor safety program. Hearings, 93d Congress, 1st and 2d session. Jan. 23, 1974; Sept. 25–27, 1873; Jan. 22–24, 1974. (To be published)

REPORTS AND CONGRESSIONAL DOCUMENTS

Gravel, Mike. Shocking testimony challenges the AEC "Rasmussen Report." Extension of remarks. Congressional record [daily ed.] v. 120, July 25, 1974: E5012-5024.

Price, Melvin. Dr. Norman Rasmussen testifies in support of Price-Anderson Act. Remarks in the House. Congressional record [daily ed.] v. 120, July 9, 1974: H6290–6292.

Humphrey, Hubert. Extension of Price-Anderson should await reactor safety study conclusions. Remarks in Senate. Congressional record [daily ed.] v. 120, June 11, 1974: S10276–10277.

CHRONOLOGY OF EVENTS

November 1, 1974—Final date for submission of comments on the draft report.

October 15, 1974—President Ford vetos the extension of the Price-Anderson Act, because of a provision on the "Rasmussen" report.

October 11, 1974—President Ford signs the Energy Reorganization Act, P.L. 93–438.

August 23, 1974—The AEC announced that in view of the Rasmussen report, changes in existing safety and environmental regulations would be premature until critical comment has been received and analyzed, and the final study completed and evaluated.

August 20, 1974—The Draft of the Rasmussen Report is released to the public.

August 8, 1974—The Senate passed the House bill, H.R. 15323, to extend the Price-Anderson Act with the amendment that, "The provisions of this bill shall become effective thirty days after the date on which the Joint Committee on Atomic Energy submits to the Congress an evaluation of the Reactor Study, . . . WASH 1400, except that it shall not become effective if within the thirty day period after the Joint Committee submits its evaluation, the Congress adopts a concurrent resolution disapproving such report."

June 10, 1974—A letter written by 20 Senators asked the Joint Committee on Atomic Energy to postpone consideration of the extension of the Price-Anderson Act until the release of the draft Rasmussen report.

May 16, 1974—Statement of N. C. Rasmussen before the Joint Committee on Atomic Energy hearings on the Price-Anderson Act extension (nuclear power plant indemnification). He reviewed the nature of the risk to the public from power reactors, factors affecting the magnitude of the consequences of accidents, and the total risks to society. Rasmussen stated that, "the most likely consequence of a core melt accident, which itself is unlikely, would be quite modest."

February 1, 1974—Testimony of Dr. William Bryan of the University of California at Davis, before the California State Assembly's Committee on Planning and Energy criticized the fault tree analysis techniques used in the Rasmussen report as being inaccurate and outdated.

January 22, 1974—In testimony before the

Joint Committee on Atomic Energy's hearings on Nuclear Reactor Safety, AEC chairman Dixy Lee Ray "leaked" a few results of the Rasmussen study including the statement that a loss of coolant accident followed by a failure of the Energy Core Cooling has a probability of 1 in 10 million.

September 25, 1973—Dr. Rasmussen testified before the Joint Committee of Atomic Energy's hearings on the Atomic Energy Commission nuclear reactor safety program.

August 1972—AEC embarked upon Reactor Safety Study under the direction of Dr. Norman Rasmussen.

January 27, 1972—AEC Rulemaking Hearing on Interim Acceptance Criteria for Emergency Core Cooling Systems began. The hearing was held to determine the adequacy of Interim Acceptance Criteria for Emergency Core Cooling Systems adopted in June 1971 for the licensing of reactors. The hearings highlighted the lack of quantitative studies of reactor safety. Its last session was July 25, 1973.

ADDITIONAL REFERENCE SOURCES

AEC releases Rasmussen study draft: the conservative side of realism. Nucleonics week, v. 15, Aug. 22, 1974: 2–3.

Atomic Industrial Forum. Reactor Safety study: AIF summary and preliminary observations. New York, Atomic Industrial Forum (August 1974). 6 p.

Cottrell, William B. The ECCS rule-making hearing. Nuclear safety, v. 15, Jan. 1974.

Gillette, Robert. Nuclear safety: calculating the odds of disaster. Science, v. 185, Sept. 6, 1974: 838–839.

Lyons, Richard D. A.E.C. study finds hazards of reactors very slight. New York Times, Aug. 21, 1974: 14.

Rasmussen, Norman C. The approach of the United States Atomic Energy Commission study to the public risks of power reactors. New York, Atomic Industrial Forum (May 1974). 11 p.

Rasmussen report: defining the unthinkable. Weekly energy report, v. 2, Aug. 26, 1974: 3–5.

U.S. Atomic Energy Commission. Draft reactor safety study: an assessment of accident risks in U.S. commercial nuclear power plants. Washington, D.C. U.S. Atomic Energy Commission. Aug. 20, 1974. 14 vols. (Report no. WASH 1400)

PARTICIPATION IN EDUCATIONAL EXCHANGE PROGRAM

Mr. GOLDWATER. Mr. President, in accordance with the procedure announced by the Senate leadership on July 16, 1974, I am inserting notice in the Congressional Record of the participation by Mr. J. Terry Emerson of my staff in an educational exchange program between the United States and the Federal Republic of Germany. Mr. Emerson is among a group of congressional assistants who were invited for a study tour of Germany from December 8 to 20 on "The Legislative and Executive" in the Federal Republic of Germany.

The invitation which Mr. Emerson received stated that this study tour has been organized to—

> Contribute not only to a better mutual understanding of contemporary problems of the legislative and executive branches of government in both countries, but also serve to strengthen the already close relations between Congress and the German Bundestag.

Mr. President, this is a commendable purpose and meets the criteria for such programs set forth by the distinguished majority leader, Mr. Mansfield, and the distinguished minority leader, Mr. Hugh Scott, in their joint statement of July 16 about proper exchange programs. According to the leadership announcement, such a program is proper if it serves to promote better understanding and to improve relationships between ourselves and friendly foreign governments and is operated on a reciprocal basis with U.S.-sponsored programs.

The program offered by the Federal Republic of Germany not only meets these criteria, but I believe it satisfies another standard suggested by the leadership in that this educational program will serve to enhance the capacity of Mr. Emerson to perform his duties as a member of my staff.

Mr. President, I would mention that Mr. Emerson is my legal adviser and legislative assistant, and in this capacity has assisted me with considerable research in the fields of foreign affairs and the Constitution and of international law. Also, Mr. Emerson was closely engaged in the work of the Senate in the field of foreign relations during some 8 years as an assistant legislative counsel to the Senate previous to his service on my staff. Accordingly, I believe his participation in the educational program is directly related to the kind of duties he is performing, and has performed in the Senate, and is in the interest of the Senate and the people we all serve.

THE DEMOCRATIC POLITICAL CONVENTION

Mr. BENTSEN. Mr. President, the Democrats have just returned from Kansas City, Mo., and the first midterm political convention in this Nation's history. A charter was adopted and the convention ended in unity which, in itself, is no small achievement. And while political pundits will analyze and dissect the actions for months to come, there is one thing on which there was unanimous agreement, and that was the outstanding hospitality of the Missouri delegation and the city officials, police, and people of Kansas City.

In short, it was marvelous. My esteemed colleague, Senator Symington, who chaired the Missouri delegation; Mayor Wheeler, Mrs. Orchid Jordan of the site committee, my friend, Senator Eagleton, indeed, the entire host group received superb marks.

Mr. President, the "Show Me State" showed me, and the entire convention, the way to host a convention. I want my personal gratitude to be a matter of record.

TRIBUTE TO NINE HUD EMPLOYEES

Mr. TAFT. Mr. President, I rise today to pay tribute to nine federal employees who lost their lives in the disastrous crash of a TWA jetliner last week.

These nine men and women were all HUD employees in the Columbus, Ohio, office, en route to Washington for a week of specialized training at the HUD-East Training Center.

These sudden and untimely deaths—shocking to the families, friends, and colleagues of the deceased—have saddened us all.

My office has worked closely with the Columbus HUD office, and I am greatly impressed with the thoroughness and dedication these people brought to their work. It was this staff which worked long and hard hours to help relieve the misery and loss of the people of Xenia when that city was devastated by a tornado.

Today at 2 p.m. a memorial service will be conducted at Trinity Church in Columbus. Attending that service will be Secretary of Housing and Urban Development, James Lynn, members of his staff, and my personal representative. I join them in offering my sincere condolences to the families and friends of these victims, who lost their lives while on official Government service.

Mr. President, I ask my colleagues to join me in paying tribute to:

Kathleen Farrell, May Beth Graves, Marlene Jackson, Mattie Jones, Annie Killingsworth, Fred Lorena, Raymond Meehan, Rita Shelton, and Betty Whitehead. We extend deepest sympathy to their families.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, one argument advanced by opponents of the Genocide Convention is that the phrase "in whole or in part" contained in article II of the convention might be construed to make the killing of one or several members of an identifiable group an act of genocide.

This is simply not true. That this construction of article II is incorrect can easily be demonstrated through an examination of the legislative and diplomatic history of this convention. A leading authority on the convention, Dr. Nehemia Robinson, in a book titled "The Genocide Convention," assures us that the words "in part" were added as a safeguard against the argument that if the entire group were not destroyed, there could be no genocide. For example, if the words "in part" were deleted from article II, the barbaric and systematic extermination of Jews by the Nazi regime could not be considered genocide, simply because not all Jews were killed.

It is also important to examine the context in which the Genocide Convention refers to the destruction of a group "in whole or in part." The key to that understanding is the necessity of "intent to commit genocide." Random, senseless killings—though clearly punishable under national law—could not be considered genocide unless intent to eliminate the national, ethnic, racial, or religious group could be demonstrated.

This conclusion is succinctly stated by an expert on international law, Dr. Richard Gardner, professor of law and international law at Columbia University. In testimony before a subcommittee of the Committee on Foreign Relations here in the Senate 4 years ago, Mr. Gardner concluded:

> The convention in Article II requires an intent to destroy the group, as such, and if that is not present, the killing of isolated individuals cannot conceivably be regarded as genocide within the meaning of the Convention.

FINNISH INDEPENDENCE

Mr. GRIFFIN. Mr. President, Finland is now celebrating the 57th anniversary of its independence.

The Finnish people have suffered much for freedom's sake. It took years of courageous sacrifice to win their independence in 1917 and to preserve it in the trying years that followed.

During those years, their national strength was sapped by a bitter, divisive civil war, and twice they were forced to fight for their freedom against a much larger and more powerful adversary.

Yet despite these formidable odds, Finland triumphed. It triumphed because its people exhibited a toughness and a will to win that made them unbeatable.

I believe that we in America today can learn much from the experience of these brave people.

Like Finland, during its struggle for independence, America today faces a difficult period of national crisis and challenge. The adds against us are formidable—inflation, recession, energy and food shortages, and the danger of a Middle East war that threatens global annihilation.

Yet these challenges are not insurmountable if we believe in ourselves and if we have the will to overcome them.

There is an inscription on a Finnish monument that reads:

> A strong will takes a man through gray granite stone.

I believe the same can be said for a nation; and I believe that America, like Finland, does indeed possess a strong national will.

Let us use the opportunity of this anniversary of Finnish independence to remember the example of this brave country—to be grateful for the many fine people of Finnish descent who have made America their new homeland—and to take heart in the knowledge that with enough courage, enough sacrifice and enough faith, both America and Finland will continue to be fine examples to the world of what it takes to preserve freedom.

PROGRESS TOWARD EARTHQUAKE PREDICTION

Mr. CRANSTON. Mr. President, the ever-present threat of major, damaging earthquakes remains a subject of deep concern for many earth scientists and engineers as well as public officials responsible for emergency preparedness and land use planning. In California, most of the State's residents live in areas classified as those subject to the most severe earthquake damage, and, indeed, California is often referred to as "earthquake country." But Californians are not alone in facing the threat of earthquakes. A recent estimate of earthquake risk throughout the United States indicates that 39 of the 50 States are subject to moderate or high earthquake risk, and that 35 percent of the U.S. population resides in these high-risk zones.

Because so many States are likely to be affected by earthquakes, I want to share with my colleagues an article which appeared in the November-December issue of Foresight, a publication of the Defense Civil Preparedness Agency. This article discusses the current state-of-the-art of earthquake prediction, the problems associated with issuing future earthquake warnings, and the recently posited theory that a combination of extraterrestrial forces may trigger massive earthquakes in the next decade.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Earth Watch—Toward Earthquake Prediction

(By Russell Robinson)

On August 3, 1973, a small earthquake (magnitude 2.5) occurred near Blue Mountain Lake in the Adirondack region of northern New York State. This seemingly unimportant event was of great significance because it was *predicted*.

Seismologists at the Lamont-Doherty Geological Observatory of Columbia University accurately foretold the time, place, and magnitude of the event. Their prediction was based on certain pre-earthquake processes that are best explained by a hypothesis known as "dilatancy," a concept that has injected new life and direction into the science of earthquake prediction. Although much more research must be accomplished before we can expect to predict potentially damaging earthquakes with any degree of consistency, results such as this indicate that we are on a promising road.

FORMER RESEARCH CITED

In the past, a large portion of the research on earthquake prediction has been concerned with determining the pattern of seismicity in a given region and searching for either regularities or deviations from the pattern that might suggest a forthcoming earthquake. For example, the 1972 earthquake at Sitka, Alaska (magnitude 7.3) occurred in a seismic "gap," a relatively quiet region within a belt of known seismic activity that had previously been identified as a likely place for an earthquake to occur. However, no prediction had been made of *when* the earthquake would occur or of its magnitude.

Identifying regions where earthquakes are highly likely to occur is useful, of course, but today a larger portion of the research effort on earthquake prediction is directed towards more specific results. The underlying principle behind this research is that, in the region of an impending earthquake, the slow, steady buildup of elastic strains that precede its occurrence is accompanied by certain other phenomena. If these other phenomena do exist and can be detected, earthquake prediction might be possible. The problem has been to determine what the physical processes that accompany strain buildup are, how to detect their existence, and to explain why they precede an earthquake.

SOVIET TESTS PROVIDE IMPETUS

The search for earthquake premonitory phenomena was given new impetus with a report from the Soviet Union concerning investigations there of the variation of the velocity at which certain seismic waves travel through the earth. The Soviet results indicated that significant changes in seismic wave velocity occur within a region of an impending earthquake and that it might be possible to predict an earthquake by detecting such changes. It was just such a variation in velocity that led to the successful prediction of the earthquake in New York.

Seismologists at Stanford University explained the results reported from the Soviet Union by means of a process known as "dilatancy"—the tendency of rocks strained almost to their breaking point in the laboratory to swell or dilate as small cracks form and begin to open. This process, combined with the effects of the resulting flow of ground water into the newly formed cracks, could explain the Russian observations.

Although the theory of dilatancy is complex in detail and not yet generally accepted as the best or only explanation for such observations, it has been used to predict or explain other precursory phenomena such as variations in electrical and magnetic properties, changes in the flow of ground water, and anomalous tilts and uplifts of the earth's surface. All of these precursory effects are being investigated by the U.S. Geological Survey.

STILL MORE PROMISING RESULTS

Along active sections of the San Andreas fault in central California, a dense network of seismograph stations operated by the Geological Survey is yielding promising results. Changes in seismic wave velocity have been observed in the central California area. For example, it is now known that significant changes in velocity occurred before the magnitude 5.0 Bear Valley earthquake of 1972. Plans are under way to try to detect such changes as they occur in the hope of predicting earthquakes. The network of seismograph stations in central California is also being used to make a detailed study of the pattern of seismic activity with respect to both location and time of occurrence so as to identify "gaps" or anomalous changes in the pattern of activity.

Another promising line of research is the measurement of very small tilts of the ground surface. Significant changes in the direction of tilt apparently occur before some earthquakes. Also being investigated are changes in the magnetic field near active faults preceding earthquakes.

MANY APPROACHES TAKEN

Laboratory and theoretical studies are also being carried on by the Geological Survey. These studies include detailed investigations of the dilatancy process and the mechanics of faulting in various rock types under conditions of high temperature and pressure. Computer simulation of conditions in the earth is another approach being used to derive models of earthquake processes in the hope of learning more about the properties of the earth that control when and how slip along faults will occur.

The present research effort of the Geological Survey is directed toward the prediction of the relatively numerous small earthquakes (magnitude 3 to 4) that occur along the San Andreas fault in central California. As confidence is obtained in the techniques developed and our understanding of the earthquake process improves, more effort can be directed towards the long-term goal of predicting large, damaging earthquakes. An important question that remains, of course, is to what extent the processes preceding small earthquakes will also characterize the large earthquakes. Only time and a lot of work will tell.

Quake Quandary—How To Handle Warning?

Dr. V. E. McKelvey, Director of the U.S. Geological Survey of the Department of the Interior, believes that earthquake prediction in some areas of the United States will be possible "in the very near future." But he emphasizes that the transition to a prediction capability will not be a smooth one.

"We will have notable successes and well-publicized failures," he said. "We expect that earthquake prediction will be entirely different in nature from weather prediction. One need only note that premonitory phenomena are thought to commence about 30 years before a magnitude 8 earthquake. Whenever indications of an impending earthquake are detected, additional studies will be undertaken to refine the prediction, so any prediction would be steadily updated and re-evaluated as new data are acquired."

Dr. McKelvey said it is not easy to determine how best to use earthquake predictions. "It is conceivable that the disaster preparedness achieved over time through a combination of identification of hazardous areas, zoning ordinances, seismic safety design, and improved building codes might be so advanced that the steps required to implement a prediction might be selective and few—such as emptying a reservoir and the installation of emergency capabilities—and of such a nature that they would not disrupt community life," he said, adding that, in coordination with the U.S. Geological Survey and the Federal Disaster Assistance Administration, the National Science Foundation is funding "significant studies on the social and economic impact of earthquake predictions."

The problems of how to handle possible earthquake predictions also have been assessed by Dr. Robert M. Hamilton, Chief of the Office of Earthquake Studies of the U.S. Geological Survey.

"Those of us engaged in earthquake studies are quite concerned about the potential impact of predictions on people and their activities in a given area, and as might be expected, views are divergent," Dr. Hamilton said. "Some people even believe that earthquake prediction should not be pursued as a national goal because they feel the predictions might cause more harm than actual earthquakes. Others feel that it is worthwhile to work on earthquake prediction, but that the public predictions should not be made until a system with high reliability is established. Still others feel that predictions should be pursued with all the successes and failures laid open for public view."

Dr. Hamilton emphasized that the possible impact of an earthquake prediction warrants careful consideration. "Certainly, the particular situation and the manner in which the prediction is made will be important factors," he said. "The assumption behind the negative view of prediction is that people may panic in the face of an imminent serious threat to their lives. I think, however, that history shows that people generally behave sensibly and courageously during extreme emergencies such as hurricanes, shipwrecks, fires, or potential dam failures, provided that they are informed of the proper action to minimize the danger, even if the danger remains great."

He noted that, as in other areas of science, "the ability to predict is a good test of understanding," adding: "The ability to predict earthquakes will be a direct result of our improved understanding of the physics of the earthquake source and of related phenomena; consequently, research on earthquake prediction must be pursued on a broad basis. I am confident that by exercising caution in the use of these predictions, scientists and government officials can greatly reduce the impact of destructive earthquakes."

EIGHT YEARS TO GO?

Two astronomers predict in a new book that a rare alignment of the planets in 1982 will trigger a great earthquake along California's San Andreas fault system.

"In particular, the Los Angeles region will, we believe, be subjected to the most massive earthquake experienced by a major center of population during this century," say Drs. John R. Gribbin and Stephen H. Plagemann.

They say the San Andreas fault system, which runs from north of San Francisco down to the Gulf of California, is under great strain just waiting for something to kick off major earth movements.

That nudge, they argue in their book, The Jupiter Effect, is likely to occur in 1982 when all the planets will be lined up on the same side of the sun for the first time in 179 years. At the same time, sunspot activity is expected to reach its maximum level in an 11-year period.

The authors say the combination of tidal forces of the planets on the sun and the normal periodic increase in solar activity will generate great outbursts of solar radiation which will disrupt the earth's weather and air circulation to such an extent that the forces of atmospheric friction will disturb the earth's rotation.

"There will be many earthquakes, large and small, around susceptible regions of the globe," the authors predict. "And one region where one of the greatest fault systems lies today under a great strain, long overdue for a giant leap forward and just awaiting the necessary kick, is California."

Dr. Robert M. Hamilton, Chief of the Office of Earthquake Studies of the U.S. Geological Survey, observed that anything that could affect the rotation of the earth could have an effect on earthquakes. But he emphasized that significant changes in the earth's spin rate would be necessary to trigger quakes "and ultimately the validity of their argument hinges on that."

FOOD AID CUT WOULD HURT ELDERLY POOR

Mr. KENNEDY. Mr. President, those most in need are being forced to suffer the worst blows of inflation. Even more appalling, many of the administration tactics and proposals would hurt this same class of needy even further.

Mr. Ford's latest game plan to cut Federal spending by $4.6 billion would include a $325 million cut in the food stamp program. According to the Department of Agriculture, those most affected by this decrease in funds would be the elderly poor.

Elderly participation traditionally has been low because many cannot even afford to put up the percentage needed to purchase the stamps. The President's new cut would boost the percentage of income the recipient must pay from the current 23 percent to 30. For many older Americans living on limited fixed incomes, paying $60 a month for $82 of food stamps is impossible.

Mr. President, according to the Bureau of Labor Statistics, the cost of food has risen approximately 33 percent in the last year. As the original sponsor of the nutrition program for the elderly—title VII, Older Americans Act—and as a member of the Senate Committee on Aging, I am aware of the serious physical and emotional hardships imposed by the soaring cost of food on elderly Americans. Shoplifting, the purchasing of unsuitable substitute foods, and begging are but a few of the cruel and demoralizing practices many elderly are resorting to in order to eat something—anything—during a given day. The fact that this must go on in our Nation is horrifying.

Mr. President, the press has given very grim accounts of the effects of inflation upon our country; and some of the most dismaying accounts are those of our elderly. I ask unanimous consent that the following articles published in the New York Times, the Wall Street Journal, and the Record, Hackensack, N.J., be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, November 5, 1974]

PERSONS CONSUMING CANNED PET FOOD MAY FACE DANGER

NEW HAVEN.—Persons who eat canned pet food to save money may be exposing themselves to lead poisoning, according to Connecticut scientists.

More than 25 popular brands of canned and dry pet foods tested contained lead ranging from safe levels to four times the danger threshold for children, scientists of the Connecticut Agricultural Experiment Station, said.

Federal studies have shown that an increased number of poor people, particularly elderly ones, have turned to canned pet food for protein.

Animal livers and other organs are believed to have been the main source of the lead in both pet foods and spreads, Lester Hankins, a state biochemist, said.

Mr. Hankins, Gary Heichel, a plant physiologist, and Richard Botsford, a chemist, have outlined their findings in an article that is to appear in the Journal of the American Medical Association.

Mr. Hankins said animals probably eat lead from auto exhaust that settles on grass or grains. It then builds up in the animals organs. Twenty samples of cat and dog food purchased locally ranged in lead content from 0.9 to seven parts a million, the study showed.

"Based on daily ingestion of 170 grams (six ounces, the normal-sized dog-food can) these pet foods could contribute 0.15 to 1.19 milligrams of lead to a human diet. This range of lead ingestion is 0.5 to four times the potentially toxic dose of lead, 0.3 milligram a day, suggested for children," the report states.

A potentially toxic dose is one that could cause biological damage but wouldn't necessarily be fatal, Mr. Hankins said. Tests on liverwurst and canned sandwich spreads meant for human consumptions showed most brands were safe but a few had lead levels ranging as high as 2.9 times the danger threshold for children, the study adds.

Neither the Connecticut health nor consumer-protection departments have received reports of lead poisoning attributed to eating pet food, officials said.

But there are signs that lead poisoning has increased among dogs, according to Dr. George C. Whitney, a veterinarian in Orange. He called for a study to determine the extent of lead poisoning among pets.

The extent of pet-food consumption by humans is uncertain, but a special U.S. Senate committee reported recently that the situation had been heightened by high meat prices.

The Center for Science in the Public Interest estimated that one-third of the pet food sold in ghetto areas was eaten by humans and that the rate was even higher.

[From the New York Times, Dec. 4, 1974]

FORD CRITICIZED ON FOOD STAMP PLAN

(By William Robbins)

WASHINGTON, Dec. 3.—Two leading Senate proponents of Federal food aid programs assailed today a proposal by President Ford to reduce the benefits of food stamps by raising their costs to poor recipients.

The attacks were made in statements issued by the offices of Senators George McGovern of South Dakota and Hubert H. Humphrey of Minnesota, both Democrats. The attacks, supported by a private study, were generally regarded here as the beginning of a concerted campaign to block Mr. Ford's budget-cutting motive, which could be effected by administrative action.

"Cutting the food-stamp program now and risking increased hunger in thousands of American families makes no sense at all," Mr. McGovern said. He pledged to introduce legislation "to prevent the President from taking this action."

Senator Humphrey said that the President's plan "makes the entire food stamp program a cruel hoax."

PAYMENTS SOUGHT

President Ford as part of a plan to reduce the Federal budget by $4.6 billion, proposed last week to require that most food-stamp recipients pay 30 percent of their net incomes for their allocations.

The proposal, which would go into effect next March 1 after public hearings, is designed to save $325 million in the present fiscal year, which ends next June 30, and about twice that much in succeeding years.

At a news conference last night, President Ford said that the proposal would require families getting food stamps "to pay slightly more."

But the Community Nutrition Institute, a public-interest research organization, released today an analysis in which it said that the plan would be a "crushing blow" to the elderly and would increase hardships for 95 percent of poor families now receiving food stamp aid.

In defense of the proposal Edward J. Hekman, administrator of the Agricultural Departments Food and Nutrition Service, said that, under it, the average recipient would receive more assistance than last year.

Stephen J. Hiemstra, Mr. Hekman's assistant, said that the Administration plan would be "more equitable" because it would require all families to pay the legal maximum for food stamps—30 percent of net income—now required of many large families.

He acknowledged that the increased requirement would raise the cost of stamps for the average eligible household about $14 a week, from $44 to $58, or about 33 percent.

As a result, he said, such a household—a statistical unit of 3.2 persons—would be paying 24 percent of its cash income but only 6 percent of total income including the value of other benefits, such as food stamps.

The greatest impact, Government officials have said, will be on households of one or two persons. Mr. Hiemstra said that slightly more than 50 percent of persons in such households are 60 years old or over.

In its analysis, the Community Nutrition Service predicted that the budgetary effect of the President's proposal was likely to be much greater than the officially estimated savings because reduced benefits would force many families from the assistance rolls.

EFFECT DISPUTED

"As much as $1 billion a year in food stamp benefits now provided to low-income families would vanish under the Administration's new plan," the group's report said.

For example, it said, a recipient with the basic welfare income of $146 a month, who now pays $30 for $46 worth of food stamps, would have to pay $43 under the new plan.

"Few persons can be expected to go through the burden of applying for stamps and using stamps in the store for a $3 monthly benefit," the institute said.

Among other examples, it cited such cases as a family with a monthly income of $35 that now pays $4 for food stamps, whose costs would be more than doubled, to $10 a month.

[From the Hackensack, N.J., Record, Nov. 8, 1974]

More Elderly Are Stealing Their Food

(By James Flachsenhaar)

Senior citizens, the most helpless victims of inflation, are starting to steal food from the shelves of supermarkets.

In the New York area, food thefts by elderly persons have increased 50 per cent this year—compared with 15 to 20 per cent among younger persons—according to one experienced security consultant. Figures compiled by national food chains are about the same.

"We're talking about mere essentials—not hair sprays or nail polishes," said security specialist Harold Cohen of Elizabeth.

"We have found some of the finest, nicest people walk into a store and realize they haven't seen a piece of meat for a month. They grab it."

About half of Bergen County's 130,000 old people live in poverty, according to the county Office on Aging. Representatives of senior citizen groups and many seniors deny they are turning to shoplifting because of this.

"It's ridiculous," said an elderly woman at the senior citizen center in Cliffside Park. "I just cut back and eat less."

But policemen, grocers, and security agents insist such thefts are increasing, not as rapidly here as in poorer areas but significantly.

COURT CASES

In July, a 64-year-old Closter man was fined $200 for stealing $14.82 worth of hot dogs, ground beef, and packaged ham and cheese at a Route 17 supermarket.

In April, a 62-year-old man slipped three chuck steaks—worth $4.36—in his coat pocket. He was caught and fined $100, plus $25 in court costs.

Ordinarily, however, elderly shoplifters are not prosecuted. This is the case, in fact, with most shoplifters, though stores try hard to give the opposite impression.

"The name of the game is to get the goods back," said one Paramus department store security manager. "We may even let a repeat offender go if he agrees to return the merchandise."

"Some stores never prosecute," said Paramus Police Chief John Nicolas. "They complain that the whole prosecution process is time consuming. Sometimes, if they make a bad grab, they'll lay off prosecuting for a while."

An exception a few years ago was Packard's in Hackensack, which up to then did not prosecute shoplifters, according to Hackensack Municipal Court Judge Nathan Kirsch.

"Then the new security manager came in and insisted that everyone be prosecuted," Kirsch said. "And mostly, it's retired persons or senior citizens.

"They make a $6 or $8 purchase and then steal a pound of butter. They steal the things that we don't consider luxuries, but which are becoming more expensive."

Spokesmen for two large food chains said that thefts by elderly persons became noticeable in Miami—with its large population of retired persons—about nine months ago. There are few statistics available, they said, because meaningful figures take longer to compile.

In Bergen, officials say the situation for many seniors is desperate. "We've had people call up—they're starving," said Ruth Soverio, a staffer at the Office on Aging.

Eleanor Hein, a supervisor at the county Welfare Department, thinks it's nearly impossible for senior citizens to live on their shrinking incomes.

"If you live alone and are entitled to assistance," says Mrs. Hein, "you can get $182 a month. With benefits, you can get $202.

"If you're lucky enough to live in a housing project, or in a town with rent subsidies, knock $160 off that. Then add $15 for gas and electric, $10 for a phone—what have you got?"

What would be left, according to these figures, would be $7 a month for food. Still, Mrs. Hein believes, "Many senior citizens would not steal food. Their moral and ethical standards are righteous enough that they don't even take what they are entitled to under our programs."

A grocer who runs a large store in an old neighborhood in North Bergen has many senior citizens as customers. Although he was hesitant to talk about shoplifting—for fear of hurting business—he said he has found many elderly persons stealing food.

WHAT THEY'RE TAKING

"They're buying about $6 or $7 worth of food, but then they're taking everything they can fit into their pockets," he said. Small packages of meat, canned fish, and fruits are usually taken, he said.

Few stores will prosecute seniors, according to managers and security agents, unless they steal repeatedly or take large amounts.

"We all have the same objective," said one agent. "To apprehend everyone and get the merchandise back. After that, you have to decide how the best interest of the store is better served."

Old People at Supermarket: What's the Use?

(By Russell Baker)

WASHINGTON.—Old people at the supermarket make you feel what's the use.

Staring at 90-cent peanut butter. Taking down an orange, looking for the price, putting it back.

Old turn-of-the-century babies with 1965 dollars, remember teddy bears, Teddy himself, Woodrow Wilson, Kaiser Bill, Arrow collar man, flaming youth, wandering among $7 ribs, pausing at sugar at 60 cents a pound and rising.

They shop like sappers going through a mine field, like Onassis looking at new corporations for sale.

Old people dress up to go to the supermarket, but their money becomes shabbier every day, and how do you put a gloss on those old 1965 dollars they dig out of their purses for the checkout clerk?

It is said watching them fumble through those antique dollars, and hearing the clerk call for more.

"These ancient dollars, madam, have been heavily discounted since you were last in circulation, and are worthless except in great bulk."

Clerks do not utter this advice aloud to old people. It is simply implied thunderously by everybody in the country and every mouthful of food in the supermarket. Old people have a way of laboriously counting their change at the cash register and trying to engage the clerk in sociable conversation as though asserting a bit too defensively their right to be there despite their shabby old out-of-date dollars.

Maybe only because they have no place to arrive at in a hurry to pick up a batch of the new 1974 90-cent-peanut-butter dollars.

Do old people at the supermarket care about Henry Kissinger's latest flight for peace? Does it matter to them that Republicans and Democrats are quarreling about whether the Democrats have a mandate?

And the latest economic program for ending inflation by 1977, is it of any interest to them at all?

Do they think of President Ford's meetings with Soviet leaders as news?

Perhaps so. News nowadays is largely an entertainment of flying professors, pointless quarreling among telegenic careerists, posturing theorists and presidential travelogues, and old people rely heavily on television for entertainment.

Perhaps they would turn it off if the news switched from entertainment to reality and dealt with the pain of not being able to afford an orange or the embarrassment of delaying the checkout line to take back the crackers 1965 dollars can no longer buy.

Old people at the supermarket make you wonder about all those middle-aged people you see jogging the streets to preserve their vascular systems for another fifty years.

And about all the people of all ages all over the country who are eating less, drinking less, smoking less, driving safer, and in general looking for a deathproof safetysuit to get them over the peak years and down into the valley of old age fit to enjoy the fruits of their abstention and labor.

Will anyone care when they get there?

Will they be able to afford an orange?

And if not, will professors quit flying for peace, politicians cease thumping their clavicles, theorist stop forecasting milennia for the next generation, and presidents forego red-carpet arrivals at distant airports long enough to say, "Hey, old people in this country still have a hell of a problem; let's close the circus long enough to do something about it"?

Old people at the supermarket are being crushed and nobody is even screaming.

Old people at the supermarket make you feel what's the use.

THE HONORABLE CHARLES E. COLLINS

Mr. MATHIAS. Mr. President, I note with sorrow the death of a long-time friend and colleague in the Maryland House of Delegates, Charles Edward Collins. We were both elected to the general assembly in the election of 1958 and entered the legislature together as freshmen. The citizens of Frederick County will long remember Charlie Collins for his indefatigable efforts on their behalf and we all will dearly miss him.

Mr. President, I ask unanimous consent that an editorial from the Frederick Post detailing his life and numerous accomplishments be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Frederick Post, Nov. 14, 1974]

CHARLES E. COLLINS

"Charlie" Collins died Tuesday. He was 69.

His death, sudden and unexpected, came in Washington, D.C., at the Capitol Building, doing what he loved to do and what he did so effectively—politicking.

Charles Edward Collins had become more than a household word in Frederick County and in Annapolis in the three decades spanned by his years of public service.

Few elected officials in the 1950s, the '60s and early '70s kept themselves so active and so well informed about all the issues in government, and their ramifications for farming and matters appertaining to other local business and industry as had Mr. Collins.

This made him effective in the many challenges he undertook, whether serving as an elected official, in an appointed capacity, or as a hired consultant.

Mr. Collins in recent years, after serving as a member of the House of Delegates as County Commissioner and then spending a brief stint with the State, had been public affairs director for the Maryland Farm Bureau Federation. It was these duties which took him to Washington Tuesday when he suffered a fatal heart attack.

Government and politics were hardly the only strengths of Charlie Collins. He seemed to excel in everything he undertook, his jovial but deliberate style, his openness and willingness to discuss the issues—though he was admittedly not easily swayed, especially when he felt the facts weighed in his favor—propelled him constantly into leadership roles.

His achievements in civic affairs and work with his church competed for the time he devoted to his farm machinery business and public matters, yet he always found the time and the energy to do all four well.

He was elected to the House of Delegates in 1958 and served there eight years with a rare dedication exemplified by a record of six years perfect attendance. Mr. Collins was elected to the Board of County Commissioners in 1966 and served as its president until 1970 when the present board was elected.

An active member of the Evangelical Lutheran Church, Mr. Collins had been a member of the Young Men's Bible Class and the Men's Club. In civic organizations, he was past president of the Frederick Evening Optimist Club and a former lieutenant governor of Optimist International.

He was also a past president of the Urbana Lions Club and a past zone chairman of Lions International. He was a member of the New Market Grange, the New Market Volunteer Fire Company and the Frederick County Farm Bureau.

Mr. Collins was also a member of the Central Maryland Implement Dealers Association, having worked for many years until his election to the County Commissioners in the family farm implement business. He also served on the National Committee on Water and Air Pollution of the National Association of Counties.

Charles E. Collins was born July 19, 1905, the son of Mrs. Frances M. Brooke Collins of Mt. Airy and the late Charles A. Collins. He was a 1924 graduate of Frederick High School and while serving as County Commissioner completed the data processing course offered at Frederick Community College.

Besides his mother, Mr. Collins leaves his loving wife, Helen James Collins, who was his inseparable companion and constant source of inspiration and encouragement during all his years of public and civic service. He also leaves one son, Major Charles E. Collins, Jr. of Bel Air, with the U.S. Army, and two grandchildren of whom he was so proud, Michael P. Collins and Dana M. Collins, also of Bel Air. One brother, Frank A. Collins of Greenville, S.C., and several nieces and nephews also survive.

Charles Collins was a combatant in many battles for progress in his community of Frederick County. He stood up and was counted, and he was respected for this.

No great edifices of concrete and steel bear his name, although he helped lay a solid foundation for present and future growth by trying to put the county on a pay-as-you-build basis, hoping to save the taxpayers many thousands of dollars in debt interest for roads and other projects.

His conservative stand did not always win popularity, but it gained him the lasting respect of his fellow citizens because there was never a question of where Charlie Collins stood on any issue.

Yet how helplessly we watch as the relentless scythe of time cuts the thread of life so swiftly from leaders like Mr. Collins who had contributed so much to our community . . . gone, but leaving to the memory of so many that last warm, personal handshake and friendly parting that was so much a part of Charlie Collins . . . gone, but living eternally in the hearts of his loving family as the wonderful son, husband, father or grandfather he was to each of them.

UNITED STATES-SOVIET STRATEGIC TALKS

Mr. NELSON. Mr. President, as Senators know, the senior Senator from Minnesota (Mr. MONDALE) recently returned from a very fruitful work-visit in the Soviet Union. There he exchanged views with some of Russia's most important decision-makers.

Upon his return, he delivered a very important speech on the subject of United States-Soviet strategic talks as part of the prestigious Kennedy Lectureship series at Johns Hopkins University in Baltimore.

This speech should be carefully examined by all those concerned about the developing nature of the strategic arms limitation talks, the most recent of which occurred at the summit at Vladivostok. It demonstrates great insight and depth of analysis; a profound sensitivity to the constraints threatening efforts to fashion a détente policy; and a forceful, straightforward, and fearless willingness to explore the rather discouraging ramifications of the recent Vladivostok agreement. Indeed, Senator MONDALE concludes that:

> The two sides seem to have taken their strategic weapons programs, stapled them together, and called that a SALT breakthrough.

Clearly this speech, which I ask unanimous consent to have printed in the RECORD at this time, demonstrates the fine mind and honest expression which we have all come to associate with our colleague from Minnesota.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH BY SENATOR WALTER F. MONDALE

It is an honor and a privilege to be here this evening to speak to you about the question of our relations with the Soviet Union.

I have just returned from a visit to the Soviet Union. I spent a week there, where at the request of the farmers of Minnesota, I took a great deal of time making an inventory of our wheat crop. More seriously, I spoke to Premier Kosygin for three and one-half hours, to Foreign Minister Gromyko for a couple of hours and to various other Soviet officials.

Since my visit, we have had the Summit meeting at Vladivostok between General Secretary Brezhnev and President Ford. I believe that meeting, what it produced, and what it failed to produce, demonstrates both the difficulties and the dangers inherent in this process that has been called detente.

According to the White House, the main accomplishment of the Vladivostok Summit was the agreement to limit Strategic Arms. This agreement was presented to the press as a breakthrough, as a major achievement in the effort to gain control over strategic arms race.

I believe this claim will not stand up to analysis. The Vladivostok agreement will do little to alleviate the arms race and, in fact, there is a grave danger that the agreement may stimulate it.

President Ford has said the agreement will put a cap on the arms race. From his description last night, it sounds more like a huge tent that the President intends to fill up with new weapons.

When I first read of the agreement, I expressed concern that it not be a cosmetic deal, one that simply put a good face on the arms race. On close inspection, I am afraid that my concern was justified.

Let's take a careful look at what the agreement involves:

First, the agreement places an overall numerical limit on strategic delivery systems, that is strategic missiles and bombers. The overall level is 2,400, our level today is around 2,250 and the Russian level is 2,500.

Second, there is a sublimit on the number of strategic missiles that can carry MIRVs—the multiple independently targeted warheads that enable each missile to drop weapons on several different targets. Each side will get 1,300 MIRV missiles. Bear in mind that today, the United States has deployed about 750 MIRVed missiles and the Russians have deployed none. It may not surprise anyone to know the Pentagon has planned to deploy 1,300 MIRV missiles all along.

There may be other limitations involved in the final agreement. But, at this stage, it appears that within the overall limit of 2,400 missiles and bombers, both sides can change from missiles to bombers or, substitute submarine missiles for land-based missiles, *as much* as they wish.

And within the so-called MIRV limit, any number of MIRVs of any size may be deployed. Whole new generations of MIRV missiles may be deployed on each side. Maneuvering warheads, those that can home in on their targets, are not precluded. And, of course, we shall have to deploy additional MIRV missiles in order to fill our quota under the 1,300 MIRV missile sublimit.

In sum, the two sides seem to have taken their strategic weapons programs, stapled them together, and call that a SALT breakthrough.

Nonetheless, there are some advantages to this agreement.

The agreement demonstrates that quite apart from the substantive issues, both sides want to achieve further agreements and pursue a policy of detente.

Second, it ends uncertainty about the durability of the 1972 SALT agreement. This agreement, when final, will replace the interim SALT Agreement on offensive missiles which runs out in 1977. There has been increasing concern that it would be more and more difficult as we approached the 1976 election to renew the interim agreement or replace it. If it had expired, there was a risk that the ABM Treaty might also collapse—sending us into an arms race on defensive as well as offensive weapons.

Finally, it places at least some theoretical boundaries around the strategic arms competition but how effective these will be is questionable.

In fact, the major disadvantages to this agreement all center on the fact that the Agreement will have little or no real impact on the strategic arms race.

First of all, the Vladivostok agreement doesn't deal with the real strategic problems we face. The main strategic problem today is that Soviet MIRV deployments will make our fixed land-based ICBM force extremely vulnerable to a first strike, this undermining strategic stability.

Up to now, what security and sanity there is in the field of strategic arms was due to the fact that the major components of our deterrent, the ICBMs, the submarine-launched missiles, etc. were invulnerable, and that a potential attacker would suffer an overwhelming retaliatory blow in response to a first strike. Since the time of Robert McNamara, we have had a strategy of riding-out an attack and then retaliating.

Under the new SALT Agreement, this strategy will no longer be possible in the future, at least so far as our ICBMs are concerned. The Minuteman ICBM force of the United States is going to grow increasingly vulnerable to a surprise first strike as the new Soviet MIRV missiles become widely deployed.

It would be an exaggeration to say that this growing vulnerability of our ICBMs will lead to a nuclear war. We will still have a large bomber force and enormous submarine missile force. The risks run by any aggressor in thinking he could attack our ICBMs with impunity, would be incalculable.

But the risks to us will increase too, and the strategic balance will be less stable. For example, the limited option strategy of this administration will become a recipe for disaster. Premier Kosygin made this point to me very clearly. He said that if one side starts shooting nuclear weapons in the limited manner proposed by Secretary Schlesinger, then the other side would have no choice but to attack the nuclear forces of the other side. Right now it would make no sense to attack our ICBMs for they are essentially invulnerable. But once the Soviet Union carries out the MIRV program permitted under this agreement, our Minuteman ICBMs will be sitting ducks.

In addition to increased risks and tensions, the growing vulnerability of our ICBMs will also provide further justification for a wide variety of new strategic programs as compensation. Air-launched ICBMs, land-mobile ICBMs, more Tridents—the costs could well run into the tens-of-billions. This burden will go on top of an economy already strained to the breaking point by inflation and recession.

In addition to not dealing with the problem of strategic stability, the strategic arms agreement announced at Vladivostok also fails to curb the competition in strategic programs. The currently planned programs on both sides will not be affected. The B–1 will continue. The Trident submarine will continue. Last summer, it was reliably reported that the Soviet Union wanted a limit of 1,000 MIRVed missiles. Now, thanks to the Vladivostok breakthrough, they will get 1,300.

The qualitative arms race is where the action is today, more capable systems are replacing older ones on both sides.

No real limits on this process are imposed by the Vladivostok Agreement. The only limit on the qualitative race will be man's ingenuity.

But the agreement is not merely inadequate, it actually licenses an arms build up. Last night the President said we have an obligation to step up to the levels of the agreement. That means we must increase by about 200 delivery vehicles and about 500 MIRV missiles. The minimum price for this agreement then will be about 40 billion dollars in new weapons.

But in addition, the President said that if we want to be truly equal in every respect we could replace Minuteman with a new larger ICBM to match the Soviet's big ICBMs. According to the Pentagon, this could cost another 30 billion dollars. So the total price tag for this agreement could well run more than 70 billion dollars—not including operating costs. No wonder the President does not expect this breakthrough to have any effect on reducing the strategic arms budget.

On the Soviet side, the President claims that there will be reductions. But at the most, the Soviets will reduce their number of active missile silos by less than a hundred, while they are likely to increase the number of missile warheads by several thousand. And, as General Secretary Brezhnev once pointed out to us, no one was ever killed by a missile silo.

This agreement is already under attack in the Congress. One of the main critcisms is that the agreement isn't really equal—that the Soviet Union will be given an enormous advantage in both the number and power of MIRVs they can deploy.

This is a fair criticism, but it misses the point. In fact, I believe that those who have been pressing equality as the primary yardstick for success in SALT are reaping the bitter benefits of that approach. This agreement shows that equality alone means little if the forces of the two sides are going to grow increasingly vulnerable and the strategic balance increasingly unstable. Equality is a charade if the arms race, in fact, continues.

And this, precisely, is the problem: the Vladivostok agreement does nothing to really constrain the ongoing strategic arms programs of the two sides nor limit the enormous turnover in the inventory of ever more modern, ever more dangerous weaponry. Unless it is significantly strengthened, I believe that a concrete accord based on the Vladivostock agreement may well not receive the necessary two-thirds support of the Senate.

How can this agreement be strengthened? First of all, I would suggest that within the numerical levels established by the agreement, the strategic programs of the two sides should be stretched-out and delayed as much as possible. I would like to see controls whereby only ten of the enormous Soviet SS–18 ICBM would be deployed each year for the next ten years; and only 50 of the other new Soviet missiles are deployed each year. In response, we could hold down the rate of deployment of our Trident and hold construction of the B–1 bomber to an appropriately restrained pace.

Second, in addition to controls on the pace of deployment, I would urge controls on the pace of testing of new and the ever more exotic systems. There should be an annual quota on the flight testing of new nuclear delivery systems. Together, controls on deployment and controls on testing would put real teeth into the limitation of strategic arms within the overall numbers agreement reached in Vladivostok.

Third, we must continue negotiating. This agreement is only a start not an end point. We can't just knock off work until 1980 as was suggested in Vladivostok. With all that will be permitted under even an improved version of this agreement there will be plenty to negotiate about.

What conclusions can we draw from this experience about the conduct of U.S.-Soviet relations? I think the lessons are as follows.

Despite its serious shortcomings and drawbacks, I think it can be said that this SALT agreement does constitute a modest beginning. If it had been presented as such, I believe that it would have been accepted by the American people as a step forward.

But unfortunately, it was not presented in that fashion. The public relations men who still surround the White House could not restrain themselves from overselling the agreement. And so the product is more disillusion, more suspicion and more concern that detente is rhetoric and not reality. The real damage in this agreement is that it further undermines the faith of the American people in the process of trying to control strategic arms and trying to improve relations with the Soviet Union.

How often have we seen American Presidents in political trouble at home trying to divert attention by meeting with the General Secretary of the Soviet Union. And in those circumstances, how often have we seen the pressure to "bring home the bacon" result in empty agreements.

The Test Ban Agreement reached earlier this year between Mr. Nixon and Mr. Brezhnev is another example. It doesn't even go into effect for two years and then places a limit higher than we want to test anyway. However, in case either side has miscalculated, it leaves a loophole so that both sides can test whatever they like as long as it is called a peaceful nuclear explosion.

These kinds of empty agreements are the result of American Presidents trying to take action abroad to shore up their domestic position at home. I can think of no more healthy development in our foreign relations than to see an American President go to the Soviet Union, meet with the General Secretary, speak frankly about our needs and concerns and, if there isn't any real agreement, come home empty handed for a change.

I have long been known as one who favors improved relations with the Soviet Union. I believe, as Senator Mike Mansfield has said, "that in the nuclear age there is no alternative to detente." But detente must be a practical detente. It cannot be a rhetorical detente. It must come to grips with the critical issues; it must really control strategic arms; it must deal effectively with the crisis in the Middle East; and, it must preclude efforts by the Soviet Union to take advantage of the economic and political disarray in the West.

As I left the Soviet Union, I could not help but think that the most important ingredient in a viable relationship with the Soviet Union is our own strength, our own sense of purpose. Weapons are important, but even more crucial is the strength of our economy, the strength of our relationships with our allies, the strength of the international economy, the strength of our political institutions, the strength of our society.

Hugh Sidey, the Washington correspondent for *TIME* magazine, has urged the President to "give the big planes a rest. I believe that is sound advice. He should stay home, concentrate on our own internal problems and on the common economic security problems of the industrialized nations of the West.

I believe that if the President wants to advance the cause of peace, if he wishes to once again establish the United States as a strong negotiating partner, he can do this best by remaining at home and tackling our mounting economic problems. Only effective leadership at home can restore to this nation the sense of confidence, the spirit of sacrifice, and the willingness to lead that has characterized the American people and has ensured world peace for more than a generation.

POSITION OF HEW ON S. 4178—HEAD START, ECONOMIC OPPORTUNITY AND COMMUNITY PARTNERSHIP ACT OF 1974

Mr. HUGH SCOTT. Mr. President, at the request of the Department of Health Education, and Welfare, I ask unanimous consent that a letter from the Secretary explaining the Department's position on S. 4178, the Head Start, Economic Opportunity and Community Partnership Act of 1974, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF
HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., December 5, 1974.

Hon. HUGH SCOTT,
Minority Leader, U.S. Senate, Washington, D.C.

DEAR SENATOR SCOTT: It is my understanding that within the next few days the Senate will consider S. 4178, the Head Start, Economic Opportunity, and Community Partnership Act of 1974, as reported by the Committee on Labor and Public Welfare on November 20.

Let me take this opportunity to reiterate the Department's major objections to S. 4178—objections which I transmitted to Chairman Williams by letter of October 2, prior to Committee action on the bill.

Most importantly, the Department continues to oppose strongly, as it has on numerous occasions in the past, any legislation which provides for the continuation of the community action program established by title II of the Economic Opportunity Act, whether the program is operated by an independent Federal agency or is transferred to this Department. The Senate Committee bill provides for the continuation of the Office of Economic Opportunity through October 1, 1975. Thereafter, community action programs would be administered by an independent Commnuity Services Administration unless the President submits a Reorganization Plan, subject to disapproval by either House of Congress, establishing such an Administration within the Department of Health, Education and Welfare. The House-passed bill, H.R. 14449, would simply establish a Community Action Administration within the Department of Health, Education and Welfare.

The community action program was primarily designed to mobilize local resources and, after nine years of Federal assistance, should be capable of operating as a community-based program supported entirely from State and local sources of funding without direct Federal funding under specific community action legislation. In our view, continued Federal funding of community action agencies is therefore unwarranted.

This bill which the Senate will consider, in addition to providing for the continuation of the community action program, also contains provisions similar to portions of the Department's proposals for phasing out the Office of Economic Opportunity; for example, it would transfer the Headstart and Follow-Through programs to this Department. However, we understand that there are important differences as well, and we continue to support enactment of the Department's proposals as they were transmitted to the Congress. The differences which are most troublesome include the following:

First, the Department opposes prohibiting the Secretary from mandating the use of a fee schedule under the Headstart program. In general, we believe that the imposition of fees related to the ability to pay is a matter which should be left to the discretion of the Secretary. Further, we are now conducting, at the request of the Congress, an analysis of the effects of the Headstart fee schedule previously in use. We urge the Congress not to prohibit the use of fee schedules until we have had an opportunity to discuss the issue in light of the results of that analysis.

Second, the Department opposes any statutory mandate that responsibility for administration of the Headstart program be assigned to the Office of Child Development, or any other specific office or agency in the Department. Similarly, it opposes any statutory requirement that there be a separate division for migrant or Indian Headstart programs within the responsible office or agency. The Secretary of Health, Education and Welfare should be free to organize the Department in the manner which he determines will assure the most efficient performance of its responsibilities.

Third, the Department continues to oppose the general extension of the Follow-Through program. There is no longer any need for this demonstration effort, and we urge that the program be extended only for the purposes of an orderly phase-out over the next few years.

Fourth, we oppose the imposition of requirements governing the determination of eligibility to participate in the programs established by the Economic Opportunity Act that would preclude the counting of income earned by an adult member of a household who is not a parent heading the household or which would require that eligibility be determined on the basis of English language skills without regard to income. The Economic Opportunity Act establishes anti-poverty programs and eligibility to participate in those programs should be determined on the basis of poverty status, taking into account all income which is, in fact, available to a household or family.

Finally, the Department's proposals for phasing out the Office of Economic Opportunity include legislation which would give the Secretary authority to conduct research, demonstration, pilot, and evaluation efforts in the field of human services. This authority, included as title X of House-passed H.R. 14449, would assure that the Secretary would have the authority to conduct general research and evaluation vital to effective performance of the Department's responsibilities. Although sections 7 and 8 of S. 4178 address themselves to research, development, and evaluation, they provide such authorities to the Director of the Community Services Administration and these cannot be delegated by him. We, therefore, urge that this Department's proposals be incorporated into any measure favorably acted upon.

We are advised by the Office of Management and Budget that enactment of this legislation would not be in accord with the President's program.

Sincerely,

FRANK CARLUCCI,
Acting Secretary.

COAST GUARD RESCUE ACTION PRAISED

Mr. PROXMIRE. Mr. President, on December 1, the U.S. Coast Guard performed superbly in helping rescue the crew of a stricken Canadian steamship off Sheyboygan, Wis.

The captain of the Milwaukee-based icebreaker *Westwind* was informed of the situation at 2 a.m. and, even though only a quarter of his crew was aboard, he was able to get underway within 2 hours. The *Westwind* participated in the rescue of a number of the Canadian seamen from their liferafts.

Another Canadian steamship, and a Coast Guard helicopter from Chicago, helped complete the rescue. No lives were lost in this incident despite very difficult conditions of high winds and seas, thanks to the Coast Guard's exemplary performance. I commend Captain Morrill, the crew of the *Westwind*, and all others involved for their efforts.

THE EXPORT-IMPORT BANK CONFERENCE REPORT

Mr. SCHWEIKER. Mr. President, I hope all of my colleagues had an opportunity to read the excellent column by Linda Hudak which appeared in the Washington Post yesterday, entitled, "Soviet Trade: Profit v. Policy."

I particularly hope that the conferees now considering the Eximbank conference report will give careful consideration to the points made in this article. Ms. Hudak quotes Samuel Pisar, a Paris-based attorney described as one of the leading promoters of U.S.-Soviet trade, as saying:

> From time to time, I find myself saddened by the tendency of some American businessmen to go after any profitable deal without regard to the national interest, to carry the philosophy of "what's good for my company is good for the United States" all the way to Moscow.

In addition, this article stresses that while businessmen are not qualified to judge the U.S. policy impact of their negotiations, we at present have no single Government monitoring body to insure that such an analysis is made. In this situation, it is all the more imperative that the Eximbank conference report contain firm guidelines which will prohibit any U.S. Government involvement in Siberian energy exploration without prior approval by Congress, together with strong congressional oversight provisions to insure that the Bank advances our national policy generally.

Mr. President, I ask unanimous consent that the entire article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 8, 1974]

SOVIET TRADE: PROFIT VERSUS POLICY

(By Linda Hudak)

Only 16 months after the Chase Manhattan Bank made its first loan to the Soviet Union, Chase officials were admitting privately that "we got burned."

The $86.5 million loan, made in March, 1973, to help finance the Soviets' giant Kama River truck complex, carried rather easy repayment terms. The interest rate was about 7¼ per cent, only ¾ per cent above the prime rate at the time, and the rate was a fixed one, rather than the more common floating rate that rises with the market. Chase, which shortly afterward opened the first U.S. bank office in the U.S.S.R., was gambling that this initial cheap credit would give it favored treatment in later deals. It was wrong: The Soviets still shop for the best credit arrangements they can get on each transaction.

Another financial institution, the First National City Bank of New York, moved into its Moscow offices last January, but it has yet to make any loans. "We're waiting for the Soviets to learn how to play the game, to accept normal commercial rates," says Mike Pendill, the bank's deputy Moscow representative.

Clearly, doing business with the Soviets is not without its problems. The Soviets' hard-nosed bargaining, their inflexibility on such contract terms as adjustments for inflation, the difficulty dealing with 40-odd Soviet Foreign Trade Organizations, or FTOs, are some of the major obstacles for businessmen seeking the red pot of gold. As Marshall Goldman, an associate of Harvard's Russian Research Center, has warned, "Many Americans in the passion of the moment have already made injudicious commitments and evidenced a lack of caution that may come back to haunt them."

STRATEGIC CONSEQUENCES

But these stumbling blocks, while of interest to stockholders and creditors, are relatively minor compared with other problems raised by the current state of U.S.-Soviet trade. Chief among these is that Washington, by default, is letting U.S. businesses heavily influence decisions with strategic and economic consequences.

Though the government and the American public have the largest stake in U.S.-Soviet trade—including many millions of taxpayer dollars needed to help finance transactions—the corporations, naturally behave as if their profits were the chief motive behind it all. They can negotiate for years with the Soviets on selling high-technology computers or investing in development of Soviet energy resources without any government consultation. Then, with the substantial vested interest they've acquired, they lobby intensely to have the project approved in Washington. Similarly, banks are eager to arrange future loans, and companies acting as agents want to set up more transactions so they can receive their $20,000-plus annual fees and 5 per cent to 10 per cent commissions.

In short, the 100 U.S. businessmen a week who now arrive in Moscow and the 14 American corporate offices and three U.S. bank branches there do not always have the political consequences of their dickerings uppermost in their minds. As Samuel Pisar, the Paris-based attorney who is one of the chief promoters of U.S.-Soviet trade, recently observed: "From time to time, I find myself saddened by the tendency of some American businessmen to go after any profitable deal without regard to the national interest, to carry the philosophy of 'what's good for my company is good for the United States' all the way to Moscow."

Indeed, a number of U.S. businessmen concede that they are unqualified to judge the foreign policy impact of their negotiations. For example, Donald Muller of El Paso Natural Gas, director of the Yakutsk Natural Gas Project—which is planning a pipeline from Siberia to a Pacific port, from which the gas can be shipped to the United States—told a congressional committee that "certainly with any liquefied natural gas project of this nature there is a certain political risk and we at El Paso do not feel that we are the proper ones to address the political risks."

Others demonstrate a lack of political astuteness by what they omit saying. Jack Ray, chief negotiator for the North Star project—which plans a pipeline from western Siberia to a seaport near Norway, where the gas also would be shipped to the United States—has testified: "We need [energy] imports and I think I would prefer to have some from several places rather than just from the Mideast. I think Russia is a good alternate source of supply." Swapping Arab energy dependence for Soviet dependence may seem a dubious advance. But that decision is for the government to make, not Mr. Ray.

A GOVERNMENT BODY

Unfortunately, though, Washington at present has no overall policy on U.S.-U.S.S.R. trade and no single monitoring body. Responsibility for determining U.S. interests is scattered among numerous corners of the capital, including the Commerce Department's Bureau of East-West Trade, the National Security Council, the Export-Import Bank and several congressional committees. The high-level East-West Trade Policy Committee, chaired by Secretary of State Kissinger, has met only five times in the past 15 months (though a working group does meet more often). And when these groups are faced with decisions on the strategic or other consequences of a proposed trade deal, it is often after a tentative bargain already has been reached with the Soviets and the Washington pressures for approval are strong.

Some businessmen are well aware of all this—though they tend to see the problem in a different light. To them, the trouble is often that political interference can snag a potentially sweet deal. Thus Donald M. Kendall, chairman of PepsiCo, Inc., and co-chairman of the Soviet-American Trade Council, has remarked: "Perhaps we should set up a private group of scientists and businessmen and maybe some from the academic world who will monitor this (transfer of technology) and make sure we have a long-range policy where everybody knows where we are going, that is not stop and go, it is not turned off because the State Department gets mad for some political reason, or it is not stopped by the military because they do not plain agree."

His proposal could not be farther off the mark. It should be obvious on its face that a private group cannot have the authoritative word on such matters. But, more importantly, the point is that these strategic and military questions are previsely the most important ones for America in U.S.-Soviet trade, as they are in detente as a whole.

Kendall is correct in believing that a group is needed to set long-term policy and to pre-screen the foreign affairs and domestic economic implications of business and financial negotiations. But it must be a government body, not a private one. The U.S. corporate men and bankers, in fact, are having a hard enough time just coping with their owner business in Moscow.

THE PRICE OF PRESTIGE

They have been lured by the vastness of the potential Soviet market, by the Soviet preference for American goods, by tax advantages—the Soviets levy no corporate tax on U.S. companies operating there and no personal income tax on U.S. businessmen living there—and just by the ego massage of having a Moscow contract. They will pay $10,000 to join the U.S.–U.S.S.R. Trade and Economic Council merely for the prestige, one council official says. And some invest sizable sums just to have a Moscow office, which costs close to $1 million to set up and run for three or four years. It does not take long for them to discover, however, that making a profit in Moscow is no easy task.

Consider the Soviets' tough negotiating methods, as related by Fred Bucy, executive vice president of Texas Instruments, before a Senate subcommittee. He described the "whipsaw" technique the Soviets use to obtain free information from companies competing for contracts. The FTO informs each company that its competitors are willing to furnish certain information in their proposals, and unless the company being "whipsawed" gives the same or additional information, it will be eliminated from the competition.

While companies may be tempted to give this additional information to the Soviets, this is usually unwise. As a Commerce Department publication, "Trading With the U.S.S.R.," warns: "Don't negotiate concessionary terms in order to establish a position; you will simply lose respect. Each transaction must stand on its own."

There is also the Soviet inflexibility in renegotiating certain contract terms. This has been felt most severely by companies that failed to include escalator clauses for inflation in their contracts. Inflation is part of the reason that the Italians' Fiat just broke even on its $1 billion deal with the Soviets. Fiat also encountered another problem. The Soviets are now selling Russian-made Fiats in Europe several hundred dollars cheaper than the Italian Fiat. Since the Soviet Union is a non-market economy, with wages and prices set by government order, it can easily undercut the world price when it needs cash.

American businesses find themselves up against other unique problems because of the structure of the Soviet foreign trading apparatus. Each Soviet FTO handles imports and/or exports for an entire sector of the economy, such as heavy machinery, grain or oil products. The monolithic central governing apparatus coordinates FTO activities with Soviet national goals. "An American company pales to insignificance when it steps into this environment," says Robert Krattli, deputy Moscow representative of Pullman, Inc. "We're all dealing with the same huge company." Each FTO knows what the foreign company has said to the other FTOs.

NO GRAIN DEAL THERE

Because of the tight Soviet control of foreign trade, the United States could never pull off there the equivalent of the grain deal which the Soviet Union pulled off here—buying over 17 million tons of grain at low prices in many small transactions. All foreign grain purchases would be reported to the central planning authority and sales would be halted before they harmed the domestic economy. The Soviets were able to arrange a U.S. grain deal not because they were particularly sharp businessmen but because Washington did not require reporting of grain sales. We learned that lesson and now require reporting of large sales of grain. Required reporting should also be extended to other commodity and product sales to the U.S.S.R.

The final big problem is financing Soviet purchases. They cannot pay for imports with such "soft" currencies as Russian rubles or Eastern European monies, and they can earn the "hard currencies of Western Europe, the United States and Japan only by export sales to the West and arms sales. But at present Soviet purchases of Western goods exceed

Soviet sales to the West. In 1973, Moscow's excess of purchases over sales, or its hard currency deficit, was nearly $2 billion according to a Commerce Department report.

A joint Economic Committee report from June 27, 1973, stated moreover, that CIA and State Department analysts projected a $6 billion to $7 billion Soviet deficit of hard currency by 1980. However, since oil has been the U.S.S.R.'s largest source of hard currency, this estimate must be scaled down to reflect the fourfold rise in the price of oil that has since occurred. While the U.S.S.R. earned $500 million in hard currency from oil sales in 1972, oil revenues are expected to leap to over $2 billion this year. The Harvard Research Center's Goldman also estimates that weapons sales will produce a smaller but substantial sum.

It seems unlikely, however, that oil revenues can solve the Soviet Union's payment problems. Domestic demand is already growing faster than production capacity. The Soviet Navy is growing, and rail and air traffic are increasing, all requiring more oil. The Kama River truck plant 550 miles east of Moscow, the largest in the world, is scheduled to produce 150,000 trucks and 250,000 diesel engines annually when completed in 1978. Oil demand is also growing in the Eastern European countries which the U.S.S.R. supplies.

But whether or not hard currency reserves are rising rapidly (the Soviet Union does not disclose its reserves), the Soviets still want cheap commercial loans and U.S. government credits to finance their purchases. They obviously hope to make money by borrowing dollars at interest rates below the rate of inflation, and would rather finance projects with cheap loans than by sale of their nonreplenishable natural resources. The U.S.-U.S.S.R. Trade and Economic Council recently projected that U.S. exports to the U.S.S.R. in the 1976–'80 period will total about $9 billion and require about $3.1 billion in American commercial bank financing and $1.1 in Eximbank financing.

However, with the world-wide shortage of capital, the U.S.S.R. may lose out in the private capital market to borrowers who are willing to pay higher interest rates. Richard C. Gerstenberg, former chairman of GM and a director of the U.S.-U.S.S.R. Trade Council, recently warned that in financing future Soviet-American trade, "We'll have some trouble because we'll be competing with so many other calls for capital." At a time of tight credit when many Americans cannot get a home or small business loan, it is difficult for a multinational corporation to divert a significant amount of capital to the Soviets.

THE BARTER DEALS

Soviet preference for barter deals has also caused problems for some companies. Krupp of West Germany was reorganized by the government when it had difficulties with several Soviet barter arrangements. Krupp costs were rising due to inflation and Soviet goods received in payment did not quickly or easily produce the needed cash. Although Krupp spokesmen deny the Soviet contracts were reason for near-bankruptcy, other firms in the industry believe this was the case. Whatever Krupp's difficulty was, the fact remains that Krupp will receive $1 billion in cash for its next deal with the Soviets, construction of a steel and iron complex at Kursk.

Also in doubt, besides an increase in private loans or barter deals, is a steady or increasing flow of credits from the Eximbank, the U.S. government's instrument for providing financing for the purchase of American goods. Congress recently has been questioning the extent to which the American taxpayer can be asked to finance detente through low-interest U.S. government credit to the Soviet Union.

Should the U.S. provide low-interest loans to finance natural gas exploration and extraction in the U.S.S.R. instead of in Alaska or Western Europe? Investigation by the staff of the Senate Subcommittee on Multinational Corporations revealed that a world shortage of drilling rigs and trained personnel are major problems in opening up the North Sea and Alaskan oil and gas fields. Would it be wise to divert any of these resources to Moscow?

Should the U.S. taxpayer, moreover, bear much of the risk in developing Soviet energy while the corporations receive all the profits? For example, in the North Star natural gas project, the three-company consortium—Tenneco, Texas Eastern Transmission and Brown and Root—has proposed that the government finance or guarantee two-thirds of the deal. The consortium would put up only 10 per cent of the capital, which would be used only for construction of receiving facilities in the United States and for the partial cost of construction of the ships. The Eximbank would finance the far riskier part of the deal, the sale and installation of pipelines and extraction equipment in the Soviet Union.

In the other major natural gas project, involving El Paso, Occidental and Bechtel, a spokesman for El Paso has said that without Eximbank backing, "there will be no project in Russia" as far as his company is concerned.

Private banks have often cited the lending limit law as the reason they cannot finance a greater share of Soviet-American trade. This law states that a bank cannot lend more than 10 per cent of its net worth to any one partner corporation or co-partnership, and there is only one bank in the U.S.S.R. But Robert Mullin, the Treasury's deputy comptroller for international banking, says, "The lending limit applicable to most banks is not effective since the American bank can place the excess portion of its loan among its foreign and domestic affiliates."

THE AIR TRAFFIC SYSTEM

The questions do not end there. At a time when commercial interest rates are above 10 per cent, should the Eximbank be lending the U.S.S.R. money at 7 per cent? Moreover, unlike most Eximbank loan recipients, the Soviet Union does not have to disclose standard financial data. Before any more loans are awarded, shouldn't Moscow be required to reveal its foreign currency holdings and its gold reserve? That is the least one can ask—some measure of whether the Soviets really need the cheap money—if the taxpayer is to shoulder this burden. Is the United States giving trade concessions to the U.S.S.R. without asking enough in return?

Beyond these economic questions still lurk the larger strategic and military ones, which are now decided in an uncoordinated and late fashion. The National Security Council, for example, recently approved a bid by a group of American computer companies to install an air traffic control system in Moscow. The Defense Department dissented, arguing that the system would provide the Soviets with the technology to build their first computerized military air traffic control system. Steven Lazarus, former director of the Commerce Department's Bureau of East-West Trade, reportedly warned of the "dread of cumulative effect—while no one sale or negotiation between a U.S. company and the Soviets may pose a threat to security, the increasing volume and frequency of the sales and talks could be harmful."

We cannot afford to continue this kind of haphazard decision-making, particularly if U.S.-Soviet trade ultimately expands to the proportions some envision. Columbia University's Zbigniew Brzezinski has proposed one version of a single monitoring agency, which he sees as gathering statistical data for in-depth analysis of transactions. Sen. Frank Church of Idaho, chairman of the Senate multinationals subcommittee, is considering the creation of a regulatory agency to monitor the activities of U.S.-based corporations all over the globe; such an agency might well be able to handle the U.S.-Soviet trade problems. But whatever specific form the monitoring body takes, it is important that it be created soon, before too many mistakes are made.

TRIBUTE TO GOV. JOHN A. BURNS OF HAWAII

Mr. INOUYE. Mr. President, in times of crisis and great change a people are sometimes fortunate to find emerging from their midst leadership capable of rising to the challenge—leadership that really does make a difference. We in Hawaii have been so favored during these past three decades which saw the territorial, political and economic oligarchy that was Hawaii transformed into a modern, multiracial, democratic State. Certainly, this transformation was not the work of one man—but it was the work of one man above all others. That man was John Anthony Burns.

John Anthony Burns, the son of an Army sergeant from Montana, came to Hawaii as a young boy. He joined the Honolulu Police Department and rose through the ranks. He retired as a captain.

During the dark days following December 7, 19741, he was a staunch defender of the basic loyalty of the Japanese—Americans with whom he had grown to manhood as an underprivileged child. As the Police Department liaison with the military he was instrumental in preventing the wholesale arrest and detention of Hawaii Japanese-Americans as happened elsewhere in our Nation.

After the war, John A. Burns left the police department and turned his attention to building the Democratic Party in the Territory of Hawaii. In his effort he enlisted many of the returning veterans as he worked to mold a truly multiracial political party. I was one of those young men and John A. Burns was my political godfather.

Under his leadership the Democratic Party came of age and gained control of the territorial legislature in 1954. In 1956, John Burns was elected delegate to the 86th Congress and he was reelected to the 87th. Under his effective leadership Hawaii achieved statehood in 1959 and John Burns returned to Hawaii to seek the office of Governor. While unsuccessful the first time, John Burns was successful in 1962 and again in 1966 and in 1970.

While the above records the achievements of a successful politician it fails to do justice to the Jack Burns who was known to many here in these halls. His greatness is to be measured not so much for guiding us from territorial status to statehood but for guiding us from a plantation era oligarchy to a functioning, modern, multiracial, urban, effective democracy. Hawaii, the last State in our Union, became a model for multiracial urban America under his leadership.

Those who knew Jack Burns here in Congress remember him as a modest, quiet spoken, hard working man with deep love of family and a strong determination to pursue his chosen goals. He was not the flashy charismatic leader but the man who inspired quiet confidence. He was above all a man you could trust.

Last week he stepped down in failing health after 12 years in the office of Governor and a lifetime in public service. He did so secure in the knowledge that he had served his people and served them very well.

Each State is limited to but two statues *in the Halls* of Congress, but if ever a State deserved a third, we in Hawaii deserve to add John Anthony Burns to those of King Kamehameha and Father Damien.

Mr. President, I ask unanimous consent that I be permitted to place in the CONGRESSIONAL RECORD an editorial from the Honolulu Star Bulletin of November 30 in further tribute to this great man and dear friend.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE BURNS ERA

As John A. Burns relinquishes the office of Governor of Hawaii, it is hard to recognize him as the same man who was once feared as a tool of the Communists, an enemy of business.

No fear was less justified. Jack Burns, it now seems, was just the man Hawaii needed to lead it into the new era of Statehood. His victory in 1962 (after defeat in the first Statehood election) was a victory for the forces that had been transforming Hawaii since World War II. It represented an end to the traditional political domination of the haole elite, and the emergence of a more democratic polity. In a sense, this was what the fight for Statehood was all about.

Over the course of 12 years in office, Burns' image has undergone a drastic transformation from radical to conservative. The man himself probably hasn't changed much—he has been such a private person that it has been difficult to understand him.

One of the worst failures of the Governor has been in this area. He has not succeeded—sometimes it seemed as though he refused to try—in presenting his policies to the electorate in a convincing way. He has refused to reply to criticism. He has insisted on working quietly, out of the glare of publicity. He has exercised his powers as Governor with restraint, and respect for the legislative process.

A strong streak of modesty lay behind this approach, but there was also a lot of stubbornness and pride. When the occasion called for the dramatic gesture, the Governor would not make it. This left an impression of passivity that was not always accurate. It also left him vulnerable to criticism that he was not tough enough with errant underlings.

How did such a reticent politician win election to the State's highest position three times? Primarily through superior campaign organizing and the backing of labor and the Japanese community.

But how was he able to do this? Yes, there were the opportunists who jump on a winner's bandwagon. But we see something else—a matter of character. People were willing to work in the Burns campaigns because they believed in him. What he said in his speeches didn't really matter. It was a question of trust, of inspiring loyalty.

Jack Burns has never betrayed that trust. He has not confronted the special interests the way his critics have wanted, but confrontation was never his style. His way has been conciliation—a way that wins few headlines.

The Burns era might have ended in 1970, but the Governor was persuaded to seek a third term because he was unwilling to leave the nomination to Thomas P. Gill. This last term may have been his most difficult, filled with new conflicts and pressures, a rising tide of discontent. And there has been his illness.

Through the ordeal the Governor has carried on with great dignity and equally great humility. He has been as much an inspiration as a political leader. Hawaii is fortunate to have him.

FOOD AID: A QUESTION OF HUNGER, NOT POLITICS

Mr. CLARK. Mr. President, this country has had a long and commendable tradition of helping to feed the world's hungry. It has been a tradition of moral leadership—grounded in the ability of the American farmer to produce more food, more efficiently, than anyone else in the world.

Over the last year though, there have been disturbing indications that this Government has decided to decrease that commitment of food assistance at a time when it is so desperately needed in many parts of the world. The record is not encouraging.

The amount of food aid scheduled right now for this fiscal year is about 4 million tons, two-thirds below the average of U.S. food assistance from 1968 to 1972.

Early in November, at the World Food Conference in Rome, the United States was urged to commit an additional million tons of food to help meet the immediate problem of starvation in parts of Africa and the Indian subcontinent. The administration declined.

At a more recent meeting in Rome of the major grain producing nations, this country had another opportunity to exert leadership by increasing its food commitment. Again, it declined.

Now, it seems, the administration is about to face another decision on our food commitment. Articles in this morning's Washington Post and New York Times indicate that President Ford may make a decision tomorrow on whether or not to increase the U.S. food commitment and whether to emphasize the "political" or the humanitarian aspects of the assistance program.

According to the Post article, the President will review three options for food assistance, and all three "assigned a substantial amount to countries where the United States has a vital political or security interest."

There may well be a question about the administration's position on food assistance, but there is no question about the Senate's position. On December 4, the Senate approved an amendment offered by Senator HUMPHREY to the foreign aid bill which sets a ceiling of $350 million on political food aid for this fiscal year. On November 24, the Senate approved an amendment that I offered to assign the highest priority for food assistance to the countries that need it the most. And the foreign aid bill also includes a provision limiting the amount of fertilizer that this country will send to South Vietnam—not because South Vietnam has no need for it, but because other countries need it more.

Mr. President, food assistance should never be a political question. Too much is at stake, too many people are threatened with starvation today, to permit purely political considerations to dictate who will eat and who will not eat. The U.S. Senate has made its position clear, and so, I believe, have the American people. We can only hope now that the administration will agree.

I ask unanimous consent to have the text of the Post article printed in the RECORD along with several articles on the food situation.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 9, 1974]

USE OF FOOD TO AID U.S. INTERESTS HIT

(By Dan Morgan)

A confidential State Department proposal to spend the major share of this fiscal year's food aid money in countries where the United States has a vital political or security interest is being questioned at the top level of government by advocates of aid for countries threatened by starvation and hunger.

Policy makers who have conferred several times in the last few days have been unable to resolve the split between the "political" and "humanitarian" factions. As a result, President Ford will be asked to make the final decision, probably Tuesday, on which countries receive the aid for the next six months. This decision has been put off for months while authorities awaited more definitive data on American crops and the state of the economy.

Officials are now certain that the overall value of the program will be increased in excess of the $891 million proposed by President Nixon in April. Mr. Ford pledged increases at the United Nations in October. However, agencies are still far apart on whether the increase should be a token or a substantial one. Thus as many as four options may be presented to the President.

Various documents—including a State Department options paper labeled "confidential"—were made available to The Washington Post by officials who said they were making them public in a last-ditch effort to shift the fiscal 1975 Food for Peace program's emphasis to humanitarian needs.

At a meeting in the Agriculture Department Thursday, attended by some 40 officials of eight agencies, representatives of the Office of Management and Budget argued for a program of slightly more than $1.2 billion, emphasizing aiding countries where an immediate need exists, sources reported.

O.M.B. Director Roy L. Ash said yesterday that an option tabled by OMB differed from the ones advanced by the State Department. He said that, in this case, OMB was playing its "classical role" in seeing to it that "all options and arguments pro and con are put before the President."

Ash said that the issues under study have broad political, economic and social ramifications.

"We realize that there are more than two lines of approach," he said. "In order to make a balanced presentation, it's essential that if other agencies don't put forth all the policy directions, then OMB feels its job is to present them."

OMB officials said last week their agency had received many letters from Americans calling for an increase in humanitarian assistance.

Representatives of the State Department and the National Security Council—both of which are headed by Secretary of State Henry A. Kissinger—were reported to have argued for a sizable food aid program for such regions as Chile, South Korea, the Middle East and Indochina.

Ash, Kissinger and Agriculture Secretary Earl L. Butz are due to meet with President

Ford for a final decisionmaking session this week. Butz's position is unclear. While some of his associates describe him as a "closet humanitarian" who would lean toward greater priority to aiding poor countries, others say his political position is weak and that he cannot be expected to lobby hard for any point of view.

Officials in the humanitarian faction who gave their version of the Thursday meeting of the Interagency Staff Committee on food aid complained that the National Security Council "has a way of coming to those meetings and telling us what PL 480 [the Food for Peace program] is going to be."

One source quoted NSC representative Danny Ellerman as saying: "To give food aid to countries just because people are starving is a pretty weak reason."

Ellerman confirmed yesterday that he made a remark of that nature, but he said he was expressing a personal opinion. He said it was clear that the United States had an obligation to help stave off hunger out of "fundamental charity," but he said the point he was trying to make was that food aid can only be a stopgap measure and is not a fundamental solution to the world food problem.

One official said that while a decision to ship vastly increased quantities of food to hungry nations would avoid criticism, "we can be accused of cowardice" by taking the easy way out. The official said it was uncertain whether the food would ever reach hungry people.

The original State Department memorandum listed three spending options: low, medium and high. The alternatives had values of $764 million, $1.1 billion and $1.3 billion.

The total tonnage of wheat and rice allocated under the three proposals was 2.7 million, 4 million and 4.8 million. Only the third proposal exceeded the 4.4 million tons of food programed in the proposal that President Nixon sent to Congress in April.

All three alternatives assigned a substantial amount to countries where the United States has a vital political or security interest.

For instance, in the middle-level plan, Cambodia, Vietnam, Chile, South Korea, Indonesia, Pakistan, Egypt, Jordan, Syria and Israel were listed for low-interest, long-term credits to buy food totaling $612 million, out of a total program of $1.1 billion.

The same middle option allocated $194 million in credits to the hunger-stricken nations of India, Bangladesh and Sri Lanka as well as $328 million in food giveaways. These donations go directly to needy people, such as schoolchildren, mothers, workers on development projects and refugees.

The high-option program adds more than $100 million in credits to the Asian subcontinent countries and it also increases the size of credits for food buying to Chile and South Korea.

According to the memorandum, the medium option "provides for small political programs with Guinea, and Morocco," as well as for aid to Haiti, which is on the U.N. list of 32 nations most seriously affected by global inflation, particularly expensive food, fuel and fertilizer imports.

It also would "enable us to meet the Egypt and Syria political requirements," the memorandum reads.

The memo says that the high option "in effect makes the Asian subcontinent the first priority in food aid," adding that "the humanitarian rationale is strong; there is domestic support for such emphasis."

One participant at Thursday's interagency meeting charged, however, that State's main aim was to give Kissinger the broadest possible leeway to use food for diplomatic and economic purposes.

The critic cited a proposal to allocate $1.5 million in credit to Jamaica, with which negotiations are now under way on the future of U.S. bauxite holdings. Jamaica was removed recently from the U.N. list of neediest nations.

Another official said that a number of agencies question credits to Israel because "there's a feeling that Israel is already getting a lot of aid from the United States in other forms."

A State Department official conceded that security and political considerations do have a high priority in State's position, but he asserted that humanitarian aid also does.

Another official conceded that the Food for Peace program "is shot through with all kinds of conflicting pressures." One source said, for instance, that Pentagon representatives have argued that the United States has an obligation to provide credits to South Korea because of that country's agreement to commit combat troops to the defense of South Vietnam. Also, support for large American shipments of rice to Indochina and Korea has been urged by Congressmen from rice states.

Treasury has taken a hard line in opposing a substantial increase in the overall size of the program on grounds that the shipment of more commodities could boost domestic food prices. Treasury experts also questioned Agriculture Department estimates of wheat exports being too low. Representatives of the Council of Economic Advisers fear that rising domestic food prices could ultimately lead to the imposition of export controls, which could wreck the U.S. position at coming international trade reform talks.

In October and November the United States approved two credits to the Chilean military regime for food purchases totaling $33.6 million. These were the first loans since aid was cut during the regime of Marxist President Salvador Allende.

[From the New York Times, Dec. 9, 1974]

Ford To Be Asked To Approve Rise in U.S. Food Aids—Proposalls To Be Submitted Today Provide for Total Outlay up to $1.4 Billion

(By William Robbins)

WASHINGTON, December 8.—President Ford will be asked this week to approve a budget increase for foreign food assistance and to settle an inter-agency fight over the amounts of aid to be supplied to individual countries.

Government sources said today that the proposals would be forwarded to the President by Roy L. Ash, director of the Office of Management and Budget, in the form of four options, with supporting arguments representing the views of the State Department, the Budget office and the Department of Agriculture.

Papers outlining the prosposals will be submitted to the President tomorrow, the sources said, and a Cabinet-level meeting at which a Presidential decision will be sought is scheduled for Tuesday.

The lowest of the four options will be the $1-billion aid figure already budgeted, the sources said. Two middle-range options would carry a budget figure of about $1.2-billion but would differ in the priorities given to political and humanitarian purposes.

HIGHEST FIGURE IS $14-BILLION

The highest option, said to represent the preference of Secretary of State Kissinger, would carry a price of about $1.4-billion.

The proposed options are the result of a series of inter-agency meetings held at staff and assistant-secretary levels last week, based on a confidential memorandum from Thomas O. Enders, Assistant Secretary of State for Economic and Business Affairs, to Donald Ogilvie, associate director of the budget agency.

A copy of the memorandum was obtained by The New York Times.

"The options in State's memo were clearly weighted to make the high option seem most attractive," a Government official said today.

The Office of Management and Budget was said to lean toward one of the middle options, with funding of $1.2-billion but with a different division of aid from that outlined by the State Department.

The Agriculture Department "came down somewhere in the middle," one Government official said, after the Budget Office agreed to demands by Secretary of Agriculture Earl Butz that any increase in aid not be taken from the budget for his department.

The question of an increase in food aid has been an increasingly sensitive domestic political issue since crop failures in several areas of the world raised the threat of widespread famine this year. The question has been made more difficult by President Ford's emphasis on budget restraints to fight inflation.

The issue became more heated during the United Nations World Food Conference last month in Rome. Several Democratic Senators at the conference insisted that the United States announce a substantial increase in the amount of food to be used to fight hunger in the hardest-hit nations, as opposed to the use of food aid for foreign-policy objectives.

President Ford refused to announce such a commitment.

Conflicts this week were primarily between the Budget Office and the State Department. They focused on the amounts of food aid provided by the middle option that would be devoted to political objectives.

The memorandum by Mr. Enders was first considered at an inter-agency staff meeting Thursday. It offered a law option of $894-million in food aid that was immediately rejected as unrealistic by budget agency officials, who according to sources who were present, accused the State Department of tossing the option in as a "throw-away."

In the memorandum, Mr. Enders noted that such an option would not provide enough funds to supply Egypt with the "500,000 tons they expect" or to provide India "the 500,000 tons we and the Indians have viewed as a minimum."

Office of Management and Budget officials were said to have insisted that $1-billion was the lowest option that could be considered.

"Option enables us to meet the Egypt and Syria political considerations," the memo said, and offers enough for "the minimum essential" for Bangladesh, India and Sri Lanka, three countries that are most seriously threatened by famine.

[From the Des Moines Register, Nov. 28, 1974]

How Will America Respond?

Thanksgiving Day is a good day to think about food and about America's food policy in the world.

During the last quarter century the United States has donated large quantities of food to less-developed countries as relief for hungry people and as a form of economic aid. In the recent discussions of world hunger, some American leaders have been boasting of this country's generosity and suggesting that it was now the turn of others.

It is only fair to mention, however, that U.S. food aid has not been altogether charitable. The Public Law 480 program of sales for discount prices, long-term loans on food purchases and direct gifts has helped relieve the U.S. farmer of surpluses and has raised his prices. Moreover, the aid was used as a means of establishing markets for commercial exports of farm products. Not only food but also cotton and tobacco were included.

So Americans, especially farmers, are in no position to pat themselves on their backs for their generosity. We think the food-aid program has been a good one, and we supported it—as aid for people who needed it and also as a way of helping American farmers. But it is demagogic to claim now that it was done out of sheer goodness of American hearts.

Others should join in, but America's past food aid does not justify holding back now. Senator Dick Clark (Dem., Ia.) felt that the United States did not do enough at the World Food Conference to help meet the immediate problem of hunger in certain areas.

Clark and other congressmen at the conference wanted the U.S. to pledge an increase in food aid to 4.3 million tons of grain, a 30 per cent increase above the amount provided last year. But the administration did not want to go that far. Even at 4.3 million tons, the U.S. commitment would be far less than has been provided in other recent years: the 1968 to 1972 average was 9 million tons.

The difference is that food is high priced in the U.S. now, and the administration is worried about the consumer. If Americans increased their food aid now, it would indeed be a generous act, for it might add a little pressure on food prices here.

But the amount involved really is tiny (out of a total supply this year of about 55 million tons of wheat and rice) and couldn't hurt rich Americans much. Senator Clark suggests a way to lessen the burden, by making certain that the food aid actually goes to the neediest countries. He got an amendment through the Senate the other day requiring the highest priority on food aid for demonstrated humanitarian purposes.

Until now much of the food aid has gone to Vietnam and Cambodia, countries not in desperate shape for food, and the governments have been able to sell the food and use the funds for supporting their military programs.

The U.S. certainly would be justified, also, in rationing commercial exports to some of its irregular customers, such as Russia, in order to furnish food to starving people. Russia had a record crop in 1973 and only a slightly smaller harvest this year. There is a question what the Soviets are doing with the grain they are importing. Perhaps they will build their reserves or use it for food aid themselves.

Both Canada and Australia have promised sizable increases in food aid. There is no good reason why the United States cannot do so even if it does not have surpluses as in the past.

[From National Journal Reports,
Nov. 30, 1974]

AGRICULTURE REPORT/EXPERTS SPLIT ON METHODS FOR SOLVING WORLD FOOD SHORTAGE

(By Daniel J. Balz)

Most of the rhetoric at the recent United Nations World Food Conference in Rome dealt with the immediate problems of getting food to people in Asian and African countries who already are on the brink of starvation. Even if that were accomplished, it would only solve a crisis within a crisis.

"The longer-term picture is, if anything, starker still," Secretary of State Henry A. Kissinger told the conference in a Nov. 5 speech.

In the past decade, food production has increased about 35 per cent, yet per capita consumption of food barely has remained constant largely because of swelling population. And, Kissinger said in his speech, because the production increases are unevenly distributed, the "absolute number of malnourished people are, in fact, probably greater today than ever before except in times of famine."

Thirty to 50 per cent of the children in some parts of the world die before they are five years old, Kissinger said, and many of those who live suffer permanent physical or mental damage because of poor diets.

DEVELOPMENT

While Kissinger, under direct orders from President Ford, sidestepped firm commitments on increasing food aid to immediate needs in Asia and Africa, he laid heavy emphasis on increasing production throughout the world to meet the continuing crisis.

"We are convinced that the world faces a challenge now in its severity, its pervasiveness and its global dimension," he said. "Our minimum objective of the next quarter century must be to more than double world food production and to improve its quality.

"Ironically, but fortunately, it is the nations with the most rapidly growing food deficits which also possess the greatest capacity for increased production. They have the largest amounts of unused land and water. While they now have 35 per cent more land in grain production than the developed nations, they produce 20 per cent less on this land. In short, the largest growth in world food production can—and must—take place in the chronic deficit countries."

Kissinger's remarks also represented the thinking of nearly every Ford Administration official who helped develop the U.S. positions for the food conference. If nothing is done to accelerate production in the developing world by 40 per cent, the grain deficit in those countries could hit 85 million tons by 1985, a deficit so large that even if the rest of the world had excess grain (and some estimates put that excess as high as 60 million tons) it could not distribute it without jamming up the world's ships and ports.

THE EASY THING

But Kissinger's remarks also represented the easiest source of agreement for U.S. policy makers. If good intentions produced food, there probably would have been no need for the Rome conference. Few people in this country or others oppose the objective of increasing production in the developing nations, but that goal is more than a simple economic equation. It involves tough social and political questions, as some U.S. officials who have been trying to reorient this country's programs for agricultural assistance have discovered.

Kissinger's speech perplexed a number of Ford's senior advisers—not because they disagreed with the thrust of what he said but because after months of preparations his proposals seemed to appear from nowhere.

Kissinger called for more research directly applicable to the agricultural problems of the poorest countries and increased investment in those countries' agricultural systems. He also pledged varying amounts of money to study nutrition problems, to find methods, to combat malnutrition, and to improve food quality shipped under current food aid programs.

SCURRYING

"Because we got the draft of his speech so late," said one White House official who worked on preconference planning, "there was a lot of scurrying around to get some of these issues settled."

Said another, "We just didn't think his ideas had been worked through carefully enough. Perhaps they had been somewhere in the State Department."

But two weeks after Kissinger's speech, an official in the Agency for International Development (AID), which oversees most of the agricultural development projects underwritten by the United States, could not recall what Kissinger had proposed.

Kissinger's plan to tap the expertise of the developed world and the bankrolls of the oil-exporting countries represents a new departure—and a joint solution to both the food and petrodollar problems. But those efforts could take several years to jell. (*For details of the petrodollar issue, see Vol. 6, No. 35, p. 1293.*)

Meantime, the desire to accelerate production in poor countries lies with current initiatives, and as many Administration officials have discovered in the past few years, there are many problems with those—despite the good intentions.

Green revolution

People interested in increasing production in poor countries usually turn first to the Green Revolution for help.

But more attention has been focused recently on the Green Revolution's shortcomings than its promise, on what a report prepared by the Agriculture Department's Economic Research Service calls "the apparent loss of momentum of the Green Revolution in developing countries."

The Green Revolution usually is associated with improved seed varieties developed at the International Center for Maize and Wheat Improvement in Mexico. Norman E. Borlaug, who directed the center's work, received the Nobel Peace Prize in 1970 for his efforts.

The introduction of those seeds—mostly in Asia—allowed India to become virtually self-sufficient in wheat production for several years.

OIL PRICES

But the Arab oil embargo, the fourfold increase in oil prices, and a capacity shortage in fertilizer plants brought home the reality of the "revolution"—that it involved far more than the introduction of new seeds.

The "revolution" actually involved a technological package that included not only new seed but irrigation and heavier use of chemical fertilizers and pesticides. "The Green Revolution," according to the economic research report, "is not a single technique or event but a combination of techniques which are continually being modified."

Many people blame the Green Revolution's problems largely on a shortage of fertilizer and on fertilizer's high prices. To some extent they are right.

In 1972, fertilizer prices rose 30 to 50 per cent, according to the Agriculture Department. In 1973, "they doubled the 1971 level. In late 1973, prices rose even more sharply, research $300 to $400 per ton."

This put developing countries in a bind. Faced with food shortages, they could either spend their limited foreign exchange on food imports to meet the immediate crisis or on oil to produce fertilizer and run the machines vital to Green Revolution technology. Both the risks and the payoffs are greater by concentrating on production, but it could take several years to realize those payoffs.

The Agriculture Department's report predicts that fertilizer prices will decline sharply when new fertilizer plants are finished. Citing studies, the department said prices could fall into the range of $80 to $125 per ton—about the level of the mid-1960s. But it says it is difficult to predict how quickly that extra fertilizer will become available. It is even more difficult to predict how the fertilizer will be distributed worldwide.

UNEVEN BENEFITS

The distribution of Green Revolution "technology" has been uneven, according to the Agriculture Department. "The Green Revolution has been highly concentrated in Asia," the research report says, "and within Asia it has been very heavily concentrated in a few countries. In 1972–73, India and West Pakistan together accounted for nearly 81 percent of the total HYV wheat area in Asia." (HYV means "high yielding varieties" of seed.)

Within countries, the picture was just as uneven. "In India, 48 per cent of HYV wheats were concentrated in two states, and 40 per cent of HYV rice varieties were concentrated in two other states. The uneven distribution was even more pronounced in Pakistan: 74 per cent of the HYV wheat was located in one province and 77 per cent of the rice in another."

This report concludes pessimistically that the problem is more complex than the seeming failure of the Green Revolution. "The Green Revolution was not a solution to the food deficit problem in the tropics, nor has it failed because shortages have reemerged.

". . . Just as it took from one to two decades for hybrid corn in the United States and HYV wheat in Mexico to achieve full adoption and high sustained yields, it will take time in Asia."

Helping the rich

An even more serious shortcoming of the Green Revolution is its effect on income distribution in countries where it has been introduced.

In general, high-technology farming has tended to make the rich richer and the poor poorer. Lee B. Fletcher, an agricultural economist in AID's Technical Assistance Bureau, said the returns on the technology associated with the Green Revolution tend to go to the land, which increases the economic strength of those with the most land.

The Transnational Institute, a Paris affiliate of the Institute for Policy Studies in Washington, amplified that thesis in a paper released at the World Food Conference:

"The unequal distribution of land ownership establishes in favor of a small number of large landowners not only a set of traditional social and economic privileges, but also easy and privileged access to financial resources mobilized by governments of the underdeveloped countries to improve agricultural productivity and modernize agriculture.

"For the public or private banking system the large landholders, not subsistence farmers or peasants, are better risks for credits for production and modernization. Banks and development technicians, for their part, frequently prefer to invest their efforts with rich landowners. Not only do they feel they have better guarantees for their loans, but they also see greater advantages from the viewpoint of increasing production in helping those who control important quantities of land resources and thus have the wherewithal to apply the technical and financial aid than poor peasants, deprived, or almost deprived, of the most basic agricultural resource, land."

AID RESEARCH

Research carried out by Cornell University for AID supports the institute's assessment.

A recent AID report said that when economists from Cornell studied the effects of advanced technology in India, they found "that although the new technology greatly increased national income, it aggravated a tendency toward unequal distribution of income—most of the added income went to the larger landowner, but incomes of the large majority of farmers increased little or not at all."

Fletcher said when the advanced practices associated with the Green Revolution were introduced, "people pointed to them as having characteristics that were neutral—that can be used by large or small farmers. Other things being equal, the small farmers would have the advantage" because they have a greater potential to increase production.

"But that neglects the problem of access," Fletcher said. "Access to knowledge—large farmers have better access to extension services—to inputs (such as fertilizer), credit, and commercial relationships.

"So the whole institutional structure has not been neutral," he said.

EMPLOYMENT PROBLEM

AID's report on its research activities warned that if greater production "produces no benefit for the small farmer, he will not go to the extra trouble required and the country's over-all growth rate will be slowed."

The report said further that the spreading income disparity "creates social, political and economic tensions that a government must consider in developing its economic policies."

In many developing countries, 80 to 95 per cent of the people make whatever living they can through agriculture. But large numbers of them work only a fraction of the year. There is virtually no work for them in urban areas because incomes are so low generally that no industrial base can be developed.

One disadvantage of the Green Revolution is that it tends to encourage agricultural development along the lines followed by developed countries—toward larger, more mechanized farms. In the United States, for example, only 4 per cent of the population provides food for the rest of the country, with plenty left over for export.

The migration from farms to cities which has occurred in the U.S. during the past 40 years has created many of the nation's urban problems, despite the availability of many jobs in and around cities. In the developing countries, the same kind of forced migration caused by adoption of an agricultural technology which favors capital and machinery rather than people could have seriously disruptive effects, even if it were to provide an increase in food production.

Small farms

One of the ironies of the Green Revolution is that while much past research has encouraged larger farms and advanced technology, some of the most productive farmers in the world till only two or three acres.

The argument favoring small-farm agriculture was laid out to Congress Sept. 11 by Edgar L. Owens, an official in AID and coauthor (with Robert Shaw) of *Development Reconsidered* (D. C. Heath, 1972).

Testifying before the Subcommittees on International Organization and Movements and on Foreign Economic Policy of the House Foreign Affairs Committee, Owens said: "American-style large-farm, tractor-mechanized agriculture, which is designed for multi-hundred acre farms, is neither efficient nor practicable in the poor countries. The capital cost is too high. The number of jobs involved in our style of farming is much too low."

Owens said that production figures show that some "developing countries" produce more pounds of food grains per acre than does the United States.

Per acre production in the United States in 1972 averaged 3,185 pounds. In Egypt, the per acre yield was 3,515 pounds and in Taiwan it was 3,320. In Japan, not a developing nation by any means, but a country with a vastly different agricultural system than in the United States, per acre production of food grains was 4,615 pounds.

By American standards those systems are inefficient. American industry measures its productivity on the basis of output per worker hour. American farms, which invest tremendous amounts of money in machines and equipment, put far less human time in the land than do farms in Taiwan or Egypt. But when output is measured on the basis of acreage, the American system looks less efficient.

INSTITUTIONAL SUPPORT

What makes the difference, Owens testified, is that those countries where production is high "have recognized that a wide array of laws and institutions are just as necessary for agricultural advance as improved farm technology—laws relating to such matters as land tenure and protection of farm tenants, to private property and contracts; institutions such as local government, farmers' and irrigation associations.

"These and many others make up the legal and institutional framework of a rural society that small farmers need to gain access to credit, production supplies, the market and other elements of a high productivity agricultural system," he said.

Because four-fifths of farms in poor nations consist of fewer than 12 acres, and the average in some of the most densely populated countries is two to three acres, what has worked in the United States cannot work everywhere else, and especially in those areas where production potential is highest.

AID STUDIES

An AID official, who has studied the effects of different kinds of development programs in Latin America, supported the Owens thesis.

In Colombia, he said, AID traced the impact of small farm credit on employment, production and net income of farmers. "In general what we found was that all increased with the availability of credit," he said. "Starting with 2 hectare (5 acres) farms and up, these were very viable economic units.

"And," he said, "they use land more efficiently than large farms—which knocks the American view of things into a cocked hat."

He said that before the study in Colombia. many people had assumed that "the only productive farmers were the big ones in the valley, while the little ones on the hill weren't doing well and should be taken down into the valley or out of farming. But that just wasn't so. What they needed was credit.

A similar study in Guatemala using a sample of 2,600 farms, found virtually the same thing, he said. It also helped pinpoint regions and the kinds of farms where credit would have the most beneficial effect.

Policy shift

A year ago, Congress passed a foreign aid bill which its supporters said represented a fundamental shift in policy designed to channel U.S. aid to those sectors of foreign economies which would directly improve conditions for the poorest people in those countries.

"The essence of the new concept," Charles Paolillo wrote in the Overseas Development Council's *Agenda for Action 1974* (Praeger, 1974) "is that improving the lot of the great majority who are poor can be done best—indeed in most cases done only—by attacking their basic problems directly, rather than by assuming that they will benefit from over-all economic growth."

Paolillo, a former AID official, is now a staff member of the House Foreign Affairs Committee, where the concept was put into legislative language.

The action by Congress coincided with moves in AID to redesign its approach. Parochial quibbling between the agency and Congress makes it difficult to determine just when and where the policy shift began.

INEFFECTIVENESS

Evidence shows that both AID and members of the Foreign Affairs Committee were concerned with the effectiveness of the U.S. aid program. Partly out of fear that the older approach could result in the death of the entire program (and thus AID itself), and partly because analysis within AID showed that the "trickle-down" approach to economic development had been unsuccessful, the change began to take shape.

As a first step, Congress and AID restructured the program to emphasize economic sector programs rather than relying as in the past on a system of transfers of money from this country to another, most of which went into major projects such as dams or hydroelectric plants. Such projects often did the poorest people in those countries little good.

Along with that policy shift came added emphasis on the agricultural sector of developing economies. In its fiscal 1975 budget request, AID asked Congress for permission to spend $675 million on food and nutrition assistance, up from $285 million in fiscal 1974.

The new emphasis on agriculture is seen in the share which it now commands, 59.7 per cent compared to 32.1 per cent in fiscal 1974 and 24.1 per cent in fiscal 1973.

The House committee voted to cut agriculture programs by $75 million. "They were trying to do too much," said Lewis Gulick, a staff consultant.

CONFUSING MANDATE

But the legislative mandate is confusing, and committee staff experts and AID officials disagreed in interviews on just what the new emphasis on the poor majority in developing countries means.

For example, *National Journal Reports* asked Marian A. Czarnecki, chief of staff of the House committee, Gulick, and several AID officials to cite cases in which loans no longer would be made under the new policy. All said they could think of none. Nor could they name countries which would benefit from the new approach. One AID official did say the agency was debating internally whether to fund a loan to Bolivia which might help larger farms.

Some AID officials said that officials in parts of the agency are trying hard to push the small-farm approach. "We're breaking our ———," said one official. "How successful we are is another question."

Another AID staff member said that most of the success under the new policy has come in Latin America, "because the governments are more sophisticated."

Owens said that foreign governments which had been trying to develop their smallest farms have done so because of employment problems, not primarily to increase food production.

"Don't think the food issue is forcing them to change," he said. "They have to respond to employment problems."

In his book, Paolillo wrote: "There is an inherent dilemma in the legislation, and in AID's thinking, on this question. The legislation supports the concept that the United States should not try to tell other countries how to run their economies or what kind of development policies are best for them. Yet the legislation clearly lines up the United States behind the new approach to development which tries to reach the poor more directly."

What works

In many ways, the general desire to increase agricultural production quickly in these countries runs smack into the new approach of AID and Congress.

"If your objective is to increase agricultural production, then it seems to me to be better to work with the bigger farmers who are more developed and are more willing to accept technology," said Edmund H. Farnstad, an Agriculture Department official who has been working on agricultural projects in the Middle East.

"If you want to improve farm income, then you work with the small farmers."

To many people in AID, Kissinger's speech at the World Food Conference represented the dilemma facing U.S. policy makers. James G. Patton, former president of the National Farmers Union, said, "Policy now is wishy-washy. We haven't decided what to do. People in policy positions want to duck the tough issues—the political ones. We have to involve ourselves in political pressure to bring about changes in these countries—land reform, credit, rural development."

ISSUES NOT RAISED

Although some officials within AID wanted these issues raised by the United States at the World Food Conference, they go no farther than the State Department in their attempts. One AID official said Edwin M. Martin, the coordinator of most of the pre-conference work, would not raise the issues with senior Administration officials.

"It was suggested to Martin that it was not enough to say we favor more agricultural development," this official said, "but that there are issues that have to be raised. Various contacts were made with Martin's staff to get meetings set up. We were told there would be no response."

He said that the State Department was "scared to take the lead on development issues in such a way as to be interpreted as interfering with the internal affairs of other countries.

"The question," he said, "is should we de-emphasize it or should we try to find a way to talk about it. That's the discussion that's been going on in this building. We've ducked it."

Few people working on agricultural development quibble with Kissinger's proposals to double the resources of the international network of research centers or to seek out oil money to fund development projects in the poor countries. Even Kissinger said that research should concentrate on finding ways to aid small farmers who have little access to costly inputs.

A project underway, for example, hopes to find the key to fixation of nitrogen in legumes, such as soybeans. If that quality could be transferred to such crops as wheat and corn, the need for fertilizers would be reduced drastically. Other projects seek ways to develop low-cost machines which are suitable for the cabbage patch plots farmed by many of the world's poorest farmers.

TECHNOLOGY NOT ENOUGH

But advanced technology in itself is not enough. "Technology is probably available to double production," said Guy B. Baird who oversees agriculture research in AID's Technical Assistance Bureau. "But it depends on so many other things, like prices, credit, inputs. So it's hypothetical to talk about the increase in output because so many things go beyond the availability of technology."

Even as ardent a supporter of more research as Lyle P. Schertz, deputy administrator of ERS for international economics, admits that the most difficult problem facing agricultural researchers is to find ways to get their knowledge down to the small farm level. He said the weakest link in the research network is in individual countries trying to take the work of the international centers and transfer it to their own farmers.

"The big problem," said Philip Birnbaum, director of AID's policy and program division, "is that when you get (advanced technology) you can do it with farmers who have had some exposure, who can read instructions on the bag. So initially you have good success because you're dealing with people who can handle it.

"But you don't have the infrastructure to do it with peasant farmers. If you want to go from the 10–15 per cent of the farmers who are somewhat modern to get the rest, the kind of backup you need is enormous."

AID analysts discovered the importance of localizing research in a study of small Guatemalan farms. "We found that the more fertilizer they used, the lower the production," said one official. "Nobody believed that, but the reason was the fertilizer included in the package of inputs was wrong for the soil.

"That just shows the advantage of empirical resources and the variability of regional problems," he added.

KISSINGER'S OMISSIONS

What bothers some Administration officials about Kissinger's speech was that it emphasized research at the expense of other factors.

"The question of research tends to be overemphasized," said an AID official. "You start with the question of productivity of the land. There are two ways to increase production. Americans tend to think of better technology. That's only one way.

"Another way is to use the land and use it more intensely. You have underemployment in those areas throughout the world. If you increase the use of it, you could get a dramatic increase in production.

"There's a certain naivete that research is the most effective short-term way to increase production. It may not even be the most effective long-term way. We ought to concentrate on getting idle resources to work."

In Colombia, AID found that the twin goals of increasing production and employment could be achieved together. The result was an increase in farmer income, a step which many experts feel is a prerequisite to industrial development. "If you can get people more income so they can buy a flashlight," said James Patton, "then you've got industry."

Outlook

"We must proclaim a bold objective," Kissinger said in Rome. "That within a decade, no child will go to bed hungry, that no family will fear for its next day's bread, and that no human being's future and capacities will be stunted by malnutrition."

The Secretary of State said nations should act with a "global conception.

"The political challange is straightforward: will the nations of the world cooperate to confront a crisis which is both self-evident and global in nature? Or will each nation or region or bloc see its special advantages as a weapon instead of as a contribution? Will we pool our strengths and progress together, or test our strengths and sink together?"

But Kissinger said the United States considered its agricultural prowess "as a global trust," and pledged that this country "will make a major effort to match its capability to the magnitude of the challenge."

But there are people who still question whether Kissinger's words represented a coherent strategy on the part of the Ford Administration to carry out the desires to alleviate starvation facing many countries today and to help other nations increase their own agricultural output and the well-being of their poorest people.

Although the U.S. delegation in Rome felt pressure to deliver more food aid this year, Kissinger's proposals received praise both in this country and abroad. But as officials in his own department said, his emphasis on international mechanisms only serves to treat part of the problem. Whether those mechanisms can be constructed to bring money and expertise to the farmers who need it most—and upon whom the world must depend most—is something which cannot be answered now.

But Kissinger himself warned of the consequences of failure. "The poorest and weakest nations will suffer most," he said. "Discontent and instabilities will be magnified in all countries. New dangers will be posed to recent progress in reducing international tensions."

NATIONS WITH SERIOUS FOOD PRODUCTION PROBLEMS

The countries included in the table below have serious agricultural production problems, according to a recent report by the Agriculture Department. The table shows how much money the United States has been spending to help these countries. It also gives other statistics relating food problems to population. All figures come from budget submissions of the Agency for International Development in the State Department. (AID does not provide a country-by-country breakdown of its assistance to Central West Africa, which includes the Sahel region which has been hard hit by drought in the last several years.)

Country	Population (millions)	Population growth (percent)	Labor force in agriculture (percent)	Annual growth rate in agriculture 1968–73		AID agriculture assistance estimated (in millions)		
				Total	Per capita	Fiscal 1973	Fiscal 1974	Fiscal 1975
Central West Africa						$3,050	$2,475	$21,868
Cameroon	6.2	2.1	84	1.4	−0.6			
Chad	4.0	2.4		NA	NA			
Dahomey	2.9	2.4	84	2.1	.4			
Guinea	4.2	2.3	85	2.6	.4			
Mali	5.5	2.4	90	−1.9	−4.1			
Mauritania	1.2	2.3	99	NA	NA			
Senegal	4.0	2.4	74	1.5	−.7			
Sierre Leone	2.8	2.3	75	4.8	2.5			
Togo	2.1	2.8	79	1.0	−1.6			
Upper Volta	5.7	2.0	87	−1.3	−3.1			
Other Africa:								
Ethiopia	27.3	2.6	85	1.0	−1.4	869	13,141	19,306
Ghana	10.0	3.1	55	1.1	−1.9	242	725	11,000
Rwanda	3.9	2.8	91	2.4	−.5			2,500
Sudan	17.2	3.1	80	2.2	−.6	11,000	284	700
Tanzania	14.4	2.7	86	1.5	−1.9	3,827	2,608	10,079
Zaire	18.9	2.3	78	0	−2.2	148	578	5,403
Latin America:								
Colombia	24.1	3.2	47	3.7	0.4	33,500		5,258
Dominican Republic	4.7	3.4	61	9.4	5.9	232	7,743	155
Haiti	4.9	2.6	83	2.7	.8	635	6,666	6,504
El Salvador	3.9	3.3	60	5.0	1.8	779	7,300	7,115
Guatemala	5.6	2.8	65	5.5	2.5	5,356	904	15,401
Honduras	3.0	3.3	67	3.2	−1.0	2,389	7,325	12,100
Nicaragua	2.1	3.2	51	4.9	2.1	251	15,249	220
Panama	1.6	3.0	32	1.1	−2.1	338	5,360	11,465
Asia:								
Afghanistan	1.8	2.4	82	NA	NA	20,669	980	9,090
Bangladesh	76	2.7–3.0	75	1.7	−.8		26,000	62,100
India	603	2.2	73	3.1	1.0	897	500	75,000
South Korea	34	2.0	48	3.9	1.9	25,243	22,632	19,298
Pakistan	65	2.9	53	3.1	.2	20,370	8,269	56,344
Philippines	42	3.2	46	4.1	.8	4,459	8,201	38,080
Sri Lanka	13	2.2	49	1.3	−.8			8,008

Source: Agency for International Development.

CHILE

Mr. KENNEDY. Mr. President, I want to call to the attention of my colleagues the article by Lewis Diuguid of the Washington Post reporting on the conclusions of the Inter-American Commission on Human Rights' investigation of human rights violations in Chile.

I believe Mr. Diuguid's article aptly summarizes the conclusion of the Commission that:

> There were "extremely serious violations" of 10 fundamental human rights established by hemispheric agreement: to which Chile is committed.
>
> It cites physical and mental torture, retroactive imposition of unconstitutional punishments and total deprivation of political rights.

I ask unanimous consent to print in the RECORD the article by Mr. Diuguid and, for those of my colleagues who desire to examine the conclusions in detail, I call their attention to pages 38139–38146—and especially to exhibit 4 on page 38144—of the RECORD of Wednesday, December 4, 1974, where they were printed during the debate on the foreign aid bill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 9, 1974]

OAS STUDY HITS TORTURE IN CHILE

(By Lewis H. Diuguid)

The Inter-American Commission on Human Rights has issued the most detailed and documented denunciation of human rights violations in Chile that has appeared since the military coup of September 1973.

In a report to the parent Organization of American States, the commission finds "extremely serious violations" of 10 fundamental human rights established by hemispheric agreements to which Chile is committed.

It cites physical and mental torture, retroactive imposition of unconstitutional punishments and total deprivation of political rights.

In accord with the commission's mandate, the 175-page report was submitted first to the Chilean government before presentation to the OAS Council last week.

Chile, objecting strongly to most of the report, submitted a 125-page rebuttal attacking "certain surprising and disturbing conclusions in conflict with the real state of affairs."

Most of the report is based on a 12-day visit to Chile ending Aug. 2, 1974, by five members of the seven-member Human Rights Commission, which is selected regionally by the OAS council, and six staff members.

"During the interrogations of prisoners, both in Santiago and outside Santiago . . ., of the large number who stated that they had been subjected to torture, in some cases brutally with visible marks remaining, most of them asserted that the torture was not applied in the establishments where they were or had been detained, but in certain places where they were taken for that purpose," the report said.

The commission found in its widely scattered visits to prison camps that the torture was consistently alleged to have taken place in five specific military or police installations. The commission was denied permission to visit any of them.

The report notes that the Chilean Minister of the Interior expressed interest at the start of its visit in any findings that would document use of torture, which is formally prohibited.

"The commission is absolutely certain that a high-level and completely independent investigating commission designated by the government of Chile would not have the slightest difficulty in making the checks that the commission members were prevented from carrying out," the report says.

In rebuttal, Chile pointed out that all governments are permitted "to guard the security of certain places intimately related to national defense."

One of the five "torture centers," the Navy ship Esmeralda, was on a Pacific cruise during the commission's visit, the rebuttal notes. It adds that the commission should have so informed itself.

"This is a typical situation demonstrating the haste with which the report was prepared," the government response declared.

A member of the commission's staff said, however, that when members asked to visit the ship they were refused information even on its whereabouts.

The commission does acknowledge general cooperation by the Chilean authorities, except for the torture center episode. The visitors were permitted free access to prisoners. Indeed, the report offers transcribed tape recordings in which prisoners accused the junta of criminal acts far beyond the scope of the commission's own denunciations.

The rebuttal makes it clear that the government and the commission rarely agree on what constitutes observation of the 10 rights allegedly violated.

They are the rights to life, personal safety, liberty, habeus corpus, due process, expression and information, assembly, association, opinion and equality before law, and political participation.

Several commission accusations charge abridgement of political rights. "None of the mass-communication media are free to disseminate thought, inform the public," it says, and as to freedom of opinion and equality before the law, it declares that "Marxism is generally considered as a felony."

In its rebuttal, the Chilean government denies prohibiting anyone from holding Marxist ideas but states that dissemination of such ideas is illegal.

The question of voting rights is one of the few in which the Chilean reply uses specific data instead of interpretation of the military code of justice to question the report.

The commission denounces destruction by the junta of voter registration lists—parties and political activity have been suspended—and questions the junta's allegation that falsified lists had a large impact in 1973 congressional elections, in which Allende government parties increased their popular support.

Any falsification could have been corrected far more easily than starting anew the task of national registration for 5 million voters, the report says.

The Chilean reply says the commission's figure of 5 million voters overstates the number by 1.2 million and rejects its dismissal of any impact that fraud may have had.

While the commission does not state flatly that the human-rights violations it encountered in dozens of interviews are continuing, it does summarize recent events that indicate that probability.

It points out that Chile is slowly releasing *some former Allende* officials held more than a year without charge, adding that in most cases they are exiled.

By the time of the commission's visit, numerous international groups of lawyers, civil libertarians and legislators had charged that torture, arbitrary arrests and imprisonment of followers of the late President Salvador Allende occurred after the coup.

While some of these groups made on the spot studies and some had reputations for impartiality, none had the commission's organizational safeguards for objectivity.

The commission's powers are limited, and it was ineffective in probing allegations of human-rights violations in Cuba and Brazil because the accused governments refused to let the commission into their countries.

Chile emphasized in its rebuttal that it offered full cooperation with the commission and with other groups investigating alleged human-rights violations. It professes equal concern on the part of the military government.

The rebuttal repeatedly accuses the commission of failing to take into account the Allende regime's alleged violations of human rights, when it is making judgments on actions taken to maintain order after his fall.

However, the commission says it is not within its duties to decide whether "this regime is more or less desirable than the previous regime." It does note that "neither the number nor the seriousness" of complaints received during Allende's three years were cause for the commission to ask for an on-the-scene investigation.

The OAS Council, on receipt of the report and the Chilean rebuttal, sent both documents back to the commission, which is expected to make both documents public by submitting them to the general assembly of the OAS in April.

THE AEC'S RASMUSSEN REPORT: HOW RELIABLE HAVE RELIABILITY PREDICTIONS BEEN?

Mr. GRAVEL. Mr. President, in evaluating the AEC's Rasmussen report, which predicts that 100 nuclear powerplants would cause a $2 billion catastrophic accident only once in 10,000 years, it is important to ask just how well reliability predictions have matched actual performance in space and military technologies.

Last summer, Senators Brooke, Clark, Hart, Proxmire, and myself asked the General Accounting Office to give us some guidance on the question of how reliable are reliability predictions.

We noted in our letter that performance expectations were not met in the NERVA nuclear rocket program, which finally had to be canceled, or in the Intelsat and Air Force satellite systems, or in the Poseidon missile program, where 58 percent of the missiles failed their operational tests and had to be recalled. No technique had managed to predict these failures.

However, in its report to Congress on renewal of the Price-Anderson nuclear insurance bill, the Joint Committee on Atomic Energy had claimed that the Rasmussen report would be valid because it used reliability prediction techniques developed in the space and military programs.

IMPORTANT REPORT FROM THE GAO

The GAO has produced an extremely interesting 7-page report for us. Unfortunately, the table comparing reliability estimates in the planning stage with the performance of hardware in its first 2 years, is classified.

Of course, the table confirms the GAO's unclassified statement that predicted reliability is "not initially achieved in operations; but equipment and component modifications, training, and experience usually result in upward reliability trends over a period of time."

The implications of such a statement are extremely disturbing with regard to nuclear powerplants, each of which is unique. The process of discovering the problems, in order to correct them, may involve a major radioactive catastrophe. This makes the nuclear power problem qualitatively different from trial-and-error in rocketry or missiles.

According to the GAO report:

> The confidence that can be placed on reliability predictions is directly related to the extent of previous testing or use of the *same* or *similar* systems . . . Reliability experts are reluctant to make absolute predictions at the outset of new systems, mainly because so many variables are as yet unknown or unquantifiable . . . Predictions are made during development, but these are used for comparison only—to choose among design alternatives, candidate components, and so on . . . Some officials look on contract-specified reliability figures as optimistic possibilities rather than supportable figures. One official termed contract-specified reliability numbers as "window dressing."

EXPERIENCE NONEXISTENT ON PREDICTING ONE-TIME DISASTERS

The Rasmussen report, however, did not hesitate to make "absolute predictions" for the first 100 nuclear powerplants, each with a 40-year anticipated lifetime, although only 50 of them are built so far.

If one argues that these plants are no longer in a "development" stage, then one should look at the actual performance of a developed system versus the performance which was specified.

An unclassified table in the GAO report shows a terrible discrepancy between specified against actual mean-time-between-failures in aircraft radar systems.

The GAO report concludes,

> As far as we could learn during this brief review, D.O.D. and N.A.S.A. officials can offer little guidance as to how very rare failures or catastrophic accidents to systems can be anticipated, avoided, or predicted . . . N.A.S.A. goes to extraordinary lengths—reliability cost is hardly an object—to prevent disasters in manned space vehicles and has the singular advantage of vehicle occupants prepared to make onboard repairs. Still, three astronauts were lost in one vehicle. The Soviets suffered similar losses in other attempts. No one can tell if and when such catastrophic failures will be repeated.

It is clear to me that the GAO report undermines completely any claim that the Rasmussen report can reliably predict anything about the frequency of bizarre, never-foreseen nuclear accidents which may be of distastrous proportions indeed.

I ask unanimous consent that the GAO report be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Review of Reliability Data on Weapon and Space Systems

(By the Comptroller General of the United States)

Comptroller General
of the United States,
Washington, D.C.

Hon. Mike Gravel,
U.S. Senate.

Dear Senator Gravel: This is in reply to the letter of July 31, 1974, signed by you and Senators Proxmire, Clark, Hart, and Brooke, asking us to compare reliability predictions for defense and space programs with actual performance and to provide some guidance on the value of reliability predictions. Your request was based on concern over how much confidence could be placed on reliability predictions for nuclear power reactors, particularly the possibility of catastrophic accidents.

We studied Department of Defense (DOD) and National Aeronautics and Space Administration (NASA) documents and other literature relating to reliability predictions, experience, and estimating methodology. We also interviewed experts, both within and outside the Government, to ascertain their views on this subject. From this limited study we conclude that:

1. Although the basic reliability methodology is adaptable to Atomic Energy Commission (AEC) projects, DOD and NASA experience has limited usefulness in judging the validity of AEC's reliability predictions.
2. The confidence that can be placed on reliability predictions is directly related to the extent of previous testing or use of the *same* or *similar* systems.
3. Most early DOD reliability predictions are goals set for the contractors or laboratories to achieve in development and production. Most such goals are not initially achieved in operations; but equipment and component modifications, training, and experience usually result in upward reliability trends over a period of time.
4. Reliability of major new systems cannot be accurately predicted because of the many variables—materials, training, maintenance, and so forth—that are involved.

Outlined below are the data we developed on reliability predictions, actual reliability, and specific systems performance.

RELIABILITY PREDICTION

Reliability experts are reluctant to make absolute predictions at the outset of new systems, mainly because so many variables are as yet unknown or unquantifiable. On the other hand, if the configuration is one of a well-understood series or similar to other tried configurations, test and experience data can often be extrapolated with some confidence. NASA and DOD interviewees believe that thorough testing in the intended operational environment and extensive experience data are the best guides to predicting reliability. Predictions are made during development, but these are used for comparison only—to choose among design alternatives, candidate components, and so on.

During development, reliability engineers use predictive models based on component testing. To anticipate the frequency of rare occurrences, tens of thousands of components must be analyzed to establish failure rates and to try to uncover some of the "unknown unknowns" that beset complex designs. This procedure can be costly and time consuming without producing all the answers about how a system will perform. Even though failure rates may be established through exhaustive testing, they are often modified by engineering judgment. For example, a manufacturer's stress ceiling on a critical component might be halved to temper the uncertainty of a reliability calculation.

Because of the uncertainties and inherent limitations in their ability to predict reliability, most engineers believe that an expressed level of reliability should be a goal rather than a confident prediction of how a new system will perform. Reliability goals, in their view, are guides for analyzing designs, selecting and testing critical components, providing for redundancies, choosing backup parts, and deciding on failure-avoidance measures.

Some officials look on contract-specified reliability figures as optimistic possibilities rather than supportable figures. One official termed contract-specified reliability numbers as "window dressing." Another expert said that accurate predictions may be unpopular or politically unacceptable. A recent Air Force report states that:

"* * * where a manufacturer is interested in having his equipment look good he can, and will, select some of the more optimistic data he can find or generate, to use in his reliability predictions. Thus reliability predictions, for several reasons, tend to be generally optimistic by a factor of two to six, but sometimes for substantially greater factors."

ACTUAL RELIABILITY

Actual reliability in operations is affected by many variables. For example, changes in humidity, temperature, vibration, and shock cause problems in electronic systems. Human error, "wear-out," shipping, handling, and various maintenance practices are other causes of system failure. (NASA found that an intensive "people motivation" program improved overall reliability.)

Many problems are due to design "unknowns" not predictable or quantifiable during development. For example, one NASA official told us that six redundant components had failed on one system. If such a contingency could have been anticipated, the design would have been changed or further redundancy or backup parts added.

Reporting of actual reliability data is sometimes inadequate so that predictions versus achieved performance for systems and subsystems can be misleading. A recent Defense Advance Research Projects Agency report stated about defense systems:

"There is no routine field-reliability reporting system in DOD that can provide meaningful feedback to producer commands and to manufacturers on the field reliability of electronic subsystems. Existing maintenance data collection systems * * * do not perform this function adequately. Moreover, there is considerable confusion in the terms used to describe reliability * * *. Thus field information is ambiguous at best."

NASA, on the other hand, with its "one shot" systems gets quick notice of failures, although the causes may not be readily ascertainable.

MAJOR SYSTEMS RELIABILITY DATA

The information on reliability of various defense and space systems shown below was developed by DOD, NASA, and other sources. We did not verify their accuracy, nor did we attempt to define what was meant by system reliability in each case. The data, therefore, is useful only for comparing initial estimates with later experience—system by system.

Selected Acquisition Reports (SARs)

These documents are published periodically by DOD to report technical schedules and cost information on certain major weapon systems. Nomenclature in the SARs varies; for example, the criteria for missile system performance are variously "system reliability," "in-flight reliability," "preflight reliability," "developmental prototype reliability," or "production prototype reliability." They are seldom defined. Combat reliability, which is usualy a fraction of laboratory or test range levels, is not shown.

[Deletion here]

* * * * *

Electronic subsystems

Electronic subsystems apparently present the most reliability problems. A recent Defense Science Board report presented the following data on the specified versus actual mean time between failures (MTBF) (hours) of aircraft radar subsystems.

Aircraft	Specified MTBF[1]	Achieved MTBF[1]
F-4B	10	4
A-6A	75	8
F-4C	10	9
F-111 A/E	140	35
F-4D	10	10
A-7 A/B	90	30
A-7 D/E	250	12
F-4E	18	10
F-111D	193	<1
F-4J	20	5

[1] Approximate figures.

NASA systems

NASA experts believe that "absolute" reliability numbers are misleading and that the time required to develop them is better spent on critical-component reliability analyses. It does make predictions during development to compare design alternatives and to evaluate components. NASA's reliability experience to 1974 can best be illustrated by its history of launch successes, which average about 85 percent. Only in small samplings, it will be noted, is 100-percent reliability achieved.

UNCLASSIFIED

NASA LAUNCH VEHICLE PERFORMANCE

Vehicle	Total	Successes	Success percentage
Mercury Blue Scout	1	0	0
Juno II	10	4	40
Jupiter C	1	0	0
Thor-Able	5	3	60
Vanguard	4	1	25
Atlas-Able	3	0	0
Atlas	11	9	82
Thor	2	2	100
Little Joe	7	7	100
Little Joe II	5	4	80
Scout X	1	0	0
Scout	57	51	89
Redstone	5	5	100
Thor-Delta	99	90	91
Thor-Agena	13	12	92
Atlas-Agena	26	20	77
Atlas-Centaur	32	26	81
Saturn I	10	10	100
Titan II	12	12	100
Atlas X-259	2	2	100
Gemini (Atlas-Agena Target)	6	4	67
Saturn IB	8	8	100
Saturn V	13	12	92
Total	333	282	85

As far as we could learn during this brief review, DOD and NASA officials can offer little guidance as to how very rare failures or catastrophic accidents to systems can be anticipated, avoided, or predicted. Failure rates for most engineered systems cover a very wide range. According to several reliability experts, simple mechanisms (ordnance fuzes) or systems liable to incur human losses have failure rates of 1 in 1,000 to 1 in 100,000 occurrences.

NASA goes to extraordinary lengths—reliability cost is hardly an object—to prevent disasters in manned space vehicles and has the singular advantage of vehicle occupants prepared to make onboard repairs. Still, three astronauts were lost in one vehicle. The Soviets suffered similar losses in other attempts. No one can tell if and when such catastrophic failures will be repeated.

If you have any further questions on these matters, we shall be glad to discuss them with you and your staff.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

BRAZIL

Mr. KENNEDY. Mr. President, I want to call the attention of my colleagues to recent developments in Brazil which convey conflicting views on the political future of that nation.

First, there seems to be little question that torture and arbitrary arrest of persons for poliitcal reasons continues, often without any check on their activities by higher officials.

This fall, an American citizen, Fred Morris, was arrested by Brazilian military forces and kept incommunicado for 17 days during which time he was brutally tortured. Not only was this a direct violation of consular conventions with the United States but a violation of international obligations of Brazil for the respect of human rights.

This latest example of the underside of the Brazilian political system raises serious questions of the relationship of the United States with that nation. If we are pledged to uphold human rights, what is to be our reaction when a nation to whom we provide substantial bilateral assistance is engaged in a clear and continuing violation of human rights, not only of its own citizens but, in this case of a U.S. citizen as well?

The U.S. Ambassador and the consular officials acted quickly when they were made aware of the detention of Fred Morris. They protested his treatment formally and successfully obtained his release. But there has been no apparent change in our attitude toward the Brazilian Government, despite that nation's rejection of the note of protest.

I ask unanimous consent to have printed in the RECORD a Time magazine article written by Mr. Morris describing his harrowing experience.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRAZIL—TORTURE, BRAZILIAN STYLE

Torture is still widely used in Brazil, despite pledges made last spring by the country's new President, General Ernesto Geisel, to halt the barbaric practice. According to a report compiled by Brazilian Roman Catholics, former victims and attorneys, at least 79 persons have died under torture in the past nine years and thousands of others have been subjected to beatings, electric shocks and other torments. Torture, said the report, has become "institutionalized" in Brazil, conducted mainly by military security forces. A recent victim was former United Methodist Missionary and Time Stringer Fred B. Morris, 41, who was held without charges for 17 days by military officials in Recife. His report:

After a chance meeting on the street, my Brazilian friend Luis Soares de Lima, 27, and I were getting into my car when about a dozen men in jeans and sports shirts, armed with machine guns and .45-cal. automatics, surrounded us, covered our heads with hoods, forced us to the floor of a station wagon and roared off. The man in the front was speaking into a walkie-talkie, using the code word hospital, saying that the "operation was a success," and that we would be arriving in a few minutes. We did—at the Fourth Army headquarters in downtown Recife.

Luis and I were immediately separated. I was forced to remove my clothing, except for shorts, and was dragged off to a small cell and left alone. Having lived in Brazil for most of the past ten years, I had heard all the horror stories about torture, and I wondered whether my fate would be the same as Paulo Wright's; the son of U.S. missionaries, he was arrested more than a year ago, and has not been heard from since. To calm myself, I repeated, very deliberately, the 23rd Psalm:

The Lord is my shepherd; I shall not want. . .
Yea, though I walk through the valley of
the shadow of death,
I will fear no evil; for thou art with me. . .

I felt a calm inner strength, which stayed with me. I needed it. After about 15 minutes, the cell door was flung open, my head again hooded, my hands manacled behind my back, and I was dragged off to a room that for me became a torture chamber. I again repeated the *23rd Psalm*, as I was to do on every such trip for the next three days.

Still hooded, I was roughly pushed to the end of the room, and the questioning began. Several men were present. They wanted to know about Luis. They said he was a Communist, which I doubt. I said that we were friends, but that I knew nothing of his political activities. For my answer, I was kicked three times in the groin until I fell to the floor in pain. Questions continued: Where was Luis going? Why was he with me? My answers were met with fist blows to my chest, belly, kidneys and back.

MORE SHOCKS

The beatings went on for about half an hour. Then water was poured on the floor around me, a wire was fastened to the second toe of my right foot, and a spring-clip electrode to the nipple of my right breast, pinching so hard it cut the flesh. Trying to make me confess that I was a Communist, they resumed the questioning. Now my denials were met with shocks as well as fists. The voltage was successively increased, becoming so painful that I doubled over until I fell to the floor.

After about 20 minutes, the electrode was shifted from my breast to my right ear. These shocks seemed to be taking off the top of my skull. A blue-white lightning filled my head. Spasms forced open my mouth in screams, then slammed it shut on my tongue. My agony was highly entertaining to my inquisitors; there was much laughter in the room.

Next, the electrode was removed from my ear, and my shorts were pushed down. I remember saying "Oh no!" I knew what was coming. The spring clip was placed at the base of my penis. Spasms threw my legs out from under me, causing me to fall with all my weight on by back. This ordeal continued for about an hour, questions, shocks, blows to head and body, falling to the floor, getting up to repeat the process.

Then I was dragged back to the cell. The handcuffs were taken off, passed around the outside of one of the bars of the door, at eye level, and refastened with my hands in front of my face. After about 15 minutes, back to the torture chamber for more questions, beatings and shocks. This continued for several hours. Then I was strapped to an armchair, wired with one electrode on my now bleeding right breast and the other on my right ear. The shocks were unbearably painful. At least twice I blacked out.

Finally, the real reason for their interest in me emerged: my inquisitors began asking endless questions about Roman Catholic Archbishop Helder Cãmara, a vocal critic of the regime and a friend of mine. They were furious about stories that I had filed to Time and the Associated Press that they considered favorable to the Recife archbishop and unflattering to the dictatorship. They cursed Dom Helder, claiming that he was a liar when he accused the government of condoning torture. Their tirade was accompanied by more shocks and my screams. Twice during the afternoon they tortured me in front of Luis in an effort to get information from him. He refused to give in, though I could tell he was distressed by my pain.

FAT MAN

At one point, the most vicious of my tormentors got down on his knees in front of me, lifted up my hood so I could see his face and said that he would kill me if I did not cooperate. I believed him. Later, he told me his name: Luis Miranda Filho, a swarthy fat man with a huge black mustache. He is a notorious sadist, known in Recife to be responsible for countless tortures. He and a Colonel Meziat, identified as chief of intelligence of the Fourth Army and the man responsible for my imprisonment and torture, were the only ones I saw whose names I learned.

After more than eight hours of torture, I was allowed to use a bathroom for the first time, then taken back to my cell and hung by handcuffs on the door for the night. I was in a standing position, the handcuffs so tight on my wrists that circulation was nearly cut off; my left hand had been sprained and was painfully swollen. I passed the night standing and occasionally dozing, then being jerked awake as I sagged toward the floor and the cuffs pulled painfully on my wrists.

The next morning, exhausted from shocks, bruises and lack of sleep, I was hooded and hauled off again. Once more I recited the *23rd Psalm* and again arrived before the interrogators inwardly at peace. I was made to stand, and electrodes were again placed on my breast and ear. Questions moved back to my arrival in Brazil in 1964 and all of my career as a missionary of the United Methodist Church, then focused mainly on my journalistic activities for Time and the A.P. Between sessions I was again hung on the cell door. Except for about an hour when I was strapped to the armchair, I was on my feet from Monday morning until sometime Tuesday evening.

That night the turnkey opened the peephole and offered me a half a cup of water and a piece of bread—my first food or water since breakfast on Monday. Then back to more interrogation, which continued for a couple of hours. After that, I was dumped on the floor of my cell. I was still in my shorts, with no blanket, bed or pillows, just the bare concrete. I fell into an exhausted sleep, and was allowed to rest through the night.

Wednesday morning I was hung up on the wall of the torture room by handcuffs, with my arms high over my head. More questions about Archbishop Câmara, Time and Luis were accompanied by beatings on the back and kidneys. After about 15 minutes, I was taken down, turned around and hung up again, this time with my back to the wall, exposing my belly to their blows. Later, they turned me to the wall again, demanding to know the name of Luis' finance, so they could arrest her. I said I didn't know her, though I did. They used a new (to me) shock device. It was some kind of wheel with spikes on it, which they rolled across my back, scratching me. As they pushed down on it, it also gave me a severe electric shock.

At one point during this session, I was startled by a cold piece of metal being placed on my chest. I discovered that it was a stethoscope; the prison doctor was just checking my heart to see how I was bearing up.

To my surprise and despite my fears, I was bearing up rather well. I had not betrayed any confidences though I had none that could possibly have been of interest to the government, or made any false admissions.

I spent Wednesday night shackled to the door again, but on Thursday the questioning was accompanied by only a little torture. And then came help. U.S. Consul Richard Brown in Recife was finally given permission to see me. My friends had alerted him to my disappearance. It took him three days to get Brazilian authorities to honor an international agreement granting foreigners the right to see diplomatic representatives of their country. On Friday Ambassador John H. Crimmins officially protested my treatment to the Brazilian Foreign Office in Brasilia. After five more days, Brown managed to get Colonel Meziat to provide a mattress for me, in seven days I was given decent food and a New Testament. After 17 days of confinement, during which I lost 15 pounds, President Geisel signed an expulsion order. Without being given a chance to get any money from my bank account or arrange my personal affairs, I was escorted by the federal police to Rio, told that I would go to prison for from one to four years if I ever returned to Brazil (though no official charges were ever made), and placed on board a flight to New York—and freedom.

Mr. KENNEDY. However, this is not the first example of Brazil's denial of human rights. This month, Amnesty International has urged a public appeal to the Brazilian Government concerning the whereabouts and condition of Paulo Wright, a 41-year-old teacher, son of a family of U.S. Presbyterian missionaries. He was arrested in September 1973. Since then two habeas corpus writs as well as personal appeals to the Brazilian authorities have gone unanswered. At the very least, one would hope that some information would be provided to his relatives as to whether he is still alive.

For the past several years, the Inter-American Commission on Human Rights has investigated the allegations of violations of human rights in Brazil. In March 1974, the Commission reported that the Government of Brazil had continued to provide insufficient information to the Commission to permit it to act and had continued to refuse to permit Commission representatives to visit Brazil to investigate the allegations.

Earlier this year, the U.S. Catholic Conference specifically protested the violation of human rights, stating—

> Our government must examine closely its programs of financial and military assistance to be certain they are not used in the denial of human rights.

After a visit to Brazil, Bishop James S. Rausch, general secretary of the National Conference of Catholic Bishops and the U.S. Catholic Conference, reported of the need to support the Brazilian bishops in their defense of human rights. I ask unanimous consent that his statement and a press release on the same subject be printed in the RECORD.

There being no objection, the statement and press release were ordered to be printed in the RECORD, as follows:

ADDRESS TO THE ADMINISTRATIVE COUNCIL OF THE BRAZILIAN EPISCOPAL CONFERENCE

(By the Most Reverend James S. Rausch)

My Brother Bishops, greetings and fraternal good wishes from the Bishops' Conference of the United States.

It is six months ago that the Administrative Board of the Bishops of the United States made a landmark statement of solidarity with the Bishops of Brazil. We took special notice of the courageous stand on human rights expressed by the bishops of this great country—your statement of March 1973, in which you declared your intention to defend human dignity and the rights which follow from this dignity, at whatever the cost. Allow me to congratulate you personally for your courage and forthrightness. You have demonstrated to all the world your understanding of what Our Holy Father meant when he said: "For as long as, within the individual national communities, those in power do not nobly respect the rights and legitimate freedoms of the citizens, tranquility and order (even though they can be maintained by force) remain nothing but a deceptive and insecure sham, no longer worthy of a society of civilized beings."

In February of this year, the Bishops of the United States declared:

"We associate ourselves in solidarity with the Brazilian Bishops in their call for greater respect for human rights . . . in their call for the establishment of an international juridical body to judge regimes which violate the basic rights of the human person."

Our Bishops went on to say:

"We pledge ourselves to search for ever more effective ways of expressing our solidarity with the Church in Brazil.'"

This, my brother bishops, is the reason for my visit to Brazil—to responsibly search for more effective ways to express our solidarity with you in a common effort on behalf of the rights of all people.

In these five days that I have spent with you and your faithful collaborators, I have been genuinely inspired by the vitality and dedication of the Church in Brazil. I stand in great admiration of the courage which is manifest among the leadership of this Church. If there is fear here, I have not detected it. There is only a determination to preach the Gospel of Jesus Christ in words and in action so that man may be truly man as God intended all who are created in His image to be.

I have been made keenly aware of the complexity of the issues which confront the Church in Brazil. But I have also been made aware that complexity does not paralyze you. Rather you continue to work in the most effective ways available to you, to achieve what Christ sent you to do; to preach the good news to all men, to liberate the captives, and to manifest to your people the face of the Lord.

To witness this has been, for me, a humbling experience. It is also an experience which elicits from the one witnessing it a profound determination to do all, that God and events make possible, to share in your great mission.

To this, the Bishops of the United States have committed themselves. I am confident they will not fail you. I pledge that I will do all I can, as their representative, not to fail you.

These past five days have been days of listening and learning. What is required now is prayerful reflection and careful study, to determine what specific form future collaboration should take and what actions, on our part, should follow. Let me simply say, for now, that under the guidance of the Holy Spirit and with your advice, we shall make every possible attempt to assist in achieving, with you, a more human world for all mankind.

As you know, much needs to be achieved in ministry among our own people, in the United States. Nothing is more important than to effectively teach our people, so many of whom live a life of excessive consumption of goods, that this is done at the expense of the poor both at home and abroad. We cannot continue to exploit human and natural resources at the rate to which we have become accustomed. We must begin to practice the kind of austerity which will create a climate here and in the United States, in which human development becomes possible. To be slaves to consumption is no less inhuman than to be slaves to forces which impose external restrictions on our efforts to become fully human.

I wish to express my personal gratitude to Cardinal Arns and the priests and people of São Paulo who were my hosts last week. I also thank the Conference of Bishops of Brazil—Dom Aloisio Lorscheider, your President, Dom Ivo Lorscheider, your General Secretary, Father Alfredo Novak, the Franciscan Fathers, Father Avila, Father Leising, Candido Mendez, Marina Bandeira, and all who made welcome and assisted me so greatly in Rio de Janeiro.

I sense that this visit represents first steps on a long journey we will take together, on behalf of bringing the full message of the Gospel, of Vatican Council II, and of cur beloved Holy Father, Pope Paul VI, to all our people. As the Synod of 1971 said:

"Action on behalf of justice and participation in the transformation of the world fully appear to us as constitutive dimension of the preaching of the Gospel, or, in other words, of the Church's mission for the redemption of the human race and its liberation from every oppressive situation."

BISHOP RAUSCH PLEDGES U.S. CHURCH'S SOLIDARITY WITH BRAZILIAN CHURCH

WASHINGTON.—Bishop James S. Rausch, secretary general of the U.S. Catholic Conference (USCC) has praised the Brazilian bishops for their "courage and forthrightness" in defending human rights. He also pledged "a common effort on behalf of the rights of all people" by the U.S. and Brazilian Churches on a recent visit there.

In an address to the Brazilian Bishops Conferences administrative council—released here—Bishop Rausch said that he had been "genuinely inspired by the vitality and dedication" of the Brazilian Church as a whole. The bishops of the United States have committed themselves to the Brazilian Church's "great mission", he added.

The Church in Brazil has been at odds with that country's military government for its repressive tactics and its social, economic and political policies.

Bishop Rausch visited Brazil Aug. 22–29 after an invitation from Cardinal Evaristo Arns of Sao Paulo. He was accompanied by Father J. Bryan Hehir, director of the USCC's Division of Justice and Peace.

In his address in Brazil, Bishop Rausch said that one of the purposes of his visit was to search "for more effective ways to express our solidarity" with the Brazilian bishops in matters of human rights and other issues.

The administrative board of the USCC issued a statement in February protesting violations of human rights in Brazil and Chile. The board said that the Church is "one of the last remaining voices in Brazil's society with power to speak in opposition to repressive government tactics . . . and this obviously places it in a most vulnerable position."

The USCC administrative board also called on the U.S. government to revise its military and economic aid policies in the light of human rights violations in Brazil, and urged U.S. multinational corporations to consider the social consequences of their investments in Brazil.

Bishop Rausch added in his address that his five-day visit had been a "humbling experience" that had made him keenly aware of the complex issues confronting the Church in Brazil. "I stand in great admiration of the courage which is manifest among the leadership of this Church," he said. "If there is fear here, I have not detected it."

In speaking of the needs of the ministry in the United States, Bishop Rausch said that there is nothing more important than to teach Americans, "so many of whom live a life of excessive consumption of goods, that this is done at the expense of the poor both at home and abroad." There is a need to begin a kind of austerity "that will create a climate here and in the United States in which human development becomes possible," he said.

The Brazilian Church has consistently criticized Brazil's military regime for its repressive tactics and its economic policies, saying that the much hailed "economic miracle" only benefits a small minority of the population, while the great majority continues to live in poverty.

Church-state relations became critical in the last weeks of the administration of President Emilio Garrastazu Medici. Tensions eased somewhat with the inauguration of President Ernesto Geisel last March, but hopes then raised for a speedy improvement of relations have failed to materialize.

Bishop Rausch and Father Hehir also held a series of informal conversations with Brazilian Church leaders and officials of the Brazilian Bishops Conference (CNBB) during their visit. Bishop Rausch met also with officials of FASE, a Sao Paulo archidiocesan human development program. Officials of FASE and of the Sao Paulo Human Rights Commission have been sporadically imprisoned by military authorities since the beginning of the year.

Mr. KENNEDY. Mr. President, shortly after that statement, on November 4, 1974, Marvine Howe of the New York Times reported:

> Twenty-one persons arrested are now missing and church sources believe several of these to be dead. Lawyers and Catholic leaders contend that the repression of political prisoners has continued unabated in 1974.

This pattern of deprivation of human rights in Brazil which has included executions and torture is one which we must speak against not only as individuals but, I believe, as governments as well.

I ask unanimous consent that Mr. Howe's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 4, 1974]

TORTURE SAID TO CONTINUE IN BRAZIL

(By Marvine Howe)

RIO DE JANEIRO.—Aurélio Perez, a Roman Catholic metal worker, recently underwent beatings, electric shocks and suspension on an iron bar for 14 hours in a torture known as "the parrot's perch."

Mr. Perez was arrested by the Brazilian Army's secret police in São Paulo in September and has been "barbarously tortured" while under detention, according to his wife, Maria da Conceição Perez, in a letter delivered to the National Conference of Bishops here.

The Perez case is the latest reported evidence that torture continues to be used in the interrogation of prisoners in Brazilian military installations.

According to legal sources, physical torture has been "institutionalized" in Brazil since the end of 1968. At that time the military Government, which seized power in 1964, decreed Institutional Act 5, which gives arbitrary powers to the President.

REPORT SMUGGLED OUT

Some lawyers estimate that thousands of political prisoners have undergone some form of torture under interrogation. Despite press censorship, some of their stories have been made public through clandestine bulletins and by word of mouth.

The most detailed torture report so far was recently smuggled out of the country and sent to various human rights organizations. It is a 96-page document containing data on the organization of Brazil's national-security apparatus, methods of torture, alleged torturers and persons said to have died under torture.

The report lists a total of 79 deaths by torture for political reasons. One death was reported in 1965, and the rest are said to have taken place since 1969. The list shows only a small decline in deaths by torture since the end of 1971, when revolutionary organizations were virtually crushed.

The document, dated February, 1974, was compiled by a large group of Roman Catholic militants, lawyers, relatives of political prisoners and former prisoners, according to two of its members. Independent sources, including priests, professors and journalists, have corroborated the authenticity of information in the report.

MAIN AGENCY IDENTIFIED

According to the report, the principal organization for antisubversive activities is the Operations Center for Internal Defense, which is directly under the army's intelligence service. It is a semiclandestine organization with personnel from various military and police branches.

Thirteen instruments or methods of torture, said to be most commonly used during interrogation, are described in the report. The most notorious technique is the "parrot's perch," in which a naked prisoner is suspended from an iron bar by his legs and arms, with his head hanging down toward the floor. In this position he is generally beaten or given electric shock.

Sophisticated instruments used to administer electric shock are said to include the "pianola," a keyboard operating a system of electric current similar to a technique used in South Vietnam, and the "electric microphone," by which the prisoner receives electric shocks varying in intensity and duration according to sounds around him, including his own screams.

Other common forms of torture listed are submersion, beating with wooden paddles, wet ropes, plastic hose and rubber or leather whips, steel tourniquets, burning by cigars and cigarettes, intense light from 500-watt bulbs for long periods of time and the "refrigerator." That device, said to have been developed by the United States aides, is a small cold cubicle where powerful loudspeakers play continuously deafening and screeching brakes.

TORTURERS IDENTIFIED

More than 300 persons are identified by the report as torturers, persons who order torture or informers. The list includes police officials, military officers, drug traffickers, businessmen and members of extreme right-wing groups.

Among the principal victims of torture described in the report was the Rev. Henrique Pereira Neto, an aide to the Most Rev. Helder Câmara, the progressive Archbishop of Olinda and Recife. Father Neto was found dead on May 27, 1969, with evidence of beating, castration and other tortures. Several police officers and a group of right-wing militants have been linked to the killing, but legal proceedings are stalled.

Olavo Hansen, a trade unionist, was arrested during a May Day demonstration in 1970 in São Paolo and subjected to severe torture, according to his cellmates. Mr. Hansen died in São Paolo General Hospital on May 9, and the medical certificate said that the cause was poisoning by insecticide.

The last death by torture listed by the report was in November, 1973. But 21 persons arrested are now missing, and church sources believe several of these to be dead. Lawyers and Catholic leaders contend that the repression of political prisoners has continued unabated in 1974.

A prominent lawyer, Wellington Rocha Cantal, who was arrested in São Paolo on April 3, has started legal action against the internal defense center for illegal detention and ill treatment. Mr. Cantal charges that he was kept for several days without food and water, hooded, stripped naked, kicked, beaten, suspended by his arms from hooks and given electric shocks.

The Brazilian Bar Association issued a strong protest against the "physical and moral torture" of Mr. Cantal. And in August, when the association held its national conference, several lawyers denounced the practice of torture and called for the return to a "state of law."

Catholic Church leaders, most prominent among them the Archbishop of São Paulo, Paulo Evaristo Cardinal Arns, have also protested the continued use of torture in the interrogation of opposition suspects. The torture issue has been the principal cause of strain in church-state relations in this largely Catholic country of 104 million people.

HAD PROMISED RELAXATION

When Brazil's new President, Gen. Ernesto Geisel, took office last March, he met with church leaders and assured them that the Government would put an end to torture and other abuses.

Reports of torture and repression have continued, however, since the change in government. A new wave of arrests took place in early September.

President Geisel, reportedly under strong pressure from the most right-wing sectors of the military, made a tough speech at the end of August, dashing hopes of a relaxation of the authoritarian rule. He announced that the security services would continue "the rigorous combat to safeguard public order and institutions—without useless violence."

Mr. KENNEDY. Mr. President, there is a second recent development which is much more promising, one which should receive the positive reaction of persons concerned over the future of political institutions in the hemisphere.

The November election of Congress and state legislatures in Brazil produced an overwhelming vote in favor of the opposition. Many view that election as the first in which restraints against the opposition parties were absent. Brazilian President Ernesto Geisel deserves recognition for having taken a strong stand against efforts to prevent a free election. The results demonstrate the dissatisfaction with policies of the previous regime in Brazil and, perhaps much more important, the strength of democratic sentiment in Brazil and the support for a more open and liberal political system. Hopefully, that will be the way the current administration in Brazil will interpret the vote.

Hopefully, as well, the election will provide a strong impetus for a reduction of the repression that has antagonized so many sectors of Brazilian life and cast a dark shadow over that nation's image around the world.

I ask unanimous consent that two articles in Latin America discussing the election be printed in the RECORD at this time.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Latin America, Nov. 22, 1974]

BRAZIL: PICA-PAU OR MARAGATO

(The fond illusion of Brazilian technocrats and foreign bankers that they could abolish politics has been destroyed by an overwhelming protest vote against the regime in last week's elections.)

The success of the opposition Movimento Democrático Brasileiró (MDB) in routing the electoral forces of the officially sponsored Aliança Renovadora Nacional (ARENA) is the most serious political defeat suffered by the military regime since it was first imposed in 1964. The MDB success was not entirely unexpected (*see* Vol. VIII, No. 43) but its extent took most observers by surprise. By midweek, with two thirds of the results in, the MDB had secured just over 13 million votes to ARENA's 8.75 million. Most observers estimated that the final results would give 15 million to the MDB and 10 million to ARENA.

This would amount to 10 million more votes than the MDB secured in the last such elections in 1970, with ARENA taking about a million fewer votes than four years ago. The shift has two basic causes. In the first place the largest number of voters in 1970 (46 per cent) did not support either party, but spoilt or destroyed their vote—or simply abstained. This year the MDB seems to have secured the protest vote. Secondly, the new recruits to the electoral rolls seem to have voted overwhelmingly for change.

Before the final results were in, but with some 60 per cent of the votes counted, it seemed the MDB had won 15 to 17 of the 22 senate seats contested—giving them up to 20 of the 66 seats in the upper house against 7 previously—and between 150 and 170 of the 364 seats in the lower chamber, as compared with 87 previously. The MDB, which previously controlled only the state assembly of Guanabara, also won control of the state assemblies of São Paulo, Rio Grande do Sul, Pernambuco, Paraná, Rio de Janeiro, Santa Catarina, Ceará, and perhaps even Minas Gerais. It is little wonder the government did not risk putting the governorships of these major states to the test of the ballot box. ARENA only saved its majority in the federal chamber of deputies as a result of the complex system of proportional voting, which gives it a definite advantage over the opposition. However, with more than a third of the seats, the MDB will be able to win important procedural concessions, including the opening of enquiries into aspects of the performance of the executive branch of government.

Some of the government's most humiliating defeats involved their candidates for the senate. Carlos Alberto Carvalho Pinto, who has been a major figure in São Paulo politics for more than 20 years, was defeated, despite the personal intervention of President Ernesto Geisel on his behalf; Nestor Jost, former president of the Banco do Brasil, was defeated by Paul Brossard; and João Cleofas lost Pernambuco to Marcos Freire.

The consequences of the results will be felt immediately, long before the new congress is installed on 15 March. General João Figueiredo, head of the Service Nacional de Informaçõ, the effective leader of the *linha dura,* fought Geisel's decision to let the elections proceed, and will feel his worst fears have been justified by the result in his home state Sao Paulo, where the MDB won almost five million votes to ARENA's two million. A first effort to stir up trouble for the government in the wake of the elections in this key state came last Sunday when the governor-elect, Paulo Egidio, was invited to resign; and in Rio a forged telegram, purporting to come from the Communist Party leader Luis Carlos Prestes and offering support to the MDB, was given wide circulation.

Within the armed forces, Geisel is likely to face a direct challenge to his own survival in office. The *linha dura* will blame him for the nakedness of the regime. So long as elections were either banned or reduced to a level of farce, it was possible for the regime's apologists, both at home and abroad, to argue that the military government was supported by the great majority of the people. In the heyday of the "economic miracle", it was solemnly argued that only troublemakers and subversives were still interested in politics. The *decompressão,* initiated by Geisel last March, has destroyed that illusion forever. It is unlikely that Geisel could save his situation now by recanting, and declaring the elections null and void. The military have not lost control of the administrative machine, but the prestige they have lost cannot be restored.

With the way of retreat blocked, Geisel must seek another way out, and this is why many observers expect him to turn defeat into victory by claiming credit for holding the elections. The fact that they have been held, and the opposition allowed to win, can be presented as evidence of the essentially democratic nature of the regime. This argument has already been heard, and the MBD has been busy with assurances that they do not regard the election result as a defeat for Geisel personally. Franco Montoro, leader of the MBD in São Paulo and a leading spokesman for the party at the national level, has been praising Geisel for allowing the elections and saying that it is his victory. Many *emebedistas* hope, perhaps optimistically, that Geisel will now claim a popular mandate to dismantle the machinery of repression. It is considered virtually certain that there will be a new cabinet within the next few months, and this could reflect the internal shift in power. So could the year-end promotions in the armed forces.

While São Paulo has provided the greatest shock for the regime and its upholders, Rio Grande do Sul may hold the key to the chronic military crisis which has persisted ever since last year, when the partisans of General Emilio Garrastazu Medici attempted to block Geisel's accession to the presidency. This crisis is now coming to the boil again in the shape of Figueiredo's challenge to Geisel. Figueiredo has been close to Médici since 1966. Rio Grande holds the key, because the third army, with its headquarters in Pôrto Alegre, represents 50 per cent of the combat forces of the army. Politics in Brazil's southernmost state cut across party lines and in fact hark back to the civil wars which split the region between *pica-paus and maragatos;* they were only ended finally by Getulio Vargas, whose father came from a *pica-pau* family and his mother from a *maragato*. The Geisels and Nestor Jost are both *pica-pau, whereas* Paul Brossard is *maragato* and so is Leonel Brizola—governor of Rio Grande do Sul until 1964—who prepared the way for Brossard's victory over Jost by dropping his advocacy of vote-spoiling as the best form of protest against the regime.

On another note, observers can see the survival of the *getulista* parties—the Partido Social Democratico and the Partido Trabalhista Brasileiro. The great populist movements of Latin America die hard, and the Brazilian military may have to learn the lesson given to their Argentine colleagues last year. At the same time, few people believe the military will take their defeat lying down. Significantly, there is no carnival atmosphere in Brazil this week. People are waiting, watching and hoping for the best.

[From the Latin America, Nov. 29, 1974]

BRAZIL: IT WAS A FAMOUS VICTORY, BUT WHO WON?

(The extent of the opposition victory on 15 November was so unexpected that all sides are now re-evaluating the political equation in the light of a completely altered situation.)

One symptom of the present confusion about Brazil is that most observers now agree the government must have wanted the official opposition Movimento Democrático Brasileiro (MDB) to win. How else could it have won, they ask. It is sagely recalled that the MDB is, after all, a creature of the 1964 revolution. President Ernesto Geisel, they argue, required a strengthened MDR to give himself greater political space in which to manoeuvre against rival factions within the armed forces. This argument is sometimes linked to another in which Geisel and the MDB are seen as representatives of the rural sector—*latifundista* coffee planters, cattle ranchers, sugar growers and the like—which is now staging a comeback against the bankers and industrialists of São Paulo, who ruled the roost under Médici and Delfim Neto.

The government, for obvious reasons, is itself encouraging the idea that it "permitted the opposition gains," and even welcomes them. The MDB, for its part, is fostering this benign view of the government's role in an effort to head off a possible confrontation with the executive. This general agreement that the government actually wanted its official party, the Aliana Renovadora Nacional (ARENA), to lose the elections also fits LATIN AMERICA's prediction last week that Geisel would attempt to snatch victory from the ashes of defeat. And although this is just what he has done, it does not provide an adequate analysis of what actually happened in the elections.

Of course Geisel and his advisers must have been prepared for a stronger showing from the MDB than in 1970, and presumably took a strategic decision not to stuff the ballot boxes in ARENA's favour. On the other hand, Geisel personally canvassed support for a number of senatorial candidates, and every effort was made to find the strongest possible candidates in key states like Rio Grande do Sul, Pernambuco and São Paulo. During the campaign a number of measures were taken with a view to increasing the government's popularity—and in the case of the 10 per cent wage increase, the advice of an ARENA candidate was proclaimed as the origin of the change. During the week before polling day the government authorised the building of a new section of the São Paulo underground system, and also determined that all buyers of houses through the Banco Nacional da Habitação should be given back 10 per cent of the payments made during the past year. At the same time, police were breaking up MDB meetings in some instances, and the recently appointed governors-select of the states (hand-picked Geisel men) were reminding voters of the "anarchy existing before 1964, with the follow-up: "Look what's happening in Argentina. That will happen in Brazil if you vote for the MDB."

If Geisel was, in reality, campaigning for the MDB, he was playing a very deep game indeed, and, on the principle of Occam's razor, the possibility should be discarded. In fact, in São Paulo sectors of the police were campaigning for the MDB in an apparent attempt to embarrass Geisel. Their argument was that a victory for the opposition would justify the maintenance of the repressive apparatus. And whatever dispositions the government may have made to provide for the eventuality of a strong showing by the MDB, there can be no doubt that they were overwhelmed by the actual voting figures. Competent reporters expected the MDB to win 9 senate seats at the most. In Maranhao, where the MDB did not run a candidate for the senate, the abstentions and spoiled votes exceeded the votes cast for ARENA. Likewise, it was expected to be a matter of touch and go whether the MDB secured the 122 seats in the lower chamber of congress necessary to give the party one third of the votes; in the event the MDB won more than 160 of the deputies' seats.

The tone of the MDB campaign, as opposed to the tone of the party's victory statements, meant that a vote for the MDB was a vote against the military government, and against the model of accelerated economic development which reached its apotheosis under Antônio Delfim Neto. The MDB was constantly warned that much of its propaganda was illegal, in that it did not merely attack ARENA but rejected the "1964 Revolution".

But the opposition is now in something of a dilemma. If it fails to press home its charges of corruption, to campaign for the repeal of Institutional Act No. 5 and the dismantling of the machinery of repression, and to offer an alternative economic strategy, then its prospects of further successes in the municipal elections of 1976 and the congressional elections of 1978 will rapidly fade. But if, on the other hand, it does act on its undoubted mandate, it runs the risk that Geisel will use the powers vested in the presidency under the act to close congress, and wipe out the gains it made two weeks ago. This danger would become greater if Geisel were forced to resign from the presidency.

Some of the earliest tests of the new situation will come in the states, whose governors are heavily dependent (under the constitution) on the votes of the state assemblies. In São Paulo, for instance, the new governor, Paulo Egidio, has said he will announce his choice for mayor of the city of São Paulo before the end of this year. This choice will have to be ratified by the state assembly, which will be controlled by the MDB. The states to watch for conflict in the coming months are Rio Grande do Sul, São Paulo and Pernambuco. It is probably illusory to suppose that institutional and constitutional conflict can be avoided, despite the talk from all sides concerning the acceptability of the MDB victory. Geisel could, and may, resolve the conflict within the framework of the constitution, though this is by no means certain.

The elections themselves are the most encouraging precedent for this possibility. The earlier precedents, establishd by Generals Costa e Silva and Médici, are less encouraging. But the Brazilian army itself is a rapidly changing institution. The enlargement of the officer corps (*see* last week's News in Brief) will give Geisel considerable room for manoeuvre when it comes to the year end promotions next month. At another level, the MDB may seem a welcome alternative to the Portuguese armed forces movement, which has had a substantial impact on the thinking of all Brazilian officers. Their reactions cover the whole spectrum from enthusiasm to extreme hostility, with the latter tendency predominating.

FREEZING MEDICARE DEDUCTIBLE AND COINSURANCE CHARGES

Mr. TUNNEY. Mr. President, the enactment of medicare in 1965 represented an important and historic victory for the Nation's elderly, after a struggle spanning two decades.

Over the years medicare has provided helpful protection for older Americans. But there is an urgent need for major improvements.

Valuable as it is, medicare pays only about 40 percent of the elderly's medical expenditures.

Critical gaps in coverage still exist, including out-of-hospital prescription drugs, eyeglasses, hearing aids, dentures, and others.

Moreover, the deductible, coinsurance, and premium charges have risen steadily.

In addition, the past two administrations have attempted to cut back benefits under medicare.

The net impact is that older Americans now pay more for medical and hospital care than the year before medicare became law. In fact, the average out-of-pocket payment for elderly persons has increased from $234 in fiscal 1966 to $311 in fiscal 1973.

As a member of the Senate Committee on Aging, I have become increasingly concerned about the constant upward spiral in health care costs for the elderly, especially during this period of double-digit inflation.

To my way of thinking, emergency action is needed now to provide relief for older Americans, many of whom are struggling on limited, fixed incomes.

And, this is a key reason that I have joined Senator RIBICOFF in sponsoring S. 4093, which would freeze the medicare hospitalization deductible at $84.

As things now stand, the part A deductible—the amount that the elderly must first pay before medicare becomes operative—is scheduled to rise from $84 to $92 next month.

This will represent a 130-percent jump since medicare became effective. At that time the elderly's initial payment for hospitalization amounted to $40.

But the impact of the increase in the part A deductible is much more far reaching, particularly for medicare patients who require long periods of hospitalization or care in a nursing home.

For example, the daily coinsurance charge for persons hospitalized from 61 to 90 days is equal to one-fourth of the part A deductible. Thus, if the deductible is raised from $84 to $92, this coinsurance charge will increase from $21 a day to $23 a day. Similarly, if a medicare beneficiary requires more than 90 days in a hospital, his "lifetime reserve" of 60 days will cost him $46 per day, instead of $42 per day.

These new costs will impose new burdens for the 5.6 million aged and disabled medicare beneficiaries who are expected to be hospitalized in 1975. Of this total, approximately 600,000 are in my own State of California.

These additional charges would also come hard on the heels of the recent increase in the medicare premium charge, from $75.60 to $80.40 a year.

Finally, this increase would have a spillover effect for the elderly's nursing home costs, since their daily coinsurance payment is equal to one-eighth of the part A deductible.

Consequently, a nursing home patient's coinsurance charge after 20 days will increase from $10.50 to $11.50 per day.

However, S. 4093 would freeze the part A deductible and coinsurance charges at their present levels.

The reasons for enacting this measure, it seems to me, are compelling.

One of the strongest expressions on this subject was provided in a letter sent to me by Boone Robinson, executive secretary of the California Commission on Aging.

For this reason, Mr. President, I ask unanimous consent that his letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF CALIFORNIA
COMMISSION ON AGING,
November 20, 1974.

Secretary WEINBERGER,
Department of Health, Education, and Welfare, Washington, D.C.

DEAR SIR: At its regular monthly meeting on November 14 in Sacramento, California the State of California Commission on Aging, by formal resolution, registered its very strong opposition to the proposed increase from $84 to $92 in the amount of the cost of a hospital visit which must be paid by the Medicare recipient, the proposed increase in the daily rate payable by those in a hospital for over sixty (60) days, and increase in the cost of health care passed on to the elderly covered under Medicare.

The resolution unanimously adopted by the Commission reads as follows:

Resolved: That the State of California Commission on Aging communicate to Secretary Weinberger the Commission's opposition to any increase in the cost of Medicare to older Americans and be it further resolved, that the State of California Commission on Aging support the resolution of Senator Ribicoff putting a freeze on any proposed increase in deductibles, rates or premiums.

The Commission respectfully requests that the influence of your office be used so that the elderly of this nation are not forced to assume this added burden of inflation.

Sincerely,

BOONE ROBINSON,
Executive Secretary.

ANOTHER NUCLEAR SURPRISE: PLUTONIUM IN THE FOOD CHAIN

Mr. GRAVEL. Mr. President, at the heart of the nuclear power industry is plutonium-239, which has a radioactive half-life of 24,000 years. It is so toxic that just 1 pound represents the maximum permissible amount for 700 million people.

Normal human carelessness is not tolerable when it comes to handling plutonium. Whatever gets loose into the environment will still be around, in half of its original quantity, to poison people 24,000 years from now.

Two extremely disturbing stories about plutonium already in the food chain deserve close attention from any Member of Congress who intends to vote in favor of the civilian nuclear power programs.

Mr. President, I ask unanimous consent that the following two stories be printed in the RECORD: "Radioactive Plutonium Seen Collecting in Plants" from the Boston Globe, October 4, 1974, and "Plutonium Found in Colorado Cattle" by UPI from the Washington Post, December 6, 1974.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Boston Glove, Oct. 4, 1974]

RADIOACTIVE PLUTONIUM SEEN COLLECTING IN PLANTS

(By Robert Cooke)

Radioactive plutonium may be finding its way into man's food chain through the roots of plants, according to a research report published by two agriculture scientists.

Plutonium, a byproduct of nuclear reactor operation, also is used as the explosive material in some types of atomic bombs. It is thought to be extremely poisonous, though no cases of death from plutonium accidents have been reported.

In their studies at Richland, Wash., Dr. Raymond R. Wildung and Thomas R. Garland found that plant roots can absorb plutonium from the soil. They suggest, too, that when roots containing plutonium die and decay, the plutonium may be converted into even more soluble forms.

Scientists involved in use and disposal of radioactive materials have long thought that plutonium is not readily taken up from the soil by plants.

According to Wildung and Garland, previous studies of clover have shown that successive crops took up increasing amounts of plutonium from the soil. The source was thought originally to be radioactive fallout from atomic weapons testing. Investigations are under way into the possibility that soil organisms like molds and bacteria as well as plants may also be able to make plutonium in the soil "more available" to plant roots.

The Wildung-Garland studies indicated, they said, that the plant roots pick up the plutonium and transport it downward, deeper into the root. The concentration of plutonium was found to be from three to eight times stronger in the roots than in the tops of the plants.

In their experiments at the Batelle Pacific Northwest Laboratories, Wildung and Garland used barley plants, carefully measuring the uptake of plutonium as it was added to soil.

Significant amounts of plutonium entering the soil have been reported in recent years, one of the latest being into the sediment at the bottom of the old Erie Canal in Ohio. At present, a small amount of plutonium—about one-one-hundredth of an ounce—is spread along a 1½ mile section of the canal bottom.

This leak of plutonium, from the Monsanto Corp's Mound Laboratory near Dayton, occurred in 1969. The plutonium was found there early this year.

A Monsanto spokesman, Howard Charbeneau, said scientists are confident that plutonium released into the Erie Canal has adhered to grains in the soil, and he said that discharges of plutonium have been halted.

[From the Washington Post, Dec. 6, 1974]

PLUTONIUM FOUND IN COLORADO CATTLE

GOLDEN, COLO., December 5.—The Environmental Protection Agency says cattle grazing on land east of the Rocky Flats nuclear weapons plant near here show high degrees of plutonium in their lungs.

The EPA report said the cattle tested have more plutonium than cattle which graze on the Atomic Energy Commission's Nevada site. Rocky Flats is a manufacturing plant for weapons' components while the Nevada site is the only U.S. testing ground for nuclear weapons.

Colorado Health Department officials say if significant levels were found in the cattle, it probably will be a problem for humans too.

THE POSTAL BOARD OF GOVERNORS

Mr. McGEE. Mr. President, on Tuesday last, the Board of Governors of the U.S. Postal Service, meeting in Washington, elected Myron A. Wright to succeed Frederick R. Kappel as Chairman and Robert E. Holding to replace Mr. Wright as Vice Chairman.

Today, I would like to salute all three of these gentlemen for service to the Nation. I must admit, too, that I welcome Earl Holding's elevation to the Vice Chairmanship in particular, but not simply because Mr. Holding is a friend and constituent. More to the point, Earl Holding is a young, active, and astute businessman whose willingness to grapple with the problems of the U.S. Postal Service is at once admirable and hopeful.

Mr. Holding, first appointed to an unexpired term on the Board in 1972, has recently been confirmed for a full 9-year term expiring in 1982. He has served as Chairman of the Governors' Audit Committee for the past year.

In private life, Earl Holding, a resident of Cheyenne, Wyo., has proved himself a capable and successful executive. The success of his endeavors, the Little America motels and restaurants and the Little America Refining Co., are based on solid service to the customer. It pleases me greatly that his colleagues on the Board of Governors have recognized Earl Holding's talent and ability by naming him to replace Mr. Wright as Vice Chairman.

M. A. Wright, chairman and chief executive of the Exxon Co., U.S.A., is a recognized leader in the business world, well qualified to succeed Frederick R. Kappel, the retired chief executive of American Telephone & Telegraph, whose service in this realm goes back beyond the Reorganization Act of 1970, for he also served as Chairman of the President's Commission on Postal Organization, which gave substance to the early proposals to reorganize the old Post Office Department. His term as a Governor expired Sunday, December 8. So it is appropriate to express thanks to Mr. Kappel for long, and patient service to the establishment of a more modern postal system in our country. That job is not complete, but it has had a good beginning.

VICTORY FOR THE AMERICAN PEOPLE COMES FIRST

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to print in the Record the address which I made at the Democratic Mid-Term Convention in Kansas City, on Friday evening, December 6.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address of Robert C. Byrd

Mr. Chairman, Delegates to this Convention, Ladies and Gentlemen.

I thank my distinguished colleague, Congresswoman Barbara Jordan, for her exceedingly gracious introduction.

We have assembled here in the first midterm political party convention in the Nation's history. Our actions here will affect—directly or indirectly—the outcome of the 1976 elections and those beyond. If we are able to demonstrate here a unity of thought and purpose, we will strengthen the outlook for party victory two years from now. If, on the other hand, we allow regional or philosophical differences to divide us, we will weaken our chances for the election of a Democratic President and Vice President in 1976.

The choice is in our hands. The country is watching us. We must not fail. We have to demonstrate here—in these next two days—a singleness of purpose and a balance of ideological perspectives that will inspire the confidence of the American people in the Democratic Party, in its leaders, and in its programs.

Throughout this land, citizens today are more concerned about their country and its future than they have been in the years that I have been in public life.

They feel that their government has let them down.

The actions of a few leaders have badly eroded the people's faith in the moral and ethical integrity of government.

And the people see little evidence now that their national leaders have the practical ability to run the government competently or to guide the country's economy.

They see the administration in Washington as transitional—superficial in its approach to domestic issues irresolute and indecisive. They are dismayed that it has fumbled its opportunities to act decisively on things that matter most to citizens generally. The worst aspect of the whole situation is that Mr. Ford—a very decent, likeable, well-intentioned man—shows no signs of coming to grips with the situation that exists—or worse that he even understands it. Good will trips abroad are necessary at times, but people are scared to death of inflation and recession—with national unemployment now at 6½ percent and with the unemployment of Blacks and other minorities at twice that figure, and with unemployment in many areas standing at a much higher figure than the national figure, somebody has to stay home and mind the store.

The people want leadership! The people have a right to expect leadership! They have asked for bread and have been given a stone!

They have asked for candor in government; they have been given coverups.

They have asked for relief from inflation; they have been given meaningless economic summits, exhortations on looking for bargains and planting gardens, and WIN button sloganeering.

They have asked for jobs; they have been given layoffs and the prospects of more layoffs to come.

The people of America are tired of Soviet grain deals that drive up the price of groceries for the American housewife.

The small businessman is tired of bureaucratic red tape and tight money.

Old people are tired of living on oatmeal and dog food.

Young people are tired of looking for homes, only to find that they cannot get loans at reasonable interest rates.

The people want positive action in dealing with national problems. The Democratic Party will provide positive action!

We must promise no more than we can fulfill, but we are fully committed to the search for solutions to the Nation's problems.

The solutions will involve sacrifices by all of us. Labor will have to increase its productivity in return for wage and fringe benefit gains. Agriculture will have to produce more in expectation of a reasonable return for its output. Big business will have to restrain itself to reasonable profits on its investments. And government must check it own urge for bigness.

There must be a proper balance of our national priorities as regards jobs, environmental considerations, industrial development, social programs, and national security.

It is time, in short, to put national interests above personal interests. We must do this as a nation; and we must do this as a political party.

The object of a political party is to govern, and to govern well. If the Democratic Party is to govern the affairs of this country after 1976, it must demonstrate now that it is prepared to meet the severe tests of governing in the severe times that are ahead.

And the one consideration that must rise above any questions of party structure—or any ideological matters that may tend to divide us—is the job that our party must do to build a new confidence in the nation's government and to reestablish the nation's economic stability.

Surely, the lessons of the last two Democratic conventions, and the last two presidential elections will not be lost upon those who labor in this convention, nor upon Democrats anywhere, as our party looks to the presidential election in 1976.

If the Democratic Party is to lead the American people out of the wilderness of the last few years and months, it must first demonstrate to the American people its fitness to lead.

The Democratic Party has repeatedly shown its capacity for leadership. In the thirties, it created social security, put millions of unemployed back to work, saved the banking system, and put the American farmer on his feet.

In the forties and fifties, it gave our country the leadership necessary to stop Naziism and fascism in Europe, and communist aggression in Korea.

In the sixties, it brought us out of a national recession, and gave meaning to the constitutional rights of all Americans.

And in the seventies, a Democratic Congress has checked the growth of executive power, strengthened the constitutional system of checks and balances, and enacted legislation of far-reaching importance.

The 93rd Congress, under Democratic leadership, enacted social security increases, mass transit and minimum wage legislation, home rule for the District of Columbia, and the Alaska Pipeline Bill.

It enacted pension reform, budget reform and campaign reform.

It enacted freedom of information legislation, railroad retirement legislation, vocational rehabilitation legislation, and veterans' educational benefits—all over the President's vetoes.

It passed legislation to stop the bombing in Indochina—that was what finally got us out of the war. And over the President's veto, it enacted war powers legislation—to keep us out of future Vietnams.

The new 94th Congress will be even more Democratic than the 93rd, and it will be our duty to continue to respond to the needs of the people.

Let us sound no uncertain trumpet.

For too long the average citizen has run the terrible financial risks of catastrophic illnesses. The Democratic 94th Congress will pass a comprehensive national health insurance law to protect our people.

For too long, some of our largest corporations have reaped excessive, and sometimes windfall, profits at the expense of the American consumer. The Democratic 94th Congress will correct this.

For too long, our people have suffered the inequities of a tax system that needs reform; the Democratic 94th Congress will enact tax reform that will give some relief to lower and middle income people and will plug loopholes that have allowed big corporations and a few wealthy people to get by without paying their share of the freight.

For too long, the administration has failed to develop a realisic and effective program to deal with energy shortages and our continued dependence on imported oil. A limit must be placed on imports of oil, and adequate standby gasoline rationing authority must be provided to prevent the Nation from being hostage again to possible supply interruptions from abroad. Strategic energy reserves must be established. Strong emphasis will be placed on conservation of energy and on energy research. The coal industry must be given assurance that when it invests from $20 million to $90 million in a new mine, the future markets for coal will be such as to justify the investments.

During the next few days and months, the Democratic Congress will enact legislation to deal with the energy problem; trade legislation; no-fault insurance; consumer legislation; it will enact a strip mining bill; it will extend unemployment compensation benefits; it will provide public service jobs for the unemployed. Moreover, old people and those on fixed incomes are in desperate circumstances. There must be price and wage guidelines established, with emphasis on prices. There must be equitable standby price and wage stabilization authority—with emphasis on prices and applicable to big companies because they set the pace for price increases.

A Democratic Congress will continue to fulfill its responsibilities. It must not be forgotten, however, that Congress is not constitutionally structured to administer national programs or to lead the country. The presidency is still the office from which leadership must come in national and international affairs.

And in 1976, the voters will put an end to divided responsibility and divided government in Washington! They will put a Democratic leader in the White House to work with a Democratic Congress! Our country cries out for leadership—new leadership—a leadership that combines the resourcefulness of a Franklin Roosevelt with the vision of a John Kennedy, the tenacity of a Lyndon Johnson, and the common sense and guts of a Harry Truman!

Our party must provide that leadership. And to do so, it must keep in mind that, so long as we continue to be motivated by the common purpose and objective of serving the American people to the best of our ability, there will be room in the Democratic Party for many shades of belief and opinion. In the increasingly complicated world in which we live, no one group or faction has a monopoly on all of the right courses of action that should be undertaken.

As we look to the future, let us not forget that only 38 percent of the eligible voters went to the polls last month, sending a message of disenchantment to political parties and to politicians in general.

Let us, as Democrats, also not forget that more than a third of all U.S. voters now consider themselves to be independents, underscoring the skepticism toward political parties that has grown up in our time.

The Democratic Party must provide a national ticket in 1976 that will be worthy of the support and confidence of all the people—Democrats, Republicans, and Independents.

And if we are to seek a unified country in achieving national goals, the national Democratic Party itself must be unified.

No region of this country can be made to feel that it is not needed, no leader or rank and file member in this Party must be left to feel that he is not wanted.

The southern and border states must be brought back. Their people have always felt most at home in the Democratic Party.

Women, young people, blacks, blue collar workers, white collar workers, business people, ethnics—all of these must be encouraged to contribute their talents, their efforts, and their resources to this Party. It must be big enough to accommodate the divergent viewpoints and to welcome the support of all. This is a time for unity and for working together.

It is also a time to be most concerned about victory—not for one faction or ideological group—not even victory primarily for the Democratic Party—but rather to be concerned about victory for the American people—victory over inflation, victory over recession, and victory over other difficulties that plague us. If we make that victory our goal, we need have no fear for our party's victory!

I stand before you tonight to urge that we put the needs of our country at this hour above factionalism, above partisanship, and above every personal and party consideration!

On a monument in the Statehouse at Atlanta, Georgia, are inscribed these words in memory of a great southerner and statesman, Benjamin Hill:

"Who saves his country, saves all things, saves himself, and all things saved do bless him; who lets his country die, lets all things die, dies himself ignobly, and all things dying curse him!"

My fellow Americans, we must work to save our country! Our country desperately needs a renewal of the quest for greatness! We must revive the spirit of America that once was, and the optimistic faith in her destiny that once thrilled the hearts of men and women everywhere. Let us begin here!

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. Haskell). The period for the transaction of routine morning business is closed.

EXECUTIVE SESSION—NOMINATION OF NELSON A. ROCKEFELLER TO BE VICE PRESIDENT OF THE UNITED STATES

The PRESIDING OFFICER. Under the previous order, the hour of 11 a.m. having arrived, the Senate will now go into executive session to consider the nomination of Mr. Nelson A. Rockefeller to be Vice President of the United States.

Time for debate today of this nomination shall not exceed 5 hours, 1 hour to be controlled by the Senator from Virginia (Mr. William L. Scott), 2 hours to be controlled by the Senator from Kentucky (Mr. Cook), and 2 hours to be controlled by the Senator from Nevada (Mr. Cannon).

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time be charged equally against Mr. Cook and Mr. Cannon.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COOK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOK. Mr. President, I ask unanimous consent that the following staff members be permitted the privilege of the floor during the debate on this nomination: Joseph O'Leary, Karleen Millnick, and James Schoener.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, I ask unanimous consent that the following staff members be permitted the privilege of the floor during the consideration of this nomination: William M. Cochrane, Chester H. Smith, John K. Swearingen, Richard D. Casad, and Peggy Parrish.

Mr. President, I yield myself 30 minutes.

The Senate Committee on Rules and Administration on November 28, by a unanimous vote, formally recommended the confirmation of Nelson A. Rockefeller of New York as Vice President of the United States.

The committee's comprehensive report, together with the printed hearings, is on the desk of all Members of the Senate. It is our judgment that this 200-page report spells out in summary what has probably been the greatest in-depth confirmation inquiry ever carried out by a committee of the U.S. Senate—and we believe properly so, because of the great responsibility imposed by the 25th amendment to the Constitution requiring the substitution of congressional decisionmaking for the usual national election process.

For the record, we must recall that our committee met its responsibilities of Vice-Presidential confirmation hearings and recommendations not once but twice in a year's span, in 1973 and 1974. First, there was the nomination of Representative Gerald R. Ford to the Vice-Presidency, and within 1 year President Ford's nomination of Governor Rockefeller to the Vice-Presidency. The committee did not take lightly its unique responsibility that each of its members and ultimately each Member of the Senate and the full Congress is charged with substituting his or her individual judgment for those of each and every American voter to whom the task of electing a Vice President has always fallen during our country's 198-year history, with a single exception—the confirmation of Congressman Ford for the Vice Presidency 1 year ago.

But the question of Governor Rockefeller's confirmation presented the committee with a new, awesome, and unprecedented dimension—the implications involved in the potential wedding of great wealth and business interests with great political power—the totality of which has been unmatched not only in any national election but equally so under the single use of the 25th amend- for the Vice-Presidency 1 year ago.

Therefore, the committee sought to approach its task, fully aware of the responsibility both the country and the Senate were imposing on it. Our committee's judgment was that the potential melding of this economic and political power required a scrutiny comparable to none other ever required of a Senate committee with a confirmation proceeding before it.

The committee was incisively sensitive to the belief that our country deserves at the earliest possible time a sitting Vice President to fill this vacuum—a vacuum that has made even more severe the political and governmental agony to which this Nation has been subjected over the past year and more. Likewise, our committee felt duty bound because of the heavy responsibilities placed on it to examine every detail bearing on the nominee's experience, integrity, character, honesty, and forthrightness in meeting the test of his qualifications and fitness for the second highest, or potentially the first highest, office in the land. We felt strongly that a great public service carried with it an equally great public trust.

Before the committee began its formal hearings shortly after President Ford submitted the nomination to the Senate, more than 300 FBI agents in 37 field offices across the country were pressed into service by the Department of Justice at our request to interview 1,400 persons or more about the qualifications and fitness of the nominee. We called upon the staff of the Joint Committee on Internal Revenue taxation to carry out a comprehensive, in-depth examination of Vice-President-designate Rockefeller's tax returns and other financial records. We asked the Internal Revenue Service to complete its audits of Governor Rockefeller's returns from 1969 through the first two quarters of 1974.

Additionally, hundreds of Internal Revenue Service tax agents and accountants, Library of Congress and General Accounting Office personnel, and enlarged staffs of congressional committees were at work—not as what we might call "inquisitioners," but as governmental servants seeking out truths.

During 8 full days of public hearings, 47 witnesses were examined on aspects of Governor Rockefeller's qualifications, character, public and private background, capabilities and his viewpoints on philosophical, political, national, international, economic, governmental, and other subjects. I respectfully invite your attention to the committee report's table of contents for the area covered, and to pages 33 through 87 specifically for the nominee's view on current issues on which he was questioned. Governor Rockefeller's responses to our committee members' questions on many timely topics are covered from pages 167 through 175 in the report before you. All of this included his record of 34 years in Federal and State governmental capacities encompassing 15 years as Governor of the State of New York.

Because, as our committee learned in the past year, when the Congress confirms a Vice President, it may be simultaneously confirming a President too, we felt this nomination had a high congressional priority. Offsetting that heavy responsibility in expediting the seating of a Vice President was the equally heavy responsibility of exploring prudently, fairly, fully, and completely every facet of this nominee's qualifications. We believe our committee's efforts have satisfied those dual criteria.

Governor Rockefeller testified for 4½ days before the committee, with a national television audience watching all proceedings for 3 of the 8 days of hearings.

With the full realization of the historically-significant precedent it was establishing under the 25th amendment for the second time within a year's time, the committee again adopted the principle that consideration of this nomination should not be predicated on Governor Rockefeller's political affiliation but rather his qualifications to serve in the office of Vice President, Our words were:

> We are acting on behalf of every citizen of the United States to examine exhaustively, objectively and honestly the qualifications of this nominee . . . those who do not approve of the nominee will know that no stone was left unturned in the search for truth.

The distinguished senior Senator from Kentucky and ranking minority member of the committee (Mr. COOK) voiced comparable views at the opening of our hearings:

> We desire to be responsive to the President and the Nation in this important matter, however, thoroughness and honesty must be our watchword, as the people of the Nation will not accept less, and we, as their representatives, would not be satisfied with less . . .

Because the hearings had touched upon many broad policy and philosophical questions, both past and prospective, it became necessary for the committee to focus on certain major issues in its judgment process. Those five principal areas of concern and the committee's conclusions, covered by a summary of pages 179 through 181 and in greater detail on pages 23 through 31 of the committee report, were:

First. Potential conflicts of interest; second, the nominee and his taxes; third, the Rockefeller loans and gifts; fourth, political contributions of Nelson A. Rockefeller and the Rockefeller family; and fifth, the nominee's involvement with Victor J. Lasky's book, "Arthur J. Goldberg: The Old and The New."

Mr. President, I ask unanimous consent that pages 177 through 182 of the committee report, setting out the committee's general statement plus a summary of the five principal areas of concern and the committee's action thereafter, be printed in the RECORD, at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CANNON. Mr. President, in review, probably the single most troublesome and central issue in the committee's hearings and consideration of the nominee's qualifications and fitness was the conflict-of-interest question and its broad ramifications—a key public policy consideration acutely more important by the vast wealth and business holdings nationwide and worldwide of Governor Rockefeller and his family, second to no other family in this country.

To the accompanying question of whether the nominee's holdings should be required to be placed in a blind trust or to be divested of the nominee's direct control by some other method to meet the conflict-of-interest issues, the committee's judgment was: First, because of the immensity of his financial holdings, a blind trust would lack real meaningfulness, and second, that any actual divestiture would not be realistic for the same reasons plus adverse effects in the world of business or on some phases of the economy.

The committee agreed that public disclosure of Governor Rockefeller's wealth and financial holdings, as requested by the committee and promptly carried out by him, would permit a monitoring of those business interests in the future by the public and the news media that would be adequate.

On the question of the nominee's taxes, the committee concluded that, by virtue of the audits of the Internal Revenue Service and by the findings of the staff of the Joint Committee on Internal Revenue Taxation, there was "no evidence of fraud or negligence" in Mr. Rockefeller's returns from 1969 to 1974, that Governor Rockefeller is current in his tax obligations.

On the third principal concern area covering Mr. Rockefeller's several million dollars' worth of loans and/or gifts over a period of 25 years to New York State public officials and friends, aides and political associates, the committee concluded that it was inappropriate to impose requirements or limitations not covered by law. But it did recognize Governor Rockefeller's commitment to exercise greater care in the future granting of loans and gifts wherein official standards of conduct by the donor or donee might be open to question.

With respect to the fourth concern area, which covered approximately $20 million of political contributions by Governor Rockefeller and his family over a period of 17 years, the committee found no question about the propriety of the amounts of the contributions or the means by which the contributions were advanced. At no point did the committee ascertain any violation of Federal election laws.

About the fifth and final concern area of the Arthur J. Goldberg book and whether Governor Rockefeller's affirmative promotion or passive participation skirted fair campaign practice standards, the committee concluded that the nominee exercised "poor judgment," or as Governor Rockefeller put it in his own words, "out of character" for him, when he approved publication of the Lasky book critical of his New York gubernatorial opponent in the 1970 election. The committee found no evidence of any illegal act by any party participating in the book's publication but was unimpressed by the contention that the book was a Rockefeller finance enterprise instead of a political device.

In the overall, our committee felt it should consider the nominee on the basis of his entire record and the sum total of all of his qualifications, not simply a single issue unless it was of preponderant importance to an individual member. No member of the committee found a bar or impediment which would disqualify Gov. Rockefeller from the office to which he had been nominated.

The committee fully realized, as it had done 1 year ago with Congressman Ford's Vice-Presidential nomination, that its actions and guidelines for its decision-making would be of historical significance as a precedent for other committees and other Congresses in the future years should the 25th amendment again become operative by reason of a Vice-Presidential vacancy.

With respect to this particular nominee, the committee noted that any President could be expected to nominate a person from his own political party and more likely one of his own philosophy to fill a Vice-Presidential vacancy, although we do have a difference here between the political philosophy, I am sure, of the two, even though they are members of the same political party. Additionally, the committee accepted the premise that some of the electorate, and indeed some of the committee members, might not agree that Nelson A. Rockefeller was the best choice the President could have made from among leading Republicans to serve in the second highest office in the land. Nevertheless, it was the committee's responsibility to consider and make judgment as to whether this nominee, as submitted to the Congress, is qualified to be confirmed as Vice President.

In summary, the committee sought to explore all facets of Governor Rockefeller's fitness and qualifications for the office of Vice President: his public and private life, his personal character, his integrity and honesty, and his experience and knowledge, plus one unique and unprecedented factor—the concentration of great economic and great political power in a single individual, and what that symbolism in a Vice President or a President would mean to this country.

The committee's judgment was that Governor Rockefeller, in all critical areas *of concern, fully* met the reasonable tests and standards that the Congress should apply.

Mr. President, in conclusion, I commend my colleagues on the committee and all of the staff personnel assigned to this confirmation investigation for their diligence, their spirit of cooperation in a difficult task, and for the unanimity of purpose so affirmatively displayed under some trying circumstances throughout these proceedings.

Mr. President, the committee has unanimously recommended to the Senate that Nelson A. Rockefeller be confirmed as Vice President of the United States.

For myself as chairman and for all of the members of the Committee on Rules and Administration, I urge the approval of this nomination.

Mr. President, I reserve the remainder of my time.

EXHIBIT 1

IX. GENERAL STATEMENT BY THE COMMITTEE

SUMMARY AND GENERAL STATEMENT

The consideration by the Committee on Rules and Administration of the nomination of Nelson A. Rockefeller to be Vice President of the United States probably represents the greatest in-depth confirmation inquiry ever carried out by a committee of the United States Senate—and properly so.

The responsibility imposed by the Twenty-fifth Amendment to the Constitution—heavy as it is by substituting Congressional judgment for the usual national elective process—has been made by this Committee not once but twice in a year's span. First, there was the nomination of Congressman Gerald R. Ford to the Vice Presidency and within one year there followed President Ford's nomination of Governor Rockefeller to the Vice Presidency.

But the question of Governor Rockefeller's confirmation presented the Committee with a new, awesome, and unprecedented dimension—the implications involved in the potential wedding of great wealth and business interests with great political power—the totality of which has been unmatched not only in any national election before but equally under the single use of the Twenty-fifth Amendment mandate one year ago.

Before the Committee began its formal hearings shortly after President Ford submitted the nomination to the Senate, more than 300 FBI agents in 37 field offices interviewed 1,400 persons or more about the qualifications and fitness of the nominee. Hundreds of tax agents, accountants, Library of Congress and General Accounting Office personnel, and enlarged staffs of Congressional Committees were at work—not as "inquisitioners" but as governmental servants seeking out truths.

During eight full days of public hearings, 47 witnesses were examined on aspects of Governor Rockefeller's qualifications, character, public and private background, capabilities, and his viewpoints on philosophical, political, national, international, economic, governmental, and other subjects. This included his record of 34 years in Federal and State governmental capacities, including 15 years as Governor of the State of New York.

Governor Rockefeller testified for four and one-half days (21 hours and 54 minutes) before the Committee (with a national television audience watching for three of the eight days of hearings) including his formal statements and his responses to broad-ranging questions from each of the Committee's nine members.

With full realization of the historically significant precedent it was establishing under the Twenty-fifth Amendment for the second time within a year's time, the Committee again adopted the principle that consideration of this nomination should not be predicated on Governor Rockefeller's political affiliation but rather his qualifications to serve in the Office.

Likewise, there was the underlying question of public policy implications of the nominee's vast financial holdings touching many segments of the American economic system. Additionally, Chairman Cannon spelled out as a guideline for consideration the viewpoint adopted by the Committee one year ago in the Ford hearings, that:

"* * * We are acting on behalf of every citizen of the United States to examine exhaustively, objectively and honestly the qualifications of this nominee * * * those who do not approve of the nominee will know that no stone was left unturned in the search for truth * * *."

This viewpoint was reiterated by Ranking Minority Member Marlow W. Cook, as follows:

"* * * We desire to be responsive to the President and the Nation in this important matter. However, thoroughness and honesty must be our watchword, as the people of the Nation will not accept less, and we, as their representatives, would not be satisfied with less."

FIVE PRINCIPAL AREAS OF CONCERN

Because the hearings had touched upon many broad policy and philosophical questions, both past and prospective, it became necessary for the Committee to focus on certain major issues in its judgment process. In summary, the five principal areas of concern and the Committee's conclusions thereon, covered in greater detail in earlier sections in this report, are:

(1) *Potential conflicts of interest*

Neither the Constitution nor Federal laws impose conflict-of-interest restrictions on the Office of President or Vice President as they do for Members of Congress and officials of the executive departments. Therefore, whether this nominee would face potential problems in avoiding conflict-of-interest questions during his prospective office tenure because of his and his family's broad financial and business holdings was a source of close examination and concern by the Committee. Governor Rockefeller, by his testimony, had offered, if Congress requested, to place all of his personal securities in a blind trust.

The Committee accepted Governor Rockefeller's candor and straight-forward responses that he would be guided by public interest considerations vis-a-vis his family's business interests. This conclusion was supported by the absence of any evidence that any meaningful conflict of interest accusations had been raised against the nominee during his 15 years as Governor of the State of New York (the situs of his family's headquarters and major holdings).

To the accompanying question of whether the nominee's holdings should be placed in a blind trust or be divested of the nominee's direct control by some other method, the Committee's judgment was (1) because of the immensity of his financial holdings, a blind trust would lack real meaningfulness, and (2) that any actual divestiture would not be realistic for the same reasons plus possible adverse effects such might have in the business world or on some phases of the economy.

The Committee agreed that public disclosure of Governor Rockefeller's wealth and financial holdings, as requested by the Committee and promptly carried out by the nominee, would permit a monitoring of those business interests by the public and the news media that would be adequate.

(2) *The nominee and his taxes*

Because the requirement that Americans pay their share of taxes to Federal, State, and local jurisdictions occupies a key role in weighing the general honesty and integrity of every taxpayer, the question of Mr. Rockefeller's tax returns was a particularly important one for the Committee in its consideration of his wealth and annual income.

An audit by the staff of the Joint Committee on Internal Revenue Taxation, as requested by this Committee for the five years, 1969 through 1973, and supplied to the Committee on October 22, 1974, as "Examination of Vice President Designate Nelson A. Rockefeller's Tax Returns and Other Financial Returns," included the statement:

"* * * The staff finds no evidence of fraud or negligence in these returns. * * *"

At the Committee's request, the Internal Revenue Service had expedited an on-going audit of the nominee's returns for the five years, with such showing an additional tax liability of $820,718 in Federal income taxes and $74,993 in additional Federal gift taxes (details are covered more fully in the earlier "The Nominee and His Taxes" section of this report).

As is normal, the Internal Revenue Service was several years behind in its audit of Governor Rockefeller's returns but such audit was in progress for 1969, 1970, and 1971 when his nomination was submitted to the Congress. At the committee's request, the IRS expedited the audits for the full five years 1969 through 1973, and for the first two quarters of 1974, with the report claiming certain liabilities. Governor Rockefeller advised the Committee on November 23:

"* * * I have agreed to pay the additional taxes—in fact, I did pay yesterday—while I have paid the additional taxes resulting from all of the income tax and gift tax adjustments made by the IRS, I have the same rights as any other citizen to appeal any of the adjustments should I decide to do so. * * * "

The Committee concludes, by virtue of the findings of the staff of the Committee on Internal Revenue Taxation and the Internal Revenue Service audits, that Governor Rockefeller is current in his tax obligations.

(3) Rockefeller loans and gifts

An issue that occupied considerable attention and testimony during the November 13, 14, 15, and 18 hearings was that of Governor Rockefeller having made some several million dollars' worth of loans and/or gifts, some 60 in total number, over a period of 20 years, to New York State public officials and others, including friends, aides, and political associates.

Because of the questionable propriety, legality, and moral aspects of a pattern of gift-giving and loans to public officials and the inherent possibility of establishing questionable bonds of allegiance thereby, which do not measure up to the proper standards of rectitude in our present day political system, Committee members questioned this practice by the nominee at considerable length.

Testimony by Governor Rockefeller and some recipients of gifts and/or loans showed only that such gift-giving was carried out as gestures of personal affection, friendship, or concern for health or family problems. There was no evidence of any ulterior motive, personal or economic gain, or wrong-doing for any purpose.

The Committee refrained from pre-empting the responsibility of the Federal Government or New York State authorities charged with making determinations about the legality of such gifts, forgiven loans, or regular loans.

To focus on the propriety and moral values of gift-giving and loans to governmental employees, the Committee felt that Governor Rockefeller became aware of its concern by his testimony:

"* * * I now clearly understand that my desire to be helpful has been misinterpreted * * * in this moment of history, it is tremendously serious because people have got to have confidence in their representatives. * * *"

Governor Rockefeller affirmatively offered to henceforth limit his gift-giving practices to personal occasions (birthdays, weddings, retirements, etc.) or to assist in medical or serious familial emergencies.

The Committee concluded that it was inappropriate to impose requirements or limitations not covered by law. But it did recognize his commitment to exercise greater care in the future granting of loans and gifts wherein official standards of conduct by the donor or donee might be open to question.

(4) Political contributions of Nelson A. Rockefeller and the Rockefeller family

Another area of concern the Committee felt a deep obligation to examine in weighing the nominee's qualifications was that of substantial political campaign contributions by himself and his family. These totaled approximately $20 million over a period of 17 years for seven major campaigns by Governor Rockefeller for President and for Governor of New York State plus various politically oriented research projects and background studies.

To determine the legality of such contributions, the Committee's request for a complete accounting was met with wholehearted cooperation by the nominee. All records were made available for the Committee's study.

The Committee's review of the Governor's use of his money, some $3,265,000 for four New York gubernatorial and three Presidential campaigns; the contributions of $2,850,000 by his three brothers, John, Laurance, and David, and by his sister Abby, and a total contribution estimated at $10,500,000 from his step-mother, Martha Baird Rockefeller, at $1½ million per campaign for the seven races, totaled approximately $16 million.

At no point did the Committee ascertain any violation of Federal election laws. To a question of whether the family political contributions were pooled by agreements, Governor Rockefeller said, "No sir. In fact, we disagree."

The Committee found no question about the propriety of the amounts of the contributions or the means by which the contributions were advanced. The nominee testified that he intended to continue to make political contributions to selected political candidates if confirmed as Vice President not unlike contributions he has made over the years to other candidates throughout the country.

(5) Nominee's involvement with Victor J. Lasky's book, "Arthur J. Goldberg: The Old and the New"

Whether Governor Rockefeller has been an affirmative promoter or a passive participant in sponsoring a politically oriented book during the 1970 New York gubernatorial race which was critical of his opponent, former U.S. Supreme Court Justice Arthur J. Goldberg, was a question that involved considerable testimony.

Whether the nominee's involvement with this politically motivated book, written by Victor J. Lasky, skirted fair campaign practice standards became a public issue when Governor Rockefeller originally disclaimed any knowledge about the book's publication. Subsequently, after refreshing his recollection about the details involving his own participation, that of his personal secretary, his brother Laurance's $65,000 underwriting of the book, and other factors, Governor Rockefeller assumed "full responsibility".

Governor Rockefeller told the Committee:

"In regard to the financing of the book on Mr. Justice Goldberg, let us face it * * * I made a mistake * * * I made a hasty, ill-considered decision in the middle of a hectic campaign in 1970. I have already apologized to Mr. Justice Goldberg, publicly, and privately, and I want to take this opportunity to publicly apologize to my brother, Laurance, for having gotten him involved in an undertaking which is out of character for the family."

The publication of the Goldberg book and the nominee's involvement (covered in depth in an earlier section of this report) is concluded not to have originated with Governor Rockefeller, although he furthered its progress.

The Committee must conclude that Governor Rockefeller exercised poor judgment—"out of character" for him—when he tacitly approved the publication of the Lasky book and subsequently requested his brother Laurance to arrange for its financing. While the Committee was not impressed by the contention that the book was simply another Rockefeller financial enterprise, it does concede that there was no evidence of any illegal act by any party participating in the book's publication.

COMMITTEE ACTION

On November 22, 1974, the Committee on Rules and Administration concluded the inquiry it had begun three months earlier into the qualifications and fitness of Nelson A. Rockefeller of New York to be Vice President of the United States.

On a rollcall vote with eight members present, the Committee unanimously agreed to recommend to the Senate that Mr. Rockefeller's nomination be confirmed.

Earlier the Committee had also unanimously agreed: Every member of the Committee would reserve to himself the right to cast his vote as he sees fit when the nomination is considered in the Senate itself.

Discussion points

The members of the Committee came to the confirmation decision after long hours of study and discussion of an in-depth examination of the public and private life of the nominee and his viewpoints on national issues.

The Committee's discussions reflected variances of agreement among individual members about issues raised during the hearings and the weight to be given to various factors. But the Committee felt it should consider the nominee on the basis of his entire record and the sum total of all of his qualifications, not simply a single issue unless it was of preponderant importance to an individual member. But the Committee found no bar or impediment which would disqualify him for the office to which he had been nominated.

The Committee fully realized, as it had done one year ago with Congressman Ford's Vice Presidential nomination, that its actions and guidelines for its decisionmaking would be of historical significance as a precedent for other Committees and other Congresses in the future years should the Twenty-fifth Amendment again become operative by reason of a Vice Presidential vacancy.

With respect to this particular nominee, the Committee noted that any President could be expected to nominate a person from his own political party and more likely one of his own philosophy to fill a Vice Presidential vacancy. Additionally, the Committee accepted the premise that some of the electorate, and indeed some of the Committee members, might not agree that Nelson A. Rockefeller was the best choice the President could have made from among leading Republicans to serve in the second highest office in the land. Nevertheless, it was the Committee's responsibility to consider and make judgment as to whether this nominee as submitted to the Congress is qualified to be confirmed as Vice President.

The Committee sought to explore all facets of Governor Rockefeller's fitness and qualifications for the Office of Vice President: His public and private life, his personal character, his integrity and honesty, and his experience and knowledge, plus one unique and unprecedented factor—the concentration of great economic and great political power in a single individual, and what that symbolism in a Vice President or a President would mean to this country.

The Committee's judgment was that Governor Rockefeller in all critical areas of concern fully met the reasonable tests and standards that the Congress should apply.

Mr. COOK. Mr. President, I yield myself 20 minutes of my time.

I am in complete agreement with the comments made by the chairman of the Rules Committee, and I shall not take the time of my colleagues to comment further on the report, except to say that it is excellent, and I hope Senators who have not already done so will take the time to study it carefully. I also congratulate the chairman on the efficient and fair manner in which he presided over the hearings.

The Committee on Rules and Administration of the Senate, on August 21, 1974, accepted the responsibility to examine the qualifications and fitness of Mr. Rockefeller to be Vice President of the United States. We feel we have done our job thoroughly and efficiently, and for this reason we had absolutely no reservation in reporting the nomination favorably to the Senate before the other House had completed its hearings.

In our opinion, the nominee is equal to the high standards demanded in the Vice President of the United States. I honestly believe that if we were to call the roll of all the men living today in the United States who could bring to the office of the Vice President the qualifications this country so desperately needs—the name of Nelson Rockefeller would be very high on that list. In all fairness, I find difficulty calling to mind the name of any individual whose name would be placed above his for this office at this time.

I know of no other occasion in the history of this Nation where an individual has been subjected to closer scrutiny than was Mr. Rockefeller during his almost 22 hours appearance before the committee. I do not mean that the committee was less thorough last year in the conduct of the hearings on President Gerald Ford, but the personality and involvement of this nominee in the many different aspects of public and private life both nationally and internationally over nearly four decades as well as his immense financial wealth made for a more complex hearing.

Be that as it may, I say without reservation that his answers to the committee were honest, direct, and sincere, and he impressed all of us with his qualifications and fitness for the job to which he has been nominated by President Ford.

I think it is important that the Senate and the public in general understand that his complete cooperation left nothing to be desired. As a matter of fact, he volunteered personal information that the committee had not requested.

During the course of the hearings, I was very much concerned over the way certain issues developed and were presented to the public. I was equally concerned over the reaction by the public to these issues. I would like to cite, for example, just one incident. On the 30th of August 1974, in response to a request by the committee, Governor Rockefeller submitted a preliminary estimate of his and Mrs. Rockefeller's net worth as of August 23, 1974. This statement was submitted with the understanding that it was confidential in nature. Many of the items were shown "at cost" because within the timeframe allotted him it was impossible to get an estimate of their true value. While the actual net worth was shown to be $33,040,826, the statement itself contained information showing the net worth to be $55,990,616, before deducting charitable pledges totaling $20,449,790 and an estimated gift tax of $2,500,000. The decision by Mr. Rockefeller to make these deductions seemed entirely logical, but one would have to read the entire statement to understand exactly what was being submitted.

Unfortunately, somehow the figure of $33 million purporting to be Mr. Rockefeller's net worth as of August 30, 1974, reached the press, and articles appeared which reflected this figure as Rockefeller's total submission to the committee.

On September 23, 1974, the nominee made public a revised statement showing a net worth of $62,581,225. This revised statement showed various assets at appraised value rather than cost figures used in the preliminary statement and also eliminated the deduction for charitable pledges and the estimate for gift tax liability.

At the same time, the nominee made public a statement describing all interest he and Mrs. Rockefeller have in trusts and listing all of the amounts of these trusts. In addition, although not part of his net worth, he made public a list of all securities held by their children and trusts which had been established for their benefit.

When this item hit the press, there was an immediate comparison of the $33 million figure, which had been leaked to the press, and the $62 million figure, which Mr. Rockefeller was then submitting.

The public was aroused by what seemed to be an attempt by the nominee to cover up his true net worth. My mail and that of the committee ran very heavily against Mr. Rockefeller. This dissatisfaction was exacerbated not only by this incident, but others of a similar nature, wherein only part of the story was being presented.

Senators will recall that the original 4 days of hearings were not carried live on daytime television, and the public could not view and hear the totality of the evidence which was presented. In essence, the public was required to formulate its opinion from isolated reports in the news media.

In addition, during this same time frame, issue was made that Mr. Rockefeller had not publicized his list of gifts to various individuals. Again, in fairness to the nominee, this information was in the hands of the committee and was contained in the reports of his gift taxes, which he had submitted.

His involvement in the so-called Goldberg book surfaced at the same time, and again I must admit that in reading the FBI reports I noted the existence of such a book and was not alarmed by what I read. Subsequently, the committee hearings have shown that Mr. Rockefeller did not initiate the book, and was really not actively involved in its conception or distribution.

However, when it seemed that Mr. Rockefeller's nomination was in trouble, the TV media decided this was news the public should have and made arrangements to cover the hearings with live daytime coverage. For 3 days, the public had an opportunity to see and hear Nelson Rockefeller as he really is, and they were impressed. It is interesting to note that at this point live daytime coverage was dropped.

The mail I received subsequent to the date of these televised hearings took a decided turn in favor of the nominee. I make no criticism of the media. I only say that when the Governor was being tried in the press and was not given a forum to present his arguments, he was in fact in trouble. However, once he had the forum, and was able to tell his story, the trouble vanished.

The testimony by several of the witnesses and much of the mail was directed at specific issues, such as abortion or Attica, and left no doubt that if one did not agree with attributes of "their side" that person was not qualified to be Vice President.

I believe that the committee had a responsibility to review these issues, and in the case of the abortion matter, the committee was most interested in the Governor's actions. However, any change in national policy would have to be made by Congress as a constitutional amendment, and the President and Vice President have no part in the process.

I know it was a trying but necessary experience for Mr. Rockefeller himself and, to a lesser degree, his family, his friends, and his associates. It is only fair to say that all members of the committee were not satisfied with all the answers received, and that is as it should be. There were certainly some areas in which he did not reflect credit on himself. However, what became so clearly evident to me is Nelson Rockefeller's compassion for his fellow man and his understanding of their problems. His grasp of the really big issues as well as his willingness to grapple with and solve these problems was most encouraging.

I am particularly impressed with the optimism Mr. Rockefeller brings to the Nation in troubled times. While he may not provide a panacea, he certainly presented to the committee firm, positive points of view which he believes will help the country, and he left no doubt in my mind where he stands on the issues of the day. While I recognize that in his role as Vice President his views may be of a suggestive rather than a directive nature, I have every confidence that the Ford-Rockefeller team will advance this Nation on the road to solving the problems related to inflation and the energy crisis, and will provide for the welfare of the people.

When the committee began its debate on September 23, 1974, I stated that the Congress was again on trial, and as a result of that trial, I hoped that we could improve our image by expeditious and efficient action. Although we had no fixed time schedule, I expressed the hope that we would be responsive to the President and the Nation in this important matter. I cautioned that thoroughness and honesty must be our watchwords, as the people of the Nation would not accept less, and we as their representatives would not be satisfied with less.

In retrospect, I do not believe that we could have completed our task more rapidly. We are met today to write a final sentence on this page of our Nation's history.

I feel I know Nelson Rockefeller as well as any man I have known since being in the confirmation process of the U.S. Senate, and in this role I am optimistic he will make a significant contribution to the Nation's well-being. I am enthusiastic in my support, and I urge my colleagues to confirm his nomination to be the next Vice President of the United States.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAM L. SCOTT. Mr. President, I ask unanimous consent that a member of my staff, James Carty, have the privilege of the floor during the consideration of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAM L. SCOTT. Mr. President, as you know, since coming to the Senate from the other body 2 years ago, I have been a firm supporter of the White House. I did not join with others in criticizing President Nixon with respect to the various charges connected with Watergate made against him, but felt that he, like every citizen, was entitled to a presumption of innocence of any wrongdoing until the contrary was proven.

However, both last month's elections and public opinion polls indicate that citizens are concerned about the integrity, the basic honesty of public officials. In late September a Louis Harris survey indicated that only 28 percent of the people polled had a great deal of confidence in the executive branch of the Government and only 18 percent had confidence in the Congress. This represented a 9-percent increase in confidence in the executive branch over the past year but a decrease of 11 percent in confidence in the Congress. In fact, Mr. Harris indicated that Congress has now fallen in public confidence to a new low and I believe, Mr. President, we should make every reasonable effort to restore public confidence not only in the Congress but in all branches of the Government.

Watergate has been a deplorable situation. Yet, insofar as I know, no Member of Congress was involved in, or directly contributed to it. We were not asked to advise and consent to Watergate but while the Congress, along with all public officials, has been damaged, we had no responsibility for its happening. Today, we are called upon to give our advice and consent to the nomination of Nelson Rockefeller as Vice President. Under the 25th amendment, he has been nominated by a President who assumed office by appointment of another President.

Frankly, I believe we should consider a revision in the 25th amendment so that delegated authority by the people of the country to an elected Chief Executive will not be redelegated to an unelected successor in office, in accordance with the general legal principle that delegated authority cannot be redelegated. But, under present law, President Ford was faced with the responsibility of recommending to the Congress someone to fill the vacancy in the Office of Vice President and we share with him the responsibility of seeing that the person selected is one of unimpeachable integrity, of candor and honesty so that public confidence in Government will not further erode. While the committee did unanimously report this nomination, concern and reservation has been expressed by various committee members during and subsequent to the hearings. Some of these concerns are expressed under the title "Potential Conflicts of Interest of the Nominee" beginning on page 91 of the committee report.

As you know, some weeks ago I indicated that I would not support Nelson Rockefeller as Vice President. In my opinion, the person selected should, like Caesar's wife, be above suspicion. We should not confirm anyone who smacks of impropriety. In this instance, since the Rockefeller nomination, a number of questionable matters has been brought to public attention. The loans and gifts, the Goldberg book, the family wealth and influence. All Members of the Senate have been involved as candidates in political campaigns and I expect each of us has attempted to obtain the maximum name identification and to project a favorable image to the public. As incumbents running for reelection, we have never spent our private or political funds to publicize our challenges or to present them in a favorable light to the electorate. This is a matter of practical politics.

It is my understanding, however, that while Governor Rockefeller originally stated that he had no knowledge of the financing of the Goldberg book and had he known that his brother Laurance was financing it as a business venture, he would have advised against it. Nevertheless, he later conceded that he had referred the matter of financing the book on Goldberg, his challenger for the gubernatorial office, to his brother Laurance and as I recall, a corporation was formed for the sole purpose of publishing a paperback book, selling at $1.25 a copy, about Justice Goldberg who was seeking to unseat Mr. Rockefeller. It is also my understanding that Laurance Rockefeller advanced the sum of $65,000 to fund the corporation to finance the publishing of the paperback book. Both Nelson and his brother Laurance insisted under oath that this was purely a business venture.

Now, Mr. President, if we are talking about integrity and with our knowledge of practical politics, this is a very hard statement to believe. The facts, developing as they did, appear very similar to the manner in which information has been received by the general public in the past 2 years about the Watergate happenings. Would any practical politician spend $65,000 in a business venture during a campaign to acquaint the public with his opponent? Even Laurance Rockefeller admitted in committee testimony that no business loss was taken on this venture because he feared that the Internal Revenue Service would consider it a political expenditure rather than a business venture.

In my opinion, it is not so much the contents of the book as it is the lack of forthrightness by the Rockefeller brothers. The committee statement at page 181 of the report indicates that Governor Rockefeller exercised poor judgment but concedes that there is no evidence of any illegal act by any party participating in the book's publication.

It would suggest, Mr. President, that when we are considering confirming a nominee for the Vice Presidency of the United States, we should go much further than to determine whether he has violated the law. The committee concedes, on page 154 of the report that—

> There was a definite attempt to use every means possible of keeping the Rockefeller name from being connected in any way with the publication and in the committee's mind this was done strictly on political grounds as opposed to any relationship to a business venture.

An equally important question arises, Mr. President, with regard to the various loans and gifts by Mr. Rockefeller during his term of office as Governor of New York. Was this money provided to affect the operation of government, and do such gifts undermine the integrity of the donor, the recipient, or of the government itself? As I understand section 200.30 of the New York State Penal Code, it is unlawful to give money to a public official of the performance of his official duties and for which he is not entitled to any special or additional compensation. This statute was approved by Nelson Rockefeller in 1967 while he was Governor. So I believe we can assume he was familiar with its provisions. Committee testimony indicates that William J. Ronan, secretary to the Governor of New York, a State employee, was loaned more than one-half million dollars by the Governor and these loans were later forgiven.

In fact, they were apparently forgiven on May 3, 1974, the same day Mr. Ronan was elected Chairman of the Board of Commissioners of the New York-New Jersey Port Authority, an authority in which the Rockefeller family hold $1.8 million in bonds.

Two weeks later, Mr. Ronan was appointed by the Rockefeller successor as Governor, Mr. Wilson, to the position of trustee of the New York State Power Authority in which the Rockefeller family reportedly holds bonds worth $3.7 million. The amount the Rockefeller family holds in bonds was ascertained from the financial statement furnished the Senate Rules Committee by the nominee. While Mr. Rockefeller may say that a gift of more than one-half million dollars was not a large amount in view of his extreme wealth, we need to consider not only what it meant to him but what it meant to the recipient. Can a public official be given more than one-half million dollars without feeling a sense of gratitude, of indebtedness, of obligation to the person who made the gift?

We might also distinguish, Mr. President, between donations to political committees during a campaign for office and a private gift to enhance an individual's personal weath. Whether or not there was a violation of law is a matter to be determined by State authorities. But, it is our obligation in considering this nominee to determine whether or not this act by Rockefeller was merely a philanthropic gift or whether it was given for the purpose of influencing a public official in the performance of his duties. The evidence necessary to convict an individual of a criminal act and the evidence necessary to cast doubt in our minds as to whether a person should serve as Vice President of the United States, in my opinion, are entirely different.

But, we know, Mr. President, that the Ronan gift was only one of many. We know that Governor Rockefeller gave a gift of $50,000 to his former adviser on international matters, Henry Kissinger, after Kissinger was selected by President Nixon to be the Presidential Adviser on National Security Affairs. It is my understanding that Mr. Kissinger obtained advice from the then counsel to the President that the gift could be received without violation of any law. But, Mr. President, when we consider the worldwide holdings and the worldwide interests of the Rockefeller family, can we say that a $50,000 gift to a Presidential adviser who later became Secretary of State was made without any thought of influencing his decisions? Is it merely a coincidence that the Chase Manhattan Bank established a branch in Moscow after this gift was made? Did Henry Kissinger recommend to President Ford that Nelson Rockefeller be nominated as Vice President of the United States? These are doubts in the minds of the American people and such serious doubts that, in my opinion, it will reflect adversely on our system of government to ignore them. If we approve this nomination and an impropriety is established in the future, we must bear a part of the responsibility. This is one reason I believe the nomination of Nelson Rockefeller should be rejected.

Let us look at some of the other gifts, Mr. President. Another $107,000 loan, later forgiven, to James W. Gaynor who became head of the New York State Housing Finance Agency. No request by Mr. Gaynor that the loan be forgiven but unilateral action by the Governor, according to Mr. Gaynor's testimony. I understand that the nominee's cousin, Richard S. Aldrich, received loans and gifts totaling $44,167, and Mr. Joseph H. Murphy received a gift of $20,000 from Mr. Rockefeller, and both were members of the same New York State Housing Finance Agency. Is it coincidental that the Rockefeller family has a financial interest of more than $4 million in the housing finance agency, an independent agency created by the State of New York? These are only a few of the gifts disclosed to the Rules Committee. I note that the distinguished chairman, the Senator from Nevada (Mr. CANNON) said he was bothered by the gift of $86,313 to a convicted felon, Judson Morhouse. Morhouse, a former State chairman of the Republican Party, who borrowed $100,000 in 1960 to acquire some real estate, was convicted of bribery in a liquor license scandal. Rockefeller commuted his sentence, reduced the loan and later canceled it. It might well be said that the illness of the recipient was the reason for forgiving the loan. But, there are so many of these questionable matters.*

Edward J. Logue, who received a loan of $176,389, was an urban planner Governor Rockfeller brought to New York to organize and direct the New York State Urban Development Corporation. He received an initial gift of $31,389, later a loan of $145,000. Now Mr. President, the loan portion of this amount may be repaid sometime in the future but should the chief executive of a State make personal loans or gifts to an individual as an incentive for him to work for the State? Is there a conflict between the interest of the State and the personal loyalty to the chief executive and his family? It is my understanding that Mr. Rockefeller has said that 18 present or former public officials and staff members since 1957 have received $1,177,873. Another $326,790 was given to nongovernmental associates, including $155,000 to Emmet John Hughes, a former adviser to President Eisenhower. Alton G. Marshall, executive officer to Governor Rockefeller and later president of the Rockefeller Center in Manhattan, received $306,867 as a gift.

Mr. Rockefeller has said that all State officials who were beneficaries of his gifts and loans had identical interests, with his, with the State's, that there was no conflict of interest but when we consider conflicts of interest, can we distinguish between Nelson Rockefeller the Governor of New York and Nelson Rockefeller a member of a family having admitted assets, according to testimony before the House Judiciary Committee, of more than a billion dollars, plus foundations and Rockefeller-financed instrumentalities involved in worldwide business activities, in influencing public opinion, not only in this country but throughout the world? In this connection, the following paragraph appears on page 28 of the commitee report:

> The committee made no attempt to establish the nature and magnitude of the personal wealth of the nominee's brothers and sister nor how this wealth in combination serves to enhance the economic influence of the Rockefeller family. Neither was this information disclosed by the nominee, by any other member of the Rockefeller family, or by any close associate. Also not investigated were the specific holdings and interlocking relationships of foundations, closely held corporations, university portfolios, banks, and other institutions which have long been identified with the Rockefeller interests.

Let us look at this family, Mr. President. From the limited information I have, it is a very closely knit family. The four living sons of John D. Rockefeller, Jr.: David Rockefeller, chairman of the board of the Chase Manhattan Bank; Nelson, the nominee being considered today; Laurance Rockefeller, business executive; and John D. Rockefeller III, chairman of the board of trustees of the Rockefeller Foundation.

These and other members of the Rockefeller clan have vast wealth and influence. Mr. President, the point I am making is that Nelson Rockefeller is a member of a tightly knit family group who, over the years, have attempted to work in unison and we cannot in fairness consider his personal assets without a reference to the entire family assets and worldwide influence.

Nelson Rockefeller appears to have difficulty in knowing how much he is worth; according to pages 24 and 25 of the committee report, his preliminary estimate of net worth was $33,000,000 but this was increased to $218,000,000 after committee prodding. Wealth alone certainly should not prevent a man from becoming either President or Vice President. However, the Congress of the United States should not be so awed by the vast wealth of the nominee and his family that it does not consider every facet of his background and motivation. We need to know how this wealth and influence is being used.

According to Rockefeller family adviser, J. Richardson Dilworth, in testimony before the House Judiciary Committee, the Rockefeller family has holdings in some 50 major American companies. Their investments are coordinated and conserved by a central management group known as "Rockefeller Family and Associates." It is reported the 15 employees of this group serve on the board of directors of nearly 100 large business enterprises such as Chase Manhattan Bank, Chrysler Corp., Eastern Airlines, and others. The staff of this central management group provides legal, investment, management, and other services to the 84 Rockefeller family members. One of the employees, Charles B. Smith, has said that the primary purpose of the group is "to make wads and wads of money for the family." We might well ask what effect, if any, will the Rockefeller family investments in both national and international businesses have upon Rockefeller's judgment when their welfare is in conflict with the Government interest? Would Nelson Rockefeller act in an unbiased, disinterested manner in the event of another energy crisis when his family group has a substantial interest in the oil industry? As indicated by the rules committee on page 91 of its report, the Congress has a unique responsibility, acting as we are for more than 98 million American voters. How do they feel about the nominee? The latest public opinion poll indicates that 47 percent of those surveyed thought Governor Rockefeller would have conflicts of interest in his activities as Vice President because of his or his family's financial holdings, compared with 44 percent who felt that he would not. Fifty-eight percent felt that his family's financing of the Goldberg book was wrong, compared with 15 percent who did not. Fifty-four considered it improper for Mr. Rockefeller to make gifts and loans to people he appointed to high office, compared with 28 percent who felt that it was all right. Is this the nominee to restore confidence in public officials?

On the question of public confidence, Mr. President, we should remember that Nelson Rockefeller has sought the post of President of the United States on several occasions and I do not condemn him at all for his ambition. Yet, the Republican Party has denied its nomination to him on each occasion. As indicated in statements on the floor on October 3 and October 17, my mail from the people of Virginia is very heavy in opposition to his confirmation. If nominated and his name appeared on the ballot, I do not believe he could receive the support of the electorate of Virginia for the office of either President or Vice President. Congressional Quarterly published an article in its August 14 edition entitled, "Rockefeller's 15-year Quest for the Presidency." It reviews his background and political life in considerable detail. When one has attempted to be

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*Only a few days ago the House Judiciary Committee was told of a loan of $30,000 by Laurance Rockefeller to Congressman William E. Miller, made at the request of the nominee. At that time Miller was Chairman of the Republican National Committee and Nelson Rockefeller was interested in the Presidency. Apparently most of this loan was repaid but part was forgiven. It is my understanding that this loan was not mentioned in testimony by the Rockefeller brothers before the Senate Rules Committee.

Chief Executive of the country and failed over a period of 15 years, should he later be appointed to that post by a nonelected President and confirmed by the Senate? We like to believe that in this country the people rule. He has been unable to obtain the office of either President or Vice President under the normal electoral procedure. In my opinion, it is not in the public interest to permit his selection in an indirect manner when he cannot obtain this high office directly.

In support of confirmation of Mr. Rockefeller, emphasis has been given to his experience as Governor of New York. We need to consider, however, whether his record as Governor is what we need at a time when our economy appears to be faltering and inflation becomes an increasingly difficult problem. A committee report by the Judiciary Committee of the House, issued in October of this year, indicates on page 30 that the New York State debt increased from $2,902,000,000 in 1960 to $11,801,000,000 in 1973. The report quotes Governor Rockefeller in his last budget message as indicating that neither New York nor the other States can continue to increase taxes to meet financial demands on State and local governments for social services but "the Federal Government alone can collect and distribute revenues without hurting the relative position of the individual States," this at a time when we have a national debt of more than $480 billion dollars. The December 17, 1973, issue of the financial weekly Barron's indicates that during the term Mr. Rockefeller was Governor, taxes increased at least every other year and the maximum rate on personal income tax increased from 7 to 15 percent; gasoline tax advanced from 4 to 8 cents per gallon; cigarette tax from 3 to 15 cents per pack; a 4-percent State sales tax went on the books, and the total tax load quintupled. I realize, Mr. President, that it would be impossible to obtain a nominee whose philosophy of government coincides with the differing philosophies of the Members of the Senate but it does seem proper to raise the question as to whether this is a time to put into office a Vice President whose background is one of consistent increases in spending and consistent increases in taxes. In fact, the editor of Barron's stated, and I quote:

> Nelson Rockefeller has spent taxpayer money as if it were his own.

Shortly after the President submitted the Rockefeller nomination, constituents commenced calling our office and as you know, nearby Virginia constituents can call without paying a toll charge; and they kept our phones rather busy expressing their opposition to the nomination. A few days later the mail came in overwhelmingly in opposition to the nominee. But, I had some concern that this might be organized opposition, representing a small segment of our population. So I placed an item in our newsletter which was sent to over 200,000 homes in Virginia, reminding constituents that the Rockefeller nomination was under consideration and that their views would be welcome. This did precipitate additional mail, but the percentage in opposition remained relatively the same as before.

I feel, Mr. President, that this nomination is different from the customary right of the President to name his own Cabinet or the heads of Government commissions and agencies. We are acting, as the committee report suggests, under the 25th amendment, in lieu of a general election in which the voters of the country decide who shall be President and Vice President. Therefore, I urge that each Member of the Senate determine, in his own mind, whether Nelson Rockefeller is qualified to serve as Vice President, whether he would tend to restore the confidence of the people in their Government and its elected representatives, whether the potential conflicts of interest of the nominee have been satisfactorily resolved, and whether the people themselves, if afforded the opportunity, would elect him to this high office. For my part, I am not satisfied on these issues and cannot support the nominee.

Mr. President, I reserve the remainder of my time.

Mr. CANNON. Mr. President, I yield 10 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER (Mr. ABOUREZK). The Senator from Rhode Island is recognized.

Mr. PELL. Mr. President, as a member of the Committee on Rules and Administration, I participated in the committee's thorough and searching examination into the qualifications of Gov. Nelson A. Rockefeller to be Vice President of the United States and congratulate our chairman, the Senator from Nevada, on his leadership, fairness, and care in guiding our deliberations.

My own conclusion, from a careful examination of Governor Rockefeller's record and the testimony of witnesses before the committee, is that Governor Rockefeller is highly qualified to serve in that position.

Indeed, judged solely on the basis of breadth and length of experience in public service, including elective office, and on the basis of great public responsibility he has held, I can think of no other member of the President's party with equal qualifications.

Most important, Governor Rockefeller has a positive philosophy and problem-solving outlook that is much needed in our Nation today, particularly in the topmost reaches of our Government.

For all of these reasons, I joined in the unanimous recommendation of the Committee on Rules and Administration that the nomination be approved by the Senate.

As we are all aware, some circumstances were brought to light during the Rules Committee's inquiry which were disquieting to the public and which I also found troublesome.

Of major concern to me was the pattern of excessive gifts and loans to officials of the State of New York and its agencies, which became known during the course of the committee investigation and hearings. I believe such gifts inevitably add an extra and unnecessary element to the relationships between public officials whose undivided dedication should be to the advancement of the public goods. In terms of personal generosity, the gifts and loans were commendable; in terms of public policy, they were unwise. That such benefactions could induce or permit greater service to the public is overbalanced by the prospect that such gifts can appeal to the ever-present frailties of human nature.

I believe that this practice was unwise in State government and would be equally undesirable in the Federal Government.

For that reason, I was pleased that Governor Rockefeller, in response to my expressions of concern and questions during the hearings, pledged to refrain from such gratuities should his nomination to be Vice President of the United States be confirmed. His statement to me, as agreed upon during the committee hearings, was as follows:

> I wish to confirm clearly and in writing what my position on gifts and loans to Federal officials would be in the event of my confirmation.
>
> I recognize that misunderstandings may have arisen out of the loans and gifts I made to State officials while I was Governor of the State of New York.
>
> If confirmed I would, of course, comply with both the spirit and the letter of all applicable Federal laws. I would not make any loans or gifts to Federal employees, with two reservations:
>
> (1) Gifts in relatively nominal amounts to friends on Christmas, weddings, birthdays and other such occasions;
>
> (2) Under exceptional circumstances, assistance to friends in the event of medical hardships of a compelling human character.

The committee, as stated in its report, voted not to require such a pledge of the Governor as a condition of its action on his nomination. I am nonetheless pleased that he made this pledge and believe a firm adherence to it will best serve both the Nation and Governor Rockefeller in the execution of his duties should he be confirmed.

There were additional troublesome factors: Governor Rockefeller's sanctioning of the hidden financing of a critical biography of his gubernatorial opponent, Justice Goldberg; his insensitivity to the influence that his family's wealth might wield even if such influence was not intended; and the question of possible conflicts of interest.

In each case, however, I believe Governor Rockefeller has provided explanations or statements that relieve much of my own concern and which should, I believe, substantially diminish public concern.

In the case of the biography of Justice Goldberg, the Governor admitted to a serious error of judgment and apologized for it.

In regard to the influence of his and his family's wealth, Governor Rockefeller, I believe, in the course of the hearings had come to understand that even "myths," if they are believed, can have important consequences. This is one very beneficial effect of the hearings.

In regard to conflicts of interest, I believe that Governor Rockefeller's full disclosure of his financial interests should serve as a sufficient safeguard against the use of his constitutional office for personal or family benefit to the detriment of the public good.

These reassurances, and his pledge regarding future gifts and loans to Federal Government employees, are in my view particularly crucial because of the widespread lack of public confidence in government and government officials generally, a skepticism which is understandable in view of the abuses of public trust in the Watergate affair. As I emphasized in the committee's hearings, the nominee must have the confidence, not only of the Members of Congress, but of the public, if he is to serve effectively.

I believe on the basis of the committee's inquiry that the public can indeed have full confidence in the integrity and probity of Governor Rockefeller.

I am compelled to add a final personal note. During the hearings, it was disclosed that Governor Rockefeller and Mrs. Rockefeller contributed substantial funds to the effort to replace me in the 1972 election for the Senate in Rhode Island. I had not previously been aware of these contributions, because compulsory disclosure laws were not then in effect. It came as a surprise to me that Governor Rockefeller contributed more to the effort to replace me than he did to any other non-Presidential election campaign outside his own State of New York in that year. In addition, Mrs. Rockefeller contributed 11 times as much to replace me as she contributed to all other political causes combined in that year. I make special mention of these contributions to dispel any thoughts that I might in some undisclosed way be obligated to the Rockefeller family wealth.

In conclusion, it is my own conviction that Governor Rockefeller is highly qualified to serve as Vice President of the United States and I urge that his nomination be confirmed by the Senate.

Mr. CANNON. Mr. President, I yield to the distinguished Senator from Alabama such time as he may require.

Mr. ALLEN. I thank the distinguished chairman for yielding to me.

Mr. President, as a member of the Committee on Rules and Administration, I filed Additional Approving Views, which appear on page 185 of the committee report, and I ask unanimous consent to have them printed in the RECORD.

There being no objection, the additional approving views were ordered to be printed in the RECORD, as follows:

ADDITIONAL APPROVING VIEWS OF MR. ALLEN

In the Senate Rules Committee I have voted to approve the President's nomination of the Honorable Nelson A. Rockefeller to be Vice President of the United States. Reaching a decision as to my vote was not easy.

While I have regard for Governor Rockefeller's integrity, ability and dedication, I disagree with his "big government," tax and spend philosophy. In sworn testimony at the hearings, however, he stated that he would, basically, seek to conform his positions to those of the President. He further conceded that there are limits on spending and on furnishing services and programs beyond which government cannot go, and that the Federal government must operate with a balanced budget.

In response to questions from me at the hearing, he indicated that in recent years he had moved philosophically toward the right in his conception of the role of government.

The United States needs a Vice President. Our government needs the stability that would result from filling the vacancy in the office of Vice President. President Ford has nominated Governor Rockefeller for this position and has urged his early confirmation.

The President feels that he can work with Governor Rockefeller as Vice President. Certainly Governor Rockefeller shows every indication of having a sincere desire to work with the President and the Congress in promoting and protecting the national interest and the well-being of the people of America.

While I disagree with much of Governor Rockefeller's philosophy, I realize that it would be impractical for me to expect a nominee with whose views I wholly agree. Therefore, acting in what I consider to be the national interest, I have voted for Governor Rockefeller's confirmation as Vice President.

JAMES B. ALLEN.

Mr. CANNON. Mr. President, I yield to the distinguished Senator from Rhode Island such time as he may require.

Mr. PASTORE. Mr. President, certain things about this nomination disturb me. In order for me to better make up my mind, I should like to address myself to the chairman of the committee for clarification.

Personally, I am one of those who believe that nothing is more deplorable than character assassination; and when it comes from high places, of course, it is a matter of grave concern and should be of grave concern to all of us.

I have heard much talk about the book that Lasky wrote; yet, I have been unable to find what is all about. I realize that the committee has decided that it is no impediment to the confirmation of the nomination. Whether or not that means exoneration, I really do not know, but the point I would like to have clarified in the record is the matter of the book.

Exactly what was in the book that Lasky wrote, which was subsidized by the Rockefeller family?

Mr. CANNON. The book was supposedly a factual book on Justice Goldberg. The idea came from people other than the Rockefeller family. It finally developed—although initially Governor Rockefeller said that he had no knowledge of it, that he knew there was a book—he had not seen it, had not read it, and did not have anything to do with it.

It did appear that later his secretary then went to his brother, Laurance, to explore the possibility of Laurance's financing a book, underwriting a book, as a so-called commercial venture. The committee was not impressed by the fact this was a commercial venture. The numbers in the publication obviously would not have made it a commercial venture.

On the other hand, the book itself is certainly not a character assassination book. I have not read it entirely, but I have read a good bit of it, and I have talked to a lot of people who have read it entirely. The author himself said that he was not doing a hatchet job, but they thought that Justice Goldberg's position on various issues should be made known, and they made a point of the fact that he had held numerous responsible positions but never been elected to one of them.

I must say that it did not hold Justice Goldberg in an extremely good light, or else it never would have been written. Obviously, it was for a political purpose. Laurance Rockefeller simply guaranteed the underwriting of the book and, apparently, did not have anything to do with it beyond that point. He did have the funds.

Mr. PASTORE. Then why did Mr. Goldberg—this is the thing that bothers me. Why did Mr. Goldberg refuse to accept his apology if it were as innocuous as the Senator is saying?

Mr. CANNON. I am not sure that Justice Goldberg had read the book at that time, either. Justice Goldberg knew of the book, he knew of the book during the campaign. The book was not given much circulation. He accepted Governor Rockefeller's statement that he had nothing to do with the book.

As I said, it turned out that he did have something to do with it in that he referred the gentleman who was trying to get support to write the book to his brother, Laurance, through his secretary.

Mr. PASTORE. Was there anything in the book that was in derogation of the man's religious beliefs?

Mr. CANNON. No, or so I am advised. As I have said I have not read the book completely, but I am advised that there was not.

I have talked to the author. We had the author on the witness stand. The author simply pointed out that he was putting out facts, that it was actually a factual book, but it was not one intended to make Justice Goldberg look good.

Mr. PASTORE. It occurs to me that this is becoming more or less the style in our society, that irresponsible writers are saying all sorts of things. As a matter of fact—I do not wish to be personal about this, but there was another book, that was written about Mr. Ford at the time of his confirmation. He was accused by a writer who claims that he was peddling out $100 bills to his staff, that he had made loans to Mr. Ford, so much so that Mr. Ford had to appear before the committee, and did appear before the committee.

Then this man was called in, too, and he was interrogated and they found out that he was lying.

I realize the leniency of the Supreme Court, that has held that, when a man is in public life, he has to take a lot of guff. I can understand that, but unless he can prove malice there is no recovery.

That happened to one of our colleagues from Arizona, and it was of such a derogatory nature that he had to go to court. I hope that this will serve as a lesson in the future.

The one thing that disturbed me was the fact that a family like the Rockefeller family should have engaged in this sort of thing. Certainly, I would never put up money to endorse any publication unless I knew what was in the publication. This idea that they did not know what was in it but they were putting up their money to support it may sound all right to people in other parts of the country, but it does not sound good in Rhode Island.

Mr. CANNON. I may say that Mr. Wells, the gentleman who has been politically active and who was in on the book with the author, quoting from his statement, said that he then went to Nelson Rockefeller and advanced the idea to him of the book. He said:

> I told the Governor why I thought a book reviewing Mr. Goldberg's record and actions over the years was badly needed. I said a mass of material had been written on Mr. Goldberg, but it was newspaper and magazine treatment, and had never been brought together and subjected to critical scrutiny as a whole.
>
> I said Mr. Goldberg's performance in office as Secretary of Labor, as a member of the Supreme Court, and as U.N. Ambassador, should be reviewed as well as the methods he adopted to secure the Democratic nomination for Governor.
>
> I said that the job merely required pulling together published material, subjecting it to critical scrutiny, and in effect writing an opposition brief on Mr. Goldberg's record.
>
> I also said that in my judgment Mr. Goldberg had not met the five year residency requirement of the State Constitution. I said that I proposed to set up a corporation to sponsor the book and that it would contract with Lasky and the publisher. I said I needed an investor, if this program of public education were to proceed.
>
> I said I thought the book would be commercially feasible, that is, it could be done at a profit—could be. Sales would be made through the publisher's normal commercial channels and to organizations, committees, and individuals supporting the Governor for reelection.
>
> Above all, and this is important, I made it very clear that this would not be a vicious, low, personal scandalous attack. It would not be one of that genre of writings which had been referred to by the Committee and by others here of underhanded, nasty stuff.
>
> That was not the intention, and that is not what was done.
>
> I said if the content of the book would be carefully reviewed from a factual and legal point of view, there would be nothing libelous. In short, this would be a completely legitimate effort to bring the facts concerning Mr. Goldberg's past views and actions, that is his record, into public view for the purpose of legitimate criticism.
>
> Governor Rockefeller was noncommittal. He listened and did not say yes, no, or maybe.
>
> The meeting ended on a mutual "nice to see you" basis.

Mr. PASTORE. Is it fair for the senior Senator from Rhode Island to assume that the entire committee was unanimous in feeling that this was not a prejudicial matter that would impede in any way his confirmation?

Mr. CANNON. Yes, the committee voted unanimously, and obviously had to arrive at that conclusion. The committee did not think that that book is something that should have been done, that the Rockefellers themselves should have had anything to do with it, but it was not in the terms of what we normally run into as a political book.

Mr. PASTORE. I merely wish to say that I do not want to hold Rockefeller's money against him. Not all of us have been fortunate enough to have had wealthy parents and grandparents. As to the mere fact that he is wealthy, I just say God bless you, and I hope that he will use his money for worthy causes.

As one who has had the appointing authority as Governor of Rhode Island, I have always followed the principle of giving the benefit of the doubt to the appointing authority. I shall proceed in that fashion.

I repeat, again, I was rather disturbed because it has never been publicly revealed what this book was all about. All we had was Mr. Goldberg appearing before the committee. At one time, I understand, when Mr. Rockefeller stretched out his hand to apologize, Mr. Goldberg refused to accept the apology. That is all that I know, and I thought the record ought to be clear in that respect. Everyone I have spoken to, even members of the committee just do not seem to know what was in the book.

Mr. COOK. Mr. President, may I respond?

Mr. CANNON. If I may add just one other point to the Senator from Rhode Island, Mr. Rockefeller said:

> I have already apologized to Mr. Justice Goldberg publicly and privately, and I want to take this opportunity to publicly apologize to my brother, Laurance, for having gotten him involved in an undertaking which is out of character for the family.

I may say that there was a conscious effort on the part of the people dealing with the book—not the Governor—to set up a dummy corporation and to so-called launder the funds into the corporation to remove from it completely the Rockefeller name. That was obviously a conscious effort.

Mr. PASTORE. I thank the Senator from Nevada. I know how conscientious he is.

Naturally, his feelings in this matter will carry tremendous weight with the membership of the Senate, but I thought this was a matter that should be spelled out in the RECORD.

I yield to the Senator from Kentucky.

Mr. COOK. Mr. President, I say to the Senator from Rhode Island that I think the impression that he gets, that Mr. Goldberg refused the apology, was apparently from the second attempt of the Governor to apologize to him.

He had apologized to him, as I understand the record, from reading it—and by the way, I have read the book; I can discuss it with the Senator if he would like.

He apologized to him, and that apology was accepted. Then, when the revelation was made that his brother, Laurance Rockefeller, had adanced the $60,000, it was at that point where Mr. Justice Goldberg refused to accept the apology, and I can understand that, at that stage.

I think it would be interesting also to point out to the Senator from Rhode Island that I asked Justice Goldberg the following question, which appears in the hearings record at page 696:

> It is stated that at one time you denounced a book as "obscene, pornographic, and scandalous and libelous," is that an accurate statement that you made?

His response was:

> I said it was pornographic in the sense that I am sure that everybody understood it. It was not a sex novel. I said that it was pornographic in the common dictionary sense. It was dirty business. We often describe pornography in the sense of being dirty, and I said that this book was dirty business.

Mr. PASTORE. Who said that?

Mr. COOK. Justice Goldberg said that. But may I say, it was very interesting that all during the hearings and all during the time that Mr. Justice Goldberg was before us, he never cited one sentence, one word from the book, which by that time he had read; so he never really raised the question as to whether it fit into any of these categories or was in fact libelous.

The Senator will remember that it was Justice Goldberg who wrote the decision in New York Times versus Sullivan. He said that really and truly he had written such a broad opinion he could not then take much action in regard to whatever may have been in this book.

I then refer the Senator to a question the chairman asked Mr. Lasky, the author. This appears at page 918 of the hearings record.

The chairman asked:

> Would you agree with the description of it being libelous?

Mr. Lasky replied as follows:

> Sir, I have never been sued for libel or slander in my life. I do not intend to be. Ironically I do not go with the New York Times decision that Mr. Goldberg wrote or helped to write. I think that is a bad decision. I think that every man should be responsible for what he writes, even his comments on public figures.

He then proceeded to say:

> No; it is not libelous, it is not slanderous, it is not pornographic, it is not obscene.
>
> I think Mr. Goldberg sort of lost his equilibrium, because he was criticized. . . .
>
> I thought it was a dreadful performance on his part.

That was Mr. Lasky's response to the question asked by the chairman as to whether the book was libelous.

I have read the book, and may I say to the Senator from Rhode Island, one could have written that book if he had clippings out of every newspaper, from the articles that have appeared about Justice Goldberg during his lifetime.

Mr. PASTORE. In other words, there was nothing attacking his integrity, his honesty, his religion, or his nationality.

Mr. COOK. Nothing whatsoever.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I think the Senator should seek recognition in his own right.

Mr. WILLIAM L. SCOTT. Mr. President, may I be recognized on my own time?

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WILLIAM L. SCOTT. Mr. President, the discussion of this book may be of interest to the entire Senate, and I ask unanimous consent that the foreword of the book—it is only five pages—be printed in the RECORD in its entirety at this point.

There being no objection, the foreword was ordered to be printed in the RECORD, as follows:

FOREWORD

Anyone who has met or talked with Arthur J. Goldberg—or "Mr. Justice" as he prefers being addressed—must agree that the man from Chicago is a very nice person. He is friendly to a fault and he revels in his status as an easily recognized national celebrity. And he loves to talk.

The last time this reporter had an opportunity to speak with "Mr. Justice" was last October at a White House reception for Prime Minister Golda Meir of Israel. This was a day or so after Senator Charles Goodell of New York had created a sensation with a highly publicized speech demanding the White House withdraw all U.S. troops from Vietnam by a certain period. And, for some reason, Arthur Goldberg was most annoyed.

"Let me tell you," Mr. Goldberg told me, "I believe I can beat Goodell next year."

"Did I hear you correctly, Mr. Justice?" I asked. "Are you running for the Senate in New York next year?"

"Well," he said, with a twinkle in his eye, "when I make that decision, I will announce it to the press."

"I can't wait," I replied.

I'm still waiting.

But the episode caused me to wonder about what kind of man Arthur Goldberg really is. No doubt his life constitutes a great American success story. He started with little and did very well for himself in the legal profession. In his early years as a Chicago lawyer, he developed quite a reputation along LaSalle Street as an expert in foreclosing mortgages; then he went into labor law, eventually representing some powerful labor unions. About ten years ago, as a result of his perspicacity in switching his support from Adlai Stevenson to John F. Kennedy for the Democratic nomination for President, the man from Chicago received the first of several prestigious appointments on the national scene. Doubtless, this was a fitting reward for a man who often boasted of his "clout" inside the labor movement.

Today, Arthur Goldberg is the candidate of both the Democratic and Liberal parties for the Governorship of the State of New York, running against the Republican incumbent Nelson A. Rockefeller. This can only be adjudged a truly extraordinary development, considering Mr. Goldberg's manifest lack of ties to as well as knowledge of the great Empire State and its multitudinous problems. He came to live in New York City in the middle of 1965 as the result of an appointment to the United Nations by President Johnson.

In handpicking Mr. Goldberg as their standard bearer, moreover, the Democratic leaders deliberately turned their backs on men such as Howard Samuels, Robert Morgenthau and Eugene Nickerson, outstanding public servants with considerable knowledge of state affairs. It is perhaps significant that not one of these gentlemen intends to play any major role in behalf of the Goldberg campaign this year. Do these gentlemen know something? Of course, they do, but for the most part they're not talking. They just refuse to close ranks behind the Democratic candidate.

Part of the reason may be Mr. Goldberg's quite extraordinary egocentrism. To the manor born he was not; but he certainly acts as if he were. Take the time he was invited to deliver a series of lectures at Columbia University. This was after he had resigned as U.S. Ambassador at the United Nations. As a source told James M. Perry of the *National Observer:* "Time for his first lecture arrived, but no Arthur. Somebody at the university called him up. 'Were waiting for you, Arthur.' 'And I,' replied Arthur, 'am waiting for your limousine.' "

Early in 1970, according to Perry, a group of some sixty Democratic state committeemen asked to meet with Mr. Goldberg. All of them had been connected in one way or the other with the Eugene McCarthy and Robert F. Kennedy movements. And they had met with the other leading candidates—Samuels, Morgenthau and Nickerson. Now they wanted a chance to talk things over with the man from Chicago. But for some reason, Mr. Goldberg "fudged on a date, leaving cryptic messages signed 'Justice Goldberg.' (Although Mr. Goldberg has not been on the Supreme Court since mid-1965, he has 'Mr. Justice Goldberg' emblazoned on his law office door, which may or may not help in getting clients but indicates what he expects visitors to call him.) The committeemen finally said they would give Goldberg four dates, on any of which they would rearrange their schedules to meet him. Goldberg replied that none of the four dates was suitable." Needless to say, the sixty committeemen were furious.

Another reason for Democratic disenchantment may be Mr. Goldberg's lack of candor. For example, on March 20, 1970, the day Mr. Goldberg announced he was in the race, he invited Richard Reeves, the top political reporter of the *New York Times,* to his office.

"For half an hour," Reeves later reported, "he discussed with anger and sorrow, charges that he was being used by the 'bosses' of the Democratic party and said his only advisers were old friends from his days on the Supreme Court and as United States Ambassador to the United Nations.

" 'I assure you I wouldn't know these people if I met them on the street, and I've only met Steve Smith [the Kennedy brother-in-law who was, the political reporters said, acting as Goldberg's *de facto* manager] a couple of times,' he said with a small laugh as we shook hands and I stepped through the door. As the door closed. Smith stepped from another door in the same suite of offices and said: 'I'd like to talk to you about what's going on here.' "

Other examples of non-candor will be found in ensuing pages.

Some idea of what public-spirited Democrats are thinking of their leaders' choice was provided when Samuel I. Rosenman, aide and counselor for a generation of Democratic Governors and Presidents, announced last July 28 that he was supporting Governor Rockefeller for re-election and would head a group called Democrats for Rockefeller.

Former New York Supreme Court Justice Rosenman, who is best known as having been an adviser to Franklin D. Roosevelt as Governor and President, said that Mr. Goldberg had a "complete lack of experience, training and know-how in what it takes to become an effective Governor."

Not even his most ardent admirers will claim that Mr. Goldberg knows anything about New York. He is usually identified by the news media and most people who know anything about him by three "formers": former Secretary of Labor (nineteen months in 1961–62); former member of the Supreme Court of the United States (thirty-four months in 1962–65); and former Ambassador to the United Nations (thirty-five months in 1965–68). Any employer would note that he has moved rapidly from one job to another. The perceptive Murray Kempton has written an article about Mr. Goldberg for the New York Review of Books entitled "The Former Arthur Goldberg."

Now sixty-two years of age, Mr. Goldberg is fond of pointing to "my record" as if a mere recital of positions held establishes a good job done or the capacity to serve as Governor. The purpose of this study is to submit that record to close and at times critical examination.

The title of this book was suggested by an observation made in Mr. Rosenman's 8,500 word statement endorsing Governor Rockefeller. According to Mr. Rosenman:

"The political bug (beginning in 1968) in Ambassador Goldberg soon ripened into a full-fledged infection. With it there came about a complete metamorphosis in the man. The old Arthur Goldberg I had admired and respected so much soon became a new Arthur Goldberg—to me almost unrecognizable."

This book will review the record of both Arthur Goldbergs—the old and the new.

WASHINGTON, D.C., *August 1970.*

Mr. WILLIAM L. SCOTT. Mr. President, I would agree with the statements that have been made by the Senator from Kentucky. There is nothing that I have seen in the book that would be actionable. But at the same time, it is derogatory. It does include statements that would not enhance Mr. Justice Goldberg's image to the people of New York.

Let me read small portions from this foreword which has been placed in the RECORD.

On page 8, it says:

> Today, Arthur Goldberg is the candidate of both the Democratic and Liberal parties for the Governorship of the State of New York, running against the Republican incumbent Nelson A. Rockefeller. This can only be adjudged a truly extraordinary development, considering Mr. Goldberg's manifest lack of ties to as well as knowledge of the great Empire State and its multitudinous problems.

Elsewhere it says:

> In handpicking Mr. Goldberg as their standard bearer, moreover, the Democratic leaders deliberately turned their backs on men such as Howard Samuels, Robert Morgenthau and Eugene Nickerson, outstanding public servants with considerable knowledge of state affairs. It is perhaps significant that not one of these gentlemen intends to play any major role in behalf of the Goldberg campaign this year. Do these gentlemen know something? Of course, they do, but for the most part they're not talking. They just refuse to close ranks behind the Democratic candidate.

I do not believe one could prevail in a lawsuit for something like that; but it is not written, in my opinion, as a business venture, or to enhance the image of Mr. Justice Goldberg. It undoubtedly is a political book.

Going a little farther, it says:

> Part of the reason may be Mr. Goldberg's quite extraordinary egocentricism. To the manor born he was not; but he certainly acts as if he were.

Then it tells the story of how he was to go to Columbia University to deliver a lecture, and when the time came for him to be there, he had not appeared. Someone called him and said, "We are waiting for you," and he said, "I am waiting for your limousine." So he was staying until they came and picked him up in a limousine.

Then elsewhere it states that in 1970 there were 60 Democratic State committeemen who wanted to meet with him. They gave him a choice of four times to meet with them, and asked if he could arrange his schedule, but he said none of the times were acceptable to him. The preface also refers to his law office door, several years after he left the Supreme Court bench, having "Mr. Justice Goldberg" emblazoned on it.

This is the type of thing that he said, that is in the book—nothing on which one could bring an action and recover, but nevertheless presenting a bad image.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. COOK. Mr. President, I yield 10 minutes to the Senator from Ohio.

Mr. TAFT. I thank the distinguished Senator for yielding.

Mr. President, it is a distinct pleasure for me to rise in behalf of the nomination of Nelson Rockefeller to be the next Vice President of the United States.

At the outset, Mr. President, I want to commend the Rules Committee and its chairman, Senator CANNON, for expeditiously conducting what has to be the greatest in-depth confirmation inquiry that has ever been undertaken by a Senate committee. And this is rightfully so. For never in the history of our constitutional democracy has the Congress been called upon to consider the nominations of two separate individuals to be the U.S. Vice President within the same year.

Nor have we previously encountered a situation where the two highest elected offices in this land would be filled by men upon whom the American voters have not passed judgment in the course of the electoral process. In this historical context, I believe it is the right of every citizen working through us to have an exhaustive examination of the qualifications of this nominee, no less intensive and important than required of a future President of the United States. The Rules Committee has fulfilled its obligations in this regard and has truly left no stone unturned in the search for fact and truth surrounding Mr. Rockefeller's qualifications.

Mr. President—Nelson Rockefeller is unquestionably qualified to be the next Vice President. His record of public service to the Nation and the State of New York, with special emphasis on international affairs, spanning almost 40 years, demonstrates amply his broad experience and his dedication to the Nation. His exceptional credentials of public service will make him a true asset to the President in his approach both domestic and abroad. I was pleased when the President announced Mr. Rockefeller as his choice. After studying very carefully the results of the hearings and investigations of the Rules Committee, I remain convinced that Mr. Rockefeller is an exceptional selection.

The people of Ohio hold Nelson Rockefeller in high regard. That is not to say that I have not received some mail from my constituents criticizing the President's choice. The thrust of their comments is directed toward Governor Rockefeller's philosophy on various issues and principles to which he has adhered over his years of public service. While I may not agree with all of Mr. Rockefeller's views, it would not be practical for me or other Senators to support a nomination only if that candidate's views were in complete conformance with our own and those of our constituency. However, I am confident that Mr. Rockefeller's positions were motivated out of complete good faith and honesty of purpose and represented the firmness of his convictions.

It is of paramount importance that we seek to reaffirm confidence and credibility in the executive leadership of our Government which Gerald Ford is so ably building. Mr. Rockefeller fills these specifications and requirements. Accordingly, it is in the national interest that he be confirmed.

There were several major issues raised during the Rules Committee public hearings regarding Mr. Rockefeller's qualifications. One of the principal issues for exploration was the potential conflicts of interest which Mr. Rockefeller might face as Vice President based upon his and his family's broad-based financial and business holdings throughout not only the Nation, but also the world. When confronted by this issue, Mr. Rockefeller was candid and straightforward. I am convinced that he will abide by his assurances that he will be guided totally by the public's interest as opposed to his personal or family interests.

My conclusion is bolstered by the fact that in his 15 years as Governor of the State of New York, where his major holdings can be found, there is an absence of any evidence bearing upon a conflict of interest. Moreover, I agree with the committee's recommendation that a potential conflict of interest is negated by the fact that Governor Rockefeller has voluntarily disclosed his wealth and financial holdings which will permit a monitoring of those business interests by the public and the news media during the time he will be Vice President. I believe this is an effective safeguard. Requiring Mr. Rockefeller to place his holdings in a blind trust—as he has offered—or directing him to divest control of some of his assets would not appear to be appropriate under these circumstances.

There were other real issues presented for the committee's determination which I want to touch upon. One of these concerned the nominee and his taxes. I think that determinative of this question is the fact that an audit by the staff of the Joint Committee on Internal Revenue Taxation found no evidence of any fraud or negligence in Mr. Rockefeller's tax returns for the years 1969 through 1973. Although IRS did find a deficiency resulting from his income and gift tax returns for this period, Mr. Rockefeller has paid the additional taxes resulting from the audit. He is current in his income tax obligations, and I submit that this issue does not jeojardize his confirmation.

The question of Mr. Rockefeller's loans and gifts to State public officials and others, including friends, aides, and political associates, was carefully evaluated by the committee. The evidence revealed that there was no impropriety by the former Governor in his pattern of gift giving and loans to public officials. Mr. Rockefeller and some of the gift recipients confirmed that the gifts were only made out of personal affection and friendship for those involved and were not in any manner motivated by wrongdoing or ulterior motives to promote either his personal economic situation or his political influence.

To seal this issue even further, Governor Rockefeller, although not required by the committee as a condition precedent to receiving an affirmative endorsement on his nomination, pledged to comply with both the spirit and letter of all applicable Federal laws in future loans and gifts to Federal employees. Specifically, he represented to the Congress that he would only give gifts in relatively nominal amounts to friends on special occasions, such as holidays. Also, under very exceptional circumstances would he assist friends in the event of medical hardships of a compelling human nature. I believe his assurance and pledge are in the best interests of the Nation and serve to underscore the integrity Mr. Rockefeller will bring to the Vice-Presidency.

The last real concern to me was Mr. Rockefeller's involvement in the circumstances surrounding the Lasky biography of Arthur Goldberg. The Governor publicly admitted to making a serious judgmental error and, accordingly, apologized for it. He recognized that sponsoring the publication of this work was out of character for him and his family. Although this was an error of judgment, I do not believe it in any way disqualifies him from assuming the Vice-Presidency.

In summary, with Governor Rockefeller's full cooperation, the committee has explored all facets of his fitness and qualifications. His public and private life has been thoroughly scrutinized. His experience, knowledge, character, and integrity have been fully examined and favorably reported upon. The committee has judged that Governor Rockefeller in all critical areas of concern fully meets the reasonable test and standards that Congress should apply in confirming his nomination.

I concur in their assessment based upon my independent examination of Governor Rockefeller's record, my own review of the testimony of witnesses who appeared before the Rules Committee, and my own personal knowledge and observations of Governor Rockefeller over a longstanding period. Without reservation, I join in the committee's recommendation that his nomination be confirmed by the Senate.

Mr. President, I yield back my time.

The PRESIDING OFFICER. Who yields time?

Mr. COOK. Mr. President, I suggest the absence of a quorum, the time to be equally divided between the Senator from Utah——

Mr. LONG. Mr. President, will the Senator yield to me for a moment or two?

Mr. COOK. I withdraw that request.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

SENATE RESOLUTION 445—RESOLUTION TO AUTHORIZE JAY CONSTANTINE, AN EMPLOYEE OF THE COMMITTEE ON FINANCE, TO APPEAR AS A WITNESS IN TEXAS MEDICAL ASSOCIATION AGAINST CASPAR W. WEINBERGER

Mr. LONG. Mr. President, I ask unanimous consent that I might submit a routine resolution to the Senate and ask for its immediate consideration. I wish to submit a resolution to authorize Jay Constantine, an employee of the Committee on Finance, to testify in response to a forthcoming subpena.

Mr. President, the subpena is in the form usually approved by the Senate, and permits one of its employees to respond to a subpena.

The PRESIDING OFFICER. The clerk will report the resolution.

Mr. COOK. Mr. President, reserving the right to object, will the Senator from Louisiana hold that for just one moment and let me——

Mr. LONG. I say to the Senator, this has been cleared on both sides of the aisle of the Committee on Finance, and if the Senator wants to——

Mr. COOK. May I say to the Senator that we are in executive session so, it seems to me, the first request would be that we would have to go out of executive session so that we could take it up and then the Senator can make his unanimous-consent request; is that correct?

The PRESIDING OFFICER. If there is no objection, as in legislative session, the resolution will be stated by title.

The legislative clerk read as follows:

Resolution to authorize Jay Constantine, an employee of the Committee on Finance, to appear as a witness in the case of Texas Medical Association against Caspar W. Weinberger.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

There being no objection, the Senate proceeded to consider the resolution.

The resolution was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 445

Whereas, in the case of Texas Medical Association v. Caspar W. Weinberger (Civil Action No. CA-74-CA-102), pending in the United States District Court for the Western District of Texas, Austin Division, a subpoena is to be issued by such Court or other United States District Court in connection with the above proceeding, and addressed to Jay Constantine, an employee of the Committee on Finance, directing him to appear as a witness, and to give testimony and present other evidence by deposition in such case: Now, therefore, be it

Resolved, That by the privileges of the Senate of the United States no evidence under the control and in the possession of the Senate of the United States can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession, but by permission of the Senate.

SEC. 2. By the privilege of the Senate and by rule XXX thereof, no Member or Senate employee is authorized to produce Senate documents but by order of the Senate, and information secured by Senate staff employees pursuant to their official duties as employees of the Senate may not be revealed without the consent of the Senate.

SEC. 3. When it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the orders of such court or judge, that testimony of an employee of the Senate of the United States is needful for use in any court of justice, or before any judge or such legal officer for the promotion of justice, and further, such testimony may involve documents, communications, conversations, and matters related thereto under the control of or in the possession of the United States will take the Senate of the United States will take such order thereon as will promote the ends of justice consistently with the privileges and rights of the Senate.

SEC. 4. Jay Constantine, an employee of the Committee on Finance, is authorized, in response to any subpena duces tecum or ad testificandum issued by the United States District Court for the Western District of Texas, Austin Division, or other United States District Court, to appear as a witness and give testimony (by deposition or otherwise) in connection with the case of Texas Medical Association v. Caspar Weinberger (Civil Action No. CA-74-CA-102), but shall not, except as otherwise provided in this resolution, take with him any letters, records, correspondence, documents, communications, or other writing on file in his office or under his control or in his possession as an employee of the Senate.

SEC. 5. If the court determines that (1) any of the letters, records, correspondence, documents, communications, or other writings called for in any such subpena duces tecum have become part of the official transcripts of public proceedings of the Senate by virtue of their inclusion in the official minutes and official transcripts of such proceedings for dissemination to the public upon order of the Senate or pursuant to the rules of the Senate, and (2) such letters, records, correspondence, documents, communications, or other writings are material and relevant to the issues pending before the court, then that court, through any of its officers or agents, has full permission to attend with all proper parties to the proceeding, and then always at any place under the orders and control of the Senate, and make copies of such letters, records correspondence, documents, communications, or other writings in the possession or control of the said Jay Constantine. However, no other letters, records, correspondence, documents, communications, or other writings (including, but not limited to, minutes and transcripts of executive sessions) shall be made available or copied except by permission of the Senate.

SEC. 6. In response to any such subpoena, the said Jay Constantine may testify to any matter determined by the court to be material and relevant for the purposes of identification of copies of materials made under section 5. However, the said Jay Constantine shall respectfully decline to testify concerning any and all other matters that may be based on knowledge acquired by him in his official capacity either by reason of letters, records, documents, communications, or other writings appearing in the files of the Senate or by virtue of conversations or communications with any person or persons relating to those duties.

SEC. 7. A copy of this resolution shall be transmitted to the representative of the party named in any such subpoena requesting the issuance of the subpoena, and to the United States District Court issuing such subpoena as a respectful answer to any such subpoena.

NOMINATION OF NELSON A. ROCKEFELLER TO BE VICE PRESIDENT OF THE UNITED STATES

The Senate continued with the consideration of the nomination of Nelson A. Rockefeller to be Vice President of the United States.

Mr. COOK. Mr. President, I think that at this time it would be beneficial to place in the RECORD, because of the questions raised by the Senator from Virginia, the question of the various loans and those loans in relation to the various laws of the State of New York.

At this point I would like to place in the RECORD an opinion of a law firm, Milbank, Tweed, Hadley & McCloy, relative to that particular question.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

LEGALITY OF LOANS AND GIFTS BY NELSON A. ROCKEFELLER TO MEMBERS OF HIS STAFF AND TO OTHER STATE EMPLOYEES

In determining the legality of loans and gifts to public officials in New York State, three separate statutory provisions must be considered. For the reasons set forth below, the loans and gifts made by Nelson A. Rockefeller to certain state officials were not in violation of, or inconsistent with the spirit of, any of these statutory provisions.

It is essential at the outset to recall that at the time all of the loans and all but four of the gifts were made Nelson A. Rockefeller was Governor of the State of New York. The members of the Governor's staff and other state officials who were borrowers or donees were all appointed to their positions by Governor Rockefeller; they were responsible to, and subject to direction from him in the performance of their official duties; they could be rewarded or influenced by promotions; and they served at his pleasure and could be dismissed at his instance. As subordinates to the Governor all such officials were, and were supposed to be, subject not only to his influence as chief executive of the state, but to his orders in carrying out the policies of his administration. A governor who failed to influence the conduct of officials of the government which he headed would be derelict in his duty.

The relationship between a governor and a member of his staff or other state official is not, by its nature, a relationship in which "tipping" or influence-buying can have a place. Gubernatorial recognition of official conduct is expressed by retention of the individual in office or by promotion.

The New York statutes on "tipping" and gifts to reward or influence official conduct are simply inapplicable to this special relationship between the chief executive of the state and his subordinates. Those statutes are directed to the activity of a private individual outside the state government, who seeks to reward or influence a public servant through a gift or gratuity in return for official conduct favoring the donor. None of the benefits conferred by Governor Rockefeller on state employees can be regarded as responsive to official conduct on the part of the recipient.

In his statements to and testimony before the Senate Committee Governor Rockefeller has set forth the circumstances of, and his reasons and purposes in making, the loans and gifts to state employees.* That his overriding and consistent motivations were friendship and assistance in situations of need is underscored by two facts which have been largely ignored:

(a) During the same period of time the Governor made loans and gifts in amounts aggregating $1,692,219 to a total of 58 other friends who were not state employees.

(b) During that period a large number of other state employees who worked with the Governor, including individuals on his staff, received no loans or gifts whatsoever from the Governor.

In addition, the so-called "pattern" of giving through loans is negatived by the facts that some of the loans bore interest, some were secured by collateral, some were repaid, and some were not forgiven and remain outstanding.

Finally, Governor Rockefeller's testimony shows that he himself signed into law the two principal statutes involved (Transcript, p. 1118) and, being fully aware of their provisions, sought and received legal advice with respect to the policy of making loans and gifts to persons in the employ of the state (Transcript, p. 1119). Thus, there was no criminal intent involved.

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* In connection with the suggestion that the purpose of the loans and gifts was to bind state employees to the Governor's service, it should be noted that, of the 11 recipients, 5 left state service before the Governor resigned in December 1973 and 4 remained as state officials thereafter.

With these considerations in mind, this memorandum will analyze the New York statutes and then demonstrate their inapplicability to the individual instances involved.

1. PENAL LAW, SECTION 200.30

Section 200.30 of the Penal Law (L. 1965, C. 1030), effective September 1, 1967, in substance makes it unlawful for a person knowingly to confer "any benefit upon a public servant for having engaged in official conduct which he was required or authorized to perform, and for which he was not entitled to any special or additional compensation." The key question is the purpose of the benefit conferred. The nature of the purpose forbidden by the statute is emphasized by the fact that Section 200.30 is but one of the many provisions contained in Article 200 of the Penal Law, which is entitled "Bribery Involving Public Servants and Related Offenses." This is also demonstrated by Governor Rockefeller's memorandum of July, 1965, approving the bill which became Section 200.30, and stating that the bill "reorganizes and modernizes penal provisions proscribing conduct which has traditionally been considered criminal in Anglo-Saxon jurisprudence."

Section 200.30 relates solely to benefits conferred by a person in return for official conduct theretofore performed by the recipient. It is a logical and necessary extension of other provisions in the bribery laws of New York relating to payments made prospectively to influence action or induce misconduct (see Sections 200.00—200.50). I prohibits benefits or "tips" to public officials by private citizens having business with the state government. As indicated in the Practice Commentary to McKinney's publication of the section, the purpose of the statute is to prevent persons dealing with the government from obtaining preferred treatment over others who deal with the government: "The giver of unlawful gratuities to a public servant puts *all citizens who have dealings* with such venal official under pressure to 'tip,' or risk his disfavor." (Italics supplied.)

The statute is similar in some respects to an earlier federal law, 18 U.S.C. Sec. 201(f). Relying on the leading case interpreting this federal statute, *United States v. Irwin*, 354 F. 2d 192 (2nd Cir. 1965), cert. denied, 383 U.S. 967 (1967), the Practice Commentary recognizes that Sec. 200.30 is "designed to remove the temptation for a public official to give preferment *to one member of the public over another*." 354 F. 2d at 196 (Italics supplied).

Further evidence of the inherent nature of the concept that this statute does not proscribe the giving of a benefit by one supervisory public official to another public official is the fact that the accompanying statute, Sec. 200.35, has had numerous cases decided under it, none of which involve the giving of a benefit by one public servant to another public servant.

It is thus clear that the benefit, to be unlawful, must be made by one who is governed or regulated by, not by one who employs and supervises, the public officer in question. Benefits conferred by one state employee on another who is directly responsible to the former are not covered.

The essential element for a violation of Section 200.30 is "substantial evidence" of an intent to give an unlawful gratuity—i.e., an intent to reward a public servant for having engaged in official conduct. This is the teaching of the only two reported cases interpreting Section 200.30 since it became effective in 1967, *DiMase v. City Manager of City of Yonkers*, 30 N.Y. 2d 838, 286 N.E. 2d 466, 335 N.Y.S 2d 82 (1972), and *People v. LaPietra*, 316 N.Y.S. 2d 289 (D. Ct. Suffolk Co., 1970). See also *People v. Clark*, 242 N.Y. 313, 151 N.E. 631 (1926) dealing with a related statute.

In *DiMase*, a city official was accused of offering a gratuity to a county officer in violation of Section 200.30. While the trial commissioner found the evidence inconclusive on the issue of the donor's intent, the City Manager reversed this finding and dismissed the city official. The Appellate Division reversed the decision of the City Manager, finding insufficient evidence on the issue of the donor's intent. 37 App. Div. 2nd 972 (1972). The Court of Appeals affirmed. 30 N.Y. 2d 838 (1972). Thus, it may be concluded that the highest Court in New York requires, as an essential element of the offense defined in Section 200.30, a clear showing that the benefit was conferred with the intent to reward a public servant in return for his having engaged in official conduct.

In *LaPietra, supra,* (decided two years before the final decision in *DiMase*), after two patrolmen had completed an investigation of an accident involving a vehicle owned by the defendant's corporation, the defendant gave one patrolman, in the presence of the second, a ten dollar bill and stated: "Here, you fellows, buy some coffee for all the homework you have done." The defendant was convicted of violating Section 200.30 and the Court, on a *Coram nobis* application, held that the facts adduced during the trial clearly constituted a crime under Section 200.30.

It has been contended that Section 200.30 embraces benefits to public servants both before they enter and after they leave government service. The language of Section 200.30, which refers to "a public servant," simply does not support this interpretation. In contrast, the federal "tipping" statute (18 U.S.C. § 201(f)) expressly includes within its scope not only "any public official" but also any "former public official or person selected to be a public official." The New York statute, enacted three years after the federal statute, does not go this far, and is limited to a person who is a public servant at the time of receipt of the benefit. Under these circumstances, construction of the New York statute to include former and selected public officials would be so overly broad as to be unconstitutional. In New York, as elsewhere, it is a well established constitutional principle that criminal statutes must be narrowly construed to furnish fair and unequivocal warning of the nature of the prohibited conduct. *People* v. *Byron*, 17 N.Y. 2nd 64 (1966). Both the purpose and language of Sec. 200.30 restrict its scope to benefits given a public servant during his term of office.

Finally, it has been argued that if a benefit is conferred upon a public servant because he is "a good man," the requisite intent to violate the statute exists. This position fails to make the critical distinction between a gift to a "good man" and a gift to a good man *as a reward for official conduct*. Such an interpretation of the intent requirement as upheld by the courts would in effect eliminate it from the statute.

Thus, whether a loan imposing the obligation of repayment, with or without interest, is to be regarded as a "benefit" within the statute, the requisite intent to reward for past service is absent in the situations before the Committee. The loans and gifts were acts of friendship and compassion, not related to the service performed by the recipient. This conclusion is substantiated by the uncontroverted facts that Governor Rockefeller made substantial loans and gifts to other persons in private life under similar circumstances and that he did not make any loans or gifts to the many other comparable officials in his administration who served well but whose circumstances were different.

2. PUBLIC OFFICERS LAW, SECTION 73 (5)

Section 73 (5) of the Public Officers Law (L. 1965 c. 1012), which became effective on January 1, 1966, provides in material part that no person shall, directly or indirectly, offer or make any gift of $25 or more in the form of money, a loan or otherwise, to any "officer or employee of a state agency" and no such officer or employee shall receive any such gift "under circumstances in which it could reasonably be inferred that the gift was intended to influence him, or could reasonably be expected to influence him, in the performance of his official duties or was intended as a reward for any official action on his part." Section 73(10) provides in substance that "any person who knowingly and intentionally violates the provisions of [Section 14(5)] . . . shall be guilty of a misdemeanor."

Section 73 (5) applies to officers and employees of a "state agency" only. Section 73(1) of the law defines "state agency" as ". . . any state department, or division, board, commission, or bureau of any state department." Therefore, in some cases Section 73(5) does not apply to Governor Rockefeller's loans and gifts to persons serving on certain state authorities, which are not state agencies as defined. In other cases the statute does not apply because it was not in effect at the time of the loan or gift.

In all cases, however, the essential statutory criterion is not met. While there is no reported case construing Section 73(5), it cannot be said that it adopts a "tort standard" of liability for a misdemeanor since, as in the case of Section 200.30 of the Penal Law, the element of intent is uppermost, as reinforced by Section 73(10). The statute would appear to require, for a violation to occur, that an inference could reasonably be drawn from the circumstances of the gift that the donor actually intended to influence or reward the donee in connection with the performance of his official duties.

The circumstances under which Governor Rockefeller, the chief executive of the State of New York, made gifts to his own subordinates could not lead to an inference that the gifts were intended to influence, or as a reward for the subordinates' official action since they were in any event subject to the Governor's wishes and commands. There could not be any inference in the mind of a recipient that the purpose of the loan or gift, stated to be out of friendship or in response to a personal need, was anything other than for the stated purpose.

As in the case of § 200.30 of the Penal Law, this provision of the Public Officers Law is intended, in part, to avoid secret influence over certain public officials. In the case of Governor Rockefeller, the influence was open and much publicized: the Governor had named each official to his state office, and the official remained in office at the pleasure of the Governor.

3. CIVIL SERVICE LAW, SECTION 135

Section 135 of the Civil Service Law, effective with amendments since 1907, provides in essence that no person employed in any state department, bureau, commission, or office shall receive "any extra salary or compensation in addition to" that fixed by law, except for overtime pay.

The terms employed in Section 135 are nowhere defined in the statute, nor has there been any reported case construing them. Perhaps significantly, no penalty whatsoever is prescribed for violation of Section 135.

A simple reading of Section 135 indicates that it is concerned solely with salaries and compensation paid by the state, and not with loans, gifts or other benefits provided from non-state sources. The legislative purpose was ". . . to prevent employees rendering clerical services from obtaining compensation under the theory of working overtime . . . and thus to obviate constant claims for extra services by clerks working for stated salaries." 1911 Op. Atty. Gen. 92, 602.

It has been ruled that it is not a violation of this provision for a state employee to receive outside compensation from a third party or even from another agency of the state, so long as the additional work does not interfere with the recipient's primary responsibilities. 1943 Op. Atty. Gen. 445.

In light of the language and evident purpose of Section 135, it is clear that Governor Rockefeller's loans and gifts to state employees in no way violated its provisions.

The Appendix hereto sets forth, in tabular form, the reasons why, in the light of the record before the Committee, neither Section 200.30 of the Penal Law, nor Section 73(5) of the Public Officers Law (Section 135 of the Civil Service Law being clearly inapplicable), was violated by any of the loans and gifts involved.

November 19, 1974

LOANS AND GIFTS BY NELSON A. ROCKEFELLER, TO MEMBERS OF HIS STAFF AND TO OTHER STATE EMPLOYEES

Name and official position	Date of loan	Amount of loan	Type of loan	Amount repaid	Balance	Date of gift	Amount of gift	Applicability of sec. 200.30	Applicability of sec. 73(5)
Victor G. Borella: Special assistant to the Governor for labor affairs, November 1967 to December 1971.	Nov. 26, 1968	$100,000	5 yr; without int.	0	See amount of gift.			Gift not intended to reward official conduct; not a public servant at time of gift.	Not reasonable to infer that NAR intended to influence or to reward.
						May 30, 1972	$100,000 forgiveness of note.	Gift not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or to reward; not State officer or employee at time of gift.
Jerry Danzig: Special assistant to the Governor, May 1, 1969 to present.						June 30, 1969 June 9, 1971 Jan. 27, 1972 Feb. 6, 1973 Jan. 31, 1974	$10,000 $4,000 $5,738 $5,000 $5,000	Gifts not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or reward.
Mr. and Mrs. James W. Gaynor: New York State commissioner of housing and community renewal, January 1959 to January 1969.						Feb. 20, 1959	$7,000	Statute not in effect at time of gift.	Statute not in effect at time of gift.
James W. Gaynor: New York State commissioner of housing and community renewal, January 1959 to January 1969.	Jan. 3, 1963 Mar. 17, 1965	50,000 50,000	5 yr., without interest. 5 yr., without interest.	0 0	See amount of gift.			Statute not in effect when loans were made; loans not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or to reward; statute not in effect when loans were made.
						Dec. 31, 1970	$100,000 forgiveness of notes.	Not public servant at time of gift; gift not intended to reward official conduct.	Not State officer or employee at time of gift; not reasonable to infer that NAR intended to influence or to reward.
Mary McAniff Kresky: Assistant secretary to the Governor for intergovernmental affairs, May 7, 1970 to Nov. 3, 1972.						Oct. 31, 1972 Jan. 3, 1974	$24,560 $5,064	Gift not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or to reward.
Edward J. Logue: President and chief executive officer, Urban Development Corp., July 1, 1968, to present.	May 5, 1969	14,500	Demand, without interest.		Balance to new note, June 30, 1969.			Loans not intended to reward official conduct; agreement to confer benefit made when not a public servant.	Not reasonable to infer that NAR intended to influence or reward.
	May 29, 1969	130,500	Demand; without interest.	$45,000					
	June 30, 1969	100,000	Demand; without interest.	0	$100,000				
						May 9 to August 26, 1968	$31,389	Gifts not intended to reward official conduct; agreement to confer benefit made when not a public servant.	Not reasonable to infer that NAR intended to influence or to reward.
Alton G. Marshall: Executive officer, 1965; secretary to the Governor, 1966–70.	June 8, 1967	20,000	5 yr; without interest.	0	See amount of gift.			Loans not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or reward.
	Jan. 12, 1968	55,000	5 yr; without interest.	0					
	Oct. 3, 1968	20,000	5 yr; without interest.	0					
	Oct. 16, 1969	200,000	Demand; without interest.	0					
	Dec. 5, 1969	11,867	Demand; without interest.	0					
	Dec. 1, 1970	3,089	Demand; without interest.	3,089	0				
						Dec. 31, 1970	$306,867; forgiveness of notes.	Gift not intended to reward official conduct; not a public servant at time of gift.	Not reasonable to infer that NAR intended to influence or to reward; not State officer or employee at time of gift.
L. Judson Morhouse: New York State Thruway Authority, March 1959 to January 1963.	Sept. 21, 1960	[1]86,313	3 yr; without interest.	0	See amount of gift.			Loan not intended to reward official conduct; statute not in effect at time of loan.	Not reasonable to infer that NAR intended to influence or to reward; statute not in effect at time of loan.
						Dec. 31, 1973	$86,313; forgiveness of note.	Gift not intended to reward official conduct; not a public servant at time of gift.	Not reasonable to infer that NAR intended to influence or to reward; not a State officer or employee at the time.

Footnotes at end of table.

LOANS AND GIFTS BY NELSON A. ROCKEFELLER, TO MEMBERS OF HIS STAFF AND TO OTHER STATE EMPLOYEES—Continued

Name and official position	Date of loan	Amount of loan	Type of loan	Amount repaid	Balance	Date of gift	Amount of gift	Applicability of sec. 200.30	Applicability of sec. 73(5)
Hugh Morrow: Director of communications, February 1969 to February 1973.	June 16, 1967	$35,000	4 yr; 4 percent interest.	0	See amount of gift.			Loans not intended to reward official conduct; statute not in effect at time of loan ($35,000).	Not reasonable to infer that NAR intended to influence or to reward.
	Dec. 17, 1973	15,000	Demand; 4 percent interest.	0	$15,000				
	Jan. 14, 1974	15,000	Demand; 4 percent interest.	0	$15,000				
						Dec. 31, 1970	$35,000; forgiveness of note.	Gifts not intended to reward official conduct; not a public servant at time of gift ($100,000).	Not reasonable to infer that NAR intended to influence or to reward; not a State officer or employee at time of gift ($100,000).
						Jan. 10, 1974	$100,000		
Joseph M. Murphy: Commissioner of taxation and finance, Jan. 1, 1959 to June 30, 1969.	Nov. 3, 1967	20,000	5 yr, without interest.	0	See amount of gift.			Loan not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or to reward.
Chairman, New York State Housing finance Agency, July 1969 to present.						Dec. 31, 1970	$20,000; forgiveness of note.	Gift not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or to reward.
William J. Ronan	May 4, 1962	[2]50,000	3 yr.; 4 percent interest.					Loans not intended to reward official conduct; statute not in effect at time of 5 of 6 loans.	Not reasonable to infer that NAR intended to influence or to reward; statute not in effect at time of 3 of 6 loans.
State Commission on the Constitutional Convention, 1956–57.	Jan. 8, 1963	100,000	5 yr.; without interest.	0	See amount of gift				
	May 1, 1965	50,000	5 yr.; without interest.	0					
	May 1, 1965	50,000	5 yr.; without interest.						
	July 15, 1966	110,000	5 yr.; without interest.						
Secretary to the Governor, 1959–66.	Jan. 24, 1967	50,000	5 yr.; without interest.	0					
	Oct. 16, 1969	150,000	Demand; without interest.	0					
Chairman, Metropolitan Transit Authority, 1966 to May 1, 1974.						Dec. 19, 1958 May 3, 1974	$75,000 $40,000	Statute not in effect at time of gift ($75,000); not a public servant at time of gift ($550,000); gifts not intended to reward official conduct.	Statute not in effect at time of gift ($75,000); not a State officer or employee at time of gift ($550,000); not reasonable to infer that NAR intended to influence or to reward.
Port Authority of New York and New Jersey, Dec. 7, 1967 to present. (Chairman, Sept. 3, 1974 to present.)						May 3, 1974	$510,000; forgiveness of notes.		
Ann C. Whitman: Executive assistant to the Governor, 1965 to December 1973.	July 10, 1972	25,000	Demand; without interest.	0	$25,000			Loan not intended to reward official conduct.	Not reasonable to infer that NAR intended to influence or to reward.
						June 19, 1973 Jan. 3, 1974	$19,237 $3,545	Gifts not intended to reward official conduct; not a public servant at time of gift ($3,545).	Not reasonable to infer that NAR intended to influence or to reward; not State officer or employee at time of gift ($3,545).

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[1] $100,000 discounted.

[2] Canceled; reissued May 1, 1965.

Mr. COOK. Also, Mr. President, I would like to place in the RECORD at this time an editorial which appeared in this morning's edition of the Washington Post entitled "It's Time To Confirm Mr. Rockefeller."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

IT'S TIME TO CONFIRM MR. ROCKEFELLER

At long last, the House Judiciary Committee has concluded its hearings into the fitness of Nelson A. Rockefeller to be Vice President. The indications are that a majority of its members will recommend that the House of Representatives confirm the nomination and, if all goes well, the country will have a Vice President by Christmas. It should have had one long before now. The office has been vacant for four months and Congress has already had more time in which to consider Mr. Rockefeller's qualifications than the voters usually get to consider the qualifications of those who run for President.

It is self-evident that no other candidate for Vice President—or President for that matter—has been subjected to as rigorous an examination as has Mr. Rockefeller. His finances have been turned inside out and the finances of all his relatives have been explored. He has been required to defend under close cross examination many of his decisions as governor of New York. And his views on many diverse aspects of national and international matters have been scrutinized. As far as we are concerned he has come out of all this pretty well. Some chinks in his armor have been exposed and some errors of judgment have been laid bare. But, overall, the hearings have disclosed nothing which seems to us to disqualify him for the job to which he has been nominated.

It is too bad that so many members of Congress have gotten so hung up on the question of Rockefeller wealth and so fascinated with the idea that a person can be too rich or too economically powerful to be fit to be President or Vice President. This resulted in slowing down the nomination process substantially, invading the privacy of other members of the Rockefeller family, and focusing public attention too much on one narrow issue. We suggested a couple of months ago that Congress needed to make sure that Mr. Rockefeller understood the way the rest of the country looks at his family fortune and the economic power it carries with it. Once that was accomplished—and we think Mr. Rockefeller understands that much better now than he did last summer—the remaining question on this issue was whether Mr. Rockefeller had used or is likely to use political office to enrich himself or his family; in other words, whether he is fundamentally honest. The answer to that question, it seems to us, is that while he may be over-bearing and somewhat self-righteous he is a man of integrity.

Even some members of Congress who do not seriously question Mr. Rockefeller's integrity remain concerned about his great wealth and the difficulty of disentangling him from it. Although we suspect that this concern has been used in some instances to camouflage other objections to the nominee, we do not doubt that many are sincere in their belief that Mr. Rockefeller may have too many financial conflicts to be President, an argument that this may be so is set forth elsewhere on this page today by Rep. Edward Mezvinsky (D-Iowa). While respecting the agrument, however, we think history, constitutional principle and reality are all against it. George Washington was one of the richest men, if not the richest man, in America when he became President. The idea of proclaiming that certain citizens are unfit to be President because they are born rich repudiates too much of the American principle of equality. It would have been as logical to have disqualified Lyndon Johnson for being a Texan, John F. Kennedy for being a Catholic, or Dwight Eisenhower for being a career soldier; in each case, in fact, questions of regional, religious or professional conflict of interest were raised and wisely ignored by a majority of the voters. Why should a background of great wealth and complex economic entanglements be any more disabling? The reality of our modern industrial society, moreover, is that real economic power rests far less with the hereditary rich than with the managers of great corporations and those who control the vast *sums of money* held by insurance companies, mutual funds, pension funds, and trust departments of banks.

The fundamental problem with the Rockefeller nomination, of course, is that Congress has not yet determined precisely what its responsibilities ought to be under the 25th Amendment. Those responsibilities are quite different from those of a voter in a presidential election. A voter is entitled to make his decision on prejudice, qualifications, philosophy, partisanship or anything else that crosses his mind. Under the 25th Amendment, it seems to us, Congress ought not to vote to reject a nominee unless it can be demonstrated that his judgment is consistently bad, his political views are outside the mainstream of American politics, his knowledge and experience are so limited as to make him unable to grasp the problems a President must face, or his integrity and personal honesty are highly suspect. Mr. Rockefeller, we think, passes these tests—despite the loans and gifts, the Goldberg book, Attica, and some high-handedness as governor of New York. He ought to be confirmed as Vice President forthwith.

Mr. COOK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. COOK. Charged to both of our times.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, I yield 10 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, even though there have been times in the past when I would not have supported Nelson Rockefeller's bids for the Presidency, I have no hesitation in voting for his confirmation for the office of the Vice President now. As I have studied his record of public service over the past 35 years, I have been amazed at the tremendous range of the areas of interest and activity it covered. As I study his experience, it seems to involve two areas that represent major problems for our country today and in the future.

The first is our relationships with the countries and peoples of Latin America. In 1940 President Roosevelt asked him to initiate and head a new program known as the Office of the Coordinator of the Inter-American Affairs. In 1944, Roosevelt appointed Rockefeller Assistant Secretary of State for American Republic Affairs. In this post he initiated the Inter-American Conference on Problems of War and Peace in Mexico City in 1945, from which came the Act of Chapultepec that set the principle that an attack on one of the nations of the Americas would be regarded as an attack on all and jointly resisted and provided for economic, social, and defense cooperation.

During the war he also acted as Chairman of the Inter-American Development Commission, which included all 21 American Republics and was formed to find ways of filling the gap caused by the loss of European markets.

He returned to private life in 1946 and became chairman of the board of Rockefeller Center, continuing his interest in Latin America and with his brothers established a philanthropic organization, the American International Association for Economic and Social Development, to ameliorate health, educational, agricultural, and other social problems in the poorer areas of Latin America. In 1947, he organized the International Basic Economy Corporation to help raise living standards in foreign countries through new economic enterprises.

Realizing the great value this experience in Latin America had for other parts of the world, in 1950, President Truman named him as Chairman of the International Development Advisory Board charged with recommending policies for carrying out the Point IV program. Their report provided the blueprint for America's foreign assistance program.

When General Eisenhower became President, he also recognized the great capabilities and valuable experience Mr. Rockefeller could bring to our domestic problems, and in 1952, asked him to serve us. President Eisenhower asked Mr. Rockefeller to serve as Chairman of the President's Advisory Committee on Government Organization to recommend ways of improving the efficiency and effectiveness of the executive branch. This committee recommended 13 reorganization plans, one of which led to the establishment of the Department of Health, Education, and Welfare, of which he became Under Secretary. In 1954, he became Special Assistant to the President for Foreign Affairs, and played a key role in the "Open Skies" proposal for checking on world armaments by mutual air reconnaissance.

The other broad area of Mr. Rockefeller's service and expertise began in 1958 when he ran for election as Governor of New York and began a 16-year career—the longest as Governor in our history. In these 16 years, he faced the almost insuperable problems plaguing the country's largest city in what was then its largest State. Here both the size and the scope of his achievements are impressive.

As Governor, he expanded State University of New York to 72 campuses, the largest in the world.

He successfully proposed bond issues for new sewage treatment plants, parklands and 55 new State parks.

Under his leadership, a $2.5 billion transportation bond issue provided the first State financing in the Nation for mass transportation as well as highway and airport construction.

In 1971, he achieved the first major overhaul of the State's welfare system in a generation.

He doubled the size of the State police and established the statewide prosecutor of organized crime and a special prosecutor to investigate and prosecute corruption in the police and criminal justice system of New York City.

He set the Nation's toughest drug penalty for hard drug pushing—a mandatory life sentence. He established crime victims compensation board to provide relief to innocent victims of crime.

Under Rockefeller's leadership, New York adopted largest State medical care program for the needy under medicaid, and created the bureau of heart disease; the birth defects institute; the kidney disease institute; and the burns care institute; and two new State medical schools.

He carried out vigorous programs to expand the State's economy which helped attract over 9,300 new plants or major expansions. He created job development authority to provide low-cost loans for business expansions; job incentive board to provide tax incentives for business to locate and expand in low-income areas, established New York State trade offices in major foreign cities.

He initiated no-fault insurance in the State, created the State consumer protection board and the consumer frauds bureau.

In housing, his administration completed or started over 88,000 units for limited income families and the aging; created in the urban development corporation.

It achieved virtual total prohibition of discrimination in housing, employment, and places of public accommodations; gave New York its first statewide minimum wage.

He instituted a large-scale construction program to rehabilitate and modernize prison facilities and other reforms. His record in providing equal opportunity is also impressive. He appointed women to head the largest number of State agencies in New York's history and prohibited discrimination in education, employment, housing, places of public accommodation, and credit application.

He created the State office for the aging—authorized property tax reductions for older homeowners and special housing programs. As Governor he was active in the National Governors Conference. Prime mover in the passage of Federal revenue sharing in 1972. Returning to his earlier area of activity, in 1969, he headed a Presidential mission to Latin America. In 1973, he was named by President Nixon to be Chairman of the Commission on Critical Choices for Americans, which is concerned with the quality and direction of American life. He was also appointed to National Water Quality Commission by Nixon and elected Chairman by its members.

On December 18, 1973, he decided against seeking a fifth term and resigned as Governor after 15 years.

On August 24, 1974, President Ford nominated him as Vice President.

Beside these tremendous accomplishments as a public servant, he has also made an enviable record in support of the arts, both in New York and nationally.

As Vice President he will provide a unique balance and complement to the experience of President Ford, which has been essentially domestic and legislative. In contrast, Mr. Rockefeller has included experience with foreign problems and administrative responsibilities. President Ford comes from a Midwest, semirural background; the Governor from our biggest, most urbanized State.

When the President asked us for suggestions, Nelson Rockefeller's was the only name I considered, and I remain convinced that he is uniquely fitted for the job at this time and shall vote for his confirmation wholeheartedly.

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. COOK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOK. Mr. President, I yield 5 minutes to the Senator from Kansas (Mr. Dole).

Mr. DOLE. Mr. President, I wish to express my support for confirmation of Nelson Rockefeller to be Vice President of the United States.

The 25th amendment to the Constitution was certified in February 1967, to provide for an expeditious filling of any vacancy in the Office of the Vice President. That amendment provides for the Presidential nominee to take office "upon confirmation by a majority vote of both Houses of Congress." What should be a relatively straightforward procedure has already taken nearly 4 months. The country needs a Vice President in these crucial times of domestic economic difficulties and tremendous international problems. I hope this confirmation can be completed promptly.

EXPERIENCE IN PUBLIC SERVICE

Nelson Rockefeller's record of service to the public began nearly 40 years ago. In the years since, he has served the people of New York and the Nation as a whole, both in the Government and out. He has served in Republican administrations and Democrat administrations as well. His experience is broad and varied. It seems to me that this record is a tremendous asset in the consideration of whether Mr. Rockefeller should be confirmed.

With the current, and I might add long overdue, shift in policy approach toward decentralization and greater emphasis on State and local governments, Nelson Rockefeller's experience can prove most important. As the Governor of one of our largest States, a State which contains one of our largest cities, he is familiar with the problems of State and local governments. More than mere familiarity, Nelson Rockefeller has for the past 15 years been intimately involved with these problems. His insights, based on long experience, could add a new and needed dimension to the Ford administration.

The record, interests, and attitude of Nelson Rockefeller have undoubtedly been scrutinized more thoroughly and in greater detail than have those of any Vice Presidential or Presidential candidate in the history of this Nation. He has been questioned by individuals representing the entire spectrum of political philosophy. In view of the unprecedented detail examination, it is all the more meaningful that the entire membership of the Rules and Administration Committee voted that his nomination be reported with the recommendation that he be confirmed.

One of the most troublesome questions in the hearings has been the tremendous wealth of the candidate and his family and the impact it would have on his performance as Vice President and possibly as President. The issue has been debated inside and out. The conclusion of the Senate committee that Mr. Rockefeller's wealth need not be a disabling factor is in line with our national history. As a Washington Post editorial pointed out this morning, George Washington was one of the richest, if not the richest, men in America at the time he became President. In more recent history, two Presidents of the other party, Presidents Kennedy and Johnson, have possessed a very substantial amount of wealth.

PHILOSOPHICAL DIFFERENCES

My support for the candidate does not mean that we do not have, and may not have in the future, philosophical differences. On the contrary, his stand on some issues, as clarified in the confirmation hearings, may differ from my own and from those most supported in the State of Kansas. His stand on food reserves and his inclination toward big government were not totally defined in the hearings, but on the face of his testimony, may be areas of difference. It is my feeling that potential differences here could be resolved in reasonable compromise where necessary.

In my opinion, these differences are not unhealthy. It shows a great deal of strength in the American political system in its capacity to encompass a broad range of political views. In my view, this philosophical diversity is indicative of the political freedom upon which this Nation was founded and which we cherish.

Another example of difference is the issue of abortion. The record of Mr. Rockefeller on that issue is considerably different from what I and many Kansans would support. However, the Vice President and in fact even the President would have no substantial role in changing national policy in this area. As the Senator from Nebraska (Mr. Hruska) has pointed out, any change in the present Federal position must be initiated by Congress and would come in the form of a constitutional amendment overturning the Supreme Court's decision of January 1973. Such constitutional amendment would have to be passed by two-thirds of the Senate and two-thirds of the House of Representatives and then ratified by three-fourths of the State legislatures, and Mr. Rockefeller, as Vice President or even should he assume the Presidency, would have no role whatever to play in this process.

Mr. President, this Nation needs a Vice President. While reserving the right to disagree with Mr. Rockefeller's political philosophies, I support his confirmation. I hope Congress will complete action on this confirmation promptly.

Mr. President, I yield back the remainder of my time.

Mr. COOK. Mr. President, I suggest the absence of a quorum, the time to be equally divided.

The PRESIDING OFFICER (Mr. Johnston). Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COOK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOK. Mr. President, I yield 5 minutes to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, for the past 3 months, I have given a great deal of thought to President Ford's nomination of former Governor Nelson A. Rockefeller of New York to be Vice President of the United States.

Mr. Rockefeller was nominated by the President pursuant to the provisions of the 25th amendment to the Constitution.

Governor Rockefeller has had wide experience in public affairs.

Many years ago he served as Assistant Secretary of State for Latin America and then for a short time as Under Secretary in the Department of Health, Education, and Welfare.

He was elected Governor of New York 16 years ago and was reelected three times.

Nelson Rockefeller is a man of charm, intelligence, ability, and has proved himself an able administrator.

The Senate committee, after extensive hearings, has reported favorably on his nomination.

The committee report points out, however, that while there is reason to question the good judgment or the propriety of some of his actions—for example, the underwriting of a derogatory book on his last opponent for Governor, Arthur Goldberg, and the huge gifts made to various public officials—that none of this in itself disqualifies him from the office of Vice President. I concur in the committee's appraisal.

My concern as to the Rockefeller nomination is his basic philosophy as evidenced by his public statements and records as Governor of New York. I disagree with his "big government," tax-and-spend philosophy.

But in testifying before the Senate committee considering his nomination, he indicated that in recent years he has moved philosophically to the right.

Moreover, last week I had a long and, I feel, highly satisfactory talk with Governor Rockefeller. While he says that deficit spending by the Federal Government occasionally is justified, he assured me he agrees with my view that the continued Federal deficits are a chief cause of today's inflation.

He seems in full agreement with my views that inflation must be brought under control and in order to do this, Federal spending must be brought under control. He likewise agrees with me that the people most hurt by the inflation are those on fixed incomes, such as the elderly—and those in the lower and middle economic groups.

I *found in my* conversation with Governor Rockefeller last week, that his views on Government spending and the need for a balanced budget appear to coincide with my own.

The Nation needs a Vice President.

I recognize that a President, in this case Gerald Ford, is entitled to have a Vice President of his own political party and one with whom he feels comfortable.

I shall vote to confirm Nelson A. Rockefeller as Vice President.

Mr. ABOUREZK. Mr. President, I ask the Senator from Kentucky to yield me 10 minutes of time.

Mr. COOK. Mr. President, I yield to the distinguished Senator 10 minutes.

Mr. ABOUREZK. Mr. President, I thank the Senator from Kentucky for yielding 10 minutes.

I should like to say at this time that I intend to vote against the confirmation of Governor Rockefeller as Vice President. In my opinion, the Congress and the press have placed entirely too much emphasis on matters which, while they deserve mention, are totally undeserving of the entire thrust of the Rockefeller inquiry. I am speaking of the book Mr. Lasky wrote on Arthur Goldberg, and the money gifts to people in both State and Federal Government. While they do deserve some measure of inquiry and comment, the impression the public has received from press coverage on those matters has been that the committees, both in the House and the Senate, have totally overlooked the philosophy of Governor Rockefeller as a basis for what he might be like were he confirmed as Vice President, with the distinct possibility that he might become President.

I had a very brief visit along with several other Senators last week with Governor Rockefeller, who was kind enough to come up to the Hill and sit down in Senator CLARK's office to discuss some of the matters which concern us. It was entirely too short a time; I only wish we had had a longer time. But I learned, from visiting with Governor Rockefeller during that discussion, a number of things, and I should like to discuss those briefly.

The House Committee on the Judiciary distributed, earlier this year, a report on the public statements and positions of Governor Rockefeller. In that report was a statement that he had endorsed a study done by Henry Kissinger, who was a private citizen at that time, and an adviser to Governor Rockefeller, advocating the use of nuclear weapons in limited wars. That concerned me, and I asked Governor Rockefeller about it. He denied that he had ever been for that use.

And we asked whether or not he believed in the use of nuclear weapons in limited warfare at this time. His response was that he could not answer such a tentative or contingent question, so it is not clear how he stands. My guess is that he would probably be for it once his confirmation is over with, or once he is in office.

Second, I asked him about his position on antitrust matters. Governor Rockefeller stated that he is for breaking up monopolies only if they are anticompetitive. In his belief, bigness per se is not bad.

And when I asked him if he believes in breaking up the oil industry, he said that there exist in the oil industry many companies, and he did not believe that they are anticompetitive. He did think they were at the time his grandfather controlled most of the oil industry, back around the turn of the century, but not now. This is a convenient device—to be against monopoly, but to narrow the definition of monopoly to include no company now in existence.

When I asked about his seeming tendency to support almost anything the military asks for by way of spending, he voiced his desire, as he said, for a strong military. Then he talked at length about the size of the Russian navy, which he believes has already surpassed the strength of the U.S. Navy, and that danger exists that the Russian navy could shut off American shipping lanes and shipping routes, and that they could, if they wanted to, put pressure in different sensitive spots around the world to do so.

To me, that indicated a rationale for spending additional money in the defense area that cannot be justified on its merits. There was no indication that he thought in any way that the defense budget should be cut.

I also asked what he thought about the CIA operation in Chile in 1973, and the CIA dirty tricks operations in general. He approved of both. He stated that he would go along with what the President said about Chile, it was his belief that the United States needs a covert operations branch in the event of a need for it.

In my opinion, his kind of cold-war thinking has cost this country far too much money and too many lives since 1945. And one of the major reasons that I am casting an opposition vote is that Governor Rockefeller totally identifies with the concentration of economic power and political power in this country that has seriously affected both our foreign policy and our domestic policy in the most adverse manner since 1945.

It has affected our foreign policy such as in the actions that we took in Chile last year, when, for some reason or other, we believed it was in our interest to try to destabilize and to overthrow a government with which we may not have agreed, but which was democratically elected by the people of Chile. And it has affected domestic policy, such as the buildup of monopoly structure in this country that has dealt our economy the damaging blow whose effects we are just now beginning to feel. Excessive monopoly concentration in our economy is, almost by definition, adverse to the interests of the people of this country. There is no adequate protection against such concentration. Again and again Government has proven itself unable to deal effectively with arbitrary actions by monopoly industry.

I do not agree with the editorial writers who have said the Senate and the House of Representatives should confirm the nomination of Governor Rockefeller unless, and I want to read directly from the Washington Post editorial:

> Unless it can be demonstrated that his judgment is consistently bad, his political views are outside the mainstream of American politics, his knowledge and experience are so limited as to make him unable to grasp the problems a President must face, or his integrity and personal honesty are highly suspect.

The editorial I am speaking of says, in effect, that we must confirm Rockefeller unless he can be proven wholly incompetent or hopelessly corrupt.

Let me say that I believe we must adopt a higher standard. We have a higher responsibility than just to confirm anyone who is a warm body, because we undertake to inquire and to vote on behalf of our constituents.

I am compelled to exercise my responsibility to my constituency by attempting to offer some sort of protection to those people of my State of South Dakota and to those people in the rest of the country who stand exposed and helpless before both the uninhibited concentration of political and economic power, and its abuse by those who wish to accumulate that power, not for the higher purpose for which power ought to be used, but for power's sake alone. That, to me, is what Governor Rockefeller represents and it is for these reasons that it is essential Governor Rockefeller not be confirmed as Vice President.

I thank the Senator for the time.

Mr. COOK. Mr. President, I yield 10 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, the vote on the confirmation of Nelson A. Rockefeller to become the Nation's 41st Vice President is one of the most important actions of this Congress. No other matter which we have considered over the past 2 years is as vital to the future of the Nation.

Mr. President, I would like particularly first to commend the work that has been done by the Senate Committee on Rules and Administration. I have followed the proceedings of the committee with extreme care. I can only conclude, after watching the proceedings on public television and reviewing the testimony carefully, that the work of the committee is in the greatest tradition of the Senate. The committee has brought credit to the Senate and tremendous reassurance to the American people because the proceedings were thorough and were conducted with the greatest possible dispatch, considering the urgency of the matter before us.

I particularly commend our chairman, the Senator from Nevada (Mr. CANNON), who once again has distinguished himself, and the ranking minority member, the Senator from Kentucky (Mr. Cook), for the judicial approach that he has taken to this matter. Significant contributions have been made by the Senator from Rhode Island (Mr. Pell), the Senator from West Virginia (Mr. Robert C. Byrd), the Senator from Alabama (Mr. Allen), who, as always, was thorough and complete in this matter, and the Senator from New Jersey (Mr. Williams); and I commend also the work of my distinguished Republican colleagues, Senators Scott, Griffin, and Hatfield.

Mr. President, for nearly 4 months we have been without a Vice President. In a time of severe challenge at home and abroad when the President faces crucial decisions about the economy and our position as a world leader, the American people need and deserve a Vice President.

The congressional examination of Governor Rockefeller's qualifications to serve as Vice President have been exhaustive. Never before has a nominee for national office been so thoroughly questioned. Never before has a nominee provided such complete information on personal financial holdings and opinions on public policy.

The debate over Governor Rockefeller's confirmation has centered on his wealth. I believe the work of the committees responsible for reviewing the nomination and Governor Rockefeller's responses to their inquiries have satisfactorily answered questions about any possible conflict of interest.

A word about Governor Rockefeller's generosity is appropriate here. He has been throughout his lifetime a great humanitarian. He has a deeply developed sense of compassion and understanding toward his friends, associates, and colleagues. Possibly a few of his gifts can, in retrospect, be looked upon as errors in judgment. But I have never personally known his generosity to have been accompanied by any ulterior motive or to have impugned his integrity.

As I have stated on many occasions, the most important question which must be asked in considering a nominee for Vice President is whether the nominee is qualified to serve as President if the need arises. In the case of Governor Rockefeller, there is no question that his talent and ability make him one of the best qualified individuals to serve, if necessary, in the Nation's highest public office.

I made this judgment in 1968 when I concluded that, based on the record, the best qualified person to be President of the United States was Nelson Rockefeller. I believed deeply that he was the right man to serve the country at that point in American history.

For over 30 years Governor Rockefeller has served in numerous public positions. He has served five of the last six Presidents in various capacities, including important posts in the Departments of State and Health, Education, and Welfare.

It was in 1953 that Oveta Culp Hobby and Nelson Rockefeller, then serving as Under Secretary of the Department of Health, Education, and Welfare, asked me to join the Eisenhower administration as Assistant Secretary of Health, Education, and Welfare, an honor that I was unable to accept. But that thoughtful invitation on their part caused me to watch with great interest the details of the work carried on by Governor Rockefeller, and my interest in his public service has been very intense, both before that period and since.

For 15 years he served as Governor of New York and established a record of excellence that will stand for decades.

Governor Rockefeller will become Vice President at a time of unprecedented challenge. The problems which trouble the Nation, especially the unstable economy marked by inflation and recession, require the consideration of the best minds in America. I am confident that Governor Rockefeller will meet this challenge. He will bring expertise and enthusiasm to the task.

I would like to speak, Mr. President, particularly to my colleagues here in the Senate chamber who have worked on the Committee on Rules and Administration on this matter for many months, in a personal sense.

I did not feel it necessary to testify before the committee, because I knew that at the appropriate time I would make these remarks. But I would rather imagine that there are few members of the Senate who have had the opportunity to know Governor Rockefeller better than I have.

It was with the same concern, when I announced my intention to explore the opportunity that might be available in 1976 that he also would be offered as a potential Presidential candidate at that time. I discussed with Governor Rockefeller that my activities were in no way meant to detract from his qualifications but simply to offer a range of alternatives.

I found at that time, when it was quite obvious that he intended to follow the same broad-gauged approach that he has taken on most issues in his life that he welcomed an additional range of choices in the Republican Party. He felt that if we might confront each other it would be carried on with the same dignity that we hope we would always have in American politics, where issues rather than personalities would be paramount.

We both concluded that it would be good for the country to have as high a level of debate as possible about the great issues.

I am deeply aware of the devotion and dedication that Governor Rockefeller has had to the great issues, to make America a strong and better country. In the late 1950s, when I was in industry, he asked if I would devote 6 months to the so-called Rockefeller brothers study project and serve on the overall panel with 35 or 40 Americans who would address themselves to the problems and issues of our times.

The report that was issued under his leadership, "Prospects for America," still stands as one of the fine efforts made to look ahead, to get away from the usual approach of politics and government of dealing with the immediately urgent rather than the ultimately important. The report took a long look at America and its problems and chartered a course which both political parties, each in its own way, could follow.

That was a remarkable experience in my life, and probably had a greater impact on my thinking and my approach to problem-solving than any other single activity or responsibility that I have assumed.

Governor Rockefeller continued this effort by recently forming a number of task forces under the Commission on Critical Choices for Americans. These task forces have been underway now for many months, studying the critical issues of our time.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PERCY. Two additional minutes.

Mr. COOK. I yield 2 more minutes.

Mr. PERCY. This body of material, developed by the brightest and the finest minds in America in a bipartisan manner, will be addressed by the administration. The analysis of problems, short range and long range, will be a repository of intellectual thought that can be drawn upon by America's leadership and by the American people.

I know no other man who is better qualified to select and pick people and suggest them to the President for appointment. If, as is presumed, Governor Rockefeller will be given responsibility with respect to the Domestic Affairs Council, no one is more qualified, inspired, or able to go to work on some of the pressing domestic problems we face.

The time, thought, research, effort, and energy that he will bring to this task, I think, make him one of the best qualified men this country will ever have had as its Vice President.

Certainly, we owe great credit and are grateful to our own Committee on Rules and Administration. It saw the need for expediting its work but, at the same time, carrying on that work thoroughly and completely.

The Ford-Rockefeller administration will, I believe, guide the Nation well in these times by providing the leadership we need to build a strong economy and a firm position in the world.

I enthusiastically support the confirmation of Governor Rockefeller, and I urge my colleagues to give him a strong mandate as Vice President.

Mr. COOK. Mr. President, I yield 10 minutes to the Senator from Maryland (Mr. Mathias).

The PRESIDING OFFICER. The Senator is recognized for not to exceed 10 minutes.

Mr. MATHIAS. Mr. President, on several occasions during the past few months the question has arisen as to how I would approach the decision on the confirmation of President Ford's nomination of Nelson Rockefeller to be Vice President of the United States.

I have said repeatedly that I would approach that question with an open mind. I have never said, nor is it the case, that I approach it with an empty mind, because I have had a long friendship with Nelson Rockefeller. I have known him for many years, and I could not erase all of those associations and all of the impressions and all of the experience that I have had during that long period of time.

In 1968 he was my first choice for the Republican nomination as President of the United States. I persisted in my support of Governor Rockefeller's candidacy for President beyond the point that I think many politicians would have considered prudent, and beyond the point of my probable self-interest. But I did so because I had such faith in his capacity to lead the country, to pull together the kind of forces, moral and spiritual forces, which I thought would be good for America.

The debt is, of course, on both sides. In 1968, he came to Maryland and made a speech during my campaign for the Senate. He also made a contribution to my campaign. In 1974 he was helpful in my campaign for reelection.

So we have had a long association. It is one which is all on the record, one which is fully known to the public. But, as I say, it is one which has been helpful to me in the present circumstances because it has given me an opportunity to know the man—not just from the record—but as a person, as a human being.

This association, I wish to note, did not make any difference to me when questions were raised about the wisdom of confirmation, and the fitness of Nelson Rockefeller to be Vice President. I felt, and I said repeatedly, that these questions had to be answered. I am glad that there have been searching hearings in both the Senate and the House which have resolved the questions that arose with respect to Governor Rockefeller's competence and the propriety of his confirmation.

There was one significant event which occurred at the end of the House hearings which tells so much about Nelson Rockefeller as a person that I think it is worthy of noting here. At the conclusion of his testimony before the committee in the other body, he said he wanted to thank the committee for its searching questions, its careful examination, because it had helped him to learn a lot about himself.

I would submit to the Senate that that was an unusual statement for a man of his years, his experience, and his position to make. I think it bespeaks a certain humility and a certain humanity which are very much needed in the highest offices of this land. A man who would say that he had learned a lot about himself to a committee which had put him under the most severe testing and through the most careful scrutiny shows a helpful and a healthful outlook.

I would address his competence for the Vice Presidency. Of course, one measure of that competence is his experience. So much of it is obvious that it hardly needs any repetition here. His experience, for example, as Governor of the State of New York. Some of his earlier experiences as a young man in the field of health, education, and welfare, in the field of foreign relations, are sometimes forgotten, although that again is a part of the public record.

I would specially note his experience and knowledge of South America, his experience in serving the Government at a time of humanitarian concern and upheaval in civil rights, his familiarity with the way Government works and with the way economic factors work. These are times when this sort of familiarity is very sorely needed.

Another aspect of Nelson Rockefeller's suitability for the Vice Presidency is the question of his strength to do the job.

I do not think anyone who has served in the Senate or in the House, or in any other job of important public service, is under any delusion about the kind of physical drain involved or the physical strength that is required to do the job properly.

One of the characteristics which has constantly amazed me about Nelson Rockefeller is his boundless energy. It is a rare day, indeed, when you find Nelson Rockefeller depressed, discouraged, or ready to give up. It is this boundless energy which helps to give him the sort of confidence which is one of the ingredients of leadership, leadership that we need so badly in a period in history in which a restoration of confidence is one of the prime essentials for this country.

It is a boundless energy which is reminiscent of Theodore Roosevelt, who was able to infect the whole country with the concept of motion and positive progress. It is the kind of energy that I think we need in the Vice Presidency.

Of course, no man should undertake high public office without a deep sense of personal commitment, and on that score I have no doubt that Nelson Rockefeller fully qualifies.

Nelson Rockefeller is a man to whom, as we all know, as all the world knows, much has been given. He was the beneficiary of very great wealth. But it is also a matter of history that Nelson Rockefeller and his brothers were taught that much would be expected of them. They grew up in an atmosphere of discipline, self-restraint, and public service which has been reflected in the record that they as brothers, and Nelson Rockefeller as an individual, have made.

He could have lived a life of ease and luxury and many people who have that ability have chose to do so, but Nelson Rockefeller has, instead—as he has demonstrated during the last few weeks in particular when he has been under such severe questioning—shown that he does not shrink from the kind of commitment which is a necessary ingredient of public life.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. COOK. I yield 2 additional minutes to the Senator.

Mr. MATHIAS. And the Vice Presidency, as all high public office, is not free from pressure and from pain. He knows that and the commitment that he has made to dedicate his life to this form of public service is, I think, one of the ingredients which makes it the duty of the Senate to confirm his nomination as Vice President.

Mr. President, today the Washington Post printed an editorial entitled "It's Time To Confirm Mr. Rockefeller."

The concluding line in that editorial is: "He ought to be confirmed as Vice President forthwith." I concur fully with that judgment.

It is my intention to vote for the confirmation of Nelson Rockefeller as Vice President.

Mr. President, I ask unanimous consent that the editorial in today's Washington Post be included in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

IT'S TIME TO CONFIRM MR. ROCKEFELLER

At long last, the House Judiciary Committee has concluded its hearings into the fitness of Nelson A. Rockefeller to be Vice President. The indications are that a majority of its members will recommend that the House of Representatives confirm the nomination and, if all goes well, the country will have a Vice President by Christmas. It should have had one long before now. The office has been vacant for four months and Congress has already had more time in which to consider Mr. Rockefeller's qualifications than the voters usually get to consider the qualifications of those who run for President.

It is self-evident that no other candidate for Vice President—or President for that matter—has been subjected to as rigorous an examination as has Mr. Rockefeller. His finances have been turned inside out and the finances of all his relatives have been explored. He has been required to defend under close cross examination many of his decisions as governor of New York. And his views on many diverse aspects of national and international matters have been scrutinized. As far as we are concerned he has come out of all this pretty well. Some chinks in his armor have been exposed and some errors of judgment have been laid bare. But, overall, the hearings have not disclosed anything which seems to us to disqualify him for the job for which he has been nominated.

It is too bad that so many members of Congress have gotten so hung up on the question of Rockefeller wealth and so fascinated with the idea that a person can be too rich or too economically powerful to be fit to be President or Vice President. This resulted in slowing down the nomination process substantially, invading the privacy of other members of the Rockefeller family, and focusing public attention too much on one narrow issue. We suggested a couple of months ago that Congress needed to make sure that Mr. Rockefeller understood the way the rest of the country looks at his family fortune and the economic power it carries with it. Once that was accomplished—and we think Mr. Rockefeller understands that much better now than he did last summer—the remaining question on this issue was whether Mr. Rockefeller had used or is likely to use political office to enrich himself or his family; in other words, whether he is fundamentally honest. The answer to that question, it seems to us, is that while he may be over-bearing and somewhat self-righteous, he is a man of integrity.

Even some members of Congress who do not seriously question Mr. Rockefeller's integrity remain concerned about his great wealth and the difficulty of disentangling him from it. Although we suspect that this concern has been used in some instances to camouflage other objections to the nominee, we do not doubt that many are sincere in their belief that Mr. Rockefeller may have too many financial conflicts to be President; an argument that this may be so as is set forth elsewhere on this page today by Rep. Edward Mezvinsky (D-Iowa). While respecting the argument, however, we think history, constitutional principle and reality are all

> against it. George Washington was one of the richest men, if not the richest man, in America when he became President. The idea of proclaiming that certain citizens are unfit to be President because they are born rich repudiates too much of the American principle of equality. It would have been as logical to have disqualified Lyndon Johnson for being a Texan, John F. Kennedy for being a Catholic, or Dwight Eisenhower for being a career soldier; in each case, in fact, questions of regional, religious or professional conflict of interest were raised and wisely ignored by a majority of the voters. Why should a background of great wealth and complex economic entanglements be any more disabling? The reality of our modern industrial society, moreover, is that real economic power rests far less with the hereditary rich than with the managers of great corporations and those who control the vast sums of money held by insurance companies, mutual funds, pension funds, and trust departments of banks.
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> The fundamental problem with the Rockefeller nomination, of course, is that Congress has not yet determined precisely what its responsibilities ought to be under the 25th Amendment. Those responsibilities are quite different from those of a voter in a presidential election. A voter is entitled to make his decision on prejudice, qualifications, philosophy, partisanship or anything else that crosses his mind. Under the 25th Amendment, it seems to us. Congress ought not to vote to reject a nominee unless it can be demonstrated that his judgment is consistently bad, his political views are outside the mainstream of American politics, his knowledge and experience are so limited as to make him unable to grasp the problems a President must face, or his integrity and personal honesty are highly suspect. Mr. Rockefeller, we think, passes these tests—despite the loans and gifts, the Goldberg book, Attica, and some high-handedness as governor of New York. He ought to be confirmed as Vice President forthwith.

Mr. COOK. Mr. President, I yield 2 minutes to the Senator from Nebraska.

Mr. HRUSKA. Mr. President, I welcome this opportunity to speak on behalf of Nelson A. Rockefeller, who has been nominated to be Vice President. I believe Mr. Rockefeller has met the test. As the Senate Committee on Rules and Administration said in its report:

> The nomination of Nelson A. Rockefeller to be Vice President of the United States probably represents the greatest in-depth confirmation inquiry ever carried out by a committee of the United States—and properly so.

Mr. Rockefeller has almost literally seen his entire life pass in review before his eyes. Detailed investigations were conducted into almost every aspect of his life. In addition, public hearings were held which resulted in the presentation of more information on Mr. Rockefeller's qualifications, character, background, and views. Many of his decisions in 34 years in public life—including 15 years as Governor of New York—were examined in great detail.

As the Committee on Rules and Administration rightfully expressed when it considered the nomination of Gerald Ford to be Vice President of the United States under the 25th amendment to the Constitution, its recommendation was based on its decision of how well the man could do the job.

The committee said:

> With full realization of the historically significant precedent it was establishing under the Twenty-fifth Amendment for the second time within a year's time, the Committee again adopted the principle that consideration of this nomination should not be predicated on Governor Rockefeller's political affiliation but rather his qualifications to serve in the Office.

It is my belief that Mr. Rockefeller is extremely well qualified to hold the office of Vice President and I intend to vote for his confirmation.

I look upon my support of Nelson Rockefeller as an expression of my support for the President.

If a man is possessed of integrity, honesty, and a concern for our country, he should be supported. I believe—beyond a doubt—that Nelson Rockefeller has those characteristics.

I believe, and the committee has correctly perceived, that the nominee should be considered and judged on his entire record. There have been several specific issues brought up during the course of Mr. Rockefeller's examination that have not been favorable to him—at least in the eyes of those who excepted to and opposed his confirmation. However, as all of us who have served for a period of time in public office know, not everyone agrees with all of the decisions we make and the actions we take. This, of course, is expected. As Governor of New York, Mr. Rockefeller was confronted with some very tough, crucial decisions. As the preponderance of evidence has indicated, he performed well. The people of his State obviously felt that he served them well. They elected him as their Governor four times.

In fact in each succeeding election his approval by the voters of New York grew stronger. In his fourth election he received the biggest vote of confidence of all by gaining a majority of all the votes cast in an election in which he had two major opponents.

I would like to commend the Committee on Rules and Administration for its diligence and its hard work. The committee's investigations and hearings were thorough and enlightening.

I have received a great number of letters from my constituents expressing the idea and the thought that it is not well that this country proceed much further in its existence without a Vice President. I am confident that my colleagues will soon help change that situation and vote to confirm Nelson Rockefeller.

I thank the Senator for having yielded.

Mr. COOK. I thank the Senator from Nebraska.

Mr. President, I yield 10 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I am the senior Senator from the State which is the State of the nominee for Vice President of the United States. I have been his political associate and a personal friend for upwards of 25 years, probably 30 years or more. I suppose I ought to know him as well as anyone, both as a man and as a public official.

He served as Governor of the State throughout the time that I have been, at the same moment, in the Senate of the United States. Nowadays, in our State, Governors and Senators are very close in terms of sharing the responsibilities of government which lean so very heavily in the Federal system upon the United States.

I believe, Mr. President, that for all the things I know, that for all the things which have come out in the hearings, pro and con, the editorial to which Senator MATHIAS referred is probably the best summing up of the whole case.

It is time to confirm Mr. Rockefeller. It means it is time in terms of an appraisal of him, and it is time in terms of the responsibilities of the Presidency, which I hope, and I believe many of us hope, he will share in a very affirmative and important way.

It is time in the interest of the Nation and, indeed, I might say, of the world.

If there is one thing, Mr. President, that has come through in recent years, it is that we cannot stay too long without a Vice President. The cost is too high.

Second, Mr. President, notwithstanding the efforts since World War II in good times to denigrate the critical importance of the United States to the world in terms of its peace and in terms of its solvency in hard times—and we are in them now—it always becomes clear that we are essentially the bellwether for all of mankind's hopes for freedom and well-being.

Mr. President, that is the overarching reason for confirming Nelson Rockefeller. He happens to have that combination of experience and individual courage in terms of government, of enterprise, of the failure to be shocked or dismayed by great events or great sums, which the present times require.

He has an understanding of the levers of power in government and how they may best be used. He has also a comprehension of the consequence, importance, and the permeating quality of the private sector.

All of these qualities are indispensable to the situation today.

Mr. President, I feel that the course of the hearings, which has been admirably thorough—and for which all of us owe a deep debt of gratitude to the Rules and Administration Committee of the Senate, to Senator CANNON, its chairman, to Senator COOK, its ranking member, and to the Judiciary Committee of the House—all of these hearings, and everything that has taken place, including the revelations quite properly made—and mostly, incidentally, right out of the dollar which Nelson Rockefeller furnished—some of which are not credible to him, and he is the first one to admit it, in my judgment, taken together, has earned the description I made because of my own knowledge of this particular nominee when he was first named.

I said:

> We have now fielded our first team at home and abroad. It is a team that puts forward our very best in government, one that will give a constructive and positive direction to American policy. Effectiveness, honesty and tranquility in government are the highest requirements of the American people. This prestigious new United States leadership admirably fulfills these qualities, and holds every promise of giving to our people that success in administering free institutions for which our country has aspired for almost two centuries and of which America is the

greatest example on earth. A Ford-Rockefeller team is right for this Nation and for our people.

I believe the statement I made on August 20 has been confirmed by everything that has happened since then, taken together as a unit.

I was very interested, Mr. President, to find this evaluation confirmed also by a discussion of four prominent newsmen on Martin Agronsky's show regarding the Rockefeller nomination this last weekend. Martin Agronsky, himself a very distinguished newsman, Hugh Sidey, of Time magazine, George Will, and Carl Rowan, columnists, agreed that Nelson Rockefeller has come through the confirmation proceedings of both the Senate Rules and Administration Committee and the House Judiciary Committee with even greater respect than he commanded just 6 weeks ago.

That is quite a tribute from such high-powered newsmen for a nominee who has been very, *very* thoroughly investigated, to say the least, as evidenced by these hearings.

And the editorial in the Washington Post, to which Senator MATHIAS referred, certainly lends point and emphasis to the comments of these newsmen that I just referred to.

Mr. President, a few other points:

First, Governor Rockefeller has a unique quality in attracting high-class personnel, personnel of skill and ability. After what this Nation has been through in respect to seedy politics in the horrendous Watergate scandals, you need in Goverment the kind of figures who will attract decent and honorable men and women of skill to Government with a feeling of confidence that they will not be besmirched in the process.

President Ford, with that clean, honorable, and straightforward look and attitude and feeling, which he has so richly communicated to our country, and now Nelson Rockefeller, with the tremendous skill and standing which he has, will materially help us at a time when men and women of talent and quality may be extremely reluctant to serve in those high places in Government which seems to have been the most jeopardized in these dreadful scandals.

Second, we are faced with enormous challenges of an economic character. We are now in the grip of both inflation and recession, an almost unmatched situation in our world.

In addition, there are widespread fears voiced from the most responsible sources that we are on the greased skids to a worldwide depression.

How critically important, therefore, it is that a man connected with a family which stands so signally high in the view of the private sector in the United States be enlisted in such a high place in the service of the Nation at this time.

Also, we are in very serious difficulties abroad. The Middle East situation is very tense, involving, as one of its effects, another danger of an oil embargo.

Cyprus is a battlefield engulfing two of the NATO partners and compromising the whole southern flank of NATO. Our SALT negotiations, the reduced nuclear armaments, are just getting off the ground with the Soviet Union in a very sensitive way. All of us recall problems with previous new Presidents, even Presidents who later proved themselves to be superb men, like Harry Truman. In the early days they had to go through the rigors of Potsdam and similar postwar negotiations which tried not only their mettle but their standing.

Considering Nelson Rockefeller's standing in this field in the world, I consider it to be an immensely strengthening element to our country in its negotiations and in the future actions in these foreign policy matters to have them in its service.

Finally, Mr. President, I would like to say a few words about Nelson Rockefeller's accomplishments, highlighted and made sharper even by the record of his own family, as Governor of New York. Like any other incumbency, it was by no means an uninterrupted stream of successes.

Mr. President, on the whole, it was a splendid incumbency as Governor of New York—elected four successive times—and also demonstrated certain unique qualities which I think should commend the nominee to us very strongly.

For one, Nelson Rockefeller was very hard-headed about money and did not fear, when he felt that it was essential to spend, and the State legislature was with him, to go to the people in order to be sustained in activities which were always difficult for a governor to go to the people on—that is, higher taxes or bond issues. He was ready to persuade and able to persuade the people of New York, in the most farsighted way, that the measures he recommended were so worthwhile as to deserve financial sacrifice on their part, which they made.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. COOK. Mr. President, I yield 2 additional minutes to the Senator.

Mr. JAVITS. The lead which we have taken, for example, in prefinancing clean water, with the assistance and powerful support of big bond issues voted by the people, is the kind of enterprise and the kind of leadership which we want in the executive department of the United States, in which Governor Rockefeller would function.

Finally, his unusual devotion to education and the arts have made New York a true exemplar of leadership in terms of education. California was miles ahead of us when Governor Rockefeller took over in 1958. In that intervening period, the State University of New York has been built up into one of the most splendid State educational institutions among all the 50. This is his monument.

He made of the New York State Arts Council a pilot plant operation which has now carried with it our much larger operation in the Federal Government—but when it began, a much smaller operation—enormously profiting, as we brought Nancy Hanks to head it, out of New York, from the gifted and enterprising leadership of Governor Rockefeller in this field.

So, Mr. President, for all these reasons, without gilding any lilies and at the same time complimenting enormously and speaking of the debt we all owe to the committees which so thoroughly investigated the nominee, I commend to the Senate the confirmation of Nelson Rockefeller's nomination to be Vice President of the United States.

The PRESIDING OFFICER (Mr. HELMS). The time of the Senator has expired.

Who yields time?

Mr. COOK. I yield myself 3 minutes.

Mr. President, relative to a remark which was made by Senator ABOUREZK, there is no point in my debating the various points that he raised, but he referred to defense spending and the attitude of the Governor of New York.

I should like to read a colloquy which the nominee had with Senator PELL, which begins on page 151 of the record:

Senator PELL. So the same type procedure might be followed here?

Mr. ROCKEFELLER. I really haven't thought it through but at the moment that's my sort of reaction to what you want.

Sentaor PELL. On another subject. A few years ago our Nation began turning its thoughts to the Bicentennial celebration. We hope it is going to be a humdinger, better than the one in 1876. But so far as it looks it hasn't taken off the ground as it should, being plagued wtih problems at the national level and in the various States. I'm not thinking of your own and my State which are well run.

What are your thoughts in regard to the Bicentennial in 1976 in regard to your Vice Presidential role. Would you be able to give it some thought?

Mr. ROCKEFELLER. To be perfectly frank, I hadn't thought about that. I would presume that would depend on the President—his desires; I'd conform to whatever was on his mind.

Sentaor PELL. What are your views, Governor Rockefeller, with regard to the public financing of campaigns for Federal elected office; for President, Vice President, for Senators, and Congressmen?

Mr. ROCKEFELLER. Well, of course, they have some very interesting possibilities. One has to think, as one who has participated in financing of campaigns. I have a little concern myself as to how you handle the question of other than the two major parties—how you would handle the campaigns of other candidates.

In our State, with 50,000 signatures, you can get on the ballot as a gubernatorial candidate. Now if the State were to finance the campaigns of all candidates who got 50,000 signatures I think that we'd go like France has gone, I think we'd have 15, 17 parties and no longer would have the tremendous strength of the two-party system.

I'm sure provisions can be made to protect against that. But in relation to public financing, this is the item that concerns me most.

Senator PELL. The public financing would be for the two major parties, and minority parties would only receive funds in proportion to the votes received in the elections so you wouldn't have the same amount being given to minor and major parties.

Mr. ROCKEFELLER. Certainly the subject is a tremendously difficult one and I think that perhaps on an experimental basis that this is an area that should be explored and very carefully and that experimentation undertaken on maybe a trial basis to see.

The real problem is in campaigning and I've campaigned snice 1968 and the costs have gone just straight up like this because of television time. So that I assume when you talk about public financing then you're talking, thinking about also how you finance time on television. And I suppose in England they give you time on television.

Senator PELL. That is another approach that has been suggested. But I think the bills before us now—maybe you're familiar with the Senate bill and House bill on campaign financing.

Mr. Rockefeller. I'm not familiar in detail to tell you the truth, and therefore I'm hesitant to express an opinion that has any definite character to it because I really have not had a chance to study those.

Senator Pell. On another subject. This is basically a philosophical one. I think there ought to be a reduction of expenditures in the Federal budget.

The question is, where do the reductions come from, the hardware, defense and space sector, or the so-called human sector, education and health?

What is your view as to where the main thrust of these reductions should come from? They've got to come from one area or another because there are only the two principal areas.

Mr. Rockefeller. Well, I suppose, first, it's a policy decision as to whether a cut is to be made; and secondly, how big a cut; and thirdly, then to examine every department and see where those cuts can be made, on a very careful analysis of the work being done, its essentiality, its priority. It is a very difficult thing always to cut back. I had to face it in New York, and the State payroll was reduced by 11,000 employees, which for a State was an awful lot of employees. And we would cut back on programs, in all areas, and postponed and so forth. And it can be done and it takes tremendous political muscle to do it.

Senator Pell. Would you be for an evenhanded cut then, not one sector more than the other? I think my recollection is that President Ford said there should be no reduction in defense expenditures. That was suggested and some disagreed with it. You would believe that the reduction should be on an evenhanded basis?

Mr. Rockefeller. I would think really if it were possible to do it, it should be done on the basis of least harm to the service and function of the particular department or agency which was under review so that if it is national defense, how do we preserve the strength of our national defense; what are areas where activities could be reduced or cut which are not of high priority character? And other programs, programs that have been on the books a long time that perhaps today are not as important as new areas which are emerging.

Senator Pell. But basically, as you know, a dollar spent on defense and space produces far less in human benefits than that spent in health and education. Would that relate to——

Mr. Rockefeller. Except as you relate it to the problem of freedom. I have to think fundamental to everything is freedom.

Senator Pell. Freedom at home as well as abroad?

Mr. Rockefeller. Freedom at home and abroad.

Senator Pell. Thank you.

Finally, in connection with Cuba, there seems to be a feeling that perhaps we should improve and regularize our relationship. Do you have any views in that regard?

Mr. Rockefeller. I have not in recent years discussed the question of Cuba, not since 1969. In 1969 when I was on that trip for the President and went to 20 countries and talked to the heads of state, I got a pretty good feel at that time as to the attitude of the other American republic leaders about Cuba. At that time there was very little sentiment for reestablishing relations. From what I read in the papers, there seems to be some softening of that position, and I would assume that this is a question which would be taken up in discussion with the heads of other states to get a consensus position.

Senator Pell. Thank you very much.

The Chairman. Thank you.

Mr. Rockefeller, **Senator Allen** has returned and we will let the hearings go right ahead and proceed with the questions. Senator Cook will be the next one up as soon as he returns from the vote.

Mr. President, I suggest the absence of a quorum.

Mr. CANNON. On my time.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. I yield 5 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Chair inquires whether this is to be in legislative session.

LEGISLATIVE SESSION

Mr. ERVIN. Mr. President, I ask unanimous consent that the Senate go into legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRESIDENTIAL RECORDINGS AND MATERIALS PRESERVATION ACT

Mr. ERVIN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 4016.

The PRESIDING OFFICER (Mr. Helms) laid before the Senate the amendment of the House of Representatives to the bill (S. 4016) to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes, as follows:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Presidential Recordings and Materials Preservation Act".

TITLE I—PRESERVATION OF PRESIDENTIAL RECORDINGS AND MATERIALS

DELIVERY AND RETENTION OF CERTAIN PRESIDENTIAL MATERIALS

Sec. 101. (a) Notwithstanding any other law or any agreement or understanding made pursuant to section 2107 of title 44, United States Code, any Federal employee in possession shall deliver, and the Administrator of General Services (hereinafter in this title referred to as the "Administrator") shall receive, obtain, or retain, complete possession and control of all original tape recordings of conversations which were recorded or caused to be recorded by any officer or employee of the Federal Government and which—

(1) involve former President Richard M. Nixon or other individuals who, at the time of the conversation, were employed by the Federal Government;

(2) were recorded in the White House or in the office of the President in the Executive Office Buildings located in Washington, District of Columbia; Camp David, Maryland; Key Biscayne, Florida; or San Clemente, California; and

(3) were recorded during the period beginning January 20, 1969, and ending August 9, 1974.

(b) (1) Notwithstanding any other law or any agreement or understanding made pursuant to section 2107 of title 44, United States Code, the Administrator shall receive, retain, or make reasonable efforts to obtain, complete possession and control of all papers, documents, memorandums, transcripts, and other objects and materials which constitute the Presidential historical materials of Richard M. Nixon, covering the period beginnnig January 20, 1969, and ending August 9, 1974.

(2) For purposes of this subsection, the term "historical materials" has the meaning given it by section 2101 of title 44, United States Code.

AVAILABILITY OF CERTAIN PRESIDENTIAL MATERIALS

Sec. 102. (a) None of the tape recordings or other materials referred to in section 101 shall be destroyed, except as may be provided by law.

(b) Notwithstanding any other provision of this title, any other law, or any agreement or understanding made pursuant to section 2107 of title 44, United States Code, the tape recordings and other materials referred to in section 101 shall, immediately upon the date of enactment of this title, be made available, subject to any rights, defenses, or privileges which the Federal Government or any person may invoke, for use in any judicial proceeding or otherwise subject to court subpena or other legal process. Any request by the Office of Watergate Special Prosecution Force, whether by court subpena or other lawful process, for access to such recordings or materials shall at all times have priority over any other request for such recordings or materials.

(c) Richard M. Nixon, or any person whom he may designate in writing, shall at all times have access to the tape recordings and other materials referred to in section 101 for any purpose, subject to the regulations which the Administrator shall issue pursuant to section 104.

(d) Any agency or department in the executive branch of the Federal Government shall at all times have access to the tape recordings and other materials referred to in section 101 for current lawful Government use, subject to the regulations which the Administrator shall issue pursuant to section 104.

COMPENSATION

Sec. 103. If any court of the United States decides that any provision of this title has deprived any individual of private property without just compensation, then there shall be paid out of the general fund of the Treasury of the United States such amount or amounts as may be adjudged just by an appropriate court of the United States. However, the provisions of this title shall not be construed as making any determination with respect to any private property right of title to tape recordings and other materials referred to in section 101, if any such right existed prior to the date of enactment of this title.

REGULATIONS TO PROTECT CERTAIN TAPE RECORDINGS AND OTHER MATERIALS

Sec. 104. The Administrator shall issue at the earliest possible date such regulations as may be necessary to assure the protection of the tape recordings and other materials referred to in section 101 from loss or destruction; and to prevent access to such recordings and materials by unauthorized persons. Custody of such recordings and materials shall be maintained in Washington, District of Columbia, or its metropolitan area, except as may otherwise be necessary to carry out the povisions of this title.

REGULATIONS RELATING TO PUBLIC ACCESS

Sec. 105. (a) The Administrator shall, within ninety days after the date of enactment of this title, submit to each House of the Congress a report proposing and explaining regulations that would provide public access to the tape recordings and other materials referred to in section 101. Such regulations shall take into account the following factors:

(1) the need to provide the public with the full truth, at the earliest reasonable date, of the abuses of governmental power popularly identified under the generic term "Watergate";

(2) the need to make such recordings and materials available for use in judicial proceedings;

(3) the need to prevent general access, except in accordance with appropriate procedures established for use in judicial proceedings, to information relating to the Nation's security;

(4) the need to protect every individual's right to a fair and impartial trial;

(5) the need to protect any party's opportunity to assert any legally or constitutionally based right or privilege which would prevent or otherwise limit access to such recordings and materials;

(6) the need to provide public access to those materials relating to the Presidency of Richard M. Nixon which have general historical significance, and which are not likely to be related to the need described in paragraph (1), in a manner which is consistent with procedures which have been used to provide public access to materials of former Presidents; and

(7) the need to give to Richard M. Nixon, or his heirs, for his sole custody and use, tape recordings and other materials which are not likely to be related to the need described in paragraph (1) and are not otherwise of general historical significance.

(b) (1) The regulations proposed by the Administrator in the report required by subsection (a) shall take effect upon the expiration of ninety legislative days after the submission of such report, unless such regulations are disapproved by a resolution adopted by either House of the Congress during such period.

(2) The Administrator may not issue any regulation or make any change in a regulation if such regulation or change is disapproved by either House of the Congress under this subsection.

(3) The provisions of this subsection shall apply to any change in the regulations proposed by the Administrator in the report required by subsection (a). Any proposed change shall take into account the factors described in paragraph (1) through paragraph (7) of subsection (a), and such proposed change shall be submitted by the Administrator in the same manner as the report required by subsection (a).

(4) Paragraph (5) is enacted by the Congress—

(A) as an exercise of the rulemaking power of the House of Representatives, and as such it shall be considered as part of the rules of the House, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of the House of Representatives to change such rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House.

(5) (A) Any resolution introduced in the House of Representatives under paragraph (1) shall be referred to a committee by the Speaker of the House.

(B) If the committee to which any such resolution is referred has not reported any resolution relating to any regulation or change proposed by the Administrator under this section before the expiration of sixty calendar days after the submission of any such proposed regulation or change, it shall then be in order to move to discharge the committee from further consideration of such resolution.

(C) Such motion may be made only by a person favoring the resolution, and such motion shall be privileged. An amendment to such motion is not in order, and it is not in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(D) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed.

(E) When the committee has reported, or has been discharged from further consideration of, a resolution introduced in the House of Representatives under paragraph (1), it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be privileged. An amendment to such motion is not in order, and it is not in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(6) For purposes of this subsection, the term "legislative days" does not include any calendar day on which both Houses of the Congress are not in session.

(c) The provisions of this title shall not apply, on and after the date upon which regulations proposed by the Administrator take effect under subsection (b), to any tape recordings or other materials given to Richard M. Nixon, or his heirs, pursuant to subsection (a) (7).

JUDICIAL REVIEW

SEC. 106. (a) The United States District Court for the District of Columbia shall have exclusive jurisdiction to hear challenges to the legal or constitutional validity of any provision of this title or of any regulation issued under the authority granted by this title. Such challenge shall be heard by a district court of three judges constituted under the procedures established by section 2284 of title 28, United States Code, with the right of direct appeal to the United States Supreme Court. Any such challenge shall be treated by the district court of three judges and the Supreme Court as a priority matter requiring immediate consideration and resolution.

(b) If, under the procedures established by subsection (a), a judicial decision is rendered that a particular provision of this title, or a particular regulation issued under the authority granted by this title, is unconstitutional or otherwise invalid, such decision shall not affect in any way the validity or enforcement of any other provision of this title or any regulation issued under the authority granted by this title.

PARTICIPATION IN CERTAIN COURT ACTIONS

SEC. 107. The Committee on Government Operations of the Senate and the Committee on House Administration of the House of Representatives may, acting jointly or separately, appoint counsel to intervene in any case or proceeding relating to—

(1) the ownership, custody, use, or compensation for any taking, of tape recordings and other materials referred to in section 101, or any other similar right to or in such recordings and materials; or

(2) any challenge to the legal or constitutional validity of any provision of this title or of any regulation issued under the authority granted by this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 108. There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

TITLE II—PUBLIC DOCUMENTS COMMISSION

SHORT TITLE

SEC. 201. This title may be cited as the "Public Documents Act".

ESTABLISHMENT OF STUDY COMMISSION

SEC. 202. Chapter 33 of title 44, United States Code, is amended by adding at the end thereof the following new sections:

"§ 3315. Definitions

"For purposes of this section and section 3316 through section 3324 of this title—

"(1) the term 'Federal official' means any individual holding the office of President or Vice President of the United States, or Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, or any officer of the executive, judicial, or legislative branch of the Federal Government;

"(2) the term 'Commission' means the National Study Commission on Records and Documents of Federal Officials; and

"(3) the term 'records and documents' shall include handwritten and typewritten documents, motion pictures, television tapes and recordings, magnetic tapes, automated data processing documentation in various forms, and other records that reveal the history of the Nation.

"§ 3316. Establishment of Commission

"There is established a commission to be known as the National Study Commission on Records and Documents of Federal Officials.

"§ 3317. Duties of Commission

"It shall be the duty of the Commission to study problems and questions with respect to the control, disposition, and preservation of records and documents produced by or on behalf of Federal officials, with a view toward the development of appropriate legislative recommendations and other recommendations regarding appropriate rules and procedures with respect to such control, disposition, and preservation. Such study shall include consideration of—

"(1) whether the historical practice regarding the records and documents produced by or on behalf of Presidents of the United States should be rejected or accepted and whether such practice should be made applicable with respect to all Federal officials;

"(2) the relationship of the findings of the Commission to the provisions of chapter 19 of this title, section 2101 through section 2108 of this title, and other Federal laws relating to the control, disposition, and preservation of records and documents of Federal officials;

"(3) whether the findings of the Commission should affect the control, disposition, and preservation of records and documents of agencies within the Executive Office of the President created for short-term purposes by the President;

"(4) the recordkeeping procedures of the White House Office, with a view toward establishing names to determine which records and documents are produced by or on behalf of the President;

"(5) the nature of rules and procedures which should apply to the control, disposition, and preservation of records and documents produced by Presidential task forces, commissions, and boards;

"(6) criteria which may be used generally in determining the scope of materials which should be considered to be the records and documents of Members of the Congress;

"(7) the privacy interests of individuals whose communications with Federal officials, and with task forces, commissions, and boards, are a part of the records and documents produced by such officials, task forces, commissions, and boards; and

"(8) any other problems, questions, or issues which the Commission considers relevant to carrying out its duties under section 3315 through section 3324 of this title.

§ 3318. Membership

"(a) (1) The Commission shall be composed of seventeen members as follows:

"(A) one Member of the House of Representatives appointed by the Speaker of the House upon recommendation made by the majority leader of the House;

"(B) one Member of the House of Representatives appointed by the Speaker of the House upon recommendation made by the minority leader of the House;

"(C) one Member of the Senate appointed by President pro tempore of the Senate upon recommendation made by the majority leader of the Senate;

"(D) one Member of the Senate appointed by the President pro tempore of the Senate upon recommendation made by the minority leader of the Senate;

"(E) one Justice of the Supreme Court, appointed by the Chief Justice of the United States;

"(F) one person employed by the Executive Office of the President or the White House Office, appointed by the President;

"(G) three appointed by the President, by and with the advice and consent of the Senate, from persons who are not officers or employees of any government and who are specially qualified to serve on the Commission by virtue of their education, training, or experience;

"(H) one representative of the Department of State, appointed by the Secretary of State;

"(I) one representative of the Department of Defense, appointed by the Secretary of Defense;

"(J) one representative of the Department of Justice, appointed by the Attorney General;

"(K) the Administrator of General Services (or his delegate);

"(L) the Librarian of Congress;

"(M) one member of the American Historical Association, appointed by the counsel of such Association;

"(N) one member of the Society of American Archivists, appointed by such Society; and

"(O) one member of the Organization of American Historians, appointed by such Organization.

"(2) No more than two members appointed under paragraph (1)(G) may be of the same political party.

"(b) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

"(c) If any member of the Commission who was appointed to the Commission as a Member of the Congress leaves such office, or if any member of the Commission who was appointed from persons who are not officers or employees of any government becomes an officer or employee of a government, he may continue as a member of the Commission for no longer than the sixty-day period beginning on the date he leaves such office or becomes such an officer or employee, as the case may be.

"(d) Members shall be appointed for the life of the Commission.

"(e) (1) Members of the Commission shall serve without pay.

"(2) While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses in the same manner as persons employed intermittently in the service of the Federal Government are allowed expenses under section 5703(b) of title 5, United States Code, except that per diem in lieu of subsistence shall be paid only to those members of the Commission who are not full-time officers or employees of the United States or Members of the Congress.

"(f) The Chairman of the Commission shall be designated by the President from among members appointed under subsection (a)(1)(G).

"(g) The Commission shall meet at the call of the Chairman or a majority of its members.

"§ 3319. Director and staff; experts and consulants

"(a) The Commission shall appoint a Director who shall be paid at a rate not to exceed the rate of basic pay in effect for level V of the Executive Schedule (5 U.S.C. 5316).

"(b) The Commission may appoint and fix the pay of such additional personnel as it deems necessary.

"(c) (1) The Commission may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS-15 of the General Schedule (5 U.S.C. 5332).

"(2) In procuring services under this subsection, the Commission shall seek to obtain the advice and assistance of constitutional scholars and members of the historical, archival, and journalistic professions.

"(b) Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist it in carrying out its duties under section 3315 through 3324 of this title.

"§ 3320. Powers of Commission

"(a) The Commission may, for the purpose of carrying out its duties under sections 3315 through 3324 of this title, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission may deem desirable.

"(b) When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section.

"(c) The Commission may secure directly from any department or agency of the United States information necessary to enable the Commission to carry out its duties under section 3315 through section 3324 of this title. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

"§ 3321. Support services

"(a) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services and assistance as the Commission may request.

"(b) The Archivist of the United States shall provide to the Commission on a reimbursable basis such technical and expert advice, consultation, and support assistance as the Commission may request.

"§ 3322. Report

"The Commission shall transmit to the President and to each House of the Congress a report not later than March 31, 1976. Such report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation, administrative actions, and other actions, as it deems appropriate.

"§ 3323. Termination

"The Commission shall cease to exist sixty days after transmitting its report under section 3322 of this title.

"§ 3324. Authorization of appropriations

"There is authorized to be appropriated such sums as may be necessary to carry out section 3315 through section 3324 of this title.".

TECHNICAL AMENDMENT

SEC. 203. The table of sections for chapter 33 of title 44, United States Code, is amended by adding at the end thereof the following new items:

"3315. Definitions.
"3316. Establishment of Commission.
"3317. Duties of Commission.
"3318. Membership.
"3319. Director and staff; experts and consultants.
"3320. Powers of Commission.
"3321. Support services.
"3322. Reports.
"3323. Termination.
"3324. Authorization of appropriations.".

Mr. ERVIN. Mr. President, I move that the Senate concur in the House amendment in the nature of a substitute, with the following amendment:

That section 107, which appears on lines 23, 24, and 25 of page 14, and lines 1 through 9, inclusive, on page 15, be stricken, and that section 108, which appears on line 11 of page 15 of the House-passed bill, be renumbered as section 107.

Mr. NELSON. Mr. President, will the Senator yield for a question?

Mr. ERVIN. I yield.

Mr. NELSON. I have an amendment that encompasses the amendment of the Senator from North Carolina plus a number of technical changes that should be included. They have been supplied to the Senator from Nebraska.

I am wondering whether it would be tidier if the Senator withdrew his amendment and I sent this amendment to the desk, of which the Senator from Nebraska has a copy, which amendment would do precisely what the Senator from North Carolina proposes in his amendment, plus a number of technical amendments that are acceptable on the House side.

Mr. ERVIN. In other words, the Senator's amendment would cover the same ground I have covered and contains some additional matters?

Mr. NELSON. That is correct.

Mr. ERVIN. The Senator, in effect, suggests that I amend my motion so as to move that the Senate concur in the House-passed amendment in the nature of a substitute, subject to the amendment phrased as the Senator from Wisconsin has phrased it.

Mr. NELSON. Yes, which embraces the amendment which the Senator has just proposed, along with several other technical points.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. NELSON. Yes.

Mr. HRUSKA. This matter has been discussed informally with the Senator from Nebraska This group of amendments submitted by the Senator from Wisconsin does include the amendment just described by the Senator from North Carolina. Because of the cross-references, it would be more advantageous to consider these technical amendments together with the amendments proposed by Senator ERVIN en bloc, so that there will be proper sequence and proper cross-referencing.

I have no objection to the consideration of the amendments on that basis.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. NELSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, line 4, after the word "as" add the following: "hereafter".

On page 8, line 21, after the word "purpose", delete the comma (",") and add the following: "which is consistent with the provisions of this title, subsequent and";

On page 8, line 22, delete "104" and insert in lieu thereof the following: "103".

On page 9, line 3, delete "104" and insert in lieu thereof the following: "103".

On page 9, line 1, delete the following: "current".

On page 9, delete all the language between lines 4 and 15, inclusive.

On page 9, line 18, delete "104" and insert in lieu thereof the following: "103".

On page 10, line 4, delete "105" and insert in lieu thereof the following: "104".

On page 11, delete all the language lines 1 and 7, inclusive, and insert in lieu thereof the following:

"(6) the need to provide public access to those materials which have general historical significance, and which are not likely to be related to the need described in paragraph (1), under procedures comparable to those used to provide public access to the materials of recent former Presidents;"

On page 11, line 5, delete after "(1)" the remainder of the line as well as all of line 6 and "of former Presidents" on line 7.

On page 12, line 6, add after "power of the" the following: "Senate and the";

On page 12, line 7, after "Representatives", insert the following: "respectively,";

On page 12, line 8, delete "the House", and insert in lieu thereof the following: "each House, respectively,";

On page 12, delete the language in line 12 and insert in lieu thereof the following: "of either House to change such rules (as far as relating to the procedures of that House) at";

On page 12, line 14, after "rule of" delete "the" and insert in lieu thereof the following: "that";

On page 12, line 15, delete "in the House of";

On page 12, line 16, delete "Representatives;"

On page 12, line 17, after "House", insert the following: "or by the President of the Senate, as the case may be";

On page 13, line 10, delete "in the House of Representatives".

On page 13, line 24, delete the period (".") and insert in lieu thereof the following: ";

"(d) the provisions of this title shall not in any way affect the rights, limitations or exemptions applicable under the Freedom of Information Act, 5 U.S.C., sec. 552, *et seq.*"

On page 14, delete all the language between lines 2 and 13, inclusive, and insert in lieu thereof the following:

"SEC. 105. (a) The United States District Court for the District of Columbia shall have the exclusive jurisdiction to hear challenges to the legal or constitutional validity of this title or of any regulation issued under the authority granted by this title, and any action or proceeding involving the question of title, ownership, custody, possession, or control of any tape recording or material referred to in section 101 or involving payment of any just compensation which may be due in connection therewith. Any such challenge shall be treated by the court as a matter requiring immediate consideration and resolution, and such challenge shall have priority on the docket of such court over other cases."

On page 14, between lines 21 and 22, insert the following new subsection:

"(c) If a final decision of such court holds that any provision of this title has deprived an individual of private property without just compensation, then there shall be paid out of the general fund of the Treasury of the United States such amount or amounts as may be adjudged just by that court."

On page 14, delete the language on lines 22 through 25, inclusive;

On page 15, delete the language on lines 1 through 9, inclusive.

On page 15, line 11, delete "108" and insert in lieu thereof the following: "106".

Mr. ERVIN. Mr. President, I accept the Senator's amendment as a substitute for that part of my motion which asks that the Senate concur in the House-passed amendment in the nature of a substitute, subject to the following amendment, and set out there the amendment offered by the Senator from Wisconsin?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. As I understand it, the amendment that the Senator from Wisconsin sent to the desk will be considered as a substitute for the amendment proposed a few moments ago by the Senator from North Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from North Carolina concurring in the House amendment with the amendments of the Senator from Wisconsin.

The motion was agreed to.

Mr. ERVIN. Does the Senator have any further statement to make on this matter?

Mr. HRUSKA. Mr. President, what is the pending business?

The PRESIDING OFFICER. The action is concluded on that matter.

Mr. HRUSKA. The amendment is agreed to, and we are now on the bill itself, with amendments?

Mr. ERVIN. Mr. President, we have concurred in the House amendment subject to this amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. ERVIN. Mr. President, I yield whatever time I have to the Senator from Nebraska.

Mr. HRUSKA. I thank the Senator.

Mr. President, I have just a few brief remarks that cover two points. One is a reiteration of my opposition to title I of the bill proper. The second involves the ill-advised title II.

When S. 4016 was before the Senate earlier this session, I made known my opposition to the bill at that time because of six rather fundamental constitutional issues which were presented by the measure.

The first problem posed by the bill related to the novel type of eminent domain which it contemplates. While Congress might be justified in obtaining by eminent domain those particular materials which are necessary for specific reasons of public interest, S. 4016 would authorize a wholesale taking of literary property, personal papers, and the most personal of possessions of Richard Nixon as he expressed or recorded them. Included would be not only official papers, but Christmas cards, personal letters, diaries, and the like. This view of eminent domain is without precedent and contemplates an unparalleled invasion of privacy.

The second issue involved the appropriate scope of executive privilege. In this regard, I noted that S. 4016 did not abide by the Court's teaching in the case of United States against Nixon with respect to judicial demands for Presidential materials and with respect to its provision for general public access to all materials except national security information. In these particulars, the bill appeared to be designed to cater more to the curiosity of the public than constitutional tenets.

The third issue which I aired was the potential for inadvertent abridgment of the constitutionally guaranteed right of privacy of all persons whose conversations were the subject of the tape recordings to be condemned and made public by the bill. My reading of section 6 of the bill led me to the conclusion that the broad delegation of authority to the Administrator of General Services to release Presidential tapes provides absolutely no protection for privacy rights and thus violates the requirements for legislation in this area.

Three more issues of constitutional dimension were also raised. How does the bill impact upon the first amendment right to unfettered speech? Is it violative of former President Nixon's fifth amendment privilege against self-incrimination? Does the measure constitute a bill of attainder expressly prohibited by article I, section 9, clause 3, of the Constitution?

Mr. President, for the benefit of my colleagues, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a memorandum which was reprinted in the RECORD during the consideration of this bill in October, and which discusses each of these issues. It concludes that the bill simply does not pass constitutional muster.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HRUSKA. S. 4016 was originally conceived in great haste within the Government Operations Committee following the pardon of former President Nixon.

However, in the intervening months we have witnessed developments that have operated to insure the security of the former President's tapes and materials and to provide necessary access for law enforcement purposes. Indeed, it might be that further refinements of the rules governing access to these materials will be forthcoming. Surely there is no reason for precipitous action at this time.

Mr. President, title I of the bill which is the subject of the Senate's attention at this time mirrors S. 4016 as it passed the Senate earlier in October. Because of the serious constitutional issues raised, I am fundamentally opposed to the passage of this measure.

Moreover, the major substantive change that the House has made in this bill—the addition of title II—actually makes it even more objectionable.

Title II would create a "Public Documents Commission" composed of 17 members to study problems concerning "the control, disposition, and preservation" of records "produced by or on behalf of Federal officials," including legislators and judges.

It is clear that there is a need for rules governing access to the materials of all principal officials within the Government. These rules should be well-considered, should protect against political exploitation and unnecessary invasions of privacy and should apply evenhandedly across the board. However, I fail to comprehend the distorted logic that resulted in the recommendation to create yet another commission to pursue this effort. Two bills on this point are currently pending in this body (S. 2951 by Senators Bayh, Ribicoff, Chiles and Percy and S. 4080 by the Senator from Nebraska) and on October 3, we received assurances that hearings would be held on the measures in January or February. Why can not the Congress assume its responsibility to deal with this matter directly? Congress should do its own work on this matter and should not delegate its responsibility to yet another study commission.

In title 2, there is an effort to create a public study commission for the purpose of going into the broad subject of documents of all Members of Congress and other officials, as I understand it, to determine the feasibility of making these documents government property.

Mr. President, as I just stated, we were assured during the debate on this bill that the Committee on Government Operations, early in this coming year and in the new Congress, would consider that subject on its broad basis and that the matter would be treated on a legislative basis, rather than on the basis of creating an extensive, a time-consuming and a natural- and human-resources-expending operation consisting of a study commission.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HRUSKA. While I object to the conclusion of title 2 in the bill, it is not my purpose to hold up the bill. If there is a disposition on the part of the Senate to approve it in its amended form, so be it. But I express the hope that in due time, in the January coming, there will be a bill introduced on this subject, that the chairman of the Committee on Government Operations will hold the hearings contemplated and that one of the products of any legislation that would be forthcoming as a result of those hearings, would result in a repeal of the law which establishes this commission as contained in title 2 of this bill. I think that would make a better, tighter operation for properly legislating, rather than spreading the subject out in such a fashion that it will take an interminable length of time, in addition to the useless expense which would otherwise be incurred.

I yield the floor.

Exhibit 1

Staff Memorandum

Re S. 4016, a bill to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes.

Set forth below is an analysis of the fundamental Constitutional issues raised by the above-noted bill.

I. EMINENT DOMAIN

S. 4016 would condemn all the papers and materials which constitute the Presidential historical material of Richard Nixon as defined by Title 44, U.S.C. § 2101 as well as all tape recordings of all conversations which were caused to be recorded by a Federal officer or employee and which involve either Richard Nixon or any Federal employee between January 20, 1969 and August 9, 1974.

The power of eminent domain is said to exist as an attribute of sovereignty separate from any written constitution. *Boom Co* v. *Patterson,* 98 U.S. 403, 406 (1878). The *Federal* power of eminent domain, however, is limited by the grants of power in the Constitution, so that property may be taken only for the effectuation of a granted power. *United States* v. *Gettysburg Electric Ry. Co.,* 160 U.S. 668, 679 (1896). This is but a recognition that the Federal government is a government of limited powers, and for property to be taken for a "public use" by the Federal government, that public use must be one within the enumerated powers of the Federal government.

Admittedly, the interpretation of "public use" for purposes of Federal condemnation has been broadly construed, *United States ex rel. TVA* v. *Welch,* 327 U.S. 546, 552 (1946), but this is only to give effect to the Necessary and Proper Clause. *See* Corwin, *The Constitution* 336 (1973). While certain "Presidential historical materials" might be justifiedly obtained by eminent domain because of a peculiarly public interest, e.g., materials necessary for the ongoing functions of government, material relating to the national security, etc., S. 4016 does not attempt to distinguish between such necessary materials and other unnecessary materials. Yet the power of eminent domain as a sovereign attribute only extends to that property which is necessary to advance the government's legimitate public interest. *See United States* v. *Lynah,* 188 U.S. 445, 465 (1903).

Clearly the most personal papers of former President Nixon would not be necessary for any legitimate public use, for Presidential "historical material," as defined by 44 U.S.C. § 2101, would include not only official papers, but Christmas cards, personal letters, personal diaries, etc. Therefore, because all tapes and all Presidential historical materials are condemned by S. 4016, it would seem that the power of eminent domain is being used here, at least in part, for other than a public use. This threatens the constitutionality of the whole bill despite the fact that the proposal contains the customary severability clause. To cure this deficiency it would appear that the condemnation of Presidential materials and tapes must be limited to those particular materials which are necessary for some specific reason.

This exercise of eminent domain in S. 4016, moreover, is of a novel type—extending to literary property, personal papers, and the most personal of possessions, indeed the innermost thoughts of Richard Nixon as he expressed or recorded them. Not only is the subject matter of the condemnation novel, but the extent of it is unique—extending to every scrap of paper produced in the White House, personal or official, whether existing there as a home or office, for over five years. This is without precedent and contemplates an invasion of privacy unparalleled in Congressional history.

In stark contrast to the wholesale condemnation proposed by S. 4016 is the approach used by Public Law 89–318, 79 Stat. 1185 (1965). There evidence accumulated by the Warren Commission was to be considered by the Attorney General in order to determine which particular items of evidence were necessary for the United States to retain. The items so determined were condemned, and provision was made for just compensation. This exercise of eminent domain demonstrates a responsible and constitutional approach of condemning only that property *necessary* for the public use.

II. EXECUTIVE PRIVILEGE

A. Executive Privilege as a Constitutional Right.

In *United States* v. *Nixon,* —— U.S. —— (1974) 42 U.S.L.W. 5237, 5244 (decided July 24, 1974), the Supreme Court unanimously recognized the existence of a constitutionally based Executive Privilege.

Executive privilege may be considered to have three aspects—first, with reference to a judicial demand for information or materials; second, with reference to a Congressional demand; and third, with reference to the public at large. Further, the judicial demand aspect may be separated into cases where the demand is for evidence relevant to a criminal trial, *e.g., United States* v. *Nixon, supra,* and cases where the demand is merely for discovery material in a civil case, *e.g., Committee for Nuclear Responsibility, Inc.* v. *Seaborg,* 463 F. 2d 788 (D.C. Cir. 1971); *Nader* v. *Butz,* 60 F.R.D. 381 (D.D.C. 1973), *appeal pending.* The thrust of *Nixon* was that in a criminal case if the evidence was indeed determined to be relevant after *in camera* inspection, then the privilege would be defeated. In *Seaborg,* however, a civil case, the *in camera* inspection was merely to determine if the privilege was rightfully claimed, in which case the material would remain confidential and the privilege would be upheld.

Congressional demands for material also may fall into two categories. The first would be a normal committee request, demand, or subpoena for material which may be rejected on the basis of Executive Privilege where it is deemed by the President that the production of such material would be detrimental to the functioning of the Executive Branch. This at least has been the consistent practice by practically every administration and acceded to by Congress. This should be contrasted with a demand for material pursuant to an impeachment inquiry, which some presidents have acknowledged would require production of any and all executive material. *See e.g.,* Washington's statement, 5 Annals of Congress 710–12 (1796). Finally, there is the demand by statute for general public access to information. This last is the situation presented by S. 4016.

The analysis of the different situations in which Executive Privilege may be invoked and its differing weight and treatment is instructive, for it, not surprisingly, reveals that the more particularized and the more compelling the demand for material is, the less weight Executive Privilege has. Thus, in *Nixon,* the Court acknowledged that a general claim of privilege depends "on the broad, undifferentiated claim of public interest in the confidentiality of such conversations . . . ," 42 U.S.L.W. at 5244, and it was for that reason that the privilege would fail against a showing of particularized need in a criminal trial. The importance of that public interest in confidentiality, nevertheless, was emphasized. "The privilege is fundamental to the operation of government and inextricably rooted in the separation of powers under the Constitution. [citing cases]." *Id.* at 5245. The conclusion, therefore, is clear that absent such a particularized need for evidence in a criminal trial, the public interest in fostering free and frank discussion, by protecting it with confidentiality, would serve to sustain a claim of Executive Privilege. The device of *in camera* inspection reflects this understanding. Yet S. 4016 would jettison this acknowledged public interest and authorize general public access to all presidential conversations without any showing of need for that access, particularized or otherwise.

B. Disclosure of Privileged Material.

S. 4016 contemplates that former President Nixon's presidential tapes and materials shall be made available "for use in any judicial proceeding or otherwise subject to court subpoena or other legal process." (Section 3(b)). Moreover, Section 6 of the Bill directs the Administrator to issue regulations governing access to the tapes so as to authorize him to allow general public access to each and every Presidential conversation recorded between 1969 and 1974 with but three restrictions—if national security is involved, if the Special Prosecutor determines that an individual's right to a fair and impartial trial will be prejudiced, or if a court determines that a person's right to a fair and impartial trial would be prejudiced.

The scheme envisaged by S. 4016, therefore, would in effect reverse both *United States* v. *Nixon, supra*, and *Committee for Nuclear Responsibility, Inc.* v. *Seaborg, supra*. This is so first because Section 3(b) directs that materials simply "shall . . . be made available for use in any judicial proceeding. . . . "No provision is made for *in camera* inspection which the Court required in both *Nixon* and *Seaborg*. In fact the clear intent of the language is to do away with that judicially derived requirement. The decision in *Nixon*, however, is constitutionally based, and the requirement of an *in camera* inspection is the result of a careful balancing of competing constitutional interests. 42 U.S.L.W. at 5244–45. This careful balancing is destroyed by S. 4016, and instead all material subpoenaed or otherwise shall be made available. Not only does S. 4016 eliminate the constitutional balancing the Supreme Court required in criminal cases, but it also repudiates the decision in *Seaborg*, a civil case.

In *Seaborg* the District of Columbia Circuit acknowledged the importance of confidentiality in contributing substantially to the effectiveness of government decisionmaking. 463 F. 2d at 792. Thus, a demand for materials in discovery proceedings would not defeat Executive Privilege, rather the court would inspect the material to see if the privilege was rightfully invoked. If it was, then the material would *not* be produced, even if relevant. *See Committee for Nuclear Responsibility, Inc.* v. *Seaborg*, 463 F. 2d 796, 799 (D.C. Cir. 1971). Thus, S. 4016 not only eliminates the need for *in camera* inspection, but more importantly it overrules the holding that material for which Executive Privilege is rightfully claimed is indeed privileged from production in a civil case. Again S. 4016 attempts to overrule judicial, constitutional decision by statute.

What S. 4016 does to violate Executive Privilege vis-a-vis judicial demands for presidential materials, however, is minor compared to its provision for general public access to all the materials except national security information. To give authority to the Administrator to allow general public access would be to negate Executive Privilege altogether with no concomitant public interest being served in its stead, rather catering only to the gross curiosity of the public. To open all the most personal aspects of any person's life to the public for no legitimate reason is a violation of privacy if nothing else, but when that person is also a President it is a most virulent attack on the Separation of Powers.

In *United States* v. *Nixon, supra*, the Supreme Court unanimously held that presidential communications are "presumptively privileged."

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"The expectation of a President to the confidentiality of his conversations and correspondence, like the claim of confidentiality of judicial deliberations, for example, has all the values to which we accord deference for the privacy of all citizens and added to those values the necessity for protection of the public interest in candid, objective, and even blunt or harsh opinions in presidential decision-making. A President and those who assist him must be free to explore alternatives in the process of shaping policies and making decisions and to do so in a way many would be unwilling to express except privately. These are the considerations justifying a presumptive privilege for presidential communications. 42 U.S.L.W. at 5245.

* * * * *

The effect of the presumption is to give the privilege effect until it is challenged by a particularized demand for certain materials. Only then is the presumption overcome. S. 4016's general authority for public access, however, ignores the presumption and provides no opportunity for the invocation of the privilege.

In short, the constitutionally based privilege, acknowledged by the Supreme Court and given effect by lower courts, is to be eliminated by a mere statute. Because executive privilege is constitutionally based, however, it is not subject to repeal or restriction by statutes. Rather statutes must themselves conform to the constitutional right of Executive Privilege.

Even commentators who have expressed a very circumscribed view of Executive Privilege, for example, Raoul Berger, have never suggested that Congress has the power to make each and every presidential paper and conversation public, willy-nilly without regard to the confidences upon which many such conversations and papers were based. Rather, these commentators have merely expressed the opinion that calls by Congress for particular materials necessary for its consideration of legislation or by the judiciary for relevant evidence have a higher public interest than the executive's generalized need for confidential communications. This weighing of the conflicting public interests is precisely the approach that was utilized in *Senate Select Committee* v. *Nixon*, 370 F. Supp. 521, 522 (D. D. C. 1974). *See also Nixon* v. *Sirica*, 487 F. 2d 700, 716–18 (D. C. Cir. 1973). And it was recognized in *Senate Select Committee* v. *Nixon*, 370 F. Supp. at 524, that even Congress' right to demand information by subpoena is limited to proceedings to aid of its legislative function. The conclusion to be drawn, therefore, from both the cases and the commentators is that there is no authority for Congress to require the publication of *all* presidential papers and conversations. Such an action would violate the Doctrine of Separation of Powers and render the President but a servant of Congress.

The United States Court of Appeals for the District of Columbia circuit recognized this full well in *Nixon* v. *Sirica*, 487 F. 2d at 715;

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We acknowledge that wholesale public access to Executive deliberations and documents would cripple the Executive as a co-equal branch.

* * * * *

Such could be the result of S. 4016, and for that reason it is of extremely dubious Constitutional validity.

C. Former Presidents' Rights to Invoke Executive Privilege.

The question may be raised whether a former President has the authority to invoke Executive Privilege for materials generated during his presidency, but the rationale behind Executive Privilege and the interest it serves compels the answer that a former President may indeed invoke Executive Privilege in the same manner as a sitting President. This is so because the public interest in the confidentiality of executive discussions requires that those discussions remain confidential indefinitely, not to be publicized as soon as the President leaves office, for if these discussions were to become public after the President leaves office, future discussions with future Presidents would ever after be chilled by the knowledge that within at least eight years those discussions could be public. Viewed another way, the invocation of Executive Privilege is not so much to protect the content of the particular discussions demanded as it is to protect the expectation of confidentiality which enables future discussions to be free and frank. That expectation of confidentiality would be destroyed, and the public interest which it serves with it, if the mere leaving of office would destroy that confidentiality. As early at 1846 this principle was recognized and honored by President Polk. Richardson, *Messages and Papers of the Presidents*, Vol. IV, 433–34.

Harry S. Truman in 1953, having returned to private life, was subpoenaed by a House committee to testify concerning matters that transpired while he was in office. Refusing by letter, he explained that to subject former Presidents to inquiries into their acts while President would violate the separation of powers.

* * * * *

It must be obvious to you that if the doctrine of separation of powers and the independence of the Presidency is to have any validity at all, it must be equally applicable to a President after his term of office has expired when he is sought to be examined with respect to any acts occuring while he is President.

The doctrine would be shattered, and the President, contrary to our fundamental theory of constitutional government, would become a mere arm of the Legislative Branch of the Government if he would feel during his term of office that his every act might be subject to official inquiry and possible distortion for political purposes.

* * * * *

The House committee accepted the letter and did not attempt to enforce the subpoena, indicating perhaps its concurrence with President Truman's claim of privilege.

D. Custody as an Element of the Privilege.

The above discussion has dealt with the constitutional violation of Executive Privilege committed by the disclosure provisions of S. 4016. In addition, however, serious constitutional questions are raised by the mere custody provisions set forth in the bill. That is, while it is clear that Executive Privilege limits the ability of Congress or courts to *disclose* presidential materials, it may also be that Executive Privilege extends to attempts merely to wrest custody of privileged materials from a President or former President even with supposed safeguards against their disclosure.

There are no cases on point or examples of similar actions to answer this question, but the policy considerations are telling to support a claim that privileged materials cannot even be wrested from the custody of the President unless and until a court has determined that they may at least be examined *in camera*.

The policy served by Executive Privilege is advanced most effectively by maintaining the custody of the privileged materials in the person entrusted with the right of asserting that privilege, for without custody he is unable to insure that attempts to gain access to privileged material will be resisted or tested by the courts. Thus, separation of custody from the person responsible for safeguarding the confidentiality of the materials separates the function from the responsibility for it in violation of the most elementary laws of management efficiency. The President or former President is the one individual with the interest in assuring continuing confidentiality; the Administrator has no such interest and therefore is not the proper person to maintain custody. Moreover, the President is the person with the knowledge of what needs to be maintained as confidential and what not.

All these considerations suggest that the President or former President should retain custody of the privileged materials, and that a statute which wrests this privileged material completely from his control violates the Separation of Powers by removing executive material from the executive and by undermining the privilege by separating the custodian of the materials from the defender of the privilege.

III. RIGHT OF PRIVACY

Section 6 of S. 4016 presents another constitutional issue. It would result in an abridgement of the constitutionally guaranteed right of privacy with respect to all persons whose conversations were the subject of the tape recordings to be condemned and made public by the bill.

Section 6 of the bill gives to the Administrator authority to release the tape recordings to the public subject to only three restrictions. These restrictions are: (1) "information relating to the Nation's security shall not be disclosed" (section 6(1)); (2) there shall be no release if "the Office of Watergate Special Prosecution Force certifies in writing that such disclosure or access is likely to impair or prejudice an individual's right to a fair and impartial trial" (section 6 (3)(A)); and (3) there shall be no release "if a court of competent jurisdiction determines that such disclosure or access is likely to impair an individual's right to a fair and impartial trial" (section 6(3)(B)).

None of these restrictions serves to protect the right of privacy. Thus, we have virtually unchecked authority in the Administrator to release the tapes. As discussed below, (1) there is a privacy interest in the tapes which is recognized by the courts as constitutionally protected; (2) when Congress legislates so that such a fundamental constitutional right may be affected, it must utilize the narrowest of means to achieve its objectives and cannot leave the protection of the rights to the unrestricted discretion of others; and (3) this bill represents a broad and unchecked grant of authority affecting a fundamental right and therefore is constitutionally impermissible.

A. Right to Privacy—a constitutional right.

There is a right to privacy which has been recognized by the courts in many contexts. Thus, it has been found in the First Amendment, *NAACP* v. *Alabama,* 357 U.S. 449 (1958), in the Fourth Amendment, *Weeks* v. *United States,* 232 U.S. 383 (1914); *Silverthorne Lumber Co.* v. *United States,* 251 U.S. 385 (1920); *Katz* v. *United States,* 389 U.S. 347 (1967), in the Fourth and Fifth Amendments, *Boyd* v. *United States,* 116 U.S. 616 (1886), in the Ninth Amendment, *Griswold* v. *Connecticut,* 381 U.S. 479 (1965). (Goldberg, J., concurring), and under a penumbra of the First, Third, Fourth and Fifth Amendments, *Griswold* v. *Connecticut,* 391 U.S. 479 (1965). *See, generally, Roe* v. *Wade,* 310 U.S. 113, 152–53 (1973).

Concerning the specific material covered by Section 6 of the bill—the tapes—it is clear from the language of the Supreme Court that the conversations of the persons recorded on the tapes are the type of material encompassed by the right of privacy. In *Katz, supra,* the Court stressed that the expectations of persons define the limits of the protection afforded by the Fourth Amendment.

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"What a person knowingly exposes to the public, even in his own home or office, is not a subject of Fourth Amendment protection. . . . But what he seeks to preserve as private, even in an area accessible to the public, may be constitutionally protected." *Katz* v. *United States,* 389 U.S. at 351–52 (citations omitted).

* * * * *

It is clear that all persons whose conversations were recorded expected that their conversations would not be made public. Most of those who discussed matters in the executive office were actually unaware that their conversations were being recorded, and as to those who were aware, even they believed that the recordings would be protected from public exposure.

In *Boyd* v. *United States, supra,* the Court gave a sweeping definition of the protection afforded under the combined coverage of the Fourth and Fifth Amendments which it derived from the discussion by Lord Camden in *Entick* v. *Carrington and Three Other King's Messengers,* 19 Howell's State Trials 1029 (1765).

* * * * *

"The principles laid down in this opinion affect the very essence of constitutional liberty and security. They reach farther than the concrete form of the case there before the court with its adventitious circumstances; *they apply to all invasions on the part of the government and its employees of the sanctity of a man's home and the privacies of life.* It is not the breaking of his doors, and the rummaging of his drawers, that constitutes the essence of the offense; but *it is the invasion of his indefeasible right of personal security, personal liberty and private property,* where the right has not been forfeited by his conviction of some public offence—it is the invasion of his sacred right which underlies and constitutes the essence of Lord Camden's judgment. Breaking into a house and opening boxes and drawers are circumstances of aggravation; but *any forcible and compulsory extortion of a man's own testimony or of his private papers to be used as evidence to convict him of crime or to forfeit his goods, is within the condemnation of that judgment.* In this regard the Fourth and Fifth Amendments run almost into each other." 116 U.S. 630 (emphasis added).

* * * * *

The making public of the taped conversations of men who believed their confidences were secure would also be a "forcible and compulsory extortion of a man's own testimony", and equally abhorrent to the principles of the Fourth and Fifth Amendments.

The bill's forced disclosure of the tapes dictates another "invasion on the part of the government" into "the privacies of life." The essence of the passage quoted above is that the Fourth and Fifth Amendments protect privacy, and it is the unwarranted interference with that privacy which constitutes the gravamen of the offense, not the particular manner in which the invasion is accomplished or the form in which the privacy interest appears. It would be equally abhorrent for the Congress to order a general invasion of the privacy of the conversations of persons in the executive offices as it was for the King's Messengers, utilizing a general warrant, to invade the privacy of a man's home.

B. Limits on Congressional Relation of Constitutionally Protected Freedom.

As is demonstrated above, the right to privacy is a constitutionally protected freedom. From that follow certain consequences when Congress proposes to take action that may affect that freedom.

* * * * *

"When certain 'fundamental rights' are involved, the Court held that regulation limiting these rights may be justified only by a 'compelling state interest,' . . . and that legislative enactments must be narrowly drawn to express only legitimate state interests at stake." *Roe* v. *Wade,* 410 U.S. 113, 155 (1973) (citations omitted).

* * * * *

Although the Court speaks of "state" interests, this applies equally to Congress legislating the federal area. *Aptheker* v. *Secretary of State,* 378 U.S. 500, 507–09 (1964).

It should be noted that whether the right of privacy derives from the First Amendment, *United States* v. *Robel,* 389 U.S. 258 (1967); *NAACP* v. *Alabama,* 377 U.S. 288 (1964); *NAACP* v. *Button,* 371 U.S. 415 (1963); the Fourth Amendment, *Sanford* v. *Texas,* 379 U.S. 476 1965; *Weeks* v. *United States,* 232 U.S. 383 (1914); the Fifth Amendment, *Aptheker* v. *Secretary of State,* 378 U.S. 500 (1964); the Ninth Amendment or a penumbra of the Amendments, *Roe* v. *Wade,* 410 U.S. 113 (1973); *Griswold* v. *Connecticut,* 381 U.S. 479 (1965); the result is the same—it must be carefully protected against overbroad assertions of authority.

The limitation imposed may be expressed as a restriction of Congressional action to "narrowly drawn" statutes, *Roe* v. *Wade, supra,* or it may be an attack on unfettered discretion bestowed on others. *Kunz* v. *New York,* 340 U.S. 290 (1951); *Cantwell* v. *Connecticut,* 310 U.S. 296 (1940). *Cf. Stanford* v. *Texas,* 379 U.S. 476 (1965); *Weeks* v. *United States,* 232 U.S. 383 (1914).

The lesson of all these cases is clear. Fundamental rights are too precious to have their protection left to the unfettered discretion of public officials. The emphasis placed on this rule is illustrated by *Katz* v. *United States,* 389 U.S. 347 (1967), where a search (electronic listening device attached to telephone booth) by law enforcement officers was held improper because there was no *judicial* restraint imposed, even though the conduct did not exceed that which would have been permitted under judicial authorization.

C. Section 6 of S. 4016 is Constitutionally infirm.

From part A of this discussion we see that there is a constitutionally protected privacy interest in the tapes. In part B it was shown that where such a constitutionally protected interest is present, there are certain limitations imposed on legislation. Thus, there may be interference with the privacy right only in the case of a "compelling interest," and the statute must be drawn in the narrowest manner that will further that interest. Delegations of authority must be carefully circumscribed so that the protection of the right is not left to the mercy of the unfettered discretion of a public official. Section 6 fails to meet any of these requirements.

There is first the question of what "compelling" interest is asserted to justify this intrusion into the privacy of the subjects of the tapes. No interest is asserted in the bill. If the interest is that of increasing public knowledge of the events that transpired in the executive offices, then that would not suffice to overcome the privacy interest. *See E.P.A.* v. *Mink,* 410 U.S. 73, 87 (1973), and cases cited therein, regarding the protection of executive discussions.

This brings us to the second point, that whatever valid interests are to be served can be achieved only by a statute that has a narrower focus. Thus if there are valid needs for the information, for example, as evidence in a criminal proceeding, a valid statute could be drawn with that limitation. In fact, it would appear that release in that case would be available regardless of the existence of a statute. *See United States* v. *Nixon,* —— U.S. —— (1974), 42 U.S.L.W. 5237 (decided July 24, 1974); *Nixon* v. *Sirica,* 487 F. 2d 700 (D.C. Cir. 1973). If public information is the goal of the statute then there is already a more narrowly drawn statute on the books. See The Freedom of Information Act, 5 U.S.C. § 552.

Finally, is the requirement of a carefully circumscribed range of discretion. However, the bill as it is written vests almost completely unbridled discretion in the Administrator of General Services to release the tapes. This delegation of authority provides absolutely no protection for privacy rights and thus violates the final requirement for legislation in this area.

IV. FIRST AMENDMENT RIGHTS

It is submitted that the right to unfettered speech is not lost as a consequence of election to high government office. No one would deny a President's right to speak freely in public debate.

Equally as crucial to the principle of free speech as public advocacy is the private formulation of political thought and perspective. This is a process of experiment and development. It is a process of trial and error, in the course of which discussion with intimates and friends often plays an integral part. *See United States* v. *Nixon*, 42 U.S.L.W. at 5245 & n. 17.

It has been long recognized that enforced public exposure of such inherently private aspects of "free speech" has a stifling effect. Courts have not ruled on a First Amendment challenge to forced revelation of the unedited stream of individual's comments, public and private for an extended period of time. They have, however, dealt with what must be considered the less severe intrusion of an attempt to discover a simple list of the persons who belong to a political organization. In doing so, they have found the privacy of political association indispensable to the viability of the system of free thought and speech established under our Constitution. *NAACP* v. *Alabama*, 375 U.S. 449 (1958).

* * * * *

"It is hardly a novel perception that compelled disclosure of affiliation with groups engaged in advocacy may constitute as effective a restraint on freedom of association as the forms of governmental action upon the particular constitutional rights there involved. This Court has recognized the vital relationship between freedom to associate and privacy in one's association." [375 U.S. at 462] *See* also *Shelton* v. *Tucker*, 364 U.S. 479 (1960).

* * * * *

As stated by Justice Brennan, ". . . inhibition as well as prohibition against the exercise of precious First Amendment rights is a power denied to government." *Lamont* v. *Postmaster General*, 381 U.S. 301, 309 (1965). The same principle must be applied to legislative attempts to monitor any man's daily political expression *Cf. Eastern Railroad Presidents Conf.* v. *Noerr Motor Freight, Inc.*, 365 U.S. 127 (1961). The "chilling effect" of the knowledge that every political utterance or writing, whether tentative or experimental, will be exposed to public scrutiny would be an intolerable inhibition upon any man's thought and political development.

Yet this would be precisely the effect of S. 4016. It seeks to obtain and make available to the public the voluntarily-kept, daily record of a man's tenure in the Presidency. Were the subject anyone other than the former President, were the times any other than these, the extent to which such a scheme undermines the free thought and speech protected by the First Amendment would be obvious.

While the theory that every thought of the man occupying the White House is legitimate public business has initial appeal, it is at war with the fact that development of presidential political thought develops no differently from that of any man and is inhibited by the same factors.

The electorate has the right, and indeed the political duty, to monitor the conduct of public officials. It is a duty, however, to monitor the decision made, not the option considered. There is nothing in the Constitution, or in the political theory which it embodies, which argues that officialdom must live in a goldfish bowl. *Cf. E.P.A.* v. *Mink*, 410 U.S. 73 (1973); *Carl Zeiss Stiftung* v. *V.E.B. Carl Zeiss, Jena*, 40 F.R.D. 318 (D.D.C. 1966). Rather it is anticipated that those elected to public office will develop and modify their political beliefs and understandings in the same manner as private citizens, that is, through both public debate and private conference.

Although in the case of executive officials the constitutional interest guaranteed by the First Amendment is similar to that encompassed by the term "Executive Privilege," and the two in this context are complementary, it is separable in both root and application. While Executive Privilege has its foundation in practical necessity, behind it rests the more general personal right of the chief executive as an individual to think and talk freely among his intimates. Knowledge that notes and tape recordings made for personal use can, by whatever means, be condemned and published will inevitably stunt this process. A President as much as any man is guaranteed freedom from such constraint. As stated by Judge Learned Hand,

* * * * *

[The First Amendment] presupposes that right conclusions are more likely to be gathered out of a multitude of tongues, than through any kind of authoritative selection. To many this is, and always will be, folly; but we have staked upon it our all. *United States* v. *Associated Press* (52 F. Supp, 362, 372 (S.D.N.Y., 1943).

* * * * *

To the extent that evidence of criminal wrongdoing is suspected, the Constitution provides formal judicial mechanisms for the discovery of relevant material. *United States* v. *Nixon, supra*. If legislative investigation is in order, relevant material can there too be obtained. But the wholesale acquisition of a man's tape recordings and notes, for the simple satisfaction of public curiosity, however great, is inimical to the First Amendment's guarantees. While the material sought is of unusual interest to the public, it is not, and was not when compiled, public property. If it can be taken from any man for the purposes of public dissemination, it can be taken from every man. If it can be taken from a former President, our system of political development through free expression is stifled at precisely the point at which it is supposed to culminate.

V. FIFTH AMENDMENT

Although President Ford pardoned Richard Nixon for all crimes committeed during Mr. Nixon's tenure as President, the President's pardon power under Art. II, § 2 runs only to "offenses against the United States." Thus, Mr. Nixon remains subject to state criminal prosecution for any crime committed during his tenure as President. For example, allegations have been publically aired, although they are as yet unsubstantiated, that the former President was involved in criminal conspiracy and tax evasion punishable under California law.

To the extent that the publication of information involuntarily obtained under the proposed bill will place in the hands of state officials evidence which might tend to incriminate the former President, severe Fifth Amendment questions are raised.

"Whenever the Court is confronted with the question of a compelled disclosure that has an incriminating potential, the judicial scrutiny is invariably a close one." *California* v. *Byers*, 402 U.S. 424, 427 (1971). Since the Fifth Amendment protects an individual not only against compelled self-incriminatory testimony but also against compelled disclosure of potentially incriminatory private papers, *Boyd* v. *United States*, 116 U.S. 616 (1886), those questions are raised here.

The Supreme Court has held unconstitutional requirements that individuals report potentially incriminating information to the government. *Marchetti* v. *United States*, 390 U.S. 47 (1968); *Grosso* v. *United States* 390 U.S. 62 (1968); *Haynes* v. *United States*, 390 U.S. 85 (1968). The government, of course, has various legitimate needs for private information, and it can, under proper circumstances, require its submission. Constitutionality under the Fifth Amendment, however, requires that the reporting or disclosure requirement not be aimed at a "highly selective group inherently suspect of criminal activities." *California* v. *Byers*, *supra*, at 430. *See* also *Albertson* v. *SACB*, 382 U.S. 70 (1965). The mechanism the government chooses for attaining involuntary disclosure is, of course, essentially irrelevant to the Fifth Amendment interest involved, so the fact that S. 4016 contemplates condemnation and then public disclosure as opposed to the means used in the cited cases is not important.

With regard to S. 4016, the bill could not be more narrowly confined in terms of selectivity. It is aimed at and solely applicable to one man—Richard Nixon.

While most of the cases cited above have involved narrow requests for specific information within certain defined areas, the constitutional infirmity of such statutes is surely not removed by providing that the information forcibly obtained by the government be all encompassing. The problems with such a bill addressed to a single "suspect" individual are augmented rather than decreased.

The extreme breadth of the information sought by S. 4016 renders this bill the type of government fishing expedition which the Fifth Amendment privilege against self-incrimination was originally designed to protect against.

VI. BILL OF ATTAINDER

Article I, Section 9, clause 3, of the Constitution states that no bills of attainder shall be passed. This express prohibition on the power of the Federal government to enact statutes has been broadly interpreted by the courts. Thus, in *Ex parte Garland*, 4 Wall. (71 U.S.) 33 (1867), the Supreme Court struck down a statute which required that attorneys take an oath that they had taken no part in the Confederate rebellion against the United States before they could practice in federal courts. The Court found that "exclusion from any of the professions or any of the ordinary avocations of life for past conduct can be regarded in no other light than as punishment for such conduct." *Id.* at 377.

In *United States* v. *Lovett*, 328 U.S. 303 (1946), the Court struck down a rider to an appropriations act which forbade the payment of any compensation to three named persons then holding office by executive appointment.

What these cases have in common with each other and with S. 4016 is the use of lawmaking powers to punish without a trial an individual or small groups of individuals for certain conduct. What constitutes punishment is to be liberally interpreted to effect the remedial purpose of the bill of attainder clause in the Constitution. Thus, denying the ability to practice law before federal courts was punishment, as was withholding persons' salaries.

On its face, S. 4016 may not demonstrate a punishing purpose, but such was also true of the statute in *Garland*. Yet no one can deny the punishing effect of S. 4016. The punishment meted out is the baring of Mr. Nixon's most personal papers and conversations to public scrutiny and ridicule. Indeed, in terms of the suffering it will cause, the effect of such punishment seems much greater than that of merely forbidding a lawyer from practicing law before the federal courts, forcing federal employees to find a new job, or forbidding Communists from holding union office, *see United States* v. *Brown*, 381 U.S. 437 (1965). In any case, the damage to reputation and earning capacity is a cognizable effect of the punishment, and are acknowledged as evidence of punishment by the Court. *United States* v. *Lovett*, 328 U.S. at 314.

No doubt the sponsors of S. 4016 are able to recite supposed legitimate bases for the bill, but again each of the laws struck down by the Supreme Court as bills of attainder were defended on the basis that they were exercises of legitimate regulatory powers and not bills of attainder. The Court, however, looked beyond the self-serving justifications for the laws to the motive and underlying purpose of Congress. In each case the Court found an environment where legislation was conceived with specific persons or groups in mind, which persons were felt both to have committed horrible acts, and who had escaped punishment for such acts.

The fact that this treatment is visited solely upon former President Nixon, where whatever justification for the publication of his papers exists as to him exists equally as to other public officials, including Congressmen, is evidence of its individual, punitive aspect. Indeed, specifically designating an individual as an object of supposedly regulatory legislation is one of the indications of a bill of attainder. *See United States* v. *Brown*, 381 U.S. at 447.

Thus, the passage of S. 4016 in this climate would raise serious questions as to its legitimate purpose and would instead subject it to attack as a bill of attainder.

VII. CONCLUSION

S. 4016, which was conceived and developed in haste following the pardon of Mr. Nixon, is fraught with a number of substantial Constitutional infirmities. The bill is of extremely dubious validity.

Mr. ERVIN. I wish to say that I was opposed to the House-passed amendments.

The PRESIDING OFFICER. The initial 2 minutes have expired.

Mr. ERVIN. May I have 1 more minute?

As a realist, I have had to compromise with myself by rejecting the worst House amendment and concurring in the least harmful. I think that the business of establishing study commissions for things that Congress ought to study itself is not very wise.

Mr. President, has final action been taken?

The PRESIDING OFFICER. The Senator is correct.

Mr. ERVIN. Mr. President, I ask unanimous consent that the Senate return to executive session.

Mr. GRIFFIN. Mr. President, I object. I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. Mr. President, will the Senator withhold?

Mr. GRIFFIN. Yes.

Mr. ROBERT C. BYRD. Mr. President, the Senate never went into legislative session. The request was "as in legislative session."

The PRESIDING OFFICER. The Senator from North Carolina did ask unanimous consent that the Senate go into legislative session.

Mr. ROBERT C. BYRD. I am sorry; I did not understand that.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to executive session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from Nevada yield me 30 seconds?

Mr. CANNON. I yield.

NUCLEAR REGULATORY COMMISSION—NOMINATION REFERRED TO COMMITTEE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nomination of Mr. William A. Anders, of Virginia, to be a member of the Nuclear Regulatory Commission, be no longer held at the desk, but that it be referred to the appropriate committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF NELSON A. ROCKEFELLER TO BE VICE PRESIDENT OF THE UNITED STATES

The Senate continued with the consideration of the nomination of Nelson A. Rockefeller to be Vice President of the United States.

Mr. GOLDWATER. Mr. President, the nomination of Nelson Rockefeller to be Vice President has presented me with one of the most difficult decisions I have ever confronted as a Member of the Senate.

Because of this, I ask unanimous consent to place in the RECORD a letter I sent to President Ford explaining why I cannot support his nominee.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., December 9, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Party loyalty is important to me. I have always tried to support the proposals and policies of the Republican Presidents who have held office during my terms in the United States Senate. I appreciate all your reasons for choosing Nelson A. Rockefeller to be your Vice President.

I have great admiration for Governor Rockefeller. He is a man of wide experience and many talents. He has conducted himself magnificently during the drawn-out confirmation hearings before both the Senate and House Committees.

When I met with Mr. Rockefeller after you announced your decision I told him that I expected to be able to support his confirmation. I assured him that I had forgiven him for his non-support of my candidacy in 1964, and that I harbored no resentment against anyone for what happened so long ago.

My inclination then was to cast my vote for confirmation, but recent disclosures have forced me to re-examine that earlier decision.

It is now apparent to me that Mr. Rockefeller did in effect use his own personal money to accomplish the purchase of political power. I am not questioning Mr. Rockefeller's motives nor am I suggesting that he made any improper use of the political leverage available to him as a result of his gifts and loans to his political associates.

In my opinion, there exists in this country a strong suspicion that the tremendous financial power of the Rockefeller family might have a corrupting influence on the political process. The support for Mr. Rockefeller in Arizona is very low. I have received some 4,000 communications from Republicans and not more than 20 percent have expressed support for Mr. Rockefeller.

My decision in this matter is made even more difficult by the fact that when I approached Mr. Rockefeller, soliciting funds from the Rockefeller Foundation to assist the Arizona Historical Foundation, of which I am president, he told me that he had nothing to do with the Foundation, but made a personal contribution of $5,000. It is my understanding that he also made a personal contribution to create a so-called "Goldwater Chair" at one of the Arizona state universities. I feel that in this letter to inform you of my decision I would be derelict in my duty to my conscience if I did not mention these two examples of Mr. Rockefeller's generosity.

Mr. President, I am torn between my desire to abide by your wishes and my feelings that our nation and our party will be better served by the selection of a younger man—one who would not carry the burden of suspicion which is clearly in the public mind regarding the power of the Rockefeller fortune.

I have concluded that I cannot vote to confirm your present choice for Vice President.

Respectfully,

BARRY GOLDWATER.

Mr. HELMS. Mr. President, in previous statements I have addressed myself to some basic issues which are inherent in the nomination of Mr. Rockefeller, and perhaps would arise with no other man. I have discussed the controversy which surrounds him and his interconnection with the powerful family dynasty in part I of this series. In part II, I discussed the case of L. Judson Morhouse, and how Mr. Morhouse was central to Mr. Rockefeller's early political ambitions and success, a fact which seemed to blind Mr. Rockefeller to certain traits in the character of Mr. Morhouse which ought to have been clearly apparent to any man of ordinary judgment. Instead of taking steps to investigate fully and insure that the laws of New York were impartially enforced, no matter what the embarrassment to his administration and to Mr. Rockefeller's Presidential ambitions, Mr. Rockefeller tried to buy Mr. Morhouse's honesty through gifts and insider deals, apparently failing to realize that virtue is not a commodity to be bought and sold.

It is a fair conclusion, therefore, that Mr. Rockefeller unwittingly corrupted Mr. Morhouse's sense of values with his lavish gifts, and directly contributed to the personal tragedy of his top political aide. Indeed, the physical deterioration which accompanied the collapse of Mr. Morhouse's career may well have been an outward sign of the moral sickness which festered in his soul. To all of these moral issues, Mr. Rockefeller seems impervious. His repudiation of Mr. Morhouse before the Rules Committee can scarcely be viewed as other than a distortion of history that seems intended to mislead the Senate about his relationship with a man upon whom he conferred benefits ultimately worth at least $900,000. He is obviously insensitive toward the inverted morality of making gifts to keep a man out of "temptation," and shows no inclination toward assuming any responsibility for contributing to that man's fall. Finally, his insistence that the corrupt transaction between Morhouse and the racetrack crowd took place a month later than the facts will allow, and in a context of political contribution which was in no way associated with the actual circumstances of the transaction, will lead many to the conclusion that Mr. Rockefeller's version of the incident cannot be associated with the truth.

I have recapitulated these points because it is clear today that the conferring of lavish benefits upon his associates in Government was a key instrument in the internal management of Mr. Rockefeller's administration. The Morhouse case highlights the relationship of such benefits to moral corruption. What is not so obvious is that the whole pattern of such gifts was confined to a small circle of key individuals associated with the extraordinary fiscal policies of the Rockefeller administration which have created a long-term State debt of over $12 billion, only a small fraction of which was ever approved by the voters in the manner demanded by the New York State Constitution.

PART III: PERSONAL RELATIONSHIPS AND THE DISTORTION OF PUBLIC POLICY

The celebrated loans and gifts which Mr. Rockefeller made to public officials raises questions which go far beyond the mere legality or illegality of those actions. The real question is what impact this practice had upon his administration, and whether or not it created an unhealthy atmosphere for the conduct of public business. For the truth of the matter is that the Governor was able to use private resources of his own to bring public officials into a private relationship with him, binding their loyalty not only by a debt of gratitude, but also holding over their heads a threat of foreclosure which could not but consciously or unconsciously affect their official duties.

Mr. Rockefeller has argued that all of the public officials in question were appointed by him, they were all administratively responsible to him, and they all operated in a framework of policy established by him as Governor of the State. He emphasized that both he and his beneficiaries all had identical objectives, and there was no conflict of interest involved.

It is a peculiar blindness of Mr. Rockefeller that he does not appear to conceive of the public interest as something separate and readily identifiable that does not necessarily coincide with the personal and private interests of himself and the family dynasty. It is to be presumed that Mr. Rockefeller does not narrowly seek to enrich himself at public expense; nevertheless, there are occasions when the desire to retain or increase political power can affect policy decisions, or an honest policy error can be made by the Governor and detected by a subordinate.

Every public servant serves the interests of the public first, and the Governor second. If a public servant cannot correct policy errors within the system of subordination, then he ought to resign. For political appointees, the normal system of loyalty is reinforced by the Governor's ability to hire and fire. But under the system introduced by Governor Rockefeller, a system of direct and personal loyalty was established outside the publicly determined parameters. He had at his disposal methods of rewards and discipline outside the established framework. Some of his most important aides were carrying hundreds of thousands of dollars in loans that were not only without interest, but could be called on demand. Other loans were 5-year notes which were frequently renewed, with the beneficiary no doubt aware that they might not be renewed if he incurred displeasure. For, as Mr. Rockefeller emphasized throughout his testimony, it was always his intention that the loans should be repaid. It is interesting that most of his loans to private individuals were partially repaid and are partially still outstanding. His loans to public officials were seldom repaid and were typically canceled when the beneficiary left public office.

The unnatural influence which might be attributed to such loans deepens when we reflect that the reason most frequently given as the motivation for the loan was to meet extraordinary health or educational expenses. Presumably when the money had been expended by the recipient for such expenses it would be gone beyond recall, leaving no way to repay the principal should it ever be demanded. Loans which were made for the purpose of investments at least offered the opportunity of liquidation, and, if invested wisely, may even have made a profit leading to financial independence. But loans for humanitarian purposes would bring only dependence.

Obviously no one can ever have a certain knowledge of the exact personal relationship which lay behind each transaction. It may never have occurred to the recipient that he was vulnerable to financial threats, and the Governor may never have thought of using his power in that way. Wittingly or unwittingly, however, an insidious structure was set up. Something that may have begun in splendid generosity always carried within it the potential of a powerful threat should the human relationships change. A prudent man would never enter into either half of such a transaction. An outright gift would carry a debt of gratitude and a carryover of strong influence; but at least it would be better than the threat of a debt.

The question might be asked, under what circumstances could the unnatural relationship of a political appointee owing a private debt to his boss have an adverse effect upon the public interest? We do not have to go far to find a ready example. In a case where a public official discovered that a member of the Governor's inner circle had received $100,000 cash in a paper bag, he might fail to inform the Governor for fear of risking his displeasure. Or conversely, if he did inform the Governor, he might be party to a conference in which it was decided to give the money back and put out the story that the cash received was really a political contribution that had been refused. Naturally, we have no way of knowing whether such advice was given, although we at least have Mr. Rockefeller's word that a "huddle" did take place before the money was returned.

Indeed, as the Watergate episode has illustrated, there are all sorts of circumstances where Mr. Rockefeller's criteria—direct appointment by the top man, administrative responsibility to him, within his framework of policy, and all with identical objectives—acted to bring about a conflict of interest between those identical objectives and the public interest.

Whatever Mr. Rockefeller's intentions, his failure to realize that he was setting up a system that could prevent him from getting objective advice and information shows him to be seriously deficient in administrative acumen.

THE ETHICS AND BRIBERY STATUTES

In 1965, Mr. Rockefeller was beginning his seventh year as Governor of New York. In his annual message, he outlined his legislative program for 1965, including broad new proposals to strengthen the State ethics laws. Stating that "public confidence in government and public support for government" depend upon the faithful performance of public officials, he went on to set a high standard for public employees. Mr. Rockefeller said:

> Upon them rests the difficult burden of avoiding even the appearance of misconduct. For these reasons, we must continually reexamine the standards of ethical conduct for the protection of the public interest and the protection and guidance of the public servant as well.

Then he went on to the heart of his proposal:

> In this connection, I will recommend legislation to strengthen and improve the laws governing the ethical conduct of those serving in the Executive Branch of the New York State government.
>
> The present laws governing ethical conduct of officers and employees of a State agency should be broadened to include officers and employees of state public authorities and public benefit corporations not already covered by law, and the existing laws should be revised so that the Code of Ethics will be strengthened. (Public Papers of Nelson A. Rockefeller, Fifty-Third Governor of the State of New York, 1965 at p. 39)

On June 3, 1965, Governor Rockefeller sent an urgent message to the legislature certifying the necessity of an immediate vote on the legislation drafted pursuant to this message, without the usual 3-day delay.

The legislation passed as a result included section 73, paragraph 5 of the Public Officers Law of New York. It reads:

> No officer or employee of a state agency, member of the legislature or legislative employee shall, directly or indirectly, solicit, accept or receive any gift having a value of twenty-five dollars or more whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to influence him, in the performance of his official duties, or was intended as a reward for any official action on his part. No person shall, directly or indirectly, offer or make any such gift to any officer or employee of a state agency, member of the legislature or legislative employee under any such circumstances.

This law became effective on January 1, 1966.

The elements of this law, as it pertains to public officers, relate to the size of the gift, the form of the gift, and the circumstances under which it is given. The size of the gifts given by Mr. Rockefeller obviously fulfill the first element. It is noteworthy that the law forbids gifts given in the form of loans, as well as promises of gifts. The standard of proof is not the standard of proof beyond a reasonable doubt, but only the standard of reasonable inference. Finally, the law looks forward toward the future performance of official duties, and backward in the form of rewards for any official action.

It is clear that the law does not apply only to actual misdeeds. It also applies to situations where a reasonable person might infer that the official might be influenced in the future. It also forbids rewards for any official action, good or bad. Thus even a reward for diligence and good work in the line of duty is also forbidden.

It is not the duty of the U.S. Senate to attempt to indict or try Mr. Rockefeller for supposed infractions of New York State law. Our job is to assess Mr. Rockefeller's qualifications for Vice President. Presumably all would agree that respect for the law is a minimal qualification. The best standard for us to use is the standard Mr. Rockefeller laid down for public officials in his 1965 message to the New York Legislature:

> Upon them rests the difficult burden of avoiding even the appearance of misconduct.

The law says that:

> No person shall . . . offer or make any such gift.

Mr. Rockefeller is a person. Mr. Rockefeller made interest-free loans, usually without collateral, and forgave these loans when the recipients left the State payroll. If his intention was not to make gifts in the form of loans, he certainly conferred a financial benefit equal to the normal rate of interest that would have been charged, and in giving the use of funds that might not have been available to the recipient on commercial terms. Mr. Rockefeller emphasized that it was never his intention to make the loans upon commercial terms. Finally, it is not necessary to show that the conduct of the recipients was actually influenced by the gift; the standard is only that a reasonable man might infer that the gift was intended to influence official conduct. Alternatively, it could be argued that Mr. Rockefeller's repeated attestations to the brilliant capabilities and outstanding performance of his beneficiaries indicates that he intended the gifts as a reward for official action.

Despite the fact that these elements of violation appear to be fulfilled, it would be rather demeaning for the Senate to enter upon a debate as to whether or not Mr. Rockefeller violated New York State law. We must go behind the law to the moral standard upon which the law is based. It is indeed possible that, in other circumstances, a district attorney might conclude that he was indictable, and a jury might decide that he danced on one side of the line or on the other.

But what would the impact of such a conclusion be upon his nomination to be Vice President of the United States? Are we ready to base approval or disapproval because a loan to a State employee might be legal in 1965 and not in 1966? If he were being prosecuted in a court of law, such distinctions would be most important. For our purposes here, it is the moral standard that is important. It is the standard Mr. Rockefeller himself enunciated in 1965, the standard that a public official must avoid even the appearance of misconduct. For our own analysis of misconduct, the law provides a guideline that we can fairly apply throughout Mr. Rockefeller's administration. If we are attempting to convict a man of a crime, we cannot apply ex post facto judgments; but if we are merely judging his character and fitness for public office, the standard is timeless.

Giving money to public officials is wrong, even if the motive is to reward good service. In the New York penal law, section 200.30 and section 200.35, the so-called antitipping sections, make such rewards illegal. There need be no intent to corrupt; all that is required to establish a violation is the intent to reward official conduct. The commentary on these sections in McKinney's Consolidated Laws of New York, written by Richard G. Denzer and Peter McQuillen, says that:

> Sections 200.20 and 200.25 cover all cases of reward for improper conduct on the part of a public servant. Sections 200.30 and 200.35 cover all cases of reward for proper conduct which the public servant was required or authorized to perform.

Quoting United States against Irwin on a parallel example of Federal law, the commentary says:

> The behavior prohibited . . . embraces those cases in which all of the essential elements of the bribery offense . . . are present except for the element of specific intent to influence an official act or induce a public official to do or omit to do an act in violation of his lawful duty. The inquiry of the procuring of public officials, be it intentional or unintentional, is so fatally destructive to good government that a statute designed to remove the temptation for a public official . . . by prohibiting all gifts" for or because of any official act," is a reasonable and proper means of insuring the integrity, fairness, and impartiality of the law.

Although commonsense tells us that most cases of granting rewards for official acts take place between a member of the public and a public official, no bribery law makes an exemption for one public official rewarding another. Indeed, the law quite properly should prevent a rich public official from using his wealth to reward members of his administration, thereby gaining an advantage over rival politicians who do not have the means to do so.

DR. RONAN AND THE TIMING OF GIFTS

Even if Mr. Rockefeller thought that the conferring of benefits upon his subordinates was legal, there is something about the timing of his actions relating to the gifts which suggests that he was concerned about the implications inherent in such largesse. In several cases, a gift was given to encourage the recipient to join the Governor's administration, often labelled as relocation expenses. While a member of the administration, the recipient would receive transfers labelled as loans, even though few had interest, collateral, or a repayment schedule. Indeed, Mr. Rockefeller testified that he was not making the loans on a commercial basis. On the other hand, he testified that it was always his intentions to have the loans repaid. The loans were forgiven, however, when the recipient ceased to be a public servant.

The most egregious example is the case of Dr. William J. Ronan.

Dr. Ronan received his first gift of $75,000 on December 19, 1958, a few days before Mr. Rockefeller took office as Governor for the first time.

Thereupon his loans were as follows:

May 4, 1963: $50,000, 3 years at 4% interest—cancelled, reissued May 1, 1965.
Jan. 8, 1963: $100,000, 5 years without interest or collateral.
May 1, 1965: $50,000, 5 years without interest or collateral.
May 1, 1965: $50,000, 5 years without interest or collateral.
July 15, 1966: $110,000, 5 years without interest or collateral.
Jan. 24, 1967: $50,000, 5 years without interest or collateral.
October 16, 1969: $150,000, demand without interest or collateral.

On May 3, 1974, the $510,000 in notes were cancelled, and an additional $40,000 cash gift was conferred. When asked the reason for the $40,000 gift, Mr. Ronan testified that he thought Mr. Rockefeller was simply "rounding off" the figure to $550,000.

An explanation of the May 3, 1974 date is in order, since Mr. Rockefeller and his lawyers contend that Dr. Ronan was not a public servant on that day.

Dr. Ronan was secretary to the Governor from 1959 until 1966. At that point, he became chairman of the Metropolitan Commuter Transportation Authority, subsequently the Metropolitan Transportation Authority. Under section 1273 of the public authorities law of New York, the MTA is a State agency for the purposes of section 73—including paragraph 5—of the public officer's law. On December 7, 1967, Dr. Ronan became a commissioner of the Port Authority of New York and New Jersey, simultaneous with his post at MTA. The port authority is a bistate agency, but it has six commissioners representing New York and six representing New Jersey. The commissioners representing New York are nominated by the Governor and confirmed by the New York Senate, and take an oath of office. Under the New York public officer's law, a public officer is every officer appointed by one or more State officers, or by the legislature, and authorized to exercise his official functions throughout the entire State, or without limitation to any political subdivision of the State. Another test of a public officer is that "he is required to take the constitutional oath of office—and he and his associates are clothed with the power of eminent doman." See article 1, section 2, public officer's law, and commentary. A court could decide that the six New York commissioners of the port authority were public officers of New York.

On April 26, 1974, Dr. Ronan was in his second term as port authority commissioner: he had been appointed on May 7, 1971, to a term to expire June 30, 1977. So on April 26, 1974, his term still had 3 years to run. Another commissioner was Mr. Robert Douglass, a close associate and friend of Governor Rockefeller who handles intimate legal business for him, such as the $139,090.50 trust fund he set up for an anonymous beneficiary. Mr. Douglass' term expired July 1, 1974; yet with only a few weeks to run in that term, he resigned.

So, on April 26, 1974, Dr. Ronan resigned as port authority commissioner. On the same day, Gov. Malcolm Wilson reappointed Dr. Ronan to the term vacated by Mr. Douglass, and to a subsequent term to end June 30, 1980. This maneuver would extend his role on the port authority by 6 years, no matter who might be elected Governor in November 1974.

On April 29, Governor Wilson appointed Dr. Ronan to the New York State Power Authority, at a salary of $11,500 a year. This position comes under the purview of applicable sections of the public officer's law, including section 73.

On May 1, Dr. Ronan resigned from the MTA.

On May 2, Dr. Ronan was confirmed by the New York Senate as a commissioner of the port authority and as trustee of the power authority.

On May 3, Dr. Ronan received the $40,000 gift, and the $510,000 forgiveness of loans from Mr. Rockefeller, who, of course, was no longer Governor.

According to the testimony of Mr. Rockefeller, Dr. Ronan, and the brief submitted by Mr. Rockefeller's lawyers, Dr. Ronan was not a public official at the time these gifts were made.

Yet on May 3, Dr. Ronan was elected chairman of the port authority at a meeting of the commissioners. On May 9, the minutes of the port authority show that Dr. Ronan chaired a meeting of the commissioners.

On May 16, Dr. Ronan filed the oath of office for both the post of commissioner of the port authority and the post of trustee of the power authority.

Meanwhile, Dr. Ronan joined Rockefeller Family and Associates, the family investment management group, at a salary of $100,000 per year.

It thus appears that there was an attempt, not altogether successful, to create a hiatus when Dr. Ronan would not be a public officer so that he could legally receive the gifts. But to do so, Dr. Ronan and Mr. Rockefeller would have to contend that a man who had been nominated by the Governor and confirmed by the Senate was not a public officer because he had completed the technicality of filing the oath of office. But obviously it was his intent to file the oath of office, as evidenced by the fact that he was elected chairman of the port authority on the same day he received the gifts. A court might well contend that this was an obvious attempt to evade the law. Conversely, his election as chairman of the port authority might be illegal, if he were not a commissioner on that date.

Anyone might logically conclude that Mr. Rockefeller either felt that it was illegal to make gifts to a public officer, or it was not. If it was not illegal, then why did Mr. Rockefeller wait until 2 days after Dr. Ronan resigned from MTA, and 13 days before he filed his oath of office for the port authority and the power authority? But if it was illegal, then he cannot escape moral censure for the transparent legal maneuver that sought to avoid prosecution.

Mr. President, these issues were recently discussed in an article in the New York Post on December 4, 1974, and I shall ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks as exhibit A.

TRIBOROUGH BRIDGE AND MTA

Dr. Ronan's relationship with Mr. Rockefeller is of particular significance because of the role both played in the consolidation of the Triborough Bridge and Tunnel Authority revenues with those of the Metropolitan Transportation Authority. In 1967, the deterioration of the mass transit situation in New York City had become a serious political issue. The subways and commuter trains were continuously losing money, and gave poor service. The whole matter had become a serious political problem.

Up until this period, the Triborough Bridge and Tunnel Authority was an independent authority established by statute, with its income from tolls dedicated to retiring its bonded indebtedness. Under Robert Moses as chairman, the Triborough Bridge Authority had developed into a freewheeling entity which frequently refunded its bonds, taking on new projects supported out of its independent income. Its bonds enjoyed a high rating because the authority had a reputation for maintaining large surpluses as a safeguard, and worked closely with underwriting banks and agencies who vied for the privilege of subscribing issues that always sold out quickly. Furthermore, the authority had inserted covenants into its bonds which gave the bondholders ironclad protection against the Triborough funds being diverted to non-Triborough uses. By 1967, Triborough had amassed a surplus of $110 million in cash and securities.

The architect of the solution to Mr. Rockefeller's political problem was Dr. Ronan. As chairman of the Metropolitan Commuter Transportation Authority in 1966, he worked out the legislation under which all local transportation entities, including Triborough, would be brought under the same board of directors in an umbrella organization to be called the Metropolitan Transportation Authority. Under this proposal, the Triborough surpluses could be used to subsidize the losses in other transportation agencies.

If this proposal were not accepted, Governor Rockefeller would be faced with the problem of raising taxes in a budget that is required to be a balanced budget under the New York State constitution. Under the consolidation plan, worked out by Dr. Ronan, the surplus funds could be tapped without going to the legislature for appropriations or consulting voters reluctant to increase the State's indebtedness to pay for mass transit in New York City.

The bill which passed the legislature was a direct attempt to override the covenants in the Triborough bonds, even though the legislation did provide that a fund be set aside to service the bonded debt. At this time, the authority chairman, Mr. Moses, had opposed the merger, but he acquiesced in the arrangement in an endeavor to hold on to his power. According to the outstanding new book by Robert Caro, "The Power Broker," Mr. Moses apparently thought that he had an agreement with Governor Rockefeller that he would be head of the new MTA; but Dr. Ronan became head of the MTA when all the arrangements were concluded.

The bondholders were not pleased, however, at the attempt to contravene the covenants. The trustee for the bondholders was the Chase Manhattan Bank, and Chase brought suit against the proposed consolidation. Chase charged that an inevitable conflict of interest would result since the directors for MTA and Triborough would be identical under the plan. Thus, decisions which the directors might take to enhance service to the rail-riding public might conflict with the interests of automobile users of the bridges and tunnels, with adverse effects upon the interests of the bondholders. Furthermore, Chase argued that a law could not breach a valid contract, under the U.S. Constitution. According to Caro, most people in the bond market thought that the case was ironclad.

Unfortunately, these issues were never brought to trial, because Governor Rockefeller, David Rockefeller—as president of Chase, Dr. Ronan and other principals met privately on February 8, 1968, in the Governor's townhouse offices and arrived at an out-of-court stipulation, the result of which was that the suit was dropped.

Mr. Rockefeller contends that the meeting was well-publicized, and that is true in the sense that it was reported that a meeting did take place and that the suit was dropped. But the terms of the agreement were not reported generally until the bondholders voted acceptance nearly 2 years later in December 1969.

It is also remarkable that reporters from the New York Times and other newspapers were unable to get copies of the signed stipulation until October 1974. This occurred after New York Times reporter Frank J. Prial wrote on October 10:

> Shortly after the two Rockefellers signed this agreement, it was then taken before then State Supreme Court Justice William C. Hecht, Jr., who sealed the papers and thus effectively cut off any chance at that time for the public to learn the full details of the deal.
>
> Justice Hecht, who is now a special referee appointed by the Appellate Division of the State Supreme Court, said yesterday that he had sealed the agreement at the request of both parties to it. He said he had not dealt with the matter since then and would have to study it again to see if it could be unsealed if subpoenaed.

This statement by Justice Hecht seemed to confirm the impression of journalists who had been working on the story for years. But after Mr. Rockefeller or his associates talked to Justice Hecht, the judge decided that the papers had never been sealed. This was reported by Mr. Rockefeller to the Rules Committee in response to one of the questions I had raised in my testimony before the committee on September 27:

> We checked with former State Supreme Court Justice Hecht concerning the stipulation and the court records in this suit. Justice Hecht stated that the records were not sealed and that when inquiries were made about this matter he suggested checking the original files since the matter had taken place some six years ago. (Hearings, p. 300)

On October 24, the Times, in an article by David A. Andelman, reported the terms of the agreement and again indicated that Justice Hecht had first said the papers were sealed, but had been made available on October 23. On October 31, Justice Hecht wrote to Mr. A. M. Rosenthal, managing editor of the New York Times, outlining his view of the situation.

The terms of the agreement are as follows:

First. The bondholders withdrew their challenge to the creation of MTA and their charge of conflict of interest.

Second. Triborough could transfer any surplus above what was needed for debt service, maintenance, et cetera, although the bondholders retained a lien on Triborough funds despite the certification of a surplus.

Third. The interest rate was increased by one-quarter of 1 percent on the outstanding bonds.

Mr. President, I shall ask unanimous consent that the above-mentioned articles from the New York Times, the stipulation in the Triborough case, the letter of Justice Hecht, and chapter 49 of "The Power Broker" by Robert Caro be printed in the RECORD at the conclusion of my remarks as exhibit B.

ISSUES IN THE TRIBOROUGH MERGER

Mr. Rockefeller evidently regards the consummation of the MTA consolidation as one of the great achievements of his administration. But there are a number of public policy issues which have a direct bearing upon his nomination. In the U.S. Senate, we cannot stand back and second guess his efforts to cope with New York problems. But we can observe what he did and whether his techniques of administration constitute a proper handling of the public weal.

First. The first issue is the conflict-of-interest issue which I raised during my testimony on September 26. At no time have I ever supposed that Mr. Rockefeller was using his office for personal financial gain. But it is obvious that Mr. Rockefeller had a great deal at stake in his political career. The plan had been approved by the legislature as a result of the Governor's prestige, and he was engaged in a verbal battle with the mayor of New York over its outcome. More importantly, he was acting for the people's trust.

At the same time, it happened, more or less by coincidence, that the trustee for the bondholders was the Governor's brother. This was, of course, no conspiracy, but the result of the intimate involvement of Chase Manhattan in the State bond market. David Rockefeller was obliged to uphold the interests of the bondholders.

If any other banker had been the trustee, there would have been no appearance of conflict. But because the two brothers, were linked together by close family relationship, few would describe these events as an arms-length transaction, no matter what the outcome. David, we may assume, had a stake in his brother's political success; Nelson not only owned stock in Chase Manhattan through a personal trust, but was obviously associated in the public eye with the whole complex of Rockefeller investments and institutions.

Thus even if the settlement were equitable, the conflict of interest situation would still exist. Even if a participant in a conflict-of-interest situation were to bend over backwards to avoid favoritism, he would still be distorting the marketplace of free decisions. The participants in such a situation should simply disqualify themselves.

But how could the Governor of a State and the president of the third largest bank in the world disqualify themselves in such a situation? One answer is that they could not in most cases. Indeed, this is one reason why it is unwise to nominate a man for high office who will have to be making decisions that conflict with his personal interests. In cases where a man's wealth and power are concentrated in a narrow field, it is possible to disqualify oneself; but where the wide associations of a Rockefeller are in question, it becomes increasingly difficult to find areas with no conflict.

Suppose, for example, Mr. Rockefeller, as Vice President, or even President, were making a decision on investment in the Soviet Union backed by Chase Manhattan and the Export-Import Bank? Could he disqualify himself? Or would he turn the decision over to Dr. Kissinger, to whom he had given $50,000?

Similarly, with regard to the Triborough case, could have avoided the conflict of interest by turning the decisions over to Dr. Ronan, who at that time, owed him $360,000 in soft loans? Obviously, that would not eliminate the problem either, and it illustrates the complications that arise when a private system of obligations is established within the public trust.

So Nelson Rockefeller and David Rockefeller were faced with a situation in which no matter what decision they made, doubt would remain that personal interests were served in some way. So they got together in private with their respective lawyers and settled the Triborough case the way they would settle some family problem or investment decision. But this was a decision that went far beyond the technical issues of the bondholders' interests; it was a decision that would establish the future of the New York transportation systems for years to come. Mr. Rockefeller wanted to get it settled his way, and he got it.

But was there any way in which the Rockefeller brothers could have avoided the conflict of interest? There was, of course. All they had to do was to let the case proceed to the judge. But, of course, in that way, neither brother would have been able to control the outcome.

Second. The second issue is the merits of the settlement itself. Obviously, it is not possible at this date to determine whether the settlement fully protected the rights of the parties both public and private. The bondholders were enriched by several million dollars in extra interest, but they gave up an important point in relinquishing the inviolability of the bond covenants. Even if this issue was settled on an equitable financial basis, they set a legal precedent that could undermine their position the next time the issue arises—and they have also given up any further right to contest the consolidation.

But what is perhaps more important is that the collapse of the suit paved the way for one section of the public to be exploited at the expense of another. As a result of the stipulation, decided in secret by two brothers, that section on the public that uses automobile transportation is made to subsidize the section that uses rail transportation, without their wishes even being consulted. For as soon as the consolidation went through, Dr. Ronan immediately doubled the tolls on Triborough facilities, raising the available surpluses from $25 million to $75 million. Two-thirds of this goes to the subways and one-third goes to the commuter railroads.

As a matter of pragmatic politics, it may be easier to exploit part of the people who have no alternative transportation to subsidize another part, and to avoid going to the voters at large for money. It was suggested by Mr. Rockefeller that this transfer of funds was to help the poor; but no one has ever thought of the affluent commuter communities of New York and Connecticut as poor. Indeed, the New York newspapers described the principal beneficiary of the fund transfer as being Mr. Rockefeller's political ambitions.

Indeed, the whole concept of mass transit, particularly subsidized mass transit, has been called into question. An article recently published in the Washington Star-News eloquently expounds this thesis, holding up New York City as one of the worst cities victimized by the mass transit concept. Mr. Rockefeller's theory of centralizing all forms of mass transit facilities, so that all decisions are consolidated, is in the monopoly tradition of his grandfather, and further deprives the citizen of the options available to him.

Mr. President, I ask unanimous consent that a series of articles from the New York Times and the Washington Star-News be printed in the RECORD at the conclusion of my remarks as exhibit C.

GIFTS AND BONDS

Mr. President, the Triborough case illustrates in detail the key role played by one of the most significant beneficiaries of Mr. Rockefeller's generosity. Mr. Rockefeller's concept of a State Authority was one in which the decisionmakers were subservient to the overall policy of the Governor. But the original history of the authorities is somewhat different. The authority was originally an entity established for a specific purpose or system of capital improvements, the cost of which was to be borne by the users. When the cost was paid off, the facility reverted back to the jurisdiction where it was located.

Under Mr. Moses, who at one time held 14 State posts, including positions on the most important State authorities, the authority became a power unto itself through the use of the power of contract in the bond issue covenant, a self-regenerating entity that could perpetually renew itself. It was independent of the Governor's overall policy, and had its own funds to create its own projects. Mr. Moses' concept ran headlong into Mr. Rockefeller's views when Mr. Rockefeller became Governor, and a battle began in which Mr. Moses was forced out at the age of 79, and the power of the covenants was broken as detailed in the Triborough case.

Thus under Mr. Rockefeller, the authority, and its closely allied entities known as public benefit corporations, became a branch of government that was independent of the legislature and the voters and dependent upon the Governor. Thus the rise of the authority became a tool for enlarging the Governor's power and evading the restraints of ordinary politics. This view was clearly outlined in a report of the comptroller of the State of New York, Mr. Arthur Levitt, a report entitled "Statewide Public Authorities: The Fourth Branch of Government?"

In order to prevent a recurrence of the independence of a Robert Moses, it was seemingly important that the decision-makers in such authorities be men who were particularly responsive to the Governor. The intimate relationship which he established with such men is plainly evident in that the majority of State officials to whom Mr. Rockefeller gave generous gifts were men appointed to these authorities, or associated with the activities of the bond market which financed their operations.

Mr. President, I ask unanimous consent that the report of Mr. Levitt be printed in the RECORD at the conclusion of my remarks as exhibit D.

Thus, in the list of 11 public officials submitted by Mr. Rockefeller, as the recipients of his gifts, we find the following:

Mr. Richard S. Aldrich is a member of the New York State Housing Finance Agency. The HFA currently has outstanding $2.639 billion in bonds and notes.

Mr. G. Russell Clark was appointed superintendent of banks on February 18, 1959.

Mr. Henry L. Diamond, was appointed head of the department of environmental conservation, a new department created in 1970. Mr. Diamond is the only State official who received gifts and is not associated with the banking industry or bond market; on the other hand, he received a $100,006 gift when he resigned to become director of the Commission on Critical Choices, which is in itself a $100,000 job.

Mr. James W. Gaynor was chairman of the housing finance agency and later New York State commissioner of housing and community renewal.

Henry A. Kissinger was never a State official, but was given money when he accepted his National Security Council position, in an action which was analogous to the pattern of Mr. Rockefeller's other gifts.

Edward J. Logue became president and chief executive officer of the Urban Development Corp., a public benefit corporation which has issued $968 million of a $2 billion authorization for bonds.

Alton G. Marshall, who received the second highest amount of money, succeeded William J. Ronan as secretary to the Governor. The job of secretary is the second most important job in the State government and he works very closely with the heads of the agencies and authorities to implement the Governor's policies.

L. Judson Morhouse was vice chairman of the New York State Thruway Authority. The thruway authority has outstanding $409 million in bonds used for the repair and maintenance of non-Thruway facilities.

Mr. Joseph H. Murphy was appointed commissioner of taxation and finance, and then became chairman of the housing finance agency.

Mr. William J. Ronan, of course, was chairman of the MTA, the component parts of which issued millions of dollars in bonds in their own rights. The Port Authority, of which he is chairman, also issues millions of dollars of bonds.

Mr. Fred A. Young was chief judge of the court of claims, and resigned to become Republican State chairman. After he had received a gift, he was reappointed to the court of claims and became presiding judge. The court of claims handles condemnation cases which are closely associated with the construction programs of the various authorities.

It is not my contention that the gifts received by the men indicated resulted in any specific improper act; the only point I wish to make is that all of the State officials, except one, had established this intimate relationship which went beyond the normal relationship with an employer.

FULL FAITH AND CREDIT DEBT

The constitution of the State of New York, article VII, section 11, provides that:

> Except the debts specified in section 9 and 10 of this article, no debt shall be hereafter contracted by or on behalf of the state, unless such debt shall be authorized by law, for some single work or purpose, to be distinctly specified therein. No such law shall take effect until it shall, at a general election, have been submitted to the people, and have received a majority of all votes for and against it at such election.

In short, long-term State debt, under the New York State constitution, must be submitted to a referendum of the people. Unfortunately for those who wish to spend the people's money, the people do not always agree to such spending when they are given the opportunity to do so in a popular vote.

To date, the people of New York have approved only $3.4 billion in long-term debt under the procedures of the State constitution.

In addition to the $3.4 billion in constitutional debt, the people of New York also owe $7.7 billion in long-term obligations which were not submitted to the vote of the people. It is for this reason that debt service has risen in New York from $297.8 million in 1969–70 to $557.3 million in 1973–74, almost double in 5 years. The per capita average of debt interest in New York is $57 per person; nationwide, including New York's swollen figures, it is only $29.

This record of achievement was accomplished through one of the programs of which Mr. Rockefeller is most proud: eliminating the need for full faith and credit bonds by State authorities. This was done in two ways: Through so-called "moral obligation bonds," and through lease-back financing. The result is the creation of what the New York State comptroller calls "debt-like commitments" of the State; that is, commitments for long-term payments from the State treasury, exactly as through permanent had been created; yet eliminating the "full faith and credit" of the State.

Thus in the financing of the Albany Mall, for example, the county of Albany undertook to issue the bonds required on its own credit, but offering as security a 40-year lease from the State. By eliminating the need to go before the people for the creation of his grand dream for Albany, Governor Rockefeller rushed into an expensive boondoggle that is now scheduled to cost over $15 billion alone. Fortune Magazine has detailed the record of poor planning, waste, and overpayments to contractors that resulted from evading the constitutional restraint on capital spending.

But more important for our purposes here, the agency most closely associated with this method of financing, the housing finance agency, is the one whose officals were also closest to the Governor in the private relationship of gifts and loans.

The 1974 annual report of the State comptroller records the ever-increasing amounts of this unconstitutional debt. As the comptroller stated:

> Statutory limits on the indirect debt and other commitments do not exist in many instances, reflecting a lack of legislative control over the potential magnitude of such commitments. While the purposes are generally worthy and urgent, this does not justify circumvention of the constitutional right of the People of the State to vote on the incurrence of public debt. As I have stated in the past, the State of New York is mortgaging its future to a point which approaches the capacity of public burden. I am concerned not only about the magnitude of our debt, but also about its proliferation into unwieldy and distorted forms.

Mr. President, we must ask ourselves whether the growth of such dangerously unsound fiscal activities would have occurred if the people had been allowed to give their approval to such commitments. The activities financed thereby may be sound, even desirable. But it is certainly unsound public policy to evade the plain intent of the State constitution to bring them about. If the Governor of New York had not been surrounded by men who were too intimately allied, perhaps, for independent judgment, this policy might not have developed. But instead the whole frame of government action, the financial hinge upon which public policy moves, was subverted, in order to develop an impressively large program of capital improvements which the Governor could cite as a record of accomplishment. Unfortunately, it is only future generations of New Yorkers who will truly understand what he accomplished.

Mr. President, I ask unanimous consent to have printed in the RECORD as exhibit E at the conclusion of my remarks, a special report by the State comptroller entitled "Debt-like Commitments of the State of New York," which explains the disturbing pattern of finance developed by the Governor.

I also ask unanimous censent that excerpts from the 1974 Annual Report of the Comptroller, dealing with updated figures on the State debt and with public authorities, be printed in the RECORD at the conclusion of my remarks, also as exhibit E.

I also ask unanimous consent that an article from Fortune magazine "What Price Glory on the Albany Mall?" June 1971 and excerpts from Quirk and Wein "A Short Constitutional History of Entities Known as Public Authorities," which appeared in the Cornell University Law Review, be printed in the RECORD at the conclusion of my remarks, also as exhibit E.

Mr. President, I ask unanimous consent that the aforementioned documents be printed in the RECORD as exhibits A and B.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXHIBIT A

[From the New York Post, Dec. 4, 1974]

NEW CONFLICT OVER RONAN AND ROCKEFELLER MONEY

(By Joseph Berger)

Dr. William J. Ronan chaired a meeting of the Port Authority during a period when Nelson Rockefeller has testified Ronan was not a public official.

The meeting date—May 9, 1974—is important because it refutes Rockefeller's contention that Ronan was not a public official when the former Governor forgave $510,000 in loans to Ronan making them outright gifts.

The discrepancy may bear heavily on a New York State investigation into whether the Rockefeller gifts violated state laws prohibiting gifts to public officials.

SENATE NOT AWARE

The Senate Rules Committee was not aware of the particular inconsistency in the testimony of the two men, a source said. But he doubted that it would have affected the unanimous commitee vote Nov. 22 recommending Rockefeller's confirmation to be Vice President since many members troubled by other questions surrounding the Rockefeller gifts and loans nonetheless joined in the vote.

"The Senators were not in a position to make legal findings—that's up to state authorities," the source said. "They felt the questions raised were not sufficient to stop his confirmation."

Ronan, who was first appointed to the Port Authority in 1967, has never denied that he was a Port Authority commissioner on May 3, the day that Rockefeller cancelled $510,000 in loans he had made to Ronan between 1962 and 1969 and gave him an additional $40,000 outright. Instead, Ronan has upheld the legality of the gifts on the grounds that they were made out of friendship and were not intended to influence his official conduct. He received an earlier $75,000 gift before entering state service.

NOT AN OFFICIAL

However, Rockefeller, testifying at the Senate hearings last month, repeatedly insisted that Ronan was not a public official at the time the $550,000 gift was made, a fact that he contended rendered the gift legal.

Records in Gov. Wilson's appointments office support Rockefeller. Those records show that Ronan was indeed not a Port Authority commissioner on May 3 because he had resigned his term April 26 to accept reappointment to a longer six-year term.

To take the longer appointment Ronan in effect switched terms with Robert Douglass who—like Ronan—was a one-time Rockefeller secretary.

On April 26, Douglass and Ronan both resigned. Douglass was then appointed to serve the remaining three years of Ronan's term, and Ronan was named to serve the remaining two months of Douglass' term and to a new term expiring July 1, 1980.

Both appointments were confirmed by the State Senate, but Ronan did not file for his oath for the combined longer term until May 16.

Thus between April 26 and May 16 Ronan, it would appear was not officially a Port Authority commissioner, Wilson's office, after rechecking their records and consulting with lawyers, confirmed Ronan was not a commissioner. A further query to Wilson's press secretary, Harry O'Donnell brought the same response. "He was not a member of the Port Authority." O'Donnell said.

Yet, official Port Authority minutes from April 18, when Ronan was a commissioner show that Ronan was elected to serve as chairman of the board of commissioners, "effective on the day following" his resignation as chairman of the Metropolitan Transportation Authority. Ronan resigned the $85,000 a year MTA job on May 2 and so he was supposed to start his unsalaried Port Authority chairmanship on May 3.

In fact, the authority's minutes show that he chaired the next monthly meeting of the commissioners on May 9.

A spokesman for Ronan said yesterday after confering with him: "Dr. Ronan has never contended there was a time when he was not a Port Authority commissioner."

Ronan's testimony to the Senate panel was that he became chairman on May 3.

A DELIBERATE ATTEMPT

The problem is more than technical because, according to sources, a number of the Senators on the Rules Committee believe there was a deliberate attempt to create a period during which Ronan would hold no public office whatsoever and so could legally accept a gift from Rockefeller.

Section 73 of the State Public Officers Law says that "no officer or employee of a state agency" shall accept a gift over $25 "under circumstances in which it could reasonably be inferred that the gift was intended to influence him . . . in the performance of his official duties or was intended as a reward for any official action on his part."

A second state law is more explicit: "A person is guilty of giving unlawful gratuities," it says, "when he knowingly confers . . . any benefit upon a public servant for having engaged in official conduct which he was required or authorized to perform, and for which he was not entitled to any special or additional compensation."

Rockefeller, during his Senate testimony Nov. 13 and 14, was meticulous in pointing out that Ronan held on public office when the gifts were made.

When the committee's chairman, Sen. Howard Cannon (D-Nev.), asked hire: "Did Dr. Ronan hold any public office when any of these loans or gifts were made?" Rockefeller replied:

"Well, he held public office when all of the loans were made, but not when any of the gifts were made."

ALLEN'S QUESTION

Sen. James Allen (D-Ala.) asked Rockefeller: "Were you always able to arrange it so that you could forgive the notes or the debts at the time that they (Rockefeller appointees) were temporarily not in government service?"

Rockefeller replied: "No, I think Dr. Ronan, if my memory is correct, is the only person."

Finally, a legal brief submitted by Rockefeller's lawyer at the firm of Milbank, Tweed, Hadley and McCloy pointed out that the Rockefeller gift to Ronan violated neither New York statute.

With regard to the first statute, the lawyers said that Ronan was "not a state officer or employe at the time of the gift." And the second statute did not apply, the lawyers said, because Ronan was "not a public servant at the time of the gift."

Rockefeller's lawyers who concede that "there's some question as to whether Ronan was a member of the Port of New York and New Jersey Authority on May 3" now have an added explanation. They said the first statute still does not apply because the Port Authority is not a state agency because it is actually a bi-state agency, and that the second statute is inapplicable because, it refers to public servants who receive "special or additional compensation."

Rockefeller and his spokesmen were not available for comment.

No Senator bore down directly on the discrepancy when Ronan testified Nov. 18.

BYRD: "WHY RESIGN?"

Sen. Robert Byrd (D-W. Va.), the committee's toughest questioner, did ask Ronan at one point: "Why did you resign as commissioner of the Port Authority on April 26 and accept reappointment by Gov. Wilson on that same day? [the appointment whose oath of office Ronan did not file until May 16.]"

"Gov. Wilson wanted me to be on the Port Authority for a longer term and to rearrange terms was the best way to put it," Ronan replied.

Byrd did not follow up except to press Ronan on whether he and Rockefeller discussed the loan cancellations prior to his leaving the MTA. Ronan denied any such discussion and Byrd told reporters after the session that Ronan's testimony did not square with FBI reports he had looked at. He said he did not intend to pursue the matter.

Allen did ask Ronan whether there was a deliberate effort to create a hiatus, but his questioning centered on a second government job Ronan held, the $12,500 a year post as trustee of the State Power Authority which Ronan assumed May 26.

Byrd concluded his questioning with a long statement about the Rockefeller gifts: "I cannot deny the impression I have received from these various gifts and loans, that a curious pattern evolves, not one that is conclusive, but there appears to be too many instances to be merely coincidental, in which the crucial element—not identical in every case—is always missing."

A second discrepancy concerning the gifts turned up last month in tax records submitted by Rockefeller. The date for the cancellation of the $510,000 in loans was first listed as June 10, an entry that would clearly indicate Rockefeller had given * * * Port

Authority and a trustee of the Power Authority.

Hugh Morrow, the Rockefeller spokesman, said then that the June 10 date was a computer error and that Rockefeller had submitted a letter showing that the cancellation was made May 3—the same date that Ronan was given $40,000 outright.

The state inquiry is in the hands of the Attorney General's Advisory Committee on Ethical Standards. The committee, which has no paid staff nor subpena power, has put off the investigation at Rockefeller's request until the end of the Congressional hearings. Lefkowitz today declined comment.

EXHIBIT B

[From the New York Times, Oct. 10, 1974]

ROCKEFELLER AND BANKER BROTHER TIED TO A SECRET TRIBOROUGH-MTA PACT

(By Frank Prial)

On Feb. 9, 1968, the Governor of New York and the chairman of the Chase Manhattan Bank met at the Governor's townhouse on West 55th Street and apparently signed a secret agreement that paved the way for the take-over later that year of the Triborough Bridge and Tunnel Authority by the Metropolitan Transportation Authority.

The bank represented the bondholders of the Triborough Authority and the Governor represented the M.T.A. The bank chairman was David Rockefeller, and the Governor was his brother, Nelson.

The author of the agreement whose full terms have never been disclosed, is said by many in the transportation field to have been Dr. William J. Ronan, whom recent disclosures have shown to be the recipient of $500,000 in gifts from the former Governor, his longtime mentor. Dr. Ronan was chairman of the M.T.A. at the time of the settlement and served until earlier this year.

SENATOR SEEKS DETAILS

Yesterday Senator Jesse A. Helms urged that the Senate Rules Committee subpoena the agreement between the two Rockefellers if its contents were not disclosed in future testimony before the committee by Mr. Rockefeller and Dr. Ronan.

Shortly after the two Rockefellers signed the agreement, it was taken before then State Supreme Court Justice William C. Hecht, Jr., who sealed the papers and thus effectively cut off any chance at that time for the public to learn the full details of the deal.

Justice Hecht, who is now a special referee appointed by the Appellate Division of the State Supreme Court, said yesterday that he had sealed the agreement at the request of both parties to it. He said he had not dealt with the matter since then and would have to study it again to see if it could be unsealed if subpoenaed.

Senator Helms, a foe of the Rockefeller nomination as Vice President, cited an account of the settlement by Robert A. Caro in his book on Robert Moses, "The Power Broker." If the Caro account is true, Mr. Helms said, "then a question of conflict of interest arises."

"Even if the description of events should not be correct in every detail," he went on, "the question of personal gifts to Dr. Ronan and to other political figures raises a grave question of propriety."

The agreement between the Rockefeller brothers settled out of court Triborough bondholders' suit seeking to prevent the M.T.A. from divertiing Triborough toll surpluses to cover bus and subway operating expenses.

SUIT NOT PROSECUTED

According to Mr. Caro in his book, "almost every legal expert on municipal bonds and public-authority bonds" was convinced that the suit would have been successful if it had been prosecuted vigorously.

"The suit was not prosecuted vigorously," Mr. Caro wrote. "Why it was not prosecuted vigorously is not known."

Mr. Caro said yesterday that he chose not to elaborate on what he had said in his book.

According to Mr. Caro, Robert Moses, then the chairman of the Triborough agency, originally planned to fight both the merger of his authority into Dr. Ronan's M.T.A. and the diversion of its surpluses to cover mass-transit deficits. But after a meeting with Governor Rockefeller, Mr. Caro reports, Mr. Moses backed away and dropped his opposition to the merger.

Mr. Caro implies that Mr. Moses was offered several high positions by the Governor in exchange for his support. These offers, Mr. Caro writes, the Governor later reneged on.

An important outcome of the townhouse meeting was that Dr. Ronan finally consolidated power as the state's sole transportation chief at the expense of Mr. Moses.

Mr. Moses, who was vacationing in Bermuda yesterday, declined to comment on his role in the M.T.A.'s absorption of the Triborough Bridge and Tunnel Authority.

BANK'S ROLE UNCLEAR

The Chase Manhattan Bank served as trustee for the Triborough bondholders in the lawsuit. But the bank was not listed as an owner of any of the bonds in a statement sent by Dr. Ronan to all bondholders at the time of the merger.

"What Chase got in exchange [for not pressing the suit on the bondholders' behalf] is not known," Mr. Caro wrote, "although it continued to head syndicates—as it had in the past—that underwrote and purchased tens of millions of dollars in state bonds, immensely profitable to banks."

What was made clear as part of the arrangement was the increase in interest payments to the Triborough bondholders of an extra quarter of 1 per cent, plus a guarantee of the state's credit as backing for the bonds. This amounted to some $12-million extra over the lifetime of the bonds, most of which were held by large commercial banks and insurance companies.

According to Theodore W. Kheel, who has long made a study of transportation in the metropolitan area, the original deal called for no extra interest. But then, he said, one of the big banks balked. There was some hard bargaining, Mr. Kheel said, and finally the one-quarter of 1 per cent was agreed upon.

According to Ralph Nader's Study Group Report on the First National City Bank, the bondholders did not actually agree to the transfer of surplus Triborough funds until June, 1970.

* * * * *

The documents indicate, Mr. Kheel continued, that the covenant provided Mr. Moses with substantial power, by preventing the Triborough Authority from using any of its surplus funds for projects such as mass transit, of which Mr. Moses did not approve.

The stipulation broke this concept, substituting instead the idea that once the $362 million worth of bonds had been provided for in terms of interest payments and funds for retirement of the bonds, and the operations of the authority had been taken care of, any surplus above that could be used by the new parent M.T.A.

"SOP TO BONDHOLDERS"

As a "sop to the bondholders," as Mr. Kheel put it, the one-quarter of 1 per cent increase in the interest on the bonds was included.

"That was in case anyone in the bond community found out about the details of the agreement," Mr. Kheel added.

An official of the Chase Manhattan Bank, who asked to be identified only as a "spokesman," vehemently denied that there was ever any effort to seal the agreement or to keep it secret.

"We even issued a full and complete news release at the time," the spokesman said. However, the news release did not spell out all the details of the agreements.

"The bank's obligation, our overriding concern, was to protect the bondholders," the spokesman continued. "I can't say this too strongly. And, after all, the bondholders did finally consent to the agreement. As far as Chase was concerned, it was the prerogative of the bondholders to accept or reject the terms proposed."

Over the years a number of individuals—including Mr. Kheel, Robert Caro, author of a biography of Mr. Moses called "The Power Broker," and Times reporters—had sought to obtain the documents. But they had been told that they were sealed.

Two weeks ago The Times asked former State Supreme Court Justice William C. Hecht Jr., now a special referee in the Appellate Division of the State Supreme Court and the judge who signed the original papers, for permission to examine the documents. At that time Justice Hecht said they were sealed.

Earlier this week the request was renewed, and Justice Hecht provided the documents. This time he said that they had never been formally sealed.

The stipulation itself was drawn up at a meeting Feb. 9, 1968, in the 22 West 55th Street town house that Governor Rockefeller used as his offices. Present were the Governor, his brother David, Dr. Ronan and lawyers representing the various parties.

The agreement, later ratified by Justice Hecht, ended more than six months of negotiations that had begun after Chase Manhattan had filed its bondholder suit to challenge the Triborough authority.

OCTOBER 31, 1974.

Mr. A. M. ROSENTHAL,
Managing Editor, New York Times, New York, N.Y.

DEAR SIR: One of your recent articles referred to a controversy concerning the surplus funds of the Triborough Bridge and Tunnel Authority, which was submitted to me for adjudication on January 19, 1968, while I was still an active Justice of the New York Supreme Court.

The article erroneously stated that the papers had been sealed. The papers have always been available in the County Clerk's office for inspection by any member of the public. In fact, I recently arranged for a clerk to give one of your reporters prompt access to them and a full opportunity to make copies. I have just reviewed the files, and write this letter for the purpose of setting the record straight.

This action was brought by Chase Manhattan Bank, as Trustee for the holders of Triborough Bonds, to invalidate, on constitutional and other grounds a 1967 statute. Prior to that statute, Triborough's surplus funds could be used only for other Triborough projects. The purpose of the new legislation was to use part of those surplus funds to avoid undue increases in the subway fare for as long a period as possible.

Triborough and Metropolitan were named as defendants in the action and opposed the relief sought. The City and State intervened in support of the legislation.

Since the statute was to become effective on March 1, I studied the voluminous papers and drafted an opinion. The parties then requested that decisions be deferred because they were in discussion looking towards possible settlement (in none of which I participated).

On February 9, the parties submitted a stipulation providing that Triborough should not transfer any surplus funds until the Bond Resolutions were amended by the vote of the holders of not less than two-thirds in principal amount of the Bonds then outstanding, authorizing such transfer, and providing in addition for:

1. An increase in the interest rate of at least ¼ of 1%;

2. The closing of the Resolutions so that no further bonds might be issued thereunder.

The stipulation provided that it should have no force or effect until approved and "So Ordered" by the Court. I endorsed "So Ordered" on February 9.

I concluded then, and still believe, that a Supreme Court justice had no power to refuse the "So Ordered" endorsement under the foregoing circumstances. The parties had the absolute right to dispose of the action by stipulation, in the absence of any imputation of bad faith or collusion. All of the parties were represented by attorneys of recognized competence and unquestioned integrity: Plaintiff by former Governor Dewey; Metropolitan Transportation Authority by Bruce Bromley, a former Judge of the New York Court of Appeals; Triborough by Samuel I. Rosenman, a former Justice of the New York Supreme Court and a former President of the Association of the Bar; the City by Corporation Counsel Rankin; and the State by Attorney General Lefkowitz.

Aside from any question of power, the opinion which I had drafted before receiving the stipulation satisfied me that the stipulation was a constructive solution of a vexing problem.

Two-thirds in amount of the bondholders consented to the arrangement, in consideration of receiving an increase of ¼ of 1% in interest. In the intervening years, no contention has been made that the security for repayment of principal has been impaired.

Very truly yours,

William C. Hecht,
Special Referee.

[Supreme Court, New York County, Index No. 42431–1967]

STIPULATION

The Chase Manhattan Bank (National Association), as Successor Trustee, etc., Plaintiff, against Triborough Bridge and Tunnel Authority, et al., Defendants.

It is hereby stipulated and agreed by and among the parties to this action, subject to approval of the Court:

1. The third cause of action is withdrawn with prejudice. Plantiff shall not hereafter directly or indirectly (a) challenge the reconstitution of the membership of Triborough Bridge and Tunnel Authority (Triborough) pursuant to Chapter 717, Laws of 1967 or (b) claim the existence of any inherent conflict of interest between the duties of the Triborough members, as such, and their duties as members of Metropolitan Transportation Authority, New York City Transit Authority or Manhattan and Bronx Surface Transportation Operating Authority.

2. The first and second causes of action are disposed of in accordance with this stipulation.

3. Triborough shall not at any time transfer to any other authority any funds subject to the lien and pledge of the General Revenue Bond Resolution adopted January 22, 1952 or the Revenue Bond Resolution adopted April 18, 1960, as supplemented unless and until, in either case (i) such Resolution shall have been amended to permit funds available for the purposes specified in Section 506(2) or 508(2) thereof, as the case may be, to be utilized in addition for any public purpose permitted by law, or (ii) all bonds outstanding under such Resolution shall have been paid, or (iii) provision for the payment of such bonds shall have been made by deposit of funds with the Trustee.

4. Triborough may nevertheless certify the existence of surplus as contemplated by Chapter 717, Laws of 1967 and the Mayor of The City of New York may request that such surplus be paid over as so contemplated, except that no transfer or payment thereof shall be made unless and until permitted in accordance with 3 above.

5. Notwithstanding any certification of surplus or any request for transfer by the Mayor, the amount thereof in the hands of Triborough at any time shall remain subject to the lien of the Resolutions and available for all Triborough purposes.

6. An amendment to a Resolution including the following terms shall become effective when duly adopted by the vote of the holders of not less than ⅔ in principal amount of the Bonds then outstanding, as provided in Sections 906 and 902 of the Resolutions, respectively:

(i) an increase in the interest rate of at least ¼ of 1%;

(ii) the closing of such Resolution (if not theretofore closed) so that no further bonds may be issued thereunder; and

(iii) the amendment of the Resolution described in 3 above.

Nothing herein shall prevent any amendment of a Resolution in any manner permitted by law.

7. This Stipulation shall have no force or effect until approved and so ordered by the Court.

[From "The Power Broker: Robert Moses and the Fall of New York"]

(By Robert A. Caro)

CHAPTER 49.—THE LAST STAND

Rockefeller had been laying his transportation plans out for eight years. Now they were ready. Ronan had filled in the details. Lindsay's attempt to take over the transportation setup had been the final factor in determining the Governor to move to implement them. If there was going to be a takeover, it was going to be *his* takeover. And therefore, the Governor seemed to feel, it was time for Moses to go.

To implement his grand conception, the Governor needed money, a particular kind of money—seed money.

It was, of course, impossible, in so inflationary an era, to calculate with precision the cost of the network of highways, mass transit facilities and airports of which he was dreaming. If he had even a rough estimate, moreover, he made sure it was never revealed honestly to the public—for a very sound political reason when dealing with a Legislature in which upstate conservatives played a prominent role: it was almost unimaginably huge. One estimate, probably far too low, was that, if begun in 1968, it would cost $6.4 billion in the next five years alone. Much of this money Rockefeller had to obtain from the federal government, but federal contributions were determined in some cases by state and local participation in the funding. That meant local money. In almost all cases federal contributions were dependent on state and local planning—Nelson Rockefeller had learned what Moses knew: that it was the state with plans, not vague proposals but detailed blueprints, ready when new federal appropriations became available, that got the federal money. And certain pieces of the grand conception could not be built by the federal government at all, because the only way to make their building feasible was to make them toll or revenue-producing facilities, for which federal expenditures were prohibited.

But state and local money on the scale the Governor needed was simply unavailable: eight years of his massive spending had reduced the state to a condition in which it was all but impossible for him to meet the constitutional requirement that he balance its budget annually; costs were outrunning revenues even for current programs; state revenues could simply not support a major new one. A $500,000,000 highway bond issue passed some years before was all but exhausted in 1966; if a new one wasn't approved, highways would have to be built out of current revenues—which meant that, in effect, no major new highways would be built. As for local money—New York City money—deficits stared him in the face everywhere: Transit Authority deficits, Long Island Rail Road deficits, Penn Central Railroad deficits, the city itself so broke that it had to borrow money each year just to pay current bills—everywhere, that is, but in the accounts of the two giant public authorities, Port and Triborough. Port, armored by the fact that he had to win approval from the New Jersey Governor and Legislature for anything he wanted that agency to do, was, for the immediate future at least, beyond his reach. And that left just one place to turn.

The Triborough Bridge and Tunnel Authority had $110,000,000 in cash and securities on hand—a surplus that was growing at the rate of almost $30,000,000 a year. A surplus that would grow much faster if Triborough's tolls were raised—and Rockefeller was already secretly considering raising the tolls. A capitalizable surplus—worth, over the next five years, even if current tolls were not raised perhaps half a billion dollars. He needed that money. He wanted it. And Moses, adamant that he and he alone would decide how it was to be used, stood in his way.

And more important than money was personality. There were Ronan's and Moses', of course—the personality of the cool, cautious, bankerly corporation man versus that of the bold, slashing, imaginative creator; an exceptionally perceptive politician and reader of men who had plenty of time to read those two (and who was to have a ringside seat during the ensuing struggle), Assembly Speaker Perry Duryea, says, "They were too antagonistic to work together in *any* setup." And there were Rockefeller's and Moses'. When Moses was in a picture, he dominated it; any transportation improvement in which he played any sort of a key role would, in the public's eye, be *his* improvement, not the Governor's.

"So," as Duryea says, "Rocky wasn't satisfied with what happened in '62. He really had to knock him out of the box."

And Moses had so little left to fight back with.

Once he had had so much. With income from the State Power, Jones Beach and Bethpage authorities as well as from a State Park Commission and Parks Councils as well as the City Park Department, Triborough's annual surplus had been only one piece of a very large pie. More important than the size of the pie had been the fact that it was divided into so many pieces. More important than the amount of money at his command was the fact that this money came from so many different and varied sources, that he had held simultaneously twelve different government jobs—some state and some city. A Governor contemplating removing him from those under his control would have to reckon with the fact that, because Moses' authority chairmanships had staggered six-year terms, he could do even that only over a period of years. And he had to reckon with the fact that, not only during those years but thereafter, Moses would still be holding many powerful city posts, that "you'd have to fight him on so many different fronts." Moses had been able to prop up each post with others, to use each as leverage to make the others more powerful than they would otherwise have been. The position in which he had once stood had been all but unassailable. But he had, by resigning in anger from his state posts, knocked out many of the props himself. Now all the props were gone. His single remaining post stood alone. And he now had only $30,000,000 a year left to fight with—a signicant sum but not when measured against the resources of the state that were the resources at his foe's command, and a sum even less significant because it was derived from only one post, his past post, so that men who choose up sides on the basis of money could see clearly that if he lost that post, he would have nothing left to give them—a factor which made them reluctant to take his side. If Robert Moses had still possessed twelve jobs—if "Triborough" had still consisted of twelve arms—Nelson Rockefeller might have found, as Harriman and Dewey and Roosevelt had found, that it was unfeasible to cut off one of them. But now "Triborough" consisted only of Triborough. A Governor could lop off that arm with the assurance that if he did so, Moses would have none left at all.

Moses' lone position might still have been secure, for it rested on the solid rock of the Triborough bond covenants, the contracts sacred under law. Not even a Governor, backed by the Legislature and armed with the full authority of the state, could break those covenants, for if he tried, bondholders could sue, and the courts would surely uphold them.

Except for one consideration. While in theory even a single injured bondholder could sue, in practice no individual bondholder *would*. In the first place, the legal costs of so complicated a suit would, even in the preliminary steps, be enormous—far beyond any injury the bondholder might have suffered or any damages he could realistically claim. More important, a bondholder contemplating an individual suit would be faced with a legal reality: suing as an individual would be viewed by a court as an admission that only he was hurt—why weren't other bondholders suing?—so that the bondholders, or a substantial number of them, would have to sue as a group. To cover such a possibility, an agent had been appointed, in the contracts, to protect the bondholders' right—to, if necessary, sue on their behalf. The contracts had appointed a bondholders' trustee.

And the trustee was the Chase Manhattan Bank, and the Chase Manhattan was the only large bank in the United States still controlled by a single family.

The Governor's.

"After the 1966 Legislature had would up its business without passing our bill and had gone home, we began to get straws in the wind that the Governor and Ronan had plans of their own for taking over transportation," Arthur Palmer says. Lindsay was in no position to object, desperate as he was for a way out of the continual financial crisis posed by the subways (and for a way to avoid a second fare increase—Lindsay had already raised it from fifteen to twenty cents—before he had to run for re-election in 1969). Moreover, neither the Mayor nor his aides seem to have grasped the extent of the power Ronan was negotiating away from the city. By January 4, 1967, Rockefeller was confident enough of city cooperation to ask Legislature and voters to approve a $2,000,000,000 bond issue for highways, mass transit facilities and airports throughout the state and to begin planning a "coordinated," "balanced," "regional approach"—with far greater emphasis than ever before on mass transit—to transportation in the metropolitan region, merging and incorporating in Ronan's Metropolitan Commuter Transportation Authority all the region's public transportation agencies: the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority (MABSTOA), the Long Island, Penn Central and New Haven railroads, the Staten Island Rapid Transit Service—and the Triborough Bridge and Tunnel Authority.

Rockefeller had a lot riding on approval—not only the plan itself, which had fully captured his imagination, but a consideration considerably more mundane: driven to the wall by the state's worsening financial crisis, the Governor had, through various budgetary devices, discharged his legal obligation to balance the budget by including in anticipated "revenues" a substantial amount—according to some sources $49,000,000, according to others $51,000,000, according to still others $89,000,000—in money from the bond issue for which he was still asking approval. If it were not approved, the resultant deficit would prove highly embarrassing. The Governor was, moreover, planning to use bond issue monies to help in future budgets. If it were not approved, the state would be in for a truly hair-raising tax increase, one that would reinforce his image as a wildly spending liberal among the Republican conservatives across the country whose support he needed for his planned 1968 presidential bid.

The emphasis on mass transit insured media support for the plan in the metropolitan area, and, with leading politicians, Democratic and Republican, endorsing it, legislative approval was assured. Approval in the November referendum, however, was more doubtful. Widespread voter resentment against higher taxes had in recent years caused the rejection of many bond issues; the Governor was worried about the so-called silent vote. Resentment on the part of upstate conservative voters against the Governor's free-spending, high-taxing policies was flooding toward a crest that would spill over in the conservative legislative revolt two years later. In an off-year election, with most voters apathetic and the turnout small, passage of controversial bond issues is traditionally difficult when the only voters who turn out in force are those opposed to specific transportation projects. Results of Rockefeller-commissioned polls were highly discouraging. With the issue in the balance, Rockefeller was afraid that Moses would tip it against him.

The powerful construction labor unions were still solidly behind Moses, for Van Arsdale and Brennan knew that vast allocations were of little use in creating jobs unless the crushing of local opposition and the planning and blueprinting that had to take place before men could actually be put to work was ramrodded through, and their meetings with Ronan had convinced them that he was not a ramrod—if indeed he was even competent, which the two union leaders doubted. "You need a man who knows how to put a show on the road," Brennan was to say. "We had to keep Moses in there." More important, Moses still possessed his name—which, while a symbol around Washington Square of all that was hated, was a symbol of something quite different in Queens and Staten Island. Moses would continue to have the voters' ears, the Governor knew, because he still had the *News* and *Newsday*, the papers with the largest circulation in New York City and on Long Island; in its editorial on the Governor's proposal, for example, the latter had said: "Essential is the participation of Bob Moses in the new agency: His experience will be invaluable." Most important of all, Moses still possessed, unimpaired by his seventy-eight years, the instrument that had gotten him power in the first place: his powerful, supple intelligence. Alone now, Robert Moses began doing what he had done when he had been trying to find a way out of the West Side Improvement financial impasse, when he had conceived the possibilities of the public authority—at so many crises during his career; jotting down figures on a yellow legal note pad.

Ronan's public relations men had been feeding the press figures showing that the unification would end the city's traditional subway deficit crisis. Several years later, Duryea, no friend of Ronan's, could still recall them with a wry grin: "The surplus from Triborough would be $30 [million] a year, the surplus from MABSTOA would be about $5 [million], the Long Island [Rail Road] would either break even or have a surplus of about $1 [million], and these surpluses would be just enough to make up the Transit Authority deficit."

But Moses found that the merger wouldn't come close to making up the transit deficit. Calculating the present and future cost of union contracts then being negotiated and union contracts that would have to be negotiated within the next year or two, increasing maintenance costs and future debt service, he concluded that MABSTOA and LIRR would have not small surpluses but tremendous deficits, and that the Transit Authority's deficit was growing so fast that no conceivable combination of contributions from other agencies could make it up. The primary rationale that the Governor was using to sell the plan to the conservative upstate voters—that it would free the state once and for all from the annual worries about New York's subway problem—wasn't true at all.

And that was only one small point proved by Moses' figures.

Since he had become Governor, Rockefeller had created several giant "public authorities" that were bastards of the genre because their revenue bonds would be paid off not out of their own revenues but out of the general revenues of the state.

No one outside the Governor's confidential staff had ever figured out what the total debt service on all these bond issues was going to be when they were all sold and paying interest simultaneously. Only one other state official, the quietly independent Democratic Comptroller, Arthur Levitt, was interested in doing so—teams of his auditors had just begun calculating that very point.

Moses did it alone. He would never discuss what he found. But Duryea—his last friend in power and the one he took most fully into his confidence at this stage in his career—did, in an interview in 1969: "Three years ago, the state had budgeted for debt service 25–30 million. Last year, it was 40 million and this year 47. Well, Moses had a projection that if all the authorities Rocky was proposing went through, the debt service in 1972—this was the year of total sale—would be 500 million." Rockefeller's proposals would load down present and future taxpayers of the state with a staggering debt. In addition, Moses had done the simple multiplication necessary to figure out something all the reporters and editorial writers who had written about the $2,500,000,000 Metropolitan Transportation Authority bond issue had apparently never bothered to figure out—at least not one of them had mentioned the point: how much that bond issue was going to cost the taxpayers in interest. The answer was more than $1,000,000,000. A billion dollars in interest! By the time Moses finished figuring, Duryea says, "he had some numbers that were devastating."

The implications were enormous. "If he had ever gone screaming to the public . . .," Duryea says. Moses not only possessed devastating numbers; he could devastate with them. While other opponents of the bond issue had no money to put their case before the public, Moses, with the resources of Triborough still behind him, did, and his prestige alone guaranteed him a full hearing in the media; let him take those numbers to the public with his vast and efficient public relations apparatus, and he could well wreck Rockefeller's grand conception.

And he was prepared to do so. "Only two or three of us knew of these figures," Duryea says. "But we knew that Moses was ready to blow the Governor's transportation" referendum with them. "They had to get him on board so that he wouldn't scream and holler."

Before delivering his "State of the State" message, the Governor and Ronan had had at least one conference with Moses at which they attempted to enlist his support. They failed; he flew off to a vacation in the Bahamas still an opponent. While he was there, Ronan drafted, and airmailed to the old warrior honing his rapier down there in the warm sun, some modifications designed to mollify. They did not; during the three weeks he stayed away following the Governor's speech, reporters checked with Triborough daily to try to talk to him, and as soon as he returned, he had a statement for them. He was too smart to play his trump on the first hand; it was not empty victory but power in the new transportation setup that he wanted. He did not reveal his figures. But he gave the Governor an inkling of the intensity of the opposition he was prepared to provide. It was uncompromising. The merger proposal was "absurd," he said. "Grotesque. It just won't work. . . . They don't know what they are driving at." And the opposition made major stories in every metropolitan area newspaper. On March 9, 1967, Moses met with Rockefeller in Rockefeller's Fifty-fifth Street townhouse. And two days later he announced that the Governor's plan—the "absurd," "grotesque" plan—was "indispensable" and that he was supporting it. "We believe the Governor is on the right track, that only a bold approach can succeed, and for our part shall cooperate to this end." (Said Ronan: "This is welcome news.")

The reason Moses gave for his 180-degree change of heart was that "after considerable discussion, the Governor included in his proposal a paragraph on protecting the rights of Triborough bondholders." Actually, however, nothing new of any major significance to the bondholders had been added to the proposal. Levitt and Duryea knew the real reason: the Governor had bought Moses' support with the only coin in which Moses was interested—power, a promise that he would have it under the revised transportation setup. "I know for a fact that Rockefeller felt he had bought Moses' support," Duryea says. "How [do I know]? I know because one Monday in Albany—it was at one of those Monday-morning so-called leadership conferences—Rockefeller announced that Moses would support his transportation unification program. I said, 'What'd you give him?' And Rockefeller said, 'A promise that he wouldn't be thrown in the ashcan,' that he would be given something substantial in the MTA reorganization." Levitt had even more conclusive proof. To gain maximum impact for his "figures," Moses knew they should be released by someone other than himself, someone who could not be accused of having a personal stake in the defeat of the transportation proposal. On March 8, the day before his conference with the Governor, he had telephoned Levitt, who recalls: "He called me up and said, 'I want to se you. I have figures . . . and I want you to use them and blast Rockefeller.' The very next day, I had to go to Fifty-fifth Street for a meeting of the state pension fund. I didn't know what room to go in, and I was wandering around from room to room, trying doors, and I opened one, and there, to my surprise, was Moses and his whole coterie. I said, 'What are you doing here?' He said, 'Oh, waiting to see the Governor.' I said, ' Where are those figures?' He said, 'Oh, I'll send them to you,' in a hedging tone of voice. And the next day he comes out for MTA. I never got the figures."

Van Arsdale and Brennan knew the reason, too. Rockefeller had also told it to them. The day after Moses' announcement of support, Brennan—previously conspicuously silent on the Governor's proposal—chimed in with his. The *Times* story announcing the arrival on board of the powerful unionist contained a sentence whose source was apparently Brennan himself: "It was learned . . . that Governor Rockefeller had offered Robert Moses a seat [on the MTA board] . . . as well as continued direction" of Triborough. Brennan himself confirms that Rockefeller had given "Van and I" the impression: "The Governor said he would have an important part [for Moses]." Not satisfied with that vague statement, the two unionists asked Rockefeller precisely what that meant. He told them he had given Moses what Moses wanted: "He told us Moses wanted a part of the construction." "Will he have a part?" Brennan asked. "And the Governor said, 'Oh, absolutely. We know his talents, his ability, and we want to use them.' " Rockefeller was careful to leave the same impression with the public. The Governor told reporters that each of the authorities, while being merged, would "retain [its] identity and be under the administrative direction of an executive head in charge of operations," who, the *Times* reported, "would possibly have the title of president of the agency." *President of Triborough*—that sounded even better than "Chairman."

Moses appears to have had no doubt that the Governor would keep his promise. His statement announcing his support of the referendum had stated: "If the verdict is favorable, all the talent and goodwill available must be recruited to realize the exceedingly complex, long-term improvements." He had no doubt that that talent would, in the fields of highways and bridges, continue to be his own. And with that assurance in hand, he proceeded during the seven months prior to the referendum to prove that he would violate any principle—even that most sacred one to which he had always sworn allegiance, the sacredness of the bondholders' covenants—to keep power. He outdid himself in support of the referendum; when Rockefeller didn't contact him, he called the Governor's office to ask for an appointment so that he could learn how he could best be of assistance in persuading voters, and following that meeting, he lied for the referendum (although he knew that bond revenues were slated for approach roads to his proposed Long Island Sound Crossing, he told the press: "Statements . . . that the pending transportation proposition is to be tapped to pay in whole or in part for the Long Island Sound Crossing . . . are wholly irresponsible and malicious. Not a cent of state subvention, aid or credit is required. . . ."); poured money behind it, using Triborough funds to pay for a full-scale advertising campaign ("Traffic—Commuter—Transit Delays Got Your Goat? Don't Sit And Grumble. Get Out And Vote!"), plastering Triborough's toll booths with huge "Vote Yes!" signs—and repeatedly flattered the Governor so enthusiastically and obsequiously ("Governor Rockefeller has . . . guts"; "It takes a lot of courage and faith to ask the voters to approve a $2.5 billion . . .") that at times he seemed to be almost desperately trying to reassure Rockefeller that the Governor wouldn't have to worry about his loyalty after the reorganization, that he could be a loyal member of his team.

After an almost equally frantic statewide campaign by Rockefeller, the referendum passed, but there remained another, equally important reason to keep Moses on board. There was still the possibility of a legal fight over whether the Triborough bond covenants would be violated by the merger of the Authority into a larger authority—a question which, it seemed likely, could, if pressed, be resolved only one way: in the bondholders' favor.

Any party to a contract can bring suit if he feels it has been violated. There were two parties to the contracts that were the Triborough bonds—the Authority and the bondholders, represented by the trustee Chase Manhattan Bank.

Prior to his March 9 meeting with Rockefeller, Moses had prepared to have the Authority bring suit; he had instructed Sam Rosenman to gear up for a full-scale, no-holds-barred legal battle. But after his March 9 meeting with Rockefeller, he had Rosenman stand down, at least in part; the attorney, on behalf of Triborough, joined Dewey, representing Chase Manhattan, in attacking the proposal to use the Authority's surpluses, but let the former Governor carry the load, following through only pro forma, and he dropped opposition to the merger, the part that would have deprived Moses of power—because, of course, Moses believed Rockefeller had promised him power after the merger as well. "I understand that he had a promise that he would be part of the MTA board." Dewey was to recall. "I don't think Rosenman would have been so cooperative with the MTA if Moses hadn't thought that he'd have a place."

Of the circumstances surrounding the final removal of Robert Moses from power, the key one—the resolution of the suit against the merger that, if sucessful, could have kept him in power—remains shrouded in mystery.

Two things are clear. One: that, in the opinion of almost every legal expert on municipal and public authority bonds, if the suit had been prosecuted vigorously, it would have been successful—the merger would have been voided. Until all its $367,200,000 bonds had been redeemed, the Triborough Bridge and Tunnel Authority would have remained an independent, autonomous agency, and if the Authority chose not to redeem its bonds, it would have remained independent and autonomous indefinitely. Two: that the suit was not prosecuted vigorously. Why the suit was not prosecuted vigorously is not known.

Chase Manhattan had certainly given the impression that it intended to press the suit to the limit when it was filed in June 1967. The retaining of Dewey as counsel seemed proof enough of that, and the bank's initial sixteen-page, thirty-six-count complaint instituting the action seemed determined. Transfer of the Authority's surpluses or income to the Metropolitan Transportation Authority would, the bank's complaint stated, cause the bondholders the bank represented "irreparable injury, for which they have no remedy at law." Both state statute—the New York public authorities law—and the Authority's contract with its bondholders forbade such a financial merger until all bonds were paid off and the contract thus voided, the complaint stated. An administrative merger was similarly illegal, the brief stated, forbidden by Federal and State Constitutions and state law as well as bond covenants, and was injurious to bondholders because the aims and interests of the TBTA and those of MTA contained a basic, irreconcilable conflict: "Triborough must facilitate the use of its projects by motor vehicles whereas the MTA and the TA must facilitate the use of their respective train and subway service systems, thereby diverting traffic from Triborough bridge and tunnel projects."

Following passage of the referendum, the suit was resumed, but all through December and January, intensive negotiations were being carried out between representatives of Governor Nelson Rockefeller and those of his brother David, Chase Manhattan's president and absolute boss. And the suit was finally settled not in court, open or closed, but in the Governor's Fifty-fifth Street townhouse, shortly after 9 A.M., February 9, 1968, at a fifty-minute meeting attended by the two brothers, each attended by one aide, Dewey for David and Ronan for Nelson. At this meeting, a three-page stipulation previously drawn up by attorneys for both sides was signed by Nelson Rockefeller on behalf of the State of New York and David Rockefeller on behalf of the Chase Manhattan Bank. Following the meeting, the stipulation was taken to the chambers of the judge who would have been sitting on the case had there been a case—State Supreme Court Justice William C. Hecht, Jr—and sealed, not to be seen by any outsider or newspaperman. Under the stipulation, the Governor's family's bank dropped all opposition to the Governor's transportation merger, the merger under which the Triborough board—Robert Moses, chairman—was supplanted by the MTA board—Dr. William J. Ronan, chairman. The point that Moses had always believed *would* keep him in power, therefore, was not contested—even by Moses. On his instructions, Rosenman agreed on behalf of Triborough that the merger was constitutional and legal. The crucial point was not contested by anyone.

What Chase got in exchange is not known, although it continued to head syndicates—as it had in the past—that underwrote and purchased tens of millions of dollars in state bonds, immensely profitable to banks.

Even such a bonus would probably not have persuaded the normal bank—run by a board of directors responsible to a multitude of stockholders—to abrogate its legal obligations, thereby leaving itself open to stockholder action. A bank controlled by a single family could do so, however. In the entire United States, only one bank large enough to be a trustee for $367,200,000 in bonds is still family controlled. What was necessary to remove Moses from power was a unique, singular concatenation of circumstances: that the Governor of New York be the one man uniquely beyond the reach of normal *political* influences, and that the trustee for Triborough's bonds be a bank run by the Governor's brother.

Why did Moses choose to rest his future on Rockefeller's word? At least part of the answer is probably understood by the perceptive Duryea, who says he had little choice but to do so. "He didn't have much left to fight with any more," the Speaker says. And probably another part is provided by Shapiro, who, asked by his boss had not exacted a promise in writing, says: "I suppose because he couldn't really believe that they wouldn't want him in the picture at all. I mean, they wanted the bridge [Sound Crossing] built, didn't they? They wanted the program pushed, didn't they? And he was the only one who could push it like it should be pushed. He just couldn't understand that they might not feel like that, I suppose. I mean, it had always been like that before . . ."

Rockefeller's promise to Moses had served its purpose well. It had kept Moses quiet for almost a year, persuaded him not to oppose Rockefeller's transportation merger or the referendum which had funded it. The Governor's promise had, moreover, persuaded Moses to withdraw the lawsuit which might have invalidated Rockefeller's transportation merger. It had enabled Rockefeller to use his name.

And now, having used his name, having gotten everything out of him that he could, the Governor threw him away.

Up until the very day on which the crucial stipulation was signed and sealed, all was honey between the Governor and the old man now seventy-nine. On February 9, the day it was signed, Moses still believed he had a firm promise that he would have a substantial role in the new setup, possibly as president or executive head of Triborough, certainly as a member of the MTA board. Then, with less than three weeks before the merger was to take effect, the mask dropped away.

Immediately following the stipulation signing, Moses telephoned the Governor for an appointment. He got one—and when they met, Rockefeller apparently repeated his promise. Moses says that the Governor "told me I would be appointed to the MTA and would have the title of president or something of the sort at the head of Triborough under the general supervision of the MTA." But, Moses says, "Dr. Ronan did not like this." Perry Duryea says that "Moses asked me—really to intercede—with the Governor and Ronan to attempt to guarantee that he would get a meaningful position. He didn't ask me himself; he had someone else [Shapiro says it was he] ask me if we could get together and I went to his apartment in New York. He had met with Ronan and Rockefeller the week before and he left that meeting with a very bad taste in his mouth. He felt the Governor hadn't given him the time he deserved. The Governor was in and out of the room, the conference was interrupted. It was left that Ronan would call him in a week. And he hadn't heard from Ronan. And the deadline . . ." The deadline—the date for the merger—was midnight, February 29. At 12:01 a.m., March 1, the Triborough board would go out of existence. He would be out of a job—out of power completely.

Duryea felt sorry for Moses. "It was his dream to be part of the new transportation setup," the Speaker says. "He still felt the drive and the involvement, the old fire horse when the bell clangs. Here was this great new thing going forward—he wanted to be part of it." Duryea agreed to intercede on the old man's behalf, and thereafter, no more than a day or two at most before the merger took effect, Ronan contacted Moses.

He offered Moses a post as "consultant" ot the Triborough Bridge and Tunnel Authority. The post, he said, carried with it a salary of $25,000 a year and continued use of his limousine, his chauffeurs and his secretaries. Moses would be in charge of 'coordinating" Triborough's present construction program, and his "primary responsibility" would be the Long Island Sound Crossing.

Whether Moses could bring himself to question Ronan further about the "details" of this offer himself, or whether he had an intermediary do it, is not known, but with each answer he received, his humiliation must have deepened. For there were no further "details." That offer was all there was. He had thought he had been promised a seat on the MTA board; there was no mention of such a seat now; during the next day or two, in fact, Ronan announced the names of the nine members of the board of the agency that would be responsible for all intrastate public transportation in the New York metropolitan region—the name of Robert Moses was not among them. Moses had thought he had a promise of Triborough's "presidency," or at least its chief executive officer, whatever the precise title might be; Ronan did not make any mention of such a promise now; in fact, when Moses or his intermediary asked Ronan directly about it, Ronan replied that there would be a chief executive officer—but it would be Joseph F. Vermaelen, Moses' chief engineer. Vermaelen, and Lebwohl, and the rest of Moses' team, would report directly to the MTA staff.

Analyzing the offer only deepened the humiliation. "Coordinating" Triborough's current construction program was a meaningless phrase: that program consisted only of a relatively minor reconstruction of the Cross Bay Bridge and the adding of a second deck on the Verrazano—and those projects were already under way. The Sound Crossing would be a great project, but no one knew when it would start—and it would probably not start soon. And that was only one project—one for a man accustomed to directing dozens. "Don't take all Bob's toys away," Moses' wife had begged the Governor. Well, the Governor hadn't. He had left him one—or, to be more precise, the promise of one. When the implications of what Ronan was saying sank in Moses realized that he was being allowed, almost as a gesture of charity, to keep the perquisites of office—the car, the chauffeurs, the secretaries—but not so much as a shred of power. He could if he wished stay on at the Authority he had created and made strong and great, but not only would he no longer be in charge of it, he would no longer have any say in its affairs. Even the men around him, his muchachos, the men who had looked to him for leadership for so many years, would now be reporting to someone else.

The offer was a slap in the face. But there was no other offer. The fatal deadline of March 1 was upon him; he had no choice but to accept it; on the very last day before the merger was to take effect, he did so. His statement to the press, issued the following day, the day the Triborough Bridge and Tunnel Authority, the last remaining arm of once twelve-armed "Triborough," became a unit of the Metropolitan Transportation Authority, was one sentence long:

"The Metropolitan Transportation Authority has offered me an advisory post in the metropolitan transportation enterprise, and I have accepted."

More poignant than his statement on the day of the merger was his attitude.

Ronan had scheduled for that day a ceremonial tour of some of the Transit Authority and Triborough facilities by the members of the MTA board. Believing he would be one of them, Moses had invited Ronan and the board to lunch with him at Randall's Island, and Ronan had accepted. Now, though he sat at the head of the big table in the big dining room as he had sat there at a thousand lunches during the thirty-four years he had been head of Triborough, he had to know that he was sitting there only by sufferance, that he, who so loved to be the gracious host, was in reality not the host of that luncheon at all, that he was only a guest himself. The very cost of the lunch would have to be approved by someone else—by this college professor whom he had once derided as "sophomoric" but who had, he felt, weaseled his way into power, not by accomplishment, not by achievement, not by the honorable means by which he felt he had attained power, but by, he felt, "ass kissing" his way around Nelson Rockefeller.

Worse—much worse for him who had always delighted, gloried, in giving free rein to his feelings—he could not let his feelings show. If he were ever to have any power at all again—if he were ever to actually get to build even the Sound Crossing they had held out to him as a pittance—he would have to get on the good side of this man who had stripped him of power. Ronan, he felt—at least his aides say so—had defeated him not in a fair fight but by lying to him and betraying him. But he would have to make friends with Ronan. Reporter Richard Witkin, who covered the changeover for the *Times*, noted that: "Mr. Moses . . . seemed to go out of his way yesterday to take a back seat to Dr. Ronan. . . ."

The *Newsday* story, which noted that "Moses, who once held fourteen [sic] public positions simultaneously, appeared to defer yesterday to Dr. William J. Ronan," noted also that the Authority adopted a new emblem, a two-tone blue "M" that would appear shortly on all its trains and other facilities, and said, "During the last four decades the same capital letter might have been used as a symbol of domination of the area's planning scene." But it couldn't any longer. The age of Moses was over. Begun on April 23, 1924, it had ended on March 1, 1968. After forty-four years of power, the power was gone at last.

49. THE LAST STAND—SOURCES

(Certain crucial details of this chapter were supplied to the author by banking sources who would, out of fear of Gov. Rockefeller, agree to talk only on guarantees of anonymity.)

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NOTES

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So little to fight back with: Ingraham, Shapiro, Madigan, Wagner.

"Straw in the wind": Palmer, Rosen, confidential sources. Didn't grasp extent of power: Author's impression from interviews with Lindsay aides, most of whom insist on anonymity. Driven to the wall, planning to use bond monies in budget: Levitt; *Newsday*, Mar. 21, Oct. 22, 23, Nov. 8, 1967. Tax increase: *NYT*, May 2, Nov. 7, 1967. Voter resentment: *NYT*, Nov. 7, 1967. Afraid RM would tip it: Brennan, Duryea. "Essential is the participation": *Newsday*, Mar. 14, 1967.

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No doubt: Blake, Madigan, Shapiro. Asks for appointment; "not a cent"; "guts," "a lot of courage and faith"; RM, "Why New York Needs That Transportation Bond Issue," *Newsday*, May 26, 1967, quoted in *Dangerous Trade*. Rosenman: Confidential source. "He had a promise": Dewey.

Suit would have been successful: Phillips, Wood, confidential sources. Chase brief: *NYT*, July 1, 1967.

Meeting of the two brothers: *NYT*, Feb. 10, 1968. The author has been unable to obtain a copy of the stipulation. He did, however, hold detailed discussions with two individuals who did—Ingraham, who obtained a copy only by promising he would never quote from it directly but would use it only for background (and who, in fact, never used it for anything at all), and a confidential source. The author's discussion of the stipulation is based on what they told him. On his instructions, Rosenman agreed: Confidential source; *World-Journal-Telegram*, Mar. 12, 1967; *NYT*, Mar. 20, 1967.

All was honey: Shapiro. The Governor "told me": Moses, *Dangerous Trade*, p. 257. Duryea's intercession: Duryea, Shapiro. Ronan's offer: *NYT*, Feb. 29, 1968. RM's salary was later raised to $35,000. RM's feelings: Shapiro, Wagner, Articles: Witkin, *NYT*, and *Newsday*, Mar. 2, 1968.

EXHIBIT C

[From the New York Times, Jan. 17, 1970]

LINDSAY SAYS GOVERNOR IS WRONG ABOUT SUBSIDY

(By Iver Peterson)

Mayor Lindsay yesterday scoffed at Governor Rockefeller's contention that the $24-million subsidy from the Triborough Bridge and Tunnel Authority's surplus funds to the city's transit system constituted a grant by the state.

"I'm sure the Governor can't be serious," Mayor Lindsay said at a City Hall news conference as the blame-fixing feud continued over the recent increase in the subway fare to 30 cents.

The Mayor asserted that the Triborough Bridge and Tunnel Authority "is owned by the City of New York" and that its surpluses "rightfully ought to be used for mass transit."

Most of Mr. Lindsay's ire, however, was directed at Governor Rockefeller's request for an $8.5-million state loan to reduce a commuter fare increase on the Long Island Rail Road while—the Mayor charged—refusing to provide the necessary support for the Mayor's plan to limit the transit fare to 25 cents.

The Mayor has proposed increases in Triborough's bridge and tunnel tolls, and increased taxes on automobile users in the city.

UNSECURED LOAN

Mr. Lindsay contended that the proposed loan to the state-owned L.I.R.R. was in effect a subsidy because it was non-secured—without guarantees of repayment.

"Not only that," Mr. Lindsay said, "but the interest charges are paid by the residents—by the taxpayers of New York City."

A spokesman for the Governor said Mr. Rockefeller would make "no comment at this time" on the Mayor's charges.

Mr. Lindsay described the Governor's position on the financial troubles of the city's subways and the L.I.R.R. as "rank discrimination."

He also criticized the chairman of the Metropolitan Transportation Authority, Dr. William J. Ronan, for not agreeing to raise tolls on bridges and tunnels here to support the city's buses and subways.

The M.T.A. could increase the tolls "in five seconds," the Mayor said.

As the administrator of the state-owned Long Island Rail Road, the authority could also raise commuter fares on the rail line without seeking permission of any regulatory body, and has before it a requested increase that includes 20 cents more for a single ride and $4.60 a month for commutation tickets.

HOME RULE SOUGHT

Mr. Lindsay emphasized repeatedly that his plan for automobile-user's fees in New York City did not constitute a state subsidy.

"What we sought was the right through home rule to increase the subsidy by taxing ourselves," he said, "by imposing a reasonable tax on gasoline, on automobile registration and also by means of an increase in the Triborough Bridge tolls."

In the past Dr. Ronan has said that the city has not furnished any money to run the transit system. "You can't run the system on words and promises," he declared.

Of the Mayor's plan, he has said that it would not have immediately provided the funds needed by the Transit Authority to meet its present payroll as a result of the new contract negotiated with the Transport Workers Union.

The Mayor said he would continue to hold discussions with legislative leaders in Albany to promote his auto-fee subsidy plan. He did not, however, specify what his next move would be, saying that "the ball is right in the court of the Governor and Dr. Ronan."

During his news conference, Mr. Lindsay also expressed support for "some relief" for commuters living on the Rockaway Peninsula of Queens who currently have to pay two fares to get to and from other parts of the city. He called on Dr. Ronan to provide "whatever relief can be," but did not specifically endorse the concept of a single fare for the Rockaway residents.

CITES CONSULTATIONS

Mr. Lindsay also avoided direct comment on the political implications of his conflict with Governor Rockefeller. He emphasized his consultations with his Coalition Advisory Council, and said only that its members "will be supporting candidates in the year 1970 for various posts who stand for the City of New York."

[From the New York Times, Jan. 18, 1970]

RONAN: SOME THINK IT'S TIME HE LOST HIS COOL

William J. Ronan was never the most popular man in New York, but no one ever thought that he would need eight bodyguards.

He did last week. The bodyguards followed the death threats that followed Dr. Ronan's announcements that the Metropolitan Transportation Authority had (1) raised the New York City subway and bus fares from 20 cents to 30 cents, and (2) planned to raise the cost of Long Island Railroad commuter tickets by $4.60 a month on Feb. 1.

Bill Ronan, the $70,000-a-year chairman of the M.T.A., has always been one of those brainy, brusque guys that other people describe as "abrasive." He had a knack for making enemies in Albany during his seven years as adviser and confidante of Governor Rockefeller.

CHOSEN IN 1965

But if some legislators and other members of the Rockefeller staff did not like Dr. Ronan, the Governor did. So when the state took over the Long Island Railroad in 1965, Mr. Rockefeller chose Dr. Ronan, who was then his secretary, to run the line of the dashing commuter.

In 1967, under a typically massive Rockefeller program, the Long Island, the New York City Transit Authority and the Triborough Bridge and Tunnel Authority, were combined into the M.T.A.—the largest transportation operation in the world with 52,000 employes and a gross annual income of $600-million.

"Bill Ronan is going to have so much power," one politician at the time said, "that he'll make Robert Moses look like a schoolboy with a small allowance."

Bill Ronan has always been fascinated by power. When he was the dean of the Graduate School of Public Administration at New York University, he used to laugh with friends about faculty members who wasted their energy fighting over "such low stakes" of position and prestige.

The keystone of Dr. Ronan's power—the M.T.A. is known to some as "the Holy Ronan Empire"—is the autonomy of public authorities. Like the Port of New York Authority, the M.T.A. does most of its work behind sealed doors and likes to announce its policy decisions as decrees which will be obeyed after a certain date.

1957 REPORT

Other public agencies have been trying to force authorities into the open for years. For example, this criticism by the Temporary State Commission on the Coordination of State Activities in 1957: "At present too little basic information on authority operations is readily available to either the general public or the responsible organs of State Government . . . the policy organs of the State Government and the general public are entitled to the fullest information an authority activities and plans . . . autonomy should not connote secrecy. If anything, the more autonomous the public agency, the more its operation should be an open book."

Those words—an attack on the imperial manners of authorities headed by Robert Moses—were written by a commission staff headed by a N.Y.U. professor named William J. Ronan. At the time, Dr. Ronan—his PhD. is in political science—and his patron, Mr. Rockefeller, were not yet in power.

Times, men and titles have changed. At the age of 57, Dr. Ronan is the highest paid official in the state as chairman of the nine-member M.T.A. board. The membership of the board—appointed by the Governor although three members must be recommended by bankers and financiers. Three of the members were too busy to attend the meetings at which the transit fare was raised by 50 per cent.

SUPPORTERS NOW CRITICS

The M.T.A. was created—with the support of men like Mayor Lindsay who are now critics—to try to rescue two systems which had never been noted for efficiency: The New York Transit Authority and the privately owned Long Island Railroad.

The rescue requires revenue and if the subways and the Long Island are considered as businesses that must produce a profit, fares will have to continue to rise. In that context, the actions of the M.T.A. are logical and it is understandable that Dr. Ronan and his board would try to effect the increases with as little public participation—and public trouble—as possible.

The only public participation required by law in the raising of the two fares is a public hearing scheduled for Jan. 26 on the proposed Long Island hike. Some men who have worked with Dr. Ronan are betting that he will be jingling coins in his pocket during the hearing, a sure sign that he is bored with the emotionalism and low intellectual level of the debate.

What many riders and some public officials like Mayor Lindsay really want is a massive state subsidy of mass commuter transportation. The Governor and legislators from outside the metropolitan area are resisting that idea—they want some semblance of a businesslike operation.

What particularly galls Mr. Lindsay and other city representatives is their belief that Mr. Rockefeller and Dr. Ronan are more sympathetic to the moans of the Long Island commuter from Huntington than to the howls coming from subway tunnels in the Bronx.

"Outrageous . . . scandalous . . . discriminatory" were the printable words that Mr. Lindsay used when he found out that the Governor was behind a proposed $8.5-million state loan to the Long Island last week to reduce its fare increase to $4.60 from an earlier announced rise of $9.20. When the Mayor wanted to use any kind of gift, loan or tax to hold the subway fare at 20 cents or even 25 cents, there was nothing but silence in Albany.

Dr. Ronan is philosophical about the troubles of the day and says with some justification that he just happens to be the man to "make up for 30 years of do-nothingness in mass transportation."

So, with his Governor's blessing, the M.T.A. chairman flies off to St. Louis or Moscow to inspect different kinds of subways cars and buses—part of his planning for the spending of the $2.9 billion transportation bond issue approved by state voters two years ago—and works toward the day that he can walk near his homes on East 72d Street and East Hampton without bodyguards.—RICHARD E. REEVES.

[From the New York Times, Feb. 6, 1970]

RISING STATE TRANSPORTATION PROBLEMS FIGURE HEAVILY IN GUBERNATORIAL RACE

(By Richard Witkin)

Accelerating mass-transit troubles—in the city, the suburbs and upstate—have turned out to be the first potentially critical issue of the 1970 race for Governor.

With subway, bus and train riders exasperated by crumbling service and rising fares, politicians of all convictions are pretty much agreed that the transit issue could be a severe embarrassment to Governor Rockefeller in his bid for a fourth term.

The odd thing is that the Governor is widely credited with having displayed more foresight in this field than in almost any other.

He brought about the state's takeover of the dying Long Island Rail Road, created a powerful new authority to coordinate varied transit operations in the metropolitan area and helped to persuade the voters to approve mass-transit and highway development across the state.

His troubles, in the face of this record, appear to qualified observers to be a compound of bad timing, bad luck, bad weather, questionable political strategy, bureaucratic planning delays and some evidence of a lack of empathy for the rider (many call it "arrogant") by the Governor and his right-hand man on transportation, Dr. William J. Ronan.

FEELING IS STRONG TODAY

So far as the forthcoming election is concerned, the essential question is whether the many-sided transportation issue will loom as large in November as it does in February.

The Governor himself put the matter succintly when he said at a news conference Wednesday:

"The people will have to judge. I think it is fortunate that they do not have to judge today."

This was frank acknowledgment by Mr. Rockefeller that the riding public's frame of mind today would not help his chances of winning in November if there is no change in attitude.

Subway and bus riders here, who contributed to the remarkable showing the Republican Governor made in the city in 1966 (he lost to Council President Frank D. O'Connor by only 1,030,000 to 958,000 despite a 3½-to-1 Democratic advantage in registration), are still seething over the fare increase from 20 to 30 cents.

The subways are city-owned but state-operated. And it is not clear what portion of the blame for the fare rise the riders are parceling out between the Governor and Mayor Lindsay.

COLD DOES NOT HELP

But their general-resentment has only been intensified by cold-weather breakdowns and delays, and by increasing indications that the operations may be dangerous. Furthermore, the Governor's ration of blame by city transit riders has certainly not been lessened by his action in finding some state funds to mitigate the fare rise on the Long Island Rail Road.

Reduction of the fare rise initially announced by the Long Island can have provided only limited solace for railroad passengers. This is because riders do not like any increases. Besides, new Budd cars that were intended to put a modern gleam on a rickety system have had a horrendous number of mechanical bugs. And the line is still far from fulfilling Mr. Rockefeller's promise of last August that, within two months it would provide "the finest railroad service in the country."

On the New Haven branch of Penn Central, service is—as it has been for a decade—a business of just making do. And the biggest shock of all, in the world of commuters, has been the collapse of service on the Hudson and Harlem divisions—not long ago a model of how to keep commuters happy.

To complete the recital of woe, there has been an epidemic of bus-fare increases in upstate cities, and simultaneous deterioration of service.

While a significant portion of the current troubles (the decline of the Harlem and Hudson divisions, for example) are not pinned on the Governor even by opponents, the succession of transit controversies have had a cumulative effect that represents at least a temporary setback for him.

A number of prominent politicians—both Democrats and Republicans allied with Mayor Lindsay in the Mayor's perennial battle with the Governor—think Mr. Rockefeller made a major miscalculation in handling the over-all transit issue.

A member of the Lindsay team put it this way:

"They worked out a basic strategy—to let the transit fare go to 30 cents, to ride out the troubles on the Long Island, to take a a record $2.5-billion bond issue for combined little flak now and, by November, it would

"But in my judgment, the strategy is not working. When an issue becomes as dominant as this one has become over the past month, and threatens to become more so, the Governor must know he must produce some positive remedies if he is to prevent serious damage.

"And there are a limited number of things he can do by November. This could be his school crisis. It could set him back the way the school crisis almost destroyed Lindsay."

GOVERNOR IS DEFENDED

Another astute Republican, an admirer of the Governor, acknowledged that the transit controversies hurt.

"But," he insisted, "Rocky's doing the best he can under very difficult circumstances. You can't fault him, or Ronan for the troubles the Long Island's been having with its new cars."

Dr. Ronan, a former secretary to the Governor, heads the Metropolitan Transportation Authority. The umbrella agency that operates the subways and the Long Island and is working on rehabilitation plans for the Penn Central commuter divisions.

Better weather (meaning fewer breakdowns) and the arrival of more new Budd cars (with bugs removed) for the Long Island should produce some blunting of the transit issue before election. But there are a number of positive actions political observers think the Governor might take.

One would be to mollify city transit riders belatedly by reducing the fare for persons who must take two buses or a bus and subway and pay double fares—or 60 cents each way.

This would be very costly for the Transit Authority, and might be possible only if most Triborough Bridge and Tunnel tolls are raised to 50 cents.

One problem is that a few more bondholder approvals are required to transfer Triborough surpluses to the subways and legislative action would be needed to borrow against the time these surpluses could be certified.

SOME ACTION POSSIBLE

Other actions the Governor might take include rushing the reconstruction of New Haven stations and publicizing orders for new cars, obtaining a good slice of Federal mass-transit funds, pushing the bistate Port of New York Authority into new mass-transit projects and taking steps to reassure the public about the safety of mass-transit operations.

But such measures can go only so far. For instance, according to current planning, dramatic improvements on the three Penn Central commuters runs must await new cars, and they are, at best, two to three years off.

In the end, the significance of the transit issue will depend on hard-to-predict swings of public sentiment and the interplay between it and other issues.

The splintered Democrats could make life easy for the Governor by continuing their habit of recent years of mounting ineffective campaigns. But, as they look at the Governor's current embarrassment over mass transit, they are saying more and more confidently:

"This time, we're going to be able to take him."

[From the New York Times, May 8, 1970]

TRIBOROUGH APPROVES FUNDS FOR CITY'S TRANSIT

(By Richard Witkin)

The last obstacle to the use of Triborough Bridge and Tunnel Authority surpluses to offset operating deficits of the city's subways and buses has been removed.

In announcing the action yesterday, Dr.

William J. Ronan, head of the Metropolitan Transportation Authority, said "some $74-million can now be made available to the Transit Authority."

He said this meant that the Transit Authority, which is part of the M.T.A., "will be able to keep its pledge to hold the subway fare at the present 30-cent level through the calendar year 1971."

Transfer of Triborough funds had been blocked for months pending consents from holders of two-thirds of the Triborough Bridge and Tunnel Authority's $300-million in outstanding bonds. The final consents to go over the two-thirds mark were obtained recently.

The inducement offered to the bondholders, in negotiations that started late in 1968, was an additional one-quarter of 1 per cent interest. Original rates on the bonds were 4 per cent maximum, with some carrying a little less.

The M.T.A. announcement said that next month, "after certain legal formalities are concluded," the 1967 and 1968 Triborough surpluses ($26,064,296 and $21,272,920 respectively) would be transferred to the Transit Authority.

The Transit Authority in turn, will repay the money to New York City, which advanced funds last year to keep the fare at 20 cents until the end of the year, when it was increased to 30 cents.

Last year's Triborough surplus of $26,226,769 will go to the Transit Authority soon after July 1, if the city, as expected, meet the legal capital improvements—as opposed to operating expenses—of the subways.

Triborough officials declined to estimate the size of this year's and future surpluses that will similarly be available to meet subway and bus deficits.

Political observers regarded the developments as tending to lessen any damage Governor Rockefeller might suffer in the fall election because of poor commuter service and the state's failure to help keep the transit fare from going to 30 cents.

RUBBER AND RAILS

The Governor's transit aides say the transfer of Triborough funds as symbolizing a significant trend toward public adoption of the philosophy that "rubber should help pay for rails"—that motorists should help pay for mass transit.

The idea that Triborough surpluses—derived from bridge and tunnel tolls—should be siphoned off to the Transit Authority was contained in the landmark legislation of 1967 creating the Metropolitan Transit Authority.

The M.T.A. was set up as an umbrella agency with control of most metropolitan area transportation, including the Triborough and Transit Authorities, the Long Island Rail Road (which it already operated), and the Staten Island rapid transit line. It has since moved to take over the New Haven, Harlem and Hudson Division of the Penn Central.

A bondholders' lawsuit prevented prompt implementation of the fund transfer.

A key role in obtaining the consents was played by Robert Christie, a vice president of Dillon Read & Co., of 48 Wall Street.

[From the New York Times, July 2, 1970]

TRANSIT AUTHORITY GETS SUBSIDY OF $74 MILLION IN TUNNEL TOLLS

(By Robert Lindsey)

The motorist began subsidizing the straphanger in New York yesterday.

A check for $74,063,985, representing surplus revenues from tolls on the nine bridges and tunnels of the Triborough Bridge and Tunnel Authority, was deposited in the treasury of the City Transit Authority.

"We have taken an important and historic step forward in having rubber [motor vehicles] help pay for rails," Governor Rockefeller said in announcing the transfer of funds.

Arthur J. Goldberg, Mr. Rockefeller's rival in the November election, immediately characterized the announcement as an election year "nonevent." He said the fund transfer had long been assured.

Political observers said Mr. Rockefeller's decision to call a news conference to announce the long-anticipated transfer of funds, and Mr. Goldberg's prompt reaction, reflected the significance mass transportation is expected to play in the race for the governorship.

CLASH IS SHARPENED

The clash over transportation was sharpened by several other developments yesterday.

Mr. Rockefeller was asked at the news conference, which was held in his New York offices, 22 West 55th Street, to comment on a report issued Tuesday by Mayor Lindsay's Subway Service Watchdog Commission. The report was highly critical of safety conditions on the subways, and assailed the Metropolitan Transportation Authority investigation of the May 20 fatal crash of two IND trains as a "whitewash."

"It sounds political to me," the Governor replied.

"Dr. William J. Ronan, chairman of the M.T.A., the state agency that runs the Transit Authority, was seated behind Mr. Rockefeller. He quickly stood up and contended that Myron Cohen the chairman of the Watchdog Commission, had been "openly campaigning" for Mr. Goldberg.

Mr. Cohen, in a telephone interview yesterday, denied campaigning for Mr. Goldberg. However, he said he had stated publicly that "political action" was needed to bring about improvement in the transit system. He also hinted that he might campaign for Mr. Goldberg after learning his position on mass transit questions.

The use of Triborough Bridge and Tunnel Authority surpluses to make up Transit Authority deficits was authorized in the landmark 1967 legislation that established the M.T.A. The huge transportation conglomerate took over the Transit Authority, Triborough Authority, Long Island Railroad, and other enterprises under a single management.

PATH RECEIVED EARLIER AID

The transfer of the Triborough funds marked the first time that the financially strapped New York transit system had received a cash subsidy from motorists' tolls. Bridge and tunnel tolls already indirectly subsidize losses on the Port Authority Trans Hudson (PATH) rail system.

The fund transfer had been blocked for months by a requirement for the consent of two-thirds of the Triborough Authority's bondholders, the investors who loaned money to build the agency's bridges and tunnels. Final approval came in May. Under the 1967 legislation New York City had to provide $100-million annually for subway construction projects. To qualify for the annual surpluses.

The actual transfer of funds yesterday coincided with the beginning of the city's new fiscal year, the day of the city investment was legally authorized.

The Triborough Authority had a surplus last year of $26 million after payment of bondholders. The $74 million signed over yesterday represents last year's surplus, plus revenues left over from 1967 and 1968.

Dr. Ronan said the money would be used to pay back $46 million to New York City that the Transit Authority borrowed last year to help maintain the 20 cent fare through 1969. He said the balance would be used to offset expected deficits this year. The transit fare was increased to 30 cents Jan. 1.

Dr. Ronan said the $74 million, plus $26 million expected from the Authority this year, would make it possible to keep the fare at 30 cents at least through Dec. 31, 1971, when the present transit workers' labor contract expires.

[From the Washington Star-News, Nov. 24, 1974]

SQUELCHING THE MYTHS OF MASS TRANSIT

(By Yale Brozen and Laura Genero)

If further evidence was needed of America's uncritical acquiescence to the concept of mass transit, last week's congressional approval of an $11.8 billion subsidy bill should do the trick. A big push for the legislation came from big-city mayors, from major transit systems faced with a need to impose new, self-defeating fare increases, and from persons seeking to cut our use of energy.

Mass transit is held up not only as a way out of the energy crisis, but as an answer to many urban problems: traffic congestion, air pollution, urban sprawl, the immobility of the poor and elderly, and decay of our central cities. In fact, mass transit has become so widely regarded as a public good, that even the oil companies—which stand to lose from reduced gas sales—are buying advertisement to promote it.

These hopes are based on the idea that there really is nothing wrong with our present transit systems that additional money cannot cure. A mix of subways and buses, as the argument goes, could provide adequate public transportation if they were faster, safer, cleaner, more comfortable and efficient. Then the public would gladly take mass transit instead of their cars to work.

The only problem is that the government already has spent $4 billion in the past 10 years on mass transit, and has yet to achieve a single desired result: Mass transit patronage continues to decline steadily, transit industry deficits frequently double from year to year, and automobile-related urban problems persist.

Mass-transit advocates dispute this conclusion bitterly—the experiment has been woefully underfinanced, they say, since $4 billion simply wasn't enough to make the kinds of wholesale improvements that are necessary.

UCLA economist and transit historian George W. Hilton recently finished an exhaustive study of transit subsidies, and came up with quite a different answer, however. Hilton's study, published by the American Enterprise Institute for Public Policy Research, concludes that the real problem is the structure of the transit industry itself—something which government subsidies are powerless to change. Mass transit has evolved into a rigid monopoly of fixed-route, parallel-run buses and subways, unable to adjust to the single most important change in urban life: the growth of suburbs. As a result, no matter how much the government spends on mass transit, Americans will continue to drive their cars instead of taking public transportation.

In fact, it is not public transportation which needs to be saved, but the public which needs to be rescued from the transit industry. The chief beneficiaries of government transit subsidies have been the transit monopolies, which are bailed out of yearly deficits; transit-union workers; construction workers; and contractors.

CHANGING CITIES

The problems of the transit industry are historical, rooted in the forces of diffusion that have changed the shape of American cities. Our urban areas are no longer densely-populated, compact cities easily served by fixed-route buses and subways. The population, seeking a better quality of life, has emptied out into suburbs full of dispersed apartments and single-family homes. This geography demands highly flexible transportation that will carry passengers from door-to-door.

Mass transit, however, is still organized around a system of radial routes designed to carry passengers in and out of the city's central business district. This pattern was established in 1880, with the introduction of the electric streetcar. The streetcar lines in every major city eventually became monopolies—because it was advantageous to power all of a city's street cars from a single electrical source. This was the beginning of mass transit's troubles.

Streetcars charged a flat nickel fare to all passengers, regardless of the distances they traveled. This made them vulnerable to creamskimming from other vehicles, which would take short-haul passengers at a cheaper rate, faster.

THE JITNEY

The first real competition to the streetcars showed itself in 1914, in the form of the jitney bus. This was nothing more than a private automobile which picked up passengers randomly for a fee. The jitneys moved at speeds 100–150 percent faster than the streetcars, and were free to turn off main roads and carry passengers to their doors. They adapted excellently to the demands of rush-hour traffic and to crosstown travel not served by streetcars.

In a short time, armies of jitneys sprang up, in every major city. They were unregulated, unlicensed and moved along streetcar routes, siphoning off short-haul passengers. In Los Angeles alone, the railways lost as much as $600 a day to the jitney and had to lay off 84 motormen. In Bay City, Michigan, Saginaw, Michigan and Des Moines, Iowa, jitneys put the streetcar lines out of business. Eventually, the jitney became such a threat that the transit monopolies and their supporters persuaded the municipal government to regulate and legislate the jitney out of business. By 1920 the jitneys—which once numbered as many as 62,000—had disappeared.

Outlawing the jitney, however, did not put an end to the financial dilemma of the transit monopolies. It was only the beginning. People moved further from the central city, putting them out of reach of streetcars. In response to the demand for greater transit flexibility, the transit monopolies switched over from streetcars to buses, hoping to gain some of the flexibility of the jitney. But they ran the buses over the same old radial streetcar routes, stopping at almost every corner, thus depriving the bus of its speed and potential flexibility.

The decision to stick with monopolized, fixed-route transit systems meant eventual financial disaster for the transit industry. Between 1946 and 1963, patronage on urban mass transit fell from 23 billion riders to just 8 billion. From 1954–63, 194 private transit companies went out of business. By the end of the 1950s, mass transit had become so unprofitable that the private sector would no longer operate it.

By the 1970s, most major transit systems were municipally owned and piling up huge deficits. Since 1963, transit industry deficits have increased 77,000 percent. In 1973, the total net yearly deficit of the industry was more than $680 million.

SUBSIDIES

Beginning in 1965, the government tried to turn this situation around through a program of federal subsidies supporting all kinds of mass transit improvements: upgrading transit service, buying new equipment, consolidating city-wide lines, building new subways and financing managerial and technical research. This was based on an economic analysis of the transit industry by Lyle C. Fitch, et al., who argued—much as is argued today—that the channeling of money into the Highway Trust Fund, instead of into public transportation facilities, was responsible for America's overdependence on the automobile.

Although 70 percent of all passengers carried on local public transportation ride the bus, the transit-subsidy program spent the majority of its funds building rail lines and subways. It was hoped that, if suburban commuters could turn to mass transit for a quick, direct trip into the central business district, rush-hour auto traffic would be significantly reduced. That was hope: unfortunately, the actual results of this effort provide a chastening example of what can be expected from future investment in subways. (And there is no particular reason to believe that the Washington area will be an exception.)

RESULTS

The Federal Urban Mass Transportation Administration (UMTA) helped finance an entire new rail line in the median strip of Chicago's Dan Ryan Expressway. The line runs 9.5 miles straight through the Chicago Loop (the central business district.) It cost $29 million.

In 1970, the Chicago Transit Authority surveyed the riders on the new line and found that 80 percent of the passengers were formerly riders of other forms of mass transit; only 8 percent were ex-drivers. This means that the subway line served chiefly to siphon off passengers from pre-existing public facilities—in this case, a bus line which it eventuallly put out of business. It had no significant effect on the flow of auto traffic in and around the Chicago Loop.

This is noteworthy because Chicago is the second largest city in the nation, and the second most densely populated. Its central business district has resisted decline. If any city is suited to rapid transit, it is Chicago. Yet, the Chicago Transit Authority has lost more than half of its passengers since World War II. And, despite the energy crunch the last months of 1973, the CTA's passenger counts show no increase in the number of riders in 1973 over 1972. This whole trend corresponds to a flow of population and jobs out of the city of Chicago, which lost 500,000 persons and 230,000 jobs to the suburbs between 1960 and 1970.

In Boston, UMTA spent $11 million to build an extension of the MTA rapid transit system into the Quincy area south of Boston. In 1970, the Massachusetts Department of Public Works counted vehicles on the three roads running parallel to this new extension, to determine what effect the new railway had had on auto traffic: The department found no perceptible change-over by commuters from car to train.

In 1969, UMTA built a terminal and parking lot at the end of the main line Pennsylvania Railroad commuting line in New Brunswick, N.J. The terminal was supposed to lure New York-bound drivers off the highway by providing them with a place to park near a transit facility which would then carry them into the city. The Transit Authority surveyed the effect of the line on traffic flowing into the city: Results showed that the terminal kept six cars daily out of New York City and 46 out of downtown Newark.

In 1968, UMTA spent $12 million to build an extension of Cleveland's rapid transit line out to the airport. Patronage on the extension started falling off by 7 percent in 1970, and then by a whopping 31 percent in 1971. In 1973, ridership fell off two or three percent below 1972 levels, despite the energy crisis. Even though the extension could handle 30,000 passengers an hour in one direction, it was carrying only 3,600 a day in 1968 and 2,400 a day in 1971.

As with the Chicago Dan Ryan line, a Cleveland survey showed that passengers on the new line switched primarily from other forms of public transportation. And the extension adversely affected the financial operation of the airport limousines, taxis and buses and had the last impact on automobile traffic to the airport. The parking manager at the airport reported no perceptible change in the use of his facilities, but found a sharp increase in theft and vandalism against parked cars: The extension had improved access to the airport for criminals. Study also showed that more than 60 percent of the riders on the extension had family income over $15,000.

HIDDEN COSTS

This and a wealth of other evidence leads Prof. Hilton to report that the ability of a subway to reduce auto traffic is "imperceptible." But to leave matters there would be to give a far more positive picture of subways than they deserve, says Hilton. He concludes that not only is rapid transit expensive; not only does it fail to produce the desired results of reducing auto traffic; but it also is a regressive step carrying with it many hidden social costs.

First, rapid transit puts a financial drain on pre-existing, cheaper forms of public transportation and renders an area's entire system inoperable without a public dole. Transit systems usually engage in the same kind of cross-subsidizing characteristic of other regulated activities—offsetting the losses from lesser-used routes with the earnings from heavily-used routes. Rapid transit is so expensive, however, that it is profitable only on the most heavily used routes—those already served by the most profitable bus lines. The replacement of a profitable bus line with a subway which cannot hope to cover its subsidized capital costs, ends the sources of income which offset the losses of the other routes, and renders the entire system unprofitable. This helps explain why transit deficits have been increasing so rapidly.

In the Washington area, the local Metrobus system is an example of this phenomenon. The area-wide Metrobus now has run up a deficit of $63 million. If the bus lines cannot operate profitably, we can expect that the $4.5 billion subway—prohibitively more expensive to build, operate and maintain—will never operate at anything but a loss. Already Metro itself has projected this by announcing that fare collections on the new subway will not be enough to pay off even its first-stage capital investment of $1.2 billion in revenue bonds.

Second, the building of a subway in an urban area tends to have perverse effects on the quality of life in the community. Building a subway is an incentive for business to locate near it. If a business locates itself downtown when it could have been built in a suburban area, most of its employes will drive to work and only about 15 percent will take public transportation. This means more traffic to the downtown area—not less—and with it, more pollution, more congestion and more intensified rush hours. It is notable that the worst traffic congestion and most concentrated output of pollutants are on Manhattan Island, on top of the densest network of rapid transit lines in the country. Without the New York subway, Manhattan could not support its present concentration of employment and business, which attracts more automobile congestion than anything else in America.

If Federal subsidies for rail-based rapid transit systems have effects other than those that were intended, so too have subsidies to buslines.

UPGRADING

For example, UMTA generally stressed the conversion of private bus companies into integrated municipal systems. By upgrading equipment and service this increased patronage, but it also meant higher wages for transit-union workers, because they now were dealing with the government. The revenue gained from the passengers was not enough to offset the higher labor costs, which are 85 percent of the cost of operating buses. The net result was operating losses. In addition, higher wages meant that the companies had to carry more passengers per driver, and therefore, buy bigger buses. Big diesel buses, in order to fill up seats, must travel slower and stop more often. The result is poorer—not better—service and more pollution.

There also is a tremendous amount of waste inherent in grants to buy new equipment, since the incentive is to replace buses instead of maintaining them. In the absence of a replacement grant, the average bus in Chicago was replaced after eight years. Once a program of two-to-one matching federal grants began these buses were replaced after only three years.

Much is made of the claim that mass transit, especially buses, serves primarily the poor. But Hilton's study shows this is far from the case. Factories now frequently located in the suburbs, are among the most attractive employment opportunities for the semi-skilled poor. Yet mass transit does a particularly bad job of providing rush-hour service from the central city to the suburbs—the reverse trip of most morning commuters. Of the 15 such projects undertaken by UMTA, 12 were poorly utilized and reported losses ranging from 39 cents per passenger in Chicago to $7.40 per passenger in St. Louis. The St. Louis project sponsor eventually acknowledged that mass transit has a minimal effect on employment of the poor. Even though the poor may use mass transit to find jobs, many quickly abandon it and buy a car once they have found work.

There is formidable evidence, then, that mass transit is not the bonanza or remedy that some would have us believe. It does not significantly reduce traffic. It does not serve the inner-city poor well. Instead, it provides service demanded by upper-income suburban residents for their trips to work in the city. Rapid rail transit does not relieve, but actually contributes to traffic congestion, air pollution and excessive home-to-work distances.

The building of new subways is the most backward and wasteful of all transportation policies. San Francisco's Bay Area Rapid Transit (BART) system alone cost six times as much as the entire amount of federal subsidies spent on buses from 1956–71. Moreover, rapid transit isn't especially fuel efficient, due to high speeds and rapid starts and stops.

It is more than just monopoly control of mass transit which is outdated. It is the whole concept of a transit system organized into fixed routes and schedules. The wave of the future won't be monorails or accordion-like buses, but independently operated mini-buses—which pay for themselves, willing to take anyone wherever he wants to go at any time.

ALTERNATIVES

What we need now, then, is to get government out of the transit business, to be replaced by a system of competitive flexible buses along with re-legalization of jitneys and freedom of entry into the taxi business, where this is not already the case. Taxis and jitneys would also provide the poor with employment opportunities.

Jitneys are not just a fanciful anachronism from the past. They work well in the major cities of developing countries, such as Manila, Tehran, Istanbul and Sao Paulo.

And they now are being considered by the British. In the United States, illegal jitney cabs go up and down Martin Luther King Drive in Chicago, soliciting passengers while the police look the other way. They take passengers for 25 cents, well under the standard cab fare, up and down the avenue.

Instead of moving in this direction, however, Congress again has decided to opt for the same old formula of pouring more money into the bottomless hole of mass transit subsidies.

That's unfortunate, because extensive real-life research already has been done on mass transit—to wit, our $4 billion and 10 years invested under the experimental auspices of the Urban Mass Transportation Assistance program. All the results show clearly that the economics of the transit industry are not unique or peculiar, as often stated. Rather they are very ordinary—the industry simply has been failing the market test for quite a long time, beginning with World War I.

Hilton argues that free-wheeling, flexible jitney service would have put the transit monopolies out of business in all but the largest cities if they had not been outlawed. The elimination of the jitney meant that the private automobile became the next best alternative—and the result several decades later is the glut of automobiles in the United States today.

It is ironic that while the President is calling upon the public to tighten its belt and tolerate a tax increase, he and the Congress are preparing to spend money freely on a transit program which has been proved a failure. Hasn't the public heard the cry of "underfinancing" once too often as an excuse to continue government programs that don't work?

EXHIBIT D

[New York State Comptroller's Studies on Issues in Public Finance]

STATEWIDE PUBLIC AUTHORITIES: A FOURTH BRANCH OF GOVERNMENT?

DEPARTMENT OF AUDIT AND CONTROL,
Albany, N.Y., November 30, 1972.

To the Legislature of the State of New York:

This two-volume study of Statewide public authorities represents the first in a series of current inquiries into various facets of public finance. This series will disseminate a continuing and expanding volume of research into major aspects of public financial policy. I have often stressed the need for public accountability in governmental operations, and these reports are made in that spirit.

Forthcoming volumes in this series will include a review of debt-like commitments made by the State without submission to the voters and a detailed analysis of the State's tax structure. These analyses will contain data pertinent to the difficult task of formulating the fiscal policies that will guide the State during the remainder of the 1970's.

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In the five years since my last comprehensive report on Statewide public authorities, "these quasi-governmental agencies have been operating on a scale so massive that, in some instances, they overshadow the fiscal operations of the State itself." Moreover, authorities now perform many public benefit activities once accomplished within the regular framework of State government. Since authority operations are not subject to the same degree of public scrutiny to which regular State activities are subjected, this trend tends to obscure the overall scope of public activities, as well as the fiscal impact of public sector services within the State.

For example, the compilation of data in this Report shows that the aggregate debt outstanding of all Statewide public authorities reached $8.9 billion in 1971—an increase of $3.8 billion, or 74 percent, in the five years since 1966. More important, this amount of outstanding authority debt was more than two and one-half times the amount of outstanding full faith and credit debt of the State. In fact, at June 30, 1972, the outstanding debt of a single authority, the Housing Finance Agency, was greater than that of the State itself—$3.8 billion versus $3.4 billion. Further, several authorities have legislative authorization to incur many billions of dollars in additional debt, while other authorities are totally unlimited as to the amount of debt they may issue. Such debt, unlike full faith and credit State debt, is not subject to voter approval.

Audits of Statewide authorities by my staff have demonstrated that this form of government operation is not inherently more efficient than the regular structure of State government. Nor are they necessarily self-sustaining—as a group, they have already received heavy assistance from the general taxpayer, and the commitments they are making may result in substantial future calls upon the tax dollar. It is clear that any true picture of public sector activity within the State must include the services performed by authorities. This argues for a closer tie-in with the State budgetary process and with all fiscal planning.

I urge your honorable bodies to clarify the recently enacted legislation concerning the submission of a five-year fiscal plan. This legislation provides, among other things, for a statement "setting forth state involvement in the fiscal operations of those public authorities and public benefit corporations which may be part of the development of a comprehensive state budget system and provided therefor in the state financial plan." Because "state involvement" in public authorities takes many forms, as discussed in this report, this term should be clarified to assure compliance with legislative intent.

There is also a need for a statement of legislative intent and purpose with regard to public authorities in general. Such a statement would provide a framework for reassessing the statutes concerning existing authorities and for guiding the creation of new authorities. The statement might deal with such questions as: What purposes afe public authorities intended to serve? Under what conditions will the State assist in financing the authorities, what forms may this financing take, and what limitation will be placed upon the financing? What additional State controls should be placed upon authority operations?

Finally, I again invite your attention to the specific recommendations concerning public authorities which I have been making in my Annual Reports. These recommendations deal with the need for greater discipline in the incurrence of debt and in the use of first instance appropriations.

ARTHUR LEVITT,
Comptroller.

I. INTRODUCTION

Public authority defined

Public authorities have existed in New York State since 1921, the year the Port of New York Authority was created. In the ensuing half-century, authorities have become increasingly important as a means of financing public benefit projects—both in New York State and in the nation generally. Yet public authorities have never been legally defined. Rather, each authority has been created in terms of a unique scope of functions or activities, or in terms of specified, unique powers. The Temporary State Commission on the 1967 Constitutional Convention noted: "The term 'public authority' is not defined in the New York Constitution or statutes, and is not always used with precision. The name of an agency does not necessarily indicate whether it is or is not a public authority. For instance, the Lake Champlain Bridge Commission has all the attributes of an authority, but is not so named. On the other hand, the State Liquor Authority is a regulatory agency with none of the attributes of a public authority."

The General Corporation Law in New York distinguishes three distinct types of public corporations: (1) municipal corporations; (2) district corporations; and (3) public benefit corporations. Under this classification scheme, the public authority is categorized as a public benefit corporation defined as "a corporation organized to construct or operate a public improvement wholly or partly within the State, the profits from which enure to the benefit of this or other States, or to the people thereof." Such corporations can be organized either by the State as a sovereign power, or by municipalities where authorized by the State.

Public benefit corporations, as corporate bodies, possess many of the independent characteristics of the private corporation. They may: (1) sue and be sued; (2) have a corporate seal; (3) hold and acquire real and personal property; (4) make by-laws for the management and regulation of their affairs; (5) make contracts, borrow money, and issue evidences of indebtedness; (6) fix rates and collect fees, charges, or tolls for the use of facilities; and (7) exercise the power of eminent domain—wherever granted by specific legislation.

Although functioning as corporate entities, authorities are not private corporations, having been endowed with the power to carry out matters of State concern for the benefit of the people of the State. Thus, authorities are a type of governmental agency. In brief, the public authority is a corporate body authorized by the Legislature to function outside of the regular structure of State or local government. By virtue of its corporate attributes, authorities have autonomous characteristics not available to "regular" governmental agencies.

"Statewide" public authorities concept

Public benefit corporations, as defined by the General Corporation Law, include various municipal authorities created mainly to provide parking, sewer, and water facilities. For the most part, these authorities are locally controlled, operated, and financed, and are not within the scope of this publication—which deals only with what we have defined as "statewide" authorities. These are authorities which either serve the entire State, a major regional area within the State, or both State and non-State areas, and which are managed by a board of directors—some, or all of whom, are appointed by the Governor.

An evolutionary role

Historically, authorities were created to finance, construct, and operate facilities of a public benefit nature on a self-sustaining basis—often involving some mission that was beyond the grasp of existing units or agencies of government. Thus, the Port of New York Authority was established by the States of New York and New Jersey with the power to purchase, construct, lease and operate any terminal or transportation facility within an approximate radius of 25 miles from the Statue of Liberty.

More recently, a growing tendency has developed to use the authority device to handle the financing of construction programs of the type previously financed directly by the State. The major vehicle for this change was the Housing Finance Agency, which has issued bonds for a variety of State facility construction programs. The Dormitory Authority has assumed a similar role. The debt service supporting the revenue bonds issued by these agencies under the State programs is derived from revenues which would otherwise have gone to the State.

Lately, another type of authority has emerged, which also operates facilities of a public benefit nature, but which depends, in part, on a system of government support to finance its operations. This support takes the form of loans, outright grants, and commitments to support the debt service. Many of the new regional transportation authorities began in this manner.

A set of multi-billion-dollar operations

By any measure, public authorities are a major factor in public finance in New York State. In 1971, Statewide public authorities had almost $8.9 billion of bonds and notes outstanding. By contrast, comparable New York State direct debt was about $3.1 billion. In other words, Statewide authorities debt was more than two-and-a-half times the level of debt of the State itself. In 1971, authorities grossed more than $1.5 billion in current revenue—roughly equivalent to the combined revenues from the State's Sales Tax, Motor Vehicle Tax, and Alcoholic Beverage Tax.

Public authorities—or parallel agencies performing similar roles—are common among all states. Debt incurred by such agencies is reported by the U.S. Census Bureau as "non-guaranteed" State debt, defined as "long-term debt payable solely from pledged specific sources—e.g. from earnings of revenue producing activities (university and college dormitories, toll highways and bridges, electric power projects, public building and school building authorities, etc.) or from specific non-property taxes. Includes only debt that does not constitute an obligation against any other resources of the State if the pledged sources are insufficient." This debt does not include short-term borrowing nor State-guaranteed authority borrowing. The data shows that:

New York's "net long-term non-guaranteed" debt was greater than that of any other state from 1967 to 1971.

New York's debt grew faster than the 50-State total, constituing 16.3% of national total in 1967 and 18.2% in 1971.

By comparison, New York State's population and personal income grew at a slower rate than the national average during the same five year period (1967–1971).

II. GROWTH OF AUTHORITIES

Larger scale of operations

The scale of public authority operations has grown markedly in recent years. The combined assets of all Statewide authorities reached $13.3 billion in 1971—an increase of $5.3 billion, or 67 percent, in the last five years. The aggregate amount of authority debt outstanding was almost $8.9 billion in 1971—an increase of $3.8 billion or 74 percent, since 1967. Gross revenues also show significant increases—the $1.5 billion of revenues in 1971 represented a five-year increase of $0.5 billion, or 43 percent. Thus, during the last five years (1967 through 1971), combined assets of all Statewide authorities increased at an average annual rate of 13.7 percent, outstanding debt rose at a rate of 15.0 percent and gross revenues increased about 9.3 percent per year.

The number of Statewide authorities also increased between 1967 and 1971. During those five years the number of authorities increased by six: from 28 in 1967 to 34 in 1971. Three of the additional authorities serve regional transportation needs, two serve housing and finance needs, and one serves commerce and development needs.

New inter-authority relationships

Growth in the size and number of authority operations has evolved, in some cases, into a highly complex set of interrelationships among once-autonomous activities. Many of the first authorities were created to develop and operate a public benefit project (such as a bridge), finance its initial stages by issuing revenue bonds, charge fees for the use of the facility (such as bridge tolls), and use the revenue to both retire the debt and operate on a self-sustaining basis. With this background, it is apparent that the present-day framework of some authorities has gone significantly beyond the original, simple concept.

Today, for instance, the Metropolitan Transportation Authority (MTA) is an umbrella organization. In essence, MTA has become a "holding company" in nature since its Board of Directors, either directly or in an ex officio capacity, controls: (1) the Long Island Railroad Company; (2) the New York Transit Authority; (3) the Manhattan and Bronx Surface Transit Operating Authority (MABSTOA): and (4) the Triborough Bridge and Tunnel Authority. Legislation placing these heretofore autonomous entities under MTA's control also gave its Board power to make inter-authority transfers of surplus funds and operating profits. For example: the authorities which operated on a self-sustaining basis in 1971 (such as the Triborough Bridge and Tunnel Authority) subsidized those which are not self-sustaining (such as the New York City Transit Authority).

The Housing Finance Agency (HFA) was originally created to provide suitable dwelling accommodations at rentals which families and persons of low income could afford. Initially, the Agency served as a vehicle for financing mortgage loans to State-supervised Limited Profit Housing Companies. The scope of the Agency's financing program has since been greatly expanded to include the construction of State Facilities (e.g., mental hygiene and State university facilities) and private facilities (e.g., nursing homes, youth facilities, and senior citizen centers). To support the debt service requirements of the State facility construction program, State revenues which have traditionally flowed into the State's General Fund have been diverted. Thus, in this instance, the Authority device has been employed to continue massive borrowing under programs for which voter approval was not obtained.

Financial statements

The growth and overall financial status of Statewide public authorities is shown by the following: Table 1—a comparative balance sheet and other financial data for the years 1967 through 1971; and Table 2—a summary for the year 1971 of the total assets, bonds and notes outstanding, surplus, and gross revenues of each of the authorities.

TABLE 1—5-YEAR COMPARATIVE COMPOSITE BALANCE SHEET AND OTHER DATA

[Based on authority fiscal years ended in the indicated calendar year; in millions of dollars]

	1971	1970	1969	1968	1967
Assets:					
Investments in fixed assets	$9, 261	$8, 033	$7, 215	$6, 686	$6, 172
Other assets	4, 016	3, 186	2, 671	2, 588	1, 787
Total assets	13, 277	11, 219	9, 886	9, 274	7, 959
Liabilities, reserves and surplus:					
Bonds and notes outstanding	8, 875	7, 357	6, 502	6, 161	5, 108
Outstanding Government advances	$215	$166	$122	$128	$229
Other liabilities and reserves	1, 094	971	775	646	578
Total liabilities and reserves	10, 184	8, 494	7, 399	6, 935	5, 915
Excess of assets over liabilities and reserves	3, 093	2, 725	2, 487	2, 339	2, 044
Total	13, 277	11, 219	9, 886	9, 274	7, 959
Gross revenues	1, 511	1, 380	1, 166	1, 137	1, 059

TABLE 2.—STATEWIDE AUTHORITIES: SIGNIFICANT FINANCIAL DATA (BASED ON FISCAL YEARS ENDED IN CALENDAR 1971)

[Dollars in thousands]

	Total assets	Bonds and notes outstanding	Excess of assets over liabilities and reserves	Gross revenues
Bridge and tunnel authorities:				
Buffalo and Fort Erie Bridge	$15,988	$2,930	$12,087	$2,759
Lake Champlain Bridge	2,738		2,733	272
New York State Bridge	68,291	27,935	38,962	5,846
Ogdensburg Bridge	[1] 22,381	410	575	583
Thousand Islands Bridge	5,307	392	4,811	1,195
Triborough Bridge and Tunnel	965,269	326,500	626,235	86,103
Subtotal	1,079,974	358,167	685,403	96,758
Commerce and development authorities:				
Environmental facilities	34,375	29,657	665	221
Industrial exhibit	1,151		1,151	169
New York job development	46,707	47,260	(1,215)	2,451
Power authority	1,657,989	1,147,722	441,202	113,256
Atomic and space development	[1] 12,334	8,800	(1,121)	1,236
United Nations development [2]				
Subtotal	1,752,556	1,233,439	440,682	117,333
Housing and finance authorities:				
Battery Park City	12,308			
Dormitory	1,435,616	1,187,126	245,717	75,004
Health and Mental Hygiene Facilities [3]				
Housing Finance Agency	3,251,994	3,091,513	6,124	5,772
Municipal Bond Bank [2]				
Higher Education Assistance	37,087		23,479	37,768
Urban Development Corporation	329,582	250,182	815	7,713
Mortgage Agency	42,118	41,200	214	759
State University Construction Fund [3]				
Subtotal	5,108,705	4,570,021	276,349	127,016
Regional market authorities:				
Central New York Regional Market	[1] 1,181	148	660	224
Genesee Valley Regional Market [4]	3,648	1,769	(430)	293
Subtotal	4,829	1,917	230	517
Parks, parkway and highway authorities:				
Adirondack Mountain [5]				
Bethpage Park	$2,865		$2,488	$1,218
East Hudson Parkway	58,296		24,163	5,796
Jones Beach State Parkway	92,016	12,454	40,050	7,957
New York State Thruway	1,178,743	789,649	288,801	112,358
Subtotal	1,311,920	802,103	355,502	127,329
Port development authorities:				
Albany Port District	16,361	5,024	8,034	945
Port Authority of New York and New Jersey	[6] 3,287,170	1,711,748	1,231,664	300,657
Port of Oswego	[1] 4,858		315	236
Subtotal	3,308,389	1,716,772	1,240,013	301,838
Regional transportation and transit authorities:				
Capital District Transportation	132		68	127
Central New York Regional Transportation	106		96	104
Manhattan and Bronx Surface Operating	[7] 42,112		25,912	116,840
Metropolitan Transportation	[1] 428,455	60,610	272,364	98,505
New York City Transit	[7] 169,129	122,695	(230,301)	515,499
Niagara Frontier Transportation	[1] 39,139	7,500	19,849	4,485
Rochester-Genesee Regional Transportation	11,447	1,300	6,822	4,761
Subtotal	690,520	192,105	94,810	740,321
Grand total	13,276,893	8,874,524	3,092,989	1,511,112

[1] Cost less depreciation of major facilities.

[2] No financial transactions during 1971.

[3] Authority's programs are financed by the housing finance agency.

[4] During this year the net amount of fixed assets was increased and the previously reported cumulative deficits reduced by $1,200,000 by the elimination of the prior depreciation charges on fixed charges.

[5] Authority ceased operations on Sept. 30, 1968.

[6] Does not include commuter car program being financed under State guaranteed bonds. At Dec. 31, 1971 this program had assets of $104,600,000 including $100,000,000 invested in commuter cars. Outstanding bonds totaled $93,500,000.

[7] Does not include cost of facilities to New York City.

III. STATE SUPPORT OF AUTHORITY OPERATIONS

Types of State support

The State of New York provides financial support of Statewide public authority operations in several ways. These include granting "hard cash" appropriations, providing "first instance" loans, and guaranteeing authority debt. To an increasing extent, State support is also provided, in a less obvious way, by language adopted by the Legislature concerning authority debt service reserve funds. This latter form of support is generally referred to as "moral obligation". The following sections will briefly define each of these practices, explain the rationale behind their use, and show the extent of the State's commitment.

"Hard cash" appropriations

"Hard cash" appropriations to authorities are made, by legislative action, from both tax revenues and full faith and credit bond funds of the State. Such moneys are grants, rather than loans. The State has no expectation of ultimate reimbursement. Such grants are used primarily to provide initial working capital, to "forgive" State loans previously made to the authorities (in the form of "first instance advances"), or to provide capital facilities.

An instance of such grants in recent years during the last decade is the series of appropriations totaling $87.2 million for the Metropolitan Transportation Authority (MTA). The MTA grants included $65 million appropriated from bond funds to eliminate the requirement that the agency repay State moneys advanced to finance MTA's purchase of the Long Island Railroad. Several hundred million dollars have also been appropriated to the MTA from the mass transportation and aviation portion of the 1967 Transportation Capital Facilities Bond authorization to finance the construction of capital facilities.

The Urban Development Corporation has also received hard cash appropriations. From 1968 to 1972, the Corporation received regular State appropriations totaling over $12 million.

In total, over the past eight years, the State has written off over $154 million of first instance advances to Statewide authorities deemed uncollectible. This was done by means of appropriations which substituted State funds for authority debts.

"First instance" loans

"First instance" appropriations are authorizations for the expenditure or transfer of State moneys which are expected ultimately to be reimbursed to the State. Expenditures made pursuant to these appropriations represent, in essence, interest-free advances or loans of State moneys. These advances serve a variety of purposes. First instance loans to public authorities are made primarily to finance capital construction projects; however, they are also made to provide initial working capital. It is generally intended that the loans are to be reimbursed either from proceeds of bonds issued by the authority, or from its operating revenues.

During the eight years ended March 31, 1972, public authorities have had available $420.8 million in first instance advances—$111.8 million as a starting balance at April 1, 1964, and $309.0 million in additional advances. Only $63.1 million (15% of total loans) had been repaid to the State by March 31, 1972, while $154.1 million (37%) was written off by means of "hard cash" appropriations. The remaining $203.6 million is still due from the authorities, much of which now appears to be of doubtful collectibility. The following illustrations were taken from our recent report of first instance advances to public authorities (Audit Report number AL–Auth–2–73).

The Metropolitan Transportation Authority (MTA), created in 1965, has received first instance appropriation authorizations in the net amount of $158.2 million (excluding an additional $32 million authorized by the 1972 Legislature). Thus far, the Authority has drawn down $149.0 million. As of March 31, 1972 the Authority has repaid $24.0 million. A total of $87.2 million has been "forgiven" by hard cash appropriations (described above), and MTA still owes the State $37.7 million.

The Ogdensburg Bridge and Port Authority owes the State $20.9 million as of March 31, 1972—including over $16 million owed since March 31, 1960. The original repayment agreement, made in 1956, called for the sale of Authority bonds, and repayment to the State, within one and one-half years after bridge opening. A 1962 revision extended the repayment agreement by three years. The Authority's operations, however, are not generating revenues sufficient to cover the debt service on a bond issue of this magnitude. As a result, no bonds have been issued, and the State is still listing its first-instance advances to this Authority as "accounts receivable."

The New York State Urban Development Corporation (UDC) owes the State $49.8 million as of March 31, 1972—more than any other Authority. Since its inception in 1968, the Corporation has received over $55.3 million of first instance loans. UDC successfully marketed a $250 million bond issue in 1971 and met its first repayment installment of

$5.5 million. Whether the Corporation will continue to meet its repayment obligations depends on a variety of factors, including the ability of its projects to generate revenues and the continued availability of Federal funds to meet its interest costs.

State-guaranteed authority debt

The State of New York has, in three instances, unconditionally guaranteed the payment of authority debt. Such guarantees require the approval of the People and carry the full faith and credit of the State. The following language in the New York State Thruway Authority Act illustrates the guarantee:

"punctual payment of the notes and bonds shall be, and the same hereby is, fully and unconditionally guaranteed by the state, both as to principal and interest . . ."

Such a State guarantee enables the authority to market its bond and notes at a lower interest cost, since the risk of default has been significantly reduced. This guarantee has been extended, by separate referenda votes, to the New York State Thruway Authority, the Port Authority of New York and New Jersey, and the New York State Job Development Authority.

As of June 30, 1972, the Thruway Authority had $425.0 million of State Guaranteed debt outstanding (out of the authorized $500 million), the Port Authority has $91.8 million outstanding (out of a maximum $100 million authorized for its commuter car program), and the Job Development Authority has $72.9 million outstanding (out of an authorized $150 million). In total, State guaranteed authority debt stood at $589.7 million as of June 30, 1972—an increase of about $85 million, or 17 percent, since 1967.

None of these guarantees have yet resulted in any direct costs to the State, since the agencies have thus far been able to meet all debt service requirements from their own revenues.

"Moral obligation" debt

The State Constitution provides that the State can only issue full-faith-and-credit debt only when authorized by a legislative act which has been approved by the voters at a Statewide referendum. However, the State can empower a Statewide authority to issue its "own" debt (and has committed itself in a variety of ways to support this debt) by a legislative act which is not subject to popular referendum. Such legislative acts during the past two decades—and the consequent understandings engendered in the financial community by specific legislative language—have created a class of authority debt which, in the mind of the financial community, the State has a "moral obligation" to support whenever authority revenues become insufficient. Theoretically, the "moral obligation" makes authority bonds more marketable by decreasing the risks of default.

The State's commitment with regard to this debt, which is not subject to voter approval, is based upon the wording of enabling statutes and the consequent assumption made by the financial community with regard to the State's liability in case of insufficient agency revenues.

The following excerpt from the New York State Urban Development Act illustrates the statute wording which lies behind the moral obligation concept:

"In order further to assure maintenance of such debt service reserve funds, there shall be annually apportioned and paid to the corporation for deposit in each debt service reserve fund such sum, if any, as shall be certified by the chairman of the corporation to the governor and the state director of the budget as necessary to restore such reserve fund to an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on the bonds of the corporation then outstanding and secured by such reserve funds."

The clause maintaining debt service reserve funds has also been used in connection with certain lease-purchase agreements made between the State and certain public authorities. Basically, authorities will finance, through issuance of their own bonds and notes, a public facility and then lease the facility to the State under a lease-purchase agreement. While the terms of these agreements are not necessarily outlined in the law, they usually contain these provisions: the State agrees to pay rental for use of the facility in amount at least equal to debt service, and title to the facility will transfer to the State when all outstanding debt the authority incurred to construct the facility has been retired. In addition, the State may pay the authority an additional amount of rent to cover administrative costs.

A major example of lease-purchase involves the development of the scores of units comprising the many campuses of the State University System. Some of these facilities have been created through use of State tax funds and State full faith and credit borrowings. Other units have been constructed with moneys borrowed by the Housing Finance Authority and then leased by the University. When the annual lease payments to the authorities have been sufficient to discharge all the principal and interest obligations created by the borrowing, the State will acquire title to the hitherto-leased units and in effect, will have consummated a "purchase". As of June 30, 1972, the Housing Finance Authority had outstanding bonds of almost $1.4 billion under its State University Construction Program—an increase of almost $900 million, or 77 percent, since March 31, 1967. This entire debt was supported by a State agreement to pay annual rentals (on University facilities constructed with these borrowings) sufficient to pay the principal and interest (as well as the incidental costs) associated with the borrowings.

As of June 30, 1972, total outstanding "moral obligations" stood at $2.6 billion—an eight-fold increase since 1967. Over 75 percent of this debt has been incurred by a single authority—the Housing Finance Agency. In addition there was $1.9 billion of authority lease-purchase debt outstanding at June 30, 1972.

Summary

Table 3 summarizes, as of June 30, 1972, Statewide public authority debt (both the authorized limit and the amount outstanding) which is backed by some form of State commitment. Other authority borrowing, not backed by a State commitment, is discussed in the individual authority summaries (Volume 2).

TABLE 3.—AUTHORITY DEBT BACKED BY STATE INVOLVEMENT AS OF JUNE 30, 1972

Type of State involvement authority, and program	Maximum borrowing authorized	Bonds and notes outstanding June 30, 1972
Debt guaranteed by voter referendum:		
Job development authority	$150.0	$72.9
New York State Thruway Authority	500.0	425.0
Port Authority of New York and New Jersey	100.0	91.8
Subtotal		589.7
Debt backed by lease-purchase agreements with the State:		
Dormitory authority:		
Community college facilities	(1)	0
Correctional facilities	50.0	0
Health facilities (State)	(1)	0
Housing finance agency:		
Mental hygiene facilities	1,050.0	473.9
State university	(1)	1,382.4
Subtotal		1,856.3
Debt backed by State's "moral obligation":		
Atomic and space development authority	(1)	$10.0
Battery Park City Authority	$300.0	200.0
Capital District Transportation Authority	(1)	0
Central New York Transporta- Authority	(1)	0
Environmental Facilities Corporation	(1)	57.5
Housing finance agency:		
Health facilities (municipal)	1,800.0	298.1
Hospital and nursing home projects	3,950.0	451.5
Limited profit housing	2,500.0	1,189.9
Mental health and retardation services	100.0	4.8
Senior citizens centers	50.0	0
Youth facilities projects	100.0	11.5
Metropolitan Transportation Authority	(1)	0
New York Job Development Authority	75.0	0
New York State Mortgage Agency	750.0	49.7
New York State Municipal Bond Bank	1,000.0	0
New York State Urban Development Corporation	1,500.0	318.9
Niagara Frontier Transportation Aughority	(1)	0.0
Rochester-Genesee Transportation Authority	(1)	1.1
United Nations Development Corporation	75.0	0
Subtotal		2,593.0
Total		5,039.0

[1] No limit.

IV. FINANCIAL VIABILITY OF AUTHORITIES

Background

The March, 1956 report of the Temporary State Commission on Coordination of State Activities (Legislative Document No. 46) covers such matters as the historical development of public authorities in New York State, the reasons for their creation, their legal character, and their means of financing. Two reasons cited for the creation of public authorities were: "To finance public improvements without resort to additional taxes"; and "To finance improvements through charges upon the users thereof instead of upon the general taxpaying public." In introducing the Public Authorities Law, the publisher of McKinney's Consolidated Laws of New York State notes that: "Public Authorities, as Corporate instrumentalities of the State, were created by the Legislature for the furtherance of self-liquidating public improvements."

Thus, one of the traditional elements of the public authority form was that the authority would have a financial capability of its own—issuing revenue bonds to finance its capital programs, and being "self-liquidating" in the sense that the general public would not have to support its operations through taxes. However, the history of many public authorities in New York raises serious doubt as to whether the "self-liquidating" criterion has been fulfilled or, indeed, whether it is even applicable.

The ability to finance operations by user charges is one of the principal factors in the creation and growth of public authorities as government instrumentalities. Various questions must be explored in assessing the financial viability of public authorities. Perhaps the key question is whether or not the Authority has been able to finance its operations without significant State "hard-dollar" appropriations or some other form of continuing State assistance. Certain authorities have been very successful in this endeavor and, with the authorization of the State, have used their earning power to construct or undertake additional public benefit projects. Other authorities have not fared as well and have had to reply upon State financial aid.

The two basic forms of continuing assistance are "first instance" loans and "hard cash" grants. "Hard cash" grants may be made out of current revenues or out of bond funds. Further, as previously noted, the State has unconditionally guaranteed some debt of three authorities, while the debt of other authorities carries what the financial community regards as the State's "moral obligation." Depending upon the circumstances, a variety of conditions either have occurred or may occur, resulting in expenditures being borne by the taxpayer—thus negating one of the traditional authority concepts. The support of an authority in the initial stages of operation may be necessary—even desirable. Continuing assistance, however, indicates the inability of the authority to be self-sufficient.

This section discusses the progress being made toward financial self-sufficiency by the various authorities. It does not cover every authority, but is intended to give a general perspective on the subject.

Bridge and tunnel authorities

Bridge and tunnel authorities are the "traditional" form of authority operation. Toll revenues are used to pay for debt service and operating costs. Most of these authorities, but not all, are in good financial condition and do not have a continuing need for State assistance.

For example, the New York State Bridge Authority has received $30.1 million of first instance appropriation authorizations. All moneys expended from these authorizations were repaid in accordance with the terms of the repayment agreement. Our audits show that the Authority is in sound financial condition and can retire its outstanding bonds ahead of schedule.

The Triborough Bridge and Tunnel Authority has exhibited a consistently good earnings pattern. Over the past five years, excess revenues totaled $228.6 million—an average of $45.7 million per year. These revenues were used, in part, to meet operating deficits of the New York City Transit Authority.

On the other hand, the Ogdensburg Bridge and Port Authority has owed the State more than $16.0 million since 1960, and now owes $20.9 million. The repayment agreements called for the sale of Authority bonds to meet these obligations. The Authority operations, however, are not generating sufficient revenues to meet debt service requirements on a bond issue of this magnitude. Hence, the Authority has not been able to repay the interest-free loan that it has received from the State.

Commerce and development authorities

Most of the commerce and development authorities were created after 1960. Some of these authorities are self-sufficient, while others have been unable to operate without continuing State assistance.

The Environmental Facilities Corporation, in the last four years, has had cumulative losses of more than $3.8 million. These losses were subsidized, in part, by first instance appropriations. The Corporation received advances totaling $5.5 million, of which $4.6 million is currently owed. On the basis of current operating statistics and recent audit reports, we question whether the Authority will be able to generate enough income to meet the latest repayment schedule. (Previous repayment schedules have already been "stretched out").

The New York Job Development Authority, from its creation in 1962 through 1967, had deficits which were subsidized by first instance advances and direct State appropriations. During the last two years, the Authority experienced a net loss of almost $1.4 million. These deficits have been financed by the issuance of State guaranteed bonds and notes. Further, the financing of the Authority's basic operation—that of making second mortgage loans—is aided by the State's guarantee on some of its bonds.

By contrast, the Power Authority of the State of New York has consistently shown earnings ratios above the required 1.4 times debt service. For the last five years, the Authority's net earnings have averaged almost 1.8 times the year's debt service requirements.

Housing and finance authorities

The criterion of financial self-sufficiency is not fully applicable to all authorities. Revenues of several authority programs are based upon lease-purchase payments made by the State; hence, the ability of these programs to be self-sufficient depends entirely upon the relationship between the State and the authority. Certain housing and finance authorities are cast in this mold, since they handle the financing of construction programs of the type previously funded directly by the State.

With regard to some of the newer programs, however, the authorities involved (the Housing Finance Agency and the Dormitory Authority) finance the construction of private organizations, such as hospitals and colleges. In these instances, the traditional concept of financial self-sufficiency is applicable. The Authority constructs a facility on behalf of a private institution which makes payments covering debt service costs until the Authority's debt on the facility is retired. Thus, the financial viability of these programs relates to the ability of the private organization to meet its schedule of payments to the authority.

The Housing Finance Agency (HFA) finances, on behalf of the State, the construction of State University facilities and mental hygiene facilities. The Agency issues its own obligations with the debt service supported by lease-purchase agreements with the State. Private facilities constructed with HFA financing include such programs as limited profit housing, hospitals and nursing homes, youth facilities and senior citizen centers. The financial community recognizes the "moral obligation" with regard to Housing Finance Agency Programs as a significant form of support.

The Dormitory Authority finances and constructs housing and dining facilities of the State University, facilities of the City University of New York and facilities at private colleges within the State. It has also been recently authorized to finance a variety of new State and private facilities.

Parks, parkway, and highway authorities

These authorities are also of the "traditional" type. All have had some form of State assistance, some of which is extremely significant.

The Jones Beach State Parkway Authority has had substantial amounts of long-term, interest-free "first instance" loans from the State. It currently owes the State approximately $32 million on these loans and should be able to meet the repayment schedule out of operating revenues.

The Thruway Authority is in sound financial condition. Over the last nine years, the Authority's margin of safety (extent by which net revenues exceed debt service requirements) was well above the established norm. The State has aided the Thruway by guaranteeing a portion of the Thruway's debt which, it is generally agreed, lowered the interest cost on the bonds.

The East Hudson Parkway Authority has received interest-free State loans of about $31 million, out of an authorized $52.2 million. Although the Authority has met its amended repayment schedule thus far, the prospects for timely repayment of the total balances due to the State are questionable. Our recent audits have concluded that, at current operating levels, the Authority will not generate sufficient funds to accumulate the $11.1 million due the State in 1974 and the $27.4 million due in 1985. Further, it is doubtful whether bonds could be sold to finance all of the Authority's planned capital projects, because the bond issue would require an annual cash flow for debt service of about $4.5 million—an amount two-and-a-half times the revenue for fiscal 1970.

Port development authorities

Only one of the three authorities undertaking port development projects is self-sufficient.

The Port Authority of New York and New Jersey is in exceptionally strong financial condition. During the five years 1967 to 1971, net revenues (after all operating expenses and before debt service) have totaled $579.8 million—an average of almost $116 million per year. These earnings have enabled the Authority not only to pay its required debt service, but also to undertake substantial capital construction projects.

Albany Port District Commission, by contrast, has needed financial assistance. Because of insufficient operating revenues, the cities of Albany and Renssealer have been assessed to meet each year's operating deficits. The total amount assessed during the past five years was $1.1 million.

Regional market authorities

The Central New York Regional Market Authority has made all payments to the State in accordance with the repayment agreement. The prospects for full repayment appear favorable. The Authority has retired its serial bonds and is making payments in excess of scheduled requirements to a sinking fund for outstanding term bonds.

The other regional market authority is not self-sufficient. The Genesee Valley Regional Market Authority has received first instance funds to meet annual deficits. As of March 31, 1972, the Authority had not repaid any of the $2.2 million owed the State and, based upon the Authority's financial operations, the prospects for timely repayment are doubtful.

Regional transportation and transit authorities

The new "regional transportation" authorities represent still another departure from the traditional authority concept. These authorities depend, to a great extent, on a system of government support to finance their operations. The major sources of government support are first instance loans and hard cash appropriations out of State tax revenues and bond funds. Also, many of these authorities are directly supported by tax revenue derived from a type of surcharge on the mortgage tax within the transportation district. Many of these authorities are not financially self-sustaining.

The Metropolitan Transportation Authority (MTA) has received continuing State assistance. As of March 31, 1972, the Authority had received $149.0 million of first instance loans. Of this amount, $87.2 million has been "forgiven" by hard cash appropriations from State bond funds and $24.0 million was repaid by MTA from their own sources. Whether MTA can repay the $37.7 million still due the State is questionable. Further, the MTA has authorizations for several hundred million of State Bond funds to support Authority programs.

The New York City Transit Authority has been operating at a deficit. From 1967 to 1971, the Authority had an aggregate net loss of over $320 million, despite a doubling of the fares charged for the use of facilities. The deficits have been financed in part by transfers from other authorities. The Transit Authority's capital programs have been heavily subsidized by the City in the past, and more recently by the State. Since the Authority's inception, the City of New York has appropriated over $1 billion for the modernization, improvement, replacement, and addition to plant structure and rapid transit cars and buses. In addition, the State has authorized $600 million from proceeds of the 1967 Transportation Bond Issue for Transit Authority projects.

An exception is the Manhattan and Bronx Surface Transit Operating Authority (MABSTOA), which has been self-sufficient. The Authority has generated revenues sufficient not only to meet its operating costs and reserve requirements, but also to subsidize a portion of the deficits of the New York City Transit Authority.

V. SUMMARY OF AUDIT FINDINGS

Background

The State Comptroller's responsibilities with respect to public authorities are defined in the Constitution and in the Public Authorities Law. Article X, Section 5 of the Constitution provides that "the accounts of every such public corporation heretofore or hereafter created shall be subject to the supervision of the state comptroller . . ." Section 2503 of the Public Authorities Law requires the Comptroller to "examine the books and accounts of every authority or commission . . . including its receipts, disbursements, contracts, leases, sinking funds, investments and any other matters relating to its financial standing."

The Public Authorities Law (Section 2500) further requires that each public authority submit to the Governor, the chairmen of the legislative finance committees, and the State Comptroller an annual report. The purpose of this report is to furnish the State "with systematic information regarding the status and the activities of public authorities." Pursuant to the various statutes concerning public authorities, we have issued a set of comprehensive accounting principles and reporting standards. The guidelines contained in the Principles of Accounting and Standards of Report for Public Authorities will facilitate compliance with the reporting requirement, and significantly improve the comparability and usefulness of the data as an aid in developing public policy relative to authorities.

The examination and verification responsibilities are fulfilled primarily by means of audits, which have as their basic objectives: to review the management controls affecting the accounting, financial and other operations of the authority for the purpose of making observations and constructive recommendations; to analyze and comment upon the financial condition of the authority; and to establish whether the financial statements issued by the authority pursuant to the Public Authorities Law present fairly the authority's financial condition and the results of its operations.

Copies of all audit reports are sent to the Governor, the Lieutenant Governor, the legislative leaders and the chairmen of the legislative finance committees. These reports contain the audit observations and recommendations, and the related comments of the authority officials.

During the last five years, the Comptroller's Bureau of Authority Audits had conducted one or more audits at 22 of the 38 authorities discussed in this report. Audits of the other 16 authorities, many of which have been organized recently, are either in process or scheduled.

Major audit findings

Although the public authority may be an expedient method for implementing public policy, our audits have shown that public authorities are not inherently more efficient than other agencies of State government. Some authorities are, of course, more efficient than others; as a general rule, however, we have found a relatively large number of weaknesses in the conduct of authority operations. Following are brief illustrations of some of the audit findings. Copies of all the audit reports referenced in these paragraphs are available upon request.

Findings relating to efficiency and effectiveness

Audits of the Long Island Railroad, an operating subsidiary of the Metropolitan Transportation Authority (MTA), showed significant amounts of non-productive employee time. One audit report (NY-Auth-6-70) noted that in the Maintenance of Way department, employees arrived at work locations late and left early; inordinate time was spent in traveling between the employee's assigned headquarters and job sites; and the locations of headquarters sites added unnecessarily to travel time requirements. We concluded that about one-fifth of the employee time was non-productive.

Another report (NY-Auth-6-71) concluded that the railroad's system of internal control was generally weak and, coupled with inadequate procedures, was causing revenues to be lost and operations to be conducted in an inefficient manner. In particular, statistics indicated that the number of passengers carried exceeded the number of rides sold by an average of 670,000 passenger rides per month, indicating potential revenue loss of about $9 million a year. Also, large amounts due the Railroad had not been billed or were not recorded on the general books of account. (A subsequent audit showed substantial procedural improvements.)

The Job Development Authority (JDA), through its loan program, has not created or saved as many jobs as the Authority's statistics indicate. Our audit report (AL-Auth-1-70) indicated that the Authority overstated the number of jobs saved by almost 150 percent. On 49 loans made to improve employment, JDA reported an increase in employment of 2,091; our audit, however, showed an increase of only 860 jobs. Also, the dollar value of the loans bore no relationship to the number of jobs created or saved. In fact, 51 percent of the dollar value of loans created or saved only 19 percent of the jobs. The report also found a lack of objective criteria in measuring the effectiveness of the loan program and weak controls over its system of statistical reporting.

Finding relating to range of authority activities

The Environmental Facilities Corporation (AL-Auth-3-71) defined its role to be much broader than that specified by the Legislature. It conceived of itself as responsible for research and development in the area of sewage and waste disposal. It is not apparent that this role was intended by the Legislature. Also, we found a disproportionate number of support personnel on the payroll in light of the Authority's responsibilities. For example, we questioned whether six full-time attorneys were required to conduct the Authority's legal affairs since procedures for dealing with municipalities, and the formats for its various contracts, had been generally standardized. We also questioned whether the Authority needed 10 employees (half of which were grade 23 or higher) in its information service and communications section.

The State Urban Development Corporation (NY-Auth-5-71) has undertaken several projects which are not located in the State's urban areas. We suggested that the Corporation's activity in these areas be reexamined by the Legislature to be sure that they are in consonance with legislative intent. We also suggested that there was a need for the Legislature to define the term "persons or families of low income" in relation to UDC's housing projects to make certain that the Corporation is meeting legislative intent in this aspect of its program. The audit report also contained several recommendations to improve internal controls and to assure operating efficiency. These include better project budgeting and expenditure controls, and improvements in the Corporation's contracting procedures. Also, we suggested that greater efficiency could be achieved by re-using good designs and plans wherever feasible.

The Port Authority of New York and New Jersey is in very strong financial condition, generating revenues substantially greater than its mandatory debt service and operating expenses. However, there are a number of alternatives to the practice of applying these earnings to the types of construction undertaken by the Authority. The moneys might have been used for other activities. We suggested that the purposes to which these revenues are applied involves questions of public policy and priority of such importance, as to warrant the attention of the Executive and Legislative brances of the two States. (NY-Auth-8-70)

The Authority does not show operating data by facility, available internally, in reports rendered to the State Legislatures and to the public. We recommended that the Authority prepare its reports in such a manner as to show which facilities are revenue producing, which are marginal operations, and which are "loss" operations. (NY-Auth-2-70)

Additional audit findings and recommendations

Audits of the New York State Thruway Authority (AL-Auth-4-70 and AL-Auth-6-71) have shown administration of operations to be basically sound. At the Authority's request, we undertook a study of the Thruway's financial affairs and, as a result of this analysis, proposed rate increases were altered to avoid a general increase in passenger car tolls.

An audit of the Niagara Frontier Transportation Authority (AL-Auth-1-73) showed weak internal controls in such areas as cash management, competitive bidding, and supervision of leases and asset records. Also, at one facility, a source of operating inefficiency was found concerning the apparent lack of relationship between the staffing pattern and scheduled activity.

We recommended that the Lake Champlain Bridge Commission (AL-Auth-5-71) consider a one-way toll collection procedure, similar to the practice of the New York State Bridge Authority and the Port Authority of New York and New Jersey. The adoption of this procedure would reduce toll costs by about $33,000, facilitate collections by the single night collector, and expedite the movement of traffic.

We noted that if surplus operating funds of the New York State Bridge Authority (NY-Auth-7-72) of almost $280,000 had been invested, the Authority might have gained another $21,000 in revenues. Also, some internal administrative control weaknesses, noted in prior reports, have been strengthened, while others still persist.

EXHIBIT E

NEW YORK STATE COMPTROLLER'S STUDIES ON ISSUES IN PUBLIC FINANCE—DEBT-LIKE COMMITMENTS OF THE STATE OF NEW YORK

II. STATUS OF STATE COMMITMENTS

A. Summary of commitments without voter approval

The amount of debt of the various debt financing programs undertaken without voter approval is in fact significant. As of June 30, 1972, the State's voter-approved full faith and credit debt stood at $3,378 million. At the same time there was a total of $5,620 million in outstanding debt on commitments without the approval of the People. This debt is an aggregate of three separate categories of degrees of State involvement, as follows:

[In millions]

a. State lease purchase agreements	$2, 389. 6
b. Programs supported in part from State aid payments	497. 6
c. Other State commitments	2, 732. 6
Total	$5, 619. 8

The latter category includes primarily those programs that contain in their legislation a provision for further legislatures to appropriate moneys to the rental or debt service reserve fund established for the program if the amounts in the fund should be insuffcent to meet debt service needs.

The table on the following page lists the various programs included in each of the three categories and the amount of debt authorized and outstanding for each program as of June 30, 1972. The list of programs reflects the wide scope of the capital projects in which the State is involved through the various debt financing mechanisms. These 34 programs are financed by 16 authorities, five municipalities and two retirement systems. They are all part of a complex capital financing structure which redefines the role of the State, municipalities and public authorities in debt financing. And they are all part of a fiscal process which has expanded and continues to expand.

STATUS OF STATE COMMITMENTS IN DEBT WITHOUT VOTER APPROVAL AS OF JUNE 30, 1972

[Dollars in millions]

Type of capital program and/or financing agency	Total authorized	Amount of debt outstanding
State programs financed by lease-purchase rental:		
Correction facilities (Dormi Auth.)	$50	0
Highways (Thruway Auth.)	100	0
Mental hygiene facilities (H.F.A.)	1, 050	+$473. 9
Office buildings financed by:		
Albany County—South Mall	(1)	438. 1
Other municipalities	(1)	54. 9
Retirement systems	(1)	40. 3
State University academic-type facilities (H.F.A.)	(1)	1, 382. 4
States health facilities (Dorm Auth.)	(1)	0
Total		$2, 389. 6
Programs supported by periodic State aid payments:		
Community colleges (Dorm. Auth.)	(1)	0
City university (Dorm. Auth.)	(1)	183. 2
Municipal health facilities (H.F.A.)	$1, 800	298. 1
Mental health and retardation facilities (H.F.A.)	100	4. 8
Senior citizens center (H.F.A.)	50	0
Youth facilities (H.F.A.)	100	11. 5
Total		497. 6
Debt backed by other State involvement:		
Battery Park City Auth	300	200. 0
United Nations Dev. Corp	75	0
Atomic and Space Dev. Corp	(1)	10. 0
Dormitory-type facilities (Dorm. Auth.)	(1)	454. 0
Environmental Facilities Corp	(1)	57. 5
Hospitals and nursing homes (H.F.A.)	3, 950	451. 5
Housing (H.F.A.)	2, 500	1, 189. 9
Job Development Corp. (portion financed by general revenue bonds)	75	0
New York State Mortgage Agency	750	49. 7
Municipal Bond Bank Agency	1, 000	0
Regional transportation authorities:		
Capital District	(1)	0
Central New York	(1)	0
Metropolitan (New York City region)	(1)	0
Niagara Frontier	(1)	0
Rochester-Genesee	(1)	1. 1
Urban Development Corporation	1, 500	318. 9
		2, 732. 6
Grand total		5, 619. 8

[1] No limit.

B. Rapid growth in legislative authorizations

The increased reliance on financing capital programs without the requirement of approval by the State's voters is indicated by (1) the growth in the number of such programs authorized by the legislature, (2) the steady increase in the amount of debt authorized to be incurred for these programs, and (3) the rapid growth in the amount of debt issued and outstanding for these programs.

Prior to 1963 the State's only involvement in long term capital financing programs without the requirement of voter approval was through the lease purchase arrangements with the Dormitory Authority and the State's retirement systems.

By the end of the 1972 legislative session State involvement had been extended to include 34 programs. The following table indicates the pattern of legislative authorizations since 1962. The table on the following pages details this growth in legislative authorization by program.

GROWTH IN LEGISLATIVE BORROWING AUTHORIZATION

Fiscal year ending Mar. 31	Without limit—Number of programs: During year	Without limit—Number of programs: Cumulative total	With limit—Amount authorized: During year	With limit—Amount authorized: Cumulative total
1962	1	4	$40	$61
1963	1	5	975	1, 59
1964	0	5	0	1, 59
1965	1	6	525	2, 11
1966	0	6	200	2, 31
1967	3	9	460	2, 77
1968	0	9	2, 350	5, 12
1969	1	10	500	5, 62
1970	2	12	2, 450	8, 07
1971	2	14	2, 175	10, 25
1972	1	15	3, 150	13, 40

The tables show that in every year since 1963 (except 1964) the scope of State involvement in non-full faith and credit debt was expanded either by authorization for new debt financing programs, or by increases in borrowings authorized for existing programs, or both.

One-third of the programs authorized without specific borrowing limits were authorized since 1969. Over one-half of the amount of borrowing authorized on programs with limits was legislated during this same three-year period.

STATE COMMITMENTS IN DEBT WITHOUT VOTER APPROVAL, CHRONOLOGY OF LEGISLATIVE AUTHORIZATIONS [1]

[In millions of dollars]

Type of capital program and/or financing agency	Prior to 1963	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	Status as of June 30, 1972: Total authorized	Status as of June 30, 1972: Not yet issued
State programs financed by lease-purchase rental payments:													
Correction facilities (dorm. auth.)											50	50	50
Highways (thruway auth.)											100	100	100
Mental hygiene facilities (HFA)		500			600		850		1, 050			1, 050	553
Office Buildings Financed by:													
Albany County-South Mall		(2)										(2)	
4 other municipalities		(2)										(2)	
2 retirement systems	(2)											(2)	
State university academic-type facility (HFA)	(2)											(2)	
State health facilities (dorm. auth.)										(2)		(2)	
Programs supported by periodic State aid payments:													
Community colleges (dorm. auth.)											(2)	(2)	
City University (dorm. auth.)	(2)											(2)	
Municipal health facilities (HFA)							700		1, 200	1, 800		1, 800	1, 502
Mental health and retardation facilities (HFA)								100				100	95
Senior citizens center (HFA)									50			50	50
Youth facilities (HFA)								50	100			100	89
Debt backed by other State involvement:													
Programs operating in New York City only:													
Battery Park City Auth										300		300	100
United Nations Development Corp										75		75	75
Programs not limited to New York City:													
Atomic & Space Development Corp										(2)		(2)	
Dormitory-type facilities (dorm. auth)	(2)					(2)						(2)	
Environmental Facilities Corp												(2)	
Hospitals and nursing homes (HFA)					100		500	850	1, 750	2, 950	3, 950	3, 950	3, 499
Housing (HFA)	565	1, 040		1, 540		2, 000					2, 500	2, 500	1, 284
Job Development Corp. (program financed by general revenue bonds)	50			75								75	75
New York State Mortgage Agency									750			750	700
Municipal Bond Bank Agency										1, 000		1, 000	1, 000

STATE COMMITMENTS IN DEBT WITHOUT VOTER APPPROVAL, CHRONOLOGY OF LEGISLATIVE AUTHORIZATIONS [1]—Continued

[In millions of dollars]

Type of capital program and/or financing agency	Prior to 1963	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	Status as of June 30, 1972: Total authorized	Status as of June 30, 1972: Not yet issued
Regional Transportation Authorities:													
Capital District									(2)			(2)	
Central New York									(2)			(2)	
Metropolitan (NYC region)				(2)								(2)	
Niagara frontier						(2)		(2)				(2)	
Rochester-Genesee												(2)	
Urban Development Corp							1,000				1,500	1,500	1,175

[1] This chronology shows the year in which (1) programs were authorized without any limit as to the amount of debt to be issued and (2) programs were authorized subject to specific limits on the amounts of debts to be issued. In the latter instances, the amounts shown represent the new level to which the debt limit was raised during the year.

[2] No limit.

C. Growth in outstanding debt

Paralleling the increase in the legislative authorization for long term capital financing programs without voter approval is the rapid increase in the amount of outstanding debt for these programs. At the end of the 1962 fiscal year there was $129.2 million in outstanding debt for the three debt financing programs then in existence. By June 30, 1972 the outstanding debt had grown to $5,619.8 million for a total of 34 programs. The following table shows the yearly growth of this type of outstanding debt as well as the amount of debt authorized but not yet issued for those programs which have specific borrowing limits.

The tables on the following pages show the growth in outstanding debt for each of the programs included in this study.

[Amounts in millions]

Fiscal year	Debt outstanding at close of agency fiscal year [1]: Bonds	Notes	Total	Debt authorized but unissued on programs with borrowing limits
1962	$114	$91	$129	$554.6
1963	384	185	569	1,298.8
1964	620	150	770	1,210.3
1965	784	246	1,030	1,600.0
1966	998	239	1,237	1,756.9
1967	1,297	363	1,661	2,215.4
1968	$1,696	$498	$2,207	$4,336.6
1969	1,966	616	2,582	4,654.3
1970	2,460	741	3,200	6,793.4
1971	3,316	1,086	4,401	8,083.0
1972	3,795	1,372	5,067	10,790.9
June 30, 1972	4,193	1,427	5,620	10,347.9

[1] Note: Data for HFA programs are as of Oct. 31 for each year except 1972. Data for dormitory authority programs are as of June 30 for the years 1962 through 1968. All other data are as of Mar. 31 of the respective years.

STATE COMMITMENTS IN DEBT WITHOUT VOTER APPROVAL

[In millions of dollars]

Type of capital program and/or financing agency	Amount of debt outstanding at end of agency fiscal year [1] (combined bonds and notes): 1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	Status as of June 30, 1972: Issued to date	Amount outstanding
State programs financed by lease-purchase rental payments:													
Correction facilities (dormitory authority)												0	0
Highways (thruway authority)												0	0
Mental hygiene facilities (HFA)			46.9	128.3	137.2	162.2	209.7	236.4	308.3	437.4	476.7	497.0	473.9
Office buildings financed by:													
Albany county-south mall					70.0	140.0	137.8	203.3	268.8	331.7	438.1	490.0	438.1
Other municipalities						10.0	10.0	9.7	19.4	25.8	54.9	57.9	54.9
Retirement systems	33.0	46.0	54.0	59.0	58.0	56.0	54.0	52.0	49.0	46.0	41.5	73.0	40.3
State university academic-type facilities (HFA)		32.0	243.2	307.7	383.3	592.3	804.9	822.9	903.8	1,108.9	1,273.2	1,455.3	1,382.3
State health facilities (dormitory authority)												0	0
Subtotal	33.0	78.0	344.1	495.0	648.5	960.5	1,216.4	1,324.3	1,549.3	1,949.8	2,284.4	2,573.2	2,389.6
Programs supported by periodic State aid payments:													
Education programs:													
Community colleges (dormitory authority)												0	0
City university (dormitory authority)					9.1	15.9	22.7	70.0	146.4	157.6	181.7	187.3	183.2
Municipal health facilities (HFA)								3.0	8.0	102.5	233.1	298.1	298.1
Mental health and retardation facilities (HFA)												4.8	4.8
Senior citizens center (HFA)												0	0
Youth facilities (HFA)										4.0	8.5	11.5	11.5
Subtotal	0	0	0	0	9.1	15.9	22.7	73.0	154.4	264.1	423.3	501.7	497.6
Debt backed by other State involvement:													
Programs operating in New York City only:													
Battery Park City Authority												200.0	200.0
United Nations Development Corp												0	0
Programs not limited to New York City:													
Atomic and space development corp											8.8	10.0	10.0
Dormitory-type facilities (Dormitory Authority)	35.8	91.1	93.0	124.9	160.6	223.0	304.6	344.3	383.2	424.9	459.2	483.2	454.0
Environmental facilities corp								1.6	15.0	29.7	53.0	57.5	57.5
Hospitals and nursing homes (HFA)						13.2	27.5	65.9	174.3	291.1	392.4	451.5	451.5
Housing (HFA)	60.4	399.9	332.9	409.9	418.4	448.3	635.3	772.9	916.7	1,143.1	1,147.5	1,215.7	1,189.9
Job development corp. (program financed by general revenue bonds)												0	0
New York State mortgage agency										41.2	49.7	49.7	49.7
Municipal bond bank agency												0	0
Regional transportation authorities:													
Capital district												0	0
Central New York												0	0
Metropolitan (New York City region)												0	0
Niagara									7.2	7.5	0	0	0
Rochester-Genesee											1.1	1.1	1.1
Urban development corp										250.0	248.0	325.0	318.9
Subtotal	96.2	491.8	425.9	534.8	579.0	684.5	967.4	1,184.7	1,496.4	2,187.5	2,359.7	2,793.7	2,732.6
Grand total	129.2	569.8	770.0	1,029.8	1,236.6	1,660.9	2,206.5	2,586.0	3,200.1	4,401.4	5,067.4	5,868.6	5,619.8

[1] Note: data for HFA programs are as of Oct. 31 for each year except 1972. Data for dormitory authority programs are as of June 30 for the years 1962 through 1968. All other data are as of Mar. 31 of the respective years.

D. Debt of individual financing entity

The following table summarizes by financing entity the various long term capital financing programs authorized without voter approval. The table shows that the majority of programs are financed by the Housing Finance Agency (eight) and the Dormitory Authority (five). The Housing Finance Agency alone has a total outstanding debt of $3,812.1 million, more than the total full faith and credit debt of the State.

Financing entity	Number of programs financed	Amount of debt outstanding at June 30, 1972
Atomic and Space Development Corporation	1	$10.0
Battery Park City Authority	1	200.0
Dormitory Authority	5	637.2
Environmental Facilities Corporation	1	57.5
Housing Finance Agency	8	3,812.1
Job Development Corporation (general revenue bonds)	1	0
Municipal Bond Bank	1	0
New York State Mortgage Agency	1	49.7
Regional transportation districts	5	1.1
Throughway authority (State highway)	1	0
United Nations Development Corporation	1	0
Urban Development Corporation	1	318.9
Municipalities	5	493.0
Retirement systems	2	40.3
Total	34	5,619.8

III. THE NATURE OF THE STATE'S COMMITMENT

In order to provide a complete picture of the potential impact that financing through lease purchase arrangements and other commitments may have on the fiscal operations of the State, it is necessary to discuss the nature of the State's role with respect to the debt service of the various financing entities. As noted previously, the State undertakes a type of long-term commitment when legislation specifies one or more financial channels between agency debt and State funds. Each program is set up under its own unique legislation which may specify new channels.

There are two questions which must be covered in discussing the nature of the State's commitment. The first question is concerned with the extent to which the State may be called upon to provide tax dollars or other revenues to meet the debt service on the agency's obligations. The second question is concerned with the mechanics or implementation of the commitment.

As a frame of reference, we may first explore the nature of the State's commitment under full faith and credit voter-approved debt. The most binding commitment that the State can undertake relative to the payment of debt service is to provide that the bonds to be issued will have the backing of the State's full faith and credit. The strength of the State's full faith and credit is best demonstrated by citing Article VII, Section 11 of the State Constitution. This Article requires the State Comptroller to pay any debt service on State full faith and credit bonds out of the first moneys paid into the State Treasury if such funds are not made available by the regular State appropriation process. Thus, the full faith and credit guarantee mandates State use of any and all of the resources available to it to pay the debt service as it comes due.

The basic full faith and credit debt is that which occurs when the State itself issues bonds, pursuant to voter approval for a specific undertaking. In addition, on three occasions, the voters have approved extending the full faith and credit of the State for a portion of the debt issued by certain public authorities. This guarantee was granted to $500 million of Thruway Authority debt (1951), $100 million of Port of New York Authority debt (1961), and $75 million of Job Development Authority debt (1961). In all three instances, debt has been incurred and debt service is being paid by each Authority from its own revenues. However, should such revenues become insufficient, the commitment that the State has to provide the debt service is no less than in the case of the State's own full faith and credit bonds.

The State's Constitution is quite specific as to the condition which must be met before the State may pledge its full faith and credit. Article VII, Section 11, of the Constitution states that, except in certain specified emergency situations, "no debt shall be hereafter contracted by or in behalf of the State, unless such debt shall be authorized by law, for some single work or purpose, to be distinctly specified therein. No such law shall take effect until it shall, at a general election, have been submitted to the people and have received a majority of all votes cast for and against it at such election. . . ."

In those instances where the State's full faith and credit was added to support authority debt, it was so granted by a constitutional amendment—a process which requires voter approval. Any commitment the State undertakes relative to the payment of debt service on bonds where such commitment does not have prior approval of the State's voters must be considered to be of lesser status than the full faith and credit guarantee. The precise nature of this commitment varies depending on the nature of the legislation affecting the program, contractual arrangements that may have been made, and other factors.

There are three major types of State involvement:

1. Lease purchase agreements.

2. Programs supported by State aid.

3. Other commitments, including primarily those programs with legislative provisions for future apportionment of State money to reserve funds to meet debt service requirements.

Each of these types of State involvement is discussed in detail in the following sections of this report. A brief synopsis of the various programs in each category is included to indicate both the scope and complexity of State involvement.

A. State lease purchase agreements

State lease purchase agreements have the following general characteristics:

1. The State plans a capital improvement on land owned or to be acquired by the State. Legislation is adopted authorizing a lease purchase agreement.

2. The State enters into a long term contract with a public corporation for the financing, and in some cases the construction, of the capital improvement. If the public corporation is an authority or municipality, it issues its own bonds (without a requirement of voter approval, as in the case of State bonds). If the public corporation is a retirement system, it invests its reserve funds.

3. Generally, the contract provides: (1) that the State will convey or lease the land to the public corporation financing the improvement; (2) that the State will be reimbursed out of the bond proceeds for any first instance appropriations; (3) that the State will be the agent of the public corporation in constructing the improvement, unless construction is the responsibility of the public corporation; and (4) that the State will pay rentals to the public corporation equal to the debt service due on the bonds issued to finance the improvement (or, in the case of a retirement system, equal to the principal and interest on the funds invested). In most instances, the rental payments are computed to include administrative costs of the public corporation.

4. Upon completion of the term of the contract, ownership of the land and the improvement is transferred to the State (or, if the land has been leased to the public corporation, the lease expires).

Because the contractual agreement is long term and legally binding and because the rental payments are made out of tax revenue or special revenue or fees diverted from the State's General Fund, the lease purchase financing arrangement represents the most significant involvement by the State in debt like commitments undertaken without the requirement of voter approval.

There are presently six State capital programs which are authorized by the Legislature to be financed through lease purchase arrangements. The programs are:

State Offices financed by Municipalities and Retirement Systems;

State University Academic Facilities financed by the Housing Finance Agency;

Mental Hygiene Facilities financed by the Housing Finance Agency;

Reconstruction and Repair of State Highways financed by Thruway Authority;

State Health Facilities financed by the Dormitory Authority;

Correctional Facilities financed by the Dormitory Authority.

The movement toward lease purchase financing by the State has accelerated in recent years, as indicated by the growing number of programs financed in this manner and by the rapidly increasing amounts of debt authorized and outstanding under this category. Prior to 1962 the only authorized lease purchase arrangement was with the retirement systems for the construction of the Albany office campus and various other State office buildings.* The 1962 Legislature authorized lease purchase arrangements between the State and the Housing Finance Agency for the construction of State University Facilities.

In 1963, two additional lease purchase financing programs were authorized: (1) $500 million in bonds to be issued by the Housing Finance Agency for Mental Hygiene facilities, and (2) contracts with municipalities for the financing of State office buildings. No additional programs were authorized until the 1971 legislative session.

Since 1971 three new lease purchase programs have been authorized. In 1971, State Health Facilities were added to those purposes for which the Dormitory Authority could borrow; provision is made for a lease arrangement between the State and the Authority. During 1972, two new programs were added. A borrowing limit of $50 million was set for Correctional Facilities to be financed by the Dormitory Authority and leased to the State. In addition a program was authorized whereby the New York State Thruway Authority would finance the reconditioning and preservation of State highways. A borrowing limit of $100 million was set for this program.

The rate of growth in the amount of bonds and notes issued pursuant to lease purchase agreements also indicates the rapid growth of lease purchase financing. At the end of the 1962 fiscal year there was $33.0 million in outstanding lease purchase debt. By the end of the 1967 fiscal year the amount had increased to $960.5 million. Although the sharp increase in outstanding debt between 1962 and 1972 is significant, the continued yearly growth of outstanding lease purchase debt since 1967 is a more meaningful indicator of the sustained increase in this type of financing. At June 30, 1972 there was $2,389.6 million in debt outstanding as a result of State lease purchase agreements.

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*Note.—The State also authorized a lease-purchase agreement in 1947 for the construction of dormitories by the Dormitory Authority. Because the circumstances of this financing arrangement differs somewhat from those discussed in this section, it is discussed in Part III C of this report.

A third indicator of the growth of lease purchase financing is the rental payments paid by the State pursuant to the various lease purchase agreements. The following table shows the amount of taxes and fees which were paid as rental payments for each of the lease purchase programs for which debt is outstanding. (As of June 30, 1972 there had been no lease purchase debt issued for correctional facilities, repair and reconstruction of highways, or State health facilities.) For the three year period between fiscal years 1960–61 and 1962–63 the State paid to the Retirement Systems a total of $4.2 million in rental payments for office buildings financed by the Retirement Systems. Beginning with the fiscal year 1963–64 the State began to earmark student tuition and fees credited to the State University Income Fund for subsequent payment to the Housing Finance Agency. During 1966, payments made on behalf of patients in State mental institutions were diverted from the General Fund for payment to the Housing Finance Agency which held the mortgage on newly constructed Mental Hygiene facilities.

Rental payments for State University facilities financed by the Housing Finance Agency have increased from $3.5 million during the 1963–64 fiscal year to $47.3 million during the 1971–72 fiscal year. Mental Hygiene rental payments have witnessed a somewhat slower, but no less significant, increase. Rental payments for this purpose increased from $2.6 million in 1965–66 to $23.7 million during the 1972 fiscal year.

State tax revenues are being used to make lease payments to those municipalities financing the construction of various State office buildings. Included are payments made to Albany County for the South Mall. Rental payments were first made to municipalities during the 1966–67 fiscal year. The increase in the amount of rental payments between fiscal year 1966–67 and fiscal year 1969–70 were moderate. Between the 1969–70 fiscal year and the 1971–72 fiscal year the lease purchase payments to municipalities increased from $14.6 million to $33.6 million primarily due to the increase in the rate at which South Mall bonds have been issued.

In all, payments under lease purchase agreements increased from $1.0 million for the year ended March 31, 1961 to $110.8 million for the year ended March 31, 1972. The growth in these payments is shown in the following schedule.

[In millions of dollars]

Year ending Mar. 31	State university facilities (HFA)	Mental hygiene facilities (HFA)	State office buildings financed by:		Total
			Municipalities	Retirement systems	
1961				1.0	1.0
1962				1.7	1.7
1963				1.5	1.5
1964	3.5			3.4	6.9
1965	11.1			4.1	15.2
1966	10.7	2.6		5.5	18.8
1967	21.0	4.7	4.1	5.6	35.4
1968	26.8	13.1	7.3	5.7	52.9
1969	36.2	11.1	9.0	5.9	62.2
1970	48.2	24.2	14.6	6.0	93.0
1971	46.7	26.4	23.6	6.1	102.8
1972	47.3	23.7	33.6	6.2	110.8

Based upon current construction programs, borrowings will continue to increase for the South Mall and for State University and Mental Hygiene facilities. In addition new debt will be generated by the newly authorized lease purchase programs for State health, correctional facilities and the reconditioning and preservation of State highways. As a result, State lease purchase payments will continue to increase. We estimate that these payments will be more than $250 million by 1975.

To fully describe the significance of the increased reliance on lease-purchase financing by the State, it is necessary to discuss the variety of programs which make up the lease purchase component of debt-like commitments without voter approval.

Office Buildings Financed by Retirement Systems

The nature of the lease purchase agreement between the State and the Employee's and Teachers Retirement Systems for various State office buildings differs somewhat from other lease purchase arrangements in that the money for financing the construction of the buildings was not obtained through the issuance of bonds or notes. In this instance the retirement systems used a portion of their investable assets to finance the construction. Prior to the construction of the various State office buildings the State entered into an agreement with the respective systems. These agreements provided for the conveyance of certain State lands upon which the buildings were to be constructed to the system and also provided that after the buildings were completed the retirement system would lease the buildings to the State. In turn the State agreed to make rental payments over the life of the lease sufficient to cover construction costs and to provide a specified rate of return to the retirement system for its investment. At the end of the lease period the title to the land and to the building is to be transferred to the State.

Included in the various facilities financed by the Retirement Systems is the State Office Campus in Albany.

As of June 30, 1972 there was $40.3 million outstanding on agreements with the retirement systems. Annual rental payments are about $6.0 million a year.

Office Buildings Financed by Municipalities

Chapter 354 of the Laws of 1963 authorized the State to contract with cities with a population over 75,000 for the financing of State office buildings within the city's boundaries. Chapter 152 of the Laws of 1964 expanded the authorization to include counties having such a city. Subsequent legislation removed the restriction of population. In this type of lease purchase arrangement, the municipality (city or county) issues its own full faith and credit bonds to supply funds for construction of State office buildings.

The State in turn agrees to pay rental on these buildings commensurate with the debt service incurred by the municipality. In some instances, the State rental payments include certain administrative costs as well as payment in lieu of taxes. The bulk of current outstanding debt reflects the cost of constructing the Albany South Mall. The other State office buildings involved in this program have been financed by Jefferson and Suffolk counties and the cities of Binghamton and Utica. During the 1972 fiscal year, the State paid these three counties and two cities over $30.0 million in rental payments, the bulk of which was for the South Mall. These rental payments, like the payments to the retirement systems, are paid from the general revenue of the State.

As of June 30, 1972 there was $493 million in outstanding debt as a result of these State-municipal agreements, as follows:

[In millions of dollars]

Municipality:	
Albany County (South Mall)	$438.1
Utica City	12.1
Binghamton City	14.5
Suffolk County	17.0
Jefferson County	11.3
Total	493.0

Appropriations for the rental payments to both retirement systems and municipalities are regular appropriations out of the Capital Construction Fund, a sub-fund of the State's General Fund. The other State lease purchase programs are not directly funded through the General Fund, nor is the funding subject to the appropriation process, although in each case the moneys for these programs have been diverted from the General Fund. These arrangements, which include State University construction and Mental Hygiene construction financed by the Housing Finance Agency, and State Health Facilities and Correctional Facilities financed by the Dormitory Authority, contain provision for rental payments to be made from various "income funds", which derive their revenues from fees and other receipts diverted from the General Fund. The debt service on the Thruway bonds issued for repair and reconstruction of State highways is to be derived from the diversion of certain tax revenues which would otherwise have been deposited in the General Fund.

State University Construction Financed by the Housing Finance Agency

Chapter 251 of the Laws of 1962 established the State University Construction Fund (SUCF) as a public benefit corporation to receive and administer moneys available for State University construction and improvement. Prior to the establishment of this fund, moneys for the construction of State University facilities were administered through the State's General Fund and subject to the regular appropriation process. Presently, first instance appropriations are made to authorize the construction. The resulting advances are reimbursed primarily from obligations issued by the Housing Finance Agency. The SUCF is authorized to enter into lease agreements with the Housing Finance Agency for the financing of the construction of university facilities (other than dormitories). Moneys used to pay the rental payments are obtained through student tuition and fees, which are presently deposited in the State University Income Fund.

Revenue of the Income Fund is transferred to the Income Account of the SUCF to the extent necessary to meet lease payments due the Housing Finance Agency from the SUCF. Such transfers are not appropriated by the legislature. The payments made by the SUCF from student tuition and fees to the Housing Finance Agency have increased from $3.5 million during the 1963–64 fiscal year to $47.3 million during the 1971–72 fiscal year.

The State University lease purchase program is the largest and one of the fastest growing of the State lease purchase programs. The outstanding debt of the Housing Finance Agency for state university construction has more than doubled since the 1966–67 fiscal year, when the outstanding debt was $592.3 million. There is no legislated limit to the amount of debt that may be incurred by the Housing Finance Agency pursuant to lease agreements with the SUCF. As of June 30, 1972 the outstanding debt was $1,455.3 million.

The legislation which established the SUCF provides that the State may apportion moneys to the rental reserve fund if moneys are not available in the reserve fund to pay future debt service payments. Such apportionments can only be made pursuant to an appropriation made by the legislature. The actual nature of the commitment to the reserve fund is discussed in detail in the section of this report dealing with the nature of the State's other commitments.

The State may also provide adequate income to the Construction Fund by the regulation of tuition and fees to meet lease payment requirements.

Mental Hygiene Facilities Financed by the Housing Finance Agency

The lease purchase financing arrangement for mental hygiene facilities is similar to that for State University construction in two major respects. First, the financing is undertaken pursuant to agreements between the Housing Finance Agency and a public benefit corporation, in this instance the Health and Mental Hygiene Facilities Improvement Corporation (HMHFIC). Second, rental payments are paid from moneys which have been historically part of the general revenue of the State or otherwise used to defray General Fund expenditures. The mental hygiene construction rentals are derived from payments made by or on behalf of patients for treatment received in mental hygiene facilities. During the 1972 fiscal year $23.7 million was paid to the Housing Finance Agency in the form of lease payments.

The 1963 legislation which authorized the Housing Finance Agency to finance mental hygiene facilities specified a limit as to the amount of debt that may be incurred. This limit has been increased three times. The original limit set by the 1963 legislature was $500 million; in 1966 it was increased to $600 million; in 1968 it was again increased, this time to $850 million. In 1970 the present limit was established at $1,050 million. Of this amount, $553 million had not yet been issued at June 30, 1972. The outstanding debt of the Housing Finance Agency for Mental Hygiene facilities was $473.9 million as of June 30, 1972 compared to $46.9 million at the end of 1964 fiscal year, the first year of the program. The present outstanding debt is more than double the $209.7 million outstanding at the end of the 1968 fiscal year.

The State's commitment to the rental reserve fund established by HMHFIC for mental hygiene facilities is similar to the State's commitment to the SUCF debt service fund.

State Health Facilities Financed by the Dormitory Authority

Chapter 892. Laws of 1971 authorized the Dormitory Authority to finance the construction or reconstruction of State Health facilities for the State Department of Health. This legislation also established the Department of Health Income Fund. It is this fund from which the rental payments are to be made to the Dormitory Authority. Income into this fund, as specified by the legislation, is money received by the Department of Health for the care, maintenance and treatment of patients at State hospitals under the jurisdiction of the Department. The law further stipulates that there shall be maintained on deposit in the fund the amount of money needed by the Department of Health during any succeeding year to fulfill provisions of the lease agreements with the Dormitory Authority. Only after these requirements have been met may the money be transferred into the Department of Health Services Fund to be used for the general operating expenditures of the State hospitals.

There is no debt limit specified in the present legislation; as of June 30, 1972 there was no outstanding debt for State Health Facilities since the program was in its early stages.

Correctional Facilities Financed by the Dormitory Authority

Chapter 337 of the Laws of 1972 authorizes the Health and Mental Hygiene Facilities Improvement Corporation (HMHFIC) to act as an agent for the State Department of Correctional Services in the construction of correctional facilities. The law also empowers the Dormitory Authority to enter into lease agreements with HMHFIC for financing of the correctional facilities. In addition, this legislation, in order to provide funds for the payment to the Dormitory Authority of any subsequent rental charges, established two new revenue funds, (the Facilities for the Department of Correctional Services Fund and the Correctional Services Development Fund) to replace the Correctional Industry Fund, which was abolished by this law. Prior to its dissolution the Correctional Industry Fund received all receipts from the sales of goods produced by prison industries and was the source of all expenditures made to produce these goods.

Effective April 1, 1973 all revenues of the Department of Correctional Services are required by law to be deposited in the Facilities for the Department of Correctional Services Fund. There must be maintained in the Fund an amount sufficient to meet the requirements of lease agreements between HMHFIC and the Dormitory Authority for correctional facilities for a twelve month period. This money may be pledged to HMHFIC by the State as further security for rental payments. In addition, the legislation also provides for annual appropriations to HMHFIC in an amount necessary to meet payments to the Dormitory Authority pursuant to any lease agreement for the construction of correctional facilities.

Any money in the Facilities for the Department of Correctional Services Fund not needed to meet rental requirements are transferred to the Correctional Services Development Fund. This Fund is available for the improvement of correctional services at the various State Correction facilities.

The Dormitory Authority is limited by law to a debt issuance of $50 million for correctional facilities. As of June 30, 1972 no debt had been incurred for this program.

The legislation authorizing the Dormitory Authority to incur debt for correctional facilities allows for the establishment by the Authority of a special debt service reserve fund for this program and provides a mechanism whereby the State may appropriate money to the fund when such money is necessary to maintain the fund at the level required to meet future debt service payments.

Reconditioning and Preservation of State Highways Financed by the Thruway Authority

Chapter 648 of the Laws of 1972 authorizes the Commissioner of Transportation, on behalf of the State, to enter into a contractual agreement with the Thruway Authority for the financing of reconditioning and preservation of the State's highways. The law also authorizes the Thruway Authority to issue Emergency Highway Reconditioning and Preservation Bonds, in amount not to exceed $100 million, for this purpose.

The financing arrangement for this program provides that the Thruway Authority through the issuances of bonds and notes, will provide the State with sufficient funds (up to $100 million) to finance highway reconditioning. In turn the State agrees to convey title to all lands and highway improvement made upon such lands to the Thruway Authority. The State also agrees to make rental payments to the Authority equal to the total principal and interest costs incurred for this purpose. The Thruway Authority retains title to that part of the highway which has been improved until its obligations have been retired.

Payments made to the Thruway Authority pursuant to this program are made from the Emergency Highway Reconditioning and Preservation Fund. Income to the Fund is provided by diverting to the Fund 25% of the one-cent increase in gasoline and diesel fuel tax enacted in 1972. The fund must be maintained at a level sufficient to meet any payments due the Thruway Authority, over a twelve month period, pursuant to any cooperative highway contractual agreements.

The reserve support language is included in the Emergency Highway reconstruction legislation.

Summary

The table below summarizes the nature of the State's involvement in these lease purchase programs.

NATURE OF STATE INVOLVEMENT IN LEASE PURCHASE PROGRAMS

Type of State facility and financing agent	Source of funds for rental payments	Legislative authorization in force for State appropriations to cover deficiencies (if any) in debt Service Reserve Funds [1]
State office buildings financed by:		
Retirement systems	State General Fund	No.
Municipalities	do	No.
State University academic and related facilities financed by Housing Finance Agency.	State University Income Fund—revenue consists of all moneys received by the State University from student payments of fees, charges, and tuitions.	Yes.
Mental hygiene facilities financed by Housing Finance Agency	Mental Hygiene Facilities Improvement Fund income account—includes payments by or in behalf of patients for the cost of care and treatment received in mental hygiene facilities.	Yes.
State health facilities financed by Dormitory Authority	Department of Health Income Fund—revenue includes all moneys received by the Department of Health for the care, maintenance, and treatment of patients at State hospitals other than mental health hospitals.	No.
Correctional facilities financed by Dormitory Authority	Facilities for Department of Correctional Services Fund—revenue includes all income of the Department of Correctional services. Major source of Department's income is sale of prison-made articles to public agencies.	Yes.
Reconditioning and preservation of State highways financed by Thruway Authority.	Emergency Highway Reconditioning and Preservation Fund—revenue consists of 25 percent of the moneys received from 1-cent increases in gasoline and diesel fuel enacted in 1972.	Yes.

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[1] See section on State's other commitments for discussion as to implications at this authorization.

B. Programs supported by State aid

The growth of borrowing authorizations which circumvent the constitutional provisions for incurring debt is not limited purely to State projects. There are a number of financing arrangements similar to the State lease purchase programs wherein the construction program is authorized by a municipal agency. The State's involvement in these programs flows from state aid programs related to the various financing arrangements and from other provisions of the related laws. These programs all contain some provision for state aid payments to meet, in part or in whole, the debt service or debt service-like rental payments resulting from this type of financing.

Following are the programs covered by such arrangements:

1. Community College facilities financed by the Dormitory Authority
2. City University Construction financed by the Dormitory Authority
3. Municipal Health Facilities financed by the Housing Finance Agency
4. Senior Citizen Centers financed by the Housing Finance Agency
5. Community Mental Health and Mental Retardation facilities financed by the Housing Finance Agency
6. Youth Facilities projects financed by the Housing Finance Agency

These programs may be divided into two categories. The first category involves programs where the financing arrangements are between the municipality and a borrowing agency—the Dormitory Authority or Housing Finance Agency. This group includes the first three programs in the above list. The second category involves those programs in which the capital facility is provided through a financing arrangement between a not-for-profit corporation and the Housing Finance Agency. In each of the programs in the second group, the facility is then leased from the corporation by the municipality. In addition State aid in some instances may be paid directly to a not-for-profit corporation established to provide community mental health facilities. Analysis of these programs indicate that, whether or not a non-profit corporation is used as an additional intermediary, the complete flow of debt service funds from State aid to the financing agency is quite similar.

All of the programs included in this section have one major characteristic in common. That is, they provide a mechanism whereby the State can provide capital assistance to the municipalities for the construction of local facilities by spreading the financing costs out over a period of time and without resorting to the issuance of State full faith and credit debt. This is accomplished, in general, by:

1. Establishing a program within a public authority or agency through which a municipality or nonprofit corporation may obtain long-term financing, and
2. Establishing State aid programs which reimburse some portion of the debt service or rental costs incurred as a result of the financing.

The long run effect of the financing approach is an increased cost to the State in the form of (a) interest cost which would not otherwise be incurred if the construction were financed from current tax revenues and (b) higher interest cost than would otherwise be incurred if full faith and credit state debt had been used.

The following table indicates the amount of outstanding debt for these programs since the 1965–66 fiscal year—the first year debt was outstanding for these programs.

As of June 30, 1972, there were a total of $497.6 million outstanding for municipal programs supported by State aid.

[Dollars in millions]

Fiscal year ending	Mental health and retardation facilities (H.F.A.)	City University (Dormitory Authority)	Municipal health facility (HFA)	Youth facilities (HFA)	Total
1966		$9.1			$9.1
1967		15.9			15.9
1968		22.7			22.7
1969		70.0	$3.0		73.0
1970		$146.4	$8.0		$154.4
1971		157.6	102.5		260.1
1972		181.7	233.1	$8.5	423.3
June 30, 1972[1]	$4.8	183.2	298.1	11.5	497.6

[1] As of June 30, 1972 there was no debt outstanding for community colleges financed by the Dormitory Authority or for senior citizen centers financed by the Housing Finance Agency.

Community College Facilities Financed by the Dormitory Authority

Chapter 464 of the Laws of 1972 authorizes local sponsors to contract with the Dormitory Authority for the financing and/or construction of Community College Facilities. This legislation augments the present methods of financing such facilities and provides a new method for the payment of State capital aid for this purpose.

Under this legislation a local sponsor may obtain all or part of the necessary financing for the construction of community college facilities from the Dormitory Authority through a lease purchase agreement. That is, the local sponsor agrees to pay certain rental or lease payments in an amount sufficient to meet the debt service requirements on any Dormitory Authority debt incurred to provide the financing for the local sponsor. After such debt has been retired, title to the facility will be vested in the local sponsor.

Prior to this program the State assisted counties in the construction of community colleges through payment to the county of a capital grant equal to 50 percent of the total capital cost incurred by the county for this purpose. These grants were made as costs were incurred. Under the new program, construction of the facility is financed initially by the Dormitory Authority. The State then makes periodic payments to the local sponsor of percentage of the lease payments due to the Dormitory Authority. Such payments are not to exceed 50% of the total cost (including interest) of the facility.

These State aid payments, as well as any other State aid and student tuition or fees may be pledged by the local sponsor to the Authority upon entering into a lease purchase agreement. All money pledged by a local sponsor, except for New York City Community colleges, is to be deposited in the Community College Tuition and Instructional Fund which is maintained by the State Treasurer. Payments to the Authority are made directly from this fund by the State. In the instance of New York City Community Colleges, State aid payments are made to the City University Construction Fund. The City of New York is required to contribute the remaining 50%. If the City does not fulfill this requirement, per capita State aid is withheld from the City and paid directly to the Construction Fund.

A major effect of this financing is that it extends the amount of time over which the State may provide capital aid by relating the aid to the debt service costs incurred in borrowing for the construction of the facility. As a result, the State payment is spread over a number of years—the law specifies a limit of 40 years for any debt incurred for this purpose—rather than over a one or two year period. Thus, under this program, the State's financing has been changed from "pay as you go" out of tax revenues to long-term financing. Further, the long-term financing is accomplished not with full faith and credit State bonds, but through indirect public authority obligations.

The law does not specify any limit as to the amount of debt which the Dormitory Authority may incur for this purpose except that the Authority may not incur more than $400 million in debt for community college facilities within the City of New York. This program is a new one, so that at June 30, 1972, there was no outstanding Dormitory Authority debt for community college facilities.

The State's involvement in the debt service incurred as a result of bonds issued to finance this program includes (in addition to the State aid program) a provision for the appropriation of money to the debt service reserve fund established by the Agency for this program if the balance in the fund is not otherwise sufficient to meet the payments.

City University of New York Facilities Financed by the Dormitory Authority

Chapter 782 of the Laws of 1966 established the City University Construction Fund. The legislation authorized the Fund to enter into lease purchase agreements with the Dormitory Authority for financing the construction of City University senior college facilities. The lease agreement provides for payment of rentals by the Fund equivalent to the debt service costs incurred by the Dormitory Authority as a result of debt issued for the Fund. When the debt for each facility is retired, the law provides that title to that facility shall be transferred to the City of New York.

Revenue to the City University Construction Fund is from two major sources, the State and City of New York. Included in the revenue from the State is a payment for one-half of all rentals and payments due the Dormitory Authority pursuant to any lease agreement. The City is expected to provide the additional one-half. The statute provides that if the City does not meet this requirement, the Fund will be paid directly by the State, and that amount will be deducted from the next per capita aid payment due the City.

As of June 30, 1972 there was $183.2 million of Dormitory Authority debt outstanding for this program.

Municipal Health Facilities Financed by the Housing Finance Agency

Chapter 359 of the laws of 1968 authorizes municipalities to enter into contractual financing agreements with the Housing Finance Agency for the construction of municipal hospitals and related health facilities. The Agency finances the construction for the municipality through the issuance of Agency bonds. The municipality in turn must agree to the payment of periodic rental charges sufficient to cover the debt service costs incurred by the Agency.

The primary source of funds for the payment of these lease or rental payments is the State aid provided by Section 368–a of the Social Services Law. This law provides for the reimbursement by the State of up to 100% of certain municipal expenditures for health services. Included as reimbursable expenditures are the rental payments made to the Housing Finance Agency for health facilities.

The legislation authorizing the financial arrangement between the Housing Finance Agency and municipalities provides that if a municipality is unable to, or fails to meet the required rental payments, the Housing Finance Agency may request the State to make the payment to the Agency directly. The law further provides that the amount of such payment should be deducted from the next health services aid payment due the municipality.

The State's involvement in the debt service incurred as a result of bonds issued to finance this program includes (in addition to the State aid program and the mechanism for diverting the aid) a provision for the appropriation of money to the debt service reserve fund established by the Agency for this program if the balance in the fund is not otherwise sufficient to meet the payments.

The original borrowing authorization granted the Housing Finance Agency for municipal health facilities was $700 million. This limit has subsequently been increased to its present level of $1,800 million. As of June 30, 1972, there was $298.1 million in outstanding Housing Finance Agency debt for this program. Over half of this debt was incurred since the end of the 1971 fiscal year.

The following programs provide financing for non-profit corporations for construction of certain local facilities. This financing is not directly available to municipalities. Municipalities may, however, enter into lease agreements with the non-profit corporations for use of the facilities.

Community Mental Health and Retardation Facilities Financed by the Housing Finance Agency

Chapter 1034 of the laws of 1969 authorizes the Housing Finance Agency to issue $100 million of bonds to provide mortgage loans to non-profit corporations for the construction of community mental health and mental retardation facilities. These facilities may be made available to municipal mental health agencies. The financing of these facilities differs somewhat from other financing programs of this nature since State and Federal capital grants may provide most, if not all, of the necessary funds needed by the non-profit corporation for construction.

The Housing Finance Agency, in this instance, provides two types of financing. First, the Agency makes short term loans which provide funds over the period of construction. These loans may be repaid from State and/or Federal grants. Second, longer term loans are available where governmental grants are not sufficient to cover the total construction cost, or where such grants are not received.

In the latter situation mortgage payments made by the non-profit corporation to the Housing Finance Agency are subject to reimbursement by the State pursuant to the State aid program outlined in Section 191 and 191–a of the Mental Hygiene Law. It should be noted that, in this instance, State aid is payable directly to the non-profit corporation, if such corporation has complied with the regulations of the Department of Social Services and the community mental health board of the municipality in which it is located.

The Agency is also authorized under the program to issue bonds and notes to provide mortgages for the financing of the construction of local drug abuse treatment facilities.

Section 213–a provides for State aid payments to municipalities having local drug abuse agencies. Included in this program of State financial support is a provision for payment of 50% of the debt service paid by the local agency. Debt service is defined by Section 213-a as:

". . . such amounts as shall be required to be paid to amortize obligations (both principal and interest) issued by the New York State housing finance agency or by or on behalf of the local agency in order to finance capital costs for drug abuse treatment facilities."

As of June 30, 1972 the Housing Finance Agency had an outstanding debt of $4.8 million for this program.

Senior Citizen Centers Financed by the Housing Finance Agency

Chapter 289 of the Laws of 1970 authorizes the Housing Finance Agency to issue bonds in order to provide mortgage loans to certain non-profit corporations for the construction of senior citizens centers. This legislation also permits municipalities to provide community centers and services for senior citizens either directly or through the purchase or rental of such centers from a nonprofit corporation. To facilitate the municipal effort in this area the State has established a program of aid. Title 12 of the Social Services Law provides for the reimbursement of up to 50% of certain expenditures (after Federal aid is subtracted) made by the municipality for the administration of senior citizen centers. Although the aid program does not reimburse capital costs, it does include as reimbursable any lease or rental payments paid to a non-profit company for the rental or purchase of a senior citizens center.

The borrowing limit for this program was established by the Legislature at $50 million. At June 30, 1972 there was no outstanding debt for this program.

In addition to State aid there are two other mechanisms for State involvement relative to the debt service incurred for this program. The first of these mechanisms is the legislative provision for the appropriation of money to the debt service reserve fund established by the Agency for this program if the balance in the fund is not otherwise sufficient to meet the debt service payments. The second mechanism is through the Community Facilities Project Guarantee Fund. The nature of the reserve fund support is discussed in detail in the following section of this report dealing with other types of State commitment. The Guarantee Fund is discussed below.

YOUTH FACILITIES PROJECTS FINANCED BY THE HOUSING FINANCE AGENCY

Section 1013 of the Laws of 1969 authorizes the Housing Finance Agency to issue bonds in order to provide mortgage loans to "eligible borrowers" for the construction of day-care centers for children of pre-school and primary school age. An eligible borrower is any non-profit corporation authorized by the State to care for children, and which agrees to the terms of the mortgage.

Section 410 of the Social Services Law provides that day care may be provided by Social Service officials directly or through the purchase of such care from a private non-profit corporation. Included in the latter category are those nonprofit corporations which have financed a youth facility through the Housing Finance Agency.

Section 410–c of the Social Services Law provides for State reimbursement of 50% of certain municipal expenditures for youth facilities not covered by federal aid, fees or contributions. Included as reimbursable costs are those payments made by a municipality to a non-profit corporation which represents the municipality's portion of the operating costs of the facility including any debt service or other financing costs of any loan made to the non-profit corporation. Payment of this aid is made directly to the municipality.

As of June 30, 1972 there was $11.5 million in outstanding debt related to this program, against a $100 million authorization.

In addition to the provisions for the payment of State aid the Youth Facilities legislation provides for further State involvement through two additional mechanisms—the reserve fund support legislation and guarantee provided by the Community Facilities Project Guarantee Fund.

Chapter 1013 of the Laws of 1969 established for Youth Facilities Project Guarantee Fund to provide for the guarantee of loans made for the construction of youth facilities.

Chapter 1030 of the Laws of 1971 expanded the scope of the Fund to include loans made to certain non-profit corporations for the construction of senior citizen centers. This legislation also changed the name of the Fund to the Community Facilities Project Guarantee Fund.

The Guarantee Fund is authorized to guarantee loans made by either a private lending institution or the Housing Finance Agency to eligible borrowers for the construction of youth facilities or senior citizen centers.

Eligible borrowers are defined as non-profit companies incorporated for the purpose of providing one of the community facilities and which meet certain requirements of the State Department of Social Services.

The Guarantee Fund goes beyond the legislative authorization to maintain reserve funds in that the Guarantee Fund is backed by an actual appropriation and encumbrance of State money. The Fund's legislation provides that:

"Prior to entering into any agreement for the guarantee of a loan made by a lending institution or by the state housing finance agency, the fund shall obtain a certificate of approval of availability issued by the director of the budget in an amount no less than ten per centum of the amount of the loan to be guaranteed. Upon entering into any guarantee agreement, the fund shall request the state comptroller to encumber on its books the amount made available pursuant to such certificate of approval of availability. In the event that payment is made out of any monies so encumbered on account of any default in a guaranteed loan, the funds shall forthwith request the director of the budget to issue a further certificate of approval of availability in an amount sufficient to restore the encumbrance to ten per centum of the amount of the loan."

There is an appropriation of $3 million available to the Fund to meet the conditions stated above. As of the date of this report, no expenditure had been made against the encumbrance.

NATURE OF STATE INVOLVEMENT IN PROGRAMS SUPPORTED BY STATE AID

Type of facility and financing agency	Section of law pertaining to State aid programs	Legislative authorization in force for appropriations to cover deficiencies (if any) in debt service reserve fund[1]	Loans authorized to be guaranteed by the community facilities project guarantee fund
Community college facilities financed by the dormitory authority	Education law, sec. 6304(8)	Yes	No.
City University of New York construction financed by the dormitory authority	Education law, sec. 6279	No	No.
Municipal health facilities financed by the housing finance agency	Social services law, sec. 368–a	Yes	No.
Senior citizen centers financed by the housing finance agency	Social services law, sec. 370–b	Yes	Yes.
Community mental health and mental retardation facilities financed by the housing finance agency	Mental hygiene law, sec. 191–a, 213–a	Yes	No.
Youth facilities financed by the housing finance agency	Social services law, sec. 410–c	Yes	Yes.

[1] See section on State's other commitments for details.

C. Other State commitments

In addition to the State commitment which arises from lease-purchase agreements and from programs supported by State aid, there is an additional type of State commitment relative to the debt of various public authorities.

This type of commitment differs from lease-purchase and State aid support in that it does not involve the regular outgo of State money, but instead establishes a mechanism for the payment by the State of an authority's debt service, if and when the resources of the program are insufficient to meet the payments. The mechanism provides for future apportionment of State monies to the debt service or rental reserve fund, established for a program, to assure sufficient resources to meet debt service requirements of that program. However, future legislatures are not bound to make the necessary appropriations which must precede any payment of State monies.

A rental or debt service reserve fund provides a mechanism whereby some of the revenue of a particular program may be set aside, as a reserve, in an amount sufficient to meet debt service on rental payments coming due in some future period—usually twelve months. These reserve funds therefore constitute a margin of safety to an agency's bondholders in that they provide funds to meet the succeeding year's debt service requirements.

The legislation authorizing the establishment of a reserve fund also acts as a limitation on the amount of additional debt an agency may incur by providing that the agency shall not issue bonds at any time if the maximum amount of debt service that will result will exceed the amount of money available in the reserve fund. The agency may, however, fulfill this requirement by depositing a portion of any bond proceeds into this fund.

The mechanism for State involvement relative to the debt service of an agency's bonds which are secured by a reserve fund is provided through certain statutory language. The following excerpt from New York State Urban Development Corporation Act illustrates the language used to set forth the State commitment with regard to reserve funds.

"To assure the continued operation and solvency of the corporation for the carrying out of the public purposes of this act, provision is made in subdivision one of this section for the accumulation in each debt service reserve fund of an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on all bonds of the corporation then outstanding and secured by such reserve fund. In order further to assure maintenance of such debt service reserve funds, there shall be annually apportioned and paid to the corporation for deposit in each debt service reserve fund such sum, if any, as shall be certified by the chairman of the corporation to the governor and state director of the budget as necessary to restore such reserve fund to an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on the bonds of the corporation then outstanding and secured by such reserve fund."

It should be noted that the official statements of many of the borrowing agencies contain a disclaimer worded in a manner similar to the following disclaimer employed by the Housing Finance Agency:

"Under the Constitution of the State of New York, all monies apportioned and paid to the Agency pursuant to the above quoted provision of the New York State Housing Finance Agency Act, prior to the payment thereof, are subject to appropriation by the State legislature for such purpose.

"Accordingly, such provision of the New York State Housing Finance Agency Act, does not constitute a legally enforceable obligation upon the part of the State of New York nor create a debt on behalf of the State of New York enforceable against the State under Section 16 of Article VII of the State Constitution."

The municipal bond market has disclosed the enforceability of requests by financing agencies for debt service assistance and, instead, tends to emphasize the "moral obligation" of the State to furnish the assistance when necessary. Moody's Rating Service, in their Bond Survey of May 13, 1963, stated: "Because the Legislature cannot create state debt per se without referendum, the H.F.A. Act could not require further State appropriations but provided that the State may, if necessary, contribute additional funds from time to time to restore the Capital Reserve Fund. There appears to be a strong moral obligation on the part of the Legislature to make such future appropriations as may be necessary."

Except for programs administered by the Job Development Authority (General Revenue Bonds), Mortgage Agency, Battery Park City Authority, and the Atomic and Space Development Corporation, no provision is made for repayment of any State assistance to debt service reserve funds. Assistance to the four agencies named is to be treated as advances subject to repayment. The following excerpt from the New York State Mortgage Agency Act indicates this provision:

"All amounts paid over to the agency by the State pursuant to the provisions of this section (refers to the reserve fund support clause) shall constitute and be accounted for as advances by the state to the agency and, subject only to the rights of the holders of any bonds or notes of the agency theretofore or thereafter issued, shall be repaid to the State from all available operating revenues of the agency in excess of amounts required for the debt service reserve funds and operating expenses."

A number of debt financing programs based upon lease-purchase arrangements and periodic State aid payments also contain a provision for State appropriations to reserve funds. These programs are discussed in the two preceding sections of this report.

The following is a brief summary of those programs (other than those discussed in the preceding sections) which contain the statutory provision for appropriations (if they are needed to meet debt service payments) to the debt service or rental reserve funds.

The summary shows that the authorities had outstanding debt of $2,278.6 million under these programs at June 30, 1972. The amounts authorized on those programs where specific limitations are set forth in the statute aggregated $10,150 million at that date; however, the actual authorization to borrow is far greater than that amount because no limitation has been placed on the debt that may be issued by seven authorities.

The summary also indicates the wide spectrum of capital programs in which the State is involved.

To date the State has not been called upon to appropriate any money to any of the reserve funds established for the various debt financing programs.

Authority and/or program (statutory reference)	Type of program	Amount of debt as of June 30, 1972	
		Authorized	Outstanding
Battery Park City Authority (Public Authorities Law, secs. 1970–1988)	The authority's basic mission is to reclaim and develop for commercial and residential use 90.8 acres of underwater land in the Hudson River. The land is presently owned by the city of New York. The use of an Authority entity to claim and develop underwater land for residential and commercial use is unique.	$300	$200.0
United Nations Development Corporation (Laws of 1968, ch. 345, Unconsolidated Laws, secs. 9601–9617).	This corporation was created by ch. 345, Laws of 1968, as a public benefit corporation to formulate a development plan for facilities of the United Nations, including: missions, housing, and office space. The corporation is also responsible for the financing, acquisition, and construction of these facilities.	75	0
Atomic & Space Development Corp., Public Authorities Law, secs. 1850–1870	This authority, created by ch. 210, of the laws of 1962, was granted the following powers: to conduct research and development, to provide services, and to disseminate information concerning the peaceful uses of atomic energy in New York State.	(1)	10.0

Authority and/or program (statutory reference)	Type of program	Amount of debt as of June 30, 1972	
		Authorized	Outstanding
Environmental Facilities Corp., Public Authorities Law, secs. 1280-1298	The objectives of the corporation include: (1) planning, financing, construction, maintenance, and operation of sewage treatment works and other facilities related to pollution control, (2) constructing these facilities on behalf of municipalities and State agencies, and (3) assisting municipalities and State agencies in the planning and financing of these facilities.	(1)	$57.5
Hospital and Nursing Homes, financed by the Housing Finance Agency (Private housing finance law, art. III, secs. 40-59).	The purpose of this program is to provide mortgages to certain nonprofit hospitals and nonprofit nursing home corporations as well as limited profit nursing home companies.	$3,950	451.5
Housing financed by the Housing Finance Agency (Private housing finance law, art. III, secs. 40-59).	The purpose of this program is to encourage private investment in construction of housing. 4 housing programs are financed by the agency: (1) Limited profit housing. (2) Condominiums. (3) Special housing for aged, handicapped, and staff or students at various institutions. (4) Equity loan.	2,500	1,189.9
Job Development Authority (Public authorities law, secs. 1800-1834)	The authority assists in financing the construction of new manufacturing facilities, and the acquisition and rehabilitation of former industrial facilities within the State. The financial assistance is accomplished by means of 2d mortgage loans to nonprofit local development corporations. The amount of financial assistance is not to exceed 30 percent of the total project cost.	75	0
New York State Mortgage Agency (public authorities law, secs. 2400-2423)	The agency's purpose is to purchase mortgage loans from banks within the State, thereby enabling these banks to invest the proceeds in new mortgages; in addition the agency may purchase and create a secondary market in federally guaranteed student loans, if the Federal Government does not implement a similar secondary market.	750	49.7
Urban Development Corp. (laws of 1968, ch. 173, unconsolidated laws, secs. 6301-6325.)	The missions of the Urban Development Corp. are to: (1) provide safe and sanitary housing accommodations for families of low income, (2) construct or rehabilitate industrial and commercial facilities in substandard or unsanitary areas, and (3) assist municipalities with civic projects where there is a need for educational, cultural, or recreational facilities.	1,500	318.9
Municipal Bond Bank Agency, (public authorities law, secs. 2430-2454)	The primary goal of the Agency is to generate funds by issuing bonds, and using these funds to purchase bonds issued by municipalities within the State at a lower interest cost than the municipalities could otherwise obtain in the open market.	1,000	0
Regional Transportation Authorities [2]	These authorities were established to coordinate and finance the further development and improvement of transportation and other related services within their respective region.		
Capital District—secs. 1300-1323		(2)	0
Central New York—secs. 1325-1348		(2)	0
Metropolitan (MTA)—secs. 1260-1278		(2)	0
Niagara Frontier—secs. 1299-1299s		(2)	0
Rochester-Genesee—secs. 1299cc-1299qq		(2)	1.1
Total		[3] 10,150	2,278.6

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[1] No limit.

[2] All statutory references for Regional Transportation Authority refer to the Public Authorities Law.

[3] Plus 7 with no limit.

In addition to the foregoing programs, there is another program involving authority debt, having some characteristics which are similar to several of the programs previously discussed. For purposes of this report, we have classified this program—the construction of State University dormitories financed by the Dormitory Authority—among "other State commitments."

The State provides for financing the construction of dormitories for the State University through a lease purchase agreement with the Dormitory Authority. This program differs from the other lease purchase programs discussed in this report in that the money for the rental payments is derived directly from the students using the dormitories and has never been considered part of the General Fund. One of the characteristics of the other lease purchase programs is that the funds for the lease payments are obtained either from tax revenues or from the diversion of fees which had previously been used to augment the tax revenues.

The State, however, is involved with this program through a provision of the lease agreement in which the State agrees to maintain rental fees charged to students at a level sufficient to meet, amongst other costs, the debt service costs incurred by the Dormitory Authority.

The legislation authorizing the State to enter into lease agreements with the Authority for university dormitories does not contain the statutory mechanism for future appropriation to a reserve fund as is found in the other programs discussed in this section. Moody's Rating Service, however, has stated that ". . . the State certainly has a moral obligation in respect to the securities of these authorities even if no legal obligation exists." (Moody's Bond Survey, December 3, 1962.)

There is no specific limit on the amount of debt the Dormitory Authority may incur for this purpose. As of June 30, 1972, there was a total of $454 million of Dormitory Authority debt for this program.

EXHIBIT E

WHAT PRICE GLORY ON THE ALBANY MALL?—NELSON ROCKEFELLER'S DREAM PROJECT HAS BECOME A CASE STUDY OF OVERAMBITIOUS DESIGN AND GROSS MISMANAGEMENT

(By Eleanore Carruth)

"Misery, wretchedness, ennui and the devil," wrote the noted achitect Stanford White nearly a century ago. "I've got to spend another evening in Albany." If that old sophisticate, White, were still around, he would find that the passage of time has done the capital city of the Empire State very little good. A gray, drab town 145 miles north of New York City, Albany has in recent years lost its two department stores, its only remaining downtown movie house, and even its railroad station. Legislators and state officials flee town at the first opportunity, and Governor Nelson Rockefeller transacts a good deal of the state's business from a large office in Manhattan. Albany's most notable assets are its natives, an agreeable and hard-working people, and its setting on the banks of the Hudson.

But soon after taking office in January, 1959, Nelson Rockefeller had an improbable dream. He would, he resolved, transform Albany into "the most spectacularly beautiful seat of government in the world." His inspiration was Brasilia, the capital city built from scratch on a raw plain 600 miles northwest of Rio de Janeiro. Rockefeller established a capital-city planning commission in 1961 and plunged into the task himself with typical gusto. "We used to get paper-napkin drawings from his Seal Harbor retreat," recalls one consultant to the commission. Rockefeller's chosen instrument for the salvation of Albany was the South Mall, a grandiose complex of public buildings intended to return the sprawling operations of the state government to the center of Albany and so to create a nucleus for the city's renewal and vigorous growth. The Mall, he predicted, would turn out to be "the greatest thing that has happened to this country in one hundred years."

BEHIND SCHEDULE AND OVER BUDGET

Whatever the verdict of history, right now the Albany Mall looks like an expensive mess. Critics call it Brasilia North and a host of other names: Instant Stonehenge, Rocky's Erector Set, Nelson's Folly, and, inevitably, Rockefeller Center North. In the works for almost a decade now, the project has bogged down under the weight of its initial, unrealistically swift construction timetable. First scheduled for completion in the Sixties, then rescheduled for 1971, the Mall will in fact not be finished until 1975, and perhaps not even then.

Serious charges of mismanagement, inefficiency, and even corruption surround the Mall. A federal grand jury has been investigating "highly irregular activities" that could involve large-scale labor racketeering, and several indictments are expected shortly. Inflation, meanwhile, has been at work, more in construction than anything else, and more in Albany than anywhere else.

The price on the Mall has ballooned. The project started out at a vague $250 million, but obviously that was just something of an opener, an offhand guess made early in the game by the planners when scarcely anyone was paying much attention to the Mall. The first real cost estimate came at the end of 1964, when the state figured that the project would run to $400 million, and allowed itself *an extra $80* million for contingencies, just in case something went wrong. But in early 1968, New York State Controller Arthur Levitt, the project's most persistent critic, publicly declared his belief that the Mall would cost a billion dollars. The state estimate went up steadily, to $850 million by the end of last year, and that is clearly not the end of it. For one thing, contractors are demanding hefty increases over their original awards. These demands will obviously total a good deal more than the state has budgeted for such claims, and if settlements are not negotiated, many of the contractors will sue; two of them have already done so. To the final price must be added a related cost that has not been included in the estimates, $150 million for a bridge and access roads leading to the Mall.

GETTING AROUND THE VOTERS

Whatever the Mall itself ends up costing, interest on the bonds that finance it will add at least half again as much to the ultimate bill the taxpayers will foot. The bonds are floated not by the state but by the county of Albany, against rental payments by the state that will amortize the bonds in about thirty years. This backdoor arrangement was conceived by Albany's long-time Democratic major, Erastus Corning II, who recalls that Rockefeller went for the idea "like a trout for a fly," everybody having assumed from the first that voters around the state would never approve a bond issue for a mall in Albany. The legislature did approve the financing arrangement, and has voted money both for the original land acquisition and for interim construction funds—without ever having had to vote on the Mall project as such. Now the legislators have appointed a watchdog committee for the project, but as one local banker points out, "It would take a committee years just to find out what is going on there, let alone do anything about it."

Rockefeller declined to discuss the Mall with Fortune, but in public statements he has defended the project vigorously. He has asserted that on a more leisurely timetable rising construction costs would have made the Mall even more expensive over the years. His main argument, however, has been that the Mall was a pressing necessity, to arrest the decline of Albany. Eventually, he has said, the project will be seen as "a bargain at whatever price."

Trouble is a fact of construction life, though the Mall, to be sure, has had more than its share, even for a project on the grand scale. The real question is, what is the state getting for all this money? On Fortune's estimate, the Albany Mall will end up costing two and a half times as much as comparable facilities built for the private economy. And if the Mall is not worth that price, how did all this come about? At a time when the country has moved into an era of greater and greater public spending, it is more important than ever to examine the process by which projects and priorities evolve and the big chunks of cash get committed.

A TALENTED FRIEND OF THE FAMILY

For the over-all design of the Mall, Governor Rockefeller turned to Wallace K. Harrison, who was the co-architect for Rockefeller Center some forty years ago when Nelson was serving an apprenticeship in the family business. The men had become friends, almost family (a brother of Harrison's wife was once married to Rockefeller's sister Abby), and Harrison has, of course, won further fame as the chief architect of the United Nations and a string of other notable structures, including the Lincoln Center Opera House. Modest and appealingly rumpled, Harrison, now seventy-five, jumped at what he regarded as "one of the great design opportunities of our time." He is the first to admit that from the start he shared not only the opportunity but the design with the governor, who has owned up to an "edifice complex."

What the two master builders dreamed up was a modern imperial enclave, rising on a hill overlooking the Hudson River. A half mile long and almost a quarter mile wide, the site lies between the executive mansion and the nineteenth-century capitol building, and by this connection creates one great government complex.

The Mall itself will contain a forty-four-story office tower, four identical twenty-three-story agency buildings, a legislative building, a justice building, a headquarters for the motor-vehicles department, a cultural center (including museum and library), a meeting center, and a laboratory for the department of health. The heart of this complex of concrete and marble is a huge platform, 1,440 feet long and 600 feet wide, with a 500-foot reflecting pool flanked by two smaller pools as well as lawns, trees, fountains, and promenades. Since Rockefeller expects the plaza to become the new focal point of Albany, it will have a fine restaurant, a band shell, bookstalls and stands, a skating rink, perhaps even a little Parisian-type park with ponies and other small amusements. The arcade level immediately below will connect all the buildings and provide a number of other facilities, among them a meeting hall, retail shops, cafeterias, and a bus terminal. The three lower levels will contain parking space for some 3,000 cars and a service network for the entire Mall.

In terms of basic costs, the Mall consists of three main elements, each accounting for roughly a third of total expenditures: the office buildings, the special-purpose structures, and the platform. Of the total estimated price of $850 million, construction costs alone (i.e., everything except land and architectural and engineering fees) will amount to some $772 million. Fortune finds this about two and a half times the going rate for similar construction in the private economy. The constructon cost of usable space is more than three times higher, since the lavish design of the Mall results in a high proportion of "unusable" space (building cores, lobbies, corridors, mechanical floors, etc.).

It is the office space that lends itself most readily to comparison with commercial structures and is nearest completion (most of it is scheduled to be finished in 1971 and 1972). The current total estimate of $280 million is 71 percent above the $164 million originally scheduled, the smallest such increase among the three main cost elements. Yet at that, the price is high. The eight buildings will provide a total of 3,562,000 gross square feet, but they will enclose only about 1,665,000 square feet of usable office space—the equivalent of *one* giant skyscraper in Manhattan (e.g., 1 Penn Plaza). In New York City, construction costs average about $35 per square foot of usable space produced. Mall office buildings will range from at least $120 to $230 per square foot of usable space and average more than $150.

Even on its own terms and home ground, the Mall office space prices out at about two to three times the going rate. A detailed study of the project recently issued by Controller Levitt cites, for comparison, some office structures erected between 1963 and 1966 on the state campus, a complex of government buildings located on the outskirts of Albany. Here prices, if stated in terms of current construction costs, would range between $30.50 and $36 per square foot of gross space, and from $37.75 to $48.75 per square foot of usable space. On the campus the average cost per gross foot was less than one-half that of the Mall buildings and cost for usable office space about a fourth of the Mall cost. Building may be cheaper outside the city core, but consider the brand-new Twin Towers office building just completed by private owner-developers on a site immediately adjacent to the Mall. It cost about $30 per gross square foot and $40 per usable foot.

PAYING FOR ESTHETICS

Office space on the Mall comes so high for a number of reasons, some of them relating to design. One is that the office space is divided into so many buildings. Small slender buildings are inherently expensive because their cores—e.g., elevator shafts and service areas—take up such a disproportionate amount of floor space. The office tower, now expected to cost a total of $66,400,000, will be the tallest building in the state outside of New York City. It is twice as tall as the neighboring Twin Towers, but it contains only about the same amount of gross space and a lot less usable space. Cost per usable foot is almost three times that of the Twin Towers. And the four agency buildings, which have jumped to an estimated total of $78,100,000 from an original figure of $41,500,000, are almost twice as costly per usable square foot as the office tower. The four together contain a total of 346,000 square feet of usable office space, the equivalent of less than four floors of, say, Manhattan's Pan Am Building. For the office buildings with a low profile—justice, legislature, and motor vehicles—the construction cost per square foot ranges from just below the level for the tower to almost as much as the agency group. And their ratio of usable to gross space is even lower than that of the tall structures. A private developer likes to keep his unusable space down to about 20 percent of his building, but on the Mall this "lost" space amounts to more than half of the total.

Obviously this kind of extravagance goes far beyond the demands of function. The state is paying a price for aesthetics, for the combination of tall, trim structures and long flat ones that gives the Mall balance, symmetry, and a series of lovely vistas. The basic design of the buildings, moreover, calls for a large amount of on-site work and this, too, has boosted costs. The office tower is mostly concrete, and so are the four agency structures. Rising wage rates (coupled with lowered productivity) have made concrete, which is labor intensive, an expensive proposition, the more so because it often requires overtime work; a "pour" once started must be completed.

All of the buildings will be faced in marble, another on-site job, and marble is itself a very expensive material. The Mall will use two million square feet of the finest Vermont and Georgia marble, costing $20 million. In addition, the details of the design are complex and intrinsically costly. The plans abound with flying buttresses, cantilever slabs, angled walls, and splayed columns. Some of the innovations are supposed to be useful in planning interior space and they are certainly unique in outward appearance. But as one contractor sums it all up, "Some of these buildings have never been built before."

For the three special-purpose structures—a health laboratory, a meeting center, and a cultural center—another $272 million is earmarked now, all of 167 percent more than the preliminary 1964 estimate of $102 million. Because they are special, it is harder to price these buildings in commercial terms, and the controller's report did not attempt to do so. But a few comparisons are illuminating none the less.

The laboratory for the health department will be built adjacent to the base of the office tower. The figure for it now is put at $82,700,000, with construction costs alone coming to some $177 per gross square foot. That is four times the original expectation, three times the going price for commercial laboratories, and 75 percent more than the cost of a really elaborate installation—e.g., the new facility being built at New York's Mount Sinai Medical Center. Much of the expense is attributable to the requirements of special built-in equipment, including a ventilation system that will change the air in some sections of the lab every three to four minutes. The system alone will cost $15 million, or about 70 percent of what the entire lab was supposed to cost in the first place.

The meeting center, the smallest building on the Mall, is now expected to cost $48,600,000, more than three times the preliminary estimate. At 175,700 square feet, it has the highest cost per gross square foot—$263. The all-concrete, saucer-shaped structure—nicknamed "the Egg"—will hold only 920 people, and the real question is whether it is necessary at all. As part of Rockefeller's agreement with Mayor Corning, the state is providing on the concourse level of the platform another meeting hall that will have three times the capacity of the Egg. In any case, the Egg is easily the most intricate building in the entire complex and so costs almost four times as much as even the handsomest conventional design. The New York State Theatre at Lincoln Center, for instance, prices out (at current construction costs) to about $70 per square foot.

The cultural center, which will house the state museum and library, is by far the biggest and most expensive of the special-purpose structures—1,363,000 gross square feet at an estimated total cost of $140,478,000. This pièce de résistance has more than doubled in price since 1964. One reason is that Dr. James E. Allen Jr., who was commissioner of education when the plans were drawn, refused to move his department's cultural division to the center unless the facilities were greatly enlarged. In the cultural center, construction cost for usable space comes to about $134 per square foot. This kind of structure is ordinarily more expensive than office buildings, but the going figures in the trade are less than half of that. The cost was $53 for the just completed Walker Art Center in Minneapolis and $65 (adjusted for inflation) at I. M. Pei's Everson Museum of Art in Syracuse.

TROUBLE IN THE BATHTUB

But the costliest element in the whole project is the five-level 3,807,000-square-foot concrete platform, "one of the largest and most complex buildings ever constructed in the eastern United States," as the Levitt report describes it. The price is now estimated at almost $300 million, over a third of the bill for the whole Mall. Two-thirds of the platform consists of promenades and garage and storage space, which are commonly figured at between $15 and $20 per square foot in the world of commercial construction. About a quarter of the total includes more expensive space, between $20 and $40 per square foot, for such facilities as retail shops, corridors, and a loading dock. Something under 10 percent of the platform space costs out at more than $40 a foot by the commercial rule—e.g., the meeting hall, four cafeterias, and a 13,000-square-foot fallout shelter. All together, the ordinary commercial price tag on the platform would be about $90 million, or about a third of the current estimates.

The platform has turnd out to be so costly for the same two principal reasons that have plagued the Mall from the start: the grandeur of the scale and the delay in the work. Since the trouble on the Mall began with the foundation for the platform, the interaction between complexity and delay is worth examining in some detail.

The contract for the foundation was awarded to Fehlhaber-Horn, a joint venture of two construction companies and the low bidder at $37,377,000. Work was to begin in August of 1966 and to be completed by September of 1968. When the contract was terminated recently by "mutual consent," the foundation had already taken twice as long and cost almost twice as much as first scheduled, and it is not completed yet. What happened in the intervening years is a microcosm of the history of the Albany Mall.

The Mall site lies on a bed of treacherous, gelatinous blue clay that in some places goes down a hundred feet. Fehlhaber-Horn had to excavate 2,700,000 cubic yards of this clay and then drive the 22,000 piles that support the buildings of the Mall. Both Fehlhaber and Horn had plenty of pile-driving expertise, but they also had to pour in 200,000 cubic yards of concrete—"bathtub" in the trade—and their experience with concrete was limited.

On Rockefeller's blitzkrieg timetable, moreover, the foundation contract was let even before the detailed design work had been completed by Mueser, Rutledge, Wentworth & Johnston, the foundation engineer. The going assumption was that the northern half of the foundation would prove to be virtually a twin of the southern half, for which detailed plans had been drawn. Instead, it turned out to be a much tougher and more complex job, shattering the timetable (and the initial cost estimate). The state had meanwhile let five other major contracts almost simultaneously with the foundation contract. Workers swarmed over the site—some 2,500 construction men at the peak—all jockeying fiercely for space in which to work.

TRYING ANOTHER TEAM

By mid-1968 Fehlhaber-Horn, now hopelessly behind schedule, threatened to quit. In a tacit admission that the job had been underpriced from the start, the state agreed to pay the contractor an additional $8,523,000, put the foundation work under a new, cost-plus contract, and set a new completion date of March, 1970. By July of 1969, Fehlhaber-Horn was back again for another contract modification, and this time got $20,600,000. The foundation work continued to go badly. When Fehlhaber-Horn returned early this year for still another increase, the state finally called a halt, even though work on the foundation had not been finished.

The delay of over two years in completing the platform foundation has not just delayed other work accordingly. It has disrupted the entire Mall sequence of interlocking contracts and schedules. In November of 1967 the state had awarded the contract for the platform superstructure to the joint venture of Walsh-Corbetta, the only bidder out of sixty-six contractors directly solicited by the state. (Others complained that the state's hurry-up schedule gave them too little time to work through the specs.) Walsh-Corbetta was supposed to finish work this year, but has done only about 10 percent of the job. As a result, completion has been rescheduled for the end of 1975, and the original contract of $97,777,000, the largest in the state's history, has grown to a possible $150 million under a new cost-plus-incentive-fee arrangement. (This contract includes the cost of the Egg and the laboratory, which Fortune priced under special-purpose structures in the preceding analysis.) In addition, Walsh-Corbetta has now taken on the job of winding up the foundation begun by Fehlhaber-Horn.

The platform foundation serves as the base for six of the ten structures on the Mall, among them the four agency buildings. The delay destroyed the "production-line" efficiencies that the state had counted on when it let the superstructure contracts for the identical buildings to a single contractor. The firm of Foster-Lipkins had begun work on the superstructure of the office tower shortly *before* the contract for the platform foundation was let. At one point during the ensuing struggle for possession of a section of the Mall site critical to both, the Foster-Lipkins crew was dumping rubbish down on the hapless foundation workers below. And so it went, for virtually every building on the Mall. Estimated construction time on fourteen major Mall contracts has more than doubled on average, from thirty-three months to almost six years—though of course there were numerous other delays besides those that trace back to the foundation work.

A lot of the trouble on the Mall relates directly to the strictures surrounding New York construction. In commercial work, a general contractor is given the entire responsibility for a building, and it is up to him to find the best man for the job at the best price. The state, however, must by law award separate prime contracts for each major element of a building—construction, heating and ventilation, and electrical and sanitary work. Besides being in the trade, the only real eligibility requirement for a bidder is the ability to post a bond guaranteeing that the contract will be completed. The award must go to the lowest such bidder, who may not be the most qualified or who may cut too many corners to get the work. Even one incompetent firm can foul up a building for everybody else.

THE BEST ONES DID NOT BID

Because of the hazards, most of the biggest and best contractors in the country refuse to be bothered with state construction, and with a nationwide boom under way, they were not interested even in the challenge of the Mall. This became apparent early in the game, and was fatal to the project's prospects. Says architect Wallace Harrison, "We always knew that we would need some of them on a great big job like this, and that if we didn't get them we would be out of luck."

Even with the best of contractors, a project like the Albany Mall required a strong hand from the start. In commercial building this authority is exercised by the general contractor. Says one of the country's leading construction men, "You hire a manager to watch over the plans and alert you to possible conflicts and scheduling problems, to tell you, for instance, that if concrete is a problem you should go, say, to precast concrete." The state's Office of General Services simply did not have this kind of tough-minded construction expertise, and George A. Fuller Co. was hired in 1966 to take on some of the management work. Since Fuller has assumed additional responsibilities, its contract has risen from an original $5,250,000 to an estimated $24 million and may go even higher under its cost-plus arrangement. The Fuller fee has been a source of wonderment in the trade.

By the time the state had brought in Fuller, however, it was already too late to alter the Mall's disaster course. The timetable and the plans were set, and the company never raised such matters with the state. "We were handed a schedule and told to keep to it if we wanted the job," says Richard Nolan, senior vice president of the company.

No matter how well Fuller handles its task, the company lacks the most basic management tool: it is almost impossible to fire a contractor once he has won an award, and it is difficult even to control him. "The state construction business is a completely different world from the private sector," says Nolan. "I'm absolutely shocked when I hear these contractors say they just won't do something. If we ever did that on a private job, we'd be thrown out."

Although the state has been bitterly disappointed with most of the Mall contractors, it has so far fired just one, Foster-Lipkins, the contractor for the office-tower superstructure. *It did so* only after Foster-Lipkins, already nearly two years behind schedule, demanded an additional $21,780,000 to finish the job, two-thirds again as much as the original contract award, charging, among other things, that the building had been improperly designed. For whatever reason, its inner core is out of plumb, and local wags call it the Leaning Tower of Pisa. In order to compensate, Foster-Lipkins had to build a fake wall around the core in some places so that structural-steel members and standard lighting fixtures would fit into place. Bethlehem Steel, which has the contract for the members, is suing Foster-Lipkins for damages. Foster-Lipkins, in turn, is suing the state for $18,320,000. The bonding company took over last summer and the building is being completed by Dic Concrete.

FIGURING THE ALBANY FACTOR

Ever since the first shovel was turned, the Mall has been plagued by every conceivable labor problem: skyrocketing wages, a prolonged strike, wildcat walkouts, rampant featherbedding, and plunging productivity. Construction had barely begun when a succession of jurisdictional disputes and a subsequent lockout by the contractors shut down the Mall for thirteen weeks in the summer of 1965. In the contract negotiations that followed, the unions won a substantial increase, putting Albany construction workers on a par with those in nearby areas. Most of them got a thirty-five-hour week. In 1970 they did even better: a median annual increase of some 20 percent in wages and fringe benefits over the three years of the contract.

But the escalating wages have been almost the least of the Mall's troubles. In 1970 there were 217 labor disputes before the employers' association, about ten times the annual pre-Mall number. And there have been so many wild-cat strikes that the state has not even kept track of them. Featherbedding has been another headache. Productivity has dropped dramatically in all sorts of ways. "The proportion of lookers to workers is way out of whack," says one Mall contractor. "When our crew sees sixteen guys pouring one small concrete mat, they figure they don't have to work either." The productivity malady has reached such proportions that one consultant to the state has named it the "Albany factor," i.e., the additional cost of construction in the Albany area over and above the general escalation in the cost of labor and material. The controller's office has put the cost of the Albany factor at 25 percent.

By early 1969, contractors on the Mall were screaming for relief from the burden of escalating costs imposed on them by mishaps to the state's scheduling. Many of them threatened to walk off the Mall and sue the state for breach of contract. The state acknowledged that it was at least partly to blame for delays and moved to pass the Equitable Adjustment Act of 1969, allowing it to negotiate settlements. An extra $150 million has so far been earmarked for this purpose (and is included in the $850-million cost estimate for the Mall). So far, the state has agreed to pay out $71,900,000 to just ten of the sixty-nine prime contractors on the Mall (including some advances against future claims). Pending claims already filed amount to an additional $50 million, and according to one official in the controller's office, "the toughest ones are yet to come." Two contractors, moreover, are suing the state for $24,320,000.

Most contractors who win state awards are old hands at bidding low and claiming more later. "The day they get the job," complains one architect, "they start looking for extras." The Fuller people have become so alarmed at the deluge of claims—and the bargaining skills of contractors sophisticated in state construction work—that they have added a lawyer to their Albany staff. "I've never hired a lawyer in my life," says Vice President Nolan, "but I sure need one now."

To the extent that the claim settlements exceed the $150-million estimate, the total cost of the Mall will soar beyond the present price tag of $850 million. Whatever the final figure, leading construction men feel that many millions would have been saved had the work been done in stages over a decade or more. As it was, the interaction of grandeur, tight scheduling, and the workings of the state construction system proved to be synergistic. To Rockefeller's argument that delay would have given inflation more time to work, they reply that *haste* has itself greatly delayed the project, and also exacted a heavy penalty in waste. There may be no final answer to what one pays for a monument built under such a system—30, 50 percent over a straight commercial proposition?—but by any sensible yardstick, the Mall is overpriced.

"THIS IS PLANNING INSANITY"

In the end, however, the big question is whether the Albany Mall is going to "save" Albany, as its advocates contend. There are many reasons to doubt that it will. "It certainly won't be a 'living urban center,' which is what Albany needs," says Manhattan Assemblyman Peter Berle. Physically, the Mall is far from the urban center, even though it sits in what is termed the central business district. The hill leading to the capitol building is an imposing 150 feet straight up from the river. "Downtown" is in reality somewhere in between. The Mall itself is a forbidding mammoth, rising on its platform a full sixty feet above street level in some places. There is also a real question as to how many tourists the Mall will attract. It is, after all, mainly a complex of office buildings, only one of which will be regularly open to the public.

The Mall, its opponents claim, not only fails to meet Albany's most urgent needs—housing, public transportation, and parking facilities—but indeed will add to the problems. The state ousted more than 3,000 families from the Mall site, but abandoned plans to build 900 housing units there. "This is planning insanity," says urban philosopher Jane Jacobs. "It has only succeeded in destroying a good amount of viable housing and small business, and they are the base of a city's economy."

The Mall, furthermore, will pull state employees out of downtown as they vacate office space that the state is currently leasing there. Some of the consultants to the original temporary commission felt strongly, in fact, that the most effective shot in the arm for Albany's ailing core would be to distribute the expected increase in state employment not in any mall, but throughout the downtown area, in additional leased office space. The governor rejected that proposal; it lacked a capital image. "What Rockefeller wanted was to build the Albany Mall," says one planner. "We were brought in to legitimize what he wanted to do anyway."

There is no question that what Rockefeller wanted will be impressive by some standards. But many have called it another Versailles, a monument to Nelson Aldrich Rockefeller. "I mourn when I think of what one billion dollars could have done for Albany," says one leading businessman. From planning, to scheduling, to implementation, the Albany Mall raises all kinds of disturbing public questions. It is worth asking not only what is the price of glory for this kind of project, but whether it is glory at all.

[The 1974 Annual Report of the Comptroller of the State of New York]

STATE DEBT

During the decade of the 1960's, there was a significant change in the size of the State's debt and in the manner by which debt was incurred. Prior to 1960, a discussion of State debt would deal almost entirely with full faith and credit debt. It is now necessary, in describing the debt burden, to include discussions of three distinct types of public purpose capital financing through borrowing: full faith and credit or direct debt, lease-purchase agreements or indirect debt, and other commitments. Because of the special characteristics of the three types of debt, and the differences in the extent to which the State is liable for the related debt service, the three types are discussed separately.

FULL FAITH AND CREDIT DEBT

Section 11 of Article VII of the State Constitution provides that (except for certain specified emergencies and for certain short term obligations) no debt may be incurred by the State unless authorized by law and approved by the majority of the people voting at a general election. Such debt carries the full faith and credit of the State backed by its general taxing powers. Should the Legislature not appropriate moneys for debt service payments, the Constitution requires the Comptroller to set aside, from the first revenues of the General Fund, a sum sufficient to meet these payments.

Section 9 of Article VII authorizes the State to contract debts in anticipation of the receipt of taxes and revenues, for purposes and within the amounts of appropriations theretofore made. Such borrowings must be paid within one year from the date of issue. The State may also contract debt in anticipation of the receipt of proceeds from the sale of bonds.

During the fiscal year 1973–74, net new full faith and credit borrowings (through bonds and bond anticipation notes) by the State totaled $152.3 million, as compared with $218.7 million in the preceding year, a decrease of $66.4 million. The new borrowings consisted of $434.4 million in serial bonds and a net decrease of $282.1 million in bond anticipation notes. For the past three fiscal years net new borrowings have declined steadily, reaching its lowest point in several years this past fiscal year. Principal payments against outstanding serial bonded debt during 1973–74 were $155.2 million. As a result of these transactions, the issued and outstanding voter-approved State debt totaled $3,448.4 million on March 31, 1974, a decrease of $2.9 million from the previous year.

The following table shows the trend in the State's outstanding voter-approved full faith and credit debt (combined long-term and temporary) since March 31, 1958.

[In millions of dollars]

Mar. 31	Transportation capital facilities[1]	Housing[2]	Mental health	Pure waters	Park and recreation	All others	Total
1958	$211.3	$382.3	$104.2			$45.7	$743.5
1963	188.1	670.0	115.9		$49.0	49.0	1,072.0
1964	174.4	713.1	105.1		46.5	42.5	1,081.6
1965	161.1	722.7	94.3		74.0	36.6	1,088.7
1966	295.1	756.2	83.5		69.5	31.8	1,236.1
1967	350.0	784.1	92.7	$3.4	65.0	28.0	1,323.2
1968	663.7	815.1	126.9	50.0	71.5	41.9	1,769.1
1969	$1,056.2	$849.1	$157.1	$55.0	$83.0	$57.9	$2,258.3
1970	1,290.7	838.2	159.7	85.6	78.5	69.9	2,522.6
1971	1,760.0	820.3	174.7	153.9	100.4	120.3	3,129.6
1972	1,914.3	802.2	168.3	192.0	129.0	156.4	3,362.2
1973	1,931.5	784.3	161.3	274.1	141.3	158.8	3,451.3
1974[3]	1,896.0	790.5	143.0	326.5	138.3	154.1	3,448.4

[1] Represents highway, transportation capital facilities (highway, mass transportation, aviation) and grade crossing elimination debt.

[2] Includes low income, middle income and urban renewal debt.

[3] Technically, the issued and outstanding debt (bonds and bond anticipation notes) on Mar. 31, 1974, was $3,586,400,000. Of this amount, however, $138,000,000 represents bonds issued before Mar. 31, 1974, to redeem a like amount of bond anticipation notes after Mar. 31, 1974. To avoid duplication, the amount of outstanding debt has been reduced by $138,000,000 for purposes of this report.

As shown by the table, the State's net debt increased slowly between 1963 and 1965, with new debt being incurred for housing and park purposes. Since March 31, 1965, outstanding debt for highways and transportation capital facilities has increased by $1,734.9 million. A previous $500 million authorization for highway debt was exhausted between fiscal years 1965–66 and 1967–68 when the remaining $410 million was issued. As of March 31, 1974, $1,721.5 million of the $2.5 billion 1967 authorization for transportation capital facilities had been issued, of which $1,250 million was for highways, $386 million for mass transportation, and $85.5 million for aviation.

As noted above, 1973–74 borrowings on bonds and bond anticipation notes were lower than in previous years. The major reason for the decline was the exhaustion of the highway portion of the Transportation Capital Facilities bond authorization during 1971–72 and Mental Health Construction bonds during 1972–73. The 1973–74 borrowings included $37.5 million and $25.0 million for mass transportation and aviation projects, respectively. Other borrowings were for: pure waters, $59.0 million; low-cost housing, $24.3 million; parks and recreation land acquisition, $5.5 million and higher education, $1.0 million.

The outstanding voter-approved State debt of $3,448.4 million on March 31, 1974 consisted of bonds in the amount of $3,318.9 million and bond anticipation notes (to be ultimately converted to bonds) of $129.5 million. The outstanding bonded debt will cost the State $5,102.4 million when fully paid off, the difference of $1,781.5 million representing interest cost. Debt Service charges during 1973–74 on the outstanding bonded indebtedness of $3,318.9 million will be $312.4 million—$164 million for principal and $148.4 million for interest. Additional debt service charges will be incurred during 1974–75 on the outstanding bond anticipation notes.

In addition to the bonds and notes issued and outstanding, the balance of the bonds authorized by the People of the State but still to be issued amounted to $2,811.4 million, as shown in the table below. A new bond issue totaling $1,150 million for environmental quality protection programs was authorized by the People of the State at the November 1972 general election. This new bond issue along with the pure waters and mass transportation portion of the transportation capital facilities bonds comprise the major part of the State authorized, but unissued debt.

[In millions of dollars]

Purpose	Debt authorized	Issued		Authorized but unissued
		Bonds	Notes	
Transportation capital facilities:				
Aviation	250	60.0	25.5	164.5
Highways	1,250	1,250.0		
Mass transportation	1,000	319.5	66.5	614.0
Total	2,500	1,629.5	92.0	778.5
Pure waters	1,000	342.0		658.0
Mental health construction	350	336.0	14.0	
Higher education construction	250	196.5		53.5
Outdoor recreation development	200	89.5	10.0	100.5
Park and recreation land acquisition	100	90.0	2.5	7.5
Housing:				
Low cost	960	899.1	11.0	49.9
Middle income	150	149.5		.3
Urban renewal	25	12.0		13.0
Environmental quality protection:				
Water	650			650.0
Air	150			150.0
Land	350			350.0
Total authorized but unissued debt				2,811.4

LEASE-PURCHASE AGREEMENTS

Large amounts of State-purpose construction are being financed without the use of voter-authorized bonds. These programs are financed through obligations of public authorities and municipalities. The arrangements are in the nature of lease-purchase agreements and create long-term commitments which technically do not represent State debt, but which have a similar fiscal effect. They result in annual charges against the State's tax revenues or against earmarked revenues formerly used to augment the tax revenues.

State University and Mental Hygiene facilities are being constructed with funds provided primarily by obligations of the Housing Finance Agency. This indebtedness is being repaid by earmarked revenues derived from student tuitions and payments by relatives for the care of the mentally ill. In the opinion of the financial community, the State is "morally obligated"* to meet the debt service on these obligations if those revenues should prove insufficient.

The Housing Finance Agency is currently authorized to issue up to $1,050 million of bonds for mental hygiene facilities. Although there is no limitation on the amount of bonds that may be issued for State University facilities, the full construction program is presently estimated to cost some four billion dollars. As of March 31, 1974, the Housing Finance Agency had issued bonds aggregating $1,399 million under the State University construction program, of which $1,295.4 million were outstanding; in addition, there were outstanding bond anticipation notes totaling $255.9 million. On the Mental Hygiene construction program, $540.0 million of bonds have been issued and $504.9 million were outstanding together with $66.6 million of bond anticipation notes.

The construction of State office buildings in several cities (e.g., the Empire State Plaza project, which is presently estimated to cost more than $900 million) is being financed by local obligations. The rentals will be paid by the State from tax-financed appropriations. Construction expenditures incurred through March 31, 1974 were $670.3 million on the Empire State Plaza and $67.8 million at other locations.

Certain office buildings have been financed under lease-purchase arrangements with the State's retirement systems. Rental payments for these buildings are also being made from tax-financed appropriations. As of March 31, 1974, the State owed the retirement systems approximately $33.0 million on an original cost of $73 million.

The 1972 Legislature authorized the New York State Thruway Authority to finance State highway reconditioning and preservation projects through the issuance of $100 million of its bonds and notes. A portion of the Motor Fuel Tax is designated for payment of the related financing costs of these bonds and notes. During 1973–74 the Thruway Authority issued $100 million of its bonds pursuant to this arrangement.

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*The "moral obligation" derives from the language of the pertinent laws, the expressions of the financial community regarding these obligations, and the use to which the funds are put. The applicable laws generally provide that the State will apportion to the various debt service reserve funds or rental reserve accounts the amount necessary to assure that the funds will be sufficient to meet the immediate debt service needs. These payments are permissive, rather than mandatory, since they are subject to annual legislative appropriation. However, in the words of a major bond rating service, "it is expected that the State of New York will remain at all times under strong moral suasion to maintain its schedule of charges and programs of aid to the end that these bonds will remain in good standing".

(In millions of dollars)

As at Mar. 31	Public authorities debt									Retirement systems debt	Total
	Housing finance agency										
	State university		Mental hygiene		Thruway, highway		Dormitory, health and correction notes	Municipal debt			
	Bonds	Notes	Bonds	Notes	Bonds	Notes		Bonds	Notes		
1963										46	46
1964	63	74								54	191
1965	229	51	71	23						59	433
1966	282	59	94	44						58	537
1967	374	115	92	62				78		56	777
1968	517	176	161	19				146		54	1,073
1969	673	94	158	80				143	70	52	1,270
1970	776	86	277	61				278	10	49	1,537
1971	850	150	377	65				348	10	46	1,846
1972	990	283	372	105				491	2	41	2,284
1973	1,148	304	514	44		20		635		37	2,702
1974	1,295	256	505	67	$100		12	686		33	2,954

Debt service on currently outstanding bonds of the Housing Finance Agency for State University and Mental Hygiene construction will be paid annually through the fiscal year 2004–2005. Rental payments to be paid by the State (which provides the funds for the debt service through earmarked revenues) will be approximately $100.9 million for the fiscal year 1974–75 and each year thereafter, through 1994, on State University bonds and approximately $36.7 million for fiscal year 1974–75 and about the same thereafter, through 1995, on Mental Hygiene construction bonds. Rental payments on both projects, at the current debt level, will be in lower amounts from fiscal 1995 to 2005, inclusive. Lease-purchase payments on State office building construction will be approximately $70 million in fiscal year 1974–75 and will increase to more than $80 million a year during the late 1970's.

These long-term debt-like commitments have increased rapidly during the past several years and on the bonds is supported by dormitory rentals paid by State University students. The Authority's obligations for construction of Community Colleges are included as other commitments.

The table below shows the amounts of borrowing presently authorized and the amounts outstanding as of March 31, 1974, with regard to the State's other commitments.

[In millions of dollars]

Agency/purpose	Authorized	Outstanding bonds and notes as of Mar. 31, 1974
Full faith and credit:		
New York State Thruway Authority	$500	$409
Port Authority of New York and New Jersey	100	88
Job Development Authority	150	69
Total		566
Moral obligation:		
Housing Finance Agency:		
Limited profit housing	2,100	1,433
Hospital and nursing home projects	1,950	763
Health facilities	800	402
Youth facilities projects	100	20
Mental health and mental retardation service projects	100	21
Senior citizens centers	50	
New York State Medical Care Facilities Finance Agency	3,000	49
New York State Urban Development Corporation	2,000	968
New York State Mortgage Agency	750	159
Battery Park City Authority	700	200
State of New York Municipal Bond Bank Agency	1,000	
Job Development Authority	75	5
United Nations Development Corporation	75	55
Atomic and Space Development Authority	(1)	10
Environmental Facilities Corporation	(1)	49
Dormitory Authority—Community Colleges	(1)	110
Regional transportation authorities:		
Metropolitan Commuter Transportation Authority	(1)	
Niagara Frontier Transportation Authority	(1)	1
Capital District Transportation Authority	(1)	
Central New York Transportation Authority	(1)	
Rochester-Genesee Transportation Authority	(1)	1
Total		$4,246
Total, other commitments		4,812

[1] No limit.

PUBLIC AUTHORITIES—INTRASTATE, INTERSTATE AND INTERNATIONAL

During the past year there were continued increases in total assets, gross revenues and outstanding debt of the 42 public authorities operating on a Statewide or regional basis. These authorities conduct such activities as transit services; financing of housing, hospital and educational facilities; port development; operating marketing centers and providing recreational facilities. Total assets of these authorities rose by 13.2%, from $15.5 billion at the close of 1972 to $17.5 billion in 1973. Gross revenues of these authorities totaled $1.8 billion in 1973 as compared with $1.6 billion in the prior year, a 12.6% increase. Outstanding bonds and notes also increased by 13.9%, to $12.1 billion.

There has been a consistent pattern of growth for the past five years among the public authorities. During this period, total assets of these authorities increased by $8.2 billion (an average annual rate of 13.6%); while outstanding bonds and notes rose by $5.9 billion, (an average annual rate of 14.5%). These statistics show that, as a group, the increase in the assets of authorities was financed substantially by an increase in outstanding debt.

ASSETS AND DEBTS

In terms of total assets and outstanding debt, the six largest public authorities are: the Housing Finance Agency, the Port Authority of New York and New Jersey, the New York State Power Authority, the Dormitory Authority, the New York State Thruway Authority and the Triborough Bridge and Tunnel Authority. The authorities whose assets increased the most during the past year were the Housing Finance Agency (up $730 million), the Urban Development Corporation (up $380 million), the Port Authority of New York and New Jersey (up $370 million) and the Dormitory Authority (up $166 million). The combined assets of these four organizations have increased more than fivefold in the past ten years, from $2.0 billion in 1963 to $11.5 billion in 1973. Most of this increase was financed through the incurrence of debt. Despite amortization of debt, their outstanding bonds and notes increased more than sevenfold, from $1.2 billion in 1963 to $8.9 billion in 1973.

During this period the authorized programs of these authorities have grown and, in some instances, new programs were added. The Housing Finance Agency, created in 1960 to finance the construction of limited profit housing, now also finances the construction of State University and Mental Hygiene facilities, as well as other construction programs. The Urban Development Corporation, created in 1968 to provide low and moderate income housing accommodations, as well as commercial, industrial and civic facilities, is engaged in a substantial construction program. As a bi-state agency, the Port Authority of New York and New Jersey is authorized to develop terminal, transportation and other facilities of commerce. In recent years its fiscal resources have been committed to the construction of the World Trade Center. The Dormitory Authority, created to construct and finance State University dormitory facilities, is now authorized to construct and finance State health facilities, State correctional facilities, community college and City University facilities, as well as private college and dormitory facilities.

The Port Authority of New York and New Jersey reported the largest dollar increase in gross revenues during the past year, an increase of about $54 million, primarily from airport operations and World Trade Center rentals. A $25 million increase in revenues was also reported by the Urban Development Corporation, due largely to expanded earnings on borrowed funds. The Power Authority of the State of New York reported a $13 million increase in gross revenues, essentially due to increased sales of power.

Newly-created authorities and those incurring operating deficits have been financed by means of direct State appropriations and/or first instance advances. For instance, during 1973, the Metropolitan Transportation Authority received State grants amounting to $68 million (in addition to Federal grants) for capital projects. Battery Park City Authority initially received an advance of $5 million from the State which was repaid from its first bond issue during 1972. At its inception, the Urban Development Corporation received State advances totaling $55 million, of which only $5.5 million has been repaid.

As of the close of their fiscal years in 1973, 19 of the Statewide authorities owed $242 million for advances previously made by the State. This amount is about $35 million more than the amount due the prior year. The largest amounts owed the State are by the

Metropolitan Transportation Authority ($67 million) and the Urban Development Corporation ($50 million)

Debt incurred by public authorities is not considered in determining the limitations on State or local indebtedness. No voter approval of their bonds and notes is required unless the debt is guaranteed by the State. During 1973 the State was constantly liable as guarantor of $569 million of bonds and notes issued by three of the authorities (Thruway Authority—$409 million; Port Authority of New York and New Jersey financing of commuter cars—$89 million; and Job Development Authority—$71 million). The State has also assumed certain commitments with regard to substantial amounts of authority debt, as discussed in the preceding section on "State Dept". A detailed study by the Comptroller's Office of how public authorities have been used by the State to augment capital construction programs, entitled "Debt-Like Commitments of the State of New York", was issued in January 1973.

THE EXPANDING ROLE OF PUBLIC AUTHORITIES

Historically, public authorities have been created by State law to finance, construct and operate, on a self-sustaining basis, revenue-producing facilities of a public benefit nature, such as bridges and roads. Later, authorities were used to finance types of construction traditionally financed by the State itself, such as State University and Mental Hygiene facilities. More recently, authorities have served as vehicles to undertake public services once provided by private enterprise, such as the operation of public transportation systems.

For example, the New York State Housing Finance Agency and the Urban Development Corporation are empowered to undertake or finance large-scale residential, industrial, commercial, urban renewal and civic type projects. The Battery Park City Authority was formed for the purpose of developing public and private facilities in lower Manhattan, and the State of New York Mortgage Agency, created during 1970, purchases mortgages from banks within the State to provide funds for investment in new mortgages on residential property. Sports authorities also have been created, but at the close of 1973 they were still in a pre-operational stage. A New York State Thoroughbred Breeding and Development Fund Corporation was created as a public benefit corporation to encourage thoroughbred breeding in the State by offering awards for the successes of New York-bred horses in New York's tracks.

Public authorities have served as vehicles for governmental operation or assisting financially distressed industries serving a public need. Regional transportation authorities were created to revitalize mass transportation within the State. In addition to the Metropolitan Transportation Authority, these include the Rochester-Genesee, the Central New York, the Capital District and the Niagara Frontier Transportation Authorities. These authorities received mortgage tax receipts to help offset costs of their transportation operations, and State and Federal grants to finance capital expenditures. The Metropolitan Transportation Authority also receives allocations of the surplus revenues of the Triborough Bridge and Tunnel Authority to help finance its deficit-ridden transit programs. In 1974, the Power Authority of the State of New York received legislative authorization to purchase certain partially completed power plants of the Consolidated Edison Company to financial assist this privately-owned public utility. Also, the New York State Atomic and Space Development Authority recently issued bonds and loaned the proceeds to Niagara Mohawk Power Corporation, a public utility, to construct pollution control facilities in connection with its older power plants.

FINANCIAL REPORTING

The Comptroller has issued a comprehensive set of reporting guidelines to authorities, entitled "Principles of Accounting and Standards of Reporting for Public Authorities". These reporting standards generally require that the basic financial statements of the authorities be supplemented by additional information, including a test of financial viability which demonstrates the authority's ability to finance its operations and repay its obligations from its own activities, the reporting of operating results for each major facility or group of facilities, and a questionnaire on financial and managerial policies and practices. Authorities have been asked to report in accordance with these standards, in a uniform manner and consistently from one year to the next. Copies of the prescribed reporting guidelines and the reports submitted by the authorities are available for public review at the New York City Office of the State Comptroller.

A comprehensive, two volume report, entitled "Statewide Public Authorities: A Fourth Branch of Government?", was released by the Comptroller in November 1972 following an in-depth study of the growing role of State created public authorities in the conduct of public benefit activities. The report provided a brief history of the development of the public authority concept in New York State, the financial standing of the authorities at the time and a summary of the major audit finding resulting from the State Comptroller's audits performed under Section 2503 of the Public Authorities Law.

In addition, the Comptroller issues during the year brief financial analysis statements of each public authority, after reviewing and analyzing the authority's latest financial statements. Each analysis contains data on pertinent legislation, the authority's financial condition, the results of its operations, significant activities during the past fiscal year and comparisons with previous years to reveal financial trends.

FINANCIAL DATA

The growth and current overall financial status of public authorities are shown by the following tables—the first, a comparative composite balance sheet and other data for the years 1969 through 1973, and the second, a summary for the year 1973 of the total assets, bonds and notes outstanding, excess of assets over liabilities and reserves, and gross revenues of each of the authorities.

5-YR COMPARATIVE COMPOSITE BALANCE SHEET AND OTHER DATA (BASED ON FISCAL YEARS ENDED IN THE INDICATED CALENDAR YEAR)

[In millions of dollars]

	1973	1972	1971	1970	1969
Assets:					
Investment in fixed assets	11,427	10,484	9,261	8,033	7,215
Other assets	6,108	5,001	4,081	3,232	2,706
Total assets	17,535	15,485	13,342	11,265	9,921
Liabilities, reserves and surplus:					
Bonds and notes outstanding	12,059	10,589	8,875	7,357	6,502
Outstanding Government advances	247	218	222	169	122
Other liabilities and reserves	1,502	1,306	1,151	1,013	809
Total liabilities and reserves	13,808	12,113	10,248	8,539	7,433
Excess of assets over liabilities and reserves	3,727	3,372	3,094	2,726	2,488
Total	17,535	15,485	13,342	11,265	9,921
Gross revenues	1,814	1,611	1,545	1,404	1,187

RECOMMENDATIONS

* * * * *

2. Restoration of a sound debt policy

The ability to finance capital projects through the incurrence of debt is an important element of public financial administration, enabling the State to respond to social and economic needs and conditions. To finance specific public expenditures from debt rather than tax revenues enables the State to construct now and pay later. However, like public taxation, public debt cannot be expanded without limit. Borrowing carries with it interest payments and debt service which constitute mortgages on future revenues and limits our ability to borrow in the event of future emergencies; the principle is similar to that involved in personal financing.

The dangers of uncontrolled debt on our financial future are recognized in our State Constitution, which provides that no debt (except for certain specified emergencies and certain short-term obligations) may be incurred by the State unless authorized by law and approved by the majority of the People voting at a general election. Before the year 1960 the constitutional means for incurring debt governed the financing of most of our public projects. The 1960's however, witnessed several events concerning the incurrence of debt which have eroded the constitutional right of the People to vote upon State indebtedness and which may severely curtail our future financial flexibility: (a) a significant quantity of financing State projects through specially-created agencies without voter approval; and (b) repeated legislative authorizations for public authorities to incur large-scale debt, accompanied by the State's so-called "moral obligation" to maintain the debt service reserve fund of each agency at a sufficient level. In other instances, the State has entered into lease-back arrangements keyed to debt-service requirements.

Because of the growing significance of debt financing on the State's financial structure, I have sent several special reports on debt to the Legislature. The most recent is a study entitled "Debt-Like Commitments of the State of New York", issued in January 1973. Significant facts about our debt structure follows:

Our direct debt, to which the State has pledged its full faith and credit by vote of the People, has tripled in the last decade and stood at $3.4 billion on March 31, 1974. Authorized but unissued direct debt amounted to an additional $2.8 billion. The outstanding bonded debt will cost the State $5.1 billion when fully paid off, including interest costs.

Our indirect debt, supported by State rental payments and earmarked revenues, usually through lease-back arrangements, and which began modestly at the start of the decade, reached $2.9 billion at March 31, 1974. Rental and reserve payments are presently more than $200 million a year.

Other commitments, arising either because the State has directly guaranteed the debt of certain public authorities or has undertaken a "moral commitment", have increased markedly during the decade and now stand at $4.8 billion.

Statutory limits on the indirect debt and other commitments do not exist in many instances, reflecting a lack of legislative control over the potential magnitude of such commitments. While the purposes are generally worthy and urgent, this does not justify circumvention of the constitutional right of the People of the State to vote on the incurrence of public debt. As I have stated in the past, the State of New York is mortgaging its future to a point which approaches the capacity of public burden. I am concerned not only about the magnitude of our debt, but about its proliferation into unwieldy and distorted forms.

We need to restore the controls and the direct approach intended by the Constitution with regard to the incurrence of debt, and I ask the Legislature to consider the following actions:

No debt proposition should be put to the *People* unless they are advised fully of the specific projects to be undertaken and the rate of expenditure incurrence.

All programs currently financed through borrowings (direct, indirect, and other debt-like commitments) should be reviewed and placed within a scheme of priorities so that expenditures may be planned accordingly.

No further programs should be undertaken with the support of the "moral commitment" clause. Existing statutes containing the "moral commitment" clause should be modified to provide for specific dollar limitations where no limitations presently exist.

Mr. COOK. Mr. President, I am ready to yield back the remainder of my time, and have been authorized to state to the Senate that the Senator from Virginia (Mr. WILLIAM L. SCOTT) has authorized me to yield back the remainder of his time. If it is the desire of the presiding officer, that the Senator from Virginia be here, I would suggest the absence of a quorum; however, I have talked with him and he has authorized me to yield back the remainder of his time at the time I yield back the remainder of my own time.

Therefore, at this time I yield back the remainder of my time, and I state that I am authorized to yield back the remainder of the time of the Senator from Virginia (Mr. WILLIAM L. SCOTT).

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time, except for the 1 hour on the nomination that was reserved until tomorrow, of which I control one-half.

Mr. COOK. Mr. President, may I say that the order was that there would be 5 hours today and 1 hour tomorrow, of which 30 minutes would be reserved to the chairman and 30 minutes would be reserved to the ranking minority Member.

The PRESIDING OFFICER (Mr. HELMS). All remaining time for today is yielded back. The 1 hour for tomorrow remains.

Who yields time?

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered. What is the will of the Senate?

QUORUM CALL

Mr. ROBERT C. BYRD. Mr President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

Mr. McCLELLAN. Mr. President, I submit a report of the committee of conference on H.R. 16900, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HELMS). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of November 26, 1974, at p. 37434.)

Mr. McCLELLAN. Mr. President, the conference report before us for consideration would provide an appropriation of $8,659,352,078 in new budget authority. This amount is an increase of $380,710,900 over the budget request.

This first supplemental appropriation bill for fiscal year 1975 is a very large bill, both in terms of funds and items, and is made up of many appropriations that would normally be considered in connection with the regular, annual appropriations bills. However, due to the lack of timely legislative authorizations at the time the regular bills were passed, many of these items contained in this supplemental bill had to be deferred until now. These items and appropriations deal mainly with housing and community development programs and with the Elementary and Secondary Education Act programs.

Mr. President, this conference agreement is $299,600,516 more than the House-passed bill and is $94,374,600 under the total amount of the bill as it passed the Senate. In this connection, it should be noted that the Senate considered additional supplemental budget estimates totaling about $150 million which the House did not consider.

Mr. President, there were 85 amendments of the Senate which had to be resolved in conference. Inasmuch as the conference report was printed in the CONGRESSIONAL RECORD of November 26, 1974 and because the report itself was printed and has been available for several days, I do not intend to discuss or elaborate on all of the changes from the Senate-passed bill. At this time, I ask unanimous consent to include in the RECORD a table which shows the complete conference action compared with the House and Senate amounts and the budget estimates.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

CONFERENCE SUMMARY—SUPPLEMENTAL APPROPRIATIONS BILL, 1975—H.R. 16900

Department or agency	Budget estimate of new budget (obligational) authority	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement	Increase (+) or decrease (−) conference agreement compared with: Budget estimates	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I							
CHAPTER I							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Planning and Development							
Community development	2,179,625,000	2,179,625,000	2,135,000,000	2,175,000,000	−4,625,000	−4,625,000	+40,000,000
Rehabilitation loans			25,000,000				−25,000,000
Housing Production and Mortgage Credit							
Housing for the elderly or handicapped (limitation on loans)			(200,000,000)	(100,000,000)	(+100,000,000)	(+100,000,000)	(−100,000,000)
State Housing Finance and Development Agencies							
Grants to State housing or development agencies			25,000,000				−25,000,000

CONFERENCE SUMMARY—SUPPLEMENTAL APPROPRIATIONS BILL, 1975—H.R. 16900—Continued

Department or agency	Budget estimate of new budget (obligational) authority	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement	Increase (+) or decrease (−) conference agreement compared with: Budget estimates	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I—Continued							
CHAPTER I—Continued							
VETERANS' ADMINISTRATION							
Assistance for Health Manpower Training Institutions							
Grants to affiliated medical schools			10,000,000	10,000,000	+10,000,000	+10,000,000	
Total, Chapter I, new budget (obligational) authority	2,179,625,000	2,179,625,000	2,195,000,000	2,185,000,000	+5,375,000	+5,375,000	−10,000,000
CHAPTER II							
DEPARTMENT OF LABOR							
Manpower Administration							
Program administration (transfer)			−1,500,000				+1,500,000
Comprehensive manpower assistance (transfer)			−5,600,000				+5,600,000
Labor-Management Services Administration							
Salaries and expenses	9,650,000		6,150,000	6,650,000	−3,000,000	+6,650,000	+500,000
By transfer				(1,500,000)		(+1,500,000)	(+1,500,000
Employment Standards Administration							
Salaries and expenses			480,000	480,000	+480,000	+480,000	
By transfer	(6,800,000)		(5,600,000)	(5,600,000)	(−1,200,000)	(+5,600,000)	
Bureau of Labor Statistics							
Salaries and expenses (by transfer)	(600,000)		(300,000)	(300,000)	(−300,000)	(+300,000)	
Departmental Management							
Salaries and expenses (by transfer)			(−300,000)				(+300,000)
Total, Department of Labor	9,650,000		5,130,000	7,130,000	−2,520,000	+7,130,000	+2,000,000
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE							
Health Services Administration							
Health services	$5,722,000	$3,722,000	$1,722,000	$2,722,000	−$3,000,000	−$1,000,000	+$1,000,000
Alcohol, Drug Abuse, and Mental Health Administration							
Saint Elizabeths Hospital	1,789,000	1,789,000	1,789,000	1,789,000			
Health Resources Administration							
Health resources	147,257,000	149,133,000	147,933,000	147,933,000	+676,000	−1,200,000	
(Transfer authority)	(120,000)	(120,000)	(120,000)	(120,000)			
Office of Education							
Elementary and secondary education	2,180,218,000	2,054,425,000	2,160,825,000	2,148,075,000	−32,143,000	+93,650,000	−12,750,000
Advance appropriation for 1976	2,210,218,000	2,210,218,000	2,190,218,000	2,210,218,000			+20,000,000
School assistance in federally affected areas	340,300,000	656,016,000	656,016,000	656,016,000	+315,716,000		
Education for the handicapped	147,109,000	184,609,000	224,609,000	199,609,000	+52,500,000	+15,000,000	−25,000,000
Advance appropriation for 1976	50,000,000	100,000,000	100,000,000	100,000,000	+50,000,000		
Occupational, vocational, and adult education	63,319,000	63,319,000	69,300,000	69,300,000	+5,981,000	+5,981,000	
Advance appropriation for 1976	63,319,000	63,319,000	67,500,000	67,500,000	+4,181,000	+4,181,000	
Library resources	90,250,000	95,250,000	95,250,000	95,250,000	+5,000,000		
Salaries and expenses	718,000		750,000		−718,000		−750,000
Assistant Secretary for Human Development							
Human development	111,600,000	125,000,000	135,000,000	135,000,000	+23,400,000	+10,000,000	
Total, Department of Health, Education, and Welfare	5,411,819,000	5,706,800,000	5,850,912,000	5,833,412,000	+421,593,000	+126,612,000	−17,500,000
Total, Chapter II, new budget (obligational) authority	5,421,469,000	5,706,800,000	5,856,042,000	5,840,542,000	+419,073,000	+133,742,000	−15,500,000
Consisting of:							
Fiscal year 1975 appropriation	3,097,932,000	3,333,263,000	3,499,324,000	3,462,824,000	+364,892,000	+129,561,000	−35,500,000
Fiscal year 1976 appropriation	2,323,537,000	2,373,537,000	2,357,718,000	2,377,718,000	+54,181,000	+4,181,000	+20,000,000
CHAPTER III							
LEGISLATIVE BRANCH							
SENATE							
Salaries, Officers and Employees							
Office of the Secretary	$75,525		$75,525	$75,525		+$75,525	
Committee employees	349,980		349,980	349,980		+349,980	
Total, Salaries, Officers and Employees	425,505		425,505	425,505		+425,505	
Contingent Expenses of the Senate							
Inquiries and investigations	5,000		5,000	5,000		+5,000	
Inquiries and investigations, 1974	250,000		250,000	250,000		+250,000	
Miscellaneous items, 1974	1,050,000		1,050,000	1,050,000		+1,050,000	
Stationery (Revolving Fund)	300		300	300		+300	
Total, Contingent Expenses	1,305,300		1,305,000	1,305,300		+1,305,300	
Total, Senate	1,730,805		1,730,805	1,730,805		+1,730,805	

CONFERENCE SUMMARY—SUPPLEMENTAL APPROPRIATIONS BILL, 1975—H.R. 16900—Continued

Department or agency	Budget estimate of new budget (obligational) authority	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement	Increase (+) or decrease (−) conference agreement compared with:		
					Budget estimates	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
HOUSE OF REPRESENTATIVES							
Salaries, Officers and Employees							
House Democratic Steering Committee	65,000	$65,000	65,000	65,000			
House Republican Conference	65,000	65,000	65,000	65,000			
Total, Salaries, Officers and Employees	130,000	130,000	130,000	130,000			
Committee on the Budget (Studies)							
Salaries and expenses	138,000	138,000	138,000	138,000			
Total, House of Representatives	268,000	268,000	268,000	268,000			
JOINT ITEMS							
Contingent Expenses of the Senate							
Joint Committee on Printing	66,000	66,000	66,000	66,000			
ARCHITECT OF THE CAPITOL							
Capitol buildings and grounds		13,400		13,400	+$13,400		+$13,400
Construction of extension to New Senate Office Building	16,322,000		16,322,000	16,322,000		+16,322,000	
Total, Architect of the Capitol	16,322,000	13,400	16,322,000	16,335,400	+13,400	+16,322,000	+13,400
GOVERNMENT PRINTING OFFICE							
Environmental impact study on the relocation of Government Printing Office	300,000		300,000	300,000		+300,000	
Total, Chapter III, new budget (obligational) authority	18,686,805	347,400	18,686,805	18,700,205	+13,400	+18,352,805	+13,400
CHAPTER IV							
ATOMIC ENERGY COMMISSION							
Operating expenses	54,700,000		59,700,000	25,500,000	−29,200,000	+25,500,000	−34,200,000
Plant and capital equipment	18,300,000		18,300,000	9,150,000	−9,150,000	+9,150,000	−9,150,000
Total, Chapter IV, new budget (obligational) authority	73,000,000		78,000,000	34,650,000	−38,350,000	+34,650,000	−43,350,000
CHAPTER V							
DEPARTMENT OF JUSTICE							
Immigration and Naturalization Service							
Restoring northern border activities			705,000				−705,000
DEPARTMENT OF COMMERCE							
Economic Development Administration							
Economic development assistance programs	51,500,000	51,500,000	74,000,000	62,750,000	+11,250,000	+11,250,000	−11,250,000
Administration of economic development assistance programs	5,275,000	5,275,000	5,275,000	5,275,000			
Regional Action Planning Commissions							
Regional development programs	7,005,000		7,005,000	3,502,000	−3,503,000	+3,502,000	−3,503,000
Total, Department of Commerce	63,780,000	56,775,000	86,280,000	71,527,000	+7,747,000	+14,752,000	−14,753,000
THE JUDICIARY							
Supreme Court of the United States							
Care of the building and grounds	$258,500	$258,500	$258,500	$258,500			
Commission on the Revision of the Federal Court Appellate System of the United States	351,000		351,000	351,000		+$351,000	
Total, The Judiciary	609,500	258,500	609,500	609,500		+351,000	
RELATED AGENCIES							
Small Business Administration							
Surety Bond Guarantees Fund (by transfer)	(20,000,000)		(20,000,000)	(20,000,000)		(+20,000,000)	
Total, Chapter V, new budget (obligation) authority	64,389,500	57,033,500	87,594,500	72,136,500	+$7,747,000	+15,103,000	−$15,458,000
By transfer	(20,000,000)		(20,000,000)	(20,000,000)		(+20,000,000)	
CHAPTER VI							
DEPARTMENT OF TRANSPORTATION							
Federal Aviation Administration							
Grants-in-aid for airports (obligation limitation)			(50,000,000)	(25,000,000)	(+25,000,000)	(+65,000,000)	(−25,000,000)
Federal Railroad Administration							
Grants to the National Railroad Passenger Corporation	84,900,000		75,000,000	70,000,000	−14,900,000	+70,000,000	−5,000,000

CONFERENCE SUMMARY—SUPPLEMENTAL APPROPRIATIONS BILL, 1975—H.R. 16900—Continued

Department or agency (1)	Budget estimate of new budget (obligational) authority (2)	New budget (obligational) authority recommended in House bill (3)	New budget (obligational) authority recommended in Senate bill (4)	Conference agreement (5)	Increase (+) or decrease (−) conference agreement compared with: Budget estimates (6)	House bill (7)	Senate bill (8)
Urban Mass Transportation Administration							
RELATED AGENCIES							
Interstate Commerce Commission							
Salaries and expenses	345,000	170,000	170,000	170,000	−175,000		
United States Railway Association							
Administrative expenses	8,000,000	4,000,000	8,000,000	7,000,000	−1,000,000	+3,000,000	−1,000,000
Total, Chapter VI, new budget (obligational) authority	93,245,000	4,170,000	83,170,000	77,170,000	−16,075,000	+73,000,000	−6,000,000
CHAPTER VII							
DEPARTMENT OF THE TREASURY							
Bureau of Government Financial Operations							
Eisenhower College Grants			9,000,000	9,000,000	+9,000,000	+9,000,000	
U.S. Postal Service							
Payment to the Postal Service Fund	284,667,000	280,656,000	280,656,000	280,656,000	−4,011,000		
EXECUTIVE OFFICE OF THE PRESIDENT							
Office of Management and Budget							
Office of Federal Procurement Policy							
Salaries and expenses	660,000	660,000	660,000	660,000			
Council on Wage and Price Stability							
Salaries and expenses	1,000,000	1,000,000	1,000,000	1,000,000			
INDEPENDENT AGENCIES							
Civil Service Commission							
Payment to Civil Service Retirement and Disability Fund	73,576,000	73,576,000	73,576,000	73,576,000			
National Commission on Supplies and Shortages							
Salaries and expenses			287,500	287,500	+287,500	+287,500	
National Commission on Electronic Fund Transfers							
Salaries and expenses			2,000,000	500,000	+500,000	+500,000	−1,500,000
Advisory Commission on Intergovernmental Relations							
Full Deposit Insurance Study			87,000	87,000	+87,000	+87,000	
General Services Administration							
Real Property Operations							
Federal Buildings Fund							
Limitation on Availability of Revenue							
Expenses, Presidential transition	$450,000	$100,000	$100,000	$100,000	−$350,000		
(Limitation on nonreimbursable detail)			(220,000)	(70,000)	(+70,000)	(+$70,000)	(−$150,000)
Allowances and office staff for former presidents	400,000	100,000	100,000	100,000	−300,000		
Total, GSA	850,000	200,000	200,000	200,000	−650,000		
Total, Independent Agencies	74,426,000	73,776,000	76,150,500	74,650,500	+224,500	+874,500	−1,500,000
Total, Chapter VII, New budget (obligational) authority	360,753,000	356,092,000	367,466,500	365,966,500	+5,213,500	+9,874,500	−1,500,000
CHAPTER VIII							
Claims and judgments	51,472,873	50,569,662	51,472,873	51,472,873		+903,211	
CHAPTER IX							
DEPARTMENT OF THE INTERIOR							
Bureau of Land Management							
Management of land and resources (by transfer)	(12,400,000)		(12,400,000)	(12,400,000)		(+12,400,000)	
Office of Saline Water							
Saline water conversion		2,900,000	2,900,000	2,900,000	+2,900,000		
Geological Survey							
Surveys, investigations and research (by transfer)	(2,600,000)		(2,600,000)	(2,600,000)		(+2,600,000)	
Bureau of Indian Affairs							
Operation of Indian programs		2,214,000	5,294,000	2,814,000	+2,814,000	+600,000	−2,480,000
Construction			100,000				−100,000
Road construction (liquidation of contract authority)		(500,000)	(500,000)	(500,000)	(+500,000)		

CONFERENCE SUMMARY—SUPPLEMENTAL APPROPRIATIONS BILL, 1975—H.R. 16900—Continued

Department or agency (1)	Budget estimate of new budget (obligational) authority (2)	New budget (obligational) authority recommended in House bill (3)	New budget (obligational) authority recommended in Senate bill (4)	Conference agreement (5)	Increase (+) or decrease (−) conference agreement compared with: Budget estimates (6)	House bill (7)	Senate bill (8)
CHAPTER IX—Continued							
RELATED AGENCIES							
Federal Energy Administration							
Salaries and expenses	16, 000, 000		8, 000, 000	8, 000, 000	−8, 000, 000	+8, 000, 000	
Total, Chapter IX, new budget (obligational) authority	16, 000, 000	5, 114, 000	16, 294, 000	13, 714, 000	−2, 286, 000	+8, 600, 000	−2, 580, 000
Liquidation of contract authority		(500, 000)	(500, 000)	(500, 000)	(+500, 000)		
By transfer	(15, 000, 000)		(15, 000, 000)	(15, 000, 000)		(+15, 000, 000)	
Grand total: New budget (obligational) authority	8, 278, 641, 178	8, 359, 751, 562	8, 753, 726, 678	8, 659, 352, 078	+380, 710, 900	+299, 600, 516	−94, 374, 600
Consisting of:							
Fiscal year 1975 appropriation	5, 955, 104, 178	5, 986, 214, 562	6, 396, 008, 678	6, 281, 634, 078	+326, 529, 900	+295, 419, 516	−114, 374, 600
Fiscal year 1976 appropriation	2, 323, 537, 000	2, 373, 537, 000	2, 357, 718, 000	2, 377, 718, 000	+54, 181, 000	+4, 181, 000	+20, 000, 000
By transfer	(42, 400, 000)		(40, 900, 000)	(42, 400, 000)		(+42, 400, 000)	(+1, 500, 000)
Liquidation of contract authority		(500, 000)	(500, 000)	(500, 000)	(+500, 000)		

Mr. McCLELLAN. Mr. President, most Members, I believe, recognize and understand how difficult it is to resolve the differences between the two bodies, particularly on a bill that deals with many departments and agencies such as this supplemental appropriation bill. For the most part, the conference agreement dealing with the differences over funding levels for the various programs were resolved and settled without a great amount of controversy. The several subcommittee chairmen and ranking Members having jurisdiction over the items that make up this supplemental worked diligently in resolving these differences, and will be able to comment on the issues which any Member may wish to inquire about.

Now, Mr. President, there are several amendments in disagreement which are not contained within the conference report. These amendments, except for the so-called Holt amendment, amendment No. 17, and amendment No. 11, will be called up for action after disposal of the conference report. And, except for the Holt amendment, I do not know of any controversy involved with these amendments. After adoption of the conference report, it is my intention to move to concur in the amendments of the House to the amendments of the Senate, separately and in regular order as the amendments are reported. If there are no questions, I yield.

Mr. YOUNG. Mr. President, I have no comments, except to concur in the views expressed by the distinguished chairman of the committee that the conference report should be approved. We are $95,874,000 below the Senate bill in the conference report. It is $372,710,900 over the budget.

I may add it does have the support of 29 of the 31 Senate-House conferees. Two of them, the distinguished Senator from Massachusetts (Mr. BROOKE) and the distinguished Senator from New Jersey (Mr. CASE), have some objections to one amendment. Other than that, I think the conferees are all agreed.

Mr. McCLELLAN. Mr. President, I move that the conference report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. CASE. Mr. President, I understand that motion is debatable.

The PRESIDING OFFICER. Does the Senator desire time?

Mr. CASE. I do not care whether it is on the chairman's time or my time.

I would like, if I could, to address a question to the chairman and to the majority leader.

Mr. McCLELLAN. May I suggest to the distinguished Senator after the conference report is approved these amendments will be offered.

I do not know whether the Senator objects to the conference report or to the amendments. The amendments will be offered separately.

Mr. CASE. As the Senator knows, I was a member of the conference and did not sign the report. I am opposed to the report because it contains the provision which has been referred to.

Mr. McCLELLAN. The Senator is within his rights.

Mr. CASE. Our colleague from Massachusetts (Mr. BROOKE) also wanted to be here to express his reasons for disagreeing. It is my understanding there might be a possibility, and I ask this in the presence of the distinguished Senator from West Virginia, that the vote on this amendment deleting the so-called Holt amendment might occur tomorrow.

Mr. McCLELLAN. I have no information about it. No one has consulted me about it.

Mr. COTTON. Will the Senator use his microphone so we can hear him speak?

Mr. McCLELLAN. Mr. President, all I can say is no one has consulted me about it. I have no idea when the vote will come. I cannot predict it. No one can predict when it is going to come, unless we agree when it is going to come. That is the way it can be established.

I hope we might agree that there might be a back-to-back vote tomorrow on this amendment, either before or after the vote on the confirmation of the Rockefeller nomination.

Mr. HUGH SCOTT. Mr. President, if the Senator will yield, I should like to express the same hope.

As the Senator knows, I have an amendment to offer on behalf of the distinguished majority leader, Senator MANSFIELD, and myself. As to whether we can agree to a vote on that today or tomorrow, I am not aware of the wishes of other Senators.

Mr. McCLELLAN. It is my understanding that it is the desire of all of us involved to have an agreement as to the time when the Holt amendment and the other amendment will be voted on and when the amendment of the Senator from Pennsylvania will be voted on. Is that the problem?

Mr. HUGH SCOTT. That is right.

Mr. McCLELLAN. The Senator wants that to be tomorrow?

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. ROBERT C. BYRD. If I understand what has been said so far, the distinguished Senator from New Jersey is interested in waiting until tomorrow for a vote on the Holt amendment. As I also understood the distinguished Republican leader, it would be immaterial as to whether it was tomorrow or today.

Mr. HUGH SCOTT. That is right.

Mr. ROBERT C. BYRD. He would be willing to go forward with his amendment today.

Mr. HUGH SCOTT. That is right—if I am given a half-hour's notice.

Mr. ROBERT C. BYRD. If I may suggest, I would like, if it meets with the approval of the distinguished leader and the distinguished chairman, to proceed with the amendment by Mr. HUGH SCOTT today, dispose of it, and have an agreement that we vote on the Holt amendment tomorrow, if the chairman would approve of that procedure.

Mr. McCLELLAN. As chairman, I am willing to make any accommodating agreement as to a time to vote. So far as the Chair is personally concerned, I inquire of the distinguished minority leader, with respect to the amendment to be proposed by him and the majority leader—cosponsored, I assume—whether it is an amendment that is very controversial. Is it anticipated that there will be prolonged debate in opposition to it or in support of it?

Mr. HUGH SCOTT. I have no information as to that. I think it will develop as the colloquy goes on.

I should have said that the amendment by Senator MANSFIELD and myself is an amendment to the Holt amendment.

Mr. McCLELLAN. Then, it would not be in order until the Holt amendment is before the Senate, I assume.

Mr. HUGH SCOTT. That is correct.

Mr. McCLELLAN. So it could not be brought up until the Holt amendment has been brought up.

Mr. ROBERT C. BYRD. That is correct.

Mr. HUGH SCOTT. The distinguished Senator from West Virginia and I did not make that clear in the beginning. I am sorry.

Mr. ROBERT C. BYRD. Are there other amendments on which we could proceed today?

Mr. McCLELLAN. I have not been advised of any, other than those I have reported.

I am willing to do anything within reason to expedite consideration of this matter.

Mr. ROBERT C. BYRD. I ask the distinguished Senator from Alabama whether he has any suggestions in connection with this matter.

Mr. ALLEN. I have no amendments to offer. I favor the conference report and the report of the conferees on the action to take, to send this matter to the President.

I am anxious to see the amendments as recommended by the conferees approved by the Senate.

I might state that the Senate has the power to act in this area and to send this important bill to the President. Any amendments such as proposed by the distinguished Senator from Pennsylvania and the distinguished Senator from Montana would require the amendments to go back to the House for further action. It is my understanding, from those who have felt the pulse of the House, that they do not want to yield on this particular point, having voted twice overwhelmingly to stand by their position.

I understood that the distinguished Senator from Massachusetts (Mr. BROOKE) was in hopes that this matter would not come up for a vote this afternoon. I am wondering whether we might make a request for the yeas and nays, which, under the unanimous-consent agreement, would probably postpone that vote until 4 o'clock.

I request the yeas and nays on the conference report, Mr. President.

The PRESIDING OFFICER. The question is on the adoption of the conference report, and the yeas and nays are requested.

The yeas and nays were ordered.

Mr. BAYH. Mr. President, as we consider this measure, it is appropriate to note the continuing plight of the citizens of Monticello, Ind. The April 3, 1974, tornadoes severely damaged the business districts of a number of American communities, among them Monticello. Our response was swift, and on April 10, 1974, the Senate approved the Disaster Relief Act Amendments of 1974, title V of which establishes a comprehensive Federal program to assist the economic recovery of communities crippled by natural disasters. That measure became Public Law 93-288 on May 22, 1974. To this day, however, the administration has failed to implement title V of the act. The reconstruction of Monticello must proceed, and for that reason the Senate report to the Department of Housing and Urban Development Appropriation for fiscal year 1975 states:

> In view of the urgent need to proceed with the reconstruction of communities ravaged by the April 3, 1974 tornadoes, pending the implementation of the economic recovery programs established by Title V of the Disaster Relief Act Amendments of 1974, the Committee encourages the use of urban renewal program funding for this purpose.

In accordance with this expression of congressional intent, HUD has committed $2 million to the reconstruction of Monticello, and those funds are expected to be available before the end of calendar year 1974. Unfortunately, Monticello remains very much in a bind because implementation of the economic recovery program of Public Law 93-288 is nowhere in sight and the urban renewal program which served as a source of Monticello's initial $2 million commitment is being terminated.

The Monticello Redevelopment Commission estimates the total reconstruction cost at $8 million over 4 years, with a first-year requirement for $3 million. Assistant Secretary of Housing for Community Development, David O. Meeker, recently attended a meeting in my office with a number of Monticello's community leaders who came to Washington seeking a resolution to their current funding dilemma; and at that time Mr. Meeker expressed a willingness to consider providing Monticello with additional disaster reconstruction assistance. This is consistent with the Senate's stated intent regarding the interim use of urban renewal funding for disaster relief, prior to the termination of that program.

The reconstruction of Monticello cannot wait, and I urge the continued consideration of the use of interim funding sources for disaster-torn communities, pending the implementation of title V of Public Law 93-288. The measure before us, for example, provides an urgent needs transition fund of $50 million, as well as a discretionary fund, either one of which may lend itself to this purpose.

It must be noted that any delay in the rebuilding effort in Monticello, pending the implementation of the new disaster relief law, will jeopardize not only the future well-being of the community, but the financial interests of the Federal Government, which has already poured a vast sum into Monticello, in the form of debris removal; the provision of temporary school rooms; funding to restore and rebuild local government facilities, such as the White County courthouse; hundreds of thousands of dollars in low-cost Federal loans to homeowners and businessmen; and, of course, the more than $2 million already committed to launch the general economic recovery program in downtown Monticello.

Clearly, it makes good sense for all concerned to proceed with the rebuilding of Monticello as quickly as possible, and I urge continued action by the Department of Housing and Urban Development in support of this goal.

Mr. HELMS. Mr. President, I find myself in an unusual situation regarding the vote on agreeing to the conference report on H.R. 16900, the supplemental appropriations bill. When this bill was considered by the Senate on November 20, I voted against its passage. I did so because I was convinced that it was a bad bill—that it contained excessive and unjustifiable expenditures. Furthermore, this bill comes at a time when we desperately need to reduce Government spending rather than make appropriations such as those contained in H.R. 16900. All together there were 18 negative votes. The bill passed with 65 affirmative votes. The House of Representatives has agreed to the conference report. It is now before the Senate, and it appears obvious that it will pass.

But, I mentioned an unusual procedural situation. The provision regarding the Office of Education—conference amendment No. 17—was reported in technical disagreement. Therefore, it is not a part of the conference report proper. Because of this situation, the conference report proper is being considered by the Senate first. Then, the provisions reported by the conferees in disagreement will each be considered. The aforementioned provision relating to the Office of Education contains language offered by Congresswoman HOLT and approved by the House of Representatives. This language is as follows:

> None of these funds shall be used to compel any school system as a condition for receiving grants and other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin; or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin.

Because this language will, if approved, help to return control of our schools to local units of government and to the people, I strongly favor it. In fact, I offered substantially the same amendment in the Senate on November 19. Because of the procedural situation, when we vote on the conference report proper, we will not know if the provision containing the above language will be agreed to by the Senate without modification. I am advised that there will not be a final wrap-up vote on the entire matter but that we will proceed on these matters separately.

Because of my strong wish for the Senate to retain in the bill the above language offered by Congresswoman HOLT and because it is evident that the conference report will be agreed to, I am voting in favor of concurring with the House on the conference report proper. I do so in the sure knowledge that excessive appropriations are being made, but the time to oppose them has passed. We opposed them on November 20, and proponents of the measures prevailed by a vote of 65 to 18. Today, the primary consideration is the language of the Holt amendment and the great good that will result for our schools and children if it becomes law.

For these reasons, I am voting to concur with the House in the conference report on H.R. 16900. I do so in the sincere hope that the Holt language will be retained by the Senate without modification.

Mr. ROTH. Mr. President, 2 weeks ago the Senate agreed to my amendment to reduce Federal travel and transportation expenses by 25 percent. Last week, after a flood of objections from various departments and agencies and the hint of a Presidential veto, Senate and House conferees reached a compromise agreement to cut Federal travel expenses by 10 percent.

I am happy that we have achieved this reduction in view of the stiff resistance this measure has met, but am also disappointed, of course, that the amount cut was not larger. However, I am pleased with the stiff fight that the Senate conferees made for the original amendment. I am particularly appreciative of the support given by Chairman McClellan, who deserves much of the praise and credit for retaining this limitation on Federal travel and for directing the Appropriations Subcommittees to conduct a continuing review of Government travel costs with a view toward achieving further reductions.

I also commend the conferees for agreeing that this travel cut should also apply to members of the legislative and judicial branches. Although these two branches combined spend less than 1 percent of the total travel budget, it is important that every branch contribute to the effort to economize.

I find some of the statements coming out of the executive branch disturbing and annoying. In the past 2 weeks my office has been bombarded with letters and phone calls from the Federal bureaucrats complaining about the inconveniences the amendment would cause, or requesting specific exemptions for certain agencies. These people seem to be getting their priorities mixed up. Being a member of the executive branch should not exempt a person from the cost-cutting and fuel-saving sacrifices that the President has asked all Americans to endure.

The top officials in the executive branch have been recommending budget cuts in a variety of Federal programs, including social security, education, and health programs. They have all stressed the need for tough measures to reduce excessive Federal spending. These same officials have also been pushing for energy conservation, calling on the American people to cut their driving plans and conserve energy.

But apparently some of these same officials believe that budget cuts and fuel-saving measures should apply to everyone but themselves. While millions of Americans cut back or cancel their own travel plans, officials in the executive branch complain that a Government travel cut would be inequitable. And while virtually every business and private organization has been forced to reduce its travel budget to save fuel and money, officials in the executive branch claim a travel cut would be disruptive.

Despite all of the complaining by the executive branch, I do not believe that this travel cut amendment will put the Government out of business. Even with a 10-percent reduction, the Federal Government will still be spending about $1.8 billion this fiscal year on travel. If essential Government travel cannot be done with that amount of money, perhaps they ought to hire some efficiency experts, or, better yet, reduce the number of Government bureaucrats.

And despite the protests, I want to emphasize that this is just the beginning of my efforts to cut out the waste, inefficiency, and duplication in the Government bureaucracy.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the conference report.

FIVE-MINUTE RECESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess for 5 minutes.

There being no objection, at 3:10 p.m. the Senate took a recess for 5 minutes.

The Senate reassembled at 3:15 p.m., when called to order by the Presiding Officer (Mr. Helms).

REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974—CONFERENCE REPORT

Mr. PROXMIRE. Mr. President, I submit a report of the committee of conference on S. 3164, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of December 9, 1974, at pages 38594–38597.)

Mr. PROXMIRE. Mr. President, I support the conference report on S. 3164, the Real Estate Settlement Procedures Act of 1974. I do so because the Senate position prevailed on the most important issue before the conferees. That issue is whether the Congress should repeal the authority of the Secretary of Housing and Urban Development to regulate settlement charges on FHA–VA mortgage transactions under section 701(a) of the Emergency Home Finance Act of 1970.

This authority was first enacted by the Congress as a way of curbing excessive settlement charges. However, S. 3164, as reported by the Senate Committee on Banking, Housing and Urban Affairs, repealed HUD's authority under section 701. On July 23 of this year, the Senate, by a vote of 55 to 37, approved my amendment to preserve HUD's authority to regulate settlement charges.

By way of contrast, the House bill repealed HUD's authority under section 701. However, the House conferees receded from the House position and the Senate position prevailed. I believe this represents a victory for the homebuyer and a defeat for the real estate settlement lobby which tried so hard to repeal HUD's authority to regulate settlement charges.

I am also pleased that the joint explanatory statement of the conference committee clarifies the fact that HUD really has authority to regulate settlement charges throughout a particular market area. Unfortunately, the record of the Senate debate on this issue last July is somewhat murky. Some Senators who were on the losing side of the vote inserted statements into the Record claiming that Congress never really intended to give HUD the authority to regulate settlement charges in the first place.

However, these statements were merely inserted into the Record and never actually delivered. The fact that these statements were not challenged in the record of the debate does not mean they were agreed to by all participants in the debate. Those who would have sharply disagreed, including this Senator, had no opportunity to voice their disagreement because of the manner in which the statements were inserted into the Record.

It is entirely clear to me that Congress did intend, in 1970, to give the Secretary of HUD the authority to regulate real estate settlement charges on FHA–VA mortgage transactions. This view is fortified by an opinion from the HUD general counsel dated February 4, 1972, for which I ask unanimous consent to have inserted into the Record following my remarks. Moreover, the conference report on S. 3164 clearly reaffirms the view that Congress intends to give the Secretary of HUD authority to regulate settlement charges.

For example, the joint explanatory statement states that the continuation of HUD's authority under section 701 "is desirable for its deterrent effect and can, in fact, facilitate the achievement of the purposes of the act." In other words, the mere threat of invoking HUD's regulatory authority can deter excessive increases in settlement charges. Obviously, if HUD had no real authority to begin with, the threat to invoke such nonexistent authority could hardly constitute a realistic deterrent.

Also, the joint explanatory statement goes on to indicate that—

> Nothing in the Act is intended to preclude the Secretary's use of section 701 authority at any time he finds it necessary to curb abuses in specific market areas.

In other words, the Secretary of HUD is free to act tomorrow to regulate settlement charges throughout a particular geographic area if he finds that settlement charges in that area are substantially out of line with the rest of the country. I am hopeful that this new congressional guidance to the Secretary of HUD will convince him to use his authority, on a selective basis, to protect the public from excessive settlement charges.

It should also be noted that the conference report retains the broader definition of settlement charges included in the present law. This definition has been interpreted by HUD to include real estate sales commissions. Congress attempted, in 1972, to exclude real estate commissions from the definition of settlement charges but no legislation was enacted. The National Association of Realtors contacted members of the conference committee on S. 3164 and urged them to exclude real estate commissions from the definition of settlement charges.

However, the conference committee gave no consideration to this request. As a result, real estate commissions along with all other settlement charges are subject to HUD's regulatory authority under section 701. I believe the inclusion of real estate commissions is important because they comprise nearly $6 billion of the $14 billion in settlement charges paid by the American public each year.

Mr. President, the reforms contained in S. 3164 as it was finally agreed to by the conference committee are certainly a step in the right direction. Even though many of them are already contained in existing law or administrative regulations, it is desirable for the Congress to reaffirm its concern in this area. The bill provides for a full and timely disclosure of settlement charges, prohibits kickbacks, limits payments into escrow accounts, and achieves other improvements in the real estate settlement process. It should be clearly understood, however, that this bill is by no means the final answer to the settlement charge problem. In my opinion, it does not go nearly far enough in reducing excessive settlement charges.

More disclosure is fine, but I do not believe more disclosure and the other provisions of S. 3164 will appreciably reduce settlement charges for the average home buyer. This is because the real estate settlement process is inherently an anticompetitive situation. The average person buys or sells a home only once or twice in his lifetime. He is a babe in the woods compared to the real estate settlement professionals who deal in hundreds of transactions a year. The typical home buyer is not going to be materially helped by more disclosure when he has no basis for judging the real need for particular services, or the reasonableness of the charge.

Moreover, price competition in real estate settlement services is deliberately discouraged through minimum fee schedules and similar devices. It is interesting to note that President Ford also does not think S. 3164 is the final answer to excessive real estate settlement charges. In his economic message to the Congress on October 8, President Ford pledged a more vigorous antitrust attack against noncompetitive professional fee schedules and real estate settlement fees.

Since S. 3164 does not go into effect for 1 year, Congress will have ample opportunity next year to consider stronger measures for reducing excessive settlement charges. I believe we need to take a close look at the antitrust enforcement program proposed by the Ford administration. Perhaps this will do the job. At the same time, I believe we need to explore in depth other approaches. One approach is to mandate the Secretary of HUD to issue regulations by a specified date to limit settlement charges on all residential real estate transactions.

Another approach which has received growing support from consumer organizations and legal scholars is to require the lender to pay for those settlement charges which he requires as a condition for making the loan. The superior economic leverage of the lender will eliminate unnecessary and excessive settlement charges while, hopefully, competition between lenders will force these savings to be passed on to the general public. Another approach suggested by Senator HATHAWAY is to require that HUD furnish certain settlement services direct to the buyer. All of these approaches should be explored carefully next year.

Mr. President, I do not wish to denigrate the work that has gone into S. 3164. It is a good and worthwhile bill. But we should not be deceived into thinking that S. 3164 is the final answer. It is merely a first step. The Congress and the administration will have to give further consideration to the problem next year and in the years ahead.

I ask unanimous consent that a memorandum on mortgage settlement costs prepared by HUD be printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

FEBRUARY 4, 1972.

Memorandum for: Eugene A. Gulledge, Assistant Secretary-Commissioner.

Subject: Report on Mortgage Settlement Costs, Regulation of Maximum Settlement Costs.

In connection with the Report to the Congress on Mortgage Settlement Costs, you have asked our opinion as to whether this Department has the legal authority to set maximums on settlement costs paid by both buyers and sellers in connection with insured mortgage transactions. For the reasons set forth below, in our opinion, HUD does have such legal authority based on Section 701(a) of the Emergency Home Finance Act of 1970, which provides that:

"Sec. 701(a) With respect to housing built, rehabilitated, or sold with assistance provided under the National Housing Act or under chapter 37 of title 38, United States Code, the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are respectively *authorized and directed to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of such housing* in any such area. Such standards shall—

(1) be established after consultation between the Secretary and the Administrator;

(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37 of title 38, United States Code; and

(3) be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in settlements for particular classes of mortgages and loans." (Emphasis added.)

From the legislative history of Section 701 it appears that Congress had both buyer settlement costs and seller settlement costs in mind. House Report No. 91–1131 to accompany H.R. 17495 and Senate Report 91–761 to accompany S. 3685 both state:

"It is the committee's intent that the study and recommendations on settlement costs cover not only Government-assisted mortgage transactions but also all residential real estate transactions, *with particular reference to those transactions involving single-family homes where the unsophisticated purchaser or seller is often unfamiliar with the complex details of transferring real estate title.*" (Emphasis added.)

The paragraph quoted indicates the concern of the Congress with both the buyer and seller. This concern provides an adequate legal basis when coupled with the obvious need to control both sides of the transaction to prevent costs to the seller from increasing as costs to the buyer decrease. Unless both sides are controlled, the true cost to the buyer will be hidden in the sales price.

It is clear also that the authority in the Emergency Home Finance Act includes the authority to prescribe maximums. This is because of the direction of Sec. 701(a) that HUD and VA prescribe "standards governing the amounts of settlement costs *allowable*." (Emphasis added.)

The exercise of such authority constitutes rulemaking governed by the Administrative Procedure Act. The standards and maximums must be promulgated as HUD regulations. They must, therefore, in accordance with HUD policy, be adopted through the normal Federal Register procedure, which requires published notice and opportunity for public comment prior to adoption of the final rule. Also, because under Section 701(a)(1), such standards and maximums may be established only after consultation between the Secretary of HUD and the Administrator of the Veterans' Administration, adoption of the final rules probably should be by simultaneous issuance by HUD and VA.

Therefore, procedurally, it would appear necessary first to determine tentative "reasonable charges" for specifically delineated "areas" of the country, in conjunction with VA, and then to publish proposed maximum charges for comment. After consideration of comments, the rules could be adopted on an area by area basis as they are approved. Final approval of maximum reasonable charges would have to be a central office function of HUD and VA to assure a reasonable relationship between the maximums allowed in different areas for similar services.

Some items of settlement costs, such as transfer taxes and recording fees, are charged directly by State and local governing bodies and HUD should not attempt to regulate such charges without further examination of the relevant legal questions. Other items of settlement costs, such as title insurance premiums or attorney's minimum fees are charged by private parties but may be set or approved by States or other public or quasi-public bodies. Any finding by HUD that such privately-charged costs are too high must, of course, be carefully documented to overcome a presumption that they are "reasonable".

It should be noted that any attempt to regulate seller settlement costs, particularly real estate sales commissions, undoubtedly will lead to litigation. Although we believe that such regulation would be supportable on the reasoning discussed above, the questions presented would be novel and there can be no final and absolute legal determination at this time. Regardless of the manner in which the precise legal questions may be presented in litigation, the outcome may well hinge on how well this Department is able to document and justify the basis upon which the maximum allowable charges are established from area to area.

DAVID O. MAXWELL.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. JACKSON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. PROXMIRE. I yield.

TRADE REFORM ACT OF 1974

AMENDMENT NO. 2000

Mr. JACKSON. Mr. President, I ask unanimous consent that amendment No. 2000, which has been printed and which *I sent to the* desk last week, be considered as having been read to meet the reading requirements of rule XXII, should cloture be invoked in connection with H.R. 10710, the trade bill.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, may I ask the Senator from Washington what he is referring to?

Mr. JACKSON. This is the amendment in connection with Russian emigration, which must be offered to the bill in order to authorize the President to waive the present ban in connection with most-favored-nation treatment and credit, should they not comply with the understanding that has been worked out on emigration.

I would say to my good friend from Michigan that my concern is a technical one, that if I do not do this and cloture is invoked, this amendment would not be in order, and I would say that would jeopardize the whole bill.

Mr. GRIFFIN. As far as I know, no cloture motion has yet been filed.

Mr. JACKSON. No, this is anticipatory.

Mr. GRIFFIN. As I understand it, I think this is a subject that would ordinarily be considered as relevant, and I do not object.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGES OF THE FLOOR

Mr. MOSS. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on Commerce be granted privilege of the floor during consideration and votes on the trade bill and amendments thereto: Lynn Sutcliffe, Henry Lippek, Ed Merles, and Dave Freeman.

I ask unanimous consent that the same privileges be granted to Colin Mathews of my personal staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974—CONFERENCE REPORT

The Senate continued with the consideration of the report of the Committee of Conference on the disagreeing votes of the two Houses on S. 3164, the Real Estate Settlement Procedures Act of 1974.

Mr. PROXMIRE. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

the absence of a quorum.

Mr. GRIFFIN. Mr. President, I suggest

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL RESERVE POLICY DEEPENS THE RECESSION

Mr. PROXMIRE. Mr. President, the recession is being cruelly and unnecessarily deepened by the continued high interest rates caused by Federal Reserve policy.

The recession has deepened and will, in part, continue to deepen for the next several months at least because of the "super tight" money policies followed by the Federal Reserve Board in the second half of this year.

Since June the money supply has increased at a pitifully inadequate 3 percent. This is an excessively tight policy for two reasons: First, the economy has been in a recession since December of 1973 with production in real terms falling sharply and consistently throughout that period, and unemployment has increased rapidly since June.

Second, an inflation led by oil, steel, chemicals, and food has skyrocketed prices at a 12 percent rate. Result, the 3-percent increase in the money supply translates into a "real" contraction of money of 9 percent.

If this were a demand type inflation with too much money chasing too few goods we would have an agonizing choice between aggravating the inflation by turning on the money spigot and crucifying the unemployed by keeping it turned off.

Fortunately, we do not have that cruel choice. No one who has paid any attention to the economy calls this a demand inflation. Retail sales—the prime evidence of demand—are in real terms down and have been consistently down. Unemployment is increasing rapidly and hours of work are literally the shortest in the history of the country.

Our problem is not too much but too little demand. By refusing to provide the credit our system needs, the Federal Reserve Board is restraining job-producing activity in the private sector, and making major public employment—including even the possibility of a return to the old WPA, a greater and greater political probability.

The way to meet the problem of higher prices and fewer jobs is to give the private sector its head. Here the discipline of competition, the necessity of holding down costs, and especially the fact that the private sector, unlike the military and space programs for example, produces economic goods means that more activity will produce both jobs and the abundance of goods that can reduce the rate of inflation.

By persisting in its supertight monetary policy the Federal Reserve Board is responsible for increasing unemployment. It is also assuring that the Federal budget will be bigger and the Federal deficit greater. How else can Congress and the President react except with increased spending when 6 million of our fellow citizens want work and cannot find it?

So I call on the Federal Reserve Board to reconsider its tight money policy as rapidly as it can and as rapidly as it should.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. HRUSKA proceed for 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.R. 6274—RELIEF TO PAYEES AND SPECIAL ENDORSEES OF FRAUDULENTLY NEGOTIATED CHECKS DRAWN ON DESIGNATED DEPOSITARIES OF THE UNITED STATES

Mr. HRUSKA. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 6274.

The PRESIDING OFFICER (Mr. HELMS) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 6274) to grant relief to payees and special endorsees of fraudulently negotiated checks drawn on designated depositaries of the United States by extending the availability of the check forgery insurance fund, and for other purposes.

Mr. HRUSKA. Mr. President, this bill would grant relief to payees and special endorsees of fraudulently negotiated checks drawn on designated depositaries of the United States by extending the availability of the check forgery insurance fund.

This bill was passed by the House of Representatives in September of last year. It came over to the Senate where it was considered by the Committee on the Judiciary and was approved in the identical form in which it was approved and passed by the House.

However, on the floor of the Senate the bill was amended so as to add a provison which sought to permit the contribution of Federal surplus property to the States for use in their criminal justice programs.

The House has disagreed with that amendment. We are prepared—and this is done after consultation with the senior Senator from Arkansas, who was the principal sponsor of the amendment—to recede from the amendment to this bill. This is done on the basis of assurances received from the other body that during the conference committee meeting on S. 821 that the House Committee on Government Operations was taking up a general revision of the subject of excess and surplus property disposition. The hope is expressed that this revision will get consideration to the needs of law enforcement agencies in this regard.

Mr. President, for these reasons, I

move that the Senate recede from its amendment to the bill.

The motion was agreed to.

Mr. HRUSKA. I thank the Senator for yielding.

REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on S. 3164, the Real Estate Settlement Procedures Act of 1974.

Mr. BROCK. Mr. President, I rise in support of the conference report accompanying S. 3164, the Real Estate Settlement Procedures Act of 1974.

Quick passage of this important consumer protection legislation will be the most meaningful step Congress can take this year to bring immediate relief to the prospective home buyer from the high cost of homeownership. The home buyer has had to shoulder enormous financial burdens in the past which really were unnecessary and self-defeating. If this legislation is enacted, the prospective buyer will know exactly what he is paying for, and if he is really paying for a necessary service.

This bill provides reforms in the complex real estate settlement process needed to insure that consumers are provided with greater and more timely ininformation on the nature and costs of the settlement. It eliminates certain abusive practices, such as kickbacks, which increase the costs of real estate settlements. Additionally, amounts that home buyers are required to place in escrow accounts will be limited.

The most significant difference between the Senate and House versions was resolved when the conference committee agreed to retain section 701 of the Emergency Home Finance Act of 1970. That section gives the Department of Housing and Urban Development and the Veterans' Administration the authority to prescribe standards governing the amounts allowable in connection with the financing of HUD and VA assisted housing. The conference recognized that section 701 authority is not currently being used, but that it can be retained as standby authority for the deterrent effect and can, in fact, facilitate the achievement of the purposes of the act.

Those of us who believe that section 701 ought to be repealed are convinced on the basis of the hearings and floor debate that took place on S. 3164 that HUD now recognizes that this section does not authorize Federal rate regulation. Moreover, we are convinced that HUD will not arbitrarily use this standby authority and that any "standards" developed by HUD under section 701 will be based on a full and fair analysis of the costs of rendering settlement services.

The Senate bill would:

Prohibit all kickbacks and referral fees paid or received in connection with a real estate settlement;

Require HUD to develop special information booklets to explain in understandable language the settlement process and its costs and these booklets will have to be given by a mortgage lender to a prospective home buyer at the time he files a mortgage loan application;

Require the lender to provide the home buyer with a detailed estimate of his settlement costs sufficiently in advance of the closing to allow the home buyer to comparative shop for settlement services and to be fully aware of the various charges—such as transfer taxes, recording fees, et cetera—that he will have to pay at closing;

Require HUD to develop a uniform settlement statement for use in all federally related mortgage loans so as to eliminate the confusion caused by the tremendous diversity of forms presently used throughout the country;

Place strict limitations on the amounts lenders can require borrowers to pay into escrow accounts established for the purpose of insuring payment of real estate taxes and insurance;

Require HUD to take steps to develop model land recordation systems that can subsequently be adopted by local governments to eliminate the present wasteful and costly systems of recording and indexing land title information; and

Require HUD to report back to the Congress on what further legislative measures may be needed to deal with problems and unreasonable practices in the settlement process.

All of these important provisions were retained by the conference. The conference report contains the following House provisions relating to property covered by federally related mortgage loans;

In certain cases the seller would be required to disclose to the buyer the previous selling price of the property;

Sellers of property would be prohibited from requiring buyers who are the purchasers of title insurance to use a particular title company;

The beneficial interest of a person in a federally-related mortgage loan would have to be revealed to the lender and appropriate Federal regulatory agency; and finally

States would be allowed to enforce their settlement practice laws which are not inconsistent with the act.

Quick action by the Senate and House on the conference report and the signing of the act into law by the President this year will bring needed relief to the hard-pressed homebuyer.

I am delighted with the action of the conferees.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. PROXMIRE. Mr. President, I move that the printing of the conference report as a Senate document be waived.

The motion was agreed to.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from California may be recognized to call up a matter which he and the Senator from Nebraska are in agreement on, that there be a time limitation of 8 minutes to be equally divided between them.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, it is so ordered.

ANTITRUST PROCEDURES AND PENALTIES ACT

Mr. TUNNEY. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 782.

The PRESIDING OFFICER (Mr. HELMS) laid before the Senate the amendment of the House of Representatives to the bill (S. 782) to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to Appellate Review, as follows:

Strike out all after the enacting clause and insert: That this Act may be cited as the "Antitrust Procedures and Penalties Act".

CONSENT DECREE PROCEDURES

SEC. 2. Section 5 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 16), is amended by redesignating subsection (b) as (i) and by inserting immediately after subsection (a) the following:

"(b) Any proposal for a consent judgment submitted by the United States for entry in any civil proceeding brought by or on behalf of the United States under the antitrust laws shall be filed with the district court before which such proceeding is pending and published by the United States in the Federal Register at least 60 days prior to the effective date of such judgment. Any written comments relating to such proposal and any responses by the United States thereto, shall also be filed with such district court and published by the United States in the Federal Register within such sixty-day period. Copies of such proposal and any other materials and documents which the United States considered determinative in formulating such proposal, shall also be made available to the public at the district court and in such other districts as the court may subsequently direct. Simultaneously with the filing of such proposal, unless otherwise instructed by the court, the United States shall file with the district court, publish in the Federal Register, and thereafter furnish to any person upon request, a competitive impact statement which shall recite—

"(1) the nature and purpose of the proceeding;

"(2) a description of the practices or events giving rise to the alleged violation of the antitrust laws;

"(3) an explanation of the proposal for a consent judgment, including an explanation of any unusual circumstances giving rise to such proposal or any provision contained therein, relief to be obtained thereby, and the anticipated effects on competition of such relief;

"(4) the remedies available to potential private plaintiffs damaged by the alleged violation in the event that such proposal for the consent judgment is entered in such proceeding;

"(5) a description of the procedures available for modification of such proposal; and

"(6) a description and evaluation of alternatives to such proposal actually considered by the United States.

"(c) The United States shall also cause to be published, commencing at least 60 days prior to the effective date of the judgment described in subsection (b) of this section, for 7 days over a period of 2 weeks in newspapers of general circulation of the district in which the cases has been filed, in the District of Columbia, and in such other districts as the court may direct—

"(i) a summary of the terms of the proposal for the consent judgment,

"(ii) a summary of the competitive impact statement filed under subsection (b),

"(iii) and a list of the materials and documents under subsection (b) which the United States shall make available for purposes of meaningful public comment, and the place where such materials and documents are available for public inspection.

"(d) During the 60-day period as specified in subsection (b) of this section, and such additional time as the United States may request and the court may grant, the United States shall receive and consider any written comments relating to the proposal for the consent judgment submitted under subsection (b). The Attorney General or his designee shall establish procedures to carry out the provisions of this subsection, but such 60-day time period shall not be shortened except by order of the district court upon a showing that (1) extraordinary circumstances require such shortening and (2) such shortening is not adverse to the public interest. At the close of the period during which such comments may be received, the United States shall file with the district court and cause to be published in the Federal Register a response to such comments.

"(e) Before entering any consent judgment proposed by the United States under this section, the court shall determine that the entry of such judgment is in the public interest. For the purpose of such determination, the court may consider—

"(1) the competitive impact of such judgment, including termination of alleged violations, provisions for enforcement and modification, duration of relief sought, anticipated effects of alternative remedies actually considered, and any other considerations bearing upon the adequacy of such judgment;

"(2) the impact of entry of such judgment upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including consideration of the public benefit, if any, to be derived from a determination of the issues at trial.

"(f) In making its determination under subsection (e), the court may—

"(1) take testimony of Government officials or experts or such other expert witnesses, upon motion of any party or participant or upon its own motion, as the court may deem appropriate;

"(2) appoint a special master and such outside consultants or expert witnesses as the court may deem appropriate; and request and obtain the views, evaluations, or advice of any individual, group or agency of government with respect to any aspects of the proposed judgment or the effect of such judgment, in such manner as the court deems appropriate;

"(3) authorize full or limited participation in proceedings before the court by interested persons or agencies, including appearance amicus curiae, intervention as a party pursuant to the Federal Rules of Civil Procedure, examination of witnesses or documentary materials, or participation in any other manner and extent which serves the public interest as the court may deem appropriate;

"(4) review any comments including any objections filed with the United States under subsection (d) concerning the proposed judgment and the responses of the United States to such comments and objections; and

"(5) take such other action in the public interest as the court may deem appropriate.

"(g) Not later than 10 days following the date of the filing of any proposal for a consent judgment under subsection (b), each defendant shall file with the district court a description of any and all written or oral communications by or on behalf of such defendant, including any and all written or oral communications on behalf of such defendant, or other person, with any officer or employee of the United States concerning or relevant to such proposal, except that any such communications made by counsel of record alone with the Attorney General or the employees of the Department of Justice alone shall be excluded from the requirements of this subsection. Prior to the entry of any consent judgment pursuant to the antitrust laws, each defendant shall certify to the district court that the requirements of this subsection have been complied with and that such filing is a true and complete description of such communications known to the defendant or which the defendant reasonably should have known.

"(h) Proceedings before the district court under subsections (e) and (f) of this section, and the competitive impact statement filed under subsection (b) of this section, shall not be admissible against any defendant in any action or proceeding brought by any other party against such defendant under the antitrust laws or by the United States under section 4A of this Act nor constitute a basis for the introduction of the consent judgment as prima facie evidence against such defendant in any such action or proceeding."

PENALTIES

SEC. 3. Sections 1, 2, and 3 of the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890 (15 U.S.C. 1, 2, and 3), are each amended—

(1) by striking out "misdemeanor" whenever it appears and inserting in lieu thereof in each case "felony";

(2) by striking out "fifty thousand dollars" whenever such phrase appears and inserting in lieu thereof in each case the following: "one million dollars if a corporation, or, if any other person, one hundred thousand dollars"; and

(3) by striking out "one year" whenever such phrase appears and inserting in lieu thereof in each case "three years".

EXPEDITING ACT REVISIONS

"SEC. 4. (a) The first section of the Act of February 11, 1903 (15 U.S.C. 28; 49 U.S.C. 44), commonly known as the "Expediting Act", is amended to read as follows:

"SECTION 1. In any civil action brought in any district court of the United States under the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890, or any other Acts having like purpose that have been or hereafter may be enacted, wherein the United States is plaintiff and equitable relief is sought, the Attorney General may file with such court, prior to the entry of final judgment, a certificate that, in his opinion, the case is of general public importance. Upon filing of such certificate, it shall be the duty of the judge designated to hear and determine the case, or the chief judge of the district court if no judge has as yet been designated, to assign the case for hearing at the earliest practicable date and to cause the case to be in every way expedited.".

(b) Section 2 of the Act of February 11, 1903 (15 U.S.C. 29; 49 U.S.C. 45), commonly known as the Expediting Act, is amended to read as follows:

"SEC. 2. (a) Except as otherwise expressly provided by this section, in every civil action brought in any district court of the United States under the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved June 2, 1890, or any other Acts having like purpose that have been or hereafter may be enacted, in which the United States is the complainant and equitable relief is sought, any appeal from a final judgment entered in any such action shall be taken to the court of appeals pursuant to sections 1291 and 2107 of title 28 of the United States Code. An appeal from an interlocutory order entered in any such action shall be taken to the court of appeals pursuant to section 1292(a)(1) and 2107 of title 28, United States Code, but not otherwise. Any judgment entered by the court of appeals in any such action shall be subject to review by the Supreme Court upon a writ of certiorari as provided in section 1254(1) of title 28, United States Code.

"(b) An appeal from a final judgment entered in any action specified in subsection (a) shall lie directly to the Supreme Court if the Attorney General files in the district court a certificate stating that immediate consideration of the appeal by the Supreme Court is of general public importance in the administration of justice. Such certificate shall be filed within 10 days after the filing of a notice of appeal. When such a certificate is filed, the appeal and any cross appeal shall be docketed in the time and manner prescribed by the rules of the Supreme Court. The Supreme Court shall thereupon either (1) dispose of the appeal and any cross appeal in the same manner as any other direct appeal authorized by law, or (2) deny the direct appeal and remit the case to the appropriate court of appeals, which shall then have jurisdiction to hear and determine such case as if the appeal and any cross appeal in such case had been docketed in the court of appeals in the first instance pursuant to subsection (a).".

APPLICATION OF EXPEDITING ACT REVISIONS

SEC. 5. (a) Section 401(d) of the Communications Act of 1934 (47 U.S.C. 401(d)) is repealed.

(b) Section 3 of the Act entitled "An Act to further regulate commerce with foreign nations and among the States", approved February 19, 1903 (32 Stat. 849; 49 U.S.C. 43), is amended by striking out the following: "The provisions of an Act entitled 'An Act to expedite the hearing and determination of suits in equity pending or hereafter brought under the Act of July second, eighteen hundred and ninety, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," "An Act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, or any other Acts having a like purpose that may be hereafter enacted, approved February eleventh, nineteen hundred and three,' shall apply to any case prosecuted under the direction of the Attorney-General in the name of the Interstate Commerce Commission".

EFFECTIVE DATE OF EXPEDITING ACT REVISIONS

SEC. 6. The amendment made by section 4 of this Act shall not apply to an action in which a notice of appeal to the Supreme Court has been filed on or before the fifteenth day following the date of enactment of this Act. Appeal in any such action shall be taken pursuant to the provisions of section 2 of the Act of February 11, 1903 (32 Stat. 823), as amended (15 U.S.C. 29; 49 U.S.C. 45) which were in effect on the day preceding the date of enactment of this Act.

Mr. TUNNEY. Mr. President, on November 19, the House passed, with an amendment, S. 782, the Antitrust Procedures and Penalties Act. During the last 2 weeks, negotiations have resulted in agreement among various Senators, and with Members of the House, on certain changes which should be made in the House-passed version of S. 782.

Today I will move, on behalf of Senator Hruska, to accept the House amendments to S. 782, with a further amendment. By means of this procedure, my colleagues and I expect that the House can then adopt the bill as revised and send it to the White House for signature. This will avoid the necessity of going to a conference in these hectic, final days of the session.

The amendment which I will propose, makes some changes in the third title of this bill, dealing with the procedures for appeals of final judgments of antitrust cases. The provisions of the first two titles of the bill, which contain reforms of the consent decree process, and a major increase in penalties for antitrust violations, are unchanged.

Mr. President, our action today in repassing S. 782, with an amendment, marks what I hope is the culmination of more than 2 years of effort to strengthen the antitrust laws.

The genesis of this legislation came during the hearings held by the Senate Judiciary Committee on the nomination of Richard Kleindienst, the hearings which quickly became known as the ITT hearings, because the major issue involved allegations that a massive behind-closed-doors campaign resulted in halting the Justice Department's prosecution of the ITT case and its hasty settlement favorable to the company. During these hearings, I became concerned with the apparent weaknesses of the consent decree process, which could allow this kind of corporate pressures to be exercised.

I asked many questions of the witnesses at the ITT hearings concerning the consent decree process, and I forwarded these questions to the Department of Justice. As a result of the information generated during the ITT hearings, Senator Gurney and I introduced a bill, in the fall of 1972, to prevent back room deals in the consent decree process for the Department of Justice.

This bill was reintroduced in the 93d Congress as S. 782, and after several days of hearings and unanimous approval by the full Judiciary Committee, I was privileged to be Senate floor manager when the Antitrust Penalties and Procedures Act was adopted by an unusual roll call vote of 92–0 in July, 1973.

The Senate bill was the first significant reform of the antitrust laws in 2 decades. It opened up the consent decree process, by requiring the Justice Department to file with the court and publish an "impact statement" explaining the background, purpose, and effect of each proposed consent decree. The public would then have 60 days to study and comment on this impact statement, and the Department would also have to file with the court and publish in the Federal Register answers to all the public comments. Relevant materials and documents would have to be made available by the Department to the public.

Under the Senate-passed bill, the defendant will also have to file within 10 days after the proposed consent decree is filed, a statement detailing all contacts made by the defendant's employees or officials with officials of the Government, concerning the consent decree. An exemption was provided for contacts made by or in the presence of the counsel of record. This provision was a concrete response to the intensive lobbying of all levels of government officials—up to the Vice President—which was revealed in the ITT case.

After the 60 day period is over, the judge would have the obligation to review all the filed papers and comments, and determine if the proposed consent decree is in the public interest. The judge could, if he felt necessary, call for more documents or hold a hearing, although the usual case would not require any additional proceedings.

Through these reforms, I am convinced that the consent decree process will be opened up to significant public scrutiny, and judges will take a more active role in assessing the worth of the proposed judgments. However, these new procedures will not be burdensome, and will not interfere with the important role which consent decrees have in disposing of the large bulk of antitrust cases.

In adopting S. 782, the Senate also made two other changes in the antitrust laws. First, the fines for violations of the Sherman Act were increased greatly, to provide a greater deterrent to violations. The existing maximum fine of $50,000 was raised to a maximum of $100,000 for individuals and $500,000 for corporations.

Second, some amendments were made to the law governing the appeal of antitrust cases.

After more than a year's consideration in the House, S. 782 was finally passed by that body on November 19 of this year. Given the preoccupation of the House Judiciary Committee with impeachment and related matters over the past year, this action demonstrated the great interest and commitment of Chairman Rodino and his committee members to this important reform measure. The House has made several, mostly minor, changes in the bill as passed by the Senate, but the consent decree and appeals portions of the bill remain essentially unchanged in scope and effect. The House did take a major step in further increasing the maximum penalties for antitrust violations, following the welcome expression of interest in this subject by President Ford and Attorney General Saxbe. In line with the recommendations made by the administration, the House increased the maximum corporate fine to $1 million, and increased the severity of violations from a misdemeanor to a felony, also increasing the maximum jail sentence from 1 to 3 years.

I am in full agreement with these further increases, which will serve to demonstrate the importance which the Congress and the executive branch place on antitrust enforcement as a means of lowering costs of goods to the consumer, and making our economic marketplace more equitable.

Although the work of the House on this bill was generally most helpful, Senators Hruska and Ervin have expressed reservation about one change made by the House. This involves the procedure for handling appeals of final judgments of antitrust cases. Under the bill as passed by the Senate, appeals from final judgments of Government antitrust cases will go to the courts of appeals, in contrast to present law where appeals go directly to the Supreme Court.

The Senate-passed bill did provide for a special procedure to allow direct appeals to the Supreme Court in cases of general public importance: The defendant or the Department of Justice could file with the judge, within 15 days of the filing of a notice of appeal, an application for direct appeal to the Supreme Court. If the judge certifies the request, the appeal would be docketed with the Supreme Court following its rules. The Court would then decide whether to hear the case immediately, or remand it to the court of appeals for normal adjudication, in which case a writ of certiorari could be sought at a later time.

The House version of this special procedure for direct appeal to the Supreme Court differs from the Senate version only in the way the decision is made. Instead of allowing the district judge to decide, upon motion of either party, the House version allows the Attorney General alone to file a certificate accomplishing the direct appeal, where the Attorney General feels that immediate consideration of the appeal is of general public importance.

I am willing to acceed, to the preferences of my two colleagues for the Senate-passed version of this provision on direct appeals to the Supreme Court. It is this change alone which is accomplished by the amendment which I offer at this time to the House amendment to S. 782. I have been assured by Senator Hruska, that he is willing to accept the other amendments made by the House to the bill.

By making this amendment, and returning the bill to the House, it is my hope and expectation that further changes in the bill can be avoided and the legislation sent to the White House. It has been my intent to avoid a conference on this bill, if possible, since I know how busy all of us in both Houses are in the final days of this session. It is my understanding that the chairman and ranking member of the House Judiciary Committee, Mr. Rodino and Mr. Hutchinson, will be agreeable to the changes we are making today, and will act promptly to send this bill to the White House.

I yield to the Senator from Nebraska.

Mr. HRUSKA. Mr. President, may I inquire of the Senator whether he has proposed the amendment or does he want me to propose it?

Mr. TUNNEY. Well, I was going to propose it myself, but inasmuch as the Senator is here and it is his amendment, I do not see any reason why I should.

Mr. HRUSKA. That pertains to the amendment that is at the desk at the present time?

Mr. TUNNEY. That is correct.

Mr. HRUSKA. Mr. President, I would like to make a few remarks on it.

The PRESIDING OFFICER. The Chair would inquire if the Senator wishes the amendment to be called up.

Mr. HRUSKA. Mr. President, I move the Senate agree to the engrossed amendment of the House to the bill (S. 782) to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the expediting act as it pertains to appellate review, with the following amendment to such engrossed amendent; namely, striking at page 8, beginning with line 4, the balance of that amendment to the end of the amendment and insert in lieu thereof the following, and I ask that the amendment which is at the desk be read and considered.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HRUSKA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, beginning with line 4, strike out all through the end of the amendment and insert in lieu thereof the following:

EXPEDITING ACT REVISIONS

Sec. 4. Section 1 of the Act of February 11, 1903 (32 Stat. 823), as amended (15 U.S.C. 28; 49 U.S.C. 44), commonly known as the Expediting Act, is amended to read as follows:

"Section 1. In any civil action brought in any district court of the United States under the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890, or any other Acts having like purpose that have been or hereafter may be enacted, wherein the United States is plaintiff and equitable relief is sought, the Attorney General may file with the court, prior to the entry of final judgment, a certificate that, in his opinion, the case is of a general public importance. Upon filing of such certificate, it shall be the duty of the judge designated to hear and determine the case, or the chief judge of the district court if no judge has as yet been designated, to assign the case for hearing at the earliest practicable date and to cause the case to be in every way expedited."

Sec. 5. Section 2 of that Act (15 U.S.C. 29; 49 U.S.C. 45) is amended to read as follows:

"(a) Except as otherwise expressly provided by this section, in every civil action brought in any district court of the United States under the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890, or any other Acts having like purpose that have been or hereafter may be enacted, in which the United States is the complainant and equitable relief is sought, any appeal from a final judgment entered in any such action shall be taken to the court of appeals pursuant to sections 1291 and 2107 of title 28 of the United States Code. Any appeal from an interlocutory order entered in any such action shall be taken to the court of appeals pursuant to sections 1292(a)(1) and 2107 of title 28 of the United States Code but not otherwise. Any judgment entered by the court of appeals in any such action shall be subject to review by the Supreme Court upon a writ of certiorari as provided in section 1254(1) of title 28 of the United States Code.

"(b) An appeal from a final judgment pursuant to subsection (a) shall lie directly to the Supreme Court if, upon application of a party filed within fifteen days of the filing of a notice of appeal, the district judge who adjudicated the case enters an order stating that immediate consideration of the appeal by the Supreme Court is of general public importance in the administration of justice. Such order shall be filed within thirty days after the filing of a notice of appeal. When such an order is filed, the appeal and any cross appeal shall be docketed in the time and manner prescribed by the rules of the Supreme Court. The Supreme Court shall thereupon either (1) dispose of the appeal and any cross appeal in the same manner as any other direct appeal authorized by law, or (2) in its discretion, deny the direct appeal and remand the case to the court of appeals, which shall then have jurisdiction to hear and determine the same as if the appeal and any cross appeal therein had been docketed in the court of appeals in the first instance pursuant to subsection (a)."

Sec. 6. (a) Section 401(d) of the Communications Act of 1934 (47 U.S.C. 401(d)) is repealed.

(b) Section 3 of the Act entitled "An Act to further regulate commerce with foreign nations and among the States", approved February 19, 1903 (32 Stat. 849; 49 U.S.C. 43), is amended by striking out "proceeding:" and inserting in lieu thereof "proceeding." and striking out thereafter the following: *"Provided,* That the provisions of an Act entitled 'An Act to expedite the hearing and determination of suits in equity pending or thereafter brought under the Act of July second, eighteen hundred and ninety, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," "An Act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, or any other Acts having a like purpose that may be hereafter enacted, approved February eleventh, nineteen hundred and three,' shall apply to any case prosecuted under the direction of the Attorney-General in the name of the Interstate Commerce Commission".

Sec. 7. The amendment made by section 5 of this Act shall not apply to an action in which a notice of appeal to the Supreme Court has been filed on or before the fifteenth day following the date of enactment of this Act. Appeal in any such action shall be taken pursuant to the provisions of section 2 of the Act of February 11, 1903 (32 Stat. 823), as amended (15 U.S.C. 29; 49 U.S.C. 45) which were in effect on the day preceding the date of enactment of this Act.

Mr. HRUSKA. Mr. President, there are two provisions in this bill which seem to me to be very unwise and very unfair.

First, violation of the Sherman Act was changed from a misdemeanor to a felony for individuals and, second, the procedural law was changed so that appeals in Government antitrust actions must be taken to the court of appeals rather than directly to the Supreme Court, except where the Attorney General files a certificate within 10 days after the date of any appeal stating that immediate consideration by the Supreme Court is of general public importance.

Mr. President, the first of those points is not altered by the amendment which I have proposed. The second of those points is affected by the amendment in that the House language on that second point will be stricken entirely by this amendment, and there will be inserted in lieu thereof the text of the amendment which embodies the Senate-approved language in bill S. 782, as enacted.

I ask unanimous consent, Mr. President, that there be printed at this point in the Record some remarks commenting on those two points, to be treated as part of my remarks.

If violations of the antitrust law are to be put in the class of felonies there must, in all justice, be some qualification providing that only deliberate and intentional violations are to be considered criminal. As an illustration of the technical and unpredictable nature of the antitrust laws let me refer to *Albrecht* v. *Herald Co.*, 390 U.S. 145 (1968), in which a newspaper publisher attempted to establish the maximum price at which distributors could sell his newspapers to customers. A distributor who was charging higher prices sued the publisher. The district court held that there was no antitrust violation and the court of appeals held that there was no antitrust violation. However, the Supreme Court, in a 7-to-2 decision, held that the fixing of maximum resale prices, in these circumstances, was per se an illegal restraint of trade under the Sherman Act. Justices Harlan and Stewart, dissenting, said that the decision "stands the Sherman Act on its head." In any event, of the 13 judges who passed on this case, 6 of them thought that there was no violation of the Sherman Act involved, and 7 held that there was. Under the House version of S. 782 the newspaper publisher in this case would be branded as a felon and could be prosecuted as such by the Department of Justice.

Numerous similar cases could be cited but this is sufficient to make the point.

With respect to the right of appeal, it must be recognized that the Department of Justice is, properly, a highly partisan litigant. It must also be recognized that neither the Attorney General nor the Assistant Attorney General is in a position to make a personal judgment on each one of the hundreds of cases being tried continuously by the Department of Justice.

The Senate version of S. 782 provided that after appeal from a final judgment in an antitrust case the district judge sitting on the case might enter an order permitting direct appeal to the Supreme Court. This provision has been changed in the House version to a provision permitting the Department of Justice to present the appeal directly to the Supreme Court merely upon the filing of a certificate by the Attorney General. The other party has no right to seek or secure such a direct appeal.

Even assuming that permitting a direct appeal to the Supreme Court might be appropriate upon certification by the Attorney General in advance of trial that a case was of general public importance, I submit that it is entirely unfair and unreasonable to put it in the hands of one of the litigating attorneys in the case to choose his appellate forum without permitting either the trial court or the adverse party to have any voice in the matter.

The combination of these two provisions in the House version of S. 782 puts antitrust defendants in a position of depending upon the discretion of the prosecutorial staff to a degree that invites abuse. The decisions of a trial court, even though rendered by an impartial official, are subject to appellate review.

However, the decisions of the prosecutorial staff are subject to no review whatever. In a case such as the Albrecht case there is no legal bar to the bringing of a government suit which would require a district court, under the rule of law laid down by the Supreme Court, to brand individuals as felons for actions taken openly and in good faith in an effort to offer products to the public at a lower price and upon a basis that was considered perfectly legal by many lawyers and judges.

Similiarly, with respect to controlling the appellate forum the prosecuting staff of the Department of Justice can wait until the trial court has rendered its decision and then decide whether or not its position is more likely to be favorably received in a particular court of appeals or in the Supreme Court before deciding whether to file a certificate authorizing direct appeal. As a practical matter this decision will ultimately depend upon the prosecuting attorneys since they are the ones familiar with the case and will necessarily be the ones to provide the information and advice upon which the Assistant Attorney General and the Attorney General will rely.

I respectfully urge upon you that it is completely contrary to the American concept of due process to give one of the litigants in an adversary proceeding—even if the litigant is a government employee—such a tremendous advantage over his adversary. Furthermore, when this is coupled with the unbridled discretion to bring a felony charge against individuals who may have lost a complex and debatable issue of law, there will exist the possibility for an abuse of power which I can morally certain will constitute a threat to the civil liberties of everyone engaged in commercial activities.

Mr. President, while I object to, and would not vote for, the bill as amended with reference to the penalties or title 3, I would not agree necessarily with title 1. But I have no objections to the consideration by the Senate at this time and a vote to be taken thereon.

The PRESIDING OFFICER. Who yields time?

Mr. TUNNEY. Mr. President, I would like to say that I think this legislation that we are passing today, which the Senate passed in July of last year, is a very important piece of legislation. It represents a significant reform of the antitrust laws.

I want to thank the Senator from Nebraska for his courtesy and for his interest in helping develop the legislation and working out the procedure that we presently are involved in, making sure that there can be expeditious consideration of the bill by the Senate so that the House can pass it prior to adjournment.

It would have been impossible to have received this expeditious consideration had it not been for the consideration and courtesies of the Senator from Nebraska.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. TUNNEY. Will the Senator yield 1 more minute?

Mr. HRUSKA. I yield.

Mr. TUNNEY. I would like to thank the Senator from Nebraska for the work that he put in on this legislation, and for helping to develop the final product in its present form.

Mr. HRUSKA. I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TUNNEY. Mr. President——

The PRESIDING OFFICER. The Senator from West Virginia has the floor. He yielded to the distinguished Senator from California.

Mr. TUNNEY. Will the Senator yield further?

Mr. ROBERT C. BYRD. I yield.

Mr. TUNNEY. Mr. President, if there be no further debate, I move that the Senate agree to the amendment of the House as amended by the Senate.

The motion was agreed to.

ORDER FOR VOTE ON SUPPLEMENTAL APPROPRIATIONS CONFERENCE REPORT AT 4:10 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I have discussed this request with the distinguished chairman of the Appropriations Committee, the distinguished assistant Republican leader, and the distinguished Senator from Alabama (Mr. ALLEN).

I think it will meet with the approval of all Senators.

The yeas and nays have been ordered on the adoption of the supplemental appropriations conference report. There will be some discussion with reference to amendments in disagreement. I think it would be the better part of wisdom to forgo until tomorrow the discussion on those amendments in disagreement.

I, therefore, ask unanimous consent that the vote on the adoption of the conference report occur at 4 p.m. today, and that discussion with respect to the amendments in disagreement be delayed until 1 p.m. tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Reserving the right to object, will the Senator consider making that vote at 5 or 10 minutes after 4 o'clock?

Mr. ROBERT C. BYRD. Yes.

I amend my request, Mr. President, to read, instead of 4 p.m., that the vote begin at 10 minutes after 4 p.m.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

TRADE REFORM ACT OF 1974—PRIVILEGE OF THE FLOOR

Mr. LONG. Mr. President, I ask unanimous consent that during the consideration of H.R. 10710, the trade reform bill, including amendments, that the following staff personnel be permitted the privilege of the floor:

From the Finance Committee: Michael Stern, Bob Best, Dick Rivers, Mark Sandstrom, Michael Rowny, Bob Willan, Bill Morris, and Joe Humphreys.

From the Joint Tax Committee: Laurence Woodworth, Mike Byrd, Howard Silverstone, Paul Oesterhuis, and Bobby Shapiro.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair, with the understanding that the recess not extend beyond the hour of 4:10 p.m. today.

The motion was agreed to; and at 3:56 p.m., the Senate took a recess until 4:10 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HELMS).

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

The PRESIDING OFFICER. The question is on the adoption of the conference report on H.R. 16900. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Minnesota (Mr. HUMPHREY), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from New Hampshire (Mr. MCINTYRE) are necessarily absent.

I further announce that the Senator from Montana (Mr. MANSFIELD) is absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Wyoming (Mr. HANSEN), the Senator from Oregon (Mr. HATFIELD), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Connecticut (Mr. WEICKER).

If present and voting, the Senator from Oregon would vote "yea" and the Senator from Connecticut would vote "nay."

The result was announced—yeas 80, nays 9, as follows:

[No. 523 Leg.]

YEAS—80

Abourezk
Aiken
Bayh
Beall
Bennett
Bentsen
Bible
Biden
Brock
Brooke
Buckley
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cook
Cotton
Cranston
Curtis
Dole
Domenici
Dominick
Eagleton
Ervin

Fannin
Fong
Goldwater
Gravel
Griffin
Gurney
Hart
Hartke
Haskell
Hathaway
Helms
Hruska
Huddleston
Hughes
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mathias
McClellan
McClure
McGee
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevens
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Williams
Young

NAYS—9

Allen
Byrd,
Harry F., Jr.
Eastland
Hollings
Nunn
Proxmire
Roth
Scott,
William L.
Stennis

NOT VOTING—11

Baker
Bartlett
Bellmon
Fulbright
Hansen
Hatfield
Humphrey
Mansfield
McGovern
McIntyre
Weicker

So the conference report was agreed to.

The PRESIDING OFFICER. Under the previous order, the amendments in disagreement will be carried over until tomorrow at 1 p.m.

HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1974—CONFERENCE REPORT

Mr. KENNEDY. Mr. President, I submit a report of the committee of conference on H.R. 14214, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HELMS). The report will be stated by title.

The legislative clerk, read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of December 5, 1974, at p. 38298.)

The PRESIDING OFFICER. The question is on——

Mr. CHILES. Mr. President, can we find out what the question is before the Senate?

The PRESIDING OFFICER. Without objection, the Senate will proceed to the immediate consideration of the conference report on H.R. 14214.

Mr. KENNEDY. Mr. President, this legislation deals with community mental health centers, neighborhood health centers, migrant health centers and other health services programs. It is a bill that was passed overwhelmingly by the House and Senate—and we have reached an equitable compromise in conference. We have had 2 days of hearings before the Health Subcommittee and additional hearings before the full Labor and Public Welfare Committee on the hemophilia program in the bill. It is a sound piece of legislation; one that is urgently needed. I hope we can act on it favorably.

We have had strong support from both sides of the aisle. It is legislation which is long overdue, and will benefit the distinguished Senator's constituents.

Mr. CHILES. I thank the distinguished Senator from Masachusetts. There was mumbling there, and I just could not understand it.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS TODAY

Mr. ROBERT C. BYRD. For the information of the Senate, there will be no further action in connection with the amendments in disagreement on the supplemental appropriation bill until tomorrow at 1 o'clock p.m. There may be other business transacted by the Senate today. But so far as the conference report on the supplemental appropriations and the amendments in disagreement thereto, there will be no further action on that today.

Mr. President, I suggest the absence of a quorum.

Mr. GRIFFIN. Mr. President, will the Senator withhold that?

Mr. ROBERT C. BYRD. Yes.

The PRESIDING OFFICER. Will the Senator suspend. The Senate is not in order. The Senator cannot be heard. The Senator is entitled to be heard. The Chair solicits the cooperation of the Senate and the staff members.

Mr. GRIFFIN. Would it be possible for the benefit of Senators who are here and wondering to give some indication of what might be taken up?

Mr. ROBERT C. BYRD. Right at the moment——

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield to the Senator from Rhode Island (Mr. PASTORE).

Mr. PASTORE. The assistant leader has been talking to me about the reorganization of AEC, the supplementary bill, and I am quite anxious to have that matter brought up.

It just so happens that every time we turn around those who are for have another engagement, and those who are against have another engagement, too, and it comes back.

At the present time, I am in consultation with the proponents of the authorization for testing, and if we can reach a compromise agreement I think we can do this this afternoon, if the Senator will give me 10 or 15 minutes. We are looking for Mr. KENNEDY, and if we can find him maybe we can resolve the question.

Mr. GRIFFIN. I think that is helpful so that Members at least know what may be coming up.

Mr. ROBERT C. BYRD. Yes.

There may be rollcall votes yet today.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, for the information of the Senate, there will be no more rollcall votes today.

ORDER FOR ADJOURNMENT UNTIL 9:45 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:45 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD subsequently said: Mr. President, what is the convening hour for tomorrow?

The PRESIDING OFFICER. The Chair advises the Senator that it is 10 a.m.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9:45 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF THE ATOMIC ENERGY AUTHORIZATION BILL—S. 4033

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that immediately following the remarks of the distinguished Senator from Ohio (Mr. METZENBAUM) tomorrow, for whose recognition an order was entered last week, the Senate proceed, without any routine morning business, to the consideration of S. 4033, the Atomic Energy authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. NELSON). Without objection, it is so ordered.

RULES OF EVIDENCE FOR CERTAIN COURTS

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 5463.

The PRESIDING OFFICER (Mr. NELSON) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 5463) to establish rules of evidence for certain courts and proceedings, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBERT C. BYRD. I move that the Senate insist upon its amendments and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Messrs. EASTLAND, MCCLELLAN, ERVIN, HART, BURDICK, HRUSKA, HUGH SCOTT, and THURMOND, conferees on the part of the Senate.

ORDER FOR RECOGNITION OF SENATOR BARTLETT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after Mr. METZENBAUM has been recognized under the previous order on tomorrow, the distinguished Senator from Oklahoma (Mr. BARTLETT) be recognized for not to exceed 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR THE SECRETARY OF THE SENATE AND FOR THE PRESIDENT PRO TEMPORE OR THE ACTING PRESIDENT PRO TEMPORE TO TAKE CERTAIN ACTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to receive messages from the House of Representatives, and that the President pro tempore or the Acting President pro tempore be authorized to sign duly enrolled bills and joint resolutions during the adjournment of the Senate over to tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 1988, ON TUESDAY, DECEMBER 10, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the disposition of the Atomic Energy authorization bill, the Senate proceed to consideration of S. 1988, the bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HUDDLESTON). Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF H.R. 16609 ON TUESDAY, DECEMBER 10, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, immediately following the third reading of the bill, S. 4033, the Atomic Energy authorization bill, the Senate proceed to consider the House bill, H.R. 16609, and that all after the enacting clause be stricken and the language of S. 4033, as amended, if amended, be substituted therefor; and that the House bill, as amended, be voted on immediately.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 9:45 a.m. tomorrow. After the leaders or their designees have been recognized under the standing order on tomorrow, Mr. METZENBAUM will be recognized for not to exceed 15 minutes, after which Mr. BARTLETT will be recognized for not to exceed 10 minutes, after which the Senate will proceed to the consideration of S. 4033, the AEC authorization bill. There is a time agreement on that bill. Rollcall votes may occur on amendments thereto and on the final passage of the bill.

Upon the disposition of that bill, if the hour of 1 o'clock has not been reached, the Senate will proceed to the consideration of S. 1988, a bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas.

At 1 o'clock p.m. tomorrow, the Senate will resume consideration of the amendments in disagreement on the supplemental appropriations bill. At the hour of 2 o'clock on tomorrow, the Senate will go into executive session.

ORDER FOR EXECUTIVE SESSION AT 2 P.M. ON TOMORROW, TUESDAY, DECEMBER 10, 1974

Mr. President, I ask unanimous consent that at 2 p.m. tomorrow, the Senate go into executive session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. At 2 p.m. tomorrow, the 1 hour of final debate on the nomination of Mr. Rockefeller to be Vice President of the United States will begin running.

At the hour of 3 p.m. tomorrow, the vote will occur on the nomination of Mr. Rockefeller. That will be a rollcall vote. What happens after that vote will depend to some extent upon what has been accomplished prior thereto, but further votes are anticipated.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 9:45 a.m. tomorrow.

The motion was agreed to; and at 5:16 p.m., the Senate adjourned until tomorrow, Tuesday, December 10, 1974, at 9:45 a.m.

NOMINATIONS

Executive nominations received by the Senate December 9, 1974:

THE JUDICIARY

John T. Elfvin, of New York, to be U.S. district judge for the western district of New York; vice John O. Henderson, deceased.

IN THE MARINE CORPS

The following named officers of the Marine Corps for permanent appointment to the grade of colonel:

Angelo, Leon N.
Aspinwall, Glen S.
Austgen, Donald R.
Ayers, Thomas J.
Balogh, Howard G.
Batchelder, Sydney H., Jr.
Battistone, Carl L.
Beal, Don D.
Beauchamp, Glen T.
Belli, Roy L.
Berthoud, Kenneth H., Jr.
Blair, John H.
Boyd, Daniel Z.
Britt, William C.
Carson, William G., Jr.
Cassedy, Logan
Cheatham, Ernest C., Jr.
Christensen, Don R.
Clark, Bernard E.
Clark, Frank A.
Clark, Fred E., Jr.
Clark, James E.
Comfort, Clayton L.
Conlin, John C.
Cooke, Richard M.
Cornwall, Gerald B.
Cox, John V.
Cox, Stanley D.
Craig, Winchell M., Jr.
Corlis, Gregory A.
Daly, Daniel C.
Davidson, Darrell U.
Dean, Clyde D.
Deem, Richard G.
Dininger, Charles F., Jr.
Duncan, Billy R.
Eagan, Arthur J.
Edwards, Charles
Edwards, Raymond W.
Eleazer, William R.
Everett, Wilbur D.
Fenenga, Gerit L.
Field, Harold J., Jr.
Fitzgerald, Edward F.
Ford, Daniel J.
Friendman, Arthur D.
Gagliardo, Joseph P., Jr.
Garrett, Elmer T., Jr.
Gillum, Donald E.
Glasgow, Harold G.
Goodale, Richard W.
Gravel, Marcus J.
Gregerson, Johnny O.
Hagen, Jerome T.
Hallisey, William J., Jr.
Harp, James J.
Harvey, Donald L.
Hearn, Thomas M.
Heesch, Robert W.
Henley, Robert J.
Henry, Charles W., Jr.
Higgins, James H.
Holt, Ralph P.
Hopkins, Joseph E.
Hunter, Maurice
Hutchins, Walter P.
Hyatt, John K., Jr.
Irons, Milton E.
Johnson, Floyd J., Jr.
Johnson, Frederick S.
Johnson, Herschel L., Jr.
Johnson, Mannon A., Jr.
Jones, Joseph F.
Julian, Martin D.
Kehoe, James P.
Kelly, David A.
Kinniburgh, John A.
Knapp, Charles W.
Koppenhaver, Howard M.
Kovach, John, Jr.
Kraynak, John P.
Layne, Donald Q.
Liddle, Chester A., Jr.
Lynch, Ronald J.
Maas, Bertram A.
Madden, Byron E.
Madera, Leroy A.
Manhard, Albert H., Jr.
Mann, Bennie H., Jr.
McCormick, James G.
McCreight, Jack D.
McDonald, Richard C.
McMonagle, James J.
Miller, John H.
Miller, Williams S., Jr.
Murray, Michael P.
Needham, Michael J.
Nelson, Ronald E.
Newbill, Merrill S.
Nugent, Thomas F. E.
O'Rourke, James K.
Phillips, John
Pierson, Earl F., Jr.
Pitcher, Bert R., Jr.
Pitchford, Charles F.
Pullar, Walter S., Jr.
Qualls, Thomas F.
Rapp, John M.
Rappe, J. C.
Realsen, Arvid W.
Resnik, Edward D.
Rice, Wesley H.
Robison, Donald G.
Rowlands, Cledwyn P.
Ruete, Alfred W., Jr.
Sardo, Americo A.
Savoy, Ernest R.
Schneider, Donald E.
Scoppa, Joseph
Shaffer, Raymond A.
Sheahan, Robert R.
Sinclair, John E.
Smith, Craig S.
Smith, Joseph N.

Smith, Kenneth E.
Spurlock, David A.
Statzer, Merlin V.
Stephens, Ray A.
Studt, John C.
Sulik, Richard A.
Thatcher, John L.
Thompson, Robert H.
Tiernan, William H. J.
Tolnay, John J.
Truesdale, Bruce A.
Trundy, Richard T.
Twining, David S.
Vandenelzen, James R.
Vitali, Henry R.
Wagner, David H.
Walker, Dallas R.
Walker, James H.
Walling, Robert P.
Went, Joseph J.
Willcox, Clair E.
Woodring, Willard J., Jr.
Young, Earnest G.
Zimolzak, Frank

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade of colonel:

Adams, John M., Jr.
Agee, Ernest O.
Anthony, Frederick P.
Asher, Eugene S.
Ashworth, Norman S.
Bagley, Ralph R.
Banks, Fontaine, Jr.
Bean, Paul R.
Beckner, Boyd H.
Bemis, John H.
Benero, Joseph L.
Bernitsky, Anthony J.
Bjorlund, Kay D.
Bloom, Louis L.
Book, Robert M.
Booth, Lewis H.
Brown, Irl E.
Brown, John E.
Burks, William F.
Burnette, Thomas D.
Carey, Raymond A.
Castagna, Edward J. A.
Castellana, Alphonse J.
Chandler, John C., Jr.
Clifford, Kenneth J.
Clifford, Martin L.
Coffey, William F.
Currie, Thomas R.
Daly, Joseph P., III
Delucia, Ralph, Jr.
Deplitch, William
Deshazo, Thomas D.
Devine, David F.
Donald, William A.
Dorian, Roger J.
Dure, Leon S., III
Emrich, William R.
Farris, Harry W.
Flynn, James G.
Fogarty, Richard A.
Fowler, Billy J.
Fowler, James L.
Fowler, Richard M.
Frappollo, Paul S.
Fritsch, Billy D.
Funston, George D.
Geary, Coleman P.
Geiger, William J.
Gilbert, Aubrey W.
Gordon, Alexander J., III
Groeniger, Wm. C., III
Hale, Nathan S.
Harnden, Willard J.
Harris, Frederick L.
Hendrickson, Russel J.
Jackson, Claude S.
Jones, Robert D.
Keast, James D.
Kiely, Jack K.
Killam, George R.
King, Robert E., Jr.
Kisten, Stuart D.
Knapp, Charles F.
Koch, Edward T., Jr.
Land, Henry L., Jr.
Lawler, Lawrence E.
Loughhan, Anthony H.
Love, Edgar J.
Lukeman, John R.
Madory, Richard E.
Mahoney, Gerald J., Jr.
McPeak, Jack D.
Mellis, Frank J.
Mitchell, Wilfred G.
Mize, Richard L.
Moeller, Richard L.
Moellering, Theodore F.
Murphy, Charles L.
Murtha, John P., Jr.
Norton, Robert R.
Ogrady, Lawrence R., Jr.
Orourke, Francis J.
Patberg, Norman B., Jr.
Paul, William G.
Pearman, William R.
Perrette, Cecil L., Jr.
Pickford, Thomas M.
Plummer, William G.
Prater, Joe D.
Price, Kenneth R.
Rawlings, Richard J.
Repetski, Jerry J.
Rogers, John D.
Rostad, John D.
Salter, Jack
Sangalis, Constantine
Schmitz, John G.
Schneider, William E.
Schultz, Robert H.
Schwab, John J., Jr.
Scott, Stanley R.
Shelley, George L., III
Smith, Ronald L.
Spencer, Richard O.
Stamp, Lloyd V.
Steadman, Henry W.
Stewart, Hugh M.
Stoll, Charles E.
Talbert, Robert L.
Tiago, Joseph L., Jr.
Tomlin, James E.
Totten, Gerald H.
Tunney, Eugene J.
Turco, John E.
Underwood, Malcolm S., Jr.
Upschulte, Phillip P.
Veno, Frederick E.
Wagoner, Earl L.
Ward, John J.
Warfield, Clifford D.
Warrender, John W.
Weir, Kenneth W.
Wenner, Ward R.
Wires, Raymond L.
Wooten, Perry R.
Wray, Desmond C., Jr.
Wulf, Jerry C.
Wyrick, Austin N.
Yeager, William M.

The following named officers of the Marine Corps for permanent appointment to the grade of lieutenant colonel:

Allen, Dwight R., Jr.
Amick, Lewie E., Jr.
Angus, Thomas P.
Appezzato, Ralph J.
Arnold, Curtis G.
Arnold, Roy F.
Bacick, Vladimir H.
Baulch, Ernest F.
Beckwith, Ronald L.
Behan, Cornelius F.
Black, Robert M.
Blackington, Robert C., Jr.
Blake, James L.
Blanton, Robert D.
Brabec, Curtis R.
Bracken, James A., Jr.
Brady, Frank D.
Bridges, James W.
Brown, Edward W., III
Bullard, Donald E.
Burnette, Robert D.
Cahaskie, Charles S.
Cannon, Charles E.
Catoe, Christopher
Caton, James R.
Chapman, Harlan P.
Clasen, Darcy L.
Cockell, Robert C.
Collison, Walter N., Jr.
Conley, Charles K.
Cumpston, George W.
Curl, James R.
Curran, Christopher J., Jr.
Czerwinski, John J.
Davia, Ronald K.
Davis, Jay M., Jr.
Davis, William G.
Deegan, Gene A.
Depoali, Ruel O.
Dixon, Charles A.
Doran, Robert R.
Dye, John M.
Elliott, Gary E.
Fagerskog, Henry D.
Farber, James F.
Fiel, Mervin A.
Floyd, William C.
Foti, Joseph G.
Gardner, Benjamin W.
Gentry, James R.
Gerard, Charles G.
Giannelli, Umberto, Jr.
Gibson, Hal J.
Goforth, Robert K.
Goller, Winston O.
Gray, Robert L., Jr.
Guenther, John J.
Hagan, James T., III
Hall, Donald D.
Hallett, Robert F.
Hammack, William L.
Hansston, Jack F.
Harbison, Gerald E.
Harding, William W., Jr.
Harrison, Gene B.
Haupt, Hans S.
Haven, Thomas W.
Hawthorne, Richard W.
Hayes, James E.
Healy, David Y.
Heise, Edward J.
Heiser, Karl R.
Hellriegel, John A.
Hemingway, John W.
Hester, Charles E.
Hickethier, Robert A.
Horner, William H., Jr.
Huebner, Anthony C.
Huff, Emmett S., Jr.
Hughes, Laurice M.
Hughes, Richard D.
Hunt, Richard V.
Ingram, James D.
Irwin, William R.
Johnson, Keller F., Jr.
Johnson, Richard R.
Johnson, William A.
Jordan, Robert M.
Kauffman, Francis M.
Kelly, Leo J.
Kemp, Gerald G.
Lamascus, Zane V.
Lang, Robert F.
Lasseter, Lee T.
Lawbaugh, Emanuel S., Jr.
Lecky, Timothy B.
Ledeboer, Willis D.
Legge, John B.
Leonard, William H.
Lessard, Paul F.
Lindauer, Jerry D.
Linnemann, John A.
Lono, Luther A.
Makeever, Harrison A.
Mann, Elliot F.
Manwarring, Charles L.
Marada, Joseph P.
Martin, Robert J.
Marvel, Jerry W.
Mattingly, James D.
McCrindle, Ronald B.
McGinn, James A.
McIntyre, David S.
McLaughlin, George D., Jr.
McVay, Kenneth A.
Meissner, Howard W.
Merritt, Richard O.
Miller, Harl J.
Millice, Kenneth P., Jr
Milligan, Robert F.
Mockler, Edward M.
Moore, Royal N., Jr.
Morris, Calvin M.
Mullen, William F.
Neal, Robert G., Jr.
Nelson, Harold M.
Nichols, Jay B.
Nielsen, Daniel F. M.
Nolan, James M.
O'Donnell, John W.
Olson, Glenn A.
Ondrick, Robert M.
Osmondson, Eugene L.
Palmer, Billy J.
Payton, Luther L., Jr.
Pederson, Richard J.
Perry, Clarence R.
Perry, Raymond F.
Peterson, Roy C.
Pettigrew, William M., III
Phillips, Robert A., Jr.
Piper, Earl S., Jr.
Piracci, Antonio F.
Pitt, Albert
Plasterer, Ross S.
Powell, Ferrell F., Jr.
Psaros, George C.
Pyne, Richard S.
Randall, Jesse T.
Rebstock, Werner F.
Reynolds, Charles A.
Ridge, Paul E.
Roberson, Willie G.
Root, Geoffrey H.
Ross, David L.
Ross, James W.
Roush, Paul E.
Ruane, Joseph D.
Saeger, Herbert F.
Salas, Francisco U.
Sanders, James W.
Scheuren, William J.
Schultz, Joseph P.
Seed, Richard J., III
Shaw, Phillip E.
Short, Robert E.
Simpson, Patrick S.
Smartz, Joseph J.
Smith, Karl S.
Solan, John M.
Stiavelli, Michael R.
Stingley, Patrick R.
Stout, Doyle E.
Stremlow, George J.
Stuebe, Jon A.
Sullivan, Louis W.
Summerlin, Billy M.
Sutton, Verl D.
Sweitzer, Merrill A., Jr.
Tardy, James S.
Taylor, Madison L.
Thien, Robert L.
Thompson, Daryl W.
Thompson, Milton S.
Tiffany, Russell B.
Ulm, Richard H.
Upchurch, Richard L.
Vanhorn, George R.
Vogt, John S.
Walsh, Gerald E.
Walters, William H.
Waterbury, Mark H., III
Waters, Kenneth D.
Welty, Michael F.
Whipple, Lawrence A.
Wuerch, George P.

The following named officers of the Marine Corps Reserve for permanent appointment to the grade of lieutenant colonel:

Arnett, James R.
Baldwin, Joseph C.
Berquin, Robert D.
Beyer, William H.
Bishop, William M.
Brazil, Robert J.
Burchfield, Gary F.
Bushar, Charles W., III
Byrnes, Joseph B.
Clark, Edward A.
Close, Richard T.
Constantine, Joseph W.
Cooper, John C., Jr.
Coryell, Myron R., Jr.
Cover, William J., III
Craige, James A.
Curran, Christopher J., Jr.
Delkeskamp, Harry R.
Downing, Glenn H.
Early, Gordon A.
Eddins, James C.
Frost, Fredric W., III
Giovanelli, Robert A.
Goodwin, William L.
Greer, Peter C.
Hamel, William S.
Hartmann, Robert T.
Hatcher, William J., Jr.
Heckman, James A.
Heimes, Kenneth A.
Hofinga, Peter H.
Hollabaugh, Jon D.
Kelly, Michael J.
Kiefner, Edwin K.
Kretsinger, John M.
Layman, Phillip B.
Lindeman, George
Loughridge, Robert E.
McGregor, Thomas C.
McLaughlin, John J., Jr.
Mehlert, Henry F., Jr.
Miloscia, Donald J.
Moore, George E.
Murray, Michael W.
Muzzy, Richard D.
Nardiello, Arthur L.
Norton, John M.
Painter, Alan S.
Patten, John R.
Peterson, Charles G.
Piper, Eric N.
Rattray, Richard L.
Ridings, William H.
Ryan, Gerald J.
Sarver, Thomas R., Jr.
Sattolo, Arthur J.
Singer, Richard W.
Steger, James L.
Stevens, George T., III
Stoeber, Jerald C.
Tewksbury, John H.
Thoreson, Richard M.
Walls, Arthur E.
Westmoreland, James H.
Wirthlin, Louis C.
Woods, Glennon D.
Wright, Donald L.
Yevak, Richard J.
Young, William D., Jr.

The following named officers of the Marine Corps for permanent appointment to the grade of major:

Adams, Gene A., Jr.
Adams, James S.
Ainsley, William S., III
Ambrose, Raymond H.
Angelo, Nickolas J.
Anthes, Fred W.
Baggette, John C.
Baker, Robert D.
Ballenger, Glen A.
Balthis, Joseph R.
Barrett, Thomas V.
Barton, Thomas Y., Jr.
Beaver, Dale S.
Beekman, Frederick W., III
Bendrick, Frank A.
Black, Roy D.
Blanks, Charlton H.
Bledsoe, Carl R.
Boeck, Walter G.
Borders, John F.
Bradley, Frank
Braun, Gary R.
Breen, Terry H.
Brennan, George D., II
Brown, David B.
Brown, Gene A.
Bruner, Robert T.
Bubenhofer, Frederick, Jr.
Burchette, Bernard V.
Butchko, John, Jr.
Butsko, Frank
Butler, John M., Jr.
Byrne, Peter E.
Calta, Ronald F.
Campbell, Thomas E.
Campbell, William R., Jr.
Cargile, John W.
Carlon, Kenneth C.
Carlson, Keith E.
Carr, John D.
Carter, David A.
Carter, Kenneth L.
Casey, Conwill R.
Caskey, Robert D.
Castagnetti, Gene E.
Chance, James M.
Chapman, Jack A.
Chapman, Paul W.
Chavez, Lonnie S.
Church, Jorel B.
Coleman, Bobby L.
Coleman, Roland W.
Conger, William A.
Conlon, Anthony C.
Connell, Terence P.
Connor, Charles R.
Corriher, Charles R.
Coulter, Wayne F.
Cowart, Jerry J.
Cox, Edward V.
Crane, Roy L.
Craney, Dennis W.
Cregan, John C.
Curran, James E., Jr.
Currie, Herbert L.
Damon, Dennis E.
Davidson, Douglas M.

Davidson, Jerry R.
Davis, Charles E.
Davis, Donald E.
Debona, Andrew D.
Decker, Richard A.
Deforest, Roy E.
Delaney, Richard A.
Dennison, Raymond E.
Donaldson, Charles A., Jr.
Donegan, Frederick J.
Douglas Francis H.
Douglas, Noel E.
Dow, Charles W.
Downard, Ronald E.
Drummond, John F.
Duke, Leiland M., Jr.
Dullaghan, John F.
Dunlevy, Raymond R.
Dunning, Clifford R.
Durrant, Stephen C.
Dzielski, Joseph J.
Eck, Christian J., Jr.
Edwards, Bob E.
Edwards, James E., Jr.
Edwards, Roy T.
Ehlert, Norman E.
Eikenbery, Tod A.
Emerson, Russel A.
Endert, Roger F.
Erwin, Gene B.
Erwin, Harold A.
Evans, Donald L.
Evans, Donnie C.
Farmer, Paul K., Jr.
Faught, Robert J.
Fehr, Kenneth A.
Fichthorn, Donald G.
Fish, Fredric L.
Flaherty, Richard A.
Foster, Joel R.
Franklin, George E.
Franz, Howard A.
Galizio, Joseph A.
Gallagher, Dennis O.
Gardner, Dayne G.
Garnish, Bruce A.
Garten, Ronald C.
Gatchel, Theodore L.
Gibson, Jon R.
Gott, Joseph E.
Granger, James H.
Greeley, Brendan M., Jr.
Gremmels, Nelson H.
Gresham, James W.
Griffin, James P.
Griggs, William R.
Grimes, Sidney B.
Gruhler, Jean A., Jr.
Guimond, Leon A.
Guinn, Richard L.
Hainsworth, John J.
Hamilton, Francis X., Jr.
Hampton, Glen L.
Hancock, David
Hand, Donald L.
Hanson, James
Harbison, Bobby L.
Hardiman, David W.
Harding, Francis W., Jr.
Haring, Joseph A.
Hart, James A.
Hart, William R.
Hartney, Alan H.
Harvey, Ellis R., Jr.
Hearney, Richard D.
Henderson, David G.
Henderson, James C.
Hendricks, John B.
Hershey, Francis G.
Hester, Mendle R.
Hilton, Roy G.
Holder, Kenneth M.
Holifield, Claude M., Jr.
Holm, Robert W.
Hooker, Glenn E., Jr.
Howell, Jefferson D., Jr.
Howle, George P.
Hubbard, Donald E.
Huckelbery, Charles T.
Hunter, Abram J., Jr.
Hyde, Wilton H., Jr.
Innerarity, Vernon E.
James, Douglas B.
Jesse, Clyde A.
Jessee, Robert G.
Johnson, Harry N.
Johnson, Herbert C.
Johnson, Kenneth D.
Johnson, Kenneth E.
Johnson, Richard F.
Johnston, Robert B.
Jones, John D.
Jones, Robert E.
Jones, Robert L., Jr.
Jones, Thomas E.
Jordan, Kenneth D.
Joyce, Robert W.
Julian, Wayne A.
Kalbfleisch, Kay C.
Kalimanos, August J.
Keeley, Robert M.
Kennedy, Frank J.
Kerney, James L.
Kilb, Roger E.
King Blaine, D.
Kirchner, Francis J.
Kline, Joseph F.
knowles, Grover C.
Kummeth, Eugene P.
Lancaster, James E.
Land, Carlton E.
Larriva, Rene F.
Learnard, Robert P.
Lecornu, John
Lee, Gregory W.
Legge, Glenn F.
Lemay, Granville T.
Lenzini, Martin J.
Lewis, Frederick E.
Lewis, Richard B.
Linkonis, Bertram L.
Lochner, Richard E.
Long, Melvin H.
Lowe, Darrell M.
Lucas, Albert F., Jr.
Mack, Peter M.
Mahady, Frederick J., Jr.
Manco, Edward J.
Marcantel, William E.
Maresco, Richard E.
Marks, David E.
Marshall, Robert C.
Marshall, Norman
Massman, Edward G.
Mastrion, Robert J.
Max, William J.
McAdams, William R.
McAlpin, Gary T.
McCaughan, Frederick A.
McClay, Thomas C.
McCurry, Kenneth D.
McDanal, Charles E.
Manning, Anthony E.
McDonald, Lawrence J
McDonough, James G.
McGaha, Dayle O.
McGowan, James D., Jr.
McGraw, Bernard J.
McHugh, Jack D.
McKeown, Thomas K.
McNamara, John J.
Meadows, Charles L.
Miller, David F.
Miller, Jerry L.
Miller, Richard P.
Mills, William F.
Mitchell, Charles H., Jr.
Mitchell, Christopher, R.
Mitchell, Hubert
Mitchell, Neil F.
Mitchell, Robert L.
Mitchell, Robert W., Jr.
Montague, Paul J.
Moody, Joe D.
Moore, Alfred H.
Moore, Allen R.
Morgan, Jerry L.
Moriarty, John B.
Morgan, Patrick J.
Mossey, Thomas E.
Mulherin, Byron J., Jr.
Mullen, John J., Jr.
Mulligan, August H.
Nance, Herbert T., Jr.
Nastri, Anthony D.
Needham, James S.
Neely, Ives W., Jr.
Negron, William P.
Nelke, Herbert
Nelson, Jimmie C.
Neyman, James L.
Norred, Caldwell V., III
O'Connell, John M.
Ogle, Larry R.
Ogline, Fred E.
Olive, Holland W.
Oneill, Robert R.
Pace, Ray T.
Pacello, Francis D.
Palumbo, Fred J.
Paquette, Joseph R. R.
Parker, Gary W.
Parr, Walter O., Jr.
Peet, Alva E., Jr.
Pelott, Robert O.
Phelan, Harold J.
Phillips, Richard L.
Pilcher, Roger P.
Pilley, John C.
Pitts, Thomas E.
Plowman, Floyd C., Jr.
Pollard, Raymond L., Jr.
Posey, Herbert F.
Pospisil, David L.
Price, Donald L.
Queen, Robert A.
Rakow, William M., Jr.
Raymond, John W.
Regal, John E.
Reilly, Edmund W.
Rengel, Gregory A.
Reuschling, Richard R.
Rich, Michael E.
Rickmon, James E.
Rigby, Charles S., III
Risler, Eugene S., III
Roberson, Clifford E.
Roberts, Morris R.
Robinson, Jean O.
Roman, Joseph G.
Rose, Robert M.
Ross, Larry H.
Rothwell, Richard B.
Rountree, Neal T.
Rowe, Peter J.
Ryan, David J.
Sambito, William J.
Satcher, Don C.
Scanlon, Michael F.
Schwarz, Richard G.
Scott, Denver D.
Shaffer, Paul T.
Shapiro, Bruce L.
Sharp, Harry F., Jr.
Shaver, Carl A.
Sheehan, Robert J.
Shelton, Charles H.
Shelton, Kenneth E.
Shepherd, James A.
Shirley, Jerry C.
Sinclair, Cloyce E.
Sirotniak, John S.
Sketoe, James G.
Skierkowski, Walter H.
Skultety, Edward S.
Slack, Willard E.
Sligar, Howard B., Jr.
Smart, Raymond F.
Smith, Charles R., Jr.
Smith, Paul J., Jr.
Snyder, William F.
Soderstrom, Frank R.
Spaith, James A.
Speicher, John A.
Sperry, Burton P., III
Spivey, John W.
Stebbins, Edgar R.
Stewart, Richard L.
Stocking, Roy J., Jr.
Sucha, Joseph J., Jr.
Sullivan, Michael V.
Sullivan, Thomas C.
Tait, Glenn S.
Tanksley, Lawrence E.
Tavis, Augustus T.
Taylor, Arthur J.
Taylor, Kenneth T.
Thomas, Sidney E.
Thoreson, Bruce D.
Tiebout, Robert A.
Trumpfheller, Robert C.
Tuckwiller, Frank W.
Underwood, Joseph E.
Urban, Luke J.
Valentine, Igor R.
Vanderberg, Paul A.
Vanhorne, Charles W.
Vann, Hugh M., III
Vanorden, George M.
Vargas, Jay R.
Vazquez, Amilcar
Vermilyea, Clyde L.
Vincent, William T.
Warren, Robert T.
Warren, William R.
Wastila, George M., Jr.
Waters, Francis A.
Weare, John C.
Weede, Richard D.
Wehrung, Malcolm W.
Weingarten, Julian A.
West, William H., Jr.
Westhoff, William H.
Wheeler, Carl B.
White, William H.
Whittelsey, Arnold G.
Whisler, Theodore L.
Whitfield, George A.
Wieden, Clifford, Jr.
Williams, John A.
Williams, John A.
Williams, Thomas, Jr.
Wills, Duane A.
Wilsmann, William K.
Winn, Paul C.
Winter, Donald T.
Winters, John W., Jr.
Winther, Joseph C.
Wold, Thomas H.
Yarnell, James H.
Zimmerle, Harvey L.
Zimmerman, Ralph A.

The following named officers of the Marine Corps for permanent appointment to the grade of captain:

Blunk, William D., Jr.
Leach, Duane L.

The following named officers of the Marine Corps for temporary appointment to the grade of captain:

Goodwin, Geo. G., III
Mclean, David S.
Moyer, John J.
Mullen, Richard S.
Sukow, Jim J.
Zinger, Charles E.

The following named officers of the Marine Corps for permanent appointment to the grade of first lieutenant:

Anderson, Robert G.
Archibald, Stephen V.
Bailey, David O.
Baughman, Dale T.
Beale, Frederick T., Jr.
Beck, David L.
Bell, Robert L.
Berger, Stephen E.
Biddle, Robert M., Jr.
Blankenhorn, Rex P.
Blose, Robert B., Jr.
Bowen, Thomas W.
Braddy, James C.
Brassell, James R., Jr.
Browning, Darrell A.
Buck, Everett R., Jr.
Butler, Aaron X.
Byrd, Charles T.
Campbell, James A.
Card, Thomas J., Jr.
Carney, Thomas P., Jr.
Carroll, Denis
Cartwright, James E.
Cavallaro, Richard C.
Chambers, Stephen W.
Chaney, Christopher H.
Cieszko, Martin G.
Clendenin, Johann A.
Clough, Michael F.
Coffin, Arthur H.
Cole, Raymond
Collins, James T.
Colten, Russel C.
Connolly, Bartholomew, Jr.
Conroy, George M.
Cotton, Phillip E.
Craig, Alan S.
Cross, John A.
Cruthfield, Jack C.
Cucina, Patricia E.
Davis, Philip A.
Degen, Carl W., Jr.
Devaney, Thomas A.
Dian, S. George
Dockery, Charles L.
Downing, Stephen E.
Duggan, Francis G.
Durham, Jan M.
Ennis, Michael E.
Evans, James E., Jr.
Fellman, Elliott D.
Fenlon, Paul M.
Feuerriegel, John K.
Fleming, Donald L., Jr.
Fliszar, John N.
Franke, David B.
Fogel, Dennis R.
Garvin, John R.
Gault, Howard L.
Goodman, John F.
Grant, Wyatt W., III
Green, Walter J., Jr.
Hall, Johnny J.
Hamilton, Philip T.
Harm, Gregory L.
Harrigan, Michael P.
Hernandez, Maria T.
Herstead, John W.
Hield, Roger A., Jr.
Hoffman, James C.
Holzman, James C.
Hood, Joel P.
Howard, Michael W.
Huck, Richard A.
Huckabee, Eric G.
Hudson, Timothy P.
Hughey, Phillip W.
Hurst, Thomas G.
Inghram, Richard B.
Johnson, Robert D.
Kadyszewski, Terrence W.
Kaminski, Thomas D.
Kappel, Henry W.
Kincaid, Winfred T.
Kingham, James R.
Kippen, Roderick M.
Komen, Peter J., III
Kroeger, Paul R.
Lachapelle, Wilfred A.
Larkin, Patrick R., Jr.
Ledford, James
Leon, Paul J.
Lewis, Bonnie J.
Lewis, David A.
Linder, Donald A.
Lott, Douglas E.
Marlin, Kenneth B.
Mattis, James N.
McGee, James B.
McGuire, Bernard J.
Meeler, Patricia A.
Merrill, Bruce E.
Michaux, Randolph M.
Miller, Patricia A.
Mize, Donald T.
Montroy, Jo A.
Morga, Dennis A.
Morgan, George W.
Nasby, Robert S.
Nesslage, Roger L.
O'Boyle, Michael W.
O'Boyle, Patrick D.
O'Connell, Timothy R.
Odle, Marion L.
Ohls, Gary J.
Parish, Fred D.
Penrod, Roger E.
Pernal, Edward A., Jr.
Pittman, Lonny D.
Poole, Jerry L.
Pratt, Preston P., Jr.
Quigley, Kenneth W.
Reavis, Thomas A.
Reed, John W., Jr.
Rees, Thomas J.
Rineer, Francis D., Jr.
Rippy, Roger L.
Romagna, Russell A.
Roraff, Ralph W.
Rose, David W.
Royal, David E.
Rueger, Ronald L.
Sanchez, Juan B.
Santos, Thomas A.
Sbrocco, William H., III
Scalise, Teryl W.
Schannello, Frank J.
Schneider, Robert L.
Schultz, Mark P.
Seeley Michael J.
Seiler, Wayne H.
Shipley, John F.
Shoaf, Peter J.
Sigler, William M., III
Silvestri, Mark S.
Simon, Glenn D.
Skadowski, Robert B.
Smith, Michael D.
Sollis, John B.
Stewart, Nelson H.
Stone, Donald S.
Strock James N.
Sutherland, Bonni L.
Tamayo, Rudolph L. Jr.
Taxis, Gene F.
Tempone, John A.
Terry, William G.
Thayer, Jeffrey E.
Thomas, Clayton R.
Thornell, John F., III
Touney, Michael R.
Turner, David J.
Ward, Robert P.
Wemlinger, James J.
West, Richard D.
Wetherill, Gary T.
Whitehead, Robert S.
Wilk, James H.
Williams, Cromwell O., Jr.
Williamson, William J.
Wilt, Edward D.
Wines, Gary F.

Wise, Larry V.
Woods, Jack G.
Worthington, Larry K.
Wright, Roger J.
Young, Robert L.
Young, Stewart G.

The following named officers of the Marine Corps for temporary appointment to the grade of first lieutenant:

Aldridge, Michael E.
Ancellotti, Martin B.
Anderson, Charles A.
Archbell, Jomes B.
Armstrong, Brian S.
Bach, Robert M.
Bailey, Martin P.
Bailey, Ronald L.
Barnett, Edwin C.
Barrow, Theodore H.
Barry Richard M.
Barton, John E.
Beauchamp, Bill R.
Birren, James M.
Bolles, Elmer S.
Bolnker, Bruce K.
Borek, Robert W., Jr.
Botkins, William F.
Bouton, Stephen F.
Bray, Phillip E.
Broussard, Allen D.
Brown, Mary L.
Burgener, Michael A.
Bussiere, James A.
Darroll, Michael E.
Caufield, Gail S.
Clark, Michael J.
Collopy, William F.
Creswell, Lyn L.
Cummins, Thomas J.
Davis, Andrew L.
Debernardis, Amo R.
Denison, Alan G.
Reremiah, Richard E.
Donaghue, Robert S.
Driggs, Susen A.
Dunsmore, Billy D.
Eckel, Dana A.
Efird, Thomas C.
Ehler, Thomas C.
Enos, Joseph P.
Evans, Barry D.
Farina, Daniel C.
Feldhoelter, Dennis G.
Fitzgerald, Michael J.
Foley, Timothy H.
Gardner, Emerson N., Jr.
Gevock, James R.
Grabow, Chad L.
Graham, Gerold W.
Grimes, James S., Jr.
Gunn, Max G.
Gwin, David P.
Haden, Gerald L.
Haffey, William J.
Halse, Darrell F.
Harler, James A.
Hartenstein, Neil T.
Hattaway, John D.
Helle, Ronald B.
Houston, James F.
Huff, William T., Jr.
Hunt, Robert L.
Ingram, Daniel C.
Jones, Homer
Keenan, John A.
Kosnik, Thomas J.
Krout, Wayne E.
Larson, Mark S.
Lecander, Don R.
Leggett, Lawrence E.
Loomis, Barbara J.
Loomis, Gilbert B.
Lyons, Glen G.
Manning, Michele
Martin, William F.
May, Wesley F.
McSpadden, Daniel W.
McAndrew, John D., Jr.
Montgomery, Monte G.
Moore, Bertram E., Jr.
Morris, Richard R.
Nelson, Rex E.
Nielsen, Clark C.
Norman, Dennis E.
O'Geary, Dennis P.
O'Neill, James L.
Orlando, James V., III
Palmquist, Charles J.
Patrick, Wayne A.
Patton, Roger C.
Piatnitza, William J.
Pipho, John R.
Ralston, Cecil E.
Rhoads, Ronald R.
Rogers, Theron D.
Rollings, Summer J.
Ross, Christopher J.
Rothell, Richard K.
Sanford, Fay G., Jr.
Schmaus, Gordon K.
Sellers, Walter S.
Skaggs, Robert W.
Smith, Charles R., III
Smith, Guilford V., Jr.
Snyder, Carl E.
Spencer, Wayne A.
Spurgeon, Marc A.
Stalder, Keith J.
Steigmann, Dennis L.
Stephens, Frank D.
Stillings, Clayton E.
Street, John S.
Streitz, Joseph J.
Thoman, Mark C.
Thompson, Gregory E.
Thorton, John D.
Vandoren, Steven K.
Webb, Randell A.
White, Allen K.
Williams, Herlis A., Jr.
Wilson, Frances C.
Wilson, Gregory V.
Wilson, Paul T.
Wolfertz, Robert T.
Wood, Douglas L.
Wood, Franklin P.

The following named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer W-4:

Allen, Lloyd, Jr.
Aguilar, Frederick
Anderson, Kleve L.
Ballance, Samuel M., Jr.
Bates, Joseph F.
Bentley, Harry L.
Billick, Robert M.
Boedefeld, Ralf R.
Brown, Harry A., Jr.
Bruch, John N.
Burtscher, Johnnie D.
Bushey, Charles J.
Campbell, Charley M.
Carlton, Eugene E.
Carmody, Edward E.
Caylao, Alex H., Jr.
Chatelle, Louis A., Jr.
Cipolla, Henry J.
Constantine, Stephan L.
Crews, Ellis L.
Damon, Carl B.
Darnell, James M.
Darner, Trever E.
Darracott. John F.
Davis, Vaughn C.
Dierker, Henry A.
Dimaio, Edward
Dodge, Ronald L.
Drummond, Ronald F.
Dufriend, James M., Jr.
Fischer, Harold R.
Fitzpatrick, Jimmy D.
Fletcher, Fredric L.
Frost, Jack A.
Fry, William R.
Fyles, William A.
Garris, Rhyne E.
Greisen, Bruce R.
Guelich, James H., Jr.
Haines, Edward R.
Haughley, Lorell J.
Hebert, Allen J.
Hedrick, Charles T.
Heitzman, Larry G.
Heller, Frederick P.
Hemlepp, William M.
Howard, Donald L.
Hoyos, Carlos E., Jr.
Jones, George E., Jr.
Jones, Reginald L.
Jonio, Phillip E.
Kearley, Arthur M.
Keith, Ray A.
Kemick, Gerald T.
King, Ben W.
Knepp, William E.
Krantz, Everett W.
Lambert, Leon
Lanis, Howard G.
Larson, Duane D.
Loehr, Curtis J.
Long, Boyzy C.
Macpherson, Ray D.
Mason, Wayne B.
Massey, Allen W.
Mathews, Layton E.
Mathis, Don E.
Mathys, Dale A.
McAfee, Marvin K.
McGraw, John J.
Meyers, Richard B.
Miller, Don P., Jr.
Moore, Theodore M.
Mort, James H.
Murphy, Michael W.
Murphy, Peter B.
Oakes, Milford A.
O'Connor, George E.
O'Shields, Tommy S.
Panknin, James D.
Pettit, Kenneth E.
Pitts, Robert D.
Posthuma, Henry
Quest, Herman W.
Quill, Lewis R.
Raines, Arvel H.
Reeves, Walter A.
Rembish, Stanley J., Jr.
Rhodes, Larry E.
Richmond, Arthur D.
Ring, Paul E.
Robertson, Emmett L., Jr.
Roettger, Raymond J.
Russell, John H.
Sanford, Eugene D.
Satterfield, Marion G.
Scheller, Leroy A., Jr.
Sheridan, Thomas J.
Simmons, Warren A.
Smith, Donald J.
Snooks, Donald J.
Sojourner, Fletcher B., Jr.
Sousa, Ronald L.
Stanford, T. J.
Stewart, James N.
Stoops, James M.
Stringer, Walter E., Jr.
Strewe, Lawrence T.
Swisher, Charles E.
Thomas, Stanley B.
Toney, Edgar A.
Tucker, Fred, Jr.
Tucker, Robert B.
Vanhoose, Donald L.
Voltz, Richard A.
Wallace, William J., Jr.
Ward, Joseph E.
Watts, Avron J.
Whitehurst, Charles B.
Wilcoxen, Edward E.
Wileman, Charles R.
Williams, Wilbur C.
Wise, Richard D.
Worley. Bascom C. S.

The following named officers of the Marine Corps for permanent appointment to the grade of chief warrant officer W-3:

Achten, Ronald
Adams, Carmen
Aldrich, David S.
Allinger, Robert E., Jr.
Allingham, James L.
Ambrose, Constantine G.
Anderson, Joseph N.
Armstrong, Russell P.
Ash, James B.
Avey, Glenn R.
Bacon, Welles D.
Bahr, Wayne D.
Baldwin, Claude R., Jr.
Barber, Robert Jr.
Barton, Charles H., Jr.
Bender, Ronald L.
Bennett, Charles S.
Berrios, Illuminado, Jr.
Bezoenik, Neal S.
Blake, Robert L.
Bolick, Gerald J.
Bostwick, Robert W.
Boucher, Henry C., Jr.
Bourne, Lescoe R.
Box, Frank E.
Braun, Donald B.
Brewer, Francis W., Jr.
Browning, Victor E., Jr.
Bryant, Murray W.
Burke, Bernard C.
Burnham, Thomas R.
Byrne, William G., Jr.
Campbell, Billy R.
Caroway, Donald L.
Carr, Francis J.
Casterline, Ray A.
Cauble, John D., Jr.
Caulfield, Robert J.
Chovanec, Barbara J.
Christian, Bartley W.
Chronister, Hershel G.
Clark, Owen D.
Clarke, Michael J.
Clifton, Rayborn S., Jr.
Coccovaldez, Jose T.
Collette, James E.
Cope, Garnet E.
Corcoran, Robert R.
Corderotorres, Jose N., Jr.
Corley, William B., Jr.
Corpus, Lazardo, Jr.
Cothran, James A.
Cotton, Harry S.
Cox, William H.
Craig, Hilton Jr.
Creech, Oscar E., Jr.
Danley, Douglas J.
Davis, Kenneth V.
Dearman, Louis D.
Dobson, Jesse A.
Dodd, Howard G.
Draper, Steven J.
Driggers, Samuel E.
Edwards, Sidney B.
Embesi, Robert D.
Ethington, Riley S.
Evans, Jack H.
Fazio, Michael D.
Ferguson, Bobby L.
Ferguson, Harold D.
Ferko, Charles L.
Ferrell, Roy A.
Fincher, Nelson R.
Floyd, Joe M.
Fraizer, Ronald R.
Francis, George M.
Galvin, Donald L.
George, William C.
Gibbons, Craig D.
Goller, Robert L.
Gordon, Ellwood D.
Guckert, Edward B.
Gutierrez, Pedro
Hageman, Arnold S.
Hanson, Donald L.
Hanscom, Gerald E.
Haskins, James E.
Hatfield, Joseph B.
Henry, Harold L.
Henry, John D.
Herpy, Donald L.
Hicks, Herbert O., Jr.
Higginson, Francis A.
Higgs, William A., Jr.
Hoffman, Paul R.
Hopkins, Julius B.
Humeston, Bobby E.
Humphrey, Edward W.
Hutchinson, Holland C.
Immings, Barton E.
Jackson, Lowell B.
Johnson, Arthur L.
Jones, Ronald L.
Kamplain, Gene C.
Keith, Harold A.
Kelly, Joseph E.
Kennedy, Michael B.
King, Carl E.
King, Thomas F., Jr.
Kittilstved, Ray
Kochuba, Joseph
Kramvik, Leroy A.
Krebs, George D.
Kunkle, Raymond L.
Kuykendall, William A.
Ladnier, Donald R.
Lafreniere, Aurel E.
Lane, Donald A.
Laws, Thomas L.
Lem, Juan M.
Lewins, Donald C.
Lewis, Babre
Long, Donald C.
Lorenz, Roger L.
Lynch, Patrick J.
Magallan, Jose
Malone, Paul L.
Marcucci, John R.
Maroney, William T., III
Martin, Harold T.
Mattox, Aove E.
Mauldin, Roger L.
Miller, Robert M.
McGill, Bryan M.
McLean, James F.
McRae, James R., Jr.
Meadors, William D., III
Miller, Daniel E.
Milton, William F., Jr.
Morris, Earl F., Jr.
Morris, Thomas W.
Muschette, James, Jr.
Myers, Louis
Newman, Ronald C.
Nickels, William G.
Nowicki, John A.
Ochoco, Sam G.
Odell, Jerry W.
Parisi, Joseph N.
Peterson, Roger B.
Peterson, Ronald J.
Pullin, Jesse P.
Quallen, Francis B.
Quinn, Paul F.
Rhoads, Virgil G.
Rice, Gordon A.
Richardson, Carl S.
Rizzo, Joseph F.
Roberts, Richard J.
Robinson, Dorsey, Jr.
Roden, Charles R.
Roman, Ramon, Jr.
Roquemore, Robert A.
Rossano, Paul A.
Ryan, James F.
Salamack, Stephan C.
Saunders, Dale F.
Sawin, Peter B.
Scanlon, Eileen R.
Schaffer, Frederick W.
Schell, John L.
Schrider, William F.
Schuette, Walter R.
Sellers, Thomas R.
Shafer, Jimmie R.
Shreve, William F., Jr.
Shanklin, Michael L.
Simpson, Edwin P., III
Simpson, Theron, Jr.
Skinner, Lloyd L.
Slaughter, Thomas L.
Slavin, Francis C., Jr.
Sloan, Robert R.
Smith, Charles L.
Southard, Alan J.
Stafford, Herbert B.
Stevens, Patrick L.
Stewart, John F.
Stoltz, Kimble H.
Strawser, Robert L.
Stricklin, Richard C.
Stutler, Robert R.
Taylor, Bobby G.
Taylor, Robert E.
Thomas, Gary G.
Thomas, James M.
Towers, Frank C.
Tracy, Terry N.
Turner, James A.
Vance, Larry F.
Vincent, Robert L.
Weadbrock, Kenneth E.
Webb, Jesse L.
Webb, Ronald E.
Wildgrube, Wayne D.
Williams, Clarence F.
Williams, Gene R., Sr.
Williams, George E.
Williams, Leroy
Willis, Gaines L.
Wilson, Joseph C.
Windsor, Bruce M., Jr.
Woinoski, Stanley G.
Woodruff, James E., Jr.
Wynnyk, Barbara A.
Yantorn, James J.
Yoerk, Richard L.

The following named officers of the Marine Corps for permanent appointment to the grade of Chief Warrant Officer W-2:

Aaron, Garland G.
Alger, Duff E.
Allen, George R.
Amoroso, Daniel L.
Bancroft, Alfred M.
Baxley, Jerry
Beard, Joseph F.
Bookhardt, Henry
Borowitz, Thomas J.
Bouffard, Roger L.
Boyd, Joseph S.
Bressette, Bernard L.
Brown, Calvin D.
Brown, Charles L.
Brown, Lemuel F.
Burroughs, Joseph B., Jr.
Carver, David A.
Cieplowski, Virgil S.
Class, George N.
Cline, Paul L.
Collier, Michael L.
Combs, Willie L.
Conner, James R.

Creech, Joseph H.
Czaikoski, Stephen H.
Czosnyka, Ronald J.
Damewood, Walter W., Jr.
Davenport, John W.
Deberry, Mickey L.
Doggett, Donald L.
Douglas, Donald D.
Eply, Stephen A.
Estrada, Sergio E.
Farley, William C.
Farmer, Robert D.
Filla, Paul T.
Flanagan, Robert W.
Flihan, Frederick J.
Gaston, Michael W.
Gaulin, George V.
Geiger, Richard L.
Giglia, Alfonso N.
Goolden, David L.
Grossnickle, Robert E.
Gutierrez, Elias
Hamm, Michael D.
Hannappel, Michael R.
Harrold, Michael J.
Heelem, Peter
Helms, Tony A.
Henry, Marvin W.
Hopton, Raymond F.
Hunter, Martin L.
Hurst, Douglas M.
James, Richard E.
Jewell, James E. L.
Johnson, James I.
Johnson, Martin B.
Jones, Charles L.
Jones, Joseph M.
Jungwirth, Kenneth J.
Kalman, Helmut J.
Kaonohi, Alexander K., Jr.
Klepetka, Linda A.
Klepper, Paul, Jr., II
Knight, Chester E.
Leiston, Robert J.
Linam, James A.
Livensparger, Stuart A.
Livingston, Jerome E.
Lloyd, James R.
Lofton, Morgan J.
Lopez, Homero R.
Long, John E.
Long, Paul E., Jr.
Mackie, Merle E., Sr.
Masse, Joseph A. R.
Massey, Ronald A.
McGrath, Gary L.
McKinney, Francis W.
McMahon, Bruce A.
Miller, Edwin D.
Moore, Robert H.
Moorehead, Robert E.
Mosman, Thomas W.
Mullins, Daniel S.
Myers, Clarence E.
Neu, Melvin P.
Noel, John B.
O'Connell, Daniel J.
Patch, Bradley P.
Pineda, Ralph A.
Polanco, Geronimo, Jr.
Price, Wallace N., Jr.
Randler, Howard W.
Ricker, Ralph J.
Robinson, Lloyd A.
Rodney, Marvin C.
Rolle, Castell S., Jr.
Romero, Charles R.
Rook, Ronald P.
Rosanelli, Louis L.
Rothwell, John W., Jr.
Rowe, David T.
Rowinsky, Bob A.
Sandlin, Robert E., Jr.
Sanford, Thomas H.
Santacruz, Javier, Jr.
Scanlon, Donald L., Jr.
Shane, Fred J.
Shepard, William H.
Sherry, Charles K., Jr.
Smith, Charlie F.
Smith, Lyle W.
Simmons, Gary G.
Sofranac, Paul
Stannard, Clinton D.
Sterling, Thomas S.
Strickland, Joseph E.
Sunn, Steven E.
Tampleton, Doyle W.
Thomas, James E.
Thomas, Wesley L.
Thompson, Charles E.
Tootle, Garvin O.
Torres, Felipe
Twilliger, Wayne G.
Tyler, Herman K., Jr.
Venegas, David
Vickers, William D.
Walker, Francis R.
Walsh, James T.
White, Gerald L.
White, Lawrence, Jr.
Whittaker, William E., Jr.
Wiggins, Donald E.
Wilson, Leonard D.
Winchester, John D.
Wing, John C.
Wolf, W. L.
Wood, David R.
Young, Billie

HOUSE OF REPRESENTATIVES—*Monday, December 9, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

They that wait upon the Lord shall renew their strength.—Isaiah 40: 31.

Almighty and Eternal God, who art above us, beneath us, around us, and within us, without whom life has no meaning, no mission, but with whom life has power and purpose, enter Thou into our hearts as we wait upon Thee in prayer. Consecrate with Thy presence the way our feet may go, that the humblest work may shine and the roughest places be made smooth. Lift us above anger, mistrust, and suspicion into the clean, clear air of faith, hope, and love by a simple and steadfast reliance on Thy sure will. In all our ways and through all our days, keep us mindful of Thy presence and may the words of our mouths and the meditations of our hearts be acceptable unto Thee, O Lord, our Strength and our Redeemer. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On December 3, 1974:

H.R. 17434. An act to amend the National Wildlife Refuge System Administration Act of 1966 to require payment of the fair market value of rights-of-way or other interests granted in such areas in connection with such uses, and for other purposes.

On December 5, 1974:

H.R. 16757. An act to extend the Emergency Petroleum Allocation Act of 1973 until August 31, 1975.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1353. An act to deduct from gross tonnage in determining net tonnage those spaces on board vessels used for waste materials.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to a bill of the House of the following title:

H.R. 8352. An act to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes.

The message also announced that the Senate had passed a bill of the following title in which concurrence of the House is requested:

S. 3394. An act to amend the Foreign Assistance Act of 1961, and for other purposes.

HARMONY AMONG DEMOCRATS

(Mr. SIKES asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. SIKES. Mr. Speaker, the Democratic Party can take pride in the degree of harmony achieved and in the progress made toward unity at its midterm conference in Kansas City. Of signal importance is the fact that the elected State and national officials among the Democrats provided guidance and constructively contributed to the work of the convention.

This is a happy change from the conventions of 1968 and 1972, especially the latter. The rioting of 1968 in Chicago brought division and defeat to the Democratic Party in a very close election. The farce, which was called a convention in 1972, when the convention was controlled to an extent by people who came in off the streets without the benefit of any elective process, real or imagined, resulted in the collapse of the party as an effective national force in that election.

Now, the party is moving soundly forward as a national organization which again offers an umbrella to all those who seek a sound and progressive America and are willing to work together to achieve it. Unstinting praise is due to Robert Strauss, as the guiding light of the long and tedious process of reconstructing the party machinery and to former Gov. Terry Sanford, of North Carolina, who contributed so much to the formulation of a new and effective charter under which Democrats can and will move forward.

COUGHLIN URGES IMMEDIATE ECONOMIC ACTION

(Mr. COUGHLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COUGHLIN. Mr. Speaker, with the President's economic summit and the Democratic Party's midterm convention behind, now is the time to meet head on the problems of unemployment and inflation.

With more than 6 million Americans out of work—1 in every 16 of the work force—the highest unemployment in 13 years—all facing a bleak Christmas—now is not the time for Congress to merrily adjourn until mid-January.

With worldwide inflation out of control and millions of Americans being broken by the spiraling costs of food, fuel, and rent, now is not the time for partisan bickering or to say "We will act on this in January."

I have today sent to President Ford and you, Mr. Speaker, similar letters urging around-the-clock meetings between the administration and congressional leadership to negotiate the course of action and proposed legislative sessions to act on it now.

To someone unemployed or an elderly person, or a limited-income person crushed by astronomical expenses, this is not a happy holiday season.

In the greatest economic crisis of our era, I want to spend my holiday helping the people I was elected to serve—now.

CALL OF THE HOUSE

Mr. WYLIE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Without objection, a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 654]

Andrews, N.C.
Ashbrook
Badillo
Bell
Biaggi
Boggs
Brasco
Breckinridge
Brown, Calif.
Brown, Ohio
Burke, Calif.
Burton, John
Butler
Byron
Carey, N.Y.
Chappell
Chisholm
Clark
Clawson, Del
Conable
Conyers
Cotter
Cronin
Danielson
Dellums
Devine
Diggs
Donohue
Dulski
du Pont
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fisher
Ford
Frey
Giaimo
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Hansen, Wash.
Harsha
Hays
Hébert
Heckler, Mass.
Hillis
Holifield
Horton
Howard
Hudnut
Jones, N.C.
Kemp
Kyros
Landrum
Litton
Luken
McEwen
McFall
McKinney
McSpadden
Macdonald
Madigan
Maraziti
Mathias, Calif.
Meeds
Mills
Mosher
Nelsen
Obey
O'Hara
Owens
Passman
Patten
Pepper
Podell
Railsback
Rangel
Rarick
Rees
Reid
Reuss
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Ruppe
Ryan
Sandman
Sarasin
Schneebeli
Shipley
Steele
Taylor, Mo.
Teague
Thornton
Tiernan
Towell, Nev.
Ullman
Waldie
Walsh
Wyman
Young, Alaska
Young, Ga.

The SPEAKER. On this rollcall, 327 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SEVENTH ANNUAL REPORT OF DEPARTMENT OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce.

To the Congress of the United States:

I transmit herewith the Seventh Annual Report of the Department of Transportation, as required by section 11 of P.L. 89–670. This report discusses the work of the Department during fiscal year 1973.

GERALD R. FORD.

THE WHITE HOUSE, *December 9, 1974.*

CONFERENCE REPORT ON S. 3164, REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974

Mr. PATMAN submitted the following conference report and statement on the Senate bill (S. 3164), an act to provide for greater disclosure of the nature and cost of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes.

CONFERENCE REPORT (H. REPT. NO. 93–1526)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

SHORT TITLE

SECTION. 1. This Act may be cited as the "Real Estate Settlement Procedures Act of 1974".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that significant reforms in the real estate settlement process are needed to insure that consumers throughout the Nation are provided with greater and more timely information on the nature and costs of the settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices that have developed in some areas of the country. The Congress also finds that it has been over two years since the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs submitted their joint report to the Congress on "Mortgage Settlement Costs" and that the time has come for the recommendations for Federal legislative action made in that report to be implemented.

(b) It is the purpose of this Act to effect certain changes in the settlement process for residential real estate that will result—

(1) in more effective advance disclosure to home buyers and sellers of settlement costs;

(2) in the elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain settlement services;

(3) in a reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance; and

(4) in significant reform and modernization of local recordkeeping of land title information.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "federally related mortgage loan" includes any loan which—

(A) is secured by residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection wtih a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, the following: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a real estate agent or broker, and the handling of the processing, and closing or settlement;

(4) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company;

(5) the term "person" includes individuals, corporations, associations, partnerships, and trusts; and

(6) the term "Secretary" means the Secretary of Housing and Urban Development.

UNIFORM SETTLEMENT STATEMENT

SEC. 4. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such minimum variations as may be necessary to reflect unavoidable differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize all charges imposed upon the borrower and all charges imposed upon the seller in connection with the settlement and shall indicate whether any title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. Such form shall include all information and data required to be provided for such transactions under the Truth in Lending Act and the regulations issued thereunder by the Federal Reserve Board, and may be used in satisfaction of the disclosure requirements of that Act, and shall also include provision for execution of the waiver allowed by section 6(c).

SPECIAL INFORMATION BOOKLETS

SEC. 5. (a) The Secretary shall prepare and distribute booklets to help persons borrowing money to finance the purchase of residential real estate better to understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 4;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives an application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt of such application.

(d) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

ADVANCE DISCLOSURE OF SETTLEMENT COSTS

SEC. 6. (a) Any lender agreeing to make a federally related mortgage loan shall provide or cause to be provided to the prospective borrower, to the prospective seller, and to any officer or agency of the Federal Government proposing to insure, guarantee, supplement, or assist such loan, at the time of the loan commitment, but in no case later than 12 calendar days prior to settlement, upon the standard real estate settlement form developed and prescribed under section 4, or upon a form developed and prescribed by the Secretary specifically for the purposes of this section, and in accordance with regulations prescribed by the Secretary, an itemized disclosure in writing of each charge arising in connection with such settlement. For the purposes of complying with this section, it shall be the duty of the lender agreeing to make the loan to obtain or cause to be obtained from persons who provide or will provide services in connection with such settlement the amount of each charge they intend to make. In the event the exact amount of any such charge is not available, a good faith estimate of such charge may be provided.

(b) If any lender fails to provide a prospective borrower or seller with the disclosure as required by subsection (a), it shall be liable to such borrower or seller, as the case may be, in an amount equal to—

(1) the actual damages involved or $500. whichever is greater, and

(2) in the case of any successful action to enforce the foregoing liability, the court costs of the action together with a reasonable attorney's fee as determined by the court;

except that a lender may not be held liable for a violation in any action brought under this subsection if it shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures adopted to avoid any such error.

(c) The provisions of subsection (a) shall be deemed to be satisfied with respect to a borrower or seller in connection with any settlement involving a federally related mortgage loan if the disclosure required by subsection (a) is provided at any time prior to settlement and the prospective borrower or seller, as the case may be, executes, under terms and conditions prescribed by regulations to be issued by the Secretary after consultation with the appropriate Federal agencies, a waiver of the requirement that the disclosure be provided at least 12 calendar days prior to such settlement. In issuing such regulations, the Secretary shall take into account the need to protect the borrower's and the seller's right to a timely disclosure.

(d) With respect to any particular transaction involving a federally related mortgage loan, no borrower shall maintain an action or separate actions against any lender under both the provisions of this section and the provisions of section 130 of the Consumer Credit Protection Act (15 U.S.C. 1640).

(e) The provisions of this Act shall supersede section 121 (c) of the Consumer Credit Protection Act insofar as the latter applies to any federally related mortgage loan as defined in this Act.

DISCLOSURE OF PREVIOUS SELLING PRICE OF EXISTING REAL PROPERTY

SEC. 7. (a) No lender shall make any commitment for a federally related mortgage loan on a residence on which construction has been completed more than twelve months prior to the date of such commitment unless it has confirmed that the following information has been disclosed in writing by the seller or his agent to the buyer—

(1) the name and address of the present owner of the property being sold;

(2) the date the property was acquired by the present owner (the year only if the property was acquired more than two years previously); and

(3) if the seller has not owned the property for at least two years prior to the date of the loan application and has not used the property as a place of residence, the date and purchase price of the last arm's length transfer of the property, a list of any subsequent improvements made to the property (excluding maintenance repairs) and the cost of such improvements.

(b) The obligations imposed upon a lender by this section shall be deemed satisfied and a commitment for a federally related mortgage loan may thereafter be made if the lender receives a copy of the written statement provided by the seller to the buyer supplying the information required by subsection (a).

(c) Whoever knowingly and willfully provides false information under this section or otherwise willfully fails to comply with its requirements shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

SEC. 8. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (A) to attorneys at law for services actually rendered or (B) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (C) by a lender to its duly appointed agent for services actually performed in the making of a loan, or (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.

(d) (1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion, split, or percentage. In any successful action to enforce the liability under this paragraph, the court may award the court costs of the action together with a reasonable attorney's fee as determined by the court.

TITLE COMPANIES

SEC. 9. (a) No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be purchased by the buyer from any particular title company.

(b) Any seller who violates the provisions of subsection (a) shall be liable to the buyer in an amount equal to three times all charges made for such title insurance.

LIMITATION ON REQUIREMENT OF ADVANCE DEPOSITS IN ESCROW ACCOUNTS

SEC. 10. No lender, in connection with a federally related mortgage loan, shall require the borrower or prospective borrower—

(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes and insurance premiums with respect to the property, prior to or upon the date of settlement, an aggregate sum (for such purpose) in excess of—

(A) in any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes and insurance premiums which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued, or

(B) in any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of payment to the date of settlement, plus one-twelfth of the estimated total amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or

(2) to deposit in any such escrow account in any month beginning after the date of settlement a sum (for the purpose of assuring payment of taxes and insurance premiums with respect to the property) in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month, except that in the event the lender determines there will be a deficiency on the due date he shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the deficiency corresponding to the number of months from the date of the lender's determination of such deficiency to the date upon which such taxes and insurance premiums become due and payable.

LIMITATIONS AND DISCLOSURES WITH RESPECT TO CERTAIN FEDERALLY RELATED MORTGAGE LOANS

SEC. 11. (a) The Federal Deposit Insurance Act is amended by adding at the end thereof the following new section:

"SEC. 25. (a) No insured bank, or mutual savings or cooperative bank which is not an insured bank, shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the bank. At the request of the Corporation, the bank shall report to the Corporation on the identity of such person and the nature and amount of the loan, discount, or other extension of credit.

"(b) In addition to other available remedies, this section may be enforced with respect to mutual savings and cooperative banks which are not insured banks in accordance with section 8 of this Act, and for such purpose such mutual savings and cooperative banks shall be held and considered to be State nonmember insured banks and the appropriate Federal agency with respect to such mutual savings and cooperative banks shall be the Federal Deposit Insurance Corporation."

(b) Title IV of the National Housing Act is amended by adding at the end thereof the following new section:

"SEC. 413. No insured institution shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the institution. At the request of the Federal Home Loan Bank Board, the insured institution shall report to the Board on the identity of such person and the nature and amount of the loan."

(c) The Federal Deposit Insurance Corporation or the Federal Home Loan Bank Board as appropriate may by regulation exempt classes or types of transactions from the provisions added by this section if the Corporation or the Board determines that the purposes of such provisions would not be advanced materially by their application to such transactions.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

SEC. 12. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 4 and 6 of this Act or by the Truth in Lending Act.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

SEC. 13. The Secretary shall establish and place in operation on a demonstration basis, in representative political subdivisions (selected by him) in various areas of the United States, a model system or systems for the recordation of land title information in a manner and form calculated to facilitate and simplify land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 14. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumers groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulation of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concludes that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt; and

(3) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secretary in accordance with the provisions of section 13 of this Act.

DEMONSTRATION TO DETERMINE FEASIBILITY OF INCLUDING STATEMENTS OF SETTLEMENT COSTS IN SPECIAL INFORMATION BOOKLETS

SEC. 15. The Secretary shall, on a demonstration basis in selected housing market areas, have prepared and included in the special information booklets required to be furnished under section 5 of this Act, statements of the range of costs for specific settlement services in such areas. Not later than June 30, 1976, the Secretary shall transmit to the Congress a full report on the demonstration conducted under this section. Such report shall contain the Secretary's assessment of the feasibility of preparing and including settlement cost range statements for all housing market areas in the special information booklets for such areas, together with such other information and recommendations for additional legislation as he determines to be appropriate.

JURISDICTION OF COURTS

SEC. 16. Any action to recover damages pursuant to the provisions of section 6, 8, or 9 may be brought in the United States district court for the district in which the property involved is located, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

SEC. 17. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

RELATION TO STATE LAWS

SEC. 18. (a) This Act does not annul, alter, or affect, or exempt any person subject to the provisions of this Act from complying with, the laws of any State with respect to settlement practices, except to the extent that those laws are inconsistent with any provision of this Act, and then only to the extent of the inconsistency. The Secretary is authorized to determine whether such inconsistencies exist. The Secretary may not determine that any State law is inconsistent with any provision of this Act if the Secretary determines that such law gives greater protection to the consumer. In making these determinations the Secretary shall consult with the appropriate Federal agencies.

(b) No provision of this Act or of the laws of any State imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Secretary, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

EFFECTIVE DATE

SEC. 19. The provisions of this Act, and the amendments made thereby, shall become effective one hundred and eighty days after the date of the enactment of this Act.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same.

WRIGHT PATMAN,
WILLIAM BARRETT,
LEONOR K. SULLIVAN,
THOMAS L. ASHLEY,
WILLIAM S. MOORHEAD,
ROBERT G. STEPHENS, Jr.,
FERNAND ST GERMAIN,
HENRY GONZALEZ,
HENRY S. REUSS,
WILLIAM B. WIDNALL,
GARRY BROWN,
BEN BLACKBURN,
JOHN H. ROUSSELOT,
CHALMERS P. WYLIE,
ALBERT W. JOHNSON,
Managers on the Part of the House.

JOHN SPARKMAN,
BILL PROXMIRE,
PETE WILLIAMS,
TOM MCINTYRE,
JOHN TOWER,
EDWARD W. BROOKE,
BILL BROCK,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill. The House amendment, the Senate bill and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

DEFINITIONS

The Senate bill contains a definition of "settlement services" which is generally broader than the House amendment's definition of the same term. The conference report contains the Senate provision with an amendment which substitutes the words of "real estate agent or broker" for the word "realtor".

AUTHORITY OF HUD SECRETARY TO ESTABLISH SETTLEMENT COST STANDARDS FOR FHA AND VA MORTGAGES

The House amendment repealed section 701 of the Emergency Home Finance Act of 1970. The Senate bill contained no such provision, and none is contained in the conference report.

The conferees recognize that section 701 authority is not currently being used. However, it is agreed that continuation of this stand-by authority is desirable for its deterrent effect and can, in fact, facilitate the achievement of the purposes of the Act. It should be understood, however, that nothing in the Act is intended to preclude the Secretary's use of Section 701 authority at any time he finds it necessary to curb abuses in specific market areas.

The Senate bill requires the Secretary of HUD to include in the report of the Secretary on necessity for further congressional action, the desirability of HUD providing borrowers and sellers of housing purchased or rehabilitated with the assistance of Federal related mortgage loans with all clerical and administrative services in connection with their settlement transaction. The House amendment contained no similar provision and none is contained in the conference report.

INFORMATION BOOKLETS

The Senate bill requires that the information booklets provided potential borrowers include, where practicable, the average amount of the settlement costs in the area where settlement is to take place. The House amendment contains no such provision. The conference report provides for a demonstration program in selected housing market areas to determine the feasibility of including statements of the range of costs for specific settlement services for all housing market areas. The HUD Secretary is to report to the Congress no later than June 30, 1976, on the demonstration conducted pursuant to this provision.

The Senate bill requires that the information booklet "reflect" the differences in settlement procedures around the country, while the House amendment requires that HUD "take into consideration" such differences in preparing the booklets. The conference report retains the House provision.

ADVANCED DISCLOSURE

Both the House amendment and the Senate bill require mortgage lenders involved in Federally-related residential mortgage transactions to provide advance disclosure of settlement costs to prospective buyers and to any officer or agency of the Federal Government proposing to insure, guarantee, supplement or assist such loan. In addition, the Senate bill requires disclosure of settlement costs to prospective sellers.

The House amendment requires disclosure to be made at the time of the loan commitment upon the standard settlement form prescribed by section 103 of the House amendment or upon a form developed and prescribed by the Secretary of HUD specifically for this purpose. The Senate bill requires disclosure to be made at least fifteen days prior to settlement on the standard settlement form prescribed by section 4 of the Senate bill. Both the House amendment and the Senate bill provide that the right to advance disclosure may be waived under terms and conditions prescribed by regulations to be issued by the Secretary of HUD after consultation with the Federal Reserve Board. The Senate bill directs the Secretary of HUD to take into account the need to protect the borrower's right to a timely disclosure.

The conference report contains the Senate provision to require advance disclosure of settlement costs to sellers as well as buyers, and also contains the House provision that disclosure may be made upon a form developed and prescribed by the Secretary of HUD for that purpose as well as on the standard settlement form.

The conference report contains the House provision with an amendment that the disclosure may be made at the time of the loan commitment, but in no case later than 12 calendar days prior to settlement, unless the right of waiver is exercised. The HUD Secretary shall take into account the need to protect the borrower's and seller's right to timely disclosure after consultation with appropriate federal agencies.

The conferees concluded that in some instances, as in the case of newly constructed housing, loan commitments are made as much as a year prior to settlement and that some settlement costs disclosed then could conceivably change before settlement is reached. It was, therefore, agreed that in such instances disclosure need not necessarily be made at the time of the loan commitment. Nevertheless, the conferees emphasize that the vast majority of residential mortgage transactions involve existing rather than newly constructed housing. Loan commitments for mortgage transactions involving existing housing are typically given sixty to ninety days prior to settlement. Since fees and commissions charged for settlement services usually remain fixed for substantial periods of time, the conferees agree that advance disclosure of settlement costs for most residential mortgage transactions shall be made at the time of the loan commitment or shortly thereafter. This view applies to newly constructed as well as existing housing. If loan commitments on newly constructed or existing housing are made more than sixty to ninety days prior to settlement, there would appear to be no obstacle, under normal circumstances, preventing disclosure sixty to ninety days prior to settlement. For these reasons, the conferees anticipate that advance disclosure of settlement costs as late as twelve days prior to settlement would occur only in a small percentage of cases because of unanticipated problems or unusual mortgage transactions. In any event, the need for early disclosure of settlement costs to protect the interests of buyers and sellers should remain uppermost as a standard of procedure. In most cases, this should be at the time of the loan commitment.

The Senate bill requires the Secretary of HUD to consider the need to protect the borrower's right to a timely disclosure of settlement charges in issuing regulations covering the circumstances under which a waiver of this right can be executed. The House bill contains no similar provision. The conference report contains the Senate provision.

LEGAL PROCEEDINGS

The Senate bill permits the court at its discretion to award the costs of the action together with attorney's fees for civil liability recovery in suits to recover treble damages because of a proven violation of the anti-kickback provision. The House amendment contains no similar provision. The conference report contains the Senate provision with an amendment to add the word "court" before the word "cost" in the provision.

FINANCIAL HISTORY OF PROPERTY TRANSACTION

The House amendment requires certain information to be provided by the seller to the buyer concerning the financial history of the property to be purchased prior to a loan commitment being made. The Senate bill has no similar provision. The conference report contains the House provision with an amendment to delete paragraph (3) of subsection 108(a) of the House amendment relating to outstanding options in contracts; to insert after the words "mortgage loan" in that subsection 108(a) the words "on a residence on which construction has been completed more than 12 months prior to the date of such commitment"; and to add the words "knowingly and" before the word "willfully" where that word appears in subsection 111(c) of the House amendment.

The House amendment would forbid a seller to require directly or indirectly, as a condition to selling the property, that title insurance covering the property be obtained from any particular title company. Violation of the section imposes on the seller the payment to the buyer of an amount equal to three times the charge for title insurance on the property. The Senate bill contains no similar provision. The conference report contains the House provision with an amendment which would substitute for the word "obtained" in subsection 111(a) of the House amendment the phrase "purchased by the buyer".

DISCLOSURE

The House amendment would require that the person actually receiving the beneficial interest of a federally related mortgage loan be revealed to the lender, and that the lender make information on the loan available to the appropriate federal regulatory agency. The federal agencies may make such information available to the public and may exempt certain classes of transactions from these requirements. The Senate bill contains no similar provision. The conference report contains the House provision with an amendment deleting the authority of the federal agencies to make such information available to the public.

The House amendment contains a provision providing for the Federal Reserve Board to conduct a study by June 30, 1975, on the feasibility of lenders paying interest on escrow accounts and related questions. The Senate bill has no similar provision, and none is contained in the conference report.

LEGAL JURISDICTION

The House amendment provides that jurisdiction over cases arising under this Act to federal district courts where the property is located, or any other court of competent jurisdiction. The Senate bill limits jurisdiction to State courts of competent jurisdiction. The conference report contains the House provision.

STATE JURISDICTION

The House amendment permits States to enforce consumer protection requirements in connection with residential real estate transactions in addition to requirements of this Act. The Senate bill has no similar provision. The conference report contains the House provision with an amendment which would conform this provision to the recently enacted amendments to the Truth-in-Lending Act (Public Law 93-495) defining the relationship of that law to State laws, providing:

(a) This Act does not annul, alter, or affect, or exempt any person subject to the provisions of this Act from complying with, the laws of any State with respect to settlement practices, except to the extent that those laws are inconsistent with any provision of this Act, and then only to the extent of the inconsistency. The Secretary is authorized to determine whether such inconsistencies exist. The Secretary may not determine that any State law is inconsistent with any provision of this Act if the Secretary determines that such law gives greater protection to the consumer. In making these determinations the Secretary shall consult with the appropriate federal agencies.

(b) No provision of this Act or of the laws of any State imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Secretary, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

Wright Patman,
William Barrett,
Leonor K. Sullivan,
Thomas L. Ashley,
William S. Moorhead,
Robert G. Stephens, Jr.,
Fernand St Germain,
Henry Gonzalez,
Henry S. Reuss,
William B. Widnall,
Garry Brown,
Ben Blackburn,
John H. Rousselot,
Chalmers P. Wylie,
Albert W. Johnson,
Managers on the Part of the House.

John Sparkman,
Bill Proxmire,
Pete Williams,
Tom McIntyre,
John Tower,
Edward W. Brooke,
Bill Brock,
Managers on the Part of the Senate.

APPOINTMENT OF CONFEREES ON H.R. 15977, AMENDING THE EXPORT-IMPORT BANK ACT OF 1945

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 15977), to amend the Export-Import Bank Act of 1945, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. PATMAN, ASHLEY, REES, MITCHELL of Maryland, ST GERMAIN, HANNA, KOCH, YOUNG of Georgia, MOAKLEY, WIDNALL, BLACKBURN, BROWN of Michigan, JOHNSON of Pennsylvania, MCKINNEY, and FRENZEL.

AUTHORIZING SECRETARY OF INTERIOR TO PURCHASE PROPERTY WITHIN SAN CARLOS MINERAL STRIP

Mr. MELCHER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7730) to authorize the Secretary of the Interior to purchase property located within the San Carlos mineral strip, with Senate amendment to the House amendment to the Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment to the House amendment to the Senate amendment, as follows:

Page 1, lines 3 and 4, strike out "$150,000" and insert "$300,000."

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. GROSS. Reserving the right to object, Mr. Speaker, what does the Senate amendment provide?

Mr. MELCHER. The Senate amendments provide that no more than $300,000 can be paid to any single individual for a settlement.

Mr. GROSS. And that is an increase from $150,000, a doubling of the payment?

Mr. MELCHER. That is correct.

Mr. GROSS. Is that what the gentleman would call it?

Mr. MELCHER. Pardon me?

Mr. GROSS. Is it a payment or what is it?

Mr. MELCHER. It is a payment, to increase it from $150,000 to $300,000.

The Senate conferees agreed, as well, that in order to be just with an individual claimant, that maximum would be needed rather than the $150,000 in the House-passed bill.

Mr. GROSS. What does the gentleman anticipate the total cost of the bill will be?

Mr. MELCHER. The total cost of the bill will not exceed $3 million.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Senate amendment to the House amendment to the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 3(b) of rule 27. The Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule 15.

After all motions to suspend the rules have been entertained and debated and after those motions, to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

PARLIAMENTARY INQUIRY

Mr. HOSMER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. HOSMER. Mr. Speaker, my parliamentary inquiry is in reference to the first-listed suspension on the conference report on S. 425. I understand the situation to be that the conference report, as filed, contains in excess of 30 errors, some of which are of some substance, and that the procedure will bring that erroneous conference report up, and if passed, thereafter seek a resolution to make the corrections. Is that correct, Mr. Speaker?

The SPEAKER. That is the Chair's understanding.

Mr. HOSMER. I thank the Chair.

PROVIDING FOR COOPERATION BETWEEN SECRETARY OF INTERIOR AND THE STATES IN REGULATION OF SURFACE MINING OPERATIONS AND ACQUISITION AND RECLAMATION OF ABANDONED MINES

Mr. UDALL. Mr. Speaker, I move to suspend the rules and agree to the conference report on the Senate bill (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulations of surface mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is a second demanded?

Mr. STEIGER of Arizona. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

[For conference report and statement see proceedings of the House of December 5, 1974.]

The SPEAKER. The gentleman from Arizona (Mr. UDALL) will be recognized for 20 minutes and the gentleman from Arizona (Mr. STEIGER) will be recognized for 20 minutes. The Chair now recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Speaker, I yield myself 2 minutes.

I. INTRODUCTION

Mr. Speaker, the conference report constitutes the realization of legislative goals that have been viewed as critical from the outset of committee deliberations.

We wanted a bill that would establish the principle that where lands cannot be reclaimed they will not be mined. Defining reclamation hasn't been easy, but I am satisfied that the report strikes the right balance between setting a statutory minimum and insuring flexibility.

We wanted to impose a general requirement that mined lands will be returned to their approximate premining conditions, and other nation's waters will not be fouled with silt and toxic drainage, that the critical groundwater systems of the West would be protected, and that vegetation would be reestablished on mined areas. Adoption of the report will assure that these goals be met.

We wanted to correct the abuses of the past and thus the report will establish a program to reclaim abandoned mines.

We wanted to insure that local citizens would be allowed to fully participate in the regulatory program. Under the reported language, such participation can be achieved but standing limitations will properly prevent interference by those with no real interest in the process.

In short, we wanted a bill that would allow the State and Federal governments to engage in a cooperative effort to set the ground rules for surface mining. The conference report will achieve this goal.

II. COST TO CONSUMER AND INFLATION IMPACT

The economic impacts of this legislation are small; very small when compared to the benefit gained from protecting the environment. The Library of Congress has analyzed the costs and inflation impacts of this legislation and concluded that expenses resulting from the implementation of the environmental standards and reclamation fee should not result in increased consumer costs since present market prices for coal are in excess of current coal production costs.

Further the study found that there would be no inflation impact from this legislation since reclamation costs are gradual in nature and are marginal when compared to prevailing coal prices.

Similarly, the Library of Congress found that the Federal expenditures authorized under the act, if assumed all inflationary in nature, would translate to a 0.007 percent push per year. This is an insignificant amount.

If indeed the increased costs were entirely passed through to the consumer, the Library of Congress estimates that the highest combined cost of reclamation and fee payment under the bill would be equivalent to $1.15 per ton of coal or 6 mills per kilowatt-hour. To the average consumer, this represents an increase in the electric bill of 12 to 36 cents per month for usages of 250 to 750 kilowatt-hours. However, since most coal for utilities is surface mined in area mining operations, having thick seams and high yields per acre, it is estimated that the average increase in consumer's electric bill would be on the order of 3.6 cents per month.

III. COOPERATION AND COMPROMISE OF THE CONFEREES AND THE ADMINISTRATION HAS RESULTED IN AN IMPROVED AND WORKABLE BILL

While the integrity of the key provisions of the House bill has been preserved, the report includes significant compromises which were carefully worked out by the conferees with the cooperation and aid of the Department of Interior.

There are dozens of such compromises, but here are some of the major ones:

While the House bill requires surface owner consent over Federal coal, the Mansfield amendment prohibited leasing of such coal. After intensive debate the conferees hammered out a compromise to give the working rancher the right to veto the stripping of his land but prevent the speculator from earning a windfall by attempting to exercise the same right.

The Senate bill contained a de facto moratorium on new starts until the full implementation of the bill. The conferees streamlined the House approach, reduced and clarified the interim standards, and wrote the implementation section to avoid interruption on ongoing operations or a moratorium.

The House bill prohibited mining on all national grasslands and certain other national systems—the conferees rejected the grasslands prohibition but accepted the prohibition limited to national parks, national forests, and other conservation systems.

The House bill flatly prohibited mining on alluvial valley floors, while the Senate bill did not. The compromise was reached to assure the protection of alluvial valley floors but not to impose a blanket prohibition.

The Senate requirement that States implement a full-scale review of all lands to determine their suitability for strip mining was rejected in favor of the more limited House provision which provides for designation on a case by case basis.

In early October when all issues except the surface owner consent question had been resolved, Secretary Morton recognized that the work of the conferees and the Department had resulted in a workable and realistic bill.

Secretary Morton told the American Mining Congress that:

> The Congress has . . . come forth with a workable bill which will do the job of pretecting the environment and still provide greatly increased supplies of coal—our most abundant fuel.
>
> Interior's expertise has been made available at the call of the Congress and has made valuable contributions to the drafting of the surface mining regulations. . . .
>
> We feel that the legislation enacted by the Congress will be a wise and good piece of legislation which will pay our debt to the past without unduly burdening the present—nor mortgaging the future.

I concur with the Secretary's assessment made last October and I urge the adoption of the report.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Speaker, the Surface Mining Control and Reclamation Act of 1974 is vitally important legislation to everyone in this country, but it is especially crucial to those who live in coal mining areas. We need legislation which regulates surface mining—but we also need to make sure that coal production continues at a rate which fulfills our national needs. Mr. Speaker, the gentleman from Arizona (Mr. UDALL) has had a major and outstanding part in bringing this legislation to the floor, and I would like to pose a few questions to him about it.

Mr. Speaker, I understand that the 35 cents a ton reclamation fee which would be charged on surface-mined coal would be divided in two equal parts, and one of those equal parts would return to the counties in the States where the coal originated. I also understand that this money would be primarily for reclaiming old strip sites—orphan spoil banks, as they are called. But, this money could also be spent for expanding public facilities in rapidly developing coal mine areas. For instance Mr. Speaker, the energy shortage has created a strong demand for coal, and mining is expanding throughout eastern Kentucky, which puts it in the rapidly developing category. Much of this coal is trucked from the mines to railheads or barge points, and the heavy trucks do a great deal of damage to small mountain roads. Therefore, one of the public improvements mountain counties could apply their reclamation funds to would be for repairing and strengthening their roads.

Mr. Speaker, I would like to ask the gentleman from Arizona if my views on how this 50 percent of the 35-cents-a-ton reclamation fee could be spent are correct?

Mr. UDALL. Yes, Mr. PERKINS, your understanding is correct. The act specifies that the Secretary of Interior is to spend 50 percent of the funds originating within any State in that State for the purposes of the reclamation program.

In those areas experiencing rapid coal development the funds can be used for various public facilities to support the housing required for miners and mining related employment. In the joint statement of the committee of conference, the conferees have identified the range of public facilities intended and these include roads in such areas.

Mr. PERKINS. Mr. Speaker, I understand the other 50 percent of the 35 cents a ton reclamation fee would be authorized for use by the Secretary of Interior, in areas where existing damage from strip mining is great, and where the need is also great. I also understand that both halves of the 35 cent fee could be spent only for reclaiming existing damaged areas—and are not for future damage, because future damage must be repaired and reclaimed by the coal companies taking out the minerals.

I would like to ask the gentleman from Arizona if these additional views are correct?

Mr. UDALL. Again, the gentleman from Kentucky (Mr. PERKINS) is correct in his understanding of the bill. The bill establishes a set of environmental standards with which all present and future coal mining operators must comply. These standards are directed at assuring that lands and waters be adequately reclaimed so that current and future mining will not produce a continuing legacy of environmental degradation. The reclamation program is directed at repairing damages from past mining, damages to land and water which have either been unreclaimed or inadequately reclaimed.

Mr. PERKINS. Mr. Speaker, I would like to ask the gentleman from Arizona an additional question—a question pertaining to the legislation's potential effect on grazing lands and farmlands in the Great Claims area of the West. Mr. Speaker, I understand that this legislation will establish stringent safeguards against wholesale disruption of agricultural activity, regardless of whether the coal underlying the land is under lease at the time the law takes effect, or whether the Government still controls it. I also understand that a crucial provision in this legislation concerning the Great Plains lands is the provision allowing the Secretary or the States to designate areas as unsuitable for mining, and in that way preserve them from disruption and destruction. Mr. Speaker, I would like to ask the gentleman from Arizona if my view is correct.

Mr. UDALL. One of the principal authorities in this legislation pertains to a designation of areas unsuitable for mining. This authority covers the entire Nation. Much of the background and procedures with respect to the designation authority is explained in both the House committee report and the statement on the part of the conferees. In short, upon appropriate petition from citizens and the State, the State or the Federal Government may designate lands unsuitable for mining providing that specific designation criteria are met and that lands in question are under the jurisdiction, respectively, of either the State or the Federal Government. It is the intention of the designation section to provide authority for the conditioning of entry upon the land from all of certain types of mining in order to prevent long-term disruption and destruction of such land resources when they serve other significant useful purposes.

Mr. STEIGER of Arizona. Mr. Speaker, I yield 1 minute to the ranking member of the committee, the gentleman from California (Mr. HOSMER).

Mr. HOSMER. Mr. Speaker, we have before us today an 87-page document entitled "Conference Report on the Surface Mining Control and Reclamation Act of 1974," which has been referred to by our distinguished Speaker as "the most important legislation to be acted upon by the Congress this year."

I agree wholeheartedly with the Speaker's appraisal of this bill, as reported in the press, and would add that it is not only the most important legislation to come before this session, but it also constitutes the most far-reaching, the most sweeping, the most basic change in national policy of any legislation to come before this body during the 22 years that I have been privileged to serve here.

If enacted into law, this bill will be the only major response this Congress has made to the Nation's energy crisis. It will be the only major initiative we have taken regarding inflation. And it will be the only response this body will have made to the public demand for action to combat the high prices that are bankrupting our people and stagnating our economy.

Yes, Mr. Speaker, this is extremely important legislation.

And yet there are not 20 Members out of 435 who have even read this report. How could they? It was not printed until last Friday, and most of us never saw it before entering this Chamber today. There are over three score errors in it. If accepted, the conference report will require yet another resolution to correct it.

Do we have before us the bill we passed in July, with a few minor changes by the conference committee? No, we do not.

Do we have before us the bill that passed the Senate, with a few minor changes by the conference committee? No, we do not.

What we have before us is virtually a new bill. A bill which none of us have had time to study or interpret. The "minor change" made by the conference committee was to "strike all after the enacting clause and insert the following:" Today we are given 20 minutes to read, digest, interpret and vote on some 63 pages of what they referred to as "the following," and we are being asked to suspend the rules and pass this legislation in the same manner that we pass the most minor and insignificant of bills.

Mr. Speaker, I strenuously object to such cavalier treatment of legislation that carries such a magnitude of importance to this Nation. I urge my colleagues to reject these tactics out of hand and to demand for themselves at least the time necessary to read the bill they are voting on.

Beyond that, I will comment only on the three aspects of this legislation that I mentioned earlier: its impact on the energy crisis, on inflation, and on high consumer prices.

DAMAGE TO ENERGY SUPPLY

First this bill constitutes the only major response made by this Congress to the national energy crisis. And what is that response? This bill's response to the need for more fuel is that we must drastically reduce the available supply of coal.

Now the rest of my colleagues may feel comfortable with that congressional response to the energy crisis, but I do not. I have a rather sophisticated constituency who would be hard to convince that the way to keep the Nation warm this winter is by reducing the amount of coal that goes into the furnaces. That is not my response to the energy crisis, and I suggest that it is precisely the opposite response that this Congress should make.

I will remind my colleagues that this is not a parlor game of environmental theory we are engaged in today. American families are faced with the probability of going cold this winter. Our imports of fuel oil have been cut and the Nation needs coal. That is not theory—that is fact. And this bill will reduce the amount of coal available. The only argument that the bill's proponents offer to this point is that, well, it will not reduce the coal supply by all that much. Their response to the energy crisis—to the demand for more coal—is that they hope they do not reduce the supply by too much. Surely, surely at this 11th hour of the energy crisis the Members of this Congress will reject such a response to a nation starving for fuel.

DAMAGE TO VALUE OF THE DOLLAR

Second, this bill constitutes the only major initiative this Congress has taken to meet the crisis of inflation. And what direction does this initiative take? Well, let us see. Inflation occurs when there are too many dollars chasing a dwindling supply of goods. To combat inflation, Government must either reduce the number of dollars being pumped into the economy or increase the supply of goods. But this bill does just the opposite. It increases the number of dollars being pumped into the economy and it decreases the supply of coal that those dollars are chasing. This bill uses gasoline to put out the fire of inflation.

INCREASES THE COST OF LIVING

Third, this legislation is the only response made by this body to the public demand for action to combat the high price spiral that is stagnating the Nation's economy. And what is the response contained in this bill? First, it adds to the cost of mining coal, which automatically adds to the price of coal. Second, it adds to the cost of coal-generated electricity, which automatically raises the price utilities must charge the consumer. Third, it adds to the cost of every product derived from coal—ranging from plastics to steel—which automatically increases the prices of those products. Thus, the congressional answer to the problem of high prices would be to raise them higher.

CONCLUSION

This bill is the wrong answer to high prices. It is the wrong answer to inflation. It is the wrong answer to the energy crisis. And I have not mentioned at all its effect on unemployment. Every mine shut down by this bill—every cutback that the shortage of coal forces in the powerplants—every industrial layoff brought on by the excessive costs of coal—will add more men to the unemployment rolls. And I reject that as our congressional answer to unemployment.

So let us get a rule, Mr. Speaker, and bring this conference report in, and make the necessary corrections. Then we might be able to draft legislation which is acceptable, and which can do a service to the Nation; which can respect the environmental qualities which we all hold dear, as well as permit the energy to be dug from the ground that we need.

For the record, Mr. Speaker, I have asked that the text of my letter dated December 6 to colleagues be reproduced below:

DEAR COLLEAGUE: I urge you to vote NO on the Conference Report on S. 425.

It is a substantially different bill from H.R. 11500, passed by the House to control and regulate surface mining.

The bill would contribute materially to inflation by imposing unnecessary governmental and private costs on the production of coal.

Needless restrictions and ambiguous and overly-complex regulatory requirements, will cripple the nation's ability to meet its energy necessities.

When fully funded, the bill would call for $125 million annually in new federal spending—triple that recommended by the Administration.

That figure does not include the 35-cents per ton excise tax levied by this bill. By itself, the excise tax will add another $240 million to the cost of coal in 1975!

The bill could reduce current coal production by 14 to 18 million tons, and 1980 production by 18 to 105 million tons as the result of small mine closures and spoil placement restrictions alone. This does not include production losses that might result from overly zealous application of other provisions in the bill.

Some of the many unnecessarily rigid requirements in this bill are: Permission of citizen suits on a mine-to-mine basis, resulting in litigation of every ambiguous aspect of the bill. Lack of a "savings clause" permitting those operators who are in conformance with interim standards to avoid forced closure due to judicial or administrative delays in processing permit applications; Confusing and duplicative provisions dealing with the *surface* effects of *underground* coal mining; Surface and mineral owner rights provisions that would either limit mining of federally-owned coal (thus losing hundreds of millions of dollars in federal leasing revenues) or enrich a few landowners with windfall payments unrelated to any damages that might be incurred.

In short, this bill is inflationary, unnecessary and will exacerbate rather than diminish the current energy crisis. I urge your opposition to the Conference Report when it comes to the floor.

Sincerely,

CRAIG HOSMER,
Member of Congress.

Mr. Speaker, we read in Ecclesiastes that for everything there is a season. This is a landscaping bill and winter is here. It ill behooves a responsible people to be shaping next year's pansy beds when snow is falling, the house is cold, and the coal bin is bare.

Mr. STEIGER of Arizona. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. STEELMAN).

Mr. STEELMAN. Mr. Speaker, I thank the gentleman from Arizona for yielding.

Mr. Speaker, we have worked diligently in our committee on both sides for the past 2 years to try to produce a responsible piece of legislation. We all recognize that we face a severe crisis in our energy supplies in this country in the next decade or so and it is for the welfare of our constituents that we provide a means of meeting those needs.

We have had the position often argued by the eloquent gentleman from West Virginia proposing an outright abolition of surface mining. Then we have had the other extreme argued which said we should just let things go on as we have been doing. But what this bill does is strike a balance between these two points of view and it says that we will surface mine coal but we will require responsible conduct on the part of those who are mining in these areas.

We have said in this bill that we will not permit dumping overburden on the downslope and we have said we must restore the land to the approximate original contour and we must have revegetation and we must have water quality standards so as to prevent siltation, and we have said the States will have 30 months in which to come up to the standards required in this bill, and there is a 35-cent reclamation fee.

Some of the opponents of this legislation would lead us to believe we are entering into an area where the effects will be unknown and where we do not have any laws of this kind in the States by which to know the impact of surface mining regulation and thereby we may be shutting off the mining industry. But, Mr. Speaker, in Ohio and in Pennsylvania, two of our major mining States, we already have mining of coal under standards which roughly approximate the same standards called for under this bill.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield for a question at this point?

Mr. STEELMAN. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, I sincerely appreciate the gentleman yielding.

My question is: Does this bill in this form repeal section 22 of the Interstate Commerce Act which would prohibit the present consideration given transportation costs in the case of municipalities or public corporations transporting coal? My understanding is that this does repeal that section, and I feel it would be very damaging to the interests of the cities which will be having to convert from gas burning fuel to coal burning consumption.

Mr. STEELMAN. I would say to my colleague, the gentleman from Texas, if I understood his question, I will defer to the gentleman from Arizona (Mr. UDALL) and give him time to consult counsel on that question.

Mr. Speaker, I will conclude my remarks by saying I think there are some practical considerations that need to be taken into account on both sides of the aisle. We worked hard for 2 years to produce a responsible bill. We have done that. It would permit mining coal and it would require revegetation and it would require responsible conduct on the part of the mining companies.

We are likely in the next Congress, given the makeup of that Congress, to have a bill brought out which would completely abolish surface mining of coal. I do not think that would be in the national interest of this country with respect to its energy needs, so I hope my colleagues will support this bill.

Mr. UDALL. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. GONZALEZ), and ask if he would yield to me?

Mr. GONZALEZ. Mr. Speaker, I would be delighted to yield to the gentleman from Arizona.

Mr. UDALL. In response to the inquiry of the gentleman from Texas (Mr. STEELMAN), I can state that it is my understanding there is no change in the laws relating to surface transportation of coal. This was not the purpose of this act at all.

Mr. HOSMER. Mr. Speaker, will the gentleman from Texas yield?

Mr. GONZALEZ. I yield to the gentleman from California.

Mr. HOSMER. It is by no means clear to me that the answer to the question of the gentleman from Texas is "Yes." In fact, I believe it is yes it does affect the repealer and, as a consequence, it would be the damage that the gentleman from Texas indicated.

Mr. GONZALEZ. I did not get that answer. Is the gentleman from California saying that does repeal the pertinent section 22?

Mr. HOSMER. The language in that section does exactly that.

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. Yes.

Mr. UDALL. There has been an attempt to smokescreen and obfuscate this issue. This question has never come up before today. We had months and years of hearings and this was never suggested. I suggest this is simply an attempt to confuse the issue and get votes against it.

Mr. GONZALEZ. There is obviously a conflict of opinion.

Mr. STEIGER of Arizona. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. KETCHUM), a member of the committee.

Mr. KETCHUM. Mr. Speaker, when the body considers that we have spent the better part of 2 years on this bill, we spent 6 days of acrimonious and bitter debate on the floor of this House on this bill and approximately 70 hours of conference time on this bill, it is absolutely incredible to me that we would be bringing this bill to the floor under suspension.

It is my considered opinion, and I am an opponent of the bill, that this bill will successfully lock up all Federal coal for at least the next 5 or perhaps 6 years.

S. 425 as now proposed by the conference committee remains in my judgment as shortsighted and dangerous legislation for a nation involved in serious energy circumstances. I say this, because the bill as proposed by the conference committee, at this time, will if enacted into law, minimize the access to and the production of coal—our most abundant and logical fuel source.

An example of one of the ambiguities in this legislation is the ban on surface coal mining pending a study by the Secretary of the Interior.

Section 522(b) of the bill S. 425 as proposed by the conference committee requires the Secretary of the Interior to conduct a review of the Federal lands to determine whether there are Federal lands which are unsuitable for all or certain types of surface coal mining operations. If the Secretary so determines, "he shall withdraw such area or condition any mineral leasing or mineral entries in a manner so as to limit surface coal mining operations on such area."

Whereas section 510(b)(4) of the proposed conference committee bill concerning the approval or denial of permits, prohibits the regulatory authority—the State or Federal Government—from granting or approving a permit, permit revision, or permit renewal of a surface coal mine operator, if the area proposed to be mined is included in an area designated unsuitable for coal mining or is an area under study for such designation.

The combination of these two sections result in a legislative ban on the issuance of a permit on any Federal land until the Secretary has completed his review of all Federal lands and affirmatively determined that an area is suitable for surface coal mining and then only if the surface coal mining can be accomplished under stringent environmental criteria and standards proposed in the bill.

The decision of the Secretary would certainly constitute a major Federal action within the scope of the National Environmental Policy Act and therefore would require a comprehensive and detailed environmental impact statement. That NEPA, or environmental impact statement, will be subject to judicial attack just the same as the NEPA statement for the trans-Alaska oil pipeline was under judicial attack for well over 2 years.

Now, if you add to these ambiguities and legal problems, the definition of "Federal lands" as contained in the proposed conference committee bill to include "any land, including mineral interests, owned by the United States"—as the bill does, you could effectively lock up all Federal lands where the Federal Government owns a "mineral interest."

Turning away from the Federal lands involved and to the private lands or lands owned by an individual, person, or other private entity, the same ambiguity and legal problems result from the language of the bill.

For example, section 503 on page 45 of the conference bill, requires a State, to be eligible to regulate surface coal mining within its own borders, to establish a process for designating areas as unsuitable for surface coal mining, and must be actively conducting a review of potential surface mining areas within its boundaries.

Again, if you apply section 510(b)(4) of the bill, if it becomes law, this section on permit approval and denial, will prohibit the regulatory authority from granting a surface coal mining permit if the area proposed to be mined is within a study area or subject to review by the State.

The effect of these sections of the bill then are to place all privately owned lands upon which surface coal mining is not currently being conducted, in the same status as Federal lands—that is—no surface coal mining permit may be issued by the State regulatory authority while the State is "actively conducting a review of potential surface coal mining areas" for designation as unsuitable for surface coal mining.

I would, therefore, urge careful consideration of the conference report.

I would submit that this suspension be voted down, that the bill go to the Committee on Rules, come to the floor under the rules of this House, so that it may have the consideration, the reasoned consideration of the body.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Speaker, this conference report is a papered-over compromise and I shall vote against it.

The essence of this compromise and its nature are best revealed in the preamble to the bill, in which the conferees have clearly stated that the bill proposes to "minimize so far as practicable the adverse social, economic and environmental effects" of strip mining. Phrases like "so far as practicable," "possible," "appropriate," "substantial," and other weakening weasel words are shot through this bill.

Are you going to tell the family whose home and property are threatened, whose water supply is being polluted, who is gradually being pushed off his land by strip mining that you are going to protect him only "as far as practicable"?

The people are way ahead of the Congress on the issues of strip mining, energy and the economy. In recent weeks, I have visited many areas of Montana, North Dakota, and Wyoming where the people are demanding clear action and positive leadership on behalf of energy conservation, all-out development of cleaner sources of energy and protection of our food supply and land instead of this lowest common denominator approach we feed them with this bill. The people are ready to make major sacrifices to conserve energy, and to make intelligent, long-range choices, instead of the get-rich-quick and shortsighted approach of this bill. By the end of this century, we will exhaust our strippable coal, and we will have enough deep-minable coal to last hundreds of years. Yet we will continue to gash, gouge, gore, rip and strip "as far as practicable "under the license of this milk-and-water compromise.

This conference report gives primary enforcement authority to the States, and the dismally poor record of State enforcement has left a band of stripped and riped land equal in acreage a mile-wide swath from New York to San Francisco. If you like what they did to Appalachia, you will love what they are planning for Colorado, Wyoming, Montana, and the West.

The only honest, long-range answer to strip mining is to abolish this form of exploitation in an orderly fashion. I regret that this conference report will only raise false hopes among people who think they will be protected, and will wake up to discover that those who are charged with protecting the public interest are officially sanctioning more destruction and exploitation.

I shall therefore vote against this conference report.

Mr. STEIGER of Arizona. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma (Mr. CAMP), a member of the committee.

Mr. CAMP. Mr. Speaker, the motion before us—to suspend the rules and agree to the conference report on S. 425 (Federal Regulation of Surface Coal Mining)—represents not only a mere suspension of the rules of the House but, more significantly, a suspension of all rules of reason and sanity. We are faced with a blatant attempt to ram through this Congress, in its waning days, legislation which is not only controversial in nature but disastrous in its effect on our national interests. Let me elaborate:

I am sure you all recall the story of Peter Pan. Surprisingly perhaps, but nevertheless fact, the legislation before us bears a remarkable resemblance to that famous fairytale. In its drafting as in the bedtime story, reality was supplanted by fantasy—a wonderland wherein the contrasts of good and evil were starkly etched so as to be more intelligible to the less mature reader. In the story, Peter Pan and his whimsical companion, Tinker Bell, flit from one scene to the next, creating with a flick of a magic wand beauty, serenity, and happiness.

Similarly, in this legislation, the regulatory authorities are expected to heal miraculously the scars of past strip mining operations, to prevent further scourging of our land, and to maintain without interruption the energy upon which our very livelihood is dependent. Captain Hook, the arch villain of the story, also has his counterpart. With enactment, the mine owners, the industrialists, the weakhearted officials no longer will pillage the countryside and greedily usurp the profits of the land. They, like Captain Hook, will be fed to the crocodile, who swims in the sea of righteousness. Also, you will remember that in the tale—inside the crocodile's stomach—a clock continuously ticked a warning of impending disaster. In this legislation, too, a clock is ticking—it is the weak pulse of a faltering economy, beset by severe inflationary trends and a grave shortage of fossil fuels. Unlike Captain Hook, however, if this ominous warning goes unheeded, an entire nation will drown in a sea of economic depression and foreign domination.

Mr. Speaker, the time has come for us to decide in the favor of reality, not fantasy. The prohibitory provisions of this bill will dangerously inflate the cost of coal, drastically raise the price of electric utility bills, and doom nearly all existing plans for coal gasification and liquefaction. Because of excessive restraints, billions of tons of the Nation's lowest cost and most accessible energy deposits will lie dormant. We shall become the blackmail victim of foreign sheikdoms, who are inimical to our national interests and whose fingers will encircle our jugular vein of energy dependency.

I am not opposed to environmental controls on strip mining. I am opposed, however, to the imposition of unnecessary and overly restrictive Federal controls, whose significant provisions have already been stipulated in most cases by the respective State governments. To assume that we here in Washington can conceive of and legislate for all contingencies arising in the production of coal is unmitigated nonsense. My friends, if we cannot trust local governments to solve environmental problems in which they must survive and prosper, then we have discarded a basic proposition of government upon which this Republic is founded.

Accordingly, my colleagues, in the preservation of our economy, our national dignity and our principles of representative government, I urge—no, I demand—that you vote "no" on the suspension of the rules and agreement on the conference report on S. 425.

Mr. UDALL. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. TAYLOR).

Mr. TAYLOR of North Carolina. Mr. Speaker, I rise in support of the conference report on H.R. 11500. Even though I do not favor all of the provisions of the report, I know that the problems were difficult, and I congratulate Congressman UDALL and Congresswoman MINK and the other conferees on a job well done.

This legislation will represent one of the most important accomplishments of the 93d Congress.

Few measures which we have considered have been given as much attention as this legislation. The full Interior Committee met 23 times to consider this bill. I attended every meeting, and felt that most of the time was used in a constructive effort to develop a sound, reasonable bill.

Many of us in the committee tried to help find some reasonable compromises providing for the restoration of mined-over land to productive use in an environmentally sound manner without contributing unreasonably to further inflation of coal prices or to the energy shortage. Ours is the difficult job of finding the proper balance between protecting the environment and meeting the energy needs of our people.

As a nation we are gradually running out of oil and natural gas. More and more we must turn to coal as an energy resource. It is important that this legislation be enacted now so that coal companies will know the guidelines which they must meet in planning their future operations.

Without reclamation, coal is a one-time harvest which makes all other harvests impossible. Can we afford this, considering that in the future the need for food will be as great as the need for coal today? We must endeavor to make every acre of land productive and usable. We owe this to our generation and other generations that will follow.

Mr. UDALL. Mr. Speaker, I yield 1 minute to the gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. Mr. Speaker, I thank the gentleman for yielding. I would like to rise in opposition to this legislation, and I urge everyone to vote against suspending the rules on this bill.

I would like to call to the attention of the Members who do not have any coal mines that they may feel that this is not going to affect them, but when their constituents get their utility bills they are going to know about this bill; they are going to learn about it. I do not know of anyone that is against reclamation. We are all for that. I think this committee is to be commended for what it has done on the reclamation, in requiring that the soil be replaced so that the land can then be used as before the mining.

However, about the requirement to requirement to restore the land to its approximate original contour I am also concerned about the provision for a needless tonnage tax on coal. With the energy crisis this Nation now faces it is inconceivable that this Congress pass legislation to reduce the production of coal and increase its cost.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO of Wyoming. Mr. Speaker, I thank the chairman of the conference committee.

I wish to state for the benefit of my colleagues that this legislation does not require anyone to replace the original contour. It requires the placing of the topsoil to the approximate original contour.

I could not do justice in 2 minutes or in 2 hours to this conference report. It has consumed dozens of hours of anguish in arriving at this conference agreement.

There is no way, I say to my colleagues, that we could have gotten a better piece of legislation than what has been returned to us now by these conferees. There has been better than 87 hours spent in deliberation and bargaining and dealing back and forth in the hope and supplication that we would emerge with something acceptable to everybody. This is reasonably acceptable to everybody, with the exception of one man, Carl Bagge, of the National Coal Association, to whom apparently nothing we pass is acceptable. Also my colleague, the gentleman from West Virginia (Mr. HECHLER), who has something else in mind anyway. He would prohibit the mining of coal by surface means. I understand the American Mining Congress is now lobbying against the report, and that should surprise no one.

Mr. Speaker, I urge the adoption of this legislation for the good of the country. It is one of the best pieces of legislation to assure proper development of our resources since the Oil and Gas Leasing Act of 1920.

Mr. Speaker, I urge its adoption.

Mr. STEIGER of Arizona. Mr. Speaker, I yield to the gentleman from Pennsylvania, the articulate, charming, and witty Mr. McDADE.

Mr. McDADE. For such time as I may consume?

Mr. STEIGER of Arizona. Mr. Speaker, I yield 3 minutes to the gentleman.

Mr. McDADE. Mr. Speaker, that rather indicates the worthiness of the gentleman's compliment.

Mr. Speaker, I wish to say to my colleagues that I feel impelled to rise in order to request that the House not suspend the rules and agree to this conference report. I do so with a primary motivation and with a sense of outrage at what the conferees have done with respect to title IV, the reclamation feature of this bill.

I say that as one who has worked a long time in the House on the issue of reclamation and what we should do about cleaning up destroyed lands in this country. We pride ourselves, I think, as Members of the House on saying that in this Chamber the people govern. I say to the Members that if we agree to this conference report on suspension, the people will no longer govern, because we in this House specifically voted down a tax on coal as the way to provide funds for that reclamation mechanism.

If we put a tax on coal, we are going to feel it when our people burn electricity, if they do. And in my district, where so many people still home-heat with coal, they are going to get a double tax. In instances that would affect the lowest income group I have in my district, and them alone. They are going to bear the burden of 100 years of past mining malpractices, and they would have to finance this entire reclamation fund. Where is the justice, where is the equity in such an approach?

I say in this House that the way to do this is through the Outer Continental Shelf receipts. That was the position the House adopted when it specifically voted down financing title IV through a tax on coal.

As I say, the House specifically rejected a tax on coal as the method to fund the abandoned mine reclamation title. The House adopted—instead of a tax—an amendment providing a solid foundation for reclamation of our abandoned coal mines without a tax. That House-passed mechanism provided the annual earmarking of $200 million from Outer Continental Shelf receipts to fund abandoned mine reclamation. Of the estimated annual $10 billion in Outer Continental Shelf revenues, that $200 million represents only 2 percent of the OCS revenues. But that $200 million represents a commitment to reclaim our abandoned mine lands by using a small portion of an increasing energy dividend, the OCS moneys, and using that to reclaim the lands ravaged in producing another energy resource. That method makes reclamation a national commitment, as it should be, and it avoids a tax on a narrow class of consumers.

There is no stronger advocate of reclaiming our abandoned mined lands than myself. There is an area the size of Connecticut in this country spread over 29 States that reflects the ravages of 100 years of past mining practices. I know what that "moonscape" is like. That land must be reclaimed.

We have a viable alternative to do that needed reclamation work. The House passed that alternative. Yet our effort was only to disappear in conference and we see a completely new provision—and I stress a provision not included in either the House or Senate bill. Aside from violating the rules, that tax proposal is simply wrong. When coal has almost trebled in price in 2 years, an additional tax is unfair.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. McDADE. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Speaker, I thank the gentleman for yielding.

I say that it is difficult to operate under this kind of a procedure. We cannot get a minute to speak, and this is one of the most important pieces of legislation to come before us.

I voted for this legislation, and I asked my friends and fellow colleagues from Pennsylvania to vote for it when it was going through the House.

It has come down now to the old biblical story, where in the morning they sent out a dove and in the evening it came back a raven. Now we have a raven on our hands.

Do the Members realize that there is $180 million tax here on the coal industry? Of this $180 million, $90 million of it can go to States other than those producing States to provide the money to go into the pool. Pennsylvania can take care of its own environmental problems. It has the best strip mining legislation in the whole country. It has never had a problem before in this respect.

We say, how are 50 million tons of coal going to pay $12.5 million of taxes? $6.25 million is going to be given to other States, and that is going to be paid for by the workers of our State.

Mr. Speaker, I say to the Members that this is no longer an environmental bill; it is a tax bill. I think we ought to defeat this and come back with a bill that we can work on.

Mr. STEIGER of Arizona. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. FLOOD).

Mr. FLOOD. Mr. Speaker, I wonder if we would ever think we could live long enough to consider a bill like this again, this strip mining bill with the tax per ton added. I have been in this thing before many Members even thought about the thing and we agreed on a good House bill.

The gentleman from Arizona (Mr. UDALL) and the gentlewoman from Hawaii (Mrs. MINK) did everything they could to see that these are reasonable things that should be done in this kind of a bill. This is a good bill and in the realm of environmental and land reclaiming in mine areas—especially anthracite areas—most important. And the committee has helped me make it so.

This is the bill we had, and at the last minute to come back with an impossible, unbelievable 35-cents-a-ton tax is unconscionable. I have 30,000 people using coal in my district, the lowest grade income people insofar as fuel need is concerned that we have in the entire area. My people are desperate in the matter of cost per ton of anthracite coal.

To do this is impossible. We must not do this, and yet it is being done. It is basically a good bill. This 35-cent tax per ton to be used for public purposes in other States is outrageous.

Mr. Speaker, we cannot do this to the people of Pennsylvania. They know this is what we are doing to them.

Mr. UDALL. Mr. Speaker, I yield 3 minutes to the gentleman from Montana (Mr. MELCHER).

Mr. MELCHER. Mr. Speaker, the time has come for Congress to take the positive steps of enacting coal strip mining reclamation legislation. The time for this positive action for the Nation is today and that opportunity comes to us with the adoption of the conference report.

It is the final step for the House and a long and sometimes tortuous trail during the past 3 years to assure protection of our land by putting forward a strong national bill to require of all of the State minimum standards on coal strip mining.

The bill has a dual purpose—protecting of our land and water, and permitting development of a vitally important energy resource. The energy development policy of this country is tied closely to the development of coal resources. Coal is a very necessary and needed part of the country's energy resources.

The House and Senate both responded with their own bills to accomplish this purpose. We have now before us the final melding of these two bills and I can assure the House that in its final version the bill before us, as agreed to buy the conferees, retains the vigorous and comprehensive features that the House enacted to make sure that the Nation would have a strong law to regulate and enforce coal strip mine reclamation procedure programs.

As we approach the vote today under the suspension of the rules let all the Members of the House be aware that a two-thirds majority is needed for approval. Because the legislation is so vital and because the features of the bill carry out the will of the House in both seeking to protect the land and water where coal strip mining is done and still allow the development of our coal resources, an overwhelming majority of votes of the House should guarantee its passage by more than two-thirds.

Those organizations that endorse the bill as it is presented to us today include the following which are listed alphabetically and you will note cover a broad cross-section of American people:

AFL–CIO.
American League of Anglers.
Appalachian Coalition.
Consumer Federation of America.
Environmental Action.
Environmental Policy Center.
Friends of the Earth.
Izaak Walton League of America.
League of Women Voters.
National Association of Conservation Districts.
National Association of Wheatgrowers.
National Audubon Society.
National Farmers Organization.
National Farmers Union.
National Grange.
National Rural Electric Cooperative Association.
National Wildlife Federation.
Northern Plains Resource Council, Montana.
Powder River Basin Resource Council, Wyoming.
Public Citizens' Congress Watch.
Sierra Club.
United Auto Workers.
United Mine Workers.
Wilderness Society.

The American Gas Association has also worked diligently to get the bill passed and is satisfied with it in this final form.

There has been questioning of the reclamation fee which is 25 cents a ton for coal from underground mining and 35 cents a ton assessed on coal that is strip mined. This is of great importance for two reasons: One-half of the fee will be used in the areas where coal mining is now underway for the purpose of meeting the needs of the areas for public purposes; this includes roads, health care, schools, housing and sanitation. It is of great importance that these funds be made available now when the greatest impact occurs because of mining or related activities dealing with coal mining. The other one-half of the fee will be used for reclamation of orphan or abandoned mines. All of the fees will be deposited in a special fund under the direction of the Secretary of the Interior.

How important is this to America? Let us review some of the facts.

In the Nation there are 2 million acres of abandoned strip mined lands. The Department of the Interior estimates it will cost the United States about $9 billion to return that land to a usable condition. This will take a great number of years but it is time we start and this fund is needed for that start.

WHAT WILL IT COST ELECTRICITY CONSUMERS?

In 1973 the Nation's electric utilities consumed 387 million tons of coal. Multiply that amount by 30 cents per ton—the average of 35 cents per ton and 25 cents per ton—and you have an increase of $116 million for coal to utilities.

HOW MUCH OF AN INCREASE TO CUSTOMERS OF ELECTRIC UTILITIES DOES THIS REPRESENT?

In 1972, the Nation's utilities sold a total of $23 billion of electricity to all classes of consumers. The reclamation fee is only one-half of 1 percent of that total. Of the $23 billion electricity sales total, $9.4 billion was purchased by residential customers. The reclamation fee is only 1½ percent of that total.

Yes, the time has come for the Congress to give to the Nation the guidelines for coal strip mine reclamation. When we do so we are also giving to the Nation the opportunity to take the first and most necessary step for further consideration of development of coal strip mining in the West. For my State of Montana and other States which share in the vast Fort Union coal deposit we need the features of this bill to guarantee to us the protection of our land and water and the rights of landowners over federally owned coal. This bill takes strong and positive steps to accomplish these purposes. For these reasons I urge the House to vote overwhelmingly in favor of the bill as it is presented by the conference committee.

Mr. STEIGER of Arizona. Mr. Speaker, I yield 1 minute to the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Speaker, I thank the gentleman for yielding.

I would like to ask a question of the gentleman from Arizona (Mr. UDALL), the chairman of the subcommittee, with respect to developing legislative intent on utilization of soil conservation districts to lend technical assistance for reclaiming strip-mined lands. About two-thirds of the local conservation districts throughout the Nation have been involved in efforts to reclaim more than 1 million acres of surface-mined land. Is it the intention of this legislation that the local conservation districts be involved in its implementation, and would the local conservation districts be eligible for grants of money generated by this authority?

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS of North Dakota. Yes, I yield to the gentleman from Arizona.

Mr. UDALL. The answer is yes. We have a very innovative provision in here so that this money which my Pennsylvania friends have complained about would be distributed as follows: one-fifth of it would go to local conservation districts to reclaim some of this land, to expand land for the farmers in order to give them a better pasture or larger farming operation.

This is a very sound provision, and we do expect to accommodate the SCD at the local level.

County soil conservation districts should be able to participate in the reclamation program contained in the bill through the authority granted the Secretary of Agriculture.

The bill specifies that up to one-fifth of the moneys in the reclamation fund in any year may be transferred to the Secretary of Agriculture for rural lands reclamation program, specific authorities for this program to be implemented through the soil conservation districts. It is reasonable to expect that this would include grants to the county soil conservation districts since these local organizations are the grassroots counterpart of the SCS and it is members of these groups who in many instances will be doing the actual reclamation work.

Mr. Speaker, I also understand that there are other concerns about the conference reports reclamation program and the extent to which funds will be spent in the areas of greatest need.

It is my belief based on the studies of the committee during the development of the fund that more funds will be spent in a State like Pennsylvania than will be raised by the imposition of the fee in that State. We intended that the areas of that State and other States which have been hardest hit by the ravages of coal mining—such as is the case in Pennsylvania—should quite properly receive special emphasis in the program and I hope and believe that the program will be administered in a manner to carry out this intention. It will be my intention to conduct our oversight jurisdiction to achieve these ends.

Pennsylvania's reclamation needs are legion. The citizens of the Commonwealth recognized this in the mid-60's and passed a statewide bond issue providing $200 million for mined land reclamation. However, by the State's own figures the acid mine problem requires over $900 million to correct and the 160,000 acres of land that has been strip-mined and needs reclamation will cost upwards of $300 million to repair.

Costs of controlling land subsidence from abandoned underground mines, extinguishing underground mine fires and burning waste banks will also be substantial. It seems clear to me that a reclamation program as proposed in the bill with guaranteed sources of funding is necessary to make a substantial effort toward correcting these past problems, and will supplement the very progressive and commendable efforts already underway in Pennsylvania.

Mr. Speaker, I yield 4 minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK. Mr. Speaker, it was a very difficult conference which we have just concluded. I realize that in our deliberations on a bill of such importance and significance as this it will not be possible, obviously, to satisfy every individual with regard to all of the complicated provisions in the legislation, but I do believe that the conference report as reported, and the bill that is now before us is worthy of the support of those who supported the House bill when we debated it in July.

We have been able to work out a very strong provision with regard to Federal enforcement. We have very strong provisions with regard to interim environmental standards, as well as permanent environmental standards. We have made provision in the bill for research and development. We have made very stringent requirements with regard to lands that are unsuitable for mining, when it is found that the land cannot be reclaimed. We have made provisions for the establishment of the Mining and Minerals Institute. We have given due regard, I believe, for the tremendous problems that will be encountered in the West, particularly, where strip mining will occur in arid areas, and where water represents a major consideration.

I regret very much to hear in the debate an indication from Members of the Pennsylvania delegation that they are not satisfied with the bill on account of the provision with regard to the reclamation fee.

Mr. DENT. Mr. Speaker, will the gentlewoman yield?

Mrs. MINK. I will yield to the gentleman after I have concluded my remarks.

Mr. DENT. Mr. Speaker, I have not been able to get half a minute's time, and I do have a large stake in this.

Mrs. MINK. Mr. Speaker, I believe the statistics will show that in order for this country to reclaim and rehabilitate all of the lands that have been destroyed on account of the coal strip mining, it will cost this Nation a total of some $10 billion. The very minimum fee which we have provided of 25 cents per ton of deep coal and 35 cents per ton for strip-mined coal is a very, very small amount to ask of the coal industry to help this country reclaim the lands that have been lost, for whatever purposes, for the use of the communities, for agriculture, for the streams that have been destroyed, and all the other difficult and tragic problems that have come about because we have lacked adequate legislation and adequate enforcement.

I am told that the average consumption of coal by the individual homeowner in Pennsylvania who still burns coal for providing heat in their homes is an average of about 10 tons per household per winter. Multiply that by 25 cents per ton, and the total comes to $2.50 for the entire winter. It seems to me that this is a very reasonable amount that we are asking the coal industry in these areas to bear for the tremendous value that these communities will receive as a result of the establishment of this reclamation fund. Over half of the amount of money which will be raised in the West from strip mining will go to Appalachia, or the other Eastern States, where the greatest devastation has occurred.

All we are asking is that everyone share in a cost of repairing and reclaiming these orphaned lands bearing in mind that future strip mining in the West will be under requirements to do adequate reclaiming before they will be allowed to mine; yet this coal will pay a higher fee—35 cents—than Eastern coal.

Insofar as the average cost of coal today, I am told a Pennsylvania family owner pays about $25 to $35 per ton—per ton—and all we are asking for is an additional 25 cents. It seems to me this is reasonable particularly when we bear in mind that the total reclamation cost we are talking of is in excess of $10 billion, and all this bill will raise is about $160 million to $165 million per year. Half of that money will be used to the benefit of the people of Pennsylvania who have not been able to look to the Federal Government for assistance.

All of us are for reclamation, all of us for the wonderful programs that have been instituted in the Department of the Interior, but none have been addressed to this specific problem.

So I would urge our Pennsylvania colleagues to rethink this over, because this bill is a major step forward for the people of your districts. I urge your support of this conference report.

Mr. UDALL. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Speaker, I thank the gentleman for yielding.

This is a great step forward. As the gentlewoman from Hawaii said, we took that step in Pennsylvania a long time ago. We have reclamation in our State. We have corrected the evils that were left to us by decades of mining in that State. There are some problems left at the present time but we are doing our best to correct them every year. It is possible under this act because we do have a law in Pennsylvania that is providing sufficient funds out of the industry to take care of all the reclamation.

We are willing to go along all the way and we did go all the way but there was no surtax placed upon the highest cost production in the United States. We have to compete when that coal goes into the coal hopper and no one can distinguish it from the $1.50 a ton production in surface mining and the $13.50 to $15 per ton production in the deep mining in Pennsylvania. The 35 cents is absolutely nothing for the strip mines.

No other State has a strip mine law as good as ours. Arizona has no strip mine law, and this money will be taken from Pennsylvania to do the reclamation.

Mr. STEIGER of Arizona. Mr. Speaker, I yield myself such time as I have remaining.

Are the surface effects of underground coal mining operations subject to the initial regulation procedures of section 502 of the bill?

Mr. UDALL. There appears to be some concern about the coverage of section 502.

First, the surface impacts of underground mining operations are covered with respect to their mine waste disposal piles and embankments. The other impacts come under regulation in the permanent State program.

Second, the three States which do not have surface mining regulatory programs can meet the administrative requirements of section 502 through executive action establishing a State regulatory authority. This is discussed in the House committee report.

Third, the Secretary of the Interior is responsible for inspecting all surface coal mining operations in all States with respect to the enforcement of the interim standards in section 502. This is true whether or not the State has a regulatory program or not.

Mr. STEIGER of Arizona. After the expiration of the 30-month period following the date of enactment of this act, does section 506(a) require that surface coal mining operations opened after the date of enactment be closed, even if the operator is in compliance with the interim performance standards and has filed an application for a permit with the regulatory authority, but for some reason the regulatory authority has not made its decision?

Mr. UDALL. Frankly, there is a possibility that a hiatus might occur between the expiration of the 30-month period and the initiation of a State or Federal program, which could result in a temporary cessation of the class of surface coal mining operations described. I am convinced, however, that with due diligence on the part of both Federal and State regulatory agencies, such a hiatus will not occur. In fact the mere existence of the possibility is in itself an incentive for rapid and timely administration of the requirements of the act. Nevertheless, the whole purpose of the initial regulation procedures is to establish a practical mechanism for assuring compliance without raising the possibility of unwarranted hardship on the operator. Any compliance decision should take into account the capabilities of the regulatory authority to implement new regulations, and the operator acting in good faith should not be unfairly penalized.

Mr. STEIGER of Arizona. Does not section 510(c), which prohibits issuance of a mining permit if the application indicates the applicant to be in violation of this act or a wide range of other environmental requirements, unduly penalize an operator who, in good faith, is availing himself of his right to administrative or judicial appeal of any alleged violation?

Mr. UDALL. It is not intended that an operator who is charged with the types of violations described in section 510(c) be collaterally penalized through denial of a mining permit, if he is availing himself, in good faith, of whatever administrative and judicial remedies may be available to him for the purpose of challenging the validity of violations charged against him. Neither is it intended, however, that a permit applicant can avoid the purpose of section 510(c) simply by filing an administrative or judicial appeal. The regulatory authority should carefully scrutinize those situations where an administrative or judicial appeal is pending in order to insure to the fullest extent possible that such appeals are not merely frivolous efforts to avoid the requirements of section 510(c).

Mr. STEIGER of Arizona. Is the administration correct in its assertion that as presently drafted the citizen suit provisions of section 520 could mean that if a permittee is in compliance with his permit and the applicable regulations, he could nevertheless be subject to a citizen suit asserting that there had been a violation of the provisions of the act insofar as the permit or regulations were improperly issued or promulgated? Would not this constitute a collateral attack on the permit and regulations themselves?

Mr. UDALL. This bill has a number of mechanisms to involve the interested public at critical stages of decisionmaking by the regulatory authority, including the issuance of permits and promulgation of regulations. It is not the intent of the Congress, in my opinion, that section 520 be used as a basis for collaterally attacking a permit and the regulations of the regulatory authority related thereto. The phrase "in violation of the provisions of this Act," which seems to be the bone of contention here, is simply intended to be the jurisdictional base for including under the citizen suit umbrella any and all violations of the act.

Mr. STEIGER of Arizona. Does the requirement in section 522(b), that the Secretary conduct a review of the Federal lands to determine whether they contain areas which are unsuitable for all or certain types of surface coal mining operations, effectively impose a moratorium on all new Federal coal leases until this review is completed?

Mr. UDALL. This point was covered in the joint statement of the Committee of Conference and I quote:

> Section 522(b) directs the Secretary of Interior to review the Federal lands to determine whether there are areas which are unsuitable for surface coal mining operations. It is not the conferee's intent to preclude surface coal mining on Federal lands until this review is completed.

Mr. STEIGER of Arizona. Since section 523(a) of the act states that where Federal lands in a State with an approved State program are involved, the Federal lands program must include the requirements of the approved State program, would the Secretary of the Interior be obligated to prohibit all surface coal mining if the State program so provided?

Mr. UDALL. No, since title V establishes minimum procedural requirements and performance standards which must be met or exceeded by the regulatory authority, be it the Federal or State Governments, the purpose of the language in question is to assure uniform applicability of these requirements and standards within any given State. If Federal lands are to be designated unsuitable, then such designation must be done under different specific authority in the act.

Mr. STEIGER of Arizona. I thank my friend very much.

I will tell my friend, the gentleman from North Dakota (Mr. ANDREWS), in response to the question he asked about whether this bill would permit soil conservation districts to continue the activities in reclamation of surface mining, this bill simply does not address the problems or advisability of soil conservation districts continuing.

What this bill does is to establish a totally new entity in both the State and Federal governments to address the reclamation process. Mostly it is in a supervisory capacity and not in the same spirit as the soil conservation which participates with the farmer. Under this legislation the reclamation is imposed upon the reclaimers and there is no intention either to devise new techniques or develop new techniques which might be appropriate.

I think the gentleman's question is a great one because it lets me knock the bill and I want to do that, but it is also a valid question because the bill needs a great deal of knocking.

Mr. Speaker, I want to get to the bottom line on this. What we are being asked to do today is to pass by suspension a bill which has at least 60 basic errors. When we support this bill under a suspension, and I know this will strike terror into the very hearts of Members, we will be supporting the right to surface mine the national parks, a right which is now denied. Why is that? It is because there is a typographical error in the conference report because we produced the conference report under the most fantastic pressure, whatever the motivation. There are 60 of these errors and most of them are reckless in nature. Even the Department of the Interior which has a concern in about five sections of this thing and they have been slobbering to get this bill because they are anxious for the new responsibility and new jobs it will furnish them and I as a good Republican ought to support it, but I do not because, let us face it, when this effort started out 4 years ago—and it was not 2 years ago but it was 4 years ago—there was a need for surface mine regulation.

But even my good friend, the gentleman from Texas (Mr. STEELMAN), who worked very hard on this and who really wants it and who sincerely wants this bill, could not read what the conference produced because the conference report itself does not say what the conference produced.

We have produced over 150 pages of regulations as a committee. We have told the surface miners how to mine. If we had just said, "You cannot mine where you cannot reclaim and you must put up a bond to do it," I think we could have satisfied everybody's desire in this House; but no, we tell them how to mine. We do not tell them where they cannot put the spoil. We tell them how to put the spoil. We tell them how to make a cut.

Who wrote this wonderful document? Fifty hot-eyed staffers, not a one of whom has ever seen a coal mine, except by way as an observer. That is the absolute truth.

Now, the people that want this bill want a concept. They want to protect the land. We want to protect the land. The best evidence that this effort has been good is that the States who mine the most coal by the surface method have now got good legislation. Most of the tonnage comes under the new 1973 amendments. How do I know that? I have not read their bills. I will not try to claim I have read the State laws; but I have read the Interior Department regulations which were put forth in anticipation of the House accepting this nonsense today. Of those regulations, hundreds of pages of them, over half of them have been lifted from the existing State laws, which must be pretty good.

Now, it is impossible to achieve what it is that we want to achieve and that is the protection of the surface by the passage of some legislation that says that the surface is protected. It just does not work that way. What we have done is imposed meaningless, onerous, administrative criteria on people who are not going to be able to bear the cost of it. It is not going to affect in one whit whether the land is reclaimed or not. What it is going to mean is that some 60 percent of the small surface miners will be out of business because they cannot comply with the administrative requirement, not with the physical requirement of reclamation, but the administrative requirement.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, in response to the gentleman from Arizona, I simply would point out that on page 13, section 404 the bill says the Secretary of Agriculture is authorized to enter into agreements with landowners with respect to reclamation and conservation of the owner's land and so forth. That disposes of that question.

Now I am sorry our friend, the gentleman from Pennsylvania (Mr. DENT), has taken the view he has on the reclamation fee section of this bill. If there is any State in this country that should want this bill, it is Pennsylvania, because they are competing with States where there are no reclamation laws, no reclamation fees, and where the cost of strip mining coal is a couple of cents a ton. This bill would impose a flat fee per ton of coal mined anywhere in this country. It should be an assistance, rather than a detriment to Pennsylvania coal.

The price of coal today is set by the marketplace, not by the cost of mining coal. It has risen from $20 a ton to $60 a ton in the last year because of the marketplace. Unfortunately, in the absence of price controls, the coal companies have and will charge whatever they think the traffic will bear, whether or not we impose a reclamation fee and regardless of the production cost.

As I recall, there are 160,000 acres of orphan lands in the State of Pennsylvania, that is land that was stripped years ago and abandoned without reclamation. These lands are not just an eyesore. They are a source of erosion and pollution and are largely lost for any productive purpose.

The reclamation fee provisions of this bill will provide a fund to restore these lands in Pennsylvania and other States. They will also provide many jobs as part of the restoration work.

Pennsylvania needs this bill and the Nation needs this bill.

Mr. DINGELL. Mr. Speaker, it is with some reluctance that I will vote for passage of the conference report on S. 425—the strip mine regulation bill.

It is in my judgment a beginning. It has many excellent features. Indeed, the coal industry apparently opposes it and that speaks well for it. But it also contains some provisions that I deem inadequate and, most of all, it does not specifically protect our national grasslands from the ravages of strip mining. as I proposed when the House version of this bill was passed.

Protection of grasslands is left to existing law, which is not repealed by S. 425. As this House knows, I have asked the General Accounting Office to rule on the legality of several permits issued concerning the grasslands.

Furthermore, the bill does not amend, repeal, or modify NEPA, the Fish and Wildlife Coordination Act, the Refuse Act of 1899, the Clean Air Act, and the Federal Water Pollution Control Act. Each will fully apply to the operations regulated under this bill and to the administration of this bill. This is good.

Section 513 of the bill states that any person "with a valid legal interest—shall have the right to file written objections" to issuance of a permit. A similar provision is included in section 519(f).

I want to make it very clear that this statutory language does not preclude anyone from filing such objections. It merely guarantees the right of a person "with a valid legal interest" to file such objections.

Furthermore, the bill and the manager's statement do not define the term "valid legal interest." In view of the widespread public interest in this legislation, it should be construed broadly by Interior and the courts. Persons should not have to show a property interest in order to avail themselves of this right. Indeed, the test should be the same as that used by the Supreme Court in recent cases involving standing, such as *United States* v. *SCRAP*, 5 ERC 1449, June 18, 1973.

Mr. WAMPLER. Mr. Speaker, I object to the manner in which proponents of the conference report on S. 425, the Surface Mining Control and Reclamation Act of 1974, are attempting to secure approval of this complex and confusing legislation.

There is no one here who can honestly claim this report is noncontroversial, and by considering the matter under suspension of the rules very little time is available to weigh the possible consequences of this proposal.

When H.R. 11500, the House version, was passed, many hours of debate and discussion went into consideration of the bill, which was amended extensively on the House floor. But now, after even more considerable changes in conference, we are asked to suspend the rules and adopt the report with little or no discussion.

It would be a gross misuse of the suspension calendar to consider the report on S. 425 in this manner. It is only fair to the Members to allow them adequate discussion of the further changes in conference in this controversial measure, in order that the full consequences of such a proposal can be fully understood.

Mr. FRENZEL. Mr. Speaker, the conference report on H.R. 11500, the Surface Mining Control Act, really gives us no choice. It is not a perfect bill. It is not even a very good bill. But it is the only bill we have before us. Because I do not see any way of improving it, I shall support it.

However, my constituents are concerned with its effect on our area and with its impact on our national energy supply situation.

Clearly the bill will not improve chances for generating enough domestic energy sources to eliminate our need for expensive offshore energy sources. In addition, it will surely increase the cost of coal and the cost of coal-generated electricity for our consumers. It will create a new mass of regulations which will tend to pyramid the costs of power generators and coal producers.

These effects are obvious, but they were expected. The problem has been to balance the cost and accessibility of energy supplies against a sound environmental policy. The achievement of a reasonable balance is extremely difficult, and no one can say for sure whether this bill does it or not.

The conference report contains some excellent features—the prevention of spoil and overburden dumping on the downslopes, revegetation regulations, water quality maintenance standards, interim environmental codes, the treatment of surface impact by underground mining, reconstruction of land previously spoiled, and the establishment of special research programs.

The research programs may be the most important part of the bill, if they are able to help eliminate the many difficulties which will inevitably occur in compliance with regulations, and if they can help increase efficiency in coal production.

The conference report reaffirms previous congressional decisions that payment for reclamation and land conservation standards must come out of coal production costs itself. I am concerned that the cost involved may put too heavy a premium on coal as an energy source, so that coal may not be developed as broadly as necessary for the future. Nevertheless, we have to start somewhere, and we shall simply have to see whether the fee scale in the bill is as difficult as some maintain.

I am particularly pleased that surface rights were not extended to include the value of unmined coal. That would have represented an unnecessary burden and probably a backbreaking one when added to the reclamation fees and new labor increases.

All of us understand the need for some kind of strip mining regulation so we can begin to develop the vast coal resources of this country in a way which is harmonious with our desire for a safe and attractive environment. I hope this bill will achieve that balance. I intend to support it, but I am not terribly enthusiastic about it. My support is based on my belief that we are not going to get a better bill than this one. I therefore urge my colleagues to pass this bill today, but to be ready to make prompt adjustments should it become obvious that the balance between energy needs and environmental protection has been endangered.

Mr. RANDALL. Mr. Speaker, on a matter of such importance as consideration of the conference report on S. 425, the Surface Mining Control and Reclamation Act of 1974, it is necessary to preserve for the record the reason for a Member's vote.

When this matter was before the House, I supported H.R. 11500, as amended. While I supported the Hosmer substitute, H.R. 12894, after that substitute lost, I offered an amendment which was agreed to, which provided that anyone who would use the provisions of this act to bring a lawsuit under the act must first establish an interest prior to filing the lawsuit.

Moreover, I supported the House version after defeat of the substitute because in our congressional district there are some scars left on the surface of the land in one or two of our counties which are the result of strip mining operations.

But let me hasten to add that since this mining was dug, our legislature has passed a good and sufficient State statute which would prevent such strip mining operations repeated in the future in our State.

Our Missouri Land Reclamation Act was passed in 1971 by the Missouri Legislature. It was not weak or diluted legislation. It provided that any operator desiring to engage in surface mining must first obtain a permit. Our Missouri law spelled out very strict conditions prerequisite to the issuance of the permit. Among other things, all ridges and peaks of overburden created by surface mining must be graded to a rolling topography traversable by any machines necessary to pursue the planned use. There is a requirement that land be seeded to pasture, that all peaks and ridges of overburden be struck off or leveled to a minimum use of 20 feet at the top.

Equally important, Mr. Speaker, our Missouri statute requires that a bond be filed payable to the State of Missouri, providing the operator shall faithfully perform all requirements set out in the law. There are some pretty stiff penalties in the Missouri law, as high as $500 for each acre or portion thereof not restored.

I have strongly supported all measures that will protect the environment. At the same time we must not impair or threaten an adequate supply of coal. I am not concerned about the President's announcement that he may veto this conference report. That is his prerogative. But I am concerned for one thing about the allegation that this measure will literally lock up the coal on all Federal lands for the next 5 or 6 years, without even the opportunity to amend this conference report to strike such an objectionable provision. To me it is incredible that we consider this important measure under the suspension of the rules.

My strongest objection to this conference report is not that other body has added a tax of 35 cents per ton for surface mining of coal and 25 cents per ton for underground coal. That means that this conference report has turned from an environmental bill, which our body passed, to a tax bill imposed by the action of the other body. Now the House is asked to concur under the suspension of the rules which means we are denied the privilege of amendment and with a limit of 40 minutes of debate.

I have no alternative but to oppose this conference report under suspension of the rules because without an amendment which we are denied, the net result will most likely be less energy, but certainly more inflation. We should not operate under suspension of the rules on a bill of this importance. If there be any doubt what effect the tax provided herein will have, we will have to wait only a few months when our constituents will begin to receive their higher light bills which will further contribute to inflation. I am not against a surface mining control bill but not to be considered under suspension of the rules.

The SPEAKER pro tempore (Mr. FULTON). The question is on the motion offered by the gentleman from Arizona (Mr. UDALL) that the House suspend the rules and agree to the conference report S. 425.

The question was taken.

Mr. UDALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b) of rule XXVII and the prior announcement of the Chair, further proceedings on this motion will be postponed.

Does the gentleman from Arizona withdraw his point of order of no quorum?

Mr. UDALL. Yes, I do, Mr. Speaker.

The SPEAKER pro tempore. The point of order is withdrawn.

Mr. HOSMER. Mr. Speaker, I object to the withdrawal. The gentleman from Arizona must ask for unanimous consent to have it withdrawn.

Mr. UDALL. Mr. Speaker, I ask unanimous consent to withdraw the request.

Mr. HOSMER. Mr. Speaker, I object.

PARLIAMENTARY INQUIRY

Mr. STEIGER of Arizona. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. STEIGER of Arizona. Mr. Speaker, if the gentleman does not make a point of order that a quorum is not present, as I understand the parliamentary situation, the Chair is ruling on the outcome of the voice vote, is that correct?

The SPEAKER pro tempore. The vote is put over pursuant to the Chair's announcement.

Mr. STEIGER of Arizona. Mr. Speaker, I thought that with the gentleman's objection to the putting over of the vote——

The SPEAKER pro tempore. The Chair is trying to avoid at this time a quorum call, since the vote has already been postponed pursuant to the rule.

Mr. STEIGER of Arizona. I understand. All I am trying to do is sneak around——

The SPEAKER pro tempore. The Chair would like to inform the gentleman that there is no way to do that.

PARLIAMENTARY INQUIRY

Mr. HOSMER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOSMER. Mr. Speaker, what happened is that there was a vote announced, and then there was a point of order made that a quorum was not present; an objection to the vote, which was irrelevant, but the point of order that a quorum was not present was well taken, so that would seem, in my estimation, to simply call for a quorum call only.

The SPEAKER pro tempore. At the moment, there is not a call for a quorum pending before the House.

Mr. HOSMER. Mr. Speaker, I object to the gentleman's withdrawing his point of order of no quorum, and therefore, I now demand regular order, which is a quorum call.

The SPEAKER pro tempore. Unanimous consent to withdraw the point of order was not required.

The gentleman from California may make a point of order that a quorum is not present if he so desires.

PARLIAMENTARY INQUIRY

Mr. HOSMER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOSMER. Mr. Speaker, has the Chair ruled that the vote will go over?

The SPEAKER pro tempore. The Chair has so announced.

Mr. HOSMER. Mr. Speaker, I do not desire to make a point of order that a quorum is not present.

S. 2201, FLOOD DAMAGE

Mr. BREAUX. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 2201) to provide for the settlement of damage claims arising out of certain actions by the United States in opening certain spillways to avoid flooding populated areas.

The Clerk read the Senate bill as follows:

S. 2201

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SECTION 1. (a) The President or his designee is authorized and directed to receive, investigate, settle, and pay all claims against the United States for losses incurred by oyster fishermen in the State of Louisiana in connection with the damage or destruction of oyster crops in such State as a result of certain action taken by the United States in the opening of the Bonnet Carre and Morganza spillways in the State of Louisiana during 1973, including claims for reasonable expenses incurred as a result thereof, and interest on the principal amount of such claims computed at a rate of 6 per centum per annum from the date that the losses resulting in any such claim occurred.

(b) As used in this Act, the term "settle" means consider, ascertain, adjust, determine, and dispose of a claim, whether by full or partial allowance or by disallowance.

SEC. 2. (a) The President or his designee is authorized to issue such rules of procedure for the receipt, consideration, and disposition of claims filed under this Act as he deems appropriate.

(b) Claimants shall submit their claims in writing to the designated department or agency under such rules as the President or his designee may prescribe pursuant to subsection (a), within one year from the date of the enactment of this Act.

(c) The President or his designee shall determine and pay the amount of awards, if any, in the case of each claim within twelve months from the date on which the claim was submitted.

SEC. 3. With respect to claims filed and awards paid pursuant to the provisions of this Act, the President or his designee shall limit himself to the determination of—

(1) whether the losses sustained resulted from the action of the United States in opening the Bonnet Carre and Morganza spillways during 1973;

(2) the amounts to be awarded as compensation for such losses; and

(3) the persons entitled to receive such awards.

SEC. 4. (a) The payment to any person of an award pursuant to a claim filed under the provisions of this Act shall be in full settlement and discharge of all claims of such person against the United States resulting from the damage or destruction described in the first section of this Act.

(b) No claim cognizable under the provisions of this Act shall be assigned or transferred, other than to the United States, except by operation of law.

SEC. 5. The President shall, within two years after the date of the enactment of this Act, transmit to the Congress a report setting forth—

(1) each claim settled by him and paid pursuant to the provisions of this Act, with a brief statement concerning the character and equity of each such claim, the amount approved and paid; and

(2) each claim submitted to him in accordance with the provisions of this Act which has not been settled by him, with supporting papers and a statement of his findings of facts and recommendations with respect to each such claim.

The SPEAKER pro tempore (Mr. FULTON). Is a second demanded?

Mr. DON H. CLAUSEN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Louisiana (Mr. BREAUX) will be recognized for 20 minutes, and the gentleman from California (Mr. DON H. CLAUSEN) will be recognized for 20 minutes. The Chair now recognizes the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 2201 provides for the relief of oyster fishermen in the State of Louisiana who suffered damages as the result of the use of the Bonnet Carre spillway and the Morganza Floodway to divert floodwaters from populated areas during the 1973 Mississippi River flood.

These two structures are components of the comprehensive flood control project for the lower Mississippi Valley constructed and operated by the U.S. Army Corps of Engineers. The Morganza Floodway is used to divert from the Mississippi River to the Atchafalaya Basin waters that cannot safely be passed by the Mississippi River channel. The Bonnet Carre spillway is used to divert waters away from the city of New Orleans and the delta area during major floods.

In the spring of 1973 the severe flooding on the Mississippi River made it necessary for the Corps of Engineers to use these structures to prevent flood damages to downstream populated areas. The structures did their job well, and serious flooding was prevented. As a result, however, the oysterbeds into which the diverted waters flowed were seriously damaged. The large volumes of fresh water diverted by the corps lowered the salinity of the water surrounding the seedbeds, and 122,700 acres of oyster-growing areas were adversely affected by the floodwaters. The area involved constituted 68 percent of all the oysterbeds under lease in the entire State of Louisiana. Of these 122,700 acres, 92 percent had in excess of 25 percent mortalities; 45 percent experienced between 50- and 100-percent mortalities. In addition, the State of Louisiana directed closure of large areas to oyster fishing because of potential health hazards which would result from the harvesting of shellfish from areas influenced by the instrusion of the diverted waters.

The damages suffered by the oyster fishermen were the direct result of the operation of flood control structures by the Corps of Engineers for the protection of other persons from flood damages. Moreover, the damages will result in the loss of livelihood of these fishermen for as long as 2 or more years. In circumstances such as this, it is only fair that those suffering damage be compensated.

Your committee understands that most, if not all, of those persons suffering damage hold leases of oyster-growing areas from the State of Louisiana. Since equitable relief is involved, it is intended that in the administration of this legislation, the President or his designee will grant such relief only to those holding a leasehold or similar proprietary interest.

Mr. Speaker, the relief offered by this legislation is amply supported by the circumstances, and I urge approval of the bill S. 2201.

Mr. DON H. CLAUSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill was reported out of our committee with no dissenting votes and I therefore rise in support of S. 2201 with certain reservations.

As I noted when we held our hearings on S. 2201, there is a significant possibility of setting a precedent that could have a serious impact in other cases, not only on the total budget but on established policy. I think, therefore, it is necessary that we make it very clear that S. 2201 recognizes the loss incurred by the oyster fishermen in the State of Louisiana as being in excess of that which was contemplated when Congress established a policy that no liability of any kind shall attach to or rest upon the United States for any damage from or by floodwaters at any place. It is not our intention by the passage of S. 2201 to provide a precedent for relief in the courts or by administrative action for such damages. Congress has reserved to itself the right of granting special relief of the type provided by S. 2201.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. DON H. CLAUSEN. I will be happy to yield to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding.

Will the gentleman tell me how the persons involved here obtain their oysterbeds?

Mr. DON H. CLAUSEN. I would ask that the gentleman direct the question to the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Will the gentleman restate his question?

Mr. WYLIE. I would like to know how these persons that it is contemplated will be compensated by this bill for loss of their oysters obtain their oysterbeds.

Mr. BREAUX. In Louisiana we have approximately 7,000 acres that are available and actually under lease to oyster fishermen. These oyster fishermen make an application to the State, for which they give a sum of money, and in return they receive the right to fish for oysters on those leased areas. You must understand oyster fishermen are not true fishermen in the sense that they actually farm oysters. They actually plant the seed in these areas and pay a sum to the person for a right to fish in that area.

Mr. WYLIE. Mr. Speaker, will the gentleman yield further?

Mr. DON H. CLAUSEN. I yield to the gentleman from Ohio.

Mr. WYLIE. In other words, as I understand it, the State in effect claims ownership of these waters off the coast of Louisiana, and the State in turn effects leases with certain people who, the gentleman says, farm these waters. The floodwaters in question were released into these oyster bed areas and caused destruction of some of the oyster beds because the city of New Orleans was in jeopardy from floodwaters; is that correct?

Mr. BREAUX. Mr. Speaker, there is no question that the floodwaters were at a dangerous stage, and that is why they were opening up the floodways and spillways we are talking about here today.

There is also no question that the damages these fishermen suffered were as a direct result of the actions of the Federal Government through the Army Corps of Engineers in opening up the floodways and damaging the 122,000 or so acres that were under lease and that these oyster fishermen have a proprietary interest in.

Mr. Speaker, there is no other way they can recover their damages other than through a bill such as this.

Mr. WYLIE. The Army Corps of Engineers, as I understand it, actually diverted these floodwaters from the city of New Orleans at the request of the State of Louisiana and the city of New Orleans; is that not correct?

Mr. BREAUX. No. We have in the legislation, if the gentleman will yield further, certain requirements that provide for this and require the Federal Government, through the Army Corps of Engineers, to take these actions in opening up these floodways and spillways when the Mississippi River reaches a certain level, a level which they consider to be a dangerous level as far as the whole flood control system is concerned.

That is what happens. There is no request on the part of the State. This is action which they are required to take by Federal law.

Mr. WYLIE. In other words, the Corps of Engineers had no alternative but to release the floodwaters?

Mr. BREAUX. The gentleman is correct.

Mr. WYLIE. Mr. Speaker, I do not understand why it is the responsibility of the Federal Government to pay for a damage it could not avoid. Would not any damages under the circumstances be the responsibility of the State? The State leased the waters for the oyster beds, and was it not at the insistence of the State through operation of State law that the Federal Government through the Army Corps of Engineers actually released the floodwaters?

Mr. BREAUX. Mr. Speaker, I will agree with the gentleman that if the control structures were the property of the State of Louisiana or if the State of Louisiana had had anything to do whatsoever with opening of the structures, that would be true. That is not the case.

The structures were built by the Army Corps of Engineers; they are operated by the Army Corps of Engineers under legislation which the Congress has passed here in Washington and which requires them to go in and take these actions when the river reaches a certain stage.

Mr. WYLIE. Mr. Speaker, will the gentleman yield further to me?

Mr. DON H. CLAUSEN. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, may I ask the gentleman this: Did the Federal Government do anything negligent in releasing these floodwaters, or is the Federal Government responsible in any legal way?

Mr. BREAUX. Mr. Speaker, if the gentleman will yield, there is no argument on our part that there was any negligence on the part of the Federal Government or the Army Corps of Engineers. They are in this on the basis of an equitable arrangement, because certainly their actions did in fact cause the damages which we are talking about here today.

I might point out to the gentleman that this is not a new approach. Back in the 91st Congress and in this Congress, as a matter of fact, there were two bills which pertained actually to what we are talking about here today. I will point out to the gentleman Private Laws 91–167 and 93–45, which compensated individuals for crop damages resulting from the flooding of lands caused by the release of waters from the Wappapello Dam project in the State of Missouri. It was the same type of instance that happened there when the Army Corps of Engineers opened up some flood structures they had as a result of a statute requiring them to do that. As a result of their opening those locks, crop damages were caused which the Federal Government through private bills compensated these farmers.

Mr. Speaker, that is the same type of situation we are talking about here.

Mr. WYLIE. Mr. Speaker, as far as damages are concerned, as the gentleman from California (Mr. Don H. Clausen) suggested a little earlier, the Federal Government was in the position of doing something which it could not avoid and, I, too, am apprehensive about the precedent established if we pass this bill.

As a matter of fact, if the Corps of Engineers had not opened the floodgates and a portion of the city of New Orleans had been destroyed with resultant loss of life or property as a result of the floodwaters then indeed the Federal Government might have been legally responsible for the damages which resulted.

So it seems to me this is merely a gratuitous act which we are asked to undertake on behalf of the taxpayers here today in compensating the owners of the damaged oysterbeds. I think the responsibility for compensation, if there be one, is that of the State of Louisiana.

Mr. Speaker, I thank the gentleman for yielding.

Mr. BREAUX. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. Long).

Mr. LONG of Louisiana. Mr. Speaker, I rise in support of S. 2201. As my colleague from Louisiana Mr. Breaux stated it would provide some badly needed and much deserved relief for the oyster fishermen in the State of Louisiana who were damaged by Federal actions to prevent flood damages in 1973. When the Mississippi floodwaters threatened the downstream populated areas in the spring of that year, it was necessary for the Corps of Engineers to divert waters utilizing the Bonnet Carre Spillway and the Morganza Floodway. These structures are part of the comprehensive flood control project for the lower Mississippi Valley and are designed precisely for the purpose for which they were used.

In diverting the floodwaters, they protected New Orleans and other populated areas from tremendous flood damage. At the same time, however, the large amounts of fresh water which were diverted had the effect of reducing the salinity of the oyster-growing areas and inflicting severe damage to the oysterbeds. Sixty-eight percent of the leased oysterbeds in the State were damaged and some will produce no oysters at all until at least 1976.

The oystermen who farm these damaged oysterbeds depend on them for their source of income. The damage to the beds resulted directly from Federal action by the Corps of Engineers in using the Bonnet Carre Spillway and the Morganza Floodway to protect populated areas from damages. It is only fair in a situation such as this these oystermen should be compensated for the damages they have suffered at the hands of the Federal Government.

Mr. Speaker, I urge passage of S. 2201.

Mr. DON H. CLAUSEN. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. Bauman).

Mr. BAUMAN. Mr. Speaker, I would like to ask either the gentleman from California (Mr. Don H. Clausen) or the gentleman from Louisiana (Mr. Breaux) to apply the principle involved in this bill to the situation we have in the State of Maryland.

Right now the U.S. Corps of Engineers, under existing authorization, is proposing to dredge Baltimore Harbor because it is silted in. They propose to dump the spoils from that in the Chesapeake Bay area off Kent Island, affecting existing oyster beds.

The secretary of natural resources in Maryland has announced that if this is done, and he does approve of it, it will close these oyster beds for a year and a half to possibly 2 years, to the great detriment of the oystermen in my district. I might add parenthetically, as the gentleman knows, my district produces the best oysters anywhere in the United States.

We have a principle involved in this legislation that perhaps recompenses for deliberate acts of the corps, even though in this case they were certainly well-meaning and needed. Can we not extend this principle further now, and if this bill were not under suspension, start amending in all of these instances all over the country where the corps causes problems while they are attempting to do good. Or should the State of Maryland, perhaps, since they have to provide the spoils area shoulder the responsibility and pay the bill for this damage? As perhaps the State of Louisiana should do also?

Mr. BREAUX. If the gentleman will yield, I do agree with the principle that if the Federal Government is responsible for causing the damages, they also are responsible for seeing that remedial compensation is given back to people who are, in fact, damaged.

If the State of Maryland, on the other hand, is responsible for damage in the work it is attempting, it becomes their obligation, if damages are caused, to see to it that the damages are compensated for.

I think it all depends on whose project it is and who is causing the damage.

I certainly agree with the principle that if damages are caused, there should be some compensation by whatever governing body is responsible for the damages.

That is all we are asking at this point.

Mr. Speaker, I have no further requests for time.

Mr. DON H. CLAUSEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. Treen).

Mr. TREEN. Mr. Speaker, I wish to commend my colleague, the gentleman from Louisiana (Congressman Breaux), for his explanation of this legislation and for bringing it to the House. It affects my district considerably, the Third District of Louisiana. Both the Mississippi and the Atchafalaya Rivers flow through that district, and they are the two waterways that are concerned here.

The legislation is one of equity; and while it might be said that the floodgates had to be opened in order to protect the metropolitan areas of New Orleans and the smaller cities in the Atchafalaya Basin, the question is, Why should the oyster fishermen in this area suffer as a result of that?

Clearly, under the law they do not have recourse, and that is the very reason for this legislation.

But equity demands that they be compensated for the losses that they had to take in order that others might not suffer.

A few months ago we passed in this House, House Joint Resolution 173, which was a declaration by this Congress to find ways to help the fishing industry of this country, an industry which two decades ago was paramount in the world. The American fishing industry was first in all the countries of the world in fish production, and now we are in sixth place. Without going into all of the details, the point is that this industry has suffered over and over again, and there have been few champions, if any, for this industry in the House. I say that this is a case that cries out for equity. I repeat that a few months ago we went on record unanimously in saying that Congress must find ways to help this industry that has received so many blows.

One final point, Mr. Speaker. This bill provides, and I refer to page 3, that the executive branch must make a determination as to whether the losses sustained resulted from the action of the Federal Government in opening the Bonnet Carre and Morganza spillways during 1973. This bill does not recognize any claims specifically, but it requires each claimant to prove before the appropriate executive branch department that the losses incurred actually did result from the opening of the floodways. So I ask that the Members keep that point in mind when they vote on this legislation. I urge that the legislation be adopted.

Mr. BLATNIK. Mr. Speaker, I rise in support of S. 2201 which would provide for the settlement of damage claims arising out of actions by the United States in opening the Bonnet Carre and Morganza spillways during the 1973 Mississippi floods.

This bill authorizes the President or his designee to investigate and pay claims for losses suffered by oyster fishermen in Louisiana because of damage to oyster crops caused by the opening of these spillways by the Corps of Engineers to divert water from New Orleans and other downstream populated areas.

These two structures are part of the comprehensive plan for flood control on the lower Mississippi River and are designed to be used for the emergency diversion of floodwaters away from populated areas to prevent large-scale flood damages to these areas. During the severe 1973 flood conditions on the Mississippi River it was necessary for the

Corps of Engineers to use these structures to protect New Orleans and other populated areas. As a result of the large amounts of water which were diverted, many of the oysterbeds in Louisiana were severely damaged. Some of these oysterbeds will not produce another crop of oysters until 1976 at the earliest. The oyster fishermen who farm these beds depend on them for their source of livelihood. The damage to the oysterbeds was a direct result of the utilization of a Federal structure for the prevention of flood damage to others. Under these circumstances, I think it is entirely just that the oyster fishermen be compensated for their losses.

Mr. Speaker, I urge enactment of the bill, S. 2201.

Mrs. BOGGS. Mr. Speaker, I rise in support of S. 2201. This legislation recognizes the need and justification for the payment of compensation to those who suffered economic damage and disruption to their livelihood as a direct result of actions taken by the Federal Government to protect others from flooding.

The great 1973 Mississippi River flood was a serious one, and threatened great damage to population centers downstream such as the capital city, Baton Rouge, and my own city, New Orleans. Fortunately, for these threatened areas, the Corps of Engineers had constructed the Bonnet Carre spillway and Morganza Floodway for the purpose of diverting such large flood flows. These structures did their job well and the downstream populated areas were protected from potentially serious flooding.

An unfortunate result, however, was the infliction of substantial damage to the oysterbeds in Louisiana. When the floodwaters were diverted the salt waters in the oyster growing areas were diluted with fresh water which reduced the normal salinity levels of 5 to 15 parts per thousand to 1 or 2 parts per thousand. Sixty-eight percent of the oysterbeds, some 122,700 acres, under lease in the State of Louisiana were adversely affected and according to the Louisiana Wildlife and Fisheries Commission some of these oysterbeds will produce no oysters until 1976 or later.

In addition the resultant pollution introduced into the beds forced the Louisiana Department of Health to close many oysterbeds bringing the industry to a virtual standstill.

The oystermen who fish these beds depend on them for their livelihood. In the industry's century old history, despite difficulties caused by the natural elements and manmade pollution, these oystermen have survived without direct assistance from State or Federal governments. The damages they suffered, which are analogous to the losses sustained by farmers in the flowage areas of flood spillways, were the direct result of the use of two flood control structures to protect other areas from flood damages. Under these circumstances I think it is clear that relief is justified so that a few will not have to suffer special damage at the expense of protecting others. Mr. Speaker, I urge support of the legislation.

Mr. BREAUX. Mr. Speaker, I have no additional requests for time.

Mr. DON H. CLAUSEN. Mr. Speaker, I have no requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Louisiana (Mr. BREAUX) that the House suspend the rules and pass the Senate bill (S. 2201).

The question was taken.

Mr. WYLIE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3 of rule XVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. BREAUX. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (S. 2201).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

REPEALING THE REQUIREMENT THAT COMMANDERS OF AIR FORCE FLYING UNITS BE PILOTS

Mr. STRATTON. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 3906) to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force.

The Clerk read the Senate bill, as follows:

S. 3906

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 10, United States Code, is amended by repealing section 8577 (relating to the command of flying units of the Air Force) and by striking out the corresponding item in the analysis of chapter 845.

The SPEAKER. Is a second demanded?

Mr. HUNT. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

CALL OF THE HOUSE

Mr. SISK. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Without objection, a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 655]

Addabbo
Alexander
Andrews, N.C.
Ashbrook
Ashley
Badillo
Beard
Bell
Bingham
Blatnik
Boggs
Bolling
Brasco
Breckinridge
Brown, Calif.
Brown, Mich.
Brown, Ohio
Burton, John
Butler
Byron
Carey, N.Y.
Chamberlain
Chappell
Chisholm
Clark
Clawson, Del
Conable
Conyers
Cotter
Coughlin
Danielson
Davis, Ga.
Devine
Diggs
Dingell
Donohue
Drinan
Edwards, Ala.
Edwards, Calif.
Eshleman
Evins, Tenn.
Fisher
Fraser
Frey
Giaimo
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Grover
Gubser
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Hastings
Hays
Heckler, Mass.
Hillis
Holifield
Horton
Hosmer
Howard
Jarman
Jones, N.C.
Kastenmeier
Kemp
Kuykendall
Kyros
Landrum
Litton
Luken
McDade
McEwen
McFall
McSpadden
Macdonald
Maraziti
Martin, Nebr.
Mathias, Calif.
Meeds
Melcher
Mills
Moorhead, Calif
Mosher
Murphy, Ill.
Nelsen
Obey
O'Hara
O'Neill
Owens
Passman
Pepper
Podell
Preyer
Railsback
Rangel
Rarick
Rees
Reid
Reuss
Rhodes
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rose
Rosenthal
Rostenkowski
Roy
Runnels
Ruppe
Ryan
Sandman
Sarasin
Satterfield
Schneebeli
Shipley
Shoup
Shuster
Steele
Steiger, Wis.
Stuckey
Taylor, Mo.
Teague
Thompson, N.J.
Tiernan
Towell, Nev.
Traxler
Udall
Wilson, Charles H., Calif.
Wyatt
Wydler
Wyman
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Zion

The SPEAKER. On the rollcall 294 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from New York (Mr. STRATTON) will be recognized for 20 minutes.

Mr. STRATTON. Mr. Speaker, I yield myself such time as I may require.

This bill is a simple bill. It is my understanding that the gentleman who called the previous quorum call was not attempting to focus attention on this bill but had some other concern on his mind.

This is just a simple one that I am sure we can dispose of very quickly. S. 3906, which has already been passed by the Senate, is a bill which simply repeals the existing statutory requirements that commanders of the Air Force flying units be pilots.

The Air Force is the only armed service which has this type of requirement written into law. There is no statutory provision that limits command of flying units in the other armed services to pilots only.

This unique provision goes back originally to the days when pilots constituted a very small percentage of the total Army, and for that reason there was a legitimate concern that top Army generals might be exempted to put ground officers rather than pilots in command of flying units. That situation, of course, has long since passed. Repeal of these requirements now would allow, essentially, that navigators, who also fly, could be assigned command jobs in aviation units.

It ought to be understood, however, that this bill does not require that any navigators be made commanding officers of flying units. It simply removes a legal restriction which, as I say, has militated over the years against navigators, and has given them a sense of being second-class citizens in the Air Force. The repeal, as I say, applies only to the Air Force and not to the other services.

It will allow the normal selection process for command to proceed on a best qualified basis. I would remind Members of the House that under this system those who will be making the decisions about selecting unit commanders in the Air Force will in fact be pilots themselves; so they are not likely to be selecting an unqualified, nonrated officer over a rated officer, unless they were certain that the situation would contribute to the benefit of the Air Force.

This bill will put the Air Force in a position comparable to the Navy and the Marine Corps, which do use navigators to a limited extent in aviation commands, and to the Army, which has no statutory requirements for command of its flying units.

Over one-third of the officers in Air Force air crews are nonpilots, and circumstances can now exist where an officer other than a pilot may be the best qualified individual to command a particular unit, especially if that unit does not happen to be a fighting unit, such as a transport squadron, for example.

Legal restriction against command has long been an irritant to navigators. This bill will contribute to improved morale for these important Air Force officers.

The Air Force supports the bill, and it passed the Senate without objection. There will be no increased budget requirements resulting from the legislation.

The Committee on Armed Services approved the bill by a vote of 22 to 9. Some members expressed reservation against this action based on their own military experience.

Mr. Speaker, I have had experience in the military, too, but that does not make me fully qualified to make military command decisions in this day. We pay our military leadership well precisely so that we can have the best possible professional guidance on these matters from them.

All we are asking today, and that S. 3906 does, is to allow these decisions as to who will command flying units to be made by these professional experts, the Air Force senior leadership, unhampered by arbitrary legislative restraints.

This decision on unit leaders is itself a command, not a legislative, decision and should be made by professionals.

This bill does not endorse any particular type of individual to command a flying unit; it simply allows his selection to be made by other Air Force commanders on the basis of a best-qualified decision.

Mr. Speaker, I would assume that those nonpilots who might conceivably be selected for command in the Air Force if this legislation becomes law, could be in transport units, which is also the case in the Navy.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, the gentleman says that only the Air Force has the requirement that flying officers be in command of units within the Air Force.

There is only one Air Force, is there not?

Mr. STRATTON. Mr. Speaker, if the gentleman will yield, the requirement has been in the law since 1920, I believe, or since the 1920's. At that time there was not an Air Force, as the gentleman well knows; there was only an Army Air Corps in the Army. And the people who made the decisions then about who would be unit commanders were the top Army Generals; and the overwhelming majority of them were not pilots but ground officers.

Mr. GROSS. But there is only one Air Force in our Military Establishment?

Mr. STRATTON. The gentleman is correct.

Mr. GROSS. Then it would be the only military force which would be affected if this legislation is passed.

Mr. Speaker, I do not find any substantial argument in behalf of this legislation.

I would like to ask the gentleman why he believes this legislation to be necessary. I do not believe the gentleman has given us a good reason for it.

Mr. STRATTON. Mr. Speaker, the reason, I will say to the gentleman from Iowa, is that the exclusion of navigators, by the means of existing statutory legislation, from any possibility of ever commanding any kind of Air Force unit whatsoever has resulted in a serious morale problem in the Air Force on the part of the navigators. Navigators represent one-third of the air crews engaged in flying missions in the Air Force; and it is the Air Force that has come to us and said, "We want to eliminate this restriction."

This does not mean that the Air Force is going to go out and make every navigator the commander of a flying unit. But it does mean that navigators in the Air Force will no longer be in a second-class status. They will henceforth have the same status as navigators in the Navy and in the Army.

Mr. GROSS. Mr. Speaker, this reminds me, if the gentleman will yield further, that there is only one departmental letter in the report accompanying this bill, and that letter is signed by William W. Woodruff, Assistant Secretary of the Air Force for Financial Management.

I do not see anything in the report accompanying the bill that indicates a Defense Department position other than that one letter from a finance officer of the Air Force justifying this move away from flying rated officers.

Why do we not hear from someone other than an officer who is probably chained to a desk?

Mr. STRATTON. Mr. Speaker, I will say to the gentleman from Iowa that although the letter in the report may be from the Assistant Secretary for Financial Management, he was authorized to speak for the entire Air Force. The committee also heard testimony by Major General Cole, who is the Deputy Chief of Personnel in the Air Force. He probably is in the best position to speak for the Air Force in connection with personnel matters, the quality of personnel, the quality of the morale; and he indeed spoke on those points. There is no question about it; the Air Force does want this legislation.

They wanted it in the Senate, and they want it now in the House.

Mr. GROSS. Mr. Speaker, this report does not indicate that. It may well be that Assistant Secretary Woodruff knows nothing about personnel matters or the qualifications of officers.

Mr. STRATTON. Mr. Speaker, the testimony before the committee indicated that those who know something about personnel matters in the Air Force strongly supported this bill before the committee.

Mr. Speaker, I yield to the distinguished ranking member of our subcommittee, the gentleman from New Jersey (Mr. HUNT).

Mr. HUNT. Mr. Speaker, in trying to clarify the question that was raised by the gentleman from Iowa, on May 16, 1974, on page 2, the Members will find an insert there. It said:

> The proposal is a part of the Department of Defense Legislative Program for the 93rd Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress.

That came directly from the Defense Department. This bill is desired by the Defense Department, as indicated in that portion of the report.

Mr. STRATTON. Mr. Speaker, I thank the gentleman from New Jersey and I reserve the balance of my time.

Mr. HUNT. Mr. Speaker, I, too, support S. 3906. There are many of us on the floor today who have served in the military in the past. And, of course, these experiences shape our views on what is right and proper in the military.

But let me suggest to you that times have changed in the military. The equipment used by the military today is of the most sophisticated variety. Even as this equipment has changed, so have the requirements for command. An Air Force commander does not only have to look at the sky for clouds and the wind sock for wind direction in deciding whether to fly that day as his main command responsibility. Today that commander must have technical as well as management expertise to properly lead a flying unit. These flying units we are speaking about vary from small squadrons to flying wings that control an entire base and up to a massive command such as the Strategic Air Command with over 20 entire bases under its control.

There is no longer reason to believe such a man has to be a pilot. He may well be, but the important thing is to allow the decision to be made from among all fully qualified officers.

If the concern is that the Air Force leadership may abuse this discretion and place someone unqualified in command, I would suggest we recognize that the Navy and Marine Corps have allowed navigators to command flying units since 1970 when the law was changed for their services. Their experience, along with that of the Royal Air Force which also has navigators in command, has been very favorable. These are the clear facts in support of this action, and what are the facts that militate against it beyond vague personal misgivings? I suggest there are none.

Mr. Speaker, I urge the passage of this legislation.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HUNT. Yes, I yield to the gentleman from Iowa.

Mr. GROSS. Is the gentleman saying that those who were trained in single-seat fighter planes or two-seater planes do not have to qualify again when they go to bombers?

Mr. HUNT. No, no. For the edification of my friend, the gentleman from Iowa, when one becomes a pilot, he goes through three stages; that is, primary, then basic, and then he finally comes out as a finished pilot.

If one desires or if the Air Force desires that a man go to multi-engines, he then goes into transition, where he trains in multi-engine ships. The training is progressive. He starts with single engines and then he goes to multi-engines if he so desires.

The same thing is true as to pilots, navigators, and bombardiers. They have a quota system. When a cadet class comes out, they assign a certain number of cadets for pilot training. The next batch would be navigators, and the next batch would be bombardiers. That is how they achieve their status. Many of our navigators and bombardiers are well-qualified to fly any plane.

Mr. GROSS. Could any officer in the Air Force, such as a personnel officer or finance officer, command a bomber?

Mr. HUNT. No, absolutely not.

Mr. GROSS. Why the restriction?

Mr. HUNT. This bill does not say that he can.

Mr. GROSS. That is what I thought.

Mr. HUNT. It is designed primarily to follow the steps followed by the Navy and the Marine Corps to permit navigators who are qualified to command.

Mr. GROSS. It does not preclude any others, does it?

Mr. HUNT. No, it does not.

I have never seen a finance man yet or a banker qualified to get behind the throttle.

Mr. GROSS. I did not hear the gentleman. To get behind what?

Mr. HUNT. They do not fly. The finance man hands out money.

Mr. GROSS. They do not fly?

Mr. HUNT. No; finance men do not fly.

Mr. GROSS. Then what is the whole point of this thing?

Mr. HUNT. To begin with, a finance man is not a flying officer, but a navigator is.

Mr. GROSS. I do not understand why you do not want flying officers, men who are rated as pilots of aircraft, to command aircraft.

Mr. HUNT. We do have them as commanding officers now, but we do think there are men who are good navigators who can command an outfit.

Mr. STRATTON. Mr. Speaker, if the gentleman will yield, I think the gentleman from Iowa has a misapprehension about this legislation. We are not suggesting that navigators should be made commanders of aircraft. We are suggesting that navigators should be allowed to command flying units, flying organizations.

Mr. GROSS. What is the difference?

Mr. STRATTON. Well, I have, for example, in my district a unit of the Air National Guard. It is a transport unit. They fly cargo from one place to another. It may be that there is a senior lieutenant colonel or colonel in that unit who has been a navigator, and who has been with the unit for years, and who understands procedures backward and forward. When it comes to selecting a commander of that unit maybe that senior navigator, with a lot of savvy and a lot of common sense, and a lot of respect, would be a better commander to make the broad administrative decisions that a unit comander has to make than a junior pilot who might happen to be the most senior pilot around. That is all we are trying to do. We are not suggesting that we have non-pilots telling pilots how to fly their planes. This procedure has worked out very well in the Navy, in the Marine Corps, and even, I might say, the Royal Air Force.

Mr. GROSS. Mr. Speaker, it seems to me there is something here that does not meet the eye.

I do not know what it is, but I just do not understand why officers, rated for flying, ought not to be the commanders of aircraft.

Mr. HUNT. Mr. Speaker, I reserve the balance of my time.

Mr. STRATTON. Mr. Speaker, I yield myself such time as I may consume, and I would like to try to explain this to my friend, the gentleman from Iowa (Mr. GROSS) who I think is still confused about what this bill is trying to do.

Very wisely, the gentleman frequently looks for some kind of an angle in proposed legislation. I can assure the gentleman from Iowa, however, that there is no angle here in this one.

Let me quote from the testimony before our subcommittee of Maj. Gen. Ray M. Cole, Assistant Deputy Chief of Staff for Personnel, U.S. Air Force—and as I recall, General Cole is not only a pilot, but has a row of ribbons on his chest that indicate that he has done a good deal of flying. Here is what General Cole said, on page 15 of our hearings:

> Another new element in the problem of who shall command concerns the matter of discrimination, equity, and the contemporary social environment. As throughout American society, the Air Force has a number of people who are dissatisfied with the system. We have a number of navigators, for example, who feel that section 8577 of title 10 is a pillar of inequity and a source of discrimination against Air Force flying officers other than pilots. We believe that the removal of this legal barrier to command will remove a cause of major dissatisfaction to a large number of our young officers, and at the same time, provide a wider base of experienced officers from which to select commanders of flying units.

And then the general said, a couple of sentences down:

> It would also remove a major source of dissatisfaction to a significant number of our officers and would provide a larger number of candidates for the command of Air Force flying units. We urge your favorable action on this bill.

I would also like to point out that in the Navy we have 19 navigators presently in command of flying units; 14 of those are operational units, three are training squadrons; one is a support squadron; and one a replacement air group.

In the Marine Corps there are no navigators in command of flying units today, but since 1970 they have had six such commanders in training units.

Mr. RANDALL. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Missouri.

Mr. RANDALL. Mr. Speaker, the gentleman from Iowa is ordinarily worrying about expenditures. He should know there is no cost here. This is just a common sense enactment. I ask the gentleman to note the use of the word "unit". It does not mean someone who has not been flying is going to jump in and command a plane. It means he may command a unit. It may mean an officer who is qualified but also may not have an aeronautical rating but he is able to pilot a plane if required. Every graduate from the Air Force Academy can fly if required. No, we are not trying to put anything over on anyone. This is just a commonsense amendment. This is not to let anyone who does not have an aeronautical rating go in to fly a plane but only to command a unit.

Mr. GROSS. Mr. Speaker, if the gentleman will yield for one further question, then I will not pursue the matter further.

Mr. STRATTON. I yield to the gentleman from Iowa.

Mr. GROSS. Can a flying officer become a finance officer or be put in charge of an accounting unit? Can it work the other way?

Mr. STRATTON. There is no question about that. A qualified pilot can become a finance officer. But I doubt if someone who specializes only in finance would ever be selected under this bill to be the commander of a flying unit. But someone who has had extensive experience in flying in nonpilot situations, such as a navigator, for instance, could be so selected.

Mr. GROSS. I doubt very much if it does work the other way, that an officer in charge of a flying unit will be put in charge of a finance unit.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, in reforming that system with respect to the Navy and the Marines, do we use the same language? I think there is something which is bothering the gentleman from Iowa which is also bothering me, and that is the general language here would not preclude, for instance, a flight nurse from being able to command. Would that be under this definition?

Mr. STRATTON. If we repeal this requirement it would not preclude that happening but as I said in my remarks earlier I do not think that the selection of officers to command operational flying units ought to be decided by legislation on this floor. If we do not have enough confidence in our top officers in the Air Force to allow them to make the selection of commanders for subordinate units, *then we* are going to be in for real trouble. We ought to leave that kind of decision up to them.

Mr. GONZALEZ. I thank the gentleman.

Mr. FRENZEL. Mr. Speaker, I rise today in support of H.R. 17045, the Social Services Amendments of 1974. This bill represents a bipartisan effort to end the 2-year long battle of regulating States' spending of noncash resources rendered to individuals and families designed to help them reduce their dependency on welfare. Moreover, the bill does not cost more money, but leaves unchanged the $2½ billion ceiling imposed by Congress in 1972.

If the HEW regulations proposed in February 1973, or the three consecutive HEW regulations proposed thereafter, were allowed to go into effect they would have dealt a crippling blow to the quality of child care, institutional care, and services for the poor and the elderly to my own State of Minnesota.

H.R. 17045 allows the States discretion to provide social services toward the goals of self-support and self-sufficiency. Additionally, I like the provisions which require eligibility standards to be based on a sliding fee scale and those which require 50 percent of State expenditures be made for services to AFDC recipients.

I am pleased that the committee has found a way to preserve the commitment of the Federal Government to help solve the real human needs of the people of my State. I am hopeful that the bill will promptly be passed.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. STRATTON) that the House suspend the rules and pass the Senate bill S. 3906.

The question was taken.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Pursuant to clause 3 of rule XVII and the Chair's prior announcement, further proceedings on this motion will be postponed.

Does the gentleman from Iowa withdraw his point of order that a quorum is not present?

Mr. GROSS. Mr. Speaker, I withdraw my point of order.

SOCIAL SERVICES AMENDMENTS OF 1974

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 17045) to amend the Social Security Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States.

The Clerk read as follows:

H.R. 17045

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Services Amendments of 1974".

SEC. 2. The Social Security Act is amended by inserting at the end thereof the following new title:

"TITLE XX—GRANTS TO STATES FOR SERVICES

"APPROPRIATION AUTHORIZED

"SEC. 2001. For the purpose of encouraging each State, as far as practicable under the conditions in that State, to furnish services directed at the goal of—

"(1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency.

"(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

"(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families,

"(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or

"(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

there is authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States under section 2002.

"PAYMENTS TO STATES

"SEC. 2002. (a) (1) From the sums appropriated therefor, the Secretary shall, subject to the provisions of this section and section 2003, pay to each State, for each quarter, an amount equal to 90 per centum of the total expenditures during that quarter for the provision of family planning services and 75 per centum of the total expenditures during that quarter for the provision of other services directed at the goal of—

"(A) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency,

"(B) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

"(C) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests or preserving, rehabilitating or reuniting families,

"(D) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or

"(E) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

including expenditures for administration (including planning and evaluation) and personnel training and retraining directly related to the provision of those services. Services that are directed at these goals include, but are not limited to, child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, training and related services, employment services, information, referral, and counseling services, the preparation and delivery of meals, health support services, appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts.

"(2) No payment with respect to any expenditures other than expenditures for personnel training or retraining directly related to the provision of services may be made under this section to any State for any fiscal year in excess of an amount which bears the same ratio to $2,500,000,000 as the population of that State bears to the population of the fifty States and the District of Columbia. The Secretary shall promulgate the limitation applicable to each State for each fiscal year under this paragraph prior to September 1 of the preceding fiscal year, as determined on the basis of the most recent satisfactory data available from the Department of Commerce.

"(3) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual unless—

"(A) the State's services program planning meets the requirements of section 2004, and

"(B) the final comprehensive annual services plan in effect when the service is provided to the individual includes the provision of that service to a category of individuals which includes that individual in the descriptions required by section 2004(2) (B) and (C) of the services to be provided under the plan and the categories of individuals to whom the services are to be provided.

The Secretary may not deny payment under this section to any State with respect to any expenditure on the ground that it is not an expenditure for the provision of a service or is not an expenditure for the provision of a service directed at a goal described in paragraph (1) of this subsection.

"(4) So much of the aggregate expenditures with respect to which payment is made under this section to any State for any fiscal year as equals 50 per centum of the payment made under this section to the State for that fiscal year must be expended for the provision of services to individuals—

(A) who are receiving aid under the plan of the State approved under part A of title IV or who are eligible to receive such aid, or

"(B) whose needs are taken into account in determining the needs of an individual who is receiving aid under the plan of the State approved under part A of title IV, or who are eligible to have their needs taken into account in determining the needs of an individual who is receiving or is eligible to receive such aid, or

"(C) with respect to whom supplemental security income benefits under title XVI or State supplementary payments, as defined in section 2007(1), are being paid, or who are eligible to have such benefits or payments paid with respect to them, or

"(D) whose income and resources are taken into account in determining the amount of supplemental security income benefits or State supplementary payments, as defined in section 2007(1), being paid with respect to an individual, or whose income and resources would be taken into account in determining the amount of such benefits or payments to be paid with respect to an individual who is eligible to have such benefits or payments paid with respect to him, or

"(E) are eligible for medical assistance under the plan of the State approved under title XIX.

"(5) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual who is receiving, or whose needs are taken into account in determining the needs of an individual who is receiving, aid under the plan of the State approved under part A of title IV, or with respect to whom supplemental security income benefits under title XVI or State supplementary payments, as defined in section 2007(1), are being paid, if any fee or other charge (other than a voluntary contribution) is imposed on the individual for the provision of that service.

"(6) No payment may be made under this section to any State with respect to any expenditure for the provision of any service, other than an information or referral service or a service directed at the goal of preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, to any individual who is not an individual described in paragraph (5), and who is a member of a family the monthly gross income of which exceeds—

"(A) if a fee or other charge reasonably related to income is imposed on the individual for the provision of the service, 115 per centum of the median income of a family of four in the State, adjusted, in accordance with regulations, prescribed by the Secretary, to take into account the size of the family, or

"(B) in any other case, the lower of—

"(i) 80 per centum of the median income of a family of four in the State, or

"(ii) the median income of a family of four in the fifty States and the District of Columbia, adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family.

The Secretary shall promulgate the median income of a family of four in each State and the fifty States and the District of Columbia applicable to payments with respect to expenditures in each fiscal year prior to September 1 of the preceding fiscal year.

"(7) No payment may be made under this section to any State with respect to any expenditure—

"(A) for the provision of medical or any other remedial care, other than family planning services, unless it is an integral but subordinate part of a service described in paragraph (1) of this subsection and Federal financial participation with respect to the expenditure is not available under the plan of the State approved under title XIX; or

"(B) for the purchase, construction, or major modification of any land, building or other facility, or fixed equipment; or

"(C) which is in the form of goods or services provided in kind by a private entity; or

"(D) which is made from donated private funds, unless such funds—

"(i) are transferred to the State and are under its administrative control, and

"(ii) are donated to the State without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services with respect to which the contribution is used are to be provided, and

"(iii) do not revert to the donor's facility or use if the donor is other than a nonprofit organization; or

"(E) for the provision of room or board (except as provided by paragraph (11)(B)) other than room or board provided for a period of not more than six consecutive months as an integral but subordinate part of a service described in paragraph (1) of this subsection.

"(8) No payment may be made under this section with respect to any expenditure if payment is made with respect to that expenditure under section 403 or 422 of this Act.

"(9)(A) No payment may be made under this section with respect to any expenditure in connection with the provision of any child day care service, unless—

"(i) in the case of care provided in the child's home, the care meets standards established by the State which are reasonably in accord with recommended standards of national standard-setting organizations concerned with the home care of children, or

"(ii) in the case of care provided outside the child's home, the care meets the Federal interagency day care requirements as approved by the Department of Health, Education, and Welfare and the Office of Economic Opportunity on September 23, 1968, and in the case of care provided to a child under the age of three, there is at least one caregiver for every two children under the age of three who is responsible for the care of only those children,

except as provided in subparagraph (B).

"(B) The Secretary shall submit to the President of the Senate and the Speaker of the House of Representatives, after December 31, 1976, and prior to July 1, 1977, an evaluation of the appropriateness of the requirements imposed by subparagraph (A), together with any recommendations he may have for modification of those requirements. No earlier than ninety days after the submission of that report, the Secretary may, by regulation, make such modifications in the requirements imposed by subparagraph (A) as he determines are appropriate.

"(C) The requirements imposed by this paragraph are in lieu of any requirements that would otherwise be applicable under section 522(d) of the Economic Opportunity Act of 1964 to child day care services with respect to which payment is made under this section.

"(10) No payment may be made under this section with respect to any expenditure for the provision of any educational service which the State makes generally available to its residents without cost and without regard to their income.

"(11) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual living in any hospital, skilled nursing facility, or intermediate care facility (including any such hospital or facility for mental diseases or for the mentally retarded), any prison, or any foster family home except—

"(A) any expenditure for the provision of a service that (i) is provided by other than the hospital, facility, prison, or foster family home in which the individual is living, and (ii) is provided, under the State's program for the provision of the services described in paragraph (1), to individuals who are not living in a hospital, skilled nursing facility, intermediate care facility, prison, or foster family home,

"(B) any expenditure which is for the cost, in addition to the cost of basic foster care, of the provision, by a foster family home, to an individual living in that home, of a service which meets a special need of that individual, as determined under regulations prescribed by the Secretary, and

"(C) any expenditure for the provision of emergency shelter provided to a child, for not in excess of thirty days, as a protective service.

"(12) No payment may be made under this section with respect to any expenditure for the provision of cash payments as a service.

"(13) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual to the extent that the provider of the service or the individual receiving the service is eligible to receive payment under title XVIII with respect to the provisions of the service.

"(b)(1) Prior to the beginning of each quarter the Secretary shall estimate the amount to which a State will be entitled under this section for that quarter on the basis of a report filed by the State containing its estimate of the amount to be expended during that quarter with respect to which payment must be made under this section, together with an explanation of the bases for that estimate.

"(2) The Secretary shall then pay to the State, in such installments as he may determine, the amount so estimated, reduced, or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to the State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"PROGRAM REPORTING, EVALUATION, AND ADMINISTRATION REQUIREMENTS

"SEC. 2003. (a) Each State which participates in the program established by this title shall provide for the publication by the chief executive officer of the State or such other official as the laws of the State provide, within ninety days, or such longer period as the Secretary may authorize, after the end of each services program year (as established under the requirements of section 2002(a)(3)), of a services program report prepared by the individual or agency designated pursuant to the requirements of section 2003(g)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer which describes the extent to which the services program of the State was carried out during that year in accordance with the annual services program plan for that year and the extent to which the goals and objectives of the plan were achieved.

(b) Each State which participates in the program established by this title shall have a program for evaluation of the State's program for the provision of the services described in section 2002(a)(1) which conforms to the description of the evaluation activities to be carried out by the State contained in its current final comprehensive annual services program plan.

"(c) Each State which participates in the program established by this title shall submit to the Secretary, and make available to the public, information concerning the services described in section 2002(a)(1) provided in the State, the categories of individuals to whom those services are provided, and such other related information as the Secretary may by regulation provide, at such times and in such form as he may by regulation provide. In establishing requirements under this subsection, the Secretary shall take into account other reporting requirements imposed under this title and other titles of this Act.

"(d) Each State which participates in the program established by this title shall make available to the public, within one hundred and eighty days, or such longer period as the Secretary may authorize, after the end of each services program year (as established under the requirements of section 2002(a)(3)), the report of an audit performed by—

"(1) a private certified public accountant or auditing firm utilizing certified public accountants, the services of which have been secured in accordance with procurement standards prescribed by the Secretary,

"(2) a publicly elected auditor utilizing certified public accountants, or

"(3) an office representing the legislature of the State utilizing certified public accountants,

of the expenditures for the provision of the services described in section 2002(a)(1) during that year which sets forth the extent to which those expenditures were in accordance with the State's final comprehensive annual services program plan (as developed under the requirements of section 2002(a)(3)), including any amendments thereto, and the extent to which the State is entitled to payment with respect to those expenditures under section 2002. So much of the report as relates to the extent to which the State is entitled to payment with respect to those expenditures under section 2002 shall be submitted to the Secretary.

"(e) Each State which participates in the program established by this title shall assure that the non-Federal share of the aggregate expenditures for the provision of services during each services program year (as established under the requirements of section 2002 (a)(3)) with respect to which payment is made under section 2002 is not less than the non-Federal share of the aggregate expenditures for the provision of those services during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, with respect to which payment was made under the plan of the State approved under title I, VI, X, XIV, or XVI, or part A of title IV, whichever is less, except that the requirements of this subsection shall not apply to any State for any services program year if the payment to the State under section 2002, for each fiscal year any part of which is included in that services program year, with respect to expenditures other than expenditures for personnel training or retraining directly related to the provision of services, equals the allotment of the State for that fiscal year under section 2002(a)(2).

"(f)(1) If the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds that there is a substantial failure to comply with any of the requirements imposed by subsections (a) through (e) of this section, he shall, except as provided in paragraph (2), notify the State that further payments will not be made to the State under section 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

"(2) The Secretary may suspend implementation of any termination of payments under paragraph (1) for such period as he determines appropriate and instead reduce the amount otherwise payable to the State under section 2002 for expenditures during that period by 3 per centum for each of subsections (a) through (e) of this section with respect to which there was a finding of substantial noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

"(g)(1) Each State which participates in the program established by this title shall have a plan applicable to its program for the provision of the services described in section 2002(a)(1) which—

"(A) provides that an opportunity for a fair hearing before the appropriate State agency will be granted to any individual whose claim for any service described in section 2002(a)(1) is denied or is not acted upon with reasonable promptness;

"(B) provides that the use or disclosure of information obtained in connection with administration of the State's program for the provision of the services described in section 2002(a)(1) concerning applicants for and recipients of those services will be restricted to purposes directly connected with the administration of that program, the plan of the State approved under part A of title IV, the plan of the State developed under part B of that title, the supplemental security income program established by title XVI, or the plan of the State approved under title XIX;

"(C) provides for the designation, by the chief executive officer of the State or as otherwise provided by the laws of the State, of an appropriate agency which will administer or supervise the administration of the State's program for the provision of the services described in section 2002(a)(1), including planning and evaluation;

"(D) provides that the State will, in the administration of its program for the provision of the services described in section 2002(a)(1), use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the program, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

"(E) provides that no durational residency or citizenship requirement will be imposed as a condition to participation in the program of the State for the provision of the services described in section 2002(a)(1);

"(F) provides, if the State program for the provision of the services described in section 2002(a)(1) includes services to individuals living in institutions or foster homes, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions or homes which are reasonably in accord with recommended standards of national organizations concerned with standards for such institutions or homes, including standards related to admissions policies, safety, sanitation, and protection of civil rights;

"(G) provides, if the State program for the provision of the services described in section 2002 (a)(1) includes child day care services, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such services which are reasonably in accord with recommended standards of national organizations concerned with standards for such services, including standards related to admission policies for facilities providing such services, safety, sanitation, and protection of civil rights;

'(H) provides that the State's program for the provision of the services described in section 2002 (a)(1) will be in effect in all political subdivisions of the State;

"(I) provides for financial participation by the State in the provision of the services described in section 2002(a)(1).

"(2) The Secretary shall approve any plan which complies with the provisions of paragraph (1).

"(h)(1) No payment may be made under section 2002 to any State which does not have a plan approved under subsection (g).

"(2) In the case of any State plan which has been approved by the Secretary under subsection (g), if the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds—

"(A) that the plan no longer complies with the provisions of subsection (g)(1), or

"(B) that in the administration of the plan there is a substantial failure to comply with any such provision,

the Secretary shall, except as provided in paragraph (3), notify the State that further payments will not be made to the State under section 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

"(3) The Secretary may suspend implementation of any termination of payments under paragraph (2) for such period as he determines appropriate and instead reduce the amount otherwise payable to the State under section 2002 for expenditures during that period by 3 percent for each clause of subsection (g)(1) with respect to which there is a finding of noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

"SERVICES PROGRAM PLANNING

"SEC. 2004. A State's services program planning meets the requirements of this section if, for the purpose of assuring public participation in the development of the program for the provision of the services described in section 2002(a)(1) within the State—

"(1) the beginning of the fiscal year of either the Federal Government or the State government is established as the beginning of the State's services program year; and

"(2) at least ninety days prior to the beginning of the State's services program year, the chief executive officer of the State, or such other official as the laws of the State provide, publishes and makes generally available (as defined in regulations prescribed by the Secretary after consideration of State laws governing notice of actions by public officials) to the public a proposed comprehensive annual services program plan prepared by the individual or agency designated pursuant to the requirements of section 2003(g)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the State's plan for the provision of the services described in section 2002(a)(1) during that year, including—

"(A) the objectives to be achieved under the program,

"(B) the services to be provided under the program, including at least one service directed at at least one of the goals in each of the five categories of goals set forth in section 2002(a)(1) (as determined by the State), together with a definition of those services and a description of their relationship to the objectives to be achieved under the program and the goals described in section 2002(a)(1),

"(C) the categories of individuals to whom those services are to be provided, including any categories based on the income of individuals or their families,

"(D) the geographic areas in which those services are to be provided, and the nature and amount of the services to be provided in each area,

"(E) a description of the planning, evaluation, and reporting activities to be carried out under the program,

"(F) the sources of the resources to be used to carry out the program,

"(G) a description of the organizational structure through which the program will be administered, including the extent to which public and private agencies and volunteers will be utilized in the provision of services,

"(H) a description of how the *provision of* services under the program will be coordinated with the plan of the State approved under part A of title IV, the plan of the State developed under part B of that title, the supplemental security income program established by title XVI, the plan of the State approved under title XIX, and other programs for the provision of related human services within the State, including the steps taken to assure maximum feasible utilization of services under these programs to meet the needs of the low-income population,

"(I) the estimated expenditures under the program, including estimated expenditures with respect to each of the services to be provided, each of the categories of individuals to whom those services are to be provided, and each of the geographic areas in which those services are to be provided, and a comparison between estimated non-Federal expenditures under the program and non-Federal expenditures for the provision of the services described in section 2002 (a)(1) in the State during the preceding services program year, and

"(J) a description of the steps taken, or to be taken, to assure that the needs of all residents of, and all geographic areas in, the State were taken into account in the development of the plan; and

"(3) public comment on the proposed plan is accepted for a period of at least forty-five days; and

"(4) at least forty-five days after publication of the proposed plan and prior to the beginning of the State's services program year, the chief executive officer of the State, or such other official as the laws of the State provide, publishes a final comprehensive annual services program plan prepared by the individual or agency designed pursuant to the requirements of section 2003(g)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the same information required to be included in the proposed plan, together with an explanation of the differences between the proposed and final plan and the reasons therefor; and

"(5) any amendment to a final comprehensive services program plan is prepared by the individual or agency designated pursuant to section 2003(g) (1) (C), approved by the chief executive officer of the State unless the laws of the State provide otherwise, and published by the chief executive officer of the State, or such otherwise, and published by the chief executive officer of posed amendment on which public comment is accepted for a period of at least thirty days, and then prepared by the individual or agency designated pursuant to section 2003 (g) (1) (C), approved by the chief executive officer of the State unless the laws of the State provide otherwise, and published by the chief executive officer of the State, or such other official as the laws of the State provide, as a final amendment, together with an explanation of the differences between the proposed and final amendment and the reasons therefor.

"EFFECTIVE DATE OF REGULATIONS PUBLISHED BY THE SECRETARY

"SEC. 2005. No final regulation published by the Secretary under this title shall be effective with respect to payments under section 2002 for expenditures during any quarter commencing before the beginning of the first services program year established by the State under the requirements of section 2002 (a) (3) which begins at least sixty days after the publication of the final regulation.

"EVALUATION; PROGRAM ASSISTANCE

"SEC. 2006. (a) The Secretary shall provide for the continuing evaluation of State programs for the provision of the services described in section 2002(a) (1).

"(b) The Secretary shall make available to the States assistance with respect to the content of their services program, and their services program planning, reporting, administration, and evaluation.

"(c) Within six months after the close of each fiscal year, the Secretary shall submit to the Congress a report on the operation of the program established by this title during that year, including—

"(1) the evaluations carried out under subsection (a) and the results obtained therefrom, and

"(2) the assistance provided under subsection (b), during that year.

"DEFINITIONS

"SEC. 2007. For purposes of this title—

"(1) the term 'State supplementary payment' means any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income be eligible to receive such benefits, as assistance based on need in supplementation of such benefits, as determined by the Secretary, and

"(2) the term 'State' means the fifty States and the District of Columbia.".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 3. (a) (1) Section 402(a) (5) of the Social Security Act is amended by striking out "(A)" and striking out everything after "proper and efficient operation of the plan" and inserting "; and" in lieu thereof.

(2) Section 402(a) of that Act is further amended by striking out paragraphs (13) through (15).

(3) Section 403(a) (3) of that Act is amended to read as follows:

"(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and

"(B) one-half of the remainder of such expenditures,

except that no payment shall be made with respect to amounts expended in connection with the provision of any service described in section 2002(a) (1) of this Act other than services the provision of which is required by section 402(a) (19) to be included in the plan of the State; and"

(4) Section 403 of that Act is further amended by striking out subsections (e) and (f).

(5) Section 406 of that Act is amended by striking out subsection (d).

(6) Section 422(a) (1) (A) (i) of that Act is amended by striking out "the State agency designated pursuant to section 402(a) (3) to administer or supervise the administration of the plan of the State approved under part A of this title" and inserting "the individual or agency designated pursuant to section 2003(g) (1) (C) to supervise and coordinate the administration of the State's services program" in lieu thereof.

(7) Section 422(a) (1) (A) (ii) of that Act is amended by striking out "the organizational unit in such State or local agency established pursuant to section 402(a) (15)" and inserting "a single organizational unit in such State or local agency, as the case may be," in lieu thereof.

(b) Title VI of the Social Security Act is repealed.

(c) Section 1115 of the Social Security Act is amended by—

(1) striking out "or XIX" and inserting "XIX, or XX" in lieu thereof,

(2) striking out "or 1902" in clause (a) and inserting "1902, 2002, 2003, or 2004" in lieu thereof,

(3) striking out "or 1903" in clause (b) and inserting "1903, or 2002" in lieu thereof, and

(4) inserting "or expenditures with respect to which payment shall be made under section 2002," immediately after "administration of such State plan or plans," in clause (b).

(d) Section 1116 of the Social Security Act is amended by—

(1) striking out "or XIX" in subsections (a) (1) and (b) and inserting "XIX or XX" in lieu thereof,

(2) striking out "or 1904" and inserting "1904 or 2003" in lieu thereof in subsection (a) (3), and

(3) inserting "XX," immediately after "XIX," in subsection (d).

(e) Section 1130 of the Social Security Act is repealed.

(f) Any child day care service provided under any plan of a State approved under part A, or developed under part B, of title IV of the Social Security Act must meet the requirements applicable, under subsection (a) (9) of section 2002 of the Social Security Act, as amended by this Act, to child day care services with respect to which payment is made under that section. The requirements imposed by this subsection are in lieu of any requirements that would otherwise be applicable under section 522(d) of the Economic Opportunity Act of 1964 to child day care services provided under any plan of a State approved under part A, or developed under part B, of title IV of the Social Security Act.

(g) Section 12(a) of Public Law 93-233 is amended by striking out "January 1, 1975" and inserting "July 1, 1975" in lieu thereof. Notwithstanding the provisions of section 12(a) of Public Law 93-233, the Secretary may make any modification in any regulation described in that section if the modification is necessary to implement the provisions of this Act.

REPORT BY THE SECRETARY

SEC. 4. Prior to July 1, 1977, the Secretary shall submit to the Congress a report on the effectiveness of the program established by title XX of the Social Security Act, as amended by this Act, during calendar years 1975 and 1976, together with recommendations, if any, for improvements in that program.

DEFINITION OF SECRETARY

SEC. 5. As used in this Act and the amendments made by this Act, the term "Secretary" means, unless the context otherwise requires, the Secretary of Health, Education, and Welfare.

EFFECTIVE DATES

SEC. 6. (a) (1) The amendments made by section 2 of this Act shall be effective with respect to payments under section 2002 of the Social Security Act, as amended by this Act, for quarters commencing after June 30, 1975.

(2) Notwithstanding the provisions of section 2004 of the Social Security Act, as amended by this Act, the first services program year of each State shall begin on July 1, 1975, and end with the close of, at the option of the State—

(A) the day in the twelve-month period beginning July 1, 1975, or

(B) the day in the twelve-month period beginning July 1, 1976,

which is the last day of the twelve-month period established by the State as its services program year under that section. Notwithstanding the provisions of subsection (h) of section 2003 of the Social Security Act, as amended by this Act, the aggregate expenditures required by that subsection with respect to the first services program year of each State shall be the amount which bears the same ratio to the amount that would otherwise be required under that subsection as the number of months in the State's first services program year bears to twelve.

(b) The amendments made by section 3 of this Act shall be effective with respect to payments under sections 403 and 603 of the Social Security Act for quarters commencing after June 30, 1975, except that the amendments made by section 3(a) shall not be effective with respect to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

The SPEAKER. Is a second demanded?

Mr. PETTIS. Mr. Speaker, I am not opposed to the bill, but for the purpose of having a hearing, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. ULLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 17045, the Social Services Amendments of 1974, is an effort to clearly define State and Federal responsibilities with respect to social services. It attempts to end controversy which has been going on for nearly 2 years and provide States with a basis on which they can make continuing program plans. It does not increase the Federal expenditure limits which we established for social services as a part of the general revenue sharing legislation in 1972, and it does not affect the allocation of this money to States or the share of expenditures which the Federal Government will provide.

As you will recall, the social service activities grew excessively rapidly in 1971 and 1972. State programs went in many different directions and emphasized many different groups and interests. We felt compelled to limit these expenditures and did so in Public Law 92-512, the general revenue sharing legislation. In February of 1973, the Department of Health, Education, and Welfare made further attempts to limit the eligibility and the scope of services which States could provide. The proposed regulations, published in February 1973, evoked over 200,000 comments of dissatisfaction, many facilities feeling that they could not continue to operate under the regulations. While the Department made some modifications in the regulations before they were finalized, the result was not acceptable to the Congress, and in June 1973, we postponed the effective date of any regulations on the subject. A further postponement in December of 1973 to January 1, 1975, was the last action Congress has taken. Accordingly, some action is necessary by that time.

Since very early in 1974, a coalition of nearly 40 organizations, including the Department of Health, Education, and Welfare and the National Governors Conference, have worked continuously to arrive at a compromise. Many discussions were held and many drafts were prepared. That compromise is embodied in H.R. 17045 which I introduced along with Mr. Ullman and Mr. Corman of the committee. The bill was ordered reported by the committee without amendment by a unanimous vote. Many of us could suggest improvements. Most of these improvements are controversial. There seems to be a wide consensus that agencies and individuals would rather have the bill without their suggested amendments than have no bill this year which is the probable alternative.

The bill sets broad goals for social services. It provides that at least half of the funds expended shall be for recipients or persons eligible for Aid to Families with Dependent Children, supplemental security income, or medicaid. The bill sets maximum income limitations for both free services and services for which a fee is imposed related to the individual's ability to pay. While these limits seem to many people to be generous, they are not as high as those used in some States at the present time and no State is obligated to go to these levels. State plans to be approved by the Department of Health, Education, and Welfare would deal with such items of program structure as fair hearings, confidentiality of information, designation of the administering agency, the absence of durational residence or citizenship requirements and minimum standards for institutions and facilities.

Concern has been expressed regarding the three States that have separate agencies providing services for the blind. The question has been raised as to whether the requirement for a single State agency would interfere with this operation. We did make it clear in the committee report that it was not the committee's intention to interfere with their separate operation. We also received assurances from the Department of Health, Education, and Welfare that it was quite possible to make arrangements for these agencies to continue as they have in the past. This will, of course, depend on the desires of the State.

The bill relies heavily on a State planning process in which the State will determine what services to provide and to whom. While the Secretary of Health, Education, and Welfare would approve the process, he would not be authorized to deny Federal funds on the basis that something was not a service or was not directed to one of the general goals. Along with advance planning for each service program year, a State would be required to conduct evaluations and provide reports of the effectiveness of this program to the Department of Health, Education, and Welfare and the public. An annual program report would be issued after the close of each program year. States would be required to make provisions for audits.

In order to protect against Federal funds supplanting State funds, the committee bill would require a non-Federal share of expenditures in a State at least equal to that in the fiscal year 1973 or 1974—whichever is lower.

Mr. Speaker, I request permission to have printed at this point in the Record a list of the organizations which participated in the development of this bill.

H.R. 17045 gives us what is probably the only chance this year to place what has been a very troublesome, difficult program on a permanent basis under which States may make constructive plans. I would hope it will receive general support from the Members of the House as it did in the Committee on Ways and Means.

Social Services Coalition

American Federation of Labor & Congress of Industrial Organizations, 815 16th Street, N.W., Washington, D.C. 20005. 202/637-5208. Rep.: Mary Logan.

American Federation of State, County and Municipal Employees, 1155 15th Street, N.W., Washington, D.C. 20005. 202/223-4460. Rep.: Margie Siegel.

American Public Welfare Association, 1660 L Street, N.W., Washington, D.C. 20036. 202/833-9250. Rep.: Iris Slack and Harold Hagen.

American Association of Psychiatric Services for Children, 1701 18th Street, N.W., Washington, D.C. 20009. Rep.: Debbie Kramer.

Black Child Development Association, 1028 Connecticut Avenue, N.W., Suite 514, Washington, D.C. 20036. 202-659-4010. Rep.: Wendell Robinson.

Child Welfare League of America, 1145 19th Street, N.W., Washington, D.C. 20036. 202-883-2850. Rep.: William Lunsford.

Council on Social Work Education, White, Fine & Ambrogne, 1156 15th Street, N.W., Suite 302, Washington, D.C. 20005. 202-659-2900. Rep.: Dick Verville.

League of Women Voters, 1730 M Street, N.W., Washington, D.C. 20036. 202-296-1770. Rep.: Betty Vinson.

Lutheran Council, 955 L'Enfant Plaza, N.W., Washington, D.C. 20024. 202-484-3950. Rep.: Robert Van Dusen.

Morris Associates, Inc., 2233 Wisconsin Avenue, N.W., Washington, D.C. 20001. 202-337-0991. Rep.: Jonas Morris.

National Association for Retarded Children, Mailing Address: R.D. #1 Box 303A, Hampton, New Jersey 08827. 201-735-8408. Rep.: Elizabeth Boggs.

Washington Office: 1522 K Street, N.W. 20005. 202-785-3388. Rep.: Paul Marchand.

National Association of Social Workers, 1425 H Street, N.W., Suite 600, Washington, D.C. 20005. 202-628-6800. Rep.: Glenn Allison.

National Association of State Mental Health, 1001 3rd Street, S.W., Suite 115, Washington, D.C. 20024. 202-638-2383. Rep.: Ann Duncan.

National Association of Counties, 1735 New York Avenue, N.W., Washington, D.C. 20006. 202/785-9577. Rep.: Ralph Tabor.

National Council of Catholic Charities, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. 202/785-2757. Rep.: Jean Connors.

National Council of Churches, 110 Maryland Avenue, N.E., Washington, D.C. 22002. 202/544-2350. Rep.: Dave Ackerman.

National Council of Jewish Women, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036. 202/296-2588. Rep.: Olya Margolin.

National Council of Organizations for Children and Youth, 1910 K Street, N.W., Washington, D.C. 20006. 202/785-4180. Rep.: Judy Helms.

National Council on the Aging, 1828 L Street, N.W., Washington, D.C. 20036. 202/223-6250. Rep.: Daniel Quirk.

National Governors' Conference, 1150 17th Street, N.W., Washington, D.C. 20036. 202/785-560. Rep.: Allen Jensen.

National Health Security Action Council, 806 15th Street, N.W., Washington, D.C. 20005. 202/737-1177. Rep.: Max Fine.

National League of Cities & United States Conference of Mayors, 1620 Eye Street, N.W., Washington, D.C. 20005. 202/293-7380. Rep.: Carol Kocheisen.

National Urban League, 425 13th Street, N.W., Washington, D.C. 20004. 202/393-4332. Rep.: Betty Adams.

United Methodist Church, Women's Division, Office of Legislative Affairs, 100 Maryland Avenue, N.E., Washington, D.C. 22002.

United Way of America, 300 North Lee, Alexandria, Virginia 22314. 703/836-7100. Rep.: Jerry Hercenberg.

Washington Research Project, 1763 R Street, N.W., Washington, D.C. 202/483-1470. Rep.: Judy Assmus.

United Auto Workers, 1125 15th Street, N.W., Washington, D.C. 20005. 202/296-7484. Rep.: Dick Worden.

United Cerebral Palsy, Belview Hotel, 15 E Street, N.W., Washington, D.C. 20001. Rep.: Hal Benson.

Bert Carp—Senate Representative, c/o Senator Walter Mondale, 443 Russell Senate Office Building, Washington, D.C. 20510. 202/225-5641.

Herb Robbins—State Representative, State of Michigan D.C. Office, 1150 17th Street, N.W., Suite 609, Washington, D.C. 20036. 202/833-2564.

Norman Lourie/Charles Berman, Department of Public Welfare, Health & Welfare Building, Harrisburg, Pennsylvania 17120. 717/787-3800.

Iric Nathanson, c/o Congressman Don Fraser, 1111 Longworth House Office Building. 202/224-3121.

Mr. PETTIS. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. PETTIS. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I support H.R. 17045 because it offers the prospect of a lasting solution to social services problems which have plagued us for several years.

It may not be the perfect solution, but it is workable, and it has many attractive features. For example, it would not require any increase in Federal spending for social services. There is now a limit of $2.5 billion per year for this purpose and the bill would retain that ceiling.

Additionally, the measure includes an adequate number of "do's and don'ts" with respect to the use of the $2.5 billion. A list of social services goals are set forth, and the States would have to pursue these in spending the Federal money. Prohibitions against inappropriate usage also are cited clearly.

Each State would have to submit a social services plan, to be approved by the Department of Health, Education, and Welfare, and at least half of the Federal funds would have to be spent on welfare recipients and their families. Federal matching for free social services would be limited to those with incomes up to 80 percent of either the State's median income or the national median, whichever might be lower. Services also could be provided on a fee basis to those with incomes up to 15 percent above the State median.

I am confident that each of us would have written the bill a bit differently. I also am confident that none of us would have produced legislation acceptable to so many divergent groups involved in social services programing.

Our committee was informed that approximately 40 groups worked for about 8 months to develop H.R. 17045. Among those engaged in this effort were representatives of HEW, the Governors' Conference, and the American Public Welfare Association.

To more fully understand and appreciate the importance of this cooperative undertaking, it might be helpful to review briefly the events leading up to it.

When the Federal-State public assistance program first was enacted, the concept of social services was not recognized specifically in the statute. Such services actually were provided to a limited extent, however, and the costs were treated as administrative expenses. Social services finally were legitimatized in the 1956 amendments, and in 1962 legislation, the expanded use of social services was encouraged through a preferential rate of matching. For the first time, the Federal Government agreed to match State funds for social services on a 75-percent basis instead of on the 50-percent basis applicable to other administrative expenses. In the 1967 social security amendments, greater emphasis was placed on this particular welfare category and the authority given welfare agencies to enter into contracts for services was expanded.

In the late 1960's some of the States began to make increasing use of this open-ended matching system. Federal spending for social services gained accordingly. In fiscal 1969, Federal funding for this purpose totaled $354 million. More States caught on, and by fiscal 1972, Federal outgo had reached $1.5 billion, with indications the total could rise to $4.7 billion the following year and to even higher levels in succeeding years.

Concern over this trend led to enactment of the present $2.5 billion limit on Federal funding. This was accomplished through an amendment to the General Revenue Sharing Act, which became Public Law 92-512. Conferees on that legislation fixed the ceiling slightly above actual spending levels reported from the States at that time, mid-1972, and determined that each State would receive a share of the total based on its population.

Subsequently, HEW published proposed new social services regulations to implement the law. These were much more restrictive than the old regulations, and they immediately brought forth a wave of adverse reaction from State welfare administrators and many others associated with social services programs.

After reviewing about 200,000 comments on the regulations, HEW made some revisions. But the changes proved insufficient to counter the objections.

Senate hearings were held on the regulations and a Senate amendment to postpone their effective date until November 1, 1973, was attached to a bill which became Public Law 93-66. In later legislation, the postponement was extended through this calendar year.

Knowing that the Congress would have to decide whether to postpone the regulations further or to let them become effective next year, a broadly based group of interested parties got together earlier this year and began working out the compromise legislation which we have before us today. In essence, H.R. 17045 sets forth new ground rules for the States to follow in carrying out their social services programs without increasing the Federal liability or changing the formula for allocation of funds to the States.

It has an effective date of July 1, 1975, at which time HEW could implement the new act with regulations. Until then, the "status quo" would continue. The moratorium on the pending regulations would extend through June 30, 1975.

In summary, Mr. Speaker, H.R. 17045 would keep the lid on Federal social services expenditures while enabling the States to operate their social services programs under sensible guidelines. I think it can be said fairly that the bill represents a solution to a long running controversy on which virtually all concerned parties have agreed. I frankly cannot recall all instances in which so many diverse interests have reached such an amicable compromise, and it seems to me this presents us with a rare opportunity. I strongly hope we seize it.

Mr. ROSTENKOWSKI. Mr. Speaker, as a member of the Ways and Means Committee, and as a Congressman from an urban area, I have been very much concerned with the social services program and the controversy that has developed around it in recent years. The legislation before us today is the result of much work, not only by the Congress, but by officials at the Department of Health, Education, and Welfare. It is a compromise that will truly benefit millions of Americans at no additional cost to the Federal Government.

This legislation establishes guidelines within which social rehabilitation services moneys can be spent. While day care is obviously the most popular recipient of these funds, the elderly and vocational education programs will benefit as well. I would particularly like to commend my colleague, Mr. CORMAN, and my colleague in the other body, Senator MONDALE, for their efforts to break the stalemate that had arisen in this area. The passage of this legislation will eliminate the uncertainty that has frustrated planners of social service programs throughout the nation. For the first time since 1972, States and communities will know what they can do—what they cannot do—and be able to develop programs accordingly.

While many groups have pointed to minor difficulties in this legislation, I know of no group that opposes the general compromise that has been achieved. It is my understanding that minor difficulties can be worked out in the next Congress now that this great impasse is behind us.

Mr. McKAY. Mr. Speaker, I wish to rise in support of the objectives of the social services amendments. The bill requires that social service programs be directed toward certain goals and I believe that these goals are very commendable. I wish to highlight two of these goals.

First, programs are to be directed to "preserving, rehabilitating, and reuniting families." Many present Government programs tend to fragment and undermine the family, or at least give the family unit low priority. For example, studies show that AFDC payments have often encouraged family splitting. Other social service programs put increasing emphasis on programs which take children out of the home. Welfare legislation sometimes has the effect of penalizing low-income parents, especially single parents, who wish to remain in their homes or work only parttime in order to care for their children. These and other programs which tend to weaken rather than strengthen the family can only be contraproductive. Many of our social problems are the result of family instability and weakened family ties and will not be solved without achieving quality family life.

Second, under the amendments social programs must promote self-sufficiency and work to reduce dependency. Here again we need some genuine reform. For example, a family receiving grant assistance is no longer eligible for aid if the male head-of-household works over 100 hours per month, regardless of the amount of income he receives, his family's needs and what effort he has made. In some cases this can be a positive disincentive to work.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks, and that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 17045.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House suspend the rules and pass the bill H.R. 17045.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

VETERANS AND SURVIVORS PENSION ADJUSTMENT ACT OF 1974

Mr. DORN. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 4040) to amend title 38 of the United

States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes, as amended.

The Clerk read the Senate bill as follows:

S. 4040

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans and Survivors Pension Adjustment Act of 1974".

SEC. 2. Section 521 of title 38, United States Code, is amended as follows:

(1) by amending subsection (b) to read as follows:

"(b) If the veteran is unmarried (or married but not living with and not reasonably contributing to the support of his spouse) and has no child, pension shall be paid according to the following formula: If annual income is $300 or less, the monthly rate of pension shall be $160. For each $1 of annual income in excess of $300 up to and including $500, the monthly rate shall be reduced 3 cents; for each $1 annual income in excess of $500 up to and including $900, the monthly rate shall be reduced 4 cents; for each $1 of annual income in excess of $900 up to and including $1,500, the monthly rate shall be reduced 5 cents; for each $1 of annual income in excess of $1,500 up to and including $1,900, the monthly rate shall be reduced 6 cents; for each $1 of annual income in excess of $1,900 up to and including $2,300, the monthly rate shall be reduced 7 cents; and for each $1 of annual income in excess of $2,300 up to and including $3,000, the monthly rate shall be reduced 8 cents; but in no event shall the monthly rate of pension be less than $5. No pension shall be paid if annual income exceeds $3,000.";

(2) by amending subsection (c) to read as follows:

"(c) If the veteran is married and living with or reasonably contributing to the support of his spouse, or has a child or children, pension shall be paid according to the following formula: If annual income is $500 or less, the monthly rate of pension shall be $172 for a veteran and one dependent, $177 for a veteran and two dependents, and $182 for three or more dependents. For each $1 of annual income in excess of $500 up to and including $700, the monthly rate shall be reduced 2 cents; for each $1 of annual income in excess of $700 up to and including $1,800, the monthly rate shall be reduced 3 cents; for each $1 of annual income in excess of $1,800 up to and including $3,000, the monthly rate shall be reduced 4 cents; for each $1 of annual income in excess of $3,000 up to and including $3,500, the monthly rate shall be reduced 5 cents; for each $1 of annual income in excess of $3,500 up to and including $3,800, the monthly rate shall be reduced 6 cents; for each $1 of annual income in excess of $3,800 up to and including $4,000, the monthly rate shall be reduced 7 cents; and for each $1 of annual income in excess of $4,000 up to and including $4,200, the monthly rate shall be reduced 8 cents. No pension shall be paid if annual income exceeds $4,200.";

(3) by amending subsection (d) by striking out "$110" and inserting in lieu thereof "$123"; and

(4) by amending subsection (e) by striking out "$44" and inserting in lieu thereof "$49".

SEC. 3. Section 541 of title 38, United States Code, is amended as follows:

(1) by amending subsection (b) to read as follows:

"(b) If there is no child, pension shall be paid according to the following formula: If annual income is $300 or less, the monthly rate of pension shall be $108. For each $1 of annual income in excess of $300 up to and including $600, the monthly rate shall be reduced 1 cent; for each $1 of annual income in excess of $600 up to and including $900, the monthly rate shall be reduced 3 cents; for each $1 of annual income in excess of $900 up to and including $2,100, the monthly rate shall be reduced 4 cents; and for each $1 of annual income in excess of $2,100 up to and including $3,000, the monthly rate shall be reduced 5 cents; but in no event shall the monthly rate of pension be less than $5. No pension shall be paid if annual income exceeds $3,000.";

(2) by amending subsection (c) to read as follows:

"(c) If there is a widow and one child, pension shall be paid according to the following formula: If annual income is $700 or less, the monthly rate of pension shall be $128. For each $1 of annual income in excess of $700 up to and including $1,100, the monthly rate shall be reduced 1 cent; for each $1 of annual income in excess of $1,100 up to and including $2,100, the monthly rate shall be reduced 2 cents; for each $1 of annual income in excess of $2,100 up to and including $3,000, the monthly rate shall be reduced 3 cents; and for each $1 of annual income in excess of $3,000 up to and including $4,200, the monthly rate shall be reduced 4 cents. Whenever the monthly rate payable to the widow under the foregoing formula is less than the amount which would be payable to the child under section 542 of this title if the widow were not entitled, the widow will be paid at the child's rate. No pension shall be paid if the annual income exceeds $4,200.";

(3) by amending subsection (d) by striking out "$18" and inserting in lieu thereof "$20"; and

(4) by adding at the end thereof the following new subsection:

"(f) As used in this section and section 542 of this title, the term 'veteran' includes a person who has completed at least two years of honorable active military, naval, or air service, as certified by the Secretary concerned, but whose death in such service was not in line of duty.".

SEC. 4. Section 542 of title 38, United States Code, is amended as follows:

(1) by amending subsection (a) by striking out "$44" and "$18" and inserting in lieu thereof "$49" and "$20", respectively; and

(2) by amending subsection (c) by striking out "$2,000" and inserting in lieu thereof "$2,400".

SEC. 5. Section 544 of title 38, United States Code, is amended by striking out "$55" and inserting in lieu thereof "$64".

SEC. 6. Section 4 of Public Law 90–275 (82 Stat. 68) is amended to read as follows:

"SEC. 4. The annual income limitations governing payment of pension under the first sentence of section 9(b) of the Veterans' Pension Act of 1959 hereafter shall be $2,600 and $3,900, instead of $2,200 and $3,500, respectively.".

SEC. 7. Section 415 of title 38, United States Code, is amended as follows:

(1) by amending subsection (b) to read as follows:

"(b)(1) Except as provided in paragraph (2) of this subsection, if there is only one parent, dependency and indemnity compensation shall be paid to him according to the following formula: If annual income is $800 or less, the monthly rate of dependency and indemnity compensation shall be $123. For each $1 of annual income in excess of $800 up to and including $1,000, the monthly rate shall be reduced 3 cents; for each $1 of annual income in excess of $1,000 up to and including $1,300, the monthly rate shall be reduced 4 cents; for each $1 of annual income in excess of $1,300 up to and including $1,600, the monthly rate shall be reduced 5 cents; for each $1 of annual income in excess of $1,600 up to and including $1,800, the monthly rate shall be reduced 6 cents; for each $1 of annual income in excess of $1,800 up to and including $2,000, the monthly rate shall be reduced 7 cents; and for each $1 of annual income in excess of $2,000 up to and including $3,000, the monthly rate shall be reduced 8 cents; but in no event shall the monthly rate of dependency and indemnity compensation be less than $4. No dependency and indemnity compensation shall be paid if annual income exceeds $3,000.

"(2) If there is only one parent and he has remarried and is living with his spouse, dependency and indemnity compensation shall be paid to him under either the formula of paragraph (1) of this subsection or under the formula in subsection (d), whichever is the greater. In such a case of remarriage the total combined annual income of the parent and his spouse shall be counted in determining the monthly rate of dependency and indemnity compensation under the appropriate formula.";

(2) by amending subsection (c) to read as follows:

"(c) Except as provided in subsection (d), if there are two parents, but they are not living together, dependency and indemnity compensation shall be paid to each according to the following formula: If the annual income of each parent is $800 or less, the monthly rate of dependency and indemnity payable to each shall be $86. For each $1 of annual income in excess of $800 up to and including $1,100, the monthly rate shall be reduced 2 cents; for each $1 of annual income in excess of $1,100 up to and including $2,100, the monthly rate shall be reduced 4 cents; for each $1 of annual income in excess of $2,100 up to and including $2,500, the monthly rate shall be reduced 5 cents; and for each $1 of annual income in excess of $2,500 up to and including $3,000, the monthly rate shall be reduced 6 cents; but in no event shall the monthly rate of dependency and indemnity compensation be less than $4. No dependency and indemnity compensation shall be paid to a parent whose annual income exceeds $3,000.";

(3) by amending subsection (d) to read as follows:

"(d) If there are two parents who are living together, or if a parent has remarried and is living with his spouse, dependency and indemnity compensation shall be paid to each such parent according to the following formula: If the total combined annual income is $1,000 or less, the monthly rate of dependency and indemnity compensation payable to each parent shall be $83. For each $1 of annual income in excess of $1,000 up to and including $1,100, the monthly rate shall be reduced 1 cent; for each $1 of annual income in excess of $1,100 up to and including $2,500, the monthly rate shall be reduced 2 cents; for each $1 of annual income in excess of $2,500 up to and including $3,500, the monthly rate shall be reduced 3 cents; and for each $1 of annual income in excess of $3,500 up to and including $4,200, the monthly rate shall be reduced 4 cents; but in no event shall the monthly rate of dependency and indemnity compensation be less than $4. No dependency and indemnity compensation shall be paid to either parent if the total combined annual income exceeds $4,200."; and

(4) by amending subsection (h) by striking out "$55" and inserting in lieu thereof "$64".

SEC. 8. (a) The Administrator of Veterans' Affairs shall carry out an original study of the needs and problems of veterans and their widows seventy-two years of age or older. The study shall include (1) a profile of the current income characteristics of such veterans and their widows, describing the proportion and amount of income from all sources and the average necessary for all necessities such as rent, food, medical care, and other items; (2) an evaluation of the adequacy of the present veterans pension system to meet the needs of such veterans and widows; and (3) actuarial information concerning the present expected mortality rates of such veterans and their widows.

(b) The Administrator shall report to the Congress and the President not later than one hundred and eighty days after the convening of the first session of the Ninety-fourth Congress the results of the study carried out under this section together with any recommendations for legislative or administrative action to improve the present program of pension benefits for such veterans and widows.

SEC. 9. (a) Subsection (e) of section 103 of title 38, United States Code, is amended—

(1) by adding "(1)" immediately before "The"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The marriage of a child of a veteran shall not bar the recognition of such child as the child of the veteran for benefit purposes if the marriage has been terminated by death or has been dissolved by a court with basic authority to render divorce decrees unless the Veterans' Administration determines that the divorce was secured through fraud by either party or collusion.".

(b) Subsection (l) of section 3010 of title 38, United States Code, is amended to read as follows:

"(l) The effective date of an award of benefits to a widow based upon a termination of a remarriage by death or divorce, or of an award or increase of benefits based on recognition of a child upon termination of the child's marriage by death or divorce, shall be the date of death or the date the judicial decree or divorce becomes final, if an application therefor is received within one year from such termination.".

SEC. 10. This Act shall take effect on January 1, 1975.

The SPEAKER. Is a second demanded?

Mr. HAMMERSCHMIDT. Mr. Speaker I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from South Carolina (Mr. DORN).

Mr. DORN. Mr. Speaker, the Members will recall earlier this year the President signed into law a bill providing for an increase in compensation for the disabled veterans. The bill before us today would take care of those on the pension rolls.

S. 4040, as reported by our committee, would, among other things, provide for a 12-percent increase in the rates of pension, and would increase the maximum annual income limitations for eligible veterans and their survivors receiving pensions by $400. In other words, the basic rate would go from $2,400 to $2,800 for single veterans, and from $3,800 to $4,200 for veterans with dependents.

It is a very worthwhile bill, in that it would prevent many pensioners from being dropped from the pension rolls at the end of the year because of previous social security increases.

The membership will recall that throughout this year and much of last year we have had much concern expressed by veterans throughout the country to each of us, about the loss of pension, or part of it, because of the increase in social security benefits. This bill is an effort on the part of the committee and the House today to correct this inequity.

I want to point out again that this bill will prevent a great majority of those who have received additional income this year from losing all or part of their pension because of this increased income.

Before yielding to my distinguished colleague, the gentleman from Texas (Mr. ROBERTS) for an explanation of this bill, on behalf of the chairman of the committee I want to commend the distinguished chairman of the Subcommittee on Compensation and Pensions, the gentleman from Texas (Mr. TEAGUE), and the other members of the subcommittee, the gentleman from Texas (Mr. ROBERTS); the gentleman from Mississippi (Mr. MONTGOMERY); and the gentleman from Georgia (Mr. BRINKLEY), the ranking minority member of our committee, the distinguished and able gentleman from Arkansas (Mr. HAMMERSCHMIDT), who is also the ranking minority member of the subcommittee, the gentleman from Ohio (Mr. WYLIE); and the gentleman from Minnesota (Mr. ZWACH).

Mr. Speaker, it is a small subcommittee, but it gets the job done. As I said earlier, the subcommittee put together a compensation bill and has now presented us with an equitable, deserving, fair pension bill, which the veterans of our country, particularly our elderly veterans, are very much concerned about.

Mr. Speaker, it is a special pleasure to yield such time as he may consume to my good friend, the distinguished, able gentleman from Texas (Mr. ROBERTS).

Mr. ROBERTS. Mr. Speaker, I will be very brief with my remarks in reference to S. 4040, the Veterans and Survivors Pension Adjustment Act of 1974. The bill, as amended by our committee, would, among other things, amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation and increase income limitations.

As reported, S. 4040 would:

First, increase the maximum annual income limitations for eligible veterans and their survivors receiving pension by $400 and provide an average 12 percent increase in the rates of pensions;

Second, increase the maximum annual income limitations of "old law" pensioners by $400;

Third, increase the maximum annual income limitations by $400 for parents receiving dependency and indemnity compensation, DIC, and provide an average 12 percent increase in the rates for DIC;

Fourth, increase the allowances payable for those in receipt of pension in need of aid and attendance or who are deemed to be housebound by 12 percent;

Fifth, provide pension benefits for widows and children of certain veterans who completed at least 2 years of honorable service, but whose death in such service was not in line of duty;

Sixth, authorize a study by the Veterans' Administration of the economic situation in terms of income and needs of veterans and widows age 72 and older to be submitted to the Congress not later than 180 days after the beginning of the 94th Congress; and

Seventh, provide that the act become effective on January 1, 1975.

Mr. Speaker, the estimated cost of the bill for the first full year after enactment would be about $290 million, increasing to about $294.5 million at the end of 5 years.

Our committee has included four technical amendments to the Senate bill. S. 4040 as passed by the Senate provides for a redefinition of the term "veteran" to include "a person who has completed at least 2 years of honorable active military, naval, or air service, as certified by the Secretary concerned."

The committee amendment would provide equitable relief for the few widows and children caught in a set of circumstances whereby they were denied benefits because the veteran may have died under circumstances not technically in the line of duty while in service. The amendment was deemed necessary to insure that enactment of this provision would have no bearing on eligibility for pension based on deaths after separation from service. The Veterans' Administration has no objection to the amendment.

As passed by the Senate, S. 4040 would require the Administrator of Veterans' Affairs to conduct a study of the needs and problems of veterans and their widows 72 years of age and older. Such report must be submitted to the Congress and the President not later than 120 days after the convening of the 1st session of the 94th Congress. At the suggestion of the VA, we allowed an additional 2 months since the collection and evaluation of said data would require more than the time allotted by the Senate bill.

One other technical amendment would equalize the treatment of children with that accorded to widows whose subsequent marriage is terminated. The Veterans' Administration favors this change.

Mr. Speaker, currently there are 2.3 million pensioners of whom 1.3 million are veterans and the remainder are their survivors. The present cost of the non-service-connected pension program is approximately $2.7 billion a year. A significant number of pensioners have little or no other source of income other than their pension.

Every Member of the House is familiar with the problem faced by those on the pension rolls when there is a Social Security increase or an increase in other income maintenance plans. When such increase comes about many pensioners will exceed the income limitations and therefore have to be dropped from the rolls unless an adjustment is made in the income limitations. S. 4040 as reported provides for a $400 increase in the maximum annual income limitations and a 12-percent increase in pension rates. According to the Veterans' Administration, by increasing the income limitations no pensioner will be dropped from the pension rolls because of the most recent Social Security increase. The committee also wishes to point out that the increased refinements in the formula will produce a smaller impact for the veterans and widows who exceed the maximum annual income limitations.

Finally, Mr. Speaker, the administration earlier this year submitted a formal draft proposal for pension reform. The committee hopes to proceed with some pension reform measure during the next Congress: However, before doing this the committee feels additional information and study will be necessary. In the meantime, the committee believes it is necessary to proceed with an interim cost-of-living measure in order to protect VA pensioners from the continuing toll of inflation and minimize any potential adverse impact on pension entitlement by reason of increases in social security or other income maintenance plans.

According to the most recent Consumer Price Index, the cost-of-living increase has reached 10.6 percent since pension benefits were increased on January 1, 1974. So the bill now before the House is not much more than a cost-of-living increase. By January 1 the cost-of-living index will have increased by 12 percent.

I urge the House to favorably consider S 4040, as amended.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 4040, a bill to liberalize the pension program and the dependency and indemnity program for certain parents of veterans.

Specifically, the bill will increase by 12 percent the monthly pension payments to eligible veterans and survivors of deceased veterans whose deathes were not related to their military service. It will also increase by 12 percent the monthly dependency and indemnity compensation payable to certain parents of veterans whose deaths were service connected.

The bill will also increase by $400 the statutory income ceiling for entitlement to both pension and parents DIC payments.

Additionally, the bill requires the Veterans' Administration to carry out an original study of the needs and problems of veterans and widows who have reached the age of 72 years. The results of this study will be made available to the Congress and the President within 180 days.

These are the major provisions of the bill, Mr. Speaker. I am sure that all Members have been flooded with mail from veteran pensioners who are concerned about the possible adverse effect of the recent social security increases upon their monthly pension payments.

Aside from the cost-of-living increase that is embodied in this legislation, the $400 increase in the statutory income limitation will prevent anyone from having their pension terminated solely as the result of the 1974 increase in social security payments. In fact, Mr. Speaker, the provisions of this bill will insure that no pensioner suffers a reduction in combined pension and social security income based on the 1974 social security increase received in his own behalf.

It is most unfortunate, Mr. Speaker, that the amount of pension paid is so closely related to social security payments. The study authorized by this bill will explore in depth the economic status of pensioners plus an evaluation of the adequacy of the present pension system. We are hopeful that this study will be the basis for a reformed pension program that will fully and adequately meet the needs of veterans and widows.

Meanwhile, this interim measure is necessary if pensioners are to meet increased living costs. I urge that the bill be passed.

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. WYLIE), a distinguished member of the committee.

Mr. WYLIE. Mr. Speaker, I rise in support of S. 4040. This measure will liberalize the provisions of the pension laws for veterans. This action is necessary, Mr. Speaker, if the veteran pensioner or the widow of a veteran is to exist despite the rising cost of living.

The bill, as reported, Mr. Speaker, authorizes a $400 increase in the maximum annual income limitation that determines entitlement to pension. In the case of a married veteran, the existing $3,800 will be increased to $4,200. The income limitation for an unmarried veteran will be increased from $2,600 to $3,000. A similar increase of $400 is authorized for pensioners being paid under the so-called old pension law.

This increase in the maximum annual income limitation will insure that pension payments will not be terminated solely as the result of the social security annuity increase received earlier this year. If the Congress failed to act on this measure, thousands of veterans and widows would have their pension payments terminated on January 1, because the modest increase in social security payments received earlier this year would cause their income to exceed the existing statutory limit. I do not believe it was the intent of Congress to provide an increase in one Federal payment that would result in the termination of another Federal payment.

This bill, Mr. Speaker, also authorizes an average 12-percent increase in monthly pension payments for veterans and widows receiving pension under Public Law 86-211, the so-called new pension law.

The 12-percent increase and the $400 increase in the income limitation are also provided in the case of parents of service-connected deceased veterans who are receiving monthly dependency and indemnity compensation payments.

Mr. Speaker, this bill will affect 2.3 million pensioners and 68,000 parents receiving DIC payments. It is a good bill, and I shall support it.

Mr. DON H. CLAUSEN. Mr. Speaker, I would like to take this opportunity to stress the urgent need to improve the veterans' pension program so as to provide relief for our older veterans.

This legislation is essential if we are to correct the unfortunate situation which has arisen as a result of the increase in social security benefits received in 1974. Many veterans have had their pensions terminated as a result of the increase and others have had their pensions reduced by an equal amount or slightly more.

I am a cosponsor of similar legislation to raise the earnings limitation by $400. I am of the opinion that this approach is the most reasonable and direct way to assist our veterans who are living on fixed incomes and trying to exist despite constantly rising costs of living.

Rising prices are leaving our veterans worse off than before and less able to live with the degree of dignity they have so justly earned.

I have received hundreds of letters from veterans in my congressional district pleading with me to help them before it is too late. I am, therefore, urging my colleagues to act promptly and favorably on this legislation.

Mr. BIAGGI. Mr. Speaker, I rise in support of this bill S. 4040, the veterans and survivors pension adjustment. Passage of this legislation will provide millions of financially troubled veterans and survivors with added weaponry with which to fight inflation.

The staggering inflation and corresponding increase in the cost of living has had its most devastating effects on older Americans and those living on fixed incomes. For years millions of veterans and their survivors have been hindered in their efforts to acquire other sources of funding besides veterans pension, because once they went over a certain income figure, they would face a corresponding reduction in their veterans pensions. This legislation seeks to correct this injustice for all veterans and their survivors by increasing annual income limitations by $400. This increase should adequately cover any future increases in social security and SSI as well as other sources of income. I am particularly pleased with this provision as I have introduced similar legislation in the Congress designed to exclude future social security increases from determinations of veterans' pension eligibility or payment.

The other key provision of this legislation will provide veterans and survivors under the new pension plan established in 1960 with an average 12 percent increase in pension rates. While this provision does not include those veterans under the old pension plan I was advised by the Veterans' Affairs Committee that if these individuals wished to switch to the new pension plan they could do so and then become eligible for the 12 percent cost of living increase.

In addition this bill provides parents receiving dependency and indemnity compensation with the same $400 income limitation increase as well as a 12 percent increase in DIC payments, and will provide pension benefits for widows and children of certain veterans whose death occurred not in the line of duty but who had previous service.

I am also pleased to note that this legislation provides for a long needed study by the VA of the economic needs of veterans age 72 and older. This study is supposed to be completed 3 months after the commencement of the 94th Congress. I hope this study can lead to some meaningful proposal which can provide important financial improvements to relieve the desperate fiscal plight of these Americans.

Today has been a notable day for the veterans of this Nation. Earlier today, the House successfully overrode a Presidential veto of H.R. 12628, providing important increases in educational benefits for 7 million Vietnam era veterans. Passage of this legislation will serve to assist other veterans in an equally important area, namely their pensions, for many their sole source of subsistence. These increases we are providing today are important to the future economic well being of these veterans and survivors, and I hope the Congress will demonstrate once again its concern for improving the quality of life for the veteran of this Nation.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I rise in support of S. 4040, a bill designed to liberalize disability and death pensions for our wartime veterans and their dependents. It will increase the maximum annual income limitations by $400. Thus veterans and their widows who are now subject to a maximum limitation of $3,800 will be raised to $4,200 and the veteran without dependents will be raised from $2,600 to $3,000. The unearned income limitation of $2,000 for dependent children will be increased to $2,400. Monthly pension payments will be increased by approximately 12 percent.

Dependency and indemnity compensation payable to the dependent parents of certain deceased veterans also would be subject to an increase of 12 percent and a $400 a year elevation of the maximum income limitation.

Basically, this legislation is intended to protect Veterans' Administration pensioners from the ever-increasing costs of living. In effect, it is a stopgap measure to cover the interim period during which the Veterans' Administration is directed by the bill to study the day-to-day living requirements of veterans and their survivors who are 72 years of age and older. When completed, the study will be submitted to the Congress and the President. It will include recommendations for any legislative reforms that may be indicated.

I intend to vote for this bill because I believe it is necessary if we are to maintain a viable program for veterans.

Mr. HUDNUT. Mr. Speaker, as a cosponsor of H.R. 2687, designed to correct a situation whereby veterans' pensions have been reduced or eliminated because of the social security increase, I urge support of S. 4040 and commend the chairman of the Veterans' Affairs Committee for bringing this bill to the floor.

S. 4040, as reported, would increase the maximum annual income limitations for eligible veterans and their survivors receiving pension by $400 and provide an average 12 percent increase in the rates of pensions.

Most of our retired veterans and their survivors are living on very limited incomes and are especially vulnerable to the increases in the cost of living. The ravaging effects of inflation have forced many veterans to the brink of poverty and privation. I therefore feel we should demonstrate our deep appreciation to all the veterans of this Nation and our concern about their continuing welfare by approving this long overdue legislation.

Mr. WOLFF. Mr. Speaker, I rise in support of S. 4040, the Veterans and Survivors Pension Adjustment Act. The major provisions of this legislation would increase by $400 the maximum annual income limitations imposed on VA pensioners, raise by an average 12 percent VA pension rates, and mandate a study by the VA of the economic situation of veterans age 72 or older.

I would particularly like to draw the attention of my colleagues to the provision in S. 4040 which raises the maximum income limitation for vets and their survivors receiving pensions. This provision is designed specifically to offset the potentially disastrous effect of this year's 11 percent social security increase on veteran pensioners. Because the VA pension program uses income as a criterion for participation, social security increase has the effect of increasing a veteran's "outside income," and thus can eliminate his eligibility for a VA pension or reduce the amount of pension benefits he receives. Veteran pensioners thus do not benefit from social security increases, and in fact, in many instances, vets are seriously hurt by social security increases if the increases result in loss of their VA pensions. According to the VA, 75,510 veterans will lose their pensions as of January 1, 1975, due to the effects of social security increases; another 1.5 million veterans and their survivors will find their pension checks significantly reduced. The increase in the income limits provided in S. 4040 will prevent this inequity from occurring this time around, and I hope that my colleagues will see clearly the need for its enactment. While we are on the subject, however, I hope we will also begin to consider seriously the need for a complete reform of the veterans' pension program so that vets will not be constantly faced with a reduction of benefits every time a social security increase takes effect. I, along with several other Members, have introduced legislation to make it part of existing law that social security increases will not adversely affect veterans' pensions. This legislation deserves greater consideration if we are to remove the "give with the one hand, take with the other" image that Congress now has as regards social security increases and veterans' pensions.

Mr. Speaker, I also believe that the average 12-percent increase in pension rates provided by S. 4040 is justified and necessary. Since the last increase passed by Congress, the rate of inflation has reached double-digit figures, and the Consumer Price Index has risen some 22 percent. Many of our veteran pensioners are trying to make ends meet on fixed incomes, so that this 12 percent cost-of-living increase is really a necessity.

I also feel that the study mandated by this legislation into the particular needs and economic concerns of our older veteran population is important. It will help us to develop a more concise and thorough approach to improving the pension program.

I hope all of my colleagues will join me in supporting this pension adjustment measure so that we can provide some protection to veterans and their survivors from our inflationary spiral.

Mr. CLEVELAND. Mr. Speaker, I rise in support of S. 4040 which provides for an average 12-percent increase in veterans' pensions and a $400 increase in the income limitations.

As a cosponsor both in this Congress and the 92d Congress of legislation to increase the income limitations in the veterans' pension program, I strongly urge adoption of this measure to correct the glaring inequity whereby social security benefit increases cause a corresponding negative impact on a veterans' pension.

As a supporter of the social security benefit increases, I can assure you that it was never my intent that what Government provided with one hand be taken away with the other. Indeed, those dependent on these sources of income bear a disproportionately heavy burden resulting from price increases. With means often limited to barest necessities, they pay a disproportionate amount of their income for food, the cost of which has far outstripped the general rate of price increases. The elderly on fixed incomes have experienced additional financial hardships due to our energy shortages and resultant high prices.

Mr. Speaker, I urge the House to adopt this measure to permit eligible veterans to receive the full benefits of increases in social security payment levels.

The SPEAKER pro tempore (Mr. BENNETT). The question is on the motion offered by the gentleman from South Carolina (Mr. DORN) that the House suspend the rules and pass the Senate bill S. 4040, as amended.

The question was taken.

Mr. WYLIE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3 of rule XXVII and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. HAMMERSCHMIDT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just under consideration.

The SPEAKER pro tempore (Mr. BENNETT). Is there objection to the request of the gentleman from Arkansas?

There was no objection.

VETERANS' AND SERVICEMEN'S AUTOMOBILE AND ADAPTIVE EQUIPMENT AMENDMENTS OF 1974

Mr. DORN. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 2363) to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces.

The Clerk read as follows:

S. 2363

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Disabled Veterans' and Servicemen's Automobile and Adaptive Equipment Amendments of 1974".

Sec. 2. Section 1901 of title 38, United States Code, is amended as follows:

(1) by striking out in paragraph (1) all of that part of clause (A) beginning with "World War II," down through the end of such clause, and inserting in lieu thereof "World War II or thereafter:";

(2) by striking out in paragraph (1) all of that part of clause (B) beginning with "World War II," down through the end of such clause, and inserting in lieu thereof "World War II or thereafter."; and

(3) by amending paragraph (2) to read as follows:

"(2) The term 'adaptive equipment' includes, but is not limited to, power steering, power brakes, power window lifts, power seats, and special equipment necessary to assist the eligible person into and out of the automobile or other conveyance. Such term also includes (A) air-conditioning equipment when such equipment is necessary to the health and safety of the veteran and to the safety of others, regardless of whether the automobile or other conveyance is to be operated by the eligible person or is to be operated for such person by another person; and (B) any modification of the size of the interior space of the automobile or other conveyance if needed because of the physical condition of such person in order for such person to enter or operate the vehicle.".

Sec. 3. Section 1902 of such title is amended as follows:

(1) by inserting in subsection (a) ("including all State, local, and other taxes)" after "conveyance" the second time it appears;

(2) by striking out in subsection (a) "$2,800," and inserting in lieu thereof "$3,300,"; and

(3) by inserting in subsection (c)(2) "previously or" after "may".

Sec. 4. (a) Section 1903 of such title is amended by adding at the end thereof the following new subsection:

"(e)(1) The Administrator shall provide, directly or by contract, for the conduct of special driver training courses at every hospital and, where appropriate, at regional offices and other medical facilities, of the Veterans' Administration to instruct such eligible person to operate the type of automobile or other conveyance such person wishes to obtain with assistance under this chapter, and may make such courses available to any veteran or member of the Armed Forces, eligible for care under chapter 17 of this title, who is determined by the Administrator to need the special training provided in such courses even though such veteran or member is not eligible for the assistance provided under this chapter.

"(2) The Administrator is authorized to obtain insurance on automobiles and other conveyances (not owned by the Government) used in conducting the special driver training courses provided under this subsection and to obtain, at Government expense, personal liability and property damage insurance for all persons taking such courses without regard to whether such persons are taking the course on an in-patient or outpatient basis.".

(b) The catchline of such section is amended by adding at the end thereof a semicolon and "special training courses".

(c) The table of sections at the beginning of chapter 39 of such title is amended by striking out

"1903. Limitations on assistance."

and inserting in lieu thereof

"1903. Limitations on assistance; special training courses.".

Sec. 5. (a) Chapter 39 of such title is further amended by adding at the end thereof the following new section:

"§ 1904. Research and development; coordination with other Federal programs

"(a) In carrying out prosthetic and orthopedic appliance research under section 216 and medical research under section 4101 of this title, the Administrator, through the Chief Medical Director, shall provide for special emphasis on the research and development of adaptive equipment and adapted conveyances (including vans) meeting standards of safety and quality prescribed under subsection (d) of section 1903, including support for the production and distribution of devices and conveyances so developed.

"(b) In carrying out subsection (a) of this section, the Administrator, through the Chief Medical Director, shall consult and cooperate with the Secretary of Health, Education, and Welfare and the Commissioner of the Rehabilitation Services Administration, Department of Health, Education, and Welfare, in connection with programs carried out under section 3(b) of the Rehabilitation Act of 1973 (Public Law 93–112; 87 Stat. 357) (relating to the development and support, and the stimulation of the development and utilization, including production and distribution of new and existing devices, of innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems) section 202 (b)(2) of such Act (relating to the establishment and support of Rehabilitation Engineering Research Centers), and section 405 of such Act (relating to the Secretarial responsibilities for planning, analysis, promoting utilization of scientific advances, and information clearinghouse activities).".

(b) The table of sections at the beginning of such chapter 39 is amended by inserting at the end thereof:

"1904. Research and development; coordination with other Federal programs.".

Sec. 6. The provisions of this Act shall become effective on the first day of the second calendar month following the date of enactment, except that clause (3) of section 3 shall take effect on January 11, 1971.

The SPEAKER pro tempore. Is a second demanded?

Mr. HAMMERSCHMIDT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from South Carolina (Mr. Dorn).

Mr. DORN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 2363 would amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces.

Specifically, the bill would:

First, increase the basic automobile assistance grant from $2,800 to $3,300;

Second, authorize the payment of certain power assist equipment should it be required for the safe operation of the vehicle, including air conditioning, power seats and power window lifts;

Third, clarify the term "adaptive equipment" to include such equipment as an eligible person may need to get in or out of a vehicle purchased with chapter 39 funds, or vehicles previously or subsequently acquired. The definition is expanded to include equipment necessary to enter and leave the vehicle;

Fourth, remove the more restrictive line-of-duty/direct-performance-of-duty criterion presently imposed on the Vietnam era veteran after he is discharged from active duty in the Armed Forces. The bill would thus specify only one service connection and would make it applicable both as to all veterans regardless of whether they served during or after World War II, and as to all active-duty servicemen seeking chapter 39 benefits while on active duty;

Fifth, require the availability of a driver training program at all VA hospitals and, where appropriate, at VA regional offices and other medical facilities; and

Sixth, provide new authority under chapter 39 for the Veterans' Administration to carry out an expanded program of research and development in the field of adaptive equipment, adapted conveyances, and rehabilitation devices generally.

Mr. Speaker, the estimated cost of the bill, based on VA figures, is approximately $28.2 million during the first year, decreasing to about $5.2 million in the fifth year.

Public Law 91–666 which became effective on January 11, 1971, increased the maximum amount payable toward the purchase of an automobile or other conveyance from $1,600 to the present $2,800. The law also provided for the first time that the VA would pay for necessary adaptive equipment, as well as for the maintenance, replacement and installation of such equipment. Since the passage of Public Law 91–666, a number of difficulties have arisen in the administration of the provisions of chapter 39 other than the basic grant authority. S. 2363 seeks to rectify those difficulties which are discussed in House Report 93–1494, as well as to provide a cost of living increase in the basic grant.

The Veterans' Administration is opposed to the provision of the bill that would increase the amount of the grant from $2,800 to $3,300, but generally favors the remainder of the bill.

S. 2363 was unanimously approved by our committee and I urge the Members of the House to approve the legislation so it can be sent on to the President.

Mr. Speaker, I yield again to the distinguished gentleman from Arkansas (Mr. Hammerschmidt), the able minority member on our committee who has served over there with such splendid cooperation, diligence, and ability.

Mr. HAMMERSCHMIDT. Mr. Speaker, I support S. 2363, a bill to liberalize the provisions of law that authorize grants to certain disabled veterans toward the purchase of automobiles and adaptive equipment.

Under existing law, certain veterans who have sustained the service connected loss or loss of use of one or more extremities or blindness are entitled to a grant of $2,800 toward the purchase of an automobile. They may also receive the adaptive equipment deemed necessary to insure the safe operation of the vehicle. The law also provides that the Veterans' Administration shall repair, replace, or reinstall this adaptive equipment in the auto purchased with the grant or in a vehicle subsequently acquired.

The bill before the House will increase the grant to $3,300. The increased grant is based upon the cost of the average size American automobile in today's market. The bill will also permit the Veterans' Administration to furnish adaptive equipment for an automobile acquired prior to the time that the veteran purchased an automobile with monetary assistance from the Government. Members will recall that a bill to accomplish this purpose passed the House unanimously earlier this year. The other body included this provision as a part of the broader bill now being considered. The committee report on this bill sets forth the details of the case that makes this provision necessary if the law is to provide equitable treatment to all eligible veterans.

Existing law is inconsistent in its eligibility criteria for this benefit. For example, World War II and Korean conflict veterans are eligible if the qualifying disability is determined to be service connected. Vietnam-era discharged veterans are eligible only if the disability was sustained as a direct result of the performance of military duty. Vietnam-era veterans on the other hand, who have not yet been separated from military service are eligible subject to the same criteria as World War II veterans. Those who sustained a qualifying disability during service between the end of World War II and the beginning of the Korean conflict are not entitled to the automobile grant, while those who served between the end of the Korean conflict and the beginning of the Vietnam era are eligible.

The bill before us, Mr. Speaker, eliminates the inequities created by this hodgepodge of eligibility requirements and makes eligible any veteran or active duty serviceman who has sustained the service connected loss or loss of use of an extremity or blindness during World War II or thereafter.

The measure also authorizes the Veterans' Administration to provide driver training courses at Veterans' Administration facilities for eligible veterans and to provide for special emphasis on research and development of adaptive equipment in ongoing prosthetic and orthopedic appliance research programs.

Mr. Speaker, this bill will make the automobile grant more realistic in the light of today's prices. Additionally, it will remove a number of unintended inequities that exist in current law. I shall support this bill, and urge that it be passed.

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I rise in support of S. 2363, a bill that deals with the Veterans' Administration automobile assistance grant program. Under existing law, certain seriously disabled veterans are entitled to an automobile allowance of $2,800. The bill before us will increase this amount to $3,300 in order to match the rise in the price of automobiles which has occurred since 1970 when the allowance was last increased. In addition, it will remove an inequity that exists between the Vietnam-era veteran and veterans of World War II and the Korean conflict. Under the present law the Vietnam veteran in order to be entitled to the allowance must have sustained the otherwise qualifying injury in the direct performance of duty. The veterans of the earlier periods establish their entitlement merely on a showing that the basic injury or disease was service connected. S. 2363 will make the Vietnam veteran eligible on the same basis as the veterans of World War II and the Korean conflict. In addition, those who served between the end of World War II and the beginning of the Korean conflict, for the first time, will become eligible for this grant, thus equalizing their entitlement with the already eligible who served from the end of the Korean conflict to the beginning of the Vietnam era, August 4, 1964.

This bill also defines adaptive equipment for autos which was provided by earlier legislation but in being implemented by the VA was subject to a variety of interpretations. It is believed that by more clearly describing what constitutes adaptive equipment, the administration of the law will be facilitated.

Finally, driver training will be assured to those veterans suffering from service-connected disabilities which require it. The training will be augmented by liability insurance covering the veteran during the instruction period.

This measure is for the benefit of those veterans most severely handicapped by service-connected disabilities. I endorse it wholeheartedly.

Mr. BURKE of Florida. Mr. Speaker, I rise in support of S. 2363, Veterans and Servicemen's Automobile and Adaptive Equipment Amendments of 1974. S. 2363 embodies legislation which I introduced early in the 93d Congress (H.R. 4491) to liberalize the granting of assistance for certain Vietnam disabled veterans requiring specially equipped automobiles.

Since 1946, assistance has been provided to disabled World War II veterans for the purpose of purchasing an automobile or other conveyance. Since that time, program eligibility has been extended to include Korean war veterans and those who were disabled in the direct performance of duty after January 31, 1955. S. 2363 removes the requirement that post-Korean war veterans must have been disabled in the "direct performance of duty" and eliminates all eligibility distinctions between wartime and peacetime veterans and between those who applied for assistance before or after their discharge. This will make disabled Vietnam veterans eligible for assistance in purchasing special automotive equipment such as power assist equipment, air-conditioning, power seats and windows, and power lifters to aid in entering and exiting from a vehicle.

In October, it was my pleasure to meet with a group of paralyzed veterans visiting Washington. It was amazing to watch what these men could do with the aid of special equipment.

Our young Vietnam veterans, who have been disabled, can now look forward to more assistance from the Veterans' Administration and I know they are extremely grateful for the help they are receiving. Perhaps this legislation will enable many of them to lead productive and useful lives. It is my hope that these young men who so bravely served our Nation can live as normally as our technology enables them to live.

Mr. Speaker, I rise in support of S. 4040, the Veterans and Survivors Pension Adjustment Act of 1974.

I am indeed pleased that the maximum outside annual income limitations will be increased by $400 for eligible veterans and survivors under the recent formula, pensioners receiving benefits under the old law, and parents receiving dependency and indemnity compensation.

I am also pleased that an average 12-percent increase will be authorized by the legislation in the pension rate for veterans, their survivors, and dependency and indemnity compensation recipients.

We are all faced with increased costs on all sides, and while I want to reduce Federal spending as much as anyone, I cannot see why anyone would seriously consider not making adequate increases in pensions for veterans. For well over a century prior to 1960 veterans pensions consisted of a flat award payable to all veterans below a certain income level. This system has been revised several times since then to take into consideration the rapid inflation our country is experiencing. These are some of the poorest people in our Nation, and the most deserving of our help.

It is indeed a pleasure for me to voice my thanks to the Veterans Committees in the House and Senate and to my colleagues for their fine efforts on this legislation.

Mr. WOLFF. Mr. Speaker, I rise in support of S. 2363, which is designed to liberalize assistance for the purchase of automobiles and adaptive equipment for seriously disabled veterans. This legislation is intended to increase the basic grant for the purchase of an automobile for disabled vets, and to equalize the eligibility and service-connected criteria among all veterans of all periods of service since World War II.

S. 2363 provides a cost-of-living increase in the basic grant for purchase of an automobile for severely disabled veterans, from $2,800 to $3,300. This $500 increase is based on a conservative estimate of the cost of the average size American automobile today, which, according to the Consumer Price Index, has risen 8.4 percent since the last increase enacted by Congress. If this program of special assistance to those who sustained disabilities in the course of service to this Nation is to remain a viable one, it must keep pace with the cost of living.

The second major provision of S. 2363 is to equalize eligibility and service-connected criteria for all veterans. At present, a veteran who served after January 31, 1955, must have incurred his disability in the direct performance of duty in order to qualify for the automobile and adaptive equipment program. Those who served during World War II and the Korean conflict, however, need only satisfy a normal service-connection criterion. S. 2363 removes this inequity.

Another important provision of tihs legislation is its requirement that all VA hospitals provide a driver training program to assist severely disabled vets in the use of specially equipped automobiles. The Veterans' Affairs Committee learned that only 18 of our 172 VA hospitals are now offering driver training programs to seriously disabled veterans. This lack of adequate training serves to make the entire automobile and adaptive equipment program less than effective. Driver training should be part of overall rehabilitation assistance available to disabled veterans—a fact recognized by S. 2363.

Mr. Speaker, the overall purpose of this legislation is to improve upon a program which Congress first endorsed nearly 30 years ago when it established the basic automobiles assistance grants program. We can never fully repay those who suffered the severest of injuries in the course of service to the country; but through our continued support of programs like this, we can give assurance that their great sacrifice will not go unrecognized.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from South Carolina (Mr. DORN) that the House suspend the rules and pass the Senate bill (S. 2363).

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

CALL OF THE HOUSE

Mr. FROEHLICH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 656]

Andrews, N.C.
Annunzio
Ashbrook
Badillo
Beard
Bell
Bingham
Boggs
Brademas
Brasco
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Byron
Carey, N.Y.
Chappell
Chisholm
Clark
Clausen, Don H.
Clawson, Del
Cochran
Collins, Ill.
Conyers
Cotter
Coughlin
Danielson
Davis, Ga.
Davis, S.C.
Dellums
Dennis
Devine
Dickinson
Diggs
Donohue
Dulski
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fisher
Frey
Giaimo
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hanna
Hansen, Wash.
Harsha
Hastings
Hays
Hébert
Hillis
Hogan
Holifield
Horton
Howard
Ichord
Jones, N.C.
Kemp
Kuykendall
Landrum
Leggett
Litton
Luken
McCloskey
McFall
McSpadden
Macdonald
Madigan
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Meeds
Melcher
Mills
Mink
Minshall, Ohio
Mizell
Moorhead, Pa.
Murphy, N.Y.
Nelsen
Nichols
Obey
O'Hara
Owens
Parris
Passman
Pepper
Pickle
Podell
Railsback
Rangel
Rarick
Reid
Reuss
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Schneebeli
Shipley
Shuster
Steele
Steiger Ariz.
Steiger, Wis.
Stokes
Stuckey
Taylor, Mo.
Teague
Tiernan
Towell, Nev.
Traxler
Vander Veen
Vigorito
Waldie
Wiggins
Wilson, Charles H., Calif.
Wyman
Young, Alaska
Young, Ga.
Zion

The SPEAKER. On this rollcall, 300 Members recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON EDUCATION AND LABOR TO FILE REPORT

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor have until midnight tonight to file a report accompanying the bill (H.R. 16596) to amend the Comprehensive Employment and Training Act of 1973 to provide additional jobs for unemployed persons through programs of public service employment.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

CUYAHOGA VALLEY NATIONAL RECREATION AREA

Mr. TAYLOR of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 7077) to provide for the establishment of the Cuyahoga Valley National Historical Park and Recreation Area, as amended.

The Clerk read as follows:

H.R. 7077

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

PURPOSE

SECTION 1. For the purpose of preserving and protecting for public use and enjoyment, the historic, scenic, natural, and recreational values of the Cuyahoga River and the adjacent lands of the Cuyahoga Valley and for the purpose of providing for the maintenance of needed recreational open space necessary to the urban environment, the Cuyahoga Valley National Recreation Area, hereafter referred to as the "recreation area", shall be established within six months after the date of enactment of this Act. In the management of the recreation area, the Secretary of the Interior (hereafter referred to as the "Secretary") shall utilize the recreation area resources in a manner which will preserve its scenic, natural, and historic setting while providing for the recreational and educational needs of the visiting public.

LAND ACQUISITION

SEC. 2. (a) The recreational area shall comprise the lands and waters generally depicted on the map entitled "Boundary Map, Cuyahoga Valley National Recreation Area, Ohio", numbered NRA–CUYA–20,000–A, and dated December 1974, which shall be on file and available for inspection in the offices of the National Park Service, Department of the Interior, Washington, District of Columbia, and in the main public library of Akron, Ohio, and Cleveland, Ohio. After advising the Committees on Interior and Insular Affairs of the United States Congress, in writing, the Secretary may make minor revisions of the boundaries of the recreation area when necessary by publication of a revised drawing or other boundary description in the Federal Register.

(b) Within the boundaries of the recreation area, the Secretary, after consultation with the Governor of the State of Ohio and the Advisory Commission established in section 5 of this Act, may acquire lands, improvements, waters, or interests therein by donation, purchase with donated or appropriated funds, exchange, or transfer. Any lands or interests owned therein, as well as any lands hereafter acquired, by the State of Ohio or any political subdivision thereof (including any park district or other public entity) may be acquired only by donation. The Secretary shall not acquire privately owned lands which are held and used for public recreation uses unless he determines that such lands are essential to carry out the purposes of this Act. Notwithstanding any other provisions of law, any Federal property located within the boundaries of the recreation area may, with the concurrence of the agency having custody thereof, be transferred without transfer of funds to the administrative jurisdiction of the Secretary for the purposes of the recreation area.

(c) With respect to improved properties, as defined in this Act, the Secretary may acquire scenic easements or such other interests as, in his judgment, are necessary for the purposes of the recreation area. Fee title to such improved properties shall not be acquired unless the Secretary finds that such lands are being used, or are threatened with uses, which are detrimental to the purposes of the recreation area, or unless such acquisition is necessary to fulfill the purposes of this Act.

(d) When any tract of land is only partly within the boundaries of the recreation area, the Secretary may acquire all or any portion of the land outside of such boundaries in order to minimize the payment of severance costs. Land so acquired outside of the boundaries may be exchanged by the Secretary for non-Federal lands within the boundaries. Any portion of the land acquired outside the boundaries and not utilized for exchange shall be reported to the General Services Administration for disposal under the Federal Property and Administrative Services Act of 1949, as amended: *Provided*, That no disposal shall be for less than the fair market value of the lands involved.

(e) For the purposes of this Act, the term "improved property" means: (i) a detached single family dwelling, the construction of which was begun before January 1, 1975 (hereafter referred to as "dwelling"), together with so much of the land on which the dwelling is situated, the said land being in the same ownership as the dwelling, as the Secretary shall designate to be reasonably necessary for the enjoyment of the dwelling for the sole purpose of noncommercial residential use, together with any structures necessary to the dwelling which are situated on the land so designated, or (ii) property developed for agricultural uses, together with any structures accessory thereto which were so used on or before January 1, 1975. In determining when and to what extent a property is to be considered an "improved property", the Secretary shall take into consideration the manner of use of such buildings and lands prior to January 1, 1975, and shall designate such lands as are reasonably necessary for the continued enjoyment of the property in the same manner and to the same extent as existed prior to such date.

(f) The owner of an improved property, as defined in this Act, on the date of its acquisition, as a condition of such acquisition, may retain for himself, his heirs and assigns, a right of use and occupancy of the improved property for noncommercial residential or agricultural purposes, as the case may be, for a definite term of not more than twenty-five years, or, in lieu thereof, for a term ending at the death of the owner or the death of his spouse, whichever is later. The owner shall elect the term to be reserved. Unless the property is wholly or partially donated, the Secretary shall pay to the owner the fair market value of the property on the date of its acquisition, less the fair market value on that date of the right retained by the owner. A right retained by the owner pursuant to this section shall be subject to termination by the Secretary upon his determination that it is being exercised in a manner inconsistent with the purposes of this Act, and it shall terminate by operation of law upon notification by the Secretary to the holder of the right of such determination and tendering to him the amount equal to the fair market value of that portion which remains unexpired.

(g) In exercising his authority to acquire property under this Act, the Secretary shall give prompt and careful consideration to any offer made by an individual owning property within the recreation area to sell such property, if such individual notifies the Secretary that the continued ownership of such property is causing, or would result in, undue hardship.

SEC. 3. (a) Within one year after the date of the enactment of this Act, the Secretary shall submit, in writing, to the Committees on Interior and Insular Affairs and to the Committees on Appropriations of the United States Congress a detailed plan which shall indicate:

(i) the lands and areas which he deems essential to the protection and public enjoyment of this recreation area,

(ii) the lands which he has previously acquired by purchase, donation, exchange, or transfer for the purpose of this recreation area, and

(iii) the annual acquisition program (including the level of funding) which he recommends for the ensuing five fiscal years.

(b) It is the express intent of the Congress that the Secretary should substantially complete the land acquisition program contemplated by this Act within six years after the date of its enactment.

ADMINISTRATION

SEC. 4. (a) The Secretary shall administer the recreation area in accordance with the provisions of the Act of August 25, 1916 (39 Stat. 535) as amended and supplemented (16 U.S.C. 1, 2–4). In the administration of the recreation area, the Secretary may utilize such statutory authority available to him for the conservation and management of wildlife and natural resources as he deems appropriate to carry out the purposes of this Act.

(b) The Secretary may enter into cooperative agreements with the State of Ohio, or any political subdivision thereof, for the rendering, on a reimbursable basis, of rescue, firefighting, and law enforcement services and cooperative assistance by nearby law enforcement and fire preventive agencies.

(c) The authority of the Secretary of the Army to undertake or contribute to water resource development, including erosion control and flood control, on land or waters within the recreation area shall be exercised in accordance with plans which are mutually acceptable to the Secretary of the Interior and the Secretary of the Army and which are consistent with both the purposes of this Act and the purposes of existing statutes dealing with water and related land resource development.

(d) The Secretary, in consultation with the Governor of the State of Ohio, shall inventory and evaluate all sites and structures within the recreation area having present and potential historical, cultural, or architectural significance and shall provide for appropriate programs for the preservation, restoration, interpretation, and utilization of them.

(e) Notwithstanding any other provision of law, the Secretary is authorized to accept donations of funds, property, or services from individuals, foundations, corporations, or public entities for the purpose of providing services and facilities which he deems consistent with the purposes of this Act.

(f) The Secretary may, on his own initiative, or at the request of any local government having jurisdiction over land located within or adjacent to the recreation area, assist and consult with the appropriate officers and employees of such local government in establishing zoning laws or ordinances which will assist in achieving the purposes of this Act. In providing assistance pursuant to this subsection, the Secretary shall endeavor to obtain provisions in such zoning laws or ordinances which—

(1) have the effect of prohibiting the commercial and industrial use (other than a use for commercial farms and orchards) of all real property adjacent to the recreation area;

(2) aid in preserving the character of the recreation area by appropriate restrictions on the use of real property in the vicinity including, but not limited to, restrictions upon: building and construction of all types; signs and billboards; the burning of cover; cutting of timber (except tracts managed for sustained yield); removal of topsoil, sand, or gravel; dumping, storage, or piling of refuse, or any other use which would detract from the aesthetic character of the recreation area; and

(3) have the effect of providing that the Secretary shall receive notice of any hearing for the purpose of granting a variance and any variance granted under, and of any exception made to, the application of such law or ordinance.

ADVISORY COMMISSION

SEC. 5. (a) There is hereby established the Cuyahoga Valley National Recreation Area Advisory Commission (hereafter referred to as the "Commission") which shall be composed of thirteen members to be appointed by the Secretary for terms of five years as follows:

(1) two members to be appointed from recommendations submitted by the Board of Park Commissioners of the Akron Metropolitan Park District;

(2) two members to be appointed from recommendations submitted by the Board of Park Commissioners of the Cleveland Metropolitan Park District;

(3) two members to be appointed from recommendations submitted by the Governor of the State;

(4) one from the membership of an Ohio conservation organization;

(5) one from the membership of an Ohio historical society; and

(6) five members representing the general public, of which no fewer than three shall be from among the permanent residents and electors of Summit and Cuyahoga Counties.

The Secretary shall designate one member of the Commission as Chairman and any vacancy shall be filled in the same manner in which the original appointment was made.

(b) Members of the Commission shall serve without compensation as such, but the Secretary may pay expenses reasonably incurred by the Commission and reimburse members for reasonable expenses incurred in carrying out their responsibilities under this Act on vouchers signed by the Chairman.

(c) The Secretary, or his designee, shall from time to time but at least semi-annually, meet and consult with the Advisory Commission on matters relating to the development of the recreation area and with respect to carrying out the provisions of this Act.

(d) Unless extended by the Congress, the Commission shall terminate ten years after the date of the establishment of the recreation area.

SEC. 6. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act, but not more than $34,500,000 for the acquisition of lands and interests in lands.

(b) For the development of essential public facilities there are authorized to be appropriated not more than $500,000. Within one year from the date of establishment of the recreation area pursuant to this Act, the Secretary shall, after consulting with the Governor of the State of Ohio, develop and transmit to the Committees on Interior and Insular Affairs of the United States Congress a final master plan for the development of the recreation area consistent with the objectives of this Act, indicating:

(1) the facilities needed to accommodate the health, safety, and recreation needs of the visiting public;

(2) the location and estimated cost of all facilities; and

(3) the projected need for any additional facilities within the area.

Amend the title so as to read: "A bill to provide for the establishment of the Cuyahoga Valley National Recreation Area."

The SPEAKER. Is a second demanded?

Mr. SKUBITZ. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. TAYLOR of North Carolina. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, H.R. 7077, as reported by the Committee on Interior and Insular Affairs, would provide for the establishment of the Cuyahoga Valley National Recreation Area in the State of Ohio. The establishment of this recreation area would preserve a pastoral valley located near the urban areas of Akron and Cleveland, Ohio, and would direct the National Park Service to manage the valley for its natural and recreational values.

Our Subcommittee on National Parks and Recreation held field hearings in Ohio on this proposal. We came away greatly impressed by the broad base of support this bill has attracted. The State of Ohio has expressed a willingness to donate lands purchased in the valley area to the Federal Government. Local governments have also acted to preserve lands for park purposes in the area.

Now, H.R. 7077 would provide for a major Federal recreation area which would preserve the character of the valley. Several of the local park units are included within the boundaries of the recreation area, and could also be donated for park purposes. Parts of the valley area within the boundaries will be controlled by scenic easements, allowing the Federal acquisition money to be used most effectively in acquiring the areas best suited for visitor activities.

The recreation area to be established here would include over 20,000 acres of land within its boundaries. The bill provides for an authorization of up to $34,500,000 for the acquisition of lands and interests in lands in the area. An additional $500,000 is authorized for development of recreation facilities within the area, with the provision that this would be an interim figure while the National Park Service prepares a master plan for the area. Any additional authorization would be considered by the Congress only after the submission of this plan.

The Department of the Interior maintains the position that the valley can be protected by an ongoing program of State acquisition, assisted by matching Federal grants from the land and water conservation fund. However, in approving H.R. 7077 for the consideration of the House, the committee noted that the valley is under increasing development pressure as the suburbs of Akron and Cleveland expand toward the area. Establishment of the national recreation area will allow us to preclude adverse development and assure the protection of this resource.

But, in addition to the need to protect these lands, the committee identified a positive need for this national recreation area. The National Park Service has an existing area of responsibility in providing high-quality outdoor recreation opportunities which are accessible to urban areas. Indiana Dunes National Lakeshore, Golden Gate and Gateway National Recreation Areas, and Fire Island National Seashore are examples of areas currently managed to preserve features of natural value that are accessible to urban centers and which provide high-quality outdoor recreation opportunities. The Cuyahoga Valley can be an excellent addition to our national park system in this category.

The Natural Resources Panel of the Economic Summit Conference called by President Ford in September recommended that we do more in establishing national parks and national recreation areas near urban centers so as to shorten vacation trips and thus conserve energy.

Mr. Speaker, the committee amendments to H.R. 7077 follow the intent of the original proposal, while adding provisions to assist the National Park Service in establishing a manageable area. I urge the House to approve H.R. 7077 as amended, and provide this worthwhile area with the protection it deserves.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of North Carolina. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, did I understand the gentleman to say this bill carries an expenditure of $34½ million?

Mr. TAYLOR of North Carolina. That is correct.

Mr. GROSS. Does that include the $6 million the gentleman referred to previous to that statement?

Mr. TAYLOR of North Carolina. The bill authorizes an additional expenditure of $34½ million, but it is hoped that, by taking scenic easements, and by permitting the reservation of life estates it will not be necessary to expend the full amount.

Mr. GROSS. The gentleman does not think that this measure should be postponed until this country can get its financial and economic affairs in order?

Mr. TAYLOR of North Carolina. Our experience has been, I will say to the gentleman from Iowa, that in every case when we postpone the acquisition of recreational land the prices just go up and up each year, so the postponement turns out to be poor economy.

I might point out to the gentleman that this acquisition goes over a period of years. It has very little effect on inflation, because the money goes in large amounts to property owners who are apt to reinvest it or put it in the banks.

Mr. GROSS. Is the gentleman from North Carolina saying we can spend our way out of inflation by borrowing $34½ million to purchase nonproductive land?

Mr. TAYLOR of North Carolina. No. I think if the gentleman draws that conclusion he misunderstands the intent of my remark.

Mr. SKUBITZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is with some hesitation and reluctance that I support this bill—not so much over the merits of this particular area and legislation, but rather in concern for what this action today may foreshadow.

Historically and traditionally, the National Park Service has long served as our Federal repository for the preservation of landscapes and objects of unique natural and historic value.

In many, if not most instances, these resources have by their very nature had an inherent ability to attract public use and visitation. The educational and recreational values of these resources have always been high. While public use and enjoyment of them has always been accommodated and recognized as appropriate—this use and enjoyment has always been supplementary to the most important and principal concern of preservation of that resource's integrity.

The primary criterion for the creation of Federal park, monument and historical units of the national park system has long been principally based upon the character and quality of the resource.

However, as time has passed—as our population has expanded—as our technological abilities have become ever more intertwined and complex—our society has become increasingly aware of the urgent and pressing need for supplying recreational outlets for our people. The need for more open space—not principally to preserve a special and unique resource to provide recreation for recreation's sake, has come to be increasingly apparent of need.

During the last Congress, with the strong insistence and support of the administration, there was created the Gateway National Recreation Area in New York and New Jersey, and the Golden Gate National Recreation Area in California's San Francisco Bay Area. These areas, particularly the one in New York, are quite urban in the character of their constituencies served. Costs for land acquisition, development, operation, and maintenance over a decade will run into hundreds of millions of dollars for these and existing similar areas. Indiana Dunes—stripped of its fancy slogan "save the dunes"—is principally a recreation-seashore. All of this activity was catapulted from the fairly recent "parks for the people" cause, which is, I must frankly admit, a much needed and noteworthy objective.

Now comes the bill before us, to establish a Cuyahoga Valley National Recreation Area, with the principal objective of providing for much needed recreational outlet for the urban environments of Cleveland and Akron. No one can quarrel with any of these objectives. No one could possibly argue seriously against their need. These precious remaining open spaces near the urban population concentrations must be saved and made available for appropriate public use.

But I would hope we would pay a little more serious attention as to how this matter is accomplished. We are now quite firmly establishing a pattern—and this bill is another step in that process—of providing federally owned and operated recreation areas in and near metropolitan areas—with a strong new criterion of putting parks where the people are. While land resources of some degree of natural integrity are an important ingredient, ability to serve people's needs is now really the predominant consideration. Now I do not criticize this at all. But we must be aware that if the Federal Government provides such park facilities for one urban area, why not for all urban areas of the country? Even this pattern may be OK and justifiable, but at the cost which is entailed, it just is not in the cards unless we correspondingly devise some grand scheme to greatly expand the funding support for acquisition and development—and also for operation and maintenance—far beyond that which we now provide.

We are talking about a many billion dollar operation. If my memory serves me correctly, it was Secretary Hickel who conceived a grandiose national outdoor recreation plan with a price tag of $42 billion.

Moreover, I am not so sure that it is proper and necessary that the Federal Government should purchase, and particularly operate, as Federal areas, these types of parks which unquestionably satisfy local, or at most regional, needs and constituencies. Is this the role for the National Park Service? I am inclined to seriously question this.

The National Park Service can and perhaps should provide technical expertise, and the Federal Government can, should, and now does provide Federal funding for such parks as this to be operated by more local governmental bodies.

The administration has now backed off of favoring direct Federal creation and operation of such urban-type parks. Specifically, the administration is against the Cuyahoga legislation as a federally operated park.

The most viable alternative to Federal establishment and operation seems to be to significantly expand the Federal grants-in-aid program, which for a decade has been a major component of the land and water conservation fund. This fund makes Federal funds available to State and local governments for the acquisition and development of parks by State and local governments.

Mr. Speaker, I am not sure that either the Interior Committee or the Congress has sufficiently recognized this problem of the pattern of direct Federal operational involvement we are setting over the long run. I am afraid our approach is too piecemeal and patchwork. There ought to be a general policy established by the Congress on the principles of this issue, rather than merely on the merits of each individual land or park proposal which comes along. I do not believe the committee or the Congress has addressed the issue in this manner, and I believe we must, if we are going to make any rhyme or reason out of the future national park system we are helping to evolve.

To any of my colleagues who may have not seen it, I commend to their attention the full page article in a recent Sunday edition of the Washington Post, December 1, 1974, by George C. Wilson entitled, "National Parks for the Cities: Backing Away From a Success." The article clearly articulates the issue I am raising in these remarks. I am inserting the text of this article elsewhere in today's CONGRESSIONAL RECORD.

Mr. Speaker, in the future we must more closely scrutinize and direct the appropriate pattern of direct Federal operation of park units wherever they may be. A clear congressional policy with appropriate funding support for whatever path is chosen, is essential to the success of Federal participation in park programs of the future.

Mr. HOSMER. Mr. Speaker, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from California.

Mr. HOSMER. Mr. Speaker, the bill which we now have under consideration, H.R. 7077, will authorize the establishment of the Cuyahoga Valley National Recreation Area in Ohio. Located between the cities of Akron and Cleveland, the area embraces the most undeveloped segments remaining of the Cuyahoga Valley. Rather amazingly, the bulk of this area retains a rather rural and pastoral character, and it does constitute an oasis of breathing space and outdoor recreation potential as a change of pace from the bustle of the nearby metropolis. That this area should and must be preserved in its present state for these purposes seems to be unquestioned.

There has been a larger issue, however, associated with this bill that has never been very much discussed and debated—and that question is, "Who should assume the direct responsibility for preserving such an area—the Federal Government, State, and local government, or some combination thereof?"

In the legislation before us, it is the Federal Government which is made responsible, through the National Park Service. The area will be federally funded and operated as a new unit of the National Park System. While State and local cooperation is a key factor recognized by the bill, it is still essentially a Federal project. It follows on the heels of similar land preservation and outdoor recreation provision schemes embodied in the Gateway and Golden Gate National Recreation Area Acts of the last Congress.

I want to alert my colleagues that these are very expensive operations. Moreover, these projects tend to put the Federal Government directly into the operation of recreation programs which are primarily of a local nature. More and more, as we follow this path, we are diluting the concept of the National Park System embracing areas primarily of national significance.

As we continue further with this approach, every city of any size should be able to equitably expect the Federal Government to come in and set up and operate major outdoor recreation areas for them. The consequent funding demands upon the Federal Government can become staggering.

Mr. Speaker, the Congress, about 10 years ago, set up a grant-in-aid program to assist local governments in doing these kinds of things themselves. It is known as the land and water conservation fund, and it provides 50–50 matching grants for the acquisition and development of projects just like the Cuyahoga area which is the subject of the bill we are now considering.

This fund is in serious need of a funding increase if it is to continue to be a viable alternative to direct Federal involvement, as this legislation proposes for the Cuyahoga. A bill is currently being marked up by the Interior Committee which would significantly increase this fund, and I hope it can receive the consideration of all Members on the floor before this Congress adjourns.

It seems to me, however, that the Congress should, in the future, look at this entire matter of the appropriate nature of Federal involvement a little more broadly and deeply, rather than only on a case-by-case basis as has heretofore seemed to be the practice. It is hard for me to accept that it should be the responsibility of the National Park Service to own and operate what are essentially local or regional parks, or at least are not nationally significant. It would be better for the local governments to do it, perhaps with the increased aid of the Federal Government in both technical assistance and funding.

Mr. SKUBITZ. Mr. Speaker, I yield to my colleague, the gentleman from North Carolina (Mr. TAYLOR).

Mr. TAYLOR of North Carolina. Ohio, which is the sixth largest State in population, has no national park or national recreation area in the State, I might point out to the gentleman.

Mr. SKUBITZ. I thought I made it quite clear to my colleague that I had no objection to each project, but I thought the Congress ought to see where we are going. If it is all right for New York, all right for California, all right for Ohio, all right for Indiana, just where does this stop? How many more parks are we going to produce before we get the money?

Mr. TAYLOR of North Carolina. Of course, the gentleman realizes that the money for the acquisition of these things comes from offshore oil leases. The main source of revenue is the oil, and this year and in future years the revenue from these leases will reach a figure of around $8 billion a year.

To me it makes sense to plow back a portion of this money which comes from the disposal of resources into the acquisition of land for recreational purposes.

Mr. SKUBITZ. I would commend my colleague on that statement. My colleague also recognizes that today we are getting at most $300 million out of that fund annually and only $120 million of it goes to the Federal Government for this type of acquisition. In turn, I think we still have about $2½ billion worth of Federal land acquisition backlog on the books.

Mr. HOSMER. Mr. Speaker, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from California.

Mr. HOSMER. Of course, everybody points to the need. If they have any project anywhere in the entire country, the answer is that the money is coming out of the land and water conservation fund. That is the money which comes up out of nowhere, and there is this backlog.

If anybody thinks he is going to magically wave a wand here in the Chamber and eliminate that kind of priority, giving it to someone else who was not there first, he is certainly managing to delude himself as to the actual facts of the matter.

Mr. SKUBITZ. I say to my colleague, the gentleman from California, that that is right. We have a bill coming before us in the Interior Committee on this matter. I think we will have to get more money out of the land and water conservation fund in order to take care of these projects. If we do not get it, then this Congress is going to have to establish what policy we will follow in the future. We cannot constantly establish a park in one area and then in another with no money in sight to purchase the land.

Mr. TAYLOR of North Carolina. Mr. Speaker, I yield 5 minutes to the gentlemen from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman for yielding.

I think the gentleman from Kansas has properly called our attention to the article in the Washington Post of a week ago Sunday, which does put the basic issue quite clearly and well.

The administration 2 or 3 years ago announced their program to put the parks where the people are, and they made two great strides, the Gateway and the Golden Gate Recreation Area. But that is all that has been done.

As the chairman of the subcommittee has said, Ohio is the sixth most populous State in the country and yet it has no national park or recreation area.

Year after year, members of the Ohio delegation vote money for great national parks in California, in the Rockies, along our sea coasts, and yet their constituents are beginning to say, "Are not we who put up a lot of the taxes and pay for those parks entitled to some return on our investments?"

We are going through a great change in this country in driving patterns and in recreation patterns, and in the use and misuse of our resources. For reasons of cost or the longer energy shortage, most people cannot afford to travel long distances. Ninety-five percent of your constituents and mine, unless they happen to live in California or Wyoming, or Arizona will never see Yosemite or Yellowstone, or the Grand Canyon, or most of the other magnificent parks of this country. If we are going to treat all of the people equitably, if we are going to have a continuing constituency for national parks and outdoor recreation, then we are going to have to provide for the people in our most populous urban areas, an outdoor recreation opportunity comparable to that we have provided for those already located near some of our great parks.

Fifty years ago the famous landscape architectural firm, Olmsted Bros., the famous landscape architect firm founded by Frederick Law Olmsted, the man who designed the magnificent west porch of this Capitol, surveyed this part of Ohio. They said that the Cuyahoga Valley north of Cleveland and south of Akron is the area's most important scenic, historic, and recreational asset, and it should be preserved for the use of the public for all time. By a seeming miracle it has been saved, up to now. As a matter of fact, the State and local metropolitan park districts, historic museums, cultural centers, Boy Scouts, Girl Scouts, Campfire Girls, ski areas, and so forth, have already acquired over 8,000 acres of land in the valley, all of which would be integrated into the proposed national park, but would not cost the Federal taxpayers one dime to operate them or to acquire.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. SEIBERLING. I yield to the distinguished gentleman from Ohio (Mr. VANIK).

Mr. VANIK. Mr. Speaker, I want to say to the gentleman in the well that I certainly appreciate the statement of the gentleman. I am heartily in support of this project.

Most all Ohioans and people from the nearby States also support this.

I want to say that I have also supported the Gateway Park proposal, and the other proposals that would provide urban park systems. There are five million people who live within easy driving distance of this proposed park. With the possible cutback in driving because of the availability of gasoline, many Americans are going to have to take shorter trips, and have shorter holiday periods in which to enjoy them, so that I think it becomes more imperative than ever that we go ahead with this idea of putting the parks where the people are. This is a commendable program, and I urge my colleagues to support it. Mr. Speaker, the bill before us today to create a Cuyahoga Valley National Recreation Area in Ohio is the result of years of work and popular support. Almost 10 years ago, the Secretary of the Interior, Stewart Udall, toured the valley area and recognized its value as a natural preserve convenient to major urban areas. Since then, area legislators, municipal governments, local and national conservation groups, and a multitude of clubs and organizations have endorsed and promoted the park—over 100 groups in all.

The approximate 20,000 acres the legislation proposes to make into Ohio's first national recreation area are located in an undeveloped green valley running north and south between Akron and Cleveland. This area is within an hour's drive of over 5 million people and is in the heart of a five-State area that currently has less than 1 percent of the Nation's total Federal park lands.

The State of Ohio and local metropolitan governments have attempted to act on their own to make the park a reality. The State has already spent over $6 million to acquire lands that are threatened with immediate development, and the Metropolitan Park Boards of both Cleveland and Akron have indicated their desire to incorporate their extensive land holdings in the enacted Federal park. Quasi-public organizations such as the Boy Scouts, the Blossom Music Center—the summer home of the Cleveland Symphony Orchestra—and the Hale Homestead—a local historical society—have also indicated their full support for the park bill. They, too, plan to allow incorporation of their lands and facilities as part of the overall park scheme. Many area residents have also agreed to allow scenic easements on their property to allow the integrity of the established park to be preserved.

Although the State's land acquisition program is proceeding as rapidly as their finances will allow, it cannot keep up with a combination of ordinary price inflation and speculative land investment in the valley area. Although over 1,000 acres have been acquired through the cooperative Bureau of Outdoor Recreation-State of Ohio acquisition program, thousands of acres still remain to complete a valley park. If the integrity of the valley is to be maintained, all of the 20,000 acres proposed in H.R. 7077 must be protected through either outright purchase or scenic easement restrictions.

Because the State-Federal program takes so long, it is estimated that unless Federal acquisition occurs shortly, final costs will be doubled. This means that whether Federal participation is immediate and complete, or long term and shared with the State of Ohio, the Federal Government will end up paying the same amount, because of the inflated costs incurred under a longer program.

Ohio and the Midwest have a pitiful lack of land devoted to national parks and recreation. Although Ohio is sixth in population, it now has not a single national recreation area to serve its residents. Instead, Ohioans must drive most of a day to reach the nearest national parks. I hope that all my colleagues will support H.R. 7077, both as one step in providing a more equitable distribution of national park lands among our country's residents and as necessary action to save one of the most beautiful and historic river valleys in the United States.

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman from Ohio for his remarks.

Mr. Speaker, if I might add a few more words on this subject, particularly with respect to the objections raised by the gentleman from Iowa (Mr. GROSS).

Last year the Department of the Interior entered into a contract to provide, with 50–50 matching contributions by the Federal Government, for the acquisition of practically all of the land that is the subject of this bill, but under the contract it would be done over a 20-year period. As we studied that proposal, we recognized two things: The first thing was that by the time the Federal Government did this over a 20-year period the land would be gone long before the 20 years expired, due to the pressures of urban development on all sides that are now beginning to threaten the valley. The second thing we realized was that the Federal Government's 50-percent share of the acquisition cost over 20 years would be just as high as the full cost if the land was acquired in the shortest possible time. The reason for this startling fact is the projected escalation in land prices that would take place over a 20-year period. So in this bill we are not contemplating a higher total acquisition cost to the Federal Government. We are talking about spending it now when it would do some good rather than 10 or 15 years from now when the land will no longer be available or will be available only at an exorbitant price.

Mr. Speaker, our colleagues from Ohio (Mr. VANIK and Mr. REGULA) and the chairman of the House Interior Subcommittee on National Parks and Recreation (Mr. TAYLOR) have worked hard for the past several months to perfect this legislation. The subcommittee held a hearing in Washington on March 1, 1974, which heard testimony from Members of Congress and from representatives of national organizations and the Department of Interior. The subcommittee visited the Cuyahoga Valley area this past June and heard testimony from private citizens and representatives from organizations and State and local governments.

The testimony at both hearings was overwhelmingly enthusiastic for the proposed park. The major conservation organizations have endorsed it, as well as 100 State and local organizations. Some 45 Members have cosponsored the legislation, including 18 members of the House Interior Committee. The present Ohio Senators (Mr. TAFT and Mr. METZENBAUM) have both cosponsored the legislation in the Senate, as did our former Senator William Saxbe.

The reason for all of this support is clearly a recognition of the unique role the Cuyahoga Valley can play in the future to provide outdoor recreation for millions of Americans in a region of the country that has few such opportunities. The Cuyahoga Valley is the last large expanse of open space left between the highly industrialized cities of Akron and Cleveland. What was once a sleepy, rural area is now in the midst of a heavily populated and rapidly growing urban complex. With its magnificent cliffs and woods, waterfalls and meadows, the Cuyahoga Valley is a quiet haven away from the nearby bustling cities. But if it is to be preserved in its present state, it must be preserved now, before it too becomes a part of the vast urban sprawl that is growing around it.

If enacted, the Cuyahoga Valley would be a major step forward in putting parks where the people are. The East-North Central region of the country—Ohio, Indiana, Illinois, Michigan, and Wisconsin—contains 20 percent of the Nation's population, but at present only one national recreation area—Indiana Dunes near Gary, Ind.—within an hour's drive of a city of 250,000 or more people. Ohio and Illinois have no national parks or recreation areas, yet these are two of the six most populous States in the Nation.

The proposed Cuyahoga Valley National Recreation Area would contain about 30,000 acres, approximately 17,000 of which would be managed by the National Park Service. Public parks within the recreation area would continue to be operated by their present owners unless donated to the National Park Service.

The Cuyahoga Valley is dotted with a number of lovely parks, historic sites, and cultural centers. The Federal park would link these together and make them more easily accessible to the public. Most important, the Federal park would preserve for public use a major portion of the valley which is increasingly threatened with commercial development.

The Cuyahoga Valley park legislation was tailored to the special needs of urban people. The Secretary of Interior would be directed to report back to Congress within 1 year with a development plan for the park. In the past, Congress has had very little oversight of the Department's park development plans, a deficiency this bill would help correct. Furthermore, in preparing the plan, the Department must take into account work already being done on the State and local level and by the National Park Service. In 1972, the National Park Service sent a team of professionals in urban park planning to study the proposed area. The legislation was modeled after the results of this study. It is our intent that the Park Service's urban planning team coordinate its work with the State and local planning efforts. This will insure that the park is developed in a timely fashion and integrated with other regional planning, such as planning for transportation.

The National Park Service, while not supporting the bill, has given us invaluable technical assistance which we have used to perfect this legislation. The boundaries were redrawn, at the request of the Service's Midwest region, to provide a more manageable unit. The cost estimates, based on the subcommittee's amended bill, were provided by the Service as well.

The bill, as amended by the Interior Committee, is clean and clear in its intent. It would preserve a major portion of the Cuyahoga Valley for the use of present and future generations. The resource is there. The need is there. Now it is up to Congress to act and make the Cuyahoga Valley National Recreation Area a reality.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Ohio (Mr. VANIK).

Mr. VANIK. Mr. Speaker, I might point out we do not believe any other community has done so much at the local level to provide equities for the national park as we have at all levels and it is a uniquely important local project because it does involve large scale local participation.

Mr. SEIBERLING. There is a map available which shows how the entire 30,000 acres of State and Federal and local parks are all connected by this bill.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from California.

Mr. JOHNSON of California. Mr. Speaker, I thank the gentleman for yielding.

As a cosponsor of this bill H.R. 7077, I join with the gentleman in the well who has spoken in favor of his bill here. I think the project is a very worthy one and it will be helpful to us when we set up the two national park facilities, one a recreational facility in this recreation area.

We were informed during the hearings that in all aspects of this project the people of the State were in full support, and I add my support to this legislation.

Mr. BENNETT. Mr. Speaker, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Florida (Mr. BENNETT).

Mr. BENNETT. Mr. Speaker, I am very much impressed by the utilization now being made of this wildlife area. I think this is a very important project. As far as I am concerned there is a great use for it and a need for it because there are many people today who cannot afford to go to some of the distant and great national parks. This project does seem to me to have the potential of being a great national park and being available for many of the people who cannot afford to go to the other park areas. I hope the bill will become law.

Mr. SEIBERLING. I thank the gentleman. The gentleman will be interested to know that the proposed park will serve 4 million people in the immediate area plus millions more in adjoining States, in southern Ohio, Indiana, and Michigan. Many of the cultural features located in the valley, such as the Cleveland orchestra's famed Blossom Music Center, already draw people from all over the country and many foreign lands. As it becomes developed and publicized, the Cuyahoga Valley Park will be recognized as a unique area of truly national significance.

Every single national conservation organization supports this, and the National League of Women Voters, as well as others. Truly this bill has been the product of the work, thought, and aspirations of many people not only in Ohio but all over the country.

Mr. SKUBITZ. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio (Mr. REGULA).

CALL OF THE HOUSE

Mr. BLACKBURN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ROUSH. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 657]

Abzug
Andrews, N.C.
Archer
Ashbrook
Badillo
Beard
Bell
Bingham
Boggs
Brademas
Brasco
Brotzman
Brown, Calif.
Brown, Ohio
Byron
Carey, N.Y.
Cederberg
Chappell
Chisholm
Clark
Clawson, Del
Cochran
Collier
Conyers
Cotter
Daniel, Dan
Danielson
Davis, Ga.
Dennis
Devine
Dickinson
Diggs
Donohue
Esch
Eshleman
Evins, Tenn.
Fisher
Ford
Forsythe
Frey
Giaimo
Gibbons
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Grover
Gubser
Hanna
Harsha
Hastings
Hays
Hébert
Helstoski
Hillis
Holifield
Holt
Horton
Howard
Ichord
Jones, N.C.
Kemp
Kuykendall
Landrum
Litton
Luken
McFall
McSpadden
Macdonald
Madigan
Maraziti
Martin, Nebr.
Mathias, Calif.
Mathis, Ga.
Meeds
Melcher
Mills
Mink
Minshall, Ohio
Moakley
Mosher
Moss
Murphy, N.Y.
Nelsen
Obey
O'Hara
O'Neill
Owens
Passman
Pepper
Peyser
Podell
Price, Tex.
Quie
Railsback
Rangel
Rarick
Rees
Reid
Reuss
Rhodes
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Ruppe
Ruth
Ryan
Sandman
Satterfield
Schneebeli
Shipley
Shuster
Sisk
Steele
Steiger, Wis.
Symington
Taylor, Mo.
Tiernan
Towell, Nev.
Ullman
Van Deerlin
Vigorito
Waldie
Wiggins
Wilson, Charles H., Calif.
Wyman
Yatron
Young, Alaska
Zion
Zwach

The SPEAKER. On this rollcall 301 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CUYAHOGA VALLEY NATIONAL RECREATION AREA

The **SPEAKER**. The Chair recognizes the gentleman from Ohio (Mr. REGULA) for 8 minutes.

Mr. **REGULA**. Mr. Speaker, I am only going to take a few minutes of the time allocated to me, because the hour is late and the merits of this project have been well discussed.

What we are really talking about today is Gateway Midwest. This is a unique kind of facility, one that would provide a close-in open space for 4 million to 5 million residents of the State of Ohio.

Mr. Speaker, Ohio historically has asked very little but has contributed greatly to the national recreational well-being. We do not have a national park in the State of Ohio. We have many people there, and we want an opportunity to put a park, in this case the Cuyahoga Valley National Recreation Area, where our people are located.

The State of Ohio ranks among the top States in contributions to the national Treasury on a per capita basis, and yet it ranks 48th in the per capita amounts received in programs. We have before us an opportunity to do something for this State, something that is very badly needed in terms of recreational opportunities for the people of Ohio.

Mr. Speaker, this is an area that has unique value. It is unique in its location; it is unique in its characteristics historically, educationally, and recreationally.

Passage of this legislation will reaffirm our commitments to bring parks to the people of urban America.

This section of the Cuyahoga and Tuscarawas Valley which is proposed for preservation as open space in the form of a Federal recreation area is truly a unique resource. Its natural values are of great appeal, and represent but a remnant of the natural landscape which once existed, and has all but disappeared through the years, as cities have expanded and commercial development has moved across the land.

Coupled with these natural values, and a factor of perhaps equally compelling importance in establishing the rationale for the creation of a Federal park here, is the great benefit the area offers as a recreational playground within a half-hour drive for 4 to 5 million Americans. It is this combination of significant natural values, along with the splendid and greatly needed recreational outlet which such an area can provide, that characterizes the principal justification for incorporating this area into our National Park System.

The Cuyahoga is proposed as a national recreational area—a unique category of the national park system. The Cuyahoga would be managed by the National Park Service principally in a recreational area management category designed to meet the need for open spaces and recreational facilities near urban areas—the same as are those two important recreation areas authorized by the last Congress on the east and west coasts—the Gateway National Recreation Areas.

The early beginning of the national park system principally involved the establishment of parks carved from the public domain. Most embraced areas and features of unique qualities and great natural splendors. Most of these areas also happened to be located in the West, rather remote from urban population centers then and now, and many of them were established as national parks.

With the passage of time—with the great surges of industrialization, population growth, urbanization, and overall expanded impact of man's activities upon the natural environment, there has resulted the growing and pressing need for recreational outlets near where our populations are concentrated.

About a decade ago, we saw the beginnings of a new category of park area in the national park system—the national recreation areas. The central theme for this new category has been that of satisfying outdoor recreation needs, while trying to couple this objective with appealing natural resources values. Most of the national seashores, lakeshore, and other recreation areas now administered within the national park system are managed in this category—as are the two recently established Gateway areas I mentioned, and as would be the Cuyahoga.

The Cuyahoga Park proposal easily meets the qualification criteria adopted by the National Park Service for national recreation areas. In fact, the Cuyahoga represents a perfect example of the type of area for which the recreation area qualification criteria were designed. The Cuyahoga truly represents a parks-to-the-people opportunity. It is well in accord with, and helps to further implement, that important Federal commitment of bringing parks to the people.

I believe that most people want and need to find recreation reasonably close to home. The older national parks, these one-of-a-kind areas, are distant from most of the Nation's population centers and require a planned and special effort to visit. Most people cannot afford the time or expense to go often. With the demand for fuel conservation the need is all the more pressing to establish outdoor recreation opportunities close to urban areas.

The pendulum has been swinging toward the need for intensified effort to establish sizable, high quality outdoor recreation areas close to population centers. The fuel shortage has probably permanently and significantly intensified that need. The Cuyahoga is a prime candidate for the satisfaction of this need for recreational facilities with little or no inflationary impact.

This legislation proposing the establishment of the Cuyahoga Valley National Recreation Area was overwhelmingly approved by the Interior Committee. The recognition of the worthiness of this project is apparent to the local citizenry. Development pressures on the valley are constant and intensifying. This splendid green space cannot last much longer without strong comprehensive and unified protection. We cannot delay. The most viable protection would be afforded by the establishment of the Cuyahoga Valley National Recreation Area.

Mr. Speaker, I hope that all the Members of this House will join those of us from Ohio in providing a Gateway Midwest Recreational Area for our State.

Mr. **SKUBITZ**. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. WHALEN).

Mr. **WHALEN**. Mr. Speaker, I am pleased to be a cosponsor of a bill similar to H.R. 7077 now before us. This legislation establishes the Cuyahoga Valley National Historical Park and Recreation Area, the first segment of the National Park System in the State of Ohio.

As one of my constituents, William S. Yeck, wrote to me earlier this year:

> If you had spent your boyhood days hiking, camping, and swimming in the Cuyahoga Valley in the twenties when the then dirt roads were often impassable, you would feel the same way I do about saving this still mostly unspoiled natural area for a National Park.

While I did not share Mr. Yeck's experiences, I am aware of the natural and scenic values of this valley and its recreational potential. In addition, a significant portion of the historic Ohio Canal, the summer home of the Cleveland Symphony, and many other historic and archeological sites will be within the perimeter of the park. However, its most important and unique asset is that it is an area which is very accessible to a large urban region. It can be easily reached by 4 million people in the Cleveland and Akron metropolitan areas.

Mr. Speaker, I congratualte my Ohio colleagues, particularly Congressmen SEIBERLING, REGULA, and VANIK, the initial supporters of this measure, for their efforts which have resulted in House action today on this bill. I also express my appreciation to the chairman of the Subcommittee on National Parks and Recreation (Mr. TAYLOR of North Carolina) and of the Interior and Insular Affairs Committee (Mr. HALEY) for favorably considering this legislation. I trust that the full House now will concur in their recommendation by passing H.R. 7077 under suspension of the rules.

Mr. **TAYLOR** of North Carolina. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. STOKES).

Mr. **STOKES**. Thank you, Mr. Speaker. I congratulate you on bringing before us this excellent and needed bill. I also wish to particularly commend my distinguished colleagues Mr. VANIK, Mr. SEIBERLING, and Mr. REGULA, for their leadership in helping to guide this valuable piece of legislation through the legislative process.

As a cosponsor of this bill which we hope will create the Cuyahoga Valley National Historical Park and Recreation Area, I wish to urge all my colleagues to support this effort to create Ohio's only national park or national recreation area.

There are nearly 11 million people who are residents of Ohio. Yet, while the five States of the eastern, north central region of this Nation contain 20 percent of the total national population, the combined five-State total of all federally administered recreation areas is only 1 percent of the national total.

I was pleased to testify before the subcommittee and I assure my colleagues that the record contains a full description of the magnificence and beauty and historic value of this area. There are botanic wonders found throughout, and the area has a long and significant history which will bring insight to those millions of citizens who will likely visit the Cuyahoga Valley, preserved in its 19th century form, if this bill becomes law.

Those of us in Cleveland know firsthand how important such a planned park area is, both because we do now have access to the valley and deeply appreciate its existence, and because we know what the fate of this region is likely to be if a Cuyahoga Valley National Historic Park and Recreation Area is not established.

I strongly urge the passage of H.R. 7077.

Mr. JAMES V. STANTON. Mr. Speaker, I rise today to join with Members of the Ohio delegation, and other Members of Congress, in support of legislation to establish the Cuyahoga Valley Historical Park and Recreation Area.

The purpose of this legislation is twofold: First, to protect a unique and valuable national resource from encroaching urban development and environmental deterioration; and second, to develop an area rich in natural beauty as a recreation area for the American people.

The Cuyahoga Valley area is steeped in historical significance, Archeological remains of Indian tribes date back to the period of 600 B.C. to A.D. 800. The region served as an important communication and transportation link for the famous Erie Indian nation. During the 18th century, the valley area was the home for many displaced tribes, including the Shawnees, Delawares, Mohicans, Ottawas, Miamis, and Hurons—tribes whose legacies to this country can be found in the names of numerous towns, villages, and geographical regions. In addition, during the settlement of the Northwest Territory and the new lands to the West, the Cuyahoga Valley and River were the passageways to new lands and homes for thousands of settlers. Finally, with the construction of the Ohio Canal, this region played a vital, if not the key, role in the industrial development of northeast Ohio.

Encroaching urban and commercial development now threaten these historical sites. In addition to the archeological finds, there are preserved in this region portions of the historic Ohio Canal as well as numerous structures from the 19th century. It would be a black mark on the history of not only Ohio, but also the American people, if these genuine relics of our historical past should fall victim, as so much else has, to the unrelenting advance of urban and commercial sprawl.

Besides its history, the Cuyahoga Valley is a land richly endowed with natural beauty and breathtaking landscapes. The area possesses a unique variety of wildlife and foliage, because it is, as my colleague Mr. SEIBERLING has pointed out, a botanical crossroads. Needless to say, once urbanization invades this virgin territory, the accompanying environmental impact of commercial development would have a devastating effect upon the wildlife and foliage of the valley.

At this point, Mr. Speaker, I wish to point out to my colleagues that we also have an obligation to future generations to preserve the natural beauty of this region. As President Kennedy correctly said:

> It is our task in our time and in our generation to hand down undiminished to those who come after us, as was handed down to us by those who went before, the national wealth and beauty which is ours.

The establishment of the Cuyahoga Valley Park would preserve this extraordinary natural resource as a recreational facility for present and future generations of Americans. Presently, 73 percent of the American people live in urban areas. Yet only 8 percent of all Federal recreation areas are located in urban areas. In Ohio there are no national parks or Federal recreation areas.

In 1971, President Nixon asked us "to put the parks where the people are." This bill is consistent with that policy. It would give all citizens access to recreational facilities in the area. If enacted, this legislation would provide the opportunity to enjoy such facilities to 4 million inhabitants of the Cleveland-Akron region. Indeed, I am confident that many more people, from both within and outside of Ohio, will enjoy the splendors of this valley. Similar Federal assistance was provided in the last Congress when Gateway National Recreation Area in New York Harbor and Golden Gate National Recreation Area near San Francisco were established as urban area parks. Consistent with that expression of congressional policy, this legislation seeks to establish a similar recreational area in a highly urbanized region within the interior of the United States where the need for recreational facilities is particularly acute.

Critics have argued that Federal funds should be limited, if not prohibited, for the establishment of this park because it is "regional" in nature. Quite frankly, I fail to understand this position. Indeed, all national parks are "regional" in the sense that they are located in one of the 50 States. Moreover, it seems only logical that those citizens closest to a national park will use it more frequently than those who must come from a greater distance. But if one were to prevent the establishment of national parks on the ground that they are "regional" in the sense I have just noted—and this is the only basis I can perceive for declaring the proposed park "regional"—then I submit, Mr. Speaker, there would be no national parks.

One of the truly impressive aspects of this bill is the degree of State and local cooperation it contemplates, and which it has already engendered. The State of Ohio has designated the preservation of Cuyahoga Valley as its No. 1 recreational goal. A recent comprehensive study of northern Ohio by the Northern Ohio Urban System Corp. has endorsed the acquisition of such land in Cuyahoga County. The plan has also been endorsed by some 46 State and local organizations in Ohio, including major newspapers, city councils, historical and conservation groups, and regional planning commissions. Already the Cleveland and Akron metropolitan park districts have purchased 1,625 acres of land within the valley for preservation.

Why then the need for Federal legislation?

First of all, the legislation contemplates the establishment of a national park for use and enjoyment of all citizens in an area rich in natural beauties and national history.

Second, Federal legislation would be consistent with both previous congressional practice as well as administration policy statements.

Third, and most importantly, the State of Ohio simply cannot do it alone. The fact of the matter is, Mr. Speaker, that unless Federal funds are forthcoming, there will be no Cuyahoga Valley Historical Park and Recreation Area. The State of Ohio estimates that it will take approximately 20 years to purchase the necessary lands. During this period, many valuable parcels of land will be lost to commercial development while the State attempts to raise sufficient funds to purchase the additional 14,500 acres. Moreover, with the passage of time and the spread of commercial development into the region, the cost of the additional acreage will inevitably increase.

We must act now if we are to preserve these lands. If we fail to act, we will be dooming much of this land to commercial development. There comes a point when citizens must stand up and insist that enough is enough. There comes a point where development becomes destructive. I submit, Mr. Speaker, that this is such an instance.

Mr. VANIK. Mr. Speaker, the bill before us today to create a Cuyahoga Valley National Recreation Area in Ohio is the result of years of work and popular support. Almost 10 years ago, the Secretary of the Interior, Stewart Udall, toured the valley area and recognized its value as a natural preserve convenient to major urban areas. Since then, area legislators, municipal governments, local and national conservation groups, and a multitude of clubs and organizations have endorsed and promoted the park—over 100 groups in all.

The approximate 20,000 acres the legislation proposes to make into Ohio's first national recreation area are located in an undeveloped green valley running north and south between Akron and Cleveland. This area is within an hour's drive of over 5 million people and is in the heart of a five-State area that currently has less than 1 percent of the Nation's total Federal parklands.

The State of Ohio and local metropolitan governments have attempted to act on their own to make the park a reality. The State has already spent over $6 million to acquire lands that are threatened with immediate development, and the metropolitan park boards of both Cleveland and Akron have indicated their desire to incorporate their extensive land holdings in the enacted Federal park. Quasi-public organizations such as the Boy Scouts, the Blossom Music Center—the summer home of the Cleveland Symphony Orchestra—and the Hale Homestead—a local historical society—have also indicated their full support for the park bill. They, too, plan to allow incorporation of their lands and facilities as part of the overall park scheme. Many area residents have also agreed to allow scenic easements on their property to allow the integrity of the established park to be preserved.

Although the State land acquisition program is proceeding as rapidly as their finances will allow, it cannot keep up with a combination of ordinary price inflation and speculative land investment in the valley area. Although over 1,000 acres have been acquired through the cooperative Bureau of Outdoor Recreation-State of Ohio acquisition program, thousands of acres still remain to complete a valley park. If the integrity of the valley is to be maintained, all of the 20,000 acres proposed in H.R. 7077 must be protected through either outright purchase or scenic easement restrictions.

Because the State-Federal program takes so long, it is estimated that unless Federal acquisition occurs shortly, final costs will be doubled. This means that whether Federal participation is immediate and complete, or long term and shared with the State of Ohio, the Federal Government will end up paying the same amount, because of the inflated costs incurred under a longer program.

Ohio and the Midwest have a pitiful lack of land devoted to national parks and recreation. Although Ohio is sixth in population, it now has not a single national recreation area to serve its residents. Instead, Ohioans must drive most of a day to reach the nearest national parks. I hope that all my colleagues will support H.R. 7077, both as one step in providing a more equitable distribution of national park lands among our country's residents and as a necessary action to save one of the most beautiful and historic river valleys in the United States.

Mr. DON H. CLAUSEN. Mr. Speaker, as a cosponsor of H.R. 7077, to establish the Cuyahoga Valley National Recreation Area, I rise in strong support of it.

In recent years the Congress has directed its attention to the serious shortage of public recreation lands near major urban areas. This goal has been summed up by the slogan, "Put the parks where the people are."

A significant step forward was taken when we successfully created the Golden Gate National Recreation Area in my home State of California. Since that time, however, it has been brought to our attention that Ohio, the sixth largest State in population and one of the most heavily urbanized, has no national parks or recreation areas. This is a sad situation, indeed.

This bill is our last chance to correct this by providing the people in the Cleveland-Akron area with a recreation area.

I urge my colleagues to give their support to this legislation.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina (Mr. TAYLOR) that the House suspend the rules and pass the bill, H.R. 7077, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to provide for the establishment of the Cuyahoga Valley National Recreation Area."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. TAYLOR of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

WORLD FOOD SITUATION

Mr. FRASER. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 1399) expressing the sense of the House of Representatives with respect to the world food situation, as amended.

The clerk read as follows:

Whereas the current world food supply, including reserves, is dangerously low, with millions of people in South Asia and in the African Sahel facing famine; and

Whereas higher prices for food, energy, and fertilizer, together with fertilizer shortages, are causing particular hardship to poor developing nations; and

Whereas rapid population growth aggravates food shortages, and declines in population growth rates historically have been associated with economic and social progress; and

Whereas the American people have a long and proud tradition of combating hunger at home and abroad; and

Whereas it is in the interest of the United States and of all other nations to overcome food shortages, which cause human suffering, breed economic and political instability, and raise food prices both at home and abroad; and

Whereas the world community has recognized the dimensions of the crisis by convening the World Population Conference and the World Food Conference this year; and

Whereas President Ford in his address to the 1974 United Nations General Assembly recognized the urgency of the world food crisis and pledged (1) substantially increased United States assistance to agricultural production programs in other countries, (2) United States support for an international system of food reserves, and (3) increased United States spending for food shipments to needy nations: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that—

(1) the United States should vigorously pursue efforts to help poor countries (A) increase agriculture production, especially through labor intensive, small farm agriculture, (B) promote economic and social development programs, and (C) assist in population programs, when requested, including continued encouragement of voluntary family planning; and

(2) increased food aid should be provided as needed to meet specific short-term emergencies; and

(3) planning should be undertaken immediately by appropriate Government agencies to enable the United States to provide the increased food aid, including plans to prevent any increased domestic inflation as a result of United States relief shipments; and

(4) all nations—including industrial and food-exporting countries, oil exporting countries, and the developing countries themselves—should join in the effort to combat food shortages; and

(5) international agreement should be sought for a system of food reserves to meet food shortage emergencies and to provide insurance against unexpected shortfalls in food production, with costs to be equitably shared and farmers given firm safeguards against market price disruption from such a system; and

(6) the President should encourage reduction in domestic consumption of fertilizer for nonfarm purposes in order to increase fertilizer supplies for the production of food in this county and in the developing countries, and should undertake efforts to stimulate increased world fertilizer production both here and abroad.

The SPEAKER. Is a second demanded?

Mr. FRELINGHUYSEN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. FRASER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1399, concerning the world food situation, was reported to the House October 7, 1974, with report No. 93-1433, from the Committee on Foreign Affairs. The report was directed in part to the then-forthcoming World Food Conference held in Rome November 5-16. Because of the House recess, this body did not have an opportunity to act on the resolution prior to the Rome conference. However, the provisions of the resolution, which are addressed to the food crisis and express the sense of the House on measures to deal with it, remain fully valid and their merit has been underscored by developments since October.

The Foreign Affairs Committee on November 26 received testimony from the Hon. Edwin M. Martin, Coordinator of the U.S. Delegation to the World Food Conference, concerning the proceedings of the conference and follow-up actions. Ambassador Martin stated that in his opinion House Resolution 1399 is in accord with the American objectives at the Rome conference and with the conference results. Other reports we have received on the conference likewise are supportive of the resolution.

The World Food Conference adopted a series of resolutions stating policies and goals and calling for machinery to help combat world food shortages. Following is a summary of World Food Conference actions in brief:

Food production: The Conference agreed that increased food production is essential in both developed and developing areas. In the case of many developing countries, a reordering of programs, priorities, and farmer incentives is required to stimulate production. The Conference also recognized that additional funds will be required to help developing countries increase production. In this connection, the United States has supported the creation of a voluntary fund. In Rome, the OPEC countries recommended establishment of such a fund. General approval was expressed at the Conference, and follow-up work by the UN will include this proposal. No specific dollar amounts were proposed. In addition, a number of resolutions were passed to improve nutrition programs, child feeding, fertilizer development, and to increase the participation of women in solving world food problems.

Food aid: The Conference recommended that food aid donor countries make all efforts, beginning in 1975, to provide commodities and/or financial assistance to ensure at least 10 million tons of grain per year as food aid. The Conference recommended that grain exporting and importing countries, as well as present and potential financial contributors meet as soon as possible on immediate food problems. A meeting is scheduled for Nov. 29 in Rome.

World food security: The Conference endorsed the FAO undertaking for international cooperation in establishing a world network of national grain reserves. This would involve adoption of general guidelines for national stockholding policies for grains and the use of international consultations and exchange of information. The Conference gave strong endorsement to the proposal that cereal producing, consuming, and trading nations join together to accelerate implementation of such a world reserve system. This Reserve Coordinating Group, as it was described by Secretary Kissinger in his speech at the Conference, will meet soon to get this activity under way.

Information: The Conference decided to establish a Global Information and Early Warning System on Food and Agriculture, described by Secretary Butz in his Conference speech as "essential to the whole objective of improved food security around the world". The Conference agreed that FAO is the most appropriate organization to supervise this system. All governments were invited to participate.

Trade: The Conference stressed the need for eliminating trade barriers, utilizing the Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT), as agreed to in the Tokyo Declaration.

World Food Council: The Conference approved establishment of a World Food Council, an organization to have coordinating, consultative and advisory powers with respect to food aid, investment, and other foreign assistance. About 25 members are to be nominated by the UN General Assembly.

The overall objective of the conference was to mount a campaign to wipe out hunger as a scourge of mankind. However, the success of this campaign will depend not on the conference as such but on what actions are taken by the international community in cooperative efforts and by nations individually to follow through on the proposals set forth.

Meanwhile the global food situation continues to be desperately critical. We all have seen fresh reports of hunger and starvation in South Asia and drought-stricken Africa. Populations are expanding rapidly in developing countries. Agriculture production must climb even faster for the campaign against hunger to make headway, and population programs need to be vigorously pursued.

House Resolution 1399 offers the House an opportunity to stress global food needs and encourage actions by the United States and others to move toward an era in which no man, woman, or child will go hungry.

Mr. FRELINGHUYSEN. Mr. Speaker, I support passage of House Resolution 1399, which expresses the sense of the House with respect to what needs to be done about the world food situation.

I know of no more urgent problem both for the immediate future and for the longer term. Today vast numbers of people are facing famine. For humanitarian reasons, we must help to cope with the probability of serious and imminent food emergencies and there is need also to plan ahead, in cooperation with other countries, to try to avoid future famines.

We need a long term program that will increase food production in the developing nations while encouraging a decline in population growth. Such a program is absolutely essential because America's food surpluses cannot any longer provide the answer to world hunger. Unlike the fifties and the sixties, we can no longer supply all the hungry of the world from our own overflowing granaries.

I hope that one of the main results of the recent world food conference in Rome will be a greater realization of the interdependence of all nations so that we can, and will, work together to alleviate food shortages and thus relieve man's miseries in a troubled world.

Mr. FRASER. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. Zablocki).

Mr. ZABLOCKI. Mr. Speaker, as a congressional adviser to the U.S. Delegation to the World Food Conference and chairman of a special Foreign Affairs Committee mission which attended the conference, I wish to join in urging passage of House Resolution 1399 as it was approved by the committee.

We all can share in the "resolve" undertaken at the Rome conference—

> That all governments should accept the removal of the scourge of hunger and malnutrition, which at present afflicts many millions of human beings, as the objective of the international community as a whole, and accept the goal that within a decade no child will go to bed hungry, that no family will fear for its next day's bread, and that no human being's future and capabilities will be stunted by malnutrition.

Whether the various recommendations adopted by the World Food Conference will lead to an effective campaign to wipe out food shortages depends on actions taken hereafter by the international community and by individual nations themselves. House Resolution 1399 recognizes the dimensions of the food crisis and will encourage measures to deal with it.

I wish to stress that the central task must be to increase agricultural production within the developing countries. They must make the main effort themselves, although we can contribute significantly in this undertaking.

We also can ship food to meet specific emergencies. However there are limits to what we can send, and even America's usually bountiful harvests are not enough to feed the growing demand.

We have been generous in the past in providing food production assistance and shipments to the less fortunate people of the world. It is in our proud tradition that we have done what we can to combat hunger both at home and abroad—and we will continue to do so.

House Resolution 1399 comes before us at a time of increased efforts by the United States in the campaign against hunger. In facing critical global food needs, I feel certain that the American people are willing to respond to a leadership call which may affect our lifestyles provided that impoverished countries take urgent measures themselves.

Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. Gross).

Mr. GROSS. Mr. Speaker, this resolution contains some very fine sentiment, such as that to be found in paragraph 5 of the resolving clause which states as follows:

> . . . international agreement should be sought for a system of food reserves to meet food shortage emergencies and to provide insurance against unexpected shortfalls in food production, with costs to be equitably shared and farmers given firm safeguards against market price disruption from such a system. . . .

I wonder who is going to give the farmers of this country the assurance that they are not going to have to pay a penalty for all-out production?

Then in the sixth paragraph of the resolving clause, it states:

> . . . and the President should encourage reduction in domestic consumption or fertilizer for nonfarm purposes in order to increase fertilizer supplies for the production of food in this country and in the developing countries, . . .

I wonder if this will apply as well to the White House lawn? I wonder if it will apply, for instance, to Lafayette Park right across the street on Pennsylvania Avenue from the White House, where I understand there are large piles of commercial fertilizer ready to be used with regard to some kind of a restoration or improvement of that park?

These are fine sentiments, but I wonder who is going to enforce the sentiment, if you can call it that, or encourage the sentiment, or do something about the sentiment expressed in this resolution?

Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. Findley).

Mr. FINDLEY. Mr. Speaker, I thank the gentleman from New Jersey for yielding me this time.

The phrases that the gentleman from Iowa (Mr. Gross) has just quoted from the resolution have troubled me too, and yet I had the assurances from several sponsors in the committee that the language on page 3 which refers to a system of food reserves does not contemplate the food reserves being held by the Government.

I would certainly not want to endorse a resolution that calls for the ownership of food reserves by the U.S. Government.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FINDLEY. I will be glad to yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

The key words are "food production," not "reserves"—food production with costs to be equitably shared, and American farmers provided with safeguards against taking a beating in prices on their production. I am talking about production, not reserves.

Mr. FINDLEY. I see the words, but, frankly, I do not see the gentleman's point.

Mr. GROSS. If America's farmers go into all-out production to take care of a worldwide food shortage as referred to in this resolution, are they assured that they will get fair and reasonable cost-of-production prices for what they produce? Who is going to provide that assurance?

Mr. FINDLEY. It is my hope, I will say to the gentleman, that we will not embark upon a system of Government-held stockpiles, and that the farmers will have the safeguards of the supply-demand forces of the marketplace to protect them as they do presently and as they have in the past.

Mr. GROSS. If the gentleman will yield further, it all begins with production. The reserve situation comes after production.

Mr. FINDLEY. Mr. Speaker, I find especially appealing the language of page 2 which urges the U.S. to help poor countries improve their own agricultural production. It is my hope that the next Congress will help to finance the establishment of rural universities in hungry nations patterned after the land-grant colleges and universities which have benefitted so greatly American agriculture.

Before the U.S. land-grant system was inaugurated a century ago, American agriculture was backward—behind the times.

Land-grant, with its classroom instruction, practical research and extension directly to the farmers, brought our agriculture to its present preeminent position.

Ours is the only Nation which has placed such emphasis on the education of farmers, and the fruits are before us. Therefore, it seems to me prudent for the Congress to help hungry nations meet their own future problems through agricultural education. In the longterm, I am convinced, this will prevent famine.

Fortunately, under the leadership of a group of U.S. land-grant universities, several successful rural universities of the land-grant type have already been established in India and elswhere. Congress should be inspired by this example.

Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. WHALEN).

Mr. WHALEN. Mr. Speaker, I rise in support of House Resolution 1399 expressing the sense of the House with respect to the world food situation.

I am one of the 100 House Members who have sponsored similar resolutions. I endorse House Resolution 1399 because it also demonstrates our Nation's sensitivity and understanding of the complexity and seriousness of the global food problem. In addition, this legislation recognizes the need for both our own and international efforts to assist the over 1 billion people now threatened by widespread famine and starvation. Finally, the resolution expresses our desire to cooperate in endeavors to achieve that immediate goal and, ultimately, to help these people feed themselves.

It should be noted that the principles and proposed actions contained in the resolution coincide with those advanced during the recent Rome World Food Conference which was convened by the United Nations at the initiative of Secretary of State Kissinger. These approaches, if implemented, will be a major force in reshaping international food production and distribution. Thus, the enactment of House Resolution 1399 can make a significant and positive impact on endeavors to deal with the global food situation.

The resolution emphasizes that:

> The American people have a long and proud tradition of combating hunger at home and abroad.

By passing this legislation, we will indicate that our concerns have not been lessened by the growing magnitude of the present crisis.

Mr. Speaker and my colleagues, I believe it is incumbent upon us in the House to support vigorously this resolution.

Mr. FRELINGHUYSEN. Mr. Speaker, I yield to the gentleman from Delaware (Mr. DU PONT) such time as he may desire.

Mr. DU PONT. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the resolution. I am a cosponsor of it, but I do not think I can simply support the resolution and not take the opportunity to comment on a serious failing in its content. That is: that it does not begin to recognize the seriousness of the population part of this equation. We can talk here in this Chamber as long as we want to about the need to provide food for hungry people around the world, but the fact of the matter is that unless we control population growth rates in this world, we are never going to be able to feed all of the hungry people. We can produce people in this world faster than we can grow wheat, so I would urge that the Members recognize that we have a serious problem in population planning around the world, and that we begin to focus more of our attention on that part of the problem as opposed to just trying to grow more grain.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman for yielding.

I want to commend the gentleman from Delaware. We have been holding hearings on the growth of the world population and food, and we find that the comments of the gentleman from Delaware are disastrously true.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

I doubt very much if anyone can solve the food problem in India until the Indians do something about killing off the 2½ billion rats—r-a-t-s—that each year consume untold quantities of food and feed grains. Four times the population of India is the rat population of India. How can India feed rats in such numbers and still have food for humans?

Mr. DU PONT. I will say to the gentleman I am not an expert on rats, but I am concerned with population growth. Perhaps if we had fewer rats, we would have more grain, but we would still need fewer people to consume that grain. We do have a real population problem.

Mr. SYMMS. Mr. Speaker, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

I wonder if the gentleman can tell me: On page 3, line 13, it says:

> The President should encourage reduction in domestic consumption of fertilizer for nonfarm purposes.

Does this mean that we are supposed to stop fertilizing our yards, and somehow this will make an impact on the world food situation?

Mr. DU PONT. I think the intent of the resolution—and this is not a section I drafted—was to point up that very problem. Yes, we are going to need all the fertilizer we can have to grow the food we need and we are going to have to look to see how we fertilize some of our lands other than those used in food production.

Mr. SYMMS. I thank the gentleman from Delaware.

Mr. FRASER. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, during the past several years we have seen some dramatic changes in the enunciation of U.S. foreign policy. Many of our leaders have seen the need to change the national food policy as it plays a bigger role in foreign affairs. We have heard during debate today that the U.S. representatives to the United Nations have proclaimed in New York; that spokesmen for our Nation have conferred at the World Food Conference in Rome and, now the Foreign Affairs Committee is resolving in the halls of Congress.

Even so, there appears to be a great gulf that separates the promised pronouncement of foreign policy from the reality national policy, which to me shows how unprepared we are, as a Nation, to accept the new challenge placed on a major power in an era of scarcity and starvation.

Mr. Speaker, this legislation is a step in the right direction but I submit that more is needed.

It is now time to bring about a marriage between foreign policy and national policy. If we are indeed to use food as a tool of diplomacy, it is necessary for this Congress to change the outmoded and obsolete farm programs which were designed in surplus years to protect growers from the pains of overproduction and replace them with new up-to-date legislation which would permit the American farmer to produce for a global market and for the world's needs.

Gentlemen, to that end I have introduced the Rice Act of 1974 which is scheduled for consideration at the end of the program this week. If the Committee on Foreign Affairs indeed wishes to do something about world hunger and the food crisis let us join together and support the Rice Act which will supply more food for the people of the world.

[From the Wall Street Journal, Nov. 6, 1974]

The Rice Question

A week when there is a gloomy minded World Food Conference in Rome would seem to be a good time to bring up one of the failures of U.S. food policy—one that could soon be corrected by the post-election Congress if it only would.

It has to do with the Rice Act of 1974, which is languishing in the House Rules Committee after two unsuccessful attempts to pry it out. It would end acreage allotments on rice, putting it under the same target price support system recently applied to wheat and some other crops. In all likelihood, this would bring about an expansion of U.S. rice production that might help assuage the present and prospective hunger they are talking about in Rome this week.

Having the rice act bottled up in Rules is particularly frustrating because it is not all that controversial. It has wide support from consumer groups, processors, exporters and others who might benefit from greater production and lower prices. Both President Ford and the USDA are publicly backing it. And even some influential rice state legislators, including Senators Eastland and McClellan, have given their blessing.

The problem seems to lie mainly with the influence in the Rules Committee of a handful of Congressmen with rice-growing constituents in Texas, Louisiana and California. And the reasons, while not very defensible, are at least understandable. Acreage allotments represent a valuable franchise particularly in those states where it is difficult to open up new rice growing areas. Land that has a rice-growing allotment is, by and large, more valuable as a result and removal of the allotment might lower its value.

But such considerations hardly serve the national interest or enhance the world image of American farmers and their representatives in Congress. By one estimate the removal of acreage allotments would allow eventual expansion of U.S. rice acreage to 4.1 million from a present 2.5 million. About 40% of U.S. production goes for export already and it could be assumed that most of the added production would go abroad as well. Since U.S. rice production tends to be highly mechanized and efficient, this could contribute substantially to the world supply.

If the new law doesn't make it out of committee, the USDA could even be forced by the existing formula to cut acreage allotments for next year. The formula is geared to inflation and other factors that are not totally related to world demand. A cut hardly seems an appropriate goal under present circumstances, especially since even the new bill would protect farmers against any really serious decline in the world price.

World food conferences are fine, but the U.S. delegation along with a good many other national representatives, might do a lot more for the world's underfed if they could use their influence more effectively on the folks back home.

[From the New York Times, Sept. 30, 1974]

Rice for the Hungry

The Rules Committee of the House of Representatives is reconsidering its refusal to let the full House vote on a bill that would lower the cost of rice to a hungry world. The bill, which would lift much of the restriction on rice growing, would benefit not only the poor consumer in America's cities but also those Arkansas and Mississippi farmers who would gladly substitute rice for more economically uncertain crops but cannot do so because of present Government-imposed limitations. That explains the bill's unusual combination of support from Congressmen so rarely in tandem as Representatives Rangel of New York and Whitten of Mississippi.

Beyond its direct beneficiaries, the bill would provide additional hope for literally millions of hungry people in a world in which food production must rise by at least 2 per cent a year just to keep pace with the mounting population. Ironically, on the same day that the Rules Committee, by a tie vote, appeared to doom the Rice Act of 1974, President Ford was telling the United Nations of his desire to export more American food to the poorer countries of the world.

No one is overtly in favor of limiting food supply in a world of malnutrition, starvation, ever-rising prices and—as a consequence of these—severe social unrest. But indirectly that is the effect of pressures from the rice-growers of California, Texas and Southwest Louisiana. Having known hard times and the harsh effect of surplus crops on their own fortunes, many are leery of unregulated production. They are satisfied with their allotments under the present law and rely on the crutch of price supports should it be needed. They do not want to exchange these for an increased competition, which presumably would lower prices. In a world of growing food scarcity, superprotection for the few becomes unconscionable at the price of life itself for millions of others. Such is the demand for rice today that the price would not in any case sink to a degree that would seriously damage the producers of that commodity. Indeed, about all that anyone hopes is that the price may finally be stabilized for rice consumers, who have already seen the cost of this filling substitute for more expensive foods double in the last year.

The Rice Act should by all means be reported out favorably—and in time to allow a vote in both houses before the Congressional session expires. There is little doubt as to how that vote would go.

[From the Washington Post, Aug. 7, 1974]

The Politics of Rice

Millions of people abroad are hungry. The official policy of the United States is to try and help feed them. And the United States urgently needs to earn money in foreign trade. Thus do moral, political and economic considerations combine to provide an overwhelming rationale for the Rice Act of 1974, which faces its crucial hurdle—in the House Agriculture Committee—today.

You don't have to be a farmer to understand. For 20 years rice has been grown in this country under a system of "allotments"—rights to grow it—managed by the Agriculture Department. An allotment to raise rice on an acre in the Sacramento Valley now costs $400. This system was designed in the surplus years to protect rice growers from the pains of overproduction. Now, however, world market demand for rice is extremely strong. The United States grows only two per cent of the world's rice but provides a quarter of the rice in world trade.

The country should be responding to that demand, and that opportunity for profits, but it's not, chiefly because growers in the California and Texas rice regions enjoy the way the allotment system spares them from the vicissitudes of competition. These growers are well represented on the Agriculture Committee, whose chairman is Rep. W. R. Poage (D-Tex.).

The Rice Act of 1974 is being offered by Rep. Bill Alexander (D-Ark.), who comes from the nation's third largest rice region, the lower Mississippi Valley. His bill would suspend the allotment system for a trial period of three years, thus allowing new growers to get into the business and produce for the world market. Mr. Alexander estimates that next year new rice exports could bring in as much as $400 million. The Agriculture Department, which can hardly be accused of having a regional bias, agrees.

The Secretary of State supports this legislation for the contribution it can make to fulfilling the American foreign-policy goal of coping with world hunger. The Secretaries of Treasury and Commerce support it for its potential contributions to the national economy. The Secretary of Agriculture, eager to expand export markets and remove old domestic controls, supports it too. Only certain special farm interests—the other rice regions and the American Farm Bureau—seem to be in opposition. But the national interest deserves to prevail.

Mr. FRASER. Mr. Speaker, I yield to the gentleman from Washington (Mr. Foley) such time as he may consume.

Mr. FOLEY. Mr. Speaker, the recently concluded World Food Conference emphasizes the growing threat of world famine which could affect literally millions of people, particularly those in the Indian subcontinent and in Africa. The United States has always been a country which has responded with great humanity and generosity in the face of famine whenever that occurred in the world and I am sure we will again, but the dimensions of the present danger are so great that there is a need for a greater international cooperation and commitment and contribution to create the reserves of not only immediate food aid but also of the kind of investment in agriculture and developing countries to make it possible to meet the demands presented by increasing population growth.

The United States cannot become the residual supplier of food aid for the world. There is a particular need I think to involve those newly rich countries of the Middle East who have no food production but who have enormous revenues which could be channeled for international cooperation into agricultural development as well as immediate food aid. I think this resolution sets forth the key elements in not only our policy as a nation but also our policy of cooperation with other nations to meet what is presently the greatest challenge that humanity faces, the challenge of feeding the people of the world.

Mr. Speaker, I urge the Members to adopt this resolution.

Mr. FRASER. Mr. Speaker, I yield to the gentleman from Hawaii (Mr. Matsunaga).

Mr. MATSUNAGA. Mr. Speaker, I rise in support of House Resolution 1399, a resolution to express the sense of the House of Representatives in favor of the active participation of the United States in alleviating the world food crisis.

The dwindling of large U.S. grain surpluses to their lowest levels since 1948, the worldwide decrease in grain production, and the corresponding spiraling cost of food have caused Americans to become keenly aware of the gravity of the world food situation.

Presently, conservative estimates are that over 400 million human beings are suffering from malnutrition or facing starvation. If the world food supply was evenly distributed among all people, everyone in the world would go hungry. And the situation is worsening, for more and more food is being consumed than is being produced, as the world population continues to grow in geometric progression.

Experts in the field all seem to agree that there can be no solution to the food shortage without a solution to the population growth problem. A cursory examination of world population growth reveals that world food production cannot possibly keep pace. It took 4 million years for world population to reach 2 billion. In only the last 30 years this population has expanded to 3.8 billion. At the present growth rate of 2 percent per year this number will double in the next 26 years, raising world population to more than 7½ billion people. And, of course, growth will not stop even then.

What we are witnessing is the natural, inevitable result of uncontrolled human reproduction. Historically, very few attempts at control have been successful.

Tragically, food supply will increase *only* by a small, fixed amount—perhaps 75 to 80 percent—in the next 26 years. With the population doubling in that period, the gap between food production and demand for food will become even greater. The situation will drastically worsen in the years ahead unless dramatic positive action is taken.

House Resolution 1399 supports the necessary dual approach: increasing food production and stabilizing population. This kind of two-pronged attack is the only one which promises a resolution of the food crisis which stares us in our face.

If we are to succeed, an international plan must be developed to stabilize world population. This plan necessarily will entail providing birth control information and assistance to every woman of childbearing age in the world who wishes voluntarily to limit her family's size or space her children more widely. A major reduction in fertility is essential.

As early as 1966, I introduced the pioneer family planning amendment to Public Law 480, the food for peace program. This amendment was adopted and a fertility control program, using surplus American-owned rupees which by treaty could be spent only in India, was initiated. During the first year of operation, more than a million IUD's were inserted in young mothers and a million men underwent vasectomy—all on a voluntary basis. By the third year of the program India's population growth rate was reduced by 10 percent—a phenomenal success. Unfortunately the program has been neglected in recent years and India's population now grows by about 12 million a year. But this is an example of what can be accomplished by a determined people.

Together with family planning assistance, developing countries must also have the assistance required to increase food production. As Secretary of State Kissinger told the World Food Conference in Rome earlier this month:

> New technologies must be developed to increase yields and reduce costs, making use of the special features of their labor-intensive, capital-short economies.

One of the immediate devices for developing these new technologies, I am proud to point out, is another Matsunaga amendment to the Food for Peace Act, one which authorizes the establishment of research centers for the study of tropical and subtropical agriculture. Up to $33 million could be allocated to this study, but the program as yet has received no significant funding. Particularly at the University of Hawaii, where there exists already a sophisticated college of tropical agriculture, the establishment of a research center could yield tangible, relatively quick gains in tropical and subtropical agriculture technology.

The most important technological innovation in recent years has been the agricultural "green revolution." The development and use of high-yield rice and wheat strains can dramatically raise production levels in many countries. Unfortunately, much of the green revolution's potential has been squandered by improper use of its techniques. The promise of the green revolution is still great, but remains just a promise. Without a means of bringing adequate supplies of fertilizer, water and fuel to the available land, the new seeds can only do limited good.

By adopting the pending resolution we will show our support for more equitable and productive distribution of available fertilizer and aid programs for greater fertilizer production at costs which developing nations can afford. Also, while we cannot control weather, we will endorse programs for water resource planning in developing countries to help them cope with adverse weather conditions. Finally, we will indicate our support for the establishment of food reserves to provide short term relief for fellow human beings who are starving to death, until food production can be increased.

Responsible governments of the world recognize the seriousness of the food and population growth problems. This was demonstrated by the two-week United Nations World Population Conference in August, which attracted 2,500 delegates from 140 countries to Bucharest, and by the World Food Conference held this month in Rome. However, the proof of the pudding is in the eating, and a world conference on population or food is only as effective as the concrete programs which are implemented internationally as a result of the conference. Passage of House Resolution 1399 will establish our support for constructive programs.

I urge the overwhelming approval of this resolution.

Mr. FRASER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just want to pay tribute to the gentleman from Delaware (Mr. DU PONT) and the gentleman from Iowa (Mr. CULVER) who were very much involved in the presentation of the initial resolutions to our committee dealing with food and food population problems.

The gentleman from Delaware (Mr. DU PONT) referred particularly to the very urgent problem of population growth. The gentleman from Delaware is the sponsor of an amendment in our foreign assistance bill, which is scheduled to be on the floor tomorrow, which will increase the amount of money the United States is contributing to deal with population problems.

I might add that the aid bill to come before us tomorrow also increases the contribution of the United States in helping third world countries develop their agricultural production and their rural economies. Therefore the foreign assistance measure which we will be taking up tomorrow in many important ways will be responsive to this resolution.

I would also like to point out that one of the conclusions we reached in the subcommittee was that there is enormous potential in the very small, labor intensive farm plots that are characteristic of third world countries. It is not true that developing countries need to have large farms and a high degree of farm mechanization in order to get high yields comparable to those in the United States. There are many countries, a significant number of countries, which have been able to get yields from very small plots comparable to those we have in America. Of major impact on agricultural productivity is the social, political and economic organization in the rural societies in these developing countries; and I think we are learning each year how better to assist them.

Mr. DINGELL. Mr. Speaker, it would be difficult to argue with the humanitarian purposes of this resolution, and I do not propose to do so in any regard.

At the same time, however, I think that the House should be aware that this entire question of food assistance is complex and will by no means be easily or painlessly resolved. Indeed, however it is resolved, there will be misery and starvation for some. The decisions which are being made now within the executive branch as to the allocation of relief by means of Public Law 480 programs are decisions which will mean that some will live and others will die.

My Subcommittee on Fisheries and Wildlife Conservation and the Environment held hearings just 2 weeks ago on the general oversight topic of food, population, and energy: Factors which are not only linked but which are bound together tightly and inextricably. In the course of those hearings a number of points were made by a highly competent and qualified panel of witnesses, and I wish to share these with the other Members of this body.

In the course of those hearings, it was noted that:

Unless a country with food problems is able to develop a means of bringing about long-term population control, food assistance merely postpones, and in some cases actually increases the magnitude of, the ultimate problems of starvation.

Current U.S. agricultural practices are highly dependent upon a fossil fuel subsidy with respect to such practices as fertilization, pesticides, agricultural machinery, processing and transportation. The price of this subsidy has already increased substantially, and is not likely to decline. To put it another way, when we eat corn on the cob, we are tasting corn but eating oil.

Discussions about where food aid should be sent may be in large measure beside the point. Last year, for the first time since Colonial days, our principal export item was raw food. The plain truth of the matter may be that we must sell our wheat, corn, soybeans, sorghum, and other agricultural products for the best price we can get, since it is this item in our balance of trade which makes it possible for us to buy oil from the Middle East.

Talk about the responsibilities of the United States to feed the hungry must not be allowed to lose sight of the fact that it is not, and should not be, the role of this country alone to carry this burden. Other countries, and not necessarily those alone which are agricultural exporters, have a substantial burden, which is no less important than our own.

By "hooking" foreign countries on food subsidies, we are acting not unlike the sellers of drugs: We create a market, and make it that much harder for them to develop solutions to the problems which can work over the long haul.

All of these points should be kept in mind as we prepare to act upon the resolution before us today. I am not in any position to say how accurate they are, and I am as unhappy as anyone here today over the moral and ethical nature of the conflicts and problems which they involve. But those problems and conflicts are there, and we cannot make them go away by pretending that they do not exist.

I insert brief excerpts from the testimony of the experts from our November 25 hearings at this point in the RECORD:

EXCERPTS FROM EXPERTS

Projection to 1975, and assuming that food production in 1975 will equal that of 1973, the best year ever, indicates a shortfall equivalent to the amount of food required to feed 130 million people. Unusually good weather, reduction in the meat consumption of the developed countries, and reduction of spoilage could reduce their figure somewhat.

However, with no reserves left, there is no way that we can avoid massive famines. The earth simply cannot continue to support an exponential population growth. For the short term, some famine is inevitable. For the long term, methods of population control must be practiced in order to alleviate the suffering and political unrest our present situation has produced.

Over the next three or four years there is no indication that the situation will get any better. In fact, it will more likely get worse. . . . The carrying capacity of the world is probably less than the number of people already in existence.—Grant Cottam, Professor of Botany, University of Wisconsin, Madison.

Death rates in the hungry nations are rather high, for example, 25 per 1,000 in Nigeria.

If we supply food and modern medical care, we could bring this death rate down to about five—the current death rate in Hong Kong and Taiwan—and give the Nigerian people the benefit of a growth rate which would double their numbers every 16 years and give them 4.5 billion people, or more than the current population of the world, within a century. Comparable figures for Pakistan and Indonesia are even higher.

You may object that I am now playing with statistics, that these figures are absurd, that these trends obviously cannot continue; that these three nations of small territory cannot some day each contain more people than live on earth today.

Gentlemen, this is exactly the point I wish to make. It is time we recognize the absurdity of today's world and stop pouring rat-hole money into a hopeless population sink. We should feel no obligation to try to feed those nations which ridiculed our concern about population at Bucharest and Rome. I think the situation was well described by an editorial in *Bioscience* of February 1959: "Because it creates a vicious cycle that compounds human suffering at a high rate, the provision of food to the undernourished populations of the world that cannot or will not take very substantial measures to control their own reproductive rates, is inhuman, immoral, and irresponsible."—Dr. Wayne Davis, Professor of Zoology, University of Kentucky, Lexington.

Let me say that this question of triage keeps coming up again, and I guess I would argue that we are already practicing triage whether we call it by that name or not, the decision, for instance, that the President not respond to Secretary Butz and Senator Humphrey's request for additional food for India, but, instead, to supply some additional food to Syria means a triage decision.

That decides that some Indians will die and some Syrians will live. It is as simple as that.

Now, making such moral decisions directly are ones that I would not like to face personally, but we will be making such decisions even if the grounds for the policy choices are taken to be diplomatic ones or economic ones or something else.—Dr. John S. Steinhart, Department of Geology and Geophysics, and the Institute for Environmental Studies, University of Wisconsin-Madison.

Despite all the statistical data that swirl around in news media, conference documents and elsewhere, we seem to fail to grasp the magnitude of our calamity.

Mankind is facing a situation unprecedented in history. . . .

On almost all counts we provide adequately for merely about one-third of the present human family. Nonetheless we seriously believe that we are going to perform the miracle of doubling up on all fronts and produce, in the brief span of some 25 years, much more food, water, energy, forest and mineral products than previously added in all of man's history.

Despite impressive efforts and extensive programs funded by the world bank and other international agencies, mankind is lagging critically behind in education, housing, water provision, sewage facilities and similar requirements. Far more ominous than all the other crucial gaps, to which we are addressing ourselves, is this veracity gap, the huge distance between our image of the world and its stark realities.—Georg Borgstrom, Professor of Food Science, Michigan State University.

If you go back a generation, you will find that through the import of western medicine and food, many lives were saved in Nepal a generation ago.

As a result of that, this is what happened.

"Man does not live by bread alone." The Nepalese needed fuel to cook their food that we sent them. They needed fuel to keep warm. Parts of Nepal are pretty chilly right now.

What did they do? They did the only thing they could do. They cut down the trees.

Mr. Chairman, if you will fly over Nepal today, you will see signs of dreadful deforestation; if you ask a Nepalese how far his grandfather had to go to get wood, he would say "just a step outside the door."

If you ask him about his father, he would say, "Well, he had to walk for two hours."

As for himself, he says, "I have to take a two-day journey to get enough wood for my purposes."

Now, that gives you in a nutshell what has happened to Nepal's forests. When you have deforestation, then you have loss of the soil on the hillsides. This not only makes it virtually impossible for the forests to come back in historic time, but it also means that you do not have the water-holding capacity, and so the water that lands on Nepal now reaches Bangladesh in much less time than it used to, and it reaches it all in a rush.

I think you can probably say that the lives that we saved in Nepal a generation ago were paid for probably many times over by lives lost in Bangladesh today.

This is what happens when we enable a country to exceed the carrying capacity of its land, so that I think the most important reason for not sending any food to any desperately needy country should not so much be put in terms of practicalities of whether we can, whether we should tighten our belts and all that, but if we have any concern for posterity at all, we should refuse to do it because the lives that we save today are going to be paid for by worse loss of life and worse misery in the generations that will follow.—Dr. Garrett Hardin, Professor of Biological Sciences, University of California—Santa Barbara.

Mr. WINN. Mr. Speaker, no matter is of more urgent concern to the world today than the critical food situation addressed by House Resolution 1399.

As a member of the Special House Foreign Affairs Committee mission which attended the recent World Food Conference in Rome, I had the opportunity to hear views expressed by representatives of nations from all parts of the globe. Some 130 countries had delegates there. They spoke in many tongues and voiced a variety of opinions, but there was a clear consensus on the necessity of urgent efforts by nations together and individually to wipe out the increasing threat of hunger.

Representatives of nongovernmental organizations also were at the Rome meeting. I wish to commend the constructive role played by many of them at the conference and in the preparations for it.

The U.S. delegation to the conference felt that its main objectives were achieved there. We have been the world's largest supplier of food in the past and will continue to be—thanks to the knowhow and hard work of our farmers and the endowment of nature. But this will not be enough to meet demands of growing populations in poor countries. A greater, internationally concerted effort will be needed. And the developing countries themselves must step up their production.

House Resolution 1399, which I joined in sponsoring, recognizes the grim dimensions of the crisis and sets forth policies for dealing with it. It will encourage effective steps in the campaign to erase food shortages and to help assure that mankind will not go hungry in the future.

Mr. VANIK. Mr. Speaker, in the report accompanying this resolution on the world food situation, the committee states:

> For specific short-term emergencies, increased U.S. food shipments should be provided as needed. However, America's food surpluses of past years no longer exist. Careful planning is now required for the provision of such assistance, including plans for steps to prevent any increased domestic inflation from resulting relief shipments.

The fact is that the Department of

Agriculture has little firm knowledge of our export commitments and the world at large has little available information on developing shortages.

As a result of requests which I made on January 29, 1974, the General Accounting Office has completed several reports on the need for additional commodity export information and the possibility of the United States adopting the Canadian Wheat Board system as a means to control and direct the flow of exports. I hope that in developing our Nation's food export policy, careful consideration can be given to the issues raised in these GAO reports—B-176943, May 23, 1974, and July 30, 1974.

In particular, as the report of July 30 indicates, there is an urgent need for improvement in the Department's collection of commodity export information. The GAO found that the Department had inadequate knowledge of our reserves and sales situation. Moreover, even after the threat of a second, disastrous Soviet grain purchase, the Department has failed to provide adequate safeguards and reporting requirements.

Following is the Department of Agriculture "Notice to Exporter—No. 1" issued October 21 describing the latest export reporting system guidelines. I consider these regulations—which were issued after the latest attempts by the Soviet Union to make massive grain purchases—inadequate.

The items follow:

TRANSACTIONS COVERED

This Notice is applicable only to the following transactions covering: wheat, corn, grain sorghum, barley, oats, soybeans, soybean oil cake and soybean meal.

A. Export sale(s) which:

(1) Exceeds 50,000 metric tons of any one commodity in any one day for shipment to any one country of destination, or

(2) Causes the cumulative quantity of export sales of any one commodity to any one country of destination during any one week (Monday through Sunday) to exceed 100,000 metric tons.

B. Change(s) in country of destination:

Any change(s) in country of destination (including unknown destination) from one previously reported on Form C.E. 06–0098 or under the daily reporting system, if the change(s) for any one commodity exceeds 50,000 metric tons in any one day or accumulates to exceed 100,000 metric tons during any one week (Monday through Sunday).

ACTION TO BE TAKEN BY REPORTING EXPORTERS

A. Make transactions subject to FAS approval.

Effective immediately exporters are requested to make transactions covered in Section III subject to FAS approval and to request FAS approval when all terms and conditions with the foreign buyer have been agreed upon.

I find it extraordinary that we are still dealing with a totally voluntary system in which exporters are "requested" to make information available to the Department. It is obvious from the definition of "covered" transactions that a foreign government could buy enormous quantities of grain over a period of a few days by "spreading out" its purchases, purchasing through third parties and "front men" and otherwise disguising the true destination of the sales. In addition, the data made available by these reports are maintained as confidential information. As a result, a foreign nation could be making enormous commodity purchases in the United States, Canada, and other grain basins, thus wrecking the world's agricultural balance.

The failure of the United States to develop an efficient system of monitoring commodity exports threatens the American consumer and the American economy.

In terms of the resolution before the House today, the failure of the United States to know the size of our food reserves and where they are going makes it impossible for us to save commodities for those nations most in need. We can have no famine relief and Third World assistance program if our commodities have been unknowingly sold to the Soviet Union and other industrialized nations.

In turning this resolution from a statement of principles into a working program, I urge that we first establish a system of knowing what our reserves are and where they are going.

Mr. BELL. Mr. Speaker, I rise in support of House Resolution 1399.

One of the foremost problems in the world today is the widespread, catastrophic hunger afflicting millions of the world's citizens.

By the most conservative estimates, more than 10 million people will die of starvation this year alone—most of them children.

Every day we see new reports in the press of human beings starving or suffering from severe malnutrition in diverse corners of the globe—in Africa, in India, in Southeast Asia, and in parts of South America.

The rich, affluent nations like the United States cannot stand by while the rest of the world suffers. It is up to us, as the world's foremost technologically advanced Nation, to aid our fellow man in this hour of crisis.

For the sake of humanity, we have an obligation to do all we can to encourage agricultural production, promote economic and social development, and assist in population programs in these impoverished areas of the world.

It is therefore, Mr. Speaker, with grave concern and with a sense of the brotherhood of man that I urge the adoption of House Resolution 1399.

Mr. KOCH. Mr. Speaker, I never cease to be amazed at how intensely we concentrate on the more minor of the problems which afflict us and virtually ignore those which are of the first magnitude, with fearsome consequences for us all.

Today, I would like to address myself to the most crucial single problem the world is now facing: food. For the first time in the history of the world, man's ability to adapt to his environment is seriously in question. We are rapidly reaching the point where the human species is confronting its own ice age, its own test of its ability to survive on this planet. And it is not doing very well.

For years the impending disaster of population growth far outpacing our limited food supplies has threatened us. But now we find the disaster almost upon us, but few of us give it more than a glance.

Essentially, two factors have stretched the demand for food to the breaking point: runaway population growth in underdeveloped countries where poverty, disease, and famine are rampant and increased affluence in the industrial countries which consume food past the point of satiety.

Two others have imposed constraints on our ability to meet that need: world climate changes and the law of diminishing returns as it applies to agricultural productivity.

We are now at a stage where it is possible to make some predictions. If we continue in our current practices, the food needs of the human population will prove increasingly difficult to satisfy during the next decade and impossible to satisfy fully during the remainder of this century. After the year 2000, we may be faced with a world-wide catastrophe.

EXPANDING DEMAND

We have been bombarded for years with data on the rapid growth in world population. However, in prior years the exponential nature of the growth has not exceeded our capacity to produce food. In the past 2 years, it has.

The population of the world will double in 35 years should growth continue at current rates. We now have almost 4 billion people on the earth. By 2000, we will have almost 7 billion.

Indonesia will have 1.7 billion people in 100 years—half the number now on the globe. The nation of Algeria, with 18 million people, will have 285 million in 100 years—more than the United States plus Great Britain.

Next year, we will have 72 million more people in the world to feed than we have now. That will require 30 million tons of grain. That is equal to 40 percent of American grain exports this year.

It took the world from the beginning of time to 1800 to generate its first billion people. It took 100 years for the second billion. It will take seven years for its sixth billion.

Exponential growth only begins to show when your numerical base is high enough. Population growth has ceased to become a potential problem—it is the major problem we now face.

Only about one third of the women of reproductive age in the world practice birth control of any kind. Half use withdrawal or rhythm.

Thus, only 15 percent use reliable birth control techniques at all. The result of this disparity between nations which control population and those which do not is illustrated by the fact that Mexico produced more new inhabitants last year than did the United States.

It would cost about $1 billion for every woman of reproductive age to use mechanical birth control techniques. The experiences in Formosa, South Korea, and mainland China indicate that a general increase in the standard of living need not precede effective control of population. Rather, basic progress in the areas of literacy and health are crucial. But more on that later.

It is easy for us in the United States to sit back and lament the inability of the rest of the globe to control its population. But we are as much at fault as they. For while population generates 70 percent of the increased demand for food each year, increased affluence, largely in the United States, the Soviet Union, Japan, and Western Europe accounts for 30 percent of the demand for food.

So much has affluence and consumption increase impacted food distribution that the Soviet Union, once a bread basket of the world, now is one of the largest importers of food. No longer do India and Pakistan import the largest volume of food, but rather Russia and Japan. The Soviet purchase in 1973 of 28 million tons of grain was the most food imported by any country in history. The entire continent of Asia—whose figures are inflated by Japan—imported 39 million tons of grain in 1973. The USSR and Eastern Europe imported 27 million tons.

The Soviet Union and Eastern Europe accounted for 5.5 percent of the world's grain imports in 1966. In 1973, they accounted for 29 percent.

But this growth in consumption is not confined to the Soviet Union. Increases in beef consumption in the United States have driven American per capita consumption of grain to 2,000 pounds per person per year—the figure for Asia is about 400. We consume only 150 pounds directly in the form of grain. The remaining 1,850 are consumed indirectly in the form of meat. By contrast, the average Asian consumes almost all his grain in the form of bread.

This is the key fact. It takes 1 pound of grain to produce a pound of bread; 2 for a pound of chicken; 4 for a pound of pork; and 10 for a pound of beef. In 1950, Americans consumed 59 pounds of beef per capita. In 1972, we consumed 116 pounds. Since 1972, beef prices have driven per capita consumption down to 109 pounds per person per year. Interestingly, consumption of nonbeef foods has not increased nearly as rapidly.

Every time an American family of four elects to have a meal of chopped beef—half a pound a person—instead of chicken, another family of four loses their food for 4 days.

The American Heart Association recommends that American families reduce their meat consumption by one-third. This would still provide far more than is needed, but would curb that excess consumption dangerous to our health. If all Americans followed that course of action which their own health dictates, enough grain would be released to feed 300 million people—5 years' population growth assuming no increase in food production.

Our consumption of meat had increased by 22 percent since 1960. That of Italy has risen by 94 percent, West Germany's has risen by 33 percent, Canada's by 26 percent, France's by 30 percent Russia's by 30 percent and Japan's by 264 percent.

These rapid increases in food consumption—which translates into several times that rate of increase in grain consumption—have driven the price of food to astonishing heights.

Between 1960 and 1972, the price of rice rose from $6.62 per 100 pounds to $9.40. At the end of 1973, it stood at $19.

Between 1960 and 1972, the price of wheat rose from $1.69 a bushel to $1.75 a bushel. At the end of 1973, it was $3.80 a bushel.

Between 1965 and 1972, the price of soybeans increased from $2.85 a bushel to $3.38 a bushel. By the end of 1973, it stood at $6.20 a bushel.

Worldwide, about 1 pound of grain in 3 is fed to livestock, not people.

LIMITATIONS ON FOOD SUPPLY

Last year, we did not produce enough food to keep pace with the twin demands of increases in population and increases in affluent consumption.

While substantial room for improvement exists in agricultural productivity, that gain must now take place in the less developed areas of the world. The capacity for major increases in production in technologically advanced nations is increasingly limited.

But of greater import are the likely future changes in world climate which indicate that a drop in food supply is not unlikely. Since 1940, the entire Northern Hemisphere has been cooling and temperatures are dropping to levels of about a century ago. While this decrease is not likely to affect the United States or Canadian food production, it is altering rainfall patterns in two crucial parts of the globe. Rainfall in Africa has been moving, creating new desert areas south of the Sahara Desert. This has caused massive droughts in Chad, Mauritania, Dahomey, and other sub-Sahara nations. The Sahara desert has been expanding at a rate of about 30 miles a year for the past 6 years.

The greater impact has been in India where more of the monsoon rainfall is now falling into the ocean. The result has been a decrease in Indian crop productive capability which could prove very dangerous.

From 1940 to about 1950, between 8 and 10 percent of Indian weather stations reported less than normal rainfall. Fortunately, between 1950 and 1968, only between 3 and 5 percent so reported. But, in 1968, the percent rose to 11 to 12 percent and has remained there since. Should this trend continue, the capacity of the world's largest population area to feed its inhabitants will be severely limited.

THE POLITICS OF FOOD

These are grim facts, indeed. They serve to raise the most basic of questions about our capacity to survive on this planet. They deserve to be faced.

But we should also consider their political impact.

We live in an era dominated by increasing conflict between the industrialized and developed nations and the third world countries. Those who produce natural resources are challenging the domination of those who consume them. The oil crisis is but one indication of a growing shift in the balance of power from that which is man made to that which is contained in the Earth.

This growing contest threatens the very life of our civilization. It threatens to reverse the basic order of the world which was established in the years immediately following the middle ages.

If those who generate raw materials are to use their control over these resources to bring those who depend upon their use to their knees, we are about to enter a period of crisis without parallel in our history.

At the moment, we are saved from this fate by the distribution of military power. While checked by public opinion, the superior capacity of the industrialized nations to manufacture arms coupled with their exclusive capacity to produce nuclear weapons, makes major alterations in the balance of power unlikely.

But both these advantages are only temporary. No industrial plant can operate without raw materials. This is as axiomatic for the tank as for the automobile.

FOOD AS AN INSTRUMENT OF FOREIGN POLICY

There are those who would not like to discuss the use of food as an instrument of foreign policy. They delude themselves as the facts attest.

The potential for American power in the current and future world food shortage is enormous. Only four countries in the world export any food—the United States, Canada, Australia, and Argentina. American plus Canadian exports account for about 85 percent of the world's total.

American influence over the world's exportable food is far greater than any nation's domination over any raw material, including oil.

But what are we doing with this surplus?

From a humanitarian viewpoint, do we send it to the nations most in need?

From a political viewpoint, do we use it to stop the spread of nuclear weapons? Or to restore sanity to oil prices?

The answer to each question is "No."

Unfortunately, our international food assistance policy is more often at odds with other stated foreign policy objectives than not. We have made surplus food available to Middle Eastern governments, including Egypt and Syria, despite their professed hostility toward and continuing aggression against the State of Israel—a nation whose continued strength and viability are among our most important foreign policy objectives.

We certainly do not give our food away to the most needy. Food for Peace has suffered cutbacks to the point of virtual elimination. In 1965, we sent abroad under title I 13.7 million bushels of wheat under the program. In 1969, 5.7 million, in 1972, 4.6 million, in 1973, 2.5 million, and this year probably under 1 million bushels.

In all, our program of food for peace has become one of food for cash, pure and simple. Next to airplanes, food is our largest export commodity in redressing the balance of payments. We give almost nothing away—and much of that which we give goes to our "allies" in Southeast Asia.

We make little effort to use food as an instrument to achieve our political goals, except, to some extent, the elusive detente with the Soviet Union.

The key fact is that we export our food in the worst manner possible—to those who need the least and in exchange for nothing but cash. Rather than use food as a weapon against hunger, economic domination by a handful of oil producers, and nuclear proliferation, we have used it not at all.

While some people may be reluctant to view America's food surplus in these terms, it is a fact of life that our food surplus represents one of the most potentially constructive instruments of foreign policy we have to further our international goals. And I believe we should always face up to the facts. If we fail to do so, we will relinquish our claim to world leadership.

TOWARD A NEW FOOD POLICY

Clearly, we lack a coherent strategy for using the strength we have and averting the problems we face.

But several clear steps are indicated by common sense.

POPULATION CONTROL

The experience of several Asian nations indicates that the birth rates of underdeveloped nations can be lowered even without general improvements in their standards of living.

We should follow experience in three ways:

First, we should expand the $112 million we now spend on birth control aid to the full amount necessary to provide this material to the world's families. Most estimates of the total cost of such an effort hover around $1 billion. Shared with other wealthy nations, such a step is a clear essential to world survival.

Second, we should orient our foreign aid program in the two directions indicated to be most basic to world population control; literacy and health. If more of the approximately 1 billion people who *cannot* read or write were taught to do so—at an average cost of $8 per person—and more of the two-third of the world's population that has never seen a doctor or health professional could see one, major gains in population control would be possible. This much we know from experience.

Third, we should use our food weapons to encourage meaningful birth control measures on the nations of the world. Population control is not a domestic problem of any nation. If American grain is to be called upon to feed a nation's people then it is our business as well as their's by how much their population is to grow. We should not shy away from demanding real effort in return for food aid.

SHIFTS IN EXPORTS

We must end our policy of permitting virtually uncontrolled exporting of our food supply wherever the market realities dictate. Other countries ought to have the sense to restrict their domestic consumption to levels which make world survival possible. Their lack of control need not be fueled by American export policies.

Food for peace should be expended to *its mid-1960*s levels, at the very least. We should build back our total exports under public law 480 from the current level of about 1 million tons of grain a year to the 8 to 13 million ton level of the Johnson administration.

The American consumer should be protected from possible price increase as the sale of grain to developed nations is thusly restricted. Such protection is possible if the government intervenes in the food distribution process to a far greater degree. A degree, by the way, which prevailed during the fifties and sixties when surplus grain made the government's role in grain marketing a key one.

Totally free enterprise export of food is a very recent development and one which should not and cannot last.

It costs about $200 million to buy a ton of grain. For about $2 billion, the Federal Government could engage in a basic redistribution of the American export of food, channelling it to nations which need it the most.

But this sum would leverage a far greater change in the international political situation if we used it properly. If we tied food exports to birth control programs, nonproliferation commitments, and price control on raw materials—including oil—we would be able to see that the American people get much more than their money's worth from this expenditure.

We spend many times $2 billion on arms which are largely ineffective against the real dangers we face. A well spent $2 billion on food for peace could be critical.

CURBS ON DOMESTIC CONSUMPTION

Every time an American decides to have his or her lunch at MacDonalds instead of at Colonel Sander's Kentucky Fried Chicken, another person elsewhere in the world loses his food for 2 entire days.

We must curb our domestic meat and beef consumption. Immediate reductions in domestic consumption are possible through advertising to alert Americans to the dangers of excessive beef consumption for themselves and the world. Publicity would be especially helpful if directed at the evils of the growth in hamburger consumption as an American staple.

Much of this education is really a consciousness-raising effort. Little can be done legislatively to curb dietary habits, but the media and Government-paid advertising can have important impacts on consumption patterns.

Few Americans felt undernourished in 1960 because they ate chicken and now enjoy eating hamburger more. Little of the growth in consumption in America is due to formerly poor families suddenly enjoying the fruits of affluence. It is due to a steady change in middle class dietary habits. It can be abated by education.

Should publicity fail to have an impact, Government intervention in the pricing system of agricultural products might be in order. Such efforts would end the current skewing of prices where the real costs of beef production are often absorbed by the system, driving up prices on nonbeef goods and reducing price levels on beef commodities.

FERTILIZER CURBS

A pound of fertilizer in the soil of an underdeveloped country can increase food production by 10 to 15 pounds of grain a year. Even in the soil of a developed country, used to long fertilization, it can increase production by 5 pounds.

Yet, 3 million of the 78 million tons of fertilizer produced in the world is used by Americans for lawns and golf courses. Were this consumption reduced by one-third and the fertilizer used in underdeveloped areas, food production would increase by between 10 and 15 million tons of grain a year—exactly equal to the current shortfall of food worldwide. Were no fertilizer used for lawns and golf courses in the United States, enough food would be generated to equal half of America's total grain exports.

We must legislate an immediate end to the use of fertilizers for any but agricultural purposes. It is the height of insanity to waste so totally so precious a commodity as fertilizer making one's lawn a little greener.

Should the world starve, future historians, if there are any, would find American fertilizer use an ironic and bitter footnote.

These then are some of the basic steps we can take. They would go a long way toward using food to end hunger instead of generating heart disease; using it to enhance population control through political pressure; using it to curb nuclear weapon development; and using it to restore international price stability.

Mr. FRASER. Mr. Speaker, I have no further requests for time. I would urge the matter be voted favorably.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just discussed.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Minnesota (Mr. FRASER) that the House suspend the rules and agree to House Resolution 1399, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 3, rule XXVII, the Chair will now put the question on each motion, on which further proceedings were postponed, in the order in which that motion was entertained.

Votes wll be taken in the following order: S. 425, S. 2201, S. 3906, and S. 4040.

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1974

The SPEAKER. The unfinished business is the question of suspending the rules and agreeing to the conference report on the Senate bill (S. 425).

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL) that the House suspend the rules and agree to the conference report on the Senate bill S. 425.

Mr. STEIGER of Arizona. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 212, nays 150, not voting 72, as follows:

[Roll No. 658]

YEAS—212

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Bafalis
Bennett
Bergland
Biaggi
Biester
Bingham
Boland
Bolling
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Brotzman
Broyhill, N.C.
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Carter
Casey, Tex.
Clay
Cleveland
Collins, Ill.
Conlan
Conte
Conyers
Corman
Coughlin
Culver
Daniels, Dominick V.
Davis, Ga.
Delaney
Dellums
Denholm
Dennis
Diggs
Dingell
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Esch
Evans, Colo.
Fascell
Fish
Flynt
Foley
Ford
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Gonzalez
Green, Pa.
Gude
Gunter
Guyer
Haley
Hamilton
Hanley
Hansen, Wash.
Harrington
Hastings
Hawkins
Hébert
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hogan
Holtzman
Hungate
Johnson, Colo.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kluczynski
Koch
Kyros
Lagomarsino
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCormack
McKay
McKinney
Madden
Mallary
Mann
Martin, N.C.
Matsunaga
Mazzoli
Melcher
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Obey
O'Brien
O'Hara
O'Neill
Owens
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Preyer
Price, Ill.
Pritchard
Rees
Regula
Reid
Riegle
Rinaldo
Roe
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Roush
Roy
Roybal
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Sikes
Smith, Iowa
Staggers
Stanton, James V.
Stark
Steed
Steele
Steelman
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thone
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Whalen
White
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Wydler
Wylie
Yates
Young, Fla.
Young, Ga.
Young, Ill.
Zablocki
Zwach

NAYS—150

Abdnor
Alexander
Archer
Arends
Armstrong
Baker
Barrett
Bauman
Beard
Bevill
Blackburn
Bowen
Bray
Brown, Mich.
Broyhill, Va.
Buchanan
Burleson, Tex.
Butler
Camp
Cederberg
Clancy
Clausen, Don H.
Cochran
Collier
Collins, Tex.
Conable
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Davis, S.C.
Davis, Wis.
de la Garza
Dellenback
Dent
Derwinski
Dickinson
Dorn
Downing
Duncan
Edwards, Ala.
Erlenborn
Findley
Flood
Flowers
Forsythe
Froehlich
Gettys
Goldwater
Goodling
Gross
Gubser
Hammerschmidt
Hanrahan
Hansen, Idaho
Harsha
Hechler, W. Va.
Hinshaw
Hosmer
Huber
Hudnut
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Kazen
Kemp
Ketchum
King
Kuykendall
Landgrebe
Lott
McCollister
McDade
McEwen
Madigan
Mahon
Martin, Nebr.
Mathis, Ga.
Mayne
Michel
Milford
Miller
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Murtha
Myers
Nelsen
Nichols
Nix
Parris
Patman
Pettis
Poage
Powell, Ohio
Price, Tex.
Quie
Quillen
Randall
Rhodes
Roberts
Robinson, Va.
Rousselot
Runnels
Ruth
Satterfield
Scherle
Sebelius
Shoup
Shriver
Shuster
Sisk
Skubitz
Slack
Smith, N.Y.
Snyder
Spence
Stanton, J. William
Steiger, Ariz.
Steiger ,Wis.
Stephens
Stubblefield
Symms
Talcott
Teague
Thomson, Wis.
Thornton
Treen
Veysey
Waggonner
Wampler
Ware
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Winn
Wyatt
Yatron
Young, S.C.
Young, Tex.
Zion

NOT VOTING—72

Andrews, N.C.
Ashbrook
Badillo
Bell
Blatnik
Boggs
Brasco
Broomfield
Brown, Calif.
Brown, Ohio
Byron
Carey, N.Y.
Chamberlain
Chappell
Chisholm
Clark
Clawson, Del
Cohen
Cotter
Danielson
Devine
Donohue
Eshleman
Evins, Tenn.
Fisher
Giaimo
Grasso
Gray
Green, Oreg.
Griffiths
Grover
Hanna
Hays
Hillis
Holifield
Holt
Horton
Howard
Jones, N.C.
Landrum
Latta
Luken
McFall
McSpadden
Macdonald
Maraziti
Mathias, Calif.
Meeds
Mills
Minshall, Ohio
Moorhead, Pa.
Passman
Podell
Railsback
Rangel
Rarick
Reuss
Robison, N.Y.
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Ruppe
Ryan
Sandman
Schneebeli
Shipley
Taylor, Mo.
Towell, Nev.
Wyman
Young, Alaska

So (two-thirds not having voted in favor thereof) the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mrs. Boggs and Mr. Horton for, with Mr. Rarick against.

Mr. Shipley and Mr. Rogers for, with Mr. Passman against.

Mr. Latta and Mr. Badillo for, with Mr. Del Clawson against.

Mr. Hays and Mr. Giaimo for, with Mr. Taylor of Missouri against.

Mr. Moorhead of Pennsylvania and Mr. Broomfield for, with Mr. Fisher against.

Mr. Rangel and Mr. Rodino for, with Mr. Mills against.

Mr. Cohen and Mr. McFall for, with Mr. Gray against.

Mr. Robison of New York and Mrs. Chisholm for, with Mrs. Holt against.

Mr. Rostenkowski and Mr. Cotter for, with Mr. Clark against.

Until further notice:

Mr. Howard with Mr. Eshleman.

Mr. Carey of New York with Mrs. Green of Oregon.

Mr. Andrews of North Carolina with Mr. Hanna.

Mr. Landrum with Mrs. Grasso.

Mr. Byron with Mr. Ashbrook.

Mr. Blatnik with Mrs. Griffiths.

Mr. Chappell with Mr. Luken.

Mr. Danielson with Mr. Rooney of New York.

Mr. Evins of Tennessee with Mr. Holifield.

Mr. Donohue with Mr. Bell.

Mr. Reuss with Mr. McSpadden.

Mr. Brown of California with Mr. Brown of Ohio.

Mr. Jones of North Carolina with Mr. Chamberlain.

Mr. Ryan with Mr. Devine.

Mr. Meeds with Mr. Minshall of Ohio.

Mr. Grover with Mr. Maraziti.

Mr. Hillis with Mr. Mathias of California.

Mr. Macdonald with Mr. Railsback.

Mr. Ruppe with Mr. Roncallo of New York.

Mr. Sandman with Mr. Schneebeli.

Mr. Towell of Nevada with Mr. Wyman.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER pro tempore (Mr. FULTON). Pursuant to the provisions of clause 3(b) of rule XXVIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on all of the additional motions to suspend the rules on which the Chair has postponed further proceedings.

FLOOD DAMAGE

The SPEAKER pro tempore (Mr. FULTON). The unfinished business is the question of suspending the rules and passing the Senate bill (S. 2201).

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Louisiana (Mr. BREAUX) that the House suspend the rules and pass the Senate bill (S. 2201), on which the yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 172, nays 185, not voting 77, as follows:

[Roll No. 659]

YEAS—172

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Annunzio
Armstrong
Aspin
Barrett
Bennett
Bergland
Bevill
Bingham
Blatnik
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Casey, Tex.
Clausen, Don H.
Clay
Cochran
Collins, Ill.
Conyers
Corman
Culver
Daniels, Dominick V.
Davis, S.C.
de la Garza
Dellums
Denholm
Dent
Diggs
Dingell
Dorn
Downing
Dulski
Eckhardt
Edwards, Calif.
Esch
Fascell
Flood
Flynt
Foley
Ford
Fountain
Fraser
Fulton
Fuqua
Gettys
Gilman
Ginn
Goldwater
Gonzalez
Gubser
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Helstoski
Henderson
Hicks
Hogan
Holtzman
Hosmer
Hungate
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kazen
Kluczynski
Koch
Kyros
Leggett
Lehman
Long, La.
Lott
McCloskey
McCormack
Madden
Mathis, Ga.
Matsunaga

Melcher
Metcalfe
Mezvinsky
Mitchell, Md.
Mizell
Moakley
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Obey
Owens
Patten
Pepper
Perkins
Pickle
Poage
Preyer
Price, Ill.
Randall
Reid
Reuss
Rhodes
Roberts
Roe
Roncalio, Wyo.
Rooney, Pa.
Rose
Rousselot
St Germain
Sarbanes
Schroeder
Seiberling
Shuster
Sisk
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Stark
Stephens
Stokes
Stubblefield
Stuckey
Studds
Sullivan
Symington
Teague
Thompson, N.J.
Thornton
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Waggonner
Waldie
White
Whitten
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Yates
Young, Ga.
Young, Tex.
Zablocki

NAYS—185

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Ashley
Bafalis
Baker
Bauman
Beard
Biaggi
Biester
Blackburn
Boland
Bray
Brotzman
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burleson, Tex.
Butler
Camp
Carter
Cederberg
Clancy
Cleveland
Collier
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
Delaney
Dellenback
Dennis
Derwinski
Dickinson
Drinan
Duncan
du Pont
Edwards, Ala.
Erlenborn
Evans, Colo.
Findley
Fish
Forsythe
Frelinghuysen
Frenzel
Frey
Froehlich
Gaydos
Gibbons
Goodling
Green, Pa.
Gross
Gude
Gunter
Guyer
Hamilton
Hammerschmidt
Hansen, Idaho
Harsha
Hastings
Heinz
Hinshaw
Holt
Huber
Hudnut
Hunt
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Kastenmeier
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Lent
Litton
Lujan
McClory
McCollister
McDade
McEwen
McKay
McKinney
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mayne
Mazzoli
Michel
Milford
Miller
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moorhead, Calif.
Murtha
Myers
Natcher
Nelsen
Nichols
O'Brien
O'Hara
O'Neill
Parris
Patman
Pettis
Peyser
Pike
Powell, Ohio
Pritchard
Quie
Quillen
Rees
Regula
Riegle
Rinaldo
Robinson, Va.
Rosenthal
Roush
Roy
Runnels
Ruth
Sarasin
Satterfield
Scherle
Sebelius
Shoup
Shriver
Sikes
Skubitz
Slack
Smith, N.Y.
Snyder
Spence
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stratton
Symms
Talcott
Taylor, N.C.
Thomson, Wis.
Thone
Vander Jagt
Veysey
Vigorito
Walsh
Wampler
Ware
Whalen
Whitehurst
Widnall
Wiggins
Williams
Winn
Wolff
Wyatt
Wydler
Wylie
Yatron
Young, Fla.
Young, Ill.
Young, S.C.
Zion
Zwach

NOT VOTING—77

Andrews, N.C.
Ashbrook
Badillo
Bell
Boggs
Brasco
Broomfield
Brown, Calif.
Brown, Ohio
Byron
Carey, N.Y.
Chamberlain
Chappell
Chisholm
Clark
Clawson, Del
Cohen
Cotter
Danielson
Davis, Ga.
Devine
Donohue
Eilberg
Eshleman
Evins, Tenn.
Fisher
Flowers
Giaimo
Grasso
Gray
Green, Oreg.
Griffiths
Grover
Haley
Hays
Hillis
Holifield
Horton
Howard
Jones, N.C.
Landrum
Latta
Long, Md.
Luken
McFall
McSpadden
Macdonald
Madigan
Maraziti
Mathias, Calif.
Meeds
Mills
Mink
Minshall, Ohio
Mosher
Passman
Podell
Price, Tex.
Railsback
Rangel
Rarick
Robison, N.Y.
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Roybal
Ruppe
Ryan
Sandman
Schneebeli
Shipley
Taylor, Mo.
Towell, Nev.
Wyman
Young, Alaska

So (two-thirds not having voted in favor thereof) the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mrs. Boggs and Mr. Rodino for, with Mr. Rarick against.

Until further notice:

Mr. Hays with Mr. Rooney of New York.
Mr. Chappell with Mr. Gray.
Mr. Cotter with Mr. Rarick.
Mr. Rostenkowski with Mrs. Griffiths.
Mr. Howard with Mr. Carey of New York.
Mr. Donohue with Mr. Davis of Georgia.
Mr. Eilberg with Mr. Fisher.
Mr. Evins of Tennessee with Mr. Luken.
Mr. Macdonald with Mr. Chamberlain.
Mr. McFall with Mr. Ashbrook.
Mrs. Mink with Mr. Del Clawson.
Mr. Giaimo with Mr. Devine.
Mr. Flowers with Mrs, Grasso.
Mr. Haley with Mr. Bell.
Mr. Brown of California with Mr. Grover.
Mr. Badillo with Mr. Holifield.
Mrs. Chisholm with Mrs. Green of Oregon.
Mr. Meeds with Mr. Hillis.
Mr. Shipley with Mr. Horton.
Mr. Ryan with Mr. Jones of North Carolina.
Mr. Rogers with Mr. Latta.
Mr. Rangel with Mr. Clark.
Mr. Andrews of North Carolina with Mr. Madigan.
Mr. Byron with Mr. Maraziti.
Mr. Danielson with Mr. Broomfield.
Mr. Landrum with Mr. Mathias of California.
Mr. Long of Maryland with Mr. McSpadden.
Mr. Mills with Mr. Mosher.
Mr. Roybal with Mr. Brown of Ohio.
Mr. Cohen with Mr. Minshall of Ohio.
Mr. Eshleman with Mr. Price of Texas.
Mr. Passman with Mr. Railsback.
Mr. Robison of New York with Mr. Ruppe.
Mr. Sandman with Mr. Roncallo of New York.
Mr. Schneebeli with Mr. Taylor of Missouri.
Mr. Young of Alaska with Mr. Towell of Nevada.

The result of the vote was announced as above recorded.

REPEALING THE REQUIREMENT THAT COMMANDERS OF AIR FORCE FLYING UNITS BE PILOTS

The SPEAKER. The unfinished business is the question of suspending the rules and passing the Senate bill, S. 3906.

The Clerk read the title of the Senate bill.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. STRATTON) that the House suspend the rules and pass the Senate bill, S. 3906.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

A House resolution (H. Res. 1421) was laid on the table.

VETERANS AND SURVIVORS PENSION ADJUSTMENT ACT OF 1974

The SPEAKER. The unfinished business is the question of suspending the rules and passing the Senate bill, S. 4040, as amended.

The Clerk read the title of the Senate bill.

The SPEAKER. The question is on the motion offered by the gentleman from South Carolina (Mr. DORN) that the House suspend the rules and pass the Senate bill, S. 4040, as amended, on which the yeas and nays have been ordered.

The vote was taken by electronic device, and there were—yeas 357, nays 1, not voting 76, as follows:

[Roll No. 660]

YEAS—357

Abdnor
Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashley
Aspin
Bafalis
Baker
Barrett
Bauman
Beard
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boland
Bolling
Bowen
Bray
Breaux
Breckinridge
Brinkley
Brooks
Brotzman
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Dickinson
Diggs
Dingell
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Green, Pa.
Gross
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hébert
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hinshaw
Holt
Holtzman
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.

Moakley
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Randall
Rees
Regula
Reid
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Roe
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Roush
Rousselot
Roy
Roybal
Runnels
Ruth
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—1

Landgrebe

NOT VOTING—76

Alexander
Andrews, N.C.
Ashbrook
Badillo
Bell
Boggs
Brademas
Brasco
Broomfield
Brown, Calif.
Brown, Ohio
Byron
Carey, N.Y.
Chamberlain
Chappell
Chisholm
Clark
Clawson, Del
Cohen
Collier
Cotter
Danielson
Davis, Ga.
Devine
Donohue
Eshleman
Evins, Tenn.
Fisher
Giaimo
Grasso
Gray
Green, Oreg.
Griffiths
Grover
Hays
Heckler, Mass.
Hillis
Hogan
Holifield
Horton
Howard
Jones, N.C.
Landrum
Latta
Luken
McFall
McSpadden
Macdonald
Maraziti
Mathias, Calif.
Meeds
Mills
Minshall, Ohio
Mizell
Moorhead, Pa.
Passman
Podell
Railsback
Rangel
Rarick
Reuss
Robison, N.Y.
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Ruppe
Ryan
Sandman
Schneebeli
Shipley
Taylor, Mo.
Towell, Nev.
Wyman
Young, Alaska

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The Clerk announced the follow pairs:

Mrs. Boggs with Mrs. Green of Oregon.

Mr. Rostenkowski with Mr. Clark.

Mr. Macdonald with Mr. Rooney of New York.

Mr. Howard with Mrs. Grasso.

Mr. Cotton with Mrs. Griffiths.

Mr. Byron with Mr. Collier.

Mrs. Chisholm with Mr. Mills.

Mr. Donohue with Mr. Davis of Georgia.

Mr. Landrum with Mr. Rarick.

Mr. Rangel with Mr. Gray.

Mr. Moorhead of Pennsylvania with Mr. Ryan.

Mr. Shipley with Mr. Chamberlain.

Mr. McFall with Mr. Luken.

Mr. Brademas with Mr. Hogan.

Mr. Badillo with Mr. Maraziti.

Mr. Brown of California with Mr. Devine.

Mr. Rodino with Mr. Mathias of California.

Mr. Rogers with Mr. McSpadden.

Mr. Reuss with Mr. Minshall of Ohio.

Mr. Meeds with Mr. Mizell.

Mr. Evans of Tennessee with Mr. Ashbrook.

Mr. Giaimo with Mr. Passman.

Mr. Carey of New York with Mr. Eshleman.

Mr. Chappell with Mr. Railsback.

Mr. Danielson with Mr. Broomfield.

Mr. Holifield with Mr. Robison of New York.

Mr. Jones of North Carolina with Mr. Roncallo of New York.

Mr. Alexander with Mr. Sandman.

Mr. Andrews of North Carolina with Mr. Brown of Ohio.

Mr. Del Clawson with Mr. Ruppe.

Mr. Cohen with Mr. Grover.

Mrs. Heckler of Massachusetts with Mr. Schneebeli.

Mr. Horton with Mr. Taylor of Missouri.

Mr. Latta with Mr. Towell of Nevada.

Mr. Young of Alaska with Mr. Wyman.

The result of the vote announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14214) entitled "An act to amend the Public Health Service Act and related laws to revise and extend programs of health revenue sharing and health services, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House with amendments of the Senate to a bill of the Senate of the following titles:

S. 4016. An act to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes.

PROTECTING AND PRESERVING TAPE RECORDINGS INVOLVING FORMER PRESIDENT RICHARD M. NIXON

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 4016) to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes, with Senate amendments to the House amendment thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, line 4, of the House engrossed amendment, after "as" insert: "hereafter".

Page 3, line 21, of the House engrossed amendment, strike out "purpose," and insert: "purpose which is consistent with the provisions of this title, subsequent and".

Page 3, line 22, of the House engrossed amendment, strike out "104" and insert: "103".

Page 4, line 2, of the House engrossed amendment, strike out "current".

Page 4, line 4, of the House engrossed amendment, strike out "104" and insert "103".

Page 4, of the House engrossed amendment, strike out lines 5 to 16, inclusive.

Page 4 line 19, of the House engrossed amendment, strike out "104" and insert: "103".

Page 5, line 4, of the House engrossed amendment, strike out "105" and insert "104".

Page 6, of the House engrossed amendment, strike out lines 1 to 7, inclusive, and insert:

"(6) the need to provide public access to those materials which have general historical significance, and which are not likely to be related to the need described in paragraph (1); and".

Page 7, line 6, of the House engrossed amendment, after "the" the second time it appears insert: "Senate and the".

Page 7, line 7, of the House engrossed amendment, after "Representatives," insert: "respectively,".

Page 7, line 8, of the House engrossed amendment, strike out "the House," and insert: "each House, respectively,".

Page 7, of the House engrossed amendment, strike out line 12 and insert: "of either House to change such rules (as far as relating to the procedures of that House) at".

Page 7, line 14, of the House engrossed amendment, stirke out "the " where it appears the second time and insert: "that".

Page 7, lines 14 and 15, of the House engrossed amendment, strike out "in the House of Representatives".

Page 7, line 17, of the House engrossed amendment, after "House" insert: "or by the President of the Senate, as the case may be".

Page 8, line 10, of the House engrossed amendment, strike out "in the House of Representatives".

Page 8 of the House engrossed amendment, after line 24 insert:

"(d) The provisions of this title shall not in any way affect the rights, limitations, and exemptions applicable under the Freedom of Information Act, 5 U.S.C. § 552 et seq.

Page 9, of the House engrossed amendment, strike out lines 2 to 13, inclusive, and insert:

"Sec. 105. (a) The United States District Court for the District of Columbia shall have exclusive jurisdiction to hear challenges to the legal or constitutional validity of this title or of any regulation issued under the authority granted by this title, and any action or proceeding involving the question of title, ownership, custody, possession, or control of any tape recording or material referred to in section 101 or to payment of any just compensation which may be due in connection therewith. Any such challenge shall be treated by the court as a matter requiring immediate consideration and resolution and shall have priority on the docket of such court over other cases."

Page 9, after line 21, of the House engrossed amendment, insert:

"(c) If a final decision of such court holds that any provision of this title has deprived an individual of private property without just compensation, then there shall be paid out of the general fund of the Treasury of the United States such amount or amounts as may be adjudged just by that court."

Page 9, of the House engrossed amendment, strike out all after line 21 over to and including line 10 on page 10.

Page 10, line 12, of the House engrossed amendment, strike out "108" and insert: "106".

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. CLEVELAND. Mr. Speaker, I reserve the right to object so I may inquire of the gentleman from Indiana about the changes which were made in the Senate to this legislation. I assume the gentleman will address himself to that point. It is difficult to digest the changes in the very few moments that I have had access to them.

Mr. BRADEMAS. Mr. Speaker, if my colleague, the gentleman from New Hampshire, will yield, that is what I propose to do.

Mr. CLEVELAND. Mr. Speaker, I yield to the gentleman from Indiana for the purpose of making that explanation.

Mr. BRADEMAS. Mr. Speaker, S. 4016 would provide that the Federal Government retain custody of the Nixon tapes and other Presidential material and would establish a 17-member commission to study the handling of documents of all Federal officials.

S. 4016 was passed by the House on Tuesday, December 3, 1974, under Suspension of the Rules, by unanimous voice vote.

The Senate amendments are generally technical and clarifying in nature:

(a) On page 8, line 4, after the word "as", add the following: "hereafter."

This will make clear that the tapes and other materials may be destroyed only as provided by a law enacted in the future, not by an existing law.

(b) On page 8, line 21, after the word "purpose", delete the comma (",") and add the following: "which is consistent with the provisions of this title, subsequent and;"

This is to make clear that Mr. Nixon's right of access shall be consistent with the provisions of this title; for example, that the originals cannot be removed from the Washington metropolitan area, and they shall not be destroyed and that access shall not be provided until security regulations have been issued pursuant to section 103.

(c) On page 9, line 1, delete the following: "current."

This is a technical amendment to make clear that the Government may use the material for any official lawful purpose.

(d) On page 11, line 1, subsection (6) would read as follows:

"(6) the need to provide access to those materials which have general historical significance, and which are not likely to be related to the need described in paragraph (1)."

The phrase "related to the Presidency of Richard M. Nixon" has been deleted from this section in the House-passed bill because it is redundant.

The phrase "in a manner which is consistent with procedures which have been used to provide public access to materials of former Presidents" has been deleted because it could be interpreted to mean that Richard M. Nixon could direct the Administrator to place restrictions on access to the Presidential material. The intention of that phrase was to allow the Administrator to place limited restrictions on access to material which may bear on national security or which may be particularly sensitive.

In my judgment, the other subsections of section 104 provide an adequate basis for the Administrator to limit general access or to set timetables for access where appropriate.

Further, the language deleted suggests that there is some established procedure for determining access to Presidential materials; however, procedures utilized by former Presidents have not been uniform. While GSA might want to refer to other Presidential experiences in devising regulations, it may be confusing if they are explicitly instructed to conform their regulations to some set of procedures which do not exist.

(e) On page 12, line 6, and all related amendments.

These amendments simply conform the Senate procedure for disapproving regulations issued by the Administrator to the procedure for House disapproval which is in the House-passed bill.

(f) On page 13, line 24, delete the period (".") and insert in lieu thereof the following:

"(d) The provisions of this title shall not in any way affect the rights, limitations or extensions applicable under the 'Freedom of Information Act, 5 U.S.C., sec. 552, et seq.' "

This language is intended to make clear that access to the material which may otherwise be authorized by the Freedom of Information Act shall not be limited by the provisions of this title.

(g) On page 9, delete lines 4 through 15; page 14, delete lines 2 through 13 and insert in lieu thereof the following:

"SEC. 105. (a) The United States District Court for the District of Columbia shall have exclusive jurisdiction to hear challenges to the legal or constitutional validity of this title or of any regulation issued under the authority granted by this title and any action or proceeding involving the question of title, ownership, custody, possession, or control of any tape recording or material referred to in Sec. 101, or involving payment of any just compensation which may be due in connection therewith. Any such challenge shall be treated by the court as a matter requiring immediate consideration and resolution, and shall have priority on the docket of such court over other cases."

(h) On page 14, at line 21, insert the following new subsection:

"(c) If a final decision of the United States District Court for the District of Columbia holds that any provision of this title has deprived an individual of private property without just compensation, then there shall be paid out of the general fund of the Treasury of the United States such amount or amounts as may be adjudged just by that court."

These amendments combine two sections in the House-passed measure—sections 103 and 106—to make clear that the U.S. District Court for the District of Columbia shall have exclusive jurisdiction to hear all challenges to this legislation, including challenges to the legal and constitutional validity of this title and any challenge regarding the question of title, custody, possession, or control of these tapes and materials and the payment of "just compensation" which may be required. The amendment also deletes the provision for a three-judge court with direct appeal to the Supreme Court. This amendment would thereby enable a single judge of the U.S. District Court for the District of Columbia to hear any challenge to this legislation. The amendment provides that any challenges to this legislation receive priority consideration and that all appeals be heard on an expedited basis.

The amendment would allow for an expeditious review of any legal challenge to this legislation. There is now pending before a single-judge District Court for the District of Columbia a proceeding in which the major issues have already been briefed and argued and in which the major parties are present. Under the amendment, the pleadings in the pending litigation could be amended to take into account additional issues regarding the validity of the legislation and the United States could be added as a defendant to any claim for compensation by Mr. Nixon.

The amendment also deletes the express language in the House-passed bill which provides that the bill takes no position on ownership of the material prior to enactment.

The legislation still takes no position on ownership. However, the Senate felt that this language was unnecessary because the legislative history in the Senate and House is clear on this point.

(i) On page 14, line 22, delete section 107, relating to participation in certain court actions by the appointment of a special counsel.

Section 107 was initially proposed to respond to the problem of relying on the Department of Justice to represent the public interest in any challenge to this legislation in view of Attorney General Saxbe's legal opinion which concluded that the material is Mr. Nixon's private property.

The Senate amendment deletes a provision in the House-passed bill that authorizes the House Administration Committee and the Senate Government Operations Committee to appoint, either jointly or separately, a special counsel to intervene in relevant litigation to insure proper and adequate presentation of the issues.

This section was deleted by the Senate because it was felt to be inconsistent with a fundamental assumption of this legislation that the Congress, in this bill, is taking no position on ownership of the material prior to enactment of the legislation. This section in the House bill would provide for the appointment by congressional committees of counsel who would be required to take the position that the tapes and materials are public property.

Further, the amendment was viewed by the Senate as unnecessary for the following reason. The new "judicial review" section, section 105, would provide that any challenge to this legislation could be considered as part of litigation which is now pending in the U.S. District Court for the District of Columbia. Since most of the issues in this litigation have been fully briefed and competently argued, and since the issues in any challenge to this litigation will be essentially the same, the public interest will be fully represented. And, if it becomes apparent that a particular point may not be adequately represented, the judge presiding over such litigation could appoint an amicus curiae to argue these points.

Mr. CLEVELAND. Mr. Speaker, proceeding further, under my objection, the gentleman from Indiana has explained the Senate amendments. I was interested in the reason why they deleted the language that referred to title. I would like to ask him if he is fully satisfied with the legislative history in both the Senate and House which has made clear that this legislation is in no way going to be interpreted as affecting title to or ownership of Presidential papers, et cetera.

Mr. BRADEMAS. Mr. Speaker, I agree fully with the interpretation of the gentleman from New Hampshire.

Mr. CLEVELAND. With that assurance, Mr. Speaker, I withdraw my reservation of objection.

Mr. DENNIS. Mr. Speaker, further reserving the right to object, can my friend from Indiana tell me whether all the Senate amendments are germane?

Mr. BRADEMAS. Yes.

Mr. DENNIS. And why is it that we are proceeding here on this rather complicated matter without any conference report before us?

Mr. BRADEMAS. I might respond to my colleague by reminding him that last week we did pass this bill by unanimous vote, by voice vote. It was therefore not thought to be controversial.

The bill was reported by the subcommittee unanimously, reported by the Committee on House Administration by a vote of 20 to 0, and, as I have just said, was unanimously approved by the House. Because it did not seem to be a controversial matter and because it was worked out with close bipartisan cooperation, most particularly with the help of the gentleman from New Hampshire (Mr. CLEVELAND) and the gentleman from Idaho (Mr. HANSEN), it was thought quite appropriate to move on the bill today.

Mr. DENNIS. Will the gentleman yield further?

Mr. BRADEMAS. Yes.

Mr. DENNIS. As I understand it, the bill does preserve the right to determine the question whether these papers are personal property of the former President and to litigate that, and it provides that if it is held that they are, that there will be compensation, as provided by the Constitution; is that correct?

Mr. BRADEMAS. The gentleman is correct.

Mr. DENNIS. If I may ask the gentleman a further question, why is it that the possibility of raising those questions is confined only to one U.S. district court, namely, that in the District of Columbia, rather than being able to bring it in the district of southern California, or elsewhere, as would normally be the case?

Mr. BRADEMAS. The answer to that question is, of course—if my colleague from Indiana will yield further—most of the materials which are presently involved in this particular matter are located here within the District of Columbia or the Metropolitan Washington area, and most of the participants, moreover, are in this area.

Mr. DENNIS. I might point out to the gentleman that if the former President should want to litigate the question—and I should imagine that he might be one who might wish to do so—he is located in the California district, but he would have to come here to do it, which is a somewhat unusual provision.

Mr. BRADEMAS. If I may respond to my colleague, it is my understanding that the former President is at present litigating with respect to many of these issues now and is represented here in the District of Columbia by counsel.

Mr. DENNIS. Mr. Speaker, on the representation that my friend from New Hampshire is reasonably well satisfied and that my colleague from Indiana is more than reasonably well satisfied, I will withdraw my reservation.

Mr. BRADEMAS. I thank my colleague.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Ms. HOLTZMAN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Indiana a question with respect to the Senate amendments, because I am concerned, too, about who will represent the interests of the people of the United States on the questions as to who will ultimately have title, whether or not there is to be just compensation paid.

It is my understanding that the Senate at the conference deleted an amendment that would have permitted the House committee and the Senate committee to appoint a counsel; is that correct?

Mr. BRADEMAS. Yes. If the gentlewoman will yield——

Ms. HOLTZMAN. I will be happy to yield.

Mr. BRADEMAS. We did not go to conference on this matter. The section was deleted by the Senate, and the point that was made by the Senate was that it was inconsistent to have such an arrangement, in view of the fundamental assumption of the legislation, that Congress, in acting on this bill, was not taking any position on ownership of the material prior to enactment of the statute. Under the House version of the bill, provision was made for the appointment by congressional committees of counsel who would have been required to take the position that the materials were public property.

Ms. HOLTZMAN. I understand the explanation the gentleman is giving me. It seems to me a little bit inconsistent, however, to take the position that we, 435 Members of Congress, do not want to decide the matter of ownership but instead will leave it to the courts to decide, but at the same time we are not permitting an adversary proceeding to take place because the Department of Justice has already made the decision that the tapes and the Presidential papers of Richard Nixon belong to him. I am concerned there will not be an adequate adversary presentation of this issue of ownership. However, I will not object.

Mr. BRADEMAS. Mr. Speaker, I appreciate the observations of the gentlewoman. I sincerely hope the Department of Justice will be a serious adversary in any litigation regarding the issue of ownership and that there will be an adequate adversary presentation.

Mr. Speaker, I would like to say that the substance of the House provision deleted by the Senate amendment was originally proposed by the gentlewoman from New York (Ms. HOLTZMAN) and I appreciate her interest in this provision and her strong support of this legislation.

Ms. HOLTZMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendments to the House amendment were concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 5385, SURFACE TRANSPORTATION ACT OF 1974

Mr. MATSUNAGA. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1485 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1485

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5385) to restore and maintain a healthy transportation system, to provide financial assistance, to improve competitive equity among surface transportation modes, to improve the process of Government regulation, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be read for amendment by titles instead of by sections, and all points of order against section 102 of said substitute for failure to comply with the provisions of clause 4, rule XXI are hereby waived. It shall be in order to consider without the intervention of any point of order the text of the bill H.R. 7189 if offered as an amendment to the committee amendment in the nature of a substitute. At the conclusion of the consideration of the bill H.R. 5385 for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 5385, the Committee on Interstate and Foreign Commerce shall be discharged from the further consideration of the bill S. 1149, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions of H.R. 5385 as passed by the House.

The SPEAKER. The gentleman from Hawaii is recognized for 1 hour.

Mr. MATSUNAGA. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska (Mr. MARTIN), pending which I yield myself such time as I may consume. Mr. Speaker, House Resolution 1485 provides for consideration of H.R. 5385, which, as reported by our Committee on Interstate and Foreign Commerce, would, among other things, restore and maintain a healthy national surface transportation system, provide needed financial assistance, improve competitive equity among surface transportation modes, and improve the process of Government regulation of the railroads. The resolution provides an open rule with 1 hour of general debate, with the time being equally divided between, and controlled by, the chairman of the committee and the ranking minority member.

After general debate, the bill would be read for amendment under the 5-minute rule. It would be in order, under the 5-minute rule, to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce and which is now printed in the bill as an original bill. The substitute would be read for amendment by titles instead of by sections, and all points of order against section 102 of the substitute for failure to comply with the provisions of clause 4, rule XXI, would be waived.

It would also be in order to consider, without the intervention of any point of order, the text of the bill, H.R. 7189, if offered as an amendment to the committee amendment in the nature of a substitute.

At the conclusion of the consideration of H.R. 5385 for amendment, the committee will rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute.

The previous question will be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 5385, the Committee on Interstate and Foreign Commerce will be discharged from the further consideration of the bill, S. 1149, and it will then be in order in the House to move to strike out all after the enacting clause of S. 1149 and to insert in lieu thereof the provisions of H.R. 5385 as passed by the House.

Mr. Speaker, several decades ago, America's rail network was its lifeline. Most of the country's freight and travelers were carried by the railroads. The railroad industry was then in excellent financial condition. But all that has changed in recent years.

Today, railroads move less than 40 percent of the intercity freight, and only a fraction of the intercity passengers. Major rail companies in the Northeast are in bankruptcy, and several others in the Midwest are in serious financial difficulties.

The rail industry just did not keep up with an expanding economy and a fast-changing technological revolution. However, irrespective of the question of the industry's lack of necessary innovations, government—at both State and Federal levels—must assume its share of the blame. The cumbersome, slow process of ratemaking, division of rates, merger proposals and other vital matters to the industry have caused enormous roadblocks to rapid, necessary changes in the industry.

Mr. Speaker, H.R. 5385 is designed to give new life to America's rail industry. Based on the industry's urgent needs, the reported bill, for example, would:

First, provide Federal Government backing for up to $2 billion in loans for railroads to modernize and develop their physical plant and acquire new freight cars;

Second, authorize an appropriation of $15 million to the Secretary of Transportation to conduct two studies: National freight car utilization system and railroad electrification study.

Third, ban discriminatory taxation of transportation property by States or their subdivisions.

Fourth, give the Interstate Commerce Commission a maximum period of 2 years, from the date of enactment of the bill, to establish and maintain standards for determination of adequate rate levels for surface transportation modes; and

Fifth, mandate or prohibit certain other ICC activities, all designed to assist the railroads and their employees.

Mr. Speaker, the only cost of the program provided under H.R. 5385 will be the $15 million authorized for the Department of Transportation studies, unless, of course, a recipient of a loan defaults on repayment.

I urge the adoption of House Resolution 1485 in order that H.R. 5385 may be considered.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the distinguished gentleman from Hawaii (Mr. MATSUNAGA) has explained the resolution, and as that gentleman said, the resolution provides for an open rule with 1 hour of debate on the bill H.R. 5385, the Surface Transportation Act of 1974.

This bill provides for up to $2 billion in guaranteed loans to the railroads to assist them in improving and modernizing their physical plant and the purchase of new freight cars. In addition, the bill authorizes $15 million to conduct two studies, one the national freight car utilization system and, second, a railroad electrification study.

I would like to point out, Mr. Speaker, that rail transportation is by far the most economical and the cheapest of any transportation that we have in the country today. To move 1 ton a mile by rail, the locomotive consumes 750 Btu's, a truck consumes 2,400 Btu's, and a plane consumes 63,000 Btu's. Rail transportation is extremely important to our country. I support the rule and I support the legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MATSUNAGA. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from New Jersey (Mr. THOMPSON).

Mr. THOMPSON of New Jersey. Mr. Speaker, I shall seek to defeat the previous question on the rule in order to amend the rule. I hope to strike the provision in the rule that makes H.R. 7189, a nongermane bill, in order as an amendment to the Surface Transportation Act.

In form, H.R. 7189 would amend the Railway Labor Act. In substance it amends the National Labor Relations Act, or Taft-Hartley.

I want to emphasize, however, that I am in complete support of the Surface Transportation Act without H.R. 7189 attached to it.

This position, I might say, is expressed in a letter to the Speaker dated December 9 from the Secretary of Labor. This position is also supported by Mr. Usery, the head of the Federal Mediation and Conciliation Service.

H.R. 7189 would prohibit strikes or walkouts in the longshore or maritime industries on the west coast which interfere with shipping between the west coast, Hawaii, Guam, and the other Pacific islands for a period of 160 days. The antistrike position is enforceable on petition to a U.S. district court for an injunction or temporary restraining order, and would be in addition to the injunction available under section 208 of Taft-Hartley of 1947.

The bill permits an injunction to be obtained whenever there is any interruption whatsoever in commerce. Such interruption could be determined to exist if a single ship is delayed as much as 48 hours. The Federal district court is not, under this bill, expected to make a judgment as to whether a genuine emergency exists before issuing an injunction. Unlike the National Labor Relations Act, this proposal determines conclusively that "any disruption" of maritime commerce on the west coast automatically imperils the health and well-being of the people of Hawaii and other affected islands. And I would say, parenthetically, that I am in deep sympathy with the problems of Hawaii, but Hawaii is not in any way the only State with this problem.

The city of New York, for instance, can be completely isolated by a tugboat strike.

H.R. 7189 amounts to a virtual prohibition against maritime and longshoremen strikes in Hawaii. That would be the practical effect of a 160-day moratorium added to the 80-day Taft-Hartley injunction.

It is generally realized that some economic disruption accompanies any strike, and traditionally we have accepted such disruption to encourage free collective bargaining.

I agree with Mr. Usery that the injunction provided for in this bill will not encourage labor or management to seek peaceful means of resolving their differences through collective bargaining. One may question the wisdom of legislation on behalf of the State of Hawaii in this unique and isolated way. One must seriously question whether Hawaii suffers more seriously than the 37,000 communities in the Nation which are served exclusively by truck transportation when there is a truck strike—or the city of New York, when the tugboats, their captains and crews go on strike. New York is also an island.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

Mr. Speaker, if I understand the gentleman's amendment and what he is seeking to do here, we must first vote down the previous question before the gentleman from New Jersey will be permitted to offer his amendment. No one is fighting the Surface Transportation Act at all.

Mr. THOMPSON of New Jersey. That is right.

Mr. PERKINS. We just want the Surface Transportation Act to proceed on its merits without this amendment attached. The Matsunaga amendment does not belong to it—it belongs in the gentleman's subcommittee—and should be deleted.

Mr. THOMPSON of New Jersey. The chairman is exactly correct. The amendment is on page 2 of the rule to strike out the sentence beginning on line 10 and ending with the word "substitute" on line 13. That simply takes the Matsunaga bill out of the Surface Transportation Act, which I shall enthusiastically support.

The SPEAKER. The time of the gentleman has expired.

Mr. MATSUNAGA. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. PHILLIP BURTON).

Mr. PHILLIP BURTON. Mr. Speaker, I, too, join with my colleague, the gentleman from New Jersey, in opposing the vote on the previous question. I intend to vote for the legislation out of the committee. But I think it is a very ill-advised procedure that the Committee on Rules, without a hearing on the merits, affix this kind of amendment to legislation being reported out of another committee.

This House has a way of referring back to actions of previous Congresses. On occasion they are called precedents.

I would urge those who prefer that this kind of action by the Committee on Rules be discouraged rather than encouraged bear in mind that "what is good for the goose in the 93d Congress may be good for the gander in the 94th Congress." So I urge a vote against the previous question and then a vote to change the rule.

Mr. Speaker, I yield back the balance of my time.

Mr. MATSUNAGA. Mr. Speaker, I yield 2 minutes to the gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. I thank the gentleman for yielding.

Mr. Speaker, I want to support the position of the gentleman from New Jersey (Mr. THOMPSON) and the gentleman from California (Mr. PHILLIP BURTON) that the previous question be voted down, and that the Thompson amendment to the rule, which simply deletes the reference to H.R. 7189, be adopted, and the rule be adopted, so we proceed with the legislation.

H.R. 7189 was a separate bill that was considered in separate fashion by the committee. It was not a part of the Surface Transportation Act. This legislation may have merit for the gentleman from Hawaii, and I understand his efforts to do this and understand why it was placed in the rule by him. But this is a controversial national issue. It is before the Committee on Education and Labor. Those of us on the Committee on Interstate and Foreign Commerce did not want to bring this before the House as part of our bill.

It is not part of our effort to have this considered in this rule and therefore I hope the Members will vote down the previous question and support the Thompson amendment and then we will proceed with the Surface Transportation Act on its merits in the manner in which it was voted out of the committee. The Surface Transportation Act has been extensively debated and represents 4 years of work by members of the Interstate and Foreign Commerce Committee to try to avoid any additional crises in the railroad industry.

Goodness only knows we had to bring crisis legislation before the Congress last year on the northeast railroads. We do not want to have a crisis in other regions, so it is terribly important we pass this legislation and it should not be stopped or have a debate developed around a separate bill that had nothing to do with the debate and the hearings we had on the surface transportation problem. We had many witnesses in and we discussed every portion of the Surface Transportation Act of 1974, and H.R. 7189 was not part of that. It was not presented to the full committee, and it was not debated in the full committee, and the members of the full committee did not have the opportunity to amend it or change it.

I thank the gentleman for yielding.

Mr. MATSUNAGA. Mr. Speaker, I yield 5 minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK. Mr. Speaker, I thank my colleague for yielding me 5 minutes on this matter of such extreme importance. I regret that two of my colleagues with whom I have served for 10 years on the Committee on Education and Labor are in dispute with me over jurisdiction with respect to the rule which made the consideration of H.R. 7189 in order. It is obvious to me that the bill H.R. 7189 is very pertinent to the subject which we will be debating later today or tomorrow and does deal with surface transportation. Early in 1973 the Parliamentarian in concurrence with the Speaker of the House referred H.R. 7189 to the Committee on Interstate and Foreign Commerce, and it has been pending before that committee for nearly 2 years. Regrettably we must take this kind of extreme measure to get any debate on this matter at all. This is all we ask of this House.

Some have suggested that because it is a matter which has some reference to labor that it should be left to the jurisdiction and consideration of the Committee on Education and Labor. I would only like to remind this House that when we were considering the strike bill in 1971 and 1972, there was pending again before the Interstate and Foreign Commerce Committee H.R. 3596 introduced by Chairman Staggers, having to do with the regulation of all transportation disputes. One section of that bill, H.R. 3596, stated:

> This bill shall apply to the following transportation industries: railroads, airlines, maritime, longshore, and trucking.

So based on past precedents, our bill, like H.R. 3596 of the 93d Congress having to do with transportation, is very relevant to the pending debate. Because it is a matter of such extreme significance and urgency to the people of my district, I concur with my colleague in requesting that this matter be allowed to be debated as an amendment. I therefore ask for an affirmative vote on the rule to take it up as an amendment to this legislation.

Hawaii, as all Members know, suffered very grievously during the shipping strike of 1971. Sure, we had the Taft-Hartley law at that time. Since 1949, four Presidents, not including Nixon, invoked Taft-Hartley within 7 or 8 days after a strike began on the east coast, the west coast, and the gulf coast. These injunctions prevented severe damage to Hawaii and other areas by requiring the parties to come together and negotiate. But in the shipping strike of 1971, President Nixon refused to budge; refused to invoke Taft-Hartley, and as a consequence Hawaii was trapped out in the Pacific for 104 days without any shipping whatsoever.

It is absurd to talk about New York City and Manhattan being strapped and in a similar situation when the tugboats are not working. Hawaii is totally dependent upon shipping, and without shipping from the west coast we are without benefit of goods, fresh vegetables, other food supplies and fruits and other necessities. The cost of living in the Nation is already the highest in Hawaii and a shipping strike triples that cost easily.

Surely the Congress is not going to wait again until another strike hits the west coast or another kind of emergency arises and then instead have to consider, like in the 93d Congress, legislation with compulsory arbitration which management and union both will find unacceptable.

This bill, H.R. 7189, which we want to offer as an amendment has the support of labor in my district and of management. The Matson Navigation Co. testified in support of the bill before the

Interstate and Foreign Commerce Committee.

The Teamsters Union of Hawaii testified for it. The people of Hawaii are in urgent need of this legislation. H.R. 7189 will only exempt 3 percent of the west coast commerce. Ninety-seven percent of the commerce will continue to be stopped in a west coast strike. Hawaii is not a party to a west coast strike. We are innocent third-party victims of this situation, totally helpless. We do not seek to affect the terms of the strike. We do not seek to prejudice the strike at all. Certainly other areas are affected by the shipping strike. Most of the Western States and the Midwest are affected; but only the Pacific islands are totally without commerce during this strike. This House has time and time again considered special legislation to take care of problems to meet unique situations and special problems affecting other parts of this Nation. Now before we confront another possible strike this summer, let us reflect on this problem. I urge you to give us an opportunity to debate this issue fully during consideration of the surface transportation bill. An open debate is all we ask.

I urge an aye vote on the previous question.

Mr. MARTIN of Nebraska. Mr. Speaker, I support the rule as requested and I support making in order H.R. 7189, the legislation of the gentleman from Hawaii.

I feel that the entire membership of the House, all 435 Members, should have an opportunity to express themselves on this amendment when it comes up for debate in the Committee of the Whole.

I urge an "aye" vote on the previous question.

Mr. MATSUNAGA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like, for the benefit of my colleagues, to explain the parliamentary situation. The bill, as reported out by the Committee on Rules, provides that the text of H.R. 7189, a bill consponsored by the gentlewoman from Hawaii (Mrs. MINK), Delegate from Guam (Mr. WON PAT), and myself, be made in order to be offered as an amendment to the bill, H.R. 5385. The gentleman from New Jersey (Mr. THOMPSON) will seek to defeat the previous question on the rule so as to amend it by deleting that order.

All we are asking at this time is that the House assist us in passing the rule by voting aye on the previous question.

Now, there is some question of jurisdiction which has arisen. The Senate has already passed a similar bill. The Senate bill, unfortunately, was referred to the Committee on Education and Labor, which has taken no action whatsoever on the bill; however, a similar House bill which was referred to the Committee on Interstate and Foreign Commerce was acted upon. As a matter of fact, its Subcommittee on Transportation held extensive hearings and this is a copy of the report on the hearings which I hold in my hand. Note how thick it is. Two days of hearings were held by that subcommittee.

Mr. THOMPSON of New Jersey. Mr.

Mr. MATSUNAGA. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. The fact is, my friend, the gentleman from Hawaii, that the Senate Committee on Labor and Public Welfare did issue an adverse report on this very bill, and it is here.

Mr. MATSUNAGA. But the Senate passed the bill by the overwhelming vote of 58 to 39, and that is an undeniable fact.

The measure, as heard by the Subcommittee on Transportation of the Committee on Interstate and Foreign Commerce, was reported out of that subcommittee with only one dissenting voice and that was the voice of the gentleman now seeking to be recognized.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. MATSUNAGA. I yield to the gentleman from Washington.

Mr. ADAMS. My remembrance is, and I agree on it, that the vote there was 4 to 3.

Mr. MATSUNAGA. A voice vote.

Mr. ADAMS. By voice vote. In other words, this gentleman and the others voting "no", and the others voting "yes." I hope we can agree on that.

Mr. MATSUNAGA. The gentleman's "no" vote was the only one.

Mr. ADAMS. The only one the gentleman heard.

Mr. COLLIER. Mr. Speaker, will the gentleman yield for one question?

Mr. MATSUNAGA. I yield to the gentleman from Illinois.

Mr. COLLIER. During the 103-day strike in which Hawaii was so affected——

Mr. MATSUNAGA. One hundred and thirty-four days.

Mr. COLLIER. One hundred and thirty-four days in which they were so affected, is it the impression of the gentleman in the well that under section 14(b) of the Taft-Hartley law, there was in fact authority, executive authority to impose Section 14(b)?

Mr. MATSUNAGA. The Nixon administration refused to invoke its authority under Taft-Hartley for a period of 100 days, saying that there was no national emergency. As the gentleman knows it is a matter of judgment and President Nixon in my judgment exercised poor judgment. Besides under the Taft-Hartley Act, regional emergencies do not justify its invokement, consequently the injunction was not invoked until the east coast also went on strike.

Mr. COLLIER. I am totally sympathetic with the problem. I merely wanted to suggest that for a number of years I have introduced legislation which would amend section 14(b) and would make it applicable to regional areas, and the support in terms of any action by the Congress has been a total void.

Maybe we can get around to amending section 14(b) so that it can be applied to save the folks of Hawaii from this type of fight, and as well people in regional areas such as occurred in my area of Chicago a couple of years ago in a wildcat truck strike.

Mr. MATSUNAGA. Mr. Speaker, I repeat, all that we are asking is to permit us to offer this amendment, and if the Members decide that there is no merit in the amendment, they can vote against it; but permit us to take our amendment to the floor during consideration of the principal bill, H.R. 5385. All that we seek to do by our amendment is to exempt Hawaii during any strike or lockout along the west coast.

This is not an antilabor amendment, let me assure the Members. If it were so, I would not have introduced such a bill; neither would have my colleague. It is not an antistrike measure, let me assure the Members, because the strike if any, will continue as it did in 1971 and 1972, when we allowed goods destined for Vietnam to be shipped from the west coast. At that time, 7 percent of the longshore forces were involved, 14 percent of the shipboard workforces were involved.

Our amendment would merely require a workforce of 3 or 3½ percent on shore and 7 percent on shipboard; less than half of what was required in 1971 and 1972 when there were strikes lasting as long as 134 days and 41 days.

Any strike or lockout in progress will continue, even if our amendment is passed and collective bargaining will continue, just as it did in 1971 and 1972 when goods destined for Vietnam were permitted to go through. I repeat, Mr. Speaker, the amendment which I propose to offer is not antilabor. In fact the teamsters' local in Hawaii submitted a statement in support of H.R. 7189, the text of which makes up my amendment.

The proposed amendment is definitely pro-Hawaii, and the people of Hawaii ask the Members of this House to support them on this measure, for the simple reason that every time there is a strike on the west coast, as innocent bystanders, they suffer even more than those actually involved in the strike.

The situation of Hawaii can be likened to the child whose parents continuously engage in a feud. The husband, or the father, refuses to do the dishes, so the wife, or the mother, refuses to cook.

In the meantime, the poor, innocent child starves. What we are saying is, "Let's feed the child, let the feud continue, let them fight, but let's feed the poor, innocent child."

We ask you to vote aye on the previous question so that we may take our amendment to the floor of the House during consideration of the bill H.R. 5385.

Mr. THOMPSON of New Jersey. Mr. Speaker, will the gentleman yield for just a clarification?

Mr. MATSUNAGA. I will be happy to yield to the gentleman.

Mr. THOMPSON of New Jersey. In his colloquy with the gentleman from Hawaii, the gentleman from Illinois referred to section 14b, which is in no way involved in this. That is the so-called right-to-work section. The States have an absolute right either to have right-to-work laws or not. The gentleman is referring to section 208 of Taft-Hartley, under which the existing 80-day injunction can be had.

Mr. MATSUNAGA. The fact is, Taft-Speaker, will the gentleman yield?

Hartley is of dubious relief to the people of Hawaii. Too much is left to the judgment of the President, who like Mr. Nixon may refuse to invoke it for as long as 100 days or more.

Mr. Speaker, to summarize: The people of Hawaii need your help. As their representative I am appealing to you for that help.

If the rule as reported is adopted, sometime today or tomorrow, the House will be considering H.R. 5385, the Surface Transportation Act of 1974. At the appropriate time I will offer as an amendment the text of H.R. 7189, The United States Pacific Islands Surface Commerce Act of 1974. This is the measure I wrote to House Members about several months ago. It would permit the uninterrupted flow of ocean commerce between the west coast and Hawaii and other U.S. Pacific islands for a period of 120 days in the event of a shipping strike or lockout on the west coast. It is not an antistrike, or antilabor, or antibusiness proposal. The strike or lockout, if any, and the collective-bargaining process would continue unhindered.

The measure is not without precedent, for during the shipping strikes of 134 days and 40 days in 1971 and 1972, goods destined for Vietnam were allowed to be shipped from the west coast. This meant that about 7 percent of the dockworkers and 14 percent of shipboard workers were required to work during the strike, while collective bargaining continued. My amendment would involve less than half of such workforce, and the strike or lockout would be allowed to continue.

Extensive hearings on the proposed amendment—H.R. 7189—were held by the Transportation and Aeronautics Subcommittee of the Interstate and Foreign Commerce Committee. The subcommittee approved the bill by an almost unanimous voice vote. The full committee, however, has not had the opportunity to consider it, although 75 percent of its members are committed to support it.

The Senate passed a companion bill, S. 1566, similar to H.R. 7189, last July, by a convincing 58 to 39 vote. The crucial vote against recommittal was 65 to 31, with substantial bipartisan support.

The bill to be offered as an amendment was introduced in both the House and the Senate by the entire Hawaii delegation.

Because Hawaii is surrounded by 2,000 miles of water on all sides, and 99 percent of its imports are transported by oceangoing vessels, the importance of this measure to the people of Hawaii cannot be overstated. Every worker—blue collar, white collar, field hand—every small businessman, every family, and every consumer in the islands will be the beneficiary of this measure. As stated earlier, it is not antilabor or antibusiness. If it were so, I would not have introduced it.

For the good of Hawaii and its people, I ask for your support of my amendment by voting "aye" on the previous question and "aye" on the rule.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. MATSUNAGA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 93, nays 263, not voting 78, as follows:

[Roll No. 661]

YEAS—93

Abdnor
Anderson, Calif.
Baker
Bennett
Blatnik
Bolling
Bray
Brinkley
Burke, Calif.
Burke, Fla.
Butler
Carter
Casey, Tex.
Cleveland
Collier
Collins, Tex.
Conable
Conyers
Corman
Davis, Wis.
Dennis
Dickinson
Dorn
Duncan
Erlenborn
Evans, Colo.
Findley
Forsythe
Frelinghuysen
Gibbons
Goodling
Gubser
Gunter
Hammerschmidt
Hastings
Hosmer
Huber
Hutchinson
Jarman
Johnson, Pa.
Jones, Okla.
Kuykendall
Landgrebe
Leggett
Lent
Long, La.
Lott
Lujan
McClory
McCloskey
McEwen
Martin, Nebr.
Matsunaga
Mayne
Miller
Mink
Montgomery
Moss
Myers
Nelsen
Pettis
Pickle
Poage
Price, Tex.
Quie
Rees
Reuss
Rhodes
Roncalio, Wyo.
Ruth
Scherle
Sebelius
Shriver
Sikes
Sisk
Skubitz
Snyder
Steed
Steelman
Steiger, Wis.
Symms
Talcott
Thomson, Wis.
Van Deerlin
White
Whitten
Wiggins
Williams
Wilson, Charles H., Calif.
Winn
Wright
Young, Tex.
Zion

NAYS—263

Abzug
Adams
Addabbo
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
Aspin
Bafalis
Barrett
Bauman
Beard
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boland
Bowen
Brademas
Breaux
Breckinridge
Brooks
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Camp
Carney, Ohio
Cederberg
Clausen, Don H.
Clay
Cochran
Collins, Ill.
Conlan
Conte
Coughlin
Crane
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Diggs
Dingell
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Fascell
Fish
Flood
Flowers
Flynt
Foley
Ford
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gilman
Ginn
Goldwater
Gonzalez
Gray
Green, Pa.
Gross
Gude
Guyer
Haley
Hamilton
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hinshaw
Hogan
Holt
Holtzman
Hudnut
Hungate
Hunt
Ichord
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kyros
Lagomarsino
Latta
Lehman
Litton
Long, Md.
McCollister
McCormack
McDade
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Martin, N.C.
Mathis, Ga.
Mazzoli
Melcher
Metcalfe
Mezvinsky
Milford
Minish
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Peyser
Pike
Preyer
Price, Ill.
Pritchard
Quillen
Randall
Regula
Reid
Riegle
Rinaldo
Roberts
Robinson, Va.
Roe
Rooney, Pa.
Rose
Rosenthal
Roush
Rousselot
Roy
Roybal
Runnels
St Germain
Sarasin
Sarbanes
Satterfield
Schroeder
Seiberling
Shoup
Shuster
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Steiger, Ariz.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thone
Thornton
Tiernan
Traxler
Treen
Udall
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
Whitehurst
Widnall
Wilson, Bob
Wilson, Charles, Tex.
Wolff
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Zablocki

NOT VOTING—78

Alexander
Andrews, N.C.
Arends
Ashbrook
Badillo
Bell
Boggs
Brasco
Broomfield
Brotzman
Brown, Calif.
Brown, Ohio
Byron
Carey, N.Y.
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clawson, Del
Cohen
Cotter
Cronin
Danielson
Devine
Donohue
Eshleman
Evins, Tenn.
Fisher
Giaimo
Grasso
Green, Oreg.
Griffiths
Grover
Hays
Hébert
Hillis
Holifield
Horton
Howard
Jones, N.C.
King
Landrum
Luken
McFall
McSpadden
Macdonald
Maraziti
Mathias, Calif.
Meeds
Michel
Mills
Mizell
Passman
Podell
Powell, Ohio
Railsback
Rangel
Rarick
Robison, N.Y.
Rodino
Rogers
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Ruppe
Ryan
Sandman
Schneebeli
Shipley
Taylor, Mo.
Teague
Towell, Nev.
Ullman
Vander Jagt
Wyman
Young, Alaska
Zwach

So the previous question was not ordered.

The Clerk announced the following pairs:

Mrs. Boggs with Mr. Casey of Texas.
Mr. Rostenkowski with Mr. Fisher.
Mr. Cotter with Mr. Clark.
Mr. Howard with Mr. Donohue.
Mr. Giaimo with Mrs. Green of Oregon.
Mr. Evins of Tennessee with Mr. Arends.
Mr. Badillo with Mrs. Grasso.
Mr. Byron with Mr. Michel.
Mr. Hays with Mr. Brotzman.
Mr. Landrum with Mr. Chamberlain.
Mr. Chappell with Mr. Rangel.
Mr. Macdonald with Mr. Ashbrook.
Mr. Rodino with Mr. Roncallo of New York.
Mr. Hébert with Mr. Brown of Ohio.
Mrs. Chisholm with Mr. Rarick.
Mr. Rogers with Mr. Mills.
Mr. Shipley with Mr. Broomfield.
Mr. Teague with Mr. Robison of New York.
Mr. Ullman with Mr. Cohen.
Mr. McFall with Mr. Clancy.
Mr. Meeds with Mr. Mizell.
Mr. Danielson with Mr. Hillis.
Mr. Alexander with Mr. Ruppe.

Mr. Andrews of North Carolina with Mr. Del Clawson.

Mr. Brown of Colorado with Mr. Passman.

Mr. Cronin with Mr. Horton.

Mrs. Griffiths with Mr. Ryan.

Mr. Jones of North Carolina with Mr. Devine.

Mr. Grover with Mr. Sandman.

Mr. Rooney of New York with Mr. Railsback.

Mr. King with Mr. Eshleman.

Mr. Holifield with Mr. Schneebeli.

Mr. Luken with Mr. Taylor of Missouri.

Mr. Maraziti with Mr. Vander Jagt.

Mr. Mathias with Mr. Young of Alaska.

Mr. McSpadden with Mr. Zwach.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. THOMPSON OF NEW JERSEY

Mr. THOMPSON of New Jersey. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Thompson of New Jersey: On page 2, strike the sentence beginning on line 10 and ending with the word "substitute" in line 13.

Mr. THOMPSON of New Jersey. Mr. Speaker, the matter is very simple. What it amounts to is to delete from the rule the authority to consider H.R. 7189, leaving before the House only the Surface Transportation Act, which I strongly support. In light of the vote, and the all around nature of it, I think that the Members understand it. I, therefore, Mr. Speaker, move the previous question on the amendment and on the resolution.

The SPEAKER. Without objection, the previous question is ordered on the amendment.

There was no objection.

The SPEAKER. The question is on the amendment offered by the gentleman from New York (Mr. Thompson).

The amendment was agreed to.

The SPEAKER. The question is on the resolution, as amended.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 11929, TENNESSEE VALLEY AUTHORITY POLLUTION PREVENTION FACILITIES

Mr. JONES of Alabama. Mr. Speaker, I call up the conference report on the bill (H.R. 11929) to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of December 3, 1974).

Mr. JONES of Alabama (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. GROSS. Mr. Speaker, reserving the right to object, will the gentleman refresh our memories as to what subject this deals with by way of the Tennessee Valley Authority?

Mr. JONES of Alabama. Yes, sir; I intend to explain the contents.

Mr. GROSS. Under my reservation of objection, I should be glad to yield to the gentleman briefly for that purpose.

Mr. JONES of Alabama. Mr. Speaker, the conference report on H.R. 11929, to amend section 15d of the TVA Act concerning expenditures for pollution control, reflects a resolution of the differing versions of this legislation approved by the House and Senate. The conference report was signed by all conferees and is recommended for approval.

Basically, the two bodies acknowledge that the investments through the Tennessee Valley Authority to achieve beneficial national objectives should be afforded some recognition, such as that already provided by the Congress to investment made by privately owned organizations.

The recognition was limited to investments by TVA for pollution control facilities because of the significant changes in pollution control requirements which have been mandated by the Congress since the last major restructuring of the TVA's electric power operations financing was directed by Public Law 86–137 in 1959. The recognition for investments through privately owned organizations extends to a much wider range of activities.

The conference agreement provides much more limited financial benefits for the Tennessee Valley Authority than those approved by the House.

In comparison to the legislation approved in this Chamber March 20, 1974, the conference report provides credits for only about half the pollution control expenditures by the TVA; that the credits be limited to expenditures within a 5-year period rather than permanently, as provided by the House, and that certain additional steps be involved in the certification process.

Although the long-range results of this legislation are far different from the bill approved by the House, the conference agreement does provide much needed enhancement for this institution which is owned by the people of the United States while being improved and paid for by the people it serves in portions of a seven-state area.

The hearings, reports, and earlier debates on this legislation provide an ample presentation of the history and background of the TVA's electric power operations and the benefits of this activity to the people of the entire Nation. I do not need to repeat them at this time.

H.R. 11929 adds a subsection (i) to section 15d of the TVA Act.

Paragraph (1) follows the language of the Senate amendment which allows the TVA starting with fiscal year 1976, to defer payments under the annual repayment schedule during a 5-year period, if expenditures for certified pollution control facilities exceed the $20 million scheduled repayment. This means the repayment schedule is extended from 2015 to 2019. This does not reduce the total repayment requirement established by the Congress in 1959.

The House provision relating to repayments provided credits against the repayment requirement.

Paragraph (2) is similar to the House provision in that it provides credits against the payments required as a return on the appropriations investment in power facilities. The amount of credits available under this paragraph would vary according to the expenditures for certified pollution control facilities and the rate of interest on the U.S. Treasury obligations.

If, as TVA estimates, the pollution control expenditures average $150 million a year, the credits available under this paragraph would vary from $60 to $70 million a year.

Paragraph (3) defines the term "certified pollution control facility" and is similar to the original House provision.

Paragraph (3)(A) is similar to the Senate provision, with certain changes which were added by the conferees to clarify the intent that the TVA should be the initiating agency in requesting certification for pollution control facilities. This paragraph requires the TVA to make application to the various State certifying authorities having jurisdiction over the particular facilities for which certification is sought. The State then certifies the expenditures to the Environmental Protection Agency.

The requirement for State review was added by the Senate with the thought that this part of the procedures should be more closely aligned with the certification process already provided for rapid amortization of pollution control investments by private firms by the Tax Reform Act of 1969—Public Law 91–172.

This review requirement is not an intrusion into, or alternation of, the precepts of our basic laws regarding the relationship between the Federal Government and the States.

Paragraph (3)(B) is similar to the House proposal and provides for the administrator of the Environmental Protection Agency to certify the appropriateness of the expenditures to the Secretary of the Treasury.

The House and Senate reports on this legislation differ in detail as to what types of pollution control facilities should be considered eligible for certification. Requirement for processes and technologies can be altered as knowledge expands and conditions change.

The clear intention of this legislation is to make eligible for certification whatever is to be determined as required in furtherance of the general policy of the United States for cooperation with the States in the prevention, elimination, and abatement of water pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 466 et seq.), or in the prevention and abatement of air pollution under the Clean Air Act, as amended (42 U.S.C. 1857 et seq.).

The conference agreement eliminates the Senate provision that any sums credited against the return on the appropriations investment be considered as direct appropriations from the Congress. Under this requirement, a liability in perpetuity would have been established for any credits received.

Two strong reasons support elimination of this requirement.

First, for credits to be available at all, the system will have to expend funds for pollution control facilities. The exclusive source of these funds is the consumer of TVA power. Although the consumer supplies the funds for the investment, the ownership of the property is in the name of the United States.

As an addition to the appropriated investment, credits would have become a liability as far as future rates are concerned—that is, rates after the 5-year period. After 15 or 20 years, depending on interest rates, the Treasury would have recovered fully any sums so credited. Beyond that, the consumer, who supplied the funds for the investment in the first place, would be paying dividends to someone else on his own funds.

Second, because the credits would, in fact, have become liabilities, such arrangements would have negated the basic concepts of the legislation—that investments through the public sector which achieve desirable public goals should have some recognition such as that accorded to the private sector for investments which achieve similar desirable public goals.

By attributing the credits to retained earnings of TVA, the funds can be invested in the system, ownership of which is retained by the United States, and the consumer will not be liable for paying dividends on his own funds.

The conference report also includes a statement by the managers concerning the problem which could arise if certification procedures are not completed before the semiannual and annual payments are required of the TVA.

The TVA Act (16 U.S.C. 831 n-4), subsection (3), first sentence, requires payments into the Treasury before December 31 and June 30 of each fiscal year. The certification procedures for deferrals and credits under this legislation might not be complete before the payments are required. In the event that the certification procedures have not been complete, it is the intention of the managers that the TVA board exercise the authority provided in the last sentence of the same subsection (e) to defer such payments for which bona fide applications for deferrals or credits have been initiated. At the conclusion of the certification process, the TVA Board should make timely payments of any sums not provided for through deferrals or credits.

In preparing the 1959 TVA Self-Financing Act—Public Law 86-137—provision was made for the Board to defer payments required in repayment and as a return on appropriations for a period of up to 2 years under certain circumstances beyond the control of the TVA. The managers recognize that the certification procedures provided in the amended H.R. 11929 involve factors beyond the control of the TVA Board as to promptness of consideration and timeliness of competion of the certification process before the payments are otherwise due. This deferral authority in subsection (e) should eliminate the problems that could arise if certification procedures require more than 6 months.

In providing certain amendments to H.R. 11929 as approved by the House, the Members of the other body, in reports and statements, acknowledge the substantial justification for review of financial burden which have been placed on the TVA.

The 5-year program authorized by the amended H.R. 11929 provides a limited and temporary relief until the entire question of TVA's financial situation can be undertaken.

I recommend approval of the conference report which accompanies H.R. 11929.

The other body passed it without a dissenting vote, and we will gain approximately one-half of what the House passed in the original bill we went to conference on.

Mr. GROSS. So the amendments to the bills are germane.

Mr. JONES of Alabama. Yes. There is no part of the bill that is not germane.

Mr. GROSS. I thank the gentleman for his explanation.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BAKER. Mr. Speaker, I rise in support of the conference report on H.R. 11929. This bill reflects the fact that the growing cost of environmental controls is detracting from the ability of the Tennessee Valley Authority to meet goals and objectives set for TVA by the Congress.

The Tennessee Valley Authority is a great national asset. The Authority was established by the Congress in 1933 as a multipurpose resource agency to work on conservation, development, land use, and other conservation-related programs. The Tennessee Valley Authority has not only realized but has exceeded the hopes and dreams of the leaders of the TVA legislation in Congress and the people who live within the Tennessee Valley.

The Tennessee Valley Authority is charged with and has carried out the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee river drainage basin and its adjoining territories for the general social and economic welfare of the Nation. The people not only of our region but also of the United States have benefited in a higher quality of life because of the ability of the Tennessee Valley Authority to carry out this duty. Power production is a vital element of the total program of the Tennessee Valley.

Mr. Speaker, the Authority is a federally owned resource development agency. Many of the benefits of the Authority accrue not only to the residents of the region, but also to the Nation. These include the Authority's funded environmental, research, and development programs; the providing of low cost reliable power to the Atomic Energy Commission; participation in the national power grid with concomitant benefits to our friends in the northeast, particularly in the summertime when the TVA has surplus power which is available to other power-short parts of the Nation; and the demonstration of the capability of producing low cost power which acts as a national control on the cost of power.

The Tennessee Valley Authority, like other power producing systems, must comply with all of the environmental controls applicable to any other power system set forth in the Federal Water Pollution Control Act and the Clean Air Act. These programs require the expenditure of vast sums of money. The Authority, like other power producing systems in the United States, has had to make extensive borrowings to acquire the capital required for environmental controls as well as expansion.

Unlike other power producing systems in the United States, Tennessee Valley Authority consumers must pay the full cost of these expensive environmental controls and the full cost of expansion. The consumers of other power systems benefit from the various provisions of tax laws which apply not only to environmental control equipment, but also to all capital expenditures. I want to emphasize this point because it is most important. The credits which are addressed in H.R. 11929 apply only to environmental control equipment and not to the other capital expenditures. Expenditures for environmental control equipment will be approximately 20 percent of the TVA budget. All the other capital expenditures for which TVA would get no credits under H.R. 11929 amount to 80 percent of the capital expenditure budget.

Mr. Speaker, the conference report on H.R. 11929, which we bring before you today under the leadership of Bob Jones of Alabama, is intended to provide benefits to the Authority and its customers which are similar to those currently available to the private power companies and their customers. For example, under current laws, the Authority and its customers receive no credits for expenditures of pollution control equipment and other capital investments while private power companies get various writeoffs under the internal revenue code. The Authority must pay back all borrowed capital while the receipts for shares of stock in private companies are not paid back.

Again, I wish to note clearly that the conference report on H.R. 11929 would provide credits only for certified pollution control equipment while the private companies have the opportunity to use accelerated depreciation and investment credit provisions of the internal revenue code for all eligible investments and not just for pollution control facilities.

We believe the Authority is somewhat disadvantaged as compared to private utilities in terms of bearing the full cost of environmental control equipment and the cost of expansion. It is argued that the Authority does not pay Federal income taxes, and that, therefore, the provisions of the internal revenue code for private industry are not relevant arguments for giving credits to the Authority. This is not a valid argument. I want to make this clear today! The Federal Government via tax relief pays a significant percentage of the cost of environmental control and other capital equipment installed by private industries. H.R. 11929 would provide similar but only partial benefits which are currently available to the private power companies.

H.R. 11929 provides for credits for expenditures for pollution control facilities. These pollution control facilities must be certified by the appropriate State and the Administrator of the Environmental Protection Agency. It is intended by our language that eligible facilities to abate or control water or atmospheric pollution or contamination shall include all new or reconstructed facilities that are either required pursuant to existing schedules of compliance or which will be required at a future time pursuant to the Federal Water Pollution Control Act and Clean Air Act.

It can be argued that the credit for pollution control equipment should be reduced because the industrial tax credits are in the range of one-half. This is not a valid argument. In the first place the credits provided in this conference report apply only to pollution control equipment. Estimated capital expenditures for such equipment will be approximately one-fifth of the cost of all capital expenditures. Thus, we are comparing credits for one-fifth of TVA's capital costs with those credits for other power companies which apply to 100 percent of their capital costs. Further, in the case of the $20 million per year repayment of the appropriation, these payments are not canceled. They are deferred. In addition, other industries have year-to-year carryover of tax benefits. No similar advantage will accrue to TVA under this conference report.

It is intended that partial expenditures for pollution control facilities, the construction of which will extend over more than 1 fiscal year, may be credited against payments and repayments as they accrue and prior to the actual completion of construction. Such partial expenditures may be certified prior to the time the environmental control equipment is actually put into operation.

Certain environmental control facilities utilized by the power industry such as cooling towers, electrostatic precipitators and stack-gas cleaning facilities require significant quantities of electric power for their operation. It has been estimated that in certain new powerplants with high performance precipitators, SO_2 scrubbing devices, and forced-draft cooling towers, 10 percent or more of the power generating capacity of the new plant would be required to operate the environmental control devices. It is the intent of H.R. 11929 that the added increment of power producing capacity which is required in new facilities to operate certified environmental control devices would also be considered to be a certified pollution control facility. Thus, the cost of this added increment of power producing capacities would be eligible to be credited against the repayments and investment return payments.

Mr. Speaker, it is a distinct pleasure for me to be before the House today for a number of reasons. First, I believe in the goals and objectives of H.R. 11929. Second, it has been a pleasure for me to work on this bill within our own Committee on Public Works led by Chairman Blatnik and Congressman Harsha. Finally, I have been privileged to work with my good friend, Mr. Jones of Alabama on this bill. I know of no Member who works more tirelessly or ably than my good friend from Alabama. He has been a leader in the development of the power program at the TVA as well as the development of water resources throughout the Nation. His contribution to this legislation and his leadership have been outstanding.

I would like to share with my colleagues that this conference report would contribute to our national program for a clean environment, as well as our national program to make us self-sufficient and not reliant on other nations for our energy supply.

Mr. JONES of Alabama. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to, H.R. 11929.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to state that after consultation with the chairman of the Committee on Interstate and Foreign Commerce and the gentleman from Texas, the Chair will recognize the gentleman from Texas to bring up the Asian Development Bank bill.

INCREASED U.S. PARTICIPATION IN THE ASIAN DEVELOPMENT BANK

Mr. GONZALEZ. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11666) to provide for U.S. participation in increases in the ordinary capital and special funds resources of the Asian Development Bank.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

The SPEAKER. The gentleman from Alabama (Mr. Bevill) will assume the chair, and the Speaker requests the gentleman from Oklahoma (Mr. Jones) to assume the chair temporarily.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11666, with Mr. Jones of Oklahoma (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee rose on Monday, September 17, 1974, the Clerk had completed the reading of the bill.

Mr. GONZALEZ. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Chairman, at this time I yield to the chairman of the full committee, the gentleman from Texas (Mr. Patman).

Mr. PATMAN. Mr. Chairman, the Asian Development Bank was founded with the assistance and encouragement of the United States, and I was proud to have the privilege in 1966 of supporting the Asian Development Bank Act. Today I am equally proud to support H.R. 11666, which will authorize additional contributions to the Bank.

This bill authorizes a capital subscription of $362 million to the Bank. If this is approved, however, the bulk of the money would stay here in the U.S. Treasury. Under terms of the agreement establishing the Bank's new issue of capital shares, we only have to pay in 20 percent of our subscription; the rest remains in the Treasury as a guarantee against the bonds that the Bank will issue. Even the paid-in part of our subscription is not all in cash. What we call paid-in capital consists 40 percent of cash and 60 percent of noninterest-bearing letters of credit which the Bank draws down as necessary. The net expenditure effect of this transaction boils down to about $10 million a year in cash, plus about $14 million in letters of credit, each year for 3 years. In other words, for a cash outlay of $72 million, which will be spread out over a number of years, we get credit for $362 million worth of stock.

For buying this stock, we get a new allocation of votes in the Bank's board of directors. Today our vote is 8 percent; with this subscription our vote will rise to 17 percent.

In addition to this capital investment, the bill would authorize $50 million for the Asian Development Fund. Our total share of this fund is $150 million, or 20 percent. This is not a very large amount, certainly in proportion to our share of wealth among the members of the Bank. But it is a fair share, and others have already shown their good faith by paying in $250 million. I think that we should follow through with our share of the fund.

I would like to point out that I understand how difficult times are for us. They are much more difficult for other countries, and especially for the countries that depend on the Asian Development Bank for capital. This bill will not meet their needs, but it will help. And it is a request that is well within our means. This country can better afford to pay its share of the Bank's resources, far better than any other member. They are willing to do their part, even at much greater sacrifice than we are asked to make. I think it is reasonable and fair for us to do out part.

This is a bank program. It is not a program for foreign military assistance. It is not a giveaway. It is an investment that we can make in the future well-being of a number of countries that are critically important to us. I urge your support of this bill.

Mr. GONZALEZ. Mr. Chairman, this bill is a modest proposal, but one that has immense importance. I do not believe that anyone who has a true understanding of what the Asian Development Bank is, and what it does, and who appreciates the importance of our participation in it, can oppose this bill.

The Asian Development Bank has been all that anyone ever hoped it could be; it is an institution that in a few short years has built up a great record of service. The Asian Development Bank is young, but is already of great importance in Asia. It is an institution founded largely on the insistence of the United States, and it has from the beginning served our interests in Asia very well. There are not many ventures that have cost us so little, nor done for us as much, as the Asian Development Bank. It deserves our continued support.

This bank opened for business in 1966; today it has 41 members, including 14 from outside Asia—the United States, Canada, and 12 European countries. This country has invested $241 million in the Asian Development Bank—and half of that has always stayed in our own Treasury. With that investment, plus the contributions of other countries, the Bank has been able to make $1.5 billion in loans. In other words, for every dollar that we have actually turned over to the Bank, it has been able to make $10 worth of loan commitments.

I do not believe that anyone can deny that this is an impressive return on our investment.

But this is a wise investment in more ways than one.

Asia is an important region to U.S. interests. This is nothing new—we have always had strong interests in Asia, ever since Adm. Matthew Perry established relations with Japan in 1852. He well understood the importance of the Orient, and warned that the United States had to protect our interest there.

The United States has for many years had strong interests in the Philippines. We have trading interests throughout Asia; we have important allies in Asia; and we have immense strategic interests there.

At one time we thought it was possible to ignore the Pacific; but Pearl Harbor, the Communist revolution in China, and its menace elsewhere—from the Philippines to Southeast Asia—all this and much else besides should convince all but the most naive that we cannot ignore Asia. It will not go away. It is not so far away that it does not affect us. It is important to us, and to those who would like to drive out all traces of our influence in the region. We ignore it at our peril.

The Asian Development Bank serves our interests in Asia; it is an instrument of our own making. It is one of the cheapest investments we have ever made in the harmony of progress of the region; and it merits our support.

The Senate has already passed a bill identical to H.R. 11666. I would like to explain more about the provisions of this bill, so that everyone can be assured of what is proposed.

This bill would first of all authorize a new capital subscription of $362 million to the Asian Development Bank. Of this amount, only 20 percent will actually be paid over to the Bank. The rest, about $290 million, will be paid into the U.S. Treasury, and held there as a reserve against the bond obligations of the Bank. In other words, of the $362 million, we keep 80 percent. The Bank floats bond obligations against this. The only way this 80 percent would ever be spent would be if the Bank defaulted on its bonds. That is not likely to happen, because the Bank is a sound institution, very ably managed.

One way of seeing this is that we pay in one dollar, but the bank realizes $5 worth of funds from that. That is good leverage, and a sound investment, by any standards and in any league.

In addition to the boost we give the Bank's lending resources, this investment will give us more voting power on the Board of Directors—our vote would be 17 percent, versus the 8 percent we now have. Approval of this bill will give us voting strength equal to Japan's.

Our capital subscription goes into the Asian Development Bank's ordinary capital fund—the so-called hard loan window. These funds support loans that are made at about market rates of interest—depending on the cost of money that the Bank raises through its bond sales. Right now, interest rates on the Bank's hard loans run at about 8¼ percent. The loans carry a grace period of 2 years, and sometimes as much as 7 years, but they have to be repaid in 10 to 27 years.

The hard loans go to projects that can support themselves—projects that are economically sound. About one-fourth of these loans go to pay for electric power projects; about an equal amount goes into industrial projects; and another fourth goes to help provide the transportation and communications that are essential to the economic development of any country. In every case, we are talking about projects that meet the test of soundness—not do-good projects, but solid efforts that will satisfy any reasonable standard established for economic soundness.

This bill also authorizes $50 million for the Asian Development Fund, which is the soft loan window of the Bank. This would bring our contribution to the fund to a total of $150 million, which is 20 percent of the total. Here again, I want to emphasize that the Bank gets more than just our money—these soft loans are supported by others, and our share is just one-fifth of the total.

The soft loan funds are used to finance projects in countries that cannot afford the going rate for ordinary capital loans. Generally speaking, these soft loans are made at interest rates of 1 percent, for periods of 30 years, with a grace period ranging from 10 years. An example of how the soft loan funds are used is this: Afghanistan has a rich farming area, but it could not be of much real benefit, because there were no roads that linked the farming area to the markets. So the Bank made a soft loan of $15 million, and Afghanistan built a 266 kilometer road with it. Result: the country now has a good link between this particular farming area and the markets of the country. This is not a dramatic example—but it shows how, with a small investment, the soft loan funds of the Bank can create projects that are useful and even essential to the progress of a developing country.

I would like to emphasize that the Asian Development Bank operates in countries that are of special interest to us, and in a region that is of crucial importance to us. All of us know the importance of the Philippines to us—and the bank has made loans of $228 million to the Philippines. Thailand is an embattled outpost, and among other things it needs support for its economy—and the Bank has made $158 million in loans there. Indonesia is a place of special importance, strategically and economically, and the bank has made $124 million in loans there. Malaysia has a critical strategic location, and has resources of enormous importance—and the Bank has made $211 million in loans there. Anyone who examines the loan list will see that our allies have received the bulk of the Bank's help. For a net investment in cash of under $200 million, we have been able to establish an institution that has provided $1.5 billion to our friends and allies in the most vulnerable, exposed, and hotly contested area of the world.

But none of this has been military aid. It has all been economic assistance—help to build up national economies, and to raise the living standards and hopes of people in dozens of countries. And all of this assistance has been on a strict, businesslike basis—loans that are going to be repaid. Not a single loan that has been made by the Bank is in default. I do not expect that any ever will be.

I know that there are many who would like to abandon our interests around the world, but we cannot do that, except at our own peril. For we are not an island; we are part of the whole world, and much of our wealth and hope for the future depends on our ability to support and sustain our friends and trading patterns abroad.

The Asian Development Bank is a sound economic investment. It is a vital part of our foreign policy. It has the strong support of the President, the Secretary of the Treasury and the Secretary of State. It deserves our support. I urge your approval of this bill to continue our support of the Asian Development Bank.

Mr. FRENZEL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of H.R. 11666, the authorizing legislation for the Asian Development Bank. This bill's purpose is to finally honor our commitments to the Bank for $362 million in ordinary capital funds, and $50 million concessionary lending window. This money is to be paid into the Bank over the next 3 years, and is necessary for the Bank to continue full operations.

Mr. Chairman, this Congress has debated foreign aid many times, and many times, some of us have tried to point out the importance of the multilateral lending agencies as a part of our foreign aid efforts. Opponents of foreign aid, in general, argue that we are merely squandering the American taxpayer's money for no-account projects that are never appreciated by those they benefit. And yet, most Members understand, I believe, the real reason why we must continue our foreign aid programs.

If the United States does not use its resources to assist the underdeveloped world, then it cannot hope to exercise influence, directly or indirectly, in the sound economic and political growth of these emerging nations. When one considers the vast natural resources which these growing nations control, along with our own growing dependence upon foreign sources of such materials, the need to be on friendly terms is obvious.

I do not believe that foreign aid should be an open-ended arrangement. There can be no blank checks at a time when budget restraint is needed to stabilize our inflation-ridden economy. We ought to be looking for the most efficient ways to spend our foreign aid dollar. In my judgment, the multilateral lending agencies, the Asian Bank, the Inter-American Bank, the IDA/World Bank, are all efficient ways for us to spend our money. Hundreds of nations contribute to these agencies, and the funds are loaned out at rates which the lesser-developed nations can hope to pay back.

The Asian Development Bank has 41 members, 17 donor nations, and a capital pool of $2.8 billion. Unlike some of the other lending bodies, the Asian Bank gets its largest contributions from nations other than the United States. The largest donor is Japan, $603 million; followed by India, $280 million; Australia, $256 million; and the United States, $241 million. As usual, the United States is the only major donor which has not yet contributed to the capital replenishment which began in 1972. It is about time that we did so.

Mr. TREEN. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Louisiana.

Mr. TREEN. Can the gentleman tell me if the Government of North Korea or the Government of North Vietnam would be eligible for loans from the Asian Development Bank?

Mr. FRENZEL. It is my understanding that they are not members and, therefore, not eligible for loans.

Mr. TREEN. Not members of the Asian Development Commission?

Mr. FRENZEL. The Asian Development Bank.

Mr. TREEN. How can they become members? What I am trying to determine, is it simply a routine matter for North Vietnam, for example, to become a member and then be eligible for loans from the Asian Development Bank?

Mr. FRENZEL. They would have to make application and they would have to be approved by a vote of the members, and they would have to subscribe to and participate in the capital of the bank. So far, North Vietnam has indicated no interest in it.

Mr. TREEN. I thank the gentleman.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I move to strike the last word.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, back in 1965, 9 years ago, we were deeply involved in Southeast Asia in an enterprise that was destined to end in a military standoff. As we deepened our participation, it became evident that an institution was necessary to be established in the region to help finance and develop projects devoted to peace and to raising the standard of living of the people. We took the lead in establishing the Asian Bank for Development. Many other nations joined us in contributing to the capital of the Bank. The amount they contributed in 1965–66, in terms of today's dollars, is as follows:

[In millions]

Australia	$102
Japan	241
New Zealand	27
Belgium	6
Canada	30
Denmark	6
Germany	40
Italy	24
Netherlands	13
United Kingdom	36
United States	241

During the 9-year life of the bank, loans have been made for some very excellent projects, principally to finance specific projects, whether part of national, subregional or regional development programs—in agriculture, electric power, industry, transportation and communications, water supply and education. Technical assistance has been provided to member countries for the coordination of economic policies, and the preparation, financing and execution of development projects and programs.

As of October 31 of this year, the largest ADB loan recipients have been Korea, $317 million; Philippines, $236 million; Pakistan, $191 million; Malaysia, $186 million; and Thailand, $159 million.

By type of project, the financing has been as follows:

	Percent
(a) Electric power	26.5
(b) Industry—including development banks	24.9
(c) Transportation and communication	23.9
(d) Agriculture	13.0

In total of numbers of projects, one-fourth are in the agriculture sector.

The projects require expert planning and design, and 47 percent of all such contracts have gone to U.S. firms.

As for the construction contracts, in 1973, 43 percent went to Japanese firms, and U.S. firms 17 percent. This is only natural as obviously Japan can bid lower than U.S. firms, because of their location very near to the construction sites. However, Japan has revalued the yen twice, which is gradually narrowing their advantage.

Japan is by far the largest contributor to the capital of the Bank. Up to date, they have contributed $603 million to the ordinary capital account. The United States has only contributed $241 million, although at the start of the Bank we were supposed to be equal with Japan.

The Bank operates a special fund out of which soft loans are made, called concessional loans. Loans from the Bank's capital bear 8¼ percent interest, whereas the soft loans only charge 1 percent with a 30-year term and 10-year grace period. Japan has paid in $282 million to this fund, whereas the United States has only contributed $50 million.

As stated, our original share in the Bank was set at 20 percent. However, as we have not met our commitments, our share has gone down to 8 percent. The bill before us is for the purpose of our paying in our previous understanding. H.R. 11666 authorizes $362 million over 3 years, or $121 million a year. This will be our first capital replenishment since 1966. This subscription will restore U.S. voting power to 17 percent, the same as Japan's strength in the Bank; 80 percent of the annual installment will consist of no-expenditure callable capital to serve as guarantees for private market borrowings.

In March of 1972, Congress authorized the United States to contribute $100 million to the special fund of the Bank; $50 million of this authorization was paid early in 1974, leaving a balance of $50 million. Our negotiated share of the special fund was placed at $150 million, leaving $50 million yet to be authorized. H.R. 11666 authorizes the payment eventually of this remaining balance of $50 million. Our share in the special fund will then be under 20 percent.

It would appear that it is in our national interest that H.R. 11666 be enacted. American construction firms and also design engineers have fared quite well as the result of construction projects. This all helps our balance of payments. By October 31, 1974, $61 million worth of materials for ADB projects were bought in the United States. Improved growth rates in the borrowing countries have increased other imports from the United States in unknown amounts and will increase. The standard of living in these countries has been raised immeasurably, and seeing that we as a nation took the lead in establishing the Bank in the first place, we should live up to our commitments.

Mr. GAYDOS. Mr. Chairman, I rise in opposition to this bill.

In analyzing this bill, two questions immediately arise—

First. Is there "justifiable need" for additional U.S. capital subscriptions and contributions to the Asian Development Bank? and

Second. Can the Federal budget afford additional capital subscriptions to the Asian Development Bank?

The thrust of the proposed legislation is twofold in that it seeks to authorize an additional U.S. capital subscription of $362 million to the Asian Development Bank, and it calls for the authorization of a contribution of $50 million to the special funds account of the Bank which loans through the "soft loan window" to those eligible countries who are unable to borrow from the "hard loan window" at the prevailing interest rates.

With respect to the additional capital subscription, I am concerned that the decision to increase the capitalization of the Asian Development Bank was that of the other members of the Bank as the U.S. representative did not vote on that resolution. Therefore, we are faced with a situation where if we wish to maintain sufficient voting power in the operation of the Bank, we must provide for this additional capital subscription. It is contended that since, at the Bank's inception, both Japan as well as the United States had a 19-percent share in the capitalization of the Bank, that unless the additional capital is forthcoming from the United States, that Japan will retain a 20-percent share with that of the United States being 9 percent which it is at the current time. Yet I question how effective our additional capital subscription would be in view of the fact that Japan has been getting approximately 56 percent of the business resulting from loans provided by the Bank, whereas the United States' share has been only 8 percent.

In my opinion, the fact remains that Japan is the dominant country in the particular world region served by this Bank and no matter what our capital subscription would be, I am very pessimistic that it would have much effect, if any, on increasing the amount of business generated by the Bank's loans which would benefit U.S. industry.

With respect to the request for the $50 million for the so-called soft loan window of the Asian Development Bank, I am quite concerned about the fact that this sum will have no strings attached to it such as was the case with the $100 million which has already been authorized for this type of lending. It appears that one of the arguments raised to convince Congress of the need for the prior $100 million was that the tie-in arrangements would mean that borrowers of this sum from the Asian Development Bank would be required to spend it in the United States, thus benefiting the U.S. balance of trade and balance of payments.

We must bear in mind that Congress in the Foreign Assistance Act of 1974, which was enacted on January 2 of this year, appropriated $50 million of the previously authorized $100 million. If anything, the deteriorating condition of our trade and balance of payments would mandate the continuation of the tie-in arrangements on any further sums authorized. Those sums represent an outright gift to the Bank and the only possible benefit to the United States would be to require that they be used to purchase U.S. goods and services.

What is quite intriguing and also of great concern to me is the rationale in support of this legislation as submitted by the then Secretary of the Treasury Shultz, on November 14, 1973, before the Subcommittee on International Finance of the Committee on Banking and Currency of the House.

After offering the requisite blandishments as to the benefits that the pending legislation would provide for the United States, Secretary Shultz proceeds to raise his trump card by contending that since the Directors of the Asian Development Bank have decided to increase the Bank's capitalization, that for the United States to reject the proposal, "the practical effect would, in my judgment, be the rapid unraveling of the effort we have made over the years to build these institutions, which have become so central to the international development assistance effort."

In plain language, what former Secretary Shultz is saying is that we must make the additional capital subscriptions as well as the contributions to the congressional fund in order to "keep up with the Joneses" and not to allow our prior actions to be negated.

I submit that things have come to a pretty pass when Congress is asked to legislate not because Congress determines that it is best for America, but rather because other countries have taken action and that if the Congress does not respond with good, healthy authorizations, the program will fail. I certainly do not intend to abdicate my responsibilities as a legislator and merely authorize and appropriate U.S. tax revenues simply because the nations of a particular region of the world decide to blackmail the United States into making further subscriptions and contributions to a regional banking institution which uniquely serves their particular special interest.

Who can say here today that we may not be faced with additional requests in the future, notwithstanding any favorable action by this House which might be taken today?

No, Mr. Chairman, I submit that this is the proper time to head off a potential future pattern of blackmail which would lead to an economic quagmire in Asia. Let us learn from the dismal results of our diplomatic and military policy in that area where our policy likewise was built on reaction to what other nations did rather than establishing a policy of what is best for the United States.

Lest there be some who feel that as it now exists, the Asian Development Bank does offer benefits to the United States, I would like to pose a question as to what would be the situation confronting the United States if mainland China should choose to become a member of the Asian Development Bank.

While many are concerned with the fact that Japan has dominated the operations of the Bank, in a manner which has deprived the United States business of the benefits of the Bank's operations, the possibility of mainland China becoming a dominant country in the operations of the Asian Development Bank raises staggering possibilities.

I note with interest the testimony before the Subcommittee on International Finance last November by Mr. Eugene Black, former President of the World Bank. Mr. Black stated that mainland China is attempting to "kick out Taiwan and take Taiwan's place in the World Bank." He further very candidly admits this is a difficult question and that he is happy he is not still with the World Bank and called on to settle the problem.

What about the possibility that mainland China might likewise attempt to replace Taiwan in the Asian Development Bank, an organization more uniquely suited, by both its small size and regional specialization, to aid mainland China in acquiring domination of the Asian community?

Any attempt to predict with any degree of certainty the future conduct of Communist China is an exercise in futility. But what would it avail the United States to have made substantial investments and contributions to the Asian Development Bank if Communist China should become a dominant force in the Bank's operations and initiate policies inimical to the interests of the United States?

Such considerations dictate that the United States should be most circumspect in considering any present or future investments or contributions to the Asian Development Bank.

In the final analysis, however, the ultimate reason for opposing passage of this legislation is the fact that the precarious condition of the American economy just cannot tolerate such expenditures from the Federal Treasury. At a time when the American people are demanding that Congress and the Executive bring an end to overwhelming inflation that weighs so heavily and destructively on so many Americans, I submit that we should make every effort to cut Federal spending and assign priorities to legislation which is indispensable to the elimination of the oppressive inflationary burden on the American people.

I submit that this is the time and place for Congress to demonstrate its commitment to the American people to arrest the steadily deteriorating condition of the American economy by commencing to pare down Federal expenditures.

In conclusion I submit that neither is there a "justifiable need' for the expenditures called for in this bill nor can the Federal Treasury afford such expenditures.

Mr. GROSS. Mr. Chairman, I move to strike the next to the last 5 words.

Mr. Chairman, I should like to inquire of the gentleman from Texas just exactly how much money we are being asked to authorize for this foreign handout.

The $362 million—let us start with that—is an obligation of the U.S. Treasury, is it not, regardless of whether it is made available this year or the next?

Mr. GONZALEZ. It is a contingent liability, correct.

Mr. GROSS. How much is going into the soft-loan setup of this Bank?

Mr. GONZALEZ. None.

Mr. GROSS. I am not talking about the $362 million. Is there not some provision here for $50 million?

Mr. GONZALEZ. Right. Under H.R. 11666, we have $362 million that you referred to over a period of 3 years, 20 percent is paid-in capital amounting to a cash outlay of $24 million a year for 3 years. The other 80 percent is callable capital the Bank uses as a guarantee to both funds. The callable portion is a nonexpenditure item.

The special fund which was actually initiated in 1970—it is 4 years old—this bill would call for $50 million, which is the remaining payment of our original

$150 million commitment. We paid in $100 million. We have $50 million more to go, and this bill would call for that last payment.

Mr. GROSS. What is our total obligation as reported in this bill?

Mr. GONZALEZ. We would have $362 million plus $50 million, which would make it $412 million.

Mr. GROSS. $412 million?

Mr. GONZALEZ. Total, that is right; $362 million plus the $50 million soft loan.

Mr. GROSS. How much have we put into this Bank since its origin?

Mr. GONZALEZ. In my statement I mentioned we had put in a total of $214 million, of which actually about half of that has actually been paid in. A little less than half.

Mr. GROSS. What is the previous obligation, regardless of what has been put in? What is the previous obligation?

Mr. GONZALEZ. That is the total: $214 million. That is our commitment.

Mr. GROSS. How does that compare with the input from the other countries?

Mr. GONZALEZ. This is the one international financial institution we participate in, in which we contribute considerably less than the other nations.

Mr. GROSS. That may be, but how much less, even all of the other nations combined?

Mr. GONZALEZ. In exact percentages, it would be identical to the Japanese contribution, or about 20 percent.

Mr. GROSS. All the other countries put in less, is that correct, as individual countries?

Mr. GONZALEZ. The individual countries, yes.

Mr. GROSS. As far as this Bank is concerned, who are we to take first or second rank in putting money into it? We are in dire trouble economically and financially in this country. Why do we continue to do this?

Mr. GONZALEZ. Mr. Chairman, as I said, this is an excellent investment, for many, many reasons, involving our survival and our national interests. There are many other reasons that I can think of.

Mr. GROSS. Mr. Chairman, I will ask the gentleman this: How much money have we borrowed from this Bank?

Mr. GONZALEZ. Mr. Chairman, if the gentleman will yield further, fortunately, we have not borrowed money from this Bank.

Mr. GROSS. I think we have. We borrowed money to put into this Bank, and then we borrow it back, do we not?

Mr. GONZALEZ. The gentleman's question is: Have we borrowed money from this Bank?

Mr. GROSS. That is right.

Mr. GONZALEZ. No, we have not.

Mr. GROSS. I think the gentleman will find that we have.

Mr. GONZALEZ. Well, I am ready to be enlightened.

Mr. GROSS. Mr. Chairman, I think the gentleman will find out that we have borrowed money to fund this Bank.

Mr. GONZALEZ. Not to my knowledge.

The CHAIRMAN. The time of the gentleman from Iowa (Mr. GROSS) has expired.

(By unanimous consent, Mr. GROSS was allowed to proceed for 2 additional minutes.)

Mr. GROSS. Mr. Chairman, let me ask the gentleman this further question: Does this Bank lend to the OPEC countries?

Mr. GONZALEZ. I believe the only country would be Indonesia.

Mr. GROSS. Is that the only one?

Mr. GONZALEZ. That is right. Of the oil-producing countries, yes.

Mr. GROSS. Why should this Bank lend to the Indonesians?

Mr. GONZALEZ. If the gentleman will yield further, Mr. Chairman, it is because Indonesia is in worse shape than an underdeveloped nation. Its per capita income amounts to less than $100 a year, and it qualifies as the type of country that is in need and the type of country that would require this. I do not believe we can place Indonesia on the same plane as we would place the Arab countries.

Mr. GROSS. Have the Indonesians not quadrupled the price of oil to us?

Mr. GONZALEZ. If they are members of OPEC, I am sure they would be tied into the agreements which have been made among the oil-producing nations.

Mr. GROSS. Mr. Chairman, does my friend, the gentleman from Texas, think that it is proper to put borrowed money into a bank to provide for loans to Indonesia, when we are taking it right out the hides of the people of this country both ways, in oil prices and our cash?

Mr. GONZALEZ. Mr. Chairman, if the gentleman will yield further, I think it has been the right thing to do as far as the leaders of our Nation are concerned. We have done this, and, yes, I do feel it is right, for many reasons.

Mr. GROSS. Mr. Chairman, if there is to be a vote on this legislation, I will be recorded as being against this kind of manipulation, maneuvering, and "taking" of the taxpayers—and I do mean "taking"—this country for a ride. There can be no justification for it at this stage of our affairs. The economic and financial conditions that prevail in this country do not justify our putting more money into the Asian Bank.

Mr. GONZALEZ. Mr. Chairman, I said there was plenty of justification for my statement and for my views. The gentleman and I do not agree in this respect.

I agree with what the leadership of the Nation and the President have said, that this is a very successful venture and one that is in our interest to participate in.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have listened to the preceding colloquy with great interest. However, I think it misses the primary point.

Some years ago this Nation decided that it would be in its best interest to attempt to provide aid to underdeveloped countries, especially in regional areas, by proceeding on the multinational, multilateral institutional basis rather than by the providing of bilateral aid. Pursuant to that, we have, of course, the World Bank, we have the Interdevelopment Bank, and now we have the Asian Development Bank. We are now considering the legislation that relates to that Asian Development Bank.

We have felt it was better for us to engage in multilateral lending rather than in direct bilateral aid. I think that this method of being of assistance around the world has been beneficial and a better approach to our aid program.

Mr. Chairman, if a Member were opposed to foreign aid, it is also obvious that that Member should be opposed to this, because this is foreign aid of a sort. It is money loaned, not granted. But when we have multilateral institutions such as this one, the Asian Development Bank, we do not put ourselves in the position of being the sole creditor of these nations. It is not a debtor credit relationship insofar as this Nation or other nations are concerned.

But rather, we participate with many other nations, in this case primarily those in the Asian region, in providing development assistance for projects in that general regional area.

Our participation in the Asian Development Bank was from the very start an active one. We were active in the formation of the Asian Development Bank. We have been somewhat of a father to the Asian Development Bank. We have attempted to maintain our status with the Japanese with respect to their participation in this Bank. However, we have fallen far behind both in the ordinary capital and in the special funds sector. For that reason, this legislation is before us today.

I should point out that although it calls for an authorization of $362 million increase in ordinary capital, only 20 percent of that is callable over 3 years, which makes our annual authorization for callable capital at this time $24 million.

I should also point out, in view of the colloquy that was carried on here before, that to date there has been no occasion to resort to a calling of any of the callable capital, only the actual contributions, the 20 percent of the authorizations which have been used by the bank.

On the soft loan side, the concessionary loan side, our total commitment is $150 million. We have already authorized $100 million of that. Fifty million dollars of it has been appropriated. Another $50 million is presently in the appropriation process, and we are being asked this evening to authorize the remaining $50 million of the $150 million for the soft-loan window.

I think, in philosophy, the Asian Development Bank approach to aid is a proper approach. We are not the only ones who are making contributions in this regard. Consequently, we do not have the right to make the decision on every loan, but I think the measure is right philosophically. I think the amount we are being asked to basically authorize this evening is reasonable. I think the legislation should be adopted.

Mr. WIDNALL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, although more than 2 months have passed since the general debate on this bill I would like to confine my remarks today to a few brief observations on the desirability of our increased participation in the Asian Development

Bank rather than reiterating any detailed analysis of this bill.

As all of my colleagues are aware the Asian Development Bank is one of the group of multinational development organizations which cooperate to improve the economic conditions throughout the world. Beyond providing a vehicle for development assistance to the member countries the ADB also has tangible economic advantages for the U.S. economy on both the supply and demand sides of the international markets.

Two observations by former Secretary Schultz are of particular relevance in this regard. The developing countries presently provide us with one-third of our raw materials imports and that proportion will certainly grow in the future. Moreover, the developing countries provided nearly $15 billion in purchases of U.S. goods and services in 1972. In fact as a group the developing countries provided the United States with a favorable trade balance.

In terms of costs this bill proposes an actual cash expenditure of $79.1 million: $29.1 million in cash payments for capital stock payable over 3 years, and $50 million for the special fund payable over an extended period as loans are drawn down. In addition, there would ultimately be a draw down of the $43.5 million in letters of credit but this takes place over an extended period of years. The result is that while an appropriation of some $412 million is called for, actual expenditures over a period of years will total only $122.6 million. This is a worthwhile investment in our markets and supply sources in Asia.

Other member countries of the Bank have already provided their share of the planned proportionate capital increase for the Bank. The increase in the Bank's capital stock went into effect November 23, 1972, when the required number of other stockholders notified the Bank of their interest to subscribe. Since the United States has not yet taken up its share of the capital, the voting strength of the U.S. shares has been reduced from 17 percent to about 8 percent. This share is inadequate if the United States wishes to have an ongoing, effective voice in the Bank.

We on the committee have watched these organizations develop and grow and are convinced of the moral rewards and the economic wisdom of this approach to assisting underdeveloped nations.

Although I recognize that we are facing some economic stresses at home today, I am convinced that our investment in ADB is justified—and in view of the small amounts of money actually to be expended in 1975—is well within our ability to pay.

Again, Mr. Chairman, it is our judgment that the Asian Development Bank is soundly managed and is pursuing policies which are consistent with our desires. We support the enactment of H.R. 11666.

Mr. LONG of Maryland. Mr. Chairman, I move to strike the requisite number of words.

I would like to ask some questions of the managers of this bill.

My first question is, why, when the Asian Development Bank states that it wishes to help the poor, does it lend substantial amounts to Singapore—$104 million since 1968—and Hong Kong—$21.5 million since 1968? Both these countries have relatively high per capita incomes.

Mr. BROWN of Michigan. If the gentleman will yield, the Bank functions in two different ways.

The Board makes loans, just as any other bank would do for development purposes, and the interest rate is 8.25 percent. Then for the concessionary, the soft-loan side, if it is not a developing nation, if it does not qualify for a concessionary loan, the only loans that are made to it are made to it on the hard loan side at ordinary rates of interest.

Mr. LONG of Maryland. Mr. Chairman, does the gentleman from Michigan assure me that Singapore and Hong Kong are getting hard loans?

Mr. BROWN of Michigan. I would presume that that is correct. I know of no other.

Mr. LONG of Maryland. The gentleman cannot assure me, though?

Mr. HANNA. If the gentleman will yield, the gentleman is correct.

Mr. LONG of Maryland. Mr. Chairman, the second question I have is this:

We have a tremendous interest in trying to get the countries of Asia, which are largely deficit food-producing countries, to produce more food. It is my understanding that the ADB loans relatively little money to increase the production of food, particularly production of food by small farmers. In fact, loans to agriculture in 1973 made up only 11 percent of total lending, proportionally only the fourth largest sector after loans for transportation, industry, and power.

I wonder whether the gentleman can explain that?

Mr. BROWN of Michigan. Mr. Chairman, I hope the gentleman will not ask me to quote the figures, but to the best of my recollection the largest single commitment of the Asian Development Bank is in agriculture.

Mr. LONG of Maryland. Agricultural production by the small farmer?

Mr. BROWN of Michigan. I think when we are attempting to improve the agriculture of the country we attempt to do so, to see that it is diversified.

Mr. LONG of Maryland. I might say that one of the great problems of food production in Asia, as in the rest of the developing world, is that if we do not increase the production of food by the small farmer as well as his income that he is run off the land, ends up as an unemployed refugee in one of the big cities, thus aggravating food shortages because he is no longer producing food.

Mr. REES. If the gentleman will yield, the No. 1 commitment has been for electricity; No. 2, water development; No. 3, for small enterprises, various industries and farming, but the major impact, it has attempted to develop the infrastructure, to do that first, because you cannot have farm production increased if you cannot get that farm production to the market, and you do not feed anybody.

Mr. LONG of Maryland. I can understand that. But it seems that at the same time no money gets down to the little guy. As far as the infrastructure development is concerned why does only 1 of the 10 transportation projects described in the 1973 ADB report mention agricultural feeder roads, essential for increased agricultural production as a component of the project?

Mr. REES. All of the local development banks are concentrating on agriculture and transportation.

Mr. LONG of Maryland. Can the gentleman show me any figures that show how small farmers and the rural poor have been benefited by ADB projects? Where is the evidence?

I must oppose the additional $412 million in funds for the Asian Development Bank because I do not believe that the ADB follows a rational set of priorities to help poor people in the developing countries of Asia.

In calendar year 1973, the latest year for which we have an annual report, the Asian Development Bank provided Indonesia, one of the OPEC oil-producing countries, with $41.22 million in loans—almost 10 percent of total lending in 1973. Indonesia in 1973 had an estimated $830 million in oil revenues that rose to over $2 billion in 1974.

In 1973, the proportion of total lending by the Asian Development Bank for agriculture was 11.2 percent—fourth in importance out of six sectors after loans in transportation and communications—29.7 percent of total lending—industry and development banks—25 percent—and electric power lending—22 percent.

One might argue that transportation projects, if they include agricultural feeder roads, could help agriculture. However, my examination of 1973 transportation loans from the information in the 1973 annual report, shows that only one transportation loan, a loan to the Philippines for $5.7 million, even includes as part of its objectives feeder road construction. Yet Asia is one of the regions where the world food crisis is the most acute. Why is the ADB not concentrating more on agriculture?

Especially pernicious are the soft loans by the Asian Development Bank—$118 million in 1973. These loans at lend-away repayment terms—1½- to 3-percent interest and up to 40 years' repayment—do not provide an incentive to recipient countries to use this scarce capital in the most productive way and thus do not really provide a significant incentive to development.

When these easy terms of ADB soft loans are combined with the seeming lack of interest in really focusing on small farmers and the rural poor—through insufficient emphasis on agricultural lending—I cannot justify supporting this program.

Mr. HANNA. Mr. Chairman, I think it is important to point out that we have learned in our experimentation with the little farmers and with the people out in the countryside that it is not enough just to encourage them to grow more crops if you cannot put them in a position so as to be able to get credit for their fertilizer, and to get transportation for them, roads for their crops after they are grown, because if we do not do this then we are not doing them a very great favor. In fact, we are placing a burden on them, because the place where the food is consumed is in the cities, and where it is produced is in the country. So we need to do things that will not only produce bigger crops, like the use of irrigation and the use of fertilizers, but we must also have the roads there so *that they can* deliver their products to the market and the consumers after they are grown. That is why it is necessary to have a certain period of time in order to put all of those things together. I can assure the gentleman from Maryland that the force of the bank has been in this direction. Twenty-five percent has been directly toward agriculture and the farming areas, 25 percent has been in transportation, and at least 25 percent in the area the gentleman from California (Mr. REES) was talking about, in irrigation and electricity.

Mr. REES. Transportation is one of the big areas, as is agriculture.

Mr. DENT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it just so happens that I too know a little bit about the Asian Development Bank, and the World Bank, and the Latin Bank, and the fact that the greatest movement therein was to develop a country's industrial capacity. We decided a few years back that any country was backward unless it was industrialized, and as a result we have closed down most of their capacity in the agricultural area.

These nations survived many, many years without the desolation and destitution that they have now, except in times of famine when all the crops fail. But today the whole world is becoming dependent upon our food products, and we have become dependent upon their industrial products. We are talking about this as if it were nothing.

Soft loans—do we know what that means? It means 10 years free and 30 years more to pay. They never pay. Everybody knows that. It is the "pay nothing window."

The President has asked us to tighten our belts. Where do we tighten—only around our own waists, or do we do it all over the world?

Before we are through with these next 10 days, we will have done more harm to our efforts to uplift the economy of the United States than anything that has been done in the whole year that we have been in session.

We have the trade bill coming up, and if anybody thinks that is a great boon to American prosperity, he had better come out to my district where I have 7½ percent of measured unemployment but about 15 to 18 percent of actual unemployment. Then we will have right on top of that the foreign aid bill, and that is a great boon to the American economy, a great help. Every penny that is put into this is borrowed by the United States because we are working under a deficit income in this Nation of ours. We are borrowing it. Where do the Members think the $500-plus billion went that we have in our national debt, and with all of the devaluations of our dollar, with all of the discrepancy between what we have and what we have not, and all of the shortages, because we have no facilities to produce?

France just decided the other day they are cutting back on imports in order to balance their budget. We are going to do it by increasing imports. That is how we are going to balance our trade and make our dollar soft again. Surely, we can give it. I have been giving it since I have been a Member of this Congress, but I have just come to the place to stop it.

My people say to me, "What is the matter with you fellows in Washington?" They read the paper every day. The other day I guess it was the safety director of Los Angeles said this statement in an appearance he made before a group. I will not use exactly the words he used. "I am sick of watching the American people sending dollars overseas and seeing the products come back in the form of competitive products." If we cut down in our imports, do my colleagues know we would have enough supplies to go around to the American people for the daily necessities of this Nation?

We are never going to get this, going from now to 1976 or from now to 1986, unless we decide once and for all to say to them, "Start developing."

I heard the good gentleman from Texas say Asia is of importance to us. The Twenty-first District of Pennsylvania is of importance to us. The 50 States of the Union are of importance to us. I have heard all of my political life about how it is necessary to do these things. We were always helping somebody come up. Can anybody in this room give me a date within 1 million years of being right when we are going to quit this, because all nations would be where we said they would be when we started this business of Asian development and Latin American development?

Let me give you Latin American development. Americans have quit feedstocking their cattle, because they can buy feed from the United States, grain, take it down to Central America, feed the cattle, and then bring meat back into the United States, underselling our own feedlot operators. It flows into the channel of trade, into the showcases of our butchers, and we cannot tell one from the other. So many times this money we put in comes back to the very countries that put it out. But it goes from the taxpayers and comes from those who make the profit.

The Asian people are absolutely under the heel. And all of the money spent in the Asian Development Bank has pushed only one country to any extent, and that is Japan.

All of their equipment in the factories, everything they make in the factories is Japanese and not ours.

Mr. WHALEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of H.R. 11666 which authorizes U.S. contributions to the ordinary capital and special funds of the Asian Development Bank.

Since the mid-1960's, the lack of U.S. interest in the ADB has been, at the least, embarrassing. As a result of this neglect, our voting power in the Bank has decreased from 20 to 8 percent. A further consequence of our nonparticipation has been a diminution of our influence in the entire Asian-Pacific region. In my opinion, our disinterested approach has been wrong. The Asian continent is an area which is confronted with economic and social problems which too often are overlooked. Thus, now that we have terminated our extensive military involvement in Southeast Asia, we should renew our emphasis on the constructive economic development in that and other areas of Asia.

By authorizing U.S. participation in the ADB replenishment, we can rekindle our commitment to the multilateral economic development of Asian countries. It is particularly important to note that H.R. 11666 will enable us to do this in a way that will not alarm our own people. There is almost no probability of actual expenditure of these funds since the bulk is guaranty capital. Of the $361.9 million U.S. subscription to the Bank's hard loan funds, 80 percent will consist of no-expenditure, callable capital which serves as guarantees for private market borrowings. Moreover, the remaining 20 percent, as well as the $50 million proposed for the concessional loan funds, will be in the form of noninterest bearing letters of credit. These will not be drawn down fully until many years in the future. No appropriations of any kind will be required until fiscal year 1976. In addition, the subscription to the bank's capital stock will increase our voting strength to 17 percent, giving us parity with Japan.

In conclusion, Mr. Chairman, I urge the adoption of H.R. 11666. In my opinion, such action will further exhibit congressional understanding of the ever-growing role which the developing countries play in the international community.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WHALEN. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I think the record should be corrected a little bit in view of what was just said in the well. I understand the gentleman's concern about the problem of imports and how money contributed to a multinational institution might add to that problem, but I think it should be kept in mind that out of the $100 million that has been authorized so far for the soft loan window for the Asian Development Bank, every dollar of that was tied to the purchase of U.S. goods and services—every dollar. Admittedly the last $50 million is not. Of the hard loan money that has been loaned out, we have gotten back a little better than 50 percent. Otherwise we have put in something less than $120 million and we have gotten back in purchases from the Asian Development Bank projects purchases of $60 million. I think we have to keep those things in mind because on this kind of controversy the Asian Development Bank stands up much better than most, I think the Members will find.

Mr. Chairman, may I inquire, are there any amendments at the desk?

The CHAIRMAN. There are none.

Mr. BROWN of Michigan. Mr. Chairman, I see no reason to further belabor this issue if there are no amendments to the bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WHALEN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, I am glad to hear the gentleman has the answer to the financial difficulties we are in. All we have to do is send the money to an international bank of some kind and they can muster up what we need. It is just as simple as that. That will solve everything.

Mr. BROWN of Michigan. Mr. Chairman, if the gentleman will yield further, that was not part of my presenation. The gentleman knows it was not part of my presentation that we get more money back than we put in. All I am doing is correcting the gentleman in the well, who was suggesting all our money goes out and none of it comes back.

Mr. CONTE. I rise in support of this bill, H.R. 11666, the Asian Development Bank bill, and urge my colleagues to support its immediate enactment.

President Ford has just returned from a week-long trip to several nations of the Far East, and the attention of the world is riveted on our relations with these countries. Passage of this bill is crucial for a successful conclusion of the President's peace-seeking journey.

On the other hand, I shudder to think of the adverse worldwide reaction that would greet a House rejection of this bill. The positive achievement of his trip would be erased, and the developing nations of Asia would doubt the determination and the integrity of the United States to follow through on its promises.

I have been assured, in a personal letter from Treasury Secretary William Simon, that passage of the Asian Development Bank bill would be entirely consistent with our present situation. President Ford addressed this question 2 months ago in a letter to our distinguished colleague from Texas (Mr. GONZALEZ). In that letter the President said:

> You are correct that I am intensely concerned about Government expenditures. But the proposed legislation need cause no misgivings in that regard. By far the greatest proportion of the authorization is in the form of contingent guarantee authority, with no foreseeable expenditures. Almost all of the balance is in the form of non-interest bearing letters of credit that will not be fully drawn until many years in the future.

Since the formation of the Asian Development Bank in 1966, the United States has contributed only 8 percent of the capital subscription, even though we are one of the original members of the ADB. Our share should be at 20 percent, and this is what this legislation would authorize.

Twenty-four nations are eligible to receive loans from the ADB, with Korea, the Philippines, Pakistan, Malaysia, and Thailand having the greatest participation so far.

These loans are concentrated in vital economic areas, especially electric power stations, local industry, transportation, communications, and agriculture. None of the Asian Development Bank loan funds pay for oil imports. All funds must be expended on services and equipment directly associated with a particular project.

I want to emphasize that every Asian Development Bank project is developed by a team of economists, financial analysts, and technical experts from the ADB who assure that each aspect of the project is technically feasible and economically and financially viable. Each project is closely supervised by the Asian Development Bank and is subject to intensive international bidding.

My colleagues may raise a question about the eligibility of two nations for Asian Development Bank assistance—Indonesia, an oil-producing nation that is now a member of the organization of oil producing countries—OPEC—and South Vietnam.

Despite its increased oil revenues, Indonesia's per capita income remains at a startling low level—about $130 a year. While no further "soft" loan assistance from the Development Bank is foreseen, Indonesia continues to require assistance on conventional terms to effectively pursue its economic development efforts. On the other hand, Indonesia is now in the process of increasing its contribution to the Bank's ordinary capital by roughly $200 million, and negotiations are proceeding to receive capital contributions from other OPEC nations.

Assistance to Vietnam through the Asian Development Bank has been very modest. Through last month, the Republic of South Vietnam had received $24.2 million in loans from the Asian Development Bank. These funds were devoted primarily to water supply projects, telecommunications, fisheries development, irrigation, and agriculture.

Mr. Chairman, this bill authorizes the United States to increase its subscription to the Asian Development Bank in two ways. First, it authorizes an increase of $362 million over 3 years to the ordinary capital fund of the Bank. This figure is not as large as it looks, because 80 percent of the annual installment payments of $121 million will be nonexpenditure, callable capital to serve as guarantees for private market borrowings. This bill also authorizes a $50 million dollar subscription to the Bank's special funds, but no appropriation will be required for this money until fiscal year 1976 and outlays can be expected to be delayed even later.

Mr. Chairman, this authorizing legislation for the Asian Development Bank is vitally needed to preserve credence in our foreign policy and stability among our foreign friends. I urge my colleagues to support this important bill.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BEVILL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 11666) to provide for United States participation in increases in the ordinary capital and special funds resources of the Asian Development Bank, pursuant to House Resolution 780, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 186, nays 147, not voting 101, as follows:

[Roll No. 662]

YEAS—186

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Armstrong
Ashley
Aspin
Barrett
Bergland
Biester
Bingham
Blackburn
Bolling
Bowen
Brademas
Breckinridge
Brooks
Brown, Mich.
Buchanan
Burke, Calif.
Burton, John
Burton, Phillip
Cederberg
Chamberlain
Clay
Cleveland
Collier
Collins, Ill.
Conable
Conte
Conyers
Corman
Coughlin
Culver
Daniels, Dominick V.
Davis, Ga.
Davis, Wis.
de la Garza
Dellenback
Dellums
Dennis
Derwinski
Diggs
Drinan
du Pont
Eckhardt
Edwards, Calif.
Erlenborn
Esch
Fascell
Findley
Flood
Foley
Forsythe
Fraser
Frelinghuysen
Frenzel
Fulton
Gettys
Gibbons
Gilman
Gonzalez
Gray
Green, Pa.
Gubser
Gude
Guyer
Hamilton
Hanley
Hansen, Idaho
Harrington
Hicks
Hogan
Holtzman
Hosmer
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jordan
Karth
Kastenmeier
Kemp
Koch
Kyros
Leggett
Lehman
Lent
Long, La.
McClory
McCloskey
McCormack
McKay
Madden
Madigan
Mahon
Mallary
Matsunaga
Mayne
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Minish
Mink
Mitchell, Md.
Moakley
Moorhead, Pa.
Morgan
Moss
Myers
Nedzi
Nelsen
Obey
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Pickle
Poage
Preyer
Price, Ill.
Pritchard
Quie
Quillen
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Robison, N.Y.
Rooney, Pa.
Rosenthal
Roy
Roybal
Ruth
St Germain
Sarasin
Sarbanes
Sebelius
Seiberling
Shriver
Smith, Iowa
Smith, N.Y.
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symington
Talcott
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Treen
Udall
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Ware
Whalen
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Wydler
Yates
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki

NAYS—147

Abdnor
Andrews, N. Dak.
Annunzio
Archer
Bafalis
Baker
Bauman
Bennett
Bevill
Biaggi
Bray
Breaux
Brinkley
Broyhill, N.C.
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Camp
Carney, Ohio
Carter
Casey, Tex.
Clausen, Don H.
Cochran
Collins, Tex.
Conlan

Crane
Daniel, Dan
Daniel, Robert W., Jr.
Danielson
Davis, S.C.
Delaney
Denholm
Dent
Devine
Dickinson
Dingell
Downing
Dulski
Duncan
Edwards, Ala.
Eilberg
Fish
Flowers
Flynt
Ford
Fountain
Frey
Froehlich
Fuqua
Gaydos
Ginn
Goldwater
Goodling
Gross
Gunter
Haley
Hammerschmidt
Hanrahan
Harsha
Hastings
Hechler, W. Va.
Henderson
Hinshaw
Holt
Huber

Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kazen
Ketchum
Kluczynski
Lagomarsino
Landgrebe
Latta
Litton
Long, Md.
Lott
Lujan
McCollister
McDade
McEwen
Mann
Mathis, Ga.
Mazzoli
Miller
Mitchell, N.Y.
Mollohan
Montgomery
Moorhead, Calif.
Murphy, Ill.
Murtha
Natcher
Nichols
O'Brien
Parris
Pettis
Peyser
Pike
Randall
Roberts

Robinson, Va.
Roe
Rose
Roush
Rousselot
Runnels
Satterfield
Scherle
Shoup
Shuster
Sikes
Skubitz
Slack
Snyder
Spence
Staggers
Steed
Steele
Steiger, Ariz.
Stubblefield
Stuckey
Sullivan
Symms
Taylor, N.C.
Traxler
Veysey
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Charles H., Calif.
Wolff
Wylie
Yatron
Young, Fla.
Young, S.C.

NOT VOTING—101

Alexander
Andrews, N.C.
Arends
Ashbrook
Badillo
Beard
Bell
Blatnik
Boggs
Boland
Brasco
Broomfield
Brotzman
Brown, Calif.
Brown, Ohio
Broyhill, Va.
Byron
Carey, N.Y.
Chappell
Chisholm
Clancy
Clark
Clawson, Del
Cohen
Cotter
Cronin
Donohue
Dorn
Eshleman
Evans, Colo.
Evins, Tenn.
Fisher
Giaimo
Grasso

Green, Oreg.
Griffiths
Grover
Hanna
Hansen, Wash.
Hawkins
Hays
Hébert
Heckler, Mass.
Heinz
Helstoski
Hillis
Holifield
Horton
Howard
Jones, N.C.
King
Kuykendall
Landrum
Luken
McFall
McKinney
McSpadden
Macdonald
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Meeds
Mills
Minshall, Ohio
Mizell
Mosher
Murphy, N.Y.

Nix
O'Hara
Passman
Podell
Powell, Ohio
Price, Tex.
Railsback
Rangel
Rarick
Rodino
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, N.Y.
Rostenkowski
Ruppe
Ryan
Sandman
Schneebeli
Schroeder
Shipley
Sisk
Taylor, Mo.
Teague
Thornton
Towell, Nev.
Ullman
Vander Jagt
Wyatt
Wyman
Young, Alaska
Zion
Zwach

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mrs. Boggs for, with Mr. Shipley against.

Mr. Rostenkowski for, with Mr. Rogers against.

Mr. McFall for, with Mr. Hébert against.

Mr. Cotter for, with Mr. Passman against.

Mrs. Chisholm for, with Mr. Rarick against.

Mr. Horton for, with Mr. Byron against.

Mr. Hawkins for, with Mr. Clark against.

Mr. Badillo for, with Mr. Fisher against.

Mr. Boland for, with Mr. Landrum against.

Mr. Macdonald for, with Mr. Chappell against.

Mr. Murphy of New York for, with Mr. Dorn against.

Mr. Vander Jagt for, with Mr. Jones of North Carolina against.

Mr. Teague for, with Mr. Taylor of Missouri against.

Mr. Mosher for, with Mr. Clancy against.

Mr. Rodino for, with Mr. King against.

Mr. Giaimo for, with Mr. Powell of Ohio against.

Mr. Eshleman for, with Mr. Price of Texas against.

Mr. Cronin for, with Mr. Broyhill of Virginia against.

Mr. Broomfield for, with Del Clawson against.

Mrs. Heckler of Massachusetts for, with Mr. Grover against.

Mr. McKinney for, with Mr. Martin of Nebraska against.

Mr. Arends for, with Mr. Nix against.

Mr. Heinz for, with Mr. Wyman against.

Mr. Meeds for, with Mr. Zion against.

Mr. Sisk for, with Mr. Maraziti against.

Mr. Rangel for, with Mr. Roncallo of New York against.

Mr. Howard for, with Mr. Evins of Tennessee against.

Mr. Hillis for, with Mr. Ashbrook against.

Until further notice:

Mr. Alexander with Mrs. Grasso.

Mr. Andrews of North Carolina with Mr. Rooney of New York.

Mr. Helstoski with Mr. Carey of New York.

Mr. Bell with Mr. Beard.

Mr. Brown of California with Mr. Blatnik.

Mr. Brown of Ohio with Mr. Brotzman.

Mr. Cohen with Mr. Donohue.

Mr. Evans of Colorado with Mrs. Green of Oregon.

Mr. Kuykendall with Mrs. Griffiths.

Mrs. Hansen of Washington with Mr. Hanna.

Mr. Martin of North Carolina with Mr. Hays.

Mr. Mills with Mr. Holifield.

Mr. O'Hara with Mr. Luken.

Mr. Minshall with Mr. Mathias of California.

Mr. Railsback with Mr. Mizell.

Mr. Roncalio of Wyoming with Mr. Ruppe.

Mr. Ryan with Mrs. Schroeder.

Mr. Schneebeli with Mr. Towell of Nevada.

Mr. Thornton with Mr. Ullman.

Mr. Sandman with Mr. Wyatt.

Mr. Zwach with Mr. Young of Alaska.

The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2193) to provide for increased participation by the United States in the Asian Development Bank, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Asian Development Bank Act, as amended (22 U.S.C. 285–285p), is further amended by adding at the end thereof the following new sections:

"SEC. 20. (a) The United States Governor of the Bank is authorized to subscribe on behalf of the United States to thirty thousand additional shares of the capital stock of the Bank in accordance with and subject to the terms and conditions of Resolution Numbered 46 adopted by the Bank's Board of Governors on November 30, 1971.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there is hereby authorized to be appropriated without fiscal year limitation $361,904,726 for payment by the Secretary of the Treasury.

"SEC. 21. (a) The United States Governor of the Bank is hereby authorized to agree to contribute on behalf of the United States $50,000,000 to the special funds of the Bank. This contribution shall be made available to the Bank pursuant to the provisions of article 19 of the articles of agreement of the Bank.

"(b) In order to pay for the United States contribution to the special funds, there is hereby authorized to be appropriated without fiscal year limitation $50,000,000 for payment by the Secretary of the Treasury.".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 11666) was laid on the table.

AUTHORIZING CLERK TO RECEIVE MESSAGES FROM THE SENATE AND SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS, NOTWITHSTANDING ADJOURNMENT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House until tomorrow, the Clerk be authorized to receive messages from the Senate, and the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FOREIGN AID AUTHORIZATION

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, the House is scheduled tomorrow to begin consideration of H.R. 17234, the foreign aid authorization bill.

I hope that Members of the House of Representatives will write into permanent law legislation to continue the suspension of U.S. military aid to Turkey until the President can certify that Turkey is in compliance with U.S. laws and until substantial progress is made by the principals on an agreement regarding military forces in Cyprus.

In this connection, Mr. Speaker, I ask unanimous consent to insert in the RECORD the text of an editorial entitled "Arms for Turkey," published yesterday, December 8, 1974, in the highly respected St. Louis Post-Dispatch, urging that the House reject any extension of the suspension of aid and vote an immediate cutoff of aid to Turkey.

The editorial follows:

ARMS FOR TURKEY

When the United States Senate threatened in October to cut military aid to Turkey, the White House pleaded for more time and eventually managed to win two compromises. The termination date was postponed until Dec. 10 and President Ford was authorized to continue military assistance after that date provided he found "substantial progress" had been made on the Cyprus issue. Not only has there been no progress, but it does not seem to be forthcoming. Turkey remains as adamant as ever about the maintenance of its occupation force on Cyprus.

Incredibly, the Senate voted Thursday in favor of yet another extension of the deadline, to Feb. 15. The extension, if sustained by the House, would mean that Congress had failed on significant questions of principle and policy. The laws of this country stipulate that military assistance can be used by the recipient only for purposes of national defense. If there is a violation, as there certainly was in the instance of Turkey's invasion of a foreign country, then the White House should be bound to uphold the law and, at the very least, terminate military assistance. Secretary of State Kissinger has all but acknowledged that the law was violated yet he continues to insist that the principle of upholding the law should be overlooked in the national interest.

As for the question of policy, there is no virtue in rewarding an aggressor and in seeing the other ally in this conflict—Greece—driven further away from the Western alliance. It has now been confirmed not only that U.S. military aid to Turkey continued after the invasion of Cyprus, but also that it increased sharply. Missouri's two senators voted wisely to reject extension of the deadline on the assumption that if the Senate backed down again, the government of Turkey would no longer pay serious attention to warnings from Capitol Hill. If the House fails to eliminate the extension amendment from the foreign aid bill, then it too will have played the sorry role of actually postponing a solution to the conflict on Cyprus.

ACTIONS OF JOINT CHIEF OF STAFF AND SECRETARY OF AGRICULTURE WARRANT INSISTING UPON RESIGNATIONS

(Mr. WOLFF asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WOLFF. Mr. Speaker, on November 20 I introduced a resolution of inquiry, directed to the Secretary of Defense, requesting all factual information which formed the basis of Gen. George S. Brown's remarks and allegations at Duke University. I had intended today to bring up a motion to discharge the committee in order for the House to consider this resolution. Since the introduction of my resolution, however, General Brown has made certain statements which clearly indicate that the backup facts which I am seeking simply do not exist. To pursue my resolution of inquiry, therefore, would serve no useful purpose.

General Brown told his Duke University audience that the Jews in the United States control the banking industry, the newspapers and the Congress. It was, in the General's own words, an "unthinking" remark which deeply offended a large segment of the American population. In a graver sense, however, General Brown's "unthinking" comments threw into serious question his fitness for the position he holds as Chairman of the Joint Chiefs of Staff. In a statement made after his appearance at Duke Uniersity, General Brown admitted that he had "provided an unthinking shorthand answer," had "used inaccurate words," had since "learned a good deal about the corporate structure of banks and newspapers, and in addition, learned how little (he) previously knew about that subject."

By his own admission, General Brown has indicated that his remarks at Duke were unfounded and irresponsible. I ask if we can continue to allow a man with so little judgment and solid information to act as the leader of our defense effort. The General's remarks go beyond their vulgar, disgraceful ethnic slur; they warrant more than official wristslapping. I believe, based on the General's own admissions, that his comments evidence a lack of judgment and responsibility which should require his removal from the position he holds. In the interests of national security, we cannot permit a man who has evidenced such error in judgment to serve as the Nation's second ranking military officer. I have conveyed this belief to the President and hope that he will recognize the gravity of this incident by insisting upon General Brown's resignation.

Mr. Speaker, unfortunately, General Brown is not the only high ranking administration official who has been making callous, unthinking remarks. In an "off the record" comment to the press, Secretary of Agriculture Butz managed to both ridicule the person of Pope Paul VI and offend millions of Roman Catholics throughout the world and many Italian Americans. Mr. Butz' vulgar "joke", made at the expense of a large segment of the American people and the spiritual leader of 600 million individuals throughout the world, has no place in a responsible and concerned Government. The Roman Catholic Church has, for close to 2,000 years, embraced the cause of the poor, the hungry and the downtrodden. For a high ranking U.S. official to impugn its record of charity and concern for humanity is an outrage and a disgrace to the Government he represents.

I have called for Secretary Butz' removal from office before for his irresponsible actions and handling of American food policy. His recent slanderous remarks reinforce my feeling that this man does not belong in a position of responsibility and trust.

The incidents involving General Brown and Secretary Butz leave an impression of bigotry at the highest levels of our Government that is repugnant to the American and international communities. Even beyond that, they show a lack of judgment which we should question as injurious to our Nation and its security. For the President to clear the air, to restore a sense of decency and responsibility to his administration, he must insist upon the resignations of both officials in question.

TRIBUTE TO THE HONORABLE H. R. GROSS

The SPEAKER pro tempore (Mr. Dingell). Under a previous order of the House, the gentleman from Iowa (Mr. Scherle) is recognized for 60 minutes.

Mr. SCHERLE. Mr. Speaker, one score and 6 years ago, the people of Iowa brought forth upon this great Congress a watchdog to help control the appetite of big spenders, H. R. Gross. Today my colleagues and I from the Iowa delegation and Mr. Bauman from Maryland have requested this special order to commemorate the gentleman from Iowa's 26 memorable years of service to the House of Representatives and we are proud that so many Members have taken the time to express their personal sentiment to our beloved friend.

H. R. is a man of many notable qualities which Members who know him only on the House floor, might never have had the chance to experience. He is a man who builds warm and steady friendships, who puts guests at ease as quickly and calmly as he undermines his opponents' arguments. It may seem impossible to those who try to keep up with him during debates, but he is as dedicated a family man as he is a legislator. With his wife, Hazel, who rivals him in being well-informed, H. R. thoroughly reads and reviews every scheduled bill and conference report—a practice which usually absorbs his evenings and often his weekends. Despite the press of his duties and the rigors of over 13 campaigns, however, he is always tremendously thoughtful and considerate.

H. R. is a man devoted to traditional principles which form the bedrock of this country's greatness. He is best known as a champion of fiscal responsibility. This sometimes lonesome occupation has gained him a national constituency of taxpayers who know him only through his immutable attention to his work and his amazing ability to accurately prophesy the true cost of Federal projects and programs. His role as the "taxpayers guardian" has made him a thorn in the side of waste and extravagance but it has also earned him the respect and admiration of Members on both sides of the aisle.

Today we pay tribute not only to H. R. Gross, but to his principles as well. Some may suggest that a plaque or a statue be erected in his honor, but it would be far better if we all resolved to continue the same high standard of personal integrity that H. R. has always maintained.

H. R., we will all miss you, but your courage to back your convictions will always remain with us.

One final word to our friends in the media—earlier this year H. R. and his lovely wife, Hazel, were blessed with their second grandson, H. R. Gross, Jr. So pass the word to your children, that by the year 2000 there will be another H. R. Gross in the House, requesting a quorum call to keep that Congress on its toes.

Mr. GROSS. Mr. Speaker, before yielding to the gentleman from Iowa, will the gentleman yield to me?

Mr. SCHERLE. I will be glad to yield to my colleague, the gentleman from Iowa (Mr. Gross).

PARLIAMENTARY INQUIRY

Mr. GROSS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. GROSS. Mr. Speaker, we have had a long day. It is now 7:20 in the evening, and I am reminded that under clause VI of rule XV a Member is prohibited from making a quorum call. I wonder if the Chair would be good enough to help me put a stop to this by granting me unanimous consent to waive clause VI of rule XV.

The SPEAKER pro tempore. (Mr. DINGELL) The Chair rules that the gentleman from Iowa is out of order. The gentleman from Iowa (Mr. GROSS) is not yielded to further by the gentleman from Iowa (Mr. SCHERLE).

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. SCHERLE. I am delighted to yield to our Speaker, the gentleman from Oklahoma, (Mr. ALBERT).

Mr. ALBERT. Mr. Speaker, I was going to make a point of order that what the gentleman from Iowa (Mr. GROSS) was attempting to do was a frivolous operation anyway; to make a point of order of that kind at this hour of the day. But, before pursuing that subject further, and with the permission of my great friend, the gentleman from Iowa (Mr. GROSS) I would like to say that there is another reason I wish to say a word at this moment, and that is to note that today is the majority leader's birthday, and I think that that ought to be mingled in with the tributes of our distinguished, old friend, the gentleman from Iowa (Mr. GROSS).

But, Mr. Speaker, all joking aside, the gentleman from Iowa knows of my esteem for him. He has been a tremendous force in this House. I love him, and I will miss him. I do not know how many bipartisan parties I have already attended for the gentleman, and I will attend more of them just as long as they give them. I shall always be proud to call him friend and colleague.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. SCHERLE. I am happy to yield to the majority leader, the gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Speaker, I appreciate the gentleman yielding to me at this time, especially in view of the fact that I have to go to a birthday party for myself, and I hate to break in on the gentleman like this. But I just want to say to the oldtimer from Iowa: You are the greatest, and, believe me, I will miss you—particularly late on Thursday afternoons.

Thank you.

Mr. SCHERLE. At this times it gives me great pleasure to yield to the distinguished gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, I feel it is a privilege for me to participate in this special order by his colleagues with testimonials to one of those who will retire at the end of this session, H. R. GROSS.

I had heard of H. R. GROSS for more than 20 years before I joined him as a Representative from Iowa in this body. I had listened to him as an outstanding newscaster in the 1930's and as a newsmaker thereafter.

H. R. was raised in Iowa and he brought with him from Iowa the experience of having lived through those trying years, a sense of duty to keenly observe all that transpires and to work hard to make an impact upon his colleagues. He constantly scrutinized the bills as they came to the floor and even those who disagree with many of his positions have always complimented him for his diligence in setting forth his point of view and the manner in which he has done it.

I have found through the years that Members of Congress who violently disagree with ones point of view still respect ones right to hold that point of view as long as it is projected in a gentlemanly and proper manner. With the gift of a little humor at the proper time and a unique ability to combine exactly the right adjectives with his subject matter, H. R. is one of the few who have been able to violently disagree with many Members without irritating them in any way. This command of wit in the English language which has been cultivated over the years is an extremely valuable tool which cannot be passed on to anyone else in the form of a "deed of trust" or legacy. It is one that will simply leave with him and few in the future will be able to develop this ability themselves.

I join with all of those who today give testimony to the many years of dedicated service H. R. has performed and I know that his unique approach and dedicated service will be missed in this body in the years to come. But I am sure that he and his devoted wife Hazel will be in our native State of Iowa from time to time and that I will have an opportunity to see them in other surroundings in the years to come.

Mr. SCHERLE. Mr. Speaker, at this time I yield to our colleague, the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, it is with some trepidation at this late hour that I say anything, when I see all of my senior colleagues breathing down my neck. But I did want to, for the record, make a few general comments for my friend from Iowa, whom I have known for many years.

Mr. Speaker, 26 years ago this fall the then incumbent Republican Congressman from Iowa's Third Congressional District was defeated in a primary by a man who years earlier had worked as a newspaper editor for the National Farmer's Union. The Chicago Tribune endorsed the Democratic candidate in the general election that year, complaining that a little known fellow named GROSS, who was suspected of having "strong leftist tendencies," had accidentally won the Republican primary.

But the Tribune's opposition notwithstanding, the gentleman from Iowa, (HAROLD ROYCE GROSS) won the November election by some 20,000 votes. The intervening quarter-century has presented a little different picture of the gentleman from Iowa's Third District, and the taxpayers of America can be proud and grateful for the service he has rendered here in their behalf.

Mr. Speaker, all of us in the House know H. R. GROSS well. He is the one who keeps the House "honest"; whenever an issue of importance is before us and attendance is sparse. H. R. will make a point of order that a quorum is not present, and Members soon are scrambling to get to the floor. If, as usual, the House is preparing to spend some of the taxpayers' money, H. R. GROSS will be on his feet questioning the wisdom of any expenditures, great or small, which he considers unjustified or unwise. But there are probably few here who are familiar with the wide range of service that H. R. GROSS has contributed to his country.

Born on a farm in northern Iowa just before the turn of the century, he and his family were poor but hard working. He helped his father on the farm whenever he was not attending rural schools until the age of 17, when he decided to leave for new worlds. The year was 1916, and the Mexican bandit Pancho Villa was terrorizing American settlements along the United States-Mexico border. As he enlisted for service, H. R. was less than frank about his age, a rare lapse from candor, and was soon serving under the command of Gen. "Black Jack" Pershing in the U.S. Army.

The next year America entered the First World War, and General Pershing led the American Expeditionary Force to Europe. H. R. GROSS was among the first soldiers to cross the Atlantic, and he fought at Chateau Thierry and in the Meuse-Argonne Valley campaign, some of the fiercest battles of the war.

He returned from France in 1919, and except for a fishing expedition in the Gulf of Mexico a few years ago, he has not been out of the country since. He is one of the few Members of this House who has never gone junketing abroad at the taxpayer's expense, even though he is the ranking member on the House Committee on Foreign Affairs.

After leaving the Army, H. R. entered the University of Missouri Journalism School as a special student. Having left high school a little too early to receive his degree, he was permitted only to audit courses, but he learned quickly and well, and he was soon building a distinguished career as a journalist. For 14 years he worked as a reporter and editor for Iowa newspapers. One of his journalistic heroes was, interestingly enough, my fellow Marylander H. L. Mencken, whose reputation for debunking small town America was well established. H. R.'s biting wit is not unlike Mencken's, and he once told me:

> Any comparison between Mencken and myself is odious.

The onset of the Great Depression brought misery to the fertile plains of Iowa. The farmers there never had a more passionate defender than H. R. GROSS, who became involved with the flourishing National Farmer's Union. He recalls seeing crops, livestock, and land sold at public auction to satisfy mortgage claims and debts. He and the NFU fought for aid for America's most basic industry at a time when it endured its greatest crisis.

In 1934, at radio station WHO a new voice went on the air for the first time from Des Moines, the State capital. H. R. GROSS became the first news director at

WHO. He was billed as "the fastest tongue in radio," and he had a style similar to Walter Winchell's famous rapid-fire delivery. The staff announcer who read the commercials during his news programs was a fellow from Tampico, Ill., whose nickname was "Dutch." Today, "Dutch" Reagan is the Governor of California and the two continue to be close friends.

During the next 6 years, "CHARLIE" GROSS, as he was known then, became known all over the State as Iowa's crusader for farmers' rights. In a day when the great majority of Iowa's voters lived in rural areas on farms, "CHARLIE" GROSS became one of the first beneficiaries of the impact of electronic media—he was soon one of the best known men in the State.

In 1940, he decided to try something unheard of. He entered the Republican primary for Governor, opposing incumbent George Wilson. Party leaders abandoned their traditional policy of neutrality in such matters and fought hard against H. R. GROSS. They fielded a third candidate to draw off rural support, and worked hard against the well-known newscaster. With little money and no organization, H.R. came within 16,000 votes of beating the Governor, carrying a majority of Iowa's 99 counties. Following the election, he took a break from politics until winning his House seat in 1948, again against party opposition.

The gentleman from Iowa began establishing his reputation as the "Watchdog of the House" almost the moment he arrived in Washington. One day during his first term, a legislative "housekeeping" bill which contained some "goodies" for the other body, was brought up for action by the late Representative E. E. Cox, of Georgia.

Gene Cox was not exactly known for having an even temper. Several years earlier, he had tried to clout the late Adolph Sabath of Illinois with an inkwell during a fit of rage on the House floor. If Cox had so little concern for the welfare of a fellow senior Democrat, he had none at all for a freshman Republican that day in 1949. H. R. took issue with the "goodies" for the other body and demanded a quorum call. Cox was furious. He pulled H.R. aside and lectured him about the need for comity between the House and Senate. When the quorum ended, Cox restated his argument for "comity" and calling for immediate passage.

The gentleman from Iowa then rose to his feet, and questioned whether the bill constituted "comity" or "comedy," and expressed doubt that the taxpayers would find it amusing in any case. H. R. recalled later that "Cox hit the ceiling, and took my hide off in short strips."

But in spite of this early rebuke, the gentleman from Iowa has never backed down from his convictions, and has spent his 26 years in the House as its most outspoken advocate of economy and fiscal responsibility. And we have seen more than a little of that in the House earlier today. During every Congress, he sponsored H.R. 144, a bill to provide for the retirement of the national debt, which today costs us some $30 billion in debt service alone. He spends countless hours going over appropriations measures with a fine tooth comb, no matter how large or small are the expenditures involved.

He raised strong objection a few years back when then-Secretary of the Interior Stewart Udall asked for $600,000 to buy a piece of Arizona land, when he discovered that the land was assessed at only $9,000. He once raised the roof when he found that the National Bureau of Standards was prepared to pay $44,700 for a stainless steel flagpole which H. R. estimated could be purchased for about $820. Once, when he objected to a Federal pay raise bill and forced a rollcall vote, the hike was narrowly defeated. A subsequent flood of threatening phone calls prompted the FBI to place his home under guard until the hotheads cooled off.

Few taxpayers may realize how many millions of dollars this one man has saved them. His mere presence in the House has forced many a committee chairman to study a bill closely to make sure he can answer the knotty questions which he knows the gentleman from Iowa will raise. And it is not unusual for an item to be dropped from a bill merely because of him, before it ever reaches the floor.

Few Members of the House over the two centuries of our history have possessed a mastery of its rules of procedure as has H. R. GROSS. He is almost always here on the floor when the House is in session, and he never hesitates to use those rules to the taxpayers' advantage.

Not everyone appreciates his efforts. Redbook magazine once, long ago, called him "one of the 10 worst Members of Congress," and in 1954 Life magazine ranked him with the "neanderthal right." But while those publications have come and gone, H. R. has remained, fighting the wasteful spending of the Federal dollar day in and day out, and his office walls are adorned with awards for his distinguished service from more discerning groups.

In a few weeks, the long service of the distinguished gentleman from Iowa will end. He will take a hard-earned and well-deserved rest, as will his wife Hazel who has been his constant helpmate and his greatest asset. But his work here in the Congress will be missed. I will personally miss his friendship and counsel, and I worry that future Members of the House will not have his example and forthrightly expressed opinions from which to benefit. The job for the rest of us who share his opposition to wasteful and excessive spending will be much more difficult without his knowledgable and energetic efforts.

But the example which he has set during the past quarter-century is of inestimable value. I have learned much from him, and have been encouraged by his spirit and persistence.

Some years ago he told me:

> Sometimes it gets to you, but I decided long ago when I started in this business that I wasn't going to win a lot of friends in Washington or attain any leadership posts. You can't aspire to leadership and do the things I feel I must do.

Formal titles of leadership are nice to have, of course. But the gentleman from Iowa has been a leader in a more important sense; he holds the undisputed title of "conscience of the House," a title of respect and reverence and I might add, of friendship and affection for many of us.

Mr. Speaker, our great Nation is a better place because of the life and work of the beloved gentleman from Iowa (H. R. GROSS). We wish him God's speed and the well-deserved rest he has earned. Avt atgue vale. Hail but not farewell.

Mr. SCHERLE. Mr. Speaker, I yield to the gentleman from Iowa (Mr. CULVER).

Mr. CULVER. Mr. Speaker, at the outset I wish to commend the Chair for ruling the last quorum call request of the gentleman from Iowa out of order. I am delighted that our colleague, H. R. GROSS, has not raised a point of order against the special order now underway. Even he, I believe, realizes that his voluntary retirement from Congress is not an ordinary event. For all Members and all observers of Congress his legislative career has been a constant reminder that good legislation is both an art and a craft. His mastery of parliamentary rules, of statutory detail, and of the larger legislative process have made him a memorable figure in the life of this body and in the stream of our political history.

Few in this House have not at times been stabbed as he wields his scalpel or suffered flesh burns from his quick and pungent repartee. But H. R. always manages to inflict these temporary pains and to make his points without malice or vindictiveness. There is always a message in what he says, and the recipient, even in disagreement, recognizes the essential integrity and wisdom of Mr. GROSS's words. All of his colleagues, and especially those who have served with him most directly on the Iowa delegation and in the Foreign Affairs and Post Office and Civil Service Committees have a genuine respect for his abilities and sturdy conviction.

As H. R.'s retirement approaches, he leaves us in some suspense about what we can expect next. Many of his colleagues seem to be encouraging him to forego his austere principles and take Mrs. Gross on extended foreign journeys. But I rather suspect that H. R. is not likely to become a new Marco Polo.

All of us—and especially those of us from Iowa—are likely to be hearing from H. R. There is plenty of room for watchdogs outside as well as inside Congress, and I am sure that Mr. GROSS will carve such a new niche for himself without the slightest difficulty.

But today is not the time for either nostalgia or speculation. H. R. is still among us—and his work is not yet done. Rather this is a time of recognition and appreciation for the presence among us of an authentic legislator and a man of enduring qualities.

Mr. SCHERLE. Mr. Speaker, I yield to the gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Speaker, I rise to join with my other Iowa colleagues as cosponsor of special order, to pay tribute to the senior Member of the Iowa congressional delegation (Mr. Gross). He has been indeed Congressman not just for the Third Congressional District of Iowa but for all Iowa and others throughout this Nation. We would have had to expand this Chamber to the size of H. R.'s favorite public building, the Kennedy Center for the Performing Arts, to have had room enough for all citizens would have wanted to participate in this deserved tribute for Iowa's favorite son.

While some Members of Congres have not agreed with H. R., all respect his dedication to duty and his vigor in opposing unjustified Federal spending and proliferation of the Federal bureaucracy. He does his homework and has a remarkable ability and talent for homing in on those who have not, catching many a committee chairman or floor leader unprepared to explain a bill or amendment he has brought before the House. Usually in the process, H. R. manages to lop off a number of these unexplained and unnecessary provisions from the bills, thereby saving the taxpayers hundreds of thousands, perhaps even millions of dollars. Special credit is due his leadership in preventing end-runs on the Treasury, including his success thus far in blocking any increases in Congressional salaries since the increase of 1969.

Our esteemed colleague has remarkable endurance. He has attended all but 6 of the 482 votes held in this session up to this date, and attended all but 1 of the 171 quorum calls. Many a new Congressman or Congresswoman in the coming Congress will wonder about his secret supply of energy.

H. R. has been completely nondiscriminatory or nonpartisan in his approach to economy to Government and his fight against waste or misuse of funds, letting chips fall where they may. Whether the President was Truman, Eisenhower, or one of H. R.'s former colleagues in the House—Kennedy, Johnson, Nixon, or Ford—that President knew any program or budget request would have to undergo the Gross test.

Countless spending schemes with no, or weak justifications undoubtedly have been dropped as a result. More than one bill has not been reported from a committee or has died on the House calendar because the leadership knew that Congressman Gross would undoubtedly pounce upon it with his incisive questions and wry wit.

Although this Congress has enacted the recommendations of the Special Joint Committee on Budget Control, and these reforms can provide Congress—provided it has the will—with the machinery for holding overall spending to levels in keeping with budget requirements and revenues, I very much doubt this will prove to be a satisfactory substitute for the presence of H. R. Gross himself on the House floor. It has been said that if there had not been an H. R. Gross, it would be necessary to invent one.

I shall always remember the senior Member of the Iowa delegation's generosity with his time and energy, whenever his colleagues had problems, or problems confronting the State of Iowa as a whole, and his kindness in helping me learn the ropes as a freshman Member of this House back in 1967. My wife Betty and I shall always treasure our friendship with H. R. and his charming helpmate Hazel. We join in saluting them and wishing both long life and happiness.

An excellent article in the June edition of the magazine, Nation's Business, well described the character and concerns of our distinguished colleague, and points out the great service H. R. Gross has done this country. At this time I insert the article in the Record and commend it to my colleagues' attention:

The House Is Losing Its "Conscience"

(By Vernon Louviere)

Some years ago, when a bill creating the National Foundation of Arts and Humanities came up for debate on the floor of the House of Representatives, a somber H. R. Gross listened impassively to the preliminary discussion.

The bill, among other things, called for federal subsidies to promote such art forms as painting, creative writing and dancing.

Finally, Mr. Gross rose and spoke:

"Mr. Chairman, I regret that I did not anticipate this bill would come up this afternoon or else I would have tried to appear in my tuxedo and my dancing shoes to be properly equipped for this further giveaway party for the Treasury of the United States."

Then, Rep. Gross offered an amendment which he had drafted with the help of a fellow Congressman, a physician.

After the word "dance" in the bill he wanted these words inserted: "Including, but not limited to, the irregular jactitations and/or rhythmic contraction and coordinated relaxations of the serrati, obliques and abdominis recti group of muscles, accompanied by rotary undulations, tilts and turns, timed with and attuned to the titillating and blended tones of synchronous woodwinds."

He let the words sink in, waited for maximum effect, and spoke again: "That means belly dancing." The House broke up.

With such wit, the diminutive Iowa Republican has for 25 years sought to scuttle legislation whose purpose he feels is to spend for the sake of spending or for some other unnecessary reason. On this day he lost. Still, his record of saving taxpayer money has been phenomenal.

As a self-appointed guardian of the public purse, it is conservatively estimated he has saved the taxpayer hundreds of millions of dollars. The total may even run into billions.

Now, Harold Royce Gross, the "Conscience of the House," is retiring at age 75.

Nothing is sacred to Mr. Gross if it calls for spending federal money. He has even questioned the taxpayers' picking up the tab for maintaining the eternal flame over the grave of President John F. Kennedy.

"FT. FUMBLE" CATCHES IT

In his folksy, blunt newsletter to constituents, "Uncle Sam" often becomes "Uncle Sucker" or "Uncle Handout." He dismisses the Pentagon as "Ft. Fumble."

He has consistently fought pay raises for members of Congress—including, of course, himself. Mr. Gross has voted against every proposed boost in Congressional salaries since they were at the $12,500 level. (The lawmakers now are paid $42,000 a year, plus extras.) He is not above embarrassing his colleagues, twitting their consciences, on the subject. Last February, attacking an abortive move to jump the Congressional salary level to $52,800, he told the House:

"At a time when many segments of our nation and its people are faced with unemployment and belt-tightening, it is inconceivable that fattening the payroll of upper echelon federal executives, federal judges and members of Congress would even be proposed."

Mr. Gross has never accepted the advice of the late Speaker Sam Rayburn of Texas, usually offered to rookie Congressmen: "To get along, you go along."

He has always functioned in the House as though every federal dollar spent is his own, or at least his neighbor's. He'll take on a President with no less relish than a middle-level bureaucrat. More often than not, he votes against Presidential money requests and he doesn't care which party the President belongs to.

A Western Republican Congressman discovered how this kind of Gross bipartisanship works. One day he praised "good old H.R." for ripping into a Democratic bill. The next day he was overheard complaining about that "old s.o.b., H. R. Gross" after the latter had torpedoed one of the Westerner's bills.

"How much will this boondoggle cost?" is the way Mr. Gross generally kicks off his questioning on the House floor when he suspects a bill's sponsor is trying to put something over on the taxpayer.

READING THE FINE PRINT

Nothing seems to elude his hawkeyed attention to fine print in the myriad of bills and resolutions which come up for House action. Few members of Congress will read every bill, as he does.

Take the time, for example, when Mr. Gross focused on a Foreign Service retirement benefits bill that emerged from the Foreign Affairs Committee. He seized on a phrase, "other purposes," and bore in. The "other purposes," it turned out, cleverly concealed the fact that the bill also would jump Congressional retirement benefits a whopping 33⅓ per cent. When H. R. Gross was finished with his attack, so was the bill. It was killed.

Anyone less skillful in the workings of the House, or who failed to do his legislative homework, would not long survive in the role of Treasury watchdog in which Mr. Gross has cast himself. Even his detractors concede that few, if any, Congressmen know House procedure as well as he. If Mr. Gross has not memorized those documents which determine who all House business is conducted—the Constitution, the House rules, Thomas Jefferson's Manual aid the 11 volumes of Precedents of the House of Representatives—he can put his finger on an applicable section in moments.

He has introduced relatively little legislation, has never been a committee chairman and serves in no other leadership role.

However, his influence is strongly felt, especially when it can be anticipated that the Gross scapel will be drawn.

"I attend many committee hearings in which the chairman will study a bill to make sure we can answer the knotty questions Gross will ask," one Congressman relates. "Many times, items will be dropped before the bill hits the floor because of him."

Except for party leaders, none of the 435 members of the House have assigned seats. But over the years no other member has tried to occupy the "Gross seat" located strategically in the third row, under the nose of the Speaker of the House, on the middle aisle which separates Republicans from the Democrats. Rarely absent, the Iowa Congressman arrives on the floor before the daily session starts, sits through the chaplain's prayer and the reading of the journal of the previous day's proceedings. Then the House starts to come alive. H. R. Gross sits and waits. Some days his questions come fast and furious. Some days he says nothing. But he's always ready to spring into action.

EYES ON CONSENTS

To appreciate Mr. Gross' dedication to his job one would have to be in the House gallery on the two days each month when the House takes up the Consent Calendar. On these occasions flocks of bills, sometimes numbering in the hundreds, are called up and passed, without debate, by "unanimous consent."

All the bills are presumed to be noncontroversial—none involves expenditures of more than $1 million—and attendance on the House floor is sparse. But H. R. Gross is there.

A single objection stalls action on a bill scheduling it for a second Consent Calendar appearance. Then, objections by three Congressmen can force it into the regular order of House business where it will get more attention, and from a more representative group of lawmakers.

Over the years, Mr. Gross has torpedoed countless bills on the Consent Calendar. If his first objection doesn't lead a measure's sponsor to abandon it, Mr. Gross is sure to find two allies for the second round. And the sponsor had better be prepared to defend the bill when it comes up in the regular order of business.

The peppery Iowan will fight to save a few thousand dollars with no less vigor than he will challenge a multibillion-dollar appropriation to run a super federal agency.

Some years ago, a fellow Congressman introduced a bill to create a special flag for House members—it could be used on their autos. Not much money was involved and no one opposed the idea. Except H. R. Gross, that is. Delving into the matter, he discovered that the bill's sponsor really wanted the flag so it could be flown on a yatch he owned. Revealing this didn't do the bill much good on the House floor, but a single question from Mr. Gross about the flag's use on cars was probably what killed the measure:

"Where would you fly the House flag, above or below the coon tail on the radiator cap?"

Mr. Gross has been an implacable foe of foreign aid. Once, he told the House:

"I swear I think that what we ought to do is pass a bill to remove the torch from the hand of the Statute of Liberty and insert a tin cup."

One day in September, 1967, he offered a series of amendments to that year's foreign aid bill. A total of $588.8 million was slashed as a direct consequence.

TV'S IN THE JUNGLE

Mr. Gross wrote a March, 1968, Nation's Business article entitled, "We Certainly See Some Silly Spending." Here's an excerpt showing his use of wit to attack a federal program:

"Over at the Agency for International Development, which is skilled in getting rid of taxpayer's money on so-called foreign aid, somebody discovered that $400,000 had been overlooked in the agency's customary spending sprees.

"What to do?

"Why, run out and buy 1,000 TV sets so that the natives in some jungle could be educated, a bureaucrat suggested. So AID bought 1,000 TV's.

"When the House Government Operations Committee looked into it, foreign aid officials had to admit they hadn't even bothered to find out which natives were suffering from a lack of television, how they were going to get the sets to operate in the jungle (the ones they bought wouldn't work on batteries) or what they were going to show the natives if they managed to get the sets operating.

"More recently, these same AID dispensers rushed around in a crash program to set up a TV propaganda network for South Viet Nam. As a sop, they told American taxpayers that our GI's would also benefit because the network would have two channels—one for domestic propaganda, the other for 'Gunsmoke' and 'I Love Lucy.'

"You can imagine what happened. The Vietnamese took one look at the stuff on their channel and promptly switched over to 'Gunsmoke.'

'Why not? Marshal Matt Dillon has been around a lot longer than Marshal Ky."

Rep. Bo Ginn (D.-Ga.) says of his colleague: "Mr. Gross is more than a Congressman. He is a one-man investigating force dedicated to protecting the taxpayer's pocketbook. He is scrupulous, untiring, uncompromising and dedicated to the public good."

And from another House Democrat, Louisiana's Rep. Otto Passman, this appraisal: "Gross has slowed down the trend to socialism from a run to a walk."

SINKING THE "FISH POND"

For years, the late Rep. Mike Kirwan of Ohio, a powerful Democrat, sought Congressional approval to build a $10 million national aquarium on the banks of the Potomac. Every time it came up for House consideration H. R. Gross poked fun at the "glorified fish pond." It was never built.

In the twilight of his Congressional career, Mr. Gross is deeply concerned about the fiscal posture of the country.

"I've seen the budget pass the $100 billion mark, then the $200 billion mark," he says. "Now we have a $304 billion budget with a $10 billion built-in deficit. Can we ever turn this thing around?"

The White House alone is not responsible, he points out: "Congress shares the blame for this. No President can spend money that's not made available to him by Congress."

Few things rankle Mr. Gross more than supplemental appropriation bills—measures which come up near the end of each session to enlarge funds previously appropriated to operate government agencies. He comments:

"They [the Executive branch] bring in a bill at the beginning of the year and swear on a stack of Bibles, 'This is it.' They know better, because they invariably come back in a few months and ask for more."

DOLEFUL ABOUT THE DEBT

The Congressman is doleful about the federal debt, now $500 billion (interest alone is $30 billion a year) and going up. Where, he is asked, will it all end?

His reply: "It ends in a takeover and repudiation of some form or another—revaluation, devaluation or outright repudiation."

He adds: "We've been financing this government off the printing presses at the Bureau of Engraving and Printing. This is printing press money and there is no productivity behind that kind of money."

Mr. Gross estimates the combined total of public and private debt in the United States at between $2 trillion $200 billion and $2 trillion $400 billion.

"We are the most debt-ridden country in the world," he asserts. "Our federal debt alone is more than the combined governmental debts of the rest of the world.

"What a paradox: Here is the most developed country in the world in debt up to its ears!"

Few people in or out of Congress remember a piece of legislation—no matter how important or historic—by its designated number. But mention H.R. 144 to any member of Congress and he is familiar with it. Since his early days in the House. Mr. Gross has introduced House of Representatives bill 144 the number is keyed to his name—a gross equals 12 dozen, or 144) at the start of each session.

It has a simple objective: Balance the budget and gradually retire the national debt. Year after year, it is shunted off to the Ways and Means Committee and promptly forgotten.

Now, H.R. 144 probably will be retired—like Red Grange's legendary football jersey number, 77, at the University of Illinois—unless some other member of the House, with the same zeal for economy, takes up the Gross cause.

"DUTCH" WAS A COLLEAGUE

Born on a southern Iowa farm, H. R. Gross started out as a reporter with the old United Press after World War I service in France, moved over to the editorship of a National Farmers Union newspaper and, in 1934, signed on as news director and newscaster with radio station WHO in Des Moines. A young sportscaster and announcer on the staff was Ronald "Dutch" Reagan, now Governor of California.

During his six years with WHO, Mr. Gross was a frequent defender of the Iowa farmer. His name became a household word across the state.

In 1940, he decided to run for Governor against an incumbent Republican. But party leaders, whom he had not consulted, opposed him and he lost in the primary.

He went back to radio, this time in Cincinnati. In 1948, now living in Waterloo, Iowa, he got the political itch again and ran for Congress. And again Republican leaders opposed him in the primary, even branding him a "radical leftist." But he won the primary and went on to win the general election by 20,000 votes. Except for 1964, in the landslide Lyndon Johnson election (he was the only one of six Iowa Republican Congressmen to survive it), Mr. Gross has easily won reelection to 12 terms in the House.

He regrets only one of the votes he's cast in his quarter-century in Congress.

"That was on the Gulf of Tonkin resolution," he says. "I thought I smelled something. I didn't like to vote against the President of the United States so I voted present."

Mr. Gross says the resolution, which paved the way for President Johnson to broaden the war in Viet Nam, was "contrived."

"We were very badly misled," he adds, "Mr. Johnson said Asian boys would fight for Asian soil and later McNamara (former Defense Secretary Robert McNamara) promised to bring our boys back by Christmas in 1965."

THE SIMPLE LIFE

Mr. Gross and his wife, Hazel, live a simple life in Washington. They avoid the capital's social scene—"I've never owned a tuxedo and my wife has no ball gown," he says. "We don't need them." Mr. Gross often reads government documents, marking sections she feels her husband will want to read.

Perhaps, in a retirement for which he has no definite plans, Mr. Gross will travel abroad. But if he does, it won't be in the fashion of some of his colleagues. He has long fought, unsuccessfully, to curb what he and other critics call Congressional "junketing." Once, an Ohio congressman facetiously sponsored a resolution to create a committee, consisting only of H. R. Gross, to inspect American foreign aid programs overseas.

The resolution, of course, went nowhere—and neither did Mr. Gross.

"I just might take a trip one of these days, but it'll be at my own expense," the Congressman explains.

Two signs in the Capitol Hill office of this man who has won many battles, but never the war, in an unrelenting campaign to eliminate wasteful government spending, succinctly spell out a message he has been trying to put across for 25 years;

"Nothing is easier than the expenditure of public money. It does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody."

"There is always free cheese in a mousetrap."

Mr. SCHERLE. Mr. Speaker, I yield to my colleague from Iowa (Mr. MEZVINSKY).

Mr. MEZVINSKY. Mr. Speaker, I thank the gentleman from Iowa for yielding to me.

Mr. Speaker, the House of Representatives is losing a great deal when H. R. Gross retires at the end of the 93d Congress.

H. R. Gross is a decent human being who shows integrity and commands respect from those who know him. His sense of decency shows through in all that he does. Coupled with his sharp wit and fine sense of humor, this allows him to speak with conviction and commitment wtihout creating bitterness and rancor in those who oppose him. He is outspoken and candid, but not vindictive or unfair.

H. R. Gross has the hard earned reputation for being the House of Representatives' fiscal watchdog. He has earned this title by scrutinizing the Federal budget and demanding an accounting for our Federal spending. H. R. tirelessly rises to his feet, time after time, to question what he believes to be the irresponsible expenditure of Federal funds.

I can appreciate my colleague's talent as a legislator. His knowledge of our House procedures has made all of us perform to a higher standard. I admire his skill and thank H. R. for teaching me so much about the House of Representatives. He will leave an indelible mark on this institution when he goes back to Iowa.

We will all miss H. R. and I would at this time like to join with my colleagues and wish him well in his retirement.

Mr. SCHERLE. Mr. Speaker, I yield to my colleague from Indiana (Mr. Dennis).

Mr. DENNIS. Mr. Speaker, like most of us I like and admire a man of courage. I admire a man who has courage against odds. I like a man who will speak out in behalf of his convictions.

All those qualities belong to our friend and colleague H. R. Gross—and when one adds the fact that our distinguished friend is a generous warrior, with a warm humor and a ready wit, one cannot but love him.

There is another thing I like. I like a man who knows what he is doing. I like a "pro." Comparatively few of us really know the rules of this House, which are the tools of our trade. But H. R. Gross knows them. He knows how to use tem; and in using them, he keeps this House honest—or as nearly so as the nature of the institution will permit.

I do not associate old age with our colleague H. R. Gross, because his vigor and his acumen remain undiminished; but, as he goes in to well earned retirement, I am reminded of the poem Ulysses where it is said:

> Old age hath yet its honors and its toils
> Some words of noble note may yet he done
> Not unbecoming men who strove with Gods.

H. R. Gross has striven mightily with whatever equivalent of Gods we have around here. He has striven bravely with the problems of our day. In retirement I know that he will continue to do this; and I am glad that this is true for, in my judgment, our Nation never needed more the philosophy with which our friend approaches and attacks these problems.

And so, Mr. Speaker, as one who has learned a little from our good colleague H.R. Gross, and who admires him very much, I am happy and proud to join with the rest of you in bidding him a respectful and a fond farewell, and in wishing him every happiness and the very best of luck.

Mr. SCHERLE. Mr. Speaker, I thank my colleague for his remarks.

I yield to the gentleman from Wisconsin (Mr. Zablocki).

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding and commend the gentleman for arranging time to pay tribute to a great American, our colleague from Iowa (Mr. Gross) who decided to retire at the end of this Congress.

In recent days the House Democratic Caucus has made significant changes in the structure and organization of the majority party, and thus of the Congress itself. The press and public anticipate that the 94th Congress will operate in considerably different ways than the 93d Congress. It is not my intention at this time to predict whether the change will necessarily result in better legislation.

For all those changes, however, I suspect that perhaps the major difference between the 93d and 94th Congresses is that next year we will not have our friend, the gentleman from Iowa, the Honorable H. R. Gross, in our midst.

Without ever casting himself in the role of reformer, he has for years been a force for the strict interpretation of House rules and against the rules being ignored or overlooked.

Without being a headline seeker himself, H. R. Gross has sought to bring public exposure to bear on the issues which the Congress is called upon to deal with in the public interest.

Without pretensions to omnipotence, he has been an effective conscience for the House of Representatives on many issues when it would be more convenient not to be a voice of conscience.

For 26 years H. R. Gross has steadfastly adhered to his vision of what this Congress should be and do—and what our Nation should be and do.

It is not a vision which all of us fully shared—but it was a genuinely and sincerely held point of view; a philosophy which H. R. Gross not only preached, but lived.

He will be missed next year and the years to follow—not just by those who agreed with his political philosophy, but by all who cherish sincerity, steadfastness, tenacity, articulateness, and parliamentary acumen.

In the country at large, as well as here in Congress, he will be missed by those who saw him as a watchdog of the taxpayer's purse and a determined foe of what he considered unnecessary Federal spending.

One of the press reports of his retirement said that H. R. Gross is widely considered to be the "curmudgeon of the House." That designation did him a disservice. Webster's dictionary defines "curmudgeon" as an "irascible old man."

While H. R. Gross would be irascible when debating ideas he opposed, there has never been any meanness in him. More than that, he brims with a delightful sense of humor, which those who know him well have come to know and appreciate.

It has been a privilege to have served with him these past 25 years, both in the House and on the Committee on Foreign Affairs. I will miss him next year. It just will not seem the same—not having H. R. Gross to kick some of us around any more.

My wife, Blanche, joins me in wishing H. R. and his wonderful wife Hazel the very best of fortunes in the days to come as they enjoy a much-deserved retirement.

Mr. SCHERLE. Mr. Speaker, I thank the gentleman from Wisconsin for those generous comments. I now yield to the gentleman from Louisiana (Mr. Treen).

Mr. TREEN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, what does a freshman Congressman say to add to the tributes bestowed upon Congressman H. R. Gross by his many colleagues who have served with him for some or all of his 26 years as a Member of this body? The superlatives flow easily because they are so richly deserved. H. R. Gross is a Congressman of rare and unique talent; a man whose perception is unmatched by any mind that I have ever had revealed to me; and a man of such dedication to duty as to astound the hardest working Members of the House. I wish that every person in America, especially every schoolchild, could be exposed to the personality and character of this man, so that they might be inspired as we in this House have been inspired.

My great regret is that I had the privilege of serving in this House, and knowing H. R. Gross as a Member, for only 2 years. But the impression that he has made on me is indelible.

This man of towering integrity has been the conscience of the House. Mr. Speaker, I am fearful and extremely apprehensive about the void that will be felt in this Chamber after he is gone. I suspect that, for a long time, many of us will look over toward the center of the Chamber, expecting to see that noble figure rise to make his provocative inquiry into the content and the purpose of the legislation before the House. We will do it automatically for a long time after he is gone and, of course, we will be sorely disappointed when we realize that he is no longer an active Member.

But H. R. Gross will always be a Member of this House, and we hope that we will see him in the flesh often. But even when he does not honor us with his physical presence, his spiritual presence will be felt here as long as there is a Member of the House remaining who serves with him today.

As one American to another, I say thank you Congressman Gross, thank you for your monumental contribution to the well-being of this Nation which you cherish so much. Whether my stay in this House be brief or extended, I shall forever count as an unparalleled honor and privilege the fact that I served for at least 2 years with Congressman H. R. Gross, a statesman, Mr. Speaker, of the very highest rank.

Mr. SCHERLE. Mr. Speaker, I thank the gentleman from Louisiana for his remarks.

I now wish to yield to my colleague, the gentleman from Georgia (Mr. Flynt).

Mr. FLYNT. Mr. Speaker, I thank the distinguished gentleman from Iowa and the gentleman from Maryland (Mr. Bauman), also the members of the Iowa delegation for taking this time today to pay a well deserved tribute to an outstanding Member of this House, our warm personal friend, H. R. Gross. It is certainly my pleasure to join with the gentleman from Iowa and to associate myself with his remarks and with the remarks of other Members as they have preceded me in expressing their feelings and their thoughts about the man who for 26 years has so ably represented the Third District of Iowa.

I think that one of the most pleasant aspects of my service in this body has been my knowledge of H. R. Gross. I consider him to be one of the most outstanding legislators I have ever known, whether in this body or in the General Assembly of my own State. I believe that as a parliamentarian, one skilled in parliamentary rules of procedure, he is and has been equaled by few and excelled by none.

Mr. Speaker, if the votes of H. R. Gross and the political and governmental philosophy which he exemplifies had been the prevailing votes during the past 26 years and if those votes and that philosophy had been translated into legislation and national policy, I believe there would be almost universal agreement that we would not today be suffering from the raging fires of inflation which beset this country.

I am confident that if his votes had been translated into enacted law, the burdens of the national debt which are crushing the fiscal shoulders of every individual and every enterprise in this country today would be no more, and that the national debt would not have had to have been increased from the time when he first came to the House of Representatives in 1949.

H. R. Gross is a man of the very highest reputation. His character is one of the finest that it has been my pleasure to know. He is Mr. Integrity himself.

There are two thoughts, not original with me, which come to mind when I think of our colleague, H. R. Gross. One, I think, was in the words of Tennyson when he said:

It may be we shall touch the Happy Isles,
And see the great Achilles, whom we knew.
Though much is taken, much abides,
And though we are not now of that great strength
Which in the old days moved earth and heaven,
That which we are, we are
One noble bond of heroic mien made weak by time and fate,
But strong in will who strive to see, to find and not to yield.

I am reminded also of the word of William Wordsworth in describing the character of the Happy Warrior, when he said:

Who is the happy Warrior? Who is he
That every man in arms would wish to be?
Who if he rise to station of command,
Rises by means of honor
And will stand on honorable terms.

I invoke God's richest blessings upon our colleague to whom we pay tribute here tonight, to Mrs. Gross and to their family. I wish for him and for them many more years of excellent health and happiness together.

We wish for him a reasonable amount of prosperity. We wish for him good luck, H. R., and Godspeed. May God be with you and with those whom you love.

Mr. SCHERLE. Mr. Speaker, I want to thank the gentleman for the kind and generous comments.

I now yield to my colleague, the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Speaker, I appreciate the fact that my colleague, the gentleman from Iowa (Mr. Scherle), and my colleague, the gentleman from Maryland (Mr. Bauman), have taken this time to honor H. R. Gross.

I am sure that our esteemed colleague whom we honor tonight, would not, if he had his way, have let this happen because he is indeed a modest man about his own achievements, and they are many.

Even though he is willing to face any colleague at any time on the floor when he feels there is a principle or an idea to be brought forth, he becomes embarrassed when others complement him or talk about him. However, I think it is appropriate that we take this time, and say thank you H. R. Gross for all you have done.

I would just like to pass on a few observations that I have about some of the things that have impressed me as well as many other people in this country about the fine service of our good colleague, H. R. Gross.

It was during my first term in Congress in 1961 that I was privileged to listen to a colloquy between Mr. Gross and Mr. Clare Hoffman of Michigan. Mr. Gross rose on the floor to oppose a reorganization plan of, as he said, his own President. Our colleague Mr. Gross said in this colloquy that he refused to be a rubber stamp for any President even of his own party if it was legislation that he felt was wrong.

He engaged in a lengthy colloquy with our former Member of Congress from Michigan, Mr. Clare Hoffman. I think Mr. Hoffman during that colloquy probably stated in a concise way what many of us have felt many times when H. R. rises with his humor and pungent comments to make a point.

When H. R. was questioning Mr. Hoffman over and over about this reorganization plan Mr. Hoffman finally said to Mr. Gross, "You know all about it. You do more reading of the laws and reports than anybody else in this Congress." Mr. Hoffman said in so many words "What are you asking these questions for?" He said, "There isn't a Member in the House who knows as much about this bill as you do. And that is why I follow along in your wake."

Well, I think it is true that many of us from time to time have tried to follow in H. R. Gross' wake, and he does make a substantial wake in this House . . . probably better than any other Member of the Congress has for many, many years. That is because he is willing to stand up at any time and at any place and bring out the points that need to be made; the ridiculousness of a bill, or about the overexpenditure of a bill, or the overreach of a bill.

We have heard an awful lot of complaint in this very body about giving too much power to the executive branch. If we had just followed the advice of our good colleague, the gentleman from Iowa (Mr. Gross), on many an occasion when he was warning us about the impetus of a particular bill before us, and if we had taken his advice then, we would not have given such tremendous powers to the executive branch.

Maybe the best way we can honor him is do something constructive to reduce that executive power.

So, Mr. Speaker, just very briefly I wish to state that his impact has been so great that even chairmen and members of committees will, in the midst of a committee meeting, stop and say, "Now, have we thoroughly and carefully considered this bill. Are we thoroughly prepared to answer the questions that H. R. Gross is going to bring up? Are there points in this bill on which we have not properly prepared ourselves for H. R. Gross?

That is the kind of impact that H. R. Gross has had on committee meetings.

Additionally the presence of H. R. Gross is felt on this very floor every day. I know myself that many times I have heard Members on the floor say, "What will H. R. Gross do to this bill when it comes before the House?" And that is quite a statement to be made about anybody, just because of his presence on the floor.

Do you know, people come over to this side of the Chamber all of the time, and say, "Where is H.R.? I cannot find him. What is he apt to do about this bill?"

And I say, "Do not ask me. Ask him." He is a man who has the greatest of understanding on these matters, and none of us can try to substitute in any way for this man's knowledge and understanding. So, his presence here on the floor has been felt tremendously, and many people inside and outside this Chamber have commented on that fact. But I think that his presence has gone even beyond the floor of the House of Representatives, to thousands of Americans who wait for his comments and actions, because they know full well he is the "best bargain the taxpayers ever had."

I also think of the colloquys that H. R. Gross has had with other Members on the floor, and I am sure that somebody some time will, collect all these colloquies and put them into a book, I think of his many colloquies with the gentleman from New York, Mr. Rooney, on the "booze" account of the State Department. We have all heard that subject discussed many times. And that is just one area.

So, H. R., we say to you that there is not a Congressman here who is not going to miss you. The taxpayers, I know, will miss you, and miss you desperately. As a matter of fact, the whole country will miss you in so many ways. They will indeed miss your presence here. Even the "foreigners" about whom you have talked so many times are going to miss your presence.

Those foreigners are not going to have as much attention paid to them from the Congress after you leave.

So, Mr. Speaker, I would just like to say, as Clare Hoffman said, that we would all "like to follow in H. R. Gross's wake," but no one is smart enough or bright enough or hard-working enough to do so. We will be eternally grateful that there was an H. R. Gross in Congress.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. SCHERLE. I am happy to yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, I would like to commend the gentleman from Iowa (Mr. Scherle), for taking this special order, and also our colleague, the gentleman from Maryland (Mr. Bauman), for joining in with it. I would like to tell these gentleman how pleased I am that they would join in honoring my friend, and their friend, H. R. Gross, who has achieved, as has been stated earlier by many of his friends and colleagues in the House, an extraordinary competence, and who has had such a great impact upon the House of Representatives.

I have known H. R. since the day I first came here. I was well warned of his presence, not only by my colleagues but by my staff who had previously served under my dad. I have always greatly enjoyed not only my close and warm personal friendship with the gentleman from Iowa, but also the privilege and pleasure of tilting with him on occasion, because he is a worthy and formidable opponent.

I am sure all of us on occasion, too, have had the opportunity to observe the skill and vigor with which the gentleman from Iowa participated in the different discussions which he has had with his colleagues.

The one thing that our special order today has not yet shown is that the gentleman from Iowa is not only formidable in opposing bad legislation, but that he is totally fair and totally gentlemanly in his conduct on the floor. He is totally fair in supporting good legislation.

I had the privilege years ago of having the gentleman from Iowa as a member of the Subcommittee on Fishing and Wildlife Conservation, and I always found that he was a source of immediate strength, support, and help to me, because if I could satisfy H. R. as to the merits of a piece of legislation, I did not have any fear or any concern of bringing it to the floor.

Not only is he a warm and fine and gentlemanly friend and Member of this body, not only is he a warm and decent and grand family man, not only is he a courageous and fearless and hard worker, there is no rancor or ill will or bitterness in the gentleman. He has here in this body a legion of friends who were earned not only by the admiration which is felt for the gentleman from Iowa but also by his hard work, by his courage, by his absolutely flawless integrity, and by the warm, gracious, and decent fashion in which he conducts himself.

I simply want it known that the gentleman from Iowa is so highly regarded. I also want it known that at no time has the gentleman from Iowa prevailed in adjourning this body this evening. I simply would have ruled him out of order, and I would not have recognized him for that purpose at all.

I am privileged to join in honoring one of my old friends, in wishing him well, and hoping that the future brings him happiness, long life, and friendship with his friends and colleagues here in the House, and the friendship and affection of the people he has served so well in Iowa and across the country.

Mr. SCHERLE. Mr. Speaker, I now yield to the gentleman from California (Mr. Van Deerlin).

Mr. VAN DEERLIN. I thank the gentleman for yielding.

Mr. Speaker, I trust there is yet time, because it is quite touching, to find how highly our colleagues regard us former newscasters in this body. Reference was made by the gentleman from Maryland (Mr. Bauman) to the fact that H. R. shared a job on Station WHO in Iowa with our California Governor, then "Dutch" Reagan.

I have also had occasion to wonder what might have been the changes in so many ways if when that Hollywood talent scout walked into the studio of WHO, H. R. had been on duty that night instead of the sportscaster, "Dutch" Reagan. I cringe from the suggestion that we might have lost H. R. to this body and that he might have been my Governor for the last 8 years. But it is rather warm to think how that famous scene might have been played at Notre Dame with Reagan lying near death, that wrenching scene where Knute Rockne tries to comfort him in his departure, and finally George Gipp comes up and says, "Sometime when the going gets rough out there, tell the boys to go out and win this one for the 'Gipper.' "

The only thing that bothers me is that with that scene being replayed with the different casting I suggested, the "Gipper" might have raised himself to one elbow, with tears streaming down his face, and asked the coach, "Who is paying for this stadium, and how much is it going to cost?"

Questions like these should be asked. They have been asked by the gentleman from Iowa. I agree with all those who say that with his departure the spirit of H. R. Gross will continue to ask: "Who is paying for it and how much will it cost?"

Mr. SCHERLE. I thank the gentleman for his comments.

Mr. Speaker, I yield to my colleague, the gentleman from New York (Mr. Gilman).

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding.

I am pleased to have this opportunity of joining the gentleman from Iowa (Mr. Scherle) and the gentleman from Maryland (Mr. Bauman) in paying tribute to a distinguished and dedicated colleague, the gentleman from Iowa (Mr. H. R. Gross).

While I have on occasion deferred from and disagreed with the viewpoints of the gentleman from Iowa, I have just as often admired his diligent attention to and his conscientious concern for our Nation's well-being and for our taxpayers.

As the gentleman embarks on his well earned rest and long overdue world travels, I say to H. R. that he can take pride that he goes with the respect and with the admiration of a great many of his colleagues, both young and old and on both sides of the aisle. I pray the gentleman and Mrs. Gross will enjoy their deserved retirement with good health and many years of happiness.

Mr. SCHERLE. I thank the gentleman.

I yield to the gentleman from Ohio (Mr. Devine).

Mr. DEVINE. Mr. Speaker, I thank the gentleman from Iowa for yielding.

Mr. Speaker, one question that has been asked of me more than any single one since H. R. announced his retirement and it is fast drawing to a point where he will no longer be with us and particularly from the other side of the aisle is: Who is going to take H. R.'s place? Which gentleman on your side of the aisle will do the job that he has done throughout the years? And without exception we have to say that there is no one who can take H. R.'s place.

I have had a wonderful association with the gentleman from Iowa during the 16 years I have had the honor to serve with him. There is only one person I have run into who could take issue with him without running into a buzz saw and that is his beloved wife Hazel. I have been honored to be a guest in their Washington residence for a delightful meal. I see now how many of the things he does do have become accomplished because his dear wife Hazel prepares the meal and gives the orders and he complies, but meanwhile he has an easy chair completely surrounded with committee reports and bills and debates and everything that has to do with the Congress. I doubt if he sees a bed very often because he is so completely prepared on all matters of technical procedures and everything else.

If the Congress had had the wisdom during the years H. R. has been here, back to and including the days when Clare Hoffman was his colleague as well as other members of his party, there would not be any inflation today and there would not be any national debt and there would not be any deficit financing. We would not have nearly the problems we in Congress are faced with today.

He has fought nearly a lone battle for a balanced budget. He has asked of Congress: Whose money is going to be pay for whatever the programs may be? He has had the courage to vote "No" even when the responsible vote might have been "Yes" because he saw the result of the votes of the excesses of the big spenders in the Congress, and he has done everything one man could do to keep the budget and the Congress on an even keel.

We will miss H. R. sorely. There is no one to replace him, but the country has been deeply enriched by having had him to serve this great Nation.

Mr. SCHERLE. I thank my colleague.

I yield to the gentleman from South Dakota (Mr. Denholm).

Mr. DENHOLM. Mr. Speaker, I thank the gentleman for yielding. I appreciate his taking this special order today. I think it is appropriate to honor our colleague on this special occasion. I regret I have not had the opportunity to become as deeply acquainted with the gentleman for Iowa (Mr. Gross) as many others of my colleagues have. I was here a year before I realized he did not have his initials on every piece of legislation in the House. I came to know him by number rather than by name. I knew he was No. 144 and I saw his initials "H. R." on everything and I thought he put in that many bills each year.

But then I found he was clearly an independent person from the great State of Iowa and he was here to recognize the hard issues of our time. I suppose, if anything, it could be said in honor to this distinguished man, that we wish he was as young today as he was when he came here. I suppose we live in times when we need him more now than we did then.

I regret that he is leaving and I am sure I join my colleagues in saying that his mark here in the Hall of Congress will be long lasting, not because of all the legislation he authored and enacted, but the principles for which he has stood through those years.

I think it is important that we recognize as the years go by that they are very much like the boughs of trees, that as they increase in numbers they reach outward and upward to the heavens.

We hope that as he passes through the Halls of Congress on his way to retirement or whatever he and his family may do in the future, that he will remember us here as his friends.

I wish him the best as a person and I wish the gentleman and his family and his associates the best in the future. I commend and congratulate H. R. Gross.

Mr. SCHERLE. Mr. Speaker, I yield to my colleague, the gentleman from New Jersey (Mr. Hunt).

Mr. HUNT. Mr. Speaker, I could not help but go back some few years when our colleague, the gentleman from California (Mr. Van Deerlin) was speaking of the newscaster, the gentleman from Iowa (Mr. Gross) and his then youthful colleague, Dutch Reagan, now known as the great Governor of the State of California. It was my happy lot to hear the voice of H. R. Gross long before I had the opportunity of speaking with him or knowing him. I married a young lady from Des Moines, Iowa, and while I was going out to visit her I became involved in some discussions with her father, now very well remembered as a newsman in the State of Iowa as Earl Foster, who was with the Iowa Farmer and the Nebraska Farmer. I heard the broadcast that evening and now my father-in-law said:

> That is H. R. Gross. He is admired in the State of Iowa and wherever he goes for his integrity and his forthright speeches.

I never dreamt that I would come to the halls of Congress at that time. I was in the service. I married my wife and we came East. I never dreamt at that time I would be in the same halls of Congress with the great H. R. Gross and when I came here my wife said, "The first thing you do, John, when you go to Congress, is look up Mr. Gross," and being a dutiful subject of my wife, as most men are who oftimes refuse to admit it, I did just that. After a very short time I knew why he was so great in Iowa. I knew why this man of such small stature enjoys such great popularity and admiration.

After I was here several months, he called me to one side one day in the aisle and said:

> I don't know where you get your ideas on voting, but you are a little bit different than those things that have been produced in the State of New Jersey.

I took that as a great compliment. I have tried to follow the gentleman from Iowa (Mr. Gross) throughout his entire career in Congress in the past 8 years I have been here and I say in all sincerity the day he leaves will be a great loss for this country. He has been steadfast in his ideals. He is a man of considerable knowledge. He is a man of wonderful temperament and I only say to him in parting, "Mr. Gross, you have inspired me no end."

Mr. RHODES. Mr. Speaker, I am greatly pleased to have this opportunity to join my colleagues in the House in paying our deep respects to Representative H. R. Gross.

We will miss him in the 94th Congress. H. R. was, in many ways, the conscience of the House. He insisted that Congress should attend, and pay attention to, debate on bills. He did his homework, and was an expert on parliamentary procedures and the operations of the House of Representatives.

The taxpayers of America owe a great debt to H. R. Gross. His vigilance, sharp questioning, and intolerance of waste and poor legislation stopped a lot of boondoggles dead in the water. It is said a man is known by his enemies. H. R. Gross incurred the wrath of the big spenders, the special interests, and those who believe that the only way to solve anything is to throw wads of Federal dollars at the problem.

H. R. Gross was also a foe of pomp and pretense. I well recall the day he shot down a proposal for a special congressional flag, by asking whether it should fly above or below the foxtail on a car's radio antenna.

He skillfully knocked out unnecessary programs and needless expenditures in bills. He was, indeed, the watchdog of the Treasury. He was a deadly debater with a sharp wit, and operated from a background of knowledge. He persevered, and won many battles simply because he had the facts on his side.

I have had the opportunity to serve for many years with the gentleman from Iowa. As a member of the Appropriations Committee for several years, I can appreciate the great amount of time H. R. spent in going over spending bills ferreting out the facts.

He has earned wide recognition and great respect from within the House, and without. The Congress is the richer for his having served more than a quarter of a century. In this age of cynicism, H. R. Gross stands out as a beacon of integrity. During a time of profligate spending, he stood his ground for economy and sensible Federal programs. Many wilted in the face of political pressure, but H. R. Gross plugged away, sought the truth, and told it like it was.

I am hopeful that he will continue his interest in the American political and governmental process, and that he will continue to contribute his views gathered from years of experience in the House. I join my colleagues in wishing him a long, productive and enjoyable retirement back in the tall corn country he represented so well here in Congress.

Mr. MORGAN. Mr. Speaker, I am pleased to have this opportunity to join with our colleagues in the House in paying tribute to a longtime—and unforgettable—Member of this body who will retire from public life at the end of this session—the Honorable H. R. Gross.

It has been a privilege to have served with him during his 25 years in Congress and to have sat with him on the Committee on Foreign Affairs since 1963.

H. R. Gross has been an important natural resource in the House of Representatives. He has known the rules of the House better than most of us and he has applied them with the same enthusiasm as if he had written them himself.

He has protected the Federal taxpayer as if every dime authorized and appropriated was ultimately to come out of his own pocket.

And he has stood for responsible legislating, as if each law might someday be applied to him personally.

With most important natural resources, we fail to appreciate their importance to us until it is clear that they will not be around very much longer. That applies to H. R. Gross.

It would not be candid if I indicated that having H. R. on the Foreign Affairs Committee was always an unblemished joy. Sometimes it seemed that such a natural resource should be spread around to some other committees and committee chairmen for a while.

But looking back on H. R. Gross' service on the Committee on Foreign Affairs it is clear that in his role as "the minority of the minority" he exercised a large and largely beneficial influence on the legislation which passed through the committee.

Recognizing his eagle eye for slipshod drafting of bills, his well-earned reputation as a stickler for parliamentary detail, and his low toleration point for irrationality, the committee members and staff were forced to take extra pains to see that their work was as nearly perfect as possible. His very presence demanded high standards from us all.

We miss his presence in the 94th Congress, but perhaps by now we have made a habit of doing things with the precision which H. R. Gross demanded.

Let us all join in the hope that the future will bring him and his family many wonderful days to come as he enjoys the well-earned fruits of retirement.

Mr. MICHEL. Mr. Speaker, the man to whom we pay homage today has never suffered for a lack of labels.

Harold Royce Gross has been called:

A quadruple-C Congressman—one of courage, conviction, capacity, and cussedness.

A pillar of parsimony.

The abominable no-man of the House of Representatives.

The watchdog of the Treasury.

A principled loner.

The conscience of the House.

The scourge of the spenders.

A reactionary nitpicker.

The antidote for boondoggling.

The deep-safety man against appropriations bills charging like Larry Brown.

Most of us have tasted the sweet and sour sauce often provided in Chinese restaurants. The things said about H. R. Gross are something like that. They are sometimes sour because a Member got torpedoed on a provision he wanted in a bill. But they are sweet in that, while blaming him for a defeat, they pay him admiration however grudgingly.

The tribute given to the gentleman from Iowa usually takes two forms: First, he saves the United States a lot of money. Second, he does his homework most assiduously; on the floor of this body he is formidable, whether in support or in opposition, because he has taken the time, and exerted the effort, to understand legislation in great detail.

Too often, the praise of H. R. Gross as an economizer misses a vital point: He is not trying to save money just to reduce figures. He believes in economy because he believes in human freedom. He is antiregulation and antiregimentation.

He has said:

> I want to pass on to our children the liberties and freedoms we have known.

And one of those freedoms is freedom from a crushing burden of inherited debt.

Our colleague does not just give lip service to the preservation of freedom. He practices it.

"The preservation of freedom"—what does that mean? It means selflessness. It means vigilance. It means dedication. It means devotion. It means willingness to be unpopular to achieve distant goals.

Those are the qualities we find in the gentleman from Iowa. They are the things we will miss as he ends 26 years of service in his beloved House of Representatives.

Is he a negativist, a career nay-sayer? Certainly not. But he is willing to be called one if that is the price to be paid for protecting the public purse.

In January of this year, the Wall Street Journal commented editorially, quote:

> Single-handedly, he has saved American taxpayers tens, perhaps hundreds, of millions of dollars.

I am afraid the Journal was conservative. The true figure, if it could ever be calculated, more likely runs well into the billions.

Our colleague comes from my beloved Midwest. When he says something, it usually will play in Peoria. He was born on a farm in Arispe, Iowa, in 1899. In World War I he served in the Army on the Mexican border and in France. He later studied at the famed school of journalism of the University of Missouri, but did not graduate. From there he went on to 14 years as a reporter and editor for several newspapers and for United Press. And from there, he moved into radio news for almost as long.

At Station WHO in Des Moines—that broadcasting blanket of middle America—he came to be called, quote, "the fastest tongue in radio," unquote, with a news delivery in the range of 200 words a minute. There also, he was a colleague of a sportscaster then known as Dutch Reagan—the present Governor of California.

He came to Congress in 1949, and he has been here since. He has become an institution in a body that produces institutions with regularity, but seldom in his caliber.

One of the many charming traits about H. R. Gross is the fact that he is plain. He does not apologize for it. He does not have to, because he makes a career of it. He speaks plainly and you know where he stands. He is a Member of Congress who does not have a tuxedo and whose wife does not own an evening gown. A good evening for the Grosses would consist of going through some appropriations hearings that she has read ahead of him, adding underlining. To end the day, they might have an exciting game of cribbage.

He is a man, in other words, of the simple life. Is that bad? I do not think so. Not when you give up a lot that you might have done and the only object is to find more time for the benefit of your country.

Sir Francis Bacon said it best:

> Virtue is like a rich stone—best plain-set.

Mr. Speaker, I know of no listing of endangered species that includes former Members of Congress. But if there were, our colleague from Iowa should be at the head of it. Because the perception and dedication he has brought to this body make him one of a rare breed indeed.

This House has been his home. When plain H. R. Gross is gone, we will each feel diminished but grateful that we knew him.

Mr. NATCHER. Mr. Speaker, 26 years ago this next January a man from the heartland of America came to serve in the U.S. Congress. From his native Iowa he brought with him to Washington all those qualities which typify the best of our national spirit. He had to offer an innate sense of duty and responsibility. These he had imparted to his colleagues in the House, to the Nation as a whole, and to our people. This man, then as now, has stood a little apart from the crowd. This man—the man from the heartlands—is my good friend, H. R. Gross.

At the close of this 93d session my friend will retire from the Congress. For over a quarter of a century Members of the House have respected his insight and listened for his keen observations. As a Member of Congress he has succeeded in saving the Federal Government billions of dollars by virtue of his diligent and constant scrutiny of appropriation bills and legislation which obligated our Government for payment of money. He has established a standard for excellence that will not easily be surpassed.

H. R. Gross has been a unique presence in our body of Government. He will, indeed, be missed and, in retirement, I wish for him and for his lovely wife all the good things that life can give.

Mr. ANDERSON of Illinois. Mr. Speaker, it was with deep regret that I learned of the resignation at the conclusion of this Congress of the gentleman from Iowa, the Honorable H. R. Gross.

In a quarter century of service in the House of Representatives, H. R. Gross has become a legend in his own time. He has shown a steadfast devotion to principles, waging a one-man campaign for economy from which he is credited widely with saving the American taxpayer hundreds of millions of dollars.

H. R. Gross will be truly missed in the House. He has taught us all something very valuable about our role and place as legislators, and I hope those lessons will not be completely lost on future Congresses.

I understand that H. R. will be returning to his home district in Iowa and I want to wish him the best in his well-earned retirement.

Mr. BENNETT. Mr. Speaker, in life we may have a chance or two to meet a really outstanding person who has a special quality of distinction that places him or her above and ahead of the crowd. Mr. Gross, the gentleman from Iowa, is such a person. I do not recall the leaving of any former Member whose absence will be so greatly felt here in this Chamber. He has saved the taxpayers untold billions of dollars by his careful scrutiny of all legislation. He has done it in such a manner as to retain the unanimous respect of all of his colleagues.

Moreover, his sense of humor and his basic kindness and goodness make everyone who knows him love him. I am grateful that it has been my privilege to serve with him and I join with all my colleagues in wishing him and his lovely wife a happy and prosperous retirement from this body. I know he will never fully retire from active participation in whatever he can do for the betterment of our country.

Mrs. SULLIVAN. Mr. Speaker, from many, many standpoints the House of Representatives will be a far different body in the 94th Congress than it has been in the past. Some of the differences will be greatly for good; others will not be. For instance, the many new Members who will be serving their first terms in the 94th Congress are going to be denied the opportunity to participate in legislative debate with the most fearsome and challenging opponent the House has had in at least a quarter century. I say "opponent" because the chances are that no matter who is speaking or what he or she is proposing in the nature of a bill or amendment, we could always count on the distinguished gentleman from Iowa (Mr. GROSS) to ask the hardest questions and make some of the most telling points on the other side.

He has taught all of us an invaluable lesson as Members of Congress; that is, that if we plan to get up and speak on a bill or amendment, we had better do our homework and know what we are talking about, for H. R. GROSS seems to instantly know if we are talking through our hats and might pin our ears back with a deft question or incisive comment.

I said he is "fearsome" in debate. And he is. But most of us have learned to spot the sparkle in his eye and recognize that he is really a most soft hearted tiger, who takes the legislative process seriously but not himself; and may ridicule our ideas while retaining our respect and admiration for his skill and effectiveness. There is no bitterness, no animosity, no discourtesy in his manner. In fact, although he has mauled and abused the legislative proposals of almost every one of us on both sides of the aisle at some time or another, and has often beaten us by his mastery of the House rules and his knowledge of the technical details of legislation, he is one of the most popular individual Members of the House. And that is a remarkable achievement for a man who prides himself on being a legislative curmudgeon.

In the 94th Congress there will undoubtedly be some candidates for the H. R. GROSS mantle—Members who will seek to fill the big void here caused by Congressman GROSS' retirement. To those who aspire to this distinctive role, I would only say: Read thoroughly all of the bills coming up; read all of the hearings and committee reports on those bills; research the laws they amend; memorize the rules of the House; study the many volumes of precedents; and if you can succeed in finding the time to do all of those things, then be sure to develop a sense of humor so subtle that no one is ever sure when you are serious and when you are kidding. Then work on your sense of timing—one which compares with a Bob Hope or Jack Benny or Buster Keaton.

The Member who can do all of these things will still not fill the H. R. Gross role. For the remaining ingredient, besides skill and conscientious hard work and devastating satire and great courage in taking often unpopular positions based on deep conviction, is a most surprising one. Basically, it is being a lovable person. It takes a new Member awhile to catch on to H. R. GROSS and why we love him.

The freshman Members of the 94th Congress are being denied a lot by not having H. R. GROSS scowling at them and raising unexpected or embarrassing questions which require knowledgeable answers. The new Members do not know what they are missing, but all of us who have served over the years with the gentleman from Iowa know what we are going to miss by his retirement. We are going to miss a great needler, yes; but mostly we are going to miss a great friend.

Mr. VANIK. Mr. Speaker, I would like to take an extended opportunity to reflect upon the work and contribution of my distinguished colleague from Iowa (Mr. GROSS).

However, in keeping with his spirit of economy, I will write him a personal letter and deliver it personally in order to reduce the cost to the Public Printer and the cost to the House Post Office.

Mr. MILLER. Mr. Speaker, at the close of the 2d session of the 93d Congress, the House of Representatives—and the American people—will lose one of the most effective voices on Capitol Hill with the retirement of Iowa's H. R. GROSS.

Known for the past 26 years as the champion of fiscal responsibility and integrity in Government, H. R. GROSS has been most respected for his broad knowledge of the dispersal of our dollars. He has been the taxpayers' watchdog, so to speak. There might have been some who have found his ceaseless campaign for saving dollars and cutting back questionable Federal spending ventures abrasive. But I know that he has earned the respect and admiration of the taxpayer who expects his dollars to be invested wisely. He has my respect. And I hope that his example will continue to impress all of us long after his retirement from this Chamber.

As his final days of service in the House approach, it is in all sincerity that I join my colleagues in the Congress in wishing H. R. and his family the very best for years to come.

Mr. MINSHALL of Ohio. Mr. Speaker, the Nation is coming to learn, much to its chagrin, that the lesson of my dear friend and colleague, H. R. GROSS, our long-term advocate of fiscal integrity and responsibility, has been perceptive rather than peremptory. A great man, before his time, this "Hound of Heaven" fenced the Promethean fire to fend off economic holocaust.

In the hope that the Congress we leave will heed his wise example, I wish him Godspeed on the road ahead in admiration and affection.

Mrs. GREEN of Oregon. Mr. Speaker, probably the majority of taxpayers in this country will never know that, with H. R. GROSS' retirement, they are losing one of their best friends and one of the most vigilant guardians of their interests. That is a matter for great regret, for I have never known anyone more conscientious and I have never known anyone more deserving of the public's trust to protect the public's purse. No detail is too small for his careful attention; no bill too insignificant for his thorough study. I debate on any legislation—be it an authorization or an appropriation—we in this House have learned to rely on his penetrating questions and have learned to totally admire that faithful attachment to duty which makes him one of the most knowledgeable and respected of all our colleagues.

This body of 435 diverse individuals is not the ripest ground for national stardom and so H. R. who, in my opinion, deserves a vote of national thanks for his service to our country, will bow from the stage lacking the universal applause which is his due. But it is a measure of the man that here among his colleagues his star is of the brightest. Members of every political persuasion are united in their regard, their admiration and—above all—their affection for this friend and colleague of impeccable character, flawless integrity, and enduring wit and charm. For those of us privileged to have known and worked with him, the applause will never die.

Mr. HUNGATE. Mr. Speaker, I join many here today in paying tribute to our distinguished colleague, H. R. GROSS, who will be retiring at the end of the 93d Congress. H. R. is a respected Member from Iowa. He prepared for his first career at the University of Missouri School of Journalism.

Not many men have the opportunity and motivation to distinguish themselves in two careers. H. R.'s many years as an outstanding reporter and editor are highly regarded, and when he began his career as a Congressman in 1948 he assumed the same dedication that would make him a leader among his peers.

H. R. GROSS' career exemplifies that of a generous man. However, those of us who have served with him when legislation involving Government spending was on the floor might not always choose "generous" at those times to describe our colleague. But, H. R.'s generosity is with things we cannot put a dollar value on—respect, dedication, loyalty, and trust. H. R. had the great ability to keep Congress on its toes when it came to fiscal matters. He kept us aware of our responsibility to open carefully, and only when necessary, the Nation's purse strings. Without H. R. I do not think we will go on a spending binge in the next Congress. He has left an impact on us; his presence and the important role he played will remain with us.

Mr. LANDGREBE. Mr. Speaker, I consider it a privilege and pleasure to salute H. R. GROSS on the eve of his retirement from the U.S. House of Representatives.

He truly is and has been a dedicated and effective watchdog of our Treasury. It is fascinating to contemplate where America would be today in terms of world power, economic strength, and fiscal stability—opposite of inflation—had the Members of this Democrat-controlled Congress harkened to his pleading, warnings, and admonitions throughout his many years in Congress.

I wish him a long, happy, healthy retirement.

Mr. STEELMAN. Mr. Speaker, this body will not be the same without H. R.

Gross. "Conscience of the Congress," "legislator's legislator," "watchdog of the Treasury," H. R. can be accurately described by all of these phrases and more.

The gentleman from Iowa will not be remembered best by the Members of the House for the legislation he stopped, but for the legislation that was never introduced, or reported out of committee, because everyone knew H. R. would be on the floor, scrutinizing each and every resolution and bill.

H. R. Gross may have saved more money for the citizens of the United States than anyone in the history of the Republic. As editorial after editorial from one end of the country to the other testified, H. R. was not only a Representative of Iowa but a representative of America, of every taxpayer in the United States. This body, and this country, will sorely miss H. R. Gross in the Halls of Congress.

Mr. BOB WILSON. Mr. Speaker, borrowing from the famous style of the colleague to whom we bid farewell today, I will make this brief, to the point and thereby save some printing costs in the Congressional Record. H. R. Gross, you are a living legend in this House. All of America will miss you, your unflagging energy and dedication to watch where every penny is spent in this huge Government. You have served your constituents and our Nation with the greatest distinction. My friend, your integrity is a hallmark for all of us to aspire and I wish you many years of happiness in your retirement.

Mrs. HOLT. Mr. Speaker, we must respect the wishes of H. R. Gross to leave this body after 26 years of excellent service to his constituents and the Republic. There comes a time when even a man of his remarkable energy and determination is ready for a more relaxed pace.

But he will be sorely missed. We are losing a leader, and a voice of conscience that often instructed us on fiscal responsibility. We have all learned from Mr. Gross, who is a very learned man.

During a long career, he has served his State and the Nation in several important roles. A veteran of the Army during World War I, he later devoted nearly 20 years to the work of newsman and editor. Then he came to Congress, Mr. Speaker, and this Congress has hardly even seen another like him.

He is the greatest defender of the taxpayer. He represents the hardworking people who have no lobby. He represents the people who pay the bills for the Republic, and I hope that we all remember the lessons he has taught us.

We cannot be pleased to see him go, but we can wish him good health and prosperity in whatever endeavors he pursues after he leaves us.

We shall cherish memories of his wit and intellect. I know that I have grown as a result of my friendship with him.

Mr. LUJAN. Mr. Speaker, long before I was elected as a Member of Congress, I was well aware of the fact that H.R. Gross was up in Washington taking care of my tax dollar and raising his voice any time an attempt was made to squander the people's money.

Since coming to Congress, I have watched his work with great admiration and respect. I only hope that when my time comes to retire, that I will be able to say that I did half as much as H. R. Gross has done.

It is always sad to say goodbye to one so dedicated to serving and one who has set such a fine example for us all. My only hope is that our respected friend and colleague will find as much in retirement to equal all that he has given with his many years of service.

Mr. MILFORD. Mr. Speaker, we are honoring a distinguished Member of this body who has chosen to retire this year.

I am speaking, of course, of the gentleman from the third district of Iowa, Mr. H. R. Gross.

His presence in the House will be missed for a mix of reasons.

From those who have felt the razor sharp questioning jabs, a sense of relief; from the House as a whole, a sense of regret that we will have, no more, a watchdog of the caliber of H. R. Gross.

In the 13 Congresses in which this gadfly has served with distinction, our colleague has flinched from no one; he has not backed away from tackling any source of power.

Obviously, the Missouri Journalism School graduate's 27 years of news work honed his questioning skills to a fine edge.

I will miss the cutting edge to his questions which have brought out the fine print of every piece of legislation which has crossed the floor of this House in the last 26 years.

No man was too powerful, no tradition too sacred to escape the penetrating questions H. R. Gross would throw at them.

He has not been bitter. He has not been vindictive. He asked questions deserving answers. He took seriously his task of safeguarding the U.S. Constitution and the U.S. Treasury for the people of the United States.

Traditionally, he has knocked such traditions as junkets, porkbarrel spending, seniority privileges, and public relations expenses—he criticized them, publicly and privately, while he maintained an integrity of the highest order by never participating in these practices.

But at the same time, H. R. Gross never took himself so seriously as to lose his own sense of humor. Frequently that humor has been the soothing ointment for the wounded victims of his cutting criticism and keen questioning.

Mr. Gross' last term coincided with my first, in the Congress of the United States. Very selfishly, I hate to see H. R. go because he has been my greatest asset—a willing teacher.

In my own opinion, he is the most dedicated Member in the House of Representatives. Even though I am a member of the other party, he was always willing to take the time to share his vast knowledge—even with a lowly freshman.

I, personally, shall miss our Iowa colleague from the other side of the aisle. For nearly three decades he has set an example of representation to be admired. And I hope and pray that in the vacuum left by Congressman Gross, some member will rise to try to fill it.

Mr. BRAY. Mr. Speaker, in a way, it is like hanging up an old football jersey, worn by a powerful quarterback, and whose number is never to be used again. If the rules of the House permitted it, I would say it would be fitting that H.R. 144 never be used again for any bill, in a tribute to H. R. Gross.

In Shakespeare's Troilus and Cressida, there are these lines: "Trumpet, blow loud, send thy brass voice through all these lazy tents!"

When I came to Congress for the first time, 24 years ago, the "lazy tents" were being shaken then—as they have always been during my friend's service in Congress—by a brass voice of a trumpet against waste, against spending, for fiscal solvency—and for the things he believed in. It will be a long time—if ever—that the U.S. House of Representatives hears such a trumpet call again.

No one can replace him. As he goes into retirement, let him go with these words from Bunyan's Pilgrim's Progress in his ears:

> My sword I give to him that shall succeed me in my pilgrimage, and my courage and skill to him that can get it. My marks and scars I carry with me, to be a witness for me, that I have fought his battles who now will be my reward.

Hail, H. R.—and farewell.

Mr. LAGOMARSINO. Mr. Speaker, before I came to the Congress last March I had, of course, heard much about H. R. Gross, of Iowa. I heard he was the conscience of the House—that he was the watchdog of the U.S. Treasury.

I have now had the unique experience of watching and observing this great man—truly a legend in his own time.

All of us in the House will miss him. The taxpayers will miss him more.

Mr. GOLDWATER. Mr. Speaker, I rise to join my colleagues in paying tribute to the gentleman from Iowa, Mr. Gross. But in deference to the gentleman, my remarks will be of limited duration. I say this, Mr. Speaker, because the gentleman will no doubt remind me not to clutter up the Congressional Record because of the cost to the taxpayers.

This is precisely why we are honoring the gentleman from Iowa. He has the political courage to constantly inform this body of its vast potential for milking the taxpayer.

Several months ago I placed an article about Mr. Gross in the Congressional Record which stated more eloquently than I could ever do about his retirement. The article reminded the Congress that men like H. R. Gross are hard to find, especially in the latter half of the 20th century.

You see, this is a man, a rare breed of man, who has the political guts to tell it like it is and to let the chips fall where they may. He is not a churlish man. He has no vendettas. He is not pompous or stuffed up. He is a man of conscience and he reminds us that every time a spending bill is on the House floor, that we should have some conscience, too.

Members of this great body come and go. Some leave lasting impressions on Congress and the Nation and some do not. Some of those who leave a great impression can and are replaced.

But, Mr. Speaker, I submit that H. R. Gross can never be replaced. He is one of a kind and the Congress and the Nation will be poorer for his retirement.

He is truly a man for all seasons. I only wish that the new freshman class in the 94th Congress could have the privilege and honor of learning from him. He has taught us all a lesson about the value of the dollar and the greatness of this Nation.

I shall miss him, and I shall never forget him. If a monument is ever erected to the American taxpayer, it should bear the likeness of H. R. Gross.

Mr. CASEY of Texas. Mr. Speaker, I join today in paying tribute to our distinguished colleague, H. R. Gross, as he retires to less trying pursuits after devoting more than a quarter century of his life to protecting the American taxpayer.

I do not believe any of us who have had the pleasure of knowing and working with H. R. Gross can name a man who has served with more zeal and dedication. He is a sincere friend, an articulate spokesman and can be a valued ally or a worthy adversary, as the occasion demands. An accomplished journalist, he has used the tools of his trade well in the Congress to search out the facts and to make them known—both to his colleagues and to the public—in language that is clear and to the point.

There is no doubt that all of us have spent more time in this Chamber because of H. R. Gross, but I am sure that we have also been much better informed about legislation, and especially our Government spending, because of his tireless efforts.

H. R. Gross has served his constituents of Iowa and all Americans in a manner that will be long remembered as one of the outstanding examples of dedicated public service.

It is with pride that I call H. R. Gross my friend and I know all of us wish him a successful and fulfilling retirement. May the bass strike often and the big ones never get away.

Mr. WYLIE. Mr. Speaker, I do not mean to be presumptious when I rise to say a few inadequate but heartfelt words about the most distinguished gentleman who is the subject of this special order. I use the term "inadequate" because their are no words adequate and time does not permit me to detail the contributions H. R. Gross has made to promote the well-being of this Chamber, his constituents in Iowa and his country.

He was first elected to the 82d Congress in 1948 and has retained his seat in every succeeding Congress over the past 26 years. During that time, the third district of Iowa has been well represented by a truly remarkable man. During his quarter of a century as a Congressman, H. R. Gross has earned himself a very special place in the history of the House of Representatives. By his own choosing and with undeterable persistence, he has become the unofficial, and very effective, champion of the American taxpayer. His efforts to promote fiscal responsibility and eliminate wasteful, unnecessary Federal spending have become legendary. H. R. has taken the time to scrutinize every spending measure that comes before the House in microscopic detail. His often lone crusade to cut dollars from unnecessary governmental extravagance has been remarkably effective. Although the exact sum will probably never be known, I would venture to say that he has saved the taxpayers countless millions maybe even billions of dollars during his long and distinguished career. It is not likely that anyone with his persistent parliamentary skill and dedication to promoting fiscal responsibility will ever again come on the scene.

Having the privilege of serving with H. R. and observing him operate as one of the Congress' most effective legislators, has been one of the more educational and rewarding experiences that I have had as a Congressman. It is, indeed, unfortunate that we do not have more men up here like him. In a few short weeks, however, the H. R. Gross era in the House of Representatives will come to an end.

I can only say that I wish he was not retiring. All of us will greatly miss our dear friend. I know that the example he has set will continue to be an inspiration to all of us who have had the privilege of serving with this dedicated public servant. H. R. I wish you and your wonderful wife a really super retirement.

Mr. REGULA. Mr. Speaker, "Raised on a farm; education, rural schools."

This begins the biography of H. R. Gross. No characterization of this man is possible but which embodies the basic qualities nourished by such a background. Rarely has this Chamber been so graced by such integrity, such dedication, and such studious attention to duty and responsibility as has been exhibited by our respected friend H. R.

Would that all of us could say, as he can, that his tenure here has been not just one of service, but of contribution to his State and Nation. The magnitude of our indebtedness to him is so great that we will be hard pressed to replace him. However, may there be among us who will frequent this House in the days to come one who will be a fitting replacement for this outstanding legislator.

We wish our distinguished colleague, H. R. Gross, Godspeed in his well-deserved retirement. He will be sorely missed here in the Congress and in the Nation.

Mr. WARE. Mr. Speaker, it is difficult to imagine debate in the House of Representatives without the incisive questions and biting wit of the gentleman from Iowa, H. R. Gross, who is retiring this year. No Member has been more assiduous in his daily attendance and his close attention to every bill brought up on the House floor.

While some of us have been content to ignore what seemed like obscure or inconsequential provisions of legislation, not my good friend from Iowa. Through his untiring study of the fine details of legislation and through his cogent questions, he has often demonstrated that what seemed minor, really was not.

An enemy of pork barreling, wasteful spending, and fuzzy thinking, he has the faculty of cutting right through to the nub of the issue before the House and defining it in frank, and sometimes embarrassing, but usually true, terms.

He is, without a doubt, the taxpayers' No. 1 watchdog in the House of Representatives. How often have we heard the question from the gentleman: "How much is this going to cost the taxpayer?"

The asking of that question has saved the taxpayers billions of dollars. The fear, the certainty, of that question being asked by the gentleman from Iowa has prevented untold billions in boondoggles from being presented in the first place.

The House will be a less interesting place without H. R. Gross. For 26 years he has been a "fixture," an institution in the Congress. While I am confident that my colleagues will miss him, the taxpayers will miss him even more.

My warmest personal regards and best wishes to the gentleman from Iowa, and to his family, as he completes a remarkable and distinguished career of unselfish public service.

Mr. BAKER. Mr. Speaker, it is difficult to add to all that has been said about our very distinguished colleague, the gentleman from Iowa. He is already a legend in his own time.

There are just certain people in this world who one is proud to call a friend, and H. R. Gross is just such a man. I know few individuals for whom I have more respect and affection.

I am grateful for having had the privilege of serving with H. R. during these past 4 years. No one is more dedicated than he in protecting the people of his district and, indeed, of this Nation from legislative and executive excesses. Our country will be forever indebted to him.

He is a man of conviction and deep beliefs, and I could not agree more with anyone than I do with him in the fundamental views that are his.

H. R. possesses a trait that should be emulated not only in politics but in every walk of life—that of speaking what you believe and standing by it.

In the endless adventure of governing men—the highest art—H. R. is a master—and the country and all of us will sorely miss his balance and sanity and his ability to see reality under appearances. He is a great man. Congress will be the less without him.

We appreciate you, your wit, and your wisdom, H. R. Thank you for all you have given to us who looked to you for leadership and friendship.

Mr. Speaker, it should be noted that in the 94th Congress the Republican strength will stand at 144—a full gross. It is difficult to designate that number as complete, however, because of the one element which will be missing—the man whose name and reputation give stature and meaning and special significance to any number from 1 to 144—H. R. Gross.

Mr. McCLORY. Mr. Speaker, there is one special Member of the U.S. House of Representatives who more than any other merits the combined praise of citizens throughout the land; namely, Congressman H. R. Gross of the Third District of Iowa.

While H. R. Gross. will not be recalled for the large number of bills which he individually introduced—I have the feeling that he introduced very few—nevertheless, his steadfast attention to legislation which came to the floor of the House during his 26 years of service—and his close scrutiny of virtually every public and private bill which was debated in the U.S. House—represents a service unmatched in recent congressional history.

Mr. Speaker, one of the undeniable developments in recent congressional experience has been the temptation to legislate on too many subjects—and the Federal Government to assume too great a role in controlling the lives of our citizens. But, Mr. Speaker, the impact of the Federal bureaucracy on American business and individuals would have been far greater if H. R. GROSS had not been at his post on the floor of the U.S. House of Representatives during these past years. I am confident that his actions have resulted in saving billions of dollars for American taxpayers.

Mr. Speaker, in addition to the tangible and constructive services which Congressman H. R. GROSS has contributed, he has lightened the load of all who have served with him through his good humor and ready wit. In the performance of our tasks and in the commiting of many errors along the way, H. R. GROSS has expressed himself both eloquently and good-naturedly. Although small in stature, Congressman H. R. GROSS was always big in thought and deed—and in service to a Nation he loves. He, in turn, is loved by all of us who have been priviledged to serve with him.

Mr. Speaker, I am pleased to join in this tribute to my friend, Congressman H. R. GROSS on the occasion of his retirement from the U.S. House of Representatives and to extend to him and Mrs. Gross the best wishes of my wife, Doris, and me for many years of good health and happiness together.

Mr. ROYBAL. Mr. Speaker, it is with great pleasure that I rise to add my voice to those paying a well-deserved tribute to our esteemed colleague Congressman H. R. GROSS, who will be retiring at the close of the 93d Congress. During his 26 years in Congress H. R. has served the people of Iowa and of the Nation with unfailing honesty and integrity, showing particular concern for eliminating wasteful Government spending.

I first met H. R. GROSS when I served on the Foreign Affairs Committee as a freshman Congressman. I consider myself fortunate to have had this opportunity to know, work with and become friends with H. R. GROSS. Over the years my respect and admiration has grown for the man who will be remembered for singlehandedly taking on the responsibility of achieving a balanced budget.

As in the past, H. R. GROSS again introduced H.R. 144—keep in mind that 12 dozen equals a gross—during the 93d Congress. This bill calls for a balanced budget and the gradual retirement of the national debt. This act would apply only with respect to fiscal years beginning after June 30, the end of the Federal fiscal year and, also, H. R.'s birthday. This bill epitomizes what H. R. has stood for and what he has dedicated his 26 years in Congress to achieving.

H. R. is an expert in House procedure and has not been afraid to use his knowledge to prevent the passage of legislation which he does not feel to be in the best interests of the Nation. His constant watchfulness has uncovered controversial provisions of legislation which would otherwise have gone undetected and has kept Congressmen on their toes, knowing they must be able to defend their monetary requests.

He has set a fine example as a Congressman, doing his homework on each bill that comes to the floor and unceasingly working to keep the Federal budget in line. The attentiveness and thoroughness with which he tackles legislative duties is to be commended.

It has, indeed, been a privilege to know and work with H. R. GROSS and I am pleased to have this opportunity to add my words of praise for a friend and colleague, whose presence in Congress will be greatly missed.

Mr. MATSUNAGA. Mr. Speaker, the adjournment of the 93d Congress will bring to a close the distinguished political career of our colleague, H. R. GROSS of Iowa.

H. R. and I not only sit on opposite sides of the aisle, we frequently find ourselves on opposite sides of the issues—especially budget issues. Nevertheless, I hold him in the highest esteem and have the greatest admiration for his integrity and legislative ability. Upon arriving in Washington nearly 12 years ago, I soon learned that H. R. GROSS was one of the hardest working Members of the Congress. "He does his homework," I was told, and I have always found it to be true.

H. R. is perhaps best known in the House as the "watchdog" of the Federal Treasury. Because he also has a great sense of humor, his remarks about Federal spending bills have practically made him a legend in his own time. I well remember trying to get funds for Hawaii's growing papaya industry over H. R.'s objections. When the bill finally passed, I sent him a papaya. They are not only delicious fruits, they are used as tenderizers, I told him.

I was fortunate enough to serve with H. R. GROSS on the Post Office and Civil Service Committee and learned to respect his tremendous concern for the Federal employee as well as his interest in efficient Government. He will be sorely missed by me and his many other friends in the House. On behalf of myself and the people of Hawaii, I extend to Congressman and Mrs. Gross warmest aloha and best wishes as they enter retirement. If private citizen GROSS would like to take his lovely bride on a "junket" to paradise, he is most welcome to visit Hawaii.

Mr. YOUNG of Florida. Mr. Speaker, I rise to join my colleagues in lauding the long and distinguished career of the gentleman from Iowa, Mr. H. R. GROSS. Quite simply, the House will not be the same without him.

For 26 years, Mr. GROSS has tenaciously served as the bastion of fiscal sanity in the House. Time and time again, he has reminded us of our serious constitutional responsibilities to provide for the American people first and foremost. He has also reminded us that our constitutional responsibilities do not include such follies as authorizing official congressional yacht pennants or giving away billions to hostile nations.

The gentleman from Iowa stands as a model to every new Representative in every new Congress. Which of us can say truthfully that he reads every piece of legislation before us, line by line, alert to flaws, violations of our House rules, unwitting giveaways of congressional authority, and open-ended authorizations which cost the taxpayers millions? Which of us has the same unbroken record of attention to detail in legislation, providing "clarifications for the record" which later prove so vital in establishing the intent of Congress?

As a protector of the American Treasury and the pocketbook of the American taxpayer, H. R. GROSS is without peer. All of us have seen at one time or another, lists of amazing abuses of the taxpayers' dollars. That list, encompassing such goodies as farm subsidy payments to the Queen of England and a study of why children fall off their tricycles—that list would be a lot longer, were it not for H. R. GROSS.

Long before we entered the murky fiscal waters in which the Nation now flounders, H. R. GROSS spoke out against deficit spending and waste in Government. As the years have passed and our national debt has mushroomed into a staggering half trillion dollars, his prophecies of doom have ceased to be prophecies and have become instead accurate forecasts of the devastating results of Federal fiscal irresponsbility. Had we approved his bill, H.R. 144, calling for a balanced budget and retirement of the national debt, two decades ago, this Nation would be a rock of fiscal stability in the global economy—and not subject to foreign economic blackmail or rampant inflation.

H. R. GROSS loves America and its people. During his long and distinguished political career, he has never wavered from this position and every new Congress has brought us fresh lessons from him. With his retirement, the American people are losing a unique Representative, guardian of their welfare, and watchdog of the Treasury par excellence. I hope that his retirement will be full of the peace and joy which he has earned after 26 years on the battleline.

As for me, my command of the English language is not adequate to fully express the admiration and respect I have for this great American, H. R. GROSS.

Mr. NICHOLS. Mr. Speaker, I am pleased to have a small part in paying tribute to one of the most able Members of the U.S. Congress, who will be retiring at the close of the 93d Congress.

Congressman H. R. GROSS is indeed an institution in this body and though there are many times when I have been in disagreement with him he is nevertheless held in high respect by Members on both sides of the aisle. In all my legislative years I have never known a Member of

Congress who better prepared himself on legislation, for H. R. Gross did his homework well.

This sturdy oak from the State of Iowa has indeed been the watchdog of the Treasury for better than a quarter of a century and there is no way of estimating the tremendous savings he had made to this country when time after time he has persuaded the Congress to turn down "legislative boondoggles" and "giveaway programs" as our colleagues so aptly referred to certain spending programs.

I shall miss this conservative stalwart in the House together with his great mind and ability to express in a layman's language his reservations of many of the issues which have confronted this body.

I want to join with his many friends both in Congress and in his native State of Iowa in extending my very best wishes for many happy and satisfying years as he retires from the U.S. Congress.

Mr. ASHBROOK. Mr. Speaker, I am pleased to have this opportunity to express my admiration for Congressman H. R. Gross. His dedicated service has made a substantial contribution to the American legislative process. It has also resulted in the saving of millions of taxpayers' dollars.

H. R. Gross is an acknowledged master of parliamentary procedure. He has used this ability in the public interest. His knowledge of the parliamentary arts has made it possible for him to block many attempts at railroading bad legislation through the Congress.

H. R. Gross has also been the fiscal "watchdog" of the House. On numerous occasions he has stopped efforts to push through costly and wasteful Federal spending programs. The American taxpayer has been the beneficiary.

The basic philosophy of H. R. Gross is perhaps best summarized by a quotation in his office lobby. It reads:

> Nothing is easier than the expenditure of public money. It does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody.

It has been a privilege serving in the House of Representatives with H. R. Gross. I will greatly miss his counsel in the years ahead.

Mr. SNYDER. Mr. Speaker, while we miss all our colleagues who retire or leave this body for whatever reasons, it is certain that on few occasions have we felt the great sense of loss that the retirement of the gentleman from Iowa, Mr. H. R. Gross, brings us.

In my five terms in Congress, I have never seen any other Member as completely loved by those who manned the same bastions as he, and as thoroughly respected by those who disagreed with his positions.

Though never elected to a position of leadership in this historic body, the example he set that none of us could match, of "doing his homework," made him a leader without portfolio par excellence. H. R. Gross, without ambition or pride, worked selflessly for his district, his State, and his country, and as such has been a man to be reckoned with. His tireless service and his great wit frequently got him front page stories in the Nation's press.

His efforts alone have saved America's taxpayers hundreds of millions, if not billions, of hard-earned dollars. By his never flagging attention to every word of every bill that came before us, he was able to convince enough Members time and time again to eliminate wasteful, excessive, or foolish authorizations and appropriations.

He failed to win the majority of his efforts to reduce or balance our growing national budgets. Had he won those battles, the American people now would not be burdened by a debt of half a trillion dollars—a debt that exceeds the combined debt of all the free nations of the world.

No words can express adequately what we all owe H. R. just for the privilege of knowing him and serving with him. He is a great Iowan, a great American, a great Representative, a great Republican, and a great friend.

It seems noteworthy to me that Republicans in this body in the new 94th Congress will number 144, exactly a gross, if contested election results remain the same. Is it possible that this group will spearhead to enactment into law the bill our beloved H. R. has long promoted in Congress after Congress under the designation that reflects his name, H.R. 144?

Inflation would be dealt a lethal blow, indeed, were that measure to become law. It would require that the public debt be reduced every year by an amount equal to 5 percent of the net revenue of the United States in the preceding fiscal year, after 3 years of such reduction at rates of 2 percent, 3 percent, and 4 percent successively. H. R.'s bill also requires that Federal expenditures, including such debt reduction, in each fiscal year shall not exceed revenues for that fiscal year, except in time of war or grave national emergency declared by Congress.

I believe that nothing would make H. R. Gross happier than a farewell gift of a gross of his colleagues pledging themselves to enact into law his own chief concern, H.R. 144. I, for one, will continue to press for adoption of this measure.

H. R., we will sorely miss you here. But I have a hunch you will never really retire from the firing line.

God be with you and yours, always.

Mr. ERLENBORN. Mr. Speaker, Moses promised to lead the children of Israel out of bondage in Egypt into a land flowing with milk and honey. He brought them to within sight of the Promised Land and thought he had done well; but he didn't know about Iowa. Its rich soil, combined with just the right amount of rainfall and just the right amount of sunshine, makes it, truly, a land of plenty. It is a land which has produced billions of bushels of corn, millions of bushels of soybeans, but only one H. R. Gross.

The sunshine and the rain, when applied to the soil of Iowa, produce grains and the grasses; but when applied to this native son they have produced a man of wit and scorn, of drollery and satire. These qualities has endeared him to all who have known him. More than that, they have endeared him to several million taxpayers who do not know him, for he has used his talents in the cause of government frugality.

His genius for sarcasm has flourished here in the House of Representatives, a House which he has graced for 26 years. He often has been a minority of one, but the numbers of his opposition have not daunted him. He has been willing to live by his principles and to defend them with scoffing and quips.

H. R. will retire with the end of the 93d Congress and the House will not be the same without him, for nobody will—nobody can—take his place.

H. R. was born in Arispe, which is one of those small towns which, together with the corn and the cattle, flourish in Iowa. His hometown now, however, is Waterloo.

It occurs to me that, during his 26 years in the House of Representatives, H. R. Gross has lost many a battle; but he never has met his Waterloo.

Probably he never will.

Mr. ROBINSON of Virginia. Mr. Speaker, today I wish to join my fellow Members of Congress in paying tribute to Congressman H. R. Gross who has had a long and distinguished career of public service in the House of Representatives. In the few years we have served together in Congress, I have developed a deep respect for this man and his principles, a respect built not only from his service to his country but from the principles for which he stood so unwaveringly in Congress.

His adherence to the cause of fiscal responsibility, regardless of pressure, has been an inspiration to me and his knowledge of parliamentary precedures will indeed be a great loss to the House. Certainly there are few men who have served in this body who have so knowledgeably and resolutely defended the causes in which they believed.

He is a man who has the courage to fight for his convictions, a man who will not equivocate, and all those who know him will honor him for his strength of character and his inspirational stands on the issues which he believes to be right. I am truly sad to see H.R. retire from the House of Representatives.

Mr. MONTGOMERY. Mr. Speaker, I commend my colleagues from Iowa for this bipartisan spirit of saying farewell to one of the most respected Members of Congress. With the retirement of H. R. Gross, we will be losing not only a highly respected and dedicated lawmaker. but the man who has become known as "the conscience of Congress."

He never let any of us forget when we might be forging ahead a little faster than necessary or spending too much money for the good of the Nation. In his 26 years of service to his country, he has demanded an explanation for every penny of Federal expenditures, and I think the people of America owe him a great vote of thanks for his diligence to the well founded philosophy of fiscal integrity.

Mr. Speaker, I regret that H. R. decided to retire at this time because now, more than ever, we need his voice to be raised on the House floor in a clarion call for reduced Federal spending. There are those of us still here who believe in a balanced budget, but none who can speak quite as forcefully as H. R. has for the last 26 years.

Speaking for myself, and I feel many others, I can say without hesitation that our colleague, Mr. GROSS, will be sorely missed with the convening of the 94th Congress. At the same time, we all wish him the very best and many years of happy and peaceful retirement.

Mr. NIX. Mr. Speaker, I rise to add my voice to that of my colleagues and friends to honor our friend and colleague Congressman H. R. GROSS.

He is one of the supporting pillars of the House. He will retire at the end of this Congress after 26 years service. He has earned much more than his pay on every one of those days and that amount could only be calculated by a university economic department with too much money to spend on computers.

A text critical of many Members of this House, the Almanac of American Politics, begins its description of the service of our friend, the Honorable H. R. GROSS with this sentence:

> There is no other Congressman quite like H. R. GROSS of the Third District of Iowa.

They went on to describe Mr. GROSS as a man of American Gothic virtues "thriftiness, attention to detail and orneriness." While their praise of his career was reluctant, it was fulsome.

That is perhaps the most significant fact of H. R.'s career. He has won the deep respect of his adversaries including those in the news media who are the hardest of all to win kind words from. He has outlived most of his enemies and set a standard for hard work and integrity which will long sustain this body.

A man who reads every line of every bill brought to the floor is a man to stand in awe of.

I will remember him best as one of my dearest friends. When I have been chairman of subcommittees on which Mr. GROSS sat as a member, I could expect not only thoughtful fairness on his part but attendance as well. There were many occasions on the Post Office and Civil Service Committee when H. R. would leave a meeting in the Rayburn Building to come across the Hill to the Cannon Building to make a quorum so that we could get legislation out of subcommittee. There were no headlines in postal legislation. It was necessary legislation and good for the country, H. R. was there to tell us about our bills one way or the other and because he was, we were able to do a workmanlike job.

I have had the pleasure of working with him for many years on the Foreign Affairs Committee. His views have gained a greater and greater following as he examined each and every provision of foreign assistance legislation. Whether billions, thousands, or hundreds were involved, he gave each day in the hearing room his very best. The American people have benefited greatly from his service.

Institutions grow and become honored because of the people who serve in them. His memory will last in this institution as long as any of us who knew him remain here. We can only try to pass on to new Members the difference one dedicated Member of Congress can make. It is in that memory which will grow in the minds of the next generation of Members which will show us the mark that the Honorable H. R. GROSS has left in this body. He has passed the hardest test of all. He has gained the respect of his colleagues. He has gained their love and affection as well, without ever seeking it.

Mr. ABDNOR. Mr. Speaker, I will always count as one of the greatest privileges I have had in the House of Representatives the fact that I have had the opportunity to serve with our esteemed colleague, H. R. GROSS. Long before I came to the House, I had developed a special admiration for my Iowa neighbor through the CONGRESSIONAL RECORD.

While many today are lauding his tenacity and persistence in saving the taxpayers' dollars, and his courage in consistently putting his vote behind his convictions in fiscal matters, H. R. GROSS has also been one of our stellar conservationists in dealing with one of our most precious, but rarely considered, commodities—our time.

Except when we are racing to catch a plane, few of us realize the value of the minutes and hours we spend in plying our tasks. We grouse briefly on occasion about the amount of time we waste, but rarely make any serious effort in correcting the situation.

Even worse, few of us are greatly concerned, much less try to do anything about the time we collectively waste through our poor scheduling of House committee and legislative business. Only H. R. GROSS has the courage to speak out week after week on this subject. While we all complain privately, few of us bother to lend H. R. even token support in this badly needed reform.

I hope that in the coming session some of us will have the courage to carry on H. R.'s valiant battles to save both time and money. We will not be able to do it with the same pertinacity and grace, but both of these causes need champions, not only for the sake of the Congress, but for the sake of the people we were elected to serve.

Mr. COLLIER. Mr. Speaker, I am happy to join my colleagues from Iowa in paying a well-deserved tribute to the distinguished gentleman from its Third Congressional District, HAROLD ROYCE GROSS.

H. R. GROSS, the only man whose name is the same as the number of a congressional bill—H.R. 144—is one of the most remarkable men ever to sit in the House of Representatives. Actually, he does very little sitting, as he is usually on his feet, asking one of our colleagues:

> Would the gentleman explain why the sum of $17,000 on line 13 of page 47 of the bill is necessary? Didn't we provide the agency with sufficient funds in the supplemental appropriations bill last month?

Every measure that comes before the House is engrossed before it reaches a vote, because H. R. GROSS has gone over it with his eagle eyes in an effort to remove the inequities and iniquities and whittle down the cost as much as possible.

H. R. GROSS was born June 30, 1899. It is reported that he sat up until midnight, awaiting the arrival of the last fiscal year of the 19th century. He has been a fiscal watchdog ever since.

Our future colleague was only 17 when he served on the Mexican border in 1916, but after Pancho Villa had taken one good look at him, he decided that discretion was the better part of valor and fled to the interior of Mexico. Not long after H. R. GROSS and the American Expeditionary Force landed in Europe, Kaiser Wilhelm II headed for the Dutch frontier.

I had hoped that the great legislator from my neighboring State would remain in the House of Representatives for many years to come. If we had a majority that worked and spoke and voted as he does, we could defeat the evil forces that are trying to spend our Nation into bankruptcy, undermine our institutions, and leave us naked before our enemies. It is true that there will be 144 Republicans in the House when the 94th Congress convenes next month, a gross, a far cry from a majority, but their strength would have been doubled had H. R. GROSS remained at his post.

Mr. Speaker, I wish my able namesake, HAROLD R. GROSS, Godspeed and a happy retirement.

Mr. POAGE. Mr. Speaker, we have come to the end of a congressional era. The 94th Congress will see a tremendous number of new faces. It will operate under new rules, administered by new leaders, and it will doubtless emphasize new issues and struggle with new problems. Very rarely have we seen such a complete break in the character of the problems and the approach between one Congress and its successor. Certainly one of the most obvious changes will be loss of the "the keeper of the congressional conscience," H. R. GROSS of Iowa.

Mr. GROSS has been best known to the American public because of his constant efforts to keep federal expenditures within reasonable bounds, but we have had others who have repeated the question, "Where are we going to get the money?" We have, however, never had a member during my almost 40 years who has been willing to do the hard background work that H. R. has done in connection with all kinds of legislation coming on this floor. He has not opposed legislation simply because it involved the expenditure of money. He has sought to know that that money was being wisely spent. As a committee chairman, I have ofttimes had to explain expenditures to him. If he felt that these expenditures were reasonable, he would not challenge the bill; but if he felt that the expenditures were wasteful, he used his best efforts to prevent passage—even when he knew that those efforts were hopeless.

Of course, Mr. GROSS soon exhausted his ability to attract support for legislation, and I think that he recognized this fact, but made the deliberate decision that he could best serve his people by wielding "veto" influence. I think that he was correct in this decision. He served the Nation very effectively.

Every legislative body needs one or two "watchdogs." H. R. Gross was one of the best, but no legislative body could do business if a large percentage of its members followed his methods. H. R. was an institution, not simply an individual. While I regret to see the individual leave the Congress, I hope that the institution will remain. He had a few understudies. One or two of them may develop. I hope they will, but I warn them that it will be a hard and a thankless road. They will be stoned just as were the prophets of old.

H. R. Gross served his day and generation well. He would not be happy serving as a part of the "New Democracy," which has taken over the control of this House. I, therefore, feel that he did the wise and effective thing in retiring where he can watch the battle from afar, but I know he will always retain his interest in the welfare of our Nation. I congratulate him on a job well done and wish him well in his new endeavors.

Mr. FRASER. Mr. Speaker, Hawkeyes, corn, hogs, and Grant Wood may not signify Iowa to all Members of Congress. But H. R. Gross does.

While I do not suggest that absent H. R., all evidences of Iowa on Capitol Hill will be gone, I do suggest that H. R.'s departure from Congress, come the end of this 93d session, will leave a large, distinctly Iowan void here on the Hill.

H. R. joined the Foreign Affairs Committee officially on January 24, 1963. Having been a member of the committee since January 17, 1963, I was senior to H. R. on the committee, recognizing that my seniority and H. R.'s were and are of distinct and noncomparable types—sort of like oil and water, Gross on the Republican side, Fraser on the Democratic.

At any rate I have had the distinct honor of serving as chairman of an International Organizations and Movements Subcommittee that included H. R. Gross as ranking minority member. His high rank on the subcommittee has spanned my chairmanship. Given H. R.'s views on Government spending and especially Government spending for foreign aid, the fact that our subcommittee was established to deal with—among other things—questions relating to the United Nations and its specialized agencies guaranteed a lively subcommittee atmosphere. I am tempted to recall as apropos of H. R.'s retirement the words of the man who, head encased in a kettle, sighed with relief when his adversary stopped hitting the kettle with a hammer and said, "My goodness, how good it feels."

But I will resist that temptation and concur in what our colleagues from Iowa who organized this special order wrote:

> H. R. is a man of tremendous determination and integrity who will be sorely missed.

He will be. And this institution will not be the same without him.

Mr. BURGENER. Mr. Speaker, our colleague, H. R. Gross, will complete a long and distinguished career as a Member of this House when the 93d Congress adjourns sine die. The 94th and succeeding Congresses will not be the same in the absence of this valuable and admired Member.

For 26 years, H. R. Gross has been known by Americans from every State as a spokesman for economy in Government, an opponent of waste and a foe to boondoggles of any description. To his colleagues in the House he has the additional reputation as a man who does his research, comes prepared to do battle with all of the pertinent facts and whose word on a point in dispute can always be trusted implicitly.

The country will miss the services of this man in the years ahead. The Congress will feel a void when he is not on the floor questioning the spending plans of the proponents of pending legislation. It is certain that the Treasury will feel the absence of this defender of its vaults.

H. R. Gross has fought long and hard to have the Congress heed the instruction of John Adams who said "the public money of this country is the toil and labor of the people, who are under many uncommon difficulties and distresses at this time, so that reasonable frugality ought to be observed." It can only be hoped that, in future debates, the Members will pause to think what H. R. Gross would say before they cast their votes on measures appropriating the public's money.

Mr. DERWINSKI. Mr. Speaker, it is with mixed emotions that I rise to pay tribute to "good old H. R." If there is any member who has worked hard and long and effectively on behalf of the taxpayers, it is H. R. Gross. He singlehandedly has defended the American taxpayer from the ever-growing costly and cumbersome Federal bureaucratic structure. He certainly deserves the relaxation and contentment of retirement, but one must wonder if any of us will be able to fill his shoes.

While we have had occasional disagreements, I have enjoyed the very close relationship we have maintained over the many years we have sat side by side on both the House Foreign Affairs Committee and the House Post Office and Civil Service Committee.

While "H. R." waged a tough fight against Foreign aid programs, it has rolled on even though he has been a key member in helping to trim its sails. On the Post Office and Civil Service Committee, he has fought against the excessive cost and cumbersome structure of the Federal bureaucracy.

Unfortunately, our dear friend "H. R." will not go down in history alongside of such great congressional stalwarts as Daniel Webster, Speaker Joe Cannon, Henry Cabot Lodge, Sam Rayburn, Everett Dirksen, or Lyndon Johnson, but in the memories of all of us who served with him he will rank No. 1 as a parliamentarian, as a debater, as a student of legislation, and as a fair opponent or a loyal ally, depending on the circumstances.

We will especially remember the warmth, homespun humor, and gentleness that are behind his pixie exterior.

Mr. HUBER. Mr. Speaker, every legislative body needs a watchdog and H. R. Gross has certainly been a watchdog over the U.S. Treasury in matters both large and small. Every legislative body needs a gadfly to point out its inconsistencies and foibles. H. R. Gross has done that over the years. Every legislative body needs one individual who will always rise and attempt to cut down the funds allocated by the Congress for the many programs that fall into the category of being "sacred cows." H. R. Gross certainly fits that description also, but there are other Members of Congress who can and sometimes do all the above things.

The big thing that will be missed when this House convenes again next January will be the humor and the color that "H. R." supplied. "H. R." somehow supplied the humor and folksiness that made the House of Representatives understandable to the people of this country in a way that others could not. Stories in the press of his humor and attempts to make sense of our sprawling Government have nourished the hope of many Americans that all is not lost in Washington for the years he has been here. He will be sorely missed and not since the departure of the late Senator Everett Dirksen, of Illinois, has such a gaping hole been placed in the ranks of the Congress. Goodby and godspeed, "H. R."

Mr. SLACK. Mr. Speaker, it is a privilege to join with those who today pay tribute to our distinguished colleague, Representative H. R. Gross.

Like many others, I have been better informed, given cause for sober thought, and frequently entertained by his activities in connection with the work of this body.

We serve in what the Founding Fathers called the "first branch of the National Legislature" and the questions of H. R. Gross have frequently reminded me of a significant statement by Benjamin Franklin at the Constitutional Convention of 1787.

Speaking in support of the idea that money bills should originate in the House of Representatives, Franklin told the delegates:

> It is always important that the people should know who had disposed of their money, and how it had been disposed of.
>
> Those who feel can best judge and "money affairs" should be confined to the immediate representatives of the people.

Our distinguished colleague from Iowa has shown us the courage to ask the hard questions required to unearth the facts, and the questions were asked in the spirit of truly representative government.

In him we have seen a combination of qualities not frequently found, and not likely to be at the disposal of our membership in the near future. In that sense he has been indispensable to us.

My best wishes go with him into retirement well and nobly earned. We shall miss his wit, good humor, and common sense as we grapple with the problems of today and tomorrow.

Mr. VEYSEY. Mr. Speaker, every great institution that serves the needs of mankind must first be aware of the plight of the common man. The House of Representatives is no different, and for the past 25 years one man has served as the "caretaker of the conscience" of the House of Representatives. That man, of course, is Harold Royce Gross—better known to the Nation and his colleagues as H. R. Gross.

In the House with 435 Members, the tendency for most is to go along with the majority—to not rock the boat. However, H. R. Gross is a man who does not cower before a difficult task or overwhelming opposition. During his two and one-half decades in the Congress he has consistently opposed excessive Federal spending and chastized his colleagues for frivolous spending habits. In fact, one of his earliest recorded votes called for a $600 million reduction in the Federal budget.

There have been no sacred cows. At the appropriate time the Defense Department, the Tennessee Valley Authority, various reclamation projects, as well as a host of other proposed expenditures have felt the sting of H. R. Gross' incisive criticism.

An estimate of the money that he has saved the taxpayers would be phenomenal. I recall a bill that was introduced to reimburse owners of eucalyptus trees that had suffered damage during subfreezing weather in California. He dubbed the bill the "U-Clipped-Us Bill" and proceeded to expose it as another boondoggle. On another occasion he described the Office of Economic Opportunity as "one of the best examples of bureaucratic bumbling and waste ever created by the mind of man."

During his tenure in the House which began with the 81st Congress in 1949, H. R. Gross has been a defender of fiscal conservatism as well as an avid opponent of world involvement. He has consistently voted against Federal pay increases and requests to increase the Federal debt ceiling. As an alternative to the latter, he suggested that Government spending be reduced to match anticipated revenues.

Junketing Congressmen traveling around the world to observe U.S. Government facilities and operations have been one of his favorite targets. On one occasion, he introduced a bill to require junketing Members to reveal the exact amount of money expended overseas.

Few Members have made an impact on congressional thinking equal to that made by H. R. Gross. As he returns to his home in rural Iowa, we owe him a debt of gratitude. We trust that in his retirement when he will once again be a private citizen, that he will continue to offer his advice and counsel. And I might add that if the Congress had followed his advice more often we would not have the inflation or recession problems that now face us. I am sure that our colleagues in the 93d Congress join me in wishing his Godspeed.

Mr. FUQUA. Mr. Speaker, the House of Representatives will miss H. R. Gross.

Since 1948, this distinguished gentleman has ably represented Iowa in the Congress, and he and his beloved wife will take a well-deserved rest at the conclusion of this Congress.

Few men have had the impact on the deliberations of this Chamber during the time that he has served as has this able gentleman. He constantly and continually asked penetrating questions about spending, more often than not with a clever phrase that amply made his point.

Many times, Congressman Gross brought hasty consideration of an issue to a halt, causing the Members to give more time and thought to the points he made. Often he changed the thrust and direction of legislation, but more often he made his colleagues think.

It has been over a quarter of a century since this distinguished gentleman first entered this House. He has made his mark. He has also made a host of friends, one of whom I count myself.

To Congressman and Mrs. Gross, I bid a fond farewell. You can take pleasure in knowing that you had the respect and esteem of those who were privileged to serve with you.

We may not see your like again.

Mr. RIEGLE. Mr. Speaker, it is with a feeling of deep affection and respect that I rise to honor my friend and colleague, the gentleman from Iowa, Mr. H. R. Gross.

It has been my privilege to serve with H. R. Gross for 8 years here in the House. Six of those years I served as a fellow Republican with Mr. Gross, and the past 2 years as a Democrat.

Despite my change in party affiliation—and despite our occasional differences on given issues—I treasure the working relationship I have enjoyed with Mr. Gross.

What has impressed me most is his integrity. Not only is he a man of conviction, but more importantly he lives his convictions. We would do well to follow his example in this respect.

H. R. Gross is also a man of his word—and I have always found him to be scrupulously fair and a seeker of truth.

As I said of my friend in a book I wrote entitled "O Congress." H. R. Gross has been compelled to pay a high price for his independent thinking and the strength of character to go his own way. That is regrettable. But in return he has earned the genuine respect of all the Members of the House.

I shall miss H. R. Gross here in Congress—and I will especially miss his strength of character. And I shall remember him as a clear and firm voice that always insisted upon the integrity of the legislative process. He should know that he leaves behind friends and colleagues who hope, in their own way, to continue the fight for integrity in our legislative process, and a congressional system in which one's own conscience is the final guide to action.

GENERAL LEAVE

Mr. SCHERLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in the Record on the subject of my special order today, the retirement of the gentleman from Iowa, Mr. H. R. Gross.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER pro tempore (Mr. Dingell). The Chair observes that the time of the gentleman from Iowa (Mr. Scherle) has expired.

SURFACE TRANSPORTATION NEEDS H.R. 5385 AND H.R. 9479

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr Hogan) is recognized for 10 minutes.

Mr. HOGAN. Mr. Speaker, the hour is already late for the Congress to take the urgently needed steps that are contemplated in H.R. 5385, the Surface Transportation Act of 1974, which we are about to consider. U.S. railroads desperately need the track improvements, additions to rolling stock, and the further modernization of physical plant that will be made possible by the loan guarantees in title I of this bill.

In fact, our surface transportation system needs thorough study, and can benefit in many ways through the application of advanced technology and improved equipment.

A start in this direction is provided by other sections of title I of H.R. 5385, authorizing up to $15 million for studies of a national freight car utilization system and a railroad electrification study of high density rail lines.

If we hope to solve our surface transportation problems, particularly in heavily populated metropolitan areas, we must not neglect the potential advantages of intermodal transportation systems.

Along with several colleagues, I introduced H.R. 9479 early in the 93d Congress—a bill authorizing feasibility studies of a high-speed ground transportation system between Washington and Annapolis, with hydrofoil or air-cushion machine extensions north to Baltimore and south to the Yorktown-Williamsburg-Norfolk area.

An identical companion bill passed the Senate more than a year ago, but H.R. 9479 has not been reported out for us to vote on its merits.

Tracked air-cushion or magnetic-levitation type vehicles could whisk visitors to the Washington area, or commuters, from the new Metro/Metroliner station at New Carrollton in Prince George's County to Annapolis, or the reverse trip, in about 20 minutes. The State of Maryland offered to donate the right of way, mostly along the median strip of Route 50. I regret that a feasibility study for this Washington-area demonstration system was not included in the Surface Transportation Act of 1974, along with general studies of intermodal systems.

We should pass H.R. 5385. The country needs a strong rail system, and the railroads need these loan guarantees, along with the modest research aid that this bill offers.

While I will not be here personally, I hope that the 94th Congress will approve the provisions of H.R. 9479 early in the next session.

We will need to make full utilization of the latest technology to bring surface transportation into the 21st century, and the $300,000 cost for a feasibility study of the Washington-to-Annapolis project and extensions is small compared to the $15 million for research and $2 billion in loan guarantees provided in H.R. 5385.

ELECTRIC UTILITIES IN DIRE STRAITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. MURPHY) is recognized for 15 minutes.

Mr. MURPHY of New York. Mr. Speaker, I have secured from Consolidated Edison their operating figures for the month of October showing that one nuclear electric installation alone is capable of saving consumers $100,000,000 a year in their electric bills.

Operating costs for their Indian Point installation for October were $3,627,000 or 0.68 cents per kilowatt hour. For their oil-fired Ravenswood station which operated at a cost of 2.27 cents per kilowatt hour, the cost for producing an identical 538,495 megawatt hours of electricity would have been $12,223,383.

In New York as in many other energy-short parts of this Nation the consumers' cost for necessary electricity and home-heating gas and oil is past the point of being merely prohibitive.

There is plainly no alternative but a rapid shift to nuclear electricity and an all-out effort to achieve a scientific breakthrough so as to enable the burning of high-sulfur coal without pollution.

The financial strangulation of New York City looms as an eventuality this Nation can ill afford.

Already the number of unpaid gas and electric bills is higher than during the great depression years.

For the unfortunate souls whose homes are heated by electricity the fuel adjustments cost alone have increased by 268 percent between October, 1973 and October 1974.

In many cases, the public is paying more for heating and electricity usage than they pay in mortgages or rent.

The impact on industry and business is equally pernicious. The immediate challenge is to secure job opportunities. Even the most optimistic do not envision plant expansions and new construction under existing energy costs and constraints.

But unless we choose to live in a police state of rationing, price controls, wage controls, profit controls, and so forth, higher taxes for lowered public services, I can see no realistic alternative but to rely more heavily on nuclear electricity. At the least we will have a measure of security 8 years hence that will give immediate impetus to industrial expansion and greater employment opportunities.

In the interim period, conservation, even austerity, will likely be the order of the day.

Barring further delays, another major nuclear-electric station to serve New York City will go into operation next summer. After its shakedown period, this facility holds promise of holding the line on electric rate increases.

Perhaps this will yield savings of another $100,000,000 annually as compared to fossil-fueled plants.

It is estimated that approximately 700,000,000 gallons of petroleum fuel will be saved for alternative usage when the entire 20 percent nuclear electric capacity is in usage on a yearly basis.

If the entire New York City-Westchester County complex were to go nuclear to the extent of the 50 percent required electric capacity, the dollar savings for the residents and business firms could reach $500,000,000 each year and the savings in petroleum to 1,700,000,000 gallons.

The objective could be reached by the construction of a mere three additional nuclear-electric stations.

There is indeed a serious question as to whether there exists space in this heavily populated area—about 9,000,000 persons—to build additional powerplants.

But there is adequate siting outside the area. There is also the possibility of offshore construction.

It need not be a head-on collision between ecology and economics. Notwithstanding the complaints of antinuclear forces, the history of nuclear versus fossil fuel plants has been an ecological victory for nuclear. Add to this the savings of $50 for every man, woman, and child every year, and nuclear has a big lead.

To further illustrate the plight confronting Metropolitan New York, I will cite the following article by Damon Stetson that appeared in the Sunday New York Times:

HIGH ENERGY RATES IMPERIL CITY INDUSTRY AND ECONOMY

(By Damon Stetson)

Costs of electric power for manufacturers in New York City have soared to prohibitive levels, a leading plant location consultant says.

A New Jersey manufacturer complains that his heat, power and light costs, principally because of the natural gas shortage, have increased 184 per cent in the last year and that he has been forced to reduce output sharply.

A Manhattan realtor warns that many of the city's old loft structures, long a bastion of the small manufacturer here, "are going under."

A SERIOUS THREAT

The Real Estate Board of New York predicts that this winter's electricity costs, may climb to abandonment and foreclosure rate, partly because of high 50,000 apartments.

And New York City, reeling under the prospect of a $430-million or higher deficit in its 1974–75 budget, is faced with the highest energy costs in its history.

What is happening as a result of the energy-cost situation cannot be divorced from the devastating impact of inflation and the national recession. But the sharp increase in the cost of oil and electricity in the last year in the Northeast section of the nation and the shortages of natural gas in the area are posing serious threats to industry, real estate, municipal budgets, jobs and the area's over-all economic well-being.

FOR BROADER DISTRIBUTION

Ken Patton, president of the Real Estate Board of New York, is one of many business and political leaders here who has been urging broader distribution in the Northeast of the benefits of price-controlled domestic oil that is less costly than the imported oil on which the area has largely depended.

Continuation of the past policy of generally restricting the benefits of price-controlled petroleum to the Western and Southwestern states and to users of petroleum distillates, he said, would jeopardize the competitive economic position of the Northeast and would produce a major regional depression, including severe job losses and widespread abandonment of housing.

The Federal Energy Administration issued new regulations last Monday aimed at equalizing the cost of crude oil among refiners. The agency's general counsel, Robert E. Montgomery Jr., said that the agency estimated that the East Coast might save $30-million a month by gaining greater access to price-controlled domestic oil.

But the Board of Trade was less sanguine. A spokesman said that the board's initial assessment of the effect of the new regulations was that the maximum benefit would amount to only about 80 cents a barrel, which would be far short of what was sought and needed.

Residential fuel and utility prices in the New York-Northeastern New Jersey area rose 30 per cent from September, 1973, to September, 1974, according to the Regional Office here of the United States Bureau of Labor Statistics. Only the Boston area, with an increase of 31.6 per cent, but also in the Northeast, was higher among the 23 major metropolitan areas in the nation for which fuel and utility data are issued. Both were substantially above the national average of 21.5 per cent.

HIGH BILLS HERE

Gas and electricity bills in the New York area are among the highest in the United States. In September, the Bureau reported, New Yorkers consuming 250 kilowatt hours of electricity paid $19.11 a month—more than 20 per cent more than those in the next highest areas, Boston and Philadelphia.

Last month the New York State Public Service Commission authorized a further increase in the electric rates of Consolidated Edison, which would raise the monthly cost of a typical household from $21.20 to $22.72, (both including taxes).

Prices for gas used for purposes other than heating averaged $13.59 for 40 therms (a therm is a unit of heat equal to 100,000 B.T.U.'s) in the New York-Northeastern New Jersey area, surpassed only by prices in Honolulu and Boston.

Natural-gas prices for 100 therms of residential heating averaged $21.09 in the greater New York area in September, about two-thirds more than the national average of $12.56. Fuel oil No. 2, used for home heating in the area, averaged $38.40 per 100 gallons in September. Although still above the national average, local fuel prices for home heating, the bureau said, were more in line with the national average than gas heating prices.

FIGURES ARE UNCERTAIN

Home owners in the Northeast are well aware, of course, of the increased bit caused by fuel and electricity expenditures on incomes already hit by inflated costs for almost everything purchased. Business, government and utility officials are also seriously concerned about the higher costs but say that it is difficult at this time to measure or quantify the impact of the energy crisis in terms of job losses or plant closings.

They point out, however, that the effect of the sharply increased costs can have a critical impact on profits and perhaps eventually on decisions to shut down or move elsewhere.

A comparative study of electricity costs just completed by the Fantus Company, one of the nation's leading consultants on plant location, shows that a typical industrial demand of 1,000 kilowatts and use of 400,000 kilowatt hours per month now involves a monthly expense of $25,482 in New York.

"This same company can save $130,416 a year in power costs alone just by moving across the river to New Jersey—in addition to other available economies in state and local taxes, lower rentals, etc.," according to Leonard C. Yaseen, chairman of Fantus.

PROFITS JEOPARDIZED

Power costs represent about 3 per cent of the total value of shipments for New York manufacturers, in contrast to the national average of less than 1 per cent, Fantus says. Unless the New York producer can raise prices to overcome this disadvantage, according to Fantus, he faces a corresponding reduction in profits.

"When things [economic conditions] are bad, industry is more inclined to close old mills and to utilize new plants with modern technology where unit costs are lower," said L. Clinton Hoch, executive vice president of Fantus.

Neither he nor industry and government officials consulted in the New York and New Jersey area knew of any plants that had closed down or relocated because of higher electric power or fuel costs alone. But they said that power costs as well as fuel costs had to be an important consideration by a company weighing the advisability of locating in the Northeast.

One industry that is seriously affected by the high electricity costs—and one that can't move away—is the food industry, which requires 24-hour-a-day refrigeration, not only in its cold-storage warehouses, but also in its retail stores.

One operator of a giant refrigerated storage plant here said that his electricity and fuel bills had increased his operating costs 20 per cent in the last year. "I can't help but feel that increases like this are raising the cost of food," he said.

William G. Hildebrand, executive director of the New York State Food Merchants Association, said that his organization had made a study earlier this year of 350 food-chain stores and 18 independents and had found that electricity costs were up 34 to 50 per cent despite determined efforts to reduce kilowatt-hour consumption.

"We have a growing number of stores in Consolidated Edison territory," Mr. Hildebrand said, "that pay more for their electricity than for rent."

Leonard Johnson, president of the New Jersey Manufacturers Association, said that the continued rise in costs generally, plus the sharp increases in fuel and power costs, could be disastrous for the small, marginal manufacturer in his area. But he expressed particular concern about the shortage of natural gas and its impact on the glass industry in South Jersey.

"There doesn't seem to be any relief on the horizon," Commissioner Moylan said.

MORTON IS WORRIED

Interior Secretary Rogers C. B. Morton, testifying last week at a Senate Commerce Committee hearing on legislation to continue price controls, said that the natural-gas shortage had "dramatically deepened" and would cause widespread unemployment this winter unless prices are decontrolled before Christmas.

Last Wednesday the Federal Power Commission, in an effort to lift future production, fixed the uniform price of natural gas at 50 cents a thousand cubic feet, an increase of 8 cents. The F.P.C. predicted that the higher rate would help to induce expanded exploration efforts and lead to greater productivity in the next several years.

The Bermico Company, which employs 70 workers to make bituminous pipe for underground conduits at its plant in Mount Holly, N.J., has been hard hit by the gas shortages and consequent curtailment of distribution.

Bermico is an "interruptible" customer of the Public Service Electric and Gas. "Interruptibles" normally use relatively low-cost natural gas when available, but they have to have alternate arrangements for the use of more costly oil or propane gas during periods of peak use of natural gas.

A 43 PCT INCREASE

C. J. Krystek, plant manager for Bermico, said that last winter the plant's gas was cut off for a total of 61 days. In September, 1973, he said, he set up a budget of $185,000 for heat, power and light for 1974. In January, with the energy situation worsening, he redid the budget and projected energy costs of $245,000. Now he figures that the actual cost for the year will be $325,000, up 43 per cent.

But there is a new and critical factor. Public Service has notified Bermico and 88 other "interruptibles" that if there is a normal winter, gas delivery will be stopped for 120 days; if the winter is severe, the interruptions may run to a total of 180 days. Also, Bermico was told it could expect 100 days without gas next summer because of the shortage and the necessity for the company to build up storage reserves.

"That means that the cost of heat, power and light for this plant, without gas for possibly 280 days, will be $525,000 next year," Mr. Krystek said. "That's an increase of 62 per cent over the actual increase for this year and 184 per cent over my original 1973 budget. And they've told us that after November, 1975, we can expect to be 'interrupted' for several years. "What do you do? Pull your hair out and scream bloody murder," he said.

5 OTHER LOCATIONS

Bermico has other facilities in West Bend, Wis.; Birmingham, Ala.; Sherman, Tex.; Newark, Calif., and Corvallis, Ore.

"Our Birmingham plant was interrupted for only five days last winter," Mr. Krystek said. "Wisconsin hasn't bought oil in two years. Moreover, we pay 40 per cent more than Birmingham for gas per therm (100,000 B.T.U.'s) and 4 per cent more than West Bend. In the electricity department we pay about 70 per cent more per kilowatt-hour than the others."

And when Bermico in Mount Holly goes over to oil, Mr. Krystek added, it has to use the more costly residual variety with no more than .3 per cent sulphur, in accordance with environmental regulations.

Among major gas "interruptibles" that were cut off in the state by Consolidated Edison on Nov. 16, a spokesman said, were Union Carbide in Mount Pleasant, Georgia Pacific in Buchanan, Refined Sugar and Syrup in Yonkers, Standard Brands in Peekskill, Yeshiva University in the Bronx, Pepsico in Queens, Co-op City in the Bronx and Creedmore Hospital in Queens.

In New York City the upward thrust of fuel and electricity costs has delivered a blow to rental housing already sticken by inflation and high maintenance and modernization expenses.

Reuben Klein, president of the Bronx Realty Advisory Board, said that marginal properties had been "going down the drain" prior to the energy crisis, but that now some of the finest properties in the city were in trouble.

"Fuel is the greatest problem," he said. "Nobody can pay the cost any more. It escalated 300 per cent over two years and takes all of the cash flow of a property.

"If a building's rental is $100,000, probably as much as $40,000 has to go for fuel and it has to be paid for in four or five months. There's just not enough cash flow to pay current fuel costs and also pay for labor, taxes and repairs."

Oil dealers are also expressing concern about the inability of many apartment owners to pay their fuel bills this winter. Fuel retailers say that 10 to 30 per cent of their customers have over-extended their credit and they warn that 10,000 to 12,000 apartment houses—many in poorer sections of the city—may not get oil deliveries during the first extended cold wave this winter.

These dealers, fearful of heavy losses stemming from unpaid bills, are not easing credit restrictions, they say, but rather are tightening them to protect themselves. They are being particularly cautious because many apartment buildings under rent control have been on the brink of failure for several years and now could be pushed over the edge by the heavy burdens of their fuel and electricity costs.

The city's numerous loft structures, utilized for decades by apparel firms and small manufacturers, are in trouble, victims of higher costs and what one leading realty operator said was a 20 percent vacancy rate.

"In the past year," said William Berley, president of Berley & Co., "oil costs tripled and electricity costs about doubled. What it has done is make buildings that were profitable just about break even. And the increased utility and fuel costs have made many lofts unprofitable."

SIGNIFICANT IMPACT HERE

Higher energy costs are having a significant impact on New York City itself, already staggering under a huge budget deficit. The cost of electricity has risen from $44,201,480 in fiscal 1971–72 to $80,255,371 in fiscal 1973–74, with a projection of more than *$100 million* for 1974–75, according to the city's Purchasing Department.

Costs of fuel oil totaled $12,650,000 in fiscal 1972–73, $18,000,000 in 1973–74, and are projected at $42,700,000 or more for 1974–75. Gasoline costs rose from $4,000,000 in 1972–73 to $8,150,000 projected for 1974–75, while expenditures for coal increased from $1,875,000 in 1972–73 to an estimated figure of $3,150,000 for 1974–75.

Similarly, the energy costs of the Transit Authority, attempting to maintain the 35-cent fare in the face of climbing costs, also rose sharply. The cost of diesel fuel used in buses was $3,911,839 in 1972 but will total an estimated $10,976,000 this year. Meanwhile, power costs have risen from $36,738,505 in fiscal 1969–70 to $67,565,150 for fiscal 1973–74 and a projected $102,000,000 for 1974–75.

Up and down the East Coast—from Florida to New England—utilities that are dependent primarily on oil have increased their electric bills as much as 90 perecnt in the last year. The bills of Consolidated Edison, which depend 1 percent on nuclear fuel, 13 percent on natural gas and 86 perecnt on low-sulphur fuel, have gone up 50 percent or more, varying on the basis of usage, according to Robert O. Lehrman, a Con Edison vice president.

The vast bulk of the oil is imported, with the major portion coming from the Middle East, he said. The company was paying about $4.50 per barrel before the Arab oil embargo, he said, but has been paying $13 per barrel more recently. About 70 percent of the increase in Con Edison bills over the last year, he said, is due to the soaring oil prices and the taxes that the company and customers have to pay on that oil.

Consolidated Edison estimates that its fuel bill for 1974 will be $800-million, an increase of nearly $500-million over last year.

Sizable savings could be achieved, Con Edison officials said, if the company were permitted by environmental agencies to use oil with a higher sulphur content and if the Federal Energy Administration were to put into effect a satisfactory price-equalization policy for oil. The two steps, if carried out, would save the company more than $220-million, the officials said, compared to an estimated total of $50-million from the simple Federal action last week.

It is not clear, however, how soon Consolidated Edison will gain the full relief they seek, if at all. Meanwhile, the Northeast struggles to cope with energy costs that many in the area contend are disproportionately high compared with other sections of the country.

"The Northeast section was a declining region before the energy crisis but now the decline has been accelerated by it," said Prof. George Sternlieb of the Urban Policy Center at Rutgers University. "The whole country is slowing down but we're on the caboose of the train."

Area	Net monthly bills for specified amounts of gas and electricity by area, September 1974		Average price of 100 therms of residential heating gas, and 100 gallons of fuel oil No. 2 by area, September 1974	
	Gas—40 therms [1]	Electricity—250 kilowatt-hours	Residential heating oil	Fuel oil No. 2
Boston	$14.27	$15.76	$22.53	$38.23
New York-Northeastern New Jersey	13.59	19.11	21.09	38.40
Buffalo	9.20	11.85	17.94	40.41
Baltimore	8.63	13.20	17.49	37.10
Philadelphia	9.90	14.03	18.07	36.17
Cincinnati	5.36	9.33	11.95	
Detroit	7.63	10.56	13.25	34.10
Washington, D.C.	10.37	12.06	19.63	37.96
Seattle	9.47	4.97	15.85	38.96
Cleveland	6.50	11.01	11.71	
Chicago-Northwestern Indiana	7.52	10.96	12.82	34.96
St. Louis	8.84	9.84	13.17	37.53
Houston	7.37	8.61	8.53	
Pittsburgh	7.54	11.47	13.25	
Minneapolis-St. Paul	8.33	10.41	12.39	34.22
Kansas City	5.48	10.48	8.62	
San Francisco	5.83	8.71	11.01	
Milwaukee	7.91	9.50	14.60	35.54
Dallas	4.31	9.71	9.05	
Atlanta	6.95	8.66	12.12	

[1] Therm is a unit of heat equal to 100,000 Btu's.

Source: U.S. Bureau of Labor Statistics.

A COMPARISON OF THE COST OF ELECTRICITY IN VARIOUS AREAS FOR A MEDIUM-SIZED TEXTILE OR METAL WORKING PLANT EMPLOYING 300 TO 400 WORKERS

City	Demand charge (1,000 kw)	Use charge (400,000 kwh)	Fuel adjustment	Taxes	Total monthly charge
New York	$6,960	$7,904	$7,374	$3,244	$25,482
Newark	2,340	5,474	6,800	None	14,614
Atlanta	4,350	1,600	2,664	345	8,959
Chicago	2,317	4,641	1,688	178	8,824
Denver	1,820	4,186	870	447	7,323
San Francisco	1,500	3,426	1,892	None	6,818
Dallas	1,732	2,915	1,308	None	5,955

Note.—A Consolidated Edison official explained that large users of electricity may call upon their utility source for large amounts of power at any given time. To be able to provide this, the utility must have sufficient equipment to produce this power. The demand is metered in terms of kilowatts and a demand charge is levied on the basis of the highest ½ hour period of use in a billing period. The use of electric power is then measured in terms of the number of hours that electricity was used. This is computed in kilowatt hours and is billed on that basis. A kilowatt-hour is a unit of work or energy equal to that done by one kilowatt acting for 1 hr.

Source: Prepared by the Fantus Company on the basis of individual power company calculations.

CREDIBILITY OF THE UNITED NATIONS QUESTIONED

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I was pleased to see that the United States representative to the United Nations General Assembly, Ambassador John A. Scali, addressed the United Nations on December 6 expressing our concern that the UN is adopting "one-sided, unrealistic resolutions that cannot be implemented," and is engaging in "an arbitrary disregard of United Nations rules, even of its charter."

Mr. Speaker, on November 26 I proposed that we consider withdrawing from the United Nations General Assembly this year and I also believe that we should withdraw from other U.N. affiliated organizations such as UNESCO which by their politicization have lost their raison d'être. I repeat what I said on November 26, that the United Nations at this time can be compared to the League of Nations in 1937—a discredited and weakened organization.

I am appending the text of the address by Ambassador Scali.

[From the New York Times, Dec. 7, 1974]

THE TEXT OF THE ADDRESS BY SCALI BEFORE THE UNITED NATIONS GENERAL ASSEMBLY

UNITED NATIONS, N.Y., Dec. 6.—Following is the text of the speech by John A. Scali, the United States representative, to the General Assembly today:

Last year the United States delegation sought to call attention to a trend which we believed threatened the United Nations' potential as an instrument for international cooperation. We were deeply concerned then over the growing tendency of this organization to adopt one-sided, unrealistic resolutions that cannot be implemented.

Today, more than a year later, my delegation feels that we must return to this subject because this trend has not only continued, but accelerated. Added to this, there is now a new threat—an arbitrary disregard of United Nations rules, even of its Charter. What my delegation spoke of 12 months ago as a potential threat to this organization unhappily has become today a clear and present danger.

The United States Government has already made clear from this rostrum its concern over a number of Assembly decisions taken during the Sixth Special Session last spring, and during the current session. These decisions have dealt with some of the most important, the most controversial, and the most vexing issues of our day: the global economic crisis, the turmoil in the Middle East, and the injustice in Southern Africa. I will not today discuss again our main concerns with each of these decisions. Rather, I wish to take this opportunity to discuss the more general question of how self-centered actions endanger the future of this organization.

The United Nations, and this Assembly in particular, can walk one of two paths. The Assembly can seek to represent the views of the numerical majority of the day, or it can try to act as a spokesman of a more general global opinion. To do the first is easy. To do the second is infinitely more difficult. But, if we look ahead, it is infinitely more useful.

There is certainly nothing wrong with like-minded groups of nations giving voice to the views they hold in common. However, organizations other than the United Nations exist for that purpose. Thus, there are organizations of African states, of Asian states, of Arab states, of European states, and of American states. There are groups of industrialized nations, of developing nations, of Western and Eastern nations, and of nonaligned nations. Each of these organizations exists to promote the views of its membership.

A DISTINCTION IS MADE

The United Nations, however, exists not to serve one or more of these special interest groups while remaining insensitive to the others. The challenge of the United Nations is to meld and reflect the views of all of them. The only victories with meaning are those which are victories for us all.

The General Assembly fulfills its true function when it reconciles opposing views and seeks to bridge the differences among its member states. The most meaningful test of whether the Assembly has succeeded in this task is not whether a majority can be mobilized behind any single draft resolution, but whether those states whose cooperation is vital to implement a decision will support it in fact. A better world can only be constructed on negotiation and compromise, not on confrontation which inevitably sows the seeds of new conflicts. In the words of our Charter, the United Nations is "to be a center for harmonizing the actions of nations in the attainment of these common ends."

No observer should be misled by the coincidental similarities between the General Assembly and a legislature. A legislature passes laws. The General Assembly passes resolutions, which are in most cases advisory in nature. These resolutions are sometimes adopted by Assembly majorities which represent only a small fraction of the people of the world, its wealth, or its territory. Sometimes they brutally disregard the sensitivity of the minority.

Because the General Assembly is an advisory body on matters of world policy the pursuit of mathematical majorities can be a particularly sterile form of international activity. Sovereign nations, and the other international organs which the Assembly advises through its resolutions, sometimes accept and sometimes reject that advice. Often they do not ask how many nations voted for a resolution, but who those nations were, what they represented, and what they advocated.

Members of the United Nations are endowed with sovereign equality. That is, they are equally entitled to their independence, to their rights under the Charter. They are not equal in size, in population, or in wealth. They have different capabilities, and, therefore, different responsibilities, as the Charter makes clear.

Similarly, because the majority can directly affect only the internal administration of this organization, it is the United Nations itself which suffers most when a majority, in pursuit of an objective it believes overriding, forgets that responsibility must bear a reasonable relationship to capability and to authority.

Each time this Assembly adopts a resolution which it knows will not be implemented, it damages the credibility of the United Nations. Each time that this Assembly makes a decision which a significant minority of members regard as unfair or one-sided, it further erodes vital support for the United Nations among that minority. But the minority which is so often offended may in fact be a practical majority, in terms of its capacity to support this organization and implement its decisions.

OTHER NEGATIVE EFFECTS CITED

Unenforceable, one-sided resolutions destroy the authority of the United Nations. Far more serious, however, they encourage disrespect for the Charter, and for the traditions of our organization.

No organization can function without an agreed-upon framework of rules and regulations. The framework for this organization was built in the light of painful lessons learned from the disastrous failure of its predecessor, the League of Nations. Thus, the United Nations Charter was designed to insure that the important decisions of this organization reflected real power relationships, and that decisions, once adopted, could be enforced.

One of the principal aims of the United Nations, expressed in the Preamble of its Charter, is "to practice tolerance and live together in peace with one another as good neighbors." The promise the American people and the peoples of the other founding nations made to each other—not as a matter of law, but as a matter of solemn moral and political obligation—was to live up to the Charter and the duly made rules unless or until they were modified in an orderly, constitutional manner.

The function of all parliaments is to provide expression to the majority will. Yet, when the rule of the majority becomes the tyranny of the majority, the minority will cease to respect or obey it, and the parliament will cease to function. Every majority must recognize that its authority does not extend beyond the point where the minority becomes so outraged that it is no longer willing to maintain the covenant which binds them.

My countrymen have made a great investment in this world organization over the years—as host country, as the leading financial contributor, and as a conscientious participant in its debates and negotiations and operational programs. Americans have loyally continued these efforts in a spirit of good faith and tolerance, knowing that there would be words spoken which we did not always like and resolutions adopted which we could not always support.

As the 29th General Assembly draws to a close, however, many Americans are questioning their belief in the United Nations. They are deeply disturbed.

During this 29th General Assembly, resolutions have been passed which uncritically endorse the most far-reaching claims of one side in dangerous international disputes. With this has come a sharply increased tendency in this Assembly to disregard its normal procedures to benefit the side which enjoys the favor of the majority, and to silence, and even exclude, the representatives of member states whose policies the majority condemns. In the wake of some of the examples of this Assembly, the General Conference of UNESCO has strayed down the same path with the predictable consequences of adverse reaction against the United Nations. Innocent bystanders such as UNICEF already have been affected.

"PAPER TRIUMPHS" DEPLORED

We are all aware that true compromise is difficult and time-consuming, while bloc voting is fast and easy. But real progress on contentious issues must be earned. Paper triumphs are, in the end, expensive even for the victors. The cost is borne, first of all, by the United Nations as an institution, and, in the end, by all of us. Our achievements cannot be measured in paper.

A strong and vital United Nations is important to every member state, and actions which weaken it weaken us all, particularly the smaller and the developing nations. Their security is particularly dependent on a collective response to aggression. Their prosperity particularly depends on access to an open and expanding international economy. Their ability to project their influence in the world is particularly enhanced by membership in international bodies such as the United Nations.

In calling attention to the dangerous trends, I wish also to call attention to the successes of the United Nations during the last year.

United Nations members overcame many differences at the World Population Conference and the World Food Conference. There was also progress at the Law of the Sea Conference. There was agreement on programs encouraging states to maintain a population which they can feed, and feed the population which they maintain. As a result of these United Nations conferences, the world community has at last begun to grapple with the two fundamental issues which are central to any meaningful attempt to provide a better life for most of mankind.

In the Middle East a unique combination of multilateral and bilateral diplomacy has succeeded in halting last year's war and in separating the combatants. With goodwill and cooperation, the Security Council has renewed the mandate for the peace forces, allowing time for a step-by-step negotiating process to bear fruit. My Government believes that this negotiating process continues to hold the best hope in more than a quarter of a century for a just and lasting peace in that area.

GAINS ON CYPRUS NOTED

On Cyprus, the Security Council, the Assembly and our Secretary General have all contributed to progress toward peace and reconciliation. Much remains to be done, but movement toward peace has been encouraged.

Perhaps the United Nations' most overlooked success of the past year resulted from the mission of the Secretary General's representative, Mr. Weckman-Munoz. This effort which was undertaken at the request of the Security Council, succeeded in mediating a particularly dangerous border dispute between Iran and Iraq. This example of how to prevent a small conflict from blowing up into a much bigger war must rank among the United Nations' finest, if least heralded achievements.

Thus, despite the disturbing trend toward the sterile pursuit of empty majorities, recent United Nations achievements demonstrate that this organization can still operate in the real world in the interests of all its members. Unfortunately, failure and controversy are threatening to overshadow the record of successes. Its lapses are long remembered and remain a source of lasting grievance for those who feel wronged.

Before concluding my remarks, I would like to say a few words, not as the United States representative to this organization, but as an American who has believed deeply in the United Nations since 1945 when, as a young reporter just returned from the war, I observed the birth of this organization.

I must tell you that recent decisions of this Assembly, and of other United Nations bodies, have deeply affected public opinion in my country. The American people are deeply disturbed by decisions to exclude member states, and to restrict their participation in discussions of matters of vital concern to them. They are concerned by moves to convert humanitarian and cultural programs into tools of political reprisal. Neither the American public nor the American Congress believe that such actions can be reconciled with the spirit or letter of the United Nations Charter. They do not believe that these decisions are in accord with the purposes for which this organization was founded. They believe the United Nations, in its forums, must show the same understanding, fair play and responsibility which its resolutions ask of individual members.

My country cannot participate effectively in the United Nations without the support of the American people, and of the American Congress. For years they have provided that support generously. But I must tell you honestly that this support is eroding—in our Congress and among our people. Some of the foremost American champions of this organization are deeply distressed at the trend of recent events.

A majority of our Congress and our people are still committed to achieving peaceful solutions to the issues which confront this organization, in the Middle East, in South Africa, and elsewhere. They are still committed to building a more just world economic order. But the trends and decisions of the past few months are causing many to reflect and reassess what our role should be.

IRRELEVANCY WARNED OF

I have not come to the General Assembly today to suggest that the American people are going to turn away from the United Nations. I believe that World War II taught Americans the tragic cost of standing aside from an organized international effort to bring international law and justice to bear on world problems. But, like every nation, we must from time to time reassess our priorities, review our commitments, and redirect our energies. In the months ahead, I will do all in my power to persuade my countrymen that the United Nations can return to the path the Charter has laid out and that it can continue to serve the interests of all of its members.

If the United Nations ceases to work for the benefit of all of its members, it will become increasingly irrelevant. It will fade into the shadow world of rhetoric, abandoning its important role in the real world of negotiation and compromise.

We must join to prevent this. The reasons for which this world organization was founded remain as valid and as compelling today as they were in 1945. If anything, there is added reason: the specters of nuclear holocaust, world depression, mass famine, over-population and a permanently ravaged environment.

If we are to succeed, we must now renew our commitment to the central principles of tolerance and harmony upon which the United Nations Charter was built. We must redouble our efforts to use this organization as the world's ultimate instrument for compromise and negotiation.

I pledge my nation to these efforts.

COMMENTS ON HEW FAMILY PLANNING PROPOSAL

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, the Department of Health, Education, and Welfare has proposed that sterilizations, but not abortions be considered family planning services. This would mean that sterilizations and other family planning services would fall under a "special match" plan, where the Federal Government would pay for 90 percent of the cost for poor people, and abortions would fall under a regular matching funds plan and reimbursement would take the form of a percentage, based on per capita income in each State. This varies from 50 to 81 percent.

The following is a letter I wrote to James S. Dwight, Jr., Administrator of the Social and Rehabilitation Service of HEW informing him of my opposition to the proposal. I would urge other Members to voice their opposition to this proposal as well. Comments should be addressed to: Mr. James Dwight, Social and Rehabilitation Service, Department of HEW, Washington, D.C. 20201, and must be received on or before January 8, 1975.

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 9, 1974.

MR. JAMES S. DWIGHT, JR.
Social and Rehabilitation Service,
Department of HEW,
Washington, D.C.

DEAR MR. DWIGHT: I would like to comment on the HEW proposal that abortions not be considered under family planning services which receive special matching reimbursements. I urge that the proposal be rejected. The effect of the proposal is to place reimbursement for that medical procedure in a different category than all other family planning services with the latter being reimbursed to the extent of 90% of the costs of poor people.

Family planning is indeed "any medically approved means . . . for purposes of enabling such individuals freely to determine the number and spacing of their children." What that means is, is a matter to be determined by an individual in consultation with her or his physician. It should not be for the Department of Health, Education, and Welfare to encourage or discourage a particular medically approved method. By distinguishing, in terms of cost repayment, your Department is in fact undertaking to encourage and discourage particular modes. Again, insofar as the kind of service medically required to meet the special needs of the patient—that decision should not be subject to government interference.

Sincerely,

EDWARD I. KOCH.

TO HONOR THE MEMORY OF LEW TURNER

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the memory of the Honorable Lewis E. Turner, Assistant Secretary of the Air Force, and his good works, will live long in Congress. He was one of the most highly regarded members of the Secretariat with whom I have been privileged to work during a very long career in Congress. He and Mrs. Turner and their family have enjoyed a host of friends in Defense, business, labor, and congressional circles. His untimely death took away from us one of the most effective and resourceful members of the Secretariat.

It will be recalled that the USAF Conference Center at Homestead AFB in Florida was named for Lew Turner. It has come to my attention that the dedicatory speech delivered by the Honorable James W. Plummer, Under Secretary of the Air Force, has not been printed in the CONGRESSIONAL RECORD. I am confident that my colleagues would want the Secretary's remarks on our friend, Lew Turner, to be included in the RECORD and I submit his speech for reprinting:

SPEECH OF UNDER SECRETARY OF THE AIR FORCE HON. JAMES W. PLUMMER AT THE USAF CONFERENCE CENTER DEDICATION, HOMESTEAD AFB, FLA., NOVEMBER 11, 1974

Mrs. Turner, Mr. Mayor, General Dixon, ladies and gentlemen. It is certainly a great pleasure for me to participate in these dedication ceremonies today and to join with you in honoring the significant contributions to the Air Force of Lewis Turner. Secretary McLucas had hoped to be here today, but was detained and had to go to another event. Also, Congressman Sikes had hoped to be here today, but very high pressures on the Hill forced him to cancel. I am going to attempt to fill in for him, and I do have the pleasure of reading some from the speech that he had planned.

The Air Force misses Lew. He had been in the Air Force since our first year in 1947, and we owe him a great deal. From his first Air Force duty as Budget Officer, through his final duty in 1973 as Acting Assistant Secretary for Installations and Logistics, he shouldered much of the responsibility for planning our construction programs. His efforts have stood the test of time and crisis. For a quarter of a century, he helped provide Air Force units the facilities necessary to accomplish their worldwide mission.

There are already a number of Lew Turner memorials wherever airmen serve—in the United States and abroad. The vision and wisdom of Lew Turner are reflected in the many installations he helped to build. This conference facility serves to commemorate these many accomplishments.

The portrait presentation today is made possible through the efforts of Lew Turner's people in the Installations and Logistics organization, the assistance of the Air Force, the National Guard, and Reserve Officer associations. It is an appropriate tribute of the esteem and affection he earned during his duties with the Air Force. I would like now to unveil the portrait, if Mrs. Turner would help me please.

In closing on my portion, in addition to the Congressman's message I would like to express my appreciation for the opportunity to share with you these moments of tribute to Lew Turner. A powerful Air Force is created in a great number of ways. Certainly the emphasis is focused upon our aircraft and the men who fly them. But dedicated and resourceful administrators, such as Lew Turner, have done much to build the Air Force into what it is today. His foresight and judgment in the area of military construction will continue to be appreciated in the future.

Now, as I stated, I would like to read a little bit from Congressman Sikes' planned presentation.

"It is with deepest regret that I find myself unable to be present to honor the memory of Lew Turner and to join all of you present in expressing appreciation to his family for the career which they helped so significantly to make possible.

When I cancelled my plans late on Thursday, it was only after I had received notification that the Appropriation Committee is required to hold very high conferences with the Senate Committee on a supplemental appropriations bill continuing resolution. Most of these are necessary to the continued organization of government. It is with deepest feeling of honor and pride that I share with Mrs. Turner and the many friends of the late Mr. Turner, the events of this special occasion, to express the great pride and deep respect we hold for him in the accomplishments of his lifetime, in short: to pay tribute to a great American who served his country with honor and distinction.

I shall not flinch in talking about Lew Turner's career. He was a truly outstanding individual. He held important positions in business and in other areas of government before beginning his service with the Air Force. He grew steadily in responsibility and in distinction with that great organization and, at the time of his death, was Acting Assistant Secretary for Installations and Logistics. It was felt many times that Lew Turner was the best informed man in the Air Force. Certainly this was true in the area in which he was a specialist. He was a key figure in providing Air Force units stationed at home and abroad the facility platforms from which to train and, more importantly, to launch its military operations during periods of military crisis and internatonal conflict. He was keenly aware of the need to support the operational requirements of our fighting forces, and he spared no efforts to achieve the highest standards of facilities for the entire Air Force. He served us well in responding to the ever-increasing needs of a rapidly changing technology.

Lew Turner stood proud to keep the Air Force always ready to act in defense of our country. He was also a man of compassion, vision, and understanding. He cared about people and their needs. This was widely recognized in his continuing drive to provide the best in adequate personnel facilities—bachelor and family housing, recreational facilities, education and community support.

I do not believe it is at all extravagant for me to say that this fine new conference center, dedicated here today, would not be an actuality, except for the efforts and persuasion of Mr. Turner. Under his guidance, the need was recognized and defined, a suitable location identified, and essential programs sucessfully developed and supported before all reviewing agencies, culminating by approval by the Congress. The location, siting, and design all bear the imprint of his fine judgement and approval. Important matters and decisions that will be considered in the conference center named in his memory will do him great honor through the years.

Lew Turner was truly an outstanding public servant. He was firm in his conviction and bold in his actions, but he had a human spirit that included great pride and faith in America. All of us who worked with him remarked about his energy, respected his vigorous dedication, and were amazed at his tenacity and persuasive qualities. I considered him a dear friend and a close friend. I was proud of his friendship, proud to share his dreams, and happy with his dedication to his family and to his country. That friendship included all of his family and I have been very happy to maintain a close understanding with Kate and their children. I feel as thought they were part of my own family. Although fate has chosen to take him from us much too soon, all of us have a responsibility to do justice to his faithful and unfailing principles that characterize this great man."

That ends the Congressman's speech, and I appreciate the opportunity to read it to you.

A LIVING BODY AND A DYING MIND

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, recently I received a picture of an 8-year-old boy, Steve, who suffers from a perceptual learning problem and is as a result experiencing difficulty in school.

According to his mother, Mrs. Joyce Weidemann, of Detroit, Steve is already a distraction to his classmates and may soon be a discipline problem.

This is so, Mr. Speaker, because his school is unable to hire the specially trained teachers and learning materials which would help develop Steve's young mind. And it is a good mind—tests at Detroit's Children's Hospital, Wayne State University, and the Detroit Board of Education, indicate that Steve has an IQ in the normal range.

But he cannot read because of his learning difficulty, possibly dyslexia.

Mr. Speaker, legislation of which I am glad to be the principal House sponsor, H.R. 70, would enable the Federal Government to increase substantially its assistance to States for the education of handicapped youngsters such as Steve Weidemann.

Because this legislation might, in Mrs. Weidemann's moving phrase, "help keep Steve's mind from dying," I urge my colleagues to support it when it is reported for a vote on the House floor, hopefully early next year.

The text of Mrs. Weidemann's letter follows:

THIS IS MY SON AND ACCORDING TO THE LAW HE IS BEING ABUSED

My son has perceptual learning disability *but* a normal I.Q. (he has been tested at Children's Hospital, Wayne State and Detroit Board of Education). If he was the least bit retarded, he would be put into a special class immediately. But there are no classes for his disability, and no sight of one for a long time to come. How tragic that I must say he would almost be better off a little retarded; he would be getting help *now* and maybe he wouldn't be smart enough to know that he isn't keeping up with his peers, even though he tries as hard as he can. Perceptual disability involves reading and writing—reading is almost what school consists of. How long before he just quits trying? The intelligence is there going to waste. It is like letting a mind starve or die!

There is now a Mandatory Education Act stating that my son and others like him are entitled by law to an education. The people who are responsible, whose job it is to form classes for these children are pussy-footing around, while these starving minds remain in agony. They are not upholding the law, yet they are allowed to remain in their "Ivory Towers", hold a position of prestige, and collect a nice pay check to which I contribute yet! If I starved or abused my child like this, my neighbors, friends, all mankind, including my own family would chastise me. They would see to it that I got psychiatric help and possibly put behind bars with other mentally deranged people. This has to be cruelness at its greatest—what use is a person, even to himself, if he grows but his mind doesn't? Why are they allowed to continue to abuse not just one, but many?

To the people out there who feel this isn't their fight because they're not involved, not touched, think again. If my child and others like him are allowed to remain in regular classrooms, it is not only grossly unfair to him, it is unfair to me, to his teachers, and all his fellow classmates (maybe *your* child). If my child cannot perform as the others do, what do you think he'll be doing while the rest of the class is reading and writing? At age eight can he be expected to sit still hours on end? No!! He is distracting everyone else and robbing them of their education too. He's thought of as a troublemaker. Dooming him with another complex, now to his peers he is not only dumb, he is also bad.

Someone out there with the power to help, please listen! This isn't a matter of life or death, it's a matter of life or a living death. A living body and a dying mind. If a child has cancer or some rare disease, people come rushing to help. Is there someone out there who is willing to help keep these minds alive and growing? Someone who feels minds are worth saving?

There are teachers already trained to develop these minds to their full potential. And there are little minds out there just dying for the food only these teachers can provide. Please, someone help keep my son's mind from dying.

STEVE'S MOM.

SELECT COMMITTEE ON FOOD PRICES

(Mr. GUDE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. GUDE. Mr. Speaker, it is my privilege today to join in sponsoring a resolution to establish a Select Committee on Food Prices, introduced by my colleague from Pennsylvania (Mr. COUGHLIN). This resolution is similar to one introduced early in the 93d Congress (H. Res. 320) which I also had the privilege of cosponsoring. I regret that the earlier proposal has made no progress and that it has become necessary to remind the House of the serious problems of food prices which have continued to rise despite drops in prices at the farm level. The hard-pressed consumer, faced with a constantly eroding food budget, is demanding answers as to why this is happening and positive action to correct the situation. At this point the Congress is not providing either.

My own investigation of the food price situation, ongoing for several years now, has been confined largely to the Washington, D.C., metropolitan area, where, as I indicated in testimony last March before the Senate Consumer Subcommittee, statistics show the situation has been as bad if not worse than anywhere else in the country.

My own survey comparing prices in the Baltimore suburbs and Montgomery County showed prices here approximately 3-percent greater than in Baltimore—the same percentage indicated in Bureau of Labor Statistics data for the two cities at the time of my survey. Significantly, in testimony before a Senate subcommittee investigating the food industry, a Federal Trade Commission economist, Dr. Russell Parker, used the same figure in reference to Washington, stating that area retailers could make a 3-percent reduction in prices and still earn substantial profits.

In his testimony Dr. Parker commented on the oligopolistic market structure in Washington where four firms control more than 70 percent of the market. Despite this testimony and despite published evidence by the FTC on the lack of competition in the Washington area, the FTC continues to refuse to take any substantive action. In a letter to me, the Commission Secretary stated:

> There was a general consensus that the Commission had reason to believe that together Safeway and Giant possess an oligopoly position in retail food sales in the Washington area.

Yet no action has been forthcoming.

One approach I have pursued directly with the District of Columbia government is that of opening up the industry here to greater competition by stimulating the entry of new food chains. I have written the Mayor and the Chairman and Vice Chairman of the City Council proposing that the District make government-owned land available at low cost to potential new food chain entrants in order to improve the competitive structure of the market here and to provide needed supermarket services to District residents. Such a move, by making the market for the whole area more competitive, will help to lower prices in the suburbs as well as in the District. I am hopeful that the District government will act promptly to make this proposal a reality that would benefit all consumers in the Washington area.

Such a proposal, however, may not be appropriate for other areas of the country where rising prices are due to a different mix of factors. For this reason I would welcome the establishment of a Select Committee on Food Prices to look into all the different factors surrounding food price increases throughout the country, and I urge its prompt approval by the Rules Committee.

STATEMENT ON STUDY CONDUCTED BY THE CHIEF MEDICAL DIRECTOR OF THE VETERANS' ADMINISTRATION ON THE VA HOSPITAL SYSTEM

(Mr. DORN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DORN. Mr. Speaker, I am today joining Mr. SATTERFIELD, chairman of the Hospitals Subcommittee, and others of my colleagues in introducing a most urgent legislative proposal. This bill contains provisions which closely parallel one important recommendation prepared by Dr. John D. Chase, the Chief Medical Director of the Veterans' Administration, which assesses the quality of care and the adequacy of equipment and facilities in the Veterans' Administration hospital system. This legislation represents an important first step in revamping the salary structure of physicians, dentists, and hospital directors in the VA's Department of Medicine and Surgery which is long overdue. This bill will provide the legislative vehicle for early hearings on the urgent situation which, for some time, has confronted the Department of Medicine and Surgery in recruitment and retention of top-level key personnel in VA hospitals and clinics throughout the Nation.

Mr. Speaker, on March 31, 1974, President Nixon made a nationwide radio broadcast on veterans' affairs. In commenting on the status of the Veterans' Administration hospital system, the President stated:

> While there are continuing improvements in the quality of medical care in our veterans hospitals, we must also continue our efforts to ensure that all patients receive full treatment and that the most efficient use is made of their excellent facilities. We should spend whatever money is necessary so that the quality of care in these hospitals will be second to none. To investigate the quality of that care, I have directed a thorough investigation of the conditions of our veterans hospitals and clinics, including a personal tour of some of those facilities. A report is to be made within 60 days.

As a result of the Presidential directive, a survey was conducted under the direction of the Chief Medical Director in 32 hospitals and one clinic during the period from April 17 to May 23, 1974. The facilities surveyed were as follows:

> Atlanta, Ga.; Augusta, Ga.; Biloxi, Miss.; Brooklyn, N.Y.; Canandaigua, N.Y.; Chicago, Illinois (Research); Dallas, Tex.; Downey, Ill.; Fargo, N. Dak.; Fayetteville, N.C.; Ft. Wayne, Ind.; Gainesville, Fla.; Indianapolis, Ind.; Kansas City, Mo.; Lincoln, Neb.; Livermore, Calif.; and Lyons, N.J.
>
> Manchester, N.H.; Marion, Ind.; Martinez, Calif.; Miami, Fla.; Minneapolis, Minn.; Muskogee, Okla.; Oklahoma, City, Okla.; Omaha, Neb.; Perry Point, Md.; Philadelphia, Pa.; Providence, R.I.; Richmond, Va.; San Francisco, Calif.; Temple, Tex.; Topeka, Kans.; and Waco, Tex.

The foregoing survey represented an onsite inspection and review of the problem areas of approximately 20 percent of the major Veterans' Administration health facilities. Each multidisciplinary survey team was composed of skilled professionals and experienced medical program administrators. Each team was chaired by a person selected for his or her high academic and professional credentials, and who was without an employee relationship to the VA. Each team was supplemented, as appropriate to the facility to be visited with selected specialists in the fields of psychiatry, spinal cord injury, and other specialties. Selected administrative personnel were also added to each team to review building management, medical administration, engineering, and other related functions.

Mr. Speaker, the bill which has been introduced is cosponsored by several other distinguished colleagues on the Veterans' Affairs Committee, including Mr. SATTERFIELD, chairman of the Hospitals Subcommittee, Mr. HAMMERSCHMIDT, ranking minority member of the committee, Mr. ROBERTS, and Mr. TEAGUE.

While some of these recommendations may be open to question, it is my feeling that these questions should be resolved or revised as the result of hearings by the Veterans' Affairs Subcommittee on Hospitals. I am hopeful that prompt hearings can commence on the Chief Medical Director's report and this legislation so that Congress can act at the earliest possible time on this important subject.

Mr. Speaker, the information and findings contained in the Chief Medical Director's report to the President closely coincide and confirm the contentions which my predecessor, the distinguished gentleman from Texas (Mr. TEAGUE) had been making to the executive branch of the Government for many years.

For instance, in a letter to President Nixon on November 18, 1969, the chairman stated:

> The Veterans' Administration is being compelled to attempt to operate a first-class medical care program for America's sick and disabled veterans on a second-class budget and with inadequate and arbitrary personnel limitations.

In the same communication, Mr. Speaker, the chairman told President Nixon:

> I respectfully urge you to instruct those in your administration who are responsible for recommending funding and personnel ceiling policies for our veterans' programs to give a much higher priority to the programs of the Veterans' Administration in the future. With the added demands of the Vietnam war, if these matters are not given immediate attention, I feel that the quality of our veterans' program will rapidly deteriorate to a completely unacceptable level.

Mr. Speaker, I think that it is significant to point out that when the Administrator of Veterans' Affairs sent the 1974 VA budget to the White House it contained a request for increased medical care employment totalling 5,500 additional medical positions at a cost of $123 million to augment and increase staffing in VA hospital bed sections to the ratio of 1.65 staff to patients, surgical bed sections to a level of 2.06 staff to patients and psychiatric bed sections at a 1.0 staff to patients. The Office of Management and Budget did not approve these levels and the overall 1974 budget request for Veterans' Administration medical care which was made to the Congress was reduced by over $173 million by the Office of Management and Budget.

In fiscal year 1973, Mr. Speaker, Congress appropriated $2,606,153,000 to fund the VA medical program. This amount was $54,580,000 over the President's budget request. These additional funds were to provide 3,725 additional medical staff positions for VA hospitals. However, the Office of Management and Budget would not agree to increase the personnel ceiling for the Veterans Administration to hire these additional personnel to maintain the level of care sought by the Congress.

Nevertheless, Mr. Speaker, over the past 5 years Congress has added several hundred million dollars to the VA medical care appropriation in an effort to keep up with the cost of spiraling inflation and increased workloads despite the fact that the former Administrator of Veterans' Affairs repeatedly denied that additional resources were needed to give proper medical care to America's veterans.

Mr. Speaker, the report of the Chief Medical Director unequivocably refutes the representations which had been made by the former Administrator of Veterans' Affairs concerning the adequacy of the VA medical program, and it is my hope that with this factual report now available from the Veterans' Administration that we can proceed to correct the many deficiencies which the House Veterans' Affairs Committee has long maintained existed in the VA hospital system.

Mr. Speaker, in closing, I want to commend Dr. Chase and his staff and the other independent consultants for the forthright manner in which this study was conducted. This report is indeed a valuable landmark document which our committee and the Congress will most carefully consider.

ELIMINATION OF RESTRICTION PLACED ON GI EDUCATION ENTITLEMENT

(Mr. DORN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DORN. Mr. Speaker, today I am introducing legislation to correct what I consider to be an inequity in the GI education bill we passed over the President's veto last week.

The bill I have introduced would provide that any veteran who served 18 months or longer would be entitled to 45 months of eligibility without restrictions. As we all know, the GI education bill passed last week provides 45 months of eligibility only for those veterans in pursuit of a standard undergraduate degree. A veteran would not have the additional 9 months available to him for study leading toward an advanced degree. I do not think this is right. My philosophy has always been that veterans should receive equal benefits for equal service.

I can fully understand that many veterans who have to work part time cannot take more than 12 credit hours per semester. Accordingly, it takes the veteran longer than 36 months to get his undergraduate degree; however, I do not think it is fair to those veterans who take 15 to 18 hours per semester, and in so doing can complete their undergraduate work in 36 months, to be prohibited from using the additional 9 months toward an advanced degree.

I would like to point out that when this came up in conference with the Senate, to my knowledge, not one of the House conferees wanted any restriction imposed. We had to accept it in order to get a bill this year.

I urge the Congress to act on this matter early next session as I think it will receive overwhelming support by this body.

A REVIEW OF OUR FOREIGN POLICY IN CHILE

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, I have recently received a letter from Warren B. Wilson, of Oakland, Calif., an attorney from my district. I would like to share it with those concerned about the repressive political conditions which exist in Chile at the present time. We have unwittingly become accomplices in the destruction of Chilean democracy. Mr. Wilson's account of his experiences during a recent trip to Chile as a representative of the Fair Trial Committee for Chilean Political Prisoners will force us to realize, once again, that the people there are affected daily by the junta's violent and oppressive measures.

The events in Chile must not be viewed as an isolated aberration. For whatever purposes, our Government involved itself in provoking the bloodiest coup in Latin American history. The knowledge that U.S. tax dollars paid for the unconstitutional overthrow of the Allende government and presently support the grotesque jails which hold numerous political prisoners is repulsive to all of us, I am sure. However, our sympathy and indignation are of little use to the people in Chile. The urgent need for action on our part is apparent. How much longer can we expect the American people to tolerate the spending of U.S. money for such abhorrent purposes? How much longer can we ourselves rationalize the same?

We must question our foreign policy and our options. I am convinced the love for justice, and the hope for a better world are shared by a majority in this country and that these ideals should be of the utmost consideration in shaping our foreign policy. I hope that the following articles will jolt the conscience of Congress and serve to remind us that suffering and injustice still exist in Chile.

The articles follow:

OSORNO, CHILE, NOVEMBER 1, 1974

Today Greg and I, accompanied by Padre Artiagra (S.J.) visited the prison in Osorno. Our prime objective had been to see Jaime DelCampo, to whom we carried a package from his mother, Eleana Lira, in Santiago. Thanks to the helpful assistance of the Padre, the breadth and purpose of our presence here was expanded by the number of men we saw and the full opportunity we were given to move fully throughout the prison.

Across the street from a large cemetery looms a three story, austere looking building, the Colegio San Mateo, a Catholic college. It was memorial day in Osorno, and as Greg and I walked toward the colegio to meet Padre Artiagra, the streets were full of people carrying large baskets of spring flowers of all colors, and bundles of them in their arms as they walked toward the cemetery. The prison was just behind and to the left of the cemetery, so Padre Antiagra suggested that the shortest route was through the cemetery and we could see the abundant floral tribute to loved ones gone before.

Unlike cemeteries I have seen in the States, there was no grass or lawn, but the tombs and grave stones were densely placed together, with scarcely walking space between them. This intensified the density of color of the flowers placed in vases and scattered on the tombstones. Little boys ran about with water pails and straw brooms offering to clean the tombstones for a few escudos. Strangely, none of the faces of the people seemed sad as they busied themselves, cleaning the stones and placing flowers. It almost appeared as a festive spring occasion.

So we threaded our way through the cemetery, reading headstones along the way, and arrived at the prison. The entrance had recently been painted and was not as unpleasant in appearance as I had expected but as soon as the uniformed soldiers opened the door and allowed us to enter, we felt the cold, damp, classic interior and odor of an old prison structure. Padre Artiagra spoke to the guards with friendly ease, and gave the list to the guard of the eleven men we had decided to see, including Jaime. He then turned to us and asked whether we wanted to see them individually or in groups. We suggested one or two at a time, but as we were taker into a broad hallway with benches along the walls, several men came over to us, wearing casual winter clothes and wool sweaters, and appeared anxious to talk. Several guards stood nearby, but gave us complete freedom of movement and we were soon encircled by these men, one of whom was introduced as Jaime.

Because Jaime had a reputation as a Deputy Commissioner in Isorno, and we knew him to be a communist and ideologically left, I was surprised to find him the least communicative of the group. And when we gave him the package he only expressed mild interest in the warm sweaters and blanket inside. Perhaps he was low in spirit as we found his wife to be later, when we talked to her. He had previously expressed optimism to his brother, Patrick, in San Francisco, in a letter to him, and to his mother, in Santiago, that he would soon be allowed to go to a foreign country, perhaps Rumania or France. But now he told us that this hope was primarily based on a recent speech of General Pinochet, announcing the possible exile of about 700 prisoners, which has since been regarded a little more than improbable rhetoric.

As the group gathered around us the prime spokesman, perhaps not surprisingly, was a young lawyer named Luis Silva, who began to tell us about his case, and Greg, periodically, translated for me. But, fortunately, by now I had begun to understand most of what was being said, partly because of the legal references, and because I was beginning to grasp the language better. Periodically, several of the other men interjected their own comments, and it became apparent that we should talk to them individually, even though the group was surrounding us, if we hoped to cover each case and have any clarity in the end.

So we proceeded to question them, one by one, and learned that they all had resided in the general vicinity of Osorno, and no evidence of any paramilitary activity had been discovered there—not even a weapons cache. Yet most of them had been charged with the broadly applied allegation of paramilitary activity.

First, there was Luis Silva, an attorney, and former professor of law at the University of Chile, Socialist, 27 years of age, author, lecturer, outstanding academic background, married, two-year old son, sentenced to 15 years for vague and unproved charges of aiding paramilitary groups.

Then Arturo Palma Torres, 31 years of age, educator, professor for five years at the University of Chile in Public Administration, Personnel and Social Statistics. Married, wife a teacher, two children, Sandra—11 years and Jorge—7 years. Member of FTR (Revolutionary Workers Front). Held six months before trial, charged with violence and enticement to violence, sentenced to five years. Says Austrialian Embassy is willing to accept him as an immigrant.

Then I talked to the young physician standing beside me, handsomely, in a crew neck wool sweater, who had helped treat Jaime during his period of serious illness, Vincent Gonzales Ibarra, only 28 years of age, married to a dietician, two sons, Alejandro—2 years and Kavirr—8 mos. No political affiliation, charged with aiding paramilitry groups, freed three times and re-arrested, and finally sentenced to 3 years.

I then turned to a tall, arresting man standing just behind the group, who took my writing pad, commandingly in hand, and wrote his name, Nicholas Vega Angel, 36 years old, professor of Philosophy, former director of the University of Chile at Osorno, married to a German woman, Heidemarie Rohl, professor of English and German. Nicholas said he spoke fluent German. He had just been sentenced to 15 years for aiding paramilitary groups. He said he had a letter from the German ambassador authorizing his admission to West Germany. Later we met with and talked to his attractive wife, Heidemarie, who inspired us with her great buoyancy of spirit and presence, and seemed to find new hope that perhaps in some way our influence might help to release Nicholas.

And finally a tall, Irish looking young man, Cezar Negron Schwerter, also reached for my pad to supply his name and background, as Greg began questioning him. Greg looked at him and said: "You don't look like a querillero." He smiled and said he was the former director of the Banco Osorno y la Union, and said his wife was a professora in Public Administration at the University of Chile, and he had three small children. He said he had been arrested on the 22nd of September, 1973, was a former member of the Socialist Party, and was apparently being held as a hostage because no charges had been made against him.

By this time it had become painful and terribly upsetting to look at this handsome group of young men around us, obviously the flower of Chilean leadership, helplessly deteriorating in the depressingly bleak, damp cell blocks, realizing that there was no genuine legal process available to them.

Then Padre Artiagra suggested that we walk through the prison, looking at the living conditions there and talk to some of the men along the way. The cell blocks we passed along the way resembled the depressing looking ones I had seen at "Graystone" in Alameda County, which had been condemned by a Federal judge, as substandard. Then we came to a small, open area, crowded with men, but it was a lift to get out into the fresh air and feel the sunshine. We walked through the yard towards a small workshop, noticing little cubicles with small butane burners cooking pots of stew, in native style, and we noticed meshed string bags containing bread, hanging along the walls. Apparently the men eat informally, in small groups rather than in a dining hall.

The workshop had a dirt floor, was small, very primitive, and overcrowded with men working on individual craft items, and using crude hand tools and scrap pieces of wood. Some of their work was quite good. By then we were surrounded by importuning faces and stopped at a bench where a young man was shaping a piece of wood into a figure. He was introduced as Juan Bassay, and we were told that he had been given a life sentence for alleged paramilitary activity, even though no arms or weapons had ever been found on him or in his home. He had reportedly been seized shortly before September 11, 1973, because his father, an elderly man who was also arrested and held briefly, was head of the Socialist Party in Osorno, and it was believed that his son, Juan, had a cache of arms in the hills that he intended to use as a paramilitary base. He had reportedly been brutally tortured to reveal information he was incapable of revealing. Juan seemed withdrawn and, unlike the others, totally indifferent to our presence, as Vincent Gonzales told us the unpleasant details of the torture to which he had been subjected.

By now the men surrounding us each began trying to tell us his story, and I reached for Greg's arm, urging him to leave, recognizing that, having no authority or legal basis for intervening on their behalf, we were creating an impression of unfulfillable hope and expectancy that left me sick inside, and painfully vulnerable to emotions I could not handle. So we moved aggressively through the crowd and back to the cold hallway at the prison entrance and I thanked the guards and took the lead as we left the prison and again began to thread our way back through the endless tombs and gravestones, still filled with colorful flowers and people busily grooming these monuments to their deceased families. As I moved hurriedly away from the almost festive gathering at the cemetery, the juxtaposition of it and the prison filled my mind with eerie, surrealistic confused images.

(The author, Warren Wilson, a San Francisco Bay Area lawyer, and a member of the Fair Trial Committee for Chilean Prisoners, just returned from a trip to Chile. "Greg" in the commentary is Gregory Skillman, an interpreter who accompanied him.)

A LETTER TO CONCERNED PERSONS

The Fair Trial Committee for Chilean Prisoners has sent observers to Chile from time to time to gain first hand knowledge of sociopolitical conditions there since the violent Coup of September 11, 1973, in which President Salvador Allende was assassinated and a military Junta led by General Pinochet assumed power. The latest group to travel there was led by Warren Wilson, a San Francisco Bay Area lawyer, and included his wife, Elizabeth, his son, Derek, his legal assistant, Joanne Casey, translator, Gregory Skillman and his wife, Mardel. Both Elizabeth and Mardel are teachers. This group will hereafter be characterized by the reference "we".

Due to the work of previous observers, we had the names of individuals and of organizations to contact upon arrival. These contacts facilitated our work immensely. Without them it would have been difficult to see beyond the seemingly prosperous, contented ambience of downtown Santiago and explore the reality, on the intimate level we did, behind this friendly facade.

We met with members of the Comite de Cooperacion para la Paz. This committee, a united effort of the churches of Chile, along with the Comite para Ayudar a los Refugios, supported by the Lutheran church, constitute the only open, organized force for the defense of the victims of the Junta's violations of human rights. In fact, the Catholic church recently distributed a pamphlet in which each of the United Nations' list of Human Rights was backed by an appropriate

Biblical quotation. The churches are too widely accepted by moderate and conservative social factions for the military to attack them; although the Lutheran bishop of Santiago is under constant pressure.

The Comite para la Paz maintains files on all persons reported to them as arrested, and eventually these appear in their records as "detenidos" (detained, held without charges), although some remain forever in the "disappeared" category. Some of those arrested have been detained for over a year without charges. The Comite staff of twenty-six overworked defense lawyers aids many of those persons whom the government brings to trial. During the trial the status of the prisoner is "procesado" and more likely afterwards becomes "condenado", condemned. The sentences of these prisoners are extremely harsh, fifteen to twenty-five years or life for many. In comparison, a murder conviction in Chilean civil courts seldom draws more than a five year sentence. A common charge is engaging in paramilitary activity or violations of arms control laws, although upon inquiry into the cases, few, if any, of the convictions are corroborated by evidence. Therefore these punishments are essentially being imposed for political activities and thoughts.

Under military law in the state of war, the prosecutor prepares his written case against the prisoner. Upon its completion, the prosecutor gives the defense counsel the name of the prisoner being tried and the nature of the charges. The defense attorney has forty-eight hours in which to prepare a written defense. There is no opportunity to cross examine or present witnesses, no oral arguments and no rebuttals of the written arguments of prosecution or defense. One of the Comite's lawyers told us that in many cases his only defense has been testimony as to the good character of his client. The defense must be very tactful and careful not to offend the military judges.

Even ridiculous charges must be taken seriously. There is no appeal of decisions made by military court operating under state of war conditions.

Under the Chilean constitution, the "state of war", as well as "state of siege", must be voted by Congress. The Junta nas declared an end to the state of war, but has substituted the state of siege to which the provisions of military justice in time of war have been applied. Terminology has changed but conditions remain the same. The military is in complete control and exercises its arbitrary police power continually. There is no due process, no habeas corpus and there is widespread torture. We talked to several people who had been physically tortured and many who had been subject to various psychological tortures.

We talked at length of the legal and political situation with Jose Zalaquet, who is the administrator of the legal assistance provided by the Comite para la Paz. We had expressed a desire to help prisoners gain asylum in other countries, but Mr. Zalaquet felt that we would only be relieving the Junta of a problem and not effecting any long term solutions. Asylum for "condenidos", especially those serving long terms, was a worthwhile goal, he thought, because there remain no other options for them. But helping a few "detenidos" out of the country does nothing for the rest of the "detenidos" and does not pressure the Junta to modify its actions, Mr. Zalaquet stressed, and like opinions were communicated to us repeatedly by others, that pressure from the United States government was the only way to change the behavior of the Junta.

Mr. Zalaquet told us, and his words were echoed by Dr. Samuel Nalagach, administrator of the Comite para Ayudar a los Refugios, that the United States government must pressure the military to return to a legal system. Even though the Comite para Refugios aids those condemned to exile and who flee to embassies as well as their families, Mr. Nalagach feels the best aid we could give Chileans is the pressure on the Junta. He feels that facilitating the exile of prisoners would be counterproductive, in that it would remove from the country people who might constitute a force for political change.

Mr. Nalagach believes that Chileans are a legalistic people; even the Junta does its best to dictate and justify its activities with legal terminology. The military is sensitive to the charge of illegal behavior, although they are well entrenched and determined to mold Chile to their image. The head of the Junta, General Pinochet, says they will remain in power thirty years, until a new generation arises with their mentality. They say they are eradicating the "virus of politics".

In addition to talking to members of both Comites and enlisting their aid and advice for our work there, we made contact with many people affected directly by the Junta's violence. We spoke with family members who have loved ones in jail; a woman whose husband has been detained without charges for over a year and has been tortured; a woman who was arrested with her husband and whose husband is still in jail; a woman whose fiance has been condemned for twenty years because he was the leader of a student political group. We talked with people formerly imprisoned: a public health doctor who had been imprisoned and tortured for allegedly establishing a clandestine hospital; a man who had been arrested, held and released four times.

We talked to an eminent jurist who spoke publicly in Chile about the destruction of the legal system and the Junta's violation of human rights. He is now being prosecuted for these statements.

We also spoke with some condemned prisoners (it is next to impossible to see detainees). The women in our group visited the Casa Correccional de Mujeres, a women's prison in Santiago, while Mr. Wilson and his translator travelled to Osorno to talk with prisoners there. Having had direct contact with these people whose lives have been ripped apart by the Junta, it will never again be possible for us to feel distant from them. They will never again be simply names on a piece of paper.

One of our concerns is the grave economic hardship falling upon the families of the prisoners because, with the former wage earner in jail, there is often no income. Other family members find it difficult to find employment because of the stigma of being related to a prisoner.

The passage of over a year since the Coup has not softened the Junta. The curfew is still in effect. In the middle of the night, solitary cars, or perhaps a military truck, speed by. Occasional shots ring out. The DINA (an FBI with powers of arrest, imprisonment, and torture) is so secret that no one knows the exact location of its headquarters and it operates somewhat autonomously from the military. Chile is still under the gun.

We feel we must alert the United States citizens and their representatives to the continuing massive political repression in Chile. We feel somewhat responsible for the situation there now, because our government's acknowledged actions against Allende's Popular Unity government contributed to its overthrow. This interference was manifested by votes of the United States in the World Bank and International Monetary Fund against economic support for Chile, by its cutoff of economic aid and increase of military aid, by its direct intervention via the CIA and monetary support of striking Chilean truckdrivers, who crippled the distribution system.

We believe that the American people, once aware of the massive violations of human rights in Chile, will demonstrate their dissatisfaction with the U.S. policy that supports the Junta. The generals must realize that American public opinion can influence U.S. aid to Chile.

At the very least, our government should pressure the Junta to moderate its harsh treatment of the Chilean people. All aid to Chile, particularly to the armed forces, should be terminated until the legal system, political freedoms, and fundamental human rights are restored.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Jones of North Carolina (at the request of Mr. O'Neill), for Thursday, December 5, through Tuesday, December 10, 1974, on account of illness.

Mr. Cotter (at the request of Mr. O'Neill), for today, on account of illness.

Mr. Andrews of North Carolina (at the request of Mr. O'Neill), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. O'Brien) to revise and extend their remarks and include extraneous material:)

Mr. Hogan, for 10 minutes, today.

The following Members (at the request of Mr. Traxler) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Murphy of New York, for 15 minutes, today.

Mr. James V. Stanton, for 5 minutes, today.

Mr. Dingell, for 15 minutes, December 10, 1974.

Mr. Delaney, for 60 minutes, December 18, 1974.

Mr. Vanik, for 60 minutes, December 18, 1974.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. O'Brien) and to include extraneous material:)

Mr. Peyser.
Mr. Kemp in four instances.
Mr. Chamberlain.
Mr. Archer.
Mr. Heinz.
Mr. Landgrebe in three instances.
Mr. Huber in three instances.
Mr. Blackburn.
Mr. Hudnut in two instances.
Mr. Goldwater.
Mr. Wylie.
Mr. Skubitz in two instances.
Mr. Bell.
Mr. Arends.
Mr. Cronin.
Mr. Collins of Texas in two instances.
Mr. Veysey in two instances.
Mr. Whitehurst.
Mr. Broyhill of North Carolina.

Mr. ANDERSON of Illinois in two instances.

Mr. THONE.

(The following Members (at the request of Mr. TRAXLER) and to include extraneous material:)

Mr. ANNUNZIO in six instances.

Mr. RARICK in three instances.

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Mr. FRASER in five instances.

Mr. MOORHEAD of Pennsylvania in 10 instances.

Mr. HAWKINS in two instances.

Mr. FAUNTROY in three instances.

Mr. VANDER VEEN in two instances.

Mr. STOKES.

Mr. HAMILTON in two instances.

Mr. TEAGUE.

Mr. REES in two instances.

Mr. BLATNIK.

Mr. ASPIN.

Mr. STARK.

Mr. JONES of Oklahoma.

Mr. LONG of Maryland.

Mr. HARRINGTON in two instances.

Mr. SYMINGTON.

Mr. VANIK in two instances.

Mr. NICHOLS.

Mr. CHARLES WILSON of Texas.

Mr. JONES of Tennessee.

Mr. MCKAY.

(The following Members (at the request of Mr. DENHOLM) and to include extraneous matter:)

Mr. DENHOLM.

Mr. OBEY.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 8352. An act to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes; and

H.J. Res. 444. Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 433. An act to amend the Public Health Service Act to assure that the public is provided with safe drinking water, and for other purposes;

S. 1353. An act to deduct from gross tonnage in determining net tonnage those spaces *on board* vessels used for waste materials; and

S. 3537. An act to modify section 204 of the Flood Control Act of 1965 (79 Stat. 1085).

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on December 5, 1974, present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 444. Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

ADJOURNMENT

Mr. DENHOLM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 20 minutes p.m.) the House adjourned until tomorrow, Tuesday, December 10, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3054. A letter from the Chairman, Migratory Bird Conservation Commission, transmitting the Commission's annual report for fiscal year 1974, pursuant to section 3 of Public Law 770, 70th Congress [16 U.S.C. 715b]; to the Committee on Agriculture.

3055. A letter from the Under Secretary of Health, Education, and Welfare, transmitting notice of proposed regulations governing public library construction, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3056. A letter from the Chairman, National Labor Relations Board, transmitting a report on the Board's obligations and expenditures for fiscal year 1974, the names, salaries, and duties of the Board's officers and employees, and cases heard and/or decided, pursuant to section 3(c) of the Labor Management Relations Act of 1947, as amended [29 U.S.C. 153(c)]; to the Committee on Education and Labor.

3057. A letter from the Chairman, Student Loan Marketing Association, transmitting the first annual report of the Association, covering fiscal year 1973, pursuant to section 133 (a) of Public Law 92–318; to the Committee on Education and Labor.

3058. A letter from the Acting Secretary of State, transmitting the annual report on U.S. contributions to international organizations for fiscal year 1973, pursuant to section 2 of Public Law 81–806 [22 U.S.C. 262a] (H. Doc. No. 93–405); to the Committee on Foreign Affairs and ordered to be printed.

3059. A letter from the Secretary of the Interior, transmitting a report covering fiscal year 1974 on donations received and allocations made from the fund "14X8563 Funds Contributed for Advancement of Indian Race, Bureau of Indian Affairs," pursuant to Public Law 90–333 [25 U.S.C. 451]; to the Committee on Interior and Insular Affairs.

3060. A letter from the President, National Academy of Sciences, transmitting a report by the Academy's Committee on Motor Vehicle Emissions, pursuant to section 6 of Public Law 91–604; to the Committee on Interstate and Foreign Commerce.

3061. A letter from the Administrator, National Highway Traffic Safety Administration, Department of Transportation, transmitting notice of a proposed delay in the submission of the report required by section 112 of the Motor Vehicle Information and Cost Savings Act of 1972 (Bumper Standards); to the Committee on Interstate and Foreign Commerce.

3062. A letter from the President, National Railroad Passenger Corporation, transmitting revised budget estimates for the Corporation for fiscal years 1975 and 1976 and the transition period of July-September 1976, pursuant to section 601(b) of Public Law 91–518, as amended [45 U.S.C. 601(b)]; to the Committee on Interstate and Foreign Commerce.

3063. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204 (d) of the Immigration and Nationality Act, as amended [8 U.S.C. 1154(d)]; to the Committee on the Judiciary.

3064. A letter from the Secretary of Commerce, transmitting the first portion of a report on international marine technology transfer, pursuant to section 205(c) of Public Law 89–454, as amended [33 U.S.C. 1124 (c)]; to the Committee on Merchant Marine and Fisheries.

RECEIVED FROM THE COMPTROLLER GENERAL

3065. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during October 1974, pursuant to section 234 of Public Law 91–510 [31 U.S.C. 1174]; to the Committee on Government Operations.

3066. A letter from the Comptroller General of the United States, transmitting a report on Federal programs for the education of the handicapped; to the Committee on Government Operations.

3067. A letter from the Comptroller General of the United States, transmitting a report on the need for increased public involvement in planning public works projects; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Omitted from the Record of Dec. 5, 1974*]

[*Pursuant to the order of the House on Dec. 5, 1974, the following report was filed on Dec. 6, 1974.*]

Mr. BROOKS: Committee of conference. Conference report on S. 3341 (Rept. No. 93–1525). Ordered to be printed.

[*Submitted Dec. 9, 1974*]

Mr. PATMAN: Committee of conference. Conference report on S. 3164 (Rept. No. 93–1526). Ordered to be printed.

Mr. NEDZI: Committee on House Administration. H.R. 17382. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes (Rept. No. 93–1527). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 16596. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide additional jobs for unemployed persons through programs of public service employment; with amendment (Rept. No. 93–1528). Referred to the Committee of the Whole House on the State of the Union.

Mr. EVINS of Tennessee: Select Committee on Small Business. Report on small business problems involved in the marketing of grain and other commodities (Rept. No. 93–1529). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DELLENBACK (for himself, Mr. O'NEILL, Mr. RHODES, Mr. DICKINSON, Mr. FRENZEL, Mr. GUBSER, and Mr. MCCLOSKEY):

H.R. 17580. A bill to recognize the 50 years of extraordinary and selfless public service of Herbert Hoover, including his many great humanitarian endeavors, his chairmanship of two Commissions of the Organization of the Executive Branch, and his service as 31st President of the United States, and in commemoration of the 100th anniversary of his birth on August 10, 1974, by providing grants to the Hoover Institution on War, Revolution, and Peace; to the Committee on House Administration.

By Mr. CORMAN:

H.R. 17581. A bill to provide for emergency relief for small business concerns in connection with fixed-price Government contracts; to the Committee on the Judiciary.

By Mr. DENT (for himself, Mr. Perkins, Mr. Thompson of New Jersey, Mr. Sisk, Mr. Badillo, Mr. Talcott, Mr. Rodino, Mr. Rosenthal, Mr. Preyer, Mr. Sarasin, Mr. Snyder, Mr. Burgener, Mr. Nix, Mr. Mollohan, Mr. Addabbo, and Mr. Helstoski):

H.R. 17582. A bill to provide an income tax credit for savings for the payment of postsecondary educational expenses; to the Committee on Ways and Means.

By Mr. DORN (for himself and Mr. Hammerschmidt):

H.R. 17583. A bill to amend title 38 of the United States Code in order to entitle veterans to 45 months of educational assistance for all educational programs under chapter 34 of this title; to the Committee on Veterans' Affairs.

By Mr. FOLEY:

H.R. 17584. A bill to direct the Secretary of Agriculture to make payments to certain owners of cattle injured by the activities of Federal employees; to the Committee on Agriculture.

By Mr. GUDE:

H.R. 17585. A bill to amend title 10 of the United States Code to provide that persons may qualify for nonregular retirement pay before age 60 if totally and permanently disabled; to the Committee on Armed Services.

By Mr. GUYER:

H.R. 17586. A bill to prohibit any change in the status of any member of the uniformed services who is in a missing status under chapter 10 of title 37, United States Code, until the provisions of the Paris Peace Accord of January 27, 1973, have been fully complied with, and for other purposes; to the Committee on Armed Services.

By Mr. HÉBERT (for himself and Mr. Bray) (by request):

H.R. 17587. A bill to authorize the Secretaries of the military departments to reimburse nonappropriated fund instrumentalities located in the Ryukyu Islands and Daito Islands, Japan, for increased costs in severance pay entitlements of their Japanese employees incurred as a result of the reversion of those islands to Japan; to the Committee on Armed Services.

By Mr. HEINZ:

H.R. 17588. A bill to prohibit any change in the status of any member of the uniformed services who is in a missing status under chapter 10 of title 37, United States Code, until the provisions of the Paris Peace Accord of January 27, 1973, have been fully complied with, and for other purposes; to the Committee on Armed Services.

By Mr. JONES of Alabama:

H.R. 17589. A bill to designate the new Poe Lock on the Saint Marys River at Sault Sainte Marie, Mich., as the John A. Blatnik Lock; to the Committee on Public Works.

By Mr. KOCH:

H.R. 17590. A bill to amend title XVIII of the Social Security Act to broaden the coverage of home health service under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit the payments of rent under such a program for elderly persons who would otherwise require nursing home care, and to provide expanded Federal funding for congregate housing for the displaced and the elderly; to the Committee on Ways and Means.

By Mr. LEGGETT:

H.R. 17591. A bill to amend title 10 of the United States Code in order to permit the enlistment in the Armed Forces of individuals over 35 years of age; to the Committee on Armed Services.

By Mr. PERKINS (for himself, Mr. Dent, Mr. Yatron, Mrs. Collins of Illinois, Mr. Regula, Mr. Metcalfe, Mr. Boland, Mr. Diggs, Mr. Seiberling, Mr. Brown of California, Mr. Gude, Mr. Roybal, Mrs. Holt, and Mr. de Lugo):

H.R. 17592. A bill to provide an income tax credit for savings for the payment of postsecondary educational expenses; to the Committee on Ways and Means.

By Mr. SATTERFIELD (for himself, Mr. Hammerschmidt, Mr. Roberts, Mr. Dorn, and Mr. Teague):

H.R. 17593. A bill to amend title 38, United States Code, to establish the per annum full-pay scale for certain personnel of the Department of Medicine and Surgery of the Veterans' Administration; to make a career in the Department of Medicine and Surgery more attractive, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. THONE:

H.R. 17594. A bill to establish a National Commission on Regulatory Reform; to the Committee on Interstate and Foreign Commerce.

By Mr. KEMP:

H.R. 17595. A bill to repeal the provisions of House Resolution 457 of the 92d Congress as enacted into law by the Supplemental Appropriations Act, 1972 (relating to allowances of Members, officers, and committees of the House of Representatives; to the Committee on House Administration.

By Mr. St GERMAIN:

H.J. Res. 1175. Joint resolution to establish the effective date of the Commodity Futures Trading Commission Act of 1974 as January 1, 1975; to the Committee on Agriculture.

By Mr. COUGHLIN:

H. Con. Res. 691. Concurrent resolution requesting release of two Ukrainian intellectuals; to the Committee on Foreign Affairs.

By Mr. GUDE:

H. Res. 1487. Resolution to authorize the voluntary withholding of Maryland, Virginia, and District of Columbia income taxes in the case of Members of the House of Representatives and certain legislative employees, pursuant to agreements subject to review by the Committee on House Administration of the House of Representatives; to the Committee on House Administration.

By Mr. COUGHLIN (for himself, Ms. Abzug, Mr. Ashley, Mr. Beard, Mr. Davis of South Carolina, Mr. Eilberg, Mr. Fish, Mr. Gude, Mr. Hawkins, Mr. Helstoski, Mr. Ichord, Mr. Lent, Mr. Martin of North Carolina, Mr. Miller, Mr. Mitchell of New York, Mr. Mosher, Mr. Preyer, Mr. Robinson of Virginia, Mr. Whitehurst, Mr. Winn, Mr. Won Pat, and Mr. Yatron):

H. Res. 1488. Resolution creating a select committee to conduct an investigation and study of food prices in the United States; to the Committee on Rules.

By Mr. HEINZ:

H. Res. 1489. Resolution expressing the sense of the House of Representatives with respect to the world food situation; to the Committee on Foreign Affairs.

H. Res. 1490. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. McFALL introduced a bill (H.R. 17596) for the relief of Edmund Fagundes Lima, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

584. By the SPEAKER: Petition of James H. Pruett, Swannanoa, N.C., and others, relative to food prices; to the Committee on Banking and Currency.

585. Also, petition of the city council, Casselberry, Fla., relative to a tax exemption for interest earned on bonds issued by investor-owned utilities; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 16204

By Mr. ALEXANDER:

Page 13, insert between line 3 and line 4 the following new paragraph:

"The boundaries of a health service area shall be established so that, in the planning and development of health services to be offered within the health service area, any economic or geographic barrier to the receipt of such services in nonmetropolitan areas is taken into account. The boundaries of health service areas shall be established so as to recognize the difference in health planning and health services development needs of nonmetropolitan and metropolitan areas."

H.R. 17234

By Mr. RANGEL:

Page 19, after line 9, insert the following new section:

CONTROL OF TURKISH OPIUM

Sec. 23. Section 620 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(Z) All assistance under this Act and all sales and guarantees of such sales under the Foreign Military Sales Act shall be suspended on the date of enactment of this subsection. The provisions of this subsection shall cease to apply when the President certifies to the Congress that the Government of Turkey is implementing effective controls to prevent opium grown in Turkey from illegally reaching the United States, either directly or indirectly."

Renumber sections 23 through 34 as sections 24 through 35, respectively.

H.R. 17234

By Mr. BIAGGI:

Page 20, line 3, strike out "$15,000,000" and insert "$40,000,000" in lieu thereof.

Page 20, after line 8, insert the following:

(b) Of the funds appropriated to carry out section 639 of the Foreign Assistance Act of 1961, during fiscal year 1975 not less than $25,000,000 shall be made available to Cyprus for the purposes of such section 639.

Page 20, line 9, strike out "(b)" and insert "(c)" in lieu thereof.

H.R. 17234

By Mr. FRASER:

Page 24, after line 10, insert the following new section:

REDUCTION OF MILITARY AID TO SOUTH KOREA

Sec. 29. Notwithstanding any other provision of this Act, the aggregate amount obligated or expended for South Korea in fiscal year 1975 for (1) military assistance and security supporting assistance under Part II of the Foreign Assistance Act of 1961, (2) excess defense articles under such Act of 1961, and (3) credit sales and guaranties of such sales under the Foreign Military Sales Act shall not exceed the total amount obligated or expended for such purposes for South Korea in fiscal year 1974; provided, however, that such aggregate amount shall *be reduced to* seventy percent of the total obligated or expended for such purposes for South Korea in fiscal year 1974 until the President submits a report to the Congress after the date of enactment of this Act stating that the Government of South Korea is making substantial progress toward its observance of internationally recognized standards of human rights.

H.R. 17234

By Mr. FRASER:

Page 30, after line 12, add the following new section:

REDUCTION IN CERTAIN MILITARY ASSISTANCE

Sec. 35. Notwithstanding any other provision of this Act, the aggregate authorizations contained in this Act for Chapter 2 of Part II of the Foreign Assistance Act of 1961 and for Section 31 of the Foreign Military Sales Act shall be reduced by a sum equal to 10% of the total amount authorized by this Act for all purposes. However, in computing said total amount, any amount contained in this Act which has been previously authorized for fiscal year 1975 in any other Act shall be excluded. The reduction required by this provision shall not reduce any amount specifically authorized by this Act for Israel.

H.R. 17234

By Mr. ALEXANDER:

Page 30, after line 12, insert the following new section:

COUNTRIES DELINQUENT IN LOAN OR CREDIT REPAYMENTS TO THE UNITED STATES

Sec. 35. It is the sense of the Congress that any country receiving assistance under the Foreign Assistance Act of 1961 which is in default, at least 90 days prior to the date of this Act, of any payment of principal or interest due on any loan or credit received from the United States should promptly pay all such principal and interest. It is further the sense of the Congress that the President should enter negotiations with each such country to help effectuate the payment of such principal and interest, or to effectuate the transfer by such country to the United States of goods, services, concessions, or actions beneficial to the United States, in lieu *of the payment* of such principal and interest.

H.R. 17488

By Mr. CHARLES WILSON of Texas:

Page 27, line 9, strike out "3,000 Barrel-A-Day Exemption" and insert in lieu thereof: "Exemptions".

Page 27, line 13, strike out "barrels," and all that follows down through line 16 and insert in lieu thereof the following: "barrels and with respect to so much of his average daily production of domestic natural gas as does not exceed 18,000,000 cubic feet, the percentage referred to in section 613(a) shall be 22 percent."

Page 27, in line 20, insert "or natural gas (not including regulated natural gas, or natural gas sold under a fixed contract, with respect to which subsection (f) applies), as the case may be," after "crude oil".

Page 27, lines 19 and 20, insert "or natural gas" after "crude oil".

Page 28, line 1, strike out "Barrels within".

Page 28, in line 11, after the period insert the following new sentence: "If the taxpayer's average daily production of natural gas exceeds 18,000,000 cubic feet, the production to which paragraph (1) applies shall be determined by taking from the production of each property a number of cubic feet of natural gas which bears the same proportion to the total production of the taxpayer for such year from such property as 18,000,000 cubic feet bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the taxpayer for such year."

Page 28, in line 19, strike out "If," and all that follows down through line 5 on page 29 and insert in lieu thereof the following:

"(i) If 50 percent or more of the beneficial interest in two or more corporations, partnerships, trusts, estates, or other entities is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the 3,000 barrel per day exemptions provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such entities.

"(ii) If more than 50 percent in value of the outstanding stock of a corporation (excluding stockholders owning less than 5 percent in value of the outstanding stock), or more than 50 percent of the beneficial interests in an estate or trust (excluding owners of less than 5 percent of the beneficial interests), is owned by persons who own domestic oil-producing or domestic gas-producing properties, then under regulations prescribed by the Secretary or his delegate, such corporation, estate, or trust shall be entitled to the 3,000 barrel per day and the 18,000,000 cubic feet per day exemptions provided by this subsection only to the extent that one or more of the shareholders, or owners of beneficial interests, as the case may be, elects to have all or a portion of its exemption allocated to such corporation, estate, or trust; provided that the total exemption of the corporation, estate, or trust resulting from such allocation shall not exceed 3,000 barrels of oil per day or 18,000,000 cubic feet of natural gas per day."

Page 29, beginning in line 8, strike out "3,000 barrel per day exemption" and insert in lieu thereof "exemptions".

Page 29, line 11, insert "or natural gas, as the case may be," after "crude oil".

Page 30, after line 6, insert the following:

"(5) Limitation.—

"(A) General rule.—So much of the deduction allowed for depletion under section 611 as is computed under this subsection shall not exceed for any taxable year an amount equal to the sum of the taxpayer's qualified investment and qualified investment carryback for the taxable year.

"(B) Qualified investment defined.—For purposes of this paragraph, the 'qualified investment' has the meaning provided by section 498(e) (as in effect on the date after the date of the enactment of the Oil and Gas Energy Tax Act of 1974) except that the term 'taxable period' wherever it appears in section 498(e).

"(C) Qualified investment carryback defined.—For purposes of this paragraph, the amount, if any, by which the amount of the taxpayer's qualified investment for a taxable year exceeds so much of the deduction for depletion under section 611 as is computed under this subsection (without regard to this subparagraph or subparagraph (A)) shall be a qualified investment carryback for the preceding taxable year.

"(6) Producer must be independent.—This subsection shall not apply in the case of any taxpayer who, directly or indirectly, sells oil or natural gas—

"(A) through retail outlets operated by the taxpayer or a related person, or

"(B) to any party—

"(i) obligated under an agreement or contract with the taxpayer to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product ultimately derived therefrom, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(C) For purposes of this paragraph a person shall be considered a related person to the taxpayer if such person has a significant ownership interest in the taxpayer, or if the taxpayer has a significant ownership interest in such person, or if a third person has a significant ownership interest in both the taxpayer and such person. A significant ownership interest, shall mean 5 percent or more in value of the outstanding stock of a corporation, 5 percent or more interest in the profits or capital of a partnership, and 5 percent or more of the beneficial interests in an estate or trust.

"(7) Special rule for sale or disposition of property.—

"(A) Transferor.—In the case of any taxpayer who has, in any prior taxable year, sold or otherwise disposed of any oil or gas depletion property, after December 1, 1974, for purposes of this subsection, the 3,000 barrel amount, or the 18,000,000 cubic feet amount, whichever is applicable, shall be reduced by such amount as the taxpayer may designate at the time of such sale or other disposition. Such designation shall be made in such manner as may be provided under regulations prescribed by the Secretary or his delegate. No such designation shall be made in an amount greater than the taxpayer's average daily production from such property for such prior taxable year. In any case in which no designation has been made by the taxpayer, the taxpayer shall be deemed to have designated an amount which bears the same ratio to 3,000, or to 18,000,000, as the case may be, as the taxpayer's average daily production from the property transferred for such prior taxable year bears to the taxpayer's average daily production from all such *property for* such year.

"(B) Acquisition by transferor of other property.—The reduction provided by subparagraph (A) shall be decreased (but not below 0) by the sum of—

"(i) the taxpayer's average daily production from producing property (other than property to which subparagraph (A) applied and property acquired from a taxpayer described in paragraph (b)) acquired by the taxpayer after the sale or other disposition of property to which subparagraph (A) applied, and

"(ii) the amount designated under subparagraph (A) with respect to any oil and gas depletion property acquired by the taxpayer after a sale or other disposition of other property to which subparagraph (A) applied.

"(C) Transferee.—In the case of any taxpayer who acquires any oil or gas depletion property from another person, no part of the production from such property shall be taken into account by the taxpayer under this subsection for the taxable year in which such property is acquired, and in any succeeding taxable year the amount of such production taken into account shall not exceed the amount designated (or deemed designated) with respect to such property in accordance with subparagraph (A).

"(D) Related parties.—This paragraph shall not apply in the case of the sale or other disposition of any property between taxpayers with respect to whom the rules of subparagraph (A), (B), or (C) of paragraph (4) apply immediately following such sale or other disposition.

"(E) Transfers of interests in businesses under common control.—If there is any sale or other disposition of an interest in a business described in subparagraph (A) or (B) of paragraph (4) of this subsection, then under regulations prescribed by the Secretary or his delegate, such sale or other disposition shall not result in an increase in the aggregate exemptions allowed under this subsection with respect to oil or gas depletion properties held on the date of such transfer by such business the interest in which is transferred or by the transferor of such interest.

"(F) OIL OR GAS DEPLETION PROPERTY DEFINED.—For purposes of this paragraph, the term 'oil or gas depletion property' means any property interest (including an interest in a partnership, trust or estate) with respect to the income from which a deduction for depletion is allowable under section 611 (b)(1) for domestic crude oil or domestic natural gas but only if the underlying mineral property is capable of producing oil or gas in commercial quantities at the date of transfer of such property."

EXTENSIONS OF REMARKS

BAKE A BIGGER PIE

HON. JESSE A. HELMS

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Monday, December 9, 1974

Mr. HELMS. Mr. President, I wish to share with my colleagues a superb editorial statement on inflation which appeared in the November 11, 1974, issue of Industry Week. The author is Mr. Walter J. Campbell, consulting editor of this fine magazine and a distinguished citizen of Whispering Pines, N.C.

Our present inflationary crisis, as Mr. Campbell correctly observes, is the result of past mistakes that are being perpetuated into the future. In particular, we are burdened with an antiquated philosophy that is producing fewer goods and services. No matter what area of the economy we examine, we find economic policies that have brought about a decline in the quantity and quality of goods and services.

Much of our fuel shortage can be attributed to our overzealous interest in protectionist considerations that have discouraged production. Our businesses, both large and small, are tied down by Federal regulations and controls that discourage competition, efficiency, and production. Our whole tax system is designed to punish those who invest their assets in savings, thus discouraging capital growth. Our Federal Reserve Board has pursued a monetary policy that has created a situation whereby there is too much money going after too few goods and services. The list of economic policies that have given rise to our current spiral of inflation is seemingly endless.

The solution, of course, does not lie in further reductions of goods and services, but in a total rethinking of our present system of laws. The major point of Mr. Campbell's editorial is clear enough: Not until we return to a general policy of encouraging economic growth and development will the country regain its economic stability.

Mr. President, with this in mind I ask unanimous consent that the editorial by Mr. Campbell be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BAKE A BIGGER PIE

(By Walter J. Campbell)

We are hearing a great deal about cutting consumption to combat inflation. About using less. About taxing more to discourage use.

We are hearing too little about producing more. About increasing capacity. About improving productivity. About discovering alternatives for scarce items.

Cutting consumption may be a necessary step for the immediate term. It holds little promise or hope for the long pull.

It ignores the classic corrective to inflation: produce more goods and services. For as supplies increase, prices tend to decrease in a reasonably free market.

We have been years in building the foundation for our present inflation.

We have transferred too many assets from the productive to the nonproductive sector.

We have discouraged the building of adequate capacity through archaic and inadequate capital recovery policies.

We have worked against increasing productivity by a massive collection of laws and policies that reward the nonproducers just about as well as they reward the producers. We have permitted restrictive work practices. We have encouraged incompetence on the job. We have dictated that vast sums be spent on nonproduction equipment.

Shouldn't we now be thinking about producing more?

To combat inflation?

To correct shortages?

To build strength?

To restore pride?

We have proved that we can do it in past emergencies—when we produced food and fuel and materiel for America and much of the rest of the world.

Needed are better tools—a will to work—and a political philosophy that will give greater rewards to those who produce useful goods and services than to those who only consume.

BUDGET PROPOSALS COULD CRIPPLE ECONOMY OF GENERAL AVIATION

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. GOLDWATER. Mr. Speaker, President Ford has taken an important and timely step by requesting all Federal agencies to reduce spending, with the help and guidance of the Congress. Further, the President has proposed a course of congressional action that will require legislative restraint to aid and assist in reducing the flow of Federal moneys into the inflation-sensitive economy.

The President's program is for wide reduction and rescissions. I would be less than honest if I did not point out to the President that his desire for prompt enactment in the closing days of the post-election Congress will be almost an impossible task.

The legislative process requires due process in all but the most dire national emergencies, and no matter how increasingly troubled the economic signs become, it would appear unrealistic to expect this outgoing Congress to take actions of the magnitude requested in this worthwhile program.

In addition, the required legislative action includes items that have been considered by the Congress both in past years and in this year, and have been rejected. It is not likely that a Congress that has thoroughly investigated these items and voted rejections would reverse its findings and enact such taxes or levies without due consideration and overwhelming proven need.

In addition, the President, acting on well-meaning but incomplete advice, would levy taxes and fees on industries that are continuing to perform well in the face of declining national conditions. These taxes coud well mean the difference between survival and failure.

I speak specifically to an item of tremendous importance to not only my district in southern California but to the Nation as a whole; namely, aviation—and general aviation in particular.

The President has requested the Congress to permit the levying of double taxes or fees on general aviation. The rationale and method proposed have each been considered, not once, but twice, by the Congress and rejected.

The administration proposes that we repeal the congressional limitation placed in the fiscal 1975 appropriation bill that kept the Department of Transportation from administratively levying fees for such services and licenses that the DOT and FAA had required by virtue of their regulatory powers. There is nothing wrong with charging a nominal fee for administrative costs for Government services where a singular beneficiary can be readily identified and that service is provided for him alone. That is traditional in Government. But to levy fees that are not only exorbitant but are the results of rulemaking and requirements ostensibly dictated by the need for public safety was and is deemed improper by the Congress.

The application and fee schedules proposed are arbitrary and aimed directly at recouping costs that are presumably incurred because the safety of the public at large must be protected by permitting only properly designed and constructed aircraft to fly through the Nation's skies; manned by professional airmen who have passed exhaustive training and repetitive flight tests. These design, personnel and operating standards are required to be developed and are required to be enforced by a Federal agency acting on behalf of the public.

Another regulatory agency attempted such arbitrary recoupment and was recently rebuffed in the highest court. Congress has twice thoroughly investigated this possible fee structure and turned it down. I believe that it is unfortunate that the administration would include this method in its proposal when there are other more effective alternatives.

As a member of the Interstate and

Foreign Commerce Committee, which has been charged with responsibility for aviation affairs, I realize that the equitable payment of reasonable fees by the users of our Nation's airports and airway system has long been an important consideration. Like all of our national transportation systems, our airspace system is one of the greatest in the world. It was essentially developed by Federal plan and through financing from the public treasury until 1970 when the system needed substantial modernization to handle the steadily increasing numbers of aircraft. Then a moderate, but still considerable tax levy was enacted that, by congressional plan, resulted in the system.

To insure that these funds were expended for the purposes intended, the Congress in 1970 created an Aviation Trust Fund and limited expenditures from the trust fund to well-defined objectives and projects. The administration within a year attempted to take advantage of what it considered as a loophole in the legislation to expend large sums of money from the trust fund for FAA's operating expenses. After in-depth hearings, Congress reaffirmed its decision that operating expenses were the responsibility of the FAA and subject to the normal budgetary process. The use of trust fund money for maintenance and operations was denied the FAA by legislative action, through amendment in 1971 to the Airports and Airways Act.

Now, the President has, once again, requested the use of trust fund moneys for maintenance and operating expenses. But, it is now 4 years later and much of the modernization that the Congress insisted upon has been accomplished and a surplus of several hundred million dollars is accumulating.

It is entirely possible that some of this money can now be made available but in view of past congressional experience, this should be considered only with the tightest of safeguards and then only after extensive public hearings and assurances from the administration. Here, I believe time will deter the President in terms of action by this Congress.

The great airway system that moves 80 percent of the people who travel more than 300 miles, consists in its simplest form, of a series of airways connecting strategically placed airports. A relative handful of large hub airports are near our larger cities, but more importantly, some 12,000 smaller airports are scattered throughout the country. These airports are not served by commercial air carriers and rely on privately owned aircraft, air taxi service, and some air commuter services.

This is true general aviation. The businessman is carried to the rural factory by the company aircraft. In 1973, almost 40 percent of the flights of the country's 40,000 business aircraft were for the purpose of transporting businessmen to interconnect flights at an airport served by an airline or to pick them up and carry them to a city without air carrier service.

To insure that this amount and kind of air traffic can flow safely and uninterrupted, the FAA has installed control towers at many airports and flight service stations at others. The decision to install these facilities and man them with Federal employees was and is a Federal decision based on Federal analysis that public safety required governmental control. At some airports, radar is also installed to permit traffic separation in any kind of weather. Such separation standards also result from Government decision. It should be pointed out that since the creation of the Aviation Trust Fund in 1970, the expense of purchase, installation, and construction of these facilities has been paid from the fuel or excise taxes contributed into the trust fund by the passengers of the airlines and owners of the general aviation aircraft.

The administration now proposes that a "departure" tax be levied on general aviation operators only. This tax would be collected for takeoffs from airports having a federally installed and operated control tower. If the airport had radar assist service as well as a tower, the fee would be doubled.

There are, unfortunately, two things basically wrong with this proposal: First, it seeks to charge for a service that a Federal agency decided should be provided and on which it in turn set the price and cost, and second, it proposes a method of discriminatory taxation against only one segment of aviation. This is based on an inadequate study made by the Department of Transportation. on which the Congress has taken no action.

In enacting the Airways Act in 1970, Congress requested the DOT to make a study of the system to determine its contribution to public benefit and value to the Nation, and to determine the nature and amounts of other benefits accruing to the system's users.

This study, called the Aviation Cost Allocation Study, was accomplished largely by contract economists and after countless delays was submitted to the Congress only partially complete. Its findings are patently biased and gross attempts to use it as a basis for raising funds uncontrolled by the Congress are apparent throughout. Perhaps, the most telling description of its inadequacy has been the Department of Transportation's failure to submit any recommendations for the legislation based on the study's findings.

Besides an unbelievable determination that no unique public benefit exists from the Nation's airway system, the study includes various alternate methods to recover from the direct users 100 percent of the FAA's budget. One method is the levying of landing fees on general aviation only at airports having control towers.

The administration has taken that portion—a discriminatory alternative—and offered it as a fund-raising device for emergency consideration by the Congress. In view of the past investigations by the Congress and the existing studies being conducted toward revision of the Airports-Airways Act, I find it difficult to believe that my colleagues will endorse such shallow proposals when there are more substantive alternatives than increasing the taxes on an industry that provided 250 millions of dollars in balance-of-payment credits from export of aircraft, engines and spare parts to the world's general aviation market.

Airport landing fees levied by the airport operator are normal business procedures and should be supported and should not be accidentally or deliberately negated by ill-timed Federal legislation, no matter how well meaning.

I respectfully submit to my colleagues and to the President that time still permits a thoughtful review of this great industry. It would be improper and incompetent folly, if untimely legislative action would be substituted for good management within our Government.

THE HEALTH SYSTEM NEEDS PHILANTHROPY NOW MORE THAN EVER

HON. RICHARD S. SCHWEIKER

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Monday, December 9, 1974

Mr. SCHWEIKER. Mr. President, on November 19, 1974, Dr. Charles C. Edwards, Assistant Secretary for Health of the Department of Health, Education, and Welfare, spoke at a dinner honoring the trustees and leaders in philanthropy of the Presbyterian-University of Pennsylvania Medical Center in Philadelphia. His subject was the need to continue private philanthropy in health, even after national health insurance is enacted. As he said:

> I think I appreciate, as well as anyone does, the irreplaceable loss that the health care system would suffer if National Health Insurance brought an end to the tremendous rewards that accrue from the voluntary donation of funds and personal energy in the spirit of philanthropy. Such a loss might be calculated in dollars, but it would be reflected in research not carried out, services not provided, and innovations not exploited. In short, the loss of philanthropy would hit hard at the very places where our health care system is in most need of creativity and freedom, in the places where new ideas and new approaches to old problems can lead to needed change.

I agree with that statement. Last year nearly $4 billion was given to the health field by private philanthropy. The Presbyterian-University of Pennsylvania Medical Center benefited last year from $1.8 million in private philanthropy and from untold hours in voluntary service to the center. I would like to note that one of the finest citizen leaders was honored that evening for his philanthropic and voluntary efforts. Paul J. Cupp, the chairman of the board of trustees of the center, was given the Ephriam D. Saunders Award for his exceptional service, the highest honor the center can bestow. Mr. Cupp, the retired chairman of American Stores, Inc., has given much time and energy not only to the center, but to Philadelphia and the State of Pennsylvania.

It is because of such philanthropic and volunteer efforts, and the benefits that come to our Nation as a result, that I support the continuation of private philanthropy in our health care system. So that my colleagues may have the benefit of reading the excellent statement of Dr. Edwards, I ask unanimous consent that the speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE HEALTH SYSTEM NEEDS PHILANTHROPY NOW MORE THAN EVER

(By Charles C. Edwards, M.D.)

I am delighted and honored to join with you this evening in recognition of the individuals and organizations whose generosity continues to play a vital part in expanding the Presbyterian Medical Center's service to this community and to the Nation.

I choose the word vital deliberately, knowing quite well that there are those who believe that philanthropy has a very short future in the American health system, that the certain arrival of national health insurance will mark the certain departure of voluntary giving to Presbyterian and to all the other health institutions large and small than have benefited from philanthropy throughout the long history of this country.

Let me just say that while I understand the thinking behind that prognosis, I also understand the major and undiminished need for philanthropy in the health field. And I think I appreciate, as well as anyone does, the irreplaceable loss that the health care system would suffer if national health insurance brought an end to the tremendous rewards that accrue from the voluntary donation of funds and personal energy in the spirit of philanthropy.

Such a loss might be calculated in dollars, but it would be reflected in research not carried out, services not provided, and innovations not exploited.

In short, the loss of philanthropy would hit hard at the very places where our health care system is most in need of creativity and freedom, in the places where new ideas and new approaches to old problems can lead to needed change.

And without the capacity for change, the health care system—a system that has many of its deepest and firmest roots in this city—would be in grave danger.

All of us, of course, recognize that there are profound changes occurring in the health care system—in every facet of the system from fundamental research to the delivery and financing of services. And at every point along that continuum, those of us who have some measure of responsibility—in either the public or the private sector—are faced with countless difficult choices, each of which will have very far-reaching consequences.

For example—

What is the proper and most productive balance between targeted research and research that is not directed toward a specific objective?

Should this country continue to depend on the influx of foreign medical graduates to meet its physician manpower needs?

How can we bring greater competition to the organization and delivery of services without sacrificing quality or freedom of choice?

And perhaps the most crucial question of the moment—how can we control the rising cost of health care through voluntary action without curtailing access to necessary services?

It is tempting for some in the health industry to believe that such questions can and should be answered only by government policy makers.

Certainly, there are a number of spokesmen—in the Congress and elsewhere—who maintain that government is the only possible source of leadership for the American health enterprise. They believe that the private sector is unable or unwilling realistically to address the major problems facing the health care system and to find reasonable answers to a host of questions like those I mentioned a moment ago.

Unfortunately, I think we all have to admit that there has been a failure of leadership in the American health enterprise. There has been a tendency for the system simply to drift—to expand without a plan for orderly growth, to adopt new techniques and procedures without knowing whether they are effective and beneficial, and to regard virtually unrestrained increases in the cost of health care as inevitable.

I am not suggesting that the problem is entirely the fault of the private sector. On the contrary, I would be the first to admit that the public sector—most especially the Congress and the Federal health enterprise—has had a poor record of leadership, and has been a major contributor to many of the problems that are now of great concern to us all.

We face very serious problems of specialty maldistribution at least partly because Federal support of biomedical research has drawn large numbers of medical students and physicians into highly specialized careers, rather than into the primary care fields. In the pursuit of scientific excellence we have lost sight of the goal of meeting basic health care needs.

We find inadequate attention to preventive health care and inappropriate utilization of hospitals at least partly because programs like Medicare and Medicaid—as well as privately financed health insurance—are designed to pay more generously for inpatient services than for outpatient care.

So if the health care system has suffered from a failure of leadership—and there can be little doubt that it has—then both the public and the private sectors are at fault. And clearly, we will have little success in solving the problems facing the health care system unless and until all of us accept the responsibility to provide quality leadership that the entire system can follow in the best sense of pluralism.

And moreover, I think the very real test of leadership—perhaps the final test for private leadership—will come with the development, enactment, and implementation of a system of national health insurance.

Despite the dubious assertion by some spokesmen for organized medicine that the American people place a rather low priority on national health insurance, it seems obvious that this Nation will shortly establish a financing system that will assure every citizen an opportunity to obtain health insurance coverage.

As I am sure you know, the momentum toward adoption of an insurance scheme is erratic to say the least. At times within the past year even the most cautious observers were predicting enactment of national health insurance within a matter of weeks. At other times the prospects for enactment at this session of Congress were judged to be nil.

Now, I think, it is reasonable to conclude that there is not enough time left for the 93rd Congress to work out the compromises and agree on the specifics of a comprehensive health insurance plan, and I think that this major and sweeping piece of legislation will have to await the arrival of the new Congress in January. Indeed, it may be rather late in the session before final action is taken on a national health insurance bill.

But clearly, health insurance will be very high on the list of priorities for the 94th Congress, just as it is one of the principal domestic initiatives of the Ford administration.

I suppose inevitably discussions about national health insurance tend to focus on a number of key issues—the cost, both to individuals and to the Nation, the kind of benefits to be covered, the financing scheme, controls on cost and utilization, and other critically important questions the answers to which will shape not just the insurance plan, but the entire health care system for years to come.

But without intending to discount the importance of these issues, I would suggest that there are some other, more subtle, factors that simply must not be overlooked in the rush to devise a health insurance plan that Congress will enact and the President will sign into law.

One of those factors, of course, is the impact of national health insurance on philanthropy, an issue that very deeply concerns both the donors and the recipients of the nearly $4 billion that is contributed to the health care system by those of you gathered here this evening and countless others throughout the country.

As I said earlier, there is a measure of logic in the rather dire prediction that national health insurance will sharply reduce—if not in fact eliminate—philanthropy in the health field. From a purely economic point of view, the need for philanthropy might seem to disappear when a national health insurance scheme assures institutions like Presbyterian full reimbursement for all activities asociated with patient care.

But such reasoning, in my judgment, is both narrow and shortsighted. It equates philanthropy with charity. And it fails to recognize that all great medical centers—and even many hospitals of more modest scope—are able to undertake projects and programs *only* because generous organizations and individuals are willing and able to provide the necessary funds.

Furthermore, the kind of activities made possible through philanthropic donations and private grants are likely to represent innovations, in both research and services, for which Federal dollars are often not available.

It is well for all of us to remember—and I mean those of us in the public sector as well as in the private sector—that government is seldom at the leading edge of change. On the contrary, government, by tradition if not by necessity, is more likely to reflect than to produce social change.

In my own view, this is as it should be. By and large, I think, the public's money is best used to exploit proven advances in the provision of social services—including health care—and to seek new knowledge in problem areas that have a major impact on individuals and society.

Moreover, at a time when Federal spending is under extremely tight restrictions, it is all the more appropriate that tax dollars be spent where they have the greatest likelihood of yielding tangible results. And this, as I am sure you can appreciate, makes it all the more difficult for Federal health programs to provide support for unproved ventures that necessarily involve a substantial risk of failure.

What this means, of course, is that both national health insurance and tight Federal health budgets tend to make philanthropy an increasingly vital and important source of funds for the health care system—the kind of venture capital than can point the way to significant change in the whole health care system.

I understand that an effort is being made to insure that whatever form national health insurance may take, the law will reflect a desire to preserve the place of philanthropy, rather than diminish it. I support the goal of such efforts, because I think the loss of private philanthropy would work tremendous, and perhaps irreparable, hardships on the health care system and on the people served by it.

The rush to adopt a system of national health insurance unquestionably comes in response to a very real and a very urgent need. Tens of millions of Americans have either no insurance protection whatever or are covered inadequately by plans that foster expensive and inappropriate use of the Nation's limited health resources.

But in seeking to correct these defects, I think it is imperative that the leadership of the health establishment—public and private—guard against devising a system that *might inadvertently* create new problems and make old ones worse.

To foreclose private philanthropy would be a grave mistake.

To add materially to the demand for health services without making certain that the system can respond would be a grave mistake.

And to institute an insurance system that had no effective mechanisms for cost containment and quality assurance would be a grave mistake.

I am confident that many people within and outside the Federal government are well aware of these considerations. But I am equally sure that it will take the best and most enlightened leadership of the entire *health industry* to design a responsible health insurance system, and once it is adopted, to make it work.

Clearly, these are times in American life when our institutions and our capacity for wise and purposeful action are being seriously tested.

If the events of recent months show us anything, it is that the American people will not accept leadership that sacrifices the public interest to any other objective, real or imagined. The people of this country are demanding a new quality of leadership, one in which they can put their trust. And they demand it of those of us who are leaders in the health field no less than of those who occupy the highest offices in the land.

All of us will be judged by future generations on our ability to act decisively at a time of great trial and great opportunity.

I would hope that the judgment of history finds that we were able to marshal the will to lead and summon the courage to act, not in the sure and certain knowledge that everything we do will be right, but knowing that if we fail to accept the challenge to lead and the mandate to act, we will have lost the chance to do either.

In our zeal to cope with the great problems facing American society—problems in health, in economics, in the physical environment, and indeed in the ethical environment of our Nation—I earnestly hope that we as a people never lose sight of the tremendous contribution that private individuals are able and willing to make toward the solution of our problems.

It is too easy, I think, to look to government and to conclude that these great national issues can only be met by similarly great and impersonal national endeavors.

Certainly the major and critical problems facing the United States do command the best efforts that government can muster. But they will not be solved unless the American people, and especially those who are willing and able to make substantial contributions of their time and resources, are given every opportunity to contribute to the tasks at hand.

I trust that the dependence on government will never be so great, or the capabilities of government so misunderstood, as to deny the service that individual private citizens can make to the strength and welfare of all the American people.

Thank you very kindly.

UNITED STATES AND THE REPUBLIC OF VIETNAM

HON. BEN B. BLACKBURN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. BLACKBURN. Mr. Speaker, in recent well-concerted activities by the anti-Vietnam lobby in our Nation's Capital, and in some elements of the media, a number of gross distortions have been advanced. Some of those distortions are related to the nature of governments in Southeast Asia, particularly to the nature of the Government of the Republic of Vietnam, a number of so-called political prisoners in Vietnam, censorship, corruption, and persecution of political opposition.

Critics of aid for the Republic of Vietnam refuse to face the realities of their position. They talk of cease-fire violations by both sides and especially place the responsibility for it on the government in Saigon. Yet, the major violations are those committed by the Communist regulars from the north and a few of their supporters from the south. The North Vietnamese Communists have increased their troop strength in the south since the cease-fire. At the time of the Paris peace agreement, they had 160,000 regular troops on the territory of the Republic of Vietnam. Now, they have 210,000 troops. They have attacked South Vietnamese citizens, destroyed schools, hospitals, and whole villages, refused to allow the International Commission for Control and Supervision to investigate treaty violations in Communist zones, and failed to designate points of entry to permit inspection of incoming military supplies. They have deployed 700 Soviet-made tanks, built a pipeline reaching the Saigon environs to keep Hanoi's trucks and tanks refueled.

In addition to 1,600 antiaircraft guns, they have introduced 35 regular North Communist units equipped with SA-2 missile launchers and the hand-held SA-7 missiles.

In his most recent report to the Secretary of Defense, James R. Schlesinger, Maj. John Murray, recently retired U.S. defense attaché in Saigon, states:

> North Vietnamese troops have had two years to build up their supply of arms. Their ammunition stockpiles are up. Today, without question, Hanoi has by far the strongest, best-positioned and best-supported military machine it has ever fielded in South Vietnam.

North Vietnamese Communists have 120 tons of supplies stockpiled in the northern half of the Republic of Vietnam and another 40,000 tons stored away in the south of the country.

Each of these violates explicit provisions of the Paris Peace Agreements. No comparable violations can be legitimately charged against the Republic of Vietnam.

Second, critics say that more aid means throwing good money after bad since South Vietnam cannot survive anyway. But, these are the same critics who predicted the Government would collapse as soon as American troops left in March of 1973. If they block aid long enough, maybe they can force their prophecies to come true.

Third, anti-Vietnam lobbyists say they do not want an anti-democratic regime. While the government of South Vietnam—GVN—is not a model of liberal democracy, it looks very good indeed when compared with North Vietnam, which is a Communistic totalitarian dictatorship. Two brief comparisons may illustrate the point.

In South Vietnam, there are 16 Vietnamese language papers of which 13 are classified either as "independent" or "opposition" papers. There is some censorship in the name of national security, which is understandable considering the fact that the country is in a state of war. Nonetheless, reading the Saigon press suggests that newspapers can and do, regularly and sometimes vigorously, criticize the government and its policies.

Opposition candidates can compete and win elections in South Vietnam which are held as constitutionally scheduled. President Thieu's supporters did not control a majority in the Senate from 1967 to 1973. A mere 40 of the 119 candidates seeking reelection to the lower house in 1971 were returned by the voters. The 1971 presidential election was uncontested only because both Nguyen Cao Ky and Duong Van ("Big") Ming chose to withdraw after having qualified for the race. In most recent provincial elections in Quang Tri Province, the opposition was able to obtain majority representation in the local administration.

The contrast in North Vietnam is clear. All newspapers are owned and controlled by the government and are always favorable to it. All candidates for the National Assembly must be approved by the Communist Party. In the four elections that have been held at irregular intervals since 1946, not a single Member of the National Assembly has ever been defeated.

The continued loyalty of the military—at all levels—to the South Vietnamese Government, the increased support by the peasant masses—roughly a million of whom have gained title to their lands since 1970, and the decline of urban opposition testify to the preference of South Vietnamese voters for their limited democracy rather than Communist control by the North.

The most current political moves in the Republic of Vietnam including the demonstration by the opposition and certain leadership among the Catholics certify two important facts.

One, that peaceful demonstration and constitutionally guaranteed political actions can be freely carried out.

Two, the majority of those demonstrating—the Catholic anticorruption movement under the leadership of Father Tran Huu Thanh—is on record that the purpose of their movement is to eliminate elements of corruption in order to improve the efficiency of the nation's anti-Communist struggle.

I would urge my colleagues to resist cuts in aid to South Vietnam. To cut the aid package to South Vietnam is to encourage the aggression and the Communist dictatorship of the North, to support adequate aid is to at least make the continued development of democracy possible.

At this point, I insert in the Record an editorial from the Des Moines Register of October 16, 1974, regarding American support of SVN and a letter to the editor by John E. Murray, major general, USA, retired, former Attaché in Vietnam, which deal with the current posture of South Vietnam:

Pentagon "Scare Talk" Hit

"No matter what happens in South Vietnam now, no matter what the Pentagon says, the United States is not going back into the Vietnam war.

"Yet Deputy Secretary of Defense William Clements returned from an inspection trip to South Vietnam and told a press conference Oct. 8 that U.S. air and naval forces might have to go back if North Vietnam launches a major offensive.

"That would be alarming if anyone took it seriously. Nobody did. President Ford held a press conference the next day and no one asked about it. Editors ran the Clements story small and inconspicuous. Few broadcast news programs mentioned it.

". . . If Thieu's million-man forces cannot take care of themselves against a fourth or a third as many North Vietnamese and Viet Cong, 'Vietnamization' has been a flop, as direct U.S. combat action was.

"Going back in would be throwing good money after bad, throwing in more American lives in addition to the 50,000 squandered for nothing in 1961–73, losing new prisoners of war.

"Pentagon talk of going back in is just scare talk, in hope of frightening the North Vietnamese. For the United States is not seriously intended. It would be a political impossiblity."

October 29, 1974.

The Editor,
Des Moines Register,
Des Moines, Iowa.

Sir: Your editorial of the 16th of October was premature by 15 days. It masked so much it should have been written on Halloween.

It said that no one is taking seriously the conditions in Vietnam because no one in the press corps asked President Ford the next day about Mr. Clements' (Deputy Assistant Secretary of Defense) statement on South Vietnam.

They didn't because the day Mr. Clements spoke the press at once asked his boss, the Secretary of Defense, Mr. Schlesenger about it.

In a news conference on October 2, the Secretary answered in his usual candid manner, with facts so hard that they may have been too indigestible for others to assimilate.

Also, your statement that "Thieu's million-man forces cannot take care of themselves against a fourth or a third as many North Vietnamese and Viet Cong", is again, entirely wrong.

The forces that North Vietnam now field are stronger, by far, than any that the U.S. Forces faced when we had over half a million men backed by B–52's, F–111's, aircraft carriers, navy gun fire and the field mobility of the U.S. Army and U.S. Marines.

As a fact the combat forces—about 13 Divisions—of the North Vietnamese in South Vietnam, match the total number of Divisions of the South Vietnamese. And what's more, the North Vietnamese have a half-dozen Divisions in Reserve in North Vietnam.

To say that "Vietnamization has been a flop" . . . is blatantly unfair. The proof is to the contrary. We pulled out ½ million men with all our properly vaunted modern military capability, and the ARVN found with unusual gallantry against the increasingly formidable North Vietnamese who now have hundreds of more long-range artillery pieces, thousands of more anti-aircraft troops with sophisticated Russian furnished weaponry, and a massively improved logistic base. The South Vietnamese have fought these formidable forces and won.

In the Delta the ARVN cleaned the enemy out of the Seven Mountain area. Something that we did not do. They also took back Tri Phap, a traditional enemy stronghold in the Delta that we did not take. And in enemy division-sized attacks at Quang Duc, north of Saigon in the Iron Triangle and southwest of Danang in the Thuong Duc, they have fought successful bloody division-sized battles.

The question is not what they can do. The question is what we do.

As Secretary Schlesinger has pointed out, all the support they need is less than 2% of what it cost us to support the war when we were over there.

And as Secretary Schlesinger has pointed out, all that the Congress is meagerly furnishing is an amount for the entire year, to support this major war, that was spent in one week on the Yom Kippur fracas. Which we supported quickly with our funds.

Where are our principles? Why, on the one hand, should we selectively support with fervor one small country attacked by communist arms. And drop the support in a country also attacked by communist arms for over two decades. Can it be that our principles are sliced off thinly by a time machine? They don't endure?

Another failure of fact in your editorial. The allegation that the Pentagon talk is "in hope of frightening the North Vietnamese."

As one with some acquaintance with both unrivaled perplexities—the Pentagon and the North Vietnamese—may I say there is not that kind of hope in the Pentagon. Only the certain knowledge that the North Vietnamese, like all Vietnamese, are not frightened easily—least of all by talk.

John E. Murray,
Major General, USA (ret.).

BALDWINSVILLE, N.Y., STUDENTS WIN INTERNATIONAL FILM AWARD

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. WALSH. Mr. Speaker, I learned only recently that, on November 21, seven young women from Baldwinsville, N.Y., were honored here in Washington for their outstanding achievements in amateur film production. Receiving an Eagle Award, the highest award given by the Council for International Nontheatrical Events—CINE—were Jane Abbott, Joanne Bultman, Amy Pitcher, Loren Redfoot, Shelly Robinson, Sue Towlson, and Nancy Wood. More than a year ago these girls, all of whom are now 12 years old, formed a film club called Palmer's Filmmakers at Palmer Elementary School in Baldwinsville and produced the film "Black and White." The movie is an animation of a popular song of the same name which has successfully fostered an increased racial understanding among young people throughout the Nation.

Although they made the film for their own pleasure and for the entertainment of their fellow students, it soon won national recognition in Kodak's teenage award movie contest, winning second place in its field. Kodak in turn entered the film in the CINE award contest, in which it competed with thousands of films made in the United States and Canada. As part of the CINE program, the prize-winning film was then shown in 64 different European and Asian film festivals last summer as representative of the abilities and attitudes of young people in the United States.

I believe that these young women not only deserve the recognition accorded them by CINE; they also deserve the admiration and gratitude of all Americans. We could not ask for better ambassadors than these seven talented girls. In delivering their own unique message of understanding and brotherhood, they spoke simply but very eloquently for all of us.

RETIRED LABOR LEADER NEW MAYOR OF YANKEE TOWN

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, keeping fish from water probably is only slightly more difficult than keeping labor leaders out of politics.

When Pittsburgh area labor leader, Joe Sabel, retired from his post of president of Local 590, Amalgamated Food Employees, and his post as head of the Allegheny County Labor Council, he headed south to Yankee Town, Fla., for a well-deserved rest.

Yet a dispute over blasting by a local developer led him back to the "front lines," representing the interests of citizens who he felt were being abused.

His successful efforts led his neighbors to support Joe Sabel in the recent mayoral race. He won and now is the mayor of Yankee Town, population 1,000.

I would like to introduce into the Record at this time a newspaper article discussing the new career of my old and good friend Joe Sabel:

Former Area Union Leader—"Retired" Sabel Yankee Town's New Mayor

Penn Hills.—Former Penn Hills labor leader Joseph Sabel didn't forget much of what he learned about politics during his many years of effort in both local and statewide political affairs.

Word reached the community last week that Sabel, the retired president of Local 590, Amalgamated Food Employees Union and former head of the Allegheny County Labor Council, was elected mayor of Yankee Town, Fla., in that community's municipal election on Oct. 29.

Yankee Town is a community of some 1,000 people and Sabel polled 30 percent of the vote. No primary is held in Yankee Town elections, so all candidates run in the general election.

In addition to his own victory, three of Sabel's five running mates for city council were elected and a fourth lost by only a few votes.

The opposition forces have been in office in Yankee Town for the past 50 years.

While he became a fulltime resident of the community only last November, Sabel and his late wife lived there as parttime residents for several years. Soon after he moved there permanently he became involved in a Yankee

Town citizen dispute over a developer who was blasting nearby and allegedly causing damage to home foundations and walls.

Sabel eventually became the leader of the developer's opponents and led a successful court fight. The victory apparently boosted him into the Yankee Town mayoralty race.

While a resident of Penn Hills and head of the Food Employees Union, politics became a constant concern of Sabel's. He served as deputy secretary of labor during the state administrations of Governor George Leader and David Lawrence prior to his election as president of Local 590.

Locally he was instrumental in Pete Flaherty's successful campaign for mayor of Pittsburgh in 1969, but last year he opposed Flaherty's re-election.

Now he is a winner in his own right and apparently launching a new career in politics even though he is retired.

SALUTE TO A GOOD SOLDIER

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. JONES of Oklahoma. Mr. Speaker, Brig. Gen. Roscoe C. Cartwright, a former Tulsan and second black general in U.S. history, was killed along with his wife, Gloria, in a Trans World Airlines jetliner crash in Virginia Sunday, December 1. We have lost a man who, indeed, had the capacity to act on the problems of minority groups and solve them with distinction.

Having been promoted in August 1971, to brigadier general in the U.S. Army at the age 52, he stated that he was "proud and happy to be a member of the rather exclusive club" of black generals. This being one of the "crowning moments" of his career, General Cartwright, as a leader of black America, stated that "opportunity is there for the black youth who is willing to take the initiative."

Born in Kansas City and raised in Tulsa, General Cartwright was graduated from Washington High School in 1936. While attending Kansas State College of Pittsburgh, he was drafted in January 1941, to serve in the Army when America entered World War II. However, with continued effort, he attended San Francisco State College, graduating with a bachelor of arts in social science and business administration. In 1966, he was graduated from the University of Missouri at Kansas City with a master's in business administration. After Vietnam, he was graduated from the Industrial College of the Armed Forces at Washington, D.C., with honors.

A veteran of three wars, General Cartwright has received numerous decorations which include three Bronze Stars, three Air Medals, and two Legions of Merit. In Vietnam, he received the Vietnamese Cross of Gallantry with Silver Star and the Vietnamese Honor Medal First Class. On August 12, 1974, the Distinguished Service Medal was bestowed upon him for leadership and analytical ability, as he devised an ingenious supply system to connect civilian support with combat units and Army engineers.

During his tour of duty in Vietnam, as commander of the 106th Artillery Group, he believed in the value of having direct contact with the soldiers. In addition, General Cartwright originated a library along with college courses taught by accredited teachers.

After having been stationed as controller for the U.S. Army in Europe, General Cartwright retired at the end of August 1974, with 32 years of service. According to him, each decade in which he served reflected different behavior. When he entered, a segregated Army existed followed later by the formation of a separate but equal Army. Upon promotion to brigadier general, an integrated, undiscriminating force prevailed where men and women are judged solely upon their abilities.

Upon retirement, "a span of employment as a civilian and then retirement to a weekend farm on the Eastern Shore of Maryland," was planned. He was employed by the National Petroleum Council in Washington; but his final destination to that Maryland farm was terminated by the will of God, to leave behind the only survivors—his memory and loved ones.

HIGHER NATURAL GAS PRICES DO NOT MEAN MORE SUPPLIES

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. VANIK. Mr. Speaker, on December 4, the Federal Power Commission announced that it was, in essence, decontrolling natural gas prices. New gas will be sold for 50 cents per thousand cubic feet regardless of its cost of production. Old gas, regardless of its cost of production or the number of years it has been producing, will be sold at the new price once the present contracts expire.

This is a devastating blow to the American consumer. This insult, following on the injury of windfall oil profits, will diminish the consumer buying power of all Americans. It will contribute to the deepening recession as additional billions are shifted from consumer markets to the coffers of the oil and natural gas industries.

The Federal Power Commission has betrayed its trust. It should either be abolished and a new regulatory body with a more definite mandate established, or its Commissioners impeached for violation of the law. The Commission has long been infiltrated and subverted by representatives of the energy industry. They are shackled to the industries they are supposed to regulate. They are parrots of the industry line.

The Commission has said it is taking this action in order to encourage more gas production. Mr. Speaker, the FPC has no idea whether this de facto deregulation will bring forth any more gas. In a producers' monopoly, higher prices are more likely to produce higher profits rather than new supplies.

The senior Senator from Michigan, the chairman of the Antitrust Subcommittee, Mr. HART, has provided data clearly proving that the natural gas industry is dominated by a few large companies. In his speech of December 2, 1974, CONGRESSIONAL RECORD, S37698, the Senator reported that—

> As of June 30, 1972, four oil companies controlled 92.3 percent of the uncommitted gas reserves onshore in Southern Louisiana, 100 percent of the Federal and State offshore uncommitted reserves in the Texas Gulf and 80 percent in the Permian Basin.

The Senator also provided a table showing that for the major natural gas producing areas, there was an eight-firm concentration of ownership of uncommitted reserves ranging between 74.9 to 100 percent. Clearly, Mr. Speaker, there is no true competition in this industry. This industry will behave as monopolies always do—restrict supply and keep prices high.

According to a highly critical General Accounting Office report of September 13, 1974, the FPC has had no idea whether its past rate increases have resulted in additional flows of gas. Said the GAO:

> The limited evidence available suggests that the estimates of the volumes of gas to be delivered [as a result of emergency higher prices] provided the FPC varies substantially from the volumes of gas actually delivered. The table below compares the estimates received by FPC with the actual volumes delivered under the 180 day emergency sales program. In every case that data was available, the actual volume was less than what had been estimated, as follows [note that the 180-day emergency sales price was approximately the price now established on a regular basis by the FPC's action of December 4th]:

Estimated volume reported to FPC (in million cubic feet)	Actual volume delivered (in million cubic feet)	Difference
1,080,000	716	1,079,284
54,000	4,300	49,700
5,400,000	900,000	4,500,000
54,000	25,000	29,000
270,000	90,000	180,000
540,000	78,242	461,758
270,000	9,149	260,851
7,668,000	1,107,407	8,560,593

Note: On the basis of the volumes presented above and the prices at which the gas was sold, the estimated weighted average price was 53.5 cents per million cubic feet whereas the actual weighted average price was 54.4 cents per *million cubic* feet.

Another important point for us to keep in mind is the similar deregulation in "old" oil prices of last year. That step was taken to supposedly increase the incentive to produce American oil. It was meant to increase domestic supplies. The actual result was that the oil companies now produce less oil—700,000 barrels per day less—than they did before the oil deregulation.

A very excellent study by the Library of Congress for Congressman JOHN MOSS made several of these facts clear. It says that the new oil price, high enough "to foster oil production on the lunar surface," has not helped us preserve last year's level of output.

This experience, the study concludes: "Tells us that price incentive alone may have very limited impact on gas production."

The report notes that a further argument against deregulation of natural gas comes from the adminstration's "Project Independence" blueprint, which assumes deregulation and estimates that gas production would rise to 24.5 trillion cubic feet in 1985—yet there is already over 22 trillion cubic feet of natural gas production now, at current prices.

It is true, of course, that higher prices may bring forth more supplies after 3 or 4 years of increased exploration or drilling. In the interim, the consumer gains nothing and loses billions. We should give consideration to a system of paying companies for exploration and discoveries. The United States might even establish its own TVA-type exploration company. The cost to the consumer would be infinitely less.

Mr. Speaker, if the past emergency price increases did not result in any substantial increases in gas supplies, then we have no reason, no grounds to believe that the new doubling in price will guarantee additional supplies—but the FPC has guaranteed that the cost to the consumer will double.

It is time for the Congress to act to make the FOC do its duty—or mandate someone else to protect the public's interest.

THE ROAD TO RECOVERY

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. LANDGREBE. Mr. Speaker, during the depression of the 1930's, the Democratic administration managed to extend, exacerbate, and spread the suffering and the misery around until 1941, when President Roosevelt was able to arrange for the attack on Pearl Harbor, thus granting himself a reason to inflate the Nation's money supply and create an artificial boom, and to end unemployment by conscription into the Armed Forces. War has been the only solution to economic problems that some people have ever been able to think of. Unfortunately war does not solve problems; its furious and frenzied activity may hide them from view for a while, but the problems remain and are made worse by the waging of war.

There is, however, a way out of economic slumps, and I hope that the way out will be the only way chosen by this Congress and the executive branch. It is simply to reverse the process that has brought us to a recession; cut the budget, cut the Federal payroll, cut taxes, stop printing money; in one word: Economize. A recent editorial in Industry Week hit the nail on the head when it suggested Government layoffs. Only if the Government lays off the economy will it be able to recover.

The article follows:

Government Layoffs?

Uncle Stash is not an economist. But he has an uncanny way of adding 2 and 2 and invariably coming up with 4. He's a cogitator.

He's worried about inflation and soaring unemployment. However, he's terrified by the rising clamor that the government do something to find solutions to the problems. The idea irks him. "Government's shortsighted actions are what got us into this mess. Maybe what we need is some government inaction," is his sage reaction.

"We keep reading about massive layoffs in the private sector because of inaction in the marketplace. When are we going to hear about some layoffs in government?" he mused. "With more people without taxable income, there are fewer people to pay the taxes required to maintain the government payroll."

He has a point. With federal taxes paid in all of last year equal to $1,222 for every man, woman, and child in the U.S., it takes 9.5 times this amount to cover a federal civilian employee's annual average salary of $11,571.

Unemployment rolls increased by 1.4 million in the last year, from 4.1 million to 5.5 million people.

Uncle Stash is a prudent man who doesn't buy what he can't afford. Using the 9.5 to 1 ratio, he suggests the federal government start by laying off 147,368 employees if it's serious about whipping inflation now.

Curbing inflation means less government spending. This plan would cut the budget by $1.7 billion, not to mention the savings in paperwork and red tape that the federal government would not have to pay for to keep fewer people busy.

It's not the whole answer, but we think it's a start.

GOUGING "UNCLE SAM"

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HUBER. Mr. Speaker, to protect the United States from cartels being formed by exporting countries to get exorbitant prices from us for their commodities and minerals, I recently introduced House Joint Resolution 1169 for a constitutional amendment that would permit us to tax exports. I see this as a defensive measure, pure and simple, to protect the United States from price gouging for commodities essential to our well-being.

In my "Dear Colleague" letter on the subject, I pointed out that exporters of petroleum and natural gas were not the only nations figuring to charge the United States blackmail prices for their products. Also listed were exporters of iron and aluminum—bauxite—ores, mercury—quicksilver, copper, and bananas.

In the few days since I mailed that letter, there has been further escalation by opportunistic foreign nations to tamper with the marketplace and charge our citizens unfairly high prices. As if present sugar prices do not impose enough of a burden on the housewife and industry alike, the Detroit News reported that 20 Latin American and Caribbean nations, producing roughly 60 percent of the world's sugar, have created a union to protect sugar prices.

And a few days earlier, the same newspaper carried an announcement that seven Latin American countries had agreed to form a multinational company to push the price of coffee higher on the world market.

Yes, fellow Members, there is a Santa Claus—and more and more nations are acting as though it is their right and privilege to make Uncle Sam play that role. Hopefully, this great Nation will never have to use export taxes. But it becomes increasingly apparent we need such a deterrent against nations jacking up the prices of products they sell us. We must arm ourselves against embargoes and blackmail prices.

I again invite you to join me in cointroducing this joint resolution calling for constitutional authority to protect ourselves, and invite your attention to the two newspaper items reprinted below, from the Detroit News of November 18 and November 28, respectively. The items follow:

Latin Coffee Nations Seek Price Boosts

Caracas, Venezuela.—Seven Latin American countries agreed yesterday to form a multinational company in an attempt to obtain higher prices for coffee on the world market.

Brazil and Colombia, the world's two leading coffee producers, participated in the decision to form the company but neither actually will take part, a spokesman said.

Venezuela, Mexico, the Dominican Republic, Honduras, Costa Rica, Guatemala and Nicaragua will form the company, called Cafe Suaves Centrales, S.A. de C.V.

The decision reflects an increasing tendency among nations possessing raw materials to organize efforts to obtain higher prices.

The world's leading oil producers have had great success along these lines through the Organization of Petroleum Exporting Countries, which determines prices for its 13 members.

Fausto Cantu Pena, director of Mexico's coffee institute, said the new company will begin operations next January.

Sugar Producers Form Union

Mexico City.—Twenty Latin American and Caribbean nations that produce and export sugar have created a union to protect world sugar prices.

Francisco Cano Escalante, president of the Mexican National Sugar Commission, said the organization's ultimate goal will be to coordinate the region's future sugar production and let each producer, instead of buying countries, set its own price.

World sugar prices have skyrocketed in the last few weeks. The world's average price is about 63 cents a pound. In the United States the price is around $1 a pound, four times what it was a year ago.

The union will be called the Group of Sugar Exporting Countries of Latin America and the Caribbean. It was formed during a three-day meeting in Cozumel, Mexico, that ended yesterday.

Cano said its first formal policy session will be next April in the Dominican Republic.

He said the union includes Mexico, Argentina, Barbados, Brazil, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, Trinidad-Tobago and Venezuela.

They annually produce 12 million tons of sugar, or 60 percent of global production.

OPTOMETRIST OF THE YEAR

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. FAUNTROY. Mr. Speaker, I am extremely pleased to note that Dr. Sheila Z. Wood, who practices optometry in the District of Columbia, was named "Optometrist of the Year" by the Optometric Society of the District of Columbia. This is the first time in the history of the society that a woman has received this award.

In addition to her practice, Dr. Wood serves as supervising consultant at the Optometric Center of the National Capital. A graduate of the University of California School of Optometry and State University of New York College of Optometry, she is a member of the American Optometric Association; American Optometric Foundation; and International Behavioral Optometrists, and is active in local volunteer school vision screening programs in this area.

Among Dr. Wood's many other professional activities are service as secretary of the Optometric Center; chairman of the Optometric Society of the District of Columbia's Public Health Committee; membership on the Optometric Council of the National Capital Region's Committee on Education and Committee on Vision Screening; consultant on vision to the District of Columbia Crippled Children's School; and consultant to the National Institutes of Health, perinatal study.

I congratulate Dr. Wood for being recognized by her peers and for the work she is doing at the Optometric Center in serving the needy who are in need of vision care.

IN MEMORY OF BILL TAMKIN

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. REES. Mr. Speaker, the Fund for Higher Education, an organization founded in the United States to assist institutions of higher learning in both this country and Israel, will hold a dinner honoring the memory of a fine citizen of southern California—William W. "Bill" Tamkin.

At the dinner on December 12, in the Beverly Wilshire Hotel, Beverly Hills, the Flame of Truth Award of the Fund for Higher Education will be presented posthumously to Mr. Tamkin.

Two eminent schools will benefit from funds raised at the dinner. The fund will establish the William W. Tamkin Developmental Biology Laboratories in the Center for Cancer Research at Massachusetts Institute of Technology, and an area will be set aside in Tamkin's name at the Biodynamics Institute of the Weizmann Institute of Science in Israel.

Bill Tamkin was a young boy when his family moved to Los Angeles, having left Russia a few years earlier to escape persecution. In 1924, he founded Tamkin Towel Service, building it to one of the largest businesses of its kind. His company serviced most of the schools and professional athletic clubs in southern California, and Tamkin was a familiar sight at athletic events of all kinds at every level from high school to professionals. He was a close friend of both athletes and coaches.

In 1960, he became president of Westside Hospital in Los Angeles and a founder of American Medical Enterprises—now known as American Medical International, Inc. As a member of the board of directors, he helped build this company to an international giant.

Bill Tamkin was a man of compassion. He felt very deeply about the plight of his fellow man.

He was a member of the Diamond Circle City of Hope, King Solomon Lodge and Hollywood Lodge of B'nai B'rith, Menorah Masonic Lodge F and AM No. 623, Gateways Hospital Men's Club, Temple Beth Am, Westwood and Century Shrine Clubs, and a key man of the United Jewish Welfare Fund. As a past president of the Sunair Home for Asthmatic Children, he was honored as Man of the Year in 1963.

His untimely death came just 1 year ago. He and his wife, Thelma, would have celebrated their 50th wedding anniversary this year.

At the dinner, Mr. Tamkin's widow, Thelma, will accept the Flame of Truth Award of the Fund for Higher Education, honoring his memory "for a lifetime of dedication to youth, higher education, and the advancement of the medical arts."

An outstanding group of people from business, medicine, and government will be attending the memorial dinner. Guest speaker will be Dr. Irving S. Bengelsdorf, director of science communications, California Institute of Technology.

Honorary chairmen of the dinner are two well known people—entertainer Art Linkletter, who also will serve as master of ceremonies, and Los Angeles County Sheriff Peter Pitchess.

The dinner chairmen are Al Greensberg and Harry Groman.

Serving on the Memorial Committee are Amnon Barness, and Bill Tamkin's three sons, Jack Tamkin, Robert Tamkin, and Dr. S. Jerome Tamkin.

Members of the dinner committee are: Leon Alschuler, Irwin Atkins, Edward A. Beger, Walter Berkman, Dr. Ellis Berkowitz, Stanley Black, Charles Boxenbaum, Stuart Buchalter, Max Candiotty, Ben Chudnow, Max Chudnow, Michael Cimaron, James Donnerstag, Dr. Albert Fields, Dave Finkle, Emanuel Fisch, Mel Fliegel, William M. Fredericks, Al Glickman, Sol Goldsmith, Charles Goodman, Danny Goodman, Phil Kleiner, Leon Kline, Dr. Gershon Lesser, Alvin M. Levin, Kalman L. Loeb, N. Ogints, Al Markey, Ben Pelter, Dr. Harry Perelman, Dr. Fred Polesky, Rabbi Jacob Pressman, Michael Radlin, Jean Reep, Herb Reznikoff, Dr. Sidney Senter, Dr. Herman Schlossberg, Dr. Archer Sokol, Howard Starr, Howard Sterling, Louis Taubman, Dr. Mark Tobenkin, Irwin Topper, Oscar Topper, Sidney Wallis, Dr. Manuel Wexler, Alfred Wolf, and Louis Zipperman.

NOTES ON THE 1974 ELECTION

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my Washington report entitled "Notes on the 1974 Election":

NOTES ON THE 1974 ELECTION

With the 1974 elections now several weeks past, several impressions may be worth noting.

The major disappointment of the elections has to be the low voter turnout. Although the final figures are not yet in, it probably was the lowest turnout in a national election in three decades. Less than 40% of the electorate voted, compared with about 44% of the eligible voters in 1970, the last non-presidential election. In Indiana, which usually votes pretty well, the voter turnout dropped 8 percentage points between 1970 and 1974. The election, then, was something less than a big step forward for democracy. One cannot help but wonder when the decline in voter participation will end, and it raises the question of how long a system based on the consent of the governed will work when three out of every five eligible voters do not vote. H. G. Wells called the voting process "Democracy's ceremonial, its feast, its great function." The danger is that this feast for the many is becoming a banquet for the few.

By any measure, the victory of the Democratic party was impressive, building on already substantial majorities in the Congress and states. The Democrats gained five governors, three Senators, forty-three Representatives, and many state legislators. Indiana provided one of the most dramatic swings in House delegations with the Democrats picking up five seats and now controlling nine of the eleven seats in Indiana. With only isolated victories to cheer them (as in the Ohio governorship) the Republicans were, nevertheless, left with the most prized of all political offices, the White House.

Speaking in the tradition of election winners, some Democratic leaders proclaimed a "mandate," but, in my view, the Democrats won, not so much because of their own virtues, but because voters held Republicans responsible for the current troubles. The election was not a blank check for the Democratic party, but a protest of the Republican performance on the two key issues of the campaign: the low state of the economy and political morality. The election told us more about what the voters did not like than about what they want.

The Democrats should be cautious about celebrating their victories. They should not view their swollen majorities as either permanent or an overwhelming endorsement of their programs. As they look to the future they can justify their vote in the elections only if they can develop the discipline as a party to enable them to present a balanced program to meet the economic and other problems of the country. At once the election results presented the Democratic party with an extraordinary responsibility and an extraordinary opportunity, and the question is whether the new Democratic majority will be able to fashion coherent and responsible alternatives to the Republican President's policies.

The campaign did add to my growing discontent with the way political campaigns are conducted, especially with the manner in which the substance of campaigns is communicated to the voter, both by the news media and the candidates. A chief impression that I have about the campaign is that the quality of the campaign debate was just not very good. Most candidates speak in easy slogans and most of the press fails to ask the tough questions. Often the campaign focused, not on the real questions at issue, but on the tactics of the campaign itself, for example, campaign financing.

Many politicians describe the voters as apathetic, just not caring about what happens in the political process. But my experience is that voters do care deeply about a large number of issues and about what happens in this country. But they often feel impotent to bring about solutions, and they just don't think voting will help very much. The voters are skeptical about the ability of any leaders to solve the intrinsically tough problems, like inflation or the energy shortage. They know that the problems the nation confronts are terribly difficult and that no one knows exactly what to do. This skepticism about the ability of leaders to solve problems may be one of the reasons that the voter turnout was low.

At the beginning of the 1974 campaign, I heard so much about the angry mood of the voter that I thought it might be a rather unpleasant year in which to campaign. But, to my pleasant surprise, I thoroughly enjoyed my contacts with constituents in Southern Indiana. They may have been frustrated about the problems confronting the nation, but they did not take it out on me, and they were unfailingly courteous and friendly.

Finally, all of us ought to appreciate that in a year of the shattering events of 1974, with the resignation of a President, Watergate, and deep economic troubles, our present institutions were strong enough to offer again an electoral choice to any citizen who chose to participate. In spite of it all, the people still had a chance to speak for themselves—if they wanted to—and for that we can be grateful.

COLLEGE COLORING BOOKS?

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HUBER. Mr. Speaker, many times on these pages I have called the attention of my colleagues to the declining quality of education in this Nation. Some educators are concerned about the lack of ability to read by many of our high school students. Unfortunately, it appears that they have come up with the wrong answer again—lowering of standards. The Richmond Times-Dispatch of November 12, 1974, recently pointed out in an editorial how remedial reading is going to work in some of our educational institutions. It is sad and I think my colleagues should take greater heed of this trend in dealing with Federal aid to education programs in the Congress ahead. The editorial follows:

College Coloring Books?

Now textbook publishers are turning out simplified books for college students who cannot read well.

That's right. *College* students.

The word from the big publishing houses is that their books have been judged too hard for many students to grasp. And so the rewriting is underway.

Big words are going out and complex sentences are being broken down. Even the content is changing. There will be fewer abstractions to strain brains, and concepts will be repeated. Sort of the collegiate equivalent of the oh-oh-oh, run-run-run Dick and Jane readers, you might say.

Publishing spokesmen told *The New York Times* that most of the pressure for change was coming from community colleges and four-year institutions with "open admissions" policies. These are havens for "C" students who might not have been accepted in college several years ago. "It wouldn't be true to say that students in Harvard or Yale don't read as well as always," one editor said. We wonder.

Community colleges serve a good purpose by admitting some students who have not been academic whizzes and educating them for productive employment. Remedial reading, unfortunately, is a must for many of these students. But are the publishers on the right track in writing *down* to this new breed of student? Or would the students and society be better served if the energies spent on revising books were expended instead on bringing the students *up* to traditionally-high collegiate standards?

And what does it tell us about our elementary and secondary schools that they are passing on to the colleges 18-year-olds who cannot handle an eighth-grade book?

Where does our anti-language trend end? With college sophomores crayoning Batman coloring books for their term projects?

FIRST CLASS POSTAL RATES EXPECTED TO RISE AGAIN

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HARRINGTON. Mr. Speaker, in a recent article in the Washington Post it was reported that the cost of mailing a first class letter is likely to rise from 10 cents to 12 or 13 cents beginning in July.

At a time when this Nation is trying to combat inflation, the American public should not be made to bear a third increase in first class postal service in just 4 years. In January 1971, the cost of mailing a letter was 6 cents; by the summer of 1975, it will have doubled.

Postmaster General Elmer Klassen suggests that as an alternative to a rate increase, Congress must boost its subsidies to meet the Postal Service's mounting losses. Yet there is another alternative that I believe merits consideration. It is time that Congress reexamine the wisdom of the monopoly status regarding first class mail given by statute to the Postal Service.

The Postal Service has vigorously enforced its monopoly over first class mail to prevent competition in any form whatsoever. Last Christmas season the Postal Service went so far as to threaten legal action against two 11-year-old competitors in Pennsylvania. It seems that these youngsters were delivering Christmas cards for their neighbors within a five-block radius of their homes much quicker and at less than half the price charged by the Postal Service. The Postal Service's threat of legal action was sufficient to put these youngsters out of business.

In the area of parcel post delivery where the Postal Service has no statutory monopoly, it should be noted that the United Parcel Service last year after paying $45 million in Federal income taxes had a profit of $57 million. Although it pays taxes and receives no subsidies, UPS has proven itself to be both faster and cheaper than the Postal Service.

One of the primary aims of the 1970 Postal Reorganization Act was that the Postal Service would be run on an efficient, businesslike basis. Elmer Klassen's exploits as Postmaster General including the paying of large consultant fees to friends, the awarding of contracts on a less than competitive basis, and a consistent pattern of wasteful spending have been well documented by columnist Jack Anderson.

While postal rates have increased dramatically in recent years, there has not been a corresponding increase or improvement in service. It has been said jokingly that in one city the mail delivery is so slow that some residents are still receiving copies of Life magazine in the mail.

Before Congress considers the question of whether to provide any additional subsidies for the Postal Service, we should first examine and investigate the policies and actions of the present management at L'Enfant Plaza to determine if first class mail cannot be delivered faster and less expensively under new management or by private industry.

The Washington Post article dealing with the likelihood of postal rate increases follows:

Postal Rates Seen Rising 2 or 3 Cents

(By William H. Jones)

U.S. postal rates probably will rise next summer and the Postal Service expects a deficit in the current fiscal year approaching $900 million, Postmaster General Elmer T. Klassen said yesterday.

While Klassen and other Postal Service officials said it is too early to predict what would be included in the rate boost, because costs are not certain, an increase in first class service from 10 cents to either 12 or 13 cents is thought likely.

Answering questions after an address at the National Press Club, Klassen said the Postal Service will file a rate increase next March, to take effect in July. "There is no question we'll need a price increase," he asserted, pointing to soaring fuel, materials and labor costs.

"Somebody has to pay for delivering the mail," said Klassen, and if prices aren't to be raised then Congress must boost its subsidies.

In the fiscal year ended last June 30, he noted, the semi-private Postal Service had a net loss of $438 million, on revenues of $10.9 billion. "Frankly, for 1975, it will be twice that much," he said. "That doesn't mean we're broke, but meeting unusual requirements" not faced in any other service, he contended.

Under rate provisions of the postal reorganization, which saw a transformation of the former Post Office Department to the Postal Service in 1971, requests for higher mail charges must be approved by the independent Postal Rate Commission and the Postal Service's board of governors. Rate decisions can be appealed to the U.S. Court of Appeals, but only by persons taking part in commission hearings on rate proposals.

Since last March, the Postal Service has been charging 10 cents for first class service on a temporary basis and without final authority. First class service cost 6 cents from January, 1963, until May, 1971, when the rate was boosted to 8 cents.

In addition to the first class boost last March, air mail went to 13 cents from 11 cents, and charges were boosted across the board in other categories—all on the temporary basis.

Klassen as much as admitted yesterday that the Postal Service treats air mail and first class in the same fashion—with all service by air except in local areas. Officials said the only possible advantage for air mail would be in coast-to-coast letters—such as from Los Angeles to New York.

Asked if he has considered retirement, the 66-year-old Klassen said he hasn't had time to think about it. He also declined to discuss upcoming labor negotiations, which will have a significant impact on rates and expenses. Postal workers' contracts expire next July 20.

Klassen did note that productivity is up: the Postal Service is handling 300 million pieces of mail a day with 5 per cent fewer employees than three years ago.

ANTISOCIAL SECURITY

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. LANDGREBE. Mr. Speaker, on January 21, 1974, Barron's published an article by Shirley Scheibla entitled "Antisocial Security." I ask that the article be printed in the RECORD in a slightly shortened version, for it presents as lucid an explanation of the fragility of our overworked and bloated social security system as I have seen. For those millions of people who depend on checks received from the Social Security Administration, the facts presented here are of utmost importance. Unfortunately, these social security dependents are not likely to be told of these facts by those who seek to be known as supporters of the social security system.

ANTISOCIAL SECURITY—THE SYSTEM IS INFLATIONARY AND LOADED WITH INEQUITIES

(By Shirley Scheibla)

WASHINGTON.—Congress seems to believe that by repeatedly increasing Social Security benefits, in order to help offset the impact of inflation, it is showing genuine concern for those living on fixed incomes. What it is really doing, however, is accelerating the upward spiral of wages and prices, undermining the financial soundness of the Social Security system, aggravating longstanding inequities and placing a crushing burden on young workers.

On January 3, President Nixon signed the latest amendment to the Social Security Act. Without waiting for previously legislated automatic cost-of-living increases to go into effect a year from now, the measure boosts benefits 11%, for a total increase of 68.5% since January 1, 1970 (compared with an estimated 24% rise in the cost of living).

The new benefits, which take effect in two stages, 7% in March and 4% in July, involve no increase in the tax rate, just a rise in the wage base from $10,800 in 1973 to $13,200 this year. Yet they go to 29.3 million retirees, who have stopped contributing to the system, as well as to those who soon will retire.

IT'S MAGIC

Unless Congress and the Social Security Administration (SSA) have learned to perform magic, the money for all this must come from Social Security taxpayers. The new wage base of $13,200 is just for openers. According to so-called "dynamic assumptions" now used for the first time in figuring the soundness of the Social Security trust fund, increases in the cost of living will trigger further automatic 3% annual benefit gains, to be financed from ever rising wage bases. As of mid-1972, by the way, the current unfunded liabilities of the Old Age, Survivors and Dependents Insurance program (OASDI) totaled a staggering $1.8 trillion.

The likelihood that young workers ever will get their money's worth out of Social Security is remote. In voting for the latest round of higher benefits, however, Congress continued to embrace the old fallacy that everyone will come out all right in the end. But it acted without much forethought or debate. It has not studied the "dynamic assumptions" upon which the system's soundness now hinges. Neither the Ways & Means Committee, where all tax legislation must originate, nor the Senate Finance Committee, held open hearings on the new Social Security measure.

Congress initiated the drastic changes in actuarial methodology in 1972, when (at the Nixon Administration's behest) it directed SSA to use "dynamic assumptions" in figuring the soundness of the Social Security trust fund. This means assuming that the cost of living will increase by 2¾%, and wages 5% annually, for the next 75 years. (The wage-price spread is based on the assumption that productivity will go up by 2% a year.) In the past, SSA always assumed no inflation. Then, when inflation followed, it was able to boost benefits to some extent without higher contributions. But with the "dynamic assumptions," SSA grants the higher benefits first and assumes—hopes?—inflation will follow. The former chief actuary of the Social Security Administration, Robert J. Myers, who has more experience with the system than any other living human being and is widely regarded as one of the foremost actuarial experts on Social Security, stated that, "This would be an unsound procedure. . . . What it would mean, in essence, is that actuarial soundness would be wholly dependent on a perpetually continuing inflation of a certain prescribed nature—and a borrowing from the next generation to pay the current generation's benefits, in the hope that inflation of wages would make this possible."

In view of this admonition by a leading expert who has devoted his whole life to the program, the Ways & Means Committee and the House of Representatives should have carefully examined these new assumptions before adopting them in order to provide benefit increases. The Ways & Means Committee last year did not look into the matter at all.

Although President Nixon reportedly is looking for one, the Social Security Administration has had no chief actuary since the resignation of Charles L. Trowbridge last June. Rept. Archer said Francisco Bayo, deputy chief actuary, told him that the dynamic assumptions constitute a fundamental change in methodology and make it more difficult to make estimates, which are "subject to wider variations on the basis of actual experience."

In the past, whenever increases were mandated, SSA computed maximum contributions and benefits for hypothetical workers. For this go-around, however, it has made no such estimates. Mr. Bayo told Barron's that he started to, but gave up because under the "dynamic assumption" the figures became so huge that it was "too scary."

As Barron's—which took on the job—has learned, such calculations are indeed "scary." At first glance, a 3% a year increase in prices, which after all is well below the current 8% rate, does not seem too alarming. Neither does the 5% annual hike in wages, which is less than the Cost-of-Living Council's guideline (5.5%). But when these annual increases continue over a person's full working life, as now assumed, they grow devastating.

FIGURING THE BASE

Believe it or not, under the "dynamic assumptions," with maximum earnings, the wage base (that part of one's income on which Social Security taxes are paid) for an 18-year-old will be $125,000 at retirement at 65. (A check with SSA revealed that since it is allowing a margin of error of ⅜ of 1% in the cost-of-living calculation, it is counting on a 3% yearly rise which would trigger increases in benefits and wage bases. We used this same assumption.)

Assuming average mortality based on SSA tables, the 18-year-old's total contributions for Old Age and Survivors Insurance will run to 108,904. Since his employer will pay an equal sum of money that otherwise could go to the worker, the contribution should be doubled, giving $217,808. And since the period will be a time of persistent inflation, we figured compound interest at 7% on the combined contributions, to make a total of $847,368.

We also discounted the worker's benefits by 7% a year after retirement to reflect what the money could have earned if not tied up in Social Security. The calculation shows that the maximum value of benefits which the worker can expect to obtain is $564,451 for himself, a poor return on $842,368. However, if he is married, he can expect an additional $225,988 for his wife and $212,478 for his widow, for a total of $1,002,917. Thus married and unmarried workers will fare far differently, even though their contributions are the same. In any case, neither man will live to get his money back.

MARRIAGE SUBSIDY

Although the government repeatedly refers to Social Security as "insurance," under a true insurance plan the insured would have to make higher payments for coverage of his wife as well as himself. Under Social Security, the single worker, in effect, subsidizes the married one.

Doesn't this mean that the married worker will come out ahead if his wife survives him, as average mortality suggests? Not in terms of what his contributions should buy. At retirement at age 65, under "dynamic assumptions," the primary insurance amount for today's young worker will be $4,950.60 a month, plus one-half of that for his wife and 100% when she becomes a widow.

We asked an insurance company to calculate what annuity the worker's combined contributions would buy at age 65, using SSA's mortality tables for the general population and offering the same benefits, half of the primary amount for the wife and all of it for the widow. The answer was a primary insurance amount of $7,432 a month, increasing 3% a year. Thus the primary insurance amount under Social Security will be $2,382 a month less than the worker's contributions should earn. If the policy covered his wife as well, also 65, the primary amount would be $7,258.

What do SSA's dynamic assumptions mean for the 40-year-old worker? Again assuming maximum contributions and benefits, at retirement at age 65, his wage base will be $42,600. Combined contributions by him and his employer will be $61,732 for Old Age and Survivors Insurance. With interest compounded at 7%, that comes to $195,654.

Assuming average mortality, and that his wife is the same age, the most he can expect to receive in benefits for himself is $135,361, plus an additional $54,194 for his wife and $50,954 for his widow. As in the case of the younger worker, it takes widow's benefits to enable him to get back what he put in.

The primary insurance amount at retirement at 65 would be $1,187.20 a month. Offering the same benefits as Social Security and using SSA mortality tables, an insurance company could provide $1,716.10 a month, increasing 3% a year. If the policy covered his wife as well, the primary amount would be $1,448.75.

As with today's young worker, the middle-aged single worker must pay for Social Security benefits he doesn't receive to enable his married counterpart to come out whole financially after death.

Now for a look at what will happen without inflation. Again assuming maximum earnings and average mortality, when today's 18-year-old worker retires at 65 his wage base will be $13,200. Combined contributions by him and by his employer on his behalf will come to $55,256. With interest at a modest 4%, this comes to $156,084.

BENEFICIAL INTEREST

The value of the benefits for this worker alone will be $52,963, discounted for the 4% interest the funds could earn if not tied up. They will be $21,238 for his wife and $19,810 for his widow, giving a grand total of benefits of $94,011—a small return on payments of $180,122. The single worker, of course, will receive only $52,963.

The young worker's primary insurance amount at retirement at 65 will be $469 a month. Offering the same benefits as Social Security and using SSA mortality tables, for his contributions an insurance company could provide a primary amount of $1,396.10.

Without inflation and assuming maximum contributions, today's 40-year-old worker also will have a wage base of $13,200 at retirement. With average mortality, combined contributions by him and by his employer on his behalf will come to $36,240. With interest compounded at 4%, this totals $77,072.

The value of the benefits will be $49,835 for the worker, $19,984 for his wife and $18,640 for his widow, giving a grand total of $88,459. This worker's primary insurance amount at retirement at 65 will be $441.30 a month. For those contributions, he should get a primary monthly insurance amount of $682.50.

We have assumed that the wives of the young and middle-aged men do not work. However, a working woman makes the same contributions as a man. Yet, upon retirement, she is entitled either to her wife's benefits or her benefits from working, whichever is greater. Even though she is a working widow, and knows that the benefits through her deceased husband will be greater than she can ever hope to obtain through her own Social Security, she must continue to pay the tax.

SEX DISCRIMINATION

On the other hand, a husband who would receive greater benefits on his wife's earnings record must prove he is dependent on her to do so. Although a working wife has the same Social Security deductions from her paycheck as a man, her husband doesn't even get death benefits unless he can prove he was her dependent at the time of death.

And according to former SSA Chief Actuary Myers, "when eligible children are present in retirement cases, the wife is eligible for monthly benefits based on the man's earnings record, regardless of her age. But no parallel benefit exists for men, even if dependency on the woman worker was present."

TRIBUTE TO JOE BUSCH

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. REES. Mr. Speaker, dedicated men and women throughout the United States have devoted their lives to furthering the high ideals of their country and their communities. On Sunday evening, December 15, 1974, at the Century Plaza Hotel in Los Angeles, Calif., one such man will be recognized for his outstanding service.

Los Angeles County District Attorney Joseph Busch will be honored as Yavneh Hebrew Academy's Man of the Year at the academy's 15th annual scholarship dinner. Los Angeles attorney Eliot B. Feldman will act as chairman of the dinner. Cochairmen includes Helen Mars, Harry Wolkenfeld, and Dorothy Diller. The distinguished actor, George Hamilton, will serve as master of ceremonies.

In his work as district attorney, Joe Busch has been vitally concerned with the application of equal justice under the law. He has set high standards of quality and honesty for his office. With great dedication he has continually demonstrated a strong interest in education and has actively participated in many events sponsored by the academy.

I would like to join the Yavneh Hebrew Academy in paying tribute to Joseph Busch in recognition of his fine work as district attorney and his continued interest in quality education.

GOLDEN RULE SUPERMARKET IS SIGN OF FAITH IN NORTHWEST URBAN RENEWAL AREA

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. FAUNTROY. Mr. Speaker, on November 14, 1974, the first new supermarket to open in the northwest urban renewal area started to do business in a new $2 million commercial and housing complex at First and K Streets in Washington, D.C.

The successful efforts of the Bible Way Church and Bishop Smallwood Williams to develop good low- and moderate-cost housing, along with the necessary services, are to be commended. This development and the new Golden Rule Supermarket are within walking distance of the Capitol, and I would urge Members to visit it to see for themselves what can be done with imagination and determination.

The Washington Post article which details the store is attached. I commend it for the reading by those who are searching in their own communities for ways to keep services and housing in their cities for those with low and moderate incomes.

The article follows:

TWO YEARS WITHOUT BIG STORE—NORTHWEST 1 GETS A MARKET

(By Claudia Levy)

The Golden Rule Supermarket, long awaited by residents of the Northwest 1 urban renewal area, has opened in a new $2 million commercial and housing complex at 1st and K streets NW.

Residents of the urban renewal area, which is bounded by North Capitol and 2d Streets and Massachusetts and New York avenues NW, had been without a major supermarket since a Safeway Store closed two years ago. A small Martin Luther King Jr. Co-op Food Store, opened by community groups at North Capitol and H streets NE in 1971, is slated to be closed to make way for a highway overpass.

The closest chain store for the largely low-income area has been a Safeway at 6th and H streets NE, a long distance for many residents of Northwest 1. The urban renewal area is populated largely by the elderly and by families.

Golden Rule, in a spacious, 18,000-square-foot facility topped by 20 apartments and flanked by 20 apartments and flanked by 20 townhouses, is the brainchild of Bishop Smallwood Williams, whose nearby Bible Way Church sponsored that project and a 184-apartment highrise across the street.

The supermarket, owned by an independent corporation headed by the bishop's daughter, Yvonne, is a member of the 600-store Richmond Food Stores buying cooperative that also includes the Chevy Chase Market, Magruders and Memco, Miss Williams said.

Additional members of the Golden Rule corporation include a son and another daughter of the bishop and two other church members.

When Bible Way began shaping its plans to sponsor federally financed low- and moderate-income housing six years ago, Miss Williams said, it was envisioned that the commercial space would be rented by chain stores, whose rent would help pay for the whole project.

"But as we came down to the wire," she said, "no chain was willing to take the space."

(Charles Scott, Northwest 1 project director for the city's Redevelopment Land Agency, said it had been anticipated that Safeway would move back in. But that chain had no interest in reopening another small store, he said.)

Miss Williams said that Bible Way "came within 48 hours of losing the whole project" two years ago. The Department of Housing and Urban Development, which was financing the housing, said that "if there was no viable tenant for the commercial space, then there would be no housing," she said.

The Washington Council for Equal Business Opportunity tried to package group proposals but the groups were turned down for loans by the Small Business Administration, Miss Williams said.

"My father had made the commitment for housing," she said. "The church had put up the front money for planning—$30,000 would have been lots if the project was abandoned.

"Rather than see the housing lost, he took the initiative and pulled together a group. We literally decided in a matter of hours, "There has to be a supermarket'."

Because there was a financial risk involved, it was decided to limit the corporation to a small group, she said. Two loans totaling $375,000 were secured through the SBA and the corporation put up $50,000, she said. None of those involved are business people.

Miss Williams, a former Foreign Service officer and executive director of the African-American Scholars Council, is currently trying to help run the business and go to law school at the same time.

The new supermarket, managed by Adam Massey, a former assistant manager at the A&P at 17th Street and Benning Road NE, has 30 employees, some of them residents of Northwest 1. It will be open from 9 a.m. to 9 p.m. Monday through Saturday and from 10 a.m. to 6 p.m. on Sunday.

THE OZONE LAYER—PART 1

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. ASPIN. Mr. Speaker, scientific warnings have begun to emerge of a previously unsuspected threat to human beings and other living things on the surface of the Earth.

The Freon which serves as a propellant in spray cans and a coolant in refrigerators now is revealed as a threat to the ozone layer. As the concentration of ozone decreases, the intensity of ultraviolet radiation reaching the surface increases, with unknown danger to humans, plants, and animals.

Reports of this discovery have appeared in the New York Times and in Science News.

The articles follows:

[From the New York Times, Sept. 26, 1974]

Tests Show Aerosol Gases May Pose Threat to Earth

(By Walter Sullivan)

Two scientists have calculated that gases released by aerosol cans have already accumulated sufficiently in the upper air to begin depleting the ozone that protects the earth from lethal ultraviolet radiation.

The calculations, by scientists at Harvard University, follow the recent discovery that these gases, used as aerosol propellants for hair sprays, insecticides and the like, while inert chemically, are highly efficient in promoting ozone breakdown.

The finding has posed a new and ominous threat to stability of the ozone layer that lies primarily between 10 and 30 miles aloft. There has also been concern that the layer would be depleted by exhaust gases from a large fleet of supersonic transport planes or by extensive explosions of nuclear weapons.

On Sept. 5 Dr. Fred C. Ikle, director of the Arms Control and Disarmament Agency, said that nitric oxides injected into the stratosphere by a nuclear war could wipe out the ozone layer completely.

Because certain wavelengths of ultraviolet light from the sun break down molecules essential to life, it is believed that land life did not emerge until development of the ozone layer in the earth's history. The lethal wavelengths cannot penetrate water.

The most prevalent concern however, is not for total loss of the ozone, which is broken down and restored in a complex sequence of a day and night chemical reaction. Rather, it is a fear of sufficient depletion to cause widespread skin cancer and other effects.

Furthermore, because ultraviolet adsorption by ozone contributes substantially to upper air heating, radical reduction of such heating could alter climates.

Ozone is a gas whose molecules are formed of three oxygen atoms instead of the two that are paired in ordinary oxygen, providing individual atoms that can merge to convert two-atom molecules into the three-atom ozone molecule.

The Harvard calculations were made by Dr. Michael B. McElroy, professor of atmospheric science, and Dr. Steven C. Wofsy, an atmospheric physicist. They found that, even if dispersal of aerosol propellants and other such gases, widely known under the trade name Freon, is halted as soon as practicable, depletion of the ozone layer by 1990 could reach 5 per cent.

They consider a halt by the end of this decade to be the earliest plausible time, in view of political and commercial considerations. As others have pointed out in a number of recent discussions of the danger, the effect will continue for some time after a cutoff because the gas at sea level must work its way up into the stratosphere.

If according to the Harvard scientists, the cutoff is delayed until its effect on the ozone layer, having reached 10 per cent, becomes indisputable, the consequences could be more severe.

Basing their calculations on a relatively conservative estimate of an annual increase of 10 per cent in release of the gases, they predict that the depletion will not level off until the year 2000. By then, they believe, the ozone layer will have been reduced by 14 to 15 per cent.

SLOW RECOVERY FORESEEN

If releases of Freon continues to increase 21 per cent a year, as has recently been the case for the aerosol propellants, the ozone level will be down 7 per cent by 1984 and 30 per cent by 1994. A cutoff in 1987 would modify the effect to a maximum depletion, in 1995, of 21 per cent.

In all cases recovery would be slow since there are no chemical reactions that remove such gases from the air.

In an independent analysis, three University of Michigan scientists have concluded that, by 1985 or 1990, chlorine derived from the atmosphere's Freon content will have become the dominant factor in ozone breakdown.

This report, by Drs. Ralph J. Cicerone, Richard S. Stolarski and Stacy Walters, appears in tomorrow's issue of the journal Science.

The Freon gases in question are chlorofluoromethanes, one of which, marketed as Freon II, is used as the propellant in arosol cans since it is inert chemically and does not react with the substance being ejected. The other, Freon 12, is used as a refrigerant.

As recently as last year the release of these gases into the atmosphere was considered a boon rather than a hazard. In the British journal Nature on Jan. 19, 1973, it was noted that these gases, being released into the air at a rate growing rapidly, could be used as harmless tracer of air movements.

As of 1971, it was estimated one million tons of each kind of Freon was being released yearly into the atmosphere. Furthermore, almost all such gas produced to date by world industry is still in residence within the air, the report said.

However, wrote the authors, "the presence of these compounds constitutes no conceivable hazard."

But last June, Drs. Mario J. Molina and F. S. Rowland of the University of California at Irvine reported in Nature that the Freons, far from being innocuous constituents, are six times more efficient in breaking down ozone than the oxides of nitrogen that had been the chief focus of attention.

Supersonic transports and nuclear explosions release oxides of nitrogen into the upper air, and it is of ozone and in "stealing" free oxygen atoms that might otherwise mate with oxygen gas to form new ozone.

Hence, there has been concern regarding the effect of such transports and such explosions on the ozone layer. The Harvard group has calculated that the exhaust from 400 Concorde-type supersonic transports operating seven hours a day would deplete the ozone layer by about 1 per cent.

Now it appears that sunlight breaks down the Freon, releasing chlorine, which has an even more powerful catalytic effort. The Harvard scientists had begun a year ago to look into the possible role of chlorine introduced into the stratosphere by passage of the projected space shuttle, whose exhaust would contain hydrogen chloride.

This enabled them to apply the same calculations to the Freon problem.

CONFIRMED BY OTHER DATA

That the accumulation of Freon in the world's atmosphere is increasing rapidly was confirmed earlier this month by Dr. John W. Swinnerton of the Naval Research Laboratory at a meeting of the American Chemical Society.

In 1972 measurements on a cruise from Los Angeles to Antartica, he said, showed an average level of 61 parts per trillion. A year later, over the Atlantic, it was 85 parts per trillion, and in January of this year measurements in the Arctic showed it to have reached 120 parts per trillion.

On June 14 of this year A. B. Pittock, a government atmospheric physicist in Australia, reported that balloon measurements of ozone over Australia showed a general decline in the amount of that gas over the eight years prior to 1973. Whether this was a global effect was uncertain.

As noted yesterday by Dr. McElroy of Harvard, there is a variation of ozone content of about 1 per cent, apparently related to the 11-year sunspot cycle, and a suggestion of a known origin.

While Freon is the trade name of du Pont de Nemours & Co., similar gases are manufactured in this country by Allied Chemical, Union Carbide, Pennwalt, Kaiser Chemical and Racon. They are extensively used in air-conditioning as well as in refrigeration system.

In response to recent reports of possible ozone effects, the Manufacturing Chemists Association in Washington, on behalf of producers of the bases in various parts of the world, has initiated its own program of laboratory studies.

Last night Charles S. Booz, spokesman for du Pont's Freon products division in Wilmington, Del., termed the assessment of ozone effects "largely hypothesis." He added that "very little is known" of chemical reactions in the special environment of the upper atmosphere.

Dr. McElroy, in a telephone interview, himself emphasized that the analysis, which is being submitted to the journal Science, is obviously theoretical. He expressed the hope and of upper air contamination by hydrogen chloride.

He said he assumed that others would take a hard look at the Harvard calculations. The surest way to assess the predictions would be to wait and see what happens, he added, but that is hardly acceptable.

"It is," he said, "a very unusual situation for science."

Fluorocarbons and Ozone: New Predictions Ominous

A third major prediction about the effects of fluorocarbons on the stratospheric ozone layer, this one more ominous than *the* previous two, will soon be released. Harvard University atmospheric scientists Michael B. McElroy, Steven C. Wofsy and Nien Dak Sze have submitted to the journal Science computer calculations based on atmospheric data and a proposed model of fluorocarbon breakdown and ozone destruction in the upper atmosphere. The three predictions have caused sufficient concern in the scientific community that the National Academy of Sciences has formed a special study committee.

The first prediction was made in July by physical chemists Frank S. Rowland and Mario J. Molina from the University of California at Irvine. In the July 28 Nature, they proposed a chemical model for the breakdown of ozone in the upper atmosphere by fluorocarbons. Fluorocarbons are used widely as propellants in aerosol spray cans. When inert propellants such as fluorocarbon 11 ($CFCl_3$) and fluorocarbon 12 (CF_2Cl_2) float up past the troposphere (the lower seven miles of atmosphere) into the stratosphere, they absorb ultraviolet light in the 1,750 to 2,200 angstrom range. In the proposed sequence of events, chloride atoms liberated by the light energy interact with ozone (O_3) in a chain reaction that changes thousands of ozone molecules into molecular oxygen (O_2).

They predicted that increased worldwide production and use of fluorocarbon aerosol propellants and refrigerants might result in a 10 percent decrease in the stratospheric ozone layer within 50 to 80 years. This decrease, they warned, would allow more of the sun's harmful ultraviolet rays to reach the earth's surface and could cause an increase in the occurrence of human skin cancers.

Using the Rowland and Molina chemical model, Ralph J. Cicerone and Richard S. Stolarski of the University of Michigan published computer calculations in the Sept. 27

Science that predicted a 10 percent decrease by 1985 or 1990 (SN: 9/21/74, p. 181).

Now, the Harvard team has completed its own computer calculations and is making more ominous predictions. McElroy, Wofsy, and Sze studied six conceptual models for future world production of fluorocarbons. Unlike the earlier works, they considered the factors of vertical mixing of fluorocarbons and ozone between atmospheric layers and the effects of fluorocarbons on the slow but finite regeneration of ozone by the action of ultraviolet light on oxygen. The same approach, used in an earlier study on the effects of SST exhaust on the ozone layer, showed "excellent agreement with atmospheric observations.

All of the six models assume that the ozone layer has already been diminished by 1 percent.

The first model (see diagram, line A) assumes that production of fluorocarbons continues indefinitely at 1972 levels, approximately 500,000 metric tons of fluorocarbons 11 and 12 per year. The atmospheric buildup of fluorocarbons over that period and the subsequent breakdown and attack on ozone would result in a five percent decrease in the protective ozone layer by the year 2000. But, McElroy points out, fluorocarbon production has been growing, and this static model is not realistic. Production increased about 22 percent per year from 1960 to 1972. Ray McCarthy, the technical products manager of Dupont's Freon products division, suggests that a 10 percent growth rate would be a reasonable projection for continued worldwide production and use; some skeptics doubt that growth will slow that much.

In models B, C and D, a 10 percent growth rate was assumed. In model B, production is terminated in 1978. Nevertheless a three percent decrease in ozone occurs by 1990. (Effects are delayed by years due to the slow upward drift fluorocarbons.) Full ozone layer regeneration would require more than 100 years, McElroy says.

In model C, production growth continues at 10 percent until 1987, at which time production is halted. Maximum effects would be felt 10 years later, with a 14 percent zone decrease. Seventy years later, the ozone layer still would be decreased by 5 percent. In model D, production growth continues at 10 percent indefinitely. By the year 2014, the team predicts a disastrous 40 percent decrease in ozone.

Models E and F assume continuation of the present 22 percent industry growth rate. If production is halted in 1995 (line E), they predict a total ozone layer decrease of about 22 percent by the year 2000. If production increases at 22 percent per year and is not halted, a 40 percent decrease in ozone will be realized by about 1995.

Although the precise consequences of ozone layer destruction are unknown, it is known, McElroy says, that life is in a precarious balance with ozone. The ozone layer shields the earth's surface from ultraviolet radiation.

A 1973 National Academy of Sciences study on the biological impact of increased ultraviolet radiation, conducted during the debate over the environmental safety of SST's found that a five percent decrease in ozone could produce at least 8,000 extra cases of skin cancers per year in the U.S. while population. (Skin pigmentation shields many of the harmful rays.) Skin aging in general also would be acclereated by increased ultraviolet exposure. Changes in solar radiation levels could harm phytoplankton in the oceans, which produce much of the earth's oxygen. Insects see in a portion of the ultraviolet spectrum and light intensity changes in this region could affect insects' perception of skylight, flower colors and sexual markings. And many plants, particularly agricultural species, are damaged by ultraviolet light.

The growing concern over fluorocarbons and the ozone layer has led to the formation of a special NAS study committee. The members include McElroy and Rowland; atmospheric chemist Donald M. Hunten of Kitt Peak National Observatory, chairman; Francis S. Johnson, executive director of the Center for Advanced Studies at the University of Texas at Dallas, and chemist Harold S. Johnson of the University of California at Berkeley. The group will meet later this month to consider the reports and decide whether to recommend the formation of a permanent study group to the governing board of the National Research Council. Another NAS group, the climatic impact committee, is already studying the climatic effects of SST exhaust, fluorocarbons, and other man-made pollutants.

The Manufacturing Chemists Association, a trade group representing members in North America, Europe, Australia and Japan, is currently funding several studies on the environmental effects of fluorocarbons. James E. Lovelock, atmospheric scientist at the University of Reading in England, is making direct measurements on the concentrations. James N. Pitts and O. C. Taylor from the University of California at Riverside are studying the reactivities of fluorocarbons at various altitudes. And Camille Sandorfy from the University of Montreal is making the first experimental measurements of reaction rates under simulated stratospheric conditions.

Although the predictions are strong, industrial spokesmen are quick to point out that little experimental data exists and judgment should be suspended until more information is available. McElroy says he does not recommend taking immediate action to terminate fluorocarbon production or use. "All of these models are just that—models. Although they are based on what we believe to be good work, atmospheric chemistry is very difficult and it is easy to miss something. Direct measurements on a vastly accelerated scale must take place" to test the theoretical models, he says.

But he emphasizes that expanded research on the subject is urgently needed. This situation is different from most kinds of science, he says, where a theoretical paper will "sit on the shelf" until it is confirmed. "We can't afford to wait the normal 10 years." McElroy says, "because if the theories are correct, by that time the effects will be pronounced."

THE GREATEST HATRED IN HUMAN HISTORY

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. FRASER. Mr. Speaker, the Reverend Edward H. Flannery is executive secretary of the Secretariat for Catholic-Jewish Relations of the National Conference of Catholic Bishops. A scholar of Jewish-Christian relations he is the author of the Anguish of the Jews: 23 Centuries of Anti-Semitism.

Mr. Speaker, I am pleased that the New York Times, November 30, published Father Flannery's comments on the persistence of anti-Semitism in our society. Gen. George Brown's anti-Semitic comments should not simply be minimized, then forgotten. They are a reminder that anti-Semitism, what Father Flannery calls "the greatest stain in the history of Western culture," is still with us. This must be openly acknowledged and then perhaps we can rid ourselves of it.

The Flannery essay follows:

THE GREATEST HATRED IN HUMAN HISTORY

(By Edward H. Flannery)

WASHINGTON.—The strictures by Gen. George S. Brown, chairman of the Joint Chiefs of Staff, in which he revived the hoary lie about Jewish ownership of banks and newspapers sent a quiver of embarrassment across most—but not all—of the country.

A recently published tape transcript showed that on June 23, 1972, Richard M. Nixon, as President, warned H. R. Haldeman to eschew the arts: "The arts you know—they're Jews, they're left wing—in other words, stay away."

Last April, Attorney General William B. Saxbe, in a news conference remark that in the McCarthy era "there was a great distrust of the intellectual," added: "One of the changes that's come about is because of the Jewish intellectual, who was in those days very enamored of the Communist party."

The list could be extended back through time indefinitely. There was nothing unusual about these performances. Hardly a day goes by that a stereotyping or attack is not visited upon Jews somewhere. Where is the synagogue on which a swastika has not been daubed?

The only thing somewhat unusual about these performances is the political level of the persons involved. We are not dealing here with guttersnipes but with presumably educated and sophisticated people.

The very level of these personages raises questions. If individuals of some cultivation, or statute, fall prey to the virus of anti-Semitism as readily as anyone else, where are the boundaries of its power? Is anyone beyond its reach? Have we underestimated the dimensions of the phenomenon of anti-Semitism?

The reaction to incidents like those cited is usually minimization and denial. Those involved always deny their anti-Semitism, and most people defend them. It is socially disrespectable today to be overtly anti-Semitic, whence a strong reluctance to own up to it, or accuse another of it.

Our first conclusion must be that anti-Semitism is something strongly repressed, hence always denied.

When there is any sort of acknowledgement, a process of minimization takes over. Reduced to a foible, an anti-Semitic lapse is made light of, even made subject of jest.

Anti-Semitism is the greatest hatred in human history. In duration and intensity, it has no competitor.

What other hatred has lasted some 23 centuries and *survived* genocide of six million people in its 23d century of existence? I say "survived" because it is very much alive today.

An unexorcisable devel, it has ravaged from age to age, land to land. As one kind wanes, another promptly replaces it.

A vapid pre-Christian kind was followed by a "Christian" variety that became oppressive and murderous. Then in succession came rationalist, pseudo-scientific racist, socialist, rightist varieties. Today there are Soviet, Arab (over and beyond political enmity), black, New Left and "genteel" types.

Anti-Semitism has known every cruelty: social and civic disabilities, insult, ghettoization, torture, exile, murder.

Through the centures, even great saints and leaders have been infected. Estimates of Jews murdered *before Hitler* range in the multimillions.

Is there not warrant to view this enormity as the greatest stain in the history of Western culture?

It may, in any case, be seen as a demonic force, endless and bottomless, that defies analytical powers, indeed eludes our very observation. The Jew, "eternal scapegoat," serves apparently to assuage a deep human need.

Many efforts have been made to understand anti-Semitism, all partly successful. Historical causes center on the "deicide" charge, the old theological myth. Yet history *can hardly do* full justice to the phenomenon: Profound psychological mechanisms are at play. As one psychoanalyst has stated, "Anti-Semitism is more a conflict within a person than between persons."

Perhaps the most fruitful avenues of explanation explored locates anti-Semitism in the lowest strata of the psyche where savage forces struggle against all restraints and ideals. In the Christian, it would be an unconscious displaced resentment of his own Christianity; in the non-Christian, a revolt against moral conscience.

It was Judaism that brought the concept of a God-given universal moral law into the world. The Jew reminds us of our paganism. For this he has never been forgiven. Willy-nilly, the Jew carries the burden of God in history.

Until anti-Semitism is openly acknowledged and diagnosed along lines as deep as these, the Browns, Nixons and Saxbes will always be with—no, in us.

MALPRACTICE FEES UNDER FIRE: TEAMSTERS AND CHAMBER OF COMMERCE JOINED IN REFORM MOVE

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HUBER. Mr. Speaker, as I have pointed out on many previous occasions, a real crisis is at hand in the field of health care due to the growing number of malpractice cases. Recently the teamsters in Michigan and the State chamber of commerce felt concerned enough to make a joint effort to solve the problem. I commend this item from the Detroit News of November 20, 1974, to the attention of my colleagues:

Malpractice Fees Under Fire: Teamsters, Chamber of Commerce Joined in Reform Move

(By Stephen Cain)

The 90,000-member Michigan Teamsters Union Joint Council 43 and the State Chamber of Commerce have joined forces to urge the Michigan Supreme Court to force medical malpractice attorneys and other personal injury lawyers to account for the fees they charge their clients.

The Teamsters, who operate a health insurance program second in size only to Blue Cross-Blue Shield, are concerned with the increased costs of medical care attributed to the medical malpractice situation.

Chamber officials, on the other hand, suspect that malpractice is costing their member businesses more through increased contributions to employes health insurance plans.

Teamsters International Vice-President Robert Holmes already has mailed his letter to Supreme Court Administrator Einar Bohlin asking the court to immediately grant provisions of a petition filed more than a month ago by the Physicians Crisis Committee.

Chamber President Harry R. Hall is still drafting the final version of his letter asking the court to look into the alleged abuses involving medical malpractice.

The first part of the petition asks for a court rule ordering attorneys to give both their clients and the court a full accounting of all out-of-court settlements and court judgments, including how much they charge.

There is mounting evidence that the typical malpractice attorney in metropolitan Detroit charges his clients a contingency fee of half of any money he wins.

The second part of the petition asks the court, once it gets a picture of the fee structure, to severely limit how much an attorney can charge for a personal injury lawsuit. This includes medical malpractice (treatment injury caused by negligence), products liability and auto negligence.

The crisis committee—a group of more than 600 physicians victimized by skyrocketing malpractice insurance rates—now has three of the most influential pressure groups in the state supporting its reform effort.

The Teamster and Chamber letters come on the heels of a similar letter to the top court from the United Auto Workers' Michigan Community Action Program (UAW–CAP).

Holmes, who is also president of Council 43 and a trustee of the Teamsters huge Central States Health and Welfare (pension) Fund, wrote the court:

"The plaintiff's attorney who takes an unconscionable contingency fee from his injured client in a malpractice case is not only shortchanging his clients, but he is also adding tremendously to the already overburdened cost of medicine today.

"Those of us who serve actively as trustees and administrators of health programs know from personal experience that the cost of medicine for the workingman is already exhorbitant.

"The system simply cannot tolerate the additional excesses of an unregulated contingency fee system for lawyers.

"The court must not appear to be placing the interests of a few attorneys before the rights of the public."

ADDED HALL

"While the Chamber is continuing to study the various proposals put forward by the Physicians Crisis Committee, the petition asking for a review of contingency fees seems reasonable, logical and timely.

"We must have the facts to be able to determine if there are, indeed, serious abuses.

"New York and New Jersey have established such disclosure rules which helped correct the types of abuses there which the crisis committee feels is occurring here.

"It doesn't seem reasonable that a plaintiff who has been injured should receive less than 50 percent of the court judgment or settlement. The rules should be better balanced in favor of the individual who has been hurt."

ELECTION POSTER CLEANUP SPONSORED BY RADIO STATION WRC IN DISTRICT OF COLUMBIA

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. FAUNTROY. Mr. Speaker, radio station WRC, located in our Nation's Capital, has long prided itself in being a community-minded station dedicated to serving all factions of the Washington, D.C., area. In keeping with this philosophy of service, WRC launched a citywide election poster cleanup campaign following the election on November 5 of the city's first Mayor and City Council in more than 100 years.

The community spirit, which is exemplified in their offer to pay 10 cents per campaign poster, is unprecedented as is the response on the part of residents who delivered more than 58,000 posters to the two poster redemption sites and the station.

As a result of station WRC's efforts, Washington, D.C., is free of posters which often remain for many months after election day.

The news releases of station WRC are attached so that each of us can see how the station responded to this effort:

Election Poster Cleanup Sponsored by Radio Station WRC in the District of Columbia

Old posters are worth 10c each to WRC Radio. WRC announced today they will pay a dime for every old campaign post 5'' x 7'' or larger. The posters are to be taken down from city streets in an effort to rid neighborhoods of the eyesores.

D.C. election laws require candidates to remove all campaign posters from public places by midnight, November 7. However, these laws are not usually enforced and posters often stay up for months after an election. WRC plans to make sure that this year the laws are obeyed.

"This is our first really big election in Washington," says WRC General Manager Harold Green. "I'd like to see it handled well. If candidates don't remove their posters, we will get neighborhood associations, students, and concerned citizens to take them down by offering to buy those posters. We've had an exciting election with lots of interest and that's terrific—but our job isn't done. I think we now owe it to our city to clean it up."

The clean-up campaign will run two weeks. Residents may bring posters to the NBC studios at 4001 Nebraska Avenue, NW at these times:

Saturday, November 16—9:30 am–4:00 pm.
Saturday, November 23—9:30 am–4:00 pm.

In addition, WRC personality Eddie Edwards will drive the WRC prize patrol car to District locations to assist in the exchange of posters for cash receipts. Edwards will be at the YWCA/YMCA, 50th and Haynes, NE on November 16 and at the Raymond Recreation Center, 10th and Spring Road, NW on November 23. Exchange times at those locations are also 9:30 am to 4:00 pm. These are the only times and places WRC can accept and pay for posters.

WRC's goal is the collection of 10,000 posters. The station is being assisted in its efforts by the D.C. Chamber of Commerce. Hertz has donated a van to receive posters and Dunbar Armored Cars is providing an armored vehicle to dispense dimes. WRC invites all D.C. residents and all candidates to help out in this community cleanup effort.

Election Poster Cleanup Campaign

Elections generate drama, excitement, participation in the democratic process—and trash. The garbage is the posters candidates use to further their political causes. Once the elections end, the posters usually remain. Pinned to telephone poles and trees, hung on obliging walls, they are eyesores serving no purpose except the cluttering of a neighborhood.

This predicament is especially acute in Washington, D.C., where this year, the District held its first major election ever. The acquisition of home rule allows for many more public offices. And more posters. Though D.C. election laws require that all posters be removed from public places no later than two days after the polls close, these rules are rarely enforced. So WRC decided to do something about it.

On November 6, D.C. Councilman-elect Marion Barry kicked off WRC's poster cleanup campaign. The director of special projects for PRIDE, Inc. brought some of his own posters to the WRC studios at 4001 Nebraska Avenue, NW and started one of the most successful community involvement projects in Washington broadcasting history.

The idea was simple. WRC would pay 10¢ for every used campaign poster, 5"x7" or larger, returned to their studios on two consecutive Saturdays (November 16 and 23). That was it. No contests, no clever gimmicks, just straight community involvement. WRC had nothing to gain but a clean neighborhood and the respect of a suddenly poster-free Washington, D.C.

The response was overwhelming. Candidates, school groups, civic organizations, concerned citizens, religious organizations all took up the cause.

To make things easier, a WRC personality drove to outer city locations on each of the Saturdays to help in the collection of posters. But the bulk were returned to the WRC studios. The final figures: 58,758 posters collected, $5,875.80 in cash given out. There was much more to be proud of.

What had been a poster-choked community only a week before was nearly spotless. Election laws had been scrupulously followed for the first time in memory. And the community worked together for a common cause. The sense of comaraderie at the exchange points was contagious and the poster campaign may well have been a catalyst for other group efforts.

WRC was happy to be the force behind such a constructive community drive.

Ratings and listener demographics were set aside for more important considerations. Every department of WRC pitched in. Promotional spots ran every hour, 24 hours a day, for the campaign's full two-week duration. WRC News ran vignettes urging people to help in the cleanup drive. And WRC personalities lent their time and support.

Enclosed are the materials which WRC used in its poster cleanup campaign drive. After examining them, we are sure you will agree that WRC did a magnificent job making the conclusion of this year's local political campaigns the success of a community cleanup campaign.

NATIONAL PARKS FOR THE CITIES: BACKING AWAY FROM A SUCCESS

HON. JOE SKUBITZ

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. SKUBITZ. Mr. Speaker, today the House took action on legislation to authorize the establishment of the Cuyahoga Valley National Recreation Area in the State of Ohio. Because of its timeliness and the importance of the issue, I commend to the attention of my colleagues the following article by George C. Wilson which appeared in the Washington Post on Sunday, December 1, 1974:

NATIONAL PARKS FOR THE CITIES: BACKING AWAY FROM A SUCCESS

(By George C. Wilson)

BROOKLYN, N.Y.—The helicopter hanging in the wind over Jamaica Bay shows what Congress and the Ford administration are arguing about as they struggle to set different courses for the national park system.

The outcome will determine how much the federal government does with its power and money to set aside open spaces close to city people. It is, in one sense, Rockway's Riis beach for the subway riders vs. Wyoming's Yellowstone Park for the station wagon set.

President Ford, before this argument is over, may well have to veto Mr. Nixon's "parks to the people" program—the loudly touted initiative which turned the land below the helicopter into one giant park for the New York-New Jersey megalopolis.

Ironically, this new kind of national park has proved so successful that White House budget chiefs insist the government cannot afford to establish any more of them, even though the need is greater than ever.

Now is no time to quit putting national parks where the people are, counter urban politicians who dominate Congress. The cities and suburbs are getting more crowded all the time, they argue, and the fuel shortage makes it in the national interest to provide recreation near home rather than far away.

A VARIED PLAYGROUND

Former President Nixon, perhaps to the grief of his successor in the White House, demonstrated the popularity of urban parks with the Gateway East National Recreation Area for New York and New Jersey.

Directly under the helicopter is Gateway's dull-looking marsh in the middle of Jamaica Bay. But to New York's school children who go there to study it, the marsh is alive with fascinating creatures they never see in their everyday world of concrete, cars and crowds.

To the south, clearly visible this bright day out the Plexiglas nose of the helicopter, lies another part of Gateway East—the Rockaway Peninsula on the Atlantic Ocean, home of Riis Park, with goings-on which bring winces to the Smokey Bears of the Park Service who believe the wide open spaces, not urban areas, are the domain of their organization.

Rock jetties divide the mile-long Riis beach into sections, called bays by the natives. And by some kind of agreement, each bay has its own clientele: homosexuals on one, lesbians on another and so on down the beach. There will be 100,000 people jammed on that short stretch on a summer day.

Inspector Hugh A. Groves, the U.S. Park Police officer who got the Gateway East security job on the strength of his cool handling of demonstrations in Washington, admits to being stunned by the sight of homosexuals forming a circle and holding hands out in the water after taking off their bathing suits. But Groves, showing judgment that his bosses in the Interior Department applaud, passed the word that his new kind of cops would not arrest homosexuals or lesbians on the beach "as long as they did not display their private parts to people on the beach."

A less congested beach, but still part of Gateway East, is Sandy Hook—the curved peninsula on New Jersey's side of the New York harbor entrance. The Army kept most of the beach in a primitive state.

As the helicopter thwack-thwacks over Sandy Hook, a bunch of kids are running out of yellow buses and onto the beach for an ecology lesson. A surf fisherman is trying his luck in the solitude cold weather brings. He will feel pressed come summer by bathers and sun worshippers who need no pass nor property rights to get on the beach of Sandy Hook.

On the homeward leg back to Floyd Bennett Field, the former Navy airfield which is headquarters for the National Park Service at Gateway East, the helicopter flew over other types of playgrounds for megalopolis: the Army Air Corps' (there used to be one) Miller Field on Staten Island's coast, which the Park Service intends to transform from a green expanse of sod to a complex of playing fields; historic forts which had the mission of guarding the New York harbor entrance before the days of The Bomb, Balance of Terror and nuclear incineration within 30 minutes. Those old forts have a story to tell, and the Park Service hopes to tell it once it gets organized for public tours.

PEOPLE "POURING IN"

Gateway East's superintendent, Joseph N. Atosca, has some other ideas for his own backyard—the 1,100 acres the Park Service owns at Floyd Bennett Field. Maybe, he says, a drag strip for the hot-rodders in the neighborhood would be a good idea. Some contrast to his counterpart at Yellowstone who must worry about the bear population.

"We have enough to do," says Atosca of the challenge of developing the complex of former military and city property that went into Gateway, "to keep us busy for 20 years."

Inspector Groves—who has one lieutenant, six sergeants and 38 privates to police the whole of Gateway East—says he was astounded by the enthusiasm city dwellers displayed for open space:

"We'd take down a fence around a swamp, put up signs that the water was not fit for human contact, and yet mothers with babies in their arms would come in there and stand in mud up to their ankles just to get into the open. New Yorkers are starving for recreational outlet."

Groves' words dramatize the dilemma facing policy makers as they try to make up for years in which city planners and builders left too little breathing room for people.

"Everything we open," he says, "the people come pouring in. It is just like water running into the empty space."

In the 1974 summer season, 4.5 million people visited some part of the 26,712-acre Gateway East national park. This is triple the 1.5 million visitors who journeyed to the 2.2 million-acre Yellowstone National Park. Gateway's budget for fiscal 1975 is $6.7 million; Yellowstone's, $6.4 million. Gateway takes 132 permanent employees to man; Yellowstone, 100.

After the House and Senate passed the legislation authorizing Gateway by overwhelming margins, President Nixon signed the measure into law on Oct. 28, 1972, with a message that indicated more metropolitan parks would follow:

"The need for open space and recreational opportunities is especially pressing in our great metropolitan centers . . . I plan to continue my emphasis on bringing 'parks to the people' through the donation of federal lands to state and local authorities for the development of parks and recreation areas near population centers."

Congress authorized Interior to spend $12.1 million to acquire land for the park (most of it was land donated by federal and state government) and another $92.8 million to develop it.

BACKING OFF

President Nixon also had a political reason for putting national parks where the people were: The concept promised to gain him votes. Nathaniel P. Reed, assistant secretary of interior for fish, wildlife and parks, confirmed this political impetus in an interview. He was the Interior Department executive the White House directed to carry out Mr. Nixon's "parks to the people" program.

Says Reed: "We didn't know what 'parks to the people' meant. We didn't have a fixed plan. I was promised everything from the White House in the way of manpower and money. It was acknowledged that if this administration made some very strong moves where people were, there would be strong political rewards."

Back in 1971, Reed, in urging the House

Interior Committee to authorize Gateway, had said "a commitment of federal resources for this purpose and unified administration by the National Park Service will make possible the achievement of a goal now beyond the reach of any other single political subdivision."

Three years later he is making an opposite argument: that the federal government should get out of the urban park business and confine itself to helping states and cities do that job for themselves.

Reed says that this retreat—which he prefers to term a "complete retrenchment"—does not mean that Gateway East and its San Francisco counterpart, Gateway West, have failed. On the contrary, he says, Gateway East "has been a perfectly extraordinary success," thanks largely to a massive federal investment.

"We spent money there like it was going out of style. We had the money and we had the manpower to do the job. Gateway East got a massive infusion of talent, money and police protection.

"But by our boundless success in New York, we're faced with a crisis. We've got a lit firecracker in our hand. Any big city mayor faced with a tight budget is going to demand *that* we come in there and give him a park. He's a damn fool unless he does. 'Quick, Uncle,' he will say, 'come in.'

"Like in Ohio: we're owed a national park—quote unquote. Come in, National Park Service, and do your thing. But where is it going to end?"

A PARK FOR OHIO

As far as chairman Roy A. Taylor (D-N.C.) of the House Interior National Parks subcommittee is concerned, this federal "parks to the people" program is not going to end with Gateways East and West. Only the federal government has the resources, he says, to assemble large parcels of land, including military bases, for parks to serve metropolitan areas.

Taylor says Reed and others are responding to pressure from White House budget cutters. In Taylor's view, President Ford should ask for more money for the National Park Service (which has a current operating budget of $200 million a year) and should go along with Congress in the effort to put more money in the Land and Water Conservation Fund. That fund, which gets its money for the leasing of offshore tracts in federal waters to oil companies, is used in part to help states buy land for parks. The Ford administration is opposing bills in Congress to raise that fund from $300 million to $800 million.

Before this year is out, Taylor says, he expects to win congressional approval of the bill to establish a 20,000-acre national park (16,000 acres federally owned) in the Cuyahoga Valley running between the Ohio cities of Akron and Cleveland.

Rep. John F. Seiberling (D-Ohio), a member of the National Parks subcommittee, is a leading advocate of the Cuyahoga legislation, which the administration opposes. He says only the federal government can put the park together:

"Put yourself in my position as a politician. I've voted for national parks year after year. Yet Ohio is the sixth most populous state and doesn't have a single national park.

"Even if the governor did have a big budget for parks, he would have to spread the money around to several areas of the state. Only the federal government can assemble these big parcels.

"I'm not suggesting that every urban area have a federal recreation area such as the proposed Cuyahoga Valley park. Not every urban area has such a unique and well-preserved large open space available. And the federal government cannot afford to make itself the sole custodian of all our natural and historic resources or to become the manager of small neighborhood parks and playgrounds. But the federal government cannot afford to ignore the recreation needs of people who live around our major urban centers, where the need is greatest."

Interior's Reed asserts that the Park Service is straining to run the recreation areas it already has, what with the shortage of money and manpower during this inflationary period. But if Congress goes ahead anyway and authorizes $34.5 million to put together a Cuyahoga National Park, can President Ford risk vetoing such popular legislation? The administration's statements of opposition to Cuyahoga preceded his taking over the presidency, so he is not formally committed to them.

"Presidents don't veto public parks," says one congressional veteran in predicting that Congress will keep the national park system on the new course set by Mr. Nixon—whether his successor likes it or not.

A WAY OUT OF IRELAND'S DILEMMA?

HON. PAUL W. CRONIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. CRONIN. Mr. Speaker, much has been written about the continuing hostilities in Ireland. I submit the following article which appeared in the August 30, 1974, issue of the National Review as a lucid and accurate account for the benefit of my colleagues:

A WAY OUT OF IRELAND'S DILEMMA?

By James Fitzpatrick)

(One plan for peace in Ireland is that of the Provos who, this author claims, are getting a raw deal. It even preserves, he says, the Protestant majority in Ulster gerrymandered up in 1921.)

It is not easy for an Irish American to take the long step backward, away from the Telstar-transmitted combat zone in the six occupied counties of Northern Ireland, in order to make a fair evaluation of the current military campaign of the Provisional IRA. For most Irish Americans, the words "Irish Republican Army" summon up memories of almost mythic heroes, deeds, scenes—the Republican tricolor being raised through the fire and smoke over the General Post Office in Dublin in 1916; the IRA gunmen saying the rosary before going into combat against the Black and Tans; the torchlight processions and rallies with which the Sinn Feiners were greeted after being released from the British prisons in 1917; thousands of Dubliners lining the docks, singing Peadar Kearney's rebel hymn (now Ireland's national anthem) "The Soldier's Song" in the firelight as Eamon de Valera and the Irish Volunteers set foot on Irish soil for the first time since the uprising . . . It is not easy—but let me make a stab at it.

Because, objectively, the Provisional IRA is getting a raw deal, especially from many Americans of Irish descent who have become so much a part of the American conservative movement. It is ironic that Irish Americans should criticize the IRA Provos so harshly as a result of reading accounts in the *Washington Post* and the *New York Times*—the same newspapers American conservatives distrust on so many other matters. Conservatives seem not to have heard that the Provos (Green IRA) have broken with the Marxist Officials (Red IRA), and that the Provos refer disparagingly to the Officials as the "National Liberation Front." Likewise, everybody seems to know that the Provos' "atrocities" include the bombing of that bus carrying English soldiers **and** two children—and everybody seems to have missed the followup story a few days later (buried, it is true, in the back pages of the newspapers) in which an Irish Trotskyite group—definitely not associated with the Provos—admitted that it was responsible.

What other revolutionary anticolonial group in recent memory have the *Post* and the *Times* treated as "indiscriminate killers" and "vicious and cruel terrorists"? Before equating the Provos with Vietcong and Castroite types, conservatives should consider that the American Left does not see it that way at all. Reviewing Jimmy Breslin's *World without End, Amen* in *The New York Review of Books,* Conor Cruise O'Brien recently assured his left wing audience that they had nothing to worry about: Breslin was implausible in having his right wing New York cop fraternizing easily, during his visit to Ireland, with Irish Marxists of the Official IRA breed. American right wing types O'Brien noted, would feel much more at home with the Provos, whom he calls "plain, old-fashioned, nationalist, Catholic killers."

PROVOS AND SDLP

A good explanation of the nature and purposes of the Provos appears in a short, direct, hard-hitting, yet temperate pamphlet called simply "Ulster." (It is available at any of the American offices of Irish Northern Aid.) Its author is Frank McManus, an ex-member of the British Parliament from the Fermanagh/South Tyrone section of Northern Ireland. Like Bernadette Devlin and other candidates associated with a strong Republican stance, McManus had a rough go of it in the last election, since the SDLP (Social Democratic Labor Party) decided to run candidates against them, thus splitting the Catholic vote.

The SDLP is a predominantly Catholic party, which basically agrees with the Provos' long range goal of a United Ireland, but does not feel that military force can achieve anything constructive at this point in Irish history. Unlike the IRA, they were willing to go along with the recently aborted "Sunningdale Plan" (worked out between SDLP-type Catholics and moderate Protestants under the direction of British Secretary William Whitelaw) for a Council of Ireland whose ultimate purpose was the unification of the country. It would be wrong to suppose the SDLP supporters in the last election were anti-IRA; in fact, most observers would agree that they are the sea in which the IRA fish swim. They backed off from full support of the Provo combat teams principally because they are exhausted by violence, not because they favor indefinite association with Britain. Had Sunningdale worked, the SDLP would have been pictured in history as wise and cautious moderates who saw the possibility of working for unification through a slow, but steady, evolution. The Protestant workers' strike of this spring, however, has relegated the Sunningdale agreement to the footnotes of Irish history. The Council of Ireland is a dead issue.

If all of England's 1974 "deals" meet with this fate, and result in no more progress than the 1921 "deal," and if bands of Orange-sashed Protestants are still parading through Derry in 1994 shouting "No Surrender!" the SDLP will be seen as timid dupes—while the Provos will take their place in legend and song with the "Bold Fenian Men" of old.

THE SIX COUNTIES

Frank McManus is not a member of the Provisional IRA. The Provos are still an illegal, underground organization in both the North and South of Ireland. But he is close to Provisional Sinn Fein, the legal, political arm of the Provos, and to its *uachtaran* (president), Ruairi O'Bradaigh; his line of argument runs parallel to that found in *Eire Nau* (New Ireland), Sinn Fein's current social and political program for Ireland. McManus does not apologize for the current military campaign. He, unlike the *New York Times*, does not find it "terrorist."

In order to understand why the Provos resort to "terrorism," and why McNanus, in turn, writes suspiciously of so-called democratic procedures in Northern Ireland, a brief review of some Irish history is necessary. First of all, the section of Ireland that the world calls Ulster is not really Ulster at all. When the rest of Ireland won home rule in 1921, England insisted on keeping six—but only six—of the ancient nine counties of Ulster within the British Empire.

These six counties were "partitioned" by careful gerrymandering to ensure that the Protestant population would never have to fear that their Catholic neighbors would form a majority and democratically move Ulster into the Republic of Ireland to the South. The three counties of Ulster that were solidly Catholic, and solidly in favor of union—Donegal, Cavan, and Monaghan—were thus excluded from this new British territory of Northern Ireland. As Sir James Craig, first prime minister of the Six Counties, put it so well, the inclusion of these counties would "reduce our majority to such a level that no sane man would undertake to carry on Parliament with it." Gerrymandering within the Six Counties further reduced the power of the Catholic minority.

Consequently, the cards are stacked, as McManus puts it, "to perpetuate the eternal present of Orange Supremacy. It is antidemocratic. . . . The state [Ulster] was designed to give permament power to the Unionist Party. Where there is such an artificially built-in majority, normal democracy can never function. We cannot accept a 'democratic right' to perpetuate this antidemocratic state."

In 1918, in the only election in which the question of a united and sovereign Ireland was put before the Irish people, 80 per cent voted for unification. The partitioning of the country made the 20 per cent minority a majority in one of the two states thus created. That minority had the strength—about 2 to 1—to prevent the unification clearly mandated by the people of the country.

It would not be surprising, then, and not very condemnable by earthly standards, if Irish nationalists, demanding an end to the foreign control of their country, insisted that a 20 per cent minority, professing loyalty to that same foreign power, submit themselves to the wishes—without qualification on this issue—of the 80 per cent. But, as a matter of fact, those unreasonable IRA terrorists do not. And even if they did, they would not compare unfavorably with Abraham Lincoln, who chose bloody civil war rather than allow a much larger minority to divide America into two states.

REGIONALISM

McManus' proposals for Ireland, the Provos' *Eire Nua*, call instead for an answer based on "regionalism." He advocates not a Dublin-based, Irish Catholic domination of Ulster, but a solution designed to provide for the diversity of backgrounds in Ireland, including Scots-heritage Protestantism. "The only system with which Republicanism is not compatible is a system of domination. No Republican could consent to be dominated by London. But, and Unionists should think deeply about this, no Ulster Republican could ever consent to be dominated by Dublin." He goes on: "Republicans are suggesting a regional government for the whole of Ireland. There would be four (maybe more, maybe less) regional parliaments and a central parliament. The regional parliament would enjoy great autonomy in the administration of regional affairs." Donegal, Cavan, and Monaghan would be returned to Ulster under this system (and this can hardly be thought to be Dublin's desire). This new Ulster (which is really historic Ulster) would then make decisions by majority rule for its own development, as would the other regional governments.

What is most interesting about this proposal is that Ulster Protestants would still be a majority by 2 to 1 in the new Ulster. And the new, nine-county Ulster would have nearly 40 per cent of the population of all Ireland. When you keep this in mind, it seems more realistic for Dublin to fear the South's domination by industrialized Ulster than for the Orangemen to go on cringing at some phony nightmare of "Rome rule." In *Eire Nua* Ulster Protestants, as the majority in Ulster, would be fully entitled to be the ruling party there and thus a truly formidable voice in Ireland as a whole. The only qualification would be that they must exert this influence as citizens of Ireland, not as a foreign power's army of occupation, not as conquerors.

Orangemen who claim to be incensed by the antidemocratic methods of the IRA simply cannot go on basing their own claim to power in Ireland on the forced submission of the Irish people to English armies over 300 years ago. If living in Ireland for four centuries does not make an Orangeman an Irishman, then Orangemen are, by self-definition, a military garrison of a foreign power and aggressors, and are, by all legal and moral standards, subject to the defensive use of military force by the victims of that aggression. The Orangemen's slogan of "No Surrender!" is an ongoing declaration of war on the Irish people.

The key factor in all these proposals, then, is the end of the British presence in Ireland. To be sure, the nightmare of a vast and bloody civil war, often invoked to discredit such a demand, cannot be dismissed as an impossibility. (No healthy nation, of course, has ever surrendered its nationhood rather than face such a challenge—certainly not the U.S.) It is possible—but not inevitable, or even likely. The IRA does not want the British troops removed tomorrow. They demand only a declaration of intention to withdraw at some specified future date. UN forces could replace them if sectarian violence erupted. And the Provos welcome the idea that disputes arising after the British withdrawal be submitted to the authority of the European Court at Strasbourg. The hope is, however, that the specified withdrawal date will force the Protestants to see that they must begin to work with their fellow Irish citizens in a spirit of comprise and conciliation—will force them to see that it is possible to shout "No Surrender!" only if they know that the British army is waiting in the wings.

MODERATE VOICES

This regionalist plan represents an extreme compromise on the part of the IRA. You can bet your last dollar that many old IRA diehards did not give in willingly to a proposal which would allow the Protestant minority in Ireland to remain in control of Ulster. If the Protestants had been willing to bend even half as much as the IRA, genuine reconciliation rather than apparently endless violence would be the order of the day in Ulster.

But, until the British army withdraws, there is no reason for the Protestants to compromise. As long as they can count on British troops being around to handle Catholic-Nationalist demands, there is just no reason for them to look inward, away from England and toward their fellow Irish citizens, in order to define their nationhood. Instead of keeping the peace, the continued British presence creates a political situation so unnatural as to ensure continued hostility.

Irish nationalists have been rebelling against English control of Ireland as long as England has been in Ireland. The IRA has assumed the leadership in this ancient struggle during the last 50 years, and they have vowed, in the words of their first president, Padraic Pearse, that "Ireland unfree shall never be at peace." Frank McManus and the Provos are asking for the right of Irishmen to rule Ireland, and offer their assurance that "we are in no way opposed to the Unionist Party as a party of Ulstermen, governing Ulster. . . . In a new Ulster, the Provisionals would accept majority government controlled by the present Unionist Party."

"Ireland unfree shall never be at peace." The current proposal of the Provos for "regionalism" goes about as far as Irishmen can go without conceding to Britain control of their country, without surrendering their national freedom to a foreign power. If Protestant Unionists do not respond openly and soon to this offer, the responsibility for continued—and probably increased—warfare must be placed on their shoulders. Moderate voices, like that of Frank McManus, find support only from a people that does not feel that all-out war is its only recourse. "We want to create a new Ireland, free from domination, exploitation, discrimination. Without the consent of the Unionist people we cannot succeed." The man who writes that deserves from his Protestant co-citizens of Northern Ireland something better than another cry of "No Surrender!"

And, in fact, there has been some sign of movement in that direction. Desmond Boal, an ex-associate of Ian Paisley, recently offered a proposal for a federal Ireland which has been accepted by the Provos as close enough to their own *Eire Nua* to be the basis of a lasting peace. It just could be the light at the end of the tunnel—in contrast to further well-meaning British suggestions, which only add fuel to the fire.

PRESIDENT'S THOUGHTS ON FOREIGN AID AUTHORIZATION

HON. LESLIE C. ARENDS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. ARENDS. Mr. Speaker, this week the House will consider a highly important piece of legislation—H.R. 17234, the 1975 foreign aid authorization bill.

In today's mail I received a letter from the President, setting forth his thoughts on the importance of this measure and reasons why it is in our best national interests that it be approved by the Congress without delay.

The President's comments are worthy of careful study by all Members of this body regardless of party and, under leave to extend my remarks in the Record, Mr. Ford's letter follows:

The White House,
Washington, December 9, 1974.

Hon. Leslie C. Arends,
U.S. House of Representatives,
Washington, D.C.

Dear Les: Recently, I completed my first visit abroad as President of the United States. In my talks with the leaders of each country visited, I was again impressed with the vital responsibility which the United States carries for building peace in the world and with the need for a strong, active American diplomacy to achieve this objective. It is clear that the continuity and strength of our political, economic, and social policies depends upon our purposeful and wise involvement in the international community. More than that, it is clear to me that we must fashion a role of leadership—in our own interest and that of others—if the possibilities for conflict between nations are not to preempt the possibilities of cooperation.

In dealing with the urgent needs of our world—security needs, economic needs, emergency relief, development needs—we have a proven and highly flexible tool, namely foreign assistance. More than any other device, it can help to shape peaceful relationships in a world still plagued by hostilities, social unrest, critical shortages and turmoil. United States assistance is identified with humanitarian goals, with commonality of security interests and with the moral obligation of our democracy to support the political and economic interests of many of the world's peoples.

Foreign assistance can be a means of assuring not only stability but also progress. In both cases it can help assure peace. We risk much in reducing or restricting foreign assistance. We risk the moderation of our adversaries and the self-reliance of our friends. We risk a world which others shape to their own liking and to the possible detriment of our interests.

Two areas illustrate our dilemma and our opportunity very clearly: the Middle East and *Southeast Asia*.

In both areas our assistance programs support our peacemaking role. In both our aid will help keep alive the hope for negotiation. In both our aid will contribute to the security of countries whose needs are great and friendship firm. In both our past commitments are being tested in the eyes of a world which is gauging our reliability for the future. In both we are looking not just for a temporary truce but for reassuring social and economic progress.

In a broader context, nothing has demonstrated our interdependence with other countries and their reliance on American leadership and cooperation more than the shortages we are facing in food and energy. For many countries, without the help of our foreign assistance programs, there would be starvation and sickness.

We must not neglect the needs of the very poor. We must not ignore the victims of famine and disasters. We must not slow the building of institutions of development in which cooperation—rather than rivalry—can spur planning and development.

This does not mean that we can be extravagant; quite the opposite is true. We must measure the resources which we apply to the attainment of foreign policy and national security objectives with the greatest care. We must not be generous at the expense of our own economy, or our critical domestic programs. But we must have legislation which will provide adequate resources to insure that United States interests abroad are protected, and which will also provide the President with sufficient flexibility to use those resources to the best advantage for America. To tie the hands of the President in countering unforeseen circumstances or in dealing with emergencies would thwart the Constitution we are all sworn to uphold.

I believe a continuing battle between the Executive and the Legislative Branches over the direction of our efforts in foreign policy and national security would be very detrimental to the national good. We must again look at our role as Americans, and work together to solve the problems that threaten our interests throughout the world and at home.

I know we share a deep concern for the protection of our national interests and our national security, and working closely together we can provide the tools in the Foreign Assistance Act to meet the challenges we face throughout the world.

I wanted you to have these thoughts as you prepare to consider this year's foreign aid authorization.

I hope that I can count on your support and that of your colleagues in moving toward early enactment of this most vital piece of legislation.

Sincerely,

Jerry Ford.

INFORMATION AND THE GOVERNMENT

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. LANDGREBE. Mr. Speaker, last Wednesday during debate on the Holt amendment to the supplemental appropriations bill, the gentlewoman from New York made a remark that confirms my longstanding suspicion that the enemies of a free society understand the issues better than some of the friends of a free society. Mrs. Abzug said, and I quote:

> Without reliable data, it will be virtually impossible to determine whether discrimination does exist, or to what extent. It will be virtually impossible to establish whether schools or school systems are, in fact, complying with the provisions of title IX of the Education Amendments of 1972. It will be virtually impossible to enforce these provisions or to accomplish any of the goals that the gentlewoman and I have worked for together.

The gentlewoman from New York is quite correct. Information is the basis of all action, and if the Government can be prohibited from obtaining needed information, then it can be prohibited from acting, or at least acting in a sensible manner. Over 10 years ago the Foundation for Economic Education published a book entitled "Clichés of Socialism." That book contained an essay by Dr. Murray Rothbard in which he punctured the socialist cliché that "fact-finding is a proper function of Government." I urge all my colleagues to read this essay, particularly my colleagues who like to think of themselves as defending a free society, and then follow the lead of Mrs. Holt and stymie the designs of the omnipotent state of preventing its omniscience:

Clichés of Socialism

Ours is truly an Age of Statistics. In a country and an era that worships statistical data as super "scientific," as offering us the keys to all knowledge, a vast supply of data of all shapes and sizes pours forth upon us. Mostly, it pours forth from government. While private agencies and trade associations do gather and issue some statistics, they are limited to specific wants of specific industries. The vast bulk of statistics is gathered and disseminated by government. The over-all statistics of the economy, the popular "gross national product" data that permit every economist to be a soothsayer of business conditions, come from government. Furthermore, many statistics are by-products of other governmental activities: from the Internal Revenue Bureau come tax data, from unemployment insurance departments come estimates of the unemployed, from customs offices come data on foreign trade, from the Federal Reserve flow statistics on banking, and so on. And as new statistical techniques are developed, new divisions of government departments are created to refine and use them.

The burgeoning of government statistics offers several obvious evils to the libertarian. In the first place, it is clear that too many resources are being channeled into statistics-gathering and statistics-production. Given a wholly free market, the amount of labor, land, and capital resources devoted to statistics would dwindle to a small fraction of the present total. It has been estimated that the Federal government alone spends $43,000,000 on statistics, and that statistical work employs the services of over 10,000 full-time civilian employees of the government.[1]

Secondly, the great bulk of statistics is gathered by government coercion. This not only means that they are products of unwelcome activities; it also means that the true cost of these statistics to the American public is much greater than the mere amount of tax money spent by the government agencies. Private industry, and the private consumer, must bear the burdensome cost of record-keeping, filing, and the like, that these statistics demand. Not only that; these fixed costs impose a relatively great burden on *small* business firms, which are ill-equipped to handle the mountains of red tape. Hence, these seemingly innocent statistics cripple small business enterprise and help to rigidify the American business system. A Hoover Commission task force found, for example, that:

> No one knows how much it costs American industry to compile the statistics that the Government demands. The chemical industry alone reports that each year it spends $8,850,000 to supply statistical reports demanded by three departments of the Government. The utility industry spends $32,000,000 a year in preparing reports for Government agencies. . . .
>
> All industrial users of peanuts must report their consumption to the Department of Agriculture. . . . Upon the intervention of the Task Force, the Department of Agriculture agreed that henceforth only those that consume more than ten thousand pounds a year need report. . . .
>
> If small alterations are made in *two* reports, the Task Force says, one industry alone can save $800,000 a year in statistical reporting.
>
> Many employees of private industry are occupied with the collection of Government statistics. This is especially burdensome to small businesses. A small hardware store owner in Ohio estimated that 29 per cent of his time is absorbed in filling out such reports. Not infrequently people dealing with the Government have to keep several sets of books to fit the diverse and dissimilar requirements of Federal agencies.[2]

But there are other important, and not so obvious, reasons for the libertarian to regard government statistics with dismay. Not only do statistics-gathering and producing go beyond the governmental function of defense of persons and property; not only are economic resources wasted and misallocated, and the taxpayers, industry, small business, and the consumer burdened. But, furthermore, statistics are, in a crucial sense, critical to *all* interventionist and socialistic activities of government. The individual consumer, in his daily rounds, has little need of statistics; through advertising, through the information of friends, and through his own experience, he finds out what is going on in the markets around him. The same is true of the business firm. The businessman must also size up his particular market, determine the prices he has to pay for what he buys and charge for what he sells, engage in cost accounting to estimate his costs, and so on. But none of this activity is really dependent upon the omnium-gatherum of statistical facts about the economy ingested by the Federal government. The businessman, like the consumer, knows and learns about his particular market through his daily experience.

Bureaucrats as well as statist reformers, however, are in a completely different state of affairs. They are decidedly *outside* the market. Therefore, in order to get "into" the situation that they are trying to plan and reform, they must obtain knowledge that is *not* personal, day-to-day experience; the only form that such knowledge can take is statistics.[3] Statistics are the eyes and ears of the bureaucrat, the politician, the socialistic reformer.

Only by statistics can *they* know, or at least have any idea about, what is going on in the economy.[4] Only by statistics can they find out how many old people have rickets, or how many young people have cavities, or how many Eskimos have defective sealskins—and therefore only by statistics can these interventionists discover who "needs" what throughout the economy, and how much Federal money should be channeled in what directions. And certainly, only by statistics, can the Federal government make even a fitful *attempt* to plan, regulate, control, or reform various industries—or impose central planning and socialization on the entire economic system. If the government received no railroad statistics, for example, how in the world could it even start to regulate railroad rates, finances, and other affairs? How could the government impose price controls if it didn't even know *what* goods have been sold on the market, and what prices were prevailing? Statistics, to repeat, are the eyes and ears of the interventionists: of the intellectual reformer, the politician, and the government bureaucrat. Cut off those eyes and ears, destroy those crucial guidelines to knowledge, and the whole threat of government intervention is almost completely eliminated.[5]

It is true, of course, that even deprived of all statistical knowledge of the nation's affairs, the government could still *try* to intervene, to tax and subsidize, to regulate and control. It could try to subsidize the aged even without having the slightest idea of how many aged there are and where they are located; it could try to regulate an industry without even knowing how many firms there are or any other basic facts of the industry; it could try to regulate the business cycle without even knowing whether prices or business activity are going up or down. It could try, but it would not get very far. The utter chaos would be too patent and too evident even for the bureaucracy, and certainly for the citizen. And this is especially true since one of the major reasons put forth for government intervention is that it "corrects" the markets, and makes the market and the economy more rational. Obviously, if the government were deprived of all knowledge whatever of economic affairs, there could not even be a *pretense* of rationality in government intervention. Surely, the absence of statistics would absolutely and immediately wreck any attempt at socialistic planning. It is difficult to see what, for example, the central planners at the Kremlin could *do* to plan the lives of Soviet citizens if the planners were deprived of all information, of all statistical data, about these citizens. The government would not even know to *whom* to give orders, much less how to try to plan an intricate economy.

Thus, in all the host of measures that have been proposed over the years to check and limit government or to repeal its interventions, the simple and unspectacular abolition of government statistics would probably be the most thorough and the most effective. Statistics, so vital to statism, its namesake, is also the State's Achilles' heel.

FOOTNOTES

[1] Cf. Neil MacNeil and Harold W. Metz, *The Hoover Report 1953-1955* (New York: Macmillan, 1956, pp. 90–91; Commission on Organization of the Executive Branch of the Government, *Task Force Report on Paperwork Management* (Washington: June, 1955); and *idem, Report on Budgeting and Accounting* (Washington: February, 1949).

[2] MacNeil and Betz, *op. cit.*, pp. 90–91.

[3] On the deficiencies of statistics as compared to the personal knowledge of all participants utilized on the free market, see the illuminating discussion in F. A. Hayek, *Individualism and the Economic Order* (Chicago: University of Chicago Press, 1948), Chapter 4. Also see Geoffrey Dobbs, *On Planning the Earth* (Liverpool: K.R.P. Pubs., 1951), pp. 77–86.

[4] As early as 1863, Samuel B. Ruggles, American delegate to the International Statistical Congress in Berlin, declared: "Statistics are the very eyes of the statesman, enabling him to survey and scan with clear and comprehensive vision the whole structure and economy of the body politic." For more on the interrelation of statistics—and statisticians—and the government, see Murray N. Rothbard, "The Politics of Political Economists: Comment," *The Quarterly Journal of Economics* (November, 1960), pp. 659–65. Also see Dobbs, *op. cit.*

[5] Government policy depends upon much detailed knowledge about the Nation's employment, production, and purchasing power. The formulation of legislation and administrative progress. . . . Supervision . . . regulation . . . and control . . . must be guided by knowledge of a wide range of relevant facts. Today as never before, statistical data play a major role in the supervision of Government activities. Administrators not only make plans in the light of known facts in their field of interest, but also they must have reports on the actual progress achieved in accomplishing their goals." *Report on Budgeting and Accounting, op. cit.*, pp. 91–92.

HONORING A CIVIL RIGHTS ADVOCATE

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HAWKINS. Mr. Speaker, sometimes Americans are amazed at how effective they can be, when a job needs doing. A great fighter for the rights of the downtrodden and weary, and a longtime newspaperman in my district, by the name of Col. Leon Washington, Jr., passed away recently. But his name will not soon be forgotten, and mainly due to a struggle he engaged in over the building of a new post office in the 21st Congressional District. He fought hard and long for this facility, because he felt that the community needed it and because it would reflect Government's concern over their citizen's well-being.

The post office was finally built and assigned a name.

Upon Colonel Washington's death, the local citizens felt that a prideful monument to his great dedication to community pursuits needed rewarding. A move was developed to rename the post office—the Leon Washington Post Office. On Saturday, October 12, 1974, the post office was officially renamed in honor of Colonel Washington.

At the dedication ceremonies, Colonel Washington's wife, Mrs. Ruth Washington, delivered a fine speech for the occasion. I would like to enter her presentation into the Record:

"Wash" Would Be Proud

(Note.—The following is the complete text of the speech Mrs. Ruth Washington made at the dedication of the post office at 43rd Place and Central Ave. in the name of her late husband, Col. Leon H. Washington Jr., founder and publisher of The Sentinel).

Mayor Thomas Bradley, District Manager/Postmaster, James J. Symbol, Honored Guests and Friends.

It was more than 40 years ago that my late husband, Mr. Leon H. Washington Jr., came to Los Angeles to make this city his home and to build a career as a newspaper publisher.

Shortly after he arrived here in Los Angeles, he headed for Central Ave. and the "East Side," the area, this area, which is better known today perhaps as "Southeast Los Angeles."

It was here that he made roots. It was here that he founded the Los Angeles Sentinel. It was here that he carried on a romance with a community of people whom he loved dearly.

LOVED THE AREA

Yes, Mr. Washington loved this area where we sit and stand today. He loved this community more than any other.

Mr. Washington was to become a widely-traveled man. But this was his turf. He never stayed away for long. He always returned.

During his career as Publisher of the Los Angeles Sentinel, Mr. Washington launched many successful campaigns on behalf of his beloved people. Two of them, I believe, gave him more satisfaction than the others.

One was his famous campaign, "Don't Spend Your Money Where You Can't Work." The other was his campaign for a new "Kearney Station Post Office."

Both ideas, both campaigns, were born out of an obvious need.

Once he began the Post Office Campaign, there was no way in which he could be denied. He was totally committed to the project. Cong. Augustus Hawkins, Cong. Edward R. Roybal, Councilman Gilbert Lindsay, local, regional, and national Post Office officials, and many others can tell you that Mr. Washington simply wouldn't take "NO" on the Post Office.

CONCRETE EVIDENCE

The old post office was totally inadequate for this community, he said. A new Post Office, he said, would help to restore the community. It would be concrete evidence that the federal government, as well as local political leaders and Post Office officials, were interested in the well-being of this community.

Mr. Washington not only campaigned for the new Post Office here, he actually crusaded for it. Many of you here know that . . . because he enlisted you in his crusade.

I have a photograph which vividly reveals how much this New Post Office meant to Mr. Washington.

The photograph was made during a time when Mr. Washington felt that the federal government was responding too slowly to his campaign. In the photograph, he is sitting in a chair on this very site. He is wearing an overcoat and he is holding a picket sign.

The picket sign asks a question: "WHERE IS THE POST OFFICE?"

GOT THE WORD

Well, finally, Mr. Washington received word that the new Post Office would be built on this site where we are today. When he received that news from Cong. Hawkins, Mr. Washington was a very happy man.

He was happy and he was proud. Literally, he beamed for days. And when actual construction began, he closely watched every facet of it. In a manner of speaking, the New Post Office was his baby, and he wanted to see it grow.

Mr. Washington wasn't thinking in terms of building a monument to himself here. As I have said, he saw a need for a new, modern

Post Office here, one which would serve the people better, one in which they could take community pride, one which reassured them that theirs was still a great community.

That's what the new Post Office meant to Mr. Washington.

HIGH HONOR

And, now, through the grace and goodness of Postmaster General Klassen, our beloved *Congressmen* Hawkins and Roybal, and others, Mr. Washington is being paid the high honor of having the new Post Office named for him.

I stand in for Mr. Washington here today. And I can tell you that I am humbled by the honor, the tribute, you are paying my husband. But I can also tell you this: I feel very proud today, too.

I shall be eternally grateful to you.

On behalf of Mr. Washington, and for myself, I say . . . thank you. Thank you very, very much.

AIR POLLUTION

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. SYMINGTON. Mr. Speaker, our colleague George Brown of California has presented in his usual lucid and persuasive fashion a paper on air pollution which treats the subject in the perspective it deserves. I urge the members to read it if they wish to understand the subject.

Air Pollution Is a Social Disease

(By Congressman George E. Brown, Jr.)

(Note.—Presented at the American Medical Association Air Pollution Medical Research Conference, Noon, December 5, 1974, San Francisco, California. Mr. Brown is a Member of Congress from the 36th Congressional District of California.)

I have chosen the title "Air Pollution Is a Social Disease" in order to stress several points. Air pollution really is a disease—a disease of the biosphere in which we all live. In a more than symbolic sense we are a part of the biosphere. We help to sustain it, and it helps to nurture us, and all other living things. Pollution of that biosphere is as much a disease, in the broadest sense, as are the virulent manifestations of that pollution in the human body, which may include the pollution of emphysema or the pollution of cancer.

Air pollution resembles a social disease—that euphemistic expression for a variety of venereal diseases—because it is generally caused by human beings doing something they really enjoy, without considering all of the consequences. That something that causes air pollution is generally excessive consumption, excessive waste, excessive use of high-powered, highly polluting automobiles, and a variety of other excesses in the use of physical products and energy. Just as careless and irresponsible sexual activity can result in venereal disease, careless and irresponsible attitudes toward the use and consumption of nature's material bounty causes air pollution. There is an analogy also between VD and air pollution in our common attitude of refusing to face up to the two problems publicly, to talk about them rationally, to recognize the difficult steps we must take to eradicate them. With VD, shame and embarrassment inhibit us. With air pollution, conventional attitudes about economic growth, the good life, and other valued social goals, inhibit our thoughts and actions.

What are some of these difficult steps we must take to eradicate air pollution, and how difficult are they?

A few facts will help us understand this problem.

Since the passage of the Clean Air Act Amendments of 1970, the major reduction in pollutants has resulted from the conversion from coal as a fuel to low-sulfur oil and natural gas as a fuel.

Air quality projections for the Los Angeles Air Basin show that even if all automobiles met the original Clean Air Act emission standards, air quality would begin to deteriorate again in the early 1980's simply because of the continued growth in automobile use.

Research on air pollution has continued to discover new pollutants and new and higher margin of safety levels for pollutants in order to protect the public health, which in turn demand higher levels of pollution control.

The cost, in dollars and in energy, of air pollution control technology increases exponentially as we approach zero emissions.

Energy demand projections by government and non-government sources predict that without sharp restrictions on energy use or supply, energy consumption will increase by another 50% by 1985 and 150% by the year 2000.

Coal use is expected to increase by nearly 100% by 1985, and 300% by the year 2000.

Oil consumption is also expected to increase by some 50% by 1985, although the amount of imported oil is expected, hopefully, to be less than that used today.

Rainfall patterns near urban centers have changed dramatically, due to the rain-inducing particulates far down-wind of cities.

Precursors of ozone, the agent most responsible for damage to agricultural products, are so widely dispersed in the lower atmosphere that high ozone levels are now detected in purely rural areas.

While we may hope for breakthroughs in new, clean sources of energy, or in effective and inexpensive pollution control technologies, I do not believe it is wise to count on such technological fixes. The national dilemma is that we are faced with a variety of proposals for continued growth in the use of fossil fuels to produce energy for the next several generations, with apparently the inevitable byproduct of hazardous air pollution. As we increase the use of energy, we are most likely to further the spread of the disease of air pollution. Thus energy policy is related to environmental policy.

Because air pollution plays a central role in establishing limits to energy use, and because this conference is concerned with air pollution primarily, I think it is appropriate to review some of the background to air pollution controls.

While air pollution has been a matter of scientific and social concern for several hundred years, and laws regulating the location and type of fuel burners have been in effect for decades, serious, systematic air pollution control technologies have only been applied very recently. The early air pollution control laws were not based upon any rigorous scientific criteria of emission limitations or ambient air quality standards. Nor were they applied equally throughout the industry or the country. The most stringent controls were, naturally enough, required in the areas that had the most active citizen interest, such as Los Angeles County. In most cases, these areas also had the most severe cases of pollution. Public involvement spread, the areas of control spread, and the basis for those controls became more firmly established in science, law and administrative practice. Every step of this process involved a long and difficult struggle.

An often unspoken underlying difference of viewpoint in this struggle has been the question of on whom lay the burden of proof in establishing pollution-control standards. Those with an economic stake in on-going practices naturally assume that new regulations should apply only when levels of pollutants are unequivocably demonstrated to have serious harmful effects. Those focusing on the health of the ecosystem believe laws should be drawn with the philosophy that no man-made contaminants should be permitted unless proven in detail to be truly harmless.

Much of the legislation in this field has been written with the relatively narrow view that our technological, market-oriented society would, given the proper stimulus, develop the technology to control pollution without any major change in values. The specific legislative approaches to accomplish this end have varied. The Federal law alone has undergone several major revisions, beginning with the Clean Air Act of 1963, which mandated a Federal role in this field, and climaxing with the primary law in the field of air pollution control, the "Clean Air Act Amendments of 1970" (P.L. 91–604; Dec. 31, 1970).

The changes in the Clean Air Act paralleled changes in public attitudes as a whole. For example, there developed increasing recognition that air pollution was not a local problem. This was not only because air pollution crossed state lines, but because the products of our industrialized society were part of a national economy, and pollution was therefore a national product.

Another key development in the 1970 amendments was the resolution of the argument over whether controls should be based on health standards, or on the basis of economic and technological feasibility. The legislative history is instructive here. The report that accompanied the bill when it was sent to the U.S. Senate floor stated: "In the Committee discussions, considerable concern was expressed regarding the use of the concept of technical feasibility as the basis of ambient air standards. The Committee determined that (1) the health of people is more important than the question of whether the early achievement of ambient air quality standards protective of health is technically feasibile; and (2) the *growth of* pollution load in many areas, even with applications of available technology, would still be deleterious to public health. Therefore, the Committee determined that existing sources of pollutants either should meet the standard of the law or be closed down, and in addition that new sources should be controlled to the maximum extent possible to prevent atmospheric emissions." This statement of legislative intent provides no room for ambiguity.

We are now at the point in air pollution control in the United States where the laws are strict enough to accomplish the goal, but because the enforcement of these laws may force drastic changes, and conflict with other social values, enforcement agencies are balking at making this effort.

Despite that brave language of the Clean Air Act, we have not eliminated air pollution, nor have we even reduced air pollution to the level required to protect the public health. The final date to attain the ambient air quality standards is 1977, but few, if any, regions of the country appear likely to meet them for all pollutants. The existing law is not perfect, but very few of the attacks on the Clean Air Act have been inspired by those who wish to strengthen it.

The easiest form of attack on the implementation of the Clean Air Act is to criticize the ambient air quality standards as being "too stringent". This approach does not attack the existence of "goals", but instead attempts to "correct" those goals. This attack is usually based on the assumption that the burden of scientific proof in enforcing environmental law, expecially in the face of economic dislocation, is to show that a given level of a pollutant is without a doubt harmful to health or property. Because much of society agrees that the burden does in fact rest with those who want to regulate pollution, as opposed to those who wish to pollute, this has been a relatively effective line of criticism. The resulting controversy has caused the Senate Public Works Committee, which authored the original act, to commission a National Academy of Sciences study on the Federal ambient air quality standards. Despite the implicit acceptance of the heavy burden of proof, the Executive Summary of that report stated "In general, the evidence that has accumulated since the promulgation of the Federal ambient air quality standards by the EPA Administrator on April 30, 1971, support those standards. Hence, on balance, the panels found no substantial basis for changing the standards." Presumably this line of attack on the air pollution control strategies mandated by the Clean Air Act will now be weakened.

The second most frequent form of attack is to criticize the *emission* standards of both mobile and stationary sources. These criticisms are also based on scientific arguments, and they have been most vehemently raised by the automobile manufacturers, who believed that the auto emission standards were more restrictive than necessary (especially the NOx standard) in order to achieve the ambient air quality standards. The National Academy of Sciences also looked into this question, and while their findings were somewhat more ambiguous for this study, they still would not recommend changing the auto emission standards for NOx or hydrocarbons. The effort to relax the NOx standard is not over, but it is unlikely that it will be justified on the basis of any sound, scientific arguments. Both of these challenges to the Clean Air Act were more examples of clashing values than of simple disagreements over scientific facts. The determination and interpretation of the standards, is, and will continue to be, an area where value judgments enter in. People who have different priorities will give the benefit of the doubt to different sides of the same question. This is a limitation with legislation that is frequently ignored.

This leads us to the most common criticism of the Clean Air Act, and of all environmental controls, for that matter. This is the debate over technological and economic feasibility. These two subjects are usually lumped together, with the implication that if the technology to control a particular pollutant is not economical under a given set of circumstances, then it is not available. However, pollution control technologies can usually be made economical by changes in the tax law, or the pricing mechanism, provided that the changes are applied to all similar industries. As we approach the need for "zero" emissions in certain industries that use extremely toxic substances, such as radioactive materials, or carcinogens, the claim that the standards may be economically or technologically impossible to obtain, and still maintain production, may be true. In situations such as these, we should look very carefully at the industry in question. The question of technical feasibility then becomes the question of whether we can live without the product, and whether we can cope with the dislocations caused by ending production.

The most frequent recommendation of reformers to make a technology economical is to have a "pollution tax" that would begin the process of "internalizing the externalities." If this is done uniformly across the country, it is argued, the control of pollution would be accomplished naturally within the market system.

The attractiveness of this approach is obvious. The industry that produces a pollutant would have to absorb the costs of controlling it. While I cannot disagree with the intent, nor even the logic of this argument, I believe it will, once again, only give us an illusion of a solution. This approach will not solve the root problem, which is the need to accept limits as to what can or should be done with science and technology. Another author described it this way: "The inherent danger of technological solutions to environmental problems is that they give the impression that the problem is being tackled and, in a society geared to growth, this allows the system to continue its headlong rush." The "pollution taxes" will only be truly effective to the extent that they begin to regulate material growth itself.

A very real limit to most environmental legislation, then, is its lack of comprehensiveness, and its inherently narrow approach to the problem. While the claims that pollution controls will cause industry to close down are usually overdrawn, this possibility is not always out of the question, as mentioned above. This is a situation in which values, not scientific facts, are in conflict, and this conflict in values must be recognized.

The environmental movement did embrace the view that growth in production and consumption of material goods is not as important as the quality of life, and that common economic indicators, such as the Gross National Product, did not reflect the quality of life. The Congress, when it passed environmental legislation, voiced some of these same views. However, this was no more than rhetoric until the hard facts of application arose. Now we are faced with the reality that our style of life will really have to change, and that social and economic structures will have to be modified. This prospect has given many former environmental advocates second thoughts. Lewis Mumford, in his monumental book. The Pentagon of Power, said "Reformers who would treat the campaign against environmental and human degradation solely in terms of improved technological facilities, like the reduction of gasoline exhaust in motor cars, see only a small part of the problem. Nothing less than a profound re-orientation of our vaunted technological 'way of life' will save this planet from becoming a lifeless desert. . . . For its effective salvation mankind will need to undergo something like a spontaneous religious conversion: one that will replace the mechanical world picture with an organic world picture, and give to the human personality, as the highest known manifestation of life, the precedence it now gives to its machines and computers. This order of change is as hard for most people to conceive as was the change from the classic power complex of Imperial Rome to that of Christianity, or, later, from supernatural medieval Christianity to the machine-modeled ideology of the seventeenth century. But such changes have repeatedly occurred all through history; and under catastrophic pressure they may occur again."

This analysis of the magnitude of change required to shift from the present material growth oriented society to the material steady-state can be depressing. Most of you may doubt that it is necessary, or that if such a change is necessary, doubt that it will be as difficult as Mumford describes. But even if Mumford exaggerates, he does provide us with some interesting areas to explore.

What will a steady-state society that embraces "an organic world picture" be like? First of all, we can be sure that it will be different. We can also be sure that opportunities for non-material growth will be increasingly available. Nevertheless, the implications of the material steady-state are tremendous, and they have not been very thoroughly examined. Given the power of the status-quo to enforce its will, it is doubtful that any such revolutionary change will occur without a "catastrophe" to force that change. Even so, some of the policies we are now pursuing do move us in this direction. The pollution standards we have are likely to be followed by pollution taxes. This will probably be followed in short order by a depletion tax (versus the present depletion allowance). These efforts are incremental steps toward the steady-state.

The hard questions associated with these policies are already confronting us. The major question is one of equity. Amory Lovins said of the steady-state, "Perhaps most difficult will be the need to face the issue of distribution rather than following the 'let them eat growth' theory; physical stabilization will entail much moral growth, and the recycling of such nearly-extinct society values as thrift, neighborliness, craftsmanship, and simplicity." If we do not confront this issue now, in the non-steady state world, it will only loom larger in the steady-state.

The economy of the material steady-state would differ from that economy which we now have. With a constant or only slowly increasing level of production of physical goods, economic growth could be expected in the non-physical areas of services and leisure. In addition, the physical goods that are produced could be expected to be of a greater quality and have a longer life time of use.

Beyond the physical distribution of goods in the steady-state, there are other questions that we should examine, even in the present society. The steady-state will require a great deal of restraint, which will require more planning for the future than practiced in the growth state, and this will require a great deal of moral growth on the part of government and people. There will be increasing emphasis on opportunity for continued artistic, intellectual, scientific and spiritual growth. The place of the individual in society could be expected to be elevated in the steady-state. It could be a place where "creative simplicity" would flourish.

The concept of the steady-state is not truly new. John Stuart Mill wrote in 1857 that the "stationary condition of capital and population" was an inevitable condition that should not be feared because "there would be as much scope as ever for all kinds of mental culture, and moral and social progress."

It might also be added that science and technology would play a major role in achieving and maintaining the steady-state. The transition will require the use of the sophisticated tools of society, and our survival will depend on it. However, in the steady-state, technology would remain as a tool that would be carefully used, and controlled.

The material steady-state then, may be an inevitable condition because of the physical limits to growth, including technological growth, but it does not necessarily have to be a condition to be feared or struggled against.

I have attempted, in these brief remarks, to describe the flaw of the "technological fix" to the social disease of air pollution. I have not meant to leave the impression that the "fixes" which technology can generate are not worth the effort. Instead, technological controls should be applied along with other controls, and all controls should be improved, as should the research that establishes the need for those controls. But we must realize that more remains to be done.

The limits imposed by pollution and other deleterious consequences of growth are real, and must be confronted. This confrontation has led me to conclude that our current way of life must change to one with greatly diminished emphasis on material growth. This recognition is spreading, and it is gradually being reflected in new laws at the local, State and Federal level.

These laws are creating new conflicts, and new demands. The people at this conference, representing government, universities, and the medical profession, are among the most aware individuals in the country on this problem, and by virtue of your superior knowledge, you have information that is needed by the entire society. You best understand your own findings, and the implications of those findings, as they involve human health and if you spoke out on this issue, and the related issue of growth, you would be listened to. The public has great respect for your professional positions, and your motives are generally above reproach. We politicians are not so fortunate.

In my own congressional district there is an excellent example of how members of the medical profession can successfully influence public policy. Representatives of the Riverside County Medical Association have given their time and expertise to public hearings, and to serving on public boards and commissions, directly advising politicians and administrators about air pollution and related issues. This has led them to discuss land use questions, mass public transportation, automotive emission controls, public education and other major public issues, all related to the causes of air pollution. The doctors in my areas have been the most effective speakers on air pollution within the community. Similar actions have occurred at the State and Federal level, but these efforts have been much more diffuse and therefore much less effective.

Your keynote speaker this morning, Dr. Herschel Griffin, participated in one of the major efforts to provide scientific information for use in determining public policy. The Health Effects panel of the National Academy of Sciences study on air pollutants did not extrapolate their findings out to their logical conclusions. I realize that this was not their purpose, but at this time of public confusion, health experts would do the Nation a great service if they would defend the existing environmental laws in a convincing manner before public forums. Without such efforts by members of the medical and scientific professions, it is left to politicians such as myself to use and explain the findings and the implications of those findings to the public. I, and most other elected public officials, need your help. Between us we can cure the social disease of air pollution. Let's get on with the job.

P.S.: THERE IS SOME GOOD NEWS, TOO

HON. JOHN A. BLATNIK

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. BLATNIK. Mr. Speaker, while we are all only too well aware of the many serious problems that face us individually and as a nation, I believe the recent essay in Time magazine makes a very important point that we must, for our own benefit, keep our present problems in the proper perspective.

The essay follows:

P.S.: THERE'S SOME GOOD NEWS, TOO

One has two duties—to be worried and not to be worried.—E. M. Forster

It is the first of these two duties that seems these days to consume America's waking—and sleeping—hours. The nightmare fantasies have become tangible. An undertow of hopelessness and helplessness tugs at every conversation. The dolors of recession, the possibility of a Middle East holocaust, the random violence erupting in crimes against people, and indeed against civilization—the awful litany grows longer by the hour until the West seems to be sinking under its own weight, as if programmed by Oswald Spengler.

In such a season of despair, it seems idle to poke through the rubble looking for flowers, or even weeds. Pollyanna is dead, her grave long since vandalized and sprayed with graffiti. Dr. Pangloss's euphoria has given way to the Club of Rome's tocsins. Good news is an irretrievable ghost, like convertibles and safe streets. And peace.

Or is it? Americans have a pecular appetite for superlatives, even negative superlatives. It is not enough for traffic to be bad; it must be the worst. Weather cannot be wet; it must be the rainiest fall on record. Times cannot be merely depressing; they must be devastating. But this attitude is at odds with the evidence. Certainly the items of cheer are sparse. But to ignore them is to lose all sense of proportion, just as a penny held too close to the eye can blot out the sky.

It is no surprise that Americans eat well, but just how well is an astonishment (some would call it a disgrace). It took the worst weather in a generation to keep the country from enjoying a record food output this year. As it was, the U.S. produced the fourth largest grain harvest in history. In addition, farmers this year will bring nearly 23 billion lbs. of beef to market, an average of some 100 lbs. per citizen. Pork production is up over last year; turkey production has set a record—135 million birds, causing a refreshing drop in prices. The fish supply will total about 12.5 lbs. per person, nearly equal to last year's record consumer purchase. Hunger has not been eliminated in America, but 15 million people supplement their diet with food stamps, and 9 million children receive free or reduced-price school lunches. And with all this, the nation has sent abroad more than 80% of the world's total food aid—some 70 million lbs. a day.

If the economy is unhealthy, the American consumer has never been healthier—medically speaking. Americans are free of many diseases that not long ago ravaged the country. Vaccines are available that can send polio and measles the way of diphtheria and whooping cough. Synthetics are used to replace many worn-out body parts, and even organ transplants have become relatively commonplace. Machines routinely supplement the function of failing kidneys. There are new methods of detecting and treating genetic defects. Hypertension is becoming more manageable; the coronary-bypass operation has made productive citizens of invalids. Even certain cancers, notably Hodgkin's disease and leukemia, have shown remarkable remissions under treatment. Infant mortality is less than 19 per thousand, and the contemporary child can expect to live four years longer than his parents. This may be a mixed blessing, considering our bafflement about how to use those bonus years, but it is still impressive that adults today may be expected to enjoy the greatest longevity of any Americans in history.

Politics is not celebrated for the manufacture of good news—except in campaign promises. Yet the nation has successfully weathered its severest constitutional crisis without producing oligarchy or chaos. The three-way division of powers, which has provoked more funeral orations than *Julius Caesar*, still functions. If the recent election showed evidence of apathy, it also provided examples of vigor. Harvard Sociologist Thomas Pettigrew sees "serious good news" in the massive gains that blacks made in Congress and state legislatures. Connecticut's Ella Grasso, the first woman to become Governor without benefit of her husband's coattails, is a symbol of the growing numbers of women who seek and win elective office. Optimists may be an endangered species, but news like this keeps them from becoming extinct. Political Analyst Ben Wattenberg (*The Real America*), among the hardiest of the species, argues that Americans are "a tough minded, wise, shrewd people. They've coped with assasination, an awful Viet Nam War, city riots, political scandal and all the while made an enormous amount of material and attitudinal progress, *i.e.*, in the women's field and civil rights. Remember that this is still the most emulated country in the world. Therefore very few nations who are saying they would really like to model themselves after the Soviet Union."

Technology likes to perform its tricks onstage and its real miracles in the dressing room. Christmas shoppers are happily aware that pocket calculators are now about one-third of last year's price and that before long, transistors and printed circuitry will provide TV sets so thin and flat that we will be able to hang them on the wall like engravings. Of far greater and subtler potential are discoveries that do not immediately reach the consumer. The maligned space program, for instance, has produced satellites and observatories that can survey a nation's military potential. Such hardware is the unspoken guarantor of the SALT talks between Russia and the U.S., and perhaps of detente itself. Geologists have begun to tap the geothermal energy of volcanoes in Mexico and the Azores. New offshore oil deposits have been discovered in such economically eroded countries as Italy and Britain. Researchers have just discovered a new subatomic particle. True, the explorers are not certain about what they have found; pure science seldom knows until years later. But then, who would have dreamed that blackboard physics of 70 years ago would ultimately lead to nuclear power?

Of course, technology is justly blamed for creating many of our problems—from overloading us with unneeded gadgets to fouling our seas and skies. But it is technology that we count on to solve the very problems it has created. Despite a growing reluctance to meet the heavy cost of environmental regulations, vigorous enforcement of these laws and technological innovations have begun to cleanse the nation's air and water. The atmosphere in New York City, Chicago and Los Angeles is cleaner than last year, and fish are flourishing once again in Lake Erie and the Hudson River.

Good news does not always arrive in capital letters or accompanied by trumpets. Tormented by economic distress, Americans may be disregarding some extremely significant and heartening items. Within the past week, President Ford granted full pardons to eight convicted war resisters, evidence that the passions of Viet Nam are finally burning out. There are no longer any American troops fighting and dying in that country, and the draft has been successfully abolished; the volunteer Army is in fact oversubscribed. Congress has begun to reform its creaky, outmoded machinery. Nelson Rockefeller is likely to be confirmed as Vice President, perhaps providing the Executive Branch with the domestic authority it has so far failed to exercise. Overseas, where shadows deepen, there are still a few glimpses of good. The limitation on offensive weapons agreed upon by the U.S. and the Soviets is too high; but the point is that a ceiling has been set, and at least the agreement is an expression of each side's continuing desire for détente. Syria has allowed the U.N. peace-keeping force to stay on for another six months, granting some hope for further negotiations. Greece is slowly returning to a democratic form of government. U.S. relations with India, so long strained, have begun to show some improvement.

On a less global note, there are a few indicators of economic optimism. Nature may not have been kind to farm crops, but she has smiled upon vintners; this year's grape harvest in France and California will be more bountiful and cheaper than its predecessors. A number of food chains have vowed not to raise prices through the end of the year. The out-of-sight costs of materials and labor have had some hidden benefits. Millions have become craftsmen; the arcana of carpentry, plumbing and auto repair have been revealed to those who once thought they possessed ten thumbs. In a variety of flea markets, church bazaars and garage sales, secondhand furniture and utensils trade hands and are given a new life. The old colonial virtues of "use it up, wear it out; make it do, or do without" are back in style. Metalworking, canning, weaving and bread baking are becoming the sober and necessary pursuits of the common citizen.

In the other Hard Times, back in 1929, there was what Columnist Russell Baker called a "boom in love." Now, millions of families are finding that they have to stay home and save rather than go out and spend. It may not herald a new epoch of romance, but the New Hard Times—together with newly conservative sexual mores—may solidify more families than they dissolve.

One of the happiest trends of the present crisis is an anti-nostalgia backlash. In *The Good Old Days—They Were Terrible!*, Otto Bettmann provides a horrific picture gallery of the American past imperfect. "What we have forgotten," he demonstrates, "is the hunger of the unemployed, crime, corruption, the despair of the aged, the insane, the crippled. The world now gone was in no way, spared the problems we consider horrendously our own, such as pollution, addiction, urban plight or educational turmoil."

Naturally the fact that the past was miserable does little to alleviate the miseries of the present. No medical discovery, no scientific breakthrough, no political initiative or fresh economic approach can immeditaely reduce the feeling that a way of life is ebbing, that neither American nor the world will be the same. But in itself that is far from melancholy news.

For the first time, Americans seem willing to acknowledge that no continent is an island unto itesif, that resources can no longer be the exclusive property of the privileged and that our bounty, however generous, is nonetheless finite. There are even some who hear, in the babel of violence and despair, a few melodies. Quiescent periods of the past have always proved deceptive; the gaiety of the '20s, the silence of the '50s, were both preludes to disaster. In the somber, sober '70s, the probelms are there for all to see—and try to solve.

It is possible that Americans will provide some solutions. Only an amnesiac could be unaware that the nation's durability has been grievously underestimated many times—during the Civil War and the Depression, global war and Viet Nam, assassination and resignation—and that somehow, its incredible resilience prevailed. Yet there are many who, forgetting America's great strength and ability to adapt, see today as the very worst of times. Columnist Joseph Alsop, noting "the strange break that has overtaken the spirit of America," wrote recently: "Somehow, self-confidence and energy have been replaced by fear and impotence—and this in a nation grown far more numerous, far richer, and far, far more powerful than the long ago America of my youth. The more I think about it, the more puzzling and inexplicable the subsequent change in America has always seemed to be." written about the reasons for this loss of

But is it so inexplicable? Much has been confidence—Viet Nam, which taught us about the limits of our power; the energy crisis, which taught us about the limits of our resources; Watergate, which taught us about the limitations of our leaders. Could it be that this emphasis on fear and impotence is, in truth, seriously misplaced—that it would be wiser to heed what Poet Archibald MacLeish said in a TV interview a couple of years ago: "When the Great Depression of the '30s brought Marxism and the American Proposition face to face . . . there was every theoretical reason to suppose that Marxism would triumph. It did not . . . because the American Proposition, unimpressed with the mystique of economic determinism, fought its way out of economic disaster and adapted itself to the new century . . . The truth is that, far from being dead, the belief in man, which is the ground of the American Proposition, is now stronger in the U.S. than it has ever been, and potentially stronger in the world, for it is now. the one great positive affirmation left."

Perhaps the problem is, at bottom, a failure of perspective, an inability to see things as they were, as they are and as they might be. Bemoaning his fate, the American is obedient to W. H. Auden's dictum: "Sing of human unsuccess/In a rapture of distress." He is like those ancient fresco painters who, lacking the techniques of proportion, illustrated everything in profile and of equal size. No matter how sophisticated its martial or plastic arts, a society that judges all phenomena without the gift of perspective must in the end be judged primitive. In these bountiful, beleaguered times, the recognition that America needs to acquire that perspective could be the best news of all.

RKO GENERAL TELEVISION PRESENTS 3-HOUR PROGRAM ON INFLATION

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUES OF REPRESENTATIVES

Monday, December 9, 1974

Mr. PEYSER. Mr. Speaker, all of us in this Chamber are agreed that inflation is public enemy No. 1. It is cruelly taxing everyone, particularly those who can least afford it.

I was pleased to be notified last week that RKO General Television will be offering an excellent public service program on inflation. The program, a special 3-hour presentation, will explore useful ways to combat inflation and useful tips on how to stretch our hard-earned inflationary-shrunk dollars.

I think this type of programing is most useful, and I am enclosing a copy of the program notice for the information of my colleagues.

The notice follows:

RKO GENERAL TELEVISION IN ASSOCIATION WITH "BUSINESS WEEK" PREPARES A 3-HOUR SPECIAL—"INFLATION: A FEW ANSWERS"—ON WOR-TV, NEW YORK AND KHJ-TV, LOS ANGELES, TUESDAY, DECEMBER 10

(Newsman Sander Vanocur To Serve as Host)

The most devastating inflation of recent decades is currently clamping the damper on everyone's life-style, as well as posing a serious threat to the entire world's economic and social systems.

At the Washington Conference on the Economy, President Ford said that the success or failure of our fight against inflation rests with every individual American. But how and where does an individual tackle such a broad, all-encompassing problem?

"Inflation: A Few Answers," an unprecedented, new THREE hour special which will be telecast on December 10th, 1 P.M. on the two RKO General independent stations: WOR-TV, New York and KHJ-TV, Los Angeles, is a good place to look for help.

Said Robert L. Glaser, President of RKO General Television, Inc., "Television must take an aggressive role in informing the public about economic solutions as well as merely reporting the ups and downs of financial trends. Some topics such as inflation require more time to adequately cover all the angles and fortunately independent stations such as KHJ-TV and WOR-TV have the necessary flexibility to permit a three hour prime-time telecast."

Al Korn, Vice President in charge of Programming for RKO General Television, said: "Anyone who watches all three hours of this show and can't save money the next day just wasn't really paying attention. We will feature over 170 people on the screen and will give the answers to 250 specific questions which relate to daily survival."

The segments will include a question and answer period during which approximately 125 man-on-the-street questions will be answered by a panel of twenty experts who will all be seen on the screen at the same time.

Food, foreign travel, housing, transportation, medicine, insurance, and energy queries will be discussed by everyone from the neighborhood corner pharmacist to the director of the Bureau of Labor Statistics.

To dramatize just what inflation means to the consumer, a Cost of Living Billboard will be set up displaying 1967 as the Index Year with a visual comparison of what the same items would cost if purchased today.

Handy Advice from the People We Deal with Everyday gleans information from an auto mechanic, butcher, supermarket manager, appliance repairwoman, TV repairman, and car dealer. In addition to saving by buying-wisely in the first place, learn how to cut corners more by doing your own simple repairs.

Tight Money and the Mortgage explores the crisis in home owning. On hand with some answers will be William Levitt, noted builder of Levittown, Long Island, plus a banking vice president in charge of approving mortgages. Questions will be supplied by a young couple who haven't been able to get a bank mortgage for their new home. They will tell of the many barriers they have had to face in their effort to find a place of their own to live.

Lewis Young, editor of Business Week, will lead a round table discussion on the whys and woes of Wall Street.

While some inflation problems are universal, many are unique to one area, or at least the solutions are. For this reason one part of "Inflation: A Few Answers" will be geared specifically to the Tri-State New York area for WOR-TV viewers and to Southern California for those watching on KHJ-TV. Included here will be instructions on where and how to complain about almost everything in these vicinities: from lost packages to product mislabeling to over-priced services.

"Inflation: A Few Answers" is produced by Al Korn.

OVERCOMING WORLD FOOD SHORTAGES

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HEINZ. Mr. Speaker, we shall soon consider House Resolution 1399, which expresses the sense of the House on the grave world food situation. I am pleased to be a cosponsor of this resolution and am hopeful that my colleagues will demonstrate both to the American people and the world our sincere interest in combating hunger by showing our strong support for this measure.

As a result of high prices for food, energy, and fertilizer, the current world food supply is dangerously low and millions of people are facing famine. Population growth and poor weather conditions have only aggravated the situation. Now many of the developing nations are turning to the United States for assistance.

We Americans have a history of providing humanitarian assistance to less fortunate nations. We have had the good judgment not to idly stand by in a world in which half the people are malnourished and the other half overfed. Perhaps we have failed in solving the problems of world hunger—but at least we have made a start.

Under the Marshall plan, between 1948 and 1954, we shipped over $10 billion in agricultural commodities to war-ravaged Europe. Since 1954, we have assisted millions of starving people in needy countries around the world by providing nearly $21 billion in agricultural commodities under the food for peace program. Although the administration of these programs left room for improvement, it was a demonstration of our concern for our fellow man as well as a contribution to world stability.

Today many countries are facing famine, pestilence, and death as a result of a worldwide shortage of food. This fact is most evident in the developing nations in the Far East, the Middle East, Africa, and Latin America.

President Ford has indicated that he will support a substantial increase in U.S. assistance to agricultural production programs in other countries, an international system of food reserves, and an increase in U.S. spending for food shipments to needy nations. I applaud these efforts and strongly believe that the United States has the capability to provide food aid as needed to meet specific short-term emergencies. For example, the Department of Agriculture should begin to develop plans which will enable the United States to provide increased food aid when needed without increasing domestic inflation. The United States has an important humanitarian role to play in reducing hunger in the world but we cannot fulfill this obligation alone. All nations, including industrial, food-exporting, and oil-exporting countries, must join in the effort to combat food shortages.

As Representatives in the Congress, it is our responsibility to exercise prudence in deciding how American tax dollars should be spent. We must, then, assure the American people that we will continue to support those programs that are designed to provide relief to the developing countries of the world without unnecessarily jeopardizing the economy of the United States. Above all we must not convince ourselves that we can unilaterally prevent hunger in the world, because of our unique agricultural success. This could result in encouraging the developing nations to continue to rely on U.S. aid and continue their own inadequate efforts to involve small farmers in modern agricultural programs—this would almost certainly guarantee a more wide spread and destructive famine in the years to come. A policy in which we simply provide money and food to needy nations would, in my opinion, be shortsighted and foolish. We must also share our agricultural and technological expertise with the rest of the world and encourage all nations to develop their more accessible and, as yet, uncultivated arable acreage—every where in the world. Although we have already taken steps toward helping the food-deficient nations achieve self-sufficiency, a much greater effort is needed.

The most significant contribution that we can make to the world food shortage is to help the developing countries grow enough food to feed themselves.

We cannot stress enough, to those malnourished countries, the pitfalls of diverting any portion of the scanty resources available for food production to the establishment of national airlines, nonessential industrial plants, nuclear arms capabilities, or other prestigious activities.

Our job then is clear, we must state our policy in no uncertain terms that the United States is willing to assist those developing countries in need, but they in turn must be willing to practice the best agricultural methods available to help them help themselves.

CANAVERAL NATIONAL SEASHORE

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. TEAGUE. Mr. Speaker, I supported passage on December 3 of H.R. 5773, a bill reported by the Committee on Interior and Insular Affairs, to establish the "Canaveral National Seashore." I did have reservations regarding that bill as it was originally introduced, and particularly the sections under which areas of the NASA John F. Kennedy Space Center would be included in the national seashore. I was concerned that sections of the original bill could possibly be interpreted to mean that NASA's control and jurisdiction over the Kennedy Space Center areas in the seashore would be diminished. That, of course, would have been contrary to all of the efforts over the years—by the Congress, by the executive branch, and by the State of Florida—to establish the Kennedy Space Center as this Nation's primary spaceport.

In view of my previous concerns regarding H.R. 5773, I was pleased that the provisions of H.R. 5773 as reported by the Committee on Interior and Insular Affairs, and particularly section 7 of the bill, emphasize that NASA will retain jurisdiction and control over the areas of the Kennedy Space Center contained in the national seashore unless such areas, some time in the future, become excess to NASA's needs.

The John F. Kennedy Space Center—or KSC, as it is called—is a unique national resource as our Nation's spaceport. Its current and future utilization as the Nation's spaceport must be assured for the Space Shuttle, for Spacelab, for space tugs, and for various shuttle payloads and other possible missions involving large space vehicles. All of these and other future programs will be launched from KSC. Land must be reserved in NASA's control to accommodate these current and future needs. We have already launched from KSC the Apollo manned launches to the moon and the Skylab launches for that experimental manned earth orbital laboratory. We are preparing for the 1975 launch of an Apollo command module for the Apollo-Soyuz test project. And construction has begun on the runway for the Shuttle program. Other follow-on programs are already in various stages of planning and definition.

Kennedy Space Center, which has the responsibility for the integration, test, checkout, and launch of NASA's launch vehicles and spacecraft, is divided into areas carefully established in relation to the potential hazards inherent in those activities. The areas at KSC and all other activities there are, and must continue to be, subject to closure and curtailment as safety and security requirements dictate.

As a reminder of some of the considerations which went into the selection of the area as the Nation's spaceport, it may be helpful to outline some of the details surrounding the original selection and acquisition for the lunar landing program of the Kennedy Center for NASA and Department of Defense programs. Until President Kennedy gave the go-ahead on the lunar landing program in May 1961, there was no official need for a launch area of the magnitude required by the Saturn boosters.

Preliminary master planning data available in early 1961 indicated a great deal of land was needed for launch pads, safety zones between pads, industrial areas, ground support areas, range instrumentation sites, and for "buffer" areas to protect the general public. Two Saturn I complexes—pads 34 and 37—had used all the pad space available at Cape Canaveral by the end of 1961, and a new area had to be found for the manned lunar landing program. Site selection was a joint NASA/DOD effort. On July 21, 1961, the NASA/DOD planning groups published a report entitled "Joint Report on Facilities and Resources Required at Launch Site to Support NASA Manned Lunar Landing Program." This report investigated eight potential launch sites and provided a tentative master plan site layout of launch pads and support facilities at each site.

Cumberland Island on the Georgia coast and the northern portion of Merritt Island adjoining Cape Canaveral were considered the most feasible sites. Cumberland Island was slightly more isolated than the Cape area. The proximity of Merritt Island to the tracking network of the Atlantic missile range and lower development costs were the major reasons for selecting Merritt Island as the launch site for the manned lunar landing program. When the Congress authorized the NASA appropriations for fiscal year 1963 for acquiring the land needed for the launch site, it specifically considered the future control of the Nation's spaceport. That law requires that the launch site remain under the control and jurisdiction of NASA unless it is no longer needed for the country's space activity at all. I am opposed to changing that congressional mandate.

In the bill that was reported by the committee and passed by the House, this long established policy of Congress is appropriately recognized in section 7. That section provides: First, that any lands within the seashore which the Administrator of NASA considers excess to the needs of NASA may be transferred directly to the Secretary of the Interior, but, second, that any NASA lands not so transferred shall remain under the control and jurisdiction of the Administrator. This is entirely consistent with the 1963 intent of Congress in authorizing NASA to acquire the lands which make up KSC.

More recently, of course, the Kennedy Space Center was selected as the initial launch and recovery site for the Space Shuttle. The selection of KSC for that purpose followed an extensive review by NASA and the Air Force of other candidate sites around the Nation. Certainly the gentlemen from Florida know perhaps better than I that the extent of NASA's landholdings at KSC, and the fact that NASA had and would retain control over those holdings, were key to its selection for shuttle launches and landings. I know that those gentlemen appreciate fully the importance of that decision.

NASA has an excellent record of working with the Interior Department to establishing feasible joint usage of parts of the Kennedy Space Center as a wildlife refuge. This bill will make it clear that NASA is to continue this good work looking toward more recreational use, but with the clear direction from Congress for the NASA Administrator to see to it that this country's prime spaceport is protected as a critically important national asset.

TAX BILL AIDS SMALL SAVERS, HOUSING INDUSTRY

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUES OF REPRESENTATIVES

Monday, December 9, 1974

Mr. LONG of Maryland. Mr. Speaker, the low- and middle-income saver has been hard hit by our growing inflation, savings and thrift institutions have been plagued by massive withdrawals, and the Nation's housing industry has been troubled by a shortage of funds for construction and mortgage loans.

In September, I introduced a bill to help alleviate these problems by providing a tax exemption for the first $500—$1,000 for a joint return—earned by an individual from savings institutions. Thirty-one of my colleagues joined me in sponsoring this legislation.

Average taxpayers have borne a major burden because the tax benefits that are generally available to wealthy individuals—such as tax-exempt bonds or capital gains—are often beyond the means of the average taxpayer. My proposal adds balance to our tax laws on behalf of the small saver, while adding to the pool of funds available for home construction at the same time.

I am pleased that the Ways and Means Committee has reported favorably on H.R. 16994, which is identical in its terms to the bill which I introduced earlier this year. I urge my colleagues to act favorably on H.R. 16994.

OPPOSITION TO H.R. 16994

HON. GUNN McKAY

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. McKAY. Mr. Speaker, I rise in opposition to the bill H.R. 16994, to exclude interest on savings accounts from gross income, for income tax purposes. Initially, I favored this legislation as a means of benefiting the small saver, encouraging saving, and creating mortgage funds for the ailing housing industry. All of these goals remain desirable. However, I have become convinced that this bill would not, in fact, attain them.

The Treasury estimates that the bill will generate a one-time shift of about $10 billion presently invested in other sources. Of this, only about one-third will go into housing mortgages, conferring only a small benefit on the housing industry. This $3.5 billion will finance only about 100,000 housing starts—a very small contribution to the needs of the housing industry, at a very great price. As my able colleagues, Mr. Corman, Mr. Gibbons, Mrs. Griffiths, and Mr. Karth have pointed out in their dissenting views, after the initial flow of money into savings institutions, additional saving will cease as interest rates on competing assets rise to adjust for the tax exclusion. Thus, for a one-time shift of $3.5 billion in mortgage funds to the housing industry, the Treasury will lose $2 billion annually in revenue. We cannot afford an additional $2 billion deficit in the Federal Treasury. Such a deficit will fuel the fires of inflation still further and could lead to a tax increase, as well.

The bill is illusory. While appearing to aid the average taxpayer, it pays great dividends to the wealthy high income bracket taxpayer. The bill will serve as an additional loophole for the rich—at a time when we are trying to do away with tax loopholes. In allowing tax exemptions on the first $500 of interest from savings accounts, each family member could have tax-free interest income each year on up to $10,000 in savings. For those in the 70-percent tax bracket, this is an extremely significant tax break. For those with lower tax brackets, and smaller savings accounts, the benefit is far less significant. In addition, this tax exemption is not limited to interest from passbook savings accounts. Investors who can afford higher interest savings certificates also will be exempted from the obligation to pay a tax on that income.

I favor legislation to encourage saving and to aid the housing industry. I believe such legislation can be enacted. However, I do not believe this bill will accomplish its purpose. It will serve merely as a panacea creating the illusion that some economic ills are being cured.

I would urge my colleagues to join me in opposing the bill.

SOME FACTS YOU SHOULD KNOW BEFORE VOTING ON FOREIGN AID

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. OBEY. Mr. Speaker, today, we will be voting on a foreign aid bill for fiscal year 1975. Our foreign assistance program suffers from many deficiencies, but one of the most unfortunate is the lack of candor about what is really going on on this issue. It is not enough that we are continually maneuvered and misled by the executive branch as to the realities of this program. We are deceiving ourselves about it as well.

I point, for example, to the first page of the report on the Foreign Assistance Act (H.R. 17234) which we will be discussing on Tuesday. On this page we are informed that the bill authorizes a total of $2.643 billion for foreign assistance for fiscal year 1975. However, if we wade through the report we discover that the real total for fiscal year 1975, including amounts previously authorized for fiscal year 1975, is $3.248 billion, plus $250 million more in "special drawdown authority" for military equipment for Defense Department stocks.

On the following page there is a table which indicates that the bill reduces administration requests for foreign assistance programs by $609 million—a move I would generally support. What we are not told, however, is that the fiscal year 1975 authorization is in reality an increase of $1.351 billion over the total amount appropriated for foreign assistance in fiscal year 1974. Moreover, as the attached table indicates, the foreign aid authorization has substantial increases in all nine of the foreign aid categories over the levels appropriated for fiscal year 1974, with especially large increases in the military and security assistance areas.

Thus, while we are ostensibly being told that this bill slashes an administration request, what this bill really does is authorize a 71-percent increase over amounts appropriated for foreign aid last year and dramatically expands our military and security assistance programs.

I attach the following table for the benefit of my colleagues to review before our debate on this bill.

FOREIGN ASSISTANCE

[In millions of dollars]

Category	Authorized for fiscal year 1974	Appropriated for fiscal year 1974	Recommended for fiscal year 1975	Difference: fiscal year 1974 appropriation—fiscal year 1975 recommendation
Development assistance:				
Food and nutrition	$291.0	$284.0	$471.3	+$187.3
Population and health	145.0	135.0	165.0	30.0
International organizations and programs	127.8	125.0	154.4	29.4
Contingency fund	30.0	15.0	20.0	5.0
Middle East special requirements	0	0	100.0	100.0
'ndochina postwar reconstruction	504.0	450.0	573.4	123.4
Security supporting assistance	$125.0	$112.5	$585.0	$472.5
Military assistance programs	512.5	450.0	745.0	295.0
Foreign military credit sales	325.0	325.0	405.0	80.0
International control commission	0	0	27.7	27.7
Gorgas memorial	.5	.5	2.0	1.5
Total	2,060.8	1,897.0	3,248.8	+1,351.8

GOV. OTIS R. BOWEN'S VIEWS ON H.R. 16204, HEALTH POLICY, PLANNING AND RESOURCES DEVELOPMENT ACT

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. HUDNUT. Mr. Speaker, the House Interstate and Foreign Commerce Committee, on which I serve, has reported out H.R. 16204, the Health Policy, Planning and Resources Act, and it is on the whip notice for floor consideration this week.

The Governor of my State, the Honorable Otis R. Bowen, has written to me expressing his objections to certain features of this legislation. I insert Governor Bowen's letter herewith. In my view, the points he has made are very good and I hope they will be given serious consideration when H.R. 16204 is brought before us.

The letter follows:

OFFICE OF THE GOVERNOR,
Indianapolis, Ind., December 4, 1974.
Hon. WILLIAM HUDNUT,
Longworth Office Building,
Washington, D.C.

DEAR BILL: As Governor of the State of Indiana, I share with the Congress and your committee deep concerns for the future of the nation's health delivery system. The legislation currently under consideration, H.R. 16204, manifests a significant effort to deal with a major portion of our mutual concerns. After extensive consultation with the health leadership in Indiana, it is apparent that while substantial portions of the bill are commendable, there are significant areas requiring further consideration.

I am compelled to address the following as objectionable features of the bill:

1. Substitution of federal for existing state and local authority.

2. Substitution of decision making by the Secretary of H.E.W. for existing decision making power of State Governors.

3. Substitution of a state-wide "health commission" for several well-functioning state-wide agencies, and assigning to it functions now handled by such agencies, especially those having to do with regulation.

If H.R. 16204 is passed in its present form, I would urge that the above undesirable elements be corrected by the conference committee.

Kindest personal regards,
OTIS R. BOWEN, M.D.,
Governor.

COMPETITIVE CORPORATIVE CITIZENSHIP

HON. FRANK E. DENHOLM

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. DENHOLM. Mr. Speaker, competition is the spirit of success and victory in America. We all sense the esprit de corps of competition in the challenge of life. We have known it from the outset in game play at marbles to the Halls of Congress. But never have we exchanged fair play for foul play without resistance. The corporate citizen is no exception. We ask of the corporate citizen nothing more than fair play, fair practices, and an honest recognition of the rules of the game.

Marbles for money or money for marbles does not change the basic principles of fair play in the competitive games of life. We each have an ethical duty and a moral responsibility for participation in any venture of competition above the minimum level of conduct required by the rules of the game. However, it has become commonplace to proceed with all haste to success and victory on the barebones concept of the minimum requirements of the rules—and not to be caught in violation of the law. Is that the test of duty, of honor, of success, and of victory?

Mr. Speaker, the "game play" of our time demands more of every citizen, including the corporate citizen. The freedom to participate demands much of us all. What participation and what victory is worthy of respect if "foul play" becomes the rule that produced the result of success and victory?

I do not seek to oversimplify the complexities of life—but are the principles reduced in proportion to the obligation whatever the venture?

Mr. Speaker, the obligations for fairplay attach to all whatever and wherever and I am saddened that our economic, political, and social experiences are temptations for occasional violations of basic principles of conduct acceptable to all.

Corporate competition is no exception in the course of commerce and the corporate citizen cannot be excused from the fairplay expected of every American citizen. The failure to participate accordingly may end the freedoms we have known—challenge the endurance of a free enterprising economy and ultimately destroy the fields of play, the grounds of opportunities, and all that we have known to be right, because of compelling forces of foulplay for too much of that which is wrong.

DR. KENNETH W. CLEMENT

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. STOKES. Mr. Speaker, I wish to direct the attention of my colleagues to the recent passing of one of the most dedicated public servants to bring honor to the ranks of the medical profession. Last Friday, November 28, 1974, marked the death of Dr. Kenneth W. Clement.

A man of many talents and varied interests, the good doctor distinguished himself not only in his own noble calling, but also in the fields of politics, community relations, education, and civil rights. His loss will be deeply felt both here in Washington and at home in Cleveland. His exceptional abilities won him appointments by two U.S. Presidents. President John F. Kennedy gave Dr. Clement the assignment of serving on the 1963–1965 National Social Security Advisory Council, representing the first appointment of either a black or a physician to that body. President Lyndon Johnson gave the doctor another Federal assignment as a member of the Presidential Appeals Board of the National Selective Service System. Dr. Clement also participated in writing the first medicare regulations as a member of the original Hospital Insurance Benefits Advisory Council. Another long-term link with Washington was Dr. Clement's continuing affiliation with his alma mater, Howard University, where he had been a trustee since 1968.

At home Dr. Clement was associated with numerous organizations dedicated to the public interest. He was a member of the executive committees of the Cleveland branch of the NAACP, the Cleveland

Urban League, the Cleveland chapter of the American Civil Liberties Union and the Cuyahoga County Cancer Society. He was a member of the distribution committee of the Cleveland Foundation and a member of the Ministers and Missionaries Benefit Board of American Baptist Churches, as well as President of the Cleveland Baptist Association.

Dr. Clement's awards and achievements locally and nationally are too numerous to mention. One aspect of his multifaceted career which I will always remember was his contribution to the great effort of electing the first black mayor of a major American city, my brother Carl Stokes. As campaign manager Dr. Clement's guidance and practical advice proved invaluable.

We will not soon forget Dr. Kenneth Clement's unselfish devotion to the welfare of his fellow man. He will be sincerely mourned by everyone who had the privilege of coming in contact with this rare human being. To better acquaint my colleagues with the remarkable life of a great man I submit the following article from the December 4, 1974, edition of the Washington Post:

DR. KENNETH W. CLEMENT, 53, SURGEON, HOWARD TRUSTEE

Dr. Kenneth W. Clement, 53, a Cleveland surgeon and former president of the National Medical Association, died Friday after a heart attack in Cleveland.

A graduate of Howard University's College of Medicine in 1945, Dr. Clement had been a member of the university's board of trustees since 1968, and at the time of his death was chairman of the board's planning and development committee.

Howard University had honored him in 1966 for his postgraduate achievements in medicine.

Dr. Clement was a leader not only in the medical field but in Cleveland's black community. He served as campaign manager for Carl B. Stokes when the latter became the first black mayor of a major American city in 1967.

Born in Pittsylvania County, Va., he was a graduate of Oberlin College. After graduation from Howard, he interned in New York City and Cleveland and had been in private practice in Cleveland since 1953.

Dr. Clement was on the staff of a number of hospitals and taught at Western Reserve University. He had been head of the National Medical Association during 1963–64.

A member of Cleveland's Mayor's Committee on Employment of the Physically Handicapped since 1958, Dr. Clement had served during the 1960s on the National Advisory Committee on Social Security and had been a consultant to the office of technical cooperation and research of the Agency for International Development.

A former member of the Cleveland Community Relations Board, he had held high positions with local and state units of the National Urban League, the NAACP and the American Civil Liberties Union.

Dr. Clement served in the medical corps of the U.S. Air Force during the Korean conflict.

A prolific writer of medical articles, he held numerous awards. He was a diplomate of the American Board of Surgery, a fellow of the American College of Surgeons and a member of the Aero-Space Medical Association and the Association of Military Surgeons.

He is survived by his wife, Ruth Doss Clement, and two daughters, Lia and Leslie Clement, of the home in Shaker Heights; a son, Michael, of Cleveland, and a sister, Elaine Jackson, also of Cleveland.

RHODESIAN CHROME EMBARGO

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. ARCHER. Mr. Speaker, the House of Representatives may soon vote on S. 1868, a bill which would reimpose the U.S. embargo on strategic materials such as chrome and ferrochrome. I intend to oppose this bill and would like to enter in the Record two articles which effectively state why this measure should be defeated. The first article from Metals Week is entitled "The Folly of a Rhodesian Chrome Embargo" and the second article from Business Week discusses "The Impact of a Ban on Rhodesian Chrome."

The articles follow:

THE FOLLY OF A RHODESIAN CHROME EMBARGO

An embargo on Rhodesian chrome imports by the U.S. would have immediate and devastating effects. No chrome is available from the GSA stockpile, the USSR would become a very powerful ore supplier to the U.S., plant shutdowns would certainly occur, and the move would cost the U.S. at least $400 million per year.

The U.S. has no domestic chrome resources, and Charles E. Bennett (D.-Fla.) is determined not to let any chrome out of the stockpile. (Bennett has an overriding interest in his economic stockpile amendment and the preservation of a three-year strategic stockpile goal.)

According to a recent survey, the inventory of ferrochrome in the hands of U.S. stainless steel producers (based on 91% of the industry) is less than a 30 day supply—and these and other U.S. consumers are on allocation from domestic ferrochrome producers. An embargo on Rhodesian chrome would thus have almost immediate effect.

Rhodesia supplied 50,751 tons or about one-third of U.S. ferrochrome imports last year. (South Africa accounts for another third.) U.S. demand for ferrochrome is placed at 470,000 tons for this year—to be supplied by 240,000 tons of domestic production and 130,000 tons of imports (down 25,000 tons from last year), leaving a 100,000 ton gap to be filled from scrap or inventory. Demand in 1975 is projected to rise by 50,000 tons to provide for automotive catalytic converters. If Rhodesian chrome is embargoed, the "gap" will about double to 200,000 tons in 1975.

Advocates of the embargo say, "That's just fine. The resulting price rise will stimulate new domestic ferrochrome capacity to halt the decline in U.S. capability—now down to only 50% of demand." But these advocates ignore the fact that in the interim, huge costs will be involved to make up the shortfall—costs of imported ferrochrome over which the U.S. has virtually no control. Every 1¢-a-lb. increase in the price of ferrochrome adds about $8 to the raw materials purchase cost for one ton of stainless steel. A 50¢ rise in the price of ferrochrome (and such a rise is probably a conservative projection in the present extremely tight market) would annually cost the United States $400 million on stainless steel alone.

Most certainly U.S. ferrochrome capacity could be raised. But where would the extra ore come from? The major source would essentially be the USSR, with Turkey and South Africa as smaller suppliers.

Let us not be hypocritical. If the U.S. imposes sanctions against Rhodesia and its "oppressive" regime (bearing in mind that the U.S. is basically the force behind such sanctions) then the U.S. should impose sanctions against the even more oppressive government of the USSR—as even Henry Kissinger admits. Unfortunately, hypocrisy seems to be the order of the day—if not, why doesn't the U.S. restrict Turkish trade to protest the planting of Turkish poppies for the opium trade? If the U.S. embargoes Rhodesia, then let it be consistent—embargo Russia, Turkey, and South Africa, too.

Labor is viewing the embargo through rose-colored political glasses. U.S. ferrochrome capacity has indeed dropped by 50%—the last embargo did irreparable damage. But is labor going to hold U.S. consumers for a minimum $400-a-year ransom in the interim to force ferrochrome production up? And can labor justify the shutdowns that must come with an interruption of supplies? And can anyone justify such an inflationary move as the embargo at a time of supreme inflation consciousness?

THE IMPACT OF A BAN ON RHODESIAN CHROME

Chrome consumers in the U.S. are in an uproar over the prospect that President Ford will restore the embargo on chrome imports from Rhodesia. The reason for their concern: A worldwide shortage of all forms of chrome has already pushed world prices up a heady 150% this year, and U.S. users—chiefly manufacturers of stainless steel and other alloys—fear the price will go through the roof if the U.S. slams the door on Rhodesian imports. "Any cutback in supplies will result in continued substantial price increases," says Martin N. Ornitz, president of Colt Industries, Inc.'s Crucible Stainless Steel Div.

The U.S. mines no chromium and is dependent on imports for virtually all its primary needs, though recovery from scrap and sales from the strategic stockpile have significantly augmented the supply.

With steel booming, the nation's appetite for chrome jumped 23% last year alone, and the U.S. consumed one-fifth of world production. Rhodesia was the third largest foreign source of the metal, supplying 13% of U.S. imports, compared with 31% for South Africa and 21% for the Soviet Union.

Industry fears about a price hike have a precedent beyond the present tight supply situation. When the U.S. joined other U.N. members in 1967 in boycotting Rhodesian chrome exports, the nation became heavily dependent on Russian chrome exports. And the Russians were quick to use their new market leverage to boost prices. The situation so disturbed Senator Harry F. Byrd, Jr., (Ind-Va.) that in late 1971 he succeeded in tacking an amendment onto a military procurement bill providing for a lifting of the Rhodesian chrome embargo as long as the Soviet Union remained a U.S. supplier. Byrd was concerned not only about the jump in Russian prices—up 70% during the embargo period—but about the dangers of overdependence on Soviet sources.

ADVANTAGE

At least as far as the Administration is concerned, these fears have apparently evaporated in the era of detente. Secretary of State Henry Kissinger has declared that he is "personally convinced that the Byrd provision is not essential to our national security, brings no real economic advantage, and is costly in our conduct of foreign relations." Accepting this view, the Senate last December voted to reimpose the embargo, and President Ford's endorsement may tip the balance in the House, where a close vote is expected.

The Administration's move may be inspired by more than constant criticism from Third World nations. Some observers believe the government is thinking of the prospect of future oil and raw material imports from Black Africa. And the action is sure to score points with members of the black caucus in Congress and with labor union groups concerned about the decline of domestic chrome smelting capacity (a significant part of Rhodesian exports to the U.S. are in the form of the smelted product, ferrochrome).

SHORT SUPPLIES

But industrial consumers argue that the move is ill-timed. They point out that the stainless steel industry's chrome inventories are already dangerously low—about one month's supply. "Repealing the Byrd amendment," says Fred B. O'Mara, executive vice-president of Union Carbide Corp., "would send chrome prices sky-rocketing and aggravate our nation's already serious inflation." One industry observer sees the possibility of a 50c per lb. rise in the price of ferrochrome, a hike that would add over $200-million to the stainless steel industry's raw materials bill.

Higher costs would not be the only problem, say critics of the embargo. Lane M. Currie, president of H. C. Macaulay Foundry Co., claims that there is simply no spare supply of the metal around. "We've tried to purchase South African chrome, but we were told that consumers were on allocation and we wouldn't get any for about a year." And F. C. Kroft, Jr., president of Union Carbide's Ferroalloys Div., says that without Rhodesian supplies, the company would have to drop two of its major chromium product lines.

One alternate source of chrome could be the government's strategic stockpile, which contains nearly four years' supply of the metal. But the Administration needs Congressional approval for further sales from the stockpile, and Representative Charles E. Bennett (D-Fla.), chairman of the House subcommittee overseeing stockpile releases, reportedly opposes new sales until the government considers setting up economic stockpiles to counter threats from foreign mineral cartels. Still, the Administration feels it could get Congress to approve some sales in the event of a crunch.

Meanwhile, what is particularly galling to some chrome users is their belief that most of the nations boycotting Rhodesian chrome have honored the boycott more in the breach than the observance. Even the U.S., which was one of the most scrupulous observers during its participation in the embargo, unwittingly let some metal slip in. Thus, Ira L. Friedman, executive vice-president of Metallurgical International, Inc., a metal powders producer, predicts that U.S. consumers would still be able to get some Rhodesian chrome if the embargo is reimposed but "through third parties at double or triple the current price."

KANSAS CITY AND THE DEMOCRATIC CAUCUS

HON. RICHARD F. VANDER VEEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. VANDER VEEN. Mr. Speaker, I have just returned from the Democratic mid-term convention in Kansas City. Much was accomplished there to provide the Democratic Party with a charter—a constitution wherein we shall codify our party's goals and put down on paper what the Democratic Party stands for.

However, I think it appropriate for us to consider what was done in Kansas City in light of what was and is being accomplished by the House Democratic Caucus. David Broder, in the Sunday Washington Post, writes of this relationship and what can reasonably be expected of the party, and the Congress, in the months and years ahead.

Mr. Broder states:

> The (caucus) reforms give the Democrats the power to pass the bills they consider proper. They also give them the responsibility. And they deny them any real excuse for not acting.
>
> Power. Responsibility. Accountability.—The fourth ingredient is leadership and if there is leadership forthcoming, the benefits for the country can be tremendous.

Mr. Speaker, I include in the RECORD Mr. Broder's column from the Washington Post of Sunday, December 8:

THE REAL REFORMERS

(By David S. Broder)

KANSAS CITY.—While the Democrats were gathered here for their midterm mini-convention, a session devoted to ratifying the party's first formal constitution, the real work of strengthening the majority party for the rigors ahead was being done back in Washington.

Words on paper are one thing, and this charter conference was concerned with finding the right language to inscribe on the party's statute books. But words are cheap compared to deeds, and the deeds that were done in the Democratic Caucus in the House of Representatives count far more heavily in the reconstitution of the party than any new constitution could.

The essence of genuine political reform is the balancing of power, responsibility and accountability. That balance is only occasionally approached in the charter the Democrats have been debating here. Probably it was too much to hope that the drafters could invent a scheme subtle enough to accommodate the conflicting demands for participation and internal cohesion in a time of party decay.

It is only now, looking back over a decade's developments, that one can see how that problem of party responsibility has been addressed—and skillfully surmounted—in the complex but finite world of the House of Representatives.

In that span, control of the majority party in the House has effectively been taken away from a handful of elderly men, re-elected every two years from safe districts and really accountable to no one, and transferred to an elective leadership group responsible to all the representatives of the party.

Instead of control being exercised by a few dozen men, who divided all the committee and subcommittee chairmanships among themselves, power has now been dispersed—not equally but very broadly—among the entire membership.

There are many members and staff assistants on the Democratic side of the House who can claim a share of the credit for this historic transformation, but the greatest force has been the turnover in the membership of the House in recent years.

Reform in the House has been not so much the achievement of liberals—there were no more liberals elected to the House in 1974 than there were in 1964—as it has been the by-product of bringing in scores of freshmen in each of the recent election years.

These underclassmen are impatient with the old ways of doing business and are far more insistent on a share of the power—and responsibility—than were their elders.

It should not be forgotten that the first impetus for overhaul of the House came, not from the Democrats, but from some of the renegade Republicans, including now-White House Chief of Staff Donald Rumsfeld, who rather obstreperously began demanding changes in the House structure in the mid-'60s.

It is ironic, then, that just when the Democrats are finally achieving the kind of structural reform that permits real accountability in the legislative process, some Republicans are raising a cry about "King Caucus" return to Capitol Hill.

It is a false alarm. While the Democrats have significantly strengthened the power of their caucus and its agencies to make committee assignments, to select (or depose) committee chairmen and to coordinate the legislative schedule, they have not even approached a situation where a serious conflict could arise between individual conscience or political prudence and the demands of caucus discipline.

Rep. Thomas Foley (D-Wash.) made the vital distinction that is overlooked by some critics of the Democratic rules changes. Foley said that the caucus has no right to direct him how to vote on the floor of the House, because as a legislator he is responsible only to his own conscience and to the constituents who elect him.

But, he noted, he owes his position on the Agriculture and Interior Committees, not only to his constituents, but to the caucus, which selects him to serve on those committees.

Thus, there is nothing improper about the caucus telling him, as a member of those committees, what bills it thinks should be reported to the floor of the House, so that all members can vote their individual consciences and judgments on them.

Actually, the need for such caucus instructions will be rare, now that Democrats have given themselves committee ratios commensurate to the majorities they won in the election, and have taken the power of committee assignment away from the Ways and Means Committee and placed it where it belongs—in the caucus' agent, the Steering and Policy Committee.

The reforms give the Democrats the power to pass the bills they consider proper. They also give them the responsibility. And they deny them any real excuse for not acting.

Power. Responsibility. Accountability. Those are three of the four elements needed for healthy politics. And in the House they now coexist. The fourth ingredient is leadership and if there is leadership forthcoming, the benefits for the country can be tremendous.

RISING COST OF LIVING

HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. BROYHILL of North Carolina. Mr. Speaker, no problem is of greater concern to my constituents than the rising cost of living. In talking with them and from the letters I have received, I am aware of the financial hardships facing families because of high food prices and the increased cost of gasoline and other basic goods and services which we need. Finding a way to halt inflation is my number one goal.

As many of you know, I was one of eight Members of Congress chosen to meet earlier this year with our Nation's top economists. I also was chosen as a delegate to the President's Summit Conference on Inflation. The congressional leadership selected me to address the summit on my reactions to the economists' proposals. I outlined at the summit some basic principles which I believe must be followed if we are to whip inflation.

First, there must be a reduction in Federal spending. No responsible individual or businessman would continue to spend money he does not have and pile up bigger and bigger debts. A majority in the Congress, however, has followed just such a policy during the last 15 years. This deficit spending has increased the supply of money with dollars we did not have. The result has been too many dollars chasing too few goods and prices have skyrocketed. The Government has been forced to borrow billions to finance its debts and thus has competed with the private citizen for the available credit. The result has been outrageous interest rates.

Second, it is necessary to exercise restraint in the supply of money and credit. Trying to halt inflation by a tight money policy alone has never worked. It only contributes to higher interest rates with disasterous effect on major areas of our economy, like housing. A moderate monetary policy coupled with a broad range of other policies can be effective and a disasterous credit crunch avoided.

Third, there must be a program to bring about price stability. I supported strongly the establishment of the Council on Wage and Price Stability. The Council can monitor changes in wages and prices and bring public pressure to bear on those in business and labor who abuse their economic power and fail to exercise responsible restraint. I believe serious consideration should be given to allowing the Council to temporarily suspend wage and price increases which are irresponsible and inflationary.

Fourth, we must develop an effective long-range energy program. This program must insure our Nation a sufficient supply of energy without relying heavily on foreign oil at high prices. Our present reliance on foreign oil has resulted in a massive foreign debt which has damaged our international monetary policy and threatens the value of the dollar. Any meaningful energy policy should include strong steps to insure conservation of energy such as Federal regulations to insure good gas mileage for new cars as well as possible tax incentives for properly insulated homes. A tax on excess oil profits should be included in any comprehensive energy package.

Fifth, we must direct our efforts toward improving productivity. We must concentrate on technological advances which will enable man to produce more goods with the same amount of effort. We must remove laws and regulations which restrict productivity and competition and cause high prices.

Sixth, stiff Government policies to deal with violations of our antitrust laws are needed. At a time when inflation is hurting all Americans, antitrust violations which curb competition and raise prices cannot be tolerated.

Finally, we must establish programs to deal more effectively with unemployment. The Congress must immediately consider more comprehensive unemployment benefits and public employment programs.

Shortly after the summit meeting, President Ford proposed to the Congress a 31-point program to deal with inflation, which he asked the Congress to consider and act upon. His program contained many of the ideas I had suggested at the summit.

Since that time, unemployment has worsened and prices have continued to rise. The American public in the elections in November clearly signaled Congress that they wanted action on the economy.

So far, the Congress has ignored the public's demand for action. The lame duck session which the majority leadership called for the purpose of action on the economy has failed to seriously consider the President's proposals. The majority party which has control of every committee and committee chairmanship has the responsibility to take action on President Ford's proposals or to present concrete legislative proposals of their own.

The legislative calendar set up by the majority leadership has basically ignored proposals dealing with the economy. Critical pieces of legislation are being neglected. For example, the Small Savers Act, which would give a much-needed boost to our housing industry and a small tax exemption for interests and dividends from savings accounts, has been rescheduled and may not come up at all.

Recent news accounts indicate that ranking Democratic members on the Rules Committee may not allow to come to the floor the important tax bill which gives some tax relief to low-income families and phases out the oil depletion allowance.

The President has requested budget cuts of $4.6 billion, but the majority leadership has indicated it will not support such proposals. Basically, every Presidential proposal dealing with the economy has been rejected or ignored. No alternative proposals have been offered.

There is still time to act. If we do not act now, however, the problems of reorganizing a new Congress will delay action at least 2 months.

Congress has the authority under our Constitution to initiate and enact an economic program. It does not have to accept the President's ideas if it has better ones. I have urged the majority leadership which controls the actions of Congress to act. Certainly, it is easier to criticize the President and to do nothing, but the economic condition of our Nation does not allow for that. Action is demanded and action now. I have indicated my willingness to cooperate with the White House and the majority leadership to enact legislative solutions to our economic problems. I will continue to devote whatever time is necessary to get a program through the Congress as soon as possible. If the majority leadership does not act, it must bear the responsibility of allowing our present economic condition to continue.

THE LITHUANIAN CRY

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. BELL. Mr. Speaker, most of us here know well of the plight of Simas Kudirka, the Lithuanian seaman who was recently allowed to return to the United States, almost 4 years after he had attempted to defect to the U.S. Coast Guard cutter *Vigilant*.

A very timely article by Irene Leonavicius of the Lithuanian Students' Association, which comments on this event and goes on to discuss the general plight of Lithuanians, appeared recently in the UCLA Daily Bruin. I wish today, Mr. Speaker, to respectfully call to the attention of my colleagues in Congress this very thoughtful article, the complete text of which follows:

LET OUR COUNTRY GO

(By Irene Leonavicius)

On November 23rd, 1970, a Lithuanian seaman, Simas Kudirka, attempted to defect from a Soviet ship to the U.S. Coast Guard Cutter Vigilant while the two ships were moored alongside each other in the waters off of Massachusetts. The attempt failed when Coast Guard authorities ordered Kudirka returned to the Soviet ship. Kudirka was tried and sentenced to a 10 year term in a "labor camp." It appeared as though Kudirka was lost to the world.

However, the incident did not go unnoticed by the people of the United States. In New York, Cleveland, Washington, Chicago as well as in other cities, Americans of Lithuanian heritage marched in protest of the action in the case. In downtown L.A., college students from USC, Loyola, Cal State LA as well as UCLA organized a great march in support of Kudirka.

Through these mass demonstrations, as well as letter writing campaigns to the press and to Washington, many public officials began to take interest in this case. The actions of the protesters were not in vain, when last week, because of the work of the Congress and the State Department, Simas Kudirka and his family were returned to the United States.

Meanwhile, Sen. Henry Jackson (Wash.) steadfastly clung to his amendment which required the Russians to release 60,000 immigrants a year in return for favorite nation status, and U.S. grain.

These two events lead to two assumptions. First, the Russian government of the Soviet Union is very conscious of U.S. public opinion. Second, the Russians would do anything for our grain and technology.

The Lithuanian Students' Association believes that the U.S. should continue the diplomacy called "detente," if it is used for constructive purposes. Even today, the economic power of the U.S. is a much more effective tool than either diplomacy or the military. The U.S. should use this power whenever and wherever it can to help the oppressed people within the Soviet Union.

The Jackson Amendment is great for minorities within the Soviet Union, such as the Jewish population. However, it would be a disaster if it were applied to the nations within the Soviet Union such as Lithuania, Latvia or Estonia.

Latest statistics, as published in the L.A. Times, show that Latvians make up only 56% of the population in Latvia, and the Estonians are not much better off. The Lithuanians, with over 80%, have been the most succesful in resisting massive efforts by the Russian government to "russify" the Lithuanian population. Nevertheless, Operation Russia is continuing in the Baltic States. Mass emigration would only harm the nationalistic struggle.

Lithuanian students have shown great opposition to the dreaded Russian regime. In 1971, a university student, Romas Kalanta, drenched himself with gasoline and burned himself in the main park of Kaunas. This incident was followed by massive riots which were put down by Russian storm troopers. Kalanta was buried in an unmarked grave, but people discovered the site and deluged it with flowers and wreaths. The Russians, wary of another popular uprising, moved the body.

The great nationalistic upsurge in Lithuanian students has also been seen by their interest in Lithuanian humanities courses in the universities, and their pride in Lithuanian folk culture and traditions. A student-clergy coalition has formed one of the most formidable underground movements in the Soviet Union.

These events show the desire of Lithuanians, young and old, for freedom from their Russian overlords, who drain the country economically and physically.

Thank you, Sen. Jackson, for your amendment. But, take note: The Lithuanians do not cry, "Let our people go!" We cry, "Let our country go!"

REPRESENTATIVE ELFORD CEDERBERG

HON. CHARLES E. CHAMBERLAIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. CHAMBERLAIN. Mr. Speaker, on December 3, 1974, an article appeared in the State Journal, Lansing, Mich., with a readership going beyond the Sixth Congressional District which I am priviliged to serve, commenting on my good friend and distinguished colleague, Representative Elford Cederberg, of Midland, Mich. The article, written by Angela Green, touches on the increasing workload and responsibilities that will fall upon his shoulders in the 94th Congress, as he will be sharing the position of senior Republican in the House, in addition to his tremendous responsibilities as ranking minority member of the Appropriations Committee.

Mr. Speaker, I am sure his constituents are as proud of his hard earned record as are those of us who have the opportunity to work with him on a day to day basis, and I insert this article in the Record so my colleagues and others will have an opportunity to review his comments:

Election Gives Representative Cederberg Coveted Seniority

(By Angela Green)

Washington.—One bad thing about seniority is that by the time most congressmen have been around long enough to earn it, they're getting too old to enjoy it. But for Rep. Elford Cederberg, R-Mich., that's not the case.

In January, the 56-year-old Midland congressman will find himself sharing the position of senior Republican in the House—with Rep. John J. Rhodes, R-Ariz., and Rep. Bob Wilson, R-Calif.

Even speculating retirement at age 65, that means Cederberg, who has served 11 terms, could be around for four or five more terms unless defeated. His 10th district includes counties from Antrim south to Clinton, from Mecosta east to Midland.

Retirement is not something Cederberg will speculate about.

"I don't have any plans. I just play it by ear and when I decide I've done all I can do here I'll retire, but right now I'm reasonably young and active," he said.

Cederberg, whose rise in seniority follows the retirement or defeat of several more senior members, said his new rank will mean "more responsibility, more weight and more work."

For instance, as ranking minority member of the Appropriations Committee, he already sits in on 13 subcommittees and any conferences on bills produced by the committee. He also is a member of the new Budget Committee and a regional whip for Michigan and Wisconsin.

"You don't get any time and a half for overtime but I like it because it puts you in the middle of things," he said. "There's no doubt about it that the longer you're here the more valuable you are to the state and the district," he added.

With the added responsibility comes prestigious moments such as being among congressional leaders invited to the White House Tuesday for a briefing on the President's Far East trip.

As a "senior statesman of the party," Cederberg is also going to be in the middle of mapping strategy for operating in a Democrat-dominated House.

"You become masters of the art of compromise," he said. "In the coming Congress we'll be out-voted two to one, which means pretty much that what the Democratic party wants to do it can."

"Republican views will not be closed out completely," he said. "We'll have a chance to express our views on the floor and in committee but I think the Republican view will get little consideration."

Even with the veto power in the hands of a Republican president, Cederberg feels that power should be used sparingly, partly because party ratios in the House will make it difficult to prevent an override and partly because compromise is a better tactic.

"I just don't think you can effectively operate in the legislative arena on the threat of vetos," he said.

One thing Cederberg hopes the two parties can work together on is the President's economic program.

"The overall program is a good program but if you try to implement it piece by piece, it will be self-defeating and I don't think Congress is going to implement very much of it," he said.

However, Cederberg said he believes Democratic dominance will be shortlived and the Republican party will rebuild.

"It always does. More people consider themselves Democrats but more and more people are voting independently," he said.

THE COST OF DEFENDING AMERICA

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. KEMP. Mr. Speaker, the current debate over budget priorities is more intense than at any time I can recall. It is certainly appropriate and commendable for Members of this body to take a hard look at where the American tax dollar is going—and where it can be saved or rechanneled in the interests of fighting inflation, and easing recession.

Because the Department of Defense expenditures occupy a sizable share of total Federal expenditures, the defense budget has become an increasingly attractive focal point for budgetcutters seeking swift and politically popular ways to trim Federal expenses.

I think that a critical and independent look at our defense budget will reveal aspects of waste and mismanagement that can and must be eliminated. I have voted for some cuts in the defense budget in the past where I have felt that my vote would help eliminate waste and free funds for more useful purposes. But I would caution my colleagues against succumbing to the seductive myth that the defense budget is bloated, spiraling, and can easily withstand huge cuts. The facts are otherwise.

Defense programs in the fiscal year 1975 budget consume the smallest percentage of the GNP, and of the Federal budget than in any year since 1950.

While defense spending in the last decade has risen far less rapidly than any other major item in the Federal budget, the Defense Department has been as hard hit by inflation as any segment of the U.S. economy. It is estimated that in this year alone, the Defense Department has lost $11 billion in purchasing power. In real terms, the Defense Department now has less buying power than in any year since 1950.

Over two-thirds of the defense dollar goes for the manpower-related costs of maintaining an all-volunteer army. Only 7 percent of increases in the defense budget over the past 20 years have gone for the combined total of weapons procurement, research and development, and military construction.

As the debate over the fiscal year *1976* defense budget gets underway in Congress, it is important that myth is not allowed to obscure the fact that our defense dollar is reasonably well employed in the interest of national security.

At a time when no U.S. troops are fighting anywhere in the world, and when we all have great hopes for the success of SALT, MBFR, and other negotiations with the Soviet Union, it can be difficult to generate enthusiasm for national security expenditures. Yet it is important to remember what détente has not achieved so far—and to plan ahead so we will never be forced to negotiate from a position of weakness.

The well respected Cincinnati Enquirer published a timely editorial entitled "The Cost of Defending the Nation." I commend it to the attention of my colleagues for the clear perspective it brings to the discussion of defense spending:

The Cost of Defending a Nation

Because America's role in foreign affairs—as well as our own survival—depends as much on our military strength as on our economic strength, the view many citizens have that defense expenditures should be cut as one way to fight inflation is cause for some concern.

Both a nationwide poll by George Gallup and a statewide survey by the Ohio Poll, found evidence many citizens feel the nation is spending "too much" on national defense. Dr. Gallup reported 44% of those he interviewed felt the nation was overspending on defense, while the Ohio Poll reported more than half the Ohioans it interviewed—

52%—"favor reduced military spending as a means of balancing the federal budget and thus helping to control inflation."

These attitudes are cause for concern because they will be translated into votes this Election Day for candidates who will have a critical impact on defense expenditures for years to come.

At a time when the United States is not engaged in a highly visible military confrontation, defense expenditures can easily be singled out as one area where a small cut—expressed in terms of even a few percentage points—can yield a large dollar savings.

To an extent, the Defense Department is often its own worst enemy. It is top-heavy with high-ranking commissioned officers who not only have a vested interest in preserving large numbers of openings in the officer corps but whose higher salaries and benefits reduce the number of enlisted troops who could be part of a lean, trim fighting force for the same money.

And defense interests have been less than efficient in determining the cost of their weapons systems and irresponsible in the amount of money spent for luxurious facilities for the officer corps.

But if the United States is not to become the second-rate military power Defense Secretary James R. Schlesinger warned against, then the nation has to respond with an adequate defense budget.

Secretary Schlesinger believes a "wasting disease" is attacking both Pentagon spending and manpower levels. His concern is not only that the nation will become a second-class military force, but that it will do so unconsciously by "allowing the erosion of purchasing power for the Department of Defense to drive us into that . . . status."

According to Defense Department figures, here is what is happening:

The Pentagon has lost $11 billion in purchasing power this year, "due mostly to inflation on top of a $2.6-billion congressional cut," the Washington Post has reported.

The cost of weapons has been rising at the rate of about 15%, 10 percentage points higher than the projected 5% inflation rate.

Because of inflation, the Pentagon says it is $9 billion "short of funds to carry out procurement programs already approved by Congress," according to the New York Times.

Despite a rise in the Defense Department budget over the years, when funding is expressed in terms of "constant dollars"—that is, dollars "discounted for inflation—military expenditures have been declining to the point that they are 18% below" what was being spent 10 years ago, the Times reported.

For a nation that must be strong militarily as well as economically, what are the consequences of these economic and budgetary factors?

Defense spending by the United States has fallen to about 6% of the gross national product (GNP), the sum total of all goods and services produced in the country, from a high of 9.4% of the GNP in 1968, a year in which the nation spent heavily for the war in Vietnam.

The Soviet Union is outspending the United States in defense. The Central Intelligence Agency says the Russians spent the equivalent of about $80 billion in 1973, while this country spent only $76 billion for defense that year.

The Soviet Union has 1.7 million more men in its military service than does the United States, 3.8 million men for the Russians, 2.1 million for the United States.

This nation's defense policy calls for "essential equivalence as a continuing requirement for our strategic nuclear forces," Secretary Schlesinger says. But, he adds, "it is equally vital to establish a balance of conventional forces between" member countries of the North Atlantic Treaty Organization and the Warsaw Pact. More than that, the American defensive posture requires that the nation "keep our defense perimeters in the Western Pacific sufficiently strong to hold until reinforced and to guard those sea lanes essential to the well-being of the United States and its allies."

For the United States to mount the kind of defensive posture a bipartisan foreign policy has ordained, each voter must understand the nature of its cost in light of the damage inflation and successive budget cuts have done to the defense dollar.

If the Defense Department has to go back to Congress for a supplemental appropriation before the end of the fiscal year, it will need the support of an understanding legislature.

But the Pentagon must do its own budget-cutting, as well. A flexible military force, freed from the costly burden of a turgid officer corps and an ever-expanding civilian bureaucracy, relying on proven weapons systems that can perform well in either brushfire wars or as major deterrents to nuclear war, is the first step in compensating for the damage inflation has done to national defense.

Yet if the Pentagon is to be believable when it asks Congress for funding, it has to be in a position to show that it is trying to cut the fat from its own operations. On that, it is having some difficulty.

Gen. George S. Brown, new chairman of the Joint Chiefs of Staff, says 60% of the defense budget is consumed by payroll costs for civilian and military personnel. At least some of these costs, the general believes, are consumed by "needless layering" of personnel in various headquarters staffs. But Secretary Schlesinger is still waiting for a report he ordered a year ago on the size of those staffs. Because there is no "unanimity of opinion" on how to reorganize command staffs, the general said, that report and recommendations to the President may not come until the spring.

Only a military establishment dedicated to reducing expenditures for needless personnel can make an effective plea for additional funds for weapons systems and the research and development so critical to remaining a military power second to none.

PELHAM, GALLANT PELHAM

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. NICHOLS. Mr. Speaker, our history books abound with heroes from the War Between the States but for the most part these men are usually the generals such as Lee, Grant, and Jackson who commanded whole armies. Heroics, however, was not limited to just these men. No, in fact, there were many younger soldiers who rose above the average military enlistee to earn respect for his military savvy and his gallant actions.

John Pelham, of Jacksonville, Ala., was one of these younger soldiers but he was in a class all to himself. At the age of 20 he resigned his commission to the U.S. Military Academy to join the southern forces. In just 3 short years he rose to the rank of major and had gained the respect of his men and his superiors.

Upon his death in March 1863, at Kelly's Ford, Va., the whole of the South mourned his loss. Known for his integrity and valor, eulogies expounded on Pelham's dedication and allegiance to the southern cause. Robert E. Lee praised him as the "gallant Pelham" and J. E. B. Stuart, Pelham's own commander, extended to him the highest of tributes for his battlefield merit.

I am submitting for the RECORD of this body an article which recently appeared concerning this great Alabama war hero. I do hope that each of my colleagues takes the opportunity to read the article for I feel it is a fine example of the heights even a young man can attain:

PELHAM, GALLANT PELHAM

During the war of Blue against Gray the hell of battle produced one of history's greatest artillerymen—Major John Pelham, Lee's gallant redleg.

In 1861 at age 20, Pelham resigned as a first classman from the U.S. Military Academy when his native Alabama seceded from the Union.

Entering the Confederate Army as a lieutenant he organized and commanded Major General J.E.B. Stuart's Horse Artillery. Promoted to captain in the same year, Pelham fought at First Manassas, in the Peninsular Campaign, at Second Manassas, Antietam and Fredericksburg. He also took his Horse Artillery on Stuart's Raids around the Union Army of the Potomac.

A brave but modest officer, the quiet, tall, blond blushed a deep red when praised—and as it turned out this was often. In an Army possessing scores of brave men, no less than General Robert E. Lee himself praised him as "the gallant Pelham." When Pelham was killed at Kelly's Ford, Va., in March 1863 the entire South mourned his death.

His entire combat service was characterized by exceptional valor. The Battle of Gaines' Mill in June 1862 represents a case in point. After his 12-pounder Blakely cannon was disabled with the first Union Army counterbattery fire Pelham faced eight Federal pieces with only a captured smoothbore Napoleon in one of the war's most gallant and heroic actions. The gun had been captured earlier at Seven Pines.

Pelham coolly directed the resistance against the Union barrage. The Federals' fire slackened under the determined shooting of the imperiled Napoleon which tenaciously held its ground until Pelham was reinforced by then Major General Thomas J. "Stonewall" Jackson with several batteries of rifled pieces.

When he filed his official report of Gaines' Mill Stuart paid Pelham one of the highest tributes accorded an officer in the Civil War: "Captain John Pelham, of the Horse Artillery, displayed such signal ability as an artillerist, such heroic example, and devotion in danger, and indomitable energy under difficulties in the movement of his battery, that, reluctant as I am at the chance of losing such a valuable limb from the brigade, I feel bound to ask for his promotion, with the remark that in either cavalry or artillery no field grade is too high for his merit and capacity."

Pelham's promotion to major came less than 2 months later in time for Antietam at age 21.

At the Battle of Fredericksburg in December 1862 Pelham dashed to and fro on horseback shifting his fires and personally bringing fresh firing batteries into action. He steadied his men with his coolness and cheerful voice. Lieutenant General James Longstreet called him ". . . the bravest human being I ever saw in my life."

BOLD IN BATTLE

Even with some of his guns and caissons shattered and his men dismembered by enemy shells Pelham persisted. Blood, death and decimation could not keep him from his mission as he led his Horse Artillery with a calm, determined boldness.

Using the same Napoleon cannon he had

captured at Seven Pines he initiated the battle on the right flank, drawing close-range, frontal fire from four Union batteries and a damaging enfilading fire from a 30-pound rifled Parrott battery positioned across the Rappahannock River. Pelham never flinched as his bronze smoothbore defiantly belched cannonballs and grapeshot at the Federal forces, mauling the enemy.

Observing the activity from a hill above, General Lee admiringly exclaimed, "It is glorious to see such courage in one so young."

Not until his ammunition was expended did Pelham cease firing. Ordered to retire, he moved to a new and more important position. Pelham immediately assumed command of all artillery on the right wing of the Army of Northern Virginia (Jackon's Corps) and fought his batteries with skill and courage.

Advancing his weapons steadily he severely punished the Union left flank. His counter-fire assault silenced the Union artillery. Pelham's exploits that day only underscored all of his accomplishments from First Manassas forward.

The immediate result of his fire was the repulse of the advance of Union Major General George G. Meade's division, whose lines Pelham enfiladed until Major General Abner Doubleday's division arrived for the sole purpose of protecting Meade's left flank from Pelham's destructive fire.

Following the battle, Jackson, who like Lee had personally witnessed Pelham's thundering guns, remarked to Stuart: "Have you another Pelham, General? If so, I wish you would give him to me!"

MATCHED PAIR

Two spirits more kindred than Stuart and Pelham probably never served together on the field of battle. Stuart had an affinity for the use of artillery which was almost excessive while Pelham's abilities in its employment of the guns ranked as sheer genius. The pair delivered an independency of action and a degree of mobility to horse artillery which stylized it to the war's end. Others later imitated Pelham's innovative tactics but few could match his flair and courage.

After Fredericksburg students of war began to accord Pelham stature as a ranking military genius, crediting him with the development of new artillery tactics. He pioneered the daring techniques of sprinting his guns ahead of the infantry, leading pursuit as though his horse artillery were cavalry and dashing ahead quickly with many halts located on good firing terrain in order to delay pursuit.

In a relatively minor skirmish March 17, 1863 at Kelly's Ford on the Rappahannock about 15 miles northwest of Chancellorsville, the 22-year-old Pelham was killed by a Union artillery shell. He had galloped, saber at the high, to the head of the Third Virginia Cavalry and was hit, battle shout on his lips, encouraging his comrades.

It was typical of Pelham's *elan* in battle that he died while separated from his beloved guns, which had not yet caught up with the young commadner. He was posthumously promoted to lieutenant colonel.

HIGH TRIBUTE

Nearly a year after Pelham's death the flamboyant Stuart penned another accolade alluding to the brilliant artilleryman. Writing of the conduct of Confederate cavalry following Antietam (September 1862) up to Pelham's death, Stuart wrote:

"In all these operations I deem it my duty to bear testimony to the gallant and patient endurance of the cavalry, fighting every day most unequal conflicts, and successfully opposing for an extraordinary period the onward march of McClellan.

"The Stuart Horse Artillery comes in for a full share of this praise, and its gallant commander, Major John Pelham, exhibited a skill and courage which I have never seen surpassed. On this occasion I was more than ever struck with that extraordinary coolness and mastery of the situation which more eminently characterized this youthful officer than any other artillerist who has attracted my attention. His *coup d'oeil* was accurate and comprehensive, his choice of ground made with the eye of military genius, and his dispositions always such in retiring as to render it impossible for the enemy to press us without being severely punished for his temerity."

Pelham, gallant Pelham, an Artilleryman extraordinaire. Whether in the Civil War, World War II, or Vietnam . . . brave Americans would follow in his footsteps.

HOUSE OF REPRESENTATIVES—*Tuesday, September 10, 1974*

The House met at 12 o'clock noon.

Rev. Herbert C. McCoy, First Christian Church, Dickson, Tenn., offered the following prayer:

Our Father, we thank Thee for this opportunity to be here today serving this Nation. We thank Thee for Your infinite love and Your mercy. Our prayer be with this Congress that is here and that Your divine guidance and wisdom will be given to each and every one.

In Jesus' precious name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 6925. An act to authorize the exchange of certain lands between the pueblo of Acoma and the Forest Service;

H.R. 8824. An act to provide for the conveyance of certain real property of the United States to Mrs. Harriet La Pointe Vanderventer; and

H.R. 17026. An act relating to former Speakers of the House of Representatives.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3164) entitled "An act to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes."

The message also announced that the Senate receded from its amendment to a bill of the House of the following title:

H.R. 6274. An act to grant relief to payees and special indorsees of fraudulently negotiated checks drawn on designated depositaries of the United States by extending the availability of the check forgery insurance fund, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House with an amendment to a bill of the Senate of the following title:

S. 782. An act to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the expediting Act as it pertains to appellate review.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 5463) entitled "An act to establish rules of evidence for certain courts and proceedings," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Eastland, Mr. McClellan, Mr. Ervin, Mr. Hart, Mr. Burdick, Mr. Hruska, Mr. Hugh Scott, and Mr. Thurmond to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 4141. An act authorizing the erection of a statue to commemorate the founding of Marine Barracks, Washington, D.C., by President Thomas Jefferson; and

S.J. Res. 262. Joint resolution authorizing the Architect of the Capitol to permit certain temporary and permanent construction work on the Capitol Grounds in connection with the erection of an addition to a building on privately owned property adjacent to the Capitol Grounds.

REV. HERBERT C. McCOY

(Mr. BEARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEARD. Mr. Speaker, I would like to take this opportunity to welcome Rev. Herbert C. McCoy, from Dickson, Tenn., who is a constituent of my district. I want to thank him for delivering the prayer to the House of Representatives, and say to him we certainly appreciate him. I appreciate him for the wonderful work he has done in Dickson, Tenn., with the young people there and so many who are in need.

He has been an outstanding leader in our community, and I feel very honored to be his Congressman.

IN MEMORY OF JAKE, SUSIE, AND BENJY APPLEWHITE

(Mr. YOUNG of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Georgia. Mr. Speaker, on Sunday last, a staff member of mine and a staff member of Congresswoman Jordan of Texas, together with their 4-year-old boy, lost their lives in the tragic airplane accident. Jake Applewhite, Susie, and Benjy were three people who, in the very short time I have been here, have become so very much a part of my family.

Jake and Susie met as students at Columbia University, where they were doing graduate work in political science, and they came to the Congress of the United States not as a stepping stone to going somewhere else, but they saw that the ideals that they believed in and things that they had hoped would be real for this country could be realized through their work as staff members in the House of Representatives.

Jake had done a great deal to prepare himself for this, having first served as a legislative assistant for the Honorable Andrew Jacobs of Indianapolis, and then moving to work with Congressman PETE MCCLOSKEY, and finally coming to my staff for an all too short period.

During that time I think Jake kept me so well informed, so aware of what was going on, that I knew that this was not just a job for him; this was really his life's work; it was his calling.

I would like to share, very briefly, the last encounter we had. As I was coming to the floor, before the Thanksgiving recess, he chased me down to the elevator, and he said:

> There is something you can help me on, and I hope you don't mind me lobbying you on this.

He said:

> There is a group of people called the Havasupi Indians, who live in the base of the Grand Canyon. If there is any way you can see your way clear to vote to allow the Havasupi Indians to farm on the rim of the Grand Canyon, I hope you will look closely at that amendment.

I said:

> Jake, what do you know about Havasupi Indians?

He said:

> Well, I will tell you about it when I get back.

We never had the rest of that conversation, but it was an example of the kind of sensitivity of things both in and out of our district that made him the kind of outstanding legislative assistant and makes his loss not only a great loss to me personally, but I think a great loss to this Congress.

I want to remember Jake and Sue and Benjy as three free spirits. They loved life and the challenge of living—Jake's gentleness, Sue's strength, Benjy's courage—the culmination of which makes for a complete unit, a family, a family of love.

Mr. Speaker, Congressman-elect ANDREW JACOBS has asked me to say these words:

"Jake, Sue and Benjy, my heart has been broken before, but never like this."

IN THE MEMORY OF SUSIE, JAKE, AND BENJY APPLEWHITE

(Miss JORDAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Miss JORDAN. Mr. Speaker, Susie Applewhite worked for me, and she worked hard. She was a Chinese American.

When the plane crash occurred, the question was asked: "Were they black people?" And the answer given was this: "One was white, one was yellow, and the other was a mixture of both."

They did not have time to think about the consequences of their lives or their death. They lived life fully. They were big, large, gregarious people, and they wanted to live and live for a long time.

Benjy was only 4, and Benjy thought he had a long future ahead of him. But something happened. We are very fortunate that the God above us does not dictate the tragedies of our lives on a case-by-case basis.

Mr. Speaker, when I think of the Applewhites, I am reminded of the words of Virgil, who can better describe my feelings than I can:

> As long as rivers shall run down to the sea, or shadows touch the mountain slopes, or stars graze in the vault of heaven, so long shall your honor, your name, your praises endure.

Their laughter, their lives, their spirit shall be missed, and I will not forget them.

CONSUMER PROTECTION ON VITAMINS AND MINERALS

(Mr. ROGERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS. Mr. Speaker, there is a great deal of misinformation about several bills directed against the Food and Drug Administration's vitamin-mineral regulations. Two major bills are now being considered: the consumer-oriented Kyros bill which the subcommittee on Public Health and Environment has approved, and the industry-oriented, anti-consumer Proxmire-Hosmer bill.

The consumer-oriented Kyros bill—

Makes certain that you can purchase vitamins and minerals just as you do now, in the same variety of combinations and strengths, and without a prescription; and

Helps you save money on vitamins and minerals by insuring full ingredient labeling and additional protection against false advertising.

The industry-oriented Proxmire-Hosmer bill, on the other hand, takes away present consumer protection provisions respecting additives and special dietary products. The bill—

Shifts the burden of proving safety from the manufacturer to the Government, permitting regulation only after people become ill or die; and

Nullifies the Delaney anticancer law with respect to special dietary foods.

Mr. Speaker, I shall expound on this subject in a special order this afternoon, and I will ask the Members to look at this information, because it has been startling, the amount of information, which has been given to the public and to the Members of this Congress concerning this legislation.

GARY STEIN

(Mr. PEYSER asked and was granted permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, on Saturday night a fine young man, a leader all of his life and a close friend of my family's, was murdered near the Yale University campus, where he was in his junior year. To all who knew Gary Stein, there was no question that one day he would make a major contribution for the good of our society.

Gary was the top man in his class, star athlete, 20 years old, and was shot down in New Haven. He was one of the best that our Nation could produce, and he was destroyed by some of the worst that our Nation could produce. I have learned today that the two suspects being held both served time in Long Lane correctional facility in Middletown, Conn. One had escaped from the institution 37 times; the other one was serving time not long ago for shooting a woman.

Mr. Speaker, have we lost our senses that our laws allow animals like this to walk our streets and prey on decent people?

I am calling on my friend and colleague, Governor-elect ELLA GRASSO to take immediate steps to investigate this situation with the hope that the State of Connecticut can set some reasonable policy that will protect citizens from this inexcusable violation of the most basic human right. If this can be done, Mr. Speaker, Gary Stein will indeed have made a major contribution to our society.

TWA CRASH TRAGEDY

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, Sunday, December 1, TWA Flight No. 514, en route from Indianapolis, Ind., to Washington, D.C., via Columbus, Ohio, crashed into a mountain in Virginia while attempting an approach to Dulles International Airport.

Boarding this flight in Columbus were nine dedicated employees of the Department of Housing and Urban Development. They were: Kathleen Farrell, Marlene Jackson, Annie Killingsworth, Raymond Meehan, Betty Whitehead, Mary Beth Graves, Mattie Jones, Fred Lorenz, and Rita Shelton.

Secretary James T. Lynn participated in a memorial service for these people at the Trinity Church in Columbus, Ohio, Monday, December 9, at 2 p.m. and made the following very appropriate eulogy:

MEMORIAL SERVICE FOR HUD AIR CRASH VICTIMS

Of all the things we attempt in life, the most difficult is to eulogize loved ones, dear friends or valued colleagues who are taken from us. No combination of words is adequate to a loss of such magnitude.

And yet we must try. It is not enough to make private anguish our tribute; not enough to recognize that life must continue; not enough even to be confident that our existence on Earth is the prelude to a greater beginning. We must express our grief. We cannot otherwise do full justice to the memory of those no longer in our midst.

It was not my privilege to know personally the men and women whose memory we honor today. Unfortunately, better knowledge of the lives of many from whose able service I benefit come to me, too often, only through tragedy.

But I am struck by their youth. Only Kathy Farrell and Mattie Jones were in their

40s, which is still young. Betty Whitehead, Rita Shelton and Mary Beth Graves were in their 30s. Marlene Jackson, Fred Lorenz, Annie Killingsworth and Terry Meehan were still in their 20s.

Indeed there is irony and sadness, as others have observed for at least two thousand years, in Heaven's inclination to call its favorites in their prime.

President Ford is personally aware of your sorrow. His understanding and sympathy go out to you—the families, friends and colleagues whose bereavement is so deep and so personal. And I join you today not only on my own behalf but also for all within HUD, wherever they serve.

Even those of us who were not in daily contact with the victims of this tragedy will be much the worse for their loss. No organization is so large that a part of its excellence and promise can be forfeited without penalty to the whole.

May we all find solace in the accomplishments of these admirable people during their lifetimes, and may we all manage to gain strength for our own lives from their example.

These nine fine citizens of the central Ohio area shared the flight with 83 other passengers and crewmembers. They were coming to Washington for a week of specialized training at the HUD-East Training Center. Their sudden and untimely deaths came as a tremendous loss to their families, friends, and colleagues and I think it can be properly stated that they gave their lives in the service of their Government and we all share in their loss.

A TIME TO ACT LIKE PROFESSIONALS

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOLDWATER. Mr. Speaker, air mishaps of any kind are serious business. The unfortunate crash a few days ago of a commercial flight bound for Washington from Indianapolis as it approached Dulles International Airport is certainly no exception. Anyone who is interested in, or who is a friend to aviation seeks to do everything in his power to get to the bottom of such an accident, get the facts clearly established and work together to make sure that it does not happen again.

Whenever such a mishap becomes embroiled in emotionalism and premature statements everyone loses. The dedication to public service, the professionalism, and the outstanding reputation of everyone connected with aviation will be seriously damaged if the investigation into this accident is engulfed in a race to assign blame before all the facts are in. Such behavior does a disservice to all involved and works against the best interests of the flying public.

This is a time for professional conduct. What is important is getting the facts surrounding this tragedy out and understood. I call on all those either officially or professionally involved to act intelligently and responsibly. Let us stop the bickering and the infighting and get on with the business of working together to make sure such an accident does not happen again.

FAIR TREATMENT FOR OUR EX-POW'S

(Mr. FREY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FREY. Mr. Speaker, a friend of mine, who was a POW, recently said that the POW's are like hula hoops—they were in season once, and now they are out of season.

I was rather proud a short time ago when the House passed legislation helping POW's.

It seems that both the Navy and Marine Corps have rules relative to applying for regular commissions that this must be done in a certain period of time. However, about seven POW's were not able to apply for regular commissions because they were in a prisoner-of-war camp. To remedy this situation the House speedily passed legislation. However, the other body has not moved on this legislation as yet. There are very few days left in this session, and I hope that the other body will take time out of its very busy schedule and act so that some POW's who spent a great many years in prisoner-of-war camps for this country can be assisted.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

SPECIAL ORDER TO BE TAKEN ON RETIREMENT OF THE HONORABLE LES ARENDS

(Mr. MICHEL asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker and Members of the House, I take this moment to announce to the Members that I intend to take a special order on Monday next for 1 hour for the express purpose of extolling the virtues and the very exemplary long life and service in this Congress of the retiring gentleman from Illinois, Mr. LES ARENDS.

I would ask each and every Member who would wish to participate in this special order on Monday to do so.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to the authority granted him on Monday, December 9, 1974, he did, on that day sign the following enrolled bill of the Senate:

S. 4016. An act to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes.

HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1974

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 5, 1974.)

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, when this bill passed the House it was a 2-year authorization bill, and contained $1.7 billion. The figure was so great because we had included five different health programs in the bill. We did cut back considerably when we combined the five.

The Senate version was a 4-year bill which authorized $3.1 billion.

CALL OF THE HOUSE

Mr. DICKINSON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 663]

Anderson, Ill.
Andrews, N.C.
Badillo
Blatnik
Brasco
Brown, Ohio
Burke, Calif.
Carey, N.Y.
Chisholm
Clark
Clawson, Del
Clay
Conyers
Davis, Ga.
Dellums
Diggs
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fisher
Ford
Fountain
Fraser
Giaimo
Gibbons
Grasso
Gray
Griffiths
Hanna
Harsha
Hays
Hébert
Helstoski
Holifield
Howard
Jones, N.C.
Kazen
Kyros
Landrum
Luken
McSpadden
Macdonald
Maraziti
Martin, Nebr.
Mathias, Calif.
Mills
Moakley
Murphy, N.Y.
O'Hara
Owens
Passman
Patman
Pike
Podell
Powell, Ohio
Rarick
Reid
Roe
Roncallo, N.Y.
Rooney, N.Y.
Ruppe
Ryan
St Germain
Satterfield
Schneebeli
Smith, N.Y.
Steele
Taylor, Mo.
Teague
Tiernan
Towell, Nev.
Udall
Wright
Wyman
Young, Ga.
Zion

The SPEAKER. On this rollcall 356 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFERENCE REPORT ON H.R. 14214, HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1974

Mr. STAGGERS. Mr. Speaker, as the quorum call came, I was trying to explain the conference report on health revenue sharing and health services, and I will now go ahead and review it briefly.

This legislation provides continuing and new support for a variety of programs which offer direct health services to groups with special needs. These include State public health services, migrant health programs, community mental health centers, family planning programs, community health centers, and several small new programs which were contained in the Senate version of the legislation. The House and Senate bills in this case were quite different from each other and our conference, therefore, took a fair amount of work. However, I think it is fair to say that the Senate came more than halfway to meet us and we have a very reasonable result.

I would like to describe briefly the resolution that we were able to reach on each of the programs involved:

First. Comprehensive public health services. The House bill had a 2-year extension and revision of this program, and the Senate amendment a simple 1-year extension with an additional authorization of $70 million for hypertension programs. The conference compromise adopts the provisions of the House bill, splits the difference in authorizations, and earmarks a proportion of the funds for use on hypertension programs which is similar to the proportion available for such programs in the Senate amendment. The House authorized $420 million for these programs, the Senate $160 million, and the conference compromise is $320 million.

Second. Family planning.—The House bill contains a 2-year extension with modest revisions of the family planning programs which is not contained in the Senate amendment. The conference provision adopts the provisions of the House bill. The House authorization was $472.5 million and this is the figure used in the conference compromise.

Third. Community mental health centers.—The House bill and the Senate amendment each revised and extended the Community Mental Health Centers Act. The two revisions were similar in their broad outlines and different in many details. The conference compromise contains a merging together of the two versions which would extend the act for 2 years, redefine a community mental health center to specify the services which it must provide and the manner in which they must be provided, offer 1-year grants for planning community mental health center programs, provide an 8-year period of declining support for the operation of the centers, provide an additional grant beginning in the 5th year for the special costs of consultation and education services, and provide up to 3 years of support for centers which find themselves in severe financial distress at the end of their 8 years of support. The House authorized $278 million for these programs, the Senate had $640 million and the conference compromised with only $303 million.

Fourth. Migrant health programs.—The House bill and the Senate amendment contained provisions for the support of migrant health centers and other migrant health programs which were very similar in their intent although somewhat different in their details. These were merged into a combined provision. The House bill authorized $105 million for the programs, the Senate amendment had $801 million and the conference compromise has $155 million. Under the provisions of the conference substitute provision is made for payment by migrant and community health centers for supplemental services including inpatient care. It is the intent of the conferees that in those few instances where the Secretary determines that an inpatient care facility's financial stability is threatened by providing services to referrals from community health centers who lack adequate third party coverage, the level of reimbursement shall be established at rates high enough to amortize the added costs of operation. Such support is intended to continue only until arrangements can be made by the policymaking board of the center with another facility to provide such services, or, in those cases where no facility is available, only so long as the facility is making a good faith effort to maximize third-party collections.

Fifth. Community health centers.—The House bill and the Senate amendment each contained revisions of the authority for neighborhood health centers, family health centers, and community health networks. These provisions, which called these programs community health centers, were similar in their policy although somewhat different in detail and were merged into a single compromise provision. The House bill had $460 million for the programs, the Senate amendment had $1,322 million and the conference compromise has $540 million.

Sixth. Diseases borne by rodents.—The Senate amendment contained a provision not included in the House bill for the control of diseases borne by rodents. This provision extended programs currently being carried out by HEW at present funding levels of $15 million and was accepted by the conferees.

Seventh. Home health services.—The Senate amendment contained a provision not included in the House bill for 2 years of support for the provision of and training in home health services for which $104 million was authorized. The conference compromise includes a 1-year demonstration of these programs in 1976 with an authorization of $15 million.

Eighth. Mental health of the elderly.—The Senate amendment contained a provision not included in the Senate bill calling for a Presidential commission to spend 5 years studying mental health problems of the elderly. The conference substitute adopts a provision directing the Secretary of HEW to appoint a committee to report on these problems to the Congress within 1 year.

Ninth. National Center for Rape Prevention and Control.—The Senate amendment contains a provision not included in the House bill requiring HEW to set up a National Center for Rape Prevention and Control and authorizing $46 million for this purpose. The conferees' substitute requires an administrative unit within HEW for rape prevention and control programs and authorizes $20 million for that unit.

Tenth. Epilepsy and Huntington's disease.—The Senate amendment contained separate provisions not included in the House bill for programs on epilepsy and Huntington's disease with a total authorization for the two separate provisions of $8.5 million. The conference compromise calls for a 1-year study of research and program needs with respect to each of these diseases which is similar to the study included in the Senate amendment for epilepsy programs. No authorization is given for these studies.

Eleventh. Hemophilia.—The Senate amendment contained a provision not included in the House bill which provided funds for comprehensive centers for hemophiliacs, blood separation centers, and entitlement to payment for treatment of hemophiliacs throughout the country with a total authorization of $60 million. The conference compromise adopts with some revisions the provision for comprehensive treatment and blood separation centers with an authorization of $18 million and omits any entitlement to treatment.

The House bill was a 2-year bill and the Senate amendment a 4-year extension. The Senate agreed to our 2-year provision in order to keep these programs properly in cycle with the others in our jurisdiction and to assure the next Congress an opportunity to review them. The total House authorization was $1.735 billion, the total Senate authorization was $3.154 billion. The conference compromise authorizes $1.859 billion which is essentially the same as the House figure. This is an excellent conference report and I urge your support for it.

Mr. GROSS. Mr. Speaker, will the gentleman from West Virginia yield?

Mr. STAGGERS. I will be happy to yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding. What is the total money figure as a result of this conference?

Mr. STAGGERS. The total figure on the conference now is $1,858.5 million.

Mr. GROSS. $1,858.5 million?

Mr. STAGGERS. That is right. The House bill originally had $1,735.5 million, but the original Senate bill had $3.1 billion.

Mr. GROSS. Will the gentleman please restate the amount in this conference report?

Mr. STAGGERS. $1,858.5 million.

Mr. GROSS. That is how much over the bill as it passed the House?

Mr. STAGGERS. That is $133 million.

Mr. GROSS. Does the gentleman have any figures as to how much that is above spending for the same purposes last year?

Mr. STAGGERS. The 1974 appropriation for the existing programs was $663 million. The comparable authorization for 1975 is $895 million.

Mr. GROSS. I note in this conference report that there is $15 million for rat control.

Mr. STAGGERS. Yes, sir.

Mr. GROSS. That was not in the House bill?

Mr. STAGGERS. That is right.

Mr. GROSS. There is $20 million for rape control.

Mr. STAGGERS. Yes.

Mr. GROSS. Is this to do something about the rats who commit rape, or what is the story?

Mr. STAGGERS. No. These are two completely separate items in the bill. This is the reason the bill authorizes $1,858.5 million, instead of the $1.7 billion, because of six extra items that the Senate put in the bill. For rape, the Senate had $46 million. This was cut down to $20 million.

Mr. GROSS. How much of an appropriation did Congress make available for rat control in past legislation?

Mr. STAGGERS. There was $14 and some tenths millions that had been appropriated.

Mr. GROSS. What happened? Has there been any beneficial results from that expenditure?

Mr. STAGGERS. I am sure there has, and especially here in the city of Washington I have read of many of the programs that they have put on here that have been helpful here. I am sure that all across America the same has been the case.

Mr. GROSS. I am sure they could spend $14 million and never bat an eye in the District of Columbia on alleged rat control. Did any of the rest of the country get any of that money?

Mr. STAGGERS. They surely did. This is only a small part for the District of Columbia.

Mr. GROSS. How about rape control, how do you control rape through a bill of this type? Is it not law enforcement that controls rape rather than through this bill?

Mr. STAGGERS. I might point out to the gentleman that he is talking in a very sensitive area.

The intention is to study effective ways to run law enforcement programs with respect to rape, care for the victims of rape, and to learn as much as possible about the causes of rape.

Mr. GROSS. Mr. Speaker, I doubt very much if we are going to get at this evil through this method, by putting some $20 million for rape control in a bill of this kind. It seems to me that if we are going to do something effective about the wholesale rape that is taking place in this country, it will have to be done through law enforcement agencies and through the courts of this country. If they will start stringing a few rapists up by the thumbs, there will be far fewer criminals engaged in that crime.

I doubt very much that we are warranted in putting $20 million in this bill for the purpose of rape control. I do not think we are going to control rape by putting more bureaucrats on the payroll, and I do not think the gentleman thinks so.

Mr. Speaker, I wonder who on the conference committee has some knowledge with respect to this subject and the reason why $20 million went into this bill for that purpose.

Mr. STAGGERS. Mr. Speaker, let me say to the gentleman that the Senate authorized more funds to be authorized—some $46 million—and part of this money does go into trying to improve law enforcement and into bringing this matter to the attention of the public, giving information as to what can be done and how law enforcement in this area should be carried out and how we can bring attention to it.

Mr. GROSS. Mr. Speaker, if the gentleman will yield further, is this another of those deals whereby the country has a problem and the only way the Senate knows how to deal with it is to throw $20 million at it and expect it to go away?

Mr. STAGGERS. Mr. Speaker, we hope that this program will be effective.

Mr. GROSS. I hope so, too, but I know it is just another $20 million down the bureaucratic drain.

Mr. NELSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I wish simply to comment that on the House side the dollar figure was lower than the dollar figure for the same programs in the previous session. However, I must add that in my judgment the dollar figure is still higher than it ought to be.

The authorization, of course, is contained in this bill. The Committee on Appropriations will, of course, again have a chance to review it. In our conference with the Senate, in almost every case we held to the House figure. However, some additional programs were put in, and, of course, when we are in a conference committee, we cannot always get everything we want; nor get rid of everything we wish. We try to aim at the goal we want to reach.

So we did a careful job. In some cases I think we perhaps should have gone lower.

Mr. Speaker, HEW wanted to take out of the legislation the community health centers, feeling that an experiment had been carved out on that. It has proven successful. It has proven to be a good investment for all the States, and, therefore, it was concluded they should move on their own regarding these centers.

However, the bill has some modifying language in it which does indicate that our committee agrees with the final objective. But at this point some safeguards are put in it with the event of a need that might exist.

So, Mr. Speaker, the only thing I can say is that I believe the figure is getting higher and higher, and somewhere we will have to taper off. We tried in some cases to do that, but we have not been as successful as maybe I would like to have been. However, I think overall it is a good job on the part of the committee, and I hope that this body adopts the conference report.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I will ask this question: Has this money been appropriated in full?

Mr. NELSEN. No, it has not.

Mr. GROSS. Then will this total $1.8 billion have to come in as a supplemental?

Mr. NELSEN. Not necessarily. This is an authorization. The Committee on Appropriations, as I understand the procedure, will review it and will probably reduce the amount. They did that in the last session of Congress; they reduced the total amount appropriated below the authorization figure.

I do not have the figures. Perhaps the staff has them. I suggest that the gentleman may direct his question to other members of the committee.

Mr. GROSS. Mr. Speaker, if the gentleman will yield further, the reason I asked the question is that the Labor, Health, Education, and Welfare appropriation bill was some $8 billion over spending for the same general purposes of last year. While this is not a part of Labor, or Health, Education, and Welfare, it is a related subject, very definitely related.

If it has not already been appropriated for in the Labor, Health, Education, and Welfare bill, this, then, will balloon that figure by another $1.8 billion.

Mr. NELSEN. I can only say that this is a continuing program. It was in our legislation previously. It still is there, and I would say to the gentleman from Iowa that I certainly agree with him that these dollar figures are getting out of hand. Somewhere, somehow, we are going to have to reduce some of them if our Government is going to be fiscally stable. Therefore, I am not in disagreement with what the gentleman says, but I can only say that we did hold tight to the House figures and we almost accomplished that in this bill.

I do believe that we did the best we knew how, and I thank the gentleman for his concern.

Mr. GROSS. I thank the gentleman for the position that he takes.

I will not be here next year to follow through on some of these programs, but I repeat, the Labor, Health, Education, and Welfare appropriation started out as a $33 billion bill, and ended far above that figure.

Mr. NELSEN. Yes, I understand.

Mr. GROSS. It was ballooned by some $8 billion in conference and in the supplemental appropriation bill. Now it appears another $1.8 billion will be added for health and welfare.

If the Committee on Appropriations approved the full amount of this bill I will be shocked again, by the amount of money that is included under the general category of Labor, Health, Education, and Welfare.

I thank the gentleman for yielding.

Mr. NELSEN. I thank the gentleman.

I would also point out that now that he, too, is retiring, I will have to travel across the State line and on one of these days we will sit down together and talk about it.

Mr. GROSS. I will be delighted to visit

with the gentleman from across the border in Minnesota but it may be in the nature of a wake in connection with financial collapse of this country.

Mr. STAGGERS. Mr. Speaker, I yield to the gentleman from Florida (Mr. Rogers), the chairman of the subcommittee.

Mr. ROGERS. Mr. Speaker, I rise in support of the conference report on H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974. As you know, this measure, which revises and extends five vital health service delivery programs, was initiated in the House, and the House bill was overwhelmingly adopted by this body, 359 to 12. The Senate passed a comparable bill, and the conference report before you today represents, in our view, the best efforts of both bodies.

Mr. Speaker, the full committee chairman, the gentleman from West Virginia, has explained the provisions of the conference report. Briefly, the report adopts the House provisions with respect to health revenue sharing and adds a provision giving impetus to hypertension programs. It adopts the provisions of the House bill with respect to family planning. It merges the position of the House and Senate with respect to community mental health centers, migrant health centers, and community health centers. It adopts, with modifications and, in most cases, substantial decreases in proposed authorizations, provisions of the Senate bill with respect to control of diseases borne by rodents, home health services, commissions on the mental health of the elderly and epilepsy, Huntington's disease programs, hemophilia programs, and rape prevention and control.

Mr. Speaker, the thrust of the conference report is the continuation and improvement of programs that affect the health and welfare of literally millions of persons—public and environmental health programs administered by States, mental health programs, family planning programs, programs for migrants, community health center programs. For the most part, these programs contribute to the health and welfare of the least fortunate members of our society, individuals for whom alternative sources of health care delivery are simply not available.

I urge affirmative action by this body to insure that these programs continue, and the millions of Americans affected by them will continue to receive necessary health services.

Mr. STAGGERS. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. Heinz).

Mr. HEINZ. Mr. Speaker, this week the House of Representatives has a remarkable opportunity to take a giant step toward preparing the Nation's health system for national health insurance. Four critical bills dealing with our people's health are scheduled for House action today. These include the conference report on H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974, the Nurse Training Act, the Health Manpower Act, and the National Health Policy, Planning, and Resources Development Act of 1974.

The four pieces of legislation are the fruit of nearly 2 years' hard work by the Public Health and Environmental Subcommittee. As a member of that subcommittee, I salute the bipartisan leadership of Chairman Paul Rogers and ranking minority member, Ancher Nelsen. Without their determination and guidance, these important health proposals would not have emerged with such strong subcommittee and committee consensus.

In all likelihood, Mr. Speaker, the next Congress will finally approve some form of the long debated national health insurance program. This week's health bills are an important preface to that health insurance program. The Health Revenue Sharing and Health Services Act provides Federal assistance to State, local and private entities for the provision of health services, including community mental health centers, migrant workers' clinics, family planning programs, and neighborhood health centers. The Health Manpower Act and the Nurse Training Act will help train the doctors, nurses, dentists, and other health professionals who will provide those health services.

The Health Planning and Resources Development Act, probably the most important health legislation of this Congress, has a dual role. First, it establishes a nationwide network of local agencies to plan for quality health care in all parts of the country. Second, it provides Federal funds for the construction or modernization of hospitals or other health-care institutions and services.

If this Nation is to avoid a repeat of the inflationary effects experienced with medicare and medicaid, then we must prepare our Nation's health-care system prior to enactment of national health insurance. The bills, we consider this week, will help us plan for an efficient and complete system, establish the needed health services and institutions, and train the qualified health workers. I urge each Member of this House to vote "aye" on this critical health legislation.

At this time, I would like to concentrate particularly on H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974. As the author and sponsor, along with Health Subcommittee Chairman Paul Rogers, of H.R. 11518, the Community Mental Health Centers Act, I urge the strongest and fullest support for the conference report on H.R. 14214. I am proud that H.R. 14214 includes the major provisions of my bill as its title III, the Community Mental Health Centers Amendments of 1974.

Opponents of the outstanding Federal-State-private partnership in community mental health continue to argue for the termination of the Federal role in this program. Extensive Health Subcommittee hearings revealed how invalid these arguments are. The subcommittee learned:

First. The community mental health centers program has a record of startling success in providing more humane and effective care while saving taxpayers' dollars by reducing the number of patients confined to State mental hospitals;

Second. Only one-third of the Nation's population lives in areas served by the 500 existing community mental centers, leaving 1,000 centers yet to be established; and

Third. Without strong Federal guidance and assistance, the resources of State and local governments will not be sufficient to carry the heavy burden of establishing the 1,000 additional centers.

The subcommittee rejected as completely groundless the HEW–OMB arguments that this program is just another demonstration program. We concluded that if the Federal effort in this area is prematurely terminated, vast areas of the country will never receive the benefits of this remarkable community-based program. The congressional commitment to this program cannot be cast aside as a "demonstration" program that can now be abandoned. We must continue to build this nationwide system emphasizing the prevention of mental illness and the treatment of the patient, within his or her community, when illness does occur.

After concluding that the program deserved continued Federal support, the subcommittee took steps to substantially accelerate center development and to improve community-based programs. Fortunately, the conference committee retained most of these revisions along with several of the Senate's proposals. We tightened, for example, the management requirements of this program, placing greater responsibility on the National Institutes of Mental Health in HEW and on each individual center to improve both the administration of centers and the evaluation of their services.

The bill also reemphasizes the basic preventive nature of the community mental health centers program. Though these "consultation and education services" are the core of each center's preventive efforts and the key to a successful community-based program, they are not generally reimbursable under private or public health insurance. Since existing centers have had difficulty financing adequate C. & E. services, the legislation establishes a separate Federal grant program to help finance these services. The grants, which generally will not begin until the 5th year of a center's operation, are structured to create a financial incentive for the center to more effectively collect payments for the provision of consultation and education services. They are also structured so that the amount of Federal assistance for these services will decline after the initial years. Therefore, the program agreed to by the conferees will firmly establish a sound consultation and education program and encourage its growth while simultaneously emphasizing that each center must increase its self-sufficiency.

I believe that when the community mental health centers program is completely established and operating throughout the Nation, it will provide a fully comprehensive system of humane care which is both effective and efficient. It will make readily accessible a full range of services—not only remedial but also preventive.

Mr. Speaker, while I wish H.R. 14214 were different in some respects and that the valid objectives of the legislation might have been accomplished more economically, this bill deserves congressional approval. It is a sound preparatory step toward the day when national health insurance helps assure equal access for all Americans to quality health care. It also deserves Presidential signature.

I urge my House colleagues to give H.R. 14214 their strongest support, and I call upon President Ford to sign this legislation as soon as it reaches his desk.

Mr. STAGGERS. Mr. Speaker, we have no further requests for time.

I move the previous question.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken.

Mr. MATHIS of Georgia. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 372, nays 14, not voting 48, as follows:

[Roll No. 664]

YEAS—372

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Arends
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Dickinson
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Green, Oreg.
Green, Pa.
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Harrington
Harsha
Hastings
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Neill
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zwach

NAYS—14

Archer
Camp
Collins, Tex.
Crane
Devine
Goodling
Gross
King
Landgrebe
Mathis, Ga.
Rousselot
Ruth
Shuster
Symms

NOT VOTING—48

Anderson, Ill.
Andrews, N.C.
Badillo
Brasco
Brown, Ohio
Carey, N.Y.
Clark
Clawson, Del
Davis, Ga.
Dellums
Eckhardt
Eshleman
Evins, Tenn.
Fisher
Giaimo
Grasso
Gray
Griffiths
Grover
Hansen, Wash.
Hays
Holifield
Howard
Jones, N.C.
Kluczynski
Landrum
Luken
McSpadden
Macdonald
Maraziti
Mathias, Calif.
Mills
Murphy, N.Y.
O'Hara
Owens
Passman
Podell
Price, Tex.
Rarick
Roe
Roncallo, N.Y.
Rooney, N.Y.
Ruppe
Ryan
Schneebeli
Taylor. Mo.
Wyman
Zion

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hays with Mr. Clark.
Mr. Giaimo with Mr. Davis of Georgia.
Mr. Rooney of New York with Mr. Fisher.
Mr. Passman with Mr. McSpadden.
Mr. Murphy of New York with Mrs. Griffiths.
Mr. O'Hara with Mr. Anderson of Illinois.
Mr. Howard with Mrs. Grasso.
Mr. Kluczynski with Mrs. Hansen of Washington.
Mr. Macdonald with Mr. Brown of Ohio.
Mr. Roe with Mr. Grover.
Mr. Badillo with Mr. Luken.
Mr. Carey of New York with Mr. Maraziti.
Mr. Dellums with Mr. Gray.
Mr. Eckhardt with Mr. Eshleman.
Mr. Landrum with Mr. Owens.
Mr. Andrews of North Carolina with Mr. Del Clawson.
Mr. Holifield with Mr. Rarick.
Mr. Mills with Mr. Mathias of California.
Mr. Evins of Tennessee with Mr. Price of Texas.
Mr. Jones of North Carolina with Mr. Roncallo of New York.
Mr. Ryan with Mr. Wyman.
Mr. Ruppe with Mr. Zion.
Mr. Schneebeli with Mr. Taylor of Missouri.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON S. 1296, ENLARGING GRAND CANYON NATIONAL PARK

Mr. HALEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1296) to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon National Park in the State of Arizona, and for other purposes, with the House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Florida? The Chair hears none and appoints the following conferees: Messrs. HALEY, TAYLOR of North Carolina, UDALL, FOLEY, SKUBITZ, STEIGER of Arizona, SEBELIUS, and REGULA.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO FILE CONFERENCE REPORT ON H.R. 16136

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services have until midnight tonight to file the conference report on H.R. 16136, the Military Construction Authorization Act for fiscal year 1975.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair has been advised by various Members and officers of the House that certain employees under their direction and supervision have been served with subpenas duces tecum and motions to compel them to respond thereto in the case of Common Cause et al. against E. T. Klassen et al. which is now pending in the U.S. District Court for the District of Columbia.

These subpenas and motions are directed toward the production of files, papers, and testimony which is within the possession and control of the House of Representatives and which cannot be released without the permission of the House. The receipt of such subpenas was called to the attention of the Speaker on September 30, 1974, and they were laid before the House at that time.

Without objection, the letters notifying the Chair of these matters together with copies of the motions recently served on the various House employees will be inserted in the RECORD at this point for the information of the House:

WASHINGTON, D.C.,
October 17, 1974.

Hon. CARL ALBERT,
The Speaker,
House of Representatives.

DEAR MR. SPEAKER: The attached Motion to Compel the Deponent to Answer Questions and to Produce Documents addressed to and received by certified mail (#536372) on this date by Mr. Eli S. Bjellos, Chief, House Publications Distribution Service, an employee of the Office of the Doorkeeper of the U. S. House of Representatives, was filed by Mr. Kenneth J. Guido, Jr., Common Cause, 2030 M Street, Washington, D.C. 20036 on October 11, 1974 in the case of Common Cause, et al., v. E. T. Klassen, et al., in Civil Action No. 1887–73.

The Motion would also require "deponent Eli S. Bjellos to pay to Plaintiffs the expense, including attorneys' fees, incurred in filing the motion."

Local rule 1–9(d) of the United States District Court for the District of Columbia requires a response to this type of Motion within ten days of this date of service.

The Motion in question is forwarded herewith and the master presented for such action as the House in its wisdom wishes to take.

Sincerely,
WILLIAM M. MILLER,
Doorkeeper, House of Representatives.

[In the U.S. District Court for the District of Columbia—Civil Action No. 1887–73]

Common Cause, et al., plaintiffs *v.* E. T. Klassen, et al., defendants

MOTION TO COMPEL THE DEPONENT TO ANSWER QUESTIONS AND TO PRODUCE DOCUMENTS

Plaintiffs, through their attorney, move, pursuant to Rules 37 and 45, Fed. R. Civ. P., for an order:

(1) Compelling deponent Eli S. Bjellos to answer the questions propounded to him at the taking of his deposition and to produce for inspection and copying all documents, records, and other writings described in the subpoena *duces tecum* served upon him, and

(2) Requiring deponent Eli S. Bjellos to pay to Plaintiffs the expense, including attorneys' fees, incurred in filing the motion.

Plaintiffs respectfully refer the Court to the attached memorandum for the reasons in support of this Motion.

Respectfully submitted,
KENNETH J. GUIDO, JR.,
Attorney for Plaintiffs.
Washington, D.C.

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT,
Washington, D.C., October 21, 1974.

Hon. CARL ALBERT,
The Speaker,
House of Representatives.

DEAR MR. SPEAKER: The attached Motion to Compel the Deponent to Answer Questions and to Produce Documents addressed to John M. Swanner, Staff Director, Committee on Standards of Official Conduct, U.S. House of Representatives and received on this date by certified mail (#537784) and signed for by William F. Arbogast, an employee of the Committee on Standards of Official Conduct, was filed by Mr. Kenneth J. Guido, Jr., Common Cause, 2030 M Street, Washington, D.C. 20036 on October 18, 1974 in the case of Common Cause, et al., v. E. T. Klassen, et al., in Civil Action No. 1887–73.

The Motion would also require "deponent John M. Swanner to pay to Plaintiffs the expense, including attorneys' fees, incurred in filing the motion."

Local rule 1–9(d) of the United States District Court for the District of Columbia requires a response to this type of Motion within ten days of this date of service.

The Motion in question is forwarded herewith and the matter presented for such action as the House in its wisdom wishes to take.

Sincerely,
MELVIN PRICE, *Chairman.*

[In the U.S. District Court for the District of Columbia—Civil Action No. 1887–73]

MOTION TO COMPEL THE DEPONENT TO ANSWER QUESTIONS AND TO PRODUCE DOCUMENTS OR TO BE HELD IN CONTEMPT

Common Cause, et al., plaintiffs, v. E. T. Klassen, et al., defendants.

Plaintiffs, through their attorney, move, pursuant to Rules 37 and 45, Fed. R. Civ. P., for an Order:

(1) Compelling deponent John M. Swanner to answer the questions propounded to him at the taking of his deposition and to produce for inspection and copying all documents, records and other writings described in the subpoena *duces tecum* served upon him or to be held in contempt of court, and

(2) Requiring deponent John M. Swanner to pay to Plaintiffs the expense, including attorneys' fees, incurred in filing the motion.

Plaintiffs respectfully refer the Court to the attached memorandum for the reasons in support of this Motion.

Respectfully submitted,
KENNETH J. GUIDO, JR.,
Attorney for Plaintiffs.
WASHINGTON, D.C.

COMMISSION ON CONGRESSIONAL
MAILING STANDARDS,
Washington, D.C., December 5, 1974.

Hon. CARL ALBERT,
The Speaker,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: By letter dated September 16, 1974, I forwarded to you a subpoena duces tecum, in the matter of Common Cause v. E. T. Klassen (Civil Action No. 1887–73), issued by the United States District Court for the District of Columbia naming Mr. Victor C. Smiroldo, Staff Director and Counsel for the Commission.

On September 30, 1974, the subject subpoena was laid before the House. To date, no affirmative action has been taken by the House which would authorize Mr. Smiroldo to appear in answer to the subpoena.

Mr. Smiroldo has now been served with a motion to compel him to comply with the said subpoena or to be held in contempt of Court.

The motion papers and related material are forwarded herewith and the matter presented for such action as the House in its wisdom wishes to take.

Sincerely,
MORRIS K. UDALL,
Chairman.

[In the U.S. District Court for the District of Columbia—Civil Action No. 1887–73]

CERTIFICATE OF SERVICE

Common Cause, et al., plaintiffs *v.* E. T. Klassen, et al., defendants

I hereby certify that copies of the foregoing Motion and Memorandum in Support of Plaintiffs' Motion to Compel the Deponent to Answer Questions and to Produce Documents, and the proposed Order attached thereto, were served on Defendants and Deponent by causing them to be hand delivered to the attorney for Defendants and to deponent at the addresses listed below this 25 day of November, 1974.

KENNETH J. GUIDO, Jr.
WASHINGTON, D.C.

Bruce Titus, Esq., Department of Justice, 10th and Constitution Avenue, Room 3337, Washington, D.C. Attorney for Defendant.

Victor C. Smiroldo, House Commission on Congressional Mailing Standards, 207 Cannon House Office Building, Washington, D.C. 20515. Deponent.

OFFICE OF THE MAJORITY LEADER,
Washington, D.C., December 2, 1974.

Hon. CARL ALBERT,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: This is with reference to my letter of September 16, 1974, transmitting a Subpoena duces tecum commanding Mr. David Ramage, House Majority Clerk, House Majority Room of the U.S. House of Representatives, to appear in the office of counsel for purposes of taking a deposition in Civil Action No. 1887–73.

This subpoena was subsequently laid before the House, along with other similar subpoenas, and no affirmative action authorizing Mr. Ramage to respond has been taken. Attached is a copy of a motion to compel the deponent, Mr. David R. Ramage to answer questions by deposition and to produce certain documents.

The subpoena material that Mr. Ramage is commanded to bring are records that are under the control of the U.S. House of Representatives. The motion in question is forwarded herewith and the matter presented for such action as the House in its wisdom wishes to take.

Sincerely,
THOMAS P. O'NEILL, Jr.

[In the U.S. District Court for the District of Columbia—Civil Action No. 1887–73]

MOTION TO COMPEL DEPONENT TO ANSWER QUESTIONS AND TO PRODUCE DOCUMENTS OR TO BE HELD IN CONTEMPT

Common Cause, et al., plaintiffs *v.* E. T. Klassen, et al., defendants

Plaintiffs, through their attorney, move, pursuant to Rules 37 and 45, Fed. R. Civ. P., for an Order:

(1) Compelling deponent David Ramage to answer the questions propounded to him at the taking of his deposition and to produce for inspection and copying all documents, records, and other writings described in the subpena *duces tecum* served upon him or to be held in contempt of court, and

(2) Requiring deponent David Ramage to pay to Plaintiffs the expense, including attorneys' fees, incurred in filing the motion.

Plaintiffs respectfully refer the Court to the attached memorandum for the reasons in support of this Motion.

Respectfully submitted,
KENNETH J. GUIDO, Jr.,
WASHINGTON, D.C.

WASHINGTON, D.C.,
November 26, 1974.

Hon. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: This is with reference to my letter of September 18, 1974, transmitting a Subpoena duces tecum commanding Mr. Thomas J. Lankford, House Minority Clerk, House Minority Room of the U.S. House of Representatives, to appear in the office of counsel for purposes of taking a deposition in Civil Action No. 1887–73.

This Subpoena was subsequently laid before the House, along with other similar subpoenas, and no affirmative action authorizing Mr. Lankford to respond has been taken. Attached is a copy of a motion to compel the deponent, Mr. Thomas J. Lankford, to answer questions by deposition and to produce certain documents.

The Subpoena material that Mr. Lankford is commanded to bring are records that are under the control of the U. S. House of Representatives. The motion in question is forwarded herewith and the matter presented for such action as the House in its wisdom wishes to take.

Sincerely,

JOHN J. RHODES,
Minority Leader, House of Representatives.

[In the U.S. District Court for the District of Columbia—Civil Action No. 1887–73]

MOTION TO COMPEL DEPONENT TO ANSWER QUESTION AND TO PRODUCE DOCUMENTS OR TO BE HELD IN CONTEMPT

Common Cause, et al., plaintiffs, *v.* E. T. Klassen, et al., defendants

Plaintiffs, through their attorney, move, pursuant to Rules 37 and 45, Fed. R. Civ. P., for an order:

(1) Compelling deponent Thomas J. Lankford to answer the questions propounded to him at the taking of his deposition and to produce for inspection and copying all documents, records, and other writings described in the subpoena *duces tecum* served upon him or to be held in contempt of court, and

(2) Requiring deponent Thomas J. Lankford to pay to Plaintiffs the expense, including attorneys' fees, incurred in filing the motion.

Plaintiffs respectfully refer the Court to the attached memorandum for the reasons in support of this Motion.

Respectfully submitted,

KENNETH J. GUIDO, Jr.

WASHINGTON, D.C.

RESIGNATION AND APPOINTMENT AS CONFEREE ON H.R. 15223, RAILROAD SAFETY AND HAZARDOUS MATERIALS TRANSPORTATION AMENDMENTS OF 1974

The **SPEAKER** laid before the House the following resignation from a committee:

WASHINGTON, D.C.,
December 10, 1974.

The SPEAKER,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Due to circumstances beyond my control I will be unable to further participate in the House-Senate conference committee on H.R. 15223, the Railroad Safety and Hazardous Materials Transportation Amendments of 1974, and must therefore resign from this conference committee with deep regret.

With best wishes, I am,

Sincerely,

DAN KUYKENDALL,
Member of Congress.

The **SPEAKER**. Without objection, the resignation will be accepted.

There was no objection.

The **SPEAKER**. The Chair appoints the gentleman from Montana (Mr. SHOUP) to fill the vacancy, and the Senate will be notified of the action of the House.

SURFACE TRANSPORTATION ACT OF 1974

Mr. **STAGGERS**. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5385) to restore and maintain a healthy transportation system, to provide financial assistance, to improve competitive equity among surface transportation modes, to improve the process of Government regulation, and for other purposes.

The **SPEAKER**. The question is on the motion offered by the gentleman from West Virginia.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5385), with Mr. FLOWERS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The **CHAIRMAN**. Under the rule, the gentleman from West Virginia (Mr. STAGGERS) will be recognized for 30 minutes, and the gentleman from Tennessee (Mr. KUYKENDALL) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from West Virginia.

Mr. **STAGGERS**. Mr. Chairman. I rise in support of H.R. 5385. The bill is a result of 8 months of work in our committee. It covers all surface modes of transportation except for pipelines—although most of the emphasis is on railroads.

We promised the House last year when we passed the northeast rail bill to try and come up with a bill which would help the entire railroad industry throughout the Nation.

Briefly, these are the key features of the bill—

First. We provide for Government guarantees of up to $2 billion in loans for the railroads to upgrade their track, terminals, and equipment, and to purchase new freight cars to help alleviate the rolling stock shortage around the country;

Second. Discriminatory taxation of transportation property by the States is prohibited;

Third. The Interstate Commerce Commission is required to identify traffic moving at below variable costs, and require such rates to be at least at variable cost. The present rate structure of the modes is unrealistic. The carriers are inhibited from changing rates on a commodity-by-commodity basis because of the cumbersome and lengthy ICC procedures. This leads to inefficiency, and the tendency for the modes to seek blanket increases rather than selective changes in rates. This leads to higher consumer costs;

Fourth. The bill requires the ICC to develop and maintain standards and procedures for determination of revenue levels for all the modes. This essentially means they must have some sort of standard on what is a fair rate of return for each mode. Railroads today are receiving about a 3-percent return on invested capital, or less;

Fifth. We allow the ICC to develop automatic pass through procedures to allow emergency rate adjustments for the modes if the costs are demonstrably certain;

Sixth. The ICC power to suspend rates is curtailed in certain circumstances. In all cases the ICC must decide rate cases within 7 months. For rail rates, the ICC may not suspend the proposed rate unless it is unlawful or predatory if the rate does not exceed 7 percent from the rate in effect on the date the bill is enacted, or in the case of a rate decrease, it does not go below 7 percent, or is not lower than the rate in effect on January 1, 1974;

Seventh. The ICC is mandated to eliminate discrimination between recyclable materials and virgin ores and natural products;

Eighth. The ICC power to suspend rates is curtailed in regard to new innovative service requiring initial capital investment of $1 million or more;

Ninth. The power of rate bureaus is curtailed. Rate bureaus will no longer enjoy their antitrust exemptions on deciding or even discussing single line rates;

Tenth. Section 22 of the Interstate Commerce Act permits government agencies to ship goods at lower rates than the private sector. This bill would abolish this practice. We feel the use of this practice amounts to the private industry subsidizing Government. It makes for higher rates on products shipped by private industry, thus higher costs to the consumer. It also promotes destructive rate cutting which harms the industry;

Eleventh. The ICC is mandated to establish a uniform system of accounts for the modes;

Twelfth. The ICC budget is required to be submitted directly to Congress rather than through the OMB;

Thirteenth. Changes in current ICC regulations concerning demurrage and per diem charges are made;

Fourteenth. It is made unlawful for a railroad to refuse to carry a privately owned refrigerator car if they do not have a sufficient supply to haul the goods themselves;

Fifteenth. The securities of railroads and large truckers would be subject to the SEC laws. We hope that we can prevent through this the fraud which surrounded the Penn Central bankruptcy; and

Sixteenth. The ICC will have to consider the impact of rail abandonments on the communities and industries served as well as the financial impact on the railroad under this bill.

The subcommittee has worked long and hard on it and, I think, did a great job and came up with a bill which is the best they could do under the circumstances. I hope it will pass overwhelmingly.

Mr. **SKUBITZ**. Mr. Chairman, will the gentleman yield?

Mr. **STAGGERS**. I yield to the gentleman from Kansas.

Mr. **SKUBITZ**. The gentleman has called to the attention of the House the deplorable condition of the rail roadbeds, pointing out that in a number of instances some of our passenger trains are being forced to travel at the slow rate of 10 miles an hour.

Now, we have been pouring millions of dollars into the Amtrak program.

Should this bill become law and $2 billion be authorized for equipment and the roadbeds, is it not the intent of the committee that top priority be given to those roads requesting funds to improve the roadbeds over which Amtrak operates?

Mr. STAGGERS. This is true.

Mr. SKUBITZ. I thank the gentleman.

Mr. KUYKENDALL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to compliment the chairman and the members of the subcommittee and the chairman and ranking members of the full committee for having been patient with the subcommittee for about 4 years to put together this piece of legislation.

The chairman mentioned that it was not a perfect piece of legislation because practically every party involved has found something wrong with it, but I claim that it is probably the best piece of legislation that can come out of Congress at this time, because even though every party involved, all three major modes, and management and labor, and the different parties of Government have at one time or another found parts of the bill that they faulted and at one time or another have either directly or indirectly said they opposed the bill. However, interestingly enough, after the smoke is cleared, in every case that I know of the parties involved have withdrawn their overall opposition and are now urging passage of the bill.

The chairman mentioned what the loan guarantees will cover in his colloquy with the gentleman from Kansas (Mr. SKUBITZ). He mentioned the roadbeds as being one of the most critical parts of it.

I would like to mention the fact that after we passed a similar bill out in the previous Congress, out of the subcommittee, the chairman of the corresponding committee of the other body asked that we consider the matter of loan guarantees for railcar purchases.

We have certainly agreed to consider such, but upon examining the problem of railcar purchases and guaranteed loans for this purpose, we found that practically every railcar manufacturer in the country had a long backlog of orders, as long as 2 years, and that the biggest problem was not necessarily the supply of railcars, but the utilization of railcars.

The chairman pointed out to the Members that the only actual grant that there is in this legislation is research, and that deals not only with electrification but the better utilization of the railcar fleet itself.

We found that the average railcar in this Nation only makes one trip a month. One-twelfth of the time it is not in use. This is an example of just how poorly the railcar fleet in this country is being utilized.

What is the reason for this? We could go out to San Francisco and see Southern Pacific's beautiful computerized system. They can locate every single car on their system. They can push three buttons and tell anyone how fast a car is going, what it is loaded with, where it originated, and what its destination is. However, with respect to one of their cars on the neighboring system, they cannot find out these things because the computers have not learned to talk to each other.

We hope to be able to get better freight car utilization so as to take this national fleet of freight cars and increase its utilization by 50 percent or, hopefully, 100 percent. That is the equivalent to that many new railroad cars. This may very well be one of the most important, if not the most important, parts of this legislation.

There has been a great deal said about the State tax discrimination part of this bill. All this bill attempts to do is simply to tell each State involved in taxation of interstate railroads that that State may not tax the property of a railroad any more than they tax the property of General Motors or United States Steel. That is all this section does, regardless of the controversy that Members may have heard on this particular section.

I believe the Constitution very clearly states that this body is involved in interstate commerce, interstate transportation, and has the right to do anything to correct anything that impedes interstate commerce.

At a time, Mr. Chairman, that we are voting guaranteed loans of $2 billion to help the beleagured railroad system in this country, it seems only just that each State be required to treat the railroads the same as any other industry in their respective States.

One of the problems in setting this matter straight insofar as the State and local rates are concerned, is the fact that the ICC has never ever arrived at a mandated and absolutely uniform basis of keeping books by the railroads. The railroads, by their own admission, openly and legally, have more than one set of books, because of the different people involved, the ICC, the taxation people, and local groups, their own stockholders, require a different way of bookkeeping.

So, part of this bill is to require the ICC to set up a uniform system of bookkeeping for the railroads.

The chairman of the committee, the gentleman from West Virginia (Mr. STAGGERS), mentioned the fact that there is a section on recyclable materials. The gentleman from Michigan (Mr DINGELL) has fought long and hard for this section, and it is a good section that has been worked out with a couple of compromises.

The suspension of railroad rates calls for giving the railroads this flexibility for a 1-year trial. Every single examination by either private or public agencies and by the railroads themselves have pointed out that the inflexibility, competitively speaking, because of the tight regulatory system, has been one of the problems of the railroads themselves. During the entire previous Congress we had been unable to arrive at this particular type of setup because we had never arrived at a basis for a floor. But the gentleman from Washington (Mr. ADAMS) came up with an ingenious idea of saying all right, the floor will be whatever the legal rate was on January 1, 1974, and only in Part 1. This means that the ICC may not suspend rates that are 7 percent up or 7 percent down, with a floor of the January 1, 1974, rate.

So this is a trial. This is a chance to give limited freedom of rate structures to the railroads to see if they can improve their competitive position using this structure.

I believe the gentleman from Colorado (Mr. JOHNSON) has a question, and I will be happy to yield to the gentleman.

Mr. JOHNSON of Colorado. Mr. Chairman, this may not be the appropriate place, but I would like to discuss with the gentleman the efficacy and the efficiency of the ICC in regard to anything that they do. I have a horror story that I have sent around to several people in the Congress, where I believe the ICC, on the basis of the experience we have had in Julesburg, Colo., is incompetent and irresponsible. If we are planning to turn responsibility over to the ICC to develop a bookkeeping system for railroads, I would question their ability to do this or anything well.

Mr. KUYKENDALL. If the gentleman will allow me a comment, there are three different occasions that I can recall in this legislation, where are are ordering the ICC to act in a specific time period. We have recognized the fact that the problems of the ICC leave a lot to be desired. We do not know, for instance, how much of this might have been because of understaffing. They have never come back to us and said, "This is what we need." So there are differences in this legislation that look into the matter of the performance of the ICC, that demand better performance in the ICC, and demand quicker reaction in the ICC in three different instances in this legislation.

Mr. JOHNSON of Colorado. I thank the gentleman.

Mr. KUYKENDALL. The rate bureau was mentioned by the chairman. This was a major concession on the part of the truckers. He mentioned the fact that the Government is no longer allowed to get special rates except in time of war. He mentioned the fact that there is a new approach to the per diem and demurrage setup which should increase the usage of railcars. The fact that refrigerator cars, which are critical in certain areas of the country such as California, Florida, and south Texas, the integration of the privately owned refrigerator cars into the total fleet in a more efficient way, is strongly mentioned in the legislation.

Mr. Chairman, if there is no further colloquy here, I will reserve the balance of my time.

Mr. STAGGERS. Mr. Chairman, I

yield 3 minutes to the gentleman from Louisiana (Mr. LONG).

Mr. LONG of Louisiana. Mr. Chairman, I should like to direct a question to the attention of the chairman of the committee, Mr. STAGGERS, the chief sponsor of the legislation, the gentleman from Washington (Mr. ADAMS) and also to the ranking minority member, the gentleman from Tennessee (Mr. KUYKENDALL) if I could have the attention of those three gentlemen.

As we know, a number of States, and particularly some of the Southern States, one of which is my own State of Louisiana, granted exemptions from ad valorem taxes to various industries on a temporary basis so that that State could build an industrial base. I have read over title II. I do not think it possible, but I wanted the views of these three gentlemen: Could it be possibly interpreted as precluding the special property tax incentives such as the one which has been given by the State of Louisiana to a new industry for a limited period of time, in order to encourage economic development within the State?

Mr. STAGGERS. In response to the gentleman from Louisiana, I can say that we do not touch on that in any way or prohibit it. The only thing we touched on was discriminatory transportation. I know that there are certain States that will give industries that come in and settle there certain tax benefits. We do not go into that at all. We certainly have no intention of banning that practice.

Mr. LONG of Louisiana. I think it touches it, but the answer to my question, then, would be that it does not change the existing practice within the States insofar as these temporary and very liimted tax incentives are concerned?

Mr. STAGGERS. That is right.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. LONG of Louisiana. I yield to the gentleman from Washington.

Mr. ADAMS. I thank the gentleman for yielding.

I want to assure the gentleman, as the chairman has said, that this provision is not one that would change or affect the practice that the gentleman from Louisiana has outlined. The purpose of this section is to provide that the States simply plug the transportation industry into their tax system, as they do other industry, so that if we have a rate for commercial and industrial property, this rate that we generally apply in the State applies to transportation with a plus or minus 5 percent.

In other words, we can charge them 5 percent more. It is directed only at certain abuses that have grown up in the country where a particular State or county, because it had somebody who was not a local citizen and did not vote there but was just passing through as an interstate carrier, would tax them more heavily than their local people because they did not vote.

I think the gentleman can be assured that this provision would not affect these specific exemption-type industrial development programs that he has outlined.

Mr. LONG of Louisiana. I thank the gentleman from Washington.

Mr. KUYKENDALL. Mr. Chairman, I would concur with the statements of the chairman and the gentleman from Washington. It is my understanding, I will say to the gentleman from Louisiana (Mr. LONG) that such arrangements made in any State do not change the tax structure of that individual locality. They are exceptions in the structure. We are referring only to the structure in this legislation.

Mr. LONG of Louisiana. I thank all of the gentlemen very much for their views.

Mr. KUYKENDALL. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Chairman, I rise in support of the Surface Transportation Act, and urge its adoption. This comprehensive legislation is the product of lengthy deliberation by the Committee on Interstate and Foreign Commerce and its Subcommittee on Transportation and Aeronautics.

The legislation is a response to the recognition that the rail industry in all parts of the United States is in need of assistance. The legislation serves two basic purposes: First, it provides $2 billion in loan guarantees to assist the cash-short railroads to obtain equipment and improve their deteriorating physical plant; and second, it makes some initial steps toward the reform of the outdated regulatory system that has choked off progress in all sectors of surface transportation, but particularly progress in the railroad industry.

The $2 billion in loans is available for a variety of uses—including rolling stock, terminals, tracks, communications, and power transmission facilities. It is imperative that the Secretary of Transportation, in determining which track shall be eligible for the loans, give first priority to track used for Amtrak service. I am of the firm opinion that Amtrak can never be successful unless track improvements are made so that we can have rapid, efficient rail passenger service. Without good track and fast service, Amtrak will continue to lose millions and millions of dollars, all at the expense of the taxpayer. Additionally, the $2 billion available under H.R. 5385 is needed for the purchase of freight cars since the country has been so plagued in recent years by a shortage of such cars.

The regulatory reform portions of this bill are in accord with the principles of the President's recent suggestions for a study of the negative economic impact of our regulatory agencies. The committee felt that the Interstate Commerce Commission is one of the agencies whose statutory mandates are most in need of reform. As a result, title III of this bill provides flexibility within certain limits for the railroads to increase or decrease rates without suspension by the Interstate Commerce Commission. Further, section 307 of the bill provides for an expedited proceeding for rates that are based on new or innovative services that the railroads wish to provide.

An important provision of the bill revises the standards for determining per diem rates so as to improve the movement of railcars from the lines of one railroad to another.

Other provisions of the bill attempt to rationalize some of the costing methods that the Interstate Commerce Commission uses and impose more reasonable standards and procedures on the ICC for determining the revenue levels needed by the railroads.

Finally, I am pleased to see that section 805 of the bill requires that in the public interest a commission be considered by the ICC in abandonment cases. Such a requirement on the ICC will help to prevent the wholesale termination of rail service to the less populated areas of the country.

This is a much needed and important piece of legislation, and I urge its adoption by the House.

Mr. STAGGERS. Mr. Chairman, I yield 5 minutes to the gentleman from Washington (Mr. ADAMS), a member of the subcommittee.

Mr. ADAMS. Mr. Chairman, I thank the chairman for yielding.

Mr. Chairman, I think the chairman and the ranking minority member of the subcommittee have explained the details of the bill very well. I simply want to comment that this bill represents 4 years of effort and is an attempt to fulfill the promises that have been made by members of the Interstate and Foreign Commerce Committee that we would try to produce a freight car bill and a repair-of-track bill that would leave the railroads of the United States in private hands but would enable them to maintain their lines so that we would not have to bring to the floor of this House another series of crisis bills such as the Northeast railroad bill.

It is not a perfect bill. It is simply a step forward. It took us a long time, because we had to get the various modes to agree, but it is an attempt to rationalize the transportation system of America so that the railroads, the trucks and the barges interconnect and so that every community has the opportunity of being served by a common carrier and so that the small businessman, as well as the large businessman, has transportation service available to them.

The bill has many provisions that deal with rates and with rules in the rate bureaus and I want to indicate to the Members that they have been carefully worked out as compromises among the many, many parties, whose lifeblood is involved in transportation regulation.

I think it is a good bill. I hope that the Members will vote for it. I will not take more time now, except to answer questions of Members about the bill and any particular technical matters that are not understood.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. Mr. Chairman, I ask this of the gentleman because we are aware of the great job he did in northeastern Pennsylvania in the setup of the Northeastern Pennsylvania Task Force which arose and he was there and testified. What I am concerned about is to what extent, if any, and if considered, what value is to be given the results of the investigation and so forth of an organization like the Northeastern Pennsylvania Task Force dealing with this problem having to do with the elimination or consideration of elimination of extension of main lines through the area?

Mr. ADAMS. It was because of the studies of the Pennsylvania task force which the gentleman mentioned, which were excellent and gave us information, that we put section 805, which is on page 15 of this report, in this bill, whose purpose is to indicate that we would not accept the ICC's arbitrary 4-carload rule, but would require that economic impact of any abandonment was to be a primary concern of the ICC, so that the communities would not be left without service. The gentleman has put his finger on a very important development in Pennsylvania which the committee took into account and which we believe has been accounted for in section 805.

Mr. FLOOD. So the ICC as captain on high can put its imprimatur on something and that is it.

Mr. ADAMS. We have prevented that by this provision going into the bill.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, I realize the amount of time and effort which has gone into the preparation of this bill. For that reason I would like to cover a few things to establish a little bit of legislative history and, if possible, the gentleman could address himself to a couple points which were kind of murkily touched on in the previous comment.

The first is the loan program we have established in this bill. Who is it primarily for? What kinds of railroads does the gentleman envision benefiting from this kind of program?

Mr. ADAMS. This bill is primarily for the railroads that are in financial difficulty. The provisions of the bill are such that they are not attractive to railroads that already can easily obtain financing. There are certain roads, for example, in the Midwest that are in a difficult position. For example, the press has reported the Rock Island Railroad, which needs to obtain financing; and the private money markets have not wanted to do this financing because of what happened in the Northeast.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. ADAMS. Mr. Chairman, this is the sort of thing the money in the loan guarantees involved here are directed toward solving.

Mr. ASPIN. The second question I had is that the loan is for several things listed; for example, first, plant investment, rolling stock purchases, and other things.

If the gentleman would address himself to this, how does he address the various possibilities under that? What, primarily, are we trying to get to?

Mr. ADAMS. The primary thing we are trying to do is see that the track is repaired so that the cars can run on it at a rate faster than 10 or 12 miles an hour; that those roads that do not get freight cars because they have not been able to finance them will have this financing available so that they will not run out of railroad cars; to make funds available for construction of bridges, tunnels, signaling systems; and so that they may be modernized so that the railroads will function efficiently. We are trying to avoid a disaster such as we had in the Northeast.

Mr. ASPIN. Is it not true the track problem is also a problem which is addressed in this bill on car utilization?

Mr. ADAMS. Car utilization is probably the primary problem. That is why the money is appropriated for $15 million—not to build a federal system—but to connect the existing systems so that we will have a real, timed, computerized freight car system so that one can find the cars, know that they are loaded and know that they are moving.

Mr. ASPIN. Would the gentleman agree that if we did have a good construction and maintenance system, we could also get better utilization out of our cars, because they move faster and can be better utilized?

Mr. ADAMS. There is no question about it. For example, in the Midwest we are going to have to construct computerized yards to provide for freight car loading.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. STAGGERS. Mr. Chairman, I yield 2 additional minutes to the gentleman from Washington.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Minnesota.

Mr. BERGLAND. Mr. Chairman, I recall during the spring and summer months of 1973, the Midwest was literally bound up with the grain car shortage. We had 2 years of crops to ship to the coasts in just a few months' time. We found in the course of investigation that a major part of our problem could be blamed to the fact that these heavily loaded cars traveled at less than 20 miles per hour. If they had been able to travel at a higher rate of speed, we would not have had as much of a problem.

I would hope that the persons charged with administering this program would place proper attention on improving roadbeds, allowing an increase in speed at which these cars can travel.

The Middle West is an exporting region. We ship grains, heavy equipment, timber products, and coal to the coasts and too often these cars wind up on seaboard railroads and are not returned. Is the gentleman satisfied that this bill would correct that inequity?

Mr. ADAMS. Mr. Chairman, I am hopeful that it will. That is its purpose, which is to keep these cars moving so that they come back and circulate rather than being used for storage at various points along the line.

Mr. Chairman, it has been suggested that we should not now be considering a measure of this significance because the Congress is near the completion of its work. I believe this argument for delay is without merit. I would emphasize four points in urging the House to vote for this measure now:

First, the Surface Transportation Act is the product of 4 years' work by the Transportation Subcommittee and the full House Commerce Committee. It has been the subject of extensive hearings both in the 92d Congress and in this Congress. A bill very similar to the one now before the House was favorably reported from subcommittee to the full Commerce Committee in 1972, but adjournment prevented further action. This bill represents a great deal of careful work and is a balanced compromise between the concerns of the transportation of modes. It includes several important regulatory reforms urged by the Department of Transportation and has the full support of the President and the administration. It is false logic to argue that, because this bill comes up late in the second session, it is a hastily prepared, last-minute bill. It is not. It is the carefully considered recommendation of the Commerce Committee after many days of hearings and hours of work.

Second, I believe it will be impossible to enact a comprehensive transportation bill such as the Surface Transportation Act in the next Congress. Under the rules changes adopted by the House for the next Congress, committee jurisdiction of the surface transportation modes will be split between the Committee on Commerce and Health, which will retain jurisdiction over railroads, and the Committee on Public Works and Transportation, with jurisdiction over truck and barge common carriers. I think this is a harmful split, but it is a fact. It is simply impossible to make regulatory reforms for one mode without affecting another. In fairness and commonsense, the relationships between the modes should be considered at the same time and the same place. That will not be possible in the next Congress.

Third, despite the lateness in time, when we pass this bill, we will be able to go to conference with the Senate on the railroad freight car assistance bill it has already passed, S. 1149. The Senate bill is similar in purpose to title I of the Surface Transportation Act. At the time of the passage of the Regional Rail Reorganization Act in 1973, we made a commitment to the Senate that we would try to pass a freight car assistance bill, and I think we have the time and the opportunity to meet that commitment. I would point out that were it not for the length of time required to draft and to pass the emergency legislation dealing with the bankrupt railroads in the Northeast in 1973, this bill would in all likelihood have been considered then. So the Senate has completed its work, is ready to go to conference. and I see no reason why we cannot have a bill ready for the President's signature before we adjourn sine die.

Mr. Chairman, I believe that the Surface Transportation Act represents the best bill to help the faltering rail industry and to make a beginning on regulatory reform that we could bring to the House. With a darkening economy, the financial assistance provisions of the bill assume even greater importance. Let me make clear that financial assistance does not mean corporate giveaways, subsidies, *or grants.* These are loan guarantees which will make money from the banks available to a capital intensive industry which is suffering from capital starvation. This will be "off budget" financing and the loan guarantees will be contingent liabilities of the Government. The only direct cost to the Treasury would arise if there were a default on the loan repayment. In fact the only dollar authorization in this entire bill are $15 million for DOT to design a national rolling stock information system and to conduct a study of railroad electrification.

The bill limits the amount of guaranteed loans that can be outstanding at any one time to $2 billion. Before making a loan guarantee, the Secretary would have to find that the earning power of the railroad was such that it could repay the loan. In the case of loans for rolling stock itself would be the collateral of the United States in case of default.

It should be emphasized that the administrative costs of the loan guarantee program will be paid for by a guarantee fee on each loan. The effect of the loan guarantee will be to allow a financially weak railroad, which would otherwise be unable to borrow, to obtain loans from the private sector. These loans will not be free money, but rather less costly money, and the actual interest will be related to prevailing loan rates in the private market.

Mr. Chairman, the capital needs of the railroad industry are great and they cannot be met entirely from the railroads' own resources. The average railroad return on investment is about 3 percent; for the most prosperous and well-managed roads it only reaches 8 percent. It has been estimated that the railroad industry needs about $3 billion a year in capital investment, both to rehabilitate fixed plant and to prepare for a steadily increasing amount of freight. It is estimated that at the present rate of growth the railroad industry will be hauling 1.5 billion ton-miles of freight in 1990. This would be double the amount of freight moved by rail in 1972. Yet by their own admission all the roalroads, even the prosperous, are behind in maintaining their systems at the proper level. In reports to the ICC in connection with the 10-percent across-the-board rate increase granted in ex parte 305, the railroad industry estimated total deferred maintenance at $2.9 billion and delayed capital improvements at $4.3 billion. The rate increase will generate about $1.2 billion through June 30, 1975, so it is clear that the need for additional assistance in financing is great.

Passage by the Congress of H.R. 5385 will represent a positive commitment by the Government to revitalize the railroad industry and to keep it in the private enterprise system. It will not solve the boxcar shortage overnight. The boxcar shortage will not end merely because more money is pumped into buying more rolling stock. For some railroads, more equipment would only jam up already clogged freight yards.

The solution to the car shortage problem is a far from simple equation. It involved improved freight yards, greater use of computers, car pooling companies like Rail Box, and better right-of-way to increase the speed of freight trains and to keep them on the track. I think the loan guarantees for investment in the basic railroad plant are equally as important as the purchase of new equipment. Investment in intermodal facilities will increase the coordination between truck and rail shipment which is the only answer to the growing cost, and likely scarcity, of fuel.

The loan guarantee program will also benefit the car building industry and justify increased capacity, because it will help to smooth out the peaks and valleys of demand for cars. Today, the car supply industry is backlogged for 2 years. But this gigantic feast can easily be followed by a bigger famine, as has happened in the past. The availability of financing will encourage long-range planning of rolling stock purchases by the railroads and hopefully end the boom and bust cycle of car builders.

I believe that the regulatory reforms contained in H.R. 5385 will have a direct effect on the car supply, for the regulatory structure is another complicating factor in the car supply equation.

Perhaps the most controversial, and I believe most misunderstood, regulatory reform in the bill is the so-called rate flexibility provision. This would permit a railroad to raise or to lower its rate on an individual commodity by 7 percent from the rates in effect on enactment of the bill, without suspension by the ICC on the grounds of unreasonableness. This provision is a limited version of the "rate flexibility" language recommended by the administration. It is a circumscribed experiment which will last for only 1 year, and will expire unless reenacted by Congress. So there will be an early opportunity for the Congress to see if it works. The rate would still be subject to investigation by the ICC, and the railroad could be forced to refund payments with interest. The interest charge is set at 1 percent less than the interest on 90-day Treasury bills, so that there would be a substantial penalty to a railroad for a rate which was ultimately held by the ICC to be unreasonable. Most significantly, it cannot be used for across-the-board" rate increases.

The purpose of the amendment is to stimulate selective ratemaking and to persuade the railroads not to rely on a series of flat across-the-board increases. I hope that it will lead to "offpeak" pricing for commodities such as grain, so that the car supply is not overwhelmed by peaks of demand at certain times of the year, and left as idle capacity between the peaks. Put another way, shippers could be encouraged to utilize equipment through incentive rates at times of greater car supply.

Another regulation innovation is the so-called Big John provision, which will give some assurance to a carrier or a shipper that if he invests a million dollars in a new service, he will receive a prompt decision one way or another on that rate from the ICC and that if a rate is permitted it will remain in effect for 3 years. It makes little sense to offer loan guarantees for improved facility or service, when the rate which would be called for by that service may be lost for years in a thicket of litigation. This provision does not, as some may fear, mean only increased rates. I would remind you that the Big John hopper cars rate case involved a 60-percent reduction of rates by a railroad.

The bill includes changes in rate bureau procedures that have long been sought by shippers. It requires rate bureaus of all modes to decide rules, rates or charges within 120 days. As to railroad rate bureaus only, it prohibits discussion or voting on single line rates. No rate bureau could protest an individual rate of a member before the ICC. Without doing away with rate bureaus entirely, I think the bill materially weakens their ability to stifle competition and to keep rates artificially high. One common denominator of the ratemaking provisions is requirement of timely decisions both by the rate bureaus and the ICC on rate changes. The bill requires a final decision within 7 months on any rates on which it has ordered a hearing; a decision could be postponed for an additional 3 months on written notice to the Congress. At the expiration of that time, the rate would automatically become effective if the ICC had not acted. "Regulatory lag" has been a chronic problem of the transportation industry for years. The saying that "justice delayed, is justice denied" applies just as much to the regulatory process as it does to the courts of law. I think passage of this bill will go a long way toward ending regulatory lag and making the regulatory process more efficient.

Mr. Chairman, I know that many of my colleagues are concerned with the problem of abandonments of rail lines. Section 805 of this bill makes a significant change in the provisions of the ICC Act regarding abandonments. In deciding on line abandonments, the ICC would be required to consider both the needs of those served by the line of railroad proposed for abandonment and the financial effect of the continued operation of the line on the railroad. One purpose of this dual test is to put an end to arbitrary economic yardsticks, such as the so-called 34-car load rule, in determining whether or not to permit abandonments. This provision creates a balanced test which will require that the needs of a community for transportation service by rail are fairly weighed against the financial burden that operating the line may place on a carrier.

The main purpose of this bill, both in providing financial assistance and in easing regulation, is to assist the railroad industry to modernize itself. Great strides have been made already toward better utilization of freight cars. Steven Ailes, the president of the AAR, has commented, if the railroads had to handle their present traffic load at the rate of utilization of equipment of 1971, the railroads "would need an additional 370,000 cars which would require a capital outlay of $6.4 billion at an average cost of $19,000 per car." The capital investment which will be made possible by the loan guarantees will continue this trend, so that a combination of improved yards and facilities, better computer information and the purchase of new equipment will permit the railroads to handle efficiently and economically the increasing freight loads of future years to the benefit of the shipper, the farmer, the manufacturer, and ultimately the consumer.

Mr. KUYKENDALL. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Tennessee.

Mr. KUYKENDALL. Mr. Chairman, I would like to comment to the gentleman from Minnesota that provisions for development of the locator system whereby the computers in the different railroads can talk to each other, combined with the provisions relating to per diem rates, and demurrage and provisions for loan guarantees for additional cars are the most important provisions particularly the fact that a company cannot locate one of its cars on another roadbed even though that company has a perfectly good computer system itself, is something we hope to correct with this legislation.

Mr. BERGLAND. I thank the gentleman.

Mr. KUYKENDALL. Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. SHOUP).

Mr. SHOUP. Mr. Chairman, I believe that the chairman of the committee, the author of the bill and ranking minority member, the gentleman from Tennessee, have done a very commendable job in explaining the legislation that is before us. I think, for the record, there should be one point emphasized, that in section 306, which speaks to the limitation of the right to suspend proposed rates by the Interstate Commerce Commission, is it not true that under the Interstate Commerce Act as it now stands, the Commission has the right to suspend for four separate reasons: First, unjust and unreasonable; second, discriminatory; third, prejudicial; and fourth, long and short haul?

Mr. KUYKENDALL. That is correct.

Mr. SHOUP. Under section 306 it speaks only to one of those provisions; is that correct?

Mr. KUYKENDALL. That is correct.

Mr. SHOUP. And that one is unjust and unreasonable?

Mr. KUYKENDALL. That is correct.

Mr. SHOUP. The existing legislation then leaves intact the right of the Commission to suspend rate applications for such things as discriminatory, prejudicial, and long and short haul?

Mr. KUYKENDALL. For instance, if the ICC had reason to believe that a broad cutting of rates was predatory, then they have every right to suspend that they have under present law.

Mr. SHOUP. I thank the gentleman.

Mr. KUYKENDALL. Mr. Chairman, I will be happy to yield 2 minutes to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, while this bill is far from perfect, I rise in strong support of it. I rise in strong support of it because this bill is going to help bring about the lowering of costs in the transportation of materials and products to the people across America. Indeed, this bill perhaps could more accurately be called a bill to lower consumer costs of transportation because the long-term effect would be precisely that. Through the use of computerization, roadbed improvement and the building of railroad new cars we would be able to satisfy demand, and America will have its products more efficiently.

I would point out, Mr. Chairman, that it is ironic that at a time when America has suffered a railroad freight car shortage of as many as 100,000 cars, we at the same time, simultaneously, have had some of our best and most modern car shops not functioning to capacity.

In Altoona, Pa., the largest railroad car shops in the world exist. They have a capacity for producing more than 10,000 new cars a year, and yet, Mr. Chairman, in the past 5 years those most modern, largest car shops in America have made not one new railroad car, and the reason is because the Penn Central has not had adequate capital. This bill will provide that kind of capital. This bill, therefore, is a good bill; a good bill which will help bring about better and more efficient and less costly transportation to the people of America. I urge its adoption.

Mr. KUYKENDALL. Mr. Chairman, I yield 2 minutes for the purpose of colloquy to the gentleman from Illinois (Mr. O'BRIEN).

Mr. O'BRIEN. I thank the gentleman for yielding. My question goes to section 501 of title V, entitled "Repeal of Discriminatory Government Rates, Prohibiting Reduced Rates."

As I read the bill, it says: "to the extent that such services are performed in time of war."

I assume that is a reduced rate in time of war. I wonder if the gentleman can tell me, is there a definition of what the phrase "in time of war" means now?

Is it purely in time of war on the part of our Nation declared by the U.S. Government?

Mr. KUYKENDALL. That is not a defined term, I do not believe, any more than it was when we started in Korea. I am sorry to say to the gentleman from Illinois (Mr. O'BRIEN) I would not attempt to define it any more than it is defined by law at the present time.

Mr. O'BRIEN. I thank the gentleman.

Mr. KUYKENDALL. Mr. Chairman, I yield to the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Chairman, the Rock Island has been mentioned here several times this afternoon. The Rock Island Railroad, as the Members know, has a great potential earning power, but it has a capital problem at the present time.

In considering an application for a loan guarantee under this bill, the Secretary is authorized to issue a loan guarantee after considering "whether the prospective obligee is responsible and whether adequate provision will be made for servicing the obligation." Also, the Secretary must determine that "the prospective earning power of the railroad, together with the character and value of the security pledged, if any, furnish reasonable assurance that the railroad will be able to repay the loan within the time fixed, and afford reasonable protection to the United States in the event of a default."

Although these provisions are not ambiguous to me, I want to clarify the eligibility of a railroad like the Rock Island, which has plenty of business, but yet has not made a profit in recent years, and thus is capital-starved and in a great need of assistance by Federal loan guarantee.

Am I correct in believing that such a railroad would not be excluded solely because they have not shown a profit, provided that they can furnish reasonable assurance of their ability to repay any such loans?

Mr. KUYKENDALL. Mr. Chairman, the gentleman from Iowa (Mr. SMITH) has a good point. I would like the gentleman from Washington (Mr. ADAMS) to see if he would like to add anything to my comments.

The problem of the specific company Rock Island has come to the attention of our subcommittee, not only in this bill but in the northeast railway bill.

There is no question in my mind that railcar loans to Rock Island are in the purview but in the intent of this legislation. It is my understanding that Rock Island is also eligible to a certain degree to that treatment under the northeast railway legislation.

Mr. Chairman, I will ask the gentleman from Washington (Mr. ADAMS) if that is correct.

Mr. ADAMS. Mr. Chairman, if the gentleman will yield, that is correct.

This problem came to the attention of the committee in the consideration of the northeast railway bill. We attempted to do some of these things there, and certainly this bill is directed toward that problem that exists in the Midwest and specifically with respect to the Rock Island.

Mr. SMITH of Iowa. Mr. Chairman, I thank the gentlemen.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. KUYKENDALL. I yield to the chairman of the committee.

Mr. STAGGERS. Mr. Chairman, I will just point out that I agree with what the gentleman from Tennessee has said. I think he is correct in his assumption that the Secretary should take into consideration the carriers' potential for future profits as well as past earnings.

Mr. SMITH of Iowa. Mr. Chairman, I thank the gentleman for his comments.

Mr. KUYKENDALL. Mr. Chairman, I am going to yield time to the gentleman from Tennessee (Mr. FULTON).

Mr. Chairman, this may be a little interesting here. I believe every Member in the Tennessee delegation except the speaker here is on one side of this issue, since I am on the other side. Maybe this is the reason that this is my valedictory before the House, because this is perhaps the last bill I will handle before the House.

Mr. Chairman, I am happy to yield 2 minutes to the gentleman from Tennessee (Mr. FULTON).

Mr. STAGGERS. Mr. Chairman, I yield 1 additional minute to the gentleman from Tennessee (Mr. FULTON).

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. FULTON) for 3 minutes.

Mr. FULTON. Mr. Chairman, title II of the Surface Transportation Act purports to end discriminatory taxing of transportation properties. However, upon closer examination we find that, if passed, it will have the effect of discriminating against residential, agricultural, and commercial property by shifting the tax burden onto them.

Title II would prohibit State and local governments from taxing property in their jurisdiction based upon the current use of that property. The U.S. Supreme Court (*N.C. & St. L. Railroad* v. *Browning*, 310 U.S. 362), (*Lehnhausen* v. *Lakeshore Auto Parts* Co. 41 U.S.-LW, pages 4289–1973), has long recognized the right of individual States to classify property according to its use for taxing purposes. This provision attempts to circument the Court's ruling on this matter and in effect would prevent State governments from deciding how certificated transportation property should be taxed.

I am proposing an amendment which would protect this right of individual States to classify and tax certificated transportation property based on the current use of that property. Tennessee is one of several States which presently classify and tax property in this manner. Passage of title II of this act, as written, would immediately reduce Tennessee's assessed property tax base by $130 to $150 million. The actual tax revenue loss would be borne entirely by county and municipal governments.

It is anticipated that if title II as written becomes law and exempts surface transportation properties from being taxed according to use, that other certificated carriers such as oil transmission lines, pipeline companies and airlines surely will be excluded as well. It then is reasonable to assume a further erosion of the tax base because remaining certificated utilities will petition the courts for a like privileged status for tax purposes. Tennessee alone could lose over $500 million in assessed property value when the final results are in. Tennessee is certainly not the only State affected; according to the House committee report on H.R. 5385 the States of Idaho, Mississippi, Alabama, Arizona, South Carolina, Louisiana, and Kansas make a similar distinction between governmentally protected carriers and businesses engaged in free enterprise commerce.

Gentlemen, the crux of our position is that regulated carriers enjoy governmentally protected rights not normally accorded other businesses. These rights are bestowed by agencies such as the Interstate Commerce Commission, the Federal Aviation Administration, the Federal Power Commission, and various State agencies such as the Tennessee Public Service Commission. The privileges granted to certificated carriers include: The right of eminent domain, unlimited access to taxpayer-built highways, and the right to petition regulatory agencies for rate hikes upon a showing of increased costs such as taxes. Another important privilege is that those public carriers are afforded protection against competition within their area of service.

Since transportation facilities enjoy these special privileges, Tennessee has deemed it appropriate that they be classified as public utilities which are assessed at a rate somewhat higher than commercial and industrial properties which do not benefit from governmental protection.

Tennessee has three basic use classifications of property for tax purposes. Public utility property is assessed at 55 percent of its value. The industrial and commercial classification is assessed at 40 percent of its value on real property and 30 percent of its value on personal property. Residential and agricultural property is assessed at 25 percent of its value on real property and 5 percent on personal holdings over $7,500.

All certificated transportation property in Tennessee is classified as a public utility. Within the public utility classification the 55 percent assessment is applied uniformly regardless of whether its operation is interstate or intrastate. The tax rate established by the various taxing jurisdictions is applied uniformly to each property classification.

If title II is accepted without amendment, certificated transportation property will have to be classified in the commercial and industrial category rather than the public utility category. This would drastically reduce the value of the State's tax base and the tax revenue which supports our city and county governments. Obviously the State's reaction will have to be increasing the tax rate on homes, farms and businesses. This action would be patently unfair since homes are nonincome producing units, farms and businesses do not enjoy the protection and benefits which are enjoyed by certificated carriers and other utilities. I see no reason why this burden should be shifted onto these already overburdened taxpayers.

Mr. KUYKENDALL. Mr. Chairman, I have no further requests for time.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Chairman, it was my privilege to be the lead-off witness on March 26, 1974, when the Transportation Subcommittee held hearings on surface transportation legislation. I would say that the privilege of being the first witness on this legislation will be one of the highlights of the 93d session of Congress, and I want to thank the members of the Transportation and Aeronautics Subcommittee for their hospitality that day and especially Subcommittee Chairman JARMAN for asking me to sit on the panel and question other witnesses that followed. Doing so brought back fond memories of the nearly 7 years that I served on this legislative subcommittee.

I also want to commend one of the best and most articulate leaders in the transportation field this Congress has ever seen, our good colleague BROCK ADAMS of Washington. Through Congressman ADAMS' leadership over several sessions of Congress, we have finally seen a surface transportation bill come to the floor of the Congress.

It is incumbent, also, to take time to salute two members from the minority side of the committee, who threw themselves full force in molding this legislation, Congressman KUYKENDALL and Congressman SHOUP; DAN KUYKENDALL has become one of the outstanding advocates of transportation in this country. He is extremely able, dedicated, and knowledgeable. He prepares himself well, and he sure speaks out. I served with him in former times as a member of the Subcommittee on Transportation. I learned of his quickness and his grasp of technical details. Really, he is one of the experts in transportation in this Congress.

Congressman DICK SHOUP served with me on the Investigations Subcommittee when that subcommittee held hearings across the Nation on railroad car shortages.

The information and evidence Congressman SHOUP learned firsthand from the freight car shortage investigations he carried with him to the Transportation Subcommittee and transformed this information into corrective legislation.

Mr. Chairman, this is a perfect example, and DICK SHOUP represents the best lesson, of how the investigative and oversight function is to be used by the Congress. It is a tribute to Congressman SHOUP and his leadership and intelligence and concern to do something positive for our rail transportation system that this bill is on the floor today.

Mr. Chairman, I personally regret this body's losing Congressman SHOUP and Congressman KUYKENDALL. But I hope that their knowledge and leadership in transportation matters are still available to the American people.

Mr. Chairman, as I mentioned, I have chaired many hearings on freight car shortages through my service on the Investigations Subcommittee. I was a cosponsor of the original Surface Transportation Act in the 92d Congress. I joined Congressman ADAMS again this session in reintroducing his legislation. This session I also saw vividly the repercussions that the massive 1972-73 Russian wheat deal had on our national rail system. In March of 1973 I conducted a panel discussion with representatives from Government agencies, industry, and unions in trying to find answers to the problem caused by that unplanned, massive grain sale.

If I may, I would like to ask the indulgence of my colleagues in making an analogy which I have found helpful in conceptualizing our freight car problems.

Let us imagine the available fleet of railcars as a pie. Many segments of our economy need a piece of the pie. The lumber industry needs a piece; the fertilizer industry needs a piece; the rice people and aggregate people in my district, and the wheat shippers in the Midwest do as well.

I think that two things can be said about the pie, and how it is to be divided up.

Is the pie large enough? This is debated hotly. Some say that the pie is large enough for most of the year, but too small for certain peak seasons when the wheat shippers in the Midwest have a huge appetite.

Those who take this position argue why the railroad industry should put out the money to meet the seasonal needs of another industry.

Others say that the pie is of proper size, but certain pieces are never served—that is, poor utilization is the problem.

This position asks only that better utilization be employed, and that there would then be enough pie for everyone.

Finally, there are those who say that the pie is not big enough, and never will be until remedial legislation is put into effect.

As in all of life, the true situation is a blend of all the positions.

Freight car problems are seasonal; there should be better utilization; and the number of cars, especially general service cars, is not large enough to meet the need.

I do want, however, to make a case for increasing the size of the pie.

Since 1960, the capacity, or the size of the pie, of the railcar fleet has increased about 8 percent. Demand for intercity freight transportation, or the appetite for the pie, has increased 45 percent.

Another factor is that gains in usage during the sixties came from a reliance on a greater size of railcars. The next decade will not see these increases in railcar size with track conditions as they are.

Even under the best of circumstances the rail carriers need an average of 62,000 new and rebuilt freight cars annually for replacement purposes and another 130,000 new cars to catch up on order backlogs.

During the past year, 50,000 new cars were ordered, and the backlog continues to grow.

The decline in numbers of cars is most concentrated in the gondolas, hoppers, and boxcars. In specialty cars owned by railroads there has been an increase, as there has been an increase in cars owned by nonrailroad interests.

The tendency toward specially equipped cars is easily explained because they are easier to keep track of, and they return higher profits.

The small shipper, whether he be on the gulf coast, the far west coast, or in the Midwest, is placed at more and more of a disadvantage because he is dependent on general cars.

Meanwhile, the weaker roads are not financially able to finance the cars the people along their lines need. The strong lines cannot bring up the slack, and quite normally, are leary of their good cars being swallowed up on the weak lines.

Through the loan guarantee section of this bill, the size of the pie will be increased. The section of the bill providing for a national computer system will help us use the pie to our greatest advantage. This utilization section is an important first step in filling the gaps that exist because there is no transportation planning in our rail system. When you have an occasion occur like the 1972 grain deal, when the international grain houses try to move too much grain too fast through one major port, the pie cannot be allocated equitably.

Even though this bill does not contain my proposal that the major grain houses get clearance from the Department of Transportation for their plans in moving massive amounts of grain by rail, the recent administration steps requiring that grain deals be made public information can help alleviate our past problems. Certainly, the secretive grain deals make it impossible to allocate rail cars accurately as well as create havoc with grain prices and grain supplies. If this new notification system does not give our transportation industry the forewarning it needs to move the grain, then I would strongly urge this Congress to consider my plan for DOT approval of transportation plans for removing huge amounts of grain for export.

Another idea that I had that I would like my colleagues to think about for the future would be a policy whereby the wheat or grain growers could band together and construct grain facilities at the ports. This could be done through an REA-like loan program. Such an effort would help alleviate our port congestion problems and enable railcars to move in and out of the port cities as quickly as possible. Now they are often sitting idle, waiting for grain elevators to accept their cargo.

In short, Mr. Chairman, my position on the railcar pie has always been to increase the size of the pie, to make sure all parts of the pie are eaten, and to cut the pie fairly. I think that this legislation goes a long way toward meeting my criteria.

I urge passage of this legislation.

Mr. BINGHAM. Mr. Chairman, I am in general agreement with the aim of this legislation and intend to vote for it. However, I am troubled with the language in section 305.

Section 305 of the Surface Transportation Act of 1974 would require the ICC to undertake an investigation of the freight rate structure for recycled materials as opposed to virgin materials to determine whether such rate disparities are discriminatory. The bill would also have the ICC propound orders to require the removal of any rate structure found unreasonable or unjustly discriminatory.

I consider the approach embodied in the language of section 305 a step backward. On December 14, 1973, the House adopted my amendment to the Emergency Energy Act to require the ICC to eliminate by expedited proceedings discriminatory rates charged to move recyclable commodities in interstate commerce. Though subsequently dropped from the Emergency Energy Act, the language of my amendment was included by the House-Senate conferees in the Northeast Rail Reorganization Act.

To my knowledge the ICC has not done anything to implement section 603 of the Northeast Rail Reorganization Act, and that language is tougher than the language in this bill. Indeed, the ICC has moved in the opposite direction recently to buttress its discriminatory rate policies. Earlier this year the ICC granted the railroads an interim 4 percent rate hike, except for recyclables. However, when the ICC made the rate increase permanent they also included recyclables, without, in my view, justification.

The House has already gone on record declaring as a matter of public policy that the ICC discriminates against recycled commodities to foster the development of virgin resources; that such a policy is now outdated and should be stopped; and that the ICC should eliminate discriminatory rates expeditiously. The ICC, throughout, has argued that these commodities are not competitive, and therefore, no discrimination exists.

Section 305 would in my view, allow the ICC to decide where and whether discrimination exists, perpetuate their outmoded philosophy of providing unnecessary and economically harmful incentives for virgin materials, and further delay the benefits to be gained from reusing our dwindling natural resources. Should the House choose not to amend section 305 to conform to section 603 of the Northeast Rail Reorganization Act, I hope that the committee will provide close oversight to insure that the ICC takes substantial steps to comply with the intent of the Congress to eliminate rate discrimination against recycled and recyclable commodities.

Mr. STAGGERS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Surface Transportation Act of 1974".

TITLE I—FINANCIAL ASSISTANCE TO RAILROADS

SHORT TITLE

SEC. 101. This title may be cited as the "Rail Freight Transportation Improvement Act of 1974".

RAILROAD LOAN GUARANTEES

SEC. 102. (a) The Secretary is authorized, on such terms and conditions as he may prescribe, and with the approval of the Secretary of the Treasury, to guarantee any person against loss of principal (including all payment obligations under a lease) and interest on securities, obligations (including rolling stock leases), or loans (including refinancing thereof) issued for the purpose of financing acquisitions or improvements specified in subsection (d) of this section. The maturity date of any security, obligation, or loan, including all extensions and renewals thereof, shall not be later than twenty years from its date of issuance, nor be later than the end of the useful life of any asset to be financed by the security, obligation, or loan. The Secretary shall prescribe and collect a reasonable annual guarantee fee from the railroads with respect to which guarantees are issued under this section sufficient in his judgment to cover, as a minimum, administrative expenses under the program authorized by this section except that the fee for a guarantee made for purposes of subsection (d)(1)(F) may not be more than 1 per centum per annum of the principal amount of the obligations outstanding.

(b) All guarantees entered into by the Secretary under this section shall constitute general obligations of the United States of America backed by the full faith and credit of the Government of the United States of America.

(c) Any guarantee made by the Secretary under this section shall not be terminated, canceled, or otherwise revoked; shall be conclusive evidence that such guarantee complies fully with the provisions of this section and of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee; and shall be valid and incontestable in the hands of a holder of a guaranteed security, obligation, or loan, except for fraud or material misrepresentation on the part of such holder.

(d)(1) The loan guarantees authorized by subsection (a) of this section may be made for the purpose of financing the acquisition, construction, maintenance, or development of the following railroad facilities and equipment:

(A) Track subject to traffic usage of at least five million gross ton-miles per mile of road per year and determined by the Secretary to be essential for present and future rail service needs.

(B) Structures and similar improvements.

(C) Railroad communications and power transmission systems.

(D) Signals.

(E) Terminal facility modernization and consolidation.

(F) New and rebuilt rolling stock.

(2) For purposes of this subsection—

(A) the term "track" means (i) rail, (ii) ties, (iii) ballast, (iv) other track materials, (v) grading, and (vi) tunnels;

(B) the term "structures and similar improvements" means (i) bridges, trestles, and culverts, (ii) elevated structures, (iii) stations and office buildings used for operating purposes only, (iv) repair shops and enginehouses, (v) trailer-on-flat-car and container-on-flat-car terminals, and (vi) construction of public improvements;

(C) the term "communication systems" means electronic communications systems, microwave, wireless, and automatic data processing systems;

(D) the term "power transmission systems" means (i) powerplants, (ii) power transmission systems, (iii) powerplant machinery, and (iv) equipment, structures, and facilities for the transmission of electricity for use by railroad locomotives;

(E) the term "signals" means signals and interlockers;

(F) the term "terminal facility" means a facility providing express or railroad terminal and switching facilities and services to express companies and railroads and their shippers and passengers, including ferries, tugs, and carfloats, and related shoreside facilities designed primarily for the transportation of rolling stock by water; and

(G) the term "rolling stock" means new or rebuilt standard gauge railroad freight cars, including refrigerator cars and cabooses, suitable for use by more than one railroad in normal interchange under the interchange rule of the Association of American Railroads, and standard gauge railroad locomotives.

(e)(1) Before making any guarantee pursuant to this section, the Secretary must consider whether the prospective obligee is responsible and whether adequate provision will be made for servicing the obligation. The Secretary may not make a guarantee pursuant to this section unless the user has an equity interest, or, in the case of a lease, a beneficial interest, in the asset to be financed. The Secretary may not make a guarantee for purposes of subsection (d)(1) unless he finds that—

(A) the management of the railroad is actively pursuing programs designed to upgrade and develop plant facilities and operations as necessary to fulfill its obligations as a common carrier;

(B) the prospective earning power of the railroad together with the character and value of the security pledged, if any, furnish reasonable assurance that the railroad will be able to repay the loan within the time fixed and afford reasonable protection to the United States in the event of a default;

(C) the activity to be financed under the guarantee will enhance the efficiency of rail operations;

(D) the prospective borrower has demonstrated to the satisfaction of the Secretary that credit is not otherwise available on reasonable terms;

(E) the interest rate on the obligation to be guaranteed is a reasonable rate, taking into consideration the range of interest rates prevailing in the private market for similar obligations;

(F) the debtor will not be required to maintain any compensating balance in the creditor's financial institution or in any account from which the creditor derives financial advantage;

(G) there has been provided for the protection of the interests of employees which may be affected thereby, a fair and equitable arrangement containing benefits no less than those required by and established pursuant to section 5(2)(f) of the Interstate Commerce Act and section 405(b) of the Rail Passenger Service Act of 1970.

(2) The Secretary may not make a guarantee for the purpose of improving track or terminal facilities unless he also finds that the proposed improvements will contribute to the establishment of a rational, efficient, and economical national rail transportation system.

(3) The Secretary may not make a guarantee for the purpose of the acquisition or rebuilding of rolling stock unless he finds that—

(A) the acquisition or rebuilding is justified by the present and future need for rolling stock; and

(B) the probable value of the rolling stock will provide reasonable protection to the United States in the event of a default.

(4) In making a guarantee for any of the purposes specified in subsection (d) of this section, the Secretary shall also take into account, the return on investment of the improvement for which a guarantee is sought, the potential for intermodal connections and substitutions and for improved utilization of freight cars, the relationship of the proposed improvement to other improvement plans of the railroad, the contribution of the improvement to improved rail transportation service both for passengers and for shippers, and the contribution of the improvement to the efficiency of the railroad.

(f) The Secretary may prescribe, as he deems necessary and appropriate, rules and regulations for the administration of this section.

(g) There is created within the Treasury a separate fund (hereafter in this section referred to as "the fund") which shall be available to the Secretary without fiscal year limitation as a revolving fund for the purpose of this section. The total of guarantees made from the fund in any fiscal year shall not exceed limitations specified in appropriation Acts. A business-type budget for the fund shall be prepared, transmitted to the Congress, considered, and enacted in the manner prescribed by law (section 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847–849)) for wholly owned Government corporations.

(h)(1) There are authorized to be appropriated to the fund from time to time such amounts as may be necessary to provide capital for the fund. All amounts received by the Secretary as payments, fees, and any other money, property, or assets acquired by him from his operations in connection with this section shall be deposited in the fund.

(2) All guarantees, expenses, and payments pursuant to operations of the Secretary under this section shall be paid from the fund. From time to time, and at least at the close of each fiscal year, the Secretary shall pay from the fund into Treasury as miscellaneous receipts interest on the cumulative amount of appropriations available as capital to the fund, less the average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretar yof the Treasury. However, such rate shall not be less than a rate determined by taking into consideration the average market yield, during the month preceding the fiscal year during which such interest is paid, on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of loans made or guaranteed from the fund. Interest payments may be deferred with the approval of the Secretary of the Treasury, but each interest payment so deferred shall bear interest. If at any time the Secretary detremines that reasonably prospective future requirements amounts in the fund exceed the present and of the fund, such excess may be transferred to the general fund of the Treasury.

(i) If at any time the amounts available in the fund are insufficient to enable the Secretary to discharge his responsibilities under guarantees under this section, he shall issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary of the Treasury. Redemeption of such notes or obligations shall be made by the Secretary from appropriations or other funds available under subsection (h)(1) of this section. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued under the Second Liberty Bond Act and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes or obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(j) The aggregate unpaid principal amount of securities, obligations, and loans outstanding at any one time, which are guaranteed by the Secretary under this section, may not exceed $2,000,000,000.

(k) The Secretary may not, pursuant to this section, guarantee any security, obligation, or loan, the interest of which is exempt from Federal income taxes.

NATIONAL ROLLING STOCK MANAGEMENT INFORMATION SYSTEM

SEC. 103. (a) The Secretary is authorized to conduct research and development into the design of a national rolling stock management information system which, utilizing advanced computer and communication techniques, would be capable of locating and expediting the movement of rolling stock on a national basis. In conjunction with this task, the Secretary shall study, in cooperation with the Interstate Commerce Commission and the railroads, the information, functions, and procedures necessary to provide efficient and expeditious car service on a national basis. Within 2 years from the date of enactment of this section, the Secretary shall report to the Congress his recommendations respecting the organization, development, funding, and implementation of any national system which he may design as a result of research and development. In arriving at his recommendations, the Secretary shall consider—

(1) the need for timely and accurate information regarding the location and movement of rolling stock on a nationwide basis;

(2) the requirements and technological standards necessary to assure that the advantages to be obtained from a national system accrue to each participating railroad;

(3) the requirements and technological standards necessary to assure the flow of car service orders from a national system to the rolling stock scheduling and control systems of an individual railroad and compliance by that railroad with the car service orders;

(4) the uniform data and other technological requirements that must be contained in the rolling stock management information systems of an individual railroad to permit efficient linkage of its system with a national system; and

(5) the economic, safety, and service benefits to be derived from a national system.

(b) The Secretary shall conduct a study respecting (1) the costs to individual railroads of installing rolling stock management information systems compatible with a national system designed under subsection (a) of this section; and (2) the economic, safety, and service benefits to be derived from compatible systems. Not later than 2 years from the date of enactment of this section, the Secretary shall announce his recommendations for the installation of the systems by individual railroads. The Secretary is authorized to provide technical assistance to railroads in the implementation of rolling stock management information systems designed in a manner consistent with his recommendations.

STUDY OF RAILROAD ELECTRIFICATION

SEC. 104. The Secretary of Transportation shall conduct a study of the potential benefits of railroad electrification for high density rail lines in the United States, and shall report the findings of such study to the Congress not later than 6 months after the date of enactment of this section. The study shall include, but not be limited to, the costs and benefits of electrifying rail lines in the United States with a high density of traffic, including (1) the capital costs of such electrification and the oil fuel economies which would be derived therefrom, the ability of existing power facilities to supply the additional power required, and the amount of coal or other fossil fuels required to generate the power necessary for railroad electrification; and (2) the advantages to the environment of electrification of railroads in terms of reduced fuel consumption and air pollution and disadvantages to the environment from increased use of fuels such as coal.

AUTHORIZATION OF APPROPRIATIONS

SEC. 105. There are authorized to be appropriated $15,000,000 for the purpose of carrying out sections 103 and 104, including the payment of necessary administrative expenses, to remain available until expended.

TITLE II—PROVISIONS RELATING TO DISCRIMINATORY STATE TAX PRACTICES

DISCRIMINATORY STATE TAXATION

SEC. 201. Part I of the Interstate Commerce Act is amended by renumbering section 27 as section 28 and by inserting immediately after section 26 the following new section:

"DISCRIMINATORY STATE TAXATION

"SEC. 27. (a) Notwithstanding the provisions of section 202(b), any of the following actions by any State, or subdivision or agency thereof, whether any such action be taken pursuant to a constitutional provision, statute, or administrative order or practice, or otherwise, is declared to constitute an unreasonable and unjust discrimination against, and an undue burden upon, interstate commerce and is forbidden and declared to be unlawful:

"(1) The assessment (but only to the extent of any portion based on excessive values as hereinafter described in subsection (c)), for purposes of a property tax levied by any taxing district, of transportation property owned or used by any common or contract carrier subject to economic regulation pursuant to the provisions of this part, part II, part III, or part IV of this Act at a value which bears a higher ratio to the true market value of such transportation property than the assessed value of all other commercial and industrial property (located in the assessment jurisdiction of any State in which is included such taxing district and subject to a property tax levy) bears to the true market value of all such other commercial and industrial property.

"(2) The collection of any tax on the portion of such assessment so declared to be unlawful.

"(3) The collection of any ad valorem property tax on such transportation property at a tax rate higher than the tax rate generally applicable to commercial and industrial property in the taxing district.

"(4) The imposition of any other tax which results in discriminatory treatment of a common or contract carrier subject to this part, part II, part III, or part IV of this Act.

"(b) As used in this section—

"(1) The term 'transportation property' means transportation property as defined in the regulations of the Interstate Commerce Commission.

"(2) The term 'assessment jurisdiction' means a geographical area, such as a State, or a county, city, or township within a State, which is a unit for purposes of determining assessed value of property for ad valorem taxation.

"(3) The term 'commercial and industrial property' means property devoted to a commercial or industrial use, except that such term shall not include land used primarily for agricultural purposes or primarily for the purpose of growing timber.

"(4) The term 'all other property' means all property, real or personal, other than transportation property and land used primarily for agricultural purposes or primarily for the purpose of growing timber.

"(c) In the event that the ratio of the assessed value of all other commercial and industrial property in the assessment jurisdiction to the true market value of all such other commercial and industrial property cannot be established through the random-sampling method known as a sales assessment ratio study, conducted in accordance with statistical principles applicable to such studies, to the satisfaction of the court hearing the complaint that transportation property has been or is being assessed or taxed in contravention of the provisions of this section, then it shall be unlawful (1) to assess such transportation property at a value which bears a higher ratio to the true market value of such transportation property than the assessed value of all other property (located in the assessment jurisdiction in which is included such taxing district and subject to a property tax levy) bears to the true market value of all such other property, or (2) to collect any ad valorem property tax on such transportation property at a tax rate higher than the tax rate generally applicable to taxable property in the taxing district.

"(d) Notwithstanding the provisions of section 1341, title 28, United States Code, or of the constitution or laws of any State, the district courts of the United States shall have jurisdiction, upon complaint and after hearing, to issue such writ of injunction or other property process, mandatory or otherwise, as may be necessary to restrain any State, or subdivision or agency thereof, or any person from doing anything or performing any act declared by subsection (a) to be unlawful, except that such jurisdiction shall not be exclusive of that which any Federal or State court may otherwise have. No relief shall be granted under this subsection unless the assessment percentage applied to carrier transportation property exceeds by at least 5 per centum the assessment percentage applied to all other property in the assessment jurisdiction. The provisions of this section shall not become effective until 3 years after date of its enactment".

TITLE III—PROVISIONS RELATING TO COMPETITIVE EQUITY

SHORT TITLE

SEC. 301. This title may be cited as the "Competitive Equity Act of 1974".

ESTABLISHMENT OF MINIMUM COMPENSATORY RATES

SEC. 302. (a) Sections 216(i), 307(f), and 406(d) of the Interstate Commerce Act are each amended by adding at the end of each such section the following: "The Commission shall, on a continuing basis, investigate and identify traffics which are moving at rates below the variable costs, as determined by the Commission, incurred in handling the traffics to which such rates apply and, within procedures established under this Act, cause such rates to be promptly brought to at least such variable costs.".

(b) Section 15a(2) of the Interstate Commerce Act is amended by adding at the end thereof the following: "The Commission shall, on a continuing basis, investigate and identify traffics which are moving at rates below the variable costs, as determined by the Commission, incurred in handling the traffics to which such rates apply and, within procedures established under this Act, cause such rates to be promptly brought to at least such variable costs. For the first year following the date of the enactment of the Surface Transportation Act of 1974, the lawful rates in effect on January 1, 1974, shall be deemed to be at variable costs.".

ADEQUATE REVENUE LEVELS

SEC. 303. (a) Section 15a of the Interstate Commerce Act, as amended by section 302 of this Act, is amended by adding at the end thereof the following new paragraph:

"(5) With respect to railroads, express companies, and sleeping car companies, the Commission shall, after notice and hearing, within 24 months after the enactment of this paragraph develop, promulgate, and thereafter continually maintain reasonable standards and procedures for the determination and establishment of revenue levels adequate under honest, economical, and efficient management, to cover total operating expenses (including depreciation and obsolescence) and a fair, reasonable, and economic profit or return on total capital prudently employed in such surface transportation business. Such standards and procedures shall be so developed as to afford an opportunity for the establishment of revenue levels *that are* sufficient to cover operating expenses, cost of debt, cost of equity capital, and effects of inflation or deflation (including the effects of inflation or deflation on the costs of equipment and facilities) and for the retention and attraction of capital in amounts adequate to provide a sound and efficient transportation system in the United States. In formulating such standards and procedures, the Commission shall consider, among other things, productivity factors and financially sound debt and equity ratios.".

(b) Section 216(1), 307(f), and 406(d) of the Interstate Commerce Act, as amended by section 302 of this Act, are each amended by adding at the end of each such subsection the following: "The Commission shall after notice and hearing, within 24 months of the enactment of this paragraph, develop, promulgate, and thereafter continually maintain reasonable standards and procedures for the determination and the establishment of revenue levels adequate, under honest, economical, and efficient management, to cover total operating expenses (including depreciation and obsolescence) and a fair, reasonable, and economic profit or return on total capital prudently employed in such surface transportation business. Such standards and procedures shall be so developed as to afford an opportunity for the establishment of revenue levels that are sufficient to cover operating expenses, cost of debt, cost of equity capital, and effects of inflation or deflation (including the effects of inflation or deflation on the costs of equipment and facilities), and for the retention and attraction of capital in amounts adequate to provide a sound and efficient transportation system in the United States. In formulating such standards and procedures, the Commission shall consider, among other things, productivity factors and financially sound debt and equity ratios."

DEVELOPMENT AND IMPLEMENTATION OF INTERIM RATE ADJUSTMENTS

SEC. 304. Sections 15a(2), 216(1), 307(f) and 406(d) of the Interstate Commerce Act, as amended by sections 302 and 303 of this Act, are each amended by adding at the end of each such section the following: "The Commission shall, within 12 months after the date of enactment of the sentence, promulgate and thereafter continually maintain standards and procedures for the authorization of interim rate level adjustments pending any new determination of adequacy of revenue levels, and such interim adjustments may be approved by the Commission whenever and to the extent justified by experienced, or demonstrably certain, increases in cost.".

INVESTIGATION OF DISCRIMINATORY FREIGHT RATES FOR THE TRANSPORTATION OF RECYCLED MATERIALS

SEC. 305. (a) The Congress hereby directs that in furtherance of the purposes of the Solid Waste Disposal Act of 1965, as amended by the Resource Recovery Act of 1970, the Interstate Commerce Commission shall—

(1) within one year after the date of enactment of this section, and as appropriate thereafter, conduct investigations, based upon the identification and examination of such rates as are significant to such investigation, of the rate structure for the transportation of recycled materials by transportation carriers subject to its regulatory jurisdiction and shall, after a hearing has been afforded, determine whether such transportation rate structure is in whole or in part unjustly discriminatory, or, in the case of interstate commerce, unreasonable;

(2) in all cases where the rate structure applicable to the transportation of recycled materials is found to be unreasonable or unjustly discriminatory, issue orders requiring the removal from such rate structure of such unjust discrimination or, in the case of interstate commerce, such unreasonableness; and

(3) file annual reports with the President and the Congress on or before December 10 of each year and such final report as shall be appropriate to reflect all actions commenced or completed under this section during the reporting period to eliminate unreasonable and unjustly discriminatory rates for the transportation of recycled materials.

(b) Any interested person may file a complaint with the Commission alleging that rates, charges, or tariffs, or proposed rate increases, for the transportation of any recycled material subject to its regulatory jurisdiction are unjustly discriminatory or, in the case of movements in interstate commerce, unreasonable. Upon the filing of any such complaint, the Commission shall forward a copy thereof to any carrier whose rates, charges, or tariffs, or proposed rate increases, are challenged. Such carriers shall be given a reasonable opportunity to answer such allegations in writing. The Commission shall thereupon investigate and, after a public hearing, make a determination. If such rates, charges, tariffs, or proposed rate increases are found to be unjustly discriminatory or, in the case of movements in interstate commerce, unreasonable, the Commission shall issue appropriate orders requiring the removal, where applicable, of such unjust discrimination or unreasonableness.

(c) The Administrator of the Environmental Protection Agency shall have the right to intervene as a party in any proceeding commenced by or before the Commission under this section.

(d) In any proceeding under this section—

(1) upon a showing by any interested person of competition between a recycled material and a virgin natural resource material as provided in subsection (g) of this section and of an unreasonable difference in transportation rates, charges, or tariffs charged by a carrier or a difference in the rate structures for such competing materials for substantially similar transportation, the burden shall then be upon the carrier whose rates, tariffs, charges, rules, or regulations are under investigation to show that the same are not unjustly discriminatory;

(2) the Commission shall make specific findings based upon the record and, with respect to all determinations made by it in accordance with this section, any relevant facts or conclusions, including matters to be officially noticed, shall be introduced into the record, subject to cross examination, in accordance with the rules of evidence governing proceedings under the Interstate Commerce Act;

(3) the Commission shall give full preference to the hearing and decisions in any proceeding under this section and shall conclude such proceedings as speedily as possible; and

(4) This section shall read in pari materia, as appropriate, with the Interstate Commerce Act.

(e) Orders issued by the Commission pursuant to this section shall be subject to judicial review or enforcement in the same manner as orders issued by the Commission under the Interstate Commerce Act.

(f) The Commission is authorized to prescribe such regulations as are necessary to carry out the provisions and purposes of this section.

(g) For the purposes of this section, a recycled material shown to be practicably usable and intended to be used in a particular manufacturing, industrial, or energy production process, which use would reduce the use of a virgin natural resource material which could otherwise be used, shall be presumed to be competitive with such virgin natural resource material unless such showing is rebutted by a preponderance of the evidence.

(h) The Secretary of Transportation, in cooperation with the Interstate Commerce Commission shall establish a research, development, and demonstration program which shall develop and improve transport terminal operations, transport service characteristics, transport equipment, and collection and processing methods for the purpose of facilitating the competitive and efficient transportation of recycled materials.

LIMITATION ON INTERSTATE COMMERCE COMMISSION POWERS

SEC. 306. (a) Section 15(7) of the Interstate Commerce Act (49 U.S.C. 15(7)) is amended to read as follows:

"(7)(a) Whenever a schedule is filed with the Commission stating a new individual or joint rate, fare, or charge, or a new individual or joint classification, regulation, or practice affecting a rate, fare, or charge, the Commisison may order a hearing concerning the lawfulness of the rate, fare, charge, classification, regulation, or practice. The hearing may be ordered upon complaint or at the Commission's initiative and without answer or other formal pleading by the interested carrier or carriers, but with reasonable notice. The final decision respecting such rate, fare, charge, classification, regulation, or practice shall be made by the Commission not later than 7 months after the date of the filing of such schedule, unless prior to the expiration of the 7-month period the Commission reports in writing to the Congress that it is unable to render a decision within that period, with a full explanation of the reason for the delay. If such a report is made to the Congress, the final decision shall be made not later than 10 months after the date of the filing of such schedule. If that final decision is not made within the applicable period prescribed by the preceding sentences, the rate, fare, charge, classification, regulation, or practice shall be deemed to be lawful under this Act. After full hearing, whether completed before or after the rate, fare, charge, classification, regulations, or practice goes into effect, as hereinafter provided, the Commission may issue such order with reference thereto as would be proper in a proceeding initiated after it had become effective.

"(b) Except as otherwise provided in this subparagraph, pending a hearing instituted upon complaint, the schedule may be suspended for 7 months beyond the time when it would otherwise go into effect, or for 10 months if the Commission reports to Congress pursuant to subparagraph (a) of this paragraph. In the case of a rate increase, a rate may not be suspended on the ground that it exceeds a just and reasonable level if the rate is within the limitations of subparagraph (c) of this paragraph, except that such a rate change may be suspended under sections 2, 3, and 4 of this part pending the determination of its lawfulness. In the case of a rate decrease, a rate may not be suspended on the ground that it is below a just and reasonable level if the rate is within the limitations of subparagraph (c) of this paragraph, except that such a rate change may be suspended under sections 2, 3, and 4 of this part pending the determination of its lawfulness.

"(c) The limitations upon the Commission's power to suspend rate changes set forth in subparagraph (b) of this paragraph apply only if the rate increase or decrease is filed within 1 year after the date of enactment of this subparagraph, if the carrier notifies the Commission that it wishes to have the rate considered pursuant to this subparagraph, and if, in the case of a rate increase, the aggregate of all increases in the rate sought pursuant to this paragraph would not exceed 7 per centum from the rate in effect on the date of enactment of this subparagraph and, in the case of a rate decrease, the aggregate of all decreases in the rate sought pursuant to this paragraph would not exceed 7 per centum from the rate in effect on the date of enactment of this subparagraph and would not lower the rate below the rate in effect on January 1, 1974.

"(d) If a hearing of a proposed increased rate or charge is initiated and the schedule is not suspended pending hearing, or if a hearing of a proposed decreased rate or charge is initiated and the schedule is suspended pending hearing, the Commission shall require the carrier to keep an account of all amounts received because of the increase or the suspension of the decrease from the date the rate became effective or was suspended as the case may be, until an order issues or until 7 months elapse if the hearings are not extended pursuant to subparagraph (a) of this paragraph, whichever is sooner or, if the hearings are extended, until an order issues or until 10 months elapse, whichever is sooner. The account shall specify by whom and in whose behalf the amounts are paid. In its final order, the Commission shall require the carrier to refund, with interest at a rate which is 1 per centum below the average yield (on the day of filing the schedule) of marketable securities of the United States of a duration of 90 days, to the persons in whose behalf the amounts were paid, that portion of the increased rate or charge found to be not justified, or that portion of the decreased rate or charge found to be justified, as the case may be. In determining a person's entitlement to a refund because of a decreased rate, the Commission shall consider the extent to which the traffic moved in compliance with the terms of the tariff containing the decreased rate.

"(e) At any hearing under this paragraph, the burden of proof is on the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of the question preference over all other questions pending before it and decide the same as speedily as possible.

"(f) The provisions of subparagraphs (b) and (c) of this paragraph shall not apply with respect to rate increases of general applicability to all or substantially all classes of traffic.

"(g) (A) The purpose of this subparagraph (g) is to assure that the provisions of paragraphs (7) (b) and (c) will not be employed to effectuate monopoly or predatory practices destroying other modes of transportation, and this subparagraph shall apply only to rates and charges effectuated in accordance with the provisions of subparagraphs (b) and (c) of this paragraph. It is recognized, however, that the protection of the vitality of intermodal competition and not the protection of individual carriers as such against such competition is the paramount purpose of paragraphs (7) (b) and (c). Without in any manner altering the application of other provisions of the Act, the immediately succeeding subparagraphs are intended to designate with greater specificity certain monopolistic or predatory practices which are prohibited and to provide remedies.

"(B) No carrier shall discriminate in the rates or charges assessed on a route where intermodal competition exists versus the rates or charges which it assesses for the same or similar traffic on another route, where the purpose or effect is substantially to lessen competition between the carriers and a carrier of another mode, but the prima facie unlawfulness of such discrimination having the above effect may be rebutted by an affirmative showing that the lower rate or charge creating the discrimination is not below the point necessary in good faith to meet the rate or charge of a competitor.

"(C) No carrier acting alone or in concert with another carrier shall maintain a higher rate or charge, difference in cost considered, for that segment of an actual or potential rail and water route over which it carries shipments than it maintains on the same or similar traffic over a competitive all-rail or all-water route, where the purpose is to monopolize or the effect is substantially to lessen competition between it and a connecting carrier or tend to create a monopoly of the traffic in question.

"(D) Any carrier which shall be injured in its business or property by reason of engagement by a carrier in any predatory or discriminatory practice or monopolizing which is forbidden by the foregoing provisions of this subparagraph (g) may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent and shall recover the damages by it sustained, and the cost of suit, including a reasonable attorney's fee.

"(E) Before any damage action under subparagraph (D) may be filed in a Federal district court, the Commission shall determine the lawfulness of the practices or rates. The determination of the Commission shall be conclusive, subject to judicial review, as to the issue of the lawfulness of such practices or rates in any subsequent damage suit under this subjection.

"(F) all actions pursuant to subparagraph (E) above shall be commenced within 4 years from the time the cause of action accrues, and not after.".

(b) The Interstate Commerce Commission shall, in consultation with the Secretary of Transportation, undertake a comprehensive study of the effects of the amendment to section 15(7), made by subsection (a) of this section, relating to suspension of rates, on the development of an efficient national transportation system. The study shall include an analysis of the effects of the provision upon shippers, carriers or other modes, and upon the railroad industry. The Commission shall transmit the results of such study to the Congress within 18 months after the date of enactment of this title.

NEW RATES FOR CAPITAL INVESTMENTS FOR INNOVATIVE SERVICES

SEC. 307. Section 15 of the Interstate Commerce Act is amended by renumbering paragraphs (8) through (14) as paragraphs (9) through (15), respectively, and by inserting immediately after paragraph (7) the following new paragraph:

"(8) (a) Notwithstanding any other provision of law, a carrier subject to regulation under this part may file with the Commission a notice of intention to file a schedule stating a new rate, fare, charge, classification, regulation, or practice whenever the implementation of the proposed schedule would result in a new type of service for the shipper requiring a total capital investment of $1,000,000, or more, individually or collectively by the carrier, or a shipper or receiver or agent thereof, or an interested third party. The filing shall be accompanied by a sworn affidavit setting forth in detail the anticipated capital investment upon which it is based. Any interested party may request the Commission to investigate the schedule proposed to be filed. Unless, after full hearing and before the expiration of the 7-month period following the filing of the notice, the Commission has determined that the proposed schedule, or any part thereof, would be unlawful, the carrier may file the schedule any time thereafter to become effective after 30 days' notice. Except as provided in subparagraph (b), the schedule may not, for a period of 3 years after its effective date, be suspended or set aside by the Commission as being unlawful under sections 1, 2, 3, and 4 of this part, except that it may be suspended or set aside after such effective date if the rate prescribed therein is found to be not compensatory.

"(b) Failure of the Commission to hold a hearing under subparagraph (a) shall be considered agency action and shall be reviewable as such in accordance with chapter 7 of title 5, United States Code. The court may, in an action brought under such chapter 7, order the Commission to hold a hearing under subparagraph (a) of this paragraph. If the Commission is so ordered, it shall hold such a hearing, and if it makes the determination that the proposed schedule, or any part thereof, would be unlawful, it shall suspend the schedule even if such suspension is after the 7-month period referred to in subparagraph (a) of this paragraph.".

TITLE IV—AGREEMENTS BETWEEN CARRIERS

SHORT TITLE

SEC. 401. This title may be cited as the "Rate Bureau Modernization Act".

DISPOSITION OF RATES BY BUREAUS, ETC., WITHIN SPECIFIED TIME PERIOD

SEC. 402. Section 5a of the Interstate Commerce Act (49 U.S.C. 5b) is amended by adding at the end thereof the following new paragraph:

"(11) Within 120 days after a rule, rate, or charge is docketed with a conference, bureau, committee, or other organization, established or continued pursuant to any agreement approved under this section, such rule, rate, or charge shall finally be disposed by said conference, bureau, committee, or other conference, bureau, committee, or other organization. The provisions of this paragraph shall not apply to the proposals docketed with any such organization designed to establish or amend new or existing classification ratings.".

ACCESS TO RECORDS

SEC. 403. Section 5a(3) of the Interstate Commerce Act (49 U.S.C. 5b(3)) is amended to read as follows:

"(3) Each conference, bureau, committee, or other organization established or continued pursuant to an agreement approved by the Commission under the provisions of this section shall maintain records of the votes of its members on each matter voted on. It shall maintain such other accounts, files, memorandums, or other records, and submit such reports as the Commission may require. The records of each organization shall be subject to inspection by the Commission and shall be made available to the public through the Commission."

SINGLE LINE RATES

SEC. 404. Paragraph (6) of section 5a of the Interstate Commerce Act (49 U.S.C. 5b) is amended to read as follows:

"(6) (a) The Commission shall not approve under this section any agreement which establishes a procedure for the determination of any matter through joint consideration unless it finds that under the agreement there is accorded to each party the free and unrestrained right to take independent action either before or after any determination arrived at through such procedure, and in no event shall any conference, bureau, committee, or other organization, established or continued pursuant to any agreement approved under this section, participate in discussions, make agreements, or conduct votes in single line rates established by an railroad carrier, regulated under part I of this Act, nor appear in any proceeding before the Commission regarding said single line rate. For purposes of this section, a single line rate is an individual point-to-point rate or change therein proposed by a single carrier where the total service under such rate (exclusive of terminal services provided by switching, drayage, or other terminal carriers or agencies) can be performed by such carrier; but the limitation on participation in discussions, making of agreements, and conduct of votes shall not be applicable to general rate increases or decreases or to class, mileage factor, or other rates, fares, or charges, or changes therein, of general application or substantially general application to both single line and joint line routes in the territory or territories within or between which the rates are to have application.

"(b) The Commission shall not approve under this section any agreement which establishes a procedure for the determination of any matter through joint consideration unless it finds that under the agreement there is accorded to each party the free and unrestrained right to take independent action either before or after any determination arrived at through such procedure, and no conference, bureau, committee, or other organization, established or continued pursuant to any agreement approved by the Commission between motor carriers regulated under part II or freight forwarders regulated under part IV of this Act, shall file with the Commission a protest against or request for suspension of any rate, fare, or charge published in any of its tariffs upon the direction of a party to the agreement in the exercise of such party's right of independent action unless such protest or request is supported by facts showing that such rate, fare, or charge appears to be less than the cost of rendering the specific transportation service to which it applies.".

STUDY OF RATE BUREAUS

SEC. 405. The Interstate Commerce Commission shall, within one year after the date of enactment of this section, conduct a proceeding or proceedings in which all interested parties may participate pursuant to paragraph (7) of section 5a of the Interstate Commerce Act (49 U.S.C. 5b) to determine if any conference, bureau, committee, or other organization established under such section 5a is preventing an efficient utilization of transportation resources or have established practices which are inconsistent with efficient, flexible, and economic operation. In carrying out the provisions of this section, the Commission shall consult with, and give consideration to the views of, the Secretary of Transportation and the Attorney General. A report which shall include recommendations by the Commission shall be transmitted to the Congress during the one-year period referred to above.

TITLE V—REPEAL OF DISCRIMINATORY GOVERNMENT RATES

PROHIBITING REDUCED GOVERNMENT RATES

SEC. 501. Section 22 of the Interstate Commerce Act (49 U.S.C. 22) is amended by inserting in the first sentence of paragraph (1) immediately after "governments" the first time it appears the following: "to the extent that such services are performed in time of war, or involve the transportation of commodities that ahe exempt from economic regulation under the provisions of part II or part III".

TITLE VI—ESTABLISHMENT OF UNIFORM COST ACCOUNTING

ESTABLISHMENT OF UNIFORM COST ACCOUNTING SYSTEM UNDER THE INTERSTATE COMMERCE ACT

SEC. 601. Section 20 of the Interstate Commerce Act (49 U.S.C. 20) is amended by striking out subparagraph (3) and inserting in lieu thereof the following new paragraph:

"(3) (a) The Commission may in its discretion, for the purpose of enabling it better to carry out the purposes of all parts of this Act, prescribe, after consultation with the Secretary of Transportation, a uniform system of accounts applicable to any class of carriers subject thereto, and a period of time within which such class shall have a uniform system of accounts, and the manner in which such accounts shall be kept.

"(b) The Commission, within one year following the date of enactment of this subparagraph, shall establish and promulgate rules and regulations prescribing uniform cost accounting and uniform revenue accounting methods for the determination of abandonment of nonproductive facilities, minimum compensatory rates established under title III of the Surface Transportation Act of 1974, and the repeal of discriminatory rates under title V of the Surface Transportation Act of 1974. In establishing and promulgating such rules and regulations with respect to the apportionment of common costs, joint costs, fixed costs, or constant costs to more than one service or activity, the Commission shall take into consideration all use factors, including, but not limited to, responsibility for peaks in demand, value of service, time, and miles. Nothing in this paragraph is intended to prevent the Commission from establishing for any or all additional purposes a uniform system of accounts applicable to any class of carriers subject to this Act.

"(c) Pending the establishment of the revenue, cost, and accounting standards required by subparagraph (b) of this paragraph, the Commission shall use such information and techniques as it deems appropriate for determining costs and revenues required by this Act.

"(d) In formulating rules and regulations under this paragraph, the Commission shall consult with and solicit the views of the Secretary of Transportation, other agencies and departments of the Federal Government, and representatives of the carriers, their employees, shippers, and the public.".

TITLE VII—INTERSTATE COMMERCE COMMISSION BUDGET

SHORT TITLE

SEC. 701. This title may be cited as the "Interstate Commerce Commission Budget Submission Act of 1974".

DIRECT SUBMISSION OF INTERSTATE COMMERCE COMMISSION BUDGET

SEC. 702. Section 201(a)(5) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)(5)), is amended by inserting ", the Interstate Commerce Commission," immediately before "and the Supreme Court of the United States".

TITLE VIII—MISCELLANEOUS

PER DIEM

SEC. 801. (a) Section 1(14)(a) of part I of the Interstate Commerce Act (49 U.S.C. 1(14)(a)) is amended to read as follows:

"(14)(a) It is the intent of the Congress to encourage the purchase, acquisition, and efficient utilization of freight cars. In order to carry out that intent of the Congress, the Commission may, after hearing, on a complaint or upon its own initiative without complaint, establish reasonable rules, regulations, and practices with respect to car service by common carriers by railroad subject to this part, including the compensation to be paid for the use of any locomotive or other vehicle (other than a freight car) and other terms of any contract, agreement, or arrangement for the use of any locomotive, car, or other vehicle not owned by the carrier using it (and whether or not owned by another carrier), and the penalties or other sanctions for nonobservance of such rules, regulations, or practices. The Commission shall determine the rates of compensation to be paid for the use of each type of freight car owned and controlled by a railroad not less often than once every 2 years. In fixing such compensation to be paid for the use of any type of freight car, the Commission shall give consideration to the national level of ownership of such type of freight car and to other factors affecting the adequacy of the national freight car supply. Such compensation shall be fixed on the basis of elements of ownership expense involved in owning and maintaining such type of freight car, including a fair return on the value of such type of freight car, giving due consideration to current costs of capital, repairs, material, parts, and labor. Such compensation may be increased by such incentive element or elements of compensation as in the Commission's judgment will provide just and reasonable compensation to freight car owners, contribute to sound car service practices (including efficient utilization and distribution of cars), and encourage the acquisition and maintenance of a car supply adequate to meet the needs of commerce and the national defense. The Commission shall not make any incentive element applicable to any type of freight car the supply of which the Commission finds to be adequate and may exempt from the compensation to be paid by any group of carriers such incentive element or elements if the Commmission finds it to be in the national interest.".

(b) The Interstate Commerce Commission shall, not later than 18 months after the date of the enactment of this section revise the rules, regulations, and practices with respect to car service in accordance with the amendment contained in subsection (a) of this section.

DEMURRAGE CHARGES

SEC. 802. Section 1(6) of the Interstate Commerce Act (49 U.S.C. 1(6)) is amended by inserting at the end thereof the following: "Demurrage charges shall be computed, and rules and regulations relating to such charges shall be established, in such a manner as to fulfill the national needs of freight car utilization and distribution and maintenance of an adequate freight car supply available for transportation of property.".

REFRIGERATOR CAR UTILIZATION

SEC. 803. Section 1(12) of the Interstate Commerce Act (49 U.S.C. 1(12)) is amended by inserting "(a)" immediately after "(12)" and by adding at the end thereof the following:

"(b) It shall be unlawful for any railroad subject to this part to refuse to transport any refrigerator car, whether empty or loaded, because such car is owned or controlled by a shipper or a nonrailroad owner. It shall be the duty of every carrier by railroad to handle all refrigerator equipment in the same manner and subject to the same rules and regulations, regardless of whether such equipment is owned or controlled by railroad or nonrailroad interests. The Commission is expressly authorized to exercise the power conferred under section 1(15) to issue emergency car service orders and regulations with respect to all refrigerator cars whether such cars are owned or controlled by shippers or other nonrailroad owners. Any railroad may, upon authorization by order of the Commission issued after investigation and hearing, refuse to accept any mechanical refrigerator car owned or controlled by a shipper or a nonrailroad owner if, at the time such car is tendered to the railroad, the railroad owns or controls directly or indirectly an adequate supply of mechanical refrigerator cars and use by the railroad of cars owned or controlled by a shipper or nonrailroad owner would adversely affect utilization of mechanical refrigerator cars owned directly or indirectly by the railroad. Nothing in this part shall prohibit any carrier by railroad from entering into contracts with shippers for an allocation of mechanical refrigerator cars, but such contracts shall not authorize any carrier to charge, demand, collect, or receive any different compensation for transportation than set forth in tariffs filed pursuant to section 6 of this part.".

AMENDMENTS TO SECURITIES ACTS

SEC. 804. (a)(1) Section 3(a)(6) of the Securities Act of 1933 is amended to read as follows:

"(6) Any security issued by a common or contract carrier by motor vehicle, the issuance of which is subject to the provisions of sections 20a and 214 of the Interstate Commerce Act, if at the time of issuance the then outstanding equity securities of such carrier are beneficially owned by not more than 100 persons; or any railroad equipment trust certificate. For purposes of this paragraph 'equity security' means any stock or similar security; or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right. For purposes of this paragraph 'equipment trust certificate' means any security issued, assumed, or guaranteed by a common carrier to finance the acquisition of rolling stock, including motive power, the issuance of which is subject to the provisions of section 20a of the Interstate Commerce Act;".

(2) The second sentence of section 19(a) of such Act is amended by striking out "; but insofar as they relate to any common carrier subject to the provisions of section 20 of the Interstate Commerce Act, as amended, the rules and regulations of the Commission with respect to accounts shall not be inconsistent with the requirements imposed by the Interstate Commerce Commission under authority of such section 20".

(3) Section 214 of the Interstate Commerce Act is amended by striking out the second proviso.

(b) Section 3(c)(7) of the Investment Company Act of 1940 is repealed.

(c)(1) The amendment made by subsection (a) of this section shall take effect on the sixtieth day after the date of enactment of this Act, but shall not apply with respect to any security which was bona fide offered to the public by the issuer or by or through an underwriter before such sixtieth day.

(2) The amendment made by subsection (b) of this section shall take effect on the sixtieth day after the date of enactment of this Act.

ABANDONMENT

SEC. 805. (a) Paragraph (18) of section 1 of the Interstate Commerce Act (49 U.S.C. 1(18)) is amended by inserting immediately after the first sentence thereof the following new sentence: "In determining whether public convenience and necessity permit an abandonment, the Commission shall give primary weight to the needs of those served by the line of railroad involved and the financial effect of the continued operation of the line upon the carrier by railroad seeking its abandonment.".

(b) Paragraph (20) of section 1 of the Interstate Commerce Act (49 U.S.C. 1(20)) is amended by inserting immediately after the first sentence thereof the following: "If the issuance of the certificate may affect interests of railroad employees, the Commission shall impose a fair and equitable arrangement for the protection of such employees containing benefits no less than those established pursuant to section 5(2)(f) of this Act, and section 405(b) of the Rail Passenger Service Act of 1970.".

Mr. STAGGERS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

TECHNICAL AMENDMENTS OFFERED BY MR. STAGGERS

Mr. STAGGERS. Mr. Chairman, I offer certain technical amendments, and ask unanimous consent that they may be considered en bloc at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. STAGGERS: Page 62, line 2, immediately after "Secretary" insert "of Transportation (hereinafter in this title referred to as 'the Secretary', unless the context otherwise requires)".

Page 65, line 20, insert "paragraphs (A) through (E) of" immediately before "subsection".

Page 89, strike out lines 8 through 10 and insert in lieu thereof the following:

"(f) The provisions of subparagraphs (b) and (c) of this paragraph, to the extent they limit the Commission's suspension powers with regard to rate increases, shall not apply to rate increase of general applicability to all or substantially all classes of traffic.

Page 89, line 17, immediately after "paragraph" insert "which limit the Commission's suspension powers with regard to rate increases".

Page 92, line 2, strike out the final "S" in "SERVICES".

Mr. STAGGERS. Mr. Chairman, all these proposed amendments reflect technicalities in the reported bill which are not substantial in nature. Therefore, I would urge their adoption.

Mr. KUYKENDALL. Mr. Chairman, I concur with the gentleman from West Virginia. We have no objection on this side.

The CHAIRMAN. The question is on the amendments.

The amendments were agreed to.

AMENDMENT OFFERED BY MR. YOUNG OF TEXAS

Mr. YOUNG of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Texas: Page 106, after sec. 805 insert the following:

"SEC. 806. Notwithstanding any other provision of this act the authority and responsibility of the Commission to guarantee the equalization of rates between ports remains intact."

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Texas. I yield to the gentleman from West Virginia.

Mr. STAGGERS. I agree with the gentleman's amendment. This is in practice now and should be in practice. I would not interfere with it at all.

Mr. Chairman, I would say that we accept the amendment on this side.

Mr. KUYKENDALL. Mr. Chairman, not wishing to make a speech myself, I will agree with the speech made by the gentleman from West Virginia.

Mr. YOUNG of Texas. Mr. Chairman, I have no intent to make a speech except to commend the committee for its work.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. YOUNG).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PICKLE

Mr. PICKLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PICKLE: on page 106, immediately after line 5, insert the following:

SEC. 806. Section 1 (15) of the Interstate Commerce Act (49 U.S.C. 1 (15)) is amended by inserting after "or other emergency requiring immediate action exists" a comma and the following: 'or is imminent.' ".

PARLIAMENTARY INQUIRY

Mr. KUYKENDALL. Mr. Chairman, a parliamentary inquiry.

Mr. DINGELL. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Michigan (Mr. DINGELL) reserves a point of order.

The gentleman from Tennessee (Mr. KUYKENDALL) will state his parliamentary inquiry.

Mr. KUYKENDALL. Mr. Chairman, would the Chair inform the Committee of the Whole House as to whether or not the bill has been considered as read, and is open for amendment at any point?

The CHAIRMAN. The Chair will state that the bill has been considered as read, and is open to amendment at any point.

Mr. KUYKENDALL. I thank the Chairman.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on his point of order?

Mr. DINGELL. Mr. Chairman, I withdraw my reservation of a point of order.

Mr. PICKLE. Mr. Chairman, I would like to explain what this amendment would accomplish. During the hearings of the Special Subcommittee on Investigations of the Commerce Committee which I chaired during the 92d session, it became abundantly clear that there have been serious problems due to a paucity of freight cars. In order to rectify this shortage of freight cars, the Interstate Commerce Act needs to be changed to allow car service orders to anticipate shortages, rather than reacting after the shortage occurs.

I would like to cite an example of the time lag problem resulting because of the present cumbersome machinery that the ICC operates under. A witness testifying at our hearings gave the following chronology of his experience with an order: February 1, shipper requested ICC help for cars: March 1, ICC made finding and issued car service order; March 15, order became effective; March 20, cars needed on February 1 were received; April 1, during 2-month period, crisis situation had subsided.

The great majority of those that we heard from felt that the Commission should have the power to issue orders before the fact, since most shortages are easily predictable. This expansion of the Commission's regulatory authority could promote better utilization and more equitable distribution of available car fleet.

I recommend adoption of the amendment.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, I have listened to the amendment, and I have seen the amendment. I think the amendment certainly adds to the bill, and I would be in favor of accepting the amendment.

Mr. *KUYKENDALL*. Mr. Chairman, again I hate to keep a Texan from making a speech, but let me say I will be happy to agree to the gentleman's amendment, the wording of it, and will accept the amendment.

Mr. PICKLE. Mr. Chairman, I thank both gentlemen.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. PICKLE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SHOUP

Mr. SHOUP. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. SHOUP: Page 90, strike out lines 1 through 11.
>
> Page 90, line 12, strike out "(C)" and insert "(B)" in lieu thereof.
>
> Page 90, line 21, strike out "(D)" and insert "(C)" in lieu thereof.
>
> Page 91, line 4, strike out "(E)" and insert "(D)" in lieu thereof.
>
> Page 91, line 11, strike out "(F)" and insert "(E)" in lieu thereof.

Mr. ECKHARDT. Mr. Chairman, I raise a point of order in that this amendment includes several different subjects involving different questions of policy, and therefore I demand a division of the question.

The CHAIRMAN. The gentleman from Texas (Mr. PICKLE) asks for a division of the question.

Mr. ECKHARDT. That is correct, Mr. Chairman. I demand a division of the question.

The CHAIRMAN. Does the gentleman from Montana wish to be heard on the point of order?

Mr. SHOUP. No, Mr. Chairman, I do not wish to oppose the division of the question.

PARLIAMENTARY INQUIRY

Mr. ECKHARDT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ECKHARDT. Mr. Chairman, since the gentleman from Montana does not oppose the division of the question, do we have before us the first proposition of striking on page 90, lines 1 through 11; is that the only matter we have before us?

The CHAIRMAN (Mr. FLOWERS). The Chair would say to the gentleman from Texas that the amendment offered by the gentleman from Montana (Mr. SHOUP) would appear to strike the language on page 90, lines 1 through 11, and then to redesignate the following subsections.

Mr. ECKHARDT. If that is the only amendment before us, then I have no objection.

The CHAIRMAN. The Chairman will state that that would be the interpretation of the Chair, that this amendment would not be subject to a demand for a division of the question.

Mr. ECKHARDT. Mr. Chairman, I withdraw my point of order.

Mr. Chairman, do I understand correctly, then, that the only amendment is to strike on page 90, lines 1 through 11?

The CHAIRMAN. That is correct, and then to redesignate the following subsections.

Mr. ECKHARDT. I thank the Chairman.

Mr. SHOUP. Mr. Chairman, I contend that subsection (B) of subparagraph (g) is ill-advised and unnecessary in this piece of legislation.

In the closing moments of the markup in committee of this particular piece of legislation the gentleman from Texas (Mr. ECKHARDT) offered subparagraph (g) as an amendment for very good reasons, and I think that most of the committee did agree to it. However, it was done in the closing moments, and there was not the close scrutiny given to the entire amendment that ordinarily would have been given. Certainly the gentleman's contention that it would promote competition was very worth while.

However subsection (A) states that the purpose of this subparagraph (g) is to assure that the provisions of paragraph (7)(b) and (c) will not be employed to effectuate monopoly or predatory practices.

Referring back to paragraphs 7(b) and (c), it states this:

> In the case of a rate increase, a rate may not be suspended on the ground that it exceeds a just and reasonable level. . . .

I emphasize those words "just and reasonable level." In subparagraph (b) that I contend should be stricken from the bill, it states that "No carrier shall discriminate." In no way does it speak to protecting competition or the shipper for reasons as set out in the bill in 7 (b) and (c) which is just and reasonable. Rather, it refers to section 2 in the authority of the ICC to suspend a rate.

This bill—again I must emphasize—in no way restricts the Commission from suspending rates because of discrimination. I say that this subsection is unnecessary for this reason. We have existing legislation on the books. We have an act, and I would refer first to the Interstate Commerce Act, and I quote:

> It is hereby declared to be the National Transportation Policy of the Congress—

And I skip on down to the relative words—

> To encourage the establishment and maintenance of reasonable charges for transportation services without—unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; . . . All of the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy.

Then going on into part I, section 2, may I quote. This comes, remember, from the Interstate Commerce Act—

> Section 2. That if any common carrier . . . shall . . . charge, . . . any person or persons a greater or less compensation for any service rendered . . . than it charges, from any other person or persons for doing for him or them a like . . . service . . . under substantially similar circumstances and conditions, such common carrier shall be deemed guilty of unjust discrimination, which is hereby prohibited and declared to be unlawful.

My interpretation of section 2 is that it is unlawful to discriminate. In section (b) which I propose to have stricken as being unnecessary, it states:

> No carrier shall discriminate in the rates or charges assessed.

To me the analogy there is that if we have on the books a law that says it shall be unlawful to exceed the speed of 25 miles an hour, then we pass another law that would say it shall be unlawful for a blue Chevrolet to exceed the speed limit of 25 miles an hour.

Mr. Chairman, we have a law on the books. We have a law that needs to be enforced. We do not need any more laws. We do not need any more regulations, only the enforcement of existing regulations.

Mr. KUYKENDALL. Mr. Chairman, will the gentleman yield?

Mr. SHOUP. I yield to the gentleman from Tennessee.

Mr. KUYKENDALL. I thank the gentleman for yielding.

Is it not true that the danger of subsection (g) is that the flexibility on the down side, which obviously helps the consumer, would be made so precarious, because of the threat of lawsuits that the very flexibility that we have given the railroads, in order to be more competitive to adjust to consumer and shipper needs more readily, would be discouraged? Is it not true that subsection (g) would, therefore, hurt the system and would do nothing to actually solve the crisis in the end?

Mr. SHOUP. The gentleman is correct; that danger is present.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. SHOUP. I yield to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding.

I should like to say I understand the second amendment of the gentleman in the well has raised the question which the gentleman from Tennessee has pointed out. His second amendment, which I understand is to be offered, would require the filing of a petition before the Commission asserting these court rights. That I think we might well be prepared to accept. I would merely urge all parties here to maintain these (B) and (C) provisions and then perhaps we might discuss acceptance of the other matter. I have no objection to the purpose the gentleman from Tennessee has stated but I do object to striking this section (B).

Mr. ADAMS. Mr. Chairman, I move to strike the requisite number of words.

What this provision represents, Mr. Chairman, is part of a package amendment that went in to prevent what is called "sharpshooting" or "squeezing," whereby a carrier such as a railroad that is in control of the traffic can price it so as to prevent a water carrier from competing.

I have no quarrel with the gentleman from Montana or the gentleman from Tennessee that this matter is a part of the national transportation policy which we have not tried to change but I would suggest to them that we do not adopt this amendment but that we do adopt the amendment that they are proposing which would require the injured party to go first to the ICC and state their rights before they attack a rate in court.

I agree with the gentleman from Tennessee we want to give this flexibility and I think by adopting this amendment we handle the problems that the gentleman from Montana is trying to do. I am concerned about dropping out one of the provisions, the sharpshooting one as opposed to the squeezing one, through this action. I do hope therefore that we might not do this but that we do adopt the provision which I understand will be offered next by the gentleman from Montana, I assume.

Mr. SHOUP. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Montana.

Mr. SHOUP. Mr. Chairman, as stated in the first presentation of my amendment, I complimented the gentleman from Texas and the reasoning behind his amendment. I thought it was well put. It was my point that (B) is already on the books and I am sure the gentleman will agree, being a lawyer, that if we want to confuse the court or the administration of any law that we put in two laws that are just alike and only saying the same thing a little bit differently, and that would put quite a bit of confusion into the enforcement of that law.

I point specifically to one portion of one statement in (B) where it says:

> . . . where intermodal competition exists versus the rates or charges which it assesses for the same or similar traffic on another route—

Basically we could say that says the same thing as the existing law but it is basically the same, I think the gentleman will agree, and where we have different words who is going to set the comparison? We have two laws on the books that really are attempting to do the same thing but which would be liable for interpretation that would be confusing.

Mr. ADAMS. It will be decided by the Interstate Commerce Commission when they are hearing the allegations that sharpshooting is taking place in the first instance. That is why I support the gentleman's other amendment and that is at the ICC where I think these problems should be first dealt with. If they are not, then these would be court action and court determination, as was done in the "Ingot Molds" case and others and I would be hopeful that the thrust of this bill will be, Let us get these out of the way at the regulatory level and not have these rates held up 6 or 7 or 8 years in the courts.

Therefore, since we have gone through a rather elaborate set of instructions to the Interstate Commerce Commission in this section, we should leave it to the ICC. That is the reason I oppose the gentleman's first amendment, but I will support the one that requires those who claim injury first to go to the Interstate Commerce Commission and try to have a determination at that level.

Mr. STAGGERS. Mr. Chairman, I very reluctantly rise to oppose this amendment and move to strike the necessary number of words.

Before I do, I would say that I would accept the second amendment of the gentleman from Montana, because I believe it is a good amendment. I believe that for protection of the water carriers and to maintain a level of competition, that this provision should be retained in the bill; but I would accept the second amendment, because I think it is a very good amendment.

Mr. SHOUP. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Montana.

Mr. SHOUP. Mr. Chairman, the problem seems to be that we are trying to protect the water carriers, this sharpshooting on water carriers. We have the regulations. May I quote from part 1, section 4, paragraph (2), on page 25. If the gentleman has the Interstate Commerce Act, it says:

> (2) Wherever a carrier by railroad shall in competition with a water route or routes reduce the rates on the carriage of any species of freight to or from competitive points it shall not be permitted to increase such rates unless after hearing by the Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of water competition.

To me, that paragraph, coupled with the basic nondiscrimination section of the act, covers fully what paragraph (b) is attempting to do.

Mr. ECKHARDT. Mr. Chairman, I rise to oppose the amendment.

The gentleman who offers the amendment is apparently not in disagreement with this side that this activity should be condemned. The reason it is important to include the condemnation of this activity in this section is that this is the section that addresses itself to what cannot be done under section 7, the flexibility section. If we are to define that, we should define it in well-rounded-out terms, so that there can be no doubt that neither sharpshooting, nor squeezing, is permitted under section 15(7).

Now, if the gentleman agrees that this is true, his position will not be injured by voting down his amendment. At the very worst, there would be coverage of the same question twice; but I think it is safest, when a flexibility is afforded and a condition is placed on that flexibility, that the condition should contain both the restrictions in (B) and (C), so that there can be no doubt about the fact that the sharpshooting practice is condemned, as well as the price squeezing.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. SHOUP).

The amendment was rejected.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. DINGELL: On page 104, line 6, strike out "100" and insert in lieu thereof "499".

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I am happy to yield to the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, I think the amendment the gentleman has offered is constructive to the bill. I would be happy on this side to accept it.

Mr. KUYKENDALL. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Tennessee.

Mr. KUYKENDALL. Mr. Chairman, I would be happy to accept the amendment of the gentleman from Michigan.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SHOUP

Mr. SHOUP. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. SHOUP: Page 91, strike out lines 4 through 10 and insert in lieu thereof the following:
>
> "(D) Before any damage action under subparagraph (C) may be filed in a Federal district court, the complaining carrier must file a petition with the Commission complaining about the lawfulness of the rates concerned, and, in the case of a complaint under subparagraph (B), seeking the establishment of a through route. No damages shall begin to accrue until after the filing of such a petition. The determination of the Commission shall be conclusive, subject to judicial review, as to the issue of the lawfulness of such rates in any subsequent damage suit under this subsection."

Mr. SHOUP. Mr. Chairman, the amendment as read was written in the expectation of the adoption of my previous amendment. Therefore, the lettering of the paragraphs and the subsections were in conforming language to the amendment which was not adopted.

Mr. Chairman, I ask unanimous consent that the changed paragraph identities be included or changed in the amendment.

The CHAIRMAN. The gentleman asks unanimous consent to modify his amendment, is that the gentleman's request?

Mr. SHOUP. It is.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. SHOUP. Mr. Chairman, may I ask that the Clerk reread the amendment?

The CHAIRMAN. The Clerk will report the amendment, as modified, offered by the gentleman from Montana.

The Clerk read as follows:

> Amendment offered by Mr. SHOUP: Page 91, strike out lines 4 through 10 and insert in lieu thereof the following:
>
> "(E) Before any damage action under subparagraph (D) may be filed in a Federal district court, the complaining carrier must file a petition with the Commission complaining about the lawfulness of the rates concerned, and, in the case of a complaint under subparagraph (C), seeking the establishment of a through route. No damages shall begin to accrue until after the filing of such a petition. The determination of the Commission shall be conclusive, subject to judicial review, as to the issue of the lawfulness of such rates in any subsequent damage suit under this subsection."

The CHAIRMAN. Without objection, the amendment is modified as last read.

There was no objection.

Mr. SHOUP. Mr. Chairman, I yield to the chairman of the committee, the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, I would like to ask the gentleman one question. I could not see any difference in the last reading of the amendment as compared with the first. Would the gentleman explain what the change was?

Mr. SHOUP. To the chairman of the committee I would say this: That the original reading identified the paragraph that was being referred to as paragraph (D). It is merely designation of the paragraph to conform with the committee amendment.

Mr. STAGGERS. I understand, and on this amendment, speaking for this side, I would say that we would be willing to accept the amendment.

Mr. SHOUP. To the gentleman from Tennessee (Mr. KUYKENDALL), it is my understanding that during the previous discussion he indicated that he had no objection to the amendment.

Mr. KUYKENDALL. That is correct.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. SHOUP. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I would like to ask what the gentleman attempts to do by the language—

> . . . and, in the case of a complaint under subparagraph (C), seeking the establishment of a through route.

I would see no objection to making as a condition of the bringing of the suit the filing of a petition with the Commission complaining about the lawfulness of the rates concerned, but I do not think the gentleman ought to make it a condition of bringing a lawsuit the application for a through route.

Let me ask what the gentleman really means by that. The situation addressed in (C) is a situation in which a water carrier carries, say, goods across a lake. But say 90 miles of the total route from the original point to the destination is by rail. The railroad also carries goods from the original destination in a through route by rail but charges so much on its leg of the rail route—oh, say 90 miles—that the water carrier is not then able to compete because that portion is too high. The water carrier does not want to apply for a through route, does he, under those circumstances? All he wants is for the rail carrier to quit discriminating against him with respect to the charge of the 90 miles of haulage it would engage in.

It would seem to me that the gentleman would have all he needs if he simply put a period after the word "concerned" and struck the rest of the sentence through the word "route."

I may not understand this, but that would seem to me to do everything that is necessary. If the water carrier has to ask for a through route, why, he is out of court, it seems to me.

Mr. SHOUP. I will say to the gentleman from Texas I wanted to make sure that both of his paragraphs which he offered as an amendment and was adopted by committee, paragraph (B) and paragraph (C), were both treated alike, in other words, to identify both paragraph (B) and paragraph (C), that before any action could be taken by any carrier they must file a complaint under those conditions of either (B) or (C).

Mr. ECKHARDT. I have no objection to that.

Mr. SHOUP. I believe that is what the amendment does state.

Mr. ECKHARDT. If the amendment merely said: Before any damage action on this subparagraph (B) or (C) may be filed in a Federal district court the complaining carrier must file a petition with the Commission complaining about the lawfulness of the rates concerned, period, I would have no objection to that.

Mr. SHOUP. I cannot understand the objection of the gentleman from Texas, who, just a moment ago, in speaking against my amendment, said it would hurt nothing to state once again, to put a little armor plate on some regulation. That is all we are doing. Certainly if a water carrier objected to the establishment of a through route by a railroad, they would have to file a complaint before they could take advantage of the remaining portion of this act.

Mr. ECKHARDT. But the point I am making is that the way the gentleman has it written the water carrier, in the case of a price squeeze, would first have to file a petition, and in the case of a complaint under subparagraph (C) he would also have to seek the establishment of a through route.

I do not think he wants a through route. I think all he wants is the opportunity to carry the goods over the lake but not to be charged so much in the 90 miles up to the lake as to drive him out of business. He does not want a through route, and we should not make him file for that as a condition of his bringing suit.

AMENDMENT OFFERED BY MR. ECKHARDT TO THE AMENDMENT OFFERED BY MR. SHOUP AS MODIFIED

Mr. ECKHARDT. Mr. Chairman, I offer an amendment to the amendment as modified.

The Clerk read as follows:

> Amendment offered by Mr. ECKHARDT to the amendment offered by Mr. SHOUP as modified: Page 91, strike out lines 4 through 10 and insert in lieu thereof the following:
>
> "(E) Before any damage action under subparagraph (D) may be filed in a Federal district court, the complaining carrier must file a petition with the Commission complaining about the lawfulness of the rates concerned. No damages shall begin to accrue until after the filing of such a petition. The determination of the Commission shall be conclusive, subject to judicial review, as to the issue of the lawfulness of such rates in any subsequent damage suit under this subsection."

Mr. ECKHARDT. Mr. Chairman, this addresses the question that I raised in the colloquy, and I would hope that my colleague could agree with me on this. If he does, I shall not further explain it. I think it has been explained.

Mr. SHOUP. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes, I yield to the gentleman.

Mr. SHOUP. I would have no objection if within the gentleman's amendment he would include paragraphs (B) and (C) in the first line.

Mr. ECKHARDT. Then I shall, Mr. Chairman, ask unanimous consent that my amendment to the amendment be modified as follows: In the first sentence of the Shoup amendment, after the subparagraph, add "(B) or," and in the fourth line of the Shoup amendment, after the comma following the word "concerned," strike out all down through and including the word "route," on line 5, so that the modified amendment reads:

> "(E) Before any damage action under subparagraph (B) or (C) may be filed in a Federal district court, the complaining carrier must file a petition with the Commission complaining about the lawfulness of the rates concerned. No damages shall begin to accrue until after the filing of such a petition. The determination of the Commission shall be conclusive, subject to judicial review, as to the issue of the lawfulness of such rates in any subsequent damage suit under this subsection."

Mr. Chairman, I ask unanimous consent that my amendment to the amendment be modified so that the result of the amendment will be to cause the original amendment to read as just stated.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. SHOUP. Mr. Chairman, reserving the right to object, may I ask that the Clerk read the amendment to the amendment as modified?

The CHAIRMAN. Without objection the Chair will ask the Clerk to read the amendment, as modified, by the gentleman from Texas (Mr. ECKHARDT).

Mr. SHOUP. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. SHOUP. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. SHOUP. Mr. Chairman, would it be in order if I request that the Clerk read the resulting amendment that would be before the committee after the amendment, as modified, to the amendment is read?

The CHAIRMAN. The Chair will inform the gentleman that there is pending a request that the Eckhardt amendment be modified, and without objection the Chair will ask the Clerk to read the amendment as it would be offered pursuant to the unanimous consent request of the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. In that event, Mr. Chairman, I should like to ask unanimous consent to offer an amendment in the form of a substitute which will read as the Chair shall designate.

The **CHAIRMAN.** The Clerk will read the modification of the amendment offered by the gentleman from Texas (Mr. ECKHARDT).

AMENDMENT, AS MODIFIED, OFFERED BY MR. ECKHARDT TO THE AMENDMENT, AS MODIFIED, OFFERED BY MR. SHOUP

Mr. ECKHARDT. Mr. Chairman, I offer a modification of my amendment to the amendment, as modified.

The Clerk read as follows:

Amendment, as modified, offered by Mr. ECKHARDT to the amendment offered by Mr. SHOUP, as modified: Page 91, strike out lines 4 through 10 and insert in lieu thereof the following:

"(E) Before any damage action under subparagraph (B) or (C) may be filed in a Federal district court, the complaining carrier must file a petition with the Commission complaining about the lawfulness of the rates concerned. No damages shall begin to accrue until after the filing of such a petition. The determination of the Commission shall be conclusive, subject to judicial review, as to the issue of the lawfulness of such rates in any subsequent damage suit under this subsection.

The **CHAIRMAN.** Is there objection to the request of the gentleman from Texas?

There was no objection.

The **CHAIRMAN.** The Chair recognizes the gentleman from Texas (Mr. ECKHARDT) in support of his amendment, as modified.

Mr. SHOUP. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Montana.

Mr. SHOUP. Mr. Chairman, I will accept the amendment, as modified, as proposed to my amendment.

Mr. ECKHARDT. Mr. Chairman, I thank the gentleman.

The **CHAIRMAN.** The question is on the amendment, as modified, offered by the gentleman from Texas (Mr. ECKHARDT) to the amendment, as modified, offered by the gentleman from Montana (Mr. SHOUP).

The amendment to the amendment was agreed to.

The **CHAIRMAN.** The question is on the amendment, offered by the gentleman from Montana (Mr. SHOUP), as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. HÉBERT

Mr. HÉBERT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HÉBERT: On page 97 strike lines 20 through 25, and on page 98 strike lines 1 through 4, and redesignate titles VI, VII, and VIII as titles V, VI, and VII, respectively.

Mr. HÉBERT. Mr. Chairman, title V of H.R. 5385, as amended, would wipe out authorization for granting reduced rates to the Department of Defense for shipping as currently authorized by law. By virtue of those 12 simple words in title V of this bill, the Defense Department would incur additional annual expenditures for shipping to the tune of a quarter of a billion dollars. Simple arithmetic shows that in 4 years the increased expenditures would amount to $1 billion. It seems ironic that this highly inflationary provision would come at a time when this Congress is urging—in fact, demanding—that the Department of Defense tighten its belt to reduce defense spending. Defense economy measures have resulted in base closures, personnel reductions, ship retirements and other similar programs, yet title V would effectively wipe out much of the impact of such measures.

I am informed that the current rate structures are compensatory and that the General Accounting Office has agreed that present provisions of law should not be disturbed. I am also informed that the Department of Defense is not the only customer that would be affected by this provision. For example, the General Services Administration would incur expenses of several million dollars in extra freight costs. Apparently this provision would increase freight costs in State and municipal governments, but I have no estimate of the precise impact that it would have in that regard.

Accordingly, I would urge my colleagues to exercise fiscal restraint today by supporting this amendment which would strike title V from the bill.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. HÉBERT. Yes, I yield to the gentleman from Kansas.

Mr. SKUBITZ. When section 22 was considered by the subcommittee I asked the Defense Department to justify its continuance. To this day, I have not received any information from the Department.

It is my understanding that under section 22, the railroads have not lost any money. I understand that the amount and volume of business is basically the reason the Department has argued for a reduced rate. However, as far as the Defense Department is concerned, to this day, I have not heard from it.

Mr. HÉBERT. I am very happy that the gentleman has made the statement, and I am very glad to get the information; but here is what I point out: The mouth of the Defense Department was silenced by the executive department. However, that does not silence the Congress, nor does it silence the Committee on Armed Services to go out on its own and find out where we can conserve and save money and eliminate waste in the Defense Department.

I am not defending the Defense Department. I am merely pointing out what it would cost in addition in operating the Defense Department at a time and during a period when attack is being made on Defense and particularly on the Committee on Armed Services for giving the Defense Department all the money it wants.

We do not do it. We have done our best to hold the money down, and here is a typical example. I am not defending Defense. I am merely giving the facts in discharging the responsibility of my committee.

Mr. SKUBITZ. To answer the gentleman, I too was a little skeptical about taking this provision out and argued against it. This is the reason I contacted the Defense Department, but by its silence, I never knew it objected. To say that the executive department has silenced the department is just a little unusual. Usually, when it wants something, it can come down here and talk to us about it.

Mr. HÉBERT. How does the gentleman think we got the letter if they did not come down and talk to us about it?

Mr. SKUBITZ. I have never heard from them yet, and I am on the committee.

Mr. HÉBERT. I know, but we have not heard from Mr. Ash. I would think two and two makes four.

Mr. DINGELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this appears to be a typical Department of Defense operation. The bill was introduced in March. It was marked up in the subcommittee in July. It was considered by the full committee in September. The Department of Defense sent its views at some earlier time, we are informed, to the Office of Management and Budget, but they never communicated to the committee, nor did the Office of Management and Budget.

What are the facts with regard to the situation before us? First of all, the committee has solicited the views of the Department of Defense as to what this particular section would do. In addition to this, at the time the bill was considered by the Committee on Interstate and Foreign Commerce there was legislation pending before that committee which would have repealed the section 22 exemptions.

What is the effect of section 22 exemptions? I must say that my position in earlier days was the same as that of my good friend, the gentleman from Louisiana (Mr. HÉBERT), because I used to think that this helped the taxpayers. In point of fact, it does not help the taxpayers. The section 22 exemption lets the Department of Defense get the benefit of rates which are never published, and which are never proceeded on by the ICC, or any of the State regulatory agencies.

What really happens is that under this section 22 exemption, the Department of Defense negotiates rates. There is no showing, there is no information, there is no evidence whatsoever that the shipment of a tank, or any other Defense Department shipment which is not the subject of a published rate at all, is going to be any cheaper under the section 22 rates, which now obtain, than it would be under the rates which would have been regulated by the ICC. Most of the Department of Defense rates are never published because they ship unique substances.

Furthermore, if the contentions of the Department of Defense are true, then it should be known that the consumers and the other shippers subsidize special shipping rates for the Department of Defense.

The committee considered the problem of what would happen if a war would take place. In that event, the President would simply proclaim a state of war; as a result thereof, there would be free or reduced rates under section 22, which would then be available to the Defense Department.

The real hard facts with regard to the amendment offered by the gentleman from Louisiana (Mr. HÉBERT)—and I have great respect for the gentleman, he is a most able and decent and fine Member of this body—would not, according to the information we have been able to gather, afford significant cost benefits to the Department of Defense at all in terms of free or reduced rates. What the continuation of the present practice would do, would be to allow the railroads to continue the practice in which they have engaged over the years, one of which afflicted the people of the city of Detroit quite severely, and which also has hurt others. At the behest of the railroads the Department of Defense shipped, under section 22, tanks from the Chrysler Tank Arsenal, more cheaply to New York City, than the railroads under section 22 ship the same tanks from the Chrysler Tank Arsenal to the Port of Detroit, 15 miles away. It was cheaper to New York, 600 miles away, than it would be the 15 miles to the Port of Detroit. That is not right, but it is the kind of discrimination sanctioned by section 22.

Section 22 has been used to discriminate between parts of the country. It has been used to force other shippers to subsidize the railroads. It has been used to enforce discrimination between different ports in different parts of the country. And it has been used by the railroads to get traffic from other carriers, from the trucks, from water carriers, and for other purposes.

The only communication that has ever come to the attention of the committee from the Department of Defense, was indirect; it was leaked into the newspaper column of Jack Anderson.

That is the behavior of the Department of Defense under a section 22 exemption. That is the behavior of the Department of Defense with regard to the amendment before the committee, and I would say to my colleagues that that constitutes sufficient reason for rejection of the amendment offered by my good friend, the gentleman from Louisiana (Mr. HÉBERT).

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to see also if we cannot arrive at a time limit on this amendment and all amendments to the bill. I ask unanimous consent that all debate on this amendment and all amendments to the bill close at 3:30 o'clock.

Mr. STRATTON. Mr. Chairman, I object.

Mr. STAGGERS. Mr. Chairman, I extend that request to 3:45, because there are two other important bills coming up after this.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. KUYKENDALL. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KUYKENDALL. Does the list of people standing refer to just this amendment, or to each of the amendments between now and 3:45?

The CHAIRMAN. The list that has just been read refers to all Members who wish to be heard on this amendment and all amendments to the bill.

Mr. KUYKENDALL. I thank the Chairman.

Mr. STAGGERS. Mr. Chairman, I rise to oppose the amendment. There is a familiar saying in the Bible of "robbing Peter to pay Paul," and that is all this amendment will do, because somebody has to pay the bill. There is really a lot of hanky-panky going on that has been going on for a long time. All we are saying is that we just make everybody—Government and industry alike—pay their fair share. We should not subsidize the Government by private business; and we do not penalize the other shippers in America. So I would hope that the amendment would be defeated and that they would be put on the same rate as everybody else.

In time of war, we said that this would be a different proposition. Then we would all have to sacrifice, but we do not think that the shippers, farmers, and small people all across America should be made to pay for these things that are going on now. We have had examples of a lot of hanky-panky that has been going on, as I said, and we think they ought to stop.

Let me say I have deep respect for Chairman HÉBERT, my good friend from Louisiana, and I respect his reasons for introducing this amendment.

The CHAIRMAN. The time of the gentleman has expired.

The pending business before us now is the amendment offered by the gentleman from Louisiana (Mr. HÉBERT). Members standing at the time the unanimous-consent request was agreed to will be recognized for 2 minutes each.

PERFECTING AMENDMENT OFFERED BY MR. SHOUP

Mr. SHOUP. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SHOUP: On page 97, line 23, insert "(a)" immediately after "SEC. 501".

On page 98, line 4, insert the following:

"(b) This section shall not take effect until one year from the date of enactment of this section."

Explanation: A period of one year is necessary for orderly conversion to the new system.

The CHAIRMAN. The Chair recognizes the gentleman from Montana in support of his perfecting amendment.

Mr. SHOUP. Mr. Chairman, this is to assure that the U.S. Government pays its fair share of the cost of transportation. I think that the statement made by the chairman of the Armed Services Committee is correct, that under the worst conditions we could imagine, say, $250 million additional cost could be expected. However, it must be recognized that the limitation imposed on that is if the railroads were forced to use class rate. However, if the time is made available for the railroad to file tariffs on individual items, then we could very possibly see a savings for the armed services in the shipment of their arms.

It is for this purpose that I offer the amendment which would put off the enforcement, the application of this particular amendment for 1 year, to give the railroads time to compute their logical fare tariffs, and allow the Defense Department time in order to negotiate with the railroads and other modes of transportation, and to convince them as to what they feel is a fair tariff.

The CHAIRMAN. The Chair recognizes the gentleman from Florida.

Mr. BENNETT. Mr. Chairman, I support the amendment offered by the gentleman from Louisiana; and oppose the amendment to it. If this Hébert amendment is not approved, we must recognize that the military freight bill will be up by $1 billion in the next 4 years without any improvement at all in our military posture. Speaking as a member of the Armed Services Committee and as one very responsible in the field of Navy ships, this amount could be used for urgently needed ships not yet funded. If we cannot fund the ships, I feel we cannot fund this.

This proposed legislation, as it comes from the committee, would prevent a railroad from carrying property for the U.S. Government at a reduced rate. The statute amended by this bill lists various other things for which reduced rates would be allowed. It may be of interest that some of them are fairs and excursions for profit, not for charity, and all sorts of other things are included in this section 22, many not as meritorious as Government transportation.

As a matter of fact, railroads today are allowing very low rates for foreigners coming to this country for excursions while not allowing the same low rates for excursions of our own American citizens, those who pay the taxes.

The method of dealing with this matter as outlined in this bill is a blunderbuss arrangement. All the existing statute does is say that railroads can have low rates for the Government if they agree to do so. The proposed bill prevents such agreement.

If we approve what is in this bill, we are saying it is not possible to have lower rates for the Department of Defense or other Government agency such as the GSA. The amendment to the amendment which has been offered should be defeated and the amendment offered by the gentleman from Louisiana (Mr. HÉBERT) should be approved, because otherwise we are going to be saying that the Federal Government cannot negotiate with railroads for lower rates in the interest of national defense.

It is absolutely absurd to do what this proposed bill says on that and therefore I hope we will approve the Hébert amendment and defeat the amendment to it.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. GUBSER).

(By unanimous consent, Mr. KETCHUM yielded his time to Mr. GUBSER.)

Mr. GUBSER. Mr. Chairman, I rise in support of the amendment of the gentleman from Louisiana (Mr. HÉBERT).

Mr. MAHON. Mr. Chairman, will the gentleman from California yield?

Mr. GUBSER. I will be happy to yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I want to go on record as strongly supporting the Hébert amendment. It is very vital to the defense of the country and very vital to the taxpayers' pocketbooks, and it certainly should be adopted by the House. I want to join the gentleman in that request.

Mr. GUBSER. Mr. Chairman, I thank the gentleman for his contribution. Certainly no man in this House knows more about the financial plight of the military in this country than the gentleman from Texas.

There might be some logic to equalizing freight rates, and I recognize it; but I honestly believe we could not pick a worse time for such a change than the present. We now have an ongoing attempt to drastically reduce Federal expenditures. Programs which are authorized are being canceled or being cut back. They are being stretched out. These are programs which have been approved by this Congress.

Now, one weakness of the bill is that it admits that in time of war this language under controversy should be waived. This is an admission that the national defense is so important that it is deserving of special rates. But it overlooks the fact that the national defense, because of technology and advancements in science, is a thing that we do not gear up overnight. It is a thing that we gear up consistently and persistently. We cannot, if we truly want an effective national defense, think about it only when war is declared.

Today we have 63 percent of our defense budget going for people costs. We have about 18 percent going for operation and maintenance. We have about 19 percent going for procurement.

Now certainly, the defense budget will not be sacrosanct in these economy moves. There must be cuts. Will we cut the 63 percent for people costs, including military salaries? Shall we bring back the draft? No, of course, we will not. Cutting the 19 percent operation and maintenance when the price of oil has gone sky high, is a choice between keeping ships in port and leaving the planes on ground or having them on station and in the air. Cuts will necessarily come from procurement and a lesser defense posture.

Does it make any sense to add a quarter of a billion dollars in expenditure at a time when we know we must cut the Defense Department back, just as we are cutting every other program in the entire Federal Government? That means unemployment insurance will be cut. So will welfare. That means cuts in everything that this entire Federal Government encompasses. We are going to have to cut. So why should we add a quarter of a billion dollars to the Defense budget? It makes no sense and I urge that we support the amendment of the gentleman from Louisiana.

Mr. ADAMS. Mr. Chairman, will the gentleman yield for a question?

Mr. GUBSER. I yield to the gentleman from Washington.

Mr. ADAMS. This figure of $130 million or $250 million, the committee has never heard this. Could the gentleman enlighten me what they based that on? I have heard that is just the difference in what they pay now in class rates.

Mr. GUBSER. I would suggest to the gentleman that he contact the chairman of the committee or the Defense Department.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. HUNT).

Mr. HUNT. Mr. Chairman, it has been said that the change to section 22 to be made by this bill will remove an unjust freight discount to our military services. Just how is it so unjust? Presently, our military shipping officers are having no trouble getting the carriers to accept military freight at these "discounted" rates. Apparently no one is losing his shirt. GAO has verified this insofar as the rules are concerned. Their report concludes that the present rates are not only compensatory—that is, without a loss to the carrier—but they also provide a profit.

If this did not exist, the carriers would not be competing for military business. While the military would bear the greatest loss on the changes proposed in section 22 of this bill, to the tune of a quarter billion dollars per year, we should recognize that there are other Federal agencies which will likewise be penalized.

The General Services Administration, for instance, stands to incur an additional rate loss of over $7 million through extra freight costs. That is not much compared to the loss of the Department of Defense budget, but it is a lot of money.

There has been some reference made today in a statement by the chairman about some hanky-panky. If we want to talk about hanky-panky, let us talk about one of the major railroads of this Nation where they were recently exposed for conspiracy to really milk the railroads of all the coin involved. If we get to the point where we want to discuss that hanky-panky, I would be most pleased to respond.

However, the carriers, at the time the committee hearings were being held, did not come into the hearings at any one time to object to the rates. They admitted without any equivocation that they are making a very comfortable profit at this time and that the rates should stay where they are.

Mr. Chairman, I support the amendment in its full meaning.

Mr. STRATTON. Mr. Chairman, I rise in support of the amendment.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from New York.

Mr. KING. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I support the amendment offered by the gentleman from Louisiana. I would like to point out to my colleagues that title V would affect not only the Federal Government, but that it would also impact every State and municipal government. All of those governments now enjoy the same exemption and all would suffer increased costs if it were eliminated.

I have been unable to determine the precise nature of the financial impact on State and local governments, but have been informed that when this legislation was proposed many of them expressed concern over its impact.

(By unanimous consent, Mr. KING yielded the remainder of his time to Mr. STRATTON.)

Mr. PRICE of Illinois. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Illinois.

Mr. PRICE of Illinois. Mr. Chairman, I rise in support of the amendment. This provision of the bill is objected to by the General Accounting Office and by the Defense Department. I think it should require serious consideration.

I favor repeal of section 22, which is opposed by the GAO and the Department of Defense.

(By unanimous consent, Mr. PRICE of Illinois yielded the remainder of his time to Mr. STRATTON.)

Mr. STRATTON. Mr. Chairman, I thank the gentleman from Illinois (Mr. PRICE) and the gentleman from New York (Mr. KING) for yielding their time to me.

Mr. Chairman, I would like to make one thing clear: The Members of the Armed Services Committee who have had this matter brought to their attention are in no way defending the Defense Department. There is no question about the fact that the Defense Department should have presented its point of view on this legislation some time ago. I do not know why they did not. Perhaps they were squelched by the Budget Bureau. I assume that is what happened, but the fact of the matter is that this committee is as concerned as the Defense Department about the funds available for our defense, and we are only trying to exercise our responsibility on the part of the Congress. That is why we are coming in here with this amendment; because this legislation is going to impose a charge of $250 million on the Defense Department every year and in 4 years that will amount to $1 billion, a billion we can ill afford to lose.

On top of that, there is the possibility of another $3½ million required for additional personnel to deal with the changed situation that title 5 would create if it were allowed to remain in the bill.

Second, I want to point out that we do not pretend to be experts on railroad rate structure. We are not necessarily defending the rate situation that now exists under secion 22. I do not know whether it is good or bad; but the fact is that if title 5 is enacted, that existing situation will be eliminated. Then we will have a new situation, and that new situation will impose a new financial burden of substantial proportions on the Department of Defense at a time when we are already deeply concerned about the impact that inflation is having on our defense budget; at a time when we have been closing down bases in the home States of many Members, including my home State; and at a time when we are releasing men and women from the Armed Forces because we cannot afford to pay them. As a matter of fact, we are not even calling ROTC officers to active duty in the Air Force although their education in college has been paid for by the Government, because under the financial limitations that now apply in the Air Force we cannot utilize these officers.

Now where do I get this cost information? The gentleman from Washington (Mr. Adams) says, "Where do you get this figure of $250 million?"

On April 20, 1974, the Deputy Secretary of Defense, Mr. William Clements, addressed a letter to the Director of OMB, Mr. Ash, saying, "Dear Roy":

Here is what Mr. Clements' letter says:

> Without section 22 in its current form, we could have incurred additional costs of up to approximately $242 million in the movement of freight traffic during fiscal year 1973.

He further says:

> Lacking the current provisions of section 22, we would find it necessary to attempt to negotiate section 22 rates into commodity rates. The personnel cost involved in negotiating this rate conversion on the scale required is estimated to be about $3.25 million per year, in additional personnel to try to handle the changeover.

There is where these figures come from.

Somebody suggested—I think it was the gentleman from Montana (Mr. Shoup)—that these section 22 freight rates for Government agencies represent a kind of "chiseling" of the railroads, and that the Department of Defense and the other departments are somehow getting away with murder.

I have here another letter, this one from the Comptroller General of the United States, dated July 9, 1974, addressed to the chairman of the committee, the distinguished gentleman from West Virginia; and here is what the Comptroller General says:

> Our primary concern has been that repeal or limiting of section 22 would deprive the Government and the carriers of the benefits available through the flexibility of the section to arrange for the many unique requirements of the public business at prices comparable to those obtained by private shippers under published and filed tariffs.

On page 4 of that letter, the Comptroller General—Mr. Keller, the Deputy Comptroller General actually signed the letter—goes on to say:

> Our study showed that, even though the charges under section 22 were significantly less than the charges otherwise available under commercial tariffs, the overall charges under section 22 were compensatory.

Mr. GROSS. Mr. Chairman, I rise in support of the Hébert amendment.

(By unanimous consent Mr. Gross yielded the remainder of his time to Mr. Stratton.)

Mr. STRATTON. I thank the gentleman from Iowa for yielding to me.

Mr. Chairman, I want to point out something else that has been overlooked. If we take a look at title V, this title involves not only the Department of Defense, it involves the entire Federal Government. The General Service Administration, for example, is opposed to title V because it would impose costs on them too. In addition to them, the Federal Government, this title also takes away special freight rates from State governments and from the municipal governments.

I have been in touch earlier today with the National League of Cities—and so this applies to the city of Detroit, which is a member of that league, as well as to other cities—and they have indicated their strong opposition to title V. So we are not just concerned about the Department of Defense alone. We are concerned with the possibility of imposing additional costs on all kinds of governments at a time of intense inflation. At a time when we are all struggling to try to find money to exist and to operate, the enactment of title V would be a dangerous action for us to take. So let us repeal title V altogether.

The amendment of the gentleman from Montana merely to delay enactment of title V for one year would not do a thing to help. It simply puts off the agony for just a little bit.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman.

Mr. ADAMS. Our problem is that we are trying to establish throughout the United States a compensatory and open rate system. We do not anticipate that the Department of Defense is going to offer anywhere near the figures mentioned by the gentleman in his letter. We would have liked to have had the testimony, because our understanding is that when he says up to this amount it would mean we are going to use some class rate. If they have to spend the amount of $3 million so that their commodities move at the same rates as all of the other sections of the United States, all right.

Mr. STRATTON. Mr. Chairman, I cannot yield further to the gentleman, because all I have is 2 minutes.

All I can say again is that the Comptroller General says the rates being paid by the Department of Defense are compensatory now; and if the gentleman had been concerned about the Defense Department, perhaps there should have been some formed testimony taken on the matter and placed in the Record.

I include at this point the material which I have previously referred to:

Comptroller General of
The United States,
Washington, D.C., July 9, 1974.

Hon. Harley O. Staggers,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives.

Dear Mr. Chairman: We refer to the request communicated by your staff for our comments on H.R. 12891. 93d Cong., 2d Sess. (1974). Upon enactment the bill may be cited as the "Transportation Improvement Act of 1974."

The bill deals with several areas of common carrier regulation and is designed to assure that rates are compensatory, to allow more flexibility in establishing rates, to facilitate the abandonment of uneconomic rail lines, and to prohibit discriminatory taxation of interstate carriers. The bill also provides for assistance in the financing of rail transportation and the development of a rolling stock scheduling and control system.

Section 4 of the bill would amend Section 5a of the Interstate Commerce Act to require a conference, bureau, committee, or other organization established pursuant to a Section 5a agreement to finally dispose of any rule, rate, or charge docketed for its consideration within 120 days. Although four months should be enough time in most instances to dispose of matters up for consideration, it is quite conceivable that several matters could be presented for the consideration of a conference, bureau, committee, or other organization at the same time of such complexity that a four month time limit would effectively preclude any meaningful consideration. Perhaps some degree of flexibility could be included in this section.

Section 7 of the bill would amend Section 22 of the Interstate Commerce Act to prohibit the carriage, storage, or handling of property, other than property exempt from economic regulation under the provisions of Part II and Part III for the United States, State, or municipal governments free or at reduced rates except in time of war.

Over the years, various bills have been introduced to limit, restrict, or repeal the provisions of Section 22 of the Interstate Commerce Act, 49 U.S.C. 22(1) (1970). While our position has consistently been against the repeal of Section 22, and against limiting its application to time of war or national emergency, we have agreed that the Government should pay as much for its transportation services as any other shipper would pay for similar services, but that it should pay no more. We have not opposed the philosophy that rates and charges established under Section 22 should be reasonable and compensatory. Rather, our primary concern has been that repeal or limiting of Section 22 would deprive the Government and the carriers of the benefits available through the flexibility of the Section to arrange for the many unique requirements of the public business at prices comparable to those obtained by private shippers under published and filed tariffs in similar circumstances, without encountering the delays and complications of the regulatory process, which could seriously hamper the public business.

Examples of the flexibility of Section 22 which benefit both the carriers and the Government are:

1. Section 22 simplifies tariff publication procedures and reduces publication and distribution expenses for the individual carriers. A Section 22 rate or a change in a Section 22 need only be filed with the Interstate Commerce Commission to meet legal requirements. Copies of a Section 22 are filed with

the central offices of one or several Government agencies, but copies do not have to be posted at stations concerned or sent to the hundreds of shippers who might be interested in a proposed commercial rate.

2. Government transportation patterns do not always coincide with commercial patterns and many of the commodities which the Government ships in large volume are uniquely governmental in nature and seldom found in commercial channels. Also, many Government shipments must move on short notice over routes or between points for which there are no commodity rates in commercial tariffs. In the absence of commodity or other favorable rates, such shipments would have to be charged at class rates which are unreasonably high for the large volumes shipped. Under the provisions of Section 22, the shipments can be made when and as required, while a reasonable rate is negotiated with the carrier and retroactively applied to the shipments.

3. Many Government shipments require special services and arrangements not available under commercial tariffs. Section 22 offers a quick, simplified method of providing for special services and arrangements, such as storage and processing of ammunition and explosives, and special loading of cars so that the material can be unloaded in the order needed as was done during the Cuban missile crisis.

4. Most importantly, Section 22 arrangements are reflective of the trend towards, and help advance the cause of, simplification of the transportation rate structure and the facilitation of transportation pricing, billing, and payment procedures. Section 22 arrangements encourage the adaptation of pricing and payment techniques to computer operations. For example, the Department of Defense and the General Services Administration have negotiated "all freight" Section 22 rates with various carriers. These rates are not "reduced rates" but reflect average tariff costs as determined by a computer on the basis of one year's traffic. The carriers and the Government benefit from the reduction in paperwork, and the simplified pricing, billing, and payment for such shipments.

5. The responsibility of the General Accounting Office to audit Government transportation payments gives us a special interest in simplified pricing, billing, and payment procedures. The present complex transportation rate and tariff structure makes this task a costly and time-consuming operation for both the Government and the carriers. We are exploring ways to simplify the rate structure to reduce the number and sources or rates used in determining the proper charges for Government shipments, including the feasibility of developing a cost-based formula for determining transportation charges. Without Section 22, this convenient and expeditious means of experimentation, including testing of various simplified methods with carriers, would not be possible.

The main critics of Section 22 allege that Section 22 is being used to subsidize the transportation requirements of the United States at the expense of commercial shippers. We have recently completed for Senator Philip A. Hart, a study of Department of Defense rail carload shipments which moved under Section 22 rates and charges. A copy of the study is enclosed. Our study showed that, even though the charges under Section 22 were significantly less than the charges otherwise available under commercial tariffs, the overall charges under Section 22 were compensatory, whether fully allocated or variable costs were used as the measure of compensatory charges. Section 22 charges were about 117 percent above the carriers' fully allocated costs of providing the services, and about 175 percent above the carriers' variable costs of providing the services. The charges for the same services under commercial tariffs were about 400 percent above the carriers' fully allocated costs of providing the services, and about 534 percent above the carriers' variable costs of providing the services.

We therefore recommend that Section 22 be left in its present form. The provisions of Section 10 of the proposed bill, requiring the Interstate Commerce Commission to investigate rates which are below the variable cost of service, could provide adequate safeguards that Section 22 rates do not become unjustly and unreasonably low. Your committee might wish to consider an amendment specifying that the investigation required by Section 10 of the proposed bill include Section 22 rates. As the enclosed study indicates, present Section 22 rates are fully compensatory.

Section 11 of the bill would authorize the Secretary of Transportation, with the approval of the Secretary of the Treasury, to guarantee any lender against loss of principal and interest on securities, obligations, or loans issued for the purpose of financing the acquisition, construction, maintenance, or development of specified types of railroad facilities and equipment. The bill would require certain conditions to be met before the Secretary could guarantee a security, obligation, or loan, and the bill provides that the aggregate unpaid principal amount of such guaranteed acquisition, obligations or loans outstanding at any one time may not exceed $2 billion.

The bill would not (1) require borrowers whose securities obligations, or loans are guaranteed by the Secretary of Transportation to maintain complete records and (2) authorize either the Secretary or the Comptroller General, or their representatives, to examine for purposes of audit the records of such borrowers. We therefore recommend that language substantially as follows be added to Section 11 of the bill.

"Each recipient of funds obtained pursuant to the guarantee provisions of this part shall keep such records as the Secretary of Transportation shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such securities, obligations, or loans; the total cost of the project or undertaking for which the funds were obtained; the amount of that portion of the cost of the project or undertaking supplied by other sources; and such other detailed and supporting records as will facilitate an effective audit.

"The Secretary of Transportation and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for any period during which any recipient has outstanding obligations guaranteed by the Secretary pursuant to this part and for a period of three years after such guaranteed obligations have been repaid, have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients which, in the opinion of the Secretary of Transportation or the Comptroller General, may be related or pertinent to such guaranteed obligations."

Also attached are some suggested technical changes in the bill.

Sincerely yours,

R. F. KELLER,
Deputy, Comptroller General of the United States.

THE SECRETARY OF DEFENSE,
Washington, D.C., April 20, 1974.

Hon. ROY L. ASH,
Director, Office of Management and Budget, New Executive Office Building, Washington, D.C.

DEAR ROY: This letter is intended to reflect my concern over a Department of Transportation legislative proposal now before Congress which, if enacted, would have a significant impact on the administration and operations of the Department of Defense (DoD). This proposal, introduced as H.R. 12891 and S. 3237, would, inter alia, amend Section 22 of the Interstate Commerce Act (49 USC 22) so as to make it effective only in time of war. Section 22 permits reduced rates, expedited rate filing and handling for DoD as well as other federal, state, and municipal agencies. My concerns involve the loss of the capability for rapid response, the possible cost impact, and the ability to simplify the rate structure applicable to DoD.

One of my major concerns is the capability of the DoD to be responsive to emergency and critical needs both in peace and war. In war or time of emergency, shipping activity is more intense and voluminous. However, in peacetime the need for quick response also exists. For example, in the first half of FY 1973, 14% of our negotiation cases were reported for negotiation after movement had started. Thus, the current provisions of Section 22 which permit retroactive negotiations in such cases are vital for the necessary responsiveness of DoD to the requirements of national defense and other related national interests.

A recent study by the Military Traffic Management and Terminal Service (MTMTS) indicates that, without Section 22 in its current form, we could have incurred additional costs of up to approximately $242 million dollars in the movement of freight traffic during FY 1973. A copy of this study has been furnished to your staff. Lacking the current provisions of Section 22, we would find it necessary to attempt to negotiate Section 22 rates into commodity rates. The personnel cost involved in negotiating this rate conversion on the scale required is estimated to be about $3.25 million per year.

While the dollar impact is estimated at $242 million in the first year, it is highly speculative as to the length of time needed to conduct the negotiations leading to a level of parity with current Section 22 rates. It would probably require from 5 to 10 years, if not longer in difficult cases. In the meantime, DoD could have incurred additional freight charges up to $1 billion.

Over the past 25 years, we have found Section 22 of considerable value in the simplification of the rate structure. "Freight all kinds" rates are a good example. Such rates permit the shipper to mix commodities under a single rate thus obviating the necessity for expensive commodity segregation. This also simplifies administration for the traffic manager in rating, the carrier in rate publication and billing, and the General Accounting Office in auditing. Another benefit is the more efficient use of carrier equipment, especially where the conservation of energy is important.

Our studies indicate that the rates negotiated with carriers are compensatory and do not place a burden on commercial shippers. It has been asserted that DoD should not be treated differently than any other commercial shipper. This assertion avoids the unique nature of the demand for transportation by DoD. Unlike the commercial shipper, DoD can rarely withhold a shipment to obtain more favorable rates. While private industry has the option of contract or proprietary carriage, neither of these options are readily available to DoD. We could not deal exclusively under contract with a small number of carriers nor could we easily engage in proprietary carriage, using, for example, military vehicles in competition with commercial firms.

In sum, the proposed legislation would have a significant impact on DoD if it were enacted in its present form. Therefore, we would prefer that Section 22 remain unchanged.

We recognize that the proposed amendment to the Interstate Commerce Act has been transmitted to Congress in the Presidential proposals for improving the nation's transportation system. However, due to the adverse effect on responsiveness to national defense and interest requirements, the likely substantial cost impact, and restrictions on flexibility, urgent consideration should be given to the amendment of the proposal to recognize this impact and the unique requirements of DoD. If you have any questions on this matter, I would be happy to discuss them with you.

Sincerely,

BILL CLEMENTS,
Deputy.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from Montana (Mr. SHOUP).

The perfecting amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. HÉBERT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BOWEN

Mr. BOWEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOWEN: Page 63, line 20, immediately after "service needs." *insert the following*: "However, the Secretary may waive the five million gross ton-mile requirement in the case of any railroad with total trackage of less than 200 miles."

Mr. BOWEN. Mr. Chairman, I want to commend the Committee on Interstate and Foreign Commerce for their fine work in preparing the bill we are considering today. It addresses the very pressing needs of America's railroads, and I am confident that it will be approved by this House.

Short-line, independent railroads, however, are not covered by the loan provisions of this legislation providing for track and roadbed improvements, and my amendment would meet this need.

As an example of the kind of line that I am talking about, the Illinois Central Gulf Railroad recently announced the intention of closing down the Columbus and Greenville Railroad, which runs from the Golden Triangle area of east Mississippi near the Alabama line all the way across the Mississippi Delta to the Mississippi River in the West. A group of local businessmen and civic leaders formed a corporation, sold $4.9 million in stock to buy the C. & G. after national railroad consultants were brought in to analyze the economic potential of the line, which was found to be sound.

The Columbus and Greenville line serves over 150,000 people, is the only East-West rail line in the northern half of my State, and is the economic lifeline of my congressional district. Because the line carries only 600,000 gross ton-miles per mile of freight, under the language of the committee amendment we are considering today it would not be eligible for the benefits of this act for roadbed and track improvements.

Banks throughout the country have been very reluctant to lend money to railroads, and this is true of short lines as well as major railroads. The C. & G. needs $3 million to upgrade its tracks and roadbed, much of which was laid down in the 1880's and has not been substantially rebuilt since that time. My amendment would make lines such as this eligible.

There are, however, many other independent short-line railroads throughout the country who badly need access to guaranteed loans under this legislation. For example, a few of them are: any small but profitable, locally owned railroad lacking the size to finance improvements needed to attract new customers and industrial growth, or a line upon which a large geographical area is economically dependent but which has never handled the minimum tonnage, or a line important to local industry and which formerly handled heavy tonnage but which has had much of that tonnage arbitrarily diverted due to the routing policies of a competing carrier with which it was merged, or a light-density line serving undeveloped coal or other valuable mineral deposits, or a profitable short line incapable of generating the capital to replace its wornout track due to rapid material price inflation, or, finally, a branch line serving a newly developed and rapidly expanding regional intermodal port facility.

Mr. Chairman, there are many short-line railroads around the country that fall into these several categories. Committee members tell me that most short lines do not need help, and that is why they were not covered in this bill. I am very pleased that most do not need loans for track and roadbed improvements, but in order to provide for those deserving and economically viable lines that do need assistance, this amendment would give the Secretary of the Department of Transportation the authority to waive the 5 million gross ton-mile requirement.

Mr. Chairman, I sincerely hope that this amendment will meet with the approval of the Committee on Interstate and Foreign Commerce and the sponsors of H.R. 5385.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from West Virginia, the chairman of the committee.

Mr. STAGGERS. Mr. Chairman, I wish to congratulate the gentleman from Mississippi for bringing forth this amendment. I think it adds to the bill.

I am sure this will help the railroads in his area, as well as those all across America. I say on this side that we will be pleased to accept the amendment.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Chairman, I wish to echo the words of the chairman of the committee. We wish to accept the amendment on this side.

This is offered to help the short-line railroad. The purport of the provision was simply that we did not put a lot of money into lines that were not going to be used at all. However, a short-line railroad, as the gentleman refers to it, is an entirely different thing.

Mr. Chairman, we support the amendment.

Mr. KUYKENDALL. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Tennessee.

Mr. KUYKENDALL. Mr. Chairman, I am happy to concur with the gentleman, and we are willing to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. BOWEN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FULTON

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: "SEC. 27(a) . . .

* * * * *

"(1) the assessment (but only to the extent of any portion based on excessive values as hereinafter described in subsection (c)), for purposes of a property tax levied by any taxing district, of transportation property owned or used by any common or contract carrier subject to economic regulation pursuant to the provisions of this part, part II, part III, or part IV of this Act at a value which bears a higher ratio to the true market value of such transportation property than—

"(i) (in any State which defines or classifies transportation property as public utility property) the assessed value of all other public utility property in the assessment jurisdiction in which is included such taxing district and subject to a property tax bears to the true market value of all such other public utility property, or

"(ii) (in any State which does not define or classify transportation property as public utility property) the assessed value of all other industrial and commercial property in the assessment jurisdiction in which is included such taxing district and subject to a property tax bears to the true market value of all such other industrial and commercial property;

"(2) the collection of any tax on the portion of said assessment so declared to be unlawful.

"(3) the collection of any ad valorem tax on such transportation property at a tax rate higher than the tax rate generally applicable to public utility property in any State which defines or classifies transportation property as public utility property or than the tax rate generally applicable to commercial and industrial property in any State which does not define or classify transportation property as public utility property.

"(4) The imposition of any other tax which results in discriminatory treatment of a common or contract carrier subject to this part, part II, part III, or part IV of this Act."

"(b) As used in this section:

"(1) The term 'transportation property' means transportation property as defined in the regulations of the Interstate Commerce Commission.

"(2) The term 'assessment jurisdiction' means a geographical area, such as a State or a county, city, or township within a State, which is a unit for purposes of determining assessed value of property for ad valorem taxation.

"(3) The terms 'all other public utility property' and 'all other industrial and commercial property' mean in the case of real property used in transportation, all other public utility real property or all other industrial and commercial real property other than land used primarily for agricultural purposes or primarily for the purpose of growing timber; in the case of tangible personal property used in transportation, all other public utility tangible personal property or all other industrial and commercial tangible personal property; and in the case of intangible personal property used in transportation, all other public utility intangible personal property or all other industrial and commercial intangible personal property.

(4) Delete.

"(d) Notwithstanding the provisions of section 1341, title 28, United States Code, or of the constitution or laws of any State, the district courts of the United States shall have jurisdiction, upon complaint and after hearing, to issue such writs of injunction or other proper process, mandatory or otherwise, as may be necessary to restrain any State, or subdivision or agency thereof, or any persons from doing anything or performing any act declared by subsection (a) to be unlawful, except that such jurisdiction shall not be exclusive of that which any Federal or State court may otherwise have. No relief shall be granted under this subsection unless the assessment percentage applied to carrier transportation property exceeds by at least 5 per centum the assessment percentage applied to all other property in the same classification as specified by Section 27(a)(1) of this Act; *Provided, however,* nothing herein contained shall change the burden of proof with respect to the determination of assessed or true market value under present rules and procedures of the taxing districts referred to in subsection (a) of this section." The provisions of this section shall not become effective until 3 years after the date of its enactment.

Mr. KUYKENDALL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DINGELL. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Michigan (Mr. Dingell) reserves a point of order against the amendment.

The gentleman from Tennessee (Mr. Fulton) is recognized for 2 minutes in support of his amendment.

Mr. FULTON. Mr. Chairman, section 27(a)(1) is amended by deleting the language which prohibits transportation property from being taxed at a ratio higher than any other industrial and commercial property.

In lieu of the exclusionary language stricken subparagraph "(i)" simply permits classification by States of transportation property as public utility property and requires uniformity within that classification, that is, interstate and intrastate.

Subparagraph "(ii)" simply requires uniformity within the commercial and industrial classification in those States that classify transportation property as commercial and industrial property.

Section 27(a)(2) is unaffected.

Section 27(a)(3) simply adds language in conformity with subparagraphs "(i)" and "(ii)".

Section 27(a)(4) remains unchanged.

Section 27(b) (1) and (2) remain unchanged.

Section 27(b)(3) adds language to conform with subparagraph 27(a) "(i)" and "(ii)" which is the crux of the amendment permitting States to classify transportation property within public utility or commercial and industrial classification.

Section 27(b)(4) is deleted in its entirety since it is restrictive and would duplicate the language added in 27(b)(3) above.

Section 27(c) remains unchanged.

Section 27(d) simply adds language which conforms to those paragraphs "(i)" and "(ii)" in that it permits classifications of either industrial and commercial and/or public utilities for transportation property.

The CHAIRMAN. Does the gentleman from Michigan insist upon his point of order?

Mr. DINGELL. Mr. Chairman, I do not insist. I withdraw the point of order.

The CHAIRMAN. Without objection, the point of order is withdrawn.

There was no objection.

Mr. KUYKENDALL. Mr. Chairman, I rise in opposition to the amendment.

(By unanimous consent Mr. Kuykendall yielded his time to Mr. Adams.)

The CHAIRMAN. The gentleman from Washington (Mr. Adams) is recognized for 2 minutes.

Mr. ADAMS. Mr. Chairman, I thank the gentleman for yielding.

I rise in opposition to the amendment. I have discussed this with the gentleman from Tennessee (Mr. Fulton), and I understand his concerns about it.

The reason that the committee was unable to deal with the specific problem of his State is that they have in Tennessee a constitutional amendment that provides for a specific assessment of public utilities at a higher rate than their commercial and industrial property.

With a utility within a State, the State ordinarily has the power, through its utility commission, to set rates for that utility, so the tax is then passed through to the customer.

However, with an interstate utility or an interstate operation such as railroad, truck, or barge company, their rates are not controlled by the individual State board. Therefore, they cannot pass the rate through, so that a separate classification of utility allows the State to discriminate against the out-of-State group without being able to compensate them as they can with respect to their in-State group.

I understand the problem the gentleman from Tennessee has, and I sympathize with it. However, I would urge that this amendment not be agreed to because we have tried to say in this bill with respect to transportation properties throughout the United States that we should tax them as we do other commercial and industrial properties.

Also, the bill allows a 5-percent up-and-down variation. If I correctly heard the gentleman when he was indicating his opposition to this during the period of time when the rule was being considered, they have a 55-percent public utility valuation, and 40 percent for industrial property. With the 5-percent variation they have, they are within 10 percent, in any event.

Therefore, Mr. Chairman, I would urge that this amendment not be agreed to.

The CHAIRMAN. The time of the gentleman from Tennessee has expired. Does the gentleman from Washington wish to be heard for his 2 minutes at this time?

Mr. ADAMS. No, Mr. Chairman, I reserve my 2 minutes until the end of the debate.

Mr. QUILLEN. Mr. Chairman, I rise in support of the amendment.

The people of Tennessee have spoken in a constitutional convention and at the polls, voting with respect to the classification of property.

This bill, if passed without this amendment, would do tremendous violence to the State of Tennessee, as it would do to other States. I would hope that the chairman of the committee, the gentleman from West Virginia (Mr. Staggers), and others, would accept the amendment.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. QUILLEN. I yield to the gentleman from Tennessee.

Mr. BAKER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment proposed by the gentleman from Tennessee (Mr. Fulton). The citizens of Tennessee have, through a most difficult process amended our State's constitution. The percentages on property value for the purposes of assessment have been established by our people. The approach is fair and equitable. If the big Federal Government comes in and disturbs the balance which has been established by the people of Tennessee, the burden of property taxes will again fall more heavily on the farmers and residential owners. This is simply a matter of States rights and the people of Tennessee prefer to establish our own system of property taxation.

(By unanimous consent, Mr. Quillen yielded the balance of his time to Mr. Jones of Tennessee.)

(By unanimous consent, Mr. Davis of South Carolina yielded 1 minute of his time to Mr. Jones of Tennessee.)

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. Jones).

Mr. JONES of Tennessee. Mr. Chairman, I rise in support of the proposed amendment.

Mr. Chairman, title II of the Surface Transportation Act if passed will result in the shift of a tremendous and undue property tax burden on homeowners, farmers, and businessmen. This provision would virtually negate an amendment to the Tennessee constitution which was approved in referendum by three out of four Tennessee voters. This constitutional amendment, which takes 7 years to accomplish in Tennessee, was needed to allow the State to classify and tax various properties based on use.

Tennessee and other States feel that transportation properties are protected from competition by governmental regulatory agencies such as the Interstate Commerce Commission on the Federal level or the Tennessee Public Service Commission on the State level. Through these regulatory agencies the surface transportation utilities are able to petition for cost pass throughs for a reasonable rate of return. In addition, many transportation properties enjoy the right of eminent domain and other privileges which set them apart from businesses engaged in free enterprise. Title II of this bill does not recognize these distinctions and, in fact, circumvents a State's efforts to make them.

If this provision passes unamended, Tennessee cities and counties will be forced to increase the tax rate on homes, farms, and businesses. I am informed that the amount of increase will vary directly with the quantity of public utility property within each jurisdiction, but that in some cases the rate may have to be increased by as much as 50 percent.

Gentlemen, as our population continues to grow and demand for real estate continues to climb, property values and taxes are going to climb as well. Already, taxes on residential property and farms are so high as to discourage home ownership and agricultural production.

One of my main areas of concern is what is presently happening to productive agricultural land on the outskirts of urban areas. As urbanization spreads onto agricultural lands, property taxes have skyrocketed and priced farmers right out of business. Farmers have been encouraged to grab their real estate profit and run rather than continue to produce food for a hungry world.

Fortunately, following our constitutional amendment in Tennessee which allowed us to tax according to current use we are nearing a solution to the problem in our State.

Title II of this bill will not only give Tennessee's effort a severe setback, but also will prohibit other States from protecting their own agricultural lands from future urban encroachment.

Unfortunately, many of your States have not realized the implications of this provision and if Tennessee had not so recently amended its constitution we might let it slip as well.

I personally do not want to see anymore farms taxed out of existence. Yesterday, this body approved House Resolution 1399, which expressed our desire that the United States should take a leading role in feeding the world's hungry. Today, we have before us a provision which will go a long way toward discouraging food production. The ramifications of this provision will be felt not only in Tennessee, but nationwide as well. Unfortunately, in the final dash toward adjournment many of us have not had time to digest this mass of legislation.

My colleagues from urban areas have a great deal at stake here as well as rural representatives. Do you want your homeowners to subsidize through increased taxes the operation of governmentally protected public utilities? If not, if you want utilities to pay their fair share, then support the Fulton amendment.

Yesterday you probably received a letter from Ralph Nader's tax group on this bill. It said—

> Revenue losses resulting from the tax windfall in this bill will necessarily fall upon the owners of other businesses, homes and farm—adding to an already intolerable property tax burden.

Gentlemen, today may be a historic first, but Ralph Nader and the Farm Bureau are united in their support for the Fulton amendment to title II.

Actually, concern over title II of this bill is spread across the political spectrum; the problem is that unfortunate timing has prevented the forces from mobilizing. The forestry industry is very much opposed to title II because it will make long-term investments in timber production even less attractive than they now are.

It is my contention as well that the provision as written will have a direct and adverse effect on land use planning and the preservation of wilderness areas. I urge those of you who are better informed in these areas to take a hard look at the way tax burdens would be shifted by this provision.

The amendment offered by Tennessee's distinguished Representative FULTON would not gut this bill. It does not tamper with the truly significant provisions of the Surface Transportation Act. The bill itself provides a real incentive to railroads and other surface carriers. I am very much in sympathy with this effort. The Fulton amendment will let us all go home and truthfully say we passed a great transportation bill, but we did not do it at the expense of homeowners, farmers and businesses.

Another important aspect of the Fulton amendment is that it allows States the flexibility to tax property as they see fit. If we want to grant a tax privilege to public carriers let us do it at the expense of the Federal Government and not at the expense of our cities and counties. I really do not feel it is appropriate for us to legislate in this manner. I urge you to support the Fulton amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. BEARD).

Mr. BEARD. Mr. Chairman, I rise in support—strong support—of the amendment offered by my colleague, the gentleman from Tennessee (Mr. FULTON).

Mr. Chairman, in 1972, to repeat what has been said, Tennessee worked the will of the people and by a ratio of close to 4 to 1, adopted a constitutional amendment which was referred to as question 3 on the ballot. This gives the State the ability to set higher assessment ratios on industrial and commercial property, and thus ease the tax burdens of the farmers and private homeowners. I think it is time we start to become a little more sensitive, and we have been talking over and over again about the small businessmen, about the homeowners, and we all know of the troubles that the farmers are facing today because of the recession and because of inflation, and yet here, right now, we are about ready to pass a bill that will place a burden on these people, the very ones who can least afford any additional tax burden during these troubled economic times.

So I make this plea that we agree to the amendment offered by the gentleman from Tennessee (Mr. FULTON). If it is not passed, the present bill will do very serious harm to the farmers, the small homeowners, the small businessmen of Tennessee, as it will in other States.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Chairman, I will take only 1 minute of the 2 minutes that I have remaining. I shall do this very quickly.

Back in the Continental Congress, they did not have any authority to make laws that interfered with each State. They had a confederation of States. Finally, they decided they had to work out a constitution under which they could regulate commerce between the States. This is exactly what happened, and today, we are furthering their goals that all taxation on any interstate commerce shall not be discriminatory.

All we are trying to say is that the taxation for transportation property shall be the same as for any other commercial property within a State.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. Mr. Chairman, I will speak for 1 minute of my time and reserve the remainder.

I rise in opposition to the amendment on the basis that we must have a uniform system of transportation and taxation on transportation throughout the country. That is what title II of the bill attempts to do. It also gives the States the flexibility of a 5-percent variation, and it gives them 3 years to make adjustments to their tax structure. They can adjust their classification on commercial and industrial property, for example, and bring it up to a level that will protect the farmers and the individual people as they want.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman for yielding.

I would simply point out that this amendment sanctifies a raid by the Government of the State of Tennessee on the rate payers of every State in the Nation by justifying an unfair taxation upon the railroads of this country at the same time that this Congress and this bill propose to see to it that we subsidize the railroads, which are in economic straits.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Tennessee (Mr. FULTON).

The question was taken; and on a division (demanded by Mr. DINGELL), there were—ayes 26, noes 15.

RECORDED VOTE

Mr. DINGELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 79, noes 314, not voting 41, as follows:

[Roll No. 665]

AYES—79

Alexander
Baker
Bauman
Beard
Bevill
Blackburn
Boggs
Bowen
Breckinridge
Brinkley
Burleson, Tex.
Byron
Carter
Chappell
Clancy
Cochran
Conlan
Daniel, Dan
Davis, Ga.
Davis, S.C.
Denholm
Dennis
Dorn
Downing
Duncan
du Pont
Eckhardt
Flowers
Flynt
Fulton
Gettys
Ginn
Gubser
Guyer
Haley
Hébert
Holt
Hosmer
Hunt
Jones, Ala.
Jones, Tenn.
King
Landgrebe
Landrum
Latta
Long, La.
Lott
Mann
Martin, Nebr.
Mathis, Ga.
Miller
Mizell
Mollohan
Montgomery
Nichols
Powell, Ohio
Quillen
Rhodes
Rooney, Pa.
Runnels
Ruth
Satterfield
Sikes
Spence
Steiger, Wis.
Stephens
Stubblefield
Stuckey
Teague
Thornton
Tiernan
Treen
Udall
Ullman
Waggonner
Wampler
Whitten
Young, Ga.
Young, S.C.

NOES—314

Abdnor
Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Barrett
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Blatnik
Boland
Bolling
Brademas
Bray
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Camp
Carney, Ohio
Casey, Tex.
Cederberg
Chamberlain
Chisholm
Clark
Clausen, Don H.
Clay
Cleveland
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Wis.
de la Garza
Delaney
Dellenback
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Drinan
Dulski
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Fish
Flood
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fuqua
Gaydos
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Green, Oreg.
Green, Pa.
Gross
Grover
Gude
Gunter
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holtzman
Horton
Huber
Hudnut
Hungate
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Leggett
Lehman
Lent
Litton
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Martin, N.C.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Rogers
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Scherle
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Towell, Nev.
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waldie
Walsh
Ware
Whalen
White
Whitehurst
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NOT VOTING—41

Brasco
Breaux
Brown, Ohio
Broyhill, Va.
Carey, N.Y.
Clawson, Del
Dellums
Eshleman
Evins, Tenn.
Fisher
Giaimo
Grasso
Gray
Griffiths
Hays
Heckler, Mass.
Holifield
Howard
Jones, N.C.
Luken
McSpadden
Macdonald
Maraziti
Mathias, Calif.
Mills
Murphy, N.Y.
O'Hara
Passman
Patman
Podell
Rarick
Reid
Roe
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, N.Y.
Rousselot
Schneebeli
Taylor, Mo.
Traxler
Wyman

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Pursuant to the unanimous consent request agreed to earlier, all time for debate has now expired.

The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the committee rose, and the Speaker having resumed the chair, Mr. FLOWERS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5385) to restore and maintain a healthy transportation system, to provide financial assistance, to improve competitive equity among surface transportation modes, to improve the process of Government regulation, and for other purposes, pursuant to House Resolution 1485, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. KUYKENDALL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 377, nays 15, not voting 42, as follows:

[Roll No. 666]

YEAS—377

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Denholm
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Green, Oreg.
Green, Pa.
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hébert
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
McClory
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga

Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—15

Archer
Bennett
Collins, Tex.
Conlan
Crane
Gross
Ichord
Landgrebe
Lujan
Montgomery
Rousselot
Runnels
Snyder
Steiger, Ariz.
Symms

NOT VOTING—42

Blatnik
Brasco
Brown, Ohio
Carey, N.Y.
Clawson, Del
Davis, Ga.
Dellums
Dennis
Eshleman
Evins, Tenn.
Fisher
Giaimo
Grasso
Gray
Griffiths
Hays
Heckler, Mass.
Holifield
Howard
Jones, Ala.
Jones, N.C.
Luken
McCloskey
McSpadden
Macdonald
Maraziti
Mathias, Calif.
Mills
Murphy, N.Y.
O'Hara
Passman
Podell
Rarick
Reid
Roe
Roncallo, N.Y.
Rooney, N.Y.
Ryan
Schneebeli
Taylor, Mo.
Waldie
Wyman

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hays with Mr. Wyman.

Mr. Murphy of New York with Mr. Roncallo of New York.

Mr. Roe with Mrs. Grasso.

Mr. Rooney of New York with Mr. Davis of Georgia.

Mr. Macdonald with Mr. Passman.

Mr. Howard with Mr. Maraziti.

Mr. Dellums with Mr. Gray.

Mr. Evins of Tennessee with Mr. Taylor of Missouri.

Mr. Giaimo with Mr. Luken.

Mr. Jones of Alabama with Mr. Brown of Ohio.

Mr. O'Hara with Mrs. Griffiths.

Mr. Carey of New York with Mr. Del Clawson.

Mr. Jones of North Carolina with Mr. Rarick.

Mr. Holifield with Mr. Mathias of California.

Mr. Ryan with Mr. Dennis.

Mr. Mills with Mr. McSpadden.

Mr. Blatnik with Mr. Eshleman.

Mr. Fisher with Mrs. Heckler of Massachusetts.

Mr. Reid with Mr. McCloskey.

Mr. Waldie with Mr. Schneebeli.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 1485, the Committee on Interstate and Foreign Commerce is discharged from the further consideration of the Senate bill (S. 1149) to promote commerce and to meet the need of consumers of goods and products by increasing availability of railroad rolling stock and equipment through improved utilization techniques and financial guarantees for new acquisitions, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. STAGGERS

Mr. STAGGERS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STAGGERS moves to strike out all after the enacting clause in S. 1149, and insert in lieu therefor the provision of H.R. 5385, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time and passed.

The title was amended so as to read: "To restore and maintain a healthy transportation system, to provide financial assistance, to improve competitive equity among surface transportation modes, to improve the process of Government regulation, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 5385) was laid on the table.

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS AND REFERENCES IN ENGROSSMENT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendment to S. 1149 the Clerk be authorized to correct section numbers and also references.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

AUTHORIZING PARTITION OF SURFACE RIGHTS OF THE 1882 EXECUTIVE ORDER HOPI RESERVATION AND 1934 NAVAJO RESERVATION

Mr. MEEDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10337) to authorize the partition of the surface rights in the joint use area of the 1882 Executive Order Hopi Reservation and the surface and subsurface rights in the 1934 Navajo Reservation between the Hopi and Navajo Tribes, to provide for allotments to certain Paiute Indians, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert: That, (a) within thirty days after enactment of this Act, the Director of the Federal Mediation and Conciliation Service shall appoint a Mediator (hereinafter referred to as the "Mediator") who shall assist in the negotiations for the settlement and partition of the relative rights and interests, as determined by the decision in the case of Healing v. Jones (210 F. Supp. 125, D. Ariz., 1962, aff'd 363 U.S. 758, 1963) (hereinafter referred to as the "Healing case"), of the Hopi and Navajo Tribes (hereinafter referred to as the "tribes") to and in lands within the reservation established by the Executive order of December 16, 1882, except land management district no. 6 (such lands hereinafter referred to as the "joint use area"). The Mediator shall not have any interest, direct or indirect, in the settlement of the interests and rights set out in this subsection. The duties of the Mediator shall cease upon the entering of a full agreement into the records of the supplemental proceedings pursuant to section 3 or the submission of a report to the District Court after a default in negotiations or a partial agreement pursuant to section 4.

(b) The proceedings in which the Mediator shall be acting under the provisions of this Act shall be the supplemental proceedings in the Healing case now pending in the United States District Court for the District of Arizona (hereinafter referred to as "the District Court").

(c) (1) The Mediator is authorized to request from any department, agency, or independent instrumentality of the Federal Government any information, personnel, service, or materials he deems necessary to carry out his responsibilities under the provisions of this Act. Each such department, agency, or instrumentality is authorized to cooperate with the Mediator and to comply with such requests to the extent permitted by law, on a reimbursable or nonreimbursable basis.

(2) To facilitate the expeditious and orderly compilation and development of factual information relevant to the negotiating process, the President shall, within fifteen days of enactment of this Act, establish an interagency committee chaired by the Secretary of the Interior (hereinafter referred to as the "Secretary") to develop relevant information and to respond to the requests of the Mediator.

(d) The Secretary shall appoint a full-time representative as his liaison with the Mediator to facilitate the provision of information and assistance requested by the Mediator from the Department of the Interior.

(e) The Mediator may retain the services of such staff assistants and consultants as he shall deem necessary, subject to the approval of the Director of the Federal Mediation and Conciliation Service.

SEC. 2. (a) Within thirty days after enactment of this Act, the Secretary shall communicate in writing with the tribal councils of the tribes directing the appointment of a negotiating team representing each tribe. Each negotiating team shall be composed of not more than five members to be certified by appropriate resolution of the respective tribal council. Each tribal council shall promptly fill any vacancies which may occur on its negotiating team. Notwithstanding any other provision of law, each negotiating team, when appointed and certified, shall have full authority to bind its tribe with respect to any other matter concerning the joint use area within the scope of this Act.

(b) In the event either or both of the tribal councils fail to select and certify a negotiating team within thirty days after the Secretary communicates with the tribal council under subsection (a) of this section or to select and certify a replacement member within thirty days of the occurrence of a vacancy, the provisions of subsection (a) of section 4 shall become effective.

(c) Within fifteen days after formal certification of both negotiating teams to the Mediator, the Mediator shall schedule the first negotiating session at such time and place as he deems appropriate. The negotiating sessions, which shall be chaired by the Mediator, shall be held at such times and places as the Mediator deems appropriate. At such sessions, the Mediator may, if he deems it appropriate, put forward his own suggestions for procedure, the agenda, and the resolution of the issues in controversy.

(d) In the event either negotiating team fails to attend two consecutive sessions or, in the opinion of the Mediator, either negotiating team fails to bargain in good faith or an impasse is reached, the provisions of subsection (a) of section 4 shall become effective.

(e) In the event of a disagreement within a negotiating team the majority of the members of the team shall prevail and act on behalf of the team unless the resolution of the tribal council certifying the team specifically provides otherwise.

SEC. 3. (a) If, within one hundred and eighty days after the first session scheduled by the Mediator under subsection (c) of section 2, full agreement is reached, such agreement shall be put in such form as the Mediator determines best expresses the intent of the tribes and shall then be submitted to the Secretary and the Attorney General of the United States for their comments as they relate to the interest of the United States in the proceedings. These comments are to be submitted to the Mediator and the negotiating teams within thirty days. The negotiating teams and the Mediator shall then consider the comments and, if agreement can still be reached on terms acceptable to the negotiating teams and the Mediator within sixty days of receipt by him of the comments, the agreement shall be put in final written form and shall be signed by the members of the negotiating teams and the Mediator. The Mediator shall then cause the agreement to be entered into the records of the supplemental proceedings in the Healing case. The provisions of the agreement shall be reviewed by the District Court, modified where necessary, and put into effect immediately thereafter.

(b) If, within the one hundred and eighty day period referred to in subsection (a) of this section, a partial agreement has been reached between the tribes and they wish such partial agreement to go into effect, they shall follow the procedure set forth in said subsection (a). The partial agreement shall then be considered by the Mediator in preventing his report, and the District Court in making a final adjudication, pursuant to section 4.

(c) For the purpose of this section, the negotiating teams may make any provision in the agreement or partial agreement not inconsistent with existing law. No such agreement or any provision in it shall result in a taking by the United States of private property compensable under the Fifth Amendment of the Constitution of the United States.

SEC. 4. (a) If the negotiating teams fail to reach full agreement within the time period allowed in subsection (a) of section 3 or if one or both of the tribes are in default under the provisions of subsections (b) or (d) of section 2, the Mediator, within ninety days thereafter, shall prepare and submit to the District Court a report containing his recommendations for the settlement of the interests and rights set out in subsection (a) of section 1 which shall be most reasonable and equitable in light of the law and circumstances and consistent with the provisions of this Act. Following the District Court's review of the report and recommendations (which are not binding thereon) and any further proceedings which the District Court may schedule, the District Court is authorized to make a final adjudication, including partition of the joint use area, and enter the judgments in the supplemental proceedings in the Healing case.

(b) Any proceedings as authorized in subsection (a) hereof shall be assigned for hearing at the earliest possible date, shall take precedence over all other matters pending on the docket of the District Court at that time, and shall be expedited in every way by the Court.

SEC. 5. (a) For the purpose of facilitating an agreement pursuant to section 3 or preparing a report pursuant to section 4, the Mediator is authorized—

(1) notwithstanding the provisions of section 2 of the Act of May 25, 1918 (40 Stat. 570), to recommend that, subject to the consent of the Secretary, there be purchased or otherwise acquired additional lands for the benefit of either tribe from the funds of either tribe or funds under any other authority of law;

(2) to recommend that, subject to the consent of the Secretary, there be undertaken a program of restoration of lands lying within the joint use area, employing for such purpose funds authorized by this Act, funds of either tribe, or funds under any other authority of law;

(3) to recommend that, subject to the consent of the Secretary, there be undertaken a program for relocation of members of one tribe from lands which may be partitioned to the other tribe in the joint use area;

(4) to recommend, in exceptional cases where necessary to prevent personal hardship, a limited tenure for residential use, not exceeding a life estate, and a phased relocation of members of one tribe from lands which may be partitioned to the other tribe in the joint use area; and

(5) to make any other recommendations as are in conformity with this Act and the Healing case to facilitate a settlement.

(b) The authorizations contained in subsection (a) of this section shall be discretionary and shall not be construed to represent any directive of the Congress.

SEC. 6. The Mediator in preparing his report, and the District Court in making the final adjudication, pursuant to section 4, shall consider and be guided by the decision of the Healing case, under which the tribes have joint, undivided, and equal interests in and to all of the joint use area; by any partial agreement reached by the parties under subsection (b) of section 3; by the last best offer for a complete settlement as a part of the negotiating process by each of the tribes; and by the following:

(a) The rights and interests, as defined in the Healing case, of the Hopi Tribe in and to that portion of the reservation established by the Executive order of December 16, 1882, which is known as land management district no. 6 (hereinafter referred to as the "Hopi Reservation") shall not be reduced or limited in any manner.

(b) The boundary lines resulting from any partitioning of lands in the joint use shall be established so as to include the higher density population areas of each tribe within the portion of the lands partitioned to such tribe to minimize and avoid undue social, economic, and cultural disruption insofar as practicable.

(c) In any division of the surface rights to the joint use area, reasonable provision shall be made for the use of and right of access to identified religious shrines for the members of each tribe on the reservation of the other tribe where such use and access are for religious purposes.

(d) In any partition of the surface rights to the joint use area, the lands shall, insofar as is practicable, be equal in acreage and quality: *Provided,* That is such partition results in a lesser amount of acreage, or value, or both to one tribe such differential shall be fully and finally compensable to such tribe by the other tribe. The value of the land for the purposes of this subsection shall be based on not less than its value with improvements and its grazing capacity fully restored: *Provided further,* That, in the determination of compensation for any differential, the Federal Government shall pay any difference between the value of the particular land involved in its existing state and the value of such land in a fully restored state which results from damage to the land which the District Court finds attributable to a failure of the Federal Government to provide protection where such protection is or was required by law or by the demands of the trust relationship.

(e) Any lands partitioned to each tribe in the joint use are shall, where feasible and consistent with the other provisions of this section, be contiguous to the reservation of each such tribe.

(f) Any boundary line between lands partitioned to the two tribes in the joint use area shall, insofar as is practicable, follow terrain which will facilitate fencing or avoid the need for fencing.

(g) Any claim the Hopi Tribe may have against the Navajo Tribe for an accounting of all sums collected by the Navajo Tribe since September 17, 1957, as trader license fees or commissions, lease rental or proceeds, or other similar charges for doing business or for damages in the use of lands within the joint use area, shall be for a one-half share in such sums.

(h) Any claim the Hopi Tribe may have against the Navajo Tribe for the determination and recovery of the fair value of the grazing and agricultural use of the lands within the joint use area by the Navajo Tribe and its individual members, since September 28, 1962, shall be for one-half of such value.

SEC. 7. Partition of the surface of the lands of the joint use area shall not affect the joint ownership status of the coal, oil, gas, and all other minerals within or underlying such lands. All such coal, oil, gas, and other minerals within or underlying such lands shall be managed jointly by the two tribes, subject to supervision and approval by the Secretary as otherwise required by law, and the proceeds therefrom shall be divided between the tribes, share and share alike.

SEC. 8. (a) Either tribe, acting through the chairman of its tribal council for and on behalf of the tribe, is each hereby authorized to commence or defend in the District Court an action against the other tribe and any other tribe of Indians claiming any interest in or to the area described in the Act of June 14, 1934, except the reservation established by the Executive Order of December 16, 1882, for the purpose of determining the rights and interests of the tribes in and to such lands and quieting title thereto in the tribes.

(b) Lands, if any, in which the Navajo Tribe or Navajo individuals are determined by the District Court to have the exclusive interest shall continue to be a part of the Navajo Reservation. Lands, if any, in which the Hopi Tribe, including any Hopi village or clan thereof, or Hopi individuals are determined by the District Court to have the exclusive interest shall thereafter be a reservation for the Hopi Tribe. Any lands in which the Navajo and Hopi Tribes or Navajo or Hopi individuals are determined to have a joint or undivided interest shall be partitioned by the District Court on the basis of fairness and equity and the area so partitioned shall be retained in the Navajo Reservation or added to the Hopi Reservation, respectively.

(c) The Navajo and Hopi Tribes are hereby authorized to exchange lands which are *part of their* respective reservations.

(d) Nothing in this section shall be deemed to be a Congressional determination of the merits of the conflicting claims to the lands that are subject to adjudication pursuant to this section, or to affect the liability of the United States, if any, under litigation now pending before the Indian Claims Commission.

(e) The Secretary of the Interior is authorized to pay any or all appropriate legal fees, court costs, and other related expenses arising out of, or in connection with, the commencing of, or defending against, any action brought by the Navajo or Hopi Tribe under this section.

Sec. 9. Notwithstanding any other provision of this Act the Secretary is authorized to allot in severalty to individual Paiute Indians, not now members of the Navajo Tribe, who are located within the area described in the Act of June 14, 1934 (48 Stat. 960), and who were located within such area, or are direct descendants of Paiute Indians who were located within such area, on the date of such Act, land in quantities as specified in section 1 of the Act of February 8, 1887 (24 Stat. 388), as amended (25 U.S.C. 331), and patents shall be issued to them for such lands having the legal effect and declaring that the United States holds such land in trust for the sole use and benefit of each allottee and, following his death, of his heirs according to the laws of the State of Arizona.

Sec. 10. (a) Subject to the provisions of section 9 and subsection (a) of section 17, any lands partitioned to the Navajo Tribe pursuant to section 3 or 4 and the lands described in the Act of June 14, 1934 (48 Stat. 960), except the lands as described in section 8, shall be held in trust by the United States exclusively for the Navajo Tribe and as a part of the Navajo Reservation.

(b) Subject to the provisions of section 9 and subsection (a) of section 17, any lands partitioned to the Hopi Tribe pursuant to section 3 or 4 and the lands as described in section 8 shall be held in trust by the United States exclusively for the Hopi Tribe and as a part of the Hopi Reservation.

Sec. 11. (a) The Secretary is authorized and directed to transfer not to exceed 250,000 acres of lands under the jurisdiction of the Bureau of Land Management within the States of Arizona or New Mexico to the Navajo Tribe: *Provided*, That the Navajo Tribe shall pay to the United States the fair market value for such lands as may be determined by the Secretary. Such lands shall, if possible, be contiguous or adjacent to the existing Navajo Reservation. Title to such lands which are contiguous or adjacent to the Navajo Reservation shall be taken by the United States in trust for the benefit of the Navajo Tribe.

(b) Any private lands the Navajo Tribe acquires which are contiguous or adjacent to the Navajo Reservation may be taken by the United States in trust for the benefit of the Navajo Tribe: *Provided*, That the land acquired pursuant to subsection (a) and this subsection shall not exceed a total of 250,000 acres.

Sec. 12. (a) There is hereby established as an independent entity in the executive branch the Navajo and Hopi Indian Relocation Commission (hereinafter referred to as the "Commission").

(b) The Commission shall be composed of three members appointed by the Secretary within sixty days of enactment of this Act.

(c) The Commission shall elect a Chairman and Vice Chairman from among its members.

(d) Two members of the Commission shall constitute a quorum. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(e) Each member of the Commission who is not otherwise employed by the United States Government shall receive an amount equal to the daily rate paid a GS–18 under the General Schedule contained in section 5332 of title 5, United States Code, for each day (including time in travel) or portion thereof during which such member is engaged in the actual performance of his duties as a member of the Commission. A member of the Commission who is an officer or employee of the United States shall serve without additional compensation. All members of the Commission shall be reimbursed for travel, subsistence, and other expenses incurred by them in the performance of their duties.

(f) The first meeting of the Commission shall be called by the Secretary forthwith following the date on which a majority of the members of such Commission are appointed and qualified under this Act, but in no event later than sixty days following such date.

(g) Subject to such rules and regulations as may be adopted by the Commission, the Chairman shall have the power to—

(1) appoint and fix the compensation of an Executive Director, and such additional staff personnel as he deems necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at rates not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such title; and

(2) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at rates not to exceed $150 a day for individuals.

(h) The Department of the Interior shall furnish, on a nonreimbursable basis, necessary administrative and housekeeping services for the Commission.

(i) The Commission shall cease to exist when the President determines that its functions have been fully discharged.

Sec. 13. (a) Within the twenty-four month period following the date of issuance of an order of the District Court pursuant to section 3 or 4, the Commission shall prepare and submit to the Congress a report concerning the relocation of households and members thereof of each tribe, and their personal property, including livestock, from lands partitioned to the other tribe pursuant to sections 8 and 3 or 4.

(b) Such report shall contain, among other matters, the following:

(1) the names of all members of the Navajo Tribe who reside within the areas partitioned to the Hopi Tribe and the names of all members of the Hopi Tribe who reside within the areas partitioned to the Navajo Tribe; and

(2) the fair market value of the habitations and improvements owned by the heads of households identified by the Commission as being among the persons named in clause (1) of this subsection.

(c) Such report shall include a detailed plan providing for the relocation of the households and their members identified pursuant to clause (1) of subsection (b) of this section. Such plan (hereinafter referred to as the "relocation plan") shall—

(1) be developed to the maximum extent feasible in consultation with the persons involved in such relocation and appropriate representatives of their tribal councils;

(2) take into account the adverse social, economic, cultural, and other impacts of relocation on persons involved in such relocation and be developed to avoid or minimize, to the extent possible, such impacts;

(3) identify the sites to which such households shall be relocated, including the distance involved;

(4) assure that housing and related community facilities and services, such as water, sewers, roads, schools, and health facilities, for such households shall be available at their relocation sites; and

(5) take effect thirty days after the date of submission to the Congress pursuant to subsection (a) of this section: *Provided, however*, That the Commission is authorized and directed to proceed with voluntary relocations as promptly as practicable following its first meeting.

Sec. 14. (a) Consistent with section 8 and the order of the District Court issued pursuant to section 3 or 4, the Commission is authorized and directed to relocate pursuant to section 8 and such order all households and members thereof and their personal property, including livestock, from any lands partitioned to the tribe of which they are not members. The relocation shall take place in accordance with the relocation plan and shall be completed by the end of five years from the date on which the relocation plan takes effect. No further settlement of Navajo individuals on the lands partitioned to the Hopi Tribe pursuant to this Act or on the Hopi Reservation shall be permitted unless advance written approval of the Hopi Tribe is obtained. No further settlement of Hopi individuals on the lands partitioned to the Navajo Tribe pursuant to this Act or on the Navajo Reservation shall be permitted unless advance written approval of the Navajo Tribe is obtained. No individual shall hereafter be allowed to increase the number of livestock he grazes on any area partitioned pursuant to this Act to the tribe of which he is not a member, nor shall he retain any grazing rights in any such area subsequent to his relocation therefrom.

(b) In addition to the payments made pursuant to section 15, the Commission shall make payments to heads of households identified in the report prepared pursuant to section 13 upon the date of relocation of such households, as determined by the Commission, in accordance with the following schedule:

(1) the sum of $5,000 to each head of a household who, prior to the expiration of one year after the effective date of the relocation plan, contracts with the Commission to relocate;

(2) the sum of $4,000 to each head of a household who is not eligible for the payment provided for in clause (1) of this subsection but who, prior to the expiration of two years after the effective date of the relocation plan, contracts with the Commission to relocate;

(3) the sum of $3,000 to each head of a household who is not eligible for the payments provided for in clause (1) or (2) of this subsection but who, prior to the expiration of three years after the effective date of the relocation plan, contracts with the Commission to relocate; and

(4) the sum of $2,000 to each head of a household who is not eligible for the payments provided for in clause (1), (2), or (3) of this subsection but who, prior to the expiration of four years after the effective date of the relocation plan, contracts with the Commission to relocate.

(c) No payment shall be made pursuant to this section to or for any person who, after May 29, 1974, moved into an area partitioned pursuant to section 8 or section 3 or 4 to a tribe of which he is not a member.

SEC. 15. (a) The Commission shall purchase from the head of each household whose household is required to relocate under the terms of this Act the habitation and other improvements owned by him on the area from which he is required to move. The purchase price shall be the fair market value of such habitation and improvements as determined under clause (2) of subsection (b) of section 13.

(b) In addition to the payments made pursuant to subsection (a) of this section, the Commission shall:

(1) reimburse each head of a household whose household is required to relocate pursuant to this Act for the actual reasonable moving expenses of the household as if the household members were displaced persons under section 202 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894);

(2) pay to each head of a household whose household is required to relocate pursuant to this Act on amount which, when added to the fair market value of the habitation and improvements purchased under subsection (a) of this section, equals the reasonable cost of a decent, safe, and sanitary replacement dwelling adequate to accommodate such household: *Provided*, That the additional payment authorized by this paragraph (2) shall not exceed $17,000 for a household of three or less and not more than $25,000 for a household of four or more, except that the Commission may, after consultation with the Secretary of Housing and Urban Development, annually increase or decrease such limitations to reflect changes in housing development and construction costs, other than costs of land, during the preceding year: *Provided further*, That the additional payment authorized by this subsection shall be made only to a head of a household required to relocate pursuant to this Act who purchases and occupies such replacement dwelling not later than the end of the two-year period beginning on the date on which he receives from the Commission final payment for the habitation and improvements purchased under subsection (a) of this section, or on the date on which such household moves from such habitation, whichever is the later date. The payments made pursuant to this paragraph (2) shall be used only for the purpose of obtaining decent, safe, and sanitary replacement dwellings adequate to accommodate the households relocated pursuant to this Act.

(c) In implementing subsection (b) of this section, the Commission shall establish standards consistent with those established in the implementation of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894). No payment shall be made pursuant to this section to or for any person who, later than one year prior to the date of enactment of this Act, moved into an area partitioned pursuant to section 8 or section 3 or 4 to a tribe of which he is not a member.

(d) The Commission shall be responsible for the provision of housing for each household eligible for payments under this section in one of the following manners:

(1) Should any head of household apply for and become a participant or homebuyer in a mutual help housing or other homeownership opportunity project undertaken under the United States Housing Act of 1937 (50 Stat. 888), as amended (42 U.S.C. 1401), or in any other federally assisted housing program now or hereafter established, the amounts payable with respect to such household under paragraph (2) of subsection (b) of this section and under subsection (a) of this section shall be paid to the local housing agency or sponsor involved as a voluntary equity payment and shall be credited against the outstanding indebtedness or purchase price of the household's home in the project in a manner which will accelerate to the maximum extent possible the achievement by that household of debt free homeownership.

(2) Should any head of household wish to purchase or have constructed a dwelling which the Commission determines is decent, safe, sanitary, and adequate to accommodate the household, the amounts payable with respect to such household under paragraph (2) of subsection (b) of this section and under subsection (a) of this section shall be paid to such head of household in connection with such purchase or construction in a manner which the Commission determines will assure the use of the funds for such purpose.

(3) Should any head of household not make timely arrangements for relocation housing, or should any head of household elect and enter into an agreement to have the Commission construct or acquire a home for the household, the Commission may use the amounts payable with respect to such household under paragraph (2) of subsection (b) of this section and under subsection (a) of this section for the construction or acquisition (including enlargement or rehabilitation if necessary) of a home and related facilities for such household: *Provided*, That, the Commission may combine the funds for any number of such households into one or more accounts from which the costs of such construction or acquisition may be paid on a project basis and the funds in such account or accounts shall remain available until expended: *Provided further*, That the title to each home constructed or acquired by the Commission pursuant to this paragraph shall be vested in the head of the household for which it was constructed or acquired upon occupancy by such household, but this shall not preclude such home being located on land held in trust by the United States.

(e) The Commission is authorized to dispose of dwellings and other improvements acquired or constructed pursuant to this Act in such manner, including resale of such dwellings and improvements to members of the tribe exercising jurisdiction over the area at prices no higher than the acquisition or construction costs, as best effects section 8 and the order of the District Court pursuant to section 3 or 4.

SEC. 16. (a) The Navajo Tribe shall pay to the Hopi Tribe the fair rental value as determined by the Secretary for all use by Navajo individuals of any lands partitioned to the Hopi Tribe pursuant to sections 8 and 3 or 4 subsequent to the date of the partition thereof.

(b) The Hopi Tribe shall pay to the Navajo Tribe the fair rental value as determined by the Secretary for all use by Hopi individuals of any lands partitioned to the Navajo Tribe pursuant to sections 8 and 3 or 4 subsequent to the date of the partition thereof.

SEC. 17. (a) Nothing in this Act shall affect the title, possession, and enjoyment of lands heretofore allotted to Hopi and Navajo individuals for which patents have been issued. Such Hopi individuals living on the Navajo Reservation shall be subject to the jurisdiction of the Navajo Tribe and such Navajo individuals living on the Hopi Reservation shall be subject to the jurisdiction of the Hopi Tribe.

(b) Nothing in this Act shall require the relocation from any area partitioned pursuant to this Act of the household of any Navajo or Hopi individual who is employed by the Federal Government within such area or to prevent such employees or their households from residing in such areas in the future: *Provided*, That any such Federal employee who would, except for the provisions of this subsection, be relocated under the terms of this Act may elect to be so relocated.

SEC. 18. (a) Either tribe, acting through the chairman of its tribal council, for and on behalf of the tribe, including all villages, clans, and individual members thereof, is hereby authorized to commence or defend in the District Court an action or actions against the other tribe for the following purposes if such action or actions are not settled pursuant to section 3 or 4:

(1) for an accounting of all sums collected by either tribe since the 17th day of September 1957 as trader license fees or commissions, lease proceeds, or other similar charges for the doing of business or the use of lands within the joint use area, and judgment for one-half of all sums so collected, and not paid to the other tribe, together with interest at the rate of 6 per centum per annum compounded annually;

(2) for the determination and recovery of the fair value of the grazing and agricultural use by either tribe and its individual members since the 28th day of September 1962 of the undivided one-half interest of the other tribe in the lands within the joint use area, together with interest at the rate of 6 per centum per annum compounded annually, notwithstanding the fact that the tribes are tenants in common of such lands; and

(3) for the adjudication of any claims that either tribe may have against the other for damages to the lands to which title was quieted as aforesaid by the United States District Court for the District of Arizona in such tribes, share and share alike, subject to the trust title of the United States, without interest, notwithstanding the fact that such tribes are tenants in common of such lands: *Provided*, That the United States may be joined as a party to such an action and, in such case, the provisions of sections 1346(a)(2) and 1505 of title 28, United States Code, shall not be applicable to such action.

(b) Neither laches nor the statute of limitations shall constitute a defense to any action authorized by this Act for existing claims if commenced within two years from the effective date of this Act or one hundred and eighty days from the date of issuance of an order of the District Court pursuant to section 3 or 4, whichever is later.

(c) Either tribe may institute such further original, ancillary, or supplementary actions against the other tribe as may be necessary or desirable to insure the quiet and peaceful enjoyment of the reservation lands of the tribes by the tribes and the members thereof, and to fully accomplish all objects and purposes of this Act. Such actions may be commenced in the District Court by either tribe against the other, acting through the chairman of its tribal council, for and on behalf of the tribe, including all villages, clans, and individual members thereof.

(d) Except as provided in clause (3) of subsection (a) of this section, the United States shall not be an indispensable party to any action or actions commenced pursuant to this section. Any judgment or judgments by the District Court in such action or actions shall not be regarded as a claim or claims against the United States.

(e) All applicable provisional and final remedies and special proceedings provided for by the Federal Rules of Civil Procedure and all other remedies and processes available for the enforcement and collection of judgments in the district courts of the United States may be used in the enforcement and collection of judgments obtained pursuant to the provisions of this Act.

SEC. 19. (a) Notwithstanding any provision of this Act, or any order of the District Court pursuant to section 3 or 4, the Secretary is authorized and directed to immediately commence reduction of the numbers of all the livestock now being grazed upon the lands within the joint use area and complete such reductions to carrying capacity of such lands, as determined by the usual range capacity standards as established by the Secretary after the date of enactment of this Act. The Secretary is directed to institute such conservation practices and methods within such area as are necessary to restore the grazing potential of such area to the maximum extent feasible.

(b) The Secretary, upon the date of issuance of an order of the District Court pursuant to sections 8 and 3 or 4, shall provide for the survey location of monuments, and fencing of boundaries of any lands partitioned pursuant to sections 8 and 3 or 4.

Sec. 20. The members of the Hopi Tribe shall have perpetual use of Cliff Spring as shown on USGS 7½ minute Quad named Toh Ne Zhonnie Spring, Arizona, Navajo County, dated 1968; and located 1,250 feet west and 200 feet south of the intersection of 36 degrees, 17 minutes, 30 seconds north latitude and 110 degrees, 9 minutes west longitude, as a shrine for religious ceremonial purposes, together with the right to gather branches of fir trees growing within a 2-mile *radius of said* spring for use in such religious ceremonies, and the further right of ingress, egress, and regress between the Hopi Reservation and said spring. The Hopi Tribe is hereby authorized to fence said spring upon the boundary line as follows:

Beginning at a point on the 36 degrees, 17 minutes, 30 seconds north latitude 500 feet west of its intersection with 110 degrees, 9 minutes west longitude, the point of beginning;

thence north 46 degrees west, 500 feet to a point on the rim top at elevation 6,900 feet;

thence southwesterly 1,200 feet (in a straight line) following the 6,900 feet contour;

thence south 46 degrees east, 600 feet;

thence north 38 degrees east, 1,300 feet to the point of beginning, 23.8 acres more or less: *Provided*, That, if and when such spring is fenced, the Hopi Tribe shall pipe the water therefrom to the edge of the boundary as hereinabove described for the use of residents of the area.

The natural stand of fir trees within such 2-mile radius shall be conserved for such religious purposes.

Sec. 21. Notwithstanding anything contained in this Act to the contrary, the Secretary shall make reasonable provision for the use of and right of access to identified religious shrines for the members of each tribe on the reservation of the other tribe where such use and access are for religious purposes.

Sec. 22. The availability of financial assistance or funds paid pursuant to this Act may not be considered as income or resources or otherwise utilized as the basis (1) for denying a household or member thereof participation in any federally assisted housing program or (2) for denying or reducing the financial assistance or other benefits to which such household or member would otherwise be entitled to under the Social Security Act or any other Federal or federally assisted program. None of the funds provided under this Act shall be subject to Federal or State income taxes.

Sec. 23. The Navajo and Hopi Tribes are hereby authorized to exchange lands which are part of their respective reservations.

Sec. 24. If any provision of this Act, or the application of any provision to any person, entity or circumstance, is held invalid, the remainder of this Act shall not be affected thereby.

Sec. 25. (a)(1) For the purpose of carrying out the provisions of section 15, there is hereby authorized to be appropriated not to exceed $31,500,000.

(2) For the purpose of carrying out the provisions of subsection (a) of section 19, there is hereby authorized to be appropriated not to exceed $10,000,000.

(3) For the purpose of carrying out the provisions of subsection (b) of section 19, there is hereby authorized to be appropriated not to exceed $500,000.

(4) For the purpose of carrying out the provisions of subsection (b) of section 14, there is hereby authorized to be appropriated not to exceed $5,500,000.

(5) There is hereby authorized to be appropriated annually not to exceed $500,000 for the expenses of the Commission.

(6) There is hereby authorized to be appropriated not to exceed $500,000 for the services and expenses of the Mediator and the assistants and consultants retained by him: *Provided*, That, any contrary provision of law notwithstanding, until such time as funds are appropriated and made available pursuant to this authorization, the Director of the Federal Mediation and Conciliation Service is authorized to provide for the services and expenses of the Mediator from any other appropriated funds available to him and to reimburse such appropriations when funds are appropriated pursuant to this authorization, such reimbursement to be credited to appropriations currently available at the time of receipt thereof.

(b) The funds appropriated pursuant to the authorizations provided in this Act shall remain available until expended.

Sec. 26. Section 10 of the Act entitled "An Act to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and a better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes", approved April 19, 1950 (64 Stat. 47; 25 U.S.C. 640) is repealed effective close of business December 31, 1974.

Amend the title so as to read: "An Act to provide for final settlement of the conflicting rights and interests of the Hopi and Navajo Tribes to and in lands lying within the joint use area of the reservation established by the Executive order of December 16, 1882, and lands lying within the reservation created by the Act of June 14, 1934, and for other purposes."

Mr. MEEDS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the Senate amendments be dispensed with and that they be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. STEIGER of Arizona. Mr. Speaker, I wish to make the following observations about the Senate amendments to H.R. 10037. It is clear from the Senate Interior Committee's report on the bill as reported that the Senate's intention was to partition the joint-use area as equally as possible between the two tribes.

It is not beyond the realm of imagination that someone might attempt to twist the Senate language to deprive the Hopi Tribe of one-half of the land area in the joint-use area. Thus, I believe that it is important to underscore the fact that we here in the House of Representatives continue to feel strongly that the land partition in the joint-use area must be on an equal area and quality basis. The bill as passed by the Senate provides for this, with only de minimum deviations to allow for various factors.

Second, by referring the Moencopi issue to the courts, we do not by implication limit the Hopi claim in that area to the compromise area of approximately 250,000 acres set forth in the original House-passed bill. On the contrary, we recognize that the Hopi Tribe has a substantial claim in and to the entire 1934 reservation, possibly many times larger than the area contained in the House-passed bill. It is important to note the aboriginal claims to this area asserted by both Tribes. This must be given substantial if not controlling significance in any litigation to partition this area.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. HOSMER. Mr. Speaker, reserving the right to object, and I shall not object, will the gentleman himself extend in the Record an explanation of these amendments?

Mr. MEEDS. I will.

Mr. HOSMER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERSONAL EXPLANATION

Mr. RYAN. Mr. Speaker, I wish to state that I was not allowed to record my vote on H.R. 5385, the Surface Transportation Act of 1974. I placed my card in the appropriate box, and my name was not recorded as voting at the time.

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO FILE A REPORT ON H.R. 17597, EMERGENCY UNEMPLOYMENT COMPENSATION

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report on the bill H.R. 17597, to provide a program of emergency unemployment compensation, along with any separate, dissenting, and/or additional views.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1961

Mr. MURPHY of Illinois. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1468 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17234) to amend the Foreign Assistance Act of 1961, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Illinois (Mr. MURPHY) is recognized for 1 hour.

Mr. MURPHY of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1468 provides for an open rule with 2 hours of general debate on H.R. 17234, a bill to amend the Foreign Assistance Act of 1961. House Resolution 1468 provides that the bill shall be read for amendment by titles instead of by sections.

H.R. 17234 states the sense of Congress that no aid should be given to any nation in the Middle East which denies its citizens the right to emigrate. It earmarks $100 million in military grant aid for Israel; $250 million each in security supporting assistance to Israel and Egypt; and $200 million in military credit sales to Israel.

H.R. 17234 repeals the $150 million ceiling on U.S. military aid and credit sales to Latin America, but it retains the present $40 million ceiling for Africa while adding Presidential authority to waive the limitation.

H.R. 17234 also limits economic and military assistance to India in fiscal year 1975 to $50 million. It also establishes a prohibition on further military assistance or sales to Turkey until the President certifies to the Congress that a "substantial good faith effort" is being made by Turkey toward achieving a settlement on Cyprus.

Mr. Speaker, I urge the adoption of House Resolution 1468 in order that we may discuss, debate, and pass H.R. 17234.

Mr. Speaker, I yield to the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

The distinguished gentleman from Illinois (Mr. MURPHY) has ably explained the provisions of the resolution. This is the Foreign Assistance Act. Whatever our view on foreign aid might be, I see no reason for not debating the bill on the floor of the House, Mr. Speaker, and I urge the adoption of the resolution so we can get down to debate on the foreign assistance bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MURPHY of Illinois. Mr. Speaker, I have no request for time.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. HOSMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 322, nays 58, not voting 54, as follows:

[Roll No. 667]

YEAS—322

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashley
Aspin
Badillo
Baker
Beard
Bell
Bergland
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clay
Cleveland
Cohen
Collier
Collins, Ill.
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
de la Garza
Delaney
Dellenback
Dennis
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Fish
Flood
Flowers
Foley
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Froehlich
Fulton
Fuqua
Gettys
Gibbons
Gilman
Gonzalez
Goodling
Green, Oreg.
Green, Pa.
Grover
Gubser
Gude
Guyer
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Idaho
Harrington
Hastings
Hawkins
Hechler, W. Va.
Heinz
Helstoski
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Hosmer
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCormack
McEwen
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Martin, N.C.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Powell, Ohio
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Steelman
Steiger, Wis.
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Towell, Nev.
Treen
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—58

Anderson, Calif.
Andrews, N.C.
Ashbrook
Bafalis
Bauman
Bennett
Bevill
Brinkley
Byron
Camp
Cochran
Collins, Tex.
Conlan
Davis, S.C.
Davis, Wis.
Denholm
Dent
Dorn
Flynt
Frey
Gaydos
Ginn
Gross
Gunter
Haley
Hansen, Wash.
Harsha
Henderson
Huber
Landgrebe
Landrum
Lott
McCollister
Martin, Nebr.
Mathis, Ga.
Miller
Montgomery
Nichols
Pike
Poage
Rarick
Rogers
Rousselot
Runnels
Shipley
Snyder
Spence
Steed
Steiger, Ariz.
Stephens
Stuckey
Symms
Thone
Vigorito
Whitten
Wilson, Charles H., Calif.
Wylie
Young, Fla.

NOT VOTING—54

Barrett
Brasco
Brown, Mich.
Brown, Ohio
Carey, N.Y.
Carney, Ohio
Clancy
Clawson, Del
Dellums
Dulski
Eshleman
Evins, Tenn.
Fisher
Ford
Giaimo
Goldwater
Grasso
Gray
Griffiths
Hanna
Hays
Hébert
Heckler, Mass.
Hicks
Holifield
Howard
Jarman
Jones, N.C.
Kuykendall
Luken
McDade
McFall
McSpadden
Macdonald
Maraziti
Mathias, Calif.
Milford
Mills
Minshall, Ohio
Murphy, N.Y.
O'Hara
Passman
Podell
Preyer
Reid
Roncallo, N.Y.
Rooney, N.Y.
Schneebeli
Taylor, Mo.
Thornton
Tiernan
Traxler
Vander Jagt
Wyman

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hays with Mr. Dulski.

Mr. Hébert with Mr. Fisher.

Mr. Murphy of New York with Mrs. Grasso.

Mr. Ford with Mrs. Griffiths.

Mr. Rooney of New York with Mr. Hanna.

Mr. Giaimo with Mr. Holifield.

Mr. Howard with Mr. Clancy.

Mr. Jarman with Mr. Luken.

Mr. Macdonald with Mr. Brown of Ohio.

Mr. McFall with Mr. Kuykendall.

Mr. Evins of Tennessee with Mr. Brown of Michigan.

Mr. Carney of Ohio with Mr. Goldwater.

Mr. Barrett with Mr. Del Clawson.

Mr. Dellums with Mr. Gray.

Mr. Passman with Mr. Eshleman.

Mr. Hicks with Mr. Maraziti.

Mr. Jones of North Carolina with Mr. Mathias of California.

Mr. McDade with Mr. McSpadden.

Mr. Milford with Mr. Mills.

Mr. O'Hara with Mr. Minshall of Ohio.

Mrs. Heckler of Massachusetts with Mr. Reid.

Mr. Preyer with Mr. Roncallo of New York.

Mr. Thornton with Mr. Schneebeli.
Mr. Traxler with Mr. Taylor of Missouri.
Mr. Vander Jagt with Mr. Tiernan.
Mr. Carey of New York with Mr. Wyman.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. **MORGAN.** Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17234) to amend the Foreign Assistance Act of 1961, and for other purposes.

The **SPEAKER** pro tempore (Mr. MURTHA). The question is on the motion offered by the gentleman from Pennsylvania.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 17234, with Mr. PRICE of Illinois in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The **CHAIRMAN.** Under the rule, the gentleman from Pennsylvania (Mr. MORGAN) will be recognized for 1 hour, and the gentleman from New Jersey (Mr. FRELINGHUYSEN) will be recognized for 1 hour.

The Chair recognizes the gentleman from Pennsylvania (Mr. MORGAN).

Mr. **MORGAN.** Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, now that the second session of the 93d Congress is drawing to a close, we once again turn our attention to a program which has been an important part of our foreign policy for the past quarter of a century.

We all know it as the foreign aid program.

During the past 11 months, this body has considered more than 1,500 bills and resolutions.

Most—nearly all—of those measures have dealt with our national defense and economy—with programs important to the security and well-being of our people.

We have debated and voted on bills relating to our domestic employment and unemployment—health and education—transportation—social security—veterans benefits—and many other subjects.

Those programs directly affect the lives of 213 million American people.

They account for 98 percent of our $300 billion national budget.

They deserve—and have received—our first attention.

Now, however, the time has come to look again beyond our borders—at the larger world in which our country must survive and prosper.

It is a world which is very troubled today—and which faces more difficult problems than we Americans do.

It is a world in which peace and security are still very elusive—and in which violence, and danger of war, are always present.

And it is a world which is suffering from massive inflation—high unemployment—and widespread starvation.

Before this year is finished, thousands more will die of hunger—and many millions will greet the new year with empty stomachs—and little or no hope of ever earning a decent livelihood.

The United States is a part of that larger world.

We exist in it—and we cannot divorce ourselves from it.

As the oil crisis has shown, our security and our economic progress are affected by it.

And so is our national spirit—the spirit which has made us a great Nation—and made us try to bring peace and better life to those who need our help.

Mr. Chairman, the bill which we will debate this afternoon is important to our relations with the world outside our borders.

It is also important to the future of our own country.

Our committee has spent more than 5 months working on this bill.

We have heard many witnesses—from the Government and from the private sector—and we have spent a long time marking it up.

In the end, we have cut $609,400,000 from the President's request—and recommended a bill authorizing $2,643,300,000 for our international security—military sales—and development assistance programs in fiscal 1975.

Briefly, the major provisions of H.R. 17234 are as follows:

THE MIDDLE EAST

Title I, the "Middle East peace package," is probably the most urgent portion of the bill. Action on it is required to support efforts being made to prevent another Arab-Israeli conflict which could bring about a new oil embargo and threaten world peace.

Specifically, the Middle East package provides $550 million for Israel; $250 million for Egypt; $202 million for Jordan; and $100 million for a special requirements fund.

These figures include economic aid, military assistance, and military sales credits.

In recommending these amounts, our committee modified the Executive request in these respects:

First, we reduced the $300 million programed for Israel for military sales by $100 million, and provided that same amount in the form of grant military aid;

The committee also increased security supporting assistance for Israel raising the total amount of aid authorized for that country $200 million above the Executive request.

Second, we earmarked $6 million of the special requirements funds for the U.N. Relief and Works Agency which cares for the Palestinian refugees, to help offset a part of its deficit;

Third, we prohibited the use of the fund for the financing of any nuclear plants for Egypt or Israel;

And, finally, we reaffirmed the sense of the Congress about withholding aid from countries which do not allow their citizens the right of emigration.

Mr. Chairman, in the opinion of the President and of the Secretary of State, this "Middle East peace package" is necessary to keep some measure of stability in that area, and to get the parties concerned moving on reconstruction projects.

I want to add that there is no program under this title for any assistance to Arab oil exporters.

INDOCHINA AID

For the countries of Indochina, the committee recommends $573,400,000 for fiscal year 1975—a cut of $366,400,000 in the administration's request.

The committee has given this part of the foreign aid program very close attention and recommended a sharp reduction of nearly 40 percent below the Executive request.

While we believe that the Executive's request was too high, the committee agreed that a reasonable level of aid was justified.

The funds authorized here will help reconstruction efforts and refugee programs in South Vietnam, Laos and—hopefully—enable Cambodia to survive until it can work out a peace settlement.

In the past, Congress has been critical of the President's authority to transfer foreign aid funds from one program to another.

Our bill limits aid to South Vietnam, Laos, and Cambodia to the authority provided in title II.

The President would be permitted to use other foreign aid funds in Indochina only by using a waiver which would be subject to a concurrent resolution veto by Congress.

The committee also approved an amendment which would shift military aid to South Vietnam from the DOD budget to the foreign aid authorization for fiscal year 1976.

DEVELOPMENT ASSISTANCE

The bill also provides $226,700,000 for development assistance and other international economic aid programs—a reduction from the administration's request of about $63 million.

As Members may recall, last year's foreign aid bill contained a fundamental reform in the U.S. aid program.

The purpose of that reform was to stop aid programs which could be better handled by the private sector and international institutions—and to direct U.S. development assistance toward the poor majority in the developing countries.

As the World Food Conference in Rome recently underlined, the most desperate need in this area is for food aid.

Therefore, the committee recommends that the bulk of the development assistance funds—over $180 million—be used to help the poorest countries to increase their food production.

In a related area, the committee cut the contingency fund by $25 million and prohibited the use of those funds to pay for gifts to foreign government officials; $15 million of the $25 million cut from the contingency fund is earmarked for emergency famine and disaster relief.

WORLDWIDE SECURITY ASSISTANCE

In the area of worldwide security assistance—other than the funds programed for the Middle East and Indochina—the bill provides $427 million for grant military aid, $175 million for military sales, and $7.5 million for supporting assistance.

The committee cut these categories of aid by $190 million.

This part of the bill also places ceilings on military aid to Korea and to Chile and prohibits military aid to Turkey until that country makes a "good faith" effort to reach a peaceful settlement on Cyprus.

OTHER PROVISIONS

Finally, Mr. Chairman, the committee approved several provisions which strengthen congressional control over foreign aid spending and give Congress improved oversight of our foreign policy in general.

Among those are amendments which:

Give the Congress veto power—by concurrent resolution—over any transfer of development funds to military aid;

Limit economic and military assistance to India to $50 million in fiscal year 1975; and

For the first time, put strong restrictions on the use of the Central Intelligence Agency for operations in foreign countries which go beyond collection of intelligence.

These are the major provisions of the bill before you. The Foreign Affairs Committee approved this legislation by a voice vote and the individual provisions which were voted in were passed by bipartisan majorities.

Mr. Chairman, as the first speaker on this bill, I will be the first to admit that the bill is not perfect—and that it involves a large outlay of money.

At the same time, I would like my colleagues to remember that most of this money will be spent right here in the United States—creating jobs—and paying for the products of our factories and of our farmers.

I would also urge my colleagues to consider these three points:

First, that peace is a lot cheaper than war.

This applies especially to the Middle East package which accounts for more than 40 percent of the funds in this bill.

Second, that while we are still providing a lot of aid to Asia, our expenditures in that region have gone down by more than 90 percent in recent years—and will go down even further if peace prevails in Indochina.

And, finally, that most of the development money in this bill will go to fight starvation and hunger—by helping the less developed countries increase their production of food, and manage their population growth.

I cannot see how we—the strongest and the largest consuming nation in the world—can deny them this help.

Mr. Chairman, I realize that our domestic situation puts many of us under heavy pressure to vote against this bill.

I hope, however, that we will not do this.

I hope that, instead, the House will take a long-range view of what is really in the interest of our Nation and support this legislation.

With all of its imperfections—and the bill certainly does not satisfy everyone here—this is the best bill that our committee could produce this year.

And it is clearly in our national interest.

I urge that the bill be approved.

Mr. BENITEZ. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the Delegate from Puerto Rico.

Mr. BENITEZ. I thank the gentleman from yielding.

I wish to refer to section 34 of the bill entitled "Involvement of Puerto Rico in the Caribbean Development Bank." I should like to say to the distinguished gentleman from Pennsylvania, as I understand it, the purpose of this section is threefold:

First, to clear up all possible questions concerning the propriety of the Commonwealth of Puerto Rico if it so chooses to apply for and become in its own right a member of the Caribbean Development Bank. This objective is covered by the authorizing language in section A.

Second, the bill intends to make it perfectly clear that whatever commitments Puerto Rico makes are to be made and to be accepted on the basis of Puerto Rico's own responsibility and will not involve in any way any legal or other responsibility on the part of the U.S. Government. This is covered in section B.

Third, the bill also wishes to make clear that the United States is not attempting to use Puerto Rico as a sort of left-handed way of withdrawing funds contributed by U.S. banks. Section C endeavors to make this objective clear.

The government of Puerto Rico agrees fully with these reservations and has no interest whatsoever in taking advantage in any way of its special and fruitful relationship with the United States in dealing with its neighbors in the Caribbean region.

Given the overall purpose as well as the basic coincidence of views as to the desirability of participation, it would indeed be unfortunate if the language used to provide safeguards and to clarify purposes were to be misinterpreted and twisted around so as to negate those very objectives we jointly wish to achieve. For instance, some of this language and some of the committee report language might be misread to imply that Puerto Rico is to be precluded from participating in policymaking discussions when moneys which contain, in whole or in part, U.S. funds are involved, and since moneys coming from the United States would not be kept in separate accounts, but would form part of a general fund, such interpretation might result in negating any participation on fiscal matters. Under such terms, Puerto Rico would be handicapped to such an extent as to make it useless to participate in such enterprises.

Now, therefore, I wish to ask the distinguished floor manager of this bill what is the correct interpretation to be attached to these provisions.

Mr. MORGAN. I am glad to clarify the issues raised. Our intention is to facilitate Puerto Rico's participation in the activities of the Caribbean Development Bank. We think such participation will be good for the Bank, good for Puerto Rico, and good for the United States. We think there must be a full understanding between Puerto Rico and the State Department. We appreciate that once there is such general understanding with the State Department, and once Puerto Rico enters the Caribbean Development Bank, then Puerto Rico must operate on its own. It is not to be regarded by anyone as an agent of the United States but exclusively as its own agent. Furthermore, we think it is to everybody's advantage that no scintilla of suspicion exists anywhere as to the intention of Puerto Rico or of the United States that Federal funds are not to be diverted toward Puerto Rico via the Caribbean Development Bank. We wish Puerto Rico the best of success.

Does this answer the gentleman's question?

Mr. BENITEZ. Yes it does, thank you very much. Given these clarifications, I wish to state that we fully support the proposed section 34.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, the gentleman thinks this is not a perfect bill and I find myself in solemn agreement with him on that score. But I wonder why we do not have something at least approaching a perfect bill. Today is December 10, and I believe we convened on January 20 of this year. Is it because there has been a great deal of foot dragging and in-and-out consideration of this bill for the reason that it bestows another $2.6 billion or $2.7 billion on assorted foreigners around the world? Or has the administration not been sure that the votes are available to pass this bill? What is the reason that we get it at this late date?

Mr. MORGAN. The gentleman is a very distinguished member of the Committee on Foreign Affairs. He works hard and he attended the hearings. Of course, he knows the bill did not come up from downtown until the middle of May. Since then we have had recesses in the summer, in August, also over Memorial Day and the Fourth of July. We had long hearings and we were 5 weeks in the markup. Now that we have moved into open sessions on the markups, they are much longer, as the gentleman knows, because the Members like to perform in front of an audience, so the markup took a longer time. We finally finished the markup and got the bill out of the committee by a voice vote just 2 days before we went home for the election recess. Then, of course, we came back and I went to the Rules Committee and we got a rule. It was not a matter of deliberate delays but hard work of the committee and the many complex issues which arose during the past 6 months. The gentleman knows that as a member of the committee.

Mr. GROSS. Is it here now because we are approaching the Christmas season and this Government would like to tell the rest of the world that it has a nice $2.6 billion or $2.7 billion Christmas present for them?

Mr. MORGAN. They might have that feeling. It has never been my purpose to give out Christmas presents around Christmas with other than my own money. I like to spend my own money when I give Christmas presents.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, what is the rationale behind giving India any military money?

Mr. MORGAN. It is not military money. This is economic aid solely. There is no military money for India.

Mr. JOHNSON of Colorado. The limitation is set at $50 million for economic and military aid. Is the gentleman telling us there is no military aid?

Mr. MORGAN. It is all economic aid. The President requested $75 million and there were some amendments offered in the committee to eliminate it all, but it finally was reduced to $50 million, but it is economic aid.

Mr. JOHNSON of Colorado. I thank the gentleman for that assurance.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, the discussion in the committee centered around fertilizer; did it not?

Mr. MORGAN. Not for India but for South Vietnam.

Mr. GROSS. No, for India.

Mr. MORGAN. As far as I know I do not think there is any fertilizer for India. But there could be some since the $50 million is intended primarily to help them increase food production.

Mr. GROSS. I thought that was $75 million, reduced to $50 million now in the bill, for fertilizer for India?

Mr. MORGAN. I think it is mostly for grain and other food production.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield further?

Mr. MORGAN. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, would the gentleman explain how much increase the committee voted for Israel over what the administration requested and why?

Mr. MORGAN. I am not the author of the Israel aid amendments. I am not sure any of the Members present in the Chamber were.

Israel never received any military grant in assistance except at the end of last year, after the Yom Kippur war, when the Congress provided $2.2 billion in military aid—part of it on grant basis at the discretion of the President. The fiscal year 1975 program called for $300 million in military sales and $50 million in supporting assistance. Many Members felt they should have some grant assistance and that is the reason the $100 million in sales was changed to $100 million in grant assistance. Other Members thought the supporting assistance for Israel was too small and they wanted some balance in the allocations between Israel, Jordan, and Egypt—and there was an amendment offered to increase the supporting assistance authorization.

Mr. JOHNSON of Colorado. Did that total about $2.2 billion?

Mr. MORGAN. $250 million. The $2.2 billion was approved last year, right after the Yom Kippur war, to preserve some balance in the Middle East.

Mr. JOHNSON of Colorado. On page 24 there is $3.28 billion. Does that mean they are behind in that amount?

Mr. MORGAN. No. I think they are pretty well up on their payments.

Mr. JOHNSON of Colorado. What does that current account deficit mean?

Mr. MORGAN. What page is that on?

Mr. JOHNSON of Colorado. The top of page 24, Israel's current account deficit. It says it is expected to exceed $3.28 billion by the end of 1974.

Mr. MORGAN. That is their trade—export and import account for the year. That is the country's current deficit.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New York.

Mr. WOLFF. That is the result of the $2.2 billion that was given to Israel in the supplementary appropriation and, as I understand, it is not the current amount, but it is the amount flowing from the United States overall.

Mr. JOHNSON of Colorado. That is not in arrears, that is just the total deficit they owe.

Mr. WOLFF. Yes.

Mr. JOHNSON of Colorado. We are talking about the humanitarian aid in this bill. It is a $2.2 billion bill and the way I add it up we get only $250 million for humanitarian aid and the rest goes for military sales; is that it?

Mr. MORGAN. There is $1,486 million in the bill for various types of economic assistance, $405 million for military sales, and $745 million for military aid. Large part of the economic aid—disaster aid, refugee aid, postwar reconstruction in Indochina and the Middle East, and food aid—can be classified as humanitarian aid.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the chairman of the Foreign Affairs Committee, the gentleman from Pennsylvania (Mr. MORGAN) has already indicated why this bill (H.R. 17234) is important. I agree wholeheartedly with what he said. At the outset of my own remarks, I should like to pay tribute to the gentleman from Pennsylvania (Mr. MORGAN). He has been a good chairman and he has guided us through many difficult situations with considerable skill.

After 22 years of participation in the deliberations of this body, I would like to pay tribute to a man who have taken responsibility and handled it well. I would like to rise here today also—for the last time—in defense of foreign aid and in support of this bill (H.R. 17234).

In that connection, I should like to read a letter which I received from the President of the United States yesterday. I shall ask permission when we go into the House to have the entire letter inserted. It begins as follows:

THE WHITE HOUSE,
Washington, December 9, 1974.

Hon. PETER H. B. FRELINGHUYSEN,
U.S. House of Representatives,
Washington, D.C.

DEAR PETER: Recently, I completed my first visit abroad as President of the United States. In my talks with the leaders of each country visited, I was again impressed with the vital responsibility which the United States carries for building peace in the world and with the need for a strong, active American diplomacy to achieve this objective. It is clear that the continuity and strength of our political, economic, and social policies depends upon our purposeful and wise involvement in the international community. More than that, it is clear to me that we must fashion a role of leadership—in our own interest and that of others—if the possibilities for conflict between nations are not to preempt the possibilities of cooperation.

In dealing with the urgent needs of our world—security needs, economic needs, emergency relief, development needs—we have a proven and highly flexible tool, namely foreign assistance. More than any other device, it can help to shape peaceful relationships in a world still plagued by hostilities, social unrest, critical shortages and turmoil. United States assistance is identified with humanitarian goals, with commonality of security interests and with the moral obligation of our democracy to support the political and economic interests of many of the world's peoples.

Foreign assistance can be a means of assuring not only stability but also progress. In both cases it can help assure peace. We risk much in reducing or restricting foreign assistance. We risk the moderation of our adversaries and the self-reliance of our friends. We risk a world which others shape to their own liking and to the possible detriment of our interests.

Two areas illustrate our dilemma and our opportunity very clearly: the Middle East and Southeast Asia.

In both areas our assistance programs support our peacemaking role. In both our aid will help keep alive the hope for negotiation. In both our aid will contribute to the security of countries whose needs are great and friendship firm. In both our past commitments are being tested in the eyes of a world which is gauging our reliability for the future. In both we are looking not just for a temporary truce but for reassuring social and economic progress.

In a broader context, nothing has demonstrated our interdependence with other countries and their reliance on American leadership and cooperation more than the shortages we are facing in food and energy. For many countries, without the help of our foreign assistance programs, there would be starvation and sickness.

We must not neglect the needs of the very poor. We must not ignore the victims of famine and disasters. We must not slow the building of institutions of development in which cooperation—rather than rivalry—can spur planning and development.

This does not mean that we can be extravagant; quite the opposite is true. We must measure the resources which we apply to the attainment of foreign policy and national security objectives with the greatest care. We must not be generous at the expense of our own economy, or our critical domestic programs. But we must have legislation which will provide adequate resources to insure that United States interests abroad are protected, and which will also provide the President with sufficient flexibility to use those resources to the best advantage for America. To tie the hands of the President in countering unforeseen circumstances or in dealing with emergencies would thwart the Constitution we are all sworn to uphold.

I believe a continuing battle between the Executive and the Legislative Branches over the direction of our efforts in foreign policy and national security would be very detrimental to the national good. We must again look at our role as Americans, and work together to solve the problems that threaten our interests throughout the world and at home.

I know we share a deep concern for the protection of our national interests and our national security, and working closely together we can provide the tools in the Foreign Assistance Act to meet the challenges we face throughout the world.

I wanted you to have these thoughts as you prepare to consider this year's foreign aid authorization.

I hope that I can count on your support and that of your colleagues in moving toward early enactment of this most vital piece of legislation.

Sincerely,

JERRY FORD.

This is an important bill, indeed, in my opinion an essential one.

I agree with the chairman of our committee that H.R. 17234 is by no means a perfect bill; it contains many provisions and restrictions which I personally feel are objectionable and unwise. Many of them I opposed during the committee debate, but in many instances, by views did not prevail. The gentleman from Pennsylvania (Mr. MORGAN) has clearly explained what is in this bill and its importance, and I shall not attempt to cover that ground again. Nor do I intend to emphasize my own reservations about the drastic cuts which have been approved by the committee in its collective wisdom.

Instead, Mr. Chairman, I should like to contribute to this debate a positive note. My intention is to point out what I believe is essential in the bill, and why I earnestly believe it should be passed in its present imperfect form. As I look back on more than two decades of controversy on this issue, I feel it is especially important to consider past, present, and future alternatives. What, we must ask ourselves, might the world be like today—even in its delicate state of 1974—if the United States had repudiated its international responsibilities following World War II? What would Europe be like today without the Marshall plan? Or the developing nations without Point Four and its successor programs of technical cooperation and development assistance? These programs, I need not remind my colleagues, have been supported by both major political parties in the Congress under the leadership of six presidents over a period of more than 25 years.

The cost of these programs, as many of our colleagues are quick to point out, has been considerable. Some, unfortunately, have been characterized by waste and mismanagement. But cost must be measured not only in terms of results but also against the probable cost of inaction. Inaction by the Western democracies in the thirties led to the costliest and most destructive war in the "history of human conflict." And the cost of turning our backs on the developing world today could have equally damaging consequences.

Let us consider the results of our foreign aid programs: From my vantage point since 1961 as a member of the House Foreign Affairs Committee, helping to oversee foreign aid authorizations during a decade characterized as the "decade of development," I can say unequivocally that the less developed nations, despite the greatest obstacles—drought, floods, natural calamities, civil strife, and turmoil—have achieved more than even the most optimistic among us had thought possible when I took my seat in Congress in 1953.

Despite allegations to the contrary, Mr. Chairman, the international development effort is working. In the last decade—the 1960's—the less developed economies as a whole grew at an average rate of 5.6 percent. This exceeds—I repeat, exceeds—the rate of growth in the industrialized countries during comparable periods in their history.

On the agricultural front, the introduction of high-yield varieties of wheat, corn and rice, and the massive quantities of commercial fertilizer through the U.S. foreign aid program has increased food production in the less developed countries by an encouraging 36 percent. And let us always remember, Mr. Chairman, that an increase in local food production is always cheaper in the long run than is the shipment of emergency food supplies directly from the United States. Again, we must consider the cost of failing to do what is necessary.

In industrial terms, manufacturing output in the developing countries has grown an astonishing 92 percent. As a notable example, the rapid growth of industry in Korea boosted that country's gross national production to a record 9-percent average for the decade—almost double the growth of the 1950's. Taiwan is another example of what a vigorous self-help effort can accomplish—when supplemented by outside assistance. There are many other impressive examples of this trend—too numerous to mention and analyze at this time.

But let me turn from the past record of accomplishment to the present business at hand—and the challenges which lie ahead. We all recognize, I believe, the precarious nature of the world's economy. We are increasingly conscious of the significance of the major shifts of assets from the industrialized to the oil-producing nations. We cannot help but be aware of the dangers inherent in the tenuous balance still being preserved in the Middle East. If we are truly concerned about cost, let us consider for a moment the cost to the United States alone—not to mention our NATO allies—which resulted from last year's Yom Kippur war and the subsequently imposed Arab oil boycott. Even more important, let us consider also the possible effects of another disastrous conflagration.

I do not for a moment contend that we can "buy" peace in the Middle East through the simple expedient of a generous commitment to foreign assistance. At this somber stage—when lines appear to be hardening on both sides, particularly over the Palestinian question—it is difficult even to predict whether another outbreak of hostilities can be avoided at all. What can be stated with assurance, however, is that every possible effort must be made to avoid such a calamity. In this connection I commend President Ford and Secretary Kissinger for their determination to walk the last mile down the road in search of a peaceful and equitable solution. It is absolutely essential that such efforts be continued and encouraged despite the obvious obstacles that lie ahead.

The bill before us today contains a highly significant Middle East "package." This package, however, I repeat will not, by and of itself, secure peace in that part of the world. It does, however, provide our Government and our policymakers with a most useful negotiating tool which could strengthen the case for a peaceful option. This is a balanced package, I should add, which offers $250 million in security supporting assistance to Egypt and Israel alike. It also provides for a Middle East Special Requirements Fund, which can be used as circumstances require to make negotiations a more attractive prospect for potential belligerents. Israel, moreover, is authorized $100 million in MAP assistance and $200 million in FMS credit sales. These amounts will contribute to Israel's own defense at a time when her position is critical—indeed, many believe, seriously threatened.

This investment in a peaceful resolution of differences—which I repeat may or may not be attainable—is a modest one indeed, if we consider some of the alternatives. The potential cost of renewed hostilities, involving the risk of renewed boycotts and economic retaliation by the oil-producing Arab nations, renewed demands for Israel's resupply and the dangers of great power involvement, is astronomic. Again, the economic risks of passing this authorization bill are miniscule when compared to the risks of doing nothing.

This bill also attempts to alleviate, to some small degree, the most compelling problems of food shortage and famine and excessive population growth. Again, I think, we must ask ourselves how long we can afford to ignore the basic needs of the economically disadvantaged two-thirds of the world who by the year 2000 will make up three-quarters of the global population. And what will be the consequences of inaction for ourselves?

Finally, Mr. Chairman, let me say a few words about security assistance, which is a key element of this legislation. Military spending, I recognize, is under mounting attack these days and is becoming an increasingly popular target for severe cuts. Many, in fact, view security assistance in the same vein, but the analogy is inaccurate and misleading. On the contrary, there is no better way to add to the burdens and the costs of maintaining a large defense establishment than to curtail severely our investment in international security assistance, which is the cornerstone of our strategic defense policy. That policy has been based on the long-held, and I believe reasonable, assumption that by assisting other countries of strategic importance to us—countries which are seriously committed to their own defense and independence—we are protecting our own interests in the area. And this can be done at far less cost than would be the case if we were obliged to carry this burden directly.

I recognize, of course, that the definition of what constitutes "strategic importance" has been called into question in recent years. Some critics have argued that the ultimate tragedy of Vietnam has been the overcommitment of U.S. forces and resources to one limited area of the world. The charge is not without substance. With the benefit of hindsight, I am personally convinced that the direct takeover of all military operations in Vietnam by U.S. forces was an error of judgment. As I stated last March on the floor of this Chamber, I bear some responsibility for that decision on the basis of my voting record.

The point is, however, that the tremendous sacrifice of U.S. lives and treasure have been made—for better or worse. Now that U.S. troops have been withdrawn and a deescalation of the fighting has been brought about, it would be the height of folly to cut off supplies of needed equipment and ammunition at a time when the Vietnamese, not the Americans, are carrying the major defense burden. For let it be clearly understood that if we do less than is required, we shall be contributing not to peace in Vietnam, but to the likelihood of renewed and protracted conflict.

In global terms, moreover, another reality must be understood: there is a vast area, extending roughly from the Persian Gulf and Indian Ocean to the far reaches of the Pacific, which is highly unstable politically and potentially explosive. A recourse to arms is always a possibility to be reckoned with—as is the sudden eruption of local or regional conflicts into worldwide crises in which the U.S. interest could be seriously and adversely affected.

For this reason, I have long felt it to be dangerous in the extreme for Congress to attempt to legislate, on a country-by-country basis, the level of assistance to be provided. It is risky to tinker with our existing global defense posture without devising a substitute overall coordinated plan which will not disrupt the tenuous balance which still prevails. This is a risk which the Congress has not yet been willing or equipped to undertake.

Nevertheless, the argument is made by a number of our colleagues that the security assistance program to often has had the effect of subsidizing authoritarian and repressive regimes around the world to America's detriment.

It is, of course, inevitable that as a world power, with worldwide responsibilities, we shall at times find ourselves, in the process of defending our own interests, assisting some authoritarian governments. Unfortunately, if we look at the state of the world today—as it exists rather than as we might wish it existed—we find only a handful of real "democracies," as Americans would define that term. Outside of the Western Hemisphere and Western Europe, democratic governments are at a premium. That is true in most of the Near East and South Asia, in Africa, the Far East, and Latin America. There are some obvious and impressive exceptions to this general rule, which are easily identifiable for being just that—exceptions.

This leads me to some final comments about the Thieu government in South Vietnam, which has been the focus of much exaggerated and, in my opinion, unwarranted criticism in recent months. No one argues that the Republic of Vietnam is a perfect, unblemished democracy—which provides its citizens with all of the constitutional protections which we are fortunate enough to enjoy. However, if we look at the total, worldwide picture—in which authoritarian governments predominate—I believe the South Vietnamese do not compare unfavorably—especially for a people which has no tradition of parliamentary rule and which has been massively engaged in domestic conflict for over two decades.

If the GVN is as "repressive" as has been alleged, the question arises as to why there is so much evidence of dissent, which has been covered in such painstaking detail by the international news media. Why do we hear of large demonstrations, of petitions, and of stormy, free-swinging parliamentary sessions? Are these, we might ask, manifestations of a totalitarian dictatorship? We might also ask ourselves why, since the de facto partition of Vietnam in 1954–55, some 800,000 inhabitants of the North fled to the South? And why even today are continuing defections occurring from the Communist side—with only a trickle moving in the other direction?

I realize, Mr. Chairman, that the contemporary mood is one of disillusionment and frustration—frustration over past military involvements and over present inflation and recession. It is, however, a dangerous illusion to suppose that we can have economic recovery at home amid chaos and instability abroad.

Let me conclude, Mr. Chairman, by appealing to all Members, whether or not they have supported this type of legislation in the past—and I extend that appeal to my colleagues on both sides of the aisle—to consider the overriding issues at stake, rather than the imperfections of the bill before us. And I ask them to ponder also the available alternatives.

For the United States shares one intractable problem with every other nation on this planet: We cannot "stop the world and get off." History has taught us that major responsibilities may be postponed for a time, but they can never be completely avoided. The question remains: Postponement for how long—and at what cost? This is the question which I leave future Congresses to answer. And I wish for future Members the patience of Job, the vision of Moses, and the wisdom of Solomon.

Mr. Chairman, I urge the adoption of H.R. 17234.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding. I rise today during debate on the foreign aid bill to announce that I shall offer an amendment on page 30, after line 12, when we proceed under the 5-minute rule, for the purpose of establishing the sense of Congress that the President shall enter into negotiations with each country receiving assistance under the Foreign Aid Act of 1961 which is in default for more than 90 days prior to the enactment of this bill.

Mr. Chairman, as a member of the Committee on Government Operations, my Subcommittee on Foreign Operations has for 4 years conducted hearings on the status of the repayment of delinquent foreign debts. Although some progress has been made, Mr. Chairman, it is my considered opinion, which is shared by many Members of this body, that the Department of State lacks the necessary determination and dedication to properly represent the best interests of the taxpayers of America.

Mr. Chairman, I submit that more is needed and that my amendment will take the next step toward the collection of delinquent foreign debts by expressing the sense of Congress that the President shall enter into negotiations with each country which is delinquent in the payment of its debts for more than 90 days.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, I wish to congratulate the gentleman on his proposed amendment. The gentleman knows that for a long time I have attempted to collect foreign debts owed this Nation and I have circulated a House resolution that has more than 235 cosponsors.

One point that I note, however, is that in the gentleman's amendment, he excludes the debts owed to us as a result of World War I. Those debts are still legal and binding, and they amount to well over $12 billion. That money would come in mighty handy today here at home.

Mr. Chairman, I would hope that the gentleman would include in his amendment World War I debts as well.

Mr. ALEXANDER. Mr. Chairman, but for the possibility of a point of order on this amendment, they would have been included. I think the gentleman will have an opportunity later to cross that bridge.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, I also wish to join in paying tribute to the gentleman from Arkansas (Mr. ALEXANDER) for his excellent work in this field on the Committee on Government Operations.

This is something that I think we have not really paid much attention to. I think that if we take into account what the gentleman from New York (Mr. WOLFF) has mentioned, as far as World War I debts are concerned, we are talking about possibly something in excess of $60 billion owed to the United States.

Mr. Chairman, I pay tribute to the gentleman. I support the gentleman's amendment, and I hope the House will support the gentleman when he offers his amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Chairman, I rise in support of this legislation. I believe the programs herein authorized to be funded to be in the national interest of the United States, and, therefore, in the interest of the American people.

Mr. Chairman, I would like to identify

myself with the remarks of the distinguished ranking minority member of the Committee on Foreign Affairs, the gentleman from New Jersey (Mr. FRELINGHUYSEN). I think the statesmanship of his remarks spoke well enough for all of us and gave us the reasons why we ought to pass this bill.

I ought not let this occasion pass without saying a word of appreciation for the leadership of the gentleman himself on the Committee on Foreign Affairs and in the Congress of the United States. The gentleman, as most of us know, measures up, in the highest and fullest degree, to his distinguished family name and tradition. He has given signal leadership in this House and on the Committee on Foreign Affairs. It has been a rich privilege to work with him and to recognize that leadership. The Congress and the country will be poorer by the gentleman's retirement from the House at the end of this current session of Congress.

So, Mr. Chairman, I would salute the distinguished ranking minority member of the Committee on Foreign Affairs and express my gratitude for his leadership in the Congress.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio (Mr. WHALEN).

Mr. WHALEN. Mr. Chairman, I rise in support of H.R. 17234, the Foreign Assistance Act of 1974.

Mr. Chairman, the measure which we are considering today bears no resemblance to the foreign assistance request which was introduced in June of this year and assigned to the Committee on Foreign Affairs. The committee made extensive changes in the bill. Actually there were 65 amendments proposed during the committee's deliberations; 51 of these were adopted.

These amendments fall into three distinct categories. The first category changes the authorized spending limitations from those proposed in the original bill. These fall into seven areas.

First, the authorization of last year for development assistance was reduced by $75 million. Second, last year's authorization for population planning and health was increased by the committee by $20 million in view of the very serious concerns in this area. Third, last year's authorization for the United Nations' Relief and Works Agency was increased by $6 million. Fourth, Mr. Chairman, the funds for postwar Indochina reconstrucion were reduced from $939 million to $573 million, or a cut of $366 million.

Fifth, security supporting assistance was increased by $200 million, from $385 million to $585 million.

I would point out that this $200 million increase, all of it is earmarked for Israel.

Sixth, the military assistance program was reduced by $240 million, from the $985 million originally requested to $745 million. Also, of this $745 million, $100 million is earmarked for Israel.

Seventh, foreign military sales are reduced by $150 million, from $555 million to $405 million.

Mr. Chairman, this represents a reduction of $609 million from the $3.2 billion originally requested by the administration.

The second category of amendments imposes restrictions upon the ability of the executive branch, to transfer funds from one category to another.

A word of explanation here is in order. In past years the administration often has taken funds which have been requested for one country and assigned them to other countries. Also, funds which had been authorized for economic development have been transferred to military uses.

There are four amendments in this area. One would limit to a 10-percent deviation from the backup request the amount of funds authorized for any particular country.

The second amendment prohibits, as the Chairman pointed out, the transfer of economic development funds for military use.

Third, the President, under the provisions of this bill, is required to report all military sales involving a total of $25 million or more for any specific item of equipment.

Fourth, as the Chairman also pointed out, this bill prohibits the transfer of nuclear reactors as a part of the assistance provided to the Middle East under title I of the bill.

The third category of amendments deals with human rights. A general statement concerning human rights was adopted by the committee, and I refer my colleagues to page 14 of this bill for the text of this amendment. Also, two specific human rights amendments were adopted, one limiting aid to Chile, the other imposing restrictions upon military assistance provided to Korea.

Mr. Chairman, I think the bill that emerged from the Committee on Foreign Affairs is a substantial improvement upon the measure that was originally introduced in June of this year.

I urge the Members of this body to approve H.R. 17234, and I do so for four reasons:

First, this bill certainly contributes to the foreign policy initiatives undertaken by the executive branch, particularly so in the case of the Middle East peacekeeping effort which took place after the October war.

Second, H.R. 17234 lives up to the admonition of President Ford who urged Congress to "bite the bullet."

It does represent a substantial reduction in the authorization requested which, as I pointed out, was cut from $3.2 billion to $2.6 billion.

Third, this bill gives Congress much greater control over foreign aid expenditures than in the past. As I have indicated, the Congress now has control over transfer of funds from one country to another, over the transfer of funds from economic development to military purposes.

The fourth reason that I support this measure, and urge my colleagues to do likewise, is that it takes a very strong position in the field of human rights.

We have heard some comments this afternoon about a "perfect" bill. I suppose for the gentleman from Iowa, a "perfect" bill would be no bill at all.

Certainly I find some imperfections in the bill myself, and I know that other members of the committee do, also. Let me point out that the administration fought many of the amendents which were adopted by the committee, but the administration has indicated that they want a bill, and they have urged that this body approve the bill adopted by the Foreign Affairs Committee.

Mr. Chairman, again, I urge all of my colleagues to support the Foreign Assistance Act of 1974.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield,

Mr. WHALEN. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I thank the gentleman from Ohio for yielding to me, and I would like to have a comment from someone on this, which is one of the things that disturbs me, and I guess I am the only one that it disturbs, and that is that we seem to be sending arms to both sides to be used in the next conflict in the Middle East. The committee has increased by $200 million, as the chairman stated, the administration's request for funds available to Israel. I really have not heard the justification for this increase. I would like to hear somebody discuss this from the point of view of providing arms in a volatile situation to both sides, because it seems to be that if things should go wrong they could be used against each other, and that we are providing aid to our friends on both sides to kill our friends on both sides.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, let me say that we are giving no direct military arms, this is $250 million in reconstruction financing.

Mr. WHALEN. This also involves a discussion of our Middle East policy, and certainly this issue cannot be discussed in the time remaining to me. I think we would all agree that it would be extremely desirable if there were no frictions in the Middle East, that there were no war there in the past, and that all countries in the Middle East agreed to a very minimum level of arms. But the unfortunate situation is that Russia has supplied the Arab States with arms, and we have responded by supplying not only Israel, but certain other Arab States which we count among our friends. I dislike this myself, but I think that we must keep a balance of arms in the Middle East. Unfortunately, we are responding to a fact of life over which at this point we have no control.

Mr. JOHNSON of Colorado. If the gentleman will yield further, it is also true, as the chairman of the committee has pointed out, that some of the $250 million in aid is going to Egypt, and some of it is going to Jordan, and is nonmilitary, but let me point out that this is significant economic assistance which will free other resources for providing arms for those countries. We are providing arms to Jordan and to Saudi Arabia. I really believe that there has to be some better alternative than that of arming both sides in these possible conflicts.

I do not know whether anyone else agrees with me on that or not.

Mr BINGHAM. Mr. Chairman, if the gentleman will yield, would the gentleman in the well agree that this aid particularly the aid to Egypt and the other aid to other Arab States, is all part and parcel of the efforts that the administration has been making and which were extraordinarily successful last January, and later on, in achieving some motion toward peace in the Middle East?

This is all part of that effort, and an integral part of that effort, as Secretary of State Kissinger has made clear, and one that he feels would contribute to his efforts to bring peace to that area.

Mr. WHALEN. I would certainly agree, and the chairman of the committee in his presentation brought that out also.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 1 additional minute to the gentleman from Ohio.

Mr. WHALEN. I thank the gentleman for yielding me the additional time, and I again yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I keep asking this question, and this concerns me also, but I do not seem to receive an answer to it: and that is if this bill is supposedly in support of the administration's position, why did the committee increase the amount of arms aid to Israel by $200 million?

Mr. WHALEN. I believe the chairman answered that question.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. WHALEN. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, there is also increased aid from the Soviet Union that has gone to Syria. Even greater now than even has been given Egypt in the past. The Soviet Union up to the present time has put some $10 billion of military assistance into that area. Since the war, they had completely resupplied not only Egypt but Syria to such an extent that Syria today is a much more formidable military machine than they were prior to the war.

Mr. WHALEN. There is one other point, also. The administration requested $100 million in military credit sales for Israel. We switched that out of that category into the military assistance program. This was, as pointed out by the chairman, the first time, really, that Israel has received an outright grant of military equipment. They purchased it in the past, but in view of the October War which so depleted their resources, it was the feeling of the committee that we should forego military credit sales in favor of the grant. A commensurate reduction was then made in the total military credit sales.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I yield 1 additional minute to the gentleman from Ohio.

Mr. HAMILTON. Mr. Chairman, will the gentleman yield?

Mr. WHALEN. I yield to the gentleman from Indiana.

Mr. HAMILTON. I thank the gentleman for yielding.

The major reason for the increase over the executive request is that the original executive request came prior to the October war, and the committee considered the bill after the October war. The original executive request of $50 million was actually made up prior to that war.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WHALEN. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. I thank the gentleman for yielding.

That cannot be right. The gentleman from Pennsylvania (Mr. MORGAN) said it came up in May of this year; the war was last year.

Mr. HAMILTON. If the gentleman from Ohio will yield further, the original executive request was set before that war, and it was not changed, and it came to the Congress with expectation that the Congress would increase it. The Executive accepted the increase.

Mr. JOHNSON of Colorado. If the gentleman will yield further, 6 months behind is a normal matter of routine? If the war was fought in September 1973, the request came up in May of this year? The request was prepared in October of the year before?

Mr. HAMILTON. It is correct the bill was not submitted to us until June, but the Executive, in anticipation of the increase by Congress, just left the security supporting assistance amount at $50 million, which was the figure that they had initially set prior to the October war.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, first I should like to join in complimenting the chairman of the committee. It has been truly a pleasure to work with him in the long process of bringing this bill to the floor. I should like to join, too, in complimenting the ranking member of the Committee on Foreign Affairs, the gentleman from New Jersey (Mr. FRELINGHUYSEN). He will be missed in the committee and in the House. Also, I want to say that many of us are very grateful to the gentleman from Ohio (Mr. WHALEN) for the work that he did in bringing together a group again and again to try to agree on certain amendments that would improve the bill.

I should like to direct my remarks at this point to those Members who may feel tempted to vote against H.R. 17234 because they feel this bill authorizes too much military assistance to repressive regimes.

I will say to those Members that I will join with them in efforts to cut that assistance or to restrict it in some way. I did so in the committee, and I will do so again here on the floor.

But I would urge them, if any of those efforts fail, not to vote against the bill, because if this bill is defeated, the alternative would be a continuing resolution and if we have such a continuing resolution, we will fail to benefit from the many salutary changes in the aid programs that are achieved in this legislation.

Some of these have been mentioned by the gentleman from Ohio (Mr. WHALEN). For example, if we defeat this bill, we will lose the opportunity to increase by more than 60 percent the developmental assistance for agriculture that is authorized in this bill, and there is nothing we need more in this world today than greater agricultural production.

We face a worldwide food crisis. We are going to be called upon to respond to that crisis in terms of assistance in the form of grain, and we will no doubt do so. But this is the most inefficient way to respond to the crisis. A far better way is to respond by helping other nations to grow more food, and this bill will provide the authority to increase that program.

Also this bill will provide for an increase in our population control assistance programs, which are also needed in the food crisis as part of the equation. And this is something else we would not be able to do if we had to operate under a continuing resolution.

Then, too, we have in this bill increases for assistance to Israel, which have been mentioned and which are essential in the light of Israel's economic situation today. If we are ever to have peace in the Middle East, and I pray that we will, we have got to make it perfectly clear that the United States is going to give Israel the wherewithal to survive economically and militarily. Otherwise there is no incentive for the Arabs to make an agreement.

There are also in this bill certain restrictions on aid which will be lost if we defeat this bill and go on a continuing resolution. One is that for the first time Congress will have some control over the military cash sales program, which has grown enormously in recent years. This bill provides us with a handle on that type of assistance which we have not had before.

The bill also provides some restraint on the operations of the CIA, and there are other valuable restrictions in the bill.

As a result of the excellent work done in the committee by the gentleman from Indiana (Mr. HAMILTON), the bill also prohibits the kinds of transfers of funds that the administration has used in the past to divert from the purposes the Congress wanted pursued to other purposes; that practice will be restrained under this legislation. This too would be lost if H.R. 17234 is defeated.

As I have said, I agree with those Members who feel there is too much money in this bill for military assistance to repressive regimes. But, having done what we can to reduce that assistance, I would plead with them then to help pass a bill that the world needs and which is in the interest of the United States.

Let me now go over some of these points in greater detail.

The principal purpose of H.R. 17234 is to authorize appropriations totaling $2,643.3 million for fiscal 1975 for international security assistance, economic assistance, and military credit sales programs. The bill, while not perfect, is responsible and responsive. It provides the administration with funds to execute our aid programs in a manner consistent with our national security. But it also makes clear to the administration the conviction of the Congress and the American people that the American foreign aid program must reflect the traditional American commitment to human rights and improving the well-being of the world's poor and must not be used to prop up repressive regimes.

The American people expect the Congress to legislate new directions to our international assistance programs. To fail to pass this aid bill would be to fail in this task.

If H.R. 17234 were to be defeated, we would then no doubt pass a continuing resolution, which would permit a continuation of the administration's present aid policies. In contrast, H.R. 17234 would modify important aspects of the administration's general policies and revise funding levels of programs to reflect a belief that America should increase developmental and humanitarian aid and place limits on military aid.

The Congress faces two alternatives—we can pass this bill or we can rely on a continuing resolution to fund our aid programs. The latter, a continuing resolution, is by far less desirable.

A continuing resolution would not permit us to be responsive to the legitimate needs of our friends and allies for increased development assistance and economic aid.

First, it would not permit an increase of over 50 percent in the authorization for agriculture, rural development and nutrition for fiscal year 1975. The foreign aid bill would increase the authorization for this purpose from $291 million to $471.3 million, an increase of $180.3 million.

Agriculture and rural development constitute an area of the highest priority. The less developed world's need for aid for agricultural production is now more urgent than ever. Many of the less developed nations have been severely affected by the sudden and drastic increases in prices for fertilizer, fuel, food, and other commodities. Some face the prospect of massive starvation deaths because of food shortfalls. There is no doubt that these nations will need food aid, nor that we will provide it. However, if we can, without neglecting our own agricultural production, contribute to increased food production abroad, we are helping ourselves in the process. There is also convincing evidence that increases in food production in the developing countries are less costly to achieve than they are here.

It, therefore, makes humanitarian and economic sense for Congress to do all it can to increase the food producing capacity of the hungry nations so that they can better meet their own needs in the future.

Second, a continuing resolution would not permit an increase in funding for population control programs, which are an integral part of economic development and social progress. Unrestrained population growth only exacerbates the current food scarcity crisis in many parts of the world. H.R. 17234, by authorizing an additional $20 million for programs designed to control population growth, will help us also to meet the current food crisis.

Third, and as importantly, a continuing resolution would not permit the increases in security supporting and grant military assistance to Israel which the Foreign Affairs Committee believes are necessary to assist Israel in meeting its financial burdens and legitimate security needs. In contrast, the foreign aid bill would increase the funding for security supporting assistance to Israel from $50 million to $250 million and transfer $100 million from the administration's proposed foreign military credit sales to Israel to grant aid for Israel. Without passage of the foreign aid bill, Israel would be hard-pressed to meet its increasing financial burden alone, and its well-being and security might be impaired.

In addition to thwarting the will of Congress to respond to the legitimate needs of our friends and allies for development and economic assistance, the defeat of this bill and reliance on a continuing resolution would thwart the will of Congress to set new policy directions for American aid programs. The foreign aid bill contains important restrictive provisions which would not be operative under a continuing resolution. These include: First, restrictions on aid to nations which deny free emigration or free expression of human rights within their borders; second, restrictions on executive branch authority to conclude large cash sales of military equipment without informing Congress; third, restrictions on the nature of CIA operations; and fourth, restrictions on the transfer of funds from productive developmental uses such as agriculture to nonproductive uses such as political support.

The provisions related to human rights would alert the President and foreign countries. The American commitment to human rights conditions our decisions on allocation of foreign aid funds, and that a nation's violation of its citizens' human rights, including the freedom of emigration, may result in severe limitation or denial of American aid. I think the Foreign Affairs Committee actions reducing the administration's request for aid to Chile and Korea are good steps in that direction. I would support even further reduction in aid to Korea. They will alert those nations and others, such as Syria, to our active concern with human rights and to our determination to predicate our foreign aid in large part on their respect for their citizen's rights.

The provision requiring the President to submit to Congress quarterly estimates of foreign military sales and to report to Congress 20 legislative days before any foreign military sale of $25 million or more, and providing for a congressional veto of such sales would enable the Congress for the first time to exercise effective oversight and control over the amount of defense articles sold for cash each year. This oversight and control is important because of the impact that such sales often have on our relations with the purchasing country and its neighbors. Present reporting procedures require only yearly estimates of cash sales. These have proven inaccurate. For example, the original Department of Defense estimates for cash sales in fiscal year 1974 was $3.6 billion. Actual cash sales totaled $5.9 billion. The $2.3 difference clearly demonstrates the need for more frequent reporting so that Congress may monitor the sales program more closely. The enactment of the provision requiring reports prior to large sales will give the Congress the opportunity to study the circumstances surrounding each major sale and to assess their foreign policy impact, and if called for, Congress would lack this authority under a continuing resolution.

The bill would also establish policy guidelines for our intelligence activities, and an oversight role for the foreign affairs committees of the House and Senate. It would thereby assure that our intelligence activities are in consonance with both our legitimate national security requirements and our overall foreign policy interests. It would also insure that Congress is informed and consulted about covert and other activities which may have important foreign policy and national security implications.

Finally, the bill would prohibit transfer of development assistance funds to any country which receives security supporting assistance, Indochina aid, or assistance under the Middle East peace package or vice versa. This would strengthen congressional control over the use of foreign aid funds, and assure that the will of Congress is followed. It would preclude a repeat of such actions as the unilateral executive branch decision in fiscal year 1974 to give South Vietnam a $50 million development loan for what appeared to be political rather than developmental reasons.

In conclusion, I would urge you to support the foreign aid bill, as reported out of the House Foreign Affairs Committee. The bill will enable us to take many important steps toward modifying the direction of our foreign aid policies and strengthening congressional control and oversight.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Delaware (Mr. du Pont).

Mr. du PONT. Mr. Chairman, I rise in support of the Foreign Assistance Act. We worked very hard in committee to pare down the request of the administration, but I do want to take this time to be somewhat critical of one section of the bill, and that is the exhorbitant amount of aid that is in the bill for Arab nations in the Middle East. I offered an amendment in committee to try to do something about this and it was soundly defeated, so perhaps I should not be taking time on the floor, but I do think we added a tremendous amount of money in an effort to buy something. Perhaps we are trying to buy peace, perhaps we are trying to buy friends, or perhaps we are trying to avert another war, but look at what we have done.

We have started a foreign aid program to Egypt and to Syria, a brand new program that was not there before. And how have we bid into this new poker game? We have bid in at a very high level—$100 million in discretionary funds and $250 million for Egypt.

The Members know as well as I do that foreign assistance programs grow. They do not shrink. Next year the request will be up. I think it is far too much money to be spending in that area of the world.

If we look at the summary table of this legislation we will see where the money is being spent, and we will find the committee did a very prudent job in pruning back Indochina aid, in pruning back the foreign military aid, but when it comes to security supporting assistance last year $112 million was appropriated, and the administration came in and asked for $385 million, but the Foreign Affairs Committee in a burst of generosity appropriated $585 million. Most of that excess amount is going to Jordan and Syria and Egypt. I will be frank to say I think we are throwing away in those specific areas the taxpayers' money. It is too much money.

I think that particular section of the bill is a poor one, but aside from that I give my wholehearted support to the bill and I plan to vote for it on final passage on the floor.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Chairman, in considering the foreign aid bill we need to distinguish between two questions:

How do we meet aid needs and commitments this year?

In what direction do we move over the longer run?

On the first question, the only answer that I can come up with is to pass the bill now before us. There is no time to develop a better alternative, given the present advanced date, and to reject the bill outright would be a tragic default on our responsibilities, given the diverse needs that it addresses and the modest scale on which it proposes to meet them—needs which have been sharply aggravated, I may say, by the recent large increase in oil, wheat, and fertilizer prices.

But for the longer term I find the direction represented by this bill unsatisfactory. For several reasons:

It is a bilateral aid program, and it seems to me that the time for bilateral aid is long since passed, given the wealth of other potential donors;

It still reflects the thinking of the immediate postwar period, in which the distinction between donors and recipients was sharply drawn by tragic circumstances. What we need now is not so much hand-me-downs from rich to poor countries as cooperative effort by both rich and poor countries to meet common problems;

It is geared, in good part, to cold war objectives that have little to do with the economic problems that now must concern us increasingly. Trying to deal with both security and economic problems in one program is apt to mean that neither is effectively addressed; and

It has become so encrusted over the years with legislative restrictions and bureaucratic limitations as to lack the flexibility that is required to deal with new emerging problems.

For these and other reasons, I believe that we should mark 1975 as the last year in which the Congress will try to meet the needs for overseas capital transfers through this type of program. Bilateral foreign aid has served us well, but, it is time to move on to other means—at least as far as the nonsecurity problems that we must meet abroad are concerned.

In part, of course, we have done this—in supporting the World Bank, regional development banks, and the U.N. development program—and I hope that this will continue. In particular, I hope that the Congress will permit the United States to contribute to the World Bank's soft loan window, the International Development Association, on a scale that will enable this businesslike operation to go forward on the scale that other donors favor and are prepared to support.

But these organizations would be the first to admit that what they are doing is not enough—and cannot be enough. We face new and mounting economic problems overseas. They must be met. Foreign aid of the sort that we are debating today is not an effective way of doing so. But inaction will not solve these problems either. We need to take new bearings.

Foreign aid rested on the concept that rich countries should share their bounty with the poor. The rich were in good shape the poor were in bad shape and transferring resources from the one to the other would help to right the situation. But this is no longer an accurate description of the situation. Both rich and poor countries are now in deep trouble, and because of the same problems: food, energy, population, and environment. The way to deal with these problems is not by handouts to help the poor but by joint efforts to solve the problems.

Of these, the most urgent is food. It is important to the developing countries because they are not getting enough to eat. It is important to the developed countries because worldwide food shortages mean rising prices, which spur inflation. The answer to both developed and developing countries' problems is more production. Only increased production will assure adequate availability of foodstuffs and stable prices. Since the market in food is a world market, increased production anywhere will help. But, particularly, we need more production in the developing countries, where the opportunities for increase are greatest.

Enlarged food production requires capital investment—in farm machinery, irrigation, fertilizer production, and much else. It requires technical skills. It requires sensible pricing and other policies. All this is primarily the responsibility of the countries in which production takes place. But international cooperation is also required. This need was recognized at the recent World Food Conference, where various proposals were made for joint effort to this end. Particularly important was the Egyptian proposal for a world food fund, to which not only the traditional donor nations but others—including the oil-exporting countries—would contribute and whose resources would be used to support investments to increase food production which could not be financed through other means. In the wake of that Conference, this and other proposals for joint action are being urgently studied.

I submit that dedicating the sums that we have traditionally appropriated for bilateral foreign economic aid to support an international world food effort would be a more useful way to spend these sums in the future. This option is not now before us: Activating an international world food efforts would be a more useful way to spend these sums in the future. This option is not now before us: Activating an international food effort will take time. Hopefully, by next year such an effort will be sufficiently advanced so that we could move in this direction. In doing so, we would be helping not only to avert starvation abroad but also to meet very serious problems at home: Unless we are to adopt export controls, which would invite instant retaliation by others, our food availabilities and prices will continue to be determined by the worldwide balance between food supply and demand. By helping to right that balance, we help ourselves.

The same principle is relevant in regard to energy. Here, too, there is a worldwide market between sellers and buyers. Here, too, the worldwide shortage—however artificially induced—hurts us. Here, too, development of new energy sources would serve our interests and that of others. As I understand Secretary Kissinger's recent speech, it calls for just such development, in order to improve the global balance between energy supply and demand and thus set the stage for effective bargaining about prices with the oil exporting countries. While this development will be primarily the concern of countries in which it takes place, international cooperation will again be required, to insure that scarce capital and skills go where they can be most useful. It will be in our interest to contribute to such an effort. If our skills and resources can be put to good use in developing new energy sources in poor nations, the effort will be felt tangibly and beneficially here at home.

Population and environment are other relevant areas. If opportunities to make a contribution here arise, they should be pursued. In none of these fields, however, are the problems as urgent and important, or proposals and prospects for international programs to which we and others could contribute on a large scale so far advanced, as in the case of food.

I propose, therefore, that we now do two things:

Approve this year's aid bill, to permit an orderly phasing down of bilateral economic aid; and

Make clear our sense that a new approach will be needed next year—an approach founded on the principle not of charity from rich to poor but of joint effort by all countries—rich and poor, alike—to meet the global food problem. We should make clear that we favor U.S. leadership in bringing about a world food fund and that, if others contribute on the scale that their resources permit, we believe that the United States should do the same. And we should make evident that we favor this not as an ad hoc action but as a basic move away from the concept of bilateral economic aid to that of common international effort in meeting common problems—a shift that may well have relevance to the problems of energy, population, and environment, as well as food.

To this end, I propose that the executive and legislative branches establish next year a joint commission to study how such a shift might best be accomplished—how bilateral economic aid can be phased out without disrupting present problems and commitments, and how the United States can take its place in new international effort to meet the emerging food and perhaps other problems, to which all would contribute and from which all would benefit. The time has come to put relations between industrial and developing countries on a new basis, which fully integrates the efforts of both to meet common problems and the duty of both to share common responsibilities.

Change is the law of life. International economic needs and circumstances have changed greatly in recent years. Now our response must also change. This means not cosmetic facelifting in the present program, but a basic shift of goals and philosophy. In acting on this year's bill, we must give unmistakable evidence not only of our willingness to meet our current commitments but also of our determination to bring that change about.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I would like to compliment the gentleman for his comments, and say that I agree with him wholeheartedly that there is a need for far greater efforts than have been made thus far, especially in the fields of food, energy, and population. I feel there is a need for greater international cooperation, but I wonder whether we should be so harsh on the value of bilateral aid; that arguments that others should be doing more can be used for an argument against bilateral aid.

I see no early or easy alternative to substantial bilateral aid as a way of coping with the immediate problem. I see no possibility that multilateral aid would be developed to cope with the consequences of our involvement in Southeast Asia. I see no ready international interest in providing substantial funds for the Middle East, so in many ways I think our bilateral aid should not be denigrated as somehow outmoded.

I think it is very up to date, both in the Middle East and in Southeast Asia.

Mr. ANDERSON of Illinois. Mr. Chairman, I thank the gentleman for his response to the proposal that I have offered, and I think in offering it in the form that I did, namely, suggesting a joint commission composed of members of both the executive and the legislative branches, I was conceding in advance, perhaps, a part of his argument. The kind of shift I envisage will not be easy to attain.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. PREYER).

Mr. PREYER. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, around the world, and especially in the Mideast, the Soviet Union and its friends are making great gains at American expense. The most striking sign of Soviet success has been the blow to Secretary Kissinger's plan for a political settlement in the Mideast by the acceptance of the Palestine Liberation Organization as the legitimate representative of the Palestinian cause.

At the same time, the Communists are gaining in Europe. Except for Greece, the countries of the northern Mediterranean shore all have disciplined Communist movements now knocking at the gates of power.

The billions in oil money flowing to the oil producing countries is threatening the world's financial structure and a worldwide economic depression. The Cyprus situation threatens the loss of the southern flank of NATO: If we lose our bases in Greece and Turkey, the Mediterranean could become a Russian sea, thus endangering our ability to supply Israel in the event of another war there.

Is this the time when Congress will at last kill the foreign aid program? It is hard to conceive of a worse moment for such action.

The purpose of the foreign aid program is to influence the future in other lands. As such it is a vital instrument of foreign policy. Its purpose is not to do good to all mankind, nor to establish democratic governments in every country. The benefits of foreign aid—like foreign policy itself—are not readily apparent and are long range in effect; the mistakes are immediately and highly visible.

Much of the criticism of foreign aid is justified. The program should evolve and respond to this criticism, and I think this is happening. Americans are uncertain about the basic purpose of influencing the future in other lands. There are questions about whether we have the taste or talent for it. Furthermore, foreign aid presents a fat political target of opportunity, especially in a period of domestic recession. Attacking foreign aid for "pouring money down a rathole" is a sure-fire applause getter at any rally back in one's district. No one in this Chamber will gain any votes by voting for foreign aid. Yet if we recognize that the world is changing faster than our policy can cope with, and that we are struggling to adjust to it, surely we must support the foreign aid bill at this time until better alternatives can be developed. We can give only two cheers for foreign aid; the applause for it is that of one hand-clapping. We can recognize that we must break away from foreign aid as a habit, as something to be routinely approved, and that we must continue to explore alternatives. But with our foreign policy losing ground to the Soviet Union, surely this is not the time to kill foreign aid.

It is taking the easy way out to vote against this bill and cite the perilous state of our own economy as reason enough to keep our money at home. It is easy for that matter to contend that our sufferings in Vietnam should have taught us to back away from all "foreign entanglements."

The simple truth, however, is that we are entangled on this small planet and our economic problems neither began solely within this country nor will we find the solutions by turning inward.

The familiar arguments that foreign aid dollars spent in the United States help our economy and that we have a moral responsibility to help the poor remain valid. Even more important today are the questions of our own national interests in an increasingly tense world. The United States-Soviet détente must not cloud our vision. In the Middle East, in Indochina, and throughout the Third World, violence and despair are growing. The United States has learned that there are limits to our ability to end conflict and correct economic ills, but we injure our own interests if we simply turn our backs on the problems of others.

Our enemies portray us as capitalistic exploiters whose only goal is the maximization of profits. The misinformed poor often accept this image and demand that their leaders be anti-American. We cannot "buy" the masses with foreign assistance, nor should we attempt to do so, but it is clear that much more of our aid must reach the most needy, quite aside from any desire for gratitude from the poor. The Congress has mandated changes in emphasis from large capital development programs to people-oriented assistance, and AID is well-advanced in its reorganization to achieve these changes. The termination of the foreign aid program at this juncture would serve only to convince the poor and war-weary that we are interested only in hanging on to our present wealth as the Western World disintegrates.

I know how difficult it is to respond to the public outcry against spending dollars abroad when we are faced with grave economic problems at home. I am reminded that when the nations of the world were turned inward in the 1930's with problems far worse than those we face today, before long they were at one another's throats. In the much smaller and more interdependent world of today I fear that isolation would breed hatred even more quickly. And the weapons we now possess would bring total destruction.

With foreign assistance we cannot purchase security but we cannot help but contribute to the collapse of international cooperation if we discontinue the program now.

Some of us have serious reservations about massive assistance to South Vietnam, South Korea, and Cambodia. While I will support the amendment setting a limit on funds to Cambodia, I do think we must consider the alternatives to elimination of this assistance. There is no question that the drain on our resources is considerable. There is also no question that the policies and practices of some of these governments are open to charges that they violate democratic principles and even our sense of morality. Nevertheless we cannot dictate morality and we have learned the hard way that democracy cannot be imposed upon a people. We must keep foremost in any debate our own national interest—deal with governments as they exist with appropriate encouragement of democracy and justice, but defend our interests whenever and however we must.

It is altogether correct and proper that we debate carefully specific items in this bill, reviewing types and amounts of assistance to particular countries where there is controversy. What is essential is that we face up to our responsibilities and opportunities by continuing the program. I would like to see a return to bipartisanship in foreign affairs. There is a great need for openness and candor on the part of the administration in this respect. The "style" of the Departments of State and Defense in articulating and defending foreign policy must be improved. They must seek dialog not only with the great powers but also with the greatest power—the American people and their elected representatives.

Finally I note that there is a call for an immediate cutoff of military aid to Turkey. I share with the proponents of the amendment a sense of outrage that American equipment is being used to perpetuate the illegal military occupation of northern Cyprus. At the same time I ask myself what the sponsors of the cutoff hope to achieve by this measure. If they seek to simply punish the Turks in the hope that they will refrain from attacking additional islands, then I believe the measure would succeed. If, on the other hand, my respected colleagues hope to obtain the evacuation of Turkish forces from the island, then I fear the amendment is hopelessly misguided. History leads me to believe that Turkey will become even more determined to hang on to northern Cyprus—even at the cost of denuding her northern frontier with the Soviet Union. The importance of Turkey to the NATO alliance need not be recounted. I question the wisdom of risking the alienation of a valuable ally with a punishment that however justifiable will do nothing to solve the problem of Cyprus. I urge that the Turks be given time to form a government that can negotiate a withdrawal of troops.

Tensions are rising throughout the world as food and energy become ever scarcer. If we turn inward and reject the idea of foreign aid it is likely that where war now smoulders it will explode, and where the poor are forgotten they will turn their faces forever from us. Our children will live to regret our shortsightedness long after our economic problems are back under control.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Chairman, I have an amendment at the desk to strike all economic aid to Turkey until such time as they comply with the international efforts to control drugs. As most of the Members know, it has not been that many years ago that our drug enforcement administration had been able to determine that 80 percent of the heroin that was floated on the streets and Towns of our United States found its origin in Turkey. As a result of the unconditional ban that was placed in 1972 on the growth of opium in Turkey we have been able to find, not only in our cities and States, but certainly in the drug enforcement administration, that there was a drastic cut in the quality and quantity of the drugs that were made available.

Some Members of this House, including my dear colleague from New York, LESTER WOLFF, heard rumor that the Turkish Government intended to resume the growth of poppies and we had reason to believe that the Turkish Government was concerned about the economic plight of the farmers, who represent 1 percent of the entire population of Turkey, and it was indicated that they were suffering such an economic loss as a result of this ban.

We went to Turkey and talked to the experts in our Department of State and Foreign Service, and we were able to find out it was not the farmers who were concerned about the ban but several political bodies in Turkey and we found out that, except as it relates to asking for American money, the political structure in Turkey wanted no part of the United States and certainly felt that the ban was imposed as a result of President Nixon's influence on that military government.

It seems to me that year after year, until it has now reached the billions of dollars, the Turkish Government can reject those parts of my argument as we ask them to assist us in preventing the poison from coming to the United States and yet they cannot understand that plight to such an extent that they might make some small sacrifice, as this Congress has appropriated some $36 million to assist them to provide some crop substitute, some type of assistance to make certain there would be no economic or cultural heavy weight on the farmer.

But, nevertheless, notwithstanding all threats to cut off aid, the Turkish Government indicated unilaterally they were going to resume the growing of opium, and now we find one of the most terrible frauds that have been committed on the U.S. Congress, that they were doing this with the United Nations lauding them for their effort because they said they would use a straw process, a process that would prevent the farmer from lancing the bulb and scraping off the opium sap, when there is no one in our State Department and no one in the United Nations, and certainly no one in Turkey, no one in our Goverment or their government, who knows where they are going to sell the straw or whether or not the United Nations intends to police the illegal growing of opium. They are talking about a $1 million, $2 million, $10 million alkali plant. There is no such plant in Turkey. They are saying to the United States that, once they start growing, we will have the financial responsibility not only to police the growth but to provide them with the funds to get the plant.

We are going to end up with the situation that we are darned if we do and darned if we don't, because what it means is that once they start growing opium, they are going to ask us to assume the responsibility for a diversion.

Mr. Chairman, this Congress has seen fit to unanimously pass a resolution to cut off all assistance to Turkey until such time as they comply with our Foreign Assistance Act in controlling the international trafficking in drugs.

The President of the United States has not seen fit to suspend aid. The Drug Enforcement Administration says it is an impossible situation for us or for the Turkish Government to police, because there are some 80,000 farmers there and these farms only grow a small percentage of opium, which means they would have to cover up to 3,000 villages to police them in order to see whether or not they are growing illegal opium.

If we have any concern about our men in the Armed Forces who were stricken so hard by the opium crisis and if we have any concern about our inner cities and our suburban areas, I think it is time for the U.S. Congress to show that we mean business, and that we are not going to cut off assistance for all purposes, but we will just cut off this assistance until the President of the United States believes there is a goodfaith effort on their part to comply with the international sanctions against those who grow these drugs.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. BIESTER).

Mr. BIESTER. Mr. Chairman, I rise in support of H.R. 17234, the Foreign Assistance Act of 1974, with a deep sense of concern and urgency for the programs authorized in this legislation, of which I am a cosponsor.

The major features of this bill have already been touched upon. We are, through the authorization of funds, attempting to help stabilize the political and military situation in the Middle East, scaling down funds to Indochina, emphasizing the importance of universal human rights, restricting the unauthorized activities of the Central Intelligence Agency, and increasing the emphasis on agricultural and nutritional assistance to the poorer nations. Furthermore, we are following through in implementing the reforms made in last year's foreign assistance legislation which restructured the thrust of our aid program to focus on basic and endemic needs of the less developed countries. In total, $2.64 billion is authorized in appropriations for fiscal year 1975.

The committee bill is a carefully worked piece of legislation based on the request submitted by the administration with our close attention to domestic considerations and international obligations. We have taken heed to balance the demands imposed upon us by present economic circumstances with the responsible course we feel our Nation must follow in its relations with other countries.

We have a weighty obligation here at home to reorder our national priorities away from excessive military spending toward human needs. Likewise, I feel we should allocate those resources earmarked for international purposes toward programs directed at helping less developed nations with fundamental projects in agriculture, health, and education. The legislation before us does reduce authorizations below what was requested by the administration for military assistance and foreign military credit sales. This amount undoubtedly would have been cut to a much lower level had not the U.S. commitment to the resolution of the conflict in the Middle East called for additional American economic and military support to both Israel and the Arab countries. There will be efforts to further reduce certain other military assistance authorizations, such as those to South Korea, which can bring down our overall outlay in the military sphere to an even more reasonable level. This can be accomplished while still providing a military aid program adequate for defense purposes.

I am pleased that the Foreign Affairs Committee saw fit to adopt an amendment offered by Mr. Bingham and me increasing by $20 million funds for population growth and family planning programs. While I believe such an expenditure is essential if we expect to make progress in raising living standards in the LDC's. I feel these efforts will get nowhere unless they are accompanied by significant advances in health, agricultural production and increased protein consumption in the poorer nations. The authorization in this bill of $180.3 million for food and nutrition programs along with the $291 million already authorized for similar purposes takes us in the direction we need to go in addressing the question of how we can make more food available to those who need it most.

When we examine the state of the world economy today, we can readily see how the nations of the world community have become more dependent upon one another for the resolution of mutually shared problems. The need for even more cooperation is imperative. This growing interdependence has been accompanied by a healthy openness in multi- and international relations and trade. There is no assurance, however, that such a situation will continue and progress, especially if the United States fails to provide the participation and leadership which is so essential in maintaining such a climate. At present, as we are experiencing economic difficulties of such serious proportions, there is a considerable temptation to turn inward for solutions without adequate regard for international factors and the international ramifications of our national policies. Some would eliminate or dangerously scale down our foreign assistance efforts in order to concentrate on domestic priorities. Without slighting the extreme importance of formulating a forceful program on the domestic front to combat inflation and recession, our thinking cannot be parochial. The economic predicament in which we find ourselves is unlike any which has preceded it. It is a truly global problem with every nation—rich and poor alike—inescapably locked in with one another. The impulse must be dismissed which suggests that looking inward, to the neglect of international relationships, will resolve our economic difficulties. Rather, we must follow a policy which recognizes the importance the prudent allocation of foreign assistance funds can take in helping stabilize national economies which, in turn, can bring back a greater semblance of order to the overall world economic picture.

We have an undeniably critical stake in the future of the developing nations. Apart from the obvious importance of their political posture in relation to the major power blocs, they are a vital economic factor as well. Even the smallest nations possess strategic raw materials which are in short supply and high demand by the industrialized countries, and the significance of all nations in the global trading picture is becoming more and more apparent. It has been projected that within 10 years we will be dependent upon imports for 96 percent of our aluminum, 34 percent of copper, and 100 percent manganese and tin to indicate only a few of the principal raw materials essential to our economy and security which we must secure from others. In 1972 the LDC's represented an almost $15 billion market for U.S. goods and services, and since they buy more from us than we do from them they are a positive contributor to our balance of payments.

Experience should have been the best teacher in making clear the fact that our foreign assistance program does not buy friendship abroad. There is no guarantee that recipients of our aid will behave as we think they should, either internally or in their relations with others. It is wrong to think of aid in these terms. We can be hopeful it will have an influence in our favor, but we should not be surprised when it does not. What we can hope to achieve through the various assistance undertakings, embodied in this legislation and other measures comprising our aid program, is an improved climate for working on and working out the many complex issues which directly and indirectly involve and affect us all. Restraint in budgetary considerations is a commendable characteristic when applied to foreign assistance as well as expenditures in all other Federal categories. But we should not allow our eagerness to make budgetary cuts obscure the rationale of our assistance efforts, the intricacies of their operation and the far-reaching value they can have. As we take care to make the right decisions during this unsettling period in our economic life, we should not lose sight of the importance international considerations will play in working toward economic stability and an improved atmosphere of political understanding.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. Derwinski).

Mr. DERWINSKI. Mr. Chairman, I would like to point out two things: First, that we are in an unusual session—I think we all recognize that—and a bill that is automatically explosive suffers the unusual possibilities of being misunderstood and misinterpreted merely because of the atmosphere of the day.

Second, I would point out to the gentleman who preceded me in the well, the gentleman from New York (Mr. Rangel), that I was one of the original cosponsors of the resolution calling for a cutoff of aid to Turkey if the agreement to cut off Turkish opium production was not maintained.

We are now at the stage of saying to the President: "Unless the Turkish Government proves to us and proves to your satisfaction that this opium production is controlled, you may not provide them with any aid."

Mr. Chairman, the problem is that there is nothing but a caretaker Turkish Government, and under these conditions those of us who are familiar with parliamentary structures realize we just cannot negotiate with caretaker governments. The same logic, frankly, would apply to the present Government of Italy. The Government of Turkey falls in that category. Perhaps the new Government of Greece, which is just reestablishing itself, falls in that category, as well as a number of other parliamentary democracies in the world which are going through caretaker government. They are paralyzed by the very nature of that structure.

I am not making an argument at this point for letting the Turks off the hook. I am merely pointing out that we may be asking the impossible, and that they may not have a government that can make any decision. I think it is especially important that we keep that in mind so we do not find ourselves in a position that is impractical and illogical and that would cause us to miss our ultimate goal.

Mr. Chairman, my dear colleague, the gentleman from Illinois (Mr. Anderson) was suggesting, as I understand it, is that this program is in such disfavor that we must turn to all sorts of multilateral programs.

Well, as the gentleman from Iowa (Mr. Gross) knows, whenever a program is in disfavor, we change the name of the agency. So I suppose if we come up with a name such as "Self-Help for Hard Pressed American Industry Agency" or something like that, the program will survive. It has happened enough in the past so I am not really being facetious.

The gentleman from Illinois should keep in mind that multinational programs are also under attack. U.N. agencies, which are the normal ones we might wish to utilize, will be under attack because of the recent deplorable action of the United Nations General Assembly permitting spokesmen of the PLO to utilize the General Assembly session and have similar recognition in specialized United Nations agencies.

So we cannot even use the more practical outlets for U.S. aid if we wanted to switch from a bilateral program.

I think it would be proper in the last 2 weeks of a historic Congress if we would demonstrate diplomatic understanding.

If we would give the President and the Secretary of State some necessary time to deal with a few ticklish problems with respect to one or two governments that may be totally incapable of adjusting to the pressures and demands of this time at this point, the next Congress would, of course, exercise necessary legislative oversight.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Chairman, I rise in support of H.R. 17234, the Foreign Assistance Act of 1974.

This bill is an unusually important piece of legislation in several respects. In addition to cutting the administration's request by over $600 million, this bill tightens legislative loopholes, restricts the Government's ability to use funds for purposes other than those intended by Congress, authorizes reduced but adequate funds for Vietnam, reduces substantially grant military aid, and preserves increased funds for food and institution aid to help developing states improve the performance of the agricultural sectors.

This bill also supports several important foreign policy objectives of the United States in the Middle East and South Asia region. First, the bill is intricately tied to and supportive of the U.S. peace initiative to try to settle the Arab-Israel conflict and bring a lasting peace to the war-torn Middle East. Second, the bill seeks to promote development aid programs designed to increase agricultural production in the poor and near-starvation states of South Asia. Third, the bill is supportive of several general foreign policy objectives including the Nixon doctrine and helping others help and defend themselves. Fourth, the bill is realistic and seeks, in the funds made available for the states of the Middle East and South Asia, to supplement and complement the aid programs and financial support of other states rather than supplant and duplicate other initiatives.

MIDDLE EAST PACKAGE

The most important portion of this foreign aid bill as it relates to the Near East and South Asia region is the new part VI, better known as the Middle East package.

This section authorizes $250 million in security supporting assistance for Israel and Egypt and $77.5 million in security supporting assistance for Jordan. On the military side, the bill earmarks $100 million in military grants and $200 million in military credits for Israel and approximately $95 million in grant military aid for Jordan.

Mr. Chairman, these figures are sizable because of our strong commitment to peace in the Middle East and the high degree of prestige and personal stakes that our Government has put on the line for the cause of a just Middle East settlement. I remained convinced that the Middle East section came out of the Committee on Foreign Affairs with one underlying theme: We commend the United States for its considerable efforts for the cause of peace in the Middle East and we support those efforts. I hope that this body reiterates that pledge with its actions on this bill.

ISRAEL

The costs of the October 1973 war and continued partial mobilization, in addition to its serious inflation, have put serious economic dilemmas before the Israeli Government. The request of security supporting assistance for Israel is designed to help directly with Israel's budget and economic crisis and to provide that friendly government with a degree of economic strength and stability at a time when it faces important dilemmas in peace negotiations involving potential risks.

The total $300 million of military aid support being made available to Israel corresponds to the amount available last year in the regular fiscal year 1974 budget. Although Israel received some $2.2 billion in the Emergency Assistance Act of 1973 following the October 1973 war, the resupply effort and Israel's changing defense requirements are putting new pressures on its military establishment and are requiring new types of defensive equipment to protect Israel within changing frontiers. These funds remain crucial to providing for Israel's strength and to enabling Israel to participate in peace talks without jeopardizing its security.

EGYPT

The security supporting assistance for Egypt is also an important part of this bill and directly related to the crucial support the Egyptian Government has been giving to Secretary Kissinger's diplomatic initiatives in the region. President Sadat has been a key figure in the Middle East in the last year and his country is the most important Arab state in the area. Several times in the last year President Sadat has gone that extra distance to help us in our efforts. Several times he has put his prestige on the line for the cause of a lasting peace and for causes which may have initially been less popular in other parts of the Arab world.

The changes in Egyptian policy displayed during the last year and Egyptian support for a peaceful settlement of the Arab-Israel conflict are encouraging signs. Under the surface, there exists in Egypt today an increased desire to want to get on with economic and social development and to find honorable ways of reaching a lasting peace with Israel. The Egyptian economy has been hit hard by years of war and neglect. The cities along the once-important Suez Canal have been leveled by years of cycles of hot, and then sporadic, warfare.

The economic aid being made available for Egypt in this bill is designed to strengthen the forces of moderation in the Middle East and give the people of that important country an alternative to further conflict by showing what can be done in a peaceful environment to improve the quality of life and restore the badly damaged regions of Egypt along the Suez Canal.

We are not participating in this effort alone. States of Europe, Japan and, more importantly, some of the oil-rich states of the Persian Gulf are committing billions of dollars to the rebuilding of the Egyptian economy. Our efforts are designed to complement these other, larger international efforts.

The money requested in this bill will provide American technical assistance both for opening of the Suez Canal and for helping restore basic utilities to the cities along the Suez Canal so that the civilian populations that once lived there will return to some semblance of a normal life. This commitment is one to peace and returning the Suez Canal region to normalcy: It is a fruitful way of trying to consolidate initial steps toward peace and insuring that what has been accomplished can be preserved in the coming months, and perhaps years, of negotiations that may lie ahead.

JORDAN

U.S. assistance to and support of the Government of Jordan and the policies of its leader, King Hussein, are also an important part of the Middle East package. The bill provides for some $94.2 million in grant military aid, $30 million in military credits, and some $77.5 million in economic security supporting assistance. Jordan has been supportive of the United States and stood by our initiatives and our policies in the Middle East for many years.

Jordan has a small and efficient army that needs some modern equipment to defend itself against neighbors who receive substantial and sophisticated equipment from the Soviet Union. Jordan has also an economy that is moving toward self-sufficiency. Our aid is designed to improve its small army and to inject some money into its economy to spur further economic development. The Jordanian economy has come a long way since the days of the civil war in 1970 which left that state in a shambles. The United States should continue to support current trends in that state.

SPECIAL REQUIREMENTS FUND

The Middle East section of the bill also contains a $100 million special requirements fund which is more closely related to Secretary Kissinger's diplomacy for peace and to our efforts to encourage peaceful attitudes and development where possible and where consistent with the larger foreign policy goals of this country.

Although none of the funds made available in this section are to be used until after Congress receives notification and has an opportunity to disapprove possible allocation by concurrent resolution, we do have some indication of how this money might be used. First, we know it will all be used for economic development purposes. Second, Secretary Kissinger has said in testimony that some portion of it may be used in Syria to help rebuild the Qunietra region near the Golan Heights. Third, up to $6 million will be available to help supplement the United Nations Relief and Works Agency's regular budget which has a huge deficit and permit it to continue to provide minimum levels of humanitarian aid to needy refugees. Without supplemental support from the United States and other countries, UNRWA will have to curtail vital services. And, finally, the committee report urges that some of the funds might profitably be used to help support some of the existing educational and vocational training institutions on the West Bank and in Gaza.

All of these uses represent important investments in peace and I believe that it is important for the United States to maintain considerable flexibility over these funds even though we must retain the provision stating that the State Department must return to Congress to indicate how these funds might be allocated.

OTHER PROVISIONS RELATED TO THE MIDDLE EAST

In addition to more regular, annual foreign aid sections which have traditionally helped people in the Middle East including support of educational institutions in Israel, Lebanon, and Egypt under the American schools and hospitals abroad program and of Palestinian refugees under the UNRWA United Nations program, this bill contains four other important and new policy statements on the Middle East which deserve particular mention here.

First, section 620(p) of the Foreign Assistance Act of 1961, as amended, is repealed. This section prohibited aid to Egypt unless it was determined to be in the national interest of the United States. As a sign of the improved relations between the United States and Egypt, this section is no longer necessary. Such negative statements in this bill are replaced by positive expressions that we hope United States-Egyptian relations will continue to improve and that Egypt's desire for a peaceful settlement and a lasting peace will continue to be a cornerstone of its foreign policies.

Second, in a statement of policy the bill expresses the sense of the Congress that "none of the funds authorized by this act should be provided to any nation which denies its citizens the right or opportunity to emigrate." The major impetus behind the inclusion of this statement is the continued poor condition of the dwindling Jewish community of Syria. The more than 3,000 Syrian Jews still living in that country lead very restricted lives and seem to be denied both gainful employment and the right to emigrate. We must hope that within the context of improved relations with Syria that this community will not remain a hopeless pawn but will be given the free choice of leaving or remaining in Syria. If that choice is not offered, any potential offer of aid to Syria would be in serious trouble.

Third, the bill stipulates that none of the funds authorized can be used to finance any equipment or technology promised pursuant to any agreement for nuclear cooperation that might be signed between the United States and Egypt or Israel. With all the problems and tensions involved in the Middle East situation, it would seem that there are several more constructive channels for our energies and limited financial resources which do not present the potential, grave risks of the exchange of nuclear technology with two states which have not signed the Nuclear Nonproliferation Treaty and two states which have been involved in hostilities so often and so recently.

A fourth item in the foreign aid bill, which conceivably might have relevance for the Middle East, is the new section 659 on reimbursable development programs. This section makes available up to $2 million to assist the United States in working with friendly states who do not receive development aid. The purpose of this section is to promote American technology and expertise in states where governments will and can pay for technical assistance but where in the absence of small amounts of funds to "top off" salaries and expenses of American experts, the Americans could not get the valuable contracts. This section will help make us more competitive in distant countries and facilitate open and fair access to natural resources of interest to us.

SOUTH ASIA

In South Asia, the foreign aid bill supports very different, but nonetheless important, foreign policy goals. The bill authorizes close to $235 million, mostly in development loans, for the States of South Asia. The bill supports programs for—in descending order of funds made available—Pakistan, Bangladesh, India, Afghanistan, Sri Lanka, and Nepal. There is also a small program for the Yemen Arab Republic requested.

Last year Congress authorized roughly the same amount for these states. Our efforts in South Asia relate primarily to improving their agricultural production and their ability to feed themselves. This is no small task in an area which is continually faced with food shortages, alternately droughts, floods, and cyclones and occasionally bureaucracies that cannot properly administer programs.

Let me give one example of the kind of thing our aid will seek to do, namely, build up a domestic fertilizer capacity in these countries. One ton of nutrient fertilizer, for example, will have a multiplier effect in South Asia over twice the effect than if that fertilizer were used in this country. From an economic viewpoint, it is far more practical to help provide the States of South Asia with the equipment and material necessary to increase its domestic fertilizer production than it is to ship food from the United States. We should be moving in this direction with our aid. The potential exists and this makes these development loans all the more important. Unfortunately, for the short run, most of these states will need both economic aid for the future and food aid for the present.

Inflation, the fourfold increase in oil prices and the vagaries of the weather have added several strains in the economies of all states in South Asia. Other aid donors are responding to these added burdens from countries whose cumulative populations represent a sizable portion of humanity. It is important for the United States to work, as best we can with the limited aid funds available, with the World Bank-led aid consortia for these states and provide the material and technical assistance to promote development in, perhaps, the poorest region in the world. The aid funds authorized here are modest compared to years and decades past, but the funds are targeted for areas and projects where they will bring the greatest and quickest results and will help the poor.

Particular mention should be made of the $50 million in aid being made available for India. While this amount was limited by the committee, it does reflect the improved nature of United States-Indian relations and our desire for establishing a better dialog on all issues of mutual concern. India is the largest state in South Asia and while our aid programs there will likely never again reach the high levels they once were, we do have an interest in working with India in trying to solve some of its serious economic problems, particularly in the agricultural sector. Our legitimate concern over India's nuclear program should not prevent us from working with that state to try to solve the problems of poverty. This bill supports the idea of a modest increase in our aid programs to India, a program which was reduced to almost nothing during the last 2 years when relations were strained.

These South Asian country programs are complemented by small, ongoing special projects such as the Indus River Basin project which is nearing completion and which will receive $14.7 million in this bill, and regional manpower and health educational programs. Some of these technical assistance efforts involve CENTO countries and others involve sending South Asia students to regional institutions like the American University of Beirut for specialized training. Such regional programs are replacing programs that would bring students to the United States.

Mr. Chairman, this Foreign Assistance Act of 1974 offers in several important respects, a new and challenging set of concepts in foreign aid and supports many significant foreign policy goals of this Nation. There were significant attempts made in the drafting of this bill to show strong support for U.S. peace initiatives in the Middle East, reduce overall amounts, cut unnecessary grant military aid programs to states which do not face serious external threats, incorporate a recognition of a growing concern in Congress for the human rights of all peoples around the world, especially those in states which continue to receive substantial U.S. aid and put greater emphasis on economic aid in general and agricultural and population aid in particular.

I urge my colleagues to support this legislation. If we shirk our responsibilty on this crucial matter, we are voting "no" for peace and stability in many regions around the world where we do have short- and long-term interests to preserve and promote.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Chairman, at the outset I wish to commend the chairman of the House Foreign Affairs Committee, Dr. MORGAN, for the able leadership he has provided over many months in bringing a foreign aid bill to the House floor.

His task has not been an easy one. There were many contentious and difficult issues with which the committee was forced to contend in marking up this legislation.

Because of Chairman MORGAN's ability at conciliation and negotiation, this bill represents a compromise—in the very best sense of that word.

Through 12 days of hearings and 15 days of open markup session, the committee has labored hard to shape legislation which will meet the concerns of a majority of the House of Representatives.

The legislation will not, of course, please everyone. There are, indeed, provisions which I myself opposed in committee and which I wish were not in the bill. Taken in its totality, however the bill is a good one and deserves the support of this body.

Therefore, I hope my colleagues will *study the bill* and the committee report carefully. If there is to be a foreign aid bill this year, it cannot be weighed down with controversial amendments, which either will make a conference with the Senate difficult or invite a Presidential veto.

I need not caution that we are nearing the end of a particularly exhausting—but productive—Congress. In a few short months we will begin consideration of a foreign assistance bill for the next fiscal year. If Members who have amendments could withhold them until then, I am sure they will find the Committee on Foreign Affairs receptive to working with them of implementing their ideas.

Mr. Chairman, for more than 25 years I have annually worked for passage of a foreign aid bill. More than any other time in my experience, passage of the aid bill this year is essential to the future success of American foreign policy—and to world peace.

THE MIDDLE EAST PACKAGE

All of us have been pleased by the diplomatic efforts of our Secretary of State and his colleagues to begin the job of defusing tensions in the Middle East, following the October war of 1973.

Let me briefly review the situation at the end of that war:

First, the Arab nations had become convinced that the United States had wholly sided with Israel and that Arab and American objectives could not be reconciled;

Second, relations with Europe and Japan were strained because of the oil boycott and differences over reaching a settlement in the Middle East;

Third, the Soviet Union had emerged as the Arab's apparent best friend and protector and had gained a strong political position on the Middle East;

Fourth, Israel, having suffered significant losses, faced an extremely uncertain future; and

Fifth, here at home we all were waiting in long, long lines to get gasoline.

As a result of diplomatic initiatives in which our Nation took a leading role, and because of the willingness of certain Arab leaders to accept a central role of the United States in settling the dispute, hopeful steps have been taken toward an ultimate solution.

Foreign aid to some of the nations involved in the Middle East is an important element in holding the present situation together. It will not insure an agreement in the Middle East, but will help greatly to advance our diplomatic efforts.

The bill earmarks $100 million in military grant aid for Israel; $250 million each to Israel and Egypt for security supporting assistance; and $200 million in military credit sales to Israel. In addition, it creates a special requirements fund of $100 million for Middle East use.

Should this bill be defeated and there be no "Middle East package" of aid, the chance for a lasting peace in that region would be considerably jeopardized.

I need not remind my colleagues of the potential costs of renewed fighting in the Middle East. By providing foreign aid to countries in that area we are helping to insure against future outbreaks.

INDOCHINA AID

A similar peace-related situation exists with respect to Indochina aid.

In Laos—we have attained a cease-fire and a coalition government that has shown some indications of progress.

In Vietnam, the situation currently is one of greatly reduced military activity which has permitted the people of South Vietnam to turn from war to rebuilding their country.

In a sense the conflict with the north has entered a new stage: A battle for the economy of South Vietnam. Barring intensified conflict, there is reason to be confident that the people of the south can achieve increased economic development.

For example, this year Vietnam will once again be self-sufficient in rice because harvests have been good in the Mekong Delta area, next year Vietnam may earn foreign exchange from rice exports—as it did before the Indochina war.

In order to sustain South Vietnam's efforts at reconstruction and development—and ultimately to win the economic war with the north—it is necessary to continue substantial amounts of foreign aid in the form of supporting assistance.

Nevertheless, the committee in its deliberations on this item already has cut the funding request by some $340 million—from $750 million asked by the executive branch, to $405 million currently programed.

Any further cuts—or defeat of this bill—would severely jeopardize chances for an end to the conflict in Southeast Asia. It would be an open invitation to Hanoi to attack the south. The United States would then be faced with the dilemma of making an appropriate response.

SOUTH KOREA

I believe the funds in this bill are also important to the cause of peace in Korea. It is common knowledge that an attempt will be made today to cut those funds drastically.

Such a move would, in my estimation, be tragically shortsighted.

Granted that none of us is attracted to the government of President Park. It has been harsh and repressive in many instances.

But it would be folly to so reduce our military aid to South Korea to the point that North Korea would be emboldened to attack or to undertake other kinds of actions which would threaten peace in the Korean Peninsula.

Need we remind ourselves that the Government of North Korea is generally considered among the most repressive in the world. Where would we gain by cutting our aid? How would the cause of human rights be advanced if war ensues?

This bill contains about $185 million for military aid to Korea. The entire amount is needed. Attempts to reduce the figure should be turned back.

In Cambodia, of course, there is no peace. But the cause of achieving peace will not, I contend, be served by failing to provide needed assistance to the Cambodian people. If there is to be a negotiated settlement and true peace—as opposed to a bloodbath and the peace of the dead—the United States must continue to meet its responsibilities to bolster the Khmer Republic through providing economic and military aid.

How ironic it would be if this body took action prejudicial to Cambodia at the very time that the government's legitimacy had been reaffirmed at the United Nations.

INCREASING WORLD FOOD PRODUCTION

Just as passage of this bill is important to peace in the Middle East, Indochina, and Korea, it is also, in the long run, very significant in the effort to remedy such causes of world unrest and conflict as starvation, disease, ignorance, and poverty.

It was my privilege last month to head the delegation from the House which attended the World Food Conference in Rome. Although my reactions to that event were mixed, one conclusion emerged clearly:

There is a world food shortage which must be addressed by all the world's nations if we are to avoid a breakdown of order in many countries—a breakdown which could imperil international stability.

In recognition of world food shortages, the committee has authorized $180.3 million in additional funds for food and nutrition. This amount, which is $75 million less than the administration's request but which increases the current authorization, provides a total of $471.3 million for food and nutrition projects in fiscal year 1975.

The answer to starvation must be increased production in the food-short countries themselves. The United States no longer has sufficient food supplies to feed the world.

The funds in this bill will be used to help the developing world increase its own agricultural output, particularly to bring small farmers—who are in the vast majority—into the economic mainstream.

In enacting the "new directions" in foreign aid represented by the Foreign Assistance Act of 1973, the Congress set in motion an effort to reach the poor, rural majorities of the developing world and to assist them to grow more food.

That action was taken before the dimensions of the current world food shortage were known. Today the wisdom of congressional action last year is readily apparent. But we must intensify our efforts this year with additional funding, as provided in this legislation.

CONCLUSION

Mr. Chairman, I commend this bill to my colleagues and urge their approval.

With peace as our goal—peace in the Middle East, peace in Indochina, world peace—let us vote to provide the funds necessary to conduct effective foreign assistance programs in fiscal year 1975.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana (Mr. Dennis).

Mr. DENNIS. Mr. Chairman, I take this time because I am persuaded that the issues in this bill are important and that this is one of those occasions, always difficult for this House, when we ought to make the effort to employ politics in the higher meaning of statecraft rather than in its more familiar aspect of counting noses in the precincts.

I am no great and good friend of foreign aid and there are aspects of the bill now before us which fail to arouse any great enthusiasm in me. There are Members of this body, such as my distinguished friend, the gentleman from Iowa (Mr. Gross), who are always and forever and without exception against foreign aid in any amount and under any circumstances and in all its forms. These gentlemen have their considered reasons for their point of view, they are consistent, and I respect them and their position.

I am not myself of this school, but neither am I a big spender by nature or belief at home or abroad. I consider foreign aid legitimate, not when employed as a scattergun discharging alleged general good will but when, and only when, employed as a sharpshooter's rifle, aimed and targeted at some specific foreign policy advantage for the clear benefit of this great Nation and its great and patient common people whom we represent, and who pay the taxes and who foot the bill.

There is another type of Member in this body with whom I find myself in complete and total disagreement on this particular subject. Unlike my friend, the gentleman from Iowa (Mr. Gross), they are not always opposed to foreign aid for economic, financial, and nationalistic American reasons. Somewhat like myself, although they favor aid more generally than I do, they are sometimes for aid and sometimes opposed to aid; but these people, to my way of thinking, are governed in their viewpoint less by American national interest than by their view of the advancement of social goals and political and economic policies as they see them from their own somewhat doctrinaire point of view. These are the people who do not want to buy chrome from Rhodesia even though we need Rhodesian chrome. They are the people who do not want to aid Chile or South Korea or South Vietnam or Cambodia or the former Government of Portugal, not on the basis of our own national interest in these cases but because these are dictatorial governments and, more significantly, because they are dictatorial governments of the right.

These people, most of them, are willing to help Israel even to the extent of denuding the United States of vital military equipment. Yet they tend to boggle at the extension of some moderate aid to Egypt or to Jordan or, under some circumstances, perhaps to Syria, as a necessary means of maintaining a balance which prudence would suggest is absolutely essential to the maintenance of peace. And so far as I know, these people have made no serious effort in the last 20 years to attempt to use the leverage which we have with Israel to try to make a settlement of the exceedingly difficult and now terribly and unnecessarily exacerbated problem of the Palestinian refugees.

Again some of these same people say that Turkey is a military aggressor—forgetting, it appears, that the crisis was precipitated by a rightwing dictatorship in Greece—and that, therefore, we must second-guess the Secretary of State and the President of the United States as to the best method of bringing about peace in the embattled island of Cyprus.

Mr. Chairman, despite my many reservations about this bill, I am going to support it, if it is not loaded down by too many crippling amendments, as a needed and necessary tool of American foreign policy; but I strongly object to the double standard with which too many of us approach these vital problems. I implore my colleagues, in the name of world peace, to give the executive branch the necessary tools to do its constitutional job; and I beg them not to play politics on this floor with the fortunes and, it may be, even with the lives, of your constituents and mine.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio (Mr. Miller).

Mr. MILLER. Mr. Chairman, I want to take just a couple minutes at this time to inform the committee that when we arrive at the amending process of H.R. 17234, the Foreign Assistance Act of 1974, that I plan to offer an amendment. That amendment will do one thing. It will allow us, the United States, to barter with nations that want our foreign assistance. We today have our own problems within this country. We have a short supply of many strategic metals. We are using our natural resources and, as a matter of fact, we are using about 35 percent of the world's natural resources with only about 7 percent of the world's population. By the year 2000, on the basis of the known reserves that we have today in the United States, we will be out of 11 of our 13 major strategic metals.

The main purpose is to show that we can barter and have something coming toward our shores for the foreign assistance that we give to the other nations.

Since 1946 we have allowed about $158 billion to flow from our shores and it is time we received something back in turn, which will be the natural resources and the strategic metals that we so badly need in order to keep this industrialized Nation of ours rolling beyond the year 2000.

Mr. MORGAN. Mr. Chairman, I have no further requests for time.

Mr. FRELINGHUYSEN. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by titles.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1974".

TITLE I—MIDDLE EAST PEACE

ASSISTANCE TO THE MIDDLE EAST

Sec. 2. The Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new part:

"PART VI

"Sec. 901. Statement of Policy.—The Congress recognizes that a peaceful and lasting resolution of the devisive issues that have contributed to tension and conflict between nations in the Middle East is essential to the security of the United States and the cause of world peace. The Congress declares and finds that the United States can and should play a constructive role in securing a just and durable peace in the Middle East by facilitating increased understanding between the Arab nations and Israel, and by assisting the nations in the area in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace. It is the sense of Congress that United States assistance programs in the Middle East should be designed to promote mutual respect and security among the nations in the area and to foster a climate conducive to increased economic development, thereby contributing to a community of free, secure, and prospering nations in the Middle East.

"It is further the sense of Congress that none of the funds authorized by the Act should be provided to any nation which denies its citizens the right or opportunity to emigrate.

"Sec. 902. Allocations.—(a) Of the funds appropriated to carry out chapter 2 of part II of this Act, during the fiscal year 1975 up to $200,000,000 may be made available for military assistance in the Middle East, of which not less than $100,000,000 shall be made available for Israel.

"(b) Of the funds appropriated to carry out chapter 4 of part II of this Act, during the fiscal year 1975 up to $577,500,000 may be made available for security supporting assistance in the Middle East, of which not less than $250,000,000 shall be made available for Israel and not less than $250,000,000 shall be made available for Egypt.

"(c) Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act, during the fiscal year 1975 up to $230,000,000 shall be available for countries in the Middle East, of which not less than $200,000,000 shall be made available for Israel.

"Sec. 903. (a) Special Requirements Fund.—There are authorized to be appropriated to the President for the fiscal year 1975 not to exceed $100,000,000 to furnish assistance under part I of this Act to meet special requirements arising from time to time in carrying out the purposes of this part, in addition to funds otherwise available for such purposes. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by such part in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

"(b) The President may only obligate or expend, for each foreign country, or international organization, funds authorized under this section—

"(1) after he reports to the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate concerning (A) the name of such foreign country or international organization, (B) the amount of such funds to be made available to such country or organization, and (C) the purpose for which such funds are to be made available to such country or organization; and

"(2) unless the Congress, within thirty legislative days after receiving any report under paragraph (1), adopts a concurrent resolution stating in substance that it does not favor the provisions of the report provided by clauses (A), (B), and (C) of paragraph (1).

"(c) Of the amount authorized under subsection (a), not less than $6,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the Foreign Assistance Act of 1974. In determining such fair share, the President shall take into consideration the economic position of each such country. Such $6,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law."

PROHIBITIONS AGAINST FURNISHING ASSISTANCE

Sec. 3. Section 620(p) of the Foreign Assistance Act of 1961 is repealed.

NUCLEAR POWERPLANTS

Sec. 4. None of the funds authorized by this Act may be used to finance the construction of, the operation or maintenance of, or the supply of fuel for any nuclear powerplant in Israel or Egypt, which has been approved under an agreement for cooperation between the United States and either such country.

Mr. MORGAN (during the reading). Mr. Chairman, I ask unanimous consent that title I be considered as read, printed in the Record, and open to amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. McFall, having assumed the chair, Mr. Price of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 17234) to amend the Foreign Assistance Act of 1961, and for other purposes, had come to no resolution thereon.

THE TRADE BILL

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, across this land today, thousands of American citizens are gathering together to commemorate the United Nations Human Rights Day. In New York City, the New York Women's Coalition on Soviet Jewry is meeting once more to address the continuing suffering of Soviet Jews. My wife is with them.

I would be with them if I could, but since the Congress has matters of national interest to conduct, we can only send our best regards to those citizens who care enough of others to take part in this important day.

But, I would remind the Members of the House that soon we will have an opportunity to do a small share for the Soviet people who suffered so much discrimination for their religious beliefs. The President has asked that the trade bill be passed by the Congress before we end our session later this month. It seems apparent that he will get his wish.

To a large degree, the Congress was the primary instrument for making an unofficial part of this trade bill, Soviet assurances that if Russia receives favorite nation's status under the bill, it will end its discriminatory practices against its Jewish citizens.

I do not know if these assurances will be honored or not, I would hope they would be for if they are not, the emerging policy of détente would be seriously set back for years, and our efforts on behalf of the Soviet Jews will have gone naught.

Still we must take our chances, and I favor any step forward, official or not, which will ease the burden that life in the Soviet Union carries for members of the Jewish faith. If it does not work, then we must try more stringent methods. But I seriously doubt that Secretary Kissinger would have been so emphatic before the Senate Foreign Relations Committee last week if he were not comfortable with the arrangements made with the Soviet leaders.

And so I would hope that Congress will perform its duty and pass the trade bill. The importance of that bill lies less with economics, at least in my mind than it does with the sanctity of the human spirit.

NUCLEAR DETONATIONS NOT THE ANSWER

(Mr. RONCALIO of Wyoming asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. RONCALIO of Wyoming. Mr. Speaker, I include in the Record the following observations from Nucleonics Week, a McGraw-Hill publication, regarding the failure of Project Rio Blanco:

Nuclear Detonations Not the Answer

The failure of plowshare project Rio Blanco's three nuclear-detonated caverns to connect with each other last month is having far-reaching negative effects on the already weak natural-gas stimulation program, although industry people do not agree with one critic who said last week that Plowshare is dead as a technology. But Austral Oil and Colorado Interstate Natural Gas have dropped their plan to seek AEC permission to test-market gas from Project Rulison, an earlier Plowshare experiment, and El Paso Natural Gas has reduced to a minimum its commitment to Wagon Wheel, a third nuclear gas stimulation project. AEC has no plans for further Plowshare projects.

The Rio Blanco experiment in Colorado consisted of three "Diamond" nuclear devices fired one above the other in a single shaft. The aim was to create three interconnected caverns which would then collapse and break up the tight gas-bearing rock surrounding the caverns, thus releasing appreciable amounts of natural gas. The caverns did not connect with each other and only small quantities of gas were released; one source said it would be necessary to drill separates shafts into each cavern—an uneconomic procedure.

An AEC official said the failure indicated that CER Geonuclear and the other experiment participants did not have a full understanding of the nature of the rock in which the nuclear devices were fired. Other sources agreed that it was not Plowshare per se which failed. The AEC man stressed that much useful information was and is being gathered from the experiment, despite the failure of its principal goal. The data is still being gathered and a gas production test was scheduled to start today (Dec. 5). "It is a little early to say flat out that [the project] is a failure, but the project sponsors are certainly disappointed," he added. A further blow to Plowshare projects, in Colorado at least, was last month's statewide referendum resulting in a ban on new projects until each one is approved or rejected by voter referendum.

At Austral Oil, the decision to seek AEC permission to test-market natural gas from the Rulison Plowshare experiment depended upon the results of Rio Blanco. When they turned out disappointingly Austral and Colorado Interstate Natural Gas decided to indefinitely postpone the application to AEC. "We think the marketing application requires the best atmosphere possible because it is going to be a battle in itself [because of certain public fears about small amounts of radioactivity in the gas]," said an Austral man. He added that it seems unlikely that Austral will recover its investment in Plowshare and the possibilities of making Plowshare commercial "seem to be getting further and further away."

Another industry source said he and his colleagues were not surprised that the Rio Blanco caverns did not connect. He pointed out that El Paso Natural Gas had proposed sequential device firing for its Wagon Wheel project in western Wyoming, whereas AEC decided to fire the priority Rio Blanco project devices simultaneously. He thought the Wagon Wheel method would have worked. El Paso is continuing to collect the environmental data necessary to pursue Wagon Wheel in the hope, said a company source, "that some day the world will come around to our point of view that this experiment can be done."

The industry source agreed that Plowshare as a government program is finished but he stressed that industry still believes firmly that the technology is a very important way of increasing the U.S. energy supply at minimum cost to the consumer.

WE ARE NOT A GREEDY NATION

(Mr. GAYDOS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. GAYDOS. Mr. Speaker, the image of a well-fed and greedy Uncle Sam continues to circulate throughout the world as a result of the recent food conference in Rome and I am glad some of our newspaper people are gathering the statistics needed to combat it.

Frank Hawkins, editor of the Pittsburgh Post-Gazette, is one of these newsmen and the case he makes is conclusive in my judgment. In reply to those who have accused us of being ungenerous, Mr. Hawkins wrote the other day:

> The record shows that for many years past—and now—this country does far more than any other, as it should in view of its capability, to help feed the world and prevent starvation.

Mr. Hawkins then listed the facts as he found them. Under Public Law 480, we Americans have shipped $25 billion worth of food to needy nations over the last two decades. Freight charges on these shipments, which we Americans paid too, amounted to $5 billion. Some $2 billion more in food donations are authorized through 1977.

Under title 1 of the law, Mr. Hawkins found that we are granting 20-year to 40-year loans to food recipient nations at 2- to 3-percent interest, the money to be used in buying American foodstuffs. This food is sold on local markets and the proceeds are used for development projects. I might add to this that we are borrowing the money at 8 percent and higher to enable these 2- and 3-percent loans.

Editor Hawkins checked on the title 2 part of the law and learned that $175 million is being disbursed through this section this year to such aid organizations as CARE and the Church World Service to provide free food for the hungry.

I quote further from Mr. Hawkins' report, carried on the front page of his newspaper:

> It's a pity that international conferences often serve as forums in which the U.S. is made to feel the cold winds of guilt and ingratitude. As a nation, we are guilty of being rich and powerful. Past and present American favors are ignored as pressures mount for more, that, alas, is the inescapable price of world leadership.

He continues:

> But we needn't feel too guilty that we haven't been able to feed every hungry mouth in the world, as desirable as that would be. If other affluent nations, and particularly the oil-wealthy Arab States, will do their share, hunger can be diminished.

The point is that we Americans have done more, and still are doing more—far, far more—than any other people to ease the global hunger and it is a rank injustice to us to claim, as many delegates did at Rome and after the conference there, that we have been callous and indifferent as millions face starvations. I thank Editor Hawkins for his work in exposing the lie.

SAFEGUARDING MEDICARE AND MEDICAID FROM FRAUDULENT PRACTICES

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. KOCH. Mr. Speaker, during the next Congress, we will be resuming our consideration of the national health insurance legislation. In structuring this program, we must examine closely the administration of the two existing national health care programs: medicaid and medicare. Unfortunately, even a cursory look at these programs reveals instances of mismanagement and corruption. In preparation for our work on a comprehensive national insurance program, it is incumbent that we investigate and root out the abuses of the medicare and medicaid programs so that the new program can be immunized from similar corruption.

Last year the costs of providing medical care were enormous even though the coverage was inadequate and the quality of care often poor. Nationally, medicare treatment cost us a total of $9.5 billion and medicaid $8.713 billion in 1973. In the State of New York, the press has uncovered a growing nursing home scandal: one such abuse by nursing home operators is to bill medicaid for care never provided or not required by the patient.

The scandal is undoubtedly duplicated in many States. What is shocking is that no statistics are available from any Federal agency which document fraudulent practices engaged in by persons receiving money by either of these two programs. I have ascertained from the Social Security Administration that since 1966, in the entire United States, there have been a total of seven referrals to the Justice Department of alleged fraudulent practices.

To me this does not indicate a lack of abuses, for we have seen documented reports of too many individual instances of malfeasance; instead it means that the Federal Government has not done an adequate job in policing the use of medicaid funds which of course not only allows fraud to go unchecked, but actually encourages fraud. Whether accurate or not a feeling persists that there is too cosy a relationship among the nursing home proprietors, the directors, public officeholders and the law enforcement agencies.

In five of the seven cases referred to it, the U.S. Government refused to prosecute. In one there was a conviction with a $5,000 fine and a 4-year suspended sentence; one case is pending.

In my own State of New York, I believe that a Moreland Commission is needed to make a rigorous investigation into these programs. I have requested our colleague, Governor-elect Hugh Carey, to establish such a commission. Furthermore, I am writing to the attorney general of every State asking whether their respective offices have any statistics or listing of frauds committed in their States in either the medicaid or medicare program beginning with 1966. If they do, I have requested that they provide me with the information. When I have this material I will then seek an investigation either by a congressional committee or the Justice Department. Only if these fraudulent practices—just the tip of which has been revealed by the press—are completely unshrouded, will we be able to formulate a national health program which can be administered with integrity and receive the support necessary from the American public.

Appended are copies of my letters to Governor-elect Hugh Carey and to the State's attorney generals.

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 9, 1974.
Hon. HUGH L. CAREY,
U.S. House of Representatives
Washington, D.C.

DEAR GOVERNOR: One of the thorniest problems facing Congress, as you know, is that relating to comprehensive health care. Almost everyone accepts the concept—at least publicly. Those who are really against the idea, but are afraid to voice their opposition publicly and those who support the concept openly and honestly do recognize that great abuses exist in the medicare and medicaid programs involving among others, physicians and nursing home proprietors. As you are aware, there is currently a nursing home scandal which has been the subject of extensive press comment involving an individual who is allegedly associated with 31 nursing home establishments. The Temporary State Commission on Living Costs has issued subpoenas for the records of those establishments. The equities of various individuals involved in nursing homes over the last few years have increased astronomically. It is reported that the Towers Nursing Home increased in value from $300,000 when it was acquired in the mid-nineteen fifties by the above individual, to $2,250,000 this year based on its income from Medicaid.

I believe that situation can be duplicated many times and involves a small number of people who are waxing rich as a result of nursing home care rendered to the aged and the ill, sometimes adequate and oftentimes inadequate.

There is a feeling that I have heard expressed that some of the proprietors of these nursing homes have such political clout that they continue to be shielded from exposure and possible criminal indictment as the result of billing for care never provided or not required by the patient. State Welfare Inspector General William F. Meyers in his report, has said that the nursing home that overbills "receives what is in effect an interest-free loan of Medicaid funds."

Whether accurate or otherwise, a feeling persists that there is too cozy a relationship among the nursing home proprietors, the directors, public office holders and the law enforcement agencies. I must say that I believe there is something to this in that I have ascertained from the Social Security Administration that since 1966 there have been a total of seven referrals to the Justice Department of alleged fraudulent practices. In five of these cases, the U.S. Government refused to prosecute; in one there was a conviction with a $5,000 fine and a four year suspended sentence; one case is pending. I have also been advised by the Social and Rehabilitation Service of HEW responsible for medicaid claims that they have no compiled statistics of any kind concerning fraudulent cases in their program.

Therefore, I am proposing that you establish a Moreland Commission to make an independent and total examination into the medicare/medicaid programs including nursing homes and other extended care facilities to ascertain the extent of the fraudulent practices perpetrated and to initiate before a grand jury the indictments that should flow if criminal acts, in fact, have occurred. Aside from the hundreds of millions of dollars that may be going into corrupt pockets, there is an even more important reason to clean the Augean Stables and that is to be able to defend and press for a comprehensive health care program in the next session of Congress, knowing that by so doing we will not add to the corruption.

Sincerely,

EDWARD I. KOCH.

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 10, 1974.
Attorney General LOUIS LEFKOWITZ,
Capitol,
Albany, New York.

DEAR MR. ATTORNEY GENERAL: The cost of medicaid and medicare is enormous. If the money were well spent, there would be few who would oppose the expenditures. But, there is a general feeling here in Congress and in the public at large, that both programs are clouded with massive fraudulent *practices involving* physicians, and the proprietors of facilities such as nursing homes, whose bills are paid by these programs.

I have ascertained from the Social Security Administration that since 1966 there have been a total of seven referrals to the Justice Department of alleged fraudulent practices. In five of the cases, the U.S. government refused to prosecute; in one there was a conviction with a $5,000 fine and a four year suspended sentence; one case is pending. I have also been advised by the Social and Rehabilitation Service of H.E.W. responsible for medicaid claims that they have no compiled statistics of any kind concerning fraudulent cases in their program.

I would appreciate knowing whether your state has any statistics on the number of *frauds, and their* dispositions, in either of these two programs beginning with 1966, and if so, would you provide me with the statistical information available regarding the number, the nature of the fraud, and the disposition, including civil and criminal penalties that may have been imposed.

Of particular interest to me are the dispositions of any cases that evolved last year as a result of the disclosure of many medicaid abuses by Daily News reporter William Sherman. As you will recall, a series of articles by that reporter ran in January, 1973 which detailed irregularities by many medicaid doctors and many medicaid oriented pharmacies, including DelMed Manhattan and Schenbrun in Brooklyn. What happened to these cases? Mr. Sherman also reported that Dr. Elio Maggio was indicted on 6/15/72 for selling dangerous drugs and violating the state's health laws. What was the disposition in this case?

Next year the Congress is embarking on a legislative effort to obtain comprehensive national health insurance. It would be helpful to know what efforts have been made under the existing programs to uncover fraudulent practices, the extent of the practices, and the *dispositions of* the cases, once uncovered. If your office is not responsible for either of these programs, I would appreciate your forwarding this letter to the appropriate state official who can furnish this information.

I would very much appreciate your giving this request prompt attention—the matter is urgent.

Sincerely,

EDWARD I. KOCH.

RISE IN FOOD COSTS

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BURKE of Massachusetts. Mr. Speaker, I know that the Associated Press story that has just come over the news service wire will not come as any surprise to those Members of the U.S. Congress who have been following the rise in food prices. The development of large corporate farms in America has resulted in that greedy group in developing the power to regulate the supply of food to the detriment of the American consumer. If you believe the large corporate farms have no power just take the time to review the experience that I have had this year with my "back to the soil" legislation. This bill was reported favorably by the Subcommittee on Agriculture several months ago. During the middle of November it was reported favorably by the full Committee on Agriculture. A report was printed but the bill was never reported to the Rules Committee. No public hearing was held by the Rules Committee on the matter. Now the chairman of the Agriculture Committee informs me that the bill will not come out under the suspension rule. My bill would help the consumers living in the Nation to start their own vegetable gardens by the distribution of up to three packages of seeds.. Secretary of Agriculture who favors higher prices for food has taken a dim view of the bill. Of course this is not surprising because he is the most inept Secretary of Agriculture this Nation has suffered with in its history.

Of course some people hope that the Secretary of Agriculture stays in office because if he does the beleaguered Republican Party will not only lose the Presidency in 1976 but the Republicans will not have a baker's dozen in the U.S. Congress. My bill would only be in existence for a 3 year trial period. It would only cost $6 million a year. Over the 3 year period my bill could produce over $1 billion in good nutritious vegetables for the low income families of America. What is the Department of Agriculture doing about food shortages?

The answer is they are helping to create more shortages. What are they doing about the small farmer? The answer is nothing. What are they doing to encourage people to start their own gardens and to encourage people back to the soil? The answer is as little as possible.

I hope someone in the Department of Agriculture brings this AP story to the attention of the Secretary. I hope that someone in the administration will remind the White House of their desire to start WIN gardens in America. I hope that this Government of ours starts to take steps to give the average American a step up to start a back-to-the-soil movement. Members of Congress, the hour is late, food shortages, not only throughout the world, are upon us, but will in the future overtake this country. The people are frantic trying to provide enough food for their families. There are those in powerful positions in our Government who are living in a vacuum. They have not the slightest concept of what is going on.

Let us hope and pray that the warning signs that are upon us will reach the ears of someone in the administration.

I include the AP story:

FOOD PRICES

(By Brian B. King)

WASHINGTON.—Food prices probably will rise as fast during the first six months of next year as they did this year, an Agriculture Department official predicted today.

The gloomy outlook could be even worse if poor weather curtails the harvest for the second consecutive year, Department Economist J. Dawson Ahalt told the National Agricultural Outlook Conference.

This year's food prices are running about 15 per cent above last year, when a record year-to-year jump occurred. Ahalt projected further rises at an annual rate of 15 per cent until next summer.

Ahalt told a reporter before his speech that an extraordinarily good harvest of U.S. crops next summer and fall could pull the final 1975 over-all rise down sharply to an average closer to 10 percent. But that would require drastic price reductions in the last three months of the year.

Earlier Kyle Randall, chairman of USDA's Outlook and Situation Board, said that farmers expect to cultivate 12 million to 16 million more acres next year, almost two-thirds of it in corn and other feed grains that are vital for production of meat, poultry and dairy products.

Ahalt said that American per capita food consumption reached a record high this year, despite the higher prices that boosted the percent of income spent for food to an estimated 16.8 percent of take-home pay on a national average, the highest since 1968.

"Unlike the 1973 performance, however, when all of the increase was due to higher food prices, part of this year's spending put more food on consumers' tables," as eating habits shifted from expensive meat to more direct crop-related foods, Ahalt said.

"I don't think that's going to happen again. Consumption is going to slip a little next year," the economist said before his speech.

EARL BUTZ AND OUR FREE MARKET IN AGRICULTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. LANDGREBE) is recognized for 30 minutes.

Mr. LANDGREBE. Mr. Speaker, I have requested this time to pay tribute to one of my personal friends and *most* esteemed constituents, and one of the most important men in our Government today: Secretary of Agriculture Earl Butz.

Earl L. Butz was born and grew up on a small farm near Albion in Noble County, Ind. He attended Purdue University on a 4–H scholarship where he obtained a bachelor of science degree in agriculture in 1932.

He worked for a year on the family farm, then returned to Purdue as a graduate fellow, and subsequently became a research fellow with the Federal Land Bank in Louisville, Ky. In 1937, he received the doctor of philosophy degree in agricultural economics from Purdue.

The same year he married Mary Emma Powell of North Carolina, whom he first met several years before in Washington, D.C., at a national 4–H conference. They have two sons, William Powell and Thomas Earl.

Dr. Butz joined the Purdue University agricultural economics faculty in 1937, served briefly as a research fellow with the Brookings Institution in Washington, D.C., and then became head of the Purdue Agricultural Economics Department in 1946. In 1948, he was vice president of what is now the American Agricultural Economics Association, and in 1951 he was vice president of the American Society of Farm Managers and Rural Appraisers.

In 1954, President Eisenhower appointed Dr. Butz as an Assistant Secretary of Agriculture. In that capacity he was also a member of the Board of Directors of the Commodity Credit Corporation and was chairman of the U.S. delegation to the Food and Agriculture Organization of the United Nations.

Dr. Butz returned to Purdue in 1957 to became dean of the school of agriculture, and in 1968 was named dean of continuing education and vice president of the Purdue Research Foundation. Dr. Hansen, president of Purdue, recently stated:

> Purdue is very proud to have produced three of the last ten Secretaries of Agriculture—Claude Wickard, Clifford Hardin and Earl Butz. Earl Butz is a great Hoosier, a great agriculturalist and a great Boilermaker.

Dr. Butz was nominated to the Cabinet by President Nixon and took office as Secretary of Agriculture in December 1971. In that post, he has worked tirelessly to promote American agriculture, to keep the United States the world's best fed nation, to improve farm income, to strengthen rural America, to minimize Federal encroachment into farming, and to expand and keep open farm export markets. He has sought to convey to farmer and consumer alike the wisdom of the market system as the most effective means of obtaining an abundance of high quality food and fiber for consumers and acceptable income for farmers.

Among many recognitions made to the Secretary, he has received the American Farm Bureau Federation Award for Distinguished Service to Agriculture—the first Secretary of Agriculture to be so honored in more than a quarter of a century.

At the recent World Food Conference in Rome, it was made very clear that much of the world faced a drastic food shortage and that those countries with a food surplus had a duty to share it. Those nations with a food surplus were generally Western and industrialized; those with shortages were generally the nonindustrialized, third-world countries and the industrialized, Communist countries; or the "haves" and the "have-nots." Little attention, however, was given to the basic social-political cause of this phenomenon: the fact the freedom is what the "haves" have, and the "have-nots" have not. Natural resources cannot explain it—the Russian Ukraine is as rich an agricultural area as there is. Yet Russia, which used to be a major grain exporter under the rule of the Czars, is unable to feed her own people after 57 years of collectivist planning. The United States, on the other hand, has the greatest political and economic freedom and is the World's most productive economy, both in agriculture and otherwise.

Likewise within the economy of the United States: With our economy undergoing severe problems of inflation and recession, our agriculture stands out like a beacon among dying candles. This too is no accident. Agriculture is perhaps our freest industry—thanks in large part to Earl L. Butz.

When Dr. Butz took over as Secretary of Agriculture in late 1971, he immediately went to work promoting American agriculture. Today, we have a healthy agriculture—this I know first hand—I own an International Harvester agency—it is based on economic incentives, not Government subsidies. Farm policy has turned around 180 degrees, having gone from Government domination to a free agriculture. We are using our resources to our best advantage, our land is now overflowing with productivity.

How has Secretary Butz accomplished this? By moving the USDA and the American farmer toward the concept of a market-oriented system. He realizes that many of the programs designed to protect the farmer have, over the years, caused incentive to atrophy.

Therefore, one by one, farm programs are being redesigned to gain the greatest production as well as to reward the efficient and innovative producer. For example, Secretary Butz has determined, as he did for 1974, that there will be no set-aside of cropland for the 1975 crop year. As a result of this policy and previous actions, approximately 60 million acres have been released from set-aside.

In response to Secretary Butz' call for full production, farmers brought 33 million of these acres back into the production of principal crops in 1973 and 1974. Had it not been for adverse weather this past year, farmers' planting intentions showed that this total would have been increased by approximately 7.5 million acres. With normal weather in 1975, this increase should be realized. If so, it will bring the total to more than 40 million previously idle acres back into production.

Secretary Butz has also stressed the development of our overseas markets in a number of areas such as beef, peanuts, and tobacco.

To see how effective this program has been, consider the following list of total U.S. agricultural exports by fiscal year: 1970, $6.7 billion; 1971, $7.8 billion; 1972, $8.0 billion; 1973, $12.9 billion, and 1974, $21.3 billion.

These higher agricultural export figures not only mean increased cash earnings to America's farmers, but also help our overall economy by strengthening our balance of trade. Agriculture is one of the main businesses in which the United States is highly competitive and likely to remain so.

Another tremendous gain achieved by this free market oriented approach to agriculture is the increase in farm income. When Secretary Butz was sworn into office, corn was selling at around $1. This week, corn is over $3.50, soybeans over $7, and wheat hovers at around $4.80.

The gains to farmers that have been achieved are, of course, lessened in light of our current inflationary spiral. Heightened production costs have also eaten into these gains. But the fact is that the American farmer is ahead of where he was at the turn of the decade. He is not merely treading water. Net farm income has more than doubled since 1996, to a remarkable $32 billion last year, and will be between $25 and $30 billion this year, in spite of floods, widespread droughts, late planting season, and early frost. Realized net income per farm has risen from $4,477 in 1971 to $11,332 in 1973—a phenomenal gain of 153 percent in just 2 years.

While farm income has been rising so rapidly, food prices have nevertheless been kept reasonable. In a time of overall inflation the price of food, like everything else, has gone up. But most of this rise has come from increased margins between what farmers get and what consumers spend. In 1974, for example, 80 percent of the increase in food costs came between the farmer's gate and the consumer's table.

There have been dramatic price hikes in the costs of transportation, handling, and food processing. Almost everyone from food shippers to boxboys received higher wages this year than last. These costs add to food costs even more surely than do basic commodity prices. General wages have gone up 142 percent in the last 20 years. If food prices had gone up that much, eggs would now be $1.69 a dozen and frying chickens $1.45 a pound.

Price controls of retail food prices were tried in 1973 and proved to be a disaster—just as Earl Butz said they would be. As he has pointed out time and time again, the only way to keep food prices reasonable is to increase supplies. And this, as we have seen, is just what has been done under the policies set down by Secretary Butz.

Not only, however, have these programs increased farm income and kept food prices reasonable—they have reduced the cost of the farm programs to the Government and thus to the taxpayer. Consider the following list of Government payments to farmers: 1969, $3.79 billion; 1970, $3.72 billion; 1971, $3.15 billion; 1972, $4 billion; 1973, $2.60 billion; 1974, $800 million, including $500 million under the disaster payment program.

Thus under Earl Butz, farm income has doubled, production and exports have greatly increased, food prices have remained reasonable during a time of rapid inflation, and farm program costs have been greatly reduced. Few other men have been so right for a given job at a given time.

I think farmers describe Earl Butz best. They like him; they support him, and they call him "the best damned Secretary of Agriculture we've ever had."

I include the following:

OFFICE OF THE GOVERNOR,
Indianapolis, Ind., December 10, 1974.

Hon. EARL F. LANDGREBE,
1203 Longworth Office Building,
Washington, D.C.

DEAR EARL: I appreciate this opportunity to join with you, your colleagues, and my friends in honoring one of Indiana's favorite sons, Earl L. Butz, Secretary of Agriculture. Secretary Butz is a credit to himself, his state, his country, and especially the constituency which he so ably serves, the farmers of America. It has been my pleasure and privilege to have known Secretary Butz since his early days at Purdue University. Of his many accomplishments, the one for which I am most appreciative is his relinquishing the Republican Gubernatorial nomination in the campaign of 1968. Even though neither of us was successful that year, it has worked out best for both. My heartiest congratulations to my good friend for his outstanding efforts on behalf of all of us.

Sincerely,

OTIS R. BOWEN, M.D.,
Governor.

OFFICE OF THE LIEUTENANT GOVERNOR,
Indianapolis, Ind., December 10, 1974.
Hon. EARL F. LANDGREBE,
1203 Longworth Office Building,
Washington, D.C.

DEAR CONGRESSMAN LANDGREBE: I am delighted to have this opportunity to speak to you and your audience about Secretary of Agriculture, Earl L. Butz. As Lieutenant Governor and Director of the Department of Agriculture for the State of Indiana, I have come to know intimately the many fine accomplishments of this distinguished Hoosier.

Many know of his incisive knowledge, quick wit and dedication, but I fear too few know of his deep compassion.

When our citizens suffered from the natural disasters of tornadoes and drought, Secretary Butz was one of the first to offer assistance from his department. It is a privilege to join with you and your colleagues in paying tribute to one of Indiana's finest native sons, Earl L. Butz, Secretary of Agriculture.

Sincerely,

ROBERT D. ORR,
Lieutenant Governor.

STATE OF INDIANA,
WASHINGTON OFFICES,
Washington, D.C., December 10, 1974.
Hon. EARL F. LANDGREBE,
1203 Longworth Office Building,
Washington, D.C.

DEAR CONGRESSMAN LANDGREBE: I first came to know the Honorable Earl L. Butz, Secretary of Agriculture, many years ago when he was on the mashed potato circuit soliciting support for Purdue's scholarship program. He unquestionably was one of the finest and most effective speakers ever to speak for a scholarship program—anytime, anywhere. He spoke eloquently on behalf of deserving, underprivileged students. He established goals and then doggedly dedicated himself to reaching them. He accomplished much for the students.

Today, with that same dogged determination, he has accomplished much for the farmer. His candor and forthrightness are refreshing in an arena in which these characteristics are unique. Although a man's popularity ebbs and flows, his respect is the yardstick of his character. Secretary Butz has set a high standard for all of us by the high degree of respect in which he is held by even his critics.

I feel honored to be given the opportunity to present a few remarks during this auspicious occasion.

Sincerely,

DON M. NEWMAN,
Director.

Mr. FINDLEY. Mr. Speaker, I am grateful to my colleague, the gentleman from Indiana, for arranging this tribute to our esteemed Secretary of Agriculture, Earl Butz.

Nothing could please me more than to have the opportunity publicly to express my admiration for the great service rendered by Secretary Butz to the American people—not just producers of farm products, but everyone.

He has a deep, abiding faith in the competitive marketplace system. This has inspired him to speak up for the private sector, for the profit system, for good prices for the farmers. It has also led him to support legislation and administrative decisions which strengthen the private sector as opposed to Government authority.

His goal, as I view it, is not to get Government out of agriculture, but to reduce the interference of Government in the detailed management of agriculture. Prior to Mr. Butz' arrival as Secretary, our Government seemed bent on trying to manage commodity supplies and prices. It was of course an impossible role for Government, and the attempt was costly to the American people as taxpayers, consumers, and producers.

The proper role for Government—and here again, I feel I interpret correctly the philosophy of Mr. Butz—is to establish and maintain fair competitive conditions.

Mr. Butz of course has a sharp wit and on a recent occasion this caused him a little trouble with the White House. His wit got him summoned to the Oval Room for a dressing down. It is a sad commentary on our times that this man who has served so ably the American people should not be summoned to the Oval Room for the single purpose of giving him Presidential recognition for that great service. He deserves high praise and the gratitude of us all.

He is of course a favorite of farmers, because he is easily the greatest champion farmers have had in many years. The other day a dairyman drove many miles to meet me urgently at an airport in my district. I thought his mission was to criticize me for opposing an increase in the price support for milk. Instead he said to me:

> The main thing I want to tell you is this: The dairy farmers want you to do all you can to keep Butz on the job.

Secretary Butz' service, however, is not limited to the interests of farmers. I firmly believe that history will record him as one of the century's most effective champions of the interests of consumers.

Consumers are best served by a highly competitive, highly efficient, highly profitable farmer.

The only way out of the present cycle of high prices is more production at the lowest possible unit cost. This is the course charted by Secretary Butz.

Finally, I wish to note the retirement—involuntary though it is—of the gentleman from Indiana (Mr. LANDGREBE) from this body.

Of the thousands of men and women who have served in the House of Representatives over the years, few are remembered nationally after they leave office. Mr. LANDGREBE has made an impression that will be remembered. He will be one of the exceptions.

Some people—his critics—view him as stubborn, reactionary, narrow-minded. I view him instead as one absolutely true to his convictions, a man of unwavering principle and commitment. It never seems to bother him to be standing alone. He has made a name for himself, a very good name. For this single achievement, I salute him.

May I take this opportunity to salute not just one but two esteemed gentlemen from Indiana.

Mr. SEBELIUS. Mr. Speaker, I truly appreciate this opportunity to comment during this special order regarding the many contributions that Secretary of Agriculture Earl L. Butz has made to the farmer, American agriculture, and our domestic economy.

I do not know of any job more difficult and more subject to criticism today than that of Secretary of Agriculture and yet Earl Butz' extended term in this position is testimony to his determination and ability to do the job and do it well.

Today, the Secretary of Agriculture comes under a cross-fire of criticism from all sorts of special interest groups whose very nature makes compromise and accommodation difficult if not impossible. I might add much of the criticism appears to me to be with 20-20 political hindsight. Yet, despite the criticism, Secretary Butz continues to serve this country by representing the farmer and fighting for his interests.

He has held fast to the basic economic truth that favorable farm prices are in the best interests of both the farmer and the consumer; that price and profit incentives are the key to adequate food for this Nation and to fight the war against hunger and malnutrition both at home and abroad.

Mr. Speaker, we hear a lot today about high food prices and shortages of this or that commodity. Yet, today consumers in America still pay only 17 percent of their disposable income dollar for food. In fact, consumers today are still paying far less than their counterparts in other nations for the best quality food in the world.

Moreover, the current market oriented program within the United States has allowed the Government to end controls and enabled the farmer to produce at maximum capacity. This has not only been welcome news for farmers but has also saved the taxpayer untold billions of dollars in subsidies. Free from Government controls, the American farmer last year generated unprecedented economic activity. He helped stabilize the dollar with record export revenues. Last year, the U.S. farm export trade balance more than offset the cost of skyrocketing oil imports. Under the Butz farm program, farmers not only feed America, but help move America as well.

I must confess, Mr. Speaker, I am at a loss as to how to measure success in almost any Government position today or what kind of yardstick to use to measure progress by any elected official. Our problems always seem to outnumber our solutions. I would venture to say however, that the No. 1 man down at the USDA's popularity rises and falls with farm prices. I realize farm price increases incur the consumer's wrath, or at least those who organize themselves and purport to speak for the consumer, but I think there is some justification for saying the success of any Secretary of Agriculture at least in part can be measured in farm prices.

It is most interesting to compare price levels when Secretary Butz was sworn into office with current prices for our principal farm commodities. The comparison tells an interesting story:

	December 1971	November 1974
Wheat (per bushel)	$1.34	$4.87
Corn (per bushel)	1.36	3.32
Milo (hundredweight)	2.04	5.85
Soybeans (per bushel)	2.77	7.44
Upland cotton (cents per pound)	20.92	49.30
Hogs (hundredweight)	19.70	36.70
Choice beef (hundredweight)	30.30	28.30
Milk (manufacturing, hundredweight)	4.98	6.97

It would seem that while prices are not as high as the farmer needs or wants and higher than consumers are used to or want to pay that on a relative basis the record of Earl Butz has been synonymous with increased farm prosperity.

True, we have many problems facing us today in American agriculture. The American farmer is being asked to produce enough food to feed our Nation and to help feed a troubled and hungry world. Today the farmer-stockman continues to be in serious trouble. The dairy farmer is also experiencing a cost-price crisis. Unprecedented production costs and shortages face all farmers. These are problems that almost defy solution. There are also problems that have brought forth a great many outcries of complaints and criticism from all sorts of interest groups.

Mr. Speaker, to find workable answers to our many problems in agriculture today we must have strong leadership from men with determination and conviction. In my personal association with Earl Butz, I have found these very traits to be his strong suit. I have every confidence he will continue to represent and fight for the farmer and I look forward to working with the Secretary on the problems we face today in American agriculture.

Mr. ZION. Mr. Speaker, I am most pleased to join with my Indiana colleague in today's special order, and pay tribute to the record and accomplishments of our fellow Hoosier, the Honorable Secretary of Agriculture, Earl Butz.

Described in a recent article in the New York Times as "pound for pound the best man in the Cabinet," Secretary Butz has constantly had high praise for the tremendous production job being done by the American farmer. It is to his lasting credit that more and more our farm program is being restored to a system of agriculture incentives. As the Times pointed out:

> As long as Earl Butz remains Agriculture Secretary, there will be at least one person in Washington who doesn't believe there can be a free lunch.

As head of the Purdue University School of Agriculture, Earl Butz had long been recognized as an expert in the field of agriculture and agriculture economics in his own State. We are most happy that he has brought Hoosier ideas and Hoosier determination to the Nation's Capital. It has brought changes in American agriculture, heading toward a free agriculture and full production.

While it may be true that, as the Times points out, "Earl Butz makes more people mad than anyone else in the Cabinet," it must be said that he has constantly fought the repeated attempts of Government to interfere with the law of supply and demand as it relates to farmers. As a result he is at odds with those who would change the system.

Earl Butz is in every way a champion of the American farmer, and of the American system of free enterprise. We are proud to claim him in our Hoosier State.

Mr. BRAY. Mr. Speaker, a full chronicle of the service Earl Butz has rendered his country in many fields—agriculture, education, and public service—would take up, literally, pages of the Congressional Record.

But I believe that he is now, in his capacity as Secretary of Agriculture, rendering the greatest service ever, and not only to the American Republic but to the entire world. For, in the face of what is for much of the globe a food crisis of near-unprecedented proportions, the United States has as its guiding hand at the Department of Agriculture a man whose watchword and slogan and goal has always been: Produce. Produce. Produce.

Earl Butz has always known what should have been perfectly obvious to anyone: If there is scarcity, increase production. This philosophy, turned toward the gigantic machine that is American agriculture, has enabled us to export. It is true we are no longer a nation of mammoth surpluses, as we once were—and there are factors there beyond any man's control, such as weather and other aspects of the environment that have cut down our stocks of farm produce—but we do have the potential.

Using that potential is the most important part of the whole matter, needless to say. I believe that Secretary Butz's philosophy, his experience, his background, and his understanding of the situation and what is needed to help rectify it will do more than any other—and he will do more than any other man on the face of the Earth to help stave off the famine that threatens—quite possibly—millions in the near future.

He has given much; he has more to give. And I know he will.

Mr. RARICK. Mr. Speaker, it is a pleasure for me to participate in this special order commemorating Secretary of Agriculture Earl Butz.

As a member of the Agriculture Committee, it has been my pleasure to work closely with Secretary Butz over the past 3 years. Certainly, we have differed; however, I have always found him to be knowledgeable and dedicated to, what in his opinion, is the best interests of American agriculture and the United States.

I would especially point out to my colleagues that Secretary Butz has never hesitated to speak his mind, even though his views may not have proven popular. It is indeed refreshing to work with a man of his caliber, especially one who will take a stand and let his views be known.

Frankly, Mr. Speaker, I only wish that there were more Americans of the conviction of Secretary Butz in this administration.

Mr. DENNIS. Mr. Speaker, the Honorable Earl Butz is a distinguished Hoosier. He is my friend. He is a great Republican. He is honest and refreshingly outspoken. He believes in free enterprise, full production, the free market, and a decent living for the American farmer. People down my way believe in Earl Butz, and so do I. I join gladly in this special order in his honor.

GENERAL LEAVE

Mr. VEYSEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the subject of the Honorable Earl Butz, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection, to the request of the gentleman from California,

There was no objection.

DINGELL URGES REJECTION OF PRESIDENT FORD'S ANTICONSERVATION PROPOSAL TO RESCIND WATER BANK ACT FUNDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. Dingell) is recognized for 15 minutes.

Mr. DINGELL. Mr. Speaker, on December 5, 1974, President Ford, like his predecessor, Mr. Nixon, took action to, in effect, destroy the Water Bank Act program. On that date President Ford issued Rescission Proposal No. R 75-8 (39 F.R. 42527) saying that this program "duplicates to a large degree" the Migratory Bird Conservation Fund, and that it "provides little conservation benefits to the Nation and can, therefore, be eliminated with little consequence."

Earlier this year Congressman Reuss and I urged that the House Appropriations Committee's Subcommittee on Agriculture-Environmental and Consumer Protection, chaired by our distinguished colleague, Mr. Whitten, reject President Nixon's proposal to strike this program from the appropriation bill for fiscal year 1975. Mr. Reuss testified on behalf of both of us at the subcommittee's hearings on April 23, 1974. In his prepared statement, Mr. Reuss quoted from two officials, currently a part of the Ford administration, who said that this program provides considerable "conservation benefits to the Nation."

Mr. Reuss said:

> In a March 7, 1974, memorandum to Assistant Secretary of the Interior Reed, the Director of the Bureau of Sport Fisheries and Wildlife said that the proviso which the President's Budget proposes be stricken "has been of inestimable value to the Nation's remaining wetland resources" and that preservation of the Water Bank program "deserves all the support we can muster." He then concluded:
>
> "We are, frankly, very surprised and disappointed with these proposals. The direct and indirect ramifications to the Nation's wetlands resources would be tremendous. * * * We are very much concerned at what appears to be an effort to stimulate farm operators to all-out production—to the detriment of wildlife habitat. We believe the reaction by the conservation minded public would be one of disillusionment and outrage."
>
> In a March 8 letter to Chairman Russell W. Peterson of the Council on Environmental Quality, Assistant Secretary Reed

urged "continuation" of that proviso, and said that the Water Bank program "can be helpful in preserving our national wetlands resources."

Mr. Speaker, to its great credit the Appropriations Committee, this House, the Senate, and the conference committee all rejected Mr. Nixon's proposal. President Nixon then vetoed the bill.

A revised bill has since passed both Houses and has included an appropriation for this program. It is now in conference and I strongly urge that the Congress reject Mr. Ford's anticonservation effort.

This rescission will do nothing to ease the galloping increases in unemployment that are occurring in this Nation under the Ford administration. However, it will reduce our ability to preserve our dwindling supply of natural wetlands for present and future generations of Americans.

TRUE FACTS ABOUT VITAMIN-MINERAL LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Rogers) is recognized for 60 minutes.

Mr. ROGERS. Mr. Speaker, there has been a great deal of misinformation about several bills directed against the Food and Drug Administration's vitamin-mineral regulations. Two major bills are now being considered: the consumer-oriented Kyros bill which the Subcommittee on Public Health and Environment has approved, and the industry-oriented, anticonsumer Proxmire-Hosmer bill.

The consumer-oriented Kyros bill—H.R. 16317:

Makes certain that a person can purchase vitamins and minerals just as you do now, in the same variety of combinations and strengths, and without a prescription;

Helps one save money on vitamins and minerals by insuring full ingredient labeling and additional protection against false advertising.

The industry-oriented Proxmire-Hosmer bills—S. 2801, H.R. 10093—on the other hand, take away present consumer protection provisions respecting additives and special dietary products. The bill—

Shifts the burden of proving safety from the manufacturer to the Government, permitting regulation only after people become ill or die;

Nullifies the Delaney anticancer law with respect to special dietary foods.

Members should know that the American Association of Retired Persons, the National Retired Teachers Association, the Nader-backed Health Research Group, and many other senior citizen, consumer, and health organizations strongly oppose the Hosmer-Proxmire bill as an anticonsumer bill and prefer the Kyros bill as reported out of my subcommittee in the House.

For information and use of Members, I am inserting, herewith, a letter from the Department of Health, Education, and Welfare Office of the General Counsel, which clearly sets forth the dangers of the Proxmire-Hosmer bills, S. 2801 and H.R. 10093:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Rockville, Md., November 21, 1974.

Hon. PAUL G. ROGERS,
House of Representatives,
Washington, D.C.

DEAR MR. ROGERS: This is in response to your letter of November 12, 1974, requesting a legal opinion on the changes that the Food and Drug Administration would be required to make in its regulations and enforcement of the law if the Proxmire-Hosmer bill on vitamins, minerals, and other foods for special dietary uses (S. 2801 and H.R. 10093) were enacted into law. As you know, S. 2801 has passed the Senate as an amendment to the "Health Profession Educational Assistance Act of 1974," the so-called "Health Manpower Act."

The Proxmire-Hosmer bill contains two important provisions. The first defines the term "food for special dietary uses" in a way that includes all food intended for any of the following uses:

"(A) Uses of supplying particular dietary needs which exist by reason of a physical, physiological, pathological, or other condition, including but not limited to the conditions of disease, convalescence, pregnancy, lactation, allergic hypersensitivity to food, underweight, and overweight;

"(B) Uses for supplying particular dietary needs which exist by reason of age, including but not limited to the ages of infancy and childhood;

"(C) Uses for supplementing or fortifying the ordinary or usual diet with any vitamin, mineral, or other dietary property. Any such particular use of a food is a special dietary use, regardless of whether such food also purports to be or is represented for general use."

This definition of special dietary food is the definition adopted by the Food and Drug Administration in 1941, but abandoned in 1973 on the basis of the public hearing held by the Agency during 1968–1970, which demonstrated the need for a more precise and modern definition of these products. This old definition covers, in addition to vitamin and mineral products, all of the following other special dietary foods (to name just some examples):

1. All foods to which any vitamin or mineral is added (e.g., milk, bread, breakfast cereals, and other fortified foods).
2. All foods used in weight-control programs (e.g., diet or low-calorie foods, including all foods containing artificial sweeteners).
3. All foods intended for use by pregnant or lactating women.
4. All foods used by persons with allergic hypersensitivity to particular food ingredients.
5. All foods intended for use by infants and children.
6. All low-sodium foods.
7. All foods for persons on special medical diets (e.g., children with PKU, the elderly, etc.).

Accordingly, this bill is not just a "vitamin-mineral" bill. It covers a major portion of the food supply. Perhaps more important, it covers food specifically intended for use by those population groups most in need of a carefully chosen diet—pregnant or lactating women, infants and children, the elderly, and people suffering from inborn errors of metabolism.

The second important provision of the Proxmire-Hosmer bill states that:

"In administering this Act the Secretary shall not limit the potency, number, combination, amount, or variety of any synthetic or natural vitamin, mineral, or other nutritional substance, or ingredient of any food for special dietary uses if the amount recommended to be consumed does not ordinarily render it injurious to health."

This is the critical substantive provision contained in the bill. It overrides all other provisions contained in the Act. It directs the Food and Drug Administration, notwithstanding any provision in the present law, to permit any amount of any ingredient, singly or in combination with any other ingredients, in any special dietary food, unless the Food and Drug Administration can prove that the particular amount will "ordinarily render it injurious to health." It is this provision that would, if enacted, require major changes in present Food and Drug Administration regulations and enforcement policy with respect to food.

It is not feasible to list all Food and Drug Administration regulations and policy that would be affected by this bill. The following list is intended to be representative.

1. The bill overrules present safety provisions of the law.

Section 402(a) (1) of the Act presently provides that a food is adulterated, and thus illegal, if it contains any added poisonous or deleterious substance which may render it injurious to health. The courts have consistently construed this provision in a way that broadly protects the public health, by concluding that the Food and Drug Administration need show only a reasonable possibility of danger, and need not show actual injury to health. Moreover, the Food Additives Amendment of 1958 added section 409 to the Act, which goes one step further by requiring that the Food and Drug Administration approve every added food ingredient that is not generally recognized as safe, on the basis of safety testing conducted by the manufacturer, before it may be marketed to consumers.

The Proxmire-Hosmer bill would directly overrule these important two safety provisions in the present law. It would substitute a provision requiring the Food and Drug Administration to prove that ingredients added to special dietary foods be proved to be ordinarily injurious to health. This would require, for example, proof that consumers have actually been harmed by these ingredients. Thus, there would be a dual standard of food safety. Special dietary foods would be required to be permitted on the *market with* ingredients not permitted in any other type of food. The Food and Drug Administration would be precluded from taking action to protect the public health before actual injury occurs for special dietary foods, but not for other foods.

Just recently, in the Federal Register of September 23, 1974 (39 Fed. Reg. 34172), the Agency issued a regulation listing substances previously prohibited from use in food because of serious questions about their safety. The ingredients included cyclamate, coumarin, safrole, and other lesser known chemicals. The toxicity data on the basis of which these chemicals were banned from food showed a variety of adverse effects in test animals, ranging from cancer to severe liver damage. The Agency is unaware, however, of any evidence that proves that these chemicals would ordinarily harm consumers.

Under the Proxmire-Hosmer bill, the Agency would be required to amend this new regulation to allow all of these ingredients, including cyclamates, to be used in all special dietary foods. The Agency simply could not meet the burden imposed by the new safety standard contained in that bill, which would require proof that these ingredients ordinarily are injurious to health.

The list of ingredients banned from food contained in the September 23, 1974, regulation is, of course, not complete. There are other questionable ingredients that, over the years, have been prohibited from human food use because of safety questions. Under the Proxmire-Hosmer bill, only those that can be shown to be direct human poisons could be banned. All others would be required to be permitted for use in special dietary foods (although not in other food).

2. The bill revokes the Delaney anticancer clause.

Section 409(c)(3)(A) of the Act presently prohibits the addition to human food of any additive which has been found to induce cancer when ingested by test animals. The Proxmire-Hosmer bill overrules this anticancer clause, and would require that food ingredients which have been proved to produce cancer in test animals nevertheless be permitted for use in special dietary food (although not in other food) unless and until the Food and Drug Administration could prove that such ingredients ordinarily render the food injurious to health, i.e., that the ingredient does, in fact, cause cancer in humans.

At the present time, the Food and Drug Administration has no proof that these ingredients do cause cancer when consumed in food. Until now, the Agency has interpreted both the general safety provisions contained in section 402(a)(1) of the Act, and the specific anticancer clause contained in section 409 of the Act, to prohibit any cancer-causing substance from use in food in order to preclude any possibility that these substances may be harmful to consumers. If the Proxmire-Hosmer bill is enacted, the Food and Drug Administration will be required to revoke this interpretation of the law with respect to special dietary food (although it will continue to apply to all other food).

3. The bill overrules present food standard provisions of the law.

Section 401 of the Act presently authorizes the Food and Drug Administration to establish definitions and standards of identity for any food in order to promote honesty and fair dealing in the interest of consumers. The Food and Drug Administration has promulgated over 400 food standards. A number of the more important standards cover special dietary foods, such as fortified milk and enriched bread. These standards prevent the substitution of cheap ingredients for expensive natural ingredients, set maximum and minimum levels of nutrients, exclude the use of deceptive ingredients, and generally establish a reasonable standard to assure the integrity of basic food staples.

The Proxmire-Hosmer bill overrules all food standards for special dietary foods. Under the bill, the Food and Drug Administration would be prohibited from limiting the amount of any ingredient in any special dietary food.

Thus, the Food and Drug Administration would be required under this bill to revoke all existing food standards covering products that fall within the definition of special dietary foods set out in the bill. Moreover, the addition of any nutrient to a food would automatically, under the provisions of the bill, classify that food as a special dietary food, and thus take it out from under any current food standard that would otherwise apply to it. This would essentially mean the end of food standards as an effective means of controlling the integrity of the food supply. It is doubtful whether the Food and Drug Administration would realistically be able to retain any food standards if this bill were to become law.

4. The bill overrules present economic adulteration provisions of the law.

Section 402(b) of the Act prohibits the addition to food of any ingredient intended to substitute for a more valuable constituent, or for the purpose of concealing damage or inferiority, or otherwise to make it appear better or of greater value than it is. These are the so-called "economic adulteration" provisions of the law.

Under the Proxmire-Hosmer bill, these provisions would become inoperative with respect to special dietary foods (although they would continue to apply to other food). The bills precludes the Food and Drug Administration from placing any restriction upon the use of any ingredient as long as it is not ordinarily injurious to health. Thus, the Food and Drug Administration would be required to recognize that the "economic adulteration" controls no longer apply to special dietary food (although they would continue to apply to all other food).

5. The bill overrules existing safeguards for food for infants, children, pregnant or lactating women, and the elderly.

The Food and Drug Administration, with the cooperation of the American Academy of Pediatrics, has issued regulations carefully controlling liquid substitutes for human milk intended for use by infants. The regulation, contained in 21 CFR 125.5, specifies nutritional requirements for these products to make certain that all needed nutrients are present in appropriate amounts.

The Proxmire-Hosmer bill directly prohibits this type of control over any infant food. Accordingly, if the bill were enacted, the Food and Drug Administration would be required to revoke the present regulation and to recognize that only those levels of nutrients and other ingredients that have been proved to be ordinarily injurious to infants would be prohibited in the future. At the present time, the Agency is unaware of any adequate evidence to set specific levels of ingredients that have been shown to be ordinarily injurious to infants.

The bill would similarly preclude any control over food intended for use by children, or by pregnant or lactating women, or by the elderly, unless the Food and Drug Administration could prove that a particular ingredient, at a specified level, is in fact injurious to these particularly vulnerable groups. Instead of permitting a wide margin of safety to prevent injury, the bill would prohibit any governmental interference except where direct proof of harm can be shown from prior experience. The Agency would be required to adopt this new regulatory policy if the bill were enacted.

It is as important for infants, children, pregnant or lactating women, and the elderly that they receive all essential nutrients as it is that they not receive potentially dangerous levels of some ingredients. Under the Proxmire-Hosmer bill, the Food and Drug Administration would be prohibited from setting minimum standards requiring the inclusion of all essential nutrients in products intended for these particular uses.

6. The bill does not affect the drug provisions of the law.

Much of the controversy over current Food and Drug Administration regulations relating to vitamins and minerals has been directed at the policy that any product containing over 150 percent of the U.S. Recommended Daily Allowance for a nutrient is automatically classified as a "drug," rather than as a food.

The Proxmire-Hosmer bill does not address this issue. It does not amend any of the drug provisions of the law. Accordingly, the bill would not require any change in this aspect of current Agency regulations.

As you will appreciate, this summary is not a complete list of all provisions in the present law and regulations that would be required to be changed if the Proxmire-Hosmer bill were enacted into law. It should, however, be sufficient to provide you with a general understanding of the main thrust of this proposed legislation.

I would emphasize that, if this bill were to become law, the Food and Drug Administration would have no authority whatever to fail to implement it in the manner outlined in this letter. Once a law of this type is enacted, it represents a direct congressional command to the Agency that cannot lawfully be ignored. Moreover, the changes in the statute would be self-executing, and thus would go into effect immediately even if the Food and Drug Administration were not to issue implementing regulations. Accordingly, the policy of the bill as set out above could not in any way be modified or avoided by administrative action.

Very truly yours,

Peter Barton Hutt,
Assistant General Counsel
Food and Drug Division.

THE WHITE HOUSE ECONOMIC SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Leggett) is recognized for 60 minutes.

Mr. LEGGETT. Mr. Speaker, I take this time to point up that apparently the "Crazies" are in charge of White House economics and indicate partial actions this House and Congress should take.

Before the election recess, the President's economic panacea was a $300 billion U.S. spending budget and a 5-percent surtax.

When this House passed the $300 billion budget target to support the President, many of us seriously questioned if the President could be sincere, well-advised or both. I specifically stated that I would support a spending cut if the cuts were ratably made among all budgets concerned—Defense and domestic. I believe I was one of the few elected officials who indicated support for a 5-percent tax, but I qualified my support necessarily include a complete tax loophole reform.

The election of November 1974 occurred with its disastrous consequences for the minority party, and we waited another month for the President's economic leadership.

Finally at the end of November the message arrived in Congress cuddled in the utmost of confusion.

The President submitted a message calling for a spending limit of $302.2 billion:

First, erroneously assuming that Congress would enact a 5-percent surtax, which surtax had received practically no support in the November election and contradictorily the President's economic advisers were publicly stating that they were considering not a 5-percent tax, but a substantial tax cut to stimulate the rapidly deteriorating economy.

Second, erroneously assuming that Congress would reverse itself in enacting new legislation and pending legislation reducing social programs, which action Congress has shown no inclination to take, let alone a lameduck Congress with but 2 weeks of life left.

Third, erroneously assuming that Congress would reverse itself on legislation imminently under consideration on veterans education benefits, labor, HEW appropriations, and agriculture environment and food stamps appropriations.

As Allen Shick, senior analyst, outlines in the following analysis, the President's economic proposals are unreal, contradictory, individuals, not corporations would feel the brunt of the proposals and moreover congressional action requested is not nearly within the realm of probability.

In fact, in the 2 weeks since the report has been filed, the Congress has thumped the President at every opportunity

In a nutshell Shick's implied summary is that the President's efforts to balance the budget have bombed. Rather than achieving a realistic budget reduction, the President will get only peanuts—no program at all.

As I see it, the President's worst case will materialize. That is revenues will degenerate to $290 billion and outlays will escalate to $310 billion.

Does this mean a $20 billion increase in the national debt? You bet, and then some. The $290 billion receipts assumes a spendable surplus of $7 billion in the trust fund account. Trust funds must be paid back, so the total deficit may well equal $27 billion.

Unfortunately that is not the end. when borrowing goes up so does the interest and so the recently announced $32½ billion annual debt interest outlays may not be the end.

Additionally if unemployment exceeds the assumed 6½-percent national figure, outlays could further expand and receipts could further dwindle. Assume a further worst case that unemployment now at 6½ percent nationally and over 8.1 percent in California goes to 7½ percent nationally. On an annual basis, it is presumed that 1 percent additional unemployment could result in a $10 to $15 billion negative budget effect. It is readily apparent for readers of doom and gloom that a realistic budget deficit might well develop to $35 billion for the current year.

It is this kind of diabolic economic progression that I believe demands the Congress move ahead forthrightly to implement the recently adopted incomes policy of the Democratic National Convention held yesterday at Kansas City, Mo.

We need wage-price controls, we need interest controls, we need a program to limit profits or channel them into new jobs. We need a new energy program, lower interest rates and unfortunately *since the* economic machinery is out of order on Pennsylvania Avenue, many of these programs must be developed on Capitol Hill.

My own plea to the President of last October, which I include after Allen Shick's remarks, apparently fell on deaf ears.

The material referred to follows:

AN ANALYSIS OF THE PRESIDENT'S BUDGET MESSAGE OF NOVEMBER 26, 1974

(By Allen Schick, senior specialist in American National Government, December 2, 1974)

The President's budget message abandons his previously announced goal of a $300 billion ceiling for fiscal 1975 outlays and aims instead for a $302.2 billion level. It will be possible to hold spending within this higher amount only if (a) certain actions recommended by the President are taken by Congress and (b) the economy and other exogenous conditions do not impel higher-than-estimated spending. The President now expects a $9.2 billion deficit, but this figure can go much higher if the spending levels are breached or if revenues fall below current projections.

The latest estimates are based on seven types of actions designed to cut spending $4.6 billion below unconstrained levels. In addition, the President continues to support his 5 percent surtax proposal which, in combination with pending tax reform legislation, would raise almost $1 billion in new revenues.

THE ARITHMETICS OF $302.2 BILLION

The new $302.2 billion target is based on a number of revisions since the previous official estimates were issued in June 1974. The June estimates projected fiscal 1975 spending at $305.4 billion, slightly above the initial budget for the year. Since June, certain spending categories have been revised downward, as is reported in Table 1. Congress has cut defense spending by $3.1 billion, EPA construction grants are estimated to be $1.0 billion below target, and outlays for other programs are estimated at $800 million below June projections.

These reductions have been more than offset by $6.2 million more required for other programs. Chief among the higher costs are interest payments, veterans and unemployment benefits, federal pay raises, and increases in nondefense appropriations. After these revisions are taken into account, fiscal 1975 spending would reach $306.8 billion. Consequently, $4.6 billion in additional reductions are required in order to hold outlays to $302.2 billion.

The revised estimates set forth in Table 1 raised a number of questions.

First, is the slowdown in EPA grants due to administrative delays (such as bottlenecks in the processing of applications) or to uncontrollable circumstances? Second, how can the refusal of Congress to defer the federal pay raise be accounted as an increase in the spending estimates? The President's deferral request came months after the June estimates were made. Third, there are certain discrepancies between two listings of the revised estimates in the President's Budget, but these might be due to ambiguity or incomplete information rather than error or deception. Finally, how realistic are the current estimates? This is a question to which we now turn.

TABLE 1.—*Estimate of Budget Outlays*

[In billions of dollars]

Budget estimate, June 1974	305.4
Minus:	
Defense appropriation	−3.1
EPA construction grants	−1.0
Social security and other income security problems	−0.4
Education problems	−0.4
Total deductions	−4.9
Plus:	
Other appropriations	0.5
Veterans benefits	1.4
Unemployment problems	2.7
Net interest	0.9
Pay raise	0.7
Total increases	6.2
Revised outlay estimate	306.8
Minus: Proposed reductions	−4.6
New outlay target	302.2

HOW REALISTIC ARE THE OVERALL ESTIMATES?

A budget is a projection, not a promise. In the period between its announcement and its fulfillment many things can—and often do—go awry. The President probably tried to portray his revised estimates in a favorable light, but it is extremely unlikely that he will achieve all of the goals and proposals upon which the spending, revenue, and deficit estimates are predicated.

A better than "worst case" projection might place 1975 spending near the $310 billion mark and the deficit as high as $20 billion. While it is not likely that all of the following events will occur, some certainly will and they can upset the President's latest budget plan.

(1) *Further Deterioration of Revenues.* The President acknowledges that as a consequence of the economic downturn, revenues (without the surtax) will be $2 billion below the June estimate. But this is based on peak unemployment of no higher than 6.5 percent. If unemployment reaches 7 percent or more—as many forecasters including some within the Administration now expect—there will be a corresponding drop in revenues.

(2) *No Enactment of a Surtax.* The 5 percent surtax proposed by President Ford on October 8 is estimated to bring in $4.7 billion in additional revenue on a full year basis. Much of this would be offset by higher investment tax credits, but the net increase would be $1.2 billion. Some of the President's investment credit proposals are incorporated in the tax reform bill reported by the House Ways and Means Committee during November. If Congress does not go along with the surcharge, revenues will be at least $1 billion below estimates. A further loss in revenues might occur if Congress decides to provide tax relief for lower income groups or if it takes other action to reduce revenues.

(3) *Oil Lease Sales.* The President's message admits that "if the current schedule of lease sales is not met, for environmental or other reasons, or if the bids are significantly less than anticipated", the income from such sales might be $3 billion less budgeted. Inasmuch as this income is an offset against spending, the effect would be to raise outlays by the amount of the shortfall. Because strong environmental and political opposition has been voiced against projected sales on the Outer Continental Shelf, some slippage in income might occur.

(4) *Unemployment Assistance.* The revised estimates show $2.7 billion more for unemployment benefits than was projected in June. This higher amount takes into account recent congressional action as well as the Administration's National Employment Assistance proposal. That proposal contains automatic triggers that would generate higher spending if unemployment reaches 6, 6½, or 7 percent. Each half percent increment in unemployment would translate into an additional billion dollars in outlays. Still higher outlays would be generated by a further deterioration of the economy which might impel more liberalization of benefits to aid long-term unemployed who have exhausted union or other benefits.

(5) *Veterans Benefits.* The package of proposals contains three items to reduce outlays in fiscal 1975 by more than one billion dollars. One would be a repeal of Public Law's 93–337 extension of the delimiting period for educational benefits from eight to ten years. This law was enacted only a few months ago with overwhelming majorities in Congress, and its repeal is highly unlikely. It also is unlikely that Congress will uphold the President's veto of the veterans education bill (H.R. 12628). White House spokesmen have publicly stated that they expect the veto to be overridden. The third item is a reform of veterans benefits which has made little progress in Congress.

(6) *Social Security and Public Assistance Programs.* The President has advanced various proposals to curtail benefits for social security, medicare, medicaid, and AFDC. These would save approximately $1.1 billion in the first year but they cannot take effect unless approved by Congress. Some of the proposals have been offered before: curtailment of adult dental care under medicaid; higher cost-sharing requirements for medicare, etc. The prospects cannot be rated favorable for congressional adoption of the proposals.

(7) *Appropriation Measures.* The latest message requests Congress to make certain cuts in the Labor-HEW and the supplemental appropriations which have cleared conference, the Agricultural appropriation in which there is little disagreement between the House and Senate versions, and in various HEW programs which have not yet been considered. The President has asked Congress to provide about $850 million less in budget authority than is contained in these three bills which are in the final stages of congressional consideration. He also has asked Congress to appropriate approximately $750 million less for certain HEW programs than was provided last year. While there is no direct correspondence between budget authority and outlay figures, congressional action on the pending appropriations probably will impel higher spending than the President wants.

(8) *Miscellaneous Controversial Proposals.* Many other proposals contained in the President's message already have generated criticism and their fate is uncertain. These include the exploitation of Navy petroleum reserves, new fees for general aviation, the rescission of funds for the purchases of A–7D and F–111 aircraft, and a reduction in impact aid for school districts. These controversial actions are scheduled to produce about $250 million in 1975 savings.

(9) *Why Unrealism?* What emerges from the itemizations above is a budget message that is extremely unrealistic. One explanation for the President's action is that he wishes to avert the achievement of the "worst possible case" which would drive spending above $310 billion and push revenues below $290 billion. Another possibility is that the President is launching a new "battle of the budget" against Congress, and will use his veto powers and public pronouncements to attack Congress for failure to follow his budget line. A third possibility is that the President, having made his case for fiscal restraint now will sit by and watch his figures as they are eroded by economic and political events.

HOW APPROPRIATE ARE THE PROPOSALS?

It all depends on one's view of the economy and of the proper role of Government. But one can inquire whether the proposals add up to an attack on inflation rather than a response to the deepening economic crisis. News accounts on November 28, 1974 (two days after submission of his message) indicate that the President is now equally concerned about recession and inflation. In a page one article on November 29, *The New York Times* reports that the "sharp change in focus was signaled by the message on the budget that Mr. Ford sent to Congress." This interpretation apparently is based on the abandonment of the $300 billion target and the acceptance of a mildly stimulating $302 billion level.

However, the shift from $300 to $302 billion might be a concession to reality rather than a shift in economic policy. The actions and proposals all are intended to dampen demand rather than to stimulate it. Espousal of the surtax continues, and sharp cuts are proposed for various income security programs. The projections are based on much more favorable economic conditions than appear to be likely in the coming months. The title and tone of the message are addressed to budget restraint, not to pending economic adversity. The budget—at current projections—will yield a substantial full employment surplus.

It is possible that the message is at war with subsequent news interpretations. Planning for the message began 1–2 months before it was released, and most of the decisions were made before the White House conceded that the United States has entered a recession. More than three months ago—in an appearance before the Senate Budget Committee—OMB Director Roy Ash acknowledged the difficulty of holding the line at $300 billion. The slight increase in the target to $302.2 billion, therefore, might only represent acceptance of the budgetary arithmetics propounded by OMB.

WHERE WOULD THE CUTS COME FROM?

The President has not offered an across-the-board cut but he has proposed selective reductions in programs. The latest message, therefore, must be recognized as a proposal to reorder national budget priorities rather than merely as an attempt to reduce Federal spending.

As the following table shows, almost three fourths of the $4.6 billion in cuts are from three functions: health, income security, and veterans benefits and services. The reduction in defense spending is reported to be $600 million, but this figure is inflated by various accounting procedures which (though legitimate) convey a distorted picture of the cuts.

TABLE 2.—*Proposed reductions in outlays, by function*

[In billions of dollars]

Function:	
Health	$1.1
Veterans benefits and services	1.1
Income security	.9
National defense	.6
International affairs and finance	.3
All others	.8

Much the same pattern appears if the proposed reductions are computed by agency. The largest slice is taken from HEW, followed by the Veterans Administration and the Department of Agriculture.

TABLE 3.—*Proposed reductions in outlays, by agency*

[In billions of dollars]

Agency:	
Health, Education, and Welfare	$1.7
Veterans' Administration	1.1
Department of Agriculture	.6
Department of Defense	.4
All others	.7

The rearrangement of governmental priorities often has a greater impact on future than on current budgets and is accomplished more through changes in basic legislation than in adjustments in the level of current appropriations. Thus, significant perspective can be gleaned from the proposals made in Parts 1, 2, and 5 of the President's report, dealing with legislative proposals and administrative actions. The table below shows the estimated effect on both 1975 and 1976 outlays.

TABLE 4.—EFFECTS OF LEGISLATIVE AND ADMINISTRATIVE PROPOSALS ON OUTLAYS

[In millions of dollars]

Agency	1975	1976
Health, Education, and Welfare	−1,361	−3,246
Veterans' Administration	−1,113	−1,288
Agriculture	−585	−594
Defense	−246	−162
General Services Administration	−150	−443
Transportation	−128	−245
Housing and Urban Development	−75	−80

Programs operated by the Department of Health, Education, and Welfare will be much more severely impacted by the President's proposals in fiscal 1976 than in the current fiscal year. Inasmuch as almost half of the fiscal year is gone, many of the reductions in health and income security programs will register their full impact during the next year. The same pattern applies to the food stamp program operated by the Department of Agriculture. The fiscal 1976 ($650 million) reduction will be exactly double that estimated for fiscal 1975 ($325 million). On the other hand, Defense Department programs will take much smaller reductions during the next year than in the current year. In other words, when the President's plan is projected into fiscal 1976, the reordering of priorities is demonstrated to be much more extensive—away from income security and other social programs—than appears from the 1975 statistics.

A final perspective can be gained by examining who bears the brunt of the proposed reductions. For purposes of analysis the proposed cuts have been distributed among four categories: payments to individuals; payments to state and local governments; cutbacks in administrative operations; and offsetting receipts for goods and services. Again, fiscal 1976 data are utilized and they are based on legislative proposals and administrative actions in parts 1, 2, and 5 of the President's report.

TABLE 5.—*Proposed reductions by source, fiscal 1976 outlays*

[In millions of dollars]

Source:	
Payments to individuals	−5,725
Payments to State and local government	−776
Administrative cutbacks	−29
Offsetting receipts for goods and services	−828

Table 5 indicates that the overwhelming proportion of the cuts will be in payments to individuals—amounting to over $5 billion in 1976 outlays. Much smaller savings will be secured in the other categories, though reductions in grants to State and local governments will be above $700 million. Because the above data do not take into account proposed rescissions and deferrals or the amendments proposed to pending appropriations, they substantially understate the amounts of cutbacks in agency operations (such reductions are most likely to be made through rescissions, deferrals, or adjustments to appropriations), but the overall picture of cuts loaded onto payments to individuals is valid.

HOW MUCH IS DEFENSE BEING CUT?

For the first time in recent years, a President has proposed a cutback in defense spending. On a functional basis, the reduction is estimated at $600 million; for the Defense Department it is $400 million. These reductions would be in addition to the amounts cut by Congress from Defense Appropriations.

In several ways, the defense reductions are not as significant as they appear to be on the surface. First of all, $125 billion of the projected saving would result from the sale of Navy petroleum reserves. These offsetting receipts are applied for accounting purposes against overall Defense Department spending. Another $150 million in offsetting receipts will be secured from the sale of stockpiled materials. Second a sizeable portion of the real cut is a one-time saving that portends no future reduction in defense forces or spending. Thus, the President proposes to save $136 million by cancelling the procurement of certain aircraft and by a one-time slash in maintenance work. Perhaps the only permanent reduction in defense will be in reserve forces, for which a first year savings of $63 million is forecast. Third, some funds might be reprogrammed for other defense activities. This is particularly possible for procurement funds which are available for a three-year period. An inkling of this was provided by a news report in *The New York Times* on November 27, quoting a Defense Department official to the effect that there would be no actual reduction in defense spending this year.

He explained that the department would "reprogram" available funds to deal with inflation. Under this process, money scheduled to be spent in future years will be spent in the current fiscal year instead, thus offsetting the proposed White House reductions.

Another indication is available from the President's rescission messages. In the case of the rescission of maintenance funds, the message specifies that the funds will not be reprogrammed. But no such statement appears in the proposals to rescind procurement funds. However, the projected $150 million savings in procurement for fiscal 1976 strongly implies that funds will not be reprogrammed.

Finally, the savings shown for the defense function are inflated by the fact that under current practice all Atomic Energy Commission activities are charged to the defense category. This means that almost $50 million in savings related to energy and scientific research programs are accounted for as reductions in defense spending. This anomaly is not due to any administrative attempt to disguise the programs, and it will be ended when the new functional categories devised for the 1976 budget are implemented. In the future, only AEC; military activities will be charged to the defense function.

TABLE 6.—PROPOSED REDUCTIONS IN DEFENSE SPENDING

[In millions of dollars]

Defense Department	Fiscal 1975	Fiscal 1976
Navy petroleum reserves	—125.0	—148.0
Reduction in reserves	—63.0	—13.0
Reenlistment bonuses	—58.0	—1.0
One-time maintenance cutback	—100.2	—18.2
Aircraft procurement	—35.5	—150.3
Total, Defense Department	—381.7	—330.5
AEC civilian programs (estimated)	—47.6	—25.6
AEC military programs (estimated)	—29.9	—23.9
GSA stockpile sales	—150.0	—443.0
Total, Defense	—609.2	—823.0

THE PRESIDENT'S PROPOSALS

The President proposes to achieve $4.6 billion in budget cuts by a combination of seven types of actions: (1) new legislative proposals; (2) action on pending legislation; (3) modification of pending appropriation measures; (4) amendments to 1975 budget requests; (5) unilateral administration actions; (6) the rescission of appropriated funds; and (7) the deferral of appropriated funds. As table 7 shows, $3.3 billion of the total cannot be implemented without congressional approval, $300 million can be blocked if disapproved by the House or the Senate, and $979 can be implemented without any congressional action. A portion of the latter amount probably can be blocked by the enactment of new legislation.

TABLE 7.—ACTIONS TO REDUCE FEDERAL SPENDING

[In milllions of dolllars]

	1975	1976
(1) Requires congressional approval:		
New legislative proposals	−1,783	−3,250
Pending legislation	−896	−1,798
Modification of budget requests	−50	−30
Modification of appropriations	−337	−281
Rescission of appropriations	−224	−227
(2) Can be vetoed by Congress: Deferral of appropriations	−317	+18
(3) Executive actions: Administrative discretion	−979	−1,110
Total, proposed reductions	−4,586	−6,678

THE LEGISLATIVE PROPOSALS

Approximately $2.7 billion—or 60 percent of the reduction requires new legislation. (This amount does not include action on appropriations and rescissions.) As has been pointed out, many of the proposals are controversial, some have been advanced without success in the past, and some face overwhelming congressional opposition. Inasmuch as Congress is scheduled to adjourn shortly, it is unlikely that action will be taken on many of the President's legislative proposals during the 93rd Congress. If the 94th Congress waits until after it receives the next budget, little will be savable during the remaining months of fiscal 1975.

MODIFICATION OF 1975 BUDGET REQUESTS

In Part 4 of his report, the President has submitted three amendments to the original budget requests for HEW programs. These are for programs that are not included in either the Labor-HEW Appropriation bill (H.R. 15580) or the supplemental appropriation bill (16900). Consequently, it is difficult to ascertain how Congress might dispose of the President's recommendations.

The three programs for which budget amendments have been submitted are Health Services, Health Resources, and Assistance to Refugees in the United States. In the two health programs, some appropriations are included in the pending HEW-Labor and supplemental bills. The President proposes reductions of approximately $73 million in new budget authority and he estimates that this will save $50 million in fiscal 1975. Table 8 below compares the amounts proposed by the President with the amounts appropriated for fiscal 1974. Adjustments have been made in the figures for activities included in other bills and thus the amounts should be regarded as approximate rather than exact. It also should be noted that the amounts shown below are for budget authority, not for outlays.

TABLE 8.—AMENDMENTS TO 1975 REQUESTS FOR NEW BUDGET AUTHORITY

[In millions of dollars]

Appropriation account	Original budget	Amended budget	Last year's appropriation	Difference between last year and amended
Health services	424,270	379,270	417,000	37,730
Health resources	328,123	319,223	980,000	660,700
Assistance to Refugees	60,000	78,000	129,000	51,000

The pattern which emerges from these figures is of a cutback not only below the original budget estimates but also well below last year's actual appropriations. While the possibility of such cutbacks—aggregating to almost $750 million—cannot be ruled out, it will not be easy to achieve them. Among the programs to be curbed or eliminated as a result of the original and amended budget requests was to be comprehensive health grants to States, comprehensive health planning, hospital construction, and grants to medical schools.

MODIFICATIONS OF PENDING APPROPRIATIONS

Three 1975 appropriation measures are in the final stages of congressional consideration. The Labor-HEW and the supplemental appropriations have been approved by conference committees while the second Agriculture Appropriation (the first one was vetoed) has received initial approval in both Houses. The President has announced his acceptance of all cuts made in these bills, but he is requesting additional reductions. To accomplish this, the President has revised many requests below the initial estimates submitted in the 1975 budget. Table 9 summarizes the President's proposals for the three appropriation bills. It compares the revised estimates with the amounts provided in the conference reports (in the House and Senate bill, for the Argiculture Appropriation.) It shows that the difference between Presidential and congressional amounts for the programs affected by the President's report totals $860 million in new budget authority. The difference in 1975 outlays would be substantially smaller. The subsequent tables detail the differences in each of the programs for which the President has submitted a revised request.

TABLE 9.—REVISED BUDGET REQUESTS, 1975 BUDGET AUTHORITY

[In thousands of dollars]

Appropriation	Original	Revised	Conference	Difference
Labor-HEW	6,127,569	5,822,416	6,414,348	591,932
Supplemental	2,333,197	2,236,395	2,298,730	62,335
Agriculture	476,955	401,911	607,065	205,154
Total difference				860,223

Note: The amounts here are only for programs for which the original budget request was revised In the President's message.

TABLE 10.—AGRICULTURE APPROPRIATION (H.R. 16901)

[In thousands of dollars]

Program	Original request	Revised request	Bill	Difference
Agriculture conservation	118,800	42,750	190,000	147,250
Water bank	0	0	10,000	10,000
Forestry incentives	0	0	25,000	25,000
Extension service	47,360	47,360	50,560	3,200
Rural development	10,000	10,000	13,750	3,750
Fire protection	0	0	3,500	3,500
EPA	257,976	266,801	276,801	10,000
Consumer Product Safety Commission	42,819	35,000	37,454	2,454

Note: In every case, the amounts approved by the House and the Senate are identical.

TABLE 11.—LABOR-HEW APPROPRIATIONS (H.R. 15580)

[In thousands of dollars]

Program	Original request	Revised request	Conference	Difference
Preventive Health Services	124,714	123,627	136,443	12,816
National Institutes of Health	1,834,784	1,724,884	2,090,418	365,534
Alcohol, Drug Abuse, Mental Health Administration	734,502	715,888	823,698	107,810
Assistant Secretary, Health	95,721	73,637	23,637	0
Education	592,276	578,276	612,376	34,100
Higher education	2,111,023	2,077,771	2,131,271	53,500
Educational activities overseas	2,000	1,000	1,000	0
Office of Education	127,284	114,400	114,400	0
National Institute of Education	130,000	70,000	70,000	0
Assistant Secretary for Education	3,671	2,307	2,307	0
Postsecondary Education	15,000	11,500	11,500	0
Social and Rehabilitation Service	74,103	63,819	64,419	600
Assistant Secretary for Human Development	162,700	160,378	177,950	17,572
Office for Civil Rights	22,861	22,207	22,207	0
Office of the Secretary	97,930	82,722	82,722	0

TABLE 12.—SUPPLEMENTAL APPROPRIATIONS (H.R. 16900)

[In thousands of dollars]

Program	Original request	Revised request	Conference	Difference
Health resources	147,257	128,673	147,933	19,240
Health services	5,722	1,722	2,722	1,000
Office of Education	2,180,218	2,106,000	2,148,075	42,075

The President's proposals come exceedingly late in the congressional appropriations process, perhaps too late to influence the outcome. Unless the President is prepared to exercise his veto powers, he might have to accept appropriations in excess of his preferred levels. The President's intervention in the HEW bill is somewhat puzzling because Republican party spokesmen have asserted that the President is willing to accept the amounts provided in the conference report in exchange for language in the managers' statement encouraging the President to propose rescissions or deferrals if public assistance costs exceed current estimates.

One Agriculture appropriation bill has been vetoed this year. The new bill makes some downward adjustments but it still totals more than the President wants. The main point at issue is the agriculture conservation program which the administration has proposed as a replacement for Rural Environmental Assistance (REAP). On the same day that the President transmitted his budget proposals, the House appropriations committee recommended that Congress not approve an administration request to rescind carryover REAP funds.

UNILATERAL ADMINISTRATIVE ACTIONS

The $979 million to be saved by Administrative action would not require congressional approval. One of the largest savings—in export credit sales—is more the result of the worldwide food situation that of any administrative policy. Other savings can be regarded as routine efficiency actions though the information in the President's report is not always sufficient to enable the reader to ascertain the true purpose. Some cutbacks may be motivated both by efficiency and policy reasons. Such appears to be the case in the revision of public assistance regulations, which for purposes of simplicity is classified as an efficient action in Table 13.

The largest reductions are due to cutbacks in cash benefits to the public, in particular increases in the price of food stamps and in the interest rate on certain mortgages, and stretchouts in the payment of reenlistment bonuses. A final category is for program reductions in the Coast Guard and in Urban Mass Transit Grants. The latter cutback is to be achieved by reprogramming existing urban transit funds into the new mass transportation program.

TABLE 13.—*Administrative actions, 1975 outlays*

[In millions of dollars]

External factors: Export Credit Sales	−250
Efficiency improvements:	
Child nutrition administration	−10
Medicare cost control	−48
Medicaid utilization review	−35
Public assistance regulations	−100
Cutbacks in benefits:	
Rise in food stamp charges	−325
Stretchout in reenlistment bonuses	−58
Tandem plan interest rate rise	−75
Program cutbacks:	
Coast Guard	−28
Urban mass transit	−50
Total	−979

PROPOSED RESCISSIONS

The President has proposed the Rescission of $864 million in budget authority and this is estimated to reduce 1975 and 1976 spending by $224 million and $227 million respectively. The rescissions would apply to nine Federal agencies and involve 39 separate proposals. Table 14 reports the rescissions by agency.

TABLE 14.—PROPOSED RESCISSIONS

[In millions of dollars]

Agency	Budget authority	Effects on 1975 outlays
Agriculture	−26	−13
Commerce	−16	−6
Defense	−382	−136
HEW	−372	−15
Justice	−16	−16
State	−2	−2
Treasury	−24	−24
GSA	−20	−10
Special Action Office for Drug Abuse Programs	−5	−2
Total	−864	−224

The report utilizes the format developed for previous rescission messages under the new Impoundment Control Act. But the justifications appear to be more straightforward, with less argument and more relevant facts. The report states that two of the rescissions have been proposed pursuant to the Antideficiency Act (rather than the Impoundment Control Act).

The largest proposed rescissions are for defense programs (which were discussed above) and for Hill-Burton Hospital Construction Grants. The President proposes to rescind $372 million, the unobligated balances of 1973 and 1974 appropriations. These funds have been allotted to the states, but specific projects have not yet been approved by HEW. In recent years, Congress has consistently appropriated more for Hill-Burton than has been requested, and a number of attempts to terminate this program have been thwarted. Thus, the proposed rescission is the latest installment in a policy conflict between the two branches.

An interesting aspect of the proposed rescissions (as well as many of the proposed deferrals to be discussed in the next section) is that the President has indicated that many will not take effect until December 16 "in order to permit congressional review of the action contemplated." This 3-week hiatus is not sufficient to allow congressional action, but it raises questions as to when the 45-day waiting period for rescission under the impoundment control act begins. If the period is deemed to start on the date of the President's Report (November 26) the December 16 date will have no effect or meaning. On the other hand, if the December 16 date is valid, what is the effect of the November 26 message? What happens to funds during the interval between November 26 and December 16?

PROPOSED DEFERRALS

The final section of the President's message is devoted to 41 deferrals estimated to produce $260 million in outlay savings during fiscal 1975. (The President anticipates outlay reductions of $317 million, but this includes $57 million covered by previous deferral messages.) As noted, many of the deferrals are to take effect on December 16, but inasmuch as there is no waiting period for deferrals, the actual date is not particularly significant.

TABLE 15.—PROPOSED DEFERRALS

[In millions of dollars]

Agency	Budget authority	Effects on 1975 outlays
Agriculture	−7	−2
Commerce	−25	−19
HEW	−25	−1
HUD	−58	−18
Interior	−20	−30
AEC	−110	−80
NASA	−72	−70
NSF	−18	−10
National Foundation on Arts and Humanities:		
SBA	−36	−22
Total	391	−260

Six of the deferrals relate to HEW programs which have been funded by continuing resolution. In these instances, the amount being withheld is the difference between the 1974 appropriation and the lower of the House or Senate Bill. Presumably, the deferrals will terminate when the regular appropriations are enacted.

LEGISLATIVE ACTION ON THE PRESIDENT'S PROPOSALS

Only a small portion of the projected savings can be achieved without congressional action. It is interesting to note that the proposals fall into the jurisdictions of more than half a dozen committees in the House and the Senate. These include the appropriations committees in both Houses, House Ways and Means and Senate Finance, the Armed Services and Interior Committees, the two committees on Veterans Affairs and the Education and Labor and Labor and Public Welfare Committees.

In the absence of some overall perspective, Congress thus will confront the revised budget in a fragmented manner, an outcome that clashes with the purpose of the new Congressional Budget Act. The avoidance of such fragmentation was one of the prime reasons for the new budget committees.

WASHINGTON, D.C.,
October 16, 1974.

Hon. GERALD R. FORD,
President of the United States,
The White House,
Washington, D.C.

DEAR JERRY: I hesitate to give you advice since I know you are already deluged by the same emanating from your side of the aisle. However, here is an earful I hope you will cogitate.

I am concerned more with your being successful than I am with my party picking up seats in November, because when you are successful, the country is successful. Unfortunately, when you fail, the country also fails. I frankly think you've made some bloopers to date, but the game is clearly still salvageable.

You are going to be judged in two years on your ability to quarterback the country in a successful "War on Inflation." You'll get no points for sincerity and hard work—you've got to be successful. I want to remind you that your predecessor was first elected to stop, among other things, 6 percent inflation and a four-year national debt expansion of $46 billion. As you well know, we are currently sustaining a 12 percent inflation and a $141 billion debt expansion is programmed through the past seven fiscal years. In the five-year period before 1969, we sustained retail inflation of 15 percent. Since 1969, we have escalated 45 percent. I am sure you are also concerned over the wholesale price escalations of 50 percent during the past six months, as contrasted with 15 percent in the preceding six-year period. Farm products and crude materials are the obvious items breaking the bank.

On the down side, we have a number of items indicating that we are not in a stagflation condition, but a bona fide "Depression", which I would describe as a long-term adverse economic condition that will not respond to simple economic measures.

(1) We have had 17 months of depreciation in real spendable income—average real weekly earnings today are the same as they were eight years ago.

(2) The Dow Jones averages at 600 plus are equal to dollar values in the early '60s; but corrected for inflation, they indicate values now common 20 years ago in the early '50s. Twenty-five percent of the New York stocks are under $5, and sales are erratic—confidence is not there. Let's face it: Common stock prices have crashed!

(3) Interest rates on prime commercial paper at 12 percent and on take out mortgages at 10½ percent indicate a complete lack of confidence in the economy.

(4) The deterioration in international trade balances for goods, services, and international transactions closely parallels the crash in the corporate stock market and is intolerable.

(5) Housing starts at 50 percent of the '71 and '73 average indicates Depression and is likewise intolerable.

I suggest that the preceding list is not exclusive and that our recognition of the real Depression is masked by a number of items that confound free capitalistic supply and demand economics:

(1) Big corporate pricing including Fair Trade Laws, and big auto pricing in spite of massive decreased sales defy the law of supply and demand. General Motors prices alone are up $800 per car over last year.

(2) Big labor and little labor wage contracts again set a floor which do not deteriorate due to unemployment; unemployment in construction is heading over 20 percent, but this apparently has no effect on wage contracts.

(3) Indexing of all Federal civilian and military wages and salaries, Federal pensions, Federal Social Security, and social payments likewise set a floor that masks the true situation.

(4) A major bank such as Franklin National can collapse with a billion dollar loss, but the impact of this collapse is diluted and disguised—but not eliminated—by the Federal Deposit Insurance Corporation.

(5) Extensive Unemployment Insurance budgets and Public Employment programs that I support likewise tend to camouflage our real economic catastrophe.

(6) Congressional charity extended to Lockheed Corporation, pending for Grumman Aircraft and requested for Pan American Airways also disguises the desperate plight of several major industries.

(7) The country is now experiencing its largest private debt in history by any measure—2½ trillion dollars—a sum equal to twice the GNP of America.

(8) A temporary world food shortage likewise is causing distortions in which farmers are enjoying 150 to 200 percent of parity in many instances. But this situation is more the result of lack of production and drought than anything else.

(9) In the energy field, oil is paramount. It is well known that at current rates of consumption and contrived world pricing, the oil producing exporting countries will accumulate liquid assets equal to $650 billion—the value of the total New York Stock Exchange—by 1981.

Your fiscal experts predict that the current double digit inflation will continue for the next several years. I am sure you are aware that 90 percent of the folks on private pension in this country have no cost of living escalator, that they have lost 40 percent of their pension value over the past four years, and that an additional 25 percent drop over the next two years is unconscionable.

I would remind you of your statement in Burlington, Vermont last week, "The Commitment I make to you tonight and will report to the American people tomorrow is to halt the rise in prices."

The speech you gave us on Tuesday contained nine points—a good laundry list, but it simply won't do the job. The positive stock market response will be short-lived. Let me critique your items:

(1) You would get food in balance by taking allotments off rice, peanuts and cotton. All these crops are already planted this year as though allotments were off, and moreover, these items don't affect 2 percent of the United States raw agriculture consumables.

Your restrictions on exports are salutary. Unfortunately, our surplus in most crops will either be stored waiting for a better market or given away in Food for Peace, Public Law 480.

(2) In Energy you point up the problem of imported oil, that costs are exploding by $16 billion annually; you ignore, however, the $11 billion annual windfall you have given to domestic producers with no measurable increase in production. Worse, you now propose to double this windfall by decontrolling all secondary recovery wells, thereby raising gasoline prices a minimum of 3.8 cents per gallon. Speed limits will not solve this problem. Big oil and little oil are unjustly being enriched 100 percent over two years ago. It makes little difference to the consumer whether the Arabs or Texas inflicts the gouge. We can keep America great if we can get back cheap energy and control wages and prices. We also need to ration on some reasonable basis all crude for at least ten years or believe me—a war is inevitable.

In the meantime, we should be fully staffing the recommendations of the NASA Task Force Report and building, among other things, a viable alternative to the present automobile engine over the next ten years at perhaps at $10 billion annual commitment.

(3) You declare war on restrictive featherbedding, but you really didn't say anything. Real estate and lawyers' fees are incidental to inflation. You meant to obliterate the Jones Act and Davis Bacon Act, but you know that hell will freeze over before this happens in the Congress.

You ruled out Price-Wage-Interest Controls in favor of a monitoring agency which, I believe, will only record our collapse.

Spending control, which I favor even at the $5 or $10 billion level, as Arthur Burns indicates, will only moderate inflation .2 to .4 of 1 percent. This is no solution either. I hope that you will suggest balanced Defense and domestic spending cuts to achieve the $300 billion budget target, and thus avoid a war with the Congress.

(4) Capital markets are in total disarray. The Congress is now working over this area, but I don't believe the stock market will absorb new stock issues no matter how attractive the tax incentive until the Administration does something much more dramatic.

(5) The jobs program won't do much good. Congress already is extending unemployment insurance benefits, and we have a Public Employment Program working that your suggestion will only confuse.

(6) Your Housing suggestions to implement the Cranston proposals will perhaps build back 10 percent of the 1.1 million home deficit, but will certainly not resolve the construction crisis. We have now sent you a bill on this item for your signature.

(7) You would help Thrift Institutions, but my figures show Time and Savings Deposits are currently growing at a rate 100 percent higher than the past three year average. This merely proves that high interest draws deposits like flies and again due to Federal Reserve and big bank policy, the size of deposits have little to do with interest rates. We need to redevelop 4½ percent mortgage markets by Government policy designed to achieve this result, and we must restrict the flight of American capital abroad. Houses will get built for Americans to live in only when the price of money comes down to real levels.

I might point out that most of the people in my Virginia neighborhood could not currently afford to buy the house they bought ten years ago. This is a Depression.

(8) On International Trade, you know well that the Trade Act is in large part cosmetic to appeal to the Soviet bloc countries. We're never going to trade much in consumer goods with the Russians, and we dare not rely on their raw materials. Likewise, our surplus grains should be traded on a restrictive, not expanded, trade policy program.

(9) I support your 5 percent surcharge, but it doesn't go far enough. We have a beer income and a champagne appetite. Let's bite the bullet, raise our income by appropriate tax rates, loophole closing, and budget balancing; and perhaps then we can get control of the economy.

I've been negative—so what do we do? We need to recognize that we are in a Depression, but that the pump needs to be primed. We solve the problem simply by stopping inflation cold, recognizing that normal economic forces no longer work in the United States and many parts of the world with which we deal.

(1) We need a comprehensive rationing of fuel products and a reduction in the domestic price of oil. Regulation, not deregulation, should be adequate for development incentives. But if adequate incentives don't work, a little Government yardstick competition would be helpful. We need a $100 billion alternate energy development program over the next ten years.

(2) We need Wage-Price Controls now, because once we go further up, we'll never go down. Controls will be our best assist for international trade. Raw agricultural products must be covered.

(3) We need controls on the use of money—that is, on interest rates. Controls do work because lending is still taking place in 8-percent usury States like Washington, D. C.

(4) We need a comprehensive program with respect to profits. Profits plowed back to create jobs and productivity should receive favored treatment. Profits distributed or invested in Holding Companies or Conglomerates should be taxed at steep excess profits rates.

Under Phase II, I remind you that productivity shot up from nothing to plus 4 percent. We are now back to square one since the removal of controls.

As of now, Salzberg of the Times, Sindlinger, Mike Mansfield, Ken Galbraith, and the San Diego Union are all on my side—rationing and controls.

In your speech this week, you cited F.D.R. and his challenge. In the back of the Chamber, I was reading Herbert Hoover's speech to the Conference of Industrialists he collected on December 5, 1929, a month after his crash. It's arguable that your solution of Voluntarism and laissez faire is more like Herbert's than Franklin's. Herbert's byword was "work" and yours is "win", but they may both be losers.

Cheers, I hope I'm wrong. But, Jerry, I also hope you effect change for the country's sake!

Very sincerely,

Robert Leggett,
Member of Congress.

P.S.—For your easy review, I attach a xerox of Herbert's well-intended remarks.

Herbert Hoover, 1929: Remarks to a Chamber of Commerce Conference on the Mobilization of Business and Industry for Economic Stabilization, December 5, 1929

This body represents the industries of the United States. You have been invited to create a temporary organization for the purpose of systematically spreading into industry as a whole the measures which have been taken by some of our leading industries to counteract the effect of the recent panic in the stock market. There has necessarily been some unemployment, starting with the diversion of capital from the channels of business into the speculation, and after the break by some reduction in the demand for luxuries and seminecessities from those who met with losses. But the large effect was to create undue pessimism, fear, uncertainty, and hesitation in business. These emotions, being emotions, if they had been allowed to run their course would, by feeding on themselves, create difficulties. The American mind is prone to revert to previous occasions when we were much less able to organize to meet such situations.

These are potential difficulties which cannot be cured with words. If we could do so, the merest description of the fundamental stability of our vast organism of production and distribution, touched with the light of the future of the United States, would cure it instantly. The cure for such storms is action; the cure for unemployment is to find jobs.

We have, fortunately, since our previous crashes established the Federal Reserve System. The first step in recovering confidence was made by the powerful effectiveness of that system, and the strong position of the banks, the result of which has been steadily diminishing interest rates, with a smooth and rapid return into the channels of business of the money previously absorbed in the speculative market. This is a reversal of our historic experience and is a magnificent tribute to the System. Capital is becoming more abundant in all parts of the country, the bond market is growing stronger each day and already public issues held back for months have begun to appear.

The second action necessary to maintain progress was the standard set by leading employers that so far as they were concerned there would be no movement to reduce wages, and a corresponding assurance from the leaders of labor that not only would they use their utmost influence to allay labor conflict, but would also cooperate with the employers in the present situation. These assurances have been given and thereby we not only assure the consuming power of the country but we remove fear from millions of homes.

The third line of action has been to undertake through voluntary organization of industry the continuity and expansion of the construction and maintenance work of the country, so as to take up any slack in employment which arises in other directions. The extension and organization of this work are the purpose of this meeting. The greatest tool which our economic system affords for the establishment of stability is the construction and maintenance work, the improvements and betterments, and general cleanup of plants in preparation for cheaper production and the increased demand of the future. It has long been agreed by both businessmen and economists that this great field of expenditure could, by its acceleration in time of need, be made into a great balance wheel of stability. It is agreed that its temporary speeding up to absorb otherwise idle labor brings great subsequent benefits and no liabilities. A very considerable part of our wage earners are employed directly and indirectly in construction and the preparation and transportation of its materials. In the inevitable periods when the demand for consumable goods increases and labor is fully employed, the construction and maintenance can slacken and we actually again gain in stability. No one would advocate the production of consumable goods beyond the daily demand; that in itself only stirs up future difficulty.

I am glad to report that such a program has met with universal approval of all those in responsible positions. Our railways and utilities and many of our larger manufacturers have shown a most distinguished spirit in undertaking to maintain and even to expand their construction and betterment programs. The State, county, and municipal governments are responding in the most gratifying way to the request to cooperate with the Federal Government in every prudent expansion of public works. Much construction work had been postponed during the past few months by reason of the shortage of mortgage money due to the diversion of capital to speculative purposes, which should soon be released.

It is to make this movement systematic in all branches of the industrial world that we are here—that is the task. I believe that with the great backlogs which are already assured by the public service institutions and the governmental works you will be able to build up the construction and maintenance activities for 1930 to a higher level than that of 1929, and that is what we require.

Another of the great balance wheels of stability is our foreign trade. But in stimulating our exports we should be mainly interested in development work abroad such as roads and utilities, which increase the standards of living of peoples and thus the increased demand for goods from every nation, for we gain in prosperity by a prosperous world, not by displacing others.

All of these efforts have one end—to assure employment and to remove the fear of unemployment.

The very fact that you gentlemen come together for these broad purposes represents an advance in the whole conception of the relationship of business to public welfare. You represent the business of the United States, undertaking through your own voluntary action to contribute something very definite to the advancement of stability and progress in our economic life. This is a far cry from the arbitrary and dog-eat-dog attitude of the business world of some 30 or 40 years ago. And this is not dictation or interference by the Government with business. It is a request from the Government that you cooperate in prudent measures to solve a national problem. A great responsibility and a great opportunity rest upon the business and economic organization of the country. The task is one fitted to its fine initiative and courage.

Beyond this, a great responsibility for stability and prosperity rests with the whole people. I have no desire to preach. I may, however, mention one good old word—work.

FOLKLIFE BILL WILL SERVE ALL SEGMENTS OF SOCIETY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER. Mr. Speaker, there is general agreement among all Americans that this Nation's fertile ethnic and cultural heritage of crafts, folk art and music are some of our most treasured possessions. Modern-day America represents a multitude of values, traditions, and backgrounds which have intertwined to make our Nation strong. However, in a society becoming increasingly urbanized and weighted with space-age technology, it is essential that we preserve the American folkways which have been partly responsible for America's progress through the years. For that purpose, legislation was introduced in the 93d Congress to create an American Folklife Center within the Library of Congress. The proposed Center would concentrate upon the preservation and promotion of America's traditional arts and music and keep alive the cultural talents of our past. The Center would also assist local communities in the promotion of folklife-related activities.

The House of Representatives will soon consider the American Folklife Preservation Act which would establish the Folklife Center. As a co-sponsor of this legislation, I enthusiastically support its objectives and point out to my colleagues that the bill has been sponsored by more than 200 House Members and 60 Senators who represent many different cultural elements of our society.

The act was authored in the interest of preserving America's rich folklife. Yet it has as its heart the opportunity for folklife and folklore to be expanded and developed by present day artists and craftsmen.

The bill itself defines folklife as "the traditional customs, beliefs, dances, songs, tales, sayings, art, crafts, and other expressions of the spirit, common to a group of people within any area of the United States, and includes music—vocal and instrumental—dance, drama, lore, beliefs, language, humor, handicraft, painting, sculpture, architecture, other forms of creative and artistic expression, and skills related to the preservation, presentation, performance and exhibition of the cultural heritage of any family, ethnic, religious, occupational, racial, regional, or other grouping of American people."

It is all of this and more. Most important, this bill considers folklife as a dynamic force in today's society and not simply as something out of the past.

The purpose of the act is to not only portray facets of American life that are often neglected and in many cases all but forgotten, but at the same time to foster an interest in the modern American folklore and folklife that reveal the creativity of 20th century Americans as well as those from our earlier years.

The Center would be subjected to the supervision of a 12-member Board of Trustees, 4 to be appointed by the President, and 8 by the Librarian of Congress. A Director and Deputy Director, to be appointed by the Librarian, will be the principal directing officers of the Foundation.

The Center would be empowered to establish and implement a progam of contracts, grants, loans, and scholarships with individuals and groups in order to record, promote, support, and otherwise preserve and encourage American folklife.

In our discussions concerning this bill, a very legitimate question generally arises regarding the cost to implement the act.

It is our understanding that initial funding for the Center will come from the annual appropriations for the Library of Congress. There will be administrative costs and funding necessary for programs, but the Center will not become another giant, multimillion dollar endowment or giveaway program. The guidelines for administration of the act are specific.

I urge my colleagues in the Congress to join me in supporting this bill. Its benefits will reach out to all Americans.

THE HEALTH REVENUE SHARING AND HEALTH SERVICES ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. STEELMAN) is recognized for 5 minutes.

Mr. STEELMAN. Mr. Speaker, today, the House made great progress for our older Americans and approved the conference report on H.R. 14214, the Health Revenue Sharing and Health Services Act. Over 75 Members joined my colleague from Minnesota, DON FRASER, and I in cosponsoring this bill. H.R. 14214 authorizes $15 million in the form of grants to public and nonprofit agencies to train those persons dedicated to providing home health care. It also provides for the initial costs of establishing and expanding home care programs.

This will be of great benefit to the elderly who are able to remain at home while still receiving medical care. Approximately 25 percent of our older Americans have indicated this would be more preferable to a nursing home or other institutionalization. In addition, statistics show home health care is a far less costly alternative. In view of how hard-hit the elderly have been by in*flation, I feel* this program will be particularly beneficial.

Many senior citizens organizations in Texas and throughout the country have indicated their interest in home health care. I hope to see the administration approve this legislation and the funds made available as soon as possible so these groups will have the opportunity to expand upon and initiate new services *to meet* the growing demand from the elderly for home health care.

PUERTO RICO AND INDEPENDENCE

The SPEAKER pro tempore. Under a previous order of the House, the delegate from the Virgin Islands (Mr. de Lugo) is recognized for 5 minutes.

Mr. de LUGO. Mr. Speaker, I am pleased to insert in the Record at this point an article which recently appeared in the New York Times and was written by our distinguished colleague, the Honorable Jaime Benitez. In the article, the very able Resident Commissioner of Puerto Rico provides extremely useful insight into the activities of certain extremists.

Don Jaime notes that the terrorists who exploded five bombs in Manhattan in October have little to do with the problems, goals, or lifestyles of the overwhelming majority of Puerto Ricans in Puerto Rico or in New York City. Yet, no spokesman for Puerto Rico has ever reached, or is likely to reach, a larger audience. He also notes that—

> More than 90% of the people of Puerto Rico are deeply and definitely against independence, because independence is an anachronism for a small, densely populated community.

I commend this article to the Members of this House and urge that it be read in its entirety. It should be remembered that our colleague, Jaime Benitez, is a highly respected author of scholarly books and a frequent writer for well-known periodicals. For many years he was a professor of social and political science at the University of Puerto Rico and served with distinction as chancellor and later president of that prestigious institution. As one of the principal architects of Puerto Rico's Constitution and present Commonwealth status, Don Jaime is uniquely qualified to comment on the true aspirations of his constituency:

[From the New York Times, Nov. 30, 1974]

In Puerto Rico, Live and Let Live

(By Jaime Benitez)

Washington.—The terrorists who exploded five bombs in Manhattan on Oct. 26 and disappeared into the night, after telephoning to the news media their demands for unconditional independence for Puerto Rico and immediate release of five Puerto Rican prisoners held by the Federal Government, have little to do with the problems, goals or lifestyles of the overwhelming majority of Puerto Ricans in Puerto Rico or in New York City. Yet no spokesman for Puerto Rico has ever reached, or is likely to reach, a larger audience.

While these anonymous operators would identify themselves with the nationalists of the 1950's, such a relationship is simply rhetorical.

Their techniques, approaches and connections are vastly more effective than those available to the deranged young men who on Oct. 30, 1950, suicidally attacked La Fortaleza in an attempt to kill Puerto Rico's elected Governor, Luis Muñoz Marin, or the two nationalists who one day later bought a one-way ticket to Washington with the intention of assassinating President Harry S. Truman, or the four nationalists who in March, 1954, shot at random at members on the floor of the House of Representatives, wounding five. The prisoners whose release the Manhattan terrorists demanded are being held in the Truman and House incidents.

The dead and the surviving nationalists of nearly 25 years ago were people acting on their own, purposefully staking their lives in broad daylight as a personal, sacrificial tribute to a seemingly hopeless cause. Since then, international political terrorism has further developed its own technology, methods of recruitment, training schools and public-relations techniques. Using a strategy of sensationalism and shock, it thrives on the public's appetite for the unbelievable.

A letter explaining the Manhattan bombings, left in a Broadway telephone booth, purported to be an international indictment rather than merely a Puerto Rican demand. It referred to "the murderous policies of the Yankee government in Puerto Rico and Latin America," damned "the robbery and exploitation of the third world," and was signed by the "Fuerzas Armadas de Liberación Nacional," or F.A.L.N., whose initials stand for "Armed Forces of National Liberation."

This organization name had not been used before by Puerto Rican subversives, but it is very common in Latin America, particularly in Venezuela, where it was originally a Castroite movement and activist group against President Rómulo Betancourt; in Argentina, there it was initially a leftist Peronist group; and in Colombia, Uruguay, Bolivia and Mexico. The corresponding group in Puerto Rico normally calls itself C.A.L. for Commandos Armandoes de Liberación, or Armed Commandos of Liberation.

In the short run, the bombing seems to have been damaging. The Independentista rally Oct. 27 at Madison Square Garden suffered. Some of the prime stars billed in advance failed to show up. The official Independentista party, scheduled to co-sponsor the performance, copped out. The actress Jane Fonda, the Communist leader Angela Davis, the writer Piri Thomas and the secretary general of the Puerto Rican Socialist party, Juan Mari Bras, faced some empty seats.

For months and even years, millions of radio listeners and television viewers will vaguely link Puerto Rico with terrorism and independence.

But more than 90 per cent of the people of Puerto Rico are deeply and definitely against independence, because independence is an anachronism for a small, densely populated community.

Puerto Rico's commonwealth association with the United States, in spite of misunderstandings and ambiguities arising from the complexities of a novel political status, has been valuable, strengthening and mutually rewarding.

We have no intention whatsoever of changing that relationship; we are persuaded that either independence or statehood would, for different reasons, completely stunt Puerto Rico's potential and contributions.

As long as the ballot box prevails, as long as there is mutual communication and understanding, our goals will be advanced through the free associated status of commonwealth.

The people of Puerto Rico have overwhelmingly endorsed that status as a growing and evolving relationship within the United States Federal system. At present, a joint committee appointed by the President of the United States and the Governor of Puerto Rico is revising and improving commonwealth status in light of the experiences of the last 22 years.

Puerto Rico's representatives are proposing to redefine more clearly the island's status as "a sovereign body politic of United States citizens voluntarily and permanently linked to the United States as such body politic on the basis of a common defense, a common market, a common currency and the indissoluble link of United States citizenship."

GOLD FEVER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Gonzalez) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, unless Congress changes existing law, unrestricted private ownership of gold will be legal at the end of this month. Every commodity dealer, every security dealer, and every conceivable kind of con artist is gearing up for that happy day. Meanwhile, anyone who understands the real situation is advising caution; and those who comprehend the potential for disaster say that Congress ought to look again at its decision.

For we have created a situation *that is* perfect in its grotesqueness.

Nobody knows how many innocent people are lured by the promises of automatic wealth that are being feverishly hawked on every side. These innocents are ready-made victims. Indeed, the grifters are so anxious to cash in that any number of people already have been victimized by con men who have seen that innocent greed lulls otherwise sensible people into making disastrous errors.

I have said that a good many people will buy gilded lead. Earlier this autumn, St. Mary's University, which is in my hometown, got suckered into lending a Denver con man $100,000 collateralized by gold. The gold was in fact lead. Even if it had been gold, the school could not have legally held it or sold it. But they did not stop to ask a few simple questions that any prudent lender would have asked, had the school not allowed itself to be hoodwinked by their own golden gullibility. They did not ascertain whether the collateral was real; they did not stop to ask who was going to hold the collateral; they did not even bother to learn if it was legal to have an interest in this so-called gold, or what it would bring if the loan went into default. And so a school that is poor enough already lost enough money to pay for an education for perhaps 20 young people, in a town that badly needs every opportunity it can get.

And there are more stories than this.

People, financial institutions, even supposedly sophisticated investors, are lined up and asking to be fleeced—and they will be, as the Treasury candidly admitted yesterday.

That is too bad.

What is worse than the inevitable fraud in gold, is that a great many people are likely to take their savings out of banks and savings institutions to buy gold, both real and imagined. And so our already hard-pressed economy will lose yet another productive increment. For every dime that people put into gold, the economy will lose a dime's worth of productive investment.

And what will be gained? Investors in gold are not likely to make much, if anything. If they look carefully, they will see that gold pays no interest; its purity is always open to question; its storage and handling costs are great; and the possibility of converting it to cash are not very good. The only winners will be the Treasury, which hopes to peddle 2 million ounces worth, and the dealers, who hope to buy up Treasury gold, cut it up, and sell it at a markup, since small investors will not be able to get into that grand Treasury auction. And of course, the grifters, who are already wringing cash out of the anxious suckers.

Congress has made a serious mistake here. It has left our financial institutions open to all manner of pressures for dealing in gold—and all manner of temptations for entering into this risky and worthless market; and it has left the Government with precious little authority to do anything about it.

Yesterday the Treasury and Federal Reserve issued some guidelines for bank dealing in gold.

These guidelines, boiled down, say to the banks that they cannot be stopped from dealing in gold, so go ahead—but be careful.

Banks have no more business in dealing in gold commodities than they do in dealing with pork bellies. They ought not be in the business at all. But the law we have passed does not allow them to be kept out of the business.

Is this a time when banks should be getting into a risky new business? I think not. We have already seen the most spectacular bank failure in modern times, in the demise of Franklin National, which tried to make money in the very risky foreign exchange market. The gold market is no different.

Banks are having a hard enough time as it is. And, in fact, the number of banks under close surveillance today is nearly twice what it was a year ago. Do we need add still greater risks?

The Federal Home Loan Bank Board is right in keeping savings institutions out of the gold business altogether. They recognize that gold dealing is exactly what their industry does not need; they understand that gold dealing is dangerous and represents a threat, not an opportunity, to the savings and loan industry.

Banks ought not be merely discouraged from gold dealing; they should be flatly prohibited from it. But the Treasury and the Fed have no authority to stop bankers from getting into this financial shredder; they can only caution banks to be careful, thanks to the improvidence and blindness of congressional gold bugs, and yes, the connivance of the Secretary of the Treasury.

Congress has a responsibility to do something about this. Gold is the most speculative metal in the world; it is a metal that is subject to spectacular rises and falls in price, and moreover subject to manipulation by a few governments and dealers, who know far more of what they are doing than the average American banker, let alone the average American gold bug.

Why should banks be allowed to make loans collateralized in gold? For there is no way of knowing what that collateral is going to be worth, if anything.

Why should banks be allowed to trade in gold, on their own account? That is an open invitation to bank speculation in gold, with results that are foreseeable; namely, some bank is going to try to cover weaknesses in other areas by making a bundle in gold, just as Franklin National tried to shore up its earnings by currency speculation.

The Federal Reserve is right to deny the banks any encouragement for dealing in gold. The Reserve should have the right to prohibit any kind of bank dealing in gold.

I think that Congress ought to reconsider its gold buggery. It is not enough to cynically say that a sucker is born every minute. That is sheer hypocrisy and irresponsibility. And it is astounding that we sit here, and watch all the golden lures and straps being laid, knowing full well that what this country needs is productive investments, not gimmicks and ripoffs. It is time for us to get rid of the golden gleam in our eyes, wake up, and act responsibly. Let it deflate the gold bubble.

DEFERRAL OF HUD 701 COMPREHENSIVE PLANNING GRANTS OPPOSED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, I have today introduced a resolution disapproving the President's deferral of $50 million in HUD 701 comprehensive planning grants.

As many of my colleagues know, the trend in community development and planning legislation recently has been toward increased local autonomy—the concept of "block grants" is designed to force localities to take responsibility for all the categorical programs previously supervised and funded by the Federal Government. That era is coming to an end and in its place we are seeing the advent of special revenue sharing—for housing, development, health, and other social services. In every case, citywide, areawide, and regional planning is a prerequisite to receipt of Federal funds. Through the OMB-mandated "A–95 review" process, we have required more coordinated planning than ever before, and the results of this are most favorable. Instead of uneven growth and development, we are beginning to see whole areas—groups of cities and suburbs—work together to decide where the Federal funds should be spent, on the basis of areawide need.

The recently enacted Housing and Community Development Act establishes a new system for community planning to meet housing needs. The bill calls on the unit of general local government to make an extensive review of its needs and ability to meet them; the amount of Federal funding required; the mechanisms for expending the funds; and the administrative requirements of directing the activities so funded.

In fact, section 401(e) of the law explicitly increased authorizations for 701 planning grants. As explained in the House Banking Committee report:

> This program has assumed increased importance during the past few years as a result of expanding State and areawide planning activities. The higher authorization level is necessary to accommodate this expansion of planning activities and the increased demand on planning funds likely to result from the bill's community development block grant provisions.

Mr. Speaker, the announced deferral of $50 million will substantially hinder the ability of governments to meet their expanded community development planning activities.

Over the next few years, cities and counties will have to resort to actually using their "block grants" for planning the on-going use of those funds. This administration gives with one hand and takes with the other.

The Department of Housing and Urban Development has not yet announced how this cut will be implemented. Obviously, if across-the-board reductions are made, the effect will be very different than if particular categories of recipients are simply dropped from eligibility. For example, if the cities are maintained at the expense of the regional councils of government, local community planning would not suffer markedly, but the role of the regional governments as A–95 clearinghouses would be seriously jeopardized. Should the reverse happen, the cities would, in effect, have less community development funds to actually spend on development than intended by Congress in passing the recent Housing Act. Either way, the consequences are dangerous.

In the bay area, for example, consider these numbers: The Association of Bay Area Governments stands to lose up to $300,000 through this deferral. There are 24 such regional governments in the State of California. We are then talking about a potential loss of up to $6 million in planning grants to the State through its regional governments alone.

The same kinds of drastic losses would be felt in the cities. Many of them have applied their fiscal year 1974 planning grants toward implementation of the new community development activities authorized in the Housing Act. The same process of application and implementation will be frequently repeated, and, without these 701 funds in the future, the cities will be forced to restrict their planning activities. This defeats the spirit and purpose of the system of "special revenue sharing for housing" we just passed.

It is unconscionable that this administration be permitted already to subvert this legislation. The act was designed around a core of extensive and well-funded, federally assisted planning grants across the country. Termination of these grants will mean the destruction of the backbone of this approach. Coming so soon after its inception, this "Catch 22" may paralyze community development activities that are only just beginning.

If no action is taken on this resolution this session, I plan to reintroduce at the earliest possible date in January. I am certain that it will have the support of many elected officials in State and local government, and urge my colleagues to join in this effort.

THE MAN WHO SOLD HOT DOGS

(Mr. DEVINE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DEVINE. Mr. Speaker, Richard A. Hyatt of Columbus, Ohio, sent me the following which I think we should all read with interest; particularly, since many politicians as well as television, radio, and newsmen seem to be doing everything in their power to talk us into a recession if not a depression:

THE MAN WHO SOLD HOT DOGS

There was a man who lived by the side of the road and sold hot dogs.

He was hard of hearing, so he had no radio.

He had trouble with his eyes, so he read no newspapers.

But he sold good hot dogs.

He put up signs on the highway telling how good they were.

He stood by the side of the road and cried "Buy a hot dog, Mister."

People bought.

He increased his meat and roll orders. He bought a bigger stove to take care of his trade.

He finally got his son home from college to help him out.

But then something happened.

His son said: "Father, haven't you been listening to the radio? There's a big depression coming on. The European situation is terrible. The domestic situation is worse."

That made his father think: "Well, my son's been to college, he reads the papers, and he listens to the radio, and he ought to know."

So the father cut down on his meat and roll orders, took down his advertising signs, and no longer bothered to stand on the highway to sell his good hot dogs.

Sales fell fast almost overnight.

"You're right son," the father said to the boy. "We certainly are in the middle of a great depression. There just isn't any business."

(Need we point out the moral?)

OFFICIAL REPORT OF PENNSYLVANIA INVESTIGATIVE COMMITTEE REFUTES DR. STERNGLASS CHARGE

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, during my long years of service on the Joint Committee on Atomic Energy, I have seen the situation change from the early years when the American public displayed complete faith and trust in the knowledge that the Atomic Energy Commission was charged with the responsibility for developing and testing nuclear weapons, nuclear reactors, medical isotopes, and a myriad of other peaceful and nonpeaceful uses of atomic energy. In the last several years, however, a vocal, but hopefully small, fraction of the general public has charged the Atomic Energy Commission, the nuclear industry and indeed the Joint Committee on Atomic Energy with bias, deceit, and malfeasance in office.

It has been a long battle for those of us who are striving to insure that the public has before it the full information upon which a decision can be based concerning whether indeed the Commission, the industry, or the Joint Committee is "guilty as charged." From time to time, I have caused to have printed in this RECORD various articles by responsible scientists, studies performed by impartial groups, and other articles responding to allegations which have been made.

My case in point for today concerns the investigation of allegations made by a physicist, Dr. Ernest Sternglass, that as a consequence of alleged leakage of radioactivity in 1964 from the Shippingport Atomic Powerplant of Duquesne Power & Light Co. that there had been a sharp increase in infant death rates from leukemia and other cancers as well as increase in the incidence of birth defects. At the time that charges of this type are made it is often in the form of the release of a study together with a discussion of the conclusions. Competent technical persons are wont to study the data prior to making any observations on the validity of any conclusions reached. They may occasionally comment that on the basis of fundamental principles of physics and biology coupled with prior experience that the conclusions would not appear justified. In general a careful study is first made. Such was the case for the assertions made by Dr. Sternglass. Pennsylvania Gov. Milton Shapp established an investigating committee to look into Dr. Sternglass' allegations. After 3 years of study Dr. George Tokuhata, a Pennsylvania Health Department epidemiologist, has concluded that clearly there is no basis for the claims made by Dr. Sternglass. Dr. Tokuhata and members of his investigating team backed up their observations with careful analysis of the data using valid and well established epidemiological principles.

Often corrections made at a later time can never fully compensate for errors promulgated earlier. In the hope and expectation that many of my colleagues will read this RECORD, I include therein following these remarks an article, by Wilson MacDougall, which appeared in the November 29, 1974, issue of the Pittsburgh Press entitled "Shippingport A-Plant Cleared in Claim of Added Ills, Deaths":

SHIPPINGPORT A-PLANT CLEARED IN CLAIM OF ADDED ILLS, DEATHS

(By Wilson MacDougall)

NEW YORK.—A shy, unassuming Japanese researcher has demolished one of the most serious objections to nuclear electronic power plant construction offered in recent years by opponents.

With a painstaking bit of medical investigation, Dr. George K. Tokuhata, a Pennsylvania health department epidemiologist, has ripped to pieces the controversial claim that a nuclear power plant near Aliquippa was responsible for a number of deaths and birth defects in nearby communities.

PITT PROF'S CLAIM

The argument erupted three years ago when Dr. Ernest Sternglass, a University of Pittsburgh physicist, claimed the experimental nuclear reactor at Shippingport leaked radioactivity in 1964 and caused a sharp jump in the area's infant, leukemia and cancer death rates and a disturbing number of birth defects.

The charges shocked the Atomic Energy Commission (AEC) and were grabbed by nuclear power plant opponents across the nation. So serious was the nationwide hullabaloo that Gov. Milton J. Shapp established an investigaing committee to look into Dr. Sternglass' allegations.

After three years of patient probing, Dr. Tokuhata revealed the results of his investigation at a recent medical convention and in an interview made it clear there's no basis for Dr. Sternglass' claims.

Briefly put, Dr. Tokuhata and his five-memer investigating team found no evidence to substantiate any of Dr. Sternglass' charges. "What Dr. Sternglass did was sit in his university ivory tower, look at Aliquippa's mortality records and jump to erroneous conclusions," Dr. Tokuhata commented.

"The methods he used in his analysis were wrong and his results were wrong," he added.

In contrast, Dr. Tokuhata took his investigating team to the Aliquippa area to analyze every infant, leukemia and cancer death and interview the parents of the congenitally malformed children.

Additionally, the investigators interviewed the operators of the Shippingport nuclear plant and the AEC who both vigorously denied a large amount of radioactivity escaped from the plant in 1964 or any year before or after.

It took the investigators almost no time at all to discount the claim that the supposed radioactivity leak caused a number of birth defects.

"There simply weren't any, not one," Dr. Tokuhata said.

Next, by examining death certificates and interviewing local health authorities, the investigators disposed of the claim that the Aliquippa area had an abnormally high leukemia death rate.

"It's quite clear no matter how close to the plant the people lived, there was no difference in the leukemia death rate from the rest of the state of Pennsylvania," Dr. Tokuhata said.

DEATH RATES COMPARED

"Within five miles of the plant the leukemia death rate was 7.9 per 100,000," he explained. "Between five and 10 miles from the plant the leukemia rate was 7.8; beyond 10 miles it was 8.0, and in the entire county surrounding Aliquippa it was 7.8."

"Pennsylvania's leukemia death rate is 7.5 per 100,000 and the difference between the state rate and the Aliquippa area's rate was almost too small to measure," he said.

The same pattern emerged from the researchers' investigation of the Aliquippa area's cancer death rate which between 1964 and 1971 was found to be below Pennsylvania's cancer death rate.

During that eight years, Aliquippa area cancer rates varied widely from year to year, Dr. Tokuhata noted, as most communities' cancer death rates fluctuate. However, the rate exceeded the state rate only in 1969 and 1970 and then by only a thin margin, Dr. Tokuhata said.

"Again, the data simply did not support Dr. Sternglass," he said.

Disposing of Dr. Sternglass' allegation about an abnormally high infant death rate required the team's most careful checking which again refuted Dr. Sternglass' charges, Dr. Tokuhata said.

The investigators did find a slightly higher than normal infant death rate in the Aliquippa area, he noted, but so small it dispels the contention that the Shippingport nuclear plant was responsible.

ROUTINE ILLNESSES

"We investigated every infant death during 1970 and 1971," Dr. Tokuhata commented, "all 41 of them. We found the infants died from routine illnesses all infants die from—prematurity, pneumonia, hyaline membrane disease, respiratory arrest and similar causes."

The 41 infant deaths were only five more than the area should have suffered if it had conformed to Pennsylvania's infant mortality rate during 1970 and 1971, Dr. Tokuhata noted.

Even this small increase is easily explained, Dr. Tokuhata added, because the Aliquippa area long has had a slightly higher than normal infant death rate.

"The Aliquippa area's population is 35 per cent black and the entire area—black and white alike—has a higher than normal number of illegitimate births," Dr. Tokuhata said. "These two factors are always found when you have a high infant death rate."

Thus, taken individually and collectively, Dr. Tokuhata said, the charges made by Dr. Sternglass don't hold water.

Dr. Sternglass' allegations may be borne out some day, in 10, 20 or 30 years, he said. "But I personally doubt that's going to happen."

JUSTICE IN MEXICO

(Mr. **STARK** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. **STARK**. Mr. Speaker, this morning I sent a letter to Secretary Kissinger in which I discussed a tragic situation which is currently going on in Mexico. Americans arrested and incarcerated in Mexico are being subjected to inhumane torture, discrimination, extortion, and deprival of legal rights. This is taking place with the U.S. Embassy's awareness and knowledge and yet no Embassy official has attempted to take decisive action to correct the situation.

Also this morning, the Los Angeles Times began a series of stories on what is happening to Americans arrested in Mexico and to their families and friends in this country.

The issue here is not drugs and drug trafficking. In no way do I condone illegal actions. However, the issue which my investigation over the past 5 months and apparently the Times investigation has brought out is simply justice for these Americans and a need for a sensitive U.S. Embassy policy.

I would like to take this opportunity to share both my letter, and the Times story with my colleagues:

House of Representatives,
Washington, D.C., December 9, 1974.

Hon. Henry A. Kissinger,
Secretary of State,
Department of State,
Washington, D.C.

Dear Mr. Secretary: My office is currently investigating serious allegations relating to the treatment received by Americans arrested in Mexico. The detailed and documented evidence I have received indicates that Americans arrested and incarcerated in Mexico are denied their legal rights, are treated in a discriminatory and inhumane manner by the Mexican courts and penal institutions, and are (along with their families and friends in this country) subjected to expensive extortion demands from attorneys, court officials and prison personnel.

As disturbing and serious as these allegations are, there is yet another pattern of behavior which I find even more inexcusable—the role played by the U.S. Embassy in this sordid affair.

The Embassy officials in Mexico are aware of the plight of Americans arrested in that country. They are aware of:

The torture used during interrogation sessions,

U.S. Drug Enforcement Agency agents being present during these interrogations,

Repeated violations of Mexican legal procedures in cases involving Americans,

Unethical attorneys who contact families and friends of arrested Americans and successfully exploit these people for thousands of dollars (at times even using the Embassy itself as a reference), and

The treatment and extortion that constitutes "prison life" for these Americans.

The Embassy officials are aware of all this and yet they fail to take action to bring this despicable treatment to an end.

Americans arrested in Mexico are initially told they have no rights and that even the U.S. Embassy is unconcerned with their situation. The actions and inaction of the Embassy would tend to support that position. The Embassy fails to insure that arrested Americans are allowed to immediately contact their families, their attorneys, or even the Embassy itself. The Embassy has failed to effectively protest and correct the interrogation procedure which often includes torture, forced confessions and unknowing self-incrimination.

Little effort is made by the Embassy to contact either the arrested American or his or her family in this country. Frequently, days or even weeks will pass before an Embassy official actually sees the prisoner and even then there appears to be a presumption of the individual's guilt which is reflected in the Embassy's unwillingness to assist. In many cases, the Embassy has never contacted families in this country to notify them of their relative's arrest.

After this display of disinterest and insensitivity by the Embassy it is not surprising to find that the Americans involved soon become highly vulnerable to discrimination, extortion and inhumane treatment.

The Embassy's failure to act against these conditions, and inferred support for the process, actually contributes to and encourages its continuation!

In no way do I condone the trafficking, selling or use of illegal drugs. If these individuals are guilty of crimes, I believe they should be subjected to the judicial system in either this country or Mexico. As a member of the House's Special Subcommittee on International Narcotics Traffic, I strongly support the international efforts to reduce and hopefully one day eliminate the flow of narcotics into this country. However, in our zealous attempts to combat narcotics traffic, we must continue to insure and protect the rights of all individuals involved. I will vigorously support cooperative efforts between this country and Mexico, but it cannot be the policy of this government to subject our citizens, even if they are guilty of a crime, to the abusive care and treatment currently going on in Mexico.

The issue here is not drugs. The issue is justice and the role of the U.S. Embassy. The Embassy has failed in its responsibility to American citizens. The Embassy appears to be acting on behalf of and to the financial betterment of a handful of Mexican and U.S. attorneys, officials and individuals rather than in the best interest of the Americans involved.

It is likely that the appropriate Congressional committees will begin an investigation of the U.S. Embassy's operations and policy in Mexico. I would hope that in addition to and in coordination with any actions Congress decides are necessary, you will initiate a prompt "in-house" review and begin corrective measures within the Department of State.

Obviously, a new Embassy policy regarding Americans arrested in Mexico is in order. I urge that you analyze the Department of Defense Legal Assistance program for armed services personnel arrested in foreign countries. This excellent and comprehensive program from another government department could serve as a model for the Department of State.

A new legal assistance policy will help insure future protection for Americans. However, it is equally important that some steps be taken immediately regarding those already incarcerated.

There are several acceptable alternatives available. At the very least, the Embassy must begin a review of every case in which an American may have been denied his or her legal rights. In those cases where violations are found, a new trial or an immediate dismissal of charges must be insisted upon by the Embassy.

The gross injustice and inhumane suffering which these Americans have gone through (for which the U.S. Embassy is at least indirectly responsible) may necessitate even stronger action. A mass deportation procedure whereby these people will be brought to this country to stand trial and/or serve their time may be the most desirable and humane course of action we can take. For many of these families there have been months, even years of suffering and despair as they discovered their own government unwilling to aid them. They deserve and I demand a definitive corrective policy be instituted by Christmas.

Detailed and documented evidence of approximately 100 cases collected by my staff serve as the basis for my concern. While I have the names of present and past Embassy officials whose ineptitude permitted this tragic condition to exist, I see no benefit in trying to establish "fault."

What is needed is correction and a new policy so that this type of situation does not occur again. I will be pleased to work with your Department to discuss exchanging information, data and alternative solutions.

Your very prompt attention and response to this letter will be expected and appreciated.

Sincerely,
Fortney H. (Pete) Stark, Jr.,
Member of Congress.

War on Drugs: Mexico No Place To Get Caught

(By Stanley Meisler)

Mexico City.—More than 100 Americans, mostly young, are facing long prison sentences in Mexico as a result of joint narcotics enforcement policies of the Mexican and U.S. governments.

Their plight in an alien land known for strict drug law enforcement and harsh prison conditions has been largely ignored in the United States.

American officials assisted U.S.-trained Mexican agents in the apprehension of many of the Americans, but the defendants were tried in Mexican courts bound by laws that are less protective than American law of the rights of suspects.

Many of the Americans were forced to sign confessions in Spanish that they did not understand and were otherwise denied due-process rights to which they would be entitled under U.S. law.

In some instances, U.S. drug enforcement officials acknowledge, Americans are convicted in Mexico in cases that would bring acquittals if they were tried in a U.S. court.

Many of those arrested for smuggling are relative amateurs who, for a few thousand dollars, carry a pound or two of cocaine from South America to sell to dealers in the United States.

Largely as a favor to the United States, Mexican authorities arrest them while they are in transit in the international airport at Mexico City and charge them with importing cocaine into Mexico.

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However, the Drug Enforcement Agency of the U.S., Justice Department acknowledges that by arresting them in transit, Mexico is protecting the United States, not Mexico.

"It would be just as easy for U.S. agents (in South America) to put the finger on them in the United States as it is in Mexico," an American narcotics official said. But he added that U.S. officials prefer to alert Mexican authorities because of that nation's tougher enforcement laws.

The DEA is so pleased with the enforcement and conviction record in Mexico that the United States and Mexico, according to a DEA official, plan to utilize an old extradition treaty which is based on Mexican law "that allows for prosecution of Americans in Mexico for crimes committed in the United States."

Interviewed in Washington, Humberto E. Moreno, an official who has coordinated efforts of DEA agents in Mexico, said that the extradition treaty, signed in 1899, has seldom been used. It was used in 1967, he said, when a Mexican citizen who had violated narcotics laws in San Diego was arrested, tried and convicted in Tijuana, Mex. The Mexican was sentenced to five years, Moreno said.

Moreno, praising the Mexican prosecution record, said:

"If we were to put a chart with our prosecution figures on it and the Mexican figures on it, it would show that the Mexicans do much better than our courts on convictions and penalties.

"Mexico has much stiffer narcotics laws and a much stiffer attitude toward enforcing them. The Mexicans are giving defendants six years in cases that we are losing in American courts."

(While the U.S. maximum penalty for possession of narcotics with intent to distribute is 15 years in prison, the average sentence for offenders is 3 to 5 years with the possibility of parole.)

Many of those imprisoned are from California. A large number are educated and articulate people who insist they have been unfairly treated and who have enlisted the aid of relatives and friends to bring their plight to the attention of members of Congress.

With DEA planning to greatly expand its joint enforcement efforts with the Mexican Federal Police, the Los Angeles Times has undertaken an extensive investigation into how that enforcement program has worked so far and how Americans suspected of drug smuggling have fared.

In Mexico City, California and Washington, reporters have sought the facts behind allegations that American suspects have been:

Beaten during interrogation sessions and forced to sign confessions in Spanish by Mexican agents trained by the DEA.

In some instances questioned by Mexican agents accompanied by DEA agents whose presence at such sessions is unauthorized.

Largely ignored by U.S. Embassy officials charged with the responsibility of protecting the rights of American citizens arrested in Mexico City.

Exploited by Mexican attorneys and at least one Los Angeles attorney who have preyed on the suspects' friends and relatives, bilking them of many thousands of dollars.

Beaten in prisons that are known for their cruelty, including the notorious Lecumberri prison, where extortion is the rule.

In its investigation, The Times had access to the files of Rep. Fortney H. (Pete) Stark (D-Calif.), who has been working with relatives of many of the prisoners in investigating the situation. Stark, a member of the House's special subcommittee on international narcotics traffic, said in an interview he plans to call for a congressional investigation of the matter.

Stark and his staff have compiled a large file documenting approximately 100 cases, including the treatment of Americans by Mexican police, courts and prisons; allegations about the failure of the U.S. Embassy to assist them, and the role of the U.S. government in the Mexican narcotics enforcement program.

Much of the documentation consists of written statements by prisoners and their relatives.

The arrests at the Mexico City airport have been a special sore point among the American suspects because in their view they have been tried and punished in Mexico for a crime that, in essence, was against the United States.

Robert J. Eyman, the regional director of DEA in Mexico City, said in an interview: "Mexico's ability to interdict this cocaine is a significant step forward as far as the United States is concerned."

An official of the U.S. Embassy here put it in more colorful terms: "It's just like someone was inside your neighbor's house with a bomb that he was going to throw at your house. Wouldn't you be happy if your neighbor stopped him?"

But there is disquiet about the program elsewhere. Numerous Congressmen have written to the U.S. Embassy in Mexico City requesting more information about the plight of the Americans in Mexican jails.

According to the U.S. Embassy here, 528 Americans were imprisoned in Mexican jails as of Nov. 1. Of these, 441 were jailed on narcotics charges. This is more than one-third of all the Americans imprisoned on such charges in foreign jails throughout the world. The U.S. Embassy here says that about 125 were arrested while in transit at the Mexico City airport and charged with importing cocaine into Mexico.

Fifty of the 125 have been sentenced 6½ to 13 years in prison; the others expect a similar fate. The other 316 Americans are serving or will serve, prison terms of 1 or 2 years.

A strong case can be made that most were caught because they were offending a Mexican government genuinely concerned about the problem of drugs within its own country.

But the arrests at the airport of the amateur smugglers—known as "mules" or "burros"—differs in that cocaine is not a major Mexican problem.

Dr. Guido Belasso, the director general of the Mexican center for the Study of Drug Addiction, a government agency, said of cocaine in a recent interview: "There are a few users here. But it is by no means a social problem."

The cocaine arrests represent only part of the results of recent joint American-Mexican efforts to stem the drug traffic. American narcotics agents long believed that part of the American problem would be eased if the Mexican government moved against its drug producers, traffickers and smugglers since Mexico is the source of most of the marijuana and a large part of the herion used in the United States.

In September, 1969, the Nixon Administration set up "Operation Intercept" at the frontier, in part to bring pressure on the Mexican government. For 10 days, U.S. Border Patrol and Customs agents thoroughly searched every person and car crossing the border from Mexico. The interminable delays disrupted border commerce and held up Mexican workers with jobs in the United States. And it dissuaded U.S. tourists from making trips into Mexico.

Mexico, with the economy heavily dependent upon American tourism, got the message. As a U.S. embassy official said recently, "The United States mechanized its leverage in Operation Intercept, and this sensitized the Mexicans to the problem." The Mexican government agreed to join the U.S. government in "Operation Cooperation"—a program to crack down on the drug traffic from Mexico to the United States.

Under Operation Cooperation, the U.S. government, according to embassy officials, has given Mexico $14 million in aid for drug-law enforcement, including $8 million in the current fiscal year. Most of the money has been spent on 28 helicopters, used by Mexico to hunt for opium poppy fields. In addition, the U.S. government has trained 276 Mexican federal police and 52 customs agents either in the United States or Mexico in drug enforcement and inspection. This means that the vast majority of Mexican federal and customs agents have had such training.

During this period, Mexico has significantly increased its destruction of poppy fields and heroin laboratories and its arrest of traffickers and smugglers, both Mexican and foreign.

The U.S. Embassy does not have statistics prior to Operation Intercept, but one embassy official estimated that the total number of Americans in jail was about 100—most of them for failing to pay their hotel bills. By July, 1970, there were 187 Americans in Mexican jails on drug charges alone. By July, 1971, the figure was 234. Now it is 441.

Despite the Mexican cooperation, there still is a feeling in some U.S. circles that Mexico is not doing enough. During Operation Cooperation, the amount of heroin coming from Mexico increased from 15% to 60%.

In March, 1973, two congressmen, Reps. Morgan F. Murphy (D-Ill.) and Robert H. Steele (R-Conn.), issued a report insisting that "the battle to stop narcotics from entering the United States from Mexico is being lost." They said that "the U.S. Embassy in Mexico must be more forceful in impressing upon Mexican officials that vigorous action is necessary at all levels of government."

In a recent interview, an important Mexican government official said, "There still is considerable pressure; by that I mean normal diplomatic pressure. In fact, a substantial part of the recent talks on the border between the two presidents was on this subject." He was referring to the meetings in late October between President Ford and President Luis Echeverria of Mexico.

There is a difference of opinion among U.S. officials about whether the United States specifically asked for the program to stop cocaine "mules" at the Mexico City airport.

"At no point to my knowledge did we go to the Mexicans and ask for this," a State Department official said in an interview.

Regional Director Eyman of the DEA said, "The United States has encouraged this government and all other governments to improve their enforcement, including airport surveillance. In that sense, we are glad to see it. But did we go out and specifically ask for it? The answer is no."

However, Moreno, the project coordinator of the Mexico program, told The Times, "we motivated it."

Moreno said the program was a gentlemen's agreement between the attorney generals of the two countries.

The Mexican campaign coincided with a training program by the U.S. Customs Service. As part of a worldwide project, U.S. Customs trained two Mexican customs supervisors in the United States in April, 1973, and then sent instructors to Mexico to train 50 customs inspectors in November, 1973. According to U.S. Customs, its training was "oriented towards the practical aspects of seizure, searches, narcotics identification, cargo control, passenger and baggage control, and all other phases of border control enforcement."

In addition, U.S. Customs provided the Mexico City airport in September, 1973, with an American dog handler and a dog trained to sniff narcotics.

The arrests of the Americans at the airport began in late summer of 1973, after the Mexican supervisors returned from training in the United States, and reached its high point in the spring of 1974, after the Mexican customs inspectors had completed their classes. The campaign has since petered out. There was only one arrest of an American for cocaine importation from late August to Nov. 1 of this year.

The Mexicans have also arrested a small number of other foreigners at the airport for cocaine importation, including six Canadians. According to the U.S. Embassy, no Mexican has been arrested at the airport for this offense.

The airport campaign has revealed some details about the involvement of American DEA agents in the work of Mexico's anti-narcotics program. The U.S. DEA has 36 employes in Mexico City, Guadalajara, Monterrey, Hermosillo, and Mazatlan. Of these, 26 are classified as agents. In addition, DEA agents in U.S. border towns have responsibility for working with Mexican agents in the Mexican border towns.

U.S. officials have seemed reluctant to reveal exactly what these DEA agents do. In a confrontation with American prisoners at Lecumberri prison last July, U.S. Consul General Peter J. Peterson told them, "There are no American police officers attached to the embassy operating in Mexico."

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Technically, this is correct, for the U.S. DEA agents do not have the power of arrest in Mexico. But they do perform certain police functions, like taking part in the interrogation of arrested persons and supplying tips to Mexican police officials about suspected offenders.

Even this role might not have been known if it were not for the evident carelessness of one agent. Several American prisoners have said that Americans were present during their interrogations at the airport, but the prisoners did not know who they were. In one case, however, an American identified himself to a prisoner as Arthur Sedillo, a DEA agent attached to the U.S. Embassy in Mexico City.

Faced with this evidence, U.S. Consul General Peterson has confirmed that DEA agent Sedillo, who is no longer in Mexico, was present during that interrogation. But Peterson said he knew of no other case. Regional director Eyman, however, has confirmed that DEA agents have been present in other interrogations.

"There are occasions," Eyman said, "when the government of Mexico will request cooperation or assistance in the interrogation of English-speaking offenders." Eyman said U.S. agents are called in because there is a language problem or the Mexicans need the DEA's "knowledge of what goes on in the United States" or "if we alerted them" to the offender in the first place.

Eyman said "we maintain liaison with the Mexico airport operation" but "there really is no dire need for our presence" in the interrogations.

This involvement of the DEA in the interrogations raises the question of whether the U.S. government has been zealous in protecting the rights of the U.S. citizens arrested in Mexico.

Contrary to international convention, Mexican federal police officials, in almost every case, have refused to allow the American prisoners at the airport to phone the U.S. Embassy for assistance. This has meant that by the time a representative of the office of the consul general, which handles the problems of arrested Americans, has reached a prisoner, he has already signed a confession in Spanish.

With the DEA so closely involved in the airport operation, it would seem a simple matter for the DEA in one part of the embassy building to phone the consul general in another part whenever the DEA knew an American was arrested.

Both Peterson and Eyman insist that this is done as a matter of routine. But, in the one case in March, 1974, the consul general confirms that DEA agent Sedillo was present, embassy records show that the DEA did not notify the consul general. The consul general's office found out about the case by reading about it in the Mexican newspapers.

In a frank moment, a U.S. Embassy official shed some light on this. "It's an educational thing," he said. "At first, the DEA thought that we were trying to get these kids out of jail. Now they understand the need to cooperate with us."

A number of Americans have accused Mexican officials of beating and torturing them during their interrogations. The U.S. Embassy has passed on 11 such complaints to the Mexican government. The Mexicans have denied the accusations.

Eyman said he does not believe such abuse is taking place. "I would take these allegations with a grain of salt," he said.

But, according to informed sources, Eyman recently sent a letter to all DEA agents ordering them to leave an interrogation if beating or torture took place.

Asked about this, Eyman replied, "If our agents are present when any activity violates the civil rights of any person, we would leave. Our people do not participate or . . . them to post bond and then leave the country. The sentences of 6½ to 13 years received by 50 of the Americans are considered too severe by the Mexican courts to allow bond.

Many prisoners insist that they have paid large fees to lawyers and bribes to court officials to gain freedom, only to be informed later that this was impossible because of U.S. government pressure.

The accusation has troubled the U.S. Embassy enough to solicit a disclaimer from the Mexican Bar Assn.

In a letter to the embassy, Andres Melo Abarrategui, president of the association, said, "We have no knowledge, either official or unofficial, of any intervention by this diplomatic mission on Mexican judicial authorities to prejudice the cases of American citizens on trial in this country on drug charges."

This issue is clouded. On one hand, it is possible that Mexican court officials, knowing the U.S. government is watching them, may be reluctant to deal softly with these prisoners. On the other hand, it is convenient for Mexicans who have accepted large fees or bribes to blame the U.S. government when they fail to do what they have promised. . . .

STATEMENT OF ACTING CHAIRMAN AL ULLMAN, COMMITTEE ON WAYS AND MEANS, CONCERNING REQUEST FOR A MODIFIED CLOSED RULE ON THE BILL H.R. 16994, RELATIVE TO THE TAX TREATMENT OF INTEREST ON SAVINGS

(Mr. ULLMAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ULLMAN. Mr. Speaker, I am taking this means of addressing my Democratic colleagues in the House to inform them that the Committee on Ways and Means has directed me to request a hearing before the Rules Committee for a modified closed rule for consideration of H.R. 16994 on the floor of the House. The rule which the committee is requesting would provide for four amendments to be offered on the floor, but otherwise would be the usual type closed rule. These four amendments which might be offered are as follows:

First, the exclusion for interest would expire after 1 year's duration;

Second, the dollar amount of the exclusion could be reduced to some lower dollar figure;

Third, the tax treatment of interest on savings would be made similar to the present tax treatment of series E bonds. Thus, taxation would be deferred until the interest on savings was withdrawn from the account; and

Fourth, the exclusion for interest would be limited to special accounts whose funds are designated specifically for residential mortgages or residential construction loans.

The committee further directed me to request that the rule provide for 2 hours of general debate to be equally divided, waiving points of order, for committee amendments only except for the above, and for the usual motion to recommit.

I am making this announcement in order to comply with rule 17 of the Democratic caucus concerning requests for closed rules or modified closed rules.

I was directed to request the Rules Committee to hold a hearing on this matter next Tuesday, December 17, 1974, and I have so written to the chairman of the Committee on Rules.

CONFERENCE REPORT ON H.R. 16136

Mr. PIKE submitted the following conference report and statement on the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 93–1545)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I

SEC. 101. The Secretary of the Army may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment for the following acquisition and construction:

INSIDE THE UNITED STATES

UNITED STATES ARMY FORCES COMMAND

Fort Bragg, North Carolina, $26,170,000.

Fort Campbell, Kentucky, $9,742,000.

Fort Carson, Colorado, $27,701,000.

Fort Hood, Texas, $42,754,000.

Fort Sam Houston, Texas, $4,286,000.

Fort Lewis, Washington, $10,270,000.

Fort Riley, Kansas, $25,933,000.

Fort Stewart/Hunter Army Airfield, Georgia, $42,197,000.

UNITED STATES ARMY TRAINING AND DOCTRINE COMMAND

Fort Belvoir, Virginia, $9,625,000.

Fort Benning, Georgia, $36,827,000.

Fort Bliss, Texas, $12,296,000.

Fort Eustis, Virginia, $8,124,000.

Fort Gordon, Georgia, $9,858,000.

Hunter-Liggett Military Reservation, California, $1,108,000.

Fort Jackson, South Carolina, $19,078,000.

Fort Knox, Kentucky, $2,264,000.

Fort Leavenworth, Kansas, $9,911,000.

Fort Lee, Virginia, $11,473,000.

Fort McClellan, Alabama, $17,344,000.

Presidio of Monterey, California, $3,107,000.

Fort Ord, California, $3,660,000.

Fort Polk, Louisiana, $7,304,000.

Fort Rucker, Alabama, $4,928,000.

Fort Sill, Oklahoma, $15,587,000.

Fort Leonard Wood, Missouri, $3,360,000.

UNITED STATES ARMY MILITARY DISTRICT OF WASHINGTON

Fort Myer, Virginia, $2,497,000.

UNITED STATES ARMY MATERIEL COMMAND

Aberdeen Proving Ground, Maryland, $1,030,000.

Aeronautical Maintenance Center, Texas, $541,000.

Anniston Army Depot, Alabama, $7,648,000.

Letterkenny Army Depot, Pennsylvania, $4,726,000.

Lexington/Blue Grass Army Depot, Kentucky, $616,000.

Picatinny Arsenal, New Jersey, $2,820,000.

Red River Army Depot, Texas, $269,000.

Redstone Arsenal, Alabama, $10,322,000.

Rock Island Arsenal, Illinois, $2,731,000.

Sacramento Army Depot, California, $2,599,000.

Seneca Army Depot, New York, $815,000.

Sierra Army Depot, California, $717,000.

Watervliet Arsenal, New York, $3,256,000.

White Sands Missile Range, New Mexico, $1,808,000.

Yuma Proving Ground, Arizona, $1,859,000.

UNITED STATES ARMY COMMUNICATION COMMAND

Fort Huachuca, Arizona, $556,000.

Fort Ritchie, Maryland, $2,023,000.

UNITED STATES MILITARY ACADEMY

United States Military Academy, West Point, New York, $8,720,000.

HEALTH SERVICES COMMAND

Fort Detrick, Maryland, $486,000.

Various Locations, $19,773,000.

CORPS OF ENGINEERS

Cold Regions Laboratories, New Hampshire, $2,515,000.

UNITED STATES ARMY, ALASKA

Fort Greely, Alaska, $251,000.

Fort Richardson, Alaska, $1,732,000.

Fort Wainwright, Alaska, $1,512,000.

UNITED STATES ARMY, HAWAII

Schofield Barracks, Hawaii, $15,324,000.

Tripler General Hospital, Hawaii, $1,205,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $1,356,000.

Various Locations, Water Pollution Abatement, $16,358,000.

DINING FACILITIES MODERNIZATION

Various Locations, $10,723,000.

OUTSIDE THE UNITED STATES

UNITED STATES ARMY FORCES, SOUTHERN COMMAND

Canal Zone, Various Locations, $557,000.

UNITED STATES ARMY, PACIFIC

Korea, Various Locations, $2,034,000.

KWAJALEIN MISSILE RANGE

National Missile Range, $1,272,000.

UNITED STATES ARMY SECURITY AGENCY

Various Locations, $148,000.

UNITED STATES ARMY COMMUNICATION COMMAND

Fort Buckner, Okinawa, $532,000.

UNITED STATES ARMY, EUROPE

Germany, Various Locations, $27,482,000.

Camp Darby, Italy, $4,159,000.

Various Locations: For the United States share of the cost of multilateral programs for the acquisition or construction of military facilities and installations, including international military headquarters for the collective defense of the North Atlantic Treaty Area, $84,000,000: *Provided,* That within thirty days after the end of each quarter, the Secretary of the Army shall furnish to the Committees on Armed Services and Appropriations of the Senate and the House of Representatives a description of obligations incurred as the United States share of such multilateral programs.

SEC. 102. The Secretary of the Army may establish or develop Army installations and facilities by proceeding with construction made necessary by changes in Army missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, or (4) improved production schedules if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment; in the total amount of $10,000,000: *Provided,* That the Secretary of the Army, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire upon enactment of the fiscal year 1976 Military Construction Authorization Act except for those public works projects concerning which the Committee on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

SEC. 103. (a) Public Law 93-166, is amended under the heading "OUTSIDE THE UNITED STATES—UNITED STATES ARMY, EUROPE", in section 101 as follows:

With respect to "Germany, Various Locations" strike out "$12,517,000" and insert in place thereof "$16,360,000".

(b) Public Law 93-166 is amended by striking out in clause (1) of section 602 "$107,257,000" and "$596,084,000" and inserting in place thereof "$111,100,000" and "$599,927,000", respectively.

SEC. 104. (a) Public Law 92-545, as amended, is amended under the heading "INSIDE THE UNITED STATES", in section 101 as follows:

With respect to "Fort Myer, Virginia," strike out "$1,815,000" and insert in place thereof "$3,615,000."

With respect to "Fort Sill, Oklahoma," strike out "$14,958,000" and insert in place thereof "$16,159,000".

(b) Public Law 92-545, as amended, is amended under the heading "OUTSIDE THE UNITED STATES—UNITED STATES ARMY FORCES, SOUTHERN COMMAND" in section 101 as follows:

With respect to "Canal Zone, Various Locations" strike out "$8,129,000" and insert in place thereof "$9,238,000".

(c) Public Law 92-545, as amended, is amended by striking out in clause (1) of section 702 "444,767,000;" "$117,311,000;" and "$562,078,000" and inserting in place thereof "$447,768,000;" "$118,420,000;" and "$566,188,000", respectively.

SEC. 105. (a) Public Law 91-511, as amended, is amended under the heading "INSIDE THE UNITED STATES", in section 101 as follows:

With respect to "Rock Island Arsenal, Illinois," strike out "$2,750,000" and insert in place thereof "$3,650,000".

(b) Public Law 91-511, as amended, is amended by striking out in clause (1) of section 602 "$181,834,000" and "$267,031,000" and inserting in place thereof "$182,734,000" and "$267,931,000", respectively.

SEC. 106. Public Law 93-166 is amended in section 105 as follows:

Clause (1) of section 702 of Public Law 92-145, as amended by section 105(b) of Public Law 93-166, is amended by striking out "$404,500,000" and "$405,107,000" and inserting in place thereof "$405,000,000" and "$405,607,000" respectively.

TITLE II

SEC. 201. The Secretary of the Navy may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities and equipment for the following acquistion and construction:

INSIDE THE UNITED STATES

FIRST NAVAL DISTRICT

Naval Air Station, Brunswick, Maine, $261,000.

Portsmouth Naval Shipyard, Kittery, Maine, $7,232,000.

Naval Security Group Activity, Winter Harbor, Maine, $255,000.

Naval Education and Training Center, Newport, Rhode Island, $3,553,000.

Naval Underwater Systems Center, Newport, Rhode Island, $9,249,000.

THIRD NAVAL DISTRICT

Naval Submarine Base, New London, Connecticut, $971,000.

FOURTH NAVAL DISTRICT

Naval Air Test Facility, Lakehurst, New Jersey, $7,350,000.

Navy Ships Parts Control Center, Mechanicsburg, Pennsylvania, $2,336,000.

Naval Hospital, Philadelphia, Pennsylvania, $296,000.

NAVAL DISTRICT, WASHINGTON

Naval District Commandant, Washington, District of Columbia, $2,883,000.

Naval Research Laboratory, Washington, District of Columbia, $205,000.

Naval Academy, Annapolis, Maryland, $7,706,000.

National Naval Medical Center, Bethesda, Maryland, $14,943,000.

Uniformed Services University of the Health Sciences, Bethesda, Maryland, $15,000,000.

FIFTH NAVAL DISTRICT

Naval Regional Medical Center, Camp Lejeune, North Carolina, $290,000.

Naval Air Rework Facility, Cherry Point, North Carolina, $252,000.

Fleet Combat Direction Systems Training Center, Atlantic, Dam Neck, Virginia, $2,034,000.

Naval Amphibious Base, Little Creek, Virginia, $896,000.

Atlantic Command Operations Control Center, Norfolk, Virginia, $633,000.

Naval Air Station, Norfolk, Virginia, $3,471,000.

Naval Station, Norfolk, Virginia, $8,364,000.

Naval Supply Center, Norfolk, Virginia, $4,990,000.

Naval Air Station, Oceana, Virginia, $1,047,000.

Norfolk Naval Regional Medical Center, Portsmouth, Virginia, $15,801,000.

Norfolk Naval Shipyard, Portsmouth, Virginia, $5,602,000.

Naval Weapons Station, Yorktown, Virginia, $1,595,000.

SIXTH NAVAL DISTRICT

Naval Air Station, Cecil Field, Florida, $6,893,000.

Naval Air Station, Jacksonville, Florida, $446,000.

Naval Regional Medical Center, Jacksonville, Florida, $12,413,000.

Naval Station, Mayport, Florida, $3,239,000.

Naval Training Center, Orlando, Florida, $8,709,000.

Naval Coastal Systems Laboratory, Panama City, Florida, $795,000.

Naval Air Station, Pensacola, Florida, $20,948,000.

Naval Technical Training Center, Pensacola, Florida, $4,478,000.

Naval Air Station, Whiting Field, Florida, $1,561,000.

Naval Air Station, Meridian, Mississippi, $1,485,000.

Naval Hospital, Beaufort, South Carolina, $7,112,000.

Charleston Naval Shipyard, Charleston, South Carolina, $200,000.

Naval Station, Charleston, South Carolina, $15,352,000.

Naval Supply Center, Charleston, South Carolina, $3,750,000.

Naval Weapons Station, Charleston, South Carolina, $2,564,000.

Naval Air Station, Memphis, Tennessee, $4,284,000.

EIGHTH NAVAL DISTRICT

Naval Support Activity, New Orleans, Louisiana, $3,080,000.

Naval Air Station, Corpus Christi, Texas, $1,830,000.

Naval Air Station, Kingsville, Texas, $1,428,000.

NINTH NAVAL DISTRICT

Naval Training Center, Great Lakes, Illinois, $1,953,000.

ELEVENTH NAVAL DISTRICT

Naval Regional Medical Center, Camp Pendleton, California, $7,619,000.

Naval Weapons Center, China Lake, California, $8,371,000.

Long Beach Naval Shipyard, Long Beach, California, $6,011,000.

Naval Air Station, Miramar, California, $11,772,000.

Naval Air Station, North Island, California, $12,943,000.

Naval Construction Battalion Center, Port Hueneme, California, $1,048,000.

Naval Electronics Laboratory Center, San Diego, California, $3,238,000.

Naval Regional Medical Center, San Diego, California, $13,493,000.

Naval Training Center, San Diego, California, $8,657,000.

Navy Submarine Support Facility, San Diego, California, $4,234,000.

Naval Weapons Station, Seal Beach, California, $2,147,000.

TWELFTH NAVAL DISTRICT

Naval Air Rework Facility, Alameda, California, $1,638,000.

Naval Hospital, Lemoore, California, $333,000.

Naval Air Station, Moffett Field, California, $77,000.

Naval Communications Station, Stockton, California, $1,102,000.

THIRTEENTH NAVAL DISTRICT

Naval Station, Adak, Alaska, $7,697,000.

Trident Support Site, Bangor, Washington, $100,000,000.

Puget Sound Naval Shipyard, Bremerton, Washington, $393,000.

Naval Air Station, Whidbey Island, Washington, $2,603,000.

FOURTEENTH NAVAL DISTRICT

Naval Ammunition Depot, Oahu, Hawaii, $795,000.

Naval Station, Pearl Harbor, Hawaii, $1,505,000.

Pearl Harbor Naval Shipyard, Pearl Harbor, Hawaii, $3,356,000.

MARINE CORPS

Marine Barracks, Washington, District of Columbia, $1,874,000.

Marine Corps Development and Education Command, Quantico, Virginia, $2,803,000.

Marine Corps Base, Camp Lejeune, North Carolina, $13,864,000.

Marine Corps Air Station, Cherry Point, North Carolina, $1,260,000.

Marine Corps Air Station, New River, North Carolina, $499,000.

Marine Corps Air Station, Yuma, Arizona, $3,203,000.

Marine Corps Supply Center, Barstow, California, $1,463,000.

Marine Corps Base, Camp Pendleton, California, $7,271,000.

Marine Corps Base, Twentynine Palms, California, $397,000.

Marine Corps Air Station, Kaneohe Bay, Hawaii, $5,497,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $9,849,000.

Various Locations, Water Pollution Abatement, $44,251,000.

OUTSIDE THE UNITED STATES

TENTH NAVAL DISTRICT

Naval Telecommunications Center, Roosevelt Roads, Puerto Rico, $3,186,000.

Naval Station, Roosevelt Roads, Puerto Rico, $947,000.

Naval Security Group Activity, Sabana Seca, Puerto Rico, $1,026,000.

FIFTEENTH NAVAL DISTRICT

Naval Support Activity, Canal Zone, $800,000.

ATLANTIC OCEAN AREA

Naval Air Station, Bermuda, $1,866,000.

Naval Station, Keflavik, Iceland, $2,317,000.

EUROPEAN AREA

Naval Security Group Activity, Edzell, Scotland, $571,000.

Naval Activities Detachment, Holy Loch, Scotland, $1,188,000.

INDIAN OCEAN AREA

Naval Communications Facility, Diego Garcia, Chagos Archipelago, $14,802,000.

PACIFIC OCEAN AREA

Naval Communication Station, Finegayan, Guam, Mariana Islands, $355,000.

Naval Ship Repair Facility, Guam, Mariana Islands, $1,782,000.

Navy Public Works Center, Guam, Mariana Islands, $907,000.

Naval Air Station, Cubi Point, Republic of the Philippines, $2,873,000.

Naval Station, Subic Bay, Republic of the Philippines, $3,741,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $1,059,000.

Various Locations, Water Pollution Abatement, $4,038,000.

SEC. 202. The Secretary of the Navy may establish or develop Navy installations and facilities by proceeding with construction made necessary by changes in Navy missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, or (4) improved production schedules, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $10,000,000: *Provided*, That the Secretary of the Navy, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire upon enactment of the fiscal year 1976 Military Construction Authorization Act, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

SEC. 203. (a) Public Law 90–408, as amended, is amended under the heading "INSIDE THE UNITED STATES", in section 201 as follows:

With respect to "Naval Academy, Annapolis, Maryland," strike out "$2,000,000" and insert in place thereof "$4,391,000".

(b) Public Law 90–408, as amended, is amended by striking out in clause (2) of section 802 "$241,668,000" and "$248,533,000" and inserting in place thereof "$244,059,000" and "$250,924,000", respectively.

SEC. 204. (a) Public Law 91–511, as amended, is amended under the heading "INSIDE THE UNITED STATES", in section 201 as follows:

With respect to "Naval Air Rework Facility, Jacksonville, Florida," strike out "$3,869,000" and insert in place thereof "$4,534,000".

(b) Public Law 91–511, as amended, is amended by striking out in clause (2) of section 602 "$247,204,000" and "$247,342,000" and inserting in place thereof "$247,869,000" and "$275,007,000", respectively.

SEC. 205. (a) Public Law 92–545, as amended, is amended under the heading "INSIDE THE UNITED STATES", in section 201 as follows:

With respect to "Navy Public Works Center, Norfolk, Virginia," strike out "$3,319,000" and insert in place thereof "$7,019,000".

With respect to "Naval Hospital, New Orleans, Louisiana," strike out "$11,680,000" and insert in place thereof "$14,609,000".

With respect to "Naval Ammunition Depot, Hawthorne, Nevada," strike out "$6,-

003,000" and insert in place thereof "$10,203,000".

(b) Public Law 92–545 is amended under the heading "OUTSIDE THE UNITED STATES" in section 201 as follows:

With respect to "Naval Air Facility, Sigonella, Sicily, Italy", strike out "$8,932,000" and insert in place thereof "$12,632,000".

(c) Public Law 92–545, as amended, is amended by striking out in clause (2) of section 702 "$477,664,000", "$41,217,000", and "$518,881,000" and inserting in place thereof "$488,493,000", "$44,917,000", and "$533,410,000", respectively.

SEC. 206. (a) Public Law 93–166 is amended under the heading "INSIDE THE UNITED STATES", in section 201 as follows:

With respect to "Naval Home, Gulfport, Mississippi," strike out $9,444,000" and insert in place thereof "$11,802,000".

With respect to "Naval Air Station Meridian, Mississippi," strike out "$4,532,000" and insert in place thereof "$5,466,000.".

With respect to "Naval Hospital, New Orleans, Louisiana," strike out "$3,386,000" and insert in place thereof "$4,157,000".

With respect to "Naval Air Station, Alameda, California," strike out "$3,827,000" and insert in place thereof "$7,756,000".

With respect to "Marine Corps Supply *Center, Barstow,* California," strike out "$3,802,000" and insert in place thereof "$6,210,000".

(b) Public Law 93–166 is amended by striking out in clause (2) of section 602 "$511,606,000" and "$570,439,000" and inserting in place thereof "$522,006,000" and "$580,839,000", respectively.

TITLE III

SEC. 301. The Secretary of the Air Force may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the *following* acquisition and construction:

INSIDE THE UNITED STATES

AEROSPACE DEFENSE COMMAND

Peterson Field, Colorado Springs, Colorado, $6,885,000.

Tyndall Air Force Base, Panama City, Florida, $2,775,000.

AIR FORCE COMMUNICATIONS SERVICE

Richards-Gebaur Air Force Base, Grandview, Missouri, $805,000.

AIR FORCE LOGISTICS COMMAND

Hill Air Force Base, Ogden, Utah, $11,894,000.

Kelly Air Force Base, San Antonio, Texas, $11,150,000.

McClellan Air Force Base, Sacramento, California, $15,873,000.

Newark Air Force Station, Newark, Ohio, $1,977,000.

Robins Air Force Base, Warner Robins, Georgia, $792,000.

Tinker Air Force Base, Oklahoma City, Oklahoma, $9,839,000.

Wright-Patterson Air Force Base, Dayton, Ohio, $13,871,000.

AIR FORCE SYSTEMS COMMAND

Arnold Engineering Development Center, Tullahoma, Tennessee, $4,240,000.

Brooks Air Force Base, San Antonio, Texas, $3,100,000.

Edwards Air Force Base, Muroc, California, $1,198,000.

Eglin Air Force Base, Valparaiso, Florida, $13,512,000.

Kirtland Air Force Base, Albuquerque, New Mexico, $232,000.

Patrick Air Force Base, Cocoa, Florida, $642,000.

Satellite Tracking Facilities, $832,000.

AIR TRAINING COMMAND

Chanute Air Force Base, Rantoul, Illinois, $6,267,000.

Columbus Air Force Base, Columbus, Mississippi, $169,000.

Keesler Air Force Base, Biloxi, Mississippi, $7,297,000.

Laughlin Air Force Base, Del Rio, Texas, $298,000.

Lowry Air Force Base, Denver, Colorado, $7,885,000.

Mather Air Force Base, Sacramento, California, $2,143,000.

Randolph Air Force Base, San Antonio, Texas, $790,000.

Reese Air Force Base, Lubbock, Texas, $836,000.

Sheppard Air Force Base, Wichita Falls, Texas, $8,631,000.

Vance Air Force Base, Enid, Oklahoma, $6,798,000.

Webb Air Force Base, Big Spring, Texas, $776,000.

Williams Air Force Base, Chandler, Arizona, $5,849,000.

AIR UNIVERSITY

Maxwell Air Force Base, Montgomery, Alabama, $2,500,000.

ALASKAN AIR COMMAND

Eielson Air Force Base, Fairbanks, Alaska, $310,000.

Various Locations, $15,242,000.

HEADQUARTERS COMMAND

Andrews Air Force Base, Camp Springs, Maryland, $14,699,000.

Bolling Air Force Base, Washington, District of Columbia, $3,155,000.

MILITARY AIRLIFT COMMAND

Dover Air Force Base, Dover, Delaware, $1,373,000.

McGuire Air Force Base, Wrightstown, New Jersey, $408,000.

Scott Air Force Base, Belleville, Illinois, $5,451,000.

Travis Air Force Base, Fairchild, California, $3,800,000.

PACIFIC AIR FORCES

Hickam Air Force Base, Honolulu, Hawaii, $11,878,000.

STRATEGIC AIR COMMAND

Barksdale Air Force Base, Shreveport, Louisiana, $641,000.

Blytheville Air Force Base, Blytheville, Arkansas, $675,000.

Davis-Monthan Air Force Base, Tucson, Arizona, $3,009,000.

Ellsworth Air Force Base, Rapid City, South Dakota, $2,109,000.

Griffiss Air Force Base, Rome, New York, $1,774,000.

Grissom Air Force Base, Peru, Indiana, $323,000.

K. I. Sawyer Air Force Base, Marquette, Michigan, $7,050,000.

Kincheloe Air Force Base, Kinross, Michigan, $835,000.

Malmstrom Air Force Base, Great Falls, Montana, $3,740,000.

McConnell Air Force Base, Wichita, Kansas, $3,038,000.

Minot Air Force Base, Minot, North Dakota, $238,000.

Offutt Air Force Base, Omaha, Nebraska, $5,595,000.

Pease Air Force Base, Portsmouth, New Hampshire, $115,000.

Plattsburgh Air Force Base, Plattsburgh, New York, $882,000.

Whiteman Air Force Base, Knob Noster, Missouri, $6,692,000.

TACTICAL AIR COMMAND

Cannon Air Force Base, Clovis, New Mexico, $1,715,000.

George Air Force Base, Victorville, California, $3,846,000.

Holloman Air Force Base, Alamogordo, New Mexico, $1,565,000.

Langley Air Force Base, Hampton, Virginia, $3,056,000.

Little Rock Air Force Base, Little Rock, Arkansas, $5,141,000.

Myrtle Beach Air Force Base, Myrtle Beach, South Carolina, $300,000.

Nellis Air Force Base, Las Vegas, Nevada, $6,495,000.

Pope Air Force Base, Fayetteville, North Carolina, $730,000.

Seymour Johnson Air Force Base, Goldsboro, North Carolina, $3,948,000.

Various Locations, $5,194,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $2,056,000.

Various Locations, Water Pollution Abatement, $13,700,000.

SPECIAL FACILITIES

Various Locations, $12,152,000.

AEROSPACE CORPORATION

Los Angeles, California, $9,000,000.

OUTSIDE THE UNITED STATES

AEROSPACE DEFENSE COMMAND

Various Locations, $138,000.

PACIFIC AIR FORCES

Various Locations, $3,775,000.

UNITED STATES AIR FORCES IN EUROPE

Germany, $280,000.

United Kingdom, $884,000.

Various Locations, $63,081,000.

UNITED STATES AIR FORCE SECURITY SERVICE

Various Locations, $4,135,000.

POLLUTION ABATEMENT

Various Locations, Water Pollution Abatement, $595,000.

SPECIAL FACILITIES

Various Locations, $1,999,000.

SEC. 302. The Secretary of the Air Force may establish or develop classified military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities and equipment, in the total amount of $8,100,000.

SEC. 303. The Secretary of the Air Force may establish or develop Air Force installations and facilities by proceeding with construction made necessary by changes in Air Force missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, or (4) improved production schedules, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $10,000,000: *Provided,* That the Secretary of the Air Force, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire upon enactment of the fiscal year 1976 Military Construction Authorization Act, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

SEC. 304. (a) Section 301 of Public Law 93–166 is amended under the heading "INSIDE THE UNITED STATES" as follows:

(1) Under the subheading "AEROSPACE DEFENSE COMMAND" with respect to "Peterson Field, Colorado Springs, Colorado", strike out "$7,843,000" and insert in place thereof "$9,733,000".

(2) Under the subheading "AEROSPACE DEFENSE COMMAND" with respect to "Tyndall Air Force Base, Panama City, Florida", strike out "$1,020,000" and insert in place thereof "$1,284,000".

(3) Under the subheading "AIR FORCE COMMUNICATIONS SERVICE" with respect to "Richards-Gebaur Air Force Base, Grandview, Missouri", strike out "$3,963,000" and insert in place thereof "$6,130,000".

(4) Under the subheading "AIR FORCE LOGISTICS COMMAND" with respect to "Robins Air Force Base, Warner Robins, Georgia", strike out "$4,628,000" and insert in place thereof "$7,324,000".

(5) Under the subheading "AIR FORCE SYSTEMS COMMAND" with respect to "Eglin Air Force Base, Valparaiso, Florida", strike out "$7,039,000" and insert in place thereof "$8,882,000".

(6) Under the subheading "AIR TRAINING COMMAND" with respect to "Keesler Air Force Base, Biloxi, Mississippi", strike out "$8,786,000" and insert in place thereof "$10,733,000".

(7) Under the subheading "AIR TRAINING COMMAND" with respect to "Lackland Air Force Base, San Antonio, Texas", strike out "$6,509,000" and insert in place thereof "$9,186,000".

(8) Under the subheading "AIR TRAINING COMMAND" with respect to "Reese Air Force Base, Lubbock, Texas", strike out "$4,211,000" and insert in place thereof "$895,000".

(9) Under the subheading "AIR TRAINING COMMAND" with respect to "Vance Air Force Base, Enid, Oklahoma", strike out "$371,000" and insert in place thereof "$895,000".

(10) Under the subheading "AIR TRAINING COMMAND" with respect to "Webb Air Force Base, Big Spring, Texas", strike out "$3,154,000" and insert in place thereof "$4,307,000".

(11) Under the subheading "MILITARY AIRLIFT COMMAND" with respect to "Altus Air Force Base, Altus, Oklahoma", strike out "$1,078,000" and insert in place thereof "$1,440,000".

(12) Under the subheading "STRATEGIC AIR COMMAND" with respect to "Francis E. Warren Air Force Base, Cheyenne, Wyoming", strike out "$5,834,000" and insert in place thereof "$8,265,000".

(13) Under the subheading "TACTICAL AIR COMMAND" with respect to "Little Rock Air Force Base, Little Rock, Arkansas", strike out "$1,165,000" and insert in place thereof "$2,200,000".

(14) Under the subheading "TACTICAL AIR COMMAND" with respect to "Nellis Air Force Base, Las Vegas, Nevada", strike out "$2,588,000" and insert in place thereof "$3,637,000".

(b) Public Law 93-166 is further amended by striking out in clause (3) of section 602 "$238,439,000" and "$260,741,000" and inserting in place thereof "$260,727,000" and "$283,029,000", respectively.

TITLE IV

SEC. 401. The Secretary of Defense may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities and equipment, for defense agencies for the following acquisition and construction:

INSIDE THE UNITED STATES

DEFENSE MAPPING AGENCY

Defense Mapping Agency Aerospace Center (St. Louis AFS), St. Louis, Missouri, $2,573,000.

Fort Belvoir, Virginia, $670,000.

DEFENSE SUPPLY AGENCY

Defense Construction Supply Center, Columbus, Ohio, $1,862,000.

Defense Depot, Mechanicsburg, Pennsylvania, $394,000.

Defense Depot, Memphis, Tennessee, $1,399,000.

Defense Depot, Ogden, Utah, $527,000.

Defense Electronics Supply Center, Dayton, Ohio, $572,000.

Defense Industrial Plant Equipment Facility, Atchison, Kansas, $646,000.

Defense Personnel Support Center, Philadelphia, Pennsylvania, $936,000.

NATIONAL SECURITY AGENCY

Fort George G. Meade, Maryland, $2,363,000.

OUTSIDE THE UNITED STATES

DEFENSE NUCLEAR AGENCY

Johnston Atoll, $1,458,000.

SEC. 402. The Secretary of Defense may establish or develop installations and facilities which he determines to be vital to the security of the United States, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $15,000,000: *Provided*, That the Secretary of Defense or his designee shall notify the Committees on Armed Services of the Senate and House of Representatives immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including real estate actions pertaining thereto.

TITLE V—MILITARY FAMILY HOUSING AND HOMEOWNERS ASSISTANCE PROGRAM

SEC. 501. The Secretary of Defense, or his designee, is authorized to construct, at the locations hereinafter named, family housing units and mobile home facilities in the numbers hereinafter listed, but no family housing construction shall be commenced at any such locations in the United States, until the Secretary shall have consulted with the Secretary of the Department of Housing and Urban Development, as to the availability of adequate private housing at such locations. If agreement cannot be reached with respect to the availability of adequate private housing at any location, the Secretary of Defense shall immediately notify the Committees on Armed Services of the House of Representatives and the Senate, in writing, of such difference of opinion, and no contract for construction at such location shall be entered into for a period of thirty days after such notification has been given. This authority shall include the authority to acquire land, and interests in land, by gift, purchase, exchange of Government-owned land, or otherwise.

(a) Family Housing units—

(1) The Department of the Army, two thousand nine hundred units, $98,477,900.

Fort Stewart/Hunter Army Airfield, Georgia, four hundred units.

United States Army Installations, Oahu, Hawaii, one thousand units.

Fort Riley, Kansas, one hundred units.

Fort Campbell, Kentucky, one thousand units.

Fort Eustis, Virginia, one hundred units.

United States Army Installations, Atlantic Side, Canal Zone, one hundred units.

United States Army Installations, Pacific Side, Canal Zone, two hundred units.

(2) The Department of the Navy, two thousand six hundred and fifty units, $93,785,980.

Naval Complex, San Diego, California, five hundred units.

Naval Complex, Jacksonville, Florida, two hundred units.

Naval Complex, Oahu, Hawaii, six hundred units.

Naval Complex, New Orleans, Louisiana, two hundred units.

Marine Corps Air Station, Cherry Point, North Carolina, three hundred units.

Naval Complex, Charleston, South Carolina, three hundred and fifty units.

Naval Complex, Bremerton, Washington, three hundred units.

Naval Complex, Guantanamo Bay, Cuba, two hundred units.

(3) The Department of the Air Force, one thousand and fifty units, $35,236,120.

United States Air Force Installations, Oahu, Hawaii, two hundred units.

Pease Air Force Base, New Hampshire, one hundred units.

Altus Air Force Base, Oklahoma, one hundred units.

Misawa Air Base, Japan, two hundred units.

Kadena Air Base, Okinawa, two hundred units.

Clark Air Base, Philippines, two hundred and fifty units.

(b) Mobile Home Facilities—

(1) The Department of the Army, two hundred and forty spaces, $960,000.

(2) The Department of the Air Force, two hundred spaces, $888,000.

(c) Demolition of existing structures on proposed sites for family housing:

Naval Complex, Bremerton, Washington, $540,000.

SEC. 502. (a) Authorization for the construction of family housing provided in section 501 of this Act shall be subject, under such regulations as the Secretary of Defense may prescribe, to the following limitations on cost, which shall include shades, screens, ranges, refrigerators, and all other installed equipment and fixtures, the cost of the family unit, and the proportionate costs of land acquisition, site preparation (excluding demolition authorized in section 501(c)), and installation of utilities.

(b) The average unit cost for all units of family housing constructed in the United States (other than Alaska and Hawaii) shall not exceed $30,000 and in no event shall the cost of any unit exceed $46,000.

(c) When family housing units are constructed in areas other than that specified in subsection (b) the average cost of all such units shall not exceed $40,000, and in no event shall the cost of any unit exceed $46,000.

SEC. 503. The Secretary of Defense, or his designee, is authorized to accomplish alterations, additions, expansions, or extensions not otherwise authorized by law, to existing public quarters at a cost not to exceed—

(1) for the Department of the Army, $20,000,000.

(2) for the Department of the Navy, $20,000,000.

(3) for the Department of the Air Force, $20,000,000.

SEC. 504. Notwithstanding the limitations contained in prior Military Construction Authorization Acts on cost of construction of family housing, the limitations on such cost contained in section 502 of this Act shall apply to all prior authorizations for construction of family housing not heretofore repealed and for which construction contracts have not been executed prior to the date of enactment of this Act.

SEC. 505. The Secretary of Defense, or his designee, is authorized to construct or otherwise acquire at the locations hereinafter named, family housing units not subject to the limitations on such cost contained in section 502 of this Act. This authority shall include the authority to acquire land, and interests in land, by gift, purchase, exchange of Government-owned land, or otherwise. Total costs shall include shades, screens, ranges, refrigerators, and other installed equipment and fixtures, the cost of the family unit, and the costs of land acquisition, site preparation, and installation of utilities.

(a) Naval Station, Keflavik, Iceland, two hundred units, at a total cost not to exceed $9,600,000.

(b) Two family housing units in Warsaw, Poland, at a total cost not to exceed $120,000. This authority shall be funded by use of excess foreign currency when so provided in Department of Defense Appropriation Acts.

SEC. 506. The Secretary of Defense, or his designee, is authorized to accomplish repairs and improvements to existing public quarters in amounts in excess of the $15,000 limitation prescribed in section 610(a) of Public Law 90–110, as amended (81 Stat. 279, 305), as follows:

Fort McNair, Washington, District of Columbia, five units, $175,500.

Fort Sam Houston, Texas, one hundred *and forty* units, $2,352,800.

SEC. 507. (a) Section 515 of Public Law 84–161 (69 Stat. 324, 352), as amended, is further amended by (1) striking out "1974 and 1975" and inserting in lieu thereof "1975 and 1976", and (2) revising the third sentence to read as follows: "Expenditures for the rental of such housing facilities, including the cost of utilities and maintenance and operation, may not exceed: For the United States (other than Alaska and Hawaii), Puerto Rico, and Guam an average of $235 per month for each military department or the amount of $310 per month for any one unit; and for Alaska and Hawaii, an average of $295 per month for each military department, or the amount of $365 per month for any one unit."

(b) Section 507(b) of Public Law 93–166 (87 Stat. 661, 676), is amended by striking out "$325" and "seven thousand five hundred" in the first sentence, and inserting in lieu thereof "$355", and "twelve thousand", respectively; and in the second sentence by striking out "three hundred units", and inserting in lieu thereof "one hundred fifty units".

SEC. 508. There is authorized to be appropriated for use by the Secretary of Defense, or his designee, for military family housing and homeowners assistance as authorized by law for the following purposes;

(1) for construction and acquisition of family housing, including demolition, authorized improvements to public quarters, minor construction, relocation of family housing, rental guarantee payments, construction and acquisition of mobile home facilities, and planning, an amount not to exceed $304,088,000.

(2) for support of military family housing, including operating expenses, leasing, maintenance of real property, payments of principal and interest on mortgage debts incurred, payment to the Commodity Credit Corporation, and mortgage insurance premiums authorized under section 222 of the National Housing Act, as amended (12 U.S.C. 1715m), an amount not to exceed $935,515,000; and

(3) for homeowners assistance under section 1013 of Public Law 89–754 (80 Stat. 1255, 1290), including acquisition of properties, an amount not to exceed $5,000,000.

SEC. 509. None of the funds authorized to be appropriated by this or any other Act may be used for the purpose of installing air-conditioning equipment in any new or existing military family housing unit in the State of Hawaii.

TITLE VI

GENERAL PROVISIONS

SEC. 601. The Secretary of each military department may proceed to establish or develop installations and facilities under this Act without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on land includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land, and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

SEC. 602. There are authorized to be appropriated such sums as may be necessary for the purposes of this Act, but appropriations for public works projects authorized by titles I, II, III, IV, and V, shall not exceed—

(1) for title I: Inside the United States $491,695,000; outside the United States $120,184,000; or a total of $611,879,000.

(2) for title II: Inside the United States, $509,498,000; outside the United States, $41,458,000; or a total of $550,956,000.

(3) for title III: Inside the United States, $307,786,000; outside the United States, $74,887,000; section 302, $8,100,000; or a total of $390,773,000.

(4) for title IV: A total of $28,400,000.

(5) for title V: Military family housing and homeowners assistance, $1,244,603,000.

SEC. 603. (a) Except as provided in subsections (b) and (e), any of the amounts specified in titles I, II, III, and IV of this Act, may, in the discretion of the Secretary concerned, be increased by 5 per centum when inside the United States (other than Hawaii and Alaska), and by 10 per centum when outside the United States or in Hawaii and Alaska, if he determines that such increase (1) is required for the sole purpose of meeting unusual variations in cost, and (2) could not have been reasonably anticipated at the time such estimate was submitted to the Congress. However, the total cost of all construction and acquisition in each such title may not exceed the total amount authorized to be appropriated in that title.

(b) When the amount named for any construction or acquisition in title I, II, III, or IV of this Act involves only one project at any military installation and the Secretary of Defense, or his designee, determines that the amount authorized must be increased by more than the applicable percentage prescribed in subsection (a), the Secretary concerned may proceed with such construction or acquisition if the amount of the increase does not exceed by more than 25 per centum of the amount named for such project by the Congress.

(c) Subject to the limitations contained in subsection (a), no individual project authorized under title I, II, III, or IV of this Act for any specifically listed military installation may be placed under contract if—

(1) the estimated cost of such project is $250,000 or more, and

(2) the current working estimates of the Department of Defense, based upon bids received, for the construction of such project exceeds by more than 25 per centum the amount authorized for such project by the Congress, until after the expiration of thirty days from the date on which a written report of the facts relating to the increased cost of such project, including a statement of the reasons for such increase has been submitted to the Committees on Armed Services of the House of Representatives and the Senate.

(d) The Secretary of Defense shall submit an annual report to the Congress identifying each individual project which has been placed under contract in the preceding twelve-month period and with respect to which the then current working estimate of the Department of Defense based upon bids received for such project exceeded the amount authorized by the Congress for that project by more than 25 per centum. The Secretary shall also include in such report each individual project with respect to which the scope was reduced in order to permit contract award within the available authorization for such project. Such report shall include all pertinent cost information for each individual project, including the amount in dollars and percentage by which the current working estimate based on the contract price for the project exceeded the amount authorized for such project by the Congress.

(e) In addition to other cost variation limitations contained in this section or in similar sections of prior year military construction authorization Acts, any of the amounts specified in titles I, II, III, and IV of this and prior military construction authorization Acts may be varied upward by an additional 10 per centum when the Secretary of the military department concerned determines that such increase is required to meet unusual variations in cost directly attributable to difficulties arising out of the current energy crisis. However, the total cost of all construction and acquisition in each such title may not exceed the total amount authorized to be appropriated in that title.

SEC. 604. Contracts for construction made by the United States for performance within the United States and its possessions under this Act shall be executed under the jurisdiction and supervision of the Corps of Engineers, Department of the Army, or the Naval Facilities Engineering Command, Department of the Navy, or such other department or Government agency as the Secretaries of the military departments recommend and the Secretary of Defense approves to assure the most efficient, expeditious, and cost-effective accomplishment of the construction herein authorized. The Secretaries of the military departments shall report annually to the President of the Senate and the Speaker of the House of Representatives a breakdown of the dollar value of construction contracts completed by each of the several construction agencies selected together with the design, construction supervision, and overhead fees charged by each of the several agents in the execution of the assigned construction. Further, such contracts (except architect and engineering contracts which, unless specifically authorized by the Congress shall continue to be awarded in accordance with presently established procedures, customs, and practice) shall be awarded, insofar as practicable, on a competitive basis to the lowest responsible bidder, if the national security will not be impaired and the award is consistent with chapter 137 of title 10, United States Code. The Secretaries of the military departments shall report annually to the President of the Senate and the Speaker of the House of Representatives with respect to all contracts awarded on other than a competitive basis to the lowest responsible bidder.

SEC. 605. As of October 1, 1975, all authorizations for military public works including family housing, to be accomplished by the Secretary of a military department in connection with the establishment or development of installations and facilities, and all authorizations for appropriations therefor, that are contained in titles I, II, III, IV, and V of the Act of November 29, 1973, Public Law 93–166 (87 Stat. 661), and all such authorizations contained in Acts approved before November 30, 1973, and not superseded or otherwise modified by a later authorization are repealed except—

(1) authorizations for public works and for appropriations therefor that are set forth in those Acts in the titles that contain the general provisions;

(2) authorizations for public works projects as to which appropriated funds have been obligated for construction contracts, land acquisition, or payments to the North Atlantic Treaty Organization, in whole or in part before October 1, 1975, and authorizations for appropriations therefor;

(3) notwithstanding the repeal provisions of section 605 of the Act of November 29, 1973, Public Law 93–166 (87 Stat. 661, 681), authorizations for the following items which shall remain in effect until October 1, 1976:

(A) Sanitary sewer connection in the amount of $2,200,000 at Fort Belvoir, Virginia, that is contained in title I, section 101 of the Act of October 26, 1970 (84 Stat. 1204), as amended and extended in section 705(a)(3)(A) of the Act of October 25, 1972 (86 Stat. 1153).

(B) Cold storage warehouse construction in the amount of $1,215,000 at Fort Dix, New Jersey, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(C) Enlisted men's barracks complex construction in the amount of $12,160,000 at Fort Knox, Kentucky, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(D) Enlisted women's barracks construction in the amount of $245,000 and bachelor officers' quarters construction in the amount of $803,000 at Fort Lee, Virginia, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(E) Chapel center construction in the amount of $1,088,000 at Fort Benjamin Harrison, Indiana, that is contained in title I, section 101, of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(F) Enlisted men's barracks construction in the amount of $7,996,000 at Fort Ord, California, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(G) Enlisted men's barracks and mess construction in the amount of $699,000 at Sierra Army Depot, California, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1136), as amended.

(H) Test facilities Solid State Radar in the amount of $7,600,000 at Kwajalein National Missile Range, Kwajalein, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1137), as amended.

(I) Land acquisition in the amount of $10,000,000 for the Naval Ammunition Depot, Oahu, Hawaii, that is contained in title II, section 201 of the Act of October 25, 1972 (86 Stat. 1140), as amended.

(J) Message Center Addition, Aircraft Fire and Crash Station, Aircraft Maintenance Hangar Shops, Bachelor Enlisted Quarters, Mess Hall, Bachelor Officers' Quarters, Exchange and Recreation Building, and Utilities construction in the amount of $110,000; $199,000; $837,000; $1,745,000; $377,000; $829,000; $419,000; and $792,000, respectively, for the Naval Detachment, Souda Bay, Crete, Greece, that is contained in title II, section 201 of the Act of October 25, 1972 (86 Stat. 1141), as amended.

(K) Authorization for exchange of lands in support of the Air Installation Compatible Use Zones at Various Locations in the amount of $12,000,000 that is contained in title III, section 301 of the Act of October 25, 1972 (86 Stat. 1145), as amended.

(4) Notwithstanding the repeal provisions of section 705(b) of the Act of October 25, 1972, Public Law 92-545 (86 Stat. 1135, 1153), as modified by section 605(3) of the Act of November 29, 1973, Public Law 93-166 (87 Stat. 661, 681), the authorization to construct six hundred family housing units at Naval Complex, Norfolk, Virginia, contained in title V, section 501(a)(2) of the Act of October 25, 1972 (86 Stat. 1148), shall remain in effect until October 1, 1975.

Sec. 606. None of the authority contained in titles I, II, III, and IV of this Act shall be deemed to authorize any building construction projects inside the United States in excess of a unit cost to be determined in proportion to the appropriate area construction cost index, based on the following unit cost limitations where the area construction index is 1.0:

(1) $31 per square foot for permanent barracks;

(2) $33 per square foot for bachelor officer quarters;

unless the Secretary of Defense, or his designee, determines that because of special circumstances, application to such project of the limitations on unit costs contained in this section is impracticable: *Provided*, That, notwithstanding the limitations contained in prior military construction authorization Acts on unit costs, the limitations on such costs contained in this section shall apply to all prior authorizations for such construction not heretofore repealed and for which construction contracts have not been awarded by the date of enactment of this Act.

Sec. 607. Section 612 of Public Law 89-568 (80 Stat. 756, 757), is amended by deleting the figure "$150,000" wherever it appears and inserting in lieu thereof "$225,000".

Sec. 608. (a) The Secretary of Defense is authorized to assist communities located near the TRIDENT Support Site Bangor, Washington, in meeting the costs of providing increased municipal services and facilities to the residents of such communities, if the Secretary determines that there is an immediate and substantial increase in the need for such services and facilities in such communities as a direct result of work being carried out in connection with the construction, installation, testing, and operation of the TRIDENT Weapon System and that an unfair and excessive financial burden will be incurred by such communities as a result of the increased need for such services and facilities.

(b) The Secretary of Defense shall carry out the provisions of this section through existing Federal programs. The Secretary is authorized to supplement funds made available under such Federal programs to the extent necessary to carry out the provisions of this section, and is authorized to provide financial assistance to communities described in subsection (a) of this section to help such communities pay their share of the costs under such programs. The heads of all departments and agencies concerned shall cooperate fully with the Secretary of Defense in carrying out the provisions of this section on a priority basis.

(c) In determining the amount of financial assistance to be made available under this section to any local community for any community service or facility, the Secretary of Defense shall consult with the head of the department or agency of the Federal Government concerned with the type of service or facility for which financial assistance is being made available and shall take into consideration (1) the time lag between the initial impact of increased population in any such community and any increase in the local tax base which will result from such increased population, (2) the possible temporary nature of the increased population and the long-range cost impact on the permanent residents of any such community, and (3) such other pertinent factors as the Secretary of Defense deems appropriate.

(d) Any funds appropriated to the Department of Defense for the fiscal year beginning July 1, 1974, for carrying out the TRIDENT Weapon System shall be utilized by the Secretary of Defense in carrying out the provisions of this section to the extent that funds are unavailable under other Federal programs. Funds appropriated to the Department of Defense for any fiscal year beginning after June 30, 1975, for carrying out the TRIDENT Weapon System may, to the extent specifically authorized in an annual Military Construction Authorization Act, be utilized by the Secretary of Defense in carrying out the provision of this section to the extent that funds are unavailable under other Federal programs.

(e) The Secretary shall transmit to the Committees on Armed Services of the Senate and the House of Representatives semiannual reports indicating the total amount expended in the case of each local community which was provided assistance under the authority of this section during the preceding six-month period, the specific projects for which assistance was provided during such period, and the total amount provided for each such project during such period.

Sec. 609. (a) Public Law 93-346 (88 Stat. 340), designating the premises occupied by the Chief of Naval Operations as the official resident of the Vice President, is amended to read as follows: "That effective July 1, 1974, the Government-owned house together with furnishings, associated grounds (consisting of twelve acres, more or less), and related facilities which have heretofore been used as the residence of the Chief of Naval Operations, Department of the Navy, shall, on and after such date be available for, and are hereby designated as, the temporary official residence of the Vice President of the United States.

"Sec. 2. The temporary official residence of the Vice President shall be adequately staffed and provided with such appropriate equipment, furnishings, dining facilities, services, and other provisions as may be required, under the supervision and direction of the Vice President, to enable him to perform and discharge appropriately the duties, functions, and obligations associated with his high office.

"Sec. 3. The Secretary of the Navy shall, subject to the supervision and control of the Vice President, provide for the military staffing and the care and maintenance of the grounds of the temporary official residence of the Vice President and, subject to reimbursement therefor out of funds appropriated for such purposes, provide for the civilian staffing, care, maintenance, repair, improvement, alteration, and furnishing of such residence.

"Sec. 4. There is hereby authorized to be appropriated such sums as may be necessary from time to time to carry out the foregoing provisions of this joint resolution. During any interim period until and before any such funds are so appropriated, the Secretary of the Navy shall make provision for staffing and other appropriate services [illegible] with the temporary official residence of the Vice President from funds available to the Department of the Navy, subject to reimbursement therefor from funds subsequently appropriated to carry out the purposes of this joint resolution.

"Sec. 5. After the date on which the Vice President moves into the temporary official residence provided for in this joint resolution no funds may be expended for the maintenance, care, repair, furnishing, or security of any residence for the Vice President other than the temporary official residence provided for in this joint resolution unless the expenditure of such funds is specifically authorized by law enacted after such date.

"Sec. 6. The Secretary of the Navy is authorized and directed, with the approval of the Vice President, to accept donations of money or property for the furnishing of or making improvements in or about the temporary official residence of the Vice President, all such donations to become the property of the United States and to be accounted for as such.

"Sec. 7. (a) Section 202 of title 3, United States Code, is amended by striking out 'and (5)' in the first sentence and inserting in lieu thereof the following: '(5) the temporary official residence of the Vice President and grounds in the District of Columbia; (6) the Vice President and members of his immediately family; and (7)'.

"Sec. 8. The first sentence of section 3056(a) of title 18, United States Code, is amended by—

"(1) inserting 'protect the members of the immediate family of the Vice President, unless such protection is declined;' immediately after 'Vice President-elect;', and

"(2) inserting 'pay expenses for unforeseen emergencies of a confidential nature under the direction of the Secretary of the

Treasury and accounted for solely on his certificate;' immediately after 'apprehension of criminals;'.

"SEC. 9. It is the sense of Congress that living accommodations, generally equivalent to those available to the highest ranking officer on active duty in each of the other military services, should be provided for the Chief of Naval Operations.".

(b) Except as otherwise provided therein, the amendment made by subsection (a) of this section shall become effective July 12, 1974.

SEC. 610. Section 2662 of title 10, United States Code, is amended by adding at the end of subsection (a) a new paragraph as follows:

"(6) Any termination or modification by either the grantor or grantee of an existing license or permit of real property owned by the United States to a military department, under which substantial investments have been or are proposed to be made in connection with the use of the property by the military department.".

SEC. 611. Chapter 159 of title 10, United States Code, is amended by adding at the end thereof the following new section and a corresponding item in the analysis:

"§ 2685. Adjustment of or surcharge on selling prices in commissary stores to provide funds for construction and improvement of commissary store facilities

"(a) Notwithstanding any other provision of law, the Secretary of a military department, under regulations established by him and approved by the Secretary of Defense, may, for the purposes of this section, provide for an adjustment of, or surcharge on, sales prices of goods and services sold in commissary store facilities.

"(b) The Secretary of a military department, under regulations established by him and approved by the Secretary of Defense, may use the proceeds from the adjustments or surcharges authorized by subsection (a) to acquire, construct, convert, expand, install, or otherwise improve commissary store facilities at defense installations within the United States and for related environmental evaluation and construction costs, including surveys, administration, overhead, planning, and design.".

SEC. 612. Notwithstanding any other provisions of law, proceeds from the sale of recyclable material shall be credited first, to the cost of collection, handling, and sale of the material including purchasing of equipment to be used for recycling purposes and second, to projects for environmental improvement and energy conservation at military camps, posts, and bases establishing recycling programs in accordance with regulations approved by the Secretary of Defense. The amount expended for environmental improvement and energy conservation projects shall not exceed $50,000 per installation per annum. Any balance shall be returned to the Treasury as miscellaneous receipts. The Secretary of each military department shall make an annual report to Congress on the operation of the program.

SEC. 613. (a) None of the funds authorized to be appropriated by this Act with respect to any construction project at Diego Garcia may be obligated unless—

(1) the President has (A) advised the Congress in writing that all military and foreign policy implications regarding the need for United States facilities at Diego Garcia have been evaluated by him, and (B) certified to the Congress in writing that the construction of any such project is essential to the national interest of the United States;

(2) 60 days of continuous session of the Congress have expired following the date on which certification with respect to such project is received by the Congress, and

(3) neither House of Congress has adopted, within such 60-day period, a resolution disapproving such project.

(b)(1) For purposes of this section, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of such 60-day period.

(2) For purposes of this section, "resolution" means a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the   does not approve the proposed construction project on the island of Diego Garcia, the need for which was certified to by the President and the certification with respect to which was received by the   on   .", the first and second blanks being filled with the name of the resolving House and the third blank being filled with the appropriate date.

(c) Subsections (d), (e), and (f) of this section are enacted by Congress—

(1) as an exercise of the rule-making power of the Senate and as such they are deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of resolutions described by subsection (b)(2) of this section; and they supersede other rules of the Senate only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of the Senate to change such rules at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

(d) A resolution with respect to a proposed construction project of the island of Diego Garcia shall be referred to the Committee on Armed Services of the Senate.

(e)(1) If the Committee on Armed Services of the Senate to which a resolution with respect to a proposed construction project on the island of Diego Garcia has been referred has not reported such resolution at the end of 20 calendar days after its introduction, not counting any day which is excluded under subsection (b)(1) of this section, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same proposed construction project which has been referred to the committee, except that no motion to discharge shall be in order after the committee has reported a resolution of disapproval with respect to the same proposed construction project.

(2) A motion to discharge under paragraph (1) of this subsection may be made only by a Senator favoring the resolution, is privileged, and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution, the time to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(f)(1) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(3) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(4) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

SEC. 614. (a) The Secretary of the Army is authorized to convey, without monetary consideration, to the Ozark Public Building Authority, an agency of the city of Ozark, Alabama, all right, title, and interest of the United States in and to the land described in subsection (b) for use as a permanent site for the museum referred to in subsection (c), and subject to the conditions described therein.

(b) The land authorized to be conveyed to the Ozark Public Building Authority as provided in subsection (a) is described as follows: All that tract or parcel of land lying and being in sections 13 and 24, range 23 east, township 5 north, Saint Stephens Meridian, Dale County, Alabama, more particularly described as follows:

Beginning at a point which is 216.0 feet north 89 degrees 57 minutes west of the northeast corner of the southwest quarter of the northeast quarter of said section 24, on the western right-of-way line of Alabama State Highway Numbered 249, and on the boundary of a tract of land owned by the United States of America at Fort Rucker Military Reservation;

thence north 25 degrees 07 minutes east along the western right-of-way line of said highway, which is along the boundary of said United States tract, 1,395 feet;

thence north 64 degrees 53 minutes west 700 feet; thence south 25 degrees 07 minutes west 2,800 feet; thence south 64 degrees 53 minutes east 700 feet, more or less, to a point which is on the western right-of-way line of said highway and on the boundary of said United States tract;

thence north 25 degrees 07 minutes east along the western right-of-way line of said highway, which is along the boundary of said United States tract, 1,405 feet, more or less, to the point of beginning, containing 45.00 acres, more or less.

(c) The conveyance provided for by the subsection (a) shall be subject to the condition that the real property so conveyed shall be used as a permanent site for a museum to display suitable public exhibits of the United States Army aviation equipment and allied subjects and aviation-oriented exhibits of other United States Government departments, agencies, and instrumentalities, and of foreign origin, and if such property is not used for such purpose, all right, title, and interest in and to such real property shall revert to the United States, which shall have the right of immediate entry thereon, and to such other conditions as the Secretary of the Army may prescribe to protect the interest of the United States.

SEC. 615. (a) The Secretary of the Navy, or his designee, is authorized to convey to the Gulf Coast Council, Boy Scouts of America, for fair market value and subject to such terms and conditions as shall be determined by the Secretary of the Navy, or his designee, to be necessary to protect the interests of the United States, all right, title, and interest of the United States of America, other than mineral rights including gas and oil which shall be reserved to the United States, in and to a certain parcel of land containing 12.46

acres, more or less, situated in Escambia County, Florida, being a part of the Naval Education and Training Program Development Center, Ellyson, Florida, more particularly described as follows:

Commence at the southeast property corner of Naval Education and Training Program Development Center (NETPDC), formerly Naval Air Station, Ellyson,

thence north 3 degrees 55 minutes west along the east boundary of NETPDC a distance of 725.8 feet more or less to the point of beginning; from said point of beginning, continue north 3 degrees 55 minutes west along the east boundary of NETPDC a distance of 829.1 feet more or less to a point,

thence north 0 degrees 27 minutes west along the east boundary of NETPDC a distance of 623.3 feet more or less to a point,

thence south 45 degrees 25 minutes east a distance of 304.8 feet more or less to a point,

thence south 87 degrees 48 minutes east a distance of 40.5 feet more or less to a point,

thence south 0 degree 25 minutes west a distance of 38.1 feet more or less to a point,

thence south 45 degrees 25 minutes east a distance of 139.8 feet more or less to a point,

thence south 87 degrees 00 minutes east a distance of 24.6 feet more or less to a point,

thence south 24 degrees 12 minutes west a distance of 17.4 feet more or less to a point,

thence south 45 degrees 25 minutes east a distance of 536.6 feet more or less to a point,

thence south 44 degrees 35 minutes west a distance of 990.1 feet more or less to the point of beginning; containing 12.46 acres more or less.

(b) All expenses for surveys and the preparation and execution of legal documents necessary or appropriate carry out the foregoing provisions shall be borne by the Gulf Coast Council, Boy Scouts of America.

SEC. 616. (a) The Secretary of the Army (hereinafter in this section referred to as the "Secretary"), or his designee is authorized and directed to convey by quitclaim deed to the State of Louisiana all right, title, and interest of the United States in and to that certain real property located in Saint Tammany Parish, Louisiana, containing one thousand seven hundred and ten acres, more or less, known as Camp Villere, being the same property presently under license to the State for National Guard use, and known as Audited Installation Numbered 22975 in the files of the Office of the District Engineer, Corps of Engineers, Fort Worth District.

(b) The conveyance required to be made pursuant to subsection (a) shall be made without monetary compensation but shall be in consideration of, and subject to, the following terms and conditions:

(1) The conveyed property shall be used primarily for the training of the Louisiana National Guard and for other military purposes of the Louisiana National Guard.

(2) Any revenue derived by the State from any other uses of the property shall be used for the maintenance and improvement of the property or be shared with the United States as prescribed by the Secretary. The State shall maintain such records and furnish such reports with respect to such revenue as are prescribed by the Secretary.

(3) The State shall protect the timber, water resources, gravel, sand, soil, mineral deposits, and other natural resources of the conveyed property in accordance with sound conservation practices and to the satisfaction of the Secretary.

(4) In time of war or national emergency declared by the Congress, or national emergency hereafter proclaimed by the President, and upon a determination by the Secretary of Defense that the conveyed property, or any part thereof, is useful or necessary for national defense and security, the Secretary, on behalf of the United States, shall have the right to enter upon and use such property, or any part thereof (including any and all improvements made thereon by the State), for a period not to exceed the duration of such war or emergency plus six months. Upon termination of such use, the property shall revert to the State, together with all improvements placed thereon by the United States, and be subject to the terms, conditions, and limitations on its use and disposition which apply without regard to this paragraph. The use of the property by the United States pursuant to this paragraph shall be without obligation or payment on the part of the United States, except that the United States, if required by the State, shall pay the fair market rental value for the use of any improvements on the property which are constructed with State funds and, upon completion of such use, will restore any such improvements to the same condition as that existing at the time of initial occupancy by the United States under this paragraph. At the option of the Secretary, cash payment may be made by the United States in lieu of such restoration; except that the value of any improvements erected by the United States during its occupancy and left on the property shall be offset against the obligation of the United States to restore improvements constructed with State funds.

(5) There shall be reserved from the conveyance such easements and right-of-way for roads, water flowage, soil disposal, waterlines, sewerlines, communications wires, powerlines, and other purposes, as the Secretary considers necessary or convenient for the operations, activities, and functions of the United States.

(6) All mineral rights with respect to the conveyed property, including gas and oil, shall be reserved to the United States, together with the right to permit such reasonable exploration and mining operations as will not interfere with the primary use of the property.

(7) Such other terms and conditions as the Secretary may deem necessary to protect the interests of the United States.

(c) Upon a finding by the Secretary that the State is violating or failing to comply with any term or condition imposed by paragraph (1), (2), or (3) of subsection (b) of this section, the Secretary is authorized immediately to reenter and take possession of the property described in subsection (a), whereupon title to such property shall revert to the United States and control thereover may be asserted by the Secretary without any further act or legal proceeding whatsoever. Any improvements, fixtures, and buildings placed on the property by the State during its period of use shall become the property of the United States without payment of compensation therefor.

(d)(1) Any surveying and related costs incurred incident to the carrying out of this section shall be borne by the State.

(2) Appropriate provisions to implement the terms and conditions of this Act shall be included in the instrument of conveyance.

SEC. 617. Titles I, II, III, IV, V, and VI of this Act may be cited as the "Military Construction Authorization Act, 1975".

TITLE VII

RESERVE FORCES FACILITIES

SEC. 701. Subject to chapter 133 of title 10, United States Code, the Secretary of Defense may establish or develop additional facilities for the Reserve Forces, including the acquisition of land therefor, but the cost of such facilities shall not exceed—

(1) For the Department of the Army:

(a) Army National Guard of the United States, $53,800,000.

(b) Army Reserve, $38,600,000.

(2) For the Department of the Navy: Naval and Marine Corps Reserves, $19,867,000.

(3) For the Department of the Air Force:

(a) Air National Guard of the United States, $31,500,000.

(b) Air Force Reserve, $14,000,000.

SEC. 702. The Secretary of Defense may establish or develop installations and facilities under this title without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on lands includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land, and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

SEC. 703. Paragraph (1) of section 2233a of title 10, United States Code, is amended by striking out "$50,000" and inserting in lieu thereof "$100,000".

SEC. 704. This title may be cited as the "Reserve Forces Facilities Authorization Act, 1975."

And the Senate agree to the same.

F. EDW. HÉBERT,
OTIS G. PIKE,
CHARLES E. BENNETT,
SAMUEL STRATTON,
WILLIAM G. BRAY,
CARLETON J. KING,
G. WILLIAM WHITEHURST,
Managers on the Part of the House.

STUART SYMINGTON,
JOHN C. STENNIS,
HENRY M. JACKSON,
SAM J. ERVIN,
HOWARD W. CANNON,
HARRY F. BYRD, Jr.,
JOHN TOWER,
STROM THURMOND,
PETER H. DOMINICK,
Managers on the Part of the Senate.

JOINT STATEMENT OF THE COMMITTEE ON CONFERENCE

The managers on the part of the House and the Senate at the Conference on the disagreeing votes of the two houses on the amendment of the Senate to the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes, submit the following joint statement in explanation of the effect of the action agreed upon by the Conferees and recommended in the accompanying report:

LEGISLATION IN CONFERENCE

On August 9, 1974, the House of Representatives passed H.R. 16136 which is the Fiscal Year 1975 Military Construction Authorization for the Department of Defense and Reserve Components.

On September 11, 1974, the Senate considered the legislation, amended it by striking out all language after the enacting clause and wrote a new bill.

COMPARISON OF HOUSE AND SENATE BILLS

H.R. 16136, as passed by the House of Representatives, provided new construction authorization to the military departments and the Department of Defense for Fiscal Year 1975 in the total amount of $2,935,801,000.

The bill as passed by the Senate provided new authorization in the amount of $3,027,925,060.

SUMMARY OF RESOLUTION OF DIFFERENCES

As a result of the Conference between the House and Senate on the differences in H.R. 16136, the Conferees agreed to a new adjusted authorization for military construction for Fiscal Year 1975 in the amount of $2,984,378,000.

The Department of Defense and the respective military departments had requested a total of $3,278,380,000 for new construction authorization for Fiscal Year 1975. The action of the Conferees therefore reduces the Departmental request by $294,002,000.

CHART.—*Total Authorization for Appropriation Granted fiscal year 1975*

Title I—Army:	
Inside the United States	$491,695,000
Outside the United States	120,184,000
Subtotal	611,879,000
Title II—Navy:	
Inside the United States	[1] 509,498,000
Outside the United States	41,458,000
Subtotal	[1] 550,956,000
Title III—Air Force:	
Inside the United States	[2] 307,786,000
Outside the United States	74,887,000
Sec. 302	8,100,000
Subtotal	[2] 390,773,000
Title IV—Defense Agencies	28,400,000
Title V—Military family housing and homeowners assistance	$1,244,603,000
Total, titles I, II, III, IV and V	2,826,611,000
Title VII—Reserve components:	
Army National Guard	53,800,000
Army Reserve	38,600,000
Naval and Marine Corps Reserves	19,867,000
Air National Guard	31,500,000
Air Force Reserve	14,000,000
Total	157,767,000
Grand total granted by titles I, II, III, IV, V and VII	2,984,378,000

[1] Excludes $1,500,000 for land at NAS Pensacola, Florida.

[2] Excludes $9,000,000 for Aerospace Corporation, Los Angeles, California.

TITLE I—ARMY

The House had approved new construction authorization in the amount of $611,653,000 for the Department of the Army. The Senate approved new construction authorization for the Army in the amount of $644,211,000. The Conferees agreed to a new total for Title I in the amount of $611,879,000 which is $32,332,000 below the Senate figure and $226,000 above the House figure. Among the major items considered in Conference and acted on by the Conferees were the following:

Fort Carson, Colorado—Land acquisition $7,292,000

The Army requested a land acquisition project to expand the maneuver area at Fort Carson. Army witnesses testified that this project was Phase I of a multi-phase plan for acquisititon of 75,420 acres which the Army said was necessary to obviate the expenditure of over $3 million per occurrence to transport a division to the nearest installation having sufficient land area to accommodate realistic training by a full division force. The House deleted the authorization request in view of local opposition to further expansion of Fort Carson and the testimony of the Army at the last request for land acquisition in 1965 to the effect that the 1965 acquisition would be all the land ever needed at Fort Carson.

The Senate included the requested amount after special hearings but as a compromise, insisted that the funds be used to acquire only the Phase III portion of the multiphase Army plan.

In Conference, after a very lengthy discussion, the Conferees agreed that the authorization request would be deleted without prejudice and that the Committee Members and or Committee Staff would make an inspection trip to Fort Carson to determine the priority of the Army's request and the necessity for further expansion of Fort Carson. Conferees believe they would thereby be in a position to better judge the merits of this request in next year's program.

The Senate receded.

Fort Riley, Kansas—Support facilities, $2,793,000

The House version of the bill deleted these support facilities on the basis they could safely be deferred for at least a year. In the Conference the Senate Conferees pointed out that this project has a direct impact on the Army's program to provide adequate housing for bachelor enlisted personnel at Fort Riley. They argued that since a sufficient number of administrative facilities were not provided with the original barracks construction a number of barracks spaces had been diverted for administrative use thus resulting in an overcrowding in the barracks. This project will alleviate the overcrowding condition in the barracks as the unit headquarters are moved out.

The House receded.

Fort Hood, Texas—Entrance roads, $2,540,000

This project was deleted by the House because information received by the Committee was to the effect that this project was not time phased with the four-lane superhighway being constructed. The Senate version of the bill included this project.

In Conference it was pointed out that this two division post has the most severe traffic congestion problems of any Army installation. Further, Senate Conferees stated that the Army had deferred this project in previous years until it was time phased with the superhighway which is now 75% complete. Therefore, to derive full benefit of the new state highway in alleviating traffic congestion the Senate was adamant in their position that this project be approved.

The House receded.

Anniston Army Depot, Alabama—Depot headquarters and administrative building—$2,260,000

The Senate deleted this Army request for reasons of economy. The House bill included this project.

In Conference the House Conferees pointed out that the headquarters activities are now disbursed in several widely separated buildings. They further pointed out that the inclusion of this project in the bill would assist in increased productivity, reduction in personnel travel time, waiting time, transportation and overhead costs for an estimated annual savings of $135,000. House Conferees also pointed out that by consolidating all the separate activities into this new facility it would negate approximately $1,050,000 in future construction requirements.

The Senate receded.

Fort Huachuca, Arizona—Academic building, phase I, $6,951,000

The Senate version of the bill included the authorization request for the academic facility. The House version of the bill did not contain the request. In Conference, the House Conferees argued that the Defense Department witnesses had testified in 1970 that one of the reasons for moving the Intelligence Center from Fort Holabird, Maryland to Fort Huachuca was because the facilities already in being at Fort Huachuca could accommodate the move with only a minimum expenditure for military construction of approximately $4 million total. Senate Conferees argued that since the school was already in being and the facilities were inadequate and steadily deteriorating the Conferees should approve this project. House Conferees, however, were adamant in their position and convinced the Senate Conferees that this project should be reevaluated. The Conferees agreed that Committee Members and or Committee Staff should visit this installation and make an evaluation of the total future needs for the intelligence center now at Fort Huachuca.

The Senate receded.

Fort Jackson, South Carolina—Electrical-mechanical upgrade, $3,173,000

The House deleted this project in its consideration of the bill because it was felt that this amount of money should not be requested for a hospital that had not been completed until 1972. The Senate included this project in their bill.

In Conference the Senate Conferees argued that although the hospital was relatively new, the original design did not include fire safety code criteria current at the time. They further argued that this amount was necessary to correct the fire safety deficiencies and from a health and safety standpoint was urgent.

The House reluctantly receded.

Fort Jackson, South Carolina—Electrical-modernization, $9,961,000

The House had included this project primarily to improve the unsatisfactory living conditions of the existing facilities and thereby generally enhance the attractiveness of military service to the individual. The Senate version had deleted this project.

The Senate conferees pointed out that for reasons of economy and its relatively low priority to the Army, this project could be deferred. In addition, the future manning levels at Fort Wainwright were sufficiently uncertain to justify a delay in this project.

The House receded.

NATO infrastructure—$4 million

The Department of the Army had requested a total of $88 million for the U.S. share of the NATO Infrastructure for the coming fiscal year. The House version approved the requested amount; however, the Senate version contained a general reduction in the amount of $4 million.

In Conference, Senate Conferees pointed out that this general reduction was possible because of certain carry over authorization from prior fiscal years.

The House receded.

TITLE II—NAVY

The House approved $547,373,000 in new construction authorization for the Department of the Navy. The Senate approved $557,054,000. The Conferees agreed to a new total in the amount of $552,456,000. This amount is $4,598,000 below the Senate figure and $5,083,000 above the House figure.

Among the major items originally deleted by either the House or the Senate and restored in the Conference were the following:

Naval Academy, Annapolis, Maryland—Luce Hall addition and modernization, $6,450,000

The House deleted this particular project believing that it was of a relatively low priority in this year's Navy program. The Senate approved the project.

In Conference, the Senate Conferees pointed out that Luce Hall was built in 1920 and that the mechanical and electrical systems are antiquated and worn out and must be replaced. Further, there is no fire protection system, open stairwells, wooden floors, and interior partitions. They further stated that the antiquated building is environmentally unsatisfactory for academic use.

The House receded.

Naval Air Station, Cecil Field, Florida—Aircraft maintenance hangar, $5,359,000

The Senate deleted this project believing it can be safely deferred for at least a year. The House approved the project.

In Conference the House Conferees pointed out that Cecil Field is now the master jet base of the Jacksonville-Mayport complex. It is the home port of all Atlantic Fleet light attack squadrons (A-7) and 5 ASW squadrons. There are now two 33-year-old obsolete hangars temporarily serving the needs of many of these squadrons. The House Conferees further pointed out that if the Hangar is not provided the readiness and proficiency training of Fleet operational squadrons equipped with modern ASW weapons systems will be impaired.

The Senate receded.

Naval Training Center, Orlando, Florida—Bachelor enlisted quarters, $4,140,000

This project was deferred by the House without prejudice to a future year's program. The Senate approved the project.

In Conference, the Senate Conferees pointed out that these enlisted quarters were originally required to provide adequate billeting in support of Nuclear Power Training. This training function, which is moving to Orlando from Bainbridge and Mare Island, will comprise approximately 80% of enlisted student billeting requirement at the base.

After a thorough discussion of this project, the House receded.

Naval Training Center, San Diego, California—Bachelor enlisted quarters, $8,657,000

The House Committee deferred this project without prejudice believing that assets in the area of the Naval Training Center were adequate. The Senate approved the project.

In Conference the Senate Conferees pointed out that the space which is available was constructed between 1922 and 1943 as open bay barracks and have served long beyond their useful life. Many of the inadequate barracks are located directly under the flight path of the commercial airport and practically all are in high noise zone without any acoustic attenuation.

The House receded.

Naval Underwater Systems Center, Newport, Rhode Island—Weapons development building, $4,742,000

The Senate Committee added this project during their Committee review of the bill. The House Committee did not review this project.

In Conference, the Senate Conferees pointed out that this Center is the principal RDT&E Center for underwater combat systems. Current and planned weapons programs require the capability to develop and test under controlled conditions, models which can simulate, at low cost, the system or subsystem. They further pointed out that if this facility is not provided, the optimum development of new weapons and components will be precluded through a lack of a coordinated facility capable of full system assembly, integration and analysis.

The House receded.

Diego Garcia—Support facilities, $14,802,000

The House Committee added the expansion of facilities project in the amount of $29,000,000 for the Naval Communications Facility on Diego Garcia. The House Committee believes it is important in carrying out our national policy and in the interest of the United States for the U.S. Navy, from time to time, to have a greater presence in the Indian Ocean. The proposed support facilities will shorten the logistic tail for various task groups that periodically deploy to the Indian Ocean, and reduce the logistic support cost.

The Senate Committee authorized $14,802,000 for the expansion of the present facilities. Since the Navy did not reclama the Senate money reduction, the House Conferees did not object to the reduction.

Diego Garcia—Compromise Language Regarding Further Congressional Action

The Senate inserted language (Section 612; Section 613 of the Conference Report) which requires the President to certify in writing that the need for new expansion facilities had been evaluated by him and that such projects are essential to the national interest of the United States and this certification must be approved by a joint resolution of both Houses.

The House Conferees argued that the Senate language, in effect, would allow legislation by inaction and insisted that some language should be used that would permit either House of Congress to prohibit the obligation of funds for Diego Garcia by a resolution of disapproval of that House.

The House Conferees offered a compromise that none of the funds authorized to be appropriated under this Act for the construction at Diego Garcia could be obligated until certain specified conditions are met. These require that the President certify to the Congress in writing an evaluation by him of the need for, and the essentiality of, these facilities. Further, 60 days of continuous session of Congress must have expired following the certification with the further condition that within that 60 day period either the House or the Senate may pass a resolution of disapproval for the project, thereby precluding obligation of any funds authorized pursuant to this Act for the project.

At the insistence of the Senate Conferees, additional language was added to the conference report which provides in substance that parliamentary tactics aimed at delaying a vote on the Senate floor regarding a resolution of disapproval will be precluded.

Under the circumstances the Senate reluctantly receded and agreed to the compromise language.

TITLE III—AIR FORCE

The House approved $410,227,000 in new construction authorization for the Department of the Air Force. The Senate approved $387,906,000.

The Conferences agreed to a new total in the amount of $399,773,000 which is $10,454,000 below the House figure and $11,867,000 above the Senate figure.

Among the major items in Conference which were resolved after much deliberation are:

Kelly AFB, Texas—Logistical materiels storage facility $7,071,000

The Senate approved but the House denied this project. The House was informed that the facility could be safely deferred for at least a year. The Air Force, prior to the program being submitted to Congess, had scheduled this particular project in the FY–77 program but moved it up two years.

The Senate Conferees insisted that this project would reduce the Air Force budget for personnel by 26; fork lift trucks by 10; tugs by 2; trucks and trailers by 2; locomotives by one; and operations and maintenance expenditures on over 1,000 square feet of temporary WW–II storage buildings. Senate Conferees argued that tangible benefits would allow for proposed capital investment to amortize in 3 to 4 years.

The House receded.

McClellan AFB, California—Logistical materiels processing facility, $8,856,000

The House deleted this project in its original consideration of the bill because only 2 to 3 years ago some $400,000 was expended for the rehabilitation of a warehouse for the installation of equipment to handle the workload then at McClellan. House Conferees felt that this building could be utilized for the materiels processing for several more years.

Senate Conferees argued that this project would not be completed for at least one and a half to two years and that upon completion the direct savings that would be obtained from this construction would amortize the capital investment in 2½ years. They further argue that the present high bay facility which is badly needed for storage purposes is not functionally configured for efficient receipt and issue processing. Mechanized materiel handling systems cannot be properly arranged causing excessive rehandling of materiel with resultant delays, increased costs, and damage.

After a thorough discussion, the House reluctantly receded.

Williams AFB, Arizona—Flight simulator training facility, $5,313,000

The House Committee deleted this project without prejudice believing that the simulator equipment would not be delivered until after the completion of the facility. House Conferees argued that the construction effort could safely be deferred at least one year without jeopardizing the simulator program which House Conferees agree is essential. Senate Conferees argue that the simulator equipment would be delivered on approximately the completion date of the facility. They further insisted that the present simulator technology permits the duplication of all the airborne pilot experiences and that a reduction of 40 hours of flying time per student would be realized through the use of the simulator. Air Force figures indicate that this change equals to a total reduction of approximately 50,000 flying hours in FY–78 and an annual reduction of almost 150,000 hours when the entire program is implemented at all eight graduate training bases in FY–1982.

Senate Conferees were adamant that the simulator program go forward immediately with no delay, therefore the House reluctantly receded.

Andrews AFB, Maryland—Special aircraft support facility, $8,770,000

The House deleted this project in view of the fact that the FY–74 program as passed by the Congress authorized $13.5 million for these airborne support command facilities at Andrews AFB and this authorization was not funded. The Senate bill contained the $8,770,000.

Senate Conferees argued that the inflationary spiral would make it impossible to proceed with the necessary support facilities at Andrews without the authorization requested by the Air Force. Senate Conferees further argued that by awarding one contract for these facilities instead of separate contracts, the original facilities envisioned could be completed within the money authorized even with today's inflation. They insisted that denial of the FY–75 request would eliminate the proposed maintenance and logistics support facilities. Further, the Air Force's ability to support the airborne command post would be severely impaired and the aircraft down time would increase considerably.

After much discussion the House receded.

Arnold Engineering Development Center, Tennessee—HIRT facility, $44,000,000

The House Committee included $44 million for the HIRT Facility at the AEDC. However, prior to the final Senate action the Air Force revised their estimate from $44 million to $94 million. This revised estimate is a result of rapidly escalating construction costs, coupled with extensive increases in lead time for delivery of materials and equipment such as structural steel, electric motors and electric compressors.

Although the need for this facility is still valid, according to the Air Force, it was deemed advisable to delete this project at this time for reexamination of its cost effectiveness.

The House receded.

TITLE IV—DEFENSE AGENCIES

The Senate bill provided $4 million for the first phase of the radiological clean up of Eniwetok Atoll; the House had deleted the funds. House Conferees insisted that testimony before them failed to reveal any definitive plans or cost estimates. The testimony was to the effect that the $4 million would establish a base camp and allow a "modest beginning of the cleanup effort." The House Conferees maintained that it would be premature to fund the clean up project until the Defense Department had a coherent and comprehensive rehabilitation plan. However, all conferees wish to emphasize that the U.S. Government should fulfill its commitments to the people of Micronesia, and the Defense Department in particular must devise a positive program for cleaning up the Atoll as soon as possible.

The Senate receded without prejudice.

TITLE V—FAMILY HOUSING

The Department of Defense presented an authorization request for appropriations for military family housing and a homeowners assistance program for totalling $1,347,283,000. This was for 10,462 units of new construction, improvements to existing housing, operations and maintenance, debt payments, etc. Also included in the family housing request was an increase in the statutory average unit cost limitation on the construction of military family housing from $27,500 to $30,000 average cost for the United States and from $37,000 average unit cost outside the United States and Alaska and Hawaii to $40,000. The Department's new construction request reflected cost increases due primarily to continued cost escalation.

The House authorized 5,552 units which is *4,910 below* the Department request and the Senate authorized construction of 7,120 units a reduction of 3,342 below the Department's request. The House approved increases in average unit cost limitation from $27,500 to $30,000 for the United States (except Alaska and Hawaii); and from $37,000 to $40,000 average cost in other areas. The Senate approved average unit cost increases from $27,500 to $29,500 for the United States (except Alaska and Hawaii); and from $37,000 to $40,000 average cost in other areas. Both the House and the Senate approved $5 million for homeowners assistance.

Of special significance was the Department's request this year for 3,000 units of housing for junior enlisted personnel not heretofore considered eligible for housing. The House denied all 3,000 units but the Senate approved 1,458.

In Conference the Conferees agreed to authorize 6,800 family housing units at an average cost of $30,000 per unit as originally requested by the Department for inside the United States (other than Alaska and Hawaii) and at $40,000 for Alaska, Hawaii and overseas locations. Further, after a thorough discussion the Conferees agreed that it was not necessary for the government to invest in constructing housing units for personnel who may have enlisted for a minimum period of time on a trial basis or for those personnel who may not have seriously considered a career in the military service.

The Conferees agreed to a new total for the family housing program in the amount of $1,244,603,000. The amount approved includes $5 million for homeowners assistance and is $3,819,000 below the Senate figure and $58,722,000 above the House figure.

The Defense Department proposed an increase in the unit cost of leased housing for the United States (other than Alaska and Hawaii), Puerto Rico and Guam an increase from an average of $210 per month to $235 per month and from $290 per month to $310 per month maximum for any one unit. Further, they requested an increase for Hawaii from $255 per month to $335 per month average and from $300 per month to $430 per month maximum for any one unit. The House approved the requested increases in the statutory average costs and maximum cost limitation for domestic leases except that in the case of Alaska and Hawaii the average cost would be increased to only $295 and the maximum to $365. The Senate approved the requested increases for the United States (other than Alaska and Hawaii) but limited Alaska and Hawaii to an average cost of $315 per month and the maximum of $375.

In Conference the House argued that the increases requested for Alaska and Hawaii were too extreme and that a lesser increase would satisfy the needs of the Department of Defense.

After a thorough discussion the Senate receded.

Section 507(b) places limitations on overseas leasing and had heretofore exempted 300 units of representational quarters from the $625 maximum limitation. The House went along with this exemption as requested, but the Senate reduced the number of units exempted by 150. Senate Conferees argued that they had evidence of many abuses in this program with exorbitant rents being paid unnecessarily. Senate Conferees were very persuasive and the House receded.

Section 509 is a new Section added on the Senate Floor by an amendment proposed by Senator Roth which would prohibit the use of any money authorized to be appropriated by this or any other act for the purpose of installing air conditioning equipment in any new or existing military family housing unit in the state of Hawaii.

The House receded.

TITLE VI—GENERAL PROVISIONS

Section 603 grants authority to the secretary concerned to increase line item authorization by 5% inside the United States, other than Alaska and Hawaii, and by 10% in the latter states when he deems it necessary to meet unusual cost variations. The Department request for FY 1975 asked for an additional 10% to be added for the purpose of (1) including design and construction modifications estimated to yield significant reductions in energy consumption, and (2) to meet unusual variations in cost arising out of the current energy crisis.

This provision was denied by the House in its entirety. The Senate approved the 10% variation only as it relates to meeting unusual cost variations directly related to the energy crisis.

After a thorough discussion the House receded.

In Section 607 the Defense Department requested that the floor figure of $150,000 be raised to $300,000 for architect/engineer projects wherein contracts in excess of that amount must be reported to the Congressional committees with a waiting period of 30 days prior to execution of the contract. The House approved a revision upward to $225,000. The Senate approved the requested $300,000 figure.

The Senate receded.

Section 610 of the House bill (Section 608 of Conference bill) compares to Section 608 of the Senate bill and authorizes the Secretary of Defense to take certain actions to lessen any adverse community impact resulting from the TRIDENT installation at Bangor, Washington.

The Senate version is identical to that previously approved by the Congress for the SAFEGUARD sites in Montana and North Dakota. The Senate Conferees pointed out that their version was preferable to the House version because the Senate version required specific authorization in each annual Military Construction Authorization Act and it required a semi-annual report to the Armed Services Committees as to the use of the funds.

After a thorough discussion the House receded.

Section 609 of the Senate bill (Section 609 of Conference bill), amends recently passed P.L. 93–346, which provides for a temporary official residence for the Vice President. The bill as it passed the Congress contained several deficiencies and the purpose of this provision is to clarify the original legislation. In effect it is a rewrite of P.L. 93–346. This provision was not in the House bill.

Particular attention was called to section 5 of this provision which precludes the expenditure of funds for the maintenance, care, repair, furnishing or security of any residence for the Vice President other than the temporary official residence provided for in Public Law 93–346. It is not the intent of the Congress to preclude the provision for temporary security measures necessary for the protection of the Vice President and his family for short periods of time at residences other than the temporary official residence of the Vice President, such as through the use of security Trip packages.

The House receded.

Section 611 of the House bill (Section 611 of Conference bill) amends Section 2662 of Title 10 USC to prohibit the termination of an existing license or permit held by a military department for real property owned by the U.S. Government if the military department has made or proposed to make substantial investments in connection with its use of the property. This amendment would avoid the capricious cancellation or modification of licenses or permits of public lands to the military when large amounts of public monies had already been expended or were programed in support of essential military activities on such lands unless the Armed Services Committees of the Senate and House of Representatives were notified 30 days prior to such action. The Senate bill contained no such provision.

The Senate recedes.

Section 610 of the Senate bill (Section 611 of Conference bill) was added by the Senate. It is designed to amend existing law to permit the adjustment of and the use of the surcharges on commissary sales for the construction, acquisition and improvements to commissary stores, which are now paid for out of appropriated funds.

The surcharge is currently 3% for the Army and Air Force within the U.S. and 3% to 5% for the Navy and Marines worldwide. Commissary prices were alleged to be on an average 20% to 25% (this is believed to be low—the Army testified to 30%) below the private sector, and commissary patrons do not pay local sales taxes, which makes the overall savings quite substantial.

In the Army alone an increase *of .5 of 1%* in the surcharge would provide one new commissary per year.

After a thorough discussion of this provision, the House receded.

In section 608 of the House passed bill (Section 612 of Conference bill), authority was added for the use of proceeds from the sale of recycleable materials at military installations. First, the cost of collection, handling and sale, including purchases of equipment necessary for the recycling, could be financed from these proceeds, and then the remaining funds, up to a maximum of $50,000 per year at any one installation, could be used for environmental improvements and energy conservation projects. The balance, if any after such expenditures, would be returned to the U.S. Treasury as miscellaneous receipts. There was no such provision in the Senate bill.

After a thorough explanation by the sponsors from the House Committee the Senate receded.

Section 612 of the Senate bill (Section 613 of the Conference bill), the compromise language regarding the support facilities on Diego Garcia, is discussed under the Navy Section of the Joint Statement of Managers.

Section 613 of the Senate bill (Section 614 of Conference bill) was added to authorize the Secretary of the Army to convey, without monetary consideration, to the Ozark Public Building Authority, an agency of the City of Ozark, Alabama, all right, title, and interest of the United States in and to the land described in subsection (b) for use as a permanent site for the U.S. Army Aviation Museum.

An identical bill has been approved by Subcommittee No. 5 of the House Armed

Services Committee, therefore the House receded.

Section 609 of the House bill (Section 615 of Conference bill) was a provision added to provide for the conveyance by the Secretary of the Navy to the Boy Scouts of America of approximately 12.46 acres of the Navy Education and Training Program Development Center at Ellyson, Florida. This conveyance would be at fair market value and would require the Boy Scouts of America to pay for the necessary surveys and pay for the necessary legal documents. The Navy posed no objection to this transfer and House Conferees pointed out that the property would substantially benefit the training and camping programs in the Gulf Coast Council.

The Senate receded.

Section 612 of the House bill (Section 616 of Conference bill) would authorize the conveyance by the Secretary of the Army to the State of Louisiana of approximately 1,710 acres of U.S. land in Saint Tammany Parish now known as Camp Villere. This property has for many years been under license to the State for Louisiana National Guard use and will continue to be used for these purposes under the proposed conveyance. This conveyance would facilitate planned improvements to this property for National Guard purposes by the State and would reserve to the United States the right to reoccupy and use the property in time of war or emergency. This provision is similar to a number of other like conveyances in past years where the U.S. Government has passed title to such National Guard camps to the States in order to facilitate militarily essential improvements by the States which in a great number of instances are prohibited by State law unless title to the property is vested in the State. This was added by the House and is not in the Senate bill.

The Senate recedes.

Section 606 places statutory cost limitations on square foot costs of permanent barracks and bachelor enlisted quarters. The Department proposed an increase to the square foot cost of barracks from $28.50 to $31.00 and officer quarters from $30.50 to $33.00. The House denied the requested increase but the Senate approved the increase which is approximately 8% and is consistent with building cost increases.

The House receded.

Section 614 of the Senate bill was added by a floor amendment which inserted the provision that any funds authorized in this and future acts may be used to provide appropriate facilities in the event women are admitted into the various service academies.

House Conferees pointed out that the annual Military Construction Authorization request is submitted to the Congress by line item. The amendment would have given blanket authorization to use funds specifically authorized and funded for other purposes to be applied to construction of other facilities not approved by the Administration nor authorized in a Military Construction Act.

After a thorough discussion the Senate receded.

Section 611 of the Senate Bill was added by the Senate and would amend Chapter 37 U.S.C. in regard to the change in status of members of the Uniformed Services who are in a missing in action status. No change could be made unless: (1) the President of the United States had determined and notified the Congress in writing that all reasonable actions have been taken into account for such members and that all reasonable effort has been made to enforce the provisions of article 8(b) of the Paris Peace Accord of January 27, 1973; and (2) the Secretary concerned notified the next-of-kin of such person in writing of the proposed change in status, and the next-of-kin of such person has not filed with the Secretary concerned, within sixty days after receipt of notification of the proposed change in status, an objection to such proposed change.

This section was discussed at length and in view of the fact that the House Committee has announced hearings on this matter in a separate bill previously introduced, the Senate reluctantly receded.

TITLE VII—RESERVE FORCES FACILITIES

The House bill contained a total of $152,267,000 to support the facilities programs of the Guard and Reserve Components of the military departments. The Naval and Marine Corps total of $19,867,000 reflects an added $1,335,000 which the House Committee approved to facilitate the Naval Reserve expansion of an existing excess Air Force facility concurrent with a similar action by the Army Reserve. The Senate version of the bill contained no such addition.

After explaining the need for this facility and the necessity of concurrent construction the Senate receded.

The Senate version of Title VII contained an added $7 million to the amount requested for the Air National Guard. The House version contained no such addition. Senate Conferees argued that aircraft conversions within the Air Guard since the bill was submitted to the Congress generated additional construction requirements which actually total around $11 million. These conversions particularly relate to the F-106, A7, F4 and C-130E aircraft.

After a thorough discussion of new requirements because of aircraft conversions, the Conferees agreed to add $5.5 million to the requested $26 million giving the Air Guard a total of $31.5 million.

The House receded with an amendment.

F. EDW. HÉBERT,
OTIS G. PIKE,
CHARLES E. BENNETT,
SAMUEL STRATTON,
WILLIAM G. BRAY,
CARLETON J. KING,
G. WILLIAM WHITEHURST,
Managers on the Part of the House.

STUART SYMINGTON,
JOHN C. STENNIS,
HENRY M. JACKSON,
SAM J. ERVIN,
HOWARD W. CANNON,
HARRY F. BYRD, Jr.,
JOHN G. TOWER,
STROM THURMOND,
PETER H. DOMINICK,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. HOWARD (at the request of Mr. O'NEILL), from December 9 until December 21, on account of illness.

Mr. DELLUMS (at the request of Mr. O'NEILL), for today, on account of illness.

Mr. PATMAN (at the request of Mr. O'NEILL), from 1:30 p.m. for the remainder of today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. ROGERS to address the House, today, for 60 minutes, and to revise and extend his remarks, and include extraneous matter.

Mr. MICHEL, for 60 minutes, on Monday, December 16, 1974, Mr. LEGGETT, for 60 minutes, today.

(The following Members (at the request of Mr. VEYSEY) to revise and extend their remarks and include extraneous material:)

Mr. MILLER, for 5 minutes, today.

Mr. HOSMER, for 25 minutes, today.

Mr. STEELMAN, for 5 minutes, today.

(The following Members (at the request of Mr. MEZVINSKY) to revise and extend their remarks and include extraneous material:)

Mr. DE LUGO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. BINGHAM, for 30 minutes, on December 17, 1974.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. STUBBLEFIELD, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $695.

Mr. STARK and to include extraneous matter notwithstanding the fact that it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $695.

Mr. LEGGETT and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,737.50.

Mr. STRATTON to include at the end of his remarks in connection with Hébert amendment on Surface Transportation Act, two letters:

(a) from Deputy Secretary of Defense William Clements to OMB.

(b) from Deputy Comptroller General of the United States to Mr. STAGGERS.

(The following Members (at the request of Mr. VEYSEY) and to include extraneous matter:)

Mr. FISH.

Mr. MCCLOSKEY in three instances.

Mr. GUYER.

Mr. RHODES.

Mr. ESCH.

Mr. ARENDS.

Mr. SNYDER.

Mr. KETCHUM.

Mr. MICHEL in four instance.

Mr. CRANE in two instances.

Mr. WINN.

Mr. ZION.

Mr. SHUSTER.

Mr. BURGENER.

Mr. PARRIS in two instances.

Mr. QUIE.

Mr. CRONIN.

(The following Members (at the request of Mr. MEZVINSKY) and to include extraneous matter:)

Mr. RANGEL.

Mr. PATTEN.

Mr. ANDERSON of California in three instances.

Mr. RARICK in three instances.

Mr. GONZALEZ in three instances.

Mr. ASPIN.

Mr. VANIK in three instances.

Mr. STARK in two instances.

Mr. WOLFF in eight instances.

Mr. TEAGUE.

Mrs. CHISHOLM.

Mr. Hamilton in two instances.
Mr. Fraser.
Mr. Long of Maryland.
Mr. Litton.
Mr. Symington.
Mr. Denholm.
Mr. Harrington in two instances.
Mr. Madden.
Mr. Stubblefield.

SENATE BILLS AND JOINT RESOLUTION REFERRED

A bill and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 4141. An act authorizing the erection of a statute to commemorate the founding of Marine Barracks, Washington, D.C., by President Thomas Jefferson; to the Committee on House Administration.

S.J. Res. 262. Joint resolution authorizing the Architect of the Capitol to permit certain temporary and permanent construction work on the Capitol Grounds in connection with the erection of an addition to a building on privately owned property adjacent to the Capitol Grounds; to the Committee on Public Works.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 6274. An act to grant relief to payees and special indorsees of fraudulently negotiated checks drawn on designated depositaries of the United States by extending the availability of the check forgery insurance fund, and for other purposes;

H.R. 6925. An act to authorize the exchange of certain lands between the Pueblo of Acoma and the Forest Service;

H.R. 7730. An act to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip;

H.R. 8824. An act to provide for the conveyance of certain real property of the United States to Mrs. Harriet La Pointe Vanderventer;

H.R. 11929. An act to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments;

H.R. 14214. An act to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes; and

H.R. 17026. An act relating to former Speakers of the House of Representatives.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the following titles:

S. 2193. An act to provide for increased participation by the United States in the Asian Development Bank;

S. 2363. An act to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces;

S. 3906. An act to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force; and

S. 4016. An act to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes.

ADJOURNMENT

Mr. MEZVINSKY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 39 minutes p.m.) the House adjourned until tomorrow, Wednesday, December 11, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3068. A letter from the Director, Agricultural Economics, Department of Agriculture, transmitting a report on rural transportation; to the Committee on Agriculture.

3069. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend chapter 39 of title 10, United States Code, to enable the President to authorize the involuntary order to active duty of Selected Reservists, for a limited period, whether or not a declaration of war or national emergency has been declared; to the Committee on Armed Services.

3070. A letter from the Under Secretary of Health, Education, and Welfare, transmitting notice of proposed funding criteria for Fulbright-Hays Training Grants for (1) doctoral dissertation research abroad, (2) faculty research abroad, (3) groups projects abroad, and (4) foreign curriculum consultants, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3071. A letter from the Administrator, Federal Energy Administration, transmitting the comprehensive plan, pursuant to section 22(a) of Public Law 93-275 (H. Doc. No. 93-406); to the Committee on Interstate and Foreign Commerce and ordered to be printed with illustrations.

3072. A letter from the Treasurer, American Historical Association, transmitting the audit of the Association for the year ended June 30, 1974, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

3073. A letter from the Administrator of General Services, transmitting a prospectus proposing the construction of a Federal parking facility for the use of the Federal Bureau of Investigation in West Los Angeles, Calif.; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DANIELSON: Committee on the Judiciary. House Resolution 1181. Resolution to refer the bill (H.R. 15403) entitled "A bill for the relief of Marlin Toy Products, Incorporated", to the Chief Commissioner of the Court of Claims pursuant to sections 1492 and 2509 of title 28, United States Code, as amended (Rept. No. 93-1530). Referred to the Committee of the Whole House.

Mr. DANIELSON: Committee on the Judiciary. H.R. 2770. A bill for the relief of Charles P. Bailey (Rept. No. 93-1531). Referred to the Committee of the Whole House.

Mr. DANIELSON: Committee on the Judiciary. H.R. 11607. A bill for the relief of Tri-State Motor Transit Co.; with amendment (Rept. No. 93-1532). Referred to the Committee of the Whole House.

Mr. FROEHLICH: Committee on the Judiciary. H.R. 13869. A bill for the relief of Carl C. Strauss and Mary Ann Strauss; with amendment (Rept. No. 93-1533). Referred to the Committee of the Whole House.

Mr. BUTLER: Committee on the Judiciary. S. 1357. An act for the relief of Mary Red Head (Rept. No. 93-1534). Referred to the Committee of the Whole House.

Mr. MOORHEAD of California: Committee on the Judiciary. S. 2446. An act for the relief of Charles William Thomas, deceased (Rept. No. 93-1535). Referred to the Committee of the Whole House.

Mr. DANIELSON: Committee on the Judiciary. S. 2838. An act for the relief of Michael D. Manemann (Rept. No. 93-1536). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 11340. A bill for the relief of Mrs. Maritza Busch (Rept. No. 93-1537). Referred to the Committee of the Whole House.

Mr. WIGGINS: Committee on the Judiciary. H.R. 11934. A bill for the relief of Manuel Bonton; with amendment (Rept. No. 93-1538). Referred to the Committee of the Whole House.

Mr. FLOWERS: Committee on the Judiciary. H.R. 12821. A bill for the relief of Lystra Umilta Downs (Rept. No. 93-1539). Referred to the Committee of the Whole House.

Mr. RAILSBACK: Committee on the Judiciary. H.R. 14461. A bill for the relief of Judith E. Sterling; with amendment (Rept. No. 93-1540). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 2594. An act for the relief of Jan Sejna (Rept. No. 93-1541). Referred to the Committee of the Whole House.

Mr. EILBERG: Commitee on the Judiciary. S. 3397. An act for the relief of Jose Ismarnardo Reyes-Morelos (Rept. No. 93-1542). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 3578. An act for the relief of Anita Tomasi (Rept. No. 93-1543). Referred to the Committee of the Whole House.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STRATTON: Committee on Armed Services. S. 3191. An act to amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction in force. (Rept. No. 93-1544). Referred to the Committee of the Whole House on the State of the Union.

Mr. PIKE: Committee of conference. Conference report on H.R. 16136 (Rept. No. 93-1545). Ordered to be printed.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 11343. A bill to provide for a national fuels and energy conservation policy, to establish an Office of Energy Conservation in the Department of the Interior, and for other purposes; with amendment (Rept. No. 93-1546). Referred to the Committee of the Whole House on the State of the Union.

Mr. FISHER: Committee on Armed Services. H.R. 13482. A bill to amend Public Law 92-477, authorizing at Government expense the transportation of housetrailers or mobile dwellings, in place of household and personal effects, of members in a missing status, and the additional movements of dependents and effects, or trailers, of those members in such a status for more than 1 year, to make it retroactive to February 28, 1961; with amendment (Rept. No. 93–1547). Referred to the Committee of the Whole House on the State of the Union.

Mr. FISHER: Committee on Armed Services. S. 2149. A bill to amend title 10, United States Code, to provide certain benefits to members of the Coast Guard Reserve, and for other purposes; with amendment (Rept. No. 93–1548). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 17597. A bill to provide a program of emergency unemployment compensation; (Rept. No. 93–1549). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. House Resolution 1414. Resolution expressing the sense of the House of Representatives that the Secretary of Agriculture should set the dairy support level at 90 percent of parity for the remainder of the 1974–75 marketing year; with amendment (Rept. No. 93–1550). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. H.R. 15320. A bill to recognize direct benefits to the United States from the construction of the Toledo Bend Dam and Reservoir project and exempt Sabine River Authority, State of Louisiana, and Sabine River Authority of Texas, from further charges for the use, occupancy, and enjoyment of certain lands of the United States within the Sabine National Forest, Texas; with amendment (Rept. No. 93–1551). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 17504. A bill to amend the National Foundation on the Arts and the Humanities Act of 1965 to create the American Film Institute as an independent agency; with amendment (Rept. No. 93–1552). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. S. 3289. An act to amend the act of August 10, 1939 (53 Stat. 1347), and for other purposes; (Rept. No. 93–1553). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. S. 3943. An act to extend the time for using funds appropriated to carry out the 1973 Rural Environmental Assistance Program and the 1974 Rural Environmental Conservation Program; (Rept. No. 93–1554). Referred to the Committee of the Whole House on the State of the Union.

Mr. SISK: Committee on Rules. House Resolution 1492. Resolution providing for the consideration of H.R. 6668. A bill to amend title 18 of the United States Code to permit the transportation, mailing, and broadcasting of advertising, information and materials concerning lotteries authorized by law and conducted by a State, and for other purposes. (Rept. No. 93–1555). To the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 1493. Resolution providing for the consideration of H.R. 16596. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide additional jobs for unemployed persons through programs of public service employment. (Rept. No. 93–1556). To the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 1494. Resolution providing for the consideration of H.R. 17409. A bill to assist in reducing crime and the danger of recidivism by requiring speedy trials and by strengthening the supervision over persons released pending trial, and for other purposes. (Rept. No. 93–1557). To the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ULLMAN (for himself, Mr. Corman, Mr. Gibbons, Mr. Waggonner, Mr. Karth, Mr. Conable, and Mr. Pettis):

H.R. 17597. A bill to provide a program of emergency unemployment compensation; to the Committee on Ways and Means.

By Mr. CAMP:

H.R. 17598. A bill to eliminate a restriction on use of certain lands patented to the city of Hobart, Kiowa County, Okla.; to the Committee on Interior and Insular Affairs.

By Mr. GAYDOS:

H.R. 17599. A bill to stabilize prices, rents, wage, salaries, profits, dividends, interest rates, and other economic transfers; to the Committee on Banking and Currency.

By Mr. HELSTOSKI:

H.R. 17600. A bill to amend the Truth in Lending Act to protect consumers against inaccurate and unfair billing practices, and for other purposes; to the Committee on Banking and Currency.

By Mr. KLUCZYNSKI:

H.R. 17601. A bill to modify labeling and packaging requirements for colored oleomargarine or colored margarine under the Federal Food, Drug, and Cosmetic Act; to the Committee on Interstate and Foreign Commerce.

By Mr. MOLLOHAN (for himself, Mr. Cochran, Mr. Edwards of Alabama, Mr. Hammerschmidt, Mr. Long of Louisiana, and Mr. Symms):

H.R. 17602. A bill to repeal sections 102 and 202 of the Flood Disaster Protection Act of 1973 which make flood insurance coverage and community participation in the national flood insurance program prerequisites for approval of any financial assistance in a flood hazard area, and for other purposes; to the Committee on Banking and Currency.

By Mr. PARRIS:

H.R. 17603. A bill to further enhance and protect the historical values of the Manassas National Battlefield Park; to the Committee on Interior and Insular Affairs.

H.R. 17604. A bill to provide for an additional national cemetery at Woodbridge, Va.; to the Committee on Veterans' Affairs.

By Mr. STEELMAN:

H.R. 17605. A bill to establish a Joint Committee on Intelligence Oversight; to the Committee on Rules.

By Mr. YOUNG of Illinois:

H.R. 17606. A bill to amend section 305 of the Congressional Budget Act of 1974 to require a 60-percent vote in each House for the passage of a concurrent budget resolution recommending or specifying a budget deficit, or for the adoption of a conference report on such a resolution; to the Committee on Rules.

By Mr. STARK:

H. Res. 1491. Resolution disapproving the deferral of budget authority relating to comprehensive planning grants (Deferral No. D 75–107) which is proposed by the President in his special message of November 26, 1974, transmitted under section 1013 of the Impoundment Control Act of 1974; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURGENER:

H.R. 17607. A bill for the relief of Violetta Bowman; to the Committee on the Judiciary.

By Mr. PHILLIP BURTON:

H.R. 17608. A bill for the relief of Allan Chan, a.k.a. Sui Chan Chan; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

586. By the SPEAKER: Petition of the Lucas County Council, the American Legion, Toledo, Ohio, relative to military assistance; to the Committee on Foreign Affairs.

587. Also, petition of the city council, Mesa, Ariz., relative to congressional pay increases; to the Committee on Post Office and Civil Service.

588. Also, petition of the board of directors, Southwest Kansas Royalty Owners Association, Hugoton, Kans., relative to the percentage depletion allowance for oil or gas; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

S. 1868

By Mr. ICHORD:

Page 1, line 8, strike out the period before the quotation mark and insert in lieu thereof the following: ", except that the prohibitions or regulations established under authority of this section shall not be applied to the importation of strategic or critical materials from any non-Communist country, national thereof, or person therein, the prohibition or regulation of which is not equally applied with respect to such imports from Communist countries, any national thereof, or person therein."

H.R. 16204

By Mr. CHARLES H. WILSON of California:

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Health Programs Extension Act of 1974".

TITLE I—AMENDMENTS TO PUBLIC HEALTH SERVICE ACT REFERENCES TO ACT

Sec. 101. Whenever in this title an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

COMPREHENSIVE HEALTH PLANNING

Sec. 102. (a)(1) Section 314(a)(1) is amended (A) by striking out "and" after "1973," and (B) by inserting after "1974" the following: ", and $10,000,000 for the fiscal year ending June 30, 1975".

(2) Section 314(b)(1)(A) is amended (A) by striking out "and" after "1973," and (B) by inserting after "1974" the following: ", and $25,100,000 for the fiscal year ending June 30, 1975".

(b) The first sentence of section 314(b)(1)(A) is amended by striking out "and ending June 30, 1974" and inserting in lieu thereof "and ending June 30, 1975".

HILL-BURTON PROGRAMS

Sec. 103. (a)(1) Section 601(a) is amended to read as follows:

"(a) for the fiscal year ending June 30, 1975—

"(1) $20,800,000 for grants for the construction of public or other nonprofit facilities for long-term care;

"(2) $70,000,000 for grants for the construction of public or other nonprofit outpatient facilities;

"(3) $15,000,000 for grants for the construction of public or other nonprofit rehabilitation facilities;".

(2) Section 601(b) is amended (A) by striking out "and" after "1973," and (B) by inserting after "1974" the following ", and $41,400,000 for the fiscal year ending June 30, 1975".

(3) Section 601(c) is amended (A) by striking out "and" after "1973," and (B) by inserting after "1974" the following: ", and $50,000,000 for the fiscal year ending June 30, 1975".

(b)(1) Section 621(a) is amended by striking out "through June 30, 1974" in paragraphs (1) and (2) and inserting in lieu thereof "through June 30, 1975".

(2) Section 625(2) is amended by striking out "for each of the fiscal years ending June 30, 1973, and June 30, 1974" and inserting in lieu thereof "for each of the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975".

REGIONAL MEDICAL PROGRAMS

SEC. 104. Section 901(a) is amended (1) by striking out "and" after "1973," and (2) by inserting after "1984" the following: ", and $159,000,000 for the fiscal year ending June 30, 1975".

TITLE II—MISCELLANEOUS

MISCELLANEOUS

SEC. 201. Section 601 of the Medical Facilities Construction and Modernization Amendments of 1970 is amended by striking out "1974" and inserting in lieu thereof "1975".

H.R. 17234

By Mr. BROWN of California:

Page 7, after line 19, insert the following new section:

LIMITATION ON ASSISTANCE FOR SOUTH VIETNAM

SEC. 8. The total amount of military, economic, or other assistance, of sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and of sales of agricultural commodities (whether for cash, credit, or by other means) under any law for South Vietnam shall not exceed $1,190,000,000 in fiscal year 1975. Section 614 of the Foreign Assistance Act of 1961 or any other provision of law may not be used to waive the provisions of this section.

Renumber sections 8 through 34 as sections 9 through 35, respectively.

H.R. 17234

By Mr. BROWN of California:

Page 34, after line 15, insert the following new section:

LIMITATION ON ASSISTANCE FOR FOOD, AGRICULTURAL COMMODITIES, AND FERTILIZERS

SEC. 30. (a)(1) The total amount of assistance for food and of sales of agricultural commodities (whether for cash, credit, or any other means) under any law in fiscal year 1975 shall not exceed $250,000,000. (2) The total amount of assistance for agricultural fertilizers under any law in fiscal year 1975 shall not exceed $90,000,000.

(b) The limitations of clauses (1) and (2) of subsection (a) shall not apply if—

(1) the recipient of the food assistance, agricultural commodity, or the agricultural fertilizer is a country which has been designated by the United Nations as a country "Most Seriously Affected" by the present food crisis; or

(2) the President certifies to the Congress that funds are to be obligated or expended or a sale is to be made to provide the food assistance, agricultural commodity, or agricultural fertilizers solely for humanitarian purposes.

(c) Section 614 of the Foreign Assistance Act of 1961 or any other provision of law may not be used to waive the provisions of this section.

SENATE—*Tuesday, December 10, 1974*

The Senate met at 9:45 a.m. and was called to order by Hon. HAROLD E. HUGHES, a Senator from the State of Iowa.

PRAYER

The Reverend Robert O. Sypolt, pastor, Brookhaven United Methodist Charge, Morgantown, W. Va., offered the following prayer:

Let us pray.

We praise Thee, our Father, for the opportunities of this new day, for this sacred and hallowed moment, for each of these Thy servants, their coworkers, and their homes.

We thank Thee for the holy season of Advent and the remembrance afresh of our Lord's birth. Grant each by Thy Holy Spirit wisdom, patience, guidance, understanding, faith, hope, and love.

Be with those who faithfully have served this Government in the past; be with those who now serve; and be with those who will serve in the future.

And now in the words of Martin Luther, we pray

"Be near me, Lord Jesus,
I ask Thee to stay
Close by me forever,
And love me, I pray:
Bless all the dear children
In Thy tender care,
Prepare us for Heaven,
To live with Thee there."

We ask it in the name of Him who came as the Bethlehem Babe. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., December 10, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. HAROLD E. HUGHES, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. HUGHES thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, December 9, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I call attention to the fact that authorization is not being given to all committees to meet now. Any committee which feels it is absolutely necessary to meet should attempt to get special consent.

Mr. HUGH SCOTT. Mr. President, the decision not to have an automatic provision that the committees may meet is part of our conservation of energy program.

We are anxious to preserve the energies of our colleagues from the ordinarily arduous duties of committee attendance and the risk of cerebration in order that they may be spared, upon notice, to attend the sessions, to expedite the proceedings, to hasten the inevitable end of all bodies, so that we may have a subsequent resurrection come January, and hopefully with good portents attending, although that is, as we all know, a debatable matter.

Nevertheless, I am glad that some energy is to be saved in this body. I hope the principle will be borne in mind elsewhere.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Ohio (Mr. METZENBAUM) is recognized for not to exceed 15 minutes.

A CALL TO THE HEAD OF NIH TO LEAD THE NATION IN MAKING BIOMEDICAL RESEARCH FINDINGS MORE AVAILABLE TO THE PEOPLE AND THEIR PHYSICIANS

Mr. METZENBAUM. Mr. President, I wish to address myself today to some of the problems involved with making better use of our superb biomedical research facilities, in the interest of improving our national health care standards.

Americans can take pride in the fact that our country is now and has long been the world leader in biomedical research. Our National Institutes of Health, for example, are universally admired for the extraordinary scope and quality of their work and for the highly trained, skilled, and creative scientists who conduct this research. Our universities and medical schools not only train new doctors, but on an unprecedented scale, work actively to advance knowledge. In 8 out of the last 10 years, one or more Americans have been awarded the Nobel Prize in physiology and medicine.

This is a brilliant record, but when we look at the general health of the Nation, the record is not nearly so impressive. The fact is that despite our advanced knowledge, we lag behind many other nations in such areas as infantile mortality, general mortality and life expectancy.

There are, of course, many factors which contribute to our relatively poor performance in health care delivery, among them high health care costs, uneven distribution of readily available medical services, and our often unhealthy style of life. Further, a serious gap exists between what is known by our research scientists and what is actually used by our practicing physicians. It is to this gap that I address my remarks.

It is ironic that in a time in which we have made such great advances in communications technology, we are still unable to devise an effective means to help keep our medical personnel abreast of the latest developments in medical research. Bridging this gap would not, of course, solve all of our health care problems. But until we can assure that new information is properly disseminated, we shall remain wasteful of our most vital resource—human knowledge.

I cannot imagine that anyone would argue with the notion that new, proven medical knowledge should be used or that every medical practitioner should have the most up-to-date techniques at his or her disposal. The need is obvious, but before considering some of the intricate problems which are, in fact, involved, let us consider the ways in which doctors currently receive new information.

CURRENT SOURCES OF INFORMATION

A medical practitioner may acquaint himself or herself with recent developments by attending professional meetings, conversing with colleagues, reading professional journals and examining materials circulated by the major drug companies about new medications.

In addition, more sophisticated information resources are available to doctors confronted with especially complex and difficult problems. A doctor may, for example, consult a nearby research center, should one exist, or consult with specialists. He or she may also acquire bibliographic references from the computer based medical literature analysis and retrieval system, a service of the National Library of Medicine to which the regional biomedical libraries have direct dial access. The Department of Commerce catalogs Government-sponsored research through the National Technical Information Service and the M. D. Anderson Clinic, a private organization, operates a computerized dial-access system which provides recorded descriptions of symptoms, diagnostic tests and possible treatments for various kinds of cancer.

Other such information systems exist, as do courses and special programs offered to enable physicians to fulfill the continuing education requirements of State and specialty medical associations.

PROBLEMS WITH THE STATUS QUO

Even with these worthy, if scattered efforts, there are many problems.

First of all, the amount of information involved is staggering. According to one estimate, the volume of biomedical information doubles every 3 years. That means that a 50-year-old physician who completed medical school at the age of 26 will have witnessed an 800-percent increase in the store of medical knowledge since attaining his or her degree. The process never stops, treatment programs are continually improved, and so the challenge to practicing physicians is continual.

Second, as we are all aware, physicians are extremely busy. On the average, a doctor works substantially in excess of 50 hours per week. What with office hours, hospital rounds, consultation with other doctors, little time and energy remain for continuing study. And despite the fact that information can be found, it is available only to those who actively seek it.

Certainly, many doctors do set aside time for their own continuing education and professional development. They are to be commended. We, in America, have a right to be proud of our physicians. They give much of themselves over and beyond the call of duty. And oftentimes without compensation. But I strongly suspect that a great many physicians are simply unable to find enough hours in the day.

A rural doctor may, for example, lack reasonably easy access to the latest research results and an exceedingly busy physician in an urban or suburban area may simply be unable to free sufficient time from a demanding schedule.

As a result, we sometimes hear of unfortunate incidents. In one case, a patient with Hodgkins Disease was treated with radiation therapy, thereby foregoing the newer and probably more effective multiple chemotherapy treatment. Lung cancer has sometimes been misdiagnosed as tuberculosis. Kidneys and other organs have been removed unnecessarily because newer and less drastic measures were not tried first.

No definite statistics on the frequency of such incidents exist, but many doctors agree that these things can and do happen. They also agree that such incidents are oftentimes the result of inadequate knowledge of newer methods of diagnosis and treatment on the part of practicing physicians.

Further, as Dr. Diane Fink, Director of the Cancer Control Division of the National Cancer Institute has pointed out:

> The physician involved in community practice is often the first line of defense for cancer patients.

According to Dr. Fink:

> Most cancer patients have the best chance for extended survival if initially treated by a team of physicians with the multi-disciplinary experience and resources necessary to apply all forms of effective therapy in the very beginning.

It is my observation that many patients do not receive this kind of treatment. Too many doctors seem to want to prove that they know all the answers. They resent calling in a specialist for consultation, and too often the trusting patient pays the price.

Studies conducted by the Cancer Control Division have revealed a great many "horror stories" in this regard. To take just one set of examples, Dr. John R. Durant, Director of the National Cancer Institute-sponsored Cancer Research and Training Center at the University of Alabama, tells of a doctor who, by administering excessive radiation, destroyed a patient's lung, and of another physician who "watched" a woman's breast cancer until it spread uncontrollably to other parts of the body.

Such cases may be rare, or they may be fairly common, but as long as even one incident of this kind occurs, we are not doing the job that we need to do in getting information out to the people who must use it.

As I see it, there are currently three major weaknesses in the methods we use to disseminate proven research results to practitioners.

First, we leave information acquisition to the initiative of individual doctors.

Second, most of our research institutions make information available upon request, but do not actively disseminate it.

Finally, little effort has gone into identifying the kind of information actually needed, the individuals who can best make use of it and the impact of actually providing more information. This latter is clearly the case with the few continuing education programs required by either State laws or speciality organizations. In these programs, the only thing measured is the amount of time put in. There is no measure of the quantity or quality of learning or of whether or not what is learned is effectively applied in day-to-day practice.

Clearly, there is a great need for a systematic program through which we shall be able to identify the point at which research information becomes applicable to practice. Furthermore, such a system should identify the individuals who require certain kinds of information, and should include effective methods of disseminating this information. The system should also include followup procedures designed to test the effectiveness of improved dissemination.

MANDATORY RELICENSURE

Although some promising new ways of getting information to doctors are currently in the demonstration stage, some of which I shall elaborate upon later, it is important to note that these and any other efforts can be of only limited effectiveness until there is some way to insure that the information will, in fact, be used.

One way of accomplishing this might well be through a mandatory periodic relicensing requirement for medical practitioners. The organized medical profession has resisted this idea, offering continuing education programs instead. But I submit that without relicensing, people must entrust their lives to persons who may or may not be as competent and up to date in the profession as the public has the right to expect.

Senator Edward Kennedy has initiated efforts to require relicensing; efforts which I strongly support. Not relicensing that would expect the practitioner out for 30 years to face an impossible examination, but a program phased in so that those now graduating would know in advance of their obligation to be reexamined periodically throughout their career. Some members of the medical profession have maintained that relicensing requirements would be demeaning and would reflect negatively upon the profession's high standing.

At first glance, this objection might appear to be a very legitimate one, but upon reflection, it seems to me that the reputation of the medical profession *would be enhanced*, not diminished, by a relicensing requirement. It is worthy of note that airline pilots, to whom thousands of people entrust their lives daily, must be retested every 6 months, and retrained if necessary. The public does not feel that airline pilots are not proficient because of this regulation. Rather, all of us who fly as passengers are comforted to know that pilots must keep up with new technology and new equipment.

Relicensing is, in other words, a fact of life in the airline business—something which pilots take for granted and with which they comply without fuss or bruised feelings. I see no reason why the same could not hold true in the medical profession—and maybe some of the other professions, including my own. It seems to me that just as a pilot without the proper training should not be allowed to fly a 747, a physician who has not kept up with advances in the field should not be allowed by the public and, even more, by professional peers, to practice medicine.

ROLE OF NIH DIRECTOR

Meanwhile, we must still face the problem of getting up-to-date information off the library shelves and into the hands of practitioners, to spread it from the minds of the few to the minds of the many.

In my opinion, Dr. Robert S. Stone, Director of the National Institutes of Health, is the one person in the United States today who is in a position to equalize the imbalance between research results that are produced and research results that are not being used to improve the Nation's health. I have personally communicated to Dr. Stone my views that he should exercise his leadership in this regard. My message to him is clear, as indicated by the following excerpt from a recent letter to him:

> The seeds for more prompt dissemination already exist in all of the Institutes, and most particularly at the National Cancer Institute and the National Heart and Lung Institute; but these beginning efforts will need support if they are ever to germinate. As overall Director of all of the National Institutes of Health, you are the one who can—and should—bring together these various creative efforts into one, coordinated campaign to get research results to practicing physicians. The Institutes that are lagging behind in this effort can be brought forward into an action program; and the synergistic effect of cross-fertilizing the best from each can only be done by you. In this respect, you have an unparalleled opportunity to serve the people of this Nation.

Only a coordinated and planned program will produce the kind of results I am talking about. But the hours and days roll by—and nothing happens—and more Americans die and suffer, when it need not be. We have the potential to scale great heights—and it is already in hand. But the bureaucracy moves slowly and laboriously. I think again of Robert Kennedy, of beloved memory, saying, in the words of George Bernard Shaw:

> Some men see things as they are and say "why"; I dream things that never were and say "why not".

I went on in my letter to Dr. Stone and set forth some of the kinds of efforts NIH could undertake to improve dissemination practices. I did so with the understanding that no single suggestion will fill the gap. But each could and would help to fill the present vacuum. I suggest that:

INSTITUTE NEWSLETTER

First. At the very least, each member Institute of the National Institutes of Health should issue a regular newsletter describing, if only briefly, any new techniques and treatments which have been developed. This might make doctors aware of new developments, thereby permitting them to write to obtain a more complete paper on the subject. But at least they would know that there is something new in the field.

ADVANCED COMMUNICATIONS TECHNOLOGY

Second. The Lister Hill National Center for Biomedical Communications within the National Library of Medicine of NIH has been working extensively to develop practical applications of advanced communications technology—using, for example, closed-circuit, satellite and 2-way interactive cable television. Why not use these now, in pilot tests, to reach doctors who are otherwise cut off from information sources?

For example, each year there are numerous medical conferences and conventions. Although they may afford valuable opportunities to receive and discuss new medical information, conferences are costly and time-consuming to attend. There is some indication, in fact, that it is a relatively small percentage of doctors who attend most of the meetings.

It seems to me that a simple survey could identify those doctors whose personal schedules and professional commitments prevent them from attending meetings which would be helpful to them in their practice. Then, why not bring the meeting to them? If it is currently possible to bring a prize fight from Zaire, Africa—via closed circuit television—into a theater in St. Louis, why cannot the same be done to bring a medical convention to Keene, N.H., or Helena, Mont., or any other place where doctors could gather more conveniently in local groups? The new technology could actually allow those at a distance to participate in discussions of important medical issues. This could be of great use to doctors practicing in rural areas, to general practitioners too busy to take a week off to attend a seminar or conference in some far-distant city, and to thousands of others who for one reason or another, never have attended a medical conference or seminar.

The technical knowledge to do this—and more—already exists. The Lister Hill Center has already developed projects, in related fields, of far more advanced technology than that which I have described. Among other things, current programs include trial use of a NASA satellite for voice and data communications between Alaskan Health Service Unit Hospitals and village health aides, as a means of improving health care services in remote regions of Alaska; use of microwave television technology to extend the resources of a New England university medical center to health professionals isolated from major medical resources; and trial implementation of a network for inter-institutional sharing of computer-assisted instructional materials.

Dr. Martin Cummings, Director of the National Library of Medicine, has urged that health professionals receive more extensive training in applying computer technology in the interest of more effective health care. As Dr. Cummings states:

> Computer technology represents a powerful tool with enormous implications for health research, care and education. Creative and dedicated health professionals are needed to provide leadership in adapting the computer technology fully to the health field. Training programs of high quality are also needed to give them these new skills in appropriate settings. Our experience with a few training grants for health professions indicates that there is a growing need for these new skills. It has been demonstrated that such trainees are in demand and utilize computer technologies most productively.

MEDICAL SCHOOLS AND TRAINING INSTITUTIONS

Third. A respected and reliable health official recently called to my attention the need to focus on the initial training given to medical students, interns and residents. He points out that they do not always have the benefit of the most up-to-date information or teaching techniques. It is obvious that this situation cannot be tolerated.

In addition to making sure that the best educational methods are being used and that the most current medical information is being imparted, it is absolutely essential to teach doctors, from the very beginning of their training, that it is appropriate to seek help from their peers and colleagues. Although I have been arguing that all doctors should be tested for proficiency in new methods and should be aware of new advances in medical science, I fully understand that no one person can master all of the information available. What is essential is that physicians know that when they have reached the limits of their personal expertise, they should seek help from specialists. Our medical schools, universities, and teaching hospitals need to do more to foster the idea that knowing what one doesn't know is as important as knowing what one knows.

INNOVATIONS IN CONTINUING EDUCATION

Fourth. It seems to me that new doctors, fortified with the best education available, could put to better use the resource that they represent. For example, students who receive scholarship assistance from the Federal Government to attend medical school are required, in turn, to give 2 years of service to communities short of doctors. Why not also use these doctors as personnel for an expansion of the "circuit riding" demonstration projects sponsored by groups such as the Cancer Control Division of the National Cancer Institute? This program brings top medical specialists to both the doctors and the people in needy areas. The specialists meet with local doctors, discuss new medical techniques, and help them diagnose and treat patients. Thus, the scholarship doctors would fulfill their service commitment, local doctors would gain the most up-to-date medical information, and the residents of doctor-short communities would receive better treatment—everybody would benefit.

We should also give further attention to a program initiated by the University of Washington which involves a method for providing primary training and continuing education for doctors and simultaneously identifying information gaps in a broad service area.

The program, called WAMI, which stands for Washington, Alaska, Montana and Idaho, was initially designed to provide premedical education for students in Alaska, Montana and Idaho, all of which lack medical schools. Students from these States take the first year of medical school at their respective State universities. They then attend the University of Washington for the second year, in which more specific medical study begins.

Their next training comes on-the-job, either in their own home towns or towns like them, where they work in hospitals under the supervision of local practicing physicians. Each of these physicians becomes an adjunct member of the university faculty, insuring access to and receipt of any up-dated information they might need as they supervise these students. Since this program arose out of a need to provide efficient and effective medical training and services to a badly under-served area in the northwest, it does not possess the definitive character which a mandatory reeducation for all practicing physicians would. But in practice, it has turned out to promote the same objectives. Again, everyone benefits: beginning and experienced physicians alike receive the most up-to-date information, and the residents of remote communities are better served because of it.

Although both of these examples might be limited to use in rural and remote areas, I do not see any reason not to pursue them and to try to adopt them to other environments. There is no single solution to these problems, but such promising programs deserve further effort and attention from the Director of NIH.

EDUCATING THE PUBLIC

Fifth, I have spoken of the need to teach doctors that it is appropriate to ask for new information and help, when necessary, and of the need to convince medical students that medical education is a lifelong proposition. The public also needs to be educated. Recently, advertising campaigns pertaining to cervical cancer, breast cancer, and hypertension informed the public that it is important to request tests for these ailments from their physicians on a regular basis and that is all to the good. But it is also essential that the public be encouraged to ask questions of their doctors, to ask to have new techniques available and explained to them, and to feel free to ask their doctors to consult with other physicians. Such inquiries would not reflect negatively on the medical profession. To the contrary, evidence shows that doctors respond with better care and attention with this "support" from their patients. It can only serve to enhance their position in the eyes of the public.

NEW ROLE FOR DOCTORS WITH NIH

Sixth. If we are, on the one hand, encouraging greater participation by the public in caring for their health, we should also be encouraging doctors to speak their needs. It goes without saying that the information needs of doctors vary according to their geographic location, their medical specialty, and the types of ailments commonly encountered by the population they serve. And yet that is just the problem—these needs, apparently, "go without saying." Doctors need some way to express to NIH the kinds of information they need. To the average doctor, the NIH is just some monolithic bureau in Washington. His knowledge of it is only that which he reads in the public press. He has no direct contact with NIH; but it would be good if he did.

It is NIH that should provide the mechanism for this communication. Communication is, after all, a two-way process. In addition to a flow of information out from NIH to doctors, we also need a system for feeding information from doctors to NIH. NIH would benefit by using doctors to pinpoint the prevailing gaps in information essential to medical practitioners. And the doctors would benefit, in turn, by asserting themselves as part of the clientele NIH should be serving.

The suggestions I have made thus far could all be implemented immediately had we the will to do so. We have the knowledge and we have the technology; all we need is the will and the leadership.

But even if we put these kinds of programs into effect, we shall still need to stretch our imagination to find new, more effective ways to provide the American people with the best and the most "modern" of modern medical treatments. I look forward to the day, hopefully in the not to far distant future, when we might use computer technology to aid in diagnosis and even to help prescribe treatment for individuals. This is not too farfetched an idea. It is an idea which is within the realm of possibility, one which may someday help to save and to prolong countless lives. Beyond even this, we must eventually arrive at communications solution that today we cannot even imagine. That is, after all, the example set by research itself. We will never get there if we do not stretch our imaginations today.

At the moment, I await any indication that the National Institutes of Health have given to priority to these goals. Although individual institutes are contributing in small ways to solving such problems, we need a deliberate, comprehensive effort to identify what must, in fact, be done to disseminate medical information in an optimum manner. We need the NIH to do it. As I mentioned earlier, in my opinion, Dr. Robert Stone, Director of NIH, is the one person who could, and should take on this problem directly. With the help of others in HEW, Dr. Stone could coordinate the efforts of the National Institutes of Health with other parts of HEW such as the Health Resources Administration, the arm of HEW concerned with health care delivery.

I am encouraged that my colleagues who serve on the Labor-HEW Appropriations Subcommittee share these concerns. Their report on the fiscal year 1975 Labor-HEW appropriations bill requires Dr. Stone to develop and report a dissemination plan by April 1 of next year.

As I stated in my letter to Dr. Stone, and as I mentioned here when I began my presentation today, this Nation which leads the world in biomedical research, cannot afford to waste that valuable, lifegiving and saving resource. We cannot let this vital knowledge slip through the cracks in our communications systems. In a world in which resources of all kinds are becoming increasingly scarce, it is a crime against all people if we do not use these most rare and precious resources to their fullest effectiveness.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, is there any time remaining under the Senator's order?

The ACTING PRESIDENT pro tempore. The Senator from Ohio has 2½ minutes remaining.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that that time be allotted to the Senator from Oklahoma (Mr. BARTLETT) under his order.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time for the quorum be charged against Mr. BARTLETT.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BARTLETT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Under the previous order, the Senator from Oklahoma (Mr. BARTLETT) is recognized for not to exceed 10 minutes.

OPEC PRICES AND DOMESTIC ENERGY SUPPLY

Mr. BARTLETT. Mr. President, the U.S. economy cannot endure much longer the huge out-flow of funds caused by our imports of crude oil from the OPEC nations.

It is time we take strong and forceful action to maximize not only our conservation effort but also our supply effort. We must demonstrate to the OPEC nations our intention to solve our energy problems. This is the only message they will understand and this is the only way to break the cartel to force a reduction in world crude price.

We must act immediately. But urging only conservation is a big mistake. It must be coupled with an all-out effort to increase our domestic supplies.

Actions, like the delay in approval to construct the Alaskan pipeline so the largest oil field ever discovered in the United States could be produced, continually proposing roll backs in the price of crude oil, and failure to deregulate the price of new natural gas, send a very clear picture to the OPEC nations—we are not yet disturbed by the exorbitant price we are paying for imported oil. What impetus does OPEC have to decrease price if the biggest energy consumer in the world is not committed to an all-out effort itself?

The American people must be advised that the magnitude of the import reduction, which will ultimately be required, cannot be accomplished by conservation measures alone. It will occur only with a significant increase in supply. Without this all Americans will have to face a slower economy, widespread unemployment, and ultimately a lower standard of living.

An all-out effort on the supply side is essential. A free market price for all domestically produced crude oil, deregulation of natural gas, a tremendously increased rate of leasing on the Outer Continental Shelf, and a tailoring of environmental restrictions to make them consistent with our energy goals are all critical to the effort to force the OPEC price of crude oil down. Though a reduction in the price of imported crude oil probably will not happen right away, if the all-out effort is made, it eventually will have to happen.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, there was no order for morning business. I ask unanimous consent that there now be a period for the transaction of routine morning business, not to extend beyond 10:15 a.m., with statements therein limited to 3 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Is there morning business?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

On December 9, 1974, during the adjournment of the Senate and under authority of the order of December 9, 1974, a message from the House of Representatives stated that the House agrees to the amendments of the Senate to the amendment of the House to the bill (S. 4016) to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes.

ENROLLED BILL SIGNED

The message also stated that the Speaker has signed the enrolled bill (S. 4016) to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes.

The ACTING PRESIDENT pro tempore (Mr. METCALF) subsequently signed the enrolled bill.

At 9:48 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House has passed the following Senate bills, without amendment:

S. 2363. An act to amend chapter 39 of title 28, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces; and

S. 3906. An act to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force.

At 12:35 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House has passed, without amendment, the bill (S. 2193) to provide for increased participation by the United States in the Asian Development Bank.

The message also announced that the House has passed the bill (S. 4040) to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes, with amendments in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11929) to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments.

The message also announced that the House has passed the bill (H.R. 17045) to amend the Social Security Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States, in which it requests the concurrence of the Senate.

At 4:45 p.m., a message from the House of Representatives, by Mr. Hackney announced that the House insists upon its amendments to the bill (S. 1296) to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon National Park in the State of Arizona, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. HALEY, Mr. TAYLOR of North Carolina, Mr. UDALL, Mr. FOLEY, Mr. MEEDS, Mr. SKUBITZ, Mr. STEIGER of Arizona, Mr. SEBELIUS, and Mr. REGULA were appointed managers of the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 14214) to amend the Public Health Service Act and related laws to revise and extend programs of health revenue sharing and health services, and for other purposes.

The message further announced that the House has passed the bill (H.R. 7077) to provide for the establishment of the Cuyahoga Valley National Recreation Area, in which it requests the concurrence of the Senate.

The message also announced that the Speaker has appointed Mr. SHOUP as a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15223) to amend the Federal Railroad Safety Act of 1970 and the Hazardous Materials Transportation Control Act of 1970 to authorize additional appropriations, and for other purposes, vice Mr. KUYKENDALL, resigned.

At 5:57 p.m., a message from the House of Representatives by Mr. BERRY announced that the House agrees to the amendments of the Senate to the bill (H.R. 10337) to authorize the partition of the surface rights in the joint use area of the 1882 Executive Order Hopi Reservation and the surface and subsurface rights in the 1934 Navajo Reservation between the Hopi and Navajo Tribes, to provide for allotments to certain Paiute Indians, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the enrolled bill (H.R. 14214) to amend the Public Health Service Act and related laws. to revise and extend programs of health revenue sharing and health services, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. HUGHES) laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE DEPARTMENT OF AGRICULTURE

A letter from the Director, Agricultural Economics, of the Department of Agriculture transmitting, pursuant to law, a report concerning the current crisis in rural transportation (with an accompanying report). Referred to the Committee on Appropriations.

REPORT OF THE NATIONAL RAILROAD PASSENGER CORPORATION

A letter from the President of Amtrak transmitting, pursuant to law, a report of the National Railroad Passenger Corporation covering operations and capital acquisitions for the fiscal years 1975 and 1976 and the transition period of July–September 1976 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF THE NATIONAL HIGHWAY TRAFFIC ADMINISTRATION

A letter from the Administrator of the National Highway Traffic Safety Administration reporting, pursuant to law, on the status of the annual reports under the Highway Safety Act of 1966 and the National Traffic and Motor Vehicle Safety Act of 1966. Referred to the Committee on Public Works and the Committee on Commerce.

REPORTS OF THE COMPTROLLER GENERAL

Two letters from the Comptroller General of the United States transmitting pursuant to law, a report entitled "Federal Programs for Education of the Handicapped: Issues and Problems"; and a report entitled "Public Involvement in Planning Public Works Projects Should Be Increased" (with an accompanying report). Referred to the Committee on Government Operations.

REPORT OF THE DEPARTMENT OF THE INTERIOR

A letter from the Secretary of the Interior in the nature of a report, pursuant to law, on donations received and allocations made from the fund "14X8563 Funds Contributed for Advance of Indian Race, Bureau of Indian Affairs." Referred to the Committee on Interior and Insular Affairs.

PROGRAMS FOR PUBLIC LIBRARY CONSTRUCTION

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a copy of a document submitted to the Federal Register entitled "Programs for Public Library Construction:" (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

REPORT OF THE SECRETARY OF COMMERCE

A letter from the Secretary of Commerce transmitting, pursuant to law, a report concerning the Sea Grant program (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

REPORT OF THE NATIONAL LABOR RELATIONS BOARD

A letter from the Chairman of the National Labor Relations Board transmitting, pursuant to law, the annual report of the Board for the fiscal year 1974 (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

REPORT OF THE STUDENT LOAN MARKETING ASSOCIATION

A letter from the Chairman of the Student Loan Marketing Association transmitting, pursuant to law, the report of the Association for the fiscal year ending December 31, 1973 (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

REPORT ON MOTOR VEHICLE EMISSIONS

A letter from the President of the National Academy of Sciences transmitting, pursuant to law, a report entitled "Motor Vehicle Emissions" (with an accompanying report). Referred to the Committee in Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. HUGHES):

A resolution adopted by the City Council of the City of Casselberry, Fla., opposing proposals to exempt from Federal income taxes any interest income earned on bonds issued by nongovernmental, private, investor-owned utilities. Referred to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HUDDLESTON, from the Committee on Government Operations, with amendments:

S. 3013. A bill to revise and restate certain functions and duties of the Comptroller General of the United States, and for other purposes (Rept. No. 93–1314).

By Mr. RANDOLPH, from the Committee on Public Works, without amendment:

S. 2807. A bill to name the Federal building, United States post office, United States courthouse, in Brunswick, Georgia, as the "Frank M. Scarlett Federal Building." (Rept. No. 93–1315).

S. 4006. A bill to designate the Paul H. Douglas Federal Building (Rept. No. 93–1316).

By Mr. RANDOLPH, from the Committee on Public Works, with amendments:

S.J. Res. 212. A joint resolution to authorize the erection of a Children's Gift Bell memorial tower on the Capitol Grounds, and for other purposes (Rept. No. 93–1317).

By Mr. METCALF, from the Committee on Government Operations, with amendments:

S. 704. A bill to restore the independence of certain regulatory agencies of the Federal Government (Rept. No. 93–1319).

By Mr. ERVIN, from the Committee on Government Operations, with an amendment:

S. 4004. A bill to amend the Federal Home Loan Bank Act to provide for the continued duration of the Federal Savings and Loan Advisory Council (Rept. No. 93–1320).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs:

Frank G. Zarb, of New York, to be Administrator of the Federal Energy Administration.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. WILLIAMS. Mr. President, as in executive session, I report favorably from the Committee on Labor and Public Welfare sundry nominations in the Public Health Service which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD at the end of the Senate proceedings of July 29, 1974.)

THE IMPACT OF CRIME ON SMALL BUSINESS—PART VI—REPORT OF A COMMITTEE (REPT. NO. 93–1318)

Mr. BIBLE. Mr. President, from the Select Committee on Small Business, I submit a report entitled "Criminal Redistribution (Fencing) of Goods Stolen from Legitimate Business Activities and Its Effect on Commerce." I ask unanimous consent that the report be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIBLE. This report is the culmination of 2 years of committee work, beginning in 1972. Late in that year, our committee decided that the importance of the criminal receiver in the total picture of crime must be examined. We had already completed several years of examination of crime and its effects on small business. We had already looked into the problem of cargo theft, emphasizing the need for much tighter Government supervision of transport to cut the needless losses sustained by our small businessmen. But, we concluded that the committee needed to undertake a thorough examination of that part of the Nation's criminal structure who received stolen property for resale: the fence.

What we found opened our eyes to the enormity of the problem facing us. We are swamped by theft, now estimated at reaching $20 billion a year by a new Commerce Department study whereby a large portion is funneled through the Nation's criminal redistribution system. The fence is truly a national disgrace.

I hope this document will provide the basis for a continuing study of the fence and an impetus for major legislation to curb his activities. Without the fence, thieves would have a restricted market to profit from their activities. Without the fence, the Small Business Committee found many crimes would not take place. Fences often order specific goods at will. Operating under the guise of legitimate businesses, they are able to order all kinds of goods to fill the wants of their illicit customers. As the figures show, the fencing establishment is a multimillion dollar enterprise.

In this report, we get a glimpse of the huge task before our law enforcement agencies. Because our law enforcement agencies do not generally understand the fence, they are unable to combat his influence.

This report shows that Federal, State, and local law enforcement authorities will have to look more closely at the fence. They will need help.

In its conclusions, Mr. President, the select committee made several recommendations on the type of help that would be needed. First, we need a national survey of criminal justice system practices and policies relating to the criminal receiver.

We need a crime control program that will give priority to research designed to contribute to knowledge of how the fence operates, to be followed by actual projects to put the fence out of business.

We need to end the overlapping and confusing responsibilities of the Federal agencies on the transmission of stolen goods, together with a uniform property indentification system and a public education program.

And, we need serious consideration to the adoption of treble damages provisions regarding the activities of the criminal receiver, such as S. 2994, the legislation that I introduced, which has passed the Senate twice.

All this help, Mr. President, will have to come from Congress and the executive branch if we are to combat the pervasive influence of the fence.

The concern that we all have for the preservation of small business and the law-abiding citizen will lead us to the goals. I hope this report will stand as a light to those who would work to end the role of the criminal in legitimate business. The time has come to put a stop to theft. Putting the fence out of business is the best way to do it.

HOUSE BILLS REFERRED

The bill (H.R. 17045) to amend the Social Securiy Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States was read twice by its title and referred to the Committee on Finance.

The bill (H.R. 7077) to provide for the establishment of the Cuyahoga Valley National Recreation Area was read twice by its title and referred to the Committee on Interior and Insular Affairs.

FOREIGN ASSISTANCE ACT OF 1974, S. 3394

Mr. HUMPHREY. Mr. President, I ask unanimous consent that S. 3394 be printed as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on December 9, 1974, he presented to the President of the United States the enrolled bill (S. 4016) to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes; and on December 10, 1974, he presented to the President of the United States the enrolled bill (S. 1353) to deduct from gross tonnage in determining net tonnage those spaces on board vessels used for waste materials.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HARTKE:

S. 4220. A bill to amend the Public Health Service Act to provide for a study with regard to histoplasmosis. Referred to the Committee on Labor and Public Welfare.

By Mr. CURTIS:

S. 4221. A bill to amend the Fair Labor Standards Act of 1938 to exempt employees engaged in livestock brand inspections from the overtime compensation provisions of that Act. Referred to the Committee on Labor and Public Welfare.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HARTKE:

S. 4220. A bill to amend the Public Health Service Act to provide for a study with regard to histoplasmosis. Referred to the Committee on Labor and Public Welfare.

Mr. HARTKE. Mr. President, I am introducing legislation to study and research histoplasmosis and ocular histoplasmosis, diseases that affect many individuals in various regions of our country.

Some experts believe 2 out of every 3 people in Indiana and other parts of the United States may be carriers of histoplasmosis.

Histoplasmosis is caused by a fungus or mold existing in simple plant life form called Histoplasma Capsulatum. Certain conditions must exist for the fungus to live. These are commonly warm, moist, and preferably dark. These conditions are found most often in droppings from chickens, pigeons, starlings, and other birds. In many cases, the fungus is prevalent around old chicken houses, barns, belfries, and pigeon lofts.

Histoplasmosis is endemic, and characteristically found in the Mississippi, Ohio, Missouri, and other river valleys in the United States. It has also been found in Latin America, North and South Africa, the East Indies, and Australia.

Many people who come in contact with histcpores are infected. However, in most cases, contact with the fungus and the mold will not manifest any organic symptoms.

Schoolchildren of both sexes are frequent victims. More men than women get the disease as adults. Very young children and older men are the most susceptible to the generalized form of histoplasmosis that spreads from the lungs to other parts of the body.

When the fungus-bearing dust is breathed in, the tiny spores are carried into the bronchial tubes. Eventually, some of the spores reach deep down into the tiny sacs of the lungs. Here the spores are arrested by wandering cells and are taken to the lungs' lymph nodes. These filter-like nodes trap and hold the spores, and provide an excellent place for them to multiply.

Occasionally these areas become inflamed. There is often severe localized damage to the lymp nodes and lung cells. Scars and calcium deposits form. Usually the symptoms are those of a flu and after a week of rest, a person recovers. A large dose of the fungus may bring more serious symptoms: loss of weight, extreme tiredness, and weeks or months of convalescence.

Another more serious type of histoplasmosis occurs when the spores spread from the lungs throughout the body. This condition may cause various organs to enlarge, fever to rise, or it may cause anemia.

In chronic, long-lasting cases of histoplasmosis, injured areas may be found in the lungs and at times in the throat and nasal passages. These cases occasionally can be fatal.

Ocular histoplasmosis occurs when the fungus or one of its products escapes from the lungs or other organs and lodges in the eye causing inflammation behind the retina.

When the fungus lodges near or in the mascula of the eye the condition becomes serious, often resulting in blindness.

Dr. Ted Schlaegel, professor of ophthalmology, director of Uveitis Service at Indiana University School of Medicine, noted that in the endemic area one out of every thousand people will suffer ocular disability from ocular histoplasmosis.

Histoplasmosis was originally treated as tuberculosis. With the introduction of the histoplasmin skin test in 1941 the disease was separated from other generalities. However, it was not until the late 1950's that ocular histoplasmosis was discovered.

Mr. President, research into a disease which affects two out of every three people in Indiana and other States that have a high incidence of histoplasmosis should move along without hesitation. However, moneys are not available through existing programs for establishment of the necessary laboratories to carry out the research.

My bill provides $4.75 million over the next 3 years for research into histoplasmosis, and $4.75 million for research into ocular histoplasmosis. Additionally, my bill provides $500,000 for training of qualified individuals.

When so little is known about a disease that causes so much harm and suffering, I believe the modest amounts that are included in the bill should be swiftly approved.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 4220

A bill to amend the Public Health Service Act to provide for a study with regard to histoplasmosis

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part A of title III of the Public Health Service Act is amended by adding at the end thereof the following new section:

"HISTOPLASMOSIS RESEARCH

"SEC. 310. (a) The Secretary shall conduct a research program with regard to the diagnosis and treatment of histoplasmosis and ocular histoplasmosis. Such study shall include clinical and animal research.

"(b) From the funds appropriated to carry out this subsection, the Secretary is authorized to make grants to assist in initiating, developing, and maintaining programs for the training of personnel in the diagnosis and treatment of histoplasmosis and ocular histoplasmosis.

"(c)(1) There are authorized to be appropriated to carry out the research program with regard to histoplasmosis, $1,000,000 for the fiscal year ending June 30, 1975, $1,500,000 for the fiscal year ending June 30, 1976, and $2,250,000 for the fiscal year ending June 30, 1977.

"(2) There are authorized to be appropriated to carry out the research program with regard to ocular histoplasmosis, $1,000,000 for the fiscal year ending June 30, 1975, $1,500,000 for the fiscal year ending June 30, 1976, and $2,250,000 for the fiscal year ending June 30, 1977.

"(3) For the purposes of conducting training programs under subsection (b) there are authorized to be appropriated $500,000 for the fiscal year ending June 30, 1975 and a like sum for each of the next 2 succeeding fiscal years.".

By Mr. CURTIS:

S. 4221. A bill to amend the Fair Labor Standards Act of 1938 to exempt employees engaged in livestock brand inspections from the overtime compensation provisions of that act. Referred to the Committe on Labor and Public Welfare.

Mr. CURTIS. Mr. President, I am introducing legislation today to amend the Fair Labor Standards Act of 1938 to exempt employees engaged in livestock brand inspection from the overtime compensation provisions of that act. I am introducing this legislation at the request of several constituents and ask unanimous consent that a joint letter from Mr. Allen J. Beerman, secretary of state of Nebraska, and Art Thomsen, secretary and chief inspector of the Nebraska Brand Commission, and a letter from Mr. Calvin L. Coulter, who is chairman of the American National Cattlemen's Association's Committee on Brand and Theft and also a member of the Nebraska Brand Committee, be inserted at this point in the RECORD.

Mr. President, I believe these two letters adequately outline the need for this legislation. While I realize that it is probably too late in this Congress to take action, I hope that the chairman of the Committee on Labor and Public Welfare will place this subject on the committee agenda early next year.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Alliance, Nebr., November 13, 1974.

Re Fair Labor Standards Act.
Hon. CARL T. CURTIS,
U.S. Senator,
Washington, D.C.

DEAR SENATOR CURTIS: At this time we wish to bring to your attention, problems currently evolving within our department of State Government, as a direct result of the overall incompatibility The Fair Labor Standards Act has with The Nebraska Brand Committee. We also wish to emphasize the importance of gaining relief from the requirements of the Act, and point out the possibility that our State Agency will be bankrupt in a very short time if we are forced to comply with the provisions of overtime payment of wages to our Livestock Brand Inspectors.

First, may I state that our State Agency is supported for the most part by the livestock industry of Nebraska, primarily the cattle industry.

Secondly, may I point out that by the very nature of the industry, cattle movements are seasonal, and they vary to a great degree by marketing conditions, meat prices, truck strikes, fuel availability, and other such external factors. Consequently, our full time Livestock Brand Inspectors must reside in strategic geographical areas of the state. They must be available during daylight hours, and on occasion must work hours in excess of forty hours per week. Since we are a fee operated, cash fund State Agency, we must operate within the scope of the monies available as derived from Brand Inspection fees. If we are forced to limit our employees to a forty hour week, we will then be unable to provide the quality and types of services to the industry, for which we are charged with performing by State Law. If we require our Livestock Brand Inspectors to work in excess of forty hours per week, we will then be forced out of existence by the Fair Labor Standards Act overtime requirements.

Traditionally, during the slack seasons of the year our employees work many weeks of less than forty hours per week, however, they still receive a full month's pay, just as if they had worked a full forty hours per week. However, during the busy months of the year they frequently must work hours in excess of forty. To date, none of our employees have complained about the hours in excess of forty, because they know much of the year they do not work a full forty hour week.

With this thought in mind, we respectfully request your assistance in seeking a realistic amendment to the Fair Labor Standards Act, whereby our State Agency can possibly gain an agricultural exemption for all categories of our Livestock Brand Inspectors.

We are enclosing copies of additional correspondence from other states and organizations presently having similar problems, and pointing out to you at this time the fact that our situation is critical. Livestock Brand Inspection work is a very unique type of work, and we feel it is totally unrealistic for the Federal Government to expect Livestock Brand Inspection agencies to comply with a law that is primarily geared for non-agricultural work.

Thank you in advance for kindly giving this matter your attention and consideration.

Very truly yours,
ALLEN J. BEERMANN,
Secretary of State, and Chairman, Nebraska Brand Committee.
ART THOMSEN,
Secretary and Chief Inspector, Nebraska Brand Committee.

AMERICAN NATIONAL
CATTLEMEN'S ASSOCIATION,
Denver, Colo., September 3, 1974.

Mrs. BETTY MURPHY,
Administrator, Wage and Hour Division, U.S. Department of Labor, Washington, D.C.

DEAR MRS. MURPHY: As Chairman of the American National Cattlemen's Association Committee on Brand and Theft and as a member of the Nebraska State Brand Board, I am requesting that an administrative opinion granting "livestock brand inspectors" exemption from the overtime provisions of the Fair Labor Standards Act of 1938 as amended. Said "livestock brand inspectors" ought to be classified as agricultural employees.

Brand inspectors inspect only livestock for the owner and potential purchaser and are paid from funds raised from fees charged for the inspection or from taxes levied on the livestock or from a combination of both. The program serves only the agricultural industry and is financed by the industry even though administration is generally by a state agency under the authority of state law.

While conditions of employment vary somewhat from state to state, basically brand inspectors are employed to do a job and not to work set hours. During the "off season" many inspectors work very few hours but must be available when needed. Many of these inspectors hold outside employment with the understanding that they are to be available when called to perform the duties as brand inspectors. On the other hand, during the "cattle runs", many inspectors work 50 to 60 hours a week in order to serve the industry. This situation is one of the conditions of employment and has traditionally been taken into consideration by both employee and employer.

It is doubtful that the inspection system can continue to operate or exist if subjected to the overtime provisions of the Act. Competent part-time or seasonal help would not be available to provide the man power necessary during the "cattle runs". It is necessary to maintain a full staff during slack times in order to insure availability of qualified inspectors when they are much in demand. At the present level of compensation, the requirement of one and one-half for over 40 hours would bankrupt the system. Less than full service at this very critical shipping season would be unacceptable to the industry. It would appear that our only other alternative would be to ask the state legislatures to repeal the inspection laws which protect the industry and to proceed on whatever hit-and-miss basis of inspection the industry could afford. This would result in less protection from cattle theft and because of reduced inspections during the cattle runs, less revenue and the accompanying reduction of personnel. In my opinion, neither the reduced protection to the cattle industry or the elimination of any brand inspection positions would be desirable.

Please give this request your prompt and earnest consideration.

Respectfully submitted,
CALVIN L. COULTER,
Chairman, ANCA Committee on Brand and Theft.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 3911

At the request of Mr. BENTSEN, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 3911, a bill to establish a Commission on Federal Paperwork.

S. 4139

At the request of Mr. CRANSTON, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 4139, a bill to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months.

S. 4162

At the request of Mr. HUGH SCOTT, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 4162, a bill to establish a program of Federal assistance to provide relief from energy emergencies and energy disasters.

S. 4196

At the request of Mr. HUGH SCOTT, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 4196, the campaign financing bill.

S. 4207

At the request of Mr. RIBICOFF, the Senator from Maryland (Mr. BEALL) and the Senator from Ohio (Mr. TAFT) were added as cosponsors of S. 4207, the Emergency Unemployment Compensation Act of 1974.

S. 704

At the request of Mr. ALLEN, the Senator from Illinois (Mr. PERCY) was added as a cosponsor of S. 704, the Regulatory Commissions Independence Act.

SENATE RESOLUTION 446—SUBMISSION OF A RESOLUTION DISAPPROVING THE PROPOSED DEFERRAL OF BUDGET AUTHORITY TO CARRY OUT HOMEOWNERSHIP ASSISTANCE

(Ordered to be held at the desk.)

Mr. SPARKMAN (for himself, Mr. HUMPHREY, Mr. JAVITS, Mr. BROOKE, Mr. PERCY, Mr. CRANSTON, Mr. PROXMIRE, and Mr. HATHAWAY) submitted the following resolution:

S. RES. 446

Resolved, That the Senate disapproves the proposed deferral of budget authority to carry out the homeownership assistance program under section 235 of the National Housing Act (numbered D75–48), set forth in the special message transmitted by the President to the Congress on October 4, 1974, under section 1013 of the Impoundment Control Act of 1974.

THE HOUSING CRISIS

Mr. SPARKMAN. Mr. President, housing is in one of its worst slumps since the thirties. Residential construction is dragging along at an annual start rate of a little over 1 million units a year, compared with 2 million units in 1973 and nearly 2.4 million units in 1972.

Unemployment among construction workers is estimated at 14 percent and reports come in daily about homebuilding and related firms going out of business or into bankruptcy.

The need for housing to provide decent shelter for our people is not being met. Not only low-income families, but middle-income families, cannot afford the housing that is on the market today. It is estimated that over 400,000 recently built homes remain unsold because they are priced out of reach of the vast majority of families searching for homes.

Inflation and tight money are the two principal reasons for this situation. Another reason is the failure of our Federal Government to respond to the need. The big turning point in housing production came in January 1973 when the Nixon administration closed down all Federal subsidy programs. Despite everything that Congress has done to the contrary, including the passage of an omnibus housing bill in August of this year, the administration has not lifted the moratorium on these programs without which most families of low and moderate income cannot afford decent housing.

The administration has made available mortgage credit through the secondary mortgage market facilities but such efforts have been leveled at housing for upper income families where there is already a surplus of unsold inventory. Very little of these funds has trickled down to benefit families of moderate income. Furthermore, the terms of the Federal credit were so restrictive that less than one-third of the federally aided credit has found its way into housing starts.

The reason for this is the failure of the administration to recognize or seemingly to care about the serious depressed state of the housing and home finance industries or on the plight of millions of American families seeking decent shelter. Many administration spokesmen *still think of* housing activity as a contracyclical tool to be used to dampen down inflation. They seem to welcome the sharp housing downturn when money is tight and have no qualms about the devastating impact of such a roller coaster system on the efficiency of the industry, on the well-being of construction workers or on the welfare of our people who are seeking decent shelter. Mr. President, I believe the time is here for action by the Congress to overcome the indifferent attitude of the administration to meet the housing needs of our people.

There are a number of actions that can be taken.

First of all, and most constructive, is to insist that the administration implement all the existing authority for housing assistance given to it by the Congress.

A most serious affront to Congress was the imposition of a moratorium on all housing and community development programs in January 1973. Equally serious, however, is the latest challenge to Congress by the administration failing to implement programs reinstated and approved by the recent Housing and Community Development Act of 1974. In this case, the administration proposed to Congress a new single rental assistance program to replace all existing programs. After considerable debate by both Houses of Congress, the administration proposal was turned down. The law passed and signed by the President authorized the implementation of the administration's housing rental assistance plan—identified as section 8 of the Housing Act of 1937—with certain significant modifications, but also extended and approved amendments for other programs to be implemented simultaneously with the section 8 program. These include the continuation of the section 202 program for the elderly, the conventional public housing program for low-income people, the FHA homeownership assistance program—section 235—and the FHA rental assistance program—section 236—for lower income families; also a State housing finance program.

None of these programs has been implemented for new projects and, as far as we have been able to ascertain, none is likely to be implemented in the foreseeable future.

I believe we have two important policy matters facing the Congress. One is a constitutional issue. To what extent should the administration be required to carry out the laws passed by the Congress? Fortunately, there is procedure now in law, title X of the Budget and Impoundment Control Act of 1974, which should settle this issue. I intend to use fully the authority of that act to resolve the differences between the administration and the Congress on housing matters.

The other policy matter involves the economy and to what extent further action needs to be taken to spur housing construction which, in turn, could be an important stimulant to the economy to help reduce unemployment and prevent the Nation from falling further into a serious recession.

Mr. President, I am introducing today an impoundment resolution to disapprove a proposal by the President to defer funds appropriated by the Congress for the FHA homeownership assistance program, item D 75–48 of the President's rescission and deferral message, dated October 4, 1974. This program, originally authorized in 1968, was extended and significantly amended by the Housing and Community Development Act of 1974. The purpose of this resolution is to convey to the President, in as clear language as possible, that the Congress intends that new housing law be carried out.

The resolution would, in conjunction with the new Budget Impoundment Control Act of 1974, end the impoundment of funds appropriated by the Congress to assist eligible homebuyers meet the current high cost of mortgage money. I believe that passage of this resolution is an urgent matter at this time. Passage should result in the immediate release of the impounded funds by the Office of Management and Budget to the Department of Housing and Urban Development which, in turn, would be required to make these funds available immediately for commitment subject, of course, to the few updating provisions of the recently enacted Housing and Community Development Act of 1974. The homeownership program can be implemented quickly. I am told by builders across the country that homebuilding activity could be underway within weeks of congressional action. I am also told that restoring the homeownership program would increase construction employment much sooner than will the section 8 leasing program authorized by the new housing law. The section 8 program, as you know, has not yet been tested in the market—in fact, has not yet been finally approved by HUD as an operating program. The final regulations have not yet been issued, nor has the allocation of funds been made. Furthermore, because of certain priority requirements and program restrictions, developers and homebuilders have informed the committee not to expect any significant production under the section 8 program for some time to come.

The homeownership assistance program, on the other hand, has been in effect a number of years and would require only a few updating regulations to reinstate it as an effective program.

Because the homeownership program can be implemented almost immediately, home buyers and homebuilders have been urging me and other members of the committee to seek its full restoration now, as part of an emergency housing program during this period of rising construction unemployment and declining home buying opportunity.

They have also pointed out, convincingly, that such action would not be inflationary or budget-busting.

NOT INFLATIONARY NOR BUDGET-BUSTING

Reducing unemployment in a depressed industry is not inflationary. The release of impounded housing funds would not only help solve the high unemployment problem of construction workers—now at 14 percent—but would stimulate needed employment in a variety of related industries throughout the country which are sinking to recession levels.

Nor is it budget-busting to spend Federal funds to help rescue the depressed labor-intensive homebuilding industry from its worst slump in years. The multiplying effect of these funds to increase activity and unemployment in a depressed industry would result in a net gain to the Treasury. The reduction in Federal payments for unemployment compensation and the increase in income taxes resulting from more work for construction workers and builders would far outweigh the Treasury outlay of subsidy funds. Furthermore, the unique financing device of the interest subsidy program generates $15 to $20 of private spending for every $1 of Federal spending. This is a significant multiplier which stimulates a much greater amount of private spending and, as we know, it is the private spending that generates taxable revenue. In addition, because the subsidy outlay is not made until the construction is completed, the bulk of the Federal outlays would be in fiscal 1976 for construction started in the spring of 1975. There are no firm estimates on what the outlays for fiscal year 1975 may be, but of the $264 million in contract authority available through August 22, 1975, it is unlikely that more than one-third would be disbursed as a subsidy in fiscal year 1975.

BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

Mr. President, I would like to explain the peculiar status of the homeownership assistance item with respect to the Budget and Impoundment Control Act of 1974.

As you know, title X of this act provides two ways for the President to terminate or defer spending of an appropriated fund, either through a budget rescission or a budget deferral. In each case, Congress has the opportunity of overturning the President's impoundment and to require that the funds, once appropriated by the Congress, be made available for obligation.

Mr. President, I ask unanimous consent to enter into the RECORD at this point in my remarks a brief summary of rescission and deferral provisions of the act.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF RESCISSION AND DEFERRAL PROVISIONS OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

Title X of this Act provides two ways for the President to terminate or defer spending that the Congress has provided—either through a budget rescission or a budget deferral. In each case, Congress has the opportunity to overturn the President and to require that the funds it originally provided be made available for obligation.

RESCISSION OF BUDGET AUTHORITY

When the President decides not to use all or part of the money which the Congress has provided for a program, he must send a rescission message to the Congress. The House and Senate then have 45 days in which to approve the President's proposal through a rescission bill canceling the budget authority previously made available. *This bill must be passed by the House and Senate and signed by the President.* If this is not done within 45 days of the date of the Presidential message containing the proposed rescission, the money must then be made available for obligation.

DEFERRAL OF BUDGET AUTHORITY

When the President proposes to delay spending for some project or program for some period of time not beyond the end of the fiscal year, he must send a budget deferral message to the Congress.

The President may then defer spending according to his proposal unless and until *either the House or Senate passes* an impoundment resolution disapproving the proposed deferral. As opposed to the rescission process, this requires action by only one House.

CUMULATIVE REPORTS

The act requires the President to submit to Congress by the 10th day of each month a cumulative report of rescissions and deferrals. These reports are published as House documents. Reports submitted thus far are contained in H. Doc. 93-392 and H. Doc. 93-393.

RESPONSIBILITIES OF THE COMPTROLLER GENERAL

The Comptroller General has the responsibility to report to Congress if he finds that deferrals or rescissions have not been transmitted to Congress, but are in fact being made. He must also report to Congress if he determines that an action has been improperly classified as a deferral or a rescission. If amounts are made available for obligation under the act by Congressional action or inaction, the Comptroller General is authorized to bring court action to require that such amounts are made available for expenditure if the President fails to do so.

These reports are also published as House documents. Reports submitted thus far are contained in H. Docs. 93-390, 93-391, and 93-394.

DISCHARGE OF COMMITTEE—25 DAYS TO ACT

The Act provides that if a committee to which a rescission bill or a disapproval resolution has been referred has not acted in 25 days, it is subject to discharge on a motion of an individual Member if supported by one-fifth of the Members of the House involved. If discharged, it shall be immediately in order to consider the measure in the House.

Mr. SPARKMAN. Mr. President, in the case of the homeownership assistance funds, the President classified his impoundment of the funds as a deferral in his message to Congress dated October 4, 1974. The Comptroller General, in a letter to the President pro tempore of the Senate dated November 6, 1974, ruled that the President erred in classifying the proposed impoundment as a deferral and should have classified it as a rescission. He submitted a legal opinion and analysis on his reasoning. Subsequently, I sent a letter to the President reminding him of the Comptroller General's ruling and of the statutory requirement that such funds must be released unless Congress enacts legislation supporting such a rescission within 45 days. Pointing out that I did not anticipate such congressional action, I urged that he release the funds immediately and help provide support for the depressed homebuilding industry and to help meet urgent shelter needs of our lower income people.

Mr. President, I request unanimous consent to have my letter to the President printed at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NOVEMBER 27, 1974.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On October 4, 1974, you sent to the Senate proposed rescissions and deferrals of appropriations authority pursuant to Section 1012 of PL 93-344, the Congressional Budget and Impoundment Control Act of 1974. Among these, you included as a proposed deferral the Homeownership Assistance Program (Item D-48).

On November 6, 1974, the Comptroller General reported to the Senate that Item D-48 had been incorrectly classified and that, under the authority vested in him by the new law, he had reclassified the Home Ownership Assistance Program as a proposed rescission.

Under the new law, proposed rescissions do not take effect unless Congress enacts a rescission bill within 45 days of the receipt of the President's message. I do not anticipate such Congressional action and, therefore, expect that the Office of Management and Budget will allocate, and the Department of Housing and Urban Development will make available for commitment within the next month, the $264 million in appropriated homeownership funds impounded since January, 1973. I believe that this commitment would give hope to many ill-housed lower income families and give a significant boost to the seriously depressed housing industry.

Accordingly, I am writing to you at this time on behalf of the Committee on Banking, Housing and Urban Affairs to ask what steps you are taking to make available Homeownership Assistance funds authorized under the Housing and Community Development Act of 1974. Because the Homeownership Program can be implemented almost immediately, members of the Committee are being urged by developers, home builders, and consumer groups to seek its full restoration now as part of an emergency housing program during this time of rising unemployment and declining economic activity. I would, therefore, appreciate your prompt response to this inquiry.

Sincerely,

JOHN SPARKMAN.

Mr. SPARKMAN. Mr. President, not having heard from the President and fearing a possible loophole in the rescission process, I felt it incumbent to pursue the course of action implied by the impoundment resolution which I am introducing today. Passage of this resolution by the Senate would effectively close off any possibility of the administration avoiding the release of these funds.

Mr. President, it is extremely distressing for me and for members of my committee to have to struggle continuously with the administration to get compliance with the law with respect to the housing assistance programs. The administration took an arbitrary and, I believe, an irresponsible action in January, 1973, in cutting off all housing assistance programs. This action, taken without consultation with Congress, signaled the turning point in the volume of housing production in this Nation from its highest level in history in 1972 to what may now be approaching one of its worst depressions. In the last 2 years, housing starts dropped almost monthly. Without Government support and with mortgage interest rates reaching their highest level in recent history, only upper-income families could afford new homes. The administration's meager attempts to feed in added supplies of mortgage credit through the secondary market facilities merely increased the construction of higher priced homes, of which there was already an oversupply. No financing was made available for the low- and moderate-income family where the greatest need exists.

The 1974 Housing and Commodity Development Act passed by the Congress and signed by the President in August called for a balanced housing program, a section 202 program for the elderly, a public housing program for the poor, a homeownership assistance program for qualified lower-income home purchasers, and a rental assistance program for low- and moderate-income renters. In order not to have two overlapping rental programs, it was agreed that the section 236 program would continue, but once the section 8 program met adequately the housing needs of lower-income families in any community, it would supersede section 236. No such arrangement was worked out with respect to section 235, the homeownership assistance program.

The program was continued for 2 years, but the Senate conferees were forced to a compromise to limit the use of existing appropriations authority to no later than August 22, 1975. Authority beyond that would be subject to further appropriations action.

It was a good faith compromise without which the conference could have ended in a deadlock. It is very distressing to see the administration reneging on that agreement.

To strengthen the homeownership assistance programs, several important amendments were agreed to in the 1974 act. One requires a down payment of 3 percent of purchase price rather than the previous flat $200. Another limits eligibility to families having annual incomes less than 80 percent of median income for the area, and a third mandates counseling for each new homeowner receiving assistance under the section 235 program. These three amendments, plus more efficient underwriting, should strengthen the program and significantly reduce the potential hazard of having families without the capacity for homeownership becoming eligible for assistance under the program.

Mr. President, the section 235 homeownership assistance program has been badly maligned by the Nixon administration. By talking it down almost constantly, the administration has influenced other well-intentioned political figures who have voted against its continuance. It was a Johnson administration program, but strangely enough it had bipartisan support. In fact, in 1967, every minority member of the Senate joined with Senator PERCY, who was on our committee at the time, in support of a homeownership program for the poor. It may have defects, but most of these were administrative rather than legislative. The program has many outstanding features which, for its limited market, cannot be duplicated by any other program. It is a relatively thin subsidy program to help the homeowner pay his interest charges. He must make monthly payments to amortize the principal and to meet other housing costs, plus 1 percent interest charges. He pays at least 20 percent of income. The annual subsidy for existing section 235 units is around $562, which compares with about an estimated $1,673 for the section 23 program according to a recent GAO report. The new subsidy cost for section 8 is estimated at over $3,000 a unit. Furthermore, this $3,000 subsidy goes on for the life of the contract—in some cases 40 years—whereas, under section 235, the subsidy gets less and finally disappears as incomes rise. The estimated life of the average subsidy under section 235 is 12 years.

One of the objections to the old 235 program was with respect to location of the unit. I believe with the new local housing plan statutory requirement, such units would be built only in locations consistent with the cities' plans. I hope the administration takes into account the many good features of the program, including those in the new law which should make this an attractive program for a limited number of eligible families.

The public housing program was also extended with certain significant modifications to make it more workable and to reduce the Federal Government's exposure. Similarly, the section 202 program for the elderly and handicapped was extended and modified to make it more palatable to the Treasury and yet effective to meet the needs of the elderly. Neither the conventional public housing program nor the section 202 program for the elderly has been implemented by the administration. However, no impoundment message has yet come from the President on these items.

Mr. President, these provisions were not made just to be ignored by the administration. They are the law, and the law should be carried out. It is fortunate that we now have a procedure for dealing with impoundments. It is now up to the Congress to follow through and make the new law work. I am hopeful that once the procedure is followed and the administration knows that we mean business, the other programs for which funds are being held back will also be implemented and it will not be necessary to go through this same procedure for each housing authorization under the 1974 act.

The economic situation today, Mr. President, makes it very necessary that the Government carry out an aggressive program to provide support for the construction industry. As I said earlier, the first thing should be to release all impounded funds. Next, the regulations should be liberalized with respect to programs for which Federal funds have been made available, such as those utilizing the GNMA, FNMA, and FHLMC systems to distribute the funds.

The Congress, in addition, may have to consider adding new authority to these programs to increase the availability of mortgage credit at reasonable prices. In doing this I hope that proper attention is paid to the needs of low- and moderate-income families, where the help is needed, so that any legislation approved by Congress can have the double effect of helping the economy and helping provide shelter to meet the national housing goals.

Another item that needs to be looked into is the growing problem of the unemployed being unable to meet their monthly housing payments. We have considerable authority in law for forbearance by HUD for mortgages insured by HUD, but the law is not clear as to what the Federal Home Loan Bank Board can do. At any rate, my committee has been hearing more and more about the problem, and we are studying what can be done.

Another matter for the long-term pull is what can be done to improve the flow of mortgage credit to level it out so we can avoid the terrible roller coaster impact of periodic shortages of credit. The Housing Subcommittee is conducting a study of mortgage credit problems, including a review of the secondary mortgage facilities, FNMA, GNMA, and FHLMC, and the insurance entities including FHA, VA, Farmers Home Administration, and private mortgage insurance firms. The subcommittee has considerable material at hand on the Government and private agencies involved in generating or insuring mortgage credit. It is now embarking on a broader study to determine the feasibility of other actions, including credit allocation by the Federal Reserve Board, tax incentives or other incentives to attract more credit into residential mortgages in tight-money periods. The study should not interfere with the committee's current consideration of a bill restructuring financial institutions. It is obvious that restructuring the financial institutions would not go far enough to meet our future mortgage credit requirements.

Our mortgage credit system is a complex one involving the level of interest rates, mortgage insurance, secondary mortgage facilities, the role of mortgage bankers, direct Federal and State lending, and many other variables that are not addressed by a financial institution restructure bill.

I have asked the staff of the Housing Subcommittee to look into these matters and, if possible, obtain the views of outside professionals, academicians, and others who would provide the committee the base material for extensive hearings on the subject.

Mr. President, I have covered a lot of ground today. Much more needs to be said, but more importantly, more needs to be done. I hope that the Members of the Senate will support my resolution and will stand ready to provide whatever new legislation is required to insure that housing programs are restored to their proper level, both for the sake of meeting our housing goals as well as providing the spur to a badly faltering economy.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that this resolution disapproving the proposed deferral of budget authority to carry out the homeownership assistance program under section 235 of the National Housing Act be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 447—SUBMISSION OF A RESOLUTION PROVIDING FOR RADIO AND TELEVISION COVERAGE OF SENATE PROCEEDINGS

(Referred to the Committee on Rules and Administration.)

Mr. METCALF. Mr. President, I introduce for appropriate reference a resolution authorizing a year's experiment with radio and television broadcast coverage of Senate floor sessions, together with a running summary of floor debate transmitted by teletype to Members' offices and to the news galleries.

This resolution, cosponsored by Senators TAFT, GRAVEL, ROBERT C. BYRD, and HUGH SCOTT, implements recommendations approved by the Joint Committee on Congressional Operations in an interim report (No. 93–1275) on its study of Congress and mass communications.

During the 93d Congress, the Joint Committee has been exploring ways to improve channels of communication between Congress and the American people. The Chairman of the Joint Committee for the 92d Congress, the distinguished Representative from Texas (Mr. BROOKS) requested the Library of Congress in December 1972, to undertake a comprehensive background study. Subsequently, the Joint Committee conducted 6 days of public hearings in the winter and spring of 1974. Many Members of Congress testified at the hearings, together with commercial and public broadcasting executives, local broadcasters, working journalists, experts in the field of communications law and technology, members of State legislatures, and broadcast industry representatives.

The Joint Committee was motivated to pursue this project out of a growing concern, one that I know many Senators and Representatives share, that Congress is doing a poor job in reaching the people with its views on the critical issues of the day. As I said in remarks opening the hearings:

> A Congress unable to project its voice much beyond the banks of the Potomac—to be heard and understood only dimly outside Washington, D.C.—can be neither representative nor responsive. A Congress able only to whisper, no matter how intelligently, cannot check and balance the power of the Executive or safeguard the liberty of the individual citizen.

The Joint Committee was not—and I emphasize this point—engaged in devising a slick public relations program to improve the "image" of Congress. If Congress is to so command and sustain the public's confidence, Congress must meet the public's legitimate expectations concerning the operations of its national legislature. But, by the same token, it is essential that the flow of information between Congress and the people be as accurate and complete as possible. Only then will the people be in a position to make accurate and fair judgments about congressional performance.

In the Joint Committee's interim report, approved on October 10, 1974, which includes separate views filed by the distinguished Senator from North Carolina (Mr. HELMS), we have developed in some detail the nature of the communications problem that confronts Congress today, its effect in the legislative process, and a series of recommendations that give promise of improving the present situation. It is not my intention today to repeat in detail the contents of the interim report. But I do believe it is necessary to touch briefly on several important aspects of the Joint Committee's work.

It is clear from testimony at the public hearings, supplemented by findings in the Library of Congress study, that the average American has only the vaguest notions as to the structure, role, or membership of Congress. Although this is not a new finding, it is of special importance today when considered in light of two other facts developed in the hearings. First, Americans generally recognize they lack the information to involve themselves effectively in Government at any level and they want the knowledge required for meaningful participation in the broad policy debates and decisions that shape their lives. Second, there is evidence that Americans want Congress to play a more influential role in the formation of national policies, both domestic and foreign.

This suggests that an effort by Congress to improve the flow of information between itself and the people would fill both a well-documented need and a growing public desire. Moreover, there is solid evidence from a variety of sources that television news is the principal source of information about Government and politics for most people.

The public's need and desire to know more about Congress cannot be separated from another basic consideration. For almost a decade, every reliable indicator of public opinion has disclosed evidence of increasing cynicism about the performance of most democratic institutions and distrust for elected officials who serve in them. Congress is very much part of this indictment.

These public attitudes are a mix of many ingredients, including congressional shortcomings accurately perceived. But, as Vice Chairman BROOKS pointed out in his remarks at the opening hearing:

> Congress does move with reasonable speed—and a concern for the facts—and a serious desire to accommodate all or most all conflicting interests on any issue. Congress is a much more effective and responsible body than most people seem to believe.

Congress has been overshadowed by the President and the executive branch in coverage by the mass communications media and in the public's mind. This fact can be explained, in part, by the growth of the Presidency in response to domestic and international events. But it is also noteworthy that successive Presidents of both political parties, and the executive branch as a whole, have moved vigorously over the past half-century to adapt the techniques of mass communications to the activities of Government and politics. Congress, meanwhile, has maintained an essentially passive approach to communications and has not equipped itself as an institution to utilize mass communications effectively in reaching the American people.

The distinguished Senator from Arkansas (Mr. FULBRIGHT) testifying in behalf of his 1970 Senate resolution to authorize congressional access to network television, pointed out the constitutional impact of this imbalance in the communications capabilities of the legislative and executive branches. Senator FULBRIGHT said:

> Communications is power and exclusive access to it (by the executive branch) is a dangerous unchecked power.

Many of us in this body have worked hard to begin the long process of restoring to Congress certain duties and powers that have been lost or handed over to the Executive. This process undoubtedly will continue in the 94th Congress, as it should. But the ultimate impact of this reassertion of congressional prerogatives will, in part, be determined by our success in achieving greater equality of treatment in the mass communications media.

For instance, Mr. President, what good will it do for Congress to implement faithfully the provisions of the Congressional Budget and Impoundment Control Act of 1974—that is, to make independent judgments as to the size of the Federal budget, the priorities within the budget, and the amounts and sources of Federal revenue—if the President defines and dominates the public's perceptions of these issues?

I am not suggesting that Americans should necessarily see less of their President, but more Americans should have an opportunity to see and hear—and ultimately to understand—the congressional point of view on budgetary and other important matters.

As discussed in the Library of Congress study, one dimension of this question concerns direct access to network television and radio afforded congressional spokesmen. That is, when the President requests and is given broadcast time for an address to the people, comparable time should also be made available to Members of Congress. The Joint Committee did not attempt to deal with this aspect of the problem for two reasons. First, the issue involves interpretations and application of the FCC's "fairness doctrine," an area of substantive legislation beyond the purview of the Joint Committee. Second, commercial and public broadcasters have started to recognize during the past 2 years the need for greater equity in balancing Presidential and congressional broadcast appearances. One can point to a measure of progress in this area, at least in comparison to the near total blackout of congressional viewpoints that existed for many years. I am hopeful that voluntary efforts to achieve balance will continue. Clearly, this is the easiest way to avoid the need for corrective legislation.

Direct access, however, is only one factor in understanding the President's domination of the mass communications media. Far more important is the amount and type of daily coverage of the President that appears on network and local news broadcasts in comparison to the coverage afforded Congress. It is to achieving greater balance in this area, as well as to provide Americans with an opportunity to see their national legislature at work, that the Joint Committee's recommendations are directed.

We received extensive and compelling testimony by broadcast executives and network news directors of the problems that are routinely encountered in covering Congress. These include inadequate physical facilities in the Capitol, complex and restrictive rules, closed committee sessions, and the fact that regular sessions of the House and Senate are off limits to television and radio. Even the volume of congressional business tends to overwhelm the broadcast media so that only the most obvious stories attract attention. The bulk of congressional activity goes unnoticed and unreported.

Taken together, these and other factors result in superficial and often misleading impressions of Congress. The institutional dimension—the procedures and process that are essential in fulfilling the congressional role—is almost totally lost. As a consequence, Americans have almost no understanding of the constitutional function that Congress is striving to fulfill. More often than not, Congress is simply pictured as obstructing Presidential initiatives of one kind or another.

Over time, this situation can be improved considerably. The Joint Committee learned from its hearings that many State legislatures, city councils, local boards of education, and other public bodies are covered successfully by television and radio. We received testimony from legislators representing the Connecticut General Assembly and the Florida State Legislature, and from public broadcasters in these States. These witnesses described the results of live and videotaped broadcast coverage of regular floor sessions, and testified that the broadcasts have been well received by the public and by the members of the State legislatures. The story is the same in many other States.

Commenting on the extensive live coverage of the General Assembly's floor debates by Connecticut Public Television, David B. Ogle, executive director of the General Assembly's Joint Committee on Legislative Management said:

> As a result of this coverage, the people of Connecticut are unquestionably more aware than ever before of their legislature as an institution and of their individual representatives as people . . . . our individual legislators generally approve of such coverage, for with it there is no middleman interpreting their statements for their constituents.

The success of broadcast coverage of the Florida State Legislature in 1973 was suggested by the legislature's decision to appropriate $1,365,000 for broadcast facilities in the State capitol and for continuation of public television programing in 1974.

Both States reported that the large majority of legislators did not attempt to exploit the presence of television cameras, nor did the fact of broadcast coverage disrupt or change the nature of the legislative process itself. Once the novelty had worn off, in about 2 months time, the presence of television cameras in the chambers was simply forgotten.

Members of the Joint Committee are very aware of the difference between floor debates in a State legislature and those in Congress. In particular, it is true that a far greater proportion of the legislative process in Congress occurs off the floor in committees. We believe, however, that the system recommended in the interim report takes these differences into account. Moreover, we are suggesting a trial period of one congressional session, followed by a period of careful evaluation, before making any decisions as to permanent broadcast coverage.

As set forth in the resolution I am introducing today, the Joint Committee on Congressional Operations recommends the following actions:

First, provision of a continuous video feed, initially serving monitors in a limited number of House and Senate office locations. After a trial period of approximately 60 days, to provide for technical adjustments, this feed can be made available to commercial and public broadcasters, network organizations as well as local stations, for use live or recorded on videotape for delayed use in news or public affairs programs as they see fit. Congress should exercise no control over the selection of materials for broadcast use.

Second, provision of a continuous audio feed, initially carried into each congressional office via existing telephone lines. After a trial period of approximately 30 days, this feed can be made available to commercial and public broadcasters under the same conditions specified above.

Third, provision of a running summary of floor debate, daily committee schedules, bill status and other relevant information, transmitted on teletype printers and made available for use in the press galleries, by the wire services and other media outlets, as well as for use by Members of both Houses. A final printed summary, plus principal actions of each committee and subcommittee, can be prepared and made available for distribution shortly after the close of each day's House and Senate session.

I should note, at this juncture, that the Joint Committee on Congressional Operations in 1973 operated a system for preparing and transmitting a summary of proceedings in both Houses on an experimental basis. Reports of the experiment were filed in both the House and Senate—see House Report No. 93–356 and Senate Report No. 93–294.

The resolution for broadcast coverage also provides that copies of the videotapes and audio recordings shall be deposited with the Library of Congress for historical and educational purposes.

Under provisions of the resolution, the test would be supervised by the Senate Committee on Rules and Administration.

As we point out in the interim report, it is essential that trained professionals be employed by the supervisory committee during the test period, and that precise guidelines be established for the test period. Although the Rules and Administration Committee will establish these guidelines, the Joint Committee, on the basis of its hearings and supplementary study, identified a number of conditions and arrangements that appear worthy of consideration.

For instance, as stated in our report, we believe that the Committee on Rules and Administration—after determining the general rules and conditions for broadcasting—should consider inviting the Public Broadcasting Service to submit a detailed proposal for setting up and operating the necessary cameras and related equipment for the duration of the test. Similarly, National Public Radio could be invited to set up and operate the equipment for the audio feed.

Mr. President, I ask unanimous consent that this list of suggestions developed by the Joint Committee be printed at this point in the Record.

There being no objection. the list was ordered to be printed in the Record, as follows:

Excerpts From "Broadcasting House and Senate Proceedings"

(Interim Report of the Joint Committee on Congressional Operations on Congress and Mass Communications, October 10, 1974.)

Conditions and arrangements for broadcasting during the test period will, of course, be determined by the committee or committees conducting the test. However, based on the Joint Committee's hearings and supplementary study, we urge that the following be given consideration:

While arrangements can be made to lease equipment and to employ temporary camera crews and other production personnel, these could probably be readied for operation more quickly if the Public Broadcasting Service were to supply them. We believe the committee or committees involved should explore this alternative and, after determining the general rules and conditions for broadcasting, should consider *inviting* PBS to submit a detailed proposal for setting up and operating the necessary equipment for the duration of the test.

During the test period, the audio and video feed should be made available to broadcasters free of charge. In addition, complete recordings should be stored and made available, in part or in whole, at reasonable cost to all broadcast organizations, educational institutions, and similar organizations requesting them.

The most modern, light sensitive, electronic cameras should be required, and these should be installed in the galleries. No cameras should be permitted directly on the floor of the Chamber in either House. Individual networks or other broadcasters should not be permitted to maintain or use "unilateral" cameras in the galleries, nor should there be any "anchoring" by either radio or television commentators in the House or Senate Chambers.

A sufficient number of cameras should be installed to provide coverage of the entire floor of each Chamber, so that those intending to speak need not move into designated locations. The committee or committees involved should explore the possibility of enclosing the camera positions in temporary booths, so that they are as unobtrusive as possible. As a general rule the cameras should remain with those who are speaking, and "panning" for reactions while a presentation is in progress should be held to a minimum. This should not preclude variation of the camera angle or "wide" shots, however, particularly during the opening of each day's proceedings, so that viewers may get an accurate picture of the Chamber.

Procedures should be adopted to ensure that broadcast coverage is carried out in a non-partisan manner and is fair and equitable in recording the views of Members participating in floor proceedings. Also, the committee or committees involved should provide for receiving and acting expeditiously on any obections by Members pertaining to such coverage.

We also recommend that appropriate arrangements be made for comprehensive evaluation of each phase of the test program and that the committee or committees conducting the test be directed to report on whether a system for providing broadcast coverage of House and Senate Chamber activities should be inaugurated prior to the beginning of the Bicentennial Year. This evaluation should include but not be limited to—

The effectiveness of the closed-circuit video and audio systems as a method for monitoring floor activities in the House and Senate.

The extent and nature of the use of audio and video materials made available to commercial broadcasters.

The effect of broadcast coverage on the floor proceedings of the House and Senate, and the attitudes of Members of both Houses toward such coverage.

The response of the general public to broadcast coverage of floor proceedings of the House and Senate.

The effectiveness of the printed summary of floor proceedings and other congressional activities, from the point of view of both congressional and news media users.

Finally, we recommend that Congress make it clear, in language similar to relevant provisions of Section 116(b) of the Legislative Reorganization Act of 1970, that audio and video materials produced during this test are—

Intended for the education, enlightenment, and information of the general public;

Not for use in commercial advertisements, and, in the case of live coverage, are to be presented without commercial sponsorship; and

Not for use in any way whatsoever in paid political broadcasts or other campaign material, to promote or oppose the candidacy of anyone for any elective public office.

While precluding direct commercial sponsorship of audio or video material produced during this test, the intent should not be to prohibit use of excerpts on news programs or in public affairs documentaries that are supported by commercial sponsors. And the intent should be to prohibit the use of these materials in paid political commercials or advertisements of any kind by both sitting Members of the House or Senate and challengers.

Mr. METCALF. What kind of broadcast coverage could you expect from this type of system?

First, although the floor sessions would be recorded on a gavel-to-gavel basis, extended live coverage of the Senate would occur only in exceptional circumstances. Ordinarily, commercial network coverage would be limited to the use of excerpts in news programs and in news specials and documentaries. Public broadcasting spokesmen anticipated somewhat greater use of videotaped material, although extended live coverage would still be the exception.

We could expect that the nightly news programs would carry highlights of the day's activities on the Senate floor, featuring key roll call votes, statements from floor debates, and the like. Instead of seeing an artist's rendering, Americans would see the Senate, at work, making decisions and conducting its legislative business. Local broadcasters would be interested in carrying excerpts that feature home State Senators. Issues of regional or local interest would be picked up by local stations in addition to the national coverage of national issues provided by the network news organizations.

Given this pattern of coverage, the public would not be presented with gavel-to-gavel broadcasts of Senate floor sessions. The danger of boring the American people to death is not a reality, nor are the news organizations going to be interested in routine floor activities when most Senators are in committee meetings or working in their offices.

We should also recognize that technical advances in broadcasting have made it possible to cover the Senate without installing extensive extra lighting. Existing light levels are nearly adequate for color coverage, assuming that the most sensitive equipment is used. In short, broadcast coverage can be accomplished without intruding unduly upon Senate proceedings and without disturbing or discomforting Members on the floor.

Finally, Mr. President, a personal word. Prior to the opening of the Joint Committee's public hearings on this question, I had the most serious reservations about the wisdom or feasibility of opening the Senate to broadcast coverage on a regular basis. As Chairman of the Joint Committee, I attended all but a few minutes of the 6 days of hearings that were eventually held. And, on the basis of this testimony. I came to believe strongly that we should proceed with a serious and sustained test of the system that I have described. To put it bluntly, when confronted with the facts, I changed my mind.

I believe that many other Senators who may question the wisdom of such an experiment would also change their minds, if they had an opportunity to read the hearing record, review the Interim Report, and examine the supplementary study prepared by the Library of Congress. Given the many challenges to democratic government that confront us today, I believe we should move forward with a test of broadcast coverage as soon as possible.

I ask unanimous consent that a copy of the resolution be included at this point in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

S. Res. 447

Resolved, That (a), beginning as soon as possible during the first session of the 94th Congress and continuing for the remainder of that session, the Committee on Rules and Administration (hereafter in this resolution referred to as the "Committee") is authorized and directed to provide for radio and television coverage of the proceedings in the Senate chamber. Such coverage shall be provided for continuously at all times while the Senate is in session, except for any time when a meeting of the Senate is ordered with closed doors.

(b) The Committee shall maintain videotapes of such coverage and shall maintain separately recordings of the audio portion of such coverage. Copies of such videotapes and recordings shall be made available to public and commercial broadcasting stations as provided in this resolution. Copies of such videotapes and recordings shall be deposited with the Library of Congress and, under rules and regulations prescribed by the Committee, shall also be made available to educational institutions, libraries, and other organizations.

Sec. 2. (a) The Committee shall initially provide for monitors with which to receive the television coverage of the proceedings in the Senate chamber to be located in such offices in the Capitol and the Senate and House office buildings as it considers desirable. As soon as practicable, the Committee shall make the television coverage of the proceedings, and the videotapes thereof, available to public and commercial television broadcasting stations in accordance with the provisions of section 4.

(b) The Committee shall, at the request of any Member or officer of the Senate or the House, any committee of the Senate or the House, or any joint committee of the Congress, provide for transmission of the audio portion of the coverage of such proceedings into the office of such Member, officer, committee, or joint committee. As soon as practicable, the Committee shall make such audio portion, and recordings thereof, available to public and commercial radio broadcasting stations in accordance with the provisions of section 4.

Sec. 3. The Committee shall also provide a daily written summary of the proceedings of the Senate and other information pertaining to legislative activity. Under rules and regulations prescribed by the Committee such information shall be made available, by means of teletype printers or other written means to the news media and Members, officers, and committees of the Senate and the House, and to joint committees of the Congress.

Sec. 4. The radio and television coverage of the proceedings in the Senate chamber, videotapes of such coverage, and recordings of the audio portion of such coverage shall be made available to public and commercial broadcasting stations subject to the followings terms and conditions:

(1) Such coverage, videotapes, and recordings shall be broadcast solely for the education, enlightenment, and information of the general public.

(2) No part of such coverage, videotapes, or recordings may be used in any commercial advertisement.

(3) No part of such coverage, videotapes, or recordings may be broadcast with commercial sponsorship, except as part of bona fide news programs and public affairs documentary programs.

(4) No part of such coverage, videotapes, or recordings may be used to promote or oppose the candidacy of any person for elective public office, whether in a paid political broadcast or otherwise.

Sec. 5. (a) The Committee is authorized to employ such professional, technical, and other personnel as may be necessary to carry out the provisions of this resolution. The Committee is also authorized to enter into contracts with individuals, corporations, and organizations to carry out its functions and duties under the resolution.

(b) The expense of the Committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the Chairman of the Committee.

Sec. 6. As soon as possible after the conclusion of the first session of the 94th Congress the Joint Committee on Congressional Operations shall evaluate, and report to the Congress with respect to—

(1) the effectiveness of audio and video systems as a means of monitoring activities in the Senate chamber,

(2) the effect of radio and television coverage on proceedings in the Senate chamber, and the attitude of Members of the Senate toward such coverage,

(3) the extent and nature of the use of the radio and television coverage, and videotapes and recordings thereof, by public and commercial broadcasting stations in accordance with this resolution,

(4) the response of the general public to broadcasts of such coverage, videotapes, and recordings, and

(5) the effectiveness of the information provided and made available under section 3 from the viewpoint of the news media and Members, officers, and committees of the Senate.

Sec. 7. As soon as possible after the report required in Sec. 6 has been filed, the Committee shall report to the Senate with respect to the radio and television coverage of proceedings in the Senate chamber and other activities carried out under this resolution, together with its recommendations thereon, including its recommendations for continuing such coverage and other activities.

Mr. TAFT. Mr. President, as the ranking Senate minority member of the Joint Committee on Congressional Operations, I am delighted to join the Chairman of the Committee, Senator Metcalf, in offering a resolution to provide, on an experimental basis, radio and television broadcast coverage of Senate Chamber proceedings and other innovations in the electronic transmittal of Senate debate.

This resolution is a cumulation of more than 2 years of study by Members and staff of the Joint Committee and is a product of the statutory mandate of the 1970 Legislative Reorganization Act requiring the Joint Committee to conduct a continuing review of the institutional-operational aspects of the Congress and to expore options for reform. The proposal, in addition to establishing a procedure for an external distribution feed of television and radio coverage of Senate Chamber proceedings, also provides for improved communications within the Congress. Internal transmission of a running summary of floor proceedings via teletype to Members' offices would be established. Additionally, an internal closed circuit radio and television network is authorized for the transmission of Senate Chamber proceedings to congressional offices. Both services are recommended to be provided to the working press on Capitol Hill.

Restrictions would be imposed on the use of such coverage with no part of the proceedings permitted to be used in any commercial advertisement nor broadcast with commercial sponsorship, except as part of bona fide news programs or public affairs documentary programs. Broad restrictions also are included regarding the use of such coverage, to promote or oppose the candidacy of any individual for elective public office, whether in a paid political broadcast or otherwise.

The proposed changes in the Senate rules would be on an experimental basis beginning as soon as possible during the first session of the 94th Congress and continuing for the remainder of that session. The Senate Committee on Rules and Administration would be directed to implement the technical requirements of the resolution. The Joint Committee would evaluate the effectiveness of the program at the conclusion of the session and report such findings to the Congress.

One of the principal objectives of the Joint Committee in examining the area of Congress and mass communications was to identify various methods, consistent with its lawmaking function, that Congress might more effectively communicate the meaning of its constitutional role and daily activity to the American public. This resolution is consistent with that goal. It will permit millions of Americans an opportunity to visually participate through commercial, public, and educational media outlets in the legislative process and to become better acquainted with the complex policy questions that must be addressed in formulating national policy. Although such broadcast coverage will not be without its imperfections, it does provide a first step in responding to the problem of lack of communication between the electorate and the Congress and has the potential to be a stimulus in the important process of making the Congress a more open and responsive institution. In fact, these rule changes may force long-needed reforms in a number of areas, including the structuring and scheduling of floor debate. Undoubtedly, congressional critics will respond that radio and television coverage of Senate Chamber proceedings will only provide an additional forum for demagoguery and encourage Members to be Presidential aspirants. From a partisan minority position, one might also argue that such an experiment will only provide the majority with a better opportunity to "take on" the President. These criticisms while having some merit, fail, however, to credit the perception of the American public in identifying the shallowness of demagoguery or transparency of the unqualified candidate. With regard to challenges to the President, I do not foresee great problems. Undoubtedly, confrontations will develop between the legislative and executive branches, but the availability of broadcast coverage I submit will have little or no effect on the quantity of such conflicts and may in fact permit a more intelligent assessment by the public of the relative merits of the arguments advanced on disputed issues.

There is an unquestioned need to improve the communication between government at all levels and the public and Congress certainly is not an exception. Every time legislative action is taken on this floor, citizens' rights and responsibilities are affected. Policies of great national importance that may profoundly effect individuals' lives are decided on daily in this body—but two of the most often relied upon forms of communication by the American public for information regarding Government—television and radio—are not permitted to cover Senate Chamber proceedings. Television news is 13 percentage points ahead of the next most popular source of news, the newspaper, and 26 percentage points in front of the third leading source of citizen information, radio news, according to a recent Harris poll conducted for the Intergovernmental Relations Subcommittee. Television and radio are integral parts of American life—this resolution is a modest proposal to involve these widely accepted forms of mass communication and the citizens of the country more intelligently in the process of Government.

The resolution does contain some potential problems from both a substantive and technical standpoint. Certainly every precaution must be undertaken to insure that coverage is provided in all respects on a nonpartisan basis. The most advanced technology must be used. Cooperation must be undertaken with representatives of the communications media since they will be required to bear part of the expense of these changes and this by no means will be a profit-making venture for them. Close attention must be given to the successful broadcast procedures that have been developed by State, national, and international legislative bodies. Enactment of the resolution providing for an experimental approach will provide an opportunity to respond to these and other potential problems.

The Joint Committee has conducted an extensive analysis regarding this question and an excellent review of this data is contained in the Committee's Interim Report referred to by Chairman Metcalf—Senate Report 93-1275. I commend it to the attention of Members and staff who may have questions in this area.

Hopefully, this resolution, with the encouragement already provided by Minority Leader Scott and Majority Whip Byrd will be adopted by the Senate before the conclusion of this Congress and will become one of the many reforms of the 94th Congress.

AMENDMENTS SUBMITTED FOR PRINTING

SOCIAL SERVICES AMENDMENTS OF 1974—H.R. 17045

AMENDMENT NO. 2020

(Ordered to be printed and referred to the Committee on Finance.)

Mr. HARTKE. Mr. President, I submit an amendment to the Social Services Amendments of 1974 (H.R. 17045) which passed in the House of Representatives yesterday. My amendment deals with the problem of blind disability. I ask unanimous consent that the text of my amendment be printed in the Record at this point.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 2020

"Sec. 7. (a) Section 214(a) of the Social Security Act is amended by adding "or" after the semicolon at the end of paragraph (3), and by inserting after paragraph (3) the following new paragraph:

"(4) in the case of an individual who has died and who was entitled to a benefit under section 223 for the month before the month in which he died, 6 quarters of coverage;".

(b) Section 215(b)(1) of such Act is amended by striking out "shall be the quotient" and inserting in lieu thereof "shall (except as provided in paragraph (5)) be the quotient".

(c) Section 215(b) of such Act is further amended by adding at the end thereof the following new paragraph:

"(5) In the case of an individual who is blind (within the meaning of 'blindness' as defined in section 216(i)(1)), such individual's average monthly wage shall be the quotient obtained by dividing (A) the total of his wages paid in, and self-employment income credited to, all of the calendar quarters which are quarters of coverage (as defined in section 213) and which fall within the period after 1950 and prior to the year specified in clause (i) or clause (ii) of paragraph (2)(C), by (B) the number of months in such quarters; except that any such individual who is fully insured (without regard to section 214(a)(4)) shall have his average monthly wage computed under this subsection without regard to this paragraph if such computation results in a larger primary insurance amount."

(d) Section 216(i)(3) of such Act is amended to read as follows:

"(3) The requirements referred to in clauses (i) and (ii) of paragraph (2)(C) are satisfied by an individual with respect to any quarter only if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 and filed application for benefits under section 202(a) on the first day of such quarter, and (i) he had not less than 20 quarters of coverage during the 40-quarter period which ends with such quarter, or (ii) if such quarter ends before he attains (or would attain) age 31, not less than one-half (and not less than 6) of the quarters during the period ending with such quarter and beginning after he attained the age of 21 were quarters of coverage, or (if the number of quarters in such period is less than 12) not less than 6 of the quarters in the 12-quarter period ending with such quarter were quarters of coverage; or

"(B) he is blind (within the meaning of 'blindness' as defined in paragraph (1) of this subsection) and has not less than 6 quarters of coverage in the period which ends with such quarter.

For purposes of clauses (i) and (ii) of subparagraph (A) of this paragraph, when the number of quarters in any period is an odd number, such number shall be reduced by one, and a quarter shall not be counted as part of any period if any part of such quarter was included in a prior period of disability unless such quarter was a quarter of coverage."

(e) The first sentence of section 222(b)(1) of such Act is amended by inserting "(other than such an individual whose disability is blindness as defined in section 216(i)(1))" after "an individual entitled to disability insurance benefits".

(f) Section 223(a)(1) of such Act is amended—

(1) by striking out the comma at the end of subparagraph (B) and inserting in lieu thereof "or is blind (within the meaning of 'blindness' as defined in section 216 (i)(1)),";

(2) by striking out "the month in which he attains age 65" and inserting in lieu thereof "in the case of any individual other than an individual whose disability is blindness (as defined in section 216(i)(1)), the month in which he attains age 65"; and

(3) by striking out the second sentence.

(g) Section 223(c)(1) of such Act is amended to read as follows:

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 and filed application for benefits under section 202(a) on the first day of such month, and (i) he had not less than 20 quarters of coverage during the 40-quarter period which ends with the quarter in which such month occurred, or (ii) if such month ends before the quarter in which he attains (or would attain) age 31, not less than one-half (and not less than 6) of the quarters during the period ending with the quarter in which such month occurred and beginning after he attained the age of 21 were quarters of coverage, or (if the number of quarters in such period is less than 12) not less than 6 of the quarters in the 12-quarter period ending with such quarter were quarters of coverage, or

"(B) he is blind (within the meaning of 'blindness' as defined in section 216(i)(1)) and has not less than 6 quarters of coverage in the period which ends with the quarter in which such month occurs.

For purposes of clauses (i) and (ii) of subparagraph (A) of this paragraph, when the number of quarters in any period is an odd number, such number shall be reduced by one, and a quarter shall not be counted as part of any period if any part of such quarter was included in a period of disability unless such quarter was a quarter of coverage."

(h) Section 223(d)(1)(B) of such Act is amended to read as follows:

"(B) blindness (as defined in section 216 (i)(1))."

(i) The second sentence of section 223(d) (4) of such Act is amended by inserting "(other than an individual whose disability is blindness, as defined in section 216(i)(1))" immediately after "individual".

SEC. 8. In the case of an insured individual who is under a disability as defined in section 223(d)(1)(B) of the Social Security Act, who is entitled to monthly insurance benefits under section 202(a) or 223 of such Act for a month after the month in which this Act is enacted, and who applies for a recomputation of his disability insurance benefit or for a disability insurance benefit (if he is entitled under such section 202(a)) in or after the month this Act is enacted, the Secretary shall, notwithstanding the provisions of section 215(f)(1) of such Act, make a recomputation of such benefit if such recomputation results in a higher primary insurance amount.

SEC. 9. The amendments made by this Act shall apply only with respect to monthly benefits under title II of the Social Security Act for and after the second month following the month in which this Act is enacted.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974—S. 1988

AMENDMENT NO. 2021

(Ordered to be printed and to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

TRADE REFORM ACT OF 1974—H.R. 10710

AMENDMENT NO. 2022

(Ordered to be printed and to lie on the table.)

Mr. HELMS. Mr. President, it has often been said that we are a nation of immigrants. Throughout most of our history, we have opened our doors to the peoples of the world and welcomed them to our shores. The world in turn has looked upon the United States as a sanctuary of freedom and opportunity.

In recent times, the encouragement of emigration from totalitarian regimes has been a fundamental goal of American foreign policy. We assisted the refugees of war-torn Europe after the Second World War, many of whom came to the United States. We played an important role in the establishment of Israel as a sovereign state for the displaced Jews of Europe. After the Hungarian Revolution of 1956, we even went so far as to make exceptions to our immigration laws in order to accommodate the thousands of courageous Hungarian freedom fighters who fled the Soviet tanks and bullets of Budapest. When Cuba succumbed to communism in the early 1960's, the United States, under the leadership of the late President Kennedy, brought thousands of Cubans to our land and assisted them in starting a new life.

Today there are millions more who are held against their will in the captive nations of this world, and many of them have close relatives here in the United States. The problem of reuniting these families is both perplexing and disheartening. But our spirits have recently been lifted by the prospect that under the proposed Trade Reform Act, we might be able to take advantage of the situation by exchanging our advanced technology, our trade, and our credits for a more liberal emigration policy in the Communist countries.

As my colleagues will recall, title IV of the Trade Reform Act authorizes the President to enter into bilateral commercial agreements to provide credit or most-favored-nation treatment to countries that are presently denied these trade benefits. Title IV also provides, however, that products exported from any nonmarket economy country are not eligible for credits or MFN treatment, and the President may not make any bilateral agreements with any such country, if that country, according to the President, denies its citizens the right or opportunity to emigrate, imposes more than a nominal tax on emigration or visas, or imposes more than a nominal tax, levy, or fine on a citizen as a consequence of his desire to emigrate to the country of his choice. These restrictions on credit extension and MFN treatment are known as the Jackson-Vanik amendment, which is now embodied in section 402 of the act. In its report of November 26, 1974, the Senate Finance Committee summed up the provisions of section 402 of the Trade Reform Act as follows:

> It is the Committee's understanding that the "Freedom of Emigration" amendment in the bill is intended to encourage free emigration of all peoples from all Communist countries (and not be restricted to any particular ethnic, racial, or religious group from any one country).

The Trade Reform Act and the Jackson-Vanik amendment present a unique opportunity for the United States to use its great commercial strength as leverage against the repressive immigration policies of totalitarian countries. But we now confront the possibility that this opportunity will be lost. On December 2, Senator JACKSON proposed amendment 2000 to the Trade Reform Act, which gives the President temporary authority to waive section 402 for 18 months after he has received assurances that the emigration practices of that country will promote the objectives of section 402. Amendment 2000, in other words, seeks to nullify the restrictions on credit extension and MFN treatment in section 402 in those instances where the President has received assurances that obstacles in the way of emigration would be removed.

This newly proposed modification of the Jackson-Vanik amendment, Mr. President, is based on the belief that the Soviet Union has offered us assurances of a new emigration policy. Since April 1974, Secretary of State Henry Kissinger has been seeking a clarification of Soviet emigration policies through conversations with Soviet officials. These clarifications have been conveyed to Senators JACKSON, JAVITS, and RIBICOFF, eventually giving rise to an exchange of correspondence which Senator JACKSON published on October 18. All of these communications and discussions created the initial impression that the President and Secretary Kissinger have already received solid assurances from Soviet leaders that free emigration will be allowed, and that we may now embrace amendment 2000 with safety.

As a result of Secretary Kissinger's candid testimony before the Senate Finance Committee on December 3, 1974, however, it is now clear that we must reexamine title IV of the Trade Reform Act and its accompanying amendments. The understanding that now emerges is wholly contrary to that which was presented to us earlier. In response to probing questions by members of the Senate Finance Committee, Secretary Kissinger has given us a clearer, if not a new, picture of the negotiations that have taken

place between American and Soviet officials regarding the issue of immigration. Now we are told that no real agreement has been reached between American and Soviet officials after all. In his statement to the committee, Secretary Kissinger frankly admitted that he would not give "any assurances concerning the precise emigration rate that may result, assuming that the trade bill is passed and MFN is extended to the U.S.S.R."

This important revelation was underscored by Senator HARTKE when he asked the Secretary to explain his letter to Senator JACKSON on page 204 of the committee report, wherein the Secretary stated—and these are the Secretary's words—that "we have been assured" that certain criteria and practices will henceforth govern emigration from the Soviet Union. "Who," asked Senator HARTKE, "is 'we'?" "'We have been assured' by whom?" In reply, Secretary Kissinger acknowledged the fact that "the Soviet leaders have not made an assurance, have not made a commitment to the Government of the United States." To be sure, Secretary Kissinger agreed with Senator HARTKE's observation that these so-called assurances are nothing more than "descriptions of Soviet domestic practice," and are not "commitments by the Soviet Government to the U.S. Government."

What is more, the testimony of Secretary Kissinger indicates that the administration is not even pursuing the general objective of section 402. Conceding the fact that section 402 applies to all citizens of all Communist countries, except Poland and Yugoslavia, which already have MFN status, Secretary Kissinger nevertheless emphasized the fact that there is nothing in the exchange of correspondence between Senator JACKSON and Secretary Kissinger which relates to immigration policies of a country such as Hungary. The total thrust of these negotiations between American and Soviet officials has been directed toward the problem of Jewish emigration from the Soviet Union, and not toward the emigration of all citizens from all Communist countries. In the words of Secretary Kissinger, "What we are attempting to achieve (is) increased Jewish emigration." The Secretary again stressed this point in his reply to Senator BYRD's expression of concern about the "freer emigration of all peoples, not just the Jews, but Ukranians, Armenians, Germans, Estonians, Latvians, Lithuanians, and other Soviet nationalities, and Volta Germans, in return for U.S. trade concessions." The Kissinger-Jackson agreement, said the Secretary, does "not specifically refer to those of the Jewish faith, but I think it is a reasonable extrapolation from the record that this was the predominant concern. There is no specific reference I believe to Jewish emigration but I think in the legislative history of this matter one would have to say that this has not been the primary focus of the conservations."

This testimony of Secretary Kissinger thus shows beyond all reasonable doubt, Mr. President, that we even lack assurances that Jewish emigration will be increased in the Soviet Union, let alone emigration of all other citizens of Communist countries. At best, Secretary Kissinger has offered us, as an article of faith, a vague hope that if we grant trade concessions to the Soviet Union, that the Soviet Union might be willing to increase Jewish emigration.

As the situation now exists, the prospects for increased emigration of all citizens and nationalities from Communist countries under the Trade Reform Act are at best dim. For reasons that are not explained by Secretary Kissinger, the administration has ignored the clear intent of section 402 and has narrowed its efforts to the problem of Jewish emigration from the Soviet Union. No understanding has been gained with regard to the emigration of all Soviet citizens. Nor has any understanding been sought or gained with any Eastern European country, or with any other Communist country, for that matter, regarding the emigration of its citizens. We seem to have turned our backs on the thousands of individuals who wish to gain their freedom and escape their Communist captors. In particular, we have closed the door on those citizens of Communist countries who wish to be reunited with their families here in the United States.

The terrible and far-reaching consequence of this oversight in the Trade Reform Act negotiations are dramatically illustrated in the case of Szabolcs Julius Mesterhazy, an American citizen who appeared before the Senate Committee on Finance on April 5 and presented a courageous and stirring statement, as Senator LONG rightly described it in his letter to Secretary Kissinger, concerning Mr. Mesterhazy's efforts to be reunited with his son, who is currently living in Hungary. Mr. Mesterhazy escaped with his family from Hungary in 1956, but was unable to bring his 12-year-old son. Since that time, the Government of Hungary has refused to permit the son to emigrate from Hungary, so that he might join his family here in Michigan. The Trade Reform Act, as interpreted by the administration, takes no acount of a tragic situation such as this—and we can be sure that there are countless other cases similar to this one.

Indeed, it was Mr. Mesterhazy himself who brought the need for this amendment to my attention. His own case and that of his son graphically illustrate the human concerns that lie behind this measure. His dedication and devotion to this cause led him, as a plain citizen, to come to Washington unaided, without any vast lobby, without resources other than his own sincerity and pertinacity to convince the Senate of the United States to help not just himself, but the relatives of oppressed people everywhere to make the American dream come true. This is really a citizen's amendment; it is not my amendment. It rises above ideological concerns and differing philosophies to unite all men of good will who abhor discrimination and oppression.

In my view, Mr. President, we would be aiding and abetting the cause of injustice and tyranny if we failed to take our stand and draft the Trade Reform Act in such a way as to extend as far as possible the hope of freedom. We have apparently made some progress toward encouraging Jewish emigration from the Soviet Union. But we are beholden to our tradition of individual freedom, to our moral conscience, and to our very own people to extend the reach of this important legislation to all citizens of Communist countries. We can do no less.

To this end, I, together with the Senator from South Carolina (Mr. THURMOND), now submit an amendment to the Trade Reform Act which assures our continued dedication to the goal of fundamental human rights and the welfare of our citizens, as contained in section 402. Specifically, this amendment provides under paragraph 1, subsection a, that no country shall receive U.S. credits, credit guarantees, or investment guarantees, that denies its citizens the right or opportunity to visit, or to join permanently through emigration, a very close relative in the United States, such as a spouse, parent, child, brother or sister. This paragraph provides further that the President of the United States shall not conclude any commercial agreement with any such country.

Paragraph 2 provides that such credits and commercial benefits shall also be denied to any country that imposes more than a nominal tax on the visas or other documents required for a visit or emigration described in the first paragraph. And paragraph 3 provides that such credits and commercial benefits shall also be denied to any country that imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of his desire to make a visit or to emigrate as described in the first paragraph. Although this amendment will not assist every individual in a Communist country to emigrate, it will at least help those who have close relatives in the United States. Moreover, it will require their freedom to emigrate, no matter where they live on our globe. In this respect, the amendment goes beyond the Jackson-Vanik amendment, which excluded Yugoslavia and Poland because they already enjoy most-favored-nation status. Thus it closes a loophole in the Trade Reform Act which allows these two countries to restrict the emigration of its citizens while at the same time receiving American credits and trade benefits.

Subsection b of the amendment provides that after the date of enactment of the Trade Reform Act, a nonmarket economy country may participate in any program of the U.S. Government which extends credits or credit guarantees or investment guarantees; that the President may conclude a commercial agreement with such a country after he has submitted to Congress a report indicating that such country is not in violation of paragraph 1, 2, or 3 of subsection a. This report shall include information as to the nature and implementation of its laws and policies and restrictions or discrimination applied to or against persons wishing to visit close relatives in the United States or to emigrate to the United States to join them. Also, the report required by this subsection shall be submitted initially, with current information, on or before June 30 and December 31 thereafter, so long as such credits or guarantees are extended or such agreement is in effect.

At this point, Mr. President, I ask unanimous consent that my amendment be printed in entirety at the conclusion of my remarks in the RECORD.

There being no objection, the amendment was ordered to be printed as follows:

AMENDMENT NO. 2022

On page 264, after line 18, insert the following:

SEC. 409. FREEDOM TO VISIT, AND TO EMIGRATE TO JOIN, A VERY CLOSE RELATIVE IN THE UNITED STATES

(a) To assure the continued dedication of the United States to the fundamental human rights and welfare of its own citizens, and notwithstanding any other provision of law, on or after the date of the enactment of this Act, no nonmarket economy country shall participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, directly or indirectly, and the President of the United States shall not conclude any commercial agreement with any such country, during the period beginning with the date on which the President determines that such country—

(1) denies its citizens the right or opportunity to visit, or to join permanently through emigration, a very close relative in the United States, such as a spouse, parent, child, brother or sister;

(2) imposes more than a nominal tax on the visas or other documents required for a visit or emigration described in paragraph (1); or

(3) imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to make a visit or to emigrate as described in paragraph (1).

and ending on the date on which the President determines that such country is no longer in violation of paragraph (1), (2) or (3).

(b) After the date of the enactment of this Act, (A) a nonmarket economy country may participate in any program of the Government of the United States which extends credits or credit guarantees or investment guarantees, and (B) the President may conclude a commercial agreement with such country, only after the President has submitted to the Congress a report indicating that such country is not in violation of paragraph (1), (2) or (3) of subsection (a). Such report with respect to such country shall include information as to the nature and implementation of its laws and polices and restrictions or discrimination applied to or against persons wishing to visit close relatives in the United States or to emigrate to the United States to join them. The report required by this subsection shall be submitted initially as provided herein and, with current information, on or before each June 30 and December 31 thereafter, so long as such credits or guarantees are extended or such agreement is in effect.

On page 261, lines 2 and 6, strike out "402 (b) or 403(b)" and insert "402(b), 403(b), or 409(b)".

On page 262, line 24, strike out "402(b) or 403(b)" and insert "402(b), 403(b), or 409 (b)".

On page 263, line 17, after the period insert the following: "Clause (A) shall not apply with respect to a report submitted under section 409(b)."

On page 90, line 17, strike out "'402(b)' or '403(b)'" and insert "'402(b)', '403(b)', or '409(b)'".

AMENDMENT NOS. 2014 TO 2019

Mr. HARTKE. Mr. President, I ask unanimous consent that amendments numbered 2014, 2015, 2016, 2017, 2018, and 2019, in connection with the trade bill, which I sent to the desk yesterday, which have been printed, be considered as having been read to meet the requirements of rule XXII should cloture be invoked, or in connection with H.R. 10710, the trade bill.

Mr. President, I ask unanimous consent, also, that those amendments be printed in the RECORD at this point.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 2014

On page 292, line 14, insert "(a)" before "It".

On page 292, after line 22, insert the following:

"(b)(1) The Automotive Products Trade Act of 1965 (other than title IV) is repealed.

"(2) Effective with respect to articles entered, or withdrawn from warehouse, for consumption on or after the 90th day after the date of enactment of this Act any modification of the Tariff Schedules of the United States proclaimed by the President under the authority granted by section 201 of such Act shall cease to apply.

"(3) Title IV of such Act is repealed as of the 90th day after the date of enactment of this Act.".

AMENDMENT NO. 2015

SEC. 612. SENSE OF THE CONGRESS WITH RESPECT TO TRADE WITH CANADA.

It is the sense of the Congress that the United States should enter into a trade agreement with Canada which will guarantee continued stability to the economies of the United States and Canada. In order to promote such economic stability, the President may initiate negotiations for a trade agreement with Canada to establish a free trade area covering the United States and Canada. Nothing in this section shall be construed as prior approval of any legislation which may be necessary to implement such a trade agreement.

SEC. 613. FOREIGN SOURCE OIL AND GAS.

(a) Section 263(c) of the Internal Revenue Code of 1954 (relating to intangible drilling and development costs in the case of oil and gas wells) is amended by adding at the end thereof the following new sentence: "Such regulations shall not apply to intangible drilling and development costs incurred in connection with oil and gas wells located outside of the United States.".

(b) Section 613 of such Code (relating to percentage depletion) is amended by—

(1) inserting after "gas wells" where it appears in subsection (b)(1)(A) the following: "located within the United States", and

(2) adding at the end thereof the following new subsection:

"(e) SECTION NOT TO APPLY TO FOREIGN OIL AND GAS WELLS.—The provisions of this section do not apply with respect to any oil or gas well which is not located within the United States.".

(c) The amendments made by this section apply to taxable years beginning after December 31, 1974.

AMENDMENT NO. 2016

SEC. . FOREIGN SOURCE OIL AND GAS.

(a) Section 263(c) of the Internal Revenue Code of 1954 (relating to intangible drilling and development costs in the case of oil and gas wells) is amended by adding at the end thereof the following new sentence: "Such regulations shall not apply to intangible drilling and development costs incurred in connection with oil and gas wells located outside of the United States.".

(b) Section 613 of such Code (relating to percentage depletion) is amended by—

(1) inserting after "gas wells" where it appears in subsection (b)(1)(A) the following: "located within the United States", and

(2) adding at the end thereof the following new subsection:

"(e) SECTION NOT TO APPLY TO FOREIGN OIL AND GAS WELLS.—The provisions of this section do not apply with respect to any oil or gas well which is not located within the United States.".

(c) The amendments made by this section apply to taxable years beginning after December 31, 1974.

AMENDMENT NO. 2017

SEC. 612. SENSE OF THE CONGRESS WITH RESPECT TO TRADE WITH CANADA.

It is the sense of the Congress that the United States should enter into a trade agreement with Canada which will guarantee continued stability to the economies of the United States and Canada. In order to promote such economic stability, the President may initiate negotiations for a trade agreement with Canada to establish a free trade area covering the United States and Canada. Nothing in this section shall be construed as prior approval of any legislation which may be necessary to implement such a trade agreement.

SEC. 613. ELIMINATION OF FOREIGN TAX CREDIT FOR TAXES PAID IN CONNECTION WITH FOREIGN OIL RELATED INCOME; SPECIAL RATE OF TAX FOR SUCH INCOME.

(a) ELIMINATION OF TAX CREDIT.—Section 901(e) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) TERMINATION OF CREDIT FOR FOREIGN TAXES ON OIL-RELATED INCOME.—

"(A) In the case of a corporation, no credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil-related income from sources within such country or possession.

"(B) FOREIGN OIL-RELATED INCOME.—The term 'foreign oil-related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(v) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil-related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil-related income.

"(D) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items shall be taken into account in computing foreign oil-related income for such year.

"(E) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil-related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil-related income described in subparagraph (B)(i).".

(b) TAXATION OF FOREIGN OIL-RELATED INCOME.—

(1) Section 11(e) of such Code (relating to exceptions from tax imposed on corporations) is amended to read as follows:

"(e) EXCEPTIONS.—

"(1) FOREIGN OIL-RELATED INCOME.—Subsection (a) does not apply to foreign oil-related income (as defined by section 901(e)(3)(B)).

"(2) CERTAIN CORPORATIONS.—Subsection (a) does not apply to a corporation subject to a tax imposed by—

"(A) section 594 (relating to mutual savings banks conducting life insurance business),

"(B) subchapter L (section 801 and following, relating to insurance companies), or

"(C) subchapter M (section 851 and following, relating to regulated investment companies and real estate investment trusts).".

(2) Part II of subchapter A of chapter 1 of such Code (relating to tax on corporations) is amended by redesignating section 12 as 13, and by inserting after section 11 the following new section:

"SEC. 12. FOREIGN OIL-RELATED INCOME.

"(a) IN GENERAL.—There is imposed for each taxable year a tax of 24 percent on the taxable income of every corporation which is foreign oil related income (as defined in section 904(e)(3)(B)).

"(b) EXCEPTION.—Subsection (a) does not apply to any corporation described in section 11(e)(2).

"(c) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section, including, but not limited to, regulations providing that deductions, credits, and other computations properly allocable to computing foreign oil related income are properly allocated in computing such income.".

(3) The table of sections for such part is amended by striking out the item relating to section 12 and inserting in lieu thereof the following:

"Sec. 12. Foreign oil related income.
"Sec. 13. Cross references relating to tax on corporations.".

(c) The amendments made by this section apply to taxable years beginning after the date of enactment of this Act.

AMENDMENT No. 2018

SEC. . ELIMINATION OF FOREIGN TAX CREDIT FOR TAXES PAID IN CONNECTION WITH FOREIGN OIL RELATED INCOME; SPECIAL RATE OF TAX FOR SUCH INCOME

(a) ELIMINATION OF TAX CREDIT.—Section 901(e) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) TERMINATION OF CREDIT FOR FOREIGN TAXES ON OIL-RELATED INCOME.—

"(A) In the case of a corporation, no credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil-related income from sources within such country or possession.

"(B) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(c) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil related income.

"(D) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items shall be taken into account in computing foreign oil related income for such year.

"(E) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil related income described in subparagraph (B)(i).".

(b) TAXATION OF FOREIGN OIL RELATED INCOME.—

(1) Section 11(e) of such Code (relating to exceptions from tax imposed on corporations) is amended to read as follows:

"(e) EXCEPTIONS.—

"(1) FOREIGN OIL RELATED INCOME.—Subsection (a) does not apply to foreign oil related income (as defined by section 901(e)(3)(B)).

"(2) CERTAIN CORPORATIONS.—Subsection (a) does not apply to a corporation subject to a tax imposed by—

"(A) section 594 (relating to mutual savings banks conducting life insurance business),

"(B) subchapter L (section 801 and following, relating to insurance companies), or

"(C) subchapter M (section 851 and following, relating to regulated investment companies and real estate investment trusts).".

(2) Part II of subchapter A of chapter 1 of such Code (relating to tax on corporations) is amended by redesignating section 12 as 13, and by inserting after section 11 the following new section:

"SEC. 12. FOREIGN OIL-RELATED INCOME.

"(a) IN GENERAL.—There is imposed for each taxable year a tax of 24 percent on the taxable income of every corporation which is foreign oil related income (as defined in section 904(e)(3)(B)).

"(b) EXCEPTION.—Subsection (a) does not apply to any corporation described in section 11(e)(2).

"(c) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section, including, but not limited to, regulations providing that deductions, credits, and other computations properly allocable to computing foreign oil related income are properly allocated in computing such income.".

(3) The table of sections for such part is amended by striking out the item relating to section 12 and inserting in lieu thereof the following:

"Sec. 12. Foreign oil related income.
"Sec. 13. Cross references relating to tax on corporations.".

(c) The amendments made by this section apply to taxable years beginning after the date of enactment of this Act.

AMENDMENT No. 2019

On page 292, line 14, insert "(a)" before "It".

On page 292, after line 22, insert the following:

"(b) (1) The Automotive Products Trade Act of 1965 (other than title IV) is repealed.

"(2) Effective with respect to articles entered, or withdrawn from warehouse, for consumption on or after the 90th day after the date of enactment of this Act any modification of the Tariff Schedules of the United States proclaimed by the President under the authority granted by section 201 of such Act shall cease to apply.

"(3) Title IV of such Act is repealed as of the 90th day after the date of enactment of this Act.".

AMENDMENT OF THE SOLID WASTE DISPOSAL ACT—S. 3549

AMENDMENT NO. 2023

(Ordered to be printed and referred to the Committee on Public Works.)

Mr. NELSON. Mr. President, on behalf of myself and Senator HART, I submit an amendment to the Solid Waste Disposal Act, as amended by the Resource Recovery Act of 1970.

On August 19, 1974, Senator HART and I introduced a virtually identical measure in the form of an amendment to a bill which was being considered by his Environment Subcommittee. It was amendment No. 1814 to S. 1104. Since then, the hearings on the amendment have been held and it has received considerable support.

This amendment addresses itself to those highly urgent situations where a potential threat to public health exists. The point of the measure is to require, in certain kinds of lawsuits, that the party responsible for creating the potential threat must come forward and prove either that the risk of harm is negligible, or that there are considerations which outweigh the threat to public health.

The amendment is very specific and applies only in certain court proceedings:

First, its application is restricted to proceedings brought under one of the statutes administered by the Administrator of the Environmental Protection Agency.

Second, it is triggered only when a party is seeking equitable relief—for example, an injunction—but not monetary damages.

Third, the course of conduct must involve a kind of "discharging or emitting," as those words are defined in the amendment, or "manufacturing."

Fourth, the potential risk created must be real, it cannot be a negligible risk or only a theoretical possibility.

Fifth, the potential health hazard must be a very grave one: Death, serious illness or disease, or irreparable physical harm to humans.

Under these very serious circumstances, the amendment would shift the burden of proof to the party creating the grave risk to health and require that party to prove either that no threat to health exists, that the threat is negligible, or that other considerations outweigh the health threat.

In other words, this measure is aimed at those situations where some evidence of a serious potential hazard exists, but the evidence is inconclusive. The legislation would prohibit the potentially dangerous conduct until it could be proved to be safe, or until it could be shown that the benefit substantially outweighs the risk.

The need for legislation of this sort was suggested by the U.S. Court of Appeals for the Eighth Circuit in a lawsuit know as the Reserve Mining case. In that case, the United States, as well as the States of Wisconsin, Michigan, and Minnesota, and other plaintiffs, sought to enjoin the Reserve Mining Co. from dumping tailings of "taconite," a kind of low-grade iron ore, into the waters of Lake Superior. The plaintiffs charged that there was a risk of cancer to those living in the Superior-Duluth region who ingested the water from the lake.

The district judge, Judge Miles W. Lord, enjoined the company from continuing the dumping. In issuing his injunction, Judge Lord refused to "permit the present discharge until such time as it can be established that it has actually resulted in death to a statistically significant number of people. The sanctity of human life is of too great value to this court to permit such a thing," he said. Aware that "any environmental litigation must involve a balancing of economic dislocation with the environmental benefits," Judge Lord based his decision on his view that the defendants "have the engineering and economic capability to obviate the risk and chose not to do so in order to continue profitability of the present operation." He put the whole issue into a few words and said, "This court cannot honor profit over human life and, therefore, has no other choice but abate the discharge."

But the Eighth Circuit Court of Appeals disagreed and lifted the injunction. In doing so, it said that "Judge Lord apparently took the position that all uncertainties should be resolved in favor of health safety," and ruled that Judge Lord's "determination to resolve all doubts in favor of health safety represents a legislative policy judgment, not a judicial one."

In other words, that court was of the opinion that a statute was necessary to achieve the result plaintiffs then sought.

When I introduced this measure, I made it clear on the record that my sponsoring this amendment should not be seen as a tacit concession that I believed the eighth circuit was correct that such a law would be necessary before a court could rule for plaintiffs in such a case. On the contrary, under the statutes and cases which I cited in the August 19, 1974, Congressional Record, there is ample authority, I believe, to permit a court to enjoin the conduct creating a potentially serious health hazard, in cases where there is some evidence of it, but the evidence is inconclusive.

One important point should be made here. By introducing this amendment I do not intend to ask Congress to change a legislative policy while a court is in the process of deciding a lawsuit. On the contrary, I think this bill only elucidates present legislative policy and makes it unmistakably clear.

At hearings held on this amendment on August 19, 1974, it was supported by the President's Council on Environmental Quality, the Environmental Defense Fund, and the Environmental Protection Agency.

We are introducing this measure in this form today for a particular reason. That is, we hope it will be considered by the Committee on Public Works in its consideration of amendments to the Solid Waste Disposal Act. It is my understanding that this committee will be meeting to consider such legislation very soon.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 2006

At the request of Mr. Robert C. Byrd (for Mr. Jackson), the Senator from Michigan (Mr. Hart) and the Senator from Rhode Island (Mr. Pell) were added as cosponsors of Amendment No. 2006 in the nature of a substitute for the bill (S. 3267), the Energy Emergency Standby Authority Act.

NOTICE OF HEARINGS ON TOBACCO PRICE SUPPORTS

Mr. HUDDLESTON, Mr. President, the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices of the Committee on Agriculture and Forestry will hold hearings Wednesday, December 11, beginning at 2:30 p.m. and Thursday, December 12, beginning at 10 a.m., on H.R. 17506, to set tobacco price supports at 90 percent of parity, instead of by a formula based on the 1959 support price. The hearings will be in room 324, Russell Office Building. Anyone wishing to testify should contact the committee clerk as soon as possible.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Edward S. King, of New York, to be U.S. marshal for the western district of New York for the term of 4 years (reappointment).

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the Committee, in writing, on or before Tuesday, December 17, 1974, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ADDITIONAL STATEMENTS

BILL SAXBE, CONSERVATIONIST

Mr. STEVENS. Mr. President, the December issue of Field and Stream magazine published a story on one of America's great sportsmen, Bill Saxbe, the Attorney General of the United States. This article lauds the Attorney General's effort to enforce antipollution laws. A conservationist since high school, Bill Saxbe has also recognized in public addresses and campaigns the vital importance of our endangered wetlands, without which we would have neither fish nor fowl.

As a means of restoring the ecology of our wetlands which are essential to supporting all life systems, Bill Saxbe, as always, is a "straight shooter" and calls for the alliance and immediate action of societal groups including government, industry, landowners, and the general public.

Mr. President, I ask unanimous consent that the article entitled, "Saxbe for the Defense," which was published in the December 1974 issue of Field and Stream be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Saxbe for the Defense

(By Richard Starnes)

Old man Saxbe put a pair of biggish feet on his desk and stuffed a chew of Mail Pouch into his jaw.

"My reluctance to support gun control is simply the inability to control it. Crime would continue if a man had nothing to beat another guy over the head with but his truss." He had recourse to an ornate gaboon. "Crime has been with us as long as two men got together."

Those are sound sentiments, of course, and they are important to every hunter and gun fancier in the Republic, because the man who uttered them is the Attorney General of the United States.

Bill Saxbe is beyond question the most accomplished outdoorsman to occupy a seat of power in Washington since Teddy Roosevelt. He's hunted and fished all over the world, and he's an Olympic-grade trap shooter. Last summer, after a six-month layoff, Saxbe broke 98 out of 100 targets at a trap shoot they gave for him in his native Ohio.

"I missed two out of the first ten, and broke the rest of them," he told me.

Saxbe's outspoken bluntnes in a city that is owned by wafflers has gotten him into all kinds of trouble. But fortunately it hasn't broken him of the refreshing habit of saying what he thinks.

"I got a bum rap on the SST thing when I was in the Senate," he said. "Really what disturbed me was the fact that I was the only active sportsman in all of Congress. A lot of them play at it, but none of them really knows anything about it. My first job was working for the Ohio Conservation Department. My high school oration was on conservation, and I've been actively involved with it ever since."

(A lot of conservationists criticized Saxbe because he voted for the supersonic transport when he was in the Senate.)

In spite of that vote, however, Saxbe's credentials as a conservationist and outdoorsman are of a high order. This is important because the Attorney General has a great deal to say about which laws are enforced and how vigorously they are enforced. All cops and prosecutors will tell you that all laws are enforced with equal fervor, but anyone who has ever learned enough to cross the street by himself knows this is a lot of baloney. Antipollution laws and laws written in an attempt to save what little is left of our wetlands are two notable examples of laws that sometimes get sketchy enforcement. Saxbe is especially browned off by the destruction of the wetlands, as any sensible scattergun man would be. Last summer he shook up a lot of greedy s.o.b.'s when he told them, in characteristically straightforward fashion, that laws to protect the wetlands were going to be enforced. If they are, of course, it means a great many rapacious entrepreneurs of jerry-built condominiums are going to have to quit draining irreplaceable wetlands for their construction sites.

Saxbe spoke with good sense last summer in a speech to the Conference on the Protection of the Gulf Coast Wetlands at Tarpon Springs, Florida—a speech largely ignored by the daily blatts that have sat on their hands while the very land under our feet has been pillaged.

I assume that anyone with the wit to read this far into a piece as high-minded as this one knows why the wetlands are important—vitally important—to the ecology chain. When the last of the wetlands are paved over for apartment houses and retirement rookeries for lard-bottomed former stockbrokers and their blue-haired consorts, we can kiss goodby all of the waterfowl that grace this continent, and probably ultimately all of the fish as well. Wetlands are nature's nursery. When they go, so does everything else. It is that serious—and Attorney General Saxbe knows it.

As A. G., Saxbe told the conference, he has a "special opportunity" to help enforce the laws "designed to protect important but fragile links in the ecology."

"From my perspective, preservation of the wetlands will not be an easy task. Serious inroads already have been made. And if present trends continue, the wetlands will have been gravely diminished a decade from now. If we do nothing, we face the very real prospect that at some point they may practically vanish except for modest park areas.

"Whether they are saved to become a perpetual resource depends in large measure on us and our counterparts throughout the nation. A great deal depends on how effectively we inform all segments of the public and business community about the nature of the present crisis while enlisting their responsible support."

Saxbe spelled out what a few lone voices (notable among which, I am proud to say, has been Field & Stream for some seventy-nine years) have been saying.

"What is in jeopardy is not merely the scenic view of ocean frontage or lakeshore—as important as they are.

"The wetlands represent far more. They are an irreplaceable resource. And, in turn, they are part of a threatened environment in which some detect dangers not only to our way of life but to the very existence of life."

Memorize those paragraphs and yell them into the ear of the next money-grabber who tells you the economy of the nation can't survive without such greedy affronts to civilization as strip mining, or poisonous insecticides, or that monstrously evil Cross-Florida Barge Canal, or any one of a thousand other acts of rape by people who are willing to condemn future generations to death for the sake of a few lousy dollars.

Saxbe has been around enough to know he is up against tough opposition.

"No single segment of society will be able to preserve the wetlands by itself, no more than a lone segment can solve other environmental perils.

"The issues are of such magnitude that they require a joint effort—by government at all levels, by industry and landowners, and by the general public."

Now here is another paragraph to commit to memory:

"If we fail to save the wetlands, we will be losing more than an economic and aesthetic asset that can never be recreated. The loss may also signal an impending and crushing defeat in the larger effort to maintain an environment that civilized man can inhabit."

Saxbe made it plain he was not going to content himself with preaching a few pieties and then sitting down.

"My purpose is not to find fault. There is enough of that to go around and last all of us a long time. My point is that we simply have to do a better job—and I stress that I am most particularly talking about the Department of Justice doing a better job."

That was the stinger; the notice to the people Saxbe scorns as "twentieth century buccaneers" that the Federal government no longer will be a patsy and willing partner to the pillagers.

"The law requires the Army Corps of Engineers to approve any project to alter wetlands, to dredge or fill them, or to build anything on them. It falls to the Department of Justice to represent the Government in the event a court suit stems from the Corps' refusal to grant a permit for wetlands work. We also have the responsibility to bring criminal or civil actions when such work is done without a permit—and this is much too prevalent."

Two years ago, Saxbe said, there were only twenty-one cases relating to wetlands violations in the Justice Department. Last summer there were 151 cases in progress, fifty criminal and 101 civil.

The Justice Department, bleakly warned the Attorney General, "has become much more aware of its responsibilities."

"Our Land and Natural Resources Division [has] decided to make wetlands and related cases a top priority. I fully support that decision."

Saxbe made it plain he was throwing all his considerable energy into the fight.

"I am determined that all of the needed resources will be available for the Department of Justice to move swiftly and resolutely in the courts in wetlands cases. Since the bulk of this litigation falls upon the United States Attorneys, I am requesting that they give a major priority to litigation involving wetlands in every part of the country."

Where Saxbe was speaking, to be sure, is one of the world's most grisly wetlands disaster areas. Perhaps no place on earth has been despoiled with the malignant rapacity that has marked the exploitation of the Gulf Coast. The rich ecological broth that stretches from the Mexican border to the Florida Keys has been raped in a manner that must make the Creator Himself weep. Such rotten excrescences as the Houston ship channel are commonplace the length of the whole Gulf littoral. And the effrontery of the "developers"—and seldom has a word ever been so perverted—is almost past belief.

In Oregon, for example, a developer changed the course of a river without obtaining permission from the Corps of Engineers, the Environmental Protection Agency, or any other branch of government. Fortunately, the Department of Justice took this creep to court, and won its case.

In Georgia, another court ordered a freebooting real-estate developer to completely restore a salt marsh area he'd illegally filled. Another such suit is pending in Maryland. In North Carolina the Justice Department is keeping close track of another developer who has bought a large tract of wetlands. He didn't buy it to nurture waterfowl, that's certain, and Saxbe's people are keeping a sharp eye on him. Whatever is done with that particular parcel is going to be done legally.

Saxbe is a rational man, and maybe too easygoing to be a cop. Sitting in his office and talking fishing ("I think I am a pretty good fly fisherman," he told me), it is easy to see how he keeps harping on obtaining the voluntary cooperation of the enormously powerful forces that are out to eat the whole world right out from under our feet.

"We know that additional pressure for development will continue," he observed. "This is particularly true as the nation seeks new sites for power plants, for resorts, and for farming and livestock operations.

"Nuclear power plants are an important factor in the nation's future growth. But they should be located carefully to avoid damage to wetlands and marine resources."

Or, as he put it to the wetlands conference, "the clock is tolling."

"There is no time for recriminations. There is only time to try to work together to develop sensible programs that rest on twin foundations of sensible, planned growth and real conservation."

Saxbe is a gun collector of some note—"I suppose I own altogether forty guns"—and it pains him when so many cheap-shot editorialists make gun control the current most popular panacea for crime.

"I try to be practicable about it," he told me. "If I thought there was an effective way that we could have gun control, especially on handguns, I'd support it. My reluctance to support it is based on the inability to control it.

"And also on my realization, since I've been in this job, that we've had one gimmick after another that's supposed to control crime. I take the attitude there're no more rabbits in the hat; and I think that gun control is one of the rabbits they keep pulling out of the hat and saying, "Well, this would stop crime."

"Three years ago everybody said if we could control heroin we could stop crime. That didn't work either. And then we had a great influx of money—by getting enough hardware into the police departments we could stop crime. That didn't work either."

The best way to control wrongdoing, Saxbe is firmly convinced, is not to take his trapguns away from him—and mine away from me—but to punish the wrongdoer: "Catch them and put them in jail," in his words.

In a capital city where much of the currency of public disclosure is canting, dissembling, and downright lying, it is refreshing to share an hour with the likes of the Attorney General. He understands what the realities are. He is one of us, not one of them. It is good to have Saxbe for the defense.

TRADE REFORM ACT OF 1974

Mr. HUGH SCOTT. Mr. President, an editorial in yesterday's Philadelphia Inquirer makes an excellent point in favor of speedy and positive action by this body on the trade bill—namely, passage will mean many more jobs for Americans. In this time of high unemployment, this alone is reason enough to support this legislation. I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TRADE REFORM ACT MEANS MORE JOBS FOR AMERICANS

Most of the public controversy over the Trade Reform Act has centered on the question of whether to grant most-favored-nation status to the Soviet Union. That question in turn has hinged on the Soviet Union's willingness to grant Soviet citizens who wish to emigrate, mainly but not exclusively Jewish, the right to do so.

The latter is a question of human rights, and it has been settled, not perfectly but about as well as it can be for the time being.

In an unusual exchange of letters made public in October, at the White House and with White House blessing, by Sen. Henry Jackson of Washington, Secretary of State Henry Kissinger made known Soviet assurances that emigration would increase and harassment of would-be emigrants would end.

So far as we know, the Kremlin leaders have not put anything in writing, and it remains to be seen whether they will deliver. In any case, it is now time for the U.S. Senate to deliver on the Trade Reform Act, one version of which has been passed by the House and another of which is pending for consideration on the Senate floor.

The bill, in both versions, would grant the President necessary authority to negotiate new trade arrangements in the so-called "Tokyo Round" of multilateral negotiations.

It would enable him to negotiate substantial cuts in tariffs and, equally if not more important, cuts in or elimination of non-tariff barriers, such as quotas, subsidies and tax preferences.

It would provide more relief, with less red tape, for industries and workers demonstrably injured by imports, and it would give the President power to retaliate against unfair trade practices of other nations.

The removal or at least displacment of the one obstacle, the question of Soviet emigration, brings others into the open. One is being erected by organized labor, led by the AFL–CIO. A decade ago, the AFL–CIO played a vital role in preparations for the successful "Kennedy Round" of international trade negotiations. Now it professes to believe that the gains from the "Tokyo Round" will go to the giant multilateral corporations, with the pains being borne by American workers.

This is a shortsighted view. Expanded world trade means more jobs and higher incomes, at home and abroad. As President Ford declared to supporters of the bill Tuesday evening, "We must be under no illusion that we can go it alone. ... The health of our domestic economy and the strength, the very structure, of our international relations are involved."

Another obstacle is threatened by senators who want to make a Christmas tree of the bill, dolling it up with such non-germane amendments as the controversial measure to deregulate natural gas.

To do so, President Ford warns, would be "inexcusable," and we agree. It would almost certainly doom the Trade Reform Act for this year and thus call into question America's commitment to expanding world trade, which itself is vital to solving America's own economic problems of stagflation. The Trade Reform Act should be considered on its own merits, and it should be passed.

CHARLES B. LUNN AND WENDELL B. THOMAS—DEDICATED VETERANS' ADMINISTRATION EMPLOYEES

Mr. HARTKE. Mr. President, last Sunday, on its approach to Dulles International Airport, a TWA jetliner crashed, killing all 92 persons aboard.

The airplane had originated in Indianapolis, with an intermediate stop in Columbus, Ohio. A number of people from my home State lost their lives and I want to express my deepest sympathy to all of the families.

I am particularly mindful, Mr. President, that among the victims of this disaster were two longtime employees of the Veterans' Administration: Charles E. Lunn and Wendell B. Thomas.

Mr. Lunn was the administrator of the Veterans' Administration Hospital at Marion, Ind., and Mr. Thomas was the hospital's chief financial officer.

Mr. Lunn assumed his post at Marion in January of this year, after serving as director of the VA hospital in Amarillo, Tex. Prior to that, Mr. Lunn had served the Veterans' Administration in many capacities throughout a 29-year career that began after his naval service in World War II.

Mr. Thomas had served with the Veterans' Administration for 25 years.

As chairman of the Senate Committee on Veterans' Affairs, I am keenly aware that the best of legislative intentions are left unfulfilled without the dedication and compassion of men such as Mr. Lunn and Mr. Thomas.

I know that the people of Indiana, and especially my fellow Hoosier veterans, will miss them both.

While this loss is painful for all of us who came to know and respect Mr. Lunn and Mr. Thomas for their professional dedication, it is, of course, a most poignant loss for the families involved. I want to express my special sympathy to their widows, Laura Lunn and Norma Thomas.

PRISON REFORM

Mr. BROCK. Mr. President, I recently received a letter from Prof. Karl P. Warden of Vanderbilt University School of Law in Nashville, Tenn. Mr. Warden has a genuine concern about our Nation's corrections system and has devoted considerable time at Vanderbilt to penal reform.

Under Mr. Warden's direction, Vanderbilt is developing a graduate level program to prepare attorneys to assume staff positions within penal institutions. As yet, no comparable program exists at any law school in the United States. The interdisciplinary course of study will be drawn from various departments within the university, and academics will be supported by clinical experience.

Our corrections system desperately needs to be reformed and improved, and the efforts of Professor Warden and Vanderbilt Law School promise to do just that. I ask unanimous consent that a summary of this program be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PROGRAM FOR LAWYERS IN CORRECTIONS ADMINISTRATION

Only in recent years has the general legal community become cognizant of the problems that confront the correctional systems of the United States. Vanderbilt University School of Law believes that the legal community has a direct responsibility to become actively and creatively involved in the solution of these problems.

To meet this responsibility, Vanderbilt is presently developing a program in criminal justice designed to train lawyers specifically in penology and corrections administration. Essentially, the program will be aimed at the three principal needs which must be met if the corrections systems are to be successful. First, persons with legal expertise have to be prepared for and encouraged to accept staff positions with corrections departments throughout the nation. Secondly, research and data analysis, from a legal viewpoint, must be carried on in order to define rights and improve services. Finally, the legal profession must cooperate with and contribute to local, regional, and national planning groups attempting to modify existing correctional regulations and policies.

Vanderbilt University School of Law intends to implement these concepts by establishing an interdisciplinary course of study which will include, in addition to the regular law school curriculum, instruction in areas such as criminology, prison law, sociology, the role of the psychiatrist in corrections, penal administration, and community correctional services. Non-law courses will be taught by faculty members from other departments at Vanderbilt or from other schools in the University Center. This classroom work will be supplemented by clinical and internship experience within prisons and corrections departments.

Supporting this academic curriculum will be comprehensive research, information collection, and comparative corrections analysis. Because very little study of corrections from a legal perspective has been done before, a complete library and data gathering center devoted solely to corrections will be basic to this research objective. The ultimate goal will be a thorough analysis of the interdisciplinary problems relating to corrections which have been previously ignored. Vanderbilt Law School's excellent transnational legal studies program will assist in the examination of foreign corrections methods and structures.

The final intention of the project will be to join with administrators and other interested parties in working to improve the sound delivery of correctional services. A cornerstone in this effort will be demonstrating to prison policy makers that lawyers trained in corrections will be a beneficial addition to their staffs. Vanderbilt will solicit the advice, assistance, and consultation of corrections officials in the establishment and maintenance of the program.

An advisory committee consisting of members of the Vanderbilt community, certain state corrections officers, and a number of nationally recognized experts in penology will oversee the operations of the program. Professor Karl Warden, a Vanderbilt Law School faculty member with extensive experience in corrections, will be the program director. The cost of establishing the program is large, and Vanderbilt Law School is presently seeking funds from many private and public sources.

No comparable program exists at a law

school in the United States. The results of this educational effort will be to provide the nation's correctional systems with available, properly-trained attorneys to assist them in resolving the urgent legal and social problems they confront.

THE STATE OF THE NATION'S ECONOMY

Mr. McCLELLAN. Mr. President, I recently received a letter from Mr. Benjamin F. Feldman, of New York City, which I would like to share with the Members of this body. Mr. Feldman is an economist and former vice president of Kuhn, Loeb & Co., and I believe his views on the state of the Nation's economy are most informative and merit attention.

Declining public confidence in the future of our economy, rising unemployment, continued price rises at the supermarket and a sinking gross national product make it mandatory that we take *immediate* action to end the steady erosion of our way of life.

As Mr. Feldman writes:

> We cannot afford to sit back, hoping that the widening and worsening economic crisis will be stopped by voluntary methods.

I believe that it is imperative that we work with all the diligence that we can command to restore the health of our economy.

I ask unanimous consent that Mr. Feldman's letter be printed in the Record at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Benjamin F. Feldman,
New York, N.Y., November 21, 1974.

Re: Mandatory Controls for Prices and Wages

Hon. John L. McClellan,
Senator from Arkansas,
U.S. Senate, Washington, D.C.

Dear Senator McClellan: Today's N.Y. Times reports your statement "that the time had come for Congress to make controls mandatory, rather than leaving it to the discretion of the Administration." Being convinced of the merit of your judgment (in which I concur), I am taking the liberty of presenting some pertinent data.

Public statements to the contrary, the nation's economy is already in a critical recession—critical because it is worsening almost daily.

Some adverse effects of the inflationary spiral include—

(a) strikes in key industries (as coal) which reduce operations in related industries and bring more unemployment.

(b) pricing consumer goods out of the market, evidenced in big declines in residential housing starts and car sales. (Retail cars sales in October 1974 show declines from year ago of 26.9% for American models vs. a 6.3% gain for Foreign cars).

(c) a revised budget for the fiscal year ending next June 30, from earlier estimate of $5 to $6 billion deficit to a deficit of $8 to $10 billion because the recession has pared anticipated revenues.

(d) rising business failures—for textile industry, $663 million for 1st 7 months of 1974 vs. $169 million year ago.

Thus I believe that we cannot afford to sit back, hoping that the widening and worsening economic crisis will be stopped by voluntary methods.

Cordially yours,
Benjamin F. Feldman.

FUEL SAVING MEASURES IN OCEAN TRANSPORTATION

Mr. STEVENS. Mr. President, recently George H. Hearn, Commissioner of the Federal Maritime Commission, gave a speech to the National Defense Transportation Association at its 29th annual Transportation and Logistics Forum and Exposition. The subject of Commissioner Hearn's remarks was the efforts of the Federal Maritime Commission to promote fuel saving measures in the United States ocean transportation system.

Primary among these efforts has been the Commission's support of cooperative scheduling or sailing rationalization. At meetings with representatives of foreign and U.S.-flag carriers, the Commission suggested that carriers could conserve fuel by reducing vessel speed, reducing sailing frequency, maximizing vessel space utilization, and revising sailing schedules. To the extent that any of these measures were adopted by carriers acting in concert, the Commission promised to expedite the processing and consideration of the resulting agreements. In this respect, the Commission has approved seven agreements for cooperative sailing arrangements.

Also, in an effort to promote fuel conservation the Commission has reviewed the Government's role as a shipper or user of transportation services. Primarily this concerns the movement of military cargo. The Commission's position has been that the rates for military cargo must, at a minimum, recover "fully distributed costs." Using this standard, carrier revenues will be sufficient to continue adequate service and to avoid over burdening commercial cargoes.

One problem in this area, however, relates to the bunker fuel situation. When in 1970 there was a sudden and rapid increase in the cost of fuel, carriers began to assess bunker surcharges. These charges are assessed by the carriers against all cargoes except military cargo. The reason for this being that the Military Sealift Command refuses to pay. Commissioner Hearn commented on the basic unfairness of this situation and set forth the Commission's position that the Government when acting as a shipper should bear its fair share of the cost of supporting American-flag service.

Mr. President, I am sure that Commissioner Hearn's comments will be of interest to those, such as myself, who are concerned with fuel saving measures in our ocean transportation. I ask unanimous consent that Commissioner Hearn's speech before the National Defense Transportation Association be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

[From the Federal Maritime Commission, Sept. 25, 1974]

Fuel Saving Measures in Ocean Transportation

(Remarks of Commissioner George H. Hearn)

I was delighted to receive your invitation from my dear friend, General Casey, and his Co-Chairman, Mr. Hardin, to address the 29th Annual Transportation and Logistics Forum and Exposition of the National Defense Transportation Association here in Las Vegas, Nevada.

I am particularly pleased to be participating on the same panel with Senator Howard Cannon. When I came to Washington, D.C. over thirteen years age and was employed at the Civil Aeronautics Board, I came in contact with Senator Cannon on numerous occasions in his capacity as Chairman of the Senate Commerce Committee's Subcommittee on Aviation, and developed a tremendous respect and appreciation for his aviation and overall transportation knowledge. I especially recall the launching of Astronaut Allen Shepherd's first venture into space, on which occasion Senator Cannon flew his own aircraft from Washington to Cape Canaveral. Consequently, I am delighted to participate and to revive many pleasant memories not only with Senator Cannon and the other members of our panel, particularly, Chairmen Bob Timm of the CAB and George Stafford of the ICC, but with my many other friends of the NDTA.

The topic for this session of the NDTA Forum, Transportation—Users or Abusers", raises many questions as to the efficiency of our national transportation system. Many of these issues have been presented to us by Senator Cannon in his session paper; and it is my purpose to comment on certain of the issues which pertain to the activities of the Federal Maritime Commission.

First, however, I will offer a brief description of the background of the participation of the Federal Maritime Commission in the national effort to conserve energy resources.

The authority of the Commission over transportation extends to the international and domestic offshore oceanborne commerce of the United States. The great majority of our country's imports and exports move by ocean carrier, making the ocean transportation industry a vital part of the overall commerce of the nation. Thus, when the oil shortage first arose, the Commission took the position that sufficient bunker fuel must be allocated to both foreign and U.S.-flag vessels in order that our waterborne commerce continue to flow freely and not be jeopardized.

While much of our country's imports and exports are carried by foreign-flag carriers and we were concerned that they receive adequate fuel, we were even more concerned over the fuel allocation for U.S.-flag vessels. Under the various U.S. cargo control laws, all military cargo and fifty percent of other government generated cargo must be carried by U.S.-flag carriers. Thus, as a matter of national security, the Commission considered it vital that fair and adequate fuel allocations were made to ocean flag carriers—foreign and domestic.

The Commission worked closely with the Federal Energy Office in the promulgation and administration of fuel allocation regulations. We continually stressed the need for a 100 percent allocation of fuel for both carriers and related shoreside services, and, in addition, the need for reciprocity among nations in the allocation of bunker fuels.

Some of these matters are of less immediate concern today than during the initial "energy crisis". Nevertheless, we must not consider that our energy problems have disappeared. Our energy needs are increasing and the supplies are becoming depleted and more expensive. Consequently, rationalization of the use of our fuel supplies and international cooperation are more important than ever.

Two regulatory issues concerning fuel conservation in transportation which I will comment on are the use of cooperative scheduling (or sailing rationalization), and the government as a user of transportation.

Under the Shipping Act of 1916 and other shipping statutes, the Commission has authority to act in many areas of our oceanborne commerce. However, two sections of the 1916 Act are of particular importance in the matter of energy conservation. One is Section 15. It provides that when ocean carriers enter into agreements of Shipping Act concern, those agreements must be filed with the Commission for approval. Thus, carriers acting in concert in shipping matters can do so only pursuant to an approved agreement.

The other statutory provision is Section 18 which requires the filing with the Commission of carrier tariffs showing all rates and charges. This section also authorizes the Commission to disapprove rates upon a finding of their unreasonableness.

In view of the authority of the Federal Maritime Commission under these and other statutory provisions, the Commission undertook an effort late last year to encourage fuel saving measures in ocean transportation. Meetings were held with representatives of foreign and U.S.-flag carriers and means of lowering fuel consumption were discussed. It was suggested by the Commission that the carriers could conserve fuel by reducing vessel speed, reducing sailing frequency, maximizing vessel space utilization and revising sailing schedules.

Of course, under Section 15 of the Shipping Act, to the extent any of these measures were adopted by carriers acting in concert, the Commission would have to give its approval. The carriers were advised, however, that any such energy conservation agreements would receive expedited processing and consideration by the Commission.

In this respect the Commission has approved seven agreements specifically relating to the fuel problem, three in foreign commerce and four in the domestic offshore trades. For example, in the trade between Alaska and the "lower 48" states, two carriers agreed that one carrier would eliminate sailings and place its cargo on another's vessels. Also, two carriers serving between the U.S. and South America agreed to rationalize their sailings in order to conserve fuel. The other approved agreements to cover sailing rationalization and other fuel saving measures as the parties might adopt pursuant to approved discussions.

It should not be concluded, however, that those are the only approved sailing rationalization agreements or that the Commission approved such agreements only in response to the fuel crisis. The fact is that the Federal Maritime Commission has not restricted its use of authority under Section 15 to approve agreements for cooperative sailing arrangements. There are no regulatory restraints under the Shipping Act which militate against the use of sailing rationalization. If an agreement meets the requirements of approval under this Section and is generally not detrimental to the commerce of the United States or contrary to the public interest, it is approvable by the Commission.

The Federal Maritime Commission favors the use of properly controlled sailing arrangements and other agreements when the situation warrants. Thus the use of sailing rationalization has not been inhibited but has been accepted whether fuel conservation has been the primary or ancillary purpose.

Generally, sailing arrangements are sought by carriers in trades where the level of trade will not support full sailing schedules by all carriers offering service. Thus to make service on the trade route economically worthwhile, the carriers agree to rationalize sailings. It might be questioned why, perhaps, one carrier should not cease serving the trade if there is not enough business. The answer is that there can be many factors requiring the continued service of all carriers in the trade.

One factor is that a carrier might be owned or controlled by a country at either end of the trade route, and that country might insist upon participation of its carrier. This has occurred frequently in the case of the developing nations; and in those cases, sailing agreements sometimes form a part of pooling agreements or arrangements giving carriers equal access to government controlled cargo. Such agreements not only protect the individual national interests but also establish restraint which rationalize the activities of participating carriers.

Further, in some countries certain cargo is reserved by the government for carriage by flag carriers of that country. This is done for a variety of reasons including national security, promotion of national industries and desire for international prestige. Consequently, because we must accept a certain quantity of service in some trades, sailing rationalization is one method of keeping it within acceptable limits.

Another factor supporting continued trade route participation could be that a carrier might serve one trade route as part of a more extensive service. It would be necessary that the carrier preserve each portion of the service, possibly through sailing agreements, in order to maintain the whole.

It can be seen, therefore, that sailing rationalization agreements play an important role in international ocean commerce; and the Federal Maritime Commission does not exercise or impose any restraints on their use. Nevertheless the Commission is required by its statutory mandate to maintain, and it does maintain regulatory surveillance over all approved agreements. This ensures that the parties do not exceed the approved terms of the agreement and that it continues to be in the public interest. Presently there are twenty sailing agreements in the foreign trades. Agreements of this or any type are infrequent in the domestic offshore trades due to the exclusion of foreign-flag competition; but even there, as I have already mentioned, sailing agreements are in effect and under consideration.

With respect to the Commission's authority under Section 18, dealing with tariffs and rate levels, the Commission has been greatly concerned over carrier rate increases caused by the rise in bunker fuel costs. When the cost of bunker fuel increased drastically it became necessary for carriers to pass on to shippers most of the increase in order to continue offering service. The Commission recognized this need and permitted the carriers to impose bunker fuel surcharges in almost all trades. Nevertheless, the Commission allowed the surcharges only after the carriers presented documentation establishing the reasonableness of the level of the charges. Since the initial imposition of the surcharges the Commission has constantly reviewed them to insure that they be reduced or removed when possible. And, in fact, as the cost of fuel has receded in certain areas, some carriers have reduced their bunker fuel surcharges.

The second issue which I will comment on concerning fuel conservation in transportation is the role of government as shipper or user of transportation services. It has been contended that the competitive bidding system for government shipments produces low rates which result in reduced transportation efficiency.

Competitive bidding is the system now employed for the carriage of U.S. military cargo. Because this cargo is high in volume and must be carried by U.S.-flag vessels, it is a very important cargo to our ship operators. The competitive bidding system was introduced in 1966 and was immediately challenged in a proceeding at the Federal Maritime Commission. The Commission concluded that competitive bidding did not constitute an unfair or unjust system and did not violate the Shipping Act.

After that time the Commission became increasingly concerned with the drastic downward trend of rates bid by our ship operators for the carriage of military cargo. It is readily apparent that military rates which fall so low as to impair the financial stability and operating efficiency of our merchant fleet are detrimental to the commerce of the United States.

Consequently, in 1972 the Commission began and completed a proceeding which sought a remedy to the deteriorating military rate situation. The proceeding was for the purpose of establishing rules setting forth criteria for determining the level of military rates below which rates would be considered detrimental to the commerce of the United States.

The basis of the Commission's decision in adopting final rules and criteria was that "U.S.-flag operators should not be required to do business with the Federal Government at a loss". Further, the transportation of military cargo should not be subsidized by commercial cargo. Such a situation creates inefficiency in vessel use, and jeopardizes the carriers' ability to obtain adequate use of equipment.

Consequently, the Commission concluded that the rates for military cargo must, at minimum, recover "fully distributed costs". That means all direct and indirect costs plus depreciation and interest. In this way carrier revenues will be sufficient to continue adequate service and to avoid overburdening commercial cargoes.

In initiating its rulemaking proceeding the Commission was responding not only to its statutory responsibility of assuring that rates in our foreign commerce do not fall so low as to be detrimental to our commerce. The Commission was also taking into consideration a report entitled Sealift Procurement and National Security Study—or SPANS. The SPANS study in which the Commission participated with other government agencies and industry representatives, acknowledged the adverse impact of noncompensatory military rates on the viability of the American merchant marine.

The final Commission conclusion requiring military cargo rates to recoup all of the carrier's applicable costs is thus consistent with the mandates of the Shipping Act and the objectives to the SPANS study.

In the same year—1972—as the Commission issued those rules, another case arose regarding military rates which more specifically relates to the bunker fuel situation. When in 1970 there was a sudden and rapid increase in the cost of fuel, carriers began to assess bunker surcharges. These charges, however, were assessed by the carriers against all cargoes except military cargo.

The facts were that the military cargo moved in the same vessels at the same time as other cargoes. It seemed to the Commission, therefore, that there was some basic unfairness in that situation possibly involving violations of the Shipping Act.

The carriers defended against the Commission's charges by stating that any assessment of the surcharge against military cargo was futile because the shipper—Military Sealift Command—had refused to pay. The Commission concluded that some carriers had not pressed their case against MSC for payment and were therefore in violation of the Shipping Act for discriminating against the non-military cargo shippers.

The carriers contended from the outset that the fault really was with MSC for refusing to pay the surcharge. And under Section 16 of the Shipping Act, a shipper may be subject to Federal Maritime Commission authority. There was, however, no allegation that MSC had offended that section, and there was thus no basis for Commission action against the shipper.

Although the carriers have since taken all possible action to enable them to collect the surcharge against military cargo, no satisfactory result has been achieved. Consequently the basic unfairness of the situation remains even though the carriers are now blameless, having purged themselves by pursuing their case against MSC.

It seems from this situation that although the Federal Maritime Commission has issued a rule stating criteria for the level of military cargo rates, the carriers may be unable to adhere to that principle. Carriers are required to offer military rates no lower than the costs of carriage, and high bunker fuel expenses should be considered such a cost even though they arose unexpectedly and rapidly.

An accommodation of interests here is clearly required. Admittedly it is good practice for the government to seek to keep its budget low. Yet this should not be done at any expense. A vital American merchant fleet is important not only to our industrial and commercial wellbeing, but also to our national security. Thus the government when acting as a shipper should bear its fair share of the cost of supporting American-flag service.

One other matter in respect to government cargoes is worth brief mention here. That involves Section 6 of the Intercoastal Shipping Act of 1933. This provision permits the carriage of government cargo in U.S. domestic offshore ocean commerce free or at reduced rates. The Federal Maritime Commission favors repeal of this provision and supports bills in the Senate and House of Representatives to accomplish this. Section 6 was originally designed to enable intercoastal water carriers to compete with the railroads. The statute was later expanded to include carriers serving offshore commerce—such as Hawaii and Puerto Rico. Still later the statute was again amended and intercoastal carriers were placed under the Interstate Commerce Act. Consequently, the original purpose of the statute has disappeared, but the American carriers serving the domestic offshore trades are stuck with Section 6 and the possibility of having to offer low rates or free service to government shippers.

I have already discussed the inequities of permitting government rates to fall to unreasonable levels. And those remarks fit equally well here. Admittedly, if Section 6 is repealed and if the Commission's rules on the level of military rates are observed, government costs will increase. But that cost will fall, equitably, on all taxpayers instead of on those businesses who now ship commercial cargo more expensively in the same ships that carry government cargo.

Ratemaking policy, generally, is a factor in transportation efficiency, and also in efficient fuel utilization. The jurisdiction of the Federal Maritime Commission in this area is limited.

In foreign commerce the Commission has no ratemaking authority. The Commission's jurisdiction is limited to investigating rates to determine whether they are so unreasonably high or low as to be detrimental to the commerce of the United States. Within this scope of authority the Commission can, however, require carriers to submit justification for rates; and it has done so, particularly with respect to surcharges such as those imposed to recover bunker fuel costs, and also with respect to inbound/outbound freight rate disparities.

In the domestic offshore trades the Commission's authority over rates extends further. Those rates can be suspended by the Commission, which can then order the reasonable rates to be enforced.

To accomplish this, the Commission requires carriers to report their financial data for use in analyzing rates. It is the view of some that the Commission's current system for evaluating carrier costs is not suited to modern transportation technology involving containerization, roll-on/roll-off, and other unitized cargo movements.

There are now pending before the Commission cases involving this question and I may not comment on them. It may be said, however, that ratemaking policies should be flexible enough to take account of the various modern trends in cargo transportation, both in the domestic offshore and foreign commerce. In this way relatively outdated or inefficient transport systems will not be able to forestall the advantages offered by new ideas and technologies. At the same time, certain general guidelines or criteria should be available to enable carriers to properly formulate their ratemaking policies and enable the Commission to evaluate them. Such a formula will hopefully emerge from current Commission considerations.

Industry and government are not, however, the only parties responsible for supporting modern and efficient transportation technologies. All participants in the merchant marine industry should lend their assistance. It has been said, for example, that labor, while doing much to aid transport efficiency, has also been a hindrance in some areas. The Federal Maritime Commission has limited jurisdiction in labor related matters, but one labor related issue warrants comment here.

Longshoremen have developed rules on container movements which require the unloading and reloading of containers originating within 50 miles of the port. It is claimed that this is necessary to preserve work opportunities for the longshoremen whose work is vital to the ocean commerce of the United States. On the other side, it is said that the activities of the longshoremen hinder the efficiencies offered by containerization. There is presently a case pending at the Commission on this subject and I may not comment further. Yet I may state our goal that a mutually beneficial solution must be reached at the Commission and in the cases pending also in court and at the National Labor Relations Board.

In these comments I have tried to indicate the attitude of the Federal Maritime Commission and its activities as encouraging transportation efficiency and, consequently, efficient fuel utilization. Hopefully, within the Commission's statutory authority and in cooperation with the maritime industry and other agencies we will be able to further the goal of fuel conservation through the development of increasingly efficient transportation systems.

AUTO REPAIR

Mr. HARTKE. Mr. President, our society has developed a procedure to assure the public of competent service in such critical areas as medicine, law, and accounting. Most jurisdictions also license barber and beauty shops, as well as restaurants. Licensing is a means by which the public can be assured of the competence of the service being rendered.

The same assurance is needed in the field of auto repair. Billions of dollars are wasted each year on fraudulent or shoddy repair work. Not only does this represent a needless waste of money, it also results in unsafe cars on the road.

I have introduced the Motor Vehicle Repair Industry Licensing Act (S. 1950) in an effort to provide for the licensing of motor vehicle repair shops. Its enactment will save the public money, provide an added measure of assurance that work is done competently, and improve the roadworthiness of automobiles.

Mr. President, I ask unanimous consent that the text of an editorial on this subject which appeared in the Sacramento Bee on October 5 be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Need To License Auto Mechanics

The carnage on our highways, in so many instances caused by automobile mechanical failure, puts grave emphasis on the need to assure that the mechanics who repair cars are fully competent and held to account for mistakes.

Government has a compelling obligation to weed out inefficient mechanics, not only the ones who overcharge and bilk their customers but often turn out unsafe work leading to accidents on the road.

The situation is of special importance in view of the fact estimates put the number of mechanics in the nation at 100,000, while there are 100 million or more cars. Not only are there insufficient numbers of mechanics, but all too many of them, as numerous surveys indicate, do not really know their trade.

Earlier this year, in an effort to do something about the problem, U.S. Sen. Vance Hartke, D–Ind., introduced the Motor Vehicle Repair Industry Licensing Act. Its aim is to encourage all the states to adopt a system for licensing auto repair shops and damage appraisers. So far, the measure has languished in the Senate Commerce Committee. Hearings are not expected until some time next year.

California has made some progress in this field, but it is not enough. The state has created the Bureau of Automotive Repair, which licenses garage owners but does not set up performance standards and competency tests for mechanics themselves. While in theory a garage owner is supposed to weed out his incompetent mechanics, this can prove difficult, both because of their scarcity and because the garage owner rarely knows whether a subsequent accident involving a vehicle repaired by his mechanic was the result of the mechanic's incompetence.

What is needed throughout the country is a system of scrutinizing the proficiency of individual mechanics through some kind of licensing procedure.

It should be stressed that none of the foregoing is meant to impugn the competence and integrity of the great majority of individual mechanics. But there remain too many incompetents in the field and it is an obligation of government to establish licensing procedures for their critically important work, as is done for medical doctors, accountants, lawyers and the like.

B'NAI B'RITH STATEMENT ON DISCRIMINATION AGAINST THE AMERICAN INDIAN

Mr. ABOUREZK. Mr. President, I am happy to insert into the Congressional Record a resolution adopted by the B'nai B'rith Anti-Defamation League in November on the subject of discrimination against the American Indian. Over the years the Anti-Defamation League has worked to end racism directed toward Jews, and the results have been both highly successful and beneficial.

It is my hope that the Anti-Defamation League will not limit itself only to ending discrimination against Jews, Blacks and American Indians, but will lend its considerable influence toward ending racist stereotyping of Arabs as well.

The unfortunate anti-Arab propaganda which stereotypes Arabs as either dirty, greasy, barbaric, terrorist, or spendthrift is as painful to the recipients as the stereotyping of Jews as only moneylenders, or in control of the media in the United States. It is also unfortunate that on one or two occasions within the last year, the Anti-Defamation League has even lent itself to this kind of stereotyping in anti-Arab advertisements the league has sponsored in daily newspapers in the United States.

The original thesis of the Anti-Defamation League was that such discrimination can happen to everyone, if it is allowed to happen to anyone. I would hope that such civilized thinking would continue, especially with regard to Arab Americans and Arabs in the Middle East as well.

I ask unanimous consent that this resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Discrimination Against the American Indian

American Indians suffer from severe handicaps in education, housing, employment, nutrition, health care and other aspects of life. Their situation, in its bitterness and misery, is among that of the most severely deprived other minorty groups. Today's conditions result from the discrimination visited upon the Indians ever since Europeans first came to the shores of North America.

Precisely because the Indians' problems are rooted in discrimination, they are the concern of the Anti-Defamation League of B'nai B'rith.

Further, Indians are victims of a widely held derogatory stereotyping akin to that directed against Jews, blacks and other minorities. We therefore urge that changes be made in the content of educational materials and in the treatment of Indians by the mass media, to correct these false and defamatory images. The government should take a more active role in changing the climate of opinion regarding the status and position of the American Indian, to eliminate the misinformation and prejudice that has held back Indian progress.

Furthermore, federal and state governments must expand and intensify their programs to stimulate opportunities for Indians to improve their educational and employment opportunities and living conditions.

The Anti-Defamation League of B'nai B'rith calls for the establishment of affirmative action programs in each of these areas to hasten the day when such deprivation can be eliminated.

THE TIME HAS COME TO END FAIR TRADE PRACTICES

Mr. **BROOKE**. Mr. President, on Tuesday, December 3, I introduced S. 4203, a bill designed to save America's consumers over $2 billion annually by repealing resale price maintenance laws.

I was particularly pleased, then, to read in the December 1, 1974, issue of Forbes magazine an article entitled, "Fair Trade: How Fair?" The subtitle of the article is even more revealing:

> It seems a real anachronism in the midst of a struggle against inflation.

Thus, Forbes magazine joins Consumers Reports and many others in voicing their belief that the time has come to end fair trade practices. I can think of few actions within our power to take that would have a greater and more immediate effect on reducing inflation than prompt passage of S. 4203.

I commend Forbes magazine for their thoughtful presentation and ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Fair Trade: How Fair?

IT SEEMS A REAL ANACHRONISM IN THE MIDST OF A STRUGGLE AGAINST INFLATION

The manager of a Washington, D.C. discount chain puts it bluntly: "Fair trade really screws the public; it's probably the most deceptive thing any manufacturer can put across." He says the laws force retailers to charge inflated minimum prices for a wide number of brand-name items such as Magnavox and Sony.

But now double-digit inflation and recession are helping to convince a lot of important people that any laws tending to keep prices high must go.

"Whatever feeble justification may have once existed for fair trade, there is today no reason to place such heavy burdens on the consuming public." That's not just another discounter talking. That's Attorney General William Saxbe. In a little-publicized speech to grocery manufacturers several weeks ago, he urged Congress to repeal the federal authorization for state fair trade laws.

Fair trade proponents dismiss Saxbe's speech as a "trial balloon." They are trying very hard to shoot it down. Businessmen are split on the issue, while consumer groups and a number of influential congressmen are out to bury fair trade once and for all.

VOICE FROM THE PAST

Marketing strategies built around insuring a minimum product price have a long history. The Supreme Court banned the practice in a landmark case decided in 1911 involving Dr. Miles proprietary medicines. But during the Depression, retail druggists began plumping for protection to avoid price wars. California passed the first law authorizing retail price maintenance—by then dubbed "fair trade"—in 1931. Forty-four states quickly followed. When federal antitrust problems developed in the late Thirties, Congress enacted two specific exceptions to protect the state plans. By the early Fifties, prescription medicines, toothpaste, appliances—in short, nearly all consumer products—were fair traded.

But the laws slowly lost their clout until now perhaps just 20 big companies use fair trade to any significant extent. For example, the only drugstore items with minimum prices are cosmetics like Revlon and Max Factor lines. Other examples include Anco wiper blades, Corning glass, Rubbermaid household products and Simmons mattresses.

By now, nine states have already eliminated fair trade. Only 14 states—but those with 46% of the nation's retail sales—have the type of strict law that can be enforced against sellers whether they agree to comply or not. In the 22 states, the statutes apply only to retailers who sign direct price-maintenance agreements with their suppliers. Most big discounters like Kresge and Woolworth have policies of refusing to sign fair trade agreements. The manufacturer, of course, can refuse to supply retailers who thumb their noses at fair trade. But Joel Tumarkin, an economist at Peoples Drug Stores, notes: "In the kind of competitive economy we've got, it's almost impossible for a company to cut a guy off."

You might ask: Why would a manufacturer want retailers to keep the selling prices of his products high? Isn't maximum volume what he wants? Not necessarily. Conrad Stemski, vice president of Corning Glass, argues that the higher margins from fair trade laws encourage retailers to sell a lot of an item, which, in turn, allows manufacturers to build cost-cutting mass production.

Black & Decker's Director of Public Affairs Henry Michel says the repeal of fair trade would really hurt: "Because of the lower margins, the number of retailers handling our products would go down and the others wouldn't carry as broad a line." The result: lower sales and higher production costs. A paradox, that: The higher the price, the greater the volume.

Michel points to B&D's battery-powered grass shear. Introduced in 1972 at $19.99, it now fair trades at $14.99. Michel contends that without fair trade, the grass shear might still be selling at $19.99.

In addition, some legal scholars like Solicitor General Robert Bork, who supported fair trade while teaching law at Yale, defend the manufacturer's price maintenance as a valid means of compensating retailers for extra sales efforts.

However, changing marketing methods may make that justification somewhat obsolete. "Sure it's fine for a manufacturer to pay a retailer for helping him," says University of Chicago law professor Edmund Kitch, "but with the shift to presold products, the retailer doesn't do much recommending anymore."

In the same vein, another argument about holding prices high to protect small retailers also seems to have little economic validity. "The little guys thought fair trade would keep them alive," says Ronald Bloch, a Federal Trade Commission attorney. "They got it, and they still died."

Fair trade, in fact, may be responsible for at least one bane of the small merchant—private-label merchandise. "Sears can't sell Black & Decker, so they make their own," explains Bloch.

Despite the Attorney General's speech, President Ford still has not made eliminating fair trade a part of his anti-inflation program. That has encouraged men like Arthur Berndtson, a Washington lawyer hired by fair trade proponents, to dismiss the Saxbe speech out of hand. "Price maintenance has a tremendous backing in this country," says Berndtson. "Without it, consumers will have fewer alternatives, and discounters will squeeze the quality out of our products."

Isn't it interesting how people who profess to believe in unfettered free enterprise can come down on the side of government regulation when it suits their interests?

THE ECONOMY—WHERE ARE WE HEADED?

Mr. **SYMINGTON**. Mr. President, in the press this morning is an understanding observation by one of America's outstanding private citizens. Mr. Henry Ford II asserted:

> I'm not saying that the United States is heading for unavoidable disaster. But I am saying that we are not doing what we need to do to avoid potential disaster. Washington must take steps that will persuade the people that the nation still has control of its fate and is not drifting helplessly into deeper and deeper trouble.

In the New York Times this morning there is an article by Tom Wicker, "This Is an Arms Limitation?"

When one coordinates these two as I see it, they just sum up much of the problem we face in this country today.

I ask unanimous consent that the article by Mr. Wicker be printed in the Record at this point:

There being no objection, the article was ordered to be printed in the Record, as follows:

THIS IS AN ARMS LIMITATION?

(By Tom Wicker)

As citizen and taxpayer, do you ever get the feeling that you are being doubletalked?

Take, for example, Secretary of State Henry Kissinger's "breakthrough" at Vladivostok on behalf of arms "limitation."

This "breakthrough" was hailed by Secretary of Defense James Schlesinger—not generally thought of as a fan of Secretary Kissinger—as "a major step forward." Then he went on to describe it as a major step forward, not in arms limitation, but in arms expansion.

To put the agreement in effect, Mr. Schlesinger said, would require on the American side larger strategic forces than had been previously planned even by the Pentagon, plus a major "restructuring" of American strategic forces away from land-based missiles toward submarine-based missiles and manned bombers.

When bureaucrats talk about "restructuring" something, hapless taxpayers may be quite sure they do not mean to make it smaller, or less expensive; and to do Mr. Schlesinger credit, he was specific. He said that "restructuring" American strategic forces to fit the arms "limitation" agreement proposed at Vladivostok probably would require the following:

Two more Trident missile submarines than the ten now planned; ten Poseidon missile submarines kept in operation longer than now planned; building and deploying a new strategic bomber; building and deploying a larger intercontinental ballistic missile than the United States now has (even while depending less on land-based missiles).

This is arms "limitation"?

Mr. Schlesinger conceded that he wished to achieve lower levels of weapons than those contemplated by the Vladivostok "breakthrough," but suggested that such an agreement probably could not have been reached in view of the "quite firm" position taken by the Soviet Union.

This is "a major step forward," nevertheless?

Well, according to Secretary Kissinger, it certainly is. He said nothing about a "quite firm" Soviet position; rather, in his view, the Soviets made "very major concessions" at Vladivostok, which it would be churlish of Americans to reject, particularly since rejection would lead the Soviets to conclude "only that political détente with us faces domestic difficulties of an insuperable nature."

That sounds like a first-strike remark but on investigation looks more like deterrence. When, for instance, Senator Henry M. Jackson and others held up Mr. Kissinger's promise of improved trade relations with the Soviet Union for two years, the result was not a breakdown in détente but a compromise that facilitated the emigration of Soviet Jews—which was the point of the hold-up.

But Mr. Kissinger did not stop with this threat. If Congress failed to approve the Vladivostok proposals, he said Congress should be ready to provide $5 or $10 billion for strategic arms costs in a new arms race. That would be something like double the present strategic arms budget of $8 billion a year.

But what, then, was Secretary Schlesinger talking about? A new Trident submarine costs about $1 billion, if prices rise no further, so the two Mr. Schlesinger said would be required in "restructuring" under the Vladivostok proposals would cost $2 billion. A new fleet of 240 B-1 bombers would cost $18 billion, and although Mr. Schlesinger did not commit himself to that plane, it is difficult to imagine any other costing much less. Add the costs of a new land-based intercontinental missile (perhaps called "The Henry"), plus the additional MIRV warheads the United States would be permitted to deploy, and—at least in dollar terms—it might be cheaper to have an old-fashioned arms race.

Senator Jackson nevertheless may have been over-optimistic when he declared in a television interview that the United States had "the chips" to force the Soviets "by hard bargaining" into a better agreement. It may well be that to get the Soviets to agree to any limitation at all on strategic arms, Mr. Kissinger and President Ford had to agree to higher arms levels on both sides.

The fact seems to be that an arms expansion, at enormous cost, has been tentatively agreed upon by Moscow and Washington. That expansion may or may not be less than would have occurred in the absence of the agreement; and both sides may or may not now feel themselves able to rely in the size of the other's strategic forces until 1985.

It may well be that no other kind of arms "limitation" is now possible, so that the proposed Vladivostok agreement is better than none. If so, however, to call what was achieved a "breakthrough" or even a "major step forward," much less a "triumph"—particularly since even this limited arrangement has not yet been approved by either side—is hyperbole at best. At worst, it is the kind of political and diplomatic doubletalk which, from Vietnam to Watergate, has made the American people so cynical about their Government.

THE REGULATORY ETHIC: AN INFORMED CRITICISM

Mr. BUCKLEY. Mr. President, I have spoken in the past about what I refer to as the "new regulatory ethic." By that I mean the viewpoint of those who demand that the Federal Government regulate almost every conceivable economic and social activity—all in the name of the public interest. I was therefore pleased to come across a speech given by Lewis A. Engman, Chairman, Federal Trade Commission, in which he discussed with candor and expert knowledge some of the drawbacks of overregulation. Mr. President, I consider this speech to be a most important contribution to the continuing debate over the direction of our economy, and ask unanimous consent that the full text of the speech be printed in the Record.

There being no objection, the text of the speech was ordered to be printed in the Record, as follows:

ADDRESS BY LEWIS A. ENGMAN BEFORE THE 1974 FALL CONFERENCE OF THE FINANCIAL ANALYSTS FEDERATION, OCTOBER 7, 1974

I imagine many of you followed with the same interest I did the summit and presummit economic conferences last month.

Probably you were not surprised at the fact that inflation—or perhaps, to put it more accurately, "stagflation"—was widely agreed to be the country's number one problem.

You should not have been surprised either that there was little agreement on how to deal with it. You get that many economists, businessmen and labor leaders together and you will be lucky if you can get them to agree on where to go to lunch.

Can you imagine acting as moderator for that group? I can think of less frustrating jobs. Like being the construction foreman on the Tower of Babel, for instance.

I don't want to be unfair to the summits. Although gatherings like that do not exactly produce an ideal decisionmaking environment, I believe it was worthwhile to get everyone's views out on the table. It also demonstrated that the present inflation is not a problem susceptible to a quick or easy "fix".

As for getting a consensus from that many independent minded people on a subject as complex as how to stop inflation, I suspect that anything resembling agreement would be most likely to be a sort of eclectic anthology of economic wisdom, and I'm not at all sure that is a good idea.

If we are going to make it up the long haul ahead of us, it is more assuredly not going to be in an economic policy vehicle that has John Kenneth Galbraith's engine block, Otto Eckstein's clutch, Dick Gerstenberg's drive shaft and Leonard Woodcook's transmission.

That kind of compromise approach reminds me of the husband and wife, one of whom wanted to paint the house red, and the other blue. Since neither would settle for the other's color, they mixed the two paints together and got purple, which was ugly but okay because neither one of them liked it.

In economic planning as in painting, the only thing to be said for that approach is that it is equitable.

Certainly there is no shortage of suggestions for how to deal with inflation.

On the front shelf is the traditional medicine, prescribed since time immemorial for the symptom of uppity prices: tight money and a balanced budget. There are those who doubt the effectiveness of this old cure in a cost-push world, but its proponents still outnumber its deractors.

In addition, there are some, myself among them, who also believe that inflation can be reduced by purging the economy of anticompetitive behavior. The FTC and the Justice Department's Antitrust Division are both looking with especial care for the types of trade restraints, collusion and unfair marketing practices which reduce competition and lead to higher prices for consumers.

Some have suggested that import duties and quotas be lifted to permit entry of more lower priced foreign goods.

Others cast their vote for the reimposition of controls or, at least, for some form of guidelines.

But the suggestion enjoying perhaps the greatest vogue at the moment is that inflation can be curbed by reducing the government's involvement in the economy; more specifically, by reducing its regulatory role.

It is not just the survival-of-the-fittest, every-man-for-himself free-marketeers who make this suggestion. It has the support of many people generally viewed as liberal and interventionist in their approach to the economy.

It has received the blessing of Ralph Nader.

And it is about to be endorsed by Lew Engman.

And here's the reason. Though most government regulation was enacted under the guise of protecting the consumer from abuse, much of today's regulatory machinery does little more than shelter producers from the normal competitive consequences of lassitude and inefficiency. In some cases, the world has changed reducing the original threat of abuse. In other cases, the regulatory machinery has simply become perverted. In still other cases, the machinery was a mistake from the start. In any case, the consumer, for whatever presumed abuse he is being spared, is paying plenty in the form of government-sanctioned price fixing.

Take the airline industry for instance. Under the Federal Aviation Act, the Civil Aeronautics Board controls the entry of new carriers to the market, controls the distribution of routes and has the power to disapprove or modify an airline's rule change proposal after hearing complaints from the so-called competition.

The result is that in the areas of rates and routes for all intents and purposes there is no competition at all. Competition, where is exists, is concentrated on the one unregulated aspect of airline activity, customer service. That is why the average airline commercial looks like an ad for a combination bawdy house and dinner theatre.

This may lead to some pleasing amenities. But it puts the customer in the position of captive buyer. Nobody asks him if he would rather have the money than the movie, or if he would like to brown bag it from New York to California instead of having the steamship round of beef au jus on the little plastic plate. He is just asked to pay up.

If you have any doubt that one consequence of the CAB's control over rates and routes is higher prices, you need only look at what happened some years ago in California when Pacific Southwest Airlines, an intrastate carrier not subject to CAB rate regulation or entry restrictions, entered the San Francisco/Los Angeles market with rates less than half those being charged by the interstate CAB certified carriers TWA, Western and United. What happened? After attempting to ignore PSA's lower fares, the CAB carriers were forced to cut their rates to meet the competition. Even today, to fly from L.A. to San Francisco it costs only about half as much on a per-mile basis as it costs to fly from Washington to New York.

Of course, it is true that a major airline will try to make a fast profit on a high volume run like Los Angeles/San Francisco because it knows it is going to a lose a bundle flying between Black Rock and Where-am-I City which the CAB, with the full support of concerned and interested members of Congress, requires it to do.

Except in those instances where it encounters competition from a PSA, it will succeed in this little book balancing act, charging one customer to pay for the flight of another so the CAB can perpetuate a network of routes which no longer and perhaps never did conform to the pattern of demand.

Certainly, no interstate carrier need be extensively concerned about new competition. The CAB has not approved entry of a new trunk carrier to the market since 1938. And just last month, the CAB rejected an application by Laker Airways, a privately-owned British airline, to fly regularly scheduled New York/London flights for $125 each way. That price, by the way, is little more than one-third of the economy fare charged now by Pan Am, TWA, and the other members of the international rate-fixing cartel.

As if that were not enough, the CAB also has been moving in directions which would raise prices in the heretofore unregulated charter market. Recently, it approved discussions betwen scheduled and charter carriers in hopes that a mutually satisfactory rate-floor for charter flights could be agreed to. I hardly need add that any such floor would be higher than current rates.

I would find it hard to imagine a more obvious instance of prices being pushed up by regulation than the case of the airlines.

Unfortunately, I do not have to imagine such a case, for we have the Interstate Commerce Commission. That body, as you know, was created way back in 1887 supposedly to protect shippers against the monopolistic power of the railroads.

But by 1935, the nation had sprouted a network of highways, and the trucks which rolled over them were biting deeply into the market power of the railroads.

With the trucking field still wide open to new entrants, this might logically have been the time to dismantle the ICC. The railroad monopoly was broken, competition could take its course.

Did that happen? No sir. Instead of freeing the railroads from regulation, Congress, in the Motor Carrier Act of 1935, just cast the regulatory net wider to include the interstate truckers as well.

As a result, today we have a situation in which market entry by new trucking firms is restricted by the ICC at the same time that rates are being fixed by the carriers who are given antitrust immunity to do so. Though the ICC has authority to investigate rate findings by the carriers, according to testimony given before a House Committee two years ago, the Commission was doing so in less than one percent of the cases.

And what is the result? Well, when the Supreme Court held some time ago that fresh dressed poultry was an agricultural commodity under the ICC Act and thus not subject to regulation, the average rate for shipping it fell by 33 percent. It is gratifying to note that the party who got the short end of the 5–4 decision was a certified carrier who was trying to stamp out the competition of an uncertificated carrier who had the temerity to haul chickens without a license.

I have given you just a couple of examples. But, when you take all of the industries subject to direct federal regulation—that's air, rail and truck transport, power generation, television, radio, the securities industry and others—it works out to a substantial fraction of the economy.

In fact, it is estimated that these regulated industries account for 10 percent of everything made and sold in this country. What makes them even more important from the point of view of inflation is that they tend to be industries whose prices show up as costs buried in the prices of hundreds of other products.

Take transportation for example. When you change the price of hauling freight, that change is going to show up in a lot of other products. Moreover, it will show up not just once but again and again. By the time you get a piece of meat from the pasture to the plate, it carries with it numerous transportation charges.

And these industries subject to direct regulation are only part of the story.

There are, in addition, the dozens and dozens of federal and state regulations, prohibitions, proscriptions and requirements all of which subvert competition in the name of a greater objective—though sometimes it is hard to see exactly what that greater objective is or on whose judgment its greatness rests. I refer to things such as:

State laws against advertising the prices of eyeglasses or prescription drugs;

The Jones Act forbidding foreign competition in the shipping business between U.S. ports;

The Federal Government's own "buy American" procurement preferences which can allow domestic producers to charge as much as 50 percent more than foreign sellers for some items. I should add that many states have similar preferences;

An agricultural support program which asks the consumer to buy with his tax dollars what he does not want, cannot use and will never eat;

An agricultural export subsidy program which asks the consumer to pay the farmer to sell his product to some foreign buyer at a price lower than that at which the consumer himself can get it.

The effect of some of this regulation may perhaps be seen in some recent events in California. This summer the California Milk Producers Association dumped 420,000 gallons of fresh skim milk into Los Angeles harbor. The dairy co-op said that it was necessary to dump the milk "because no market could be found for it."

At what price, I might ask. I suspect that more milk could be sold if it were not for the elaborate government programs designed to maintain higher than competitive prices on the producer, processor and on the retail levels.

I mention only a few. Former Council of Economic Advisers' member Hendrik Houthakker has compiled a list of 45 regulatory policies that contribute to inflation.

The list of noble goals advanced to support these regulatory subsidies is virtually without end. I'm as humane as the next guy. I am not criticizing these goals. A responsive government must take action to address the demands of the people.

But mischievous means are not justified by noble ends.

To me, the most distressing development is the pervasive and well-accepted dishonesty that pervades the government's approach to regulation.

The existing crazy quilt of anti-consumer subsidies embodied in the intricately woven fabric of federal and state statutes and regulations is pernicious because:

The subsidies are deliberately hidden from public view.

The government has irresponsibly lost track of the actual cost of these subsidies.

In most, if not all cases, we have adopted the least efficient form of subsidy with the purpose of hiding the subsidy from the public and obfuscating its true cost.

From time to time, proposals have been made to provide direct cash subsidies in lieu of the patchwork of regulatory subsidies that now pervade our economy. Opponents rise indignantly to object that hard-working individuals and businesses don't want handouts. Well, a rose by any other name. . . .

Our airlines, our truckers, our railroads, our electronic media, and countless others are on the dole. We get irate about welfare fraud. But, our complex systems of hidden regulatory subsidies make welfare fraud look like petty larceny.

I have no way of knowing what the numerous regulatory measures cost the consumer each year. I have seen private estimates indicating that the annual costs in the transportation area alone may exceed $16 billion.

I invite students of this kind of thing to come up with their own figures. Whatever they are, I think we can all agree on this: the costs are too high.

There are free market purists who are revealing the growing disenchantment with heavy-handed regulation. They have contended all along that the market was the fairest and most rational allocator of resources; that you could no more improve its performance by regulation that you could improve the performance of a fine watch by poking around in its works with a paperclip.

It seems to me that these arguments—taken to the extreme—are both naive and destined to be ignored. They are naive because they stress only the virtues of the long range adjustment facility of the market system. They ignore the short term dislocations that market forces produce and they discount legitimate social objectives that enlightened peoples choose to pursue. Voters do not live on bread alone. And to the extent they do live on bread, it is this year's bread, not next year's.

The market will not prevent bank failures or compensate their victims. It will not guarantee safe toys or unadulterated drugs. And it will not ensure a clean environment.

If we want to be assured of these things, we may need some regulation.

Regulation may also be needed to protect the consumer where natural monopolies exist, that is, where economies of scale argue strongly for a market being served by a single producer. Electric power and local phone service are good examples of this.

These are instances in which some would say that the benefits of regulation can be said to exceed its costs.

But the trade-off between benefits and costs is not always an easy determination to make. Moreover, neither the benefits nor the costs will remain constant over time. Some of the costs, such as direct expenditures, are obvious. Others, such as the costs the consumer pays for diminished competition, are not so obvious.

The problem of weighing costs and benefits is made more complex because often it is necessary to compare unlike qualities. (How, for instance, do you give pain and suffering a monetary value?) Or because those who bear the costs may be far more numerous than those who reap the benefits. (In order to spare one person 100 units of discomfort, is it fair to assess 100 people more than one unit each?)

I don't know the answers to these questions. The point is that each and every regulation or regulatory policy that contributes to inflation should be re-examined to make sure that the trade-off between costs and benefits which presumably brought about its institution, is still valid. We may well find that some of the more costly ones look a lot less attractive in a world of 12 percent inflation than they did in a world of 3 percent inflation.

We should also re-examine them to see whether those imagined trade-offs were accurate in the first place. For instance in the case of the ICC, rates wasted no time in going up immediately after the agency's creation.

When truckers are permitted to fix prices and are subject to a panoply of regulations all because the transportation mode with which they compete once had excessive market power, one is hard pressed for a logical explanation. When airlines are going broke despite the fact that they charge twice as much as others are willing to fly for, something is seriously wrong.

The fact of the matter is that most regulated industries have become federal protectorates, living in the cozy world of cost-plus, safely protected from the ugly specters of competition, efficiency and innovation.

There are those who hold the businessman to be so unprincipled and greedy that they regard any governmental interference with his free movement as an addition to the social welfare.

Experience would seem to contradict that point of view. In point of fact, the effect of government interference frequently has been to remove the one thing that stood in the way of the anti-social exercise of greed; I am referring to competition. Meanwhile, the scheme of regulation has proven at least as susceptible to the lure of protectionism as the private interests it replaced.

As a political matter, we will not be able to pare away our excessive regulatory fat unless the public can be assured of adequate protection against the abuses that regulation was designed to curb.

We at the Federal Trade Commission can help provide that assurance. Through a vigorous antitrust policy, we can help prevent the aggregations of private market power which permit consumer abuse and create a need for regulation.

But there will still be cases in which regulation is necessary. For those cases, the advice I would offer is that the costs of the regulation—and I mean the direct costs, the indirect costs, the present costs and the future costs—be fully understood and consistent with what we hope to gain. The task won't be simple. Cost calculations of the type I propose are likely to be imperfect. We currently lack not only accepted calculation methodologies but also much of the raw data necessary to informed estimates. But unless substantial progress is made, our regulators will continue to stumble around in an increasingly expensive game of blind man's bluff. Unless and until these facts are brought to light, I see little hope for assuming that public actions will match up to public expectations or the public interest.

THE TRANS-ALASKA PIPELINE SYSTEM

Mr. STEVENS. Mr. President, prior to and during congressional consideration of legislation authorizing construction of the trans-Alaska oil pipeline, the subject of possible environmental damage to Alaska created by pipeline construction activities and possible oilspills were important issues of debate.

As a supporter of the pipeline project, and as one who has studied the effects of possible oilspills on Alaska's terrain, I have taken note of two recent findings which illustrate that the pipeline construction is proceeding on an environmentally sound course.

The Arctic Environmental Council is an independent nine-member group created to perform onsite observations of the pipeline construction activities and publish its views on broad environmental aspects of the project. The council has recently completed its initial onsite visit of the Trans-Alaska Pipeline System, and has found that the work is proceeding according to good environmental engineering practices.

Mr. President, I ask unanimous consent that the statement by the Arctic Environmental Council, Anchorage, Alaska, be printed in the RECORD.

There being no objection, the statement was ordered printed in the RECORD, as follows:

THE ARCTIC ENVIRONMENTAL COUNCIL,
Anchorage, Alaska, October 11, 1974.

STATEMENT

The Arctic Environmental Council completed its initial on-site visit of the Trans-Alaska Pipeline System.

The Council met in Anchorage on Monday, October 7 to receive information from Alyeska and regulatory agencies on construction progress, future plans and methods used to insure compliance with the environmental stipulations of the pipeline agreement.

On Tuesday the Council flew to Prudhoe Bay and visited the oil field facilities including the site of the northern terminal where oil will enter the pipeline system. The council then flew to Galbraith Camp where it toured the camp and traveled by bus toward Dietrich Pass observing road construction and a pump station site. The group remained overnight at Galbraith.

On Wednesday, the Council flew to Chandalar Camp and after visiting the camp site, traveled by bus to Coldfoot Camp, visiting material sites, stream crossing sites, pump station sites and other features of interest to the Council. A flight was then made to Fairbanks where the Council had informal discussions and remained overnight.

On Thursday morning, the Council flew at low level along the pipeline route to Donnelly Dome where poor weather forced the pilot to fly over the cloud cover to Gulkana Airport. At Gulkana, the Council again boarded a bus and traveled south to Valdez observing campsites, pump station sites, stream crossings, material sites, access roads and pipeline right of way. In Valdez, the Council visited the terminal construction site and received a detailed description of the construction. The Council returned to Anchorage by low level flight along the coast. The Council was given the opportunity to see what they wanted to see and questions were answered by company and regulatory agency field representatives.

On Friday, October 11 the Council met in Anchorage with company and government representatives to ask questions and to discuss the project. The Council notes evidence of environmental consciousness at all levels and observed that with only a few exceptions the work is proceeding according to good environmental engineering practices. However, the project is in its early phases and many significant construction tasks lie ahead.

The Council will concern itself with many broad issues relating to the pipeline including planning for the future use of the utility corridor.

The Council is concerned about mechanisms for keeping the public informed of charges being made periodically for engineering or environmental reasons. The Council is considering means to this end.

The Council feels that Alyeska and the monitoring agencies have been open and cooperative in making the on-site visit possible and informative. Its members feel that information was given at all levels with complete candor.

At its final session, the Council decided to affiliate for administrative purposes with the Arctic Institute of North America. The Institute's office at 1343 G Street will serve as headquarters of the Council and Phil Upton and Jo Ann Burns will begin functioning immediately as support staff. The Council plans to increase the staff in the near future to provide continuing contact with the pipeline project.

The Arctic Environmental Council is a nine-member group formed to observe construction of the Trans Alaskan Pipeline System by periodic on-site visits, and to publish its views on broad environmental aspects of the pipeline construction and operation. The long term purpose of the Council is to maintain continuous dialogue and to promote mutual understanding among the energy companies and the environmental/conservation organizations. A goal of the Council is to develop a useful model for future relationships among such groups with regard to other major projects.

The group was formed at the initiative of the Arctic Institute of North America when approval of the pipeline seemed imminent more than a year ago. Council members were elected by a steering committee from nominations made by environmental/conservation organizations. Council members and addresses are listed on the attachment.

The independence of the Council from government or industry control is a major feature. Neither government nor industry was represented on the panel which selected the Council members, and neither is represented on the Council. Although the Alyeska Pipeline Service Company participated in early discussions, it is not a party to the Agreement and has no member on the Council. However, Alyeska Pipeline Service Company, the Department of the Interior and the State of Alaska recognize the Council and are cooperating.

NAMES AND ADDRESSES OF ELECTED MEMBERS OF THE COUNCIL

Dr. Fred G. Armstrong, Vice President, Financial and Administrative Affairs, Aspen Institute for Humanistic Studies, Post Office Box 219, Aspen, Colorado 81661.

Mr. Brock Evans, Director, Washington Office, Sierra Club, 324 C Street, S.E., Washington, D.C. 20003.

Mr. Raymond A. Haik, 4344 I.D.S. Center, Minneapolis, Minnesota 55402.

Dr. Ian McTaggart-Cowan, Dean, Graduate Studies, University of British Columbia, Vancouver, B.C., Canada.

Mr. Hamilton Pyles, Executive Secretary, Natural Resources Council of America, Suite 911, 1025 Connecticut Avenue, N.W., Washington, D.C. 20036.

Mr. Boyd L. Rasmussen, 6768 Baron Road, McLean, Virginia 22101.

Mr. P. W. Schneider, Regional Executive, National Wildlife Federation, 8755 S.W., Woodside Drive, Portland, Oregon 97225.

Dr. Robert Weeden, University of Alaska, College, Alaska 99701.

Dr. Norman J. Wilimovsky, Institute of Animal Resource Ecology, University of British Columbia, Vancouver 8, B.C., Canada.

The Arctic Environmental Council

Report on the First On-site Visit to the Trans-Alaska Pipeline System, October 7 Thru 11, 1974

Summary

The Arctic Environmental Council visited the Trans-Alaska Pipeline System during the period October 7 thru 11, 1974.

The Arctic Environmental Council is an independent, nine-member group, formed to observe construction of the Trans-Alaska Pipeline System by periodic visits and to publish its views on broad environmental aspects of the pipeline construction and operation. The long term purpose of the Council is to maintain continuous dialogue and to promote mutual understanding among the energy companies and environmental/conservation organizations and to develop a useful model for future relationships among such groups with regard to other major projects.

In Anchorage, on October 7, the Council received a description of the pipeline project and information on methods for complying with environmental stipulations of described provisions for insuring compliance. Three days were spent observing the pipeline route, a reasonable amount being covered on the ground. Visits were made to pump station sites, construction camps, stream and river crossings, material mining sites, pipe storage sites, Prudhoe Bay oil field and the Valdez terminal site. Discussions were held in the field with inspectors, superintendents, workers, resident engineers, biologists, Alyeska company executives and resident representatives of monitoring agencies. On Friday, October 11, the Council met again in Anchorage to formulate a preliminary statement and to discuss its observations with Alyeska executives, State and Federal Officials. A statement was released to the press as a means of reporting the Council's preliminary findings to the public.

The Council was pleased to note evidence of environmental consciousness at all levels and observed that with few exceptions the work is proceeding according to good environmental engineering practices. However, the Council noted that the project was in its early phases and that many significant construction tasks lie ahead. The Council will concern itself with many broad issues relating to the pipeline including planning for future use of the utility corridor. The mechanisms for keeping the public informed of changes being made periodically for engineering or environmental reasons needs attention.

The Council established a presence in Alaska by affiliating with the Arctic Institute of North America in its Alaska Office in Anchorage. The next on-site visit was set for April, 1975.

Mr. STEVENS. Mr. President, on November 20 and 21, a group of scientists from throughout the United States who have made a 5-year tundra ecosystem study, met in Anchorage to attend the Tundra Biome seminar. The study was funded by the National Science Foundation and the State through the University of Alaska.

The Anchorage Daily Times recently printed a story about the seminar proceedings and the finding of the scientists who participated in the study, and it should be of interest of both supporters and nonsupporters of the trans-Alaska pipeline project.

I believe both articles indicate that the construction work is proceeding without significant environmental consequences, and once the project is completed, the threat of damage of Alaska's terrain caused by an oil spill is minimal if proper care is taken to clean up any damaged areas.

I ask unanimous consent that the article entitled "Scientists Soften Myth of Oil Spill Destruction" be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Scientists Soften Myth of Oil Spill Destruction

(By Helen Gillette)

A North Slope oil spill need not be disastrous if it's mopped up quickly, scientists attending the Tundra Biome seminar at the Captain Cook Hotel yesterday were told.

In a presentation of oil spill experiments carried on during the government-funded five-year tundra ecosystem study, University of Wisconsin scientist Bren McCown said the tundra has a "fairly low sensitivity" to oil, with little or no damage resulting unless "the organic mat is thoroughly soaked."

Commonsense measures, such as immediate mop-up, and protection of the fresh water systems from oil, should be enough to prevent damage, he said.

Also there are only a few weeks out of the year when it is thawed and susceptible to soaking, he said.

However, once the mat is thoroughly soaked, it dies, and observation of a 15-year-old patch showed that it has failed to regenerate. "The question is, whether to remove it and hope for regrowth or to leave it as a bar to erosion."

Introduction of oil into fresh water ponds brings a change in the kinds of plant life and kills off animal forms, said Dr. Vera Alexander of the University of Alaska, Fairbanks. "We don't know whether the change is from the oil, or from the fact that the animal grazers have been eliminated."

The tundra is quickly affected however, by any kind of pressure, even that from air cushion vehicles and rolligons, according to a report by San Diego State University scientist Philip Miller.

Even one pass with such a vehicle causes a persisting 'green belt' effect, with plant growth speeded up as a result of pressure.

"We don't know exactly what causes this, probably the faster breakdown of food nutrients, but it looks like a fertilized area," he said. Such a vehicle can make only a few passes over the same track without causing some tundra breakdown, he said.

As for the green belt, illustrated in slides shown the audience, Miller said he doesn't know "whether this is good or bad, but it is a change in the natural appearance."

Dr. George West, director of the Tundra Biome Center at Fairbanks, commented that the experiments seem to indicate that additional use of roads or helicopters might be advisable to widespread use of the tundra vehicles.

Results of the five-year study, funded by the federal National Science Foundation and the state through the University of Alaska, with about 15 per cent coming from the oil industry, will be published in a series of volumes, project director Dr. Jerry Brown of Hanover, N.H., said.

The main thrust of the study, which had 30 institutions participating in field projects, was to gain knowledge of the basic tundra ecosystem, "to learn how the whole thing works," he said.

"This basic research represents what we need to know in order to give agencies and industry the facts they need. These side experiments with oil spills and vehicle use were merely by-products."

The two-day session, attended by government agency and industry representatives, saw scientists from four universities presenting what Dr. Brown called "a sampling of what we've learned."

AUGUST GEHRKE: SPOKESMAN FOR THE HANDICAPPED IN MINNESOTA

Mr. HUMPHREY. Mr. President, Minnesota is fortunate to have as its assistant commissioner for vocational rehabilitation a man who is totally dedicated to helping our handicapped citizens have the opportunity to live lives of hope and promise.

I have been privileged to know August W. Gehrke as a friend and to be inspired by his commitment and insight in meeting the needs of handicapped persons. Recently, Gus Gehrke received a well-deserved honor in being elected president of the National Rehabilitation Association. This reflects the respect in which he is held by his colleagues and a recognition of the highly important contribution he will continue to make in affirming the right of handicapped persons to self-respect and dignity.

Gus Gehrke can justly take pride in the substantial progress in rehabilitation services and facilities that has taken place in Minnesota. But he has never rested on his laurels; he remains deeply concerned about persons who have not yet been helped to help themselves. This human concern comes across very clearly in an interview by Oliver Towne, published in the St. Paul Dispatch of November 12, 1974.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the St. Paul Dispatch, Nov. 12, 1974]

Gus' Big Worry: "The One Out There We're Missing"

(By Oliver Towne)

August (Gus) Gehrke sits in his shirtsleeves on the eighth floor of the Capitol Square Bldg. and holds the lives of more than 100,000 Minnesotans in the palm of his right hand.

The birth-damaged left arm and hand remind him of what it means to be physically handicapped. He can only guess how it is to be mentally handicapped as well.

Gus Gehrke is administrator of Vocational Rehabilitation for Minnesota.

"Once I sat with a leading medical man who recited the great advances his profession had made to cure people's bodies, help them live longer," said Gus.

"I told him, 'Yes, you have given more years to life. But have we given more life to those years?' "

This, amid the overwhelming size of the task, the frustrations, red tape, forms, disagreements on approaches, is what Gus Gehrke wants to do for "his people" in Minnesota.

"Every time I read that slogan, 'Hire the Handicapped' I wince," he said. "What it should say is, 'Hire a Rehabilitated Worker.' "

But did the guy at the top have a real feeling for all of these people? Was some faceless "committee" doing it all? Was there a real human being sitting at the tip of the pyramid?

Gus Gehrke is a real human being.

In Gus' utopia of the handicapped, the institutions would be emptied of every single human being who could be motivated, whose talents could be stretched to the limit, who would be working, producing, re-training or trained as people with self-respect and dignity. As total human beings.

"Living, yes and loving," said Gus.

"It is appalling the attitudes we still have about people who are handicapped in any way . . . such as their need to love and be loved . . . and I mean recognizing their sexuality . . . and yet, I'm considered far out when I bring this thing up . . . when will the rest of us realize that they have needs, too?"

The revolution in rehabilitating the handicapped in Minnesota was barely stirring in the 1930s when Gus was a boy on a farm near Fair Haven, in Stearns County.

He was the "kid with the screwy" left arm and hand.

In those years, the handicapped lived in dreary, almost living death environments. Thousands were hidden away in back bedrooms, institutions where the emphasis was on existing, but never more. "Maybe they'll die after awhile," their custodians said.

Gus left home, finally, as a junior high school dropout. He went to Okabena and back to school, drove a school bus, husked corn, worked on a farm for his board and room.

Then, one day, a man came around to see him, *from an office* called Vocational Rehabilitation, and asked Gus if he'd ever thought of going to college. If so, there was some financial help available. Gus enrolled at St. Cloud State College, was graduated as a teacher in 1942 and taught school, directed class plays, yes, and even coached at Granada and then at Two Harbors.

"I always had a yen to get involved with vocational rehabilitation . . . with my kind of people," Gus said. When the chance came in Duluth, he took it, stayed ten years on the firing line, then moved to the top job 17 years ago.

"We were racing then," said Gus. "Almost frantically trying to catch up."

"When I was a boy, there were two places that hired rehabilitated workers—the Goodwill and the Blind Society . . . Good heavens, now we've got 45 sheltered workshops in the state, many more Day Activity Centers, retrained people working in offices, kitchens, factories . . . We've ramped buildings, curbings, theaters, night clubs, malls . . . We've got mentally and physically handicapped men and women living in their own apartments . . . going to ball games, the Guthrie, dinner theaters," Gus said.

"But you always know—that is what bothers me—that somewhere out there beyond this window is one human being who needs help and isn't getting it . . . and we can't get so big that we forget that it is this human being for whom all of us—in every agency, society group—exist.

"How do you put more life into that person's years?"

FUTURE ENERGY NEEDS

Mr. HATFIELD. Mr. President, the one book that can do more to further the American public's understanding of our present energy situation and our future alternatives than any of the hundreds that have been published in recent years is Wilson Clark's "Energy for Survival," just out this fall. He has also recently written an article for the Smithsonian which explains a concept that should be central to our planning for meeting our future energy needs. The article is rather unexpected by me, for I would have expected him to take a long vacation following his mammoth effort on "Energy for Survival," which examines the energy basis of Western civilization, surveys the current patterns of energy use in our particular society, explains the development problems and potential of our multifarious energy sources, and looks at the implications of all this for the survival of our way of life. While I can only recommend this book to my colleagues and constituents, I ask unanimous consent to have Mr. Clark's article from the December Smithsonian printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Smithsonian magazine, December 1974]

IT TAKES ENERGY TO GET ENERGY; THE LAW OF DIMINISHING RETURNS IS IN EFFECT

(By Wilson Clark)

In the mid-19th century, a British company launched the *Great Eastern*, a coal-fired steamship designed to show the prowess of Britain's industrial might. The ship, weighing 19,000 tons and equipped with bunkers capable of holding 12,000 tons of coal, was to voyage to Australia and back without refueling. But it was soon discovered that to make the trip the ship would require 75 percent more coal than her coal-storage capacity—more coal, in fact, that the weight of the ship herself.

Today the United States is embarking on an effort to become independent in energy production, and such a program deserves the kind of analysis that the British shipbuilders overlooked. Indeed, our civilization appears to have reached a limit similar to that of the *Great Eastern*: The energy which for so long has driven our economy and altered our way of life is becoming scarce, and a number of respected experts are suggesting that, without significant changes, our society will go the way of the ship that needed more fuel than it could carry.

In recent years, energy growth in the United States has expanded at a rate of nearly four percent per year, resulting in a per capita consumption of all forms of energy higher than that of any other nation. U.S. energy consumption in 1970 was half again as much as all of Western Europe's, even though Europe's population is one-and-a-half times ours.

As energy consumption has increased in this nation, our energy resources have drastically declined. According to M. King Hubbert, a highly respected energy and resource expert, the peak for production of all kinds of liquid fossil fuel resources (oil and natural gas) was reached in this country in 1970 when almost four billion barrels were produced. "The estimated time required to produce the middle 80 percent [of the known reserves of this resource]," Hubbert says, "is the 61-year period from 1939 to the year 2000, well under a human lifespan."

As available domestic oil and gas resources have declined, we have turned more and more to foreign imports—but, since 1973, the price of this essential imported oil has quadrupled. Recoiling from the specter of another embargo, federal officials and industrialists have suggested that the nation develop alternative energy sources such as nuclear power, and fossil fuels such as coal and oil shale, to bridge the energy gap and enable the nation to become self-sufficient.

According to John Sawhill, former chief of the Federal Energy Administration, "the repercussions of Project Independence will be felt throughout our economy. It will have a dramatic impact on the way 211 million Americans work and live." The price tag placed on pursuing the energy goals of Project Independence has been estimated to fall somewhere between $500 billion and $1 trillion. Raising such capital for energy development may prove to be the greatest financial undertaking in the history of the United States. A growing number of experts, however, say the goal of Project Independence may be unreachable.

The central problem is simply that it takes energy to produce new energy. In other words, in every process of energy conversion on Earth, some energy is inevitably wasted. The laws of thermodynamics, formulated in the last century, might be viewed as describing a sort of "energy gravity" in the universe: energy constantly moves from hot to cold, from a higher to a lower level. Some energy is free for Man's use—but it must be of high quality. Once used, it cannot be recycled to produce more power.

Coal, for example, can be burned in a power plant to produce steam for conversion into electric power. But the resulting ashes and waste heat cannot be collected and burned to produce yet more electricity. The quality of the energy in the ashes and heat is not high enough for further such use.

Numerous studies have indicated that the United States has enormous reserves of fossil fuels which can provide centuries of energy for an expanding economy, yet few take into account the thermodynamic limitations on mining the fuels left. Most cheap and accessible fossil fuel deposits have already been exploited, and the energy required to fully exploit the rest may be equal to the energy contained in thém. What is significant, and vital to our future, is the net energy of our fuel resources, not the gross energy. Net energy is what is left after the processing, concentrating and transporting of energy to consumers is subtracted from the gross energy of the resources in the ground.

Consider the drilling of oil wells. America's first oil well was drilled in Pennsylvania in 1859. From 1860 to 1870, the average depth at which oil was found was 300 feet. By 1900, the average find was at 1,000 feet. By 1927, it was 3,000 feet; today, it is 6,000 feet. Drilling deeper and deeper into the earth to find scattered oil deposits requires more and more energy. Think of the energy costs involved in building the trans-Alaska pipeline (see SMITHSONIAN, October 1974). For natural gas, the story is similar.

Dr. Earl Cook, dean of the College of Geosciences at Texas A. & M. University, points out that drilling a natural gas well doubles in cost each 3,600 feet. Until 1970, he says, all the natural gas found in Texas was no more than 10,000 feet underground, yet today the gas reserves are found at depths averaging 20,000 feet and deeper. Drilling a typical well less than a decade ago cost $100,000 but now the deeper wells each cost more than $1,000,000 to drill. As oilmen move offshore and across the globe in their search for dwindling deposits of fossil fuels, financial costs increase, as do the basic energy costs of seeking the less concentrated fuel sources.

Although there is a good deal of oil and natural gas in the ground, the net energy—our share—is decreasing constantly.

The United States has deposits of coal estimated at 3.2 trillion tons, of which up to 400 billion tons may be recoverable—enough, some say, to supply this nation with coal for more than 1,000 years at present rates of energy consumption. And since we are dependent on energy in liquid and gaseous form (for such work as transportation, home and industrial heating), the energy industries and the Federal Energy Administration have proposed that our vast coal deposits be mined and then converted into gas and liquid fuels.

Yet the conversion of coal into other forms of energy, such as synthetic natural gas, requires not only energy but large quantities of water. In fact, a panel of the National Academy of Sciences recently reported that a critical water shortage exists in the Western states, where extensive coal deposits are located. "Although we conclude that enough water is available for mining and rehabilitation at most sites," said the scientists, "not enough water exists for large-scale conversion of coal to other energy forms (e.g., gasification or steam electric power). The potential environmental and social impacts of the use of this water for large-scale energy conversion projects would exceed by far the anticipated impact of mining alone." In fact, the energy and water limitations in the Western states preclude more than a fraction of the seemingly great U.S. coal deposits from ever being put to use for gasification or liquefaction.

The prospects for oil shale development are not as optimistic as some official predictions portend. Unlike oil, which can be pumped from the ground relatively easily and refined into useful products, oil shale is a sedimentary rock which contains kerogen, a solid, tarlike organic material. Shale rock must be mined and heated in order to release oil from kerogen. The process of mining, heating and processing the oil shale requires so much energy that many experts believe that the net energy yield from shale will be negligible. According to *Business Week*, at least one major oil company has decided that the net energy yield from oil shale is so small that they will refuse to bid on federal lands containing deposits. And even if a major oil-shale industry were to develop, water supplies would be as great a problem as for coal conversion, since the deposits are in water-starved Western regions. The twin limiting factors of water and energy will preclude the substantial development of these industries.

Nuclear power is seen as the key to the future, yet an energy assessment of the nuclear fuel cycle indicates that the net energy from nuclear power may be more limited than the theoretically prodigious energy of the atom has promised.

Conventional nuclear fission power plants, which are fueled by uranium, contribute little more than four percent of the U.S. electricity requirements at present, but according to the Atomic Energy Commission, fission will provide more than half of the nation's electricity by the end of the century. Several limitations may prevent this from occurring. One is the availability of uranium ore in this country for conversion to nuclear fuel. According to the U.S. Geological Survey, recoverable uranium resources amount to about 273,000 tons, which will supply the nuclear industry only up to the early 1980s. After that, we may well find ourselves bargaining for foreign uranium, much as we bargain for foreign oil today.

According to energy consultant E. J. Hoffman, however, an even greater problem with nuclear power is that the fuel production process is highly energy-intensive. "When all energy inputs are considered," he says, such as mining uranium ore, enriching nuclear fuel, and fabricating and operating power plants and re-processing facilities, "the net electrical yield from fission is very low." Optimistic esimates from such sources as the President's Council on Environmental Quality say that nuclear fission yields about 12 percent of the energy value of the fuel as electricity: Hoffman's estimate is that it yields only 3 percent. That advanced reactors might have a higher net yield is one potential, but largely unknown at present, since such reactors have not yet been built and operated commercially.

Other nuclear power processes, such as nuclear fusion, have simply not yet been shown to produce electricity, and so they cannot be counted upon. Even the more "natural" alternative energy sources, such as solar power, wind power and geothermal power, have not been evaluated from the net energy standpoint. They hold out great promise—especially from a localized, small-scale standpoint. Solar energy, for example, is enormous on a global scale but its effect varies from one place to another. However, the net energy yield from solar power overall might be low, requiring much energy to build elaborate concentrators and heat storage devices necessary.

What about hydrogen as a replacement fuel? By itself, hydrogen is not at all abundant in nature, and other energy sources must first be developed to power electrolyzers in order to break down water into hydrogen and oxygen. The energy losses inherent in such processes may result in a negligible overall energy yield by the time hydrogen is captured, stored, and then burned as fuel. An indication of the magnitude of this problem has been given to Dr. Derek Gregory of the Institute of Gas Technology in Chicago, who points out that to substitute hydrogen fuel fully for the natural gas currently produced would require the construction of 1,000 enormous one-million-kilowatt capacity electric power plants to power electrolyzers—more than twice the present entire installed electrical plant capacity of the nation.

While much of this kind of analysis is apparently new to most energy planners, it also represents more than an analogy to the cost-accounting that is familiar to businessmen investing dollars to achieve a net profit. The net energy approach might provide a new way of looking at subjects so seemingly disparate as the natural world and the economy.

DOLLAR VALUE OF NATURAL SYSTEMS

An outspoken proponent of the net energy approach is Dr. Howard T. Odum, a systems ecologist at the University of Florida. In the 1950s, Odum analyzed the work of researchers trying to grow algae as a cheap source of fuel, and found that the energy required to build elaborate facilities and maintain algae cultures was greater than the energy yield of the algae when harvested for dry organic material. The laboratory experiment was subsidized, not by algae feeding on free solar energy—which might have yielded a net energy return—but by "the fossil fuel culture through hundreds of dollars spent annually on laboratory equipment and services to keep a small number of algae in net yields."

With his associates at the University of Florida, Odum began to develop a symbolic energy language, using computer-modeling techniques, which relates energy flows in the natural environment to the energy flows of human technology.

Odum points out that natural sources of energy—solar radiation, the winds, flowing water and energy stored in plants and trees—have been treated as free "gifts" rather than physical energy resources which we can incorporate into our economic and environmental thinking. In his energy language, however, a dollar value is placed on all sources of energy—whether from the sun or petroleum. To produce each dollar in the economy requires energy—for example, to power industries. The buying power of the dollar, therefore, can be given an energy value. On the average, Odum calculates, the dollar is worth 25,000 calories (kilo-calories, or large calories) of energy—the familiar energy equivalent dieters know well as food values. Of this figure, 17,000 calories is high-quality energy from fossil fuels and 8,000 calories low-quality energy from "natural" sources. In other words, the dollar will buy work equal to some mechanical labor, represented by fossil fuel calories, and work done by natural systems and solar energy.

Odum's concept of energy as the basis of money is not new; a number of 19th-century economists thought of money or wealth as deriving from energy in nature. The philosophy was expounded earlier in this century by Sir Frederick Soddy, the British scientist and Nobel Laureate, who wrote that energy was the basis of wealth. "Men in the economic sense," he said, "exists solely by virtue of being able to draw on the energy of nature. . . . Wealth, in the economic sense of the physical requisites that enable and empower life, is still quite as much as of yore the product of the expenditure of energy or work."

Odum views natural systems as valuable converters and storage devices for the solar energy which triggers the life-creating process of photosynthesis. Even trees can be given a monetary value for the work they perform, such as air purification, prevention of soil erosion, cooling properties, holding ground water, and so on. In certain locations, he says, an acre of trees left in the natural state is worth more than $10,000 per year or more than $1 million over a hundred-year period, not counting inflation. Last year, he calculated that solar energy, in conjunction with winds, tides and natural ecological systems in the state of Florida, contributed a value of $3 billion to the state, compared to fossil fuel purchases by the state's citizens of $18 billion per year.

The value of the natural systems to the state had never before been calculated. "These parts of the basis of our life," says Odum, "continue year after year, diminished however, when ecological lands that receive sun, winds, waves and rain are diverted to other use." He is now developing a "carrying capacity" plan for the future development of the state which has attracted the interest of the state legislature.

Odum's work may lead to eminently practical applications, by indicating directions in which our society can make the best use of energy sources and environmental planning. One application is to use natural systems for treating wastes, rather than using fossil fuels to run conventional waste-treatment plants. "There are," he says, "ecosystems capable of using and recycling wastes as a partner of the city without drain on the scarce fossil fuels. Soils take up carbon monoxide, forests absorb nutrients, swamps accept and regulate floodwaters." He is currently involved in a three-year program in southern Florida to test the capability of swamps to treat wastes, and demonstrate their value to human civilization as a natural "power plant." The work, supported by the Rockefeller Foundation and the National Science Foundation, has drawn the attention and interest of many community and state governments.

According to Odum's energy concepts, a primary cause of inflation in this country and others is the pursuit of high economic growth with ever-more costly fossil fuels and other energy sources. As we dig deeper in our search for less-concentrated energy supplies to fuel our economy, the actual value of our currency is lessening. "Because so much energy has to go immediately into the energy-getting process," he notes, "then the real work to society per unit of money is less."

Economists, who generally resent intruders on their turf, have not embraced this equation of energy and money with much enthusiasm, but it is gaining adherents in several quarters. According to Joel Schatz of Oregon's energy planning office, Odum's work leads the way toward effective government planning in this age of economic uncertainty. "The more successful the United States is in maintaining or increasing its total energy consumption," he says, "under conditions of declining net energy, the more rapidly inflation, unemployment and general economic instability will increase." Many people currently consider this disruption only an economic crisis, says Schatz, rather than what he believes it really is: a symptom of a continuing and deepening energy crisis.

There are signs that the net energy approach is being taken seriously even by the architects of Project Independence. Eric Zausner of the Federal Energy Administration says that net energy is a "useful concept" which is under investigation. "Net energy flows," he adds, "have practical implications in the new and exotic fuels, such as oil shale. With coal, there is no issue, since there is a net output of energy. But some of the new processes, such as shale oil processing in situ, net energy flow is a very important consideration in whether we should do it or not."

Congressman George Brown Jr., a physicist from Southern California and one of a bare handful of scientifically trained members of Congress, goes much further. He believes that the new Office of Technology Assessment in the Congress should undertake a broad energy analysis, encompassing the net energy approach, of the widespread implications of the administration's plans for Project Independence. "We must start with the assumption that the energy available to do work is declining. This one assumption, which is firmly based on the laws of physics, will revolutionize economic policy once its truth becomes known. . . . The implications of the limits to growth of our economic systems are just beginning to be understood," says Congressman Brown, pointing out that the net energy approach indicates the inevitability of a national shift of emphasis toward a steady-state economy. "While this view is not yet widely held in Congress, the ranks of advocates are growing."

Since the Industrial Revolution, the Western world has been engaged in a great enterprise—the building of a highly complicated technological civilization. The Western "growth" economy (which today also characterizes Japan) has been made possible by *seemingly* endless supplies of inexpensive energy. One implication of the net energy approach is that a vigorous and wide-reaching conservation program may be the only palliative for inflation.

Another implication is that the days of high growth may be over sooner than most observers have previously thought. For it is increasingly apparent that today's energy crisis is pushing us toward a "steady-state" economy: No one yet knows what such an economy will look like or what social changes will result. But it would seem to be about time to start thinking seriously about it.

RAISING THE NUCLEAR CEILING

Mr. SYMINGTON. Mr. President, I ask unanimous consent that an interesting statement broadcast by Edward P. Morgan, ABC News, on the subject of nuclear arms be printed in the Record at the conclusion of this statement.

Apparently, the word "overkill" is one that is not considered as we watch our economy deteriorate at the same time we increase our nuclear stockpile.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Edward P. Morgan

This is Edward P. Morgan, ABC News Washington, with the Shape of One Man's Opinion. A look at disarming Jerry Ford after this word.

* * * * *

It turns out that President Ford and Secretary Brezhnev didn't put a ceiling on nuclear weapons at Vladivostok after all. Instead they really raised the roof. It could have been worse. That's the dubiously redeeming element of the agreement: it's less bad than none at all. The president at his Monday evening news conference confirmed the accord allows both the Soviet Union and the United States to produce many more and even more powerful missiles before they hit the ceiling but he argued staunchly the levels are substantially below what both powers might be expected to reach in the next decade without these new limitations.

Maybe so. But only maybe. For, ironically, a key question that the president didn't get asked although several reporters including this one had it in mind—challenged the need of raising the ceiling at all. Instead, why shouldn't it actually be lower than the existing inventories of nuclear weapons on both sides? Why, in other words, shouldn't the superpowers move toward disarmament now instead of erecting a future ceiling of controls after still more of these deadly armaments are built?

Nobody in charge, either in the White House or the Kremlin, seems to want to fool with this question because it goes to the heart of the matter: a two-ply four-letter word called overkill, which the Pentagon, and presumably the Russian military brass too, have banned from their lexicon. What it simply means is that for years both powers have had more than enough nuclear warheads (translation; hydrogen bombs) to destroy each other many times over, not to mention the rest of the world.

As retired Admiral Gene LaRocque, head of the Center for Defense Information, recently testified in Congress, the U.S. has some 8,000 nuclear weapons, a little more than triple the Soviet stockpile, but either total is more than capable of blowing up the planet. And now Vladivostok's "ceiling" encourages thousands more. Yesterday I asked William C. Foster, first director of the U.S. Arms Control and Disarmament Agency, why both Moscow and Washington refused to recognize the reality of overkill. His answer was a look of dismay and frustration.

Research begun at the Agency under Foster, one of America's top experts on nuclear weapons and disarmament, surfaced yesterday under the auspices of the Institute for World Order. It charted the lethal orbit on which the world is wobbling.

Despite detente, the arms race is quickening. At current spending rates, at 1972 dollar values, the total military outlay of the family of nations for the 1960s and 70s will be four and one-third trillion dollars.

That is vastly more than what the world spends on the growing social needs of the global community.

What we need, plainly, is a ceiling on the human stupidity that supports such distorted priorities.

I'll have a footnote in 30 seconds.

* * * * *

Education, says veteran arms control negotiator William Foster, is the key to a breakthrough on braking the arms race. And that education, it seems, should start at the top.

This is Edward Morgan, ABC News Washington with the Shape of One Man's Opinion.

FINANCING FUTURE INDUSTRIAL CAPITAL REQUIREMENTS

Mr. TOWER. Mr. President, an editorial by Mr. Robert H. Malott, president of the FMC Corp., recently appeared in the FMC Progress magazine that I would particularly like to call to the attention of my colleagues. It is a clear example of the responsible and constructive approach being suggested by our private business community in response to one of our Nation's most serious economic ills—capital inadequacy.

I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Financing Future Industrial Capital Requirements

The most insidious impact of inflation is that the capital formation necessary for industry to meet rapidly escalating investment demands is seriously jeopardized. To overcome capacity shortages, to keep American industry competitive with foreign firms, and to avoid the erosion of the value of stockholder investments in the securities of industrial concerns in this country, the seriousness of this problem must be recognized promptly and dealt with directly.

In the last 12 years, U.S. industry has raised and invested 1.5 trillion dollars. It has been estimated that in the next 12 years industry requirements in this country will be $4.5 trillion—and this to support no more than a 4% future growth annually in economic activity. Our U.S. tax policy will play a critical role in determining industry's ability to "self-generate" these funds which are necessary to replace worn out plants and provide the investment necessary to expand capacity and thereby overcome the production-limited environment that contributes so significantly to inflation. The challenge is clear!

Current depreciation rates (including accelerated depreciation) and the investment tax credit are dramatically inadequate for funds established in this way to play a major role in capital accumulation requirements of this magnitude. In addition, our U.S. depreciation regulations are substantially less encouraging to industry in this country than overseas regulations affecting our foreign competition.

While we in the United States are permitted to recover 66% of our investment in the first three years, France provides 90% recovery, Sweden 96%, and England and Canada a full 100%.

The rapid change over the last year in the rate of inflation is compounding our problem and compounding it rapidly. In FMC, for example, based upon inflation rates that have already been in existence since our present plant and equipment has been built and installed, our depreciation rates should be increased by 27% *if we assume no future inflation until* these investments must be replaced. If we assume a 5% future inflation rate—which seems modest in today's environment—the comparable rate at which we should be allowed tax-free accumulation of replacement funds should be increased 87% or if we assume a rate of 8%, we would need to increase our rate of funds accumulation by 147%! And this is merely to keep our existing plants in good running order. It does not provide for expansion!

"Inadequate capital cost allowance" is a sterile and drab subject, remote from the lives of most. The decisions that need to be made in Washington are as much, if not more, political than economical. The actions needed won't bring short-term, highly visible results but failure to make objective and difficult decisions on the part of those responsible for tax policy will touch the lives of all of us. Insufficient capital will inhibit U.S. industry, including FMC, from the growth justifiably expected by stockholders; it will prevent the expansion necessary to increase employment; and it will guarantee the continuation of a shortage environment that will prevent us from coming to grips with inflation.

Will appropriate tax legislation by itself solve our inflation problem? Of course not! But the significance of depreciation policy is misunderstood by many and under appreciated by others. Capital recapture whether via the mechanism of normal depreciation allowance, accelerated depreciation or the investment tax credit is not a business "boondoggle." In a period of high inflation such as we are experiencing, it is critical to industry survival. I urge you to join with me in redirecting our Federal tax policy toward encouraging appropriate capital formation so critically needed to expand the output of goods and services.

FOOD AID FOR NEEDY NATIONS

Mr. HUMPHREY. Mr. President, on November 22, Rev. Theodore M. Hesburgh, president of Notre Dame University and chairman of the board of the Overseas Development Council, sent a letter to President Ford urging that the

United States immediately increase its food aid by 2 million tons.

The letter also urged that an additional 2 million tons be provided next spring and summer "contingent on matching commitments by other donor countries."

Mr. President, this is a very moving letter which was supported by an impressive list of people. It pointed out that the time for action is growing short as food is exported and the leadtime for shipping disappears.

The letter also indicated that many Americans are prepared to make sacrifices if the leadership is forthcoming.

While I was in Rome to participate in the World Food Conference, I and other members of the congressional delegation attempted to have the Administration announce that the United States would increase its food aid by a million tons to a total of 4.3 million tons.

This recommendation was rejected although Secretary Butz freely conceded that we would probably provide at least the 4.3 million tons.

I still cannot understand why our Government is so afraid of showing some compassion and taking credit for what we are already doing.

On November 29, our Government participated in the followup meeting of the major food exporting and importing nations concerning the food aid needed to avert famine.

It was agreed at the meeting that 7.5 million tons are needed between now and July 1974, and this quantity is presently available.

However, the funding required is not in sight.

The Hesburgh letter suggested ways to find the funds to enable the United States to provide a fair share of the amount needed. At no point was there any idea that the United States alone should meet this need.

Gov. Averell Harriman, in a supporting telegram, pointed out the strong leadership exercised by President Truman in 1947 in helping avoid widespread famine in Europe.

I shall continue to do all that I can to encourage our government to be responsive.

Mr. President, I ask unanimous consent that the letter and the partial list of supporters be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

November 22, 1974.

Hon. Gerald R. Ford,
President of the United States, The White, House, Washington, D.C.

Dear Mr. President: Record food prices, depleted reserve stocks, and a disappointing harvest have raised the immediate spectre of famine for millions. I am writing to urge that the United States initiate immediately the shipment of 2 million tons of U.S. food aid additional to the amount now programmed to alleviate present conditions of critical starvation, and also plan another 2 million ton increase for next spring and summer, contingent on matching commitments by other donor countries. I and the many individuals and institutions joining me in this appeal to you pledge our support for whatever measures you think necessary to reduce food consumption in the United States to prevent these shipments from having an inflationary impact.

The World Food Conference in Rome has ended with really quite excellent plans for addressing the world food problem in the middle and longer term. If the United States continues to provide leadership and if other countries take seriously the U.S. intentions stated so eloquently in Rome on your behalf by Secretary Kissinger, the world could create a successful new approach to hunger—mankind's historic scourge—that would stand as a great monument to the creative leadership of your Administration.

This achievement will not be possible, however, if the United States and other relatively favored nations do not respond more effectively to the present food crisis. Despite the universal agreement in Rome that at least 5 to 6 million tons of grain in addition to the amounts now programmed and committed need to be shipped to the most severely affected poor countries, the World Food Conference ended without a decision to meet these already recognized minimum survival needs.

The world's food supply for the coming year is inadequate to meet the global demand, and consumption will therefore be reduced in any case. The stark choice the international community must now address is: Will we act to ensure that the minimum survival needs of the impoverished are met? Or will price serve as the global rationer, dooming millions to further misery and death?

We believe that the 5 to 6 million ton shortfall in grain availability before the next harvest in May and June cannot be met without a substantially larger and more immediate action than the U.S. Government has yet indicated to the American public, and are greatly concerned that the U.S. Government may not respond in time to avert hundreds of thousands and possibly millions of needless deaths over the next year. The immediate food problem appears to be seriously aggravated during each week that passes without a major response by the United States. Exporting country stocks are daily being depleted—in many cases for relatively non-essential uses—and will not be replenished until the June wheat harvest in the case of the United States and the fall harvest in the case of Canada. Furthermore, if additional food is to be provided without having an inflationary impact, there will need to be some changes in present planned use and reduction of consumption. The longer we postpone savings through consumption reduction, the greater the reduction that will be needed—and, therefore, the more difficult. Finally, the most acute need in South Asia will be in late winter and spring of 1975—before the June harvest—when existing stocks will have been depleted. It is imperative, therefore, that shipments begin as soon as possible, starting no later than next January.

We believe the crucial decisions on the scale of American response should be made within the next few weeks, and preferably before November 29, when the major grain exporting nations are scheduled to meet in Rome with the poor countries most seriously affected by import shortfalls. The United States—which, after all, earned $6 billion more from grain price increases last year—should not further postpone action in the hope of persuading other industrial and OPEC countries to move simultaneously; Canada and the Euroepan Community have already acted and we should likewise move now.

We understand, Mr. President, that you can make these shipments under your existing authorities without need of further prior legislative action by Congress, and we further understand that the Senate—in Resolution 329, sponsored by a bipartisan group of 38 Senators and passed in August—has also urged that you increase food aid this year by the amount we, too, are recommending.

We recognize that it will not be easy to provide an additional 4 million tons of food relief in the current crop year, which represents a doubling of the present announced level of the Food for Peace Program. But the alternative is not morally acceptable. The starvation of millions, while an even greater number are eating more than is healthy, will be worse than a moral travesty; the spread of famine and misery guarantee a degree of economic and political instability potentially disastrous for all in an interdependent world.

Moreover, the failure to muster up the political will to prevent a massive human catastrophe will further undermine the faith of citizens everywhere in the capacity of the world to cope with the problems it now faces. Such an indication that the world's problems had indeed become unmanageable would have dangerous psychological consequences everywhere.

Adding $800 million to the federal budget also will obviously be difficult at a time when large budget cuts have already been initiated. There is no escaping the question of priorities. We must ask whether the threat to human security and well-being posed by the food crisis does not outweigh some of the more traditionally recognized security threats—and whether a budgetary adjustment is not appropriate. Humans who die prematurely cannot be resurrected; military hardware which has been delayed in procurement can be acquired in a later year.

The anticipated buildup of 600,000-800,000 tons in U.S. rice reserve stocks can be tapped. Negotiated delays in commercial export deliveries to Europe, Japan, Iran, and the U.S.S.R. are another possible source of additional grain. They are not facing starvation; indeed, Russia wants grain to substantially increase its feeding of livestock. Finally, a selective program to reduce food waste and reduce American consumer demands for grain could be another element in the needed strategy. In a telegram of support which I enclose, Governor Averell Harriman provides a useful reminder that in 1947, under even more difficult conditions, President Truman called on Americans to conserve 2½ million tons of grain to stave off famine in Europe during the winter of 1947. President Truman then called on Americans to take many specific actions to save food, including meatless days, saving a slice of bread a day, and closing distilleries for 60 days. Today our total food supply is far greater and Americans consume far more than they did in 1947. The emergency relief now required could be made available without an inflationary impact through far less drastic measures today—if we have the necessary national political will and government leadership.

Many Americans want to participate in a major global response to halt the epidemic of rising malnutrition and starvation in the world. This was illustrated graphically on the Thursday before Thanksgiving, while you were in South Korea, when hundreds of thousands of university students fasted as a food-saving and money-raising gesture. But Americans can participate effectively only following your leadership. This was the central thrust of the petitions addressed to you with 260,000 signatures, including many from Grand Rapids, which Senator Percy presented to Ambassador Scali on October 31.

Among the many leading citizens and private organizations joining me in pledging our full support to whatever steps you, Mr. President, urge upon the American public in order to make more grain available for food this year, are the following: Dr. W. Sterling Cary and Dr. Claire Randall, President and General Secretary, respectively, of the National Council of Churches; Terence Cardinal Cooke, Archbishop of New York, for the National Conference of Catholic Bishops; Rabbi Marc Tanenbaum, National Director of Interreligious Affairs of the American Jewish Committee; Dr. Eugene Carson Blake, President, Bread for the World, and former General Secretary, World Council of Churches; Presiding Bishop Allin of the Episcopal Church; Dr. Charles Kraemer, Chairman, General Executive Board of the Presbyterian Church of the U.S.A.; William P. Thompson, State Clerk, United Presbyterian Church in the U.S.A.; Herbert J. Waters, Chairman of the World Hunger Action Coalition, and President of the American Freedom from Hunger Foundation; Mayor Wes Uhlman of Seattle; Mayor Kenneth Gibson of Newark; Robert O. Anderson, Chairman of the Board of Atlantic Richfield; Chancellor John Caldwell, North Carolina State; Frank Goffio, Executive Director of CARE; Terry Herndon, Executive Secretary, National Education Association; Ruth C. Clusen, President, League of Women Voters; and Jean Mayer, Professor of Nutrition, Harvard University.

Among the myriad global problems that beset you today, Mr. President, certainly there can be no greater problem or opportunity than that of sustaining human life itself. We count our blessings at Thanksgiving and we look forward to Christmas joy in abundance. What greater moral uplift to our nation, following the disillusionments of Vietnam and Watergate, than a call to the humane imperative of helping our less fortunate brethren around the world as only we can. It is given to you, Mr. President, in a most unique way, to sound the call that will spell the difference between global disaster and new hope for millions. In helping others, we will, I believe, most powerfully help ourselves and restore our moral leadership in this very troubled world.

Very sincerely yours,
(Rev.) THEODORE M. HESBURGH, C.S.C.,
Chairman of the Board.

PARTIAL LIST OF RESPONDENTS TO WORLD HUNGER ACTION COALITION MAILGRAM ON FOOD AID

Kenneth A. Gibson, Mayor of Newark, New Jersey.

Ruth C. Clusen, President, League of Women Voters of the United States.

Bishop Edward E. Swanstrom, Executive Director, Catholic Relief Services, USCC.

Hyman Bookbinder, American Jewish Committee.

Michael Shower, Executive Director, World Federalists.

D. J. Karzag, Direct Relief Foundation, Santa Barbara, California.

George Gerardi, President, League for Economic Assistance and Development.

R. Adam De Baugh, Director and Editor, Center for the Study of Power and Peace.

AFRICARE

Anthony Lake, Executive Director, International Voluntary Service.

Aileen Gorman, Executive Director, National Consumer Congress.

Sister Francine Zeller, President, Leadership Conference of Women Religious.

Frank Goffio, Executive Director, CARE, Inc.

Clifflyn Bromling, Director, One World Project.

Most Rev. John Allin, Presiding Bishop, Episcopal Church.

Eugene Carson Blake, President, Bread for the World.

Terry Herndon, Executive Secretary, National Education Association.

Dr. Charles Kraemer, Chairman, General Executive Board, Presbyterian Church of the U.S.

Garven Hudgins, Director, National Association of State Universities and Landgrant Colleges.

Jean Mayer, Professor of Nutrition, Harvard University.

Social Action Division, Archdiocese of Cincinnati.

Mrs. Jean Eckstein, President, National Council of Catholic Laity.

Mr. James Leonard, President, UNA/USA.

Joseph Francis, SVD, President, Catholic Conference of Major Superiors of Men.

Sister Mary Bernita, RSM, Our Lady of Mercy Hospital, Cincinnati, Ohio.

Sister Natalie Lann, Monroeville, Pennsylvania.

Sisters of Notre Dame, Columbus, Ohio.

Jeremy Harrington, Cincinnati, Ohio.

Anna Mae Westerkamm, Cincinnati, Ohio.

Dominican Sisters of the Sick Poor, Cincinnati, Ohio.

Marjorie Vinal, Executive Director, World Affairs Council of Rhode Island.

Sister Mary Joseph, Community President, Glen Mary Sisters, Cincinnati, Ohio.

William F. Ryan and staff, Center of Concern.

Justice and Peace Center staff, Milwaukee, Wisconsin.

Dr. K. B. Rao, Executive Secretary, World University Service.

Sister Mary Adrian and Sisters of Mercy, Province of Cincinnati.

Anne and Jack MacFadyen, Pittsburgh, Pennsylvania.

Sister Joanne Seiser, Chicago, Illinois.

Sisters of Notre Dame, Chicago, Illinois.

Sisters of Notre Dame, Immaculate Conception Convent, Dayton, Ohio.

Sisters of Notre Dame, Immaculate Conception Convent, Dayton, Ohio.

Sisters of Notre Dame, Hamilton, Ohio.

John M. Eklund, President, Agricultural Cooperative Development International.

John T. Caldwell, Chancellor, North Carolina State University.

James A. Cogswell, Director, Task Force on Hunger, Presbyterian Church of the U.S.

Leon Shull, Executive Director, Americans for Democratic Action.

Robert F. Lewis, National Farmers Union.

William H. Sandweg, President, National Council of Catholic Men.

Mrs. G. Sam Zilly, President, National Council of Catholic Women.

Helen T. Meakin, Cincinnati, Ohio.

Sisters of Mercy, Social Action Conference, Cincinnati, Ohio.

Sister Elizabeth Lang, Cincinnati, Ohio.

Revs. Fabian Gurstle, Aidan Schaefer and Roman Pfalzer, OFM, Escanabe, Michigan.

Sister Elizabeth Cashman, Assistant Vicar for Religions, Archdiocese of Cincinnati, Ohio.

Sisters of Charity of Nazareth, Covington, Kentucky.

Faculty of Notre Dame Academy, Covington, Kentucky.

Sister Jermaine Conroy, General Counselor, Dominican Sisters of St. Mary of the Springs, Cincinnati, Ohio.

Barbara Bode—The Children's Foundation—Washington, D.C.

Paul Clifford—Student Advisory Committee on International Affairs, Washington—D.C.

Congregation of the Sisters of St. Joseph—Cincinnati, Ohio.

William Attwood—Newsday—Garden City, N.Y.

Social Action Committee, Sisters of Charity—Cincinnati, Ohio.

Mrs. Milton T. Smith—International President—B'Nai Brith Women—Washington—D.C.

Mary Rose Hensel—338 West 8th Avenue—Tarentum, Pa.

George Chauncey—Chairman—Washington Interreligious Task Force On Hunger—D.C.

William Cotter—President—African-American Institute—New York.

Edward C. Pomeroy—Exec. Director—American Assoc. of Colleges For Teacher Education Washington Office—United Presbyterian Church In The USA.

Ms. Mary K. Moore, Pittsburgh, Pa.

Concerned Students of Fontbonne Academy—Pittsburgh, Pa.

Sisters of Charity of Nazareth—Bellevue, Ky.

Helen and Ralph Holste—Cincinnati, Ohio.

Sisters of the Precious Blood—Sister Charmaine Grilliot—Dayton, Ohio.

Mrs. J. Thomas Cantwell—Cincinnati, Ohio.

Social Action Office Archdiocese of Cincinnati, Ohio.

The Sophomore Biology Students of NDHS For Girls—Chicago, Illinois.

Felician Sisters—Kensington, Pa.

Catherine Moorman—Milford, Ohio.

Sister Miriam Clare Heskamp—Sisters of St. Francis, Oldenburg, Indiana.

Very Rev. William Behringer, Provincial Superior Marianists of Ohio, Inc.

Jane and Amelia Walsh—Cincinnati, Ohio.

Sister Roberta Marie Doneth—Sisters of St. Francis—Tiffin, Ohio.

Fontbonne Academy High School—Bethel Park, Pa.

Sisters of Notre Dame—Cincinnati, Ohio.

Elizabeth Wilson—Iowa City, Iowa.

Sisters of the Good Shepherd—Cincinnati, Ohio.

Sara Akin, Phyllis Hannon, Rosemary Maguire—Ludow, Ky.

Arthur Diamond, Ed Keck, Caroline Humphrys, Rosemary Davis, Yvonne King, Judy Tensing of the St. Mark Gay Street Extension—Lancaster, Ohio.

The Maryknoll Fathers—Cincinnati, Ohio.

Sisters of Saint Joseph Fontbonne Convent—Bethel Park, Pa.

Mr. & Mrs. J. Robert Busam—Cincinnati, Ohio.

Holy Family Community—Dayton, Ohio.

Sister Joan Puls and Sister Regina Williams—Justice & Peace Center—Milwaukee, Wisc.

Nancy Wiley—Milford, Ohio.

Father Conleth Overman—Holy Cross Center, Cincinnati, Ohio.

Mrs. Norbert Roll—Milford, Ohio.

Sister Joan Groff & Sister Patrick Ann O'Connor—Cincinnati, Ohio.

Mary Boyd—Cincinnati, Ohio.

St. Andrew Parish—Rev. Robert J. Buschmiller—Milford, Ohio.

Sybil Smith, Executive Director—Vermont Council on World Affairs—Burlington, Vt.

Sister Mary Assunta Stang, S.C. President Sisters of Charity of Cincinnati, Ohio.

Mr. & Mrs. Edward Thimons—New Kensington, Pa.

Sister Jane Aucoin—New Orleans, La.

Mrs. Paul Niehaus—Cincinnati, Ohio.

Sisters of Notre Dame Summit Country Day School—Cincinnati, Ohio.

Dorothy Steinkamp—Cincinnati, Ohio.

Melvin C. Myers—Acting Exec. Director Pro Tem—Church World Service, N.Y.C.

Ann V. Cruz—Covington, Ky.

Sister Mary Catherine Hunt—President of the Sisters of Divine Providence—Kentucky St. Ann Convent—Melbourne, Ky.

Patricia Pieper—Cincinnati, Ohio.

Jim Goetsch, Friends of the Third World—Wayne, Indiana.

Rev. Leonard Foley and Rev. Sylas Oleksinski, Friar Hurst—Retreat House—Cincinnati, Ohio.

Helen Nordloh—Cincinnati, Ohio.

Sisters of Saint Joseph—Cincinnati, Ohio.

Chris Rayhle—Cincinnati, Ohio.

Sisters of Notre Dame—St. Rita Convent—Rockford, Illinois.

Mrs. William J. Niehaus—Cincinnati, Ohio.

Rev. Jovian Weigel—Cincinnati, Ohio.

Helen Moorman—Dayton, Ohio.

Lorraine M. Bittner—Pittsburgh, Pa.

Dorothy Hier—Chicago, Illinois.

Olga D. Steen—Cincinnati, Ohio.

Mrs. Joseph Klus—Cincinnati, Ohio.

Sisters of St. Dominick, St. Pius Convent, Toledo, Ohio.

Sister Rita Spalding, Ft. Thomas, Kentucky.

Mrs. Robert W. Puthoff, Hamilton, Ohio.

Sister Mary P. O'Connell, Cincinnati, Ohio.

Rev. John Civille, World Justice & Peace Commission, Archidocese of Cincinnati.

Sisters of Notre Dame, Covington, Ky.

Mae and Fred Neihaus, Neihaus Brothers—Cincinnati, Ohio.

Mr. & Mrs. Jame Burke—Pittsburgh, Pa.

Wes Uhlman, Mayor of Seattle.

John Wilson, Pittsburgh.

Mr. & Mrs. Pat Cleary.

Rev. G. A. Poynter, Superintendent, Dayton Area Catholic Schools.

Theresa Walsh, New York City.

Provincial Executive Board, Religious of the Sacred Heart of Mary, New York City.

Nancy Philipport, Mount St. Joseph, Cincinnati, Ohio.

Jean Eckstein, President, National Council of Catholic Laity.

Patricia Lacy, New York City.

Rev. Patrick Fenton, Butler Society of Justice, Butler, Pa.

I. Willeng, Executive Director, American Veterans Committee.

Father Jo Byers, World Hunger Committee, University of Pa.

Mr. & Mrs. J. Lammers, Covington, Ky.

Ad hoc Committee of 350 on behalf of MIT Community, Cambridge, Mass.

A MANAGEMENT PHILOSOPHY WORTH LOOKING AT

Mr. BROCK. Mr. President, today I invite my colleagues' attention to a recent article appearing in Commerce Today entitled "'Team Spirit' Results in Higher Productivity, Job Satisfaction."

This article is one of a series that describes recent innovative techniques to increase productivity of U.S. firms.

I would particularly like to note the growing recognition that the firm's human resources are vital to its productivity. The innovative techniques noted in this article are worth noting not only for their immediate effect but also for their long-term implications.

The R. G. Berry Co. has adopted a management philosophy that is well worth looking at. This management philosophy takes into account the human resource side of productivity. Other institutions organizations in Government facilities would do well to look into this philosophy as a means by which to increase productivity.

I ask unanimous consent that the important article referred to above be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"TEAM SPIRIT" RESULTS IN HIGHER PRODUCTIVITY, JOB SATISFACTION

(NOTE.—This is the first of a continuing series of articles dealing with various approaches U.S. firms are employing to help increase their productivity. Prepared at the direction of Commerce Secretary Frederick B. Dent, the first five articles have been written by Betty Shelton, a White House Fellow assigned to the U.S. Department of Commerce. Miss Shelton recently visited industrial plants in different parts of the country selected because of their particularly interesting productivity programs. Interviews were conducted with management and workers alike to obtain as complete a picture as possible of the success of these programs. Commerce Today offers these articles as a sample of what large, medium and small-size firms in various industries can do to improve their productivity and ultimately the national economy. In addition to this first article on the R. G. Barry Corp., a Columbus, Ohio, footwear manufacturer, Miss Shelton's articles include The Detroit Edison Co., Sony Corporation of America, Donnelly Mirrors, Inc., and Honeywell, Inc.

One Ohio-based firm thinks it has found a key to improving employee morale and productivity in an old American concept—teamwork.

Gordon Zacks, president of R. G. Barry Corp., says that "people are the most important resource of the company," and has committed the footwear firm to a management philosophy emphasizing that:

Most people will return trust;

There is a creative spot in everyone;

Workers like to take pride in their product; and

People are willing to assume responsibility and live up to their commitments.

Sound a trifle too starry-eyed for a cynical age? Well, it passes the cynic's ultimate test—it works!

Based on the above assumptions, over the past five years the company has introduced team management in three of its five plants, creating, in Zacks' words, "conditions under which most of the people, most of the time, care enough to do what has to be done for the enterprise to succeed."

Under the team approach, absenteeism and personnel turnover declined by 50 percent; products sent back for reworking have been cut by two-thirds, downtime diminished significantly; training costs are down 50 percent, and total output is up 35 percent. Wages also increased 35 percent from 1969 to 1973.

BETTER THAN EXPECTED

Interestingly, Zacks also reports that the company did not anticipate the amount of real savings nor the quality effect of the changeover.

In 1969 the company began its first conversion, that of its 300-employee Columbus, Ohio, plant from an individual incentive task-oriented system to a "team process." Surveys were taken of all employees before the conversion process to determine the strengths and weaknesses of the former task-oriented production process.

Production workers were organized into 32 teams consisting of 9-12 persons. Each team manufactures the product from cut stock to finished product. During the conversion, time clocks were removed, some supervisors changed, a number of work processes reduced and a straight hourly wage instituted. Workers also had the opportunity to influence the methods used and the quality and quantity of team production. In addition, wage rates are reviewed every 90 days.

The dollar investment in the conversion was $250,000, which went toward management training, additional machinery and alterations to the plant.

The initial results were discouraging. Absenteeism and turnover increased. Surveys conducted at five-week intervals to ascertain the attitudes and perceptions of the employees to the changes showed that the company had failed to anticipate the magnitude of their impact on the employees, especially the first line supervisors.

"Under the old system supervisors were the solvers of problems, enforcers of production goals, auditors of quality, and the source of all official information," according to Bob Woodruff, corporate vice-president for human resources. "Summing it all up, they had power." Under the team concept, the supervisor's role became more directive and supportive.

Consultants were brought in from the Institute of Social Research at the University of Michigan to train the supervisors in communications, goal setting and problem-solving. This training produced results and the company has recouped its initial loss.

The firm's management found that the increased responsibility given to the teams led to better internal communications and more readiness to share ideas for improving operations. This sharing concept is reinforced at regularly held team conferences.

According to Gordon Zacks, the company has found that "if you create a good environment and are willing to share brainpower there is a tremendous reservoir to help you out-compete your competitors."

Indicative of this increased responsibility is the fact that plant employees made the final decision as to the location and exterior design of the new Columbus plant.

Conversations with workers on the line reveal that they are pleased with the new system. Margaret Billingsley, a machine operator, put it this way, "Before, everyone was on his own and no one cared about helping their fellow employee. Now everyone is dependent upon everybody else. I know in my case I think twice before taking a day off because I know if I do it will affect my team."

Shirley Parks, a quality control worker, put it another way: "Previously nobody wanted to take the responsibility for an error. Under the old system where 40 women might be performing the same task on one line, it was hard to tell who was being sloppy. Now, with only 8–12 people producing a complete product and only one or two individuals doing the same process, it is easier to keep track of who did what."

MORE CHANGES PLANNED

The company began to convert its 500-employee Goldsboro Plant in 1971, and by 1973 the entire plant was changed from task-oriented production to the team process. Two key lessons had been learned from the Columbus experience, and thus the conversion went smoothly: (1) several pilot operations were observed for a year to determine the best possible team process system, and (2) training was given to supervisors prior to the changeover, to help them understand their role in a team system. As a result there was little disruption to the manufacturing process. In the first year of full conversion, productivity is expected to increase by between 10 and 15 percent.

Jacque Fisher, former manager of the Columbus Plant and now a divisional vice president, is considering further changes. There is a possibility that all workers will become salaried; employees will become more involved in helping to cost-out new products; and the organizational structure may be re-examined to seek ways of reducing the layers between production teams and managers.

One innovation which was tried and discarded may possibly be revived, that of having each team hire its own replacements.

The production workers are not the only ones under the team concept. This approach also reaches up to the executive office. In fact it was here that the team approach was first used. In 1965, Gordon Zacks formed the President's Advisory Council to provide him with strong staff support. It included 24 of the top people in the company. This group began to explore what type of management system would be most beneficial to the company and its employees.

Dr. Rensis Likert, author of "New Patterns of Management" was brought in as a consultant. Over a period of 19 months, the committee began to formulate a "management philosophy" built around trust. Zacks himself also began operating in a more participative style and began to add items to the agenda.

He eventually formed an executive level team consisting of the top people from each functional area. Thus the team concept was born.

Aside from profit, liquidity, physical and proprietary resources responsibilities, managers at R. G. Barry are also accountable for human resources. Until 1969 there was no way to measure, over time, human resources. At that time it was decided that if people were so important the company should account for them as other assets—in dollar terms. A human resource accounting system was eventually designed which looked upon the recruitment, hiring, training and orientation costs of people as investments rather than expenses.

According to R. G. Barry's 1973 Annual Report. "The basic outlays in connection with acquiring and integrating new people are amortized over their expected tenure with the company. Investments made for training or development are amortized over a much shorter period of time. Total write-off of an individual's account occurs upon his departure from the company."

This system provides measurable data for decision-making in a number of key areas, such as personnel turnover cost, the cost benefits between different types of development programs, the real costs of relocating plants in terms of human resources, the real start-up cost to open a new plant, and forecasting personnel needs more effectively.

Is the team concept the ultimate answer to flagging employee enthusiasm for R. G. Barry Corp.? Not necessarily. Gordon Zacks stresses that he is selling a management philosophy rather than a particular approach, such as the team process. If a better system comes along, he'll adopt it.

AMERICAN AGRICULTURE

Mr. NUNN. Mr. President, I am pleased to place in the RECORD today a significant speech on American agriculture which my colleague from Georgia, Senator HERMAN TALMADGE, intended to deliver to the recent Georgia Farm Bureau Convention.

Although Senator TALMADGE was ill and unable to deliver the speech in person, it is an important speech and says things about agriculture that ought to be said.

Because it is such an effective speech by the chairman of the Agriculture and Forestry Committee, I commend it to your reading.

I ask unanimous consent that the address by Senator TALMADGE be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

AMERICAN AGRICULTURE

(By Herman Talmadge)

It is a special privilege for me to be here today with my friends of the Georgia Farm Bureau to take part in your Annual Convention.

This has been an extremely difficult and trying year for farmers in Georgia and throughout the nation. You have had to face problem after problem—shortages of fertilizer and fuel . . . sharply escalating production costs that in some materials you have seen go up almost daily . . . and declining prices for several commodities, that have fallen below what it actually costs to produce them.

It is a tribute to the basic sturdiness and inherent strength of farm people that you have managed to cope with these problems as well as you have.

You have proven once again that agriculture is the back-bone strength of America.

It is high time that more people—especially in Washington, D.C.—recognize that fact.

I for one intend to spend a good part of my time next year seeing that they do.

This has been a critical year for agriculture. I can assure you that the problems of the Georgia farmer have been vigorously and ably presented in Washington through the Georgia Farm Bureau, by Emmett Reynolds, and other farm leaders.

I particularly want to commend the Georgia Farm Bureau for organizing the commodity flight to Washington back in October. You presented our Georgia delegation with blunt facts and figures that document the devastating increase in production costs in 1974.

Anything you can do through the Farm Bureau, collectively or individually, to focus attention and dramatize the farmer's problems is valuable and welcome.

I know I can speak for the rest of the delegation in saying that we are with you all the way.

As Chairman of the Senate Committee on Agriculture and Forestry, I had your information published in full in the Congressional Record. Hopefully, it was read by Members of Congress from urban areas who need this information. Too many of them have little knowledge—and even less sympathy—for the problems of farmers.

It used to be that farmers had a strong voice in Congress. They don't anymore. This is regrettable because agriculture remains this country's largest and most important industry.

What our city friends too often overlook is that if agriculture fails, there will not be enough food and fiber to go around.

Everyone suffers, rural and urban, rich and poor.

No one has yet found a substitute for agriculture. They never will. Only farmers produce food.

I have also used your information in discussion with the people of the U.S. Department of Agriculture. I hope that did some good. But, I make no predictions any more about the present occupants of high positions at U.S.D.A.

I can promise this: I intend to see how well Earl Butz and his people have done their homework when they come before my Committee early next year.

I hope they come prepared.

Today our nation and much of the world are caught in the grip of a deepening economic crisis. Even President Ford with his famous candor finally acknowledged a few days ago that we are now in a recession.

With all due respect, this came as no surprise to many people. I'm certain it was no surprise to Georgia farm families, many of whom have been caught in a vicious cost-price squeeze for a long time.

More and more the word depression, with all of its ominous overtones, is being used to describe our present situation.

But whatever we are in . . . whether a recession or a depression . . . it is very uneven.

The economy is experiencing rampant inflation. At the same time, production is declining.

We have sectors that definitely are in a depression, for example the housing industry.

On the other hand, some industries continue to set record profits, such as oil and steel.

In spite of continuing high corporate profits generally, Wall Street is the gloomiest since the great crash of 1929. While wage settlements for selected industries are setting records, unemployment is rising to alarming levels. This means mounting hardship for working people, and a cutback in purchases of consumer goods.

In agriculture we have a similar situation.

The entire livestock industry is on the brink of bankruptcy. Yet some crops—especially grains—are experiencing record prices.

Cotton is down sharply from a year ago, while peanut farmers have had a reasonably good year.

Such extremes cannot continue. Our economy is too highly integrated for economic failure in one area not to have an adverse impact on others.

What is needed . . . and needed now . . . is strong, decisive action in Washington. We must turn the economy around and get the country moving forward again.

I can speak only for Herman Talmadge. But I promise you, in the Senate, there will be action on farm problems.

I have called for a complete re-assessment by the Senate Committee on Agriculture and Forestry of current farm programs.

As a first step, we will develop an economy farm bill to be entitled, "The Agriculture and Anti-Depression Act of 1975."

This will be the first order of business of my Committee when the new Congress convenes next month.

The bill we develop next year must substantially raise target prices for cotton, wheat, corn, and feed grains.

As a minimum, I would like to see a target price of 52 cents per pound for cotton . . . $3.00 a bushel for wheat . . . and $2.00 a bushel for corn.

I shall insist that the emergency bill also contain an "escalator clause," to adjust target prices upward to meet rising production costs effective with the 1975 crops.

The target prices that Congress provided in the Farm Act of 1973 are totally inadequate.

The bill my Committee wrote, and which the Senate approved last year, provided substantially higher target prices, as well as an "escalator clause."

However, the threat of Presidential veto forced a compromise in order to have a Farm Bill in 1973.

This time I hope the President and the Secretary of Agriculture will take a more realistic position on farm problems.

President Ford has called for all-out farm production in 1975. This must be achieved to help break the inflationary spiral. But . . . simple justice demands that farmers be provided reasonable income protection in return for the high risk they must shoulder, if higher production goals are to be met.

I will do all I can to assure the farmer of economic justice.

Another action that I am initiating is legislation to assure adequate supplies of the materials for the production of crops and livestock.

The farmer must be assured of getting the fuel, fertilizer, and chemicals he needs, in the amount he needs . . . and when he needs them.

A third major area in which I will be active in the coming year, as in the past years, is in the protection of our peanut and tobacco farmers.

The Secretary of Agriculture is determined to destroy the present peanut program if he can. He has also been less than friendly on occasion to the existing tobacco program.

Both programs are extremely important to Georgia agriculture. Both are working well at the present time.

The tobacco program costs the government nothing. The cost of the peanut program has been reduced to a minimal level.

Thus far we have been successful in thwarting the Secretary's efforts to destroy these programs.

I for one will continue to fight every effort from any source to remove price protection from our peanut and tobacco farmers.

Peanuts are Georgia's number one crop in terms of farm income, and in most years tobacco is number two.

The people of Georgia did not send me to Washington to sit idly by and see these programs destroyed. I will fight every step of the way.

Despite all the problems and adversities that plague agriculture, there are some bright areas.

American agriculture is far and away the most efficient and most productive in the world. It continues as our nation's most productive economic sector.

Farm families today account for only about 4 percent of the total U.S. population. Yet—in spite of economic adversities, uncertainties of weather and periodic epidemics of disease—they continue to increase production and provide enough food and fiber to feed and clothe 210 million Americans and millions more all across the world.

Make no mistake about it. At no time since immediately following World War II, has the high productivity of the American farmer been of such critical importance to the United States and the world.

U.S. agriculture today accounts for nearly all the soybeans, about half of the feed grains, and a third of the wheat and rice in international trade . . . and, agricultural products are to the United States what oil is to the Middle East.

The export market is a vital outlet for our farm products. It is also tremendously important in helping to maintain our trade balance, which is so badly strained by the unconscionable increase in petroleum prices by the oil-producing nations.

What we have to sell to the world is more precious than oil. It is food.

I do not advocate using American food and fiber to take unfair advantage of a hungry world, as the sheiks and shahs have done with their oil.

Nor did it take a world food conference in Rome for the American people to recognize that we have an obligation to share our abundance with starving people.

We have always done our share, and more. We will continue to do so.

We acknowledge a need and desire to supply food and fiber to the world. But the American farmer cannot be expected to do so at give-away prices.

If we call upon our farmers for all-out production to meet domestic and world needs, we must provide them with adequate price and income protection.

A sound U.S. agricultural policy is critically needed to help pull the nation out of its economic tailspin.

But it must be based on stable markets and fair prices.

Congressional approval of such a policy will not come easily. Fewer and fewer of our people and their representatives in Washington know which end of the cow to approach for milk.

But I believe we have a chance now to convince them their well-being is affected by how well American agriculture is producing, and how sound American agriculture is.

This is the task ahead.

Farmers must make their voices heard.

The next Congress has an opportunity to win a place in history by doing more lasting good for American agriculture than any since the 1930's.

I for one will give my best to meet the challenge, and to see that farmers, at long last, are admitted to full partnership in the United States' economy.

As you know, the problems facing agriculture are only a part of our overall economic crisis.

I must say that I am not optimistic about the lame-duck Congress now in session. I don't think it has either the will, or the ability, or the time, to adequately cope with the economy.

However, the new Congress which will convene in January must confront inflation head-on. It must recognize it as a severe threat to national security.

The new Congress must start laying the foundation for rebuilding the United States' economy.

Congress cannot make miracles. Inflation and all of its attendant problems have been a long time coming . . . they will be a long time in being resolved.

Nonetheless, the Congress must make a beginning. It must stop talking . . . stop studying . . . stop complaining . . . and start acting.

The war against inflation is not going to be won by summit conferences at the swank Washington Hilton Hotel. It will not be won by blue-ribbon panels holding coffee sessions all over the country.

The battlefield for the war against inflation is Congress. It is Congress which has the power to act. Because it is responsible to the people, Congress has the duty to act.

In the years immediately following World War II, the United States was the strongest and most prosperous nation in the world.

We undertook to rebuild nations devastated by war, and we did.

We embarked on a policy of Communist containment, which cost billions of dollars for military assistance all over the world.

We also poured billions upon billions of dollars abroad to countries struggling to survive in their newly acquired freedom from colonialism.

The United States ran up a foreign aid tab of some $200 billion, including interest we paid on money we had to borrow before we could give it away.

At the same time, we devised grandiose new spending programs here at home. It was as if we could make everyone healthy, wealthy and wise by the enactment of a new spending program.

Through the "Fair Deal" of President Truman . . . the era of so-called "Peace and Prosperity" of President Eisenhower . . . on through the "Great Society" of President Johnson . . . plus the Nixon deficits of more than $100 billion in just five years . . . the United States' government has been piling spending, on top of spending, on top of spending.

In this time the United States allowed itself to get bogged down in two wars. We were deceived by a policy of guns and butter, as if there were no limits to the financial resources of the United States.

There was little thought to the day of reckoning, that sooner or later would have to come.

That day of reckoning is now here.

Our wealth has been dissipated. Our strength and national integrity has been undermined.

Our leadership in the community of nations has been reduced. The confidence of the American people in their own government has been made a mockery.

We are in the grip of an economic recession more severe than anything this nation has seen since the 1930's.

The time has come to lay it on the line. We are in a fight for economic survival.

It will take time. But we will win the fight. First, we are going to have to get back to some fundamentals in government. The lesson is simple.

The first fundamental we must recognize is this fact: Neither a nation, nor a business, nor an individual can spend itself rich.

A nation cannot open its own Treasury to all the world. It cannot undertake to finance the health, welfare, social, and military needs of virtually every other nation on Earth, and expect at the same time to keep its own house in order.

No nation, not even the United States for all its power and resources, can spread itself that far and wide.

We do not have the influence nor the know-how—there aren't that many dollars or that much gold in Fort Knox—to make other nations of the world over in our own image. We ought not to try.

We do not have the wherewithal . . . and the American worker ought not to be taxed into the poorhouse, so the federal government can spread its largess from Afghanistan to Zambia.

It is high time we stopped trying to be all things to all the world.

It is high time we quit trying to play Santa Claus to the world.

It is high time we stopped trying to be policeman for the world.

It is high time we stopped trying to be banker for the world.

I submit that the first responsibility for the United States' government is to look after the United States' people.

Down at the State Department, we have a desk for just about every nation in the world that is on duty day and night. I have long maintained that what we need down there is a United States' desk that will work day and night for the American people.

The first three words of the Constitution of the United States are very clear. They are very precise.

They say, "We, the people" do ordain and establish this government.

The Constitution does not say, "We, the Congress."

It does not say, "We, the Administration."

It does not say, "We, the Bureaucrats."

It does not say, "We, the Special Interest Groups."

The Constitution says, "We, the people," and that is exactly what it means.

Yet, people don't know their government anymore. They don't understand it. They don't trust it.

People regard government as some kind of monolithic monster, more to be feared than respected. In the past quarter of a century, government has been growing more . . . . spending more . . . . and encroaching more into the private lives and businesses of individual citizens, than throughout all the history of our Republic put together.

It has levied taxation almost to the point of confiscation. It has persisted in a policy of spending money we don't have for programs we don't need.

In recent years, government has been trying to drown business in a sea of paper work . . . . regulation . . . . and arbitrary dictation by some faceless bureaucrat in Washington who has never been elected to public office in his life.

We need to get government out of business, and to get more business in government.

We need to encourage the creation of more productive jobs through every possible incentive.

We need to install more incentives to work . . . . instead of making it profitable for people not to work.

My hackles rise everytime somebody comes before Congress with a proposal for a guaranteed annual income, whether people do anything to earn it or not.

I assure you that so long as I am privileged to serve in the United States Senate, I will never vote to give one dollar of your hard-earned money to people who are able, but unwilling, to work.

Also, the President need not waste his time . . . . the Congress' time . . . . or insult the American people by trying to slap them with a 5 percent surtax.

It is totally unrealistic to expect the average American workingman and woman to pay more taxes at a time when they are having great difficulty in making ends meet because of the inflationary spiral.

That proposal need not even be brought before Congress. If it is, it will never get out of Congress . . . . not with my vote, anyway.

The American people are prepared to sacrifice. They already have been doing so. They will do more, as the seriousness of the economy may require.

The American people can be relied upon to do their part. But before being called upon to tighten their own belts, they have every right to demand that the government stop wasting money . . . . stop cheating working couple of their earnings and the elderly of their savings . . . . and stop kowtowing to foreigners.

Under present economic conditions, Congress can assume a mandate from the people. That mandate is that each and every budgetary request ought to be considered according to the following criteria:

(1) Can we afford it?

(2) Is it needed?

Inflation is eating away at the heart of America. The American people are having to fight for their own economic security and that of their children.

So long as this continues, I do not believe the next Congress ought to vote a single dollar that is not immediately essential or vital to the national interest.

SEA CITIZENSHIP

Mr. HATFIELD. Mr. President, today, Human Rights Day, I would like to bring to the attention of my colleagues in the Senate and my fellow Americans everywhere the formation of an international organization that will be devoted to the stewardship of the sea. Like the Earth Society, which founded Earth Day and sought to heighten awareness among our citizenry for the environmental destruction going on in our land, the Sea Citizen Organization will seek to focus our attention on an environmental matter that should be of direct concern to us all—the threat to the global sea and to the stake each one of us has in the resources of the sea.

The founding principle of the Sea Citizen Organization is the affirmation that the world ocean is the common heritage of mankind, and not the special province of the coastal nations or those business enterprises most technologically able to exploit the resources of the sea. We all own the sea. We all have a tremendous stake in its future. We, the people of the world, have a right to demand responsible management of the sea resources.

The Sea Citizen Organization will promote formation of an international sea authority which will establish the kind of guidelines that will insure the access of future generations to the bounties of the sea. Without coordinated international attention, the ocean and its resources will become despoiled. This is already happening. Sea Citizens will try to sound alarms before it is too late. They will try to focus public pressure on governments and corporations to stop destructive exploitation of the sea.

Nations are failing to control the pollution that threatens the estuaries and shallow coastal waters where sea life is most abundant and where the reproductive cycle of many fish and other sea animals is carried out. Coastal countries are failing to stop the destruction of natural wetlands that support sea birds and shellfish. The fishing fleets of many nations are overtaking the ability of many sea species to regenerate. It is clear that these problems are global in scope and need cooperative multinational solutions.

I vividly recall the testimony of Thor Heyerdahl before the Senate Commerce Committee following his *Ra I* and *Ra II* voyages several years ago. He demonstrated in those Atlantic expeditions, and in the Pacific *Kon Tiki* expedition before them, that our concept of "territorial water" is very mistaken. The world ocean, he said, is a large sink with no drain. Into the sink flows most of the world's pollution, and none of it leaves. It only swirls around with the ocean currents that ultimately distribute it to all reaches of the global sea. Pollution dumped into the "territorial waters" of Japan often reaches the west coast of the United States; Moroccan pollution reaches the Caribbean, as *Ra II* demonstrated; Peruvian pollution reaches Polynesia, as *Kon Tiki* demonstrated. The inescapable conclusion is that whatever one nation does with its "territorial waters" affects other nations, other people, and, in fact, the whole world ocean. The people of the world who fear for the future of the ocean must somehow influence these countries' governments, and the Sea Citizen Organization affords them the opportunity.

The members of the Sea Citizen Organizing Committee are Mr. John McConnell, founder and president of the Earth Society; His Excellency Dr. Arvid Pardo, former chairman of the U.N. Seabed Committee; Mr. Harold Taylor, former president of Sarah Lawrence College and chairman of the U.S. Committee for the United Nations University; Mr. Frank Braynard, general manager of Operation Sail '76 and author of 11 books on the sea; Ms. Louise Eggleston, former president of the International Literacy Foundation; and myself. Today we are presenting the first Sea Citizen Certificate to a young student of the United Nations International School at a ceremony in New York.

Mr. President, I ask unanimous consent to have the Sea Citizen Declaration printed in the Record following my remarks. I urge all who can subscribe to the principles of this declaration to support this organization and become Citizens of the Sea.

There being no objection, the declaration was ordered to be printed in the Record, as follows:

Sea Citizen Declaration

(Statement by Sea Citizen Organizing Committee)

We affirm that the global Sea, the common heritage of Mankind, and the last refuge from the multitude of national territorial restraints, should be protected and made freely available to the present and future people of Earth, in order that the bonds of spirit engendered by the Sea may bring understanding that will mitigate the divisions found on land.

Indeed, ancient beliefs in the brotherhood of those who went down to the Sea, their fierce love of freedom and tradition of freedom of the seas, are a common bond between ancient and modern sailors, fishermen, those who now explore the ocean depths, and Sea Citizens.

We urge action by the United Nations, and by all concerned organizations, to protect the Sea from man-made pollution; to protect its great whales and porpoises, its many-hued fish, shellfish and plants, its tiny organisms, and multiform varieties of life which for billions of years, borne by its currents, enjoyed the marine environment on which the whole web of life on Earth depends.

We urge education, developmental guidelines and essential environmental regulations be provided by the United Nations to encourage careful stewardship and management: in the harvesting of fish, Sea plants and other marine sources of protein for the world's hungry; in the protection of individuals and nations that depend on the Sea for their living; in obtaining oil and minerals from the sea-bed; in the operation of ships that ply the Sea. We support programs that will preserve for future generations the healing balm of clean salt water and blue seas, with their benefits to the mind, body and spirit, and to all who swim, sail, or fish.

We seek recognition of the Sea and its bed as the common heritage of mankind, and affirm that the borders of the Sea shall extend to the highwater mark and to the farthest reach of brackish waters in rivers, inlets and bays. Management of coastal resources (fish, seaweed, oil, minerals) should conform to guide-lines established by a global Sea authority. These guide-lines should set forth how nations can best take responsibility for the care and protection of adjoining tidelands. Efforts to expand national sovereignty further into the Sea by increasing navigation and economic boundaries, should be taken as an encroachment on the rights and property of all Sea Citizens, and all Earth's children, as a threat to the wholeness and future of the Sea.

We support the formation of an International Sea Authority, with appropriate safeguards to national and individual interests, which will safeguard the common heritage of the Sea for the benefit of all Earth's life, and which will license against appropriate fees major activities in the marine environment in order to prevent wasteful exploitation of resources and to minimize environmental deterioration. We support the efforts of the Earth Society to establish a clearing house of information for Sea Citizens.

We invite people everywhere to register with the Sea Citizen Organization and thereby to express their desire to protect the Sea and their claim to equal ownership and shares in the bounty of the Sea, the "common heritage of Mankind."

HUNGER IN THE UNITED STATES

Mr. HUMPHREY. Mr. President, the Wall Street Journal on December 8 included a very informative article by Harry B. Anderson on hunger in the United States.

This article is very timely because the administration has recently announced plans to reduce funding for the food stamp program by $325 million in fiscal year 1975.

The article details the frustrations of those people who rely on food stamps to supplement their income. While the program has reached the $4 billion level, many eligible people are not in the program.

Most people who do receive the food stamps have been hard hit by inflation, and they find it nearly impossible to make ends meet.

In a recent district court decision, the Department of Agriculture, which is responsible for administering the program, was found in violation of the law for not making an adequate outreach effort to locate those who are eligible to receive food stamps.

The Department also has been criticized for basing the program on an "economy diet plan" which many nutritionists claim does not provide for an adequate diet.

I commend this informative article to the attention of this body. It is clear to me that the Department must take steps to improve this vital program. Making reductions in the value of the food stamps is hardly the right approach to the problem.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Dec. 8, 1974]

HUNGER PERSISTS IN UNITED STATES DESPITE PROGRESS MADE IN THE PAST 5 YEARS

(By Harry B. Anderson)

Hunger became a major issue in the United States in April 1967 when a Senate subcommittee said it discovered instances of acute starvation in the Delta area of Mississippi.

At first, the reports of conditions that were so reminiscent of the more familiar famines of Asia and Africa were greeted with skepticism and politicking. Within two years, however, it was established that some Americans were dying of hunger-related diseases with names like marasmus and kwashiorkor. On May 7, 1969, President Nixon urged a willing Congress to take steps to end hunger in America "for all time."

Since then, impressive gains have been made. In the past five years, the number of persons receiving federal food assistance has more than doubled to over 15 million. Participation in the federal food-stamp program, which allows poor people to buy food at reduced prices, has shot up 325% to 13.6 million, and the average food-stamp supplement has nearly doubled to $19.48 a month. In the same five years, the number of children receiving free or reduced-price school lunches grew to nearly nine million from four million, and the federal government began pilot programs to feed needy mothers, infants and old people.

Many experts agree that the U.S. has gone a long way in making sure that all its citizens can buy enough to eat.

But try telling that to 81-year-old Rosie Miller of Choctaw County, Miss., who supports a household of eight on $244.12 a month. After paying utility bills, insurance premiums and a monthly installment for furniture, Mrs. Miller has about $120 a month to spend on food. She recently complained that she and her family were constantly hungry: "The kids ask for cereal and I can't give it to them; they ask for milk regularly and I can't do it; they ask for meat regularly and I can't give it. I fill up with bread and water for breakfast." Until Nov. 11, Mrs. Miller and her family were denied food stamps.

ORDERS FROM THE JUDGE

The Miller family finally obtained relief when a federal judge ordered Choctaw County to begin selling food stamps. Until the judge's decision, Choctaw was one of the few remaining counties in the nation that refused to provide food relief to any of its citizens.

So until three weeks ago, the Millers were among millions of Americans who are eligible for food relief but who aren't being reached. Although some 15 million persons are receiving benefits, and Agriculture Department official says he "doesn't doubt" that the number of eligible persons is "somewhere in the 30 million range." Under a federal formula, a person is eligible for food relief if he can't buy a "nutritionally adequate diet" for a "reasonable" proportion of his income.

Agriculture Department officials complain that because of a lack of recent data, there isn't any way of knowing just how hungry America's hungry are. But it's certain that those who aren't receiving food relief are significantly worse off than they were five years ago—and that they have been hit harder by inflation than ordinary consumers. For instance, in the period from December 1970 to December 1973, the cost of a diet plan specially designed by the Agriculture Department for poor people rose 35.2%. During the same time, however, average welfare benefits rose only 14.7%, and salaries for workers who fall below the poverty level rose by less than 15%.

Food-stamp recipients aren't immune to inflation, either. Although the Agriculture Department is required by law to revise food-stamp benefits to reflect current costs, food-stamp recipients lately have been falling rapidly behind. Last July, for instance, officials determined that a family of four should be allowed to buy food stamps with a face value of $150. But by September the cost of the diet plan on which food-stamp benefits are based had risen to $155.10 for a family with two school-aged children.

CUTTING FOOD-STAMP FUNDS

And things will get worse next year. In this recent budget-cutting proposals, President Ford said he would trim the federal funds available for the food-stamp program. Beginning March 1, the poor will be required to pay more for their food stamps than they now are. This will save $325 million in fiscal 1975 and $650 million in fiscal 1976 from the $4 billion-a-year program. The move would be accomplished by Executive action under current law and wouldn't require legislation from Congress.

Most people can react to inflation and slimmer incomes by buying less-expensive kinds of food, but poor people often have no room to trade down. As a result, there is much greater demand for lower-cost foods, which helps boost their prices.

Moreover, partly because of bad weather and other factors, prices of the foods most likely to be bought by the poor have increased far more rapidly than prices of higher-grade food items. From December 1970 to March 1974, the average price of butter rose 8.9% while the average price of margarine increased by 63%. The price of porterhouse steak rose 38.2% in that period, but dried beans increased 256.3% in price. Many poor people can reduce their food costs only by eating less.

Some clues as to why more poor people aren't participating in food programs are evident from a visit to the flat, cotton-growing town of Gould, Ark., where 74-year-old Carrie Dilworth takes a visitor around her rundown neighborhood. Mrs. Dilworth, who has been active in civil-rights movements since the early 1930s, has to get by on about $3.20 a day after paying real-estate taxes, but she sometimes does odd jobs to supplement her income of public assistance and Social Security payments. Mrs. Dilworth won't participate in the food-stamp program. Her reasons are murky, but she says that she's afraid someone will cheat her.

The first stop is a ramshackle house where an obese woman sits wearily on the porch, dwarfing her chair. The woman says she would like to get food stamps, but she lacks both the energy and the transportation to travel the 20 miles to the nearest certification center in Star City. She says she often eats greens in which she occasionally boils a chicken leg. She used to eat a lot of rice before that became too expensive, she says.

Further on, Conzie Tyus is fixing himself a dinner of mashed potatoes and rice. He says that he wishes he had some gravy. Mr. Tyus is nearly blind with glaucoma. He says that he hasn't applied for food stamps because he wasn't aware that he was eligible. (He undoubtedly is.)

The last stop is the house of Emily Grayson, whose husband, a construction worker, is frequently out of work. When he is employed, Mrs. Grayson says, she and her three children eat reasonably well. When he isn't working, however, the family often runs out of food before the end of the month. When things get too bad, she says, she goes into debt at the local grocery store until her husband is working again. Mrs. Grayson also is without food stamps. She says the requirement that she buy a two-week allowance of stamps at one time ties up too much money so that she can't buy such things as medicine, soap and toilet paper.

Poverty experts cite a host of other reasons for nonparticipation in federal food programs; long lines and complicated forms to fill out at certification centers; language barriers; shame at being identified as poor; fear of being robbed. Many elderly people who are forced to subsist on meager stipends are ruled ineligible because they have managed to accumulate lifetime savings of more than $1,500.

But critics say there is one more important reason why food programs aren't reaching all the people they are supposed to reach: lack of effort by the Agriculture Department. According to Rodney Leonard, who headed the Agriculture Department's food-stamp program in 1967 and 1968 and who now runs the Community Nutritional Institute in Washington, D.C., "There's a total lack of outreach programs coupled with inadequate support in the processing of applications. There's no effort to link people with food stamps."

NO PUSH FROM WASHINGTON

P. Royal Shipp, who now runs the food-stamp program, replies that it is up to local governments to push for greater participation, not the federal government. He notes that the federal government is required to reimburse 62.5% of the money that counties spend on "outreach" programs, but he contends that Washington doesn't have authority to force counties to spend anything at all.

However, a federal district judge in Minneapolis apparently disagrees with Mr. Shipp. On Oct. 11, Judge Miles W. Lord ruled that the Agriculture Department violated the law when it failed to spend some $278 million appropriated by Congress for the food-stamp program during fiscal 1973 and ordered that the funds be used in the program instead of being returned to the Treasury. The Agriculture Department has indicated that it may appeal.

In his ruling the judge said that that the department's outreach efforts were "dismal." He added that if adequate effort had been made to acquaint poor people with the program, participation would have increased to the point that the department might well have had to spend the $278 million.

Mr. Shipp is correct, however, in that local governments have a lot to do with how many poor people receive benefits. Some counties have gone to great lengths to make food programs convenient, while others have adopted procedures exclude many of the needy, as the following incident illustrates:

On a Thursday morning in late summer, the Farm Workers Corp., a New Jersey organization that aids seasonal agricultural workers, dispatched a bus to bring 20 migrant workers into Vineland, N.J., for emergency food-stamp certification. Cold and rainy weather had ended the tomato season prematurely so that the migrants hadn't worked in a week or eaten in several days. The bus broke down enroute, and the workers didn't arrive in the Vineland welfare office until 3 p.m.

MAKING AN EXCEPTION

But it is at 3 p.m. on Thursdays that Vineland banks stop selling food stamps until 11 a.m. on the following Tuesdays, and it appeared that during that time the workers would go hungry. As the 20 migrants, including several small children, an old man and a pregnant woman, waited in the Vineland welfare office, Angelo Marti, a Farm Workers Corp. official, frantically called the local banks. Finally, he found one that was willing to make a special exception and workers ate after all.

Poverty experts suggest that federal food programs would probably work better if they operated in a vacuum. But, in fact, the poor are hard pressed in practically every aspect of their economic lives. Nancy Amidei, a Washington-based poverty consultant who has worked with the staff of the Senate Select Committee on Nutrition and Human Needs, notes that sometimes food purchases are deferred when the landlord is threatening or a family member falls sick. Even someone who is receiving food assistance might be forced to forgo food buying if other problems become too great.

The fragile economic status of many food-stamp recipients is illustrated by the plight of Mrs. Delores Nusen, an attractive 27-year-old mother of four, in Baltimore.

At the beginning of every month, Mrs. Nusen receives a check for $198 from the Maryland Department of Public Assistance. With this money she pays her monthly rent of $125 and her utility bill, which averages about $25. Mrs. Nusen is entitled to buy a total of $178 worth of food stamps (working out to about 40 cents a person for every meal) for a total monthly outlay of $60. But after paying her other bills, Mrs. Nusen doesn't have $60, so she elects to buy only half the stamps for $30. In the middle of the month she receives from her former husband a support payment of $38.80, which in theory will allow her to buy her remaining stamps.

THE WOES OF MRS. NUSEN

But things don't work according to theory for Mrs. Nusen. When she first applied for public assistance in September 1973, a computer error delayed her initial authorization to purchase food stamps for eight months. Mrs. Nusen remembers that period as one of constant begging and borrowing as she watched her children grow increasingly listless and irritable. By the time food stamps were finally approved, Mrs. Nusen had unpaid bills of about $200 and was on the verge of being evicted from her apartment.

Much of Mrs. Nusen's money now is used to pay back debts, and by the time she receives her support check she must either forgo her full allotment of food stamps or face the prospect of having her utilities cut off and being evicted. So, for the last two weeks of the month, her children virtually starve.

During the first two weeks, she says, she tries to cook nutritious, though modest, meals. But in the last half of the month, she must depend on gifts of milk and leftovers from the neighbors and what little money that she can borrow from her mother. On one recent afternoon, a neighbor dropped by with a quart of ice cream that the children greedily devoured with aluminum measuring spoons. Mrs. Nusen can't afford regular tableware.

Mrs. Nusen believes that she eventually could pull herself out of the hole, except for one thing more: Her authorization to buy food stamps often arrives late, sometimes as much as a week or two weeks, and she must draw on her assistance check to buy food without the additional purchasing power afforded by the stamps. This wipes out all the progress she has made in repaying her debts, she says.

IS DIET PLAN NUTRITIOUS?

Critics of the Agriculture Department contend that even most food-stamp recipients aren't receiving a completely nutritious diet because the benefits they receive are too small. The department bases its food-stamp payouts on the cost of the "Economy Diet Plan," a special diet designed by department nutritionists for use by low-income families. Agriculture officials claim that this diet plan, used properly, provides all the nutrients that a person needs.

However, both Pennsylvania and the City of New York have filed suit in federal court seeking to have the Agriculture Department increase the benefits it pays to food-stamp recipients. (The judge in the case found for the department, but that decision is being appealed.) In an affidavit, Harvard nutritionist Jean Mayer stated that "since at best the Economy Diet Plan is barely sufficient, the substitution of one item on the Economy Diet Plan for another food item would upset the delicate nutritional balance and provide the household with an inadequate nutritional diet."

Moreover, Robert L. Rizek, an Agriculture Department research director, admitted in a deposition that food-consumption surveys have shown that only about 10% of people who spend about the same amount for food as the Economy Diet Plan costs manage to obtain the full recommended daily allowance of nutrients. Less than 50% obtain even two-thirds of the recommended daily allowance, he said.

Thus it appears that although the Agriculture Department calls poor people as a group the smartest food buyers in the country, many if not most of them lack the nutritional savvy to use the Economy Diet Plan wisely. In extreme cases, this can be disastrous.

Mrs. Hilja-Maria Burlingham, a nutritionist for the Baltimore health department, recalls recently seeing an eight-month-old, overweight baby who had been fed on evaporated milk with sugar, potato chips, sodas, mashed potatoes with gravy, luncheon meats and sugar water. The teen-age mother, a food-stamp recipient, simply fed the child essentially the same things she ate.

OIL AND THE MIDDLE EAST

Mr. BROCK. Mr. President, I am deeply concerned over the failure of our Government to develop a strong, active policy on the manifold problems of the Middle East. In this time of tense political and economic maneuvering, when our allies look to us for leadership, we in Washington stand idle. Mr. Eugene Rostow has written a stimulating article on the need for strong Western policies on oil conservation, and on support for the Nation of Israel. Mr. President, America must not abandon her allies in Europe and the Middle East—we dare not, for not only their future, but our own, is at stake.

I ask unanimous consent that Mr. Rostow's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 21, 1974]

WESTERN NONPOLICY ON OIL AND THE MIDDLE EAST

(By Euguene V. Rostow)

NEW HAVEN.—At the moment, throughout the industrialized world, we face a situation in which nearly every country individually, and the Organization for Economic Cooperation and Development nations as a group, are paying for petroleum products not out of current income but out of capital.

We are transferring wealth on a scale that is nearly unimaginable in order to buy our current requirements of petroleum for business and pleasure. In a few years, unless present trends are reversed, we shall have given over wealth equal to the total value of all the securities on the New York Stock Exchange before its recent collapse—the value, that is, of the total capital accumulated in 150 years of American industrial growth.

Yet no Western country has a tough and adequate program of energy conservation based on reality. In the United States, I have noticed no massive shift of freight and traffic to the railroads; no drastic restrictions on consumption; no rapid substitution of coal, nuclear power and alcohol for petroleum products.

An international committee is preparing a plan of sharing supplies in another emergency. But from the external signs that committee has not even begun to generate policies addressed to the existing situation, and adequate to its true dimensions.

Prevailing opinion, even among serious financial experts, is that we can do business as usual if only the petrodollars generated by our balance-of-payments deficits are "recycled"—deposited in New York, London or Frankfurt. It is hard to believe that such nonsense can find any takers. But it does.

Are the countries of the West ready to transfer power completely—and irrevocably—to the petroleum-producing countries, where it can be seized by any passing buccaneer? Hard as it is to imagine, this is exactly what we are doing—and calling it policy.

In the realm of political and military affairs, the story seems to be nearly the same.

The Middle Eastern war of October, 1973 was a fundamental Soviet thrust at the North Atlantic Treaty Organization, designed to outflank allied forces in Central Europe; separate Europe from America, and bring Europe's resources under Soviet control; and drive the United States out of the Mediterranean and Europe itself.

The Arab attack was the most basic thrust against the Atlantic alliance since 1945, far more serious than earlier crises over peripheral points like Cuba, Berlin and Korea. The war was a strategic, not a tactical move—a threat to the heart of our positions.

This view of Soviet policy in the Middle East has been commonplace in the memoranda and diplomatic conversations of all our governments for seven years at least. But even the United States Government had to learn the lesson anew in October last year.

The Soviet plan in 1973 was exactly the same as that of 1967, but on a larger and far-better-prepared scale. In 1973 it nearly succeeded. The brilliant success of Israel's Army, backed by the diplomacy of the United States, Portugal and some other allies, gave us some time.

But are we using that time?

After nearly a year, there does not appear to be an allied position on the politics and security problems of the Middle East, as there was, for all practical purposes, in 1967.

The high hopes for peace negotiations in the Middle East last fall and winter are rapidly fading. There seems to be no real prospect for carrying out the mandatory Security Council resolution of Oct. 22, 1973. That resolution, the most constructive single step in Middle East affairs since the conflict began, requires the parties to make a peace accord before Israel withdraws from the cease-fire lines.

Instead, we read of futile negotiations to coax Israel to enter into a series of further "military-disengagement" agreements without peace: the disastrous formula of 1957 that permitted the Soviet Union to expand its influence in the area, and approach the point of bringing Europe—and perhaps Japan as well—entirely under its control.

Here again, the prevailing pattern of allied behavior seems nearly inexplicable. Do the allies intend to stand by while a nation that came into being in reliance on their promises is destroyed? Are they unwilling or unable to defend their interests against coercive pressures applied to them from beyond the area specifically mentioned in the North Atlantic treaty? Are they sleepwalking, as their predecessors did forty years ago?

(*Eugene V. Rostow, Sterling Professor of Law at Yale, is president of the Atlantic Treaty Association. This is adapted from a speech before the association's 12th annual assembly, in Ottawa.*)

THE DANGERS OF RAPIDLY RISING OIL PRICES

Mr. MONDALE. Mr. President, the economic turmoil into which the industrialized countries of the West have been thrust because of rapidly rising oil prices holds dangers on many levels.

The greatest danger, however, may be to the interdependence of the economic systems of the West. At other times in our history, concern over the availability of oil has led to severe tensions between ourselves and other friendly nations. In the aftermath of World War I, for example, during which oil shortages had been highly feared, two of our staunchest allies revealed an agreement to keep American oil companies out of part of the Middle East. This action produced a wave of reaction in the United States. Tension over oil supplies was prolonged, and relationships among the former allies were severely strained. Other regrettable episodes in which short-term, national self-interest undercuts the longer term common interest must be avoided.

The U.S. Government has a duty to not only avoid the implementation of policies that weaken the fabric of interdependence but also to speak out candidly when it believes its neighbors and friends may be taking measures which could in any way weaken the economic strength of an interdependent West.

The United States and Canada have in recent months separately announced, as major policy objectives, a reduced reliance on imported oil and greater self-sufficiency in energy.

For the United States, which has not been an exporter of oil for many years, the focus of the present administration has been on voluntary reduction in demand through conservation, and on stimulation of domestic sources of supply. The specific details of Project Independence have yet to be developed, but administration spokesmen have repeatedly indicated that reducing imports to zero by 1980 is not an objective.

For Canada, which for certain historic reasons exports western Canadian crude oil to the United States in quantities almost as great as eastern Canadian imports, the Federal Government has announced consultation with the Provincial governments with a view to reducing exports to the United States to zero by the 1980's, with sharp interim reductions beginning in 1975 also suggested.

Neither country can reasonably quarrel with the other's general objective of greater self-sufficiency, even if, on the U.S. side, Canada's action has an impact on our available fuel supply. However, as both Canada and the United States develop their separate plans for greater self-sufficiency, they should recognize the desirability of communality in elements of their plans. Of the greatest importance is the status of the northern tier of States and of the independent refineries located there, which have been encouraged by both Canada and the United States to become totally reliant upon Canadian oil.

An area of common interest must be carved out for these refiners, and for their customers and consumers in States along the Canadian border, so long as eastern Canadian refineries can reasonably be assured of imported supplies, from the United States or elsewhere, equal to the quantity made available for export to northern tier independents in the United States. Thereby, the two countries would avoid the abandonment of valuable pipelines and the recurrence of wasteful expenditures for new transportation facilities implicit in a policy of total independence of the two countries one from another.

For the short term at least, the United States and Canada also share a common problem in that both countries must import substantial quantities of high-cost crude oil produced by nations which are members of the Organization of Petroleum Exporting Countries. The U.S. problem is compounded because it also imports western Canadian crude oil, which bears an export tax of $5.20 per barrel. The price of Canadian oil in the United States is not only substantially higher than the price of Canadian oil to Canadian refineries but much higher than the average price of imports from other countries and U.S. domestic oil in the United States. The export tax alone costs U.S. consumers $3.5 million each day or $1.3 billion a year. Steps have been announced which would similarly increase the price of Canadian natural gas exports over domestic Canadian supplies. The net effect of these actions is and will be to place enormous financial burdens on consumers in States along the Canadian border, burdens which consumers on the Canadian side of the border will not share.

The petroleum refining centers of eastern Canada relied exclusively on imported crude oil until major oil discoveries were made in the Canadian prairie provinces in the 1950's. At that time the cost of imported oil was so low that western Canadian crude oil would not have been competitive in eastern Canadian refineries. U.S. refineries located along the northern tier of States provided a substantial market for western Canadian crude oil, thereby making an important contribution in the development of this vital Canadian natural resource. By 1961 Canada had adopted a national oil policy which formally limited the use of Canadian crude to refineries in and west of Ontario and required refineries in Quebec and eastern Canada to run exclusively on imported crude. Canada under this policy earned a substantially favorable balance of trade in crude oil.

By 1973, however, significant economic facts had changed. First, the price of crude oil imported into Canada exceeded the price of domestic Canadian and domestic U.S. crude oil for the first time in history. Second, Canadian Government officials expressed concern that the United States was operating in an inflationary economy which threatened to catch Canada in its web. Thus, Canada decided to restrain domestic oil prices and at the same time to impose a tax of 40 cents a barrel on export sales because as Mr. Donald S. McDonald, Canadian Minister of Energy, Mines and Resources, stated in a speech on September 28, 1973:

> Canadians were entitled to a reasonable opportunity price for the sale of this non-renewable resource.

At the time of Canadian Government action, the most recent Arab-Israeli war was several weeks away and the energy crisis worsened by the Arab embargo had not reached its current intensity.

In the wake of the Arab oil embargo, Canada has given a modified rationalization for the export tax: the need to subsidize eastern Canadian refiners which are still almost totally reliant upon imported crude oil. The tax itself is pegged at $5.20, not only to match crude oil cost increases being incurred by eastern Canadian refiners but also to go beyond that level to maintain a historically favorable balance of trade in crude oil with the United States. This is achieved by pricing Canadian oil exports at the price a hypothetical Chicago refiner would have to pay for a hypothetical barrel of Saudi Arabian or comparable crude oil delivered in Chicago. However, eastern Canadian refiners' weighted average crude costs are and have been very significantly below what the hypothetical refiners from Chicago would have to pay for Saudi Arabian crude oil.

Canada's original export tax of 40 cents and the "opportunity price" it produced might have been justifiable before the Arab embargo and the subsequent rapid increase in the OPEC prices. However, such a justification is more difficult now that the current export tax of $5.20 goes beyond even what would be required to provide a realistic subsidy for eastern Canadian refineries.

As a good friend of Canada I have been disturbed by our Government's failure to grasp opportunities for mutually constructive energy undertakings such as a trans-Canadan oil pipeline to bring Alaskan oil into the United States. I believe that we must now attempt to repair some of the damage which governmental neglect of American-Canadian energy relations has caused. And we must begin once again to demonstrate our mutual confidence that neither nation will seek to profit at the expense of the other in pursuing our energy policies.

There are many outstanding energy issues between the United States and Canada. None, however, is more pressing than reducing the Canadian oil export tax to a level which is fair to consumers of both nations. If effective action is not taken by our Government in seeking this end, the American consumer will continue to pay excessive fuel bills for that substantial portion of our crude oil imports which come from Canada. Despite the fact that a final crude cost equalization program has finally been put into place by the Government, the near-total reliance of northern tier refiners—including refiners in my State of Minnesota—on Canadian crude will *continue to place* some competitive disadvantage on these independents, who are now providing much of the competition within our domestic oil industry.

As I and other Senators stressed last week in our meeting with Canadian Prime Minister Trudeau, we must use this time of mutual challenge as the basis for cooperative efforts in the wide variety of interests which we share.

The United States and Canada have common problems—the high price of crude oil produced by OPEC nations, and the need to develop greater domestic energy sources as quickly as possible. We must work together, as well as with other nations of the world, to solve those problems. We cannot afford to temporize by seeking solutions only at the expense of each other.

SENATOR THURMOND HONORED BY ARMY AVIATION ASSOCIATION OF AMERICA

Mr. TOWER. Mr. President, the Army Aviation Association of America, known as the Quad-A, recently held its annual meeting here in Washington at Fort Myer. At that meeting the Quad-A chose to honor my good friend and colleague on the Armed Services Committee, STROM THURMOND, for his service to America.

I can think of no better honoree than Senator THURMOND, for I can think of no man who loves this country more or has worked harder to preserve her independence. As ranking minority member of the Armed Services Committee, his devotion to the principles of strength and freedom has been a constant inspiration to me and, I am certain, to us all.

In that meeting Senator THURMOND presented remarks which I believe demonstrate his intimate knowledge of the problems facing the Defense Department and the Nation. Because his observations address such vital issues, I ask unanimous consent that they be printed in the RECORD, and I urge my colleagues to consider them carefully.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR STROM THURMOND

Secretary Augustine, General Weyand, General Wright, Congressman MacGregor, friends and members of the Army Aviation Association of America, distinguished guests, ladies and gentlemen:

It is a distinct honor to be presented this coveted award, and to be the subject of the most generous remarks by General Weyand, General Wright and Congressman MacGregor. Also, I am particularly pleased to be named an Honorary Member of the Quad A. The spirit and dedication of our Army aviators is an inspiration to all of us. This particular group exudes a sense of purpose and responsibility to our nation which is clearly evident wherever I have visited them—whether it be Vietnam, Fort Rucker or elsewhere in our military community.

Also, the efforts of the D.C. Quad A Chapter in arranging this meeting and the presence here of Secretary Augustine, Mr. Korologos, General Weyand, General Maddox, General Lee and other officers of great responsibility in the Army is deeply appreciated.

GREAT CHANGES UNDERWAY

Great changes are taking place in the Army and these changes demand our close attention. Besides my deep interest in the development of new Army helicopters, I am watching closely the efforts of the Army to build a hardhitting aviation force. This is being accomplished by experimenting with tactics and organization in the new Air Cavalry Combat Brigade at Fort Hood, Texas.

These developments, so vital to our future Army, will be scrutinized in a new environment next year. The 94th Congress will be less sympathetic to defense needs. Those elements of the Congress and press which have been consumed in the Watergate scandal for the past two years will now turn their full attention to the defense budget.

This shift will come at a time of real international monetary instability. We face a period, brought on by inflation and transfer of wealth from the West to the Middle East, in which the very survival of our system is at stake.

OIL PRODUCERS ACQUIRING WEALTH

The reserves of the oil producing nations are spiraling upwards as petrodollars pour into their treasuries. As an example, the gold and foreign currency reserves of Saudi Arabia have increased from $4 billion to $11.5 billion in the last 12 months. They thus become the world's fourth richest nation, in reserves, surpassed only by West Germany with $32 billion, the U.S. with $15.8 billion, and Japan with $13.2 billion.

When grouped together, the oil producing nations now control 19 percent of the world's purchasing power after only one year of higher oil prices. Meanwhile, the Western nations, where oil is essential to run their industrialized societies, face economic turmoil.

By 1980—a flick of the eyelash in the annals of time—the oil producers could accumulate anywhere from $350 to $500 billion in gold and foreign currency reserves. With such huge sums they may well be able to manipulate the poliitcal, economic and fiscal stability of the world.

In any event, it is expected that within the next two years the oil producers can acquire at least $100 billion which would give them more cash reserves than all of the industrialized nations put together. Cash reserves of all industrialized nations now total about $113 billion.

While the U.S. is fortified by the wealth of our cities and corporations, other consumer nations such as Italy and India will be hard pressed even to borrow enough funds to sustain some kind of order in their economies.

DEFENSE BUDGET PROBLEM

Coupled with this problem, inflation in the U.S. may drive the defense budget towards or above the $100 billion mark. In the Senate, where at least three pro-defense votes have been lost in the November election, amendments such as slowdown of the Trident submarine program and large overseas troop reductions could succeed this year rather than fall by slim margins as was the case in the 93d Congress.

Outside of the economic factors impacting on the defense budget, we are now entering a stage where large sums will have to be expended on strategic programs. In the next 10 years the Trident submarines and B–1 will be in production. Further, the U.S. will have to MIRV more of its Minuteman force to meet deployment of a new family of MIRV'd Soviet missiles.

From the standpoint of the Army it is likely that only the most essential programs will continue without modification or slowdowns. The tank, utility and attack helicopters and SAM–D are all programs which must be continued. Thus, good management is essential if these programs are to complete development and reach production in these turbulent times.

The Army, being manpower oriented, is severely impacted by the accelerating cost of personnel. Since 1954 some 93% of defense budget increases have gone to personnel and operating costs. The procurement and research shares of the budget have remained fairly constant, varying down or up a few billion from the $20 billion mark.

Added to this fact must be the realization that the $20 billion in the procurement budget today will buy only 55% as much as the 20 billion for procurement in 1954.

While I have strongly supported comparable pay for our military personnel, I believe we are now at the point where personnel management must be improved to assure every defense department employee—civilian and military—is essential. The Army was once manpower rich, but now we are manpower poor.

ARMY NEEDS STABILITY

Despite the manpower cost crunch, I strongly support permitting our Armed Forces, the Army especially, to realize some stability in its military manning levels. Sharp manpower reductions after Vietnam destroyed Army readiness, but it is now coming back as personnel turbulence is reduced.

In the new Congress, manpower will be a big issue. While the Army's move to a 16-division force within present manpower levels has met general acceptance, more must be said about why we need 16 divisions now when 13 divisions sufficed previously.

One method of dealing with the manpower problem will be found through the *Retirement* Modernization Act, now the subject of hearings in the House. Also, the Senate staff is busy working on preparation to consider revisions in the Defense Officer Personnel Management System.

KEY ISSUES IN CONGRESS

While these are issues which most concern the Army, in the next Congress many other key items will receive attention from defense critics. These items will include:

1. Continued development of the B–1 strategic bomber.
2. Overseas troop deployments.
3. Civilian and military manpower levels.
4. Size of the Marine Corps.
5. Navy shipbuilding overruns.
6. Pace of TRIDENT submarine development.
7. Tank production and foreign military sales.
8. Lightweight fighter development.

As this audience knows, we have a new committee in Congress, the Budget Committee. This group is likely to force the Congress into making some hard choices. For instance, when billions more are needed for our new strategic systems, efforts will be made to cutback elsewhere.

Somehow we must get more for less. Better management of our personnel resources is an absolute necessity. Better management of our research and procurement programs also could save tens of millions.

The future meetings of President Ford and the Soviet leaders will be very important. Detente is only as good as the weapons we have to back it up. Whether or not SALT II will produce meaningful and safe agreements to control defense spending remains to be seen.

However, I am convinced of one point. The first priority of any society must be to provide for its own survival. Our nation stands to lose everything if we fail to discharge our awesome responsibilities in providing a military establishment second to none.

Sometimes I am confronted with a critic who charges I support most all defense programs. My reply is "Yes, I do, and I am proud of it."

Before closing, let me say that I have visited both Utility Tactical Transport Aircraft System contractors. The Sikorsky Uttas flew this month and the Boeing aircraft will fly before the month is out. The General Electric engine is progressing well. As you perhaps know, it has low weight and fuel consumption and can be repaired in the field with as few as 10 hand tools.

The Attack Helicopter program is not as far along and has experienced some cost and schedule problems. However, the engineering design is complete and assembly is underway with the first flight expected some time late next year. The Army has given up the high speed offered by the Cheyenne to save dollars, yet performance for the critical lower levels of the envelope have been improved.

General Wright, members of the Association, I would like to close by once again expressing my appreciation for the recognition you have given me today. After my flight in the gunner's seat of the Cobra Attack Helicopter at Fort Rucker, I was presented with a flight jacket. Now, as an Honorary Member of Quad A I am on the team all the way. Thank you.

JOHN W. McDONALD, JR., NAMED DEPUTY DIRECTOR-GENERAL OF THE INTERNATIONAL LABOR ORGANIZATION

Mr. McGEE. Mr. President, John W. McDonald, Jr., Coordinator for Multilateral Development Programs in the Department of State, has been named Deputy Director-General of the International Labor Organization.

I would hope my colleagues would join me in applauding the selection of John to this very vital post. In my estimation, a finer choice could not have been made. Few people can match John McDonald's record of untiring efforts at making the U.S. participation in the United Nations more effective. For the past 7 years he has been an outstanding and vigorous advocate for the United Nations system.

John McDonald has been concerned with the economic and social problems of the United Nations and its family of specialized agencies for the past 7 years. His prior record of service to the U.S. Government has been equally impressive.

From 1946 to 1949, he served with the Office of Military Government in Germany. In 1949, while still in Germany, he joined the Department of State and remained in Germany where he worked with the Allied High Commission in Bonn until 1952.

From there, John moved to Paris where he served with the U.S. Mission to the North Atlantic Treaty Organization for European Economic Cooperation. In 1954, he joined Secretary of State Dulles' secretariat staff in Washington. A year later he became Executive Secretary to the International Cooperation Administration.

From 1959 to 1963, he was posted in Ankara as U.S. Economic Coordinator for CENTO Affairs, accredited to Turkey, Iran, and Pakistan.

From 1963 to 1966, John was Chief of the Economic and Commercial Sections in our Embassy in Cairo and in 1967, he returned to the United States where he was detailed to the National War College for 1 year.

John was educated at the University of Illinois where he received both his A.B. and J.D. He is a member of the Illinois and U.S. Supreme Courts Bars.

Having worked closely with John over the years on United Nations matters, I offer him my warmest congratulations for a well-deserved appointment. While his new assignment will take him out of Washington, a fact I will regret, I look forward to his continued excellent contribution to the U.N. system when he assumes his new duties.

E-SYSTEMS, INC., DALLAS, TEX., HIGHEST IN EMPLOYEE SAVINGS BOND PARTICIPATION

Mr. TOWER. Mr. President, I wish to bring to the attention of my colleagues a significant accomplishment by a major company headquartered in Dallas, Tex. This company, E-System, Inc., is for the second year in a row, at the highest level on the honor roll among major U.S. companies in employee payroll savings bond participation.

This year, 5,654 E-Systems men and women are enrolled in the payroll savings plan, a figure that represents 99.91 percent participation for the company. This record will be hard to match.

E-Systems was the No. 1 company in the Nation last year in the savings bond payroll deduction program in the category of companies with 5,000 or more employees. Last year the company had 99.6 percent of its employees participating.

The company was congratulated for its outstanding showing this year in a letter from Secretary of the Treasury William E. Simon to E-Systems chairman of the board and President John Dixon. I ask unanimous consent that the text of Secretary Simon's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY,
Washington, D.C., September 12, 1974.

Mr. JOHN DIXON,
Chairman of the Board and President, E-Systems Inc., Dallas, Tex.

DEAR MR. DIXON: I have just heard of the superb results achieved in your 1974 U.S. Savings Bonds campaign and I wish to extend my heartiest congratulations and my sincere thanks to you, your campaign workers and to all E-Systems employees.

Once again your wholehearted personal leadership and the enthusiastic response of your employees have brought the Payroll Savings drive to an outstandingly successful conclusion. You are at the highest level in the national Honor Roll in percentage of employees enrolled in the Payroll Savings Plan!

The 5,654 E-Systems men and women who are now helping to ensure their financial security by saving systematically from their pay in U.S. Savings Bonds are also contributing to the economic stability and well-being of our Nation.

I am deeply grateful to all of you for this affirmation of faith in our country.

Sincerely yours,

WILLIAM E. SIMON.

REPORT RELEASED ON POLYGRAPH TESTING

Mr. ERVIN. Mr. President, it has become a common occurrence nowadays, for anyone seeking public or private employment to have to submit to a lie detector test as a condition of obtaining employment. Just as often employees are asked to submit to such tests if they wish to continue in their present jobs.

For many years now, I have objected to the use of such tests, calling them "20th-century witchcraft." Indeed, I have introduced bills in the last several Congresses designed to restrict the use of the polygraph for employment purposes. None, I regret, has ever passed. A number of States, however, have enacted regulatory statutes, and I am hopeful that Congress in the future may likewise legislate controls on a national scale.

In any case, the staff of the Judiciary Subcommittee on Constitutional Rights has for the last several years been tracking the development and use of the polygraph for employment purposes. It is today publishing a report summarizing its work. Entitled "Privacy, Polygraphs, and Employment," the report is a brief analysis of the current status of polygraph testing and its implications for the privacy of those who must submit to it. The staff found that rather than diminishing, the use of the polygraph in employment situations—especially in the private sector—is substantially increasing. As an affront to personal privacy, the report concludes, the polygraph clearly demands more attention both from the courts and from Congress.

I could not agree more.

The polygraph, or so-called "lie detector," was developed 50 years ago in the hopes that it would facilitate the determining of guilt and innocence in criminal cases. In 1923, the first court test of the polygraph occurred in the case of *Frye* v. *United States,* 293 F. 1013 (D.C. Cir. 1923). The Court of Appeals for the District of Columbia then declared:

> [T]he systolic blood pressure deception test has not yet gained such standing and scientific recognition among physiological and psychological authorities as would justify the courts in admitting expert testimony deduced from the discovery, developments and experiments thus far made.

Over a half-century has passed since the Frye holding, yet this opinion regarding the polygraph's unreliability as a means of determing guilt or innocence still prevails. No court has given its unqualified endorsement to the polygraph. Questions still abound as to its scientific dependability.

Polygraphs attempt to measure physical reactions—changes in blood pressure, pulse rate, respiration and skin perspiration—to questions designed to test an individual's veracity on nearly any subject. The theory assumes that a clear relationship exists between lying and specific reactions of the body. In fact, no relationship of this kind has been thoroughly established. It is clear, on the contrary, that many factors can produce the physical reactions recorded on the polygraph. Mental tension, nervousness, physical condition, psychological abnormalities, attitudes toward the procedure, and even variances in the character, personality, race and sex of each individual subject affect the results of a polygraph test.

What we are asked to regard as an objective, infallible means of detecting deception, then, actually rests on the subjective judgments made by the polygraph operator. Not a scrap of evidence has yet been produced to show the polygraph conclusively establishes truth or falsity. And to my mind, unless it is conclusive, it is worthless.

Despite its obvious flaws, however, public and private employers have seized upon the polygraph as a means of screening employees. At the cost of losing a job or job opportunity, employees are asked to submit to questioning which often encompasses their beliefs, attitudes, and past conduct. With the results of the tests, the employer must attempt to predict the future conduct of his applicant or employee. In this respect, the results obtained under such circumstances must necessarily be even more *tentative* than those obtained from a criminal defendant. At least the suspected criminal is questioned about his involvement in a specific past event, and not about his beliefs and opinions.

Be this as it may, however, employers have apparently opted for continued use of the polygraph, perhaps on the theory that some information, even if unreliable, is better than none at all.

I object, as a personal matter, to such testing because it infringes upon the personal privacy of those who must submit to it. It is no answer to say that they submit voluntarily since the pressure of obtaining and keeping a job must weigh heavily.

I am also concerned that polygraph testing violates a number of explicit constitutional guarantees. In the case of public employers, the argument is particularly compelling. In the case of private employers, I think it is fair to say that their action violates the spirit, if not the letter, of the Constitution. After all, the first amendment provides that an individual is free to think for himself, to express himself, and associate with those whom he chooses. It does not contemplate a loss of benefit or advantage for doing so. And the fifth amendment says a man does not have to be a witness against himself in a criminal case. And the fourth amendment says that a man should be secure in his person against unreasonable searches and seizures.

Both public and private employers, of course, maintain that their evaluation of prospective employees is greatly facilitated by the polygraph. It is my opinion, however, that such expediency does not justify the damage done to the rights which the Constitution guarantees us.

I think that for this reason, legislative action either to ban or control polygraph testing is appropriate. In enacting such legislation, Congress would take a significant stride toward preserving those precious rights which are the foundation of our freedom.

A COMPETENT WOMAN ENJOYING THE FRUITS OF HER HARD WORK

Mr. BROCK. Mr. President, I would like this article from the October 14, 1974 issue of Industry Week to be printed in the RECORD. As a proponent of women's rights, it is especially heartening to me to read about a competent woman enjoying the fruits of her hard work—and being rewarded and recognized for it on an equal level with men.

However, I would like to say that I believe we will truly be making progress when a woman such as Ms. Marcus, who achieved such success, is not a novelty that she is written about in a national magazine.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THIS WOMAN COULD BE YOUR BOSS

When she's not swamped as manager of equal employment opportunity affairs for Union Carbide Corp.'s Chemicals & Plastics Div., Nancy L. Marcus stays busy as president of two small companies which she founded.

She gets up at 4 a.m. because she loves to work. Her only alarm is her body clock. On weekends it lets her sleep until 5 a.m. She tries to read a book a day, "including a lot of junk." She's barely 30.

Successful, yes. Superwoman, no. She neither looks nor acts the part. She worries, though, that others will cast her as the "all-knowing woman manager." But, she says, "I'm not. Sometimes I come off sounding pedantic (because) I have a lot of opinions. But that's because I think women do themselves a disservice. It's great being a woman; you shouldn't try to be a man. You can make it being a woman."

Nevertheless, she believes women traditionally have held themselves back by their behavior on jobs. "I have seen women at fairly responsible levels sit around and gossip," she says by way of example. "That's got to hold women back in general. Men don't do that." She says men might gossip during lunch or over a drink after work, "but they do not sit around their offices pattering about things."

She sees another barrier to women's progress in industry: their sometimes overemotional reaction to criticism. "There's nothing more disconcerting for me than to have one of the women working for me cry." Besides making it difficult to criticize constructively, crying also "makes it very difficult for me to feel free to criticize [a woman] again," says Ms. Marcus.

"Women have to learn that criticism of their performance is intended to help them do the job better, and that it's not a direct personal criticism. It's a nice release to feel sorry for yourself when somebody criticizes you, but then you can't really use that criticism effectively."

To overcome this, she believes women must be "more aware of themselves as managers as opposed to personal individuals who are being attacked by the situation." She thinks that's a key to the way men operate. "They go in there doing a job. They are in a role. They often have ego tie-ups, but they don't think that every criticism is a direct criticism of them."

LEAVE THE "KITCHEN" BEHIND

"Kitchen traits" is her term for the characteristics which she believes retard the careers of some women. They have difficulty isolating their personal lives from their business lives, she says. "They're not used to doing that, and they don't do it readily."

Moreover, she contends that women managers must learn to isolate themselves from emotional responses to various "life-styles," developing instead an ability to rate others on their job performance rather than on personal appearance or comportment.

Another manifestation of this "kitchen upbringing" is the reticence exhibited by many women in the presence of men. "I went to an all-girls school [Bryn Mawr, where Ms. Marcus worked her way through on scholarships and "lots of waitressing at 30¢ an hour"]. In class a girl wouldn't argue with a professor. We were always conscious of the role of being not so aggressive."

That trait carries over to business, she maintains. In meetings, women worry about being overly aggressive. They may not contribute when they should because of this fear. Or, she says, they will overreact and become "inanely aggressive," commenting on everything.

"Women," she advises, "should feel free to speak up but compose [their] thoughts. Realize it's a forum. You will be judged by your ability to perform." That performance, she adds, does not include voicing approval of every suggestion made by a man. Nor does it always include being first to jump up when someone suggests going out for coffee.

"You don't have to be the meeting secretary," she tells women managers and executive hopefuls. "If you want to do it, that's fine. But [it's not necessary to] feel a compulsion. That's a really nice feeling when you reach that point."

DON'T ASK FOR BLOOD

Ms. Marcus freely admits that it took her a while to overcome some of these same feelings. It wasn't easy. Her self-confidence developed as she forced herself to take on new responsibilities and succeeded.

To speed their development, she encourages other women with managerial aspirations to "step outside themselves" and watch how they react to crisis and criticisms. She concedes that this step is not an easy one.

Ms. Marcus recalls a recent episode in which a printer incorrectly processed 15,000 copies of a book published by one of her companies. The man's supervisor was a woman. She became hysterical, remembers Ms. Marcus, and demanded that the man be summarily dismissed.

"Everything became so tense that nothing happened for three days, except some phone calls. The man had made a terrible mistake and admitted it. You can't ask for anybody's blood over that." Before the error was rectified, the job was ten days late. "But it would have been only seven days late had not the other woman manager upset things, causing more lost time."

Although she speaks with fervor, Ms. Marcus dots her conversation with remiscences and chuckles about her own shortcomings, present and past. Had this same printing mix-up happened a few years ago, she says, she, too, would have reacted first by becoming furious and then by regaining her calm.

But from watching herself—and others—over the years, she says she "didn't waste the time getting furious. I really had no period of being angry." She smiles and says she also avoided the exhaustion that prolonged anger brings—an important consideration for a person who is up in time to put in several hours of work before greeting the sun.

"There are going to be catastrophes," she says. But instead of reacting emotionally, she counsels women to immediately begin analyzing and solving the problem.

Ms. Marcus refers to an associate as the kind of manager other women should try to be. She describes her as "probably the highest ranking woman scientist at Union

Carbide." The woman does not have a Ph.D. but does have about 15 men—"fairly high-level research scientists"—reporting to her.

"Probably not one of them resents that she's a woman," says Ms. Marcus. "She manages by respect. She respects the people who work for her, in the same way she respects her own work. Knowing that, [the other scientists] have no fear that she is trying to take the glory from them. She has a lot of self-confidence, and she likes people. She has a sense of the importance of allowing people to make their own mistakes and of rewarding [their accomplishments] appropriately."

GOING ALL OUT

Women have some pluses going for them, believes Ms. Marcus. One is "stick-to-it-iveness." Once women become managers, she says, they go "all out to prove themselves."

But some tough-minded women must temper their aggressiveness, she advises. "I've seen situations where women have become so highly competitive that it becomes detrimental to getting the job done. You have to keep job goals in mind."

Another plus for women, she maintains, is a high degree of sensitivity. In some situations, they can gage better than men the probable reactions of others.

Ms. Marcus is also tempted to at least partially credit intuition for the success of some women. "But intuition," she concludes, "really is having lots of experience and being able to draw on it in sort of a spontaneous way."

On the other hand, there are some additional abilities which women must acquire, she contends. One is delegation of responsibility. "I think that's the toughest job for any manager. It was the most difficult thing for me to learn to do."

Closely allied, she says, is developing the ability "to accept another person's job as a success." Women should realize that things don't have to be done "my way." That, too, she says, is difficult.

Perhaps even more difficult for today's women (bombarded by news of women's liberation) is overcoming the attitude that they should be able to just step into a managerial post rather than working into one. Ms. Marcus says that "a lot of the women" she has met in business feel that way.

She tells of one such woman who said she should be a manager, but who "in the same breath tried to learn how much I was earning, told me how much she was earning, [and] went on at great length about some of the things that her new boss of about three days had done.

"Right away," recalls Ms. Marcus, "I thought that she is so unprofessional that she's right where she ought to be. She has not reached the point where she should be managing, because she hasn't really developed the instinct for it yet. But she didn't see it [that way] at all.

AN OUTSIDE COMMITMENT

"Too many women get all involved in the little things and forget that there are some big things," says Ms. Marcus. "They forget that managing is fun. It's not just a matter of money."

She stresses that when a woman commits herself to being a manager, she is "making a commitment to an interest in something outside" herself. She believes that part of management training should be "developing an appreciation of that commitment."

There is one other characteristic which Ms. Marcus believes all women should appreciate and, indeed, cites it as perhaps the most common trait of the accomplished businesswoman:

"I think the most successful woman managers retain their feminity. I would hate it if I lost mine. I'm definitely a woman. I'm not trying to be a man. I'm trying to be a businesswoman."

POPULATION EXPLOSION IN BILL, WYO.

Mr. McGEE. Mr. President, I would like to call the attention of my colleagues to an article appearing in the December 2, 1974, People magazine. The article deals with a population explosion in Bill, Wyo.

In 1 year's time, the population of Bill, Wyo., tripled. I do not believe any other community in the world could boast of such an occurrence. However, this population explosion did not have serious societal and cultural ramifications. Neither did Bill, Wyo., suddenly face the impossible task of extending the normal services to the new residents. In fact, Bill, Wyo., has survived this population explosion very well, which is a tribute to its leadership.

There is one catch, however. Prior to the influx of people, Bill had a population of one—Dean Munkres. Recently, Dean's son, Dave, and his wife returned to Bill to live.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the ordered to be printed in the Record, as follows:

This Town Ain't Big Enough for the Two of Us

Dean Munkres, 53, has the town of Bill, Wyo. firmly under control. For two decades he has been mayor, police chief, fire chief, postmaster, dogcatcher, meter maid—and for most of that time the town's only resident. But the dusty stop, midway between Douglas and Gillette, experienced a population explosion recently when Munkres's 26-year-old son Dave returned with his wife, Cindy. (Munkres's wife left Bill in 1960.) Munkres managed to stave off a tongue-in-cheek challenge by his son at the polls. Still, Munkres is allowing Dave to take over all the town jobs save two—the mayor's job and that of U.S. postmaster, a position that carries with it a juicy $7,500 salary. But the threat of an interloper remains. When a schoolmarm moved in and started talking about running for sanitation commissioner, Boss Munkres carefully checked his map, and then declared her 200 feet "outside of city limits."

OIL DEPLETION ALLOWANCE AND THE INDEPENDENT OPERATOR

Mr. TOWER. Mr. President, I would like to share with my colleagues one of the most articulate, cogent pieces of correspondence that I have ever received from a constituent. The constituent's name is Arthur T. Stieren of San Antonio, and he is a petroleum geologist. His letter, concerned with the benefits accruing to independent oil and gas operators through the depletion allowance, perfectly illustrates the percentage depletion allowance for what it is: A tax benefit for oil and gas consumers, not oil men. The depletion allowance is not just an artificial accounting benefit, but it reflects a real economic cost. That is a portion of the cost of risk, which the taxpayers, but not the consumer, picks up.

The letter makes it quite clear that we can expect the independent operator to either quit or slow down drilling as a result of repeal of the percentage depletion allowance. Since it is obvious that, from the standpoint of national energy policy, we wish to encourage domestic drilling—especially exploration, repeal of percentage depletion would create a manifest policy anomaly. Thus I am persuaded that talk about tax breaks for oil men is nothing more than mindless rhetoric. Furthermore, you do not hear much talk about repeal of the percentage depletion allowance for the numerous other minerals to which it applies; nor do you hear any talk at all about repealing section 631 of the Internal Revenue Code, which permits capital gains treatment for income from the cutting of timber and the mining of iron ore and coal.

I, therefore, submit to my colleagues that much more detailed, thoughtful analysis is required before the Congress makes a policy determination about the merits of percentage depletion for oil and gas. I also suggest that the real issue is whether percentage depletion provides a windfall to oil and gas consumers. As an alternative to repeal of the oil and gas depletion allowance, I suggest that thoughtful consideration be given to implementation of a Btu tax on consumption of natural gas and petroleum products, which would permit recapture of that windfall. Additionally, such a tax would encourage conservation of petroleum products and natural gas through the resource-allocating mechanism of price.

Mr. President, I ask unanimous consent that the letter of Mr. Stieren be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

D-101 Petroleum Center,
San Antonio, Tex., November 13, 1974.

Hon. John Tower,
U.S. Senate,
Washington, D.C.

Dear Senator Tower: I am an independent oil producer residing in San Antonio, Texas. I would like to discuss with you the following topics:

a. Who finds most of the new, onshore oil in this country?

b. What type of person typically drills wildcat oil prospects, and why do they do it?

c. How does the price of crude oil affect the number of independents?

d. Why does an independent with a high income often pay a low income tax?

e. Does the independent ever really escape taxes?

f. How will the proposed elimination of percentage depletion affect an independent's drilling program?

g. An alternative to the elimination of depletion is presented.

h. How would the formation of a Federal Oil Company affect the independent?

I am a one-man organization . . . exactly the opposite end of the spectrum from the large, integrated oil corporations. I am not in the gathering, transporting, refining or marketing end of the business, nor do I operate offshore or overseas. I'm sure you are aware that historically independents such as myself are responsible for finding some 70% of the new oil found onshore in the United States. This new oil is found at the cost of many dry holes, only one wildcat in 15 or 20 finding any oil, and only one in fifty resulting in a major discovery. A dry hole is one of the few bad business investments that has no salvage value. A hole in the ground full of mud is worth zero. Despite advances in geological technology it is still a fact today that the only way to find oil is with a drill bit. Prospects drilled on the best geology are often dry, while "obviously" condemned areas can turn out to be productive. Reams have been written about the rich, flamboyant, Texas oilman, but nobody writes about the many that have gone broke drilling dry holes. It presently costs around $50,000 to drill a 5,000 foot dry hole in Texas. We should ask the question, who is going to spend $50,000 on a wildcat and why do they do it?

First, the money for drilling a wildcat usually comes from people who have a substantial income. The independent producer may have income from production as well as from outside, non-oil sources. He often sells interests in a wildcat to other oilmen, as well as to doctors, lawyers and other professional people who also have substantial incomes. The investor in a wildcat must have substantial income simply because, due to the crushing odds against success, *he has to use money he doesn't need*. It is obviously foolish for most people to borrow money to drill a wildcat, and our bankers are well aware of this fact.

Secondly, this investor has to be a gambler by nature. Most independents would not think of spending the money they spend each year on dry holes in Las Vegas, yet they are actually spending it in a very similar manner. In fact, the odds in Las Vegas are probably better than in the oil patch. Unfortunately, the typical independent oilman inherited some of the unquenchable optimism of the old pioneer gold prospectors of the 1850's. "I bet the mother lode is just over that next hill," said the prospector, as he led his burro into the setting sun. To the oilman, this next wildcat is going to be that big strike he has dreamed of. Just as many an old prospector died in some desolate spot, after having eaten the burro, so many an independent oilman has had to quit and get into another line of business in order to eat.

With the above picture of the independent oilman and his wildcat investors in mind, I think two conclusions follow:

(1) There are *damn few* people in the United States today with the *income* and the *inclination* to drill wildcat oil prospects.

(2) They certainly don't *have* to drill *anything* if they don't want to.

One of the reasons there are so few independent oilmen today is because the price of crude oil was *so cheap for so long*. In 1920 the price of crude in West Texas was $3.50 per barrel. It wasn't until about 1972, or *52 years later*, that it came back up to the earlier price quoted. In the depression of the 30's some oil sold for 10¢ a barrel. During the 40's, 50's, and 60's it was a strain to get $3.00, but all the oilman's costs . . . lease acquisition, drilling, materials, equipment, labor . . . continued a steady upward rise. By the middle of the 60's it was simply too expensive to look for something as hard to find as oil for only $3.00 a barrel (7.2¢ per gallon), and many independents left the business. Today, with the *long overdue* higher price for crude oil, many people are returning to the business. Rigs that were stacked have been reconditioned and put back in service. Now we wait in line for a drilling contractor and beg for steel pipe. For the same reason geologists cannot accurately predict if a prospect will be productive, so it is *virtually impossible* for *anyone* to estimate how much oil remains to be found in this country. In Texas, people continue to find oil in areas that major companies and others thought were condemned. I personally feel that much new oil remains to be found onshore in this country after sufficient dry holes have been drilled chasing it down.

Concerning the income taxes paid by the independent oil producer, it is very possible for him to have an income of $100,000 and pay an income tax of $4,880. "Unfair!" says the headline-seeking senator. "Greedy Texas oilman pays only 4%, while struggling factory worker pays 20%!" says the news headline and the TV commentator. Instead of this really childish hysteria for publicity purposes, why don't we consider in a rational manner why the oilman paid a low tax. It so happened he spent *$80,000 drilling dry holes*. $100,000 less $80,000 left a taxable income of $20,000, on which the tax is $4,380 (placing him in the 32% bracket, not the 4%).* Now the point is you can't have your cake and eat it too. Either the oilman is actively searching for new oil by drilling dry holes and paying low income taxes in the process, or he sits back, has a high taxable income, pays a high tax . . . and finds no oil. The Congress should make up their mind which way they think is best for the country and then stick with their decision.

Keep in mind that the oilman would have a lot more after tax money to spend on himself and his family if he *sat back and did nothing*. In the hypothetical illustration above, the oilman had income of $100,000, dry hole expense of $80,000 and taxes of $4,380, leaving a net after tax of *$15,620*. If he sat back and did no drilling, the tax on $100,000 would be $45,180, leaving a net after tax of *$54,820*. So he would be over three times better off to do no drilling and pay the higher tax. In other words, while the oilman is saving taxes by drilling dry holes, he is also losing a substantial amount of his own after-tax money in each one of them.

Consider also that the government always gets its full taxes on any production found in the end. What happens if the oilman gets a producer instead of a dry hole? Immediately his income is higher, and he must either spend more on drilling or pay more income tax. If he increases his drilling, it is more likely he will find more oil, and again his taxable income shoots up. It is a never ending spiral, and the typical oilman either ends up paying a lot of income tax or selling out, in which case he pays a big capital gains tax on the oil property sold. If he dies owning production, the 77% inheritance tax gets him. In the case of the oil business it may be said, "The I.R.S. always gets their man."

How does 22% depletion fit in the picture? Depletion is an after tax source of funds for the independent producer. Some aggressive independents drill up most of their income every year and in effect are *living on their depletion*. The effect of reducing or eliminating depletion on the independent will simply mean he will cut back on exploratory drilling enough to make up this loss of "keeping money". In our hypothetical illustration, let us assume that $10,000 of depletion was deducted before arriving at the income of $100,000. It would be typical for the independent to have both oil and non-oil income, so we are assuming the $10,000 is 22% of his oil income subject to this deduction. When the oilman drilled $80,000 in dry holes and paid taxes of $4,380, he had $15,620 left after tax. However, since the $10,000 depletion deduction was a non-cash expense, he actually had $15,620 plus $10,000 or $25,620 in after tax cash. Let us suppose he feels he cannot support his wife and kids on any less than that. The question becomes, what will he do if Congress takes away his $10,000 depletion deduction? The answer is he will simply drill less in order to end up with the same spendable income. In our example, he will only spend $64,000 instead of $80,000 on drilling. He deducts $64,000 intangible drilling costs from $100,000 income, leaving a taxable income of $36,000. The tax on $36,000 is $10,340, which leaves him with an after tax income of the required $25,660. By reducing his depletion $10,000 you have caused a $16,000 (or 20%) reduction in his drilling program.

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* 1973 Tax Table, Married Taxpayer Filing Joint Return.

The effect of a loss of depletion on drilling is even more pronounced in the case where *all* of the independent's income comes from an oil source and qualifies for the depletion deduction, as can be seen in the following table:

	With present depletion	With no depletion
Gross income	$128,205	$128,205
Less 22 percent depletion	28,205	0
Income before drilling	100,000	128,205
Less drilling costs	80,000	30,000
Taxable income	20,000	98,205
Less income tax [1]	4,380	54,251
Net after tax	15,620	43,954
Net after tax	15,620	43,954
Add depletion taken	28,205	0
Cash income	43,825	43,954

[1] 1973 tax table, married taxpayer filing joint return.

Note: Reduction in drilling program: $50,000 or 62.5 percent.

Most independent producers would lie somewhere between the two hypothetical examples given above. So one can logically predict that the elimination of percentage depletion will result in a reduction in drilling in the range of *20–60%*. Any Congressman who votes for the elimination of depletion is actually prolonging the amount of time necessary for this country to achieve Project Independence. Stated another way, a vote to eliminate depletion is certainly a vote for more dependence on foreign oil.

Let us not forget how a loss of depletion will affect the wildcat investor who is in another profession, such as the doctor and stock broker. Part of what encourages them to invest in a wild oil venture is the favorable effect on their income tax picture if oil is discovered, and they get their depletion allowance. As one of my stock broker investors put it, "If they take away my depletion, forget calling me on your next deal."

In light of the above considerations, I think it would be most unwise to remove, reduce or tamper with the 22% depletion allowance. However, if Congress is *determined* to raise revenue by reducing or eliminating depletion, I would suggest the following as an alternative. Why not let the oil producer *earn* his 22% depletion by his having to show an equivalent amount of intangible drilling costs? Let us say my depletion for the year from all sources, figured at the present 22% rate, was $10,000. To earn his deduction, I would have to show at least $10,000 in drilling costs. If I spent $5,000 drilling, I would only get $5,000 depletion. Zero drilling would mean zero depletion. Remember, the only way to find oil is by drilling. Such a proposal would take depletion away from some landowners, royalty owners and some inactive, older oil firms that might have considerable production. However, these people could always save their depletion if they were willing to gamble some of their income in the search for new oil. So this proposal would result in either more revenue to the government or increased exploration, both desirable objectives.

Finally, I can't resist a comment on the so-called "punitive mood" of Congress against the oil business. I would like to again call attention to the point made earlier, namely (a) There are very few people willing and able to drill wildcat oil wells, and (b) They don't have to engage in this risky business and would in fact show more after tax income if they quit. One easy way to make them quit would be to put them in competition with a Federal Oil Company. When this happens, and there is soon a great public outcry about the way the Federal Oil Company is wasting the public's money in many dry holes . . . when government geologist after government geologist is fired because he didn't find any oil . . . when, due to a massive bureaucracy, government wells cost twice as much and take twice as long as a good independent could have drilled them . . . you may be sure I will be peacefully fishing somewhere, paying a large income tax and having twice as much after tax income as I ever had. Of course, I'll probably have to row the boat to the fishing grounds. There won't be any gasoline for an outboard motor.

Yours truly,

ARTHUR T. STIEREN.

FARMERS, CONSUMERS, AND THE ACA

Mr. ALLEN. Mr. President, for those of us who are interested in protecting the valid interests of both the American farmer and consumer, I would recommend the reading of an enlightened editorial which appeared in the December 1974, issue of the Progressive Farmer, one of the most prestigious farm publications in this Nation.

This editorial shows an astute grasp of the issues involved in our recent debate on the Agency for Consumer Advocacy—alias Consumer Protection Agency—bill, S. 707. It also reveals, for the first time from an unquestionably expert source, the cruel hoax inherent in the agricultural provisions of the bill. I commend the editorial to the Senate.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NO, NO—NOT MORE WASHINGTON BUREAUCRATS

Congress has recently filibustered to death a bill S. 707, Agency for Consumer Advocacy Act, that would have created an independent agency for consumer advocacy. Though stalled for a moment, a similar bill is certain to come before Congress next year.

The defeated bill was based on the premise that consumers must look to Washington for the management of their intimate personal affairs. Its sponsors claim it is the consumer's best hope of halting unjustified price increases. But, as we see the act, it would set up still another unneeded Washington bureaucracy to add to the cost of government and to decide for consumers what they should decide for themselves.

It would create a new federal agency, headed by an administrator appointed by the President to a fixed four-year term. The administrator would have the broadest possible powers to intervene in the administrative proceedings of any federal bureau or agency. If he alone determined that the action of such an agency or bureau adversely affected the welfare of consumers, he could seek its court review.

We already have numerous federal regulatory agencies to guard consumer welfare. It does seem that consumers already have adequate federal protection. But, say ACA proponents, these agencies have gone soft. Their hot-blooded enthusiasm for consumer protection has cooled; they have become captives of the very industries they were set up to regulate. So the bright new idea is to set up a superdooper consumer protection agency to supervise all the others.

The rather unsatisfactory record of federal regulatory agencies we already have should be a strong argument against creating a new super-agency to correct the mistakes of the old ones. If old-line agencies are not doing the job they were set up to do, it is the fault of Congress. It should supervise such agencies more closely. Congress itself should reorganize them and change their regulatory obectives to give better consumer protection rather than "pass the buck" to a possible new bureaucratic nightmare.

Probably no item of expense has greater influence on the high prices people pay for consumer goods than the cost of labor. Labor union abuses such as "featherbedding" often add unjustifiable increases to the prices consumers must pay. Yet the proposed bill exempts labor unions from its more stringent provisions. The agency cannot participate in labor-management contract negotiations. Apparently the sponsors of the proposed agency have reacted to the pressure of a powerful special interest even before the agency has been established.

Originally, farm programs were to be one of the major targets of the proposed new agency. But when it became apparent that the ACA bill was dying in the Senate its proponents appeared to back away from their opposition to such programs. They offered to amend the bill's application to agriculture. First, they would amend the bill's definition of consumers to include working farmers. With its awesome authority such an agency could be a powerful advocate of farmer interests. But think a minute, what friend of agriculture would want a powerful group of consumer activists replacing USDA as the farmer's strongest advocate in Washington? It would be too much like appointing a weasel to protect the interests of a coop of chickens.

About the only protection farm producers would have under ACA would be its provision that its administrator will have no authority to intervene in any USDA proceedings without considering "the interests of farmers in maintaining an adequate level of income and production." But in the same sentence with the above protective provision is the admonition that the administrator shall likewise consider "the consumer's interest in an adequate food supply." Now could it happen that this will quite frequently mean lower prices and reduced income for farmers?

In a conflict between farm income and consumer food supply, it is a good bet an administrator of an agency set up to protect consumers would decide the issue against farm producers.

Everyone is a consumer, but consumers differ widely in their interests. So it stands to reason that what Washington thinks is good for some consumers may be eternally obnoxious to many.

Finally, at this time of galloping inflation, the last thing consumers need is another federal bureau that will increase the cost of doing business and add to the federal deficit. Let your Congressman and Senators know how you feel.

MEASURING PARITIES

Mr. BROCK. Mr. President, the Wall Street Journal, in an article by Mr. James C. Hyatt and an accompanying editorial, has called attention to the manifold problems of the Equal Employment Opportunity Commission. I feel that the most serious problem lies in the EEOC's mechanical approach to the problem of ending discriminatory hiring practices. Instead of applying its energies to individual complaints of discrimination, the EEOC attempts to prove discrimination on an organizational level by a process which it calls measuring parities. This process amounts purely and simply to requiring quota hiring, which we, the Congress, have declared illegal. Meanwhile, the EEOC's backlog of unresolved discrimination complaints is approaching 100,000, of which many, many cases date back from 2 to 5 years.

Mr. President, I believe we must take a more personal approach to the problem of fair hiring. Persons who feel they have legitimate grievances deserve top priority in our attention. So that all of my colleagues may become better acquainted with this problem, I ask unanimous consent that the two Journal articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Oct. 22, 1974]

THE ANTIBIAS BOTTLENECK

(By James C. Hyatt)

WASHINGTON.—The nation's job-discrimination cops are beginning to get a bit of tarnish on their badges.

That may surprise employers who feel that the Equal Employment Opportunity Commission still vigorously pounds the beat, and their treasuries as well. EEOC probes of individuals' complaints of race and sex bias have won countless jobs and millions of dollars in pay for minorities and women.

But civil rights groups and congressional critics increasingly fear that while the EEOC is acquiring the clout of a major regulatory agency—its budget has risen twenty-fold in a decade, to $44 million—the agency is starting to show some bureaucratic warts.

The EEOC's ever-rising backlog of unresolved discrimination complaints raises the worry that individuals alleging race or sex bias can't count on the agency for prompt relief. At the same time, the sluggish progress of the EEOC's legal staff in the last two years in handling job-bias lawsuits is causing some members of Congress to wonder whether the agency should ever have been granted the right to sue employers. Also, recent congressional inquiries have turned up evidence of internal bickering at the highest levels of the commission, as well as intense struggles for administrative and policy-making power.

These problems, if left unresolved, are certain to be cited by the agency's critics as reasons why the EEOC's power should be curbed. That prospect pains the agency's supporters, who are maneuvering delicately to make "constructive" suggestions while avoiding the appearance of criticism.

THE BACKLOG PROBLEM

The EEOC's problems start with its backlog. Since the agency's creation by the 1964 Civil Rights Act, case filings have steadily grown, from 8,854 discrimination charges in its first full year to about 75,000 to 80,000 expected this year. Meanwhile, the agency has been unable to handle the incoming cases promptly; at last count, the backlog of unresolved charges was approaching 100,000.

And the mountain of unresolved complaints is worrying Congress. The House equal opportunities subcommittee held three days of hearings last month on the problem. "I have yet to see a federal agency quite as goofed up as EEOC," snaps Rep. William A. Steiger of Wisconsin, who sharply questioned agency witnesses. "It is imperative that Congress sees that EEOC meets its responsibilities promptly and effectively," adds Rep. Augustus F. Hawkins of California, the subcommittee chairman.

Similarly, the top two members of the Senate Labor and Public Welfare Committee recently sent the EEOC a long memo discussing "significant deficiencies" in commission operations. The letter, from Chairman Harrison A. Williams (D., N.J.) and Jacob Javits (R., N.Y.), declared that the EEOC's investigation process "constitutes a major bottleneck" in handling cases. In January, they found that 20 percent of the EEOC's jobs for investigators and conciliators were vacant.

Moreover, the Senators added, "The Justice Department reports that their investigators must often re-investigate cases referred to them by the commission because the original investigations are inadequate." The Senators also assailed the EEOC's record-keeping system. "Many charges and cases are simply and irresponsibly lost," and many others aren't properly accounted for, they said.

The House subcommittee hearings turned up blunt admissions of sloppy workmanship and procedures at the agency, and indications—long believed by the business community—that the EEOC hasn't always been even-handed in investigating discrimination charges.

As of last May, more than 20,000 of the charges on file were at least two years old. EEOC General Counsel William Carey said it often takes 18 months to two years "before an investigator ever gets near a company plant or a union hiring hall" once a complaint is filed.

Many investigations haven't been "the kind of investigation you and I would want," EEOC Chairman John H. Powell, Jr., who joined the commission last December, told the hearing. Elaborating on the quality of investigations, General Counsel Carey said that before the EEOC had to defend its investigations in court, "whenever anybody filed a charge it was easier and more convenient . . . to find reasonable cause rather than not." Once such evidence was used in federal lawsuits, however, many investigations "did not pass muster" in the eyes of federal judges, he added.

Although Congress clearly intended for the EEOC to urge voluntary resolution of complaints, most cases never get that far. For the fiscal year ended June 30, only about half of the 8,611 complaints that did reach the conciliation stage were resolved. (Mr. Powell claims that's a lot better than the previous year, when only 4,970 cases reached conciliation and 2,279 were resolved. The agreements in the last fiscal year, he adds, "resulted in cash benefits exceeding $56.2 million" to more than 49,000 workers.)

At the hearings, Commissioner Colston A. Lewis complained that recent chairmen, including Mr. Powell, have sought to "divert all the power out of the hands of the commission into the hands of the chairman." For five months earlier this year, he said, there was "nobody to take the minutes" at the commission sessions. And he said Mr. Powell often individually asks General Counsel Carey for legal opinions and then doesn't circulate them to the commission for "a month or two."

Business executives hope the agency will begin reducing the backlog by effectively handling complaints on a case-by-case basis, more carefully screening charges and promptly trying to resolve employe grievances.

"I have charges in my files going back to 1969," complains a division personnel director of a major consumer products company. "The oldest complaint has been untouched by the EEOC," he adds. "It exists as a piece of paper, and has a charge number on it. But there's been no contact on it." Indeed, back in 1969, the charge didn't even show the name of the complaining employe, and the firm has no way to know whether the worker is even still on its payroll.

The EEOC increasingly has indicated it prefers to approach complaints through massive investigations aimed at cleaning up thousands of charges at once. The 1973 agreement with American Telephone & Telegraph Co. and the 1974 steel industry agreement are well-publicized examples. And the agency currently is investigating company-wide discrimination charges against General Motors Corp., General Electric Co., Ford Motor Co., and Sears, Roebuck & Co.

But that approach draws fire. "It is highly unwarranted for the commission to spend that kind of effort when individual complaints are going unresolved," Rep. Steiger asserts. EEOC Commissioner Lewis calls the broad company investigations "just as discriminatory as they can be. A person can't look for relief unless he's working for a big company. They're just setting up straw men and knocking them over."

CIVIL RIGHTS CRITICISM

Moreover, the AT&T and steel settlements are being criticized, by congressional investigators and by civil rights groups, as proving difficult to monitor, and as even being illegal. The NAACP Legal Defense and Education Fund, for example, is seeking to get parts of the steel settlement nullified. One key complaint involves back pay; the settlement commits the EEOC to recommend that complaining steel industry workers accept a back-pay offer. The agreement unduly ties the EEOC's hands, the critics insist.

The commission itself is feuding over another Powell proposal to help resolve job-bias charges voluntarily. For some time, the AFL–CIO has been asking the EEOC to send to international unions, and to the federation's civil rights department, copies of charges filed against union locals. Union officials "need to know where the problems are" so they can take action to resolve complaints, says William E. Pollard, the AFL–CIO civil rights director.

But Mr. Carey, the EEOC general counsel, rejected as possibly illegal a proposed "memorandum of understanding" between the commission and the AFL–CIO. Congress, he suggested, "did not intend the commission to enter into written agreements with others to investigate or enforce charges arising under Title VII" of the 1964 Civil Rights Act. The commission in August voted 3–1 against Mr. Powell's suggestion to make that sort of arrangement with the AFL–CIO.

Congress sought to give the EEOC more legal clout in 1972 by granting it authority to sue employers directly; previously, if the commission found "reasonable cause" to conclude that a firm had discriminated, and if the matter couldn't be conciliated, the charging party could get a "right-to-sue" letter and file a private lawsuit.

The EEOC quickly beefed up its legal staff and with 280 attorneys and five litigation centers has become, in effect, one of the nation's largest law firms. But the legal proceedings have moved much more slowly than expected. During the first half of fiscal 1974, the legal staff filed less than half of the planned cases, the Javits-Williams letter noted. And the Senators found "a significant number" of cases being returned to investigators by the litigation centers because of poor investigative work.

Since gaining the right to sue, the staff has filed only about 300 lawsuits, prompting EEOC Commissioner Lewis to remark: "I could handle all of them myself with two clerks."

Many EEOC cases have bogged down in court over procedural points, and only a handful have actually gone to trial. Consent decrees have been issued in about 40 of the cases.

JUDICIAL COMPLAINTS

Some lawsuits have been thrown out of court because the EEOC failed to properly use the conciliation process. And some judges object to the EEOC's taking a single discrimination charge and expanding it into a broad general complaint. In August, for example, a U.S. district judge in Maryland declared the EEOC improperly brought sex discrimination into a race-bias charge against Western Electric Co.

In some instances, judges have sharply criticized individual EEOC attorneys for their behavior. One judge was outraged earlier this year when EEOC attorneys without his knowledge placed an advertisement in St. Louis papers seeking the names of persons who had been turned down for jobs at a firm the EEOC was suing.

"Such conduct is wholly and totally reprehensible and is inconsistent with the high conduct required from an officer of the court," the judge declared. Further such conduct would result in dismissal of the lawsuit, he said.

Despite the criticisms, Mr. Powell, insists the EEOC is "alive and well." He's promised Congress to start processing cases much faster, and he's hired Booz, Allen & Hamilton, the management consulting firm, to recommend organizational changes at the commission. Mr. Powell is expected this week, in fact, to announce some reorganizational moves, apparently based on the Booz, Allen study. The EEOC chairman has proposed more voluntary agreements with employers to eliminate company-wide job bias. But, he adds, as a result of the agency's recent legal actions, major corporations know that "if necessary, we will take them on."

DELLENBACK'S QUESTION

Congress is finally waking up to the fact that something has gone haywire in federal efforts to end hiring discrimination. As our Mr. James C. Hyatt recounts in an article elsewhere on this page, one House committee has turned up an amazing, but not surprising story of disarray in the Equal Employment Opportunity Commission. In separate hearings, the House Education subcommittee has provided some insight into the way the Health, Education and Welfare Department's "affirmative action" program for college faculties has been perverted into a racial and sex-biased quota system.

The trouble, it seems, begins with HEW's method of proving discrimination, something it calls measuring "parities." Instead of producing charges from some aggrieved party, all you have to do is show that the faculty has a lower proportion of women or minorities than you think it would have with no barriers. Then you give the school a timetable to meet your "goals" for the right proportions. HEW has been claiming it can do this without requiring quota hiring, which Congress has declared illegal.

This claim didn't hold up too well, though, when Congressman John Dellenback of Oregon gave the HEW bureaucrats some unaccustomed exercises in logic. During the hearings, he posed to each witness the following question:

Say you have a faculty of 1,000 white males, the result of past discrimination. You want to correct this, but there's a 20-year turnover, so you only hire 50 new people a year. If you judge these on the merits, maybe 10 would be "minority" and 20 would be women. But by the end of five years, your faculty proportions are still way below "parity." Is this good enough, since there's been no discrimination in each year's hiring? Or does the college have to go out, year after year, taking in women and minorities regardless of their merits until it meets the required proportions?

The difference here, of course, is the difference between no discrimination and "reverse discrimination." And Peter Holmes, director of HEW's Office of Civil Rights, admitted under Rep. Dellenback's questioning that, yes, reverse discrimination was what his people required. Mr. Holmes steadfastly maintained that he was talking about "goals" with timetables, not quotas, but under these conditions, it's hard to tell the two apart.

As both these hearings suggest, the bureaucracy has gone astray on "affirmative action" because it has followed the path of least resistance and tried to enforce across-the-board regulations instead of judging individual complaints. So the people who feel they really deserve redress go ignored, as with EEOC's backlog of up to 100,000 unresolved charges, while institutions across the country are sacrificing their quality as a punishment for the sins of society.

The Congressmen at these hearings were obviously surprised to see what the bureaucracy had done with their antidiscrimination laws. But Rep. Dellenback will have to ask his question repeatedly before the people at HEW realize where they are going wrong.

TWENTY-SIXTH ANNIVERSARY OF THE UNIVERSAL DECLARATION ON HUMAN RIGHTS

Mr. PROXMIRE. Mr. President, today we mark the 26th anniversary of the proclamation of the Universal Declaration on Human Rights by the General Assembly of the United Nations.

This remarkable document recognizes the crucial interdependence of peace and human rights in the world community. It sets forth very basic rights that are necessary if men are to live in dignity. It includes the rights of justice and freedom; of movement within and beyond the border's of one's country; of information, assembly and association; of health, education, and well-being.

Since its adoption, the Universal Declaration on Human Rights has exercised a quiet, yet powerful, influence throughout the world and here at home. Many of the newly emergent third world nations have incorporated its tenets within their own constitutions. It has also served as a model for municipal legislation and, has been cited by court decisions as well. In short, it has served as a yardstick for measuring respect for and compliance with international standards of human rights.

In the intervening years, a number of human rights treaties have been drafted to implement the high ideals of the declaration. There have been treaties outlawing genocide, slavery, forced labor, and one recognizing the political rights of women.

Unfortunately, the Senate has moved slowly on ratification of these treaties. It has always seemed a real tragedy that our Nation, which has proven so conclusively the practical effectiveness of our own Bill of Rights, would be reluctant to lend its support to international efforts to safeguard these same basic principles.

In the case of the Genocide Treaty, this convention has been before the Senate since 1949—a full quarter-century—and there has yet to be a vote on the treaty's merits.

Certainly, the concepts of the Declaration on Human Rights and the accompanying treaties are as relevant now as the day they were drafted. As we confront scarcities of natural resources and food on a global scale, the questions of life and death and human dignity will loom large.

We can no longer shirk our responsibilities in the human rights field. We must ratify these treaties.

As President Kennedy once said:

> In the final analysis, isn't peace a question of human rights?

THE NEED FOR MANDATORY ENERGY CONSERVATION PROGRAMS

Mr. PERCY. Mr. President, last Thursday evening I had the privilege of addressing the annual dinner of the Chairmen and Deputy Chairmen of the Federal Reserve Banks.

In my remarks I emphasized the need for mandatory energy conservation programs and outlined a number of measures I feel should be taken to achieve substantial energy savings. I ask unanimous consent that my remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks of Senator Charles H. Percy to the Annual Dinner of Chairmen and Deputy Chairmen of the Federal Reserve Banks, December 5, 1974

We have all heard the old New England adage that says, "Everybody talks about the weather, but nobody does anything about it."

The same preoccupation, and perhaps even the same inability to affect change, seems to apply to the country's number one domestic problem: an unstable economy marked by runaway inflation, deepening recession and rising unemployment.

Discouraging economic news is a constant presence in our lives. From the time we read the morning newspaper to the time we view the late news on television, we are bombarded with grim statistics, dire predictions and varied theories on the economy.

A brief sample of recent news items makes the point:

The Gallup Poll reports that 72 percent of Americans predict a worsening economic condition over the next six months. And 71 percent think there will be more people out of work in their communities in the next six months.

The cost of living rose .9 percent in October, which projects to a 10.8 percent annual inflation rate. Food prices rose 1.6 percent. The purchasing power of an average hour's work is now worth 2.7 percent less than a year ago.

The Gross National Product—the total of all goods and services produced in the U.S.—has declined for three straight quarters this year and is expected to continue to show a negative growth rate through next June.

Because of a severe drop in car sales—down 27 percent in October and 35 percent by mid-November—the big three car manufacturers have implemented widespread plant closings and layoffs of both white and blue collar workers. This action will boost the nation's unemployment figure, which stood at estimates that unemployment will reach 7 percent by spring, adding another 900,000 persons to the unemployment roles.

The list of depressing statistics seems endless. In human terms the effects are devastating—idle workers trying to support families, and persons such as the elderly struggling to make ends meet on meager fixed incomes. What's to be done?

Our present dilemma is not an absence of options to improve our lagging economy. It is a lack of resolve to take action on any one of a number of options available to us. Neither Congress nor the Administration seem willing to set tough policies to help cure our unstable economy. And this is happening at a time when the American people are desperate for leadership. I have no doubt that the people will respond to leadership that calls for sacrifice. The question now is whether their leaders have the will to make tough decisions with dispatch.

When President Ford outlined his anti-inflation proposals in October, he said he would not hesitate to take stronger action if voluntary measures failed. Now there is talk that he may consider an additional gas tax, gas rationing or other mandatory actions to fight inflation. But the President is not expected to make recommendations until next month, perhaps when he delivers the State of the Union message. And the 94th Congress, which will convene on January 14, is unlikely to begin consideration of legislation to improve the economy until after it completes its preliminary organization, which may take weeks. We simply don't have two months or so to wait before taking action.

I believe Congress must act now by approving legislation that would require mandatory fuel conservation, including a minimum of a 10-cent per gallon increase in the federal gasoline tax. Also, Congress must make tough spending decisions to assure that the federal budget deficit does not exceed $10 billion.

Mandatory fuel conservation is essential to our battle against inflation. We must cut fuel consumption in the United States if we ever hope to lower the world price of crude oil. I, for one, do not believe that voluntary conservation will do the job. The high price of crude oil is a world-wide problem, and the United States must take the lead by showing that we are serious about cutting consumption.

The oil-producing nations of the world now hold the oil-consuming nations in a virtual economic hammerlock. The world price of crude oil has increased 400 percent in the last year. The oil-producing countries will collect at least $80 billion this year, of which an estimated $22.5 billion will be collected from the U.S. This is 236 percent more than we spent for imported oil last year.

Even though the U.S. is more able to absorb this staggering price increase than most nations, the increase has caused a five to eight percent rise in the wholesale price index. For less affluent countries, the price increase has brought threats of economic ruin and even starvation for thousands of their citizens.

The high price of imported oil has deep roots in the politics of the Middle East. Last year's Arab oil embargo followed the outbreak of the fourth Arab-Israeli war. The threat of another war, and perhaps another oil embargo, is with us again today. Diplomatic efforts in the next few months in the Middle East may determine if we set a course toward peace and economic security or war and continued economic chaos.

While diplomatic success is the key to stability in the Middle East, we must join our allies in safeguarding our oil supplies in the event of another war and oil embargo. Formation of the International Energy Agency, which calls for oil-consuming nations to stockpile adequate supplies of oil, is wise and prudent. Through this agency, the United States and its allies will be protected in the event of a widespread embargo or a selective action designed to deprive one or a number of nations of needed oil supplies.

We must also support the effort of oil-consuming nations to recycle petrodollars. Because oil-producers are collecting so much capital from oil-consumers, many nations are virtually on the brink of bankruptcy, unable to sustain their economies through private financial institutions. Recycling petrodollars is a short-term remedy at best, but it does address the need to make capital available to nations that are hard hit by the swing of the balance of payments pendulum in favor of the oil-producers.

Here at home, we must take tough actions—and I mean tough actions backed by law—to conserve fuel and lower the world price of crude oil. We simply can't afford to be fuel gluttons while the oil-producing countries hold us hostage with high oil prices. We must send them a message, namely that we are dead serious about cutting consumption as long as they insist on maintaining the high price of oil.

I intend to offer five energy conservation proposals in the form of legislation and urge that they be adopted now. If passed, these measures would not be implemented for 60 to 90 days. So time is of the essence.

First, we must impose a 10-cent per gallon increase in the Federal gasoline tax, with authority to increase the tax in stages to 30-cents a gallon if necessary. The tax would be accompanied by a plan to provide rebates to consumers for essential driving. If we adopt the 10-cent tax increase, a registered car owner would receive an annual tax credit of $50 a year, or 10 cents times 500 gallons (the average driver consumes 700 gallons a year, of which 200 gallons are considered non-essential). Special provisions would be made to rebate the $50 to drivers who are outside the Federal income tax structure. This tax and credit plan, which the Federal Energy Administration says will save 250,000 barrels of oil a day, would provide a financial incentive to conserve fuel. Henry Ford has endorsed a 10-cent increase in the gas tax, even though he admits that it probably would hurt car sales. But he strongly stated that our leaders in Washington must act *now* to restore consumer confidence in the future.

Second, we should tax the sale of new cars based on fuel efficiency. Persons who buy a car that delivers more than 16 miles-per-gallon would receive a cash rebate from the federal government on a sliding scale, up to $280 for a car that gives 24 miles-per-gallon or more Persons who buy a car that gives less than 16 miles-per-gallon would pay a tax that would start small and reach a maximum of $680 on cars that deliver 8 miles-per-gallon or less. The scale for taxes and rebates would move upward at the rate of one mile-per-gallon a year to encourage the production of more fuel-efficient cars.

Third, we must abolish the Highway Trust Fund. For too long, the Highway Trust Fund, with its narrow aim of highway construction as the prime transportation need, has blocked adequate funding of alternative forms of transportation. We must find lower-cost, more efficient ways to move large numbers of persons. Highway Trust Fund money moved to general revenue accounts would be earmarked for transportation but could be used for a variety of transportation needs, such as expanded and more efficient rail and bus lines.

Fourth, we must insure strict enforcement of the 55 mile-per-hour speed limit by authorizing the Secretary of Transportation to suspend payment of federal highway funds to states that show poor performance in enforcing the law. We must establish rigid requirements to test enforcement of the law. The 55 mile-per-hour speed limit, which has now been extended indefinitely, can save 12,000 lives and 73 million barrels of oil a year if strictly enforced. It makes no sense to pass a national speed standard and then casually ignore widespread violations.

Fifth, we must stop squandering valuable energy by heating and cooling the out of doors. Mandatory minimum standards for insulation should be imposed on new construction and strong incentives should be developed to encourage proper insulation of all existing structures.

These measures can be enacted *now*. The very health of our economy, and our position as a world economic power, may depend on our will to adopt tough fuel conservation measures.

In a recent speech in Chicago, Secretary of State Kissinger put the challenge bluntly. Oil producers are manipulating the price of oil freely because they act with virtual impunity, he said. And, in assessing the mood of the oil-producers, he frankly stated why they show little concern for our pledges of conservation and our fears of what might happen if we fail to act. Dr. Kissinger said:

"They are not persuaded by our protestations of damage to our societies and economies, because we have taken scant action to defend them ourselves."

Congress must take action now to show the oil-producers that we are serious about protecting our society and economy. Idle rhetoric will not do the job.

At the same time, Congress must show fiscal responsibility by making the hard choices needed to assure that the budget deficit for fiscal 1975 does not exceed $10 billion. We must chart a course of moderate restraint in spending, realizing that while more spending helps prevent higher unemployment, it also feeds the already soaring inflation rate.

President Ford now estimates the federal budget deficit at $9.2 billion. But this estimate is based on Congressional approval of the President's recent $4.6 billion budget cut proposal and the five percent surtax. These expectations are unrealistic. A more realistic estimate puts the budget deficit at about $17 billion, which is totally unacceptable in our inflationary economy.

Congress must keep the budget deficit at about $10 billion. It is up to the Congressional budget committees to get tough and realize that we must control spending to fight inflation. To compensate for growing unemployment, Congress must provide an adequate public employment program that could be financed by revenue raised through the increased gas tax.

Congress also should act now to boost the country's lagging productivity rate. Productivity has dropped consistently throughout 1974—a bad omen for the future economic health of the nation. I have called for creation of a National Center for Competition and Productivity, which would have a two-fold function. First the National Center would have the teeth needed to stimulate the formation of labor-management productivity councils in offices and factories throughout the country. Second, it would seek to eliminate barriers against productivity and competition such as restrictive transportation regulations. Congress should vote now to create the National Center and get on with the job of boosting productivity.

This dual program—decisive action to influence the world price of crude oil and tough decisions to forge a responsible fiscal policy—is the only effective way to meet the crisis of inflation, recession and unemployment. It is the only way to restore public confidence in the government's ability to manage our economic affairs.

Congress also must look ahead to early 1975 and prepare for additional action to meet the needs of our unstable economy. We must revise our tax structure as it affects oil companies that are making huge profits. We must expand our public employment programs and revise the income tax tables for low and middle income Americans who are earning more but find their inflated paychecks buying less. And we must continue to build economic strength by increasing the investment tax credit and removing planting restrictions on more crops to boost production and lower the price of food—a major source of inflation.

There is no substitute for leadership in a time of national need. Today we face economic threats that must be met and dispelled. I believe Congress has the expertise to meet these threats and provide the kind of leadership the American people demand and deserve. Now it must show the will to act.

HEARINGS ON THE FOOD SITUATION

Mr. McGOVERN. Mr. President, today two subcommittees of the Committee on Agriculture and Forestry opened hearings on the U.S. food situation and world commercial and food assistance demand.

The serious challenges we face in confronting the need for a more rational food and farm policy were articulated by several outstanding witnesses.

I ask unanimous consent to have printed in the RECORD statements made at the hearing by myself, the Senator from Iowa (Mr. CLARK), and Mr. William Helming, president of Livestock Business Advisory Services, Kansas City, Mo.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

THE FOOD SITUATION: IS THE WORST YET TO COME?

The tinderbox that represents the food situation here and throughout the world is a series of paradoxes.

Producers of cattle, hogs, sheep, poultry and dairy products are sustaining record losses while high prices prevent consumers from buying as much as they would like.

Producers of grain, at least those who were not wiped out by too much or too little moisture, are looking at prices ranging from 110 to 150 per cent of parity—but see also the ever-present uncertainty of a collapse on top of record high production costs.

While still-undetermined numbers of people throughout the world face starvation and malnutrition, good dairy cows go for $12 to $15, if there is a buyer who can afford to feed them.

But the cruelest paradox of all is the attitude of the United States Department of Agriculture. After more than 100 years of helping farmers and ranchers through hard times, its hands-off policies today tell families that if they can't make it on the farm, they would be better off looking for work in the cities. And in the cities the unemployed hear statements like today's from USDA: another six months of food price increases at an annual rate of 15 per cent.

And the President tells the poor that they will have to pay more for food stamps, so Federal spending can be reduced without endangering the bloated profits of the military contractors.

In many respects, the farm situation today is not unlike that of the early 1930s in the farm belt. While $30 hogs do not appear like $3 hogs, neither does a $20,000 tractor seem like a $1,200 tractor.

The likeness is the cost-price squeeze; livestock producers are locked in a loss position from which they see no escape for two years or more.

When one remembers the farm insurgency of the 1930s, it is surprising that history has not repeated itself to a greater degree. We have seen angry farmers shoot calves and dairy cows and dump them into a ditch for the benefit of the television networks.

Thursday noon, a number of stockmen from my state will pay a call on the Department of Agriculture—with 50 head of cattle, a portion of which they would like to give to the Secretary to show the American people how severe their losses really are.

Thursday night, another group of livestock producers will be meeting in my state to try to mobilize their supplies and their community business people with the realization that their economic fate, too, hangs in the balance.

There are disturbing parallels with the circumstances which led the mayor of Sioux City, Iowa, W. D. Hayes, to remark in 1932:

"This movement threatens to sweep the Midwest like wildfire. It is a protest against an unbearable economic situation, a situation in which farmers can't even support families, let alone pay taxes and debts. This is a serious situation; it would be a mistake to minimize the dangers."

Too many people in the Administration, and perhaps too many of us in the Congress, tend to minimize the dangers in our present food situation.

If we continue to do so, it is at the greatest risk to our domestic economy and to our aspirations for stability and peace throughout the world.

We must not permit our family farms and ranches to be swept aside while corporate agribusiness prospers.

We cannot allow farmers and ranchers to be broken by high input costs while big oil profiteers go unchecked.

We cannot permit half a billion people to die for lack of food while oversupplies of meat and dairy products continue to deflate prices and bankrupt our producers.

Our food situation is a powder keg. The Administration appears content to back away even further. There is not much question where the buck stops. It is already here—in the Congress.

Both Congress and Administration reacted to the crushing farm depression of the 1930s. This committee held hearings in twenty states in 1937—and it produced the Agricultural Adjustment Act of 1938, which has served as the basis of our farm programs ever since.

That period was a turning point for American agriculture. We are at or near a similar point today. We can leave our farmers and ranchers at the mercy of a "market oriented" agriculture which will crush them more often than it rewards them, or we can take action which will restore a larger measure of stability to our marketplace.

The choice, it appears to me, is between stable prices fair to all, and more of the chaotic market that hurts farmers and consumers and rewards only a few of those in between. Only the option of stabilization is really in the public interest.

The vehicles to achieve this end are before us. Chairman Talmadge has assigned the highest priority to revision of the farm program when the committee reconvenes early next year.

We must seize that opportunity to fashion longer-range solutions—increased price protection, development of a food reserve carefully separated from the commercial market, and improvements in our foreign food assistance mechanism.

But the bankruptcy courts will not await the thoughtful deliberations of the congress. We should act now on emergency measures.

One is the bill which I have introduced, with seven cosponsors, to provide for the purchase of $1 billion to $2 billion in meat and dairy animals and products, and for their donation through existing foreign and domestic food assistance programs.

This bill would have the effect of removing from the market a significant part of the estimated 4 million to 6 million head of surplus beef animals and, properly administered, an adequate share of the oversupply of dairy and poultry produce.

It would likewise make high-protein food available to those most in need—at least a partial solution to the paradox of poverty at both ends of the protein food chain.

It is my understanding that this legislation is moving in the House Agriculture Committee. It is gaining support from a broad spectrum of the public—from farm organizations across the ideological spread, from labor unions whose workers are out of jobs, from voluntary agencies seeking answers to the challenge of hunger worldwide. In short, it is the kind of interim answer which the 93rd congress can provide during the few days remaining.

It is my hope that testimony received today and on Thursday will be helpful to the Committee in development of the response which our producers and consumers look to us to provide. We cannot wait for others to act; we must provide the answer.

Opening Statement by Senator Dick Clark

(Hearings on the U.S. Food Situation and Foreign Commercial and Food Aid Demand)

Periodically this past year, the Senate Committee on Agriculture and Forestry, through its various Subcommittees, has conducted reviews of our nation's food and agricultural supply, along with demands made on that supply by both domestic and foreign users.

As most Americans and others today are well aware, 1974 has been a most difficult year in which to accurately forecast agricultural crop production or market demands that are made on such supplies.

With U.S. and world grain reserves now drawn down to dangerously low levels, we now know—more than ever before—the tremendous overriding importance of weather and its direct relationship to man's most basic commodity, namely, food.

And yet, while adverse weather conditions both here in the United States and elsewhere in the world this past year have greatly reduced available supplies of grains and other farm products, we find ourselves with some excess dairy supplies and a rather substantial reserve supply of beef, which admittedly, for the most part, is still on the hoof.

This combination of short grain supplies at relatively high prices, and excessively large cattle numbers, especially beef cows, is creating one of the most serious challenges ever posed to our nation's market-oriented agricultural system.

As U.S. poultry, hog, dairy and cattle-feeder producers are forced to pay higher feed grain prices—in part due to foreign demand—they are finding it increasingly difficult to recover such costs when marketing their products. And as this cost-price squeeze narrows or places them in a loss position, most of them have no option other than to liquidate or reduce their animal, or bird-feeding demand levels.

As they liquidate through increased marketings to reduce feedcost losses, market prices for their products drop accordingly, thus adding further to their price-cost problems.

Further exacerbating this situation, of course, is the large number of beef cattle, especially beef cows, still being held today on our nation's grass and rangelands. The reduction in fat-cattle demand, and increased marketings of poultry and hogs are further adding to the market price problems already facing these cow-calf operators. And in some areas, some of these operators are also faced with poor winter grazing conditions and high hay prices, which may force many of them to increase the slaughter marketing of their animals despite currently depressed market price conditions.

And while we try to deal with the imbalances and adjustments that are now unfolding within our agricultural and food system here in the United States, we must do so keeping in mind our obligations to people throughout the world who depend upon us as an essential supplier of farm and food products as much as American consumers themselves do. Some of these foreign buyers can and do compete very effectively with U.S. users for our nation's farm products. In fact, those nonmarket economy buyers, such as Russia, are increasingly making big buys in our market and in other world markets—even at high prices—depending more often upon political, than upon economic, considerations.

And then there are those foreign consumers who can afford little or nothing to purchase food supplies from us, even though such supplies may often mean life or death. The food supply problems of such people were the subject of the recently held World Food Conference in Rome, in which I and several other Members of Congress participated.

How do we as a nation reconcile all of these demands placed upon our food supply, especially during this particular period in our history when supplies of our most basic food and feed grains are in such short supply?

Do we merely sit back and let the marketplace ration and allocate supplies based on price alone?

Or should we encourage the Federal Government to step in and completely control the market and allocate supplies on some basis other than price?

Or, are there other means available to us for equitably sharing our nation's limited food abundance in this period of world scarcity within the framework of our market economy and humanitarian concerns?

The purpose of these two days of hearings is to conduct a thorough review and analysis of available U.S. grain supplies—now that 1974 crops have been harvested—and our nation's ability to meet both U.S. and foreign demands being made upon that supply—hopefully without making any major adjustments in our nation's market-oriented economy. However, to the extent that such a goal is *not* entirely attainable, we must, in my judgment, be prepared to make whatever adjustments may be necessary, in terms of national governmental policy, to assure sufficient equitable sharing of our nation's food and feed supplies among our domestic market, the foreign commercial market and foreign food aid demands.

And as we assess and try to meet such demands, we must also keep clearly in mind that most 1975 crops have not yet been planted, nor obviously been harvested.

Again, we must remind ourselves of how all-important weather conditions will be over this next year in the food producing regions of the world, especially here in the United States. We have no reserves of grain to fall back on should 1975 turn out to be a repeat of 1974. Therefore, until we know more as to how Mother Nature is likely to treat us during this next crop year, we and other nations of the world, must exercise great caution and conservation in the use and consumption of existing food and feed grain supplies!

And that brings me to our first witness today, Dr. Hurd D. Willett, Professor Emeritus at the Massachussets Institute of Technology in Boston, who hopefully will share us his insights with respect to future weather conditions that might be expected in the world food producing regions over this next year.

Later in these hearings, we expect to hear from a number of other experts—both governmental and non-governmental—as to their respective assessments of U.S. and world food production and marketing trends.

Statement on Key Supply and Demand Factors and Price Prospects for Livestock and Grain

(By William C. Helming)

A. INTRODUCTION

I appreciate having been asked to testify before these two committees today and outlining some of the current views that my staff and I have on the key supply and demand factors and price prospects for livestock and grain. My name is William C. Helming, and I am President and majority shareholder of Livestock Business Advisory Services, Inc., which is a professional management and market consultation service for agriculture, headquartered in Kansas City, Missouri. In an effort to lend order to my presentation, I will review the following major subjects in sequence: The Grain Situation; The Livestock and Poultry Situation; The U.S. and World Economy; Conclusions; and finally, our recommendations.

B. THE GRAIN SITUATION

It goes without saying that livestock and grain prices and supplies are highly interrelated. It is easy to say that feed and forage costs influence livestock production, and this past year demonstrates just how devastating the change can be. Just having a return to normal planting, growing, and harvesting conditions, while avidly welcomed, is not a guarantee that livestock production and/or markets will return to either profitability or normality. Still, it is incumbent upon us to take a basic approach to the feedgrain and livestock sectors of the economy. The basic factors that influence these markets are, as they have always been, (1) climatological, (2) economical, and (3) political. We can only postulate normal weather patterns. However, you have experts who can give you the probabilities of abnormal weather, which will be either detrimental or beneficial to grain and livestock production in the future.

1. *Climatological*

While farmers in the United States will adjust their acreage intentions to suit their farming practices, their labor load, fertilizer supplies and prices, current market prices, and geographic location, there is no reason to assume any significant change in acreages from the past year. While preliminary surveys indicate substantial increases in wheat acreages, there is little to be gained by anticipating the formal survey of the Statistical Reporting Service report due out in another 13 days (i.e., December 23, 1974). We simply note that 1974/75 acreage increased 19% compared to the prior year. Total crop production, however, only increased 4%. Obviously, the important factor here is yield, and its response to unfavorable weather and disease.

The "all wheat" yield per acre during the past year was 27.8 bushels per acre, compared to 31.8 in 1973. It was higher than that in 1972 and 1971, and 1970 was only slightly below, being 31 bushels per acre. If wheat yields could return to 31 bushels per acre and if the acreage was 65 million acres for harvest, production in this country would exceed two billion bushels, compared to this year's actual production of 1.78 billion bushels.

The same kind of statement would apply to corn, where the yield in 1973 (91 bushels per acre) applied to the acreage for harvest of 1974 (63.7 million acres), would have provided a crop of 5.8 billion bushels. Even if that is not as high as the 6,700 million bushels first postulated for this past year's crop by the U.S.D.A., it would still be the highest production on record in this country. Trend yields are certainly far above 91 bushels per acre, but in our estimation there will be serious carryover problems of nitrogen fertilizer and also a healthy skepticism about ever-increasing corn yields for future years. Soybean production would approach 1,500 million bushels, by using the same line of reasoning. Although grain yields in the U.S. have increased significantly in recent years in response to improved plant breeding, technology and fertilizer applications, it is important to emphasize that a slight change in weather will have a very major impact on grain yields and production compared to last year.

2. *Economic factors*

Farmers are clearly going to look at continuing higher production costs. Current grain price levels promote the increased production of all major grains and oilseeds, although, obviously, relationships between the grains would tend to promote one in favor of the other. Farmers' intentions to plant soybeans and corn are always influenced by the relationships between those prices, but every farm organization will have ample time from the March 1975 acreage intentions report to guide their membership; and the net result will be that the acreage relationship (allocation) between major crops will not change much.

The real economic problems relate to (a) what is happening to the livestock cycles both here and abroad and (b) the state of the U.S. and world economy. The number of grain consuming animal units in this country appears to be dropping rapidly, and in this regard, we have to take a look at the remainder of the corn crop year. It does not seem necessary to review the latest Supply and Demand Statistics published by the Department. They are readily available to all and should be looked at in relationship to the impact of the recent World Food Conference.

There is no question that the consumption of all feedgrains must be reduced. This reduction will take place primarily by feeding less grain to animals. By far the largest amount of this reduction will take place in the United States. I also refer you to Exhibit A, which shows the dramatic drop in the stocks of wheat and feedgrains in the U.S. over the past fifteen years. The percentage decline between 1961–62 and 1975–76, in wheat and feedgrain stocks, amounts to 475% and 600% respectively.

I will go into more detail below on cattle, hog, and poultry numbers, plus the condition of the economy, but at this point in my comments, I want to point out that we have a high probability of *increasing grain production* in every category, while *reducing grain consumption* over the next several years, compared to this year's level of production. If we have normal and reasonably favorable weather conditions for the next three years, we believe then the prospects are very good for feedgrain and wheat prices to *trend lower* over the next several years compared to present levels.

3. *Political factors*

In the years preceding 1972, the price mechanism relative to grain was supplemented by governmental intervention through price support loan mechanisms and resale prices. Since 1972, there has been another form of governmental intervention, and that is restrictions on exports. This is a very real restriction, no matter how it is camouflaged. Some of the onus may be removed from American officials, however, because many of our trading partners are willing to help through "gentleman's agreements" to reduce grain imports into their respective countries.

The only conclusion that can be drawn here is that there will be a minimum, yet a reasonable carryover in each major grain at the end of their respective crop years. Postulating the same production figures outlined above, will result in a sharp increase in supplies, while at the same time grain consumption in this country, because of reduced grain consuming animal units and a poor economy, is going down.

There is the desire of every country with a shortage of grain supplies, to stockpile when surplusses reappear. Along with that is the worldwide inflation, that is reducing the purchasing value of every currency. The desire to hold goods, particularly non-perishable food-related commodities such as feed and food grains, will be enhanced by this country's and the world's economic situation now and in the next few years.

One cannot fail to comment about the effect of higher crude petroleum prices and their negative effect on this nation's and the world's economy. There is now general agreement that the U.S. economy is in a recession. There should be general worry as to whether this will progress into a depression. It would be inconceivable that only food prices would move upward, while all other prices are moving downward. Because of the need to do some stockpiling, it is worthwhile to state that it will take more than one year's good crops in the U.S. and most of the rest of the world, before the surplusses create the kind of problems that existed during most of the 1960's.

With the assumption that feedgrains will be in short supply until at least the next Northern Hemisphere harvest (the fall of 1975), then feeding ratios will continue to be adverse. Livestock cycles throughout the world have peaked at about the same time. Thus, the economic incentives for feed grain production will exist, while the domestic demand for feedgrains is reduced. If I can urge anything, it will be to *let the free market system and its concomitant profit incentives operate*. Nevertheless, we do not think that anyone can claim statesmanship, so long as there is starvation anywhere in the world, but particularly in this country, and we recognize the need for emergency reserves, granting that would be another modification of the free market system.

There is a very definite and real requirement to have incentives for production, and as long as price governs and does the rationing, no producer will continue to produce at ever decreasing prices. By the same token, prospective buyers would not continue an increase in their consumption at ever increasing prices. Likewise, there is no perfect balance between them, nor can you gentlemen in this room or anyone else create the climatic conditions that will guarantee the exact production needed to balance the supply and demand equations.

C. THE LIVESTOCK AND POULTRY SITUATION

The livestock and poultry industries *have* been going through the most severe cost-price squeeze and economic adjustment phase the industry has experienced in the twentieth century. Livestock prices have fluctuated widely—as much as 50 to 100 percent for cattle and hogs over the past year and a half. There are no signals that these stresses are going to be alleviated anytime soon, particularly for the cattle producer and feeder. Livestock and poultry prices and supplies have been directly affected both positively or negatively in the past, as they will be in the future by (1) weather, (2) forage and feedgrain supplies, (3) economics and (4) politics and government actions.

1. *U.S. Cattle Supplies*

Total beef cattle numbers (inventory) in the U.S. have been increasing at an accelerated rate from 1965 through 1974. We have been warning ever since February of 1973, about two years ago, that the build-up in beef cow and replacement numbers was far too rapid and would result in sharply increased cattle slaughter and feeder cattle supplies, plus significantly lower cattle prices, starting in the last half of 1974 and continuing at least through 1976. I draw your attention to Exhibit B, which was also a part of my April 4, 1973 Statement on why farm and food prices increased during 1972–73, before the Joint Economic Committee on Consumer Economics chaired by Senator Hubert Humphrey.

I also made a very similar warning and statement regarding the serious problems that would result from the rapid build-up in cattle numbers during early 1972. This statement was published in the March 1972 issue of the American Hereford Journal.

We are now in the beginning stages of liquidating cattle numbers. The cattle cycle has temporarily peaked out. The liquidation phase will take at least two years and it likely will take three to four years, which is normal. Weather conditions over the next two to four years will be a major determining factor. Therfore, we expect total cattle slaughter and the resulting per capita consumption of beef to increase sharply between now and through 1978. I further draw your attention to Exhibit C, which gives our estimates of cattle inventory, cattle slaughter and per capita beef consumption from 1974 through 1981.

It is very apparent that the cattle industry has expanded too rapidly, both at the cow-calf and feedlot level. In addition, costs of production, particularly the cost of grain, feedstuffs and money. Government wage and price controls during 1973 were also very disruptive to the livestock and poultry industry. They were a complete failure and were clearly counter-productive.

It is equally apparent that cow and feeder cattle prices will remain under pressure and may even move lower for the next two to four years. Therefore, the rancher is faced with continued losses for some time to come, until (1) the cattle inventory liquidation phase is completed and (2) grain and feed prices come down significantly.

The cattle feeder, on the other hand, has a somewhat better situation to look forward to. We can see cattle feeding becoming profitable again over part of the next three years, primarily because of (1) relatively low feeder cattle prices compared to fed cattle prices and (2) lower grain prices than we have now. The effective use of the livestock and grain futures market will prove to be very helpful and essential.

The current economics of the cattle business can be further illustrated as follows: There are normally three major potential buyers of cattle and beef in the U.S. They are (1) the producer, (2) the cattle feeder and (3) the meat packer (food retailer and consumer). In contrast to the 1965–1973 period, the cattle producers is now a seller—not a buyer. The cattle feeder is now buying sharply reduced numbers of feeder cattle, whereas from 1968 through early 1973, the cattle feeder was buying practically every feeder animal that could possibly be fed. The meat packer, food retailer and consumer, as usual, are buying all the cattle and beef offered for sale. The big question is always—at what price will they buy the cattle and beef available, since it is a highly perishable commodity.

There has been considerable discussion recently about beef vs. grain. First, I want to emphasize again that a competitive and free market will do a much better job than some artificial government policy could ever possibly do in determining how much beef and meat the consumer will buy and at what price, vs. the direct consumption of food grains.

Second, there are vast quantities of land and forage in the U.S. and throughout the world that have no other economic use or value, other than for livestock grazing and production. The beef produced from grass and forage fed cattle is nutritious and has at least as much protein as grain fed beef does.

With the exception of the U.S. and Canada, and to a lesser extent Western Europe, most other beef consuming countries in the world eat strictly grass and forage fed beef. Both from an economic and humanitarian standpoint, a very strong case can be made for developing policies that will increase and encourage the production of beef by maximizing the use and further development of grass and forage lands.

Let me draw an analogy for you. My thesis is that everyone should have proteins in their diet, just as everyone needs transportation. In this country General Motors recognizes that there are buyers of the highest priced luxury automobiles—the Cadillacs; and there are more and other buyers of lower priced automobiles—Oldsmobiles, Pontiacs, Buicks; and there are still more buyers of the least expensive lines of Chevrolets. They provide for one basic need—transportation—and many different kinds of buyers. Grain fed beef should command a premium—it is a luxury, not a necessity. In the same sense, grass fed or short fed beef can be compared to the middle range of the automobile line. There are also vegetable proteins whose per-pound price and vast availability, along with good utility, that can help satisfy the smaller budget.

Finally, I believe that there is a great need for some forward planning on the part of the Federal Government regarding cattle numbers. With our total cattle numbers at the highest level ever, we could experience a national disaster in 1975 or 1976 if weather were to become unfavorable enough to severely curtail the output of both forage and feed grains. Under such circumstances, our carryover stocks of both feedgrains and forages will be extremely low, and we now know that fertilizer supplies will be limited and high priced for at least 1975 and 1976. Therefore, many cattlemen and farmers will not be able to justify any significant expenditures on fertilizers, because of the very low incomes which will be derived from cattle. This would force even further cattle liquidation, because large livestock grazing areas in the U.S. depend heavily on rather large applications of nitrogen fertilizer.

If we were to suffer a drought-induced feedgrain and forage crunch over the next two years, the numbers of cattle that would have to be slaughtered would be staggering and far above the capacity to be consumed on a fresh meat basis. Therefore, we believe it would be most prudent for the U.S. government to have some stand-by budget and plan available in the event of this kind of catastrophe so as to help transfer this extra supply of extremely high quality protein that is now "stored on the hoof" to some kind of canned, dried or frozen form, and thus be preserved for future use in either the U.S. or some other part of the world.

2. *World Cattle Numbers, Hide Supplies and Beef Imports*

Beef cattle numbers throughout the world have increased and peaked at about the same rate and time, as they have in the U.S. Therefore, there is a world-wide "beef glut". Because of the excessive supplies of milk and other dairy products in Europe, many dairy cattle are being slaughtered and converted to beef at the present time. Beef cattle inventory liquidation is occurring on a worldwide basis.

Due to the anticipated sharp increase in total cattle slaughter in the U.S. and in many other countries over the next two to four years, plus the current recession in the U.S., Japan and Western Europe, hide prices will tend to weaken further. Therefore, the drop in credit value for slaughter cattle will tend to get weaker in the months ahead, which will, of course, adversely affect cattle prices. The demand and use of leather appears to be increasing some, however, because of the relatively short supply and sharply higher prices of many products previously made from oil through the petro-chemical industry.

Realistically, there is no significant outlet presently for American beef in any overseas location. The trade deficit balances resulting from the sharp increase in oil prices, plus inflation and liquidity problems in the countries of all potential overseas beef customers, have resulted in beef embargoes that are more restrictive than ever before in history. Such countries as Argentina, Australia, and New Zealand, however, will be directing increased supplies of their overseas shipments to this country, since it is the only available market left to them under present conditions. We will, in fact, be receiving additional shipments of beef from overseas instead of making shipments to them. Shipments of beef from Australia to the U.S. next year could easily be 25% to 50% *above* 1975 quota levels.

3. *Pork and Poultry Supplies*

(a) *Pork Supplies.*—The hog producing business is somewhat intermediate between the poultry and cattle business. It has a longer cycle and start-up time than does poultry, but a much shorter time period than for cattle. During 1974, hog producers have reduced numbers to the point where we are now looking at sharply reduced hog slaughter and pork production during 1975 compared to 1974 levels. The amount of this reduction will be 10–15 percent for the year.

Most analysts tend to look at the annual pig crop consisting of a spring crop (December through May) and a fall crop (June through November). This is the traditional way it is presented and done. However, if you are really interested in the slaughter and consumption of pork, one should pair the fall crop with that for the next spring; for that, by and large, is the crop that will be available for consumption in any given year. In other words, the fall crop that we have just farrowed in 1974 and the upcoming spring crop for 1975, will be the hogs and pork that will be consumed or available for consumption by the U.S. during the calendar year 1975. When you consider this combination, each pig crop segment (spring and fall) represents the fourth consecutive year of reduction in the size of the pig crop.

The fall and spring pig crops will total somewhere between 79 and 80 million hogs, compared with over 102 million hogs from the 1970 fall pig crop and the 1971 spring pig crop combined and that were available for consumption in the calendar year 1971. This is something over a 20% reduction in four years in the size of our annual pig crop as viewed from a fall and spring combination. Furthermore, this represents the smallest pig crop since the 1927–28 period. This 1974–1975 pig crop combination will probably not be greatly different than what we experienced in 1938–1939 and 1953–1954, but we will have to again go back to the fall of 1937 and the spring of 1938 to find a smaller crop than is in prospect for 1974 and 1975, which will be the pigs that are eaten in 1975.

It is my firm belief that most people have not yet fully appreciated the extent of this decline, and that is why I am emphasizing it before this committee. The swine industry has pretty well taken their financial lumps and made the necessary adjustment that is being forced by the reduced supply of feedgrains for domestic consumption. There is very little possibility that the available supply of hogs for slaughter in 1975 will change greatly from the figures I have indicated. There is some possibility that if grain crop production was trending toward the favorable side by the summer and fall of 1975 and grain prices were then declining from present levels, hogs would be fed to heavier weights and the supplies of pork increased to a limited extent. Average hog prices in 1975 will be above 1975 levels and will tend to be above cattle prices for most of 1975. However, because of the large supplies of beef expected for next year and a declining economy, hog price increases will be limited.

(b) *Poultry Supplies:* The poultry industry is very flexible. It has the shortest turnaround time, plus the most concentrated management control, plus the most sophisticated financing with a limited number of producers involved in the business. By and large, the poultry industry has absorbed its losses, made its poultry production adjustments, and is well on the way toward a relatively stable position. Poultry supplies in 1975 will be at least 8–12% below 1974 levels.

There is still a modest amount of poultry and turkeys in storage, but this will be liquidated soon and production will level out at a sharply reduced level in 1975 until such time as the ratio between feed costs and broiler prices will support an expansion.

It seems quite unlikely at this time that this would take place before the latter half of 1975, and only then providing the prospect for feedgrain production for 1975 looks favorable. Average poultry meat prices in 1975 will be above 1974 levels.

D. THE U.S. AND WORLD ECONOMY

The U.S. economy is clearly in a recession now. Our judgment is that the worst is still ahead of us. We are trending towards a depression. I refer you to exhibit D. We see the following key factors relative to our economy:

1. Consumer spending over the next 12 months, when measured by real dollars, will decline further. Consumers will likely become even more cautious in buying goods and services in the months ahead.
2. Reduced consumer spending will bring about a period of major inventory liquidation and production curtailment, resulting in increased unemployment for at least the next 6–12 months. Unemployment will reach the 7–10% area during 1975.
3. We are going into a period of price deflation. If the competitive free market system is allowed to function and a huge Federal budget deficit is avoided, inflation will not be near the problem over the next two years as it was for the past two.
4. There are no quick and easy solutions to the economic ills that now are plaguing this country. The recovery process and time period will take perhaps two to three years. Implementing wage and price controls in 1975 would, in my opinion, be a most serious mistake.
5. The U.S. economy, at best, will be flat during most of the year to come. We want to point out here that after the economic crash in 1929, the real damage was done from 1931 to 1933.
6. All of the industrialized countries of the free world are suffering from the same problems and to a more serious degree than the U.S. The United States Government will have to work diligently and in concert with the Common Market, Japan, Russia in order to keep the major countries from avoiding financial collapse. The Arab petroleum-producing countries are taking so much currency out of circulation that the liquidity crisis is far from over.
7. If you need a bench-mark, watch for the collapse of a major U.S. firm. If that occurs, then any remaining confidence will be eroded and the economy will deflate.
8. All of the underlying pessimism presented here can be partially overcome by recognizing that the American economy, while stagnating and in a definite recession now, is still the strongest and most dynamic economy in the world.

There are two other points that I wish to mention regarding the economy. First, the livestock economy, like the housing and automobile economies, are now in a depression. If the livestock economies worsen further or if the agricultural economy in general declines further during 1975, the impact on the total U.S. economy will be very negative and perhaps catastrophic. The impact of farmers and ranchers buying less trucks, tractors and other farm equipment, fertilizer, etc., will have a significant and multiplying impact on the total U.S. economy. Second, although the consumer effective demand for red meat up until now has been very good—even surprisingly good—we find it hard to believe that this pattern of excellent consumer demand for meat will continue at the same pace, in face of a declining economy and increasing unemployment.

E. CONCLUSIONS

Following below are the major conclusions that can be drawn from the foregoing:

1. The economy of the U.S. and of other free world industrialized nations are in a major recession. The worst is yet to come. Unemployment will rise further.
2. If we have just normal weather conditions for the next three years, the prospects are very good for feedgrain and wheat prices to trend lower over the next several years compared to present levels.
3. The build-up in beef cattle numbers in the U.S. and other parts of the world has been too rapid. The cattle cycle has peaked and we are now in the beginning process of cattle inventory liquidation. Beef cattle supplies will be up sharply over the next two to four years, compared to 1973 and 1974 levels.
4. The price recovery period will take longer for the cow-calf operator (2–4 years) than for the cattle feeder. The cow-calf operator faces continual financial losses for some time yet. The major determining factors regarding feeder cattle and cow prices will be (a) weather conditions and how long the liquidation phase actually takes, and (b) grain supplies and prices over the next several years.
5. We expect cattle feeding to show some moderate profits over a good part of the next three years because of (a) relatively low feeder cattle prices compared to fed cattle prices, and (b) lower grain prices compared to current levels.
6. Pork and poultry production in 1975 will be down at least 8–12% compared to 1974 levels. Both average monthly hog and broiler prices are expected to be higher in 1975 than they were in 1974.
7. Wage, price, and export controls are counter productive and disruptive. Implementation of the same old controls would prove again to be a serious mistake.

F. RECOMMENDATIONS

1. Allow, to the fullest extent possible, the competitive and free market system to work. It is the only system that will work and that has passed the test of time.
2. Do not impose wage, price, profit and/or rent controls. This would be a serious mistake. Be patient and give our free market economy time to work.
3. The above recommendations are based on economics, not on humanitarian feelings, which we share with others. The humanitarian aspects must be looked at and provided for within reasonable budget restrictions and a realistic emergency food reserve policy.
4. Be prepared for a price deflationary trend in the U.S. economy in the months ahead, coupled with further inventory liquidation, reduced production and sharply higher unemployment levels.
5. Be prepared to implement a contingency plan promptly, in the event that there is a period of unusually dry weather in 1975 or 1976, to handle the unusually large and staggering quantities of beef that would be forced on the market as a result. These useful proteins could then be preserved for future use domestically or in other parts of the world, in a canned, dried or frozen form. Hopefully, the plan will not be needed.

NOTE.—Exhibit A omitted.

EXHIBIT B

[Special report of Livestock Business Advisory Services, Inc.]

THE BUILD-UP IS TOO RAPID

We interpret the USDA January 1, 1973 Cattle Inventory Report as bearish especially from late 1974 to 1976. In addition, it appears as though both pork and feedgrain supplies will be substantially larger in 1974 compared to 1972 levels. Caution, restraint and positive action are the keys to a continued profitable cattle industry.

A 7% build-up in replacement heifer numbers, plus a 6% jump in beef cow numbers during 1972, spells trouble down the road. This sharp increase during 1972 in beef cow numbers is on top of previous significant jumps during 1970 and 1971. The increase in beef cow numbers during 1972 was 2,295,000 head or 245% more than the increase of 930,000 head during 1971.

To further illustrate the trend towards building beef cow numbers, cow slaughter was lower in 1972 than in any of the eight previous years (except 1970) since 1964. At the same time, a trend towards holding back significantly larger numbers of replacement heifers has been obvious since 1970. Cow slaughter under federal inspection in 1972 was 5,400,000 head or more than 4% below the 1971 figure.

We expect cow slaughter in the U.S. to start increasing during the 1974–1976 period, compared to the 1972–1973 levels. With a trend of increased cow slaughter between now and 1976, any increase in beef imports from foreign countries will have a pronounced depressing effect on domestic cattle prices during this same period.

This word of caution regarding too rapid a build-up in our cattle numbers may sound out of place in view of today's prices, but the commercial cow/calf operator is again faced with the important decision of how much to increase his herd inventory. It is a decision that will greatly affect the beef business for at least the next three to five years. We have now had three years of sharp increases in our beef cow inventory. With this trend continuing during 1973 and 1974, we believe that the favorable position which the cow/calf operator is in today will have eroded considerably by 1975. The results will be lower cattle prices than we have in 1973 and substantially larger feeder cattle supplies.

In the past few years, cattlemen have done an excellent job of efficiently producing a uniform supply of high quality beef which the consumer has come to readily accept. It is a case of regularly satisfying the consumer with predictable quality and uniform eating satisfaction.

To keep pace with the growing demand and consumer preference for beef, some growth in cow numbers is needed. The key question is how much growth is healthy and when do we reach the "too much" level?

We do expect personal incomes to further increase and therefore the demand for beef and pork to continue improving in the years ahead. However, the accelerated demand for meat during 1972 and 1973 has been caused in part by various government social reform programs resulting in a redistribution of income, allowing traditionally lower income groups to have more money to spend for beef and pork. For example, our government spent over $2 billion during 1972 in the Food Stamp program. In addition, there were two jumps in social security payments during the past 15 months of about 20% each. Furthermore, local, state and national welfare payments were at an all-time high in 1971–72.

During the 1974–76 period, it appears that these government programs causing accelerated demand and expenditures for beef and pork in 1972–73 will be leveled off, and in many cases, reduced. Therefore, the demand for beef and pork in the future will primarily come from increases in consumer personal incomes, population growth, and from whatever exports of pork and beef we are able to achieve to foreign countries, such as Japan. We believe, therefore that it is unrealistic to assume that the demand for beef and pork will continue to increase at the same accelerated rates during the 1974–76 period as it did during the 1971–73 period.

Relating this to the cow/calf operator, all the indicators point toward an ideal steady growth rate in beef cow numbers of no more than 2.0% to 2.5% per year. This rate of growth would add about 820,000 to 1,000,000 head of new females to the breeding herd each year and keep supply and demand in a healthy balance for both the producer and the consumer. We believe that sound supply-management guidelines call for cow/calf operators to regulate their calving and replacement programs so that beef cow numbers do not increase more than 2.5% per year during the next three years. They should start now.

The trend of improved efficiency on the part of the U.S. cattlemen to obtain proportionately higher increases in beef tonnage from relatively small increases in the nation's cow herd, will continue for at least the next five years. Improved seedstock, better management, greater emphasis on fertility and the expanding feedlot industry all contribute greatly to having an adequate supply of beef available from a steady 2.0% to 2.5% per year increase in beef cow numbers.

The dairy cattle inventory in the U.S. has finally stabilized. For the first time in many years, dairy herd replacements are now increasing. This will result in even larger total beef supplies in the years ahead.

EXHIBIT C

LBAS ESTIMATE OF FUTURE BEEF SUPPLIES (1974-81)

LIVESTOCK BUSINESS ADVISORY SERVICES, INC., 715 HEREFORD DRIVE, KANSAS CITY, MO. 64105

	Cattle inventory numbers				Slaughter and meat consumption						
	All cattle and calves		Cattle on feed			Cattle and calf slaughter		Per capita consumption of beef and veal		Weekly average F.I. cattle slaughter	
Inventory date	Thousand head	Percent of 1974	Thousand head	Percent of 1974	Year	Thousand head	Percent of 1974	Pounds per person	Percent of of 1974	Thousand head	Percent of of 1974
Jan. 1, 1974	127, 540	100. 0	13, 573	100. 0	1974	39, 000	100. 0	119. 5	100. 0	617	100. 0
Jan. 1, 1975	133, 000	104. 4	10, 250	75. 0	1975	43, 000	110. 3	126. 5	105. 9	674	109. 2
Jan. 1, 1976	136, 000	106. 6	11, 250	82. 3	1976	46, 000	117. 9	130. 0	108. 8	717	116. 2
Jan. 1, 1977	135, 500	106. 2	11, 500	84. 1	1977	47, 500	121. 8	130. 5	109. 2	734	119. 0
Jan. 1, 1978	134, 000	105. 0	12. 000	87. 7	1978	49. 000	125. 6	131. 5	110. 0	752	121. 8
Jan. 1, 1979	132, 000	103. 5	11, 500	84. 1	1979	47, 000	120. 5	126. 5	105. 9	728	118. 0
Jan. 1, 1980	131, 000	102. 7	11, 000	80. 5	1980	46, 500	119. 2	124. 0	103. 8	719	116. 5
Jan. 1, 1981	130, 000	101. 9	10. 500	76. 8	1981	46, 000	117. 9	122. 0	102. 1	721	116. 9

Note: Assumptions—(1) Weather will be on dry side, but near the average; (2) Economy will enjoy moderate growth and prosperity over the majority of the next 7 years; (3) The Government will not arbitrarily limit domestic grain utilization; (4) Price of fertilizer will start to moderate by 1976 or 1977; (5) Population growth in the United States will continue to increase at approximately the present rate; and (6) Beef imports will continue at approximately the level of 1973.

EXHIBIT D

[Special Report No. 64 of Livestock Business Advisory Services, Inc.]

THE U.S. ECONOMY IN PERSPECTIVE

The purpose of this special LBAS report is to review the present economic conditions of the U.S. economy. It is partly repetitious, because some of these problems were brought out at the President's various economic conferences.

The usual classic signs of a serious recession are all present: rising unemployment, building and burdensome inventories, a very heavy public and private debt load, and a widespread problem of liquidity.

Inflation, however, continues to be a serious problem as price levels on most goods and services move upward.

All of the industrialized countries of the free world are suffering from the same problems and to a more serious degree than the United States.

The dilemma is that classic economic theory holds that recession and inflation are not compatible, and that both should not exist at the same time. The real frustration that now confronts our leaders is that they cannot take anti-inflationary steps without encouraging recession. Conversely, they cannot fight recession without encouraging inflation.

Economists Fall Into Three Basic Categories: (a) Those who think that the lack of liquidity already has caused a recession and, therefore, the right move is to have the national economy accelerated by those steps you have read about: tax relief, propping up the housing industry with additional mortgage funds, creating national work projects to give income to the unemployed, increasing unemployment compensation, and increasing the money supply and reducing interest rates; (b) those economists who believe that inflation must be dealt with first—that it is "public enemy number one". Their remedies include: tax increases, forced savings, restricted credit, and a more stringent fiscal policy; (c) those economists who believe that the present situation is beyond repair; that, in fact, the U.S. economy will inflate into depression and that our economy is now in the beginning stages of a major price deflationary trend.

Out of the conflicting forces of recession and inflation that erode confidence, you can expect to find that:

(a) Consumer spending over the next 12 months when measured by real dollars will decline.

(b) Reduced consumer spending will bring about a period of inventory liquidation and production curtailment, resulting in increased unemployment over the next 6–12 months. It will likely exceed 7% before stabilizing.

(c) Short-term interest rates are declining and probably will fall some more in the next few months; however, there is little likelihood that long-term interest rates will show any significant changes because of the need to modernize and enlarge our present industrial and agricultural industries in the U.S.

The conclusion is that there are no quick and easy solutions to the economic ills that now are plaguing the country. Reducing inflation will take months and will be painful. Unless the operation is conducted very skillfully, the effort to halt inflation could very well trigger a severe depression. The U.S. economy will decline further before it shows any signs of recovery, and this will take at least 8–12 months.

Listed below are some prices related to gold which show perhaps more clearly than anything else how the dollar has deteriorated in value. It also indicates why the current deal with the stagnating U.S. economy may be forthcoming in the months ahead.

		Wheat		Petroleum		Vegetable oil	
	London gold	Price of commodity metric tons	Ounces gold required	Price of commodity metric tons	Ounces gold required	Price of commodity metric tons	Ounces gold required
1970	[1] $35	$60–65	1. 80	$540	15. 4	$333	9. 5
1972	65–68	60–65	. 95	614	9. 2	400	6. 0
1974	150	176	1. 2	3, 377	22. 5	1, 000	6. 67

[1] U.S. official exchange rate.

The President has tied food and petroleum prices together. Both are in short supply. The petroleum shortage is man-made. Food, feed grains, and proteins are in short supply because of adverse planting and growing conditions throughout the world, along with uninhibited population growth trends.

The conclusion that might be drawn from the above is that the United States economy will, at best, be flat during most of the year to come. There is an inclination here to point out that after the economic crash in 1929, the real damage was done from 1931–1933.

The United States Government will have to work diligently and in concert with the Common Market, Japan, and Russia in order to keep the major countries from avoiding financial collapse. The Arab petroleum-producing countries are taking so much currency out of circulation that the liquidity crisis is far from over.

If you need a bench-mark, watch for the collapse of a major U.S. firm. If it occurs, then any remaining confidence will be eroded and the economy will deflate.

All of the underlying pessimism can be overcome by recognizing that the American economy, while stagnating and in a definite recession now, is still the strongest and most dynamic in the world.

If our economic guides are skillful and we are blessed with a generous amount of luck, the economy could have some further sharp decline in the last quarter of 1974 and the first half of 1975 and then start a recovery.

Now that the November elections are behind us, more specific government actions to deal with the stagnating U.S. economy may be forthcoming in the months ahead.

BENJAMIN FRANKLIN'S APPEAL FOR PRAYER AT THE CONSTITUTIONAL CONVENTION

Mr. BROCK. Mr. President, on June 28, 1787, Benjamin Franklin rose at the Constitutional Convention and appealed to his colleagues that the assembly be opened every morning with prayers imploring the assistance of heaven and Divine blessing on the deliberations of the Convention. Although no action was taken at that time on Delegate Franklin's proposal, soon after this appeal by Franklin for Divine guidance, the Constitution was adopted and submitted to the 13 States for ratification.

Perhaps as a result of Benjamin Franklin's eloquent appeal, both Houses of Congress are now traditionally opened with prayer each day.

Mr. President, as we approach our bicentennial year, I feel that it is appropriate that Benjamin Franklin's statement be put in the RECORD. I request unanimous consent that the remarks be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Mr. President

The small Progress we have made after 4 or 5 Weeks close Attendance & continual Reasonings with each other, our different Sentiments on almost every Question, several of the last producing as many Noes as Ayes is methinks a melancholy Proof of the Imperfection of the Human understanding.

We indeed seem to feel our own Want of political Wisdom, since we have been running all about in search of it. We have gone back to ancient History for Models of Government, and examin'd the different Forms of those Republicks, which, having been originally form'd with the Seeds of their own Dissolution, now no longer exist. And we have view'd modern States all round Europe, but find none of their Constitutions suitable to our Circumstances.

In this Situation of this Assembly, groping, as it were, in the dark, to find Political Truth, and scarce able to distinguish it when presented to us, how has it happened, Sir, that we have not hitherto once thought of humbly applying to the Father of Lights to illuminate our Understandings.

In the Beginning of the Contest with Britain, when we were sensible of Danger, we had daily Prayer in this Room for the 'Divine Protection.' Our Prayers Sir were heard,—and they were graciously answered. All of us, who were engag'd in the Struggle, must have observ'd frequent Instances of a Superintending Providence in our Favour. To that Kind Providence we owe this happy Opportunity of Consulting in Peace on the Means of establishing our future national Felicity.

And have we now forgotten that powerful Friend—or do we imagine we no longer need its [his] Assistance?

I have lived, Sir, a long time; and the longer I live the more convincing proofs I see of this Truth, That God governs in the Affairs of Men!—And if a Sparrow cannot fall to the Ground without his Notice, is it probable that an Empire can rise without his Aid?—We have been assured, Sir, in the Sacred Writings, that 'except the Lord build the House, they labour in vain that build it.' I firmly believe this;—and I also believe that without his concurring Aid we shall succeed in this political Building no better than the Builders of Babel: we shall be divided by our little partial local Interests, our Projects will be confounded and we ourselves shall become a Reproach and a Byeword down to future Ages. And what is worse, Mankind may hereafter, from this unfortunate Instance, despair of establishing Government by human Wisdom, and leave it to Chance, War & Conquest.

I therefore beg leave to move, That henceforth Prayers, imploring the Assistance of Heaven, and its Blessing on our Deliberations, be held in this Assembly every Morning before we proceed to Business; and that one or more of the Clergy of this City be requested to officiate in that Service.

THE EVER-RISING COST OF AIR TRAVEL

Mr. CANNON. Mr. President, I wish to speak today about a matter which is becoming of increasing concern to millions of Americans; the ever-rising costs of air travel. Yesterday, in a Washington Post article dealing with the spiraling costs of vacations by air, it was pointed out that scheduled air fares in 1974 alone have risen by more than 16 percent. And, ironically, in 1974 most of the scheduled airlines are enjoying the greatest profitability they have known in modern times. Several of our large trunk airlines will cross the $100 million net earnings mark for the first time in history and many other lines are now earning profits well above the level established by the Civil Aeronautics Board as just and reasonable.

Just recently by a 3 to 2 vote the Board approved another 4-percent fare hike for the domestic airlines. Apparently, the Board must have been a bit embarrassed by its action because it didn't even issue an order explaining its action and justifying the increase. Two of the members, however, did issue a public dissenting opinion spelling out why they strongly opposed the fare hike and how in their view the increase violated the Board's own ratemaking formula established in the recent domestic passenger fare investigation.

At this point I ask unanimous consent that the dissenting opinion of members Minetti and West be printed in the RECORD.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

STATEMENT OF MEMBERS G. JOSEPH MINETTI AND LEE R. WEST CONCERNING THE ADDITIONAL 4 PERCENT DOMESTIC PASSENGER FARE INCREASE EFFECTIVE NOVEMBER 15, 1974

In our judgment the domestic airlines have not demonstrated a need for an additional 4 percent, $304 million[1] fare increase at this time. The new fare increase is unwarranted on the facts, inconsistent with the Board's announced ratemaking policies, seriously inflationary, harmful to the traveling public and in the long run to the airlines themselves, and thus contrary to the national interest.

Last spring the domestic airlines were allowed to add a temporary surcharge of 6 percent to all domestic passenger fares, effective April 15, 1974, to compensate them for the then rapidly increasing cost of aviation fuel. The imposition of this surcharge followed a general 5 percent fare increase that became effective December 1, 1973, simultaneously with the second of three stages of the process of phasing out the family, youth, and Discover America fares, which the Board had previously determined to be unlawful.[2] The third and final stage of this phase-out took effect on June 1, 1974, each stage being approximately equivalent to a 1.8 percent general fare increase.[3] Thus in less than a single year, domestic airline fares have gone up a total of over 15 percent prior to the present increase, or nearly 20 percent including it.[4]

Furthermore, these rapid increases within the past year themselves follow both the first stage of the discount-fare phase-out in June 1973 and a series of fare increases totaling approximately 12 percent granted in connection with Phase 7 of the *Domestic Passenger-Fare Investigation* between October 1970 and September 1972.[5] Thus within approximately a four-year span, the cumulative increase in domestic airline fares has been over 31 percent without the present increase, and nearly 37 percent with it.[6]

Notwithstanding this history of increasingly frequent and burdensome fare increases, we reluctantly concur in the conclusion that the carriers should be permitted to extend last April's 6 percent fuel-related surcharge indefinitely and make it part of the permanent fare structure, since there appears to be no real likelihood that fuel prices will return to the levels of mid-1973 within the foreseeable future.

However, despite the further increase in fuel costs since last April, and the less dramatic but still very real increases in other airline costs over the past year, we are unable to conclude that the carriers have adequately demonstrated a need for an additional 4 percent increase in all domestic air fares at this time. On the contrary, the available data show that a further fare increase now will have an adverse effect on the movement of traffic, and is not essential to maintain the financial health of the domestic airlines and their continued ability to provide the air transportation required by the American public.

Similarly, both a proper application of the ratemaking standards developed by the Board in the *Domestic Passenger-Fare Investigation*, and a proper adjustment of the cost data used to justify a further fare increase, so as to remove distortions caused by last winter's fuel shortage crisis, show that no further increase is now warranted. We would therefore suspend and investigate the tariffs providing for this increase.

The harm that will be done by this increase is in no way ameliorated by the Board's action in requiring the carriers to place a June 30, 1975, expiration date on their tariffs, nor does the traveling public thereby gain any significant protection. At best, this unwarranted fare increase will be collected for a period of 7½ months, thus imposing close to $200 million in excessive and unjustified charges on the traveling public at a critical time in the fight against inflation. Moreover, it would require a remarkable act of faith to believe seriously in the possibility that fares will be rolled back next July 1. We expect, rather, that this 4 percent increase will in the event prove no more "temporary" than last spring's 6 percent increase.

THE BOARD SHOULD JOIN IN THE FIGHT AGAINST INFLATION

In considering the proposed fare increase, we do not believe that the Board can focus exclusively on the airline industry and its problems. On the contrary, it is essential that the Board take into account the total economic climate of the day, the most notable feature of which is a raging inflation, seemingly out of control, which threatens to destroy the value of the dollar and the savings of the American people.[7]

The President of the United States has called upon every citizen and every government agency to join in the fight against inflation. In this crucial situation, the Board has

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Footnotes at end of article.

a manifest duty to aid in the restoration of national economic health.

The Board also has a unique capability to limit further price escalation in one major sector of industry, and thus to contribute to the attack on inflation. The cost of transportation enters into the cost of most goods and services sold in our economy, and despite the considerable element of pleasure travel in air transportation, enough air travel is for essential business purposes so that any unwarranted increase in passenger air fares will clearly feed the inflationary spiral.

There has lately been much criticism of those actions of administrative agencies which operate artificially and unnecessarily to raise prices in the industries they regulate, and which thus contribute to inflation. Undoubtedly these inflationary effects are in general not intended by the agencies concerned; certainly our colleagues on the Board have no desire or intent to promote inflation. Nevertheless, the Board's failure to apply strict standards to the airlines' attempted justifications for the additional 4 percent fare increase has here resulted in just the sort of inflationary action which has been so much criticized.

THE BOARD SHOULD CONSIDER THE ADVERSE EFFECT OF THE FARE INCREASE ON THE MOVEMENT OF TRAFFIC

In Section 1002(e) of the Act, the Board is instructed that when exercising its rate-making powers it shall take into consideration "the effect of such rates upon the movement of traffic". This factor, indeed, is listed first among those the Board is instructed to consider.

The Board apparently believes that its statutory duty in this regard is fulfilled when it cites the −0.7 coefficient of price elasticity of demand for air transportation determined in Phase 7 of the *Domestic Passenger-Fare Investigation.*[8] We disagree. We think that the Act requires the Board to actually *consider*—to consciously and deliberately weigh in the balance of its decisional process—the deterrent effect of the present fare increase on the movement of traffic. To show a loss of traffic stemming from the fare increase in calculations in an appendix is not to take that loss of traffic into consideration, in the sense in which we understand the term "consideration". Here, we see no evidence that the Board has genuinely weighed in its deliberations this loss of traffic, and its consequential effects on the public, the economy, and the airlines themselves, in deciding to allow the fare increase to go into effect without either investigation or suspension.[9]

In their concurrence and dissent to the Board's *DPFI* Phase 7 decision, after discussing the evidence on elasticity of demand, Members Menetti and Murphy said the following: [10]

"What this discussion of elasticity effects means to us is that this Board should be extremely careful at this time not to impose or encourage a fare increase any greater than needed to meet the carriers' clearly demonstrated needs. If the carriers are operating at maximum efficiency, if they are bending every effort to eliminate excess capacity, if their costs are being forced up by inflationary influences which they cannot be expected to control, then a fare increase may well be the only solution. But if administered in excess, the cure may well prove worse than the disease. We cannot emphasize too strongly that the carriers' salvation lies primarily in cutting costs, adjusting capacity to meet demand, and getting paying passengers in a higher proportion of their seats, rather than in fare increases *per se.* An excessive fare increase will do nothing to further the first of these goals, will make the second more difficult to achieve, and will actively obstruct achievement of the third."

We think these same considerations apply with equal or perhaps even greater force today. Even if the available data showed a genuine present need by the domestic airlines for additional revenue—which, as will be shown hereafter, they in fact do not—the damaging effects of the fare increase on the movement of traffic ought to be a matter of serious concern to the Board. Whether this factor, alone or in conjunction with the inflationary effects of a fare increase, would be sufficient to require suspension of a fare increase which was otherwise impeccable on economic grounds, and was fully in accord with the standards of the *Domestic Passenger-Fare Investigation*, is a question we do not reach. For, as will be shown in subsequent sections of this statement, the present fare increase does not comport with *DPFI* standards and is not justified economically. But certainly, so long as there is any element of judgment and discretion entering into the Board's action on a fare increase such as this, consideration of its inflationary consequences and its ill effects on the movement of traffic ought to lead the Board to exercise that judgment and discretion in the direction of suspending and investigating the increase.

THE DOMESTIC AIRLINES ARE HIGHLY PROFITABLE AND DO NOT NEED A FURTHER FARE INCREASE

A primary consideration in appraising the need for a further increase in passenger air fares at this time should be whether or not the airlines are in urgent need of additional funds to maintain their operations. Perhaps if they were losing money or barely breaking even, or were faced with an intolerable cash squeeze, or immediate further $304 million fare increase [11] might be found essential notwithstanding its contribution to the nation's inflationary spiral. But as the Board's Consumer Advocate has contended, the available data in fact all show that the domestic airlines are prosperous, and in no need of a massive infusion of new revenues from a fare increase.

For the twelve months ended June 30, 1974, the ten domestic trunkline carriers [12] enjoyed operating revenues of $7.67 billion from their continental U.S. operations—the greatest such operating revenues ever—and earned an aggregate operating profit from these operations of $634 million.[13] By way of contrast, in the most profitable prior year in their history, 1966, the ten domestic trunks earned an operating profit of $454 million on total operating revenues of $3.66 billion.[14]

In fiscal 1974 these carriers' domestic return on investment after taxes totaled $426 million, for a rate of return of 8.13 percent.[15] This was not the full 12 percent return found by the Board to be just and reasonable in the *Domestic Passenger-Fare Investigation,* but it was a rate of return exceeded only three times in the past decade,[16] and only a few times (in the early 1950's) prior to that.[17] Moreover, when the data are adjusted to reflect the *DPFI* load-factor standard and a partial implementation of the *DPFI* discount-fare adjustment, the indicated trunkline rate of return for FY 1974 was 9.95 percent; [18] full implemenation of the discount fare adjustment would undoubtedly show a regulatory rate of return in excess of the *DPFI* 12 percent standard.[19]

Furthermore, citation of fiscal 1974 trunkline figures does not do justice to the airlines' current level of profitability, since calendar 1973 was not an especially profitable year for the trunks. Moreover, the local service carriers (which also will reap the benefits of this new fare increase, although the carriers' justifications are based entirely on the trunklines' asserted revenue needs) have been having far and away the most profitable year in their history, having earned operating profits of over $100 million in fiscal 1974, an increase of more than 50 percent from the preceding fiscal year, and nearly double their second quarter of 1974 alone, the local carriers had operating profits of over $40 million, greater than the full-year profits for any year prior to 1972, and approaching the $52.6 million earned in that year. For calendar 1974 as a whole, industry sources are predicting net profits after taxes in excess of $100 million.

Thus, for the first six months of 1974, the domestic operating profits of the scheduled trunk and local service carriers together reached $460 million, compared with $477 million for the *entire year* 1966, the most profitable in airline history prior to this.[21] Moreover, airline profits (principally domestic) have grown very rapidly in recent months. For the trunks alone, the following tabulation shows the growth pattern, especially the very steep rise from April on:

System trunks, 1974 cumulative year-to-date operating profits [22] *($000,000)*

January	(3.5)
February	(26.6)
March	33.0
April	92.1
May	159.2
June	325.0
July	444.7
August	646.9

The rise in local service operating profits has been almost equally steep. For the first eight months of 1974, system profits of the domestic trunk and local service carriers together (excluding Pan American) reached $724 million, compared to $602 million for the same carriers in the entire year of 1966 (at a time when international/territorial operations were producing far greater profits than they are today).

In the nine-month reports now coming in, carrier after carrier is announcing all-time record profits. A preliminary compilation of unadjusted nine-month trunkline operating results, appearing in the trade press since we issued our preliminary statements, shows nine domestic trunklines alone (omitting National) enjoying operating profits totaling $644 million and net profits after taxes totaling $325 million.[23] Considering the profitability of National Airlines and the fact that the local service carriers are obviously headed for an all-time record year, it is apparent that—absent an absolutely disastrous fourth quarter, which no one foresees—domestic carrier system operating profits in 1974 could well approach or even exceed a billion dollars. This would imply net profits after taxes approaching half a billion dollars and a return on investment approaching or exceeding $800 million for the year.[24] The overwhelming bulk of these profits will be on the domestic, 48-State operations with which the Board is concerned in the present fare case.

We have detailed these current airline domestic profit figures at length because the news has been dominated for months by the continued major operating losses and extremely grave financial situation of the largest U.S.-flag international airline, plus the less traumatic but still serious losses of the second largest such airline on its international operations. These substantial international losses have tended to obscure the fact that the domestic scheduled carriers as a class are today in excellent financial condition. This year every domestic carrier is profitable—after a number of years during which this was usually not the case—and in most cases very substantially so. Several domestic carriers are earning considerably in excess of a 12 percent return on investment, and the domestic industry as a whole is approaching this target.

In view of the foregoing facts, which are really not open to dispute, there is simply no basis whatever for any assertion that the domestic airlines have an urgent need for the additional revenues the present 4 percent fare increase will bring them. Certainly the inflationary and other adverse effects of the

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fare increase should not on this account be ignored.

A FURTHER FARE INCREASE IS NOT NEEDED TO OFFSET FUEL OR OTHER COST INCREASES

The airlines' claim, accepted by the Board, is that a further domestic fare increase at this time is needed "to offset current cost increases stemming from the general inflationary economic climate as well as continued high fuel costs." The rapid rise in domestic airline profits, however, in the face of these alleged inflationary cost increases, demonstrates that no such need exists.

By April of this year, when the "temporary" six percent fuel-related fare increase took effect, domestic fuel costs per gallon had already risen to 177 percent of the average level during the year ended June 30, 1973.[25] Between April and September, fuel costs rose another 14.4 percent, to 203 percent of the average FY 1973 level. The last few months in particular have seen fuel prices leveling off; between June and September 1974, they increased at an average rate of only 1.96 percent per month, as against an average monthly increase of 5.55 percent compounded from FY 1973 to June 1974, or 5.89 percent to April 1974.

Moreover, the really significant figure for present purposes is not fuel cost per gallon but fuel cost per revenue passenger-mile (RPM). For while fuel prices were rising sharply, so was fuel productivity measured in RPM's generated per gallon of fuel consumed. The carriers have achieved this gain in productivity partly by grounding or reducing the utilization of their least fuel-efficient aircraft,[26] partly by operational changes which have reduced fuel consumption per plane-mile flown with the same aircraft, but mostly by reducing the plane-miles flown to generate a given number of revenue passenger-miles—which is to say, by carrying the same number of passengers on fewer flights. Schedule reductions were forced on the carriers by the acute scarcity of petroleum products brought about by the Arab oil boycott of October 1973. Moreover, beginning shortly thereafter, the Federal Government's Mandatory Fuel Allocation Program[27] limited the carriers to a specified fraction of their 1972 fuel usage—when, indeed, they could obtain this quantity of fuel from their suppliers, which was not always the case.

The greatly increased price of fuel also gave the carriers the strongest possible economic incentive to conserve on its use in every way feasible. Responding to these pressures and incentives, they cut schedules, raised load factors, adjusted operating procedures, grounded and reduced utilization of fuel-inefficient aircraft, and by all of these means very markedly increased the number of revenue passenger-miles produced per gallon of fuel burned. This increase in fuel productivity has offset much of the increased cost of fuel per gallon since fiscal 1973 (the base period usually cited), and we believe has entirely offset the fuel cost increase not allowed for in the 6 percent fuel-related fare increase of last April, which is now made permanent. Again, our evidence for this conclusion is the rapidly increasing profits of the domestic carriers since the 6 percent increase went into effect.

As for general inflationary trends in the economy, no sane person doubts the existence of these trends, but the real question is whether and to what extent they have been offset by increased productivity in this specific industry. The same factors which have offset fuel cost increases—particularly schedule cutbacks and the consequent general increase in load factors—have also offset other types of cost increases. Thus, for instance, increased wage rates have undoubtedly raised the cost of producing an available seat-mile (ASM), despite the continued gain in labor productivity measured in ASM's per man-hour. But higher load factors have meant a considerable gain in revenue passenger-miles generated per ASM flown, thereby offsetting the increased cost of producing an ASM. Again, the rapidly increasing operating profits of the domestic carriers during the current year is the best evidence that productivity gains stemming from schedule cutbacks and other causes, together with the fare increases already granted prior to this time, have more than offset such inflationary cost increases as the airlines have experienced.

It is to be understood that we have heretofore been discussing the airlines' profits *before* application of the *DPFI* standards. The application of the *DPFI* load-factor standard, in particular, has the effect of discounting in advance all of the increase in the carriers' actual load factors up to 55 percent. That does not change the fact that the carriers' actual cash operating results have been greatly improved as a result of rising load factors. But when we come to consider the carriers' operating results as adjusted in accordance with *DPFI* standards, the argument shifts ground. In the next sections of this statement we will show that *DPFI* standards have not in fact been fully applied; that their full application would show the fare increase to be unjustified in *DPFI* terms; and that in any case the data and projections to which the Board is purporting to apply *DPFI* standards is distorted by the effects on non-recurring factors.

FULL APPLICATION OF THE STANDARDS OF THE DOMESTIC PASSENGER-FARE INVESTIGATION SHOWS THAT THE FARE INCREASE IS UNJUSTIFIED

The press release announcing the Board's decision to allow the additional 4 percent fare increase to take effect states that:

"A Board majority concluded that even with the 4 percent increase, domestic trunkline earnings, after application of the ratemaking standards of the *Domestic Passenger-Fare Investigation,* would not exceed the 12 percent rate of return standard."

The calculations which purport to demonstrate this conclusion are set forth in Appendix A to this statement, are in most respects identical to those contained in the Board's September 13, 1974, press release.[28]

However, the plain fact of the matter is that the Board has *not* applied all of the ratemaking standards of the *DPFI*. Specifically, it has (1) failed to implement fully the discount-fare adjustment required by the Board's decision in Phase 5 of the *DPFI,* and (2) made no provision for updated implementation of the determination in Phase 7 of the *DPFI* to treat belly-cargo revenues as an offset against the cost of operating combination aircraft which carry both passengers and cargo. Of these, the former is much the more important, since full implementation of the discount-fare adjustment would by itself bring the domestic trunklines' indicated rate of return to well over 12 percent *without* the additional 4 percent fare increase, thus showing the fare increase to be unwarranted under *DPFI* standards.

In its *DPFI* Phase 5 decision,[29] the Board passed on the lawfulness of only the four specific discount fares—youth standby, youth reservation, family, and Discover America—which were litigated in the proceeding. Nevertheless it drew a number of broad conclusions concerning future discount-fare policy from its study of these four fares. In particular, the Board announced that in the future it intended to avert any burdening effect of any and all types of discount fares on normal coach fares[30] by an adjustment which would assume, for purposes of calculating normal fares, that the discount fares were not part of the fare structure.

This, it was indicated, would involve determining what proportion of the carriers' reported discount passengers were *generated* (*i.e.*, induced to travel by air) by the discount fares, and what proportion would have traveled by air anyway and were merely *diverted* by the discount fares from higher-fare air travel. Once such a generation/diversion ratio was determined, for purposes of the adjustment generated passengers would be assumed to be lost to the airlines, and both the generated revenues and the assumed non-capacity costs of handling such passengers would be subtracted from their reported operating results. Diverted passengers, on the other hand, would be assumed to travel once more at full fares, and the appropriate additions would be made to reported revenues to reflect this.[31]

The Board did not undertake to implement the discount-fare adjustment in Phase 7 of the *DPFI* itself.[32] In September 1973, however, when the carriers sought their first post-Phase 7 fare increase, the Board announced that it would implement the discount-fare adjustment with respect to the four litigated discount fares (family, youth, and Discover America), as to which generation/diversion ratios had been specifically determined in the Phase 5 decision.[33] Implementation as to the numerous remaining types of discount fares was postponed, both because the Board believed a phase-in process was desirable (as with several other *DPFI* standards) and because no data was available as to the generation/diversion ratios associated with other types of discount fares. A rulemaking proceeding to explore *inter alia* the means of further implementing the Phase 5 discount-fare adjustment was foreseen.

It now appears, however, that there is no need for a long-drawn-out data-gathering process in order to implement the discount-fare adjustment with respect to the remaining discount fares. Briefly, it turns out that the exact generation/diversion ratio assumed in making the adjustment has very little influence on the rate of return which emerges from the calculation after the adjustment is made. In other words, regardless of whether any particular discount fare, or all discount fares as a class, are assumed to be highly generative (and thus profitable) or highly diversionary (and thus unprofitable), when the effects of the discount fare or fares are removed and the required load-factor adjustment is made to restore the 55 percent standard load factor, very much the same rate of return is indicated. The volume of discount-fare traffic and the average depth of the discounts (both readily available data) turn out to be the truly significant factors in the calculation, and not the generation/diversion ratio, which is always difficult to determine.[34]

Thus immediate full implementation of the discount-fare adjustment is now seen to be entirely feasible, and the only real remaining question is whether such implementation at this time is desirable as a matter of policy. To us the case for immediate full implementation seems unanswerable. First, implementation of the adjustment is anti-inflationary, a consideration we think is entitled to the greatest possible weight, particularly in view of the present prosperity of the domestic airlines.

Second, the Board has been promising at least since mid-1971, in a long series of orders allowing carriers to experiment with discount fares, that the risks of this experimentation would have to be borne by the carriers, and not by the normal-fare-paying public. Failure to implement the adjustment now means that normal fares will continue to be burdened by the effects of these discount fares, which is precisely what the Board promised it would not permit to happen.

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Third, it has been approximately a year since the Board implemented the adjustment with respect to the four litigated discount fares, which at the time represented very close to half of the total discount-fare traffic. No visibly adverse consequences followed this half-way implementation. This strongly suggests that full implementation of the adjustment with respect to the remaining discount fares is appropriate at the present time, now that the one major apparent obstacle in the path of doing so is seen not to be an obstacle after all. On the other hand, since the four litigated discount fares have now themselves been entirely phased out of existence as of June 1, 1974, failure to implement the adjustment as to additional discount fares will mean that it is no longer being implemented as to *any* currently effective discount fares—an intolerable step backward, from our point of view.

Finally, recent monthly reports from the carriers on the volume and composition of their discount-fare traffic suggest an urgent need for further implementation of the adjustment. In brief, several carriers in June, July, and August have reported extremely sharp declines in discount traffic and equally sharp increases in full-fare traffic, to an extent which appears to go considerably beyond what would have been expected following the final phase-out of the four litigated discount fares on June 1. For instance, Eastern reported that its ratio of discount to total traffic declined in August to 13.0 percent, down from 46.9 percent a year earlier. This involved a 69 percent year-to-year decrease in discount traffic, coupled with an 81 percent increase in full-fare traffic. Almost equally dramatic shifts from discount to full-fare traffic appear in the reports of Delta and United.

To the extent that these shifts simply reflect the final phase-out of the family, youth, and Discover America fares, of course, they are compensated for in the rate-of-return calculation by the portion of the discount-fare adjustment already implemented. However, there are indications that many of the carriers are also quietly dropping other discount fares which they have found to be unproductive. Moreover, the Board's recent order to show cause,[35] calling on the carriers to place expiration dates on all but a few of their discount fares not already bearing such dates, can be expected to result in a further extensive shakeout of unproductive discount fares.

To the extent that the carriers have been dropping and will hereafter drop discount fares not covered by the discount-fare adjustment already implemented, they have been enjoying and will hereafter enjoy gains in their average fare yield per mile which are not reflected in the Board's rate-of-return calculation. In other words, although the return calculation in Appendix A has been adjusted to annualize the increases in normal fares which the carriers have been granted during the base year (fiscal 1974), it has not been adjusted to reflect their further recent gains in average fare yield stemming from the shift from discount-fare to normal-fare traffic, except to the extent this shift represents only the phase-out of family, youth, and Discover America fares. Absent such an adjustment, the calculation falsely shows the carriers as needing additional revenues which they are already in fact receiving. This alone would be a pressing reason for further implementation of the discount-fare adjustment at this time.

We stated earlier that full implementation of the discount-fare adjustment would lead to the conclusion that no further fare increase was justified at this time. As the calculation in the third column of Appendix A shows, the adjusted rate of return under present fares—including the 6 percent fuel-related increase of last spring, but not including the new 4 percent increase—for a future-year period at assumed cost levels of December 31, 1974, comes out to 8.81 percent. As shown in Appendix B to this statement, implementation of the discount-fare adjustment as to the remaining discount fares, assuming a break-even generation/diversion ratio for these fares as a group, brings the projected trunkline rate of return *without* the new 4 percent fare hike to 13.45 percent. To illustrate again the relatively minor effect on the result of wide changes in the generation/diversion ratio assumed, Appendix B also calculates the industry rate of return assuming first a 25/75 percent and then a 75/25 percent ratio; the results are a 13.94 and a 12.48 percent rate of return, respectively.[36] On the other hand, *with* the 4 percent fare increase, Appendix B p. 5 shows that full implementation of the discount-fare adjustment gives a rate of return of 16.78 percent, or nearly 5 percentage points above the Board's 12 percent standard.

The conclusion is thus inescapable that the carriers can achieve the 12 percent return standard, under application of all other *DPFI* ratemaking standards, without a further 4 percent fare increase at this time, and that such an increase will result in an excessive rate of return. The Board was fully aware of all the considerations discussed herein.[37] We accordingly find it difficult to understand why the Board has failed to go forward with further implementation of the *DPFI* discount-fare adjustment when this has been shown to be both entirely feasible and vitally important.

Belly-Cargo Revenue Offset. In Phase 7 of the *DPFI* the Board decided that, in determining the needed level of passenger fares, the revenues derived from carriage of cargo, express, and mail (hereinafter referred to collectively as "cargo") in the bellies of combination passenger-cargo aircraft, after deduction of the specifically ascertainable costs of handling these traffics, should be treated as an offset against the direct operating costs of these aircraft.[38] In the Phase 7 hearing record the Board had before it comprehensive data on belly-cargo revenues, load factors, yields, and the like which enabled it to carry out accurately the computations required by this "by-product" or "revenue offset" approach to the costing of cargo traffic in passenger aircraft. Our complaint here is that the Board has devised no continuing method of carrying out these computations in the face of changes in belly-cargo yields and load factors.[39] As a result, we believe that the Board's present computations materially understate the cargo revenues which should be offset against aircraft operating costs in determining fares.

During the fiscal 1974 base year, and subsequent thereto, the Board has allowed a whole series of cargo rate increases for virtually all carriers, suspending the increases proposed only where they appeared to be above fully allocated costs as developed by the Bureau of Economics in its exhibits in the *Domestic Air Freight Rate Investigation*, currently pending before an administrative law judge of the Board. Although the Board's return calculations in Appendix A have been adjusted to annualize passenger fare increases taking effect during and since the base period, no mechanism has been developed to similarly annualize these cargo rate increases.

At the same time, belly-cargo load factors have markedly increased. Among the carriers' reactions to last winter's fuel crisis was a major cutback in all-cargo schedules.[40] In many markets, all-cargo schedules were eliminated altogether. The effect was to shift a considerable volume of cargo traffic that had used all-cargo service—the revenues and costs of which are treated entirely separate and apart from those of passenger service—to belly service in passenger aircraft. At the same time, the simultaneous cutback in passenger schedules had the effect of raising belly load factors just as it raised passenger-compartment load factors.[41]

The combined effect of these events has been a sharp increase in belly-cargo revenues per available seat-mile flown in passenger service, both because substantially more tons of cargo are aboard the average flight and because the cargo rate yield per ton-mile has risen substantially. We have not been shown that these increased cargo revenues per ASM, which under the "revenue offset" approach are to be deducted from unit operating costs per ASM, have in fact been properly reflected in the Board's fare-increase calculations.[42]

We are told that the necessary data are not available to permit accurate calculation of belly-cargo revenues per ASM at an annualized, updated level similar to that calculated for passenger-fare yields. To us this is not an acceptable excuse for failure to implement a significant aspect of the DPFI ratemaking standards—particularly where the Board deliberately chose the present standard over an alternative one which would not have involved the same problems.[43] Rather, we consider it the Board's duty to obtain the necessary data with all practicable speed, and in the meantime to suspend the fare increase pending investigation.

PROPER ADJUSTMENT OF THE BOARD'S COST INFLATION FACTOR TO REMOVE THE DISTORTING INFLUENCE OF NONRECURRING EVENTS LAST WINTER WOULD SHOW THAT NO FARE INCREASE IS WARRANTED

The calculations on which the Board relied in approving the 4 percent fare increase, as set forth in its press release of September 13, 1974,[44] and in Appendix A hereto, include a unit-cost inflation factor of 10.91 percent per annum, based on a comparison of reported trunkline operating results for the year ended June 30, 1974, before ratemaking adjustments, with those for the previous fiscal year.[45] This inflation factor is very markedly higher than the factors determined for preceding periods; thus, for calendar 1973 the inflation factor determined was 5.19 percent, while for the 12 months ended March 31, 1974, it was 6.54 percent.[46] In its September 13 press release, the Board expressed the view that the 10.91 percent inflation factor calculated for FY 1974 was probably distorted by the influence on FY 1974 unit costs of such significant nonrecurring factors as last winter's abrupt schedule cutbacks due to acute fuel shortages and its exceptionally rapid increases in fuel prices:

"The Board noted that the fiscal year covered by the [rate-of-return] tabulation includes eight months of operations under the Federal Mandatory Fuel Allocation Program. As a result, it is likely that unit costs were abnormally high because of service cutbacks, coupled with substantial increases in jet fuel prices, since November 1, 1973, and, therefore, are not necessarily representative of future period results. Available ton-mile costs for the trunks' domestic services increased 17.7 percent during the fiscal year ended June 30, 1974, a substantial increase when compared to the 6.9 percent increase during the fiscal year ended June 30, 1973. These unit costs increased 25.4 percent during the quarter ended June 30, 1974 over the same period in 1973. The change during the same quarter in 1973 over 1972 was 5.2 percent. *The Board believes that there were significant one-time nonrecurring costs related to capacity cutbacks during this fiscal year*. The Board believes, therefore, that future cost trends should reflect a more normal rate of inflation." (emphasis added)

When it came time to pass judgment on the proposed 4 percent fare increase, however, the Board had nothing to say about the distortion of the reported FY 1974 unit costs by nonrecurring factors, and no adjustments

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were made in the rate-of-return calculations to compensate for such factors and eliminate the distortion they cause. We can see no justification for this failure by the Board to follow through on its earlier statement. As for the carriers' contentions that there were no such nonrecurring factors in the FY 1974 unit costs, we find these arguments wholly unconvincing. On the contrary, it is quite evident that there *were* such factors, and precisely in the areas cited in the Board's September press release—the areas of schedule cutbacks and fuel price increases.

It should be emphasized that the problem of temporary, nonrecurring factors is not that they result in misrepresenting the actual unit costs for the base year—they do not—but that they distort future-year projections of unit costs, and do so in double measure. To illustrate, suppose that in the absence of nonrecurring factors, unit costs during the base year would have been the same as during the preceding year. Unit costs as of the midpoint of the following year would accordingly be projected as being the same as those of both the base year and the preceding year. Now suppose that nonrecurring factors had the effect of increasing base-year unit costs by 10 percent. Under the projection method used, if no "normalizing" adjustment is made, unit costs as of the midpoint of the following year will now be projected as being 10 percent above those for the base year, or 21 percent above those for the preceding year. Thus assuming the unit costs for the preceding year to have been "normal" (*i.e.*, relatively undistorted by nonrecurring factors), a 10 percent distortion in base-year unit costs due to nonrecurring factors will result in a 21 percent distortion in projected future-year unit costs, unless a correcting adjustment is applied.

In many areas of operating costs, the distorting effects of last winter's fuel crisis are difficult to measure. There unquestionably were such effects, however, and their very significant impact on the Board's rate-of-return calculation can be shown by examining a few specific cost areas where relatively exact calculations can be made.

Aircraft Utilization. As described earlier in this statement, the airlines reacted to last winter's fuel shortage crisis and the Mandatory Fuel Allocation Program both by grounding altogether some of their least efficient aircraft, from a fuel-productivity point of view, and by reducing their utilization of other such aircraft.[47] Both groundings and diminished utilization of aircraft result in increases in unit costs, since depreciation, insurance, and capital costs are not reduced and must be spread over a smaller number of aircraft hours (and therefore available seat-miles) in service. For reasons which will become clear hereafter when groundings are discussed, it is convenient to treat diminished utilization and groundings separately.

The domestic trunklines' average daily utilization of passenger aircraft dropped 11.0 percent in the first quarter of 1974 as against the same period a year earlier, from 7.70 to 6.85 hours. For the second quarter the decline in utilization was only 8.0 percent, from 7.61 hours in 1973 to 7.00 hours in 1974—a sign, we believe, that the worst part of the fuel-shortage-induced schedule pinch was passing.[48]

Encompassed within this overall decline in trunkline utilization, moreover, and accentuating its effect on unit costs, was an even greater decline in the utilization rates of some of the industry's largest and often most costly aircraft. In the first quarter, utilization of all types of aircraft fell relatively evenly from that of a year earlier, although above-average declines were registered by 4-engine turbojets (16.0 percent), 4-engine turbofans (12.4 percent), and 3-engine wide-bodies (12.7 percent). By the second quarter a more differentiated trend was developing, with utilization of 3-engine turbofans (B-727's) down only 3.7 percent while that of 4-engine turbojets was down by 20.5 percent, 4-engine wide-bodies by 14.9 percent, and 3-engine wide-bodies by 10.9 percent. The latter two categories, in particular, represent the industry's newest and most expensive aircraft, with correspondingly high depreciation, insurance, and capital charges.

For fiscal 1974 as a whole, average domestic trunk utilization was down 4.4 percent from a year earlier, from 7.56 to 7.23 hours. We consider it a reasonable and indeed almost unavoidable assumption that this decline represented a transient effect of last winter's sharp schedule cutbacks. In the long run, the carriers will find it much more economical to eliminate excess capacity by retiring obsolete or otherwise unneeded aircraft[49] than by under-utilizing aircraft kept in service.

When FY 1974 unit-cost figures are "normalized" by assuming continuation of the FY 1973 aircraft utilization level of 7.56 hours, the adjusted rate-of-return figure for FY 1974 is increased by 0.5 percent. In other words, lowered aircraft utilization reduced the domestic trunks' FY 1974 rate of return by 0.5 percent *for that one factor alone*. And, because of the previously described doubling-up effect of the straight-line projection method used,[50] failure to adjust for this distorting factor in the FY 1974 data causes an increase in the level of "current" unit costs forecast to prevail as of December 31, 1974, which is equivalent to a 1.0 percent reduction in the trunks' forecast future-year rate of return.

In no way can this be shrugged off or treated as an insignificant change. This one adjustment, covering aircraft utilization alone, eliminates approximately one-quarter of the carriers' asserted shortfall in their future-year rate of return. Since aircraft utilization is not the only or even the predominant source of transient-factor distortion in the FY 1974 unit costs, it is clear that the Board's failure to make normalizing adjustments in these unit costs has seriously distorted the entire fare-setting process.

Aircraft grounds. In addition to reducing aircraft utilization, the carriers in the fuel pinch grounded some aircraft altogether. Both the first and second quarters of 1974 saw fewer aircraft assigned to service than the same quarters of the previous year, with continued deliveries of 3-engine turbofans and 3-engine wide-bodies being more than offset by retirements and/or groundings of aircraft of all other significant categories.[51] Some of the latter, of course, represented planned retirements of obsolete aircraft, and some represented accelerated retirements of fuel-inefficient aircraft—notably the older, non-fanned 4-engine turbojets—which would have been retired anyway within the next two or three years. But some groundings—conspicuously those of 4-engine wide-bodies (B-747's), about ten of which appear to have been grounded in early 1974 out of a 1973 complement of 57 or so—were of relatively new and extremely costly aircraft.

The Board's accounting rule has long been that when an aircraft is taken out of service with the intent to sell, scrap, or otherwise dispose of it, it must be removed from the "operating property and equipment" account and thus from the ratemaking base. When an aircraft is taken out of service without such specific intent being manifest, it may be kept in "operating property" for 90 days; then it must either be returned to service or transferred on the books to "non-operating property" and removed from the rate base.

During last winter's fuel crisis, however, the Board decided to let carriers keep on the books for a full year as "operating property" aircraft which the carriers represented were temporarily grounded as a result of the fuel shortage.[52] The carriers were requested to annotate their financial reports to show what part of the depreciation charges included in their operating expense figures was related to such grounded aircraft. Only three carriers,[53] however, have done so for the first and second quarters of 1974.

The reports of these three carriers indicate that about 3 percent of their reported aircraft depreciation charges for this period were related to aircraft temporarily grounded by the fuel shortage. There were substantial groundings by other carriers also; Continental, for instance, grounded its entire fleet of three B-747's, representing a capital investment of some $62 million. Nevertheless, for present purposes, 3 percent may perhaps be taken as a representative figure for the domestic trunks as a whole.

Groundings affect unit costs in the same way as diminished utilization of aircraft, because until the grounded aircraft are transferred on the carriers' books to "non-operating property"—and under the Board's accounting decision of last winter aircraft grounded because of the fuel shortage were not so transferred during fiscal 1974—the depreciation, insurance, and capital charges they generate continue to be included in operating expense and have to be spread over the smaller number of available seat-miles generated by the aircraft remaining in service.[54]

We may assume, therefore, that groundings caused approximately a 3 percent bulge in these categories of unit costs during the first half of calendar 1974, as well as a corresponding bulge in the investment rate base. Assuming further that none of these groundings commenced before January 1, 1974,[55] the effect on these unit costs for the full year ending June 30, 1974, would be approximately 1½ percent; and because of the doubling phenomenon previously discussed,[56] the distorting effect of these components of the projected "current" (December 31, 1974) unit costs will be approximately 3 percent. This is equivalent to about a ⅛ of 1 percent difference in the calculated rate of return upon which the fare-increase justification is premised, over and above the 1 percent difference related to decreased aircraft utilization. Cumulatively, adjustments to the base-year data to eliminate both of these transient distorting effects on unit costs would eliminate about one-third of the carriers' asserted return shortfall.

Fuel costs. The increase in fuel costs since late 1973 cannot, of course, be described as a transitory phenomenon. But the *rate* of increase in fuel costs was considerably greater during fiscal 1974 than it has been in more recent months, or than it can reasonably be expected to be in the period immediately ahead. Thus, averaging the monthly fuel prices during fiscal 1974 shown in Appendix C gives a figure which is 141.92 percent of the average price during fiscal 1973, implying an average monthly rate of increase of 2.91 percent compounded,[57] whereas the monthly rate of increase between June and September 1974 was only 1.96 percent compounded. Modifying the Board's unit-cost inflation factor to reflect the latter rate of increase in fuel costs as more typical of the future period would add about another 1/10 of 1 percent point to the industry's projected future-year rate of return.

Other types of costs. The foregoing are not the only cost areas in which last winter's fuel crisis and attendant schedule cutbacks created a nonrecurring "bulge" in unit costs. Many other types of costs could not be eliminated simultaneously with, or in direct proportion to, the elimination of flight schedules.[58] A notable such area is that of wage costs. Quite apart from the intricate problems of flight-crew planning and scheduling,

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Footnotes at end of article.

union contracts generally preclude the furloughing or discharge of flight crew members or other airline workers as rapidly as the very abrupt schedule cutbacks which had to be made during last winter's fuel crisis. Often there are furlough and/or discharge payments which must be made. Moreover, furlough and discharge is done almost exclusively on the basis of seniority in each job category, with the result that the most junior (and therefore lowest-paid) employees are the first ones let go. This has the effect of boosting the average hourly wage rates of the employees who are retained—an effect which is eliminated only over the course of time, as senior employees retire, operations are gradually resumed, and low-seniority workers are recalled or new workers hired.

In the area of ground and other indirect costs, likewise, it takes time to adjust to a reduced level of flight operations. Reducing the number of flights a day in and out of a station generally increases the unit costs per flight of maintaining that station, and only in exceptional cases did the Board during the fuel crisis allow carriers to drop all of their flights serving a community and close down the station entirely. Even in those few cases, leasehold obligations doubtless often meant continued expense. Similarly, advance commitments in such areas as advertising meant that these costs could not immediately be scaled down in proportion to reduced flight operations. General administrative costs are yet another example of those which are difficult to curtail immediately in direct proportion to schedule cutbacks.

All of the foregoing areas of cost inflexibility result in increased operating costs per ASM whenever (as last winter) ASM's are abruptly reduced and costs cannot be reduced immediately or in direct proportion. For the most part these increased unit costs are transient or nonrecurring, in the sense that in time the carriers can adjust to a reduced level of flight operations, and can bring the costs involved into line with that level. Even where a completely compensatory downward adjustment in costs cannot be made, there is still a nonrecurring element in the unit costs involved when a partial adjustment is possible, but only after some delay.

Apart from certain specific cost areas such as aircraft utilization, groundings, and fuel costs, it is not easy to measure in precise quantitative terms the nonrecurring "bulge" which last winter's extraordinary events introduced into fiscal 1974 unit costs, although there unquestionably was such a bulge and it was significant in size. The calculations described above with respect to aircraft utilization and groundings are sufficient evidence of that. It is equally plain that little if any of this unit-cost bulge will still be felt during the first full year of the new fare increase. In fact, the rapid increase in domestic airline profits in recent months is the best possible evidence that the unit-cost bulge has been substantially overcome. Certainly there is no basis whatever for assuming—as the straightline projection method described earlier does—that this unit-cost bulge will be felt *twice* as strongly during fiscal 1975 as it was during fiscal 1974.

We also believe that, while absolute precision may well be impossible, a reasonable estimate of this nonrecurring bulge in unit costs can be made.[19] We think the Board has a plain duty to use its best efforts and apply its best judgment in making such an estimate. It will not do for the Board simply to shrug its shoulders or wring its hands over the difficulties involved in estimating the size of the unit-cost bulge. As in the case of the belly-cargo revenue offset (*supra*, p. 29), if more data must be gathered or more analyses must be made, then these things should be done on an expedited basis—and in the meantime the fare increase should be suspended and investigated. Certainly there is no justification at all for the Board to let a highly inflationary fare increase go into effect simply because it is difficult to put a precise figure on the adjustments needed to eliminate the distorting effects of transitory factors on fiscal 1974 unit costs.

SUMMARY

We have undertaken to show that, in approving a further 4 percent domestic fare increase for the airlines at this time, the Board has (1) failed to consider the inflationary effects of the fare increase at a critical time in the fight on inflation, (2) failed to consider the adverse effects of the increase on the movement of traffic, (3) failed to consider the present prosperous state of the domestic carriers, (4) failed to consider the evidence that they do not need a further fare increase to offset fuel or other cost increases, (5) failed to apply all of the ratemaking standards developed in the *Domestic Passenger-Fare Investigation*, and (6) failed to adjust the unit-cost inflation factor used in justifying the fare increase to eliminate the distorting effects of last winter's fuel crisis. When proper account is taken of all these matters, any fare increase at this time is clearly shown to be unwarranted. We would accordingly suspend and investigate the tariffs.

FOOTNOTES

[1] See *infra*, p. 9.

[2] *Domestic Passenger-Fare Investigation, Phase 5—Discount Fares*, Orders 72-12-18, December 5, 1972, and 73-5-2, May 1, 1973.

[3] The fares held unlawful in Order 72-12-18 were found to have caused a dilution in normal fare yields in 1971 of approximately 5.5 percent. This dilution had entered into the calculations which led the Board in *DPFI* Phase 7 to conclude that the carriers needed a general 12 percent fare increase. Eliminating this dilution in three equal stages was thus (as nearly as could be determined) equivalent to three general fare increases of approximately 1.8 percent each. (See the dissent of Member Minetti to Order 73-5-2, at pp. 2-3).

[4] $1.05\times1.018\times1.06\times1.018=1.1534$, $\times1.04=1.1996$.

[5] Orders 71-4-59/60, April 9, 1972, and 72-8-50, August 12, 1972.

[6] $1.1534\times1.018\times1.119=1.3139$, $\times1.04=1.3664$.

[7] The other notable feature of the current economic climate is an incipient recession. It is obvious that granting the airlines a further fare increase will do nothing whatever to combat recession; rather, we are concerned that in conditions of recession a further fare increase is likely to have a particularly unfavorable impact on the movement of traffic, and may thus do the airline industry a long-term injury that more than offsets the temporary and perhaps illusory gain it will derive from this ill-timed and ill-considered fare increase. (See discussion *infra*, pp. 5-8.)

[8] Order 71-4-59/60, April 9, 1971. The meaning of this coefficient is that, for each 1 percent increase in fares, demand (*i.e.*, traffic) drops 0.7 percent, so that (approximately) airline revenues increase only 0.3 percent. If, as there is some reason to believe, elasticity actually has an absolute value greater than —1.0 (*i.e.*, if traffic drops more than 1 percent for each 1 percent increase in fares), a fare increase will actually result in a loss of net revenues, although of course expenses will also decline. (See partial dissent of Members Minetti and Murphy to Order 71-4-59/60, *supra*, at pp. 17-20; Order 72-8-50 (dissent) at pp. 9-12.)

[9] This is in spite of the fact that the Board's new Consumer Advocate very strongly argued this point in his submission to the Board. We take the liberty of quoting from his concluding remarks on this issue:

"It appears to OCA [Office of the Consumer Advocate] that air fares have now attained a level where fewer and fewer people will be able to divert discretionary funds into air transport costs and will revert to other forms of common carriage. . . . The industry as a whole may be attempting to use the current 4 percent rise to overcome obstacles of immediate concern while simultaneously discouraging the growth it so desperately requires to remain a viable force in the economy."

[10] Order 71-4-59/60, *supra*, concurrence and dissent, at pp. 19-20, footnote omitted).

[11] The domestic trunk airlines in fiscal 1974 earned some $7.606 in passenger revenues on their 48-State operations, after adjustments are made to eliminate certain (but not all) discount fares and to annualize fare increases which took effect during the year. (See Press Release CAB 74-197, September 13, 1974.) A straight 4 percent increase in these revenues would amount to $304 million (slightly more accurate than the $310 million figure cited in our preliminary statement). Because of the -0.7 percent price elasticity factor, however (see *supra*, note 8), the fare increase can be expected to cause a decline in traffic of approximately 2.8 percent, and the airlines will thus achieve a net increase in revenues of only 30 percent of the gross amount of the fare increase, or about $90 million. On the other hand, this loss of traffic will allow the carriers to reduce both operating expenses and investment (and the load-factor adjustment presumes that they will do so), so that the resulting gains in operating profits and return on investment will be much greater than the net increase in revenues. Here, for example, a $90 million net increase in passenger revenues stemming from the fare increase is expected to produce a $275 million increase in operating profits, and a $145 million increase in after-tax return on investment, for a gain of 3.18 percentage points in the regulatory rate of return. (See Appendix A to this statement.) Thus it is in many ways more accurate and revealing to describe this as a "$304 million fare increase" or a "$275 million operating profit increase" than as a "$90 million net passenger revenue increase." All of these figures, it should be noted, ignore the additional passenger revenues and profits which the fare increase will bring to the local service carriers.

[12] Most current Board statistical tabulations employ the category "domestic trunks" as including Pan American, in recognition of the latter's Mainland-Hawaii and Mainland-Alaska operations. Since the ratemaking area here involved is limited to the continental 48 States, and since the instant fare increase does not affect any of Pan American's routes, the data cited in this statement exclude Pan American wherever feasible, and except where specifically noted to the contrary. Because most carrier financial data are now reported on a 50-State basis, and in some cases only on a system basis, we will cite some data on each of these bases, making clear which is which.

[13] Press Release CAB 74-197, September 13, 1974; see also Appendix A to this statement.

[14] *Handbook of Airline Statistics, 1973 Ed.* (hereinafter cited as "*Handbook*"), p. 218.

[15] Press Release CAB 74-197, *supra*. The cited return figures are adjusted for regulatory depreciation and regulatory investment in accordance with the standards of the *Domestic Passenger-Fare Investigation*, but *not* for the *DPFI* load-factor standard or the *DPFI* discount-fare adjustment (see *infra*, pp. 19-26).

[16] 1964—9.61 percent; 1965—11.57 percent; 1966—10.18 percent. *Handbook*, p. 411.

[17] *Handbook*, p. 76.

[18] Press Release CAB 74-197, *supra*. The figure of 11.08 percent shown in Appendix A hereto results from further adjusting the FY 1974 data to apply 1975 seating-configuration standards, as is appropriate in appraising a fare increase to be applicable in 1975.

[19] See discussion *infra*, pp. 19-26.

[20] *Air Carrier Financial Statistics* (hereinafter cited as *"Financial Statistics"*), June 1974 ed., p. 4; *Handbook*, p. 221.

[21] *Financial Statistics*, June 1974, pp. 3, 4, 22; *Financial Statistics*, March 1974, same pp.; *Handbook*, pp. 218, 221. In our preliminary statement of October 31, we quoted a figure of $445 million for the first six months of 1974. This, however, included a first-half loss of $14.6 million for Pan American, which has now been eliminated in the figure cited in the text, *supra*. (The 1966 figures did not and do not include Pan American.) The *comparison* is still not exact because the 1966 figures are on a 48-State basis while those for 1974 are on a 50-State basis; however, the relative orders of magnitude of the figures are not affected by this difference.

[22] These figures, based on monthly reports which do not separate domestic from international/territorial results, include Pan American. Since Pan American's cumulative operating loss through August 1974 was $35.5 million, the profit figures for the remaining carriers would be increased by PAA's elimination. We have not undertaken to do this, since the figures are cited only to show the very rapid upward trend of trunk operating *profits*.

[23] *Aviation Daily*, November 6, 1974, p. 26 (back). This compilation understates the operating revenues of American Airlines by $100 million, although the column total is correct. Figures for National Airlines were not available because of its recently ended strike; however, for the first six months of 1974 this carrier had an operating profit of $39.2 million and a net profit after taxes of $19.1 million. (*Financial Statistics*, March and June 1974.) The carrier has reportedly continued to be profitable through its strike, in large part because of sizable Mutual Aid Pact payments (including over $1 million in October from financially hard-pressed Pan American).

[24] Interest expense, which must be added to net profit after taxes to give return on investment, totaled $286 million in fiscal 1974 for the domestic trunks and locals; for calendar 1974 the figure will undoubtedly substantially exceed $300 million. (*Financial Statistics*, June 1974.)

[25] See Appendix C to this statement, which reproduces data released by the Board in a press release on October 24, 1974 (Press Release CAB 74–231).

[26] See further discussion of this *infra*, pp. 33–39.

[27] Energy Policy Office Reg. 1, October 12, 1973, 38 Fed. Reg. 28660, and subsequent amendments thereto see 10 C.F.R. Part 211, Subpart H.

[28] Press Release CAB 74–197, *supra* note 13. The calculations in the second column of Appendix A make a further adjustment to the base-year data, over and above those made in the press-release calculations, to reflect the Board's *DPFI* Phase 6A seating standards effective January 1, 1975. Also, a fourth column is added which purports to show the adjusted industry rate of return following allowance of the further 4 percent fare increase.

[29] Order 72–12–18, December 5, 1972.

[30] The Board found that discount fares, although sometimes useful on a short-term basis in helping to fill empty seats at times of excess industry capacity, have a long-term tendency to burden normal fares because (a) the carriers tend to schedule and plan aircraft acquisitions on the basis of all traffic, reduced-fare as well as full-fare and (b) when some passengers pay less than their full allocable costs of carriage, the other passengers ultimately must pay more, *unless* the carriage of the discount passengers has the effect of reducing unit costs for all—something which, the Board found, simply does not happen in the airline industry.

[31] For illustrations of how this adjustment is performed, see Appendix B to this statement.

[32] Members Minetti and Murphy dissented from the Board's conclusion that the family and youth fares were unduly discriminatory and hence unlawful, but not from the Board's policy conclusions concerning the future treatment of discount fares in setting normal fares. On reconsideration, in Order 73–5–2, May 1, 1973, Member Minetti dissented from the Board's decision not to remand the proceeding for a determination of how much normal fares should be reduced to compensate for the elimination of the discount fares which the Board had determined to be unlawful and ordered phased.

[33] Order 73–9–108, September 28, 1973, at p. 4.

[34] Since any generation/diversion ratio can thus be assumed without danger of substantial injustice, the most logical ratio appears to be a break-even ratio—that is, a ratio of generation to diversion under which the revenue gained from generated traffic, less the out-of-pocket cost of handling such traffic, is just equal to the revenue lost from the down-faring of diverted traffic. This break-even ratio is directly calculable from the average effective percentage discount. The generation/diversion ratios determined for the family, youth, and Discover America fares in the Board's *DPFI* Phase 5 decision were in fact all quite close to their break-even ratios, *i.e.*, these fares were all found to be either slightly profitable or slightly unprofitable under the Board's so-called "profit-impact" test. In the present case, however, as will be seen, it makes no ultimate difference *what* generation/diversion ratio is assumed.

[35] Order 74–10–49, October 9, 1974.

[36] For the remaining discount fares as a group, the break-even generation/diversion ratio proves to be 43.65 percent generation, 56.35 percent diversion. A 25/75 percent ratio would imply that the remaining discount fares as a group are exceedingly unprofitable, so much so that the carriers could increase their operating profits by some $267 million and their rate of return by nearly 2½ percentage points simply by abolishing these discount fares. At the other extreme, a 75/25 percent ratio would be extremely high for the remaining discount fares as a group, in view of the broad availability of many of these fares. (Such a ratio would also imply that these fares are making a $382 million profit contribution on a short-term basis.) We are not aware of any instance where the Board has found a broadly available discount fare to have a generation factor as high as 75 percent. It should be noted that even assumption of an impossibly high generation/diversion ratio of 90/10 percent would give a rate of return of over 12 percent without the fare increase.

[37] Specifically, the Board had before it at its meetings on this issue a staff-done calculation showing that full implementation of the discount-fare adjustment would bring the trunkline rate of return for a projected future year, *without* the new 4 percent fare increase, to 13.18 percent. This calculation embodied several additional refinements which we have chosen not to incorporate in Appendix B; thus, it took into account the somewhat greater average length of haul of discount-fare passengers vis-a-vis regular-fare passengers, and when eliminating the costs of generated passengers it based these on coach costs rather than overall average passenger costs. In the interests of greater understandability, we have chosen to depart as little as possible from the manner in which the discount-fare adjustment has been made heretofore. Our only departures were the use of the break-even generation/diversion ratio and the demonstration that the ratio assumed makes little difference in the outcome—both being matters as to which the Board has been fully briefed over the past two months. Since the principal numerical result shown in Appendix B (13.45 percent) differs by only a fraction of a percentage point from that which the Board had before it (13.18 percent), and since both sets of calculations point to the identical conclusion—that the fare increase is unwarranted—we do not think that the Board can legitimately claim "surprise" as to the Appendix B calculations.

[38] Order 71–4–59/60, April 1, 1971. Members Minetti and Murphy dissented on this issue; they would have preferred a "fully allocated" costing approach which would have obviated the present problem (see *infra*, note 43).

[39] See the partial dissent of Members Minetti and Murphy in Order 72–8–50, August 12, 1972, wherein they pointed out this deficiency in implementing the Board's Phase 7 decision.

[40] As Appendix C indicates, this all-cargo cutback was considerably deeper than the cutback in passenger schedules.

[41] Of course the *DPFI* load-factor adjustment has an impact on cargo as well as passenger load factors, but because of the additional elements cited above (notably the shift of cargo from all-cargo to combination flights), we do not believe the improvement in belly-cargo load factors has been adequately accounted for.

[42] It is suggested that, since belly-cargo revenues have in the past amounted to only about 7 percent of total operating expenses in passenger service, recent increases in belly-cargo revenues cannot possibly have a significant effect on the present passenger-fare calculations. It is also suggested that unit operating costs have increased as fast or faster than cargo rate yields. Both of these suggestions, it seems to us, ignore the multiplier effects of simultaneous cargo rate increases, cutbacks in passenger schedules, and enforced shifts of cargo from all-cargo to passenger flights. At any rate, we have not been shown any calculation which convincingly demonstrates that the net effect of these changes on the passenger-fare calculations is negligible.

[43] Under the alternative "fully allocated costs" standard, fixed percentages would have been determined for allocating the operating costs of combination aircraft among passengers and their baggage, cargo, express, and mail. Accordingly, any disproportionate rise in cargo revenues per plane-mile flown would simply improve the profitability of belly-cargo service, which would be treated as a separate ratemaking entity, and would not affect passenger-fare calculations at all.

[44] Press Release CAB 74–197, *supra* note 13.

[45] The inflation factor is calculated by dividing total reported trunkline operating costs for the base year (here FY 1974) by the total available seat-miles (ASM's) flown during the year, and comparing this with the comparable figure of operating cost per ASM for the preceding year (here FY 1973). It is then assumed that unit operating costs are rising at a constant rate, and hence that the level of unit costs as of the midpoint of the year following the base year (here, as of December 31, 1974, the midpoint of FY 1975) will be as much above the average level of unit costs during the base year, as the latter were above those for the preceding year. In other words, it is assumed here that the level of unit costs as of December 31, 1974, will be 110.91 percent of the average unit costs for FY 1974, just as the latter were 110.91 percent of the average unit costs for FY 1973.

Of course, basing a fare increase to take effect on November 1 or November 15 on an assumed level of costs which is not expected to be reached until December 31 of the same year involves a small but distinct breach of the Board's long-standing and eminently sound policy of recognizing only cost increases which have actually occurred at the time of a ratemaking action, and not those which are anticipated to occur in the future, even the near future. At a time of rampant inflation, and when the carriers have no immediately pressing need for the additional revenues, we do not believe that even such minor departures from past sound ratemaking policy are excusable when they contribute to inflation, as this one does. But this particular departure, although regrettable, is not the principal object of our present criticism.

[46] Press Release CAB 74–188, August 23, 1974.

[47] "Utilization" refers to the average number of hours per day that each aircraft in the carriers' fleets, assigned to revenue flight operations, is employed in such operations. Aircraft grounded altogether—that is, aircraft not assigned to flight operations during any given period—are not counted in computing average daily hours of utilization.

[48] Available ton-miles, the broadest measure of capacity offered, declined 9.5 percent for the domestic trunk carriers from first quarter 1973 to first quarter 1974. The year-to-year decline in the second quarter was only 7.3 percent. See Appendix D to this statement for a compilation of aircraft assigned to service, utilization, and available ton-miles of domestic trunk carriers, first and second quarters 1974 vs. 1973.

[49] This long-run process of adjustment can in fact already be seen at work in the "aircraft assigned to service" figures given in Appendix D.

[50] The projection method used, in the absence of a normalizing adjustment, assumes that utilization will continue to decline, so that by December 31, 1974, it is assumed that utilization will be down an additional 4.4 percent from the level of fiscal 1974, *i.e.*, that it will be down to 6.91 hours daily. With the normalizing adjustment, the projection assumes instead that utilization will remain at (or rather return to) the level of 7.56 hours daily. As previously pointed out, the difference in the December 31, 1974, projected figures, with and without the normalizing adjustment, is twice the difference in the fiscal 1974 figures.

[51] See Appendix D.

[52] As of February 1, 1974, some 55 aircraft were so grounded by the domestic trunks. An unknown but substantial number of these have since been returned to service.

[53] American, United, and Western.

[54] We wish to make it clear that we are not criticizing *per se* the Board's action of last winter in permitting the carriers to keep fuel-grounded aircraft on their books as "operating property". The acute fuel shortage was not of the carriers' making, nor was it a circumstance they ought reasonably have been expected to foresee. Were the Board here engaged in determining the reasonableness of fares charged during fiscal 1974, an excellent case could be made for allowing these fuel-grounded aircraft to remain in the investment rate base and their depreciation and related charges to be included in operating costs. What we object to is the Board's failure here to adjust the fiscal 1974 data to eliminate the distorting effects of these extraordinary and non-recurring groundings on the fares to be charged in 1975.

[55] Actually, an unknown number of them commenced in November and December of 1973.

[56] Assuming there were no aircraft grounded during fiscal 1973, and in absence of a normalizing correction to the fiscal 1974 data, the straight-line projection method assumes that the carriers will have twice as many aircraft grounded on December 31, 1974, as they did on the average during fiscal 1974.

[57] As noted earlier (*supra* page 15), the month-to-month rate of increase in fuel prices during fiscal 1974 averaged 5.55 percent per month.

[58] The Board had occasion to note this at the time; see Order 73–11–93, November 20, 1973, at pp. 5–6.

[59] For example, if the unit-cost inflation factor used in the rate-of-return calculations in Appendix A is reduced from 10.91 percent to 7.5 percent, the industry rate of return *before* the 4 percent fare increase becomes 11.04 percent, and *after* the increase becomes 14.26 percent. This is *without* any further implementation of the discount fare adjustment. A "normalized" inflation factor of 7.5 percent does not appear to be an unreasonable assumption in view of the previously calculated inflation factors of 5.19 percent for calendar 1973 and 6.54 percent for the year ended March 31, 1974—the factor for the latter period of course being also affected by the fuel crisis, but not as much as the FY 1975 figure.

APPENDIX A

ANALYSIS OF DOMESTIC TRUNK PERFORMANCE FOR THE YEAR ENDED JUNE 30, 1974, IN ACCORDANCE WITH THE STANDARDS SET FORTH IN PHASE 7 OF THE DOMESTIC PASSENGER-FARE INVESTIGATION

[Dollars in thousands]

	Unadjusted[1] (1)	Adjusted[2] (2)	Projected forward to Dec. 31, 1974, by annualization of fare increases and 10.91 percent cost increase[3] (3)	Adjusted to reflect an additional 4 percent fare increase (4)
RPM's (millions)	106, 957	104, 955	100, 223	97, 509
ASM's (millions)	193, 780	190, 792	182, 200	177, 287
Load factor (percent)	55. 2	55. 0	55. 0	55. 0
Yield (cents)	6. 9932	7. 1065	7. 5886	7. 8921
Passenger revenue	$7, 479, 758	$7, 458, 631	$7, 605, 510	$7, 695, 527
Operating revenue	7, 671, 642	7, 650, 515	7, 797, 390	7, 887, 411
Operating expense	7, 037, 740	6, 673, 290	7, 150, 240	6, 964, 959
Operating profit	633, 902	887, 225	647, 150	922, 452
Interest	200, 626	191, 142	185, 544	182, 131
Earnings	$433, 276	$696, 083	$461, 605	$740, 322
Tax (at 48 percent)	207, 972	334, 120	221, 570	355, 354
Net income	225, 972	361, 963	240, 035	384, 968
Return	425, 930	553, 105	425, 579	567, 097
Investment	5, 239, 736	4, 991, 999	4, 832, 250	4, 738, 986
Return on investment (percent)	8. 13	11. 08	8. 81	11. 97

[1] Form 41 reports, adjusted to reflect 48-State scheduled passenger operations; and adjusted for regulatory depreciation and regulatory investment.

[2] Adjusted for the removal of Youth, Family, and Discover America discount RPM's, revenues, and costs; and the 55-percent standard load factor with standard seating (1975 standards).

[3] A 5-percent increase was effective Dec. 1, 1973, and a 6-percent increase was effective Apr. 16, 1974. Operating expense per ASM for the year ended June 30, 1974, was 10.91 percent over that for the preceding year.

APPENDIX B

EFFECT OF IMPLEMENTING THE DISCOUNT-FARE ADJUSTMENT ON THE DOMESTIC TRUNKLINE RATE OF RETURN AS PREVIOUSLY ADJUSTED IN ACCORDANCE WITH OTHER DPFI STANDARDS, PRIOR TO THE 4-PERCENT FARE INCREASE EFFECTIVE NOV. 15, 1974

[Dollars in thousands]

	Adjusted fiscal year 1974 results projected to Dec. 31, 1974[1]	Removal of remaining discounts at various assumed generation/diversion ratios		
		Break-even[2]	25/75[3]	75/25[4]
	(1)	(2)	(3)	(4)
RPM's (millions)	100, 223	92, 089	95, 564	86, 245
ASM's (millions)	182, 200	167, 435	173, 752	156, 809
Load factor (percent)	55	55	55	55
Yield (cents per RPM)	7. 5886	8. 1194	8. 1194	8. 1194
Passenger revenue	$7, 605, 510	$7, 477, 027	$7, 759, 200	$7, 002, 593
Operating revenue	7, 797, 390	7, 669, 907	7, 951, 080	7, 194, 473
Operating expense	7, 150, 240	6, 656, 432	6, 866, 013	6, 309, 507
Operating profit	$647, 150	$1, 013, 475	$1, 085, 067	$884, 966
Interest expense	185, 544	174, 267	179, 092	166. 151
Net before tax	461, 605	839, 208	905, 975	718, 815
Net after tax[5]	240, 035	436, 388	471, 107	373, 784
Return element[6]	425, 579	610, 655	650, 199	539, 935
Investment	4, 832, 250	4, 538, 546	4, 664, 223	4, 327. 193
Rate of return (percent)	8. 81	13. 45	13. 94	12. 48

[1] See appendix A, column 3. See also p. 6, this appendix.

[2] See p. 2, this appendix. Break-even G/D ratio is 43.65 percent generation.

[3] See p. 3, this appendix. 25 percent generation, 75 percent diversion.

[4] See p. 4, this appendix. 75 percent generation, 25 percent diversion.

[5] Tax at 48 percent.

[6] Net income after tax plus interest expense.

APPENDIX B—Continued

EFFECT OF IMPLEMENTING THE DISCOUNT-FARE ADJUSTMENT ON THE DOMESTIC TRUNKLINE RATE OF RETURN AS PREVIOUSLY ADJUSTED IN ACCORDANCE WITH OTHER DPFI STANDARDS, PRIOR TO THE 4-PERCENT FARE INCREASE EFFECTIVE NOV. 15, 1974

[Dollars in thousands]

	Adjusted fiscal year 1974 results projected to Dec. 31, 1974, before 4 percent fare increase [1]	Removal of discount fares		Load-factor adjustment	
		Change	Adjusted	Change	Adjusted
REMOVAL OF DISCOUNTS AT BREAK-EVEN GENERATION/DIVERSION RATIO (DETAILED CALCULATION)					
RPM's (millions)	100, 223	−8, 134	92, 089		92, 089
ASM's (millions)	182, 200		182, 200	−14, 765	167, 435
Load factor (percent)	55. 0		50. 54		55. 0
Yield (cents per RPM)	7. 5886		8. 1194		8. 1194
Passenger revenues	$7, 605, 510	−$128, 483	$7, 477, 027		$7, 477, 027
Operating revenues	7, 797, 390		7, 669, 907		7, 669, 907
Operating expenses	7, 150, 240	−128, 483	7, 021, 757	−$365, 325	6, 656, 432
Operating profit	647, 150		647, 150		1, 013, 475
Interest expense	185, 544		185, 544	−11, 277	174, 267
Net before tax	461, 605		461, 605		839, 208
Net after tax at 48 percent	240, 035		240, 035		436, 388
Return element	425, 579		425, 579		610, 655
Investment	4, 832, 250		4, 832, 250	−293, 704	4, 538, 546
Rate of return (percent)	8. 81		8. 81		13. 45
Discount-fare adjustment:					
Total discount RPM's		18, 637			
RPM's generated (43.65 percent)		8, 135			
RPM's diverted (56.35 percent)		10, 502			
Generated revenue lost at 5.2649 cents		−428, 276			
Expense reduction at 30 percent		−128, 483			
Diverted revenue recovered at 2.8545 cents		+299, 793			
Net revenue gained/lost		−128, 483			
Load-factor adjustment: [3]					
Reduction in ASM's (percent)				−8. 1040	
Reduction in operating expenses at 64.2 percent				−5, 2028	
Reduction in interest and investment at 75 percent				−6, 0780	
REMOVAL OF DISCOUNTS AT 25/75 PERCENT GENERATION/DIVERSION RATIO (DETAILED CALCULATION)					
RPM's (millions)	100, 223	−4, 659	95, 564		95, 564
ASM's (millions)	182, 200		182, 200	−8, 447	173, 752
Load factor (percent)	55. 0		52. 45		55. 0
Yield (cents per RPM)	7. 5886		8. 1194		8. 1194
Passenger revenues	$7, 605, 510	+$153, 690	$7, 759, 200		$7, 759, 200
Operating revenues	7, 797, 390		7, 951, 080		7, 951, 080
Operating expenses	7, 150, 240	−73, 591	7, 076, 649	−$210, 636	6, 866, 013
Operating profit	647, 150		874, 431		1, 085, 067
Interest expense	185, 544		185, 544	−6, 452	179, 092
Net before tax	461, 605		688, 887		905, 975
Net after tax at 48 percent	240, 035		358, 221		471, 107
Return element	425, 579		543, 765		650, 199
Investment	4, 832, 250		4, 832, 250	−168, 027	4, 664, 223
Rate of return (percent)	8. 81		11. 25		13. 94
Discount-fare adjustment: [2]					
Total discount RPM's		18, 637			
RPM's generated (25 percent)		4, 659			
RPM's diverted (75 percent)		13, 978			
Generated revenue lost at 5.2649 cents		−245, 305			
Expense reduction at 30 percent		−73, 591			
Diverted revenue recovered at 2.8545 percent		+398, 995			
Net revenue gained/lost		+153, 690			
Load-factor adjustment (percent): [3]					
Reduction in ASM's (percent)				−4. 6363	
Reduction in operating expense at 64.2 percent				−2. 9765	
Reduction in interest and investment at 75 percent				−3. 4772	
REMOVAL OF DISCOUNTS AT 75/25 PERCENT GENERATION/DIVERSION RATIO (DETAILED CALCULATION)					
RPM's (millions)	100, 223	−13, 978	86, 245		86, 245
ASM's (millions)	182, 200		182, 200	−25, 391	156, 809
Load factor (percent)	55. 0		47. 34		55. 0
Yield (cents per RPM)	7. 5886		8. 1194		8. 1194
Passenger revenues	$7, 605, 510	−$602, 917	$7, 002, 593		$7, 002, 593
Operating revenues	7, 797, 390		7, 194, 473		7, 194, 473
Operating expenses	7, 150, 240	−220, 774	6, 929, 466	−$619, 959	6, 309, 507
Operating profit	647, 150		265, 007		884, 966
Interest expense	185, 544		185, 544	−19, 393	166, 151
Net before tax	461, 605		79, 463		718, 815
Net after tax at 48 percent	240, 035		41, 321		373, 784
Return element	425, 579		226, 865		539, 935
Investment	4, 832, 250		4, 832, 250	−505, 057	4, 327, 193
Rate of return (percent)	8. 81		4. 69		12. 48

See footnotes at end of table.

[Dollars in thousands]

	Adjusted fiscal year 1974 results projected to Dec. 31, 1974, before 4 percent fare increase [1a]	Removal of discount fares		Load-factor adjustment	
		Change	Adjusted	Change	Adjusted
REMOVAL OF DISCOUNTS AT 75/25 PERCENT GENERATION/DIVERSION RATIO (DETAILED CALCULATION)—Continued					
Discount-fare adjustment:					
Total discount RPM's		18,637			
RPM's generated (75 percent)		13,978			
RPM's diverted (25 percent)		4,659			
Generated revenue lost at 5.2649 cents		−735,915			
Expense reduction at 30 percent		−220,774			
Diverted revenue recovered at 2.8545 percent		+132,998			
Net revenue gained/lost		−602,917			
Load-factor adjustment (percent): [3]					
Reduction in ASM's (percent)				−13.9357	
Reduction in operating expense at 64.2 percent				−8.9467	
Reduction in interest and investment at 75 percent				−10.4518	
REMOVAL OF DISCOUNTS AT BREAK-EVEN GENERATION/DIVERSION RATIO (DETAILED CALCULATION)					
RPM's (millions)	97,509	−7,914	89,595		89,595
ASM's (millions)	177,287		177,287	−14,387	162,900
Load factor (percent)	55.0		50.54		55.0
Yield (cents per RPM)	7.8921		8.4442		8.4442
Passenger revenues	$7,695,527	−$130,002	$7,565,525		$7,565,525
Operating revenues	7,887,411		7,757,409		7,757,409
Operating expenses	6,964,959	−130,002	6,834,957	−$356,093	6,478,864
Operating profit	922,452		922,452		1,278,545
Interest expense	182,131		182,131	−11,085	171,046
Net before tax	740,322		740,322		1,107,499
Net after tax at 48 percent	384,968		384,968		575,899
Return element	567,097		567,097		746,945
Investment	4,738,986		4,738,986	−288,429	4,450,557
Rate of return (percent)	11.97		11.97		16.78
Discount-fare adjustment: [2]					
Total discount RPM's		18,132			
RPM's generated (43.65 percent)		7,914			
RPM's diverted (56.35 percent)		10,218			
Generated revenue lost at 5.4755 cents		−433,339			
Expense Reduction at 30 percent		−130,002			
Diverted revenue recovered at 2.9687 cents		+303,337			
Net revenue gained/lost		−130,002			
Load-factor adjustment (percent): [3]					
Reduction in ASM's (percent)				−8.1151	
Reduction in operating expense at 64.2 percent				−5.2099	
Reduction in interest and investment at 75 percent				−6.0863	

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[1] Appendix A, col. 3. Form 41 reports, domestic scheduled passenger operations of domestic trunkline carriers (excluding Pan American), year ended June 30, 1974; adjusted to 48-State basis; adjusted for regulatory depreciation and investment; adjusted to remove effects of Family, Youth, and Discover America fares; adjusted to 55-percent standard load factor at 1975 seating standards; adjusted to annualize fare increases during fiscal year 1974 (5 percent increase effective Dec. 1, 1973, 6 percent increase effective Apr. 16, 1974); projected forward to Dec. 31, 1974, by application of 10.91 percent increase in operating expense per ASM (same increase as fiscal year 1974 over fiscal year 1973).

[1a] Appendix A, col. 4. Same as above, further adjusted to reflect an additional 4 percent fare increase effective Nov. 15, 1974. Adjustments here and in note 1, supra, reflect —0.7 price elasticity of demand.

[2] Discount-fare adjustment: For the year ended June 30, 1974, total discount RPM's (excluding RPM's for Family, Youth, and Discover America fares already eliminated, see note 1 above) were 19.517 million. Average full-fare yield was 7.68¢ per RPM, and an average discount-fare yield (again excluding Family, Youth, and DA30 discounts) was 4.98¢ per RPM. Adjusting to annualize fare increases during fiscal year 1974 (supra notes 1 and 1a) gives adjusted total discount RPM's of 18,637 million, full-fare yield of 8.1194¢ per RPM, discount-fare yield of 5.2649¢ per RPM. On p. 5, further adjusting to reflect additional 4 percent fare increase gives total discount RPM's of 18,132, full-fare yield of 8.4442 per RPM, discount-fare yield of 5.4755¢ per RPM. Yield gain of diverted RPM's is difference between full-fare and discount yields. The break-even generation/diversion ratio (B) is computed from the formula: $B=(f-d)\div(f-0.3d)$; where f=full-fare yield, d=discount-fare yield. Out-of-pocket expense of carrying generated traffic is assumed to be 30 percent of generated revenues (see Order 72-12-18, p. 36 and appendices E and F). Net revenue lost and diverted revenue recovered.

[3] Load-factor adjustment: Adjusted ASM's are RPM's divided by 55 percen . Percent reduction in ASM's is calculated. Percent reduction in operating expense is taken as 64.2 percent of this percentage, and percent reduction in interest and investment is taken as 75 percent of this percentage (see Order 71-4-59/60, pp 50-52 and app. 2). In fiscal year 1974, capacity costs were 64.2 percent of total operating costs.

APPENDIX C

DOMESTIC OPERATIONS AIRCRAFT FUEL COST PER GALLON, YEAR ENDED JUNE 30, 1973, AND JULY 1973 THROUGH SEPTEMBER 1974

	Fuel cost per gallon (cents)			Change over prior month (percent)			Change over year ended June 30, 1973 (percent)		
	Domestic trunks	Local service	Total domestic	Domestic trunks	Local service	Total domestic	Domestic trunks	Local service	Total domestic
1973:									
June [1]	11.663	12.616	11.745						
July	12.291	12.885	12.342				5.38	2.13	5.08
August	12.345	12.897	12.393	0.44	0.09	0.41	5.85	2.23	5.52
September	12.931	13.135	12.949	4.75	1.85	4.49	10.87	4.11	10.25
October	13.277	13.560	13.303	2.68	3.24	2.73	13.84	7.48	13.27
November	13.640	13.820	13.659	2.73	1.92	2.68	16.95	9.54	16.30
December	14.279	14.178	14.270	4.68	2.59	4.47	22.43	12.38	21.50

APPENDIX C—Continued

DOMESTIC OPERATIONS AIRCRAFT FUEL COST PER GALLON, YEAR ENDED JUNE 30, 1973, AND JULY 1973 THROUGH SEPTEMBER 1974—Continued

	Fuel cost per gallon (cents)			Change over prior month (percent)			Change over year ended June 30, 1973 (percent)		
	Domestic trunks	Local service	Total domestic	Domestic trunks	Local service	Total domestic	Domestic trunks	Local service	Total domestic
1974:									
January	17.294	16.927	17.261	21.11	19.39	20.96	48.28	34.17	46.96
February	18.719	18.454	18.694	8.24	9.09	8.30	60.50	46.27	59.17
March	19.969	19.573	19.931	6.68	6.06	6.62	71.22	55.14	69.70
April	20.883	20.099	20.808	4.58	2.69	4.40	79.05	59.31	77.16
May	22.034	21.109	21.943	5.51	5.03	5.45	88.92	67.32	86.83
June	22.539	21.754	22.464	2.21	3.06	2.37	93.25	72.43	91.26
July [2]	23.358	21.878	23.214	3.63	.57	3.34	100.27	73.41	97.65
August [2]	23.695	22.182	23.545	1.44	1.39	1.43	103.16	75.82	100.47
September [2]	24.011	22.051	23.811	1.33	.59	1.13	105.87	74.79	102.73
October									
November									
December									

[1] Year ended June 30, 1973.
[2] National on strike effective July 15, 1974.

Source: CAB Form P-5(b) (formerly T-90) with revisions through current period.

AIRCRAFT ASSIGNED TO SERVICE, UTILIZATION, AND AVAILABLE TON-MILES TRUNK CARRIERS, DOMESTIC OPERATIONS BY AIRCRAFT TYPE

1ST QUARTER 1974 VERSUS 1ST QUARTER 1973

	Aircraft assigned to service [1]			Utilization (hours per day)			Available ton-miles (all revenue service in thousands)		
	1st quarter		Percent change	1st quarter		Percent change	1st quarter		Percent change
	1974	1973		1974	1973		1974	1973	
Passenger:									
2-engine fan	274.4	298.5	−8.1	6.24	7.34	−15.0	646,154	824,317	−21.6
3-engine fan	648.5	598.3	8.4	6.94	7.58	−8.4	2,500,220	2,407,841	3.8
4-engine fan	263.3	290.8	−9.5	7.46	8.52	−12.4	1,540,809	1,930,448	−20.2
4-engine jet	46.2	103.9	−55.5	6.20	7.38	−16.0	185,975	467,775	−60.2
4-engine wide-body	47.1	57.9	−18.7	8.28	9.23	−10.3	901,770	1,258,403	−28.3
3-engine wide-body	112.7	69.8	61.5	6.86	7.86	−12.7	1,183,922	800,462	47.9
4-engine turbo-prop	12.8	11.2	14.3	1.25	2.75	−54.5	3,539	6,880	−48.6
All other	3.5	4.5	−22.2	2.87	2.99	−4.0	1,163	1,931	−39.8
Total passenger	1,408.5	1,434.9	−1.8	6.85	7.70	−11.0	6,963,552	7,698,057	−9.5
All cargo:									
3-engine fan	7.4	14.0	−47.1	7.45	8.58	−13.2	43,142	92,596	−53.4
4-engine fan	37.0	40.5	−8.6	6.45	6.25	3.2	399,979	426,777	−6.2
4-engine turbo-prop		3.0			5.99			9,636	
Total all cargo	44.4	57.5	−22.8	6.62	6.80	−2.6	443,121	529,009	−16.2
Total all types	1,452.9	1,492.4	−2.6	6.85	7.70	−11.0	7,406,673	8,227,066	−10.0

[1] Excludes fuel related groundings.

2D QUARTER 1974 VERSUS 2D QUARTER 1973

	Aircraft assigned to service [1]			Utilization (hours per day)			Available ton-miles (all revenue service in thousands)		
	2d quarter		Percent change	2d quarter		Percent change	2d quarter		Percent change
	1974	1973		1974	1973		1974	1973	
Passenger:									
2-engine fan	271.0	295.9	−8.4	6.31	7.10	−11.1	657,291	812,599	−19.1
3-engine fan	669.2	623.4	7.3	7.10	7.37	−3.7	2,693,419	2,500,274	7.7
4-engine fan	260.0	287.8	−9.7	7.76	8.47	−8.4	1,591,413	1,931,403	−17.6
4-engine jet	37.3	99.0	−62.3	5.87	7.38	−20.5	141,477	445,356	−68.2
4-engine wide-body	47.3	57.3	−17.5	8.19	9.62	−14.9	905,482	1,290,752	−29.8
3-engine wide-body	126.3	82.5	53.1	7.08	7.95	−10.9	1,394,764	984,266	41.7
4-engine Turboprop	15.8	11.7	35.0	1.67	2.81	−40.6	5,667	7,085	−20.0
All other	3.5	3.5	0.0	3.01	3.12	−3.5	1,199	1,222	−1.9
Total passenger	1,430.4	1,461.1	−2.1	7.00	7.61	−8.0	7,390,712	7,972,957	−7.3
All cargo:									
3-engine fan	5.5	7.6	−27.6	10.79	15.35	−29.7	47,146	90,314	−47.8
4-engine fan	37.7	39.4	−4.3	6.64	6.71	−1.0	424,482	450,355	−5.7
4-engine turboprop		3.0			6.04			9,850	
Total, all cargo	43.2	50.0	−13.6	7.17	7.97	−10.0	471,628	550,519	−14.3
Total, all types	1,473.6	1,511.1	−2.5	7.01	7.62	−8.0	7,862,340	8,523,476	−7.8

[1] Excludes fuel related groundings.

Mr. CANNON. Mr. President, even more alarming than its recent policies in regard to rates—and I might say the Board has taken every step it can find to make it more expensive to travel including elimination of such popular discount fares as the student fare, the family fare, the excursion and "Discover America" fares—are its policies in regard to charter air transportation. The Board's policies in my opinion are designed to make it as difficult and inconvenient as humanly possible for Americans to take advantage of low-cost charter-type air transportation.

Last year, the Senate Commerce Committee reported favorably on S. 1739, a bill designed to authorize the establishment of one-stop inclusive tour charters in air transportation. The purpose of that bill is to make available to U.S. citizens a form of low-cost vacation air travel which has long been extremely popular in Europe, in Canada, and elsewhere. Although inclusive tour charters—or ITC's, as they are called—are theoretically available in the United States as well, they are now subject to a number of regulatory restrictions which, as a practical matter, make them most unappealing to consumers. S. 1739 was intended to remove those restrictions.

A few weeks ago, the CAB announced—with great fanfare—that it was proposing new regulations to authorize one-stop ITC's. This new proposal was presented to the public as a great liberalization of existing charter regulations. When I first heard of this proposal, I thought perhaps the Board had finally seen the light, and that S. 1739 was no longer necessary.

Of course, like many of my colleagues, I soon learned better. Instead of liberalizing the charter regulations in order to make this low-cost form of air travel more widely available, the Board's recent proposals seem designed to destroy charter travel altogether. It is true that one aspect of these proposals is to establish a form of one-stop ITC—or OTC as the Board has called it. But the proposed OTC regulations are encumbered with so many restrictions that they are unlikely to generate any significant volume of new charter business. And at the same time that it proposed this new form of charter, the Board proposed to eliminate—totally eliminate in 1975—the only type of charter service which has so far been successful in the United States; namely, the so-called affinity charter, which permits organizations and clubs to arrange charter flights for their members.

At the time of our hearings on S. 1739, Chairman Timm of the Civil Aeronautics Board estimated that approximately 3 million Americans annually utilize affinity charters. According to a recent CAB study, nearly 73 percent of all transatlantic charters were of the affinity type. ITC's, by comparison, accounted for only 6.4 percent. Chairman Timm estimated at our hearings that only about 160,000 travelers used ITC's in 1972.

Once before, in November 1972, the Board proposed the "suspension" of affinity charters. That proposal was made shortly after the Board had adopted its so-called "Travel Group Charter" or TGC regulations, which the Board at that time thought might be an adequate substitute for its affinity regulations. The TGC experiment, however, turned out to be a complete failure. In 1973, approximately 85 percent of all TGC's filed with the Board were ultimately canceled, and fewer than 40,000 passengers actually traveled on TGC's. The reason for this dismal result is not difficult to find. As in the case of ITC's, so too in the case of TGC's, the Board killed what might have been a very useful new form of charter service by smothering it in overly restrictive regulations. The Board eventually recognized that TGC's were "virtually unmarketable," and recently it amended its TGC regulations in several respects. It is clear, however, that these amendments do not go nearly far enough. The Commerce Committee, in its report on S. 1739, suggested a number of amendments to the TGC rules which the Board has so far declined to adopt. Until it does so, I very much fear that TGC's will not be of much appeal to American travelers. Even the Board no longer claims that TGC's, as presently constituted, would be an adequate substitute for affinity charters.

But imagine if you will, Mr. President, what would have happened if the Board had actually suspended its affinity regulations in 1973, as it originally proposed to do. Literally millions of Americans would have been deprived of low-cost charter air transportation. The airline industry would have lost hundreds of millions of dollars in revenues. Some airlines, particularly the U.S. supplemental carriers which depend entirely upon charters, might have gone bankrupt.

But has the CAB learned from this experience? It has not. Once again, it is proposing to end affinity charter service. Despite the fact that its earlier proposal met nearly unanimous opposition from scheduled and supplemental airlines, Government agencies, consumers and travel agents, the Board is now proposing not merely to suspend, but permanently to terminate, such service. And once again, it is relying on a totally untested "substitute" service which, on its face, can never adequately replace affinity charters. Let me briefly explain why this is so.

In the first place, there is a basic difference between an affinity charter and an ITC or an OTC. An affinity charter normally provides air transportation only, while an ITC or OTC passenger must purchase an all-inclusive tour package. While some affinity passengers do purchase hotel and other ground accommodations, at least 60 percent do not. Many affinity charters are organized by ethnic organizations, whose members are visiting their friends and relatives in their homelands, and who therefore do not need hotel accommodations. Others are organized by student organizations, whose members often travel on a shoestring and cannot afford nice hotels and restaurants. For this reason alone, the OTC could never replace the affinity charter.

Moreover, the board's proposed OTC regulations include so many cumbersome restrictions that OTC's could never become a major form of charter travel. I will cite only a few of the principal restrictions. First of all, the Board is proposing to apply to all OTC's operating to or from points outside of North America the same minimum price restriction which now applies to ITC's—and which the Commerce Committee found to be one of the principal reasons for the failure of the ITC concept. This restriction requires that the price of the tour package be no less than 110 percent of the lowest available scheduled-service fare between the points involved. On the basis of the voluminous evidence presented at our hearings on S. 1739, the Commerce Committee found that this "minimum-price rule frequently frustrates the principal purpose of the entire ITC concept, which is to make vacation air travel available to consumers at the low prices made possible by volume purchasing." I will not attempt to detail here the absurd results which are frequently produced by tying the price of a charter tour to the price of a totally different, and necessarily much more expensive, type of service. Suffice it to say that one can readily predict, on the basis of past experience with ITC's, that this restriction in itself will prevent OTC's from becoming a major factor in the transatlantic and other international markets and will needlessly increase the cost of travel vacations to Europe.

For OTC travel within North America, the Board has proposed another type of price restriction: the tour price must be at least $25 per day plus the per-seat price of the air transportation. Many tour operators, because they purchase hotel space and other ground accommodations in bulk, are able to arrange land arrangements at prices well below $25 per day. Thus, this rule will often result in forcing tour prices to artificially high levels.

I find it hard to believe, Mr. President, that in a period of rampant inflation, the Board would propose regulations which would have the effect of forcing tour operators to charge higher prices than they need or wish to charge. One would think that the Board would be looking for ways to reduce the price of vacation air travel to our hard-pressed consumers rather than seeking to raise them unnecessarily. I am sorry to say this is not the case.

Another provision of the Board's proposed regulations would totally prevent the operation of any substantial number of OTC's within the United States. The Board has proposed to impose an incredibly restrictive quota on domestic OTC's, which would apply in any city-pair market in which there is at least one round-trip scheduled flight daily. In any such market, the total number of OTC participants carried by any carrier in any calendar quarter could not exceed one-quarter of 1 percent—0.25 percent—of the number of passengers carried annually on scheduled service. In most domestic markets, this quota would preclude any carrier from performing even a single planeload OTC flight per quarter. And even in the largest markets, it would only permit a handful of OTC flights. In fact, the Board's own in-house consumer advocate has stated that the effect of this quota restriction "would be to eliminate the alternative of low-cost charter operations in interstate air transportation." It goes without saying that, as long as these quota restrictions exist, OTC's could never be an adequate substitute for affinity charters within the United States. Let me digress for a moment and note how this proposal would affect my State which relies on tourism as the base of its economy.

One of the most popular vacation destinations in the United States is my own hometown of Las Vegas. With its glittering entertainment attractions, its enviable weather, and the myriad of recreational activities, Las Vegas may well be the most exciting holiday city in America.

The Board's OTC proposal, coupled with the elimination of affinity charters, would do irreparable harm to the tourist economy of Las Vegas. In the year ending March 31, 1974, the scheduled airlines carried 159,230 passengers between New York City and Las Vegas. For the comparable period the scheduled and the supplemental airlines carried 87,501 passengers from New York to Las Vegas on charter flights, most of them affinity charters.

Now under the CAB proposal, with affinity charter flights completely eliminated and replaced by OTC's, the maximum number of charter passengers that could be carried between New York and Las Vegas would be 10,746. Stated another way, more than 76,000 persons who used charter services between New York and Las Vegas last year would be denied charter flights because of the very limited number of flights which would be permitted under the OTC concept. It does not take much imagination to foresee the dire consequences that this proposal would have on my State's economy.

There are still other major restrictions in the Board's proposal—none of which apply to affinity charters. One is an advance-purchase requirement, which would require all tour participants to purchase their tours, and make full payment, more than 30 days in advance of the tour. After the 30-day deadline, the tour operator would not be permitted to cancel the flight, and no substitutions of passengers would be allowed. Obviously, these restrictions would put a severe damper on the marketability of this type of charter service. Many people simply, particularly in times of economic uncertainty, do not make firm vacation plans more than 30 days in advance. And even those who do may be reluctant to make a binding commitment and full payment at that time, for fear that they might lose their money if unexpected circumstances force a change in their plans.

The proposal also includes burdensome length-of-stay restrictions. Most North American OTC's would have to be at least 7 days in duration. The only exception would be tours which return on Sunday or Monday, for which there would be no length-of-stay requirement. While this exception would appear to allow weekend OTC's, in fact it would not. The "Catch-22" is that charter programs can only be operated economically in a series of "back-to-back" flights, so that in order to have Thursday-through-Monday tours, there must also be Monday-through-Thursday tours. Otherwise, each airplane carrying a charter flight would have to return empty, which would raise the cost of the program to uneconomical levels. Thus, as a practical matter, 3 or 4 day tours to such destinations as Las Vegas, Miami, San Francisco, the ski country or Disney World would be effectively precluded.

For OTC's outside of North America, the Board would impose a 10-day length-of-stay requirement, except that 7-day tours would be permitted across the Atlantic in the off-season—November through March. Thus, 1-week tours abroad, which are becoming increasingly popular, would be generally prohibited.

Mr. President, I could go on and on, but I think I have made my point. It seems obvious that the Board's OTC proposal is totally unsatisfactory, and that even if it were greatly improved it could not serve as an adequate substitute for affinity charter service. I should also point out that any OTC rules which the Board finally adopts will almost surely be challenged in court, and that the uncertainty created by such a court challenge would itself place a damper on the willingness of tour operators to enter this field and the willingness of the public to purchase OTC tours.

Mr. President, there has been increasing uneasiness and concern, in the Congress and in the country, over a number of recent actions of the CAB. In the past few weeks, many of my colleagues in both Houses have expressed strong dissatisfaction with the Board's performance. In recent committee hearings we have heard a number of pointed criticisms of the CAB. Among other things, the Board's recent approval of a highly inflationary general domestic passenger fare increase—despite the record profits now being earned by the domestic airlines—has been questioned by many economists, consumer spokesmen, and two of the Board's own members. I believe the time has come for the Congress itself to set some clearer policy guidelines in the field of air transportation and to impose some restraints upon the Board's regulatory discretion. Never in my memory have we had a Civil Aeronautics Board so callous to the needs of the public.

Recently the Chairman of the CAB, Mr. Robert Timm, has come under severe criticism because of his extremely cozy relationship with executives of the major scheduled airlines. He has admitted to accepting a free vacation to Bermuda paid for by a company under the Board's jurisdiction.

These unfortunate incidents simply add to the mounting criticism and cynicism which surrounds many Federal regulatory agencies—agencies which often appear to be the handmaidens of the industries they are supposed to regulate in the public interest.

Shortly, President Ford will have the duty to name a Chairman of the Civil Aeronautics Board for 1975; I would urge him to name as Chairman an individual who has demonstrated a commitment to serving the public interest and one who can balance more fairly the needs of the air carriers with the needs of the American traveling public.

Certainly, it is essential that Congress promptly intervene in the area of charter policy. For years, the Board adamantly refused to authorize one-stop ITC's, despite clear evidence that its own three-stop ITC experiment was a total failure. Now it has proposed a form of one-stop ITC, but with so many restrictions as to make it virtually useless. And, most importantly, the Board is proposing at the same time the imminent destruction of the only form of charter service which has been successful—the affinity charter—which accounts for the vast bulk of the charter service available to the American consumer.

These events, I believe, make the immediate enactment of S. 1739 imperative. This legislation would require the Board to authorize a viable, meaningful, marketable type of one-stop ITC service. It is abundantly clear that the public needs this kind of service, and that the Board wil not authorize it unless directed to do so by legislation.

In addition, Mr. President, I believe Congress should enact legislation to preserve affinity charters, at least until such time as a truly adequate substitute form of charter service has been developed and tested in the marketplace. We simply cannot stand idly by and let this needed and highly popular form of low-cost transportation be wiped out by the CAB. I will, therefore, shortly propose an amendment to S. 1739 to deal with the affinity charter situation.

These matters cannot wait until the next Congress. We must deal with them now, before adjournment. I am hopeful that in the next week the Senate leadership will call this bill up for a vote. The CAB's rulemaking proceedings are moving forward on an expedited basis, and it is quite possible that final action will be taken in January or early February. Moreover, the uncertainty created by the Board's proposals is already interfering substantially with charter sales and planning. I, therefore, earnestly hope that Congress will act on these matters in this session.

DEBATE CONTINUES ON BEEF GRADING CHANGES

Mr. DOMENICI. Mr. President, the time is drawing near for final comments on the new beef grading proposals recommended by the U.S. Department of Agriculture.

The proposals announced by the USDA to revise the U.S. standards for grades of beef would make it possible for slightly leaner beef to qualify for the top grades and would make the eating quality of beef more nearly uniform within each grade. They would also establish a more restrictive Good grade and they would require that all beef graded for quality also be graded for yield.

The proposed revisions are technical and detailed, however, the major changes have been summarized as follows:

First. Conformation would be eliminated from the factors used in determining quality grades.

Second. All carcasses graded would be identified for both quality grade and yield grade.

Third. For beef from cattle under about 30 months of age, the minimum amount of marbling required in each grade, except Good, would be set at the level now required for the youngest carcasses that qualify as beef instead of increased maturity as at present. For beef from cattle over about 30 months old, increased marbling would still be required with increasing maturity within each grade.

Fourth, For the Good grade, the minimum marbling requirement would be increased for the youngest carcasses. This would narrow the range of quality within the grade by one-third.

The implementation of these proposals could help reduce the general fatness of beef and provide a more desirable product for consumers. The amount of excess trimmable fat could be reduced, costs could be reduced, cattlemen could be better rewarded for producing superior cattle and beef, and the use of grain could be reduced by at least 200 pounds per animal.

As a result, I can support the majority of these proposals and would like to compliment the USDA for the direction they are taking in this important area. I believe that taken in total, these proposals are a step forward and will benefit the cattleman and the consumer.

However, there is some difference of opinion on these proposals within the beef industry itself and among some consumer groups. I certainly think that these differences of opinion should be aired and discussed before a final decision is reached.

Mr. President, I ask unanimous consent that various articles on the subject and the remarks by John C. Pierce, Director, Livestock Division, Agricultural Marking Service, U.S. Department of Agriculture, at the Cattle Industry Advisory Committee meeting, Kansas City, Mo., October 17–18, 1974, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the West Texas Livestock Weekly, Sept. 12, 1974]

Dean Gives 10 Reasons Against Grade-Yield Sale

Amarillo.—Texas cattle feeders, who normally sell their cattle on the hoof to packers are upset about "grade-and-yield" selling, the only method being offered lately by some packers.

"Under current conditions, this is not good business and should be avoided," says Glenn Dean, president of the Texas Cattle Feeders Assn.

He lists these reasons why:

1. Competitive bidding among packers is eliminated resulting in a further decline in the market.
2. Poor market psychology is created because grade-and-yield selling may indicate that feeders are dumping cattle.
3. The price paid for cattle is unknown until the designated day of slaughter. At this time, the price paid for the cattle is determined by the "Yellow Sheet." Thus, the feeder has no control over the price he receives.
4. The prices quoted in the "Yellow Sheet" can be manipulated by a few people quoting a higher or lower carcass price than what is actually being traded. The "Yellow Sheet" doesn't consider the volume of beef moved at various prices, and may quote a price when little or no beef is being sold.
5. Packers can determine the length of chilling time for carcasses prior to grading, which affects quality grade. Carcasses that have not been properly chilled normally have lower quality grades—an advantage to the packer.
6. Packers may not "rib" the opposite side of the carcass for grading until after additional chilling, which can result in a higher quality grade.
7. The feeder is dependent on the mood of the USDA grader—someone the feeder has never met, but who works daily with the packer.
8. Many packers desire to pay on chilled carcass weight, based on an arbitrary three percent or four percent shrink, which is considered excessive. Carcass weight should be on a hot carcass basis.
9. Final pay weight is determined on the packer's scales, not the feeder's scales. Other factors, such as removing tails and inconsistent tare weights for hooks and trolleys, can lower the final pay weight.
10. The feeder must accept price discounts for carcasses of "undesirable" weight and low cutability. But premiums are not paid for highly desirable carcasses. The feeder must accept any price discount resulting from bruises, infections or other factors.

[From the Western Livestock Journal, Sept. 16, 1974]

Reaction Mixed as Industry Studies New Grading Plan

News that USDA has taken the first step toward revision of meat grading standards was greeted with mixed reactions in the cattle industry, running from a "wait and see" attitude to enthusiastic endorsement.

Only one industry group opposed the proposed revision, The National Livestock Feeders Assn., Omaha.

While admitting that they had not seen a report of the proposed revisions, a spokesman said "it doesn't sound like the program we've advocated. We do not want to see a lowering of the choice grade. We have advocated the addition of a new grade, rather than lowering the present quality standards of choice."

Elsewhere across the country, reactions were generally favorable; with the new concepts on shorter feeding times the basic theme. Many expressed a feeling of relief that something had finally been resolved, after such a long period of debate and controversy.

"I see it as about the only way we could go," said Bill Bennett, Hereford breeder, Connell, Wash. "I favor it because we will still need the bigger type cattle to make more money. The consumer will not know the difference in the product and it will do the industry a lot of good."

"I see no adverse affect at all in this proposed change," said Western Farm Management's Dub Berry, Phoenix, former executive of the American Hereford Assn. "This will lessen the grain demand, allow feeders to move their cattle better—and the consumer will benefit. He will not change his eating habits any because of this; his satisfaction will be the same.

"Today many of the breeds marble earlier," continued Berry. "So they can sell earlier. But it is important to indicate that this isn't a 'breed' thing. There still is about as much variation in animals within a breed—maybe more—than there is between the breeds. But this move will help all concerned."

Cal Santare, Western States Meat Packers Assn., San Francisco, noted, "this is basically what the packers have been advocating. This proposal stems from our research program with Ken Ellis at the University of California, Davis. The California Cattlemen's Assn., California Cattle Feeders Assn., California Beef Council and WSMPA have been working on this for years.

"What we (WSMPA) object to is the tying of the yield grading with mandatory quality grading," he continued. "There are 67% of all cattle produced graded; 32.2% of the cattle are yield and quality graded; and 24% of all cattle are yield graded. So the demand for these services differs. Why tie them all together?

"The average age of cattle killed in California has been 14–18 months, with most about 16 months. I think this will drop the California kill into the 14–16 month range, and probably take at least a month off feeding time," concluded Santare.

"I am real glad to hear that they are finally acting on this," commented feedlot operator Lee Stampe, Leoti, Kan. "It's gonna be great. This will take probably 2–4 weeks off our feeding period, requiring lots less grain.

"This will also enable a lot of the exotic breeds to be sold along with American breeds at younger ages," he continued. "And it is even possible that they will become worth a little more."

Feeder Bill Webster, Greeley, Colo., was glad to see some action taken, and outlined his reasons.

"The cost of feed has just come to dominate the feedlot operator, and anyway that you can cut back on this is good. This will shorten the feeding period, it's a matter of economics."

Consumer resistance to the change has been mentioned, but Webster discounts this. "The quality of the meat produced will not really be any different. People now are upset about the grain going into cattle. The proposed move will cut down on this. The environmental groups should certainly favor this."

"A great deal has happened to our industry," commented ANCA president Gordon Van Vleck about the grading change. "Because of increased grain costs, over-finished cattle have been going to market. The ANCA Beef Grading Committee has looked upon yield grading with great favor. It is the most important tool in the grading standards in its influences on preventing over-finished cattle.

"If yield grading were combined with quality grading, the feeder and producer would be more likely to be rewarded for their endeavors of providing a superior and economical product," Van Vleck continued. "Because of this, ANCA recommended that when a beef carcass is submitted for quality grading it also must be yield graded.

Our recommendations were made in hopes of bringing the industry closer together in its desire to provide the consumer with a continuing supply of high quality, leaner and tender beef," said Van Vleck. "Based on research, there seems to be no difference in eating satisfaction of beef within 'A' maturity of a specific level of marbling as presently set forth for each of the quality grades."

Van Vleck summed it up, "The proposals will not only meet consumer demands but will satisfy the industry's desire to reduce the use of excessive amounts of grain to produce a quality product more economically. We're very happy about this."

[From the Drovers Journal, Sept. 19, 1974]

Views Differ on New Beef Grading Plan

(By Steve Marcy)

Washington.—Taking the flat line approach to restructuring the marbling-maturity ratio in the USDA's proposed revision of beef grading standards drew favorable comment from members of the beef industry.

But including yield-grading as a mandatory supplement to quality grading drew a sharp challenge from one meat packing trade group, the National Independent Meat Packers Association (NIMPA).

Those were the findings in an early sampling of opinion on the USDA's new beef grading proposal here in the nation's capital by the Drovers Journal.

The majority in the industry apparently agree that requiring the same amount of marbling for both young and 30-month-old cattle will cut production costs by shortening the finishing time and reducing the consumption of grain.

"The change in the marbling-maturity relationship is great," said John Dunning of NIMPA. "We're with the producers on that. We probably should have gotten it a couple of years ago."

By now, Dunning hinted, the industry might be enjoying cost savings that the American National Cattlemen's Association sees as possible if the proposals are adopted.

"Some of our initial studies show that per animal, a saving of grain would amount to roughly 9–10 per cent," says Ron Michieli of ANCA. "Most of that will come at the end of the feeding cycle from about 15 days less feeding time."

Beyond production cost savings, the agreement pretty well ends. Dunning says that NIMPA finds the mandatory inclusion of yield grading to be "completely unacceptable."

"The difficulty is that the yield of the animal isn't established until after slaughter," continues Dunning. "They want us to sell yield grade meat, but they don't want to sell it to us in that way on the rail."

Dunning fears meat packers can't predict accurately the yield grade of a carcass before slaughter. He feels that a high yield grade can indeed be attractive to the retailer, but every time a packer buys an animal, the packer takes a gamble on the product.

"Sure you can tell the difference between a *yield grade* 2 and a yield grade 5 animal," Dunning says. "But how do you distinguish between a 3.8 and a 4.2 when it's still on the hoof?"

Dunning feels that cattle producers still have a large number of fed animals held out from the market place, meaning fat cattle marketings will continue in substantial volume when the mandatory yield grading becomes effective in December.

Under the current standards that require conformation and quality to be judged as grading standards, but not yield, these heavier cattle would receive a good price on quality alone. That will change if mandatory yield grading must also be judged as part of the grading process.

VIEW ON YIELD GRADING

"If we're correct that yield grading won't provide the kind of incentive they (cattle producers) are looking for, then we'll continue to get Yield Grade 4s and 5s coming to slaughter," says Dunning. "There's no incentive on our part to grade cattle at all. So the feeder is faced with taking a big discount—you can't get much for ungraded cattle—and he finds himself hurting again."

One reason Dunning doesn't believe that yield grading will provide an incentive to produce younger, leaner animals is the traditional cattlemen's response to low prices—hold back the animals. He can't see that yield grading will change that attitude.

He also can't see that yield grading is as accurate as is popularly believed. He points out that the ribeye—fat ratio that determines cutability was based on mature animals. The yield grade system, then, may have a built-in discrimination against the underdeveloped ribeyes of the young-animals that everyone wants to see come to market.

"We don't know whether or not it's inaccurate," says Dunning. "But we plan to find out. I noticed that the USDA gave Texas A&M a grant to study its yield grading accuracy, so they must have some questions."

On the other side of the acceptability argument for yield grading, the USDA notes that packers volunteered to have 7 billion of the 12 billion pounds of beef quality graded in 1973 also yield graded. The cost of the USDA's grading system is borne totally by the packers.

Since beef graders are paid by the hour and it consumes more hours for the added task of yield grading, its mandatory status under the proposals also builds in an additional processing cost of all graded animals.

PACKERS PAY FOR IT

"We're in basic agrement with the proposals," says Bruce Butterfield, public relations officer for the American Meat Institute. "But we want yield grading to remain voluntary. The system is paid for by the packers who choose whether to participate, so we believe the question of incurring the extra cost of yield grading should remain in their hands."

Despite some concern that flattening out the marbling-maturity ratio will "lower" quality. Butterfield says lower grade animals won't be sneaking into upper grade categories.

"I don't think it will mean a lot of high 'good' grade animals grading 'choice,'" says Butterfield. "It just means that now the fat will be gone from more of the choice cuts. Younger, lean animals no longer will be penalized."

The potential effect of the new standards on the number of animals marketed in each grade is too early even for ANCA to determine.

"I don't think you'll see that much change," says Michieli. "They (feeders) will adjust their operations so the animals will feed out to a target category.

"The thing to remember is that you'll be producing leaner beef in a shorter feeding time, which means lower production costs; and less fat to trim, which should help some to lower production costs."

[From the Wall Street Journal Oct. 14, 1974]

Commodities: Plan To Change Beef Grading Is Aimed at Cutting Prices, But Some Are Skeptical

(By Norman H. Fischer)

Chicago.—Those recently proposed changes in federal beef-grading standards could lower your meat bill at the supermarket, but don't count on it.

Shorn of their technical detail, the proposed changes announced last month—the first major ones set forth in nearly a decade—are aimed at reducing the cost of producing beef and providing consumers with leaner, less expensive meat. They would do this, industry and government officials say, by reducing the fat—and, therefore, increasing the proportion of lean meat—required in carcasses that receive the top grades of U.S. Prime and U.S. Choice. (Under the existing standards, it's presumed that a certain amount of fat, or marbling, assures tenderness.)

Traditionally. cattle attains the highest government grades by being fattened on grain in commercial feedlots. The proposed standards would reduce the time these animals spend in feedlots, consuming the increasingly costly grain.

Presumably, this would result in lower production costs that could be passed on to the consumer. The savings could be substantial. Haven Henricks, a livestock specialist at the University of Nebraska, says about 2.5 billion pounds of excess fat were trimmed from beef carcasses last year; it cost some $1.6 billion to do this, but the trimmed fat had a byproduct value of only $450 million. Thus, there remained a $1,150,000,000 "fat loss" that was either absorbed by middleman or passed on to consumers, Mr. Henricks says.

"No one wants fat meat," says one meat packer favoring the grading changes. "Butchers don't like it because it costs them money to trim it, and consumers won't buy fatty meat any more." Back in the days of abundant, low-priced grain, the amount of fat wasn't a matter of consequence, he adds. "But new grain is scarce and high-priced. Wasting it is worse than wasting fuel during an energy crisis."

SAVINGS OF ABOUT $20 A HEAD

An official of the American National Cattlemen's Association says the new grading standards would take about 15 days off the time a steer spends in a feedlot (currently about 90 to 120 days, resulting in a savings of about $20 a head. Meat-industry analysts say this could result in average savings at the retail level of five cents a pound.

Cattle feeders would like to save on their grain costs, because they have been a major cause of an estimated loss by feeders of $2 billion in the last year or so. The Cattlemen's Association says the average cost of adding a pound to a feedlot steer has doubled to 60 cents in the last two years.

Feeding cattle for the shorter period that would be required by the new standards would result in as much as 10% reduction in the amount of feed grain consumed annually, or about four million tons based on the 40 million tons eaten by animals in each of the last several years the Cattlemen's Association estimates.

The changed standards also would reflect an apparent increase in consumer demand for leaner meat, in many cases for health reasons. Meat also is produced differently today, notes Zerle Carpenter, a beef specialist at Texas A&M University. "Cattle reaches marketability at a younger age than it did 10 years ago," he says. And many of the cattle currently raised in the U.S. are faster growing, earlier-maturing breeds not in the U.S. when the existing standards were written, observers say.

"The current standards are outdated," adds one cattle feeder. "We're using Model T standards and we're producing LTDs." Grain-fed cattle graded good today isn't the same meat as yesterday's grass-fed steer that also was graded good, another feeder says.

For all the claims made for the proposed standards, it isn't hard to find people who oppose them and who vigorously dispute the assertion that lower beef prices will result. The general thrust of the critics' charges is that the proposals will result in a lot of beef currently rated good being sold as choice beef at the higher choice beef prices.

"NAME-CHANGING EXERCISE"

Some observers say as much as 20% more cattle will be graded choice instead of good if the recommendations are adopted. Choice beef is the most popular among consumers. In addition, possibly 3% to 4% of choice beef under current standards would be given the highest rating of U.S. Prime, some analysts contend.

"It's a name-changing exercise," says a spokesman for the National Restaurant Association. This type of "lowering of standards" has been done before, says Cyril L. Kegler, a Cedar Rapids, Iowa, operator of restaurants in more than two dozen cities. "This continuing process of lower-priced beef being pushed up into higher costing grades has done nothing identifiable but gain higher prices," Mr. Kegler contends.

He and the Restaurant Association recommend instead the establishment of a new beef grade between choice and good that would "give the consumer the leaner beef he wants without having to pay choice prices for yesterday's good beef."

Many meat packers also oppose the proposals because of their condition that all beef graded for quality (characteristics of the meat, such as marbling) also be graded for yield (the amount of red meat in a carcass). Currently most beef is quality graded only, and on a voluntary basis; only about one-third is graded for both quality and yield. Packers oppose mandatory yield grading because they say it would increase their costs, as they have to pay for the government-performed inspection. "These increased costs would inevitably be passed on to the consumer," says a spokesman for the Western States Meat Packers Association.

Proponents of mandatory yield grading say it would discourage overfeeding that adds fat to animals and otherwise would encourage more efficiency in production.

Even if beef production costs are reduced by the standards, that doesn't guarantee lower retail prices because the savings would be eaten up by other cost increases says a supermarket-industry official. Proponents say that without the new standards, beef prices will rise much further than they would with the new rules.

Hearings on the proposals began last week. The Agriculture Department will accept comments on the matter until Dec. 10 before deciding whether to adjust the proposals before adopting them. The new rules could become effective as early as next February, an Agriculture Department official says.

[From the Drovers Journal, Sept. 19, 1974]

Gossett Stresses Need for Beef Grade Changes

Leaner, low-fat, high quality beef could well be on its way to meat market counters as a result of recent proposals for changes in present USDA beef grading systems, believes Dr. J. W. Gossett, executive secretary of the American-International Charolais Association of Houston. He said proposed changes by various segments of the beef industry would give the consumer more preferred quality lean beef per dollar spent at the retail meat counter, and at the same time would reduce the cost to the producer and feedlot operator for production of that beef.

"These proposed changes would recognize the high qualities of younger, faster-growing and more efficient beef cattle—the kind that most breed associations and university research and agricultural extension people have advocated for many years," he said.

The changes have been proposed to the USDA by the American National Cattlemen's Association, the Advanced Beef Breeds Federation, major feeder organizations, and packers. Recommendations from Beef Breeds Federation, major feeder organizations, and packers. Recommendations from these organizations place emphasis upon a good balance of growthiness, high quality and cutability of cattle reaching the market place. The Charolais association recommended similar changes 18 months ago.

FORCED TO OVERFEED

"Too much emphasis has been placed upon the term 'choice grades' of beef in recent years. As a result, feeders have been forced to over-feed their cattle for 30 to 60 days in order for those animals to lay on sufficient fat to reach the Choice grade," Dr. Gossett explained.

"This over-feeding resulted in excessive amounts of external fats which only served as a liability to the producer, the feeder, and the consumer. This excess fat could only be trimmed and discarded at a high cost to the consumer.

"It has been shown by long-time university research and feeders that it requires two and one-fourth times as much energy to put on a pound of fat that it does to produce a pound of quality lean beef. This is fat which the consumer does not want but must pay for in her neatly trimmed pre-packaged cuts at the meat counter.

"Eating qualities of these younger, leaner cattle are essentially the same as for the older, over-finished cattle, but without the excess fat. Young lean beef is highly palatable, flavorful and tender. In fact some major chains on the West Coast already have switched to promoting this type of beef because of its leanness and preferred eating quality.

SADDLED WITH HIGH COSTS

Gossett noted that the beef industry is in an era of high production costs, and feeders could use the savings of lower production costs which would result from producing less fat.

"A 10 to 20 per cent savings on total grain fed to fat cattle every year could be achieved and a more attractive product produced if producers and packers were not saddled with the essentially one-grade system that encourages the production of waste in order to meet the marbling requirements of the Choice grade. A more orderly flow of cattle to the market could be another benefit for the consumer."

Progressive beef industry leaders for many years have described the current grading system as "antiquated" and one that places more emphasis upon older overfat and inefficient cattle than it did for the younger cattle now being produced. Nor has it kept pace with changes within the industry or with changes in consumer preferences.

Changes recommended by the ANCA, the ABBF, feeders, packers, and some individual breed associations would place the consumer in a preferred position and at the same time get the grading system on level with the modern kind of cattle now being produced, Gossett believes.

[From the Christian Science Monitor, Oct. 22, 1974]

WILL U.S. RELAXATION OF GRADING POLICIES LOWER BEEF PRICES?

(By Lucia Mouat)

WASHINGTON.—High prices and periodic boycotts aside, America has become a nation of beef eaters.

The big question now being debated in consumer and livestock industry circles is what effect, if any, the U.S. Agriculture Department's proposed changes in beef grading standards will have on meat prices and U.S. eating habits.

While America currently has what many insist is an "oversupply" of beef, many cattle slated for market have been slaughtered at a younger age than usual or kept grazing longer on grass to avoid the high cost of being fattened on grain.

Though consumers complain about soaring prices at the supermarket—beef prices have shot up 88 percent in the last decade—producers complain every bit as loudly that they are not nearly covering their cost. C. W. (Bill) McMillan, executive vice-president of the American National Cattleman's Association, says feedlot operators have out-of-pocket losses about $100 a steer.

CONSUMPTION DOUBLES

While many supermarket shoppers have opted for cheaper sources of protein, such as cheese, the facts are that U.S. per capita consumption of beef, however costly, is up to 116 pounds a year, more than double what it was 20 years ago.

Though hardly billed as the end-all answer to the price problems plaguing both the beef producer and the consumer, the Agriculture Department's proposed grading change, announced this fall, is being billed as a step in the "public" interest.

Grading, intended as a measure of beef quality, is a voluntary service which the USDA has been performing for a fee paid by packers for close to half a century. Roughly 80 percent of the meat sold in retail stores now is stamped USDA "prime," "choice," or "good."

What the Agriculture Department, in effect, wants to do is relax its standards for the top quality grades—prime and choice—by letting leaner meat qualify.

MARBLING UNDER STUDY

One of the traditional measures of quality—which the Agriculture Department describes as tenderness, flavor, and juiciness—has been marbling or flecks of fat within the meat. Generally the federal view has been that the older the cattle, the tougher the meat, unless increased marbling is required to compensate.

The Agriculture Department says the grading change is prompted by suggestions from consumers, who want less fat in their meat, from the beef industry, and from the government's own research.

The department claims that agriculture studies show for the first time that if cattle are under 30 months old, increased age doesn't significantly affect beef quality. Thus the USDA wants to tone down the marbling requirements for the top two grades without sacrificing quality.

For producers, well aware that "choice" beef is the shoppers' favorite, this would mean that cattle could be slaughtered at a younger age to qualify for that grade and that feed time on expensive grains could be cut down accordingly.

"We think we could safely cut about 15 days of food," says Mr. McMillan, who explains that under current prices that would be a saving of about 400 pounds of grain or $22 per cow.

TENDERNESS THROUGH YOUTH

"Instead of tenderness through marbling, they'll be getting it through youth," comments Clarence Adamy, president of the National Association of Food Chains, who describes the USDA proposals as "an intelligent move in the right direction."

As part of its grading plan, the USDA also proposes a tighter standard, by slightly increased marbling requirements, on meat graded as "good."

John Pierce, director of the livestock division of the department's marketing service, explains:

"We've had complaints that 'good' was too wide to be workable."

The change, he says, would narrow the present range of quality within that grade by one-third.

Lastly, the shifts would require that grading take into account only quality and yield—a quantitative measure that shows the proportion of lean to fat and bone. The USDA hopes by the move to make the quality of beef within each grade more uniform as a result.

Mr. Adamy confirms that wide variation within each grade as standards stand has been a problem:

"Our big fight is consistency—the consumer who buys a steak wants to be able to come back and get roughly the same kind next time . . . we have to be much narrower than USDA grades are now."

When the grading proposals were first unveiled in September, there were rhapsodic predictions about what the grain savings might mean for the world's hungry and the consumer's pocketbook. However, no one is particularly talking about these points now. Except as a point of economic theory.

Though stressing that cattle producers are going through "the economic meat grinder," Mr. McMillan concedes: "There's every reason to think consumer prices should come down if production doesn't cost as much."

"I don't see how the department can make any price predictions," says USDA's Mr. Pierce, pointing out that the changes recommended are "not very drastic."

CONSUMERS DOUBTFUL, TOO

Consumers have had their doubts, too, as to whether they will ever be able to buy beef for less.

One congressman who has been particularly critical of the department's proposals is Rep. Peter Peyser (R) of New York. Calling the grading shift an "intentional act of deception," the New York congressman says the effect will be to serve up a "lower grade of meat at higher grade prices." Suggesting that the changes will most directly benefit processors and retailers, he proposes that instead a "special" grade of lean meat in between the present "good" and "choice" grades be established.

Some of the strongest consumer criticism has been aimed not at the USDA proposals themselves but at the lack of nutritional information accompanying them. They say they want to know what the changes will mean in terms of less or more protein, for instance.

NUTRITIONAL LABELING LOOMS

"I expect we'll see some nutritional labeling, maybe even of meat but it's a different subject than meat quality," says Mr. Pierce. "I don't think of the two subjects being intertwined."

Mr. Pierce stresses that the proposed changes are far from final.

Public comment is welcomed at the department until Dec. 10; already Mr. Pierce has received about 100 letters. He concedes that more are opposed than in favor of the change.

Hearings are scheduled the next month or so in Atlanta, Dallas, New York, and San Francisco.

The earliest date when the proposals might become effective if the desired support rolls in is February.

If you have an opinion write your comment in duplicate to:

Hearing Clerk
Room 112A
U.S. Department of Agriculture
Washington, D.C. 20250

[From the Drovers Journal, Nov. 14, 1974]

CITE ADVANTAGES IN BEEF GRADE CHANGES

COLUMBIA, Mo.—The proposed changes in beef grading would step up the move toward leaner beef, give cattle feeders some relief from the high cost of concentrates, and make other positive improvements without harming the cause of the consumer, a group of speakers declared last week at the University of Missouri's seminar on the subject.

The panel included a food scientist, home economist, agricultural economist, and beef cattle specialist. They seemed to agree unanimously that the USDA's proposed changes would be desirable.

"The proposed changes on beef grading would exert pressure for trimmer, less wasty carcasses," said Dr. Albert J. Dyer, chairman of the University of Missouri department of animal husbandry. "Using present systems of production, that means less grain would need to be fed to make the grade. Less grain means less cost. Less cost means either reduced loss or more profit. In 1974 it would mean a reduction in loss because of concentrates in 'killing' the cattle feeder, and the cattle feeder, in turn, is 'killing' the price of feeder cattle. Both the cattle feeder and cow-calf producer are in hard times."

From the consumer's standpoint, Choice beef probably wouldn't be any less expensive under the new grades, but it could be more nutritious, said Mrs. Treva Kintner, home economist who spoke. She noted that the nutritional value of beef is in the lean (protein), not in the fat. She said many food experts say less fat in the human diet would be a good thing.

"It's true that some of the flavor of meat is in the fat," she noted. "But if the leaner meat is properly prepared, it can taste just as good."

BOTH QUALITY, YIELD

Harolod Hedrick, UMC food scientist, explained that any arguments concerning the proposed changes must be submitted to USDA by Dec. 10. If the changes are made, all beef carcasses (except bull carcasses) would be identified with a quality grade and a yield grade. The quality grades would include the familiar Prime, Choice, and Good grades. The yield grades would be a ranking system from 1 to 5 with No. 1 having the least amount of waste.

James Rhodes, UMC agricultural economist, emphasized that the grade revision would not force a difference in what retailers handle and consumers buy.

"If retailers want to stay with the present Choice, they can still identify and buy it, even after the grade boundary is changed," he explained.

If the leanest Choice seems too lean to a chain or its customers, they can specify a fatter Choice in their purchasing specifications. It's still a free and open market system."

Some have suggested that future demand for beef will be endangered by compromising quality because of the current short grain supply situation. Rhodes said the grade changes will have so little effect on the taste and tenderness, that the consumer won't notice the difference.

In fact, the changing grades will have more of an effect on cattle producers than it will on consumers.

LONGER ON FARM

"This will probably put 10 percent more of the cattle sold in the Choice grade," said Dyer. "That means cattlemen will be getting a higher price for them than they would under the old system. That does not mean they will be making higher profits.

"When a cattleman feeds more grass and other roughage and less grain, it takes them longer to get the cattle to market. Many cattle will be hitting the market when they're 18 to 24 months old instead of 14 to 18 months. The extra time these cattle spend on the farm costs money. It ties up land and facilities, delaying the time the next group of animals can be fed out."

Dyer pointed to figures which showed that the last 200 pounds put on a grain-fed steer has a ratio of four pounds of fat to every pound of protein. With grass-fed animals, that ratio is about 1 to 1.

In most cases, cattlemen are not eliminating grain feeding. They're just cutting back on time the cattle are fed grain.

For example, said Dyer, many cattlemen are feeding their animals just roughages (mostly grass and hay) until they weigh 700 to 800 pounds. Then, with just about 20 bushels of grain mixed with the roughage, the animals can be "finished" for market in another 90 days.

BEEF GRADE REVISIONS

(By John Pierce)

Before getting into the intricacies of the September 10 proposal for revising the beef grade standards, I would like to take a few minutes to comment on the broad role of the beef grading system in marketing. Also, I rarely overlook the opportunity to point out a few of the facts about the origin and development of our grading system. This is deliberate, for most of us cannot remember 47 years ago when grading had its beginning. To us, grade standards for beef have simply become an integral part of the vocabulary or language of commerce in the beef business.

The impetus for Federal grading came from producers who formed an organization known as the Better Beef Association with the primary purpose of instituting a Federal grading service for beef. It was their contention that, if beef could be identified for quality, consumers would buy beef with greater confidence and increase their consumption, which in turn would indirectly stimulate the production of more and better beef cattle. In effect, they were looking for a system through which consumer preferences—as reflected in the marketplace—could be signaled back to them on the production line. As I have said many times before, this concept seems to me to be just as sound today as it was in 1927.

Let's reflect for a moment on the role of grades in expediting the marketing process. We mentioned the function of serving as a common denominator for transmitting signals about demand. Also, immediately we think of the grademark as a means of consumer selection. This is a basic use, yet many consumers are still unfamiliar with grade terminology. Therefore, the retailers' use of grades to maintain a uniform beef quality which satisfies their customers helps to accomplish the same basic purpose. The ability of retailers to buy virtually nationwide without the necesssity of personal selection not only reduces a marketing cost, but also has helped to make the market for beef national in scope. Grades open the sales outlet to packers on a national scale virtually from the day a plant begins production. Likewise, cattlemen benefit from the broader competition for their cattle from new as well as established packers and from small as well as large packers.

In developing standards, our objective is that of measuring those factors that affect market acceptability and value which are not otherwise readily identified in the marketing process. In beef, these factors can be narrowed down to two categories: (1) factors which we associate with eating quality and which are identified by the quality grade, and (2) factors that affect the yield of trimmed retail cuts from the carcass or the yield grade.

I would point out that we have technicians in the Livestock Division who are continually reviewing our grade standards as an ongoing activity. They also plan and carry out both long- and short-range projects aimed at improving the accuracy of the grade standards and their usefulness in expediting the marketing process.

However, as many of you know, during the last 12 to 18 months, recommendations for specific changes in the beef grade standards have been filed with USDA by many different segments of the cattle and beef industry. These recommendations have been quite diverse and have ranged from a strong endorsement of the present standards to suggestions for substantial changes in the emphasis on the basic grade-determining factors. Some of the recommendations were carefully researched over a period of months by sincere, dedicated students of the subject. Why has the interest in beef grades become so intense at this time? Have we had a significant breakthrough in new information that has triggered the interest? Unfortunately, this at best would constitute only a partial answer. The instability and changing environment of the beef business is a story you know well. The changes in production that have been underway for some time, as well as the recent economic pressure, have influenced the characteristics and the consist of beef being marketed—and these changes have created further industry interest in revised standards. Also, the recommendations of one group frequently trigger recommendations from others with a different viewpoint.

Consequently, I suspect that many feel that a USDA proposal for revision was and is overdue. Perhaps we could agree in part, since some of the changes have been included in previous USDA proposed revisions.

Now let me briefly outline the major revisions in the beef grade standards proposed on September 11:

The first proposal provides for the elimination of conformation from the factors used in determining the quality grade. While conformation has historically been a part of the grading system, research has adequately demonstrated that it does not affect the eating quality of beef. On the contrary, it does increase the range of quality in the grade because quality is used to compensate for a deficiency in conformation. For example, a carcass can have Prime quality and Good grade conformation, and the final grade would be Choice—a grade that differs from any of the characteristics of this particular carcass. The basic impact of the change would be two-fold. To the consumer-buyer, it would result in a more uniform and consistent quality grade. To the producer, it could reduce the feeding cost for those cattle that are now fed to a quality grade higher than their conformation. As you know, this is not a new idea. It was proposed in 1962 but was part of a proposal that was not adopted at that time. We recognize that conformation as a measure of muscling affects carcass value. However, we have determined that the contribution of muscling to carcass value is more accurately measured and reflected by the yield grades. Therefore, we propose that the full contribution of conformation be measured by the yield grade.

The second proposal is that all carcasses graded be identified for both quality grade and yield grade. While this requirement is tied in with the elimination of conformation as a separate factor, there is a more basic reason for the proposal. Both grades affect value and market acceptability and provide the means for increasing pricing efficiency. The significance of yield grades has become increasingly evident since their adoption for optional use as a new dimension in the grading system in 1965. For example; carcasses within the Choice grade can and do vary in value as much as $75 due to differences in yield of trimmed retail cuts. Yield grade identification on all graded carcasses is considered essential for reflecting full and appropriate price differences in trading. This proposal may have the greatest long-range effect of any of the revisions under consideration. The use of yield grades can provide a further incentive for increasing the production of so-called "meat-type" cattle, or those that have the genetic ability to combine high cutability and high-quality lean with a minimum of excess fat. The estimated cost of producing, shipping, and trimming of excess fat on beef is more than $2 billion annually. Increased emphasis on yield grades could substantially reduce the excess fat on beef carcasses and increase the edible proportion—to the mutual advantage of the consumer and the involved segments of the producing and processing industries.

The third major revision proposed relates to the marbling-maturity requirements of the quality grades. For beef from cattle under about 30 months of age, the minimum amount of marbling required in each grade—except Good—would be sent at the level now required for the youngest carcasses that qualify as beef in the respective grades. The present standards are based on the premise that marbling enhances eating quality of beef, while increasing age has the opposite effect. Therefore, the present standards require increasing amounts of marbling with increasing evidences of maturity in the carcass. While the research results are less definitive than would be desirable, the preponderance of research reported in recent years has indicated that changes in maturity within this young cattle category do not have a significant effect upon eating quality. Consequently, the minimum marbling requirements presently prescribed for the youngest cattle in each of the grades of Prime, Choice, and Standard will apply throughout the "A" maturity or young cattle category. For the more mature beef in each of these grades, the principle of requiring increased marbling with increasing maturity is being retained. The net result of this change will be to provide for slightly leaner beef in both the Prime, Choice, and Standard grades, and a resultant slight reduction in the amount of fat trim required. The feeding time to achieve Prime or Choice grades will be reduced, which—with other conditions remaining the same—would tend to encourage a greater production of these grades than at present.

The other major aspects of the proposal would make the Good grades more restrictive than at present by reducing the range of quality by one-third. The present Good grade has been criticized by many as a nonworkable grade because of its variability. In the past few years, it has been evident that changes in the kinds of cattle being produced—larger and slower maturing cattle—would likely result in an increasing supply of Good grade beef. During the past several months, the volume of beef of this quality has increased very substantially. The increased production of this type of beef may be a long-range change. The intent of the proposal is to provide a very consistent quality—but restrictive—grade that should appeal to consumers who prefer beef with somewhat less internal and surface fat than now found in the Choice grade.

In summary, I have attempted to give you a factual presentation of the major changes involved in the proposal. I have not discussed minor changes or the impact of the proposal upon day-to-day grading operations. The USDA proposal may not fully satisfy any segment of the industry or the consuming public when viewed from a single vantage point. But it represents a package approach which we believe is in the long-term best interests of all concerned. While this proposal represents our best efforts to make the grade standards more precise and useful, it is only a proposal. The public has been provided an opportunity to comment on the proposal throughout a 90-day period which ends on December 10. Comments to date, as you would expect, have been both for and against the proposal. It should be recognized that in evaluating the comments, we are not conducting a simple popularity poll. We will be particularly interested in constructive comments or suggestions that give supporting reasons for either adoption, rejection, or modification of the proposal. Hopefully, any proposal for change that may be adopted will give primary consideration to a more accurate identification of beef.

THE TRADE BILL

Mr. PERCY. Mr. President, I have stood on the floor of this House numerous times during this session of Congress and testified to my support for the 1973 trade reform bill. I am an unabashed, longstanding supporter of open trade and this body knows of my opinions.

I did so when an industrialist in a business highly but wrongly protected by tariffs, and I do so now as a Senator from a State, like many States in the United States, whose prosperity is dependent on the continued flow of international trade. Illinois is the second largest exporter among the 50 States and it is estimated that more than 300,000 jobs in my State are dependent on foreign trade. More than 6 percent of the industrial production of the State is exported and 25 percent of the agricultural production. For example, the biggest private employer in the State is Caterpillar Tractor. Over 24,000 of the 61,300 U.S. employees now depend on continued export sales for their jobs. Furthermore, the balance of payment contribution of Caterpillar in 1973 was in excess of $1 billion. Therefore, this bill is critical to me, critical to my constituents and critical to the economic welfare of the United States.

But we also must be able to appreciate how other nations may view our vote on the trade bill. The idea of another round of trade negotiations was a U.S. initiative. In 1971, as a critical part of the negotiations on new international exchange rates, the United States insisted that trade negotiations must be an integral part of the monetary settlement. It was reasoned by U.S. negotiators that the demand for currency is generated by the flow of commerce, and to have floating exchange rates that reflect market conditions it was necessary to have an open trade market. Tariff and nontariff barriers inhibited commerce and therefore could be used to manipulate exchange rates. If these trade barriers were not reduced, what was gained at the negotiation table could be lost in the customs houses of the world.

In response to this U.S. position, both Japan and Europe, especially the Common Market, overcame numerous political barriers and committed themselves to trade talks as part of the Smithsonian Agreement in December 1971. The first trade talks began in Tokyo in October 1974. The only country present which did not have a mandate to negotiate was the United States. Congress had accepted and passed on the results of the Smithsonian negotiations but for 2 years has been debating the merits of a new round of trade negotations. The country which initiated the effort for trade negotiations and has the most to benefit from open trade in the future has yet to politically commit itself.

It is this political commitment that other nations are watching closely. The United States exports only 5 to 6 percent of is gross national product—GNP—and it is not as heavily dependent on trade as other nations. Germany, the second largest producer in the free world, exports 20 percent of its gross national product and Japan, the third largest producer, exports 10 percent of its GNP. The growth of the economies of most of the world's industrial nations and all of the developing nations rests on the expansion of world trade. They are all watching the United States closely.

This is especially true in today's nervous economic world. The worldwide inflation and the fourfold rise in world oil prices has shaken the confidence of many people and many nations. There are numerous less-developed countries and a number of industrialized nations which face the grim specter of international bankruptcy. Their position is not strengthened by the recession which is now slowly tightening its grasp on industrial output in the United States, Europe, and Japan.

In recessions, with growing internal unemployment, there is a very natural political tendency to play the short run, to believe that imports deprive Americans of jobs and to move for isolationist trade policies. What is well known is that other countries will not tolerate their imports being banned while still buying exports from the banning nation. Not only does it not make political sense, but in terms of economics other countries need the dollars generated by their own exports to buy our exports. A Senate vote against the trade bill will be interpreted overseas as an isolationist vote. This bodes evil for U.S. exports and U.S. jobs. We now have unemployment at 6.5 percent. We do not need more.

I will not deny that increased trade does displace jobs in certain industries whose products can be produced more cheaply overseas. Because of my concern over this issue I have testified before the Senate Finance Committee to liberalize the application of and to strengthen the trade adjustment assistance programs. On the other hand, the American consumer benefits from products with cheaper prices because they are anti-inflationary.

As the largest economy in the free world, we benefit from the growth in the world economy and the growth in world trade as long as we hold our market shares. The figures indicate that our market shares since the revaluations in 1971 and 1973 have expanded. If the United States were not paying so much for oil, we would actually have a balance-of-trade surplus of $8 to $9 billion.

I therefore strongly advocate the passage of this bill. I plead with my colleagues on this floor not to introduce amendments that are not germane to the issue of trade that is before us. It is not that the issues in these amendments are not significant—in most cases they are—but that they should be debated by this body individually. We cannot risk a trade bill encumbered by numerous amendments which will doom it in this session of Congress. I have the faith in this body that this will not be the case.

THE ATMOSPHERE OF GLOOM

Mr. BROCK. Mr. President, nationally syndicated columnist Tom Braden has written a very timely article concerning "the Atmosphere of Gloom" which has enveloped the Nation in the aftermath of Watergate. Mr. Braden draws a thought-provoking analogy between the attitudes and actions of the press and much of the Congress today and those of the late Senator Joe McCarthy. The traditional rules of debate have been reversed, says Mr. Baden, and as in the McCarthy days, accusations are being made without any evidence, forcing the accused to try to prove negatives.

We have all been disturbed by the events of Watergate. But to allow a new era of suspicion to rise in its wake will only harm us more. Mr. President, I ask unanimous consent that Mr. Braden's fine column be printed in the RECORD for all my colleagues to see.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ATMOSPHERE OF DARK SUSPICIONS

(By Tom Braden)

Rep. Elizabeth Holtzman (D-N.Y.) is an earnest and intelligent woman with a liberal voting record, and nothing in that record suggests that the late Sen. Joseph McCarthy in the manner in which Rep. Holtzman handled President Ford when he appeared last week before the members of the House Judiciary Subcommittee.

Mr. Ford had detailed the story of the Nixon pardon and had assured the committee members that there was no deal. After that, Rep. Holtzman had a word to say:

"There are very dark suspicions," she told the President, "and I sincerely hope they are not true. Nevertheless, we must confront the reality of the suspicion."

Unwittingly, Rep. Holtzman thus denied the post-Watergate atmosphere of this capital city. You can try it out on your neighbor. Tell him you have a dark suspicion. Does he burglarize in the dead of the night? Tell him you hope your suspicion is not true, but there it is, a fact which must be recognized.

After he has denied it, you can say you still have the suspicion. This is exactly what Rep. Holtzman did to President Ford.

At the moment, this town is manic with suspicion. Rumors see print under no greater legitimacy of source and fact than "It has been reported . . ." Newspapermen scramble over each other to call upon those who ever knew Nelson Rockefeller and to ask whether he gave Christmas presents—"What? How much do you think it cost?"

Nobody is above suspicion; the higher the office or the more seemingly unimpeachable the character, the greater the suspicion. Secretary of State Henry Kissinger did not originate U.S. covert action in Chile. It goes back at least to the Johnson Administration, and it took place against the backdrop of covert action in Chile by the Castro government and the Russian.

But does anybody in the press concentrate on the policy or the history of the policy, or argue the pros and cons of the policy? Not at all. The Secretary of State, the press tells us, was "devious," as though Fidel Castro, Leonid Brezhnev and Salvador Allende were men who would turn pale at the thought of secret funding or covert action.

In the days of Sen. McCarthy, much of the press of this city behaved bravely. Running the risk of being called "fellow travelers" or "left-wing ideologues" or outright "Communists," newspapermen pointed out that McCarthy was reversing the traditional rules of debate. He was making accusations without any evidence, forcing the accused to try to prove negatives.

Today, the press and much of Congress have adopted McCarthy's role. Nelson Rockefeller's gifts to state officials are fair subject for investigation and comment. But even ordinary acts of human generosity are now suspect, and gifts to old retainers and employees, to secretaries, friends and neighbors are reported as "allegations" which ought to be "cleared up."

It is all very well to say that Richard Nixon started all this—that he and his men lied to us for so long and so well that we all feel gulled and are determined not to let it happen again.

But surely the same press which demonstrated the courage and the initiative to put an end to the era of Watergate can summon the self-discipline to prevent an era of suspicion from taking its place.

THE EMIGRATION AGREEMENT

Mr. PERCY. Mr. President, in connection with our consideration of the agreement on emigration, I would like to express briefly my own deep concern that it will not be fully or fairly implemented so long as freedom of posts, telephone and telegraph is impaired.

We all are aware of instances where telephone service to applicants for emigration and to dissidents has been cut off. I understand also that there has been a problem of nondelivery of invitations mailed from relatives in Israel to Soviet Jews, invitations which are necessary to them to begin the emigration process.

Human rights are not divisible. Freedom to emigrate, freedom to return to one's country, freedom of postal, telephone and telegraph service, freedom of expression, freedom of the press, freedom to publish, freedom to worship—all are essential and part of a whole. With the agreement on emigration we have made an important contribution in the field of human rights. I hope that it will lead to further progress in human rights for all those who do not enjoy basic civil, social and political rights anywhere in the world.

CAMPAIGN REFORM

Mr. BROCK. Mr. President, it is my belief that Congress, in its desire to reform the national campaign practices, has made some errors that may result in violations of the constitutional rights of persons and groups engaged in political activity. I am all for laws enforcing ethical campaign practices, that is effective and strong laws. But I also believe we must guard the freedoms guaranteed the citizens of this country. I call to the attention of my colleagues an editorial from the Dallas Morning News, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

REFORM "IN NEED OF REFORM"

It was inevitable that the last session of Congress would produce some variety of 'campaign reform'—given the public's wrath over dirty tricks and laundered money. It was inevitable, too, that President Ford would sign the bill—given the political necessities proceeding from that wrath.

But the campaign reform act is a manifestly imperfect document; it needs vast improvement if we are to live with something so extroardinary as government financing of political campaigns and government ceilings on political contributions.

First of all, as one of the bill's principal House sponsors, Rep. William Frenzel of Minnesota, concedes there are 'at least 100 items (in the bill) questionable from a constitutional standpoint.' Not the least of those items is the $1,000 ceiling on aggregate contributions an individual may make. Does this unwarrantably limit the right of free speech? If it does, the matter needs to be resolved before 1976. An early court test is assuredly in order.

Next there must be restrictions—they are wholly absent from the present bill—on the donations that unions may make to candidates. Just like business, the unions have to observe spending ceilings. But those ceilings do not compass services the unions provide pro-labor candidates—such as voter-registration campaigns (carried out mainly in pro-Democratic neighborhoods). If the union wants to pump volunteers into a friendly candidate's campaign, it may do so under the new law, notwithstanding that those volunteers may be working on salary from the union.

This is hardly to contend that labor should be shut out of the political process. It is only to say that labor should have no political advantages denied business.

The campaign reform act is likely to redound to the benefit of incumbents, who are ipso facto better known than their challengers. Both are supposed to spend like amounts of money. So at the very minimum, loopholes which favor the incumbent ought to be closed. The services that national party committees (e.g., the Democratic Senatorial Campaign Committee) provide candidates are presently exempt? they do not have to be reported. Neither do the services of a senator's or representative's aides; nor the cost of his newsletters.

All this is very cozy for the incumbent; but what about the brash challenger, who has no government-salaried aides, no federal franking privilege to cover postage for his newsletters? It may well be necessary to let challengers spend more reportable money than incumbents spend.

The act is likewise unfair to third parties. Only after they receive 5 per cent of the vote in a national election do their presidential candidates qualify for government money. This may discourage kooks from getting up third parties just for the sake of receiving federal endowment. But a legitimate third party surely has as much claim on the federal purse as do the two major parties.

In fine, the campaign reform act is about as problematical a piece of legislation as the country has ever confronted. As to how it will work—if it works at all—even its backers are unsure. One thing is certain: It will work most unjustly if there are not some major changes. Here is one reform law that itself needs reforming.

PROBLEMS AT THE U.N.

Mr. PERCY. Mr. President, on December 6, 1974, Ambassador John Scali, U.S.

Permanent Representative to the United Nations, made a very important address in plenary session at the U.N. General Assembly. It is a statement that deserves the time of every Member of this body, and therefore I shall ask unanimous consent that it be inserted in the RECORD following my remarks.

The thrust of Ambassador Scali's speech was that a majority of small nations in the General Assembly are adopting unenforceable, one-sided resolutions which, he said, "destroy the authority of the United Nations . . . (and) encourage disrespect for the (U.N.) Charter, and for the traditions" of the U.N.

Ambassador Scali stated that there is a "tyranny of the majority" operating at the General Assembly with "brutal disregard" for the sensitivities of the minority, although the minority is sometimes a practical majority in terms of population, wealth, territory, and capacity to support the U.N. and implement its decisions.

As a member of the U.S. Delegation to the 29th U.N. General Assembly, I have experienced at firsthand the situation of which Ambassador Scali has spoken so eloquently. It is my own conviction that the U.N. cannot prosper so long as resolutions are passed and decisions adopted which do not respect the legitimate views and interests of the major developed nations as well as of the developing nations. At a time when longtime adversaries such as the United States and the Soviet Union, and the United States and China, are finding ways to temper their disagreements and resolve their differences, it would be my hope that member states of the U.N. could also negotiate and conciliate on the problems of the world community which come before them in the General Assembly. If the General Assembly continues to be used by many member states as a forum for denunciation and condemnation, rather than for negotiation and conciliation, its authority will be tragically diminished.

I ask unanimous consent that the text of Ambassador Scali's address be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

STATEMENT BY AMBASSADOR JOHN SCALI

Last year the United States Delegation sought to call attention to a trend which we believed threatened the United Nations' potential as an instrument for international cooperation. We were deeply concerned then over the growing tendency of this Organization to adopt one-sided, unrealistic resolutions that cannot be implemented.

Today, more than a year later, my Delegation feels that we must return to this subject because this trend has not only continued, but accelerated. Added to this, there is now a new threat—an arbitrary disregard of United Nations rules, even of its Charter. What my Delegation spoke of 12 months ago as a potential threat to this Organization, unhappily has become today a clear and present danger.

The United States Government has already made clear from this rostrum its concern over a number of Assembly decisions taken during the Sixth Special Session last Spring, and during the current Session. These decisions have dealt with some of the most important, the most controversial, and the most vexing issues of our day: the global economic crisis, the turmoil in the Middle East, and the injustice in Southern Africa. I will not today discuss again our main concerns with each of these decisions. Rather, I wish to take this opportunity to discuss the more general question of how self-centered actions endanger the future of this Organization.

The United Nations, and this Assembly in particular, can walk one of two paths. The Assembly can seek to represent the views of the numerical majority of the day, or it can try to act as a spokesman of a more general global opinion. To do the first is easy. To do the second is infinitely more difficult. But, if we look ahead, it is infinitely more useful.

There is certainly nothing wrong with like-minded groups of nations giving voice to the views they hold in common. However, Organizations other than the United Nations exist for that purpose. Thus, there are Organizations of African States, of Asian States, of Arab States, of European States, and of American States. There are groups of industrialized nations, of developing nations, of Western and Eastern nations, and of non-aligned nations. Each of these organizations exists to promote the views of its membership.

The United Nations, however, exists not to serve one or more of these special interest groups while remaining insensitive to the others. The challenge of the United Nations is to meld and reflect the views of all of them. The only victories with meaning are those which are victories for us all.

The General Assembly fulfills its true function when it reconciles opposing views and seeks to bridge the differences among its Member States. The most meaningful test of whether the Assembly has succeeded in this task is not whether a majority can be mobilized behind any single draft resolution, but whether those States whose cooperation is vital to implement a decision will support it in fact. A better world can only be constructed on negotiation and compromise, not on confrontation which inevitably sows the seeds of new conflicts. In the words of our Charter, the United Nations is "to be a center for harmonizing the actions of nations in the attainment of these common ends."

No observer should be misled by the coincidental similarities between the General Assembly and a legislature. A legislature passes laws. The General Assembly passes resolutions, which are in most cases advisory in nature. These resolutions are sometimes adopted by Assembly majorities which represent only a small fraction of the people of the world, its wealth, or its territory. Sometimes they brutally disregard the sensitivity of the minority.

Because the General Assembly is an advisory body on matters of world policy, the pursuit of mathematical majorities can be a particularly sterile form of international activity. Sovereign nations, and the other international organs which the Assembly advises through its resolutions, sometimes accept and sometimes reject that advice. Often they do not ask how many nations voted for a resolution, but who those nations were, what they represented, and what they advocated.

Members of the United Nations are endowed with sovereign equality. That is, they are equally entitled to their independence, to their rights under the Charter. They are not equal in size, in population, or in wealth. They have different capabilities, and, therefore, different responsibilities, as the Charter makes clear.

Similarly, because the majority can directly affect only the internal administration of this Organization, it is the United Nations itself which suffers most when a majority, in pursuit of an objective it believes overriding, forgets that responsibility must bear a reasonable relationship to capability and to authority.

Each time this Assembly adopts a resolution which it knows will not be implemented, it damages the credibility of the United Nations. Each time that this Assembly makes a decision which a significant minority of members regard as unfair or one-sided, it further erodes vital support for the United Nations among that minority. But the minority which is so offended may in fact be a practical majority, in terms of its capacity to support this Organization and implement its decisions.

Unenforceable, one-sided resolutions destroy the authority of the United Nations. Far more serious, however, they encourage disrespect for the Charter, and for the traditions of our Organization.

No organization can function without an agreed-upon framework of rules and regulations. The framework for this Organization was built in the light of painful lessons learned from the disastrous failure of its predecessor, the League of Nations. Thus, the United Nations Charter was designed to insure that the important decisions of this Organization reflected real power relationships, and that decisions, once adopted, could be enforced.

One of the principal aims of the United Nations, expressed in the Preamble of its Charter, is "to practice tolerance and live together in peace with one another as good neighbors." The promise the American people and the peoples of the other founding nations made to each other—not as a matter of law, but as a matter of solemn moral and political obligation—was to live up to the Charter and the duly-made rules unless or until they were modified in an orderly, constitutional manner.

The function of all parliaments is to provide expression to the majority will. Yet, when the rule of the majority becomes the tyranny of the majority, the minority will cease to respect or obey it, and the parliament will cease to function. Every majority must recognize that its authority does not extend beyond the point where the minority becomes so outraged that it is no longer willing to maintain the covenant which binds them.

My countrymen have made a great investment in this World Organization over the years—as host country, as the leading financial contributor, and as a conscientious participant in its debates and negotiations and operational programs. Americans have loyally continued these efforts in a spirit of good faith and tolerance, knowing that there would be words spoken which we did not always like and resolutions adopted which we could not always support.

As the 29th General Assembly draws to a close, however, many Americans are questioning their belief in the United Nations. They are deeply disturbed.

During this 29th General Assembly, resolutions have been passed which uncritically endrose the most far-reaching claims of one side in dangerous international disputes. With this has come a sharply increased tendency in this Assembly to disregard its normal procedures to benefit the side which enjoys the favor of the majority, and to silence, and even exclude, the representatives of Member States whose policies the majority condemns. In the wake of some of the examples of this Assembly, the General Conference of UNESCO has strayed down the same path with the predictable consequences of adverse reaction against the United Nations. Innocent bystanders such as UNICEF already have been affected.

We are all aware that true compromise is difficult and time-consuming, while bloc voting is fast and easy. But real progress on contentious issues must be earned. Paper triumphs are, in the end, expensive even for the victors. The cost is borne, first of all, by the United Nations as an institution, and, in the end, by all of us. Our achievements cannot be measured in paper.

A strong and vital United Nations is important to every Member State, and actions which weaken it weaken us all, particularly the smaller and the developing nations. Their security is particularly dependent on a collective response to aggression. Their prosperity particularly depends on access to an open and expanding international economy. Their ability to project their influence in the world is particularly enhanced by membership in international bodies such as the United Nations.

In calling attention to the dangerous trends, I wish also to call attention to the successes of the United Nations during the past year.

United Nations members overcame many differences at the World Population Conference and the World Food Conference. There was also progress at the Law of the Sea Conference. There was agreement on programs encouraging States to maintain a population which they can feed, and feed the population which they maintain. As a result of these United Nations Conferences, the world community has at last begun to grapple with the two fundamental issues which are central to any meaningful attempt to provide a better life for most of mankind.

In the Middle East a unique combination of multilateral and bilateral diplomacy has succeeded in halting last year's war and in separating the combatants. With goodwill and cooperation, the Security Council has renewed the mandate for the peace forces, allowing time for a step-by-step negotiating process to bear fruit. My Government believes that this negotiating process continues to hold the best hope in more than a quarter of a century for a just and lasting peace in that area.

On Cyprus, the Security Council, the Assembly and our Secretary General have all contributed to progress toward peace and reconciliation. Much remains to be done, but movement toward peace has been encouraged.

Perhaps the United Nations' most overlooked success of the past year resulted from the mission of the Secretary General's representative, Mr. Weckman-Munoz. This effort, which was undertaken at the request of the Security Council, succeeded in mediating a particularly dangerous border dispute between Iran and Iraq. This example of how to prevent a small conflict from blowing up into a much bigger war must rank among the United Nations' finest, if least heralded, achievements.

Thus, despite the disturbing trend toward the sterile pursuit of empty majorities, recent United Nations achievements demonstrate that this Organization can still operate in the real world in the interests of all its members. Unfortunately, failure and controversy are threatening to overshadow the record of successes. Its lapses, are long remembered and remain a source of lasting grievance for those who feel wronged.

Before concluding my remarks, I would like to say a few words, not as the United States Representative to this Organization, but as an American who has believed deeply in the United Nations since 1945 when, as a young reporter just returned from the war, I observed the birth of this Organization.

I must tell you that recent decisions of this Assembly, and of other United Nations bodies, have deeply affected public opinion in my country. The American people are deeply disturbed by decisions to exclude Member States, and to restrict their participation in discussions of matters of vital concern to them. They are concerned by moves to convert humanitarian and cultural programs into tools of political reprisal. Neither the American public nor the American Congress believe that such actions can be reconciled with the spirit or letter of the United Nations Charter. They do not believe that these decisions are in accord with the purposes for which this Organization was founded. They believe the United Nations, in its forums, must show the same understanding, fair play and responsibility which its resolutions ask of individual members.

My country cannot participate effectively in the United Nations without the support of the American people, and of the American Congress. For years they have provided that support generously. But I must tell you honestly that this support is eroding—in our Congress and among our people. Some of the foremost American champions of this Organization are deeply distressed at the trend of recent events.

A majority of our Congress and our people are still committed to a strong United Nations. They are still committed to achieving peaceful solutions to the issues which confront this Organization, in the Middle East, in South Africa, and elsewhere. They are still committed to building a more just world economic order. But the trends and decisions of the past few months are causing many to reflect and reassess what our role should be.

I have not come to the General Assembly today to suggest that the American people are going to turn away from the United Nations. I believe that World War II taught Americans the tragic cost of standing aside from an organized international effort to bring international law and justice to bear on world problems. But, like every nation, we must from time to time reassess our priorities, review our commitments, and redirect our energies. In the months ahead, I will do all in my power to persuade my countrymen that the United Nations can return to the path the Charter has laid out and that it can continue to serve the interests of all of its members.

If the United Nations ceases to work for the benefit of all of its members, it will become increasingly irrelevant. It will fade into the shadow world of rhetoric, abandoning its important role in the real world of negotiation and compromise.

We must join to prevent this. The reasons for which this World Organization was founded remain as valid and as compelling today as they were in 1945. If anything, there is added reason; the specters of nuclear holocaust, world depression, mass famine, over-population and a permanently ravaged environment.

If we are to succeed, we must now renew our commitment to the central principles of tolerance and harmony upon which the United Nations Charter was built. We must redouble our efforts to use this Organization as the world's ultimate instrument for compromise and negotiation.

I pledge my nation to these efforts.

ADMINISTRATION PROPOSAL—SULFUR DIOXIDE EMISSION CONTROL STRATEGY

Mr. **BAKER.** Mr. President, it is gratifying to learn of the apparent resolution by the Ford administration of uncertainty regarding the administration's position on the requirement of constant emissions reduction technology to control sulfur emissions, particularly from power plants.

I understand that the Energy Resources Council has recently agreed in broad outline to the proposal put forward by Administrator Russell Train of the Environmental Protection Agency which calls for an administration commitment to the use of constant emissions reductions limitations. As I understand the proposal the installation of scrubbers would not have to be completed in some instances until 1985, but in no case, would the primary or secondary health standards be exceeded by these delays.

In the Clean Air Act of 1970 the Senate Public Works Committee recommended and the Congress adopted a strategy of emission limitation as the method of achieving air standards. This strategy in my opinion is clearly not served by control techniques which would merely disperse pollutants without reducing total loadings of sulfur in the atmosphere. While technological problems have frustrated the execution of that strategy within the deadlines we set forth in 1970, I do not believe that there is reason to abandon the basic strategy.

Legislation which proposed to permit the permanent use of intermittent control strategies was transmitted to Congress by the Nixon administration last year, although it was expressly opposed by EPA Administrator Train. I declined to introduce that portion of the administration's environmental proposal because I did not feel that circumstances warranted such a drastic modification of clean air strategy and because I did not believe my Senate colleagues would support the measure. I continue in those convictions. Thus, I am pleased that the administration has determined to abandon this effort to effect a fundamental change of the sulfur control strategy in favor of a position seeking to aline compliance deadlines with the ability and availability of technology to meet them.

It is important that a strong and sustained research and development effort in constant emission control technology be supported by both Government and private industry. The Environmental Protection Agency specifically should give a high priority to this research and development work. I am assured by Administrator Train that this will be the case. In that regard, the recent congressional decision in the legislation establishing the Energy Research and Development Agency—ERDA—to leave pollution control technology R. & D. with EPA is a sound one.

Adjustment of the deadline for installation of continuous emission control equipment represents recognition of the realities. Additionally, the strategy of an orderly phase-in of such equipment should help minimize inflationary pressures on the equipment manufacturers, should give added time for diversification and improvement of technology, should avoid generating reliability problems which could accompany simultaneous installation of similar equipment throughout a system, and should permit a scheduling of equipment installation that gives highest priority to areas of greatest public risk. Perhaps the most important result of the additional time for the implementation of permanent control strategies, however, will be the opportunity it will provide for exploration of alternative technological responses to sulfur dioxide removal. I am not convinced at this point that "scrubbers" represent a reliable means to meet this standard.

As I understand the administration proposal, intermittent controls, for example, fuel switching, would provide an enforceable and reliable interim means of achieving standards prior to the installation of permanent control systems.

I look forward to learning the details of the administration's proposal. Obviously, legislative confirmation of EPA's authority to extend the present compliance dates for individual sources under the Clean Air Act would be required. The Subcommittee on Environmental Pollution of the Committee on Public Works will examine carefully the proposed criteria under which EPA would be authorized to extend compliance schedules during hearings on the Clean Air Act which will begin early next year.

In my view, the major significance of the administration agreement is that it will help abate pressure to abandon present clear air strategies which has created uncertainty in the industry regarding the future of those strategies—an uncertainty which has had major adverse effects on the development of new coal production capacity. Investment in new mines, particularly underground mines, requires assured long-term markets. A clear knowledge of what the rules are and a full commitment to those rules will encourage the dvelopment of coal production capacity—and, thus, make a major contribution to the solution of long-term energy problems.

While there has been no official announcement of the agreement, a Wall Street Journal article of November 29 reports the matter in detail, and I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Ford Stiffens Policy on Utility Pollution, Sides With EPA on Requiring Scrubbers

Washington.—The Ford administration has decided to toughen its approach to get utilities to curb sulphur-oxide emissions from power plants.

The new approach involves backing away from legislative proposals the Nixon administration made last spring to relax clean-air laws and to allow utilities to use tall smokestakes or to close plants temporarily instead of installing costly "stack-gas scrubbers," antipollution equipment that the Environmental Protection Agency currently requires.

One catch is that the timetable for scrubber installation would be longer than the EPA initially had wanted. But Russel Train, EPA administrator, said he considers the new proposals acceptable and called the change in position "a very real breakthrough."

In another development, the EPA adopted previously proposed rules that would let most planned energy development in the country proceed by allowing states to permit limited air pollution in areas where the air quality is currently high. The rules have been attacked by environmental groups, and after the EPA announcement, the Sierra Club quickly challenged them in court.

AN EPA VICTORY

The change in the administration position on scrubber installation is a victory for the EPA, which had publicly opposed the legislation proposed by the White House. The bill hasn't moved in Congress. Mr. Train told a press conference that the White House Energy Resources Council, chaired by Interior Secretary Rogers Morton, had agreed in principle at a recent meeting to resolve the scrubber dispute.

The administration's top energy officials, who are represented on the council, have decided to side with the EPA's view that scrubbers eventually should be installed, Mr. Train said. He said that the agreement was in "very broad outline" and that he expected last spring's proposed legislation to be replaced by a measure allowing the EPA gradually to extend the timetable for installing the equipment until a final deadline of 1985.

Mr. Train said most plants would install the equipment before then, but others would be allowed to use "intermittent controls," such as tall smokestacks, to comply with clean-air laws until they begin using the scrubber. Initially the EPA has wanted the industry to finish installing the equipment by 1980.

Some utilities have been installing scrubbers, but many companies claim the technology still is unproven. Until now, administration energy officials have sided with the industry and against the EPA.

COMPANY SEES MAJOR PROBLEMS

The most vocal critic has been American Electric Power Co., a New York-based utility-holding company. It has been running advertisements in newspapers all year charging there are major problems with the scrubber equipment and with disposal of solid wastes resulting from the pollutant removal. The EPA has openly and vigorously disputed the American Electric Power claims.

Mr. Train said extension of the compliance deadline for reducing sulphur-oxide emissions would have to be authorized by Congress, and he expects the Ford administration to propose the necessary legislation next year. The deadline called for in the Clean Air Act is 1977, but the EPA previously has said it wants to change that date. The target has been found unrealistic because scrubber equipment couldn't physically be installed at all power plants by then.

The other rules that the EPA adopted are meant to prevent "significant deterioration" of air quality in areas where air is already cleaner than required by federal standards. The rules would leave much of the task to individual states and allow them to designate areas within their borders according to three air-quality classes outlined by the EPA.

The rules stem from a 1972 federal court ruling, affirmed by the Supreme Court, in a suit filed by the Sierra Club against the EPA.

SIERRA CLUB ASKS REVIEW

Shortly after the rules were adopted Wednesday, the club asked the court of appeals here to review whether the rules comply with the earlier court order. A Sierra Club lawyer said the group will argue they don't comply.

At his press conference, Mr. Train defended the regulations and said they weren't meant as an endorsement of rapid energy development. "This isn't any invitation to pollute," he said. EPA officials expect that, if the rules are challenged in court. Congress will move to clarify the law on the matter.

Mr. Train said the law is vague on air-quality deterioration in clean-air regions and added: "I am hopeful that guidance will be reflected in Clean Air Act amendments that are likely to be enacted next year."

One change from the EPA's original proposal is that the EPA will resolve disputes between states on designations of air-quality areas that would affect other states. The original proposal didn't have such a provision.

EPA TO HOLD HEARINGS

On another matter, the EPA confirmed it would hold hearings early next year on the compatibility of better gasoline mileage and tighter auto-emission controls. Auto makers plan to seek hearings on whether the EPA should allow a one-year extension of the pollution-control standards due for 1977-model cars. Current law allows them to make such a request after Jan. 1, and they have said they will.

But the auto-company officials also have been saying they can't achieve President Ford's goal of 40% mileage improvement by 1980 unless Congress leaves emission ceilings at their present levels for five years. Mr. Train said the hearings will explore that claim as well as the possibility of extending the emission standards for one year. But he emphasized that only Congress could grant a five-year extension.

Mr. Train said he has an "open mind," but he asserted the "auto industry has always said that every standard that was proposed to make new cars cleaner and safer was impossible or too costly to achieve. In most cases, the industry subsequently went to work and did a pretty good job of meeting the new standards."

SIGNPOSTS TO DISASTER

Mr. BROCK. Mr. President, everyone knows that the economy of our Nation, and of the entire world, is in perilous straits. I am afraid that we do not realize just how serious the situation is and that we in Congress are not providing leadership that our country so desperately requires. I fear we are talking too much and doing too little, and all the while the Nation suffers the ravages of inflation and unemployment. We must not forget the Great Depression. We must learn from it. We must not pretend that the threat cannot arise again. Mr. C. C. Sulzberger has written an excellent article on this threat to democratic governments the world over. In the hope of stimulating positive action on the part of Congress, I ask unanimous consent that this article be printed in the Record and that we take its message very seriously.

There being no objection, the article was ordered to be printed in the Record, as follows:

Signposts to Disaster

(By C. L. Sulzberger)

Paris.—Forty-five years ago the Great Depression began with a crash on Wall Street and by the time it staggered to its halt the whole world had been shaken out of fat-dripping illusions. Now we appear to be on or over the brink of a similar collapse although—as in 1929—few leaders are willing to admit it and even the prissy word "recession" is disliked.

After the 1929 stock exchange break, respected Pollyannas like Herbert Hoover and J. P. Morgan for months saw silver linings obscuring every cloud. We now seem in a similar period: Leadership silence with respect to the facts is almost thunderous. From Tokyo to Washington via Paris and London one hears again those comforting coos from political pigeon cotes that nothing drastic need be done. And, indeed, securities regulations and social insurance have eased the shock.

Nevertheless, let us regard. France, traditionally Europe's most prosperous land, has more unemployment than any time since World War II and work stoppages ripple across the country. England is flat broke, floundering economically and caught in an endless Irish conflict, last battle of the seventeenth-century religious wars.

Italy is mired in chaos. Portugal hovers on the edge of tumult and Spain may soon approach a similar border when Generalissimo Franco dies. Japan's dynamism shows signs of dissolving like a wet noodle; South Asia is disintegrating; much of Africa starves; and the richest oil sheiks have accumulated so much money that they don't even know how to budget it.

As for the United States, a sommolent acceptance of platitudes has succeeded the hope for vigorous leadership that followed President Nixon's resignation. Amidst this placidity we seem to be shedding the old-fashioned rich man can indeed enter heaven. Nelson Rockefeller can't even become Vice President.

No capitalistic society can escape unscathed from the cumulative effects of rampant inflation and industrial stagnation. It is *small comfort* to acknowledge that the poor underdeveloped nations are in even worse shape. And it is considered axiomatic by many so-called experts that no democracy can for long survive an inflation rate exceeding 20 per cent.

Look at today's roster. Chile, with an annual rate of 74.5 per cent, is not, of course, a democracy and inflation was already well over 20 per cent when Salvador Allende's regime collapsed. South Vietnam, never democratic, such a system being unfamiliar to East Asia's mainland, is at 68 per cent and President Thieu totters.

Iceland, a nobly free little land, has attained 43.8 per cent; Pakistan is at 32.1; Argentina at 30.2; Brazil at 28.7, end Ecuador at 28.4. India is at 28 per cent, Portugal and Turkey are rivals at 25.9 and Japan is at 25.2. Greece's position is probably equivalent to Turkey's.

Reviewing the list politically, Chile, South Vietnam and Brazil are not democracies and Pakistan, India, Portugal and maybe Turkey could easily be diverted from that course. What ugly shadows lie in wait elsewhere? Even in staid, law-abiding old England there is a small but growing off-stage chorus of voices calling for quasi-fascist law-and-order organizations.

Today's great inflation stems from many things—not just oil prices. Recent years have accustomed public opinion to rising desires for comfort that can no longer be financed. The world is filled with gobs of fake money—or credit—equivalent on an exaggerated scale to margin-buying of securities two generations ago: Special Drawing Rights, Eurocurrencies, various theoretical worths of gold. There is no valid international monetary system and excessive public expenditure is commonplace.

Vietnam military costs accelerated economic weaknesses in the United States, which cleverly exported its inflation abroad (as de Gaulle, no economist himself, brilliantly perceived). And although enough food is grown to feed the world, no one has yet devised a system to distribute it. Atop all this the Arabs quadrupled oil prices—and the pit fell in.

The only way Democratic chiefs can extricate their nations from this mess is by firm, imaginative, audacious leadership: high taxes on gasoline and big cars, encouragement of energy saving on such things as air-conditioning, rigid penalties for violations, shifts to new energy sources.

We are not getting that kind of talk anywhere: only cosmetics and blabbermouthing. Let us not forget that the Great Depression of the thirties produced in Roosevelt's New Deal radical social reform that saved American democracy—and also Hitler's Naziism which wrecked the world.

CONCLUSION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

SUPPLEMENTAL AUTHORIZATION OF APPROPRIATIONS FOR THE ATOMIC ENERGY COMMISSION, 1975

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 4033, which the clerk will state by title.

The legislative clerk read as follows:

S. 4033, a bill to amend Public Law 93-276 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Joint Committee on Atomic Energy with an amendment on page 1, in line 5, strike out "$2,606,233,000" and insert in lieu thereof "$2,613,733,000", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101(a) of Public Law 93-276 is hereby amended by striking therefrom the figure "$2,551,533,000" and substituting the figure "$2,613,733,000".

SEC. 2. Section 101(b) of Public Law 93-276 is hereby amended by striking from subsection (11) capital equipment the figure "$208,850,000" and substituting the figure "$227,150,000".

The ACTING PRESIDENT pro tempore. The time for debate on this bill shall be limited to 1 hour, to be equally divided and controlled by the majority and minority leaders or their designees, with 30 minutes on any amendment, except for the amendment to be offered by the Senator from Massachusetts (Mr. KENNEDY), on which there shall be 1 hour debate, and with 20 minutes on any debatable motion or appeal.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the majority leader I yield time on this side to Mr. PASTORE.

Mr. GRIFFIN. Mr. President, we shall hold for the leadership.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time not be charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. PASTORE. What is the pending business?

The ACTING PRESIDENT pro tempore. The business before the Senate is S. 4033, which has been laid before the Senate.

Mr. PASTORE. Mr. President, this bill provides for authorization for supplemental appropriations of $80,500,000 for the Atomic Energy Commission for fiscal year 1975. The additional funds would be for increases in two AEC program areas, nuclear weapons testing and safeguards.

Of the additional authorization, $57,500,000 is for a modified weapons testing program which would be implemented to complete certain significant tests before the effective date of a Threshold Test Ban Treaty which would limit tests to yields less than 150 kilotons and which now is projected to enter into force on March 31, 1976. The modified program recognizes the impending limitation and moves up some of the planned tests exceeding 150 kilotons in order that they may be consummated prior to the effective date of the 150 kiloton threshold treaty. The test program is a minimal, pared-down program which provides for the smallest total number of tests in any year since the United States began underground testing exclusively. The AEC and DOD have testified, and the State Department is also on record, that these tests are of great importance to the Nation's strategic defense posture.

The tests that would be carried out are the most essential components of several previously planned series. These tests are for weapons systems which the Congress has agreed to develop. Only the phasing of the tests has been changed to coincide with the period available for the conduct of tests over 150 kilotons. No new tests have been added, and in fact a number of lower yield tests have been eliminated to compensate partially for the higher tests. The committee added $2,500,000 to the AEC request for fundamental research because of concern that proposed reductions in fundamental research and development efforts to provide funding for the higher yield test program went too deep into essential programs.

It has been asserted that to increase funding now for nuclear weapons testing is to frustrate the aims of the Threshold Test Ban Treaty, which is scheduled to go into force prior to March 31, *1976.* I would say that this viewpoint is uninformed. Until, and if, the TTBT goes into effect, there is no limitation on the yield of a device to be tested. The Soviets recognize this provision and are acting accordingly. Since 1972, the Soviets have tested six devices with yields greater than a megaton. On August 29, 1974, there was a 1- to 3-megaton test. As recently as November 4, 1974, there was a 3- to 4-megaton test. I have heard no criticism of these tests. The last U.S. test of such proportions was in 1971 for the ABM system.

The question of whether or not the test program provided for in this supplemental authorization is in consonance with the agreements reached by President Ford with the Soviets has also been raised. The recent agreement negotiated by President Ford is concerned with the quantitative aspects of the strategic nuclear stockpile—the total number of strategic delivery vehicles, and the total number of MIRV'd delivery vehicles. Nowhere in the agreement are the qualitative aspects of nuclear weaponry restricted or even considered. It is impossible to know what is under a nose cone, unless you lift the lid and peek. This hardly seems likely. The United States must continue weapons R. & D. and this must include the necessary weapons tests before March 21, 1976, to prepare for stockpile entry those weapons under development for several years before the June 1974 agreement which require tests of yields greater than 150 kilotons.

The additional $23 million for the safeguards program will provide for upgrading of the protection of our nuclear weapons and of civilian nuclear material from theft or diversion. A major part of these funds would be for the hiring of 175 AEC civilian guards and for the procurement of special equipment for safeguards purposes.

In the safeguards area, the committee added funds of $5 million, at the urging of Senators JACKSON and RIBICOFF. These additional funds will provide for important studies which it is hoped will lead to better understanding of the extent of protection that will be required for nuclear materials in the future, as the amount of such materials and the number of shipments involving them increase above the relatively low levels of today.

The supplemental appropriations bill has been reported out of conference. The AEC appropriations were reported in technical disagreement, partly because this authorizing legislation has not been enacted. I urge the Senate to enact this authorization now, so that these important appropriations can be approved and these efforts can go forward.

I shall be very happy to explain any parts of this bill to anyone who may be so interested.

Mr. President, the reason for this appropriation is not to expand our underground testing program one iota, but because of this threshold test ban treaty, which, of course, has been initialed by both parties—that is, the American Government and the Soviet Government—and has not yet been submitted to the Senate for reasons that we explored. First, we were curious why that had not taken place, but we were told later that apparently Mr. Kissinger had an agreement with Mr. Brezhnev to the effect that they would not submit the treaty until they had resolved Article III, which had to do with underground testing of peaceful uses of atomic energy, and that is the reason for it.

That is the reason for it. When that was determined, of course, we no longer insisted that Mr. Kissinger come before our committee, because we had a full explanation.

Mr. President, I understand that our distinguished colleague and friend from Massachusetts (Mr. KENNEDY) is opposed to the $57,500,000 for weapons development. He will make his own statement—I understand he has an amendment—and we will take it from that point on.

I yield to the distinguished Senator from Massachusetts.

Mr. KENNEDY. I thank the Senator.

Mr. President, I send an amendment to the desk for myself and Senators MUSKIE, MATHIAS, HUMPHREY, WILLIAMS, MONDALE, STEVENSON, HUGHES, MCGOVERN, and HASKELL, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KENNEDY's amendment is as follows:

On page 1, line 5, strike "$2,613,733,000" and insert in lieu thereof "$2,560,733,000".

On page 1, line 9, strike "$227,150,000" and insert in lieu thereof "$222,650,000".

On page 1, after line 9, add the following:

"Sec. 3. The increase of the sums authorized to be appropriated by this Act may be made available only for the purposes of the Safeguards Program with regard to safeguarding special nuclear material from diversion from its intended uses, and for research and development of safeguards techniques and related activities involved in handling nuclear material."

Mr. KENNEDY. Mr. President, the amendment we are proposing today deletes $57.5 million of the $80.5 million supplemental authorization for the Atomic Energy Commission proposed in this bill for an accelerated nuclear weapons testing program. It does not affect the $23 million authorization for the nuclear safeguards program.

The sponsors of this amendment support the additional authorization for the safeguards program designed to enhance the safety and security of the AEC, its facilities and stockpiles from sabotage, diversion, and theft.

We oppose, at least at this time, an accelerated nuclear weapons testing program.

I am sure I speak for the other proponents of this amendment in expressing our recognition of the strong record in arms control and the responsible position in the entire nuclear field of our colleague, the senior Senator from Rhode Island, Senator PASTORE.

However, we believe that developments since the original administration request for these funds have made the wisdom of an accelerated nuclear weapons testing program exceedingly doubtful. After carefully considering this matter, we believe the national security would be better served by deferring this matter until the next session of the Congress.

The reasons we oppose the acceleration of the weapons testing program are as follows:

First, the supplemental funds were requested by the administration in order to carry out high-yield tests and conduct advanced research on new weapons prior to the proposed March 1976 date when the Threshold Test Ban Treaty was to take effect.

But where is the treaty? It has not been submitted to the Senate, nor have we received any indication that the administration has any intention of submitting it for ratification in the near future. In fact, it is my understanding that negotiations on the matter of resolving differences over peaceful nuclear explosions have stalled and negotiations are not expected to resume until after the first of the year.

In addition, there are many Members who are not totally enthused regarding the threshold treaty itself. This November, 32 Members wrote President Ford questioning the 150 kiloton threshold and urging him to seek a more effective limitation on weapons testing. Without having the treaty before us, and with the existence of serious questions as to the timing of its submission and the likelihood of its ratification, I wonder whether we are putting the cart before the horse by approving a $57.5 million speed-up in the nuclear testing program now.

Second, there is no question that one of the highest items on our list of foreign policy priorities is the extension of the Nuclear Non-Proliferation Treaty. The Senator from Rhode Island has been perhaps the Senate's leading advocate of efforts to prevent the spread of nuclear weapons. It was his resolution, Senate Resolution 179, which helped propel the administration of President Johnson toward the achievement of that treaty.

I share his view of the importance of this treaty. Yet, in March 1975, just when the accelerated testing program proposed in this bill presumably would be in full gear, the Review Conference for the Nuclear Non-Proliferation Treaty will begin.

If the United States, with thousands of good strategic nuclear warheads in our stockpile, is engaged in an accelerated series of nuclear weapons tests, at the very instant we are asking dozens of other nations to forego all nuclear weaponry, our credibility will be severely undercut.

We might well be risking a major policy objective, the viability of the NPT, for minor refinements in our nuclear stockpile.

Our amendment will not affect the $152 million testing program authorized already, but it would remove the red flag that an accelerated, high yield program, surely represents.

I would like to emphasize the level of magnitude of our stockpile of warheads at this time by quoting Senator SYMINGTON's statement during the hearing of the Joint Atomic Energy Committee on this bill. He quoted from recent testimony by Adm. Gene La Rocque:

> The United States currently has enough strategic nuclear weapons to hit every Soviet city over 100,000 people with 36 separate nuclear weapons.

Senator SYMINGTON also noted that together "our combined strategic and tactical nuclear stockpile contains approximately 8,000 megatons or equivalent to 615,385 Hiroshima-type bombs. In view of this incredible stockpile of weapons on both sides, what can be the purpose of the United States continuing to develop new high-yield nuclear weapons?"

I share the view of the distinguished Senator from Missouri, but more important, I believe that other nations, who we are asking to forego all nuclear weaponry in the name of arms control, might look with skepticism at our assertions when they know of our current strategic nuclear strength and then see us engaged in a 25-percent acceleration of our nuclear testing program.

Third, the administration made its requests prior to the Vladivostok SALT II accord. The committee also acted prior to that time. We had no way of knowing that a 10-year quantitative limit on offensive weapons systems would be tentatively agreed to.

Now, we have the very forceful expressions of optimism from the President and the Secretary of State on the breakthrough achieved at Vladivostok. Until the Senate has the opportunity to analyze the foreign policy implications of this agreement in the forthcoming weeks, I believe it would be premature to go forward with this accelerated testing.

I would add that when the President believes the economy is in critical disarray, when he submits proposals to cut the budget by $4.6 billion, and when those proposals include charging more for food stamps to the poor and for hospital care for the elderly, then I doubt the wisdom of going forward with this questionable $57.5 million weapons testing program.

Mr. PASTORE. Mr. President, will the Senator yield? I do not wish to interrupt him unless he wishes. Would the Senator prefer to complete his statement first?

Mr. KENNEDY. I have just about 30 seconds more.

Mr. PASTORE. Very well.

Mr. KENNEDY. For those who believe this is an insignificant sum, I would note that it would pay for some 3,000 low-cost houses or the annual salaries of some 6,500 elementary school teachers.

Mr. President, for all of these reasons, I urge the adoption of this amendment.

Mr. President, I also ask unanimous consent to have printed a letter or endorsement of our amendment from Adrian Fisher, now dean of Georgetown Law School and formerly deputy director of the Arms Control and Disarmament Agency and Herbert Scoville, former deputy director of the CIA and former Assistant Director of ACDA.

I yield to the Senator from Rhode Island.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from Rhode Island yield for a unanimous-consent request?

Mr. PASTORE. I yield.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 6, 1974.

Hon. EDWARD M. KENNEDY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR KENNEDY: We should like to support your amendment to delete $57.5 million in supplemental funds for the AEC for the purpose of carrying out more high yield nuclear tests. The acceleration of nuclear testing to beat the March 31, 1976 deadline in the so called "Threshold" Treaty limiting nuclear tests would make a travesty of the pledge in Article I, Paragraph 2 of that Treaty, which says "each Party shall limit the number of its underground nuclear weapons tests to a minimum".

A major security policy of the United States has been to halt the further spread of nuclear weapons, and in signing the NPT we committed ourselves "to negotiate on effective measures relating to the cessation of the nuclear arms race at an early date" and reaffirmed our goal of "seeking to achieve the discontinuance of all test explosions for all time". To proceed with an accelerated test program in the aftermath of the Threshold Treaty, which has already called into question the U.S. and Soviet sincertity in their commitments to try to bring to halt nuclear tests would be the ultimate slap in the face of those nations we are asking to give up the option to acquire nuclear weapons. It could be the body blow that kills the already frail structure of the NPT.

Since we have only chosen to conduct two tests above 150KT in the past four years, it is hard to believe there can be any overriding priority to go into an accelerated high yield test program at this time in anticipation of the dubious Threshold Treaty. This Treaty has not yet even been submitted to the Senate for ratification, and the negotiations on "peaceful nuclear explosive" tests, a key element associated with that agreement are in such difficulties that it is quite possible that a Threshold Treaty may never come into being.

Furthermore, President Ford and Secretary General Brezhnev have just concluded an agreement which Secretary Kissinger claimed placed a "cap" on the arms race. This is not the moment to speed up the qualitative aspects of that race.

Instead of spending more millions for nuclear testing, we should be concentrating our efforts on improving the safeguards established by the NPT and reducing the risks that nuclear weapons will fall into unauthorized hands.

Sincerely yours,
HERBERT SCOVILLE, Jr.,
Secretary,
Federation of American Scientists.
ADRIAN S. FISHER,
Dean,
Georgetown University Law School.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Commerce, with hearings scheduled on auto fuel economy, and the Committee on Agriculture and Forestry, which has scheduled hearings on U.S. food supplies and foreign aid, be permitted to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SUPPLEMENTAL AUTHORIZATION OF APPROPRIATIONS FOR THE ATOMIC ENERGY COMMISSION, 1975

The Senate continued with the consideration of the bill (S. 4033) to amend Public Law 93-276 to increase the authorization for appropriations to the Atomic Energy Act of 1954, as amended, and for other purposes.

Mr. PASTORE. Mr. President, I share much of the concern of the distinguished Senator from Massachusetts as he has expressed it here today in sponsoring this amendment. I have become somewhat weary, not to use a stronger word, of this Madison Avenue display that every time the President goes to either Moscow or Peking, they come back with a signed paper that is dependent upon a lot of its and buts.

So, when we were called down to the White House to be briefed by the President of the United States not too long ago, together with the leadership, and we were told about this tremendous breakthrough—the agreement that President Ford had with Mr. Brezhnev—I raised a question. I said: "Mr. President, now that you have created all this euphoria about this great breakthrough, what am I going to say to Mr. Kennedy and the rest of the sponsors of the amendment to delete this money for underground nuclear weapon testing over the 150 kiloton range?"

The President said: "It is absolutely necessary." I said: "Why?"

He said: "Well, because all that we engaged in was quantitative matters concerning nuclear weapons and not qualitative matters and now what we have got to do, in order to catch up with the Russians, is conduct these underground tests."

So, naturally, of course, that is why Pastore is standing on the floor here today, carrying out the expression of the President of the United States that it is absolutely necessary that if his agreement with Brezhnev means anything at all, we have got to have this underground testing.

I say to the Senator from Massachusetts (Mr. KENNEDY) that was the answer that was given to me, and that is the reason why I am here today.

I asked the same questions: If we have resolved this, why then do we have to do anything else; and the answer was, "Yes, but we are not quite there."

Now, this is the story. The Russians already have more than 2,400 launchers and we do not; we are limited to 1,320 MIRVed weapons, and the Russians are going hell bent for election to achieve it.

Now we are saying, "But their missiles and their warheads have a greater yield than ours; so now we have to do something about underground testing in order to get up to that yield."

Here we are, we are always catching up. All I am saying here today is stop giving us Madison Avenue treatment, telling us what a tremendous breakthrough we have achieved, and unless Congress does this, unless Congress does that, unless Congress does this and that, then we are in a bad way.

That is why we are here today.

I want to say to my distinguished colleague from Massachusetts that this matter has been debated pro and con when we went before the conference on the appropriation bill. It was decided to take the $57.5 million, reduce it to $22.25 million. If the Senator would permit, I would like to make that as a substitute to his amendment, not in derogation at all of the spirit and the motivation of my distinguished colleague from Massachusetts, but merely to bring the authorization in consonance with the appropriation.

I send to the desk this amendment to be considered en bloc by unanimous consent, and I ask unanimous consent that it be considered en bloc as a substitute.

The ACTING PRESIDENT pro tempore. Does the Senator make a unanimous-consent request?

Mr. PASTORE. Yes, I just did.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will state the substitute.

The legislative clerk read as follows:

On page 1, line 5, strike "$2,613,733,000" and insert in lieu thereof "$2,580,733,000",

On page 1, line 9, strike $227,150,000" and insert in lieu thereof $224,900,000".

On page 1, after line 9, add the following:

"Sec. 3. (a) From the increase of the sums authorized to be appropriated by this Act $23,000,000 shall be allotted to, and made available only for the Safeguards Program, with regard to the safeguarding of special nuclear materials from diversion from its intended uses, and for research and development of safeguards techniques and related activities involved in handling nuclear material.

Mr. PASTORE. I wish my colleague would agree to it.

Mr. KENNEDY. Before making a comment on the substitute, could I, just in terms of time, yield myself time on the previous amendment, if that needs to be done?

Mr. PASTORE. I will give the Senator all the time he needs. We have time on the bill.

Mr. KENNEDY. The Senator from Rhode Island has related his conversations that he had with the President of the United States and the President's response to the Senator from Rhode Island when he put to the President this particular question.

The problem is that the American people and the rest of the Senate, were not at that particular meeting. But what the American people understand are the statements that were made by the President of the United States and the Secretary of State with regard to the threshold treaty that was agreed to in Moscow, and also the Vladivostok agreement of a few weeks ago.

All that the proponents of this amendment have attempted to do and say is, we ought to have the threshold treaty before us before we act and we should know the full nature of the Vladivostok agreement so that we can find out whether it is going to be meaningful in getting some control in the arms area or whether it is going to be, as the Senator from Rhode Island used the expression, a "Madison Avenue approach."

Why can we not wait before we move ahead to accelerate testing at least until we, as the Senate, and we as a country, are positive that we will benefit from the treats that has been agreed to in Moscow, and also have the benefits of the protocols agreed to in Vladivostok?

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. KENNEDY. I will after concluding. Either something meaningful was agreed to then or it was not. And if it was, we should be entitled to know it, and we ought to have the benefit of full examination of their treaties.

As I mentioned during my statement, all the proponents of this amendment are attempting to do is just say, "Let us wait until next year, wait until we have the administration's agreements before us."

Not everyone of us can have the access to the President of the United States that my good friend, the Senator from Rhode Island, has in being able to go down and say, "What was really agreed to there?"

Mr. PASTORE. But I have never slept in the White House.

Mr. KENNEDY. This was not in the White House. This was——

Mr. PASTORE. That is right. I never slept there. I think the Senator from Massachusetts has.

Mr. KENNEDY. Those were other days.

Mr. President, knowing of the very great concern that the Senator from Rhode Island has demonstrated time and again about the proliferation of nuclear weaponry, understanding the importance of the NPT which will be reviewed next spring at a time when it appears we are going to go into an accelerated program, is it not appropriate to defer this request? Also, knowing that we in Congress and the American people have not had the benefit of seeing the actual agreement of Vladivostok, nor of having the threshold treaty before us, is it not reasonable for us to ask for a delay? When the President says that we have placed a cap on the strategic arms race, I would hope, at least, to see a halt to speculative testing of warheads for weapons systems not yet approved by the Congress and a delay of some of the accelerated testing which this increased appropriation would provide?

As the Senator has pointed out, already $152 million has been authorized and approved for testing and it proves that this is just not a continuation of what was going into effect. This is in addition to what the administration had initially asked for prior to the time that the agreement in Moscow was signed and was allegedly based on that treaty; yet it still has not been submitted for ratification.

I wanted the Senator to understand also that many of us, since this request had been made prior to the Vladivostok agreement, believe that it might make some sense for us to defer taking action until we get the full information on that agreement. This really has been the basis of our proposition. I know that the Senator has given consideration to these arguments.

I want to ask, if I may, some clarification of the Senator from Rhode Island with respect to this substitute, what this would really mean in terms of any accelerated testing. Could he enlighten us as to whether he feels that this reduction would put a halt to any additional speculative testing that might involve programs not yet authorized by the Congress at a time when the initial requests were made by the administration?

Mr. PASTORE. This supplemental request does not enlarge the underground testing program that was contemplated by the Defense Department and by the Atomic Energy Commission.

As a matter of fact, because of this curtailment from $57.5 million down to $22.25 million, certain other smaller tests will have to be placed on the back burner in order to allow and to give priority to some of these other tests.

Now, which are they? They are for the perfection of the warhead on Minuteman III, and also the B-1. Insofar as the Trident is concerned, that, I think, is being somewhat delayed because there has been a stretchout on that program.

Now, the speech made by the Senator from Massachusetts was the speech I made at the hearing. I said everything the Senator just said. He must have been listening.

Mr. KENNEDY. I always listen.

Mr. PASTORE. I said everything that the Senator just said. I said, "Why do we have to do this now? Why can we not wait until next year?"

Do you know what they said? "We are boxed in by the date, and we would have to renegotiate an agreement."

It takes time to hold these tests. That is the reason why the deadline is March 31, 1976. Unless they get started now to dig the holes, to do what they have got to do, they cannot conduct tests within the framework of the time. Then they have to go back and talk to Brezhnev again. In the meantime, there may be some other Russian out there in the Kremlin who might be the boss, and they are a little afraid this might tip it over a little bit. That is the answer you get. That is the answer we get, and I share the concern of my colleague from Massachusetts.

But the point here that I want to make is that this is not an enlargement, this is merely a shuffling around in order to give priority so that they can conduct the larger tests before the deadline—that is the only reason for it.

Mr. BAKER. Will the Senator yield?

Mr. PASTORE. The Senator from Massachusetts has the floor.

Mr. KENNEDY. Just a final question on this point.

Could the Senator at least give assurances there would not be the development of new warheads for unapproved weapons systems with this additional kind of a——

Mr. PASTORE. The testing only has to do with the projects that have already been approved by the Congress.

The Congress approved the B-1 system, the Congress approved the Trident system, the Congress approved Minuteman III, and it all has to do with these weapons systems.

What this has to do is with improvement as to yield and weight in order to come within comparability with the Russian power.

Mr. KENNEDY. But the Senator then understands none of this will be used for any new kinds of missile launchers or new kinds of weapons systems that have not been approved by Congress previously?

Mr. PASTORE. Well, we do not approve the warheads.

Mr. KENNEDY. Well, the weapon systems?

Mr. PASTORE. That has got to do with what is already approved insofar as launches or delivery systems are concerned whether a plane, submarine, or missile whether it is the B-1 or the Trident or the Minuteman III.

Mr. President, I yield to the Senator from Tennessee.

Mr. BAKER. Mr. President, I yield to the distinguished Senator from West Virginia for a unanimous-consent request.

COMMITTEE MEETING DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations may meet during the Senate session today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SUPPLEMENTAL AUTHORIZATION OF APPROPRIATIONS FOR THE ATOMIC ENERGY COMMISSION, 1975

The Senate continued with the consideration of the bill (S. 4033) to amend

Public Law 93-276 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

Mr. BAKER. Mr. President, I rise to support the substitute amendment offered by the Senator from Rhode Island, not because I am enthusiastic about the prospect of reducing that request, but I think it is a good way out of this current debate. I think it is too important to debate and have an extensive conflict on the floor of the Senate at this time.

I think we can do what needs be done with the funds to be provided under the amendment offered by the distinguished Senator from Rhode Island. I think we can go forward with the important business at hand.

I would like at this point to say to our colleagues in the Senate that we are on the brink, I believe, of significant developments in the foreign relations of the United States.

I believe we have made extraordinary progress in reducing the tensions in a nuclear world. I believe we ought to celebrate and cheer the efforts that have been made by former President Nixon, by President Ford, to bring about some sort of limitations on strategic arms.

I look forward with gusto to the day when we can have a deescalation of the arms race and set about the business of disarming our nuclear arsenals, but that day is not here yet.

We have, as the President says, put a cap on the arms race. It is not as low as some people would like, but it is there, in place, it is finite and determined, but, Mr. President, with that successful accomplishment there arises a concomitant risk if we do not fully avail ourselves as a nation of the full defense potential that is permitted under that bilateral agreement with the Russians. It seems that we are sending a signal to all the world that the United States is not willing to provide for her own agreed maximum defense. Then détente, instead of being a wave of peaceful future, will be an invitation to disaster.

So, Mr. President, I think it is doubly important we go forward with this testing within the framework of SALT, that we acknowledge the great progress and significant accomplishment made by President Ford and his predecessor and that we pass the substitute amendment.

Mr. PASTORE. I merely state to my distinguished colleague from Tennessee—and I agree with what he said, naturally—I am very much interested in arms control.

The only thing that bothers me is that sometimes we try to oversell these accomplishments to the American people and I think we ought to give them all the facts. I think we should have told the American people that this agreement entails a little bit of sacrifice, a little bit more money, a little bit more testing, so that we all would have understood it. It would have made my job much easier, and that is all I am saying.

Mr. BAKER. Mr. President, I could not agree more with the Senator from Rhode Island that it will cost more money, and we would be derelict in our responsibility to the country if we did not acknowledge that and provide for it. This bill does that and I support it.

Mr. PASTORE. I yield back my time on my substitute.

Mr. KENNEDY. Mr. President, finally, I am going to support the substitute of the Senator from Rhode Island.

I think the Senator has provided us with some assurance on these matters which were of very considerable concern, warhead developments that I think could very well have been a dangerous precedent, including the possibility of testing for various unapproved systems. With the assurance that he has given that these resources will be expended along the line he has mentioned here, I think that we have made a step forward.

It is not as much of a reduction as I would like to have seen. I think we would have been better off if we had deferred the entire amount until next year, but I think this is the best we could hope to achieve, and I want to indicate that I am going to support this substitute. It provides for a $35.25 reduction in the $57.50 million originally approved by the committee and thus substantially decreases the level of acceleration in the proposed testing program.

I express my appreciation to the Senator from Rhode Island for giving us the benefit of his judgment on these matters.

Mr. PASTORE. I, too, reciprocate by thanking my colleague for his sense of understanding and, I daresay, reasonable compromise.

The ACTING PRESIDENT pro tempore. Does the Senator from Massachusetts yield back the remainder of his time?

Mr. KENNEDY. I yield back my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to Mr. Pastore's substitute amendment to Mr. Kennedy's amendment.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. Do the Senators yield back their time?

Mr. PASTORE. I yield back my time.

Mr. MUSKIE. Mr. President, I join in supporting the amendment of the senior Senator from Massachusetts (Mr. Kennedy) to delete the $57.5 million in the AEC supplemental authorization bill designed to permit an acceleration of nuclear weapons testing.

I support the inclusion in the bill of $23 million to improve the transportation security of nuclear materials. Safeguarding such materials from diversion from their intended uses appears warranted and I intend to support that part of the pending legislation. I do, however, have serious doubts about the wisdom of our authorization at this time a large amount of new money for a stepped-up nuclear testing program.

Mr. President, the $57.5 million supplemental authorization request for accelerated nuclear testing is directly tied to the Threshold Test Ban Treaty. By that agreement, which was signed in Moscow on July 3, 1974, the United States and the Soviet Union agreed to end testing above the 150 kiloton level after March 31, 1976. On September 4 of this year, the Atomic Energy Commission requested new funds for high yield testing, testifying before the Joint Committee on Atomic Energy that certain revisions were necessary in its final year 1975 test program as a result of the threshold test ban accord.

As yet, the Threshold Test Ban Agreement has not been submitted to the Senate for ratification. And it now appears—due to differences between us end the Soviets concerning peaceful nuclear explosions—that the agreement may never be submitted. If there is along delay in submitting the Threshold Treaty, or if there is not treaty at all, then presumably there is no need for an immediate and expensive acceleration of our weapons testing program.

I believe that approval of these supplemental funds should await the submission of the Threshold Test Ban Treaty to Congress. Or in the absence of this, the Executive should come before Congress and make a case for an accelerated testing program not premised on the Threshold Test Ban Accord. The Executive has not done this. Nor has it testified to my satisfaction about the foreign policy implications of going ahead with an accelerated testing program at this time.

I wonder, for example, how the Soviets are likely to interpret such a speedup of our testing program, given that the Threshold Test Ban Treaty contains a pledge by both the United States and the Soviet Union "to limit the number of its underground tests to a minimum" and continue to try for "a solution to the problem of the cessation of all underground nuclear weapon tests." Would the Soviets interpret the "minimum" testing provision in the same lax manner that we seem to interpret it, and accelerate their own testing program? I do not have an answer to this question. But I would be most interested to hear Secretary Kissinger's opinion about it before approving these funds for a new series of tests.

I also wonder what effect the accelerated testing program would have on the Non-Proliferation Treaty Review Conference scheduled to begin this spring in Geneva? In the postwar period, a major foreign policy goal of this country has been to prevent the spread of nuclear weapons. An accelerated program at this time might well undermine this goal and doom the review conference.

Nations like Brazil, Argentina, Pakistan, and others might then be gravely tempted to follow India's lead along the nuclear route. Are any of the newly planned weapons tests of such overriding security importance to warrant the risk of dooming the NPT review conference and encouraging the further proliferation of nuclear weapons? I doubt it, especially since the AEC has seen fit to conduct only two tests in the last 4 years above the 150-kiloton level, one of these being a test of the Spartan warhead now no longer needed as a result of the ABM Treaty of 1972.

Finally, I wonder how this testing program relates to the recently concluded Vladivostok accords. The preliminary agreement at Vladivostok establishes for the first time limits on MIRV'd missiles processed by the United States and the Soviet Union. This limitation will undoubtedly lead to an extensive reevaluation of our strategic weapons program

Does it make sense to go ahead at this time with an expensive crash program for testing nuclear devices when our strategic needs may change once a reevaluation of our strategic arsenal has taken place? It seems to me that the wisdom of going ahead with an accelerated testing program should be analyzed fully in light of the Vladivostok agreement, an agreement concluded after the AEC supplemental request was submitted.

Mr. President, in both the 1963 Limited Test Ban Treaty and the 1968 Non-Proliferation Treaty, the United States and the Soviet Union promised to try to achieve an end to all nuclear testing. As chairman of the Arms Control Subcommittee, I have held hearings on the prospects for a comprehensive test ban treaty each year for the past 3 years. On each occasion, both administration and outside witnesses have testified in support of a comprehensive test ban.

Thirty-seven Senators, including the distinguished sponsor of this amendment and myself, are presently cosponsors of a resolution urging the President to begin negotiations to conclude a comprehensive test ban treaty. In recent months, the Soviet Government has announced its support for ending all nuclear tests. All the momentum seems to be in the direction of stopping nuclear weapons testing rather than speeding it up. And I think we should think very carefully before taking any step likely to have the effect of slowing down—or perhaps reversing—that momentum.

So, Mr. President, I favor deleting the $57.5 million in this bill for accelerated nuclear tests. I believe we should defer consideration of the proposed authorization until early in the next session. By that time, the Executive will have had the opportunity to address itself to some of the concerns I have raised and some of the larger issues raised by this authorization request.

Mr. HUMPHREY. Mr. President, I support the compromise reached today on the amount authorized for accelerated nuclear testing. Reduction of the supplemental authorization from $57.5 million to $22.25 million will continue the progress necessary to our national security, but will curtail expenditures which might have proved needless. The Senator from Rhode Island and the Senator from Massachusetts, in particular, deserve credit for their efforts to achieve this compromise solution.

The proposed treaty limiting underground nuclear tests signed in Moscow on July 3, and understandings reached in Vladivostok late last month, make it very important that we carefully weigh all decisions on our future nuclear testing programs. I believe the compromise decision today will open the way for complete study and analysis of testing requirements.

The Atomic Energy Commission had asked the supplemental funds well before the Vladivostok agreement was reached. The Vladivostok agreement calls for a limitation of 1320 on missiles with multiple independently targeted warheads. The proposed treaty limiting underground nuclear tests would stop all tests above 150 kilotons after March 31, 1976. I do not believe we can properly decide to sharply accelerate the testing program before we have had an opportunity to assess these proposed new agreements.

The restraint the Senate has shown today could serve a very useful purpose if it leads the Soviet Union to show similar restraint. We do not know yet what kind of testing program the Soviet Union will conduct before the proposed effective date of the treaty, but we could hardly expect them to curb themselves if we will not curb ourselves.

The decision today could serve to reassure other nations of our sincerity in calling upon them to agree to nonproliferation of nuclear weapons. There is no doubt that the cause of nonproliferation has received some sharp jolts in recent months. Unless we and other concerned nations get the cause of nonproliferation back on course, I believe we may find any hopes of meaningful international control of nuclear weapons doomed.

This is a very critical point in the course of strategic nuclear development for the superpowers and for the rest of the world. Consequently, we should be willing to take every step that we can to show that the United States is willing to set the example.

The ACTING PRESIDENT pro tempore. Does the Senator from Rhode Island yield back his time?

Mr. PASTORE. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Massachusetts, as amended.

The amendment was agreed to.

Mr. STEVENSON. Mr. President, the Atomic Energy Commission's supplemental budget request contains funds for both underground nuclear weapons tests and improved nuclear safeguards. The common factor in these budget requests is the danger to international peace and stability posed by nuclear proliferation.

The implications of nuclear proliferation for world peace and stability are momentous. As the world's energy demands intensify, the spread of nuclear reactors accelerates. Any nation with a functioning nuclear reactor and reprocessing facility can produce plutonium for the manufacture of explosive devices. The weapons technology is readily available, and once plutonium is acquired, nuclear arms can be fabricated with relative ease. According to some estimates, by 1980 the world's nuclear reactors will have produced 300,000 to 450,000 kilograms of plutonium. As little as 5 or 6 kilograms is required to make a bomb with a destructive force of 10 to 20 kilotons of TNT, which was the size of the two bombs that devastated Nagasaki and Hiroshima.

The nuclear club, which recently counted only the United States, the Soviet Union, Great Britain, France, and China among its members, has already lost its exclusivity. The recent Indian explosion, despite its "peaceful" label, has set its door ajar. Argentina, Belgium, Canada, Italy, South Africa, Spain, and West Germany are either near or, perhaps like Israel, already inside. Australia, Austria, Brazil, Czechoslovakia, East Germany, Iran, Japan, Norway, Pakistan, Sweden, Switzerland, and Taiwan have it within their technological means to enter the club in the near future.

Under these circumstances, additional momentum toward a worldwide nuclear capability should be avoided until adequate safeguards can be developed. The self-interest of all nations is served by controlling the nuclear menace. The United States should be sending that message clearly and unequivocally throughout the world. But it is not.

We have resumed shipments of enriched uranium to India. We have also signed a feeble test ban agreement. The 150-kiloton threshold, the 1976 effective date, the total exemption of explosions for peaceful purposes and now the authorization of an additional $57.5 million for nuclear weapons testing all imply—even proclaim—that the United States and the Soviet Union are not very serious about stopping proliferation. If the superpowers are unwilling to exercise restraint, they cannot expect it from others.

Accordingly, I support the amendment introduced by the distinguished Senator from Massachusetts (Mr. KENNEDY) to delete the authorization of additional funds for nuclear weapons testing.

As disturbed as I am by the $57.5 million in this bill for underground nuclear weapons testing, I am encouraged by the $23 million for the Atomic Energy Commission's safeguards program. As nuclear power spreads, the risks of accident, diversion to nonpeaceful purposes, and theft will be heightened. Determined terrorist groups, criminals, and other nongovernmental groups with access to nuclear materials would have unlimited capacity for blackmail.

Against these risks, existing safeguard systems in the major nuclear nations, including the United States—let alone politically unstable and developing nations—are not adequate. And existing safeguards are insufficiently adaptable to changing nuclear technologies such as the fast-breeder, heavy-water and high-temperature gas reactors.

Keeping up with the rapid spread of nuclear power and changing nuclear technology will require millions of dollars for safeguard research and development. The funds in this bill are the beginning of an accelerated safeguards program.

The Office of Management and Budget cut the AEC's supplemental safeguards request from $87.6 million to $18 million. OMB cut out entirely funds for research and development, plant protection, material control, and accountability and detection and response capability. Recognizing that the dangers of nuclear proliferation require an intense effort to contain them, the Senate has restored some, but not enough of these funds.

Since the AEC supplemental appropriations bill has already been passed, I have not offered an amendment to this authorization bill to restore funds for nuclear safeguards. I do, however, expect that the fiscal year 1976 nuclear safeguards budget for the Arms Control and Disarmament Agency and the successor agencies to the AEC—the Nuclear Regulatory Commission and the Energy Research and Development Administration—will provide enough funds to assure a vigorous international safeguards effort. It would be a gross perversion of the world's priorities to suggest that a few million dollars is too high a price to pay for the maintenance of world order.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment. If there be no further amendment to be proposed, the question now is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The ACTING PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 16609, Calendar No. 1234, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 16609) to amend Public Law 93–276 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. Under the previous order, all after the enacting clause is struck, and substituted therefore is the text of S. 4033, as amended by the Senate.

The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The ACTING PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 16609) was passed.

Mr. PASTORE. Mr. President, I move that the vote be reconsidered.

Mr. ROBERT C. BYRD. I move to lay that on the table.

The motion to lay on the table was agreed to.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 1988, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert in lieu thereof:

That this Act may be cited as the "Emergency Marine Fisheries Protection Act of 1974".

DECLARATION OF POLICY

SEC. 2. (a) FINDINGS.—The Congress finds and declares that—

(1) Valuable coastal and anadromous species of fish off the shores of the United States are in danger of being seriously depleted by excessive fishing effort.

(2) Stocks of coastal and anadromous species which inhabit waters of the 3-mile territorial sea and the existing 9-mile contiguous fishery zone of the United States are being depleted by foreign fishing efforts outside the 12-mile combined zone in which the United States presently possesses fishery management responsibility and authority.

(3) International negotiations have so far failed to result in effective international agreements on the conservation and management of threatened stocks of fish.

(4) There is danger that further depletion of these fishery resources will occur before an effective general international agreement on fishery jurisdiction can be negotiated, signed, ratified, and implemented, unless emergency action is taken pending such international agreement.

(b) PURPOSES.—It is therefore declared to be the purpose of the Congress in this Act—

(1) to take emergency action to protect and conserve threatened stocks of fish by asserting fishery management responsibility and authority over fish in an extended contiguous fishery zone and over certain species of fish beyond such zone, until a general international agreement on fishery jurisdiction comes into force or is provisionally applied;

(2) to extend, as an emergency measure, the fishery management responsibility and authority of the United States to 200 nautical miles;

(3) to extend, as an emergency measure, fishery management responsibility and authority of the United States over anadromous species of fish which spawn in and fresh or estuarine waters of the United States; and

(4) to commit the Federal Government to act to prevent further depletion, to restore depleted stocks, and to protect and conserve fish to the full extent of such emergency responsibility and authority, and to provide for the identification, development, and implementation within 2 years of the date of enactment of this Act of the best practicable management system consistent with the interests of the Nation, the several States, and of other nations.

(c) POLICY.—It is further declared to the policy of the Congress in this Act—

(1) to maintain the existing territorial or other ocean jurisdiction of the United States without change, for all purposes other than the protection and conservation of certain species of fish and fish in certain ocean areas pending international agreement on fishery jurisdiction;

(2) to authorize no action, activity, or assertion of jurisdiction in contravention of any existing treaty or other international agreement to which the United States is party other than that necessary to further the purposes of this Act; and

(3) to authorize no impediment to or interference with the legal status of the high seas, except with respect to fishing to the extent necessary to implement this Act.

DEFINITIONS

SEC. 3. As used in this Act, unless the context otherwise requires—

(1) "anadromous species" means those species of fish which spawn in fresh or estuarine waters of the United States but which migrate to ocean waters;

(2) "citizen of the United States" means any person who is a citizen of the United States by birth, by naturalization or other legal judgment, or, with respect to a corporation, partnership, or other association, by organization under and maintenance, after the date of enactment of this Act, in accordance with the laws of any State: *Provided*, That (A) the controlling interest therein is owned or beneficially vested in individuals who are citizens of the United States; and (B) the chairman, and not less than two-thirds of the members, of the board of directors or other governing board thereof are individuals who are citizens of the United States;

(3) "coastal species" means all species of fish which inhabit the waters off the coasts of the United States, other than highly migratory and anadromous species;

(4) "contiguous fishery zone" means a zone contiguous to the territorial sea of the United States within which the United States exercises exclusive fishery management and conservation authority;

(5) "controlling interest" means (A) 75 percent of the stock of any corporation, or other entity, is vested in citizens of the United States free from any trust or fiduciary obligation in favor of any person not a citizen of the United States, (B) 75 percent of the voting power in such corporation, or such other entity, is vested in citizens of the United States, (C) no arrangement or contract exists providing that more than 25 percent of the voting power in such corporation, or such other entity, may be exercised in behalf of any person who is not a citizen of the United States, and (D) by no means whatsoever is control of any interest in such corporation, or such other entity, conferred upon or permitted to be exercised by any person who is not a citizen of the United States;

(6) "fish" includes mollusks, crustaceans, marine mammals (except the polar bear, walrus, and sea otter), and all other forms of marine animal and plant life (but not including birds), and the living resources of the Continental Shelf as defined in the Act of May 20, 1964 (78 Stat. 196);

(7) "fishing" means the catching, taking, harvesting, or attempted catching, taking, or harvesting of any species of fish for any purpose, and any activity at sea in support of such actual or attempted catching, taking, or harvesting;

(8) "fishing vessel" means any vessel, boat, ship, contrivance, or other craft which is used for, equipped to be used for, or a type which is normally used for, fishing;

(9) "fishing-support vessel" means any vessel, boat, ship, contrivance, or other craft which is used for, equipped to be used for, or of a type which is normally used for, aiding or assisting one or more fishing vessels at sea in the performance of any support activity, including, but not limited to, supply, storage, refrigeration, or processing;

(10) "highly migratory species" means those species of fish which spawn and migrate during their life cycle in waters of the open ocean, including, but not limited to, tuna;

(11) "optimum sustainable yield" refers to the largest economic return consistent with the biological capabilities of the stock, as determined on the basis of all relevant economic, biological, and environmental factors;

(12) "person" includes any government or entity thereof (and a citizen of any foreign nation);

(13) "Secretary" means the Secretary of Commerce, or his delegate;

(14) "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam, and the territories and possessions of the United States;

(15) "stock", with respect to any fish, means a type, species, or other category capable of management as a unit;

(16) "traditional foreign fishing" means longstanding, active, and continuous fishing for a particular stock of fish by citizens of a particular foreign nation in compliance with any applicable international fishery agreements and with the laws of such foreign nation; and

(17) "United States", when used in a geographical context, includes all States.

FISHERIES MANAGEMENT RESPONSIBILITY

SEC. 4. (a) CONTIGUOUS FISHERY ZONE.—(1) There is established, for the duration of this Act, a fishery zone contiguous to the territorial sea of the United States. The United States shall exercise exclusive fishery management responsibility and authority within this contiguous fishery zone.

(2) The contiguous fishery zone has as its inner boundary the outer limits of the territorial sea, and as its seaward boundary a line drawn so that each point on the line is 197 nautical miles from the inner boundary.

(3) Notwithstanding any other provision of law, the fishery management responsibility and authority of the United States within the contiguous fishery zone of the United States shall not include or be construed to extend to highly migratory species, except to the extent such species are not managed pursuant to bilateral or multilateral international fishery agreements.

(b) ANADROMOUS SPECIES.—The fishery management responsibility and authority of the United States with respect to anadromous species, for the duration of this Act, extends to such species wherever found throughout the migratory range of such species: Provided, That such responsibility and authority shall not extend to such species to the extent found within the territorial waters or contiguous fishery zone of any other nation.

(c) GENERAL.—The United States shall manage and conserve, and have preferential rights to, fish within the contiguous fishery zone, and with respect to anadromous species of fish, pursuant to the responsibility and authority vested in it pursuant to this section, subject to traditional foreign fishing rights as defined and recognized in accordance with section 5 of this Act.

(d) REGULATIONS.—The Secretary is authorized to promulgate such regulations in accordance with section 553 of title 5, United States Code, as are necessary to implement the purposes of this Act. The Secretary is further authorized to amend such regulations in the manner originally promulgated.

FOREIGN FISHING RIGHTS

SEC. 5. (a) GENERAL.—The Secretary and the Secretary of State, after consultation with the Secretary of the Treasury, may authorize fishing within the contiguous fishery zone of the United States, or for anadromous species or both, by citizens of any foreign nation, in accordance with this section, only if such nation has traditionally engaged in such fishing prior to the date of enactment of this Act.

(b) PROVISIONS.—The allowable level of traditional foreign fishing shall be set upon the basis of the portion of any stock which cannot be harvested by citizens of the United States. Allowed traditional foreign fishing and fishing by citizens of the United States annually shall not, for any stock, exceed the optimum sustainable yield for such stock.

(c) RECIPROCITY.—Traditional foreign fishing rights shall not be recognized pursuant to this section unless any foreign nation claiming such rights demonstrates that it grants similar traditional fishing rights to citizens of the United States within the contiguous fishery zone of such nation, if any exist, or with respect to anadromous species which spawn in the fresh or estuarine waters of such nations.

(d) PROCEDURES.—(1) In determining the allowable level of foreign fishing with respect to any stock, the Secretary shall utilize the best available scientific information, including, but not limited to, catch and effort statistics and relevant available data compiled by any foreign nation claiming traditional fishing rights.

(2) The Secretary is authorized to establish reasonable fees which shall be paid by the citizens of any foreign nation engaged in exercising foreign fishing rights recognized under this section. Such fees shall be set in an amount sufficient to reimburse the United States for administrative expenses incurred pursuant to this section and for an equitable share of the management and conservation expenses incurred by the United States in accordance with this Act, including the cost of regulation and enforcement.

(e) PROHIBITION.—Except as provided in this Act, it shall be unlawful for any person not a citizen of the United States to own or operate a fishing vessel or fishing support vessel engaged in fishing in the contiguous fishery zone of the United States or for anadromous species of fish.

MARINE FISHERIES MANAGEMENT AND CONSERVATION PLANNING

SEC. 6. (a) OBJECTIVES.—It is the intent of the Congress that the following objectives be considered and included (to the extent practicable) in plans, programs, and standards for the management and conservation of marine fisheries; (1) evaluation of actual and foreseeable costs and benefits attributable thereto; (2) enhancement of total national and world food supply; (3) improvement of the economic well-being of fishermen; (4) maximum feasible utilization of methods, practices, and techniques that are optimal in terms of efficiency, protection of the ecosystem of which fish are a part, and conservation of stocks and species; and (5) effectuation of the purposes stated in section 2(b)(4) of this Act. Due consideration shall be given to alternative methods for achieving these objectives.

(b) FISHERIES MANAGEMENT COUNCIL.—There is established a Fisheries Management Council (hereinafter referred to as the "Council"). The Council shall consist of 11 individual members, as follows:

(1) a Chairman, a qualified individual who shall be appointed by the President, by and with the advice and consent of the Senate;

(2) three Government members, who shall be the Secretary, the Secretary of the department in which the Coast Guard is operating, and the Secretary of State, or their duly authorized representatives; and

(3) seven nongovernment members, who shall be appointed by the President, by and with the advice and consent of the Senate, on the following basis—

(A) three to be selected from a list of qualified individuals recommended by each of the regional fisheries commissions or their successors, one of whom shall be a representative respectively of Atlantic, Pacific, and Gulf of Mexico commercial fishing efforts; and

(B) four to be selected from a list of qualified individuals recommended by the National Governors Conference, at least one of whom shall be a representative of a coastal State.

As used in this paragraph, a list of qualified individuals shall consist of not less than three individuals for each Council member to be appointed.

A used in this subsection, "qualified individual" means an individual who is distinguished for his knowledge and experience in fisheries management and conservation, and who is equipped by experience, known talents, and interests to further the policy of this Act effectively, positively, and independently if appointed to be a member of the Board. The terms of office of the nongovernment members of the Council first taking office shall expire as designated by the President at the time of nomination—two at the end of the first year; two at the end of the second year; and three at the end of the third year. The term of office of the Chairman of the Council shall be 3 years. Successors to members of the Council shall be appointed in the same manner as the original members and, except in the case of Government members, shall have terms of office expiring 3 years from the date of expiration of the terms for which their predecessors were appointed. Any individual appointed to fill a vacancy occurring prior to the expiration of any term of office shall be appointed for the remainder of that term.

(c) POWERS AND DUTIES.—The Council shall—

(1) engage in the preparation of a plan or plans for marine fisheries management and conservation;

(2) provide information and expert assistance to States and local or regional fisheries authorities in marine fisheries management and conservation;

(3) adopt, amend, and repeal such rules and regulations governing the operation of the Council and as are necessary to carry out the authority granted under this section; conduct its affairs, carry on operations, and maintain offices; appoint, fix the compensation, and assign the duties of such experts, agents, consultants, and other full- and part-time employee as it deems necessary or appropriate;

(4) consult on an ongoing basis (A) with other Federal agencies and departments; (B) with officials of coastal States who are concerned with marine fisheries management and conservation planning; (C) with appropriate officials of other nations which are exercising traditional foreign fishing rights, through the good offices of the Secretary of State; and (D) with owners and operators of fishing vessels;

(5) enter into, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its functions and duties with any person (including a government entity);

(6) prepare a survey of fisheries subject to the emergency conservation and management authority granted to the United States by this Act, including, but not limited to, depleted stocks and stocks threatened with depletion; and

(7) survey, study, and prepare a marine fisheries management plan setting forth the elements of a national management system to conserve and protect fish.

(d) REVIEW BY CONGRESS.—The Council shall submit the marine fisheries management plan adopted by the Council to the Senate Committee on Commerce and the Committee on Merchant Marine and Fisheries of the House of Representatives not later than 2 years after the date of enactment of this Act. The marine fisheries management plan shall be deemed approved at the end of the first period of 180 calendar days of continuous session of Congress after such date of transmittal unless the House of Representatives and the Senate pass resolutions in substantially the same form stating that the marine fisheries management plan is not favored. If the House and the Senate pass resolutions of disapproval under this subsection, the Council shall prepare, determine, and adopt a revised plan. Each such revised plan shall be submitted to Congress for review pursuant to this subsection. For purposes of this section (1) continuity of session of Congress is broken only by an adjournment sine die; and (2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 180-day period.

(e) MISCELLANEOUS.—(1) The marine fisheries management plan which is adopted by the Council and which becomes effective after review by the Congress is not subject to review by any court.

(2) The Council shall have a seal which shall be judicially recognized.

(3) The Administrator of General Services shall furnish the Council with such offices, equipment, supplies, and services as he is authorized to furnish to any other agency or instrumentality of the United States.

(4) A member of the Council who is not otherwise an employee of the Federal Government may receive $300 per diem when engaged in the actual performance of his duties as a member of the Council plus reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of such duties. Each member of the Council shall be authorized such sums as are necessary to enable him to appoint and compensate an adequate qualified full-time professional staff responsible and subject to his control, but not otherwise subject to control by the Council.

(f) TERMINATION.—The Council shall cease to exist 30 days after adoption by Congress of the marine fisheries plan pursuant to subsection (d) of this section.

(g) AUTHORIZATION.—There are hereby authorized to be appropriated for the purposes of this section a sum not to exceed $1,000,000 for each of the fiscal years ending June 30, 1975, and June 30, 1976.

INTERNATIONAL FISHERY AGREEMENTS

SEC. 7. (a) GENERAL.—The Secretary of State, upon the request of and in cooperation with the Secretary, shall initiate and conduct negotiations with any foreign nation which is engaged in, or whose citizens are engaged in, fishing in the contiguous fishery zone of the United States or for anadromous species. The Secretary of State, upon the request of and in cooperation with the Secretary, shall, in addition, initiate and conduct negotiations with any foreign nation in whose contiguous fishery zone or equivalent economic zone citizens of the United States are engaged in fishing or with respect to anadromous species as to which such nation asserts management responsibility and authority and for which citizens of the United States fish. The purpose of such negotiations shall be to enter into international fishery agreements on a bilateral or multilateral basis to effectuate the purposes, policy, and provisions of this Act. Such agreements may include, but need not be limited to, agreements to provide for the management and conservation of—

(1) coastal species, which are found in both the contiguous fishery zone of the United States and the equivalent such zone of a foreign nation adjacent thereto;

(2) anadromous species, which are found during the course of their migrations in ocean areas subject to the fishery management responsibility and authority of more than one nation;

(3) highly migratory species which are or may be covered by international fishery agreements; and

(4) coastal species, which are found in areas subject to the fishery management responsibility and authority of any foreign nation, through measures which allow citizens of the United States to harvest an appropriate portion of such species in accordance with traditional United States fishing rights in such areas.

(b) REVIEW.—The Secretary of State shall review, in cooperation with the Secretary, each treaty, convention, and other international fishery agreements to which the United States is party to determine whether the provisions of such agreements are consistent with the purposes, policy, and provisions of this Act. If any provision or terms of any such agreement are not so consistent, the Secretary of State shall initiate negotiations to amend such agreement: *Provided*, That nothing in this Act shall be construed to abrogate any duty or responsibility of the United States under any lawful treaty, convention, or other international agreement which is in effect on the date of enactment of this Act.

(c) BOUNDARIES AGREEMENT.—The Secretary of State is authorized and directed to initiate and conduct negotiations with adjacent foreign nations to establish the boundaries of the contiguous fishery zone of the United States in relation to any such nation.

(d) NONRECOGNITION.—It is the sense of the Congress that the U.S. Government shall not recognize the limits of the contiguous fishery zone of any foreign nation beyond 12 nautical miles from the base line from which the territorial sea is measured, unless such nation recognizes the traditional fishing rights of citizens of the United States, if any, within any claimed extension of such zone or with respect to anadromous species, or recognizes the management of highly migratory species by the appropriate existing bilateral or multilateral international fishery agreements irrespective of whether such nation is party thereto.

RELATIONSHIP TO STATE LAWS

SEC. 8. Nothing in this Act shall be construed to extend the jurisdiction of any State over any natural resources beneath and in the waters beyond the territorial sea of the United States, or to diminish the jurisdiction of any State over any natural resource beneath and in the waters within the territorial sea of the United States.

PROHIBITED ACTS AND PENALTIES

SEC. 9. (a) PROHIBITED ACTS.—It is unlawful for any person to—

(1) violate any provision of this Act, or any regulation issued under this Act, regarding fishing within the contiguous fishery zone or with respect to anadromous species;

(2) violate any provision of any international fishery agreement to which the United States is party negotiated or reviewed pursuant to this Act, to the extent that such agreement applies to or covers fishing within the contiguous fishery zone or fishing for anadromous species as defined in section 4 of this Act;

(3) ship, transport, purchase, sell or offer for sale, import, export, possess, control, or maintain in his custody any fish taken in violation of paragraphs (1) or (2) of this subsection where such person knew or had reason to know that such taking was not lawful;

(4) violate any duly issued regulation under this Act with respect to making, keeping, submitting, or furnishing to the Secretary any records, reports, or other information;

(5) refuse to permit a duly authorized representative of the Secretary, or of the Secretary of the department in which the Coast Guard is operating, to board a fishing vessel or fishing-support vessel subject to his control where the purpose of such requested boarding is to inspect the catch, fishing gear, ship's log, or other records or materials; or

(6) fail to cooperate with a duly authorized representative of the Secretary, or of the Secretary of the department in which the Coast Guard is operating, engaged in a reasonable inspection pursuant to paragraph (5) of this subsection, or to resist any lawful arrest.

(b) CIVIL PENALTIES.—(1) Any person who is found by the Secretary, after notice and an opportunity for a hearing in accordance with section 554 of title 5, United States Code, to have committed an act prohibited by subsection (a) of this section, shall be liable to the United States for a civil forfeiture in accordnace with subsection (d) of this section and for a civil penalty. The amount of the civil penalty shall not exceed $25,000 for each day of each violation. The amount of such civil penalty shall be assessed by the Secretary, or his delegate, by written notice. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.

(2) Any person who is found to have committed a prohibited act and against whom a civil penalty is assessed under paragraph (1) of this subsection may obtain review in the appropriate court of appeals of the United States by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found or such penalty imposed, as provided in section 2112 of title 28, United States Code The findings of the Secretary shall be set aside if found to be unsupported by substantial evidence, as provided by section 706(2)(e) of title 5, United States Code.

(3) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General, who shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(4) The Secretary may, in his discretion, compromise, modify, or remit, with or without conditions, any civil penalty which is subject to imposition or which has been imposed under this section.

(c) CRIMINAL PENALTIES.—Any person who willfully commits an act prohibited by subsection (a) of this section shall, upon conviction, be fined not more than $50,000 or imprisoned for no more than 1 year, or both.

(d) CIVIL FORFEITURE.—(1) Any district court of the United States shall have jurisdiction, upon application by the Secretary or the Attorney General, to order forfeited to the United States any fish or fishing gear, used, intended for use, or acquired by activity in violation of any provision of subsection (a) of this section. In any such proceeding, such court may at any time enter such restraining orders or prohibitions or take such other actions as are in the interest of justice, including the acceptance of satisfactory performance bonds in connection with any property subject to civil forfeiture.

(2) If a judgment is entered under this subsection for the United States, the Attorney General is authorized to seize all property or other interest declared forfeited upon such terms and conditions as are in the interest of justice. All provisions of law relating to the disposition of forfeited property, the proceeds from the sale of such property, the remission or mitigation of forfeitures for violation of the customs laws, and the compromise of claims and the award of compensation to informants with respect to forfeitures shall apply to civil forfeitures incurred, or alleged to have been incurred, under this subsection, insofar as applicable and not inconsistent with the provisions of this section. Such duties as are imposed upon the collector of customs or any other person with respect to seizure, forfeiture, or disposition of property under the customs laws shall be performed with respect to property used, intended for use, or acquired by activity in violation of any provision of subsection (a) of this section by such officers or other persons as may be designated for that pur-

pose by the Secretary of the department in which the Coast Guard is operating.

ENFORCEMENT

SEC. 10. (a) GENERAL.—The provisions of this Act shall be enforced, together with regulations issued under this Act, by the Secretary and the Secretary of the department in which the Coast Guard is operating. Such Secretaries may by agreement, on a reimbursable basis or otherwise, utilize the personnel, services, and facilities of any other Federal agency in the performance of such duties.

(b) POWERS.—Any person duly authorized pursuant to subsection (a) of this section may—

(1) board and inspect any fishing vessel or fishing-support vessel which is within the contiguous fishery zone of the United States, or which he has reason to believe is fishing for anadromous species;

(2) arrest any person, with or without a warrant if he has reasonable cause to believe that such person has committed an act prohibited by section 9(a) of this Act;

(3) execute any warrant or other process issued by an officer or court of competent jurisdiction; and

(4) seize all fish and fishing gear found onboard any fishing vessel or fishing-support vessel engaged in any act prohibited by section 9(a) of this Act.

(c) COURTS.—The district courts of the United States shall have exclusive jurisdiction over all cases or controversies arising under this Act. Such court may issue all warrants or other process to the extent necessary or appropriate. In the case of Guam, such actions may be brought and such process issued by the District Court of Guam; in the case of the Virgin Islands, by the District Court of the Virgin Islands; and in the case of American Samoa, by the District Court for the District of Hawaii. The aforesaid courts shall have jurisdiction over all actions brought under this Act without regard to the amount in controversy or the citizenship of the parties.

DURATION OF ACT

SEC. 11. (a) EFFECTIVE DATE.—The provisions of section 4 of this Act shall become effective 90 days after the date of enactment of this Act. All other provisions of this Act shall become effective on the date of enactment.

(b) TERMINATION DATE.—The provisions of this Act shall expire and cease to be of any legal force and effect on such date as the Law of the Sea Treaty, or other comprehensive treaty with respect to fishery jurisdiction, which the United States has signed or is party to, shall come into force or is provisionally applied.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 12. Except with respect to section 6 and section 9 of this Act, there are authorized to be appropriated for the purposes of this Act to the Secretary such sums as are necessary, not to exceed $4,000,000 for each of the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977, and to the Secretary of the department in which the Coast Guard is operating such sums as are necessary, not to exceed $13,000,000 for each of the fiscal years ending June 30, 1975, June 30, 1976, and June 30, 1977.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER TO POSTPONE S. 4033 INDEFINITELY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that S. 4033 be indefinitely postponed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETING DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs, with hearings scheduled on the D-2 lands in Alaska, be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

S. 3639 PLACED UNDER "SUBJECTS ON THE TABLE"

Mr. ROBERT C. BYRD. Mr. President, I have been notified by Mr. MONDALE that there will be no intention to proceed with the consideration of S. 3639, a bill to provide for the development and implementation programs for youth camp safety, during the remainder of this session because of the impossibility of getting action in the other body this year.

I ask unanimous consent that that bill be transferred to the calendar of "Subjects on the Table."

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

ADDITIONAL PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be an additional period for the transaction of routine morning business, not to exceed 5 minutes, with statements therein limited to 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF NELSON A. ROCKEFELLER TO BE VICE PRESIDENT OF THE UNITED STATES

Mr. BAKER. Mr. President, I am pleased to support the confirmation of the nomination of former Gov. Nelson Rockefeller to be Vice President of the United States.

I have known Nelson Rockefeller for many years. I have known him in his capacity as a distinguished Governor of a great State, as a functionary of the Republican Party, as a candidate for the Republican nomination for the Presidency. I know him to be a man of integrity, of initiative, and of energy. I believe that he will be an extraordinarily good Vice President of the United States, and I commend him to my colleagues for their support on the upcoming vote on this day, in this Chamber.

I could elaborate at some length on my evaluation of this man and his qualifications and competence to serve in the high position for which he has been chosen by the President of the United States. I can point out that Nelson Rockefeller comes from a distinguished American family whose philanthropy has extended to virtually every section of the country. We in Tennessee have a particularly fond recollection of the contributions of the Rockefeller family to the assembling of the Great Smoky Mountains National Park and the contribution to the people of the United States by that family.

I recall in 1968 when Governor Rockefeller called me on the telephone and indicated that he fully understood that he was not my choice to be the Republican Presidential nominee, but asked whether I would arrange for him to meet Republicans in my State to discuss his prospects and the possibility of finding support in the Volunteer State, which I agreed to do.

Governor Rockefeller arrived, and I was privileged to introduce him to the Republican State Executive Committee and to most of the so-called Republican establishment. I found him to be very generous in his appraisal of the political situation. He was unoffended by the fact that I believed that he did not have a single supporter in that group. But he felt then—and I think this is an important consideration in terms of his qualifications to serve as Vice President—that it was important that the Republican Party have a choice and that it should not become a party of rigid ideology; that it should have a free choice among moderate, liberal, and conservative points of view.

I applaud him for that, because I believe that our two great national parties should be essentially nonideological and that they should encompass a broad spectrum of points of view ranging from the liberal to the conservative.

It was my pleasure then to present Governor Rockefeller to the Republican establishment in Tennessee and to hear his sincere remarks in behalf of his own candidacy.

As a man who possesses a broad and successful range of experience both in and out of government, former Governor Rockefeller should prove to be substantially helpful in his new role. Already a man of national prominence, the Vice President designate has become even better known to the Members of Congress and the American people since his nomination on August 20.

Mr. Rockefeller has undergone what has been probably the most excruciatingly detailed examination of any Vice Presidential nominee in our Nation's history. Both the Senate and Rules Committee and the House Judiciary Committee have devoted a great deal of time to hearing personal testimony from the former Governor on the widest possible range of issues. In these public hearings, Nelson Rockefeller has responded with directness and good will.

In addition, a wealth of testimony has also been heard from Mr. Rockefeller's supporters and his adversaries. It would seem that every conceivable concern relating to his fitness to serve in the second highest office in the land has been addressed in the public hearings and in the press.

I think it is a tribute both to the Vice President designate and to the members of the Senate Rules Committee that his nomination has been ratified unanimously by that committee. I anticipate that the favorable action by the Rules Committee will be upheld in an overwhelming vote on the Senate floor.

Some opponents of the Rockefeller nomination outside Congress have urged Members to join them in opposition because, in their judgment, the nominee does not meet some standard of ideological purity or has not expressed agreement on some specific issue deemed of overriding importance.

It seems to me, however, that these are not the criteria that a nominee must meet. I suspect that, if perfect ideological compatibility were required, there might be as many names in contention as there are Members of this body. Indeed, President Ford solicited from the Members of the Senate and the House, from the Governors, and from the public, suggestions for filling this office. I think it is significant that the name of Nelson Rockefeller appeared conspicuously on a majority of such lists.

I believe that we should now proceed, and proceed promptly, to the confirmation of his nomination. I applaud the leadership of the Senate for ordering this vote this afternoon. I intend to support and to vote for the confirmation of the nominee.

The question remaining is a simple one: Does Nelson Rockefeller meet the qualifications for the Office of the Vice President as designated in the 25th amendment? I believe that an affirmative answer to that question is obvious.

Mr. President, I have grave reservations about the 25th amendment. I do not believe that it has worked well. I believe it should be changed, if not in fact repealed. Notwithstanding that, I believe that the requirements of the 25th amendment which are now the law of the land have been fully met and satisfied by the testimony of Nelson Rockefeller and other witnesses before the Committee on Rules and Administration of the Senate and the Judiciary Committee of the House of Representatives. I believe that former Governor Rockefeller has more than met the standards designated therein and that his past service indicates his potential to be of valuable assistance to our Nation in the years ahead. It is in the best interest of the entire country, then, that I urge the confirmation of Nelson Rockefeller's nomination to be Vice President of the United States.

I thank the leadership for giving me this opportunity to make these remarks.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that morning business be closed.

The PRESIDING OFFICER. Without objection, it is so ordered.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974

The Senate continued with the consideration of the bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask unanimous consent that Arthur Kuhl and David Keaney of the staff of the Committee on Foreign Relations be accorded the privilege of the floor during the consideration of the pending measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that S. 1988, the Emergency Marine Fisheries Protection Act of 1974, be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. Long be recognized for not to exceed 15 minutes to speak out of order.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF NELSON ROCKEFELLER

Mr. LONG. Mr. President, I have reviewed the hearings and the investigation of Nelson Rockefeller to be Vice President of the United States. After careful scrutiny, it is clear to me that this nominee has been examined as thoroughly and extensively as almost any nominee in the history of the country.

This has been one of the most extensive and thorough nomination hearings ever held. After such scrutiny, it is clear to me that the nominee is equal to the high standards demanded of the Vice President of the United States.

Because of the nominee's personality and involvement over many years in many aspects of public and private life, the hearings were necessarily more detailed, requiring the nominee himself to appear personally for 22 hours. I can think of no individual who could have withstood such an exhaustive inquiry more favorably than Nelson Rockefeller.

Nelson Rockefeller has served the State of New York and the Nation for almost 40 years. This is clear evidence of his executive ability and his qualifications for filling the second highest office in the land. Any man who can serve 15 years as the Governor of New York certainly has the executive qualities needed to be Vice President.

Throughout his years of dedicated service to the State of New York and this Nation, his broad range of acquired experiences uniquely qualify him for the office of Vice President.

Mr. President, I ask unanimous consent that a list of some of Mr. Rockefeller's accomplishments appear in the Record at this point.

There being no objection, the list was ordered to be printed in the Record, as follows:

As Governor of New York:

Expanded the State Univeristy to 72 campuses.

Proposed bond issues that built new parklands and state parks.

Instituted the first state financing for mass transportation.

Overhauled the state's welfare system for the first time in 20 years.

Increased the state police force and through a statewide prosecutor's office bore down on corruption in New York.

In medicine, he led the way for adoption of a state medical care program, created the bureau of heart disease, the birth defects institute, and two new state medical schools.

He created job development and authorities to provide low cost loans for business expansions and to induce business to locate and expand in low income areas.

In housing, his administration completed or started almost 90,000 units for low income families and eliminated discrimination in housing, employment, and public accommodations.

For senior citizens he created a state office for the aging including property tax reduction for the elderly citizen.

These are all vital areas of concern to the entire country and his record of hard work and accomplishments in these fields qualify him imminently to be Vice President.

In the international area:

He served under President Franklin Roosevelt as program director for the office of Coordination of Inter-American Affairs.

He later served as Assistant Secretary of State for American Republic Affairs.

He also served as Chairman of the Inter-American Development Commission which included all 21 American Republics.

In 1950 he was named Chairman of the International Development Advisory Board that developed the blue print for America's foreign assistance program.

Mr. LONG. Mr. President, it is unfortunate that some of our Members seem so obsessed with the wealth of Mr. Rockefeller. The assumption on the part of some is that a man can be too rich or too economically powerful to be fit for the Presidency or the Vice Presidency.

I think it would be well that we focus attention on some of the man's very fine contributions to public life and in the way in which he has used his wealth for the improvement of his Nation, his community, and his neighbors.

The privacy of his family has been invaded for the purpose of completely exploring his wealth.

Attention should now be focused on the quality of his public life, which is extensive.

The accomplishments of Nelson Rockefeller are extensive and impressive. And, it goes without saying that he had a fulfilling and highly successful career as a public servant.

We would be fortunate to have Nelson Rockefeller as our Vice President. The country certainly needs a Vice President in these crucial times of domestic and economic difficulties.

I hope that his confirmation can be accomplished expeditiously.

TAX HAVEN ASPECTS OF AMERICAN-OWNED SHIPPING OPERATED UNDER THE LIBERIAN FLAG

Mr. LONG. Mr. President, on Friday, November 29, 1974, there appeared in the Washington Star-News a very thoughtful article by James R. Polk, discussing the tax haven aspects of American-owned shipping operated under the Liberian flag. I would commend it to my colleagues.

It is especially significant because it comes to our attention at a time when the Nation generally feels that the international oil companies have been permitted to make excessive profits and escape with little or no tax payment to this Government on their properties abroad. What some of us have been hearing for many months now is that a great deal of so-called obscene profits of the international oil companies are being sheltered in their foreign shipping companies which are separately chartered under separate nations and separate corporations in some cases.

At a time when American labor is fighting for the privilege of a mere handful of jobs on some of the tankers bringing oil to America, it will arouse resentment to learn that the most privileged people on Earth, the international jet set and the international wet set—those who spend more time in bathing suits than they do in business clothes—are permitted by this Nation to move their money around from one tax haven to another, paying no income tax anywhere, hiring labor under virtual slave conditions, while screaming loudly about subsidies any time an American labor man asks for a job.

I have lived long enough to learn that there are usually two sides to an argument. Nevertheless, I must confess I have great difficulty in seeing why those who are privileged to export capital produced by hard-working American labor, hiring their labor in the famine-stricken nations of Asia and Africa at the going wage paid in those countries, should not at some point pay some reasonable amount of taxes to some government somewhere. Senators will be interested to learn that the Liberian merchant marine is being operated out of a building across the street from the White House. They may be somewhat surprised to find that the Liberian merchant marine has been represented far more effectively in the White House and the State Department than the American merchant marine.

The Americans who own the Liberian merchant marine are people about whom we should learn a great deal more.

I ask unanimous consent that the article to which I refer be inserted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LOOPHOLES BENEFIT U.S. SHIPPING: BANK HERE RUNS LIBERIAN TAX HAVEN

(By James R. Polk)

A Washington-based bank has a little-known, long-term concession to operate a major tax haven for American-owned shipping in the African coastal nation of Liberia.

The giants of the U.S. oil industry sail many of their tankers under the flag of Liberia to escape income taxes through loopholes on both sides of the Atlantic.

The maritime administration of that African country is run, in effect, from an 11th-floor office looking down on the White House from the International Bank's building at 1701 Pennsylvania Ave. NW.

The International Bank Ltd., a parent of the First National Bank of Washington, is a financial chain owning most of the stock of The International Trust Co. of Liberia, which not only handles the ship registration in that nation, but also acts as the tax collector.

Fred T. Lininger, a polite, white-haired American financier who is a senior vice president of International Bank, carries a dual title: he is also, by long-term appointment, the senior deputy maritime commissioner for Liberia.

The International Bank subsidiary's contract to serve as the Maritime Administration in the African tax shelter is apparently lucrative. Its income depends on the level of ship registrations—in effect, the bank gets a cut of the tonnage tax payments—and accounts for a substantial piece of all the bank's foreign earnings.

The tax haven in Liberia exists because U.S. law doesn't cover overseas earnings in the shipping industry by foreign-based subsidiaries of American firms.

As a result, a dozen or more oil companies have created foreign offshoots to own tankers registered in Liberia to carry their crude on the high seas.

At last count by the U.S. Maritime Administration, American-controlled firms had 161 tankers flying the flag of Liberia, with another 79 such tankers under construction.

The tanker "Statue of Liberty" is actually a Liberian vessel, owned by an American oil company. So is the "J. Paul Getty" and the "Phillips Oklahoma" and the "Esso Berlin."

Two proposals now pending on Capitol Hill, however, threaten this tax shelter.

One change in the tax reform bill would repeal the exemption for overseas shipping profits and require that the earnings be reinvested in the same foreign operations to elude taxation.

The effect of the repeal, if passed, is still rather foggy. One staff expert on Capitol Hill said, "I don't think most of the members fully grasped it."

The second proposal poses a more serious peril to the tax shelter. A cargo bill, backed by shipping unions and American shipyards, would require that 30 percent of the oil imported into this country be carried on U.S. tankers.

That bill, bitterly fought by American oil companies, already has passed both houses, and only Senate approval of a conference committee report is needed next week before the measure goes to the White House.

Asked about the bill's impact on tanker registrations in Liberia, Lininger said, "That's just hard to foresee. I don't see how it could help. But how much it will hurt eventually, I don't know."

The Liberian tax operation has been profitable for International Bank for a number of years. Lininger declined to say how profitable, but he did say, "Frankly, it's been an extremely satisfactory and worthwhile investment."

A financial filing by International Bank with the Securities and Exchange Commission includes this statement:

"The International Trust Company of Liberia acts as the maritime administrator of Liberia, which activity is the major source of its income. . . . The total income of the International Trust Company constitutes a substantial portion of the total income of all of the foreign subsidiary banks."

How much is a substantial portion? That isn't answered. But the total foreign income and earnings for International Bank's overseas properties last year was listed at just under $2 million.

However, this is still not a big cut of all of International Bank's profits. The company is a major owner of Financial General Bankshares, a local banking chain which controls the First National Bank of Washington, Union Trust Company, Arlington Trust Company, and Clarendon Bank & Trust, as well as the Bank of Buffalo and the National Bank of Georgia.

Because of the tax advantages, Liberia, which is located on the western curve of Africa, has the largest merchant fleet in the World. Steel, sugar and aluminum companies, as well as private shipping tycoons, join the oil giants in registering vessels under that country's flag.

The International Bank operation provides the services for firms to set up foreign corporations in Liberia, administers the maritime law there, and handles the annual ship taxes and other assessments.

"They collect it as the government's agent," Lininger said.

In addition to the initial registration fee, Liberia has an annual tax of a dime per ton on a ship's cargo capacity. However, a tanker bringing oil from the Middle East a half-dozen times a year would pay three times that amount in American port fees alone.

The big advantage is found in income taxes. Liberia doesn't tax the earnings of its ships. And there is a large loophole in the U.S. income tax.

It works this way: If the profits which the American oil companies pay their own foreign shipping subsidiaries are left overseas, they avoid U.S. taxes because of a specific 1962 exemption for such shipping operations.

Even if the profits are brought back into this country, they can be sheltered by the foreign tax credit. Most of the royalties which American firms pay the Middle East oil nations are labeled as taxes by those countries.

This means an oil company can subtract—not deduct—from its U.S. income taxes the dollar amount it has paid in foreign taxes. The result leaves the oil industry at practically the bottom of American business in the U.S. taxes it pays.

Liberia got involved in shipping taxes after World War II with the help of a former U.S. secretary of state, encouraged by an American president.

After the Yalta Conference, President Franklin D. Roosevelt suggested that Secretary of State Edward R. Stettinius Jr. stop off in Liberia for a friendship visit on the way home. After the war, Stettinius went back as a private citizen to help Liberia in economic development.

With his ideas, Liberia set up its ship registration system in 1948 and the International Trust Co. of Liberia was formed to run it at the same time. International Bank here bought the trust company in 1956.

Although he is an International Bank official, Lininger has been registered with the Department of Justice as an agent of a foreign government for 16 years, ever since he became Liberia's deputy maritime commissioner.

The maritime commissioner above him is a Liberian, but the International Bank subsidiary functions as the nation's maritime administration through a contract which runs through 1979 and which is being renegotiated to extend it.

The International Trust Co. of Liberia also holds other foreign properties for International Bank. It controls Europabank, N.V., in Rotterdam; owns pieces of Transorient Bank in Beirut and Credit European in Luxembourg, and embraces a finance corporation in Panama.

The tax reform bill now pending in the House is not expected to have any immediate effect on the Liberian shelter for shipping, primarily because it is given virtually no chance of passage in the Senate in the late stages of this year. But the issues will come up again next year.

A number of efforts are written into the bill to try to put an American tax bite on the money that U.S. firms earn overseas. The major change for the oil companies could be a proposed 52.8 percent ceiling on the use of foreign tax credit to offset the profits from foreign drilling operations.

For shipping, the repeal and reinvestment requirement would prevent firms from moving their tanker profits into diversification in other industries. That alone would probably not be enough to start reclaiming tax money from the profits on the high seas.

Lininger pointed out that American firms would probably continue to register their ships in nations like Liberia because of shipyard construction costs. A vessel must be built in America to fly the U.S. flag, but overseas construction costs are cheaper.

For instance, American shipping billionaire D. K. Ludwig had 34 vessels registered in Liberia at the start of last year, and was building 7 more tankers in Japanese shipyards to sail under the Liberian flag.

ESSO Tankers, Inc., was building 28 oil carriers overseas, Gulf Oil 13, Standard Oil of California 10, and Mobil Oil 9—all to be registered in Liberia.

The American oil giants set up foreign subsidiaries to own the tankers they use under the flag of Liberia. Gulf Oil controls the Afran Transport Co., which is the actual owner of most of its Liberian tankers.

A bigger change might be engineered if the Senate approves and President Ford signs the pending oil cargo bill. Most of the oil imports brought into this country are carried on vessels under a foreign flag. In fact, the actual U.S. tanker fleet is too small to carry any significant share now.

By requiring that 30 percent of the imports be shipped in the future in U.S. tankers, the bill would mean more jobs for American unions and more construction for American shipyards. The bill also carries a tax break—an exemption from import duties at the taxpayer's expense—to offset any higher shipping costs.

Neither Lininger nor International Bank has taken any visible position on the cargo bill on Capitol Hill, but Lininger obviously does not favor it. He called the bill inflationary and said it could invite retaliation by the exporting nations.

Mr. LONG. Mr. President, I am rather satisfied that it is those people who have been planting stories suggesting that Senators like myself who have received a campaign contribution from American seamen are corrupt because they have received contributions from those who represent American labor.

Mr. President, I only hope that investigation will not disclose that I have unknowingly received contributions from those who own the Liberian merchant marine. That, I would find embarrassing, indeed. I am unaware of it, and I am publicly offering to give it back now before we learn just who specifically those well-disguised exploiters of distressed humanity around this world turn out to be, enjoying special benefits under this Government as well as certain others.

Mr. MOSS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. JOHNSTON). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.) be permitted to speak out of order for not to exceed 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE TRADE REFORM ACT

Mr. HARRY F. BYRD, JR. Mr. President, the Senate will be considering, most of this week and probably next week, the trade reform legislation. That legisaltion has passed the House of Representatives. It came to the Senate Committee on Finance in March. The committee deliberated many months in regard to it, and it is now on the Senate Calendar.

I think the House of Representatives greatly improved the measure which was orignially sent to it by the administration. I think it is fair to say that the Senate Committee on Finance improved it even more. I wish, at this point, to commend Ambassador William Eberle for his tremendous contributions to the development of the pending legislation.

I plan to support the trade reform proposal. I feel, however, that it has been oversold. I doubt that the accomplishments resulting from it will be as great as the administration believes. Nevertheless, I think that, on balance, it is legislation which should be enacted by the current session of Congress.

There is one aspect of it that gives me concern, and I shall present a brief amendment at the proper time to attempt to correct this. This legislation would grant most-favored-nation treatment to the Union of Soviet Socialist Republics, and it would make possible the extension by the Export-Import Bank of huge loans to Russia at a low taxpayer-subsidized interest rate.

At the present time, according to testimony submitted to the Senate and statements by the manager of the Export-import Bank Extension Act, the Bank has granted $469 million in loans to Russia, plus $118 million in guarantees. That makes a total of $587 million in loans and guarantees. Unless the pending legislation is amended, there will be no limit on the amount of loans that can be extended to Russia under the pending legislation. The only limit will be the total size of the Export-Import Bank; namely, $25 billion. Of course, I assume that that entire amount would not be loaned to one country, and I do not contend that it would be. But I do believe that it is important that the pending legislation has a ceiling on the amount of loans that can be made by the Export-Import Bank without prior approval by Congress. Therefore, I shall present a very brief amendment which would set a ceiling of $300 million on additional loans over and above the $587 million in loans and guarantees now already made to Russia—a ceiling of $300 million in additional loans.

Mr. President, a week ago today, on December 3, the Committee on Finance held a special meeting and requested the Secretary of State, Dr. Kissinger, to testify requested the Secretary of State, testify in regard to the granting of most-favored-nation tariff treatment to the Soviet Union and the resulting extension of long-term loans and low-interest taxpayer-subsidized interest rates. I queried Secretary Kissinger at some length, and I ask unanimous consent that my questions and Secretary Kissinger's replies be printed at this point in the RECORD.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

TRANSCRIPT

The CHAIRMAN. Senator Byrd asked that these hearings be held and has insisted that we should understand this subject before the Senate takes the bill up. I, therefore, yield my place to Senator Harry Byrd.

I would suggest that the first round of questions would be limited to ten minutes for each senator and thereafter we perhaps can have a longer time for those who care to participate further.

Senator BYRD. Thank you, Mr. Chairman.

Mr. Secretary, the Trade Reform Bill as approved by the House Ways and Means Committee and by the House of Representatives and by the Committee on Finance includes the Jackson-Vanik Amendment, of which I am a co-sponsor, which requires certain concessions from Russia in return for being granted most-favored-nation treatment and long-term low-interest rate loans.

You told this committee on March 7 that

you would recommend a veto of the Trade Reform Bill if the Jackson-Vanik Amendment remains in the bill, because it would be interfering in the internal affairs of the Soviet Union.

My question, Mr. Secretary, is this: In return for the United States granting most-favored-nation tariff treatment, U.S. technology and long-term credits at taxpayer-subsidized interest rates to Russia, do you think the United States should demand concessions from Russia?

Secretary Kissinger. Senator, to complete the record of what I said on March 7, I also pointed out to Senator Nelson and others that I was prepared to work with members of this committee or other interested senators on a compromise between their concerns and the concerns that I expressed here, and I did not flatly say that we would veto any bill that included the Jackson-Vanik Amendment.

To answer your question, Senator, I believe that the United States has a right, indeed it has a duty, to ask for reciprocity of some sort from the Soviet Union in return for any concessions that we make to the Soviet Union.

Senator Byrd. What firm commitments do you have from Russia?

Secretary Kissinger. As I pointed out in my testimony, we have to separate two problems. We have to separate the problem of state-to-state relationships, and we have the problems that do not lend themselves to international negotiations as they are commonly practiced.

As I pointed out in my testimony on March 7, the United States cannot even begin any commercial negotiations with the Soviet Union for three years in the face of considerable pressure that we do not do so until the Soviet Union had satisfied certain international standards of conduct which we thought were necessary before a more normal trading relationship could be established.

It was only after the Soviet Union began to practice greater restraint in certain important areas that we began these commercial negotiations.

Now with respect to the Soviet emigration practices, we face the dilemma that it is highly unusual, in fact, I know of very few precedents in international relations, where the domestic relations of another country becomes the subject of an international quid pro quo, and we, therefore, had to find a formula wich would satisfy the concerns of those who were concerned with the emigration issue and at the same time the Soviet's refusal to make this the subject of a state-to-state negotiation.

I would also like to point out that even prior to this we had made repeated presentations to the Soviet Union, which we did not publicize, on the issue of emigration, and these presentations were clearly not without effect because Jewish emigration from the Soviet Union rose between 1949 and 1973 from a rate of 400 a year to a rate of 33,500.

Now, what I have attempted to set down before this committee, Senator, is a formula by which the Soviet leaders explain their domestic practices and legislation to us in the form of certain clarifications, assurances and information.

This is not a formal commitment, nevertheless, the President in his conversations with the three senators, and I in my letter to Senator Jackson, summed up these clarifications and indicated that the United States Government would stand behind them as having been received from the Soviet Government as a means of clarifying the issue, and we thought that this formula would satisfy the concerns of all interested parties, and we would propose that the Congress would permit us to see whether this can operate. And then in 18 months we can all see whether this system of indirect assurances will in fact operate as we hope it will.

Senator Byrd. You say the Jackson-Vanik Amendment interfere with the internal affairs of Russia.

Does or does not the Kissinger-Jackson compromise interfere in Russia's internal affairs?

Secretary Kissinger. The compromise which I have put before the committee takes great care to maintain the distinctions that we have tried to elaborate while hopefully producing a positive outcome of what we are attempting to achieve, namely, increased Jewish emigration.

Senator Byrd. In replying to my second question, you stated it was very unusual for one nation to attempt to interfere in the emigration matters of another nation, and I certainly agree with that statement.

Then you point out that you have made great progress in this regard. What continually comes to my mind is why would the second most powerful nation in the world bow to the demands of the Congress for concessions on Soviet emigration?

Does this not suggest just how badly Russia needs and wants American technology, long-term loans and taxpayer-subsidized interest rates?

Secretary Kissinger. Well, Senator Byrd, again I would like to point out that we had made these presentations before there had been any congressional pressures or any formal congressional pressures.

I believe that what has been achieved through a variety of means does indicate that the Soviet Union places considerable importance on improved relations with the United States, including the acquisition of the benefits which you have described.

However, there is a point beyond which this cannot be pressed. It is a question of judgment where that point is.

Senator Byrd. The Soviet Union has turned to the United States for economic assistance, for our capital, our agricultural produce, and our advanced technology, all the while improving and expanding its nuclear and conventional military power.

My question is this: Whatever its intended purpose, does not the extending of long-term credit to the Soviets get them out of an economic bind while permitting them to continue their high rate of defense spending?

Are we not actually subsidizing the Soviet military build-up?

Secretary Kissinger. Soviet history, Senator, tends to indicate that the Soviet Union will maintain a high rate of defense spending regardless of its trading relationship with other countries. It maintained a high rate of defense spending during the period of complete ostracism by other countries. It maintained a high rate of defense spending during the period of a substantial cut-off of economic relations with the United States.

The judgment that has to be made is whether to relate the Soviet Union to more normal economic practices and in a way improve, substantially improve primarily the position of the population, whether this will not create more incentives for more responsible international conduct.

This consideration, if I may so say, is all the more important if one keeps in mind that there are many other nations that are eager to step in where we withdraw, especially Western Europe and Japan.

Senator Byrd. Mr. Secretary, neither the Congress nor the taxpayers have been told the extent of the obligation to extend subsidized credit to the USSR, would you tell the committee what commitments have been made in this regard?

Secretary Kissinger. I am not sure that I understand the question that the Congress has been told about the extent of the obligations.

I am not aware of any commitments that have been made to the Soviet Union. All commitments have been held in abeyance subject to the passage by the Congress of the Trade Reform Act and the associated Exim authorization.

Senator Byrd. What brings me to that question is the record which shows that the Russian Government has received $469 million in loans from the Exim Bank plus $118 million in guarantees for a total of $587 million.

Secretary Kissinger. Over a three-year period.

Senator Byrd. Over less than a three-year period, about a 14-month period.

The Senate last month put a ceiling on additional loans and guarantees to Russia of $300 million. The Senate-House conferees removed the ceiling.

Do you oppose a ceiling on additional loans and guarantees to Russia?

Secretary Kissinger. Senator, from the point of view of the flexibility in the conduct of foreign policy, I would prefer that no ceiling be placed on these loans, but I would favor congressional consultation so that this committee is informed in a timely fashion of what is contemplated. But I believe it would increase the flexibility of our foreign policy if no ceilings were placed on——

Senator Byrd. What you are asking for is a blank check.

Secretary Kissinger. No, Senator, if you asked what will support our foreign policy most effectively, I would have to say that I do not believe that a ceiling—that we would be better off without a ceiling.

I do not think that this would necessarily constitute a blank check if there are adequate consultation provisions because this will give the Congress sufficient opportunity to present its opposition and presumably the Administration would not grant loans unless in its judgment it supported the objectives of our foreign policy. And I can assure you we will do so with considerable restraint.

Senator Byrd. I will get to the 18-month period a little bit later. But to clarify one point, the information given to the Senate by the manager of the Exim Bank was that these credits had been extended over a period of 13 to 14 months.

Secretary Kissinger. Senator, I believe that the difference in perspective arises from the fact that the discussions may well have started three years ago and did not result in the granting of credits until about 15 months ago. So my perception of it is that the discussions from a foreign policy point of view started shortly after the visit to Moscow by Secretary Lynn and myself in 1972, though it is quite possible that the first loan was not approved until some time afterwards.

I think this is where the difference between your perception and mine arises.

Senator Byrd. Mr. Secretary, is it not correct what the Soviet Union really wants and really needs from the United States are technology, know-how, long-term credits, and low interest rates? That is really what it needs.

Secretary Kissinger. What was the last thing?

Senator Byrd. Subsidized low interest rates.

Secretary Kissinger. Well, I think it is correct that the Soviet Union has indicated an interest in all of these items and that the decision that we have to make is to balance the relative strengthening of the Soviet economy that this represents against the advantages of drawing the Soviet Union into more normal international relations.

I think it is also important to point out that these credits which you have mentioned represent a very small fraction of the total of an economy that has several hundred billion GNP.

Senator Byrd. Thank you, Mr. Secretary.

Now, on page 15 of your statement today, you mentioned the Senate amendment 2000. I have not seen the amendment so I cannot comment categorically on it. But your statement says that Senate Amendment 2000 would authorize the President to waive the provisions of the original Jackson-Vanik Amendment and to proceed with the granting of most favored nation treatment and Export-Import Bank facilities for at least an initial period of 18 months.

Now the reason that I would have difficulty supporting that amendment is that if there is no ceiling on Exim Bank loans to Russia, then during that next 18 months hundreds of millions or billions of dollars can be made in loans and guarantees to Russia, and then 18 months later, when the Congress reviews it, all of the money has left the country and what do we do then?

Secretary Kissinger. Well, first of all, the reason Exim Bank facilities is mentioned here is because the granting of Exim facilities has been tied to the passage of the Trade Reform Act. We recognize that the Exim Bank facilities are subject to separate legislation. Whatever you pass here in the Trade Reform Bill only removes the impediment that has been created by making Export-Import loans subject to the passage of the Trade Reform Bill, it does not prevent the Congress from passing whatever legislation it wishes with respect to the Exim Bank.

Senator Byrd. Yes, but if I may interrupt there, Mr. Secretary, the State Department has lobbied against the ceiling—

Senator Byrd. On loans to Russia.

Secretary Kissinger. That is correct.

Senator Byrd. You yourself say you do not favor a ceiling?

Secretary Kissinger. That is correct.

Senator Byrd. Yet you want the Jackson-Vanik provision waived for 18 months, which certainly clearly makes possible the granting of hundreds of millions of dollars or billions of dollars of Export-Import credits?

Secretary Kissinger. You proceed from the premise that there is an unquenchable desire to pour money into the Soviet Union.

Senator Byrd. Yes, I do proceed from that. I will be frank with you, I do proceed from that premise.

Secretary Kissinger. I would suggest to you, Senator, that for the first three years of our dealings with the Soviet Union the criticism that was made against us in the Senate, to be sure not from you, was that we were too reluctant to extend commercial benefits to the Soviet Union and the argument then was that commercial benefits would have a tendency to bring about a more moderate Soviet policy. So I can assure you that our policy has always been to relate the economic benefits to complete progress in international affairs so that the danger you describe, even in the absence of any other congressional restraints, would be minimum.

Secondly, while we do not want a legislated ceiling we are prepared to work out consultative arrangements by which the Congress would be fully informed about the rate of complicated loans and in which, therefore, the Congress would have an opportunity to express its objections while these loans were being considered.

So I am opposed to a legislated ceiling because it would deprive us of flexibility but I do not object to congressional review in such a manner that we would have to take very seriously into account the congressional views before major loans were being made.

Senator Byrd. Major loans have been made. The Senate has evidence of it. It wishes a ceiling of $300 million be established on additional loans, at the end of which time the Administration could come back and make additional requests if it wishes.

Secretary Kissinger. Of course the Senate is a co-equal branch of the government and has a right to legislate what it wishes. When the Senate asks us for our opinion we have to state that we think it would be better if this were not done. After that, it is up to the judgment of the Senate.

Senator Byrd. Mr. Secretary, does the Kissinger-Jackson Agreement, or rather the agreement you have reached with the Soviet Union, apply to all citizens of Russia or just to the Jewish citizenry.

Secretary Kissinger. Well, we were talking about Jewish emigration.

Now, again, these documents do not specifically refer to those of the Jewish faith but I think it is a reasonable extrapolation from the record that this was the predominant concern.

Senator Byrd. I won't do it at the moment because I don't know what the time element at the moment will be, but a little later I want to present to you 6,000 signatures from 6,000 Volta German families representing some 25,000 to 30,000 individuals.

It occurs to me that the question is broader than just one minority group.

As you know, Senator Buckley has recently been in the Soviet Union and he met with the dissident physicist Sakarov and at this meeting it was recommended that the United States press for freer emigration of all peoples, not just the Jews, but Ukranians, Armenians, Germans, Estonians, Latvians, Lithuanians, and other Soviet Nationalities, and Volta Germans, in return for U.S. trade concessions.

Did your assurances from Mr. Brezhnev cover those categories?

Secretary Kissinger. I some how have the impression, but I would have to check to see whether that is correct, that there is some understanding between the German government and the Soviet government on the Volta Germans but I am not absolutely sure that is correct. I seem to have that at the back of my mind.

If you consider these letters legal documents, which as I pointed out they are not in the strict sense of the term, then strictly speaking they would apply to all nationalities.

There is no specific reference I believe to Jewish emigration but I think in the legislative history of this matter one would have to say that this has been the primary focus of the conversations.

Senator Byrd. Is it not correct that since 1972, in a period of so-called détente, there has been a methodical improvement and expansion of nuclear and conventional power in the Soviet Union and in eastern Europe?

Secretary Kissinger. Yes, that is correct.

Senator Byrd. Would it not be wise for the United States to insist on a genuine and secure peace in the Middle East as a condition of its subsidized long term credit and technology which Moscow desperately needs?

Secretary Kissinger. Well, first of all, I think we should clarify to some extent what the Export Import loans are, which I am sure you know better than I do.

Their basic purpose is to help American industry to be competitive. They are spent for American goods and they are, therefore, a means of assuring jobs for American workers.

Senator Byrd. Also it is a loan directly to the Russian government.

Secretary Kissinger. That is true. I just wanted to mention what the basic purpose of that legislation has been.

With respect to peace in the Middle East, that is an extraordinarily complicated problem in which our legislations with the Soviet Union are both competitive and cooperative and in which the point of direct influence of all of the parties has certain limits, but we do look for Soviet restraints in the Middle East, as we consider Soviet restraint in the Middle East an integral part of détente policy.

Senator Byrd. Mr. Secretary, is it not correct that there has been a significant build up of Soviet tactical nuclear weapons in Central Europe?

Secretary Kissinger. Over what period of time are you talking about?

Well, at any rate, there has been an increase of Soviet nuclear weapons in Central Europe.

Senator Byrd. Would you comment on the following paragraph written by Mr. James Reston in the New York Times on November 22, 1974. This is the paragraph, "The Soviets cannot be unhappy with the present drift of world events, particularly the political and economic disarray in Europe. They have established a rule that all Communists or socialist governments are off limits for the U.S. but that the rest of the world from Southeast Asia to Cuba is an open hunting ground for them."

Secretary Kissinger. Well, the disarray to which Mr. Reston refers is not the product of Communist actions or to a considerable extent is not the product of Soviet actions. There is a major crisis in the industrialized nations of the world to produce by inflationary pressures, by complicated domestic situations, by the failure up to now to adjust their relationships to a rapidly altered international environment.

The biggest challenge we face is that most of our difficulties are within our power to solve. These have not been produced by the Soviet Union but could nevertheless be of enormous benefit to our adversaries if we do not solve them.

The energy crisis, the whole problem of the inflationary pressures, the weakening of governmental authorities, are not the direct result of Soviet action but they are very real problems and undoubtedly are not looked at unhappily from our standpoint.

Senator Byrd. Mr. Secretary, does the Department of State have or plan to have a monitoring system to check on the Soviet performance under the Kissinger-Jackson compromise?

Secretary Kissinger. Yes.

Senator Byrd. You plan to have a monitoring system?

Secretary Kissinger. Well, we plan to have a monitoring system and I have the impression that Senator Jackson is a pretty good monitoring system, too.

Senator Byrd. How do you monitor a nation of nine million square miles and 240 million people?

Secretary Kissinger. Let us analyze what the essence of the understanding is.

The essence of the understanding is that there will be no interference with missions, that there will be no harrassment of applicants and that there will be no obstacles to emigration visas as except national security considerations.

Now, I have the impression that the various organizations that are concerned with emigration are in sufficiently close contact with those who want to emigrate for us to be able to obtain a judgment whether in fact there is an interference with applications and whether the rate of emigration is in proportion in the historic proportion to the number of applicants. It is a matter that really I will have an official in the department who will be responsible to whom interested groups can turn on this matter.

But I have talked to the various groups that are interested in this emigration question and they seem to be convinced, not that they can catch every individual case, but that they would know about any substantial violations of this understanding.

Senator Byrd. Mr. Secretary, as you possibly gather, I am a little skeptical about detente and not 100 percent sold on it.

This section of the trade bill ties in precisely with that matter.

Would you tell the committee what commitment or commitments have been made in regard to long-term subsidized credits to Russia?

Secretary Kissinger. No commitments have been made to the Soviet Union about any long-term commitments, to the best of my knowledge.

No, no commitments have been made.

Senator Byrd. On the question of harassment, which is one of the key points of the Jackson Amendment, is not the entire system of government in Russia based on harassment and terror, as a practical matter?

Secretary Kissinger. Well, I think the government is more obtrusive than in our country.

Senator Byrd. I will not press the issue.

Mr. Secretary, there is some evidence that Moscow cooperated up to a point, but is it not true that when the Soviet Union actively urged other Arab nations to join in the Yom Kippur war, they violated the basic principles of relations between the United States of America and the USSR signed in May of 1972?

Secretary Kissinger. You mean after the war had started in some of the exhortations that were then made?

Senator Byrd. Yes.

Secretary Kissinger. Of course, I would say basically that when the Soviet Union urges other countries to participate in a war any place, that it would be violating the basic principles of the 1972 agreement.

Now then, one has to analyze why the Soviet Union may have done this. But to answer your question, yes, I would say this was a violation.

Senator Byrd. Thank you for that clear-cut answer, Mr. Secretary.

Now what will be the criteria for Soviet fidelity to the Kissinger-Jackson compromise?

Secretary Kissinger. As I pointed out this morning, Senator Byrd, there are at least three basic questions. Is there any interference with applications? Is there any harassment of applicants? Is there any denial of applications for any ground other than national security reasonably defined?

It is my impression, and I have consulted the groups in this country that have the greatest interest in promoting emigration, that we should be able to get substantially accurate answers to those questions, and if it should turn out that these questions cannot be answered satisfactorily. I would believe that the Administration has an obligation to point this out to the Congress, in addition to the fact that the Congress has a review authority at the end of 19 months.

Senator Byrd. At this point I want for the record to point out and commend the senator from New York, Mr. Buckley, for his trip to the Soviet Union. I am particularly impressed with the fact that Senator Buckley did not spend his time with high government officials, but instead got out among the people. The senator from New York visited with the people, among the Jewish community there, among the German minority there, among dissident groups, and I think he brought back a lot of information.

In an Associated Press dispatch for Moscow dated November 11, 1974, Senator Buckley quoted leading Jewish activists as telling him that the Kremlin has increased its harassment of Jewish dissidents since the announcement in Washington of the Kissinger-Jackson agreement.

Would you comment on that?

Secretary Kissinger. Well, may I indirectly say, as flattered as I am being bracketed with Senator Jackson, the ultimate agreement was reached between President Ford and Senator Jackson. Nevertheless, I will be delighted to answer the question.

This exchange of letters or the implications of this exchange of letters cannot be expected to go into force until the subject to which it refers comes into being, so I would think that if the claims that are made were still valid after the passage of the Trade Reform bill and the granting of the MFN, this would be a subject of considerable concern which we will bring to the attention of the appropriate authorities.

Senator Byrd. Well, the problem with that, as I see it, the way the compromise amendment is worked out, the waiver can take place, the wavier of the original Jackson-Vanik amendment will take place at the President's option for a period of 18 months and during that period of time vast amounts of credits and guarantees could be extended to the Soviet Union before the Congress would have an opportunity to review it.

Secretary Kissinger. Vast amounts of credits have not been in the past extended to the Soviet Union and vast amounts of credits would certainly not be extended if we felt that there had been bad faith in any of our understandings.

Senator Byrd. Well, the point I am suggesting is that there may not be evidence of bad faith until after the credits are extended. Once the credits are extended, I assume there is no way to retrieve the credits.

Secretary Kissinger. I believe what will insure Soviet performance is not the credits but that general interest in the relationships with the United States. If for any reason that should flatten, then if detente should be substantially jeopardized, then I believe the overall performance of what we are discussing here will also be in jeopardy.

As long as this interest is maintained, I think this is our primary point of pressure or attack.

Senator Byrd. I visualize something like what happened with Japan when the United States gave in to the demand of Japan and gave Okinawa back to Japan, which we had by treaty, then we lost all leverage over Japan.

I am glad to say I opposed that treaty giving Okinawa back to Japan. We have lost all leverage over Japan. Once we give these credits, my fear is we will lose all leverage over the Soviet Union.

Secretary Kissinger. Well, of course, Senator, I do not fully agree with, not only fully I do not agree with you at all about Okinawa, because one could argue without the reversion of Okinawa to Japan our relationship with Japan would have been so mortgaged that we would have lost a lot more leverage than we have.

With respect to the credits, this is not immediately affected by this exchange of correspondence. It is, of course, true if huge credits are extended all at once in one decision that then that will create one situation.

On the other hand, this has not been our past history and this will not be our history in the future.

Senator Byrd. It has been the history in the 13-month period to extend $587 million in credits and guarantees to the Soviet Union.

Secretary Kissinger. Senator, I would like to review that figure because what sticks in my mind is that we began the examination of these credits in 1972. It is quite possible that the paper work may not have produced the first credit until 1973 or 1974. What sticks in my mind is that the credits were extended in a sense that I am concerned with, that is, in relationship to foreign policy over a period of two and a half to three years, whenever the ultimate decision by the Ex-Im Bank took place.

This is the rate, the manner in which we would expect to proceed in the future.

Senator Byrd. Under the amendment, as I read your statement to the committee this morning, on page 15, under the amendment, with no ceiling on credits, that would mean under the law the Administration could, if it wishes, and you say it probably will not wish, but it could if it wishes under the law extend unlimited credit to the Soviet Union.

Secretary Kissinger. Well, not exactly, because there is a total limitation, of course, on the amount of Ex-Im credits that can be given.

Senator Byrd. My goodness, that is $25 billion.

Secretary Kissinger. Even allowing for our normal exuberance, we would not ear-mark them all, we would not earmark them all for the Soviet Union. But we have agreed that there should be very significant consultive provisions with the committee or with the Congress so that the Congress would have an idea of what is ear-marked.

At any rate, it is not our intention to earmark unlimited amounts or huge amounts, but we would like to have the ability for flexible credits in order to have some incentives in a situation that is likely to be rather complicated over the next two years.

Senator Byrd. The Jewish leaders told Senator Buckley that the telephone lines over which the dissidents communicated with the West had been cut since Senator Jackson announced on October 18 that the Soviet Government was liberalizing Jewish emigration policies to obtain trade concessions from the Congress.

Would the Jackson compromise propose to deal with a matter of that type?

Secretary Kissinger. I do not believe that any exchange of correspondence between two Americans could possibly account for all the forms of harassment that an authoritarian state can impose on its subjects.

I believe that to the extent one would have to assume that for this to work there has to be good faith on the part of all of the parties.

So there are no specific assurances with respect to each form of harassment, but there has been a general assurance with respect to harassmont, and I believe that we should make an effort to see whether it can be made to work.

I have pointed out in my statement that I did not know how this would in fact work in practice, but we have now reached the point, as Senator Packwood pointed out this morning, where we simply have to make the choice on what gamble we want to take.

Senator Byrd. Mr. Secretary, Sakarov provided Senator Buckley with a list of German origin residents in the Soviet Republic. These Germans were originally residents in the former Soviet Volga German Republic in Eastern Russia. They were deported en masse by Stalin in the Forties. The list was collected by a number of Germans during 1974. Twenty to 30 of these individuals, I am informed, who were involved in the collection efforts were arrested and are now in jail.

All of the families on the list, the signed list, have applied for permission to leave, but were refused.

Sakarov reported to Senator Buckley that the Soviet regime is unwilling to allow them to emigrate because they are more efficient workers in the farms and mines of the region than the local residents.

The list represents about 25,000 to 30,000 individuals.

This is the first of several attempts to collect lists of Volga Germans who will be transmitted to the West when it is available. I have this list which was given to me by Senator Buckley, with these signatures gathered at great cost, personal cost by the way of damage to the individuals who collected the list. Twenty to 30 of them are now in prison.

With your permission, I would like to turn this list over to the State Department for whatever help it might be able to give.

Secretary Kissinger. I will check on that.

Senator Byrd. Thank you.

Now, is it correct that the Russian Government does not expect to pay for products obtained from the United States by hard currency but, rather, from Russian products in a barter deal?

Secretary Kissinger. My impression is they will pay for it by currency.

Senator Byrd. Does the waiver in the Jackson compromise apply to all Communist nations or only to Russia?

Secretary Kissinger. It applies to all nonmarket economies, in other words, to all Communist nations.

I mean the right to waiver applies to all of them, but it will have to be exercised in each individual case separately.

Senator Byrd. But the right to waiver in the compromise applies to all Communist nations?

Secretary Kissinger. That is right.

Senator Byrd. Including, I think you said this morning, China?

Secretary Kissinger. That is right.

Senator Byrd. Senator Buckley has recently suggested that an ad hoc congressional committee be formed to monitor Soviet behavior to see if the agreement is breached.

Would you favor or oppose such an ad hoc congressional committee?

Secretary Kissinger. Will you repeat the question, please?

Senator Byrd. Yes.

Senator Buckley has suggested that an ad hoc congressional committee be formed to monitor Soviet behavior to see if the agreement is breached. Would you favor or oppose an ad hoc congressional committee?

Secretary Kissinger. I have not thought this through, but my understanding would be to be opposed to it because I am very much afraid systematic intrusion in what is defined by the Soviet Union as a domestic jurisdiction is likely to have a counterproductive consequence.

If I change my mind on this, I will let you know.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMUNITY SERVICES ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, with the understanding that the bill will be laid temporarily aside until no later than the hour of 1 p.m. today, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 14449.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 14449) to provide for the mobilization of community development and assistance service and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

The Senate proceeded to consider the bill.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 1 P.M.

Mr. ROBERT C. BYRD. Mr. President, I know this will come with some disappointment to the occupant of the chair, but I ask unanimous consent that the Senate stand in recess until the hour of 1 o'clock p.m. today.

There being no objection, the Senate, at 12:31 p.m., recessed until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Montoya).

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the supplemental appropriations conference report, which will be stated by title.

The assistant legislative clerk read as follows:

The report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

Mr. McCLELLAN. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 11, 39, 43, 44, 53, 66, and 85.

The amendments are as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered eleven to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by said amendment, insert:

Labor-Management Services Administration
Salaries and Expenses

For an additional amount for the Labor-Management Services Administration, Salaries and expenses, $8,150,000, including $1,500,000 to be derived by transfer from Manpower Administration, Program Administration.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered thirty-nine to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by said amendment, insert:

ADMINISTRATIVE PROVISION

Hereafter, with the approval of the Joint Committee on the Library, the Architect of the Capitol may utilize personnel paid from appropriations under his control for performance of administrative and clerical duties in connection with the maintenance and operation of the United States Botanic Garden, to such extent as he may deem feasible.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered forty-three to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the sum named in said amendment, insert: $25,500,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered forty-four to the aforesaid bill, and concur therein within an amendment, as follows:

In lieu of the sum named in said amendment, insert: $9,150,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered fifty-three to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the sum named in said amendment, insert: $25,000,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered sixty-six to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by said amendment, insert:

Provided, That the aggregate salaries of all employees detailed on a nonreimbursable basis under the authority of the Presidential Transition Act of 1963, during the period beginning with the enactment of this Act, and ending February 9, 1975, shall not exceed $70,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered eighty-five to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by said amendment, insert:

Sec. 205. None of the funds appropriated by this or any other Act which are available during the fiscal year 1975 for travel expenses, including subsistence allowances, of Government officers and employees may be obligated after the date of the enactment of this Act, at a rate for the balance of the fiscal year which exceeds 90 percent of the budget estimates for fiscal year 1975 for such expenses which were submitted for appropriations or otherwise provided by law: *Provided,* That none of the limitations on travel included in the regular appropriations for fiscal year 1975 shall be exceeded.

Mr. ALLEN. Mr. President, reserving the right to object, that leaves only amendment No. 17?

Mr. McCLELLAN. Amendment No. 17 is not included in this motion. This does constitute all the amendments pending except amendment 17. This will clean the slate, so to speak, as to amendment No. 17, which is subject to debate.

Mr. ALLEN. I have no objection to agreeing to amendment No. 17. I understand that an effort is going to be made to amend the motion of the Senator from Arkansas to concur as to No. 17.

Mr. McCLELLAN. As to 17—I understand. But this particular motion does not include 17. All other amendments are included.

Mr. President, amendment 85, which is in disagreement, is the compromise reached with the House on the Roth amendment, the cutback passed in the Senate on travel expenses for the fiscal year 1975. The conferees were sympathetic to the original proposal but because of many problems and difficulties in administering it and at the same time still maintain essential functions, it became apparent that many exceptions would have to be made under the original proposal. These were considered, but because of the required effort to reach and anticipate all problem areas, the conferees decided to accept the House amendment with no exemption. This amendment as now written would require about a five percent reduction for the balance of the fiscal year. The conferees also discussed the necessity to check further into the travel costs as we continue with our work in the Appropriations Committee.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to.

Mr. **MAGNUSON**. Mr. President, I shall make only a few brief remarks to further elaborate upon the very adequate explanation that the chairman of the full Appropriations Committee, Senator McCLELLAN, made yesterday.

The total appropriations allowed in conference for chapter II of the fiscal year 1975 supplemental appropriations bill for the Departments of Labor and Health, Education, and Welfare, and related agencies is $5.8 billion. This sum is $420 million above the budget estimates, $15 million under the total sum recommended by the Senate, and $58 million above the amount allowed by the House.

Mr. President, I ask unanimous consent to place in the RECORD a table showing the comparative figures in detail.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Current Status of Chapter II of the 1975 Supplemental

DEPARTMENT OF LABOR–HEW

Budget estimates	$5,421,469,000
Amount in House bill	5,706,800,000
Amount in Senate bill	5,856,042,000
Conference agreement	5,840,542,000
Over the budget request	+419,073,000
Over the House bill	+$133,742,000
Under the Senate bill	−15,500,000

CONFERENCE CHANGES FROM THE BUDGET ESTIMATES

Labor programs	−$2,520,000
Health services	−3,000,000
Health resources	+676,000
Elementary and secondary education	−32,143,000
Impact aid	+315,716,000
Education for the handicapped	+102,500,000
Occupational vocational and adult education	+10,162,000
Library resources	+5,000,000
Salaries and expenses	−718,000
Nutrition for the elderly	+25,400,000
Youth development	−2,000,000
	+419,073,000

Agency and item	Budget estimate	Recommended in House bill	Recommended in Senate bill	Conference agreement	Increase (+) or decrease (−), conference bill compared with—		
					Budget estimate	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CHAPTER II							
DEPARTMENT OF LABOR							
Manpower Administration							
Program administration		Not considered	−$1,500,000				+$1,500,000
Comprehensive manpower assistance (by transfer)		Not considered	(−5,600,000)				(+5,600,000)
Labor-Management Services Administration							
Salaries and expenses	$9,650,000	Not considered	6,150,000	$6,650,000	−$3,000,000	+$6,650,000	+500,000
(By transfer)				(1,500,000)	(+1,500,000)	(+1,500,000)	(+1,500,000)
Employment Standards Administration							
Salaries and expenses		Not considered	480,000	480,000	+480,000	+480,000	
(By transfer)	(6,800,000)		(5,600,000)	(5,600,000)	(−1,200,000)	(+5,600,000)	
Bureau of Labor Statistics							
Salaries and expenses (by transfer)	(600,000)	Not considered	(300,000)	(300,000)	(−300,000)	(+300,000)	
Departmental Management							
Salaries and expenses (by transfer)		Not considered	(−300,000)		(+300,000)		(+300,000)
Total, Department of Labor	9,650,000		5,130,000	7,130,000	−2,520,000	+7,130,000	+2,000,000
(By transfer)	(7,400,000)	( )	(5,900,000)	(7,400,000)	( )	(+7,400,000)	(+1,500,000)
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE							
Health Services Administration							
Health services	5,722,000	3,722,000	1,722,000	2,722,000	−3,000,000	−1,000,000	+1,000,000
Alcohol, Drug Abuse, and Mental Health Administration							
Saint Elizabeths Hospital	1,789,000	1,789,000	1,789,000	1,789,000			
Health Resources Administration							
Health resources:							
1. National health statistics	24,000,000	21,511,000	21,511,000	21,511,000	−2,489,000		
2. Health services research and evaluations:							
(a) Grants and contracts	40,800,000	39,705,000	34,705,000	34,705,000	−6,095,000	−5,000,000	
(b) Research training	1,200,000	1,200,000	1,200,000	1,200,000			
3. Health manpower:							
(a) Health professions student loans	30,000,000	33,200,000	36,000,000	36,000,000	+6,000,000	+2,800,000	
(b) National health service scholarships	22,500,000	21,500,000	22,500,000	22,500,000		+1,000,000	
(c) Nursing student loans	18,000,000	21,800,000	22,800,000	22,800,000	+4,800,000	+1,000,000	
(d) Program management	10,757,000	10,217,000	9,217,000	9,217,000	−1,540,000	−1,000,000	
Total	147,257,000	149,133,000	147,933,000	147,933,000	+676,000	−1,200,000	
OFFICE OF EDUCATION							
Elementary and Secondary Education							
1. Grants for the disadvantaged (title I)	1,885,000,000	1,876,000,000	1,876,000,000	1,876,000,000	−9,000,000		
Advance appropriation	1,900,000,000	1,900,000,000	1,900,000,000	1,900,000,000			
2. Supplementary services	146,393,000	125,000,000	120,000,000	120,000,000	−26,393,000	−5,000,000	
3. Strengthening State departments of education	39,425,000	39,425,000	39,425,000	39,425,000			
4. Bilingual education	70,000,000	70,000,000	90,000,000	85,000,000	+15,000,000	+15,000,000	−5,000,000
5. Civil rights advisory services	5,000,000	5,000,000	5,000,000	5,000,000			
6. *Equipment and* minor remodeling	28,500,000	15,000,000	28,500,000	21,750,000	−6,750,000	+6,750,000	−6,750,000
7. Nutrition and health	1,900,000		1,900,000	900,000	−1,000,000	+900,000	−1,000,000
8. Dropout prevention	4,000,000				−4,000,000		
9. Support and innovation grants (advance appropriation)	172,888,000	172,888,000	152,888,000	172,888,000			+20,000,000
10. Libraries and instructional resources (advance appropriation)	137,330,000	137,330,000	137,330,000	137,330,000			
Total, fiscal year 1975 appropriations	2,180,218,000	2,054,425,000	2,160,825,000	2,148,075,000	−32,143,000	+93,650,000	−12,750,000
Total, fiscal year 1976 appropriations	2,210,218,000	2,210,218,000	2,190,218,000	2,210,218,000			+20,000,000
School Assistance in Federally Affected Areas							
1. Maintenance and operations:							
(a) Payments for "A" children	223,900,000	223,900,000	223,900,000	223,900,000			
(b) Payments for "B" children	38,900,000	354,616,000	354,616,000	354,616,000	+315,716,000		
(c) Special provisions	14,500,000	14,500,000	14,500,000	14,500,000			
(d) Payments to other Federal agencies	43,000,000	43,000,000	43,000,000	43,000,000			

Agency and item (1)	Budget estimate (2)	Recommended in House bill (3)	Recommended in Senate bill (4)	Conference agreement (5)	Increase (+) or decrease (—), conference bill compared with— Budget estimate (6)	House bill (7)	Senate bill (8)
2. Construction	$20,000,000	$20,000,000	$20,000,000	$20,000,000			
Total	340,300,000	656,016,000	656,016,000	656,016,000	+$315,716,000		
Education for the Handicapped							
1. State grant program	47,500,000	85,000,000	125,000,000	100,000,000	+52,500,000	+$15,000,000	—$25,000,000
Advance appropriation for 1976	50,000,000	100,000,000	100,000,000	100,000,000	+50,000,000		
2. Special target programs:							
(a) Deaf-blind centers	12,000,000	12,000,000	12,000,000	12,000,000			
(b) Early childhood projects	14,000,000	14,000,000	14,000,000	14,000,000			
(c) Specific learning disabilities	3,250,000	3,250,000	3,250,000	3,250,000			
(d) Regional resource centers	9,243,000	9,243,000	9,243,000	9,243,000			
3. Innovation and development	9,916,000	9,916,000	9,916,000	9,916,000			
4. Technology and communication:							
(a) Media services and captioned films	13,000,000	13,000,000	13,000,000	13,000,000			
(b) Recruitment and information	500,000	500,000	500,000	500,000			
5. Special education manpower development	37,700,000	37,700,000	37,700,000	37,700,000			
Total, fiscal year 1975 appropriations	147,109,000	184,609,000	224,609,000	199,609,000	+52,500,000	+15,000,000	—25,000,000
Total, fiscal year 1976 appropriations	50,000,000	100,000,000	100,000,000	100,000,000	+50,000,000		
Occupational, Vocational, and Adult Education							
1. Adult education—grants to States	63,319,000	63,319,000	67,500,000	67,500,000	+4,181,000	+4,181,000	
Advance appropriation for 1976	63,319,000	63,319,000	67,500,000	67,500,000	+4,181,000	+4,181,000	
2. Ethnic heritage studies			1,800,000	1,800,000	+1,800,000	+1,800,000	
Total, fiscal year 1975 appropriations	63,319,000	63,319,000	69,300,000	69,300,000	+5,981,000	+5,981,000	
Total, fiscal year 1976 appropriations	63,319,000	63,319,000	67,500,000	67,500,000	+4,181,000	+4,181,000	
Library Resources							
School libraries	90,250,000	95,250,000	95,250,000	95,250,000	+5,000,000		
Salaries and expenses	718,000		750,000		—718,000		—750,000
Social Security Administration							
Limitation on salaries and expenses	(20,242,000)	Not considered			(—20,242,000)		
Human Development							
1. Nutrition programs for the elderly	99,600,000	125,000,000	125,000,000	125,000,000	+25,400,000		
2. Youth development	12,000,000	Not considered	10,000,000	10,000,000	—2,000,000	+10,000,000	
Total	111,600,000	125,000,000	135,000,000	135,000,000	+23,400,000	+10,000,000	
Total, Department of Health, Education, and Welfare	5,411,819,000	5,706,800,000	5,850,912,000	5,833,412,000	+421,593,000	+126,612,000	—17,500,000
Consisting of:							
Appropriations for fiscal year 1975	3,088,282,000	3,333,263,000	3,493,194,000	3,455,694,000	+367,412,000	+122,431,000	—37,500,000
Appropriations for fiscal year 1976	2,323,537,000	2,373,537,000	2,357,718,000	2,377,718,000	+54,181,000	+4,181,000	+20,000,000
Total, Chapter II	5,421,469,000	5,706,800,000	5,856,042,000	5,840,542,000	+419,073,000	+133,742,000	—15,500,000

Mr. MAGNUSON. Mr. President, the total amount of the Labor-HEW chapter is very large this year because a number of the education programs were not authorized at the time we were considering the regular Labor-HEW bill. Because we had to wait for the action of the authorizing committees, it was necessary to postpone the funding of these programs until this supplemental appropriations bill. I would also like to point out that almost half of the funds included in the supplemental will be used for the 1975–76 school year. Out of the total $5.8 billion in the Labor-HEW chapter, $2.4 billion represents advance appropriations for fiscal year 1976. This is a major initiative in advance funding. The rationale for including these funds in a 1975 appropriations bill instead of a 1976 appropriations bill is that the States and localities will be given more lead time to plan for the use of these school funds. The committee is very hopeful that this action will result in more benefit for each Federal dollar invested.

In the Department of Labor, the administration made an unusual proposal to create a number of minor adjustments, and the committee and the conferees generally agreed with the thrust of these amendments, which would basically begin to implement the new and expanded pension reform legislation as well as increase funding to strengthen the laws prohibiting job discrimination against the handicapped. The conferees also agreed to an amount of $480,000 to reduce the backlog of compensation claims for injured Federal workers.

In the area of health the conferees agreed with the Senate in providing increased educational opportunities for students at medical, dental, nursing, and related schools.

The principal areas of difference between the House and Senate bills involve education programs. Here the Senate conferees were successful in sustaining significant increases in the areas of bilingual education, school equipment and minor remodeling, and education for nutrition and health. The Senate conferees were also successful in sustaining a significant increase for the State grant program assisting in the education for the handicapped. Other Senate increases sustained in conference included grants to States for adult education and ethnic heritage studies.

Mr. President, in closing, let me state that I thought that chapter II of the Senate bill was significant in approaching the problem of funding school programs too late. The conference report before you today provides an amount that should be very helpful, especially in the area of education. The amounts provided for some items are not entirely to my satisfaction or the satisfaction of the Senate conferees. Nevertheless, I believe that there will be adequate funds to meet the necessary supplemental expenses for the Department of Labor and HEW for fiscal year 1975.

HANDICAPPED CHILDREN INFORMATION PLAN

On a related matter, Mr. President, the Congress, in this bill, has provided a substantial increase for education services to handicapped children. However, all the money in the world will not help if we cannot get information on materials and services available out to the parents and children. The committee would expect HEW to come up with a plan for getting this information out on a timely and effective basis. Next year's budget hearings would be an appropriate forum for discussing the Department's plans.

The PRESIDING OFFICER. The clerk will report the amendment in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 17 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

"ELEMENTARY AND SECONDARY EDUCATION

"For carrying out, to the extent not otherwise provided, title I Part A ($3,702,762,000) Part B ($30,538,000) and Part C ($30,000,000), title III ($120,000,000), title IV, Part B ($137,330,000) and Part C ($172,888,000), title V, Parts A and C ($39,425,000), title VII and sec. 808 of the Elementary and Secondary Education Act, Part J of the Vocational Education Act of 1963, section 822 and section 823 ($200,000) of Public Law 93-380, section 417(a)(2) of the General Education Provisions Act, title IV of the Civil Rights Act of 1964 and title III-A ($21,750,000) of the National Defense Education Act of 1958, $4,350,203,000; *Provided*, That of the amounts appropriated above the following amounts shall become available for obligation on July 1, 1975, and shall remain available until June 30, 1976; title I, Part A ($1,882,212,000) Part B ($16,538,000) and title IV, Part B ($137,380,000) and Part C ($172,888,000) of the Elementary and Secondary Education Act, and section 417(a)(2) of the General Education Provisions Act ($1,250,000): *Provided further*, That the Commonwealth of Puerto Rico shall receive grants for the current fiscal year pursuant to sections 121, 122, and 123 of the Elementary and Secondary Education Act of 1965 (as such Act exists on the date of enactment of this Act) in amounts equal to not less than the amounts received by the Commonwealth of Puerto Rico for the fiscal year ending June 30, 1974, pursuant to sections 103(a)(5), 103(a)(6), and 103(a)(7), respectively of the Elementary and Secondary Education Act of 1965 (as such Act existed immediately before the effective date of the amendments made to title I of such Act by the Education Amendments of 1974): *Provided further*, That none of these funds shall be used to compel any school system as a condition for receiving grants and other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin, or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin."

Mr. McCLELLAN. Mr. President, I move that the Senate concur in amendment No. 17.

Mr. ROBERT C. BYRD. Mr. President, on behalf of other Senators, I will have to suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that the privilege of the floor may be accorded to Patricia Shakow and Charles Warren, of my office, during the consideration of this conference report on supplemental appropriations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, in due course, the leadership—that is, on both sides of the aisle—will offer an amendment to the amendment which is in disagreement, which will then, if adopted by the Senate, go back to the House as an amendment with an amendment, asking for the concurrence of the House.

The Senator from Massachusetts (Mr. Brooke) has carefully and in detail pointed out that the language of the conference report on the so-called Holt amendment would virtually nullify title VI of the Civil Rights Act of 1964, for which so many of us expended so much effort and energy, and which was one of the great achievements in the interest of validating the Constitution of the United States; that it would nullify title VI of this landmark Civil Rights Act by restricting the power of the Department of Health, Education, and Welfare to obtain what is essential in the way of information in order to enforce the various unconstitutional discrimination preventions which are built into this law.

If schools cannot be required to classify students and teachers according to race, sex, or national origin, it will be impossible to obtain the basis for any case or to show any pattern or practice, except on the tedious case-by-case method which has been so ineffective in civil rights enforcement generally and which itself brought on the Civil Rights Act of 1964.

The Federal Government, obviously, cannot justify withholding funds for failure to overcome segregation, even if it is segregation on the grounds of sex, leave out the highly controverted and deep American question of color and race, unless it can prove a case, and it certainly cannot prove any kind of generic case, and that is the way these cases develop, unless some such records are kept. It hits programs quite separate and apart from, indeed, remote from, the questions of race and color, because we have the sex problem, which is very widespread, is a major issue in our country, and is dealt with by the Civil Rights Act of 1964.

We have, for example, the problem of bilingual education, where we have just materially increased the amount of the appropriation, because we believe so deeply that those who are Spanish speaking, mainly, should be brought into the great area of American life through having enough stimulation in instruction to gain competence in both languages.

Mr. President, what I think is more important than anything else is to make it clear that we are not voting on a busing amendment, either pro or antibusing. All that we are trying to do, Mr. President, is retain a basis for evidence which is very neatly destroyed if this amendment should remain in the conference report and be agreed on as part of this measure.

Mr. President, there have been some implications that the President of the United States might consider vetoing this bill on the ground that it is a little more money than he would like. I hope he does not do that on a money ground. But, Mr. President, should this amendment be found in the bill that goes to the President, I do not think there is any question about the fact that any President who believes in the Constitution of the United States would be duty bound to veto it, and I hope very much that the President will, notwithstanding the tremendous difficulty it would cause in many directions. We can avoid that, Mr. President, by adopting a course of action recommended by the leadership, to be presented by Senator Scott, which we have adopted in other areas, making it clear that we do not seek to invalidate the Constitution. I hope very much that the Senate will go that route in order to do justice, sustain the Constitution, and save this bill.

Mr. HUGH SCOTT. Mr. President, on behalf of myself and the distinguished majority leader and Senator from Montana (Mr. Mansfield), I move to concur in the amendment of the House to the amendment of the Senate, with an amendment, as follows, which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of amendment numbered 17 in disagreement, strike the period, insert a comma in lieu thereof, and add the following: "except as may be necessary to enforce nondiscrimination provisions of Federal law".

Mr. HUGH SCOTT. Mr. President, this is an amendment to the so-called Holt amendment, which will insure that HEW retains its authority to enforce title VI of the 1964 Civil Rights Act and title IX of the Education Amendments of 1972. Without our amendment, 10 years of work to eliminate discrimination in American life will have been undermined.

The Holt amendment would prohibit the Federal Government from requiring the classification or assignment of teachers or students on the basis of race, religion, sex, or national origin, and the reporting of such information to HEW. Secretary of Health, Education, and Welfare Caspar Weinberger has clearly recognized the dangers in this amendment by stating in a letter to Senator Magnuson on December 2, 1974, that although the effect of the language might be ambiguous, in HEW's view "most courts would hold that the amendment ends our basic authority to enforce civil rights laws." The Secretary in his letter, a copy of which has been sent to each Senator, urges us to change this amendment.

I should point out to the Senate that the Holt amendment was considered by us in late November and turned down by a vote of 43 to 37. We are now confronted with substantially the same language on this conference report. The Scott-Mansfield amendment does not attempt to strike out the Holt amendment but seeks to clarify the congressional intent that all Federal antidiscrimination laws are to be enforced. This is a minimum commitment to equal justice under the Constitution which we all should support.

Finally, I should point out that this is not really a busing question, but one that deals with the enforcement of our basic civil rights laws against discrimination. I urge my colleagues to support this amendment which is absolutely essential.

I also offer, and ask unanimous consent to have printed in the Record at this point, a letter sent on December 6 to our colleagues by Senator Mansfield and myself.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., December 6, 1974.

Dear Colleague: Next week, the Senate will vote on the Conference Report on the Supplemental Appropriations bill. This measure contains language originally proposed by Rep. Holt and adopted by the House which could, in effect, repeal the 1964 Civil Rights Act with regard to education.

The amendment does not really deal with busing and regardless of your feelings on that issue it would be extremely unwise to take any action which might nullify Title VI of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972 which forbid Federal payments to schools and colleges discriminating on the basis of race, religion, sex or national origin. The language of the Conference Report would prohibit the Federal government from requiring the classification or assignment of teachers or students on the basis of any of these categories, and the reporting of such information to HEW. As Secretary of HEW Weinberger has stated, without such data, the Department would be unable to make key decisions as to where Title VI and Title IX actions might be needed.

With the full support of the Administration, we have offered an amendment to this provision which would clarify our intent that all Federal anti-discrimination laws are to be enforced while still retaining the Holt amendment's admonition to HEW not to unduly harass schools and colleges. We believe it would be tragic to make such a sweeping repeal of landmark civil rights legislation on an appropriation bill, without any committee consideration, and we urge you to support our amendment next week. Attached is a copy of Sec. Weinberger's letter opposing the amendment.

Sincerely,

MIKE MANSFIELD,
Majority Leader.
HUGH SCOTT,
Republican Leader.

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that a letter from the Assistant Attorney General, Vincent Rakestraw, supporting the Scott-Mansfield amendment to the supplemental appropriations bill, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
Washington, D.C., December 10, 1974.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter concerns H.R. 16900, a supplemental appropriations bill for fiscal year 1975 which affects, among other portions of the Executive branch, the Department of Health, Education, and Welfare. This bill has been submitted by a committee of conference. The bill presently contains a provision of particular interest to the Department of Justice, with respect to both our responsibilities and those of the federal courts. For this reason, I have written this letter and, also, taken the liberty of sending a copy of this letter to each member of the Committee on the Judiciary of the Senate.

The provision which concerns us is a *proviso*, popularly known as the Holt Amendment, which states:

"*Provided further*, That none of these funds shall be used to compel any school system as a condition for receiving grants and other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin; or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin."

It is our understanding that, as expressed in a letter of December 2, 1974 from Secretary Weinberger to Senator Magnuson, this proviso may be interpreted to foreclose the authority of the Department of Health, Education and Welfare to enforce its responsibilities under Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and Title IX of the Education Amendments of 1972.

While judicial interpretation of this provision cannot, of course, be predicted, our concern involves two potential consequences of the proposed amendment.

First, the Congress has recently expressly and specifically addressed the problems it found in the field of school desegregation by the enactment of the Education Amendments 1974, P.L. 93–380 (approved August 21, 1974). Title II of that legislation, the Equal Educational Opportunity Act of 1974 (see 20 U.S.C. 1701) speaks to equal educational opportunities and the transportation of students. In that legislation, the Congress declared "it to be the policy of the United States that * * * all children enrolled in public schools are entitled to equal educational opportunity without regard to race, color, sex, or national origin." (20 U.S.C. 1701).

In our view, the proposed amendment is inconsistent with this recent declaration by the Congress. In particular, if the proviso were judicially interpreted as suggested above, the Department of Justice and the federal courts would be required to assume the entire responsibility within the federal government for compliance with constitutional provisions and federal laws concerning school desegregation. This would both require a substantial increase in the resources of the Department of Justice to discharge this function, and would impose on the federal judiciary a great increase in the demands placed on it since, under the provision, actions concerning school desegregation could be taken by the Executive branch only in federal court.

Second, the Holt Amendment raises constitutional questions of importance which, in our judgment, have not yet been sufficiently considered. The effect of the Amendment, if it is interpreted as suggested above, would be to negate Title VI of the Civil Rights Act of 1964 with respect to enforcement authority of HEW, but only in the area of education. Such a selective limitation, especially given the particular history of civil rights provisions, might raise constitutional questions. In our judgment, these issues should be thoroughly explored and considered before a proviso such as this is enacted.

To avoid these difficulties, we suggest you might consider making clear, by amendment or otherwise, that the proviso is not intended to affect any actions or proceedings designed to implement the non-discrimination provisions of federal law.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

W. VINCENT RAKESTRAW,
Assistant Attorney General.

Mr. JAVITS. Mr. President, I suggest that we should have a rollcall on this particular important amendment by the leadership, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, in behalf of the Senator from South Carolina (Mr. THURMOND) and myself, I send to the desk an amendment to the amendment of the Senator from Pennsylvania and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the amendment, strike the period, and add the following: "upon a determination by a court of the United States that such discrimination exists."

Mr. HELMS. Mr. President, as I say, I have submitted this amendment in behalf of the distinguished Senator from South Carolina (Mr. THURMOND) and myself.

The amendment that we are offering is very clean and straightforward. It simply provides that none of these funds shall be used to require any school system, as a condition for receiving grants and other benefits from the appropriations in this bill (H.R. 16900), to classify teachers or students by race, religion, sex, or national origin; or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin unless a court of the United States has first determined that discrimination on the basis of such criteria, in fact, exists in that school system.

The purpose and intent of this amendment is to insure that before the Department of Health, Education, and Welfare takes any action—including, but not limited to, withholding funds—regarding any school system concerning any possible discrimination, there must first be a determination by a court of the United States that such discrimination exists. If there is such a determination by a Federal court and if the appellate process has been exhausted, then, of course, HEW has the full authority granted it under previous congressional enactments. However, under this provision, HEW may not act summarily without a court determination.

This provision simply affords our school systems a fundamental American right—the right to be presumed innocent until proven guilty and the opportunity to have its day in court. I would not deny this due process to any man, and I certainly would not deny it to the schoolchildren of our country.

I urge the adoption of this amendment, and I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on the amendment presented by the Senator from Pennsylvania (Mr. HUGH SCOTT).

The yeas and nays were ordered.

Mr. HELMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HELMS. Is there a previous order as to a voting time today?

The PRESIDING OFFICER. There is none.

Mr. HELMS. Mr. President, I ask unanimous consent that the vote on my amendment to the amendment not occur prior to 2 o'clock.

Mr. ROBERT C. BYRD. Mr. President, I wish the Senator had cleared that matter with the leadership on both sides. Another matter is to come before the Senate at 2 o'clock today.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, I must object.

Mr. HELMS. I will withdraw the request.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS. Mr. President, the distinguished Senator from South Carolina (Mr. THURMOND) is on his way to the Chamber, and would like to address himself to this amendment. I hope the leadership will allow some time for those comments by the Senator.

The PRESIDING OFFICER. There is no time limitation.

Mr. ROBERT C. BYRD. Mr. President, I may have misunderstood the Senator's request. Will he state it again?

Mr. HELMS. We do have a previous order? We had a previous order as to voting on this amendment?

The PRESIDING OFFICER. There is no previous order.

Mr. BROOKE. The request was to defer the vote on my amendment to approximately 2 o'clock.

Mr. ROBERT C. BYRD. Then I did understand the Senator correctly. I would have to object to that.

Mr. BROOKE. Mr. President, as I understand, this matter was to be taken up at 1 o'clock without any unanimous-consent agreement, and the vote would then follow the vote on the Rockefeller confirmation. Is that not correct?

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. BROOKE. And there is no time limitation on any amendment, and no unanimous-consent agreement for any time for any vote on any amendment?

Mr. ROBERT C. BYRD. The Senator is correct. Let me state to the distinguished Senator from North Carolina, I have no objection to voting on the amendment now. I just want to renew our understanding of the fact that at 2 o'clock today the Senate will go into executive session to consider the nomination of Mr. Rockefeller. Debate will ensue thereon, and the Senate will vote on the nomination at 3 o'clock.

Mr. BROOKE. Is it the Senator's desire to have a vote on this amendment prior to 2 o'clock?

Mr. HELMS. Not necessarily. I am mainly interested in the Senator from South Carolina (Mr. THURMOND), who is on his way to the Chamber, having enough time to consent.

Mr. BROOKE. So we will just talk on it, and then come back to it after the Rockefeller nomination?

Mr. ROBERT C. BYRD. That is correct.

Mr. JAVITS. Mr. President, the Senator from Massachusetts will shortly be speaking in opposition to the amendment to the amendment. As I was here when it was read, I would just like to address one or two thoughts to it, that will take a very short time.

Mr. President, the real issue of this debate and the vote will be whether or not any residual power shall exist in the Department of Health, Education, and Welfare with respect to the enforcement of the Civil Rights Act of 1964, because all the amendment does is say that only the courts may, when they find unlawful segregation, order facts and figures, et cetera, to be produced, which would be inhibited by the Holt amendment.

That defeats the scheme of enforcement devised by Congress in 1964, and also introduces elements of social instability, because you can have tremendous reactions, social unrest, demonstrations, and even riots if they have to wait 2, 3, 4, or 5 years until the court eventually decides before getting any facts and figures on which to base any action under the Civil Rights Act of 1964.

So, while I know the Senator offering the amendment meant it to be an olive branch of a sort, all it does is lock in the very purpose of the Holt amendment, and this is something which we must, in all good conscience, be against, as it destroys the whole fabric of the legislation which we constructed in 1964, with all the attendant dangers and difficulties which we sought to deal with when we enacted the Civil Rights Act of 1964.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. BEALL. I can appreciate the opposition to some aspects of the Holt amendment, but I think there also should be concern about the fact that HEW in many instances, under cover of promotion of civil rights, in my opinion is harassing local school systems in asking them to produce the information that is not readily available, and which, as a matter of fact, is very difficult and often very expensive for them to provide, and threatening, if they do not provide this information in an unreasonably short period of time, to cut off their funds.

It seems to me there should be some balance in all of this, and I would like to ask the Senator if there is some way that we could develop language in this bill to provide the kind of balance that some of us think is necessary, on the one hand assuring that we are not going to have segregation in the school systems, but on the other hand assuring also that the Department of Housing, Education and Welfare, in an effort to impose Federal control over the operation of what should be locally operated schools in an effort to increase the powers of the Federal bureaucracy over local and State governments, is not going to use civil rights as a cover for carrying on these kinds of actions that they seem to be embarked upon in my own State, which we alluded to when we discussed this matter on November 19, 1974, on the Senate floor—see CONGRESSIONAL RECORD, pages 36558–36564.

Mr. JAVITS. If I may just answer that, and then I would like to turn it over to Senator BROOKE. There are four ways which we have. One is the power of legislative oversight. My colleague serves on the committee which deals with education, and we have said before, and I say again, I am the ranking member, and I will work with him hand in hand to have a hearing on any such arbitrary exercise of power. We generally can correct it that way.

The second way is through appropriations and appointments. We have to confirm in our committee all nominees to that particular department. We deal with authorizations for appropriations, and we have the power on the floor respecting appropriations. So that is item No. 2.

The third item is the courts which are available to anyone who feels he is being harassed or improperly treated, even by an interlocutory order of injunction.

The fourth is the public forum. Senators get up here, as the Senator from Maryland has, and denounce a Government department or a Government bureaucrat, the press, radio, television, local citizenry, zero in on that and, generally speaking, it is a very effective way.

Now, there may be others, but there are at least four ways.

I yield.

Mr. BEALL. May I comment on those four points before we get into further discussion? I appreciate those suggestions, and I appreciate the offer the Senator made several weeks ago when we were discussing this matter to have a meeting of the Education Subcommittee to look into it, and I think it should be done regardless of the outcome. But I would also point out that legislative oversight generally takes place after the fact, and in the instances in which I have some concern it is after the fact.

The legislative oversight might be helpful in preventing excesses in the future but, as a matter of fact, the excesses have already occurred, so this is an after-the-fact operation so far as that remedy is concerned. It also does not spare a district of the work and expense that some GS–12 might demand. Apparently, HEW feels they have authority to demand any and everything without even first determining the validity of individual complaints.

Mr. JAVITS. Mr. President, may we ask the Senator from Washington, is the committee opposed to the Holt language? What is the committee's position?

Mr. MAGNUSON. Mr. President, this is the item in the Labor-HEW chapter of the bill which has caused a great deal of controversy over the last few weeks. This item is referred to as the Holt amendment and deals with the classification of students and teachers in elementary schools.

There has been a great deal of confusion on this matter—and I would like to try to clear the air for the Members.

When the so-called Holt language was first added to the supplemental bill on the floor of the House, many were not aware of its real impact. As is our usual procedure, the Senate committee asked HEW to provide a clear, factual explanation of the language as well as its effect on HEW programs. At this point, the Department transmitted a document—which I will place in the record—which said that some portions of the language were damaging, while other parts would not be interpreted to have any effect on the civil rights program. This is HEW's own document—and it was prepared in the Office of the Secretary. I ask unanimous consent to have printed in the RECORD this document.

The PRESIDING OFFICER. Without objection it is ordered.

(See exhibit 1.)

Mr. MAGNUSON. The Members will recall that the Senate committee recommended deletion of the House language on the grounds that this does not belong on an appropriations bill. This is a complex legislative issue that should be dealt with separately. The majority of the Senate agreed with the committee's position and did not restore the language.

During the conference session on the supplemental, the House conferees offered a compromise. This compromise was based on the document HEW prepared. Although the Senate was somewhat reluctant to accept any compromise, it was obvious that support in the full House made it necessary. The agreement was reached to knock out the damaging language.

No sooner had the conferees reached agreement when HEW reversed itself and Secretary Weinberger rushed up a new piece of paper—with a new interpretation of the language. This was as much a surprise to me as it was to everyone else.

I ask unanimous consent that this document may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. MAGNUSON. I am aware that some Members wish to either modify or delete the language in question—and *send it back* to the House. Considering all the confusion that HEW and others have caused on this issue, this might be the best, most prudent course of action.

I would hate to see a provision that may carry such a profound impact, be passed under a cloud of confusion.

Many people might be for the Holt language, or some of us against it, including the Senator from Massachusetts and myself, but we just though it did not belong on this appropriation bill.

EXHIBIT 1

EFFECT OF THE HOLT AMENDMENT

The Holt amendment to the Supplemental Appropriations Act would prohibit the use of any funds appropriated under the Act to compel any school system, as a condition to receiving funds under this Act, to classify teachers or students by race, religion, sex, or national origin; to assign teachers or students to schools for reasons of race, religion, sex, or national origin; or to prepare or maintain any records, files, reports, or statistics pertaining to those classifications.

This amendment would adversely affect civil rights enforcement with respect to the programs included within this Supplemental Appropriations Act. Perhaps the most damaging portion of proposed amendment is the clause prohibiting the Department from compelling school districts to prepare and maintain records pertaining to the race, religion, sex, or national origin of students and teachers. Such records are essential to identify discriminatory practices by school districts receiving Federal financial assistance and to monitor the elimination of such practices. Without such data the Department will be unable to make responsible enforcement decisions without a prohibitive increase in enforcement personnel and attendant costs.

Furthermore, depriving the Department of the means of systematically obtaining from school systems data concerning race, sex, or national origin will impede the congressional purpose in a number of programs for which funds are appropriated under this Act. For example, in providing assistance to school districts for dealing with problems incident to desegregation (42 U.S.C. 200c–2), the Department would virtually be required to obtain such data in order effectively to carry out the congressional purpose of the statute. Similarly, data regarding national origin is necessary for the Department in administering the Bilingual Education Program under title VII of ESEA.

The amendment also prohibits the use of funds to compel the assignments of students and teachers "for reasons of race, religion, sex, or national origin". Although it is not clear what particular activities were intended to be prohibited by this language, we do not read the language to prohibit the Department from requiring school districts to take steps to eliminate desegregation and remove the effects of past discrimination. To so read the language would imply a present purpose by Congress to repeal, in significant part, title VI of the Civil Rights Act, title IX of the Education Amendments of 1972, and section 204 of the Education Amendments of 1974, as those provisions relate to the programs for which funds are appropriated under this Act. Consideration of race in developing and implementing remedial action has long been held by the courts as well as by this Department to be an essential element of programs designed to ensure compliance with the Equal Protection requirements of the Fifth and Fourteenth Amendments, title VI, and similar statutes. Identical considerations would apply to the use of data related to sex, religion, and national origin in correcting discrimination on those bases.

EXHIBIT 2

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
December 2, 1974.

Hon. WARREN G. MAGNUSON,
Chairman, Subcommittee on Labor and Health, Education, and Welfare, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Supplemental Appropriations bill for fiscal year 1975 (H.R. 16900) as reported out of the Conference Committee contains the following proviso relating to the classification and assignment of teachers and students for reasons of race, religion, sex, or national origin:

"*Provided further*, That none of these funds shall be used to compel any school system as a condition for receiving grants and other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin; or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin."

Although the effect of the above language is somewhat ambiguous, in our view most courts would hold that the amendment ends our basic authority to enforce civil rights laws, particularly title VI of the Civil Rights Act of 1964, which prohibits use of Federal funds for programs that discriminate as to race, color, or national origin, and title IX of Educational Amendments of 1972, which carries a similar prohibition with regard to sex discrimination in education programs.

Although the Conference deleted language from the original Holt Amendment that would have prohibited the Department from requiring school systems to prepare or maintain "any records, files, reports, or statistics pertaining to the race, religion, sex, or national origin of teachers or students", the prohibition relating to the classification of students and teachers was left intact. That provision would prohibit the Department from requiring grantees to collect and report certain statistical information relating to the treatment of minorities. Without such information the Department would be unable to make the key decisions as to where to direct our investigative resources under titles VI and IX. Nor would be be able to investigate the numerous complaints of discrimination against minorities and women without access to data classifying students and teachers.

In addition to those problems, however, the above proviso would prohibit the Department from compelling any school system, as a condition to the receipt of Federal funds, to "assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin". Although this language is somewhat ambiguous, in our view it would restrict the Department from enforcing the requirements of titles VI and IX in those cases where a reassignment of teachers or students might be necessary to eliminate discriminatory assignment practices.

This is a highly complex legal issue and one that is certain to be presented to the courts. If the courts give full effect to the proviso, the Department could not carry out its responsibilities under titles VI and IX. Doubtless there are various interpretations courts could adopt; but it might take two to three years to get a final interpretation. In the meantime we could not violate the Holt Amendment and therefore we would not be able to enforce titles VI and IX to the extent indicated.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

Mr. JAVITS. The Senator himself has joined in this amendment, has he not?

Mr. MAGNUSON. I have joined with the Mansfield-Scott amendment.

Mr. BEALL. This is very interesting, but I would like to pursue the original line of questioning.

Mr. JAVITS. Mr. President, I yield to the Senator from Massachusetts.

Mr. BROOKE. As I understood the committee vote, we voted against the Holt amendment not just because it was legislation on an appropriation bill but also because we opposed the Holt language on its merits.

Mr. MAGNUSON. That was my position.

Mr. BROOKE. That was your position, my position, and that was the position of the majority.

Mr. MAGNUSON. That was my personal position.

Mr. BROOKE. It came up on the floor of the Senate, where there was a lengthy debate and a vote rejecting it. The Senate's position was made perfectly clear. Then it went to conference where unfortunately the House language was inserted again. And here we are now again for the second time.

Now, if we can get to the Senator's question.

Mr. BEALL. I want to comment on the further suggestions made by the Senator from New York. He suggested further that we have the power of appointment.

I would suggest that that is true. Appointments come up here for confirmation periodically.

In the case in which I have some interest, representing the State of Maryland, we had meetings between the local school officials and the proper appointed department heads. But the word never seems to get from the executive suite down to the third floor where the bureaucracy is or up to Philadelphia where the regional office is because what was agreed to at one point in a meeting was not implemented in the actual carrying out of the policies. So that is not a very good answer to our question either.

The Senator suggests the courts. Well, the matter now is in the courts because the school board, after being harassed by this bevy of Government officials, finally has asked that it be taken to court because that is the only place they can get a resolution.

Finally, the Senator has suggested there is public forum. Sure there is a public forum, that is what this place is, and that is what we are trying to do today. But it seems to me we ought to be able to provide an answer to a specific situation where there has been unnecessary harassment on the part of the Federal bureaucracy, and I am suggesting——

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. JAVITS. I have the floor, but I yield to the Senator.

Mr. BROOKE. If the Senator will yield, as I recall the Senator is very much concerned about the alleged harassment in Anne Arundel County in Maryland.

Mr. BEALL. That is correct, and other instances in Maryland.

Mr. BROOKE. That is correct.

After the defeat of the Helms amendment, the Senator from Maryland proposed an amendment of his own on the floor of the Senate.

We had a very lengthy debate and, as I recall, we also asked for a quorum call so we could possibly work out some language which would take care of the rather unique condition which we felt might exist in Anne Arundel County.

Now, at that time we tried to have a colloquy on the floor which would make legislative history so that HEW would understand that we would not tolerate harassment from what the Senator from Maryland has called, the bureaucrats of HEW, not only in Anne Arundel County but any place in the country.

I thought we gave all the assurances we could possibly give to the Senator from Maryland that all of us would do whatever we could to see that HEW got the message loud and clear, and if there was harassment in Anne Arundel County that it would cease and desist.

The Senator insisted at that time that this matter be taken to a vote; he took it to a vote, and the amendment was defeated. But we still wanted the subcommittee to have hearings, so that the subcommittee would use its influence, and everyone else would use their influence.

In addition to what the distinguished Senator from New York has said about protections, I just want to point out to the Senator from Maryland the letter which was signed by Hugh Scott and Mike Mansfield, the majority and minority leaders. I would like to point out just the third paragraph of that letter written on December 6, 1974, pertaining to the Scott-Mansfield language, which said:

> With the full support of the Administration, we have offered an amendment to this provision which would clarify our intent that all Federal anti-discrimination laws are to be enforced while still retaining the Holt amendment's admonition to HEW not to unduly harass schools and colleges. We believe it would be tragic to make such a sweeping repeal of landmark civil rights legislation on an appropriation bill, without any committee consideration, and we urge you to support our amendment next week. Attached is a copy of Sec. Weinberger's letter opposing the amendment.

I would point out that it is the intent of the majority and minority leaders that there be no undue harassment of schools and colleges by HEW or any other Federal bureaucrats.

So I think that, in addition to what the distinguished Senator from New York has said, with the adoption of the Scott-Mansfield language there would be a protection which the Senator desires to have for Anne Arundel County or any other counties that might feel they are being harassed by HEW.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. BROOKE. Yes.

Mr. BEALL. I appreciate the Senator's concern for this county in Maryland, and other counties in similar situations around the country.

I am skeptical, however, of HEW's ability to hear because I do not think they get the message unless we write it into the law, because there have been other attempts to send messages to HEW to try to get them to apply their policy in a balanced manner equally across the country, but I do not think these attempts have succeeded.

What concerns me now is the fact that as well intended as might be this language, the so-called Scott-Mansfield language, it allows HEW to do almost anything they want to do, because they can go in and ask for any statistic, they can require any school board to spend any amount of time, require the labor of any number of people in compiling data that they say, that one employee down at HEW says, is needed to enforce nondiscrimination provisions of the Federal law.

Mr. BROOKE. Short of harassing any school board.

Mr. BEALL. If the Senator will remember our discussion of a few weeks ago, I chronologically laid out the situation in this one county in the State of Maryland where vague complaints were made to HEW about disciplinary procedures in one of the schools. It so happened that the school had a black principal.

HEW never has investigated that complaint or determined the validity of the complaint; instead, they have embarked upon this pilot investigation, requiring the county to compile all the information, and; they have threatened the county with the loss of Federal funds.

I pointed out at one point they sent the county school superintendent a letter and said, "If you do not furnish this information within 15 days, you are going to lose your Federal funds."

The school superintendent came to us, and we asked for a clarification of HEW, and it took HEW 30 days to reply to our letter.

We have had further instances where they have made requests and it was determined by the school people in Anne Arundel County that as of now it would require six administrators working full-time for 6 months to furnish HEW with all the information they were requiring and they have still yet to make a determination on the original charge.

If this is not harassment, I do not know what it is. This is an example of bureaucracy being unreasonable and I think in this particular legislation there is a great big loophole where one bureaucrat, one employee downtown, can drive a wedge and require the local school system to come up with any information that he thinks he needs and which may not necessarily be needed to help enforce the Federal law.

Again, I think the civil rights cause has been a very noble fight. I think we have made tremendous progress in the last 20 years in this county to assure that people of differing races and religions get equal treatment under the law, but I do not think we ought to allow the civil rights laws to be used by bureaucrats who are anxious to broaden their own areas of responsibility, to be used as a cover to bring about more Federal involvement in the operation of local school systems.

I am concerned that we do not have the proper balance today. I do not want to undo in any way what has been done over the last 20 years with the tremendous strides which have been made, but I do want to make sure we keep our eye on the road, that we fight discrimination but not allow Federal bureaucrats imposing unreasonable requests on local school systems.

Mr. BROOKE. Will the Senator yield?

Mr. BEALL. Yes, I am happy to yield.

Mr. BROOKE. There is nothing which the Senator has said that I cannot agree with wholeheartedly, and I do not believe the Senator can feel that by the adoption of the Helms amendment we can continue to make the great strides in progress in civil rights that the distinguished Senator from Maryland has said that he so strongly supports.

I believe the Senator from Maryland when he says that. I have the greatest respect and admiration for him and his integrity when he says he applauds the fact that we have made great progress in civil rights.

Mr. BEALL. And I hope I have been a part of that progress.

Mr. BROOKE. And he has been a part of it and I commend him for it.

But, certainly, the Senator from Maryland must understand that if we adopt the Helms amendment we are taking a giant step backward in the whole field of the enforcement of civil rights.

Now, what language does the Senator from Maryland have that would give him the protection that he so desires to see that there would be no harassment? And I do agree that there should not be harassment. I do not want to see the Federal bureaucracy harass anybody in the name of civil rights.

I think the Senator is absolutely correct that if we had such legislation I would be voting for it myself. But what I am saying to the Senator is that we have tried to establish, by the colloquy on this floor, legislative history to make clear the intent of this Congress to HEW, and to any other Federal bureaucracy. But we also want to make it clear that we want to enforce the civil rights laws that are on the books, and certainly not take away from that Federal bureaucracy, and particularly from HEW, the only tools with which they can work in order to enforce civil rights.

I have great respect for Jesse Helms;

he is a friend of mine. We debate on the floor and I understand what he wants to do, but all I am saying to him is this, that if we do not have the tools with which to work, then the civil rights law is a nullity.

How can one enforce the rights of women if we cannot tell how many women there are?

How can we enforce the rights of blacks or Indians or anybody else if we *cannot tell* how many there are?

And the Helms amendment would take away from us the opportunity to get that data and that information which is so essential in the enforcement of civil rights laws.

If the Senator has any language that would stop harassment, I am for it. But we have not come up with it and it certainly is not contained in the Helms amendment or any other amendment that has been suggested on this floor.

Mr. BEALL. Will the Senator yield?

Mr. BROOKE. Yes.

Mr. BEALL. I agree it is important that data be collected. I think it is very important that this be done. But, at the same time, I think that commonsense must be employed that there has to be balance in all this and I think we have slipped over to the other side now. I think we are moving into the area of imbalance.

I do have some language, as a matter of fact——

Mr. BROOKE. How would the Senator do it? How would the Senator say we can enforce the civil rights law if we are unable to accumulate and to keep records and have the data which is so essential?

Mr. BEALL. I think we should establish administrative procedures and guidelines so the people in the school systems have another chance to refute these charges.

As it is now, they can only turn in desperation to the courts. This is very lengthy and expensive, and a last resort.

There is a need for adequate administrative procedures for school systems to present their case to the Department of Health, Education, and Welfare. They are at the mercy of the bureaucrats who threaten them with loss of Federal funds unless they do exactly what the bureaucrat wants them to do, and that is not always the best thing that should be done, nor is it always necessary to promote the cause of civil rights.

I am concerned that we do not have this kind of balance and I think we have seen recently the kind of excesses that do a great injustice and undermine the cause of civil rights.

Now, I will suggest that at the conclusion of the Scott-Mansfield language we add a sentence, and to some extent this is taking care of the problem in which I have an interest, at least it will provide some restraint.

At the conclusion of the Scott-Mansfield language:

> *Provided, however,* That none of the funds contained herein shall be used to compel any school system, as a condition for receiving grants and other benefits, to participate in any pilot investigation of the problems of discrimination in disciplinary action.

Mr. BROOKE. Will the Senator yield?

Mr. BEALL. Yes.

Mr. BROOKE. Is that not the identical language that the Senate voted upon and defeated on November 19, 1974.

Mr. BEALL. It most certainly is. The Senator has a very good memory. I congratulate him.

Mr. BROOKE. So the Senator is asking to reconsider an amendment defeated by the Senate less than 3 weeks ago?

Mr. BEALL. Yes, I am. The Senate has done this on many occasions.

Mr. BROOKE. The Senator has not amended that language at all?

Mr. BEALL. No, I believe the Senate deserves another chance at this.

Mr. BROOKE. This is really a motion to reconsider the Beall amendment, is that correct?

Mr. BEALL. Well, not really, it is in a different context and circumstances.

Mr. BROOKE. But it would have the same effect?

Mr. BEALL. It would have the same effect; it is the same amendment.

Mr. BROOKE. So the Senator did not learn anything from the previous debate and colloquy?

Mr. BEALL. The Senator from Maryland learned a lot from that debate, that probably there is more support for his position than at that time because there were very few people interested in it at the last date. Many felt it was only a local matter, but now realize its national implications.

Mr. BROOKE. I do not see too many more interested in it today than before.

Mr. BEALL. The Senator from Maryland has also not seen that HEW has shown much interest in our discussion, either, and no improvements have been forthcoming since our previous debate.

Mr. BROOKE. I told the Senator from Maryland that I would accompany him—and others said they would do the same thing—and walk down and have Caspar Weinberger meet with us to help his unique situation in Anne Arundel. I do not believe it exists anywhere else.

Mr. BEALL. There are currently no other pilot studies in effect, that I know of, pilot investigations of the problems of discrimination in discipline in the country, although some are contemplated, and I think this is one place where we can say to HEW, "Stop, wait a minute, get some direction from Congress" before proceeding down this road, because they are overstepping the bounds.

Mr. BROOKE. Will the Senator yield?

Mr. BEALL. Yes.

Mr. BROOKE. I certainly—and I think the Senator understands—did not intend to be facetious when I asked the Senator had he not learned anything from the debate of several weeks ago.

The only thing I point out to the Senator is: Has he not seen that his language would just do almost entirely the same thing that the distinguished Senator from North Carolina would do under his amendment?

Mr. BEALL. No, because my language would stop him from doing something they are about to do in one instance, keep them from spreading this same abuse around the country until Congress has had a chance to speak out on this issue.

It would give us the opportunity to hold the hearings that have been suggested by the Senator and the distinguished Senator from New York. It would give Congress an opportunity to speak on this issue before HEW took unilateral action that may or may not be desired. It will give us the opportunity to determine if we want county's to use education resources and information collecting massive data, before HEW concludes its investigation of a single complaint.

That is the intent of my amendment.

Mr. BROOKE. If the Senator will yield, it seems to me that the only evidence we have of any alleged harassment is that which the Senator from Maryland refers to, which takes place in Anne Arundel County, Md. If that is true, it is most regrettable. But the hearings, if I understood correctly, would be to determine whether there was harassment in Anne Arundel County, and whether there was harassment in any other State in the Union.

I thought that is what we had hoped to achieve in the hearings, and then see what could be done to stop that harassment.

Mr. BEALL. I think we were to go a little further. It was my understanding that we were trying to determine whether there was a discrimination in disciplinary practices based on mere statistical differences.

Mr. BROOKE. That is right.

Mr. BEALL. I believe there should be some determination made of the individual complaints before we have HEW requiring school systems to turn themselves inside out to meet certain conditions imposed by unreasonable people.

Mr. BROOKE. If my distinguished colleague believes that all these things should result from the hearings, then why is he so insistent upon having his amendment to change the law voted upon now, rather than wait until such time as we do have the hearings? The effect of the Senator's amendment, as is the effect of the Helms amendment, would be to change existing law. The only reason for changing existing law is that the law is not working or is not working well, or that you have some legislation that would improve upon it.

Mr. BEALL. I believe my language is temporarily improving upon the law. HEW is embarking on new pilot investigations. It gives the Congress the chance to have the kind of oversight that is necessary to determine if excesses are being carried out.

Mr. BROOKE. But we have had no opportunity to have hearings to determine, No. 1, whether there are excesses; No. 2, what should be done if there are excesses.

Mr. BEALL. I believe the Senator has the cart before the horse, using a figure of speach.

Mr. BROOKE. The horse is present legislation, is it not? The existing law is the horse, as I understand it. The cart, it seems to me, that the Senator is coming along with is that he wants to change existing legislation.

I want to know why the Senator wants

to change existing legislation now before we know what is best.

Mr. BEALL. I want to maintain the thrust on integrating the schools and making sure that people of all races, creeds, and colors are treated the same all over this country. I also want to prevent this bureaucracy from intruding into the operation of the local school systems to the point where the local school systems have lost control.

I want to keep them from making unreasonable requests of local school administrators. I want to keep them from requiring that 6 administrators spend 6 months of their time coming up with some inane information that somebody thinks might be useful at some future date.

I believe this is too costly a process to impose upon already hard-pressed local school districts.

I feel the Congress ought to speak out on that before we give a blank check to HEW to go ahead and embark on these dreams that they have.

Mr. BROOKE. Under existing law, we have already given authority, power, and responsibilities to HEW. HEW is carrying them out.

My colleague from Maryland is saying that at least in Anne Arundel County HEW is not carrying out the legislation in a proper and acceptable manner. Is that correct?

Mr. BEALL. That is correct. I think there are other examples of this across the country. I do not believe the Congress is exercising oversight over HEW.

Mr. BROOKE. The Senator says he thinks there are other examples but he has no evidence of that. Is that correct?

Mr. BEALL. Yes, we do. We have had examples in other discussions before the Education Subcommittee and in other discussions in the Chamber. We have put examples into the RECORD. A couple of weeks ago the Senator and I discussed this matter in the Chamber.

Mr. BROOKE. Why did my distinguished colleague agree, then, to narrow his language so that it would only include Anne Arundel County, if he knew that the situation existed in other areas?

Mr. BEALL. If the Senator will remember our discussion, I declined the offer to use the words Anne Arundel County, Md.

Mr. BROOKE. It was not my offer.

Mr. BEALL. It was one that the Senator appeared to agree to. If the Senator will remember our discussion of a couple of weeks ago, one of our colleagues came to us and said, "Will you accept the words 'Anne Arundel County'?" I said, "No."

The Senator indicated he might accept Anne Arundel County. I want this to apply countrywide. Just because we have an example in Maryland, I believe we should restrain HEW from having the similar actions all over the country until the Congress has had the opportunity to speak out.

Mr. BROOKE. Even though the Senator does not know that this situation exists anywhere else in the country, other than in Anne Arundel County?

Mr. BEALL. The Senator from Maryland has reason to believe, because of the testimony he heard from other Senators on the day that the Senator and I discussed this matter, that HEW is contemplating similar action in other States.

Mr. BROOKE. Does the Senator want us to legislate on what he has reason to believe someone is contemplating doing?

Mr. BEALL. Yes; because, in my experience in dealing with the bureaucracy, I believe we have to be concerned about what we know them to be contemplating doing.

Mr. HUMPHREY. Will the Senator yield?

Mr. BROOKE. I shall yield to my distinguished colleague from Minnesota, but first let me say that I hope that the Senator, who believes so strongly in civil rights, recognizes, unlike many others, that this amendment is not a busing amendment or an antibusing amendment. And I hope that he will not jeopardize the progress that has been made in the field of civil rights, of which the Senator is justly proud, forcing his amendment today merely to take care of Anne Arundel County where he has evidence that there has been harassment by some bureaucrat——

Mr. BEALL. Bureaucrats.

Mr. BROOKE. Bureaucrats, two or three bureaucrats in Anne Arundel County. I do not believe that the Senate will jeopardize our civil rights laws, because of that possible harassment by two or three bureaucrats in Anne Arundel County, Md. I just do not believe it.

Mr. BEALL. If the Senator will yield, I appreciate his comments. He is oversimplifying the situation.

Mr. BROOKE. I do not believe I am.

Mr. BEALL. I believe the Senator is. I think the Senator has failed to recognize that this is what I consider to be a very dangerous step on the part of the bureaucracy to use civil rights, the good name of civil rights, in their efforts to collect more responsibilities and authority into the central government represented in HEW in Washington. I think we ought to have some check on this. I believe the Department is being unreasonable.

It is important, to the extent that we can, that we try to preserve the ability and the authority of local people to maintain control over the operation of their schools in the counties and the States across this country. I think that my amendment in no way jeopardizes the splendid efforts that have been made to achieve racial balance in this country. It only provides some restraint on an overzealous Department in imposing further burdens on already hard-pressed people. It would require that they come before the Congress and tell us what they are about with respect to their pilot investigations and what procedures will be used.

Mr. BROOKE. The hour of 2 o'clock is close upon us. I would just like to say to my distinguished colleague that I think that this has been a very healthy and rewarding colloquy, because it assures me that my distinguished colleague from Maryland will vote against the Helms amendment. Obviously, the Helms amendment does not do what my colleague wants done.

It certainly would not address itself solely to the HEW bureaucracy.

It assures me also that my colleague wants to continue the great progress that we have had in the field of civil rights. I think that after the confirmation of Gov. Nelson Rockefeller we will have an opportunity, when the Scott-Mansfield language is brought before the Senate and a possible amendment to that is placed on it by my distinguished colleague from Maryland, to have a further opportunity to debate this subject.

Mr. BEALL. I am sure we will. I welcome the opportunity, because I believe it could prove to be a healthy debate, pending the outcome of our discussion. I would not want the Senator from Massachusetts to be too assured from my comments that I may vote one way or the other. This presents many of us with a dilemma. On the one hand, we support civil rights, but on the other hand we are determined to put an end to the abuse in HEW. I am thinking my own language, perhaps, provides the ideal solution.

I would hope the Senator from Massachusetts would be able to accept and endorse this language, because it would provide some answers, as far as I am concerned.

Mr. BROOKE. I would not presume to record my colleague on any vote. I will wait to see how he votes. But I do know how he feels about civil rights. I am sure if he has understood this debate, as I am sure he has, he will recognize that the Helms amendment would be disastrous to the civil rights laws of the country.

The PRESIDING OFFICER. The hour of 2 o'clock has arrived. Under the previous order, the Senate will now go into executive session——

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator be allowed to proceed for 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I address these remarks to the distinguished majority whip. I wonder whether we can obtain a unanimous-consent agreement to vote on the Helms amendment and the Scott-Mansfield amendment after the vote on the Rockefeller nomination. Is there a possibility of a unanimous-consent agreement?

Mr. ROBERT C. BYRD. Mr. President, I will do everything I possibly can. I am not sure what the prospects are. I will try.

Mr. BROOKE. Mr. President, I ask unanimous consent that during the consideration of these amendments, Ralph Neas, a member of my staff, and Bert Carp and Ellen Hoffman, of Senator MONDALE's staff, have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, I ask unanimous consent that Joseph Carter, of my staff, also have the privilege of the floor.

Mr. ROBERT C. BYRD. Mr. President,

reserving the right to object, in connection with what matter?

Mr. BEALL. The matter under consideration.

Mr. ROBERT C. BYRD. The Rockefeller nomination?

Mr. BEALL. No, the Helms amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, when the supplemental appropriations bill was voted in the Senate a short time ago, an amendment by the Senator from North *Carolina (Mr.* HELMS), was defeated by a vote of 43 to 36. The amendment was characterized as an antibusing amendment, and since I have consistently opposed the use of busing to achieve racial quotas, I supported it.

A variation of that amendment, which was originally introduced by Congresswoman HOLT, was approved by a House-Senate conference.

However, a close reading of the Holt amendment, even as it has emerged from conference, reveals that it is far more *sweeping* than was originally thought. The amendment contains provisions that would strike at the heart of some of our landmark civil rights legislation, in particular the Civil Rights Act of 1964. Title VI of the 1964 act provides that—

> No person in the United States shall, on the basis of race, color, or National origin, be excluded from participation in, be denied the benefit of, or subjected to any discrimination under any program or activity receiving Federal financial assistance.

The idea that all Americans, regardless of race, sex, or creed are entitled to have an equal opportunity for education and employment is deeply embedded in our law. The concept sprung from the conscience of America. Civil rights is an inviolate moral—as well as legal—commitment. Aside from title VI of the Civil Rights Act of 1964, there is also IX of the Education Amendment of 1972, which carries a similar promise of equality with regard to sex.

The Holt amendment, in my view, would make it exceedingly difficult for the major provisions of law to be enforced. The provision of the amendment *that most concerns* me prohibits agencies of the Federal Government from requiring that teachers and students be classified in the schools by race, religion, sex, or national origin, as a condition of receiving Federal funds.

On the surface, that provision has considerable appeal; however, its practical effect, as Secretary Weinberger has noted, will be to impede the enforcement of our civil rights laws. It is not a provision directed at busing, for busing is only one of a series of remedies the Government has at its disposal. I have made it clear that I oppose busing.

The Holt amendment, by saying that the keeping of records is not required, makes it impossible for the Government to determine if discrimination exists. If there are no records, there is no way to identify the possible sources of discrimination. Nor is it possible to determine where Federal funds should go in such fields as bilingual education, which will depend, at least in part, on knowing where the Spanish-speaking students are located.

The Holt amendment, therefore, places an intolerable and crippling burden on the Federal Government, which would be charged with enforcing our civil rights laws and then be denied the information which would enable it to do so.

I continue to oppose the use of busing as a tool to overcome inequalities in education. I believe it is highly inflammatory and that it has been largely counterproductive. Earlier this year, during the debate on the education bill, the Senate passed my amendment on equal education opportunities, which would have provided incentive grants to the States to encourage them to increase the level of financial support they give to some of our poorer school districts. I have subsequently reintroduced that measure as a separate bill, S. 3797. In my view, this is one way to get at the problem of inequality in education, and it would do so without the disruptive and divisive effects of busing, which have caused us to divert our attention from the quality of education and to direct it at costly and burdensome side issues.

Therefore, Mr. President, although I continue to oppose the specific remedy of busing, I support the Mansfield-Scott amendment, which will enable us to maintain the integrity of our civil rights laws. We may quarrel about how those laws should be enforced, but we must not take actions to weaken them.

Mr. TAFT. Mr. President, during consideration of this bill, I expressed my deep concern about two of the community development-related provisions. Specifically, I was concerned that the community development transitional fund had been slashed from $50 to $10 million, and that no additional funds would be appropriated for the section 312 inner city housing rehabilitation loan program even though the present appropriation is based on a $20 to $25 million HUD underestimate of the funding available.

I am gratified that the conferees did decide to restore the community development transitional fund. Even the $50 million which now will be available is not likely to be enough for all the cities whose urgent needs cannot be met through the new community development fund distribution formula. To cut this amount further simply would not have been responsible legislating. It would have led to temporary discontinuation of various ongoing community programs, with the predictable result of program delays and higher costs for accomplishing the same goals over a longer period. It would have been particularly harsh on some of our large, problem-plagued cities most in need of viable community development programs, as well as small towns not receiving automatic program funding. The conferees' action will not eliminate all such problems, but it will reduce their incidence and magnitude.

On the other hand, I was extremely disappointed that my amendment to appropriate an additional $25 million for the section 312 rehabilitation loan program was dropped by the conferees. The House of Representatives originally included $70 million in the HUD appropriations bill for this program. That funding provision was deleted later, based solely upon the Senate Appropriations Committee's understanding that carryover and loan repayment funds for this fiscal year "will make possible a program level of up to nearly $70 million without any additional appropriation," in the words of the committee report. Since that time, however, HUD has verified the fear I expressed during the debate on the HUD appropriations bill—that the amount of money available for this program was overestimated.

My floor amendment adopted by the Senate would have remedied this situation by providing the section 312 program level which Congress originally had intended. by deleting my amendment, the conferees have indicated their apparent indifference to and acquiescence with HUD's mistake in estimates.

The effect of this Congressional inaction is to reduce the funding level in the section 312 program to such an extent that it hardly can remain a separate program for fiscal 1975, as Congress had intended despite administration objections. That is extremely damaging in view of the program's positive past record, the justifiable emphasis we are currently placing on preserving existing housing, the crucial role it can play in the preservation of our cities, and the necessity to stimulate housing-related industries. This act of budget cutting is not anti-inflationary, because the funds would have stimulated an industry that is lamentably far from a demand-aggravated inflation situation. If anything, it will push housing costs up, because fewer acceptable housing units will be available.

I shall continue to try to remedy this error in our policy.

EXECUTIVE SESSION—NOMINATION OF NELSON A. ROCKEFELLER TO BE VICE PRESIDENT OF THE UNITED STATES

The PRESIDING OFFICER. Under the previous order, the hour of 2 o'clock having arrived, the Senate will now go into executive session to consider the nomination of Nelson A. Rockefeller to be Vice President of the United States, which the clerk will report.

The second assistant legislative clerk read the nomination of Nelson A. Rockefeller, of New York, to be Vice President of the United States.

The PRESIDING OFFICER. Under the previous order, there will be 1 hour of debate, to be equally divided between and controlled by the Senator from Kentucky (Mr. COOK) and the Senator from Nevada (Mr. CANNON), and the vote thereon will occur at 3 p.m.

Who yields time?

Mr. COOK. Mr. President, I suggest the absence of a quorum, the time to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. COOK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, will the Senator yield me 4 minutes?

Mr. COOK. I yield 4 minutes to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, in considering the nomination of Nelson Rockefeller to be Vice President of the United States, there are two major questions that ought to concern us. One is: What qualifications should be expected of the person who will stand "only a heartbeat away" from the Presidency? The other is: Does Nelson Rockefeller possess these qualifications?

Today, perhaps more than ever before in our history, America needs inspired leadership. We need leaders with outstanding competence, integrity, and dedication. We need leaders who can restore the confidence of American citizens in their Government. We need leaders with great practical experience, courage, imagination, and enthusiasm to focus on our problems in new ways and bring people together to find new solutions. Nelson Rockefeller is that kind of leader.

The Congress has a tremendous responsibility under the 25th amendment to the Constitution. It is a responsibility that must not be evaded or cast aside for narrow, partisan considerations. We have an obligation to the electorate, and to the Nation as a whole, to make sure that the person we confirm as Vice President is not only qualified to fill that office, but to assume the Presidency itself, if necessary.

There can be no question about it: Nelson Rockefeller is qualified. His record of public service spanning nearly four decades reflects a profound commitment to family and personal ideals of stewardship, civic responsibility, and the ethic of public service. Few men in public today can match his experience and outstanding achievements in the whole field of public affairs—in international relations and diplomacy, as an executive in State and local government, in the design and administration of innovative social programs, as a patron of the arts, and as an adviser to Presidents.

As few other men in our Nation, Nelson Rockefeller is uniquely qualified to be Vice President, and if necessary, President. Throughout the confirmation process, his competence has not been questioned. Some have questioned his judgment in certain incidents, and I cannot agree with every decision Nelson Rockefeller has made. But the confirmation process was prolonged not on the issues but on the fact that Nelson Rockefeller and his family possess immense wealth.

Regrettably, the Rockefeller fortune became the central focus of the confirmation hearings. In this regard, Nelson Rockefeller was totally candid. He revealed his holdings and his income tax records. He agreed to place his fortune in a blind trust. He was cooperative with the Committee on Rules and Administration in the Senate and the Judiciary Committee in the House. Nelson Rockefeller has been subjected to closer scrutiny than any other candidate for Vice President or President.

The scrutiny has revealed an immensely wealthy man of extraordinary generosity. But neither wealth nor poverty should be bars to public office. His gifts to associates in Government were revealed to be perfectly legal. Yet it is a practice which the nominee has agreed to cease.

His family's participation in the book on Arthur Goldberg is regrettable, but I do not believe it is of sufficient gravity to deter the confirmation of Nelson Rockefeller.

I am convinced that these questions are far outweighed by the overwhelming evidence of the public life and service of Nelson Rockefeller. His career has been characterized from the first by the highest standards of competence, integrity, and dedication to the public welfare. He is an outstanding leader, capable of restoring the confidence of American citizens in their Government—confidence that seems to be eroding today. Governor Rockefeller has been a friend of mine for many years, and I speak from experience when I say that few men have greater integrity or higher ideals.

I am proud to vote to confirm the nomination of Nelson Rockefeller, and I urge my colleagues to do likewise.

The PRESIDING OFFICER (Mr. COTTON). Who yields time?

Mr. COOK. Mr. President, I yield 2 minutes to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, for the second time in little over a year this Congress must assume the awesome responsibility of confirming or rejecting a nomination to the office of the Vice-Presidency of the United States.

Domestic problems and foreign uncertainties demand a complete executive, not the condition in which we now find ourselves—without a Vice President, without the use of a right arm. The time has come for the Congress to fill the Vice-Presidential void.

The magnitude of our decision is measured by the events which have transpired since the November 27, 1973, Senate confirmation of Gerald Ford to be Vice President. By virtue of the 25th amendment we are again entrusted with the power of election normally exercised by the people of this Nation. But these are not normal times, for we live in an urgent era of peril—a time that requires not offhand experimentation but the sure grip of experience, a time that must be ruled by clarity and understanding, not by riddle and ambiguity, a time like no other that must be marked by decision and not division.

Nelson A. Rockefeller more than fulfills these demands—his life provides the very example which illustrates unflagging dedication. His experience serving our country spans nearly 40 years and crisscrosses the globe with missions under the direction of Presidents from Franklin Roosevelt on.

That which has been accomplished by Nelson Rockefeller are the deeds which might fill the careers of a dozen men. He is knowledgeable, in fact an expert, in Latin American affairs; he served as chief executive of New York State, governed the well-being of millions of people, and shaped that great State's history forever; he has headed commissions and committees probing this Nation's problems in the search for answers. Unfortunately, Mr. President, some men have come to the Vice-Presidency bereft of this experience yet eager to advance a political career; plainly, Nelson Rockefeller comes to this office with knowledge at hand and a pledge to advance, not a career, but the interests of a country.

While the nomination of Nelson Rockefeller shall necessarily bypass the Nation's voting booths, the Governor has nonetheless been subjected to the crucible of congressional committee, and consequently his credentials have been closely scrutinized. More often than not the critics have been confounded, if not by answers which refute erroneous charges, then by honesty which, while admitting past error, establishes an openness and firmness of character needed today and essential for the tasks we face tomorrow.

If the Lasky book controversy incites criticism of Governor Rockefeller's lapse in attention to minute campaign details in 1970, the Governor's admission of misjudgment stresses the equally important, the essential, quality of candor.

Loans and gifts to private individuals and public servants do not necessarily translate into purses attached to strings ready to be pulled for favor. While there are questions, in the end this largesse indicates to my mind a generous, and yes, an admittedly wealthy spirit. But it is ironic that this dispersal of small portions of a vast fortune has developed into a liability, when it is obvious that the very reverse—greed and lust for money—was the ruination of one Vice President still very vivid in our memories.

The Rockefeller fortune extends beyond vaults and banking institutions; instead, Nelson Rockefeller's wealth of abilities is more important to the Nation. Abundant experience in both foreign relations and particularly domestic affairs is Mr. Rockefeller's talent which can become the Nation's good fortune.

Few men have approached the Vice Presidency with as much distinction as Nelson Rockefeller. Few men have respected the honest conduct of government and politics as Nelson Rockefeller. While he is a man uniquely gifted for the times in which we live, he is also a leader capable of changing those times for the better.

Nelson Rockefeller has been more than a witness to history; he has been a vital participant. His further participation as Vice President will shape this Nation's future for the better. While it shall be Governor Rockefeller's most important challenge, I wholeheartedly believe he shall discharge his duties with great verve and vigor. I shall vote for confirmation.

Mr. COOK. I thank the Senator from Oregon.

Mr. President, I yield 3 minutes to the Senator from Pennsylvania.

Mr. HUGH SCOTT. Mr. President, it is said that even the weariest river winds somewhere safe to sea. So I hope that we are now approaching the sea of tranquillity—at least, the waters of decision.

The PRESIDING OFFICER. Will the Senator from Pennsylvania pause for a moment, without losing his time?

There is too much conversation in the Senate. The Senator from Pennsylvania deserves to be heard. Senators will take their seats, and those who wish to converse will retire to the cloakroom.

Mr. HUGH SCOTT. I thank the President, because this will indicate in the RECORD that there is a great deal of activity in the Senate, and activity is always to be commended, especially activity in a good cause.

As the newspapers have commented frequently, this nominee deserves to be confirmed. They have also commented many times that it could have happened earlier and should have happened earlier. The 25th amendment, as I understood it when I supported it, is intended to provide expeditious action, and it is intended to furnish the country with a reasonably quick transition and a maintenance of the order of succession. The fact that it has led a number of people into remote highways and byways is a part of our process, I suppose.

The PRESIDING OFFICER. The Chair regrets to have to interrupt the distinguished minority leader again. The Senate is not in order. There is a hum of conversation.

This is a very serious moment in the Senate, a very serious moment in history. The Chair must insist on order. Let the conversations cease, and those who are walking about the Senate Chamber, please resume their seats. Those who are not Members, if they have business here, take the seats in the back.

Mr. HUGH SCOTT. I thank the President. I ask unanimous consent that the interruptions not be taken out of my time.

The PRESIDING OFFICER. Will the Senator from Kentucky yield to the Senator from Pennsylvania another moment?

Mr. COOK. May I say, Mr. President, we are on a very limited time factor, and I hope that my colleagues will abide by the President's admonition so that we can move on.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. COOK. Mr. President, I yield to the Senator from Pennsylvania 1 more minute.

Mr. HUGH SCOTT. Mr. President, the Union will not rise or fall on what I say in 60 seconds. I think, however, that I should briefly state that I have been for this nominee from the beginning. I was for him for President of the United States at the convention of 1968. I am for him for Vice President today. He has been subjected to the most intensive examination, not to say grueling cross-examination, to which any nominee for public office has ever been required to submit. I should, therefore, think that everything has been said which needs to be said. He has emerged from this process as one who is a man of talent, capacity, understanding, compassion, and awareness of the nature and responsibility and the parameters of his duties. He is eminently qualified to be Vice President of the United States. I urge my colleagues to vote in favor of his confirmation.

The PRESIDING OFFICER. Who yields time?

Mr. COOK. Mr. President, I yield 1 minute to the Senator from Washington.

Mr. MAGNUSON. Mr. President, I rise to express my support for the confirmation of President Ford's nomination of Mr. Rockefeller as Vice President of the United States.

The Rules Committee, under the leadership of Chairman CANNON, has conducted illuminating and thoughtful hearings of Mr. Rockefeller, his qualifications, and his critics. This hearing record stands as a compliment to the committee and all of its members. I believe the hearings have been very constructive in introducing Mr. Rockefeller to the American people in a way in which they can have full confidence in him as a public official. I do not believe the criticisms which I have heard of the committee and its actions are in any way justified. Full disclosure of all aspects of a Presidential nomination for the Vice Presidency is mandatory. The 25th amendment requires that Congress consider the nominee under the closest possible scrutiny. The hearings by the Rules Committee were judicious, dignified, and a credit to the U.S. Senate.

After a careful examination of Governor Rockefeller's record and the testimony of witnesses before the Rules Committee, I conclude that Governor Rockefeller is highly qualified to serve in the position of the Vice President of the United States. His career of public service extends over 40 years. He has served in Presidential appointments under four Presidents. President Roosevelt appointed him Assistant Secretary of State in 1944. In that capacity, Mr. Rockefeller was a key adviser on the formation of the United Nations and Latin American affairs.

President Truman appointed Mr. Rockefeller Chairman of the Presidential Advisory Commission on Latin America. President Eisenhower appointed him Chairman of the Presidential Advisory Commission on Government Organization which he served for 7 years. And Eisenhower appointed him Special Assistant to the President for Foreign Affairs. Mr. Rockefeller assisted the President at the Geneva Summit Conference. Mr. Rockefeller served as the Governor of the State of New York from 1959 until 1974. He has established a clear record on all of the important issues presently facing our society. I take particular note of his record in the area of human rights, environmental protection, economic growth, health, the rights of women, and the needs of older citizens. While Governor of the State of New York, he was a key advisor to President Nixon on Latin American affairs and the fiscal relations of State and local governments to the Federal Government. More recently, Mr. Nixon appointed him Chairman of the Commission on Critical Choices. President Ford appointed him Chairman of the National Water Quality Commission prior to his nomination as Vice President.

There are three key issues in addressing the Rockefeller nomination. First, is he qualified? Second, does the size and scope of his personal and family fortune create an inherent appearance of conflict of interest and an intolerable coalition of political and financial power? Third, do the unseemly incidents which have become a matter of public record seriously impugn Mr. Rockefeller's integrity?

I believe the unique and complete public disclosure of Mr. Rockefeller's personal and family wealth effectively protects the public interest against conflicts of interest while Mr. Rockefeller serves as Vice President. This is the most effective deterrent possible for a high public official who must maintain the complete and total trust of the citizenry. Again, I believe the committee has fulfilled critical public service in requiring and encouraging this unprecedented public disclosure of Mr. Rockefeller's personal financial wealth.

The unseemly incidents which have become a matter of public record from Mr. Rockefeller's past history concern me. His loans and personal gifts and political contributions reflect serious insensitivity in the past to the impact of his personal wealth on ordinary citizens. His participation in the Goldberg book incident was a matter of poor judgment. Fortunately, he has publicly apologized for his involvement. His involvement in private business transactions while a State official in New York in no way indicate lack of personal candor or honesty. However, they do point up the seriousness of potential conflicts of interest for a man of Mr. Rockefeller's wealth. And finally, Mr. Rockefeller's record in prison reform is mixed and inconsistent.

Nevertheless, Mr. President, I do not view any of these incidents as disqualifying his nomination. They are not easily dismissed. They reflect a serious lack of sensitivity in his prior public life in certain areas of activity. But again, I believe the work of the Rules Committee has brought these matters to the public arena. Mr. Rockefeller has responded fully and candidly to the committee's questions and I have every confidence that he now understands the problems these incidents pose for the American people and will in no way engage in similar activities in the future.

His public service and multitude of positions of great public responsibility have made him the most eminently qualified member of the President's own party to fulfill the duties of the Vice Presidency. He has demonstrated a positive, humane political philosophy in carrying out his public duties. Therefore, I intend to vote for Mr. Rockefeller's confirmation.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I yield 7 minutes to the distinguished Senator from Wisconsin.

Mr. NELSON. Mr. President, I wish to say as a preface that some members of my staff concluded that people might interpret my speech to mean that I am opposed to Mr. Rockefeller because he is a man of wealth. I should like to make it clear that that is not the intent and purpose of what I say in my speech.

What is the responsibility of a Member of Congress when voting on a Presidential nominee under the provisions of the 25th amendment? Is it enough simply to determine whether the nominee is honorable, decent, honest, able, experienced and philosophically positioned somewhere in the mainstream of American political thought? Mr. Rockefeller, certainly, measures up to that standard. If, in fact, that is the standard and limitation under which we each should make our decision, then this process does not materially differ from the generally accepted standard for evaluating a Cabinet member who has a special personal responsibility and loyality to the President and serves at his pleasure.

I think the 25th amendment involves something more than that, however elusive the specific definition of it may be. It is easier to define what it is not than what it is. Everyone would agree that any nominee should be possessed of these qualities as a minimum for this office or any other office of public trust. Everyone would also agree that the amendment does not contemplate nor countenance a decision on partisan grounds. That would frustrate the whole purpose of the process. Nevertheless, this is an election, not a routine cabinet confirmation process. This process is a substitute for a general election. We are casting a kind of representative vote for the rest of the Nation. The successful nominee will become Vice President and may become President.

In an editorial on December 9, the Washington Post outlined its view of congressional responsibility under the 25th amendment. The editorial is quoted here, in part, because it succinctly describes the conventional view of congressional responsibilities and guidelines in this process.

> The fundamental problem with the Rockefeller nomination, of course, is that Congress has not yet determined precisely what its responsibilities ought to be under the 25th Amendment. Those responsibilities are quite different from those of a voter in a presidential election. A voter is entitled to make his decision on prejudice, qualifications, philosophy, partisanship or anything else that crosses his mind. Under the 25th Amendment, it seems to us, Congress ought not to vote to reject a nominee unless it can be demonstrated that his judgment is consistently bad, his political views are outside the mainstream of American politics, his knowldege and experience are so limited as to make him unable to grasp the problems a President must face, or his integrity and personal honesty are highly suspect. Mr. Rockefeller, we think, passes these tests—despite the loans and gifts, the Goldberg book, Attica, and some high-handedness as governor of New York. He ought to be confirmed as Vice President forthwith."

I think it is accurate to say that this view is embraced by a large majority of the Congress and perhaps the country, too. Nonetheless, I do not share it because I think it is too narrow in scope and too limited in flexibility.

In my view, it is appropriate and necessary in this process to evaluate the views of the nominee on the crucial, central issues of our time. By central issues I do not mean—I emphasize that I do not mean—that long laundry list of important social and economic proposals involving health care, tax reform, foreign trade, and so forth, but rather those major issues upon which the very survival of our system depends.

There is no doubt in my mind, for example, that Mr. Rockefeller does understand the crucial nature of the worldwide resource crisis, that he does understand that we live on a fragile planet with finite resources and a finite capacity to support life. He does understand that central issue.

However, another central issue of our time, the vast concentration of power in gigantic institutions, Mr. Rockefeller does not consider a vital matter. In all of his long years in public life, he has never addressed himself to it.

Thus, my concern over this nomination revolves around that good old-fashioned question of concentrated wealth and power. What is its meaning in a free society? What are the implications of the rapidly increasing concentrations of economic power in bigger institutions and fewer hands?

The Rockefeller wealth represents one of the world's great family fortunes. If that were all it represented it would be unimportant, but that is not all. It is a fortune that permeates, infiltrates and is part of that vast monopolistic economic infrastructure which administers prices, drives out competition, erodes and corrodes the free enterprise system and exercises great economic and political power without public accountability or political concern for the end result so long as it is profitable. While that kind of majestic neutrality may be acceptable in a world of corporate citizens, it is an unacceptable morality in a world of real people, with real hopes and wishes for a better tomorrow.

The Rockefeller wealth is, in short, part of the problem, not the solution. This does not suggest or impute evil in the customary sense of the word. In the world of business they have used their wealth in accord with the rules of the game. That is the problem. It is a bad game with bad rules.

It is not necessary to document the modern history of economic concentration. The libraries and congressional hearing rooms are loaded with such documentation, unread, unheralded, and unheeded. Anyone who bothers to look will find the giants, big oil, big steel, big coal, big auto, big chemical, big banks, big conglomerates, big multinational corporations and many others all wonderously intertwined somehow or other in the great, intricate "American Connection" that would be the envy of Rube Goldberg.

They all share a common goal—eliminate the competition or buy it, monopolize the marketplace or conspire to control it. That is their business, and that is what they are doing, unfortunately, with great success.

Giantism in all of its manifestations—and this is the main point of any objection to Mr. Rockefeller—threatens freedom in all of its forms. In my judgment, those who do not perceive the danger and speak boldly about it are not qualified to lead the country, however fine and decent they may be as human beings.

I have raised this issue for years, as have many others, and shall continue to do so. It is a vital matter that we ignore at our peril. While we continue to befuddle the country with little matters these giant centers of power continue to consume and destroy the freedom and vitality of the very system we enshrine in every speech, and any elected official in any position of political power who ignores that issue by his silence, in my judgment, should not hold a position of high political influence.

For that reason, I intend to cast my vote against the nominee.

Mr. CANNON. Mr. President, I yield 5 minutes to the Senator from Indiana.

Mr. BAYH. Mr. President, the decision we must make today, as we all know, is whether we will confirm the nomination of one who might, if fate calls, be thrust into the office of President of the United States.

Normally, the decision of who shall be President is made by the people. But under the terms of the 25th amendment, that responsibility falls to us. We have considered a Vice Presidential nominee only once before, and have seen that man become President.

Thus, contrary to those who would criticize our distinguished colleague from Nevada and his committee for the time they have taken in considering the Rockefeller nomination, I think the 25th amendment requires the judicious consideration of all the facts. And although I, as one Senator, have come to a different conclusion than my distinguished colleague, the chairman of the Committee on Rules and Administration, I in no way fault him for the time that has been taken to let fresh air percolate through the record.

Mr. President, this vote is as difficult as any I shall cast as a Senator. The decisionmaking process has been the most difficult one I have gone through in the 12 years I have been in the Senate. I suppose this is partially because of the role I played in the structuring and passage of the 25th amendment. But as I look at the task before us, we are compelled to consider the Rockefeller nomination not in isolation but on a foundation built of the problems which confront our society generally. Not only must we weigh all of the substantive problems that confront us, there is a much more difficult problem underlying all of those substantive problems. From my perspective this most important problem we have today is a significant lack of public confidence in the political processes, in our political institutions, in our political leaders, and, indeed, perhaps even in the foundation of our country itself.

I am concerned that Governor Rockefeller, with all respect to his public record and his honesty, does not command and would not command the public confidence of large numbers of American people if indeed he were called upon to succeed to the Presidency. And what has compounded the difficulty of my decision on today's vote is that as I read the record, there is no one item in Mr. Rockefeller's record which is singularly disqualifying. Rather, it has been a steady drip, drip, drip, like grains of sand on a scale, as the record has come out, which in my judgment has seriously eroded the confidence of the American people in Mr. Rockefeller. This takes us to the point where the scale, in my mind, has tipped against confirmation to the point where I am prepared to suggest that Mr. Rockefeller does not have sufficient public confidence to merit confirmation.

We could go through the matters line by line—the gifts, the Triborough Bridge and Tunnel Authority bond interest, the tax matter, the book, Attica, and others—which have eroded public confidence in Mr. Rockefeller. But in my opinion the question viewed as most difficult by the committee is the same matter which the Senator from Indiana has found the most disconcerting: the issue of Mr. Rockefeller's personal wealth—his great industrial influence, and where that could indeed provide a conflict of interest or the appearance of a conflict of interest between his personal wealth and the making of public policy.

The one item, I think, that comes to our attention most directly in today's environment is the great interest that the nominee and his family have in three of our major multinational oil companies. The fact is that this country now has to grapple with the oil cartel problem, the oil pricing problem, the depletion allowance problem, and the fact that the Federal Trade Commission is in the process of bringing suit against the eight multinational oil companies. And should Mr. Rockefeller become President of the United States, he would have to be in the vanguard of answering these very difficult problems.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BAYH. May I have 2 additional minutes?

Mr. CANNON. I yield the Senator 2 additional minutes.

Mr. BAYH. However well prepared Mr. Rockefeller might be as President to ferret out the answers to these energy problems and make the right decisions, I am afraid that the people of this country would not credit him with the ability to make an impartial decision. As a result, there is no way that the public would have confidence in that decision. And, Mr. President, no President can really govern unless he has the confidence of the people.

The normal barometer for judging that confidence is to go through the Presidential election process. But the provisions of the 25th amendment do not provide for an election under the present circumstances. Thus I must make an individual judgment, as one Senator, realizing that other Senators, in good conscience, can come out on the other side of the question.

In my judgment, the balance of the scale tips to the side that says the future President Rockefeller, in today's circumstances and today's environment, does not possess and will not possess the necessary confidence of the American people to provide strong leadership.

Mr. President, today for only the second time in our history, the Senate faces the awesome responsibility of participating in the election of a man to our Nation's second highest office—Vice President of the United States. I use the term "elect" rather than "confirm" advisedly and to heighten our awareness of the distinctive features of the Congress role under the terms of the 25th amendment.

I believe the judgments we must bring to bear on this occasion are of a substantially different nature than the factors to be weighed in the confirmation process of other Presidential appointees or nominees.

In this one particular case under the terms of section 2 of the 25th amendment, we were acutely conscious of two particular circumstances: first, that the people would not be making this choice, and, second, that the nominee might very well succeed to the Presidency himself under the terms of the amendment. As the author of the 25th amendment, I had these unique circumstances very much in mind as we framed the precise language of the amendment through long hearings and floor debate—and, I should add, that I was particularly conscious of them in the long deliberative process that has brought us to a vote on the present nominee and to my own difficult decision.

The legislative history of the 25th amendment is replete with references to the fact that in this one instance the Congress would serve as surrogate electors; that, in fact, we were the vehicle through which our constituents' feelings were to be made known and that public sentiment was a critical element in the decisionmaking process for those of us called upon to vote.

While the legislative history of the amendment does not spell out the precise details of how each one of us is to reach that judgment, it does make it abundantly clear that it is a unique function we are called upon to perform—and that its uniqueness stems, in large measure, from our responsibility to reflect upon the sentiments of those who, normally, have the right to make this decision for themselves.

Mr. President, the decision to confirm a Vice Presidential nominee requires a careful and delicate melding of constituent representation and judgment on the ability of the nominee to serve our Nation as President if he is called upon to do so. One can better appreciate the uniqueness of our role today when we consider that the nominee before us may be called upon to serve as President under the terms of section 1 of the 25th amendment. History is full of such successions. For this reason also, public sentiment, particularly as it relates to public confidence in the nominee, must weigh heavily in our decision. It is not necessarily our role to evaluate the rightness or wrongness of that sentiment but to give it great consideration and weight and to determine whether it is in fact a legitimate concern.

Mr. President, now let us turn our attention to the pending nomination of Nelson Rockefeller to be Vice President of the United States.

As with any other individual who has a long career of public service, Mr. Rockefeller's record is marked by specific instances of achievement and by blemishes of varying degrees. No one can deny the breadth of the nominee's experience in foreign and domestic affairs, nor can anyone deny that there are aspects of Mr. Rockefeller's record which are truly admirable.

Yet equally obvious are certain aspects of Mr. Rockefeller's record which must be counted against the nominee. While none of these specific incidents in Mr. Rockefeller's public record individually justifies a vote against confirmation, they require our due consideration.

Most disturbing among the items that have been brought to light through the confirmation process is Mr. Rockefeller's extremely generous largess in making substantial gifts and loans, not only to personal friends but also to public officials.

There is at the outset an unanswered question as to whether Mr. Rockefeller's practice of loaning money to State employees, and subsequently forgiving those loans, violated either the letter or the spirit of New York State laws governing the giving of gifts and gratuities to State employees. It is unfortunate that the Rules Committee was unable to exonerate Mr. Rockefeller from possible violations of these criminal statutes. Indeed, after posing the legal questions involved, but pointedly stopping short of any conclusions, the Rules Committee report says—page 147:

> The Committee feels it is not a proper forum to accomplish that end.

In other words, Mr. President, the record and testimony before our committee raises the possibility that Mr. Rockefeller may have, in fact, violated the criminal laws of his State but is unable to resolve the crucial question of whether such violations actually took place.

And even if we set aside the precise legal question involed here, we are left with a nagging sense of impropriety in Mr. Rockefeller's extensive pattern of gift-giving and lending money to State employees—only to subsequently forgive those loans.

Mr. Rockefeller clearly knew he could not give this money to employees of New York State while they remained on the State payroll. Yet on many occasions the loans were made while the recipients were on the State payroll, interest on the loans was not collected, not a penny of principal was repaid, and the loans were forgiven as soon as the recipient left the State payroll. A reasonable assumption can be made that this practice was specifically devised to permit Governor Rockefeller to circumvent the provisions of New York State law.

This problem is most severe in the case of the $510,000 lent to William J. Ronan by Mr. Rockefeller. This is a significant sum on which no interest was collected, no principal was ever repaid, and which was forgiven in its entirety immediately after Dr. Ronan left the State payroll.

The issue of the gifts to Dr. Ronan, which total $625,000 including outright gifts made just before and just after Dr. Ronan served as a State employee, is highlighted by several other factors.

There are unsettling questions raised by the size of the gifts, by the fact that they were made not because of personal financial hardship, but to permit Dr. Ronan to acquire vacation property and make substantial investments, and by the added fact that Dr. Ronan left State service to become chairman of the Port of New York Authority, an independent bistate authority. The port authority, it must be noted, is in a position to make decisions bearing directly on the financial interests of the Rockefeller family—and has, in fact, made those decisions over the years.

Mr. Rockefeller's pattern of making loans to public officials when outright gifts were clearly illegal and then forgiving those loans at the first available opportunity, with the Ronan case the most salient, has legitimately raised basic questions about the nominee's sense of propriety and his judgment in adhering not only to the letter, but also the spirit, of the laws of the State he governed for 15 years.

There are other aspects of Mr. Rockefeller's record which also present problems, not about violations of the law, but about the nominee's judgment and the confidence the American people will have in his judgment.

There is the transit program Mr. Rockefeller engineered at the expense of an additional one-fourth of 1 percent interest on the bonds of the Triborough Bridge and Tunnel Authority—an agreement carefully negotiated with the trustee of those bonds. The problem arises from the fact that the trustee that agreed to the transit package and dropped an opposing court suit only after securing additional interest on the bonds was the Chase Manhattan Bank, of which the nominee's brother, David, was president.

Not only does this incident pose problems because of the relationship between Mr. Rockefeller's actions as Governor and the interests of the bank of which his brother was president. It is important to recognize that the expense of the additional one-quarter of 1 percent interest added to the bonds of which Chase Manhattan was the trustee was borne by the public which pays tolls and fares in the New York transit system. In other words in order to effectuate his deal, Mr. Rockefeller not only had to work out an accommodation with his brother's bank, but he also agreed to place a further burden on the public. Such an agreement provokes the greatest public skepticism about how this governmental decision was reached.

There is also Mr. Rockefeller's decision, while Governor, to assure the financial success of the World Trade Center, a huge construction project undertaken by the Port Authority, by locating large numbers of State offices in the center. As in the case of the TBTA bonds, this decision had a direct financial impact on the Chase Manhattan Bank.

Mr. President, in raising these specific issues I am not alleging that they are individually of sufficient weight to disqualify Mr. Rockefeller from the Presidency or that there is any specific evidence of criminal violations on the nominee's part. Rather what we see unfolding here is a pattern of conduct that inevitably has evoked within the American people serious reservations regarding Mr. Rockefeller's sense of propriety. In fact, the impression is created that it has been impossible for Governor Rockefeller to make these governmental decisions without affecting the interests of his families' vast financial holdings. As I shall explain, the nominee is before us at a time when public distrust of government officials is enormous and potentially very damaging.

Added to the specific issues cited above must be the incident surrounding the derogatory book on Justice Arthur Goldberg, financed by Laurence Rockefeller at the time Justice Goldberg was running against Nelson Rockefeller for the governorship of New York. The book incident is somewhat troubling in and of itself, but the problems it poses in weighing the nomination now before us are compounded by the fact that the nominee twice misstated his role in the decision to proceed with and finance the book about Justice Goldberg.

The absence of candor in Mr. Rockefeller's response to disclosure of his role in the writing and distribution of the book about Justice Goldberg is not unlike his lack of candor with the Rules Committee in initial reports on his personal finances. It will be recalled that Mr. Rockefeller prepared a report showing his worth at $33 million, only a revise that figure upward to $218 million after more careful scrutiny.

All of the foregoing, created—to varying degrees—questions in the public's mind about Mr. Rockefeller's suitability to serve as Vice President, and as President should fate call upon him to do so.

The degree of doubt Mr. Rockefeller has engendered is increased by two other factors: The incident at Attica State Prison which cost 43 lives and which caused large numbers of our citizens to question Mr. Rockefeller's qualifications, and the audit of the nominee's tax returns, which resulted in his payment of close to $1 million in additional taxes, largely because of disallowed deductions. Certainly Mr. Rockefeller's handling of the incident at Attica can be debated by persons honestly adhering to different views, but there is no escaping the fact that for many Americans the incident permanently implanted a distrust of Mr. Rockefeller. And, as regards his tax adjustment, we must recognize that while there is no evidence of fraud in his part many Americans will feel their doubts about public officials are confirmed by Mr. Rockefeller's back tax bill. Clearly, these two instances do the same, as the other incidents cited previously serve to undermine public confidence in the nominee.

As I said, we are confronted, Mr. President, with a situation in which no one of the specific weaknesses in Mr. Rockefeller's record can of itself disqualify the nominee from serving as Vice President, or as President should that become necessary.

But we do have a situation in which the accumulation of specific incidents collectively pose a basic question as to whether the nominee would command the necessary confidence of the American people if he were called upon to fill the office of the Presidency. For the reasons cited above, and for other reasons I shall enumerate below, I have concluded after much consideration that Nelson Rockefeller could not succeed to the office of the Presidency with the requisite support of the American people.

For this reason, I have decided to vote against confirmation of Nelson Rockefeller as Vice President.

Before explaining my decision in greater detail, Mr. President, I want to make it clear that I resolved to vote against confirmation only after much deliberation and consideration. It was not an easy decision. In fact, this decision is one of the most difficult ones I have made in my 12 years as a Senator. The question of whether Mr. Rockefeller should be confirmed does not lend itself to a simple conclusion. As one who wrestled at great length over my own vote, I recognize as well as anyone that sincere and thoughtful individuals could look at the same information I reviewed and still vote to confirm the nominee.

But it is my judgment that the issues which serve to undermine public confidence in Mr. Rockefeller do, like grains of sand piled one on top of another, ultimately tip the scales against him.

It is essential to recognize, Mr. President, that this difficult decision was reached in the context of our present environment—an environment in which public confidence in government is weaker than at any other time in recent history.

The depth of public distrust in government, in public officials, and the political process is so great that this disenchantment truly threatens to undermine the proper functioning of our democracy, which, after all, draws its strength and legitimacy from the consent of the governed.

One need only to review briefly the incidents of recent months to understand the sources of this distrust:

An elected Vice President resigned from office and pleaded no contest to a charge of tax evasion. Not only did his misconduct provide a source of public skepticism about elected officials, his avoidance of a jail term while his coconspirators have subsequently been sentenced to prison compounds the negative consequences of Spiro Agnew's resignation in the face of criminal charges. The Agnew case, and its aftermath, raises a question of whether there are two standards of justice—one for public officers and a more stringent one for everyone else.

Then there was the national trauma of Watergate, an experience that remains in the public light. The extent of public deception throughout the Watergate affair, the indictment and conviction of numerous former high officials, the extent of illegal fundraising, the abuse of the agencies of Government for political ends, and ultimately the resignation of a President in disgrace, all contributed to an unprecedented erosion of public confidence in our Government and the people who serve in public office. One need not recount in great detail the specifics of Watergate to make the fundamental point that all of us in public life—and as a result the strength of our Government—have suffered from the public skepticism and distrust fostered by this prolonged blot on our national history.

As weakened as public confidence in Government was when Richard Nixon finally left office, it was further eroded when President Ford issued a general pardon for all offenses Richard Nixon committed, or may have committed, while in office. The harmful impact of the pardon was exacerbated by the irony that Richard Nixon was pardoned at the very time his most senior assistants and a member of his Cabinet were about to begin their trial on criminal charges for which Mr. Nixon was named as a coconspirator. As in the Agnew case, the public finds good reason to question whether this Nation is governed under a single, equitable standard of justice applicable to all our people.

Not only have these scandals, the most venal in the history of our Republic, served to bring public confidence in Government to a low ebb, public mistrust has also been further heightened in recent months in another area. I refer to the abuse of power by huge, multinational oil companies with what many Americans perceive, rightly or wrongly, to be the consent and concurrence of many of their elected officials. One need not subscribe to the notion that our experience with fuel shortages and the doubling and tripling of oil prices result from a conspiracy among the oil companies with the tacit approval of public officials to recognize that large numbers of our citizens believe that such a conspiracy exists. The issue of big oil raises special problems, as I shall note subsequently, in considering the nomination now before us.

Mr. President, we are asked to vote to confirm Nelson Rockefeller as Vice President at a time when the strength of our system of government is seriously threatened by the breadth and depth of public cynicism with the governmental process. Time and again I have spoken with my constituents, with young people on college campuses, with citizens in all parts of our country, and time and again I have sensed the extent to which the American people are finding it harder and harder to trust their Government and their officials.

Time and again I have urged our citizens to have faith in their Government, to believe in the fundamental strength of our democracy. I have sought to convince them that what they have witnessed on their televisions and in the screaming headlines about the abuse of power is not "business as usual" but rather an unfortunate concentration of singular violations in a short period of time. And I have emphasized that the people must not lose faith in their Government, must not walk away from the political process—for that will, in fact, lead the special interests to an even more brazen attempt to fill the void created when the average citizen abandons his Government.

Against this ominous backdrop of public distrust, I have asked myself whether Nelson Rockefeller—should he succeed to the Presidency—would command the necessary respect of the American people to turn distrust into trust, cynicism into faith. And I have concluded, after much soul searching, that he could not carry that critical and indispensible burden.

Nelson Rockefeller could not meet this imposing assignment because he already has engendered, for the reasons outlined previously, a significant measure of skepticism among the American people about his sense of priority, the quality of his judgment, his use of power, and the use of his wealth.

The issue of wealth, Mr. President, is the one which appears to have most troubled the members of our Rules Committee. There is, the committee acknowledges, the risk of inherent conflicting interests in many decisions Mr. Rockefeller would be called upon to make should he become President. The extent of his financial holdings, and that of his family is so great that it would be virtually impossible for him to conduct the affairs of our Nation without further evoking public debts as to his motivation.

And, despite the issues previously discussed, this issue concerns me most of all from the standpoint of public trust and confidence.

The magnitude of the financial holdings of the Rockefeller family and the trusts created by the nominee's father are remarkable to behold. The family involvement in the oil industry is the largest single part of a family fortune that exceeds $1 billion. Aggregate family holdings in three of the world's largest oil companies, Exxon, Mobil, and Standard Oil of California, total more than $300 million and this does not include lesser holdings in the stock of other oil companies.

The far-reaching nature and influence of such fantastic wealth has stirred in the minds of the American people serious doubts as to Mr. Rockefeller's ability to conduct the affairs of our Nation without the omnipresent potential for direct and indirect conflicts of interests.

Take as just one salient example, the matter of energy policy, something that poses a special problem because of the extent of Rockefeller family interests in the major oil companies.

Mr. Rockefeller stated in his confirmation hearing that he opposed repeal of the depletion allowance on oil production. Obviously this is an opinion held by many who have no direct oil interests. And I have no reason to doubt that Mr. Rockefeller's position on the depletion allowance is taken with any less sincerity or integrity than a similar position taken by many of our colleagues. But the reasons for Mr. Rockefeller's position will not lessen the public's doubts about his motivation.

Similarly, were Mr. Rockefeller to veto legislation to roll back oil prices, as former President Nixon once did and as President Ford may do in the future, there is no doubting that a large segment of the American people would take such a veto by Mr. Rockefeller as further evidence of corruption in high places—no matter how honestly he felt that his action was the proper national policy.

Still another example of the potential for conflict in energy policy and Mr. Rockefeller's family interest in the oil industry can be found in a currently pending Federal Trade Commission action charging the eight largest oil companies, including the three in which the Rockefeller family holds very substantial interests, with engaging in anticompetitive practices. This FTC action will be with us for some time, and there is always the additional possibility of antitrust action against one or more oil companies by the Justice Department. Should Mr. Rockefeller succeed to the Presidency, the public cannot help but question whether he would be free to approach such issues strictly on merits. Were he to order action beneficial to the oil companies, public cynicism would be renewed, and the "great conspiracy theory" would be given additional weight.

There are many other crucial energy decisions that Mr. Rockefeller would be called upon to make should he become President, and in every instance there would be additional undermining of the already dangerously weak public confidence in governmental decisionmaking.

On the other side of the coin, suppose Mr. Rockefeller were posed with these basic decisions affecting large oil interests and the recognized the danger of public skepticism. Perhaps in those circumstances he might feel obliged to bend over backwards to avoid any appearance of impropriety. Should that be the case he might be denying himself legitimate policy options, restricting the scope of his authority out of a desire not to foster the very public distrust we seek to avoid. Should such an instance arise and should Mr. Rockefeller act in this manner his ability to respond to national problems in the most intellectually honest and governmentally sound fashion would be circumscribed; not because of any failing on his part but because of a unique set of circumstances confronting our Nation at this time and the incredible enormity of the Rockefeller financial interests.

Mr. President, it is not a measure of Mr. Rockefeller's record in public life, nor is it a final judgment on his ability to continue to serve in public office, to say that under the circumstances that now exist in this Nation he should not be confirmed as Vice President under the terms of the 25th amendment. Indeed, it is unfortunate that public confidence in our Government has reached such a low point that Mr. Rockefeller's nomination need be weighed in this context.

But we can no more escape from the reality of current circumstances than we can overlook the vast concentration of wealth in the Rockefeller family.

In this context I was struck by the irony of an editorial which appeared in yesterday's Washington Post. In urging confirmation of Mr. Rockefeller, the Post said:

> The reality of our modern industrial society, moreover, is that real economic power rests far less with the hereditary rich than with the managers of great corporations and those who control the vast sums of money held by insurance companies, mutual funds, pension funds, and trust departments of banks.

In many respects this latter description of those who control vast sums is a fair characterization of the wealth of the Rockefeller family, reaching as it does to all sectors of our economy.

One need not impugn for a moment Nelson Rockefeller's motivation to serve as Vice President, or President if called upon to do so, to recognize that in his exercise of great power he will constantly be making decisions of direct impact on his family's financial holdings. And one need not call into question the man's integrity to recognize that when such political and economic power is thrown together the public legitimately may question the man's motives, especially in light of the environment of suspicion confronting us today.

Whether he were to make right decisions or wrong decisions, were Mr. Rockefeller serving as President those decisions would be called into question in a way which would further erode the faith of our people in their Government.

In voting on the nomination of Nelson Rockefeller to be Vice President, it must be remembered, we are voting on his ability to serve as President. And I am convinced that, rightly or wrongly, his ability to serve as President has been seriously undermined by heightened distrust among the American people.

Not only would that distrust impair Mr. Rockefeller's ability to serve as President, but our entire Nation would pay the price of further fostering the cynicism already rampant in our country. No President can successfully solve the monumental problems confronting the United States today unless he has the faith, trust, and confidence of the American people.

The normal vehicle for weighing public trust in a President is the Presidential election process. However, the provisions of the 25th amendment do not provide for such a public barometer. These provisions require me, as one Senator, to make this value judgment.

After long and difficult soul searching, I have concluded that Governor Rockefeller cannot command the public confidence necessary to effectively govern and thus I am not prepared to vote to place him in a role from which fate might require that he succeed to the Presidency.

My vote is not simply a measure of Nelson Rockefeller. Rather it a measure of the times in which we live and the unique circumstances of his background. The unique responsibility that rests with us as surrogate electors under the 25th amendment argues, under these circumstances, for the rejection of Nelson Rockefeller as Vice President.

I close by repeating, Mr. President, that this is not solely a judgment of the man himself, but rather a composite of the events of recent months, the nominee's personal and public background, the times in which we live, and the unique role thrust upon us by the 25th amendment.

After great soul searching, I come down on the side of feeling that the country would be better served by having a different man as Vice President of the United States.

Mr. CANNON. Mr. President, I yield myself 3 minutes.

I find myself in somewhat of a difficult position here on this side of the aisle, in speaking in support of a Member of the other party and in opposition to such distinguished colleagues as the Senator from Indiana and the Senator from Wisconsin, but I do feel that I have to say something on this matter.

Mr. President, I would just like to quote briefly from the record of the hearings in this matter, from page 2:

> During the committee's consideration of the Ford nomination, his political views were explored in considerable depth. Nevertheless, the approval of his nomination was predicated not on his political affiliation nor on his voting record in Congress, but rather on his qualifications to serve in the office.
>
> Had the committee—and subsequently the Congress itself—not accepted that principle, it is possible that Mr. Ford would not have been confirmed as Vice President.
>
> Now, by his nomination of former Governor Rockefeller to be Vice President of the United States, President Ford has introduced a new and significant element for the committee's consideration. I refer, of course, to the public-policy implications of a nominee whose vast financial holdings touch many segments of the American economic system.

Now, Mr. President, I said yesterday in the overall our committee felt that it should consider the nominee on the basis of his entire record, and on the sum total of all of his qualifications, not simply a single issue, unless it was of perponderant importance to an individual member. But no member of the committee found a bar or impediment which would disqualify Governor Rockefeller for the office to which he had been nominated.

I point out that my distinguished colleagues who oppose this nomination have likewise said they did not find one single issue that they felt would justify opposition.

However, the distinguished Senator from Indiana did point out that he believed the nominee did not have sufficient confidence of the American public.

Well, Mr. President, I have carefully reviewed the 25th amendment which the distinguished Senator from Indiana fought so hard to get enacted, and I cannot, for the life of me, find any provision in there that says this committee should find that the nominee should have a sufficient confidence of the American public.

That is why the 25th amendment was propounded here. The American public did not have the opportunity, they did not have the opportunity in the Ford case, they did not have the opportunity in the Rockefeller case, they would not have the opportunity in any other case in a situation like this to gain a widespread public confidence of the American public.

I submit, Mr. President, this is a substitute action—a substitute because we do not have the opportunity to submit this for a vote of the people.

Mr. President, I said yesterday with respect to this particular nominee the committee noted that any President could be expected to nominate a person from his own political party and, more likely, one of his own political philosophy to fill a Vice Presidential vacancy, although in this case I think we have two men certainly of a different political philosophy, even though they are of the same political party.

Additionally, the committee accepted the premise that some of the electorate and, indeed, some of the committee members, might not agree that Nelson A. Rockefeller was the best choice the President could have made from among leading Republicans to serve in the second highest office in the land.

Nevertheless, it was the committee's responsibility to consider and make judgment as to whether this nominee, as submitted to Congress, is qualified to be confirmed as Vice President.

Mr. President, the Senator from Wisconsin made the statement that this process was the substitute for a general election. That is not the case. This is a substitute but not a substitute for a general election. In a general election you have the opportunity to choose between two people, and here we have the opportunity to either accept or reject a particular nominee, and that is on the basis on which we have to look at this particular nominee, Mr. President, not a question of do we like someone else better or do we have a choice between two nominees.

Now, Mr. President, in summary, the committee sought to explore all facets of Governor Rockefeller's fitness and qualification for this office, his public and private life, his personal character, his integrity and honesty, his experience and knowledge, plus a unique and unprecedented factor, the concentration of great economic and great political power in a single individual, and what this symbolism in the office of Vice President might mean to this country.

Well, Mr. President, the committee's unanimous judgment was that Governor Rockefeller, in all critical areas of concern, fully met the reasonable tests and standards that Congress should apply.

Mr. President, I would like to point out that at no time in history has a candidate, I believe, or a nominee, for any public office, ever been subjected to the detailed investigation, the detailed inspection, that this nominee has had during the period of time we have been investigating.

I would point out that he has made a full disclosure of his assets. It is a fact he does hold tremendous wealth and that wealth could be used for ill or good.

But in the case of this nominee's 15 years as Governor of the State of New York, we did not find substantiated charges of the nominee using that wealth for ill rather than for good.

So, Mr. President, I would simply say, in closing, I think he has met the test. We do not have a choice between one person or another. It is a question of confirmation or rejection, and I believe the nominee should be confirmed.

The PRESIDING OFFICER. Who yields time?

Mr. COOK. Mr. President, I yield 2 minutes to the Senator from North Carolina (Mr. HELMS).

Mr. HELMS. Mr. President, it has given me no personal pleasure to question the nomination of Mr. Rockefeller. He is an affable man. He has many and powerful friends, both in this Senate and elsewhere. Confirmation of his nomination to be Vice President has been described as a foregone conclusion from the outset.

As a matter of fact, one or two of my own friends have counseled me, in fact, to lay aside my doubts, and to retreat from raising questions. They have suggested that my own "political future" may be in jeopardy unless I consent to this nomination in silence, regardless of my convictions in the matter, regardless of my conscience.

This, Mr. President, I cannot and will not do—in this or any other matter. The very fact that I have received such well-intentioned counsel from one or two friends is, in itself, an illustration of what I have tried to say in three consecutive daily presentations on this Senate floor—on Wednesday and Thursday of last week, and on yesterday. The question of Mr. Rockefeller's economic power—and his application of it in the political arena—obviously is of concern to many Americans.

I have tried to set forth, factually and fairly, the lack of candor I have detected in Mr. Rockefeller's testimony about his activities of the past, as contrasted with other clear evidence which I spread on the record on the aforementioned three occasions. Mr. Rockefeller was not frank with the Rules Committee in discussing his association with L. Judson Morhouse, and gave misleading testimony about the need for the benefits he heaped upon this individual who misused the public trust.

Indeed, it is my judgment that his whole system of lavish gifts to his subordinates in government sets up a network of private relationships that undermines public confidence in government.

But beyond all that, Mr. President, is the inescapable truth that Mr. Rockefeller simply does not represent what the rank-and-file American people want in leadership of their country. The polls show it, the mail that every member of this Senate has received shows it, almost every contact I have with people back home shows it.

The people are fed up with big spending by their governments. The 1972 mandate clearly disclosed an awareness among the American people that big Government spending must be curbed if we are to have any hope at all of curbing inflation.

Mr. Rockefeller's record as Governor of New York is clear. My previous statements during the past several days have detailed the enormous debt that was run up while he was Governor.

It is highly significant, Mr. President, that billions and billions of the taxpayers' dollars which Mr. Rockefeller spent in New York were spent by circumventing the constitution of New York and evading a direct vote from the people themselves on long-term debt commitments. The people of New York are no different from the people of the rest of the Nation; they resist mortgaging their future for the spending schemes of today's politicians. At a time when inflation is the major concern in this country, we do not need a Vice President whose major record of public service was built upon creating over $7.7 billion in long-term debt that was not submitted to the constitutional processes of his State by consulting the will of the people.

So, Mr. President, I am frankly concerned about what the working men and women of America think about their country—the people who have seen their security undermined by rampant inflation, the people who keep this country going by working for a living and paying their taxes, and sending their sons and husbands off to war when it has been necessary.

They, Mr. President, are the victims of the big-spending philosophy that has controlled this Government, often against the people's desires.

Mr. Rockefeller's tenure as Governor of his State has placed him squarely and inescapably in the camp of those who have insisted that Government can spend a country, or a State, into prosperity. We make a mistake, Mr. President, when we delude ourselves into ignoring this assessment of Mr. Rockefeller as it exists in the minds of so many Americans.

I do not fault Mr. Rockefeller for having been born wealthy. Wealth should not preclude a citizen from holding high public office, but neither should it guarantee him such office in contradiction of the wishes of the majority of the American people. The vast majority still must labor for their daily bread, and agonize to find enough money to send their kids to college, and deprive themselves of their hard-earned salaries to pay taxes to finance the big-spending philosophies of those in public office who would solve every problem by throwing millions and billions of tax dollars at it.

Once again, Mr. President, I realize that I am in a decided minority as we prepare to vote on the nomination of Mr. Rockefeller. And my friends who are concerned that I am placing my "political future" in peril may be right. If so, so be it. I desire no "political future" at the price of acting in violation to my beliefs as to what is best for my country.

Mr. COOK. Mr. President, I yield 3 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 3 minutes.

Mr. JAVITS. Mr. President, in this rather awesome choice which we have to make respecting a Vice President of the United States two things stand out: one, our country needs a Vice President; two, there is also a question of the office itself and its service to the country.

In this particular case, the general feeling is that at this juncture in our affairs, national and international, the President has made a very important choice. I thing that is more useful a word in this context than either "splendid" or any other adjective of that character.

This is an important choice because this is an important man who has had a world reputation, earned over 30 years or 34 years of active participation on a level in which only Presidents engage.

Certainly, if you add up the score on Nelson Rockefeller, as a man who has been subjected to these strains and to these responsibilities, one is going to find a lot to find fault with, with which many can agree, but if that were not the case, Mr. President, he would not be what he is and where he is and he would not have done anything.

Sure, he has made mistakes, and as Fiorello LaGuardia used to say, "He has made some beauts."

But he has also made some very significant contributions to the life of our times and to the life of the world and remains able and capable of making more. That is the net of the argument.

Therefore, Mr. President, based upon 30 years' experience with the man, as a Governor of New York, as a friend, as a philanthropist, in every capacity in which one man can know another, I commend him to the Senate for confirmation as Vice President.

The PRESIDING OFFICER. Who yields time?

Mr. COOK. Mr. President, I yield 3 minutes to the Senator from Texas.

Mr. TOWER. Mr. President, I rise to support the confirmation of Nelson Rockefeller to be Vice President of the United States.

I am regarded as a member of the conservative wing of my party, although I do not think we have clear-cut dichotomies in the Republican Party, and I have found during an ad hoc committee effort over the past week in service with Senator JAVITS and others that there is a wide range of unanimity of spirit and philosophy among Republicans.

But accepting what they do for their own convenience, being a conservative Republican and Nelson Rockefeller being a liberal Republican, I want to make it clear that this is one conservative Republican who thinks that Nelson Rockefeller is one of the finest public servants that this country has ever had.

I think to question his motives because he is a man of great wealth in unfortunate. It is my observation that most of the men of great wealth in this country are really totally uncorruptible. Just as poverty should be no barrier to potential achievement in this world, neither do I think that wealth should be an impediment.

I think, too, that regardless of what one might say of the rapacity of some of Governor Rockefeller's forebears, one must concede that this generation of the family has been very responsible in the stewardship of wealth. There is no family in this country that has supported more worthwhile philanthropic enterprises than the Rockefeller family.

Beyond that, I think that a great deal of attack on Governor Rockefeller has been an attack on wealth itself.

I might remind my colleagues that if it

were not for wealth, there would be no capital, and if there were no capital, there would be no jobs.

I am grateful that in this free enterprise society some men have accumulated wealth which has been transferred into capital, which has made us the most progressive country and the most technologically superior and productive country in the history of mankind.

Nelson Rockefeller has served his State and his country well in previous capacities. He has proved himself as an administrator, he has proved his complete public integrity, he has proved to be a man of impeccable honesty in the stewardship of the people's power and he should be confirmed by the Senate.

Mr. COOK. I yield 2 minutes to the Senator from Michigan.

Mr. GRIFFIN. Mr. President, John Nance Garner once delivered himself of this earthy comment: "The Vice Presidency isn't worth a pitcher of warm spit."

Through the operation of the 25th amendment, two outstanding leaders, Mr. Ford and Mr. Rockefeller will have elevated to the office of Vice President. But its important to observe also, I suggest, that in the process the office of Vice President, itself has been elevated, too.

I take some issue with the distinguished Senator from Indiana (Mr. BAYH), who helped to author the 25th amendment. Earlier he said something to the effect that the 25th amendment stands as a substitute for election by the people of a Vice President.

I believe it is important to keep in mind that, prior to the adoption of the 25th amendment, there was no procedure at all for filling the office of Vice President when it became vacant.

But the 25th amendment has a lot to commend it, even if you compare it with the normal procedure for selection of a Vice President. Ordinarily, the nominee for Vice President is packed in a smoke-filled room about 2 o'clock in the morning, after the candidate for President has finally won his party's nomination at a convention. The Presidential nominee gathers some of his advisers together, under great pressure, because he has a relatively few hours before it will be necessary to announce his choice to the convention.

The candidate for Vice President, often as not, is selected because he will balance the party's ticket in some way. Sometimes, the selection may even represent the payment of a political obligation of sorts.

Throughout the campaign and election which follows the normal selection process, a Vice Presidential candidate would never be subjected to the examination and scrutiny which takes place under the 25th amendment.

Some object because a Vice President confirmed under the 25th amendment is not elected by the people. But they overlook the fact that selection of a Vice President under the normal party convention procedure—and even the election which follows—allows very little choice to the people. The voters choose between candidates for President, but it is seldom that their choice really turns on the candidate for Vice President.

Accordingly, it can be said that under the 25th amendment, the people, acting through their elected Representatives and Senators in Congress, may have a larger, more effective voice than is the case under the regular procedure.

Accordingly, I believe the 25th amendment has stood the test well. I believe it is remarkable and encouraging that its operation has produced for service as Vice President two of the ablest, most competent leaders—in Gerald Ford and Nelson Rockefeller—among those available on the American scene.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I yield 3 minutes to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I wish to compliment the chairman of the Committee on Rules, the members thereof, and the staff of the Rules Committee on the very thorough study that was given to this nomination.

The nomination of Nelson A. Rockefeller to be Vice President of the United States initiated the most intensive investigation in history into the qualifications of a man to serve as Vice President. The Committee on Rules and Administration held eight public hearings on the qualifications of Mr. Rockefeller in order to make public all pertinent testimony regarding Mr. Rockefeller so that the American people would have the opportunity to judge those qualifications for themselves. Recognizing that the confirmation hearings would be the only means to make available all pertinent information concerning this nomination to the people—who have no vote on the nominee for Vice President—the committee developed an extensive record on the nomination.

Because I felt, along with all the other members of the committee, that the committee had a duty to report the nomination to the full Senate for its judgment, since under the 25th amendment to the Constitution the Congress acts in the place of 140 million eligible voters, I voted to report the nomination favorably to the Senate. At the same time, however, I reserved my right to vote for or against the nomination on the floor of the Senate, as did other committee members.

In the time following the committee's action, I gave serious consideration to the unresolved troublesome matters which had concerned me throughout the hearings. I shall vote for the nomination. My decision to vote for this nomination is based on the following beliefs—the United States needs a Vice President; Nelson Rockefeller is a man of proven executive experience and ability; he is the President's choice; and unresolved doubts should be resolved in favor of the nominee.

The question which troubled me the most with this nomination was the propriety of Mr. Rockefeller's gifts and loans to public officials while he was Governor of New York. The gifts and loans draw sharply into focus the specific examples of the generalized problem of the combination of great economic power and great political power.

There are two considerations to be given to the gifts and loans—one legal and the other ethical.

While Mr. Rockefeller was Governor of New York he signed into law two statutes which are pertinent to an examination of the fitness of this nominee to be Vice President.

Section 73 of the Public Officers Law—46 McKinney's Consolidated Laws of New York Annotated—effective January 1, 1966, provides in relevant part, that—

> 5. No officer or employee of a state agency, member of the legislature or legislative employee shall, directly or indirectly, solicit, accept or receive any gift having a value of twenty-five dollars or more whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could be reasonably expected to influence him, in the performance of his official duties or was intended as a reward for any official action on his part.

The law also prohibits making such gifts:

> No person shall, directly or indirectly, offer or make any such gift to any officer or employee of a state agency, member of the legislature or legislative employee under such circumstances.

On September 1, 1967, New York Penal Code section 200.30 took effect. The law covers giving of unlawful gratuities:

> A person is guilty of giving unlawful gratuities when he knowingly confers, or offers or agrees to confer, any benefit upon a public servant for having engaged in official conduct which he was required or authorized to perform, and for which he was not entitled to any special or additional compensation.

Because of various gifts and loans by Mr. Rockefeller to public officials of the State of New York, the details of the circumstances surrounding the gifts and loans were carefully drawn out in the hearings. While it was not the function of the committee to act as a jury on the questions raised by the statutes and the gifts and loans, it was the duty of the committee to elicit all available and pertinent facts concerning the gifts and loans as they applied to the essential elements of the criminal statutes in effect in New York at the time.

The circumstances of the gifts and loans to at least three of the recipients—Dr. William J. Ronan, Mr. Edward J. Logue, and Mr. Henry L. Diamond—made a close examination of the facts of those cases necessary in light of the New York statutes.

In these instances, the critical fact which remained unresolved was whether the intent on the part of Mr. Rockefeller when he made the gift or loan was to reward official conduct under the "tipping statute," or whether it could reasonably be inferred that the benefit was intended to influence the recipient in the course of his official conduct under the "bribery statute."

In the final analysis, I felt that these questions must be resolved in Mr. Rockefeller's favor. He and the recipients testified that the gifts and loans were not for official acts but rather were made out of friendship and esteem, and the committee could find no hard and conclusive evidence to the contrary.

Beyond the legal questions arising from the statutes, the ethical question surrounding the gifts and loans is one that is even more difficult to resolve.

Is it beneficial to our society when a man of great wealth uses that wealth to surround himself with men who might not be able to serve in public life without such financial assistance?

Perhaps it could be argued that it is clearly an advantage to society in general to keep talented men in public positions who could not otherwise remain therein without such financial aid if they can do so without sacrificing their independent judgment or their sense of duty to the people—whom they ultimately serve. If the recipient were to be financially aided by a general fund held by the Government for such purposes, for example, where certain criteria were to be met for the assistance and where no individual could approve or reject an application on his own initiative, there would not be the fears that must now be expressed about individual generosity.

But where an individual either takes a public position or remains in it, due to the generosity of his donor, beyond the stipend set by the county, or municipality, or State, or Nation he serves, his actions in that official position become somewhat suspect whether or not the donor's interests are involved, even if the donor is the official who can fire him at will. The authority to hire and fire and direct policy still does not give a superior the absolute power to make his subordinate do his wishes concerning matters in which the subordinate feels he cannot, in good conscience, follow his superior's orders. The subordinate may state his objections, argue the side of the case he feels is being neglected, and, failing in all of this, he might resign, thus focusing public attention on what he considers an injustice. The events, for example, surrounding the Saturday night massacre in October 1973 should illustrate vividly that the ability to hire and fire and direct policy does not alone carry with it the ability to make a man of strong character do the bidding of his superior in all matters.

A public official in the executive branch carries a difficult burden. He is primarily responsible to his superior, but he is also responsible to the constituency which his position must represent, and there are times when those responsibilities conflict. The added burden of appreciation for financial assistance to his superior would increase the tendencies of most men to "do what the boss wants" rather than to contend for a position that is inconsistent with that of a superior.

There was no conclusive evidence that Governor Rockefeller had such an intent with the gifts and loans he made to public officials who served under him in New York, and I know he is now aware that actions such as he has taken do not always appear the same as they may have been intended. The compensation of public officials should be a matter for public determination rather than for private determination, and the making of such gifts and loans by Governor Rockefeller, under the circumstances, ran the risk of undermining the integrity of government.

The combination of great wealth and great political power is a factor which requires careful scrutiny whether by the Congress under the 25th amendment, or by the electorate during a regular election.

I raised this question during Mr. Rockefeller's first appearance before the committee. In his second appearance before the committee, he raised the question himself. It is a question that cannot be answered simply by a written or oral response. So many imponderables are involved as to make the answer await the events of time.

Now, as to the Goldberg book, I do not condone the printing of such a book or the public statements that were made with respect to the financing of the book, before the full facts concerning the publication of the book and the financing of that book came out during the hearings.

But Mr. Rockefeller admitted his mistake and he stated that what he had thought was the truth was stated by him at the time, but that the facts which he considered at the time to be true later turned out not to be correct.

He made a mistake, he admitted to it, he apologized for it, and, as far as I am concerned, I do not think the matter should be further pursued.

Even though certain aspects of this nomination still trouble me, I shall vote to confirm Mr. Rockefeller.

As I have said, the country needs a Vice President, Mr. Rockefeller is the President's choice. We have thoroughly gone into all of the questions that were raised. Based upon the evidence that we have been able to elicit, I cannot personally find any justification for voting against Mr. Rockefeller.

He is a man of ability and wide experience. I feel that, in my own case at least, I have a responsibility, on the basis of the record, to vote for this nomination.

Mr. PERCY. Mr. President, I am honored to indicate my enthusiastic support for Governor Nelson A. Rockefeller to be the next Vice President of the United States. I have personally known Governor Rockefeller for more than two decades. I supported him for President of the United States in 1968. I believed then that his talent, ability and experience made him the most qualified person to bring this country together and provide leadership. For the same reason, I believe that he is eminently qualified to be Vice President of the United States.

I believe he has the capability to provide great leadership for America and make an invaluable contribution to the Ford administration at this critical time in our history.

My own effort to explore the possibility of seeking the Republican Presidential nomination in 1976, an effort which has been halted, in no way detracted, as I mentioned to Governor Rockefeller at that time, from my great esteem and my high regard for him in every respect.

I had the pleasure of serving with him on the main panel of the Rockefeller brothers' study project in the late 1950s under the able guidance of Henry Kissinger who served the study as staff director. Today, another Rockefeller panel, the Commission on Critical Choices for Americans, is preparing a set of studies from which we can draw as we face the vital issues of our time.

Governor Rockefeller is familiar with a large reservoir of talent throughout the country. I believe he can attract some of the Nation's most creative minds to this administration and recommend them to the President.

A word about Governor Rockefeller's gifts seems appropriate. In all the experience I have had with him, I have known him to be a generous man who acted with sensitivity toward his friends and associates. In retrospect, some of his gifts may have been errors in judgment. But I have never known him to act with anything less than the best intentions.

Governor Rockefeller will make a great Vice President. I enthusiastically endorse his confirmation and urge my colleagues to join me in giving him a strong vote of confidence.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. COOK. Mr. President, how much time do I have?

The PRESIDING OFFICER. Four and a half minutes remain.

Mr. COOK. Mr. President, we started this nomination on the 21st of August of this year. We are now in December, and the country awaits a Vice President. I looked around and listened to these remarks and I think to myself that there is some substantial wealth in this body. I expect it influences those individuals. I expect that it imparts influence on some colleagues during the course of debates and discussions.

What amazes me, I believe, Mr. President, is that here is a man who had great wealth the minute he was born. He could not have gotten away from it, I suspect. He need not have done anything except to enjoy that wealth.

Here is a man, because he believed in his country, believed deeply in this system, who started under President Roosevelt, at the request of that President, to aid and assist his country. He then has worked for every President since in one role or another, in various departments, and on trips throughout the world. He even made a trip at the request of a President to go through South America. He picked up experts and then found out that he could not even take tax deductions for those expenses. Yet he spent them for this country.

Then we say that here is a man who we have enjoyed being a volunteer, who we have enjoyed working for the State Department, enjoyed working for HEW, enjoyed being an ambassador to go here and there to help solve the problems of the United States, and our position in the world. But when his nomination comes here, that is another matter.

There are people who, I might suggest, have probably written letters to the various foundations that have tremendous Rockefeller sums saying: Would you help this facility, that facility, this university or that college, this program or that program.

That is all right. But then it comes to saying to an American citizen who has every right and every obligation to this country as all of us have, "We do not know whether we want you to be Vice President of the United States."

He has held what is considered to be the second highest position in the United States for four terms by the vote of the people of his State. That was as Governor of the State of New York. I think the closest race he was ever in he won by over 700,000 votes. That ought to tell us something.

Obviously, all the wealth that we know now about they knew in that State. All of the things that could have occurred could have occurred as a result of a man being chief executive of the largest State in the United States.

I can only say to you that it disturbs me as someone who came to the Senate with very little and leaves with a bigger debt, and securities that are worth half what they were worth when I came here—and their total value when I came here was not a great deal, Mr. President—it disturbs me that we would stand in this Chamber and condemn wealth in the United States.

It disturbs me that we would say that I would not encourage my children to do the very best they can, and to the best of their ability, to try to excel in a free enterprise system in the United States.

I might say that, unlike the Senator from Illinois, I really never knew Mr. Rockefeller until these hearings started. I have now read, I believe, 8,000, 10,000, or 12,000 pages about him.

The Senator from North Carolina said that Mr. Rockefeller ought to be criticized because he did not give us the full facts about his wealth, and yet one of the facts that we now see that increased his wealth was the fact that, out of approximately $60 million, he had deducted over $20 million of what he had left to give as gifts to various institutions throughout the United States.

Is that a strange remark to make about so much money?

Of this tremendous family, 87 of them share this wealth, and yet we saw a man die the other day in Texas who, in his own right, was worth, we estimate, some $3 billion.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOK. Will the Senator yield an additional 30 seconds?

Mr. CANNON. I yield.

Mr. COOK. I want to thank Senator CANNON, who did a remarkable job on the Rules and Administration Committee, and all of my colleagues—Senator BYRD, Senator ALLEN, Senator GRIFFIN.

I want to thank Joe Leary, of my staff, who did a remarkable job on this nomination, and I want to thank the members of the majority staff who worked long, long and hard on this.

May I say we now have a nomination before the Senate that deserves to be confirmed.

Thank you, Mr. President.

Mr. STEVENSON. Mr. President, I intend to vote for the confirmation of Nelson Rockefeller as Vice President. This vote does not mean that I agree with the nominee on all or even most questions of public policy, nor does it mean that all of my doubts have been put to rest on the questions that have been raised during consideration of his nomination. But I have concluded that on balance the best interests of the country would be served by the confirmation of Mr. Rockefeller.

Even the most severe critics of Governor Rockefeller acknowledge his skill and effectiveness as an administrator, demonstrated in his 15 years of service as Governor of New York. His work in State government is only the most recent endeavor in a long history of public service beginning with his appointment as Coordinator of Inter-American Affairs under President Roosevelt in 1940 and continuing without interruption until the present. His wide experience and proven effectiveness will be welcome benefits in this administration.

Questions have been raised about the nominee's gifts to persons both in and out of New York State government during his tenure as Governor. I shared that concern and carefully reviewed the hearings of the Rules Committee into this matter, and I cannot conclude that these gifts disqualify the nominee. The committee could find no indication that any of the gifts were offered or received with an understanding that some official action was to be taken in return. Such a great number of large gifts may be unique in American history, and understandably raise suspicions. But this matter must be judged in the context of the great wealth and long tradition of philanthropy of the Governor and his family.

As to the campaign biography of Justice Goldberg financed by the nominee's brother, there has been no challenge to Governor Rockefeller's account of his involvement—an involvement amounting to a 15-minute discussion in the heat of a campaign with the promoter of the book, after which the promoter was referred to Laurance Rockefeller's office. I cannot and do not condone such campaign tactics, but I also cannot conclude that this brief episode in one of four campaigns for Governor and three for the Presidency requires rejection of the nominee.

Some have argued that the nominee's great wealth alone should disqualify him because of the inevitability of conflicts of interest between his private fortune and his public responsibilities. This is a view that I do not share. I believe that a man of integrity can decide public issues on their merits regardless of his private concerns, and the fact is that throughout the exhaustive investigations into the nominee's background, there has been no serious allegation that he attempted to use his political power to enhance or preserve his private fortune. We have had men of wealth in high national office before, although perhaps not wealth of the same magnitude, and some of these have been among our best public servants. Indeed, a man of wealth may be more immune to corruption than one still seeking financial security. I am not prepared to adopt a rule excluding the wealthy from public office regardless of their personal merit.

I have not always shared the nominee's views on such issues as abortion, busing, and military spending. I am disturbed at the suggestion of latent cold war mentality evidenced by such things as his promotion of bomb shelters in the late 1950's and the reluctance of his support for the 1963 Test Ban Treaty. But the President has the prerogative to choose a Vice President who shares his philosophy, and no nominee of this administration is likely to reflect my own views. Although I may have differences of opinion with the nominee, none of his views are outside the realm of reasonable public debate, and there is little more that I can demand. Governor Rockefeller has shown himself both thoughtful and flexible about matters of public policy, and responsive to the comments of the talented people he seeks out for advice.

Indeed, Governor Rockefeller's record of seeking out able and informed advisors to join Government service is an important qualification in itself. The Nixon and Ford administrations have been sadly incapable of attracting or keeping capable persons in Government, and this is one area in which Governor Rockefeller could make a substantial contribution. It is worth noting that Secretary Kissinger—probably the most talented man in this administration—is an alumnus of the Governor's staff.

Finally, I am concerned about prolonging the agonizing period of instability in our national leadership that began with the Watergate affair. Fourteen months ago today a Vice President resigned in disgrace, and just over 4 months ago a President resigned in similar circumstances. We have been without a Vice President for the last 4 months, and for 6 of the last 14 months. To reject the nomination of Mr. Rockefeller now, without substantial reasons for doing so, could not help but serve to further undermine confidence, both here and abroad, in the Government of the United States.

I shall, therefore, vote to confirm Mr. Rockefeller and to get on with the business of Government.

Mr. WILLIAMS. Mr. President, we are here today to determine whether an individual, nominated by the President, is qualified to serve as Vice President of the United States. We find ourselves in this position for two unique and distinct reasons:

First, because section 2 of the 25th amendment to the Constitution requires that in the case of such a vacancy "the President shall nominate a Vice President who shall take office upon confirmation by a majority vote of both Houses of Congress." Thus, our decision today will be in fulfillment of our overriding obligation to carry out this unequivocal constitutional mandate.

Second, because in a period of less than 18 months this Nation has been deeply shaken by the resignation of both its elected President and Vice President for the very reason that they acted in utter defiance of their overriding obligation to abide by the constitutional mandate "to take care that the laws be faithfully executed."

When Nelson Rockefeller was nominated to fill the position of Vice President, the Congress of the United States was faced with an awesome task. For not only are we required to act on behalf of a constitutionally disenfranchised electorate to assure that this man meets the standards which qualify him for this high office; but we also are acting with the full knowledge that Nelson Rockefeller was appointed by a President who, himself, was appointed—not elected—to lead our government. And it is for these reasons—combined with the unprecedented implications of the potential wedding of the nominee's enormous wealth with great political power—that the Committee on Rules and Administration has engaged in perhaps the most intensive indepth confirmation inquiry ever conducted by a committee of the U.S. Senate.

Mr. President, this nomination was sent to the Congress on August 20, 1974. Since that time our investigation has involved the work of more than 300 FBI agents, hundreds of Internal Revenue Service employees, and countless numbers of staff members of the Library of Congress, the General Accounting Office, and various committees of both the House and Senate. In addition, the Senate Rules Committee held 8 long days of public hearings and listened to 47 witnesses who were examined with respect to Governor Rockefeller's character, political views, and his personal and public activities throughout his adult life. And of equal importance, I and all of my colleagues on the committee have carefully listened to the views of thousands of individual citizens who have expressed themselves either by mail or in personal conversations.

There can be no doubt that the major concern about Nelson Rockefeller's fitness for office has been his massive financial resources. Virtually every possible debilitating issue raised with respect to the nominee has been an offshoot of the fact that he possesses a degree of wealth which is beyond the wildest expectations of all but a handful of individuals in this Nation. The questions of potential conflict of interest, of income taxes, of his loans and gifts to others, of political contributions, and of other of his activities such as the financing of "the Goldberg book," all arise because of the vast amount of money which he and his family control.

Mr. President, I do not believe it would be useful here to go into depth about each and every aspect of Governor Rockefeller's activities which the committee explored. The committee report discusses our major concerns at length, and I find myself in substantial agreement with the discussion and conclusions found in this report. In addition, the hearing record is an extensive one, and I think that my colleagues and the public as a whole will find that all of these matters—and more—were examined at great length and that the committee allowed all viewpoints on Mr. Rockefeller's qualifications to be heard.

What I think is of utmost importance, however, in judging this nominee, as well as all potential holders of great office and great power, is the question of whether such individual has in the past and will in the future exercise the necessary degree of care and sensitivity toward the people who have conferred upon him the responsibility and privilege of making decisions which will affect their lives and the lives of generations yet to come. Now there is no question in my mind that Nelson Rockefeller has had an enviable and distinguished record of public service. He has served five Presidents and was elected four times as Governor of New York State. He has contributed hundreds of thousands of dollars to numerous educational, cultural, and social causes. He has been a leader in his party and has taken courageous stands on many of the most difficult and controversial issues of our times. In all of these things he is to be commended.

Yet, at the same time, Governor Rockefeller has involved himself in certain matters which have shown some degree of thoughtlessness and bad judgment. Most particularly in this regard were his role in the Attica prison uprising, his involvement with the Lasky biography of Arthur Goldberg, and his gifts and loans to public officials. Taken together and when measured against the totality of Nelson Rockefeller's lifetime accomplishments, it might be said that we should dismiss these matters as insignificant aberations of conduct and character. Yes, it is true—all of us do make mistakes.

However, in my view, these occurrences must be examined not so much for the specifics of what was done, but for their broader meaning. And for me that meaning is that at the time these events took place, Nelson Rockefeller did not fully appreciate or have an adequate understanding of how his actions might be and would be viewed by the American people. And while I have no doubt that Mr. Rockefeller had no venal purposes or ulterior motive when he set these events in motion, I do feel that he manifested an unfortunate measure of carelessness and insensitivity in these matters. And, before I could cast my vote to favorably recommend that Nelson Rockefeller be confirmed, I felt most deeply that he must show us—the Congress—and the American people that he has the capacity to sharpen his sensitivity and that his actions in the future will unquestionably reflect more sensitive judgments.

Mr. President, it is impossible for any of us to know with certainty why Nelson Rockefeller did not earlier recognize the disquieting effect his actions could have on the American people. Indeed, I saw this as a most peculiar phenomenon in view of his record in human needs efforts such as education, health, urban development, employment, and the like. But having listened to 4½ days of the nominee's testimony and having observed his demeanor throughout these hearings, I believe that Governor Rockefeller has developed a keen awareness of the degree of care which he must exercise if he is to have the people's trust.

With respect to Attica, he admitted that he made a grievous mistake by permitting State troopers to enter the prison grounds with loaded firearms. With respect to the Goldberg biography, he made clear that he had exercised carelessness and poor judgment—and he unequivocally apologized for it. With respect to the gifts and loans he recognized that his desire to be helpful gave rise to deep and legitimate concerns and that giving such large sums of money could have a profound effect upon the attitude of the beneficiaries of his largess which could be to the detriment of the people who they were appointed to serve. And, with respect to the overall influence of his and his family's wealth, I strongly believe that Governor Rockefeller has come to learn that even if he saw this influence as "mythical," the people do not view it so inconsequentially, and they have had grave reservations about its potential effect. Indeed, after the abuses of public trust manifested during these years of Watergate, the American people have every right to expect that we do everything in our power to safeguard against the use of constitutional office for personal and family benefit to the detriment of the public good.

Mr. President, I truly believe that in the 113 days since his nomination, Nelson Rockefeller has learned some great lessons—and these lessons have been learned the hard way in an ordeal which has forced him to rethink his approach to many of the important questions which have been raised by his nomination. And of utmost importance, I believe that this ordeal has brought him in closer touch with the feelings and needs of the people he will be serving as Vice President. This is the most invaluable education any person can have.

Of course, Mr. President, there are many who will question whether any man can really change his viewpoint and develop deeper sensitivities in less than 3 months' time. We have all become somewhat cynical about lofty public statements which have not been backed up by real and visible action. Those of us in political life are especially sensitive to this problem. And it is for this reason that Nelson Rockefeller must understand that, should he be confirmed by a healthy margin, his ordeal will not be ended. He will not be able to then ignore the lessons which he has said he learned during this confirmation process. As one Senator—and I am certain that it is true of many of my colleagues—I intend to pay particular attention to his course of conduct with the firm expectation that he will demonstrate that what he has said to us since August has real meaning for him. I have confidence that Nelson Rockefeller is a man of high integrity, and I am certain that he can and will serve our Nation well.

Mr. President, I would like to add one final note. As a member of the Rules Committee I have now participated in two investigations with respect to the nomination of two men to be Vice President of the United States. In both cases I have felt the heavy burden imposed by the 25th amendment which requires the Congress to exercise its judgment as a substitute for the elective process. In each instance this has been an arduous task, but all of us have labored to the best of our ability. In neither case can it be fairly said that we have shrunk from our responsibility.

I do think, however, that in the unique case of the Vice President we must—in the immediate future—carefully rethink whether this is the proper way to proceed. I am deeply disturbed that in these complex and difficult times the American people themselves are denied the opportunity to make this decision directly. After a careful examination of Nelson Rockfeller's record, I think that he is highly qualified to serve in the position as Vice President of the United States. I join unreservedly in the committee's recommendation. I do feel, however, that this is a decision which more appropriately rests with the electorate as a whole and we must find a better way to reach that objective.

Mr. MONDALE. Mr. President, the consideration of the nomination of Nelson Rockefeller to be Vice President of the United States by the Senate Committee on Rules Administration probably represents the most careful and in-depth confirmation inquiry ever conducted by a Senate committee. This particular confirmation inquiry was enormously difficult in view of the nominee's enormous wealth, complicated financial holdings, and long record of public service.

Yet, for the second time in less than 1 year, the Rules Committee has performed its important responsibilities in the context of a Vice Presidential nomination with dedication, seriousness, perceptiveness, and dispatch. I wish to compliment the distinguished chairman (Mr. CANNON) and the members of the committee for a job well done and thank them for providing all of the Members of the Senate with the material necessary to the exercise of our important responsibility under the 25th amendment.

We in Congress are given a most solemn responsibility under the 25th amendment. For the people, we must examine and approve a Vice President—and potential President—of the United States. We are charged with substituting our judgment for the judgment of 98 million American voters in confirming the Vice President.

Our responsibility would be awesome under any circumstances. But, in the aftermath of Watergate—just as the people are scrutinizing potential officeholders extra-carefully—so too we must be especially careful as we approve a new Vice President.

The public is tired of secrecy and manipulation. The public is fed up with abuse of official power. The public will not tolerate conflict of interest. The public wants no more of "dirty tricks" or scandals. The American people want leaders who are open, honest, compassionate, and dedicated to working toward solutions for the problems facing this Nation.

In light of the context in which we consider the nomination of Nelson Rockefeller and the importance of our responsibility, I have carefully followed the work of the Rules Committee, have communicated with the nominee himself, and have studied all available materials with utmost care.

I have concluded, Mr. President, that I will vote for the confirmation of Nelson Rockefeller. Mr. Rockefeller's service to local government, to the State of New York, and to the Nation extends over nearly four decades. He has made important contributions in the field of foreign relations—particularly inter-American relations; has worked in the executive branch of the National Government; has served as Governor of New York for 15 years; has served in public office at the local and county government level—has been a member of dozens of public and private task forces, commissions, and advisory bodies; and has worked on behalf of many charitable and humanitarian causes.

This country urgently needs a Vice President. President Ford has nominated Nelson Rockefeller and has indicated his belief that he will be able to work well with his nominee. Nelson Rockefeller has the ability to serve in that high office and has told of his desire to work with the President for the public good.

I must add, however, that I have reservations about this nominee and that certain questions concern me. As we all know, Nelson Rockefeller is an enormously wealthy man. His assets and those of his immediate family total approximately a quarter of a million dollars. The assets of the entire Rockefeller family exceed $1 billion.

The Rockefeller investments, moreover, are concentrated in industries and companies whose profits often turn on governmental decisions. One need only look at the list of Rockefeller holdings—Continental Oil Co., Exxon Corp., Marathon Oil Co., Mobil Oil Corp., Standard Oil, Dow Chemical, General Electric, IBM Corp., and Gulf Oil.

The Rockefeller wealth and the location of that wealth raise a significant conflict of interest question. Can the nominee—as Vice President or President—make decisions free of personal, economic considerations? I believe the distinguished Rules Committee chairman (Mr. CANNON) expressed my concern well when, during the hearings, he stated:

> (T) he economic power which you and your family exert directly and indirectly upon the domestic and international economy in oil, real estate, banks, insurance, and many other endeavors, gives rise to a question which must be paramount in the minds of many citizens. That question is: How can you conduct yourself in office in a manner that would avoid even the appearance of conflict of interest when decisions you will be called upon to make cannot help but influence the profits and losses of one or more of your holdings?

In addition, I am most concerned that this vast economic power, when combined with the political power of a Vice President or President, may create grave potential for abuse. The distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) put this question well during the hearings when he asked:

> Would the combination of these two—great economic wealth plus great political power—in your judgment clothe the office of the Vice Presidency or the Presidency with an inordinate great power, certainly a far greater power than either of those offices would ordinarily clothe the average occupant whose financial means is much less than yours?

These general concerns trouble me greatly. I trust and believe that public awareness, public disclosure, Mr. Rockefeller's sensitivity to the potentials inherent in his wealth, and steps which he might take in light of this awareness can remove any problems which might exist.

There are two more particular matters which concern me also, Mr. President, and about which I would like to comment briefly. First, the Rules Committee has spent a great deal of time inquiring into Mr. Rockefeller's role in the financing of a book about Mr. Justice Arthur Goldberg, who was Mr. Rockefeller's opponent in the election for Governor of New York in 1970. Even assuming Mr. Rockefeller did no more than become aware of the book and aid in securing financing for it, I fully agree with the Rules Committee when it concludes that—

> Nelson Rockefeller exercised poor judgment when he was informed initially about the book and by his action gave tacit agreement to its publication.

At the worst, this incident represents conduct reminiscent of the Nixon era dirty tricks. The manner in which the truth about the incident was revealed raises grave doubts in my mind. I cannot excuse this matter; I cannot condone it.

In addition, Mr. Rockefeller has made several million dollars in gifts and/or loans over a period of 20 years to New York State public officials and others, including friends, aides, and political associates. The circumstances surrounding some of these gifts and/or loans raise serious questions of judgment and propriety. Aside from questions of their legality, I cannot ignore the questions of judgment and propriety.

I sincerely hope that Mr. Rockefeller has learned from these incidents. I sincerely hope that he will not engage in similar conduct in the future. The country cannot stand the consequences, and the American public will not stand for it.

If the work of the Senate Rules Committee and the other aspects of the confirmation process can serve as a learning experience for Mr. Rockefeller, we will all be the beneficiaries. Hopefully, he has seen the questionable nature of certain past conduct, and will act—or refrain from acting—accordingly. Hopefully, he is now aware of the questions which the existence of his enormous wealth raise and the potentials for abuse that go along with that wealth. He can act to remove those questions and minimize that potential. I hope that he will. Although I would favor divestiture, I understand Mr. Rockefeller will act to place his assets in a blind trust. Let us all hope that he will insure that the trust is truly blind and that even the appearance of impropriety will be removed.

Mr. President, I would like to close with one final point. During his confirmation hearings, Mr. Rockefeller uttered a very telling statement to the effect that a very large amount of money is to him as a small amount of money is to another. I sincerely hope that the former can truly appreciate the needs, hopes, problems, and concerns of the latter.

Dealing with the pressing domestic needs of our people at this time in history requires, in my opinion, a true sensitivity to those needs. Mr. Rockefeller lives in a word different from the world of the average American. Above all else, I hope that he realizes this. I hope that he will, as Vice President of the United States, do all that is within his power to meet the needs—to solve the problems—of the citizens of Minnesota and the citizens of this entire Nation.

With this hope, I vote to confirm the nomination of Nelson Rockefeller.

Mr. MUSKIE. Mr. President, the hearings on the confirmation of Vice President-designate Nelson A. Rockefeller have been concluded in the Senate, the Senate Rules Committee has unanimously reported out his nomination, and we must now make our decision.

On the basis of the facts now before us, and I believe we have enough to render a judgment. I intend to vote for confirmation of Governor Rockefeller to serve as the 41st Vice President of the United States.

I make this decision after careful consideration of the information disclosed during the Senate and House hearings and from my familiarity with Governor Rockefeller's 30 years of public service. In all these, I believe him suited for the Vice Presidency.

I see the record of a man who has dedicated his life to public service.

Governor Rockefeller has served five of our last six Presidents in both domestic and international posts. In these assignments, his record was marked with accomplishments.

As an assistant secretary of State from 1944 to 1945, he participated in the founding of the United Nations at San Francisco. In the 1950's he was chairman of a presidential advisory committee that recommended the establishment of the Department of Health, Education, and Welfare, where he later served as Under Secretary. Throughout a number of assignments that involved Latin America, Governor Rockefeller has had a major role in linking our two continents closer together.

As a former governor, I can appreciate Governor Rockefeller's toil for 15 years on behalf of the people of New York. I admire his accomplishments—and his stamina.

As Governor of New York, he applied a distinctive brand of imagination and leadership.

The benefits of his leadership extended beyond New York State boundaries, as well. With New York often leading the way, many other State governments learned to adjust to new challenges that called for new roles. Whether it was called "Creative Federalism" or "New Federalism," the transition to the new relationship between Federal, State, and local governments was made easier by Governor Rockefeller's efforts.

Were these the only matters for debate, Governor Rockefeller would have been confirmed long ago. However, they are not. The debate has centered on his personal wealth and the possibility that he has misused it.

Governor Rockefeller has been subjected to an unfortunate form of criticism. It assumes that the rich are unfit for public office, for no other reason than their wealth. Anyone who is wealthy is assumed to be insensitive to social problems and arrogant of the public's right to participate in Government.

There are many wealthy people who should not be Vice President, but the same could be said for many middle-income and poor people, and those of any sex, religion, race, occupation, and age. As the Washington Post editorialized:

> The point is simply that it is the character and qualifications of the individual that matter most and these are not the criteria that can be fairly applied on the basis of race or sex or social and economic background or professional experience, or regional origin.

As his record in office shows, Governor Rockefeller has the necessary character and qualifications. He has demonstrated in concrete and enduring ways that he is sensitive to the complex social and economic problems of the people.

He has been challenged most seriously with two specific misuses of his wealth: Presenting associates and friends with large gifts, and his brother's financing of a defamatory book about Arthur Goldberg.

These are both serious issues that merit careful consideration.

About the giving of gifts, Governor Rockefeller has stated that the purpose was to reward the service of longtime associates. While this is not a desirable way to run a government, Governor Rockefeller has demonstrated that personal gain was not the object of this generosity, and has acknowledged the legitimate questions it has raised by pledging no such gifts in the future, except to help friends in extreme need.

The book about Arthur Goldberg was a troubling incident. It was an unjustified smear of a man who has also dedicated his life to public service. It was a "dirty trick" that has no place in political campaigns between two men of such obvious stature.

I have thoroughly considered the incident in the perspective of this nomination. Governor Rockefeller has acknowledged the misguided nature of the decision to permit the book's financing. He has apologized. And there is little further he can do to repair the error.

Weighed against Governor Rockefeller's lifetime record, I do not find sufficient information to disqualify him from the Vice Presidency.

Instead, there is the overwhelming weight of a lifetime record of positive accomplishments that reflects his obvious dedication to public service.

I am now convinced that I can vote for confirmation in good conscience and with the public good in mind.

Mr. CHURCH. Mr. President, I have no doubt that Nelson Rockefeller would not have been nominated for Vice President by the people of Idaho, had the decision been left to them by the Constitution. Neither would he have been my choice, had the decision been left to me.

However, inasmuch as the 25th amendment confers upon President Ford the exclusive right to nominate for Vice President the man or woman with whom he wishes to serve, and inasmuch as the role of Congress is confined to that of confirming or rejecting his choice, our options are rather narrowly defined.

The occasion is extraordinary: the Congress is being asked to confirm an unelected Vice President, nominated by an unelected President. So we must be careful to bind our vote to moorings which will not only serve us now, but will set the precedent for the future.

The question we must ask is not whether Nelson Rockefeller would have been our personal choice for Vice President, but whether, as President Ford's personal choice, the nominee is qualified to serve. Let it be remembered that ours is an interim decision, filling the vacancy in the office only until our next national election, when the American people will once again choose for themselves.

Accordingly, I have reviewed the proceedings before the Senate Rules Committee, examined the testimony and carefully weighed the committee's report. I find nothing in the evidence upon which I could fairly conclude that Mr. Rockefeller is unqualified to serve as Vice President of the United States.

It is disappointing that Nelson Rockefeller, through association with his brother, became linked with the publication of a book which appeared to be a disinterested, objective biography of former Justice Arthur Goldberg. The book dealt unfavorably with Goldberg and was circulated at the time he ran against Nelson Rockefeller for Governor of New York in 1970. In actuality, the book was financed by money from the Rockefeller family, effectively concealed behind a corporate facade.

I find such tactics unworthy of a nominee for so high an office but, given the rough-and-tumble customs of American political campaigns, this particular misadventure is not sufficient, in itself, to justify a rejection of the President's choice.

As to the questions raised concerning Nelson Rockefeller's views on various public issues, there is no indication in the record that his positions, however controversial, have not been honestly taken. Frequently, I have disagreed with Mr. Rockefeller in the past, and I shall doubtlessly find new disagreements with him in the future. But I recognize that he is entitled to his views, as I am entitled to mine. A divergence of viewpoint is not a proper ground for a Democrat to vote against a Republican President's nominee, during the life of his administration.

There remains, of course, the question of the nominee's great wealth and personal power. The Rockefeller family possesses one of the largest fortunes in the world today. Does a person accustomed to such wealth lose his capacity to identify with the legitimate needs and aspirations of ordinary working people, that is to say, of the average citizen?

The way the Rockefeller fortune has been managed demonstrates that the family has not been unmindful that great private wealth generates a comparable obligation to support public causes. Few rich men have been more generous with their money than Nelson Rockefeller. The list of educational, cultural, and charitable contributions he has made is impressive, indeed.

As to whether Mr. Rockefeller's personal fortune constitutes an insurmountable conflict-of-interest with respect to the discharge of his duties as Vice President, the Senate Rules Committee has decided in the negative. The committee did not require the nominee to place his financial assets in a blind trust. In all fairness, it seems to me that this decision was sound.

Men of wealth have served as President and Vice President before; none has ever been required to sever his financial ties. President Kennedy, for example, was a man of considerable wealth, yet I have never heard him accused of using his office to fatten his financial portfolio.

Here in Congress, men of wealth serve today in both the Senate and the House of Representatives. But no Member has ever been required to give up financial assets or place them in a blind trust. For that matter, Congress has consistently refused even to pass an adequate disclosure law for its own Members, although the Senate did approve such a measure last year.

Yet, the full scope of the financial interests of the Rockefeller family has been revealed as a result of these confirmation proceedings. Because Nelson Rockefeller's assets and the source of his income is now a matter of full public record, I believe that any future action on his part, raising a conflict-of-interest issue, would be readily apparent.

Under these circumstances, we should not fall into the error of imposing a double standard. As we would not refuse the Office of Vice Presidency to a man on account of his humble means, so we should not deny the office to a man on account of his affluence.

Giving the President the authority to nominate a new Vice President when that office is vacant is in line with the traditional political practice—long honored—of allowing the Presidential nominees of the major political parties to select their own running mates. The vote we take today must be approached with this tradition in mind.

The question really posed is whether any grounds exist which clearly disqualify Nelson A. Rockefeller from serving as Vice President. In the absence of such evidence, I will cast my vote in favor of confirming the President's nominee.

Mr. TUNNEY. Mr. President, the nomination of Nelson Rockefeller to be Vice President has generated heated discussion, debate, and comment among Americans generally. This has been reflected in a large volume of mail and telegrams to my office. This public discussion is a vigorous demonstration of our democracy. In light of the great attention on our action today, I wish to share my own assessment of the issues which have been raised during the confirmation hearings.

Under the constitutional procedure instituted by the 25th amendment, the Congress has been given the responsibility for approving the selection of the next Vice President. In this endeavor, each of us in the Senate and the House is a substitute for the electorate of his or her State or district. But this does not mean that the process is a replacement for an election, for the confirmation process differs greatly from the normal electoral process.

Whereas in an election, the voter has a choice among two or more candidates, the Member of Congress in a confirmation is faced only with making a positive or negative judgment on a single nominee. There is no knowledge of what the alternative may be to the nomination before the Congress. He must review all the available information about the nominee, and determine if he possesses the necessary qualifications of background, judgment, and honesty. The Congressman or Senator must also determine if there is anything in the nominee's history which should disqualify him.

It is on the basis of these standards that I have approached the nomination of Nelson Rockefeller to be Vice President.

One argument which has been mentioned in my mail, although not much during the public hearings on this nomination, was that Mr. Rockefeller's previous three attempts to reach national elective office, none of which succeeded, indicated that popular opinion should foreclose confirmation at this time. Whatever reasons Mr. Rockefeller failed to achieve his party's nomination in earlier years, were principally because of political or personal factors, in competition with other men. Today, Mr. Rockefeller is presented on his own for this post, not in a referendum against others. While many persons, including those of his own party, might have a preference for another person to fill the post, the President's choice is the one which we must evaluate.

During the weeks of hearings and disclosures of information, several issues surfaced as being the most critical for Mr. Rockefeller's nomination. While in some instances I do not feel comfortable with Mr. Rockefeller's attitudes or actions, I feel on balance that he should be confirmed. His wide background in government on both the State and Federal level prepare him suitably for the varied tasks of the Vice-Presidency, and for the Presidency if that unhappy possibility should occur.

The most difficult problems in my opinion, revolved around the enormous wealth of the Rockefeller family. As to the overall question of wealth, I do not feel that even this great accumulation of funds and power disqualifies Mr. Rockefeller. Notwithstanding a total family fortune in excess of $1 billion, this is still a miniscule fraction of the wealth of the Nation, and in no way enough to be a lever on national policy. And certainly the family is not monolithic. There is no evidence that there would be conflicts of interest in the future, and there have been no cases shown of a conflict of interest over all the years of Mr. Rockefeller's public service in the past. I agree with the view of the Rules Committee that public disclosure of Mr. Rockefeller's financial holdings will serve to prevent conflicts of interest.

There is no doubt that Mr. Rockefeller has used his wealth and his family's wealth to further political causes, not the least being his own political ambitions. Mr. Rockefeller revealed that he used some $2 million of his own funds, and received contributions from members of his family totaling over $13 million, in seven campaigns for Governor and national office. Something over $1 million was contributed to other candidates. While these sums are extremely large, there was no illegality in the contributions. If they were wrong as a matter of policy, then the fault lay in the lawmakers who expressly allowed them. It is unfair to blame Mr. Rockefeller; instead, the answer is to limit the use of personal funds in campaigns, and to limit private giving, as the Congress has done this year.

The other question raised by Mr. Rockefeller's wealth was the matter of gifts and loans to political associates and State employees. I personally feel that gifts and loans should not have been made, except in special circumstances. Although no illegality was found, the tie of these large sums—even if small to Rockefeller—represented an unwarranted additional factor in the judgment and activities of State officials. I am pleased that Mr. Rockefeller has indicated that he will cease the practice of making large loans and gifts to associates in government.

Finally, I was surprised and disappointed at Mr. Rockefeller's involvement in the Lasky biography of Arthur Goldberg. I sincerely hope that this single aberration in an otherwise distinguished and fair career was just that.

Thus, I do not feel that the major issues raised during the confirmation process are of such a magnitude as to justify a vote against confirmation. Mr. Rockefeller is a man of considerable talent and I hope he will bring a new service of purpose and vision to the Ford administration at a time the country is desperate for leadership to solve economic and social problems that are bringing such hardship to so many.

Mr. McGEE. Mr. President, I rise in support of the nomination of Nelson Rockefeller, Jr., to be Vice President of the United States.

In my estimation, the President could not have submitted a better nomination to fill the vacancy of Vice President than Nelson Rockefeller. Few individuals could bring the qualifications and credentials to this office than the nominee.

These are troubling times for our Nation—domestically, economically, internationally. Nelson Rockefeller's record of public experience demonstrates he has a breadth of experience in all these areas, and I believe he will be a credit to this high office.

For these reasons, I unequivocally support the nomination of Nelson Rockefeller, Jr., to be Vice President of the United States.

Mr. McINTYRE. Mr. President, under the 25th amendment to our Constitution, Congress has the important responsibility of confirming the President's nomination to fill a vacancy in the office of Vice President. We are thus required to play a role usually reserved for the American electorate. It is not a responsibility to be taken lightly—and takes on even greater significance when neither the President nor the Vice President has been selected by the people as a whole.

Great deference, of course, must be paid to the President's choice of a working partner. He is entitled to a Vice President of compatible political philosophy. But Congress must also exercise its independent judgment.

It was in this spirit that I approached the decision on President Ford's choice of Nelson A. Rockefeller to be Vice President. I have given close attention to the hearings and report of the Senate Rules Committee and have listened to the arguments of both those who support Mr. Rockefeller and those who oppose.

I will vote to confirm Nelson A. Rockefeller as Vice President because first and foremost, I believe, he is qualified to step into the position of President. His 34 years of public service, including 16 years as Governor of New York, represent an exceptional record of dedication to the public good. His domestic service is complemented by a wide variety of experience in international relations.

Moreover, Mr. President, I confess to being favorably impressed by Governor Rockefeller's rejection of the indolence his personal circumstances could have indulged. His zeal, drive, and industry bespeak not the dilettante, but the involved citizen and the energetic leader. I am further impressed, Mr. President, by the assumption that Governor Rockefeller will bring not only his personal talents and experience to the job, but will also put to positive use the considerable resources of his professional aides and advisors and the information and evaluations of his bi-partisan Commission on Critical Choices for Americans.

That said, however, let me add that I do have some reservations about Governor Rockefeller's confirmation, reservations beyond our political differences.

I admit to some qualms about Governor Rockefeller's endless hunger for high public office, for instance. I would find such consuming ambition distressing in any nominee, but considering the honor, esteem, power, and privilege already won and exercised by Governor Rockefeller, I find it all the more puzzling and disturbing.

Though I believe the Rules Committee's extensive investigation cleared him of the suspicion of disqualifying improprieties in his unfortunate practice of making excessive gifts and loans to those in his service, it did little to resolve the qualm I have about his insatiable ambition.

Then, too, Mr. President, there have been some philosophical aberrations that distress me. Governor Rockefeller's unfortunate mishandling of the Attica prison uprising, for example, has never been explained to my satisfaction.

But the most troubling thought I have about this nomination concerns Governor Rockefeller's immense wealth and its potential for influencing decisions that may not be in the best interests of the people. The Rockefeller family's holdings in the Nation's biggest oil companies disturb me particularly, because the machinations of big oil always disturb me and in light of today's fuel and energy crisis they ought to disturb every American. If, as now seems certain, these machinations must be fully exposed and brought to an end, will Nelson Rockefeller use the influence of the Vice President's office to serve the interests of the people, or the interests of the industry from which his family drew its fortune?

Obviously, if I thought he would come down on the side of the latter, I would not vote for his confirmation.

But I will vote for his confirmation, and I will do so because I have found nothing in the nominee's background to indicate that he has ever maneuvered to enhance his or his family's financial holdings. On the contrary, his entire life seems to have been predicated on the theme of "giving" instead of "taking," and I mean that in the public service as well as the philanthropic sense.

Mr. President, no nominee for the second highest office in the land has ever been subjected to such intense scrutiny as this nominee. His holdings, his public and his personal life, his behavior in and out of office, his attitudes and philosophy have been laid as bare as full-scale congressional inquiry can lay them. I believe that the nominee was served as well by this inquiry as the American public, for the experience would sober—and humble—any man, regardless of how great his ambition or self-esteem. On balance, Mr. President, I find the nominee's qualifications and potential for positive contributions in the office far outweigh the reservations I have expressed.

Needless to say, if Governor Rockefeller is confirmed as Vice President, I will keep a close eye on those areas of concern—particularly on the ties between the Rockefeller family and the major oil companies—but as of now I trust his integrity and I will vote for his confirmation.

Mr. HART. Mr. President, I shall vote to confirm Nelson A. Rockefeller as Vice President of the United States.

I do so mindful of the extraordinary responsibility events have placed on Congress by requiring that the Senate and the House substitute their votes for those of the electorate to select the Nation's two highest officeholders. It is a tribute to the political stability and maturity of our people that even under such circumstances the transfer of authority takes place in orderly fashion.

Because, in effect, I am casting a vote for millions of people, the public has a right to know why I decided to support Governor Rockefeller's nomination.

The intent of the 25th amendment to the Constitution, under which we act today, is not to have Congress reverse the results of a national election, and to do so would undermine public confidence that permits the peaceful transfer of political authority in our Nation.

My responsibility is to judge a nominee on his or her honesty, experience, ability to assume the office of the President, and, only in the broadest terms, political philosophy. My concern with a nominee's political philosophy is to determine not that it agrees with mine, but only that it lies somewhere within the wide spectrum of political thought compatible with our political system.

As Governor of the Nation's second largest State, and as a former Federal official involved in a wide range of domestic and foreign affairs, Mr. Rockefeller has the experience to qualify him to be President.

While it is impossible to predict with any certainty how an individual will respond to the duties of the Presidency, I think Governor Rockefeller, in elected and appointed office, has shown he has the ability to handle the duties of the office.

And the fact that he was elected Governor of New York four times demonstrates that his approach to government, however different from mine, falls well within the spectrum of political thought acceptable to the American people.

My vote to confirm the nomination then is based on those concerns and is not an endorsement of any particular position or action he may have taken or advocated during his many years in public life.

For example, whatever might have been acceptable at the time, today the rules of fair campaigning now prohibit the publication of a campaign book about an opponent unless the source of the money behind the publication is clearly identified.

I would have preferred that Mr. Rockefeller had reviewed fully the facts before commenting on the reports about the campaign book dealing with one of his opponents for Governor. However, I do not believe that the publication of the book or his initial responses to questions about it should cause me to reject his nomination, though it is entirely possible that many voters may make that a legitimate issue if Governor Rockefeller runs for national office.

In the event Mr. Rockefeller is confirmed, as seems likely, there will be those who contend the Senate and House hearings were of little importance. I would disagree, if for no other reason than the concerns expressed about the joining of great wealth and great political power.

At the minimum, I believe these discussions sensitized Mr. Rockefeller to these very real concerns. At best, I hope the discussions will encourage those elected officials who voiced such concerns to act on them when questions of economic-political power come before the Congress.

So after reviewing the record, I have decided to support the nomination of Mr. Rockefeller for Vice President, fully aware that even as in choosing a nominee for my own political party, there are few strict criteria against which to measure the qualifications of a man who could be President.

Mr. BUCKLEY. Mr. President, I shall vote to confirm Nelson Rockefeller's nomination as Vice President not because I favored his nomination, I did not, not because I share the thrust of his political philosophy, I do not, not because I believe that the issue of permissive abortion is other than the most profoundly important moral issue now before the American public, I most emphatically believe that it is, but because my reading of my responsibilities under the 25th amendment to the Constitution allows me no other choice. The 25th amendment does not entitle me to substitute my political judgment for that of the President in designating a candidate to fill a vacancy in the Vice Presidency. My exclusive responsibility is to determine whether or not the candidate chosen by the President is disqualified for the high office to which he has been nominated. While I disagree with Nelson Rockefeller on many fundamental issues, I cannot in good conscience claim to have found anything in the public record that would support a conclusion that he is not competent to assume the Vice Presidency. Moreover, I believe that to allow purely political considerations to enter the confirmation process would set a dangerous precedent—especially on the part of those who must daily face the fact that the Congress and the White House are dominated by different political parties.

Mr. DOMINICK. Mr. President, I am voting present on the confirmation of Nelson Rockefeller to become the 41st Vice President of the United States because Mr. Rockefeller contributed to my recent campaign. I feel that it would be improper, after benefiting from his generosity, to vote any other way.

Mr. McGOVERN. After very careful thought, I have decided to support the confirmation of Mr. Rockefeller as Vice President of the United States.

I fully respect the convictions of those who felt they could not vote for confirmation.

There are certain aspects of Mr. Rockefeller's background that disturb me, but the basic reason why this nomination was given special scrutiny is the great wealth of the Rockefeller family. Wealth, however, should not be a barrier to high office. In the United States, we have always held that a person born into a poor family should not be barred by poverty from rising to the highest office in the land. Under the same logic, a person born into a family of great wealth should not be barred from rising to high office.

I am therefore voting "yes" to President Ford's request that the Congress confirm Mr. Rockefeller as Vice President.

The country is faced with many critical problems, especially in the economic field. I trust that Governor Rockefeller will devote his best efforts to assisting in the solution of those problems.

Mr. BIDEN. Mr. President, let me get to the point right away. I will vote to confirm Nelson Rockefeller as Vice President of the United States. He is qualified. The Senate Rules Committee report conveys to me no persuasive argument—legal, political and pragmatic—that would cause me to oppose his confirmation.

Reinforcing my judgment is a meeting I and a few of my Senate colleagues held with him one afternoon last week, during which there was a forceful and candid exchange of views. I understand that one of these same colleagues have arrived at a different conclusion than I. I respect, but disagree with his judgment, just as he does mine.

As I have said, I endorse Mr. Rockefeller's nomination. Failing persuasive disabling arguments, I think it best we in the Congress delay no longer in providing the Nation with a Vice President, rather than, as is the situation under the law of succession under the Constitution, risk continued instability.

This is not to say, however, that, as in other matters of public policy, my decision was arrived at over breakfast, so to speak. There are two or more sides to most issues, including this one. I read the committee report, read mail on the subject from my constituents, and listened to my colleagues here in the Senate.

Let me say what arguments I did discount, however. Some sought to persuade me that Mr. Rockefeller is "liberal" and unrepresentative of his political party.

My reply is that even if he were, he was the nominee President Ford, a Republican, as is Mr. Rockefeller, submitted to us. Others sought to persuade me to oppose him on what I call a "single-issue" grounds—that he, may have, made a mistake in judgment in dealing with this or that event during his terms as Governor of New York State. I am not a "single-issue" man, myself, Mr. President—however meritorious the issue may be—and I judge a nomination "warts and all."

A third argument presented to me was that of the origins of the fortune. Well, I did not know John D. Rockefeller, although I have read books purporting to narrate his buccaneering spirit. Even if this were true to the *n*th degree, I do not believe in the theory of "visiting the sins of the father upon the son," or in this case, a grandson. Such a theory, I remind myself, is in the nature of a bill of attainder, forbidden specifically by the Constitution of the United States.

However, there are disquieting aspects of Mr. Rockefeller's nomination that did—and do—disturb me.

Mr. President, my first reservation is a tangible one. It deals with the published derogatory campaign biography of Nelson Rockefeller's gubernatorial opponent in 1970, the distinguished Arthur Goldberg. Nelson Rockefeller disclaimed, in his first-round of testimony before the Rules Committee, any advance knowledge that the book was to be financed by funds provided by a brother, Laurence. Later, before the same committee, Nelson Rockefeller acknowledged he did have advance knowledge about the book project. Nelson Rockefeller, as a minimum, was evasive in his testimony. He deserves rebuke.

My second reservation is concisely stated by the nomination report of the Rules Committee itself. On page 177, the report reads:

> But the question of Governor Rockefeller's confirmation presented the Committee with a new, awesome, and unprecedented dimension—the implications involved in the potential wedding of great wealth and business interests with great power—the totality of which has been unmatched not only in any national election before but equally under the single-use of the 25th Amendment mandate one year ago.

This reservation is reinforced by the nominee's propensity as Governor of New York to giving loans, later converted to gifts, of tens and even hundreds of thousands of dollars to individuals who worked for the State. The era of the Medici princes with their elaborate patronages has long passed, Mr. President, and deserves no place in representative government.

I do note that Nelson Rockefeller has acknowledged that such lavish giving lends itself to be "misinterpreted" and he promised, in words of the report, to "henceforth limit his gift-giving practices to personal occasions—such as birthdays, weddings, retirements, and so forth—or to assist in medical or serious familial emergencies." This is a promise that simply had to be made to quiet my apprehension.

I hope that the nominee regards his extended appearance before the Rules Committee and, most recently, the House Judiciary Committee, as a sobering experience that will make him continuously mindful of his responsibility to carry both wisely and well his huge wealth and its constellation of power when he becomes Vice President, as is probable. Certainly, I do not believe that fair minded Americans, among whom I shall include myself, characterize acquisition of great wealth, in private or corporate form, as an offense, for if we do we should change the system that allows such accumulation and not merely disqualify the nominee; although its use does often involve vigilance on the part of public authorities.

Should Nelson Rockefeller, as Vice President, violate his large public obligation I have confidence our representative Government is strong enough to deal with him, just as it would with the lesser affluent, such as JOE BIDEN of Delaware. If it is not, then Nelson Rockefeller being confirmed as Vice President will not be primarily to blame for our difficulties as a nation.

Mr. CANNON. Mr. President, I join in expressing thanks to all the fine members of the staff and certainly the members of the committee who worked so diligently. We had very fine committee participation throughout the hearings, all the investigative work, and throughout the writing of the report, up to the very end of the matter. We have an excellent staff, and they certainly deserve to be commended.

I join my colleague, Senator COOK, in saying that I hope we will not establish a requirement here that, because of wealth, a man cannot be qualified to assume the position provided by the 25th amendment to the Constitution. I hope that we will not establish that, because of great poverty, a man cannot achieve that position.

I say to my colleagues that what we should do here today is to follow the 25th amendment. If we do not like it, let us rewrite it. Perhaps there are many things that should be done differently, because I do not think we anticipated that we would have both a President and a Vice President, neither of whom had been voted on by the people of this country.

So I simply say, in closing, that we have the 25th amendment now. This committee has exercised its best judgment, after a thorough investigation, in saying that we believe that this nomination should be confirmed.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the nomination.

The yeas and nays were ordered.

The PRESIDING OFFICER. The hour of 3 o'clock having arrived, the question is, Will the Senate advise and consent to the nomination of Nelson A. Rockefeller, of New York, to be Vice President of the United States?

On this question the yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. DOMINICK (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Montana (Mr. Mansfield) is absent on official business.

I further announce that if present and voting, the Senator from Montana (Mr. Mansfield) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. Bellmon) is necessarily absent.

The Senator from Colorado (Mr. Dominick) when his name was called voted, "present."

The result was announced—yeas 90, nays 7, as follows:

[No. 524 Ex.]

YEAS—90

Aiken
Allen
Baker
Bartlett
Beall
Bennett
Bentsen
Bible
Biden
Brock
Brooke
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cook
Cotton
Cranston
Curtis
Dole
Domenici
Eagleton
Eastland
Ervin
Fannin
Fong
Fulbright
Gravel
Griffin
Gurney
Hansen
Hart
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—7

Abourezk
Bayh
Goldwater
Helms
Metzenbaum
Nelson
Scott, William L.

ANSWERED "PRESENT"—1

Dominick

NOT VOTING—2

Bellmon
Mansfield

So the nomination was confirmed.

Mr. CANNON. Mr. President, I ask unanimous consent that the President be notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senate is not in order. The Senators cannot hear their names called. All conversation will cease. The clerk will not proceed to call the roll until the Senate is in order.

The clerk may proceed.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will be in order so that the majority whip may be heard. Let the conversation cease; let us have order.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. There is no business before the Senate.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator——

The PRESIDING OFFICER. The Chair has been advised by the Parliamentarian that he was previously advised wrong by the Parliamentarian. The Helms amendment is before the Senate.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Indiana (Mr. Hartke) be recognized for not to exceed 2 minutes, after which I ask unanimous consent that the chairman of the Committee on Appropriations (Mr. McClellan) be recognized.

Mr. BROOKE. Mr. President, reserving the right to object, but I shall not object, may I make an inquiry of the Senator from West Virginia?

The PRESIDING OFFICER. The Senate is not in order. The Senators will take their seats, and we will not proceed until we have silence so that the Senators having the floor may be heard.

Mr. BROOKE. Mr. President, it is my understanding that the Helms amendment is the pending business. Is that correct?

Mr. ROBERT C. BYRD. Yes, that is correct.

Mr. BROOKE. May I ask the majority whip if he has been able to propound a unanimous-consent request for a time limitation on the Helms amendment?

Mr. ROBERT C. BYRD. I have been unable to reach an accord on that matter. I have tried, but have been unable to reach agreement.

Mr. BROOKE. Is it the understanding of the majority whip that after the Senator from Indiana and the Senator from Arkansas have been recognized, we will go back on the Helms amendment?

Mr. ROBERT C. BYRD. That is correct.

Mr. BROOKE. Without a time limitation?

Mr. ROBERT C. BYRD. Without a time limitation. That will be the pending matter after the Senator from Indiana has been recognized and after the matter which the Senator from Arkansas (Mr. McClellan) will raise has hopefully been disposed of.

Mr. BROOKE. May I inquire as to how much time will be used by the Senator from Arkansas to dispose of his matter?

Mr. ROBERT C. BYRD. There is no time limitation in regard thereto.

Mr. BROOKE. So there is a possibility that we may not get back to the Helms amendment until later on this evening, or possibly tomorrow?

Mr. ROBERT C. BYRD. Oh, I would think we would get back to it this afternoon, if I may say so.

Mr. BROOKE. I thank the Senator.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 2 minutes.

DISABILITY AND DEATH PENSION AND INDEMNITY COMPENSATION

Mr. HARTKE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 4040.

The PRESIDING OFFICER (Mr. Cotton) laid before the Senate the amendments of the House of Representatives to the bill (S. 4040) to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes, as follows:

Page 5, line 14 after the word "concerned", insert: ", but whose death in such service was not in line of duty".

Page 9, line 13 after the word "sources", insert: "and the".

Page 9, line 21 strike out "twenty", and insert: "eighty".

Page 10, after line 3 insert:

Sec. 9. (a) Subsection (e) of section 103 of title 38, United States Code, is amended—

(1) by adding "(1)" immediately before "The"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The marriage of a child of a veteran shall not bar the recognition of such child as the child of the veteran for benefit purposes if the marriage has been terminated by death or has been dissolved by a court with basic authority to render divorce decrees unless the Veterans' Administration determines that the divorce was secured through fraud by either party or collusion.".

(b) Subsection (l) of section 3010 of title 38, United States Code, is amended to read as follows:

"(l) The effective date of an award of benefits to a widow based upon a termination of a remarriage by death or divorce, or of an award or increase of benefits based on recognition of a child upon termination of the child's marriage by death or divorce, shall be the date of death or the date the judicial decree or divorce becomes final, if an application therefor is received within one year from such termination.".

Page 10, line 4 strike out "Sec. 9.", and insert: "Sec. 10.".

Mr. HARTKE. Mr. President, this matter is not controversial. It has been cleared on both sides of the aisle. The ranking Republican member of the Veterans' Affairs Committee is in the Chamber.

This measure is known as the Veterans and Survivors Pension Adjustment Act of 1974. The Senate-passed bill was sent over to the House of Representatives and was passed by them with some minor amendments; there was not substantial disagreement to the bill which previously passed the Senate. Basically, it provides for a 12-percent increase in pension benefits for veterans, and a $400 increase in the income limitation. Senators may recall that after the social security increases, many people were denied their veterans benefits because of income limitations. I know that practically every Senator has heard from his constituents about this inequity, and this measure is designed to clarify that situation.

Therefore, Mr. President, I rise to urge the Senate to support S. 4040, as amended, the Veterans and Survivors Pension Adjustment Act of 1974. The bill before you has not been substantively altered by the House of Representatives from the version which passed the Senate unanimously on October 7. I believe that passage of this bill is absolutely necessary if we are to fulfill our commitment to those veterans in need of assistance in their old age.

My colleagues will recall that following hearings of the Subcommittee on Compensation and Pensions chaired so ably by the senior Senator from Georgia (Mr. Talmadge) the full Committee on Veterans' Affairs, which I am privileged to chair, unanimously ordered my bill, S. 4040, reported to the Senate. On October 7 the full Senate unanimously approved S. 4040 and sent it to the House.

As passed by the Senate, S. 4040 would:

First, provide a cost-of-living increase in the maximum annual income limitations for eligible veterans and their survivors receiving pension by $400 and provide an average 12 percent cost-of-living increase in the rates of pension;

Second increase the maximum annual income limitations of "old law: pensioners by $400;

Third, increase the maximum annual income limitations by $400 for parents receiving dependency and indemnity compensation—DIC—and an average 12 percent cost-of-living increase in the rates for DIC;

Fourth, increase the allowances payable for those in receipt of pension in need of aid and attendance or who are deemed to be housebound by 12 percent;

Fifth, provide pension benefits for widows and children of certain veterans whose death occurred not in the line of duty but who had previous honorable service;

Sixth, authorize a study by the Veterans' Administration of the economic situation in terms of income and needs of veterans age 72 or older to be submitted to the Congress not later than 120 days after the beginning of the 94th Congress; and

Seventh, provided that the act become effective on January 1, 1975.

Following Senate action the Committee on Veterans' Affairs reported and the House of Representatives passed S. 4040 with only slight alterations. In addition to certain technical and conforming changes, two substantive amendments have been made. The first House amendment provides a 2-month extension of the period of the study of the needs and problems of older veterans and widows from 120 days to 180 days after the commencement of the 1st session of the 94th Congress.

The second amendment of the House provides that the marriage of a child of a veteran shall not bar the recognition of such child as the child of the veteran for benefit purposes, if the marriage has been terminated by death or divorce. This extends to the veteran's child the same reinstatement eligibility when his or her marriage has been terminated by death or divorce as was provided for widows several years ago. The Senate Committee on Veterans' Affairs believes these amendments are equitable and would recommend that the full Senate adopt them.

I would like to again remind the Senate of the crucial need for this bill. Since January 1, 1974, when Public Law 93–177 became effective, the cost of living as measured by the Consumer Price Index has increased as of October by 10.6 percent. At the current rate of inflation it is inescapable that the figures will reflect that the cost of living has risen 12 percent by January 1. Since the last time the income limitations were increased the Consumer Price Index has increased over 24 percent.

Obviously, an allowable limit of $2,600 in annual income for a single veteran, and $3,800 for a couple, simply does not have the buying power that it did in 1971. Thus, the $400 increase provided in this bill and the 12-percent increase in rates is intended to protect veterans and their widows in some measure from the ravages of inflation.

In testimony before the Subcommittee on Compensation and Pension Administration officials informed the committee that if action was not taken on January 1, 1975, 102,020 veterans and survivors would be dropped from the rolls completely.

In addition, many more veterans remaining on the pension rolls would suffer pension reductions. The average loss of pension as estimated by the Veterans' Administration would be as follows:

Type of pensioner:	*Monthly loss*
Veteran alone	$11.58
Veteran with dependent	10.33
Widow alone	7.50
Widow with dependent	4.00

However, if S. 4040 is enacted, over 1.2 million veterans and survivors will receive increases in their pensions. The average increases in pension would be as follows:

Type of pensioner:	*Monthly gain*
Veteran alone	$10.79
Veteran with dependent	10.11
Widow alone	6.88
Widow with dependent	12.47

I also want to remind my colleagues that the Committee on Veterans' Affairs will continue its study of the pension system and will be examining various proposals to restructure the veterans pension system at the beginning of the 94th Congress. Protracted opposition to the veterans education bill and the inability of the Veterans' Administration to supply needed data combined to delay such consideration this year.

As you are aware, the administration has formally and informally been calling for an overhaul of the system since May of 1973. While there is no disagreement with the principle of eliminating unequal treatment for similar circumstanced pensioners and of increasing assistance for the neediest, the actual proposals ultimately submitted by the Veterans' Administration would have been unduly restrictive and unacceptable.

Accordingly, the committee staff at my direction has been developing possible alternative committee proposals for restructuring of the pension system. As I have mentioned previously, there have been severe difficulties in receiving information from the Veterans' Administration in the past. However, in November this was brought to the attention of the new Administrator. I ask unanimous consent that my letter to Mr. Roudebush be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

November 11, 1974.

Mr. Richard L. Roudebush,
Administrator of Veterans' Affairs,
Veterans' Administration,
Washington, D.C.

Dear Mr. Roudebush: As you know the Committee staff, by my direction, has for some time been studying a proposal submitted by the Veterans Administration to restructure the entire framework of the Veterans Administration non-service connected pension program which was submitted to us on March 15, 1974.

Requested information concerning the operation of this proposal, as well as possible variations thereof have been the subject of six memoranda transmitted by the Committee staff to the Veterans Administration. Although significant delays were encountered, the information requested in five memoranda transmitted prior to this past August has in large part been furnished. The sixth memorandum transmitted on August 9th (requesting the information be supplied by August 21, 1974) remains unanswered. Unlike earlier requests which were generally concerned with comparison of alternative systems at a single contemporary point in time, that memorandum requested five-year projections as to the operation, effect and cost of the Veterans Administration proposal and three variations. Such information is necessary if the Committee is to make informed decisions and obviously would be required by the Legislative Reorganization Act of 1970, prior to any consideration by the Senate.

In reviewing the situation it has become apparent to me that there are serious problems concerning the analytical capacity of the Veterans Administration to furnish reasonably accurate information of the type requested in the August 9th memorandum as well as to supply information to subsequent inquiries which may be reasonably anticipated.

In response to our inquiries a study by the Congressional Research Service concluded that chief problems of the Veterans Administration in responding to Committee inquiries concerning pension restructuring were:

"*Inadequate analytical staff* in the Veterans Administration devoted to VA pension reform effort (a potentially solvable problem).

Inadequate data (only partly amenable to solution).

Competing computer models, which are by themselves only partially capable of answering Committee concerns.

A tangled administrative structure which now seems incapable of resolving these problems and making timely responses to Committee inquiry."

Each of the foregoing presents serious problems which I believe should be brought to your personal attention. In particular, I want to emphasize my strong belief that a properly functioning computer model with adequate data is absolutely necessary if there is to be a *serious* consideration of pension restructuring in the near future by the Committee as has been advocated by the Administration.

A principal problem, as I understand it, is that the computer model used by the Veterans Administration fails to "age" pensioners. As a consequence the computer model is unable to properly estimate future accessions to any new pension system that may be adopted. Second, it is unable to properly estimate terminations due to death, or excess income for those "grandfathered" pensioners who would choose to remain under the current pension system. And third, it is unable to provide reasonably accurate estimates of the number of cases switching from the current pension system to any new system that might be enacted.

This inability to reasonably project the nature and extent of the future caseload, of course, means that it is impossible to estimate cost impact with any degree of accuracy. Also, failure to estimate the impact of the existence of other federal programs such as Supplemental Security Income will distort the actual net cost of any new veterans legislation to the federal government.

Other inadequate data which currently inhibits a more competent computer model includes the absence of an income and actuarial profile of those older veterans who might become eligible for Veterans Administration pensions in 5 or 10 years. On a narrower basis, it is our understanding that neither is there a complete profile of new beneficiaries who have recently come onto the pension roles, nor adequate information as to the welfare income of the present recipient population, all of which have an important bearing on accessions and terminations to future caseloads.

The Committee has previously brought to the attention of the Department of Veterans Benefits the problems of inadequate analytical staff and I assume that whatever deficiencies existed have been, or are about to be, corrected so that accurate information can be transmitted to the Committee with reasonable promptness.

Given the foregoing the Committee believes it imperative first, to the fullest extent possible, that the Veterans Administration pension computer model be immediately restructured to eliminate the deficiencies previously noted as well as any others of which the Committee may be presently unaware. Second, we believe it important that efforts be made to collect income and actuarial profile information about possible future pensioners which could be done by an analysis of existing pertinent data as well as by statistical sampling done directly by the Veterans Administration or by contract.

I know from your testimony at your confirmation hearing, that you are as personally concerned as I am that the extent and ramifications of any pension proposal be fully understood prior to its enactment into law. I would appreciate your prompt attention to these issues raised in this letter so that a restructured computer model will be available within a month.

Sincerely,

VANCE HARTKE,
Chairman.

Mr. HARTKE. In response, Mr. Roudebush has informed me that a new computer system, more precise, and capable of more complex analysis will be available for the committee's work as of January 1, 1975. The committee is pleased with the spirit of cooperation which has been evidenced by the Administrator on this matter and looks forward to developing a coherent, fair, and logical pension restructuring in the coming session.

Thus, while S. 4040 is an interim measure, it is a most important one. This measure will provide an additional $145.9 million in benefits to needy veterans and their survivors in this fiscal year.

I urge immediate approval of S. 4040, the Veterans and Survivors Pension Adjustment Act of 1974, so that we may provide needed relief to our Nation's veterans and survivors as we proceed to more fundamental changes in the veterans pension system next year.

Mr. President, I ask unanimous consent that a section-by-section analysis of the amended bill together with representative tables showing current and new pension rates payable under this bill and detailed cost estimates be placed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF S. 4040, AS REPORTED

SECTION 1

This section provides that this Act may be cited as the "Veterans' and Survivors' Pension Adjustment Act of 1974".

SECTION 2

Clause 1 would increase the rates of pension and the annual income limitation for unmarried veterans under section 521(b). Currently, a veteran with no dependents receives a maximum monthly pension of $143 if his annual income is $300 or less, decreasing on a gradual scale to $28 with an annual income of $2,600. As amended, this section would provide a maximum monthly rate of $160 with an annual income of $300 or less, down to $5 for an annual income of $3,000.

Clause 2 would increase the rates of pension and the annual income limitation for a married veteran under section 521(c). Currently, the maximum monthly pension payable to a veteran with one dependent is $154, with two dependents, $159, and with three or more dependents, $164 based on an annual income of $500 or less. This decreases gradually to $39, $44, and $49, respectively, with an annual income of $3,800. As amended, this section would provide a veteran with one dependent, $172, with two dependents, $177, and with three dependents, $182 based on an income of $500 or less, ranging down to $14, $19, and $24, respectively, with an annual income of $4,200.

Clause 3 provides that the additional allowance payable to those veterans receiving pension who are in need of regular aid and attendance under section 521(d) will be increased from $110 per month to $123 per month.

Clause 4 provides that the additional allowance payable under section 521(e) for those veterans receiving pension who have a disability rated permanent and total, and which is rated 60 percent or more, or are permanently housebound but not eligible for an aid and attendance allowance will be increased for $44 per month to $49.

SECTION 3

Clause 1 would increase the rates of pension and the annual income limitation for a widow without a child under section 541(b). Currently, a widow without a dependent receives a maximum monthly pension of $96 if her annual income is $300 or less, decreasing on a graduated scale to $21 with an annual income of $2,600. As amended, this section would provide a maximum monthly rate of $108 with an annual income of $300, decreasing to $4 with an income of $3,000.

Clause 2 would increase the rates of pension and the annual income limitation for a widow with a dependent under section 541(c). Currently, a widow with one child receives a maximum monthly pension of $114 if her annual income is $700 or less, decreasing on a graduated basis to $44 with an annual income of $3,800. As amended, this section would provide a maximum monthly rate of $128 with an annual income of $700 or less, down to $49 with an annual income of $4,200.

Clause 3 would increase the allowance for each child in the case where there is a widow with more than one child under section 541 (d). Currently, a widow receives $18 per month for each additional child. As amended, this section would provide $20 of each additional child per month.

Clause 4 adds a new subsection (f) to section 541 to amend the definition of a "veteran" for the purposes of that section and section 542 to provide that survivors of a veteran who served at least two years of honorable military service and who meets the other service requirements of section 521(g) but whose death in such service was not in line of duty would be eligible for pension.

SECTION 4

Clause 1 would provide increases in the rates of pension for children when there is no widow under section 542(a). Currently, one child alone receives $44 per month, with the addition of $18 for each additional child. As amended, this section would provide $49 for the first child and $20 for each additional child.

Clause 2 would provide increases in the annual income limitation for a child under section 542(c). Currently, the annual income limitation is $2,000. As amended, this section would provide an annual income limitation of $2,400.

SECTION 5

This section would provide an increase in the allowance payable to widows who are in receipt of pension and in need of aid and attendance in section 544. Currently, the allowance is $55 per month. As amended, this section would provide an aid and attendance allowance of $64 per month.

SECTION 6

This section would amend section 4 of Public Law 90–275 (82 Stat. 68) to increase by $400 the maximum annual income limitations applicable under the prior pension in effect on June 30, 1960: From $2,200 to $2,600 for a veteran without a dependent, or widow without a dependent, or a child alone; and from $3,500 to $3,900 for a veteran with a dependent, or for a widow with a dependent.

SECTION 7

Clause 1 would increase the rates of dependency and indemnity compensation (DIC) and annual income limitations for a sole surviving parent under section 415(b). Currently, a sole surviving parent receives a maximum monthly DIC payment of $110 if his income is less than $800 per annum, decreasing to $12 for an annual income of $2,600. As amended, this section would provide for a maximum monthly rate of $123 with an annual income of $800 or less, down to $4 for an annual income of $3,000.

Clause 2 would increase the rates of dependency and indemnity compensation (DIC) and the annual income limitations for two parents not living together under section 415(c). Currently, each of two parents who are not living together receives a maximum monthly DIC payment of $77 if annual income is $800 or less, decreasing on a graduated scale to $11 with an annual income of $2,600. As amended, this section would provide a maximum monthly rate of $86 with a annual income of $800 or less, down to $4 for an annual income of $3,000.

Clause 3 would increase the rates of dependency and indemnity compensation (DIC) and annual income limitations payable under section 415(d). Currently, if there are two parents who are living together, or if a parent is remarried and is living with his spouse, each parent receives a maximum monthly DIC payment of $74 if annual income is $1,000 or less, decreasing on a graduated scale to $11 with an annual income of $3,800. As amended, this section would provide a maximum monthly rate of $83 with an annual income of $1,000 or less, down to $4 for an annual income of $4,200.

Clause 4 would increase the allowance payable under section 415(h) to parents who are in receipt of dependency and indemnity compensation (DIC) and in need of aid and attendance. Currently, the allowance is $55 per month. As amended, this section would provide an aid and attendance allowance of $64 per month.

SECTION 8

Subsection (a) authorizes the Administrator of Veterans' Affairs to conduct a study of the needs and problems of veterans and their widows who are age 72 or older. Included in the study will be (1) a survey of the current income characteristics of such veterans; (2) an evaluation of the adequacy of the veterans pension program for their needs; and (3) an examination of the mortality rate for these individuals.

Subsection (b) provides that the study along with legislative or administrative recommendations shall be submitted to the Congress not later than 180 days after the convening of the 1st session of the 94th Congress.

SECTION 9

Subsection (a) provides that the marriage of a child of a veteran shall not bar the recognition of such child as the child of the veteran for benefit purposes if the marriage has been terminated by death or has been dissolved by a court with basic authority to render divorce decrees unless the Veterans Administration determines that the divorce was secured through fraud by either party or collusion. This extends to a veteran's child the same reinstatement eligibility where his or her marriage has been terminated by death or divorce as was provided for widows several years ago.

Subsection (b) is a technical amendment with respect to the effective date of cases coming within the purview of subsection (a).

SECTION 10

This section provides that the effective date of this Act shall be January 1, 1975.

TABLE 1.—NON-SERVICE-CONNECTED PENSIONERS WITH OLD AGE SURVIVORS INSURANCE

Veterans	Number with OASI [1]	Total caseload	Percent with OASI	Average OASI
Less than 65	251, 600	417, 800	60. 2	$2, 186
65 to 69	93, 200	99, 500	93. 7	1, 873
70 to 74	68, 400	74, 600	91. 7	1, 845
75 to 79	231, 700	260, 700	88. 9	1, 951
80 and over	139, 100	170, 600	81. 5	1, 829
Tota. veterans	784, 000	1, 023, 200	76. 5	1, 985
Survivors	694, 900	920, 600	75. 5	1, 681

[1] Source: 1 percent sample of AIQ's; March 1974.

Note: No age breakout is available for survivors.

TABLE 2.—PENSIONERS UNDER CURRENT LAW BY INCOME OTHER THAN PENSIONS

Income range	Veteran alone		Veteran with dependents		Widow alone		Widow with children	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $100	80, 000	25. 1	67, 800	12. 1	102, 400	14. 8	10, 000	7. 0
$101 to $500	6, 200	1. 9	6, 700	1. 2	19, 700	2. 8	4, 600	3. 2
$501 to $1,000	19, 500	6. 1	17, 400	3. 1	41, 400	6. 0	56, 200	11. 3
$1,001 to $1,500	59, 300	18. 6	54, 500	9. 8	140, 800	20. 4	24, 100	16. 8
$1,501 to $2,000	57, 900	18. 1	92, 400	16. 6	149, 400	21. 6	31, 300	21. 8
$2,001 to $2,500	58, 600	18. 4	114, 700	20. 6	150, 200	21. 7	23, 300	16. 2
$2,501 to $3,000	36, 800	11. 5	117, 400	21. 0	86, 200	12. 5	12, 600	8. 8
$3,001 to $3,500	600	. 2	53, 300	9. 6	1, 500	. 2	11, 300	7. 9
$3,501 to $4,000	300	. 1	33, 900	6. 1	100	. 0	10, 300	7. 2
Total	319, 200	100. 0	558, 100	100. 0	691, 700	100. 0	143, 700	100. 0

The following table shows the distribution of all active compensation, dependency and indemnity compensation, pension and retirement cases for all wars and regular establishment as of June 1974:

TABLE 3.—ACTIVE COMPENSATION, DEPENDENCY AND INDEMNITY COMPENSATION, PENSION AND RETIREMENT CASES, ALL WARS AND REGULAR ESTABLISHMENT, MONTH OF JUNE 1974

Entitlement	Disability total cases	Death total cases	Death beneficiaries			
			Total	Widows	Children	Parents
Total	3, 241, 263	1, 627, 482	2, 294, 552	1, 154, 021	954, 823	185, 708
Service connected	2, 210, 756	371, 202	506, 073	203, 175	117, 190	185, 708
Compensation	2, 210, 756	99, 279	112, 869	239	54	112, 576
Dependency and indemnity compensation		266, 549	381, 767	197, 895	116, 812	66, 970
Dependency and indemnity compensation and compensation		5, 374	11, 437	4, 951	324	6, 162
Nonservice-connected	1, 030, 046	1, 256, 245	1, 788, 443	950, 827	837, 616	
Public Law 86–211	902, 082	1, 149, 700	1, 680, 315	845, 633	834, 682	
Prior law	127, 964	106, 545	108, 128	105, 194	2, 934	
Special acts	51	35	36	19	17	
Retired emergency officers	408					
Retired reserve officers	2					
World War II	1, 866, 388	726, 870	1, 115, 106	400, 017	592, 222	122, 867
Service connected	1, 329, 774	196, 462	232, 845	91, 224	18, 754	122, 867
Compensation	1, 329, 774	79, 426	89, 228	120	17	89, 092
Dependency and indemnity compensation		113, 020	135, 205	87, 322	18, 623	29, 260
Dependency and indemnity compensation and compensation		4, 016	8, 412	3, 782	114	4, 516
Nonservice connected	536, 614	530, 408	822, 261	308, 793	573, 468	
Public Law 86–211	526, 127	527, 044	878, 484	305, 463	573, 021	
Prior law	10, 487	3, 364	3, 777	3, 330	447	
World War I	499, 741	628, 528	646, 406	616, 129	29, 771	506
Service connected	59, 148	35, 802	36, 464	34, 820	1, 138	506
Compensation	59, 148	464	472	64	2	406
Dependency and indemnity compensation		35, 228	36, 972	34, 746	1, 136	90
Dependency and indemnity compensation and compensation		10	20	10		10
Nonservice connected	440, 184	592, 726	609, 942	581, 309	28, 633	
Public Law 86–211	324, 777	512, 063	528, 395	500, 720	27, 675	
Prior law	115, 407	80, 663	81, 547	80, 589	958	
Special acts	1					
Retired emergency officers	408					
Korean conflict	285, 993	130, 204	290, 098	45, 125	219, 332	25, 641
Service connected	240, 406	39, 246	52, 999	17, 541	9, 817	25, 641
Compensation	240, 406	15, 654	18, 802	24	17	18, 761
Dependency and indemnity compensation		22, 609	32, 075	16, 640	9, 756	5, 679
Dependency and indemnity compensation and compensation		893	2, 122	877	44	1, 201
Nonservice connected	45, 587	90, 958	237, 099	27, 584	209, 515	
Public Law 86–211	44, 483	90, 872	236, 966	27, 503	209, 463	
Prior law	1, 104	86	133	81	2	

TABLE 3.—ACIVE COMPENSATION, DEPENDENCY AND INDEMNITY COMPENSATION, PENSION AND RETIREMENT CASES, ALL WARS AND REGULAR ESTABLISHMENT, MONTH OF JUNE 1974—Continued

Entitlement	Disability total cases	Death total cases	Death beneficiaries			
			Total	Widows	Children	Parents
Vietnam era	394,736	64,099	139,779	33,875	84,592	21,312
Service-connected	388,851	50,616	109,674	28,159	60,203	21,312
Compensation	388,851	20	30	8	9	13
Dependency and indemnity compensation		50,565	109,552	28,134	60,148	21,270
Dependency and indemnity compensation and compensation		27	92	17	46	29
Non-service-connected	5,885	13,483	30,105	5,716	24,389	
Public Law 86–211	5,885	13,483	30,105	5,716	24,389	
Regular establishment	192,607	48,797	73,807	31,177	27,248	15,382
Service-connected	192,555	48,784	73,794	31,164	27,248	15,382
Compensation	192,555	3,715	4,337	23	9	4,305
Dependency and indemnity compensation		44,731	68,666	30,876	27,119	10,671
Dependency and indemnity compensation and compensation		338	791	265	120	406
Special acts	50	13	13	13		
Retired reserve officers	2					
Spanish-American War	1,372	27,922	28,273	26,877	1,396	
Service-connected	9	278	283	261	22	
Compensation	9					
Dependency and indemnity compensation		278	283	261	22	
Non-service-connected	1,363	27,633	27,979	26,611	1,368	
Public Law 86–211	397	5,739	5,856	5,737	119	
Prior law	966	21,894	22,123	20,874	1,249	
Special acts		11	11	5	6	
Mexican Border Service	426	501	511	496	15	
Service-connected	13	2	2	2		
Compensation	13					
Dependency and indemnity compensation		2	2	2		
Dependency and indemnity compensation and compensation						
Non-service-connected	413	499	509	494	15	
Public Law 86–211	413	499	599	494	15	
Indian Wars		99	101	83	18	
Service-connected		1	1		1	
Dependency and indemnity compensation		1	1		1	
Non-service-connected		97	99	82	17	
Prior law		97	99	82	17	
Special acts		1	1	1		
Civil War		462	471	242	229	
Service-connected		11	11	4	7	
Dependency and indemnity compensation		11	11	4	7	
Non-service-connected		441	449	238	211	
Prior law		441	449	238	211	
Special acts		10	11		11	

TABLE 4.—VETERAN ALONE

Income not over—	Current rate	S. 4004 rate
$300	$143	$160
$400	140	157
$500	137	154
$600	134	150
$700	131	146
$800	128	142
$900	124	138
$1,000	120	133
$1,100	116	128
$1,200	112	123
$1,300	108	118
$1,400	103	113
$1,500	98	108
$1,600	93	102
$1,700	87	95
$1,800	81	90
$1,900	75	84
$2,000	69	77
$2,100	63	70
$2,200	57	63
$2,300	50	56
$2,400	43	48
$2,500	36	40
$2,600	28	32
$2,700		24
$2,800		16
$2,900		8
$3,000		5

TABLE 5.—VETERAN WITH DEPENDENT

Income not over—	Current rate	S. 4040 rate
$300	$154	$172
$400	154	172
$500	154	172
$600	152	170
$700	150	168
$800	148	165
$900	145	162
$1,000	142	159
$1,100	139	156
$1,200	136	153
$1,300	133	150
$1,400	130	147
$1,500	127	144
$1,600	124	141
$1,700	121	138
$1,800	118	135
$1,900	115	131
$2,000	112	127
$2,100	109	123
$2,200	106	119
$2,300	$103	$115
$2,400	100	111
$2,500	97	107
$2,600	94	103
$2,700	90	99
$2,800	86	95
$2,900	82	91
$3,000	78	87
$3,100	74	82
$3,200	70	77
$3,300	65	72
$3,400	60	67
$3,500	55	62
$3,600	50	56
$3,700	45	50
$3,800	39	44
$3,900		37
$4,000		30
$4,100		22
$4,200		14

TABLE 6.—WIDOW ALONE

Income not over—	Current rate	S. 4040 rate
$300	$96	$108
$400	95	107
$500	94	106
$600	93	105
$700	90	102
$800	87	99
$900	84	96
$1,000	81	92
$1,100	78	88
$1,200	75	84
$1,300	72	80
$1,400	69	76
$1,500	65	72
$1,600	61	68
$1,700	57	64
$1,800	53	60
$1,900	49	56
$2,000	45	52
$2,100	41	48
$2,200	37	43
$2,300	33	38
$2,400	29	33
$2,500	25	28
$2,600	21	23
$2,700		18
$2,800		13
$2,900		8
$3,000		5

TABLE 7.—WIDOW WITH 1 DEPENDENT—Continued

Income not over—	Current rate	S. 4040 rate
$300	$114	$128
$400	114	128
$500	114	128
$600	114	128
$700	114	128
$800	113	127
$900	112	126
$1,000	111	125
$1,100	110	125
$1,200	108	122
$1,300	106	120
$1,400	104	118
$1,500	102	116
$1,600	100	114
$1,700	98	112
$1,800	96	110
$1,900	94	108
$2,000	92	106
$2,100	90	104
$2,200	88	101
$2,300	86	98
$2,400	84	95
$2,500	82	92
$2,600	79	89
$2,700	76	86
$2,800	73	83
$2,900	70	80
$3,000	67	77
$3,100	64	73
$3,200	61	69
$3,300	58	65
$3,400	55	61
$3,500	51	57
$3,600	47	53
$3,700	44	49
$3,800	44	49
$3,900		49
$4,000		49
$4,100		49
$4,200		49

TABLE 8.—1 PARENT

Income not over-	Current rate	S. 4040 rate
$800	$110	$123
$900	107	120
$1,000	104	117
$1,100	101	113
$1,200	97	109
$1,300	93	105
$1,400	89	100

TABLE 8.—1 PARENT—Continued

Income not over-	Current rate	S. 4040 rate
$1,500	$85	$95
$1,600	80	90
$1,700	75	84
$1,800	69	78
$1,900	63	71
$2,000	57	64
$2,100	50	56
$2,200	43	48
$2,300	36	40
$2,400	28	32
$2,500	20	24
$2,600	12	16
$2,700		8
$2,800		4
$2,900		4
$3,000		4

TABLE 9.—2 PARENTS NOT TOGETHER

Income not over—	Current rate	S. 4040 rate
$800	$77	$86
$900	75	84
$1,000	73	82
$1,100	71	80
$1,200	68	76
$1,300	65	72
$1,400	62	68
$1,500	58	64
$1,600	54	60
$1,700	50	56
$1,800	46	52
$1,900	42	48
$2,000	38	44
$2,100	34	40
$2,200	30	35
$2,300	26	30
$2,400	21	25
$2,500	16	20
$2,600	11	14
$2,700		8
$2,800		4
$2,900		4
$3,000		4

TABLE 10.—2 PARENTS TOGETHER

Income not over—	Current rate	S. 4040 rate
$800	$74	$83
$900	74	83
$1,000	74	83
$1,100	73	82
$1,200	72	80
$1,300	70	78
$1,400	68	76
$1,500	66	74
$1,600	64	72
$1,700	62	70
$1,800	60	68
$1,900	58	66
$2,000	56	64
$2,100	54	62
$2,200	52	60
$2,300	50	58
$2,400	48	56
$2,500	46	54
$2,600	44	51
$2,700	42	48
$2,800	40	45
$2,900	38	42
$3,000	35	39
$3,100	32	36
$3,200	29	33
$3,300	26	30
$3,400	23	27
$3,500	20	24
$3,600	17	20
$3,700	14	16
$3,800	11	12
$3,900		8
$4,000		4
$4,100		4
$4,200		4

TABLE 11.—*5-year cost of S. 4040, as reported*

Year:	Cost (millions)
I Current law, 12-percent increase $400 income limit increase:	
1974	$123.2
1975	249.0
1976	254.3
1977	251.8
1978	259.4
II Old law, $400 income limit increase:	
1974	9.5
1975	15.8
1976	$12.9
1977	9.8
1978	6.8
III DIC parents, 12-percent increase $400 income limit increase:	
1974	3.9
1975	8.0
1976	8.1
1977	8.1
1978	8.3
IV Increase in children's rates:	
1974	1.0
1975	1.9
1976	1.9
1977	1.8
1978	1.8
V Increase in AID and attendance/housebound rates:	
1974	8.3
1975	17.0
1976	17.5
1977	17.9
1978	18.2
VI Total cost:	
1974	145.9
1975	291.7
1976	292.2
1977	291.9
1978	294.5

Note: January 1, 1974, effective dates assumed for all provisions.

Mr. HANSEN. Mr. President, I rise in support of S. 4040, the Veterans' and Survivors' Pension Adjustment Act.

Unfortunately, this bill is not as "glamorous" as the GI education bill which we passed last week. It will not receive as much publicity, but in terms of human need, it is much more important for the continued well-being of our older veterans.

These are the people who are hurt most by the burden of inflation. Most of them must live on a fixed income, particularly those who receive pensions, and this action to finalize the Veterans' and Survivors' Pension Adjustment Act is needed.

Mr. President, this bill provides an average cost-of-living increase of 12 percent and a $400 increase in the annual income limitations in an effort to alleviate the burdens caused by inflation. It will be of very real help.

Next session, the Senate Veterans' Affairs Committee will continue to work on the question of veterans' pensions. I am hopeful that we will be able to come up with a more definitive solution to the problem.

Mr. President, I urge my colleagues to support this measure. It will serve the best interests of us all.

Mr. THURMOND. Mr. President, I strongly endorse S. 4040.

This bill passed the Senate unanimously in October 7, and was referred to the House committee on October 8. Yesterday, it passed the House with two minor changes.

First, the time limitation on the study of needs of older veterans has been extended by 2 months. Second, an amendment has been added to provide that the marriage of the child of a veteran previously in receipt of benefits shall not automatically prevent the child from receiving a pension if the marriage is terminated by death or divorce.

More importantly, however, this bill contains two provisions which will help our older veterans in the fight against inflation. First, the bill provides an average cost of living increase of 12 percent, and second, an increase in the income limitations of $400.

Mr. President, both of these provisions are necessary if our older veterans are to keep up with inflation. Otherwise, the spending power of the pension dollar will be reduced by about 12 percent. Recent increases in social security are calculated as countable income for determining eligibility for a pension. Many veterans and their widows will be removed from the pension rolls because of recent increases in social security if the income limitations are not increased.

Mr. President, it is imperative that we act today so this measure will be effective on January 1, 1975. Otherwise, recent social security increases will force many of our veterans off the pension rolls.

Mr. President, I urge my colleagues to support S. 4040.

Mr. McCLURE. Mr. President, I rise in support of S. 4040, the Veterans and Survivors Pension Adjustment Act of 1974. This bill, of which I am a cosponsor, will basically provide 12 percent cost-of-living increases in non-service-connected pension rates. It will also increase income limitations by $400.

Our actions will protect more than 75,000 pensioners from being dropped from the rolls on January 1, due to the social security increases received this last year. We will also provide some 1.2 million veterans and their widows with increases in their pensions. Inflation has raised nearly 12 percent since the last cost-of-living increase pensioners received under Public Law 93–177, January 1, 1974. Thus the importance of passing this measure without further delay cannot be overemphasized.

We originally passed S. 4040 on October 7. Yesterday our colleagues in the other body likewise voted favorably on S. 4040 with two amendments. First, the Veterans' Administration would be allowed 180 days rather than 120 in which to complete a study on the needs of older veterans. And second, it would provide that the marriage of the child of a veteran previously receiving pension benefits would not automatically prevent the child from receiving pension if the marriage is terminated by death or divorce.

For the well-being and sheer need of our older veterans and their widows, I urge you to vote favorably for S. 4040.

Mr. HARTKE. I thank the members of the committee once again. Mr. President, this bill was a unanimous decision of the committee, which still has the record for unanimity over any other committee in the Senate.

I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

H.R. 17505—TO RESCIND CERTAIN BUDGET AUTHORITY

Mr. McCLELLAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 17505.

The PRESIDING OFFICER (Mr. COTTON) laid before the Senate a message from the House of Representatives on

H.R. 17505, to rescind certain budget authority recommended in the messages of the President of September 20, 1974 (H. Doc. 93-361), October 4, 1974 (H. Doc. 93-365) and November 13, 1974 (H. Doc. 93-387), transmitted pursuant to section 1012 of the Impoundment Control Act of 1974, which was read twice by its title.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. Has the bill now been read twice?

The PRESIDING OFFICER. The bill has been read twice.

Mr. McCLELLAN. Then I ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. McCLELLAN. Mr. President, another parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. Is the bill now open to debate and amendment?

The PRESIDING OFFICER. The bill is now before the Senate, and is open to amendment.

Mr. HRUSKA. Mr. President, H.R. 17505 is the first rescission bill of its kind. It contains a number of items proposed for rescission by the President in special messages transmitted to Congress on September 23 and October 7, 1974. As amended and passed by the House, the bill recommends that approximately $117 million in budget authority be rescinded. This is $540 million less than the amount proposed for rescission. I agree with the action taken by the House and recommended by the Appropriations Committee, and I urge my fellow Senators to vote for the bill.

Mr. President, of particular interest to many in the agricultural community in this initial rescission measure is the proposed rescission of funds by the Administration for two important agriculture programs. The Rural Electrification Administration loan program and the agricultural conservation program, REAP, have been selected by the President for budget reductions.

The House rejected the rescission of funds in these two vital programs. I concur with that decision and urge that the Senate do likewise, thus leaving them to go forward.

During the regular appropriations hearings and action on these programs in the 1974 Appropriation Act the need for continued funding was noted by both the House and Senate committees. The House and Senate Appropriations Committees approved an authorization of $700 million for the Rural Electrification Administration loan program. Of the total amount authorized, not less than $80 million shall be made available for 2-percent loans. In addition to these insured loans, the REA is authorized to guarantee non-Federal loans at interest rates to be agreed upon between the borrower and lender. Public Law 93-32 gives Congress the authority and responsibility for establishing ceilings under the guaranteed loan program.

The President's rescission message recommended a reduction of over $455 million in the REA loan authorization. Testimony before the House Agriculture Appropriations Subcommittee indicated that there is at least $800 million in unapproved loans, and because of construction slowdowns, the approval of loans has been delayed. These loans are essential to rural development and any further delays in the loan program would be injurious to the rural economy.

As the House Appropriations Committee report on the rescission message pointed out, these funds are loan authorizations and not expenditures until approvable loans are submitted. Clearly, rural America should have the assurance that these funds will be available if needed. Therefore, I agree with the House recommendation to disapprove rescission of these funds.

For the agricultural conservation program, REAP, the House and Senate Appropriations Committees both recommended a funding level of $160 million for the 1974 fiscal year, the unobligated portion of which, namely $85 million, the President seeks to rescind. This program has been in existence since 1936 and has proven its worth to rural America despite efforts by the Department of Agriculture over the years to terminate it. These funds support the committee system in designating agricultural conservation practices within the many States. It is an important program to agriculture and to those who believe in sound conservation practices in connection with the production of food in this country. Mr. President, I support the House bill's denial of a rescission of funds for the REAP program.

It should be noted that Congress and the executive branch have long been at odds on the subject of appropriations for the agricultural conservation program, REAP, and its predecessor programs.

This has been true through the administrations of two Democratic Presidents and two Republican Presidents. The budget requests of these Presidents have not included any amount to fund such programs for many years.

On each such occasion, the Congress has appropriated sums for them notwithstanding lack of a Presidential budget request.

Congress in the past has provided funds for the programs in spite of lack of Presidential budget requests.

In the current situation as provided in the pending bill, the Congress provides the funds notwithstanding the President's proposed rescission.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (HR. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

Mr. BROOKE. Mr. President, I would like to ask the chairman of the HUD Appropriations Subcommittee, Mr. PROXMIRE, about a sentence that appears in the joint explanatory statement of the committee on conference as part of the explanation of amendment No. 3. It reads as follows:

> The Committee agrees that the Section 235 and 236 programs should be used to provide alternate programs to Section 8 should the latter program not meet adequately the housing needs of lower income families.

As a member of the Committee on Banking, Housing and Urban Affairs as well as the Appropriations Committee, I am aware that there is a clear need to maintain an appropriate line of jurisdiction between the two committees.

Frankly, I am concerned that the sentence to which I referred may be interpreted to go beyond the jurisdiction of the Appropriations Committee and to write substantive housing legislation as a part of the joint explanatory statement of the Committee on Appropriations.

The Housing and Community Development Act of 1974 authorized the section 235, 236, and section 8 housing programs. It did not, however, either in the statute or in the report suggest that continuation of the section 235 homeownership program would depend on the success of the section 8 leasing program. The act clearly reflects the congressional intent that the section 235 program be used along with the section 8 program to meet the housing needs of our Nation's low- and moderate-income families.

I am concerned that HUD may misunderstand the statement that appears in amendment No. 3, and fail to act in accordance with the congressional intent expressed in the 1974 act.

Mr. President, I wonder whether the chairman could clarify the meaning of the sentence I have cited?

Mr. PROXMIRE. May I say to my good friend, the Senator from Massachusetts, as a member of both the Bank, Housing and Urban Affairs Committee and the Appropriations Committee, I agree with the distinguished Senator from Massachusetts that the report language he has read is, unfortunately, ambiguous and could lead to an improper interpretation of the 1974 Housing Act.

It was clearly not the intent of that act to make the use of the section 235 program contingent on section 8 success. The homeownership program was established to assist home buyers. The section 8 program assists renters, not buyers.

It is clear to me that the report language cited by my colleague is not intended to make the homeownership program a standby program since this was not the intention of the 1974 act. Such a misinterpretation of the report language would, very clearly, signal a substantive legislation decision which properly belongs within the jurisdiction of the Committee on Banking, Housing and Urban Affairs. I would answer my colleague that I read the statement simply as recognizing that the section 8 program cannot alone meet the low-income housing goals established in the Housing Act of 1968 and that, accordingly, the revised section 235 homeownership program and the section 236 rental program are additional tools to be used in meeting our housing goals.

Mr. BROOKE. Mr. President, I thank the distinguished Senator from Wisconsin.

I would like to address one question to the distinguished chairman of the Committee on Appropriations, and I would like to ask him whether he concurs with the views expressed by the chairman of the HUD Appropriations Subcommittee.

Mr. McCLELLAN. My attention was otherwise engaged, and I did not know that the Senator was asking something specifically with reference to this bill.

What is the contention?

Mr. PROXMIRE. We are making legislative history here. We are trying to clarify the fact that the conference report of Banking, Housing and Urban Affairs Committee in both the House and Senate did not include the language which is referred to in the supplemental appropriation committee report.

Mr. McCLELLAN. Does not include it?

Mr. PROXMIRE. Does not include it, which is a fact, and we are trying to make that clear in this discussion on the floor.

Furthermore, the substance of this is that the funds which are appropriated for the section 235 and 236 programs are available and should be used regardless of whether the section 8 program is regarded as a success or not. They are both needed and we should proceed with both.

Mr. McCLELLAN. This provision of appropriations comes under the Senator's jurisdiction, the jurisdiction of his committee; am I correct?

Mr. PROXMIRE. That is correct.

Mr. McCLELLAN. I would be inclined to support the Senator's view. I know of no reason why I should not support the Senator's view on it which he has expressed.

Mr. BROOKE. I thank the Chair and I thank the distinguished chairman of the full committee and the chairman of the subcommittee because I think it is important that this legislative history be made, and that HUD understand the intent of Congress insofar as section 235 and section 236 are concerned.

Mr. PROXMIRE. May I say to the Senator from Massachusetts that I commend him for his alertness in bringing this to our attention and in taking this most useful action.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, with the understanding that there be no action on the bill at this time, just that it be made the pending measure before the Senate, I ask unanimous consent that S. 3267 be called up and made the pending business.

The **PRESIDING OFFICER.** The clerk will report.

Mr. McCLURE. I object.

Mr. ROBERT C. BYRD. Mr. President, I move the Senate proceed to the consideration of S. 3267.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to withdraw my motion.

The **PRESIDING OFFICER.** Without objection it is so ordered.

STANDBY ENERGY EMERGENCY AUTHORITIES ACT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that S. 3267 now be made the pending business before the Senate with the understanding there be no rollcall votes on this measure today.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. FANNIN. I thank the Senator.

The **PRESIDING OFFICER.** The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 3267) to provide standby emergency authority to assure that the essential energy needs of the United States are met, and for other purposes.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment to strike out all after the enacting clause and insert:

That this Act, including the following table of contents, may be cited as the "Standby Energy Emergency Authorities Act".

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TITLE I—STANDBY ENERGY EMERGENCY AUTHORITIES

SEC. 101. FINDINGS AND PURPOSES.

(a) The Congress hereby determines that—

(1) current energy shortages have the potential to create severe economic dislocations and hardships;

(2) such shortages and dislocations could jeopardize the normal flow of interstate and foreign commerce;

(3) disruptions in the availability of imported energy supplies, particularly petroleum products, pose a serious risk to national security, economic well-being, and the health and welfare of the American people;

(4) because of the diversity of conditions, climate, and available fuel mix in different areas of the Nation, governmental responsibility for developing and enforcing energy emergency authorities lies not only with the Federal Government, but with the States and with the local governments;

(5) the protection and fostering of competition and the prevention of anticompetitive practices and effects are vital during periods of energy shortages.

(b) The purposes of this Act are to grant specific temporary standby authority to impose end-use rationing and to reduce demand by regulating public and private consumption of energy, subject to congressional review and right of approval or disapproval, and to authorize certain other specific temporary emergency actions to be exercised, to assure that the essential needs of the United States for fuels will be met in a manner which, to the fullest extent practicable: (1) is consistent with existing national commitments to protect and improve the environment; (2) minimizes any adverse impact on employment; (3) provides for equitable treatment of all sectors of the economy; (4) maintains vital services necessary to health, safety, and public welfare; and (5) insures against anticompetitive practices and effects and preserves, enhances and facilitates competition in the development, production, transportation, distribution, and marketing of energy resources.

(c) Prior to exercising any of the authorities contained in—

Section 103, End-Use Rationing
Section 104, Energy Conservation Plans
Section 106, Materials Allocation
Section 107, Federal Actions to Increase Available Domestic Petroleum Supplies, and
Section 112, Antitrust Provisions

of this Act, the President must first make a finding that national or regional energy shortage conditions exist which constitute an energy emergency and which require the exercise of the standby energy emergency authorities provided for in this Act. The President's finding shall be transmitted to the Congress and shall be limited to the implementation of those authorities, plans or programs which he determines are necessary to balance the Nation's energy demands with available supplies.

SEC. 102. DEFINITIONS.

For purposes of this Act:

(1) The term "State" means a State, the District of Columbia, Puerto Rico, or a territory or possession of the United States.

(2) The term "petroleum product" means crude oil, residual fuel oil, or a refined petroleum product (as defined in the Emergency Petroleum Allocation Act of 1973).

(3) The term "United States" when used in the geographical sense means the States,

the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

(4) The term "Administrator" means the Administrator of the Federal Energy Administration established by H.R. 11793, Ninety-third Congress (popularly known as the Federal Energy Administration Act of 1974) if H.R. 11793 is enacted; except that until such Administrator takes office, such term means an officer of the United States designated by the President.

Sec. 103. End-Use Rationing.

Section 4 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection:

"(h) (1) The President may promulgate a rule which shall be deemed a part of the regulation under subsection (a) and which shall provide, consistent with the objectives of subsection (b), for the establishment of a program for the rationing and ordering of priorities among classes of end-users of crude oil, residual fuel oil, or any refined petroleum product, and for the assignment to end-users of such products of rights, and evidences of such rights, entitling them to obtain such products in precedence to other classes of end-users not similarly entitled.

"(2) The rule under paragraph (1) of this subsection shall take effect only if the President finds that, without such rule, all other practicable and authorized methods to limit energy demand will not achieve the objectives of subsection (b) of this section and of the Standby Energy Emergency Authorities Act.

"(3) The President shall, by order, in furtherance of the rule authorized pursuant to paragraph (1) of this subsection and consistent with the attainment of the objectives in subsection (b) of this section, cause such adjustments in the allocations made pursuant to the regulation under subsection (a) as may be necessary to carry out the purposes of this subsection.

"(4) The President shall provide for procedures by which any end-user of crude oil, residual fuel oil or refined petroleum products for which priorities and entitlements are established under paragraph (1) of this subsection may petition for review and reclassification or modification of any determination made under such paragraph with respect to his rationing priority or entitlement. Such procedures may include procedures with respect to such local boards as may be authorized to carry out functions under this subsection pursuant to section 120 of the Standby Energy Emergency Authorities Act.

"(5) No rule or order under this section may impose any tax or user fee, or provide for a credit or deduction in computing any tax.

"(6) At such time as he finds that it is necessary to put a rule under paragraph (1) of this subsection into effect, the President shall transmit such rule to each House of Congress and such rule shall take effect in the same manner as an energy conservation plan prescribed under section 104 of the Standby Energy Emergency Authorities Act and shall be deemed an energy conservation plan for purposes of section 104(c), notwithstanding the provisions of section 104(a) (1) (B). Such a rule may be amended as provided in section 104(a) (4) of such Act."

Sec. 104. Energy Conservation Plans.

(a) (1) (A) Pursuant to the provisions of this section, the Administrator may promulgate, by regulation, one or more energy conservation plans in accord with this section which shall be designed (together with actions taken and proposed to be taken under other authority of this or other Acts) to result in a reduction of energy consumption to a level which can be supplied by available energy resources. For purposes of this section, the term "energy conservation plan" means a plan for transportation controls (including but not limited to highway speed limits) or such other reasonable restrictions on the public or private use of energy (including limitations on energy consumption of businesses) which are necessary to reduce energy consumption.

(B) No energy conservation plan may impose rationing or any tax or user fee, or provide for a credit or deduction in computing any tax.

(2) An energy conservation plan shall become effective as provided in subsection (b). Such a plan shall apply in each State, except as otherwise provided in an exemption granted pursuant to such plan in cases where a comparable State or local program is in effect, or where the Administrator finds special circumstances exist.

(3) An energy conservation plan may not deal with more than one logically consistent subject matter.

(4) An amendment to an energy conservation plan, unless the Administrator determines such an amendment does not have significant substantive effect, shall be transmitted to Congress and shall be effective only in accordance with subsection (b), except that such an amendment may take effect immediately or on a date stated in such an amendment if the Administrator determines that a delay of 15 calendar days of continuous session of the Congress after the date on which such an amendment is transmitted to the Congress would seriously impair the operation of the plan or be inconsistent with the purposes of this Act, but if either House of the Congress, before the end of the first period of 15 calendar days of continuous session after the date of submission of such an amendment, passes a resolution stating in substance that such House does not favor such an amendment, such amendment shall cease to be effective on the date of passage of such resolution. Any amendment which the Administrator determines does not have significant substantive effect and any rescission of a plan may be made effective in accordance with section 553 of title 5, United States Code.

(5) Subject to subsection (b) (3), an energy conservation plan shall remain in effect for a period specified in the plan unless earlier rescinded by the Administrator, but shall terminate in any event no later than 6 months after such plan first takes effect or June 30, 1975, whichever first occurs.

(b) (1) For purposes of this subsection, the term "energy conservation plan" includes an amendment to an energy conservation plan which has significant substantive effect.

(2) The Administrator shall transmit any energy conservation plan (bearing an identification number) to each House of Congress on the date on which it is promulgated.

(3) (A) Except as provided in subparagraph (B), if an energy conservation plan is transmitted to the Congress such plan shall take effect at the end of the first period of 15 calendar days of continuous session of Congress after the date on which said plan is transmitted to it unless, between the date of transmittal and the end of the 15-day period, either House passes a resolution stating in substance that such House does not favor such plan.

(ii) Any energy conservation plan described in subparagraph (A) may be implemented prior to the expiration of the 15-calendar-day period after the date on which such plan is transmitted, if each House of Congress approves a resolution affirmatively stating in substance that such House does not object to the implementation of such plan.

(4) For the purpose of paragraph (3) of this subsection—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(3) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 15-day period.

(5) Under provisions contained in an energy conservation plan, a provision of the plan may take effect at a time later than the date on which such plan otherwise takes effect.

(c) (1) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by paragraph (2) of this subsection; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(2) For purposes of this subsection, the term "resolution" means only a resolution of either House of Congress described in subparagraph (A) or (B).

(A) A resolution the matter after the resolving clause of which is as follows: "That the ——— does not object to the implementation of energy conservation plan numbered ——— submitted to the Congress on ———, 19 .", the first blank space therein being filled with the name of the resolving House and the other blank space being appropriately filled; but does not include a resolution which specified more than one energy conservation plan.

(B) A resolution the matter after the resolving clause of which is as follows: "That the ——— does not favor the energy conservation plan numbered ——— transmitted to Congress on ——— 19 .", the first blank space therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled; but does not include a resolution which specifies more than one energy conservation plan.

(3) A resolution once introduced with respect to an energy conservation plan shall immediately be referred to a committee (and all resolutions with respect to the same plan shall be referred to the same committee) by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(4) (B) If the committee to which a resolution with respect to an energy conservation plan has been referred has not reported it at the end of 5 calendar days after its referral, it shall be in order to move either to discharge the committee from further consideration of such resolution or to discharge the committee from further consideration of any other resolution with respect to such energy conservation plan which has been referred to the committee.

(B) A motion to discharge may be made only by an individual favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same energy conservation plan), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same plan.

(5) (A) When the committee has reported, or has been discharged from further consideration of, a resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the resolution shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which the resolution was agreed to or disagreed to; except that it shall be in order to substitute a resolution disapproving a plan for a resolution not to object to such plan, or a resolution not to object to a plan for a resolution disapproving such plan.

(6) (A) Motions to postpone, made with respect to the discharge from committee, or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(7) Notwithstanding any of the provisions of this subsection, if a House has approved a resolution with respect to an energy conservation plan, then it shall not be in order to consider in that House any other resolution with respect to the same plan.

(d) (1) Any energy conservation plan or rationing rule, which the Administrator submits to the Congress pursuant to subsection (b) of this section shall state any findings of fact on which the action is based, and shall contain a specific statement explaining the rationale for such plan or rule.

(2) To the greatest extent practicable, any energy conservation plan or rationing rule which the Administrator submits to the Congress pursuant to subsection (b) of this section shall also be accompanied by an evaluation prepared by the Administrator of the potential economic impacts, if any, of the proposed plan or rule. Such evaluation shall include an analysis of the effect, if any, of such plan or rule on—

(A) the fiscal integrity of State and local government;

(B) vital industrial sectors of the economy;

(C) employment, by industrial and trade sector, as well as on a national, regional, State, and local basis;

(D) the economic vitality of regional, State, and local areas;

(E) the availability and price of consumer goods and services;

(F) the gross national product;

(G) competition in all sectors of industry;

(H) small business; and

(I) the supply and availability of energy resources for use as fuel or as feedstock for industry.

Sec. 105. Coal Conversion and Allocation.

(a) The Administrator shall, to the extent practicable and consistent with the objectives of this Act, by order, after balancing on a plant-by-plant basis the environmental effects of use of coal against the need to fulfill the purposes of this Act prohibit, as its primary energy source, the burning of natural gas or petroleum products by any major fuel-burning installation (including any existing electric powerplant) which, on the date of enactment of this Act, has the capability and necessary plant equipment to burn coal. Any installation to which such an order applies shall be permitted to continue to use coal or coal byproducts as provided in the Clean Air Act, as amended. To the extent coal supplies are limited to less than the aggregate amount of coal supplies which may be necessary to satisfy the requirements of those installations which can be expected to use coal (including installations to which orders may apply under this subsection), the Administrator shall prohibit the use of natural gas and petroleum products for those installations where the use of coal will have the least adverse environmental impact. A prohibition on use of natural gas and petroleum products under this subsection shall be contingent upon the availability of coal, coal transportation facilities, and the maintenance of reliability of service in a given service area. The Administrator shall require that fossil-fuel-fired electric powerplant in the early planning process, other than combustion gas turbine and combined cycle units, be designed and constructed so as to be capable of using coal or coal byproducts as a primary energy source instead of or in addition to other fossil fuels. No fossil-fuel-fired electric powerplant may be required under this section to be so designed and constructed, if (1) to do so would result in an impairment of reliability or adequacy of service, or (2) if an adequate and reliable supply of coal is not available and is not expected to be available. In considering whether to impose a design and construction requirement under this subsection, the Administrator shall consider the existence and effects of any contractual commitment for the construction of such facilities and the capability of the owner or operator to recover any capital investment made as a result of the conversion requirements of this section.

(b) The Administrator may, by rule, prescribe a system for allocation of coal to users thereof in order to attain the objectives specified in this section.

Sec. 106. Materials Allocation.

(a) Beginning 60 days after the date of enactment of this Act, the Administrator may, by rule or order, require the allocation of, or the performance under contracts or orders (other than contracts of employment) relating to, supplies of materials and equipment if he makes the findings required by subsection (c) of this section.

(b) Not later than 30 days after the date of enactment of this Act the Administrator shall report to the Congress with respect to the manner in which the authorities contained in subsection (a) will be administered. This report shall include but not be limited to the manner in which allocations will be made, the procedure for requests and appeals, the criteria for determining priorities as between competing requests, and the office or agency which will administer such authorities.

(c) The authority granted in this section may not be used to control the general distribution of any supplies of materials and equipment in the marketplace unless the Administrator finds that—

(1) such supplies are scarce, critical, and essential to maintain or further exploration, production, refining, and required transportation of energy supplies and for the construction and maintenance of energy facilities, and

(2) maintenance or furtherance of exploration, production, refining, and required transportation of energy supplies and the construction and maintenance of energy facilities during the agency shortage cannot reasonably be accomplished without exercising the authority specified in subsection (a) of this section.

Sec. 107. Federal Actions To Increase Available Domestic Petroleum Supplies.

(a) The Administrator may, by rule or order, until June 30, 1975, require the following measures to supplement domestic energy supplies:

(1) the production of designated existing domestic oilfields, at their maximum efficient rate of production, which is the maximum rate at which production may be sustained without detriment to the ultimate recovery of oil and gas under sound engineering and economic principles. Such fields are to be designated by the Secretary of the Interior, after consultation with the appropriate State regulatory agency. Data to determine the maximum efficient rate of production shall be supplied to the Secretary of the Interior by the State regulatory agency which determines the maximum efficient rate of production and by the operators who have drilled wells in, or are producing oil and gas from such fields;

(2) if necessary to meet defense and national security needs, production of certain designated existing domestic oilfields on Federal lands at rates in excess of their currently assigned maximum efficient rates. Fields to be so designated, by the Secretary of the Interior or the Secretary of the Navy as to the Federal lands or as to Federal interests in lands under their respective jurisdiction, shall be those fields where the types and quality of reservoirs are such as to permit production at rates in excess of the currenty assigned sustainable maximum efficient rate for periods of ninety days or more without excessive risk of losses in recovery; and

(3) the adjustment of processing operations of domestic refineries to produce refined products in proportions commensurate with national needs and consistent with the objectives of section 4(b) of the Emergency Petroleum Allocation Act of 1973.

(b) Nothing in this section shall be construed to authorize the production from any naval petroleum reserve now subject to the provisions of chapter 641 of title 10, United States Code.

Sec. 108. Other Amendments to the Emergency Petroleum Allocation Act of 1973.

(a) Section 4 of the Emergency Petroleum Allocation Act of 1973 (as amended by section 103 of this Act) is further amended by adding at the end of such section the following new subsection:

(i) If any provision of the regulation under subsection (a) provides that any allocation of residual fuel oil or refined petroleum products is to be based on use of such a product or amounts of such product supplied during a historical period the regulation shall contain provisions designed to assure that the historical period can be adjusted (or other adjustments in allocations can be made) in order to reflect regional disparities in use, population growth or unusual factors influencing use (including unusual changes in climatic conditions), of such oil or product in the historical period. This subsection shall take effect 30 days after the date of enactment of the Standby Energy Emergency Authorties Act. Adjustments for such purposes shall take effect no later than 6 months after the date of enactment of this subsection. Adjustments to reflect population growth shall be based upon the most current figures available from the United States Bureau of the Census."

(b) Section 4(g) (1) of the Emergency Petroleum Allocation Act of 1973 is amended by striking out "February 28, 1975" in each case the term appears and inserting in each case "June 30, 1975".

(c) Section 4(b)(1)(G) of the Emergency Petroleum Allocation Act of 1973 is amended to read as follows:

"(G) allocation of residual fuel oil and refined petroleum products in such amounts and in such manner as may be necessary for the maintenance of exploration for, and production or extraction of—

"(i) fuels, and

"(ii) minerals essential to the requirements of the United States,

and for required transportation related thereto,".

(d) The Administrator shall, within 30 days from the date of the enactment of this Act, report to the Congress with respect to shortages of petrochemical feedstocks, of steps taken to alleviate any such shortages, the unemployment impact resulting from such shortages, and any legislative recommendations which he deems necessary to alleviate such shortages.

Sec. 109. Protection of Franchised Dealers

(a) As used in this section:

(1) The term "distributor" means a person engaged in the sale, consignment, or distribution of petroleum products to wholesale or retail outlets whether or not it owns, leases, or in any way controls such outlets.

(2) The term "franchise" means any agreement or contract between a refiner or a distributor and a retailer or between a refiner and distributor, under which such retailer or distributor is granted authority to use a trademark, trade name, service mark, or other identifying symbol or name owned by such refiner or distributor, or any agreement or contract between such parties under which such retailer or distributor is granted authority to occupy premises owned, leased, or in any way controlled by a party to such agreement or contract, for the purpose of engaging in the distribution or sale of petroleum products for purposes other than resale.

(3) The term "refiner" means a person engaged in the refining or importing of petroleum products.

(4) The term "retailer" means a person engaged in the sale of any refined petroleum product for purposes other than resale within any State, either under a franchise or independent of any franchise, or who was so engaged at any time after the start of the base period.

(b)(1) A refiner or distributor shall not cancel, fail to renew, or otherwise terminate a franchise unless he furnishes prior notification pursuant to this paragraph to each distributor or retailer affected thereby. Such notification shall be in writing and sent to such distributor or retailer by certified mail not less than 90 days prior to the date on which such franchise will be canceled, not renewed, or otherwise terminated. Such notification shall contain a statement of intention to cancel, not renew, or to terminate together with the reasons therefor, the date on which such action shall take effect, and a statement of the remedy or remedies available to such distributor or retailer under this section together with a summary of the applicable provisions of this section.

(2) A refiner or distributor shall not cancel, fail to renew, or otherwise terminate a franchise unless the retailer or distributor whose franchise is terminated failed to comply substantially with any essential and reasonable requirement of such franchise or failed to act in good faith in carrying out the terms of such franchise, or unless such refiner or distributor withdraws entirely from the sale of refined petroleum products in commerce for sale other than resale in the United States.

(c)(1) If a refiner or distributor engages in conduct prohibited under subsection (b) of this section, a retailer or a distributor may maintain a suit against such refiner or distributor. A retailer may maintain such suit against a distributor or a refiner whose actions affect commerce and whose products with respect to conduct prohibited under paragraph (1) or (2) of subsection (b) of this section, he sells or has sold, directly or indirectly, under a franchise. A distributor may maintain such suit against a refiner whose actions affect commerce and whose products he purchases or has purchased or whose products he distributes or has distributed to retailers.

(2) The court shall grant such equitable relief as is necessary to remedy the effects or conduct prohibited under subsection (b) of this section which it finds to exist including declaratory judgment and mandatory or prohibitive injunctive relief. The court may grant interim equitable relief and actual and punitive damages (except for actions for a failure to renew) where indicated, in suits under this section, and may, unless such suit is frivolous, direct that costs, including reasonable attorney and expert witness fees, be paid by the defendant. In the case of actions for a failure to renew, damages shall be limited to actual damages including the value of the dealer's equity.

(3) A suit under this section may be brought in the district court of the United States for any judicial district in which the distributor or the refiner against whom such suit is maintained resides, is found, or is doing business, without regard to the amount in controversy.

(d) The provisions of this section expire at midnight, June 30, 1975, but such expiration shall not affect any pending action or pending proceeding, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to midnight, June 30, 1975, except that no suit under this section, which is based upon an act committed prior to midnight, June 30, 1975, shall be maintained unless commenced within 3 years after such act.

Sec. 110. Prohibitions on Unreasonable Actions.

(a) Action taken under authority of this Act, the Emergency Petroleum Allocation Act of 1973, or other Federal law resulting in the allocation of petroleum products and electrical energy among classes of users or resulting in restrictions on use of petroleum products and electrical energy, shall be equitable, shall not be arbitrary or capricious, and shall not unreasonably discriminate among classes of users, unless the Administrator determines such a policy would be inconsistent with the purposes of this Act and publishes his finding in the Federal Register, allocations shall contain provisions designed to foster reciprocal and nondiscriminatory treatment by foreign countries of United States citizens engaged in commerce.

(b) To the maximum extent practicable, any restriction on the use of energy shall be designed to be carried out in such manner so as to be fair and to create a reasonable distribution of the burden of such restriction on all sectors of the economy, without imposing an unreasonable disproportionate share of such burden on any specific industry, business or commercial enterprise, or on any individual segment thereof and shall give due consideration to the needs of commercial, retail, and service establishments whose normal function is to supply goods and services of an essential convenience nature during times of day other than conventional daytime working hours.

Sec. 111. Regulated Carriers.

(a) The Interstate Commerce Commission shall, by expedited proceedings, adopt appropriate rules under the Interstate Commerce Act which eliminate restrictions on the operating authority of any motor common carrier of property which require excessive travel between points with respect to which such motor common carrier has regularly performed service under authority issued by the Commission. Such rules shall assure continuation of essential service to communities served by any such motor common carrier.

(b) Within 45 days after the date of enactment of this Act, the Civil Aeronautics Board, the Federal Maritime Commission, and the Interstate Commerce Commission shall report separately to the appropriate committees of the Congress on the need for additional regulatory authority in order to conserve fuel during the period beginning on the date of enactment of this Act and ending on June 30, 1975, while continuing to provide for the public convenience and necessity. Each such report shall identify with specificity—

(1) the type of regulatory authority needed;

(2) the reasons why such authority is needed;

(3) the probable impact on fuel conservation of such authority;

(4) the probable effect on the public convenience and necessity of such authority; and

(5) the competitive impact, if any, of such authority.

Each such report shall further make recommendations with respect to changes in any existing fuel allocation programs which are deemed necessary to provide for the public convenience and necessity during such period.

Sec. 112. Antitrust Provisions.

(a) Except as specifically provided in subsection (i), no provision of this Act shall be deemed to convey to any person subject to this Act any immunity from civil and criminal liability or to create defenses to actions under the antitrust laws.

(b) As used in this section, the term "antitrust laws" means—

(1) the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2. 1890 (15 U.S.C. 1 et seq.), as amended;

(2) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12 et seq.), as amended;

(3) the Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended;

(4) sections 73 and 74 of the Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", approved August 27, 1894 (15 U.S.C. 8 and 9), as amended; and

(5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a).

(c)(1) To achieve the purposes of this Act, the Administrator may provide for the establishment of such advisory committees as he determines are necessary. Any such advisory committees shall be subject to the provisions of the Federal Advisory Committee Act of 1972 (5 U.S.C. App. I), whether or not such Act or any of its provisions expires or terminates during the term of this Act or of such committees, and in all cases shall be chaired by a regular full-time Federal employee and shall include representatives of the public. The meetings of such committees shall be open to the public.

(2) A representative of the Federal Government shall be in attendance at all meetings of any advisory committee established pursuant to this section. The Attorney General and the Federal Trade Commission shall have adequate advance notice of any meeting and may have an official representative attend and participate in any such meeting.

(3) A full and complete verbatim transcript shall be kept of all advisory committee meetings, and shall be taken and deposited, together with any agreement re-

sulting therefrom, with the Attorney General and the Federal Trade Commission. Such transcript and agreement shall be made available for public inspection and copying, subject to the provisions of section 552 (b)(1) and (b)(3) of title 5, United States Code.

(d) The Administrator, subject to the approval of the Attorney General and the Federal Trade Commission, shall promulgate, by rule, standards, and procedures by which persons engaged in the business of producing, refining, marketing, or distributing crude oil, residual fuel oil, or any refined petroleum product may develop and implement voluntary agreements and plans of action to carry out such agreements which the Administrator determines are necessary to accomplish the objectives stated in section 4(b) of the Emergency Petroleum Allocation Act of 1973.

(e) The standards and procedures under subsection (d) shall be promulgated pursuant to section 553 of title 5, United States Code. They shall provide, among other things, that—

(1) Such agreements and plans of action shall be developed by meetings of committees, councils, or other interested segments of the petroleum industry and of groups which include representatives of the public, of industrial, municipal, and private consumers, and shall in all cases be chaired by a regular full-time Federal employee;

(2) Meetings held to develop a voluntary agreement or a plan of action under this subsection shall permit attendance by interested persons and shall be preceded by timely and adequate notice with identification of the agenda of such meeting to the Attorney General, the Federal Trade Commission and to the public in the affected community;

(3) Interested persons shall be afforded an opportunity to present, in writing and orally, data, views, and arguments at such meetings;

(4) A full and complete verbatim transcript shall be kept of any meeting, conference, or communication held to develop, implement, or carry out a voluntary agreement or a plan of action under this subsection and shall be taken and deposited, together with any agreement resulting therefrom, with the Attorney General and the Federal Trade Commission. Such transcript and agreement shall be available for public inspection and copying, subject to provisions of sections 552 (b)(1) and (b)(3) of title 5, United States Code.

(f) The Federal Trade Commission may exempt types or classes of meetings, conferences, or communications from the requirements of subsections (c)(3) and (e)(4), provided such meetings, conferences, or communications are ministerial in nature and are for the sole purpose of implementing or carrying out a voluntary agreement or plan of action authorized pursuant to this section. Such ministerial meeting, conference, or communication may take place in accordance with such requirements as the Federal Trade Commission may prescribe by rule. Such persons participating in such meeting, conference, or communication shall cause a record to be made specifying the date such meeting, conference, or communication took place and the persons involved, and summarizing the subject matter discussed. Such record shall be filed with the Federal Trade Commission and the Attorney General, where it shall be made available for public inspection and copying.

(g)(1) The Attorney General and the Federal Trade Commission shall participate from the beginning in the development, implementation, and carrying out of voluntary agreements and plans of action authorized under this section. Each may propose any alternative which would avoid or overcome, to the greatest extent practicable, possible anticompetitive effects while achieving substantially the purposes of this Act. Each shall have the right to review, amend, modify, disapprove, or prospectively revoke, on its own motion or upon the request of any interested person, any plan of action or voluntary agreement at any time, and, if revoked, thereby withdraw prospectively the immunity which may be conferred by subsection (i) of this section.

(2) Any voluntary agreement or plan of action entered into pursuant to this section shall be submitted in writing to the Attorney General and the Federal Trade Commission twenty days before being implemented, where it shall be made available for public inspection and copying.

(h)(1) The Attorney General and the Federal Trade Commission shall monitor the development, implementation, and carrying out of plans of action and voluntary agreements authorized under this section to assure the protection and fostering of competition and the prevention of anticompetitive practices and effects.

(2) The Attorney General and the Federal Trade Commission shall promulgate joint regulations concerning the maintenance of necessary and appropriate documents, minutes, transcripts, and other records related to the development, implementation, or carrying out of plans of action or voluntary agreements authorized pursuant to this Act.

(3) Persons developing, implementing, or carrying out plans of action or voluntary agreements authorized pursuant to this Act shall maintain those records required by such joint regulations. The Attorney General and the Federal Trade Commission shall have access to and the right to copy such records at reasonable times and upon reasonable notice.

(4) The Federal Trade Commission and the Attorney General may each prescribe such rules and regulations as may be necessary or appropriate to carry out their responsibilities under this Act. They may both utilize for such purposes and for purposes of enforcement, any and all powers conferred upon the Federal Trade Commission or the Department of Justice, or both, by any other provision of law, including the antitrust laws; and wherever such provision of law refers to "the purposes of this Act" or like terms, the reference shall be understood to be this Act.

(i) There shall be available as a defense to any civil or criminal action brought under the antitrust laws in respect of actions taken in good faith to develop and implement a voluntary agreement or plan of action to carry out a voluntary agreement by persons engaged in the business of producing, refining, marketing, or distributing crude oil, residual fuel oil, for any refined petroleum product that—

(1) such action was—

(A) authorized and approved pursuant to this section, and

(B) undertaken and carried out solely to achieve the purposes of this section and in compliance with the terms and conditions of this section, and the rules promulgated hereunder; and

(2) such persons fully complied with the requirements of this section and the rules and regulations promulgated hereunder.

(j) No provision of this Act shall be construed as granting immunity for, nor as limiting or in any way affecting any remedy or penalty which may result from any legal action or proceeding arising from, any acts or practices which occurred: (1) prior to the enactment of this Act, (2) outside the scope and purpose or not in compliance with the terms and conditions of this Act and this section, or (3) subsequent to its expiration or repeal.

(k) Effective on the date of enactment of this Act, this section shall apply in lieu of section 6(c) of the Emergency Petroleum Allocation Act of 1973. All actions taken and any authority or immunity granted under such section 6(c) shall be hereafter taken or granted, as the case may be, pursuant to this section.

(l) The provisions of section 708 of the Defense Production Act of 1950, as amended, shall not apply to any action authorized to be taken under this Act or the Emergency Petroleum Allocation Act of 1973.

(m) The Attorney General and the Federal Trade Commission shall each submit to the Congress and to the President, at least every 6 months, a report on the impact on competition and on small business of actions authorized by this section.

(n) The authority granted by this section (including any immunity under subsection (i)) shall terminate on June 30, 1975.

(o) The exercise of authority provided in section 111 shall not have as a principal purpose or effect the substantial lessening of competition among carriers affected. Actions taken pursuant to that subsection shall be taken only after providing from the beginning an adequate opportunity for participation by the Federal Trade Commission and the Assistant Attorney General in charge of the Antitrust Division, who shall propose any alternative which would avoid or overcome, to the greatest extent practicable, any anticompetitive effects while achieving the purposes of this Act.

SEC. 113. EXPORTS

(a) The Administrator is authorized by rule or order, to restrict exports of coal, natural gas, petroleum products, and petrochemical feedstocks, and of supplies of materials and equipment which he determines to be necessary to maintain or further exploration, production, refining, and required transportation of domestic energy supplies and for the construction and maintenance of energy facilities within the United States, under such terms and conditions as he determines to be appropriate and necessary to carry out the purpose of this Act.

(b) In the administration of the restrictions under subsection (a) of this section, the Administrator may request and, if so, the Secretary of Commerce shall, pursuant to the procedures established by the Export Administration Act of 1969 (but without regard to the phrase "and to reduce the serious inflationary impact of abnormal foreign demand" in section 3(2)(A) of such Act), impose such restrictions on exports of coal, natural gas, petroleum products, and petrochemical feedstocks, and of supplies of materials and equipment which the Administrator determines to be necessary to maintain or further exploration, production, refining, and required transportation of domestic energy and supplies and for the construction and maintenance of energy facilities within the United States, as the Administrator determines to be appropriate and necessary to carry out the purposes of this Act.

(c) Rules or orders of the Administrator under subsection (a) of this section and actions by the Secretary of Commerce pursuant to subsection (b) of this section shall take into account the historical trading relations of the United States with Canada and Mexico.

SEC. 114. EMPLOYMENT IMPACT AND UNEMPLOYMENT ASSISTANCE

(a) The President shall take into consideration and shall minimize, to the fullest extent practicable, any adverse impact of actions taken pursuant to this Act upon employment. All agencies of Government shall cooperate fully under their existing statutory authority to minimize any such adverse impact.

(b)(1) The Secretary of Labor shall make grants, in accordance with regulations prescribed by him, to States to provide cash benefits to any individual who is unemployed as a result of disruptions, dislocations, or shortages of energy supplies and resources, and who is not eligible for unemployment assistance or who has exhausted his rights to such assistance (within the meaning of paragraph (4)(B)).

(2) Regulations of the Secretary of Labor under paragraph (1) may require that States enter into agreements as a condition of receiving a grant under this subsection, and such regulations—

(A) shall provide that—

(i) a benefit under this subsection shall be available to any individual who is unemployed as a result of disruptions, dislocations, or shortages of energy supplies and resources and who is not eligible for unemployment assistance (without regard to whether such unemployment commenced before or after the date of enactment of this Act).

(ii) a benefit provided to such an individual shall be available to such individual for any week of unemployment which begins after the date on which this Act is enacted and before July 1, 1975, in which such individual is unemployed;

(iii) the amount of a benefit with respect to a week of unemployment shall be equal to—

(I) in the case of an individual who has exhausted his eligibility for unemployment assistance, the amount of the weekly unemployment compensation payment for which he has most recently eligible; or

(II) in the case of any other individual, an amount which shall be set by the State in which the individual was last employed at a level which shall take into account the benefit levels provided by State law for persons covered by the State's unemployment compensation program, but which shall not be less than the minimum weekly amount, nor more than the maximum weekly amount, under the unemployment compensation law of the State; and

(B) may provide that individuals eligible for a benefit under this subsection have been employed for up to 1 month in the 52-week period preceding the filing of a claim for benefits under this subsection.

(3) Unemployment resulting from disruptions, dislocations, or shortages of energy supplies and resources shall be defined in regulations of the Secretary of Labor. Such regulations shall provide that such unemployment includes unemployment clearly attributable to such disruptions, dislocations or shortages, fuel allocations, fuel pricing, consumer buying decisions influenced by such disruptions, dislocations, or shortages, and governmental action associated with such disruptions, or shortages. The determination as to whether an individual is unemployed as a result of such disruptions, dislocations, or shortages (within the meaning of such regulations) shall be made by the State in which the individual was last employed in accordance with such industry, business, or employer certification process or such other determination procedure (or combination thereof) as the Secretary of Labor shall, consistent with the purposes of paragraph (1) of this subsection, determine as most appropriate to minimize administrative costs, appeals, or other delay, in paying to individuals the cash allowances provided under this section.

(4) For purposes of this subsection—

(A) an individual shall be considered unemployed in any week if he is—

(i) not working,

(ii) able to work, and

(iii) available for work,

within the meaning of the State unemployment compensation law in effect in the State in which such individual was last employed, and provided that he would not be subject to disqualification under that law for such week, if he were eligible for benefits under such law;

(B)(i) the phrase "not eligible" for unemployment assistance means not eligible for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada; and

(ii) the phrase "exhausted his rights to such assistance" means exhausted all rights to regular, additional, and extended compensation under all State unemployment compensation laws and chapter 85 of title 5, United States Code, and has no further rights to regular, additional, or extended compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada.

(c) On or before the sixtieth day following the date of enactment of this Act, the President shall report to the Congress concerning the present and prospective impact of energy shortages upon employment. Such report shall contain an assessment of the adequacy of existing programs in meeting the needs of adversely affected workers and shall include legislative recommendations which the President deems appropriate to meet such needs, including revisions in the unemployment insurance laws.

SEC. 115. USE OF CARPOOLS.

(a) The Secretary of Transportation shall encourage the creation and expansion of the use of carpools as a viable component of our nationwide transportation system. It is the intent of this section to maximize the level of carpool participation in the United States.

(b) The Secretary of Transportation is directed to establish within the Department of Transportation an "Office of Carpool Promotion" whoes purpose and responsibilities shall include—

(1) responding to any and all requests for information and technical assistance on carpooling and carpooling systems from units of State and local governments and private groups and employees;

(2) promoting greater participation in carpooling through public information and the preparation of such materials for use by State and local governments;

(3) encouraging and promoting private organizations to organize and operate carpool systems for employees;

(4) promoting the cooperation and sharing of responsibilities between separate, yet proximately close, units of government in coordinating the operations of carpool systems; and

(5) promoting other such measures that the Secretary determines appropriate to achieve the goal of this subsection.

(c) The Secretary of Transportation shall encourage and promote the use of incentives such as special parking privileges, special roadway lanes, toll adjustments, and other incentives as may be found beneficial and administratively feasible to the furtherance of carpool ridership, and consistent with the obligations of the State and local agencies which provide transportation services.

(d) The Secretary of Transportation shall allocate the funds appropriated pursuant to the authorization of subsection (f) according to the following distribution between the Federal and State or local units of government:

(1) The initial planning process—up to 100 percent Federal.

(2) The systems design process—up to 100 percent Federal.

(3) The initial startup and operation of a given system—60 percent Federal and 40 percent State or local with the Federal portion not to exceed 1 year.

(e) Within 12 months of the date of enactment of this Act, the Secretary of Transportation shall make a report to Congress of all his activities and expenditures pursuant to this section. Such report shall include any recommendations as to future legislation concerning carpooling.

(f) The sum of $5,000,000 is authorized to be appropriated for the conduct of programs designed to achieve the goals of this section, such authorization to remain available for 2 years.

(g) For purposes of this section, the terms "local governments" and "local units of government" include any metropolitan transportation organization designated as being responsible for carrying out section 134 of title 23, United States Code.

(h) As an example to the rest of our Nation's automobile users, the President of the United States shall take such action as is necessary to require all agencies of Government, where practical, to use economy model motor vehicles.

(i)(1) The President shall take action to require that no Federal official or employee in the executive branch below the level of Cabinet officer be furnished a limousine for individual use. The provisions of this subsection shall not apply to limousines furnished for use by officers or employees of the Federal Bureau of Investigation, or to those persons whose assignments necessitate transportation by limousines because of diplomatic assignment by the Secretary of State.

(2) For purposes of this subsection, the term "limousine" means a type 6 vehicle as defined in the Interim Federal Specifications issued by the General Services Administration, December 1, 1973.

(3)(A) The President shall take action to insure the enforcement of 31 U.S.C. 638a.

(B) No funds shall be expended under authority of this or any other Act for the purpose of furnishing a chauffeur in a vehicle operated in violation of section 638a of title 31, United States Code, or this Act.

SEC. 116. ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW

(a)(1) Subject to paragraphs (2), (3), and (4) of this subsection, the provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply to any rule, regulation, or order under this title or under section 4(h) of the Emergency Petroleum Allocation Act of 1973; except that this subsection shall not apply to any rule, regulation, or order issued under the Emergency Petroleum Allocation Act of 1973 (as amended by this title) other than section 4(h) thereof, nor to any rule under section 111 of this title.

(2) Notice of all proposed substantive rules and orders of general applicability described in paragraph (1) shall be given by publication of such proposed rule or order in the Federal Register. In each case, a minimum of 10 days following such publication shall be provided for opportunity to comment; except that the requirements of this paragraph as to time of notice and opportunity to comment may be waived where the President finds that strict compliance would seriously impair the operation of the program to which such rule or order relates and such findings are set out in detail in such rule or order. In addition, public notice of all rules or orders promulgated by officers of a State or political subdivision thereof or to State or local boards pursuant to this Act shall to the maximum extent practicable be achieved by publication of such rules or orders in a sufficient number of newspapers of statewide circulation calculated to receive widest possible notice.

(3) In addition to the requirements of paragraph (2), unless the President determines that a rule or order described in paragraph (1) is not likely to have a substantial impact on the Nation's economy or upon a significant segment thereof, an opportunity for oral presentation of views, data, and argument shall be afforded. To the maximum extent practicable, such opportunity shall be afforded prior to the implementation of such

rule or order, but in all cases such opportunity shall be afforded no later than 45 days after the implementation of any such rule or order. A transcript shall be kept of any oral presentation.

(4) Any officer or agency authorized to issue rules or orders described in paragraph (1) shall provide for the making of such adjustments, consistent with the other purposes of this Act or the Emergency Petroleum Allocation Act of 1973 (as the case may be), as may be necessary to prevent special hardships, inequity, or an unfair distribution of burdens and shall in rules prescribed by it establish procedures which are available to any person for the purpose of seeking an interpretation, modification, or recission of, or an exception to or exemption from, such rules and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the officer or agency and may obtain judicial review in accordance with subsection (b) or other applicable law when such denial becomes final. The officer or agency shall, in rules prescribed by it, establish appropriate procedures, including a hearing where deemed advisable, for considering such requests for action under this paragraph.

(b)(1) Judicial review of administrative rulemaking of general and national applicability done under this title may be obtained only by filing a petition for review in the United States Court of Appeals for the District of Columbia within thirty days from the date of promulgation of any such rule or regulation, and judicial review of administrative rulemaking of general, but less than national applicability done under this title may be obtained only by filing a petition for review in the United States Court of Appeals for the appropriate circuit within thirty days from the date of promulgation of any such rule or regulation, the appropriate circuit being defined as the circuit which contains the area or the greater part of the area within which the rule or regulation is to have effect.

(2) Notwithstanding the amount in controversy, the district courts of the United States shall have exclusive original jurisdiction of all other cases or controversies arising under this title, or under regulations or orders issued thereunder, except any actions taken by the Civil Aeronautics Board, the Interstate Commerce Commission, the Federal Power Commission, or the Federal Maritime Commission, or any actions taken to implement or enforce any rule or order by any officer of a State or political subdivision thereof or State or local board which has been delegated authority under section 120 of this Act except that nothing in this section affects the power of any court of competent jurisdiction to consider, hear, and determine in any proceeding before it any issue raised by way of defense (other than a defense based on the constitutionality of this title or the validity of action taken by any agency under this title). If in any such proceeding an issue by way of defense is raised based on the constitutionality of this Act or the validity of agency action under this title, the case shall be subject to removal by either party to a district court of the United States in accordance with the applicable provisions of chapter 89 of title 28, United States Code.

(3) This subsection shall not apply to any rule, regulation, or order issued under the Emergency Petroleum Allocation Act of 1973 or to any rule under section 111 of this title.

(4) The finding required by section 4(h)(2) of the Emergency Petroleum Allocation Act of 1973 shall not be judicially reviewable under this subsection or under any other provision of law.

(c) The Administrator may by rule prescribe procedures for State or local boards which carry out functions under this Act or the Emergency Petroleum Allocation Act of 1973. Such procedures shall apply to such boards in lieu of subsection (a), and shall require that prior to taking any action, such boards shall take steps reasonably calculated to provide notice to persons who may be affected by the action, and shall afford an opportunity for presentation of views (including oral presentation of views where practicable) at least 10 days before taking the action. Such boards shall be of balanced composition reflecting the makeup of the community as a whole.

(d) In addition to the requirements of section 552 of title 5, United States Code, any agency authorized by this title of the Emergency Petroleum Allocation Act of 1973 to issue rules or orders shall make available to the public all internal rules and guidelines which may form the basis, in whole or in part, for any rule or order with such modifications as are necessary to insure confidentiality protected under such section 552. Such agency shall, upon written request of a petitioner filed after any grant or denial of a request for exception or exemption from rules or orders, furnish the petitioner with a written opinion setting forth applicable facts and the legal basis in support of such grant or denial. Such opinions shall be made available to the petitioner and the public within 30 days of such request and with such modifications as are necessary to insure confidentiality of information protected under such section 552.

SEC. 117. PROHIBITED ACTS.

It shall be unlawful for any person to violate any provision of title I of this Act (other than provisions of this Act which make amendments to the Emergency Petroleum Allocation Act of 1973 and section 111) or to violate any rule, regulation (including an energy conservation plan), or order issued pursuant to any such provision.

SEC. 118. ENFORCEMENT.

(a) Whoever violates any provision of section 117 shall be subject to a civil penalty of not more than $2,500 for each violation.

(b) Whoever willfully violates any provision of section 117 shall be fined not more than $5,000 for each violation.

(c) It shall be unlawful for any person to offer for sale or distribute in commerce any product or commodity in violation of an applicable order or regulation issued pursuant to this Act. Any person who knowingly and willfully violates this subsection after having been subjected to a civil penalty for a prior violation of the same provision of any order or regulation issued pursuant to this Act shall be fined not more than $50,000 or imprisoned not more than 6 months, or both.

(d) Whenever it appears to any person authorized by the Administrator to exercise authority under this Act that any individual or organization has engaged, is engaged, or is about to engage in acts or practices constituting a violation of section 117, such person may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any provision, the violation of which is prohibited by section 117.

(e) Any person suffering legal wrong because of any act or practice arising out of any violation of section 117 may bring an action in a district court of the United States, without regard to the amount in controversy, for appropriate relief, including an action for a declaratory judgment or writ of injunction. Nothing in this subsection shall authorize any person to recover damages.

SEC. 119. SMALL BUSINESS INFORMATION.

In order to achieve the purposes of this Act—

(1) the Small Business Administration (A) shall to the maximum extent possible provide small business enterprises with full information concerning the provisions of the programs provided for in this Act which particularly affect such enterprises, and the activities of the various departments and agencies under such provisions, and (B) shall, as a part of its annual report, provide to the Congress a summary of the actions taken under programs provided for in this Act which have particularly affected such enterprises;

(2) to the extent feasible, Federal and other governmental bodies shall seek the views of small business in connection with adopting rules and regulations under the programs provided for in this Act and in administering such programs; and

(3) in administering the programs provided for in this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small business enterprises.

SEC. 120. DELEGATION OF AUTHORITY AND EFFECT ON STATE LAW.

(a) The Administrator may delegate any of his functions under the Emergency Petroleum Allocation Act of 1973 or this Act to any officer or employee of the agency which he heads as he deems appropriate. The Administrator may delegate any of his functions relative to implementation and enforcement of the Emergency Petroleum Allocation Act of 1973 or this Act to officers of a State or political subdivision thereof or to State or local boards of balanced composition reflecting the makeup of the community as a whole. Such officers or boards shall be designated and established in accordance with regulations which the Administration shall promulgate under this Act. Section 5(b) of the Emergency Petroleum Allocation Act of 1973 is repealed effective on the effective date of the transfer of functions under such Act to the Administrator pursuant to subsection (c) of this section.

(b) No State law or State program in effect on the date of enactment of this Act, or which may become effective thereafter, shall be superseded by any provision of this Act or any regulation, order, or energy conservation plan issued pursuant to this Act except insofar as such State law or State program is inconsistent with the provisions of this Act, or such a regulation, order, or plan.

(c) Effective on the date on which the Administrator of the Federal Energy Administration (established by H.R. 11793, Ninety-third Congress) first takes office, all functions, powers, and duties of the President under the Emergency Petroleum Allocation Act of 1973 (as amended by this Act), and of any officer, department, agency, or State (or officer thereof) under such Act (other than functions vested by section 6 of such Act in the Federal Trade Commission, the Attorney General, or the Antitrust Division of the Department of Justice), are transferred to the Administrator. All personnel, property, records, obligations, and commitments used primarily with respect to functions transferred under the preceding sentence shall be transferred to the Administrator.

SEC. 121. GRANTS TO STATES.

Any funds authorized to be appropriated under section 125(b) shall be available for the purpose of making grants to States to which the Administrator has delegated authority under section 120 of this Act, or for the administration of appropriate State or local energy conservation programs which are the basis of an exemption made pursuant to section 104(a)(2) of this Act from a Federal energy conservation plan which has taken effect under section 104 of this Act. The Administrator shall make such grants upon such terms and conditions as he may prescribe by rule.

SEC. 122. ENERGY INFORMATION REPORTS.

(a) For the purpose of assuring that the Administrator, the Congress, the States, and the public have access to and are able to obtain reliable energy information throughout the duration of this Act, the Administrator, in addition to and not in limitation of any other authority, is authorized to request, acquire, and collect such energy information as he determines to be necessary to assist in the formulation of energy policy or to carry out the purposes of this Act or the Emergency Petroleum Allocation Act of 1973.

(b) In carrying out the provisions of subsection (a) the Administrator shall have the power to—

(1) require, by rule, any person who is engaged in the production, processing, refining, transportation by pipeline or distribution (other than at the retail level) of energy resources to submit reports;

(2) sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, records, papers, and other documents;

(3) require of any person, by general or special order, answers in writing to interrogatories, requests for report, or other information; and such answers or submissions shall be made within such reasonable period and under oath or otherwise as the Administrator may determine; and

(4) to administer oaths.

(c) For the purpose of verifying the accuracy of any energy information requested, acquired, or collected by the Administrator, officers or employees duly designated by him upon presenting appropriate credentials and a written notice to the owner, operator, or at reasonable times and in a reasonable manner, any facility or business premises, to inventory and sample any stock of energy resources therein, and to examine and copy records, reports, and documents relating to energy information.

(d)(1) The Administrator shall exercise the authorities granted to him under subsection (b) to develop within 30 days after the date of enactment of this Act, as full and accurate a measure as is reasonably practicable of—

(A) domestic reserves and production;

(B) imports; and

(C) inventories;

of petroleum products, natural gas, and coal.

(2) For each calendar quarter beginning with the first complete calendar quarter following the date of enactment of this Act, the Administrator shall develop and publish quarterly reports containing the following:

(A) Report of petroleum product, natural gas, and coal imports; relating to country of origin, arrival point, quantity received, geographic distribution within the United States.

(B) Report of crude oil activity; relating capacity of producers' allocations to refiners, and fuels to be made.

(C) Report of inventories, nationally, and by region and State—

(i) for various refined petroleum products, relating refiners, refineries, suppliers to refiners, share of market, and allocation fractions;

(ii) for various refined petroleum products, previous quarter deliveries and anticipated 3-month available supplies;

(iii) for refinery yields of the various refined petroleum products, percent of activity, and type of refinery;

(iv) with respect to the summary of anticipated monthly supply of refined petroleum products, amount of set aside for assignment by the State, anticipated State requirements, excess or shortfall of supply, and allocation fraction of base year; and

(v) with respect to liquefied petroleum gas by State and owner: quantities stored, and existing capacities, and previous priorities on types, inventories of suppliers, and changes in supplier inventories.

(3) In developing the energy information called for in this section, the Administrator may, if he determines that it would not be practicable to do otherwise, use the statistical method of "sampling".

(e) In order to avoid or minimize duplicative reporting, the Administrator may request and acquire energy information from any other department or agency of Federal Government, except that any such department or agency shall refuse to supply such information if its disclosure to the Administrator would otherwise be prohibited by law.

(f) Any person required to submit energy information to the Administrator under this section may at the time he submits such information request the Administrator to declare such information, in whole or in part, to be confidential and to not disclose such information except as permitted under subsection (d)(2). The Administrator shall, within 10 days after receipt of such request, initiate and (except where good cause is stated) complete within 30 days thereafter, an administrative proceeding affording an opportunity for hearing under sections 556 and 557 of title 5, United States Code, to determine whether such information concerns or relates to trade secrets or other matter referred to in section 1905 of title 18, United States Code, within the meaning of such section 1905.

(g)(1) Information determined by the Administrator to concern or relate to trade secrets or other matter referred to in section 1905 of title 18, United States Code, shall be kept confidential and not be disclosed except that disclosure may be made (A) to other officers or employees concerned with carrying out this Act and the Emergency Petroleum Allocation Act of 1973 concerned with the formulation of energy policy, (B) when relevant, in any proceeding under this Act or the Emergency Petroleum Allocation Act of 1973, or (C) to the committees of Congress upon request of the chairman of any such committee.

(2) Such information when disclosed in a proceeding under this Act or the Emergency Petroleum Allocation Act of 1973 shall be disclosed by the Administrator in a manner which preserves confidentiality to the extent practicable without impairing the proceeding and such information when submitted to the committees of Congress upon request shall not be disclosed except by authority of the committee.

(3) Paragraph (2) of this subsection shall govern disclosure of such information by committees of the Congress and is enacted by the Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such shall be considered as a part of the rules of each House, respectively, or of that House to which it specifically applies, and such rule shall supersede other rules only to the extent that they are inconsistent therewith, and

(B) with full recognition of the constitutional right of either House to change such rule (so far as it relates to the procedure in such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(h) As used in this section—

(1) the term "Federal agency" shall have the meaning of the term "executive agency" as defined in section 105 of title 5, United States Code;

(2) the term "energy information" includes all information in whatever form on mineral fuel reserves, exploration, extraction, and natural energy resources (to include petrochemical feedstocks) wherever located; production, distribution, and consumption wherever carried on; and includes matters such as corporate structure and proprietary relationships, costs, prices, capital investment and assets and other matters directly related thereto, wherever they exist; and

(3) the term "person" means any natural person, corporation, partnership, association, consortium, or any entity organized for a common business purpose; wherever situated, domiciled or doing business, who directly or through other persons subject to their control do business in any part of the United States, its territories and possessions, or the District of Columbia.

(i) Information obtained by the Administrator under authority of this Act shall be available to the public in accordance with the provisions of section 552 of title 5, United States Code.

SEC. 123. INTRASTATE GAS.

Nothing in this Act shall expand the authority of the Federal Power Commission with respect to sales of nonjurisdictional natural gas.

SEC. 124. EXPIRATION.

The authority under this title to prescribe any rule or order to take other action under this title, or to enforce any such rule or order, shall expire at midnight, June 30, 1975, but such expiration shall not affect any action or pending proceedings, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to midnight, June 30, 1975.

SEC. 125. AUTHORIZATIONS OF APPROPRIATIONS.

(a) There are authorized to be appropriated to the Administrator to carry out his functions under this Act and under other laws, and to make grants to States under section 121, $75,000,000 for the fiscal year ending June 30, 1974, $75,000,000 for the fiscal year ending June 30, 1975.

(b) For the purpose of making payments under grants to States under section 121, there are authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1974, and $75,000,000 for the fiscal year ending June 30, 1975.

(c) For the purpose of making payments under grants to States under section 114, there is authorized to be appropriated $500,000,000 for the fiscal year ending June 30, 1974.

SEC. 126. SEVERABILITY.

If any provision of this Act, or the application of any such provision to any person or circumstance, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 127. CONTINGENCY PLANS.

(a) In order to fully inform the Congress and the public with respect to the exercise of authorities under sections 103 and 104 of this Act, the Administration shall, to the maximum extent practical, develop contingency plans in the nature of descriptive analyses of:

(1) the manner of implementation and operation of any such authority;

(2) the anticipated benefits and impacts of the provision of any plan;

(3) the role of State and local government;

(4) the procedures for appeal and review; and

(5) the Federal officers or employees who will administer any plan.

scribe the exercise

(b) Any contingency plans which describe the exercise of any authority under section 103 or 104 of this Act shall be transmitted to the Congress not later than the date on which any plan or rule relating to such contingency plan is transmitted to the Congress pursuant to the provisions of such sections.

TITLE II—STUDIES AND REPORTS

SEC. 201. AGENCY STUDIES.

The following studies shall be conducted, with reports on their results submitted to the Congress:

(1) Within 60 days after the date of enactment of this Act:

(A) The Administrator shall conduct a review of all rulings and regulations issued pursuant to the Economic Stabilization Act to determine if such rulings and regulations contributed to or are contributing to the shortage of fuels and of materials associated with the production of energy supplies.

(B) The President shall undertake a comprehensive survey of all Federal departments and agencies to identify and recommend to the Congress specific proposals to significantly increase energy supply or to reduce energy demand through conservation programs.

(C) All independent regulatory commissions shall undertake a survey of all activities over which they have jurisdiction to identify and recommend to the Congress and to the President specific proposals to significantly increase energy supply or to reduce energy demand through conservation programs.

(D) The Secretary of the Treasury and the Director of the Cost of Living Council shall recommend to the Congress specific incentives to increase energy supply, reduce demand, to encourage private industry and individual persons to subscribe to the goals of this Act. This study shall also include an analysis of the price-elasticity of demand for gasoline.

(E) The Administrator shall report to the Congress concerning the present and prospective impact of energy shortages upon employment. Such report shall contain an assessment of the adequacy of existing programs in meeting the needs of adversely affected workers, together with legislative recommendations appropriate to meet such needs, including revisions in the unemployment insurance laws.

(F) The Secretary of the Interior and the Secretary of Commerce are directed to prepare a comprehensive report of (1) United States exports of petroleum products and other energy sources, and (2) foreign investment in production of petroleum products and other energy sources to determine the consistency or lack thereof of the Nation's trade policy and foreign investment policy with domestic energy conservation efforts. Such report shall include recommendations for legislation.

(2) Within 6 months after the date of enactment of this Act:

(A) The Administrator shall develop and submit to the Congress a plan for providing incentives for the increased use of public transportation and Federal subsidies for maintained or reduced fares and additional expenses incurred because of increased service for the duration of the Act.

(B) The Administrator shall recommend to the Congress actions to be taken regarding the problem of the siting of energy producing facilities.

(C) The Administrator shall conduct a study of the further development of the hydroelectric power resources of the Nation, including an assessment of present and proposed projects already authorized by Congress and the potential of other hydroelectric power resources, including tidal power and geothermal steam.

(D) The Administrator shall prepare and submit to Congress a plan for encouraging the conversion of coal to crude oil and other liquid and gaseous hydrocarbons.

(E) The Secretary of the Interior shall study methods for accelerating leases of energy resources on public lands including oil and gas leasing onshore and offshore, and geothermal energy leasing.

SEC. 202. REPORTS OF THE PRESIDENT TO CONGRESS.

The President shall report to the Congress every sixty days beginning June 1, 1974, on the implementation and administration of this Act and the Emergency Petroleum Allocation Act of 1973, together with an assessment of the results attained thereby. Each report shall include specific information, nationally and by region and State, concerning staffing and other administrative arrangements taken to carry out programs under these Acts and may include such recommendations as he deems necessary for amending or extending the authorities granted in this Act or in the Emergency Petroleum Allocation Act of 1973.

Mr. ROBERT C. BYRD. Now, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HELMS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I ask unanimous consent that Mr. Michael Hathaway, of my staff, be allowed privilege of the floor at all stages of the proceedings on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. If the Senator will yield, I ask unanimous consent that Mr. David Clanton, of my staff, be allowed privilege of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I would not want to be misunderstood. May we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

Mr. President, I would not want to be misunderstood. I did not mean to imply there would be no more rollcall votes today.

What I said was that there would be no rollcall votes on the pending measure today, which is the energy bill.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. COTTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. Mr. President, I ask unanimous consent that I may be allowed to proceed for 4 or 5 minutes on a matter not germane to the business before the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The Senator from New Hampshire is recognized.

ADDRESS BY SENATOR McINTYRE AT TILTON SCHOOL IN NEW HAMPSHIRE

Mr. COTTON. Mr. President, on the first day of last June, my colleague (Mr. McINTYRE) delivered an able and thought-provoking commencement address at Tilton School in New Hampshire, of which I happen to be an alumnus. It was printed in this fall's alumni magazine which has just come to my attention.

It was quite unlike the typical commencement address to graduating classes, but was so powerful and analytical that it is, in my opinion, worthy of the attention of the Congress and the people.

Therefore, I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the commencement address was ordered to be printed in the RECORD, as follows:

ADDRESS OF U.S. SENATOR THOMAS J. McINTYRE OF LACONIA AT TILTON'S 128TH COMMENCEMENT, JUNE 1

Mr. chairman, members of the Tilton Academy administration and faculty, members of the Class of 1974 and their friends and families:

As I look out upon this class of graduates and see members of the gentler—but I hasten to add *equal*—sex among them, I must begin by offering my belated congratulations to Tilton Academy for its progress in *integration*.

I congratulate the academy for yielding gracefully before the inevitable.

If the handwriting wasn't on the wall before, it was indelibly engraved there on that historic evening last winter when Billie Jean King beat the daylights out of Bobby Riggs.

All that remains for me to say is this: I just hope Will Rogers wasn't right way back in 1925 when he said, "I'll bet you the time ain't far off when a woman won't know any more than a man."

I said I hoped he wasn't right because if *you* don't know any more than we *men* do, then we're *all* in trouble.

I'm afraid we men botched it up pretty badly when we ran the show by ourselves.

But I don't think we botched it up so badly that it can't be fixed . . . and that's what I'm here to talk about today.

It's easy to be pessimistic these days.

What's hard is to fight through the pessimism and see some hope.

The other night I was thinking about today's young men and women and it occurred to me that there may never have been a generation that had so many illusions shattered in so short a time.

Your generation has seen our beloved country shaken, divided and embittered by the most unpopular war in our history.

Your generation has seen our air become poisoned, our waters fouled, our landscapes scarred and defiled . . . the very balance of Nature upset.

Your generation has seen this richest of lands threatened by a shortage of wheat—our basic food . . . and oil—our basic source of energy.

Your generation has seen the highest per capita income in history wiped out by an inflation that no one seems to know how to control.

Your generation has seen an accelerated breakdown of the basic element in our society—the family.

Your generation has seen evidence of how big business can abuse its power and privileges and reap windfall profits from a national crisis. And at the same time your generation has seen equal evidence that government—no matter how big, no matter how many laws, no matter how much it spends—*can't* solve all of our problems.

And—perhaps most disillusioning of all—your generation has seen a vice president resign in disgrace, countless other top administration officials indicted, fired, or asked to resign . . . and the highest office in the land come under a cloud of suspicion condensed from the worst political scandal in our history.

Before this shameful chapter is closed, your generation may also see what would be only the second impeachment of a President in our 200-year history.

But even if this comes to pass, our nation will survive!

It will survive because it is tough and durable and resilient because it has been *seasoned* and tempered by other crises—crises that we survived just as we will survive this one.

Some of you look skeptical. Some of you may be thinking that's nothing more than usual commencement rhetoric.

I can understand that skepticism. It's as hard not to be skeptical these days as it is not to be pessimistic.

But let me play a little game with you to prove my point. I'm going to quote some remarks to you and ask you when and by whom they were made.

Quote: "This administration has proved that it is utterly incapable of cleaning out the corruption which has completely eroded it and reestablishing the confidence and faith of the people in the morality and honesty of their government employees.

"The investigations which have been conducted to date . . . have only scratched the surface. For every case which is exposed, there are ten which are successfully covered up and even then this administration will go down in history as the 'scandal a day' administration. . . .

"A new class of royalty has been created in the United States and its princes of privilege and pay-offs include the racketeers who get concessions on their income tax cases, the insiders who get favorable treatment on government contracts, the influence peddlers with keys to the White House, the government employee who uses his position to feather his own nest."

And this quote concludes:

"The great tragedy, however, is not that corruption exists but that it is defended and condoned by the President and other high administration officials. . . . If *they* won't recognize or admit that corruption exists, how can we expect *them* to clean it up?"

Now this sounds for all the world as if it were said by a *partisan Democrat* about *Watergate*, doesn't it?

And it sounds for all the world as if our country was about to go down the drain any minute, doesn't it?

Well, my friends, it wasn't said by a partisan Democrat. And it wasn't said about Watergate.

It was said by Richard M. Nixon on November 13, 1951 . . . and he was talking about the Truman Administration.

Now I quoted this not to prove that political history repeats itself—which it seems to do—or to illustrate that one's point of view is dependent upon whose ox is being gored at the time.

I quoted it to prove the point that our nation *didn't* go down the drain in 1951—despite Mr. Nixon's low opinion of Mr. Truman . . . and Mr. Truman's low standing in the public opinion polls.

Not only did the nation and the political system survive . . . but Mr. Truman is held in higher esteem today than he ever was when he was alive.

Now let me hasten to add that all this is not to minimize Watergate for one minute. There is no way to minimize Watergate or the damage it has done this nation.

But despite the terrible damage it has done, the Watergate scandal has not shaken the faith of those who exposed it. I speak of the free and independent American press.

And that should tell us something.

No one sees the seamier side of America with greater clarity than the press. No one is exposed to our system's weakness and failures more often than the press. No one is more keenly aware of the clay feet of all public idols.

So one might logically assume that the press' cynicism would be deeper—and its pessimism greater—than the rank and file citizen's.

But this is not the case.

In the past several months, America has lost five of its leading print and electronic journalists.

Chet Huntley, Frank McGee, Arthur Krock and Stewart Alsop have died. And William S. White has retired. As I read through the newspaper accounts of their passing from the scene, I was struck again and again by their profound and unshakable faith in America. To the man, they firmly believed that our traditions, our institutions, and our way of government would prevail over this crisis, as they have always prevailed before.

Time will not permit me to quote each of them, but the concluding paragraph in William S. White's final newspaper column summed up their collective convictions:

"I leave Washington," White wrote, "with absolute faith in the basic decency, strength and durability of all our institutions."

So these men believed that our nation will survive even these trying times because it is, indeed, durable, resilient, resourceful—and tempered by the experience of earlier crises.

I share their conviction. I'm more certain than ever, because I am convinced that you young people will *make* it survive. You will make it survive because you come to the task with no innocent illusions—and with your eyes wide open.

You have had your learning experience about America crammed into only a few of the 17 or 18 years of your life, and I can't help but believe that the very urgency of that experience bodes well for the Nation.

Now what are some of the lessons that you—and all Americans—should have learned in the last few years?

What should we have learned from the longest, most controversial war in our history?

We should have learned that our people will not support a war of dubious cause.

We should have learned that conventional military might—no matter how great—cannot always prevail over a foe fighting a guerrilla war on his own grounds.

We should have learned through the shame of My Lai that a bad war can make even good men do evil.

And we in Congress learned in that war how much authority and responsibility we had let slip out of our hands and into the hands of the White House. I might add that at long last we're trying to do something about restoring the proper balance between those two branches of government.

So we learned some valuable lessons from the Vietnam War—lessons that I hope will keep us from making the same mistakes again.

And we should have learned some long-overdue lessons from the energy crisis as well.

We've had impressed upon us the relentless fact that once our traditional sources of energy are gone, they're gone forever more.

We've been on a reckless energy binge for generations, squandering precious supplies, and in our greed for luxury, comfort and convenience scarring the land to extract those fuels and polluting the air and the water as we use them.

It couldn't go on. We all know that now. The basic lesson has been driven home and driven home hard. And we can't afford to forget that lesson. We must tighten our belts. We must conserve.

And there are spin-offs from that basic lesson that are no less important.

A new awareness of the earth that sustains us. Not just a renewed respect for its capacity to meet our creature needs, not just a renewed appreciation of how natural beauty nourishes the human spirit . . . but a healthy awe for the delicate balance that makes all of this possible. An awe that should inspire even more vigorous efforts to preserve and enhance the environment and to find new sources of energy that will neither despoil, nor pollute, or run out.

And what then, should we have learned from Watergate, and that this infamous word has come to mean?

We should have learned how the betrayal of public trust could shake the nation as it hasn't been shaken for a century.

We should have learned the evil in huge sums of political money illegally collected and maliciously spent.

We should have learned that in our system of government loyalty to the people must always come before loyalty to the party or the leader . . . or both the system and the people will be betrayed.

And beyond these self-evident lessons, we should have learned that the constitution, the institutions, the procedures set down by the founding fathers two centuries ago can still meet crisis and carry us through.

We should have learned that a free press, a courageous federal judge and a responsive Congress could—and did—meet their respective responsibilities in the best traditions of a system of government that rightly holds that no man can be above the law.

My friends, I do not know when or how the Watergate story will end.

I do know that like most of you I want my President to be innocent of wrongdoing that could—and should—cost him his office.

But however, and whenever, this chapter is closed, I firmly believe our beloved nation will be stronger for having met the test.

Let me sum up then:

No previous generation of young people has had so many shocks, disappointments and disenchantments packed into so short a time.

Yet that very concentration of experiences should have better prepared you for leadership than any generation before you.

You have been exposed, conditioned and sensitized at a very young age. You have seen all the flaws and imperfections—and the greatness—early enough to get a head start on the job that faces every generation . . . making this a better world.

You come to the task, then, with your eyes wide open . . . and with all the valuable lessons of recent years fresh in your minds: the lessons about false national pride and how even good men can be corrupted by a bad war . . . the lessons about self-discipline, thrift and conservation of resources and natural beauty taught by the energy crisis . . . and the lessons about the value of truth and honor and decency and respect for venerable institutions taught by the abuses of Watergate.

So you—who seem to have inherited the worst of situations—instead have the greatest of all opportunities to create the best of situations.

I close now by thanking you for your invitation, your time and your attention . . . by wishing you Godspeed in the years ahead . . . and by repeating a challenge laid down to young people many years ago by Horace Mann.

"Be ashamed to die," he said, "until you have won some victory for humanity."

If every member of the Class of 1974—here and abroad—were to meet that challenge, then your world will, indeed, be a far, far better world for all mankind.

THE SENATOR FROM NEW HAMPSHIRE

Mr. COTTON. Mr. President, I would like to proceed for a moment.

I want to take this opportunity, as we near adjournment, and as I prepare to leave the Senate forever after 20 years in this body and 8 years in the House, to express my appreciation to my colleague from New Hampshire, the Honorable Thomas McIntyre.

I have been pleased, Mr. President, with colleagues from my State with whom I have served. I came here as a freshman Senator while Senator Styles Bridges was the senior Senator from New Hampshire.

He was a lifelong friend from my early twenties.

During the years that I served with him, it was a privilege to be able to follow his leadership and accept his help in familiarizing myself with the ways and the duties of the Senate and the Senators.

When he passed away in 1961, Senator McIntyre was elected to take his seat. I had know Tom McIntyre casually from the days when he was a young lawyer attached to a fine law office in Concord, and got to know him better through the years as he practiced law in and became mayor of his own home city of Laconia.

Perhaps I may have at one time considered it somewhat of a calamity that the seat so long occupied by my friend Styles Bridges was to be filled by a member of the other party. But I want to say that far more important in my mind this afternoon, as I prepare to leave the Senate, is the fact that he became such a faithful friend and considerate colleague. Except for our difference of political philosophies and party affiliations he was just as comfortable a colleague as was my old lifelong friend, Senator Bridges.

In the years that I have served with Tom McIntyre we have naturally disagreed on many questions, and quite important questions. But I am happy to say that throughout all those years, there has never been one instance when our personal relations have not been most cordial. There has never been any adverse criticism or hostility in Washington or back home in New Hampshire. There never has been a time when either of us had to worry about being spoken of in an unfriendly way by the other. There never has been a time when his staff and my staff could not cooperate. There never has been a time when we were jealous of each other's publicity or crowding for the sentiment of the State.

To Tom McIntyre and his wonderful wife, Myrtle, I express, before I leave the Senate, my deep gratitude and appreciation for their friendship and their constant cooperation, and for their sympathy to me in some of my personal problems because of the health of my family through these years.

No Senator could have a better friend. My sole regret is that he is not a Republican—he is such a good fellow, he should be—but he certainly has made my life in the Senate much happier because of our complete friendship and mutual confidence. I thank him, and take this opportunity to thank him before the Senate.

Mr. McINTYRE. Mr. President, will the senior Senator from New Hampshire yield?

Mr. COTTON. I am glad to yield.

Mr. McINTYRE. Mr. President, these kind words from my senior colleague are much appreciated and will be long remembered.

From the day I entered this body some 12 years ago, the distinguished senior Senator from New Hampshire has treated me with courtesy, utmost civility, and helpfulness. I assure him that the warm friendship that has grown between us is cherished by his junior colleague.

Mr. President, it may be necessary to retain the services of the distinguished senior Senator from New Hampshire. Currently, the good constituency in New Hampshire cannot seem to determine who his successor is going to be. So it may be that we may have to ask Senator Cotton to hold over until we can decide, because the race in New Hampshire for the successor to Senator Cotton now is three votes this way and tomorrow may be two votes the other way.

I say that, of course, only in a fashion of friendliness. I do not know what we are going to do in New Hampshire about a successor, but of this much I am sure: If our friendship has contributed to an enjoyable 12 years for him, it has been twice that for me. He has my trust and admiration, and I am going to miss him. I am going to miss him regardless of who his successor will be and regardless of his successor's party.

Senator Cotton has been in many instances an adviser and a friend to whom I could go with any problem.

I say to you, Norris, that as the years go by, I hope we will see you down here on occasion. I know that you are going to be doing some work for my alma mater, Dartmouth College.

You and Ruth will, of course, always have my warmest and deepest friendship. Hopefully, we can always maintain that friendship. I wish you well. I wish you strength, and know you will continue to be vigorous and active in your so-called retirement.

Mr. COTTON. I thank the Senator for his very, very kind remarks. I shall cherish them.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. COTTON. I am glad to yield.

Mr. STENNIS. Mr. President, while these two gentlemen from New Hampshire have been enjoying their friendship, it has also been for the benefit of the Senate and the country. We have enjoyed each of you. Among those enjoyments is the fine affinity and spirit of cooperation between you and with the rest of the membership of this body. I will vote now to extend Senator Norris' term, if that is possible under the Constitution.

I shall have some further remarks later. I did want to express this word of appreciation to both of you.

Mr. COTTON. I thank the Senator.

Mr. McINTYRE. I thank the Senator from Mississippi.

Mr. COTTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

STANDBY ENERGY EMERGENCY AUTHORITIES ACT

The Senate continued with the consideration of the bill (S. 3267) to provide standby emergency authority to assure that the essential energy needs of the United States are met, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. Jackson, I ask unanimous consent that the following members of the staffs of the Committee on Interior and Insular Affairs and the Committee on Commerce be granted the privilege of the floor during the consideration of S. 3267: William J. Van Ness, Grenville Garside, Michael Harvey, Lucille Langlois, F. J. Barnes, David Freeman, Lynn Sutcliffe, Benjamin Cooper, Arlon Tussing, Patricia Ladner, Richard Grundy, and Tom Platt.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARTLETT. Mr. President, I ask unanimous consent that during the vote and consideration of S. 3267, the following persons be granted the privilege of the floor: D. P. Stang, H. Loesch, Fred Craft, Roma Skeen, Mary Adele Shute, Margaret Lane, Nolen McKean, William Schneider, and Thomas Biery.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR TWO SUBCOMMITTEES TO MEET ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Arts and Humanities of the Committee on Labor and Public Welfare be authorized to conduct a hearing on Wednesday morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Reorganization, Research, and International Organizations of the Committee on Government Operations be permitted to hold hearings tomorrow, December 11, on the enforcement of and compliance with the FEA oil price regulations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

STANDBY ENERGY EMERGENCY AUTHORITIES ACT

The Senate continued with the consideration of the bill (S. 3267) to provide standby emergency authority to assure that the essential energy needs of the United States are met, and for other purposes.

Mr. JACKSON. Mr. President, before I make my opening remarks in connection with the pending legislation, I should like to have printed in the Record a speech made by our distinguished colleague, the junior Senator from Colorado (Mr. Haskell) on December 4 to the Congress of Cities. It is an outstanding address. He comes to grips with some of the key problems facing the Nation. He very ably articulates the fundamental problems faced by this Nation in the area of energy and energy conservation, and I am very pleased to ask unanimous consent that it be printed in the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Today's discussion is pretty well framed in a remark Will Rogers made a couple of decades ago: "When we want steam, we dig up some coal; when we want wood, we chop down a tree; when we want oil, we dig a hole in the ground. It's when we run out that we'll find out how good we really are."

The United States—and for that matter, all the oil importing nations of the world—are about to find out just how good they are. We are not out of oil; indeed there is an oversupply as the oil exporting nations pump more than we can use. To that extent, at least, there is no energy crisis. But there is a new energy reality in the world and with it a crisis of another sort. The reality for today is that the cheap energy era is over. The crisis is economic.

The money managers tell us the worldwide energy dollar drain is ticking steadily toward an explosion by mid-1975. It is nothing short of the largest transfer of capital in history as oil importing nations struggle to pay monumental energy bills.

We have been most profligate of all. The U.S. was self-sufficient in energy through 1950. But in the face of a demand growth rate of 4 to 5 pct. annually, our situation has deteriorated rapidly since 1950. By last year, foreign oil comprised 35 pct. of total U.S. consumption. Various projections—and *you can* take your pick from the Federal Energy Administration, the Ford Foundation Energy Project and the National Petroleum Council—show the compound annual growth rate over the next decade ranging between 2 and 5.5 pct. Translated, that means by 1985 we will be consuming anywhere from 29 pct. to 101 pct. more energy than we consume today. Here's another way to confront the situation: We used to produce more than half the oil in the world. Now we produce only about 18 pct. but we are using more than ever and in the next 10 years we will use more than in the preceding 100 years.

Very simply, we can no longer afford our reliance upon exhorbitantly-priced foreign oil. There is remarkable unanimity on that point.

The options open to us are few and equally simple:

One, we can continue to import—and pay for—foreign oil at the present rate and risk the destruction of the world's monetary system along with our own.

Two, we can continue consuming as we always have and attempt to increase our domestic production at a fantastic rate between now and 1985. We'll have to cope with this one because if we're wrong, we still go down the drain.

And third, we can begin today to save every drop of energy we can save.

While we're talking about options, I'd like to point out that there is one option we no longer have. That is whether to pay the accumulated price for decades of wasting our natural resources. We shall pay. The only question is how we shall pay.

In my opinion, there is only one real choice and that is to conserve energy—immediately and with as much fervor as this worried but skeptical nation can muster. The alternative is to continue paying prices we can neither control nor afford for foreign oil on which we can no longer depend—as we learned last winter.

That costly and precarious supply now accounts for from 35 to 50 percent of our crude oil.

Conservation is the only course available to us which offers a solution. I think that is best shown by examining the other alternatives.

What *about* increased domestic production? Maybe that's the solution. Well, the National Academy of Engineering has detailed the progress we would have to make to stay abreast of the energy demand growth rate. By 1985, we would have to accomplish the following:

First, we would have to double coal production.

Second, we would have to increase nuclear power capacity to ⅓ of our total electrical capacity from its present five percent.

Third, we would have to double our present domestic oil and gas production. That would give us a 25 percent increase in total *energy* output.

And fourth, we would have to produce through new technology 1.1 million barrels per day of synthetic liquids from coal, a half a million barrels per day of oil from shale, and, finally, we would have to achieve modest increases in both hydroelectric and geothermal power output.

Growth on that scale is exceedingly difficult to sustain—perhaps impossible. And in my view it would be undesirable.

Let's just look at the first requisite, the doubling of our coal production. That would require development of 140 new eastern underground mines and 30 new eastern surface mines, each producing two million tons of coal per year. That would also require development of 100 new western strip mines, each producing five million tons per year. We'd have to recruit and train 80,000 miners for the eastern mines and 45,000 for the western mines. We'd have to manufacture 140 new shovels and draglines of 100-cubic-yard capacity. And we'd have to manufacture 2400 new continuous mining machines.

These figures are appalling—and remember, we just considered one element, coal. But the same figures are repeated by every source you turn to. And there's a source available to suit everyone's bias. Perhaps you'd prefer the Federal Energy Administration's Project Independence blueprint (which, incidentally, is no longer a blueprint; it's an option paper which will be studied further by the Administration). Perhaps you'd prefer studies by the industry-dominated and oriented National Petroleum Council or the final report of the Ford Foundation's Energy Policy Project.

I hope each of you will take the time to examine the source of your choice and help us, once and for all, dispel the myth that increased domestic energy production alone will enable us to keep up with growing energy demand. It's the most dangerous kind of false cure—the one which keeps us from treatment which will work.

And just for the sake of discussion, let's assume we could achieve those energy production goals by 1985. When would all this new energy begin coming onstream? Not for years. And our need was already urgent over a year ago, to say nothing of today and next year. There's many a slip between the promise of new energy sources and a tankful of gas in that car which gets us back and forth to work.

Here's just one example and it's a recent one. Oil shale in Colorado and other western states has been touted as the energy form of the future, one of our best hopes for long-term energy self-sufficiency. And it may be be. Colony, a consortium of major oil companies which has substantial private shale lands in Colorado, announced this fall it was suspending plans to begin construction next spring on its prototype plant. The tight money situation and the lack of any clear-cut federal energy program were cited as reasons. Planning, we were told, continues.

Well, so do our payments to the oil exporting countries continue. And so does the deterioration of our economy. And that, I submit, is the likely pattern if we rely on increased domestic production to wean us from the OPEC oil tap.

In my opinion, we are brought unavoidably to the only factor in the energy equation over which we have any control—demand. And that means conservation.

You'd be amazed at what a disreputable word "conservation" has become. The Nixon Administration did for energy conservation what it did for wage and price controls—destroyed it in the popular mind as a serious alternative. I don't underestimate the capacity of the American people to sacrifice. But on the other hand, I don't over-estimate their gullibility. I believe the conservation measures enacted last winter were successful mainly because we succeeded in convincing the majority of Americans that the fuel shortage was real, not contrived as many believed by the major oil companies to get prices where they wanted them.

Then Arab oil began flowing again, gasoline shot up past the 50 cents-per-gallon mark, the fuel allocation program was ended, and the gas lines disappeared. With them went most of the impetus for conserving energy. What remained quickly evaporated as record oil company profit figures hit the press.

We've got to convince Americans all over again that the economics of our energy situation are deadly serious and that conservation is deadly serious. I think that you, as mayors of the nation's cities, are in a unique position to help in that task. But I realize, too, that first you must have some leadership from Washington—leadership that has, to date, been tragically lacking. The Congress and the Administration must share the blame. There's enough delay, myopia and pettiness to go around on this issue.

More than 100 bills and resolutions were introduced in the 93rd Congress relating to energy conservation. They covered such matters as fuel rationing, the use of recycled oil, railroads and mass transit and the efficiency of home appliances and building design standards.

We passed bills calling for a mandatory 55 mph speed limit—which, as you know, isn't being enforced in many jurisdictions—and expanded daylight savings time.

The major energy conservation bill now before Congress is the National Fuels and Energy Conservation Act of 1973. The bill passed the Senate nearly one year ago—on December 10, 1973—and has been before the House Interstate and Foreign Commerce Committee since then.

That piece of legislation, which I cosponsored, is a beginning but it doesn't go far enough. It declares energy conservation to be a national purpose, sets up an Office of Energy Conservation and also an energy conservation research and development program within the National Bureau of Standards.

The act further directs government agencies to conserve energy and to establish conservation standards for such parts of the private sector as they are concerned with—

such as HUD for residential, commercial and industrial buildings.

Also called for are standards for labeling appliances for energy consumption and standards for motor vehicle mileage. The Federal Power Commission would be directed to set regulations requiring electric and gas public utilities to submit annual reports on energy conservation and any regulatory or other barriers—such as inverted rate structures—encountered in implementing conservation programs.

All this means that we, in the Senate, are committed to forcing the federal government to study and implement energy conservation measures. However, we have not gone far enough or fast enough. Our best previous effort is little more than a reporting mechanism at a time when more drastic measures are needed. And our best response—as inadequate and flawed as it is—has still been hung up in the House of Representatives for over a year.

So far the Federal Energy Administration and the Ford Administration have relied upon voluntarism as a substitute for a tough, coherent energy program. The same approach is evident in President Ford's WIN program against inflation which exhorts us to "Bite the bullet and everything will be fine." Biting the bullet as a serious national response has a basic flaw: It doesn't work.

Voluntarism in energy conservation likewise is not enough. We have, for example, 55 mph speed limits which, if enforced, could save us 250,000 barrels per day. That may not sound like much, but it is fully 4 percent of the 6 million barrels of oil we import every day.

All we have to do is enforce a law which already exists. We have been unwilling to do even that. Throughout the Administration so-called energy policies, this reluctance is evident.

For a recent example, we can look at the executive agreement the United States has signed with the OECD nations. That agreement commits us to take certain steps in response to global energy problems. The agreement requires us to set up standby rationing programs and to immediately implement other energy conservation measures. It also requires us to establish a 90-day standby oil reserve. Incidentally, this reserve is not quite the cushion it seems, for under terms of the agreement, we can count present inventories. To my notion, that's a spurious reserve because it is fuel that is already flowing into usage.

At any rate, the Administration seems determined to stick with the outdated Defense Production Act to implement the agreement rather than ask for new authority from Congress. Here again, I believe the Administration's response is grossly inadequate. An amendment was introduced Monday by Senator Jackson and cosponsored by myself and thus does vigorously attack the problem. It would force the Administration to take the basic steps the nation is obligated to take under the international agreement. But far beyond that, the amendment is perhaps the boldest Congressional move toward energy conservation to date. Basically, the measure is a beefed-up substitute for a bill which has been on the Senate calendar since April.

The standby energy authorities which the measure would establish include rationing, mandatory energy conservation programs, materials allocation, energy export limitations, information reporting and contingency planning.

A new title of the amendment—and probably most significant—calls upon the President to furnish to Congress within 60 days of enactment his proposals for reducing imports of high-priced foreign oil. This is no more than the President's announced policy; however, the legislation would require that he give shape to his so-far vague import reduction plans.

A 90-day strategic energy reserve would be established under the amendment, along with a variety of studies and reports on energy conservation policy, public transportation and other energy-related matters.

Several controversial provisions of the original bill have been left out of the amendment in hopes of getting it through Congress yet this session. We hope to resolve some of these questions—such as the high price allowed for new domestic crude oil—in some other context. For now, we simply want to get this vital conservation legislation passed.

While we have clearly lacked the commitment to and the leadership for stiff energy conservation measures, there has been no dearth of good ideas. For example, a year ago, the Treasury Department issued this shopping list of fairly simple energy conservation steps:

Set thermostats three degrees higher in summer, lower in winter; increase the efficiency of industrial energy use by a mere 2 percent; improve the energy efficiency of commercial buildings by 10 percent; begin mandatory auto tuneups every six months; use cold water detergents to end hot-water laundering; increase the load factors on commercial aircraft from 50 percent to 70 percent; and encourage car-pooling to increase the average number of auto passengers from the present 1.3 to 2.3.

Those, again, are simple steps. But they could have been saving us 2.7 million barrels of costly foreign oil per day—not in 1985 or even two years from now but immediately. They were never implemented.

If we get tough and do more than talk about energy conservation, we can save anywhere from 3.49 million to 4.02 million barrels of oil per day by 1985. That's two-thirds of our total oil imports and it converts to a savings of between $28 and $38 million dollars now leaving the country daily to buy OPEC oil.

I should mention that a comprehensive conservation effort has already been rejected—privately if not publicly—by the Federal Energy Administration. The project Independence report, weighing increasing our oil supplies versus curbing demand, takes the old conservative stand. It states that, "Implementing a conservation program has positive environmental effects and alleviates constraint, but . . ."

Now, here are the "buts": it requires intervention and regulation in previously free market areas; and it results in increased non-market costs due to more limited individual choice and changed lifestyles.

The flaw with this theory, incidentally, is that there is no free market in energy.

The President fired John Sawhill as FEA administrator because Mr. Sawhill was too enthusiastic an advocate of conserving energy, too realistic about the chances of materially increasing energy supplies.

Mr. Sawhill should have been encouraged, not canned. His catalog of possible energy saving steps reads like a calendar of vitally-needed legislation and administration actions. Here are some of the proposals: Establish a mandatory 20 mile-per-gallon standard for autos. Establish programs to increase use of public transit and discourage the wasteful use of the private auto—such as a gasoline conservation fee.

Those two steps alone could save from 1.46 to 2.02 million barrels of oil a day by 1985—and more than half that could be saved in three years.

He proposed four more steps to save from 1.3 to 1.4 million barrels of oil daily by 1985 and a substantial amount even by 1977. They included establishing mandatory thermal efficiency standards for residential and commercial buildings and mandatory lighting standards for commercial buildings and offering a federal subsidy for conservation improvements, such as insulation and weatherstripping, to existing homes.

Mr. Sawhill's wealth of good, energy-saving ideas was anathema to what the FEA describes in the Project Independence Report as a "laissez faire" approach to energy conservation.

The report states baldly that, "Prices in the marketplace are expected to bring about more efficient energy use and voluntary actions are generally applied."

Ladies and gentlemen, the FEA was expressing its faith in a "free market"—the same market which has forced us to follow OPEC price policies, which lets the major oil companies rule and which now dictates that poor people get squeezed ever-harder as a result of our non-existent energy policy.

Blind faith in the free market—which, again, is not free—has led to the callous disregard of the impact on the poor of rising energy prices and the resulting increase in most other prices.

S. David Freeman of the Ford Foundation Energy Policy Project put it well. He said, "Low income Americans spend 15 pct. of the family budget on energy, compared with 4 pct. for the well-to-do. If these low income families are to continue to heat and light their homes and get to work, they will need government help. The well-orchestrated speeches by the President and Secretary of State Kissinger about the continuing economic perils of $11-a-barrel oil have not been backed up by concrete actions to ease our demands for that oil. Vigorous energy conservation in the United States would encourage other oil-importing nations to follow suit."

I would add to Mr. Freeman's comments that a combined program of tough energy conservation and development of our most promising alternate energy sources would produce a valuable fringe benefit. It would serve as a signal to the OPEC countries that there is a limit to what we will pay for their oil.

Alternate energy research is important, and I don't want to gloss over it. In the long term, we will have to depend on new energy technologies, such as solar, geothermal and—you'll want to write this down—magnetohydrodynamics (that means burning coal more efficiently. They are doing it now in the Soviet Union on an experimental basis.) Fusion and coal, wind and wave power all have promise. But that's another speech.

This kind of research must proceed apace with—but never to the exclusion of—austere conservation measures. For today and tomorrow and the next decade, the startegies I outlined are essential. They can save us both from another energy crisis and from a burgeoning economic crisis fueled by soaring energy costs.

But those same strategies are, I'm afraid, destined to be unpopular both with the big financial interests and with the poeple who elected you and me to office.

Still it's my firm conviction that you and I have an obligation to pursue those policies and to use every means we can think of to make people understand how important they are. And that means undoing some of the energy shortfall.

I know from my own experience exactly what I'm suggesting to you, what it means and what it involves. Last December I offered an amendment to an emergency energy bill which would have required the FEO—now the FEA—to report back to the Congress within a specified period of time a plan for gasoline rationing. I got less than the 50 votes required. And I got the least support for my amendment from my colleagues who were running for office this year.

They simply did not feel they could go home to the people having voted for gasoline rationing.

In spite of that experience, I believe that those who are in the vanguard, those who advocate strict energy conservation measures and the legislation to enforce them will fare well in the future. And to go a step farther, those of us who shy away from carrying the distasteful message to our constituents to make them understand will be held accountable.

I hope I have convinced you of two things today: First, that we must cut our dependence on foreign oil to avert economic disaster; and, second, that mandatory energy savings programs are the only way to do that.

If I have convinced you, I hope you will try to convince your constituents, then, together, get the word to your representatives in Congress that you will support strong, fairly-shared and equitably-enforced conservation programs.

Mr. JACKSON. Mr. President, last winter, this country experienced a significant national trauma in the form of the Arab oil embargo and the quadrupling of world oil prices. Faced with severe energy shortages, unprecedented price increases, and spiralling inflation, the Congress responded by passing the national energy emergency bill, S. 2589. This measure was subsequently vetoed by President Nixon on March 6. Following the veto message and the Senate's failure to override, sponsors of the emergency bill met with Secretary Simon and other administration representatives to see if agreement could be reached on legislation which both Congress and the administration could support. Agreement was reached on most provisions of the bill, but final agreement on the whole text was not reached because of differences over provisions to provide unemployment compensation to those who lost their jobs because of energy shortages.

The Interior Committee subsequently reported the bill and it has been pending on the Senate Calendar since April of this year.

Mr. President, last Thursday I introduced an amendment to S. 3267, in the nature of a substitute. The purpose of the amendment—amendment No. 2006—is to take into account a number of changed conditions and new circumstances which have occurred since April. These include signing of the International Energy Agreement, the issuance of the blueprint for Project Independence, the deteriorating world economy, the growing cost of oil imports, and the failure of voluntary conservation programs.

Mr. President, amendment No. 2006 is the product of indepth hearings on all of these subjects and extensive discussions with many of my colleagues. The amendment consists of four titles.

TITLE I—STANDBY ENERGY AUTHORITIES

Title I is closely patterned after S. 3267, the Standby Energy Emergency Authorities Act, which is pending on the Senate Calendar. Title I of the amendment sets in place standby authority to deal with energy shortages. These authorities include end-use rationing, mandatory energy conservation programs—both of which are subject to congressional review and veto—materials allocation, energy export limitations, grants-in-aid to State governments, information reporting, and contingency planning. A number of provisions included in S. 3267 were not incorporated in the amendment because of previous action by the Congress or because they could lead to extended floor debate. These include coal conversion, protection of franchised dealers, unemployment assistance, and small business information.

TITLE II—REDUCTIONS IN OIL IMPORTS

Title II of the amendment is new. This title generally concurs in the President's announced policy of reducing imports of high-priced oil from insecure sources. The title recognizes, however, that attainment of these reductions will be difficult and calls upon the President to furnish this Congress his legislative recommendations and a report on his import reduction program within 60 days of date of enactment.

TITLE III—STRATEGIC ENERGY RESERVES SYSTEM

Title III establishes a policy and takes the first steps toward creation of a national system of strategic energy reserves. The policy is to create, over a period of 3 years, strategic storage reserves capable of offsetting a 90-day supply interruption of all oil imports. This title creates a Strategic Energy Reserve Office in the Federal Energy Administration, directs the development of a prototype salt dome storage program, and requires reports to the Congress within 90 days on the implementation of the policy establishing industry, electrical, utility, and national defense strategic reserves.

TITLE IV—STUDIES AND REPORTS

Title IV requires a number of specific studies and reports concerning energy conservation policy, public transportation, and other matters.

Mr. President, it is not my purpose today to recount for my colleagues how the government came to find itself unable to take the positive and timely action called for by the actual and potential threat to the economy, the security, and the welfare of the United States because of our excessive dependence on high-priced oil imports. The Senate does not need reminding that this Congress passed and sent to the White House a bill granting authority to deal with energy emergencies and that that bill was vetoed. Those events are history and are behind us.

What I urge today is that the Senate, by passage of the amendment which many of my colleagues and I have introduced, provide the President with the tools he needs to address in a meaningful way the impending crisis facing the Nation.

It has become increasingly apparent that voluntary energy conservation is falling far short of bringing about any essential reductions in energy consumption and our reliance on imports. In announcing next Saturday's meeting of the President's energy and economic advisers to address the problem, the White House explained that "It does appear that the President's hopes for reducing oil imports are not being realized to the extent he had hoped."

To put it quite simply, Mr. President, we are running out of time. The need for a reduction in imports is clear. That energy conservation is essential to achieving such a reduction is evident. Voluntary measures for the conservation of energy have simply proven inadequate. Stronger action is required.

The administration has announced that the President is soon to be presented with a list of alternative measures for energy conservation. From that list he will choose those for future implementation. His decision has been promised for the third or fourth week of January. The problem, however, is that there is no statutory authority for most of the conceivable alternatives. Consequently, unless this Congress acts before adjournment, the President will not be able to develop and implement programs. Rather, he will be limited to proposing legislation and appeals for belt tightening. The implementation of urgently required programs will, of necessity, be delayed for such period of time as may be required for the enactment of statutory authority in the next Congress.

Mr. President, passage of S. 3267, as amended, would eliminate this needless and senseless delay of action by the executive branch of the Government.

The amendment would grant to the President the authority that he must have for every potential energy conservation program except one—the imposition of a tax on gasoline. And as we are aware he has repeatedly stated that he does not seek and does not wish authority to impose such a tax.

The grant of authority for standby rationing and conservation provides for the review and veto by the Congress of the plans prior to their implementation. That provision is essential. It is essential because the decisions ahead that must be made will be difficult ones and the Congress has the duty and the obligation to share in the responsibility for them. It is essential because the methods for which the President will opt are not yet known. It is essential as a safeguard.

In order to optimize and expedite production of energy from domestic sources, S. 3267, as amended, would authorize the allocation of materials in short supply that are essential to energy production. It would also authorize the restriction of exports of fuels and energy and of material essential to their discovery, development, or production.

Mr. President, during the embargo, the role played by State government was critical and State government has a continuing role to play in energy policy. The amendment recognizes that role and provides for funds for State programs.

In support of the International Energy Agreement recently signed by the United States, the proposed amendment makes provision for the sharing of critical energy information with the other nations who are parties to the agreement.

Also, the amendment provides for the development and transmittal to the Congress of contingency plans for implementation in the event of severe energy shortages.

The amendment would put the Congress on record as endorsing President Ford's policy for import reduction and require the submission of legislative recommendations for implementation of that policy.

Lastly, the amendment establishes, as policy, the creation of a national strategic energy reserve capable of offsetting a 90-day interruption in fuel imports. Title III creates the reserve system and establishes an office for its management to be headed by an administrator. It requires the Administrator to submit to the Congress recommendations for a detailed program for the establishment and maintenance of the reserves. Furthermore, it requires the implementation of a petroleum storage prototype program so that the technology for the storage of large volumes of petroleum is at hand when the future administrative and managerial decisions are made.

Mr. President, the bill, as we would amend it, is a good bill. It is a needed bill. It represents a congressional effort to join with the administration in a unified response to the political threat we face from abroad to prevent the needless suffering the American people will endure if adequate standby authorities are not adopted.

It is true that there are major issues not addressed in this bill, in particular, that of domestic energy prices. The current prices allowed for new domestic oil serve no useful economic purpose. These prices constitute an unwarranted windfall for domestic producers and give an undeserved aura of legitimacy to the unilateral price setting of a cartel of foreign producers who are apparently insensitive to the threat their actions pose to the world's economy, the international financial system, and the less developed countries. I do not propose, however, to debate this issue in the context of Senate consideration of the present amendment.

The precarious and uncertain energy future we face requires prompt action to vest the President and the executive branch with standby authority to deal with supply disruptions, to honor international commitments under the international energy program, to initiate contingency planning, and to develop specific recommendations to the Congress for limiting imports and establishing a system of strategic oil reserves.

It is for that reason that the amendment in the nature of a substitute includes only provisions where there appears to have evolved essential agreement between the Congress and the administration. Specifically excluded are subject areas where significant policy differences are known to exist. In the interest of passage of this legislation, I shall, for the same reason, oppose all controversial amendments.

I have written to President Ford to express the hope that the administration would be able to support the measure. I would hope that my colleagues can as well. Given the very real problems with which America, and particularly, the American economy, is today confronted, the passage of this legislation before adjournment is an obligation of this Congress to the American people.

Mr. President, permit me to add that on September 27, I wrote to the President of the United States outlining a bipartisan course of action on by which I had hoped we could join together in a mutual effort to proceed on those issues on which we could reach an agreement, and leave other controversial issues for debate at a later time.

Mr. President, I feel very deeply that what is needed now is a determined bipartisan effort on economic issues that covers the international area as well as the national area.

We cannot go on waiting and postponing as we have for over a year. I say to the Members of this body that unless we get some action soon, the lining up at the gas pumps earlier this year will be nothing when compared with the impact of the oil cartel's petroleum pricing policies on the financial structure of the Western industrialized nations.

Lest anyone have any doubts about the seriousness of this problem, I would only remind the Members of this body that it was David Rockefeller, in an interview with Hobart Rowen, the financial editor of the Washington Post, who stated in the latter part of August that we are on the verge of a possible financial panic.

Much of this we discussed in a prolonged debate earlier in the year, and that is behind us. But, Mr. President, the pricing structure of the oil cartel is causing a massive transfer of wealth, which can lead, if it continues, to national bankruptcy.

Appearing before the Permanent Subcommittee on Investigations was Alan Greenspan, the chairman of the Council of Economic Advisers, and Dr. Wallich, of the Federal Reserve, an international authority on international finance.

Both gentlemen agreed, and the entire panel of witnesses agreed, that if the price of oil internationally stays at the current level, there is a danger for many nations of national bankruptcy within 2 years.

Those are facts. Italy, for example, required a $3 billion loan from the German Central Bank to pay its oil bill the first of the year. Mr. President, American banks have $10 billion in private loans in Italy that fall due next year. What happens to our financial institutions if they cannot be repaid?

In 1960, American banks, in terms of financial resources, had $3 billion abroad—$3 billion in 1960 in financial banking resources abroad. What was the amount for the first quarter of this year? $123 billion of banking resources abroad. Mr. President, for better or for worse, we the nations of the industrial world are not only interdependent economically, but interdependent financially.

I say that we need indeed to move on first things first, and the first thing is to take the urgently required steps in a massive effort to cut down on the amount of oil we are importing. The administration agrees that at a minimum, we can save a million barrels a day through various conservation measures.

We cannot do it, Mr. President, on a voluntary basis. It is not happening. We are importing in excess of 7 million barrels a day. We are consuming, Mr. President, in excess of 17 million barrels a day.

In connection with the international energy agreement, we have entered into certain understandings regarding conservation and certain understandings regarding contingency plans for reserves and equitable burden sharing in the event of an international cutoff.

Mr. President, what is needed is the necessary authority to take the necessary steps to avoid the beginning of what could be the financial bankruptcy of the Western industrialized nations.

That is what is involved here, because we are talking about the transfer of billions of dollars of wealth. If continued on this scale, it could not simply lead to the bankruptcy of this country. Think of what is happening already and will continue to happen in the countries that have been buying American manufactured products.

Mr. President, the first priority in the countries that face this financial situation will be to provide for food and absolute essentials. They will start canceling orders for manufactured goods. We will feel it here; and this is what could be the beginning of a world depression. They simply will not have the financial resources to buy; and that will hit every industrialized nation, and will hit especially hard the United States of America.

Mr. President, I want to see a bipartisan effort made here for the good of the country. We all know there will be an election in 1976. There was one last month. I feel very deeply that we cannot wait until 1976 for meaningful and decisive action.

We are in an unprecedented crisis. I think that the American people, Republican, Independents, and Democrats alike, are looking to Congress to cooperate with the President, and the President to cooperate with Congress, in order that we can maintain the necessary financial posture, which is a condition precedent to any kind of economic recovery.

They expect that of us, Mr. President. It was for that reason that on September 27, I wrote to the President and made it very clear that I sought a broad consensus. I ask unanimous consent that my letter of that date be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON INTERIOR AND
INSULAR AFFAIRS,
Washington, D.C., September 27, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: I know that you have been aware of my concern, since long before the Arab oil boycott, over this Nation's deteriorating energy posture and the actual and threatened impact of spiraling prices and insecure supplies upon our economy and our national security. In recent months I have given particular attention to the ruinous impact of OPEC oil prices on the economies of the United States and other developed and less developed countries. Together with many other members of Congress of both parties, I have been disappointed by the apparent lack of Executive Branch appreciation for the gravity of the present crisis for the economic and political stability of the entire free world.

Your speech in Detroit and Secretary Kissinger's address to the U.N. General Assembly on September 23, 1974, reflect a new awareness that the situation created by the ever-growing exactions of the oil exporting countries cannot be borne and a determination that it will not be tolerated. I remain deeply concerned, however, that if this new determination is not matched by a concrete program of legislative, diplomatic and strategic initiatives, it will lack credibility with the OPEC governments, with the other importing countries, and with the American people. In my view it is both urgent and essential that Congress and the Administration work together to implement a realistic program for energy conservation, increased domestic production, and to develop the national capability to withstand a total interruption of OPEC imports without severe injury to our economy.

The first priority, I believe, is to reduce the maximum prices of domestically priced crude oil to a level consistent with its long term supply cost, at most $7 to $8 per barrel. The United States is still two-thirds self-sufficient in oil and four-fifths self-sufficient in total energy. Our appeal to the governments of exporting countries to reduce prices will carry little conviction as long as we permit and encourage our own producers to charge the exorbitant prices set by OPEC.

Such a price reduction should be coordinated with action to limit the tribute we will pay to the producing countries: I propose a strict policy that our total dollar outlays for imported oil will not increase above current levels. The volume of imports would be allowed to increase further only in response to proportional price reductions.

There is a broad area of consensus within the Executive Branch and within the Congress on the other elements of a national energy program. Yet, the measures actually taken by the two branches to date are inadequate in the face of the current threat to our economic welfare and indeed our way of life. Legislation providing for a national energy conservation policy and acceleration of oil and gas development on the Outer Continental Shelf have passed the Senate, but have not been acted upon, in the House in part, *I* believe, because of disinterest or ambivalence in the Administration's position. Two major energy research and development bills have been immobilized in House-Senate Conference for essentially the same reason.

Legislation to provide standby energy emergency authorities (gas rationing, conservation plans, allocation of critical materials, etc.) and to direct a program of energy contingency planning is on the Senate calendar but requires executive support for final passage. Bills providing for creation of strategic petroleum reserves and for development and further exploration of the Naval Petroleum Reserves have failed to move despite intense Congressional interest, partly because of Congressional jurisdictional rivalries and indecision within the Executive Branch.

Other vital elements of a credible national energy program, like reform of natural gas pricing and taxation of the energy industries, have yet to move only because neither Administration nor Congressional leadership has yet been exerted to compromise and overcome stalemates between diehard ideological or interest group coalitions.

Definitive action in all of the foregoing areas is possible in the present session of Congress, in my opinion, only if you and the Congressional leadership join in a public, bipartisan commitment to enactment of a comprehensive national energy program. Although I have introduced or participated in developing legislation on almost every one of these issues, my request today is *not* for unqualified Administration support of my own legislative program. Undoubtedly some elements of a bipartisan energy program will have to be drawn from bills already in the legislative process; others inevitably will more closely resemble proposals developed in Executive agencies. What I ask—and offer—is a mutually accommodating effort to formulate and expedite a series of legislative measures that can be sponsored and supported by both the Administration and the leadership of Congress.

Specifically, I urge and recommend—

First, that you and the Committee Chairmen with principal responsibility for energy matters meet in the coming week to formulate an Agenda for energy legislation to be passed and signed into law during the present Session. The attached list outlines the items that I believe must be part of such an Agenda, and on which I also believe action could be completed in this Session.

Second, that staffs of the appropriate federal agencies and Congressional Committees, together with such outside experts as may be required, be directed to draft legislation which will be jointly acceptable to their principals in each area encompassed by the Agenda.

Third, that the resulting bipartisan legislative program be presented to Congress before it recesses in October, with the sponsorship and support of both the Administration and key members of Congress, and that both Branches treat this program as their first priority.

I further suggest that, concurrent with the development and enactment of this legislative program, a continuous and structured dialogue be implemented in a format jointly arrived at, between the President and his leading advisors, and leading members of Congress, regarding the diplomatic, international economic and strategic initiatives that must be carried out in concert with our domestic energy program to lower the world price of oil and to forestall a world economic collapse.

The separation of the Branches of government, partisan rivalries and the jealousies among executive agencies and among Committees of Congress, would in ordinary times make a proposal such as I have set out here unrealistic. These are, however, extraordinary times. Our security, our economic system and our way of life are at stake.

I recognize that the Administration and the Congress will have different views on many specific issues. There is, however, broad consensus on goals and on essential major programs. It is, in my view, essential that someone take the initiative to build a positive and credible national program.

I am, of course, ready to meet with you or your representatives at any time to discuss this proposal in greater detail.

Sincerely yours,

HENRY M. JACKSON,
Chairman.

A Proposed Agenda for Immediate Action on Energy Policy

PRICE AND IMPORT POLICY

1. *Limitation on the price of all domestic crude oil to a level that reflects its long-term supply price* (no more than $7–$8 per barrel) rather than the dictates of the OPEC Cartel as a major element in a concerted effort to control exorbitant prices, reduce domestic inflation, and prevent unreasonable profits by exporter governments and U.S. companies alike.

2. *A freeze on total dollar outlays for oil imports* at no more than current levels, with licenses to import oil allocated by secret bid auction.

3. *Taxation of windfall oil and gas profits*, beginning with immediate repeal of special tax preferences (percentage depletion and expensing of intangibles) on all oil and gas not subject to price control.

CONTINGENCY PLANNING

4. *Extension of the Emergency Petroleum Allocation Act and establishment of standby emergency authority* adequate to cope with a total interruption of OPEC imports, through gasoline rationing, conservation plans, allocation of essential materials, and appropriate export restrictions.

5. *A system of strategic petroleum reserves* composed of salt dome and tank storage by industry and the Federal government equal to at least ninety days of imports.

ENERGY CONSERVATION

6. *An urgent energy conservation program* with special emphasis upon a 30 percent increase in automobile fuel mileage beginning with the 1976 model year, on redesign of electric and gas utility rate structures, on development of state and local energy conservation programs, and on enforcement of highway speed limits.

PRODUCTION

7. *Federal authority to increase petroleum production and productive efficiency*, including mandatory unitization where state law does not provide for it, Maximum Efficient Rate (MER) of production, and prohibition of market demand prorationing.

8. *Development and production of the Naval Petroleum Reserves in California and Wyoming* to fill the Federal component of the strategic reserve system, and *prompt exploration of Naval Petroleum Reserve No. 4* on the North Slope of Alaska.

9. *Acceleration and improvement of geological assessment and leasing on the Outer Continental Shelf.*

10. *Reform of natural gas pricing* to provide adequate incentives for new supply, and to permit interstate pipelines to obtain new gas, without allowing natural gas prices to be determined by OPEC oil prices.

ENERGY RESEARCH AND DEVELOPMENT

11. *A $20 billion, ten year energy research and development program* with specific goals, objectives and timetables along the lines of legislation now in House-Senate Conference.

12. *Creation of an Energy Research and Development Administration* to administer the national energy research and development effort.

Mr. JACKSON. I again wrote to the President on December 5, because the situation continued to deteriorate. I ask unanimous consent that that letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
Washington, D.C., December 5, 1974.

The PRESIDENT,
The White House.

MY DEAR MR. PRESIDENT: On September 27, 1974, I wrote to you to express my deep concern over this nation's deteriorating energy posture and the actual and threatened impact of spiralling prices and insecure supplies upon our economy, our independence in determining foreign policy, and our national security. I noted at that time that there is a broad area of consensus within the Executive Branch and within the Congress on many of the elements of a national energy program to deal effectively with these problems.

What I asked—and what I offered—at that time was for a mutually accommodating effort between the Executive and the Congress to formulate and expedite a series of legislative measures that could be sponsored and supported by both your Administration and the Congress before the adjournment of the 93rd Congress.

Earlier today, I introduced an amendment in the nature of a substitute to S. 3267, the Standby Energy Emergency Authorities Act, a bill which is pending on the Senate calendar. This amendment is designed to provide the country with the standby legislative authority necessary to deal with the shortage conditions we may face this winter, to implement recommendations developed in the blueprint for Project Independence, and to implement the International Energy Agreement recently entered into with other OECD countries.

It is my earnest hope that your Administration will be able to support this measure. I fully recognize that the Administration and the Congress have different views on many specific energy policy issues. There is, however, broad consensus on goals and essential major programs which are necessary to the maintenance of our national security and to the vitality of our economic system. I have endeavored to include in this amendment only those provisions on which I believe there is agreement between Congress and the Administration. I have specifically excluded subject matter areas where I am aware that there are significant policy differences. I am prepared, in the interest of passing needed and agreed upon legislation, to oppose controversial amendments.

The Senate leadership has committed itself to call this bill up in the very near future, perhaps as early as next week. It is my hope that the amendment in the nature of a substitute would have your support.

I am enclosing for your review a copy of my letter of September 27, the amendment, a dear colleague letter, a summary of the amendment, and excerpts from recent statements by Administration officials on the need for the legislative authority contained in the amendment.

Should you have any questions on this matter I am, of course, available to discuss this proposal in greater detail with you or your representatives.

Sincerely yours,

HENRY M. JACKSON,
Chairman.

Mr. JACKSON. Mr. President, I received from the President of the United States a letter this afternoon, which I would like to read in connection with the pending measure. I shall also read my response to him:

THE WHITE HOUSE,
Washington, December 10, 1974.
Senator HENRY JACKSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JACKSON: This is in response to your letter of December 5, 1974, requesting comments on proposed amendments to S. 3267. I feel very strongly that the Nation's energy situation is serious and that a high level of imports of expensive foreign petroleum is very harmful to the economy. A number of the points you made in your letter are consistent with these views.

An effective response to our energy situation must include sound actions to reduce unnecessary energy demand, increase domestic energy supplies and, wherever practicable, convert existing and new energy requirements from oil and natural gas, which would have to be imported, to coal or other energy resources that can be produced domestically. Several pieces of legislation have been proposed by the Executive branch over the past three years which would provide the basis for such actions and it continues to be the hope of my Administration that the Congress will act soon on these bills. Prompt action is particularly needed on bills which would lead to increased production of domestic energy resources such as the bill to allow competitive pricing of new natural gas supplies.

As requested in your letter, a review has been completed of the bill that you have introduced as an amendment in the nature of a substitute for S. 3267. Although limited in scope, some parts of the bill, if appropriately modified, could provide useful standby authority for an emergency situation to help allocate shortages, to reduce consumption, and to provide certain authorities to meet potential international obligations.

I recognize and appreciate the efforts you have made to solve problems with earlier versions of the bill, particularly the elimination of a number of objectionable provisions, I would note also, however, that there are several problems with this latest version that would have to be changed for the bill to be a useful contribution to our current needs. Among the major problems are the following:

1. The proposed standby conservation authority is so constrained—including a six-month limit on the life of any energy conservation measure—that both Federal and State efforts to achieve conservation would be in a constant state of uncertainty. (As an alternative, the Special Energy Act proposed by the Executive branch in March 1974 would provide effective authority.) There are also several other problems in Title I which I hope can be resolved in a reasonable way.

2. Additional legislation may be needed to authorize desirable international cooperation in the event of a future embargo. However, our current assessment is that the provisions you have included are not adequate and some provisions of the bill might work to prevent necessary cooperation.

3. The provisions of Title II regarding oil imports could be counter-productive. For example, the detailed and sensitive nature of reports that would have to be submitted to the Congress could undermine efforts to gain the confidence (and understanding) and cooperation of other nations in sensitive international negotiations.

4. I am especially concerned about the provisions of Title III which would require the establishment and maintenance of strategic energy reserves in storage capable of replacing fuel imports for ninety days. Although there are differing opinions as to the advantages and disadvantages (including the tremendous cost and added pressure for importing more expensive oil) of such an approach, I do not rule out a policy that would support some form of expansion of existing reserves or inventories. I do believe however that your bill is premature and may go too far.

My Administration is anxious to work with the Congress in developing useful and effective legislation that will help solve our Nation's energy problems. Although I cannot support the bill in the form offered, Administration officials would be pleased to work with you to help solve the problems with the bill and to work on other measures that will help increase domestic energy production.

Sincerely,

JERRY FORD.

Mr. President, I would like now to read the letter I sent in response to the President this afternoon:

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., December 10, 1974.
The PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: I have just received today at 2:00 p.m., your response to my letter of December 5, 1974, in which I offered my assistance and urged your support for the adoption of an amendment in the nature of a sustitute to S. 3267, a major energy bill pending on the Senate calendar.

The purpose of my letter of December 5th, was to ascertain whether it would be possible to develop a mutual and cooperative response by the Congress and the Executive Branch to develop a meaningful program for mandatory energy conservation, limiting imports of high priced oil from the insecure foreign sources, and initiating the development of a comprehensive strategic oil reserve policy.

It is, of course, my view that if action is not taken in each of these areas on an urgent and meaningful basis, our foreign policy could be gravely compromised, our domestic economy will continue to be ravaged by inflation, deepening recession, rising unemployment, and the system of international finance may collapse. These threats to domestic and international well being are, in major respects, a direct result of our failure to develop a coherent, unified and bipartisan response to the dangers presented by the unilateral and arbitrary actions of an international oil cartel.

I had hoped that your response to my offer would lay the groundwork for urgent and effective cooperation to protect and promote the national interest. I am not sure that my hope or my expectations have been entirely fulfilled. However, because of the pressing need for action on a national energy program—action which the Administration cannot take under present authority—I am glad to accept your suggestion that "Administration officials would be pleased to work . . . to help solve the problems with the bill . . ." that you have identified. In my view, your Administration cannot wait six months or a year for authority it urgently needs today.

In the belief it is still possible to present the American people with constructive, bipartisan, and concerted efforts on the part of Congress and the Executive Branch to deal with the critical energy and economic problems we face, I have instructed my staff to initiate negotiations this afternoon with representatives of the Administration to narrow areas of disagreement and to see if an agreed-upon bill can be arrived at. I will be available to review the results of these negotiations with you or your representatives tomorrow morning before the Senate goes back in session.

With warmest regards,

Sincerely yours,

HENRY M. JACKSON,
Chairman.

Mr. President, I stand ready to meet with the White House representatives at any time. My staff is available and I would like for them to meet tonight. I am informed, however, that the administration is not prepared to meet tonight.

Mr. President, what disturbs me—and this has been going on now since early this year—is the apparent lack of a sense of urgency and purpose on the part of the White House.

I must say that I still hope that we can identify areas in which we can reach an agreement. We are all in politics, we have different points of view, this is obvious. But, the country comes first. I would hope that we can now move to provide the authority that the President must have, particularly if he is going to carry out the international energy agreement, and I say that in the best spirit of good will, with a desire that we can achieve a bipartisan policy in this area.

Mr. President, it has long been my view that we needed mandatory authority in the area of conservation. It is clear that the voluntary programs are not working. It is clear we have done in this Congress, everything we could do since the emergency energy bill was passed to give the President that authority.

There are some details in the proposed amendment with which the White House disagrees, I understand that. We are prepared to sit down and negotiate those things.

But it is high time that we do establish that sense of urgency which is essential if we are to provide the leadership for the Western industrialized world in this time of peril, in this time of serious crisis—things we warned about when the earlier bill was vetoed, that provided this authority.

President Ford is not responsible for President Nixon's veto. So I want to start anew here and see if we cannot reach an agreement, before Congress goes out of session, to deal with the most urgent matters.

Mr. President, I have agreed to oppose all other amendments except those that relate specifically to the necessary emergency authority that the President needs, particularly in the area of conservation, as I outlined in my remarks here today.

I am now pleased to yield to my distinguished colleague, the Senator from Colorado.

Mr. HASKELL. Mr. President, I thank the Senator.

I would like to take this occasion to congratulate the distinguished Senator from Washington, the chairman of the Interior and Insular Affairs Committee, for his leadership in the conservation matter.

The logic behind the amendment introduced as a substitute is inescapable. There is unanimous agreement that our country financially cannot afford continued dependence on foreign oil.

I think the latest voice to echo this was that of Arthur Burns, not known for his flightiness, let me say.

Mr. JACKSON. Will the Senator yield?

Mr. HASKELL. I am happy to yield to the Senator.

Mr. JACKSON. My good friend is precisely right. The administration concedes that if this present situation continues, we will have national bankruptcies, and that is in their testimony—Allen Greenspan so testified supported by Dr. Wallach of the Federal Reserve Board.

Italy is today on the verge of insolvency. I hope we start moving here before the roof caves in.

That is what I am trying to suggest, and I deeply appreciate the Senator's comments.

Mr. HASKELL. And every responsible economist I have heard from agrees with the Senator.

So this then leaves, basically, two alternatives. One alternative is just to try desperately to increase production, and there is a recent publication put out by the National Association of Engineers which details what would be necessary.

This has two, maybe three, drawbacks. No. 1, there is considerable question whether we could do it. No. 2, the time frame over which we would do it would not be acceptable.

Barring conservation, for example, our energy consumption by 1985, depending upon the past figures, the use will be somewhere between 29 percent and 101 percent more than we now consume.

The other option is to go into a vigorous conservation program together with increased production on a more modest scale and a development of new energy sources.

The possibilities on the conservation phase are immense. No. 1, the time frame is shorter for the bite to take place, of reduced consumption. No. 2, the bite is substantial.

The Treasury Department 6 months ago put out a list of relatively minor conservation measures and estimated a savings of 2.7 million barrels a day.

The Federal Energy Office more recently came out with a relatively simple series of recommendations which when implemented over a few years' period would result in somewhere around 4 million barrels a day of reduced oil use.

Now, Mr. President, it is just absolutely essential that we go into conservation. As I say, logic dictates it. Of course, logic does not always prevail, but logic does dictate it.

I again congratulate the Senator from Washington for taking the leadership toward mandatory conservation measures which, when coupled with a development of new energy resources, additional production on existing resources, will take care of this Nation.

Mr. President, at this point I would suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DOMENICI). The clerk will call the roll.

Mr. McCLURE. Will the Senator withhold that request?

Mr. HASKELL. If the Senator would not mind, the Senator from Washington has been called from the Chamber and I would like to have him come back at such time as the Senator from Idaho gives his statement, that was my only reason for putting in the quorom call.

Mr. McCLURE. That is all right.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I think the Senator from Washington has accurately stated the desire of the President of the United States to move forward in the energy field in terms of conservation, in terms of allocation, in terms of import policy.

I think it should be restated for the RECORD that the bill which is pending before this Senate now was reported by the committee on April 19, was debated on May 8 and May 13, and following that debate it was removed from active consideration and has not again been called up between May 13 and this date.

The Senator from Washington is correct that a committee print, a working draft dated November 27, has been submitted and a dear colleague letter circulated his desire to move forward on December 2. That substitute was introduced on December 5, and the same day a letter was directed to the President.

I think it should be noted that the minority has not been consulted, the minority staff has not been working since May 13 with the majority staff in the development of this substitute, so the substitute is not at this writing a bipartisan effort. But I think we share with the Senator from Washington the desire that it be a bipartisan effort.

It will require some kind of an effort to bring together the viewpoints of both the majority and the minority on the committee as well as the viewpoints of the Congress and of the administration.

The President's response dated December 10, which is today, which was read into the RECORD by the Senator from Washington, indicates not only their willingness, but their desire to cooperate in the development of legislation which can go forward.

I think it is important to note that the earlier bill which was vetoed by President Nixon was vetoed for reasons which were sustained by the Congress in the effort to override that veto and that some of those provisions that were in the earlier measure were restated in some degree in the measure which is pending before the Senate, but not—and I add significantly not—restated in the substitute which the Senator from Washington has now introduced.

I think the deletion of some of those items is good evidence of the good faith of the Senator from Washington and others who do desire to see legislation move forward.

I refer specifically to three different areas in the original legislation. Price rollback, which was in the original, which was not included in the pending legislation but which the Senator from Washington indicated in the committee deliberations that he intended to offer as an amendment when it was considered on the floor; emergency unemployment compensation, which was a part of that original legislation and a part of the pending legislation, but not a part of the substitute; and extensive antitrust legislation as a part of the emergency energy act in both the vetoed measure and in the pending measure, but again, not in the substitute.

These are precisely the areas that those of us who opposed the original legislation suggested should be deleted if there were to be constructive legislation. Those of us who have labored with the Senator from Washington in the vineyard attempting to get legislation of the kind that we think is necessary can only applaud the efforts that have been made to come to a compromise now in regard to this legislation.

On an associated matter which is not directly in point, but, nevertheless, is pending at the same time and deals with our ability to confront and deal with the legislation that is pending, even in the negotiations now pending between the White House and the Congress, are the nominations of two men that have been submitted for confirmation in the Federal Energy Administration.

The confirmation of the name of Mr. Conant, which was first submitted on September 5, and again submitted on November 18, still remains pending.

The nomination of the President for the Administrator of Federal Energy Administration, Mr. Zarb, was submitted on December 2.

The committee has held hearings. The committee has voted to confirm Mr. Zarb. That committee action is pending at the desk. I would hope that we might yet act on that confirmation.

It is important that we do these because Mr. Zarb will be the responsible Federal official who will be bringing together the team to negotiate the terms of this legislation.

Mr. Zarb is with President Ford in New York. He informs us that he is willing by phone, and is undertaking by phone, to assemble the team of administration people who would be necessary to work on the terms of this legislation, and that he will be ready to work on this tomorrow morning. That is, I think, evidence of their desire to go forward.

I would submit it might be a good idea to have Mr. Zarb confirmed and in his office at the time he is sitting down negotiating on this.

Similarly, Mr. Conant, who is to be the expert in the FEA working in the field of international energy requirements and flow, would be a desirable person to be participating in the negotiations that deal with sensitive matters, such as the import of energy from overseas and the implications of the costs of that energy when it is imported.

That confirmation also should be moved forward on the calendar of the Senate if, indeed, we are really honest and sincere in our attempts to come to grips with what is a fundamental question.

I do not mean by that comment to question either the honesty or sincerity of any of the persons who are involved in the negotiations.

If we are to move forward, I believe we must recognize that there are personnel who are involved in those negotiations, the nominations for whom are still pending.

We do face a serious problem in energy. We do face a very serious problem in the economy as it is distorted by the cost of that energy. My information would indicate that we are consuming today nearly 18 million barrels of oil a day, both foreign and domestic. That is up by over 1 million barrels a day over the corresponding period of last year.

Similarly, the importation of foreign oil has increased slightly more than the increase in total daily consumption, which is simply another way of saying domestic consumption has declined while overall consumption has increased. Therefore, our dependence upon foreign oil from all sources has increased, as does then the balance-of-payments problem increase as a consequence of the international economic community.

So for all of these reasons, the minority shares with the majority on this committee, and I think in this Congress, the sense of urgency, which has not really been found, in terms of legislative enactment.

In spite of all of our speeches the only gas that has been produced is under the Capitol Dome. That has not been a very constructive addition to the Nation's energy.

I would hope that we can, between now and tomorrow, start to formulate the minimal programs upon which agreement can be found so that we can move forward on this legislation in good faith, as the Senator from Washington has suggested and, hopefully, that before this week is out we will have an agreement upon minimal legislation that can then be submitted to the Congress for approval.

Mr. President, I yield to the Senator from Maryland to propound a unanimous-consent request.

The **PRESIDING OFFICER**. The Senator from Maryland.

Mr. **MATHIAS**. Mr. President, I thank the Senator for yielding.

Mr. President, I ask unanimous consent that Mr. Stuart Janney of my staff be allowed privilege of the floor during the debate on this measure, at whatever time, whatever day it may occur, until the conclusion of this debate.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **MATHIAS**. I thank the Senator.

The **PRESIDING OFFICER**. The Senator from Oklahoma.

Mr. **BARTLETT**. Mr. President, we find ourselves in a very crucial time, a time when we know that we do not have sufficient energy; a time when the people across the country do not necessarily believe that. Many of them think we do have sufficient energy. Yet it has been apparent to those who are familiar with the ability of this country to produce energy, and the ability to import energy, that we have been unable to supply our needs for several years.

In addition, it is apparent today that we are on a collision course with economic disaster if we continue the high level of imports of high-cost foreign oil. So it is obvious that we do need to take action.

I agree with the distinguished chairman that we need a bipartisan approach, and we need bipartisan support for an energy policy.

It is said today that we do not have an energy policy and, in one sense, that certainly is correct.

There is no consensus behind an energy policy that will bring about energy sufficiency for this Nation.

On the other hand, the administration has advanced programs that will bring about energy sufficiency, but these have not been agreed to by the Congress.

Our energy approach at the present time amounts to one that is based on price controls that are desired by the majority in Congress and acquiesced in, at least in part, by the administration.

It is apparent from our record in price controls in other areas of endeavor that this will not permit private industry to bring on sufficient product.

I think as we look to this emergency energy bill, as we have looked at other emergency energy bills, that we must face up to the fact that we must not only reduce our use of energy, that we must not only reduce the imports of high cost foreign oil, but that we must, at the same time, increase supplies.

There are those who say, hope, and pray that the OPEC nations will reduce the price of imported foreign oil. But I think that is wishful thinking as long as this Congress and this Nation send messages to the Arab countries and the other OPEC nations that we are not all that unhappy with the high cost of foreign oil.

Those messages that we have sent over the past year or so have consisted of a reluctance to market without delay the largest oil field that the United States has, which is on the North Slope of Alaska. That is the largest oil field in the Continental United States.

It was only on a tie vote being broken by the Vice President of the United States that we now have any action and construction of the Alaskan pipeline.

The members of the OPEC countries can look to this body for a vote, along with the House, very one-sided, supporting a rollback in prices for domestic crude oil.

Congress has also refused to deregulate natural gas. These are positions that have been taken by the administration and by some in Congress around which to build an energy policy that will not only result in reduced use of energy and reduced imports of high-cost energy but will likewise and at the same time increase supplies.

So I think it is very appropriate for the distinguished chairman of the Committee on Interior and Insular Affairs to present another emergency bill. The emergency bill should deal with the emergency to be resolved and must have provisions that will permit the restrictions to be removed and the shackles to be removed from the energy industry, so that there will be an opportunity to produce sufficient supplies.

There are those today who are talking about reducing the demand through a tax on gasoline. They want to put this reduction of demand on top of the present energy program, which is one of price controls; and by the very nature of the price controls, this program increases the demand for energy rather than reduces it. So we are going to have an economic tug-of-war which certainly will work to the benefit of the OPEC nations and will increase the demand, rather than remove the shackles, and provide the opportunity for the free marketplace to bring about additional supplies of conventional energy, bring about additional supplies of alternate sources, and bring about additional research and development of new sources of energy.

I am convinced that the people of this country want more than the kinds of promises they have been receiving—promises of allocation, rationing, shortages, long lines. I think they want the assurance that we will have a program in the United States that will promise, sometime in the future, adequate supplies of energy.

I am convinced that the people want to know that the program will work. They also want to know that the energy companies will reinvest their profits into the ground, in the drilling of oil and gas wells, into alternate energies, such as oil from shale and energy from coal, and in research and development of new energy sources—solar, geothermal, and others.

I honestly believe that the people of this country want more than just talk and rhetoric. They want a bipartisan approach and plan.

Recently, the Chancellor of Germany, Chancellor Schmidt, was in our country. I believe he stated on several occasions that his nation has permitted the price of gasoline to seek its own level, and as a result, they have reduced consumption by some 10 percent. Interestingly enough, their price is about twice our price. Germany does not have the advantage of having that extra price work toward increasing their own supplies within their country, as would be the effect in our country.

So what we are doing by putting a clamp on energy exploration in the United States is that we are really asking for shortages and longer lines or we are asking for more imports of high-cost foreign oil. Neither of these fills the desire of the people of this country. Neither of these guarantees the national security of this Nation. Neither of these strengthens the basic economy and provides jobs and a higher standard of living.

So, Mr. President, I certainly agree with the distinguished chairman that it should be a bipartisan effort, that it should be a cooperative effort, and that we should address the entire problem and fight the battle with both hands, not just in cutting back on consumption but in adding to the ability to produce as well.

I am convinced that we can do this; for example, with respect to natural gas. The price that is being paid today on the long-term contracts averages about 25 to 28 cents a thousand cubic feet, and with the deregulation of new gas provision, this would continue. If we equate this price with that of new oil, this would amount to about $1.50 to $1.68 a barrel, which under no such circumstances could be sufficient to bring on continuing supplies to replace those which are produced. Yet, this is the kind of policy under which we are now operating. It is a no-win policy. There is no way by which we can work out of the shortage situation we are in.

Simply to guarantee rationing and to guarantee allocation and to guarantee shortages is to guarantee that we are going to be even more reliant on the Arab countries and that we are going to be less able to handle our own future, to have the knowledge that we have sufficient supplies to keep this country strong.

So, Mr. President, I hope that as negotiations take place between the President and the chairman and others regarding this bill, there will be a desire by both sides for a cooperative bipartisan basis to strengthen this Nation's economy and to strengthen this Nation's ability to provide jobs, to strengthen our ability to be strong in national security by having sufficient energy.

Mr. President, I yield the floor.

(At this point Mr. STEVENSON assumed the Chair.)

Mr. RANDOLPH. Mr. President, I have listened with intense interest to Senator from Oklahoma. I wish to invite attention to certain provisions that are inherent in the pending amendment which he may have overlooked. Perhaps a clarification of his thinking and mine might be helpful for the record.

Looking to the longer term energy picture, it is necessary that we assure the exploration for and the production of *new domestic* petroleum supplies. This vital effort must not be constrained from a lack of availability of equipment and materials. Thus, the Federal Energy Administrator is authorized in section 105 of this amendment to assure the availability of such supplies for these purposes during periods of shortages.

This provision will provide industry with access to the mining equipment and supplies essential for expansion of coal production as well as the tubular goods and drilling rigs required for the exploration and development of new domestic oil and gas supplies.

I would appreciate comment from my able colleague, who understands this subject, on the points I am making.

Mr. BARTLETT. I thank my distinguished colleague from West Virginia for this opportunity. I think my distinguished colleague has brought to the attention of Members of this body on numerous occasions the problems that exist in his own State with inadequate supplies of natural gas for industry. I think this shows very clearly that the controls that have existed for 20 years in the natural gas industry have so stifled that industry that it has not been able to keep up with demand. Yet, today, I was, in my remarks, Mr. President, expressing the great desire that we address this problem that the Senator from West Virginia has been concerned about for so long, to deregulate natural gas, new natural gas.

I brought out that the present price of interstate gas shipped to the east coast is about 25 to 28 cents 1,000 cubic feet, or, on an equivalent British thermal unit basis to crude oil, about $1.50 to $1.68.

I know the distinguished Senator from West Virginia knows that this would not bring about additional drilling of gas. It cannot be done at present prices. Of course, this is why we have not had sufficient development.

I know that the distinguished Senator is pointing out that the bill calls for sufficient rigs for sufficient activity to take place. The Natural Gas Act and the powers that the Federal Power Commission has given it have very definitely conveyed to them the charge for them to provide sufficient quantities of energy. But it has not worked. The controls do not work.

I should like to ask my distinguished colleague a question: Why is it that the one industry which has its products in shorter supply—referring to the oil and gas industry—and which industry is most important to the national economy at the present time, and which industry is most important to all other industries, why it would be singled out to exist under price controls; and why my distinguished friend would think this industry is the only industry, as it is in short supply, is the one that would do well with price controls, when he does not recommend price controls for timber, manufacturing, or any other industry?

Mr. RANDOLPH. Mr. President, in response to my colleague from Oklahoma, I wish the record to note that I am one of the Members of the Senate who voted last year for the decontrol of new natural gas as distinguished from all gas. I might be brought to that point.

In reference to deregulation of new gas. If it is to be found and then marketed, it will be necessary to have an increase in price. We must stimulate exploration through incentives of one type or another.

In this connection, within the last week, I think the Federal Power Commission has, if not determined, I think indicated their intention to increase the interstate natural gas price to 50 cents per thousand cubic feet. I am sure that the gentleman from Oklahoma is aware of that situation. There exists within the Federal Power Commission the realization of the need for this action, the very real need. Its urgency increases with each week that passes.

Going from this subject I wish to address my remarks—somewhat briefly, but pointedly—to the situation that Congress finds itself in at the present time.

As we talk about the exploration for and production of natural gas and oil, we have to realize, as my colleague indicated weeks and months ago and this afternoon—this is certainly a risky business.

It is a hazardous venture. Those persons who sit behind desks and figure out this and that usually do not fully realize the measure of hazard to investments that is involved.

Certainly I am not for unconscionable prices for oil or gas or coal, or any of these supplies necessary to fuel America. I have fought against them. But I do say, as I indicated in this body many years ago and since, that I do personally, in a degree, understand this subject.

My father was an independent oil and gas producer for many, many years in the State of West Virginia. I worked as a young man in the oil fields. I saw at least eight dry holes in succession drilled in Harrison and Dodridge Counties by Ernest Randolph, my father. I am not talking about some other part of the country; I am talking about in the valleys and on the hillsides of the State of West Virginia. So I know the investment hazards. I know the chance that is taken.

I think that we in this body must not forget this as we attempt to cope with these problems. Certainly we are not called on to make any one industry—the oil industry or the gas industry or the coal industry or any other industry—the so-called whipping boy. Rather we try, in a well-reasoned manner, to come to grips with a situation such as the energy problem that faces us now.

Mr. BARTLETT. Will the Senator yield for one comment?

Mr. RANDOLPH. Yes, I do.

Mr. BARTLETT. Mr. President, I wish to commend the distinguished Senator from West Virginia for his authorship of Senate Resolution 45 in the 92d Congress. This empowered several committees to investigate the shortage situation and to take action and to resolve the problems we had. So he had the foresight to see what was coming.

I, personally, am just sorry that this body and the administrations involved did not provide the answers to the problems that the Senator foresaw at that time, because, if they had been provided earlier, our problems would not be so great today.

I do compliment the Senator on his active role in this area and his continued interest to see that this Nation remains strong in energy.

Mr. RANDOLPH. I appreciate the very generous expression of compliment from my colleague from Oklahoma. I had not thought to speak in terms of what I felt we need. Rather I attempted to do something about it.

Some people overlook the fact that today we have 29 Members of the Senate of the United States—under the resolution that the Senator has just mentioned—who, in eight committees, are attempting to do something about the energy problem facing our country. Actions that should have been taken long ago. I realize that there now are only a few Members of Congress who were here in the middle 1940's when I coauthored the Synthetic Liquid Fuels Act with the Senator from Wyoming Mr. O'Mahoney. At that time, prowling along the east coast and in the New England waters were U-boats. We had a crisis then.

In this country, we seem always to act after the fact. When the troubled waters smooth out, we go back to doing business as we did, with no thought given to preparing for the future in a world that has grown more complex since the middle 1940's.

What did we do then, after that legislation came into being? We moved forward, not just with pilot projects, but with projects that were large enough to tell the story of what should be done. That was coal gasification. That was the use of shale in the Rocky Mountain States for the development of oil supplies. That was the use of coal for aviation and motor fuel.

Then came that period in the early 1950's when inflation covered America. I speak of no administration by name because it is not my desire to do that. But there, as we entered the 1950's, the financial support we had received in the 1940's was withdrawn. What a sad situation it was. I was not a Member of either the House of Representatives or the Senate during that period, but I was saddened at what I saw was happening.

When I returned to the Congress in November of 1958, almost the first action that I took was to introduce legislation to establish a joint congressional committee to develop a fuels and energy policy for the United States of America. That was in 1959.

Members of Congress on both sides of the aisle in the Senate, where the measure was introduced, as well as in the House of Representatives, who supported the proposal.

I remember as though it were yesterday when I testified in 1961 before the Committee on Interior and Insular Affairs and said:

> Each year that we delay establishment of a national fuels and energy policy for the United States perhaps brings us one year nearer to disaster . . . we become more and more dependent on foreign oil to buttress our national economy and security . . . we are gambling with our country's future.

The situation and conditions of which I spoke then worsened. Yet we as Americans, whether on Capitol Hill, in the administration downtown, within industry, or generally throughout the country, were involved in a Pollyannish attitude. We failed to recognize the critical siutation we faced, which has now become accentuated.

I proposed early in 1971 that the President—the executive branch—work with Congress toward formulation of a comprehensive National Energy Policy. It seemed we could do nothing else than have initiated a joint effort.

I have in my files a letter over the signature of the President of the United States, in which he said in essence that he considered this issue to be a proper matter for concern, and it would be turned over to the Domestic Council—

"What did the Domestic Council do? Nothing whatsover." And up until our colloquy here this afternoon they have done nothing about the energy problem affecting the United States.

It is attitudes such as this that we in part are attempting to cure. Perhaps we are not doing it in ways that all the membership of the Senate could agree upon, but we are coming to the understanding that we have to do something, and do it quickly.

Although I want to say something apart from this subject matter; I do not want in any way to compare Presidents; I have no desire to do that. But I remember in 1933 on the night of March 18—I say this with my friend from Alabama (Mr. ALLEN) sitting here at my left—I remember President Franklin Roosevelt sitting at his desk on the second floor of the White House. There were those of us, young Members of Congress, who had come to Washington at the same time as our President was elected. We came here as doubters who were prone to say, "We cannot do this; we cannot do that."

I can almost see the white in the knuckles of his hands as he pounded his desk and said, "But, gentlemen, do you realize we must act now?"

And we acted. We acted across a broad front. I do not need to enumerate what was done, but we turned this country around.

As I look back I am saddened by what I have seen through the years since then. I speak not as a Democrat nor as a partisan when I bring this to the attention of the Senate here today.

I doubt if any Member of this body has really read and understood what Franklin Roosevelt said in 1939 about the problems of energy. I want the record to reflect these words, which he spoke then:

> Our energy resources are not inexhaustible, yet we are permitting waste in their use and production. . . . It is difficult in the long run to envision a national coal policy, or a national petroleum policy, or a national water power policy without also, in time, a national policy directed toward all of these energy producers—that is, a national energy resources policy.

I doubt that there is anyone else in Congress who remembers those words. I remember them. Over and over again I have repeated them. I have repeated them in this body, in public addresses, and when opportunity occurred, with a typewriter as well.

I do not become excited this afternoon about this matter. Rather I am intensely concerned, because I see here a seeming deterioration within our country of the ability of the Congress, the ability of the administration, the ability of the Government itself to cope with the problems facing our Nation, which are so great that to a real degree our institutions and the people of our country are in danger.

I have said on this floor and I repeat again, crisis after crisis men have raised up in this Nation who could meet such crisis; I would say to the Senator from Oklahoma and the Senator from Alabama. It would be a subject for another occasion if I were to tell how George Washington met the shortage he faced in December of 1776. His men could not even stand before him and answer a muster call. So he called on the Continental Congress for 261 pairs of pants. Laughable? You smile. But that was what he was faced with, that number of men could not face their officers and answer the muster call for lack of pants.

In the diary of one of his closest friends, General Mercer, talking about the staff hospital problems in 1776, at Valley Forge said—

> We have no medicine. We have no food. We have not a bandage fit to be used. We have three blankets.

Three blankets that was all.

Why do I tell that story? It is only to indicate that when we had situations like that people raised up within this Republic, as it began to be formed, who were ready to act.

In the days of Abraham Lincoln—regardless of the existence of the War Between the States and the issues concerned—he said,

> The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country.

Why do I talk of Washington and Lincoln and Roosevelt?

It is only to note without any partisanship whatsoever that today we have a multiplicity of timid steps. We have no all-out frontal effort in this matter, which should be the concern of all of the American people. Some of them, I am afraid, do not understand the real urgencies of the matters of which I speak.

I talk this way because over and over again we come back, and we come back again to this subject matter. Then we quibble—and I use the word without any connotation which is meant to be improper—about something within the bill that just does not seem to suit us.

Another year has passed while the hard choices required for the adoption of a national energy policy have been delayed or at least postponed again.

Despite the dramatic consequences of last winter's oil embargo, when the United States was more than 85 percent energy self-sufficient, oil imports continue to increase while domestic production declines. Oil imports are up 15 percent over last year despite a threefold increase in price.

Although voluntary energy conservation initiatives and increased energy costs have reduced petroleum consumption by some 5 percent, the need exists for a national "energy conservation crusade." I advocated this need during the Economic Summit Conference in October.

Meanwhile world oil prices—up 500 percent over 1971—continue the upward inflationary pressures on our economy and those of the world communities. The assets of the oil producing and oil consuming countries alike are being eroded away.

The world's major oil-exporting states are accumulating capital reserves unprecedented in world history—approaching $170 billion by the end of next year. Indeed our economies are interdependent even should we be successful in achieving any substanital degree of energy self-sufficiency.

Clearly the energy crisis is a matter of price and its consequences rather than the quantity of oil available. The solutions will require, first, major energy conservation initiatives by the American consumer; second, the reduction of oil imports; third, the promotion of domestic energy supplies; and fourth, the establishment of Federal and State programs to equitably distribute the inevitable energy shortages that will be experienced for the forseeable future.

The United States is faced with a deepening energy crisis. Future energy shortages threaten Government and industry programs to expand energy supplies which are being delayed and even canceled in the face of inflation and *high interest* rates as well as a general deterioration in our economy. Extraordinary steps will be needed if we are to assure that the likelihoods of millions of citizens will not be unreasonably disrupted by the resultant shortages.

The recent Project Independence report analyzes the perils of the United States present heavy reliance on oil imports. The report also outlines the tough choices that must be resolved by the American people. In the months ahead the Congress will review these choices.

Already it is clear our actions must go beyond the voluntary energy conservation measures that are being advocated by the administration. Tougher measures are going to be required. As consumers all of us must be prepared to accept sacrifices if the problem is to be solved. Present imports of oil at inflated prices are beginning to sap our economic strength and drain our monetary reserves.

Certainly the executive branch must have the tools to cope with another energy emergency as well as to stimulate new domestic energy supplies. These authorities were contained in S. 3267, the Standby Energy Emergency Authorities Act, which was debated in this body on May 8 and 13, 1974. That measure was carefully developed over several months to reflect experience gained during last winter's OPEC oil embargo.

For a variety of reasons, Mr. President, including opposition by the then Nixon administration, Senate action on this measure was discontinued last spring. The bill, S. 3267, was complex in nature and its ramifications were widespread. At the time the legislation was responsive to the current energy problems.

Today, Mr. President, I join Senator Henry M. Jackson on an amendment in the nature of a substitute for S. 3267. Amendment No. 2006, the Standby Energy Authorities Act. This measure grants the Administrator of the Federal Energy Administration with discretionary authority to implement mandatory energy conservation programs in order to restrain the U.S. consumption of energy—principally oil consumption from foreign sources.

The amendment also provides contingency planning authority for end-use rationing. This provision is to be employed only when the President determines that an energy shortage exists. The Congress also retains the right to veto within 15 days any proposals by the administration to exercise either the energy conservation or the end-use rationing authorities.

As envisioned, mandatory energy conservation measures would be employed as the first step toward greater energy self-sufficiency. End-use rationing would be instituted only as a last resort, but even then on an equitable basis.

Mr. President, the States have moved ahead and will continue to exercise a major role in our coping with our country's energy problem. In fact, the States can take major credit for keeping the petroleum allocation program afloat during last winter's severe shortages, often filling the vacuum, while the Federal regional program was being organized, and backstopping delayed Federal decisionmaking.

In recognition of the vital functions to be served by State programs, the Congress in establishing the Federal Energy Administration directed in section 20 that special attention be given to the role of State government.

Further recognition of the need for strong State leadership is provided in this amendment to S. 3267, the Standby Energy Authorities Act, which is pending on the Senate's calendar. Provision is made for State energy program and implementation grants and with respect to energy conservation, for State and local exemption from Federal programs, where strong programs exist.

The States must assume major responsibility for striking a balance between the goals of environmental protection and resource development. In reality we are involved in two crises, one involving energy and the other current environmental policies.

The success of a national energy policy will be due largely to the ability of State government to develop regional energy policies. Their ability to take the energy crisis in hand, and match suppliers and users is essential.

It is not enough to speak of national energy self-sufficiency. To the extent practicable, we also must concern ourselves with regional independence.

These provisions do not address the longer term energy supply problems facing our country; these programs are concerned only for equitable distribution of energy shortages.

In recognition of the need to increase domestic energy supplies the amendment contains two major provisions: first, section 106 of the bill authorizes the Federal Energy Administrator to undertake various actions to increase domestic petroleum supplies; and, second, the measure authorizes the FEA Administrator to preferentially allocate limited supplies of materials and equipment to energy production.

This authority—section 106—is intended to provide increased domestic supplies of petroleum over the short term while long-term alternatives are being pursued. Four principal actions are available to the FEA Administrator: First, to require existing oil fields in the private domain to operate at their maximum efficient rates of production; second, to require production in excess of maximum efficient rates from oil fields on lands in which there is a Federal interest; third, to require the consolidation of unitization of individual companies' production from the same oil and gas fields, when on Federal lands, where necessary to meet national security and defense needs; and fourth, to adjust the product mix in domestic refinery operations, in accordance with national needs and priorities.

Looking to the longer term it is necessary that the pending amendment also assure that the exploration for and production of new domestic petroleum supplies is not constrained from a lack of availability of equipment and materials. Thus the Federal Energy Administrator is authorized in section 105 to assure the availability of such supplies for this purpose during periods of equipment or materials shortages. This provision will provide industry with access to the mining equipment and supplies necessary to expand coal production as well as the tubular goods and drilling rigs required for the exploration and development of new domestic oil and gas supplies.

Mr. President, this amendment contains authority in title II for the President to formulate a plan and establish the mechanisms to control and reduce oil imports. This program is supplemented by provisions in title III for the examination and creation of a national strategic reserve system for electric utilities, for industry, and for our country as a whole.

I am aware, Mr. President, that there is some confusion and uncertanty about the extent and possible duration of the energy crisis. However, there is little doubt that an energy crisis does exist and will persist. The fact that these shortages will continue requires that we enact legislation to enable equitable distribution of the available supplies to accommodate regional as well as national needs.

This amendment provides the necessary back-up authorities to cope with anticipated shortages and is so titled the Standby Energy Authorities Act. It provides the mechanisms to accommodate our economy and our way of life to energy shortages in an equitable manner, with minimum disruption to our economy. The provisions are based on experience gained last winter during the embargo.

Senator Bartlett has directed very plausible arguments to delay the action on this measure: the measure Senator Jackson and others of the Senate, including myself, have cosponsored. However, further delay would be to ignore the need for the United States to move now and then develop the means to cope with our long-term energy crisis.

I think that the gentleman from Oklahoma can agree with me on this, that there is a necessity for an interim authority to cope with immediately, short-term energy supply interruptions. There is general language in this bill which would provide necessary standby authority.

Now, Mr. President, I am satisfied that this measure achieves that purpose in a very practical way and I would hope for its early enactment.

I supported similar legislation a year

ago, and I understand that Members can disagree.

In conclusion, Mr. President, it is my understanding, and I am only partially informed that the President of the United States, tonight, is expected to address himself to our country's energy problems.

I am not sure that that is to take place, but as I close I want the debate to reflect that the President must realize that decisions on this matter must not be delayed or postponed.

We must come to grips with it in one form or another; hopefully with the cooperation of the administration and the support of the American people.

Mr. BARTLETT. Mr. President, I say to the distinguished Senator from West Virginia that I am very sorry our colleagues did not hear his remarks, particularly when he was reciting some of the leaders of this Nation and the tremendous challenges which they met, they met with action in a very forthright manner.

I am reminded of another problem which faces this country and the world and that is the matter of food shortages. I am so pleased, I would say to my distinguished friend from West Virginia, that this Nation is now gearing up to make every effort to maximize its efforts to provide food, as well as to encourage other nations to do likewise, to provide food for themselves as well as to exchange information so that the existing amounts of food that exist around the world can be better utilized than they have been in the past for emergency use.

But in looking at that problem, which of course the distinguished Senator from West Virginia knows very well requires energy to maximize, I am concerned about approaching this problem and fighting it with only one arm, and that is just cutting back.

I am concerned about this approach with the international cooperation agreement that we have with our friends in Europe, that if we only exchange shortages and have the ability to work on the demand side of the equation, we are not going to be able to face up to the problem directly.

This Congress must tell the people of this country that we are going to provide the sufficient amounts of energy to meet the needs, we are going to cut back on expensive imports, but that we are not going to approach it with one arm behind the back and we are not going to play just into the hands of the Arab countries and other nations and make ourselves more vulnerable to them than we already have.

We are going to bite the bullet. We are going to make every effort to be as strong a nation as we have been in the past, and to provide sufficient energy for this country to employ its people, to guarantee its safety, and to have a high standard of living.

Mr. President, I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—H.R. 14449

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a time limitation on the bill, H.R. 14449—an act to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs—of 1 hour to be equally divided between the assistant majority leader and the distinguished Republican leader or their designees; that there be a time limitation on any amendment thereto of 30 minutes; that there be a time limitation on any debatable motion or appeal in relation thereto of 10 minutes, and that the agreement be in the usual form.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The text of the unanimous-consent agreement is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, during the consideration of H.R. 14449 (Order No. 1225), an act to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs, debate on any amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and debate on any debatable motion or appeal shall be limited to 10 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided, further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from West Virginia (Mr. Robert C. Byrd) and the Senator from Michigan (Mr. Griffin) or their designees: *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

Ordered further, That the vote on final passage of the bill shall occur at 10:30 a.m., Friday, December 13, 1974.

TIME LIMITATION AGREEMENT—S. 1988

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a time limitation on S. 1988—a bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes—of 1 hour, the time to be equally divided between Mr. MAGNUSON and Mr. STEVENS; that there be a time limitation on any amendment of 1 hour; a time limitation on any amendment to an amendment of 30 minutes; a time limitation on any debatable motion or appeal of 10 minutes; and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the unanimous-consent agreement is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, on Wednesday, December 11, 1974, during the consideration of S. 1988 (Order No. 1233), a bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes, debate on any amendment in the first degree shall be limited to 1 hour, to be equally divided and controlled by the mover of such and the manager of the bill, debate on any amendment in the second degree shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the author of the amendment in the first degree, and that debate on any debatable motion or appeal shall be limited to 10 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled by the Senator from Washington (Mr. Magnuson) and the Senator from Alaska (Mr. Stevens): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

Ordered further, That no rollcall votes on this bill occur before 3:30 p.m., Wednesday, December 11, 1974.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, after the leaders or their designees have been recognized under the standing order tomorrow, the Senate proceed to the consideration of S. 1988, and if there be any rollcall votes ordered on amendments to S. 1988 or on final passage thereof, that such votes not occur until the hour of 3:30 p.m., at which time the votes then occur on the amendments in sequence as they are called up before the Senate, and the vote on final passage to occur immediately after the vote on such amendments.

Be it provided further that upon the conclusion of debate on S. 1988, the Senate proceed to the consideration of H.R.

14449, the so-called OEO bill; that a vote on final passage of that bill, if a rollcall vote is ordered, not occur until the hour of 10:30 a.m. on Friday; and, provided further, that votes on amendments to the OEO bill may occur tomorrow at the time of the expiration of any such debate on amendments, and that paragraph 3 of rule XII be waived.

Provided further, that at no later than the hour of 1:30 p.m. tomorrow the Senate resume consideration of the amendment—I believe it is No. 17—the amendment in disagreement, in the conference report on the supplemental appropriations bill and, more specifically, the amendment by Mr. HELMS to the amendmend by Mr. SCOTT and Mr. MANSFIELD; and that the debate ensue for 2 hours.

Following the votes, if there be such, on the amendments to S. 1988 and the final passage of S. 1988—immediately following those votes—a vote will occur on a motion which will be made by the distinguished Senator from Alabama (Mr. ALLEN) to table the amendment by Mr. SCOTT, which motion, if it carries, would carry with it not only the amendment by Mr. SCOTT but also the amendment by Mr. HELMS; that if that tabling motion by Mr. ALLEN fails, there be 30 minutes for debate on the amendment by Mr. HELMS, to be divided between Mr. HELMS and the distinguished Republican leader, and that a rollcall vote then occur on that amendment; provided further, that if the vote on the Helms amendment fails, there be 30 minutes of debate on an amendment to the Scott amendment to be offered by Mr. BEALL, and that at the conclusion of that 30 minutes a vote occur on the Beall amendment.

Now, I believe I have covered everything.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. My senior colleague has been most patient.

Mr. HUGH SCOTT. Will the Senator yield briefly and will the Senator indulge me briefly to clarify something?

Mr. ROBERT C. BYRD. Yes.

Mr. HUGH SCOTT. Does the distinguished acting majority leader have a program for Saturday?

PROGRAM FOR SATURDAY, DECEMBER 14, 1974

TIME LIMITATION AGREEMENT—NOMINATION OF MELVIN A. CONANT TO BE AN ASSISTANT ADMINISTRATOR OF FEA

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, as in executive session, that there be a 1-hour time limitation on the nomination of Mr. Melvin A. Conant of New York to be an assistant administrator of the Federal Energy Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask unanimous consent that the time on that nomination be equally divided between the assistant majority leader and the distinguished Republican leader or their designees; and I ask further, as in executive session, that on Saturday morning immediately after the leaders or their designees have been recognized under the standing order the Senate go into executive session for the consideration of the nomination of Mr. Melvin A. Conant.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUGH SCOTT. One hour of debate.

Mr. ROBERT C. BYRD. Yes, I thank the Chair.

Now, responding to the distinguished Republican leader, this means that on Saturday the Senate will convene at 9 a.m. After the leaders or their designees have been recognized under the standing order, there will be an hour of debate on the nomination of Mr. Conant. There will be a rollcall vote on that nomination. I have been asked by Mr. METZENBAUM and others to assure them that there would be a rollcall vote on that nomination. So this means there will be a rollcall vote somewhere around 10 o'clock or 10:15 a.m. on Saturday on that nomination.

Mr. President, I ask unanimous consent that upon the disposition of the nomination of Mr. Conant, the Senate resume consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Now, I would say further to the distinguished Republican leader that the way things are shaping up I think there will be other votes on Saturday.

It would appear at this time that the military construction appropriation bill will probably come along about that time. There is a strip mining conference report which will be coming over from the House. There is the public service employment legislation which I hope can be disposed of before Saturday. There is the unemployment compensation extension which will come along any day.

In short, I would say that we will have a pretty full platter on Saturday. We already have assurance of at least one rollcall vote on Saturday.

Mr. HUGH SCOTT. So that as I understand the distinguished acting majority leader, there is no certainty as to the length of the session, there will be a number of matters considered, which he has mentioned, and possibly other matters and, therefore, the attendance of Senators is expected.

Mr. ROBERT C. BYRD. Yes, and I am indebted to the distinguished Republican leader for raising the question at this time because with only 1 week to go, following this week, and with the number of conference reports and controversial bills and with the trade bill backing up all of these things, it is absolutely necessary that the Senate meet this Saturday. Hopefully by its meeting this Saturday and meeting early and late on all of the other days excluding Sunday, between today and the following Saturday—hopefully, again I say—the Senate may be able to complete its work by the close of business Friday the 20th—hopefully, I repeat.

Mr. HUGH SCOTT. I would hope so, but there are difficulties we all must understand, at times we are requested to postpone matters because of the schedules of various Senators, and I hope the Senators will arrange their schedules from now to adjournment so that they will not feel compelled to ask that the business of the Senate stop dead for the convenience of any individual, much as we would like to accommodate them.

Mr. ROBERT C. BYRD. I share that hope, may I say.

In the whip notices, I am alerting Senators on this side of the aisle to the fact that there will be rollcall votes daily, that "holds" on bills and nominations can no longer be honored, and that the leadership is hoping for the understanding and cooperation of all Senators in the effort to complete our workload, which is rather heavy as yet, by no later than the close of business next Friday, a week, December 20.

I would also like to echo what the distinguished Republican leader has said, to wit, that it puts the leadership on both sides of the aisle in a very difficult position at this stage for any Senator to ask that the work of the Senate be held up in order that his own convenience might be accommodated.

Mr. HUGH SCOTT. Well, I thank the distinguished acting majority leader.

VOTE ON MOTION TO INVOKE CLOTURE TOMORROW VITIATED

Mr. ROBERT C. BYRD. I ask unanimous consent that the vote on the motion to invoke cloture tomorrow be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR THE SECRETARY OF THE SENATE, THE PRESIDENT PRO TEMPORE, OR THE ACTING PRESIDENT PRO TEMPORE TO TAKE CERTAIN ACTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to receive messages from the House of Representatives during the adjournment over until tomorrow, and that the President pro tempore and the Acting President pro tempore be authorized to sign duly enrolled bills and joint resolutions during such adjournment.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be permitted to meet during the session of the Senate tomorrow, December 11, for the purpose of taking testimony on rules and regulations for the administration of the Johnson-O'Malley program, and along with the Joint Committee on Atomic Energy be authorized to meet for a joint hearing on the nomination of Dr. Robert Seamans. Further, that the Government Operations Committee have permission to meet tomorrow, December 11, to conduct a hearing on a GAO report; and that the Commerce Committee have permission to meet on Wednesday, December 11. Also, that the Judiciary Committee have permission to meet on Thursday, December 12 to consider nominations on Federal judgeships which were announced in the RECORD of December 5, and, further, that the Budget Committee have permission to meet on Wednesday, December 11, Thursday, December 12, and Friday, December 13.

I also ask unanimous consent that the Committee on Foreign Relations be authorized to meet on Thursday, December 12, on nominations and treaties, and that the Committee on Banking, Housing and Urban Affairs be permitted to meet tomorrow, December 11, on certain legislation and a nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9 a.m. tomorrow. After the two leaders or their designees have been recognized under the standing order, the Senate will proceed to the consideration of S. 1988, the so-called 200-mile limit bill. There is a time agreement on that bill. Any votes on amendments thereto, or any vote on final passage of that bill, will not occur prior to the hour of 3:30 p.m. tomorrow.

After the time for debate on the bill and amendments thereto has expired, the Senate tomorrow will proceed to the consideration of H.R. 14449, the so-called OEO bill. There is a time agreement on that bill also. Rollcall votes are expected to occur on amendments to that bill tomorrow. I should make it clear that if any rollcall votes are ordered on amendments to the OEO bill, there is no order to the effect that they will be delayed until 3:30. Rollcall votes on such amendments may occur when the time on any such amendments expires. The final vote on H.R. 14449 will not occur until the hour of 10:30 a.m. on Friday.

At no later than the hour of 1:30 p.m. tomorrow, the Senate will resume consideration of the amendment by Mr. HELMS to the amendment by Mr. HUGH SCOTT to the amendment No. 17 in disagreement, supplemental appropriations bill. At the conclusion of 2 hours of debate, to wit, 3:30, the vote will occur then on the bill S. 1988 and amendments thereto.

Immediately following those votes, which will be stacked up back to back if there be any such votes, a vote will occur on a motion by Mr. ALLEN to table the amendment by Mr. HUGH SCOTT. If that vote fails, there will be 30 minutes for debate on the amendment by Mr. HELMS, and a vote will then occur on that amendment.

If that vote fails, there will be 30 minutes on an amendment by Mr. BEALL, after which a vote will occur on the amendment by Mr. BEALL. What happens thereafter is unclear at the present moment, but suffice it to say that several rollcall votes are expected tomorrow.

ADJOURNMENT TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 9 a.m. tomorrow.

The motion was agreed to; and at 5:58 p.m., the Senate adjourned until tomorrow, Wednesday, December 11, 1974, at 9 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate December 10, 1974:

VICE PRESIDENT OF THE UNITED STATES

Pursuant to the provisions of section 2 of the 25th amendment to the Constitution of the United States, Nelson A. Rockefeller, of New York, to be the Vice President of the United States.

EXTENSIONS OF REMARKS

BLACKBIRDS ARE EVERYONE'S PROBLEM

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. JONES of Tennessee. Mr. Speaker, at the Milan Army Ammunition Plant in Milan, Tenn., several million blackbirds, virtually all starlings, are roosting for the winter once again.

At dusk the birds literally darken the sky because of their large numbers. It is needless to say that those birds constitute a genuine pestilence to the people of the area, especially the farmers, yet they are unable to protect themselves because the roosts are located on the Army's property.

Following is the lead item on the front page of the Milan Mirror of December 4, 1974.

> While the bureaucracy of environmentalists fumes in Washington, delaying any action on getting rid of the pests, millions, yes millions, of blackbirds are presently eating up tons of precious foodstuffs each day, spreading disease, and spotting automobiles.
>
> In the Terry Community, just east of Area Q at Milan Arsenal, the plague of birds is literally eating up F. M. Tidwell's 15 acres of milo.
>
> It's too muddy for him to harvest his crop; so the fat, pudgy birds are doing it for him, nonprofit of course. "If it doesn't dry up soon so I can get my combine in the field, there won't be anything left for me," he said.
>
> Mr. Tidwell has used tinfoil piepan reflectors and other devices to scare the birds away from his field, but nothing works. "They (the birds) aren't even scared of me," he said. "You can drive right up to them."
>
> Billy Allison of Atwood, reportedly is having the same trouble with a crop of winter wheat.
>
> In the Salem Community, Denton Fly said the birds ate at least 500 bushels of corn on the old Jones Farm before it could be harvested. At $3.50 per bushel, those birds become mighty expensive.
>
> Last year, hundreds of hogs died in the Milan area from intestinal disorders after birds flocks had descended on feedlots—bold enough to compete with the larger beasts—for grain.
>
> Blackbirds are everyone's problem.
>
> Besides, the disease potential to man and animal, they are cutting into the nation's food supply, greatly reducing the yield of grains—which eventually leads to higher prices on the food table.
>
> With all the current outcry of world food shortages, it seems ironic that a government would point a finger to farmers for more food production and at the same time permit a bunch of bird biddies to perpetuate an eternal flow of masses of dirty, smelly, feed-stealing, lousy fouls (Fowls) that are not helping man or animal—just the opposite. They are a detriment to the well-being of man and animal.
>
> It is time everyone became involved. Because one way or another the birds will cost you too.
>
> If they don't make you sick with some illness; if they don't cause your grocery bill to become higher; then ultimately, your car will be next.
>
> We commend the army for their efforts to thin out the pesky devils. They have the support of the local community.
>
> We pity the others who are totally ignorant of the problem, and to each of them we beseech a towsackful of birds for Christmas. (BP)"

I regret that the CONGRESSIONAL RECORD cannot reproduce the two photos which accompanied these remarks. In one is shown a typical ear of corn from a nearby farm. At least 75 percent of the kernels have been eaten by the birds. The owner estimates his losses to the birds this year at 500 bushels of corn.

The other photo shows a milo field which can hardly be seen because of the blur of blackbirds. This 15-acre milo field will probably be lost entirely to the birds because the weather has delayed harvesting.

Mr. Speaker, I submit that the most overlooked species in the environment of the Milan, Tenn., area is man. To protect the pestilence at the expense of man is not only foolish, but costly and hazardous as well. I cannot understand how groups located thousands of miles away should be permitted to block the Army's attempt to protect the people in the vicinity.

BURNS' BAD ADVICE

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. WHITEHURST. Mr. Speaker, the Virginia Observer, a weekly publication in the Second Congressional District, is a crusading newspaper that can claim a number of successes. Its editorial column frequently examines problems of local and national scope confronting the American taxpayer. The editor, Gordon Dillon, has taken to task the Chairman of the Federal Reserve System, Dr. Arthur Burns, in the issue of December 6, 1974. I insert the editorial at this point in the RECORD.

BURNS' BAD ADVICE

Dr. Arthur Burns—chairman of the Federal Reserve System, in his message to Congress last week, offered incredibly ignorant advice—which, if heeded, will certainly bring disaster to the nation.

Every reader of this newspaper is directly involved in Burn's blast of stupidity—and each person could face economic chaos.

Basically, Burns wants a prohibitive tax placed on gasoline to decrease consumption and oil imports. Said the supposed crudite economist, unless the tax . . . or equally stringent measures are taken, "we will be unable to persuade others (in the world) to do their part."

Burns admitted that if followed, his advice would injure more the already depressed auto industry, would further wreck the tourist and homebuilding industry.

The auto industry is the economic backbone of the country—it produces jobs in the steel, plastics and rubber industries. Without autos as the mode of transportation—homebuilding stops and when that ceases, so does commercial construction.

Translated, Burns' shallow, dumb, crass remarks means depression . . . . for most, but not all.

It means bankruptcy for auto dealers, loss of jobs for mechanics, reduced profits for automakers.

But strangely, Exxon will continue to make higher profits. He talks about changing our life styles, but not his.

Before his latest plan for salvation, Dr. Burns was hell-bent that all we needed to do to stop inflation was for the Federal Reserve to raise the interest rates to stop the flow of funds into the economy.

We doubt that Dr. Burns is really sincere or indeed, intelligent.

For as everyone knows, the auto engine, since its inception, has been terribly inefficient. It burns only 20 to 30 per cent of the gas it consumes with 70 per cent going out the exhaust unignited. The auto industry has advanced in every other way since the Model-T automatic transmissions, shock absorbers, comfort, brakes, lights, etc. But not its engine. So the concentration should be on making a more efficient engine. And it can be done.

The U.S. Army has made a major scientific breakthrough in producing methanol (wood alcohol) from any fibrous material such as wood, leaves, garbage and waste paper—at a cost of 20 cents per gallon. Race cars run on methanol—and so could an adaptable new engine.

At the end of WW II, running short of gas, the Germans mixed methanol with gas for their fighters. Last week, the Massachusetts Institute of Technology picked up the 30 year German experiment and found that 30 per cent alcohol mixture with gas gave a car more mileage with 13 per cent less fuel consumption, and less pollution—for unlike gas, alcohol does not produce carbon monoxide.

Aviation experts found that jet engines were also wasting most of their fuel—and then devised the "after-burner" to ignite the waste—thus producing more power with less fuel.

Last week, the LaForce brothers, using the after-burner theory, showed a standard car they had adapted to recycle the unburned gas back into the engine to be re-ignited.

The result was their adapted car got 31 miles per gallon—while a sister standard model got only 18 miles per gallon.

The LaForce's got a 70 per cent increase in productivity and estimate their method can be perfected to 100 MPG. Combined with methanol—the efficiency can be further increased.

By receiving 100 per cent fuel efficiency, this means the United States can immediately cut off all Arab and most other foreign oil supply sources. And with the Alaskan and coastal fields—we could prosper far into the future, and supply Europe as well. American ingenuity should be paraded before the world—and let them save on energy.

But instead of developing our potential, instead of using our proven inventions to increase productivity with renewable resources like trees, garbage and leaves, and to prevent a drain on natural underground resources. Dr. Burns wants a 1974 "Dark Age" of ignorance and misery for the masses—and riches for the few very select super-rich.

Ask yourself, what do you want—more taxes, more austerity, a depression? Or a better society based on efficiency and productivity?

The average American knows what the answer is. Our only question is why Dr. Burns does not feel the same way.

H.R. 17084 AND H.R. 17085

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. RHODES. Mr. Speaker, H.R. 17084 and H.R. 17085 are scheduled for consideration today. Earlier I received a letter from Secretary Weinberger regarding these two pieces of legislation and would like to insert it in the RECORD for the benefit of my colleagues. The text of the letters and accompanying materials follow:

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., December 2, 1974.

Hon. JOHN J. RHODES,
Minority Leader, House of Representatives, Washington, D.C.

DEAR JOHN: I am writing in connection with H.R. 17084 and H.R. 17085, which deal with health manpower and nurse training respectively. We understand that the House is scheduled to consider these bills on Tuesday, December 3, under suspension of the rules.

With regard to H.R. 17084, I would first like to emphasize our concern about authorization levels. We recognize that H.R. 17084 authorizes amounts lower than the ones originally considered by the Subcommittee on Public Health and Environment. While this is helpful, given the vigorous efforts which must be made to scale down Federal spending, authorizations levels in this bill are simply too high and should be reduced. Attached is a table which sets forth the President's 1975 Budget, the amounts proposed to be authorized by H.R. 17084, and the amounts in the Senate-passed bill, S. 3585. We urge the House to reduce authorizations to levels contained in the 1975 Budget.

In terms of program implications, the bill reflects the concept of continued reliance upon capitation grant subsidies as a major means of financing health manpower education. H.R. 17084 as modified by the full Commerce Committee does, it is true, somewhat decrease capitation in the third year. This again is a step which is useful, but which does not go far enough. Moreover, the bill would extend capitation grants to a new category—schools of public health—and continue capitation for pharmacy schools which we believe to be inappropriate as it is prebaccaulaureate training. Additionally, a new program of categorical grants to subsidize graduate programs in the field of health care administration would be authorized. At a time when it is critically necessary to constrain Federal spending and when programs are being tightly controlled, we must guard against expanding Federal commitments to such marginal activities. In this same vein, we also are strongly opposed to including the continued authorization for teaching facility construction.

The proposed system for control over the number of residency training positions is unacceptable. We feel that there is little basis for initiating this far reaching regulatory mechanism at this time. We feel that the distributional and other problems to which these provisions are addressed are not sufficiently understood and that it would be unwise to impose such limitations until their potential impact could be assessed and considered. Finally, the substantial restrictions on the Department's ability to administer our health manpower programs on a decentralized basis are most bothersome.

With regard to H.R. 17085, the nurse training bill, we have continually objected to separate legislation for nurse training and a categorical program of subsidies to this undergraduate field. This bill not only continues separate capitation and special project support for nursing education, its total authorizations of $142 million exceed the President's 1975 Budget by $96.8 million. Continued capitation subsidies to encourage further expansion of nursing schools is certain to produce wide spread unemployment of nurses. We must, therefore, oppose H.R. 17085 for its objectionable programmatic and budgetary features.

The Administration certainly hopes to work out a viable health manpower bill before adjournment. But I must say that, given the problems with authorizations and program direction which I have mentioned, I do not now believe it likely that we could recommend Presidential approval of either H.R. 17084 or H.R. 17085.

Sincerely,

CASPAR WEINBERGER,
Secretary.

HEALTH MANPOWER

	Amended 1975 budget	House bill—H.R. 17084	Senate bill
Construction: Grants and interest subsidies	[1] (1,000,000)	$27,000,000 (75) 28,000,000 (76) 28,000,000 (77)	$26,000,000 (75) 27,000,000 (76) 28,000,000 (77)
Institutional assistance: Includes capitation, start up and conversion, financial distress	133,817,000	239,700,000 (75) 248,800,000 (76) 249,700,000 (77)	253,700,000 (75) 266,150,000 (76) 278,700,000 (77)
Student assistance: Loans, scholarships, loan repayments, physician shortage area scholarships, and NHSC	53,600,000	110,000,000 (76) 150,000,000 (77)	110,000,000 (75) 135,000,000 (76) 160,000,000 (77)
Special projects: Special projects under institutional assistance, teacher training, family practice of medicine, educational assistance grants and contracts, dental health, and computer technology.	115,578,000	[2] 159,250,000 (75) [2] 170,500,000 (76) [2] 182,000,000 (77)	[3] 198,000,000 (75) [3,4] 241,500,000 (76) [3,4] 251,000,000 (77)
NHSC (operations)	9,255,000	25,000,000 (75) 36,000,000 (76) 45,000,000 (77)	20,000,000 (75) 35,000,000 (76) 50,000,000 (77)
Public Health (secs. 306 and 309)			
Allied Health (pt. G, title VII)			
Total	302,995,000	[5] 375,950,000 (75) 511,000,000 (76) 573,500,000 (77)	607,700,000 (75) 704,600,000 (76) 767,700,000 (77)

NURSING

	Amended 1975 budget	House bill—H.R. 17084	Senate bill
Construction: Grants and interest subsidies	[1] ($1,000,000)	$27,000,000 (75) 28,000,000 (76) 29,000,000 (77)	$49,000,000 (75) 49,000,000 (76) 49,000,000 (77)
Institutional assistance: Includes capitation, start up, financial distress	0	[6] 50,000,000 (75) [6] 55,000,000 (76) [6] 60,000,000 (77)	[7] 132,800,000 (75) [7] 140,700,000 (76) [7] 147,500,000 (77)
Student assistance: Includes loans, scholarships, traineeships, loan repayments	25,600,000	[8] 52,000,000 (75) [8] 60,000,000 (76) [8] 70,000,000 (77)	[9] 59,000,000 (75) [9] 64,000,000 (76) [9] 74,000,000 (77)
Special projects: Includes special projects, under institutional assistance	12,605,000	20,000,000 (75) 25,000,000 (76) 30,000,0000 (77)	[10] 41,500,000
Total	45,205,000	142,000,000 (75) 163,000,000 (76) 184,000,000 (77)	282,300,000 (75) [3] 253,700,000 (76) [3] 270,500,000 (77)

[1] Interest subsidies.

[2] Includes project grants, public health traineeships, AHEC, family medicine, etc.

[3] Special projects not specified.

[4] Plus such sums for AHEC; includes all special projects, assistance for specialized training, allied health, etc.

[5] Exclusive of $100,000,000 in Public Law 93-385.

[6] Capitation and financial distress.

[7] Capitation.

[8] Advance nurse training, student loans, traineeships, nurse practitioners.

[9] Student loans and traineeships.

[10] Includes full utilization of talent.

KEEPING THE GOOSE ALIVE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. MICHEL. Mr. Speaker, in a recent speech before the Agricultural Relations Council in Chicago, Harold B. Steele, president of the Illinois Farm Bureau, described some positive results and observations coming out of the World Food Conference in Rome, November 5 to 17.

I commend this speech to the careful consideration of my colleagues and all other Americans concerned over the proper role of the United States in today's world food crisis:

KEEPING THE GOOSE ALIVE

(Remarks by Harold B. Steele)

The theme you have chosen for your program today is an interesting one—in many respects. "How To Survive in '75". It certainly captures the spirit of the times. Unfortunately, the spirit that marks the times we are currently experiencing, is one of the major problems that we face.

"How to Survive in '75". To the generation that has no recollection of the rationing and shortages and the determination of World War II; to the two generations that know the Depression Years of the 1930's only as a time that old folks talk about; the challenges, the shortages and the economic disciplines that confront us today, may well raise a question of survival. We can survive in '75—and a good many years beyond. The times of today are not as easy as those we knew a few years ago—nor as easy as we would like them to be. But there have been worse times, too. And there are millions of Americans who have withstood seasons far more desperate than this one, and who have the faith that the American system and the American people have the stamina and ability not only to survive, but to prosper.

But if we are to ride out the current storm successfully and prevent serious permanent damage to our economy, and our way of life, we have to take a clear and rational look at the dangers that face us. We must insist on finding solutions rather than settling for a patchwork of stopgap measures that only prolong and intensify the problems.

Determination and self-discipline in the face of adversity—nowadays we call it "biting the bullet"—can develop toughness and stamina that can come no other way. This is true of athletes; it is true of fighting men; and it is true of nations. On the other hand, despair and panic can turn even the slightest setback into a disaster.

In terms of food production in the United States, and in terms of maintaining a sound agricultural economy as the foundation for a sound, growing America, our survival need not be in doubt. It is even reasonable to assume that America will continue to feed itself just as well as—if not better than—it has become accustomed to in the past few years. In addition, we can send increasing quantities of our farm products into world trade. There is no reason why we cannot accomplish all this and still be able to contribute generously and meaningfully of our production and our technology to a successful program to curb hunger in needy nations throughout the world. All this is not only possible, it is altogether likely, unless—through a series of desperate, irrational reactions to our fear of failure—we manage to snatch defeat from the jaws of victory in the war against world hunger.

I know of no success story anywhere in the world that can match the recent history of American agriculture. We are blessed with the soil and the climate that makes production miracles possible—but that is just the beginning. It has been through the political and economic climate of the United States and through the response of American farmers to the economic and technological opportunities that our nation has fostered, that our agricultural success has been achieved. Like the goose in the fairy tale that laid the golden eggs, American agriculture has developed efficiencies and capabilities that have given strength to our nation and hope to a hungry world.

But there are voices—crying enviously from poor and struggling countries; shouting derisively from nations who have refused to provide their farmers the opportunity to prosper; and there are even frightened voices scattered within our own country—who say the goose should be killed. They are urging that the economic system which produced the greatest agricultural industry the world has ever known should be destroyed. They want to bind American agriculture in a web of controls and stockpiles and political management. They believe that such a drastic effort would result in greater immediate supplies of grain for starving people; and no thought is given to the long-term damage to the world food supply that would result if agriculture in America, as we know it today, were taken out of the picture. What is more, the emotional clamoring of these people ignores the fact that even in the short run, their plan won't work. One of the most frustrating aspects of world hunger as it occurs in India, Africa, and Bangladesh today is that even if sufficient food were available at the dock, there is no practical means to move it to the areas of greatest need. And even if there were, some of the governments who cry the loudest for food handouts have shown an amazing inclination to allow graft and mismanagement to tragically dilute whatever efforts have been made.

Killing the goose is not the answer; not now, and certainly not for the future.

I am not trying to downgrade the problem. This very day as we prepare to conclude a discussion of food and famine and sit down to a meal of meat and salad and vegetables and dessert, people are dying of hunger. Perhaps even more tragic is the fact that millions of children who will not die have suffered irreversible mental and physical damage from malnutrition. Current population trends project greater problems with every passing year. Sometime in the next few months the population of the World will reach four billion people. Think of it! Of all the babies that have ever been born in the history of the world, half or more of them are alive today—needing to be fed. And if current projections hold true, before today's college graduate reaches retirement age, the population of the world will double.

We have passed the place where the world can look to the abundance of the United States, Canada, and Australia to feed it. We are rapidly approaching the point that modern farming as we know it in Illinois—even if practiced world-wide and extended into arid lands with irrigation—could not long keep pace with unchecked population growth.

This frustrating puzzle of food and starvation—of compassion and politics—was the focal point of the World Food Conference last month in Rome. It would be easy to spend the rest of our time together today reminiscing bitterly about some discouraging and irritating aspects of that gathering. Certainly there was much emotional and political rhetoric. There were many in Rome who would prefer to make one quick meal of the goose that lays the golden eggs and ignore the implications for the future.

But American agriculture had its defenders, too; and there were people from needy areas of the world who are well aware of the need to seek rational solutions, based on sound economics, and who were ready to accept a share of the responsibility and the effort. Despite the headlines that emphasized the wrangling and rhetoric, there was much in the Rome conference to view with optimism. Let me mention a few examples:

First of all, I was proud of the official American delegation. Despite pressures from other nations, from world-wide anti-hunger groups, and even from many of our own politicians who came pouring in after the election, Secretary Butz and his delegation stood firm. They had done their homework thoroughly and carefully, they had the facts and they had the courage to demand that the rest of the world begin to pick up a part of the burden. They offered the kind of help that can bring long-term solutions—technical assistance, agricultural know-how—rather than continually increasing handouts which only lead to dependence and dissatisfaction.

I was also encouraged by the attitude of some of the developing nations who have the greatest need for greater supplies of food in the years ahead. I particularly remember the attitude of the Sudanese delegation. They readily accepted the responsibility to provide food for the citizens of their country. They admitted that their food production was primitive and unable to cope with current and future demands. They recognized the need for more than food. They asked for help in improving their transportation and distribution. And instead of grain, the Sudanese called for fertilizer, pesticides, and herbicides—along wtih the technology and management assistance to use them properly. I must admit that the Sudanese stand out in my mind because of the contrast they presented to many of the needy nations who could only demand food with no thought of how it was to be paid for, or how it was to be replaced once it was used up. But there were other nations who showed, at least part, an understanding of the real needs of the future.

It was good to hear the Sudanese, and some others as well, speak of the need of chemicals—both pesticides and herbicides—as well as fertilizer in order to meet their future food needs. It was encouraging because I have become so accustomed, in my own country, to hear these very products condemned by noisy groups of uninformed but well-meaning people who want to outlaw them. We do have environmental responsibilities in our use of any of the elements of any industry—including agriculture. But we must never lose sight of the fact that our best and most modern tools are indispensable if we are to meet the needs of world hunger.

There was another bright spot that I want to give some special emphasis because it offers American agriculture not only encouragement but a challenge as well. I am speaking of the interest and concern of the news media and their intense desire to get to the facts and report them. This was true of American newsmen. It was also true of the reporters from news media serving many parts of the world. I found them to be not only interested but enthusiastic about listening to the story an American farmer had to tell. There was a British reporter who told me that he didn't know that American food supplies were limited. He thought the only roadblock to solving the problem of world hunger was to get the United States to release their food stocks to needy nations. Another reporter—this one from the *New York Times*, stopped to visit at some length about American agriculture and its economic structure and needs. He told me he didn't know how intricate the problem of food production and supply was. He wasn't aware of the economic pressures on farmers—of their need for management ability, for finance and credit, for a means of obtaining a return for their investment and labor.

This interest on the part of news media—and, in turn, on the part of their audiences—can be a major factor in the success of the efforts of the world to provide enough food for its people. It can play a major role in preserving the necessary strength of American agriculture—and without a strong American agriculture there is little hope of success in the war against hunger. It can be extremely valuable if we will react to it properly. We in agriculture come together to meet and discuss our problems and we can see clearly the dangers and challenges and the needs that face us. But we have not yet learned to communicate what we know to the rest of the world in an effective way.

There is a tendency on the part of agriculture to feel that because people are not constantly knocking at our door begging for information about us that they don't like us. We are concerned because we continually read and hear stories about the view and activities of the do-gooders and bleeding hearts who make the headlines with simplistic solutions to complex problems with no regard for economic consequences. I think it's time that we faced up to the fact that the people who are getting more attention from the news media, than we farmers are getting, are probably doing a better job of news media relations than we are doing.

Today, more than ever before, the attention of the world is focused on the industry that produces its food. In our own country and in nations around the world, the American farmer is getting center-stage attention. We have never had a better opportunity to get our story told, if we are willing to make it available. We must accept the responsibility to prepare our information carefully and present it clearly and in a professional manner. This is a vital job that we cannot overlook—and it is one in which every person in this room can and should play a part.

Finally, let me spend just a few moments discussing the present state of food supplies—particularly in regard to America's own stocks.

There are two points of view that are being currently voiced. On one hand, we hear that there is a serious shortage of food in the United States; that we cannot afford to feed inflation by selling any of our limited stocks abroad, and that we should protect our consumers from high prices by keeping our grain at home.

On the other hand, we are told that America is sinfully rich and greedy and that the only way we can purge ourselves of the evil of our successful agricultural industry is to downgrade our standard of living to the level of less successful nations and ship our food to needy nations—no strings attached.

I believe it is clear to most thinking observers that neither of these viewpoints is valid. But there is enough fact being used by critics on both sides, that many Americans are uneasy and anxious about the future.

The United States did not harvest as much corn and soybeans and some other crops as had earlier been hoped. This is true. It is also true that never in our history had we produced as much as the projections earlier this year indicated that we might. We did have the biggest wheat crop in our history and we have crops of corn and soybeans that are among the largest ever produced—in spite of some of the most disagreeable weather that has ever been experienced in a single growing season. Our supplies are ample for the needs of our nation and can meet the needs of our traditional customers around the world. Since demand—both here and overseas—has risen rapidly in recent years, we don't have large surpluses remaining after our cash customers have made their purchases. Even so, we have committed a major portion of our supplies to help feed the needy nations of the world . . . even more than the millions of tons of agricultural products contributed last year.

Our generosity in a time when supplies are not abundant, should put an end to the myth that we are only interested in food aid when we have surpluses. America has provided eight out of every ten bushels of grain that have been distributed as food aid in recent years—despite the fact that there are many other nations whose economies are quite capable of shouldering a much greater share of the burden than they have been willing to accept.

One thing became increasingly clear to me as I watched and listened to the deliberations of the delegates at the World Food Conference. The United States with its modern and efficient agricultural plant is the single biggest weapon in the world's war on hunger. There are some other nations—notably Canada and Australia—who can supply significant quantities of food, and a few other nations who can, occasionally, contribute certain food products to help meet world needs. But it is the United States that all countries look to—despite their criticism—as the hope of the world in the fight against hunger. But even the United States cannot feed the world's growing masses by increasing our own production and shipping our products overseas.

There is one essential commodity that America can provide to needy nations that has the promise of defeating hunger. That is management skill and technical know-how. This has been a part of our aid programs in the past; there are technical aid projects underway today; and legislation has been introduced to implement the establishment of a system in other nations similar to the land-grant college system which has contributed so greatly to the growth of agriculture in the United States.

It is this kind of assistance that can be most valuable in the long run. It places responsibility on the needy nations to contribute to their own well being. It provides the only hope of bringing worldwide food production to a level of efficiency and productivity that can cope with modern needs. Furthermore, it does not threaten the health of American agriculture—the goose whose golden eggs are so vital to the health of the American economy and the stability of the world.

HON. H. R. GROSS

HON. CARL D. PERKINS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. PERKINS. Mr. Speaker, I join today in this salute to an old friend, H. R. Gross, who insists that he is retiring.

If my colleagues infer from this some doubt on my part about his leaving us, they are entirely correct. For I, like many of you, find it difficult to believe that the opening gavel of the 94th Congress will sound without the gentleman from Iowa resolutely and immovably in place.

His biography in the "Congressional Directory" says he was born in Arispe, Iowa. Surely that is in error, for everyone knows that H. R. was born right over there on center aisle, right. To me, he seems as much a fixture in this Chamber as the Mace, itself.

Actually, H. R. and I were elected to Congress on the same day, and took the oath together on January 3, 1949. We have not always voted the same way; and, in fact, we have differed on many of the great issues which have been decided on this floor in the ensuing 26 years.

While the differences were often sharp, they were never personal. Insofar as I can determine they were left right here on the floor with the waste paper when the roll was called and the battle was over.

Those who felt it necessary to do battle with H. R. quickly learned to respect him. Those who took the trouble to know him—and that was not a hard job at all—held him in warm affection.

No one can possibly disagree with H. R. Gross on the basic building blocks which make him a towering figure in this House: Integrity, patriotism, loyalty, and a will to see that right be done.

Mr. Speaker, I have never asked H. R. what his initials stand for. I have just assumed they were for "House of Representatives."

If he seriously means to retire from Congress, this House will be the poorer for it, and the 94th and succeeding Congresses will somehow not be the same.

Whatever his intention, I suspect that in the months and years ahead when debate rages and the parliamentary seas run heavy, we shall all be casting a furtive glance over our shoulders to that spot on the aisle which H. R. Gross has so long occupied. And we will remember our friend.

Good health, happiness, peace and long life to the gentleman from Iowa.

TRIBUTE TO H. R. GROSS

SPEECH OF

HON. PHILIP M. CRANE

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. CRANE. Mr. Speaker, after a quarter of a century of service in the House of Representatives, H. R. Gross is leaving this body to return to a much deserved retirement. I am sure that I express the sentiments of many others in this House, and millions of men and women throughout the country, when I say that the country will miss him and that we wish that his decision to retire had been postponed.

A constant reminder of H. R. Gross' philosophy is a framed quotation that sits on a table in the lobby of his office. It states:

> Nothing is easier than the expenditure of public money. It does not appear to belong to anybody. The temptation is overwhelmingly to bestow it on somebody.

Next to it is a photo of a Rockwell, Iowa swimming pool with the caption:

> Constructed Without Any Federal Funds, 1967.

The efforts of H. R. Gross have made it more difficult to spend the public's money without accounting to the public for its disposition. He has acted as the conscience of the House of Representatives, an uncomfortable role at many times.

In 1967, for example, Federal pay raises for Congressmen, top Government executives, and judges were to be determined by a special commission. Based on the commission's findings, the President was to submit his own pay proposals to Congress. These recommended increases, in turn, would automatically go into effect within 30 days unless either the Senate or the House decided to veto them.

Most legislators were pleased with the situation in which they could increase their own salaries without going on record as doing it. H. R. Gross, however, put House Members on the spot when he nearly defeated the commission procedure through a rollcall vote.

Whenever a spending bill was brought to the floor of the House, it was H. R. Gross who attempted to determine exactly what the nature of the expense was to be. One Member of this body, attesting to Gross' effectiveness, declared that—

> I've attended many committee hearings when the chairman will study a bill and make sure we can answer the knotty questions Gross will ask. Many times items will be dropped before the bill hits the floor because of him.

Members of both parties and of every political approach have found H. R. Gross an invaluable Member of this House. In a 1965 story about Mr. Gross in Newsday, for example, the present Speaker of the House conceded that Mr. Gross made his life more difficult but added that he considered him "a charming person of integrity and conscience." Mr. Albert declared that—

> He has long been a symbol of economy and undoubtedly has saved many millions of dollars over the years.

In each Congress, Mr. Gross has sponsored bill number H.R. 144—the number of units in a gross—which provides for the systematic reduction of the national debt. Our best gift to him on this occasion would be the passage of this legislation, and to make a real beginning to restore our fiscal integrity.

Time magazine has called Mr. Gross "the conscience of the House." I am sure that the majority of the Members of this House agree. He has remained true to the motto of his State of Iowa:

> Our liberties we prize, our rights we will maintain.

We will miss H. R. Gross, but we hope that he will continue to counsel us and that we will carry on his crusade for honest, decent, and fiscally responsible government. We could do him no greater honor than to act upon the time-tested principles for which he has stood so firmly and effectively.

ASIAN DEVELOPMENT BANK

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. KETCHUM. Mr. Speaker, yesterday this House passed a bill, H.R. 11666, to increase American participation in the Asian Development Bank. I believe this was a bad bill, and that its passage can only cost the American people in both higher taxes and worsening inflation.

The only reason why this bill was proposed is that other nations concluded that the United States should provide more capital funding if it wishes to keep its present voting strength. I fail to see what benefits will be achieved by this, since at present both the United States and Japan have a 9-percent voting share in the Bank, and Japan receives 56 percent of the business generated by the Bank, while the United States receives but 8 percent. Nonetheless, we are asking the American people to come up with $362 million to increase the Bank's capital.

If this were not insulting enough, we are also taxing our citizens to provide $50 million in soft-window, long-term, low-interest loans, for the people of Asia. There are millions of our own citizens who cannot obtain loans for housing needs at reasonable rates, but apparently we can afford to give cutrate loans abroad. I fail to see either the logic or the justice of this fact.

We have severe economic problems here at home. The United States quite simply cannot afford to dispense millions and millions of dollars in foreign assistance and loans abroad. The Federal budget must be cut now to fight inflation. This $412 million giveaway is a perfect place to start cutting, and I regret the House did not avail itself of the opportunity to do so.

THE FUND-SHARING EPIDEMIC

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. MICHEL. Mr. Speaker, this week's National Observer carries an editorial comment that I feel ought to be required *reading for all* of us here in the Congress. The article is succinct and straight to the point, and I commend it to the attention of my colleagues:

[From the National Observer, Dec. 14, 1974]

THE FUND-SHARING EPIDEMIC COULD BE A DEADLY MALADY

(By Michael T. Malloy)

Rejoice, Americans, from Maine to California, for you have saved New York City's 35-cent subway fare. Be proud, you motorists and railroad commuters, for it will cost you a cool $250 million in little more than a year. Revel in your generosity, suburbanites, because you know darn well that it costs you more than 35 cents to get to work.

The $250 million is just an early installment of New York's share of the loot from an $11.8 billion mass-transit bill that President Ford signed last month. Gotham's delighted mayor said this will spare his constituents the indignity of paying full fare on the subway for another 13 months. He gave the President some gold-dipped subway tokens to mark this "historic occasion which ranks with revenue sharing in its importance."

It sure does. It ranks up there with the Arab oil embargo, the price of sugar, and the Vietnam War. The whole block-grant, fund-sharing epidemic that looked so good when it started is going to wreck us if it isn't stopped. Because you *won't* really pay those New Yorkers' subway fares. Nobody will, and that's a lot worse.

The theory was that local governments were too broke to pay for a lot of good things that needed doing, so the Federals would chip in from their endlessly swelling income tax. Now law-enforcement Federals chip in for local sheriffs' police cars, the artistic Federals chip in for city orchestras, the highway Federals chip in for commuter roads, and so on. The annual grants have ballooned to $43 billion from $23 billion in 1970, from only $7 billion in 1960, and the once-strapped local and state governments are now running a combined surplus of about $9 billion.

The rare curmudgeons who wonder at this outburst of Federal generosity usually raise two objections. First: Grants of 50 or 90 or 100 per cent of the cost for local projects excite local politicians to undertake schemes their voters don't really want bad enough to pay for. Second: The voters pay for them anyway through their Federal taxes.

But it's worse than that. If New York's commuters won't pay the subway fares, and the city's voters won't pay the taxes to bail them out, and New York's upstate dairy farmers won't susbidize them either, you can be pretty sure that congressmen from Maine to Hawaii won't pass the cost on to their lobstermen and pineapple pickers. They will do what Congress has always done when a popular program collides with the unpopular need to pay for it. *They will print more money.*

Think on it. Local governments couldn't afford orchestras, commuter roads, and half-fare subways because they had to pay for them. The Federals think they can afford them, because they don't have to pay. Lady bountiful, trailing clouds of debt, can just crank up the inflationary money presses and run a deficit, as the Government has in 12 of the past 13 years.

It's called debasing the currency. The sheriff gets his police car, the money presses run, and your savings become worthless. The city gets its orchestra, the money presses run, and you can't live on your pension. The highway rolls in from the suburbs, the money presses run, and you can't afford to send your kids to college.

Congress caused enough inflation when it tried to finance only the Federal establishment. Now it has thrown the money presses open to the whole asylum: governors, aldermen, sewer boards, mayors, the whole bunch. Maybe their projects are worthy. Maybe they should be spared the embarrassment of raising local taxes. Maybe Californians should pay New Yorker's subway fares. But if Congress is also unwilling to pay for these things in real money, then these projects should be dumped back in the laps of local politicians to pay for. Not because they are more responsible than Congress, but because they don't have money presses of their own.

THE 25TH AMENDMENT NEEDS AMENDING

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. FISH. Mr. Speaker, the House Judiciary Committee has completed its hearings on the confirmation of Nelson A. Rockefeller, the Vice President-designate. The hearings have been thorough and have taken time. However, the occasion itself is unprecedented.

The fact that our Nation may have both a President and Vice President neither of whom have been elected by the people at large has led many, including myself, to consider changes in the 25th amendment which would trigger a special Presidential election in lieu of the present procedures.

Mr. Speaker, on Tuesday, December 3, 1974, a thoughtful editorial appeared in the Poughkeepsie Journal, published in Poughkeepsie, N.Y., which recognizes the need for reexamination of the 25th amendment. I commend it to my colleagues:

THE HIGHEST OFFICES

The House Judiciary Committee was to begin today its last three hearing sessions on the nomination of Nelson A. Rockefeller to be Vice President. Most observers believe now that approval by both houses of Congress is a foregone conclusion.

The investigation of Rockefeller, in itself, has been history-making. Never before has a vice presidential nominee been placed under so close and extended scrutiny. Prior to the Nixon-Agnew era, in fact, a vice presidential nomination was, more or less, an afterthought at national party conventions. And the occupant of the office tended to be "out of sight, out of mind" in the daily life at the White House.

What has happened to and with the two highest offices in the land in the last two years, however, will have changed that for some time to come. The resignations of Richard M. Nixon and Spiro T. Agnew have left the country with the first President not to have been elected by popular vote, and a Vice President of similar status if Rockefeller is approved as expected.

This development has led some to question the propriety, if not the validity, of the 25th Amendment which produced the state of affairs. It is worth noting, however, what might have been without the amendment. Through the old rule of succession, House Speaker Carl Albert might be President today with no vote by the populace and without the benefit of a congressional investigation.

Neither alternative, of course, is in the best spirit of truly representative government, and an improvement might be to provide for a special election if both the presidency and vice presidency become vacant prior to, say, the half-way mark in the elected term. This would do away with an extended caretaker administration and give the voters an opportunity to decide who should fill out the term.

The country has never faced this situation before in its whole history, and it is to be hoped that it won't have to again. There is no insurance that it will not, however, and not to provide for it would be to leave future generations with the potential for the same problems we're encountering now.

AFFIRMATIVE ACTION: THE NEW RACISM IN ACADEMIA

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. CRANE. Mr. Speaker, the affirmative action program instituted by the Department of Health, Education, and Welfare with regard to faculty hiring has created a situation in which irrelevant criteria such as race and sex are used as a basis for employment.

The Congress has never passed legislation calling for racial and sexual quotas in faculty hiring, and the Civil Rights Act of 1964 specifically outlaws discrimination on the basis of race or sex. Yet, at the present time, nonelected Government officials are enforcing a strict quota system upon all colleges and universities which receive any form of Federal assistance.

In a recently published book, "The balancing Act," George Roche III, president of Hillsdale College in Michigan, writes that—

> Complicated surveys examining the ethnic backgrounds of faculty members are being undertaken. Announcements of job openings appearing in professional circles openly mention specific racial, sexual or ethnic "qualifications" for employment. De facto discrimination is now commonplace.

Dr. Roche provides a number of examples, such as a letter sent from Claremont Men's College in California declaring that—

> It has a vacany in its . . . Department as a result of retirement. We desire to appoint a black or Chicano, preferably female.

Dr. Roche charges that "affirmative action began enforcement on the basis of race and sex which had been expressly forbidden by the Civil Right Act." In fact, the Department of Health, Education, and Welfare is asking universities to keep the very racial and sexual statistics which are, in many instances, forbidden by State antidiscrimination statutes.

The Government administrators argue that their purpose is not the institution of a quota system but achieving an end to discrimination through "numerical goals" for the hiring of minorities. This, however, is only a semantic evasion. Prof. Sidney Hook notes that.—

> The representatives of H.E.W. shy away from the taboo word "quotas" because they know that a quota system is incompatible with the basic norms of merit and individual justice. They insist that a "numerical goal" is not a quota. This is a transparent semantic evasion. For a "numerical goal," when selections are guided by anything but merit, is precisely what we normally mean by a quota.

Dr. Hook refers to the "admission by all and sundry, including HEW, that quotas are wrong" and declares that "if anything is morally wrong, then sincere efforts to bring it about are also wrong."

I wish to share with my colleagues the thoughtful analysis of affirmative action, which has become a new racism in the American academic community, by Prof. Sidney Hook, professor emeritus of philosophy at New York University and currently research fellow at the Hoover Institution on War, Revolution, and Peace. Dr. Hook's article, which appeared in The New York Times of November 12, 1974, follows:

A QUOTA IS A QUOTA IS A QUOTA

By SIDNEY HOOK

STANFORD, CALIF.—No one can reasonably deny that shameful discrimination on grounds of religion, race, sex and national origin has occurred in the past. To a lesser extent it exists in the present.

It is apparent not only in hiring people but in rewarding, promoting, and retiring them.

Wherever such practices exist they are morally wrong and should be abolished. What makes them wrong is the violation of the merit principle and the injustices that result.

Individuals are punished for no fault of their own but merely because of their membership in a group, which has nothing to do with the qualifications for the post in question and their specific capacities to fill it.

What is the remedy? Surely not another kind of discrimination. No one would argue that because many years ago blacks were deprived of their right to vote and women denied the franchise that today blacks and women should be compensated for past discrimination by being given the right to cast an extra vote or two at the expense of their fellow citizens or that some white men should be barred from voting.

Take a more relevant case. For years, blacks were disgracefully barred from professional sports. Would it not be absurd to argue that today in compensation for the past there should be discrimination against whites?

All that black players want is to be judged as players, not blacks. Would any fair and sensible person try to fix the ratio of whites and blacks on our ball teams in relation to their racial availability?

We want the best players for the open positions regardless of the percentage distribution in the general population or in the pool of candidates trying out.

Why should it be any different when we are seeking the best-qualified mathematician to teach topology or the best medieval philosophy scholar? Why not drop all color, sex and religious bars in honest quest for the best-qualified for any post—no matter what the distribution turns out to be?

Of course, the quest must be public and not only fair but seen to be fair. There are effective ways of doing this.

But how can we drop all extraneous, discriminatory bars and still strive to achieve "numerical goals" required by guidelines of the Department of Health, Education and Welfare?

What are involved are enforcement procedures that the Labor Department's office of Federal contract compliance delegated to H.E.W.'s office for civil rights. These procedures require that "numerical goals and time schedules"—how many to hire, and when—be established to guide hiring of members of minorities and women whenever their underutilization is allegedly shown.

Indeed, if we succeed in abandoning all discriminatory practices in recruiting, promotion, retirement, pay for equal work, why do we need "numerical goals"—unless it is asserted that the only real proof of the abandonment is the achievement of these numerical goals?

The representatives of H.E.W. shy away from the taboo word "quotas" because they know that a quota system is incompatible with the basic norms of merit and individual justice. They insist that a "numerical goal" is not a quota. This is a transparent semantic evasion. For a "numerical goal," when selections are guided by anything but merit, is precisely what we normally mean by a quota. In Europe, the Latin phrase *numerus clausus* was used to set religious quotas for entry into universities. It set numerical goals.

My argument on this crucial matter rests mainly on two simple points: one logical, the other ethical.

If someone says to universities, "In your hiring practices aim at a *quota* of X per cent of blacks, Chicanos, Puerto Ricans, women for your staff within the next three years," the cognitive meaning of the expression is the same as this: "In hiring, set as your *goal* recruitment of X per cent of blacks, Chicanos, Puerto Ricans, women within the next three years."

The representatives of H.E.W. confuse themselves and others by insisting that numerical goals are not quotas because "good-faith efforts" to achieve the goals are "an adequate substitute for evidence that goals have been met."

But this is logically equivalent to saying that sincere, good-faith efforts to achieve quotas are an adequate substitute for evidence that quotas have been met. The emotive meaning may be different but the intellectual content is the same.

The ethical point follows from the admission by all and sundry, including H.E.W., that quotas are wrong. For if anything is morally wrong, then sincere efforts to bring it about are also wrong. If quotas are morally wrong in filling posts in education or elsewhere, then "sincere good-faith efforts" to achieve them are wrong.

The best way to overcome disproportions among different groups in the various sectors of employment is to expand the opportunities and facilities of education, and if necessary to provide subsidies for those willing and able to learn. Where persons are evaluated for fitness to fill specific posts, one standard for all must prevail.

FAREWELL TO THE HONORABLE H. R. GROSS

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. KOCH. Mr. Speaker, this Congress is a great body because it reflects the diverse interests of our country. One of our retiring Members with whom I have frequently disagreed on very basic issues, has played a very important role in the Congress. I have known H. R. GROSS for a brief 6 years of the long service that he had rendered in this House. And while we have not been in accord on a whole host of issues and indeed on some issues our disagreement is fundamental, I still want the gentleman to know that I have a very high regard for him. As a result of his observations and his industry in examining every comma in every bill, legislation has been clarified and Members have been enlightened. It is my hope Mr. Speaker, that the gentleman from Iowa live to 120 and that each year be as productive to our country as those lived to date.

E. MANDELL DE WINDT OF EATON CORP.

HON. WILLIAM E. MINSHALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. MINSHALL of Ohio. Mr. Speaker. My good friend, E. Mandell de Windt, chairman of the board and chief executive officer of the Cleveland-based Eaton Corp., has given an interview to Nation's Business for December 1974, and I would like to share the excellence of his remarks with you.

While the ensuing commentary might suffer from any elaboration on my part, I would like to call attention to two ideas of particular note called forth by this article. I feel that Del exemplifies the ideal of the education process, in quality rather than quantification, where the goal is to master the problem-solving process, not just to collect information. Second, he states most succinctly the key to a beneficial relationship between business and the political system—"communication." I have always felt that the basis for good government is primarily dependent on the exchange of correct information. This is the decisionmaking process at its optimal potential. The article follows herewith:

[From Nation's Business, December 1974]

E. MANDELL DE WINDT OF EATON CORP.—A DROPOUT REACHES THE TOP

What happens to a dropout from a liberal arts college who goes job-hunting at a big industrial firm long on engineering and technology?

In the case of E. Mandell de Windt, he winds up as board chairman and chief executive officer of the company before he's 50. (And, incidentally, as a trustee of the college, too.)

As top man at Cleveland-based Eaton Corp., "Del" de Windt, now 53, heads a domain with operations in almost 25 countries, annual sales currently above $1.75 billion and more than 50,000 employees involved in designing, engineering, manufacturing and marketing products to move man, material and energy.

Founded in 1911 by Joseph O. Eaton to make truck axles, the company soon became a major supplier of parts to the fast-growing motor vehicle industry.

A good portion of today's product lines reflects that origin. No truck or car made in the U.S.—and in many other countries—comes off the line without some Eaton-made parts under its shiny exterior.

A 1963 merger with Yale & Towne added

that company's famed locks, security systems and builders' hardware and materials handling products, such as forklift trucks, to Eaton's product lines.

Eaton's diversified markets also include products for industrial automation, construction equipment, forestry, controls technology and leisure-time activities.

The man running the many Eaton activities is a soft-spoken Massachusetts native who was hired by the company in June, 1941, at $80 a month.

Del de Windt was married that same month to a girl he had met on a blind date when he was at Williams College and she was attending Bennington, "just up the road." They are the parents of five children, ranging in age from 12 to 32, and he gives "my wife and good friend Betsy" an equal share of credit "for any success I have had."

The first step toward that success came shortly after he began working as a clerk at Eaton's valve division in Battle Creek, Mich.

Undeterred by his low standing on the corporate ladder, he drew up a proposed program for dealing with the industrial manpower shortage that American entry into World War II would precipitate at Eaton. He took his plan directly to the division manager and was promptly assigned to the employee relations office.

(On the wall behind Mr. de Windt's desk in the chairman's office is a picture of a turtle, neck extended, and the words: "Behold the Turtle. He makes progress only when his neck is out!")

He spent several years in increasingly responsible personnel jobs, moving to company headquarters in Cleveland to run a postwar program for reemploying veterans.

An important turning point came in 1950, when he was tapped to be assistant general manager of Eaton's stamping division, which meant moving into the production side of the business. He became general manager of that division in 1953.

The upward pace then gathered momentum—director of sales for the corporation in 1959; vice president-sales, 1960; group vice president-international, 1961; board of directors, 1964; executive vice president, 1967; president, later in 1967; and chairman in 1969. Annual sales have risen 63 per cent, and profits also have jumped, since he became chairman.

In addition to his heavy responsibilities at Eaton, Mr. de Windt makes time for an extensive schedule of civic endeavors both in Cleveland and nationally—he's a governor of the United Way of America and on the executive committee of the National Conference of Christians and Jews, which presented him with its Human Relations Award for 1973.

In his office high above the Cleveland waterfront on Lake Erie, Del de Windt talked about his business career and some of his other interests in this interview with a Nation's Business editor.

What brought you to Eaton?

I had finished two years in liberal arts at Williams in 1941, and decided I didn't want to wait two more years to get out into the real world. I went to the college placement bureau, which suggested I talk with Joseph Eaton, a Williams alumnus, who was head of a business in Cleveland.

I sat up all night in a railroad coach and spent 25 cents to take a shower when I got to the Cleveland terminal. A streetcar ride later, I was at what was then the company headquarters and I had a very pleasant visit with Mr. Eaton. He shuttled me off to four or five other people. A week later I received a brief note from him, beginning: "My dear de Windt."

He offered me a job as an apprentice toolmaker at 14 cents an hour, or as a production clerk at $80 a month.

It didn't take long to figure out which paid more. And since, I had no mechanical ability—I still can't drive a nail straight—I decided I had better be a production clerk.

Did you plan on finishing college later?

I figured that actual experience would help me make a career choice, and that if the choice required more education, I would know which way to go in school.

As it turned out, I decided several years after leaving Williams that I wanted to be a lawyer; thus I started attending night classes at Marshall Law School in Cleveland.

In fact, I started four times and once got as far as six weeks. The problem was that I was in the central industrial relations department at the time and I traveled out of town frequently. I wasn't smart enough to get through law school without going to class, so I finally gave up. My interest was not in practicing law as such, but I felt that the training might be helpful in my work.

How would things be different for a young man at Eaton today from what they were when you started?

The whole situation was different then. While I hadn't completed college and had no special skills, we were going into a major industrial expansion in 1941, with World War II under way in Europe and the United States preparing to enter the conflict.

I had incurred a back injury playing college football—in a game against Army, ironically—and was rejected both when I tried to enlist and in the draft.

Thus, while I was not particularly well-qualified for an industrial occupation, I was on the scene at a time when there was a very great shortage of young men to meet the nation's growing defense needs.

A young person today who offered the background I did then would have a difficult time getting the attention of corporate recruiters.

But young men and women who have completed their educations are certainly far more qualified to move into business and take advantage of opportunities, and, without doubt, these opportunities are better today than they were then.

In what way?

When I joined Eaton in 1941, total sales were $54 million. We had 7,000 employees, all employed in nine operations in the U.S. Capital expenditures that year were $2.2 million, and the research budget was $200,000.

Eaton's 1974 sales will be above $1.75 billion, and the company now has more than 50,000 employees, at some 140 operations in about 25 countries. Capital spending in 1974 is in the $125 million range with R&D expenditures in the area of $35 million.

So we have enjoyed tremendous growth. Last year, for instance, we opened 10 new operations. Every one needed a manager and all the other key people it takes to staff a plant. Our policy is to promote from within. Thus we must recruit and train and develop a tremendous number of people to maintain our momentum.

Did you ever think about working anywhere but at Eaton?

Well, after three months as a production clerk I decided that this wasn't the job that would fulfill my aspirations. I obtained permission to attend an American Management Associations meeting in Chicago at my own expense. I really went with the idea that perhaps I should look for another job.

One of the speakers was an employee relations specialist, and he really impressed me. When I got back to Battle Creek, instead of looking elsewhere, I decided to first see what I could do right there.

With World War II looming, there would be serious manpower problems developing for the company. I wrote a report incorporating some of my ideas and suggestions to deal with the matter, and submitted the report to the division manager. He promoted me into employee relations.

Since then, I've never had any reason to look outside of Eaton, but I suppose if that division manager hadn't been receptive to my proposal, I might have.

Wasn't there a situation some years later that similarly marked a milestone in your career—when you were given international responsibilities?

Yes. In mid-1959, I became director of sales, and was to succeed the vice president of sales at the start of the new year. During the six months that followed, I worked hard at becoming more familiar with the overall corporate structure.

As a result, I became interested in some of the things we had done in the past in terms of licensing foreign companies to turn out products Eaton had developed. Nobody seemed to be paying much heed to this, and it occurred to me that in some instances we had sold our technology pretty cheaply.

At the same time, there was tremendous economic growth, not only in Europe but also in many countries that at that time were underdeveloped. It was apparent there was a great future for many of our products in those markets.

I suggested to our chairman, John Virden, that Eaton choose an executive to head up the company's international operations—and proposed the name of an exceedingly capable senior officer.

As it turned out, the man I had proposed didn't want the job. Then, the chairman turned to me and said: "Since you think it is so important that we get this job filled, how about taking it on?"

How did the job work out for you?

I spent the next seven years up to my ears in that job. With the full support of the company's top management, I think we established a good base. Today, about 30 per cent of our business is done outside the United States, and a third of our assets are invested in other countries.

You're one of the most outspoken of business leaders on the advantages of international trade. How did that interest develop?

Eaton has always been particularly conscious of the fact that world trade could be a most effective vehicle to promote world peace. Upon entering the world marketplace, we found there were great opportunities for business growth, and for better understanding between countries and people.

When various groups combined a few years ago in support of the Burke-Hartke bill, which would have severely restricted U.S. trade with the rest of the world, it became apparent there was a tremendous misunderstanding of what free trade meant.

If we restrict American involvement in world trade we undoubtedly would head for a world-wide economic collapse, because there is a great interdependence between countries. A barrier simply can't be built around any segment of the world community.

How do you organize your time as chairman of a big, complex company?

Until recently, 10 people reported directly to me. There just wasn't enough time in the day to work with them all effectively.

About a year ago, we undertook a management reorganization which resulted in identifying and assigning responsibilities for four major areas of concern: world-wide operations, law and corporate relations, financial activities and corporate development. Key to the reorganization was the establishment of two committees of management.

The Executive Committee, composed of five officers, is responsible for determining basic long-range objectives and adopting courses of action and allocating resources for achieving those goals. Our president, Paul Miller, is chairman of the Operating Committee. This group is charged with coordinating the daily operation of the company, as well as establishing and carrying out programs and procedures necessary to meet corporate objectives.

What do you like best about your job?

Seeing people make progress.

There are scores of examples, but let me cite the Eaton plant in Toluca, Mexico.

The land was purchased, following approval by the Mexican government, for the site of a new axle plant. There were no farms or ranches in the vicinity. It was barren ground about 25 miles from Mexico City.

The work force, which numbered several hundred young people, was totally unskilled. Their prior work experience consisted mainly of farming with primitive tools. All of them underwent short, highly intensive training programs. Within 12 months, these same young people were cutting gears and turning out axles, using highly complex manufacturing machinery and methods. In less than a year, they had bridged a centuries-old gap.

Seeing people move ahead at all levels is exciting. Men we recruited out of college 10 years ago are managing divisions today. It's hard to believe how fast time moves.

There are a score of things I like about my job. Frankly, I can't wait to get here in the morning.

How about the other side of the coin? What are the toughest aspects of running a company like Eaton?

I suppose the toughest part is communicating effectively. The larger a company gets, the more difficult it becomes.

And, while it's always marvelous to promote a person, it's pretty tough to tell someone that he's not cutting it. But sometimes it has to be done, and you lose a lot of sleep because there's always the chance that a man who didn't make it might have, if he'd been given the right direction.

Or, there's the manager who's doing an outstanding job at one level and moves up beyond his capabilities. He falls on his face. How do you salvage him? How do you bring that person back into the organization so that he can again make a significant contribution and yet not feel he has been belittled?

You tried a new approach to employee relations in many of your plants. What happened there?

Over the years some traditional employment practices had given rise to an adverse industrial relations climate. Our new approach is based on the premise that everybody is entitled to full respect. We did away with such things as time cards and posted shop rules. All of our employees at these plants are salaried, and there are free, frequent and open communications.

How has it worked out?

The results have been somewhat fantastic. A real feeling of teamwork exists. Productivity is up at these plants. Absenteeism is practically nil.

This is the kind of spirit that's so terribly important today, and it's difficult to find it in the older urban industrial complexes. So many manufacturing plants in industrialized cities are obsolete or inefficient. On top of that, restrictive work practices that have flourished over the years result in three to five hours' work for a full day's pay and pretty good pay at that. Until labor and management can sit down and face up to the need for a new spirit, we aren't going to create the jobs and opportunities that are necessary to progress.

You've also set up a program to bring the business message to the general public in the communities in which you have operations, a program called Comm/Pro. What is that?

It stands for community communications program. Simply put, it's Eaton people talking to the community about business and the free enterprise system, and, in turn, listening to the community's reaction.

How did it come about?

I had become concerned that people in general were either terribly misinformed or totally uninformed about our whole free enterprise system—and what it really means to this country. One of the consequences of this was the increasing extent to which antibusiness forces were influencing legislative bodies to pass laws restrictive to business.

It's terribly important that the general public become well-informed, because these restrictions are like sticky tar on the heels of all Americans. Business should speed along toward achieving goals that benefit the entire nation, but today it can barely slog along. The innate healthiness of our system allows industry to produce well under most circumstances, but how long can it continue?

Public opinion is the grist of the political mill, and if it is down on business, the politicians will turn on business. That's why business has to be concerned with public opinion. It's up to us to inform the public.

Our aim should not be simply to save our jobs, but rather to preserve our American way of life. The free enterprise system is truly the foundation of that way of life.

Our program here at Eaton recognizes that business has a hell of a story to tell.

Why do you have that picture of the turtle, with the caption saying he only makes progress when he sticks his neck out, behind your desk?

That has been my philosophy. I think it is a good one.

Have you had to stick your neck out often?

Perpetually.

MARGARINE AND THE MEAT INSPECTION ACT

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. MICHEL. Mr. Speaker, last week I introduced legislation, H.R. 17566, to make a minor, technical change in the Meat Inspection Act, so as to redefine margarine or oleomargarine as not being a "meat food product."

For many years margarine has been defined as a "meat food product" because of an accident of history, the first margarines having been made from animal fats. Today, about 93 to 95 percent of margarine is vegetable.

However, the vegetable oil margarine is under the control of the Food and Drug Administration of the Department of Health, Education, and Welfare while the animal fat margarine is under the control of the Department of Agriculture. The purpose of my bill is simply to bring uniformity into the regulation and labeling of margarine by putting it all under one agency, the Food and Drug Administration. That is where the great preponderance of margarine is regulated and that is where the many new regulations governing food labeling have been promulgated.

There is in my proposal no criticism, implied or otherwise, of either agency's work in this field. There is no wish nor desire to diminish consumer protection. Indeed, to bring all margarine under one regulatory roof will probably help that objective and might well help bring about savings in costs to the Government. I do not know of any objection to this proposal, the text of which follows:

H.R. 17566

A bill to provide for the centralized regulation and control of margarine or oleomargarine under the Federal Food, Drug, and Cosmetic Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1 of the Federal Meat Inspection Act (34 Stat. 1260), as amended, is hereby further amended by adding the following phrase at the end of the first sentence of paragraph (j): "*Provided,* That margarine containing animal fat shall not be deemed to be a meat food product.".

(b) Subparagraph (m)(9) of section 1 of such Act is hereby repealed.

THE REPUBLIC OF CHINA AND THE POLICY OF NORMALIZATION

HON. ROGER H. ZION

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. ZION. Mr. Speaker, with the recently concluded negotiations in Peking by our Secretary of State, I believe that it remains vital that we not lose sight of the interests of our allies in the Republic of China. Any additional steps toward so-called normalization of relations should not be done at the expense of the free Chinese.

Having just returned from the Republic of China, Brian Crozier has written an excellent article in the December 6, 1974, National Review summarizing their present situation. Rather than any psychological depression from their diplomatic difficulties he notes that the people on Taiwan have continued to make extraordinary progress. He finds that the GNP of the Republic of China will surpass the $500 per capita figure this year and thus rank second in all of Asia after the Japanese. He found tremendous expansion over the years in availability of education for the people.

Like most countries of the free world, the Republic of China has suffered some economic setbacks this year. Nonetheless free China expects an overall economic growth rate of 8.5 percent with industrial output up 12.6 percent. They have remained especially effective and efficient traders in the world, even surpassing the total trade of mainland China which has 50 times as many people. Crozier summarizes quite well the problem which the Republic of China suffers from:

> With a thriving economy, a visibly hardworking yet relaxed population, an appreciable but not excessive welfare system, and a good many freedoms, Taiwan has all the normal requisites of recognition as a sovereign state, except one.

This one exception is quite simply that many more Chinese live under the rule of the Communists in Peking than the government in Taipei. Because of this many countries have broken relations with the Republic of China and established them with Communist China. Fortunately the United States has proceeded with our negotiations and discussions with Communist China while at the same time maintaining our relations with the Republic of China.

In his visit to Taipei, Crozier discussed the frequently suggested solutions to the so-called Taiwan problem. He finds that the suggestion that any autonomy or prosperity would remain in Taiwan under the domination of the Communists must be dismissed. He cites the example of the Communists in Tibet as illustrating that there would eventually be "the coercive inauguration of reforms." While the United States has opposed any prospect of conflict between the Chinese on the two sides of the Formosa Straits, Crozier notes that in the Shanghai communique of February 27, 1972, Peking only pledged peaceful settlement of international disputes and defined Taiwan, like Tibet, a domestic dispute.

The survival of freedom for the nearly 16 million people on Taiwan and with them traditional Chinese culture depends substantially upon continued American support for their independence. Peace has been maintained in this part of Asia for nearly a quarter of a century now as we have maintained a mutual defense treaty and diplomatic relations with the Republic of China. The existing situation of stability and progress in Taiwan coupled with a new uncertainty over what is transpiring both within Communist China and in Sino-Soviet relations provide continuing reasons for maintaining our close ties with the free Chinese.

In order for my colleagues to review the present situation regarding the Republic of China I include the article by Brian Crozier I have referred to at this point in the RECORD:

[From the National Review, Dec. 6, 1974]

THE ART OF SURVIVAL

(By Brian Crozier*)

I came to Taiwan expecting to find the people and their leaders tense and depressed, as diplomatic isolation closes in on them. Instead, I found confidence, determination, and indeed defiance. The favorite comparisons are with Britain after Dunkirk, and with beleaguered Israel today. Churchill is a revered name. There are many reasons for the prevailing self-confidence, but the easiest to grasp is that Taiwan is, in the fullest sense, a going concern.

I first came to the island more than 17 years ago, and was possibly the first Western correspondent to interview Generalissimo Chiang Kai-shek since the Chinese Nationalists lost the Mainland in 1949; and almost certainly the first to report on the extraordinarily successful land reform program accomplished some years earlier. In the economic field, land reform was the springboard for takeoff: not only did it enable the peasants and farmers to own the land they tilled, but by indemnifying the landlords in industrial bonds, it turned them into capitalists.

In 1957, however, the signs of underdevelopment were many. The roads, for instance, were inadequate in number and in a shocking state of disrepair, although the rural population, on the evidence of my own eyes, already had a higher standard of living than that of, say, Portugal.

Today, the potholes have gone, there are many modern roads, and the great north-south highway is under rapid construction. Taipei has dense private car traffic. As affluence spreads downward, humbler citizens in great numbers buy (Japanese) motorcycles, which they drive with alarming disregard for their own and other people's safety. High-rise buildings have sprung up everywhere and are spreading fast, many of them air-conditioned.

This year, Taiwan's GNP will probably reach the magic $500 per capita—marking the generally agreed threshold from an underdeveloped to a developed economy (last year's figure was $494). Fiji made it last year. Above them—well above, of course—stands only Japan ($1,400) in all Asia.

Some of the statistics are startling, not least the population growth. When the island reverted to the Republic of China in 1946 after fifty years of Japanese rule, the population was just over six million; at the end of last year, it was nearly 15.6 million, crowded then as now into a territory about half the size of Scotland, only one-third of which is arable. (In size and density of population, Taiwan compares roughly with Holland.)

When Taiwan reverted to China, there were only four institutions of higher learning; now there are 99, including nine universities. In the same period, secondary schools have risen from 215 to 948, and primary schools from 1,130 to 2,307. In education and in economic growth, 1965 was the turning point. In that year, the government took two crucial decisions: to dispense with American economic aid and to extend the period of compulsory education from six to nine years (in effect, raising the school-leaving age to 15). The first signaled the point of self-sustaining growth; the second created the prerequisite of sophistication—a skilled labor force.

That policy is now paying off. Taiwan manufactures electronic calculators and color television, mostly for export, and builds cars under license from Ford and General Motors. To sustain the growth, electric power output has soared, and will probably rise this year to 22,902 million kwh.

In common with most countries in the international trading market, Taiwan is in fact going through a recession of sorts, with a dose of inflation. But all is relative. Last year's industrial growth rate was a phenomenal 22.7 per cent, this year's will probably not exceed 12.6 per cent—a percentage most economies would envy. In his state of the nation speech before the Legislative Yuan (or parliament) on September 17, the Premier, General Chiang Ching-kuo (son of the President), predicted an overall economic growth rate of 8.5 per cent, which some experts believe is about 2 per cent too high. Two days after the Premier's speech, the Central Bank of China announced cuts of 0.5 to 1.5 per cent in interest rates, to stimulate exports, in the face of a current balance of trade deficit running at about $700 million for the year. Last year Taiwan had a trade *surplus* of $690 million.

Short of a world depression, there is little doubt that the brilliant economic management of the past decade will solve these passing difficulties. And meanwhile, overall trade continues to soar. The value of the island's trade exceeds that of Mainland China, with fifty times the population.

With a thriving economy, a visibly hardworking yet relaxed population, an appreciable but not excessive welfare system, and a good many freedoms, Taiwan has all the normal requisites of recognition as a sovereign state, except one. The exception, however, is overwhelmingly important: the government of the Republic of China demonstrably exercises no control over the territory of continental China, with its 700 million people, over which and over whom it claims sovereignty.

To be more precise, Chiang Kai-shek, driven from the Mainland in 1949 by Mao Tse-tung's crushing military victory over his demoralized Nationalist forces, has never wavered in his claim to preside over the *legitimate* government of the whole of China, itself the rightful heir to Sun Yat-sen's revolution of 1911. Mao's regime also claims to have inherited Dr. Sun's mantle. The only common ground between Mao and Chiang, between Peking and Taipei, is that Taiwan is a province of China.

I contend in this article that it would be morally intolerable for the island and people of Taiwan to come under Communist rule; and I forecast, with reservations I shall spell out, that it will, in fact, escape this fate.

One of my purposes in returning to Taiwan, by invitation of the Institute of International Relations in Taipei, was to try out my private solution to the Taiwanese problem on the existing political leadership. It was, as I expected, rejected, but in terms which lead me to expect that, in time, something like it will in fact be adopted.

I start from an analogy between the Arab nation and the Chinese nation. (The comparison is legalistic, not ethnic or cultural.) As Nasser used to say, "there is one Arab nation, from the Atlantic Ocean to the Persian Gulf" (yes, he actually said "Persian"). Yet within that one nation, 14 or 15 governments exercise their individual sovereignties. Why not, then, recognize that there is but one Chinese nation, within which at least two and possibly more sovereign states exist? The most obvious ones are those whose governments are in Peking and Taipei; but it could be argued that Lee Kuan-yew's Republic of Singapore is another. (Would it be straining the constitutional imagination too far to postulate a Chinese Republic of Hong Kong in the closing years of this century?)

To advocate, at some suitable date, the proclamation of a "Chinese Republic of Taiwain" is not at all the same as the "Two Chinas" theory roundly condemned by Mao and Chiang. Nor has it anything to do with the so-called "Taiwanese independence movement," which was a Japanese-supported and Tokyo-based dissident group advocating independence for the Taiwanese—that is, for the descendants of the followers of the Ming patriot Koxinga, who settled the island in 1661 to escape Manchura role, and whose native Chinese dialect is Fukiennese. Some years ago, the top leaders of that movement dropped their claims and returned to Taiwan.

As for the "Two Chinas" idea, it would mean de jure recognition of the present de facto (and logically absurd) situation in which two regimes each claim to be the government of the whole of China.

In contrast, a Chinese Republic of Taiwan would renounce its claim to the Mainland (or at the least, its claim to govern the Mainland), and proclaim its sovereign rule over all the inhabitants of the territories now actually controlled by the government of the Republic of China, which include the Kinmen and Matsu islands and the Pescadores.

On paper, this solution looks attractive. In private, as I discovered during my visit, many ordinary citizens, and even some officials, are already thinking on these lines, It did not take me long, however, to be convinced that it stands no chance of acceptance in the immediate future.

The interesting thing, perhaps, was that members of the national provincial governments were willing to discuss the idea at all. In 1957 it would have courted an angry dismissal. In those days, the daily refrain, in the press and in speeches, was the imminent "recovery of the Mainland." Now that the myth of the return, which sustains the Kuomintang (Nationalist Party) and justifies its rule, is still alive and cannot lightly be discarded. Only now it is presented in a different way. The Nationalists see themselves—not unreasonably at a time when Mao's regime is explicitly committed to destroying China's cultural and philosophical past—as the custodians of China's great and ancient culture.

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*Mr. Crozier founded the Institute for the Study of Conflict in London, to study revolutionary challenges to security all over the world.

Besides, the argument goes on, look at what is happening on the Mainland. And indeed, the proposition that the Chinese People's Republic is a self-perpetuating autocracy (as the Soviet Union demonstrably is) remains to be proved. Mao Tse-tung destroyed the existing Communist Party (as created by Liu Shao-ch'i) during the Cultural Revolution, and it may be doubted that the new Party organization is as effective an instrument of repression as the old. His designated heir, Lin Piao, is dead and disgraced. A reshuffle of military commanders last January raised questions about ultimate loyalties; and the new Party leaders, such as Wang Hungwen, the promoted Shanghai activist, enjoy only such prestige as Mao has conferred upon them. Most significant of all, the ablest executive of them all, Chou En-lai, is not now expected to be there to provide a steadying influence when Mao is gone. Observing these things, the Nationalists argue that this is not the time to renounce their claims to the Mainland. There is force in the argument.

The ages of the victorious and vanquished leaders of the Chinese civil war have an important bearing on the survival of Taiwan. Mao Tse-tung is 81; Chiang Kai-shek is about to celebrate his 87th birthday. Mao is still active, still able to shock and surprise. Chiang has played little part in public affairs since his very capable and energetic son, himself 68, took over as Premier some years ago. But his presence in the background, with his long and extraordinary story of leadership, success and failure behind him, inhibits fundamental change, if indeed it is needed.

There has been much facile talk of a deal between Peking and Taipei when Chiang is no longer. Such talk is unrealistic, for it takes two to make a deal, and on the Nationalist side there is absolutely no incentive to negotiate. Any accommodation with the Mainland regime could only erode, and ultimately jeopardize, the way of life and the standard of living that have been built on Taiwan. Nor is there any difference, on this score, between the Taiwanese and the Mainlanders, for all share in the prosperity and relative freedom. For that matter, the old tensions between the two communities have largely subsided, not only because of the shared success story, but because of the far-sighted policy of conducting all teaching in standard Peking Chinese (Mandarin) since the return of the island to Chinese rule, so that all but the aging elders of Taiwanese stock can understand each other.

The formula favored by those who talk of a "deal" is the conferment of "autonomous province" status in Taiwan by the Chinese People's Republic. On Taiwan itself, no one is going to fall for that one. Autonomous status would mean the presence of the People's Liberation Army, Party cadres, and in time (as in Tibet) the coercive inauguration of "reforms."

The only situation in which a "deal" could be negotiated would be one of duress, with the withdrawal of American protection and irresistible pressure for a settlement. In politics, nothing is quite impossible, but even now any American Administration that attempted to pressure the Nationalists into a surrender of sovereignty would be inviting a massive outcry not limited to members of the "China lobby."

Alternatively, a surrender deal would presuppose a renewal of the civil war, with a successful Communist invasion of the island. In military terms alone, this too looks unlikely. The best expert advice is that the Chinese Communist navy and air force could probably not land more than three divisions of assault troops on the island. Even without American protection, the Nationalist forces could deal with a threat of this order.

In this context, the ambiguity that hangs over America's intentions has its uses. As things stand, the security of Taiwan and the minor islands is guaranteed by the United States under the Mutual Defense Treaty of December 1954, although any action is limited, as usual in treaties to which the U.S. is a party, by "constitutional processes."

The treaty is of indefinite duration. But will it remain operative if, and when, the United States decides to recognize the Chinese People's Republic, thereby, it would seem, withdrawing recognition of the other party to the treaty and therefore the obligation to protect its territories? That is the crux of the issue, and all over the Far East—especially in Taipei—American diplomatic staffs anxiously, and so far in vain, await clarification.

Recognition of Peking is, of course, part of the logic of the Nixon-Kissinger rapprochement with the Chinese Communists. On his recent visit to Peking, Senator Henry Jackson recommended early recognition in his report to the Senate Armed Services Committee. It is fair to suppose that he did so in the light of his realistic appreciation of the Soviet strategic threat; but I am not sure that he has sufficiently studied the consequences. True, his report said: "As I told the Chinese in Peking, we will honor our treaty with Taiwan as we do others. Yet, fundamentally, the American commitment is to the people on Taiwan and not to any particular formula."

Is it? That is precisely where clarification has not been forthcoming. Nor does the Shanghai Communiqué of February 27, 1972, which concluded Nixon's visit to Peking, help in this respect, for it does not mention the Mutual Defense Treaty. In it the Americans reaffirmed their "interest in a peaceful settlement of the Taiwan question by the Chinese themselves" (which falls short of the "deal" that is talked about); the Americans are committed to the progressive reduction of tension, but the Chinese Communists made no commitment to refrain from using force over Taiwan. They did agree that "international disputes" should be settled without the threat or the use of force; but by their definition, the status of Taiwan is not an international dispute.

There are grounds for hoping that American diplomacy is pressing the need to maintain a diplomatic presence even if normal diplomatic relations are established with Peking. It will be interesting to see whether they succeed. From Peking's standpoint an important question of principle and the risk of a dangerous precedent are involved. If conceded, other countries would want to do as the Americans do.

The Chinese Communists are being adamant in insisting that governments cannot expect to deal with them if they also deal with Taiwan. From the Nationalist standpoint all this is highly inconvenient. With Chinese ingenuity, they are opening trade and/or cultural offices in countries that have withdrawn diplomatic recognition from their government and persuading them to do likewise. Sensibly, many have done so.

For the Nationalists, the phase that began with the Nixon visit to Peking demands strong nerves, as well as ingenuity. They lack neither. Some of them draw attention to the probability that neither Japan nor the Soviet Union would accept a Peking takeover, even if the Americans stopped protecting them; although any military deal with the Russians would be highly distasteful.

Will it ever come to that? The trouble is that as the Taiwan success story grows, so does the affront to Peking. In an identical situation, East Germany built a wall across Berlin to fence its people in. The hundred-mile-wide Taiwan Strait is an effective moat, but refugees do come across, as they do in undiminishing numbers to Hong Kong.

The only hope of peaceful reunification, I believe, lies in a collapse of central authority within a year or two of Mao's death. If no such collapse takes place, then I would expect, in time, to see the proclamation of a Chinese Republic of Taiwan.

THE MACARONI CONGRESSES

HON. LESLIE C. ARENDS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. ARENDS. Mr. Speaker, in the December 1974, edition of Nation's Business, noted columnist James J. Kilpatrick makes some timely and interesting comparisons of the responsibility and performance of the Congress in recent years, particularly in fiscal affairs. His comments provide much food for serious thought. Every Member and Member-elect of this House should take a few minutes to read them.

Under leave to extend my remarks in the Record, I include Mr. Kilpatrick's column herewith:

The Macaroni Congresses

(By James J. Kilpatrick)

It is a fair rule of politics that the victor gets the spoils. But it often is an unfair rule of politics that the victor also gets the blame. Because of this second rule, the Republicans got clobbered in the November election.

The Grand Old Party lost three seats in the Senate, 40-plus seats in the House, and most of the Governorships. At lower levels of public office the pattern was the same. The losses hardly reached the magnitude of a catastrophe, and the outcome does not portend the death of the Republican Party. But as a political achievement, it was nothing much to write home about, either.

Why did it happen? One contributing factor, of course, was Watergate, for which the Republicans cannot duck the blame; the Committee for the Reelection of the President, after all, was a committee for the reelection of their President, and the leaching dye of scandal stains a whole wash. Another factor was President Ford's untimely pardon of Richard Nixon, which robbed the Republican campaign of both unity and momentum. A major factor, demanding our most sober thought, was the apathy of the turned-off voters; an estimated 145 million men and women were eligible to vote, but it appears that only 38 per cent of them bothered to go to the polls.

Many other factors also played a part. The dispirited Republicans let 60 House seats go by default. In many state and local contests, personalities were far more important than national issues. G.O.P. candidates found it hard to raise campaign funds. Plenty of reasons can be cited.

The overriding cause was the state of the economy, and it was here that the unfair rule of politics came into play. In any rational view of the national malaise, the Republicans are no more to blame for the tides of inflation than they are to blame for the tides of Passamaquoddy. The economic sickness is world-wide; its diagnosis is infinitely complex, and the cure will be neither short nor simple.

No force has contributed more to inflation, in terms of our domestic economy, than the recurring deficits of the federal government. The loose practice is to look back to the 1968 deficit of $25.2 billion and term it a "Johnson deficit," or to deplore the 1972 deficit of $23.2 billion as a "Nixon deficit." The gentleman in the White House—and by extension, the gentleman's political party—always gets the blame. This is grossly unfair.

These recurring deficits, amounting to

more than $100 billion over the past 10 years, were not Presidential deficits. They were Congressional deficits. To the limited extent that party responsibility can be fixed, it is the Democrats who must bear it: They have dominated the committees on appropriations, finance, and ways and means for two decades. Because we do not have party government, in the sense that the British have party government, it is an oversimplification to lay the responsibility on the Democrats alone. The fiscal policies that produced the deficits were supported as cheerfully by one party as by the other. The decisions were Congressional decisions. No one at the White House duped or misled the House and Senate. The cold, uncomfortable figures were there all the time. If there had been desire on Capitol Hill to raise revenues or to reduce spending, the machinery was at hand to accomplish these ends. The machinery never was used.

Will the machinery be put to work now? Will Congress take significant steps toward a closer balancing of the budget? When that day comes, fish will fly and birds will swim. President Ford may be ready to bite the bullet, but Congress is not yet prepared to bite anything tougher than macaroni. Mr. Ford's modest little proposal for a 5 per cent surcharge on certain income taxes, intended to pay for make-work programs of public employment, was greeted with cries of indignation and dismay. A President proposes; the Congress disposes. And this Congress is not disposed toward austerity.

Some months ago, a group of House conservatives led by Jack F. Kemp of New York compiled a staggering table of 450 proposals then before Congress. If all the proposals had been adopted, according to their calculations, the cost to the taxpayers over four fiscal years would have totaled $871 billion. To be precise: $871,363,307,000. The bills ranged from a Forestry Incentives Act, with a price tag of $100 million, to the Small Communities Planning, Development and Training Act, at a tidy $24 billion. Members of Congress had introduced bills to promote educational equity for women ($80 million), to establish an Asian Studies Institute ($75 million), to establish Big Thicket National Preserve in Texas ($71 million) and to subsidize the removal of abandoned automobiles ($152 million). Still other members proposed establishing national holidays honoring the births of John F. Kennedy and Martin Luther King, at a quadrennial cost of $400 million each.

Individually, some of the spending proposals may have had merit. Collectively they spoke eloquently of a Congressional attitude toward the public purse. This attitude is in part a legacy of the notion that continues to dominate much liberal thought—that any social problem can be solved if only a little more money is spent on it. In part the attitude stems from the sheer magnitude of the sums involved. It is an intoxicating experience to deal with a billion dollars here and a billion dollars there. The figures cease to have meaning.

The attitude is further encouraged by a certain remoteness and diffusion in the fiscal process. It is one thing to sit in a small town's city council, with the taxpayers 10 feet away; it is quite a different matter to sit in a chamber of 435 members, with the taxpayers you represent safely distant by perhaps 3,000 miles.

These observations do not wholly explain the mountainous deficits that have piled up in recent years. The taxing and spending policies decreed by Congress are a pretty fair reflection of the taxing and spending policies desired by the pressure groups and lobbies that have the greatest clout. It is a terrible thing to say, but the people generally get about the kind of government they deserve. Those who make irresponsible demands have little right to complain if their demands are met irresponsibly.

This has been the pattern for longer than most newsmen can remember. No war ever has been paid for out of pocket, and the war in Viet Nam followed in this expensive tradition. All the same, the deficits could have been greatly reduced if Congress had raised taxes and reduced nonmilitary outlays. On the contrary, taxes were actually lowered and nonmilitary outlays were greatly increased. Congress was in no humor to impose unpopular measures in order to ease the inflationary impact of an unpopular war. The people indicated no hunger for austerity. The printing presses rolled; the debt went up and the dollar declined.

If Congress today were seriously interested in reducing federal spending, the better to provide a high example of bullet-biting, Congress would look seriously at such programs as Social Security and the food stamp racket.

Is Social Security "untouchable?" Doubtless it is today, but a prediction is in order: If Congress fails to act within the next few years to bring the illusions of Social Security into line with reality, we will see a political explosion that will blow the system sky-high. Young men and women entering the labor force in the 1970s are not stupid. Vast sums have been spent on their education, with the result that many of them can read, write and do their numbers. They are bound to recognize Social Security as a fraud so massive that its sponsors, if they operated in the private sector, would be hustled off to prison. These young workers eventually will rebel against the system. If they are to be heavily taxed in the name of "insurance," they will demand a system that pays benefits in the fashion of other insurance.

The food stamp racket seems to be equally untouchable right now, but this too will have to be coldly reexamined. When the program came into being in 1964, some 367,000 recipients qualified for benefits costing $26 million. In the coming fiscal year, 16 million persons will get stamps costing $3 billion. By 1977, according to Congresswoman Martha Griffiths, 60 million persons may be eligible. The program long since has soared past any humanitarian justification. It has become a swelling infection in our political process, and it is deeply resented.

Before its October adjournment, Congress had two or three significant opportunities to demonstrate its zeal, if any, for reduction of federal spending. There was a bill for foreign military and economic aid that could have been, and should have been, whacked to the bone; it was passed with plenty of fat. There was a Presidential request to postpone a federal pay raise for three months, at a saving of $700 million; the Senate would not postpone. Mr. Ford vetoed a railroad retirement bill that carries a $7 billion price tag over the next 25 years; both chambers voted overwhelmingly to override the veto.

A good case could be made for each of these measures. The complex situation as to railroad retirement had particular appeal. But some special interest can make a good case for most taxing and spending proposals introduced on the Hill. Business people make a good case for tax breaks that encourage investment. The health and education people argue plausibly that their needs must never be neglected. In the recent election, organized labor spent millions to promote the campaigns of candidates who would vote for the spending programs desired by labor. The pressures applied to Congress come from every quarter, and the pressures add up to this: Tax less and spend more. It is a curious way to combat inflation.

The realistic prospect is that things will get worse before they get any better. The 94th Congress, convening in January, will be another macaroni Congress. The new Budget Reform Act may provide some moderating influence. President Ford's leadership may command increasing popular support. But the probabilities are strong that our country will be deep in double-digit inflation for many months to come. Under the rules of the game, this will be known as "the Ford recession." Don't ever let anyone tell you the rules make sense.

STRUCTURE OF THE NEW IRELAND

HON. PAUL W. CRONIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. CRONIN. Mr. Speaker, much has been written about the conflict in Ireland and the nature of the belligerents, especially the provisional Irish Republican Army—the IRA. The question is asked: "Does the Irish Republican movement have a serious political proposal for the future of Ireland?" To answer this question, it is best to go to the source. The following is an excerpt from a pamphlet on the "EIRE NUA" plan published by the provisional Sinn Fein, 2a Lower Kevin St., Dublin, Ireland:

STRUCTURE OF THE NEW IRELAND

The object of the Republican Movement is to establish a new society in Ireland—EIRE NUA. To achieve that aim, the existing system of undemocratic Partition rule must be abolished and replaced with an entirely new system based upon the unity and sovereignty of the Irish People. The new system shall embody three main features:—

(1) A New Constitution.

(2) A New Governmental Structure.

(3) A New Programme for Social and Economic Development.

A NEW CONSTITUTION

The New Constitution would provide:

(a) A charter of rights which would incorporate the principle of securing to the individual protective control of his conditions of living subject to the common good.

(b) A structure of government which would apply this principle by providing for the maximum distribution of authority at provincial and subsidiary level.

DRAFT CHARTER OF RIGHTS

We suggest a Charter of Rights on the following lines:

"We, the people of Ireland, resolved to establish political sovereignty, social progress, and human justice in this island do hereby pledge that we will practise tolerance and live in peace with one another in order to achieve a better life for all and we declare our adherence to the following principles:

Article 1. All citizens are born free and equal in dignity and rights. Every person is entitled to the rights of citizenship without distinction of any kind, such as distinction of race, sex, religion, philosophical conviction, language or political outlook.

Article 2. Every person has the right to life, liberty and security of person. No one shall be subjected to arbitrary arrest or detention.

Article 3. Every person has the right to freedom of conscience and religion and the open practice and teaching of ethical and political beliefs. This includes the right of assembly, peaceable association, petition and freedom of expression and communication.

Article 4. Every person has the right to participate in the government of the country and to equal access to public service.

Article 5. The basis of government is the will of the people. This is expressed in a direct participatory democracy and free elections by secret ballot. The right of the citizen as an individual to follow his conscience and express his opinion is valid against any mathematically contrived attempt to repress him.

Article 6. Every person has the right to education according to personal ability, work and a standard of living worthy of a free citizen. This right extends to food, housing, medical care, and security against unemployment, illness and disability.

Article 7. Every person has the right to equal pay for equal work and to join a trade union for protection of his interests. Motherhood and childhood reserve society's special care and attention. Men and women have the equal right to marry and found a family.

Article 8. In the exercise of his rights, every person shall be subject only to such limitations as shall secure recognition and respect for the rights of others and the welfare of the democratic community."

In addition, it is intended that the European Convention on Human Rights should be made part of the internal domestic law of the New Ireland.

GOVERNMENTAL STRUCTURE

The proposed government structure would be federal in character and would consist of four levels:

(a) Federal (Central) Government: based upon the unity and sovereignty of the people of Ireland.

(b) Provincial Government: based upon the four historic provinces.

(c) Regional (Administrative) Government: based upon clearly defined economic regions.

(d) District (Local) Government: which would replace existing local government North and South.

FEDERAL GOVERNMENT

1. The Federal Parliament. Dail Eieann, would be a single chamber of approximately 150 deputies elected as follows:—

(a) 50% by direct universal suffrage on the Proportional Representation System.

(b) 50% in equal numbers from each provincial parliament.

2. The Federal Parliament would control all powers and functions essential to the good of the whole nation.

3. The Federal Parliament would elect a President, who would be both Prime Minister and Head of State.

4. The President would nominate a Government consisting of a limited number of ministers for election by the Federal Parliament.

5. Members elected to the Government would relinquish their seats in the Federal Parliament. There would be a provision for electing a restricted proportion of the Government from outside Dail Eireann.

6. The independence of the Supreme Court and judicial system, as the guardian of the Constitution, would be secured.

7. National legislation would be initiated by any of the following agencies:

(a) Federal Parliament deputies.
(b) The Central Government.
(c) A Provincial Parliament.
(d) Referendum.

8. National legislation would be adopted by:

(a) Federal Parliament.
(b) Referendum in specified cases.

PROVINCIAL GOVERNMENT

Four democratically elected Provincial Parliaments (Dáil Uladh, Dáil Laighean, Dáil Chonnacht and Dáil na Mumhan) based on the four historic provinces of Ireland—Ulster, Leinster, Connacht and Munster—would deal with their respective areas.

The establishment of Dáil Uladh would be the first step towards the creation of this new governmental structure for the whole island. By thus creating a Provincial Parliament for the nine counties of Ulster within a New Ireland, the partition system would be disestablished and the problem of the border removed. Dáil Uladh would be representative of Catholic and Protestant, Orange and Green, Left and Right. It would be an Ulster Parliament for the Ulster people. The Unionist-oriented people of Ulster would have a working majority within the Province and would therefore have considerable control over their own affairs. That power would be the surest guarantee of their civil and religious liberties within a New Ireland.

REGIONAL GOVERNMENT—ADMINISTRATIVE

Regional Development Councils would be established to promote and co-ordinate the economic, social and cultural affairs of clearly defined economic regions. For example, East Ulster and West Ulster, having different economic problems, would require separate Regional Development Councils.

The Regional Development Council would be a single chamber consisting of:

(a) Representatives of District Councils within the region concerned.

(b) A Commission of experts appointed by the Provincial Government.

As well as assessing and co-ordinating the work of District Councils, the Regional Development Councils would be responsible for collection of rates and taxes. Third and Higher Level Education, Hospitalisation, Communications, and development of growth centres.

DISTRICT GOVERNMENT—LOCAL

A system of District Government would replace the existing local government authorities North and South. It would consist of District Councils democratically elected by the people on a Proportional Representation basis. A Council would govern an area which has physical and social unity, and on the basis of justice and efficiency would take and implement decisions appropriate to its area, with the minimum control by Central Government, in accordance with the principle of subsidiarity of function

In brief, a District Council would be a local people's assembly. Councils would vary in size and area of jurisdiction. In determining a Council's area of jurisdiction, physical and social unity would be the principal factors along with the wishes of the local inhabitants.

The purpose of a District Council would be to foster the social, economic and cultural development of a specific area. Involvement in the decision making process at this level of government would be the keynote and strength of the governmental system.

The above proposals for a governmental structure are put forward as a realistic basis for discussion and are not to be deemed either definitive or exclusive of alternative proposals.

TRIBUTE TO H. R. GROSS

HON. TENNYSON GUYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. GUYER. Mr. Speaker, the U.S. Congress will never be the same when the venerable financial bulldog from Iowa—H. R. Gross—leaves for retirement at the end of this session.

By precept and example, the astute Mr. Gross has become a national symbol of wise stewardship and unchallenged trust of public funds.

Few Members dared take on the "Mighty Mite" in debate, and those who did, have the scars to prove it. Mr. Gross had the time, the tenacity, and the talent for digging into figures and bringing them to light. His words could scald the spenders, and his arithmetic could wither the budget busters.

On the firing line for 26 years, this man established a record of attendance, shrewdness, and economy that may never be equalled. The beautiful part of his entire life and character is that people love and admire him. Few men ever won the esteem of his colleagues as did this "Mr. Frugal" from the land of the tall corn.

As this Nation fights the battle of inflation and recession, the warnings and prophecies of H. R. Gross will find a way to come back and remind us.

Mr. Gross well deserves rest and recreation, and all those blessings which his energies helped provide for others. We are tempted to say what was said when Lincoln was taken: "He was like a lordly pine, and when he fell, it left a lonesome place in the sky."

UNITED NATIONS

HON. CLAIR W. BURGENER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. BURGENER. Mr. Speaker, in light of the continuing trend away from allegiance to the precepts of its own Charter by the United Nations I have written to the President urging consideration of the suspension of our payments to that organization. I insert the text of this letter in the Record to bring it to the attention of those Members who may be interested:

House of Representatives,
Washington, D.C., December 10, 1974.

Hon. Gerald R. Ford,
President of the United States,
The White House,
Washington, D.C.

Dear Mr. President: You are aware of the mounting support in the nation and in the Congress for the proposition that the United States should either suspend or drastically reduce our payments to the United Nations. This comes in the wake of over ten years of deteriorating allegiance by that international body to the principles of its Charter and the functions for which it was formed.

When the U. N. was created at the end of World War II, it consisted of 51 countries representing a fairly well-balanced cross section of the world's population. Today there are over 130 countries represented in that organization and the rapid proliferation of small "third world" countries has dramatically unbalanced the cross section.

Recently we have seen a new development in the General Assembly with the virtual recognition of a non-state as the spokesman for the Palestinians, the effective gagging of a full state in debate and the expulsion of yet another state. There are signs that a repetition of these events is in the offing when the subjects of Korea and Cambodia arise.

The events of recent weeks are not isolated from the trend that has been apparent to U. N. observers over the last decade. The behavior of that world body has been open to question on many issues over the years from the Congo debates to the "Two-Chinas" question and many others. We, as a sovereign nation, must take a close look at where the United Nations is going and where our continued support of that body is taking us.

During the first twenty-five years of the United Nations we did not exercise our power of the Security Council veto. During that same period (1945–1970) the Soviet Union used the veto over 100 times. Since 1970 we have found it necessary to use the veto less than 10 times. And yet, we are branded as the "obstructionists!" Rationality has been sadly lacking in the body that was to bring reason to the international community.

It seems clear that the United States must re-evaluate the benefits it derives from the monies it pours into the United Nations. The annual "payment" must be carefully *examined*. In its life the United Nations has spent slightly less than $12 billion of which the United States has contributed almost $5 billion. We cannot continue to finance at tremendous cost an operation which has violated its own Charter, rejected the concept of sovereignty, and taken the road of irrationality which may result in tragedy.

Supporters of the United Nations have long stated that it is mankind's last and best hope to avert a final, catastrophic war. The trends now apparent in the United Nations raise the very real question . . . "might not World War III be *caused* by that international body?" Our continued financial support for an organization which has the sad record of the United Nations is a very questionable policy. I urge you to give very serious consideration to the option of withholding our annual payment for the 1975 assessments to the United Nations.

Sincerely,

CLAIR W. BURGENER,
Member of Congress.

OIL DEPLETION

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. COLLINS of Texas. Mr. Speaker, we all know the energy crisis in this country. The answer is more new oil and gas. The proposed legislation in Congress is depletion cuts which will cut new exploration in half.

On December 1, there was an enlightening editorial in the Dallas Morning News. Here are the highlights of the Dallas News comments on depletion:

> There are several ways to describe the bill to abolish the depletion allowance. One is "destructive"; another is "shortsighted"; still another is "harebrained."
>
> The oil industry is supposed to be making "obscene profits" out of the energy crisis. And so the industry must be put in its place. Besides that, if we are to have a tax cut Congress must make some show of proceeding in a fiscally responsible manner. Too difficult to offset the tax cut by cutting federal spending. Much easier simply to replace the lost taxes with new taxes. And who more popular to tax than those bloated oilmen?
>
> In truth, there is no truth in such reasoning.
>
> The big jumps in oil company profits—which grew out of the Arab oil cartel's quadrupling of prices—are about over. They look big only in relation to preembargo profits, which were among the lowest recorded by any major industry. In 1975, when earnings are stacked up against 1974 earnings, the increases will start to look rather small.
>
> But it is the major companies, in any case, that are earning such profits—not the domestic independents, who are the segment of the industry certain to suffer most if the depletion allowance is ended.
>
> With the depletion allowance, the majors can likely dispense; they have great sums anyway which can be plowed into exploration. But the depletion "loophole"—as critics of the industry are pleased to call it—is the independent oilman's mainstay. It provides him the money to share in what is never more than a chancy enterprise—the finding of new oil.
>
> It is the independents who nevertheless find most of our new oil. Pattillo Higgins and Anthony Lucas, who discovered Spindletop, worked for themselves—not for Standard Oil or any other major company. C. M. "Dad" Joiner, the finder of the East Texas oil field, was on no major company payroll. Of the fields in Oklahoma, West Texas, East Texas and Southeast New Mexico, independents found 487, major companies 291.

ETHNIC HERITAGE STUDIES PROGRAM SHOULD BE FUNDED

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. DULSKI. Mr. Speaker, for the past 26 years, the American Council of Polish Cultural Clubs and its associated member organizations have been dedicated to the dissemination of Polish cultural values and to the promotion of Polish and Polish-American cultural achievements. By weaving the best from the Polish heritage into the rich mosaic of great American culture, the council served well the cultural enrichment of this Nation and the cultural legacy of our forefathers as well.

I am pleased that one of the most active organizations in the council is the Polish Arts Club in my own district in Buffalo. This fine group has contributed greatly to the better understanding and appreciation of our American mosaic.

As one of the strong supporters of the ethnic heritage studies program, I share the disappointment of the many ethnic groups in our Nation with the administration's failure to request funding for fiscal 1975.

Mr. Walter Zachariasiewicz, president of the American Council of Polish Culture Clubs recently wrote a most persuasive letter to the President on this subject, and I would like to insert the text of it as part of my remarks:

AMERICAN COUNCIL OF
POLISH CULTURAL CLUBS,
Washington, D.C., November 27, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We have learned with deep regret and disappointment that your Administration did not ask for any funds for the ETHNIC HERITAGE STUDIES PROGRAM in the fiscal year 1975 budget. While speaking on behalf of 23 member organizations of the American Council of Polish Cultural Clubs, my comments herein also reflect the disillusionment of other ethnic groups.

The original Congressional authorization for this vital new program was $15 million. During fiscal year 1974, led by the author of the Ethnic Studies Act, Senator Schweiker of Pennsylvania, an initial appropriation of $2.5 million was made.

You will be interested to know that more than 1,000 exciting and valuable proposals were submitted to the U.S. Office of Education in support of the program. They all had one common purpose i.e. to enrich American culture through the contributions of our ethnic populations and to create a more tolerant and cohesive society through a better understanding and appreciation of our colorful national mosaic. During fiscal year 1974, the Ethnic Studies Program was one of the best-administered and broad-based programs in the Office of Education.

Therefore, we were shocked to learn that the Administration did not want to build on this excellent first-year record and continue this worthwhile program. The hopes of America's "ethnic" representatives for a meaningful ethnic heritage program have been replaced by a sense of chagrin. We urge you to not allow this program to be discontinued at the end of the current fiscal year before being given a chance to even show its vast potential.

Suggestions from HEW officials that support for such programs might be obtained through the mechanics of revenue sharing are, to say the least, illusory. We frankly do not believe that without direction and assistance on the federal level a program of this nature could be successfully developed and implemented.

We Americans of Polish ancestry are proud of what our heritage has contributed to America. Other ethnic groups are equally proud of their share in the cultural and social enrichment of this country.

Mr. President, do not turn a deaf ear on the ethnic Americans whom you recently "saluted". By your own comments you have confirmed that they have a right to be proud of their background which "enriches our country and endows it with greater resiliency, understanding, tolerance and strength". You have also noted justly that they have "never failed to answer the call to arms when America needed their help". We are grateful for these remarks and hope that they reflect a greater understanding on your part of the just needs and aspirations of America's "ethnic" population.

The Ethnic Heritage Program would be an excellent means of Bicentennial recognition, Mr. President, for the great contribution which the millions of immigrants have made to the development of the United States. Conversely, its abandonment would indicate further erosion of interest in this large segment of our population.

I have, therefore, been directed by the Officers and Board members of the American Council of Polish Cultural Clubs who met here recently in our Nation's Capital to appeal to you, Mr. President, to accord this Program your personal support. In this connection, the ACPCC would be pleased to meet with you to verify the wide support this Program has throughout the United States. Such a meeting would also indicate the Administration's concern of preserving cultural values of the American multi-ethnic mosaic.

Respectfully,

WALTER ZACHARIASIEWICZ,
President.

REPRESENTATIVE H. R. GROSS

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. CARTER. Mr. Speaker, in paying tribute to the distinguished career of H. R. GROSS, our colleague from Iowa; in expressing thanks for his wise counsel during his many years of service in this body; and in recognition of his deep faith in the American people and of his efforts to stand guard for the taxpaying citizen, I just want to say that I reserve the right to object—and I would ordinarily object, but I shall withhold my objection.

Actually, Mr. Speaker, we owe a great deal to our distinguished colleague from Iowa, and I earnestly hope that he will continue to play a role in keeping our Government on the right track. His work will always be important to us and to the American people.

JUSTICE IN MEXICO—II

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. STARK. Mr. Speaker, yesterday the Los Angeles Times began a series of stories on what has happened to Americans arrested and incarcerated in Mexico. Today, the second story from their Mexico City office details the horror and inhumane treatment Americans are being subjected to in that country. Today's story also provides additional details on those Mexican and American attorneys who have successfully exploited these vulnerable individuals, and their relatives and friends in this country, for thousands of dollars.

As I found out by conducting my own investigation, and as the Los Angeles Times' is so ably reporting, the issue here is not drugs. The issue is justice for these people. The issue is the role of the American Embassy in Mexico City. I do not believe that any of the information contained in the Times' stories, or that I have collected through my own sources, is unknown to the Embassy officials in Mexico. And yet, no action was taken to bring these atrocities to an end.

I have written Secretary Kissinger and asked that the Department of State institute an immediate and thorough investigation into this situation and come up with a corrective policy decision by Christmas.

The two newspaper stories follow:

U.S. EMBASSY ROLE HIT—AMERICANS CHARGE MEXICAN TORTURE IN DRUG CONFESSIONS

(By Stanley Meisler)

MEXICO CITY.—In September, 1973, a young Californian, call him Jim, was arrested in Mexico City's airport while changing planes on a trip from South America to Los Angeles. Mexican federal police said they found seven ounces of cocaine, five ounces of marijuana and two ounces of hashish in his baggage.

According to a statement he has sent to Rep. Fortney H. (Pete) Stark (D-Calif.), Jim denied the charges. He told the Mexican police agents that he was not carrying cocaine from Columbia to sell to a dealer in the United States.

"I was taken by six agents to a room and beaten at gunpoint to unconsciousness two or three times," Jim wrote 11 months later.

". . . The next morning I was taken to the interrogating room and then the real torture started. I was a Vietnam veteran. And that made things worse, as the agents took it as a question of their manhood whether they could break me. And feeling death close at hand, I begged for legal assistance from either a lawyer or the U.S. Embassy.

"I was forced to remove my clothes and the agents produced a metal rod (evidently an electric cattle prod) and a pail of water. I was forced to pour the water over my head and the questioning resumed. Each question was followed by a jolt from the metal rod.

"I lay limp like a corpse after the first two hours of shocks, but it didn't matter to the agents. They only became more determined to make me talk. I jerked back to life each time they jolted me. I could not even talk, my nervous system was so confused. But it kept on for six hours. And then I returned to my cell to think about it and recuperate."

The next morning, Jim signed a confession and is now in Lecumberri Prison in Mexico City awaiting an almost sure conviction and sentence of 6½ to 13 years.

Jim's case is not typical. Most of the 125 Americans in Mexico City prisons on cocaine charges say they avoided torture by signing whatever the Mexicans asked, even though it was written in a language they did not understand. Jim's statement, in fact, is the worst account of torture in the files of Rep. Stark, who has become concerned about what he believes is the failure of the U.S. Embassy to protect Americans arrested in Mexico on drug charges. Stark has made his files available to The Times.

Although not typical, the case of Jim, in a graphic way, illustrates the predicament of these Americans. Almost all admit they had intended to carry cocaine from South America into the United States. They have been arrested and charged with importing cocaine into Mexico even though they were in transit to the Mexico City airport.

Although importation of cocaine is a violation of Mexican law, the American suspects feel that they were tried and convicted in Mexico for a crime that, in effect, was against the United States.

Their arrest in Mexico has subjected them to a far different system of justice from that of the United States.

Officials of the U.S. Drug Enforcement Administration acknowledge that they motivated and encouraged this campaign at the Mexico City airport and are pleased with the results.

At the same time, there seems to be a hesitancy within the U.S. Embassy in Mexico City about dealing with charges of torture, partly because some American officials doubt them, partly because American diplomats evidently do not want to offend the Mexican government.

U.S. officials tend to play down or deny the accusations. Asked if torture takes place, Robert Eyman, regional director of the DEA in Mexico City, said, "I don't think it does. I have never seen it. I have never seen a cattle prod. I would take these allegations with a grain of salt."

But the U.S. Embassy has thought enough of the evidence to pass on to the Mexican government a list of 11 complaints of abuse during interrogation, including the case of Jim. The Mexican government denied the complaints.

The embassy has taken the official line that beatings during interrogation must be exaggerated and isolated incidents.

"We have to assume," U.S. Consul General Peter J. Peterson said in an interview, "that the authorities would not countenance mistreatment of American citizens. We have no evidence to substantiate any charge that abuse is the rule here."

To a charge that the embassy has not tried hard enough to accumulate such evidence, Peterson said, "We have had to look into charges made months after the arrest."

This seems to be true in a number of the cases. Prisoners have detailed instances of torture to Rep. Stark that they never mentioned to the first U.S. consular officers they met. But there are other cases that indicate carelessness about evidence on the part of the embassy.

In the case of Jim, for example, embassy records show that he met a consular officer three days after his arrest and complained that he was "sadistically tortured." Yet the consular officer, in his report of the visit, did not include any physical discription of Jim's condition. Nor was there any attempt by the embassy to have an American doctor examine Jim.

In another case, an American girl has complained that Mexican agents, during her interrogation, tore earrings off her pierced earlobes. If true, the evidence of the physical damage would still be there a few days later. The embassy file on her case, however, does not indicate when a consular officer first saw her personally. The file states only that her parents saw a consular officer two weeks after the arrest. According to the embassy record, the parents did not make any complaint about physical abuse. Peterson said the embassy first heard about the earrings in an Associated Press story months later.

The embassy might collect more evidence about physical abuse or, in fact, prevent it if U.S. consular officers could reach an American prisoner soon after his arrest. But Mexican police agents invariably refuse to allow an American prisoner to phone the embassy even though such a refusal violates the Vienna Convention or consular relations.

Peterson said that a consular officer usually sees the prisoner from three to five days after his arrest. According to Rep. Stark's files, the delays have been as long as 30 days.

The reason for the refusal by Mexican officials to allow the embassy phone calls is obvious. "Their requirements are their requirements," said Peterson. "They believe they would be interfered with in their investigations" if the prisoners phoned.

The embassy has protested this breach of the Vienna Convention. "Just about two to three weeks ago," Peterson said in mid-November, "we took over a note. I've discussed it personally with the consular affairs director of the Ministry of Foreign Affairs. The ambassador has discussed it personally. There have been protests each time, really."

Because of this, Peterson said, "we have had a far better record of performance in the last four months" on the phone calls. The record, however, does not bear this out completely. There have been few cases in the last four months. In the last one, in late October, the Mexican police again refused to allow the American to phone the embassy.

There is a question about how seriously the Mexican government takes a protest on this issue. On one hand, the U.S. DEA has trained the Mexican police agents and praised them for arresting Americans at the Mexico City airport. On the other hand, the U.S. consul general's office is complaining that the police are violating an international convention.

Ironically, although the U.S. Embassy has difficulty in finding out when an American is arrested at the airport on charges of cocaine importation, private Mexican lawyers seem to have no such trouble. In a large number of cases, parents in the United States were first notified of the arrest of their son or daughter by a Mexican lawyer, who then asked for thousands of dollars to represent them. In at least one case, according to the files of Rep. Stark, the notification came from a Los Angeles attorney, Daniel Davis, who identified himself as a cousin of a Mexico City attorney, Jorge Aviles.

The lawyers have asked from $6,000 to $45,000 both to free the prisoners and to pass on money to prison authorities to better the conditions of the Americans while awaiting their promised release. The purchase of better conditions is a standard in Mexican jails.

The money has been taken from parents even though the chances of a Mexican lawyer arranging the release of an American prisoner on these charges is now almost nil.

In 1973, lawyers were able to arrange the release of a few prisoners by pleading that they could not be guilty of importing cocaine into Mexico because they had never passed beyond the customs barriers at the airport into Mexico. In early 1974, however, the Mexican Supreme Court ruled that, according to an international convention, the customs area of an airport should be treated as if it were the territory of the country in narcotics cases. That shut off the main argument of the defense lawyers.

The U.S. Embassy supplies a list of lawyers to all prisoners but puts a disclaimer on the list. "In providing this listing," the disclaimer says, "the American Embassy at Mexico assumes no responsibility for the professional ability or integrity of the persons or firms whose names appear in the list given below."

In most cases, however, the parents in the United States have already paid out fees to a lawyer not on the list long before the consular officer shows up with the Embassy list of lawyers. Very few prisoners have used the lawyers on the list. One lawyer on the list, Pablo Sotomayor Gomez, used by a few prisoners, has now been removed from the list because, according to Peterson, "he has been completely the source of a pretty unshakable belief on the part of the prisoners that we are pressuring the Mexican government to keep them there."

Several parents insist that a consular officer, Danny B. Root, recommended attorney Jorge Aviles to them even though he is not on the embassy list. Several parents say Aviles then took thousands of dollars from them although he knew he could not help. Peterson said recently that the embassy has helped one parent file a legal complaint in Mexico against Aviles seeking a refund.

Root, whose tour of duty in Mexico has ended, has denied ever recommending Aviles to a parent or prisoner.

"Neither I nor anybody in the embassy recommended Aviles or anyone else," Root said in a telephone interview before he left Mexico. "We don't do that sort of thing."

Root was backed up on this by the consul general. "I cannot accept that one of our consuls would be in cahoots with Aviles, Peterson said.

In one case, a mother said she received a phone call from Aviles, who told her that he had Danny Root with him. An American then came to the phone, identified himself as Root, and told her Aviles "was one of the best and most reputable lawyers" and that the parents "would have no worries with him."

Peterson said that Root had denied this in an affidavit and that he, in fact, was not even in Mexico City on that date but in the interior of the state of Veracruz far from a phone.

In another case, a mother has written Rep. Stark that, on a visit to the embassy, "I asked about the qualifications of Mr. Aviles. And Mr. Root said the embassy did not recommend attorneys, but if he were in the same spot our son was in, he would have Mr. Aviles represent him. We took this as a recommendation."

Peterson, however, said that the mother must have misinterpreted what Root might have told her. "All Danny Root knew," Peterson said, "was that there were cases in the past where Aviles, who is not on the list, was used by a number of prisoners and had gotten at least one case off."

In the case of legal assistance, as in the case of harsh interrogations and prison conditions, the U.S. government takes the stance that there is little it can do. Rep. Stark has proposed that the U.S. Embassy provide some kind of legal advice and support to American prisoners overseas much like the kind of help given by the Pentagon to American servicemen arrested overseas.

In the case of servicemen, the U.S. government accepts that it has a special responsibility to them. They are government employees sent overseas by the government.

Stark Scores Embassy on Mexico Drug Stand

(By Jack Nelson)

Washington.—The U.S. Embassy in Mexico City has been aware of torture and other mistreatment of Americans arrested in Mexico City on narcotics charges, but has failed to take action to protect them, Rep. Fortney H. (Pete) Stark (D-Calif.), said in a letter Monday to Secretary of State Henry A. Kissinger.

Stark said he had detailed and documented evidence that "indicates that Americans arrested and incarcerated in Mexico are denied their legal rights,, are treated in a discriminatory and inhumane manner by the Mexican courts and penal institutions, and are (along with their families and friends in this country) subjected to expensive extortion demands from attorneys, court officials and prison personnel."

Embassy officials have failed to take action to assist the Americans, Stark wrote, even though they are aware of:

The torture used during interrogation sessions.

U.S. Drug Enforcement Administration agents being present during interrogations.

Repeated violations of Mexican legal procedures in cases involving Americans.

Unethical attorneys who contact families and friends of arrested Americans and successfully exploit these people for thousands of dollars (at times even using the embassy itself as a reference).

The treatment and extortion that constitutes "prison life" for these Americans.

Stark wrote that it is "likely" that appropriate congressional committees will investigate the U.S. Embassy's operations in Mexico and added that he hoped Kissinger would "initiate a prompt 'inhouse' review and begin corrective measures within the Department of State."

Stark told The Times that records his office has compiled of 90 Americans arrested on drug charges in Mexico show that in 54 cases the prisoners contend they were victims of extortion.

In 63 cases, he said, the individuals, including some women, said they had been tortured.

In his letter to Kissinger, Stark said 'Americans arrested in Mexico are initially told they have no rights and that even the U.S. Embassy is unconcerned with their situation. The actions and inaction of the embassy would tend to support that position."

"The embassy fails to insure that arrested Americans are allowed to immediately contact their families, their attorneys, or even the embassy itself," the letter continued. "The embassy has failed to * * * rect the interrogation procedure which often includes torture, forced confessions and unknowing self-incrimination."

Stark stressed that he did not condone trafficking, selling or use of illegal drugs. "If these individuals are guilty of crimes, I believe they should be subjected to the judicial system in either this country or Mexico," his letter continued.

"As a member of the House's special subcommittee on international narcotics traffic, I strongly support the international efforts to reduce and hopefully one day eliminate the flow of narcotics into this country.

"However, in our zealous attempts to combat narcotics traffic, we must continue to insure and protect the rights of all individuals involved."

Stark urged that the U.S. Embassy adopt a new policy regarding Americans arrested in Mexico and suggested that the State Department analyze the Department of Defense legal assistance program for armed services personnel arrested in foreign countries.

"This excellent and comprehensive program from another government department could serve as a model for the Department of State," Stark said.

Stark also urged that the State Department take steps to assist Americans already imprisoned in Mexico.

MICHIGAN LAWMAKER MOVES TO TOP

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. ESCH. Mr. Speaker, I would like to share with my colleagues an article written about Congressman Broomfield upon becoming the ranking Republican member of the House Foreign Affairs Committee. In the years I have had the privilege of working with Mr. Broomfield he has proved himself an able and effective legislator. His expertise in the area of foreign affairs is particularly well known, and I am certain his contribution in this new leadership position will be an important one.

But allow an outside, objective source, describe his leadership qualities and his new responsibilities. Mr. Speaker, I submit for the Members' consideration the following article which appeared in the Booth newspapers throughout Michigan:

Michigan Lawmaker Moves to Top

(By Ron Cordray)

Washington.—Rep. William S. Broomfield of Birmingham, could play a major role in the shaping of U.S. foreign policy over the next two years.

Come January, Broomfield will be the ranking Republican member of the House Foreign Affairs Committee. Being a close friend of the President will doubtless give Broomfield even more influence than normally goes with a ranking minority position.

Broomfield moved to the top on Foreign Affairs when Rep. William S. Mailliard, R-Calif., resigned to become an ambassador and Rep. Peter H. B. Frelinghuysen, R-N.J., retired. He has been a member of Foreign Affairs for 14 years.

While Broomfield and President Ford have pretty much seen eye to eye on foreign policy over the years, there have been some areas of disagreement. The most notable was Congress' War Powers Bill, aimed at restricting deployment of U.S. troops abroad, which Broomfield supported and Ford—as minority leader—vigorously opposed.

As ranking minority member, Broomfield will be expected to press for Ford Administration policies. "But I would most certainly oppose the President on the committee if I disagreed," Broomfield said during an interview. "I will not be a rubber stamp."

Broomfield expects to be a frequent visitor to the White House. If he disagrees with Ford, "I'm hopeful I'll be able to convey those thoughts, offer some input in areas where I have reservations."

That he won't be a "rubber stamp" for the White House is illustrated by Broomfield's criticism of Secretary of Agriculture Earl Butz.

"Food for Peace will be one of the important areas Congress will be reviewing because of the malnutrition and starvation of 400 million people," said the congressman. "Yet, Butz is traveling around offering food for peace without consultation with Congress. They probably have that flexibility, but we certainly should have been consulted."

Broomfield anticipates no dramatic shifts in U.S. foreign policy under Ford. "I expect it will be a continuation of what has developed in the past few years, more negotiation instead of confrontation." While Broomfield says the United States cannot be the world's policeman, he is concerned about what he views as an increasing isolationist attitude in Congress, particularly among Democrats.

I don't believe it will be an easy year because of this general feeling of isolationism," he said. "It reflects the changing attitudes in the United States. The Vietnam war divided the country and triggered a lot of this feeling."

The general state of the economy and the oil shortage have also contributed to this isolationist stance, he added.

Broomfield said he has been able to work well with the Foreign Affairs Committee chairman, Rep. Thomas E. Morgan, D-Pa. "In past years, it has always been a bipartisan committee," he added.

One area where Broomfield hopes to make a significant impact is the debt owed the United States by 100 foreign nations. That debt is around $60 billion, Broomfield said, but adds that the administration has not been able—or perhaps is unwilling—to give up-to-date figures.

"Before we enter into agreements with foreign nations, we ought to get these debts straightened out," he said.

"I also intend to keep the administration's feet to the fire on troop withdrawals from Europe," Broomfield said. "Before we enter a lot of new agreements with the Soviet Union, we should get them to agree on troop withdrawals so we can withdraw some of ours."

With the United States' nuclear capacity, "we should put more responsibility on nations for their own self defense," Broomfield said. "It's costing us $3 billion to $4 billion to maintain 300,000 troops in Europe. It seriously affects our balance of payments."

Broomfield is critical of some congressmen who, he says, are "trying to play Secretary of State." The Congress should be consulted more on foreign policy, he said, "but we can't take care of every issue on the floor of the House."

My goal is not to run the nation's foreign policy, but Congress must be consulted on the deployment of troops and on major negotiations," he said. "If you're going to have a bi-partisan foreign policy, Congress must know what's going on."

Broomfield said one of the most important things that could happen to contribute to peace and stability would be a reduction in oil prices by the producing nations. "Unless something is done soon, it will have an adverse effect on the economy of all nations."

He does not believe the United States was hurt abroad by the Nixon resignation, mainly because of a smooth transition and the continued services of Secretary of State Henry Kissinger. And in the area of foreign affairs, Broomfield said, "I feel Jerry (President Ford) has broadened himself considerably."

The congressman expects more cooperation with the Congress from the Ford administration than was the case under Nixon. "I believe there will be more give and take. Either this happens or it will be a lot harder for the administration to get its program through."

Broomfield said Congress can make "prudent cuts" in the Defense Department budget, but warned against "taking a meat ax. This can be dangerous. But we obviously can cut some areas without jeopardizing our security."

Broomfield was the most successful of the GOP congressional candidates in Michigan this year, winning with 63 percent of the vote.

Like many congressmen who are returned to Washington year after year, he emphasizes constituent services. And it doesn't bother him if the constituent happens to reside in a neighboring district. "The most important thing is what people say about you," he said. "People we help in neighboring districts have friends and relatives in ours."

INFLATION WAS NOT MADE IN HEAVEN

HON. E. G. SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. SHUSTER. Mr. Speaker, in response to queries concerning my views on inflation I prepared an article which appears in several newspapers in my district. I submit it to the House as a general statement of my position on this important national issue:

INFLATION WAS NOT MADE IN HEAVEN

(By Congressman BUD SHUSTER)

No great mystery cloaks the causes of inflation, even though some would have us believe that inflation is esoterically complex, pervasively uncontrollable, and possibly even made in heaven.

Our present inflation was caused fundamentally by the actions of Congressmen, Senators, and past-Presidents just as surely as fire causes gasoline to burn. And those elected officials responsible for inflation would just soon keep the subject fuzzy rather than answer for their actions.

Inflation—that is, the decline in the purchasing power of our dollars—has several causes. Included among them are population growth, scarcity of raw materials, rising expectations, devaluation, government controls, anti-competitive practices, anti-productive policies, and political decisions, such as the Arab oil embargo. The inflation we face today, while aggravated by these many factors, was caused fundamentally by the enormous deficit spending of our Federal Government. Here's how it works: When a President requests and Congress approves spending measures which add up to more money than the Treasury collects in taxes, the difference is the deficit. When the Government spends more than it takes in, it has to find the difference somewhere to pay its bills. The Treasury does the only thing it can do since the President and Congress made financial commitments in excess of their means. Treasury tries to borrow the money.

When the deficit is so big that the Treasury can't sell enough government bonds or notes to the American people without causing interest rates to rise too high, the Treasury raises the money it needs to pay the Government's bills in a very unique way. The Treasury Department sells its bonds or notes to the Federal Reserve System, which is the federal agency that controls the supply of money in America. And get this—the Federal Reserve literally prints up more money on the government printing presses and pays it to the Treasury in exchange for the bonds which the Treasury printed up. The Treasury then takes this new money and pays the Government's bills.

This is a neat little arrangement which makes it easy for politicians to keep voting in favor of big spending programs without having to raise taxes to pay for them. It's all very pleasant to give every special interest group that knocks on your door the government programs that it wants, and all so painless since the Treasury can pay for those programs with the additional money printed by the Federal Reserve.

There is just one rub! If the Government keeps flooding more newly printed dollars into the economy, and if the economy is not increasing the annual amount of goods and services it produces, then the increased number of dollars in the economy represent the same amount of goods and services that the smaller number of dollars previously represented. And what is it when it takes more dollars to represent the same amount of goods and services—inflation!

Think of it this way—suppose we awoke one morning and the only things of economic value left in the world were ten apple pies. If there were no money in the world we might decide to print ten one-dollar bills to represent the total money supply. That means, assuming all the pies were alike, that each pie would be worth one dollar.

Suppose that while we were admiring our 10 pies, someone printed up 10 additional paper dollars making the money supply to represent the 10 pies $20.00. Now each pie would be worth $2.00. The pie wouldn't be any bigger or any better—it would just cost twice as much. Sound familiar?

Although it's an over-simplification, that is exactly the way our national money supply works. When the government presses print more paper money to pay for deficit spending, the real value of the dollar goes down since it takes more dollars to buy the same product or service.

Paper money is only valuable to the extent that it represents something of value—that is, all the paper dollars in our economy only stand for all of the things of real economic value in our economy. If we increase the total number of paper dollars but do not increase the things of real economic value (goods and services), then each dollar stands for a smaller amount of real economic value. The proof of the pudding is in the economic statistics of the past 15 years. According to the Treasury Department, the money supply (the M1 portion for any economists and financial types who have read this far) increased at an average rate of 2.4 percent from 1955 to 1965. Inflation (according to the Consumer Price Index) averaged 1.8 percent during that period. From 1965 to 1973 the money supply increased an average of 6 percent and inflation averaged 5.5 percent, trending upward to a 1973 rate of almost 9 percent.

The foregoing can be represented by a simple economic law. If over the long run, the money supply is increased at a rate greater than the increase in productivity, inflation will occur.

I don't like that economic law, and I wish we could make it go away, but we can't. When I'm adding up my income I wish 2+2=5, and when I'm adding up my bills, I wish 2+2=3. Regardless, the sum equals 4 and I'm not going to get along too well until I face the facts of life, even though I may not like them.

The majority of the Congressmen and U.S. Senators, as well as several past Presidents, have refused to squarely face this economic fact of life.

When Lyndon Johnson decided that the American people could finance a "guns and butter" policy—that is, pay for a war in Southeast Asia as well as his so-called "Great Society" programs—he sowed the seeds of today's inflation. But it took at least 218 Congressmen and 51 Senators to vote the funds for those mis-adventures of the sixties. Johnson ran up spending deficits of over $50 billion in just six years. Although Nixon inherited those programs, he must share the blame for an additional $66 billion in deficits.

Most importantly, no President can spend one penny unless Congress appropriates it. So the American people can thank those Congressmen and Senators who vote for all our wonderful spending programs . . . Congressmen and Senators who either did not have the knowledge or the guts (take your pick) to tell the American people that there are only two ways to pay for such enormous government spending programs—either by increasing taxes to pay the bills or by incurring high deficits and printing up paper money to cover the expenses. Either way, it's the American people who pay.

With increased taxes we would have paid the bills while they were being incurred. That would have been the open and forthright approach for our political leaders to take, but they knew the American people wouldn't stand for greatly increased taxes and would have thrown the rascals out of office. Instead they chose the more devious way. Spend now and pay later became the philosophy—and later is finally here.

Every senior citizen who has watched the purchasing power of his pension and savings decline, every parent who had hoped to send his children to college but now finds the soaring cost out of reach, and every young married couple who watched their dreams of owning a home evaporate in the collapse of the housing industry, can thank those Congressmen and Senators who vote "yes" on so many "good" programs.

In my *short* two years as a freshman Congressman, I haven't seen a "bad" program yet. Well, that's not completely true, but the point is that all government programs have worthy purposes. If we want them, we must be willing to pay for them, either with increased taxes at the time we spend the money or through deficit spending and inflation later.

Some say "cut out those 'unnecessary' programs so I can have my program" but so often that simply translates into "just so we can get ours now, the devil with the rest."

Unfortunately, there will always be more good programs than we can afford.

The American people want neither increased taxes nor inflation. It's about time for public leaders to talk straight and act responsibly.

Only through increased productivity can we continue to raise our standard of living. Only by increasing the size of the pie can we all get a larger slice.

HON. H. R. GROSS

HON. DAN DANIEL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. DAN DANIEL. Mr. Speaker, when this 93d Congress breathes its last less than a month from now, we will have lost to the congressional scene HAROLD ROYCE GROSS, Representative of the Third District of Iowa. It is a sad occasion.

Congressman GROSS has been called a lot of things in the 25 years he has served in the House—and a lot of the things he has been called were not altogether flattering. He has been called—and has been—a gadfly. And he has admirably fulfilled the role of provocative critic of the institution called the Congress. Those of our number who have been too free with the taxpayers' money, those who have taken a few too many junkets at public expense, those who have pushed for special-interest legislation which would again cost the taxpayer—each has felt H. R.'s sharp tongue. And while he was the soul of courtesy in his statements to this body, the guilty always knew when he had hit the mark.

Not only has he been ready and willing to call this body to task for its fiscal excesses, he has done it with a wit and style which allowed us to laugh, even though we might squirm.

Who will take his place? Who will read to us the long list of frivolous and useless expenditures made by this Government? Who will take Congress to task for its abuses of the public trust? Hopefully, someone will step forward to do the job, but no one will take his place.

GEORGE MEANY'S RETROSPECTIVE ON THE WAR IN VIETNAM

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. BROWN of California. Mr. Speaker, in the Washington Post this morning I saw an article that was truly refreshing to see. It was a plain and honest statement by Mr. George Meany, president of the AFL–CIO, that he was wrong when he supported the war in Vietnam. This war was one of the most divisive and emotionally upsetting experiences in the history of the United States, not to mention its impact on the people of Southeast Asia. As one of those Congressmen who had to be defensive with my own supporters about my uncompromising opposition to the U.S. actions in Southeast Asia, I am simply gratified to learn of Mr. Meany's confession.

Mr. Speaker, little more need to be said. Too much blood has been shed, and too many words have already been spoken.

I wish to insert the article from the December 10, Washington Post in the RECORD at this time for my colleagues to consider.

The article follows:

[From the Washington Post, Dec. 10, 1974]

GEORGE MEANY: TURNAROUND ON VIETNAM

George Meany, who gave unswerving support to Presidents Johnson and Nixon on Vietnam, has now made a 180 degree turn on the war. The president of the AFL–CIO made his belated and retrospective pronouncement far from the union's usual decision-making forums. It occurred not in a meeting of the AFL–CIO Executive Council but in an interview on the Dick Cavett Show, soon to be aired.

Meany's change of heart surprised his closest associates in the AFL–CIO and, in the minds of some, may represent the waning influence of Jay Lovestone, his former foreign relations adviser, who retired in June. Lovestone, a one-time Communist turned Cold Warrior, encouraged and stimulated Meany's relentless support for the war in Southeast Asia.

Soon to be released, this exchange took place between Cavett and Meany:

CAVETT. Mr. Meany, you were a strong supporter of LBJ and Richard Nixon in supporting them on the Vietnam war.

MEANY. Yup.

CAVETT. Do you still feel you were right?

MEANY. Nope. If I'da known then what I know now I don't think we would have backed them. But we backed them on the information that was given to us by the President of the United States. You know the President of the U.S. has a lot of sources of information that a lot of us don't have—the Joint Chiefs of Staff and the intelligence people. We felt this was the man we had to back and we did back him—LBJ, and we did back Nixon. Do I think I was right? I thought I was right at the time. But I would say to you, if I knew then what I know now, I wouldn't have backed them (applause by studio audience).

CAVETT. Is it hard for you to admit that?

MEANY. No, if you're wrong, you're wrong.

What does Meany's startling reversal mean? Obviously, he can't retrace his steps and rescind the blistering attacks he made on those who disagreed with him on Vietnam. The stream of actions and attitudes that flowed for many years from President Meany's intransigent position on Vietnam will be difficult to measure.

For example, it would be without purpose to count the public leaders who were excoriated by Meany because they had come to oppose the Vietnam war. It would be impossible to judge how many union leaders adopted Meany's position because they were confident he had all the facts. It would be hard to determine exactly whether the frenetic support for the Cambodian invasion voiced by Meany and those who relied on his judgment in international affairs was used as justification for aggressive and violent demonstrations against students who opposed the war. For this, Pete Brennan, then president of the New York Building Trades, and the leader in the most widely publicized of these assaults, was praised by Nixon as his favorite labor leader and later made Secretary of Labor.

While opposition to Meany's position on the Vietnam war raised its head here and there, comparatively few unionists were bold enough to be explicit in their opposition. The disagreement between Meany and UAW's Walter Reuther, culminating in 1968, was in part due to their widening differences on the Vietnam war.

As it was, those labor people who disagreed with Meany on Vietnam were marked suspect, or labelled as "kooks." Who knows? Perhaps if truly open debate and an open mind had been encouraged on so important an issue at the AFL–CIO conventions of 1967, 1969, and 1971, the entire country, as well as the labor movement, might have benefitted.

But to get back to Meany's Vietnam reversal, Cavett could have asked Meany this follow-up question: "What do you know now that you did not know then that, you say, has changed your mind about Vietnam?" It's still a question that Meany should answer.

ADDITIONAL DOUBTS RAISED CONCERNING VLADIVOSTOK AGREEMENT

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. DRINAN. Mr. Speaker, another editorial very critical of the agreement made at Vladivostok appeared in the Boston Globe on December 8, 1974.

This editorial points out that the Ford-Brezhnev agreement provides that the Soviets "will effectively be allowed to catch up and perhaps surpass the United States in multiple warheads."

I recommend this editorial for the consideration of my colleagues:

[From the Boston Globe, Dec. 8, 1974]

THE CEILING IS TOO HIGH

The firm ceiling on strategic arms worked out at Vladivostok is so high that it is likely to prolong the U.S.-Soviet arms race over the coming decade and to foster vast expenditures in new technology on both sides.

The figures revealed by President Ford at his press conference last Monday essentially cover delivery systems alone. The Soviet Union and the United States will each be allowed a total of 2400 missile launchers, including bombers, of which not more than 1320 may be equipped with MIRVs, or separate vehicles carrying several independently targetable nuclear warheads.

There is no limit on the launching power or "throw weight" of the missiles. And there is no limit on the number of warheads that may be placed on any one missile. Nor is it known yet what provisions are made in the agreement for arsenal verification.

The problem for a U.S. Congress, pressed to cut back on military expenditures yet unwilling to lose either a real or a perceived advantage in strategic weaponry, is that the Soviets, who are already at or above the limit on launching systems, will effectivly be allowed to catch up and perhaps surpass the United States in multiple warheads.

The United States now has 2176 missile systems, including bombers (of which 822 carry MIRVs). The Soviet Union has between 2200 and 2700 missile systems but has not yet installed multiple warheads, although it is reportedly preparing to do so. When it does, the greater thrust or throw weight of their missiles would enable the Soviets to launch six to eight warheads from one vehicle, compared to three for the American Minuteman.

Any missile that has been tested with multiple warheads will be assumed to carry them and will fall under the MIRV limitation. But once the warheads are installed and capped, it may be impossible to tell exactly how many or what type of warheads are involved.

And, as the Soviets move ahead with the installation of MIRVs, there will be strong pressure here to develop new and heavier launchers to match those already developed in the Soviet Union.

All of this was buried in the rhetoric of the President's press conference. But there was a negative implication in Mr. Ford's statement that "these ceilings are well below the force levels which would otherwise have been expected over the next 10 years, and very substantially, below the forces which would result from an all-out arms race over the same period."

It is small comfort indeed to be told that we may be better off than if there had been no agreement. The President set $18 billion annually as a ballpark figure for strategic weapons and made it clear that he considered maintenance of conventional capabilities "of mandatory importance."

A much tougher approach, put forward by Defense Secretary James R. Schlesinger, would have allowed the Soviet Union continued superiority in missile launchers, with the United States having a continued advantage in warhead technology. This was overruled by Secretary of State Henry Kissinger and the Joint Chiefs of Staff on the grounds that the Soviets were ready to install MIRVs and could outdistance the United States in an arms race without hindrance from a reluctant Congress.

Perhaps there was a middle ground. As it stands, we have to agree with Sen. Henry Jackson who believes the Vladivostok agreement "will result in a buildup on both sides, rather than a build down." The cost to the United States of developing yet more overkill in nuclear weapons is too high. What was needed as a foundation for SALT 2 was not a stratospheric ceiling, but a solid limitation on arms.

"LET THE 'BARGAIN HUNTER' BEWARE" AN OPEN LETTER TO PRESIDENT FORD

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. SNYDER. Mr. Speaker, one of my constituents, Mr. Ed Wimmer, has addressed an open letter to President Gerald Ford. It appeared in News of the Nation for November 1974.

Mr. Wimmer makes some important points.

The text of his letter to the President follows:

OPEN LETTER TO PRESIDENT GERALD FORD: LET THE "BARGAIN HUNTER" BEWARE

(By Ed Wimmer)

This letter may be quite lengthy, but I have confidence that a member of your staff will report its contents at some early, appropriate moment, and not break the ideatie we have shared over the years.

I listened to your "WIN" address before the young farmers of Kansas, and it was an excellent football appeal to the rookies in your audience, to "go out there and get ferocious", but like rookies, I am afraid many of your listeners might have said:

"O.K. Coach, what's his number"?

KILLING CALVES

Mr. President, on the very day that you were talking to these young people about wearing a "WIN" button, and going after inflation by chasing after bargains, their elders were burying calves in trenches because bargain prices at the farm level, was driving them to desperation. In other parts of agriculture, dairy farmers were slaughtering their cows because they couldn't be milked at a profit.

All Americans love a bargain, Mr. President, and I have talked about this from the same platforms—often at National Association of Retail Druggists Conventions—and we both put emphasis on what the big chains and discounters were doing to destroy the ethical businessman: the fair trade laws and quality production, by "bargainizing" the mind of the consuming public.

My friend, we are in the fix this country has fallen into, for many reasons, but there has been more spiritual decay; social despair and economic and political problems caused by the abandonment of the principle of fair play in the market place; and the growth of monopoly power due to that abandonment, than from any other development. If what has happened to the farm and business community had befallen football, the game would have perished before you had a chance to be one of its players.

You said to the American people, and to those young farmers, "be proud if you are called a bargain hunter", but hasn't the bargain chaser been the buyer who always tries to take something away from the other fellow without his making a profit, and isn't it profits alone that makes the capitalistic system function? That causes farmers, workers, professional people, newsboys, corporations, retailers—and just about everybody, to do a little or lot better than they would without this incentive?

Mr. President, it is you who can contribute tremendously toward an understanding that fair returns on all raw materials, is the basis of prosperity. That the family farm, independent business and local bank are the three pillars of the free enterprise system, and that fair wages and fair profits must come from fair prices, and that fair prices alone produces better quality goods, whatever they may be.

We let the discounters and chains lure millions of people away from quality, service and ethical business with their bargain lures. We sat back and watched the family store being destroyed by the discriminatory pricing practises of their suppliers: just as the Congress allowed the big sellers to use farm products as "bargains" until today it is hard to find a roadside chicken farm, vegetable farm or dairy farm. Your Mr. Butz helped Ralston-Purina destroy Thousands of small poultry raisers, and now this giant is doing the same thing to the restaurant business.

I read today that the threat of a serious depression in Japan is more real than was suspected, a development I had in my broadcasts reprinted in the Congressional Record, the argument being, that Japan's sweatshop dumping of goods on the American market at "bargain" prices, would destroy the jobs of the workers who were buying the "bargains", and that someday the Japanese combines would be unionized, and markets of the giant combines would shrink and shrink.

FEEDING THE MILLS OF HUMAN SLAVERY

Scores of House and Senate members endorsed our position. They insisted that we were feeding the mills of human slavery: men like H. R. Gross of Iowa, and John Dent of Pennsylvania, fighting the trend on a daily basis.

Mr. President, in 1976, I keynoted the 35,600 delegate convention of NFO, in Des Moines, Iowa, at which time, 2,000 families were leaving the land every week. When the Johnson Administration heard about the size of this crowd, there was a scurrying out in all directions, and "heap big talk" about "saving the family farm" by setting a parity price on agricultural products.

When you spoke in Kansas almost eight years later, the liquidation of the family farm was continuing—unabated—the farmer paying more than twice the old price of a tractor—if he could get it or finance it. A rancher called me from Texas and said if the Arabs came into the Lone Star State, they could buy about 15 ranches and control the cattle business.

Mr. President, I was born in Wisconsin where in one year, thousands of small dairy farms, dairy plants and turkey raisers threw in the towel because the chains were hammering prices down on milk, and using turkeys as "bargains" during the only time the poultry men could move their birds. I recall an advertisement of a big chain in 1932, the heading of which read:

"We have beaten prices down, and down and down, until they cannot be beaten down any lower".

Thousands of farms had been sold off on the auction block. Thousands of banks were closing their doors. 16,000,000 unemployed walked the streets. Riots were everywhere, and then we got the New Deal, and we were told that the waves of mergers: the huge holding companies: "bargain prices" hammered to unheard of levels: girls working for 15 cents an hour . . . chain store domination, stock market orgies in '29, brought on the depression, which would now be cured by NRA and the rest of the alphabet.

At the time we were in the battle with Wright Patman and Joe Robinson to win passage of the Robinson-Patman Act. Later, to win passage of the Public Utility Holding Company Act that broke up the utility kingdoms. In 1938, I was put between Senators Miller and Tydings at the NARD convention, to aid in the passage of the Fair Trade Enabling Act . . . and all these bills saved thousands of independent businesses. President Roosevelt said that concentration of economic power had brought on the depression. Former President Hoover wrote:

FEARFUL OF ALL THIS BIGNESS

"We have builded up an economic autocracy, upon which a political autocracy will rise", but we go ahead and build bigger corporate farms; bigger chain store systems; bigger bankholding companies; bigger conglomerates, labor unions and bigger government (deficit and debt ridden) causing you to say as Vice President, that the people are fearful of all this bigness; causing Paul McCracken to say "they've got to be broken up, but do we have the courage"?

As a farm boy in Canada I would look at reddening skies with my father. Another prairie fire in the distance. He would try to determine if it was close enough for us to hitch up our horses, load the wagon with water barrels and sacks, and go to the aid of the fire fighters. My job was to help keep the men and women in wet sacks with which to pound the flames, and I saw many fall in exhaustion as they beat out the flames.

American skies. The skies of the whole world are red with danger, and I applaud your call for "fire fighters", but if the White House and Congress is passing out dry sacks, and if the "barrels" are empty of great ideas. Of public and world trust—of what avail to wear a WIN button?

WE HAVE MET THE ENEMY AND HE IS US

We are all in agreement that inflation is probably public enemy number one, but you quoted Pogo, who said we have met the enemy, and the enemy is us, so we must be public enemy number one for wasn't neglect of spiritual values; loss of economic and political statesmanship, that led to our present run-away conditions?

That great patriot Walter Knott said his greatest problem was to equitably divide his dollar between employees, customers, the government and himself, and he said it was the Golden Rule that settled this problem. When William Coors, Adolph Coors Company, addressed our Bicentennial Convention, he said his company had never discriminated against a small business in 79 years. Yet Coors is being prosecuted by FTC for controlling its distribution policies so its 167 independent distributors and small business customers can make a profit and remain in business.

Dr. George Roche III, told our convention listeners that present trends away from the individualism of our Founding Fathers has almost lost us our Western Heritage. Harold Minor, publisher of Rural Times, said the Congress, White House and communication media does little or nothing to unite the family farmers, local bankers and independent business . . . a mighty force . . . to make war on inflation. Arnold Paulson asked:

$2,800,000,000,000 DEBT

"Why can't we get an admission out of both parties, that a public and private debt of $2,800,000,000,000 is in itself, an inflation bombshell? Paul Jones, Glenview State Bank wondered why top officials and Summit economists didn't mention that bankers make less money on 12% interest, than they made on 3%. . . . Our Bicentennial asked these questions, about which national Bicentennial officials seem to know nothing.

Like you, Mr. President, we want to celebrate a Republic on July 4, 1976, not a Monopoly-Welfare State, but if this desire is to be fulfilled, we will have to accept the Jefferson-Madison concept, that the more the independents the freer the nation—accompanied by local control over local affairs in government.

If you had said: "pay a fair price so fair wages and fair profits can be made. Demand quality in what you buy, and in the people you elect to office" . . . because fair play and quality seldom comes with a bargain price tag. I feel sure your listeners would have responded.

"Let civilian voices argue the merits or demerits of our processes of government; whether our strength is being sapped by deficit financing indulged in too long; by federal paternalism grown too mighty; by power groups grown too big and too arrogant. By politics grown too corrupt; by crime grown too rampant; by morals grown too low; by taxes grown too high; and whether our personal liberties are as firm as they ought to be. If we do not argue, it may become too late to late to argue, for duty, honor and country cannot be neglected too long, and the hour is already late."—General Douglas MacArthur.

"The future of America lies down the middle of the road between the unfettered powers of concentrated economic power on one flank and the unbridled power of statism on the other.

"We dare not accord to the central government unlimited authority, any more than we should bow our necks to the dictates of the uninhibited seekers after personal power in finance, labor, or any other field. Our job is to make the individual important in all fields to make him grow so that his community will grow with him."—General Dwight D. Eisenhower.

CUTTING AID TO SOUTH VIETNAM

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. McCLOSKEY. Mr. Speaker, Frances Fitzgerald's book, "Fire in the Lake," won a Pulitzer Prize as perhaps the most definitive book ever written about Vietnam and the Vietnamese people. As a result of her long residency in Vietnam and her thorough research work there. Miss Fitzgerald's opinions are those of an expert. Her judgment that the present high level of U.S. aid to Indochina is hurting, rather than helping, the cause of an early peace is therefore highly relevant to the House's pending consideration of the foreign aid program. Ms. Fitzgerald's most recent statement on this subject follows:

THE ARGUMENT FOR CUTTING AID TO SOUTH VIETNAM

Since the signing of the Paris Peace Accord in January, 1973, the United States has spent six billion dollars in military and economic aid to Indochina and on the maintenance of its own forces in the area. If the present foreign aid bill is passed, the total will reach $7.3 billion. The majority of American aid has gone to South Vietnam were—as is also the case for Cambodia—it has been used not for reconstruction and development but for the continuation of a war that in the past two years alone has left 350,000 people killed or wounded and created over a million refugees.

The Vietnam war is not an inevitable consequence of local hostilities. It is the consequence of the continued American financing of a regime that has no popular support and therefore no interest in negotiating a political settlement along the lines laid out by the Paris agreement. The war in Vietnam could end in much the same manner as the war in Laos ended. It would end by peaceful negotiations within the next few months if the U.S. Congress cut aid to the regime in Saigon. On the other hand, if Congress continues to furnish the current high level of aid to Saigon, the war will continue; it will continue to the point where the North Vietnamese and the Provisional Revolutionary Government (PRG) of the South feel compelled to end it by a military victory on the battlefield.

Since January, 1973, the balance of power in South Vietnam has altered appreciably to the disadvantage of the Saigon regime. While the fighting has been localized and inconclusive, the North Vietnamese and the PRG are in a far stronger military position than they were two years ago. At the same time the economic decline in Saigon has weakened the hold of the Thieu regime over the armed forces and over the opposition political groups in the cities. American intelligence analysts now agree that the North Vietnamese have the capacity to mount a major military offensive in the South and that, if they did so, Saigon would find it hard to resist without the support of American bombers. Analysts cannot affirm that even a vast increase in American aid would change this situation. The Vietnam war is, in other words, a time bomb. But it is a time bomb that can be defused by an application of the Paris Peace Agreement.

To many Americans it appears as though both sides to the conflict share equal responsibility for the failure to implement the accords. From a strictly military standpoint this is true, for both sides have continually violated the cease-fire. But in a guerrilla war, such as that in Vietnam, it is simply impossible to maintain a cease-fire without a political agreement. It is the political articles in the accord that are essential to peace. The North Vietnamese and the PRG wrote these articles into the accord, and for the past two years they have consistently pressed for their application. Their attitude is understandable since they believe that they stand to benefit from the transformation of the military conflict into a political struggle.

The Thieu regime, on the other hand, has consistently refused to take the first step towards implementing the articles. It has not even disseminated the text of them in the zones of its control. It's attitude, too, is understandable since it has no political base in the South and no real power except that which comes from its exclusive control over American aid. The Thieu regime will not negotiate unless it is forced to by the United States.

Thus far the Ford administration has made no effort to bring the Saigon regime to the negotiating table. It is therefore up to Congress to do so and to avert disaster by cutting American aid to Saigon. In this context economic aid cuts are just as important as military aid cuts since all but a tiny fraction of the so-called Postwar Reconstruction Aid goes straight into the Saigon budget to pay the salaries of soldiers and to finance war-related projects. The same is true of Food for Peace.

The main objection to an aid cut is, of course, that the North Vietnamese and the PRG might take advantage of a weakened Saigon and pursue a military victory. This outcome is possible but very unlikely for the following reasons. In the first place the North Vietnamese and the PRG would jeopardize their own reconstruction efforts by inviting American retaliation. The military restraint they have shown over the past two years indicates their concern. Secondly a military offensive would cost them a great deal, not only in lives and money but in political sympathy in the South. The city people in the South would see them as aggressors in a battle not against American troops or an American-supported regime, but against themselves. Thirdly, because the South is so politically and economically shattered by the war, it is not now in the interests of any group, including the PRG, to seize absolute control by force. The problems of governing the South would be too great for any exclusive group or party without huge amounts of foreign aid, and neither the Soviets nor the Chinese are providing aid to Vietnam in anything like the quantity the United States is. Fourthly, the articles the North Vietnamese and the PRG wrote into the peace accord, including the provision for the creation of a National Council of National Reconciliation and Concord to ensure democratic liberties and to prepare a free, general election for a new government in the South, correspond exactly to the program that the National Liberation Front adopted in 1960. The peace accord, in other words, embodies their now-traditional solution to the war in the South. In the accords, as in the old NLF program, the reunification of North and South Vietnam appears as final but distant objective to be achieved gradually through step-by-step negotiations between the two governments.

With the exception of a few Saigon generals and profiteers the non-Communist South Vietnamese now favor an end to the war through a political settlement. The poor and the country people have always wanted such a peace. But now even those city people that have benefitted from the war see a continuation of the military conflict as the greatest threat to their future. As the recent demonstrations in Saigon have shown, even the Catholics now oppose the Thieu regime. Believing that it and the present war policy will lead only to disaster, they look to negotiations with the PRG and to the organization of a non-Communist political force to wage a political struggle. What they fear is that the United States will betray them by continuing to support a regime that opposes such organization and carries on a doomed enterprise for the short-term benefit of a very few.

Only by cutting aid to the present Saigon regime can the Congress carry out its responsibility to the Vietnamese, including those who have long sided with the United States. When a political settlement is obtained, it can restore economic aid to a government that represents the South Vietnamese people and that can use it for the purposes of reconstruction.

WCTC'S GREAT HEART

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. PATTEN. Mr. Speaker, I have always known that Radio Station WCTC, of New Brunswick, N.J., is one of the finest in the Nation. The main reason it is a distinguished ratio station is its strong interest in people. It has great heart, great empathy.

This has been proven many times in the past. I remember, for example, when the Indians of South Dakota were suffering because of a severe winter, WCTC—and the people of central New Jersey—helped them. And I also recall the generous help of WCTC and its kind listeners when the people of Biafra in Africa were starving. WCTC got involved, because it cares about people.

Most recently, WCTC appealed to the people of central Jersey to help the victims of Hurricane Fifi in Honduras with food, medical supplies, and clothing. Their response was wonderful—a tribute to their compassion for human suffering, and their love of mankind.

Many persons were active in the Honduras project and their spirit and help were inspirational. But I think that two persons deserve special credit for their talents and leadership—Anthony "Tony" Marano, general manager of WCTC, and the incomparable Jack Ellery, who directed the drive over the radio station.

Mr. Speaker, I love the people of central New Jersey and I am also very, very proud of WCTC for its great heart and deep feeling for people.

I am inserting in the Record a copy of a moving letter to the people of central Jersey by Tony Marano, an outstanding radio executive, in which he expressed the thanks of WCTC for their generous help. Through the Record, I want to thank Tony Marano, Jack Ellery, and the people of central New Jersey, for their assistance—and their love. America is a great country because of people like them.

The letter follows:

WCTC Radio,
New Brunswick, N.J., October 1974.

Dear Central Jersey: On Monday morning, September 30, five large trailer trucks left the Central Jersey area laden with food, clothing and medical supplies for the victims of Hurricane Fifi in our Central American neighbor country for Honduras.

After the first reports of devastation in this small country had been reported, we at WCTC thought about how the station could help to save the surviving victims who had literally been wiped out of their homes, their possessions, and virtually all means of survival. And we naturally thought about our listeners and how they have responded in the past whenever help was needed.

And so WCTC did something about it. We asked you for help. Our broadcast staff asked you to join in a massive Honduras Relief Program. The response was unbelievable but that didn't surprise us because we have always been aware of the ability of WCTC listeners to unite in a common cause.

Frankly, the response to our appeal was more than WCTC could handle. So we requested more help. And again you delivered. You delivered the volunteer workers, the spirit, the cooperation and help that was needed to get the job done.

We cannot begin to name all of the people who helped—people of all races, nationalities, ages, men, women and children—working side by side in a common cause. You know who you are. Whether you brought food or clothing or other needed articles, or whether you volunteered your time to help sort and pack the contributions and load the trucks, we want to extend to you our heartfelt thanks.

Individual thanks are almost impossible in these circumstances, and we cannot begin to single out any people or organizations for fear of leaving some out. In the rush of getting things done it was difficult to keep a record of everyone who made a contribution. And so we are taking this means to express our sincere thank you for a job well done to the many individuals and business, service and community organizations who pitched in to help.

You can feel proud that you live in an area where people care. WCTC is proud to be your radio station.

Very truly yours,
Anthony V. Marano,
General Manager.

WILL NOT BE FORGOTTEN

HON. CHALMERS P. WYLIE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. WYLIE. Mr. Speaker, in the past few years Columbus, Ohio, has been particularly successful in combating urban blight and providing decent homes for its people. This has been our good fortune but it has been far more than luck. Columbus' achievements have come through wise planning and hard work. Much of the credit must go to the Columbus area office of the Department of Housing and Urban Development.

One week and one day ago nine members of that office took off from Columbus on an airplane bound for Washington, D.C. The flight ended in death on a storm-swept mountainside.

Nothing we can do will restore these people to life: but Betty Whitehead, Rita Shelton, Raymond Meehan, Fred Lorenz, Annie Killingsworth, Mattie Jones, Marlene Jackson, Mary Beth Graves, and Kathleen Farrel will not be forgotten. Their successes and the successes of the ideas and plans in which they played crucial roles will be a living and permanent monument to them. Their lives are woven indelibly into the future of central Ohio.

APOLLO BELVEDERE

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. TEAGUE. Mr. Speaker, in the Transactions American Geophysical Union magazine, an article recently carried, "Apollo Belvedere," in which Prof. G. J. Wasserburg of the Geological and Geophysics Division of the California Institute of Technology, reviews their reflections on the importance and the contributions of the Apollo program and the national space program in general. Professor Wasserburg has dispassionately reviewed our national space effort and draws the conclusion that our space program has produced truly significant discoveries and demonstrated practical uses. His perspective, I believe, is objective and I recommend this article to my colleagues and general public:

Apollo Belvedere

(By G. J. Wasserburg)

It is five years since the first human beings landed on another planet and then returned to earth. It is almost two years since the last Apollo mission returned to earth from the moon. The excitement of Apollo 11 which reached a large proportion of the population of planet earth is now a quiet, majestic fact in history. The excitement and interest in scientific aspects of all the Apollo missions is active and has grown into an evolving study of our sister planet.

Apollo probably represents the largest technical enterprise so far undertaken by our society. As such, it is difficult to fully comprehend or to discuss Apollo with either brevity or clarity. Our perspective is sometimes blurred by the rapidity with which both technological changes and scientific advances have occurred. On this fifth anniversary of Apollo 11, it is fitting to review what has passed, along with some personal observations.

The beginning of the "Space Age" took place with the dramatic launching of Sputnik by the Soviet Union on October 4, 1957. The implications of this feat were manifest both in the military arena and in the civilian sector. The immediate effect of the launching of Sputnik was to cause intense self criticism within the United States and to goad the nation into some serious space-related activities. This permitted some of the talented staff associated with Wernher von Braun, then working for the U.S. Army at Huntsville, Alabama, to rapidly move ahead on the launching of a satellite—Explorer 1—on January 31, 1958. This 8.2 kg satellite contained James A. Van Allen's instrumentation which first detected the earth's trapped radiation belt.

The national introspection caused by Sputnik led to studies by different legislative bodies, and after intensive hearings of the Senate Preparedness and Investigation Subcommittee under the chairmanship of Lyndon B. Johnson, it was evident that a main consideration was to establish a civilian space agency. This led to the National Aeronautics and Space Act of 1958 which established NASA. This agency was charged with the responsibility of "exercising control over aeronautical and space activities sponsored by the United States" excepting "those activities peculiar to or primarily associated with the development of weapons systems, [and] military operations" including military research. In particular NASA was charged to "(1) plan, direct, and conduct aeronautical and space activities; (2) arrange for participation by the scientific community in planning scientific measurements and observations to be made through use of aeronautical and space vehicles, and conduct or arrange for the conduct of such measurements and observations; and (3) provide for the widest practicable and appropriate dissemination of information concerning its activities and the results thereof." In addition, the administration was permitted to engage in a program of international cooperation."

The newly formed agency began to formulate and initiate a variety of programs for the exploration of space. Probing of the lunar environment began with unmanned missions. In October 1959 the Soviet Luna 3 spacecraft gave us our first fuzzy view of the back side of the moon and showed it to be different from the familiar earth-facing side which has been scrutinized since Galileo. The cause of this lunar asymetry, so clearly shown by the later Lunar Orbiter flights, has given us a scientific problem that has not yet been adequately answered. The Ranger and Surveyor missions were then inaugurated by the United States to do scientific analyses by a series of well-instrumented hard and soft landings. In the meantime, the Soviet Union, through vigorous exploitation of a large payload capability, put Yuri A. Gagarin into space on April 12, 1961, to achieve a single earth orbit on Vostok 1. This was followed by a suborbital flight by Mercury astronaut Alan B. Shepard, Jr., on May 5, 1961.

President J. F. Kennedy addressed the Congress on May 25, 1961, in a special message titled 'Urgent National Needs' and stated:

". . . I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the earth. No single space project in this period will be more impressive to mankind, or more important for the long-range exploration of space; and none will be so difficult or expensive to accomplish. . . . But in a very real sense, it will not be one man going to the moon; if we make this judgment affirmatively, it will be an entire nation. For all of us must work to put him there."

He identified four major national goals for space. There were (1) landing a man on the moon and returning him safely to earth before this decade is out, (2) accelerating development of the Rover nuclear rocket, (3) accelerating the use of space satellites for worldwide communications, and (4) developing rapidly a satellite system for worldwide weather observations.

The first of these objectives was Apollo, and a "race' 'to the moon was on, pioneered by unmanned spacecraft. Ranger and Surveyor became Apollo support and Lunar Orbiter paved the way for a manned landing. Chemical analyses of the lunar surface were first carried out with the α-scattering experiment of Anthony L. Turkevich on Surveyors 5, 6, and 7 between September 1967 and February 1968. These experiments provided limited but clear results in both a qualitative and a quantitative sense. The broader meanings and acceptance of these results had to await the very hard data from Apollo, but the basic information was there and ready for interpretation.

The manned flight porgram was moving ahead with an outstanding record of successful Gemini missions and with three consecutive successful unmanned Saturn I-B launches through 1966. However, the program suffered a major catastrophe when three astronauts died in a disastrous fire during a launch pad test at Kennedy Space Center on January 27, 1967. After an exhaustive and thorough investigation, NASA instituted extensive changes in management, operating procedures, and equipment to ensure that such a catastrophe would not be repeated. The increase in costs that resulted from these anticipated changes caused major fiscal constrictions on other space activities, particularly in the area of unmanned planetary exploration.

The subsequent period was one of extreme diligence, care, and pressure. The work toward a lunar landing proceeded. Twenty months later on October 11, 1968, the first manned mission in the lunar landing program made a successful flight. Apollo 7 flew an 11-day mission of 163 earth orbits. A few months later, with a carefully calculated risk, Apollo 8 was launched to the moon. On December 24, 1968, the spacecraft orbited the moon, and Frank Borman, James A. Lovell, Jr., and William A. Anders became the first men to see the moon's far side and to view earth rise from the near vicinity of another planet. The procedures of maneuvering and docking were tested and exercised in earth orbit with Apollo 9, and finally, with Apollo 10, men returned to lunar orbit and exercised the descent procedures utilizing the LM. They approached to within 9 miles of the lunar surface and then returned. This gave the final measure of confidence to proceed to the first manned landing.

On July 16, 1969, Apollo 11 was launched and on July 20, while Michael Collins remained in orbit, the message came: "Houston, Tranquility Base here, the Eagle has landed." Neil A. Armstrong and Edwin E. Aldrin, Jr., became the first men to land on another planet. This signal came from a distance of 1.3 light seconds—a separation that is cosmically very small and humanly enormous. Apollo 11 brushed the old cobwebs of mythology away with the rudeness of a new generation of Argonauts. The mythologic allusions which are present in every earth language were made archaic and strange by real men on a real moon. A human-faced disk jumped over by cows, populated with moon maidens of various races, rabbits, or a woodsman has become incongruous with the reality of Apollo and has yielded to a new myth of the infinite extend-ability of mankind.

The crew of Apollo 11 returned safely to earth on July 24, 1969, in the Columbia service module. The time from the scare and challenge of Sputnik to the success and dignity of Apollo 11 was just a dozen years. The goal established by J. F. Kennedy and the Congress was achieved before the decade was out. The subsequent Apollo missions extended the stay time on the lunar surface, and the flexibility of action increased with the rising confidence of NASA management and the flight crews. The science content of the missions mostly revolved about the ALSEP (Apollo Lunar Science Experiment Package).

Because Apollo 11 and Apollo 12 were such perfect flights, the world at large actually began to believe that manned spaced flight was, after all, not very special. Major technical achievements had come so rapidly that in the new era, which was only two missions old, success was almost accepted as a straightforward accomplishment. Apollo 13 proved to be an exception. The motto of the mission was "Ex Luna Scienta," but the bursting of an oxygen tank and subsequent serious loss of power aborted the moon-landing mission. The human and technical drama that ensued was in its own right one of the most remarkable feats in all of manned space flight. The lifesaving operation between planet earth and the three cool-headed, moon-bound astronauts James A. Lovell, Jr., Fred W. Haise, Jr., and Thomas K. Mattingly II made the best of science fiction stories pale by comparison. The unfolded LM served as a space life boat, and through the communal ingenuity and systems expertise of the people on earth and the people out there, the spacecraft Odyssey was brought safely back to splash down on earth. The overall impression is of the whole earth acting as a single complex organism, extending a tendril out into distant space, and feeling it injured, safely withdrawing it.

Cautious optimism was regained on Apollo 14, which visited the Fra Mauro area—a non-mare region that contained debris from the huge Imbrium impact. The remaining missions Apollo 15, 16, and 17 were of the advanced I series type and provided greatly increased mobility on the lunar surface by use of the Lunar Roving Vehicle (LRV). Confidence in the performance of both crews and equipment greatly enhanced the science content of these expeditions. As distinct from the earlier missions, there was some flexibility in the Extra Vehicular Activities (EVA), and some new science procedures were inaugurated which had not been hard-wired into 'the system' from the beginning. The last crew of Apollo consisted of Eugene A. Cernan, Harrison H. Schmitt, and Ronald E. Evans, who landed in the Taurus-Littrow valley and returned to earth on December 19, 1972. In a recent meeting in Moscow, there was considerable surprise on the part of some of the Soviet delegates that Schmitt was actually a scientist.

The time interval between Sputnik and termination of the Apollo missions was 13 years. The 'race' to the moon was over. The cost was large but the technical and human accomplishments were larger: The total cost to the United States was about $17 per person per mission—all of which was spent here on earth.

We have primarily given a very brief historical outline of flight events and have placed little emphasis on the science that was accomplished. The chief national goal as enunicated by J. F. Kennedy was the manned landing, with the safety of the crew assured. Purely scientific goals were not a prime moving force, which unfortunately led to a strained relationship between the scientific community and NASA Scientific objectives were of necessity secondary, and in actuality they were subject to the severe 'man qualified' constraint. Purely flight hardware experiments required enormous investments of time and energy by principal investigators in order to interface them with 'the system' and flight qualify; changes in EVA time lines to obtain scientific data were very difficult to achieve.

Recognition of the importance of science objectives increased as the mission matured, but the flexibility of 'the system' to include new concepts and functions was limited. This was undoubtedly due to the deep feeling by NASA management for the safety of the flight crews, but such a philosophy also hindered scientific innovations responding to the discovery of the earlier missions. This aspect of Apollo history must be placed in its proper context to serve as a valuable guide in future enterprises.

The excitement and importance of scientific discovery, although not a primary objective, was still a highly significant part of the Apollo missions. The Apollo flight packages included a number of excellent orbital and landed experiments. The glittering grey-black basalts returned by Apollo II made obvious the enormous value of the returned lunar samples. The overall scientific results were of high quality. This surprised and pleased many scholars who were unaware of the rich results inherent in planetary exploration. New discoveries and concepts were born and many old scientific fables evaporated. The pre-Apollo speculations on planetary evolution vanished in the light of the new data, and a new generation of scientific speculation is now upon us. The difference is that the fairy castles are constrained by substantial scientific fact. The rate of increase in knowledge over the period of the Apollo missions was exceedingly rapid and caused complex changes in both observation and thought, so that our perspective is sometimes lacking. We have taken a quantum jump in our views of planetary evolution because of Apollo, and it is difficult to remember our earlier gropings.

Well before the Apollo missions drew to a close it was clear, in certain circles in the NASA administration and in the scientific community, that the flight program and the science program were different. When the flight program was over, there still remained the great problems of ALSEP data acquisition and evaluation, the study both of the reduced data and of the lunar samples, the synthesis of these data, and the preservation of these treasures for future penetration.

Even though NASA is preeminently committed to flight programs, the NASA charter has a specific commitment to space science. It was (and is) thus necessary to recognize the importance of reaping the scientific fruits of all flight missions by supporting a prolonged, but not indefinite, phase of postmission study. The high-compression operation of science during the period of Apollo flights must be followed by a long-term period in which a mature product of high scientific quality will be produced. New data will have to be obtained, the old incomplete data filtered, and new approaches identified. This function of Apollo science is currently vital and active. The knowledge obtained by the international scientific community which participates in this vigorous and cosmopolitan endeavor will undoubtedly play a key role in future planetary exploration.

Concomittant with the extended postmission study, it is most reasonable that NASA should formally assume its rightful responsibility for maintaining the lunar samples in as pristine a condition as possible for study by present and future generations, and for providing the means to make these materials available to scholars.

Of the four goals identified by President Kennedy in 1961, three are now realized (only the nuclear rocket has fizzled). Apollo was a resounding success, the international use of satellites for worldwide communication has developed rapidly, and the use of satellite systems for worldwide weather observations is now established.

In addition, since 1970 there has been a wider exploration of the solar system using unmanned space vehicles. Two lunar sample return missions by the Soviet Union gave valuable supplemental data to that obtained by Apollo. Our first hard look at Mars, Jupiter, Mercury, and Venus were achieved by both American and Soviet spacecraft. The recent Jupiter and Mercury encounters represent significant scientific advances. These missions comprise a start toward the broader goal of the exploration of the planets and space astronomy, which were identified as the primary objectives by both PSAC (the President's Scientific Advisory Committee) and the Space Science Board for the U.S. Space Program in the post-apollo period. The role of man in general planetary exploration remains undefined, and the question of whether man will maintain his toehold in space is largely unanswered. It is clear that the major scientific exploration of the solar system outside the immediate vicinity of earth must for the present be carried out with unmanned systems of orbiters, landers, probes, and sample return.

We learned from Apollo that it will be necessary to emphasize the scientific planning as indicated in the franchise of NASA in order that the scientific content of all space missions be optimized. Adequate scientific management must become an intrinsic part of all stages in large-scale technical endeavors. This participation should begin with the definition of the mission itself and continue on an interactive, discursive basis into the mission and beyond to the final evaluation. The scientific community must also be willing and able to participate in the planning and engineering as well as the decision-making functions. This will take a great deal of time on the part of the general scientific community.

In its evolution, the U.S. Space Program has produced truly significant scientific discoveries and has demonstrated the practical uses of satellites. The efforts which led to the success of the Apollo program were not a national burden but a general stimulant to the national spirit and indeed to the spirit of all mankind. The true price of Apollo is measured not in dollars but in national effort. With this effort we have purchased a historical eminence that transcends national boundaries. There is no doubt that Apollo stands on this eminence and commands a fine view.

CONGRESSMAN HAROLD R. COLLIER MAKES FINAL REPORT TO THE PEOPLE OF THE SIXTH DISTRICT OF ILLINOIS

HON. HAROLD R. COLLIER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. COLLIER. Mr. Speaker, under leave to extend my remarks in the Record, I submit herewith my report to the residents of the Sixth Congressional District of Illinois covering a resumé of legislation and my activities as their representative in Washington. Because it will be the final of these annual reports, I shall also make appropriate general observations of the historymaking events of recent years.

I face voluntary retirement from the Congress with a great deal of personal satisfaction, although I look back to more tranquil days of my service in Washington with considerable nostalgia. During my first two terms the Nation was at peace and a spirit of cooperation between the legislative and executive branches of Government prevailed. The legislative process was more orderly and far less complicated. Congress adjourned each year in sufficient time to permit Members to spend a great deal more time back in the district. My appearances before school groups, business, civic, and service organizations were far more frequent. Hence, a Representative had a better feel of grassroot level thinking. His dialogs with his constituents were easier and the time schedule made office sessions with them far less limited. The pressures in recent years have become greater with a more divisive society, and the legislative sessions longer and far more complex.

Hence, after 18 years in Washington, returning to private life will be a welcome change in many respects. Yet I know I will miss the humdrum of this life with its varied activities, long and busy days, and its challenges and occasional frustrations.

Having served in the Congress under five different Presidents, my years of service have been marked with drastic change and events which will be recorded by historians as the most tumultuous in this Nation's lifetime. After all, the United States, unlike the other great powers of the world, is a comparatively young nation. We have not yet observed our 200th anniversary; and there are those who say that the test of our system and the great free Republic which is ours has a long way to go to prove its permanence and viability.

By comparison with the civilizations of nations of the Western World, this is true. But our national tribulations of the past century make it clear that our destiny does not depend upon the utopian planners as much as it does upon commonsense and an appreciation of the greatness of a system which has in a brief span of history created the highest standard of living for the greatest number of people known to man. Thousands of years of civilization of other countries have failed to produce anything close to it.

It is for the American people to realize that the constant attacks upon our system, which is admittedly not perfect, can only weaken the structure of democracy and freedom. In addressing ourselves to this Nation's faults, we must be ever mindful that it affords a freedom which millions of people across the face of this world do not today enjoy. I believe we can emerge from the ills of the past 12 years an even stronger nation than before. But it will take a combination of belief in the principles of the free enterprise system on one hand and a willingness to recognize social and economic ills with a determination to correct them on the other. Each must be done in its proper perspective.

After nearly a decade of turmoil with three tragic assassinations, riots in the cities and on the college campuses, we finally extricated ourselves from the conflict in Southeast Asia. Soon thereafter we opened new fronts in diplomatic relations. Never have we accomplished so much in our foreign policy. Sadly, at the peak of the vastly improved position of the United States in a world moving toward greater peaceful endeavors, the same President who had achieved so much in foreign policy became the principal in one of the most notorious political fiascoes in our history—one which resulted in his resignation from that high office.

Now I shall move to a detailed report on major bills passed in the past:

Public Law 93-246: Increases Federal Government's contribution to the costs of its employees' health benefits to 50 percent beginning in 1974 and 60 percent beginning in 1975.

Public Law 93-247: Child Abuse Prevention and Treatment Act. Authorizes $15,000,000, $20,000,000, $25,000,000, and $25,000,000, respectively, for fiscal years 1974 through 1977 for prevention and treatment of child abuse.

Public Law 93-248: Intervention on the High Seas Act. Provides for action by Coast Guard to prevent, mitigate, or eliminate a threat of oil pollution resulting from a maritime accident beyond the coastal States' territorial sea.

Public Law 93-251: Water Resources Development Act. Besides authorizing the Army's Corps of Engineers to design, construct, repair, improve, and modify specified public works on rivers and harbors for navigation and flood control, this law includes the Streambank Erosion Control Evaluation and Demonstration Act, which authorizes the Engineers to establish and conduct, for 5 fiscal years, a national streambank erosion prevention and control demonstration program.

Public Law 93-254: Designed to regulate dumping of material into ocean waters in the U.S. territorial waters.

Public Law 93-259: Fair labor standards amendment. Provides for increase in minimum wage to $2.30 an hour over a specified period for employees covered before 1966, nonagricultural employees covered before 1966, nonagricultural employees covered in 1966 and 1974, and agricultural employees.

Public Law 92-269: Provides that any funds appropriated to carry out any program to which General Education Provisions Act applies for fiscal years 1973 and 1974 shall remain available for obligation and expenditure during fiscal 1975.

Public Law 93-278: Environmental education amendments. Provides that in development of curriculums regarding environment under Environmental Education Act due consideration be given to economic implications of environmental protection. Authorizes $5,000,000, $10,000,000, and $15,000,000, respectively, for fiscals 1975 through 1977 to carry out the act's purposes.

Public Law 93-282: Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act amendments. Authorizes $80,000,000 for fiscal years 1975 and 1976 for grants to States for alcoholism and alcohol abuse programs. Authorizes $13,000,000 for each of fiscals 1975 through 1977 for grants from National Institute on Alcoholism and Alcohol Abuse to the States for implementing Uniform Alcoholism and Intoxication Treatment Act.

Public Law 93-289: Veterans' Insurance Act. Expands term "member" for purposes of servicemen's group life insurance program to include specified members of Reserves and National Guard.

Public Law 93-295: Veterans Disability Compensation and Survivor Benefits Act. Increases rates of disability compensation for disabled veterans and rates of dependency and indemnity compensation for their survivors.

Public Law 93-296: Research on Aging Act. Establishes National Institute on Aging for conduct and support of biomedical, social, and behavioral research and training related to aging process and diseases and other special problems of the aged.

Public Law 93-302: Authorizes, for Peace Corps, not to exceed $1,000,000, fiscal 1975, for increases in salary, pay, retirement, or other employee benefits authorized by law.

Public Law 93-319: Energy Supply and Environmental Coordination Act. Provides for a means to assist in meeting essential needs of United States for fuels, in a manner which is consistent, to fullest extent practicable, with existing national commitments, to protect and improve environment.

Public Law 93-337: Provides 10-year delimiting period for pursuit of educational programs by veterans and their wives and widows.

Public Law 93-340: Provides for withholding of city income or employment taxes from pay of Federal employees in cities where 500 or more such persons are employed.

Public Law 93-342: Authorizes approximately $13,900,000, fiscal 1975, for saline water conversion program.

Public Law 93-344: Congressional Budget and Impoundment Control Act. Congressman COLLIER was a sponsor.

Public Law 93-347: Continues permanently present nonsurplus commodity distribution program and amends Food Stamp Act.

Public Law 93-351: Extends and revises nutrition programs for elderly.

Public Law 93-352: National cancer amendments.

Public Law 93-353: Health Services Research, Health Statistics, and Medical Libraries Act.

Public Law 93-354: National Diabetes Mellitus Act.

Public Law 93-355: Legal Services Corporation Act. Transfers legal services program from Office of Economic Opportunity to a Legal Services Corporation.

Public Law 93-360: Extends coverage and protection of National Labor Relations Act to employees of nonprofit hospitals.

Public Law 93-366: Antihijacking Act and Air Transportation Security Act. Amends Federal Aviation Act of 1958 so as to provide a more effective program to prevent aircraft piracy. I cosponsored.

Public Law 93-373: Authorizes funds for increased participation by United States in International Development Association.

Public Law 93-385: Provides 1-year extension of authorization for Federal capital contributions into student loan funds of health professions education schools.

Public Law 93-387: Establishes a Presidential Council on Wage and Price Stability.

Public Law 93-400: Creates a Presidential Office of Federal Procurement Policy.

Public Law 93-422: Extends and improves alcohol and drug abuse education programs.

Public Law 93-434: Provides for use of standard time from October 1974 to February 1975.

Public Law 93-438: Energy Research and Development Administration Act. Consolidates certain governmental functions in a new Energy Research and Development Administration.

Public Law 93-443: Federal Election Campaign Act Amendments. Provides for public financing of Federal primary and general election campaigns.

Public Law 93-449: Emergency Home Purchase Assistance Act. Increases the availability of reasonably priced mortgage credit for home purchases.

Public Law 93-473: Solar Energy Research, Development, and Demonstration Act. Authorizes funds for Federal programs for research and development of solar energy as a practical means for heating and cooling. I cosponsored.

Public Law 93-495: Amends the laws relating to Federal regulation of depository institutions and raises the ceiling on Federal deposit insurance to $40,000.

Public Law 93-496: Authorizes funds for fiscal year 1975 for the National Railroad Passenger Corporation and increases loan guarantees for service and equipment improvement.

Among the measures that I introduced or cosponsored during 1974 are the following:

Social security: A bill providing full exemption at age 65 from employees' tax for purposes of old-age, survivors, and disability insurance and an equivalent reduction in self-employment tax. A bill providing that a women who is otherwise qualified for OASDI benefits may become entitled to widow's insurance benefits, subject to existing actuarial reductions, at age 50 whether or not disabled. A bill removing limitation upon amount of outside income an individual may earn while receiving social security benefits.

Internal Revenue Code: A bill allowing a tax deduction for expenses incurred by taxpayer for dependents' education. A bill providing that amounts paid to related individuals shall be allowable as a deduction under provision permitting a deduction for dependent care services necessary for gainful employment. A bill excluding first $3,000 of a civil service or other Federal retirement annuity or pension from income tax. A bill prohibiting Federal Energy Administration from imposing any tax or fee on gasoline.

Veterans: A bill providing for a pension to World War I veterans. A bill providing additional compensation to veterans who are totally disabled because of combat injuries. A bill providing that Memorial Day and Veterans Day be observed annually on May 30 and November 11, respectively.

Health: National Commission on Epilepsy and Its Consequences Act. National Huntington's Disease Control Act.

Crime and law enforcement: A bill making it a Federal crime to kill or assault a fireman or law enforcement officer performing his duties when offender travels in interstate commerce or uses any of its facilities for such purpose. Police Officers Benefits Act, providing gratuity of $50,000 to survivors of policeman killed in line of duty. A bill authorizing pretrial detention if judicial officer determines that, if released, a person charged with a noncapital offense will pose a danger to community. A bill increasing to not less than 1 year nor more than 10 minimum sentence imposed as additional penalty upon persons convicted of committing a felony with, or while carrying, an unlawful firearm; and increasing to not less than 5 years nor more than 25 years minimum sentence for second or subsequent violations. A bill providing that anyone who interferes with commerce by damaging to extent of $2,000 or more any property of a person where business is conducted or property is maintained shall be fined not more than $10,000 or imprisoned not more than 20 years or both.

Labor and employment: A bill providing that a household shall not participate in food stamp program while any of its members is on strike, unless household was eligible for and participating in program immediately prior to strike's start. United States Court of Labor-Management Relations Act, establishing court empowered to assume jurisdiction in deadlocked labor disputes which President determines imperil national interest. Railway Labor Act and Labor-Management Relations Act of 1947 Amendments, dealing with railway labor-management problems, including strikes. A bill directing Civil Service Commission to establish, maintain, and keep current a job placement index of all vacant positions in executive branch's competitive service. A bill making it an unlawful employment practice to discriminate in employment because of a person's overqualification for the job. Energy: Arctic Oil and Natural Gas Act, authorizing appointment of Alaskan oil pipeline task force to study availability of a right-of-way across Canadian territory for construction and operation of transmission facilities for petroleum reserves of Alaska's North Slope. Alaskan Petroleum Transmission Act directs Comptroller General to study two principal alternative routes for recovering petroleum reserves from Alaska's North Slope. Soviet Energy Investment Prohibition Act, providing that no U.S. Government agency may directly or indirectly provide assistance to finance or otherwise promote export of any commodity, product, or service from United States if intended use of such commodity, product, or service involves energy research and development of energy exploration in Soviet Union.

Occupational Safety and Health Act: A bill repealing the act. A bill excluding from definition "employers" any nonagricultural employer who employed not more than 25 employees at any time during preceding calendar year, or a small farmer. A bill requiring recognition of differences in hazards to employees between heavy construction industry and light residential construction industry in promulgating health and safety standards. A bill providing, with respect to applicability of standards established under the act to small business concerns, that consideration shall be given to: distinction between small and large business concerns; applicability of each such standard on an industry-by-industry basis; and, where feasible and appropriate, in each such industry, exceptions for business concerns.

Illinois: A bill authorizing appropriations for elimination of Illinois' rail-highway grade crossings. A bill authorizing State of Illinois and Metropolitan Sanitary District of Greater Chicago, under Army's direction, to increase diversion of water from Lake Michigan into Illinois Waterway in order to control and eliminate water erosion of Lake Michigan's shoreline and to improve quality of water in Illinois Waterway.

OTHER MEASURES

National Research Coordination Act, authorizing Comptroller General to develop, establish, and maintain a National Research Data Bank which will collect in one place all available information and data relating to research programs conducted with Federal assistance and also authorizing him to publish an annual catalog summarizing all information and data available to public.

Vocational rehabilitation amendments, authorizing grants to public or nonprofit private agencies for paying part of cost of planning, preparing, and initiating programs to provide vocational rehabilitation services to individuals with spinal cord injuries or to low-achieving deaf individuals.

A bill providing that no person in United States shall, on basis of age—unless under 18 or over 65—be excluded from participation in, be denied benefits of, or be subject to discrimination under, any education program or activity receiving Federal financial assistance; exceptions to these provisions set forth.

A bill providing that no part of any appropriation and no local currency owned by United States shall be available for payment of any expenses, nor shall transportation be provided by United States, in connection with foreign travel of any "lame duck" Member of either House of Congress.

A bill providing that Supreme Court of the United States shall not have appellate jurisdiction to review any case in which trial court has determined legality of apportionment of population among districts of a State from which Members of U.S. House of Representatives are elected unless: trial court found that population of any district in State is less than 90 percent of population of district having highest population in State; or the only questions presented were clearly erroneous, whether any district's boundaries were drawn so as to discriminate against any racial or ethnic group, or whether procedural or evidentiary errors were committed by trial court.

Federal Paperwork Burden Relief Act, directing Comptroller General to conduct study of reporting requirements of Federal regulatory programs to determine extent to which these requirements may be revised to lessen burden upon small and independent business establishments.

A joint resolution directing Secretary of State to keep appropriate congressional committees fully and currently informed of ongoing status of any negotiations with any foreign government regarding cancellation, renegotiation, rescheduling, or settlement of any debt owed to U.S. Government by such foreign governments under any program.

A bill directing Secretary of Transportation to prescribe regulations prohibiting any motor vehicle from being equipped with any starter interlock system associated with seatbelts or upper torso restraints.

A bill amending Federal Meat Inspection Act to require that imported meat and meat food products made in whole or in part of imported meat be labeled "imported" at all stages of distribution until delivery to ultimate consumer.

Federal Election Campaign Reform Act.

Fiscal Integrity Act, reestablishing fiscal integrity of the United States and its monetary policy.

A bill directing Federal Trade Commission to conduct a study of practice whereby supermarket food chains reprice food items after they have been initially priced and offered for sale.

A bill prohibiting shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment.

Constitutional amendments—provided for by joint resolutions: An amendment providing that no public school student shall, because of his race, creed, or color, be assigned to or required to attend a particular school. An amendment providing for popular election of President and Vice President of the United States. An amendment providing that nothing contained in the Constitution shall abridge rights of persons lawfully assembled, in any public building which is supported in whole or in part through expenditure of public funds, to participate in voluntary prayer.

PERSONAL REPORT

As many of my constituents know, congressional offices handle many problems and matters for our constituents which are unrelated to legislation. We have long felt that the Congressman has a responsibility to be the liaison between the people he represents and many agencies of the Federal Government. Both our district and Washington offices have made it a special point to be of service to the people of the district in this manner. We have assisted in immigration and naturalization problems, military and veterans' requests, social security matters, and a host of varied items which involve scores of agencies and bureaus of the Federal Government.

Over the period of the past 18 years we have assisted our constituency in more than 8,000 personal matters which were brought to us for assistance. This number has dropped off sharply on an annual basis during the past 2 years with the end of the Vietnam war. This is because the number of military and Selective Service problems have understandably decreased by 8C percent. Nevertheless, we handled over 200 case problems in the past 12 months.

We will be closing our district office in North Riverside at the end of the year as I will be giving up my office in the

Longworth House of Representatives Building December 31.

My successor, Congressman-elect HENRY J. HYDE, will be taking over the first of the year. His address in the House of Representatives will be 1206 Longworth House Office Building and a staff member can be reached at area code 202-225-4561. Mr. HYDE and I have worked closely together to provide a very orderly transition of staff and files, and he will undoubtedly be announcing the addresses of his district offices in the very near future. I have assured him that I will be available at any time I can be of assistance to him as he takes on the responsibility of representing the residents of our district.

PROF. LEWIS H. MICHAUX AND THE NATIONAL MEMORIAL AFRICAN BOOKSTORE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. RANGEL. Mr. Speaker, an historic cultural landmark in Central Harlem, the National Memorial African Bookstore, may soon be closed down. Prof. Lewis H. Michaux, an active participant in community affairs and founder of the bookstore, has announced that the bookstore will close.

As one who grew up in Central Harlem, I have fond memories of the National Memorial African Bookstore. Professor Michaux has made the bookstore an educational resource center on black political, historic, economic, and cultural affairs. Students, scholars, and interested people from all walks of life have found the bookstore an invaluable resource in the nearly half-century it has been in existence.

At this time, I would like to share with my colleagues an article on Professor Michaux and the bookstore which appeared in the November 30, 1974, edition of the New York Times:

MICHAUX'S BOOK STORE, A FONT OF BLACK CULTURE, TO SHUT DOWN

(By Judith Cummings)

Lewis H. Michaux has decided to close his National Memorial African Book Store, for nearly half a century a center of black intellectual and political activity in Harlem.

Mr. Michaux, the 89-year-old founder and operator of the bookstore and a one-time window washer who is known in the community as "the Professor," said the store would close before Christmas. "It's my baby, but its got too heavy for me," he said.

Although a state aide said Mr. Michaux was welcome to continue to occupy the state owned building on Lenox Avenue rent-free "for an indefinite period," Mr. Michaux has said that for 44 years the shop has been "a one-man show" and that there is now no one to take over for him.

The store, at 101 West 125th Street, is widely regarded by scholars and many librarians for its comprehensive collection of literature on black and African history and culture. Beyond that, it assumed a place since its founding in 1930 as an unofficial cultural center, a gathering place for scholars and street-corner orators, for politicians and browsers.

Last week, as state and city officials assembled in the new State Office Building at 125th Street and Seventh Avenue to announce yet another tentative proposal for the revitalization of Harlem, Mr. Michaux presided over a close-out sale of his books in the small shop just down the block.

NEW FACILITY PROMISED

Until 1968, when the block was cleared for construction of the State Building, the bookstore stood at the corner of 125th Street and Seventh Avenue, a spot dubbed "Harlem Square" by Mr. Michaux. He then moved into an undemolished building at the eastern end of the site, with a promise of space in whatever building the state eventually constructed there. But development of that two-and-a-half-acre site is still years off.

END OF PERFECT DAY

In the early nineteen-sixties, when Mr. Michaux was a prominent black-nationalist figure in Harlem, a host to African leaders and was organizing demonstrations at the United Nations that called for that body's intervention in the United States civil rights struggle, a large sign hung over his door, heralding the shop as the "House of Good Sense and Home of Proper Propaganda."

Last week another sign in the window said: "This is the end of the perfect day."

Visitors flowed in and out of the store under the gaze of a life-size portrait of Malcolm X. Longtime customers offered condolences as if over the passing of a valued friend; younger visitors were quiet, a bit self-conscious.

Mr. Michaux sat among his remaining books and recalled a time years ago when he was speaking in the Harlem area on the importance of education. He said a father urged his young son to step forward, and then the father asked Mr. Michaux what his son should be. The bookdealer considered a moment, then said, "A doctor," and sold the man a book.

ADVICE IS FOLLOWED

Twenty-six years later, a man approached Mr. Michaux in a restaurant and said he had been that boy, and he invited Mr. Michaux to Boston where he had his medical practice. The book his father had been sold was called, "The Negro in Medicine."

"This thing brought tears to my eyes," Mr. Michaux said. "Here was a common ordinary window washer that caused a young man to study medicine."

Over the decades, Mr. Michaux's store earned a reputation as the place to obtain obscure or out-of-print volumes, or books that other stores did not care to stock.

For example, Charles Hamilton, the Columbia University professor who was co-author with Stokely Carmichael of "Black Power," said:

"For the whole decade of the sixties, I couldn't find 'Here I Stand,' by Paul Robeson," the former football star, actor and classical singer, who was a subject of the McCarthy-era investigations. "Michaux got it for me."

For John Henrik Clarke, a scholar in black history on the faculty of Hunter College, Mr. Michaux found "Islam in Ethiopia," by Spencer Triningham, and for Harold Cruse, historian and author of "The Crisis of the Negro Intellectual," he got a copy of Jacques Romain's Haitian novel, "The Masters of the Dew."

"The Schomburg was a place where people came to do research, but we sent them to Michaux's if they wanted to buy a book," said Jean Blackwell Hutson, chief of the Schomburg Center for Research in Black Culture. "The two complemented each other."

START OF BUSINESS RECALLED

Mr. Michaux left his home in Newport News, Va., at the age of 13 and came to New York as a deacon in a church organized by his brother, Elder Solomon Lightfoot Michaux. After leaving the church, he recalled, he decided to go into the book business when he noticed some books through a store window he had been hired to wash.

At the time he was selling his first books, from the back of a wagon at Seventh Avenue and 125th Street, "You couldn't find over 15 or 20 books by black people," he said.

"Claude McKay, Countee Cullen, Langston Hughes—publishers were accepting only poetry books by those fellows, because they were so popular," he said, referring to some outstanding writers of the nineteen-twenties, known as "the Harlem renaissance."

Recently, a reference work cited Mr. Michaux's bookstore as stocking more than "200,000 volumes of Afro-American history and literature."

Are all his books by and about black people?

"All except one—Webster's Dictionary," he said, employing a definition expansive enough to include, among others, the Bible and Tom Hayden's "Rebellion and Repression."

INVESTORS SOUGHT

A number of groups in Harlem, including the Harlem Urban Development Corporation and the Congress of Racial Equality, have recently begun searching for investors or foundations willing to help keep the bookstore operating.

Dr. Clarke is a member of a group that has been urging the ministers of a number of black churches to buy the store jointly, but so far without results.

In the meantime, Mr. Michaux said that he would go on radio the week before Christmas to announce that he would give away his unsold books to Harlem residents who have children.

"The height of my ambition is to give them to the people in the community," he said.

THE OZONE LAYER—PART 2

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. ASPIN. Mr. Speaker, perhaps the most disturbing aspect of the freon threat to the ozone layer is our lack of information. We do not know how fast we are losing ozone because of freon. We do not know how much damage increased ultraviolet radiation will do to humans or the food crops on which they depend. We do not know how quickly the danger is approaching.

Accurate information about this sort of technical subject is a prerequisite for intelligent legislation. And intelligent legislation on this subject may be a prerequisite for our very survival.

That is why the Congress was so wise in establishing the Office of Technology Assessment, charged with providing us with independent expert judgment on matters of this sort.

I have written to OTA Director Daddario asking him to explore this area.

The letter follows:

NOVEMBER 21, 1974.

Mr. EMILIO DADDARIO,
Director, Office of Technology Assessment,
Washington, D.C.

DEAR MR. DADDARIO: Recent investigations by Wofsy, McElroy, and Sze at the Harvard Center for Earth and Planetary Physics indicate that the use of chlorofluoromethane

(Freon) in aerosol cans and coolant systems may pose a substantial threat to the ozone layer which shields the earth from hard ultraviolet radiation. Mr. Tom McGurn of your office has a copy of their paper.

This work raises a number of questions:

(1) How great is the risk of a reduction in ozone cover due to chlorofluoromethane use?

(2) How much damage would an increase in ultraviolet radiation reaching the surface do to humans, animals, and plants?

(3) If there is a real danger, how soon must chlorofluoromethane production be reduced or banned to avoid serious danger?

(4) What alternative technologies, now available or within reach of development, could substitute for the present uses of chlorofluoromethane?

(5) What are the costs and dangers of such technologies?

(6) How can we best mobilize research activities to answer these questions in the near future?

The issue is urgent. The Wofsy-McElroy-Sze Calculations project an ozone reduction of 3% if chlorofluoromethane production is halted as early as 1978. There is no assurance that such a deficit would not cause serious problems. Discovering whether the problem is real will take time. Inventing a solution will take time. Time must be allowed for orderly adjustment to avoid economic disruption. Yet the total time before we must act may be as little as three years.

I am wondering if this might not be an area that your new office would be interested in exploring.

Sincerely,

Les Aspin,
Member of Congress.

A letter to Senator Kennedy and Congressman Mosher, chairman and vice chairman of the Technology Assessment Board, is now circulating for cosigners. I urge Members to join me in persuading OTA to launch a major investigation. We cannot afford to get caught short on information.

AMERICA'S HATE BIRD

HON. FRANK A. STUBBLEFIELD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. STUBBLEFIELD. Mr. Speaker, our feathered friend, the starling, has worn out his welcome in my district. In fact, it is no longer called "friend," but is now known as America's hate bird. These birds have invaded the Fort Campbell-Hopkinsville-Christian County, Ky., area by the millions, never taking the hint to just go away. Eradication seems to be the only answer.

A number of eradication devices have been tried in various locations, but to no avail. In 1948 itching powder was used on starling roosting places, but the starlings seemed to like that. Copper wires have been strung along edges of buildings, giving the birds a mild shock, but they just moved next door. Using sulfur in trees proved to be futile. Loudspeakers emitting a shriek too high for the human ear to hear has been tried, but the starlings again moved "next door." Attempts to catch the birds in cages have also been tried, but unsuccessfully. Other methods have been used without success. Indeed, they seem to be as difficult to kill as Rasputin.

Through efforts that we made last year, a chemical, Tergitol, which was approved by the Environmental Protection Agency, was used at Fort Campbell. All the variables have to be right in order for the treatment to be effective; and at that time the weather conditions were less than ideal. Therefore, the effectiveness was not all that was desired. Nevertheless, the operation was considered to be worthwhile, and plans are underway for use of the Tergitol this fall. We must rid ourselves of this health and economic menace.

I am pleased to insert in the Record an article by John Ed Pearce on this subject and printed in the Courier-Journal and Times:

America's Hate Bird

(By John Ed Pearce)

A fellow wrote a song once about "my darling, my darling, I fluttered and fled like a starling." Which gives you an idea of how much he knew about starlings. Starlings may flutter. Flee they do not. Once they drop by, they are very slow to take a hint about leaving.

And you don't get just a couple of starlings. They tend to come in groups of a million or so. Last fall, Marylanders fought a roost of what they said were 20 million starlings. Little Rock, Ark., had one bunch with an estimated 40 million, and Kentucky's Christian County is preparing all-out war against a 10-million-bird delegation in the event it comes back in the next few weeks.

"They've been coming in here for five years now," says Hopkinsville Mayor George Atkins. "Last year they about drove us crazy. But we're going to be ready if they come back. We've done all our paper work, established a multi-county control program, gotten the required permission from EPA and CEQ (Environmental Protection Agency and Council for Environmental Quality), and we've gotten the okay of the Department of Defense which we needed because most of the land in question, the land they roost on is on Ft. Campbell."

Good planning. The trouble is that plans aren't usually effective when it comes to starlings. For half a century Americans have been complaining to authorities and demanding that something be done about them. Dirty, they say. Make a mess. Drive off other birds. Make it dangerous to sit under the trees. Mess up downtown buildings. Nasty. And for just as long city, state and federal agencies have been trying to help, usually to no avail.

As far back as 1934, the federal government responded to the outcries of taxpayers with Biological Survey booklet BS–81, which didn't give the taxpayers much comfort.

The Government, BS-81 said, had tried trimming trees, eliminating roosts, trapping, capturing in enclosed roosts, gassing, poisoning, spraying, frightening and general noise making. None had worked very well. It had put light bulbs in roosts, hoping to keep the starlings awake and make them leave; the birds liked lights, cuddled up to keep warm. It tried a searchlight, which fascinated the birds; they flew around it, showing off, perched on it, messed it up. It tried flashguns, shotguns, Roman candles, fire hoses, toy balloons, pebbles in cans, traps, bells and so on. Nothing, BS–81 sighed, worked.

But, it added, look on the sunshine side. "Despite its sorry reputation, the starling is recognized as one of the most effective enemies of ground insects . . . the clover leaf weevil, the Japanese beetle, May beetle, cutworms and grasshoppers." On the other hand, BS-81 admitted, the starling has a soft spot for "cherries, small fruits, garden truck and late fruits." Dr. Burt Monroe, University of Louisville biologist, says starlings also have a taste for late grains, and, if they happen to form a roost early in the fall before these grains are in, they can play hell with a crop of wheat or barley.

They also carry a fungus which causes histoplasmosis, a lung ailment, and transmissive gastroneteritis, or TGE, which kills young farm animals, especially pigs. For these reasons, farmers tend to regard the starling as a winged Typhoid Mary. Dr. Wade Kadel, veterinarian with the state's Animal Diagnostic Laboratory at Hopkinsville, reported last fall that in 1973 area farmers lost $90,000 in wheat and barley, and $116,000 in young pigs because of starlings. Mayor Atkins says that in 1972 the county had 114 cases of histoplasmosis, and more cases in 1973. The disease has been with them, he says, since the starlings came five years ago. And, he insists, it is getting worse.

Hopkinsville isn't the first town to have such troubles. Beginning in 1963, the city of Dexter, Mo., got a visitation of approximately eight million starlings, and in the spring of 1965 local health officials found that 93 per cent of the 1,000 persons tested showed some signs of histoplasmosis. "No doubt about it," they declared. "Starlings cause it."

Dr. Frederick Hilton, of the University of Louisville Medical School, and an old hand at starling research, says this is a bum rap. "Starlings don't cause histoplasmosis," he says. "Starling droppings cause it." This subtle distinction, however, is often lost on victims of histoplasmosis, who tend to put it in a category with "guns don't kill people, people kill people." You just don't run into a lot of starling droppings unless there have been some starlings around.

People have been giving the starling the bad mouth since it was introduced to this country from England in 1891. Don't blame the English. The man to blame is Eugene Schieffelin, a New York importer who made a bundle and took up Shakespeare as a hobby. Anything the Bard mentioned was big with him, and when he read of Henry IV saying "I'll have a starling taught to speak. ." he decided the starling must be a pretty cool bird, so he brought 120 of them to New York and released them in Central Park. By 1920 they were all over the eastern half of the country and becoming a nuisance. Now they're everywhere.

One reason that the starling is unpopular is that it drives off desirable birds. "It is a very competitive bird," says Dr. Monroe. "It developed in Europe, where there were competitive species of starlings, and in urban conditions that forced it to be competitive and resourceful to survive. Over here, conditions are easier; there are few species of its type to compete for food, territory and so on."

It's tough, all right. It eats like a horse, stores fat efficiently and with its tough, oily feathers can survive almost any weather. When it moves in, it drives off woodpeckers, bluebirds, martins and other hole-nesters. A mockingbird will whip the grease off a starling one-on-one, but when a cloud of starlings appears even mockingbirds leave. There's no such thing as one-on-one with starlings.

Part of the starling's poor image stems from the fact that he is also a friendly, gregarious bird. "It likes other birds of its own kind," says Dr. Monroe, as well as grackles, red-winged blackbirds and cowbirds. And while these birds are better liked than the starling, they add to the size of the roost. In most roosts, starlings are actually in the minority. Most roosts are 50 to 60 per cent grackles and blackbirds, but people think of them only as starlings.

"Out in the country, in rural roosts, starlings are usually 45 per cent of the roost.

But in cities, the roosts are usually almost entirely starlings, and that's where the trouble is. The Louisville roost, which gave so much trouble a few years ago, was starlings. About two million of them."

The fact that the starling is something of a 9-to-5 bird also complicates things. They come into town, settle in leafy trees where they mess up sidewalks, parked cars and anyone walking below, and turn in for the night. They leave about dawn, fanning out for 50 miles or so into the countryside to feed, then come home about dusk, just when people wish they were somewhere else. Their sundown serenade is not real soothing. Starlings have a song like a rusty hinge. They sound as if they're gargling gravel.

And they don't migrate like other birds. At least most of them don't. Actually, says Dr. Hilton, there are two "races" of starlings in this country, one of which tends to migrate. But most don't, at least not in the customary pattern. Maybe they just don't like Florida. They usually begin their roosts in late fall, and settle in for the winter, favoring a nice evergreen grove or a downtown building with lots of ledges. Toward the end of March, they usually check out of the city and head for summer camp out in the country. During this breeding and nesting season they break up into smaller roosts, and don't seem to bother people too much. In fact, starlings aren't too bad to have around in summer. While they are nesting and rearing young they eat only insects, with a little early fruit on the side.

But come October and the little roosts begin to join other little roosts to form one gigantic roost. This is the type that turns up on the outskirts of town or on the ledges at City Hall. Or in the trees in your yard. If a roost is successfully broken up, it may disappear for three or four months and then turn up again, or it may stay gone for a year. Usually, starlings come back to a roost for six or seven years and then, for no apparent reason, move on. Maybe the menu got monotonous. No one knows for sure why they pick a particular site, or why they'll go maybe 500 miles out into the country for the summer and then come back in the fall. Strange birds.

These unpredictable habits make it tough to wage effective war on starlings, but for the past 50 years people have been trying with increasing energy. They've tried everything. In 1940, Gerald Smith, proprietor of an Ohio shoe repair shop, found that small-headed nails, spaced 13/16 of an inch apart, kept sparrows off his sign. Fellow townsmen tried this when the starlings arrived. It didn't work.

In 1948, William Xanten, superintendent of the Washington, D.C., Department of Sanitation, came up with the idea of putting itching power on starling roosting places. The starlings seemed to like it.

In 1949 the State of New York strung copper wires along the ledges of its State Education Building, hitched to a device that created static electricity and gave the birds a mild shock. The system cost $43,500. The starlings moved next door. But that same year, a woman in Flint, Mich., hung some discarded underwear, rubbed with sulphur, in her trees. The starlings apparently took this as a sign of a crummy neighborhood and left.

By that year, the starling fuss had gotten as far as the U.S. Senate, where a bill was introduced aimed at liquidating the flocks of starlings that were messing up federal buildings. Sen. Robert A. Taft blocked it by warning that if starlings were done away with, Japanese beetles would eat farmers out of house and home. No one liked the idea of angry farmers standing up to here in Japanese beetles. The bill died.

But the fight continued. In August 1951 Eddie Boyes, a Detroit radio engineer, set up loudspeakers that emitted a shriek too high for the human ear to hear, but not too high for starlings. The starlings left Detroit's Sherwood Forest, where they had been roosting, and went to a neighboring grove. Boyes pursued, his loudspeakers shrieking. He may still be out there, chasing them.

That winter, the Westminster Borough Council of London announced that it was installing electric wires along roosting ledges of its buildings to give the birds a shocking reception when they came home to roost. They finally gave it up. The birds simply shifted from one building to another. By 1953, the council had thrown in the towel. "Attempts made to catch starlings in cages at the roosting place, like other attempts, were unsuccessful," sorrowed the council. "The cost was about 200 pounds. No further action is contemplated."

Across the sea, the former colonists were having their troubles, too. In 1951, St. Louis businessmen strung nets, 125 feet long and 25 feet wide, on roosts, planning to wait until the birds landed, then get them. And then gas them. But the birds wouldn't land on the net. Most of those that did got out of it.

Lafayette, Ind., had starlings that year. G. C. Oderkirk of Purdue University came over and set off Roman candles, and sure enough the birds fled. The trouble was that it took an awful lot of Roman candles, and they had to be set off just before dawn. Another trouble was that, after resting up, the birds came back.

A lot of Indiana towns have had starlingitis. Evansville custodian Hilton Kerchief invented a flapping machine that drove them away from the city buildings; unfortunately, they settled on the gas works and the railroad buildings, which didn't set well with the gas or railroad people. Evansville then tried tin owls and rubber snakes. Fort Wayne tried poison and guns. But the poison killed good birds, too, and the guns tended to bag as many window panes as starlings. Tin owls were tried again at Fort Wayne, Elkhart, Richmond, but within a few days the starlings were roosting on the owls. Crawfordsville tried feeding squirrels, on the theory that starlings won't stay in squirrel-ridden trees. But the starlings ate the squirrel food.

The same year, Dr. Lytle Adams, a noted conservationist from Irwin, Pa., prescribed putting containers of grain, mixed with oil, underneath roosts during the nesting season, hoping that the starlings would pick up the oil and transfer it to the eggs, which would close the pores of the eggs and prevent hatching. But the starlings didn't take much to the oily grain. Other birds did, and died.

There is evidence that enough sound, over enough time, will drive them away. In Champaign, Ill., a radio station and a bunch of residents got together in October 1954 with a four-day campaign in which the station broadcast distress cries of starlings every 15 minutes, preceded by recorded noises of guns, bombs and various pops and bangs, while motorists parked under trees and sounded their horns. The birds decided the place was getting too rowdy and left. One woman, though, complained that the radio on her back porch drove their birds away but attracted a pack of dogs. They howled. They were worse, she said, than the starlings.

Starting in November 1954, Evansville waged six campaigns on starlings before giving up. "We hired a firm to put sticky stuff on roosting ledges," reported councilman Henry Fitzgerald, "but we finally had to hire men to remove it. The birds found it good eating." Sound was tried to fray the birds' nerves, but it only frayed the nerves of citizens, who said it was driving them crazy. They tried floodlights, fireworks, and finally a falcon and an owl. The falcon didn't get the idea. The starlings adopted the owl and cuddled around him until he got tired of all the togetherness and left. That cut it.

Cincinnati invested $418.18 in shotgun shells and turned a bunch of hunters loose on rooftops. They finally netted 6,010 starlings, but the city fathers figured that at that rate they'd run out of money long before they ran out of starlings.

Louisville got its first big invasion in 1957, and by 1958 the downtown area was covered with starlings, not to mention starling droppings. The birds loved the old federal building and the WHAS antenna tower that then stood on Sixth Street. The feds and the station tried all sorts of things to get rid of them, including the old distressed-starling-cry bit. They caught a starling, recorded its cry of protest and then broadcast it toward the buildings each evening. Nothing much happened.

Then out of the west there came riding a hero, Otto Standke, the mysterious birdman from Kansas. The city fathers offered him $900 if he would do a Pied Piper on the starlings, with the proviso that the birds had to leave and stay gone for at least two years. Otto calmly surveyed the scene and took the job.

Standke was a short, jolly, cigar-chomping man of 71 years. He carried a black metal box that contained, he chuckled, his secret weapon against starlings. He would not say what it was. For several nights he prowled the federal-building area, carrying his black box, and then announced that the birds would leave and would not be back. He collected part of his fee and left. So did the birds. When asked what he kept in the box, Otto just smiled and said he kept a dehydrated blonde in it. "Starlings hate blondes," he said. "Heh, heh."

That fall, Otto was hired by the city of Mt. Vernon, N.Y., to rid its downtown of starlings. Again he brought out his black box. He also went around clashing huge aluminum spatulas which he carried around his neck. He rang chimes. The birds left and the city paid him $4,000. He would not let anyone see inside his black box where, he said, he kept the dehydrated blonde.

Alas. In the fall of 1960, just two years after Otto had driven them away for good, the starlings returned to the Louisville federal building. Some were in favor of sending again for Otto, but Dr. Monroe doubted that it would be worth the trouble. But while local officials debated what to do about the dirty birds, Henry Taylor, federal building custodian, came up with a novel means of shooing them away; he stuck his broom out the window and shook it at them. "They come back, though," he admitted.

By 1960, Congress was brought again into the fight. The House voted an Interior Department budget thát included $165,000 for starling control. Nothing seemed to come of it. But on Nov. 9, 1962, Pierre Salinger announced that the Kennedy administration was ready to move with vigor against the starling. The destarlingization program, he declared, centered on a recording of—you guessed it—the call of a starling in distress, and it would frighten off the birds that had been making a nuisance of themselves on federal buildings. Alas, the New Frontier came a cropper. The starlings left the State Department building and moved onto the White House grounds. They also clustered around the loudspeaker broadcasting the distress cry, like kids listening to Ringo Starr.

Other governmental programs met with little more success. In England, London authorities got an offer from Joseph Fink, a bird-chaser from Illinois, who said he could chase the birds away by tickling their feet. The London authorities should have taken him up on the offer. Fink was hired in 1968 to keep the inauguration of Richard Nixon safe from starlings and did the job so well he was hired for the next inaugural. Armed with 2,000 gallons of "roost-no-more," Fink sprayed the trees along the route. Critics said he only drove the birds into the country for the day, but he shrugged off the cynics. What counted was that he got rid of them on Inauguration Day. But city fathers later conceded the birds were still with them.

In Philadelphia, a deputy commissioner of public property announced a plan to feed the birds a grain soaked in tranquilizer, then pick them up and ship them off to the gas chamber. The starlings didn't get tranquil enough, though, to be picked up.

France, Germany, Denmark. Starlings seemed to be causing trouble everywhere. Raleigh, N.C., tried fireworks and shotguns. Radford, Va., tried spraying. Jimmie Soules, a bird-eradicator from Decatur, Ill., offered to rid Lexington of its 20,000 pigeons and five million starlings, using a "secret remedy." The city fathers were interested. Mr. Soules said the secret remedy would cost $26,500. The city fathers said they would think it over.

Beginning around 1970, Kentucky began to catch it on all sides. Paducah, Bowling Green, Somerset, Ashland, Hopkinsville, Lexington. Health officials in Allen County complained that millions of starlings had invaded Scottsville and were threatening the health of the town. Then things began to get really hairy in Christian County.

Officers at Ft. Campbell, where the birds roosted, tried thinning the foliage on pine trees, hoping to cut down the roosting space, but people living nearby complained that this just drove the birds over to their places. Ft. Campbell then resorted to spraying, at the request of Hopkinsville and Christian County authorities. It was not the first time the Army had waged aerial war against the birds. In the summer of 1968, Army authorities in Germany received a call from local wine-grape growers, asking help against swarms that were endangering their vineyards. The Army sprayed and killed a lot of birds. Unfortunately, it also got a lot of spray on the precious grapes.

Last March, Ft. Campbell tried again, using a chemical called Tergitol. In theory, Tergitol, a detergent, when sprayed over a roost from the air, settles like a mist onto the birds, removing the oil from their feathers; when it rains, or when the birds are then sprayed with water, they catch pneumonia or freeze to death. Sad to tell, just as the spray fell, the weather turned warm. The starlings got a cold shower, but that was about all. A few dead birds were found beneath the roosting trees, but there weren't enough of them to make any real difference. Local officials took some comfort from the fact that they found no dead songbirds around. Songbirds, they said, just wouldn't hang around with starlings.

So Hopkinsville Mayor Atkins and his troops readied to do battle on their own. But just as they were saddling up, the birds left.

"They just migrated for the summer," says Mayor Atkins. "But we expect them back in the fall, and when they come, we'll be ready for them, I hope. We'll use Tergitol. We expect that the Department of Interior will be advising the whole state on control methods, because while we have a bad problem, we aren't the only one. A lot of towns are going through this. We're going to have to find an answer."

It won't be easy. Ken Garner, with the Division of Fish and Wildlife in Nashville, doubts that Tergitol will work except under special circumstances. So does Dr. Monroe.

Dr. Hilton, however, has found a tough way to trap the pests. He puts grain on his screened porch, then opens the door. When the starlings come in to eat the grain, he sneaks out the other door, dashes around the house and slams the door on them. Not a mass killer, of course. But, he points out, it gets him some experimental birds. And it's good exercise, dashing around the house.

"A funny thing about starlings," says Dr. Monroe, "is that they usually leave after five to eight years in a place." Which seems to be the key to getting rid of them. Sweat them out. It is possible to shoo them away for a few days, as Mr. Fink has proved in Washington. But it is a significant fact that most of the "secret methods" for getting rid of them are employed in the spring, when they're getting ready to leave anyhow.

But as far as actually chasing them away, says Dr. Hilton, "it can't be done."

Unless, of course, someone can bring back Otto Standke and his mysterious black metal box with the dehydrated blonde in it. Or maybe just find a dehydrated blonde.

WORLD OIL AND INTERNATIONAL AGREEMENT

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my Washington Report entitled "World Oil and International Agreement":

WORLD OIL AND INTERNATIONAL AGREEMENT

The stability of the Western world is threatened by the energy crisis. Most Americans probably are not yet willing to acknowledge the validity of that statement, but the economic facts are stark. The oil exporting nations have gained control of world oil prices and in the course of one year the price of oil, the world's most strategic commodity, jumped 400%. As a result, industrial nations face a payments deficit of $40 billion, the largest in history, and the oil producing nations enjoy a $60 billion payments surplus, far more than they can spend, and with much more money to come. A fundamental shift is taking place in the power relationships between the world's industrial nations and the oil exporting nations. All this has come about simply because oil is vital to modern industrial economies and no alternatives to it are readily available.

Secretary of State Kissinger advises us that these mounting economic problems will only fuel frustrations and expectations and provide fertile ground for social conflict. He and other policy makers view the energy problems as the greatest crisis in the West since World War II.

These upheavals in the world oil markets pose severe problems for the United States and the world. The United States does not want to be vulnerable to cutoffs of supply. The massive transfer of funds from oil importing nations to oil exporting nations is threatening international economic disorder and places a severe strain on our relations with Western European countries, Japan, and the developing countries, as nations scramble for the available supply of oil.

After a year of wavering, if not floundering, the United States response to this oil crisis is beginning to take form. The U.S. response was slow to emerge because of the divided views of our principal allies, the sheer difficulty of understanding the threat, and the crippled Presidential leadership. But top policy makers are devoting increasing amounts of energy to the crisis, and a plan of action is forming.

As set forth in a recent Chicago speech by Secretary of State Kissinger, the central element of the U.S. response is the cooperation of North America, Europe, and Japan, the primary oil consuming countries. These nations must act together 1) to conserve energy, 2) to develop new supplies of oil and alternative sources of energy, 3) to safeguard the international monetary system, 4) to assist the poor nations, and 5) to enter into negotiations with the oil producing nations. Only when the ground work is laid by putting into effect the first four steps can a constructive dialogue with the producing nations take place. with its major subject inevitably the price of oil. Already some steps have been taken toward consumer solidarity with an agreement on sharing oil in an emergency, joint conservation and energy development programs, and steps to achieve the necessary financial underpinning.

The Europeans and Japanese, who are much more dependent on Middle East oil than the United States, have been cool to the United States strategy. France rejects the United States strategy of banning together as consumers and prefers instead to meet with oil producers, consumers, and the developing countries to formulate a new oil price structure that would secure the revenues against inflation for producers and insure price stability for oil consumers. France criticizes the American proposal because she fears it may bring about a confrontation between oil exporting nations and oil importing nations.

The oil producing countries also have their differences, Algeria and Venezuela want to maintain the highest possible price of oil to help their development. Saudi Arabia is concerned about the effect of high oil prices on the Western economic system, and the Saudis seem to be interested in the French approach. Iran is becoming worried about the impact of high oil prices on Western economies, and they show an interest in tying the price of oil to an index of costs for Western goods to assure that the purchasing power of oil dollars does not fall.

There are some hopeful signs that the crisis can be resolved. The oil producing states are beginning to realize there are limits to which the price of oil can be pushed and that the financial and economic problems of the West can pull them down, too. The oil consuming nations are beginning to recognize that, in the short term at least, the position of the oil producing nations is formidable. This growing understanding of the dimension of the energy crisis and better appreciation of the position of the parties may be the best hope that a mutually agreeable solution can be found.

It is vital for the United States and other nations to view the oil crisis, not as a confrontation, but with an appreciation of the common interest between oil exporters and importers. We both want oil production to continue without disruption and without world economic upheavals. These interests can best be advanced through careful, systematic government-to-government discussions to reach agreement on the broad range of questions relating to oil supply and price.

THE ROCKEFELLER EMPIRE, A STUDY IN ECONOMIC AND POLITICAL POWER

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. RARICK. Mr. Speaker, the other body has now confirmed the nomination of Nelson Rockefeller as Vice President of the United States. Judging from the editorial fervor of the Washington Post, it would appear that similar overwhelming confirmation will shortly be forthcoming from the House.

The one-world syndrome would have the American people believe that the Rockefeller confirmation is essential to international peace and stability. Seldom revealed to the American people is the story that the same one-world instability is in many instances the result of Rockefeller family financial interests and manipulations in the world community.

The Chase Manhattan Bank and other Rockefeller corporations reportedly have been successful in converting foreign aid dollars, intended for the needy and poor of the world, into profits for their overseas corporations. In fact, the report from the Philadelphia Inquirer of November 24, 1974, would conclude that the U.S. foreign aid program is but a clever device to siphon taxpayers' dollars into the Rockefeller combine, all in the guise of aiding humanity.

Even the Washington Post, on the same date, confirmed that the Rockefeller-controlled Chase Manhattan Bank was financing $86.4 million of the Kama River truck factory in the Soviet Union. Perhaps it could be said that Vice-President-designate Nelson Rockefeller will place his enormous holdings in a blind trust, but would this prevent his continuing to serve as an agent of his brother David Rockefeller and the Chase Manhattan Bank and the multitude of other family-controlled companies as well as those within the sphere of the family's influence around the world?

Perhaps revealing of what the American people can expect was the Sunday Award by the National Conference of Christians and Jews to David Rockefeller for his "courageous leadership in governmental, civic, and humanitarian affairs." From the news reports of the award presentation, it was unclear whether the object of the award was for gouging U.S. taxpayers through foreign aid programs or for assisting the Soviets' war machine by advancing the Kama River machine factory for their tanks and truck potential.

Power, it is said, corrupts; absolute power corrupts absolutely.

I ask that related news clippings follow my remarks:

[From the Philadelphia Inquirer, Nov. 24, 1974]

United States Protects Rockefeller Investments

Each year, when State Department officials trudge up to Capitol Hill in Washington to justify proposed foreign aid spendings before congressional committees, they carry with them the support of a diverse and prestigious lobby.

Trailing along behind the State Department men are professors from the nation's leading universities, officials of the country's large multi-national corporations, labor union representatives, bank presidents and spokesmen for charitable foundations.

All of these people, who either testify before Congress in support of foreign aid expenditures or travel around the country delivering speeches on behalf of the foreign aid program, have one thing in common:

A VESTED INTEREST

They have a vested interest in the United States' $172 billion foreign aid program and they, or the organizations they represent, are benefiting financially, either directly or indirectly, from that program.

Two especially interested supporters are the Rockefeller brothers, David Rockefeller, chairman of the board of the Chase Manhattan Bank, and Nelson Rockefeller, the vice president-designate.

In a speech to the Council on Foreign Relations in Chicago in April 1967, David Rockefeller, ticking off the accomplishments of foreign aid, observed:

"Not the least of the lessons we have learned in 20 years of dispensing foreign aid is the need for relying more extensively on the private sector—and this is now being done.

"The Agency for International Development (the State Department agency which administers foreign aid) has set up an Office of Private Resources specifically to help United States investors interested in the less developed countries.

"It has also worked out a variety of instruments designed to encourage and support increased private investment."

Indeed it has. So much so that if you look at the foreign aid program in just about any part of the world, you will find a connection with a Rockefeller financial interest. For example:

The Chase International Investment Corp. is a subsidiary of the Chase Manhattan Bank, of which David Rockefeller is chairman of the board and the Rockefeller family is a substantial stockholder.

Chase International has used the foreign aid program to insure investments in a poultry farm and synthetic fiber plant in Costa Rica, gaming lodges in Kenya, an agricultural production and marketing operation in Iran, and a ceramic tile and bath accessory plant in South Korea.

These projects are insured by the Overseas Private Investment Corp. (OPIC), a wholly owned government corporation whose operations are supervised by the State Department.

INSURANCE, TOO

OPIC acts as an insurance company, guaranteeing loans and insuring private investments in foreign countries against expropriation, inconvertibility of local currency, and war, revolution or insurrection. The agency also makes direct loans to spur development in less developed countries.

While businesses pay a premium for the insurance, the OPIC program carries the backing of the United States government. This means that if losses should exceed the corporation's reserves, the American taxpayer will pick up the bill.

In addition, OPIC offers private corporations a more subtle, indirect benefit—the weight and leverage of the United States government in a company's day-to-day business dealings in less developed countries.

The Chase Manhattan Bank has used OPIC to protect its banking or lending operations in the Dominican Republic, South Vietnam, South Korea, India, Guyana and Brazil.

The bank has collected $345,000 in connection with losses suffered by its businesses in the Dominican Republic and South Vietnam.

Arbor Acres Farm, Inc., a poultry breeding and supplying firm, has used OPIC to insure poultry farms in Thailand, the Republic of China, Pakistan and the Philippines.

BASED IN NEW YORK

Arbor Acres is a division of the International Basic Economy Corp. (IBEC), a New York-based development company. Rodman C. Rockefeller, a son of Nelson Rockefeller, is the $75,000-a-year president of the company.

Nelson Rockefeller, Rodman C. Rockefeller and Steven C. Rockefeller, another son, together own directly or as trustees about 37 percent of the stock in IBEC.

According to an annual report of the company, "IBEC was founded in 1947 in the conviction that the American system of private enterprise, working within the framework of the profit motive, had a key role to play in the developing countries."

Through another guaranty plan of the foreign aid program, the housing guaranty program, IBEC was involved in the construction of two housing projects in Peru valued at $3 million. Under this program, the government guarantees a builder or mortgage lender's investment.

Development and Resources Corporation, a New York and Sacramento-based consulting organization, has just completed a $229,000 contract with the State Department to assist the government of Nepal in a management improvement and training project.

Development and Resources Corporation is another subsidiary of the International Basic Economy Corporation and its president is David E. Lilienthal, former chairman of the Tennessee Valley Authority and the Atomic Energy Commission.

Dr. J. George Harris, retired president of the Rockefeller Foundation and Rodman C. Rockefeller both serve on the board of directors of Development and Resources.

CONTRACT AWARD

In April 1970, about a year before Development and Resources became affiliated with Rockefeller's International Basic Economy Corp., the company was awarded a $2.5 million contract by the State Department.

The terms of the contract provided that the company was to assist the government of South Vietnam in a planning effort directed toward reconstruction and development of Vietnam.

Through another part of the foreign-aid program, the Agriculture Trade Development and Assistance Act, the Chase Manhattan Bank was authorized in September 1970 to borrow about $2.2 million in South Korean currency.

Treasury Department records show the purpose of the loan was to promote business development and as of Dec. 31, 1972, the latest period for which figures are available, about $1.6 million of the loan then was outstanding.

Through yet another foreign aid guaranty plan called the Private Export Funding Corporation (PEFCO), Chase Manhattan Bank in 1971 and 1972 arranged two loans totaling $13.1 million for a nuclear power plant project in Italy.

ORGANIZED IN 1970

PEFCO was organized in 1970 to supplement the lending operations of the United States Export-Import Bank (Exim Bank). The Exim Bank has provided a revolving line of credit for PEFCO, and all its loans are fully guaranteed by the government.

While none of these guaranty plans under the foreign aid program involve direct expenditures of American tax money, at least at present, there is both a hidden cost to the taxpayer and a potential liability for the future.

If losses under the plans should exceed the reserves set aside—all claims filed, but not settled, have been running ahead of reserves—then the taxpayer is liable.

In addition, critics of the guaranty plans argue that they unnecessarily involve the United States government in what should be private business dealings by private corporations.

As for hidden costs, a University of Michigan economics professor told a House Foreign Affairs subcommittee last year:

GOES TO PUBLIC

"To the extent that OPIC is supported by present or possible future congressional appropriations—which might well be necessary to pay claim settlements in excess of available reserves—part of the political risk or the cost of insurance that would otherwise have to be borne by private investors is transferred to the United States taxpaying public.

"This transfer of private business costs amounts to a public subsidy of the particular subgroup of United States businesses that have invested or intend to invest in the poor countries.

"All that OPIC can do is transfer some of the costs of the risk from private investors to the public, thereby increaring the profitability of the foreign investment for the private investor, but not for the United States as a whole."

Supporters of the guaranty plans of course, argue that they are necessary to spur economic expansion in the developing countries.

FIRMLY WEDDED

For his part, Secretary of State Henry A. Kissinger, who served as a foreign affairs adviser to Nelson Rockefeller before joining the Nixon administration in 1969—and who was one of the recipients of a Rockefeller financial gift ($50,000)—remains firmly wedded to the OPIC concept.

When there were unsuccessful attempts in Congress earlier this year to kill the OPIC plan, Kissinger came to the agency's defense, saying that "it would not be in the national interest to terminate OPIC programs at this time."

Kissinger maintained that planned private American investments in less developed countries "might not go forward in the absence of OPIC programs, which provide the kinds of insurance and financing that cannot be undertaken by private insurance and credit markets."

[From the Washington Post, Nov. 24, 1974]

THE SOVIETS AT KAMA RIVER—BIG COMPLEX, BIG PROBLEMS

(By Peter Osnos)

NABEREZHYNE CHELNY, U.S.S.R.—Using more than $1 billion worth of Western technology and equipment, the Soviet Union is building the world's laregst heavy-duty automotive works on the snow-covered Russian steppes.

By any measure, the project is immense. About 130,000 people are here working on 150 buildings spread across a site that is 40 miles square. A completely new city has been erected, and its population grows by thousands every month.

Some time in 1976, it is hoped, the first truck will come off the assembly line. At full capacity the plant will turn out 150,000 trucks and 250,000 diesel engines a year. In other words, in this single project the Soviet Union will add about 25 percent to its current annual production of heavy transport—a major boost to the economy.

The Soviets call the project KamAZ, after the Russian words for Kama River Automotive Factory, and the name has become symonymous here with grand—some would say grandiose—planning in the modern age. Perhaps more important, KamAZ is the most elaborate example to date of post-Cold War cooperation between the Kremlin and Western industry.

"KamAZ—The Billion Dollar Beginning," is how the Chase Manhattan Bank titled a thick book it prepared this year for prospective Western contractors. The bank is financing $86.4 million of the plant, a substantial investment in the prospects for expanded trade with the Soviets.

DEAL WITH RENAULT

The U.S. participation, valued at around $400 million, includes contracts with 65 companies. But the biggest single deal was signed with Renault of France, which is getting $250 million to design the engineering unit and provide equipment. Other West European and Japanese firms also are involved. In all, KamAZ will cost about $5.4 billion, not including Soviet expenses for the city of 200,000, complete with schools, health facilities and a rail line to ferry workers to their jobs.

The scale of the construction and the complexity of doing business with so many foreign interests have made KamAZ even more of a challenge to the Soviets than they apparently realized when work began nearly five years ago. At the start, the vision was simple and appealing: a joining of Soviet needs and manpower with foreign skills. But trouble soon came. The Soviets and their Western clients disagreed about design, and deliveries were late. The Soviets themselves acknowledged management inadequacies and low productivity.

The first truck was to have been manufactured about now, but that timetable has long since been abandoned. Even the 1976 deadline may prove too optimistic. Only one of the six basic installations at the site has been completed and that, a repair and tooling shop, is the smallest.

The onset of winter makes work more difficult in this vast, black-soiled plain, 550 miles east of Moscow. This year there are additional problems because equipment has been delivered and may be damaged if buildings and heating systems are not in place by the end of the month.

The delays may prove costly to the Soviets, and they have already been embarrassing.

Western visitors to KamAZ, mostly government officials and politicians like Sen. Walter Mondale (D-Minn.), who was recently here, get a tightly controlled tour and a cautiously upbeat appraisal of the situation from Lev Borisovich Vasilyev, deputy minister of the automobile industry, who is KamAZ's director.

Representatives of the contracting firms complain that they cannot get access to the site for the detailed inspections they need to make for installation of machinery. Even the U.S. embassy was twice refused permission to send diplomats to KamAZ in the first four months of this year. Since then two short and largely ceremonial visits have been allowed.

Plans call for as many as 1,000 Western engineers and specialists to live at KamAZ for months at a time. Few, if any, have arrived.

TOLERANCE ON BOTH SIDES

While keeping outsiders at a distance, the Soviets make no secret of their own concern over the problems. Long articles in the industrial press cite specific shortcomings in construction and productivity. One recent article told of an incident in which equipment operators were idle for 24 shifts in a row because no one had given them orders.

The soviets blame some of their difficulties on the Western contractors. Deliveries have been as much as six months late, they say, and some foreigners on the technical staffs fail to understand the Soviet approach. "We have tried a very unusual type of construction at KamAZ," Vasilyev says. "We are building and designing at the same time. Changes in one link require changes all along the line. Even some of your great American firms seem to have difficulty with this method."

Privately, Americans say that the principal difficulty is that KamAZ is just too big. "The massive scale," one U.S. businessman says, "naturally makes for waste and inefficiency. But they are in such a terrible hurry to catch up."

In some instances, the Soviets have shown an awareness of the pitfalls of such a massive effort. They have surprised their contractors, for example, by a readiness to accommodate supply shortages faced by Western companies. Soviet contracts contain a penalty charge of 6 per cent for late shipments. The Carborundum Co. of the United States was struck for three months last spring and missed its deadlines, but the Soviets waived the penalty. There have been other similar cases.

Considering the still tentative state of Soviet trade with the West, such forbearance is important. "This process of doing business with each other," one American said in Moscow recently, "is not going to be easy. A certain amount of tolerance on both sides is necessary."

THE LINKS TO DÉTENTE

There is no doubt that the climate for trade has improved significantly since the Soviets began thinking about KamAZ in the late 1960s.

The Soviets first approached Henry Ford II about the possibility of taking over as general contractor for the proposed plant. Ford, whose father built a big truck factory for the Soviets at Gorki in the 1920s was intrigued, and in the spring of 1970, Ford announced that it would be contractor for KamAZ.

The announcement stirred an angry reaction from then-Secretary of Defense Melvin Laird who objected to the possibility that Soviet trucks built at a plant equipped by the United States might eventually be used by the North Vietnamese. Ford withdrew.

A year later, Mack Trucks signed a letter of intent to handle the project, but it was unable to get export permission from the U.S. government. By the time relations between Washington and Moscow began to improve, the Soviets had decided to be their own general contractor.

Some European companies had been approached also, but declined because of the difficulties encountered by Fiat, the Italian firm which built a passenger car factory for the Soviets not far from here at Togliatti.

The Soviets established purchasing commissions in New York and Paris and began spending the $1 billion earmarked for foreign technology and machinery. The decision to buy abroad was made at the highest levels and was incorporated in the directives of the 24th Congress of the Communist Party in 1971.

From the outset KamAZ was meant to be an instrument of the Kremlin's changing foreign policy. For the first time since the early 1930s, the Soviets started purchasing technology they would not—or could not—supply themselves. The success of the KamAZ project is bound up with the prospects of detente as a whole.

Not surprisingly, propaganda about KamAZ is considerable. The Soviet Union's leading literary magazine, Novy Mir, published 16 essays on KamAZ since construction started. They are being collected in a soon-to-be-published book called "The Literary Chronicles" of KamAZ.

KamAZ is also invariably listed among the great achievements of Soviet labor. "Our fathers built Magnitka, "goes a standard slogan at the site, "and we are building KamAZ." Magnitka was one of the Soviet Union's first major iron and steel plants, built in 1929 with the assistance of American technical experts.

With so much at stake, there is, of course, no question that KamAZ will eventually be completed and will produce all or most of the trucks it is supposed to. But the Soviets are particularly eager to turn out at least a symbolic first truck by the time of the next party congress in April 1976. To do that, it may be necessary to supplement the already huge labor force with Red Army troops, as was done at Togliatti.

[From the New York Times, Dec. 9, 1974]

DAVID ROCKEFELLER CITES PERIL TO UNITED STATES

(By Robert Hanley)

David Rockefeller, the chairman of the Chase Manhattan Bank, called last night for a broader spirit of international cooperation and sacrifice "to prevent general human tragedy and global economic disaster."

In a speech before the National Conference of Christians and Jews that was laced with warnings about dwindling supplies of natural resources, mass starvation and "crushing financial burdens being placed on many nations," Mr. Rockefeller seemed to direct his appeal for international interdependence at oil-producing nations. Noting that the "quadrupling of oil prices" in recent months had brought "some" nations to the brink of bankruptcy, he said that the suddenly enriched oil states "cannot afford to assume that their present affluence is a guarantee of permanent wealth."

"A failure to cooperate with consuming nations dependent on them for needed supplies will ultimately peril their own situation, and reduce considerably chances for global stability," Mr. Rockefeller said. "Certainly no nation can survive if the world's delicately balanced economic system fails."

At home, the banker went on, "inefficiency and waste" must end at a time when "inflation and a growing recession threaten the very basis of our economic growth and vitality."

Cautioning that America's natural resources are not "bottomless," he urged consumers to begin preparing for a period of conservation and "self-denial over self-indulgence."

Then, in an apparent allusion to reported plans by the Ford Administration to prepare a national energy conservation plan, Mr. Rockefeller said: "I know that they [Americans] can and will respond positively to a carefully drawn national policy of conservation that equitably distributes essential sacrifices."

Yet, he said, America's problems "pale" when compared to the plight of the thousands dying of starvation in the world's underdeveloped nations.

He contended that progress toward ending mass hunger and financial unrest in the world had been hampered by three "myths": that the United States has "unlimited natural resources"; that industrialization, at the expense of agricultural and land development, improves standards of living; and that population control (which he said was "vital") is a "form of genocide."

Before his dinner speech that opened the two-day meeting of the conference's trustees at the New York Hilton Hotel, Mr. Rockefeller received the human relation group's Charles Evans Hughes gold medallion, an award named after the late Chief Justice. It cites the recipient's "courageous leadership in governmental, civic and humanitarian affairs."

FINANCIAL FERTILIZATION IN CROSS POLLINATION OF PRIVATE AND PUBLIC SERVICE PERSONNEL

HON. FRANK E. DENHOLM

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. DENHOLM. Mr. Speaker, why is the retail price of sugar so high? Why is the retail price of meat so high? Why is the cost of living constantly on the increase? All and more are questions without acceptable answers to the people of America.

I am completing a 4-year assignment on the House Committee on Agriculture. As a member of the full committee I have had an opportunity to be a member of several subcommittees, including the Subcommittees on Domestic Marketing and Consumer Relations—one of the most potentially productive committees of the Congress in the interest of consumers and producers alike.

The Subcommittee on Domestic Marketing and Consumer Relations has conducted extensive hearings in search for reasonable response to questions of the first instance herein.

Almost without exception the witnesses before our committee include a constant interchange of private and public personnel. I am sure recognition of that fact is not limited or unique to any one committee of the Congress—but rather it is a natural consequence of the relationship of the people to the Government of our country. Is it possible that the interchange of personnel in the private and public sector of employment to influence some distortion of reasonable answers to the questions asked—answers that too often escape logic and reason but produce known results that destroy the confidence of the governed in our system of government.

Mr. Speaker, when truth is known and results are revealing of the travesty of good faith in the administration of public law for the common good of all American citizens—is it right to stand mute before the bar of public censure and believe it to be justice in the name of the people? I think not—and I think too often the Congress, as an institution, is faulted by the governed in frustrated response to massive errors of personnel of agencies, bureaus, commissions, and departments of the executive branch of this Government.

There was concern of the movement of personnel at or after the massive credit sales of wheat to Russia in July of 1972. Our committee is now inquiring of witnesses the cause of current consumer costs of sugar. The cross pollinization of personnel for financial fertilization or otherwise has again been exposed. I do not suggest that the employment of personnel from the private sector of highly competent men of knowledge of the financial affairs of a specific commodity, such as sugar, by the U.S. Government is illegal or unlawful.

I do believe the combination of events produced by the judgment of those men tends to destroy the confidence of our people in our Government, in our marketing systems, and endangers the future of our country.

Mr. Speaker, this Congress cannot legislate "good faith" to men void of conscience in the public interest and neither can the courts of this land litigate larceny from the hearts of men. However, we can ill afford to permit the unfair enrichment of some at the expense of all. Sugar and wheat are but specific examples of what is likely general practice without limitation to partisan politics in the pollinization of personnel engaged in the interchange of private and public employment for financial fertilization of self-serving interests of this Government and contrary to the best interest of the governed. It is my judgment that the people do not like it. I do not like it and I think we can do better—certainly to do nothing is unacceptable.

The President, as the Chief of State, employs millions of people. He can be held responsible for many wrongs. However, it is the committees of Congress that examine, inquire, and interrogate the witnesses on timely issues of public concern. We have the opportunity to evaluate personnel in policy positions of the executive branch of Government to a far greater extent than the President and it is the Members of Congress that represent the public interest as much so or more than the President—and we cannot in the interest of all the people permit personnel pollinization and financial fertilization to continue without regard to eventual results that endanger the complex system of government in America. The socioeconomic and political future of every citizen in this country is involved and I believe that answers to reasonable questions of all are available if we recognize the possible source of wrong and proceed accordingly.

STARVING THE FOOD STAMP PROGRAM

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. FRASER. Mr. Speaker, the Department of Agriculture, responding to Mr. Ford's pledge to reduce the cost of the food stamp program, introduced in the Federal Register on December 6 a proposed regulation which would raise the price paid by most recipients of food stamps. The proposed amendment to Notice FSP No. 1975-1.1, scheduled to take effect on March 1, 1975, would eliminate the current system of a sliding scale of income percentages to be paid by food stamp buyers and instead would require that all recipients of food stamps purchase them at a cost of 30 percent of their net monthly income. Thus this amendment effectively raises the price of food stamps to the maximum level permitted by law.

While the amendment purports to render the method of distributing food stamps "more equitable," it actually threatens to place an intolerable burden on the elderly and the poor. The Washington Post, in an article published on December 4 and a subsequent editorial which appeared in the December 8 issue, offered an ominous prediction of the impact of the new regulation upon the needy citizens which the program was originally designed to serve. The two articles point out that the effects of the price change will be felt most powerfully by those who can least afford to pay the additional amounts. They then proceed to show that many present recipients will be forced to abandon participation in the program because of the higher costs. Certainly, in this time of spiralling inflation, the proper targets for Government spending cutbacks are not poor people trying to buy food.

Several of us in the House who are concerned about this matter are urging the Agriculture Committee to conduct hearings at once to determine the probable impact of the amendment on food stamp program participants. Hopefully the results of such an investigation can be made available before the comment period on the proposed regulation expires at the end of this month, so that interested House Members will be able to fashion enlightened responses in time.

Through its coverage, the Washington Post has taken an excellent first step in alerting the public to this important and pressing issue. Now the Congress must take the initiative in investigating the potential repercussions of this proposed Executive reduction of the food stamp program.

The article follows:

FOOD AID CUT WOULD HURT ELDERLY POOR

(By William Chapman)

The elderly poor would bear the brunt of President Ford's $325 million cutback in federal food stamps, an analysis by Agriculture Department officials showed yesterday.

The cost of buying food stamps would go up most sharply for single recipients and couples, at least half of whom are 60 or older.

Critics contended yesterday that many poor families would have to abandon the program.

As details of the President's proposed reduction became known, congressional opponents yesterday accused him of slighting the poor in his anti-inflation plan and promised to fight it in the next Congress.

Mr. Ford's proposal "hits hardest those least capable of coping with inflation—the elderly and the poorest of the poor," said Sen. George McGovern (D-S.D.).

The President said last week that, as part of his plan to cut current spending by $4.6 billion, he would issue an executive order reducing the food stamp program by $325 million in this fiscal year.

The key element in his proposal to increase the proportion of net income a recipient would have to pay for food stamps.

At his news conference Monday night, Mr. Ford said that "certain individuals" would be required to pay "slightly more" for food stamps.

The average recipient now puts up 23 per cent of his disposable income to buy food stamps. Mr. Ford proposes to raise that to 30 per cent for all recipients, the highest permitted under current law. The Agriculture Department estimated that three-fourths of the recipients would feel some impact from the change, although for many of them the added cost would be small.

His executive order would cover the last four months of this fiscal year, and during that period food stamp users would pay $215 million more than under existing law. Over the course of a full fiscal year, it would mean paying $645 million more for food stamps.

Food stamps are sold to eligible poor families who may convert them into food purchases worth more than they paid for the stamps. About 15 million Americans benefit from them each month.

The effect of raising the purchase requirements is illustrated by the case of a single person receiving an income of $150 a month. At present, that person could receive food stamps worth $46 at the supermarket by paying $33, or 22 per cent of his income. The proposed new regulation would require him to pay 30 per cent of his income, or $45, for stamps worth the same $46 in food.

For an elderly couple receiving $200 a month in income, the effect would be a one-third reduction in the value of their food stamps. Instead of paying $50 for $82 worth of food stamps, they would have to pay $60.

The loss in food stamp value would be most sharply felt among the aged couples and persons living alone. Nearly a fourth of all food stamp beneficiaries are in one and two-person households.

The effect would be relatively less severe among families with children. The typical family with two children already pays in the neighborhood of 26 or 27 per cent of its income for food stamps, according to Agriculture Department officials.

The Community Nutrition Institute, a major advocate of the program, said that at least 10 per cent of the 15 million current beneficiaries would drop out "because they will be unable to afford the higher prices after paying rent, heat, and other bills."

The President proposes to raise the purchase price by executive action, which does not require approval of Congress.

However, McGovern said yesterday that he would introduce legislation in the next Congress to prevent the President from making the change.

His objections were echoed by Sen. Hubert H. Humphrey (D-Minn.), who said the typical elderly single person in his state living on $178 of supplemental security income would have to pay $45 to obtain $46 worth of stamps.

HUNGER AND THE ELDERLY

One of the constant complaints of the elderly is that their juniors who make public policy often disregard the elementary truth that one day they, too, will reach December. President Ford's recent announcement that he will toss more than a million of the elderly off the federal food stamp program is only the latest example of how short-sighted policy-makers can become when deciding the fate of older people. It is an interesting case study, and it reflects badly on Mr. Ford's recognition of the problems of the poor in general, but especially the elderly poor—often called the poorest of the poor.

The President has decided to save $65 million a year by raising the cost of food stamps for most of those who now receive them. Those cuts fall heaviest on single persons earning between $172 and $194 a month. This group has been eliminated from the food stamp program. Of those who fall in that income category, half are estimated to be over 65. Nearly two million elderly could be affected. The purpose of this action by the President is to save money as part of the administration's effort to cut $4.6 billion from the federal budget. It is not the sole assault on the elderly poor. The President also has announced his desire to cut deeply into the federal Medicare program and into the payment of Social Security benefits.

Even though the President has said in the past that his attempt to curb inflation would not unduly burden the poor, the food stamp reductions amount to more than 10 per cent of the four and a half billion the administration is trying to pare from the federal budget. Given the many other options, that is disproportionate—and drastic—in our view.

The President's action is short-sighted for other reasons. That it is humanitarian and decent for a society to feed those who cannot feed themselves goes without saying, or at least so we thought. Beyond that, the relationship between nutrition and health, especially where the elderly are concerned, is clearly established. The cost saved in food is bound to return to some extent in additional costs at the city hospitals and clinics. In his forthcominging book, "Why Survive? Being Old in America," Dr. Robert N. Butler, a Washington gerontologist, summarizes this paradox neatly:

"It is instructive to note that the federal government spent approximately $180 million for nursing home care under Medicare in 1970 and about $1.3 billion on such care under Medicaid. In contrast, we see the still miniscule provision for programs (such as food) that might help patients remain at home."

That is the point Mr. Ford and his budget-cutting advisers miss. At its very heart, a policy of reducing food for the elderly is first and foremost false economy.

When Congress passed the food stamp program, it did so in the recognition that millions of Americans were starving for lack of money to purchase simple necessities. Congress said the program was urgently needed, and that is still true. In fact, Community Nutrition Institute, a private Washington group that pays close attention to the problems of hunger, estimates that as many as 7 million persons in the United States qualify for food stamps by the standards of the act. Yet, less than half that number receive the stamps. We would like to see Congress and the administration move ahead with an adequate income supplement program that would eventually obviate the need for special food programs. Until that day arrives, the Agriculture Department should do the job of meeting the needs of the hungry properly. There is every evidence that this is far from the case—and the difficulties of the elderly are only part of the story.

The program is aiding less than half of those who clearly need it and for whom Congress intended it. Those who are in the program establish their eligibility through an arduous process that takes a great deal of time and effort that is unnecessary in the first instance and that sometimes makes it impossible for some to apply. Not all the fault rests with the federal government. The states and counties administer this program with federal assistance. To say the least, the quality of their performance varies widely from fairly good to very good. At bottom, the Department of Agriculture has proved itself a reluctant warrior on hunger in the United States. By cutting the program even more, President Ford has helped to guarantee that a mediocre performance will deteriorate even further. The President's thinking on this subject, we believe, is going in the wrong direction. He should be strengthening what he has just weakened. He should be leading the way out of the problem. Instead, he has chosen to make it worse.

HON. H. R. GROSS

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. MAZZOLI. Mr. Speaker, our friend and colleague, H. R. GROSS, is reknown for his sense of humor as well as his economy of words.

His probes for the waste and fat in the Federal budget are all the more effective because of these traits.

So, in this same spirit let me weigh in with my own remarks on the occasion of H. R.'s imminent retirement from the House:

H. R.: Even when I did not agree with you, your statements of outrage and of disbelief, of shock and of righteous indignation—about how Uncle Sugar is being taken to the cleaners again—always made me smile and feel better.

You served your country well. I will miss you. All of us will miss you.

SENATE—*Wednesday, December 11, 1974*

The Senate met at 9 a.m. and was called to order by Hon. GEORGE MCGOVERN, a Senator from the State of South Dakota.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father, whose mercies are new every morning, come to us as we face the obligations and duties of this new day. Inspire us with new purposes and new hopes. As we work, keep our hearts in the spirit of prayer that we may discern the solemn meaning of these days, and the high and sacred purpose for which they are given. Deepen within our hearts the love of truth and goodness. Lead us by Thy sure hand that we wander not astray. Admonish and chasten us if we wander away from Thee. Whatever light may shine or shadow fall, keep us in the fellowship of those who trust and obey Thee and ever rejoice to serve the Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., December 11, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. GEORGE S. MCGOVERN, a Senator from the State of South Dakota, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. McGOVERN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, December 10, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I reserve the remainder of the time allotted to the majority leader of his designee, at this time.

STATEMENT ON THE ECONOMY BY THE REPUBLICAN CONFERENCE

Mr. TOWER. Mr. President, the Republican conference last week authorized the creation of an ad hoc committee on economic policy to come forth with a policy statement and certain recommendations for dealing with the dual economic malaise of recession and inflation. That ad hoc committee reported to the Republican conference committee yesterday and submitted its paper. Further consideration will be given that paper this morning, and I expect the Republican conference to report by noon today.

I will present that paper to the public this afternoon. I think it will be a significant document. I will subsequently enter it in the RECORD, so that all may understand that the Republicans in the Senate are conscious of our deep-seated economic problems and are proposing some positive plans of action to deal with those problems.

I have been impressed with the unanimity of those on the committee who represent the broad spectrum of Republican views. I think we have presented a constructive and responsive paper, and later in the day I will call the attention of the Senate to that paper.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, how much time remains to the majority leader or his designee?

The ACTING PRESIDENT pro tempore. The majority leader has 9 minutes, and the acting minority leader has 8 minutes.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, if the distinguished acting Republican leader has no objection, I will yield the remainder of the time allotted to me to Mr. AIKEN.

Mr. TOWER. I had planned to do the same.

Mr. President, I yield the remainder of my time to the Senator from Vermont.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from Vermont is recognized.

Mr. AIKEN. Mr. President, I thank the acting majority leader and the acting minority leader for their courtesy in this respect.

A CONFESSION BY A VALEDICTORIAN

Mr. AIKEN. Mr. President, although this is probably the last time I will address the U.S. Senate, I trust that what I have to say will not be regarded as a valedictory.

A valedictory usually sings the praises of the graduating class and is sometimes given to exaggeration in this respect.

It frequently brings tears to the eyes of the valedictorian as an expression of sorrow at leaving the alma mater.

Although I sincerely regret the breaking of associations I have had with many of my classmates within the schools of government, I think it will be best if what I have to say today is interpreted as a confession.

During the 34 years of my tenure as U.S. Senator, I have committed many sins.

I have voted for measures which I felt were wrong, comforting myself with the excuse that the House of Representatives, the conference committee or, if necessary, the chief occupant of the White House would make the proper corrections.

At other times, I have voted for measures with which I did not agree for the purpose of preventing the approval of other measures which I felt would be worse.

I have approved the expansion of committee staffs when I knew that an increase was unnecessary and costly.

Congress has deteriorated in the minds of the American public.

This deterioration, however, does not apply to Congress alone, but to the executive branch of Government as well.

This display of skepticism and cynicism has been amply demonstrated by the steadily diminishing percentage of qualified voters who participate in both Presidential and off-year elections.

Since I have been in the Senate, I have associated with seven Presidents, not including President Hoover, with whom I served on the first Hoover Commission.

I have never known a President who, in my opinion, has not made a mistake or committed a sin while in office.

I have never known a President who, by his acts and in his own way, has not done considerable good while in the field of public service.

When we judge the record of our Presidents, we should put the good they have done in one pile, the mistakes they have made or the sins they have committed in another pile, and then leave to history the decision as to which pile is greater.

Our Government, which in a couple years from now will have concluded its second century, is the oldest continuing form of government in the world.

We call it democratic and, indeed, it probably comes the nearest to being a "government of the people, by the people, for the people" in existence today.

It is comprised of three branches, and during my political life I have seen each one of these branches undertake to usurp the responsibility and authorities assigned to others by our Constitution.

Perhaps, these efforts should be known as group action sins.

During the short time which I have, I will discuss briefly the legislative branch of our Government.

It is in this branch that the Constitution vests the real power of the people.

Yet, it is this branch of Government that 40 years ago started to divest itself of its constitutional prerogatives and which for the last few years it has been trying to recover.

So long as the Congress devotes its efforts to recovering the authority which it has handed to the executive branch but declines to take back the responsibility that goes with this authority, we will not succeed in restoring the equilibrium which the founders of this Nation contemplated.

The legislative branch of our Government bears the heaviest responsibility.

It can remove officials of the executive branch from office and it can qualify the personnel and the work of the judiciary.

Members of Congress are indeed elected by the people of their States and districts and must report back to their constituents periodically for approval or disapproval of the work which they do.

Members of Congress are frequently accused of being tools of "special interests."

They should be, but the special interests should be the people of the States they represent.

The special interests of a State, however, are made up of many groups of people, each having a purpose or objective of its own.

When a Member of Congress becomes subservient—or "packaged," as they say—to a single group, his value to the overall special interests becomes seriously impaired.

When I first came to the Senate, the major special interest groups were business, labor, and the farmer.

Times have changed, and today we find more and more members of the legislative branch looking to the environmentalists, the self-appointed spokesmen for consumers, and representatives of minority groups to keep them in office or promote them to higher position.

I believe Congress has indeed weakened its position as the Washington representative of 200 million people.

What is the reason for this deterioration?

First, as I have said, the desire to recover the authority which has been handed over to the executive branch of Government but the unwillingness to assume the responsibility that goes with that authority.

Next, and perhaps I should put this first, the unholy expansion of committees, subcommittees and staff personnel which has mushroomed to an unconscionable extent during the last decade.

The Senate now has 144 subcommittees.

The House now has 133 subcommittees.

Joint committees have 17 subcommittees.

Of the three major committees of which I am a member, the Committee on Agriculture and Forestry is one of the better managed and probably the most important.

Presently over half the appropriation for the Department of Agriculture is for the benefit of supplying food to poorly nourished people of the United States and the rest of the world.

When I hear Members of Congress, as well as other distinguished citizens, imply that the United States does not meet its responsibilities in combating famine and pestilence in the poorer countries, I feel like telling them where to go, for the United States has done more to rid the world of famine and disease than all the rest of the nations put together.

Not only that, but our export of farm commodities to nations able to pay for it—some $21 billion worth this year—is largely responsible for the fact that the U.S. trade economy has not suffered a major collapse.

While only 4 percent of the population of the United States is now engaged in producing crops to meet the requirements, not only for our country, but for the rest of the world as well, yet about one-third of all gainfully employed persons in the Nation are engaged in transporting, processing and handling the products of the farm.

The Joint Committee on Atomic Energy was so appealing to me that I have been a member since 1959.

I was especially interested in practical uses for the atom.

The committee for years was noted for its bipartisanship and the fact that it did not leak confidential information which could conceivably be injurious to our own economy or national security.

Congress has now enacted legislation abolishing the Atomic Energy Commission and reallocating its duties, but rivalry between agencies and congressional committees has already darkened the future for effective and unbiased application of the new legislation.

As a member of the Senate Committee on Foreign Relations for the last 20 years, I have been guilty of contributing to the weakening of what was intended to be one of our most influential committees in foreign affairs and national security matters.

I never believed that this committee or any other committee of the Senate should serve as a tourist bureau, campaign promotion headquarters or an instrument for the dissemination of confidential information.

I do not believe we need a staff of over 60 members for this committee, but again I plead guilty and confess that I have not made the welkin ring in opposing such an increase.

Now, what about the future of our political parties?

Do we need new ones now?

Let me read my opinion:

> During most of our existence as a nation the two-party political system has prevailed; third party attempts have been successful only when political evolution has necessitated a general realignment of voters. The success of a government's administration depends largely upon the qualifications of the party in power.
>
> A party may be simply a political organization before election. Yet if it is successful, it becomes the government itself. Therefore, government can be no better than the party in control or about to acquire it. While "government official" is a more dignified-sounding term than "party politician," yet it does not necessarily follow that a person becomes more scrupulous, more efficient, more wise or more tolerant simply because he has been elected or appointed to a position of authority.
>
> There are many indications that our nation has again reached the point where a realignment of the voters is desirable and possibly even necessary. A large percentage of the voters in opposing parties are in almost full accord with their opponents at the polls. Party allegiance is woefully weak today. The rank and file of both major parties and countless numbers of voters who never belonged to any party are undecided as to their future course.
>
> Good administration for the benefit of all the people is what we want. I have no sympathy for Republicans who oppose worthwhile measures for fear the opposition party may get the credit. I have no sympathy for Democratic officials who conduct face-saving campaigns to cover up their failures.

What I have just read was not written yesterday.

I wrote this statement in 1937. I think I might change the date on it and let it stand.

I do not know whether within the next few years a new political party will become a dominant force in our Government or not.

But, I do know that parties will have to change just as they did in the 1930's.

The Democratic platform of 1932 promised to cut Government expenses 25 percent, balance the budget and eliminate unnecessary Government agencies and programs.

It lambasted President Hoover for letting the national debt get to $22 billion and condemned lobbyists who came to Washington to influence Members of the Congress.

To the best of my recollection, none of the major promises made in this party platform were kept.

The Republican platform of the same year came out for the St. Lawrence Seaway and, to the credit of the GOP and under the prodding of Canada, the seaway was authorized 22 years later.

I still have little faith in the orthodox-type party platforms or campaign promises.

I lost much of my faith in the poll system when the Literary Digest predicted in 1936 that Alf Landon would sweep the country and be elected President.

During the decade of the 1930's a new party was born.

They called it the Democrat Party although it bore almost no resemblance to the party which elected F. D. R. to the Presidency in 1932.

War ended the unemployment problem of the New Deal era, and we have been engaged in two wars since, each of which improved business while contributing to a national debt over 20 times the size of the one which the Democrat platform so soundly condemned in 1932.

I might add that the interest on our national debt this year will amount to about $33 billion, compared with the total amount of the debt in 1932.

People throughout the world are living much better than they did in the New Deal era as far as health, education, and general welfare are concerned.

But, we are again in one of those periods where revolutionary changes are imminent.

The crucial problems facing us today are not new, but are far more expansive than ever before.

In fact, they embrace the whole world.

The first, and perhaps the most crucial of all, is the prevention of a third world war.

The threat of war makes business for some industries.

It also leads to war itself.

I am satisfied that the major countries of the world will prevent it if they can, but it does not take a major nation to start a world war.

They simply become involved.

With the spread of long-range and short-range nuclear missiles around the world, our civilization itself could be threatened.

The challenge which is on the minds of most of our people and, indeed, the people of the world today is the paradoxical picture of inflation and depression walking hand in hand.

The cost of operating our own Government today is far out of line with our ability to pay.

The President and Congress are challenging each other to bring forth a program to cope with this issue.

The President promises to veto appropriation bills which increase the spread between Government receipts and expenses knowing full well that Congress will override these vetoes in most instances and that the great majority of the public will support Congress.

Many Members of Congress seem to think that the solution to the problem lies in raising incomes and salaries, especially their own.

While we cannot go back to the good old days of lower incomes, lower salaries, and lower prices, yet I believe that the time has come when we should stop talking about raising the salaries of our highest paid Government officials.

If the President wants the public to listen and cooperate, he will set an example by recommending a reasonable reduction in his own salary and the salaries of other top officials in Government, including the judiciary, the Cabinet, and the Members of Congress.

This reduction should also apply to higher salaried retirees.

If the President will do this and the Congress will cooperate, our Nation will have taken a long step toward averting a more serious situation.

Again, I wish to urge a constitutional amendment which Senator MANSFIELD and I proposed several years ago, which would limit the President to a single 6-year term.

I would also recommend an amendment which would prohibit any Member of Congress from becoming a candidate for President or Vice President until he has been out of the legislative body for at least 2 years.

If we could do this, we would find that both the President and the Members of Congress could concentrate on doing the work for which they were elected rather than spending so much time up in the wild blue yonder.

The United States will survive the current period, but the price we will have to pay is up to us.

I thank the majority and minority leaders for the time, and hope they agree with everything I have said.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974

The ACTING PRESIDENT pro tempore (Mr. McGOVERN). Under the previous order, the Senate will now proceed to the consideration of S. 1988, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

The Senate resumed the consideration of the bill.

The ACTING PRESIDENT pro tempore. The time for debate on this measure will be limited to 1 hour, to be equally divided between and controlled by the Senator from Washington (Mr. MAGNUSON) and the Senator from Alaska (Mr. STEVENS), with 1 hour on any amendment in the first degree, 30 minutes on any amendment in the second degree, and 10 minutes on any debatable motion or appeal. No rollcalls on this bill shall occur before 3:30 p.m. today.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that the time not be charged against either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, while we are waiting, I ask unanimous consent that there be a brief period for the transaction of routine morning business of not to exceed 5 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar Nos. 1243 and 1244.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELMER AMUNDSON

The bill (H.R. 3538) for the relief of Selmer Amundson was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93–1312), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to waive applicable limitations to permit the credit of self-employment income for 1964 through 1966 to Selmer Amundson for qualification for disability insurance benefits under section 223 of the Social Security Act (and to the establishment of a period of disability under section 216(i) of such Act).

STATEMENT

The Department of Health, Education, and Welfare in its report to the committee on the bill has stated that it has no objection to the bill.

H.R. 3538 would exempt Mr. Amundson from the effect of the statute of limitations provision with respect to the crediting of his self-employment income for 1964 through 1966. (His self-employment income for 1967 and 1968 is already credited to his social security earnings record.) Under this provision of the Act self-employment income reported by a person for a year may not be credited for social security purposes unless a tax return is filed with the Internal Revenue Service before the expiration of 3 years, 3 months, and 15 days following the end of that year.

Mr. Amundson filed an application for social security disability insurance benefits in February 1971, stating that he had been disabled since November 1968. To be insured for disability benefits it is necessary to have at least 20 quarters of social security coverage in the period of 40 calendar quarters ending with the quarter in which he became disabled. Mr. Amundson was advised that his social security earnings record showed no earning credits for the years 1964 through 1968. He stated that he had net earnings from self-employment in those years in amounts sufficient to provide four quarters of social security coverage in each year.

Mr. Amundson believed that he had filed timely tax returns for the years in question. He stated that his accountant had prepared a timely tax return for each of these years and on each occasion had been given cash by Mr. Amundson to pay all of the taxes due. Mr. Amundson has receipts given to him by the accountant on each occasion. However, the Internal Revenue Service has no record of receiving the tax returns prepared by the accountant. In 1971, following exposure of the situation, the accountant attempted to make belated payment of the taxes for Mr. Amundson's account. The committee has been advised that the accountant has been indicted on tax-related charges and that one of the charges arises from his failure to file Mr. Amundson's tax returns and pay the taxes.

On the basis of tax returns filed in December 1971 for the years 1964 through 1968 by Mr. Amundson's attorney, Mr. Amundson received social security earnings credits for 1968. Since Mr. Amundson's application for social security benefits was filed in February 1971 before the statute of limitations had expired for 1967, under another provision in social security law he also received earnings credit for 1967. As the statute of limitations had expired for the years prior to 1967, no social security credit could be given for the years 1964, 1965, and 1966. As a result Mr. Amundson does not meet the insured-status requirements provided in the law for eligibility benefits.

The committee feels that the report of the Department of Health, Education, and Welfare summarizes the factors which justify legislative relief in this instance. In indicating it had no objection to the bill the department stated:

"It seems to us that the situation of Mr. Amundson is a particularly unfortunate one. Mr. Amundson was correct and conventional in his handling of his tax returns and tax payments for the years 1964 through 1968, and except for the abuse of trust by his accountant would have had social security credit for all of these years. An extremely unusual feature of the present case is the fact that the preparation of Mr. Amundson's tax returns and his payment to the accountant of taxes due occurred in each of 5 different years. The fact that the accountant continued as an apparently reputable member of his profession and community during all of this period and beyond would certainly tend to confirm to a person in Mr. Amundson's situation that his tax returns were being properly filed.

"Although we ordinarily oppose enactment of private relief bills giving special treatment to individuals under the social security program, we believe that Mr. Amundson's situation is so unusual and so deserving of remedy that we do not oppose enactment of H.R. 3538."

The committee recommends that the bill be considered favorably.

FEDERAL NOXIOUS WEED ACT OF 1974

The Senate proceeded to consider the bill (H.R. 11273) to provide for the regulation of the movement in foreign commerce of noxious weeds and potential carriers thereof, which had been reported from the Committee on Agriculture and Forestry with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Noxious Weed Act of 1974".

Sec. 2. The importation or distribution in interstate commerce of noxious weeds, except under controlled conditions, allows the growth and spread of such weeds which interfere with the growth of useful plants, clog waterways and interfere with navigation, cause disease, or have other adverse effects upon man or his environment and therefore is detrimental to the agriculture and commerce of the United States and to the public health. The uncontrolled distribution within the United States of noxious weeds after their importation or interstate distribution has like detrimental effects and allowing such distribution encourages and facilitates the burdening and obstructing of interstate and foreign commerce, and is inimical to the public interest. Accordingly, the Congress hereby determines that the regulation of transactions in, and movement of, noxious weeds as provided in this Act is necessary to prevent and eliminate burdens upon and obstructions to interstate and foreign commerce and to protect the public welfare.

Sec. 3. As used in this Act, except where the context otherwise requires:

(a) "Secretary" means the Secretary of Agriculture of the United States or any other person to whom authority may be delegated to act in his stead.

(b) "Authorized inspector" means any employee of the Department of Agriculture, or any employee of any other agency of the Federal Government or of the State or other governmental agency which is cooperating with the Department in administration of any provisions of this Act, who is authorized by the Secretary to perform assigned duties under this Act.

(c) "Noxious weed" means any living stage (including but not limited to, seeds and reproductive parts) of any parasitic or other plant of a kind, or subdivision of a kind, which is of foreign origin, is new to or not widely prevalent in the United States, and can directly or indirectly injure crops, other useful plants, livestock, or poultry or other interests of agriculture, including irrigation, or navigation or the fish or wildlife resources of the United States or the public health.

(d) "United States" means any of the States, territories, or districts of the United States.

(e) "'Interstate" means from any State, territory, or district of the United States into or through any other State, territory, or district.

(f) "District" means the District of Columbia, the Commonwealth of Puerto Rico, or any possession of the United States.

(g) "Move" means deposit for transmission in the mails, ship, offer for shipment, offer for entry, import, receive for transportation, carry, or otherwise transport or move, or allow to be moved, by mail or otherwise.

Sec. 4. (a) No person shall knowingly move any noxious weed, identified in a regulation promulgated by the Secretary, into or through the United States or interstate, unless such movement is authorized under general or specific permit from the Secretary and is made in accordance with such conditions as the Secretary may prescribe in the permit and in such regulations as he may promulgate under this Act to prevent the dissemination into the United States, or interstate, of such noxious weeds.

(b) The Secretary may refuse to issue a permit for the movement of any such noxious weed when, in his opinion, such movement would involve a danger of dissemination of such noxious weeds into the United States or interstate.

(c) No person shall knowingly sell, purchase, barter, exchange, give, or receive any such noxious weed which has been moved in violation of subsection (a), or knowingly deliver or receive for transportation or transport, in interstate or foreign commerce, any advertisement to sell, purchase, barter, exchange, give, or receive any such noxious weed which is prohibited from movement in such commerce under this Act.

Sec. 5. (a) The Secretary may promulgate such quarantines and other regulations requiring inspection of products and articles of any character whatsoever and means of conveyance, specified in the regulations, as a condition of their movement into or through the United States and otherwise restricting or prohibiting such movement, as he deems necessary to prevent the dissemination into the United States of any noxious weeds, and it shall be unlawful for any person to move any products, articles, or means of conveyance into or through the United States contrary to any such regulation.

(b) Whenever the Secretary has reason to believe that an infestation of noxious weeds exists in any State, territory, or district, he may by regulation temporarily quarantine such jurisdiction, or a portion thereof, and by regulation may restrict or prohibit the interstate movement from the quarantined area of any products and articles of any character whatsoever and means of conveyance, capable of carrying such noxious weeds, and after promulgation of such quarantine and other regulations, it shall be unlawful for any person to move interstate from a quarantined area any such products, articles, or means of conveyance, specified in the regulations, except in accordance with such regulations: *Provided, however,* That such quarantine and regulations shall expire at the close of the ninetieth day after their promulgation.

(c) However, if, after public hearing, the Secretary determines, on the basis of the information received at the hearing and other information available to him, that such a quarantine and regulations are necessary in order to prevent the interstate spread of noxious weeds from any State, territory, or district in which he determines an infestation of noxious weeds exists, and to protect the agriculture, commerce, fish, or wildlife resources of the United States or the public health, he shall promulgate such quarantine and other regulations as he determines are appropriate for such purposes, and thereafter it shall be unlawful for any person to move interstate from any quarantined area any regulated products, articles, or means of conveyance except in accordance with such regulations.

Sec. 6. (a) Except as provided in paragraph (c) of this section, the Secretary may, whenever he deems it necessary as an emergency measure in order to prevent the dissemination of any noxious weed, seize, quarantine, treat, destroy, or otherwise dispose of, in such manner as he deems appropriate, any product or article of any character whatsoever, or means of conveyance, which is moving into or through the United States or interstate, in bond or otherwise, and which he has reason to believe is infested by any noxious weed or contains any such weed, or which has moved into the United States, or interstate, and which he has reason to believe was infested by or contained any noxious weed at the time of such movement; and any noxious weed, product, article, or means of conveyance which is moving into or through the United States, or interstate, or has moved into the United States, or interstate, in violation of this Act or any regulation hereunder.

(b) Except as provided in subsection (c) of this section, the Secretary may order the owner of any product, article, means of conveyance, or noxious weed subject to disposal under subsection (a) of this section, or his agent, to treat, destroy, or make other disposal of such product, article, means of conveyance, or noxious weed, without cost to the Federal Government and in such manner as the Secretary deems appropriate. The Secretary may apply to the United States District Court, or to the United States court of any territory or possession, for the judicial district in which such person resides or transacts business or in which the product, article, means of conveyance, or noxious weed is found, for enforcement of such order by injunction, mandatory or otherwise. Process in any such case may be served in any judicial district wherein the defendant resides or transacts business or may be found, and subpenas for witnesses who are required to attend a court in any judicial district in such a case may run to any other judicial district.

(c) No product, article, means of conveyance, or noxious weed shall be destroyed, exported, or returned to shipping point of origin, or ordered to be destroyed, exported, or so returned under this section, unless in the opinion of the Secretary there is no less drastic action which would be adequate to prevent the dissemination of noxious weeds into the United States or interstate.

(d) The owner of any product, article, means of conveyance, or noxious weed destroyed, or otherwise disposed of, by the Secretary under this section, may bring an action against the United States in the United States District Court for the District of Columbia, within one year after such destruction or disposal, and recover just compensation for such destruction or disposal of such product, article, means of conveyance, or noxious weed (not including compensation for loss due to delays incident to determining its eligibility for movement under this Act) if the owner establishes that such destruction or disposal was not authorized under this Act. Any judgment rendered in favor of such owner shall be paid out of the money in the Treasury appropriated for administration of this Act.

Sec. 7. Any authorized inspector, when properly identified, shall have authority (a) without a warrant, to stop any person or means of conveyance moving into the United States, and inspect any noxious weeds and any products and articles of any character whatsoever, carried thereby, and inspect such means of conveyance, to determine whether such person or means of conveyance is moving any noxious weed, product, article, or means of conveyance contrary to this Act or any regulation under this Act; (b) without a warrant, to stop any person or means of conveyance moving through the United States or interstate, and inspect any noxious weeds and any products and articles of any character whatsoever carried thereby, and inspect such means of conveyance, to determine whether such person or means of conveyance is moving any noxious weed, product, article, or means of conveyance contrary to this Act or any regulation thereunder, if such inspector has probable cause to believe that such person or means of conveyance is moving any noxious weed regulated under this Act; and (c) to enter, with a warrant, any premises in the United States, for purposes of any inspections or other actions necessary under this Act. Any judge of the United States or of a court of record of any State, territory, or district, or a United States commissioner, may, within his respective jurisdiction, upon proper oath or affirmation showing probable cause to believe that there are on certain premises any products, articles, means of conveyance, or noxious weeds subject to this Act, issue warrants for the entry of such premises for purposes of any inspection or other action necessary under this Act, except as otherwise provided in section 9 of this Act. Such warrants may be executed by any authorized inspector or any United States marshal.

Sec. 8. Any person who knowingly violates section 4 or 5 of this Act, or any regulation promulgated under this Act, shall be guilty of a misdemeanor and shall be punished by a *fine not* exceeding $5,000, or by imprisonment not exceeding one year, or both.

Sec. 9. (a) The Secretary is authorized to cooperate with other Federal agencies, agencies of States, territories, or districts, or political subdivisions thereof, farmers' associations, and similar organizations, and individuals in carrying out operations or measures in the United States to eradicate, suppress, control, or prevent or retard the spread of any noxious weed. The Secretary is authorized to appoint employees of other agencies of the Federal Government or any agencies of any State, territory, or district, or political subdivisions thereof, as collaborators to assist in administration of the provisions of this Act, pursuant to cooperative agreements with such agencies, whenever he determines that such appointments would facilitate administration of this Act.

(b) In performing the operations or measures authorized by subsection (a) of this section, the cooperating State or other governmental agency shall be responsible for the authority necessary to carry out the operations or measures on all lands and properties within the State or other jurisdiction involved, other than those owned or controlled by the United States Government, and for such other facilities and means as in the discretion of the Secretary are necessary.

Sec. 10. The Secretary is authorized to promulgate regulations necessary to effectuate the provisions of this Act. However, any regulation identifying a noxious weed under section 4 of this Act shall be promulgated only after publication of a notice of the proposed regulation and, when requested by any interested person, a public hearing on the proposal. Any such regulation shall be based upon the information received at any such hearing and other information available to the Secretary and a determination by the Secretary that the plant is within the definition of a noxious weed in section 3(c) of this Act and that its dissemination in the United States may reasonably be expected to have, to a serious degree, any effect specified in section 3(c).

Sec. 11. There are hereby authorized to be appropriated such sums as Congress may from time to time determine to be necessary for the administration of this Act. Any sums so appropriated shall be available for expenditures for the purchase, hire, maintenance, operation, and exchange of aircraft and other means of conveyance, and for such other expenses as may be necessary to carry out the purposes of this Act. However, unless specifically authorized in other legislation or provided for in appropriations, no part of such sums shall be used to pay the cost or value of property injured or destroyed under section 9 of this Act.

Sec. 12. The provisions of this Act shall not apply to shipments of seed subject to the Federal Seed Act (53 Stta. 1275, as amended; 7 U.S.C. 1551 et seq.) and this Act shall not amend or repeal any of the provisions of said Act or of the Plant Quarantine Act of August 20, 1912 (37 Sta. 315, as amended; 7 U.S.C. 151–154, 156–164a, 167), the Federal Plant Pest Act (71 Stat. 31; 7 U.S.C. 150aa-150jj), or any other Federal laws.

Sec. 13. The provisions of this Act shall not invalidate the provisions of the laws of any State or political subdivision thereof, or of any territory or district of the United States relating to noxious weeds, except that no such jurisdiction may permit any action that is prohibited under this Act.

Sec. 14. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An Act to provide for the control and eradication of noxious weeds, and the regulation of the movement in interstate or foreign commerce of noxious weeds and potential carriers thereof, and for other purposes."

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1313), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

SHORT EXPLANATION

H.R. 11273 would provide authority for a regulatory system designed to prevent the introduction into the United States of noxious weeds from foreign countries. The bill prohibits any person from knowingly moving any noxious weeds—identified in a regulation issued by the Secretary of Agriculture—into or through the United States or interstate unless authorized under a general or specific permit issued by the Secretary. The Secretary would be authorized to take action against incipient infestations of noxious weeds.

COMMITTEE AMENDMENT

The Committee amendment strikes all after the enacting clause of H.R. 11272 and inserts in lieu thereof an amendment in the nature of a substitute. The principal differences between H.R. 11273 as passed by the House and the bill as amended by the Committee are as follows:

(1) The definition of "noxious weed" is clarified in the Committee amendment to make it clear that the definition applies to weeds of foreign origin that are new or not widely prevalent in the United States.

(2) The general prohibition against persons knowingly moving any noxious weeds into the United States, under the Committee amendment, would apply only to noxious weeds identified in a regulation issued by the Secretary of Agriculture. Notice and a public hearing (if requested by any interested person) would be required before the issuance of such a regulation. The prohibition is also extended to movements through the United States or interstate.

(3) Under the Committee amendment, the prohibition against any person knowingly delivering or receiving for transportation in foreign commerce any advertisement to sell or otherwise deal in noxious weeds would also apply to interstate commerce.

(4) Under the Committee amendment the Secretary would be authorized to issue quarantines and regulate the interstate movement of products, articles and means of conveyance from the quarantined areas in order to prevent the interstate spread of noxious weeds. The quarantines and regulations would be of limited duration unless issued after a public hearing. Federal-State cooperative efforts are authorized to carry out operations or measures in the United States to control or eradicate incipient infestations of noxious weeds.

(5) A specific exemption is made in the Committee amendment for shipments of seed subject to the Federal Seed Act.

(6) The specific authority in the House bill for the Secretary to cooperate with the governments of Canada and Mexico in carrying out surveys and control operations in those countries has been deleted.

BACKGROUND AND NEED

Weeds are plants growing where they are not desired. They compete with desirable economic plants for water, light, mineral nutrients, and other plant growth requirements, and reduce yields. Weeds cut the efficiency of labor, cultivating equipment, and harvesting machinery on farm lands. Some weeds are poisonous to humans and livestock; others harbor insect vectors of disease-producing organisms. Weeds also ruin lakes, ponds, waterways, parks, and other recreation areas, as well as interfering with utilities, highways, and railroad rights-of-way.

LOSSES CAUSED BY WEEDS

Economically, no other pests of crops pose a more serious threat than weeds. The most recent reliable figures compiled by the Department of Agriculture, averaging losses for the years 1951 through 1960, show that weeds reduce the farm value of crops by 12.5 percent annually. The average yearly loss in crop value for that decade was $2.5 billion; during such period, farmers spent another $2.5 billion attempting to control weeds. Based on production data for 1971, weeds reduced the value of crops in that year by approximately $3.3 billion. In his testimony before the Senate Subcommittee on Agricultural Research and General Legislation, Dr. E. G. Rodgers estimated that the current losses due to weeds (including the costs of weed control) are at least $5 billion.

No monetary value can be placed on the impact on the environment that results from efforts to control weeds. In recent years, farmers have relied heavily on chemical methods of control. By 1968, approximately 46 percent of the Nation's cropland acreage was being treated with herbicides. In some areas, persistence of herbicide residues in the soil or water caused injury to later crops or interfered with programs of land management. Herbicide residues may also occur in food, fish, and potentially potable water.

MOVEMENT OF WEEDS

Most weed pests presently in the United States and causing losses were originally of foreign origin. Of the 200 important weed pests listed in the 1895 Yearbook of Agriculture, 108 came in from other countries. It is now estimated that there are some 1,450 additional species of foreign weeds which could grow in the United States and become pests if they are permitted to enter.

The current rate of international traffic in people and articles provides countless opportunities for the accidental introduction of noxious weeds. Some weeds are imported deliberately for innocent purposes, but prove to be destructive when released and allowed to spread. (Three examples of such "innocent" weeds are (1) *Halogeton glomeratus*, which was mixed in a Russian shipment of wheatgrass seed intended to be sown as a forage crop—the weed is poisonous to livestock; (2) hydrilla, which was imported for use as an ornamental in home aquariums and accidentally released into Florida waterways—the weed clogs waterways and is ruinous to fishing; and (3) giant foxtail, which entered the United States mixed in millet seed imported from China—the weed infests cultivated fields and greatly reduces crop yields.)

Once introduced into the United States, noxious weeds can be spread either in conveyances or on the wind and waterways. Shipments of seeds, seed screenings, grain, hay, sod, and manure can harbor weed seeds. Used farm equipment being moved into another State may provide transportation for seeds or parts of noxious weeds. The moving water of rivers and streams is an ideal vehicle for the spread of undesirable aquatic plants.

EXISTING AUTHORITY

As of 1969, all States had seed laws which designated certain weeds as "noxious", covering a total of 137 species. Most of the State laws contained provisions requiring labeling of seeds to show their weed content. The Federal Seed Act (7 U.S.C. 1551–1611) requires labeling of agricultural seed shipped in interstate commerce to show the noxious-weed seed content in accordance with the requirements of the State into which the seed is shipped. It also prohibits rates of occurrence of noxious-weed seeds in such agricultural seed in excess of the maximum set by the State of destination. The Act prohibits importation of seed containing any noxious weed seeds but allows imported seed to have up to two percent by weight of other weed seeds. Nine weeds are designated under the Act as "noxious" for purposes of the prohibitions on imported seed. The Act authorizes the Secretary to designate additional "noxious weeds". Screenings of certain agricultural seeds are allowed entry without restriction on their weed seed content under the Act when imported for other than seeding purposes.

The Federal Plant Pest Act (7 U.S.C. 150aa–150jj) restricts the importation or interstate movement of parasitic plants such as witchweed, or their reproductive parts.

Movement of water hyacinths, alligator grass, or water chestnut plants is prohibited by section 46 of Title 18 of the United States Code.

Under the Act of July 14, 1952 (7 U.S.C. 1651–1656), the Federal Government has authority to control and eradicate *Halogeton glomeratus*, but has taken little action because the weed was already beyond control when the law was enacted.

Other Federal laws provide some authority for control of noxious weeds in national forests and other lands under Federal Government control (see, *e.g.*, 16 U.S.C. 580h, and 43 U.S.C. 1241).

NEED FOR NEW LEGISLATION

The Federal Seed Act and the State seed laws are not adequate to prevent the introduction of weeds that are injurious to agriculture and other resources. Such laws relate principally to the distribution of seed for planting purposes and do not reach other means by which injurious weeds can be disseminated into the United States. For example, seeds or screenings of seed sold for animal feed, or crushing for oil or other manufacturing uses are not covered by these laws. Further, the laws do not provide a mechanism for preventing the introduction of noxious weeds by carriers such as farm machinery, sod, or fertilizer.

The Federal Plant Pest Act and the other Federal statutes are too narrow in coverage to reach all plants of foreign origin that are of concern to United States agriculture.

New Federal legislation is, therefore, needed to prevent the entry of new noxious weeds from foreign countries, and to permit the Department of Agriculture to cooperate with the States in eradicating new infestations before the weeds can spread throughout the country.

COMMITTEE CONSIDERATION

On October 3, 1974, the Subcommittee on Agricultural Research and General Legislation held a public hearing on H.R. 11273 and S. 2728. Witnesses at the hearing included the Honorable Lou Frey, Jr., Dr. E. G. Rodgers, past President of the Weed Science Society of America, and Dr. F. J. Mulhern, Administrator, Animal and Plant Health Inspector Service, United States Department of Agriculture.

On November 20, 1974, the Committee on Agriculture and Forestry ordered favorably reported H.R. 11273, as amended by the Committee. The amendment incorporates provisions authorizing the Secretary of Agriculture to issue quarantines and take action against incipient infestations of noxious weeds.

AUTHORITY TO ORDER THE YEAS AND NAYS ON EXECUTIVE NOMINATION

Mr. ROBERT C. BYRD. As in executive session, I ask unanimous consent that it be in order at any time to order the yeas and nays on the confirmation of the nomination of Mr. Melvin A. Conant, of New York, to be an assistant administrator of the Federal Energy Administration.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—S. 1988

Mr. STEVENS. Mr. President, I ask unanimous consent that the following staff members for the Committee on Commerce, the Committee on Armed Services, and the Committee on Foreign Relations be accorded the privilege of the floor during the consideration of S. 1988: Commerce—Bud Walsh, John Hussey, Bud Costello, and Art Pankopf. Foreign Relations—Pat Holt, David Keaney, and Art Kuhl. Armed Services—Ed Kenney and Clark McFadden.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I ask unanimous consent that Mr. Dante Ionata, of my staff, be accorded the privilege of the floor during the consideration of the pending business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

APPROVAL OF BILL

A message from the President of the United States announced that the President had approved and signed the bill (S. 3202) to amend the Farm Labor Contractor Registration Act of 1963 to provide for the extension of coverage and to further effectuate the enforcement of such Act.

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 9:37 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 2193. An act to provide for increased participation by the United States in the Asian Development Bank;

S. 2363. An act to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces;

S. 3906. An act to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force.

H.R. 6274. An act to grant relief to payees and special indorsees of fraudulently negotiated checks drawn on designated depositaries of the United States by extending the availability of the check forgery insurance fund, and for other purposes;

H.R. 6925. An act to authorize the exchange of certain lands between the Pueblo of Acoma and the Forest Service;

H.R. 7730. An act to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip;

H.R. 8824. An act to provide for the conveyance of certain real property of the United States to Mrs. Harriet La Pointe Vanderventer;

H.R. 11929. An act to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments;

H.R. 17026. An act relating to former Speakers of the House of Representatives; and

S. 4040. An act to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore.

At 11:35 a.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (S. 1149) to promote commerce and to meet the need of consumers of goods and products by increasing availability of railroad rolling stock and equipment through improved utilization techniques and financial guarantees for new acquisitions, and for other purposes, with amendments in which it requests the concurrence of the Senate.

At 6 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendment of the House to the bill (S. 782) to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to Appellate Review.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 11013) to designate certain lands in the Farallon National Wildlife Refuge, Calif., as wilderness; to add certain lands to the Point Reyes National Seashore; and for other purposes.

The message further announced that the House agrees to the report of the Committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. McGOVERN) laid before the Senate the following letters, which were referred as indicated:

Approval of Loan by the Rural Electrification Administration

A letter from the Administrator of Rural Electrification transmitting, pursuant to law, a statement covering the approval of a proposed loan to Colorado-Ute Electric Association, Inc., of Montrose, Colo., in the amount of $34,835,000 for construction of certain transmission, generation, and headquarters facilities (with accompanying papers). Referred to the Committee on Appropriations.

Proposed Legislation by the Department of Defense

A letter from the General Counsel of the Department of Defense transmitting a draft of proposed legislation to enable the President to authorize the involuntary order to active duty of Selected Reservists, for a limited period, whether or not a declaration of war or national emergency has been declared (with accompanying papers). Referred to the Committee on Armed Services.

Comprehensive Energy Plan

A letter from the Administrator of the Federal Energy Administration transmitting, pursuant to law, a comprehensive energy plan (with accompanying papers). Referred to the Committee on Government Operations.

Proposed Funding Criteria of the Department of Health, Education, and Welfare

A letter from the Under Secretary of Health, Education, and Welfare submitting, pursuant to law, a copy of a document transmitted to the Federal Register entitled "Proposed Funding Criteria for Fulbright-Hays Training Grants for (1) Doctoral Dissertation Research Abroad, (2) Faculty Research Abroad, (3) Groups Projects Abroad, and (4) Foreign Curriculum Consultants" (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Report of the Department of the Army

A letter from the Chief, Office of Civil Functions, Department of the Army, transmitting, pursuant to law, a report concerning required cooperation agreements on water resource projects (with an accompanying report). Referred to the Committee on Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. McGOVERN):

A letter from a citizen of Washington, D.C., seeking a redress of grievances; referred to the Committee on Rules and Administration.

REPORTS OF COMMITTEE

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 3668. A bill for the relief of Shelia J. Phelps (Rept. No. 93–1321).

By Mr. JACKSON, from the Committee on Government Operations, without amendment:

H.R. 16424. An act to establish a Commission on Federal Paperwork (Rept. No. 93–1323).

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

S.J. Res. 263. An original joint resolution amending the National Housing Act to clarify the authority of the Federal Savings and Loan Insurance Corporation with respect to the insurance of public deposits, and for other purposes (Rept. No. 93–1322).

By Mr. BROCK, from the Committee on Government Operations, with an amendment:

H.R. 8958. An act to amend the Federal Property and Administrative Services Act of 1949 to provide for the disposal of certain excess and surplus Federal property to the Secretary of the Interior for the benefit of any group, band, or tribe of Indians (Rept. No. 93–1324).

By Mr. ERVIN, from the Committee on Government Operations, with amendments:

S. 3092. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes (Rept. No. 93–1325) (Referred to the Committee on the Judiciary.)

By Mr. NELSON, from the Committee on Labor and Public Welfare, with amendments:

S. 4079. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide additional public service jobs for unemployed persons during periods of increased unemployment (Rept. No. 93–1327).

By Mr. METZENBAUM, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 7077. An act to provide for the establishment of the Cuyahoga Valley National Recreation Area (Rept. No. 93–1328).

By Mr. ERVIN, from the Committee on Government Operations, without amendment:

H.R. 1355. An act to donate certain surplus railway equipment to the Hawaii Chapter of the National Railway Historical Society, Incorporated (Rept. No. 93–1329).

H.R. 7072. An act to allow advance payment of subscription charges for publication for official use prepared for auditory as well as visual usage (Rept. No. 93–1330).

H.R. 15818. An act to amend title 44, United States Code, to redesignate the National Historical Publications Commission as the National Historical Publications and Records Commission, to increase the membership of such Commission, and to increase the authorization of appropriations and for such Commission (Rept. No. 93–1331).

By Mr. ERVIN, from the Committee on Government Operations, with amendments:

H.R. 14718. An act to discontinue or modify certain reporting requirements of law (Rept. No. 93–1332).

By Mr. JOHNSTON, from the Committee on Interior and Insular Affairs, with amendments:

H.R. 5773. An Act to establish the Canaveral National Seashore in the State of Florida, and for other purposes (Rept. No. 93–1333).

By Mr. HARTKE, from the Committee on Veterans' Affairs, with amendments:

S. 3883. A bill to amend chapter 37 of title 38, United States Code, to improve the basic provisions of the Veterans' Home Loan Programs and to eliminate those provisions pertaining to the dormant farm and business loans, and for other purposes (Rept. No. 93–1334).

H.R. 10212. An act to designate the Veterans' Administration hospital in Columbia, Missouri, as the "Harry S. Truman Memorial Veterans' Hospital", and for other purposes (Rept. No. 93–1326).

SUBMISSION OF COMMITTEE REPORT ON S. 3092, THE FEDERAL PROTECTIVE SERVICE ACT OF 1974—(REPT. NO. 93–1325)—REFERRED TO THE COMMITTEE ON THE JUDICIARY

Mr. ERVIN. Mr. President, I submit the report of the Committee on Government Operations on S. 3092, the Federal Protective Service Act of 1974.

This bill, which was requested by the Administrator of General Services, extends and clarifies the authority of the Administrator with respect to the protection of real property owned or occupied by the United States which is in his care and control. The Government Operations Committee, which has jurisdiction over legislation pertaining to GSA, reports favorably on the bill.

S. 3092 also expands the arrest powers of GSA's Federal Protective Officers and increases the criminal penalties for violations of rules and regulations promulgated by the Administrator for the protection of Federal property. Since these provisions of the bill are within the province of the Judiciary Committee and its Subcommittee on Criminal Laws and Procedure, Senator McCLELLAN has requested that the bill be referred to the Judiciary Committee for consideration by that subcommittee, which he chairs.

Therefore, Mr. President, I ask unanimous consent that S. 3092 be referred to the Judiciary Committee for a period not to extend beyond December 18, to be automatically reported at the end thereof and placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

Kathryne Ford Vachon, of Florida, to be a member of the National Credit Union Board.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare:

Bert A. Gallegos, of Colorado, to be Director of the Office of Economic Opportunity.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PASTORE, from the Joint Committee on Atomic Energy:

William A. Anders, of Virginia, to be a member of the Nuclear Regulatory Commission.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PASTORE, from the Joint Committee on Atomic Energy, and Mr. JACKSON, from the Committee on Interior and Insular Affairs:

Robert C. Seamans, Jr., of Massachusetts, to be Administrator of Energy Research and Development.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

AUTHORITY TO SUBMIT COMMITTEE REPORT ON SPECIAL EMPLOYMENT ASSISTANCE ACT—S. 4079

Mr. NELSON. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare have permission to file a report on S. 4079, the Special Employment Assistance Act of 1974, not later than midnight tonight.

This is the public service employment bill, and it appropriates $4 billion for public service appointment, authorizes $2.5 billion to cover uncovered unemployed, with the objective of employing 530,000 people.

The PRESIDING OFFICER. Is there objection? It is so ordered.

Mr. JAVITS. Mr. President, the action taken today by the Committee on Labor and Public Welfare in reporting the Special Employment Assistance Act of 1974 is most helpful to our country.

This bill contains two substantial new measures to deal with the current and anticipated unemployment situation, already at the devastating rate of 6.5 percent in November with about 6 million persons unemployed:

First, the bill authorizes $4.0 billion for fiscal year 1975 to fund an estimated 500,000 transitional public service jobs during calendar year 1975—at an estimated cost of $7,500 per year per job—in vital areas such as education, environmental quality, and health care, conducted through the system of State and local governmental prime sponsors established under the Comprehensive Employment and Training Act of 1973.

These funds would supplement the $1.0 billion and 170,000 jobs already made available under title II of CETA, which is confined to areas having unemployment of 6.5 percent or more for 3 consecutive months.

New York State, which has had funds for the creation of 12,700 jobs, could receive funds for at least 50,000 additional 12-month jobs in the next calendar year under this legislation assuming that the full amount is appropriated.

The committee bill follows very closely the proposal I made in S. 2993, the Emergency Energy Employment Assistance Act of 1974, introduced on February 8, with 14 cosponsors, which provided for the triggering of $4 billion when national unemployment exceeds 6 percent in 3 consecutive months; as we have already reached that threshold level with 5.8 percent unemployment in September, 6 percent in October, and 6.5 percent in November.

Second, the bill will remedy one of the basic deficiencies of the unemployment insurance system by providing, for the first time, income replacement payments for workers who are not covered under any existing Federal or State unemployment insurance law. There are estimated to be 10 to 12 million such workers, primarily State and local employees, farmworkers and domestic service employes.

The bill will provide these workers with up to 26 weeks of assistance at a rate comparable to the benefits they would receive if their employment were covered by the present system. All unemployed workers would be eligible for these benefits when the unemployment rate is 6 percent or more for a 3-month period—which test has already been met, so that the program can go into effect immediately after enactment—or on an area basis when a labor market area within a State experiences a 6.5-percent unemployment rate for 3 consecutive months. This program will be federally financed.

This committee action, on which we hope for action by the Senate in the next few days, together with action being taken by the House of Representatives and other committees of the Congress, should make clear to the Nation that the Congress is joining with the executive branch to meet the unemployment aspect of the Nation's serious economic situation, thus helping to increase public confidence in the Nation's ability to restore economic stability to the Nation.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, December 11, 1974, he presented to the President of the United States the following enrolled bills:

S. 2193. An act to provide for increased participation by the United States in the Asian Development Bank;

S. 2363. An act to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces;

S. 3906. An act to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force; and

S. 4040. An act to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes.

ENROLLED BILL SIGNED DURING THE ADJOURNMENT OF THE SENATE

Under authority of the order of the Senate on December 10, 1974, the Acting President pro tempore (Mr. Metcalf) signed the enrolled bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MOSS:

S. 4222. A bill to authorize the extension of certain leases under the act of February 25, 1920. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON (for himself and Mr. Cotton) (by request):

S. 4223. A bill to extend the educational broadcasting facilities program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes. Referred to the Committee on Commerce.

By Mr. BROCK:

S. 4224. A bill to provide for an investigation of the character and past activities of potential Vice Presidential nominees by the Federal Bureau of Investigation. Referred to the Committee on the Judiciary.

By Mr. BROCK (for himself, Mr. Beall, Mr. Fong, Mr. Hart, Mr. Haskell, Mr. Hathaway, Mr. Humphrey, Mr. Kennedy, Mr. McIntyre, Mr. Percy, Mr. Ribicoff, Mr. Tower, Mr. Tunney, Mr. Williams, Mr. Young, Mr. Hansen, Mr. Randolph, Mr. Hartke, and Mr. Stafford):

S. 4225. A bill to amend the Consumer Credit Protection Act to prohibit discrimination on the basis of age in the granting of credit. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. BROCK:

S. 4226. A bill to extend the life of the Postal Service Advisory Council, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. ERVIN (for himself, Mr. Ribicoff, Mr. Percy, Mr. Metcalf, Mr. Inouye, Mr. Montoya, and Mr. Weicker):

S. 4227. A bill to establish certain Federal agencies, effect certain reorganizations of the Federal Government, and to implement certain reforms in the operation of the Federal Government recommended by the Senate Select Committee on Presidential Campaign Activities, and for other purposes. Referred to the Committee on Government Operations.

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

S.J. Res. 263. An original joint resolution amending the National Housing Act to clarify the authority of the Federal Savings and Loan Insurance Corporation with respect to the insurance of public deposits, and for other purposes. Considered and passed.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOSS:

S. 4222. A bill to authorize the extension of certain leases under the act of

February 25, 1920. Referred to the Committee on Interior and Insular Affairs.

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to authorize the Secretary of Interior, under certain circumstances, to extend the primary term of oil and gas leases issued under the Mineral Leasing Act of 1920.

The purpose of the bill is simply to insure that a lessee who is diligently attempting to bring his lease into production, but is unable to commence production prior to the expiration of the primary term of the lease because an environmental impact study is still in process, does not lose the opportunity to have the primary term of the lease extended. Currently, the Mineral Leasing Act allows the Secretary of Interior to extend the term of a producing oil and gas lease. My bill allows the Secretary to do the same thing for a lease which holds promise of production but which is not yet producing at its expiration date, because of the pendency of a NEPA statement.

It is my intention, expressed in the bill, that the Secretary be limited in the exercise of this new authority to cases where the delay in commencing actual drilling operations was not caused by any action or failure to act of the lessee. Further, nothing in the bill is intended to override the requirements of the National Environmental Policy Act. The bill will serve simply to preserve the status quo, when the lease would otherwise expire, so that, assuming a favorable final environmental assessment, the lease could subsequently be brought into production without further delay.

By Mr. MAGNUSON (for himself and Mr. Cotton) (by request):

S. 4223. A bill to extend the educational broadcasting facilities program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill to extend the educational broadcasting facilities program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social services information, and for other purposes, and ask unanimous consent that the letter of transmittal, and summary of the bill be printed in the Record with the text of the bill.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 4223

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Telecommunications Facilities and Demonstration Act of 1974".

PURPOSE

Sec. 2. (a) Part IV of title III of the Communications Act of 1934 is amended by striking out the heading of such part and inserting in lieu thereof "Grants for Noncommercial Educational Broadcasting Facilities; Telecommunications Demonstrations; Corporation for Public Broadcasting".

(b) Subpart A and of such part is amended by striking out the heading of such subpart and inserting in lieu thereof "Assistance for Telecommunications Facilities and Demonstrations".

(c) Section 390 of such Act is amended to read as follows:

"DECLARATION OF PURPOSE

"Sec. 390. The purposes of this subpart are to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities and to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other social service information.".

APPROPRIATIONS

Sec. 3. Section 391 of such Act is amended to read as follows:

"AUTHORIZATIONS OF APPROPRIATIONS

"Sec. 391. (a) There are authorized to be appropriated for carrying out the purposes of this subpart such sums as may be necessary for the fiscal year ending June 30, 1975, and for the five succeeding fiscal years.

"(b) Sums appropriated pursuant to this section shall remain available for payment of grants or contracts for projects for which applications, approved under sections 392 and 392A, have been submitted prior to October 1, 1981, for construction of noncommercial educational television or radio broadcasting facilities or for telecommunications demonstrations.".

CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

Sec. 4. (a) Section 392(a)(1) of such Act is amended by striking out clause (C) and inserting in lieu thereof "(C) a public or private nonprofit college or university,".

(b) Section 392(d) of such Act is amended to read as follows:

"(d) The Secretary shall base his determinations of whether to approve applications for grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (1) a strengthening of the capability of existing noncommercial educational broadcast stations to provide local services; (2) the adaptation of existing noncommercial educational broadcast facilities to broaden educational uses; and (3) extension of noncommercial educational broadcast services, with due consideration to equitable geographic coverage throughout the United States.".

TELECOMMUNICATIONS DEMONSTRATIONS

Sec. 5. The Communications Act of 1934 is amended by adding after section 392 the following new section:

"TELECOMMUNICATIONS DEMONSTRATIONS

"Sec. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private non-profit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

"(b) The Secretary may approve an application submitted under subsection (a) if he determines:

"(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

"(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

"(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

"(4) that the facilities and equipment acquired or developed pursuant to the application will be used only for the transmission, distribution, and delivery of health, education, or social service information.

"(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

"(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

"(e) For purposes of this section, the term 'nonbroadcast telecommunications facilities' includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic, or other means.

"(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

"(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.".

Department of Health,
Education, and Welfare,
October 11, 1974.

Hon. James O. Eastland,
President pro tempore of the Senate,
Washington, D.C.

Dear Mr. President: Enclosed for the consideration of the Congress is a draft bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes."

This bill has two basic purposes. First, the Department's direct support for over-the-air educational radio and television broadcasting facilities would be extended for a five-year period. Television broadcast coverage of these stations now extends to almost 78 percent of the population, while radio coverage is approximately 65 percent; extension of the facilities program for this additional period would permit the Department of Health, Education, and Welfare to essentially satisfy the original goals of the program while phasing down its direct support for construction of broadcasting facilities. Moreover, because the number of public television stations in the country represents a nearly complete and mature system, and because increased broadcast coverage is achievable only at unacceptably high per-viewer costs as the 100 percent coverage level is approached, the funding criteria for the broadcasting facilities program would be modified under this proposal to give priority to the strengthening of existing stations over the activation of new stations.

Secondly, the legislation would provide authority for a telecommunications program designed to demonstrate ways to meet the common needs of the health and education community.

This legislation would provide a single broad authority in the Office of the Secretary to create the multi-user telecommunications services and facilities which will make it possible for health, education, and social service providers jointly to develop more efficient and economical means of meeting the nation's needs.

In order to accomplish this objective, the legislation would authorize the Secretary to carry out a program for the support—through grants or contracts—of demonstrations in the use and application of nonbroadcast telecommunications facilities and equipment (such as cables and satellites). Moreover, the legislation would provide the authority to assist in the initial application of communications facilities that are uniquely suited to the needs of the health and education community, including the purchase by grantees or contractors of necessary telecommunications services from commercial carriers.

Present cost projections for the bill total approximately $35 million over five years.

I am also enclosing for your convenience a brief summary and analysis of the proposed legislation.

I urge prompt and favorable consideration of this proposal.

The Office of Management and Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

FRANK C. CARLUCCI,
Acting Secretary.

SUMMARY OF THE TELECOMMUNICATIONS FACILITIES ACT OF 1974

The basic purposes of the Telecommunications Facilities Act of 1974 are (1) to extend the educational broadcasting facilities program for five years and (2) to provide authority for the Secretary to support demonstrations in modern telecommunications technologies for the distribution and dissemination of health, education, and other social service information. The Act would modify the role of the Department of Health, Education, and Welfare in educational broadcasting to include not only direct support for particular facilities identified in the Communications Act of 1934 (hereinafter "the Act"), which are over the air radio and television broadcasting stations, but also more indirect support, through demonstration grants and contracts, of a wide range of modern telecommunication technologies. In many instances such technologies may provide a more efficient and economical means of meeting some of the country's health, education, and social service needs.

The Act would have the short title of the "Telecommunications Facilities Act of 1974".

Section 2 of the bill would modify the headings of part IV of title III of the Communications Act of 1934 and of subpart A thereof to reflect the amendments made by this bill. The declaration of purpose contained in section 390 of the Act would also be amended to reflect the broadened purposes set forth in this bill.

Section 3 would authorize the appropriation of such sums as may be necessary for fiscal year 1975 and each of five succeeding fiscal years. Sums so appropriated would remain available to fund applications submitted prior to October 1, 1981.

Section 4(a) would amend the eligibility requirements for the educational broadcasting facilities program to include nonprofit colleges and universities as well as publically supported institutions. Section 4(b) would amend the funding criteria for the educational broadcasting facilities program to emphasize (A) the strengthening of the capability of existing noncommercial educational broadcast stations, (B) adapting existing noncommercial educational broadcast facilities to additional educational uses, and (C) extending noncommercial educational broadcasting services with due consideration to equitable coverage of all areas in the country.

Section 5 add to the Act a new section 392A which would authorize the Secretary to make grants and contracts in order to provide demonstration projects for the development of nonbroadcast communications facilities and services for the transmission, distribution, and delivery of health, education, and social service information. Any public or nonprofit private agency, organization, or institution would be eligible to participate in the program. Subsection (b) of the new section sets forth the requirements which applications for grants or contracts for telecommunications demonstrations must meet. Such applications must provide assurance:

(1) that the project offers reasonable promise of demonstrating innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities which relate to the purposes of this section;

(2) that the applicant will retain administrative control of the project;

(3) that the applicant has the management and technical capability to carry out the project; and

(4) that acquired facilities and equipment will be used only for health, education, and social services purposes.

Subsection (c) of the new section 392A would authorize the Secretary to pay up to 100 percent of the approved costs of any project.

Subsection (d) would prohibit the use of funds under the new section for construction of structures, but would permit necessary minor remodeling which is incident to the installation of equipment and facilities.

Subsection (e) provides a definition of the term "nonbroadcast telecommunications facilities".

Subsection (f) provides that demonstrations funded pursuant to this section may continue for a period of not more than three years.

Subsection (g) requires grantees to submit annual summary and evaluation reports.

By Mr. BROCK:

S. 4224. A bill to provide for an investigation of the character and past activities of potential Vice-Presidential nominees by the Federal Bureau of Investigation. Referred to the Committee on the Judiciary.

Mr. BROCK. Mr. President, over a year ago, I introduced legislation, S. 2741, to provide for an investigation of the character and past activities of potential Vice-Presidential nominees by the Federal Bureau of Investigation. Today, I find it necessary to reintroduce a measure which basically is the same language with the exception that it would also allow our President to follow the same procedure in the selection, if it ever becomes necessary again, of a Vice-Presidential nominee.

Mr. President, I believe that the changes in this measure are important. The President should have full opportunity to investigate potential nominees for the second highest office in this Nation as should a potential Presidential nominee. For the past 4 months, we have watched a congressional investigation into the nomination of Nelson Rockefeller as Vice President. Many have criticized Congress, and perhaps rightly so, in that the investigation has been into the man's economic background, and not his ability to conduct the office of President, if he should ever be required to do so. This is one of the primary reasons that the investigation has taken so long, much too long.

An FBI investigation of the sort I am recommending can be conducted aboveboard and provide the necessary information needed for decisionmaking. But, added to that, this type of investigation would also protect the individual rights of those who are under consideration. Certainly, the final selection at any time will continue to come under the scrutiny of the press and the Nation, and rightly so.

The events of the past 2 years have had a profound effect on our Nation, and it is our duty to see that we learn from those events and not wait until the next "event" before we act.

Briefly, this measure would allow, but not require, Presidential candidates, or Presidents with the opportunity to submit the names of up to 10 possibilities for Vice President to the FBI. I might add that Presidential candidates with reasonable opportunity to win, which is the language of the measure, means that a candidate either has 10 percent of the delegate votes, or is among the top three contenders.

The investigation of the contenders shall consist of the normal procedures used for a top-secret clearance. The results of the investigation shall be released only to the winner of the Presidential nomination, or the President, and only with the written consent of the person investigated. Also, only the Presidential candidate himself and one other staff member chosen by the Presidential candidate may view the records at all times. The same applies to the President.

An FBI agent would serve as custodian of the records. After the selection of the Vice President, all investigation reports including the investigation of the Vice-Presidential candidate or nominee shall be destroyed. It will be a Federal offense of up to 5 years imprisonment and a $50,000 fine for unlawful disclosure of the results of any investigation.

Mr. President, this measure can be helpful to the Nation in the future. It can perhaps help prevent some of the occurrences of the past months. It is my hope that the Congress will consider it quickly.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 4224

A bill to provide for an investigation of the character and past activities of potential Vice-Presidential nominees by the Federal Bureau of Investigation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for purposes of this Act, the term—

(1) "Presidential primary" means any election held for the expression of a preference by the voters of a State for the nomination of a candidate for election to the office of President;

(2) "political party" means any political party whose candidate for election to the office of President in the most recently con-

ducted Presidential election received more than 10 per centum of the total number of votes cast throughout the United States for all such candidates treating votes cast for the election of Presidential and Vice-Presidential electors who are affiliated with a political party as votes cast for the Presidential candidate of that party;

(3) "national nominating convention" means a convention held by a political party for the purpose of nominating the candidate of that party for the office of President; and

(4) "Presidential candidate" means an individual who—

(A) is qualified under the Constitution to serve as President if elector to that Office, and

(B) files with the Attorney General not later than thirty days before the date on which the national nominating convention of a political party is scheduled to begin—

(i) a statement in writing personally signed by him stating that he is a candidate for the nomination of that party for election to the office of President; and

(ii) statements in writing personally signed by a substantial number of delegates who are entitled to vote in such convention for the selection of the candidate of that party for election to the office of President stating that they intend to vote for the nomination of that individual as the candidate of that party for election to the office of President when the convention is held.

For purposes of clause (ii), an individual shall be considered to have furnished statements from a substantial number of delegates to the national nominating convention of a political party if he has furnished the greatest, next greatest, or third greatest number of statements from such delegates, or if he has furnished statements from 10 per centum of such delegates.

Sec. 2. (a) (1) Whenever there is a vacancy in the office of Vice President the President may, in writing, request that the Attorney General investigate not more than 10 individuals listed in such request by the President as potential Vice Presidential nominees.

(2) A Presidential candidate may, in writing, request that the Attorney General investigate not more than 10 individuals listed in such request by the Presidential candidate as potential Vice Presidential nominees.

(3) The Attorney General upon receiving a written request from the President under paragraph (1) or from a Presidential candidate under paragraph (2) shall conduct an investigation through the Federal Bureau of Investigation of the individuals listed in such request. The investigation shall be of the same nature, extent, and scope as an investigation conducted by the Federal Bureau of Investigation in connection with the granting of a top secret security clearance to any individual employed by the United States.

(b) An individual who is the subject of an investigation conducted under this Act shall be notified by the Attorney General when the investigation is completed and shall be given an opportunity to review the evidence and information obtained through such investigation. No evidence or information obtained by an investigation conducted under subsection (a) shall be released to any person without the written consent of the individual who is the subject of the investigation.

(c) If an individual investigated under subsection (a) consents in writing under subsection (b) to the disclosure of the evidence and information obtained in that investigation, the Attorney General shall permit inspection of such evidence and information by the President who requested the investigation together with one other person designated by the President, or by the Presidential candidate who requested the investigation together with one other person designated by the candidate, but only if such candidate has been nominated by the national nominating convention of the political party with which he is affiliated. Any such inspection shall be carried out on premises designated by the Attorney General in the presence of an employe of the Federal Bureau of Investigation, who shall be custodian of such evidence and information. No copy, record, or memorandum of any matter contained in such evidence and information shall be made by the candidate or the person designated by the candidate to inspect the evidence and information with him, and no piece of such evidence or information shall be removed from the custody of the Federal Bureau of Investigation.

Sec. 3. (a) Upon the nomination of a candidate for the office of Vice President by the President acting under the twenty-fifth amendment to the Constitution, all evidence and information obtained under section 2 relating to such candidate shall be forwarded to the appropriate committees of the Congress. Upon the confirmation of such candidate by and with the advice and consent of the Senate all evidence and information obtained under section 2 relating to other potential Vice Presidential nominees shall be destroyed and no memorandum, copy, or other record of such evidence or information shall be retained.

(b) Upon the nomination of a candidate for election to the office of Vice President by the national nominating convention of a political party, all evidence and information obtained under section 2 relating to potential Vice Presidential nominees of that party shall be destroyed and no memorandum, copy, or other record of such evidence or information shall be retained.

Sec. 4. No evidence or information obtained under or in connection with an investigation carried out under this Act shall be admissible in any proceeding before any court of the United States or of any State.

Sec. 5. The disclosure, release, or retention of evidence or information in violation of the provisions of this Act shall be punishable by a fine not to exceed $50,000, imprisonment for not to exceed five years, or both.

By Mr. BROCK (for himself, Mr. Beall, Mr. Fong, Mr. Hart, Mr. Haskell, Mr. Hathaway, Mr. Humphrey, Mr. Kennedy, Mr. McIntyre, Mr. Percy, Mr. Ribicoff, Mr. Tower, Mr. Tunney, Mr. Williams, Mr. Young, Mr. Hansen, Mr. Randolph, Mr. Hartke, and Mr. Stafford):

S. 4225. A bill to amend the Consumer Credit Protection Act to prohibit discrimination on the basis of age in the granting of credit. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. BROCK. Mr. President, I am delighted that the President has now signed into law H.R. 11221—Public Law 93-495—which includes as title VII the legislation I introduced to prohibit discrimination on the basis of sex or marital status with respect to any aspect of a credit transaction. My reason for originally submitting this narrower approach to credit discrimination legislation was to solve one unconscionable problem—that of credit discrimination on the basis of sex or marital status—which had been uncovered by the National Commission on Consumer Finance on which I served.

It has since become apparent from hearings held by the House Subcommittee on Consumer Affairs that some creditors have discriminated against our older citizens in granting credit. And, if we look at statistics, we become even more aware of the magnitude of a growing problem. The numbers and percentage of the elderly are increasing. It is estimated that, by the year 2000, there will be 29 million elderly, an increase of 46 percent. They will comprise about 24 percent of the population versus 10 percent today. Each day, there is a net increase of 1,000 old people.

Older persons most frequently encounter credit discrimination when they try to establish credit for the first time after a lifetime of paying cash. Many department stores, for instance, will no longer accept a personal check from an individual without a major credit card and thus, older persons find they must apply for these credit cards after they reach age 65. I feel the credit worthiness of these persons should be judged on the same basis as that of other age groups applying for credit for the first time.

Some credit grantors discriminate against persons who are not gainfully employed on a full-time basis, without regard to the fact that many retired persons no longer need to rely on full-time employment for their incomes. This practice exists in face of the fact that income from pensions, annuities, social security, and other sources of retirement income tends to be more reliable than income derived from employment.

Older Americans should not be humiliated by credit grantors who simply feel that they are "too old." They should be judged solely on their willingness and ability to meet their credit obligations.

In order that our older citizens may be protected against credit discrimination I am today introducing the Equal Credit Opportunity Act Amendments of 1974. This bill makes it unlawful for any creditor to discriminate against any applicant who has the capacity to contract, on the basis of an arbitrary age limit, with respect to any aspect of a credit transaction. The protection of these amendments is limited to applicants who have the capacity to contract. Obviously, minors who cannot be held accountable for their contractual obligations should not be included within the purview of this legislation.

The legislation prohibits only discrimination on the basis of "an arbitrary age limit." The purpose of this legislation is to permit the use of statistically valid tests and actuarially sound criteria in the granting of credit. For example, it would not be fair to require a creditor to grant credit for an 85-year-old man who might claim discrimination because he was turned down on his application for a 30-year mortgage. In a similar vein, an inquiry of age would be permitted so that decisionmaking in the credit-granting process may be based upon knowledge, not ignorance, in fairness to the credit grantor.

This legislation is important to our older citizens and I urge prompt attention to this matter by this body.

By Mr. BROCK:

S. 4226. A bill to extend the life of the Postal Service Advisory Council, and for other purposes. Referred to the Committee on Post Office and Civil Service.

Mr. BROCK. Mr. President, I send to the desk for introduction and appropriate referral a bill to extend the Postal Service Advisory Council for an additional 2 years. The Council's importance cannot be underestimated, as it provides an opportunity for users of the mail to advise and review the Postal Service.

The retention of the Postal Service Advisory Council is necessitated, I believe, by the unique position that the Postal Service occupies among American institutions today. The Postal Service is, of course, a semi-autonomous branch of the Government, which makes it more difficult for Congress to control than other agencies. But it is also a virtual monopoly, with its status protected by law. These two factors make it most important for an outside watchdog group, such as the Advisory Council, to protect the consumer, the union member, and the businessman by giving them a voice in Postal Service operations.

I think that few of my colleagues in either the Senate or the House would deny that the public needs a bigger voice in regards to the U.S. mail. Every week I receive complaints from constituents who are unsatisfied with the Post Office. They feel that it is neither responsive, nor responsible to them.

One constituent, Mr. Irvin Bainum of Collegedale, Tenn., experienced considerable difficulty in having his mail forwarded to his summer residence in Maryland. He was not able to get the Post Office to perform its duties until he he had complained to his Senator. The Postal Service was not responsive to his needs.

Another man told me of a time his organization sent time-value newsletters to locations not more than 80 miles from Memphis. Half of the mailing did not reach its destination until 3 weeks later, after the main event publicized in the newsletter had already taken place. He rightfully complained,

> We must conclude that such delay is regrettable and in short, inexcusable!

The Postal Service replied that it was unable to identify any sources of improper handling.

Andrew Ewing of Nashville suffered when important papers being mailed from Nashville to Washington were long delayed. He wrote in frustration,

> It appears that with every increase in postal rates, the quality of service deteriorates. Can't something be done about this?

Mr. President, it is my hope that a rejuvenated Postal Service Advisory Council will indeed be able to do something about this, that it will listen to and voice these complaints to the Posal Service, along with recommendations on what to do about the problems. These constituents complaints, I regret to say, are not the exception, but too often the norm. I say the public's interest must be protected.

I was a supported of Postal Reorganization, and still wish we could achieve a true depoliticalization. Yet there is obviously great room for improvement. The Postal Service Advisory Council has the potential of fulfilling consumer input on how to make these needed improvements.

I realize that the Postal Service already has a consumer advocate, and a good one at that. But his is an "in house" voice, and in the end he is responsible to the Postal Service authorities. The Advisory Council would give the public a more open forum for advice.

The Advisory Council does not just give the public a forum, it is also made up of business mail users and labor union representatives. They also need a voice, particularly the unions, whose members make the system work. These employees must have the right to provide, in an open atmosphere, the input which their experience and know-how makes so valuable. Let us not muffle the unions' voice by allowing the Council to expire.

Mr. President, I have always been an advocate of reforming the system to make it work better. That being so, my bill does not only extend the life of the Postal Service Advisory Council, but makes several reforms as well. First, the public at-large membership would be increased from three to five, in order to give the consumer a greater say in Postal Service operations. Second, the Council would be allowed to elect its own chairman and vice chairman. Under the present system, the Council is somewhat inhibited by having as its chairman the Postmaster General, whom it is supposed to be advising. Third, in order to increase the efficiency of the Council in its day-to-day operations, it should be given permission to requisition supplies and services needed to perform its duties. And last of all, the Advisory Council should make a yearly report to the Congress on its findings and recommendations. I believe this would allow Congress to give greater scrutiny to the Postal Service operations and give greater opportunity to make recommendations to the mail service.

The Postal Service Advisory Council is scheduled to expire on January 5, 1975. I realize that this is an 11th hour effort, but it is my sincere hope, for the sake of postal employees and consumers, that this bill will see quick passage, so that the Council will see at least 2 more years of life.

Mr. President, I ask unanimous consent that the text of my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 4226

A bill to extend the life of the Postal Service Advisory Council, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Postal Service Advisory Council, established under section 206 of title 39, United States Code, is renewed for the two-year period beginning January 5, 1975, and ending January 4, 1977.

Sec. 2. Section 206(a) of title 39, United States Code, is amended to read as follows:

"(a) There shall be a Postal Service Advisory Council of which the Postmaster General and the Deputy Postmaster General shall be members ex officio. The Advisory Council shall have 13 additional members appointed by the President. He shall appoint as such members (1) 4 persons from among persons nominated by those labor organizations recognized as collective-bargaining representatives for employees of the Postal Service in one or more collective-bargaining units, (2) 4 persons as representives of major mail users, and (3) 5 persons as representatives of the public at large. All members shall be appointed for terms of 2 years except that, of those first appointed, 2 of the members representative of labor organizations, 2 of the members representative of major postal users, and 1 member representing the public at large shall be appointed for 1 year. The Chairman and Vice Chairman shall be elected from among the members of the Council. Any member appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall serve for the remainder of such term.".

Sec. 3. Section 206 of such title is further amended by adding at the end thereof the following new subsections:

"(d) The Postal Service shall, at the request of the Chairman of the Advisory Council, provide the Council with such materials, supplies, and assistance as it may require to carry out its duties under this section.

"(e) The Advisory Council shall report annually to the Congress and the President on its activities under this section.".

By Mr. ERVIN (for himself, Mr. Ribicoff, Mr. Percy, Mr. Metcalf, Mr. Inouye, Mr. Montoya, and Mr. Weicker):

S. 4227. A bill to establish certain Federal agencies, effect certain reorganizations of the Federal Government, and to implement certain reforms in the operation of the Federal Government recommended by the Senate Select Committee on Presidential Campaign Activities, and for other purposes. Referred to the Committee on Government Operations.

WATERGATE REORGANIZATION AND REFORM ACT OF 1974

Mr. ERVIN. Mr. President, on behalf of Senators Ribicoff, Percy, Metcalf, Inouye, Montoya, Weicker, and myself, I introduce for appropriate reference the Watergate Reorganization and Reform Act of 1974, which will implement most of the reforms in the operation of the Federal Government recommended by the Senate Select Committee on Presidential Campaign Activities.

Pursuant to Senate Resolution 60, which the Senate passed unanimously on February 7, 1973, the select committee conducted an extensive investigation of the so-called Watergate affair and other aspects of the 1972 Presidential election. The findings and recommendations of the select committee are contained in its final report to the Senate.

In addition to exposing campaign "dirty tricks," the misuse of campaign funds, and attempts to use public institutions for political purposes, the select committee made a series of legislative proposals in accordance with its mandate from the Senate. These recommendations are designed to insure that the abuses known generally as Watergate will be eliminated insofar as possible from future Presidential campaigns.

Many of the select committee's proposals already have become law as part of the Federal Election Campaign Act Amendments of 1974. The bill which I introduce today will turn the other recommendations into concrete legislative proposals.

The abuses in the 1972 Presidential campaign were far-reaching and consequently the Watergate Reorganization and Reform Act of 1974 is very broad.

OFFICE OF PUBLIC ATTORNEY

The Watergate Reorganization and Reform Act establishes a permanent Office of Public Attorney, independent of the Justice Department and the executive branch, whose jurisdiction would include the right to prosecute in cases of allegation of conflict of interest within the executive branch, to inquire into cases charging misconduct by Federal departments or regulatory agencies, and to prosecute cases referred to the Office by the Federal Elections Commission.

The memory of the "Saturday night massacre" may in itself be sufficiently persuasive of the need for a truly independent public prosecutor. The members of the select committee believed that we should not wait for this need to arise again, but that we should lock the barn door before the horse is stolen.

Apart from the prosecutorial role of the Public Attorney, it is intended that the establishment of this office will also serve to deter those who might otherwise risk illegal activities in the knowledge or belief that they control the Government enforcement and investigative agencies.

The Public Attorney would also serve as an ombudsman, investigating allegations of conflict of interest or misconduct within the executive branch, to eliminate the possibility of any future coverups.

CONGRESSIONAL LEGAL SERVICE

The experience of the past few years underscores the need for Congress to take positive steps to insure that the powers of the legislative branch are not usurped by the Executive, and that channels exist for the expeditious resolution of any conflicts between the two. For example, we have seen the President promise nuclear powerplant facilities to foreign countries without the knowledge or consent of Congress; ignore subpenas issued by a congressional committee under the guise of "executive privilege"; and impound without statutory authority funds duly appropriated by Congress.

The Watergate Reorganization and Reform Act establishes a Congressional Legal Service under the direction of a Congressional Legal Counsel to assist the Congress in restoring the balance of power in our system of government. Congress could ask the Legal Counsel to give an advisory opinion on whether a specific action fell within the bounds of the President's authority and could initiate a court action to compel the executive branch to act in accordance with that opinion. The Legal Counsel would also represent Congress in any action in which the validity of any official proceeding of, or action taken by, the Congress is questioned.

ABUSE OF POWER

The select committee's investigation revealed repeated attempts by the Nixon administration to misuse the CIA, the FBI, IRS, and the Justice Department for political purposes, wholly inconsistent with their legal authority and responsibilities.

The function of the CIA is to provide intelligence on the affairs of foreign countries, not assistance to those who would use illegal means to procure information for attempts at defamation of character or for political purposes.

The function of the FBI is to protect American citizens from crime, not to protect the political future of an incumbent President.

The function of the IRS is to assure the fair and efficient administration of our tax laws, not to harass some citizens by repeated audits, nor to prevent the rightful investigation of others.

The function of the Justice Department is to enforce the laws, no matter who violated them, not to provide grand jury information to interested parties.

In order that these agencies may be safeguarded from political manipulation, the Watergate Reorganization and Reform Act provides that no employee of, or assigned to, the Executive Office of the President may authorize or engage in investigative or intelligence gathering activities without the authorization of Congress; that the coverage of the Hatch Act be extended to all Justice Department officials, including the Attorney General; that Government officials confirmed by the Senate or on the payroll of the Executive Office of the President be prohibited from soliciting or receiving campaign contributions during their period of service and for 1 year following their departure; and that individual income tax returns not be made available to the President or to officers or employees of the Executive Office of the President.

Furthermore, the Secretary of the Treasury would be required to give annual reports to the House Ways and Means Committee, the Senate Finance Committee and the Joint Committee on Internal Revenue Taxation explaining any requests originating in the Executive Office of the President for information or the investigation of a taxpayer, and what action was taken on the request. Such requests would have to be made in writing.

DIRTY TRICKS

The name of Donald Segretti has become synonymous with campaign dirty tricks. Among some of the practices unearthed by the select committee's investigation were phony press releases distorting candidates' positions on the issues, the hiring of hecklers and demonstrators to disrupt rallies, the distribution of pamphlets and leaflets advertising nonexistent campaign events and canceling scheduled ones, and the publication of scurrilous letters on a candidate's letterhead defaming his opponents. The purpose of such practices was to callously misrepresent candidates to the American public and sow distrust among the Democratic Presidential contenders.

In the select committee's opinion, attempts to defraud the voters and deprive candidates of the opportunity to wage a campaign devoid of bogus issues and false statements have no place in the American political system. Although laws currently exist to prevent the publication of unidentified campaign materials or unauthorized advertisements, those laws are not sufficiently broad to cover the activities disclosed in the course of the select committee's investigation. Therefore, the Watergate Reorganization and Reform Act establishes criminal penalties for seeking or directing another person to seek employment in a political campaign under false pretenses for the purpose of spying, or interfering with and obstructing campaign activities; stealing or copying without authorization campaign materials, documents, or personal papers of a candidate or his aides; and misrepresenting over the telephone or in person in such a manner as to fraudulently purport to be affiliated with a particular candidate.

CAMPAIGN FINANCING

Much of the select committee's time was spent investigating the use of campaign funds by the Committee to Re-Elect the President and by White House staff members. The select committee found that contributions often were raised in an illegal manner and used for illegal purposes. Illegal corporate contributions went unreported, and favorable treatment by Federal agencies often was an implied consequence of a substantial donation. Large amounts of cash were passed back and forth among White House officials and campaign aides.

Fortunately, many of the select committee's recommendations relative to such abuses have been enacted into law as part of the Federal Election Campaign Act Amendments of 1974. I am sure that the enactment of these provisions will stand as a monument to the work of the Select Committee.

The new campaign law provides for the establishment of a Federal Elections Commission to administer the Federal election laws. It prohibits cash contributions in excess of $100 in connection with nomination and election to Federal office. It requires each candidate for President and Vice President to designate one principal campaign committee and a campaign depository. It limits campaign expenditures by Presidential and Vice Presidential candidates to $10 million for nomination and $20 million in the general election. It limits individual campaign contributions to $1,000 per candidate. It prohibits campaign contributions by foreign nationals. It limits to $5,000 the amount any political organization may contribute to a Presidential campaign.

These provisions were recommended, in whole or in part, by the select committee. I am satisfied that they will correct many of the abuses revealed by the select committee. Since they already are law, I have not included them in the Watergate Reorganization and Reform Act of 1974.

Of course, there were other recommendations of the select committee regarding campaign financing which have not been enacted, and these are included in the bill.

The solicitation or use of campaign funds for purposes in violation of the Federal election laws would be prohibited. Recipients of Federal grants, loans, or subsidies in excess of $5,000 annually would be prohibited from soliciting or receiving campaign contributions. The President and Vice President would be required to make a full financial disclosure each year to the Comptroller General.

Furthermore, the bill increases the tax credit to 100 percent for small campaign contributions—up to $25 on an individual and $50 on a joint return.

PENALTIES FOR VIOLATIONS OF FEDERAL ELECTION LAWS

Letting the punishment fit the crime is not a concept new to judicial procedure. Yet in the course of its investigations, the select committee found that certain activities were not Federal offenses, and that in other cases, the penalties which could be imposed were far less serious than the offense would warrant. For example, neither the break-in of Dr. Fielding's office nor the burglary of the Democratic National Committee constituted a Federal offense. The Watergate Reorganization and Reform Act amends our criminal statutes to make any felony committed for the purpose of interference with, or effecting the outcome of, a Federal election or nominating process a Federal offense. It also makes it a felony for an individual to use or attempt to use Federal resources for the purpose of influencing a Federal election by obstructing, impairing, or perverting a Government function; to promise a Government benefit in return for political support, or for a Government official to use the awarding of grants, loans, contracts, subsidies or other Federal funds for the purpose of effecting a Federal election.

In closing, I would like to call the attention of my colleagues to the fact that the select committee's recommendations in two areas are not included in the Watergate Reorganization and Reform Act. The specific areas are the expansion of congressional oversight responsibilities, particularly in regard to the relationship between the White House and the intelligence and law enforcement agencies. I would like to stress that the omission of these recommendations from the bill is not indicative of a lack of commitment to these proposals, but rather a recognition of the difference between legislative and non-legislative matters.

Mr. President, I ask unanimous consent that a section-by-section analysis and the text of the bill be printed in the RECORD immediately after the statements of the distinguished Senators from Connecticut (Mr. RIBICOFF) and Illinois (Mr. PERCY), who are joining me in sponsoring this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, today the chairman of the Senate Government Operations Committee is introducing the Watergate Reorganization and Reform Act of 1974. I am honored to be able to be a sponsor of this bill.

The whole country owes an incalculable debt to Chairman ERVIN for his wise leadership of the Senate Watergate Committee. Seldom has a committee considered issues of such importance to the country. Seldom has a committee conducted such a thorough and thoughtful investigation of a problem. The bill the chairman is introducing today is a splendid monument to the work done by him and his committee. It represents the best thinking of the committee distilled from the long hours it spent investigating and reflecting on the events of Watergate.

While Watergate was a national tragedy, the country can emerge from it stronger than ever if it leads us to change certain ways in which the Government operates.

A panel of the National Academy of Public Administration wrote in its introduction to a study commissioned by Senator Ervin's Committee,

> Watergate damaged the image of the public service, which already had been suffering from a decline in public confidence for several years. It represents not only an aberration but, perhaps more important for those concerned with America's future, a culmination of converging trends developing and gathering itensity over the post World War II decades. The focusing of attention on the abuses associated with Watergate now lays the ground for much needed reeaxmination and reform.

The Watergate Reorganization and Reform Act seeks to translate some of the rethinking about our Government which followed Watergate into meaningful reform.

The bill does not just seek to plug loopholes in the present laws. Its most important provisions contain proposals for fundamental reorganization of portions of the Government. The bill creates an Office of Public Attorney, independent of the President and the remainder of the executive branch, to investigate and prosecute violations of the law by Government officials. It will also handle violations of the campaign laws, and suits against private persons which the Justice Department should not handle because of actual or potential conflicts of interests. Such a new Federal office will guarantee that there will be an independent voice in Washington that by its vigilance can help keep Government honest, and elections fair, and that can generally monitor the administration of justice in the Government. It should do much to help increase the public's confidence in the Government.

The bill also creates a Congressional Legal Service. This office will be authorized to seek on behalf of Senators or Congressmen judicial enforcement and interpretation of the laws Congress has already passed, or the actions Government officials have taken pursuant to such laws. This provision will enable Congress to challenge claims of executive privilege or other actions by the executive branch which Congress believes threatens the proper balance between the two branches of Government.

The Report of the Watergate Committee summed up the importance of these two proposals when it stated that:

> The report's major legislative recommendations relate to the creation of new institutions necessary to safeguard the abuse of executive power, and to insure the prompt and just enforcement of laws that already exist.

The remaining provisions of the bill seek to remedy other specific problems identified by the committee during its work. A number of legislative recommendations made by the Watergate Committee have already been enacted into law by this committee. This is especially so in the case of the major reforms of the election laws recommended by the committee. All the other legislative proposals approved by the committee not yet enacted into law are contained in this bill.

The bill is a fitting capstone to Chairman ERVIN's career in the Senate. It reflects not only his experience as chairman of the Watergate Committee, but also his chairmanship of the Government Operations Committee, his 20 years of service in the Senate, and his lifelong study of the Constitution and the American Government.

The greatest strength of the American system has often been demonstrated in times of national crisis. From the Depression came the innovative social programs of the New Deal. Perhaps from Watergate may come the further restoration of integrity, confidence, and responsiveness in our political process. It is my hope that this bill may go a long way in achieving this goal.

Mr. PERCY. Mr. President, I am pleased to join with Senators ERVIN and RIBICOFF as a chief sponsor of the Watergate Reorganization and Reform Act of 1974. This legislation is an attempt by Congress to put into effect the safeguards which Watergate proved necessary.

There is an old saying, "Fool me once, shame on you; fool me twice, shame on me." Action by the Congress in light of Watergate is necessary not only to put the Congress on record as opposing the abuses which were manifest in the Presidential election of 1972, but also to make sure that those, who through loyalty to a candidate or sheer mischievousness, engage in improper political activities do so with the knowledge that they are making themselves specifically liable to vigorous and effective Federal criminal prosecution.

During the Watergate hearings, which were conducted so ably by the chairman, Senator ERVIN, many constituents wrote me, and I am sure other Members of Congress, wondering what the Ervin committee was doing, and suggesting that a Senate committee had no business investigating campaign abuses. The report of the committee, along with the recommendations made by it to the Congress, pursuant to its mandate, and embodied in this landmark piece of legislation, answer once and for all those complaints. The Ervin committee performed not only a vital function of investigating and informing the American public of the disregard and disrespect for its rights and its intelligence which was demonstrated by the President of the United States and his aides, but it also acted in the highest traditions of a legislative body by examining the critical need for changes in our Federal laws.

Mr. President, I do not necessarily support every section of this bill. Indeed, I have very grave reservations about title I, which, in effect, establishes a permanent Special Prosecutor, appointed by the judicial branch. During consideration by the Senate of various bills to establish by statute the Office of Special Prosecutor I had occasion to express several times my reservations about having judges appoint an individual to carry out a prosecutorial function. Senators Baker, Taft, and Hruska also had many reservations about this approach. In addition, I question the wisdom of establishing a permanent office. However, this is neither the time nor the place to air these differences. During the next Congress, the Government Operations Committee will hold extensive hearings on this legislation, and these issues will be discussed and debated at length. My disagreement is not one of goals, but of methods, and I am confident that these can be worked out. The important thing now is to bring this piece of legislation before the Congress and the American people so that it can serve as a vehicle for discussion and action.

There are other important sections of this legislation which are vitally necessary. Perhaps the most far-reaching sections of the bill are those which spell an end to the too cozy quid pro quo of politics which degrades and debases the high office of the President.

Mr. President, I will not go into the details of the legislation at this time. But there should be no mistake about the significance of this bill, nor of the determination of the sponsors of this bill and the members of the Government Operations Committee to act expeditiously and responsibly to enact the reforms which are so urgently needed.

I congratulate the distinguished chairman of our committee, Senator Ervin, as well as the vice chairman of the Senate Select Committee on Presidential Campaign Activities, Senator Baker, for their diligence and perseverance. Though we will sorely miss the guidance of Senator Ervin in the next Congress, I know we will be able to call upon him for his wise counsel. And, I look forward to working with Senator Baker as we consider alternative approaches to some of the suggested solutions of this legislation.

Watergate Reorganization and Reform Act of 1974—Section-by-Section Analysis

TITLE I: ESTABLISHMENT OF GOVERNMENTAL OFFICES

Public attorney

Section 101(a) amends title 28, United States Code, by inserting a new chapter 39, which consists of five new sections, as follows:

New section 581 establishes an independent Office of Public Attorney under the direction of a Public Attorney appointed, with the advice and consent of the Senate, by a panel of three retired court of appeals judges designated by the Chief Justice. It sets a five year term for the Public Attorney, who may be reappointed once. The panel of judges shall not be paid for their service nor permitted to participate in any trial or appellate proceeding to which the Public Attorney is a party. No person shall serve as Public Attorney unless he agrees in writing not to seek or hold elective office nor accept government employment for a five year period following his term of service.

New Section 582 of new chapter 39 gives the Public Attorney auhority to investigate and prosecute (1) allegations of corruption in the administration of the law by the Executive branch; (2) cases referred by the Attorney General because of actual or potential conflict of interest; (3) criminal cases referred by the Federal Election Commission, and (4) allegations of violations of Federal election laws. The Public Attorney shall notify the Attorney General of the initiation or termination of any investigation or proceeding. Upon such notification, the Attorney General shall direct the Department of Justice to refrain from any related investigation or prosecution unless prior written approval has been given by the Public Attorney. The Attorney General shall notify the Public Attorney of any investigation in which he believes a conflict of interest exists or is likely to arise or which involves a matter under the jurisdiction of the Public Attorney. Upon such notification, the Public Attorney shall decide whether to accept responsibility for the investigation, participate with the Attorney General in continuing the investigation, or leave responsibility with the Attorney General, provided that the Public Attorney is kept fully informed of the progress of the investigation.

New section 583 empowers the Public Attorney to (1) conduct investigations; (2) obtain and review evidence and information; (3) instruct the Federal Bureau of Investigation and other domestic investigative agencies to collect information and evidence and to safeguard material obtained or prepared by the Public Attorney; (4) receive appropriate national security clearances; (5) issue subpoenas; (6) conduct proceedings before grand juries; (7) apply for a grant of immunity for a witness; (8) frame, sign and file criminal indictments and prosecute criminal proceedings; (9) conduct civil proceedings; and (10) exercise all other powers as to the conduct of criminal investigations, prosecutions, civil proceedings and appeals within his jurisdiction as the Attorney General would have under chapters 31 and 35 of title 28.

New section 584 requires the Public Attorney to give 5 days written notice to the Attorney General prior to signing or filing any indictment of criminal information, and it permits the Attorney General to appear as an amicus curiae if he disapproves of the Public Attorney's action.

New section 585 authorizes the Public Attorney to (a) appoint personnel; (b) delegate responsibilities; (c) adopt rules and regulations necessary to carry out his duties, and to utilize the facilities and services of other government agencies on a reimbursable basis; (d) appoint special assistants; and (e) request services, equipment, personnel, facilities and information from other Federal agencies.

Section 101(b) amends section 202 of title 18, United States Code, to include the Office of Public Attorney within the scope of the definitions contained in that section.

Section 101(c) prohibits any government officer or employee or member of a grand jury convened at the request of the Public Attorney from disclosing any evidence or information obtained by the Public Attorney to any person other than an officer or employee of the Office of Public Attorney or the Justice Department or of the court, or to a person under or likely to come under an investigation by the Public Attorney. It establishes a civil penalty of $1,000 to $25,000 fine for violations, and a fine of not more than $50,000 or five years imprisonment or both for willful violations.

Section 101(d) amends section 5313 of title 5, United States Code to include the term "Public Attorney".

Section 101(e) directs the Administrator of General Services to provide the Office of Public Attorney with offices and support facilities physically separate from the Department of Justice.

Congressional Legal Service

Section 102(a) defines (1) "Members of Congress" to mean a Senator, Representative, Delegate or Resident Commissioner; (2) "Member of the House of Representatives" to mean any territory or possession of the United States; and (3) "deferral of budget authority" to mean the same as provided in the Congressional Budget and Impoundment Control Act of 1974.

Section 102(b) establishes a Congerssional Legal Service under the direction of a Congressional Legal Counsel to be appointed by the Speaker of the House of Representatives and the President pro tempore of the Senate from among recommendations submitted by the majority and minority leaders of both Houses. The Congressional Legal Counsel may appoint personnel, promulgate necessary rules and regulations, and delegate authority to his employees.

Section 102(c)(1) requires the Congressional Legal Counsel to render legal opinions upon the request of either House of Congress, a joint Congressional Committee, a Committee of either House, three Senators, or twelve Representatives on the following subjects: (1) whether a request for information or records from a government agency was properly denied; (2) whether a nomination or agreement with a foreign country or regional or international organization should have been submitted to the Senate for advice and consent; (3) whether the Executive branch undertook or failed to undertake an activity in violation of the law or without required legal authorization; (4) whether executive privilege exists and was properly asserted; or (5) whether budget authority was deferred in accordance with the laws. He shall also advise, consult and cooperate with parties bringing civil actions against the Executive branch regarding its execution of laws, and intervene or appear as an amicus curiae in court actions questioning the validity, interpretation or constitutionality or any law or the validity of any official Congressional action, upon the request of either House of Congress, a joint Congressional Committee, a Committee of either House, three Senators or twelve Representatives. He shall represent upon request either House of Congress, a joint Committee, any Committee of either House, a Member of Congress or an officer, employee, office or agency of Congress in any legal action questioning the validity of any official proceeding or action taken. He shall bring civil actions, upon the request of either House of Congress, a joint Congressional Committee, a committee of either House, six Senators or twenty-four Representatives, to require the Executive branch to act in accordance with a legal opinion he rendered.

Section 102(c)(2) relieves the Attorney General of any representational responsibility upon written notification from the Congressional Legal Counsel that he has been requested to undertake that function.

Section 102(d) grants (1) a court the authority to disallow the filing of an amicus curiae brief or to deny permission to intervene only upon finding that such action by the Congressional Legal Counsel is untimely and would cause delay; (2) those persons requesting the Congressional Legal Counsel to institute a civil action for the right of obtaining judicial review without regard to the requirements of standing; (3) the Congressional Legal Counsel the same powers that the Attorney General would have in pursuing such civil actions; and (4) the Congressional Legal Counsel or designated attorney from the Congressional Legal Service to appear before any Court, except the United States Supreme Court, regardless of court requirements for admission to practice.

Section 102(e) requires that the legal opinions rendered by the Congressional Legal Counsel be published and made available to the public.

Section 102(f) amends Sections 3210 and 3216 of title 39, United States Code, to include references to the Congressional Legal Counsel.

TITLE II: GOVERNMENT PERSONNEL

Financial disclosure

Section 201(a) requires the President and the Vice President to file by May 15 of each year with the Comptroller General a report containing a full statement of (1) Federal, State and local income and property taxes paid; (2) the amount and source of each item of income, reimbursement or gift exceeding $100 in value, including fees, honoraria, convention attendance, entertainment, travel, and other services or facilities received in kind; (3) the identity of each asset or liability in excess of $1,000; (4) any transaction in securities in excess of $1,000; (5) any transaction in commodities in excess of $1,000; (6) any purchase or sale of real property, other than a personal residence, in excess of $1,000; and (7) any expenditure made by another individual for the personal benefit of him or his spouse.

Section 201(b) authorizes the Comptroller General to prescribe the form and detail of the report.

Section 201(c) requires the Comptroller General to maintain such reports and make them available for public inspection.

Section 201(d) defines the term (1) "income" to mean gross income as defined in section 61 of the Internal Revenue Code of 1954; (2) the term "security" to mean security as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b); (3) the term "commodity" to mean commodity as defined in section 2 of the Commodity Exchange Act (7 U.S.C. 2); (4) the term "transactions in securities and commodities" to mean any acquisition, holding, withholding, use, transfer or other disposition involving any security or commodity; (5) the term "Member of Congress" to mean a Senator, Representative, Resident Commissioner, or Delegate; (6) the term "officer" to have the same meaning as it has in section 2104 of title 5, United States Code; (7) the term "employee" to have the same meaning as it has in section 2105 of title 5, United States Code; (8) the term "uniformed service" to mean any of the Armed Forces, the commissioned corps of the Public Health Service or the commissioned corps of the National Oceanic and Atmospheric Administrations; and (9) the term "immediate family" to mean the child, parent, grandparent, brother, or sister of an individual and the spouses of such persons.

Section 201(e) establishes that the first report required under Section 201(a) shall be due within thirty days of the enactment of this Act if such date occurs after May 15 of any calendar year.

Political contributions

Section 202(a) prohibits employees in an executive agency from requesting or receiving from, or giving to another employee, a Member of Congress or a military officer a thing of value for political purposes. Any employee of an executive agency appointed by the President with the Advice and consent of the Senate or paid from the appropriations for the Executive Office of the President may not request or receive from anyone a thing of value for political purposes while an employee and for one year thereafter. An employee who violates this section shall be removed.

Section 202(b) establishes a fine of not more than $5,000 or 3 years imprisonment or both for an officer or employee who gives, receives, or requests a thing of value for political purposes.

Extension of Hatch Act to Department of Justice

Section 203 extends the coverage of the Hatch Act to the Department of Justice, including the Attorney General.

Intelligence activities

Section 204 prohibits employees of, or persons paid by funds appropriated to, any agency of the Executive Office of the President from engaging in any investigative or intelligence gathering activity, unless specifically authorized by statute.

Interference with elections by Government employees

Section 205(a) prohibits employees involved in the administration of Federal subsidies and other payments from using their official authority to influence a Federal election.

Section 205(b) amends section 600 of title 18, United States Code, relating to penalties for violations by increasing the fine that may be imposed from not more than $1,000 or 1 year imprisonment or both to not more than $25,000 or 5 years imprisonment or both.

Disclosure of request for tax audit

Section 206 requires the Secretary of the Treasury to report annually to the House Committee on Ways and Means, the Senate Finance Committee, and the Joint Committee on Internal Revenue Taxation, a description of each request from an officer, including the President, or employee of the Executive Office of the President, for an investigation of a taxpayer, including the name and position of the person making the request, the name of the person to be investigated and the action taken on the request. The Secretary shall disclose only the name of a person or group and the general nature of an investigation pursuant to such requests if he determines that further disclosure will prejudice the rights of the person or group or the effective and impartial administration of the tax laws.

Access to tax returns

Section 207 provides that income tax returns shall not be open to inspection by the President or officers or employees of the Executive Office of the President except pursuant to a request for an investigation or information as provided in section 206.

TITLE III: CONGRESSIONAL ACTIVITIES

Jurisdiction of certain civil actions

Section 301 gives the District Court of the District of Columbia jurisdiction over civil actions brought by either House of Congress or any committee of Congress to enforce subpoenas, and authorizes Congress to initiate such actions.

Section 302 amends section 1621 of title 18, United States Code, to disallow the absence of a quorum in a Congressional committee or subcommittee or subcommittee as a defense against perjury.

Testimony before Senate committees

Section 303 permits hearings before Senate committees to be closed to the public when the committee determines that the requirements of efficient and productive investigation require that the meeting be closed and that the investigation would be materially harmed if a regimen of confidentiality were not imposed.

TITLE IV: FEDERAL ELECTION CAMPAIGN ACTIVITIES

Tax incentives for campaign contributions

Section 401 increases the maximum tax credit for political contributions of $25 ($50 on a joint return) and abolishes tax deductions for political contributions.

Penalty for illegal contributions

Section 402 increases the penalty for illegal contributions by corporations and labor organizations, to not more than a $50,000 fine or 2 years imprisonment or both.

Unlawful use of campaign materials

Section 403 prohibits the stealing of, or obtaining by deception, non-public campaign materials or documents belonging to a candidate for Federal office. Violations are punishable by a fine of not more than $5,000 or five years imprisonment, or both.

Criminal sanctions

Section 404(a) amends Chapter 29 of title 18, United States Code, by adding the following new sections:

Section 618 prohibits the use of campaign funds to finance a violation of Federal election laws. Violations are punishable by a fine of not more than $25,000 or five years imprisonment or both.

Section 619 prohibits any person who receives a Federal grant, loan or subsidy in excess of $5,000 annually from making a political contribution. Solicitation of contributions from such persons is also prohibited. Violations are punishable by a fine of not more than $5,000 or five years imprisonment or both.

Section 620 prohibits any person from seeking or encouraging another person to seek employment in a campaign for the purpose of interfering with, spying on, or obstructing a Federal campaign. Violations are punishable by a fine of not more than $5,000 or five years imprisonment.

Section 621 prohibits any person from making false statements or misrepresentations about a candidate for nomination or election to Federal office. Violations are punishable by a fine of not more than $5,000 or five years imprisonment or both.

Section 622 establishes penalties for violations of title 18, United States Code, or of State law for the purpose of interfering with or affecting the outcome of a Federal election, of a fine of not more than $25,000 or five years imprisonment or both.

Section 404(b) amends section 591 of title 18, United States Code, and the table of sections for chapter 29 to reflect the inclusion of the new sections.

OBSTRUCTION OF GOVERNMENT FUNCTIONS

Section 405 amends chapter 47 of title 18, United States Code, by adding a new section 1028 establishing a fine of not more than $10,000 or five years imprisonment or both for obstructing a government function.

S. 4227

A bill to establish certain Federal agencies, effect certain reorganizations of the Federal Government, and to implement certain reforms in the operation of the Federal Government recommended by the Senate Select Committee on Presidential Campaign Activities, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Watergate Reorganization and Reform Act of 1974".

TITLE I—ESTABLISHMENT OF GOVERNMENT OFFICES

OFFICE OF PUBLIC ATTORNEY

SEC. 101. (a) Title 28, United States Code, is amended by adding after chapter 37 the following new chapter:

"Chapter 38.—PUBLIC ATTORNEY

"Sec.

"581. Establishment of Office of Public Attorney.

"582. Jurisdiction.

"583. Powers.

"584. Notification to Attorney General of initiation of prosecution.

"585. Administrative provisions.

"§ 581. Establishment of Office of Public Attorney

"(a)(1) There is established as an independent establishment of the Government the Office of the Public Attorney (hereinafter referred to as the 'Office'). The Office shall be under the direction and supervision of the Public Attorney who shall be appointed in accordance with the provisions of paragraph (2).

"(2) The Chief Justice of the United States shall designate three retired courts of appeals judges to select and appoint the Public Attorney. The three retired courts of appeals judges so designated shall appoint, by and with the advice and consent of the Senate, the Public Attorney.

"(b) The Public Attorney shall serve for a term of five years and may be reappointed for one additional term. Any vacancy in the Office shall be filled in the same manner as the original appointment.

"(c) A retired judge designated by the Chief Justice to select and appoint the Public Attorney shall not, by reason of such service, receive any payment from the United States for such service. No retired judge who so participates in the selection and appointment of the Public Attorney shall participate in any trial or appellate proceedings in which the Public Attorney or any employee of the Office is a party.

"(d) No individual may serve as Public Attorney unless such individual has agreed in writing not to occupy or assume or discharge the duties of any office under the United States, vacancies in which are filled by popular election, or to accept any other employment in the Government, for a period of five years after the date on which such individual's services as Public Attorney are terminated.

§ 582. Jurisdiction

"(a) The Public Attorney shall investigate and prosecute (1) allegations of corruption in the administration of the laws by the executive branch of the Government; (2) cases referred by the Attorney General because of actual or potential conflicts of interest; (3) criminal cases referred to him by the Federal Election Commission; and (4) allegations of violations of Federal laws relating to campaigns and elections for elective office.

"(b) The Public Attorney shall notify the Attorney General of the initiation or termination of an investigation or proceeding with respect to any matter within his jurisdiction under subsection (a) of this section. After the receipt of any such notification and while any investigation or proceedings to which any such notification relates is pending, the Attorney General shall, and shall cause other divisions of the Department of Justice to, refrain from conducting any investigation or prosecution with respect to the subject matter of such notification or any related or overlapping matter, and to refrain from taking any related action with respect thereto, except to the extent that the Public Attorney has given prior written approval thereof.

"(c) If at any time the Attorney General believes or has reason to believe that any investigation conducted under his supervision involves or is likely to involve any matter that would constitute a conflict of interest or that would otherwise fall within the jurisdiction of the Public Attorney under subsection (a) of this section, he shall promptly notify the Public Attorney thereof and of the reasons for such belief. Upon receipt of any such notification, the Public Attorney may in his discretion—

"(1) assume sole responsibility for any further conduct of such investigation;

"(2) participate with the Attorney General in any further conduct of such investigation; or

"(3) defer to the ongoing investigation under the supervision of the Attorney General in which case the Attorney General shall keep the Public Attorney fully informed as to the further progress of any such investigation.

"§ 584. Powers

"The Public Attorney shall, with respect to any matter within his jurisdiction under section 582 of this title, have full power and authority, consistent with the Constitution of the United States—

"(1) to conduct such investigation thereof as he deems appropriate;

"(2) to obtain and review such documentary, testimonial, or other evidence or information as he deems material thereto as may be available from any source, and, if in the possession of an agency of the United States (as defined in section 6001(1) of title 18), without regard to the provisions of section 552(b) (with the exception of paragraph (6) thereof) of title 5;

"(3) to issue appropriate instructions to the Federal Bureau of Investigation and other domestic investigative agencies of the United States (which instructions shall be treated by the heads of such agencies as if received from the Attorney General) for the collection and delivery solely to the office of the Public Attorney of information or evidence relating to such investigation, and for the safeguarding of the integrity and confidentiality of all files, records, documents, physical evidence, and other materials obtained or prepared by the Public Attorney;

"(4) to receive appropriate national security clearances;

"(5) to issue subpenas to such persons as he may deem necessary to obtain and review and initiate or defend appropriate proceedings in any court of the United States of competent jurisdiction relating to compliance with any such subpena;

"(6) to conduct proceedings before grand juries;

"(7) to make application to any court of the United States of competent jurisdiction in a manner consistent with part V of title 18 for a grant of immunity to any witness;

"(8) to frame, sign, and file criminal indictments and informations, and prosecute criminal proceedings in the name of the United States, which proceedings shall, except as otherwise provided for in this chapter, comply with the requirements of law governing the conduct of such proceedings;

"(9) to conduct such civil proceedings as he may deem appropriate to enforce any provision or obtain any remedy for violation of any law he is charged with enforcing; and

"(10) notwithstanding any other provision of law, to exercise all other powers as to the conduct of criminal investigations, prosecutions (including prosecutions for perjury committed in the course of any investigation or judicial or legislative hearing with respect to any matter within his jurisdiction), civil proceedings, and appeals, within his jurisdiction, that would otherwise be vested exclusively in the Attorney General and the United States attorney under the provisions of chapters 31 and 35 of this title and any regulation promulgated pursuant to either such chapter, and act as attorney for the Government in such investigations, prosecutions, proceedings, and appeals.

"§ 584. Notification to Attorney General of initiation of prosecution

"(a) The Public Attorney may sign and file any indictment returned by a grand jury convened at his request or under his direction and may sign and file any criminal information, with respect to any matter within his jurisdiction under section 582 of this title, except that in each such instance the Public Attorney shall give the Attorney General five days' prior written notice thereof.

"(b) If the Attorney General of the United States disapproves the filing of any indictment or information, or any subsequent action or position taken by the Public Attorney in the course of any judicial proceeding pursuant thereto, the Attorney General shall be entitled to appear and present his views amicus curiae to any court before which any such proceeding is pending.

"§ 585. Administrative provisions

"(a) The Public Attorney may appoint, fix the compensation, and assign the duties of such personnel as may be necessary to carry out his duties and functions under this chapter. The Public Attorney may obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5.

"(b) The Public Attorney may from time to time make such provisions as he considers appropriate authorizing the performance by any other officer or employee of the Office of any function of the Public Attorney.

"(c) The Public Attorney is authorized—

"(1) to adopt, amend, and repeal such rules and regulations as may be necessary to carry out his duties and functions under this chapter; and

"(2) to utilize, with their consent, the services, equipment, personnel, and facilities of any department or agency of the United States on a reimbursable basis.

"(d) The Public Attorney may, in his discretion, appoint special assistants to discharge his responsibilities with respect to a particular matter or matters within his jurisdiction.

"(e) Upon request made by the Public Attorney each Federal department and agency is authorized and directed to make its services, equipment, personnel, facilities, information (including suggestions, estimates, and statistics) available to the greatest practicable extent consistent with the laws, to the Public Attorney in the performance of his duties and functions.".

(b) Section 202 of title 18, United States Code, is amended by redesignating subsection (b) as subsection (c) and adding after subsection (a) the following new subsection:

"(b) As used in sections 205, 207, 208, and 209 of this title the term 'officer or employee' includes the Public Attorney and members of his staff; and as used in section 201 of this title the term 'public official' includes the Public Attorney and professional members of his staff.".

(c)(1) Section 1905 of title 18, United States Code, is amended—

(A) by inserting "(a)" immediately before "Whoever"; and

(B) by adding at the end thereof the following new subsection:

"(b)(1) It shall be unlawful for any officer or employee of the United States or of any department or agency thereof, or the member of any grand jury convened at the request or under the direction of the Public Attorney who, in the course or under color of his duties as such officer, employee, or member has had any direct contact with an employee or officer lawfully participating in an investigation being conducted by the Public Attorney pursuant to chapter 39 of title 28 by virtue of which such person has come into the possession of any evidence or information obtained by or in the possession of the Public Attorney or the product of an investigation conducted by the Public Attorney pursuant to such chapter, to disclose, or to cause the disclosure, or in any manner to further the disclosure, of such evidence, information, or product to any person other than an officer or employee of the Office of the Public Attorney or the Department of Justice, or of a court in which a grand jury convened at the request or under the direction of the Public Attorney is proceeding, or (to the extent otherwise provided for by law) to a person who is likely to or has become the subject of an investigation by the Public Attorney, except that the Public Attorney may make such public disclosure as is permitted by law of such information as he deems necessary, appropriate, or required by law in connection with a proceeding instituted by him.

"(2) Whoever violates any provision of paragraph (1) of this subsection shall be subject to a civil penalty of not less than $1,000 or more than $25,000 and, if the violation is willful, shall be fined not more than $50,000 or imprisoned for one year, or both.

"(3) Nothing in this subsection shall be construed to prohibit the Public Attorney from taking any action he is authorized to take under chapter 39 of title 28, or to preclude any defendant in a criminal case from obtaining any information concerning grand jury proceedings or in the possession of a prosecuting official of the United States to which he would otherwise by law be entitled.".

(2) (A) The caption of section 1905 of such title is amended to read as follows:

"§ 1905. Disclosure of confidential information generally and with respect to investigations or proceedings conducted by the Public Attorney"

(B) The analysis of chapter 93 of such title is amended by inserting immediately before the period at the end of item 1905 the following: "and with respect to investigations or proceedings conducted by the Public Attorney".

(d) Section 5313 of title 5, United States Code, is amended by adding at the end thereof the following:

"(22) Public Attorney.".

(e) The Administrator of General Services shall provide the Office of the Public Attorney with such offices and support facilities as may be necessary, and such additional offices and support facilities as may from time to time be required to carry out the provisions of this Act, except that such offices and facilities shall be physically separate from the office of the Department of Justice or of any division thereof.

CONGRESSIONAL LEGAL SERVICE

SEC. 102. (a) For purposes of this section—

(1) "Member of Congress" means a Senator, Representative, Delegate, or Resident Commissioner;

(2) "Member of the House of Representatives" includes a Representative, Delegate, or Resident Commissioner;

(3) "State" includes any territory or possession of the United States; and

(4) "deferral of budget authority" shall have the same meaning as provided in the Congressional Budget and Impoundment Control Act of 1974 (88 Stat. 297).

(b) (1) There is established within the Congress a Congressional Legal Service, which shall be under the direction and control of the Congressional Legal Counsel. The Congressional Legal Counsel shall be appointed by the Speaker of the House of Representatives and the President pro tempore of the Senate from among recommendations submitted by the majority and minority leaders of the House of Representatives and the Senate. Such appointment shall be made without regard to political affiliation and solely on the basis of his fitness to perform the duties of his office. The Congressional Legal Counsel shall receive basic pay at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(2) The Congressional Legal Counsel may appoint and fix the compensation of such Assistant Legal Counsels and other personnel as may be necessary to carry on the work of his office. All such appointments shall be made without regard to political affiliation and solely on the basis of fitness to perform the duties of their offices.

(3) The Congressional Legal Counsel shall promulgate for his office such rules and regulations as may be necessary to carry out the duties imposed upon him by this Act. He may delegate authority for the performance of any such duty to an officer or employee of the Congressional Legal Service. No person serving as an officer or employee of such office may engage in any other business, vocation, or employment while so serving.

(4) The Congressional Legal Counsel shall cause a seal of office to be made for his office, of such design as the Speaker of the House of Representatives and the President pro-tempore of the Senate shall approve, and judicial notice shall be taken thereof.

(c) (1) It shall be the duty of the Congressional Legal Counsel—

(A) to render, upon request of either House of Congress, at least three Senators, or twelve Members of the House of Representatives, legal opinions upon questions arising under the Constitution and laws of the United States, including but not limited to, whether—

(i) a request for information or inspection of a record or other matter under section 552 of title 5, United States Code, was properly denied by an agency of the United States Government;

(ii) a nomination, or an agreement with a foreign country or regional or international organization, should have been submitted to the Senate for its advice and consent;

(iii) an activity has been undertaken or continued, or not undertaken or continued, by the executive branch of the United States Government in violation of the law or the Constitution or without any required authorization of law;

(iv) executive privilege exists, and, if so, whether it has been properly asserted; and

(v) deferrals of budget authority have been made in accordance with law;

(B) upon the request of either House of Congress, a joint committee of Congress, any committee of either House of Congress, at least three Senators, or at least twelve Members of the House of Representatives—

(i) to advise and to consult and cooperate with parties bringing civil actions against officers and employees of the executive branch of the United States Government or any agency or department thereof, with respect to their execution of the laws, and the Constitution of the United States; and

(ii) to intervene or appear as amicus curiae on behalf of persons making such request in any action pending in any court of the United States or of a State or political subdivision thereof, in which there is placed in issue the constitutionality or interpretation of any law of the United States, or the validity of any law of the United States, or the validity of any official proceeding of, or official action taken by, either House of Congress, a joint committee of Congress, any committee of either House of Congress, or a Member of Congress, or any officer, employee, office, or agency of the Congress;

(C) to represent, upon request, either House of Congress, a joint committee of Congress, any committee of either House of Congress, a Member of Congress, or any officer, employee, office, or agency of the Congress in any legal action pending in any court of the United States or of a State or political subdivision thereof to which such House, joint committee, committee member, officer, employee, office, or agency is a party and in which there is placed in issue the validity of any official proceeding of, or official action taken by, such House, joint committee, committee member, officer, employee, office, or agency; and

(D) if an opinion has been rendered in accordance with subparagraph (A) of this paragraph, and upon request of either House of Congress, a joint committee of Congress, any committee of either House of Congress, at least six Senators, or at least twenty-four Members of the House of Representatives, to bring civil actions, without regard to the sum or value of the matter in controversy, in a court of the United States to require an officer or employee of the executive branch of the United States Government, or any agency or department thereof, to act in accordance with the Constitution and laws of the United States as interpreted in such opinion.

(2) Upon receipt of written notice from the Congressional Legal Counsel to the effect that he has undertaken, pursuant to paragraph (1) (C) of this subsection, to perform any such specified representational service with respect to any designated action or proceeding pending or to be instituted, the Attorney General shall be relieved of responsibility and shall have no authority to perform such service in such action or proceeding except at the request or with the approval of the Congressional Legal Counsel.

(d) (1) Permission to intervene or to file a brief amicus curiae under subsection (c) (1) (B) (ii) of this section shall be of right, without regard to the requirements for standing as set forth in any statutes, rules, or other requirement of standing, and may be denied by a court only upon an express finding that such intervention or filing is untimely and would significantly delay the pending action.

(2) Where an actual case or controversy exists, persons making requests under subsection (c) (1) (D) of this section shall have the right to obtain judicial review of the conduct in question without regard to the requirements for standing as set forth in any status, rules, or other requirement of standing.

(3) For the purpose of all proceedings incident to the trial and review of any action described by paragraph (1) (C) of subsection (c) with respect to which the Congressional Legal Counsel has undertaken to provide representational service, and has so notified the Attorney General, the Congressional Legal Counsel shall have all powers conferred by law upon the Attorney General, any subordinate of the Attorney General, or any United States attorney.

(4) The Congressional Legal Counsel, or any attorney of his office designated by him for that purpose, shall be entitled for the purpose of performing duties imposed upon him pursuant to this section to enter an appearance in any such proceeding before any court of the United States without compliance with any requirement for admission to practice before such court, except that the authorization conferred by this subsection shall not apply with respect to the admission of any person to practice before the United States Supreme Court.

(e) All legal opinions rendered by the Congressional Legal Counsel under subsection (c) (1) (A) of this section shall be published and made available for public inspection under such rules and regulations as the Congressional Legal Counsel shall promulgate.

(f) (1) Section 3210 of title 39, United States Code, is amended—

(A) by inserting immediately after "respective terms of office" the following: "the Congressional Legal Counsel,"; and

(B) by inserting immediately before "or Legislative Counsel" the following: "Congressional Legal Counsel,"

(2) Section 3216(a) of such title is amended by inserting immediately before "and Legislative Counsel" the following: "Congressional Legal Counsel,".

AUTHORIZATION OF APPROPRIATIONS

SEC. 103. (a) There are authorized to be appropriated such arms as may be necessary to carry out the provisions of section 101 of this title.

(b) There are authorized to be appropriated to the Office of the Congressional Legal Counsel such sums as may be necessary for the performance of the duties of the Congressional Legal Counsel under section 102 of this title. Amounts so appropriated shall be disbursed by the Secretary of the Senate on vouchers approved by the Congressional Legal Counsel.

TITLE II—GOVERNMENT PERSONNEL

FINANCIAL DISCLOSURE REQUIREMENTS FOR PRESIDENT AND VICE PRESIDENT

SEC. 201. (a) An individual who holds the Office of President or Vice President at any time during the year shall file a report with the Comptroller General, not later than May 15 of the following year containing a full and complete statement of—

(1) the amount of each tax paid by the individual, or by the individual and the in-

dividual's spouse filing jointly, for the preceding calendar year, and for purposes of this paragraph "tax" means any Federal, State, or local income tax and any Federal, State, or local property tax;

(2) the amount and source of each item of income, each item of reimbursement for any expenditure, and each gift or aggregate of gifts from one source (other than gifts received from his spouse or any member of his immediate family) received by him or by him and his spouse jointly during the preceding calendar year which exceeds $100 in amount or value, including any fee or other honorarium received by him for or in connection with the preparation or delivery of any speech or address, attendance at any convention or other assembly of individuals, or the preparation of any article or other composition for publication, and the monetary value of subsistence, entertainment, travel, and other facilities received by him in kind;

(3) the identity of each asset held by him, or by him and his spouse jointly which has a value in excess of $1,000, and the amount of each liability owed by him or by him and his spouse jointly, which is in excess of $1,000 as of the close of the preceding calendar year:

(4) any transaction in securities of any business entity by him or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year if the aggregate amount involved in transactions in the securities of such business entity exceeds $1,000 during such year;

(5) all transactions in commodities by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year if the aggregate amount involved in such transactions exceeds $1,000;

(6) any purchase or sale, other than the purchase or sale of his personal residence, of real property or any interest therein by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction, during the preceding calendar year if the value of property involved in such purchase or sale exceeds $1,000; and

(7) any expenditure made by another individual for the personal benefit of him or his spouse.

(b) Reports required by this section shall be in such form and detail as the Comptroller General may prescribe.

(c) All reports filed under this section shall be maintained by the Comptroller General as public records, which, under such reasonable rules as he shall prescribe, shall be available for inspection by members of the public.

(d) As used in this section—

(1) The term "income" means gross income as defined in section 61 of the Internal Revenue Code of 1954.

(2) The term "security" means security as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b).

(3) The term "commodity" means commodity as defined in section 2 of the Commodity Exchange Act (7 U.S.C. 2).

(4) The term "transactions in securities or commodities" means any acquisition, holding, withholding, use, transfer, or other disposition involving any security or commodity.

(5) The term "immediate family" means the child, parent, grandparent, brother, or sister of an individual, and the spouses of such persons.

(e) The first report required under this section shall be filed thirty days after the date of enactment of this Act if such date occurs after May 15 of any calendar year.

PROHIBITING CAMPAIGN SOLICITATIONS BY APPOINTEES CONFIRMED BY THE SENATE AND EXECUTIVE OFFICE PERSONNEL

SEC. 202. (a) Section 7323 of title 5, United States Code, is amended to read as follows:

"§ 7323. Political contributions; prohibition

"(a) An employee in an executive agency (except an employee to whom subsection (b) of this section applies) may not request or receive from, or give to, an employee, a Member of Congress, or an officer of a uniformed service a thing of value for political purposes.

"(b) An employee in an executive agency who is appointed by the President, by and with the advice and consent of the Senate, or is paid from the appropriation for the Executive Office of the President may not request or receive from anyone a thing of value for political purposes at any time while he is such an employee and for a one-year period occurring immediately after each time he is no longer so employed.

"(c) An employee who violates this section shall be removed from the service.".

(b) Section 602 of title 18, United States Code, is amended—

(1) by inserting the subsection designation "(a)" immediately before "Whoever"; and

(2) by inserting at the end thereof the following:

"(b) Any officer or employee of the United States who requests or receives from anyone a thing of value for political purposes in violation of section 7323(b) of title 5 shall be fined not more than $5,000 or imprisoned not more than three years or both.".

APPLICATION OF HATCH ACT TO DEPARTMENT OF JUSTICE

SEC. 203. Section 7324(d) of title 5, United States Code, is amended—

(1) by inserting in clause (2), immediately after "Executive department", the following: "(other than the Department of Justice)"; and

(2) by inserting in clause (3), immediately after "an employee", the following: "who is (A) not an employee of the Department of Justice, and (B)".

INTELLIGENCE ACTIVITIES BY PERSONNEL OF THE EXECUTIVE OFFICE OF THE PRESIDENT

SEC. 204. (a) Chapter 2 of title 3, United States Code, is amended by adding at the end thereof the following:

"§ 112. Investigative and intelligence functions

"Any individual who is employed by or detailed to any agency of the Executive Office of the President, including the White House Office, who is compensated from appropriated funds, shall not, directly or indirectly, engage in any investigative or intelligence gathering activity concerning national or domestic security unless specifically authorized to do so by statute.".

(b) The analysis of such chapter is amended by adding at the end thereof the following new item:

"112. Investigative and intelligence functions.".

INTERFERENCE WITH ELECTIONS BY GOVERNMENT EMPLOYEES

SEC. 205. (a) Section 595 of title 18, United States Code is amended—

(1) by striking out "loans or grants" in the first paragraph and inserting in lieu thereof the following: "loans, grants, subsidies, or any other payments, including payments made under a contract,"; and

(2) by striking out "$1,000" and "one year" in the first paragraph and inserting in lieu thereof "$25,000" and "five years", respectively.

(b) Section 600 of such title is amended by striking out "$1,000" and "one year" and inserting in lieu thereof "$25,000" and "five years", respectively.

DISCLOSURE OF REQUEST FOR TAX AUDIT

SEC. 206. (a) Subchapter A of chapter 78 of the Internal Revenue Code of 1954 (relating to examination and inspection) is amended by redesignating section 7609 as 7610, and by inserting after 7608 the following new section:

"§ 7609. Disclosure of certain requests for investigations

"(a) General rules.

"As soon as is practical after the beginning of each calendar year, the Secretary or his delegate shall make a report to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate and the Joint Committee on Internal Revenue Taxation which describes each request, direct or indirect, received by the Secretary or his delegate during the preceding calendar year from an officer, including the President, or employee of the Executive Office of the President, including the White House Office, for information or an investigation with respect to the liability for tax of any taxpayer. Such report shall include—

"(1) the name and office of each officer or employee who makes such a request,

"(2) the name of the taxpayer who is the subject of each request, and

"(3) a description of any action which the Secretary or his delegate took with respect to such taxpayer as a result of such request.

"(b) Requests from Executive Office of the President.

"All such requests made by the President or an officer or employee of the Executive Office of the President, including the White House Office, shall be in writing and shall be maintained on file by the Secretary.

"(c) Limitation of information disclosure.

"Pursuant to such requests, the Secretary shall disclose only the name of a person or group and the general nature of an investigation if he determines that further disclosure will prejudice the rights of the person or group or the effective and impartial administration of this title."

(b) The table of sections for such subchapter A is amended by striking out the item relating to section 7609 and inserting in lieu thereof the following:

"Sec. 7609. Disclosure of certain requests for investigation.

"Sec. 7610. Cross references.".

ACCESS TO TAX RETURNS

SEC. 207. Section 6103(a) of the Internal Revenue Code of 1954 (relating to publicity of returns and disclosure of information as to persons filing income tax returns) is amended by—

(1) striking out "upon order of the President and" and "approved by the President" in paragraph (1),

(2) striking out "the President" in paragraph (2) and inserting in lieu thereof "the Secretary or his delegate", and

(3) adding at the end thereof the following new paragraph:

"(4) Except as provided in section 7609 (relating to disclosure of certain requests for investigations), returns referred to in paragraphs (1) and (2) shall not be open to inspection or examination by the President, the Vice President, or any officer or employee of the Executive Office of the President.".

TITLE III—CONGRESSIONAL ACTIVITIES

JURISDICTION TO HEAR CERTAIN CIVIL ACTIONS BROUGHT BY THE CONGRESS

SEC. 301. (a) Chapter 85 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"1364. Congressional actions

"(a) The District Court for the District of Columbia shall have original jurisdiction, without regard to the sum or value of the matter in controversy, over any civil action brought by either House of Congress, any committee of such House, or any joint committee of Congress, to enforce or secure a declaration concerning the validity of any subpena or order issued by such House or committee, or by any subcommittee of such committee, to any officer, including the President and Vice President, or any employee of the executive branch of the United States Government to secure the production of information, documents, or other materials.

"(b) Either House of Congress, any committee of such House authorized by such House to bring suit, or any joint committee of Congress authorized by Congress to bring suit, in addition to any other available remedies, may commence and prosecute a civil action under subsection (a) in its own name or in the name of the United States in the District Court for the District of Columbia to enforce or secure a declaration concerning the validity of any subpena or order issued by such House or committee, or by any subcommittee of such committee, against any officer, including the President and Vice President, or any employee of the executive branch of the United States Government to secure the production of information, documents, or other materials.

"(c) Any House or committee commencing or prosecuting an action pursuant to this section may be represented in such action by such attorneys as it may designate.".

(b) The analysis of such chapter 83 is amended by adding at the end thereof the following new item:

"1364. Congressional actions.".

PERJURY BEFORE CONGRESSIONAL COMMITTEES

SEC. 302. (a) Section 1621 of title 18, United States Code, is amended by adding at the end thereof the following new sentence: "It is not a defense to an action brought under this section that the statement or declaration was made at a time when a quorum of the tribunal, where such tribunal is both Houses or either House of Congress, any committee or subcommittee of either House of Congress, or any joint committee, or subcommittee thereof, of Congress was not present if the oath was properly administered and taken.".

(b)(1) Section 1623 of title 18, United States Code is amended—

(A) once in subsection (a), twice in subsection (c), and once in subsection (d) by inserting immediately after "ancillary to" the following: "the Congress or to"; and

(B) by adding at the end thereof the following new subsection:

"(f) As used in this section, 'proceeding before or ancillary to the Congress' includes a proceeding before both Houses or either House of Congress, any committee or subcommittee of either House of Congress, or any joint committee, or subcommittee thereof, of Congress.".

(2) The caption of such section is amended by inserting "Congress or a," immediately after "before".

(3) The analysis of chapter 79 of such title is amended by inserting "Congress or a," immediately after "before" in item 1623.

TESTIMONY BEFORE SENATE COMMITTEES

SEC. 303. Section 133A(b) of the Legislative Reorganization Act of 1946, as amended (2 U.S.C. 190a–1(b)), is amended to read as follows:

"(b) Each hearing conducted by each standing, select, or special committee of the Senate (except the Committee on Appropriations) shall be open to the public except (1) when the committee determines that the testimony to be taken at that hearing may relate to a matter of national security, may tend to reflect adversely on the character or reputation of the witness or any other individual, or may divulge matters deemed confidential under other provisions of law or Government regulation, or (2) when the committee determines that the requirements of efficient and productive investigation require that the meeting be closed and that the investigation would be materially harmed if a regimen of confidentiality were not imposed. Whenever any such hearing is open to the public, that hearing may be broadcast by radio or television, or both, under such rules as the committee may adopt."

TITLE IV—FEDERAL ELECTION CAMPAIGN ACTIVITIES, CONTRIBUTIONS, AND CRIMINAL SANCTIONS

FEDERAL TAX INCENTIVES FOR CAMPAIGN CONTRIBUTION

SEC. 401. (a)(1) Section 41(a) of the Internal Revenue Code of 1954 (relating to contributions to candidates for public office) is amended by striking out "one-half" and inserting in lieu thereof "the sum".

(2) Section 41(b)(1) of such Code (relating to maximum credit) is amended to read as follows:

"(1) MAXIMUM CREDIT.—The credit allowed by subsection (a) for a taxable year is limited to $25 ($50 in the case of a joint return under section 6013).".

(3)(A) Section 218 of such Code (relating to deduction for contributions to candidates for public office) is repealed.

(B) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 218 and inserting in lieu thereof the following:

"Sec. 218. Repealed.".

(b) The amendments made by this section apply to contributions made after December 31, 1974.

PENALTY FOR ILLEGAL CAMPAIGN CONTRIBUTIONS

SEC. 402. The second paragraph of section 610 of title 18, United States Code, is amended by striking out all after the first semicolon and inserting in lieu thereof the following: "and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization as the case may be, and any person who accepts or receives any contribution, in violation of this section, shall be fined not more than $50,000 or imprisoned not more than two years, or both.".

UNLAWFUL USE OF CAMPAIGN MATERIALS

SEC. 403. (a) Section 612 of title 18, United States Code, is amended—

(1) by inserting "(a)" immediately before the text of such section; and

(2) by adding at the end thereof the following new subsection:

"(b) Whoever embezzles, steals, or by fraud or deception obtains from any individual who has publicly declared his intent to seek nomination for election, or election, to any Federal office in an election or has caused or permitted his intention to do so to be publicly declared, any campaign materials, documents, or papers which are not available for public dissemination and which belong to, or are in the custody of, any such person shall be fined not more than $5,000, or imprisoned not more than five years, or both.".

(b)(1) The caption of such section is amended by adding at the end thereof the following: "and theft of campaign materials".

(2) The analysis of chapter 29 of such title is amended by inserting immediately before the period in the item relating to section 612 a semicolon and the following: "unlawful use of campaign materials.".

CRIMINAL SANCTIONS GENERALLY

SEC. 404. (a) Chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 618. Use of funds to finance violation of provisions of Federal election laws

"No person may make any expenditure, payment of money, or transfer of other property to compensate another person for violating any provision of this chapter or of any other law of the United States relating to elections, or to compensate any other person for engaging in any activity which the individual making the expenditure, payment, or transfer knows, or has reason to know, will probably result in a violation of any such provision. Violation of the provisions of this section is punishable by a fine of not to exceed $25,000, imprisonment for not to exceed five years, or both.

"§ 619. Contributions by certain other recipients of Federal funds

"(a) No person who receives one or more grants, loans, or subsidy payments in excess of $5,000, singly or in the aggregate, in any calendar year from funds appropriated by the Congress may make a contribution during that year to any other person for any political purpose. No person may solicit a contribution from any person to whom the preceding sentence applies during any calendar year during which he is prohibited, on account of the application of such sentence, from making a contribution.

"(b) For purposes of this section, each officer or director of a corporation which receives such grants, loans, or other subsidy payments is considered to have received the entire amount of grants, loans, or other subsidy payments received by the corporation during the calendar year.

"(c) Violation of the provisions of this section is punishable by a fine of not more than $5,000, imprisonment for not more than five years, or both.".

"§ 620. Fraudulent infiltration of Federal election campaigns for espionage and sabotage purposes

"Whoever—

"(1) obtains employment, voluntary or paid, in a campaign of any person who has publicly declared his intent to seek nomination for election, or election, to Federal office in any election by false pretenses, misrepresentation, or any other fraudulent means for the purpose of interfering with, spying on, or obstructing any campaign activity of such person; or

"(2) causes any person to obtain employment, voluntary or paid, in any such campaign for such purpose;

shall be fined not more than $5,000, or imprisoned not more than five years, or both.

"§ 621. Misrepresentation of a candidate for elective office

"Whoever willfully makes any false, fictitious, or fraudulent statements or representations that such person represents any person who has publicly declared his intention to seek nomination for election, or election, to Federal office in any election or has caused or permitted his intention to do so to be publicly declared, for the purpose of interfering with any such election, shall be fined not more than $5,000, or imprisoned for not more than five years, or both.

"§ 622. Crimes affecting elections

"(a) It constitutes a separate offense and a violation of this section for a person to commit a violation of any provision of State law or of any provision of this title, other than any other provision of this chapter, if the violation—

"(1) was committed for the purpose of interfering with, or affecting the outcome of, an election, and

"(2) is punishable by imprisonment for more than one year.

"(b) Violation of the provisions of subsection (a) is punishable by a fine not to exceed $25,000, imprisonment for not more than five years, or both.".

(b)(1) Section 591 of title 18, United States Code, as amended by section 404(b)(1) of this Act is amended by striking out "and 613" and inserting in lieu thereof "612, 613, 614, 615, 616, 617, 618, 619, 620, 621, and 622".

(2) The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"618. Use of funds to finance violations of provisions of Federal election laws.
"619. Contributions by certain other recipients of Federal funds.
"620. Fraudulent infiltration of Federal election campaigns for espionage and sabotage purposes.
"621. Misrepresentation of a candidate for elective office.
"622. Crimes affecting elections.".

OBSTRUCTIONS OF GOVERNMENT FUNCTIONS

SEC. 405. (a) Chapter 47 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1028. Obstruction of Government functions generally

"Whoever intentionally obstructs, impairs, or perverts a Government function by defrauding the Government of the United States, or any department or agency thereof, in any manner, shall be fined not more than $10,000 or imprisoned not more than five years, or both.".

(b) The analysis of such chapter is amended by adding at the end thereof the following new item:

"1028. Obstruction of Government functions generally.".

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1988

At the request of Mr. MAGNUSON, the Senator from Texas (Mr. TOWER) was withdrawn as a cosponsor of S. 1988, a bill to extend the fisheries jurisdiction of the United States to 200 nautical miles, and for other purposes.

S. 3883

At the request of Mr. HARTKE, the Senator from Georgia (Mr. TALMADGE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Iowa (Mr. HUGHES), the Senator from California (Mr. CRANSTON), the Senator from Wyoming (Mr. HANSEN), the Senator from Vermont (Mr. STAFFORD) and the Senator from Idaho (Mr. MCCLURE), were added as cosponsors of S. 3883, a bill to amend chapter 37 of title 38, United States Code to improve the basic provision of the veterans home loan programs and to eliminate those provisions pertaining to the dormant farm and business loans, and for other purposes.

S. 4079

At the request of Mr. NELSON, the Senator from West Virginia (Mr. RANDOLPH), the Senator from Rhode Island (Mr. PELL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Missouri (Mr. EAGLETON), the Senator from Iowa (Mr. HUGHES), the Senator from Maine (Mr. HATHAWAY), the Senator from Ohio (Mr. TAFT), the Senator from Maryland (Mr. BEALL), the Senator from Vermont (Mr. STAFFORD), the Senator from Indiana (Mr. BAYH), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Washington (Mr. MAGNUSON), the Senator from Rhode Island (Mr. PASTORE), the Senator from Connecticut (Mr. RIBICOFF), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Nevada (Mr. BIBLE), and the Senator from Massachusetts (Mr. BROOKE) were added as cosponsors of S. 4079, the Special Employment Assistance Act of 1974.

S. 4082

At the request of Mr. PACKWOOD, the Senator from Maryland (Mr. BEALL) was added as a cosponsor of S. 4082, the Social Services Amendments of 1974.

S. 4159

At the request of Mr. TALMADGE, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of S. 4159, a bill to provide that the sex discrimination guidelines prescribed under title IX of the Education Amendments of 1972 do not apply to fraternities and sororities.

S. 4183

At the request of Mr. SYMINGTON, the Senators from West Virginia (Mr. RANDOLPH and Mr. ROBERT C. BYRD) were added as cosponsors of S. 4183, a bill to provide for reduction in Federal salaries.

S. 4207

At the request of Mr. RIBICOFF, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 4207, the Emergency Unemployment Compensation Act of 1974.

SENATE JOINT RESOLUTION 41

At the request of Mr. MCGEE, the Senator from Wyoming (Mr. HANSEN) was added as a cosponsor of Senate Joint Resolution 41, a joint resolution to authorize the President to issue annually a proclamation designating March of each year as "Youth Art Month."

AMENDMENTS SUBMITTED FOR PRINTING

TRADE REFORM ACT OF 1974—H.R. 10710

AMENDMENTS NOS. 2026 AND 2027

(Ordered to be printed and to lie on the table.)

Mr. **HARRY F. BYRD, JR.**, submitted two amendments intended to be proposed by him to the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

AMENDMENTS NOS. 2028 AND 2029

(Ordered to be printed and to lie on the table.)

Mr. **CHURCH** submitted two amendments intended to be proposed by him to the bill (H.R. 10710), supra.

AMENDMENT NO. 2033

(Ordered to be printed and to lie on the table.)

Mr. **CHURCH** (for himself, Mr. HARTKE, and Mr. HASKELL) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10710), supra.

AMENDMENT NO. 2032

(Ordered to be printed and to lie on the table.)

Mr. **HASKELL** (for himself, Mr. CHURCH, and Mr. HARTKE) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10710), supra.

AMENDMENTS NOS. 2040, 2041, AND 2042

(Ordered to be printed and to lie on the table.)

Mr. **HARTKE**. Mr. President, I am introducing three amendments in my own name and two amendments introduced today by Senators CHURCH, HARTKE, and HASKELL, to the Trade Reform Act of 1974 (H.R. 10710) and ask unanimous consent that the texts of the amendments may be printed in the RECORD.

I also ask unanimous consent that these amendments be treated as though they were presented and read in order to comply with the second paragraph of rule XXII, if cloture is invoked on the bill, or any amendment thereto.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

AMENDMENT NO. 2033

At the end of the bill add the following new title:

TITLE VII—AMENDMENTS TO INTERNAL REVENUE CODE

SEC. 701. TAXATION OF EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS.

(a) Part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to income from sources without the United States) is amended by inserting after subpart H thereof the following new subpart:

"Subpart I—Controlled Foreign Corporations

"Sec. 985. Amounts included in gross income of United States shareholders.
"Sec. 986. Definitions.
"Sec. 987. Rules for determining stock ownership.
"Sec. 988. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 989. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 990. Records and accounts of United States shareholders.

"SEC. 985. AMOUNTS INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS.

"(a) AMOUNTS INCLUDED.—

"(1) IN GENERAL.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation who owns (within the meaning of section 987(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, its pro rata share of the corporation's earnings and profits for such year.

"(2) PRO RATA SHARE OF EARNINGS AND PROFITS.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 987(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the amount determined under subparagraph (A), as (ii) the part of such year described in subparagraph (A)(ii) during which such shareholder did not own (within the meaning of section 987(a)) such stock bears to the entire year.

"(b) EARNINGS AND PROFITS.—For purposes of this subpart, under regulations prescribed by the Secretary or his delegate, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m)(3), shall be determined according to rules substantially similar to those applicable to domestic corporations,

"(2) shall be appropriately adjusted for deficits in earnings and profits of such corporation for any prior taxable year beginning after the date of the enactment of the Trade Reform Act of 1974,

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(c) Coordination With Election of a Foreign Investment Company To Distribute Income.—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) Coordination With Foreign Personal Holding Company Provisions.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(b) relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"Sec. 986. Definitions.

"(a) United States Shareholder Defined.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d)) who owns (within the meaning of section 987(a)), or is considered as owning by applying the rules of ownership of section 987(b), one percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) Controlled Foreign Corporation Defined.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 987(a)), or is considered as owned by applying the rules of ownership of section 987(b), by United States shareholders on any day during the taxable year of such foreign corporation.

"Sec. 987. Rules for Determining Stock Ownership.

"(a) Direct and Indirect Ownership.—

"(1) General rule.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) Stock ownership through foreign entities.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation or foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) Constructive Ownership.—For purposes of section 986, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any United States person as a United States shareholder within the meaning of section 986(a), or to treat a foreign corporation as a controlled foreign corporation under section 986(b), except that—

"(1) in applying paragraph (1)(A) of section 318(a), the stock owned by an unresident alien individual (other than a foreign trust or a foreign estate) shall not be considered as owned by a citizen or by a resident alien individual,

"(2) in applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote,

"(3) in applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C), and

subparagraphs (A), (B), and (C) of section 318(a)(3) shall not be applied so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

"Sec. 988. Exclusion From Gross Income of Previously Taxed Earnings and Profits.

"(a) Exclusion From Gross Income.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 987(a), to—

"(1) such shareholder (or any other United States person who acquires from any person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary or his delegate may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary,

be again included in the gross income of such United States shareholder (or of such United States person or of such trust).

"(b) Exclusion From Gross Income of Certain Foreign Subsidiaries.—For purposes of section 985(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when distributed through a chain of ownership described under section 987(a), be also included in the gross income of another controlled foreign corporation in such chain for purposes of the application of section 985(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary or his delegate may prescribe by regulations).

"(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 985(a), and

"(2) then to other earnings and profits.

"(d) Distributions Excluded From Gross Income Not To Be Treated as Dividends.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"Sec. 989. Adjustments to Basis of Stock in Controlled Foreign Corporations and of Other Property.

"(a) Increase in Basis.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 987(a)(2) as owning stock of a controlled foreign corporation shall be increased by the amount required to be included in its gross income under section 985(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) Reduction in Basis.—

"(1) In general.—Under regulations prescribed by the Secretary or his delegate, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 988(a) shall be reduced by the amount so excluded.

"(2) Amount in excess of basis.—To the extent that an amount excluded from gross income under section 988(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"Sec. 990. Records and Accounts of United States Shareholders.

"(a) Records and Accounts To Be Maintained.—The Secretary or his delegate may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) Two or More Persons Required To Maintain or Furnish the Same Records and Accounts With Respect to the Same Foreign Corporation.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary or his delegate may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons.".

(b) Technical and Conforming Amendments.—

(1) Section 864(c)(4)(D) of such Code is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote.".

(2) Section 951 of such Code is amended by adding at the end thereof the following:

"(e) Taxable Years Ending After Enactment of the Trade Reform Act of 1974.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1) (A) (ii), or paragraph (1) (B) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning after the date of the enactment of the Trade Reform Act of 1974.".

(3) Section 1016(a) (20) of such Code is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 990".

(4) Section 1246(a) (2) (B) of such Code is amended by inserting "or 985" after "section 951" and by inserting "or 988" after "section 959.".

(5) Section 1248(d) (1) of such Code is amended to read as follows:

"(1) Amounts included in gross income under section 951 or 985.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 985, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 988.".

(c) The table of subparts of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Subpart I.—Controlled Foreign Corporations.".

(d) Effective Date.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after the date of the enactment of this Act, and to taxable years of United States shareholders within which or with which such taxable years of such foreign corporations end.

Sec. 702.—Elimination of Western Hemisphere Trade Corporation Provisions.

(a) Section 921 of the Internal Revenue Code of 1954 (relating to Western Hemisphere trade corporations) is amended by—

(1) inserting "(a)" before the first word of the text of that section, and

(2) adding at the end thereof the following new subsection:

"(b) No corporation shall be treated as a Western Hemisphere trade corporation for any taxable year beginning after the date of enactment of the Trade Reform Act of 1974.".

(b) (1) Section 170(b) (2) of such Code (relating to charitable deductions for corporations) is amended by striking out subparagraph (d).

(2) Section 172(d) (5) of such Code (relating to the net operating loss deduction) is amended by striking out "or under section 922 (relating to Western Hemisphere trade corporations)".

(3) Section 1503 of such Code (relating to consolidated returns) is amended by striking out subsection (b), and by deleting "(a) General Rule.—" from such section.

(4) Section 1562(b) (4) of such Code (relating to multiple surtax exemptions) is amended by—

(1) inserting "and" before "804(a) (3) (relating to deductions for partially tax-exempt utilities)" and

(2) striking out "and 922 (relating to special deduction for Western Hemisphere trade corporations)".

(c) The amendments made by this section apply to taxable years beginning after the date of enactment of this Act.

Sec. 703.—Termination of Special Tax Treatment for Domestic International Sales Corporations.

(a) Section 991 of the Internal Revenue Code of 1954 (relating to tax exemption of a DISC) is amended by adding at the end thereof the following: "This section shall not apply to any taxable year beginning after the date of the enactment of the Trade Reform Act of 1974.".

(b) Section 992(a) of such Code (relating to definition of DISC) is amended by adding at the end thereof the following new paragraph:

"(4) Termination.—Notwithstanding any other provision of this part, no corporation shall be treated as a DISC or former DISC for any taxable year beginning after the date of the enactment of the Trade Reform Act of 1974.".

(b) (1) Section 1014(b) (relating to basis of property acquired from a decedent) is amended by striking out paragraphs (5) and (6).

(2) Paragraph (9) of section 1014(b) is amended by inserting the word "and" at the end of subparagraph (A), by striking out subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(c) The amendments made by this section shall be applicable only with respect to decedents dying after the date of the enactment of this Act.

Sec. 704. Termination of Preferential Treatment of Dividends of Less Developed Country Corporations.

Section 902 (relating to credit for corporate stockholder in foreign corporations) is amended as follows—

(1) Subsection (a) is amended to read as follows:

"(a) Treatment of Taxes Paid by Foreign Corporation.—For purposes of this subpart, a domestic corporation which owns at least 10 percent of the voting stock of a foreign corporation from which it receives dividends in any taxable year shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by such foreign corporation to any foreign country or to any possession of the United States on or with respect to accumulated profits, which the amount of such dividends (determined without regard to section 78) bears to the amount of such accumulated profits in excess of such income, war profits, and excess profits taxes (other than those deemed paid).".

(2) Subsections (b) (1) and (2) are amended to read as follows:

"(1) If the foreign corporation described in subsection (a) (hereinafter in this subsection referred to as the 'first foreign corporation') owns 10 percent or more of the voting stock of a second foreign corporation from which it receives dividends in any taxable year, it shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by such second foreign corporation to any foreign country or to any possession of the United States on or with respect to the accumulated profits of the corporation from which such dividends were paid which the amount of such dividends bears to the amount of the accumulated profits of such second foreign corporation from which such dividends were paid in excess of such income, war profits, and excess profits taxes.

"(2) If such first foreign corporation owns 10 percent or more of the voting stock of a second foreign corporation which, in turn, owns 10 percent or more of the voting stock of a third foreign corporation from which the second foreign corporation receives dividends in any taxable year, the second foreign corporation shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such third foreign corporation to any foreign country or to any possession of the United States on or with respect to the accumulated profits of the corporation from which such dividends were paid which the amount of such dividends bears to the amount of the accumulated profits of such third foreign corporation from which such dividends were paid in excess of such income, war profits, and excess profit taxes.".

(3) Subsection (c) (1) is amended to read as follows:

"(1) Accumulated profits defined.—For purposes of this section, the term "accumulated profits" means, with respect to any foreign corporation, the amount of its gains, profits, or income computed without reduction by the amount of the income, war profits, and excess profits taxes imposed on or with respect to such profits or income by any foreign country or any possession of the United States. The Secretary or his delegate shall have full power to determine from the accumulated profits of what year or years such dividends were paid, treating dividends paid in the first 60 days of any year as having been paid from the accumulated profits of the preceding year or years (unless to his satisfaction shown otherwise), and in other respects treating dividends as being paid from the most recently accumulated gains, profits or earnings.

(4) Subsection (d) is repealed.

(5) Subsection (e) is redesignated as subsection (d).

Amendment No. 2032

Intended to be proposed by Mr. Haskell (for himself, Mr. Church, and Mr. Hartke) to H.R. 10710, an Act to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate economic growth of the United States, and for other purpose, viz: At the end of the bill add the following new title:

TITLE VII—AMENDMENTS TO INTERNAL REVENUE CODE

Sec. 701. Foreign Tax Credit.

(a) Royalties.—

(1) In general.—Section 903 of the Internal Revenue Code of 1954 (relating to definition of creditable taxes) is amended to read as follows:

"(a) In General.—For purposes of this subpart and sections 164(a) and 275(a), the term 'income, war profits, and excess profits taxes' means a tax paid in lieu of a tax on income, war profits, or excess profits otherwise generally imposed by any foreign country or by any foreign possession of the United States.

"(b) Royalties.—

"(1) In general.—For purposes of this subpart and section 164(a) and 275(a), in the case of taxes paid or accrued to any foreign country with respect to income derived from the extraction, production, or refining of oil or gas in such country, the term 'income, war profits, and excess profits taxes' does not include any amount paid as a royalty.

"(2) Determination by secretary or his delegate.—The Secretary or his delegate shall determine, in accordance with the provisions of paragraph (3), with respect to payments made to any foreign country in connection with income from the extraction, production, or refining of oil or gas in such country, what portion (if any) of that payment constitutes the payment of a royalty.

"(3) Basic rules.—In the case of any foreign country which imposes an income, war profits, or excess profits tax on income from activities other than the extraction, production, or refining of oil or gas in that country, any part of a payment made to that country as an income, war profits, or excess profits tax which is not reasonably similar (in terms of the rate of tax, or of the amount of tax paid for the income or profits involved) to the amount payable with respect to income or profits arising out of other activities, as determined by the Secretary or his delegate, is considered to be a royalty payment. In the case of any other foreign country, any part of a payment made to that country as an income, war profits, or excess profits tax which is determined by the Secretary or his delegate, on account of the manner in which it is determined, the rate or amount involved, or any other reason, to constitute the payment of a royalty is considered to be a royalty payment.".

(2) Carryovers.—Section 904(f) (4) of

such Code (relating to transitional rules for carrybacks and carryovers) is amended by adding at the end thereof the following new subparagraph:

"(C) Carryovers to years beginning after December 31, 1973.—

"(i) Whenever pre-1974 taxes are, under the provisions of subsection (d), deemed to be post-1973 taxes, the pre-1974 taxes shall be redetermined in accordance with the provisions of section 903(b) (relating to royalties) as if those provisions applied to the taxable year in which the pre-1974 taxes were paid or accrued.

"(ii) For purposes of this subparagraph, the term 'pre-1974 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year ending before January 1, 1974, and the term 'post-1973 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year beginning after December 31, 1973.".

(b) Repeal of Overall Limitation.—

(1) In General.—Section 904 of the Internal Revenue Code of 1954 (relating to limitation on credit) is amended—

(A) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) Limitation.—The amount of credit in respect of tax paid or accrued to any foreign country or possession of the United States shall not exceed the same proportion of the tax against which such credit is taken which the taxpayer's taxable income from sources within such country or possession (but not in excess of the taxpayer's entire taxable income) bears to his entire taxable income for the same taxable year.";

(B) by striking out subsection (b);

(C) by redesignating subsection (c) as (b) and by striking out "applicable" in that subsection;

(D) by redesignating subsection (d) as (c) and by striking out "applicable" each time it appears in that subsection;

(E) by striking out subsection (c);

(F) by redesignating subsection (f) as (d) and by striking out "(c), (d), and (c)" in paragraph (1) of that subsection and inserting in lieu thereof the following: "(b) and (c)";

(G) by striking out subsection (d)(3) (as redesignated under paragraph (6));

(H) by redesignating subsection (d)(4) (as redesignated under paragraph (6)) as (d)(3) and by striking out "(d)" each time it appears in that subsection and inserting in lieu thereof "(c)";

(I) by redesignating subsection (d)(5) (as redesignated under paragraph (6)) as (d)(4) and by striking "(1)" after "(a)"; and

(J) by striking out subsection (g) and inserting in lieu thereof the following:

"(e) Cross Reference.—

"For increase of limitation under subsection (a) for taxes paid with respect to amounts received which were included in the gross income of the taxpayer for a period taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(b).".

(2) Technical amendments.—

(A) Section 901 of the Internal Revenue Code of 1954 (relating to taxes of foreign countries and of possessions of the United States) is amended—

(i) by striking out "applicable" the first time it appears in subsection (a); and

(ii) by striking out "applicable" the first time it appears in subsection (b).

(B) Section 960 of such Code (relating to special rules for foreign tax credits) is amended by striking out "applicable" each time it appears in subsection (b);

(C) Section 1503 of such Code (relating to computation and payment of tax) is amended—

(i) by striking out "(a) General Rule.—"; and

(ii) by striking out subsection (b).

Amendment No. 2040

On page 14, line 23, immediately after "(a)", insert "(1)".

On page 15, beginning with line 16, strike out through line 19 and insert in lieu thereof the following:

"(2) Nothing in this subsection shall be construed as prior approval of any legislation which may be necessary to implement an agreement concerning barriers to (or other distortions of) international trade.

"(3) The President may not negotiate trade agreements under this subsection with respect to any United States law or administrative practice which affects consumer protection, consumer information, health, safety, labor standards, taxation (except as provided in section 101), or employment promotion.".

On page 76, beginning with line 22, strike out through line 25.

On page 77, line 1, strike out "(3)" and insert in lieu thereof "(2)".

On page 80, beginning with line 16, strike out through line 7 on page 81.

On page 81, strike out line 8 and insert in lieu thereof the following:

"(2) For purposes of paragraph (1), in".

Amendment No. 2041

On page 119, beginning with line 23, strike out through line 4 on page 121 and insert in lieu thereof the following:

(f)(1) For purposes of subsections (a) and (c), the suspension of the designation of any article as an eligible article for purposes of title V shall be treated as an increase in duty.

(2) No proclamation which provides solely for a suspension referred to in paragraph (1) with respect to any article shall be made under subsection (a) or (c) unless the Commission, in addition to making an affirmative determination with respect to such article under section 201(b), determines in the course of its investigation under section 201(b) that the serious injury (or threat thereof) substantially caused by imports to the domestic industry producing a like or directly competitive article results from the designation of the article as an eligible article for the purposes of title V.

On page 192, between lines 17 and 18, insert the following:

Sec. 284. Repeal of Special Classification Provisions of the Tariff Schedules Relating to Articles Assembled, Repaired, Altered, Processed, or Otherwise Changed in Condition Abroad.

(a) Subpart B of part I of schedule 8 of the Tariff Schedules of the United States is amended by striking out from 806.30 and item 807.00.

(b) The amendment made by this section applies with respect to articles entered, or withdrawn from warehouse, for consumption on or after the 90th day after the date of enactment of this Act.

On page 192, line 18, strike "Sec. 284" and insert in lieu thereof "Sec. 285".

On page 192, line 19, strike "Chapters" and insert in lieu thereof the following: "Except as provided in section 284, chapters".

Amendment No. 2042

At the end of the Act insert the following new title:

TITLE VII—QUANTITATIVE RESTRAINTS ON IMPORTS

Sec. 701.—Quantitative Restraints for 1975 and Succeeding Years.

(a) The total quantity of each category of goods (as defined in section 703(f)), produced in any foreign country which may be entered during the calendar year 1975 shall not exceed the average annual quantity as determined by the International Trade Commission of such category produced in such country and entered during the calendar years 1965 to 1969.

(b)(1) The total quantity of each category of goods produced in any foreign country which may be entered during any calendar year after 1975 shall not exceed the sum of—

(A) the total quantity determined for such category for such country under subsection (a) of this subsection for the immediately preceding calendar year, and

(B) the increase (or decrease) applicable under paragraph (2).

(2)(A) The Commission shall increase (or decrease) the total quantity of each category of goods produced in any foreign country which may be entered during any calendar year after 1975 by an amount which the Commission estimates is necessary in order to make the total quantity of imports in each category bear the same relationship to United States production of the goods in such category as existed during the period 1965 to 1969.

(B) The Commission may make additional decreases in quotas where it determines that the level of imports provided for under this section is inhibiting the production of any manufactured product.

(C) Any increase (or decrease) under this paragraph for any category for any calendar year shall be the same percentage for all foreign countries.

(D) A determination shall be made under this paragraph for each category for each foreign country for each calendar year after 1972 without regard to the nonapplication (or partial nonapplication) of this subsection to such category for such country for such year by reason of subsection (d) of this section or section 702.

(c)(1) Any annual quantitative limitations under subsections (a) or (b) shall be applied on a calendar quarter or other intra-annual basis if the Commission determines that such application is necessary or appropriate to carry out the purposes of this section.

(2) If the application of subsection (a) or (b) to any category for any foreign country begins or resumes after the first day of any calendar year, the amount of the quantitative limitation for such category for such country for the remainder of such calendar year shall be the annual amount determined under subsection (a) or (b), adjusted pro rata according to the number of full months remaining in the calendar year after the date of such beginning or such resumption.

(d) The quantitative restraints provided for in this section shall not be applied to any category of goods for which the Commission has determined that—

(1) a voluntary bilateral or multilateral government-to-government agreement has been entered into pursuant to section 702 which effectively limits imports of such category, or

(2) quantitative controls have been imposed pursuant to some other law, or listing government-to-government international agreement, or

(3) failure to import the goods would cause long-term disruption of United States markets, or

(4) the domestic industry producing competing goods has consistently failed to make technological innovations required to remain competitive with foreign products.

(c) Any quota established under this section for an item which is used in the production of goods in the United States, may be increased by the Commission to a level which will not inhibit the production of such goods.

(f) If, at any time, the Commission determines that any country quota established under this section will not be filled, it shall so inform the President, and shall distribute the quota among new or existing suppliers as the President may direct.

(g) Any action taken under subsection (d), (e), or (f) of this section shall not take effect before the thirtieth day after the day on which notice of such action is published in the Federal Register.

SEC. 702.—ARRANGEMENTS OR AGREEMENTS REGULATING IMPORTS.

(a) The President is authorized to conclude bilateral or multilateral arrangements or agreements with governments of foreign countries regulating, by category, the quantities of articles produced in such foreign countries which may be exported to the United States or entered and to issue regulations necessary to carry out the terms of such arrangements or agreements. In concluding any arrangement or agreement under this subsection, the President shall take into account conditions in the United States market, the need to avoid disruption of that market; and such other factors as he deems appropriate in the national interest.

(b) Whenever a multilateral arrangement or agreement concluded under subsection (a) is in effect among the countries, including the United States, which account for a significant part of world trade in the article concerned and such arrangement or agreement contemplates the establishment of limitations on the trade in the article produced in countries not parties to such arrangement or agreement, the Commission may by regulation prescribe the total quality of the article produced in each country not a party to such arrangement or agreement which may be entered.

SEC. 703. ADMINISTRATION.

(a) The rulemaking provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply with respect to proceedings under this chapter.

(b) All quantitative limitations established under this title or pursuant to any arrangement or agreement entered into under this title, all exemptions established under this title and all extensions or terminations thereof, and all regulations promulgated to carry out this title shall be published in the Federal Register. The International Trade Commission shall certify to the Secretary of the Treasury for each such period the total quantity of each category of goods produced in each foreign country the entry of which is affected by such a quantitative limitation on importation; and the Secretary of the Treasury shall take such action as may be necessary to insure that the total quantity so entered during such period shall not exceed the total quantity so certified.

(c) There shall be promulgated as a part of the appendix to the Tariff Schedules of the United States all quantitative limitations and exemption established under this title or pursuant to any arrangement or agreement entered into under this title and all quantitative limitations otherwise established pursuant to law, or to an agreement entered into pursuant to section 702.

(d) One year after the enactment of this Act, and by July 1 of each succeeding year, the Commission shall publish a report to the Congress reviewing actions taken by it under this title during that year.

(e) The term "category" means a grouping of goods as determined by the Commission, for the purposes of this title, using the five-digit and seven-digit item numbers applied to such articles in the Tariff Schedules of the United States as published by the United States Tariff Commission. Groupings shall not be made that will adversely affect the assembly or production of any item or component in the United States.

(f) In order to make the estimate required by section 701(b)(2)(A) the Commission shall each year make an estimate of the United States production during the preceding United States fiscal year of the goods, commercially the same as those contained in each category of goods. Such estimate shall be based on the best information available at the time when the estimate is made, and shall be reviewed and updated annually. Such estimates of the United States production together with the resulting import quotas for the succeeding year shall be published by the Commission on or before October 1 of each year. The Commission shall change its estimates when it determines that existing estimates for that year are substantially in error.

(g) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(h) The term "produced" means manufactured or produced.

(i) The term "foreign country" includes a foreign instrumentality.

AMENDMENTS NOS. 2036, 2037, AND 2038

(Ordered to be printed and to lie on the table.)

Mr. SCHWEIKER. Mr. President, I submit for printing three amendments to H.R. 10710, the Trade Reform Act, which I will call up for consideration at the appropriate time.

My first amendment requires that each sector advisory committee involved in any negotiating session be represented at the bargaining table to the same extent as its foreign counterparts. In the 1962 negotiations, our negotiators were hopelessly outgunned by the superb private sector backup utilized by foreign negotiators. In this bill, although the committee report recognizes the importance of industry and labor participation, section 135(k) specifically prohibits any private participation in negotiations. My amendment will change that.

My second amendment requires that each nontariff barrier agreement submitted for congressional approval be self-contained, homogenous, and deal only with comparable subjects. Again, the committee recognizes the need for such a limitation, and there is report language to this effect. My amendment, however, will enact such a limitation into law, and will prohibit submission of omnibus agreements to Congress, so congressional approval does not depend on an evaluation of unrelated trade-offs.

My third amendment requires the President to notify Congress in advance when our negotiators intend to consider any modification or reduction in existing U.S. laws or regulations regarding consumer protection, employee health and safety, labor standards, or environmental requirements. This amendment will require Congress to specifically approve the proposed negotiating authority in these areas. Many of these laws took literally years to enact, and I believe Congress should have the opportunity, in advance, to instruct our negotiators not to dilute these standards.

In the past, many vitally important Pennsylvania industries have suffered adverse consequences as a result of international trade negotiations. Specialty steel, shoes, glass, textiles, mushrooms, dairy products—these are only a few examples of the industries in my State which have not had a fair shake in international trade. In many cases, they have had to compete against low cost foreign imports, which have been "dumped" on our markets at cut-throat prices well below the prices charged for the same goods in foreign markets.

I introduced S. 323, a comprehensive antidumping bill, to end these unfair practices. I am pleased that H.R. 10710 has incorporated most of the major features of my antidumping bill; but even beyond the problems of dumping, we must insure that Congress has effective continuing oversight over trade negotiations, and that our negotiators have adequate technical back-up, at the bargaining table, to compete with their foreign counterparts. The amendments I introduce today will accomplish these objectives.

I urge my colleagues to support these amendments.

PRISONER OF WAR AND MISSING IN ACTION TAX ACT—H.R.8214

AMENDMENT NO. 2030

(Ordered to be printed and to lie on the table.)

Mr. CHURCH submitted an amendment intended to be proposed by him to the bill (H.R. 8214) to modify the tax treatment of members of the Armed Forces of the United States and civilian employees who are prisoners of war or missing in action, and for other purposes.

AMENDMENT NO. 2031

(Ordered to be printed and to lie on the table.)

Mr. CHURCH (for himself, Mr. HUDDLESTON, and Mr. RIBICOFF) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 8214), supra.

STANDBY ENERGY AUTHORITIES ACT—S. 3267

AMENDMENT NO. 2034

(Ordered to be printed and to lie on the table.)

Mr. BAYH. Mr. President, I am today introducing an amendment to the Standby Energy Authorities Act to reduce the price of domestic crude oil by approximately 20 percent. I do so out of a sincere conviction that we will not begin to solve our severe combined problems in the economic and energy areas until we deal with the single greatest source of inflation—the rise in oil prices by as much as 300 percent in the last 2 years.

The legislation which I propose amending is the substitute amendment for S. 3267 that was reported from the Interior Committee last week. This is an important piece of legislation, which I am pleased to cosponsor, to set in place the procedures for dealing with a major energy shortage in the event of another embargo by the oil exporting nations. In addition, this bill sets out to achieve the necessary goal of reducing oil imports by up to a million barrels a day and provides for the long overdue creation of a petroleum reserve which could be used to deal with major energy emergencies.

While I am not persuaded that it is necessary at this time to use the rationing authority contained in this bill, it seems prudent to create the authority for rationing in the event this becomes necessary at some future date. I do feel, however, that it is both necessary and desirable to use the authority contained in this legislation to invoke mandatory fuel conservation. The President has heretofore been reluctant to take the course of mandatory conservation, but we can no longer settle for the unsuccessful reliance on voluntarism in this most important area. Unless we reduce energy consumption in this country—something that can be done without harmful economic consequences if care is taken—we will not be able to reduce our reliance on imported oil. And unless we reduce our reliance on imported oil we will fail in the first, crucial objective of the International Energy Program established by the oil importing nations at our behest.

I believe the Interior Committee has offered us a good substitute for S. 3267, which has been on the Senate calendar for many months. But the legislation is seriously defective in one respect—it leaves untouched the current excessive price of domestic oil. The Senate will recall that earlier this year we passed legislation to roll back the price of oil, only to see former President Nixon veto that bill. At that time it was correctly noted that the doubling and tripling of oil prices since mid-1973 was the single greatest cause of the runaway inflation in this country. That statement is as true today as it was when we last addressed ourselves to the necessity of reducing oil prices. It is therefore essential that we finally take the necessary action to deal with price gouging by the oil industry.

My amendment will do just that, in the following fashion:

First. It will reduce from $5.25 a barrel to $4.25 a barrel the price of domestic crude oil now under Federal price control.

Second. It will place the 40 percent of domestic oil production not now under price controls under such controls at a ceiling price of $8.50 a barrel, maintaining the present 1:2 ratio between the price of so-called old and new domestic oil.

Third. It will permit oil producers to petition quarterly for price increases based on actual cost increases, requiring action on such applications 30 days after they are submitted.

Fourth. It mandates that the price reduction be passed along to the consumer.

With 60 percent of the domestic production at $5.25 a barrel and the rest at about $10.50 a barrel the average price of domestic oil is now about $7.35 a barrel. My amendment would reduce that price to an average of about $5.95 a barrel, a savings of $1.40 a barrel or about 3 cents a gallon.

It is important to emphasize, Mr. President, that the prices proposed in my amendment are not chosen arbitrarily but represent a logical extension of the available information on oil prices.

In the case of oil now under price control, we have the General Accounting Office study that concluded the granting of a $1 a barrel increase a year ago "was not tied to increased costs of production and that no detailed studies or analyses were made to justify the increase." By rescinding that increase—which was nothing more than a giveaway to big oil since the oil priced at this level is almost entirely controlled by the major oil companies—we can correct a major injustice to the consumer and insure that future increases are tied to actual cost increases.

As regards the price of currently uncontrolled domestic oil, it is important to recognize that the approximate price of $10.50 a barrel is not based on any logical economic factors but rather has been achieved because of the arbitrary pricing policies of the Arab oil producers. It was inevitable that domestic oil production not under price control would realize a level close to that of the outrageous Arab price, which is why this portion of domestic oil production is now earning several times what it did in early 1973. Establishing a ceiling price for that oil at $8.50 a barrel, with future increases tied to actual cost increases, does maintain the present ratio between the two prices in effect for domestic oil. Moreover, the $8.50 a barrel price is quite adequate for stripper and new oil production, coming as it does at the higher range of the price which independent oil producers said they needed a year ago—prior to the time they rode the price escalator upward in the wake of Arab oil price hikes.

To those independent oil producers who question whether the $8.50 price is adequate to justify new exploration and drilling by independents who do not have the substantial means of the multinational oil giants, let me say that I continue to support the continuation of the oil depletion allowance for independent oil producers, even as I favor an immediate end to the depletion allowance for the major oil producers. Continuation of the depletion allowance for independent producers will serve as an adequate incentive to attract capital into high-risk exploration and drilling and the $8.50 a barrel price will maintain the economic viability of this sector of the domestic oil industry.

It is clear, Mr. President, that the present and previous administrations have been content to let the oil exporting nations of the Middle East not only charge excessive prices for their oil, but to let those same countries provide domestic oil producers with the unsatisfactory justification for excessive domestic prices. It is bad enough to place ourselves in the position where we are subjected to energy blackmail by the oil exporting countries, but it is even worse to follow-up that failing by providing windfall profits to producers of domestic oil.

Mr. President, it is difficult to overemphasize the extent to which soaring prices are responsible for our combined economic ills of inflation and recession. Consumers feel this most directly in their home heating bills and at the gasoline pump. But they suffer it indirectly in virtually every service and product they buy. The higher price of oil increases the expense of government services, putting a strain on all governmental budgets and impacting on tax rates. The higher price of oil increases the cost of doing business, whether it be for a small businessman in heating his retail establishment or for a major industry paying higher prices for boiler fuel. Such increased costs are passed along to the consumer, and are actually compounded since prices are affected at every step of the manufacturing, distribution, and retailing process. A simple, yet highly expensive, example can be found in the fact that higher oil prices increase the expense of delivering goods by truck and virtually every product in the marketplace is moved by truck at least once before it reaches the consumer.

The distinguished chairman of the Interior Committee estimated earlier this year that higher oil prices accounted for as much as 60 percent of the inflation rate experienced at that time. While no exact figures can be estimated because much of the impact of higher oil prices is indirect, the chairman's estimate does not seem unreasonable. And even if it is a little high, there is no doubting the magnitude of the impact of oil prices on the economy.

Not only would a rollback in oil prices aid the fight against inflation, it would help us deal with the worsening recession by freeing consumer, industry, and Government funds for other more useful expenditures. With domestic oil production at about 10 million barrels a day, an average reduction of $1.40 a barrel would save $14 million a day, or about $5.1 billion in the space of a year. This is money that could be better spent by all sectors of the economy.

Consumers could divert their savings to help cope with the high price of double-digit inflation, industry could use its savings to invest in needed capital expansion where necessary—as in the case of energy-intensive steel industry—and State and local governments could use their savings to provide vitally needed public services without increasing the tax burden on their citizens.

Mr. President, I believe the Interior Committee is to be commended for reporting the amendment to the Standby Energy Authorities Act. But I urge that the committee and the Congress turn this good bill into a better bill by agreeing to the essential amendment to reduce oil prices. Such a step must be viewed as an essential ingredient in any coordinated program or dealing effectively with the mutually dependent energy and economic problems that beset our Nation.

I ask unanimous consent to include the text of the amendment in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 2034

At the appropriate place, insert the following new title:

TITLE —DOMESTIC CRUDE OIL PRICE ADJUSTMENT

SEC. . (a) Notwithstanding any provision of the Emergency Petroleum Allocation Act of 1973 or any regulation issued thereunder, effective upon the enactment of this title, the President shall issue an order—

(1) establishing a ceiling price level for the first sale of domestic crude oil which is, on the date of enactment of this title, subject to price regulation under such Act at $4.25 per barrel; and

(2) establishing a ceiling price level for the first sale of domestic crude oil (other than domestic crude oil referred to in clause (1)) at $8.50 per barrel.

(b) The order issued under subsection (a) of this section shall provide—

(1) that any reduction in the price of domestic crude oil after the date of enact-

> ment of this title shall be passed along to any subsequent purchaser of that crude oil or of any derivative thereof; and
>
> (2) that any producer of domestic crude oil may petition not more often than quarterly for an increase in the applicable price ceiling established pursuant to subsection (a) based upon actual cost increases incurred by such producer after the date of enactment of this title.
>
> (c) Not later than 30 days following the receipt of any petition under clause (2) of subsection (b), the President shall take appropriate action with respect thereto. Any *increase in* the ceiling price level granted under this subsection shall be applicable only to the producer pursuant to whose petition the increase was granted.
>
> (d) The President shall delegate the functions, powers, and duties imposed by this title to the Administrator of the Federal Energy Administration. Any order, rule, or regulation issued under the provisions of this title shall be deemed for purposes of the enforcement thereof to be an order, rule, or regulation issued under the authority of the Emergency Petroleum Allocation Act of 1973.

AMENDMENT NO. 2035

(Ordered to be printed and to lie on the table.)

Mr. WEICKER. Mr. President, I am today submitting an amendment to the amendment numbered 2006 proposed by Mr. JACKSON to S. 3267, the Standby Energy Authorities Act.

This amendment proposes to change section 103 of Mr. JACKSON's bill to impose upon the President the responsibility to promulgate within 60 days a plan for the nationwide rationing of gasoline. My amendment specifically mandates a program of nationwide rationing of gasoline without affecting other provisions in the bill regarding the rationing of crude oil, residual fuel oil, or other petroleum products. As provided for in the bill, the rationing plan that the President would submit would be subject to legislative veto within a 15-day period after its presentation to Congress.

It is my belief that conditions in the United States today make a mandatory fuel conservation program, specifically gasoline rationing, imperative. For this reason I choose to mandate a system of gasoline rationing in the Standby Energy Authorities Act, rather than simply granting the authority for the President to mandate rationing at his discretion.

SUSPENSION OF DUTY ON CATALYSTS OF PLATINUM AND CARBON—H.R. 13370

AMENDMENT NO. 2039

(Ordered to be printed and to lie on the table.)

Mr. METCALF. Mr. President, the Senate has twice approved the amendment I submit today to reimburse the States for public assistance payments to native Americans, including Indians, Aleuts, Eskimos, and Hawaiians. Unfortunately, on both occasions the amendment was lost—in 1970 when the House refused to go to conference with the Senate on the bill, H.R. 17550, social security amendments and again in 1972 when the House-Senate conference rejected this Senate amendment to H.R. 1, the comprehensive social security bill of the 92d Congress.

In this Congress, 12 other Senators and I offered S. 2505, a measure which I have now redrafted and introduce today as an amendment to H.R. 13370.

The Finance Committee has indicated that my proposal was rejected by the conference committee because it was too broad. Members of the committee suggested that the amendment would more likely be approved if the definition of Indian were narrowed and I have accordingly modified it.

My original proposal said, and I quote:

> (c) The term "Indian" refers to any individual (1) any of whose ancestors were natives of the area which consists of the States of the United States (other than Hawaii) and the District of Columbia prior to the discovery of America by Europeans, (2) who regards himself as an Indian and who holds himself out, in the community in which he resides, as being an Indian, and (3) who is regarded, in the community in which he resides, as being an Indian.

The amendment I offer today says, and I quote:

> (c)(1) For the purposes of this section, the term "Indian" means any individual who (i) is a member of a tribe, band, or other organized group of Indians, including those tribes, bands, or groups terminated since 1940 and those recognized now or in the future by the States in which they reside, or who is a descendant, in the first or second degree, of any such member, or (ii) is considered by the Secretary of the Interior to be an Indian for any purpose, or (iii) is determined to be an Indian under regulations promulgated by the Secretary of Health, Education and Welfare which regulations shall further define the term "Indian."

I have added a new phrase to my original amendment. At the end of paragraph (c)(1) cited above, the period is removed, a comma is inserted and a fourth phrase is added as follows: "or, (iv) is enrolled in the Alaska Native Claims Settlement Act."

The distinguished senior Senator from Alaska (Mr. STEVENS) has advised that this language is essential if the amendment is to meet its intended purpose.

As I have said, what I seek here is reimbursement to all of the States for welfare payments to Indian people not only for aid to dependent children, but for supplemental security income and medicaid.

Under existing law, special Federal payments are made to two States for programs of aid to dependent children of Indian people living on reservations within their boundaries. I wish to expand the authority to include all States and all eligible native Americans and all public assistance. Let me explain.

At the end of last year, the Congress approved a provision in another social security bill—Public Law 93-233—that partially restored special Federal payments made to States in behalf of the Navajo and Hopi, a provision that was repealed in the Social Security Amendments in 1972.

It is this special Federal assistance to Arizona and New Mexico over the last 25 years that was the genesis of my amendment. Perhaps a brief history of the measure is in order.

Mr. President, I ask unanimous consent that an article by the Honorable Wilbur J. Cohen, former Secretary of Health, Education, and Welfare, be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks. Mr. Cohen's history of the legislation which I will summarize, appeared in the Social Security Bulletin for June 1950.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METCALF. In 1949, Senators O'Mahoney, Hayden, Chavez, McFarland and Anderson sponsored legislation that was ultimately approved in 1950 as Public Law 474, which increased from 75 percent to 95 percent the Federal share of public assistance for the Navajo and Hopi residing on reservations in New Mexico and Arizona. The provision affected payments for old age assistance, aid to dependent children, and aid to the blind.

As the Social Security Amendments of 1972 authorize a 100-percent Federal share for old-age assistance, disability payments, and aid to the blind, there remained three programs in which the States pay a share of the cost. These are aid to dependent children, medicaid, and supplemental security income. As we have seen, by amendment to the Social Security Act at the end of last year, the special payments for aid to dependent children in behalf of Navajo and Hopi Indians were restored so that the States of New Mexico and Arizona are now receiving this reimbursement.

Other States, with substantial native American populations, either on reservations or in villages and cities, do not receive such special Federal aid.

My amendment would make Federal reimbursements to all States—not only New Mexico and Arizona—for all public assistance—not only aid to dependent children as now provided for Navajo and Hopi families. My amendment would reimburse Alaska for medicaid, aid to dependent children, and supplemental security income for Aleuts and Eskimos; it would repay Hawaii for payments for native Hawaiians and Montana for support of the Blackfeet, Crow, and Northern Cheyenne, as well as other American Indians, whether on the reservation or not. My amendment would authorize Federal reimbursement for public assistance to Indians living on State reservations such as those in Maine. It would repay Minnesota for aid to eligible Indians, whether living in Minneapolis or on the Blue Earth Reservation.

Mr. President, the State of Montana has seven Indian reservations within its boundaries and a substantial population living in our towns and cities. The total number of American Indians living in Montana approaches 30,000.

Our assistance to Indian people in the three categories encompassed in my amendment costs Montana $1 million annually; Alaska reports expenditures in excess of $9 million. North Dakota is spending $2.3 million for such aid to dependent children for reservation Indians alone.

In Montana, in North and South Dakota, and in many other States, we are doubly burdened by public assistance expenditures for Indian people in that the existence of the reservations, of nontaxable Federal property, deprives us of revenue that would be raised that could help support welfare aid. We lose the tax revenue we need and, at the same time, have added expenditures in behalf of a people whose unemployment rate runs between 2 and 10 times the national average, even at today's rate.

Mr. President, great strides are being made on Indian reservations and among urban Indian people today as a result of improved education opportunities and their participation in economic development, health, job training, and housing construction programs. The Congress, in extending these opportunities to Indian tribes as entities of Government, has given recognition time after time of the special responsibility of the Federal Government for Indian welfare. But beyond that, and consonant with the principles of impact aid to areas deprived of tax revenues because of the Federal presence, we have been neglecting our responsibilities for welfare assistance to Indians, except for the special payments in behalf of the Navajo and Hopi.

The improvement in life for Indian people is reflected in increased enrollments and numbers of graduates from secondary schools as well as from colleges and universities, in the increased numbers of Indian people returning to the reservations to live, in better housing and health. Training programs and economic development promise a significant reduction in unemployment.

I am convinced that Indian people are on the threshold of a dramatic change for the better, that the quality of their lives whether on or off reservation is going to be enormously improved within a decade if present trends continue. I think there is every likelihood that the cost of public assistance will be dramatically reduced as the change I foresee takes place at long last. But I emphasize that my amendment does not propose a new program, rather it proposes a shift from the States to the Federal Government of a responsibility that is Federal. I hope it will be approved.

PUBLIC ASSISTANCE PROVISIONS FOR NAVAJO AND HOPI INDIANS: PUBLIC LAW 474

(By Wilbur J. Cohen*)

On April 19, President Truman approved Public Law 474, providing for the rehabilitation of Navajo and Hopi Indians. Section 9 of this law provides for increasing the Federal share of public assistance payments for needy Indians of these tribes who reside on reservations or on allotted or trust lands and who are recipients of old-age assistance, aid to dependent children, or aid to the blind. The new law becomes effective July 1, 1950. It provides that with respect to assistance payments for these Indians the Federal Government will pay, in addition to its regular share under titles I, IV, and X of the Social security Act, 80 percent of the State's regular share. The maximums for individual payments specified in the Act apply to these payments.

Thus, in a payment of $20 to a needy individual, the regular State share is $5 and the Federal share is $15. For Navajo and Hopi Indians the Federal Government will pay $4 additional (80 percent of the $5 State share) or a total of $19 out of the $20 payment. The Federal share in such a payment would thus be increased from 75 percent to 95 percent. In a $50 payment the Federal share would be increased from $30 to $46, or from 60 percent to 92 percent.[1] The accompanying table illustrates the effect of section 9 on public assistance payments to Navajo and Hopi Indians.

LEGISLATIVE HISTORY

The first form (S. 1407) of the legislation that became Public Law 474 was introduced on March 25, 1949, by Senators O'Mahoney, Hayden, Chavez, McFarland, and Anderson. Companion bills, H.R. 3476 and H.R. 3489, were introduced in the House of Representatives.[2] S. 1407 passed the Senate on July 6, 1949, with amendments, and passed the House with some further amendments on July 14, 1949.[3] In the Conference Committee a new provision dealing with increased Federal grants to the States for public assistance to Navajo and Hopi Indians was included in section 9. The Conference Report was accepted in both the House and the Senate on October 3, and the bill was then sent to the President. The President vetoed the bill on October 17, 1949,[4] but his veto message did not contain any objection to the public assistance provisions of the bill.

The Senate deleted the provisions of the bill to which the President objected and passed a new bill S. 2734, on October 18, the day after the veto was received. Immediate consideration of the bill in the House on October 19 was objected to by Representative Kean, a member of the House Committee on Ways and Means.[5]

With the adjournment of Congress, S. 2734 went over to the second session in 1950. The House passed the bill on February 21, 1950, wih several amendments, one of which changed the method of determining the Federal share of public assistance payments to the two tribes. However, this amendment was based upon an erroneous interpretation of section 9 and in effect made the entire public assistance provision inoperative.[6] The Conference Committee therefore deleted certain language from the amended section 9 and thus restored the section's effectiveness.[7] The Conference Report was adopted by the House on April 6, 1950, and by the Senate on April 10. The President signed the bill on April 19, 1950.

The basic issue as to whether Indians should be given public assistance entirely at Federal expense or on the same basis as other individuals has been the subject of lengthy debate. When the House added the provision to S. 1407 to make all Indians within the Navajo and Hopi reservations subject to the laws of the State in which they live, it became necessary to consider whether this same principle should be applied to public assistance recipients or whether it should be modified in some way. The following quotation from the Conference Committee Report describes the difference of opinion between the two houses:

The House conferees insisted upon section 9, but the Senate conferees wanted it eliminated for the reason that the extension of State laws would obligate the States to make available the benefits of the State social security laws to reservation Indians, an obligation which has not been assumed by New Mexico and Arizona for two reasons: First, they have not admitted their liability, claiming that under the enabling acts and Federal laws the Indian was an obligation of the Federal Government. Second, because of the large Indian populations, the States strenuously urged their financial inability to meet this obligation.[8]

The Conference Report also explains the justification for the "80-percent formula".

Less than 20 percent of the Navajo and Hopi Indians speak the English language. The States have indicated their willingness to assume the burden of administering the social security laws on the reservations with this additional help. The Conference Committee was of the opinion that this was a fair arrangement particularly in view of the large area of taxfree land and the difficulty in the administration of the law to non-English-speaking people, sparsely settled in places where there are not adequate roads; and that it would be of particular advantage to the Indians themselves. This arrangement can and no doubt will be changed as soon as the Indians are rehabilitated. Both States assume full responsibility for non-reservation Indians at the present time.

The percentage to be paid by the States under this section, other than the cost of administration, is the same as was worked out in a conference at Santa Fe, New Mexico, between representatives of the Federal Security Agency, Bureau of Indian Affairs, the offices of the Attorney General of the States of Arizona and New Mexico, and the State Department of Welfare of the States of Arizona and New Mexico, on April 28 and 29, 1949. At this conference, it was agreed that the net cost to the State would not exceed 10 percent of the total cost incurred by the Federal and State Governments in aid to needy Indians (aged, blind, and dependent children). This is the agreement under which the States are now operating. However, it is the opinion of the Conference Committee that the Indians would be greatly benefited by the States' assuming full responsibility for the administering of this law, and it would assure a continued assistance which would not be dependent upon appropriations through the Bureau of Indian Affairs from year to year.

Before the passage of the Social Security Act, the Federal Government assumed full responsibility for needy reservation Indians, and there is strong argument that the Federal Government still has full responsibility for their care. The additional cost of the extension of social security benefits not heretofore assumed by New Mexico and Arizona is only part of the cost of the extension of State laws to the reservations. Therefore, the Conference Committee is of the opinion that the amendment which was adopted is a fair and equitable division of the expense.[9]

The 80-percent formula embodied in Public Law 474 is based upon a formula proposed in bills S. 691 and H.R. 1921, introduced in both houses on January 27, 1949, for all Indian "wards" in any State. Testimony was given before the House Committee on Ways and Means in favor of H.R. 1921,[10] but the Committee did not report that bill out nor did it include any special provision for Indians in the social security bill, H.R. 6000, reported out by the Committee.

FEDERAL SHARE OF ILLUSTRATIVE PUBLIC ASSISTANCE PAYMENTS TO NEEDY MEMBERS OF THE NAVAJO AND HOPI TRIBES

Law	Federal share of payment, by specified amount							
	To aged or blind individual				To 1 dependent child		To 3 dependent children	
	$20	$40	$50	$60	$27	$54	$63	$106
Social Security Act Amendments (1948)	$15	$25	$30	$30	$16.50	$16.50	$40.50	$40.50
Public Law 474 (1950)	19	37	46	46	24.90	24.90	58.50	58.50

Footnotes at end of article.

HISTORICAL BACKGROUND

On several occasions Congress has given consideration to legislation affecting Indians receiving public assistance under the Social Security Act. In 1935 when the original social security bill was being considered in the Senate, a provision for payment by the Federal Government of the full cost of Indian pensions was passed by the Senate as an amendment to the pending bill. The proposed amendment provided for a new title in the *Social Security* Act making payments to Indians "a pension from the United States in the sum of $30 per month."[11] This amendment was sponsored by Senator Norbeck of South Dakota. It was dropped, however, by the Conference Committee and was not included in the final law.

In a special report of the Social Security Board on proposed changes in the Social Security Act, which President Roosevelt submitted to the Congress in January 1939, the Board stated as follows:

> A number of States have a considerable Indian population some of whom are still wards of the Federal Government. The Board believes that, with regard to certain Indians for whom the Federal Government is assuming responsibility in other respects, and who are in need of old-age assistance, aid to the blind, or aid to dependent children the Federal Government should pay the entire cost. If this provision is made, the Board should be authorized to negotiate cooperative agreements with the proper State agencies so that aid to these Indians may be given in the same manner as to other persons in the State, the only difference being in the amount of the Federal contribution. The Board believes that it should also be given authority to grant funds to the Office of Indian Affairs for this purpose, if that appears more desirable in certain circumstances.[12]

The House Committee on Ways and Means, however, did not include any provision concerning Indians in the 1939 social security bill. The Senate Committee on Finance considered an amendment affecting Indians but did not report it out. On the floor of the Senate, an amendment was offered which provided that "notwithstanding any other provisions of law, the Social Security Board shall not disapprove any State plan under titles I, IV or X of this act because such plan does not apply to or include Indians."[13] This amendment passed the Senate but was deleted by the Conference Committee and was not included in the final 1939 law.

The Social Security Administration has consistently interpreted the Social Security Act to mean that a State public assistance plan could not legally be approved if that plan discriminated against any citizen of the United States on account of race. Twenty-four of the 26 States in which there are Indians residing on reservations provide public assistance under the Social Security Act to these individuals. In Arizona and New Mexico, however, questions have been raised over the years by both State agencies as to whether reservation Indians were to be included in the public assistance programs under the Social Security Act.

The immediate factors that led to the inclusion of the public assistance provisions in section 9 of Public Law 474 first made themselves felt on April 17, 1947. On that date the State Board of Public Welfare of New Mexico refused the application of a Navajo Indian for old-age assistance on the grounds that reservation Indians were not a responsibility of the State Welfare Department "just as long as they are under the complete jurisdiction of the Indian service and insofar as the expenditure of State money for their welfare is concerned." At about the same time the Arizona State Department of Public Welfare also took a position that it would not make payments to reservation Indians.

The Social Security Administration discussed the subject with the State agencies in an effort to resolve the conflict between the position they had assumed and the requirement of the Social Security Act that assistance must be available to all eligible persons within the State. Discussions continued over a period of time, and the States were informed that the continued receipt of Federal funds for their public assistance programs was dependent on whether the State programs were operating in conformity with the principle that applications are to be accepted from all who apply and assistance granted to all eligible persons. During the same period the Bureau of Indian Affairs made some payments, as their funds permitted, to needy Indians in the two States.

Finally, after all efforts to bring the States into conformity with the requirements of the Social Security Act had failed, the Commissioner for Social Security, after due notice, held hearings to determine whether there was a failure by New Mexico and Arizona to operate their plans in accordance with sections 4, 404, and 1004 of the Social Security Act. A hearing on New Mexico was held on February 8, 1949, and on Arizona on February 15, 1949. Before findings or determination based upon these hearings were made, the arrangements described in the quotations from the Conference Report on S. 1407 were completed at Santa Fe, New Mexico, on April 28 and 29, 1949, and assistance was provided for reservation Indians in these two States. It was the purpose of Public Law 474 to solve, by congressional action, the problems raised in the hearings before the Social Security Commissioner.[14] As stated in the Conference Report on the bill, the Committee felt that efficient operation could be more definitely assured if the State were to administer the entire program for needy Indians rather than share the responsibility with the Bureau of Indians Affairs.

FOOTNOTES

*Technical Adviser to the Commissioner for Social Security.

[1] The above figures and those in the table are used only as general illustrations of the amount of Federal participation. They are based on hypothetical individual payments, whereas actually, under the basic formula of the Social Security Act, the Federal percentages are not applied to individual payments but rather to the average payments of a State under each title. That part of any payment for a month in excess of $50 to an aged or blind recipient and in excess of $27 with respect to one dependent child in a home and $18 with respect to each of the other dependent children in a home is not counted in computing the averages.

[2] For the history of legislative proposals before 1949 see *Hearings Before a Senate Subcommittee of the Committee on Interior and Insular Affairs on S. 1407* (81st Cong., 1st sess.), pp. 3–7. Hearings were also held on H.R. 3476 by the House Committee on Public Lands.

[3] For proceedings in the House see *Congressional Record* (daily edition), Apr. 5, 1949, pp. 9682–92.

[4] Ibid., Oct. 17, 1949, pp. 15119–20.

[5] Ibid., Oct. 19, 1949, pp. 15243–46.

[6] Ibid., Feb. 21, 1950, p. 2129.

[7] See Conference Report on S. 2734, *Congressional Record* (daily edition), Apr. 5, 1950, p. 4835.

[8] House Report 1338 to accompany S. 1407, Sept. 22, 1949, p. 7.

[9] Ibid., pp. 7–8.

[10] *Hearings before the House Committee on Ways and Means on H.R. 2892* (81st Cong., 1st sess.), pp. 791–801.

[11] *Congressional Record,* June 18, 1935, p. 9540; see also letter from the Commissioner of Indian Affairs stating that he was "in sympathy with this proposal," pp. 9540–41.

[12] *Hearings Relative to the Social Security Act Amendments of 1939 Before the House Committee on Ways and Means* (76th Cong., 1st sess.), February 1939, p. 15. The Secretary of the Interior also urged that "social security benefits for Indians be administered as a part of the general plan for the citizens of the United States" (*Hearings Before the Senate Committee on Finance on H.R. 6635,* 76th Cong., 1st sess., June 1939, p. 272).

[13] *Congressional Record,* July 13, 1939, pp. 9027–28.

[14] On December 27, 1949, the Arizona State Board of Public Welfare adopted a resolution stating that it would not discontinue its policy of excluding crippled reservation Indian children in the provision of treatment services. The Commissioner of the State department in transmitting the Board's resolution to the Chief of the Children's Bureau of the Social Security Administration stated that it was "necessary to sever our connections." No Federal funds have been paid to Arizona under part 2 of title V of the Social Security Act since December 22, 1949.

MILITARY CONSTRUCTION APPROPRIATIONS, 1975—H.R. 17468

AMENDMENT NO. 2043

(Ordered to be printed and to lie on the table.)

Mr. SPARKMAN submitted an amendment intended to be proposed by him to the bill (H.R. 17468) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1975, and for other purposes.

ADDITIONAL STATEMENTS

MAN'S CAPACITY FOR HOPE

Mr. MOSS. Mr. President, I would like to share with other Members of the Senate an editorial by Norman Cousins writing in the December 14 issue of Saturday Review. The brain power, which this country counts as its best natural resource, is capable of resolving our problems if we can just set aside our differences and bring that power to bear upon them. It is time that we begin to believe in ourselves and our country again.

I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HOPE AND PRACTICAL REALITIES

The purpose of this special issue is to examine and, if possible, to cut into the gloom that has settled over the nation. In the present mood, it is not likely that any serious problems will be imaginatively approached, much less solved. The main trouble with despair is that is self-fulfilling. People who fear the worst tend to invite it. Heads that are down can't scan the horizon for new openings. Bursts of energy do not spring from a spirit of defeat. Ultimately, hopelessness leads to helplessness.

In this sense, the most serious problem confronting the nation is not inflation or the energy shortage or dwindling resources or the danger of war in the Middle East. The most serious problem right now is that the American people are psychologically depleted and are not primed for innovation. Where does new hope begin? It is possible that hope in America begins with a restoration of confidence—confidence of the

American people in themselves, in their government, in their future.

The reasons for the decline of confidence are not obscure. For more than a decade, the nation has experienced an almost relentless series of events that have cut deeply into the national sense of a favored destiny. The traditional American belief that heroes appear at moments of overwhelming need has been shattered. The assassinations of John and Robert Kennedy still lie like an incubus on the land. The spew of violence has spilled over into everyday life.

The dominant themes of the decade have been Vietnam and Watergate, both of which came off the same spool and underlined history's oldest lesson—that power and morality tend to be on opposite sides and that, indeed, morality is the first casualty of power. In Vietnam commitments were made, and actions were taken, outside the constitutional process. The arbitrary use of presidential power was escalated to keep pace with the war itself—a war that was to drive a wedge of distrust between the American people and their government. It was a war that was dubious in its origins, furtive in its operations, murky in its purposes.

Watergate compounded the distrust. As with Vietnam, failure to admit an initial error billowed out into larger errors and wrongdoing. The Watergate process continued until there was no way out except for the President to resign in disgrace—the first such withdrawal in the nation's history. What began as an idiotic act of political sabotage burgeoned into a political convulsion. The effects are not confined to the disappearance from the political scene of those directly involved, as the recent elections have demonstrated.

Yet, in the perspective of American history, both Vietnam and Watergate have served to strengthen the underpinnings of American society. The basic theory that went into the making of the American government has been confirmed. This theory is that the worth of a government is measured by its ability to face up to its errors. The American system was designed to force errors into the open and to make it as difficult as possible for the error-makers to maintain their power. The Philadelphia Constitutional Convention gave office-holders substantial power to meet the needs of the people but carefully limited the power of office-holders to isolate themselves from the consequences of their mistakes.

Both Vietnam and Watergate, therefore, crushing though they have been to national pride and confidence, have demonstrated the validity of the original design of the government. Some Presidents may arrogate power to themselves in the name of national security—whether for personal or even altruistic purposes—but the process is as risky to them politically as it is alien to the traditions of the society.

Vietnam was one of the greatest ordeals in the nation's history, and Watergate was unquestionably the greatest political scandal, but both episodes demonstrated the principle that the ultimate power of the society rests with the people. For it was an activated public opinion—public opinion interacting with investigative reporting and with the workings of Congress—that forced an end to the Vietnam war and that shattered the attempt of President Nixon to quash the Watergate investigation.

Whatever the historical verdict may be on the Vietnam war, the signal fact emerging from that experience is that the United States declined to use the means readily at hand to obliterate its foe. The United States did not exercise that power because of the greater power represented by the certain and overwhelming opposition of the American people to such a course and the inevitable political demise of all those who would have been responsible for such a decision.

Similarly, what is most significant about Watergate is not the enormity of the scandals, but the fact that not even a President could quarantine damaging information in his possession. The recurrent tone in most foreign comment on Watergate was one of astonishment that the government should be prosecuting the government. Newspapers abroad reported the news that members of the Attorney General's staff were investigating the role of the White House with respect to the original break-in and the subsequent attempt to bribe the convicted burglars into maintaining silence about the identity of their employers. The editorial pages of those newspapers, however, reflected consternation or disbelief that people who were appointed by the President should be conducting the investigation and preparing the way for criminal trials of some of the highest officials in the land. Nor was it readily comprehensible to the readers of those newspapers why anything as imprecise as public opinion should have been able, on a day-to-day basis, to force the President to make decisions counter to his own personal interests.

Both Watergate and Vietnam have served as a classroom on the nature of American institutions. Much has been learned. More remains to be learned. And of all the lessons, none is more important than the fact that this system was built to withstand shock, and that moral factors have a place in that equilibrium. This lesson can be useful in enabling Americans to regain confidence in themselves and their institutions. Such confidence will be essential if they are to meet present and future challenges.

Nothing would be more fatuous than to suppose these problems have easy answers, or that a Pollyanna attitude is all that is necessary for resolving them. Here we borrow freely from an editorial appearing on this page several years ago. The evidence is strong—not just in this country but throughout a large part of the world—that human society is in a stage of comprehensive breakdown. Life is no longer the highest value. Sensitivity to suffering and to indignity is being dulled. People adjust all too easily to brutality and violence. Poverty no longer ignites general resentment. The need for social justice fails to galvanize. Millions of young people and increasing numbers of older people find it necessary to subject their delicate brain tissue to the twisting power of drugs. The large cities are rapidly on the way to becoming unlivable.

Nothing, however, is more grimly characteristic of the age than the fact that the finest minds are not being directed to the biggest problems. Brains are being honed and mobilized for purposes of confrontation and destruction. No comparable mobilization of human intellect and conscience is occurring on the level of humanity's greatest needs.

Organizations like the Club of Rome have turned to the computer for projections about the future of humankind. They have fed into the computer vast quantities of statistics on population, food, resources, environment, industrial growth, and so forth. And the computer has responded with an ominous projection of world overrun with people, short of habitable land and food, its resources rapidly being depleted, its oceans and airshed heavy with poisons.

Nothing would be more dangerous than to ignore such warnings. But nothing is more irresponsible than to accept the computer's projection as inevitable. The computer can't be programmed to comprehend the mysteries of human response. The computer has no way of anticipating the advent of a Thomas Jefferson or a Winston Churchill or anyone capable of generating ideas that can lead to great change. Can the computer tell us anything about a mind like Bucky Fuller's—a mind that can conceive of new sources of energy, new ways of building homes and cities, new ways of making the earth more livable?

The case for hope has never rested on provable facts or rational assessment. Hope by its very nature is independent of the apparatus of logic. What gives hope its power is not the accumulation of demonstrable fact, but the release of human energies generated by the longing for something better. The capacity for hope is the most significant fact in life. It gives human beings a sense of destination and the energy to get started. It enlarges sensitivities. It gives values to feelings as well as to facts.

Hope cannot be ordered into being. Men in a condition of despair cannot be commanded to generate glorious dreams. But they can be encouraged to rediscover themselves and to be reminded of past achievements under circumstances of enormous difficulty. They can be given confidence in the naturalness of their visions and in the reach of the human mind.

Human despair or default can reach a point, of course, where even the most stirring visions lose their regenerating and radiating powers. This point, some will say, has already been reached. Not true. It will be reached only when human beings are no longer capable of calling out to one another, when the words in their poetry break up before their eyes, when their faces become frozen toward their young, and when they fail to make pictures out of clouds racing across the sky.

Much of the present despair will lift when we realize we are not living up to our moral capacity. No other country in the world has more to bring to its problems. We have the brainpower. We have the manpower. We have the technology. What we don't have, but can regain, is confidence in ourselves, in our history, and in the ultimate power of ideas.

AN INVITATION TO HELP AVERT CATASTROPHE

Mr. PERCY. Mr. President, in June before the Select Committee on Nutrition and Human Needs, Nobel Prize Laureate Dr. Norman Borlaug made the dire prediction that "50 million people, perhaps more, could perish from famine." There is no doubt that the global food crisis is real, and there is no doubt that strong steps must be taken, beginning immediately, if such an incredible toll of human life is to be averted.

The world community is acutely aware of the worsening situation and is interested in finding solutions. More than 130 nations participated in the recent World Food Conference in Rome to set in motion an international effort to alleviate the food crisis.

But problems of food production and distribution are only symptoms of a greater global problem, unchecked population growth. As Dr. Borlaug stated:

> We talk about food, we talk about unemployment, we talk about stress, and crowding. They are all different aspects of the consequences of a too rapidly growing population, and unless we begin to focus on the broad issues and bring together the various parts of the whole—in other words, abandon the parochial habit of focusing on only one issue—we will never be able to solve many of the basic problems which confront us today.

In participating in the World Population Conference last August, the international community also evinced its concern with this larger problem.

Although the nations of the world are in general agreement on the seriousness of the food and population crises, those Senators who served as delegates in Rome, and I, having been the only delegate from the Senate to the Population Conference, feel very strongly that the Congress and the American people in general are not truly aware of the extent and implications of the global food crisis and of the population "explosion."

For that reason, we have called for an ad hoc hearing to be held December 18 to bring to the attention of all Americans the harsh realities of the current food-population situation and to discuss what must be done now that the two conferences are over.

The witnesses will include:

Ms. Nancy Nicalo, Acting Executive Director, Church World Services.

Russell Peterson, Deputy Head, U.S. Delegation to World Population Conference, Chairman, Council on Environmental Quality.

Ambassador Edwin Martin, U.S. Coordinator of the World Food Conference.

Dr. Philip Handler, President, National Academy of Sciences.

Father J. Bryan Hehir, National Conference of Catholic Bishops.

Bishop James Armstrong, President, Board of Church and Society, Bishop of South Dakota.

Rabbi Mark Tannebaum, Director, Department of Inter-Religious Affairs, American Jewish Committee, New York.

General Maxwell Taylor (retired).

Larry Minear, Consultant on World Hunger, Church World Services and Lutheran World Relief.

Ms. Patricia Young, National Council of Churches, Crusade of Hunger, Scranton.

Senator Joseph Tydings, Population Crisis Committee.

Rufus Day, Treasurer, International Planned Parenthood Federation.

The hearing, sponsored by Senators McGovern, Hatfield, Clark, Javits, Humphrey, and me, will be held in the Senate auditorium beginning at 10 a.m. December 18. Every Member of the Senate, as well as all other interested individuals and organizations, is invited and sincerely urged to attend. No one in this country can afford to be ignorant of the critical situation that now exists and of the coming catastrophe that we must all seek to avert. I urge each of my colleagues to accept this invitation.

OFFSHORE OIL AND GAS PRODUCTION

Mr. HOLLINGS. Mr. President, we are all aware of the need to expand our domestic energy supplies in general, and our offshore oil and gas production in particular. Recognizing these needs, I have nonetheless been concerned about the efforts of the Nixon and Ford administrations to barge ahead in a helter-skelter fashion while running roughshod over the concerns of coastal States and citizens who would be profoundly affected by offshore development.

I noted with interest that one administration official, Mr. John Sawhill of the Federal Energy Administration, testified on November 19, 1974 before the Joint Economic Committee and focused on the onshore impacts of offshore oil. Quoting from Mr. Sawhill's testimony:

> Another category of impact is that of secondary development. Extensive OCS development is likely to stimulate permanent onshore development, including refineries, storage facilities for crude oil and refined products, petrochemical plants, new residential communities, and new commercial centers. These effects of OCS development would be quite desirable and beneficial in many regions, but it is important that they be made the object of careful land-use planning by the appropriate state and local officials.
>
> A vital element in this process will be the State Coastal Zone Management Plans. It is important that the States move ahead swiftly in the development of these plans. If the State and local institutions are not able to channel secondary development as it occurs, environmental damages will be increased, aggregate economic benefits will be reduced, and the general pace of OCS development could be retarded.
>
> A third category of secondary impact involves the capacity of State and local governments to cope financially with the additional burdens resulting from on-shore development. Secondary development will undoubtedly lead to an expansion of the tax base over the long term. However, there is a legitimate question as to whether the growth of the tax base will keep pace with the increasing need for social services (roads, schools, sewage treatment, fire protection, etc.). The need to provide for these services in advance is an issue which the Federal government must deal with both in potential OCS areas as well as in the Western energy producing States.

It is heartening to see that Mr. Sawhill has given his attention to the onshore secondary impacts of OCS oil and gas developments when no other administration spokesman appears to have recognized just what these impacts can mean for coastal States and towns. I believe Mr. Sawhill is correct when he says that the coastal zone management plans now being developed by all 30 coastal States are the key to planning for these impacts. The departure of Mr. Sawhill from the FEA will, I fear, leave a void in the administration's understanding of this very important issue.

At least three recent studies have highlighted the reasons why coastal States are concerned about offshore oil. Just a few weeks ago the Texas Coastal and Marine Council released a report estimating that future offshore oil development on Federal lands adjacent to the Texas coast would cost that State an estimated $111 million per year to provide State and local services for offshore development, while providing the State and local governments in Texas with only $48.9 million in revenues each year. In other words, the net cost to Texas from planned OCS development is estimated to be approximately $62.1 million each year.

Another study, done in 1973 by the Gulf South Research Institute for the State of Louisiana, found that Federal offshore oil had cost Louisiana $38 million in 1972. An Alaskan study of costs incurred by the city of Kenai in connection with offshore oil production in State waters estimated that each barrel of oil produced offshore cost the city 8.4 cents in public expenditures.

These actual dollar costs do not, of course, include the irreversible environmental changes to the coastal zone which can be traced to support for the offshore industry. All these things together make it essential for coastal States near planned OCS leasing to be given the maximum amount of corporation and assistance from Federal agencies, including adequate time to complete their coastal zone management plans, or at least the energy segments of those plans, before leasing takes place in new areas of the Outer Continental Shelf.

FISCAL RESTRAINT

Mr. BROCK. Mr. President, I recently read an article printed by Jack Harper of Grand Rapids, Mich., regarding an incident which occurred in the life of Davy Crockett, a former fellow-Tennessean. The article, "Not Yours To Give," describes an incident which taught Congressman Crockett a lesson about fiscal responsibility.

I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Not Yours To Give

(By Jack Harper)

One day in the House of Representatives, a bill was taken up appropriating money for the benefit of a widow of a distinguished naval officer. Several beautiful speeches had been made in its support. The Speaker was just about to put the question when Crockett arose:

"Mr. Speaker—I have as much respect for the memory of the deceased and as much sympathy for the sufferings of the living, if suffering there be, as any man in this House, but we must not permit our respect for the dead or our sympathy for a part of the living to lead us into an act of injustice to the balance of the living. I will not go into an argument to prove that Congress has no power to appropriate this money as an act of charity. Every member upon this floor knows it. We have the right, as individuals, to give away as much of our own money as we please in charity; but as members of Congress we have no right so to appropriate a dollar of the public money. Some eloquent appeals have been made to us upon the ground that it is a debt due the deceased. Mr. Speaker, the deceased lived long after the close of the war; he was in office to the day of his death, and I have never heard that the government was in arrears to him.

"Every man in this House knows it is not a debt. We cannot, without the grossest corruption, appropriate this money as the payment of a debt. We have not the semblance of authority to appropriate it as a charity. Mr. Speaker, I have said we have the right to give as much money of our own as we please. I am the poorest man on this floor. I cannot vote for this bill, but I will give one week's pay to the object, and if every member of Congress will do the same, it will amount to more than the bill asks."

He took his seat. Nobody replied. The bill was put upon its passage, and, instead of passing unanimously, as was generally supposed, and as, no doubt, it would, but for that speech, it received but few votes, and, of course, was lost.

Later, when asked by a friend why he had opposed the appropriation, Crockett gave this explanation:

"Several years ago I was one evening standing on the steps of the Capitol with some other members of Congress, when our attention was attracted by a great light over in Georgetown. It was evidently a large fire. We jumped into a hack and drove over as fast as we could. In spite of all that could be done, many houses were burned and many families made houseless, and, besides, some of them had lost all but the clothes they had on. The weather was very cold, and when I saw so many women and children suffering, I felt that something ought to be done for them. The next morning a bill was introduced appropriating $20,000 for their relief. We put aside all other business and rushed it through as soon as it could be done.

"The next summer, when it began to be time to think about the election, I concluded I would take a scout around among the boys of my district. I had no opposition there, but, as the election was some time off, I did not know what might turn up. When riding one day in a part of my district in which I was more of a stranger than any other, I saw a man in a field plowing and coming toward the road. I gauged my gait so that we should meet as he came to the fence. As he came up, I spoke to the man. He replied politely, but, as I thought, rather coldly.

"I began: 'Well, friend, I am one of those unfortunate beings called candidates, and—'

" 'Yes, I know you; you are Colonel Crockett. I have seen you once before, and voted for the the last time you were elected. I suppose you are out electioneering now, but you had better not waste your time or mine. I shall not vote for you again.'

"This was a sockdolager . . . I begged him to tell me what was the matter.

" 'Well, Colonel, it is hardly worth-while to waste time or words upon it. I do not see how it can be mended, but you gave a vote last winter which shows that either you have not capacity to understand the Constitution, or that you are wanting in the honesty and firmness to be guided by it. In either case you are not the man to represent me. But I beg your pardon for expressing it in that way. I did not intend to avail myself of the privilege of the constituent to speak plainly to a candidate for the purpose of insulting or wounding you. I intend by it only to say that your understanding of the Constitution is very different from mine; and I will say to you what, but for my rudeness, I should not have said, that I believe you to be honest. . . . But an understanding of the Constitution different from mine I cannot overlook, because the Constitution, to be worth anything, must be held sacred, and rigidly observed in all its provisions. The man who wields power and misinterprets it is the more dangerous the more honest he is.'

" 'I admit the truth of all you say, but there must be some mistake about it, for I do not remember that I gave any vote last winter upon any constitutional question.'

" 'No, Colonel, there's no mistake. Though I live here in the backwoods and seldom go from home, I take the papers from Washington and read very carefully all the proceedings of Congress. My papers say that last winter you voted for a bill to appropriate $20,000 to some sufferers by a fire in Georgetown. Is that true?'

" 'Well, my friend; I may as well own up. You have got me there. But certainly nobody will complain that a great and rich country like ours should give the insignificant sum of $20,000 to relieve its suffering women and children, particularly with a full and overflowing Treasury, and I am sure, if you had been there, you would have done just as I did.'

" 'It is not the amount, Colonel, that I complain of; it is the principle. In the first place, the government ought to have in the Treasury no more than enough for its legitimate purposes. But that has nothing to do with the question. The power of collecting and disbursing money at pleasure is the most dangerous power that can be entrusted to man, particularly under our system of collecting revenue by a tariff, which reaches every man in the country, no matter how poor he may be, and the poorer he is the more he pays in proportion to his means. What is worse, it presses upon him without his knowledge where the weight centers, for there is not a man in the United States who can ever guess how much he pays to the government. So you see, that while you are contributing to relieve one, you are drawing it from thousands who are even worse off than he. If you had the right to give anything, the amount was simply a matter of discretion with you, and you had as much right to give $20,000,000 as $20,000. If you have the right to give to one, you have the right to give to all; and, as the Constitution neither defines charity nor stipulates the amount, you are at liberty to give to any and everything which you may believe, or profess to believe, is a charity, and to any amount you may think proper. You will very easily perceive what a wide door this would open for fraud and corruption and favoritism, on the one hand, and for robbing the people on the other. No, Colonel, Congress has no right to give charity. Individual members may give as much of their own money as they please, but they have no right to touch a dollar of the public money for that purpose. If twice as many houses had been burned in this county as in Georgetown, neither you nor any other member of Congress would have thought of appropriating a dollar for our relief. There are about two hundred and forty members of Congress. If they had shown their sympathy for the sufferers by contributing each one week's pay, it would have made over $13,000. There are plenty of wealthy men in and around Washington who could have given $20,000 without depriving themselves of even a luxury of life. The congressmen chose to keep their own money, which, if reports be true, some of them spend not very creditably; and the people about Washington, no doubt, applauded you for relieving them from the necessity of giving by giving what was not yours to give. The people have delegated to Congress, by the Constitution, the power to do certain things. To do these, it is authorized to collect and pay moneys, and for nothing else. Everything beyond this is usurpation, and a violation of the Constitution.

" 'So you see, Colonel, you have violated the Constitution in what I consider a vital point. It is a precedent fraught with danger to the country, for when Congress once begins to stretch its power beyond the limits of the Constitution, there is no limit to it, and no security for the people. I have no doubt you acted honestly, but that does not make it any better, except as far as you are personally concerned, and you see that I cannot vote for you.'

"I tell you I felt streaked. I saw if I should have opposition, and this man should go to talking, he would set others to talking, and in that district I was a gone fawn-skin. I could not answer him, and the fact is, I was so fully convinced that he was right, I did not want to. But I must satisfy him, and I said to him:

" 'Well, my friend, you hit the nail upon the head when you said I had not sense enough to understand the Constitution. I intended to be guided by it, and thought I had studied it fully. I have heard many speeches in Congress about the powers of Congress, but what you have said here at your plow has got more hard, sound sense in it than all the fine speeches I ever heard. If I had ever taken the view of it that you have, I would have put my head into the fire before I would have given that vote; and if you will forgive me and vote for me again, if I ever vote for another unconstitutional law I wish I may be shot.'

"He laughingly replied: 'Yes, Colonel, you have sworn to that once before, but I will trust you again upon one condition. You say that you are convinced that your vote was wrong. Your acknowledgment of it will do more good than beating you for it. If, as you go around the district, you will tell people about this vote, and that you are satisfied it was wrong, I will not only vote for you, but will do what I can to keep down opposition, and, perhaps, I may exert some little influence in that way.'

" 'If I don't,' said I, 'I wish I may be shot; and to convince you that I am in earnest in what I say I will come back this way in a week or ten days, and if you will get up a gathering of the people, I will make a speech to them. Get up a barbecue, and I will pay for it.'

" 'No, Colonel, we are not rich people in this section, but we have plenty of provisions to contribute for a barbecue, and some to spare for those who have none. The push of crops will be over in a few days, and we can then afford a day for a barbecue. This is Thursday; I will see to getting it up on Saturday week. Come to my house on Friday, and we will go together, and I promise you a very respectable crowd to see and hear you.'

" 'Well, I will be here. But one thing more before I say good-by. I must know your name.'

" 'My name is Bunce.'

" 'Not Horatio Bunce?'

" 'Yes.'

" 'Well, Mr. Bunce, I never saw you before, though you say you have seen me, but I know you very well. I am glad I have met you, and very proud that I may hope to have you for my friend.'

"It was one of the luckiest hits of my life that I met him. He mingled but little with the public, but was widely known for his remarkable intelligence and incorruptible integrity, and for a heart brimful and running over with kindness and benevolence, which showed themselves not only in words but in acts. He was the oracle of the whole country around him, and his fame had extended far beyond the circle of his immediate acquaintance. Though I had never met him before, I had heard much of him, and but for this meeting it is very likely I should have had opposition, and had been beaten. One thing is very certain, no man could now stand up in that district under such a vote.

"At the appointed time I was at his house, having told our conversation to every crowd I had met, and to every man I stayed all night with, and I found that it gave the people an interest and a confidence in me stronger than I had ever seen manifested before.

"Though I was considerably fatigued when I reached his house, and, under ordinary circumstances, should have gone early to bed, I kept him up until midnight, talking about the principles and affairs of government, and got more real, true knowledge of them than I had got all my life before.

"I have known and seen much of him since, for I respect him—no, that is not the word—I reverence and love him more than any living man, and I go to see him two or three times every year; and I will tell you, sir, if every one who professes to be a Christian lived and acted and enjoyed it as he does, the religion of Christ would take the world by storm.

"But to return to my story. The next morning we went to the barbecue, and, to my surprise, found about a thousand men there. I met a good many whom I had not known before, and they and my friend introduced me around until I had got pretty well acquainted—at least, they all knew me.

"In due time notice was given that I would speak to them. They gathered up around a stand that had been erected. I opened my speech by saying:

" 'Fellow-citizens—I present myself before you today feeling like a new man. My eyes have lately been opened to truths which ignorance or prejudice, or both, had heretofore hidden from my view. I feel that I can today offer you the ability to render you more valuable service than I have ever been able to render before. I am here today more for the purpose of acknowledging my error than to seek your votes. That I should make this acknowledgement is due to myself as well as to you. Whether you will vote for me is a matter for your consideration only.'

"I went on to tell them about the fire and my vote for the appropriation and then told them why I was satisfied it was wrong. I closed by saying:

" 'And now, fellow-citizens, it remains only for me to tell you that the most of the speech you have listened to with so much interest was simply a repetition of the arguments by which your neighbor, Mr. Bunce, convinced me of my error.

" 'It is the best speech I ever made in my life, but he is entitled to the credit for it. And now I hope he is satisfied with his convert and that he will get up here and tell you so.'

"He came up on the stand and said:

" 'Fellow-citizens—It affords me great pleasure to comply with the request of Colonel Crockett. I have always considered him a thoroughly honest man, and I am satisfied that he will faithfully perform all that he has promised you today.'

"He went down, and there went up from that crowd such a shout for Davy Crockett as his name never called forth before.

"I am not much given to tears, but I was taken with a choking then and felt some big drops rolling down my cheeks. And I tell you now that the remembrance of those few words spoken by such a man, and the honest, hearty shout they produced, is worth more to me than all the honors I have received and all the reputation I have ever made, or ever shall make, as a member of Congress.

"Now, sir," concluded Crockett, "you know why I made that speech yesterday.

"There is one thing now to which I will call your attention. You remember that I proposed to give a week's pay. There are in that House many very wealthy men—men who think nothing of spending a week's pay, or a dozen of them, for a dinner or a wine party when they have something to accomplish by it. Some of those same men made beautiful speeches upon the great debt of gratitude which the country owed the deceased—a debt which could not be paid by money—and the insignificance and worthlessness of money, particularly so insignificant a sum as $10,000, when weighed against the honor of the nation. Yet not one of them responded to my proposition. Money with them is nothing but trash when it is to come out of the people. *But it is the* one great thing for which most of them are striving, and many of them sacrifice honor, integrity, and justice to obtain it."

SPECIAL WATERGATE PROSECUTOR JIM NEAL

Mr. McGEE. Mr. President, Nashville, Tenn., may claim him as their hometown boy, but Wyoming can also lay claim to at least a piece of Special Watergate Prosecutor Jim Neal.

Although Jim was raised in Nashville, he starred at the University of Wyoming during the early 1950s on a football team that was one of the best in the Nation. Just as Jim has earned the reputation as one of the best trial lawyers around, he also was one of the best football players around the country while at the University.

While Nashville may hold first, and perhaps the greatest, claim to Jim Neal, I just wanted to call to the attention of my colleagues that Wyoming also has had a stake in his career.

I want to take this opportunity to pay tribute to Jim's abilities which have placed him in a very critical position at a very critical moment in our Nation's history. One thing you will never have to worry about Jim Neal is the fact that he will be more than equal to the task.

I ask unanimous consent that an article appearing in the November 10 edition of the Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WATERGATE PROSECUTOR JIM NEAL: THE SHREWD TENNESSEE LAWYER WHO ONCE NAILED HOFFA AND WHO HATES TO LOSE

(By Judy Bachrach)

If you ask the folks back home in Nashville about Jim Neal, who made the long trek North this time only after some pushing, they'll talk your ear off. They say he's been losing a pile of money ever since he suspended his lucrative law practice back home to become chief trial attorney in the Watergate case.

("Prestige?" echoes Tyree Harris, another prominent Nashville lawyer, "Prestige is awful hard to eat . . .")

They say he's one of the best trial lawyers around.

They say he's superb in the pit, radiating confidence, charm, authority. They say he's never lost a case when he's pleaded a client not guilty. Or, more accurately, he's never had a conviction upheld.

They say Jim Neal hates to lose about as much as any man they've ever known.

"If you play three sets of tennis with Jim Neal," says his partner, Aubrey Harwell, "and he beats you the first two rounds, but loses the third, Jim will demand a rematch. No matter what time it is. No matter how late it is."

They say he's that kind of guy.

"Yes," says James F. Neal, nodding sorrowfully, "I really hate losing. And that's bad. It's because I have these feelings of inferiority, I think. And I think when you feel inferior then you feel you've got to win. And that's bad too."

At this moment, while he is trying to look absorbed in the process of fiddling with a lighter and a 50-cent fat cigar, he does not at all look like the smooth tough associate special prosecutor who choreographs Watergate courtroom strategy in tandem with Richard Ben-Veniste and Jill Volner—both of whom he hired. He looks a little annoyed with himself and the tennis anecdote. He is a smallish man, this Nashville lawyer who will pit his shrewdness and experience against the lawyers for Haldeman and Ehrlichman.

He has a Southern accent that ebbs and flows according to his mood. He has a slight paunch which he straps inside a blue Brooks Brothers shirt that matches his eyes.

"I guess I'm dumpy," says Jim Neal. "And let's face it, you don't care much about clothes when you're dumpy."

He is, in fact, a man of rather arresting good looks, and the broad red tie, the jacket that refuses to leave his frame on a very warm day, all testify to the fact that he cares a good deal about his appearance. It is, after all, one way of winning.

"Jimmy Hoffa once called me the most vicious prosecutor who ever lived." He grins at the memory. Jim Neal won against the old Teamster president, too. That was back in '64 when he was just 35 and still working for then Attorney General Robert F. Kennedy in the Justice Department. Neal's first Hoffa trial (1962) ended in a hung jury. But in '64 he got a Chattanooga court to convict Hoffa for jury tampering.

It was, to say the least, a rather spectacular trial, or as Neal would say, "not a very gentlemanly contest."

One Hoffa lawyer outdid himself in his summation before the jury. As Neal recalls: "He threw 30 pieces of silver on my table. And then he said, 'Pick up your pieces of silver, Mr. Neal. You've earned them . . .' "

He draws reflectively on the cigar, his accent billowing forth with the smoke. "In fact I like Hoffa. Why sure I did. W-a-a-a-l let me change that a bit. 'Like' is too strong. I recognized some stellar qualities in Hoffa. He was born poor; he was tough; he didn't whine or ask for mercy. And he fought with everythin' in him."

"Jim Neal is highly competitive," says his partner. "I can't stress that enough. Have you ever thought of what distinguishes a great trial lawyer from a good one? It's the ability to dominate. Jim's got it."

But winning is a strange thing. And Jim Neal who's done it for a number of clients whom a lot of Nashville folks would swear were as guilty as sin—he says so much in life is a matter of luck.

"And I've paid some price for it, too. Well, I have a hiatal hernia and I have stomach spasms. Yeah, it's tension most of the time. See, I must remain outwardly confident all the time, in the courtroom . . ."

He was born 45 years ago, a farm boy in very rural Tennessee. Oak Grove ("Pop. 35—less now that Jim is gone," says his partner) was his birthplace, and his parents, Robert Gus and Emma Neal, now 81 and 80, still live there.

"We had 80 acres," says Emma Neal. "And Jim used to milk the cows and sell the cream—yeah, he had his own cow, too. We had plenty to eat and plenty to wear and when you feel like that you're not poor. But we wasn't rich, that's for sure."

So if you gauge progress in purely monetary terms, Neal's come a fair distance since his boyhood. He lives in a big stone house that he gutted and remodeled in the western part of Nashville ("The better part," explains one native). There is a tennis court on the grounds. His buddy, John Seigenthaler, once an administrative aide to Robert Kennedy, who now publishes the Nashville Tennessean, estimates that Neal's private practice earns him about $100,000–$150,000 a year.

Jim Neal chuckles at that figure. "Why that's mighty flatterin". But when you hit the papers you read all sorts of things about yourself. Like I read how I was a star football player in college. Actually, I was pretty pedestrian."

It was football, nonetheless, that paid for his education at the University of Wyoming.

"Paid me books, learnin', plus 30 bucks extra a month and theoretically I had to clean the head—that's the john," he explains graciously.

"Jim wasn't an excellent student," says his mother. "But he never flunked."

"Why I was just lucky I didn't flunk out," says her son. "Barely went to class. Barely studied. I tell you those were four years of uninsured foolishness." He glares at the coffee table, angry with himself. "I was just lazy, good-fer-nothin' . . ."

Well, people do change. After college he entered the Marine Corps, positive he was going to fight in Korea. He didn't. He became, instead, a liaison officer, with time to think about what he was not doing with his life.

"And I said, 'Hell I got to stop this. Got to make somethin' of myself.' Well I figured, 'Hell. This is hard work. Better become a lawyer.' "

The blue eyes light up. "So I went to Vanderbilt (University) and I'm proud to say I got only two B's." He raises two fingers for emphasis.

"The rest were all A's."

He graduated first in his class. In 1957, he arrived in Washington at the firm of Turney & Turney where he did some tax law, minor cases, "and whatever garbage they give you when you're just outta law school."

By that time he was 28 and had been married three years. Today after 20 years of marriage he says, "Well it's like all marriages. It's good and bad. We have fights. I love my wife, appreciate, respect her and I can't think of being married to anyone else."

"Yes, pretty much," says Julie Neal who is now down in Nashville. "I pretty much knew I wanted to marry Jimmy right after I met him." She was born a Yankee in Harrisburg, Pa., but years of Nashville have stretched her vowels, obliterated consonants.

She met Neal on a blind date, married him when she was 22, having only partially completed her education at Immaculata College in Pennsylvania. She says, "Maybe I would've become a lawyer if I was as smart as Jim. But probably not." She works part time as a bookkeeper.

Almost from the first her husband's jobs took him away. A lot. And these days she sees him only on the occasional weekend.

"Yes, that's probably why we've stayed married 20 years." She laughs. "I've really grown accustomed to it. But it's harder on Jimmy than it is on me to do this . . ."

"This is tougher on my family than it is on me," says Jim Neal. "You know raising kids is a very difficult thing. I don't know many great parents."

He sighs. He has two children: a daughter, 11; and a son, 14, who is a copyboy at the Nashville Tennessean.

"And he loves that. You know my son, to be honest, has a lot of trouble adjusting to life. But the two things he really loves are his Yamaha and that job."

He leans back and studies his cigar which has gone dead. "It's probably more difficult for them like this than if I never went home. But I'm home just enough to have an unsettling influence on my family, and frankly, I feel very guilty about it. That's one reason I'll be glad when this trial is over."

His wife says, "It took a lot of arguments on (Former Special Prosecutor Leon) Jaworski's part to bring Jimmy back to Washington (the second time). I tried to persuade him to go. 'Cause he'd be sorry if he didn't." She laughs again. "Well I think he likes the limelight."

The first time Jim Neal glowed under the limelight was during the '62 Hoffa trial. He had arrived at RFK's Justice Department but one year earlier at the age of 32—a bright, cocky young man who, despite his yen for tax law, was placed by Kennedy in the criminal division.

He played touch football with the rest of the crowd up at Hickory Hill. And he worked with—and this ultimately proved to be of some significance—the solicitor general whose name was Archibald Cox.

"Archie was several years older and much ahead of me in personal accomplishment." Neal grins broadly. "Yeah I suspect Archie thought I had more brashness than sense."

In '64 he left the Justice Department and was named U.S. attorney in Nashville to fill the unexpired term of his predecessor.

"Yeah, and one of the last things I had to do before I became U.S. attorney was prosecute Hoffa's Nashville lawyer who'd tried to bribe a juror. Tommy (Z.T.) Osborn. Yeah. A pretty good friend of mine too." Neal shakes his head slowly, sadly. "He shot himself a few years after he got out of prison."

(It was not to be the last time a "pretty good friend" who happened to be a lawyer ran into a messy situation. Last weekend, William O. Bittman who'd known Neal since their Justice Department days, brought the prosecutor a copy of an E. Howard Hunt memo that showed the Watergate break-in defendants were expecting pardons and hush money—even before their trial began. According to Neal, Bittman had repeatedly denied any knowledge of that memo.

(Neal, says Bittman, "was and still is" his good friend. And that's all he'll say).

By 1966 Jim Neal left the limelight and set up a private practice that included some perfectly splendid cases. A police commissioner in Chattanooga accused of a moonshine whiskey conspiracy. Acquitted. An accused hijacker caught by the FBI with a gun in his belt. Acquitted. Edward Grady Partin, a former Louisiana Teamsters boss, and one-time Hoffa inmate who became a key anti-Hoffa witness, charged with antitrust violations. Two convictions that arose out of those charges set aside. Folks down in Nashville can't get over Jim Neal's record.

And Tyree Harris pays him the supreme compliment.

"I know if I was under indictment, I'd rather have Jim defending me. 'Specially if I was guilty.'"

And Jim Neal handles all of Johnny Cash's business. They're good friends.

"Matter of fact, Johnny just called me th'other day. Wants two tickets to the Watergate trial, Nov. 11. For him and June."

Someone who knows him pretty well says that Jim Neal was troubled about the possible consequences of pardoning Richard Nixon. He says Neal was worried about the effect all this might have on the Watergate jurors, who know that the President pardoned Richard Nixon, and not, say, Haldeman or Ehrlichman.

Hearing this, Jim Neal grows grave—and alarmed. "Look, I can't comment on that one way or the other." His brow furrows. "The gag rule. I just can't confirm or deny it."

And one person who's talked to him recently says, "I get the impression he (Neal) might not be too impressed by Jaworski at all . . . He knows that Archie (Cox) liked young people with intellect. And when a question of law and procedure came up, Cox would get together with the young staff members in a give-and-take dialogue to develop policy.

"Jaworski, on the other hand, didn't enjoy that sort of thing. He didn't want to be bothered dealing with the staff in an intimate way. He wanted them to come up with a decision. And then he'd say 'Yes,' or 'No.'"

At this Neal shakes his head vehemently. "I don't think that's entirely accurate. I have high regard for Leon. In some ways more than I have for Archie Cox. You know Leon—he's an establishment lawyer from Texas and it took great courage for Leon (to prosecute Watergate); whereas Archie was more liberal to begin with."

But he adds, "Leon was more a man who wanted you to go back to your own office and wrestle with a problem."

It was, nonetheless, Archie Cox who lured Jim Neal away from Nashville, Tenn. That was right after he was appointed special prosecutor, and Neal said, yes, he would come. But just for two weeks.

Well, the two weeks did one of those instant film dissolves. And so, it wasn't until five months later that Neal left for home and family. That was the day John Dean pleaded guilty and Neal figured he'd done just about enough.

The next day Archie Cox was fired.

"And Jim was shattered," says one friend, "He loved Archie."

So then it was Leon Jaworski's turn to start calling Nashville. "We were all hoping that Jim would come back," says Richard Ben-Veniste.

"Mr. Jaworski called a number of times," says Neal's law partner. "Jim's absenses created tremendous difficulties for us in handling business. But (Watergate) is the biggest game in town. The biggest."

And Jim Neal says, "I get bored just practicing law in Nashville . . ."

So last May he returned North to complete the job. Every day he rises "as late as possible" and finishes by 10 p.m. He lives in a furnished flat and he says it's not much of a life, but you get used to anything.

John Seigenthaler came up a little while back and watched his old friend in action. He says that Jim Neal stands directly behind the podium at the end of the jury box—and does not move from there. Not after he heard Judge John Sirica chastise another attorney for moving about.

"Jim dresses very casually—dark blue blazer," says Seigenthaler. "Now he knows John Dean's testimony about as well as John Dean. But when he questioned him it was in such a conversational way that this was not apparent to the jurors.

"And when he cross-examines," Seigenthaler chuckles. "Well, you'll see. He's tough. He never goes on a fishing expedition. Never asks a question to which he doesn't know the answer. Jim doesn't believe in surprises on the witness stand. . . ."

But Jim Neal won't talk the trial. At all.

Questions like, "Are the rules of evidence being compromised in the trial?" Or, "What do you think of John Dean?" yield this unvarying response:

"Like to talk to you 'bout that some time. . . ."

And a laugh.

"When I resigned as U.S. attorney, having had some notoriety, I had a tough time adjusting to anonymity." Jim Neal plays with his lighter. "Any time you go through something like this (Watergate publicity) the real world—and the boredom associated with the real world—creates problems. . . ."

It is probably flight from boredom more than anything else that motivates Jim Neal. That and a very obvious impatience with his own frailties. He's thought seriously about running for mayor, or governor, but gave up the idea.

"I always thought," he says, "that I'd make a very good office-holder and a very poor candidate. You have to fool around day after day. . . ."

And yet, there is a decided kinship between lawyers and politicians—especially trial lawyers. Most attorneys have a peculiar reverence for trial lawyers, regarding them a breed apart. They have to be at once showmen and strategists. And there exists among those who have chosen bravado and stomach spasms as a way of life the brittle camaraderie of gladiators.

"I was at the trial," says John Seigenthaler, "when Jim Neal walked up to John Wilson (Haldeman's lawyer) and said, 'Why are you goin' so soft on John Dean? I thought you'd go after him hammer and tongs.'

"And Wilson, he says, 'The hell you did. You would have done just what I did. And the way I did it.'

"And Neal—he just laughed. And then he said, 'You're right. You're absolutely right. I would've done it just the way you did.'"

COMPUTER PROFESSIONALS SUPPORT PRIVACY SAFEGUARDS AGAINST MISUSE OF THE SOCIAL SECURITY NUMBER

Mr. PERCY. Mr. President, on the 22d of November, the Senate passed S. 3418, the Federal Records Privacy Act. This legislation will bring about a large number of important reforms in the way personal date is collected, used, and disseminated by the Federal Government. One of these reforms, brought about by an amendment introduced by the senior Senator from Arizona (Mr. GOLDWATER) and myself, will limit abuses associated with misuse of the social security number.

Our amendment addresses two concerns. First, we have given the individual a choice in many instances whether or not to disclose his social security number. Second, we have made the social security number less attractive to government and private organizations as a "universal identifier," by making it unlawful to condition the granting of a right, benefit, or privilege on whether an individual discloses his number.

One of the principal concerns that has arisen out of the widespread use of the social security number is the growing possibility that whole systems of personal information will become linked together, with the social security number providing a skeleton key for unlocking files of confidential information. The potential for abusive invasion of privacy is growing and it is important that this fact be widely communicated.

I am thus particularly heartened to learn that the Council for the Association for Computing Machinery, a prestigious professional organization of 28,000 people involved with the computer aspects of information technology, has publicly communicated its concern for abuse of the social security number. I hope that this expression of concern indicates a readiness on the part of computer professionals to contribute constructive proposals for changing from use of the social security number to other, less universal, schemes for verifying identities and referencing personal information.

Mr. President, I ask that the resolution of the Association for Computing Machinery be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION ADOPTED BY THE COUNCIL OF THE ASSOCIATION FOR COMPUTING MACHINERY, NOVEMBER 14, 1974

Whereas:

1. The existence of a universal identifier (UID) makes it possible to match and combine records about individuals;
2. This matching, which is usually not economically or technically feasible with manual data processing methods, is relatively simple and inexpensive with the use of computerized data banks that are able to communicate with each other;
3. In many circumstances this computerized matching simplifies technical problems and offers benefits both to individuals and to society;
4. However, despite some current efforts, present safeguards (technical, organizational, and legislative) are inadequate to prevent unacceptable abuses of the right to personal privacy that the combination of an UID and the use of computers makes possible;
5. The Social Security Number is rapidly becoming a *de facto* UID;
6. Members of the ACM, being intimately aware of the scope of potential mis-use of computers, are concerned that this potential mis-use be prevented;

Therefore:

The Council of the ACM states its concern over the absence of legislative safeguards against the mis-use of universal identifiers, including the Social Security Number, and urges the prompt generation and passage of such legislation.

PRAISE FOR NELSON ROCKEFELLER

Mr. McGEE. Mr. President, I would like to take this occasion to applaud the Senate for its overwhelming vote of confidence in Nelson Rockefeller to be Vice President of the United States.

I would like to take this opportunity to point out, once again, that I had committed myself in support of Nelson Rockefeller in October. I would say that my judgment in support of the nominee was subsequently borne out by the hearings. In my estimation, Nelson Rockefeller rose in stature during the course of both the Senate and House confirmation hearings on his nomination. I was particularly impressed with the manner in which he composed himself during the hearings which, at times, were very high pressured.

In concluding my remarks, I can only reiterate my firm belief that the Nation is fortunate to have Nelson Rockefeller bring his capabilities, knowledge, and long years of public service to the position of Vice President.

THE FOREIGN ASSISTANCE ACT OF 1974

Mr. BAYH. Mr. President, last Wednesday the Senate, by a margin of a single vote, passed the foreign act authorization bill. After careful deliberation, I cast my vote against the bill. Because of the importance of this issue and because of the fact that in my mind it was a difficult choice to make, I wanted to outline briefly why I concluded in the end, that the bill's defects outweighed its merits.

Uppermost in mind was the bill's total cost to the American taxpayers. As we all are well aware, the Nation faces a dangerous and deteriorating economic situation at home. Nearly 6 million Americans are unemployed and still inflation continues unabated. As I asked the citizens of my State to support me this fall, I pledged to do all I could do to reduce Federal spending. When this same legislation was before the Senate in September, I supported and the Senate adopted by a wide margin an amendment by the distinguished Senator from Idaho (Mr. CHURCH) to place an overall ceiling of $5 billion on all bilateral foreign aid programs. Yet, somewhat to my surprise, when the Foreign Relations Committee brought this bill back to the floor, it increased the obligational authority for foreign aid programs by a whopping $350 million. When Senator CHURCH again offered this ceiling amendment during the debate last week, I again supported it, after having succeeded in my amendment to exempt Israel from any cuts because of the unique political and military factors in that region. But the Senate rejected the same amendment we had overwhelmingly passed just 2 months earlier. The fact that we were, in a time of necessary austerity, increasing our foreign aid commitment weighed heavily in my mind against the bill.

On the other hand, the bill had much that made it attractive. It provided significant new procedures for assuring stricter congressional control over how this money was used. Second, it phased out over a 3 year period all military grant aid and U.S. military missions to foreign countries. Third, it sharply reduced military aid to Indochina in general, and South Vietnam in particular. It prohibited military aid to the dictatorship in Chile and significantly cut such aid to the military regime in Korea. Finally, and most importantly, the bill provided a much needed increase in economic and military aid to Israel, designed to offset the rapidly rising level of arms supplies being provided to the Arab countries by the Soviet Union. All of these were positive, worthwhile steps which I strongly support.

Weighing heavily on the negative side of the balance, however, was the fact that we were proposing to spend hundreds of millions of dollars in aid to Syria and Egypt. Some aid seems to me highly inappropriate at a time when the Arab nations are acquiring fantastic wealth as a result of their precipitous and unjustified action in tripling world oil prices, and when the Soviet Union, as well as other nations, are providing the Arabs with large quantities of the most modern and sophisticated weapons. Accordingly, I offered to delete the $100 million special requirements fund apparently destined for Syria. I intend to offer a similar amendment in the Appropriations Committee when we consider the foreign aid appropriations bill.

Finally, Mr. President, I had to consider the overall history of our foreign aid programs. Although not without its success, particularly in the late 1940's and early 1950's, it appears clear to me that somewhere between the stated purposes of the foreign aid program and the realities of the program, something serious has gone awry in recent years.

Since World War II we have spent more than $173 billion on foreign aid. That is $800 for each man, woman, and child in the United States. Last spring Secretary Kissinger characterized the program as "a faithful expression of our moral values," rooted in "the Nation's most basic beliefs" and "reflecting the humanitarian dimension of the American character."

Yet a close examination of these programs reveals that much of the aid goes to line the coffers of the comfortable and fails to touch the lives of the suffering. Vast portions of these funds have been mismanaged by the State Department. They have aggravated the world food shortage by discouraging agricultural production in some less developed countries. They subsidize sweatshop factories like textile mills in Korea who pay employees 10 to 30 cents per hour. They have been used for such projects as a gaming house in Kenya and a luxury hotel with $150-a-day rooms in Haiti, a country where the average weekly wage is about $1.

In fact, the program has come full circle where, like a perpetual motion machine, foreign governments must continue borrowing from the United States in order to pay off past foreign aid loans that come due. Finally, and most importantly, there is good reason to believe that foreign aid has resulted in the loss of tens of thousands of American jobs in a variety of businesses in the United States—from the textile and wearing apparel industry to the food processing industry. This last is simply unacceptable, given the hardships which our Nation now faces.

So, Mr. President, I believe that the Senate made a mistake in approving this bill. Like most of the important decisions we must make, the issues were complicated and difficult, with some merit on both sides of most questions. But making these tough decisions is our job and I accept the responsibility.

JOHN J. McINTYRE—WYOMING SUPREME COURT JUSTICE

Mr. McGEE. Mr. President, last Saturday Wyoming lost one of her greatest public servants with the death of State Supreme Court Justice John J. McIntyre.

The death of John McIntyre deeply saddens those of us who knew him and appreciated those rare qualities which made him a truly unique and towering figure in our State. A former U.S. Congressman, John McIntyre was a gentle man. Yet, this gentleness was blended with an intellect which gave a unique strength to his personage—a strength upon which others could draw. A sense of compassion, a sense of justice, the reflective qualities of the man, came to personify John McIntyre and made him one of the most outstanding justices to serve on the Wyoming Supreme Court. His wisdom and the respect he commanded as a member of the supreme court made him a thoughtful leader on the bench and was a source of strength to those fortunate enough to serve with him.

While we mourn the death of John J. McIntyre, he leaves behind him a living memorial so artfully etched into the laws of our State. Thus, Wyomingites will continue to draw upon the strength of John McIntyre in the decisions he wrote as a member of the bench. This is his legacy—a legacy that few men in our society ever achieve.

I ask unanimous consent that the obituary of John J. McIntyre appearing in last Sunday's edition of the Casper Star-Tribune be printed in the RECORD.

There being no objection, the obituary was ordered to be printed in the RECORD, as follows:

[From the Casper (Wyo.) Star-Tribune, Dec. 8, 1974]

DEATH ENDS COURT CAREER

CASPER.—Politician, preacher, pacifist, soldier, lawyer.

These titles reflected the long and varied career of John J. McIntyre, Wyoming Supreme Court Justice and former Congressman, who died Saturday at the Veterans Administration Hospital in Cheyenne.

He had been under treatment for a rare form of anemia and was scheduled to retire on his 70th birthday, Dec. 17, from the state's high court—where he had served since 1960—but had bobbed up as a "peace candidate" for Congress in political speculation.

Funeral services were scheduled for 1:30 p.m. Monday at the First Methodist Church in Cheyenne, with burial to be in Cheyenne's Memorial Cemetery.

The amiable justice was born on a farm in Dewey County, Okla., Dec. 17, 1905 and came to Glenrock to practice law following his graduation from the University of Colorado in 1928. He later practiced in Douglas and Casper, and often served as a supply pastor for Glenrock Baptist Church on Sundays.

His first venture into politics came when he was a National Guard captain in command of Troop K of the 115th Cavalry in Douglas. While on maneuvers in Centralia, Wash., entered the Wyoming Democratic race for Congress and won the election in the wave of patriotic fervor on the eve of World War II.

McIntyre served in Congress during World War II, but lost a bid for reelection to Republican Frank Barrett, a lawyer from Lusk.

He enlisted in the army as a buck private in 1943, at the age of 37, served 10 months overseas in a field artillery unit of the First Army, and was among the first Americans to meet the Russians in Germany.

Discharged as a staff sergeant, he returned to Wyoming in 1945 to become a deputy state attorney general under the late Governor Lester C. Hunt. He was appointed state auditor in 1946, then returned to private law practice in 1947 at Casper.

His nemesis in politics was Barrett, who defeated him in 1942 and again in 1946 in the races for Wyoming's lone Congressional seat. Barrett later became governor and U.S. Senator, but lost reelection to the Senate in a cliffhanger contest with Gale McGee, the present incumbent.

McIntyre also lost a non-partisan contest for judge of the seventh judicial district in 1948 to the late Judge C. D. Murane. But he had held many other public offices during his long career, including legal posts for the U.S. Departments of Justice and Agriculture in the late 1940s.

Survivors are his widow, Fern, of Cheyenne; one daughter, Mrs. Ruth Miller of Bakersfield, Calif.; four sons, Joe of Brookville, Md., Donald of Phoenix, Darel of Scottsdale, Ariz., and John of Phoenix; and 12 grandchildren.

SHRINKING PAYCHECKS FOR SWELLING GOVERNMENT

Mr. BROCK. Mr. President, George Will, one of the Nation's finest journalists, has called attention in his column to a book by Prof. Friedrich von Hayek, entitled "The Constitution of Liberty," of which Mr. Will says:

> No book written in this century . . . rivals it as an explanation of how the interdependent principles of civil and economic liberty should function in modern societies.

Prof. Hayek, who was a co-winner of the 1974 Nobel prize in economic science, argues that "individual liberty is not only precious, it is efficient." He demonstrates convincingly that—

> Free people, cooperating through free market mechanisms, are more apt than government is to solve the problems that government usually aggravates when it intervenes.

I believe that we, the Congress, must stop viewing the passage of a new law or the creation of a new agency as the solution to each and every problem. Our ever-growing Government is in danger of suffocating private initiative, as Mr. Will so concisely points out. I strongly recommend that every Member of Congress read both his article and Prof. Hayek's fine book.

I ask unanimous consent that the article "Shrinking Paychecks for Swelling Government" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHRINKING PAYCHECKS FOR SWELLING GOVERNMENT

(By George F. Will)

In the early morning next Sunday, when you have turned your clocks back, spend that extra hour of insomnia asking yourself this: If politicians read books, what book would you most want them to read? My choice (ranking even above a biography of Charles I written from Cromwell's point of view) is "The Constitution of Liberty" (1960) by Prof. Friedrich von Hayek.

Hayek (together with Gunnar Myrdal) has won the 1974 Nobel Prize in Economic Science, which is merited but misleading because, like most great economists from Adam Smith through Joseph Schumpete, Hayek's economic writings are just part of a coherent political philosophy.

No precis here could do justice to "The Constitution of Liberty." Suffice it to say that no book written in this century, not even Schumpeter's superb "Capitalism, Socialism, and Democracy," rivals it as an explanation of how the interdependent principles of should function in modern societies.

Hayek's thesis is that individual liberty is not just precious, it also is efficient. He demonstrates that free people, cooperating through free market mechanisms, are more apt than government is to solve the problems that government usually aggravates when it intervenes in the free market to impose its own vision of a rational allocation of society's resources.

And Hayek believes government interventions breed additional interventions, as government becomes frantic about imposing its will on society.

In his most famous book, "The Road to Serfdom" (1944), Hayek argued that all socialism, like National Socialism, is nationalistic. Nationalism facilitates autarchy, which is the indispensable condition for socialism. Hayek said socialists cannot achieve their goal—the total regulation of society through regulation of the economy—unless they insulate the nation from unregulated forces—free trade, free movement of labor and capital, and eventually the free movement of disruptive ideas—that complicate construction of "planned society."

In 1944 Hayek was afraid that such regimes, beginning benevolent and ending totalitarian, might soon destroy western democracies. That has not happened.

I will not argue on Hayek's behalf what a Marxist once argued on Trotsky's behalf: "He was so farsighted that none of his predictions has come true—yet." I will argue that we are meandering mindlessly toward a serfdom that is no less real for being bland.

Today one-sixth of the U.S. labor force works for government, and government expenditures are approaching 40 per cent of the gross national product. Government appetite for the nation's wealth and labor force will become even more ravenous, rapidly, now that government is becoming more frantic in its losing struggle with inflation, recession and the other social problems caused by government attempts to do for people what people should be left free to do for themselves.

Every year we have to work more days than we had to work the year before to pay for government. Each government siphons away more of society's energies so it can regiment and direct them. The fact that our emerging leviathan is bland and benevolent does not mean that it will not reduce us, by barely noticeable incrementals, to enervation.

To illustrate his fear of a state that is solicitious but suffocating, Hayek cites De Tocqueville's somber description, 140 years ago, of a future despotism ruling enervated citizens:

". . . an immense and tuterlary power, which takes upon itself alone to secure (the citizens') gratifications and to watch over their fate. That power is absolute, minute, regular, provident, and mild. It would be like the authority of a parent if, like that authority, its object were to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood . . . For their happiness such a government willingly *labors*, but it chooses to be the sole agent and the only arbiter of that happiness; it provides for their security, foresees and supplies their necessities, facilitates their pleasures, manages their principal concerns, directs their industry, regulates the descent of property, and subdivides their inheritances; what remains but to spare them all care of thinking and all the trouble of living?"

Such a state affects society the way hemlock affected Socrates: numbing begins in the extremities and moves inexorably until it extinguishes the spark of life. Without warnings from men like Hayek, a society, unlike Socrates, does not know it is dying until it is too weak to care.

GENOCIDE TREATY: 25TH ANNIVERSARY OF THE U.S. SIGNATURE

Mr. PROXMIRE. Mr. President, today marks the 25th anniversay of the United States signing of the Genocide Treaty. On December 9, 1948, the United Nation's General Assembly unanimously adopted the convention. Just 2 days later, on December 11, 1948, the U.S. delegation signed the treaty.

In these past 25 years, the U.S. Senate has stubbornly refused to adopt this treaty. And yet, to date, there has been no significant opposition to this important document.

Evidence of this fact is seen by the two separate hearings that have been conducted by a Senate subcommittee of the Foreign Relations Committee. Hearings were held in 1950 and 1970 and both subcommittee's came out in favor of adoption.

It is certainly about time that the Senate votes in favor of this treaty, and goes on record as a major opponent of international crimes such as genocide. Mr. President, on this 25th anniversary, I urge my colleagues to join with me in the interest of international human rights and vote for adoption of the Genocide Convention Accords.

SOME THOUGHTS ON PRESS COVERAGE OF DEFENSE

Mr. McINTYRE. Mr. President, I would like to call my colleagues' attention to a perceptive article which appeared on the editorial page of the Washington Post last Friday, November 30.

The article, titled "CBS's Coverage of Defense," was written by the Post's Michael Getler, who, in my judgment, is among the most knowledgeable, responsible, and lucid reporters covering an issue that tempts oversimplification, sensationalism, and demagoguery.

In this article, Mr. Getler considers the broad challenge of reporting defense news the people can understand and trust within the specific context of a recently released study charging the CBS network with "partial, slanted—and lopsided" reporting of defense issues.

Mr. President, it is not my intention to pass judgment on the validity of that charge. At the conclusion of my remarks I will ask to have the text of the article appear in the Record and let Mr. Getler's analysis speak for itself.

But I would like to address myself to the question raised by the study and examined by Mr. Getler.

Mr. President, there is no issue in American life today more crucial than the issue of national defense. For balanced on this issue are the twin hopes of security and stability, and the twin threats of nuclear holocaust and economic disaster.

If we tilt too far in one direction, we risk the vulnerability that invites aggression. If we tilt too far in the other direction, we risk at best an escalated arms race and more inflation.

All that stands between us and a disastrous tilt of that delicate scale is the balancing weight of accurate information upon which the leadership can make reasoned judgments and from which the American people can draw understanding.

This points up the critical importance of challenging the communications media to put more resources into collecting and dispensing reliable and understandable information on defense.

Now Mr. President, no one appreciates more than I the dimensions of this challenge. I have served for 10 years on the Armed Services Committee, the last 5 as chairman of the Subcommittee on Research and Development. And I know how easily advocates of one position or another can corrupt the issue by oversimplifying, sensationalizing or demagoguing, simply because the very complexity of the issue tempts such corruption.

Nevertheless, I am confident that the American press can meet this challenge, great though it is, Mr. President, because reporters of the caliber of Mr. Getler are convincing evidence that it can be done.

I hope my colleagues share that confidence, Mr. President, because I would hate to see a day when the leadership of this country decides that the issue of defense is too delicate, too dangerous, to entrust to public discussion through the media.

That, in my judgment, would be the day we took our first step toward relinquishing civilian control over the Department of Defense and betrayed the basic tenet in our philosophy of Government.

Thomas Jefferson underscored that tenet when he said:

> I know no safe despository of the ultimate powers of the society but the people themselves. And if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education. This is the true corrective of the abuses of constitutional power.

In brief, Jefferson argued:

> Whenever the people are well informed, they can be trusted with their own government.

Mr. President, let me pursue this point a step further. Not only do I believe every effort must be made to fully inform the public about matters of defense; not only do I believe this must be done, because in our system the public must be the ultimate judge even in such delicate matters; but I believe the same trust must be extended to the press itself.

I would far prefer to charge the press with overseeing its own performance in dispensing information about defense than I would to have that performance evaluated by outside institutions which may or may not have a particular bias on an issue so demonstrably susceptible to special interest distortion.

So while I would put my trust in the media to critique and improve its own performance, I would also place upon it the full responsibility for doing so.

Let me sum up this point now by quoting the final paragraphs of Mr. Getler's article:

> Many defense issues are complex and hard to handle on a news show that involves some 22 minutes of actual reporting time and fewer words than would fill the front page of a major newspaper.
>
> Nevertheless, because this field is so important not only to American security but also to American taxpayers, all the networks, and the newspapers, too, would benefit from a candid review of how good a job they are doing.
>
> If the news or journalism organizations don't engage in such critiques, then detailed studies—financed by special interest groups—that go unanswered on any specific aspect of news coverage can, over the long haul, seriously erode public confidence in what they see, hear and read.

Mr. President, I ask unanimous consent that the full text of Mr. Getler's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

CBS's Coverage of Defense

(By Michael Getler)

"And that's the way it is," is the way Walter Cronkite signs off the CBS Evening News. But is it "the way it is" when it comes to CBS's reporting of national defense matters?

According to a 209-page study of the subject published last month covering CBS news reporting for 1972 and 1973, the answer is "no." The study, prepared by the Institute for American Strategy (IAS), says CBS engaged in such "partial, slanted . . . and lopsided" reporting of defense issues in that sample period that it restricted public discussion as well as public understanding of crucial issues.

The report uses several techniques to measure CBS's coverage. It lists all references to defense subjects in some 521 programs and the number of times each subject was mentioned. It also lists the number of times a particular "theme," such as the debate over defense spending, was mentioned. It lists stories CBS allegedly did not cover at all and then undertakes a "viewpoint analysis"—an attempt to categorize the slant of a news story in terms of how it portrays the threat to U.S. security, principally from the Russians.

One "viewpoint" is the official government assessment of the threat. Another is that which holds the threat to be less grave than the official version, and a third is that which holds the threat from the Soviets to be greater than our elected leaders do. As an organization, IAS is associated with that last category.

The report is getting a good bit of attention. The bulk of publicity thus far has been favorable, in part because there are not many people around who know the news and defense businesses well enough to critique the project—and CBS, unaccountably, has offered no rebuttal.

The report itself is too massive to analyze in detail in a short space. But two basic questions emerge. Is the study, financed by a group that frequently advocates a harder line on defense than the Nixon-Ford administration, a hatchet job on CBS news? Or is CBS guilty of bias against the Pentagon in general and those that advocate even stronger defenses in particular?

The answer, I think, does not support either supposition. The study strikes me as having several flaws. But its total thrust does raise some important questions for TV networks to consider.

First, the flaws. CBS is criticized in the report for allegedly only devoting 3.54 per cent of its defense-related air time to persons advocating the third or hardest line position. But in the period under study, 1972, there was an election campaign going on between Nixon and McGovern, and defense and Vietnam were big issues. In this confrontation, the argument was between the government viewpoint and the McGovern lesser-threat viewpoint and CBS, it seems to me, can hardly be condemned for focusing on those two. The principal cautioning voice raised against the Nixon-brand of detente was that of Sen. Henry Jackson, and it also seems to me that he got on television fairly frequently.

At a press conference unveiling the study, its principal author, Dr. Ernest Lefever of the Brookings Institution, said he felt the case against CBS's defense coverage was made best by a compilation of 23 stories on Soviet military-related developments that had been carried by the New York Times. The Times, he suggested, is normally the bible for CBS editors in New York, and yet none of these stories was carried on the CBS Evening News, according to the study.

The most serious of the charges coming out of The Times tabulation, in my opinion, is the IAS claim that, despite several newspaper stories, CBS's 13.7 million news viewers would have heard nothing about the development of a new generation of large Russian missiles, which could be equipped with highly accurate MIRV-type multiple warheads and which might eventually threaten to destroy U.S. land-based missiles in a surprise attack.

Yet, in the analysis of 131 stories on CBS dealing with U.S. military affairs, the study did *not* count stories dealing with the Strategic Arms Limitation Talks. Asked at the news conference whether the SALT stories reported the new Soviet missile developments, Lefever acknowledged that "there were several mentions of giant missiles that were being developed." But he believes—wrongly in my view—that CBS still failed to focus on this as "hard news," in an assessment of comparative U.S. and Soviet military forces.

It should also be remembered that from 1969 to 1973 the official U.S. estimate of when the Russians would have MIRV-equipped ICBMs was considerably overstated and thus overreported.

It was not until August 1973 that the Soviets actually tested such a missile with MIRVs (reported by CBS). At that time, in fact, Defense Secretary James R. Schlesinger was privately worrying that no one would believe this information because the issue had been so imprecisely dealt with during the time of his predecessor, Melvin R. Laird.

The IAS study also passes off three CBS news reports of Nixon and Laird statements on these new Soviet missile developments as brief, "obligatory" news coverage. In other words, inadequates.

Six more of the 23 stories cited by IAS relate to a single event, the development by the Russians of their first aircraft carrier. As news that certainly should have been reported at some point—as it was elsewhere. But, in the context of the over-all balance of power between the two nations, the development was not terribly significant. The U.S. has 15 aircraft carriers and the Russian vessel is as small as the smallest and oldest U.S. carrier. The story could have been handled in a few sentences.

CBS is also charged with reporting an overwhelming number of stories on drug and race problems in the military as distinct from more positive stories. Actually most viewers are no doubt aware that much "good news" is not "news" and that the vast majority of American servicemen behave honorably. But in the aftermath of Vietnam, the race and drug problems were acknowledged by the Army, Navy and Marine Corps to be their greatest worries. Progress has been made, and it can be argued that failure to focus public attention on these problems might eventually have produced a military force unable or unwilling to fight when called upon the next time.

In charging that CBS neglected to reflect the point of view of vast numbers of Americans concerning defense, the IAS claims that a 1972 poll of "scientifically selected" persons by the Opinion Research Corp. shows that 68 per cent of those interviewed favor a policy of "military superiority" over the Russians, and that 56 per cent would favor spending $20 billion more for defense if the Russians had such superiority. But those answers have little to do with the adequacy of any single defense budget, and no responsible U.S. official has claimed the Soviets have gained military superiority.

Last month's Gallup Poll, on the other hand reports that 44 per cent of those interviewed believed U.S. defense spending is too high and only 12 per cent felt it was too low. The Gallup Poll undoubtedly reflects merely a gut feeling of those interviewed. But here is where the questions raised by the IAS study become important. For example, is the opinion expressed in the Gallup Poll based on current economic pressures or on real understanding of national defense issues? And how are those people forming that opinion. If they live in Washington, New York, Baltimore or Los Angeles—where newspapers give considerable space to defense coverage—they have a fair amount of information available. But if the majority of Americans get their news primarily from TV, then the question of whether they are getting enough information and whether it is balanced coverage is indeed worthy of a continuing look by the networks, given the importance of the subject and the impact of TV news on the public.

Is enough time being given to incisive defense coverage? Do the networks shy away from "the Russians are coming" type of story, even though such stories may contain some legitimate news and could, with a little effort, be handled in perspective? Do they too easily drop technical stories on new weapons which are admittedly hard to explain but which nevertheless are the heart of the arms race? Do reporters sense that their editors only want simple, generally critical, stories and that their chances of getting on the air—and earning more money—are better with such stories?

Many defense issues are complex and hard to handle on a news show that involves some 22 minutes of actual reporting time and fewer words than would fill the front page of a major newspaper.

Nevertheless, because this field is so important not only to American security but also to American taxpayers, all the networks, and newspapers too, would benefit from a candid review of how good a job they are doing.

If the news or journalism organizations don't engage in such critiques, then detailed studies—financed by special interest groups—that go unanswered on any specific aspect of news coverage can, over the long haul, seriously erode public confidence in what they see, hear and read.

RON DAVIS—INTERNATIONALLY RENOWNED ARTIST

Mr. McGEE. Mr. President, Wyoming is a small State populationwise, yet we are fortunate that whatever we may lack in numbers, we certainly make up in quality.

This is particularly true of a Wyoming native who, at the age of 37, is already an internationally renowned artist. The young man is Ron Davis, the son of Mr. and Mrs. Joe Davis, of Cheyenne. Joe recently retired as director of the U.S. Department of Commerce Wyoming field office, where he rendered an invaluable service to so many people in our State.

As was pointed out in the article written by Adeline McCabe—an article which is an exceptional work of art in itself I might add—Ron Davis' paintings hang in the Tate Gallery in London and the Museum of Modern Art in New York. His works have been selected by the director of Washington's Corcoran Gallery to represent an important segment of U.S. art at the Venice Biennale.

We are particularly proud of Ron's achievements and have watched the progress of his career with a deep interest. However, I must also give some credit where such credit is due. Ron comes from a very talented family. In addition to Joe and his wife, Laura, Ron's sister, Mrs. Janet Whitehead, recently captured the post of Laramie county clerk in the November 5 general elections. I might add, this was the first time in many years that a Democrat has won election to this office.

I ask unanimous consent that the article on Ronald Davis be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HIS WORK HANGS WITH LEONARDOS, REMBRANDTS—RON DAVIS OFFERS A ONE-MAN SHOW

(By Adeline McCabe)

The paintings of Cheyenne's Ronald Davis hang in the Tate Gallery in London and the Museum of Modern Art, New York. His works were recently selected by the director of Washington's Corcoran Gallery to represent an important segment of United States art at the Venice Biennale.

Last week at a small dinner in Los Angeles Davis was seated between Barbara Walters and Faye Dunaway. "Two really brilliant women," he commented.

Norton Simon, Californian, whose fabulous art collection includes Leonardos, Rembrandts and Titians, bought a Davis canvas in September—the first abstract painting Simon has seen fit to place along with his storehouse of classical art.

The 37-year-old Central High graduate today enjoys international recognition and substantial earnings which seldom come to an artist in his entire lifetime. Several of his paintings have brought $30,000 each.

But his greatest enthusiasm and effort, recently, have been devoted to the one-man show he will bring to Cheyenne to open November 2 at 7:30 p.m. Starting Saturday he will for the first time share his work with his family and friends in his own home town.

And Joe and Laura Davis, his parents, and *his sister*, Janet Whitehead, are "bustin' all over, "with pride and pleasure that Cheyenne's Western Galleries is presenting the first show in the Rocky Mountain area of Ron's abstract, intensely colorful and inventive "Works."

They're huge, too. Five major paintings and some drawings will literally "take over" the large new gallery in the Old Town Mall.

Davis paints with acrylics on fiberglass, producing geometric creations of such dimensional depth and brilliance that one is reminded of huge uncut gems. They are surreal, unreal, nonrepresentational, yet many contain the same qualities of illusion and perspective found in the greatest paintings of the Renaissance.

Among his contemporaries, Davis has been frequently compared to Frank Stella and to Hans Hofmann, the cubist-abstract expressionist who died in 1965.

But he is really a loner, a modernist devoted to color, line and shape.

He controls these interlocking elements to create incredible illusions of perspective, drawing both from classical tradition and his own recent experimentation in techniques.

Ronald Davis didn't study art during his years in Cheyenne.

"He nearly drove us crazy," his mother says fondly, "always tinkering with sports cars." As a youngster he built model trains and planes "from scratch, not from kits."

He's always been a non-conformist, according to his mother. "He wasn't interested in grades, but several of his teachers commented on his talent for combining colors and geometrical forms," Laura Davis said.

A one-year stint at UW towards a possible engineering career "didn't take." Enrollment at what is now University of Northern Colorado, Greeley, led to his first art courses and a firm determination to be a painter.

California, where he started studying at the San Francisco Institute of Arts in 1962, has claimed and acclaimed him since then.

Davis says frankly that one impelling motive to ship nearly $100,000 worth of his art to Cheyenne is his sister's current campaign to be elected, November 5, to the post of Laramie County Clerk.

Janet Whitehead said her brother's generous support was "just like him." Earlier this month he sent her two multiples of his drawings, carefully executed designs, in brilliant colors, for larger works. They are signed artist's proofs, numbers three and four of 100 produced before destroying the plate.

Mrs. Whitehead is using them as raffle items, selling chances to raise money for her campaign expenses.

The show at Western Galleries November 2–24 will go to Idaho State University, Boise, from Cheyenne.

Having seen only parts of the collection coming here, the writer still has the temerity to predict that the Cheyenne show will provide lively conservation among art lovers for a long time.

The Remington-Russell devotees will look in vain for a slice of history, a story, a human event or a message. But they'll look, we think, with a new curiosity and even a suspension of their accustomed loyalty to realism.

For Davis is a very cerebral poet who pursues rhythm in abstract formulas and mathematical terms. His polyester resin and fiberglass wall slabs are exciting juxtapositions of vibrant color and form, surface and space.

Technical? Yes. But challenging, adventurous, even exotic. Provided the viewer can relax and let his senses be stirred, disturbed and delighted.

Looking at Ron Davis' work reminded this reporter that she may know much about art, but still doesn't know what she likes—and it's a happy guest trying to find out.

GOVERNMENT INTERFERENCE WITH PRIVATE ENTERPRISE

Mr. BROCK. Mr. President, Kenneth H. Bacon in the Wall Street Journal has called attention to a current example of Federal interference that may be both needless and harmful: the Federal Trade Commission's proposal to ban television commercials using premium offers to help sell such items as breakfast cereals. Since the FTC has made its idea known it has, as Mr. Bacon says, received "a flood of angry mail" from the general public as well as the cereal companies, premium manufacturers, television networks, and advertising agencies, protesting the proposal.

I ask unanimous consent that Mr. Bacon's article be printed in the RECORD for all my colleagues to see.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SNAP & CRACKLE YES, TRINKETS NO: FTC'S TALK OF BANNING CEREAL PREMIUMS STIRS IRE OF CITIZENS AS WELL AS FOOD FIRMS, ADMEN

(By Kenneth H. Bacon)

WASHINGTON.—As if things weren't gloomy enough already, the Federal Trade Commission wants to take some of the fun out of breakfast.

That is the contention, at least, of lots of cereal eaters, as well as most cereal companies, the television networks and about 100 companies that make those little doodads that kids fish out of cereal boxes.

Stirring up the fuss is an FTC proposal to prohibit TV commercials that push those trinkets, called premiums, as a way of selling products such as cereal to children.

The premiums, such as a "secret animal stencil" in a box of Kellogg Co.'s Apple Jacks or a record of "monster sounds" attached to a box of General Foods Corp.'s Honey Comb, seldom cost the companies more than two cents each.

But, as the commission has learned from a flood of angry mail after its June proposal to ban the TV ads, cereal companies consider these gimmicks valuable marketing devices. In addition, many cereal eaters think they're just plain fun and want the FTC to keep hands off.

"I guess you don't have children and are too old to remember looking for the silly but fun-for-kids prizes" at the bottom of the box, a Chincoteague, Va., man wrote the FTC. "When you get power, you not only forget being a kid but also think you know what is best for us average people," he said.

The FTC also heard from a nostalgic man in North Carolina: "Going back a few years," he wrote, "the various offers made on behalf of Jack Armstrong, Little Orphan Annie and Captain Midnight" added "a definite flavor to American advertising and merchandising" that would be lost under the agency's proposal.

"IRRELEVANT" TOYS?

The FTC doesn't have anything against Little Orphan Annie—or even against Tony the Tiger, a cartoon character available in vinyl plastic form for $1.50 and two boxtops from Kellogg's Sugar Frosted Flakes. But the agency says it is unfair to highlight prizes on TV because the ads focus a child's attention on an "irrelevant" toy or game rather than on the merits of the product itself.

FTC officials note that many of the 30-second cereal and snack-food commercials that punctuate childrens' TV programs stress the premiums, not the product, during the latter half of the ad. For instance, one Kellogg TV jingle opens with "Start your day the Sugar Smacks way, dig 'em, dig 'em, dig 'em." But after a brief pitch for the cereal, the ad rushed into a promise that "in special packages, there's a coloring set . . . funny cartoons for you to color. . . . There are paints and cardboard brushes, too."

FTC Chairman Lewis A. Engman, the commission's chief advocate of the proposed ban, contends that "by putting the offer at the end of the ad, the advertiser can ensure that the premium is fixed" in the viewer's mind. This hard-sell technique may be confusing to children and, thus, a deceptive practice, he says.

"MANIPULATED" AND "SWEET-TALKED"

Many parents and consumer groups agree and support the proposal. "Premiums are but one example of a method by which children are daily manipulated, sweet-talked and coddled into wanting and subsequently demanding a product," charges Action for Children's Television, one of the public-interest groups that helped persuade the FTC to propose the ban.

But cereal companies, their advertising agencies and the television networks don't like the idea a bit. It represents an "unprecedented and unwarranted incursion into a marketing methodology that has long been used and widely accepted," asserts J. P. Baird, vice president and general counsel of Ralston Purina Co.

Mr. Baird's opinion is one of more than 500 comments that the FTC has received since its announced the proposal. The commission isn't likely to abandon its determination to do something to curb premium advertising. There's a chance, however, that the FTC might compromise, when it makes a final ruling in a month or so, by allowing ads to mention premiums as long as the reference is incidental to a pitch for the product itself.

Mr. Baird argues that banning premium advertising would curtail the ability of cereal companies to compete with one another. "The use and advertisement of premiums is one of the more effective measures to promote" new products, he says.

And manufacturers and marketing executives dispute the FTC's contention that premiums are irrelevant and unfair. A premium is "most often an intrinsic feature of the product" and "an essential factor to be considered when product preferences are formulated," General Foods says.

"Premiums are big things for children," acknowledges William Battle, president of the Premium Advertising Association, but he insists that "you can't sell a crummy product with a premium."

THE NETWORKS' OBJECTIONS

The television networks resent being singled out by the FTC. "If something is wrong with premium advertising, then all premium advertising should be banned," CBS says.

This thought scares marketing men. They note that the FTC proposal leaves open the possibility that the agency might decide to ban premium ads directed at kids not only from TV but also from comic books, magazines and radio, Mr. Battle of the Premium Advertising Association senses that "the philosophy of the FTC is against all premiums, not just premiums for children." FTC officials deny that they want to ban all premiums, but a staff document issued in support of the proposed restrictions on premiums cites legal precedents for sweeping action to ban all premiums.

The proposed ban has already sent shock waves through the industry that designs, manufactures and packages premiums for cereal companies. According to Advertising Age, a trade publication, cereal makers spend about $60 million a year buying trinkets from more than 100 premium manufacturers, many of them small.

Premium producers complain that they will be put out of business if the advertising ban takes effect. They argue that cereal companies then would spend the $60 million on other forms of promotion, rather than reduce prices. Toy Development Co., a Skokei, Ill., concern that specialize in making premiums for cereal companies, says the proposed ban "has just about brought our business to a complete standstill. Most of our customers are holding off committing for new premiums" until the FTC makes a final ruling.

"If this ban is effected, our company will be forced out of business," contends Lloyd A. Tait, president of Per Pak Corp., a Brook, Ind., premium packager with 200 employes.

In a letter to FTC Chairman Engman, Mr. Tait said, "Many of our employes are mothers and grandmothers. They have asked me to tell you they would much prefer to have their families watch TV premium advertisements rather than old James Cagney movies. Perhaps you and Mrs. Engman can control the TV which your lovely children watch—but TV is a way of life and a Saturday baby-sitter for many working mothers."

Commissioner Stephen A. Nye admits that the complaints of small manufacturers have raised a problem for the FTC. "When the big boys wrestle, it's often the little fellows who get hurt," he says.

EMERGENCY UNEMPLOYMENT COMPENSATION ACT OF 1974

Mr. RIBICOFF. Mr. President, I am pleased that the Ways and Means Committee has approved the substance of S. 4207, our unemployment compensation bill.

The House is expected to take up the bill today—H.R. 17597—and I hope the Senate will follow with swift action so that we can begin paying benefits in January of 1975. Our bill, which is supported by both the parties, is in the spirit of the President's suggestions. I hope he will give the bill his active support.

Because of the complicated nature of unemployment compensation, I have prepared an explanation of our bill as well as a chart comparing our bill to present law.

I ask unanimous consent that the explanation, the chart, and a list of the cosponsors of S. 4207 be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. Mr. President, I am hopeful that Congress will also take favorable action on other legislation to provide unemployment benefits for uncovered workers and to provide jobs in the public section for those who are unemployed.

EXHIBIT 1

Re Explanation of Ribicoff-Nelson-Javits Emergency Unemployment Compensation Act of 1974, (S. 4207, introduced Dec. 4, 1974)

With national unemployment above 6% and the economic picture getting bleaker, Congress must take immediate action on unemployment benefits now to assure that benefits get to the people by the start of the year.

REGULAR BENEFITS—1ST TO 26TH WEEK

Under present law, most states provide 26 weeks of state-financed benefits. Our bill does not change the Regular Benefits program.

EXTENDED BENEFITS—27TH TO 39TH WEEK

In 1970 we enacted a federal-state *extended* benefits program to provide an additional 13 weeks of benefits to people in high unemployment states. Under present law there are two ways a state can trigger into this program—one way is if a national unemployment trigger is reached and second, if the national trigger is not reached, a state can come in by itself if it reaches a state trigger.

The *national* trigger is presently a 4.5% insured[1] unemployment rate.

If the national insured rate is 4.5% for 3 consecutive months all states automatically provide an additional 13 weeks of benefits with the states and the federal government sharing the cost. This national trigger is so high that it has been triggered on in only one three month period since 1970 (in the fall of 1971).

Our bill lowers the national trigger to a 4% insured unemployment rate. This means that if the national trigger of 4% is hit for three consecutive months all states will pay an additional 13 weeks of benefits. In October the national rate hit 4%. Since it will hit that figure in November and December, we can begin paying benefits in January under the 4% trigger. Under our proposal the $200 million cost of liberalizing this trigger will be borne entirely by the federal government.

Under present law and under our proposal, if the national trigger isn't reached, individual states can become eligible for extended benefits if they reach a separate state trigger. The state trigger requires a state to have a 4% insured unemployment rate and in addition requires that a state's rate be going up at 120% over a corresponding period in the previous two years. This 120% requirement was enacted to help only those states whose unemployment is rapidly rising.

In the past few years as unemployment has either dropped or levelled off at high levels, states have not been able to meet the 120% trigger requirement. In the last two years this Committee has waived the trigger requirement on 5 separate occasions. (Presently the 120% requirement is waived through April 30, 1975. Our bill waives it through December 31, 1976.)[2]

In summary, our revisions in the Extended Benefits program (27th to 39th week) make it easier for states to trigger into this program at no extra cost to the states.

EMERGENCY BENEFITS—39TH TO 52D WEEK

The Emergency Benefits portion of our proposal provides an *emergency* 13 weeks of benefits after a worker has run out of his 26 weeks of *regular* benefits and 13 weeks of extended benefits. The concept is similar to one which I and Senator Magnuson cosponsored and which was law from December of 1971 through December of 1972.

The emergency 13 weeks of benefits will be paid in any state which also has in effect the Extended Benefits Program. Therefore, we expect that as of January 1975 benefits can be paid under both the extended and the emergency programs in all states.

The cost of the emergency 13 weeks of benefits in 1975 is $900 million. It is expected that there will be 1.35 million average weekly beneficiaries. The cost of our entire bill is $1.1 billion.

COMPARISON OF PRESENT LAW AND PROPOSED EMERGENCY ACT

PRESENT LAW

REGULAR

26 weeks statement.

EXTENDED

13 additional weeks in all states if national insured unemployment rate is 4.5%.

or

13 weeks in any state where insured rate is 4% and rate is rising at 120% over previous 2 years (this 120% provision is now waived through Apr. 30, 1975). 50-50 state-federal funding.

EMERGENCY

No provision.

COST

RIBICOFF-NELSON-JAVITS

REGULAR

Unchanged.

EXTENDED

13 additional weeks in all states if *national* insured unemployment rate is 4%.

or

13 weeks in any state where *state* insured rate is 4%. (120% requirement would be waived through Dec. 1976) 50-50 state-federal funding with federal government picking up 100% of extra cost of liberalizing trigger.

EMERGENCY

13 additional weeks if the extended benefits program is in effect. 100% federal financing.

COST

1975—$900 million for emergency 13 weeks of benefits (1.35 million average weekly beneficiaries)

$200 million for liberalizing extended benefits trigger.

Total: $1.1 billion.

COSPONSORS OF S. 4207, RIBICOFF-NELSON-JAVITS, EMERGENCY UNEMPLOYMENT COMPENSATION ACT OF 1974, AS OF DEC. 11, 1974

DEMOCRATS

Ribicoff, Mansfield, Robert Byrd, Nelson, Magnuson, Hart, Mondale, Pastore, Kennedy, Humphrey, Williams, Muskie, Cranston, Jackson, Tunney, Pell, Randolph, Hartke, Bentsen, Metcalf, Bible, Hathaway, Bayh, Gravel, Clark, Metzenbaum.

REPUBLICANS

Hugh Scott, Javits, Schweicker, Mathias, Case, Brooke, Stafford, Weicker, Aiken, Taft, Beall.

RETIREMENT OF SENATOR SAM ERVIN

Mr. MOSS. Mr. President, when someone asked Senator SAM ERVIN recently how he felt about retirement, he replied:

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[1] This rate counts only those unemployed receiving unemployment benefits. It is generally the rule that the insured unemployment rate is 2 percentage points under the national regular unemployment rate. That is, a 4.5% insured rate corresponds to a 6.5% regular rate.

[2] Under present law, the national trigger of 4.5% is not on. Therefore, only those states meeting the state trigger of 4% receive benefits. Less than a dozen states are paying benefits. They include California, Maine, Massachusetts, Michigan, New Jersey, New York, Oregon, Rhode Island, Vermont and Washington. If the national trigger (4.5% under present law and 4% under our proposal) is hit, people in all states will receive more benefits. Under present law they would get 13 extra weeks. Under our proposal they will get 26 more weeks.

I have never minded crossing the Rubicon.

And well he might feel that way. One knows that Sam Ervin will always swim and survive—that there will always be something worth while for him to cross over to, and to do, no matter what turn his life takes.

This has been so from the time he was a young man, and it will be, I am sure, all through his retirement years. The people of his State of North Carolina and his hometown of Morgantown are fortunate to have "Senator Sam" coming back to live among them.

With his departure, the Senate will lose one of its greatest constitutionalists. Senator Sam has been our strongest link with our Founding Fathers—a genuine legal scholar. He is also an outstanding civil libertarian lawmaker and one of our strict advocates of first amendment freedoms. All Americans have profited by his vigilance.

We shall likewise miss his deep scholarship, his gift for story telling, and his *ability to* turn a phrase or pull out a relevant quote to make a point. The Senate will be less interesting without him, there will be fewer light moments and there will be fewer moments of penetrating debate.

Senator Ervin is retiring at the height of his powers and prestige. I am confident that he will not rest on his laurels in the future, but that his State and his Nation will continue to profit by his commitment and convictions.

RECOMPUTATION OF RETIRED MILITARY PAY

Mr. MATHIAS. Mr. President, on October 11, 1974, I spoke in the Senate on a subject of great interest and concern to me—the recomputation of military retired pay, and, in particular, a much-needed measure to address this problem which was being considered by the House Armed Services Committee on that date.

Since that time, I have received some most useful information and recommendations on this matter from Col. D. George Paston, legislative counsel to the Ad Hoc Recomputation Committee of U.S. Military Disability Retirees. Colonel Paston has been kind enough to provide me with a copy of his testimony before the House committee detailing the effect present legislation might have on disabled retirees. Because I believe Colonel Paston's testimony clearly merits the attention of a wider audience, I ask unanimous consent that it be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Statement of Col. D. George Paston

Colonel Paston. Mr. Chairman and the other members of this Subcommittee:

Gratefully accepting your invitation, and desiring to be as brief as possible, I invite your attention to, and here incorporate my testimony, October 12, 1972, before the Special Subcommittee on Retired Pay Revisions of the HASC, 92d Congress, Second Session (HASC No. 92–78), of which you were the Chairman, and thus avoid burdening you with repetitious reading or recitals. I adhere to everything I said there and to the Exhibits I submitted.

POINT 1

For almost 100 years, retired pay was based on current active duty basic pay of a member on active duty of equal grade and service when basic pay was increased, retired pay was correspondingly increased.

These facts remain undisputed.

POINT 2

For nearly 100 years, those who sustained a permanent disability in line-of-duty, of a severity which prevented them from continuing to perform active duty, were retired on life-time retired pay equivalent to 75% of the basic pay of their respective grades and years of service.

This fact remains undisputed.

POINT 3

(a) In 1958 (PL 84–422), Congress suspended and in 1963 (PL 88–132) abandoned the direct relationship between retired pay and current active duty basic pay, and established the principle of adjusting retired pay based on the consumer price index starting with the year 1963, overlooking the CPI increases between 1946 (when many were retired after WW 2) and 1963. Its "announced" purpose was to insure that persons with the same grade, length of service and basic pay at the time of retirement would receive the same retired pay (PL 89–132).

(b) The 1949 Career Compensation Act related disability retired pay to supposed degrees or percentages of disability.

These fact remain undisputed.

CORRECTIVE LEGISLATION

1. Retired pay for non-disability retirees who were retired prior to 1958 should be based on current active duty basic pay of a member on active duty of equal grade and service, and when basic pay is increased, retired pay should be correspondingly increased.

2. Those who were retired prior to 1958 for a permanent disability in line-of-duty, of a severity which prevented them from continuing to perform active duty, should receive 75% of current active duty basic pay of a member on active duty of equal grade and service, and when basic pay is increased, retired pay should be correspondingly increased.

The above "2" FY 1975 cost would be about $85 million based on the January 1971 pay scale with no CPI adjustment since that time (letter 2 May 1974, from Office of the Assistant Secretary of Defense, addressed to me, by Robert I. Backstrom, Captain, USN, Acting Director, Compensation Administration).

Life-time-cost of retired or recomputed retired pay is irrelevant. When Congress raised the President's salary to $200,000 plus, annually, and each Congressman's salary to over $40,000, consideration of life-time-cost would have made these raises prohibitive. An annual cost related to the GNP ($1 trillion the market value of goods and services our nation produces in one year) is insignificant. If life-time-cost were a factor and properly related to the aggregate life-time GNP ($1 trillion, multiplied by the number of years in the projected life-time), the cost of retired pay would be infinitesimal.

A chart showing the pay of a pre-1949 30% disability retiree and his 1972 counterpart is misleading. If the chart would include retirees with greater percentages of disability, a different picture would result.

SOME EXAMPLES OF THE PRESENT INEQUITY

Disability	1972 retiree	Pre-1949 retiree	Difference in pay
50 percent	$401.10	$268.41	$132.69
60 percent	481.32	268.41	112.91
70 percent	561.54	268.41	293.13
80 percent	641.76	268.41	373.35

The problem: The pay differentials are inequitable. Pre-1949 retirees and 1972 retirees face the same cost-of-living and should receive equal pay.

Corrective legislation: Restore the pre-1949 hundred years practice of paying a disability retiree 75% of the January 1971 or the January 1972 (Hartke bill) basic pay of his grade and years of service, deleting arbitrary percentages of disability.

The provisions of the Wilson bills and Hartke bill which require a 30% minimum disability percentage rating for a pre-1949 retiree to qualify for recomputation are inequitable since pre-1949 retirees were forced to retire when the severity of their line-of-duty, permanent disability prevented continued active duty, omitting arbitrary percentages of disability.

It ill behooves our Government, to put it mildly, to eliminate, by subsequent legislation, the recomputation rights it had theretofore granted to pre-1949 retirees.

They had every reason to expect that the government would honor its statutory promise and commitment that their retired pay would be based on active duty pay scales at the time of retirement and thereafter. Those were the words of Hon. Norman S. Paul, Ass't Secretary of Defense on February 26, 1963 when he testified as the Defense Department's representatives before the House Armed Services Subcommittee No. 1 relative to HR 3,006.

The late Rep. L. Mendel Rivers, then Chairman of the full committee, told that subcommittee:

"I will state now that I will support the retirement proposal submitted by the Department of Defense because I believe it does eliminate the gross discrimination that existed between those retired prior to June 1, 1958 and those who were retired after that date. . . . The retired servicemen's dollar purchasing power will be preserved and guaranteed." (emphasis added).

Rep. F. Edward Hébert, present Chairman of the House Armed Services Committee, said:

"I've always been of the opinion that at the time we passed the so-called recomputation act that group of officers between '58 and '63 were done in. If anything could be worked out to bring them up to equality and not let them freeze in the cold, I'd be in favor of that." (Army Times, April 7)

Senator John Stennis, present Chairman of the Senate Armed Services Committee, said:

"To make myself clear, I look upon retirement pay as part of what the man has earned under our system. In a technical sense this is what has become 'vested.' I am not trying to wreck anything that has already been earned." (emphasis added). (Congressional Record, vol. 118, pt. 3, p. 3310).

Senator Tower wrote me:

"It is my feeling that the Federal Government has an obligation to retired military personnel to provide pay scales in line with what they were led to expect when they entered the armed services . . . and I will continue my efforts to achieve that goal as a member of the Senate Armed Services Committee."

Is the United States an "Indian giver"—, one who gives a present and then wants it back?

Rep. Sam Gibbons (Fla.) said that to hold out promises on one hand as an inducement to a long career in the military services, and then to reduce or eliminate the benefit to individuals after their service is completed on the basis that the government has no legal obligation to fulfill its commitments—at once breaks faith with those who have already retired and raises grave doubts in the minds of those on active duty as to their treatment in the years to come.

Recomputation of military retired pay is predicted. Representatives Hébert and Stratton are now willing to allow the normal processes of democracy to work.

During the past 11 years, I endeavored to have a military recomputation bill enacted, stating my belief that the members of Congress would vote overwhelmingly in its favor. The Senate passed such legislation twice by overwhelming votes. It was said that Representatives Hébert and Stratton blocked Members of the House of Representatives from voting on its merits.

Recently, on April 2, 1974, these gentlemen charged Rep. Les Aspin with using obstructive tactics to block House consideration of a bill to revise the special pay structure relating to medical officers of the armed services. Commenting on H. Res. 1017 that the House resolve itself into a Committee of the Whole House on the State of the Union for consideration of the bill (S. 2770), Mr. Hébert said.

"The gentleman from Wisconsin (Mr. Aspin) . . . attempted to block the House from consideration of this legislation. The gentleman did not want the House to have a chance to vote on this legislation . . . and not give the Members a chance to vote. . . . I am asking that the rule be adopted to give the Members an opportunity to express themselves by voting up or down, whichever way they desire . . . in order that the Members may have an opportunity to discuss this bill in detail, make up their own minds, and then vote whichever way they desire" (page 9313, Congressional Record, April 2, 1974). (emphasis added).

Mr. Stratton said:

"I simply want to second what the chairman on Armed Services has said. We have before us in this House today, I think, a rather surprising and shocking attempt to undermine the normal processes of democracy simply because one member of the committee does not happen to like everything that is in the bill. I think those of us who have been here a few years know that the legislative process is a compromise. Probably none of us ever likes everything that is in a bill, but we allow the legislative process to function; we allow the House to work its will; and that is precisely what we are proposing here" (page 9314) (emphasis added).

After the rule was adopted, Mr. Hébert rose again and said:

"I merely rise to reexpress what I said briefly under the rule. We now have the opportunity to vote up or down on these changes that have been made to the bill. . . . This is the opportunity to offer any amendment Members desire, to strike or to add to the bill anything they care to add. I shall accept that as the will of the House. That was one thing I was fighting for, against the efforts of the gentleman from Wisconsin to prevent the vote of the House" (page 9318). (emphasis added).

It is good to know that these two distinguished gentlemen believe unequivocally that the Members of the House should have an opportunity to express themselves and vote on pending legislation.

Since (1) they say, and we all agree, it would be a shocking attempt to undermine the normal processes of democracy to block a vote by the Members of the House, simply because one or two members do not happen to like everything in proposed (Recomputation) legislation, and (2) they are willing to permit the House to work its will by discussion and vote on the merits, and to accept such vote as the will of the House, (3) it is safe to assume that the House will pass it by an overwhelming vote.

HR 14,081, 14,802, and 14,803, introduced by Rep. Bob Wilson, are identical to the Hartke one-shot recomputation amendment which passed the Senate twice but was scuttled in a joint House-Senate conference committee. The Wilson and Hartke measures have no provision granting recomputation to a pre-1949 disability retiree, not under the CCA, who, for example, was rated 20% administratively by persons who didn't even see the retiree, and whose actual degree of disability may be 30% or more. And these bills refer to the percentage of disability as "finally determined . . . at the time of that determination," which would preclude recomputation based on actual degree of disability, thus depriving over 30,000 pre-1949 disability retirees of any recomputation.

The arbitrary and ex-parte disability percentages administratively assigned after retirement, without seeing the retirees, are unreal. Many who were assigned a 20% rating had greater disabilities than some who were rated 70%.

Although ratings are supposed to be based on the same VA schedule of ratings, different doctors assign different ratings to the same individual. Examples of some of the arbitrary ratings: Sergeant Charles A. Brozik, Jr. (U.S. Court of Claims No. 97–65, 6–9–97), and Captain Bernard G. Rieth (Army Times, April 16, 1972), described on pages 17247–17249, 17260, HASC 92–78, (Hearings before the Stratton subcommittee).

Military disability retirees should be protected from the ranges of inflation and allowed to enjoy the fruit of their labor which Congress ordained in thanks for having dedicated their lives to service of our Nation and are due the benefits earned in that service.

CONCLUSION

Senator Hartke's amendment No. 494 (Title VIII, HR 9286) regarding recomputation of military retired pay, should be improved as follows:

In Section 802, lines 17 and 18, the words "in accordance with Section 411 of the Career Compensation Act of 1949 (63 Stat. 823)" Should be deleted.

In Section 802, line 22, after the word "to," the following words should be Inserted: "be examined by the Veterans Administration which shall fix a percentage of disability under the standard schedules of rating disabilities in use by the Veterans Administration, and".

The FY 1975 cost would be about $85 million.

The South Vietnamese budget calls for a $85 million contribution from the U.S., for construction of a fertilizer plant (Congressional Record, October 1, 1974, Senator Aiken, page 33260). As of June 30, 1974, there was about $4.6 billion in the U.S. foreign aid pipeline (same Congressional Record date, Senator Fulbright, page 33263).

Purpose: eradicate present and avoid future discrimination against pre 1949 disability retirees who were retired under then existing law on the ground that their disabilities are permanent in nature, sustained in line-of-duty, and of a severity which prevented them from continuing to perform active duty. No disability percentage was then assigned.

Respectfully submitted.

D. George Paston.

PROPOSED JOINT COMMITTEE ON INTELLIGENCE OVERSIGHT

Mr. WEICKER. Mr. President, on December 10, I offered testimony before the Senate Government Operations Subcommittee on Intergovernmental Relations outlining the need to create a Joint Committee on Intelligence Oversight.

I ask unanimous consent that the full text of my remarks be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Testimony by Senator Lowell Weicker

Watergate has dramatically detailed the dangers to democracy posed by secret intelligence and law enforcement agencies when, unaccountable and unchecked, their resources, methods and personnel are recruited to the "dirty tricks" detail of the American political process.

The Watergate scandal was a warning of a sinister potential for domestic meddling by secret agencies that cannot be left as unfinished business.

For too many years, the American intelligence community has taken the Congress of the United States for granted; has treated our citizenry more like an audience than as participants in government.

Fortunately, we have survived this period of besmirched Constitutional rights. But with no thanks to established oversight systems. Neither can these abuses be dismissed as isolated instances of individual excesses. Not an agency but agencies plural were involved. Not one misstep but a trampling of Constitutional democracy.

The lesson is that accountability cannot be assured without meaningful congressional oversight—oversight that has constancy, purpose and legislative power.

By their very natures, law enforcement and intelligence are in direct conflict with democratic concepts and ideals. I do not argue for their elimination; their mission argues most convincingly for supervision by the democracy.

Yet of all government activities, including those of the military, the doings of the federal law enforcement/intelligence community go unnoticed and unchallenged to the greatest degree.

HUD or HEW can't overthrow democratic concepts. The FBI, CIA, etc. have. Once shame on you, twice shame on me.

It is the duty of Congress, not the option in a democracy, to police the vast American intelligence setup. It is the duty, not the option, of Congress to establish a structure of legislative activities. It won't wash for Congress to complain that it was not informed of some nefarious action when Congress has permitted itself to remain ignorant or passive when knowledgeable.

We can no longer tolerate "briefing systems" in which agency spokesmen tell a select few in Congress what they feel like telling them.

We can no longer tolerate pallid agency disclaimers on covert operations.

We can no longer tolerate an Executive Branch monopoly on law enforcement and secret intelligence which negates any Congressional role in policy formulation.

We can no longer tolerate the unchecked and unaccountable spending of taxpayer's dollars to fund giant intelligence bureaucracies. (According to estimated figures, the U.S. intelligence community employs 150,000 personnel on an annual budget of $6.2 billion).

(In May of 1973 Richard Crossman, a Labour M.P. wrote:)

The Wartime Tactics That Led to Watergate

I do not know which is sillier—to go on trying to pretend that Mr. Nixon is an American Macmillan in trouble with a clutch of Profumos, or to sit in judgment on him for defiling the purity of American machine politics. Mr. Peter Jenkins was right to remind us in *The Guardian* on Monday that Mr. Nixon has conducted some of the dirtiest election campaigns in recent history. But that is not the real trouble. What Watergate let off was an explosion of disillusionment with the American government and all it stands for, which has been boiling up ever since Vietnam began to go wrong.

I have just come across a remark by Neil Sheehan, of the *New York Times,* which seems to me to get near the heart of the matter. He made it when the Pentagon Papers first came into his newspaper office and he had to read them through. "My main impression," he observed, "was that the government of the United States was not what I thought it was; it was as if here were an inner United States Government, a centralized State, far more powerful than anything else, for whom the enemy is not simply the Communists but everything else, its own press, its own judiciary, its own Congress . . . It does not function necessarily for the benefit of the Republic, but rather for its own ends, its own perpetuation; it has its own codes, codes which are quite different from public codes. Secrecy is a way of protecting itself, not so much from threats by foreign governments, but from detection by its own population".

The inner government is, of course, a necessary apparatus of total war; and the best paid and most attractive of its departments are those which deal with covert operations in which we British have always excelled. Indeed, apart from the RAF success at *pioneering* the firestorm which cooked 50,000 Hamburgers and 150,000 Dresdeners alive while officialy claiming we were bombing military targets, subversive operations and black propaganda were the only aspects of war at which we achieved a real preeminence. We trained a small army of gifted amateurs for all the dirtiest tricks from lying, bugging, forging and embezzlement to sheer murder—all, of course, in the cause of preserving the democratic way of life. We taught them how to organize a black market, how to win friends in order to betray them, and how to persuade a stubborn prisoner to come clean with the vital information he possessed.

The Americans adored subversion, but they were too heavy-handed and they never learned from us to play it as a game and give it up when the war was over. Whereas here the secret departments withered away harmlessly, in America they multiplied and found plenty of opportunity in Korea and Vietnam, not to mention the Dominican Republic and Guatemala. It was only a matter of time before the wartime experts were being employed by business firms and by political parties against their rivals. As for the inner central government in Washington, how could it fail to employ these techniques against anyone who obstructed it when the United States was engaged in a cold war against the Communist enemy who regularly used every kind of dirty trick?

So the politicians of both parties came to rely on the authoritarian inner government and the covert operators, and most of the time they sit on top of it without being able to control it. Watergate is the first time a corner of the curtain of secrecy has been jerked aside and ordinary Americans have been able to see a little of what goes on behind it. What effect would all this have on Mr. Nixon's peace offensives in Peking and Moscow? None whatsoever, provided only that the President regains control. I believe Mr. Brezhnev felt more at home with Mr. Nixon than with any other American he had met because here at last was a man of his own kind, an apparatchik—a creature of a political machine which in some respects is beginning to resemble his own Russian apparatus of bureaucratic power.

Mr. Brezhnev takes for granted that the man in control of a modern State machine will, of course, employ all the Watergate techniques against his opponents. As for the horrors of Vietnam, there is nothing here—except failure—to upset the man who sent the Russian tanks in Prague. Mutual confidence is far easier between two birds of a feather such as Nixon and Brezhnev than if by some freak of fortune a genuine Liberal got into the White House.

Nevertheless, I personally hope that the "worst" happens and that the Watergate affair does irreparable damage to the inner remembering that the United States was created by free men who rejected the dictatorship and power politics of the Old World. It remained a wonderful place, so long as it was selfishly dedicated to its neutralist ideals and had to be dragged into war in defense of freedom. Since 1945, an attempt has been made to reshape this isolationist democracy as a superpower capable of replacing the Pax Britannica by the Pax Americana. In the early years of the Marshall Plan, the attempt seemed to be succeeding. But since then it has failed because the kind of centralized bureaucracy and secret departments required by the government of a superpower are incompatible not only with the American Constitution but also with the American tradition of freedom. A Communist superpower makes sense because Communism is a totalitary creed. The lesson of Vietnam and now of Watergate is that an American superpower is a contradiction in terms.

If public feeling is strong enough to cause a liberal purge in Washington, we can be sure that Nixon's successor will turn his back on Europe as well as on Asia. And a good thing, too. In his first reaction to Watergate, Mr. Heath on Monday gave us a vision of the United States and the European Community as "twin pillars of a revivified and invigorated Atlantic alliance". I wonder. Since the Russians will be concerned with the Chinese threat for the next 20 years, there has ceased to be a military threat to Europe and the case, therefore, for an Atlantic alliance and an American army in Germany has disappeared. Even if it had not, I would rather see a liberal America returning to its neutral tradition than a continuance of the effort to transform the Republic into a militarized superstate.

* * * * *

From the U–2 and the Bay of Pigs, through the taint of Watergate, to the belated revelation of successful efforts to "destabilize" the Marxist government of Salvador Allende in Chile, the CIA's covert capers have raised the spectre of that agency's potential for domestic shennanigans.

Victor Marchetti and John D. Marks, authors of a recent bestseller about the agency, pointed out that Americans should be apprehensive.

"Nurtured in the adversary setting of the cold war," they wrote, "shielded by secrecy, and spurred on by patriotism that views dissent as a threat to national security, the clandestine operatives of the CIA have the capability, the resources, the experience—and the inclination—to ply their skills increasingly on the domestic scene."

For in ways never contemplated, or comprehended by the Congress, the CIA has operated domestically. These facts were shrouded from the public and the Congress at large. It did not become blatantly clear that covert intelligence techniques had invaded American politics until the Watergate revelations.

The Watergate scandal exposed how willing the CIA was to be used—at least at the outset—and how close the White House came to turning the CIA and the FBI into a political police force.

When Tom Charles Huston solicited support for Nixon's illegal intelligence plan, CIA Director Richard Helms readily subscribed to it.

When the White House demanded a psychological profile of Daniel Ellsberg, a private American citizen, the CIA produced it.

When John Ehrlichman sought technical assistance for E. Howard Hunt and the Plumbers, General Robert E. Cushman, the Deputy Director and now Marine Corps Commandant, immediately complied. Later, when the Watergate prosecution requested a statement from Cushman, then Deputy Director William Colby told him to clear it with Ehrlichman, and Cushman complied with Ehrlichman's demand that his name be dropped from the formal affidavit.

Finally when H. R. Haldeman, on Nixon's instructions, ordered Cushman's successor, General Vernon D. Walters, to divert the FBI investigation of Watergate, Walters promptly did so. And Helms, who attended the meeting, with full knowledge that the CIA would not be compromised by an investigation, offered no opposition.

The Watergate inquiry was thus put off the track for a critical two weeks in its crucial opening stage. And only when Acting FBI Director Patrick Gray demanded that Walters put it all in writing did the CIA at last formally withdraw its original request for a diversion of the investigation and admit that it was completely uninvolved.

As the transcript of a pertinent conversation between Nixon and Haldeman shows, the President decided to bring the CIA into the cover-up with the full expectation that it would go along.

Do we need to be reminded that the burglars who broke into Democratic National Headquarters at Watergate had CIA backgrounds, and one, Eugenio Martinez, was still on the CIA payroll at a $100 a month retainer? Have we forgotten that one of its former clandestine operatives, E. Howard Hunt, was provided with equipment used psychiatrist.

Have we already dismissed the fact that a President created his own secret police force—the Plumbers and their assorted acolytes—to conduct covert operations against domestic "enemies"—real and imagined.

The intelligence files of the Justice Department's Internal Security Division were routinely shipped to the Committee to Re-elect the President.

The Secret Service, which taped the phone of the President's brother, F. Donald Nixon, also was recruited to submit "intelligence" information on political candidates they allegedly were assigned to protect.

Mail sent to an affiliate of the Democratic Party was opened and photographed by the U.S. Army and military sleuths spied on the Concerned Americans in Berlin, a group of McGovern supporters who were officially recognized by the Democratic Party.

The Internal Revenue Service became a lending library for the White House, turning over confidential tax files on so-called "enemies". Its ultra-secret Special Services Section collected information on ideological organization. This was not tax collection. It was the conversion of the IRS into a spy and harassment agency.

I will spare you a recitation of the latest FBI embroglio. I am sure you are all familiar with "Cointelpro" which, by the FBI's own admission, involved "isolated instances of practices that can only be considered abhorrent in a free society.

All of the above, however, enunciates the need for tight and total congressional oversight of all snoop shops, real or potential.

More judgements are not involved here; Constitutional judgements are. No Constitution directs the United States to intervene in the domestic affairs of other nations or gives its intelligence agencies the right to spy at home.

Instead, I raise the point that covert military operations are unconstitutional. The Constitution vests the war power in the Congress. And while the President has a constitutional responsibility to protect national security, this does not encompass the waging of undeclared wars against foreigners abroad or American citizens at home.

During twenty-five years of Cold War, America's existing intelligence agencies not only grew in size, but several new ones were created. For example, the National Security Agency was born by Executive Order in 1952 and the Defense Intelligence Agency was created by Department of Defense Directive in 1961.

Let me emphasize again that these two massive institutions were created by executive fiat and not congressional statute.

The Executive Branch has at its disposal a massive intelligence apparatus—the CIA, the FBI, the NSA and the DIA among others. The point of Watergate is that the Nixon Administration simply used at home what had been developed in clandestine operations abroad.

If Congress remains blocked from access to information on the structure, operations and product of the law enforcement intelligence community, its role in the democracy will remain the role of reaction rather than action.

It is in this interest of strengthening this Congressional responsibility that Senator Baker and I have introduced legislation to establish the Joint Committee on Intelligence Oversight. It is imperative that the Congress be armed with broad powers to authorize, investigate and legislate matters related to our intelligence agencies, as well as the intelligence activities of all other federal agencies and departments.

In this way we seek to consolidate the Congressional intelligence oversight function in one Joint Committee with sweeping powers to demand full and current accountability.

The Joint Committee would be composed of fourteen members evenly divided between the House and Senate, chosen by the leadership. In order that this important Committee remains independent and healthily skeptical, we would encourage the leadership of both Houses to consider some form of rotating membership for the Joint Committee.

The Joint Committee would possess primary authorization and legislative jurisdiction over all activities and operations of:

The Central Intelligence Agency.
The Federal Bureau of Investigation.
The United States Secret Service.
The Defense Intelligence Agency.
The National Security Agency.

as well as over all intelligence or surveillance activities or operations of *any* other department or agency of the federal government.

The bill clearly states the directors of the above-named agencies "shall keep the Joint Committee fully and currently informed with respect to all of the activities of their respective organizations, and the heads of all other departments and agencies of the Federal Government conducting intelligence activities or operations or the surveillance of persons shall keep the Joint Committee fully and currently informed of all intelligence and surveillance activities and operations carried out by their respective departments and agencies."

The Joint Committee may require from any department or agency of the federal government periodic written reports regarding activities and operations within the jurisdiction of the Joint Committee. To back up requests for the relevant information, the Committee would have full subpoena powers.

Furthermore, the legislation provides that:

"No funds may be appropriated for the purpose of carrying out any intelligence or surveillance act or operation by any office, or any department, or agency of the Federal Government unless such funds for such activity or operation have been specifically authorized by legislation enacted after the date of enactment of this act."

Therefore, the budgets of secret agencies like the CIA and NSA could not be hidden in Defense appropriation bills, and no blanket authorizations could be used to avoid the Committee's scrutiny of intelligence agency budgets.

While the creation of the Joint Committee would not deprive the current oversight committees (Armed Services, Appropriations, Foreign Relations, etc.) of the opportunity to exercise oversight over intelligence matters related to the jurisdiction of these committees, no legislation or no provision contained in any legislation dealing with any matter within the jurisdiction of the Joint Committee can be considered by either House unless such legislation has been reported by the Joint Committee or is a floor amendment to Committee legislation.

And, given national security considerations, the Joint Committee would be empowered to take any and all precautions necessary to maintain the confidentiality of sensitive information before it.

Mr. Chairman, let me add one final note for the record. The litany of abuses paints a sordid picture—a clear and convincing message that unless Congress exercises its oversight responsibility, our Constitutional democracy is vulnerable to continued subversion.

The subversion we have survived was not the fault of those overworked members of the four Congressional subcommittees responsible for reviewing the intelligence communities operations and budgets. But, it should be noted that none of these subcommittees publishes reports of the hearings they hold. The budgets are not made public, but are integrated into the budgets of other government departments.

The chart below indicates the number of meetings of record—or paucity of meetings—held annually between the Director of the CIA or high officials of the CIA and members of the special subcommittees. The chart, compiled in September, is based on records of the subcommittee staffs, with the exception of the figures for the Senate Armed Services subcommittee when the legislative calendar was used through the year 1970.

Year	Senate armed services	Senate appropriations	House armed services
1974	2	5	6
1973	4	8	2
1972	2	2	0
1971	2	3	0
1970	2	3	3
1969	1	3	2
1968	3	2	1
1967	5	4	8
1966	2	5	8
1965	11	11	9
1964	2	2	4
1963	4	3	5
1962	7	6	6
1961	2	1	3
1960	0	0	2
1959	2	1	7
1958	2	-----	7
1957	0	-----	-----
1956	1	-----	-----
1955	1	-----	-----

Note: House appropriations.—CIA Director briefs Defense Subcommittee 3 or 4 times a year. Its Intelligence Subcommittee spends 2 or 3 days a year with Director on budget.

One last but most important point. The question is asked as to how much information Senators and Representatives should be allowed from the various law enforcement intelligence agencies. Just the asking of the question indicates, to me anyway, a presumption that in the order of our institutions, Congress sits somewhere below the FBI, CIA, SS, etc.

Let me spell it out Constitutionally, conceptually and without qualification.

In this country the people rule. From the sheer physical demands that would occur, clearly not every person can be given access to the agencies of government. But every Congressman and Senator can and should. It is up to the agency to justify withholding information, not up to representatives of the people to justify obtaining it.

Could there be security risks? Yes. But they are subject to the continuing judgements of the people. It is the non-accountable security risk who resides *in* the agency that I fear most. It is the "no people's judgement" government that we seek to eliminate here.

Efficiency has never been the hall mark of American democracy. Greatness has.

A DECLARATION OF DEPENDENCE

Mr. METCALF. Mr. President, the October issue of Sea Power, publication of the Navy League of the United States, has an editorial entitled: "A Declaration of Dependence." It includes the thought that most Americans do not realize our nation is "now heading for a minerals crisis which will make the energy crisis look like small potatoes."

The editorial continues:

> Well, "most Americans" better wake up fast. The energy crisis is alive and well and now gathering its second wind, and the mineral crisis is about to descend on us in full force.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD as follows:

A DECLARATION OF DEPENDENCE

It is difficult ot report the news anymore without sounding like an alarmist.

As Paul Revere used to say.

But the news these days is not the sort to lull one into a false sense of security. On the other hand, maybe a false sense of security is better than no sense of security at all. It is, at any rate, the only type of security we might have for some time to come.

We're referring, initially, to the energy crisis. You remember the energy crisis, don't you? It was in the winter of 1973–74, as we recall, and resulted in a lot of long lines, short tempers, and medium-sized speeches about rationing and national unity and pulling together, etc. About 20,000 gas stations eventually went out of business, according to the economists, and Congress passed a 55-mile-per-hour speed limit—now observed, it seems, only in narrow alleyways and downtown Manhattan.

So much for the energy crisis. Out of sight, out of mind. That, at least, is the impression one gets from observing the business-as-usual attitude of most Aemricans, who apparently don't realize how close to disaster we really were.

Most Americans don't realize, either, that the nation is now heading for a minerals crisis which will make the energy crisis look like small potatoes.

Well, "most Americans" better wake up fast. The energy crisis is alive and well and now gathering its second wind, and the mineral crisis is about to descend on us in full force. Anyone who doesn't think so had best listen carefully to the words of John Kyl, the Interior Department's Assistant Secretary for Congressional and Legislative Affairs.

"There is an illusion abroad in this nation which leads people to believe that if there ever was a real energy problem, that problem is now gone," Kyl recently told a Des Moines audience.

"It is a satisfying thought. It is wrong. It is dangerous," he immediately added.

Such illusions are dangerous, Kyl said, because "the basic reasons" for the recent crisis—instability in the Mideast, lack of sufficient domestic energy supplies, failure to formulate a comprehensive national energy policy—"are still with us. . . .

"We are still at the mercy of foreign producers," he said. "We have not developed a domestic self-sufficiency good enough for even short-term insurance."

But the biggest problem, "the greatest shortcoming," he said, "has been the almost total failure to recognize the interrelationship between energy and materials—and our failure to alert the American people to an impending materials crisis of frightening proportions."

Some of the statistics used by Kyl (and, in other contexts, by his superior, Interior Secretary Rogers C. B. Morton) to support what otherwise would have to be considered hyperbole:

The United States now consumes approximately 40,000 pounds of new mineral materials each year for each U.S. citizen. The total includes 9,500 pounds of stone, 9,000 pounds of gravel, 850 pounds of cement, 1,300 pounds of iron and steel, 60 pounds of aluminum, 25 pounds of copper, and about 65 pounds of other metals, some of them rather rare and rather precious. PLUS some 8,300 pounds of petroleum, 5,300 pounds of coal and 5,000 pounds of natural gas.

The United States is now self-sufficient in only a very small number of the minerals and other materials needed by a modern industrialized society. We must import, among other things, "from one half to 100 percent of all the platinum, chromium, strontium, manganese, aluminum, titanium, mercury, nickel, potassium, silver, tungsten, zinc and gold which we utilize."

Demand is expected to go up at an explosive rate as the country's "gross annual mineral requirements" quadruple between 1970 and the year 2000. Over the next quarter of a century, as Morton points out, "we shall need seven billion tons of iron ore, more than a billion tons of bauxite, a billion tons of phosphate rock, 100 million tons of copper, 20 billion tons of coal, and 100 billion tons of stone, sand and gravel."

The cost of such materials is also likely to increase at an unprecedented rate—a most disconcerting thought when one realizes that this year alone, according to current estimates, the total value, $38 billion, of all U.S. imports will exceed the total value, $17 billion, of all U.S. exports by $21 billion. (As recently as 1972 the comparable figures were, respectively, $14 billion, $8 billion, and $6 billion.)

Virtually all of the materials which we need travel by ship at one time or another on *the long trip* from mother earth to ultimate consumer. U.S. waterborne imports in 1972 came to 398 million tons, exports totaled 232 million tons. U.S.-flag merchant ships, incidentally, carried only about five percent of the two-way tonnage.

A few more sobering thoughts, selected at electric random:

Following the lead of the oil-producing nations, the seven major bauxite-producing nations formed a cartel in March for the purpose of securing "better trade terms"—higher prices, in plain English—from their customers, the biggest of which is the United States. In Morocco, which possesses over half the world's known reserves of phosphates, there has been, as Jonathan Randal of the Washington Post points out, a "quiet bonanza" since that country tripled the price of "its special kind of gray dust" on 1 January, then hiked the cost another 50 percent on 1 July. Elsewhere, the picture is much the same. As Secretary Morton says, "a seller's market is developing in raw materials of many kinds all over the world."

Which is why, as Representative Otis G. Pike (D-N.Y.) so entertainingly puts it in his 3 October newsletter, "the study of economics . . . could become everybody's favorite pursuit—fascination in the subject will increase in inverse ratio to the decrease in family budgets."

Which is also why, to quote from a recent Detroit News column by Robert D. Heinl, Jr., one of the more perceptive and knowledgeable U.S. military news analysis, U.S. decisionmakers realize that "'Fortress America' is no longer a viable option in U.S. diplomacy or strategy . . . . North America, wealthiest of the world's continents, is nonetheless an island with an island's dependence for survival and economic well-being on the oceans, sealanes and far places of the world."

PAY RAISE FOR CONGRESS

Mr. ALLEN. Mr. President, the news media have reported that an effort may be made during this lameduck session of the 93d Congress to push for a pay raise for Congress. I have been critical of such proposals in the past and expressed my opposition several weeks ago to the newest effort.

The distinguished junior Senator from Wyoming (Mr. Hansen) has been a leader in opposing these perennial drives to fatten the paychecks of Congress and top Federal officials and he has written to the President expressing his opposition to any effort to sneak a pay raise through during the closing days of the present lameduck session.

In its issue of November 18, 1974, the Casper, Wyo., Star-Tribune published an editorial entitled "Salaries High Enough," which clearly states what I believe to be the feelings of the American people regarding this issue, and commends Senator Hansen for his stand. I, too, commend and pay tribute to Senator Hansen. I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Salaries High Enough

Sen. Cliff Hansen, R-Wyo., may be a "voice in the wilderness" from Jackson Hole opposing the perennial proposal to boost salaries of Congressmen and top Federal officials. But we hope his new move to prevent the proposal from popping up in the lameduck Congress session will prevail, once again.

The Wyoming conservative has predicted, in a letter to President Ford, that the American public would be "outraged" if the pay raise proposal is revived. Mr. Hansen was successful last year in blocking pay raise proposals. He introduced two Senate resolutions to prohibit the raises, and these passed.

A recent wire service story noted that "backers of the pay raise are seeking Congressional action during the lameduck session in hopes of getting more votes and letting the old Congress, rather than the new one convening in January, take the blame."

The Congressmen aren't exactly underpaid. They receive $42,500 annually, plus liberal expense accounts and fringe benefits. The pay raise proposal would increase salaries to between $55,400 and $58,400 by 1977. Congress last received a pay increase in 1969.

We would go further and say that there should be no salary increases for Congressmen until and unless they succeed in balancing the federal budget. In that event, the taxpayers could well afford to pay them much higher salaries.

No stockholders would continue paying salaries to a management that kept business in the red. In this case, we are all stockholders and the business of government is hitting all of us in the pocketbook.

ENERGY POLICY PROJECT

Mr. PERCY. Mr. President, in December of 1971 the Ford Foundation established the energy policy project to study America's energy problems. A staff of informed and dedicated people, headed by project director S. David Freeman, spent more than 2 years studying the complex issues involved in formulating an energy policy. An advisory board, chaired by Gilbert White of the University of Colorado, and comprised of distinguished citizens from Government, public interest groups, and the business and academic communities, provided additional expertise to the study.

Recently the energy policy project released its 500-page final report entitled "A Time To Choose: America's Energy Future." The principal conclusion drawn from the report is that the United States should reduce its energy growth rate from the current 4.5 percent a year to 2 percent a year or less and that this can be accomplished without seriously affecting our way of life. Four main policy recommendations are made to achieve this slower growth rate:

First. Adopt minimum fuel economy performance standards for new cars;

Second. Encourage more efficient space heating and cooling;

Third. Shape Government programs to encourage technological innovation for saving energy; and

Fourth. Set prices to reflect the full costs of producing energy.

I commend the Ford Foundation and David Freeman for the outstanding job that has been done in researching such a complex problem. The findings of the project document and support the need for this Nation to adopt a conservation-oriented energy policy and now is the time to begin.

For the benefit of my colleagues who have not had the opportunity to see this study, I ask unanimous consent that a summary of "A Time To Choose" be printed in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

Summary: "A Time To Choose"—Final Report of the Energy Policy Project

By cutting the growth rate in energy consumption, the United States can balance its energy budget, safeguard the environment and protect the independence of its foreign policy. This is the principal finding of the two-year study of national energy issues by the Energy Policy Project, sponsored by the Ford Foundation.

The Project's final report, *A Time To Choose*, concludes that the nation should trim energy growth from the 4.5 percent of the last eight years to about 2 percent a year, and can do so without adversely affecting the economy or the amenities of our way of life. Neither jobs, nor growth rate in incomes, nor household comforts will suffer if the nation's energy growth rate is slowed by more efficient use of energy. And a decade from now, with further efficiencies and with shifts in the pattern of economic growth to less energy-intensive activities, energy growth can level off to zero.

The Energy Policy Project was established and financed by the Ford Foundation and carried out by an independent staff of economists, engineers, scientists, writers and lawyers. Besides their own research and analysis, the staff drew on some two dozen specially commissioned studies. The Project had a 20-member Advisory Board of leaders from business, citizen groups and the academic world, and its comments are published as a part of the report. The Board's comments range over the entire content of the report, endorsing some parts of it and offering strong criticism of other parts. More on their comments appears on pages 16–20 of this summary.

To achieve major energy savings, the Project says, the nation must adopt a consistent, integrated energy conservation policy. In fact, no matter what energy course the nation chooses, a sense of direction is essential. The Project warns that "if the indifference and neglect that helped to create the energy gap continue, the U.S. could drift into a serious long lasting, energy-environment crisis."

To conserve energy, deliberate government actions are necessary to supplement market forces. Higher fuel prices alone will not induce builders, for example, to put insulation in new buildings, nor impel automobile manufacturers to put their best efforts into improved gasoline mileage in new cars. And only government can make some of the most fundamental decisions affecting energy. Leasing policy for publicly-owned resources is one example; the direction that federally-funded energy research and development should take is another. Whether the nation opts for slower growth or for a continuation of the rapid growth of the past, coherent government action is needed.

The greatest opportunities for improving energy efficiency lie in industry, in heating and cooling buildings, and in the American automobile, the Project finds. It makes four main policy recommendations for achieving slower energy growth:

Adopt minimum fuel economy performance standards for new cars, so as to achieve an average fuel economy of at least 20 miles per gallon by 1985.

Encourage more efficient space heating and cooling. This includes making credit easily available for energy-saving investments in existing buildings; setting higher FHA standards for insulation and heating and cooling systems; upgrading building codes and providing technical assistance to builders.

Shape government programs to encourage technological innovation for saving energy. This includes shifting federal research and development funding toward energy conservation technology and stressing government purchases of energy-conserving equipment—thriftier cars, tighter buildings, recycled materials and the like.

Set prices to reflect the full costs of producing energy—this is especially important in encouraging energy-saving in industry. This means eliminating energy industry subsidies; abolishing promotional discounts for big electricity users; levying pollution taxes to supplement pollution control regulation; and building oil stockpiles financed by tariffs on imported oil.

Even at a 2 per cent annual growth rate, energy supplies will need to be 28 per cent larger in 1985 than in 1973. Yet the slowdown from present growth rates would mean that from now until 1985 the nation could meet energy demand without resorting to developments that threaten grave environmental damage or serious foreign policy risks.

Until 1985, new supplies could come from new discoveries of oil and gas onshore, plus offshore production in the Gulf of Mexico; secondary and tertiary recovery from existing oil and gas wells; coal from deep mines and surface mines where the land can be reclaimed, and electric power plants which are already in some stage of construction. It would not be necessary yet to embark on large scale development of Western coal and shale where reclamation is chancy or impossible. Nor would massive new commitments to nuclear power, increased oil imports, or offshore oil development in presently undisturbed areas (Atlantic, Pacific and Gulf of Alaska) be required.

After 1985, development of some of these controversial sources would be necessary to support 2 per cent growth. Yet the nation could still afford to be more selective than if historical rates of growth were to continue. In the post-1985 period, given adequate research and development, conventional fuels could be supplemented by cleaner, more renewable energy sources—solar and geothermal energy, solid and organic wastes, and maybe, in time, nuclear fusion.

The Project analyzes the nation's energy choices by examining three different versions of possible energy futures for the U.S. through the year 2000. These three alternate futures, or scenarios, are based upon differing assumptions about how fast energy consumption will grow. They are not predictions, but are examples chosen from the infinite variety of real possibilities, to illustrate the broad range of energy futures that are open to the nation, and to explore the implications of different growth rates.

The rates of growth selected range from a high of 3.4 per cent a year in the *Historical Growth* future, to a growth rate that slows and then levels off to zero by 1990 for the *Zero Energy Growth* scenario. The *Technical Fix* scenario has a yearly energy growth rate of 1.9 per cent.

Under *Historical Growth*, the annual energy growth of 3.4 per cent (the average for 1950 to 1970) leads to an energy consumption level of 187 quadrillion Btu's in the year 2000, which is two and a half times that of 1973. Supplying energy demand at this level would mean "very aggressive development of all available energy sources." There would be "little scope to pick and choose among sources of supply, no matter what economic, foreign policy, or environmental problems they might raise."

The Project concludes that "though it is physically possible, even from domestic sources alone, to fuel the *Historical Growth* rate during the later years of the century," such a course would be exceedingly difficult and probably would require "a large scale government commitment" in the form of energy industry subsidies and market guarantees. "We do not believe that the government policies and actions necessary to make it happen are desirable," says the Project.

In the *Technical Fix* scenario, energy use reaches 124 quadrillion Btu's by 2000, about one-third less than with *Historical Growth*. This scenario includes sufficient energy for full employment and steady growth in GNP and personal incomes. It also includes energy enough to heat and aircondition every home in the country, and to provide for water heating, a cooking stove, a freezer, a dishwasher, a color television and a big frost-free refrigerator in every household in the United States.

The slower growth rate in the *Technical Fix* permits much more flexibility in energy supply and a more relaxed pace of development. The nation could postpone for a decade any large increase in oil imports, and could also go slow on developing the domestic energy sources that threaten serious environmental damage: nuclear power; western coal and shale from land which cannot be reclaimed; and offshore oil and gas from areas which are not yet exploited.

Continued growth at the 2 per cent rate after 1985 would require development of at least two of these troublesome sources; but the nation could still ban growth in those that it considers most undesirable. For example, it would be possible to keep imports below today's level and still stop strip mining for coal in the arid West. Alternatively, the nation could halt new construction of nuclear plants and also preserve the Atlantic and Pacific Coasts from offshore drilling and development. Or all these sources could be developed at a slower rate. Rapid growth in the burning of coal, for instance, could be postponed until better controls for air pollutants that are hazardous to human health are in place.

The *Technical Fix* scenario details how energy can be saved through technology which is available today, or soon will be. It describes improvements for cars and buildings, and emphasizes processes which save fuel in industry, especially the production of electricity and industrial steam together. The Project stresses that it takes a great deal of energy to make energy. The energy needed to produce and process energy accounts for more than half the difference in consumption between *Technical Fix* and *Historical Growth* for the year 2000.

In the *Technical Fix* scenario, there would be less investment in new coal mines and oil refineries and power plants and more investment in energy-saving technologies than in *Historical Growth*. The result would be a net saving in capital investment requirements of some $300 billion over the next 25 years. The energy industry would need only about 20 per cent of total capital funds for the U.S. (which is near the current share) instead of the 30 per cent that *Historical Growth* would require.

For all these reasons, the Project recommends the immediate implementation of the government policies to save energy and slow growth to a 2 per cent annual increase.

The Project also investigated the possibility of zero energy growth after 1985. In the *ZEG* scenario, energy use would stabilize at 100 quadrillion Btu's, or about one-third more than in 1973. The nation would therefore need to find enough supplies every year to meet a very large demand.

ZEG, with a slightly smaller GNP than that of *Historical Growth*, would still provide for as much economic growth as *Technical Fix*, and actually provides more jobs. Its main difference from the other scenarios lies in a small but distinct shift in economic growth away from energy-intensive industries toward economic activities that require less energy.

The Project finds that a shift to ZEG could well be feasible over 10 or 15 years, might be desirable to improve the quality of life, and might even be essential in response to environmental concerns or resource constraints. Under *ZEG* certain sectors of the economy would continue to grow—for instance, services such health care, recreation and communications. Other areas, especially energy-intensive manufacturing, would be larger than today, but their growth would level off. A tax on energy could enlist market forces to encourage this shift by making energy more expensive. The resulting revenues could be used to spur growth in such services that would improve the quality of life.

Because of the long lead time necessary for energy decisions, the Project urgently recommends that an intensive study of the desirability of moving to zero energy growth begins now.

In addition to recommending an overall energy policy direction, the Project in *A Time To Choose* also reaches conclusions on specific energy-related problems. The Project draws upon the more than 25 studies it commissioned from energy experts in its findings on specific energy issues.

The issue of social equity is addressed. The Project reports that poor people typically spend about 15 per cent of their incomes for gas, electricity and gasoline, while the well-to-do spend about 4 percent. Further, most of the spending of the poor for energy is for bare necessities. Hence, for the poor to be forced to cut back because of higher energy prices or whatever the reason would cause real hardship.

Yet energy conservation does offer help to low-income people as well as to all other consumers. The measures the Project recommends for saving energy in homes, appliances and cars help to save money on energy bills. The Project also recommends a system of "energy stamps," emergency grants, or fuel allocations to help lower income people cope with fuel shortages and sharp price increases. The Project recognizes, however, that the fundamental answers to the energy distribution problem lie in solutions to the larger problems of poverty itself.

The Project also examines the relationship of energy to employment and economic growth. It concludes that although sudden unexpected energy shortages can cause severe unemployment, planned long-term conservation efforts will not affect growth in either output, incomes or jobs. These findings are based upon technical studies of energy-saving possibilities which were made by the Project itself, by Project-sponsored groups and by independent investigators. An econometric analysis of the impacts of energy savings on GNP and employment, done by Data Resources, Inc., for the Project, buttresses these findings. (An abstract of the Data Resources report appears in an appendix of *A Time To Choose*.)

In its analysis of U.S. energy policy in the world context, the Project concludes that the dramatic price increases in the world oil market over the past four years are more than a temporary aberration. The Project suggests that there has been "a fundamental power realignment in the international community." It adds:

"To put it bluntly, the major oil-rich nations, which formerly were weak and therefore did not need to be reckoned with politically, are now world powers by virtue of the financial reserves they have accumulated and the control they exercise over the oil artery to the industrialized West."

The Project counsels conciliation rather than confrontation between oil importing nations and the exporters, with both sides seeking agreement on areas of mutual interest—such as prices and security of supply, aid to poor countries and international financial stability—through systematic, multilateral government-to-government bargaining.

Energy conservation is found to be the most effective unilateral tool available to the U.S. for coping with energy-related foreign policy problems—inflation, vulnerability to oil cutoff and strained relations with Japan and Europe as well as Middle Eastern nations. The Project also cautions that nuclear materials can easily be diverted from the nuclear power industry to make weapons, and urges that nuclear exporting nations agree not to export nuclear fuels or equipment to the strife-torn Middle East, or to other areas as yet untouched by nuclear power.

The Project's environmental analysis finds that air pollution is the most immediate hazard to human health from the use of energy, and warns that "available scientific evidence indicates that there is no basis for relaxing present air quality standards." It calls for an urgent program for control of small particles, which are largely uncontrolled today, and may be the most dangerous of all emissions from fossil fuels. Regulations, pollution taxes and curtailed growth through energy conservation are recommended as the means for pursuing air quality standards.

The Project recognizes nuclear fission as a potentially large source of energy which avoids the air pollution of burning fossil fuels, as well as their land use and global climatic difficulties. But it also notes in detail the primary unresolved problems of nuclear power: reactor safety; theft or diversion of nuclear materials for violent purposes; and the ultimate disposal of nuclear wastes. The ability of human institutions to deal with these new problems is unproven.

The report points out that adoption of the Project's overall conservation program would permit a much slower rate of nuclear power development than is now planned. This slower growth would allow time to gain better understanding of nuclear power problems, before irrevocable expansion takes place.

Finally, the report calls attention to the problems of developing coal and shale in the West, and of offshore oil in undeveloped areas. These problems include water supply, disruption of land use values, and regionwide demographic and economic upheavals, as well as specific problems on site of land restoration, air pollution and so on. The final choice as to which supply options are environmentally best cannot be settled by scientific evidence alone, but depends on value judgments. Political decisions that depend on citizens' access to information will determine which options are chosen.

Judging by traditional tests of industry structure, the U.S. oil industry does not at present exercise decisive monopoly power over the market, nor does the energy industry as a whole constitute a monopoly; but there are signs of diminished competition in some areas. Changes in government leasing policies, in tax laws and in anti-trust enforcement are necessary to improve the industry's competitive performance.

A more fundamental problem is the disproportionate influence of the energy industry on government decisions. The Project notes that the energy industry, especially the oil industry, "possesses a unique combination of political advantages which has enabled it to exert considerable influence on public policy." The Project urges that "citizens must develop countervailing power at all levels of government" and that "economic and political power must be uncoupled so that the economically powerful can no longer run the government to achieve the policies that suit them best regardless of whether those policies suit the rest of the people".

Among the "countervailing" measures recommended by the Project is "a strong campaign finance law that would reduce the political power at present exercised by the big contributors." In addition, the Project urges that consumers take an active interest in energy policy issues at the ballot box where their views can be most effective.

As for the regulated public utilities which supply electricity, the Project proposes an end to pricing which promotes growth through discounts for big users. It recommends a new method of pricing electricity that charges more for electricity use at peak times.

In addition, the Project suggests that state utility regulation be supplemented by broader regional commissions. It also proposes a reform to separate the distribution of electricity from its generation and transmission. The Project notes that electric utilities are now planning for an expansion of their capacity which is "substantially greater" than needed to supply electricity if consistent, integrated energy conservation policies are pursued by the nation.

Public ownership of more than half the United States' remaining energy fuels in the ground illustrates the necessary involvement of government decisionmaking in energy policy. Government decisions on the sale and use of these energy assets "will be a critical force in determining patterns of future energy development," the Project notes.

Past Interior Department resource management policies have not adequately protected the public interest, according to the Project. "There is no assurance that the resources are being developed at a time and price which correspond to the national needs; vast amounts have been released with a grossly inadequate return to the public treasury; and the environment has been poorly served."

So much federal coal has already been transferred to private hands—at little or no cost, and with inadequate provision to restore the land—that the Project sees no present need for further coal leasing, even assuming historical rates of energy growth. Over 22 billion tons of coal are now under lease, and little of this has been developed.

The federal government has also launched a program to lease 10 million acres a year of offshore oil and gas lands "with poor understanding of the extent of oil and gas to be sold," or of the effects of the massive leasing on the environment and on public revenues.

The Project concludes that the public interest can best be served by truly competitive leasing under a reformed resource assessment, planning and regulatory system.

Present energy research and development efforts—public and private—are concentrated in a very few supply-oriented technologies, the Project reports. "The nation is ignoring energy conservation technologies, neglecting environmental R&D, and failing even to achieve very much diversity in energy supply."

The Project calls for a major new R&D thrust for energy conservation, environmental protection, and for renewable energy sources such as solar energy.

It recommends that government energy R&D programs explore promising ideas, perform basic research, and advance technology, but phase out its commitment in the demonstration phase. Before any funding for a demonstration project takes place, the health, safety and environmental problems of the new technology should be assessed by an independent body, and the whole project should be aired before Congress and the public. If the project is to proceed, government participation should be limited to one-quarter of the estimated cost, unless it offers environmental or other public purpose advantages for which there is no commercial incentive.

The Project applies this principle to the nuclear breeder reactor program, and calls the breeder program "an outstanding example of the neglect of public participation as well as independent assessment, and of failure to protect the public treasury." The "open-ended" commitment to the breeder should be stopped, and the whole program scrutinized by the National Academy of Sciences to assess the state of breeder reactor technology, including its health, safety and environmental problems. If a public decision is then made to go on with the breeder, government funding should follow the same ground rules for demonstration projects in general.

The Energy Policy Project suggests that Congress debate and enact legislation declaring that energy conservation is "a matter of highest national priority" and establish conservation goals for the nation. A target for the long-term growth rate in energy consumption should be set at 2 per cent a year, and reviewed annually by Congress. The Project also recommends the establishment of an Energy Policy Council to coordinate the effort and take the actions necessary to implement the goal.

The Energy Policy Project was established by the Ford Foundation in 1972 to make a comprehensive study of national energy issues and choices. While the study was financed by the Foundation, *A Time To Choose* was written solely by the Project's independent, multidisciplinary staff, under the direction of S. David Freeman. The views expressed in this final report are those of the Project's staff and no one else. The authors of *A Time To Choose* are: S. David Freeman, Pamela Baldwin, Monte Canfield, Jr., Steven Carhart, John Davidson, Joy Dunkerley, Charles Eddy, Katherine Gillman, Arjun Makhijani, Kenneth Saulter, David Sheridan, Robert Williams.

Throughout its existence the Project has been advised by a 20-person Advisory Board drawn from academia, business and citizen groups. There follows a list of Advisory Board members:

Chairman, Gilbert F. White, Director, Institute for Behavioral Sciences, University of Colorado.

Dean Abrahamson, Professor, School of Public Affairs, University of Minnesota.

Lee Botts, Executive Secretary, Lake Michigan Federation.

Harvey Brooks, Dean, Division of Engineering and Applied Physics, Harvard University.

Donald C. Burnham, Chairman, Westinghouse Electric Corporation.

John J. Deutsch, Principal and Vice Chancellor, Queens University, Canada.

Joseph L. Fisher, Former President, Resources for the Future, Inc.

Eli Goldston, President, Eastern Gas and Fuel Associates (Deceased).

John D. Harper, Chairman, Aluminum Company of America.

Phillip S. Hughes, Assistant Comptroller General, General Accounting Office.

Minor S. Jameson, Vice President, Independent Petroleum Association of America.

Carl Kaysen, Director, The Institute for Advanced Study.

Michael McCloskey, Executive Director, Sierra Club.

Norton Nelson, M.D., Director, Institute for Environmental Medicine, New York University.

Alex Radin, General Manager, American Public Power Association.

Joseph R. Rensch, President, Pacific Lighting Corporation.

Charles R. Ross, Former Member, Federal Power Commission.

Joseph L. Sax, Professor, School of Law, University of Michigan.

Julius Stratton, President Emeritus, Massachusetts Institute of Technology.

William P. Tavoulareas, President, Mobil Oil Corporation.

J. Harris Ward, Director, Commonwealth Edison Company (Deceased).

Comments by the Advisory Board on the Project's final report are published in the book. All members of the Board signed a common statement which says in part:

"We regard the Project as a unique attempt to define the issues of national energy policy. It identifies numerous gaps in knowledge and fills some of them. It provides a useful framework for public discussion . . . (and) should stimulate more intelligent examination of the choices ahead. However, it should be studied as a beginning rather than as an end."

The statement points out that the Advisory Board was selected to reflect a broad range of individual outlooks, so that consensus on issues and remedies was neither expected nor sought. All members did agree, however, that "it cannot be overstressed that the nation is in need of a genuinely integrated policy for promoting research and development on energy problems and for allocating responsibility for energy resources and demand."

They criticized the report for "inadequate attention to the question imposed by the finite nature of fossil fuels," but agreed that "there can be no doubt that more emphasis should be given at the national level to conservation while work continues on development of energy supplies."

Eleven members of the Advisory Board subscribed to brief joint statements, which says:

"This report presents a set of policy recommendations. As members of the Advisory Board we are in general agreement with most of these policy recommendations. Our individual differences about substantive matters are specified in individual comments below."

Eight Advisory Board members signed another joint statement which emphasized the importance of developing "new, practical, economical sources of energy to replace oil and gas when their availability begins to decline." These members agreed on "the vital importance of reducing waste, of increasing efficiency and of promoting the conservation of energy in every rational way." But they stressed that "while conservation will buy time, even the most austere self-discipline will fail to resolve the real and ultimate problem of supply."

In addition, sixteen Advisory Board members submitted individual comments which in one way or another pointed out where their views differed from those of the Project. Those making individual comments were: Dean E. Abrahamson, Harvey Brooks and Carl Kaysen, D.C. Burnham, J. John Deutsch, Joseph L. Fisher, John D. Harper, Minor S. Jameson, Jr., Michael McCloskey, Alex Radin, Joseph R. Rensch, Joseph L. Sax, William P. Tavoulareas, J. Harris Ward, Gilbert F. White.

The individual comments varied, of course, both as to points of reference and emphasis. There were, however, several common threads.

Several advisors felt that the Report leaned too heavily on energy conservation, portraying it as appealing and energy exploitation as unattractive. Acknowledging the necessity for conservation, these critics believe that it would be dangerous to rely on it, that there should have been much more emphasis on developing sources of supply, both of existing fossil fuels and of new sources like solar energy and hydrogen. A small number felt, however, that the Report did not go far enough in examining the possibility of declining or minus energy growth or in studying how other nations have achieved high standards of living at much lower levels of energy consumption.

The advisors were divided, too, on the role of nuclear energy. Some thought the report too timid in spelling out the dangers, while others took the Report to task for exaggerating the risks.

On environmental issues there was disagreement. Several advisors felt the report overemphasized environmental problems to paint a discouraging picture for increased growth in the development of energy resources. A few felt the Report was not thorough enough, particularly on climatic effects and on the interaction of food production and energy.

Several advisors took strong issue with what they perceived as a "populist" or anti-business bias in various chapters. They saw the Report as too critical of industry operations and influence, and as favoring massive government intervention.

Some critics felt that the Report lacked vision, that it failed to look much beyond the year 2000. It was criticized, as well, for being unduly sanguine, especially in terms of foreign policy problems.

MONTHLY LIST OF GAO REPORTS

Mr. METCALF. Mr. President, I have been provided a copy of the November 1974 issue of the "Monthly List of GAO Reports." Because of its usefulness to the Congress, I request that the full list be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

[From the Comptroller General of the United States, November 1974]

MONTHLY LIST OF GAO REPORTS

COMMERCE AND TRANSPORTATION

"Aircraft Midair Collisions: A Continuing Problems." Federal Aviation Administration, Department of Transportation, October 23. P–75–PSAD–15.

For almost two decades FAA has been studying the midair collision problem, which persists despite improvements in the Nation's air traffic control system. Numerous solutions have been proposed. None are ready for nationwide use.

In view of time needed to develop and produce new equipment, useful solutions will not be available for about a decade.

Ground-controlled solutions rely on providing new capabilities for air traffic control. Airborne solutions generally depend on new devices for aircraft.

FAA is committed to ground-based control without comprehensive analyses of alternative solutions. An advisory committee and an independent commission both cited lack of analyses and justifications in arriving at conclusions and recommendations.

COMMUNITY DEVELOPMENT AND HOUSING

"Examination of Financial Statements of the National Flood Insurance Program, Fiscal Year 1973." Federal Insurance Administration, Department of Housing and Urban Development, October 11. P–75–RED–271.

This report provides results of GAO's examination of the financial statements of the program and other information concerning the program's operation and financial condition.

"Examination of Financial Statements of the Federal Home Loan Mortgage Corporation for the Year Ended December 31, 1973." October 11. P–75–FOD–2.

This report informs the Congress of the Corporation's financial condition and operations. At December 31, 1973, the Corporation had invested in $2.5 billion worth of mortgage loans, an increase of $0.8 billion over the December 31, 1972, balance.

EDUCATION AND MANPOWER

"Problems in Filing Job Orders and Placing Job Applicants in Massachusetts." Department of Labor. October 30, released October 31 by Representative Michael J. Harrington. P–75–MWD–20.

In a State with high unemployment, it seems reasonable to expect that employers having job openings would receive prompt referrals of qualified applicants, especially when the number of applicants exceeds job openings. However, this was not the case in Massachusetts.

Except when an applicant is physically present at a local employment office, the state division of employment security generally made little attempt to match him to a job opening even though GAO's analyses of applicants and jobs showed that, in general, there were openings available for applicants.

GENERAL GOVERNMENT

"Improvement Needed in Documenting Federal Computer Systems." October 8. P–75–FGMSD–3.

Preparing flow charts and other documents which show what is going on inside the computer when it is performing various tasks is an important phase in developing ADP systems.

GAO since 1971 has pointed to problems and added costs resulting from inadequate documentation, the name given to this process.

Government-wide standards are not available to assist Federal managers in deciding.

What type of documentation to prepare for ADP systems, programs, and/or mathematical computerized models;

How much to prepare; and

When and how to prepare it.

"Observations on Sales of Postal-Related Products and Photocopy Services." United States Postal Service. October 10. P–75–GGD–29.

Postal Service officials claim the sale of postal-related products and services offers benefits to the Service and its customers.

GAO could not quantitatively establish the extent of adverse impact, if any, on the private sector as a result of this program.

Size of this program is small compared with revenues generated by other Postal Service programs.

"Appendix Supplement to Fundamental Changes Needed to Achieve A Uniform Government-Wide Overseas Benefits and Allowances System for U.S. Employees." Multiagency. October 10. P–74–ID–67A.

This report contains agency-by-agency comparisons of benefits and allowances paid overseas employees and other data supporting findings and conclusions in GAO's September 9 report to the Congress. (P–74–ID–67.)

"Assistance Programs for Displaced Federal Civilian Employees." Department of the Navy, Civil Service Commission. (To the Chairman CSC.) October 18. P–74–FPCD–90.

Although four separate programs had been established to help these employees obtain other employment and retrain for new jobs, some programs provided little assistance. Some displaced employees felt the assistance programs were inadequate.

A single program, incorporating the best features of the various programs and coordinated by the Civil Service Commission, would provide more effective assistance with the resources available than several separate programs.

GAO recommended that the Commission, with the cooperation of Defense and Labor, study the feasibility of establishing a single program for assisting displaced Federal civilian employees.

"Program in Determining Approaches Which Work in the Criminal Justice System." Law Enforcement Assistance Administration, Department of Justice. October 21. P–74–GGD–84.

The need to identify what approaches to prevent or reduce crime best assist the criminal justice system—police, courts, and corrections—has led to a mandate in the Crime Control Act of 1973 that LEAA evaluate its programs.

The act required that the States assist LEAA by providing information and by making evaluations of their own.

Although States made progress between 1968 and 1973, few were doing outcome evaluations; most were planning how to do them. LEAA and the States are becoming increasingly concerned about this need and are planning to meet requirements of the new legislation.

"Number of Items in Federal Supply Catalog Can Be Reduced." General Services Administration, Department of Defense. October 21. P-75-LCD-425.

Eliminating duplicate items in the Government's supply and cataloging systems reduces workload and money necessary to operate its logistics. Even so, the number of items in the Federal system has remained relatively constant for years.

GAO questioned to practice of spending millions of dollars to find suitable replacements for thousands of items, yet not deleting those replaced within a reasonable time.

DOD, GSA, and other Government agencies should be able to save $47.9 million a year in operating costs by acting on GAO's recommendations.

"Legal Limitations on Flexible and Compressed Work Schedules for Federal Employees." Civil Service Commission. October 21. P-75-FPCD-92.

Since the late 1960's many companies, local governments, and other organizations have reported that a redesigned workweek—usually 4 days—leads to:

Improved attendance;

Reduce overtime expense; and

Increased productivity.

The disadvantage most frequently mentioned was the scheduling required to coordinate deliveries, meetings, and other events with the revised work hours.

To determine, in effect, if a 4-day week is applicable to Federal employees, GAO recommended that the Commission:

Seek legislation to permit testing of flexible, compressed work schedules;

Help implement and closely watch tests of altered schedules; and

Identify those work schedules which contribute most to efficient agency operations.

"Use of Statutory Authority for Providing Inmate Release Funds." Bureau of Prisons, Department of Justice. August 16, released October 3 by the Chairman, Subcommittee on Courts, Civil Liberties and Administration of Justice, House Committee on the Judiciary.

A person convicted under U.S. laws must be furnished transportation, clothing, and not more than $100 upon discharge from prison or release on parole.

Use of surplus commissary funds for advances (loans) to inmates at time of release as an aid to rehabilitation is also authorized. This loan may not exceed $150.

Since it is unclear whether the law (18 U.S.C. 4284) authorizes loans to prisoners in the work release program, GAO recommended that the Subcommittee sponsor legislation authorizing or prohibiting the making of such loans.

"Mis-sent Mail—A Contributing Factor to Mail Delay and Increased Costs." United States Postal Service, October 22. P–75–GGD–2.

A contributing factor to mail delays in the U.S. has been the sorting of mail by machines and its dispatch to wrong locations.

Machine operators keyed 9.1 percent of mail incorrectly.

3.6 percent of mail sent between States was mis-sent due to incorrect keying or machine error.

An additional 3.1 percent was mis-sent because correctly keyed mail was mishandled after sorting.

Mis-sent mail was delayed an average of 3 days because no effort was made to remove it from normal processing.

No analysis of operator errors was being made to determine causes. Reduction of the errors was not given priority under the quality control program. High operator error rates continue to exist because the Postal Service has not established a policy covering letter-sorting machine operations which could be applied consistently in all regions.

HEALTH

"Questions on the Safety of the Pesticide Maleic Hydrazide Used on Potatoes and Other Crops Have Not Been Answered." Environmental Protection Agency; Food and Drug Administration, Department of Health, Education, and Welfare. (To Representative Julia Butler Hansen.) October 23. P–75–RED–276.

Since there is no consensus among researchers as to the safety of the pesticide maleic hydrazide used on potatoes, onions, and other crops, GAO recommended "that additional testing and research be performed by EPA and FDA."

Data on maleic hydrazide and diethanolamine metabolites is insufficient to determine whether they present health risks. These and other unresolved questions emphasize the need for additional research effort.

"Extending Effective Date of the Food and Drug Administration's Diagnostic X-Ray Equipment Standard." Department of Health, Education, and Welfare. September 23, released October 7 by Representative Edward I. Koch. P–74–MWD–180.

FDA proposed amendments to the standard requiring all diagnostic X-ray equipment reassembled, rebuilt, or refurbished on or after August 1, 1974, to comply.

After comments from manufacturers, State and local agencies, physicians, and other, FDA determined that the applicable date for proposed amendments should be revised from August 1, 1974, to August 1, 1979.

Adherence to the August 1, 1974 date could have led to a reduction in availability of diagnostic X-ray services in areas unable to afford purchase of new equipment. FDA concluded it would be in the public interest to allow a gradual phasing out of noncertified components and subsystems.

INCOME SECURITY

"Charges Made by the National Federation of the Blind Against the National Accreditation Council for Agencies Serving the Blind and Visually Handicapped." Department of Health, Education, and Welfare. September 27, released October 1 by the Chairman, Select Subcommittee on Education, House Committee on Education and Labor. P–75–MWD–17.

The National Federation of the Blind believes the National Accreditation Council does not act in the best interests of the blind; holds closed Board meetings; and does not adequately represent users of services for the blind and visually handicapped.

HEW officials generally believed this GAO report presented WAC as a respectable and legitimate organization that was accomplishing its objectives with a few minor areas of concern.

INTERNATIONAL AFFAIRS AND FINANCE

"Low U.S. Share of World Bank-Financed Procurement." October 17. P–75–ID–7.

Perhaps the major reason for the low U.S. share is that, at least until recently, there has been a deterioration of U.S. competitiveness. This decline in competitiveness has a sharper impact on the U.S. share in World Bank procurement than on the share in international trade because international competitive bidding is probably more emphasized for Bank-financed procurement than for international trade.

"Issues Related to U.S. Military Sales and Assistance to Iran." Department of Defense, Department of State. (Unclassified digest of a classified report.) October 21. P–75–ID–15.

Iran agreed to purchase more arms from the U.S. in 1974 than did the rest of the entire world combined in any other preceding year.

Notwithstanding the law requires recovery of all costs to the maximum extent possible, the U.S. is conducting these sales at considerable cost.

Even with its high level of military assistance and arms purchases from the U.S.—$6.9 billion since 1970—Iran's international monetary reserves increased from $992 million to $5.4 billion in 9 months ending June 30.

The Congress does not receive timely information on the volume and makeup of these sales or on the nature of the military capability they provide.

NATIONAL DEFENSE

"Management of Aircraft Modification Programs in the Army, Navy, and Air Force." Department of Defense, October 1. P–75–LCD–428.

The services had an aircraft modification workload of over 55 million man-hours outstanding in July 1950.

By June 1973 the Army, Navy, and Air Force had a combined total of 42 million man-hours of modification work approved but still to be done. This backlog would require about $630 million in labor costs. In addition, services had uninstalled materiel on hand valued at over $300 million.

The services continue to be faced with many management problems. These include (1) not using the below depot modification capability and capacity, (2) unreliable modification management data, (3) inadequate modification testing, (4) installation delays, and (5) inadequate kit accountability and control procedures.

"Better Use of Manpower Possible by Reducing Source Inspections of Simple Low-Cost, Commercial-Type Items." Defense Supply Agency. (To the Director, DSA.) October 3. **P-75-PSAD-12.**

Many source and destination inspections could have been made more economically at the Government's warehouse.

Such items as casters for push carts, candles, bearings for diesel engines, electric hotplates, screws, rope, chain, and other hardware-type items generally could be inspected at destination.

Destination inspection for many commercial items that are being source inspected would result in the following benefits:

More effective use of inspection personnel.

Reduction of travel costs.

Promotion of a policy more closely related to commercial practices.

"Substantial Understatement of Obligations for Separation Allowances for Foreign National Employees." Department of Defense. October 21. **P-75-FGMSD-6.**

The Army and Air Force are obligating separation allowances for foreign employees at the time allowances are paid instead of recording obligations at the time they are incurred.

As a result, the two military services have understated the amount of obligations recorded and reported to the Congress.

Delaying the recording of obligations until after annual appropriation accounts are merged into successor accounts results in inadequate administrative control. Further, a violation of the Antideficiency Act could occur without being disclosed.

"The Process for Identifying Needs and Establishing Requirements for Major Weapon Systems in the Department of Defense." October 23. **P-75-PSAD-24.**

This is a summary of the process by which DOD determines needs and establishes requirements for major weapons systems. It identifies the formal DOD process that leads to specific systems with stated operational capabilities and places GAO in a more knowledgeable position to examine weapon system requirements. It may be used also by the Congress, DOD, and others interested in requirements for major weapon systems.

"Improved Administration of NATO Infrastructure Program." Department of Defense. (To the Secretary of Defense.) October 29. **P-75-LCD-332.**

This is GAO's seventh report on the administration of various aspects of U.S. participation in the NATO infrastructure program. GAO's 1969 report made several recommendations for improving such administration, especially recouping the cost of prefinanced projects.

Actions taken by DOD have improved the NATO infrastructure program's administration. However, GAO found several remaining problem areas that detract from the administrative effectiveness.

"Comments on the Department of Defense Report 'The Economics of Defense Spending: A Look at the Realities.'" October 26, 1973, released October 1 by the Chairman, Joint Economic Committee. **P-73-188.**

GAO outlines in text and charts responses to the Committee's concern regarding

Choice of the price index DOD used to remove effects of price changes from annual DOD expenditures for goods and services,

Availability to other users of the index data DOD used, and

Effects of alternative approaches to comparing defense expenditures in real terms.

LETTER REPORTS

To Representative William R. Cotter, on Federal drug abuse efforts in the Hartford, Connecticut area. October 15, released October 21. **P-75-GGD-40.**

To the Chairman, House Committee on Appropriations, on payments for travel in connection with reenlistment of military personnel. May 10, released October 3. **P-74-FOD-18.**

To the Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee, on benefits from application of should-cost concepts in Government contracting. January 3, released October 1. **P-74-288.**

To the Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee, on improvements by Government contractors resulting from recommendations by GAO and DOD should-cost teams. September 6, 1973, released October 1. **P-73-127.**

To the Chairman, House Committee on Appropriations, on factors considered by the Navy in selecting the Bangor Annex, Naval Torpedo Station at Keyport, Washington, as the site for the proposed Trident Support Complex. November 14, 1973, released October 1. **P-73-221.**

To Representative Charles B. Rangel, on the legitimate demand for crude opium and opium derivatives in the United States. July 23, released July 24. **P-75-GGD-4.**

To the Secretary of Housing and Urban Development, on management of low-rent public housing by two Indian housing authorities. October 4. **P-75-RED-270.**

To the Secretary of Defense, pointing out continued failure of the military departments to implement DOD regulations and GAO recommendations on recovering costs of Government-owned plant and equipment used for producing articles for sale to foreign governments. October 7. **P-75-FGMSD-5.**

To the Speaker of the House and the President pro tempore of the Senate, on GAO's review of the President's proposed budget recissions and deferrals. October 15. **B-115398.**

To the Secretary of Transportation and the Chairman, National Transportation Safety Board, recommending improvements in investigations of the causes of crashes of commercial scheduled airplanes so that steps can be taken to increase passengers' chances for survival. October 15. **P-75-PSAD-17.**

To the Chairman, Atomic Energy Commission, pointing out a need to clarify the Government's responsibility for protecting nuclear power plants against sabotage by paramilitary groups and to determine additional interim security requirements to strengthen licensees' security systems, in light of actual or prospective increases in the amount of used fuel stored at nuclear power plants. October 16. **P-74-RED-283.**

To the Postmaster General, evaluating mail service during the 1973 Christmas season. October 23. **P-75-GGD-41.**

To the Secretary of the Air Force, on unduly restrictive application of regulations on procurement of surplus material at San Antonio Air Logistics Center. October 25. **P-75-LCD-413.**

To the Secretary of Defense, on the need for a formal Government-wide policy on energy conservation by Government contractors. October 29. **P-75-PSAD-27.**

To the Secretary of the Navy, on the Navy's management of cartridge and cartridge-actuated devices, used in aircraft escape systems and to eject material needed for ground operations. October 29. **P-75-LCD-416.**

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LEGAL DECISIONS AND OPINIONS

In addition to the reports listed in this publication, the Comptroller General issues some 5,000 formal decisions and advisory opinions annually to the Congress, executive branch agencies, and, in some cases, the public, dealing with the legality of public fund expenditures by the Federal Government. The formal decisions are reported and published separately.

Besides an annual bound volume of the Decisions of the Comptroller General, available through the Government Printing Office, GAO issues monthly pamphlets of the published decisions and quarterly digests of "unpublished" decisions in the areas of Procurement Law, Personnel Law (both Civilian and Military), General Government Matters Law and Transportation Law. Manuals covering annotations of decisions in these areas are available. In addition, all published decisions of the Comptroller General, together with the digests of all "unpublished" ones, are available on the U.S. Air Force's computer research program, Project LITE.

For further information regarding decisions of the Comptroller General, call (202) 386-3056 or write to the General Counsel, U.S. General Accounting Office, Washington, D.C. 20548.

THE WATERGATE REORGANIZATION ACT OF 1974

Mr. BAKER. Mr. President, I commend my distinguished colleagues from North Carolina (Mr. ERVIN) and Connecticut (Mr. RIBICOFF) for the introduction today of the Watergate Reorganization Act of 1974. This bill, which contains many of the recommendations stated in the final report of the Select Committee on Presidential Campaign Activities, is designed to provide for those institutional and criminal law reforms indicated by the select committee's investigation of Watergate-related activities.

I supported and shall seek passage of the vast majority of the select committee recommendations.

I am unable, however, to cosponsor the Watergate Reorganization Act as introduced by Senators ERVIN and RIBICOFF. This legislation, as does the Watergate committee report, recommends the creation of a judicially appointed Office of Public Attorney empowered to investigate and prosecute cases in which there are potential or actual conflicts of interest within the executive branch. As my colleague from North Carolina is aware, I possess serious reservations concerning the constitutionality, as well as the desirability, of a judicially appointed permanent Public Attorney. I noted these reservations in my individual views as contained in the Watergate committee final report, and proposed instead that a permanent Public Prosecutor be appointed within the Department of Justice, for a fixed, 6-year term, to be nominated by the President and subject to Senate confirmation.

I believe that the creation of a division within the Department of Justice, solely and specifically entrusted with the authority to investigate allegations of official misconduct and cloaked with the requisite independence and statutory authority necessary for unimpeded access to documents and the testimony of governmental officials, avoids the constitutional pitfalls of an independent Office of Public Attorney appointed by the judiciary, while providing assurance that allegations of misconduct by governmental officials will be fully investigated and vigorously prosecuted. Thus, I favor the approach contained in S. 3652, introduced by Senator Ervin on June 17 of this year, which provides for Presidential appointment of a permanent Public Prosecutor, with Senate confirmation and a fixed term of 6 years.

Mr. President, for these reasons, I am not a cosponsor of the Watergate Reorganization Act of 1974, as introduced. As stated previously, I favor the enactment of most of the provisions contained in this bill, including the creation of a Congressional Legal Service and the proposed amendments to the U.S. Criminal Code. In regard to those provisions with which I disagree, principally the creation of an independent Office of Public Attorney, I expect to offer amendments which reflect my concerns, and other amendments based upon my individual recommendations as reported to the Congress in the final report of the Select Committee on Presidential Campaign Activities.

Notwithstanding these reservations, I wish to congratulate my distinguished colleague from North Carolina (Mr. Ervin), for his leadership in compiling the several select committee recommendations in a single piece of legislation. I will certainly miss Senator Ervin's leadership as this legislation receives consideration next Congress, and I shall strive diligently to insure that the effort made by the Watergate Committee to formulate responsive and responsible legislative recommendations has not been in vain.

PROPOSED ELIMINATION OF AFFINITY GROUP CHARTERS

Mr. INOUYE. Mr. President, recently the Civil Aeronautics Board made two proposals which, I believe, will adversely affect the travel industry, supplemental air carriers, and the interests of the American consumer.

The two proposals would eliminate affinity group charters by March 31, 1974, and implement a modified and restricted form of the one-stop inclusive tour charter program. The grounds for eliminating the affinity group charter are that the program is inherently discriminatory in favor of a certain group of air travelers and that the rules are difficult to enforce.

Granting the accuracy of these arguments, I believe that these proposals are an inappropriate response to the situation. Affinity group charter travel is one of the most popular methods of travel. Last year over 4½ million passengers used these charter flights to and from the United States. In my own State of Hawaii 153,000 visitors made round trips from the mainland to Hawaii. Moreover, 12,500 Hawaii residents traveled via charter to and from the mainland. As the Federal Trade Commission pointed out in its submission to the CAB, many Americans who now qualify under charter rules would not travel at all. Still others would switch to the higher priced scheduled air carriers. Thus, elimination of the affinity group charters would have an inflationary effect for some travelers and for others it would totally eliminate opportunities to vacation in distant locales.

If the number of air travelers drops as a result of these new rules, supplemental air carriers, which play an important role in our air transportation system, would suffer greatly. Indeed, many of the carriers would probably go out of business. Affinity charter travel accounted for 70 percent of the passenger traffic carried by the U.S. supplementals, and many of the supplementals are already suffering from the effects of economic slowdown.

Furthermore, if these proposals result in a reduction in passenger traffic, the travel industry would suffer severely. The industry has had to cope with increased gasoline prices, inflation, and the recession. It does not deserve this extra, unnecessary regulatory burden. In 1973, the 153,000 affinity group passengers to Hawaii spent over $5 million in my State. At a time when the entire economy is ailing, we are not only talking about money but also about jobs in hotels, restaurants, travel agencies, et cetera.

The one-stop inclusive tour charter program would be new and could not be depended on to replace in its entirety the program which it would eliminate. Furthermore, there is legislation in the Senate specifically on this issue, and the issue should be decided by the Congress on its merits. There is simply no reason to believe that the ITC program would constitute an adequate or equitable substitute for affinity group charters, particularly if the former program were hemmed by restrictions and arcane regulations.

In short, I believe that the arguments against approval and implementation of these proposals are overwhelming. In a period of political and economic uncertainty, Americans should be encouraged to travel for their own mental well-being. This CAB program is flagrantly inflationary and anticonsumer, and it deserves to be rejected.

These CAB proposals are being actively opposed by other Government agencies and consumer groups. Recently the Federal Trade Commission expressed its opposition to these proposals, and the Justice Department is reportedly ready to do the same. I ask unanimous consent that a story which appeared in the Saturday, December 6, Washington Post, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

CAB Asked To Continue Affinity Plan

(By Carole Shifrin)

The Federal Trade Commission yesterday urged the Civil Aeronautics Board not to eliminate "affinity" charter flights as it has proposed, but to give consumers even freer access to low-cost air flights than they now have.

In October, the CAB announced its intention to end on March 31, 1975, the authority governing "prior affinity" charters, which require only that the charter flight be sponsored by a bona fide organization and that all passengers have been members of that group for at least six months.

The CAB's proposal has already been attacked by the supplemental air carriers, 80 per cent of whose business is affinity charters, and tour operators. They've argued that ending the affinity charters and substituting the CAB's proposed "one-stop-inclusive tour charters" combining flight and ground costs would doom the supplementals and greatly restrict the average American's ability to travel.

In comments filed with the CAB yesterday, the FTC called its sister agency's proposal "unnecessary" and said it could cost consumers billions of dollars a year in overcharges.

"We believe that a significant consumer demand exists for low-cost, no-frills air transportation," the unanimous Federal Trade Commission told the CAB. It said under the proposed rules, some consumers would be forced to fly the more expensive scheduled airlines, some would be able to shift to the more-restrictive charters the CAB has proposed, but many others would "no doubt not travel at all."

The FTC agreed with the CAB's contentions that the prior affinity rules are inherently discriminatory and are difficult to enforce, but disapproved of its proposed solution to terminate them. "It would be far simpler, and far more beneficial to consumers, simply to eliminate what appears to be arbitrary and unenforceable restrictions from the affinity rules," the FTC said.

"We urge the board to consider liberalizing existing charter rules so that consumers may obtain unobstructed access to the low-cost air transportation they desire and deserve to have," the FTC continued.

The agency suggested that the board consider allowing any person or organization to charter an aircraft in accordance with certain rules—such as those designed to protect passengers from fraud or deception—thus making "bulk-rate transportation" available to all, regardless of organizational affiliations.

The FTC said its staff's analysis of the proposed CAB action suggests that consumers would face overcharges of about $1.4 billion a year for the New York-London run alone. The staff made the estimate based on assumptions that half of those who would have flown on affinity group charters shift to the more expensive scheduled service.

Consumers face overcharges because the international scheduled fares are higher than they would be if based on the actual cost of providing air travel at an optimal load factor level, the agency said. In addition, terminating the affinity charters inflicts losses on those consumers who would use that form of travel if it were available to them, the FTC said.

The Justice Department's Antitrust Division is also planning to file comments opposing the CAB proposal, Deputy Assistant

Attorney General Donald L. Baker said yesterday. Justice has already asked the CAB to reconsider another of its controversial proposals—to place a minimum floor on trans-atlantic charters—and is expected to sue the agency should it not change its course.

PRESENTATION OF THE McCORMACK AWARD TO DR. JOSEPH E. CANNON

Mr. PELL. Mr. President, this week, at the annual conference of the Association of State and Territorial Health Officials, the association presented its McCormack Award to Dr. Joseph E. Cannon, the director of Rhode Island's Department of Health.

The McCormack Award recognizes both quality and tenure of service. Dr. Cannon has always symbolized, for me, the ideal of excellence in public service and I was delighted to see the McCormack award go to him, as recognition that his peers hold him in the same very high esteem.

The award was presented to Dr. Cannon Monday evening by Dr. Mack Shanholtz, the State Commissioner of Health for the State of Virginia. Dr. Shanholtz made some very thoughtful and interesting remarks preceding the award and because these remarks so well describe why Joe Cannon is a unique and valued member of the Rhode Island State government team, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

ASSOCIATION OF STATE AND TERRITORIAL HEALTH OFFICERS, McCORMACK AWARD

It is with a real sense of personal pleasure that I stand before you tonight to present our 1974 McCormack Award to the State Health Officer of Rhode Island. For, as one of your old time members, I well recall the days when the ASTHO was concerned about Rhode Island and its State Health Department. At that time Rhode Island had a health officer, who was a fine gentleman and physician, but he devoted only a part of his time to running the Department and he had no background or training in public health or administrative medicine.

We were particularly concerned because Rhode Island was the home of John Fogarty, who at that time was known as "Mr. Health" in the House of Representatives, and who was also a great friend of the ASTHO. We were delighted when John Fogarty also realized that things could be improved in Rhode Island and sought the help of the Association in finding a full-time health director for his home state.

I became well acquainted with John Fogarty while I was serving as President of this organization and we travelled together to India to the World Health Organization meeting. When he asked me one day what I knew about a guy named Joe Cannon, I was fortunate to be able to say I had known him as the right-hand man to Roy Cleere, in Colorado and was happy to be able to speak a good word for him. This was in 1961 and soon afterwards Joe Cannon was named to the post of Director of Health in Rhode Island, a position he has held with distinction to this day.

Joseph Edward Cannon was born and grew up in Providence, Rhode Island, and his preparatory and college education were received in home territory. After receiving a degree in pharmacy at Brown University, he entered the Tufts Medical School in Boston, winning his M.D. cum laude in 1936.

There followed a ten-year stint in the Army Medical Corps from which he was retried as a Colonel for disability in line of duty.

In 1950 Dr. Cannon went to work with the Colorado Health Department, rising to be Deputy Director in 1954. Recently, Roy Cleere commented on these years in the following way: "Joe Cannon came to us from the Army and he was as stubborn as a mule to break into public health. But, like the Army mule, when broken in he became thoroughly dependable and really topnotch." During his affiliation with the Colorado Health Department, Dr. Cannon took a leave to obtain his Master's in Public Health from Harvard; this degree also Cum Laude.

By 1958, the lure of Rhode Island became so strong that Dr. Cannon left Colorado and went to work for the Rhode Island Department of Social Welfare. It was from that position that he was tapped to be Director of Health. In almost no time, he was making his mark as a man of many talents and a public servant with credibility.

Probably, Dr. Cannon's most remarkable accomplishment was in spearheading a drive to establish a single statewide health department. He recognized that municipal public health departments in a small state like Rhode Island made little sense; services were fragmented and lacked standards; coordination was non-existent. It took many months of planning and cooperation with numerous community forces and a lot of time and patience to effectively explain the issues to the public. Fundamentally, Rhode Island eliminated city and town public health departments because the people had confidence in Dr. Cannon's ability to perform a better job for them. After the enabling legislation was passed in 1964, he responded to their trust by putting together a strong state health team and a program of services based on priorities and objectives in accordance with community needs.

Dr. Cannon created a health information system through which Rhode Island's vital statistics and other health data were to be recorded according to census tracts. Achieved in 1968, this gave Rhode Island the distinction of being the only state in the nation with such an encompassing health data base. After creating the system, he subsequently put the data to work, applying it to programs and designing appropriate services for specific needs.

During the past decade, Brown University moved to establish a medical school. Although reasonably successful in securing faculty and a financial base, the University trustees decided that, since stable funding was quite problematical, the medical school proposal would have to be shelved unless the State of Rhode Island would agree to commit public monies on a long-term basis. The matter was discussed in the legislature and the reaction ranged between general apathy and coolness. Alerted to the matter, Dr. Cannon joined in the legislative dialogue and gently but convincingly won the broad support of state government. As a result of his personal efforts, the Rhode Island Department of Health is currently being allotted a substantial sum annually which, in turn, is conveyed to Brown University. Today a medical school is a reality for Rhode Island.

The prototype for the Experimental Health Service Delivery Systems (EHSDS) was developed in Rhode Island under the aegis of the Department of Health. Dr. Cannon brought the key forces in Rhode Island's health care system into a corporate arrangement because of his conviction that government would be more effective with the cooperative participation of the private sector. With no precedent whatever to follow, he was able to convince Blue Cross, the Medical Society, the educational establishment, the Hospital Association, and related governmental agencies that it was in their interest to work jointly in the development of programs to improve the delivery of health care services. The result was the prototype, known in Rhode Island as SEARCH, which has continued in existence with notable success.

In conjunction with the state medical society, Dr. Cannon initiated noteworthy statewide immunization programs to combat polio, measles and rubella; he developed innovative and effective coronary detection clinics, cancer detection programs, diabetes screening services and smoking withdrawal units, along with a host of exemplary health services for mothers and children.

Dr. Cannon's understanding of the practical intricacies of administering planning and regulatory functions is derived, in part, from his experiences in implementing Rhode Island's certificate of need statute, enacted in 1968. The Rhode Island Department of Health also enforces a series of regulatory laws designed to control the unnecessary construction of health facilities and to foster the rational development of its health system. It also has regulatory authority over health insurance carriers. The Department requires mandatory uniform reporting of health data, long-range planning by institutional providers, and certification of providers on the basis of community need.

No less successful in working on behalf of environmental health, Dr. Cannon has been a magnet in inducing superior people into working in water and air pollution control, solid waste management, food protection and occupational health. As a result, ninety percent of Rhode Island's sewage treatment plants are providing secondary treatment.

Dr. Cannon's style of management is low-keyed, with decisions arrived at through knowledge, information, and thoughtfulness. He is skeptical of rash conduct, pomposity, vested interests, emotionalism, and waste in government. A gentle person, he has little interest in fanfare, preferring to maintain a low silhouette except perhaps when a subordinate is under fire unfairly and then his loyalties are evoked immediately. With all of this, he maintains a sense of humor combined with a lot of good, plain-folks common sense. During one widely publicized situation in which Doctor Cannon supported the rights of a pig farm operator whom suburbanites wish to put out of business, he made the following statement:

"A pig farm is going to smell like a pig farm and the situation is going to continue until flush toilets are installed and the animals know how to use them."

He is an untiring worker, who begins his day early, never leaving the job until most other governmental offices are in darkness. His primary interest is in problem solving and opening avenues of communication with his subordinates and the public. As Rhode Island's chief health officer, he has worked continuously under the direction of five governors representing both major political parties. Regardless of their political philosophy, he has striven to maintain public confidence in government by inculcating professionalism into all public health activities and by ensuring that quality services are rendered.

Like any good health officer, Dr. Cannon maintains close working relationships with the medical community and voluntary agencies. He currently holds teaching appointments at the University of Rhode Island and the Yale University School of Public Health and is presently a member of the House of Delegates of the Rhode Island Medical Society. His list of special appointments is long, but includes: consultant work on communicable disease control; the Board of Directors of the Rhode Island Hospital Service Corporation; the National Advisory

Health Services Council; Surgeon General Task Forces on Public Health Legislation and Tuberculosis; and White House Conferences on Aging, Health, and Mental Retardation. He holds memberships, of course, in the AMA, the American Public Health Association, the New England Public Health Association, as well as the ASTHO.

The McCormack Award was established by the ASTHO in 1950. It is in honor of the late Doctor Arthur T. McCormack who served as Kentucky State Health Officer for thirty-one years. Arthur McCormack succeeded his father, Dr. N. N. McCormack, who had held his position for thirty-four years. That makes a total of sixty-five years for this famous father-son team:

It would go without saying, therefore, that one of the criteria for the McCormack Award is longevity in the field of public health. The other is that the recipient shall also have one or more major accomplishments to his credit in administration or research related to public health.

From the lengthy recitation I have given you tonight, I know you support the Award Committee's decision that the McCormack Award for 1974 belongs to Joseph Edward Cannon.

Dr. Cannon, I am proud to present this award to you in recognition of twenty-five years of Meritorious Service in the field of Public Health. Your unselfish devotion to the ideals of sound Public Health Practices and your Constructive Leadership have benefited the People of Rhode Island, the Nation, and this Association.

TABLE ROCK LAKE: A CORNERSTONE OF ECONOMIC GROWTH

Mr. SYMINGTON. Mr. President, Table Rock Lake in southwestern Missouri and northwestern Arkansas has provided an impetus for significant economic development in its area.

In 1959, the year Table Rock Lake was completed, the income of the average resident of Stone County, one of the Missouri counties in which the lake is located, was $2,871. By 1970, his income had climbed to $5,904 and is still increasing.

During the 1950's Stone County's population dropped 16.1 percent; from 1960 to 1970 the population increased 21.3 percent.

The progress in Stone and four other counties in Missouri and Arkansas neighboring Table Rock Lake was the subject of a recent article in the Corps of Engineers' publication, Water Spectrum, and a followup article in the Joplin Globe. In that those articles so well sum up what progress has been made in the Table Rock area and shed light on the potential for economic development as a result of such water projects elsewhere, I ask unanimous consent that the texts of those articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

TABLE ROCK—PROJECT-INDUCED CHANGES PRODUCE AN ECONOMIC BOOM

(NOTE.—Economic changes emanating from the particular project described below are by no means typical, but certainly noteworthy.)

The upper White River and the Ozark Hills of southwest Missouri and northwest Arkansas have known each other for eons. The formerly free-flowing river has always provided some of the best fishing that part of the country has ever known. The eroded river-cut land—a region of cedar-covered bald knobs separated by deep-cut valleys—was much less hospitable.

Early 19th century settlers moved into the Osage tribal hunting grounds and themselves became hunters and gatherers, for the thin soil was incapable of sustained row crop production. Between the earliest written accounts of this area in 1818 by Henry Schoolcraft and the dawn of the 20th century in the Ozarks, there were no outside disturbances to change a way of life in which every family raised barely enough cotton, tobacco, tomatoes and livestock to satisfy its immediate needs.

The first break in this life style resulted from the arrival of railroads near the end of the century, but locomotives had less effect than author Harold Bell Wright, who by preserving that way of life in print helped to end it in reality. Publication of his novel *Shepherd of the Hills* in 1907 focused national curiosity on the Matthews family homestead at Inspiration Point, several miles west of Branson, Missouri, that Wright had used as his novel's setting. Wright's book sold 17 million copies in the first few years after publication.

The unwanted notoriety brought as many as 50 sightseers a day to the Matthews farm where "Old Matt" ground corn for the local community. Continuing streams of tourists watching him at work and peering in his window even as he ate finally annoyed "Old Matt" to the point where he hitched up the family wagon and drove off in the dark of night four years later. However, by 1911 one could already hear the sounds of construction in the distance—around Forsyth—where the Empire District Electric Company out of Joplin was using mule and horsepower to build the first dam on the upper White River, which rises in the Boston Mountains of Arkansas to the south. Completion of Powersite Dam in 1913 formed a 20-mile long, 100–200 yard widening of the river. This new lake was named Taneycomo, a contraction of its geographical location—Taney Co., Mo.

Although built to provide Empire District with a source of hydroelectric power, the manmade creation of a flat water area in this mountainous region provided the first obvious recreation center for southwest Missouri. The new lake soon spawned popular resort areas along its shores. Rockaway Beach, nestled next to Forsyth, rapidly gained national fame for the Ozarks. Many of the Nation's more affluent spent their summer vacations in shoreside cabins and hotels in the area around Hollister, Branson and Forsyth. The Missouri Pacific brought them as far as Branson, across the lake from Hollister. Float fishing in Ozark "johnboats" became famous on the upper White under the guided tours of men like Jim Owen of Branson—who always instructed his guides to talk authentic hillbilly for the wealthy guest fishermen the area attracted.

After World War I, Taneycomo began to attract a wider variety of recreation enthusiasts, encouraging the growth of hotels, bungalows, bait and tackle shops, boat rentals and repairs, amusement parks and other visitor oriented activities. After all, in 1920 the Empire District's dam and lake was still considered the biggest in this part of the country.

Onset of the Depression brought an economic decline lasting through the 30s as dollars became scarce and regional transportation patterns changed.

Meanwhile, congressional attention began to focus on the upper reaches of the White River as a combined source of hydroelectric power and potential location for flood control structures. The river's importance lay in the geographic fact that it rises in the foothills of Ozark Mountains of northwest Arkansas and flows northward in a sweeping arc through southern Missouri's Ozarks before dipping southeastward into Arkansas again on its way to the flat, almost swampy flood plain of the lower Mississippi River. The total system of both flood control and generation of hydroelectric power authorized by the Flood Control Act of 1941 was envisioned as a creation of four lakes linked in tandem on the upper White: Beaver, Table Rock, privately owned Taneycomo and Bull Shoals. Amendments to the Flood Control Act of 1944 provided for the addition of recreational facilities at all future projects.

Thus, when construction of Table Rock Dam by the Corps of Engineers began in 1952 it had multiple purposes to serve, including coordination of fish and wildlife management with other Federal and State agencies. Table Rock was completed seven years later in May 1959, forming a lake that extends 79 miles upstream into the tailwaters of Beaver Dam above it. Built only six miles above Branson. Table Rock's own tailwaters spilled directly into Lake Taneycomo below. The new high rise Table Rock Dam perched above it drastically changed the environment of Taneycomo. The latter's 1,730 acres of water surface seemed instantly tiny compared to Table Rock's 43,100 acres at conservation pool level, which created an extensive 745-mile long shoreline that had never before existed. At flood control pool height, the lake surface expands to an even larger 52,300 acres with an 857-mile shoreline.

Table Rock's sheer size would have drawn off a goodly portion of the smaller Taneycomo's visitors, but in a more gradual time scheme, had not a curious transformation of Taneycomo's waters taken place.

Although Federal and State fishery experts had long warned local residents to expect cooling of the lower lake's water, the latter were still unprepared for the abruptness of the change and the sharp drop in water temperature caused by drawing the chilling, 140-foot deep Table Rock water through the dam's turbine penstocks into Taneycomo.

With boating, waterskiing, swimming and warm water fishing quickly abandoned on Taneycomo, the Missouri Department of Conservation built Shepherd of the Hills Hatchery immediately below Table Rock Dam on Corps leased land. Its purpose was to establish a replacement fishery of rainbow trout that have successfully thrived in the artificially cold waters.

In recent years, however, the State has become aware that the low level of dissolved oxygen in the cold water flowing from Table Rock affects the health of the trout in Taneycomo. In response to requests by the State, the Corps has tried several methods of injecting gaseous oxygen directly into the lake water under pressure. Ready for next season is a new liquid oxygen tank constructed near Table Rock Dam by resident engineer Richard B. Groves. The next time the dissolved oxygen level drops below acceptable minimums during summer periods of low flow, the Corps will start to draw this stored oxygen through hoses leading to the turbine shafting in the penstocks, where oxygen gas will be injected into the water immediately prior to entering Taneycomo.

The fortuitous circumstances that brought side-by-side warm and cold water fishing to Table Rock and Taneycomo, respectively, have made the area around Branson and Hollister a year-round mecca for fishermen from near and far. Vast numbers of fishing camps, bait and tackle shops, marine sales and service and small grocery stores dot the shorelines and access road system.

Between fishing season peaks come the summer vacationists who not only enjoy Table Rock and Taneycomo but also their surrounding parks and tourist attractions. About 75 percent of the area is located within the bordering Mark Twain National Forest.

The Missouri State Park Board has established Table Rock State Park on 457 acres leased from the Corps near the damsite at the lake's eastern end, not far from the mountain peak which shared its name with the manmade lake. The Corps itself, in addition, operates over 20 small park sites offering various degrees of amenities for day picnickers and overnight campers, all of which are supervised by a staff of park managers and rangers operating out of the resident engineer's office near Branson.

These parklands are located in an extremely narrow belt of Corps owned real estate in which the Corps staff also manages woodland areas containing wildlife habitats. Complicating its management preferences are the large numbers of private landowners and developers next door to the Corps, so to speak, who derive certain benefits from the lake's proximity to their property. Some have been bold enough to request removal of intervening woodland obscuring a "vista" view of the lake from their home sites. The resident engineer's staff usually reminds such requesters that boaters on the lake might not appreciate a scenic lakeside vista marred by private cottages.

From the air a multitude of watery fingers appear to inundate the narrow hollows of yesteryear, to form little creeks, forks and branches of such appealing nature that 278 subdivision sites have sprung up around them. There is no part of the lake near which a subdivision does not exist. Among the largest is the incorporated community of Kimberling Hills with over a thousand permanent inhabitants and its own sizeable shopping center—Kimberling City. The majority of these subdivisions eventually become year round retirement settlements. Some young family purchasers even buy early in their working careers, then rent their homes until they reach retirement age—knowing a place is waiting for them at Table Rock under this gradual retirement plan.

The last four to five years have also seen tiny unincorporated towns such as Shell Knob sprout from a wide spot in the road with the customary grocery store and gas pumps to its own 20-store shopping center. Real estate values around this part of the lake ran about $60 to the linear foot in 1968, had spurted up to approximately $450 a foot between 1970 and 1971—and are still booming.

This attraction for proximity to Table Rock transcends the normal magnetism of large bodies of water. In resident engineer Groves' assessment, the clarity of the water is the most unique aspect of Table Rock among its neighbors. Even 120 feet down scuba divers discover such clear water that surface ripples are still visible. A variety of fish and underwater phenomena may be studied and photographed with ease in this underwater world frequented by professional and amateur alike. John "The Diver" Hoynacki, a local professional, is continually amazed at the new discoveries awaiting each of his descents.

Table Rock's clarity can be attributed to the insignificant amounts of clay and silt type soils atop the nearly horizontal layers of limestone through which runoff filters before the White River tributaries drain into the lake. Thus, the very soil conditions that prevented profitable farming in earlier years now insures Table Rock's clarity for posterity.

The clearness of its water and the backdrop of its forested hills make Table Rock perhaps too attractive for its own good. In 1973 the resident engineer's office issued 120 limited lease permits to boat dock owners scattered along the shoreline. Such permits restrict use of the dock facilities to an owner's bonafide motel guests if his property is adjacent to Corps land. Groves could have allowed more docks, but he contends that Table Rock should remain "first cabin" and the "hub" of the action in this region for visitors from as far as New Orleans to the south, St. Paul to the north, Denver to the west and Ohio to the east.

Thus, he maintains a standing policy that shoreline separation among a limited number of lakeshore docks prevents visual pollution and permits enough open space for continued public access to the lake. The need for retaining public access is important, Groves pointed out, when one considers that 40 percent of Table Rock's visitors come from outside Missouri and neighboring Arkansas. The heaviest out-of-state impacts noted by his rangers are from Iowa, Illinois, Kansas and Texas.

The Corps is also responsible for controlling Taneycomo's pollution and navigation. Up to 1969 only a letter of permit was required for a private boat dock. Now each request has to be examined to determine the explicit location of the proposed dock and then coordinated with the Missouri Conservation Commission and the lake owners, Empire District Electric Company. The 120 limited leases are issued among the 330 motels situated around the Table Rock shoreline. Beaver Lake by comparison, has only five motels with lakeside access but more retirement type communities with year round accommodations and state highway frontage. Table Rock leases include 13 commercial concessionaires catering to the boating public where out-of-state people berth their boats year round.

Recently Groves has been advocating turning all of the Table Rock and Taneycomo docks perpendicular to the shore in order to use even less shoreline than is necessary with parallel docking patterns. "I hope to see us go to the multilift storage concept," Groves declared, in an effort to conserve shoreline. However, he admits, environmentalists may not agree that high-rise boat docks are compatible with the scenic shoreline. Groves also encourages community docks such as the "courtesy dock" provided by Holiday Isle subdivision for its lot and home owners.

The Corps concern is based on its Table Rock records, which show an approximately 1000 percent growth in the number of privately owned boats permanently kept on the lake from 765 in 1960, two years after the dam's completion, to 7,242 in 1972, the latest year for which figures are available. Rental boats maintained by both concessionaires and resorts in the same period climbed from 842 to 1,336.

The growth in boat usage is attributable to the growth around the lake. In 1960 over 2.4 million persons visited Table Rock. By 1972 that number increased almost threefold to over 6.3 million. Not all were overnight guests, since there were only 41 establishments providing 1,353 such accommodations when the lake first opened in 1958. By 1972 there were 281 establishments capable of accommodating 10,104 visitors overnight. The estimated value of these establishments rose from $1.5 to almost $16 million in the intervening years.

Besides these commercial establishments, private home and recreational site construction adjacent to the lake represented over $92 million of investment value in 1972. Another $3.6 million worth of non-resort type businesses have also been constructed in the vicinity of the lake.

The rise in motel population has been accompanied by continuing growth in the fishing industry supported by the lake. Almost $6 million worth of fishing tackle, bait, boats, motors and other outdoor recreation equipment is sold annually in the lake's vicinity. The $2 million of commercial boating facilities is dwarfed by the $17 million value placed on privately owned boating equipment used on the lake. What percentage is purchased outside the immediate vicinity of the lake has not been recorded, but the growth since 1958 in marine sales distributorships as far away as Springfield is visibly evident to permanent residents of the area.

Since the lake sprawls its fingerlike projections over a five county area along both sides of the State line, a look at county assessment values represents a more overall view of true growth within the area. The combined assessed valuation of all taxable property in these five—Taney, Stone and Barry in Missouri, Carroll and Boone in northern Arkansas—was slightly over $55 million when Table Rock was completed. Today that figure is well over $121 million.

Banking institutions and their deposits also grew with the coming of Table Rock. Back in 1950, according to Ben Parnell, Jr., president of the Peoples Bank and Trust Co. in Branson, the Security Bank was the only one in Taney County, and had less than $2.5 million in total assets. That was before start of construction on Table Rock. Today, Parnell's own bank and the Bank of Taney County, organized at Forsyth in 1958, also exist. Furthermore, all three county banks have total assets somewhere between $60–65 million. In neighboring Stone County, there was only one bank in 1950, located in Crane, with assets of approximately $2 million. There are now two other Stone County banks in Reeds Spring and Kimberling Hills. All three show combined assets running $20–25 million. Today there are also three savings and loan institutions in Branson alone, all relatively recent additions to the community, and one of them a branch of an established savings and loan headquartered in Springfield.

Before Table Rock, outlying ranches sold for $10 an acre and an average Branson city lot went for $500–$1,500. Today the asking price for ranches is between $500 to $1,000 an acre and city property averages anywhere from $4,000 to $15,000 a lot. Owners of Branson lakefront lots along the Taneycomo shoreline who bought at $1,000 refuse offers of $15,000 today.

Among the communities adjacent to the White River and its manmade lakes, Branson stands out as the gateway for southwestern Missouri's resort region due to its transportation facilities. The Missouri Pacific first opened up the region by bringing the railroad to Branson in 1907. This made it possible for outsiders to visit the Shepherd of the Hills site and the underground wonders of nearby Marvel Cave. Then Highway 65 from Springfield, the line to the outside world of Kansas City and St. Louis, became progressively important with the gradual decline of rail passenger service.

Today this "straight as a string," partially four-laned, modern highway is only 38 miles between Branson and the 100,000-population city of Springfield. Quick and comfortable, it slices through enormous cuts and glides over monstrous-sized fills. Vacationers heading for Table Rock can even bypass Springfield today. Construction of a Branson bypass began last year and should be available for summer 1974 tourists not wanting to contribute to downtown Branson congestion where U.S. Highway 65 intersects with State Highway 76 heading west toward Table Rock.

Upon completion of the bypass, Taney County will start on a public access road to the nearby airfield near Hollister on the School of the Ozarks campus. Though open to general aviation use, the school airfield has only been accessible to the public by driving through the campus.

Though started with the idea of becoming the area's public airport, it was built by student labor and has been serving as an on-campus aviation science and flight training site for its own students in addition to providing public charter and flight rental service.

This unusual school was founded in 1906 by Rev. James Forsythe, a young Presbyterian missionary, to educate the mountain children at a time when there were few schools in the Ozarks. From a boarding grade school it evolved into a high school, then a junior college and finally, in 1964, became a full four-year nondenominational, coeducational college of liberal arts. Each change in curricula came in response to the slow increase of better public schools in the Ozarks and a gradual realization that a progressively higher level of education was needed as the region developed.

The scenic campus at Point Lookout, only two miles east of Branson, contributes to the overall tourism appeal of the Table Rock-Taneycomo area. Heading west on Highway 76 out of Branson today's visitor meets a partial resurrection of the former 160-acre Matthews homestead at Shepherd of the Hills Farm. An outdoor theater, claiming the second largest attendance in the country, adjoins the old mill where summer tourists witness nightly reenactments of *Ozark* family life during "Old Matt's" days.

Closer to Table Rock, on the opposite side of 76 is Silver Dollar City, sharing its site with *Marvel Cave*, whose 20-story high interior is said to be the third largest cave in the Nation. Silver Dollar City presents 19th Century craftsmen and actors working in a replica of an 1880 pioneer mining town that includes an old "tintype" photo studio as well as a retelling of the exploits of former Ozark vigilantes known as the "Bald Knobbers."

A helicopter ride provides aerial views of Table Rock, excursion boats offer lake tours, barns with distinctive hillbilly names offer country music and the local roads are lined with a ceaseless variety of small museums, zoos, restaurants, motels and shopping centers.

There is no doubt that Table Rock has been a boon to the Ozarks together with its sister lakes on the upper White River. As 1974 marches forward into the beginnings of another tourist season, the energy crunch will certainly rear its head in the Tri-Lakes area of Table Rock, Taneycomo and Bull Shoals. An early January article in the *Branson Beacon* reported a telephone survey of resort owners pointing to a consensus that more tourists would come for full vacations from shorter distances, but that the number of one- and two-day trips would decline.

Since then the winter snow and ice have disappeared, the dogwood, redbud and shadbush blooms have dropped, and the moment of truth is arriving for 1974. End of the year visitation tallies will help determine the direction of regional economic decisions for the near future. For the long range future of the Ozarks the very permanence of Corps lakes such as Table Rock serves as a man-made anchor among the economic waves of uncertainty. Table Rock's magnetism is not likely to diminish in its power to attract visitors to southwest Missouri.

POTTERING AROUND

(By Bill Potter)

The economic changes occasioned by the advent of Table Rock Lake and the forming of Lake Taneycomo are portrayed in an excellent piece of writing in a recent Corps of Engineers publication, "Water Spectrum."

Written by the Assistant Editor of the Corps written forum for the discussion of issues and choices in resolving water resource problems. The author of this particular article, Seymour Reitman, presents an interesting and interpretive paper on how these two projects—induced changes produced an economic boom in the Ozarks Shepherd of the Hills country—principal benefactors of both Table Rock Lake and Lake Taneycomo.

Names of individuals and factors that are familiar to those of us who know the Ozarks are given due credit for their part in helping make this area a bona fide tourist-attracting segment of our American heartland. Names like the Empire District Electric Co., builders and owners of Powersite Dam back in 1913 and the start of the now famous Rainbow trout stream—Taneycomo; the late Jim Owen, pioneer float-fishing major domo; the famous Ozark "johnboats" used by the float fishermen; Harold Bell Wright and Old Matt's cabin that became a best-selling novel, "Shepherd of the Hills"; Rockaway Beach, Hollister, and Forsyth—prominent Taney Court resort communities; Shell Knob; Kimberling City and John, "The Diver." And there is the growth of area banks such as Branson's two financial institutions, Peoples Bank & Trust and Security Bank. Mentioned also are the familiar names of School of the Ozarks, Silver Dollar City and Marvel Cave.

This excellent piece of "ink" for the Branson area is a real detailed documentary that earns Reitman a congratulatory nod for good, sound reporting of the facts.

It is an optimistic piece of writing because it relates facts—not fiction. Those of us who have watched the growth and the progress of the Shepherd of the Hills Country to a position of national prominence as a tourist-attracting area, can easily recognize by reading the article that the writer did his investigative reporting with an alert eye and ear to the influence and the impact the coming of Taneycomo and Table Rock lakes to this area has really meant to economic stability and progress.

Reitman's final sentence in the lengthy (and illustrated) article in "Water Spectrum" seems to sense the continuing good future of the area when he writes:

"Table Rock's magnetism is not likely to diminish in its power to attract visitors to Southwest Missouri."

Right on, Mr. Reitman, right on!

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974

The ACTING PRESIDENT pro tempore. The pending business is S. 1988, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

The Senate continued with the consideration of the bill.

The ACTING PRESIDENT pro tempore. Who yields time on the bill?

Mr. MAGNUSON. Mr. President, the Senator from Alaska (Mr. STEVENS) and I are in charge of the time on this measure. I just do not know who in particular is opposed to this bill as of now. The Committee on Armed Services reported it favorably. The Committee on Foreign Relations reported it unfavorably by one vote, I think. The Committee on Commerce also reported it favorably, I think unanimously except for two votes in opposition. So I do not know just where the organized opposition is.

Maybe we ought to call up the State Department and have one of their people come up here and handle the opposition time. They were lobbying already this morning against the bill, which is of course their privilege.

I want to make an opening statement and, by that time, I guess, we will get a few Members in the Chamber, and then we can work this out.

They are bringing a statement over now from my office, so I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. The time to be equally divided.

The ACTING PRESIDENT pro tempore. Without objection, the time will be equally divided on both sides, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

H.R. 8214, SENATE RESOLUTION 390, S. 2022, S. 2928, H.R. 13370, AND S. 3593 PLACED UNDER "SUBJECTS ON THE TABLE"

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the following measures on the calendar be placed under the heading "Subjects on the Table": Calendar Order No. 949, H.R. 8214; Calendar No. 1075, Senate Resolution 390; Calendar No. 1090, S. 2022; Calendar No. 1113, S. 2928; Calendar No. 1120, H.R. 13370; and Calendar No. 1208, S. 3953.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that Calendar Orders No. 949 and 1120 be restored to their place on the General Order Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, and I ask that the time be charged equally.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, the Senate has before it S. 1988 which is entitled the "Emergency Marine Fisheries Protection Act of 1974." It is intended to provide the United States with fishery management—and I underline the word "management"—jurisdiction over fish within a 200-nautical-mile zone and over an anadromous species of fish, such as salmon, beyond such zone for the purpose of managing and conserving such fish.

This assertion is necessary, because a

number of stocks of fish off our coasts are now either completely, or almost completely, depleted or seriously threatened—mainly because of foreign fishing. This applies to both coasts, the Pacific and the Atlantic, and to the gulf.

I want to stress that there are some people who are concerned about this measure, because there is a possibility, they and I hope, that we can arrive at a Law of the Sea Agreement, in the United Nations Conference to take place in Geneva in March, and I will talk about the conference a little later. But I want to stress that this is an interim measure. It will terminate automatically at the time a proper international agreement is forthcoming from the United Nations Law of the Sea Conference and is either in force or provisionally applied.

Mr. President, on June 1 of last year, the Senate adopted the Eastland resolution, Senate Concurrent Resolution 11. It was designed to "express a national policy in respect to support of the U.S. fishing industry."

That measure clearly recognized the pressures from foreign fishing fleets on our adjacent resources. It also underscored the need to act soon to protect these resources from further depletion.

Perhaps more important, it recognized that Congress might need to take interim measures to conserve overfished stocks and protect our fishermen. Today we are about to consider legislation which speaks directly to this need and the stated intent of the Senate more than a year ago.

My concern in this matter of conservation of our offshore fishery stocks began long before the introduction of S. 1988. But inquiries to our Department of State have always brought the same tiring, tedious answer, "Wait, we will take care of it." Well, they have not taken care of it at all.

May I suggest that I went to my first conference on these fishery matters 16 long years ago. Sixteen years, and still nothing has happened. In the meantime, the stocks have been depleted.

Wait, wait. They are probably calling up Senators around here today saying, "Oh, wait, we will take care of it."

Well, they made this same call about 16 years ago and nothing has happened.

"Give us time to negotiate and obtain agreements on conservation." Now we have more of the same—"Wait." This is their standard request.

Mr. President, I have used the word "wait" now about three times and I want to use it again—this is the fourth time.

Wait, wait, wait.

They were up at the United Nations with this problem for about 3 years, nothing happened. But they did pass a resolution up there, Mr. President, the first action they took and the only action—a resolution to adjourn the meeting to go to Caracas, Venezuela.

Well, they were down there and nothing happened. They had 100 or more items on the agenda, but they did not pass or agree on one. They finally agreed on another resolution to convene, to go to Geneva in March. Then after Geneva, they want to go to Vienna. That is a great seaport, Vienna; they understand fishery problems in Vienna.

I do not know what will happen beyond that, but they probably will just keep on going. Now, in the meantime, I say we have to do something to prevent the depletion of our fish stocks.

It was in the Law of the Sea preparatory meetings where our representatives hoped that the delegates from other nations might abandon the growing movement toward an extended economic zone in exchange for the so-called "species approach" proposal from the United States, and this was a legitimate effort, there are things to be said on both sides of that, but it did not arrive at any result.

It became increasingly evident to me that there was nothing wrong with our salesmen; they simply had the wrong product when they tried to sell the species approach. From the close of the 1973 Geneva preparatory meeting—now they are going back—we were asked to withhold legislative action until the just-ended Caracas meeting.

Mr. President, we have done a lot of waiting, more than our share.

I want to point out, because we only have a half hour and I will yield to other people who are interested, I just want to say again that this is an interim measure and that if they arrive at some agreement in Geneva, hopefully—I would not bet on it —but hopefully we will say, "Amen." This is simply a temporary measure to protect us and our fisheries.

Now, one other thing. We are entering a period of unemployment. I want to say that the unemployment in the American fishing industry has been at 10 to 15 percent for a long, long time, and it will get worse unless we send a message to the conference at Geneva, and unless we begin to protect our marine fisheries.

The foreign harvesting fleets off our coast, however, have showed no restraint in anticipation of some kind of world order in the matter of jurisdiction and harvest. In fact, they have expanded. This year, for the first time, we find East Germany and Poland with substantial fisheries on the west coast. These fleets are out to get all the fish they can, while they can, for they know that any agreement reached by the United Nations will be for broadened coastal nation interest and control.

On July 11 of this year at the Caracas Conference, the State Department's argument of delay in support of the species approach came to an abrupt halt. The U.S. Special Representative of the President and U.S. Representative to the Law of the Sea Conference, Ambassador John R. Stevenson, placed the United States in alliance with those willing to agree to some kind of 200-mile fishery jurisdiction.

The present position of the United States at the continuing Law of the Sea Conference is reflected in S. 1988. In fact, at the hearings before the Foreign Relations Committee, Ambassador Stevenson said of the new U.S. position:

> The fishing section gives the coastal state exclusive rights for the purpose of regulating fishing in the 200-mile economic zone, subject to a duty to conserve and to ensure full utilization of fishery stocks taking into account environmental and economic factors.

He then went on to say:

> In substance, there is no significant difference between the objectives of S. 1988 and the United States proposal at the Conference.

Mr. President, if we could assume that there might be agreement at the 1975 Law of the Sea Conference, we would still be faced with a period of years before a sufficient number of nations could accomplish ratification. To allow our offshore fishery stocks to continue under the present virtually unrestricted harvesting pressure of foreign fleets for such a period is to me unthinkable.

Testimony from Government witnesses advises that the United States plans to propose that any fisheries agreement achieved would be applied on a provisional basis. That is, it should be put into effect without waiting for the individual nations to ratify. The State Department stated:

> Provisions application is a recognized concept of international law and our proposal was favorably received.

May I call attention to the fact that such an action would not be much different in effect from the interim proposal we have before us today in S. 1988.

No one in the Congress could be more pleased than this Senator if agreement might be reached in 1975. I support world consensus on the fisheries question and feel it will mirror S. 1988.

Now that a mass of the earlier arguments against this legislation have been laid to rest by the passage of time, we are told that acting unilaterally is improper. International lawyers view the law of the oceans as a process of "continuous interaction; of continuous demand and response," a developing system whereby unilateral claims are put forward, the world community weighs the claims and then such claims are either accepted or rejected. This process of claim/counterclaim has molded the law of the sea for centuries. It is only recently that treaty lawmaking has been in vogue. I suggest that the international community's need for clear rules of action in the sea will be served by passage of S. 1988.

The issue is quite clear. We are either going to stand up for the proper management and conservation of the fishery resources off our coast or we are going to be concerned about what the world may say about us in the continuing law of the sea forum. I must cast my vote on the side of the fishery resources.

Mr. PASTORE. Will the Senator yield 5 minutes?

Mr. MAGNUSON. Yes, I yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I ask unanimous consent that the statement that I made at the hearings in Washington December 6, 1973, be placed in the RECORD, and also the statement made at Providence, R.I., May 13, 1974, be placed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

S. 1988 AND H.R. 9136, THE INTERIM FISHERIES ZONE EXTENSION AND MANAGEMENT ACT OF 1973

(Remarks By Senator JOHN O. PASTORE)

For years, the United States has attempted to prevent the depletion of American fish stocks and preserve the American fishing fleet by entering into international treaties such as the International Commission for the Northwest Atlantic Fisheries and many bilateral treaty arrangements.

Through treaties and agreements, the United States attempted to persuade foreign nations to moderate their fishing efforts off the American coast, not only to help American fisherman, but also to prevent the extermination of fishing stocks.

These efforts have not succeeded. With numerous treaties, including ICNAF, in force, we in New England have watched as the foreign fishing fleet off our shores burgeoned from a few vessels in the 1950's to hundreds of vessels currently. And most of these foreign vessels are more modern, larger and more efficient than most of our New England vessels.

The state of the American fishing fleet is a disagrace and this has been said too often for me to belabor it here except that I do want to note that while the American government has provided substantial subsidies for many industries, for too long the American fisherman was ignored. For the most part, our New England fishing vessels are individually owned vessels that are too small and far, far, too old to compete with the enormous factory ships and mother ships that cross the world's oceans with large satellites of smaller vessels to fish off New England. And even these smaller satellite vessels are larger and better equipped than the fishing boats of our New England fishermen.

We have watched as the haddock has practically disappeared, the yellowtail flounder has been seriously depleted and the herring and the cod are now endangered. While we were discussing orderly management and harvest techniques at the United Nations, massive foreign fishing fleets, using electronic methods, have been decimating our offshore resources. The time for watching is over.

Because, as we watched, Boston, once one of the proudest and largest fishing ports in the northwest Atlantic, now has a small, barely surviving fishing fleet. Hundreds of fishermen were driven from their livelihood on the sea as foreign fleets virtually exterminated the haddock.

For years the fishing fleet of Gloucester, once the greatest fishing port in America, struggled for survival. In New Bedford, which remains one of the leading fishing ports on the East Coast, the viability of a fleet and hundreds of jobs are threatened as our stocks of yellowtail flounder are steadily diminished.

In Rhode Island, our fishermen have been more fortunate than the fishermen in our sister state of Massachusetts. Fortunately in Point Judith, we had an extremely capable group of fishermen, led by Jake Dykstra, who formed what was the first successful and viable fishermen's cooperative association on the East Coast, perhaps in the United States —the Point Judith Fishermen's Cooperative Association.

The Point Jude Co-Op's marketing arrangements, the nature of the fleet in Point Judith and the resourcefulness of the fishermen gave them the capability of switching from one species to another depending on the market and availability of the fish. It was this kind of flexibility that has been a key to whatever success Point Judith has had in staying afloat.

A good example of this is the way in which Rhode Island fishermen geared up to fish offshore lobsters when techniques for profitably taking those stocks were developed a few years ago. Rhode Island fishermen and fishermen from New Bedford were among the first to exploit the offshore lobster stocks.

Studies by the National Marine Fisheries Service indicated there was an abundant supply of offshore lobster that could tolerate heavy fishing without being depleted.

The Japanese assured us that they would not catch offshore lobsters but many of our fishermen have reported sighting Japanese vessels taking lobsters offshore.

The Russians assured us they were not interested in taking lobster. But the massive gear they drag along the ocean bottom scoops up everything in its path. And while we have been able to board Russian vessels for on-deck inspections, we have been prohibited from inspecting holds where lobsters would be stored.

It is not accidental that after a bonanza year for Point Judith fishermen in offshore lobstering in 1971, the offshore stocks were practically wiped out by the following year. Now it was not Point Judith fishermen who depleted those stocks, but rather the scores of huge Russian vessels that pounded those offshore beds with heavy equipment for months in the winter of 1971–1972.

We thought we had understandings with the Japanese and the Russians but those understandings left us with scores of fishermen who lost thousands of dollars in investments. Because after gearing up to take lobsters, they had to switch to other species after the offshore lobster stocks suffered so under foreign pressure.

The depletion of offshore lobster stocks was so severe that at Point Judith alone, offshore landings in 1972 fell of 500,000 pounds from 1971 and preliminary indications are that the 1973 landings could be down one-third from the 1972 landings.

Now I realize that a half million pounds of lobster is not a large figure when compared to the total lobster landings in New England or even when compared to Maine's lobster landings.

I tell the story only to illustrate the point that intense foreign fishing pressures over even a short period of time can have an extensive and direct impact on our rapidly depleting marine resources.

We all remember the difficulties Westport and New Bedford offshore lobstermen have encountered over the past few years with Russian vessels plowing through their sets of lobster gear tearing up hundreds of thousands of dollars in equipment.

I am therefore happy to say that I am a cosponsor of S. 1988, a bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry. This bill would extend the present fisheries zone to 197 miles which, with the 3-mile territorial limit, would give protection to fisheries for a distance of 200 miles. The reason for my cosponsorship is a simple one. I cannot stand by and watch the foreign competition harvest the fish which should be on American dining tables.

My interest in this matter extends to the sport fisherman as well.

It was not too long ago that I provided by way of supplemental appropriation additional Coast Guard protection of our lobster fishermen who had been harassed by the Russians within 200 miles of our shore.

Our traditional fishing grounds off Rhode Island have been depleted. The foreign trawlers catch fish, bone it, and freeze it on board. They are far ahead of us in this regard.

I know that there are some fishermen who would oppose this 200-mile limit. It doesn't protect the salmon fishermen on the west coast, in the northwest and Alaska. It doesn't set well with the tuna fishermen because this limit is what the Peruvians are trying to do to them now. It doesn't please the shrimp fishermen because of their high-seas shrimp fleet.

However, all attempts to come to an international agreement based on a biological rather than geological basis have been ineffectual.

Therefore, it is necessary for the United States to move unilaterally until such agreements can be worked out. We cannot sit and wait while our own coastal waters are being depleted by foreign trawlers of nations who are holding up negotiations.

I am pleased today to hear the testimony of Jacob Dykstra, President of the Point Judith Fishermen's Cooperative Association, Inc., who is a proponent of this legislation. I am sure his views will point out the need for direct action by the United States immediately.

OPENING STATEMENT

(By Senator JOHN O. PASTORE)

Today, the Senate Commerce Committee's Subcommittee on Oceans and Atmosphere continues a series of hearings we have been holding on legislation which would extend American jurisdiction over ocean fishing from the current 12-mile limit to 200 nautical miles on an interim basis. We have held hearings in Washington, D.C., the state of Washington, Alaska and California. Tomorrow a field hearing will be held in Boston.

I want to welcome to the bench my good friend Ted Stevens of Alaska who is co-sponsoring with me S. 1988. Senator Stevens is the senior minority member on the Oceans and Atmosphere Subcommittee and a strong supporter of a 200-mile fisheries zone.

We on the Commerce Committee view field hearings such as this one as absolutely vital to a full discussion of this legislation which is the most important national fisheries issue now before the Congress, an issue which is vital not only to our fishermen but to all Americans.

We have taken our hearings into the field because this issue *is* so critical and because we have to make every effort to obtain as wide a range of views as possible on the matter. It is impossible for everyone to journey to Washington to testify and that's why we're here.

We have scientists from the University of Rhode Island, members of the General Assembly and representatives of sportsfishermen's groups scheduled to testify.

But we also want to hear from the commercial fishermen who, on a day-to-day basis, must confront the massive foreign fleets operating just off our shores. I know that the fishermen have a most articulate and capable spokesman in Jake Dykstra but if there are any fishermen here who would like to speak and who are not scheduled we would be happy to hear from you after the scheduled witnesses have finished testifying.

We are sponsoring this bill for two fundamental reasons. Because we have to protect our fleets—our fishermen who have a tradition of three centuries of going out to sea and who are now losing their livelihoods by the thousands. And because we have to move quickly before breeding stocks of already seriously depleted species are endangered.

Virtually every single commercially valuable fish in the waters off New England is being rapidly depleted. You can name them—the cod, the haddock, the lobster, the Atlantic herring, the yellowtail flounder, the Atlantic mackerel, the Atlantic halibut.

If anyone needs to be convinced of the impact made by the foreign fleets on our New England fishermen let's take a look at what has happened to Gloucester and New Bedford and Boston.

Boston was once the home of one of the proudest and largest fleets on the northwest Atlantic. Now it has a tiny fishing fleet. Thousands of Boston fishermen were driven from their livelihood on the sea as foreign fleets virtually exterminated the haddock and Boston was once the biggest haddock port in the world.

Gloucester was once the greatest fishing port in America. Today her fleet struggles for survival. In New Bedford, which remains one of the leading fishing ports on the east coast, the viability of a fleet and thousands of jobs are threatened as our stocks of yellowtail flounder steadily diminish.

Now I know—all of us who are sponsoring this legislation—Senator Stevens, Senator Magnuson, we know that ultimately the solution to the problem of the systematic destruction of our marine fishery resources by overfishing can only come when the nations of the world agree to an international regulatory regime governing the exploitation and the conservation of the world's fishery resources.

But, we feel very strongly that our fisheries and our fishermen must be given interim protection until such international agreements go into effect. Otherwise there may be nothing left to protect.

After three years of preparation, the Law of the Sea Conference will get under way in Caracas a little more than a month from now on June 20.

What are the prospects of rapid agreement? Just two weeks ago in Washington, Kenneth Rush, the Acting Secretary of State, testified before this committee—rather reluctantly I might add, and only after being prodded several times by questions—that the Department of State does not expect an agreement this summer.

He expressed uncertainty about obtaining an agreement by 1975. Well, it may be several years before deliberations are completed. And it's going to take a few more years after that—some have testified as many as 10 years—before the requisite number of nations will ratify the treaty to implement it.

So now we are talking about 1980 or 1985 or even beyond before we have a working international instrument. Now if we continue to sit on our hands, which is the position of the State Department and the White House, there are just not going to be enough fish left worth protecting by 1980.

We have taken testimony in Washington, but I want to repeat it here in Providence, that by 1980 the world's fishing fleets are expected to take 100 million tons of fish. Scientists tell us that 100 million tons is the maximum yield of fish that can be taken from the oceans of the world annually without doing biological harm to world breeding stocks. The world's fishing fleets are now harvesting about 70 million tons of fish annually.

These are the best projections available to the National Marine Fisheries Service. But in the face of this kind of forecast, the State Department and the National Oceanic and Atmospheric Administration nevertheless come before us to tell us that we are making a serious mistake in considering this legislation. They plead with us to do nothing until the Law of the Sea Conference completes its deliberations.

The State Department tells us that if the United States takes unilateral action in extending its fisheries zone to 200 miles the U.S. position at Caracas will be jeopardized.

I am in direct disagreement with the Department of State and so are a considerable number of Senators and Congressmen. Indeed, we feel that Congressional approval of a 200-mile limit bill will strengthen the position of our negotiators at Caracas. In fact, many observers tell us a 200-mile fisheries zone is likely to come out of the Law of the Sea Conference anyway.

We can no longer tolerate or afford delay because foreign fleets, anticipating a 200-mile zone coming out of the Law of the Sea Conference, are increasing their activity off our shores. Once a 200-mile fisheries zone is established they will then be able to negotiate with us downward from a higher number of vessels because, and we all know this, a 200-mile zone will mean a gradual reduction in the number of foreign vessels, not a disappearance of all foreign vessels.

There is no question that if we do not take action quickly to try to moderate foreign fishing pressure in New England waters and in other American coastal areas, some species are going to be irreversibly depleted. This is not just rhetoric because the National Marine Fisheries Service has done study after study demonstrating the decline of important New England fish stocks under the impact of foreign fishing fleets.

I am concerned about further delay and I remain skeptical about the effectiveness of international negotiation despite some heralded successes in establishing overall fishing quotas by the International Commission for the Northwest Atlantic Fisheries (ICNAF) last October in Ottowa.

My concerns flow from the fundamental lack of success of ICNAF, a vehicle for international negotiation, over the past quarter century. Now ICNAF was established when the Northwest Atlantic—the fishing grounds off New England, the Georges Bank and the Grand Banks—was still the richest and most prolific fishing grounds in the world.

With ICNAF watching—these great fishing grounds, which New Englanders fished for centuries without doing ecological damage—the foreign fleets moved in and decimated the largest stocks of fish in the world.

Not until the very existence of the haddock was imminently threatened did ICNAF take firm action late last year. But the damage to the haddock was so great that the member nations of ICNAF were forced to clamp a ban on all directed fishing for haddock.

For decades the Georges Bank haddock fishery had been yielding 50,000 metric tons annually, mostly to American fishermen. This is the maximum the Georges Bank haddock fishery could yield without sustaining biological damage. Our scientists knew this when the foreign fleets moved in in the 1960's and disrupted the balance sustained for so long by our New England fishermen.

Now, from a point 30 years ago where we took 50,000 tons of haddock yearly from the Georges Bank, our fishermen have been enjoined from going out and fishing purposely for haddock. Only accidental catches of haddock taken while fishing for other species are permitted.

This is not secret information. The facts and figures concerning the demise of the haddock have been developed by the National Marine Fisheries Service which has been documenting this catastrophe for 10 years now. But what did the United States do about it? Nothing! Nothing effective was done until the haddock was on the edge of extermination and it still remains to be seen if the October ICNAF agreements will work or can be enforced.

I will not document what has happened to the yellowtail flounder or the herring or the cod but the tale of massive depletion of these species in the face of inaction by the United States is similar if not quite as dramatic. It is a story clearly told in the statistics and documents furnished me by the National Marine Fisheries Service.

What I am saying is this is crisis fisheries management and totally inadequate. We have to move before our fishes and our fishermen are on the endangered species list.

And what I am saying is that 25 years of international negotiations involving 16 countries through ICNAF has been tragically ineffective. The time for waiting for international negotiations to succeed is over. That is what I am saying and that is what my colleagues such as the distinguished Senator from Alaska—who has witnessed the same ecological disaster occur in the waters of his state—are saying.

Let me take a moment to describe the bill. S. 1988 is an interim measure to extend the contiguous fisheries zone of the United States to protect our resources and our fishing industry until agreements are reached. The bill mandates the Secretary of State to initiate negotiations as soon as possible with all foreign governments whose vessels now fish off American coasts to regulate—not eliminate—foreign fishing from American coastal waters. The government would also be mandated to seek international negotiations for the rational use and conservation of American fisheries resources. The bill would authorize the Secretary of Commerce to carry out or subsidize research to improve conservation of fish and it would authorize $1 million for that purpose.

Before we proceed, I want to note that my colleague Senator Pell, and our Congressmen Fernand St Germain and Robert O. Tiernan have submitted statements for this hearing and I now want to introduce them into the record.

I welcome you all here today and look forward to your testimony.

Our first witness is. . . .

Mr. PASTORE. Now, Mr. President, let us understand what this is all about. No one wants to interfere with the freedom of navigation on the seas, and this is not the purpose of the bill at all. Anybody who wants to ship to the United States of America can come here and come within the 200-mile limit and nobody is going to bother him. That is not the purpose at all. The purpose here is conservation.

When I was up in Rhode Island at the hearings on May 13, 1974, they showed us these slides; these fishermen showed us these slides.

Here is this big Bulgarian ship, almost as big as one of our old battleships, with all kinds of equipment on board, going up and down the Rhode Island coast destroying our lobster pots, destroying all of our fishing nets, and we are trying to save and conserve our fishing industry. It is not alone the economics, Mr. President; it is a question of propagation of the species.

They come in here from Russia, they come in here from Japan, they come in here from Bulgaria, they come in here from all over the world. They just sweep up all of our fish. There is nothing left. The haddock is all gone and it is hard to find lobster anymore, and the few pots they have out there are being destroyed. Suit after suit is being brought; nothing is being paid, and that is what we are up against.

Now we are saying here, give us a chance, give us a chance in management. We are not prohibiting anybody coming in, but what we are trying to do is to manage this in such a way that everybody can eat the fish, not alone the Bulgarians, the Russians, and Japanese.

That is what this is all about, and I hope that the Senate will go on record. There is a limitation on this bill. It goes out of effect immediately upon a multilateral agreement. We are looking forward to it, but as the manager of the bill already pointed out, the distinguished Senator from Washington, for 12 years they have been promising a multilateral agreement and nothing has ever happened.

I am afraid that unless we in Congress take a step, nothing is ever going to happen, and the purpose of this bill is to give them a nudge at Geneva. If we pass this bill today in the Senate I will guarantee that the tone in Geneva will be a lot different than it was in Caracas where it was an absolute dismal failure.

Mr. President, it is imperative that the Congress move as expeditiously as possible in passing S. 1988, the Emergency Marine Fisheries Protection Act of 1974.

With each passing day, the importance of enacting this bill into law increases. The stakes are not small. The continued existence of the American fishing industry is at stake. An industry that is built upon ocean fishing, one of the oldest commercial enterprises engaged in by Americans, is directly threatened and little has been done to help our fishermen despite the fact that the warning flags have been flying now for nearly two decades. It appears that the Congress is going to have to take the initiative and S. 1988 would be a small step toward helping our fishermen survive under the increasingly intense pressures of massive foreign fishing fleets.

Furthermore and perhaps more critical in the long run, the continued existence of some of our most important stocks of ocean fish is in direct and imminent danger. The oceans provide one of the world's most important resources of food. While the nations of the world grope in the next decade to solve the world's problem of food shortages and to eliminate starvation, it is absolutely essential that the seas continue to yield up an undiminished supply of food and protein.

Yet this is no longer a certainty. We once thought the oceans of the world would yield 100 million tons of fish annually without biological damage being done to fish stocks and that this maximum sustainable yield would be achieved by about 1980. But we now find that feverishly intensive fishing has caused biological damage to fish stocks in some areas and we are no longer certain that total fish harvests will continue to increase year by year by year. After taking for granted what we thought were the limitless resources of the seas, we suddenly are shocked by how limited they actually are.

We want to deprive no one of the food he needs; we want to prevent no nation from fishing to feed its hungry people. But we must take immediate steps to conserve our fish supplies. We must immediately begin implementing conservation and fish management programs to insure that there will be fish left in the oceans for our grandchildren.

This bill will be a small move in the right direction. This bill would bring the U.S. Government into the active management of fishery resources. The bill would at least force other nations to confront the problem of fisheries depletion and perhaps persuade them to join with the United States in conservation efforts.

The State Department has testified repeatedly at our hearings that this bill will damage our foreign relations with respect to our open seas policy. This bill does not affect the completely free movement of ships of any other nation between the U.S. 3-mile territorial sea limit and the proposed 200-mile fishery zone limit. Nothing will change with regard to the traditional American policy of respecting the concept of freedom of shipping on the high seas.

If an international negotiated settlement of a 200-mile fishing zone could be reached quickly, it would be most desirable, but such a settlement is nowhere in sight. The long-awaited and much-heralded Law of the Sea Conference in Caracas has brought us no closer to this goal. In the meantime, without effective steps to regulate the intensity of foreign fishing off our shores, our fish stocks, at one time the greatest in the world, will continue to decline under steadily increasing foreign fishing pressures. We certainly do not propose to eliminate foreign fishermen from fishing off America's shores, but only to moderate these fishing pressures somewhat. This bill would give the U.S. Government the tools to reasonably regulate, by negotiation, foreign fishing effort. And it must be remembered that this is an interim measure that will remain effective only until the United States can negotiate an extended fishing zone with the other nations of the world.

This bill must be enacted into law now, and we must immediately move to implement good management and conservation policies if we do not want to see the oceans of the world slowly become depleted of edible fish.

I thank the Senator for yielding me the time.

Mr. STEVENS. Mr. President, I yield such time as the Senator from New Hampshire may use.

Mr. COTTON. Mr. President, I am a cosponsor of this bill and am in complete accord with everything the Senator from Washington and the Senator from Rhode Island have said.

I think that the President has been misled and ill-advised concerning the effect of this bill and the need for it. It is imperative this bill be passed.

Therefore, as a cosponsor of the pending bill, S. 1988, I wish to express my strong support for this legislation, carrying the short title of the "Emergency Marine Fisheries Protection Act of 1974."

Mr. President, in expressing my support for S. 1988, I am well aware that the President and several representatives of the executive branch have communicated their respective opposition to this bill on the grounds that "passage could seriously harm U.S. oceans and foreign relations interests," and that our best opportunity for resolution of the problems which S. 1988 addresses lies in "a comprehensive new oceans law treaty now being negotiated within the Third United Nations Conference on the Law of the Sea."

The President has further stated that pending such a comprehensive new ocean law treaty he "will do everything possible consistent with our present legal rights to protect the interests of U.S. fishermen and to preserve the threatened stocks of living resources off our coasts."

Mr. President, I believe that the executive branch is sincere in its belief, albeit somewhat misguided, in the opinion of the Senator from New Hampshire, that S. 1988 is not needed at this time. However, Mr. President, I feel quite strongly that the contrary is true. The Emergency Marine Fisheries Protection Act of 1974 is needed, and it is needed now. This legislation was introduced almost a year and a half ago by the distinguished chairman of our Committee on Commerce, Senator MAGNUSON, along with myself and several other concerned Senators. It has received the most careful consideration not only by our Committee on Commerce, but by the Senate's Committee on Foreign Relations and by the Committee on Armed Services. Our own Committee on Commerce conducted no less than 12 days of hearings on this legislation and 8 days of those hearings were conducted in sites outside of Washington, D.C., in coastal areas most dependent upon the conservation of our fishery resources.

S. 1988 was approved overwhelmingly by the members of our Committee on Commerce. It was approved on a vote of 8 to 6 by our Committee on Armed Services, and by the very narrow vote of 8 to 9 failed to be reported favorably by the Committee on Foreign Relations. I know of few bills that have undergone the scrutiny of several committees in this fashion and survived to be considered by the full Senate.

Quite frankly, Mr. President, I believe that many who have sought to oppose S. 1988 have failed to appreciate fully two very significant points. First, with S. 1988 those of us sponsoring the legislation are seeking to fill a void by providing some immediate national action to conserve valuable fishery resources off our own shores which are in danger of being seriously depleted by excessive fishing activities conducted by foreign nations. Second, as described in the very title of the bill, we seek to extend on an interim basis this jurisdiction over fishery resources only to 200 nautical miles as an emergency measure to protect our domestic fishing industry. Accordingly, S. 1988 further provides—

> That its provisions shall expire and cease to be of any legal force and effect on such date as the Law of the Sea Treaty, or other comprehensive treaty with respect to fishery jursdiction, which the United States has signed or is party to, shall come into force or is provisionally applied.

In summary, Mr. President, we are not proposing in the Emergency Marine Fisheries Protection Act of 1974, that we close our eyes to the international negotiations still underway at the Third United Nations Conference on the Law of the Sea. On the contrary, these international efforts have been specifically recognized. But, recognizing the time needed to develop an acceptable law of the sea treaty, as demonstrated by the futility of the negotiating sessions this past summer in Caracas, Venezuela, this bill seeks only to protect our economic interests as a coastal state, a concept already recognized and acknowledged in the current international negotiations.

Finally, Mr. President, I would conclude by observing that although my State of New Hampshire has a relatively short coastline, it, along with its sister New England States, has a fishing industry of significant economic importance and one which is of a long-standing tradition. That most important industry today faces severe economic hardship, not from within our borders, but from outside in waters beyond our present fishery jurisdiction in traditional fishing grounds which are in danger of having their resources depleted by the activities of foreign fishing fleets. S. 1988 is in the interest of our coastal States and in the interest of our Nation if we are to be able to look to the sea as a source of food in the future. And, Mr. President, it is for this reason and in keeping with these interests that I urge the favorable consideration of the Emergency Marine Fisheries Protection Act of 1974, by my colleagues in the Senate.

Mr. MAGNUSON. Mr. President, I yield to the Senator from Maine.

Mr. MUSKIE. I thank the distinguished Senator from Washington.

At the outset I compliment Senator MAGNUSON and Senator STEVENS, and the other members of the committee, who have been pursuing this matter so diligently. I have had the opportunity to observe their efforts closely, both in Washington and in Caracas. And their effectiveness regarding this legislation is a tribute to the leadership qualities of these two Senators.

Mr. President, S. 1988 is one of the most important bills to come before the Senate during this entire session of Congress. Simply put, this legislation would provide the United States with management jurisdiction over fish within a 200-mile nautical zone, pending the conclusion of an international oceans agreement. The bill also provides special protection for anadromous species that are hatched in this country and then migrate out into the high seas before returning to spawn in the streams of their origin.

There is an urgent need to enact this interim legislation. Fishermen off both our east and west coasts are rapidly losing the livelihood of generations because as a nation we have not responded adequately to global developments in recent years, allowing our fishing industry to sink to a low state in our national priorities.

Specifically, within the last 5 years, the fishing effort of foreign fleets off our coasts has increased severalfold, in a way which has been so dramatically described by the distinguished Senator from Rhode Island (Mr. PASTORE).

At any given time large groups of foreign vessels can be sighted off our shores. In fact, the world's fishing effort is now so much greater than a decade ago that stocks can be decimated in a season or two, a rate much faster than international negotiations are likely to impose effective regulation upon them.

The situation in the Gulf of Maine is illustrative of the gravity of the situation. In 1969, Maine fishermen landed more than 54,000,000 pounds of herring. In 1973, they landed 37,000,000 pounds. In 1969, Maine fishermen landed more than 58,000,000 pounds of groundfish and ocean perch. Last year, they landed only 36,000,000 pounds. In 1969, Maine fishermen landed almost 18,000,000 pounds of whiting. Last year landings of whiting in Maine dropped to 5,500,000 pounds.

Similar declines in landings can be shown for other species. The simple fact is that as a result of a massive foreign fishing effort off our coasts in the last few years, scientists have now concluded that about 25 stocks of fish are depleted or threatened with depletion.

At present, the United States is party to 22 international fishing agreements and virtually all of the fish stocks depleted or threatened with depletion are subjects of these agreements. Obviously, further steps must be taken to prevent the depletion of our offshore stocks—for the sake of conserving the world's fisheries resources as well as preserving the U.S. fishing industry. And enactment of S. 1988 is the most effective interim step that our Government can—and should—take to manage, regulate, and control the taking of fish within 200 miles of our shores.

During the first week in August, along with Senators STEVENS and PELL, I attended the Caracas Conference. At the time, I indicated my support for S. 1988. Reaction was predictable—that this kind of unilateral action could conceivably torpedo the Conference. Well, with respect to the Conference, let me state my own view.

My first impression from visiting the Caracas meetings is that the prospects for eventually writing a new law of the sea are more promising than I expected them to be before I attended the Conference. But my second impression is that achieving that goal is going to take much longer than the more optimistic delegates to the Conference would like to suggest. After 5 years of preparatory work, the Conference is still bogged down in preliminary matters. About 60 of the 149 nations are still trying to develop their own national positions on the use of the seas, while many of the others have widely divergent points of view.

Even Ambassador Amerasinghe, the chairman of the conference, has expressed public doubt about the possibilities for progress at the conference in the near term. His colleague from Sri Lanka, C. W. Pinto, perceptively summarized the progress achieved in Caracas when he said after the meetings concluded at the end of August—

> Progress has been not in bringing the sides closer together, but in clearly defining where they are farthest apart.

It is my own guess that it will take at least until 1976 before the nations represented at the conference can work out the complex range of issues—and there are some 90 of them in number—that must be worked out if a new law of the sea is to be written. Time and time again in discussions with foreign diplomats in Caracas, I heard it said that "we need time to build new international law." Certainly, time is needed for ideas to mature concerning some of the more complex issues the conferees are dealing with.

But if we are to preserve our offshore stocks, I do not think we can afford to wait until the Law of the Sea Conference produces a treaty. For by the time this takes place, there will be precious few offshore stocks to protect.

In Caracas, several foreign delegates suggested to me and the other U.S. Senators attending the conference that the United States ought not to act irresponsibly by enacting unilateral fish legislation, such as the bill before us today. If we are being asked to exercise restraint with respect to this kind of legislation, then it seemed to me not unreasonable to ask restraint in the shortrun of those who have created the problem off our coasts—the Soviets, the Germans, the Poles, the British and the Japanese. But when I suggested this to their delegates in Caracas, I got very little positive response and sensed that few of these nations share our sense of urgency about the need to protect offshore fish stocks in the North Atlantic.

And upon my return to this country, I was further disturbed by an increasing lack of restraint on the part of those countries which are fishing off the coast of my own State of Maine. Haddock is already an endangered species. And yet Britain is now beginning to fish for haddock off our coasts—in complete violation of the zero quota for haddock in the North Atlantic agreed to at the recent ICNAF meetings.

In addition, this summer there have been a number of incidents—and the number is increasing—of intrusions upon the fixed gear of our herring fishermen. These intrusions constitute nothing but wanton and apparently deliberate destruction, leaving our fishermen with little but uncertain claims against nameless perpetrators.

Where is the restraint on the part of these countries and their fishing fleets with respect to intrusions upon our coastal waters, our Continental Shelf, and our fishermen? Where is the restraint with respect to the incidental fishing that has not been negotiated under ICNAF—of lobster and other ground species? That incidental fishing goes on without any pretense of control under ICNAF. And no restraint is shown.

So I say that the lack of restraint on the part of the great maritime powers of the world is a greater danger to the Law of the Sea Conference than this legislation.

Now, there is a recent precedent for taking a hard-nosed attitude to protect our fishing interests. And that precedent has to do with the ICNAF agreements themselves.

In June of 1973, the 17 member nations of the International Commission for the Northwest Atlantic Fisheries held their annual meeting and discussed the need to limit the total fishing effort in the Northwest Atlantic. The meeting did not produce any agreement, largely because this country could not get any other members to exercise restraint. But during the summer of 1973, in large part due to domestic political pressure, the U.S. Government announced that it would withdraw its membership from ICNAF if concrete progress was not made in 1973 to limit foreign fishing in the Northwest Atlantic. As a result, in October of 1973, a special meeting of ICNAF was convened in Ottawa at which an agreement was reached on an overall quota system for the fisheries off the Atlantic coast of the United States. The quotas reached applied to both individual species—some 54—and to the overall fish catch.

For 1974, the overall quota was set at 929,000 metric tons. For 1975, the overall quota was to be reduced to 850,000 metric tons, with the U.S. share of the total quota increasing from roughly 20 *to 25* percent in 1975. And for 1976, the member nations have agreed to set an overall quota at a level consistent with maintaining the maximum sustainable yield.

The difficulty with this agreement is that it is not enforceable. It is not being enforced now, nor is it enforceable against what the British are doing. And it is not having any effect at all in protecting our fishermen and fish gear from deliberate sabotage and destruction of their gear.

May I say that protecting our offshore fishery stocks is something more than a national interest. It is a global interest. If we coastal states do not take effective action to protect these stocks, who in Heaven's name is going to do so?

The Russian fishing fleet? The Japanese fishing fleet? There is no evidence to support any such possibility.

So I say it is proper and necessary for Congress to enact this legislation. And whatever doubts I may have had on that score before I went to Caracas have been resolved by my attendance at that conference, notwithstanding the fact that I remain convinced that an enforceable international agreement on the use of the oceans is the best way in the long run to stop the overfishing which threatens to ruin our fisheries resources.

One final point about S. 1988. And that is that this legislation is consistent with the U.S. position as enunciated in Caracas. In a major statement on July 11, Ambassador Stevenson, head of the U.S. delegation to the Conference, announced a new U.S. position on the concept of a 200-mile economic zone.

At the time, he stated that—

> This country is prepared to accept, and indeed, would welcome general agreement on a 12-mile outer limit for the territorial sea and a 200-mile outer limit for the economic zone provided that it is part of an acceptable comprehensive package.

The point is, moreover, that the new U.S. position accepts the concept of 200 miles for fishery management jurisdiction. It also accords with the two other fishery management proposals contained in S. 1988—that management of anadromous species such as salmon be handled by the nation in whose rivers they spawn and that managemnt of migratory species such as tuna be handled through international commissions.

But, Mr. President, this legislation differs from the official U.S. position in one critical respect. It recognizes the urgency of today's situation and mandates immediate interim unilateral action to regulate and conserve our offshore marine resources. This is precisely the reason why I rise to support this legislation and urge its passage.

Mr. President, on behalf of the distinguished Senator from Washington (Mr. MAGNUSON), Senator STEVENS, Senator KENNEDY, Senator PACKWOOD, Senator WEICKER, and myself, I call up my amendment which is at the desk.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MUSKIE. Mr. President, I ask that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

"SEC. 13. Secton 4 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742c; 70 Stat. 1121), as amended, is further amended by adding the following new subsection:

"(f) (1) The Secretary of Commerce is authorized, under such terms and conditions as he may prescribe by regulation to use funds appropriated under this section to compensate owners and operators whose fishing vessels or gear have been destroyed or damaged by the actions of foreign fishing vessels operating in waters superjacent to the Continental Shelf of the United States as defined in the Convention of the Continental Shelf.

"(2) Upon receipt of an application filed by an owner or operator pursuant to this subsection after the effective date of this subsection by the owner or operator of any vessel documented or certificated under the laws of the United States as a commercial fishing vessel and after determination by the Secretary that there is reason to believe that such vessel or its gear was destroyed or damaged while under the control of such owner or operator in waters superjacent to the Continental Shelf of the United States by the actions of a vessel (including crew) of a foreign nation, the Secretary shall, as soon as practicable but not later than 30 days after receipt of an application, make a non-interest-bearing loan to such owner or operator from the fisheries loan fund created under subsection (c) of this section. Any such loan, as determined by the Secretary, shall be in an amount equal to the replacement value of the damaged or destroyed property and the market value of fish, if any, onboard such vessel and within such gear which are lost or spoiled as the result of such damage or destruction. Any such loan shall—

"(A) be conditional upon the owner or operator of such damaged or destroyed property assigning to the Secretary of Commerce any rights of such owner or operator to recover for such damages;

"(B) be subject to other requirements of this section with respect to loans which are not inconsistent with this subsection; and

"(C) be subject to other terms and conditions which the Secretary determines necessary for the purposes of this subsection.

"(3) The Secretary of Commerce shall, within one hundred and eighty days of receipt of a loan application, investigate each incident as a result of which a loan is made pursuant to this subsection and—

"(A) if he determines in any such case that the destruction or damage was caused solely by a vessel (including crew) of a foreign nation, he shall cancel repayment of such loan and refund any principal paid thereon prior to such cancellation and seek recovery from such foreign nation;

"(B) if he determines that the damage or destruction was not caused solely by a vessel (including crew) of a foreign nation or solely by the negligence or intentional actions of the owner or operator of the vessel, he shall require such owner or operator to repay such loan at a rate of interest determined by him, pursuant to subsection (b) of this section, which rate shall be retroactive to the date the loan was originally made; or

"(C) if he determines that the damage or destruction was caused solely by the negligence or intentional actions of the owner or operator, he shall require the immediate repayment of such loan at a rate of interest determined by him, pursuant to subsection (b) of this section, which rate shall be retroactive to the date the loan was originally made.

"(4) The Secretary of Commerce and the Secretary of State shall, with the assistance of the Attorney General, take steps to collect any claim assigned to him under this subsection from any foreign nation involved. Amounts collected on any such claim shall be deposited in the fisheries loan fund.

"(5) This subsection shall apply with respect to damages or destruction of vessels or gear occurring on or after January 1, 1972.

Mr. MUSKIE. Mr. President, I have discussed this amendment with the distinguished Senators MAGNUSON and STEVENS. Indeed, they are cosponsors of it.

This amendment is designed to deal with a serious problem resulting from the increasing incursion of foreign fleets into our offshore waters—the problem of reimbursement of American fishermen for damage to their vessels or gear caused by foreign fishermen.

For many years, fishermen off both the east and west coasts have suffered serious and often disastrous economic losses as a result of damage to their gear caused by foreign fishermen. There are international procedures for making claims against foreign vessels which damage or destroy fishing gear. But current procedures are slow, cumbersome, and seldom effective, with the result that most American fishermen do not even bother going through the laborious process of filling out the necessary claims forms. And in a given case, even if the claims process is eventually successful, the individual fisherman with a median income of $8,000 per year is forced to carry the financial burden of between $2,000 and $4,000 for several months or longer.

This summer there were a series of incidents damaging the fixed gear of fishermen off the Maine coast. These incidents of wanton and apparently deliberate destruction by West German ships left our fishermen with only the most uncertain claims against the identified perpetrators. Under the existing procedures, the most likely result of recovery efforts is that nothing will happen.

It is bad enough that we are allowing foreign fishermen to deplete our offshore stocks and to threaten the health of the U.S. fishing industry. We must not continue to allow foreign fishing vessels to destroy the gear of American fishermen without providing adequate and immediate financial reimbursement for our fishermen.

The amendment I am introducing today is designed to meet this problem. Specifically, this legislation would require the Federal Government within 30 days to assume financial responsibility for losses to U.S. fishermen caused by foreign vessels, pending international negotiations to recover the loss from the foreign government involved. In cases where there is reason to believe that damage or destruction did in fact occur as a result of foreign fishing activities, documented claims would be paid by the Secretary of Commerce in the form of a non-interest-bearing loan from the fisheries loan fund set up under the Fish and Wildlife Act of 1956.

Congress created this fund expressly to finance or refinance the cost of purchasing, constructing, and equipping, maintaining, or operating commercial fishing vessels or gear. The loan would be made in an amount equal to the replacement value of the damaged or destroyed property and the market value of fish on board a damaged or destroyed vessel or within lost, damaged, or destroyed gear. After the Secretary of Commerce has completed an investigation of the incident—an investigation which must be completed within 6 months after the loan application has been filed—the loan would be converted to a grant if it were found that the American fisherman was not at fault. If, however, the Secretary found that the damage or destruction was caused by an act of God such as a storm, the non-interest-bearing loan would be converted into a loan with interest at a rate set by the Secretary.

If the American fisherman were found to be at fault because of negligent or fraudulent activity, the Secretary would require the immediate repayment of the loan at an interest rate he deemed appropriate and the fisherman would be subject to criminal prosecution. Government responsibility would be retroactive to January 1, 1972, since most of the serious damage done to American fishermen's gear has been done during the past 3 years.

Mr. President, I would like to add that this legislation is not only simple in its intent and construction. But if enacted, it could be administered in a straightforward and relatively inexpensive manner. With the enactment of this amendment, I would not, for example, foresee the need to expand the bureaucracy or to set up any new administrative organizations to handle claims filed by U.S. fishermen against foreign vessels. I believe the National Marine Fisheries Service, as presently structured, could handle any increase in the demands made upon it as a result of this legislation.

Furthermore, the $4 million currently in the fisheries loan fund should prove to be more than enough money to take care of any claims filed pursuant to this legislation. So it will not be necessary for Congress to authorize any new moneys with the passage of this bill.

Mr. President, as things stand today, most American fishermen feel that filing claims is hardly worth the time, money, and trouble since there is such a high probability that pursuit of the existent claims process will prove fruitless. It is imperative that the Federal Government initiate new measures to reform the claims process. The amendment I am offering today—by providing the individual fisherman with the capital he needs to get back in business while the Government negotiates with the responsible foreign governments for reimbursement—provides, I feel, a reasonable approach to this problem. I urge my colleagues to support this legislation.

Mr. PASTORE. Mr. President, I applaud the Senator from Maine for this amendment, and I would hope that he would make me a cosponsor.

In support of this amendment, I have in my office now several cases of fishermen in my State whose gear has been damaged, whose boats have been damaged, whose nets have been damaged, and they have to file a claim with a foreign government.

The Russians just settled two cases in Rhode Island, and it took 2 years to do it. By that time the fishermen were almost ready to go out of business.

I have another case in my office of a fisherman who has made a claim against the Spaniards and the Russians or Japanese.

The big question here is that we pay off when foreign governments seize our vessels down along the coast of South America, and I think the same ought to be done up here, too.

Mr. MUSKIE. I thank the Senator from Rhode Island for his point.

Mr. MAGNUSON. As the Senator from Rhode Island pointed out, there is ample precedent for this. We have helped our fishermen like this for years with the squabbles they have had off the western coast of South America. It just means that fishermen who are damaged, little, independent people, and often a family operation, cannot wait very long to get paid. This has worked out fine. The Government has paid the claim. The Government utilmately gets the money back sooner or later, but big government can wait longer than a little fisherman.

The Senator from Alaska and I would be glad to accept the amendment.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. STEVENS. Mr. President, I am pleased to cosponsor the amendment.

We have had some very serious problems in my area. I recall once when we had the new pride of the Alaskan fishing fleet on the grounds for the first time, the *Viking King*. A foreign trawler went across its trawl line and actually stripped the whole trawl gear out of this brand new vessel. It was laid up for the whole season and lost the entire season.

I believe that the great problem of putting one small outfit in a position of negotiating with a foreign government, and that is really what occurs on our fishing grounds, can only be met through the amendment that we have all cosponsored with the Senator from Maine.

Mr. President, I think this amendment is a very good addition to this bill. I hope in due time the whole Congress will recognize the validity of this approach.

Mr. PASTORE. Will the Senator yield for a further observation?

Mr. MUSKIE. Yes.

Mr. PASTORE. The State Department is opposed to the pending bill, but the State Department has no qualms at all in seeing to it that when our fishermen are arrested along the South American coast, and they are fined, we reimburse them for the fine. We deduct it from the foreign aid we give them, and we pay them the balance. Then if their boats or catches are confiscated we try to do something for them.

I am saying if that is the position that we are going to be in in South America, it is about time we began to do something for our fishermen who are damaged up around New England.

Mr. MUSKIE. I thank the Senator from Rhode Island for his comments.

Mr. COTTON. Will the Senator yield?

Mr. MUSKIE. Yes.

Mr. COTTON. Mr. President, I would like to have my name added as a cosponsor of this amendment.

Mr. MUSKIE. Mr. President, I ask that both the Senator from Rhode Island and the Senator from New Hampshire be added as cosponsors.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. MUSKIE. I yield to Senator PACKWOOD, who introduced his own bill. With Senator KENNEDY, we combined our efforts to produce this amendment. I express my appreciation.

Mr. PACKWOOD. Mr. President, I can echo the same experiences that the Senator from Maine and others have had. Within the last 6 or 8 months off Oregon we have had Russian trawlers going right over the nets of our fishing boats.

We have had the Soviet-United States Fishery Claims Board, which has failed to provide compensation to the vast majority of those American fishermen who have sustained damages. We have one claim of two fishermen of Oregon over a year old, with nothing done, no finding of fault or lack of fault, nothing.

If that is the situation we are going to put our fishermen in, it seems to me it is incumbent on the American Government to take some responsibility for these claims and let them argue as to whether whoever happens to run over these nets is liable.

I am delighted to join with the Senator from Maine and others in cosponsoring this amendment. I regard it as vital to the protection of our fishermen's interests.

Mr. President, I am extremely pleased to be able to join with Senators MUSKIE, MAGNUSON, KENNEDY, HATFIELD, and WEICKER in sponsoring this amendment to S. 1988, the Emergency Marine Fisheries Protection Act of 1974. Our amendment provides a more speedy and equitable procedure for the recovery of claims brought by American commercial fishermen who have had their vessels or gear damaged by foreign fishermen.

Last summer I met with four black cod fishermen from Astoria, Oreg., who provide a vivid example of why this legislation is so desperately needed. During the last 18 months each of these four men has lost thousands of dollars of fishing gear when Russian vessels tore out their buoys and pots.

Their situation is not unique in Oregon. In February 1974 I conducted hearings in Coos Bay, Oreg., and received testimony from other fishermen complaining about harassment, intimidation, and damage to their vessels or gear by foreign fishing fleets.

Unfortunately, Oregon fishermen have found it virtually impossible to be reimbursed for their claims. The problem finds its root in bureaucratic redtape, diplomatic finagling, and in the end the burden is borne by the fishermen. And, Mr. President, this is one net our fishermen cannot handle; it is a net of overbearing circumstances which I believe our fishermen should not have to handle.

I am sure that other coastal Senators will attest to the fact that their fishermen have similar concerns. On the east coast and on the west coast, off Coos Bay, Oreg., and Boothbay Harbor, Maine, this Nation's commercial fishermen have been mauled by foreign fishing fleets that deplete our marine resources and then, if that were not enough, deliver the knockout punch of gutting buoys and pots, leaving fishing gear a mangled mess.

I believe those Americans who fish off our shores, who bend their backs and fight the sea, need a helping hand when the fight of the sea switches from pursuing fish to being pursued by foreign fleets.

What we propose would simply and efficiently provide loans in the amount equal to the replacement value of the damaged or destroyed property owned by the complainant. If the Secretary of Commerce determines the destruction was caused by vessels of a foreign nation, he is authorized to cancel repayment of the loan. If the damage involved was not incurred by actions of a foreign vessel, then the owner will be required to repay the loan at a rate of interest determined appropriate by the Secretary of Commerce.

Finally, Mr. President, this amendment was conceived in order to put the fisherman back into the business of fishing and out of channels which flow with red tape and international stalemate. It is the U.S. Government which should deal with those nations responsible for the damage done by their fleets.

The fisherman should be allowed to do what he knows best and what the nation needs most: his fishing abilities.

Loans authorized by this amendment would take the fisherman out of hock and put him back at the helm where he belongs. The Senate in passing this amendment can restore that order.

Mr. MUSKIE. Mr. President, I move the adoption of the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to table was agreed to.

LIMITATION OF DEBATE ON NOMINATION OF FRANK G. ZARB

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, as in executive session, that there be not to exceed 1 hour debate on the nomination of Mr. Frank G. Zarb.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the discussion on the nomination follow the disposition of the nomination of Mr. Conant.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent, as in executive session, that my previous consent orders with respect to Mr. Zarb be vitiated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EMERGENCY MARINE FISHERIES ACT OF 1974

The Senate continued with the consideration of the bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

Mr. STEVENS. Mr. President, I yield myself such time as I may need.

My State has more than half of the coastline of the United States and is the great protein warehouse of this country, if not of the world. We have suffered too long from the marauding invaders off our coast who at one time I described as being people who used vacuum cleaners on the ocean floor, through their trawler gear. Now I think it would be more apt and timely to say that they are really strip-mining the oceans, and they are doing it in a way that is absolutely beyond repair. We have already lost 12 species which are now in the situation of being threatened with extinction as a result of the activities of foreign fishing fleets off our coasts.

We seek here a very direct approach. We seek to temporarily extend our fishing zones 200 miles, in order to declare conservation principles that all civilized nations should adhere to, to be applicable to the areas off our coasts. It is a temporary solution.

This approach is based upon the concept that all of us who support this bill, I believe, would rather have a multilateral, firm, permanent solution accepted by the world by consensus to protect the fisheries resources of the oceans. But it seems impossible to get the Law of the Sea Conference to recognize that no time is left for the fisheries—that there is no time to debate the navigation problem, the problem of the seabed, the width of straits. All those questions, incidentally, will not be affected by time. Only the future of the fisheries of the oceans of the world will be affected by time, and time is running out for those fisheries, so far as I am concerned.

I have been privileged to be sent to each of the Law of the Sea meetings to date, since I have been in the Senate, and I share the feelings of our chairman, the great Senator from Washington (Mr. MAGNUSON), in terms of the progress that has not been made. We have yet to separate the one issue that could be solved by the world now; the only issue, as I said, that will be affected by the passage of time—that is the issue of fisheries protection.

I do not see how we can do other than send a very strong message to the Law of the Sea negotiators in Geneva. That message should be that we are willing to go back again in April; that we are willing once again to try to convince the nations of the world that they must stop the vacuum cleaner methods of the foreign fishing fleets not only off our coasts but also off the other coastlines of the world; that if they fail to do this next year, that this Congress will have no alternative but to act unilaterally, not on an interim basis, but permanently to extend our jurisdiction to 200 miles and to declare stiff penalties on anyone who violates the sound conservation principles that the world has now come to recognize.

I had hoped we would be able to get this bill passed by Congress this year. We know now that we cannot. We now know that in the closing days of Congress, it will not pass the other body. But I urge the Members of the Senate to support this bill, to send that strong warning and message to the Law of the Sea negotiators: tell them we are losing patience with this group of international negotiators who seem to spend more time on procedure than they do on the substance of the problems before them.

I mentioned to the representatives at Caracas that we had a habit in the Senate that if we wanted to record our long speeches, we would do what I am going to do now, and that is to put the speeches in the RECORD and try to summarize our meaning. But they went through almost 6 weeks in Caracas, with each representative of each country reading almost a 2-hour or 3-hour speech. As a consequence, they achieved nothing. They were no further along when they left Caracas than when they left Geneva 2 years earlier.

I hope that those negotiators will know after today that we cannot await another session such as that and that they should produce a firm outcome, at least on the fisheries issue, in Geneva, when they meet there again.

Mr. President, it is a pleasure to rise today in support of S. 1988, the Emergency Marine Fisheries Protection Act of 1974. For my State, Alaska, and for other U.S. coastal fisheries States this is the most important fisheries legislation to come before the Senate in many years.

After 15 hearings here and in the field the Commerce Committee overwhelmingly reported this bill favorably. The Armed Services Committee held three hearings and last week also reported it favorably. The Foreign Relations Committee earlier reported it by a narrow 9–8 adverse vote.

As Senators know, S. 1988, sometimes called the 200-mile bill, was introduced as a deterrent to the onslaught of foreign fishing which has built-up off our shores since the end of World War II. Having exhausted their own fish resources, several foreign nations, using the most advanced vessels and gear, have converged on waters near the coasts of the United States and are depleting our fish one species after another. These invaders systematically strip an area of its fish, without regard to conservation practices which could guarantee a lasting supply of fish resources for the tables of the world. Then they proceed to another area to do the same thing. Our hearings have established that the emergency is genuine, and that extension of our fisheries jurisdiction to 200 miles would afford the protection necessary to sustain our coastal species.

Before summarizing the provisions of the bill, I would like to address some of the misunderstandings and disagreements it has aroused.

The administration, at the behest of the State Department, opposes the bill, telling us that such action in Congress upsets the delicate balance of our law of the sea negotiations. I cannot agree. In fact, I am convinced that the serious fisheries problems brought out in our extensive public hearings on S. 1988 reaffirmed and unified the outrage of the people of this Nation over the foreign fishing issue, and strengthened the position of our negotiators. One thing not widely known is that this legislation does not differ in concept from the position laid before the Law of the Sea Conference by the United States last summer in Caracas, Venezuela. What the State Department objects to is not the concept of S. 1988, but the fact that it is being sought unilaterally, legislatively, and immediately, rather than internationally, diplomatically, and interminably.

The Defense Department has joined State in opposing this bill, asserting its long-held, inflexible position that our fisheries claim could lead to armed confrontations and would trigger retaliatory larger claims by foreign governments—resulting in the eviction of our nuclear deterrent forces from the coastal waterways and straits of the world. We may be assured that the members of the Armed Services Committee, the majority of whom favor S. 1988, gave full consideration to its strategic military implications. In fact their committee report stated the belief that passage of S. 1988 would not significantly affect the mobility and survivability of U.S. forces.

Moreover, the committee reported that passage of S. 1988 would give the Secretary of State sufficient leverage to work out satisfactory fishery arrangements with foreign nations without resort to armed confrontations. Many of my colleagues will recall that similar legislation, adding a 9-mile U.S. fisheries contiguous zone, passed the Congress and became law in 1966, and that there was neither retaliatory territorial expansion nor other negative reaction by foreign governments.

Mr. President, my answer to both State and Defense is that S. 1988 would apply to fishing only, and, true to its name, it is an interim fisheries zone extension and management act which would cease to exist as soon as international fisheries conservation measures are consummated. It is doubtful that foreign nations will sacrifice their other important diplomatic goals by overreacting to our emergency move to sustain a renewable resource so necessary to a protein hungry world. In this regard I emphasize that S. 1988 requires that we allow foreign fishermen to harvest whatever balance of the sustainable yield off our coasts is not caught by U.S. fishermen.

I do want to make clear my conviction that comprehensive law governing the oceans, including fisheries, is an important international objective. As an adviser to the U.S. Law of the Sea delegation, I attended preparatory sessions last year in Geneva and New York, and the so-called "substantive" sessions this summer in Caracas. Regrettably, this experience convinces me the comprehensive treaty being pursued is at least 2 years away. The fact is, there are nearly 150 nations having various economic, political, and social characteristics considering an agenda of some 80 issues. Fisheries, unlike the others, simply cannot wait for resolution of so many problems.

A common argument against a 200-mile limit is that enforcement would be difficult. I believe enforcement under this concept would be immeasurably less complicated than under the present myriad of treaties establishing various sizes and shapes of zones to protect various species of fish.

I am disappointed that some of those who oppose S. 1988 have spread word among the salmon fishermen of Alaska and other west coast States that the legislation would lead to a retaliatory increase in high seas salmon fishing by other nations, mainly the Japanese. Actually, S. 1988 provides for protection of anadromous species such as salmon, as far as they migrate—which, indeed, exceeds 200 miles offshore. Even if this were not a fundamental provision of the bill, we could assert powerful leverage on Japan by conditioning the continuation of its vitally important pollack fishery within our 200-mile zone upon total abandonment of its much smaller high seas salmon effort.

Briefly, I shall now outline the major provisions of the bill:

Section 4 provides that the United States would, on an interim basis, exercise exclusive fishery management responsibility and authority in a zone extending to a total of 200 miles offshore. In the case of anadromous fish this authority woud be extended to the full limits of their migratory range. In no case would this zone extend within the territorial waters or fisheries zones of other nations. Highly migratory species such as tuna are excluded from the provisions of this section in order to preserve the existing treaties. The vast migratory range of these fish necessitates international agreement, because controls by a single nation would be inconsequential in managing the species. This position is shared by the U.S. fisheries article being forwarded at the Law of the Sea Conference.

Section 5 provides that traditional foreign fishing may be allowed only to the extent that the optimum sustainable yield cannot be harvested by U.S. citizens.

Section 6 would establish a Marine Fisheries Management Council which would be required to submit to Congress within 2 years the elements of a marine fisheries management system to preserve and protect fish with the following objectives: enhancement of the total national and world food supply; improvement of the economic well-being of our commercial fishermen; maximum feasible utilization of methods, practices and techniques that are optimal in terms of efficiency, protection of the ecosystem of which fish are a part, and conservation of stocks and species.

Section 7 would require the Secretary of State to negotiate new treaties and renegotiate existing ones to achieve consistency with this act.

Section 8 would provide that this act would neither extend nor diminish the jurisdiction of any State over any natural resources beneath and in the waters beyond the territorial sea of the United States.

Section 9 specifies prohibitions under the act, including violations of international fishery agreements, and provides for civil penalties not to exceed $25,000 for each day of violation; criminal penalties not to exceed $50,000 fine and/or 1 year imprisonment; and civil forfeiture of any fish or fishing gear used, intended for use, or acquired in violation of this section.

Section 10 would empower the Secretary of Commerce and the Coast Guard to enforce provisions of the act; to board and inspect vessels; to arrest suspected violators; execute processes issued by the court, and sieze fish and fishing gear found aboard any fishing vessel or support vessel engaged in any activity prohibited by this act. U.S. district courts are vested exclusive jurisdiction over all cases arising under this act.

Section 11 provides that the management authority under section 4 of the act become effective 90 days after enactment and that all other provisions become effective on the date of enactment. The provisions of the act would expire on the date that the Law of the Sea treaty or other comprehensive fish management and conservation treaties to which the United States is party come into force.

Section 12 authorizes appropriations of not to exceed $5,000,000 to the Secretary of Commerce and $13,000,000 to the Secretary of the Department in which the Coast Guard is operating, for each of fiscal years 1975, 1976, and 1977.

Mr. President, S. 1988 would establish a system for conserving our fish stocks while allowing a sustained harvest of desperately needed animal protein for the people of the United States and of the world. As the title indicates, this is "emergency" legislation. I respectfully urge its passage.

Mr. President, I call up my amendment which is at the desk.

The legislative clerk proceeded to read the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 16, line 13, insert the following: "The National Oceanic and Atmospheric Administration shall take steps to verify the authenticity of the foreign catch statistics and any other relevant data furnished for the purpose of this paragraph, including placing observers aboard as necessary during any fishing operations that may be authorized for foreign fishing vessels pursuant to this Act.".

Mr. STEVENS. Mr. President, I have called this amendment to the attention of our chairman and the manager of the bill.

This amendment would specifically delineate the procedure to be established under section 5(d) of S. 1988. That section requires that the best available scientific information, including data compiled by a foreign nation, be utilized in determining the allowable level of foreign fishing which may be authorized in an area where U.S. fishermen are not harvesting the full sustainable yield. Specifically, my amendment would authorize the National Oceanic and Atmospheric Administration to take steps to verify the authenticity of data provided by foreign governments, including the placement of observers on foreign fishing vessels.

In the case of U.S. fishing vessels, catch and catch records are available for inspection and verification by United States and State fishery agents when the vessels return to their home ports to discharge and sell their catch. Our Government is now spending a great deal of money for this purpose, to verify these catch records.

Foreign vessels, on the other hand, do not land their catches in U.S. ports, thus removing any opportunity for U.S. observers to inspect their landings and verify the species and catch records of their fishing operations. Under these circumstances, our Government has no way of knowing the extent of their fishing operations and the amount of their catch by species, or otherwise, except through such data as the foreign governments choose to provide.

It must be recognized that the catch data, and other information which foreign governments will be furnishing pursuant to this section, will be intended to support their cases for the continuing operations of their fishing fleets.

I point out that we do not unilaterally terminate totally their fishing rights, but we extend to them a right to continue fishing under certain circumstances and provided they stay within the available catch so far as the sustained yield concept is concerned.

For this reason, it is highly inappropriate and could be highly misleading to take, at face value, whatever statistical and other information they may put forward for this purpose.

Mr. President, I urge my good friend, the manager of the bill, to add this amendment to this bill.

Mr. MAGNUSON. Mr. President, we have discussed this amendment. I move the adoption of the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, I do not know of anyone else who desires time.

Mr. TUNNEY. Mr. President, will the Senator yield me 2 or 3 minutes?

Mr. MAGNUSON. I yield the Senator 2 minutes. That is enough for his side of the story. [Laughter]

Mr. TUNNEY. Mr. President, I agree with the Senator from Alaska that there is no point in making long speeches on this point; we may as well put our statements in the RECORD. However, I do feel that it is important to the Senator from California that I reflect what the view is of a significant segment of the fishing industry in my State.

As some of my colleagues know, S. 1988 would have enormous impact upon the tuna fishermen in my State. It is also anticipated by some of the sports fishermen in the southern part of the State that it would have an adverse impact on them, particularly if Mexico should declare a territorial jurisdiction over 200 miles of offshore water in retaliation to the decision of the United States to declare a 200-mile territorial jurisdiction over our coastal waters.

I did hold hearings in California. I must say that there is a division of opinion. The coastal fishermen in northern California are supportive of the legislation of the Senator from Washington. They feel that they have to protect their livelihood from the trawlers from the Soviet Union and Japan. They feel very much the way the Senator from Washington expressed his viewpoint, that it is absolutely important to conserve our coastal fisheries.

On the other hand, the fishermen in the central and southern parts of my State, who fish for tuna, fear that if we pass this legislation, other coastal States in Central and Latin America will do the same and will make it impossible for them to catch tuna in the future the way they have in the past. This would adversely effect a very important part of the protein diet which is available to Americans as a result of these fishing crews going down and catching tuna which would otherwise be unavailable.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate Chamber, please?

The ACTING PRESIDENT pro tempore. The Senate will be in order.

The Senator from California will proceed.

Mr. TUNNEY. I also wish to point out, Mr. President, that in my view, although I can totally understand the desire on the part of the Senator from Washington and of those people who support him in his desire to protect their fisheries, and their disgust at the fact that there has not been an international agreement to protect our fisheries but it seems to me that we should wait until the Geneva meetings are concluded this summer before we take this unilateral action. I am totally aware of the fact that this legislation becomes inoperative if there is a multilateral agreement reached during the conference to be held in Geneva in 1975.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. TUNNEY. May I have just 1 more minute?

Mr. STEVENS. Mr. President, I yield 1 more minute to the Senator from California.

Mr. TUNNEY. I suggest that we listen to the Department of State on this issue and that we listen to the Department of Defense and recognize that it would be best to wait until the various nations of the world get together and have a chance once more to try to hammer out what has to be a most difficult agreement. We have such a conflict between coastal States and interior States, and differences of opinion between developing States and developed States as to what the law of the seas should be—not only as it relates to coastal waters, but the deep sea waters as well; as it relates to the riches that apparently exist in the coastal waters, the subsoils of the coastal waters, as well as in the deep sea.

Mr. President, there is no one in the Senate who has worked harder on this legislation than the distinguished chairman of the Commerce Committee. Furthermore his expertise in this area is extensive. However, in this particular case, I must respectfully diverge from the chairman's position.

S. 1988, Mr. President, would have enormous impact on the State of California. California is the base for one of the largest coastal, distant water, and sport fishing fleets in the world.

Extensive consultation with representatives of these groups and two days of hearings in California have convinced me of the need to oppose S. 1988 for the following six reasons:

First, S. 1988 I believe may violate international law.

Second, S. 1988 could endanger our global defense interests.

Third, S. 1988 will seriously undermine the Law of the Sea Conference and increase the odds of its ultimate dissolution and failure.

Fourth, this legislation fails to protect our coastal fish stocks and by threatening to destroy the Law of the Sea Conference may end the hope for meaningful protection of our coastal fisheries in the future.

Fifth, it threatens the economic viability of our distant water fishing fleets by increasing the likelihood of harassment and reprisals, by foreign nations, which have already illegally seized more than 145 of our fishing boats on the high seas in the last 7 years.

Finally this legislation's conservation provisions are inadequate and therefore fail to protect the long-term interests of the American consumer.

In order to place this proposed legislation in historical context it must be remembered that the United States has consistently protested the extension by other nations of fisheries jurisdiction beyond the 12-mile limit as a violation of international law.

When a few countries in Latin America unilaterally extended their jurisdiction to 200 miles there was nearly universal protest in the Senate and the Fisherman's Protection Act was passed in order to assist our fishermen to resist what was described as a brazen breach of international law.

For the Senate to sanction an abrupt and unilateral extension of our fishing jurisdiction to 200 miles off our coast would be seen by the rest of the world as a precipitous reversal of policy. Secretary of State Kissinger, underlining the gravity of this proposed action, has stated in a letter to Senator FULBRIGHT that—

> Passage of S. 1988 would be seriously harmful to our foreign relations and any effort to enforce a unilaterally established 200 mile fisheries zone against non-consenting nations would be likely to lead to confrontations . . . and would encourage a wave of claims by others which would be detrimental to our overall oceans interests in naval mobility and the movement of energy supplies.

The proponents of S. 1988 have claimed that as this legislation relates solely to fishing it will not affect other aspects of oceans affairs. The State Department however has stated that it is clearly inconsistent with the 1958 Convention on the High Seas to which the United States and 45 other nations are parties.

They note that although S. 1988 breaches this convention in the area of freedom of fishing, there is no reason to believe that other nations will not use our breach as an excuse to abrogate the 1953 convention in the sensitive areas of freedom of overflights and freedom of navigation. Deputy Secretary of Defense Clement has underlined the magnitude of this threat by stating:

> If the United States, by unilateral act, abrogates one identified freedom, we face the unhappy prospect that other nations may claim the right unilaterally to abrogate other identified freedoms, including the freedoms of navigation and overflight . . . Military mobility on and over the high seas is dependent to a significant degree on the maintenance of the freedom of the seas. These freedoms sanction and protect the activities of our forces. Reduced international waters and closed straits, therefore threaten both the survivability and utility of our deterrent. In this connection, it should be noted that over 40% of the world's oceans lie within 200 miles of some nation's coast and that virtually the entire operating areas of the United States 6th and 7th Fleets lie within such waters.

In answer to these charges it is being claimed that S. 1988 is merely a "temporary" expedient, and that by showing our determination it will spur action in the Law of the Seas Conference.

I believe that the opposite result is more probable. If the Senate passes this legislation, a number of nations will probably use our action as an excuse to put forward their own extended claims. Soon these conflicting claims, unsanctioned by international law, will lead to increased worldwide friction and international incidents. The so-called cod war precipitated by Iceland's extension of its fishing zone—not to 200 miles but merely 50 miles off its coasts—has given the world stark warning of the type of gunboat diplomacy that can be elicited by unilateralism.

In such an environment of accelerating acrimony it is my fear that whatever hope the Law of the Seas Conference has may be extinguished.

At the same time a unilateral extension under S. 1988 could come under attack as a breach of international law and practice. The International Court of Justice has just recently held that Iceland's unilateral claims were inconsistent with the fishing rights of the United Kingdom and the Federal Republic of Germany. A unilateral claim by the United States will clearly lead a number of nations to try to bring the United States before the International Court of Justice.

The U.S. Government will then be faced with an extremely agonizing decision—either we will refuse the Court's jurisdiction claiming that the unilateral accretion of national control over a 200-mile fishing zone which comprises 2,582,000 nautical square miles is strictly a domestic matter—or we will accept the International Court of Justice's jurisdiction, which will threaten the immediate outlawing of our 200-mile fishing zone as a violation of international law.

In other words we are heading toward a situation in which passage of S. 1988 may threaten the prospects of progress at the Law of the Sea Conference, while S. 1988 itself may be found to be in contravention of international law.

We should remember that the alternative to multinational agreements concerning the Law of the Sea could be a crazy quilt of unilateral claims continually being propounded with the final arbiter—raw force.

That force may be required should not be ignored.

There is no reason to believe, for example, that the Russians, Japanese, and other major nations that fish off our coast will acquiesce meekly to the licensing requirements of S. 1988. Such payments would be a de facto acceptance of our unilateral claims. Therefore, it is likely that the United States would face stiff opposition to collection of these fees.

Foreign opposition to collection of license fees is likely to put severe strains on the enforcement mechanisms contained in S. 1988. The Coast Guard which would have the primary enforcement responsibility under S. 1988 has written the Commerce Committee that if our fishing jurisdiction is extended to a 200-mile zone the Coast Guard will be spread "very, very thinly" and "this is likely to be true without regard to the regulations imposed on foreign fishing vessels, probability of violation, et cetera." The Coast Guard further has written that even under their minimum plans for surveillance of an extended fisheries zone this would require acquisition costs of $63.2 million to increase their operating facilities to "6 high endurance cutters, 6 long range search aircraft, 4 medium range search aircraft and 10 shipboard helicopters" and that reactivation time would extend from "6 to 11 months." Furthermore, this level of surveillance would require further increase in the Coast Guard's operating funds of $47.2 million a year.

In light of the fact that S. 1988 authorizes increased funding for enforcement at a much lower level—$13 million for each of the fiscal years 1975, 1976, and 1977. There is reason for concern as to whether S. 1988 will afford significantly increased protection of our coastal fishermen.

At the same time our distant water fishermen would be jeopardized. In hearings I chaired in California, it was pointed out that the tuna industry is dependent on multinational conservation agreements. A proliferation of 200-mile exclusive fishing zones worldwide would conflict with the maintenance and extension of such multinational agreements. Already Ecuador, which was a member of an international tuna management regime pulled out after unilaterally proclaiming an exclusive 200-mile limit. Peru simply has refused to join such tuna management agreements on the ground that it would derogate its 200-mile exclusive fishing zone. There is reason to believe that Japan and other parties to tuna agreements may face internal political pressure to abrogate their participation if we extend our fishing zone to 200 miles. The result would be chaos and confrontation.

Such a result could devastate the American tuna industry and its 28,000 employees and a payroll of over $200 million last year.

American consumers also would be hurt. They bought $1 billion worth of canned tuna in 1973, two-thirds of U.S. grocery shoppers purchase tuna on a regular monthly basis. The market is presently growing at a rate of 6 percent annually. If the international tuna agreements are jeopardized, we will see a massive escalation in the cost of canned tuna. This could add hundreds of millions of dollars to our food bill and weaken our balance of trade posture.

Another serious problem with this legislation is that the proposed mechanism for a conservation program for our Nation's coastal fisheries is not sufficiently stringent. Although the proponents of S. 1988 maintain that our coastal fishing stocks have been dangerously depleted, the legislation, while attempting to limit foreign fishing depredations, fails to set up any immediate enforcement procedures against overfishing of our coastal fishing stocks by our own fishermen. Instead it sets up a so-called fisheries management council to propose a coastal management regime. Under S. 1988, it could take as long as 2 years before these proposals are promulgated. If our fish stocks are so seriously threatened, such a hiatus could be seriously detrimental.

It is essential that any legislation to regulate coastal fishing focus on the conservation of coastal fish stocks. There appear to be superior alternatives to S. 1988 which would allow for more satisfactory, evenhanded, and scientifically based conservation programs.

The 1958 Geneva Convention on Fishing and Conservation of the High Seas, of which we are a signatory, for example, contains article VII which allows a nation to conserve coastal fisheries. This article could apply not only to fish up to 200 miles off our shore, but to coastal fish that travel even further off our coasts.

Also, regulations carried out in accordance with the 1958 Geneva Convention would have the force of international practice behind them, since the convention has been signed by 33 nations. Furthermore, any actions and regulations under the convention must be based on solid scientific evidence and must regulate both domestic and foreign fishermen.

It seems to me that if we decide to take immediate action in regard to coastal fisheries the article VII approach is superior to S. 1988.

Coastal fishery conservation which maintains our renewable fishery resources at a level of maximum sustainable yield is in the best interest of domestic and foreign fishermen alike. It is in the best interest of thousands employed in the industry, and in the best interest of consumers who want a plentiful supply of seafoods at reasonable prices.

Mr. President, Chairman MAGNUSON and the other members of the Commerce Committee have worked hard on this legislation. Nonetheless, I believe S. 1988, as presently constituted, cannot solve our coastal fishing problems.

Mr. STEVENS. Mr. President, I yield 4 minutes to the Senator from Hawaii.

Mr. INOUYE. Mr. President, I rise with considerable reluctance to speak in opposition to this measure because of my great admiration and great love for our chairman, the Senator from Washington.

Hawaii is a State surrounded by water, and, therefore, obviously, we should be concerned about fishing. This morning, I should like to address myself not to fishing but to other aspects involved in this measure.

I am concerned as to how this measure will affect our national security. The Department of Defense has pointed out that if we should decide to adopt this measure, it will open the floodgates for other nations to adopt similar legislation, and, if this should happen, the operational areas of our Sixth and Seventh Fleets would be most seriously curtailed. For example, movement in the Caribbean would be, to some extent, halted. Movement in the Mediterranean would be made extremely difficult and movement in the China Sea, the Japan Sea and the Philippine Sea would be made almost impossible.

Mr. President, there is another point. If we should adopt this measure, then, if enforcement is necessary, we shall have to increase our coastal forces. Our Coast Guard would need additional equipment and manpower. We have no idea as to what the cost would be, but I assume that it would be in the many millions.

Finally, Mr. President, many experts have suggested that this measure would be in violation of the 1958 Convention on the High Seas. Some nations will just refuse to recognize this unilateral action on the part of the United States and will make it a matter of their sovereignty to intrude upon the so-called 200-mile sovereignty of the United States. We shall have confrontations.

I recall very vividly, as do my colleagues here, the extension of 50 miles that led Iceland into an unfortunate cod war with Great Britain. I should hate to see a salmon war or a tuna war being conducted on the west coast of the United States.

So, Mr. President, much as I join my chairman in making every effort to assist our fisheries and our fishing industry, I find that there are other elements of this measure which lead me to oppose it.

I thank the Senator very much.

Mr. STEVENS. Mr. President, I am happy to yield a minute to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I thank my colleagues for a couple of minutes.

I am rather surprised at the position of some of our colleagues, because I know we have been all working on this particular measure. I understand that the tuna fishermen are quite concerned. My distinguished friend from Alaska and I attended the Law of the Sea Conference representing those tuna fishermen. We have their interest at heart. We have the national security interest at heart, and we have the international interest at heart.

The point is, Mr. President, that everyone cries for leadership, but there is no leadership. When we try to lead and fix a point to attain, then we want to adopt the age old political approach of when in doubt do nothing, and stay in doubt all the time.

What is the alternative? Are we going to continue to meet and eat and meet and eat? I ask the Senators, have they ever been to these blooming things? When will they ever end? Does anyone really contemplate an international treaty agreement, with all the various ramifications? By the time we get the economic zone idea settled, then we get the national defense question.

By the time you think you have got that fit into a packaged agreement, then there squirts out the tuna problem, and about the time you think you might whip that, then the archipelago states come in; then all the other interests come in, and all the way down the line.

I think we have given it a pretty good try to bring about a consensus. I think it was our own Secretary of State—I should say our Ambassador, not the Secretary of State, who at one time worked as Assistant Secretary, John Stevenson—who announced at Caracas that the United States accepts in principle the 200-mile economic zone. I am told that at Caracas that the United States accepts in principle the 200-mile economic zone. I am told that at Caracas that was tentatively approved by a substantial majority.

I am inclined to think that is as far as it is ever going to reach. Now the distinguished Senator from Washington comes along and says, "Having reached that much." Mr. President, government is the art of the possible, not the impossible. In another 10 years, that war in Iceland will repeat itself in Peru, and now northern Ecuador is beginning to be heard.

So the very argument employed by my distinguished friend from Hawaii about the fishing wars is exactly what we are trying to avoid.

The world is becoming smaller each day. We are running out of time. It would be delightful if we could all sit around a table and meet and eat in agreement, but lawyers have made careers out of this blooming problem of the law of the sea, and I get the impression when I attend one of these things that the worst thing that could happen would be if they do agree. Everyone would come along and pick out the next place, and say Geneva has good eating places and Vienna has good eating places, and on down the line.

But the problem of Iceland is there, and the danger of war is imminent. I wanted to put our fisheries within the 200-mile zone, but I did not want to confuse the leadership of our distinguished chairman, the Senator from Washington. He has brought it to a head. I think it should be brought to a head, and I think it should be passed by the Senate. If we can adopt this economic zone of 200 miles, then, working from that point, which is generally agreed upon and which would be followed by a majority of the nation states, we can work out where these warships can go.

The very crowd that worries about warships traveling around and being around and in and out and everything else is the same crowd that does not want any warships in the Indian Ocean. They cannot have it both ways, Mr. President. They say, "Oh, we can't move around if you do this." Then we will have a military construction appropriation bill with the Diego Garcia issue, and that same crowd that is running around now will say, "Oh, don't go into the Indian Ocean." The whole ocean is much less than the 200-mile economic zone.

We cannot have it both ways. We have to exercise the leadership here in Congress that is lacking in the administration; and that is what the Senator from Washington is attempting to do this morning.

Mr. PACKWOOD. Mr. President, will the Senator from Alaska yield for a question?

Mr. STEVENS. I am glad to yield.

Mr. PACKWOOD. Is there anything in this bill that has anything in any way to do with legal territorial waters?

Mr. STEVENS. No, this is an interim extension of a conservation zone for fisheries protection and management.

Mr. PACKWOOD. It has nothing to do with freedom of navigation?

Mr. STEVENS. No, it does not. It merely manages the water column and the access to the creatures of the sea within that water column.

Mr. PACKWOOD. It has nothing to do with national security?

Mr. STEVENS. No, it has no impact on national security considerations, and does not change the current law of the sea as far as that is concerned.

Mr. MAGNUSON. It does have a little bit to do with national security in reverse.

Mr. STEVENS. Yes, but the Senator is talking about the military.

Mr. PACKWOOD. I am talking about the military.

Mr. MAGNUSON. It seems to me we would feel better if within the 200 miles our own ships operated instead of Russian ships off the coast of Oregon and Washington, with radar equipment, charting the seas along the coast.

Mr. PACKWOOD. The point I am making is that there is nothing to prevent a foreign ship from navigating within 200 miles.

Mr. MAGNUSON. No, not at all.

Mr. PACKWOOD. The argument is made by the Defense Department and the State Department that we are jeopardizing our national security, and that argument is baloney. As the Senator has said, we may want to address ourselves to that some day, and maybe have a conference on it some day, but this bill has nothing to do with that. This bill is to stop the pillage of our fishing outside the 12-mile limit, and in some cases inside the 12-mile limit.

If we do nothing, there are going to be Russian ships, Polish ships, and Chinese ships next year, sneaking inside the 12-mile limit in a fog.

When people ask, "If you extend this outside the 12-mile limit, how are you going to enforce it," my answer is, "It is easier, with Coast Guard cutters or a plane, to catch someone penetrating 20 miles inside a 200-mile zone than 1 mile inside the 12-mile zone."

If we want to save these fish, they have to be protected, or there will be no fish left for anybody. It is fine to speak about negotiating treaties, but that does not do us any good if we do not have a treaty covering every species. We make a treaty for one kind of fish, and we find the next year they are taking a different kind of fish.

So I hope those from the coastal States and the inland States will recognize the critical necessity. All we are asking is that the fish be protected and preserved, and we are not jeopardizing national security, freedom of the seas, or anything else by the passage of this bill.

Mr. MAGNUSON. No, not at all. The Department of Defense sent up the chief of staff—what is his name?

Mr. PACKWOOD. General Brown?

Mr. MAGNUSON. Yes; to testify against the fishing bill, and he came, but the Armed Services Committee rejected his arguments.

There was a letter circulating this morning that I cannot understand, some of these arguments. For example, it says "It would increase the danger of gunboat wars."

Mr. PACKWOOD. Is that the letter signed by Senator TOWER?

Mr. MAGNUSON. Yes, Senator TOWER and Senator CRANSTON. "Increase the danger of gunboat wars." As a matter of fact, without having a 200-mile limit, we will have more than gunboat wars; we will have real problems with congestion of ships off our coasts, and the situation is getting to the point where I am afraid some of our people will take guns and take the situation into their own hands.

Mr. PACKWOOD. I would not blame them.

Mr. MAGNUSON. I would not blame them at all. They are all out of work.

Mr. PACKWOOD. The Russians go over there and tear up their nets, and some of these days they are going to take machineguns and go after them.

Mr. MAGNUSON. The Defense Department says "danger of gunboat wars." That is an argument I cannot buy.

Another is that it would be costly to enforce. As the Senator points out, it is just as costly to enforce the 12-mile limit as it is the 200.

The Alaskans know that. Nearly every month there is a Russian ship they haul in, fine them and let them go. It would be no more expensive to pick them up within 200 miles.

So I cannot buy that.

Mr. President, following up this line of discussion right now, I want to mention the 8-to-6 vote in the Senate Armed Services Committee which rejected the Defense Department claim. As the Senator points out, this bill has nothing to do with national security at all.

I know this is a big argument in the Law of the Sea Conference. I do not know why this is so. I have been to several of these conferences, I will say to my colleagues, that I do not know why it is that an American delegation from the State Department with many other items in a conference will go through everything, and maybe come to some good agreements.

Then the last day when half of them will start going home they throw a fisheries provision out in the middle of the floor to try to cut that up. It is an orphan, and I cannot, for the life of me, understand why these people do not want to protect our coastal fisheries.

Mr. PACKWOOD. That is our State Department, and they want us to play Uncle Sucker to every country around here.

Norway extends its zone out. We will sit here until every coastal country in the world has extended its zones out unilaterally before we act because the State Department does not want to step on anybody's toes.

Mr. MAGNUSON. And depleted all our stocks in the meantime.

Another thing we have to think about, if we do get an agreement in Geneva—which I doubt because I have enough experiences with that sort of thing to predict—it is going to take 2, 3, maybe 4 years or longer before the nations ratify it. In the meantime our fish disappear.

In the Bering Sea, the Senator from Alaska will tell you, we used to have a big halibut fleet. Now, none, none.

All the ocean perch is gone off the coast of Oregon. And this is the worst salmon year we have ever had in all our history.

Tuna has nothing to do with it. And the shrimp people—I listened to them for for a long time. I hope the Chair will listen to this. We are not doing anything to the shrimp people. In this bill we encourage an agreement between countries on shrimp.

I want to tell the Senate something, and I hope again the Chair will listen to this: If we sent an American fleet to, say, the coast of Japan, within 200 miles of the island of Japan, and started to fish, Japanese citizens would call their Diet in session in 24 hours and throw us out.

So would Russia. What are the South American countries doing? Taking advantage of us every time they have a chance, and I don't know why we aren't protecting our own.

Some people fear that other nations will retaliate—retaliate for what? Japan has got bigger fish to fry than the salmon problem with us, I will tell you that; and so has Russia.

I say if we went fishing like the other people are going fishing off the coasts of these other countries, we would be thrown out as quickly as they could get their legislative bodies assembled to pass a law against us and send a gunboat out and get us out of there. But we sit here.

Mr. HOLLINGS. And the State Department will recommend it.

Mr. MAGNUSON. Yes. "We cannot touch this," they will say. They will say this is too touchy a subject, and we cannot touch this.

Mr. HOLLINGS. We pay the fines for our fishermen in Peru, and we will pay fines for fishing off of Ecuador, but we cannot get in our own.

Mr. MAGNUSON. We cannot get in our own.

I do not understand anyone opposing this bill. It only protects our fisheries. It has nothing to do with anything but fishing. If we can arrive at a Law of the Sea agreement, I will be the first to say "Amen." S. 1988 is a temporary piece of legislation.

The biggest unemployment in the country—almost 15 percent in my area and in New England—is with fishermen. That is the biggest. With all this other unemployment, I do not know what our fishermen are going to do.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. MAGNUSON. Yes.

Mr. STEVENS. The unemployment in the great northwest of Alaska reaches 85 percent now, in villages of the people who live in the worst conditions under the American flag. They are the people who used to fish for these species in the near waters off our shore, but the fish do not get there any more because the great invading fleets of the foreign countries come into the area, right along side, and sometimes within the 12-mile limit, and take all the fish.

I would like to ask those people who oppose this because they fear retaliation, retaliation from whom? It is the Russians, the Japanese, the Koreans, and the Eastern European nations that are off our shores.

I flew between Dutch Harbor and the Pribilof Islands one time and I literally stopped counting. It looked like the invasion fleet off the coast of France. I was trying to count those that were larger than any Alaska fishing vessels. There were over 100 of them, some with two- or three-story apartments on their sterns. Some of them are year round, and stay in the pack ice.

I do not think everyone understands what is going on.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STEVENS. When they say retaliation, retaliation from whom?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STEVENS. I will be happy to charge it to my time, I am speaking.

We have extended our jurisdiction before. President Truman extended it, unilaterally out on the Outer Continental Shelf with the Outer Continental Shelf declaration in 1948. Not only has every nation recognized the principles President Truman declared, but they have followed it in terms of the creatures of the shelf.

We extended our conservation, our contiguous zone, out 12 miles unilaterally after a series of meetings that went on for almost 14 years. We extended it 12 miles and every nation recognized our right to do so.

The opponents of S. 1988 talk about the cod war. The cod war was a 50-mile extension of national jurisdiction which was brought about by an invasion of fishing nations into the waters of Iceland. Do you know who won? They talk about the cod war, the Icelandic people won. They were the only ones who had the guts so far in the last 20 years to stand up to these nations, and they won. And we continue to have the opposition, and I recognize the opposition, of the tuna people and the shrimp people—our own people to S. 1988. But we took care of them when they were in trouble. We have been paying their fines, we have been getting their people and their vessels out of custody in Latin America.

One of the first jobs I ever had when I became a lawyer was to help get a crew out of custody in South America that had been on a tuna boat that had been seized off the coast of South America.

We have been doing this now for at least 25 years. In the meantime, we do nothing for these people who invade our shores. All we are asking is let us seize a few of the foreign vessels which violate good conservation practices and let their nations bail them out and pay their fines.

We can go on living—we have lived with South America for 20 years—despite the fact that they have seized our tuna and shrimp vessels. The strange thing is that the wealthiest fishing fleets in the country are the tuna and shrimp people, and they are opposing this, which is really a relief measure to stop the invasion of the distant water fleets within the area of those people who cannot afford to go off to the shores of South America or Africa to fish. These are the little people who fish in almost rowboats, in long boats, in little vessels that cannot, as we say, go outside.

Now we can save these fish. We propose to do it on the basis not of exclusionary claims of national jurisdiction—we say in this bill they can continue to come within our waters so long as they recognize the principles of conservation that we declare are necessary to preserve these species of fish.

If they did that down off South America, we would not have any trouble at all. It is the South Americans who have not recognized the International Tuna Agreement. We have. I cannot understand the opposition but, particularly, I cannot understand the national defense argument that there is going to be retaliation by other nations.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. STEVENS. Yes.

Mr. PASTORE. The purpose of this bill is not exclusion as much as it is conservation.

Mr. STEVENS. Absolutely.

Mr. PASTORE. It is management in order to conserve.

We actually have eliminated entirely the haddock up around New England. I mean that is all gone, and before you know it it will all be gone, and after all, in order to propagate, you have got to have fish there, and if you sweep it all out, you will have no propagation, and the time will come when all of us will have to go hungry.

All we are saying is, all we want is, an equitable, justifiable management to make sure that we conserve these species in order that we can all eat and not ship it all to Moscow and to Peking and to the Ginza or wherever they want to bring it.

Mr. STEVENS. I would just like to add to what the Senator from Rhode Island said. It is not just haddock, it is herring, mackerel, menhaden, sable fish, shrimp in the Pacific, yellow tail, flounder, halibut, and now coming into a threat of extinction is the Alaska pollack.

Did you know in 1 year alone these foreign fishing fleets took a billion pounds of Alaska pollack out of the Bering Sea, in the North Pacific? A billion pounds, and they did it in the same year we stopped harvesting ocean mammals, an act we took in order to let the ocean mammals rebuild their stocks. What happened was the foreign fishing fleets came in and stole the ocean mammals feed so that today there are more ocean mammals dying of malnutrition than used to be harvested.

Mr. PASTORE. How about the red herring that the State Department fished out in order to kill the bill?

Mr. STEVENS. It would be nice to put them on an endangered species list.

Mr. President, the Senator from South Carolina seeks recognition, and I yield to him such time as he may need in opposition to the bill.

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I rise in opposition to S. 1988, a bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry. My opposition to S. 1988 is based on my concern over its potential impact on U.S. national security interests, a concern shared by five other members of the Armed Services Committee.

Let me stress that I share the concern of the sponsors of S. 1988 that there is a requirement to protect our domestic fishing industry. However, because of security implications and other potential difficulties, such as enforcement problems, potential retaliatory actions and conflict with existing international law, I do not believe this is a problem that can be solved unilaterally at this time by the United States as S. 1988 proposes. The protection of a nation's fishing resources is a subject of interest to at least all the coastal nations of the world. With the world's food resources decreasing, it is also a subject that will be of increasing interest to every nation of the world.

Therefore, Mr. President, this is a problem which must be addressed and solved by all of the interested nations of the world. This, of course, is one of the purposes of the Third United Nations Conference on the Law of the Sea.

Mr. President, administration officials testified before the Senate Armed Services Committee that they expect the Third United Nations Conference on the Law of the Sea to conclude a timely Oceans Law Treaty next year. The treaty would include the basic protective provisions of S. 1988 but would, of course, have the advantage of being accepted by the over 100 countries participating in the Conference. It would also preclude the need of each nation to take some arbitrary unilateral action which would possibly be offensive to nations with whom we now have no direct conflict. Such arbitrary actions would almost certainly impact on our own national security interests.

Mr. President, the Armed Services Committee reviewed S. 1988 as it might conflict with our national security interests. Gen. George S. Brown, Chairman of the Joint Chiefs of Staff, testified that the passage of S. 1988 at this time would be counter to the security interests of the United States. A main concern was that other nations, in response to such a unilateral action might impose more restrictive measures, such as territorial limits on their adjacent waters.

General Brown pointed out that in the territorial sea, submarines are required to navigate on the surface, and in the absence of free passage through straits because of expanded territorial sea claims, we would be forced to negotiate with a particular country to transit submerged.

The Chairman of the Joint Chiefs also stressed that the mobility of our general purpose forces depends upon freedom to navigate on and under the high seas and certain international straits as well as freedom to fly over the high seas and certain international straits. Therefore, he contended our Nation must be careful about taking unilateral action which might cause other coastal states to expand territorial control over a greater portion of its adjacent seas.

Of course, there is no hard evidence that other coastal nations would, in fact, impose additional territorial sea claims should the Congress pass S. 1988. However, I believe we should heed the collective judgment of the Joint Chiefs and not approve S. 1988 at this time. In the meantime, we should give our delegation to the Conference on the Law of the Sea a full opportunity to conclude an Oceans Law Treaty next year as they testified they expect to do. Failing to achieve that treaty, it would then be appropriate to reevaluate the requirement for S. 1988.

Mr. President, other points the Senate should consider are:

First. It extends U.S. fishing jurisdiction by 2 million square miles. Enforcement would be difficult and costly if the United States acts unilaterally;

Second. The fining and imprisonment of foreign fishermen could provoke serious confrontations;

Third. Unilateral action by other nations could follow and would seriously impact on passage of sea and air forces of the United States in key spots around the world;

Fourth. Efforts at the Laws of the Sea Conference to get a multilateral agreement would be endangered;

Fifth. Approval of S. 1988 would be inconsistent with current international law as agreed at Geneva in 1958 and signed by the United States. The international court recently held Iceland's declaration of a 50-mile limit was not enforcible under international law; and

Sixth. Finally, S. 1988 could endanger present ocean passage which brings to the United States oil and many other vital resources we have to import.

Mr. President, for those reasons I urge my colleagues to oppose passage of S. 1988 at this particular time.

Mr. President, I ask unanimous consent that a letter signed by the Senator from Texas (Mr. TOWER) and the Senator from California (Mr. CRANSTON) be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> *U.S. Senate,*
> *Washington, D.C.*
>
> DEAR COLLEAGUE: The Senate will shortly take up S. 1988, the Emergency Marine Fisheries Protection Act of 1974. We are writing to urge you to vote against this bill.
>
> We agree with the sponsors of the bill that coastal fishing stocks are severely depleted, that agreement at the Law of the Sea Conference seems distant, and that the U.S. must therefore take unilateral action to save the fish. The real question is: what kind of unilateral action?
>
> S. 1988 would not necessarily save the fish. Better legislation has been introduced (H.R. 15619/S. 3783) which would permit unilateral action after 6 months. S. 1988 calls only for a new commission to study the problem for 2 years.
>
> S. 1988 could seriously damage national security. Deputy Secretary of Defense Clements has pointed out that other nations might retaliate by curtailing the freedoms of navigation and overflight. Virtually the entire operating areas of the U.S. 6th and 7th fleets lie within 200 miles of some nation's coast.
>
> S. 1988 would be costly and difficult to enforce. It would add 2,531,800 square miles to the area which the U.S. Coast Guard now polices with difficulty—an area equal to 92% of the land mass of the United States. The Coast Guard conservatively estimates that policing the known fishing areas only would require $63.2 million in start-up costs and add $47.2 million to annual operating costs.
>
> Finally, S. 1988 would increase the danger of gunboat wars. It violates the 1958 Convention on the High Seas. Many nations would refuse to recognize a 200-mile U.S. limit. Confrontations would increase as foreign nationals continued to fish. A lesser extension—to 50 miles—led Iceland into the recent "Cod War" with Great Britain.
>
> We hope you will join us in voting "no" on S. 1988. 40% of the world's oceans are at stake.
>
> Sincerely,
>
> ALAN CRANSTON.
> JOHN TOWER.

The PRESIDING OFFICER. The Senator from Alaska has 3 minutes.

Mr. STEVENS. Mr. President, what other time is remaining to the Senator from Washington?

The PRESIDING OFFICER. Three minutes on the bill.

Mr. STEVENS. Does the Senator from California seek recognition?

Mr. TUNNEY. I have already made my statement in opposition, I have nothing to add to it.

Mr. MAGNUSON. Well, Mr. President, how much time do we have left?

The PRESIDING OFFICER. It was 3 minutes, it is slightly less.

Mr. CRANSTON. Mr. President, passage of S. 1988 would have several immediate and harmful consequences.

Some say that since the House has not passed a similar bill, and since S. 1988 will not become law this year, it does not matter what the Senate does.

I disagree strongly.

The Senate, and the Senate alone, must ratify any and all treaties negotiated through the Law of the Sea Conference. Whether or not S. 1988 becomes law, what the Senate does on this bill will have an extremely important impact. The passage of the bill in the Senate would strongly imply rejection of any international agreement that fell short of its terms.

Conversely, since S. 1988 will not become law at this time, its passage would gain nothing positive. Its sole effect would be to sabotage existing talks.

Mr. President, S. 1988 is being promoted in the name of conservation. But conservationists are sharply divided on this bill.

Here is what the Sierra Club had to say about S. 1988 last September:

> The Sierra Club believes that S. 1988 can be detrimental to the conservation and protection of the living ocean resources and inconsistent with international efforts to secure proper conservation and environmental management of the oceans and their resources.
>
> The Sierra Club feels that S. 1988 . . . seriously jeopardizes conservation and environmental protection efforts, both international and national in scope.

The Sierra Club added that S. 1988 would make it extremely difficult for the international community to secure minimum environmental standards for the protection of the living marine environment.

That raises a conservation issue that S. 1988 totally neglects: what is to be done about saving the fish off other nations' coasts?

As the Sierra Club points out, worldwide unilateral "grabs" would preclude the adoption of minimum environmental standards on the basis of international agreement. Management of coastal fishing stocks would pass into the hands of a wide range of governments, many of which care little or nothing about environmental protection.

Mr. President, supporters of S. 1988 have sought to create the impression that their goal is to preserve fishing stocks—as if the fishing industry were one single differentiated whole.

Actually, there are three important segments of the fishing industry that could be seriously harmed by passage of S. 1988.

First in value is the shrimp industry, headquartered in the Gulf States. An estimated 19,000 people harvest approximately $200 million of shrimp a year—24 percent of the value of our total fishing catch. The richest areas are located off the coasts of Latin American countries, especially Brazil, Mexico, and Venezuela. Passage of S. 1988 could deprive long-distance shrimp fishermen of stock and force them to compete for limited numbers of U.S. coastal shrimp.

Next comes the salmon industry of the Pacific Northwest. In 1973, over 32,000 fishermen in Alaska, Oregon, Washington, and my own State of California landed over $120 million worth of salmon. This represents 14 percent of the value of all U.S. fish landings in that year.

By international agreement, salmon fishing areas have been divided between the United States, Japan, and Canada. Passage of S. 1988 would probably undermine this agreement and put new pressure on Japan to redouble its fishing efforts outside the 200-mile zone.

Third in value is the tuna industry. In 1973, 9,000 tuna fishermen harvested about $90 million in tuna, representing about 10 percent of the total catch for that year. Most of this harvest comes from the waters off Latin America. Passage of S. 1988 would lead to a new rash of unilateral claims and multiply our long-standing problems with tuna about seizures and fines.

These three segments of the fishing industry—shrimp, salmon, and tuna—account for 48 percent of the value of all fishing stocks landed by U.S. fishermen.

I want to see more effective preservation of fishing stocks, too—but not at the expense of almost half of the fishing industry.

Mr. President, sponsors of S. 1988 say it is only an "interim" measure.

But once the United States claimed a 200-mile fisheries jurisdiction, how likely is it that any of that jurisdiction would be surrendered?

And how likely is it that other nations would sit idly by while the United States claimed both the right to fish off their coasts and a unilaterally-imposed 200-mile fishing preserve?

Given the close linkage between fishing and other ocean-related issues, would other countries seriously accept the claim put forth by supporters of S. 1988 that the bill "relates only to fishing"?

If the United States succumbs to pressure for unilateral action to further its own interests, other nations can be expected to take unilateral actions to further theirs. These actions may represent deliberate retaliation, or they may simply represent a breakdown of a giant and ongoing international effort to save the seas from war and anarchy.

Supporters of S. 1988 have taken the curious position that the bill "reflects current international thinking." They even go so far as to say that it is "the kind of bill the International Court would approve."

By "International Court," I take it they mean the International Court of Justice at the Hague. The Court does not approve bills; it decides cases based on its interpretation of international law. The weight of legal opinion that I have encountered comes down heavily against the legality of the bill. Specifically, a unilateral declaration of a 200-mile fishery zone would violate the freedom of fishing established by the 1958 Geneva Convention on Freedom of the High Seas. Legal ratification of a 200-mile fisheries zone would require international agreement of the sort now being negotiated through the Law of the Sea Conference.

Supporters of the bill may argue, as they have in their "Dear Colleague" letter, that S. 1988 would not automatically eliminate foreign fishing within the 200-mile zone. But from the point of view of international law, that is not the point. It is the mere extension of jurisdiction, not its application, that is in conflict with the 1958 convention.

It is particularly unfortunate that S. 1988 is being considered now, just when the United States is making progress on both bilateral and multilateral fronts.

Discussions with Japan have already led to a voluntary cutback in the northeastern Pacific and the eastern Bering Sea. Japan's annual fish catch in those waters will be reduced about 25 percent. Furthermore, Japan has agreed to bar its fishermen from some Alaskan and west coast waters during several months of the year.

Negotiations are also underway with the Soviet Union and other major fishing nations.

A new, tough enforcement program to protect the living resources of the Continental Shelf went into effect on December 9. If foreign vessels take incidental catch while trawling for fish, they will be required to return it to the sea, or face stiff penalties.

Even on the multilateral front, things are not as bad as supporters of S. 1988 would have us believe. On the one hand, they argue that agreement and ratification of a law of the sea treaty will not be achieved until 1980 and even beyond. On the other, they cite growing international support for an internationally negotiated 200-mile "economic zone." Anyone who has followed the history of these talks, and who is familiar with the terms of the proposal offered by the United States in 1970, knows that we have come a long way toward agreement.

But there is a critical difference between a 200-mile economic zone, with primary jurisdictional reserved for the coastal state based on certain international standards, and an outright unilateral seizure. One is based on the principle of international law and the peaceful settlement of disputes; the other is not. One is both legitimate and acceptable to the world community; the other is not. One would encourage restraint and cooperation in the management of ocean resources; the other would not.

I have read the counterarguments made by proponents of S. 1988, and I am not convinced. The arguments which I offered in a "Dear Colleague" letter, signed with the distinguished Senator from Texas, JOHN TOWER, remain valid. Briefly, they are:

First, S. 1988 would not necessarily save the fish. It calls only for a new commission to study the problem for 2 years. And by extending unilateral jurisdiction, it would damage the prospects for several major segments of the fishing industry whose interests extend beyond a U.S. zone.

Second. S. 1988 could damage national security. Other nations might retaliate by curtailing the freedoms of navigation and overflight. They might not do this in specific retaliation against a 200-mile extension, but merely to assert their own interests unilaterally. S. 1988 would give them a green light.

Third. S. 1988 would be difficult to enforce. Its supporters say that many nations would respect our zone and that it would be self-enforcing, at least to some extent. But to some extent it would not. Nations which would be least likely to accept a unilateral extension to 200 miles are precisely the nations that have the heaviest stake in fishing. There is a lot of difference between policing a zone which is considered legitimate, and policing a zone which is not.

Fourth. Finally, S. 1988 would increase the danger of gunboat wars. Supporters of the bill deny this by arguing that it would not automatically eliminate all foreign fishing within the 200-mile limit. Still, if 37 foreign fishing boats entered the 200-mile zone unimpeded, and if the Coast Guard seized the 38th one, what would its government do? Senator STENNIS, the distinguished chairman of the Armed Services Committee, pointed out in his minority views on S. 1988 that—

> The fining and imprisonment of foreign fishermen under S. 1988 would surely be considered by major fishing nations to be a serious provocation. Hence the risk of armed confrontation between U.S. military forces and fishing boats or escort gunboats of such nations as the U.S.S.R. and Japan could be substantial.

This whole area is simply fraught with risk.

To sum up, Mr. President, S. 1988 contributes little or nothing that is positive. Its passage now would only serve to block and sabotage and delay. And were it to become law, it would open up a wide range of dangers involving 40 percent of the world's oceans. I strongly urge a "no" vote.

Mr. PACKWOOD. Mr. President, by passing the Interim Fisheries Zone Extension Act, by extending our fisheries 200 miles from shore, we merely seek to extend basic principles of conservation to the sea. Frankly, Mr. President, without passage, extinction of our marine resources is imminent.

Opponents of this measure over a year ago asked the Senate to postpone our deliberation until the Law of the Sea Conference had a chance to hold its 1974 midsummer meetings in Caracas. There, we were told, through international cooperation a global accord could be reached on fisheries.

Well, Mr. President, true to the predictions of the able chairman of the Commerce Committee, true to my suspicions, true to the fears of all the sponsors of this measure, the hopes for an agreement on fisheries conservation were false. No accord was reached.

So now we are told another conference resumes in Geneva this March. Maybe we shall be satisfied then. Or perhaps in Vienna later next year. Or possibly on a return to Caracas. We just do not know, but this much I am sure of, we can no longer afford this pattern of postponement.

Mr. President, I ask unanimous consent that a New York Times article describing the globe-trotting adventures of the United Nations Law of the Sea Conferences be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PACKWOOD. Now, I do not oppose the work of the conference. We need global cooperation on fishery conservation. We need agreements on navigation rights, on the mining of the seabeds, on how best to deal with ocean pollution. Eventually we shall have them. But, "eventually," "possibly," "probably," is not reversing the severe depletion of coastal fish species we are suffering today—devastation documented by the National Marine Fisheries Service, as according to their statistics Oregon's catch alone in 1973 marked a 5.1 million pound decline from 1972 landings.

So, we ask only that a 200-mile fisheries jurisdiction be implemented. We are not talking about navigation rights, a concern voiced by the Defense Department about this bill. We are not usurping the role of international discussions which has concerned the Department of State, for we have stressed time and again this is an interim measure. Upon enactment of an accord by the law of the sea conference this legislation will expire.

We cannot wait for Caracas, Geneva, or Vienna. We cannot wait another 1, 2, or 3 years. If we intend to ever escape the desperate straits we now find ourselves in, we must act today to conserve our fisheries. If we are serious about saving our resources, passage of this interim measure is imperative.

Mr. President, before yielding the floor, I ask unanimous consent that an excellent letter to the editor of the Post, written by the Senator from Alaska, which cogently discusses many misconceptions concerning the bill, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

EXHIBIT 1

[From the New York Times, Aug. 30, 1974]

WORLD SEA LAW CONFERENCE ENDS WITH LITTLE ACHIEVED

CARACAS, VENEZUELA, Aug. 29 (Reuters).—The third United Nations Law of the Sea Conference, billed as one of the most vital debates in history, ended today with little to show beyond an agreement to meet again in Geneva next March.

Optimists had expected the 10-week conference to produce at least the framework of a new world treaty to deal with ocean pollution, fishing disputes, navigation rights and the ownership and sharing of oil, gas and mineral resources in coastal waters.

Dozens of the 3,000 delegates from nearly 150 nations and observer groups had already left before their national flags were lowered for the last time in the sunlit court of the towering high-rise conference complex here.

Now begins the accounting to governments at home. Some delegates maintain that their negotiating powers were watered down by the absence of clear- . . . .

Many who were new to the complicated issues bearing on laws to control exploitation of the seas have said in private that compromise on the main confrontation here between rich and poor nations can only be achieved at the ministerial level.

Delegation leaders say that divergent views on many questions have been narrowed down in group discussions outside the open conference debate.

Christopher Pinto of Sri Lanka, leading a group studying how to form an authority governing seabed minerals, said: "A good deal of progress has been made, and a sound foundation laid for further work."

But many feel this preliminary work should have been completed in the United Nations seabed committee following the first Law of the Sea Conference in 1958 and the second in 1960.

A committee formed here to polish up texts of all draft articles for incorporation in a final treaty has had no drafts submitted and no work to do.

The goal of the conference was a treaty replacing the centuries-old concept of "freedom of the seas." The projected treaty would safeguard for future generations the once-rich fishing grounds now worked to near-exhaustion and threatened by pollution.

The envisioned treaty was also expected to guard the mineral resources against speculators and to guarantee an equitable distribution of seabed wealth.

But many were certain from the start that there was little chance of a consensus on a treaty framework at this gathering, the biggest international conference ever held.

John R. Stevenson, leading the United States delegation, said yesterday that the political will to negotiate was missing, mainly because of a general conviction that there would have to be further sessions.

Now hopes are pinned on government-to-government contact and negotiations by working groups before the conference resumes in Geneva.

"It's quite obvious we have some very difficult work to do before we can create a draft," said Alan Beesley, deputy head of the Canadian delegation.

But conference observers expect that a further session may be needed—and is likely to be held in Vienna later next year—before any firm plans can be made for the projected return to Caracas for signing a treaty.

EXHIBIT 2

[From the Washington Post, Oct. 26, 1974]

RESPONSE TO "CONGRESS AND THE LAW OF THE SEA"

I hope you will allow me to respond to your October 15 editorial "Congress and the Law of the Sea."

Those of us who sponsored S. 1988, the Emergency Marine Fisheries Protection Act of 1974, did not do so in haste or without knowledge of its implications. The Senate Commerce Committee has held fifteen public hearings on the legislation in coastal states during this session of Congress. The position of many senators on this issue, including mine, has been shaped by many years of personal observations of the compounding destruction of our fisheries resources by huge foreign fishing fleets basically owned and controlled by foreign governments.

These fleets are highly efficient, as you point out; they also are operated without regard to the conservation-management practices necessary to enable fish to sustain their species. Coastal species presently in a state of depletion or in serious danger are haddock, halibut, herring, menhaden and yellowtail flounder in the Atlantic; Alaska pollack, hake, halibut, mackerel, sablefish, shrimp and yellowtail sole in the Pacific. Foreign fleets, which long ago fished out their own coastal waters, continue to take these species off our shores without regard to the condition of the stocks.

As an advisor to the U.S. delegation to the Law of the Sea Conference, I have attended preliminary sessions at Geneva, Switzerland, and New York and last summer's substantive sessions in Caracas, Venezuela. International law is the best way to bring lasting order to the economic, navigational and environmental problems of our ocean and to our fisheries problems as well. However, such agreement is two years or more away. The future of our fisheries is the only LOS issue which will be affected by the passage of time.

S. 1988 was drafted as an emergency conservation measure pertaining to fisheries only. It will expire on the effective date of a Law of the Sea treaty. S. 1988 calls for a gradual phase-down of foreign fishing through a renegotiation of our existing, less than effective bilateral and multilateral fisheries agreements with foreign nations and through new treaties where necessary to effectuate the act. It also would establish conditions under which traditional foreign fishing could be allowed to the extent that our own fishermen do not harvest the sustainable yield.

I cannot believe that such an approach will provoke retaliation—that is, extension of territorial waters by any nations which are not planning to do so anyway. You will recall that Congress acted in 1966 to extend our fisheries zone to twelve miles despite the grave warnings from our State Department similar to those we hear today. No confrontations occurred after the 1966 action. In fact, the status quo was maintained by foreign governments. If, on the other hand, our contiguous zone of twelve miles had not been established and foreign fleets had operated up to three miles off our shores through recent years, not only would our list of imperiled fish been more extensive but we would have had continuous confrontations between U.S. and foreign vessels.

Most of the conservative organizations endorse S. 1988. You are a consistent supporter of fish and wildlife conservation and in 1972 championed passage of the Marine Mammal Protection Act. I recall one article you published at that time demanded a full moratorium on the harvest of Pacific fur seals even though such a moratorium would have constituted unilateral action in an activity controlled by international treaty. The Marine Mammal Protection Act, as you know, is now law and a partial moratorium for research purposes has been negotiated and is in effect. Ironically, one of the situations that research could prove is the commonly held belief that more of our seals die of malnutrition than are harvested and the reason for this is that foreign fleets are annually harvesting more than a billion pounds of one of our fur seal's main foods, the Alaska pollack. An additional irony is that while the increasing population of ocean mammals cannot compete with these foreign fishing fleets our fisheries cannot sustain the increased pressure from both the foreign fleets and the additional mammal population.

The only way to allow the mammals to rebuild their stocks and the fisheries to do the same is to enact S. 1988.

Mr. MAGNUSON. Mr. President, at this time, I ask unanimous consent to insert in the RECORD two newspaper articles which I believe accurately reflect the progress made at the Law of the Sea Conference this summer in Caracas. The first is from the New York Times and was written in the middle of this summer's session. The second appeared in the Washington Post and describes the closing of the session and the assessment of its progress by the President of the Conference.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

PROGRESS SLOW AT SEA LAW PARLEY; MANY SPEAK PRIVATELY OF STALEMATE

(By Leslie H. Gelb)

CARACAS, VENEZUELA, Aug. 2—The Parque Central, a complex of futuristic-looking skyscrapers designed for totally self-contained living, has been inhabited since late June by about 4,000 people whose almost total daily concern is the sea that lies seven miles beyond the mountains that ring Caracas.

They are delegates to the United Nations law of the seas conference, officials of international organizations and representatives of various economic interests and of a number of liberation movements.

The purpose of the conference is to come up by Aug. 29 with some kind of coherent, if tentative, agreement on navigation, fishing, and sea mining, a partial pact that will have the effect of restraining nations from making individual laws on the sea. Then, next spring, the delegates will meet in Vienna to turn that agreement into a treaty. Their progress here is painfully slow; many speak privately of stalemate.

ORIGINAL GOAL

The original goal of the Caracas meeting was to produce a draft constiution for all nations. That treaty, it was hoped, would establish new territorial limits and zones of control for marine resources beyond the territorial limits, and provide some kind of international authority over exploitation of the deep seabeds.

"We're moving, but slowly," said John R. Stevenson, the head of the United State delegation.

"It's critical to meet the General Assembly goal of a treaty before the end of 1975," said Mr. Stevenson's deputy, John Norton Moore.

But while everyone here puts a good face on what is going on when speaking for the record, unofficially the participants in this third United Nations conference on the law of the seas since 1958 talk of stalemate.

The votes are there, says an American delegate, but the means for setting up a strong international authority for the deep seabeds are not. The private and national interests represented here seem as various and complex as the animal and plant life of the sea itself. There are nations with coasts, landlocked nations, powerful nations and underdeveloped nations—all with special axes to grind.

In the main conference hall, a theater that has been converted to look like a General Assembly hall in New York, hundreds of men and women, representing 148 countries, meet daily. They are the core of the conference, the experts: most of them have been working on law of the sea for most of their mature lives.

Andres Aguilar of Venezuela, a veteran diplomat in matters involving the sea presides over these meetings from a podium 10 feet high, set atop a stage, towering over the delegates. In the rear of the great room sits Louis B. Sohn of Harvard University, who has been occupied with sea law for 15 years. Toward the middle of the room are Joseph Warioba of Tanzania, a lawyer who has been working on the subject five years, and Alvaro de Soto, a young Peruvian diplomat whose entire career is devoted to the search for a coherent law of the seas.

Their experience and expertise are typical of most others here, as is their zeal; they meet from early morning to late evening, and they confer while at meals.

What drives these men and women is a concern that without a new law of the seas, nations will assert more and more separate claims on fishing, on sea mining and on navigation, leading to international anarchy, new tensions and new conflicts.

The president of the conference, Hamilton Shirley Amerasinghe of Sri Lanka, likes to refer to the hoped-for document as a statement of agreement, whose language would be couched in actual treaty form, a document that would fall somewhere between a draft treaty and a declaration of principles.

One problem, a European diplomat says, is that such a statement "cannot be hammered out by voting; that would tear this conference apart. If a delegation feels its national interests are being outvoted," he went on, "it might simply pick up and leave. This must be done by consensus."

GEOGRAPHY A FACTOR

"Tell me the exact geographical situation of a nation," an American delegate said, "and I will tell you its exact negotiating position at this conference."

The United States, which has teamed up on some issues with other maritime nations such as the Soviet Union and Japan, is making proposals along the following lines:

A 12-mile territorial limit as long as there is no interference with passage over and under straits. "Territorial seas" now vary from 3 miles to as many as 200.

Beyond the 12 miles, a 188-mile economic zone, each nation having exclusive rights there to submarine resources—many such projected zones are rich in oil and natural gas—but not to fish or navigation. Fisheries would operate under the principle of full utilization: international arbiters would step in when a "host" nation was not taking a certain amount of fish from the area to determine whether other nations might use it.

Establishment of an international agency that would issue licenses to nations or corporations to mine deep seabeds. The oceans are known to contain vast stores of manganese nodules, from which nickel and copper can be derived. But only a few nations have the technological ability to do the mining.

UNITY VARIES

Unity at the conference among about 77 less developed nations varies from issue to issue. Some Latin-American states such as Peru and Ecuador simply want a 200-mile limit. But most of them, the delegates say, look for a 12-mile "territorial sea" with control over straits and an economic zone of about 200 miles, with exclusive rights to all resources, but not control over navigation, and full international ownership and control of the deep seabeds.

Still another group of about 40 nations, many of them landlocked, want to share in the resources of both the economic zone and the deep seabeds. Then there is a cluster of states like Norway and Australia that want full control to the limits of their continental shelves.

The voting procedure calls for each article to be carried by two-thirds of those present and voting, as long as that is a majority of all 148 nations represented here. But in each nation's proposal, agreement on any one issue is tied to agreement on all other issues.

This, as Jens Evensen, the head of the Norwegian delegation, sees it, means a queer kind of juggling, in which all the balls must be in the air at the same time, long enough for all to see that their interests are being accommodated.

And no nation represented here will make a fundamental concession until the others do. As an American delegate put it, "How can we wire Washington asking to make compromises when no one else around here is making any compromises?"

SEA LAW CONFERENCE CLOSES IN DEADLOCK

(By John Virtue)

CARACAS, Aug. 29.—The third U.N. Sea-Law Conference ended in deadlock today and the conference president said there was little hope of drafting a new treaty governing the use of the sea at a follow-up spring session in Geneva.

Conference President Hamilton S. Amerasinghe of Sri Lanka indicated that as many as three more sessions might be needed by the 148 participating nations to obtain a signed treaty in 1975.

"There has so far been no agreement on any final text on any single subject or issue," Amerasinghe said in closing the conference, which ended its 10-week session deadlocked on the four key issues needed for a treaty to replace the current 17th-century sea code.

"I am convinced, given the best will in the world, it will be physically impossible for us to finish the drafting of the treaty by the end of the spring session in 1975," he said later at a press conference.

Earlier this week, the conference agreed to reconvene in Geneva March 17 to May 3 and then to return to Venezuela in midsummer for signing a treaty, if one is negotiated by then. Amerasinghe indicated, however, that another session might have to be squeezed in between Geneva and Caracas.

While most delegates said publicly that the conference had achieved the expected, they privately expressed disappointment at the slow progress and the gulf between the positions of the rich industrial nations and the poor developing ones.

The division between the delegations knew no ideological bounds.

The United States and the Soviet Union were the leaders of the industrial nations, and China backed the aspirations of rightwing South American military dictatorships.

The conference became deadlocked on four key issues:

Territorial limits: the developing nations, led by Ecuador and Peru, insist on virtual sovereign control over all activities within 200 miles of their coasts. The industrial nations, led by the United States and the Soviet Union, favor giving coastal states full control over a 12-mile limit but opening up a further 188-mile economic zone to fishing and scientific research by other nations.

Deep sea mining: The developing nations want preferential treatment in mining cobalt, copper nickel and other deposits through a strong international authority, which would set its own rules and decide who mined where. The industrial nations want the rules written into the treaty.

Pollution control: The developing nations want mild controls for themselves and hard ones for the industrialized nations, who they say polluted while achieving their development. The industrial nations want uniform international standards.

Straits passage: This is the key Soviet and U.S. issue. Both want freedom of passage for their warships and merchant fleets through the more than 100 straits in the world. The straits nations, most of them developing ones, want control.

"The No. 1 priority is the mobility of our naval and air forces and the importance of retaining our nuclear deterrent," said U.S. Special Ambassador John R. Stevenson recently.

Sen. Claiborne Pell (D-R.I.), here briefly for the conference, predicted that the Senate would not ratify a treaty that did not guarantee free passage.

Stevenson, in a wind-up news conference, expressed confidence that a sea treaty could be signed in Caracas if enough hard work is done in Geneva. "There is no cause for billing the conference a failure," he said.

"We certainly did not come to Caracas expecting to go back with a signed treaty," said Tanzania's J. S. Warioba, expressing the feeling of many delegates, "But we had certainly come expecting to achieve more than we have."

Amerasinghe cautioned the nations against taking any unilateral action before a treaty is negotiated. In this, he echoed Stevenson, who warned that any extension of U.S. fishing limits by the Senate could touch off unilateral action by other nations.

There are several bills in Congress to extend the fishing limit to 200 miles, a concept officially opposed by the United States at the conference.

Ecuador and Peru, the hardliners among the developing nations, claimed a 200-mile limit in 1952, touching off the "tuna war" with the United States. Some 200 U.S. fishing trawlers, most of them from San Diego, have been seized during the past 10 years in the disputed waters.

The two South American nations said their claim was simply an extension of the Truman Doctrine, under which the United States in 1945 claimed control over the seabed resources of the continental shelf, which extends beyond 200 miles from the coast in some parts of the Atlantic. The two Pacific nations have virtually no shelf, so they claimed a 200-mile limit instead.

Mr. MAGNUSON. Mr. President, my distinguished colleague, Senator ERNEST HOLLINGS of South Carolina, is one of the genuine experts in the Congress on the oceans, the problems of our fishing industry, and law of the sea. As chairman of our committee's Subcommittee on Oceans and Atmosphere and as chairman of the Senate's National Ocean Policy Study, he is acutely aware of the need to move now to do something about establishing a method of protecting the resources of our own waters.

Senator HOLLINGS recently spelled out his views in an outstanding message delivered on October 23 before the Johns Hopkins University Ocean Policy Project Conference on Law of the Sea at Airlie House in Warrenton, Va. Senator HOLLINGS and I both serve as congressional advisers to the U.S. Law of the Sea delegation, and I ask unanimous consent that the text of his remarks be herein printed in the RECORD and that those concerned about the oceans heed his wise advice.

There being no objection, the speech was ordered to be printed in the RECORD as follows:

THE LAW OF THE SEA: A DIFFERENT PERSPECTIVE

(By Senator ERNEST F. HOLLINGS)

The law of the sea interests of the international community are not necessarily totally opposite to those of the United States, and vice versa. Those who believe that the more parochial interests of coastal nations must be ignored in devising a treaty on ocean uses suffer from an acute case of what I would call, "internationalist near-sightedness." An indispensable part of a universally acceptable treaty on law of the sea is an accommodation of coastal nation interests. The job of the negotiators is to balance both more specific interests of coastal nations and the broader interests of all nations, broader interests which are sometimes referred to as the "common heritage of mankind." Without a fair balancing, there simply will be no treaty. To say that an accommodation of coastal nation interests is incompatible with international interests is to say that international interests will never be recognized in a treaty.

The Third United Nations Law of the Sea Conference is unquestionably political. Unlike the previous two Conferences, this, the most recent and most ambitious of attempts to codify ocean law, is not a purely technical taking place in a vacuum, away from the pressures of general world and United Nations politics. I do not believe I am a pessimist when I say that all nations attending the Law of the Sea Conference are, in large measure, pursuing their own self-interests. And it is fair to say that the United States is no more fervent in this pursuit than are most other countries. In fact, if anything, the U.S. positions on ocean matters are perhaps more balanced than many other nations, particularly those of some of the developing nations which are flush with their own brand of strong nationalistic desires.

At one time, not too long ago, the United States and a few other nations were clearly dominant in the pursuit of their national interests, in the ocean and otherwise. Quite dramatically, the world balance has shifted to nations which possess much-needed mineral resources. Developing nations now have a solid majority in the United Nations General Assembly. The Group of 77 proposal on "Rules and Regulation" in Committee 1 this summer evidences their desire to swing the balance in favor of producing nations. A few oil-rich nations are dictating exorbitant prices for the energy which fuels our society. And other producers of vital raw materials are weighing the possibility of price and production cartels in order to boost their influence.

These changed world circumstances have shattered previous conventional wisdom about relationships between nations. Economic and technologic dominance by any single nation will soon be a thing of the past. Control of vital resources may very well become the pivotal factor in determining world power in the years to come.

Put in this context, I think it is easy to see that a number of general world issues will play an important role in the U.N. Law of the Sea Conference and these may have no direct relevance to the specific question of use in the world's oceans. With this background, I hope my remarks on Law of the Sea will be clearer.

Since time prevents me from discussing in detail all the elements on an acceptable Law of the Sea Treaty, I plan to discuss five of the more important issues: (1) navigational freedoms; (2) the international seabed area; (3) fisheries; (4) the continental shelf; and (5) ocean pollution.

For the most part, the positions taken by our delegation in Caracas and elsewhere have been well-considered attempts at balancing the various disparate interests and views of our pluralistic nation. For the most part, these positions enjoy the support of Congress. But there are differences of opinion on various points which Congress had decided to discuss—namely the fisheries question, and deep sea mining for manganese modules. It is healthy in our system for each branch of government to honestly express and pursue its own viewpoint. This is why I'm here this evening.

NAVIGATIONAL FREEDOMS

Given the changing world circumstances which I have mentioned I question the wisdom, and even the point, of placing importance of military issues ahead of resource issues. This has definitely been the case up to now. Is it really any longer logical to subordinate our resource objectives in the oceans to our military objectives? Why, for example, do we refuse to address the proven problem of overfishing on the basis of some tenuous fear of restricted military navigational freedoms? Especially now in these times of food shortages and high inflation rates.

It would seem to me that the question of access of resources should be given equal status with military objectives by our law of the sea negotiators. This would reflect real world problems and recognize the fact that resources indeed are as powerful as military weapons, perhaps more so. We have learned that it could be more difficult for this nation to fight an oil embargo, than it is to fight a war. And without oil there can be no successful war. Why shouldn't our Law of the Sea policy reflect this?

I believe that the U.S. is better served by separating commercial navigational issues from purely military ones. Every nation benefits from unrestricted vessel transportation on the oceans. Every coastal nation is either a producer or a consumer of raw materials and fishing products. If a coastal nation were to arbitrarily restrict the ocean transport of oil, copper, bauxite, or any other raw material or commercial item, every nation, developed or undeveloped, which is harmed would loudly protest. It is in every nation's interest that the flow of trade continue without restraint. I see no reason to conclude that the world will not agree on an ocean regime which protects the innocent passage of commercial vessels through any waters, except those designated as strictly internal.

This being so, the military desire for free or unimpeded transit should not piggyback nor confuse the commercial transit question. The military arguments should stand on their own merits, and rise and fall on that basis. Unimpeded transit rights for our military vessels should not be the sole non-negotiable item in U.S. Law of the Sea policy. Our delegation should concentrate on the important resource issues.

An acceptable Law of the Sea Treaty is one which, at the very least, protects the navigational freedoms of commercial vessels. It should also protect the right of free transit of our military vessels in international straits.

THE INTERNATIONAL SEABED AREA

After this summer's session, it would appear that the most contentious issue in the LOS negotiations is the question of the deepsea bed. This is the area of the "common heritage of mankind" and control of its resources is the basic bone of contention. The most critical problems seem to be three: (1) what will be the nature of the resource exploration and exploitation system; (2) what will be the functions and powers of the international organization (the Authority) which governs activities in this area, and (3) what will be the nature of the decision-making process which guides the Authority.

The division on these problems represents the widest on any issue in the Conference, and it is fundamental. It is the United States' view that the discretion of the Authority to regulate resource exploration should be limited. Constraints or discretion should be specific in the treaty. The U.S. also wishes a system of licensing designed to ensure that companies have the incentive to exploit the resources that exist. The developing nations, on the other hand, the "Group of 77", would grant the Authority almost complete discretion. Their desire seems to be to protect land-based producers. In fact, according to their view, if a company contracted to do exploratory work on seabed resources in the international area, there is no assurance that the same company will be given the opportunity to make good on its exploratory work and be allowed to produce and sell the resources. Land-based mineral producers spoke loudly in the halls of the Parque Central of creating cartels similar to OPEC to control prices and production.

Unquestionably, this debate is of the highest concern to the United States. I think I can safely say that Congress would not approve a treaty which establishes an international body with unlimited discretion to control deep seabed mining. Only those with an extreme sense of internationalism would approve the result.

Frankly, the United States and other developed countries appear headed toward economic war with producing nations over raw materials. This conflict is underway now and can only intensify in the near future. To allow the majority of U.N. nations to deny the U.S. access to seabed minerals critical to its well-being is unthinkable. The effect of oil prices is taking its toll on our society. Since the U.S. possesses the technology to develop the resources of the deep ocean, it is in a strong bargaining position. It should not give it up easily. It is also in the interest of all nations that raw materials be made abundantly available. Without them, many developing nations will not progress and the world order will be dangerously strained.

Summarizing, Congress would strongly support a treaty which—

(1) ensures fair access to deepsea minerals by U.S. companies under reasonable conditions;

(2) prevents land-based producers from controlling production;

(3) does not discourage investment nor a fair return on such investments;

(4) prevents monopoly and pollution in connection with deepsea bed activities.

FISHERIES

I was quite pleased this summer when Ambassador John Stevenson announced in Caracas that the United States approves, in principle, the concept of a 200-mile economic zone as part of an over-all acceptable law of the sea treaty. As a cosponsor of Senator Magnuson's bill, S. 1988, to establish such a zone for fisheries management prior to an effective ocean jurisdiction treaty, I view this move as overdue. The "species approach" to fisheries managements is best laid to rest.

Since our delegation does not object to the substance of S. 1988, but bases its strong objections to the bill's timing, there is little disagreement about what are the best fisheries provision—I think they are in the U.S. proposals now. But there will continue to be disagreement on whether earlier implementation of these provisions is needed.

Clearly, the 200-mile limit is the world consensus. Yet our long-distance fishing interests must not be foreclosed from harvesting what other coastal nations cannot take in their 200-mile zones. Access should be on a reasonable basis and without harassment. It makes no sense to allow available food resources to go to waste when the world is so short of protein. Food should not be a weapon, and a requirement of full utilization of resources within the 200-mile zone would prevent it from being used as such.

The recent decision by the International Court of Justice in the Iceland v. Great Britain case legitimized the concept of preferential rights for coastal states in coastal fishing areas. There should be little question about the issue in the Law of the Sea. But the Court also identified the need to protect traditional fishing rights of other nations. This balance will require definition and fine tuning.

The best law of the sea treaty from the standpoint of fisheries includes the following: (1) a 200-mile fishing management zone; (2) a coastal nation duty to assure full utilization of available resources; (3) recognition of preferential rights for coastal nation fishermen; (4) an accommodation of other nations' traditional fishing rights by the coastal nation; (5) as the guiding principle, the duty to conserve resources by maintaining the optimum or maximum sustainable yield of fish stocks.

THE CONTINENTAL SHELF

It has been said that you can tell who is happy about the likely outcome of the Law of the Sea Conference by who remains quiet in a meeting such as this. If this is true, the oil companies aren't saying much—but they never do. Although this nation's romance with the oil companies is turning sour, no one disputes the fact that we need oil resources. With land supplies diminishing and exports expanding, we desperately need alternate sources. Only the continental shelf offers some real relief from the pressures caused by fuel shortages, the drain of capital, and continuing inflation due to gasoline prices. Consequently, Congress supports wholeheartedly the U.S. proposal to include within our resource jurisdiction the continental shelf out to the edge of the continental margin.

As we all know, the last Conference on Law of the Sea left the seaward limits of coastal state control over the continental shelf rather vague. The existing Convention on the Continental Shelf now provides coastal nations with jurisdictions out to wherever the resources can be developed. Setting the seaward limit of coastal nation jurisdiction at the continental margin seems to enjoy general support. Adopting of this limit will eliminate uncertainty and help this nation move with all deliberate speed toward self-sufficiency in oil.

I am somewhat skeptical about our ability to protect U.S. oil investments on other nations' continental shelves. Whatever the ocean treaty says, there will always be the threat of expropriation. The stakes are simply too high. We may be better off by selling oil technology to the highest bidder rather than building an entire oil production operation only to have it expropriated by a foreign nation.

I am also somewhat skeptical about the concept of revenue sharing as a mandatory concept. While sharing the benefits of the deep seabed ocean resources with developing nations has great moral appeal, dangers do exist. While it may in the first instance appear to be international responsibility, revenue sharing could lead to a reckless selfishness on the part of beneficiaries who might seek to control all development to satisfy their own desires.

However, revenue sharing from the resources of the continental shelf of the United States is, in my opinion, totally unacceptable to the Senate. The energy and economic crisis that this country finds itself in has destroyed any chance of this form of revenue sharing being ratified by the U.S. Senate. A mandatory revenue sharing requirement for continental shelf resources would preclude the flexibility we need in solving our energy and economic problems. Given the attitude of many producing nations, we cannot afford to lose our flexibility or our control of alternate sources of oil or related capital resources.

OCEAN POLLUTION

Unfortunately, delegates at the Caracas Conference do not seem to be taking the need to protect our ocean environment very seriously. If we have learned anything from our recent interest in the ocean, it is that we must be worried about its health. Consequently, I believe strong environmental standards should appear where appropriate in the treaty. Deep sea mining, oil and gas development, and tanker operations are all potentially polluting and harmful to ocean health. To prevent damage, specific standards to prevent or minimize pollution should be clear and enforceable.

What should be the goal of the marine pollution provisions in the Law of the Sea Treaty? Quite simply, it should be to prevent adverse impacts on the marine environment as a result of ocean use and development. The major problem right now is tanker pollution, both accidental and operational. But because of the international nature of the tanker business, companies have been able to find havens from both safety and environmental standards. We must find alternatives to the traditional practice of relying on flag-nation enforcement. If flag-nations do not begin to conquer the problem of ocean pollution, nations whose coastlines and port areas are threatened should be able to take steps to solve the problem themselves.

International standards for pollution prevention should be minimum standards. Nations should be able to require more stringent standards on vessels entering their ports if such are shown to be needed. This would include both vessel construction standards and permissible discharge restrictions. Sanctions for violations, however, should not unduly delay any vessel but should assure that punishment is fair and swift and that laws be observed.

The principal international oil pollution treaty now in existence has resulted only in seven attempts at enforcement. And this is despite the fact that oil pollution and vessel traffic have both been on the increase. Stronger enforcement measures are needed. Consequently, port-nations should be able to enforce discharge standards no matter where the violation occurs. The oceans are interrelated and oil dumped in one part of the world may find its way to shores far away. Vessel operators must know that laws will be enforced, otherwise there is no deterrent to cutting time by dirtying the sea.

The question has been asked whether the United States should seek a pollution control zone together with a 200-mile economic zone. If the problem of oil pollution from ships is not solved, the problem may be solved by establishing such a zone. A heavily polluted 200-mile fishery zone is a benefit to no one. If vessel operators and flag states are not required to adopt and enforce measures which will eliminate or greatly reduce the pollution of the sea, then a 200-mile pollution zone will be necessary. With 95% of our imports being carried in foreign-flag vessels, the United States can only hope that Liberia or Greece will be tough. If they aren't, the U.S. will move to protect itself.

SUMMARY

Some have stated—in classic doomsday fashion—that if a Law of the Sea treaty is not developed disaster will result—meaning war or worse. I respectfully disagree. The Law of the Sea Conference is not a last gasp effort to maintain world peace. For this reason, if it does fail, nations will seek alternative ocean arrangements, on a bilateral, regional, or multilateral basis. In fact there are a number of oceans issues which, when freed from more contentious issues, could be easily settled by separate treaties.

One of the stumbling blocks to agreement in the present deliberations is the desire of the undeveloped nations to present a unified position through the Group of 77. Getting agreement on ocean issues within a single country is extremely difficult. But achieving a single, unified position among the nearly 100 developing countries seems well nigh to impossible. As long as the developing nations attempt to negotiate in concert through the Group of 77, then agreement cannot be reached, and the Conference will fail. If that happens, the possibility of dealing with developing nations on a one-to-one basis may allow for the give and take necessary to make agreements on use of the sea.

If ocean law is not settled by a treaty or treaties, this nation should not reject taking carefully devised unilateral action. For some reason, many people seem to believe that all unilateral action is inherently bad and illegal. This is not necessarily so. The basic process of international law of the sea has been one of claim and counterclaim. That is, one nation makes a claim in the ocean to protect or advance what it believes to be its legitimate interests. The rest of the world community then evaluates this claim as to its reasonableness, then rejects or accepts it. If this nation were to act unilaterally in the ocean and its action reflects what most nations would accept, then the cause of defining international law is advanced.

If a treaty cannot be agreed upon, I believe that this nation must seriously consider unilateral action—for sure on fisheries, and perhaps on other matters as well. Granted we must be careful and sensitive if we take this route. But it is a legitimate option. If we reject this option we may succumb to "internationalist near-sightedness" and be faced with even greater confusion in the ocean than now exists.

COASTAL FISHERY JURISDICTION

Mr. MAGNUSON. Mr. President, as evidence of the world trend in coastal fishery jurisdiction, I bring to my colleagues' attention a recent article which appeared in the New York Times describing the plans of the Government of Norway to control foreign fishing within 200 miles of their shores. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NORWAY PLANS TO EXTEND FISHING LIMITS

(By Terry Robards)

OSLO, NORWAY.—The Norwegian Government is trying to bar foreign fleets from commercial fishing waters off the coast.

The aim is to extend control in three stages to waters 200 miles from shore.

The first phase involves a ban on trawling in an area totaling 5,000 square miles, mainly off the northern coast. The internationally recognized 12-mile limit would be extended at certain key points, in some cases by up to 42 miles, and the Government hopes to have the first phase completed by Christmas.

In an attempt to minimize international resistance, a broad diplomatic effort has been undertaken, involving visits by a Norwegian delegation to nine countries, among them Britain, East and West Germany and the Soviet Union. The plan remains controversial, and some political leaders wonder whether a clash reminiscent of the so-called cod wars between Britain and Iceland can be averted.

Jens Evensen, a Norwegian Minister Without Portfolio who is in charge of the delegation, acknowledged in an interview that the waters in question had been traditional fishing grounds for foreign fleets.

"But they have been more traditional for the Norwegian fleet," said Mr. Evensen, an expert on international maritime law who was given leave from his position as Minister of Commerce to conduct the negotiations with other countries. He has also visited France, Denmark, Sweden, Poland and Belgium to explain the Norwegian stand.

The message he carried was that cod and other fish in the Barents Sea and adjacent waters were threatened with extinction because of overfishing. The catch this year will be a million tons, he said.

"The experts think a maximum of 57,000 tons should be taken," he said. "It's an enormous overfishing problem." He added that trawling fleets had been driven away from Iceland, Canada, Latin America and West Africa and were now concentrating in the Barents Sea.

Mr. Evensen mentioned Spain and Portugal, whose fleets were inactive in Norwegian waters until this year. He said Spain's catch this year would total 45,000 tons, compared with 250 tons in 1973, while Portugal's catch this year would reach 28,000 tons, compared with virtually nothing last year.

"These are examples of the problems we are up against here," he continued. "Norway has reduced its fishing from 480,000 tons to 280,000 tons at the same time."

He noted that the Soviet Union, Poland, Britain and East Germany had also curtailed their fishing.

Fishing has been one of Norway's most important industries for centuries. A major portion of the nation's four million people derive their livelihood from fishing or from processing.

Along the northern section of the shoreline many fishermen still operate with old-fashioned long lines and bottom nets that tend to snag on the equipment used by big foreign as well as Norwegian trawlers.

So the first phase of the Government's plan is to protect the local fishermen by extending the 12-mile limit.

The second stage involves the establishment of a 50-mile limit that would be restricted to the Norwegian fleet and subject to Norwegian conservation measures.

The third stage involves the creation of a 200-mile economic zone under Norwegian control.

Mr. STENNIS. Mr. President, I am thoroughly in sympathy with and in support of the Senator from West Virginia in reference to the Senate rules here about the allotment of time. I knew this bill was coming up, S. 1988. I was engaged in a conference regarding another bill, trying to get it ready to be brought up, and I thought I was going to be called.

Now, Mr. President, this bill, S. 1988, is a bill that was referred to the Commerce Committee, also to the Foreign Relations Committee, and the Armed Services Committee. We had hearings on the bill and consideration was given to it, and a majority of the committee voted to report the bill favorably for passage.

I voted against that position. Of course, as chairman, it was all right with me to submit it for consideration and to report the bill then. I did mention that I thought the record ought to be complete, and encouraged for the record the filing of a minority report, and I also said that I would make a few remarks because it is such a far-reaching policy involved.

Mr. President, I believe that passage of S. 1988 at this time would be unwise. S. 1988 could adversely affect U.S. national security interests, as well as other U.S. ocean interests, such as surface shipping and the mining of mineral resources on the ocean floor. S. 1988 would be inconsistent with U.S. obligations under international law and does not, in my view, represent the most effective means of resolving U.S. fishery problems.

I have a great deal of sympathy with the problem presented. Also it is a matter of judgment as to the best remedy to apply. I lean toward the idea that the effective remedy would almost necessarily come through multilateral action of the nations involved rather than unilateral action by us.

I emphasize I do not minimize the problems of the depletionof U.S. coastal fishing stocks and the growing economic pressures on the U.S. coastal fishing industry. The State that I have the honor to represent has industry there along these very lines.

I recognize these are serious problems that deserve the prompt and strenuous efforts of both Congress and the Executive. But passage of S. 1988 at this time I do not believe is the most appropriate way to deal with the problem.

ENFORCEMENT PROBLEMS

S. 1988 would extend U.S. fishery jurisdiction by approximately two million square miles. Enforcement of S. 1988 throughout such a large area will be difficult and costly.

Open defiance of U.S. authority within this vast fishery will be a temptation and could be a reality. Great Britain, for example, recently defied Iceland's declaration of a 50 nautical mile fishery zone. The result was the so-called cod war in which various armed confrontations took place between vessels of Great Britain and Iceland.

I illustrate merely the seriousness of the matter.

The fining and imprisonment of foreign fishermen by the United States under the authority of S. 1988 would surely be considered by major fishing nations to be a serious provocation. Hence, the risk of armed confrontation between U.S. military forces and fishing boats or escort gunboats of such nations as the U.S.S.R. and Japan could be substantial.

RETALIATORY MEASURES BY OTHER NATIONS

The mobility of U.S. strategic and general purpose forces as well as the survivability of U.S. strategic forces could be threatened by various unilateral actions of other nations in response to S. 1988. Administration officials expressed the fear that in response to the passage of S. 1988 other nations would act in varying degrees to prevent naval surface and submarine passage as well as military overflight of certain coastal ocean areas. If the United States in its acknowledged leadership position at the Law of the Sea Conference succumbs to pressures for unilateral action to further its own interests, other nations can naturally be expected to take unilateral actions in their peculiar interests. These unilateral actions by other nations could well take the form of expanding their territorial seas, or in some cases, denying unimpeded transit through straits.

All the major ocean issues which are presently before the Law of the Sea Conference—from fishing rights to mineral rights to territorial jurisdiction—are closely interrelated. Commonsense and precedent suggest that other nations would respond to S. 1988 by various unilateral actions.

UNDERMINING A FAVORABLE LAW OF THE SEA CONFERENCE

Through the Law of the Sea Conference, the United States is trying to establish international agreement on the crucial national security concepts of unimpeded transit of straits and a narrow definition of territorial sea with the right to innocent passage. Narrowly defined territorial seas, that is, 12 miles or less, and the right to unimpeded transit of straits which includes submerged transit are essential to the range and mobility of the U.S. strategic submarine deterrent. More importantly, the absence of narrowly defined territorial seas and the right to unimpeded transit of straits would result in serious constraints on surface fleet operations in such critical areas as the Mediterranean Sea.

The chief of the U.S. negotiating team at the Law of the Sea Conference, Special Ambassador John R. Stevenson, has stated:

> The number one priority [of the U.S. at the Law of the Sea Conference] is the mobility of our naval and air forces and the importance of retaining our nuclear deterrent.

Without an international agreement, constraints imposed by foreign nations on U.S. naval mobility could be unevenly applied by both unfriendly nations and allies to impede U.S. naval forces responding to local or regional crises. The recent Cyprus and the Yom Kippur war clearly demonstrated the importance of U.S. naval mobility and unrestricted military overflight. These rights of military flexibility have never been guaranteed in a substantial international agreement before now.

To strike the best overall agreement at the Law of the Sea Conference, the United States needs the flexibility and leverage that comes with having the broadest range of issues on which to negotiate. By being able to bargain with fundamental fishing and economic rights of the Law of the Sea Conference, the United States has the best opportunity to achieve an international agreement that will guarantee, comprehensively and systematically, U.S. ocean interests affecting national security.

INCONSISTENT WITH INTERNATIONAL LAW

A unilateral declaration of a 200 nautical mile fishery zone would violate the freedom of fishing as established in the 1958 Geneva Agreement to which the United States was a signator. The International Court has recently held that Iceland's declaration of a 50 nautical mile fishery zone was not enforceable under international law. The United States has consistently refused to recognize any territorial or fishing claims beyond the 12-mile limit. To be sure, fishing conditions have changed since 1958 and there is a growing consensus among nations for a 200 mile coastal fishery jurisdiction. But prevailing international law on freedom of fishing, however fragile, cannot be overturned by the unilateral action of a single nation. Legal justification of a 200 mile fishery zone would require a multilateral expression of nations that could be best achieved in the Law of the Sea Conference.

RISKING OF ALL OTHER U.S. OCEAN INTERESTS

In addition to national security, the United States has a variety of other national interests which could be both threatened by retaliatory actions stemming from S. 1988 and deprived of satisfactory resolution in the Law of the Sea Conference. U.S. interests in the economic resources of the ocean bottom, the commercial shipping of all types of cargoes including oil, and the full range of fishery interests, both coastal and distant, are all at stake in the Law of the Sea Conference. Through the bargaining of a multilateral negotiation all of these interests can be most appropriately balanced and preserved. To the extent that countries act unilaterally on one of these issues, the chances of an overall agreement will become less.

Mr. President, how much remaining time do I have?

The PRESIDING OFFICER. The Senator from Mississippi has 10 minutes remaining.

Mr. STENNIS. Ten minutes.

I change that request, Mr. President, to 15 minutes only, so I would have 5 left.

Mr. ROBERT C. BYRD. Mr. President, if the Senator needs more time——

Mr. STENNIS. I am going to use less.

Mr. ROBERT C. BYRD. I want the Senator to be assured there is no objection.

Mr. STENNIS. I thank the Senator.

CONCLUSION

Mr. President, briefly stated, the United States is confronted with serious coastal fishing problems. I want to emphasize that by every means, rather than let an inference from my position here show that I was not interested or that I do not recognize these problems.

By passage of S. 1988 the United States will be resorting to coercion rather than cooperation to resolve its fishery problems. I strongly oppose this course of action. The United States should continue to seek a resolution to its fishing problems in the normal course of the Law of the Sea Conference.

We should push and urge definite and effective multinational action and a final agreement as to a course of law binding on all parties and thus resolve these fishing problems. Failing in this, unilateral action by more than one nation is highly probable, and we would have to be among those that move in that direction.

Now, Mr. President, I again thank the membership for permitting me to use this time, particularly at this moment. I understood there was nothing else pressing just now, and again I regret that I was not here when the other part of the debate took place.

Mr. President, I yield the floor. I yield back such time as may remain.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the Senator from Texas (Mr. TOWER) be removed from the list of sponsors of S. 1988, a bill to extend the fisheries jurisdiction of the United States to 200 nautical miles, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I wish to commend Senator MAGNUSON and the members of the various committees which have worked so diligently to provide legislation for emergency relief to the American coastal fishermen. S. 1988 represents a desperately needed attempt to solve our coastal fishing problems.

For the past several years, I have been urging action to halt the critical depletion of U.S. coastal fishery stocks. The accelerating plight of our fishermen is emphasized by the several stocks such as haddock, herring, mackerel, and halibut which are dangerously close to depletion beyond the point of self-renewal. As a source of protein, fish have tremendous value because it has been a renewal resource. As the world food shortage worsens, it is evermore apparent that the United States must properly manage and conserve its fishing resources.

S. 1988 is an interim measure which will take effect to preserve our coastal fisheries, and would expire automatically whenever the United States ratifies an international treaty with respect to fishing jurisdiction. The treaty making progress has been painfully slow, and in the meanwhile the damage to American fishing interests continues and threatens to become irreversible. Indiscriminate fishing by fleets of other nations which use modern equipment that sweeps the sea clean has seriously aggravated our problem. Over fishing by these fleets has become a principal cause of the dwindling stocks off our shores. We can wait no longer to protect the interests of our fishermen. I believe we have already waited too long to act in conserving our fishing resources. I believe S. 1988 is a reasonable approach to the serious problem we are facing in managing our own living resources in our oceans and I urge immediate passage of this bill.

Mr. McINTYRE. Mr. President, I want to speak in favor of S. 1988, the Emergency Marine Fisheries Protection Act. The Armed Services Committee saw fit to report this measure out favorably. The committee should be commended for its positive and expeditious treatment.

Mr. President, the serious depletion of our fisheries resources can no longer be ignored. In 960, U.S. fishermen, except for a few Canadian vessels, were the only ones fishing the George's Bank area. In 1961, Soviet ships were taking 68,000 tons from the banks. By 1965, the Soviets were fishing as far down the east coast as Chesapeake Bay—hauling in a catch of over half a million tons—an amount far in excess of what our fishermen were taking.

Scientists from the United States and other countries have recommended an allowable level of harvest, but by 1970 the catch taken by foreign fishermen reached a million tons, a level far beyond that recommended allowable level. Moreover, Mr. President, between 1960 and 1972 the U.S. share of the total catch dropped by 43.8 percent.

The fishing practices of nationally owned or heavily subsidized foreign fleets, directed by national policies which insist upon increased protein production from the seas regardless of where it exists and with no heed to conservation, are intolerable. The pillaging of our waters by foreign fishing vessels has forced us to become fish importers. In 1972, the United States experienced an adverse balance of payments of $1.3 billion in fish and fisheries products—a 318-percent increase since 1960.

It must be understood that current fishing activities affect not only our level of fish stock but our future sources of food, particularly protein food, our balance of payments, and our domestic fishing industry.

During discussion of that matter before the Armed Services Committee it was said that S. 1988 might be difficult to enforce. Senator Stevens assured the committee, and supported his statement with correspondence from Adm. O. W. Siler, Commandant of the U.S. Coast Guard, that the Coast Guard would be able to respond to any extension of fisheries jurisdiction immediately by using our active inventory. Contingency plans are already being developed by the Coast Guard to protect an increased zone of jurisdiction.

I have received various reports from New England fishermen of open confrontation between our domestic fishermen and those of foreign fleets. This legislation will clarify the responsibilities and allow able fishing levels for all fishermen and remove this potentially dangerous situation. The Coast Guard is the rightful authority to deal with these domestic coastal problems and not commercial fishermen.

The Department of Defense expressed fear that this legislation would affect our freedom of overflight and free passage of straits.

Dr. Frank E. Carlton, president of the National Coalition for Marine Conservation, has developed a paper based on an article by Dr. Robert E. Osgood, dean of John Hopkins School of Advanced International Studies entitled "U.S. Security Interests in Ocean Law." I would like to quote from Dr. Carlton's article:

> Dr. Osgood's scholarly examination of the 121 straits listed by the Department of State that would be nationalized by a 12 mile territorial sea demonstrates that there are only 16 that could have importance and that 9 of those are either non-essential or fall within the territory of our military allies. Of the remaining 7, all but 3 either offer no significant targeting advantage or are too shallow or dangerous to approach submerged. Dr. Osgood's analysis reveals that only Gibraltar and two Indonesian straits are strategically significant areas which might be politically questionable if a 12 mile territorial boundary were established. For the purpose of the nuclear deterrent the entire Soviet Union can be targeted from the Atlantic and Pacific Oceans and the Arabian Sea. Dr. Osgood's studies clearly demonstrate that the physical and political necessity of free transit through international straits is not supported by objective information and should certainly not be considered a non-negotiable item inhibiting international agreement on ocean use.
>
> Furthermore, it should be pointed out that logic as well as experience indicates that the concept of innocent passage is actually related to commercial vessels. If there is any real question that the passage of a warship is not innocent, one must wonder why any nation would sign a treaty permitting unimpeded passage, or conversely how such an agreement would deter any nation from "necessary" military action against such passage? Obviously, strategic significance is related to the capacity to place missile-launching submarines in secret position, which Dr. Osgood's analysis demonstrates does not depend physically or certainly legally upon free "transit."

The committee concluded that the mobility and survivability of U.S. military forces would not be significantly affected by the passage of S. 1988.

Mr. President, considering all these things—what are we doing? We in official capacity continue to negotiate, wring our hands, tell our fishermen to be patient, spend millions to document the drastic decline of these protein resources—and for what purpose?—to save the resource for further expliotation by foreign fleets?

I realize that the best possible solution to clarification of our ocean law is through an agreement at the Law of the Seas Conference. From all reports I have received, we will be lucky to get an agreement signed and ratified by all the member nations by the end of this decade. Our fish resources cannot wait.

This legislation represents our present negotiating position at the Law of the Seas Conference. The establishment of a 200-mile coastal fisheries zone has the endorsement of a majority of nations at the Law of the Seas Conference. Since this measure pertains only to fisheries, passage of S. 1988 should not undermine our bargaining position but rather expedite international agreement on the principle of a 200-mile zone.

I should point out that 36 nations have already extended fishery jurisdiction beyond our present 12-mile limit.

International law must be flexible. When present international fisheries regulations were established the fish resource situation was considerably different.

Today, we see significant reduced levels of fish stocks, threatened still further by modern, technically more efficient, and patently nonconservation oriented fishing practices. In these changed circumstances, we find we have a pressing need to reduce our payments imbalance and at the same time protecting our future sources of protein.

S. 1988 is an emergency, interim, conservation measure which will allow protection of our domestic resources until such time as international agreements can be worked out.

Mr. President, in my judgment, it is absolutely imperative that we pass this legislation now—before it is too late.

Mr. CASE. Mr. President, S. 1988 is intended to prevent highly efficient foreign fishing fleets from further depleting stocks of coastal fish off the shores of the United States.

I know of no one in the Senate, in the Congress as a whole, or in the country who disagrees with that objective. Unquestionably, our coastal fishermen have a legitimate grievance. Their livelihoods are being threatened by depletion of the stocks of haddock and other stocks by foreign fishermen who are harvesting these fish faster than stocks can be replenished.

Unfortunately, however, Senate passage of S. 1988, even without similar action by the House or enactment of the bill into law, could jeopardize our best hope of affording our fishermen the full degree of protection they need.

I know of no one who is familiar with the problem of foreign fishing off our coasts who does not agree that our objectives could best be achieved by an international agreement among all the nations of the world.

An international effort has been underway for a number of years to reach just such an agreement. As it is in any effort to merge the interests of a large number of parties, progress has been slow. But there has been progress.

At the first session of the Law of the Sea Conference in Caracas, Venezuela, last summer there evolved a broad consensus among the 148 nations participating that there should be an internationally recognized 200-mile zone in which each coastal state should exercise economic jurisdiction.

No one expected that consensus to be formalized into a final treaty package at Caracas. That task faces the second session of the Law of the Sea Conference scheduled to begin in Geneva in March. It will not be an easy task. There are more than fishing rights involved. There are mining rights, protection of the environment, rights of transit, rights of scientific research, and rights of communication that must be considered.

Assembly of these matters into a final treaty package at Geneva will require political decisions. The delegates at the Caracas conference did not have the authority to make political decisions. Those who represent the United States and the other nations of the world at Geneva must have that authority. I have already written to Secretary of State Kissinger that I believe top level negotiators must take part in the Geneva Conference and that an agreement must be reached on these issues in 1975. Even before the Caracas Conference others representing this and other countries have recognized that an agreement must be reached in 1975 or it will not be reached at all.

But we, by our actions in the Senate today, could destroy any chance of agreement at Geneva before that conference even begins.

As many of you know, the Committee on Foreign Relations voted to unfavorably report this legislation. It is the belief of the majority of that committee that this type of unilateral action by the United States will inevitably encourage other countries to make similar or broader claims of national jurisdiction.

If history is to repeat itself, as it often does, then the response of other nations to this legislation is not likely to be limited to comparable restrictions on fishing. Despite the assertions of some of us, such action could seriously damage overall U.S. ocean interests, including important security and energy needs. As Deputy Secretary of Defense W. P. Clements, Jr., pointed out to the Foreign Relations Committee—and I am quoting:

> If the United States, by unilateral act, abrogates one identified freedom, we face the unhappy prospect that other nations may claim the right unilaterally to abrogate other identified freedoms, including the freedoms of navigation and overflight.
>
> This threat to high seas freedoms is not, in our view, at all fanciful. A logical and predictable outgrowth of expanded fisheries jurisdiction is expanded jurisdiction over marine pollution which arguably affects marine resources. Given the misconceptions in many countries on the 'pollution' aspects of nuclear powered vessels carrying nuclear weapons, we are genuinely concerned that such restrictive claims may be advanced, either on their own merits or for unrelated political ends, as a direct consequence of enactment of this legislation. This is in fact the history of most claims to expanded territorial jurisdiction.
>
> Our strategic deterrent is based upon a triad of nucelar delivery systems, an essential portion of which is seaborne. Our general purpose forces, designed to deter war below the strategic nuclear war level, must, if the deterrent is to be credible, be free to move by air and sea to those areas where our vital interests are threatened. Military mobility on and over the high seas is dependent to a significant degree on the maintenance of the freedom of the seas. These freedoms sanction and protect the activities of our forces. Reduced international waters and closed straits, therefore, threaten both the survivability and utility of our deterrent. In this connection, it should be noted that over 40 percent of the world's oceans lie within 20 miles of some nation's coasts and that virtually the entire operating areas of the United States' 6th and 7th fleets lie within such waters.
>
> If the United States now abandons its opposition to unilateral claims in the ocean, we will inevitably be faced with an increasing number of competing, retaliatory or unrelated claims impacting adversely on national security interests. If, as we expect, enactment of this legislation results in extended delay in the Law of the Sea negotiations, we will have reverted to the uncertain and dangerous procedure of shaping a new legal order for the world's oceans by the process of claim and counterclaim, action and reaction, which hopefully eventually would coalesce into customary international law. This is a dangerous way to regulate even economic relations among states. But when the claims begin to affect the mobility of our strategic and general purpose forces, the risk involved in the process of challenge is much higher. To set the nation on this path toward resolution of oceans policy issues, is, in our view, both dangerous and extremely unwise.

As I said, that is a quote from Deputy Defense Secretary W. P. Clements.

The passage of this bill could also seriously disrupt existing relations with a number of distant water fishing nations which have traditionally fished in waters off the U.S. coast. This could lead to dangerous confrontations, particularly with the U.S.S.R. and Japan. A similar dispute between Iceland and the United Kingdom led to the now infamous "cod war," and is still a point of serious contention between the two nations.

It would be extremely unfortunate if the United States upset the current trend toward international cooperation and détente, when a generally acceptable international agreement is so near.

To adopt S. 1988 at this time would be inconsistent with U.S. international legal obligations, particularly the 1958 Convention on the High Seas which specifically identifies freedom of fishing as an essential element of the overall high seas freedoms. Forty-six nations have signed that convention and the United States has consistently opposed all other unilateral claims on the basis that they are violations of international law. The drastic reversal of our position called for in S. 1988 would seriously undermine U.S. credibility on all future ocean issues.

To me, it would be both unreasonable and unrealistic to adopt legislation which would be almost impossible to enforce. The 200-mile zone created by S. 1988 would add 2,531,800 square nautical miles to the area which the U.S. Coast Guard now polices. This represents an area comparable to 92 percent of the land mass of the United States. The Coast Guard has conservatively estimated that policing the known fishing areas only would require $63.2 million in start-up costs and would add $47.2 million to their annual operating costs. In the absence of international acceptance the cost of enforcing a 200-mile zone would be more than any conceivable benefit to U.S. fisheries interests.

In conclusion, I believe the wisest course for reasonable men at this time is one of restraint, to give the U.N. Conference a little more time to work out an international agreement. It is hard to imagine a greater guarantee of endless international strife than would be represented by failure of that conference. The role of congressional restraint in making this possible is absolutely critical.

By using restraint at this time we will be risking nothing. Should the conference fail, there will be more than enough time to take unilateral action during the next Congress.

I ask unanimous consent that the letters from President Ford, Secretary of State Kissinger, Secretary of Commerce Dent, and Deputy Secretary of Defense Clements, opposing passage of S. 1988, all be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

The White House,
Washington, D.C., September 24, 1974.
Hon. Hugh Scott,
U.S. Senate,
Washington, D.C.

Dear Hugh: As you know, the Senate now has before it a bill, S. 1988, which would unilaterally extend the contiguous fisheries zone of the United States from 12 to 200 miles. I greatly appreciate your vote against reporting this bill favorably out of the Foreign Relations Committee. While I fully understand the problems in protection of living resources off the United States coast which have led to the consideration of this legislation, passage could seriously harm U.S. oceans and foreign relations interests, including our fishery interests, and could paradoxically destroy the best opportunity we have had to definitively resolve our fisheries problems; that is by a comprehensive new oceans law treaty now being negotiated within the Third United Nations Conference on the Law of the Sea.

When the new oceans law treaty is concluded I expect that it will offer broad protection for our fisheries interests. In the meantime, you may be assured that I will do everything possible consistent with our present legal rights to protect the interests of United States fishermen and to preserve the threatened stocks of living resources off our coasts.

The Law of the Sea negotiations are most important, and our nation is deeply committed to their success. As such it is vitally important that the United States support the Conference in every way possible.

I would appreciate your calling the attention of the Senate to the strong opposition of the Executive Branch to this legislation. I am sending identical letters to Mike Mansfield and John Rhodes.

Sincerely,

Gerald R. Ford.

The Secretary of State,
Washington, D.C., September 22, 1974.
Hon. J. William Fulbright,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: The Foreign Relations Committee recently held hearings on S. 1988, a bill to extend unilaterally the fisheries jurisdiction of the United States from the present 12-mile limit to 200 miles. I wanted you to be aware of my view that passage of this bill would be seriously harmful to our foreign relations and I was pleased to learn that the Committee reported out S. 1988 with an unfavorable recommendation.

I sympathize with the concern for our coastal fishermen which has motivated this legislation. However, the best protection for them and the best solution for our fisheries problems is a timely ocean law treaty. The United Nations Conference on the Law of the Sea has made substantial progress in formulating such a treaty and will be meeting again next spring with a view towards concluding an agreement in 1975. Passage of S. 1988 or similar legislation unilaterally extending our jurisdiction at this time would be especially damaging to the chances of concluding a treaty.

Passage of S. 1988 would hurt our relations with Japan and the Soviet Union as well as with other nations fishing off our coasts. In addition, any effort to enforce a unilaterally established 200-mile fisheries zone against non-consenting nations would be likely to lead to confrontations. Adverse reactions by foreign nations would be understandable for the United States itself has consistently protested unilateral extensions of fishery jurisdiction beyond 12 miles. A unilateral extension by the United States now could encourage a wave of claims by others which would be detrimental to our overall oceans interests, including our interests in naval mobility and the movement of energy supplies.

I very much appreciate that a majority of the Foreign Relations Committee opposed passage of S. 1988. I hope that other members of the Senate will also carefully evaluate the foreign affairs consequences from passage of this legislation in the middle of the law of the sea negotiations.

Warm regards,

Henry A. Kissinger.

The Deputy Secretary of Defense,
Washington, D.C., September 14, 1974.
Hon. J. William Fulbright,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: It is my understanding that the Senate Foreign Relations Committee will shortly take up consideration of S. 1988, the Emergency Marine Fisheries Protection Act of 1974. Accordingly, I am taking this opportunity to convey to you the views of the Department of Defense, that enactment of this legislation would have a serious adverse impact on the national security interests of the United States.

The bill would extend the contiguous fisheries zone of the United States to a distance of 200 miles from the baseline from which the US territorial sea is measured. Within this expanded zone the United States would exercise exclusive fishery management responsibility and authority, with the exception of certain highly migratory species. In addition, the bill would extend the fisheries management responsibility and authority with respect to U.S. anadromous species, beyond 200 miles, to the full extent of the migratory range of such species on the high seas. The bill asserts on behalf of the United States preferential rights to all fish within the new US contiguous zone and to US anadromous species, and provides for a method whereby foreign nations which have traditionally fished within the new zone or for US anadromous species may, for a fee, be permitted such portions of any stock which cannot be fully harvested by US citizens.

The United States is a signatory to the 1958 Convention on the High Seas, which specifically identifies freedom of navigation, freedom of overflight, and freedom of fishing as among the constituent elements of the overall freedom of the high seas. The proposed legislation would unilaterally abrogate, contrary in our view to US obligations under that Convention, the freedom of fishing in significant portions of the high seas. The response of other nations to this legislation is not likely to be limited to comparable restrictions on fishing. If the United States, by unilateral act, abrogates one identified freedom, we face the unhappy prospect that other nations may claim the right unilaterally to abrogate other identified freedoms, including the freedoms of navigation and overflight.

This threat to high seas freedoms is not, in our view, at all fanciful. A logical and predictable outgrowth of expanded fisheries jurisdiction is expanded jurisdiction over marine pollution which arguably affects marine resources. Given the misconceptions in many countries on the "pollution" aspects of nuclear powered vessels and vessels carrying nuclear weapons, we are genuinely concerned that such restrictive claims may be advanced, either on their own merits or for unrelated political ends, as a direct consequence of enactment of this legislation. This is in fact the history of most claims to expanded territorial jurisdiction.

Our strategic deterrent is based upon a triad of nuclear delivery systems, an essential portion of which is seaborne. Our general purpose forces, designed to deter war below the strategic nuclear war level, must, if the deterrent is to be credible, be free to move by air and sea to those areas where our vital interests are threatened. Military mobility on and over the high seas is dependent to a significant degree on the maintenance of the freedom of the seas. These freedoms sanction and protect the activities of our forces. Reduced international waters and closed straits, therefore, threaten both the survivability and utility of our deterrent. In this connection, it should be noted that over 40 percent of the world's oceans lie within 200 miles of some nation's coast and that virtually the entire operating areas of the United States' 6th and 7th fleets lie within such waters.

Whether the proposed legislation contains sufficient distinguishing features to remove it from the ambit of the recent International Court of Justice decision that Iceland's unilateral declaration of 50 mile exclusive fisheries zone was under the relevant circumstances illegal is not for this Department to decide. However, we do perceive that the United States would not be in a strong position to oppose by legal means, unilateral claims by foreign states restricting our naval or air mobility near their coasts.

Our experience in attempting to obtain overflight clearances in Europe during the most recent Arab-Israeli conflict leads us to conclude that bilateral negotiations cannot be depended upon to ensure the military mobility necessary to achieve US foreign policy objectives. What this bill invites then, is a situation wherein the United States must either acquiesce in serious erosion of its rights to use the world's oceans, or must be prepared to forcefully assert those rights.

Thus far I have focused on what I consider the short term consequences to flow from enactment of this legislation. The long term adverse consequences to our national security interests are of equal, if not greater, concern. We recognize the worldwide trend toward expanded jurisdiction by coastal states over fisheries and other economic resources off their coasts. One of the fundamental objectives of the Department of Defense in the Law of the Sea negotiations undertaken with the express consent of the Senate extending over the last several years, has been to ensure that such expansion takes place in a multilateral context resulting in a treaty which clearly identifies the limits beyond which such expansion may not go. As the negotiation has progressed, we have developed a degree of confidence that we will be able to influence and control the limits of any expanded jurisdiction so as to protect and exclude from foreign control, those activities, facilities and operations essential to our national security.

In our judgment, enactment of the proposed legislation would seriously erode the prospect for a broadly based multilateral treaty putting to rest the broad range of increasingly contentious ocean issues.

We base this judgment on a number of factors. Our appreciation of the criticality of the multilateral solution has led us over the years to protest vigorously virtually all unilateral extensions of coastal state jurisdiction, whatever their avowed functional purpose. Enactment of the proposed legislation would be a dramatic and highly visible reversal of past US policy. For the US to adopt unilateralism as a viable approach to oceans policy problems at this juncture, would seriously undercut the credibility of US negotiators not only on the fisheries issue, but also on our basic commitment to international agreement. This unilateral action could result in an erosion of the world's perception of our other essential objectives such as unimpeded transit through and over straits, which we have identified as both cornerstones of our policy and essential elements of an acceptable solution.

From a substantive interest standpoint, the legislation lends support and gives added international respectability to the positions and policies of precisely those states who have been most hostile to our defense objectives, and it would at the same time offend and impose economic losses on the very states who have most consistently supported at the Law of the Sea Conference positions we deem essential for the protection of our national security interests.

Finally, we believe enactment of the proposed legislation would give substantial aid and comfort to the hard line proponents of delay in the Conference. It would lend credence and support to their argument that the long term trend in ocean law is toward a 200 mile territorial sea, evolved through a conscious parallelism of unilateral claims. In short, the prophesy of extended delays in law of the sea negotiations, which some argue requires the proposed legislation, will, in our view, become self-fulfilling prophesy if it is enacted.

If the United States now abandons its opposition to unilateral claims in the ocean, we will inevitably be faced with an increasing number of competing, retaliatory or unrelated claims impacting adversely on national security interests. If, as we expect, enactment of this legislation results in extended delay in the Law of the Sea negotiations, we will have reverted to the uncertain and dangerous procedure of shaping a new legal order for the world's oceans by the process of claim and counterclaim, action and reaction, which hopefully eventually would coalesce into customary international law. This is a dangerous way to regulate even economic relations among states. But when the claims begin to affect the mobility of our strategic and general purpose forces, the risk involved in the process of challenge is much higher. To set the nation on this path toward resolution of oceans policy issues is, in our view, both dangerous and extremely unwise.

I very much appreciate this opportunity to set forth the views of the Department of Defense with respect to S. 1988, and appreciate the consideration I am sure they will receive from you and your Committee.

W. P. CLEMENTS, Jr.

THE SECRETARY OF COMMERCE,
Washington, D.C., September 25, 1974.
Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I wish to express my deep concern over the possible enactment of S. 1988, a bill to extend unilaterally the fisheries jurisdiction of the United States from the present 12-mile limit to 200 miles.

As you know from my testimony before your committee, we in Commerce are extremely concerned over the condition of many of the fisheries resources off our shores. We are aware of the need to obtain more adequate conservation measures which will enable us to protect these and other valuable resources. We beileve that the United States must have the authority to manage fisheries and other resources within a 200-mile economic zone and, indeed, this summer in Caracas, the United States indicated its support for a 200-mile economic zone.

However, Commerce firmly believes that the prudent approach to the establishment of a 200-mile economic zone is through a Law of the Sea international treaty which will protect our fisheries, the entire range of increasingly valuable mineral resources on the ocean bottoms and, of course, provide the rights of passage essential to the national defense. The LOS Conference is underway and making progress. We believe that the United States should pursue this solution of our fisheries problems further. We think it is not in the national interest to isolate the fisheries issue as S. 1988 would do.

We are convinced that a unilateral declaration by the United States of a 200-mile zone will create very serious problems involving our relations with other nations of the world and could indeed jeopardize the LOS Conference. It would be inconsistent with our historical position concerning international law. Such a declaration might not be honored by nations fishing off our coasts, thus creating major enforcement problems and confrontations which we must be prepared to face. It could lead to abrogation by other nations of existing fisheries agreements, one of the most critical being the International Convention for the High Seas Fisheries of the North Pacific Ocean, which provides protection to salmon of U.S. origin. It would be a unilateral abrogation of the freedom of fishing as set forth in the 1958 Convention on the High Seas to which the United States is a party. It could result in unilateral claims by other nations which could go substantially beyond fisheries policies. Apart from the obvious national security implications, it could effectively destroy the progress made to date toward achieving a meaningful international settlement of fisheries problems.

Needless to say, enactment of the bill would have very serious adverse effects on our distant water tuna and shrimp fisheries.

Because of the national security, diplomatic, and commercial transportation implications, and the adverse fisheries effects mentioned above, we are compelled to oppose the enactment of S. 1988, and we urge you to reconsider pushing this legislation at this time.

We recognize the need for immediate measures to assist our fishermen. In that regard, we have strengthened a number of the international agreements which we have with other nations to protect U.S. fisheries resources. We are working toward provisional application of the fisheries chapter of the Law of the Sea Convention prior to ratification by countries. We have instituted new enforcement procedures designed to protect the living resources found on our Continental Shelf. We feel that these steps will alleviate many of the problems facing our fishing industry, and we will continue to seek other avenues to resolve the problems pending multilateral agreement in the LOS forum. We believe it important that the U.S. not destroy the existing atmosphere of serious negotiation in the LOS Conference by our own unilateral act. In that atmosphere the Department of Commerce representatives to LOS will be instructed to press forward diligently to a resolution of the problems of the conference.

Because of the implications of S. 1988 to the foreign relations of the United States, as mentioned above, I am forwarding a copy of this letter to Senator Fulbright. Likewise, because of the very serious concern that Commerce has that the national security of the United States not be impaired, as we believe passage of S. 1988 will do, I am also forwarding a copy of this letter to Senator Stennis.

Yours sincerely,

FREDERICK B. DENT.

Mr. KENNEDY. Mr. President, the Senate has the opportunity today to consider the Emergency Marine Fisheries Protection Act of 1974. This bill would extend the fishing zone of the United States to 200 miles to provide protection to our fish and marine resources.

On behalf of the fishermen of Massachusetts, I want to thank the distinguished chairman of the Commerce Committee, Senator MAGNUSON for the time and effort he has put into developing and guiding this legislation to the Senate floor today. From the time Senator MAGNUSON first introduced the Emergency Marine Fisheries Protection Act, over a year and one-half ago until it reached the Senate floor today, Senator MAGNUSON has sought the views of fishermen from all over the Nation in perfecting and refining this legislation. He brought the Senate Commerce Committee to the fishermen and asked for their help.

Hearings were held by the Commerce Committee in all the major fishing areas of this country including my own State to give those who know best, the fishermen, a chance to tell of their problems firsthand.

In addition, hearings have been held by the Senate Armed Services Committee and the Foreign Relations Committee to discuss every concern expressed by my distinguished colleagues on this legislation.

It has been a long road but today we have the chance to act on this legislation which will end the abuse and destruction of one of our most valuable resources, our fish stocks. Today we have the answers to the concerns expressed that the legislation might hamper our foreign relations. Today we know that the best and the only way to assure that in the future we will have fish and marine resources to share with the rest of the world is to extend the fishing zone to 200 miles and provide a management scheem to protect these resources.

During the course of hearings on the Emergency Marine Protection Act, several facts became clearer to all of those interested in the preservation of our fish and marine life:

First, that several fish stocks are now in jeopardy of extinction, and that the commercial fishing industry is severely threatened if the depletion of the stocks continues;

Second, that present treaty arrangements are ineffective to stop the devastation of the resources because lack of adequate enforcement procedures; and

Third, that immediate, interim action is required to reverse this critical situation while international negotiations are pending.

Evidence has been gathered by the committees of the Senate which establishes that haddock, herring, mackerel, halibut, and yellow-tail flounder are dangerously close to depletion beyond the point of self-renewal.

Warnings from the Department of State, the Administrator of the National Oceanic and Atmospheric Administration, and the National Advisory Committee on Oceans and Atmosphere all point to the need for immediate action though some disagree as to the best way to achieve the preservation of dwindling stocks. The Advisory Committee stated in 1972:

> Fish resources are limited . . . the potential exists in the world to destroy these resources, and . . . if our fisheries are not in fatal trouble now, they are going to be unless something is done about conserving the resource.

Off the coast of Massachusetts, during the peak fishing seasons, American fishermen in 75-foot vessels are competing against factory-trawlers from other nations that number over 200 at one time.

The fishermen of New England have been patient. They have waited for effective enforcement of existing treaty arrangements. They have tirelessly negotiated with other members of the International Commission for the Northwest Atlantic Fisheries since 1950 to find a way for everyone to share equitably in the fish catch and at the same time preserve and protect the fish stocks from extinction.

Finally, in October of 1973, after two decades of discussing adequate management of North Atlantic resources, agreement was reached on quotas which would allow some stocks to begin to replenish themselves, not this year, but in 1976.

And all the while, the talk of quotas continued, violations by foreign fishermen continued, the stocks continued to dwindle, and the New England fishermen turned in their gear.

There is no one among us that does not hope that the Law of the Sea Conference will arrive at a satisfactory solution to the conservation of the world's fish resources. But that is a complex and slow process which became even more evident at the Caracas meeting. One hundred and forty-eight nations are discussing 80 ocean issues.

And while we cannot hope for a quick solution to any of these complex problems, the encouraging note is that based on the most recent Law of the Sea discussions, it is clear that an agreement on fish resources will be substantially the same as the legislation before you today. The Senate Armed Services Committee report concluded:

> An undeniable momentum exists for international acceptance of a 200 nautical mile fishing jurisdiction. S. 1988 would allow the United States to lead that momentum rather than be swept up by it.

The Emergency Marine Fisheries Protection Act is in substance the U.S. position for the Law of the Sea negotiations. It was encouraging to us that our representatives to the Conference arrived at this position and presented it at the Conference. What does not make sense is that these same distinguished experts do not view S. 1988 as assisting and enhancing their bargaining position at the Conference.

The Emergency Marine Fisheries Protection Act is a conservation measure; it does not extend our territorial limits; it does not affect commerce or navigation; it simply allows management of the fish resources off our coasts.

The Emergency Marine Fisheries Protection Act does not abrogate existing treaty agreements, in fact it encourages new, effective treaties to carry out the provisions of this bill.

The Emergency Marine Fisheries Protection Act does not supersede any international agreement reached at the Law of the Sea Conference; it is an interim measure designed specifically to pass out of effect as soon as the Law of the Sea Treaties are in force.

Most importantly, interim extension of the fishing zone is the only enforceable method of protecting fish and marine resources. Since the U.S. position for the Law of the Sea Conference is a fishing zone of 200 miles, it is clear that eventually the United States is prepared to enforce the limit. The issue is when. The Senate Commerce Committee study suggests that for the most part, the extension of the fishing zone will be self-enforcing since most nations agree with extended fishing zones. In addition, the large-scale foreign fleet operations, which S. 1988 is designed to control are easily seen by fishermen and the U.S. Coast Guard and surveillance presents no impossible problems.

The most serious concern expressed by some of my Senate colleagues on the issue of extended fishery jurisdiction was that it would have a detrimental effect on our national security interests.

It is clear that S. 1988 does not alter the legal status of any vessel on the high seas; that it does not expand out territorial limits; that it does not affect the navigation rights of foreign vessels off our coast. The Senate Armed Services Committee, after thorough study concluded that the claims that foreign nations would retaliate by imposing territorial or transit restrictions on our military operations to be "exaggerated and without sufficient support."

Thirty-six nations have already extended their fishing limits beyond 12 miles and another 25 nations have indicated their support for 200-mile fishing limits at the Law of the Sea Conference. It is unthinkable that these same nations would use S. 1988 as a precedent for restricting navigational or overflight freedoms.

The Emergency Marine Fisheries Protection Act of 1974 is not designed to hamper relations between nations, but to foster good will among all maritime nations which participate in the world fishing industry. It is not designed to draw a line around our country, but to encourage a reasoned, sensible, and cooperative approach for all nations to join in the conservation of our marine resources. It is not designed to be a permanent solution to a difficult problem, but a temporary measure that will assure that when all the international negotiations are finished, there will be fish and marine resources left for the world to share. By passing S. 1988, the Emergeny Marine Fisheries Protection Act of 1974, the Senate of the United States is asking all the nations of the world to join with us as responsible custodians of the ocean's resources for all generations to come.

Mr. CHILES. Mr. President, it is my intention to vote in opposition to S. 1988. I am well aware of the problems currently confronting our fishing industry, and I have long supported effective measures to deal with those problems. In February of 1973 I joined with many of my Senate colleagues in cosponsoring a concurrent resolution urging that steps be taken to provide adequate protection for our coastal fisheries against excessive foreign fishing, and supporting conservation and scientific management of fisheries resources within U.S. territorial waters.

Mr. President, though I heartily admire the thought and effort which the distinguished Senator from Washington and others have devoted to this bill, it is my considered view that S. 1988 is not the best way to accomplish these ends.

This bill would be detrimental to the fundamental interests of the United States in a number of ways, as the chairman of the Armed Services Committee has so ably pointed out in his report to this body. The United States is currently negotiating, through the framework of the law of the Sea Conference, a number of closely interrelated questions. One of these is clearly the national security issue, that is, whether or not our naval forces will be able to continue to move freely through international waters. Also at stake are our exploration and utilization of seabed resources, commercial shipping rights, and distant as well as coastal fishing interests. Each of these issues is carefully balanced during the current negotiating period, and if we take strong unilateral action in one area, we are likely to have to make serious and damaging concessions in others.

Mr. President, I would like to address myself for a moment to one of the specific issues involved in this delicately balanced negotiating process: the issue of distant water fishing rights. A number of my colleagues who join me in opposition to this bill have expressed the view that if this legislation is enacted we will experience "retaliation" from our neighbors in Central and South America.

The proponents of the bill, in turn, have asked "Retaliation from whom?"—since our chief problems with excessive foreign fishing in our coastal waters come from the Soviet Union, Eastern Europe, and Japan.

I would argue, however, that "retaliation" is not the proper term. What we are likely to experience is not "retaliation" but "imitation"—imitation of a powerful nation like the United States, which by taking this kind of action would be asserting the kind of leadership role which other nations were likely to follow.

As this body is well aware, Mr. President, we have seen this happen before when the United States has established a precedent of this sort. When we adopted a 12-mile fishing limit in 1966, our action caused a proliferation among other nations of extended claims to territorial waters. In like manner, if we enact the legislation before us, we can expect that others will follow our example with similar jurisdictional claims. If nations such as Mexico and Brazil were to follow in our footsteps and severely restrict our ability to fish off their shores, many U.S. vessels will be forced to abandon their traditional fishing grounds and return to the already heavily fished gulf area. The effect of this will be twofold: first, to cripple many of the small shrimpers in our Florida fishing industry; and second, to undermine the favorable price on seafood and shrimp which Florida currently enjoys and instead to escalate that price to every consumer.

The question I would put to the proponents of S. 1988 is this: if our chief problems in this area are in fact with the Soviet Union, Japan, and a few other nations, why should we take this drastic step which upsets our delicate negotiating stance and invites imitation all over the world? A much more realistic approach under the circumstances is that put forward by the distinguished Senator from Mississippi: to negotiate bilateral agreements directly with those few nations involved. I urge that we proceed quickly along that path and that we vote not to enact S. 1988.

Mr. BROOKE. Mr. President, today is a day for which we in New England have waited anxiously. For today the Senate will finally express its will as to the need for a 200-mile fishing limit. I am confident that this expression will be favorable.

Of the need for this legislation there can be no doubt. Our beleaguered fishing industry has arrived at a critical crossroad. Not only are the men and women who make up this industry becoming increasingly and inexorably forced out of business, but the very product they seek is increasingly—and needlessly—becoming extinct.

This state of affairs has been brought about by the tremendous increase in the fishing efforts of foreign nations off our coast. Just 10 years ago our New England fishermen were responsible for over 90 percent of the total catch off New England. Now they account for less than 45 percent. This has all but shattered our once thriving fishing industry and even more importantly, left our fish stocks seroiusly depleted.

When the effects of this huge foreign effort first became clear, I, like many of my colleagues, was hopeful that the International Commission for Northwest Atlantic Fisheries—ICNAF—could and would resolve the growing imbalances. Created to "protect and conserve the fisheries of the Northwest Atlantic in order to take possible the maintenance of a maximum sustained catch from these fisheries," ICNAF offered real possibilities of correcting the obvious overfishing. However, the Commission has repeatedly failed to live up to its mandate.

Most recently at its Ottawa meeting last fall, ICNAF was presented with carefully prepared scientific evidence clearly detailing the rapidly declining fish stocks in the Northwest Atlantic region. Yet, the Commission responded with only a 3-year program to reduce the foreign fishing effort—a program which will not even begin to reverse overfishing until 1975 or 1976. Moreover, the success of the Ottawa agreements are contingent upon strict compliance of all member nations. Past precedent unfortunately indicates that such compliance has not been forthcoming and there is no reason to believe that it will be forthcoming in the future.

ICNAF's failure to regulate these foreign fishing endeavors, coupled with the decline of our domestic fishing industry, has led to genuine interest on the part of Congress in establishing a 200-mile contiguous fishing zone. Such a zone would affect only fishing rights and not such rights as navigation, free and innocent passage, or other time-honored rights of the high sea. Moreover, such a zone is seen as only an interim measure contingent upon future agreements to be worked out at the International Law of the Sea Conference. It is expected that the conference will recognize the marine resources off our coast as our property.

Mr. President, the United States can no longer rely on the faith of foreign nations or on the efficacy of international agreements to save its fishing resources. If we are to save them and the men and women who harvest them, S. 1988 must be enacted. Such action will not only provide needed relief for our fishermen, but it will assure the Nation and the world of continuing availability of one of our most vital food sources. I urge my colleagues to support S. 1988.

Mr. MAGNUSON. Mr. President, with the consent of the acting majority leader, I would like to keep 3 minutes before the vote. The Senator from Mississippi (Mr. Stennis) wants to make a statement of the position of the Armed Services Committee, which voted for this bill. So I would like to have 3 to 5 minutes before the vote on the bill to allow him to be able to say something.

Mr. ROBERT C. BYRD. Very well.

Mr. PASTORE. Why not have third reading now?

Mr. ROBERT C. BYRD. Very well, third reading.

The **PRESIDING OFFICER.** The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The **PRESIDING OFFICER.** The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

TIME LIMITATION AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the hour of 3:30 p.m. there be not to exceed 5 minutes for the proponents and not to exceed 5 minutes for the opponents of the bill before the vote occurs and that the time for the proponents be in charge of Mr. Magnuson and that the time in opposition be under the control of the Republican leader or his designee.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask unanimous consent to insert in the Record letters that the proponents of the bill have circulated.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
December 6, 1974.

Dear Colleague: A vote in the Senate on S. 1988, the "Emergency Marine Fisheries Protection Act of 1974" may take in the near future. By this letter, we wish to dispel the misinformation which opponents of this much needed conservation measure have used to prevent its passage.

First of all, it is conceded by all that important coastal species of fish off our shores are severely depleted and that, despite 22 fishery agreements with other nations, further depletion is likely to occur if a solution to the overfishing problem is not found soon. Since agreement on and ratification of a final, effective Law of the Sea treaty will not be achieved until perhaps 1980 or later, if at all, unilateral action by the United States to protect its fisheries must be taken if the fish off our shores are to be saved. In our view, the action proposed by S. 1988 will prevent further depletion without tremendous cost; will *not* seriously damage our security interests; and reflects the current views of most coastal nations. Furthermore, the bill will not create "gunboat wars" since it does not automatically or totally prohibit foreign fishing in the claimed 200 mill fishing zone.

S. 1988 will prevent depletion of fishery resources. Patterned after the United States fisheries position put forward in the UN, Law of the Sea Conference. S. 1988 would provide this nation with management jurisdiction over coastal and anadromous stocks of fish. The bill is founded on the rationale that a coastal nation has a much greater stake in protecting the fish off its shores than do long disance fishing nations whose fleets can move elsewhere if the fish disappeared. With management authority out to 200 miles, the U.S. will be able to control the massive foreign fishing effort it cannot now control.

S. 1988 will not damage our national security interests. Statements that other nations may, or will be entitled to, "retaliate" by curtailing the freedoms of navigation and overflight are both highly speculative and without foundation. First of all, why would other coastal states which also want extended fisheries jurisdiction have any desire to "retaliate" in any fashion? Approximately 36 coastal nations have extended their fishery limits in the ocean beyond 12 miles, the existing limit of U.S. fishery jurisdiction. In addition, another 25 to 30 nations have indicated their support for a 200 mile fishery limit in the Law of the Sea Conference.

Consequently, S. 1988 reflects current international thinking on the question of fishery limits. Since this bill expressly preserves the freedoms of navigation and overflight and relates only to fishing, it is inconceivable that other nations will, or could, effectively use S. 1988 as a precedent for restricting navigational or overflight freedoms. Furthermore, there is simply no general world support today for restricting these freedoms. In 1966, when the U.S. Congress established the present 12 mile fishery limit (over similar Defense Department opposition), no "retaliation" took place. There is no reason to expect it if S. 1988 is passed either.

S. 1988 would not be difficult or costly to enforce. Ironically, opponents of S. 1988 argue that a 200 mile limit would be impossible and extremely expensive to enforce. We must point out that the United States has stated in the Law of the Sea Conference that it would accept a treaty containing a 200 mile fishery jurisdiction limit.

In other words, the U.S. will be patrolling a 200 mile limit sooner or later irrespective of what happens to S. 1988. Nonetheless, we believe that the Coast Guard cost estimates are exaggerated and that fishery areas can be successfully policed at a more reasonable cost.

First, many nations *will* respect our zone and to the extent they do, S. 1988 will be self-enforcing. Secondly, our own fishermen will do some of the surveillance since the foreign fishing operations which hurt fish stocks the most are easily seen, large-scale fleet operations covering broad expanses of water, usually in well-known fishing areas. And lastly, the Coast Guard cost projections ignored the use of satellites and other remote sensors for detection of violators, a cheaper method of enforcement than aircraft and ships. Additional vessels and planes will be needed, but at modest levels and certainly not all at once.

S. 1988 will not create a "fish war" danger. It is often said that S. 1988 will lead to conflict somewhat similar to the recent "cod war" between Iceland and Great Britain. That conflict was created because Iceland totally prohibited foreign fishing within its claimed 50 mile zone and refused to negotiate with Great Britain to accommodate English fishermen's traditional fishing rights. S. 1988 is a completely different measure.

It would not eliminate automatically and totally all foreign fishing within the 200 mile limit. In fact, all existing foreign fishing done pursuant to treaty would be maintained. Instead, it is the intention of the bill to negotiate with other nations to reduce their efforts to levels commensurate with conservation needs, while recognizing their traditional fishing rights. With the preferential rights afforded our fishermen in the bill and with management responsibility, this nation will be in a stronger bargaining position to control the foreign effort. As we see it, S. 1988 is the kind of bill the International Court would approve.

We urge you to join with us in taking this vital step toward conserving and protecting our oceans' living resources. The continued viability of one of mankind's primary sources of food hangs in the balance.

Sincerely yours,

Warren G. Magnuson, Henry M. Jackson,
John O. Pastore, Edward M. Kennedy,
Edmund S. Muskie, Ernest F. Hollings,
Thomas J. McIntyre, Ted Stevens,
Lowell Weicker, Bob Packwood.

U.S. SENATE,
Washington, D.C., December 6, 1974.

U.S. Senate,
Washington, D.C.

DEAR ———: As you know, the Senate Committee on Armed Services last week reported favorably on S. 1988, the "Emergency Fisheries Protection Act of 1974", which would establish a 200-mile fisheries conservation management zone off U.S. coastal shores.

The Commerce Committee earlier reported the bill favorably after holding 14 public hearings here in Washington and in various coastal states. Foreign Relations Committee adversely reported the bill by a close 9–8 vote. Hopefully, S. 1988 will soon be on the floor for consideration. By all appearances, the vote would be close.

Senators from coastal fisheries states, most of whom support the bill, believe this is a measure of critical importance to the survival of our fisheries, and we urge you to join in assuring its passage. The three committees have compiled comprehensive information confirming the high degree of destruction inflicted on our coastal fisheries by huge foreign fishing operations. The problem is recognized by our government, which has introduced fisheries articles similar to the provisions of S. 1988 into the U.N. Law of the Sea Conference. Still, our State Department objects to any action on the bill during the interminable deliberations of the Conference.

The fundamental controversy over S. 1988 is one of timing, not concept. Having served as a Congressional Advisor to the U.S. Law of the Sea delegation, I support the over-all effort and believe international law governing the oceans is desirable. However, I also believe fisheries is one issue that cannot wait for the achievement of a comprehensive treaty and that a temporary, emergency conservation management move dealing with fisheries only, such as envisioned by S. 1988, will do no harm to ongoing negotiations.

Those opposing the bill have reiterated the inflexible position held through the years that any zonal expansion by the U.S. could create a threat to national security. Members of the Committee on Armed Services faced this issue squarely during three public hearings. Despite high-level military testimony, including that of the Chairman, Joint Chiefs of Staff, the majority of the Committee concluded that the legislation would create no particular problems to national security. Armed Services Committee Report No. 93–1300 is newly available and has had little time for circulation. Consequently, I am attaching for your information a copy of pages 4 and 5, which discuss national security considerations and state the Committee conclusion.

Please call me if you wish to discuss this important bill further. Also, I have asked Bud Walsh (4–9347) and Bud Costello (4–1251), of the Commerce Committee majority and minority staffs respectively, to cooperate in any way possible to provide your staff with any additional information requested.

With best wishes,

Cordially,

TED STEVENS,
U.S. Senator.

TRADE REFORM ACT OF 1974

AMENDMENT NO. 2022

Mr. HELMS. Mr. President, I ask unanimous consent that amendment No. 2022, in connection with the Trade Reform Act, which I sent to the desk yesterday and which has been printed, be considered as having been read, to meet the requirements of rule XXII should cloture be invoked or in connection with H.R. 10710, the Trade Reform Act.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the name of the distinguished Senator from South Carolina (Mr. THURMOND) be added as a cosponsor of amendment No. 2022.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMUNITY SERVICES ACT OF 1974

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 14449, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

The PRESIDING OFFICER. Time for debate on this bill shall be limited to 1 hour equally divided between the Senator from West Virginia (Mr. ROBERT C. BYRD) and the Senator from Michigan (Mr. GRIFFIN), or their designees, with 30 minutes on each amendment and 10 minutes on any debatable motion or appeal.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, the Committee on Labor and Public Welfare unanimously reported the pending bill to extend the Economic Opportunity Act programs. The bill is titled "The Head Start, Economic Opportunity, and Community Partnership Act of 1974."

The House passed bill, H.R. 14449, to transfer the Economic Opportunity Act programs to the Department of Health, Education, and Welfare, passed the House of Representatives by a vote of 331 to 53 on May 20, 1974.

The last rollcall vote on OEO legislation in the Senate took place June 30, 1972, when the Economic Opportunity Amendments of 1972 passed by a vote of 75–13.

The Head Start Economic Opportunity, and Community Partnership Act of 1974 extends the authorization for antipoverty programs under the Economic Opportunity Act for 3 years—through fiscal year 1977. These programs include Head Start, Follow Through, Community Action, Senior Opportunities and Services, Emergency Food and Medical Services, Community Economic Development programs, and Native American Programs.

The Office of Economic Opportunity itself would be continued until October 1, 1975. At any time after June 30, 1975, the President may submit a Reorganization Plan proposing to transfer community action and the other remaining OEO programs to the Department of Health, Education, and Welfare, except for the Community Economic Development program which would be transferred to the Department of Commerce.

In accord with reorganization plan procedures, either the House or the Senate could disapprove such a reorganization plan within 60 days of its transmittal. If the President did not submit a reorganization plan, or, if either house of Congress disapproved it, OEO would become the Community Services Administration, which would be an independent agency in the Federal Government.

The legislation extends the authorization for local initiative funding for community action programs.

The committee-reported bill would retain the 80 percent Federal share with respect to financial assistance to community action programs. This is the same as the current law's provision setting the Federal share at 80 percent of the program costs for community action programs.

In accord with the administration's request, the committee-reported bill consolidates the legislative authority for the Head Start and Follow Through programs within the Department of Health, Education, and Welfare, in recognition of the fact that operational responsibility for such programs has been in HEW for several years.

In addition, the bill includes titles relating to Native American programs and research programs along the lines requested by the administration.

The legislation adds a new section authorizing a community partnership program of incentive grants to match these funds made available by State and local governments for community action programs.

The pending legislation does not earmark funds for particular purposes. Instead it authorizes the appropriation of such sums as may be necessary—leaving to the appropriations process any specific earmarking. However, it does provide that, if funds appropriated for local initiative community action exceed $330 million, then half of any such excess amount should go to the new incentive program to match State and local contributions to community action activities.

COMMITTEE COMPROMISE

The committee-reported bill is a compromise between the views of those who support transferring OEO to HEW and those who support the continuation of a separate agency for antipoverty programs. The part of the legislation which involved the most difficult consideration was the question of where the Office of Economic Opportunity should be located organizationally.

At the present time, the Office of Economic Opportunity retains actual operational responsibility for local initiative community action programs, community economic development programs, senior opportunities and services, and emergency food and medical services. But most of the other programs initiated by the Office of Economic Opportunity have the past several years been spun off under delegation arrangements to other departments and agencies of the Federal Government.

The bill which was passed by the House of Representatives earlier this session (H.R. 14449), provides for the programs which now remain under the administration of the Office of Economic Opportunity to be transferred to the Department of Health, Education, and Welfare, except for the community economic development program which the House-passed bill would transfer to the Department of Commerce.

The bill I introduced in the Senate (S. 3870) was similar to the House-passed bill in proposing to transfer the remaining OEO programs to HEW.

The other major bill was introduced by Senators JAVITS and KENNEDY (S. 3798). The Javits-Kennedy bill proposed creation of a new independent agency to replace the Office of Economic Opportunity as the Federal Government's antipoverty agency.

A large number of people around the Nation have urged the Congress to support the continuation of any agency within the Federal Government to serve as the focal point for antipoverty efforts.

Whether or not the Office of Economic Opportunity is established as a separate agency within HEW or remains as a separate agency, there should be no doubt that there is broadly felt need in this country to have a strong antipoverty agency.

Aside from the question of where the antipoverty agency should be located, the other major difference between the committee-reported bill and the House-passed bill is that the bill passed by the House reduces the Federal share for local initiative community action programs from 80 percent in fiscal year 1975, down to 70 percent in fiscal year 1976, and then to 60 percent in fiscal year 1977.

While the purpose of the House-passed phasing down of the Federal share is to encourage State and local contributions to community action programs, the impact upon hard-pressed State and local governments is to impose a severe fiscal impact at a time when the state of the economy is such as to make it particularly difficult for State and local governments to budget for new activities which they have not budgeted in the past.

To a limited extent, some State and local governments have devoted some funds to community action programs. The committee-reported bill contains a new community partnership program which seeks to encourage and reward those States and local governments which provide increased funding for community action activities in the future.

Under this new incentive program, funds would be provided to assist State and local governments which enter into arrangements with community action agencies to support activities and services in addition to those which have been provided by community action agencies. In other words, these activities would be supplemental to existing community action programs.

NEED TO CONTINUE THE ANTIPOVERTY PROGRAMS

The need for the antipoverty programs authorized by the Economic Opportunity Act has been underscored by support from national leaders representing a variety of viewpoints. They insist that we not abandon programs that have demonstrated their effectiveness in reaching out to help solve the problems of the poor, and have urged that the Federal Government continue and strengthen these programs. The National Advisory Council on Economic Opportunity concluded that even in normal times federally funded antipoverty programs "are important in urban areas and indispensable in rural areas."

President Ford stated in his economic message to the Congress of October 8:

> I know that low-income and middle-income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel and medical care.

Food, housing, and fuel costs, together constitute 82 percent of the increase in the cost of living. But they make up a 40 percent larger chunk of the budget of the low-income family than of the average family. For the poor, as well as for others, there is little relief in sight. As of the third quarter of 1974, the Wholesale Price Index was increasing at a 28.1 percent annual rate, and the price of industrial commodities has been rising at a rate of 20.3 percent, insuring higher prices for many necessary products into the foreseeable future.

Furthermore, the "substitution effect" that serves to cushion somewhat the blow of economic distress on middle-income families simply does not function below the poverty line. As HEW economist John Palmer said in a recent study on the effects of inflation:

> The poor have little or no flexibility to adjust to job or real income losses: if the demand for unskilled labor slackens there are no lower-paying jobs for which they can compete. If the price of low-grade cuts of beef rises, there are no lower cuts to substitute.

COMMUNITY ACTION

Although community action programs were once highly controversial, they now enjoy wide acceptance and support from State and city officials and civic leaders from all sections of the country, reflecting political persuasions across the board, from conservative to liberal.

Community action agencies clearly perform a unique and essential function not only in providing services to the poor, but in reflecting the specific concerns of the communities they serve. Local participation and flexibility are the cornerstones of the community action program.

The community action program has been successful because it has been tailored to the unique needs of each local community. There are over 900 community action programs at the present time. A total of 95 of these community action programs are public agencies operating through the local government structure. Other community action agencies are nonprofit private agencies which are governed by boards consisting of public representatives and community leaders.

Community action agencies have been effective in mobilizing other Federal and local resources. Thus, community action programs operate manpower programs and receive funding through the Comprehensive Employment and Training Act. In addition, many community action programs operate Head Start programs and receive funds directly from the Office of Child Development for carrying our Head Start programs.

The committee believes that one of the most important functions of community action agencies is to initiate innovative programs. In the past, CAP's have responded to specific local problems with programs which may have applicability on a national level. The Maine Community Action Agency's energy conservation project initiated last winter in response to the severe impact of the energy crisis on the poor is one outstanding example.

HEAD START

The committee bill transfers legislative authority for the Head Start program to the Department of Health, Education, and Welfare and extends that authority through fiscal 1977. The Head Start title in the committee bill is based upon the administration's own legislative proposal.

In transferring the Head Start authority by legislation, the committee simply recognizes in the law the delegation of operating authority from the Director of the Office of Economic Opportunity to the Secretary of Health, Education, and Welfare which took place in 1969. It is in no way intended to alter the nature of Head Start as a local community-based child development program with maximum parental involvement.

In addition, the committee-reported bill prohibits the imposition of a fee schedule for participation in Head Start programs.

FOLLOW THROUGH

Part B of title V consolidates the legislative authority for the Follow Through program in the Department of Health, Education, and Welfare and extends its authorization through fiscal year 1977. Follow Through has been an effective program which has shown tremendous promise in creating new and exciting methods that aid in the continued development of children in grades 1 through 3 of elementary school—so that children who have been through Head Start will continue the gains they have made.

MIGRANT AND SEASONAL FARMWORKERS

In view of the demonstrated effectiveness of programs operated under title III-B of the Economic Opportunity Act—EOA—of 1964, the committee bill continues the authorization of funding for migrant and seasonal farmworker programs with respect to nonmanpower activities.

Although section 303 of the Comprehensive Employment and Training Act of 1973—CETA—included special funding for manpower activities for migrants, there continues to be a need for a special program under the Economic Opportunity Act for nonmanpower activities. For example, title III-B authorizes day care, basic education, health services, emergency housing and sanitation facilities, and consumer training and counseling.

NATIVE AMERICAN PROGRAM

The Native American program applies innovative approaches to deal with the special needs of Indians and Alaska Natives, and provides for a better focusing of available resources to enable them to attain economic self-sufficiency. The Native American title of the committee-reported bill is based upon legislation submitted by the administration.

The basic purpose of the Native American program is to increase the economic and social service self-sufficiency of the Indian people. This is in line with the concept of self-determination which has as its main function to build the capacity of tribal governments as well as off-reservation Indians to make decisions and to manage programs which affect their social and economic conditions.

This is reflected in the Native American program through two major activities: first, to assist tribal governments in building their capacity to manage economic development and human services; and, second, for off-reservation Indians, to develop the capacity for linking into human services delivery systems supported primarily through the Federal Government and State and local governments. This is done primarily through information and referral outreach centers in the major cities of the country with large concentrations of urban Indians.

ENERGY CONSERVATION SERVICES

One of the most significant features of the committee-reported legislation is the new special emphasis program "emergency energy conservation services." This new program is based upon the widely acclaimed energy project in the State of Maine, funded by OEO under its research and demonstration projects authority.

These programs will be designed to enable low-income individuals and families and others, to participate in energy conservation programs designed to lessen the impact of the crisis on such persons. This includes such activities as winterization of old or substandard dwellings, special transportation activities, and similar functions.

Everyone is greatly concerned about the effect of the energy crisis on the poor during the winter months, and the special hardships which the poor will face this winter as a result of the economic situation.

The energy conservation projects are an example of how flexible the Economic Opportunity programs have been in developing innovative projects quickly and with a minimum of redtape.

COMMUNITY ECONOMIC DEVELOPMENT

The committee bill extends the authority now contained in title VII of the Economic Opportunity Act relating to community economic development, with strengthened provisions to assure the availability of resources from other Federal agencies and the availability of long-term capital for community economic development corporations and other grantees.

As in the case of community action programs, the committee bill also provides for the continued administration of the community economic development program under the Office of Economic Opportunity through October 1 of next year. However, the bill does provide that the President may, next year, submit to Congress a reorganization plan transferring the administration of the community economic development program to the Department of Commerce, with strict criteria relating to the autonomy and character of the program within that department. Such a plan would take effect 60 days after its submission to Congress unless it is disapproved by either House of Congress. In order to assure that the President may make his recommendation regarding the administrative status of this program with as much information as possible, there is established, under the committee-reported bill, a Commission to undertake a study of community economic development efforts for submission to the President and Congress on or before June 30, 1975.

Programs conducted by the Community Economic Development Corporation and other self-help entities combine business development efforts with job training and employment, social services programs, and a wide variety of other efforts reflective of community needs. These programs are designed to be comprehensive responses to the needs of all persons living in communities or areas with concentrations or substantial numbers of low-income persons, both in rural and urban areas.

SUMMARY

Mr. President, the antipoverty programs under the Economic Opportunity Act are part of the overall program to help the poor in our Nation. Certainly, other programs, including economic policies, tax relief, health programs, food stamps and other direct assistance programs, and employment and training programs all are necessary to help the disadvantaged cope with the particular problems they face. But the unique characteristic of the Economic Opportunity Act programs has been the legislation's flexibility. The law does not impose rigid limits upon the creative possibilities of the poor to help themselves. With the assistance of Federal and State economic opportunity offices, community action agencies can propose almost any type of program to meet their needs, and are encouraged to look for and utilize other resources—State, local, and private, as well as other Federal programs.

The Congress should do all it can to continue to support these modest but important efforts, especially in these times of economic distress.

I make that statement today so that it will be available for all Members to read tomorrow in the RECORD prior to the vote on final passage, which will occur on Friday.

Mr. President, is there a unanimous-consent agreement on the hour of the vote?

The PRESIDING OFFICER. At 10:30 on Friday morning.

Mr. NELSON. Is that the vote on final passage?

The PRESIDING OFFICER. The vote on final passage is to occur at 10:30 a.m. on Friday.

Mr. NELSON. At 10:30, or not later than 10:30?

The PRESIDING OFFICER. At 10:30 a.m.

Mr. NELSON. Mr. President, I ask unanimous consent that a section-by-section analysis of the bill be printed in the RECORD immediately following my statement so that it will also be available for Members in tomorrow's RECORD.

This section-by-section analysis was previously printed in the RECORD, but it is of such importance in evaluating the legislation that I am asking unanimous consent that that analysis be printed.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title

This section provides that this legislation may be cited as the "Headstart, Economic Opportunity, and Community Partnership Act of 1974".

Section 2. Statement of Purpose

This section states that it is the purpose of the legislation to extend programs under the Economic Opportunity Act of 1964 and to provide for increased involvement of State and local governments in antipoverty efforts by authorizing a community partnership program.

Section 3. Headstart and Follow Through

This section provides for a new title V of the Economic Opportunity Act of 1964, except for part B of the existing title V which is redesignated as part C.

TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

Sec. 501. Purpose of title

This section states that the purpose of the title is to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

Sec. 502. Office of Child Development

This section provides that part A (relating to Headstart) of this title shall be administered in the Department of Health, Education, and Welfare; and that there shall be established within the office of Child Development a division of migrant programs and a division of Indian programs with sums of $10,000,000 authorized to be appropriated annually for the administration of each such division.

Part B—Headstart programs

Sec. 511. Financial assistance for Headstart program

This section authorizes the Secretary of Health, Education, and Welfare to provide financial assistance to eligible agencies which provide comprehensive health, educational, and other social services and which provide for the direct participation of parents.

Sec. 512. Authorization of appropriations

This section authorizes appropriations of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part.

Sec. 513. Allotment of funds; limitations on assistance

This section sets aside funds available to territories; establishes discretionary funds up to 20 percent for the Secretary; allots funds to States on the basis of relative numbers of public assistance recipients, unemployed persons, and children from families below the poverty line; limits Federal share to 80 percent of approved costs; provides that services must be in addition to comparable available Federal services; provides that 10 percent of total number of enrollment opportunities in Headstart programs in the Nation must be available for handicapped children; and requires equitable distribution of services under this part between rural and urban areas.

Sec. 514. Designation of Head Start Agencies

This section authorizes the Secretary to designate as Headstart agencies any public and private agencies which are determined by the Secretary to be capable of meeting the purposes of this part.

Sec. 515. Powers and functions of Head Start Agencies

This section defines powers and functions of Headstart agencies; authorizes them to receive and administer Head Start funds under the provisions of this part; provides for parental and community involvement in the conduct of programs, and for technical assistance and training.

Sec. 516. Subsection of plans to Governors

This section provides for submission of program plans to Governors prior to approval and, if disapproved, for reconsideration by the Secretary.

Sec. 517. Administrative requirements and standards

This section establishes requirements for the standards of organization, management, and administration which will ensure the purposes of this part; limits program administration and development costs to 15 percent of total program costs; requires the publication and distribution of rules and regulations which are to be promulgated by the Secretary.

Sec. 518. Participation in Head Start programs

This section provides that the Secretary shall by regulation prescribe eligibility for participation in Head Start programs, including children from poverty families or whose families are eligible or would in the absence of child care be potentially eligible for public assistance, disadvantaged children of limited English-speaking ability, and a reasonable proportion of other children. The section also prohibits the Secretary from imposing any fees for participation in Headstart.

Sec. 519. Appeals, notice, and hearing

This section provides for notice and opportunity for appeals by agencies whose request for funding has been denied; and a full and fair hearing prior to the termination of funding.

Sec. 520. Records and audits

This section requires the maintenance of adequate financial records by recipients of financial assistance and their accessibility by Government auditors.

Sec. 521. Technical assistance and training

This section authorizes the Secretary to provide technical assistance and training.

Sec. 522. Research, Demonstration, and Pilot Projects

This section authorizes the Secretary to provide financial assistance to public or private agencies for research, demonstration, and pilot projects; and for the Secretary to establish an overall plan for their approval.

Sec. 523. Announcement of research, demonstration, and pilot projects

This section directs the Secretary to make public announcements of information concerning research, demonstration, and pilot projects within 30 days.

Sec. 524. Evaluation

This section requires that the Secretary provide for the continuing evaluation of programs conducted under this part; publish standards of evaluation, and authorizes him to require Headstart agencies to conduct independent evaluations.

Part B—Follow Through programs

Sec. 551. Financial assistance for Follow Through programs

This section authorizes the Secretary to provide financial assistance to appropriate agencies, organizations, and educational institutions to carry out Follow Through programs whch will serve primarily children from low income families who were previously enrolled in Headstart and are currently enrolled in Kindergarten and primary grades. Programs must provide comprehensive services which the Secretary finds will aid in the continued development of these children.

Sec. 552. Authorization of appropriations

This section authorizes the appropiration of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part; limits Federal share to 80 percent of approved program costs with waiver provisions; require that services supplement, not serve as a substitute for, existing services.

Sec. 553. Research, demonstration, and pilot projects; evaluation; and technical assistance activities

This section authorizes the Secretary to provide financial assistance for research, demonstration, and pilot projects, and for program evaluation, and technical assistance and training in furtherance of the purposes of this part.

Sec. 554. Special conditions

This section generally provides that recipients of financal assistance under this part shall make maximum employment opportunities available to parents of program participants and to community residents; provides for adequate notice and fair hearings prior to suspension of grants.

Part C. General provisions

Sec. 571. Definitions

This section defines terms.

Sec. 572. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 573. Comparability of wages

This section requires the Secretary to ensure that salaries are not in excess of prevailing rates of compensation in communities for comparable responsibilities.

Sec. 574. Nondiscrimination provisions

This section prohibits discrimination.

Sec. 575. Limitation with respect to certain unlawful activities

This section prohibits participation of Headstart employees with respect to certain unlawful activities.

Sec. 576. Political activities

This section provides that an agency which is responsible for planning, developing, and coordinating Headstart programs shall be regarded as a State or local agency; prohibits involvement of programs in partisan or nonpartisan political activities and voter registration.

Sec. 577. Advance funding

This section provides for advance funding to afford adequate notice of funding available under this title.

Sec. 578. Bilingual assistance

This section provides that the Secretary shall insure that programs and activities under this title provide special assistance to the needs of persons of limited English-speaking ability by providing bilingual Headstart and Follow Through programs.

Section 4. Assistance for Migrant and Other Seasonally Employed Farmworkers and Their Families

This section amends title III–B of the Economic Opportunity Act of 1964 to emphasize developmental programs; establishes within the Community Services Administration a National Office for Migrant and Seasonal Farmworkers; and requires that, in providing financial assistance under title III-B, priority be given to existing providers of services.

Section 5. Native American Programs

This section amends the Economic Opportunity Act of 1964 by inserting a new title VIII.

TITLE VIII—NATIVE AMERICAN PROGRAMS

Sec. 801. Short title

This section provides that this title may be cited as the "Native American Economic Opportunity Program Act".

Sec. 802. Statement of purpose

This section provides that the purpose of this title is to promote the goal of enabling American Indians, Hawaiian Natives, and Alaskan Natives to become fully self-sufficient.

Sec. 803. Financial assistance for Native American projects

This section authorizes the Director to provide financial assistance to public and nonprofit private agencies for projects pertaining to the purposes of this title. Federal assistance would be equal to 80 percent of the cost of an assisted project, unless a higher percentage was authorized by the Secretary. Federal assistance could not be used to replace programs previously funded without Federal assistance, unless specially waived by the Director.

Sec. 804. Technical assistance and training

This section authorizes the Director to provide technical assistance and training in connection with the provision of financial assistance under this title.

Sec. 805. Research, demonstration, and pilot projects

This section authorizes the Director to support research, demonstration, and pilot projects pertaining to the purposes of this title.

Sec. 806. Announcement of research, demonstration, and pilot projects

This section requires the public announcement of information relating to research, demonstration, and pilot projects, except in certain circumstances.

Sec. 807. Submission of plans to State and local officials

This section requires that the governing body of an Indian reservation or Alaskan Native village must be given the opportunity to disapprove any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out on the reservation or in the village. The bill would require that State and local officials be notified of any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out in their jurisdictions, other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead.

Sec. 808. Records and audits

This section authorizes the Director to prescribe record-keeping requirements for agencies receiving assistance under this title and would provide for access to the records and books of any such agency.

Sec. 809. Appeals, notice, and hearing

This section imposes notice and hearing requirements in connection with the suspension or termination of assistance, or the denial of refunding under section 805.

Sec. 810. Evaluation

This section requires the Director to provide for the continuing evaluation of projects assisted under this title.

Sec. 811. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 812. Delegates of authority

This section authorizes the Director to delegate his duties and authorities under this title to other Federal agencies.

Sec. 813. Definitions

This section contains definitions of terms used in this title.

Sec. 814. Authorization of appropriations

This section authorizes the appropriation of such sums as are necessary for fiscal years 1975 through 1977 to carry out this title.

Section 6. Community Action Programs with Indian Tribes

This section amends section 210 of the Economic Opportunity Act of 1964 to make clear that Indian tribes are not described as political subdivisions of States.

Section 7. Research and Demonstrations

This section amends the Economic Opportunity Act of 1964 by adding a new title XI.

TITLE XI—RESEARCH AND DEMONSTRATIONS

Sec. 1101. Statement of purpose

This section provides that the purpose of this title is to stimulate the better focusing of public and private resources upon the goal of enabling low income persons to become self-sufficient.

Sec. 1102. Research, Demonstration, and Pilot Projects

This section authorizes the Director to provide financial asistance to public and private agencies for the conduct of research, demonstration, and pilot projects in furtherance of the purposes of this title; to establish an overall plan for approval of projects; and requires that research, demonstration, and pilot projects be submitted to State and local officials prior to approval and, if disapproved, be reconsidered by the Director.

Sec. 1103. Consultation

This section authorizes the Director, in conducting evaluations under the title, to involve program participants, whenever feasible.

Sec. 1104. Announcement of Research, Demonstration, and Pilot Projects.

This section requires public announcements of information relating to grants and contracts, and provides that results are property of Federal Government, and for publication of summaries of related activities.

Sec. 1105. Nondiscrimination Provisions

This section prohiibits discrimination.

Sec. 1106. Prohibition of Federal Control

This section provides that nothing in this title shall be construed to authorize Federal control over the activities of educational institutions.

Sec. 1107. Definitions

This section defines terms as used in this title.

Sec. 1108. Authorization of Appropriations

This section authorizes such sums as may be necessary for fiscal years 1975 thru 1977 to carry out this title.

Section 8. Evaluation

This section revises title IX of the Economic Opportunity Act of 1964, relating to evaluation.

TITLE IX—EVALUATION

Sec. 901. Program and project evaluation

This section provides for the Director, directly or through grants or contracts, to measure and evaluate the impact of all programs authorized by the Economic Opportunity Act and poverty-related programs authorized by other Acts.

Sec. 902. Cooperation of other Federal agencies

This section provides for other agencies of the executive branch to provide such information and cooperation as may be requested by the Director for purposes of the evaluations under this title.

Section 9. Community partnership

This section amends the Economic Opportunity Act of 1964 by adding new sections to encourage community partnerships.

The new section 235 authorizes the Director to provide financial assistance to carry out agreements entered into by community action agencies (or other agencies designated under section 210 of the Economic Opportunity Act) and a public agency or a political subdivision of a State. Such agreements shall provide for the planning, development, and administration of programs and activities of the type described under part A of title II of such Act (community action) and supplemental to such programs and activities otherwise provided under the Act for the strengthening of the capability of public and private community institutions in accomplishing the purposes of the Act in a coordinated manner. The Federal share shall not exceed 80 percent and matching non-Federal funds shall be in cash.

The new section 236 establishes an Intergovernmental Advisory Council on Community Services, composed of three members representative of States and county and municipal governments, three members representative of community action agencies and other grantees under the Economic Opportunity Act, and three members representative of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs. The Council shall encourage community partnership agreements, review and evaluate such agreements, survey public and private resources available for antipoverty efforts, and identify and encourage means of increasing such resources.

The new section 237 provides that, out of any sums allocated for local initiative programs under section 221 of the Economic Opportunity Act for any fiscal year, the Director may allocate for community partnership agreements under section 235 up to 50 percent of any amounts appropriated between $330,000,000 and $450,000,000.

The formula in section 225 of the Economic Opportunity Act is modified to refer to the poverty criteria used in the 1970 census, instead of the $1,000 family poverty level in the original Act. This formula is also applied to the distribution of funds under the new section 235.

Section 10. Special Emphasis Programs

This section amends section 222 (a) of the Economic Opportunity Act of 1964 by adding programs known as Emergency Energy Conservation Services, Summer Youth Recreation, and Urban Housing Demonstration Program. The Senior Opportunities and Services program (sec. 222(a)(7) of the Act) is amended to authorize support for strengthening counseling, administrative representation, information, and referral services for the elderly. Section 227 of the Act is amended to change the name of the Youth Recreation and Sports Program to the "National Summer Youth Sports Program".

Section 11. Community Economic Development

This section revises title VII of the Economic Opportunity Act.

TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

Sec. 701. Statement of purpose

This section states that the purpose of the title is to encourage the development of special self-helf and community mobilization programs so as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

Sec. 702. Definitions

This section defines terms used in this title.

Sec. 703. Authorization of appropriations

This section authorizes the appropriation of $84,000,000 for fiscal year 1975, and such sums as may be necessary for each of the two succeeding fiscal years, to carry out this title.

Part A—Urban and rural special impact programs

Sec. 711. Statement of purpose

This section states that the purpose of this part is to establish special programs of assistance to private locally initiated community development corporations which are directed to the solution of critical problems existing in particular communities or neighborhoods, are of sufficient size, scope and duration to have an appreciable impact in such communities, neighborhoods, and rural areas, and have the prospect of continuing such an impact after termination of financial assistance under this part; and provide financial and other assistance to start, expand, or locate enterprises close to the area to be served so as to provide employment and ownership opportunities for residents of such areas.

Sec. 712. Establishment and scope of programs

This section authorizes the Director to provide financial assistance to community development corporations for the costs of programs under this part. Programs may include economic and business development programs, community development and housing activities, training and employment programs and supportive social services. Programs assisted under this part are to contribute on an equitable basis between urban and rural areas to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

Sec. 713. Financial assistance requirements

Subsection (a) of this section provides requirements for funding projects under this part. These requirements are: (1) that the community development corporation is responsive to residents of the area under guidelines established by the Director; (2) projects and related facilities will to the maximum feasible extent to be located in the area served; (3) projects will promote the development of entrepreneurial and management skills and ownership by residents of the area served; (4) projects will be planned and carried out with maximum participation of local businessmen and financial institutions; (5) the program will be appropriately coordinated with local planning under this act and other relevant planning in the areas served; (6) no participant will be employed in projects involving political parties or facilities used for sectarian instruction or place of worship; (7) will not result in displacement of employed workers or result in substitution of Federal for other funds; (8) will establish appropriate rates of pay for work-training and education; (9) will contribute to the occupational development of individual participants; (10) will give preference to low-income or economically disadvantaged residents of areas served in filling jobs and training opportunities; (11) training programs shall be designed to provide skills which are in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part; and (12) that financial assistance for related purposes under this act to the area served by a special impact program shall not be reduced in order to substitute funds authorized by this part.

Sec. 714. Federal share of program costs

This section provides for a Federal share of up to 90 percent of the cost of programs under this part. Non-Federal contributions may be in cash or in kind.

Part B—Special rural programs

Sec. 721. Statement of purpose

This section states that it is the purpose of this part to support self-help programs in rural areas with substantial numbers of low-income persons as a supplement to other Federal programs.

Sec. 722. Financial assistance

This section authorizes the Director to provide financial assistance, including loans to low-income rural families to effect a permanent increase in the families' incomes or improvement in living or housing conditions. Such loans will have a maximum maturity of 15 years and will total not more than $3,500. The Director is also authorized to provide financial assistance to local cooperative associations in rural areas for establishing and operating cooperative programs.

Section 723. Limitation on Assistance

This section establishes conditions for financial assistance including number of low-income members in cooperative association receiving assistance, provision for adequate technical assistance, and determination that applicant is fulfilling need not already met. Funds under this part shall not be used to substitute funds for related purposes under the Act.

Part C—Development loans to community economic development programs

Sec. 731. Development loan fund

This section authorizes the Director to make or guarantee loans to community development corporations and families and local cooperatives for business, housing, and community development projects. Loans may not be made unless there is reasonable assurance of repayment, the loan is not otherwise available, and the amount of the loan is adequate to assure completion of the project. All loans shall be at a rate of interest to be determined by the Secretary of the Treasury, though the Director may set a lower rate for the first 5 years of indebtedness. All loans are repayable within 30 years. This section establishes a Development Loan Fund to carry out the lending and guarantee functions under this part.

Sec. 732. Establishment of Model Community Economic Development finance corporation

This section provides that the Director shall prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation. Not later than June 1, 1975, the Director shall submit such plan of action to the appropriate committees of Congress.

Part D—Supportive programs and activities

Sec. 741. Training and technical assistance

This section authorizes the Director to provide technical assistance to community development corporations and both urban and rural cooperatives, and training for employees of community development corporations and employees and members of urban and rural cooperatives.

Sec. 742. Small Business Administration programs

This section permits community development corporations to use funds granted under this part as private paid-in capital for small business investment company and local development corporation programs of the Small Business Administration.

Sec. 743. Economic Development Administration programs

This section provides that areas selected for assistance under this title shall be deemed "redevelopment areas" within the meaning of section 401 of the Public Works and Economic Development Act of 1965 and shall qualify for assistance under title I and title II of such Act.

Sec. 744. Department of Housing and Urban Development programs

This section provides that the Secretary of Housing and Urban Development shall assure that community corporations qualify as sponsors under the Housing and Urban Development Act of 1968 and the National Housing Act of 1949; that land for housing and business location is available under the Housing Act of 1949; and that funds are available under section 701(b) of the Housing Act of 1954.

Sec. 745. Department of Agriculture and Farmers Home Administration programs

This section provides that the Secretary of Agriculture or the Administrator of the Farmers Home Administration shall take steps to insure that community development corporations and local cooperative associations qualify for and receive assistance under the Farmers Home Administration and the Rural Development Act of 1962.

Sec. 746. Coordination and cooperation

This section provides that the Director shall take steps to assure that contracts and deposits by the Federal Government are placed in such a way as to further the purposes of this title, and shall take steps to encourage State and local governments to provide assistance to community development corporations and local cooperative associations.

Sec. 747. Evaluation and research

This section requires each program to provide for a thorough evaluation of the effectiveness of the program in achieving its purposes. The Director shall conduct research to suggest new programs and policies to achieve the purposes of this part.

Sec. 748. Planning grants

This section authorizes the Director to provide financial assistance to public or private nonprofit agencies or organizations for planning of community economic development programs and cooperative programs under this title.

Sec. 749. Community Economic Development Resources Committee

This section provides for the establishment of a Community Economic Development Resources Committee to advise the Director on the administration of this title and to develop plans and procedures for cooperative efforts of Federal agencies required to provide assistance under sections 742, 743, 744, 745, and 746 of the Act. The Committee is to be composed of the Secretaries of Commerce, Agriculture, Labor, HEW, Housing and Urban Development and the Small Business Administration.

Sec. 750. Special review of community economic development

This section provides for the establishment of a National Commission on Community Economic Development composed of two members of the Senate, two members of the House of Representatives, and nine persons appointed by the President. The Commission shall conduct a study which shall consider an appropriate administrative agency for the carrying out of community economic development programs in the future. The Commission shall submit a final report to the President and to the Congress on the results of its study, not later than June 30, 1975.

Sec. 751. Nondiscrimination provisions

This section prohibits discrimination.

Section 12. Establishment of Community Services Administration

Effective October 1, 1975, the Economic Opportunity Act is amended to establish within the executive branch a Community

Services Administration, which shall be the successor authority to the Office of Economic Opportunity. The Director, Deputy Director, and Assistant Directors shall be appointed subject to the advice and consent of the Senate. The Director shall be compensated at a rate not less than Level IV of the Executive Schedule.

This section provides that after June 30, 1975, the President may submit to the Congress a reorganization plan to take effect if not disapproved by either House of Congress, in accordance with the standard reorganization plan procedures, within sixty days of continuous session of Congress.

Any such reorganization plan must provide for a Community Services Administration to be established within the Department of Health, Education, and Welfare. The Director of such Administration shall be directly responsibile to the Secretary of Health, Education, and Welfare. However, the responsibility for administering title VII (Community Economic Development) would be transferred to a separate Community Economic Development Administration within the Department of Commerce under any such reorganization plan.

Unless a reorganization plan is effective on *October 1, 1975*, the Office of Economic Opportunity will become an independent agency within the executive branch on that date.

Section 13. Transfer of Functions of Office of Economic Opportunity

This section contains technical and transitional provisions designed to effectuate the transfer of the Office of Economic Opportunity to the new Community Services Administration, with respect to property, records, funds, personnel, and actions, and related matters.

Section 14. Eligibility for Program

This section amends section 625 of the Economic Opportunity Act of 1964 to make clear that the poverty line is to be revised to reflect the full percentage change in the Consumer Price Index over the annual or other interval, instead of the average percentage change over such period of time. The revised section also provides that in applying the poverty line to families, the family unit shall not be defined so as to include income earned by individuals who are eighteen years of age or older other than the parents. For purposes of this Act, disadvantaged persons include those who suffer in the labor market because of their limited speaking, reading, and writing abilities in the English language.

Section 15. Extension of Program Authority

This section extends the authority to carry out programs under the Economic Opportunity Act for three additional years, through fiscal year 1978.

Section 16. Authorization of Appropriations

This section authorizes the appropriation of such sums as may be necessary for fiscal year 1975 through 1977 for carrying out the Economic Opportunity Act. In addition, the appropriations authorization is automatically extended for an additional year unless Congress otherwise acts with regard to the authorization.

Section 17. Effective Date

This section provides that, except as otherwise provided the provisions of this legislation shall take effect on the date of enactment.

Mr. NELSON. Mr. President, how many amendments are pending at the desk?

The PRESIDING OFFICER. There are no printed amendments at the desk.

Mr. NELSON. Mr. President, there is an hour, as I understand it, allocated on the bill, with 30 minutes on each amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. NELSON. It is an hour on the bill, a half hour to the side?

The PRESIDING OFFICER. The Senator from Wisconsin is correct.

Mr. NELSON. Mr. President, I reserve the remainder of my time.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974

Mr. STENNIS. Will the Senator yield to me? I wish to make an inquiry.

Mr. NELSON. I have yielded the floor.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, I ask unanimous consent that the Senator be permitted to speak a half minute, with 15 seconds taken from each side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, what is the situation with reference to the so-called fisheries control bill, the 200-mile limit bill?

The PRESIDING OFFICER. The Chair says to the Senator from Mississippi that that bill has had its third reading and it will be voted on at approximately 3:40 p.m. this afternoon.

Mr. STENNIS. Mr. President, thank you. I have not yielded my 15 minutes that I was to have on that bill. I hope that the Chair will find me some minutes in here that I may use.

The PRESIDING OFFICER. The Chair says to the Senator from Mississippi that the agreement provides for a 10-minute debate prior to the vote, with 5 minutes to a side.

Mr. STENNIS. I thank the Chair.

I thank the Senator for yielding.

COMMUNITY SERVICES ACT OF 1974

The Senate continued with the consideration of the bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from North Carolina will state it.

Mr. HELMS. What is the time limit on amendments on H.R. 14449?

The PRESIDING OFFICER. 30 minutes, 15 minutes to a side.

Mr. HELMS. I thank the Chair.

Mr. President, I send to the desk an amendment sponsored by the distinguished Senator from South Carolina and the Senator from North Carolina.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That (a) section 245 of the Economic Opportunity Act of 1964 is amended by striking out "eight succeeding fiscal years" and inserting in lieu thereof "ten succeeding fiscal years".

(b) Section 321 of such Act is amended by striking out "eight succeeding fiscal years" and inserting in lieu thereof "ten succeeding fiscal years".

(c) Section 615 of such Act is amended by striking out "eight succeeding fiscal years" and inserting in lieu thereof "ten succeeding fiscal years".

(d) Section 523 of such Act is amended by striking out "seven succeeding fiscal years" and inserting in lieu thereof "nine succeeding fiscal years".

(e) Section 741 of such Act is amended by striking out "three succeeding fiscal years" and inserting in lieu thereof "five succeeding fiscal years".

Sec. 2. During the fiscal year 1976, the Director of the Office of Economic Opportunity shall take such action as may be necessary to assist in the orderly transfer of organizational and administrative expenses of programs and activities funded under this Act to such entities of State and local government as may choose to undertake and support such programs from non-Federal sources of funding.

Sec. 3. There are authorized to be appropriated for each of the fiscal years 1975 and 1976 such sums as are necessary to carry out the provisions of the Economic Opportunity Act of 1964, as amended, except that in no case shall funding for fiscal year 1975 exceed such funding appropriated for fiscal year 1974, and further, that in no case shall funding for fiscal year 1976 exceed one-half the amount appropriated in fiscal year 1974.

Mr. HELMS. Mr. President, I yield such time as I may require.

Mr. President, the most responsible thing which the Federal Government can do to help the poor, to assist them in leading more productive lives, and to make them self-sufficient, not only financially, but also in terms of self-respect and accomplishment, is for the Federal Government to get out of the poverty action field, period.

I realize that this runs against the grain of the legislation under discussion. Indeed, the premise of the legislation is that the Federal Government can devise a program which will bring the poor into the economic mainstream of our Nation's life; a suppressed premise is that the poor can be brought into the economic mainstream chiefly through political action for social changes. Funding of the programs will be increased to well over a billion dollars a year, resulting in a substantial distortion of our political structures. And I predict that the only result will be the firm establishment of an expanded special interest group, consisting mainly of the employees of the funded organizations, which will continually lobby for increased authorizations, powers, and finances.

Mr. President, we have already had a taste of this kind of activity. It was the intention of the administration to allow the community services program to die when its authority expired this year. Yet H.R. 14449 was passed by the House at the culmination of one of the most intensive lobbying campaigns to be seen on the Hill in years.

The former Director of the Office of Economic Opportunity, Mr. Alvin Arnett, was fired as a result of his political activities in connection with the passage of H.R. 14449. He spent thousands of dollars of the taxpayers' money flying around the country telling Governors and mayors how important it was to keep the Federal dollars flowing back into their States and communities. He mobilized the employees of Community Action agencies, who had a direct financial interest in the continuation of their paychecks, to pressure Members of Congress. He attacked Congressmen who voted "the wrong way."

He worked closely with a hired lobbyist, a former Member of Congress, employed by the Action Committee for Community Services. According to press accounts, the lobbyist, William C. Cramer, was paid $25,000 a month, financed indirectly through checkoff dues from employees of the Community Action agencies.

Also involved in the lobbying activities have been such pressure groups as the Community Action Campaign, the National Association for Community Development, the Leadership Conference on Civil Rights, the Coalition for Human Needs and Budget priorities, and others.

Now I have no doubt that many of the people involved in these organizations are sincerely convinced that their programs are the most important Federal activities since the ratification of the Constitution. But my point is that such programs constitute their own built-in special interest group that is able to lobby effectively for the continuation of their own jobs.

Thus we have the anomaly of a so-called Community Services Act which is not a product of the community, but a product of the Federal Government. The funds are provided by the Federal Government, the programs are provided by the Federal Government, and the direction is provided by the Federal Government. If the communities really needed these services, the communities would make sure that local and State officials raised the necessary funds in the local tax structure and exercised appropriate control. But in the present case, the organized protests of mayors and Governors seems to reflect the fear that Federal grants now coming into their localities might be suspended.

The basic philosophy of community action seems to be that the poor are poor because of their whole educational, economic, and cultural milieu, and the only way to break them out of the cycle of poverty is to provide them with free services that the less fortunate taxpayers in middle America have to pay for. These services, imposed upon the poor community, will somehow enable these poor people to lift themselves out of their problems. In reality, the poverty action programs function in two ways: First, the services are payments in kind, like a sack of potatoes or a hunk of cheese; second, the programs provide a patronage system for political action—using politics in a sense that is often nonpartisan—in which the poverty professionals acquire their own constituency, organized around the political philosophy of the organizers. At least 78 percent to 80 percent of the funds for these programs go for administrative costs, that is to say, principally for salaries. Doubtless many of the recipients of these salaries would hate to return to the ranks of the poor from which they emerged through Federal largesse. H.R. 14449 would amount to a continuation of the OEO under another name.

But the provision of services in kind will do little to bring people into the mainstream, in fact, it segregates them, and locks them into a passive attitude where they expect such free services as a matter of course, and as a matter of right.

The Nation's experience with Federalized welfare programs should teach us a lot about the value of community action programs. At first, the welfare programs were intended as temporary help for individuals in an emergency situation, or where overwhelming catastrophe had destroyed their ability to support themselves or lead productive lives. But as the Federal Government took over State and local welfare programs, benefits were increased, guidelines and regulations were relaxed, so that welfare payments became considered as a matter of right. And there was no incentive to get out of a program that provided a free living as a matter of right. At a time when the number of those under the poverty line declined from 40 million in 1960 to about 25 million in 1970, the number of Americans on welfare doubled, from 7 million in 1960 to 14 million in 1970.

Conservatives have often pointed out the disincentives in a system which provides high benefits as a matter of right, but I need only point out the report of the Subcommittee on Fiscal Policy of the Joint Committee on Economic Policy, under the chairmanship of Representative MARTHA W. GRIFFITHS of Michigan. The survey of 100 counties, scientifically chosen from around the Nation, showed conclusively that a woman could get greater benefits by not working, by having more children at the taxpayers' expense, and by breaking up family relationships. Congresswoman GRIFFITHS said that when all benefits were combined, national average cash, food, and housing benefits potentially available to a nonworking welfare mother with three children exceed a median woman's wages by about 10 percent.

She said further, and I quote:

> The data leave little doubt that welfare does establish large incentives for low-income families to break up, or not marry in the first place, and there is a sizable benefit for a woman who has her first child, but this declines for additional children.

The failure of our welfare systems is not a question to go into today, except in so far as it provides an analogy to community action. The community services programs provide services in kind, and it will be difficult to avoid the same pitfalls that have developed in the regular welfare programs. Both types of programs seek to give the poor person something that he or she has not earned, and in the process succeed only in organizing and supporting the lifestyles of the individuals involved. The individual becomes dependent upon the assistance, and never learns the self-sufficiency which is the key ingredient of personal dignity.

Needless to say, these programs are managed by poverty professionals who historically have seen poverty in terms of class struggle, instead of individual struggle. The philosophy of the managers has ranged from radical to benign, but the end result too often has been a kind of politicalization of the participants, organizing them to win benefits through governmental redistribution instead of personal productivity.

The programs have also tended to place large sums of money in the hands of people who lack managerial experience or personal integrity. I need only refer to the GAO report of April 4, 1973, which found that in 63 percent of the programs there were significant deficiencies in the financial operations. These deficiencies included inadequate controls over cash, payroll, travel expense, procurement, consultant services, and property. In 8 percent of the cases, misappropriations of funds had occurred which were directly traceable to improper management controls.

Doubtless, tighter controls can be instituted, and more careful auditing procedures, but such problems are inherent in a system that puts vast sums of money in the hands of people who are unaccustomed to the responsiblity of handling large sums of money. Thus the more money which is appropriated, the greater the chances of fraud. There should be a thorough review of present programs.

There is no need for me to go into the fraudulent use of Federal funds for political purposes and political organizing. Of course, I do not mean such blatant excesses as helping political candidates directly, but there is a lot of political activity that passes under the name of "education," "group organization," "lobbying," and so forth. We went into these problems many times on the Senate floor in the discussion of the Legal Services Corporation bill. The problem is trying to draw the fine line between "personal activity" of people who are supported directly or indirectly by Federal funds, and "official activity." The scandal of the open lobbying for H.R. 14449 is a good example of what I mean.

Mr. President, with these general remarks, I would like now to go into some of the specific proposals of H.R. 14449.

Even a casual perusal of the content of H.R. 14449 points up many deficiencies in the bill. Today, I shall address myself to only a few of what I consider to be the most objectionable features of this piece of legislation:

First. Basic to H.R. 14449 is the continuation and expansion of OEO programs in the Federal Government. Under H.R. 14449, this is to be accomplished through a Community Action Administration, whose head is appointed by the President, confirmed by the Senate and is answerable solely to the Secretary of HEW. Located in HEW, the Community Action Administration is given overall responsibility for administering the Federal Government's myriad of poverty programs. As I stated earlier in this testimony, I cannot support what amounts to nothing more than the continuation of the Office of Economic Opportunity under another name.

Second. Not only are former OEO and other poverty programs extended and expanded under H.R. 14449, but the very same poverty professionals who maladministered those programs are guaranteed the opportunity to continue to do so under the new Community Action Administration envisioned by this bill. Here I speak of the provisions of sections 1142 and 1406. These sections give the assurance that the present OEO administrators keep their jobs, and that the grants will continue to give the same assurance to the more than 180,000 poverty professionals who staff nearly 1,000 local Community Action Agencies and other poverty programs across the country. They will simply transfer to the new Community Action Administration. It is almost as though their jobs never changed, Mr. President. This alone belies the claim of H.R. 14449 advocating that the bill abolishes OEO. All it does is abolish OEO in name. In truth, under H.R. 14449, OEO lives on—both in concept, application, and use of personnel.

Third. Title I of the bill sets up urban and rural Community Action programs. Under this title, in section 111, there is a provision which, frankly, betrays the way in which these programs are forced upon the States and localities without regard to local desires, needs, or consideration. Under section 111, where a State or local government does not want a Community Action program in its area, the Director of the Community Action Administration can designate that such a program be set up anyway. And further, in determining the geographical area to be served by a local Community Action agency, local geographical, and political subdivisions are ignored. Instead, the Director may supplant them with whatever type of area that he sees fit to recognize as the geographical basis for a local CAA. In doing so, he essentially is allowed to break up locally determined political subdivisions, thereby rendering less effective the required local political representation on each board and breaking down community cohesiveness.

Fourth. In structuring the local Community Action agency boards, the bill promoted the inclusion of poverty-interest organizations such as labor organizations, welfare rights groups, and other social activist organizations and gives them a prominent place in each board's composition. This is in addition to the required minimum one-third board membership which must come from the poor in the community. In other words, Mr. President, those with a vested interest in giving themselves more money or promoting their poverty constituency are placed in a convenient position to do so.

Fifth. The bill encourages the development of "neighborhood centers." Designed to promote child development, legal services, consumer protection, education, housing, and other social services now provided by other Federal and local agencies, these neighborhood centers, in essence, supplant elective local government. (Section 124)

Sixth. Operating from the premise that the only poor worth listening to are the organized poor, the act actually promotes such organizing by requiring that there be set up procedures to allow those "representative groups of the poor who feel themselves inadequately represented" to petition for "adequate" representation on local boards, in local decisionmaking processes, and so forth. (Section 112)

Seventh. Each CAA, already one step removed from the Federal bureaucracy and the congressional restrictions placed on Federal employees, may delegate duties to other agencies and nonprofit groups—even further removed from governmental scrutiny. Under the act, each local CAA is not subject to the same restrictions on activities—including political activism—that apply to Federal employees—because CAA's are defined as private, nonprofit State and local groups—and CAA delegate agencies and nonprofit corporations are even further removed from such rules and scrutiny under this act. They are, thereby, even less accountable to the public. (Section 113)

Eighth. Legal prohibitions on CAA-sponsored advocacy on the part of the poor apply only to picketing, protest, and other forms of direct action which are "in violation of the law." Otherwise, such activities, funded by the CAA, are permissible and tacitly approved. Since laws against such forms of "advocacy" are virtually nonexistent, this is an ineffective provision and, in essence, condones such action—which amounts to little more than direct political action funded with Federal dollars. (Section 114)

Ninth. Each local CAA is called upon to "encourage the establishment of housing development and services organizations" to promote nonprofit, cooperative and public housing groups in their efforts to secure more Federal funds for housing—all in competition with private housing industry efforts. (Section 115)

Tenth. Each CAA is given authority—and the leverage to exercise that authority by use of Federal funds—over a wide and diverse number of aspects of the personal lives of the poor, including: Family planning; housing; making better use of their income; providing a suitable living environment; education; obtaining loans for personal needs; making more frequent and effective use of other Federal poverty programs—even to a mandate to "remove obstacles and solve personal and family problems." (Section 121)

Eleventh. Under section 122 entitled "Special Programs and Assistance," a rural housing development and rehabilitation program is set up. Under the provisions of this section, all funds are provided to a nonprofit rural housing development cooperative or corporation, which, in turn, dispenses funds to local low-income rural families to aid in home repairs, construction, et cetera. Loans given under this section can be used to supplement existing Federal loan programs. (Section 122)

Twelfth. The Director shall make grants, et cetera, to aid in consumer advocacy; promote consumer action activities and cooperative programs; and aid in developing means of enforcing consumer rights, developing consumer grievance procedures and presenting consumer grievances. (Section 128)

A number of already existing Federal agencies and programs deal with these areas. The setting up of additional bureaucracies to handle consumer problems, as this provision envisions, is unnecessary.

Thirteenth. In section 133, the act gives the Director a virtual free hand, a carte blanche, to fund anything he wants. His power is to provide assistance to any public or private nonprofit agency designed to serve groups of "low-income individuals who are not being effectively served by other programs under this title."

I have already discussed the numerous charges and proven instances of mismanagement of funds and outright fraud that existed in past poverty programs. This nebulous and vague grant of authority is an open invitation for more of the same.

Fourteenth. In carrying out the provisions of the act, the Director of the CAA is required to submit to the Governor of each State for his approval all CAA programs affecting his State or any locality therein. If, however, the Governor rejects the plan, the Director of CAA still can implement it upon finding on reconsideration by him that the program "is fully consistent with the provisions and in furtherance with the purposes" of the act. What sort of "federalism" feature is this? (Section 142)

Fifteenth. The term "financial assistance" is defined to include funds to provide a "reasonable allowance" for attendance at local CAA board meetings, et cetera. This provision was needed, it seems, to induce individuals to attend those meetings because attendance there is constantly low—and a source of anti-CAA criticism. (Section 144)

Sixteenth. Under the same section, while family planning is supported as a positive goal, no money is to be used for medical assistance and supplies in cases of abortion, though nothing is said about the use of CAA funds for abortion referral services (Section 144). A strong mandate against the use of CAA funds for all activities incidental to the performance of an abortion is needed if the bill is to be true to the obvious intent of this section.

Seventeenth. Also in section 144 is a provision that, at first glance, seems to be a welcome one indeed. Here, the act provides that no more than 15 percent of the funds expended can be used for administrative costs—though the Director can waive this provision also. What is not laid out here is the provision, found later on in the act, that in determining administrative costs, salaries of employees shall not be included. Since one of the crucial arguments against extension of the EOA of 1964 is that nearly 80 percent of the money expended by OEO goes for salaries, this legislative sleight of hand was necessary to assuage critics who were too superficial in their analysis of the bill to understand the subterfuge perpetrated on them.

Eighteenth: In the area of "Special Programs To Combat Rural Poverty"—section 212—the Director is authorized to make loans having a maximum maturity of 15 years in an amount not to exceed $3,500 per family—but only if the family cannot receive Federal assistance anywhere else. The potential for political use and bureaucratic abuse in a program of this nature, is, to say the least, evident. And the risk involved of loaning any amount of money to a family whose income is so low that it cannot qualify for other Federal loan program is great. (Section 212)

Nineteenth. Not only does the act deal with HEW and Labor Department approaches to the war on poverty, but also in sections 302, 304, and 307, it extends the war to the Small Business Administration, where the Administrator is authorized to give 15-year, $50,000 loans to, among others, small businesses whose sole criterion for obtaining such a loan is the fact that it is owned by low-income individuals; or is in an area with a high proportion of unemployed or low-income individuals. Furthermore, the Administrator of SBA is empowered and directed to help insure that small businesses so funded are given preferential help in obtaining lucrative Government contracts.

Twentieth. The Director is empowered to set up as many demonstration projects as he feels are necessary, to hire as many advisory committees—at $138 per person per day—as he feels he needs, and to use research and development projects as he sees fit. Recently fired OEO Director Alvin Arnett said in testimony before the House Subcommittee on Equal Opportunities that he envisioned the poverty program as a prod to assure poverty focus in other Federal programs; and further, that he saw R. & D. work of CAA as essential to the advocacy role of the Federal poverty program. It is this advocacy role that I have objected to already in this testimony.

In conclusion, Mr. President, I see little which can improve this legislation, because its basic concept is awry, and is prejudicial to the best interests of the poor. If any of the individual community service projects are doing an outstanding job, and are thoroughly integrated into the local political structure and local decisionmaking, then those programs should continue. But if they are doing such a good job for the community, then the community should support those programs.

What I recommend therefore, is an orderly transfer to support by local resources. The only legislation which this body should consider passing, in my view, is legislation authorizing a transition of programs now offered under the Economic Opportunity Act of 1964, as amended, to those State and local governmental entities which express a desire to sustain and fund such programs on a local basis.

The amendment which I offer today will allow time for communities to select the local programs which they feel are good programs, and integrate them into local finances. The marginal programs should be dropped. With the economy in its present condition, and the continuing fiscal crisis of the Federal budget, this is no time to go into a program which will cost more than a billion dollars a year. We ought to be cutting down, not increasing spending. And the best judges of the local projects are those who are in closest proximity. A transition program will allow for the orderly transfer of the best programs.

Mr. President, I reserve the remainder of my time. I suggest the absence of a quorum, and I ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I yield myself such time as I may require.

Mr. President, I wish to say for the record that I intend to ask for a rollcall vote on my amendment. I realize that there are not enough Senators on the floor at the moment to get a sufficient second, but I would ask the leadership to safeguard my desire that there be a rollcall vote, and I shall ask for the yeas and nays at an appropriate time.

Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HELMS). Without objection, it it so ordered.

TRADE REFORM ACT OF 1974

AMENDMENT NO 2027

Mr. HARRY F. BYRD, JR. Mr. President, I send to the desk an amendment to H.R. 10710, an act to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes, generally known as the trade reform bill. I shall read the amendment into the RECORD, and ask that it be printed. It reads as follows:

> At the appropriate place in the bill, insert the following new section:
>
> SEC. . LIMITATION ON CREDIT TO RUSSIA.
>
> After the date of enactment of the Trade Reform Act of 1974, the Export-Import Bank of the United States shall not approve any loans, guarantees, insurance, or any combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of $30,000,000, without prior Congressional approval.

I ask unanimous consent that the amendment be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. HARRY F. BYRD, JR. I ask unanimous consent that in the event that cloture should be invoked on the trade bill, this amendment be considered to meet the reading requirement of rule XXII.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. NELSON, I yield myself 1 minute on the bill.

TRADE REFORM ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, under rule XXII, the Standing Rules of the Senate, once cloture has been invoked on a measure or matter, no dilatory motions, no dilatory amendments, no amendment must remain—no dilatory motion, no dilatory amendment, or no amendment will be in order, unless it has been presented and read prior to that time. Furthermore, no amendment not germane will be in order.

I have no objection to Senators asking unanimous consent that amendments be presented and considered as having been read so as to meet the requirements of the rule in that respect, but I shall object to any request that any amendment to any bill be considered as having met the germaneness requirement in the event cloture is invoked.

I would hope that Senators who are on the floor, and that the Chair, or whoever may be sitting in the Chair, may be advised by the Parliamentarian that if I am not on the floor, I want somebody to object, if it has to be the Chair in his capacity as a Senator to object, to the waiver of the germaneness requirement under rule XXII.

Mr. GRIFFIN. Will the Senator yield for a brief statement to indicate my complete agreement.

Mr. ROBERT C. BYRD. Mr. President, I yield myself 1 minute additionally.

Mr. GRIFFIN. I merely wish to indicate my complete agreement, and I know I speak for the minority leader. We will certainly be diligent on this side to see that that viewpoint and that understanding is complied with.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. LONG. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. LONG. Mr. President, I regret very much that we will find it necessary to file a cloture petition the same day we bring up the trade bill.

This is something that I would never do except right at the very end of a session where it is now or never.

Now, this bill has been worked out by the administration and by the best minds that this Nation could generate on trade and business matters and intergovernmental relations and it is a product of 3 years of hard work.

The House worked on this bill diligently as a priority matter for a year and the Senate committee has worked on this bill almost as long itself.

I am rather proud of the work that the Senate committee has done. I think the Senators will approve it when they read it.

I do not know of any bill in the trade area where power is delegated that reserves more power in the Congress to disagree in the event we do not agree with what the President has done as our representative. But although this bill mustered for a unanimous vote of the commitee, and although I gather on final passage it must promote a vote of at least 80 percent of this body, this bill cannot become law if we insist on adding amendments—which I very much approve of.

In other words, if we add an amendment on increasing profits the oil companies are making overseas, if we add to this bill amendments that would deregulate the new gas discovered hereafter, if we add amendments that would implement what the Senate has already voted to do in the area of the cargo preference bill, or such as wanted to add to the consumer protection area, various and sundry other measures have been considered and could muster a majority vote but not necessarily to shut off debate, then the bill simply has no chance.

Senators know, and I know because I have done it myself, that this late in a Congress, the defense has all the advantages.

Just one or two Senators can prevail, with full right of debate. In fact, I think we have at least one or two in this body right here. I could nominate two I am looking at who have the capacity——

Mr. HUMPHREY. Who is the Senator looking at?

Mr. LONG. Have the capacity to talk from now until the Congress goes home and——

Mr. GRIFFIN. That was three.

Mr. LONG. In fact, it has been suggested I should nominate three or four more who are here at this moment.

Therefore, Mr. President, knowing how it can be done this late in a Congress, I am convinced we will not be able to pass this bill if we add to it all the amendments I would like to see added to this bill, or all the amendments that a majority of the Senate would like to see added to the bill.

As chairman of the Committee on Finance, I want to assure all Senators that on any measure within our jurisdiction insofar as I can I will cooperate and try to help the Senator bring his measure to a vote and obtain the judgment of the Senate and seek to get the House to go along with it.

We do have some House-passed revenue bills that we could call up for that purpose, if the Senate will let us do that.

But it is obvious that any amendment which would generate such lengthy debate that it would prevent the amendment from being added to any bill would do the same thing to this bill. Prolonged debate would see that the bill does not come to a vote. Some Senators are sufficiently candid with me to indicate that they really do not care whether the bill passes or not. They would just as soon see it fail. Therefore, they think it is far more important that they offer their amendment and if the bill goes down the drain, so much the better. They will come back and fight the whole matter again next year.

But if we do not pass this bill in this Congress, Mr. President, a great number of nations in this world will be badly disappointed. The credibility of this Nation is now at stake. We have been talking about trade negotiations with our friends around the world for 2 years. If we do not eventually get some authority to negotiate with those people about trade matters the entire world is going to be very sadly disappointed in the United States by building up their hopes that they would try to work out good rules of fair trade and mutually beneficial exchanges of goods and services.

I simply have no doubt that we will be sorry we did not pass the bill.

I also fear—I do not fear, but I know for a certainty—that this Congress will be condemned if it fails to pass this bill.

Mr. STENNIS. Will the Senator yield a half minute for a friendly question?

Mr. LONG. Yes.

Mr. STENNIS. I am told by some of my colleagues that we do not need this bill; that we have not had one since 1966, I believe, and we are using the Export-Import Bank bill instead and serving the same purpose. What is the Senator's answer to that, briefly? I do not want to take too much time.

Mr. LONG. The Senator is not correct. There are a hundred things in this bill which deals with trade negotiations. Let us take one example.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROBERT C. BYRD. Will the Senator yield some time from Mr. HELMS' allotment on the bill?

Mr. HELMS. On the bill, yes.

Mr. LONG. Will the Senator yield 5 minutes?

Mr. HELMS. Yes.

Mr. LONG. To take one example, our balance of payments are in very bad shape. Our balance of trade is in bad shape. Unfortunately, the way the books are kept, if they made a small profit, what they really did was to lose $5.5 billion. That is something we tried to straighten out in this bill.

To save this Nation's fiscal and monetary position in the world, it might be necessary to do what President Nixon and Secretary Connally did when they declared a surtax on imports coming into the United States.

The courts held that they did not have the power to do that, though we all agree that they should have the power. So the bill says if the President finds it necessary to protect the fiscal and monetary position of this Government, our balance of payments and our balance of trade, he can declare up to a 15-percent across-the-board surcharge on all commodities coming into the United States, or he has additional power, which he does not have now: he can pinpoint any particular nation.

If it is Japan, Germany, or Canada which is not cooperating with us, instead of putting a surtax on all commodities from all nations, he can say, "All right, on all imports from that nation, a 15-percent surtax."

That power is needed. I am positive that the Senate would want to vote for it. The President would have the power to protect the solvency of this Nation, to protect our balance of payments, and our liquidity. But he does not now have it.

That is one example that is involved in this bill.

In addition to that, he does not now have tariff-cutting powers, but it is in the bill.

In many cases we have given people all sorts of advantages and they have not done what they were supposed to do. Unfortunately, the way the law stands now the President has no power to react to that, to say, "You broke your word, you victimized us, you are trying to crucify this country" so to speak "in our trade relations, so you will not get the advantages you have been getting."

As it stand, he does not have that power, but he will have it in the bill. In other words, to negotiate with Uncle Sam, on somebody who has been giving Uncle Sam the raw deal, you will have to raise the tariffs and start working from there. This bill gives him that authority.

On page after page one sees the authority the President needs to negotiate tariff reductions, to make arrangements with foreign powers, and also to protect this Nation's interest.

In many respects, the bill could be called a protectionist measure, while in many respects it could be called a free trade measure. It gives the President the power to move either way.

This bill, more than any bill that has ever been passed by the Congress, puts the ultimate power right here in the Congress. All of these trade agreements have to come back to the Senate and the House of Representatives and be agreed to affirmatively by both the House and the Senate, by a majority vote.

So this trade bill will protect the powers of the Congress. It will protect the constitutional prerogative of the Congress to be the final judge in trade matters more than any trade measure that has been presented to this body, or passed by the body, since the turn of the century.

Mr. HUMPHREY. Will the Senator yield?

Mr. LONG. I yield.

Mr. HUMPHREY. In other words, if an agreement were negotiated which the working people of this country felt was detrimental to their interest—the trade unions, for example—before that agreement can become effective it has to have an affirmative action vote on the part of the two Houses of Congress?

Mr. LONG. The Senator is exactly correct. It must be voted affirmatively in the Senate and also in the House of Representatives.

We have a procedure to expedite it. There is a sort of cloture arrangement so after a certain number of hours we will vote.

Mr. HUMPHREY. Yes, but the ultimate decision still rests with the elected representatives of the people?

Mr. LONG. That is correct.

Mr. HUMPHREY. Let us say the International Union of Electrical Workers, which feels very strongly about the flood of imports from low-cost labor countries abroad, imports which come in here to try to take the jobs of American workers, if they could build a good case that that was the fact, then the House of Representatives and the Senate would be able to hear that evidence and make a decision one way or the other, is that correct?

Mr. LONG. That is correct. It requires that there be a majority vote in both the Senate and the House of Representatives. We have the right to say yes or no. We do not have the right to say maybe.

The PRESIDING OFFICER (Mr. HASKELL). The Senator's time has expired.

Mr. BENNETT. Mr. President, I would like about 2 minutes.

Mr. HELMS. I yield 2 minutes to the Senator on the bill.

Mr. BENNETT. I thank my friend.

As the ranking minority member of the Finance Committee, I wanted to make the record very clear that I completely support the position taken by the chairman of the Finance Committee. I hope the Senate will realize the importance of this trade bill and the vital necessity of getting it passed in this session. We do not want to spend another 2 years going back over all the steps that have been so painfully covered during these last 2 years.

I hope that the Senate will agree with the leadership and with the chairman of the committee, who I think worked out an effective way of getting this bill handled.

I would like to add my assurance that if we get the trade bill handled, there are bills that have been reported by the Finance Committee, or can be reported, so that tax proposals can have consideration, at least by this body, before the end of the session.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENNETT. Yes.

Mr. LONG. The Senator and I have informally agreed that if we can get a cloture agreed we would be happy to ask unanimous consent for any Senator to have the time required to explain his amendment. The real purpose of the cloture petition is to invoke the germaneness rule.

Mr. BENNETT. That is the understanding of the Senator from Utah. I agree with the Chairman.

Mr. President, I yield back whatever time I have remaining.

Mr. HELMS. Mr. President, I yield such time on the bill as the distinguished Senator from Virginia may need.

AMENDMENT NO. 2026

Mr. HARRY F. BYRD, JR. Mr. President, I send to the desk an amendment to H.R. 10710, the Trade Reform Act, and ask unanimous consent that it meet the reading requirements in the event that cloture is invoked. I also ask unanimous consent that it be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be received and printed, and will lie on the table.

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . LIMITATION ON CREDIT TO RUSSIA

After the date of enactment of the Trade Reform Act of 1974, no agency of the Government of the United States shall approve any loans, guarantees, insurance, or any combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of $300,000,000 without prior congressional approval.

COMMUNITY SERVICES ACT OF 1974

The Senate continued with the consideration of the bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, will the Senator yield me some time?

Mr. HELMS. Mr. President, I yield such time on the bill as the Senator may desire.

Mr. JAVITS. I thank the Senator.

Mr. President, this amendment would overturn the whole thrust of the bill as reported to the floor by the Committee on Labor and Public Welfare and, therefore, the entire commitment to deal with poverty. The amendment simply swallows the program alive, wiping out Federal support for OEO, community action agencies and programs and other vital efforts under the act.

There are still at least 24 million Americans in the poverty syndrome and many more in near poverty. While our bill would permit change through reorganization procedures this amendment would go at the program with a meat ax.

So the scheme of the committees legislation—which this amendment would eliminate — provides that beginning July 1, 1975, the administration may, on a reorganization plan basis, propose to transfer community action into HEW with safeguards, but giving Congress the opportunity, under the reorganization technique, by one House's action, to turn down that idea; in which case, a separate antipoverty administration would continue for the 3 years of this bill.

This will have to be reconciled with the House approach, which is more nearly the idea of transferring it promptly into HEW, although it has certain safeguards, even there.

We believe that in view of the fact that there has been a very firmly held position by the Senate in respect of the antipoverty program, we should approach conference with this strong bill and seek to maintain our position. For all of those reasons, Mr. President, I believe that the amendment should be defeated, and I hope that it will be defeated.

Mr. President, may I ask the condition of the time on this particular amendment, when we are ready to vote?

The PRESIDING OFFICER. On the amendment, there are 3 minutes left to each side.

Mr. THURMOND. Mr. President, I am pleased to be a cosponsor of this amendment along with the distinguished Senator from North Carolina (Mr. HELMS).

This amendment would phase out the Office of Economic Opportunity at the end of fiscal year 1976. The present level of funding for OEO will be continued for fiscal year 1975, and the funds for 1976 will be one-half of the present level. This would allow an orderly transfer of OEO programs to the community level.

Mr. President, I realize that some of these programs are more successful than others. The successful programs should be continued. However, the decision as to which programs to continue should be made by the community which is affected by these programs. This amendment would allow the members of a community an opportunity to select which programs, if any, they wish to continue and to include them in local financial planning. In this time of inflation, I feel it would be imprudent to authorize a program which will cost more than a billion dollars a year.

Mr. JAVITS. Mr. President, I wish to reserve the remainder of our time.

Mr. HELMS. Mr. President, the Senator from North Carolina does not desire to prolong this. He is willing to yield back the remainder of his time.

Mr. JAVITS. Mr. President, I do not know if I have it to yield back, but I shall take that much authority, to yield back the remainder of our time.

Mr. HELMS. I think the Senator is safe.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from Montana (Mr. MANSFIELD) is absent on official business.

I further announce that, if present and voting the Senator from Massachusetts (Mr. KENNEDY) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Virginia (Mr. WILLIAM L. SCOTT) are necessarily absent.

I also announce that the Senator from Illinois (Mr. Percy) is absent on official business.

The result was announced—yeas 21, nays 69, as follows:

[No. 525 Leg.]

YEAS—21

Bartlett
Bennett
Brock
Buckley
Byrd, Harry F., Jr.
Cotton
Curtis
Dominick
Eastland
Ervin
Fannin
Gurney
Hansen
Helms
Hruska
McClellan
McClure
Roth
Stennis
Thurmond
Tower

NAYS—69

Abourezk
Aiken
Allen
Baker
Bayh
Beall
Bible
Biden
Brooke
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Clark
Cook
Cranston
Dole
Domenici
Eagleton
Fong
Fulbright
Gravel
Griffin
Hart
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Long
Magnuson
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevens
Stevenson
Taft
Talmadge
Tunney
Weicker
Williams
Young

NOT VOTING—10

Bellmon
Bentsen
Case
Goldwater
Kennedy
Mansfield
Mathias
Percy
Scott, William L.
Symington

So Mr. Helms' amendment was rejected.

Mr. NELSON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATHAWAY. Mr. President, I have an unprinted amendment which I sent to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

On page 89, line 5, after "VII" insert a comma and the following: "VIII".

Briefly the purpose of this amendment is simply to prevent the delegation of the Director's authority over title VIII, the Native American programs, should CSA become an independent agency under the provisions of this bill.

I understand that the chairman of the subcommittee is agreeable to accepting the amendment.

Mr. NELSON. Yes. It is just a technical amendment to correct a mistake made by the staff. [Laughter.]

Mr. President, I have no objection.

Mr. HATHAWAY. Could the names of the staff people be put in the Record? [Laughter.]

The PRESIDING OFFICER. Does the Senator move the adoption of the amendment?

Mr. HATHAWAY. I move the adoption of the amendment, which will clarify the administration of Native American programs under CSA. I would just like to say at this time that ONAP is clearly committed to programs for all Native Americans, and rejects the artificial eligibility criteria which have been administratively imposed in other programs. It is important to assure that the administrative provisions for these programs be made clear.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. WILLIAMS. Mr. President, I wish to commend my colleagues on the committee, and most particularly the distinguished chairman of the subcommittee, as well as the Senator from New York and the Senator from Massachusetts for their efforts in reaching agreement and reporting this compromise bill from committee to amend and extend legislation creating an Office of Economic Opportunity. The Headstart, Economic Opportunity and Community Partnership Act of 1974 continues the important efforts begun 10 years ago by the late President Johnson to carry out "a war on poverty." It is particularly important that we continue these efforts now to assure that the poverty stricken of this Nation do not carry an unequal burden of our current economic problems.

Last week, the Department of Labor confirmed what we have known for some time, that unemployment increases are only at the beginning. Last month, unemployment reached 6.5 percent, up 0.5 percent since October, and the largest monthly increase since 1961. This figure did not include recently announced layoffs of major automotive industries, pointing toward a terrible situation for a large portion of the Nation during the winter months of 1974–75. Furthermore, statistics indicate that unemployment is greater for the poor, and in areas where the more than 20 percent of the population is poor, the unemployment figures are more than double the national averages.

Food, housing, and fuel costs together represent 82 percent of the increase in the cost of living. For those 24 million individuals living in poverty, these commodities eat up 40 percent more of the household budget than for the average family. And for those in poverty, there are no substitutions for lower-priced commodities, because there is nothing to substitute.

For 10 years now, the Office of Economic Opportunity, and programs run under the Economic Opportunity Act have represented a comprehensive response to the needs of the Nation's poor. Community Action Agencies, while once highly controversial, have become widely supported by State and civic leaders, providing an effective and unique mechanism for mobilizing resources to attack the problems of the poor in their communities.

These agencies have been successful, not only in stimulating and initiating innovative programs within their communities, but have represented a viable force in building the leadership capacity of poor communities and providing employment for individuals in need.

The legislation before us today provides for the continuation of these agencies, and takes important steps forward in establishing new programs which will assist poor communities. In summary, this legislation—

Extends the Economic Opportunity Act for 3 years.

Continues the Office of Economic Opportunity until October 1, 1975, and provides for the creation of a new independent agency, the Community Services Administration. After that date if the President has not submitted a reorganization plan, or if either House of the Congress disapproves the reorganization plan, community action agencies are transferred to the Department of Health, Education, and Welfare, and community economic development programs are transferred to the Department of Commerce.

Provides legislative authority for the operation of Headstart, Follow Through, Native American programs and research in the Department of Health, Education, and Welfare. Such programs are currently operated by HEW through a delegation agreement.

Retains the 80 percent Federal, 20 percent local share of costs currently authorized for community action programs.

Authorizes new programs for community partnership—incentive grants to stimulate local contributions to community action programs; Emergency Energy Conservation Service—designed to lessen the impact of the energy crisis on the poor through the winterization of dwellings, special transportation arrangements, et cetera; the summer youth recreation program—similar to the Neighborhood Youth Corps summer recreation program; and urban housing demonstration program—to encourage the maintenance and rehabilitation of abandoned and deteriorating housing.

Continues such programs as senior opportunities and services—SOS, the national summer youth sports program, the emergency food and medical service programs.

HANDICAPPED CHILDREN IN HEAD START

In the 1972 OEO amendments, I authored an amendment mandating that 10 percent of all enrollment opportunities in Head Start programs nationwide be available for handicapped children and that services be provided to meet the special needs of these children. I took this action after reviewing reports on the Head Start program which clearly indicated that the open enrollment policy of the Head Start program did not include children with substantial and severe handicaps on the same basis as other children. The Senate committee report filed with that legislation made clear that children with minimal handicaps were to continue to be enrolled in Head Start, and that only children with substantial handicaps "who by reason thereof require special education and related services" were to be counted for purposes of fulfilling this 10 percent mandate. The committee report further made clear that such children with substantial handicaps were not to be separated from other children in separate projects or classes.

The Department's second annual report on Head Start Services to Handicapped Children states that nationally

10.1 percent of all enrollment opportunities were available in 1973-74 for handicapped children. Yet, 35 percent of the handicapped children were reported to be those with speech impairments, and an additional 20 percent of these children had health or other developmental impairments. These figures raise serious question as to what proportion of this reported population meet the specific definition in the legislation. Furthermore, the interim report on assessment of the handicapped effort in experimental and selected other Head Start programs serving the handicapped, prepared by the Division of Special Education and Rehabilitation at Syracuse University further reported substantial confusion in the field over the definition of handicapped children and a resultant mislabelling or relabelling of children formerly served by Head Start programs as handicapped in order to meet the 10 percent mandate. The definition of handicapped children included in the 1972 amendments defines these children as those who are "mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special education and related services." This definition excludes children with correctable conditions who do not need further special services, or who will not require altered or additional educational services or support services.

The findings of the Syracuse study are important as they relate to the good faith efforts of many Head Start projects in fulfilling their responsibilities under the law. That report notes that there has been a change in the progress of enrolling handicapped children as a result of the mandate, and a movement toward the inclusion of severely handicapped children. The report further finds the open enrollment policies of Head Start programs in relation to the mandate for handicapped children to be a positive policy, and that for the most part projects have considered the mandate for enrollment of handicapped children as an important and necessary service to the community that they serve.

The House in their review of this program conclude with some hard words relating to the definition of speech and hearing disorders, the slow change toward the enrollment of more severely handicapped youngsters, and the lack of adequate assistance at any level from the Office of Child Development, the Office of Education, and other agencies which provide services to young children. The Committee on Labor and Public Welfare agrees with these views, and clearly sets forth what it believes should be the direction of the program in the next few years.

I authorized this amendment originally because of my strong belief in the Head Start program, and because of the great positive benefits that Head Start has provided to so many children. The open enrollment policy of the program and its commitment to serve the entire community with programs and assistance not often offered by a single project make it, like many of the OEO projects, unique and a significant contribution within any area. Yet the problems faced by handicapped children and their parents are exactly the reason why these children should be involved in Head Start and why the policies of Head Start should be clear with regard to helping these parents and their children. Handicapped children face closed doors, separate programs, and segregation at every step of their lives. Head Start has the wherewithal within every community to make a significant change in this process, and to assure these children the services and the assistance which they need. It is with this in mind that I urge in the strongest possible terms that the Office of Child Development take action to assure projects the assistance they need in carrying out this mandate, that the Office clarify the confusion in the definition of handicapped children so that it conforms with the law and the intent expressed in the two committee reports, and that the Office take action to assure cooperative agreements with other agencies which can assist local projects to carry out their mandate.

VETS

Proof of the effectiveness and uniqueness of the Economic Opportunity Act lies in the operation of one of the discretionary programs operated for the last 3 years, the Veterans Education and Training Service—VETS—project. Providing counseling and various social services for disadvantaged Vietnam veterans, this program has been effective largely because their problems are similar to those of the client community OEO serves. As pointed out by Paul O'Keeffe, mayor of Plainfield, N.J., the outreach and awareness project run by Plainfield proved successful when many other efforts had not because of the uniqueness of the effort and the particular understanding and sensitivity to the problems faced by these young men.

We face today an economic situation unparalleled in many decades of American history. Growing unemployment, continuing inflation and a stagnating economy. There is no question that this situation will more drastically effect the poor of this county than any other group. In my estimation, we have never needed an independent and vibrant Office of Economic Opportunity more than we do today with the problems which lie ahead of us, despite the fact that the White House and OMB may claim that there is no role to be played by this agency. Yet those programs which they claim will take its place have not demonstrated their usefulness nor their sensitivity to the problems of the poor. Perhaps today more than ever the poor need an independent and active voice without the bias that other agencies may carry with them. Just a short time ago, the Senate Intergovernmental Relations Subcommittee, examining the use of revenue-sharing funds, pointed out that less than 3 percent of these funds went to services to the poor. And Sar Levitan in reviewing the new manpower legislation, states:

> You need a strong Federal presence and national leadership. Otherwise, the problems of the poor get swept under the rug. We forget we have poverty if no one reminds us. If you don't burn the cities, how do we know they're there?

We have not yet won the war on poverty. With the present economic situation, it is not even clear that we can "see the light at the end of the tunnel." Ten years after Lyndon Johnson declared a war on poverty, we have a history of a program before us which is unprecedented in this country's history: OEO proposed to put the leadership of the poor within the poor community itself, and has demonstrated overwhelmingly that this kind of an effort can be successful. I believe that this effort must be continued, and that it must be continued independently as a strong and vibrant voice within the Federal Government.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter addressed to me by Mayor Paul O'Keeffe of the city of Plainfield, N.J.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PLAINFIELD, N.J.,
August 14, 1974.

Hon. HARRISON A. WILLIAMS,
Old Senate Office Building,
Washington, D.C.

DEAR PETE: It has been brought to my attention that there is currently being discussed at the Senate level a National Veterans Outreach Program. Currently, a Veterans Education Training Service (VETS) has been operating in just thirteen cities in conjunction with the National League of Cities.

We are very anxious to see this kind of program bring information that can help the veterans, particularly the Vietnam War veterans, so that they are made aware and are able to take advantage of the various programs and services that would be helpful to them.

As you may know, we in Plainfield ran a "Veterans Day" which was well publicized and in which we received the cooperation of many different agencies. Because of the weather the turnout was low, but we did uncover a fair number of veterans who had problems and we were able to serve them. Unfortunately, this was a one-day session in February.

Any support you can bring to this particular pending legislation, which I believe is presented by Senator Jackson and is intended to be an amendment to H.R. 14449, would be appreciated.

Cordially,

PAUL J. O'KEEFFE,
Mayor.

Mr. JACKSON. Third reading.

The PRESIDING OFFICER. The bill is open for further amendment. If there be no further amendment that should be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. JAVITS. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. According to the unanimous-consent request, this measure will now be voted on Friday morning at 10:30; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. Mr. President, are the yeas and the nays in order?

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and the nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I take it that all time has been yielded back or has been consumed on the bill?

The PRESIDING OFFICER. All time has not been yielded back on the bill.

Mr. ROBERT C. BYRD. Will the Senators yield their time back on the bill?

Mr. JAVITS. I yield back my time.

Mr. NELSON. I yield back my time.

The PRESIDING OFFICER. All time is yielded back on the bill.

(Later in the day the following proceedings occurred:)

Mr. HUMPHREY. Mr. President, earlier today we had the third reading of H.R. 14449. I want to make a unanimous-consent request. By the way, the purpose of this request, I will explain, is simply to make a technical amendment in this bill which has been cleared with the minority and with the majority, and with the manager of the bill.

So. Mr. President, I ask unanimous consent that the order for the third reading of H.R. 14449 be vitiated.

The PRESIDING OFFICER (Mr. ABOUREZK). Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, I send to the desk an amendment to that bill.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> **On page 72, line 11, strike all of subsection 731 c (2) and insert in lieu thereof the following new subsection;**
>
> **"(2) The Rural Development Loan Fund Shall Consist of the remaining funds provided for in Title III A of the Act and Such Amounts as may be deposited in such Fund by the Director out of funds made available from Appropriations for the purposes of carrying-out this part. The Director shall utilize the services of the Farmers Home Administration in Administering the Fund."**

Mr. HUMPHREY. All this does is simply say that the fund which is in the bill will merely be administered by utilizing the services of the Farmers Home Administration. This is to prevent duplication of bureaucracy. It is to utilize the Farmers Home Administration which is on the job and has been there for some 35 to 40 years.

I have cleared this with the distinguished Senator from Wisconsin (Mr. NELSON), and I have spoken to the distinguished assistant Republican leader, the Senator from Michigan (Mr. GRIFFIN), and the assistant majority leader, (Mr. ROBERT C. BYRD).

The PRESIDING OFFICER. Is all time yielded back on the amendment?

Mr. NELSON. I believe the ranking minority member, Mr. JAVITS, agrees to this.

Mr. HUMPHREY. Yes, he agrees, too. So, Mr. President, I move the adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I ask that the text of the amendment be printed at the appropriate place in the RECORD relating to this bill, H.R. 14449.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time. The bill (H.R. 14449) was read the third time.

Mr. HUMPHREY. May I express my thanks again to the able Senator from Alabama.

Mr. ALLEN. I am delighted to yield to the distinguished Senator for that purpose.

RESUMPTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the resumption of the transaction of routine morning business with statements limited therein to 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRADE REFORM ACT OF 1974—AUTHORITY TO OFFER CLOTURE MOTION TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order at any time during today to offer a cloture motion on the trade bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, if no Senator desires recognition, I ask unanimous consent that the Senate go into recess awaiting the call of the Chair, with the understanding that the recess not extend beyond the hour of 1:30 p.m. today.

There being no objection, the Senate, at 12:41 p.m., recessed, subject to the call of the Chair; whereupon, at 12:42 p.m. the Senate reassembled when called to order by the Presiding Officer (Mr. HASKELL).

RECESS UNTIL 1:30 P.M.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until the hour of 1:30 p.m. today.

There being no objection, the Senate, at 12:43 p.m., recessed until 1:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. NELSON).

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, has any provision been made for the division of time during debate?

The PRESIDING OFFICER. Under the previous order, the hour of 1:30 p.m. having arrived, the Senate will now proceed to the consideration of the amendment by the Senator from North Carolina (Mr. HELMS) to H.R. 16900, which the clerk will report.

There are 2 hours of debate on the amendment.

The assistant legislative clerk read as follows:

> **At the end of the amendment, strike the period, and add the following: "upon a determination by a court of the United States that such discrimination exists."**

Mr. ROBERT C. BYRD. Mr. President, what provision was made for the division of time?

The PRESIDING OFFICER. There was no provision made for the division of the 2 hours.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time be equally divided between Mr. ALLEN and the Republican leader or his designee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I yield myself such time as I may use.

Mr. President, we have before us the supplemental appropriations bill. It is a bill which appropriates $8,659,352,078. Every bit of the conference report has been approved except for one amendment, amendment No. 17.

To give a history of what has happened with respect to this bill, H.R. 16900. It started out as the number indicates in the House of Representatives. The House, by an overwhelming majority, provided that as to the school funds that were appropriated under the bill, "none of these funds should be used to compel any school system, as a condition for receiving grants and other benefits from the appropriation, to classify teachers or students by race, religion, sex, or national origin or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin."

Then it went on to add an additional clause—

> Or to prepare or maintain any records, files, reports or statistics pertaining to the race, religion, sex or national origin of teachers or students, notwithstanding any other provisions of law or any requests by any agency of the Federal Government.

Now, that bill passed and came to the Senate. The Senate, as is the custom, knocked out all after the enacting clause and substituted its own bill, and the bill, in effect, constituted 85 separate amendments to the provisions of the House bill.

Mr. President, as I stated, the Senate bill made 85 amendments to the House bill. One of those amendments was, in effect, to eliminate the so-called Holt amendment contained in the House bill.

The conference was appointed, the conferees met, and reached an agreement on a conference report, and reported in disagreement, in technical disagreement, some 37 amendments. Most of those merely required House action. The House has taken the necessary action on the conference report and on the amendments in technical disagreement.

There were eight amendments in technical disagreement requiring action by the Senate. Action has been taken in the Senate with respect to the conference report and to the remaining amendments in technical disagreement, with one exception, and that is amendment No. 17.

It would take only a matter of 2 or 3 seconds to pass this tremendous bill and to send it to the President.

Embraced in amendment 17, I might say, though no fight is directed on that, are some more than $4 billion additional funds for elementary and secondary schools.

Now, the Senate has passed the conference report and has passed seven of the eight amendments that were in disagreement requiring Senate action.

Now, what did the conferees do with respect to the Holt amendment?

The **PRESIDING OFFICER.** The Senator will suspend until the Senate Chamber comes to order.

The Senator may proceed.

Mr. **ALLEN.** What did the conferees do, consisting of Members from the House and the Senate?

I notice that 14 members of the Senate conferees signed the conference report. What did they do with respect to the Holt amendment?

Well, they cut it half. It is half of the Holt amendment as it comes to us at the present time.

The only thing standing in the way of final approval of this bill is the insistence by the distinguished Senator from Pennsylvania (Mr. Hugh Scott) on an amendment that would scuttle the agreement of the conferees as to the ultimate language in the Holt amendment, and the intent of such language.

At the conclusion of the debate that has been set at this time, I will make a motion to table the Scott amendment. That is all that is standing in the way of final approval of this entire package.

Mr. President, when I said that the conference report had been approved and that the seven amendments requiring Senate action had been approved, one would think that the conference report then would become law without action on the remaining amendment in technical disagreement. That is not correct.

Until there has been final agreement, final action by both houses on all of the amendments in technical disagreement, the conference report is not ready to go to the President for his signature.

So this amendment by the distinguished Senator from Pennsylvania (Mr. Hugh Scott), which would seek to scuttle the half of the Holt amendment still left in the bill is holding up the passage of a tremendous bill providing some $8 billion for necessary operation of the various departments of Government, including the more than half of that sum being for the public schools.

So by the insistence by Mr. Scott on his amendment, this bill is being held up.

Mr. President, when I speak of amendments being in technical disagreement, that does not mean that the conferees did not agree on the wording of the amendment that it recommends be adopted by both Houses.

When 4 conferees met, they resolve as many of the issues as they can and put such agreement in the conference report, then they can reach agreement in other areas, but for technical reasons, rules of germaneness in the House, they are not able to agree on all of the amendments.

So what do they do? They sit down and prepare a blueprint for the handling of the amendment by both houses to get agreed language adopted.

So the amendment in technical disagreement, amendment No. 17, is not in actual disagreement. The conferees agreed on the wording and they provided that the House would recede from its position and adopt the Senate amendment with an amendment, the amendment being to cut the Holt amendment in half, and it was provided that the manager of the bill, the distinguished Senator from Arkansas (Mr. McClellan), chairman of the Appropriations Committee, would make a motion to concur in the action of the House.

That motion was made, and if the amendment by the distinguished Senator from Pennsylvania had not come in, it would have passed and the bill would already be before the President.

What is left in the amendment after making this tremendous appropriation to the schools, over $4 billion:

> *Provided further*, That none of these funds shall be used to compel any school system as a condition for receiving grants and other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin, or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin.

Now, what is wrong with that provision? Why should that not be law?

So the House on two occasions has voted for the Holt amendment, or the remaining half of the Holt amendment, that which remains.

Now, Mr. President, what the conferees representing the House and the Senate agreed to drop was this phase of the Holt amendment where it says that none of these funds shall be used to compel local school systems to prepare or maintain any records, final reports, or statistics pertaining to the race, religion, sex, or national origin of teachers or students, notwithstanding any other provisions of law, or any request by an agency of the Federal Government.

Now, that was dropped by the conferees.

Then when the House took the action receding from its position and accepting the Senate amendment, which was a blank, by the way, on that subject, and adding only half of the Holt amendment, they had another big fight there in the House and by a large majority the House said, "Yes, let us go ahead with the half of the Holt amendment that is left," and they did.

So really, part of the meat has been taken out of the Holt amendment by action of the conferees.

Now, Mr. President, this is not just an amendment that somebody, right before the bill passes, sticks in and gets adopted.

This is an amendment that has been considered by the House on two occasions. It has been voted on in full on one occasion and half of it on the next occasion. It has been considered here in the Senate, and by a seven-vote margin it was turned down. Then it was considered by the conferees on the part of the House and on the part of the Senate. An agreement was reached, certainly on the part of 14 of the Senate conferees. I believe the Senator from New Jersey (Mr. Case) and the Senator from Massachusetts (Mr. Brooke), did not sign the report. But as I see, counting the names, I believe the remainder of the conferees, 14 in number, did vote for the half of the Holt amendment that remains in the bill.

So, Mr. President, it is important that we table the Scott amendment because if it is passed this matter has to go back to the House. The only way to retain the bill here in the Senate until we get final passage of it, which would take only 2 seconds, as I stated, is to vote down the Scott amendment which seeks to send it back to the House for further action.

Mr. President, the House is getting tired of this business of legislation being sent over from the House, doctored up in the Senate, and sent back over there to take it or leave it. Conferences between the two bodies, it would seem to me, would indicate that at this time, after all the consideration that has been given to this amendment, we need to give approval to what the conferees have done, and, by voting to table the Scott amendment we do give approval to the work of the committee.

The committee recommends that we concur in the action of the House.

On page 8 of the conference report, after saying what the House was going to do, and it has already done it, and saying what the amendment is going to do, they end with this sentence—

> The manager on the part of the Senate—

The distinguished Senator from Arkansas (Mr. McCLELLAN)—

> will move to concur in the amendment of the House to the amendment of the Senate.

The conferees have agreed on this. It has the backing and the prestige of the conference committee. This is not just something that somebody cooked up on the spur of the moment and stuck in the *bill.*

By the way, something was said here in the Chamber yesterday, I believe, by the distinguished Senator from New York as to this not being an antibusing amendment. The legislative history of the amendment will show that the House thinks it is an antibusing amendment.

Mrs. GREEN was talking about it on page 38185 of the December 4, 1974, RECORD.

This is Mrs. GREEN, of Oregon, speaking about the Holt amendment:

> What is the Holt amendment? First, the Holt amendment is an effective antibusing amendment.

Well, that is the legislative history over there in the House. That is analyzing it.

We do not need the legislative history to determine whether it is an antibusing amendment. They cannot use these funds being appropriated to compel any school system, as a condition for receiving grants and other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin.

Why should a school system be classifying students by race? I thought we were supposed to be color blind, as required by the 1954 decision, and I feel that we should be.

This Holt amendment would say that HEW cannot say:

> All right, you are entitled to such and such a grant to help you with your school system. We are not going to give it unless you classify all of your students by race, religion, sex, or national origin.

Should local school systems be required to do that?

Here is the antibusing feature, or this is the requirement for busing: They cannot use any funds, the amendment says, to require a local system, as a condition of receiving any grant or any funds, to assign teachers or students to schools, classes or courses by reason of race, religion, sex, or national origin.

If that would not imply busing, I do not know what would. That is where busing comes in, where they can assign students to distant schools.

How are they going to get there? If you assign a student from his neighborhood school to a school over 30 miles away, how is he going to get there unless you order busing?

Mr. President, it is interesting to note from where the opposition to an amendment of this sort comes. It comes from areas such as New York and Pennsylvania where they have not paid any attention to the 1954 decision of the Supreme Court, where they have more segregation in the school systems today than they had back in 1954.

Let us see what Mr. Weinberger has said on this subject. I read from the CONGRESSIONAL RECORD of September 9, 1974, Mr. Weinberger being quoted in an article in the Philadelphia Inquirer of September 7:

> In the North, Weinberger said, Federal civil rights enforcers often can achieve better results by convincing local school boards to design plans with the necessary public support than by going in with a blunderbuss, taking away their Federal funds, and putting them in the frame of mind and attitude in which they would make no effort to try and comply with the law.

So he said, in effect—paraphrasing him—we cannot withhold funds in the North. We have to reserve that right for our Southern school system because that is pretty effective.

This is not a direct quotation, but it is an article in the Philadelphia Inquirer.

I wonder if Senator SCOTT has read this. When he arrives in the Chamber, I will inquire if he read this article in the Philadelphia Inquirer.

> The threat of Federal funds cutoff used to whip Southern schools into line frequently would produce more rather than less desegregation in the North, he said in an interview.

So on this little practice, the withholding of Federal funds—and this is an item commenting on Secretary Weinberger's statement on this matter—he said, again paraphrasing him, We cannot force desegregation of the northern school systems. The people complain about it. There is opposition to it. We cannot do it. So we have to reserve the rights we have to club these southern systems into compliance.

That is what the Holt amendment seeks to wipe out. It does not prevent the Justice Department from going into the Federal court and showing that discrimination exists and getting up a plan of desegregation. They still can do that if there is discrimination.

What this amendment says is that the HEW cannot say to a system—we see here that they are talking about Southern systems, and I will comment in a moment on what the NAACP thinks about the North and South record of compliance—"We are going to withhold these funds if you don't get in line."

This article indicates that Secretary Weinberger is using that little ploy in the South and not the North because people in the North do not like that. They would become wroth, they would become angry, if tactics of that sort were used.

Mr. President, I do not believe that in the closing days of this session we want to send back to the House this bill, as the Scott amendment would do, and say, "Look, we do not like this amendment that you have here. The conferees agreed to compromise it, and they cut it in two, just left half of it, but that is too much. We want to scuttle that."

How do Senators think the House is going to feel about that, after having twice voted for the Holt amendment in full or in part? I think there is a mighty conference, that we are going to end up is adopted and this bill goes back to good chance, if the Scott amendment with no bill whatever. I think there is a very splendid chance of that.

On the other hand, if we can table the Scott amendment by such a vote as would indicate, "Do not come back with any more scuttling amendments; do not come back with any amendment that will require this matter to go back to the House for further action," I believe we can then pass the bill in a matter of 2 seconds. If the amendment were defeated, the question would recur on the motion of the Senator from Arkansas to concur in the House amendment. The Presiding Officer would pound his gavel, and the bill, providing more than $4 billion to the public schools of this country, would be on the way to the President, hopefully for his signature.

Mr. President, another question is why they need these provisions in here to force compliance by the South, when the South is already complying, and it is areas outside the South that are not complying.

The case of Brown against Board of Education originated in 1954 in the State of Kansas. Last month they had a conference out there, with delegates from 32 States, sponsored by the NAACP and Washburn University, in Topeka, Kans. The conference was high in their praise of the actions of the South in desegregating their schools.

This is what Miss Althea Simmons, who was the executive secretary of the conference, had to say:

> The North did not believe that the 1954 decision applied to it, and Northerners have been acting on that premise.

I might say that the Holt amendment is not a permanent rule. It just applies to these supplementally appropriated funds. But it does put Congress on record as disapproving of the practice of the HEW of trying to club local school systems into line, club them into assigning teachers and students because of race, religion, or national origin.

Mr. President, I want to see this bill pass. I want to see this matter go to the President. I want it distinctly understood that I am not holding up this measure; I am trying to get it passed. It is those who would come forward with amendments who are delaying and endangering the passage of this bill.

One would think that there would be some great provision in this amendment, some panacea for all ills. This is the language of the Scott amendment:

> . . . except as may be required to enforce nondiscrimination provisions of a Federal law.

That is the amendment that is holding up the passage of this bill. A measure involving more than $8 billion, more than half of it going to the schools, is being endangered by the amendment offered by the distinguished Senator from Pennsylvania (Mr. HUGH SCOTT).

Mr. President, we have many other important issues coming before the Senate and coming before Congress in the closing days of this session. It was contemplated that the trade reform bill would be under consideration at this time, and actually it was laid before the Senate on Monday. But not one word has been said about the trade reform bill, other than to comment on the difficulties they are going to have in passing it in this short time.

If we are going to spend the time of the Senate in trying to beat back amendments such as those offered by the distinguished Senator from Pennsylvania (Mr. Hugh Scott), how in the world are we going to carry through with the tremendous workload in the Senate and in the House?

Let us see what is involved here. We have yet to pass the agriculture appropriations conference report, the Export-Import Bank conference report, fuels and energy research, military construction authorization, surface mining, mobilization of community development, maritime program authorization bill, foreign aid appropriation, standby emergency energy bill. We should be discussing that right now, instead of trying to turn back the amendment of the Senator from Pennsylvania (Mr. Hugh Scott). We have the military construction appropriation, U.S. jurisdiction over ocean areas, AEC authorization, and many other matters that are not listed here.

Mr. President, I state again that when this debate has concluded—at 3:30, as I understand it—I plan to make a motion to lay on the table the amendment offered by the distinguished Senator from Pennsylvania (Mr. Hugh Scott).

I hope that the Senate will follow that up, if the amendment is tabled, by agreeing by voice vote to the motion of the Senator from Arkansas (Mr. McClellan) that we should concur in what the House has done. Here we are delaying the passage of this bill because of the amendment by the distinguished Senator from Pennsylvania (Mr. Hugh Scott), who is not even present on the Senate floor.

Mr. President, I reserve the balance of my time.

The PRESIDING OFFICER (Mr. Hatfield). Who yields time?

Mr. ALLEN. Mr. President, I suggest the absence of a quorum, with the time to be charged to the opposition.

The PRESIDING OFFICER. Is there objection?

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BROOKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, on November 19, 1974, I vigorously opposed the Helms amendment to the Supplemental Appropriations Act. I argued that that proposal, like the identically worded Holt amendment passed by the House, would emasculate efforts by the Department of Health, Education, and Welfare to enforce national nondiscrimination policies. It would do so by denying HEW its sole effective means of insuring that women and minorities are accorded their full right to participation in federally funded education programs. In the face of that amendment, the guarantee of equal treatment embodied in title VI of the 1964 Civil Rights Act and title IX of the Education Act Amendments of 1972 would become little more than an unfulfilled promise to many millions of black and female Americans who continue to be denied equal access to the educational institutions of our country. Moreover, the courts would lose a strong traditional ally in the campaign to give meaningful expression to our national commitment to equal educational opportunity and a better life for all our people.

It was for these reasons that I was heartened by the Senate's repudiation of this measure when it came to a vote before this body. Last week, however, the House-Senate conference committee on the bill restored, under the guise of compromise, the substance of the Holt amendment as passed by the House. I strenuously urge my colleagues to renounce that action today.

Title VI of the 1964 Civil Rights Act was enacted largely in the hope that administrative efforts might redress in some measure the partial failure of court enforcement and assure black children their constitutional right to a desegregated education. Title VI provides in part that—

> No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Title VI was more than a reaffirmation of national policy; it was the basis for an alternative approach to school desegregation. Every Federal agency administering Federal financial assistance was thereby entrusted with the additional duty of putting an end to discrimination in federally assisted programs. If discrimination continues, section 602 of title VI authorizes the "termination of or refusal to grant or continue assistance under such program or activity . . ." In short, title VI imposed on HEW's Office of Education the responsibility for affirmatively enforcing nondiscrimination in all school districts receiving Federal assistance. To enforce its orders, HEW was given the right to terminate Federal aid to any school district refusing to comply.

Title VI reflected an awareness on the part of Congress of the inability of the Federal courts, acting alone, to handle all of the complex problems associated with school desegregation. The scant progress made in the courtroom during the decade following Brown against Board of Education amply supported congressional judgment of the need for use of the Federal purse as an additional means for realizing the principle of equal educational opportunity. Title VI admirably serves this need in the area of education by requiring HEW to assume a large share of the responsibility for monitoring school desegregation, and by replacing the court order with the termination of Federal funds as the sanction for assuring compliance.

Progress in school desegregation since 1964 is in no small part attributable to administrative enforcement efforts by HEW. In 1963–64, 98 percent of black children in 11 Southern States still attended all black schools. By 1972, the situation had changed dramatically, with less than 9 percent of black children in all-black schools—ample testimony to the value of the title VI program. This experience clearly indicates that actual or potential termination of Federal funds may succeed where efforts to secure voluntary compliance and litigation prove ineffective.

The importance of HEW's administrative authority under title VI, and comparable provisions of title IX barring sex discrimination in higher education, is underscored by the continuing commitment of huge sums of Federal money to public and private education. In view of the significance of the role played by HEW in achieving our national goal of equal educational opportunity, the limitation on the termination power envisioned by the Holt amendment is, indeed, a matter of grave concern.

The amendment as reported out of conference states that:

> *Provided further,* That none of these funds shall be used to compel any school system as a condition for receiving grants and other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin; or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin."

In view of the nature of the obligation imposed on educational authorities by title VI and title IX, this provision would seriously impede, if not totally foreclose, any meaningful attempt by HEW to secure compliance with the nondiscrimination requirements of existing law. As construed by the courts and applicable HEW regulations, funded educational agencies are under the "affirmative duty" to operate systems which are free from discrimination and "to correct the effects of past discrimination." The Supreme Court has, in the context of race discrimination, consistently recognized that this process will invariably require that the race of students and teachers be taken into account. Thus, in Swann against Charlotte-Mecklenburg Board of Education, the Court specifically endorsed the use of various racially based desegregation measures involving the remedial assignment of students and teachers. And in a companion to Swann, McDaniel against Barresi, the Court sustained an HEW inspired desegregation plan involving racial student assignments, saying that "Any other approach would freeze the status quo that is the very target of all desegregation processes."

In short, the Holt amendment would gut administrative enforcement of title VI and title IX by depriving HEW of its authority to withhold Federal funds from educational agencies which fail to pursue the affirmative nondiscrimination policies contemplated by those enactments—that is, policies which necessarily require that race and sex be taken into account. In effect, the agency would be relegated to voluntary means of negotiation, conciliation, and the like to secure compliance with the Federal law. These are methods which, if the past is any indication, would prove futile in most cases or would, at best, lead to haphazard and inconsistent results.

These general conclusions are borne out by a recent letter from HEW Secretary Caspar Weinberger to Senator MAGNUSON, in which Secretary Weinberger assessed the impact of the Holt amendment on HEW enforcement efforts as follows:

> Although the effect of the . . . language is somewhat ambiguous, in our view most courts would hold that the amendment ends our basic authority to enforce civil rights laws, particularly Title VI of the Civil Rights Act of 1964, which prohibits use of federal funds for programs that discriminate as to race, color, or national origin, and Title IX of the Education Amendments of 1972, which carries a similar prohibition with regard to sex discrimination in education programs.

Secretary Weinberger continued his letter to the chairman of the HEW Appropriation Subcommittee by saying that "it would restrict the Department from enforcing the requirements of title VI and title IX in those cases where a reassignment of teachers or students might be necessary to eliminate discriminatory assignment practices," and consequently, "the Department could not carry out its responsibilities under" those titles.

Nor do the cosmetic changes effected in the measure by the conference committee's deletion of the recordkeeping provisions of the original Holt amendment represent a compromise in any true sense of the term. For the amendment as adopted would still bar, as a condition to assistance, all classifications of students and teachers by race, color, sex, or national origin. This would, as just noted, preclude efforts by HEW to affirmatively enforce the requirements of title VI and title IX. Additionally, however, it is the view of the Department of HEW, as expressed in the aforementioned letter, that this basic prohibition on classification would also negate the agency's ability to gather statistical data on race and sex so essential to its function of monitoring compliance with the law.

As stated by the Secretary:

> Although the Conference deleted language from the original Holt Amendment that would have prohibited the Department from requiring school systems to prepare or maintain "any records, files, reports, or statistics pertaining to the race, religion, sex, or national origin of teachers or students," the prohibition relating to classification of students and teachers was left intact. That provision would prohibit the Department from requiring grantees to collect and report certain statistical information relating to the treatment of minorities. Without such information the Department would be unable to make the key decisions as to where to direct our investigative resources under Titles VI and IX. Nor would we be able to investigate the numerous complaints of discrimination against minorities and women without access to data classifying students and teachers.

Thus, it is wrong to characterize, as some have, the conference-approved language as a compromise of differences between the Senate and the House. The deleted portions of the House measure were mere surplusage and would have added nothing to the language retained.

Finally, I urge my colleagues to reject the conference report because of serious doubts which surround the constitutionality of the Holt amendment proposal. For several Federal court decisions have held that, at least where race discrimination is involved, the prohibitions of the 5th and 14th amendments apply, independent of legislative sanction, to public and private programs administered by recipients of Federal assistance.

In Simkins against Moses Cone Memorial Hospital the Fourth Circuit Court of Appeals held that the racially exclusionary policies of certain hospitals receiving Federal aid under the Hill-Burton Act were inbued with sufficient official involvement to bring the hospitals' activities within the fifth amendment ban on race discrimination.

And the Supreme Court's ruling in McDaniel against Barresi strongly suggests that Federal funding activities may not be administered without regard to the affirmative desegregation requirements of the Federal law. As such, the Holt amendment is clearly susceptable to constitutional challenge as an unlawful limitation on HEW's authority to insure that Federal assistance programs are administered in accord with constitutional standards.

In sum, Mr. President, the Holt amendment would place an intolerable burden, from both a practical and a constitutional standpoint, on HEW authority to administer Federal educational funding. While I have focused on its effects primarily as they relate to civil rights enforcement in the areas of race and sex discrimination, the amendment would also have an impact on HEW activities in other important areas, some of which we may not even be aware of at the present time. For instance, HEW efforts to insure that adequate bilingual services are made available to non-English speaking students in the public schools would probably have to be scrapped, since such programs necessarily involve classification and assignment of students on the basis of national origin.

Thus, although the amendment is framed in terms of a limitation on specific appropriations and would be temporary in duration, HEW funding activities would be disrupted for months, or even years, as the courts resolved questions concerning its application to various HEW administered programs—leading to a final determination of the constitutional issues involved.

Mr. President, we cannot afford to lead our educational systems into chaos. We cannot go on record as favoring discrimination by denying remedies to discrimination. The Holt amendment must be either modified to bring it into compliance with the existing law or it must be deleted altogether.

I urge, Mr. President, that it be deleted altogether.

I ask unanimous consent that a letter from John H. Powell, Jr., Chairman of the Equal Employment Opportunity Commission, in support of the Scott-Mansfield amendment be inserted in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EQUAL EMPLOYMENT
OPPORTUNITY COMMISSION,
Washington, D.C., December 10, 1974.

Hon. HUGH SCOTT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SCOTT: On October 1, 1974, the Labor-HEW supplemental appropriations bill passed the House of Representatives containing an amendment sponsored by Congresswoman Marjorie Holt. Her amendment provided that none of the funds appropriated by the bill could be used to compel any school system, as a condition of receiving grants and other benefits, to classify or assign teachers or students by race, religion, sex, or national origin or to prepare or maintain any record, file or report or statistics pertaining to race, religion, sex, or national origin notwithstanding any other provisions of law or any request by any agency of the federal government.

The Senate deleted the Holt provision. In conference, however, the Committee of Conference agreed to restore a portion of the provision. Thus, as the provision now reads, none of these funds shall be used to compel any school system as a condition of receiving grants and other benefits from the appropriations to classify teachers or students by race, religion, sex, or national origin; or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin.

Even though the appropriations involved in H.R. 16900 more directly affect Titles VI and IX of the Civil Rights Act of 1964 as amended, it must never be forgotten that any action which limits the effectiveness of any part of a Title limits the effectiveness of the whole act. This is why I am so concerned. Thus, the Holt amendment while not directly affecting the mandate that Congress issued this agency, in 1964 and in 1972, will, unless deleted by the Senate, strongly affect the ability of the Equal Employment Opportunity Commission to judge the compliance of school systems with the requirement of Title VII by denying these school systems funds to: survey their employee profiles, maintain fair employee recruitment programs, and obtain non-discriminatory employment goals.

It is important for us to recognize that, those who have been the subject of discrimination in employment, in educational opportunities, housing and so on, can only see the acceptance of such language by the Congress as a major step backward to an earlier era.

Therefore, I urge the Senate to recognize the significance of the impact of this provision and support your effort coupled with Senator Mansfield's to modify this restriction.

Sincerely,

JOHN H. POWELL, Jr.,
Chairman.

Mr. ALLEN. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. Nineteen minutes.

Mr. ALLEN. I yield 6 minutes to the distinguished Senator from North Carolina (Mr. HELMS).

Mr. HELMS. Mr. President, I thank the distinguished Senator from Alabama.

I certainly join him in his hopes and his efforts to table the Scott-Mansfield amendment.

There have been a number of interesting statements made in this Chamber, many of which seem to me to be contradictory, by those who would continue to thrust forced busing upon the children and their parents of this Nation.

I can understand why the distinguished Senators from Massachusetts and New York may not see it as a problem. On the other hand, the Senator from Massachusetts, perhaps, sees it a little more clearly as a problem, now that recent tragic and violent events in Boston have transpired, events that indicate a hostility by the children, by their parents, to the usurpation of their rights.

I notice that the distinguished Senator from Massachusetts (Mr. BROOKE) just said that we cannot afford to lead our educational system into chaos. I submit, Mr. President, that it is already in chaos, and the chaos is moving northward and westward. As a matter of fact, the most notable compliance with Federal regulation has been in the South.

Now, as for the suggestion yesterday that the Holt-Helms amendment, as it is sometimes called, is not an antibusing amendment, I submit that it is, indeed, an anti-busing amendment and I submit that the Secretary of Health, Education, and Welfare, Mr. Weinberger, knows that it is.

Yesterday it was suggested on the floor that no harassment by HEW bureaucrats was a matter of knowledge. I dissent vigorously from that, and I can specify any number of episodes in my own State, particularly one in the very fine Winston-Salem Forsyth County School District where a whole gaggle of bureaucrats went down and made some of the most specious and arrogant judgments, and denied funds to that school system.

The members of the school board did everything possible to comply with the edicts of the swarm of bureaucrats, but they said, "No, you are going to do it our way or you will not get any money."

So, finally, the school board said, "Well, have it your way. We will do without your money."

Now, the Charlotte-Mecklenburg case was just alluded to by my distinguished friend, the Senator from Massachusetts, and I have said on the floor on a number of occasions that this is one of the most absurd situations existing anywhere in this country.

We have a Federal judge, James McMillan, who has set himself up as a school board and, if I may say so, Mr. President, not since Caligula appointed his horse as Consul was there a more unwise designation of authority.

This judge ordered that one student be transported 22 miles from his home in the morning and 22 miles back to his home in the evening. He was the sole occupant of that schoolbus—one child, one bus, one driver, 44 miles round trip each day. Now, if that makes sense, Mr. President, I fail to see it.

But, back to the Winston-Salem Forsyth situation. I tried to remedy that by an amendment earlier this year to a piece of legislation. I received 41 favorable votes, but the Senate rejected it, and HEW continued to harass the Winston-Salem Forsyth County school system. At that time, the office of Civil Rights of HEW sent a team of seven functionaries to North Carolina to investigate this school system which, I reiterate, Mr. President, is one of the finest in the Nation.

According to the Director of that HEW office in Atlanta, the Winston-Salem Forsyth County school officials extended cooperation to the fullest degree to this investigating team. Nevertheless, HEW concluded that racially identifiable classes existed; that is to say, that certain remedial classes designed to help students with learning deficiencies contained, in the view of these HEW "experts"—and I hope the reporter will put quotes around the word "experts"—these remedial classes designed to help students with learning deficiencies, they said, contained a disproportionate number of minority students, for a limited period of a day. In one instance 25 percent of the day, in another instance 33 percent of the day.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HELMS. If I might have 2 more minutes.

Mr. ALLEN. I yield 2 more minutes.

Mr. HELMS. HEW placed upon the school system the burden of proving—through an expensive process—the need of remedial help.

Do you know, Mr. President, that these "experts" would not permit teachers and administrators of the schools and the parents to make the judgment about whether their children needed remedial education? They said, "You have got to put in an expensive program to prove it."

They complained because there happened to be more instances of disciplinary action involving one race than another. There was no claim that one race was being punished without cause or that another race was not being punished when it should have been. They just looked at the statistics. "King Numbers" ruled, and they said, "You have got to do something about that."

What did they mean? That this school district must go out and tell some children of one race to misbehave so that the percentage would satisfy the HEW bureaucrats? That is the logic of the HEW masters of harassment.

I submit, Mr. President, that this is an antibusing bill. Everybody knows that it is an antibusing bill, and anybody who votes against Senator ALLEN's motion to table—or against my amendment to the Scott-Mansfield amendment—is in favor of forced busing of schoolchildren.

I thank the distinguished Senator from Alabama.

Mr. ALLEN. Mr. President, I yield 8 minutes to the distinguished Senator from South Carolina (Mr. THURMOND).

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I rise to express my support of the Holt amendment to the supplemental appropriations bill. The Holt amendment would prevent schools receiving Federal funds from being compelled to classify teachers or students by race, religion, sex, or national origin or to assign students and teachers on those grounds.

This Congress needs to let the Department of Health, Education, and Welfare know that we are tired of their unjustified harassment within our school systems and are tired of that agency manufacturing cases of civil rights violations on the basis of unreasonable criteria. HEW has misinterpreted many of the laws passed by this Congress and has displayed an overzealous approach in the civil rights area. The power wielded by HEW has been staggering. To protect the civil rights of our citizens is a commendable objective, but to disrupt and to harrass is inexcusable.

The Holt amendment would hopefully help reverse the unrealistic, statistical approach taken by HEW. The social problems in our country cannot be solved by the use of cold, hard statistics. Life is not that simple. Utopia cannot be achieved by the use of quotas and numbers. The sensitivities of our people cannot continue to be ignored.

The adoption of the Holt amendment would assist in preventing the use of mandatory busing to achieve racial balance. Compulsory busing to achieve racial balance is wrong and should be stopped. The American people do not want it as evidenced by polls showing as high as 85 percent of the public, including all races, is opposed to busing. The continuous disruption of our schools is going to eventually take its toll on the quality of education in our country. Local people should be allowed to solve their local problems without undue harassment from Federal bureaucrats. Our children have been the ones who have suffered. Our efforts should be focused on the improvement of our children's education—not on the achievement of racial balance at all costs.

Mr. President, the distinguished majority leader, Senator MANSFIELD, and the Republican leader, Senator SCOTT, have offered a modification to the language of the Holt amendment which would, in my opinion, gut the meaning and effect of the amendment. The Mansfield-Scott amendment would allow HEW to require the classification or assignment of students and teachers on the basis of race, religion, sex, or national origin where HEW determined such was necessary to enforce nondiscrimination provisions of title VI of the Civil Rights Act of 1964 and title IX of the Education Amendments of 1972. I cannot support this modification in its present form because we cannot be assured that HEW will make such a determination fairly. Experience has shown that unless we provide some restrictions or criteria for making such a determination, HEW will overreact and continue to harass and unjustifiably interfere with our school systems. If any such modification is to be made to the Holt amendment, some objective basis for the determination is needed.

Accordingly, I join as cosponsor with the distinguished Senator from North Carolina (Mr. HELMS) on an amendment to the Mansfield-Scott modification which would allow classification on the basis of race, religion, sex, or national origin then there is a determination by a court of the United States that there exists discrimination in violation of Federal law. In this manner, there will be an unbiased judicial determination before classification can be required. The courts are in a better position to make an equitable determination than the Department of Health, Education, and Welfare. This is a fair compromise, and I urge my colleagues to accept it, if the motion of the distinguished and able Senator from Alabama (Mr. ALLEN) to table the Scott amendment does not carry.

I hope the motion of Senator ALLEN to table the Scott amendment will carry and I expect to support that motion.

COMMITTEE MEETING DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be authorized to meet today to hear testimony on tobacco price supports.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

Mr. ALLEN. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Alabama has 5 minutes remaining.

Mr. ALLEN. I yield myself 3 minutes.

Mr. BROOKE. I will yield such time as the Senator needs.

Mr. ALLEN. I thank the distinguished Senator. I have enough time, but I appreciate the offer.

Mr. President, I mentioned that over $4 billion for our public schools is involved in this bill. In addition, education for the handicapped, $324 million. Adult Education Act, $136 million. The Older Americans Act, $135 million.

Throughout this entire bill, agencies and departments of Government are receiving appropriations that are needed to carry them through to the start of the next fiscal year. I might mention the millions for libraries, $28.5 million under title IV of the Civil Rights Act for 1964.

All of these appropriations, Mr. President, are being held up by the amendment offered by the distinguished Senator from Pennsylvania (Mr. HUGH SCOTT). It is hoped that after the conferees have agreed on this amendment of the House, the conferees on the part of the House and 14 Members of the Senate who were conferees on the Senate bill, and recommended concurrence in the House amendment, and that will be the next motion to come up if we are able to table the Scott amendment.

So, Mr. President, I do not believe that the delaying tactics of offering this amendment should be supported.

I feel that we should lay this amendment on the table and agree to the motion of the Senator from Arkansas.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BROOKE. Mr. President, I suggest the absence of a quorum, to be taken from my time.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, commenting on this advice of the HEW withholding funds from school systems to force them to take action in the area of desegregation, an interesting item appeared on page 30422 of the RECORD of September 9, 1974:

> Investigations of northern school districts show that from 1965, the year after the enactment of the Civil Rights Act, until 1973, HEW has conducted only 84 reviews of northern school districts. Of the 84 northern districts reviewed, only 4 have reached the point where HEW has cited the school district for discriminating against minority children. Mt. Vernon, New York, and Boston now desegregate under a court ruling.

The Holt amendment does not prevent court rulings—

> That appealed the HEW finding, and in Wichita a desegregation plan has been negotiated. Only Ferndale, Michigan, a small Detroit suburb, has reached the ultimate step of having its Federal funds cut off. It took 42 months from the HEW investigation to the fund cutoff.

So they have only 1 northern school district where funds have been withheld by HEW—only 1 district—even then they have examined 84 districts; 84 is a small number, but only 1 has been subjected to the withdrawal of Federal funds.

Why should the school districts in the South be burdened with this provision which is not used up North or in sections outside of the South?

Mr. President, the tabling of the Scott amendment will, in effect, put all school districts on the same basis, that is, requiring that the HEW or the Justice Department go into court for desegregation plans and not use the cutoff of Federal funds.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BROOKE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BROOKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 3:25 P.M.

Mr. BROOKE. Mr. President, I will yield back 25 minutes of my time, and ask unanimous consent that the Senate stand in recess until 3:25 p.m. today

There being no objection, the Senate, at 2:59 p.m., recessed until 3:25 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ALLEN).

The PRESIDING OFFICER (Mr. ALLEN). The Chair, speaking as the Senator from Alabama, suggests the absence of a quorum, the time, by unanimous consent, to be charged to both sides. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that Mr. Rom Parker, of my staff, be accorded the privilege of the floor during the discussion of the pending legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I suggest the absence of a quorum.

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, will the Senator withhold his request?

Mr. HELMS. I withdraw it.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974

Mr. ROBERT C. BYRD. I ask unanimous consent that each side have one additional minute for debate on the 200-mile limit bill, the time to begin now.

The PRESIDING OFFICER. Without objection, it is so ordered. The bill will be stated by title.

The assistant legislative clerk read as follows:

> Calendar No. 1233, S. 1988, a bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes.

The Senate resumed the consideration of the bill.

The PRESIDING OFFICER. Who yields time?

Mr. MAGNUSON. Mr. President, the Senator from Mississippi wishes to speak; is that correct?

Mr. STENNIS. Mr. President, I seek recognition.

Mr. MAGNUSON. We have only 6 minutes.

Mr. STENNIS. I will yield back before that.

Mr. President, I had a chance to make my remarks, which included the points that I wished to make, about noon today on this bill, due to the generosity of the Senate, so what I have to say now is by way of summary and for emphasis.

Mr. President, I am opposed to the enactment of this legislation at this time, but I say with emphasis that the situation needs to be dealt with.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. STENNIS. The situation that this bill deals with is bad. There needs to be some legal remedy applied.

I am fully in sympathy with the purposes of the author and the others who are for the bill.

But, at the same time, Mr. President, this reaches out 90 miles to 200 miles from the shoreline.

Mr. ROBERT C. BYRD. Mr. President, will the Senator pardon an interruption? May we have order in the Senate.

Mr. STENNIS. I do not think it makes any difference whether we have order or not.

Mr. ROBERT C. BYRD. Mr. President, I ask that the rules of the Senate be enforced and that we have order.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. ROBERT C. BYRD. I beg the Senator's pardon.

Mr. STENNIS. This bill proposes to reach out in its regulations, Mr. President, on the subject matter of fisheries for 200 miles in a unilateral way.

However, reasonable it may be to extend these boundaries, so to speak, that far out into the sea, it certainly is not the best place, by far, to just have one nation act alone.

There are several reasons for that. We are subject to retaliation, of course. We are inviting it, I think, as almost a certainty. I hope not, but that is the way it would work.

Another matter is enforceability. This is a regulation; this bill does not propose to prohibit fishing. It proposes to regulate and control it and, therefore, that means some police power, some supervision of some kind. We are just talking about thin air when we talk about the Coast Guard, fine as it is, and it is a favorite of mine, being able to police this matter. They cannot do it, they cannot possibly do it.

Now, on this retaliation by legislation, we remember the cod war we had between Great Britain and Iceland a few years ago. It arose out of unilateral action, as I recall, about those waters and the fishing rights, and so forth. It developed into a serious matter, even with a highly respectable country like Iceland. What could this do to us and with us with many straits and seas and shorelines that we have to deal with and contend with, how much of this water we have to use for military purposes.

All of these arguments to me point to the fact that we must just try to proceed to a many-nation rather than a one-nation process.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. STENNIS. I do not have but just a minute or two, please. Yes, I yield briefly.

Mr. KENNEDY. That is all right.

The only point I would like to make—and I greatly respect the chairman of the Armed Services Committee—is that many of these matters were discussed in great detail, I know, with General Brown during hearings before the Armed Services Committee about the implications for national defense if this bill is enacted.

I must say, in reviewing that discussion by the chairman of the Joint Chiefs of Staff, I think that issue, at least, is resolved.

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. STENNIS. No, the time of the Senator from Mississippi. The Senator from Massachusetts has used up my time.

Mr. MAGNUSON. Mr. President, I yield 1 minute of my time.

The PRESIDING OFFICER. The time of the Senator from Washington has expired. The Senator from Alaska has 6 minutes.

Mr. STEVENS. Mr. President, I will yield as much time as the two Senators need.

Mr. STENNIS. In conclusion, the processes that I want to help push are among our many-nation Law of the Sea Agreement as it is called.

This bill, some of its language, it will be argued, is automatically terminated when we get that, but I think the bill will make it much less likely that we get such a measure. These other nations will be wide-awake.

I thank the Senator.

The PRESIDING OFFICER. The Senator from Alaska now has 5 minutes remaining.

Mr. MAGNUSON. I will yield to the Senator from Massachusetts 2 minutes.

The PRESIDING OFFICER. The Senator from Washington has no time to yield. The Senator from Alaska has 5 minutes remaining.

Mr. MAGNUSON. Is that all right, Senator?

Mr. STEVENS. Mr. President, I yield 1 minute to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, one point I want to make very clearly. In listening to the arguments being made by the chairman of the Armed Services Committee, it is rather interesting to note how we ought to be able to add missile systems, weapons systems, to our arsenal in order to be able to negotiate in a hard position with the Soviet Union; and yet when we talk about doing something here solely for the interests of conservation, and solely to try to provide a future for millions of people not only in this country but in the countries around the world that are threatened with starvation, we refuse to take what I think is a very reasonable and a prudent step forward.

The arguments have been answered, Mr. President, to my satisfaction and, I think, certainly to the satisfaction of the Senate, that this is no way going to threaten the security interests of our country. The Chairman of the Joint Chiefs of Staff was asked that specifically by the Armed Services Committee.

So, from a military point of view, this legislation makes sense; from a conservation point of view this legislation makes sense; from the point of view of trying to reach real negotiations with countries around the world, as the distinguished Senators from Washington and Alaska and many of us who are cosponsors of this understand, this legislation makes sense.

I am hopeful that we can pass this legislation. This is long overdue, and if there are any Members here who have studied this problem and have witnessed the takings from the sea, which have been arbitrary and have swept the oceans' bottoms from the northeast part of this country practically around the length and breadth of this great Nation, we understand this is the only way we are going to get the kind of meaningful negotiations which are so important for the future of our country and for the future of countries around the world.

I thank the Senator.

Mr. STEVENS. Mr. President, I yield a half minute to the Senator from Washington and 2 minutes to the Senator from New Hampshire and 2 minutes to the Senator from Alaska (Mr. GRAVEL).

Mr. MAGNUSON. Mr. President, I just want to reiterate and to refute the view of the Defense Department that this is going to bother our national security interests. This has nothing to do with navigation, either commercial navigation or military agreements. It has only to do with fisheries.

It is a temporary measure, and a measure for conservation. All our important species are completely running out. I want to reiterate that the only species I know that are alive and kicking, so far as I know, are in some tanks in the basement of the Defense Department and the State Department where they raise red herrings, and they are thriving. This bill has nothing to do with our military arrangements throughout the world, and has nothing to do with commercial navigation.

I have listened to the same argument for 16 years, since I went to the first Geneva Conference on Law of the Sea, of "Wait, wait, wait, let us do it."

It never happens. In the meantime, we are running out of fish for everybody, and conservation is not being practiced.

I now yield to the Senator from New Hampshire.

Mr. McINTYRE. Mr. President, as a member of the Armed Services Committee, I wish to report that we had a full discussion of this legislation when it was referred to our committee. I am sure that many people were surprised when that committee voted 8 to 6 in favor of S. 1988. As members of the Armed Services Committee, we concluded that the mobility and the survivability of the U.S. Armed Forces would not be significantly affected by the passage of this act.

For purposes of nuclear deterrent, the entire Soviet Union can be targeted from the Atlantic and Pacific Oceans and the Arabian Sea.

Mr. President, I only wish it would be possible for all Members of this great body to listen to the Senator from Alaska, Senator STEVENS, tell of the piracy going on in these seas and the rapacious way in which the fish are being harvested today. We hope and pray that by passage of this bill it will lend impetus to an agreement at the Conference on the Law of the Sea. We must begin to go about good conservation practices off the shores of our country so that we will be able to have this resource at our disposal, not only for ourselves but for generations to come.

I thank the distinguished Senator from Alaska for yielding to me.

Mr. HATFIELD. Mr. President, I will vote for passage of S. 1988, which will extend our fisheries jurisdiction to 200 miles until some international agreement on the protection of this important resource is achieved.

I do not take this action without some reservations. I would have preferred that this issue be first resolved by the Law of the Sea Conference. But this has not taken place, and I believe we must signal an end to an era during which we have seen technologically advanced foreign fleets literally vacuum the livelihood of American fishermen out of the sea. We cannot allow this to continue if this resource is to be truly renewable. Proper management is mandatory if we are to depend upon our fisheries as a continuing supply of protein and such management is sadly lacking today. All too frequently, other nations have failed to recognize the need to conserve the resource when it is located in American coastal waters.

I am very pleased that the Senate has accepted an amendment to this legislation offered by the senior Senator from Maine (Mr. Muskie) to provide for assistance to U.S. fishermen who have suffered losses due to damages to their vessels and gear incurred by foreign vessels. This has been a serious problem and there has been little success realized when claims have been filed. I ask unanimous consent that an article concerning this problem which appeared in the Daily Astorian be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Red Tape Causes as Much Trouble as Weather for Fishermen

(By Grady Pannell)

John T. Davis of Warrenton knows more about the Russian West Coast commercial fishing fleet than most Americans.

Davis had the unique distinction a few weeks ago of riding on a Russian "factory ship" up the coast from Newport, then being "weathered out" instead of the usual weathered in" sea conditions of the Oregon North Coast this time of the year.

Davis and 13 other Americans aboard the Posyet, a 278-foot fishing trawler, were probably as much a victim of international red tape as the weather that memorable May 14. And Davis knows a bit more about commercial fishing "politics" than others because of the May 14 incident and meetings with Russians previously.

Davis and party were official observers aboard the Posyet last month when its trip up the coast didn't terminate at Astoria as originally scheduled but ended a few miles off Ilwaco instead. The ship was not allowed to anchor at Astoria because of international red tape. Instead, the Americans had to transfer to a Coast Guard vessel as the Posyet slowly steamed onto the Columbia River bar.

It's this red tape that frustrates Davis and fellow black cod fishermen from the Lower Columbia area.

DAMAGE CLAIM FILED

Davis, George McMurrick, Sr., Ansel Lahti and Vern Davis have joined in a damage claims suit against the Russians over loss of fishing gear by Russian trawlers off the Oregon coast. The men have not heard from any official source over the progress of their claim that amounts to thousands of dollars.

McMurrick, who initiated the latest lawsuit, has been "wiped out" completely. His claim damage, filed in late May, totaled $5,600.

"I'm sure the claim will be amended because I lost three more sets (nine pieces of gear) and that ends me for the season," McMurrick said Thursday.

He said the attorney representing the black cod fishermen in the Astoria area—Lloyd Weisensee of Portland—has been putting all the data together. "He's probably been in contact with the government, but I haven't," McMurrick said.

McMurrick, now left with only five fishing sets, was forced to quit for the season. "It's too costly with just five sets so I brought them in," he explained.

The Astorian will now have to depend on the tuna season, which won't start for another month or so, and the remainder of the crab season, one not too productive. "But I intend to also claim damage for the loss of the black cod fishing season," he insisted.

DEFENSE FUND STARTED

John Davis, whose damage claim totals $2,400, said this week that the defense fund set up because of their lawsuit and future legal maneuvers has had little public support to date.

The fund was started at a meeting between half a dozen black cod fishermen from the Oregon North Coast and Washington coast last week.

"The fund is not moving as fast as we hoped it would," said Davis, who said their attorney was in Astoria last week taking down all the data he needed in processing their suit.

Davis said he hoped the lawsuit would cause legislators to take a dimmer view of the move by the U.S. government to give the Russians "most favored nation" treatment.

"I feel in this instance the Russians have broken the bilateral agreements of the right to fish and recognition of this fishing right," Davis said.

He explained that bilateral agreements, covering U.S. offshore fishing, had been agreed to by the Russians at such meetings as one he attended at Port Angeles, Wash.

Mr. HATFIELD. Because this session of Congress is drawing to a close, it is unlikely that S. 1988 will be enacted this year. My chief reason for voting for it, aside from the Muskie amendment, is that it will provide a clear message to our negotiators at the Law of the Sea Conference next year that we expect them to work hard to reach agreement on this point. They must realize, as must other nations, that we will not ignore the depletion of this resource. It is my hope that agreement will be reached at the upcoming Law of the Sea Conference and I believe that Senate approval of this legislation will help to bring this about.

Mr. GRAVEL. Mr. President, the bill which the Senate is considering today has great significance to my home State. The largest segment of the Alaskan labor force is employed in the fishing industry. Until the recent advent of oil development within the State, fishing was the major industry. Today, while it still remains a major industry, its importance is diminishing. It is only sensible, in this time of nonrenewable resource extraction, to concentrate some of our efforts on preserving renewable resources.

I was greatly dismayed, as were many Alaskans, to learn that the Third Law of the Sea Conference had adjourned without resolution of the fisheries problem. It was indeed a heartening time when Ambassador Stevenson announced the U.S. position regarding fisheries jurisdiction. Although this position was conditional upon a comprehensive package resolving the other issues faced by the conferees, it was a position that could be embraced by all our coastal fishing interests.

I adhere to the premise that this measure could be handled by international agreement. I have had difficulty in balancing the international implications of unilateral action with the overriding need to protect our living marine resources. Only through multilateral action could we be assured there would be no international friction. But international negotiations have failed.

Since this measure and similar measures were introduced in the Senate, we have been told to await the outcome of international negotiations. The Nixon administration, which prided itself on forging international accords, has failed to effect agreement in this area. Similarly, this International Conference that was to be the bulwark of protection for these resources has also failed. To delay enactment of this measure further only sanctions the rapacious actions in marine resource harvesting. The time is ripe to curtail the overexploitation of these resources.

The situation facing Alaska's commercial fisheries is grave, at best. In November 1973, the U.S. delegation to the International North Pacific Fisheries Commission meeting were totally frustrated in attempts to get the Japanese to refrain from the high seas harvesting of salmon. The valuable Bristol Bay salmon fishery has been seriously depleted by this Japanese fishing effort. In December, the Alaska Department of Fish and Game announced it was no longer able to carry out its constitutional mandate to manage the Bristol Bay fishery.

In May of this year, the Governor of Alaska, in the face of an expected catastrophe, declared Bristol Bay to be a State disaster area. This was followed in June by a similar declaration from the Federal Government. Massive aid was mobilized, as the residents of this area rely mainly on commercial fishing. Few fishermen even bothered to put their vessels into the water. Alternative sources of livelihood for these people had to be found.

As if this situation were not serious enough, on June 14 the U.S. Coast Guard seized a Japanese gill-netter for fishing in violation of the International Convention for the High Seas Fishery of the North Pacific. Again, on July 1, the Coast Guard seized another Japanese gill-netter for a similar violation. This appalling behavior further underscores the need for some action on this issue.

As the Commerce Committee report on this measure points out, the inroads of foreign fleets on American coastal fisheries is destroying this valuable resource. Further delay is encouragement for these foreign fleets to take what they can get, as soon as possible. A workable international pact is years away; our coastal fisheries cannot tolerate further exploitation.

Mr. PELL. Mr. President, I am a strong supporter of S. 1988 and urge its prompt passage. I do so as a Senator from a State with an industrious, deserving fishing community, as an early proposer of a regime of law for ocean space, and as a concerned conservationist. I find none of these roles incompatible with my support of S. 1988 as an interim, emergency measure designed to safeguard our coastal fish stocks from devastating depletion. Keenly aware of the role that U.S. naval forces play in assuring our national security, I also fully recognize the strategic necessity of the unrestricted passage of these forces through widely defined international waters and straits.

An earnest and early advocate of the establishment of an orderly regime for the world's ocean spaces through international agreement, I know that this regime must ultimately rest on the multilateral consent of the family of nations.

Let me briefly comment on these considerations.

That our traditional fishing grounds are being severely decimated by large scale fishing practices of foreign fleets is widely recognized even by opponents of S. 1988.

Consequently, an emergency situation has, for some time, faced the U.S. fishing industry, especially in New England. The U.S. share of coastal catches has fallen precipitously in Atlantic waters. Haddock stocks may have passed the point of no return; herring, menhaden, yellowtail flounder, and halibut face a similar fate. International fishing commissions have failed to bring relief.

What is required to meet this emergency is U.S. fisheries management within a 200-mile zone applicable to foreign and domestic fishermen and based on sound conservation principles. S. 1988 will make this management possible ad interim before there are no fish stocks to preserve.

Opponents of S. 1988 keep asking our fishermen to wait for multilateral agreement on the extension of a 200-mile zone. Rhode Island fishermen, American fishermen, have long been patient. But, further waiting for something just around the corner dooms their livelihood. Why round the corner to find nothing there. And, further inaction may subject the United States to an irreversible loss.

With reference to freedom of passage for shipping and military forces, S. 1988 is clearly limited in scope to U.S. fisheries management. In no way is it an extension of U.S. territorial waters or an encroachment upon the traditional freedom of navigation. Except for fisheries management, it authorizes no impediment or interference with the legal status of the high seas.

Thus other nations will have no basis for citing S. 1988 as grounds for interference with the passage of our military and commercial shipping through recognized international waters. It sets no precedence for such interference. It creates no confusion as to our position on free passage. It lends no encouragement to creeping territoriality.

Therefore, Mr. President, as a Senator and American citizen as vitally concerned for our national security as anyone in the executive branch, I believe that S. 1988 is compatible with the crucial interests of U.S. national defense.

Lastly, S. 1988 is a provisional measure pending multilateral agreement. Where other nations are concerned, it is to be implemented through the treaty process.

No action was taken on the bill prior to or during the Law of the Sea Conference at Caracas. At that Conference, the U.S. position on the need of an ultimate multilateral agreement on fisheries management and conservation was forcefully put forward. All nations are now aware of that position. As an interim, provisional measure, therefore, S. 1988 does not reverse that position, pull a rug out from beneath it, or eliminate a bargaining chip at the law of the sea casino.

At the Conference, there did emerge a strong concensus in favor of the establishment of a 200-mile economic zone to include reasonable fisheries management. S. 1988 provides just such management, including accommodation for traditional foreign fishing fleets.

Although unilateral in character, S. 1988 actually foresees future multilateral action in order to meet an immediate crisis for U.S. fishermen. Indeed, S. 1988 may well prove to be a catalyst in expediting desirable international agreement. Therefore, Mr. President, as a Senator who places the greatest store on the successful outcome of the Law of the Sea Conference, I believe that the passage of S. 1988 will not dim the prospects for that success.

In view of these considerations, Mr. President, again I strongly urge its passage.

Mr. STEVENS. Mr. President, I yield to my colleague from Alaska.

The PRESIDING OFFICER. All time on the bill has expired. The question is, Shall the bill pass? The Chair recalls that the yeas and the nays have not been ordered.

Mr. STEVENS. Mr. President, I ask for the yeas and the nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Iowa (Mr. HUGHES) are necessarily absent.

I further announce that the Senator from Montana (Mr. MANSFIELD) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from New York (Mr. BUCKLEY) are necessarily absent.

The result was announced—yeas 68, nays 27, as follows:

[No. 526 Leg.]

YEAS—68

Abourezk
Baker
Bayh
Beall
Bible
Biden
Brooke
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Church
Cook
Cotton
Domenici
Dominick
Eagleton
Eastland
Ervin
Fannin
Goldwater
Gravel
Gurney
Hansen
Hart
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Humphrey
Jackson
Kennedy
Long
Magnuson
Mathias
McClellan
McClure
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
  William L.
Sparkman
Stafford
Stevens
Stevenson
Symington
Taft
Talmadge
Weicker
Williams
Young

NAYS—27

Aiken
Allen
Bartlett
Bennett
Brock
Case
Chiles
Clark
Cranston
Curtis
Dole
Fong
Fulbright
Griffin
Hruska
Huddleston
Inouye
Javits
Johnston
McGee
Pearson
Percy
Proxmire
Stennis
Thurmond
Tower
Tunney

NOT VOTING—5

Bellmon
Bentsen
Buckley
Hughes
Mansfield

So the bill (S. 1988) was passed, as follows:

The title was amended so as to read: "A bill to extend, pending international agreement, the fisheries management responsibility and authority of the United States over the fish in certain ocean areas in order to conserve and protect such fish from depletion, and for other purposes."

Mr. MAGNUSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, before making the motion——

Mr. PASTORE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator will suspend until there is order in the Senate.

The Senator from Alabama.

Mr. ALLEN. Mr. President, before making the motion to table the Scott amendment under the unanimous-consent agreement heretofore entered into, I would like to propound parliamentary inquiries to point out the present parliamentary situation.

The PRESIDING OFFICER. The Senator will state the first inquiry.

Mr. ALLEN. Mr. President, as the Senator from Alabama understands it, there are three motions or amendments before the Senate.

The first motion was a motion of the distinguished Senator from Arkansas (Mr. McCLELLAN), chairman of the Appropriations Committee, that the Senate concur in the House amendment to the Senate amendment, followed by the amendment of the Senator from Pennsylvania (Mr. SCOTT), followed by the amendment of the distinguished Senator from North Carolina (Mr. HELMS).

The Senator from Alabama would like to inquire if the motion to table the Scott amendment prevails, would that carry with it the amendment of the Senator from North Carolina?

The PRESIDING OFFICER. That is correct.

Mr. ALLEN. And if the motion prevailed, would the question then recur on the motion of the distinguished Senator from Arkansas (Mr. McClellan)?

The PRESIDING OFFICER. That is correct.

Mr. ALLEN. If the motion of the Senator from Arkansas (Mr. McClellan) should be agreed to, would that have the effect of sending the entire bill to the President?

The PRESIDING OFFICER. That would clear the bill for the President.

Mr. ALLEN. That would constitute final passage of the bill. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. ALLEN. All portions of the bill have been agreed to, other than amendment 17, in technical disagreement?

The PRESIDING OFFICER. That is correct.

Mr. ALLEN. If the Scott amendment should be agreed to, would that require amendment 17 to go back to the House for further consideration?

The PRESIDING OFFICER. That is correct.

Mr. ALLEN. That being the case, Mr. President, I move that the amendment of the Senator from Pennsylvania (Mr. Hugh Scott) be laid on the table, and I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama to lay on the table the amendment of the Senator from Pennsylvania. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

(Later in the day the following proceedings occurred:)

Mr. HUDDLESTON. Mr. President, I ask unanimous consent to clarify the vote on the motion to table the Scott-Mansfield amendment. I voted to table it. Had the Senator from Texas (Mr. Bentsen) been present, he would have voted not to table. Consequently, I should like to give a pair to the Senator from Texas and withhold my vote on that motion.

The PRESIDING OFFICER (Mr. Johnston). Did the Senator ask for a unanimous-consent request to withdraw his vote?

Mr. HUDDLESTON. I did.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Arkansas (Mr. Fulbright), and the Senator from Iowa (Mr. Hughes) are necessarily absent.

I further announce that the Senator from Montana (Mr. Mansfield) is absent on official business.

I further announce that, if present and voting, the Senator from Montana (Mr. Mansfield) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. Bellmon) and the Senator from New York (Mr. Buckley) are necessarily absent.

The result was announced—yeas 33, nays 60, as follows:

[No. 527 Leg.]

YEAS—33

Allen
Bartlett
Bennett
Bible
Brock
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cotton
Curtis
Dole
Dominick
Eastland
Ervin
Fannin
Goldwater
Griffin
Gurney
Hansen
Hartke
Helms
Hollings
Hruska
McClellan
McClure
Nunn
Randolph
Scott,
William L.
Sparkman
Stennis
Talmadge
Thurmond
Tower
Young

NAYS—60

Abourezk
Aiken
Baker
Bayh
Beall
Biden
Brooke
Burdick
Cannon
Case
Chiles
Church
Clark
Cook
Cranston
Domenici
Eagleton
Fong
Gravel
Hart
Haskell
Hatfield
Hathaway
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mathias
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Symington
Taft
Tunney
Weicker
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Huddleston, for.

NOT VOTING—6

Bellmon
Bentsen
Buckley
Fulbright
Hughes
Mansfield

So the motion to table was rejected.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which that motion was rejected.

Mr. JACKSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, there will now be 30 minutes of debate on the amendment of the Senator from North Carolina (Mr. Helms), to be divided and controlled by the Senator from North Carolina and the Senator from Pennsylvania, the time to be evenly divided.

Who yields time?

Mr. BEALL. Mr. President, I ask unanimous consent that Joseph Carter of my staff be given the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

At this time, under the previous order, there will be debate on the Helms amendment for not to exceed 30 minutes, to be equally divided between the Senator from North Carolina and the Senator from Pennsylvania (Mr. Hugh Scott), whose time has been delegated to the distinguished Senator from Massachusetts (Mr. Brooke).

Who yields time?

Mr. HELMS. Mr. President, I yield such time as the distinguished Senator from New Hampshire may require.

Mr. COTTON. Mr. President, I ask unanimous consent that my staff assistant, Mr. Mercer, be granted the privilege of the floor throughout the consideration of the supplemental appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. HELMS. Mr. President, I suggest the absence of a quorum, with the time to be divided and charged equally.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will please call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I yield 5 minutes to the distinguished Senator from Florida (Mr. Chiles).

Mr. CHILES. Mr. President, on the subject of the Holt amendment, and the Mansfield-Scott amendment, and now the Helms amendment and these motions, while certainly they give many of us a great deal of concern, I have a feeling, as I read the amendments, and as reflected in my vote against the motion to table the Mansfield-Scott amendment, which was in effect a vote against the Holt amendment, that we are confronted with a double standard. As I view the history of this situation in the South, and especially in Florida, the State that I know best, we have had most of our counties and school districts placed under court orders; and for those that were not, HEW used all of its powers in the way of threatened Federal funds cutoffs to effect any kind of formula they wanted to. We have been under massive busing, in the State of Florida, with all the attendant problems; then I come along and read statements such as Mr. Weinberger makes in which he says it is a different kind of proposition in the North, that there is more resistance in the North, and we have to treat them differently.

I notice that no funds are being cut off in the North, and I see that the Supreme Court, in the Detroit decision, says they do not have to bus across county lines. So it looks to me as though we are living under a double standard. There has been one set of rules for the South and there is another set of rules that will be adopted for the North.

So I would vote against the Holt amendment, because it looks to me as though the Holt amendment would say to the North and those places that have not integrated, "You do not have to; we are not going to cut off your funds as we did in Florida." And I guess they did in Louisiana; I do not know what they did in other States, but they sure did it in my State. "We are not going to put you under that kind of requirements, to tell you what kind of teachers you have to have, and what the makeup of every class has to be. We are not going to put you under that kind of requirement. We are going to say now that is wrong."

I do not want to see the rules changed halfway through the game.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. CHILES. I yield.

Mr. JOHNSTON. Is the Senator saying that in States like Louisiana, where every one of our parishes is under court order, the passage of the Holt amendment would have absolutely no effect in our States, but that it would have effect only in some of the States of the North that Senators have talked about?

Mr. CHILES. That is right. As I remember the courts said continually, throughout the cases, "We are not going to put under court order these States that are in the North unless there is a real proving," because we were so-called segregationists in the South. At the time we had separate but equal schools, we said we knew they were not equal; we were segregating, but we were calling it segregation, and in the North they do not call it that, so they were not placed under court order. They never have been placed under court orders like we have, but they placed us all under them.

What I am saying is that basically we recognize that segregation is wrong, that to have an integrated school system is the law of the land. We have that in my State, and we want to see that be the law of the land. But we want to be treated in an equal and evenhanded way, as everyone else is treated across the country, and I do not want to see the direction changed. Chicago has no integrated school system, and we are seeing that in Cleveland, in Detroit, and in Boston. Boston now finds out what busing is about, finally. But if we go along and change the rules now, I think it is unfair. I think it is unfair to my State. I think it is unfair to the children, and I think because of that, we ought to stay under the same rules, and everyone ought to be treated the same.

If we recognize that busing is wrong, and I think forced busing is wrong, and have always said so—if we recognize it is wrong, let us allow it to stop across the country. Let us not say, "We won't have any more forced busing, but you that are under busing orders and already have your busing, you continue it."

That is what I am concerned about, and that is what it looks like to me, that this is the kind of trap we are falling into, with proposals like the Holt amendment.

As the Senator says, his parishes that are under court order and my school districts that are under court order do not receive any relief. We are already integrated to start with. It is working.

Let us let that be the case across the country. I think that is the kind of thing we need to look for.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, I yield such time as he may require to the Senator from West Virginia.

Mr. RANDOLPH. I thank the Senator. Mr. President, I ask unanimous consent that George Lawless, of the staff of the Committee on Labor and Public Welfare, have the privilege of the floor during the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

Mr. HELMS. Mr. President, I yield such time as he may require to the distinguished Senator from South Carolina (Mr. THURMOND).

Mr. THURMOND. Mr. President, the Holt amendment, which was adopted in the House of Representatives, is very short. It reads as follows:

> *Provided further*, That none of these funds shall be used to compel any school system, as a condition for receiving grants or other benefits from the appropriations above, to classify teachers or students by race, religion, sex, or national origin, or to assign teachers or students to schools, classes, or courses by race, religion, sex, or national origin.

Mr. President, that amendment, I think, is self-explanatory.

Today the Senate has before it the Scott-Mansfield amendment, which will add these words at the end of the Holt amendment:

> Except as may be required to enforce nondiscrimination provisions of Federal law.

Mr. President, the Scott-Mansfield amendment sounds good. I do not think any Member of the Senate favors discrimination.

However, who is going to make the determination as to whether or not there is discrimination? HEW alone is going to make that determination. By its own authority, HEW will determine whether or not there is discrimination, and whether or not to withhold funds.

What the distinguished Senator from North Carolina has done is offer an amendment to the Scott-Mansfield amendment that adds, "upon a determination by a court of the United States that such discrimination exists."

What the distinguished Senator from North Carolina is trying to do is remove from HEW the power to decide whether or not there is discrimination, and place it in the courts of the United States.

Mr. President, in view of the past history of HEW, I think most people are convinced that the Civil Rights Division of HEW has not been completely equitable. I fear, and a great many other people fear, that this will continue. Therefore, we feel that HEW should not be the judge as to whether or not discrimination exists. HEW is the prosecutor, the agency which will bring the suits, and who will present testimony in the courts. HEW presently makes the determination as to whether discrimination exists and whether to withhold funds. To my way of thinking that is not an unbiased determination. I do not think the prosecutors ought to be the judge and the jury, too. I think that the courts ought to be the judge. That is what the distinguished Senator from North Carolina is trying to do with this amendment. He is trying to allow the Federal courts to determine whether or not there is discrimination.

What is fairer than that? The purpose of the courts is to hear both sides of a case; not just to hear HEW's side of it, but to hear the side of the school district, too.

Mr. President, the school districts and the school boards of this Nation have been ignored in many cases, and HEW has been running wild, so to speak, in this area.

Why should we allow HEW to be both judge and prosecutor? I think this is very unfair. I think it is unjust and has resulted in a lot of tension across this Nation. It is my sincere hope that the amendment by the able and distinguished Senator from North Carolina will be adopted.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, I reserve the remainder of my time.

Mr. BROOKE. Mr. President, I am heartened by the vote of the Senate on the motion to table the Scott-Mansfield amendment.

The Senate has acted before on the Holt amendment. And I regret that the time of the Senate has to be taken up with lengthy debate and a series of votes on a matter to which it has already given consideration.

One of the obvious arguments against the Holt amendment is that it is legislation on an appropriations bill. But, even more importantly, if we pass this amendment we would be again, just prior to Christmas of 1974, trying to do everything humanly possible to abolish the civil rights laws of this country.

Now, the matter before us, the Helms amendment, and the apparent purpose of the Helms amendment is to force HEW to go to court and to demonstrate a case of discrimination, or of probable cause, before undertaking any investigation into the facts.

Some Senators have been talking about the Holt amendment as a busing amendment. It is not a busing amendment at all. I was pleased to listen to the distinguished Senator from Florida (Mr. CHILES) and the distinguished Senator from Louisiana (Mr. JOHNSTON)—and they and I disagree on the whole issue of busing. But they recognize, and I agree with them, that we ought not to change the ground rules now. The law ought to apply to the North just as well as it applies to the South. To change these rules now would be absolutely wrong.

Of course, in enacting title VI of the Civil Rights Act of 1964, Congress intended to authorize agencies to investigate and correct situations of discrimination in federally assisted programs. In effect, the purpose of title VI is to provide administrative relief—to provide for correction of discriminatory practices without having to resort to the courts. The courts are already overburdened. We need administrative relief, not always judicial relief.

At the same time, if a school system is found to be engaging in discrimination by an administrative hearing, the school system has the right to appeal that judgment to a U.S. appellate court.

However, the Helms amendment, in the context of the Holt amendment, would evidently require the Department to go to court before initiating an investigation on its own or in response to a complaint. Moreover, the language appears to mean that in seeking court approval to undertake any such investigation, HEW would first have to demonstrate that "discrimination exists." As such, the Helms amendment may well be intended to scuttle HEW's enforcement authority because no findings of discrimination, or perhaps even probable cause, could be presented a court without first having access to school data and proceeding with an investigation, which the Holt amendment would apparently serve to prohibit.

The Department's responsibility is to insure that Federal funds are not spent in a discriminatory manner. In order to fulfill that responsibility, HEW must have the authority and administrative ability to gain access to necessary information and conduct investigations to determine whether discrimination does in fact prevail. While the Scott-Mansfield amendment would reaffirm that authority, the insertion of the Helms amendment would appear to take it away. The Helms amendment could be construed as placing the Department in the impossible position of being required to present a case of discrimination without the benefit of an adequate investigation of the facts.

It should be stressed that the title VI statute already provides to any school district the right of due process. Any time the Department presents to a school district what it considers to be a determination that discrimination exists, the school district has a right to a hearing on the record. It also has the right to appeal any decision to the head of the agency and ultimately to the courts for judicial review. Recipients of Federal funds have adequate legal protection against agency determinations which they deem to be arbitrary or unfounded.

Far from protecting school districts against arbitrary action, the Helms amendment would appear to remove HEW's authority to even initiate a full and fair investigation of the facts. The amendment, in the context of the Holt amendment, would appear to seriously undermine HEW's authority to enforce title VI and title IX.

It should also be pointed out that as a practical matter, resort to the courts means that HEW must refer any cases of possible discrimination to the Department of Justice under the Helms amendment. If no investigation had been carried out beforehand, the Justice Department would have to do so prior to seeking court approval according to the *Helms amendment*.

The practical effect could be to make it impossible for the Federal Government to act on citizen complaints in a timely and judicious manner. For purposes of carrying out its own statutory responsibility under title VI, HEW would be solely dependent on limited staff in the Justice Department and overloaded court calendars. Minorities who have a right to nondiscrimination, women who have a right to nondiscrimination in federally assisted programs would be unable to have that right effectively protected under the Helms amendment.

Mr. President, I urge my colleagues to defeat this amendment.

I say again and again, do not be misguided. This is not a busing amendment or an antibusing amendment at all.

This amendment would deprive minorities and women the rights to equal educational opportunities. And let there be no doubt in your mind about this. I cannot believe that the Members of this body want to take that backward step in 1974 and deny minorities and women their equal rights.

Therefore, Mr. President, I hope that this amendment will be as resoundingly defeated as was the motion to table the Scott-Mansfield.

Mr. PERCY. Will the Senator yield?

Mr. BROOKE. I am very pleased to yield to the Senator.

Mr. PERCY. I would like to identify myself with the very eloquent comments made by my distinguished colleague from Massachusetts.

I believe deeply, also, that this would be a tremendous setback for every minority in America and certainly those that have been so discriminated against, as we well know, in American society to date.

Certainly, we cannot take a backward step now with the magnificent progress that is being made to provide equal educational, vocational, and career opportunities to women. This would be a setback for that program.

I urge my colleagues to support the effort that has been so eloquently described by my distinguished colleague.

Mr. BROOKE. I thank my distinguished colleague from Illinois for his contribution.

Mr. President, if my colleague, the distinguished Senator from North Carolina (Mr. HELMS), is willing to yield back his time, I am willing.

Mr. HELMS. I will be glad to do so in just one moment.

First I will yield to the distinguished Senator from Colorado for a unanimous consent.

CHANGE OF REFERENCE

Mr. HASKELL. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from the further consideration of H.R. 510, to authorize and direct the Secretary of Agriculture to convey any interest held by the United States in certain property in Jasper County, Ga., to the Jasper County Board of Education, and that the bill be referred to the Committee on Agriculture and Forestry.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16900) making supplemental appropriation for the fiscal year ending June 30, 1975, and for other purposes.

Mr. HELMS. Mr. President, I yield back the remainder of my time.

Mr. COTTON. May I have a minute?

Mr. BROOKE. I am perfectly willing to yield time to the Senator.

Mr. COTTON. Mr. President, I merely want to say that having gone through all the long, hard preparation of the supplemental appropriation bill and then having gone through the conference, I made up my mind that I would vote against any amendments that would send this bill back to the House or send it to another conference, because I have a feeling that if that happens we will lose the bill.

It is perfectly right and just that people who feel strongly on some of these matters try to bring about what they believe should be brought about by placing amendments in appropriation bills, but I have felt through the years on the committee that this is an unfortunate practice and not the way to bring about their object.

Of course, I do not care whether it is a civil rights amendment, whether it is an abortion amendment, or what kind of amendment it is. I do not question the absolute sincerity and in many cases the logic of those who try to do it.

But it will only last 1 year. It approaches the object by holding up the funds, and I have seen many appropriation bills ruined and lost by these amendments.

So I made up my mind that regardless of the merits at this time, with only a week and a half more to go, regardless of the merits, in my opinion, I might vote for it in another form, but I was not going to vote for any amendment that would jeopardize the passage of this bill in time for the President to act upon it.

I voted to lay on the table the Scott-Mansfield amendment and, of course, the result of that lay-on-the-table vote might tempt me to go ahead and vote for the amendment of my friend from North Carolina; but I feel it would be inconsistent, and I think probably a great many other members of the Appropriations Committee are likely to feel the same, and that I must resist consistently any amendment that will jeopardize this bill.

The PRESIDING OFFICER. All time of the Senator from North Carolina has expired.

Mr. BROOKE. Mr. President, that time given to the Senator from New Hampshire was on my time.

The PRESIDING OFFICER. Very well, the Senator from North Carolina has 1 minute.

Mr. HELMS. Mr. President, very quickly let me reiterate that this is a busing amendment.

The sponsor of this amendment in the House and the sponsor of this amendment in the Senate; namely, the Senator from North Carolina, submit that it is an antibusing amendment. Secretary Weinberger acknowledges that it is an antibusing amendment. So let us lay that position to rest.

Now, as to the discussion by the distinguished Senator from Florida, he had better vote for the Helms amendment to the Scott-Mansfield amendment if he wants to preclude further harassment in his State and in the State of Louisiana and in other States, because a court order is not the alpha and omega of this Federal control.

The HEW bureaucrats still come in, they are still coming into North Carolina and into court-ordered districts.

Mr. President, as I stated yesterday, the amendment that I am offering is clear and straightforward. It simply provides that none of these funds shall be used to require any school system, as a condition for receiving grants and other benefits from the appropriations in this bill (H.R. 16900), to classify teachers or students by race, religion, sex, or national origin; or to assign teachers or students to schools, classes, or courses for reasons of race, religion, sex, or national origin unless a court of the United States has first determined that discrimination on the basis of such criteria, in fact, exists in that school system.

The purpose and intent of this amendment is to insure that before the Department of Health, Education, and Welfare takes any action—including, but not limited to, withholding funds—regarding any school system concerning any possible discrimination, there must first be a determination by a court of the United States that such discrimination exists. If there is such a determination by a Federal court and if the appellate process has been exhausted, then, of course, HEW has the full authority granted it under previous congressional enactments. However, under this provision, HEW may not act summarily without a court determination.

This provision simply affords our school systems a fundamental American right—the right to be presumed innocent until proven guilty and the opportunity to have its day in court. I would not deny this due process to any man, and I certainly would not deny it to the schoolchildren of our country.

I urge the adoption of this amendment.

I yield back the remainder of my time.

Mr. BROOKE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. BROOKE. Mr. President, I want once again to respectfully disagree with my distinguished colleague from North Carolina in his assertion that this is a busing amendment.

I am very sorry that the distinguished Senator from Florida (Mr. Chiles) and the distinguished Senator from Louisiana (Mr. Johnston) were not on the floor when I addressed the subject to which they had previously made reference. But they are here now and I would like to say to them that I associate myself with them, though I understand that they are against busing, when they state that they believe that the law ought to apply to the North as well as to the South and that the guidelines and the rules of the game should not be changed during the time that this legislation is in effect.

The effect of the Helms amendment—and let there be no doubt about it—is to take away HEW's authority, pursuant to title VI and title IX, to enforce the civil rights laws on behalf of minorities and women. And nothing else.

It is not an antibusing amendment and cannot be construed so. The Secretary of Health, Education, and Welfare has never said that this is an antibusing amendment, because that is not the fact.

I hope that this amendment will be overwhelmingly defeated by my colleagues in the Senate.

Mr. COTTON. Would the Senator yield 1 second?

Mr. BROOKE. Yes, I am glad to yield to the distinguished Senator from New Hampshire.

Mr. COTTON. I just want to add to what I said before, that the importance of this bill, the great importance of this bill, is the advance funding for education.

The quality of education is more important at the moment, at least to this Senator, than some of these other extraneous questions, even though we speak strongly about them.

If we adopt the amendment, we jeopardize what we have been doing with forward funding so that the schools in this country know how much they are going to get and can plan their school year. That is another reason that I wanted to add to the argument that a vote for any amendment to this bill, at this time in the session, is very dangerous to the educational system of our country.

Mr. BROOKE. Mr. President, I thank my distinguished colleague from New Hampshire. I know that he is against busing. But this is a question of equal educational opportunities for minorities and for women. I cannot see how any Member of the Senate in good conscience can vote against equal educational opportunities for minorities and for women.

Mr. President, I yield back the remainder of my time.

Mr. BIDEN. Will the Senator yield for a question?

Mr. BROOKE. I yield.

Mr. BIDEN. The amendment as it reads now is something in addition to a busing amendment, assuming it is. It deals with programs beyond whether or not a child or a teacher would be assigned to a school based on the busing order, whether it comes down from HEW or from the courts, is that correct?

Mr. BROOKE. Precisely. It goes far beyond, because in effect it would deprive women and minorities this basic right to equal educational opportunities. So it goes far beyond what the Senator has said.

Mr. BIDEN. There are some of us who sympathize very much——

The PRESIDING OFFICER. All time has expired on the amendment. The yeas and nays have been ordered. The question recurs on the amendment of the Senator from North Carolina. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Arkansas (Mr. Fulbright), and the Senator from Iowa (Mr. Hughes) are necessarily absent.

I further announce that the Senator from Montana (Mr. Mansfield) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. Bellmon) is necessarily absent.

The result was announced—yeas 37, nays 58, as follows:

[No. 528 Leg.]

YEAS—37

Allen
Beall
Bennett
Brock
Buckley
Baker
Bartlett
Byrd, Harry F., Jr.
Chiles
Cook
Curtis
Dole
Domenici
Dominick
Eastland
Ervin
Fannin
Goldwater
Griffin
Gurney
Hansen
Helms
Hollings
Hruska
Huddleston
Johnston
Long
McClellan
McClure
Nunn
Roth
Scott, William L.
Sparkman
Stennis
Talmadge
Thurmond
Tower

NAYS—58

Abourezk
Aiken
Bayh
Bible
Biden
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Church
Clark
Cotton
Cranston
Eagleton
Fong
Gravel
Hart
Hartke
Haskell
Hatfield
Hathaway
Humphrey
Inouye
Jackson
Javits
Kennedy
Magnuson
Mathias
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Symington
Taft
Tunney
Weicker
Williams
Young

NOT VOTING—5

Bellmon
Bentsen
Fulbright
Hughes
Mansfield

So Mr. Helms' amendment was rejected.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which that amendment was rejected.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The ACTING PRESIDENT pro tempore (Mr. Metcalf). Under the previous order, the Senator from Maryland (Mr. Beall) is recognized.

Mr. HUDDLESTON. Mr. President, will the Senator from Maryland yield for 1 minute?

Mr. BROOKE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. Does the Senator from Maryland yield for a parliamentary inquiry?

Mr. BEALL. I do, since I have no choice.

Mr. BROOKE. Mr. President, I wish to make it clear for the Record. The pending business is now the Beall amendment, and we have a 30-minute time limitation, is that correct?

The ACTING PRESIDENT pro tempore. The Senator from Maryland is recognized to call up that amendment, but he has not yet called his amendment up.

Mr. BROOKE. Under a unanimous-consent request, we have a 30-minute time limitation on the amendment if the Senator calls it up, is that correct?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. HUDDLESTON. Mr. President, will the Senator yield 1 minute for a unanimous-consent request?

The ACTING PRESIDENT pro tempore. Will the Senator from Maryland yield?

Mr. BEALL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BEALL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered; and the amendment will be printed in the RECORD.

The amendment is as follows:

H.R. 16900

At the end of the amendment, strike the period, and add the following:

": *Provided further*, that none of the funds contained herein shall be used to compel any school system, as a condition for receiving grants and other benefits, to participate in any systemwide investigation of school district discrimination, on the basis of race, religion, sex, or national origin, in the administration of its student disciplinary policies and practices unless the individual complaint alleging such discrimination has been investigated and an express finding on the record made that such discrimination occurred, and there is reason to believe, based on factors other than statistical differences alone, that discrimination exists on a systemwide basis."

Mr. BEALL. Mr. President, the amendment I have sent to the desk I shall read, because it is a modification of an amendment that I had talked about yesterday, which was introduced on November 19. Therefore, it is different from what I had written and planned to offer, because I think it is more definitive now and should be more acceptable to those who found some objection to the amendment. It takes into consideration suggestions others have made to me.

Mr. PASTORE. Mr. President, may we please have order?

The PRESIDING OFFICER. The Senator from Maryland is entitled to be heard. The Senators will take their conversations elsewhere.

Mr. BEALL. Mr. President, this amendment is added at the conclusion of the Scott amendment. It provides:

: *Provided further*, that none of the funds contained herein shall be used to compel any school system, as a condition for receiving grants and other benefits, to participate in any systemwide investigation of school district discrimination, on the basis of race, religion, sex, or national origin, in the administration of its student disciplinary policies and practices unless the individual complaint alleging such discrimination has been investigated and an express finding on the record made that such discrimination occurred, and there is reason to believe, based on factors other than statistical differences alone, that discrimination exists on a systemwide basis.

Mr. President, this matter was discussed at some length yesterday by the Senator from Massachusetts and myself, and it was discussed on November 19 at some length by the Senator from Massachusetts and myself. I think, however, Mr. President, that we are playing somewhat of a legislative shell game here today.

The House has sent over an amendment known as the Holt amendment, which goes rather far in its effect on the application of the Civil Rights Act, and we are about to vote on the Scott-Mansfield amendment, which has the effect of nullifying anything that the Holt amendment would do. So what we are doing in the Scott-Mansfield amendment, without indicating overtly that we are doing this, is, in effect, voting down the Holt amendment here in the Senate. But that is the way we do things from time to time, and it is acceptable procedure, but I think it should be understood that that is what we are doing.

I must say for myself that I do think that the amendment that was adopted by the House goes too far in its effect on the ability of the Department of Health, Education, and Welfare and others to enforce the Civil Rights Act. I think we have made substantial progress in the past 10 or 15 years in the area of civil rights, and I think it is because of the good work done, in both the legislative and executive branches of the Government, that that has been so. I also think it has been so because, in most instances, we have eventually had the cooperation of the people in our country in seeing to it that the elements of discrimination that existed in our school system were eliminated.

I think we have reached a point now where we have to be concerned about the public reaction to excessive actions by bureaucrats as they go about their business of implementing the laws and seeing to it that the laws are enforced. It seems to me, too, that we should be concerned about the fact that one House of Congress has passed an amendment to an appropriations act that may have the effect of nullifying the civil rights acts that have been passed previously by Congress.

Therefore, it seems to me that we should do something about reining in bureaucracy to make sure that they are not engaging in bureaucratic excesses, to make sure that the bureaucrats themselves are not so arrogant that they think that Congress has given them an unlimited license to do anything they want in upholding and interpreting what they think the law is and not what really was the intent of Congress when it passed the law.

Therefore, Mr. President, all my amendment would do would be, in one instance, to say to the Department of Health, Education, and Welfare: Wait a minute; let us make sure that you are doing things in an orderly manner; let us make sure that you are not so disrupting a local school system that you are, in effect, almost making it impossible for them to comply with the law; let us make sure that you are taking things in order; let us make sure that when you receive a complaint, you ascertain whether the complaint is justified before you proceed to ask a district for mountainous amounts of information.

This amendment applies exclusively to investigations into the alleged discrimination in disciplinary policies in school systems across the country. Quite candidly, as the Senator from Massachusetts knows and as, I think, most of my colleagues know, this amendment arose out of a situation that came about in Maryland, where the Department of Health, Education, and Welfare, in May of 1973, received a complaint from a group of citizens indicating that, in their opinion, there was discrimination in disciplinary policies in a school in Anne Arundel County, Md.

The Department of Health, Education, and Welfare started to investigate that complaint, and they requested of that school system a great volume of information, statistics, and data. But before they investigated the few complaints and determined their validity, they embarked on a broad-scale, systemwide investigation that, in the words of the administrators of the school system, would have required six administrators, working 6 months, to come up with the information that was being requested.

Mr. President, I think that was simply a case where the people working at the Department of Health, Education, and Welfare overstepped their bounds. I think it is a case where the Department of Health, Education, and Welfare, in their zeal, have made excessive and unreasonable demands.

I might add, for the RECORD, that I have here a three-page document containing 18 different items, listing the kind of information that the county has already supplied to the Department of Health, Education, and Welfare in answer to their demands and each time HEW responds by asking for more. Yet they have not made a determination as to whether there is justification for the initial complaint filed in May of 1973.

Mr. President, I ask unanimous consent that it be printed at this point in my remarks.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

INFORMATION, MATERIAL, AND DOCUMENTS PROVIDED HEW, OCR, INVESTIGATORS IN CONNECTION WITH INQUIRY—STUDENT DISCIPLINE, ANNE ARUNDEL COUNTY PUBLIC SCHOOLS

No. 1.—Copies of all material pertinent to student discipline, suspensions, expulsions, withdrawals and confidentiality of student records—from State Law, Maryland State Board of Education By-Laws and Local Board Policy.

No. 2.—Copies of all Junior and Senior High School Student Handbooks.

No. 3.—Summary Reports—by incident, by school, by grade, sex, race and disposition—of cases of serious student misconduct investigated by the Superintendent's office—October 1973 (initial report for school year '73–'74) and May 1974 and June 1974 (final and cumulative reports for school year '73–'74).

No. 4.—Summary Report—by incident, by school, by grade, sex, race and disposition of cases of serious student misconduct, investigated by the Superintendent's office—school year 1972–1973.

No. 5.—Annual Reports—1971–1972–1973–1974—Students referred to Juvenile Court—by cause, school, age, sex and disposition.

No. 6.—Suspension Data—1972–1973, September 1973 thru December 1973—by elementary, secondary, race.

No. 7.—Suspension Data—1973–1974—by month, by school, by cause, sex, race, and duration.

No. 8.—School system Summary Report—Fall 1973—Elementary and Secondary School Civil Rights Survey—Pupil membership by American Indian, Black, Asian American, Spanish Surname, other, totals.

No. 9.—Copy-Handbook, Emergency & Legal Procedures, Anne Arundel County Public Schools—containing directions, guidelines and supporting statutes—to principals and school staffs concerning:

After-hour Disturbances; Alcohol, use or possession of; Arrests; Assault; Bomb Threats; Bus Behavior Problems; Bus Plan for School Disorders; Community Offenses by Students; Corporal Punishment; Demonstrations/Mass Protests; Disorderly Conduct in Vicinity of School; Disrupting a School in Session; Drugs, use or possession of; Fights, intervening in; Police Assistance (what to do when they come); Police Information (where to call, what to say);

Police Security for school-sponsored activities; Press Handling (in emergency situation); Protests; Questioning on School Premises; Searches and Seizures; Smoking on Bus; Suspensions, policies and laws; Trespassers/Intruders; Vandalism; Visitors; Warrants.

No. 10. Data, Anne Arundel County Learning Center—Eligibility, Screening and Entry requirements, Description of Program, Procedures for Referral, Procedure for return to assigned school, Skills and Behaviors check list, Attendance Form, etc.

No. 11. Parent Guide—Anne Arundel County Learning Center.

No. 12. Selected Samples—Minutes, Citizens Advisory Committees—relating to parent concerns in matters of student discipline, school security, human relations.

No. 13. Copy Guideline—Crisis Prevention & Intervention and Human Relations—Anne Arundel County Board of Education Policy No. 5–18.

No. 14. Copies—correspondence—Citizens School Safety Committee:

a. Mr. Allen's letter—6–14–73.

b. Mrs. Ditmonte's correspondence of 11–7–73.

c. Staff Response—12–5–73.

No. 15. Memorandum and copy of Student Information Bulletin, "Need Help With A School Problem?"—October 11, 1973.

No. 16. Various memoranda—

a. Memo—C. B. Carter—racial conflict, assaults, extortion etc.—Annapolis Junior High School—9–16–71.

b. Memo—Frank Ruffo—vandalism, discipline—Annapolis Junior High School—9–21–71.

c. Memo—Frank Ruffo—Action initiated—Annapolis Junior High School—9–24–71.

d. Memo—C. B. Carter—Police Security—Annapolis Junior High School—10–20–71.

e. Memo—C. B. Carter—Meeting—Police-County Officials—Annapolis High School, 11–8–71.

No. 17. Interviews:

a. 7-1-74—Mr. Dave Gerard, Office for Civil Rights—C. Berry Carter, II, Deputy Superintendent.

b. 8-21-74—Mr. Gerard, Mr. Jefferson, Mr. Spitz—Office for Civil Rights—C. Berry Carter, II, Deputy Superintendent, Mr. Bob White, Public Relations, Mr. F. Noel, Consultant in Community Affairs.

c. 8-23-74—Mr. Gerard; Mr. Jefferson; Office for Civil Rights—C. Berry Carter, II, Deputy Superintendent.

d. 8-23-74—Mr. Gerard; Mr. Jefferson; Office for Civil Rights—Mr. Noel, Consultant in Community Affairs.

e. 8-23-74—Mr. Gerard, Mr. Jefferson; Office for Civil Rights—Mr. Turner, Special Assistant to the Superintendent.

f. 9-11-74—Mr. Gerard; Mr. Jefferson; Mr. Nixon; Mr. Williams—Office for Civil Rights—Mr. Carter, Deputy Superintendent; Mr. Bob White, Public Relations, Dr. L. Alsobrook—Officer for Program Planning & Evaluation.

g. 9-11-74—Mr. Gerard; Mr. Jefferson—Office for Civil Rights; Mr. Paul Acito, Special Assistant to the Superintendent.

h. 9-11-74—Mr. Gerard; Mr. Jefferson—Office for Civil Rights, Mr. Carter, Deputy Superintendent.

No. 18. Data—Entries, transfers and withdrawals—1973-1974—by school, by grade, by category, by sex and by race.

Mr. BEALL. So, Mr. President, all my amendment does is say to HEW, "Before you proceed in conducting systemwide investigations into alleged discrimination in disciplinary policies, you must first answer the original complaint that alleged the discrimination, and make a finding on the record that such discrimination does in fact exist."

All we are really in fact saying to HEW is, "Please proceed in an orderly fashion, and please give the accused an opportunity to answer the complaint in a proper forum before you totally disrupt our school systems by requiring them to spend unlimited amounts of time and money in furnishing data that may or may not be of some assistance to the Department of Health, Education, and Welfare and which may or may not have some bearing on the quality of education that is provided for the young people in that particular jurisdiction."

Mr. President, I reserve the remainder of my time.

Mr. BROOKE. Mr. President, I have been heartened by the vote on the motion to lay on the table the Scott-Mansfield amendment, which was 60 to 34, and by the rejection of the Helms amendment, on which the vote was 58 to 37. And now we have the Beall amendment. All of these amendments are similar in the sense that we have voted upon them in one form or another prior to today. And the Senate has acted previously and specifically on the Beall amendment. The Senate rejected it on November 19

Senator BEALL apparently intends his amendment to prohibit investigations such as that in Anne Arundel County, Md. The Senator has stated that his amendment would not limit legitimate title VI investigations based on complaints or other information. Although the Anne Arundel County investigation is one of HEW's first investigations to deal exclusively with the area of possible discrimination in the administration of student discipline, the Anne Arundel investigation is based on legitimate title VI authority.

Title VI requires HEW to investigate a school system receiving Federal financial assistance whenever a compliance review, report, complaint, or any other information indicates possible discrimination on the basis of race, color, or national origin. In the Anne Arundel County case, a compliance review, three complaints, and other information all indicate possible discrimination by the school system in the matter of student discipline. One of these complaints asks HEW to "investigate the entire Anne Arundel school system to find out if there is merit to what appears to be a pattern of sit down, shut up, or get out message given black children." HEW is currently involved in Federal court litigation in its attempt to complete its investigation and resolve this complaint. Neither this complaint nor the other two complaints can be fairly resolved, however, without investigating the operation of the student disciplinary policies in the county's schools. The county has refused entry to all of its schools for the purpose of such an investigation. Further, statistical information received from the school district indicates the black students are suspended and expelled for more subjective offenses than white students, that black students are suspended and expelled much more frequently than white students, and that black students are frequently suspended for longer periods of time than white students who have committed the same offense.

These facts are certainly cause for further investigation to determine whether or not discrimination is the cause behind these statistics.

Finally, the Office of Civil Rights of HEW has the obligation under title VI "from time to time" to review the compliance of Federal recipients with civil rights requirements. Unlike many other school districts in the country, Anne Arundel was not subject to an onsite investigation prior to last year.

Mr. President, the Department of HEW must not conduct title VI investigations purely for experimental reasons. Every investigation, including the first in a series, must be based on legitimate title VI grounds—the receipt of a complaint or other information indicating possible discrimination or the conduct of a periodic compliance review. This does not mean that HEW is not permitted to learn from its investigations in order to be more effective in enforcing the civil rights laws. Any new area of investigation may produce beneficial side effects such as modified policies or improved investigative techniques.

Mr. President, I urge my colleagues to defeat once again the Beall amendment.

Mr. President, I have from the Baltimore Sun of Tuesday, December 10, 1974, an article entitled "Arundel Panel Attacks Holt Fund Amendment." That article says:

> The Anne Arundel County Human Relations Commission yesterday sharply attacked the "Holt amendment" which would end the Department of Health, Education and Welfare's power to withhold federal funds to force co-operation in investigations of racial discrimination.
>
> The amendment to the federal department's supplemental appropriations bill, which was sponsored by Representative Marjorie S. Holt (R. 4th), is to come up for Senate floor debate today.
>
> It stems from an investigation of allegedly discriminatory disciplinary practices in Anne Arundel's public schools.
>
> The commission members charged yesterday in a press conference that the amendment would "cripple the federal government's ability to investigate charges of discrimination in all federally funded programs."

We are not just talking about minorities now; we are talking about all federally funded programs, which would include women as well.

The article continues:

> Several of the commission members who are veterans of the 12-year battle to integrate the county's schools between 1954 and 1966 contended that without the threat of withheld funds, little progress could be made in ending racial discrimination.
>
> Asked about Mrs. Holt's contention that the requirement for school districts to maintain racially and sexually differentiated sta-

tistics amounts to a new form of discrimination, the commission chairman, Rocco M. Paone, said:

"If this were 10 or 20 years from now, I would say yes. But there is just too much of the old kind of discrimination in the country now. You have to get a series of laws going and then effectively implement them. We don't feel that we've arrived at that point yet."

The members made the same argument in regard to the burden which the law places on the school district to prove that it is not discriminating if there is any question of unfairness.

"HEW will only come in if there's a certain amount of smoke," Dr. Paone said, "and the school district is under the obligation of proving that it's only smoke or admitting that there's some fire."

Mr. President, I ask unanimous consent that the article to which I have referred be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Dec. 10, 1974]

ARUNDEL PANEL ATTACKS HOLT FUND AMENDMENT

ANNAPOLIS.—The Anne Arundel County Human Relations Commission yesterday sharply attacked the "Holt amendment" which would end the Department of Health, Education and Welfare's power to withhold federal funds to force co-operation in investigations of racial discrimination.

The amendment to the federal department's supplemental appropriations bill, which was sponsored by Representative Marjorie S. Holt (R., 4th), is to come up for Senate floor debate today.

It stems from an investigation of allegedly discriminatory disciplinary practices in Anne Arundel's public schools.

The commission members charged yesterday in a press conference that the amendment would "cripple the federal government's ability to investigate charges of discrimination in all federally funded programs."

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Asked about Mrs. Holt's contention that the requirement for school districts to maintain racially and sexually differentiated statistics amounts to a new form of discrimination, the commission chairman, Rocco M. Paone, said:

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The members made the same argument in regard to the burden which the law places on the school district to prove that it is not discriminating if there is any question of unfairness.

"HEW will only come in if there's a certain amount of smoke," Dr. Paone said, "and the school district is under the obligation of proving that it's only smoke or admitting that there's some fire."

Mr. BEALL. Mr. President, will the Senator yield?

Mr. BROOKE. Yes, I am glad to yield on the Senator's time.

Mr. BEALL. Yes. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Maryland has 8 minutes.

Mr. BEALL. Mr. President, if the Senator will yield on my time——

Mr. BROOKE. Yes, fine.

Mr. BEALL. I think I should point out that I have a copy of the letter that was written to me by the Anne Arundel County Human Relations Commission in my hand.

Mr. BROOKE. Yes.

Mr. BEALL. They are opposed to the Holt amendment, and share the concern expressed by you. So the Senator is talking about the Holt amendment when he refers to the Anne Arundel County Human Relations Commission, and not the Beall amendment.

Mr. BROOKE. I read that.

Mr. BEALL. The Human Relations Commission does seem to recognize HEW may have gone too far for they state in their letter that:

> It may be that the OCR in Philadelphia have been unreasonable at times. It seems to us that such matters can be resolved by negotiations conducted in good faith by the parties concerned. It is our view that such matters do not require legislation having a sweeping national impact on existing statutes, such as would occur if the Holt amendment is accepted.

I think that shows that they recognize that HEW has been unreasonable in its request. I would hope this matter could have been negotiated by the HEW and the Anne Arundel County school system but the fact is that HEW has not been reasonable. All HEW does is ask for more information and threaten to cut off the funds unless the Anne Arundel school people agreed to do all things the way HEW wanted them done, and not as they could be agreed to by negotiation.

Mr. BROOKE. I think, from what the Senator has said, that the Anne Arundel County Human Relations Commission has obviously said that they are opposed to the Holt amendment.

Mr. BEALL. Right.

Mr. BROOKE. And we know exactly what the Holt amendment would have done. All I am saying to the Senator from Maryland is that we have debated this issue previously. He has offered this amendment before. The amendment in substance was defeated by the Senate. He has changed the language to some degree, but the fact remains that what he is trying to do, as I understand it, is to say that there will be no harassment by HEW bureaucrats in Anne Arundel County.

Mr. BEALL. Or any county.

Mr. BROOKE. Or any county, for that matter, and I quite agree with the Senator. I have agreed with him all the time.

I do not think there should be any harassment in Anne Arundel County or in Mississippi, in Louisiana, in Boston, or any place. I have said to the Senator that we will build legislative history that will say to the Secretary of HEW that we do not want harassment.

But I also say to the Senator: Do not take away the tools that HEW must have in order to conduct its investigations. How can it conduct an investigation, how can it proceed on complaints, if it cannot even get the records, cannot even get the statistical data that it needs to work with? So it gets us back to the Holt amendment to which the Anne Arundel County Human Relations Commission was opposed.

If the Senator would agree that we can have strong legislative language in a report or anything of that nature, fine. But let us not clutter up this supplemental appropriations bill with another amendment, which may be not the Helms amendment, may be not the Holt amendment but, in effect, would abolish the right of HEW to effectively do its job in the enforcement of civil rights legislation for minorities and for women.

Mr. BEALL. Is the Senator yielding the floor?

Mr. BROOKE. I reserve the remainder of my time, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. BEALL. I yield myself as much time as I might consume.

Mr. President, I appreciate the concern of the Senator from Massachusetts, and I know that he does not like HEW harassing local and State officials.

But I wish we could satisfy this matter by having report language that would make an impression upon HEW. I found that the only thing that impresses HEW are words in the law, and that is why I have introduced this amendment, which I do not consider a cluttering amendment, if I may say so. I hope it is an amendment that will modify the Scott-Mansfield amendment, which nullifies the Holt amendment, that will make it acceptable to the House because, as I pointed out earlier, we should be very concerned as legislators, and as citizens who are interested in seeing to it that everybody is afforded the opportunity to an equal education, that one House of this Legislature has seen fit to pass an amendment to an appropriations bill which it is claimed has the effect of nullifying the provisions of the Civil Rights Act.

They have done this because there has been a public outcry as a result of excesses on the part of the people in the Department of Health, Education, and Welfare. They have done it because of what I consider to be bureaucratic arrogance. They have done it because of what I consider to be a department of the Federal Government making unreasonable requests of a local school system.

I think we have to be concerned that the law be applied in an evenhanded manner, and if there is a complaint filed with the Department of Health, Education, and Welfare, they should investigate that complaint and render some decision on the merits of the complaint, before the move to require as they did to the local school system, in this instance, to furnish the disciplinary records of 25,000 students for the last 3 years in a school system. This is an unreasonable request.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. BEALL. Because they have not given an answer to the initial complaint, and that is all I want them to do in an orderly way.

I will yield on the Senator's time.

Mr. BROOKE. Right.

How does one investigate a complaint

if one cannot get the statistical data or the records? How does one investigate it?

Mr. BEALL. They have all the statistical data they need to make a decision if there is a justification for their complaint. You do not need statistical data for everyone to investigate the complaints with respect to an individual.

Mr. BROOKE. Where did they get it?

Mr. BEALL. From Anne Arundel County.

Mr. BROOKE. They will not give it to them.

Mr. BEALL. They furnished them the information they needed to investigate the individual complaints. What they have not furnished are the total records, and that will require months to put together. I will not comment on the amount of money required, because I do not know, but a lot of time from a lot of people.

All they are asking is, "Tell us whether or not, on the basis of your investigation, you think there is some discrimination in the disciplinary policies in this county." HEW, as late as yesterday, said, "We do not know whether there is or not. We do not know whether there is justification for this complaint," in spite of the fact that they have received all the information previously printed in the RECORD.

I might say additionally to the Senator——

Mr. BROOKE. The Senator is talking on his time now.

Mr. BEALL. Very well.

On my time, Mr. President, I yield to the Senator from West Virginia.

UNANIMOUS-CONSENT AGREEMENT ON H.R. 8193, THE ENERGY TRANSPORTATION CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, this request has been cleared by the leadership on both sides of the aisle.

I ask unanimous consent that at 3 p.m. next Wednesday, December 18, 1974, a vote occur on H.R. 8193, the energy transportation conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

Mr. BEALL. I may say further, in response to the distinguished Senator from Massachusetts, for whom I have the highest personal regard, that if we are going to determine whether or not the discipline is fairly administered on the basis of statistics, I think the statistics will show that boys are disciplined or suffer disciplinary action more often than girls do. Therefore, we might as well say school systems are discriminating against the male sex because boys are being disciplined more than girls.

I think we have to have a broader basis for our conclusions than actual numbers.

Mr. BROOKE. I think the Senator is well aware that we have evidence that there is discrimination against females in the educational system.

Mr. BEALL. Not in discipline.

Mr. BROOKE. And, as a result of that, we have at long last passed legislation which would protect females in educational systems and give them an equal educational opportunity. And that is progress. It took a long time for females to get that far down the road, as it has taken a long time for minorities to get that far down the road.

Mr. BEALL. I voted for both.

Mr. BROOKE. I do not see why, after we have made such fine progress, the Senator wants in 1974 to take away basic rights from females or from minorities. That is all I cannot understand.

Mr. BEALL. Mr. President, will the Senator yield? The Senator is talking about the Holt amendment.

Mr. BROOKE. I am talking about the Holt amendment——

Mr. BEALL. The Beall amendment applies very narrowly to a systemwide investigation into discrimination in discipline—systemwide, not local schools, but school districts.

Mr. BROOKE. May I tell the Senator what the Scott amendment does?

Mr. BEALL. Yes.

Mr. BROOKE. The Scott-Mansfield amendment, all it does——

Mr. BEALL. Yes, I know what it does.

Mr. BROOKE. All the Scott-Mansfield amendment does is to state:

> At the end of amendment numbered 17 in disagreement, strike the period, insert a comma in lieu thereof, and add the following: "except as may be required to enforce nondiscrimination provisions of Federal law".

The Senator wants to amend that? I cannot understand it. Can we ask for any less than to ask that the law be enforced, that the Federal law be enforced? That is all Scott-Mansfield does. Why does the Senator want to amend that? Why does he want to add to it?

There can be nothing further to that than the enforcement of the law, unless we change the law. So the Senator is trying, under his amendment, to change that law. That is why he wants to amend Scott-Mansfield.

Mr. BEALL. I want to amend HEW, there is no question about that. I am trying to minimize some of the public outcry that results from this arrogance on the part of some of the administrators so that we can make sure we do not have the kind of erosion of the Civil Rights Act that we have had in the House of Representatives.

They sent this amendment over here. One House of the Congress of the United States has taken an action that severely limits, restricts the Department of Health, Education, and Welfare in the enforcement of the Civil Rights Act. We ought to be concerned about that. They have done this because of the public outcry, so let us do something that is going to make this bill pass.

Mr. BROOKE. The Senator is a U.S. Senator from the great State of Maryland; he represents Anne Arundel County. If HEW is giving him problems, he has the power and authority to do something about it.

Mr. BEALL. I have done that.

Mr. BROOKE. If HEW starts giving me problems in Massachusetts the Senator can be assured that I will go there and do something about it. But I am not going to come here on the floor of the U.S. Senate and ask the Senate to change the law, change the civil rights law, take away equal opportunity for minorities and for women because they have been harassing me in Boston, Mass. And I am being harassed in Boston, Mass., right now. I am telling the Senator I am embarrassed by what is happening in Boston, Mass.

Mr. BEALL. That is the court order.

Mr. BROOKE. I am not coming back here to ask my colleagues to change the law for the city of Boston.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. BROOKE. Certainly, on the Senator's time. [Laughter.]

Mr. BEALL. How much time do I have?

Mr. ROBERT C. BYRD. May we have order in the Senate and in the galleries?

The PRESIDING OFFICER (Mr. MONDALE). The Senate will be in order.

Mr. BROOKE. May we ask how much time we have remaining?

The PRESIDING OFFICER. The galleries are admonished to remain quiet.

The Senator from Maryland has 1 minute. The Senator from Massachusetts has 3 minutes.

Mr. BROOKE. On the Senator's time.

Mr. BEALL. I would ask the Senator from Massachusetts one question: If the Department of HEW, on the basis of one complaint received from the State of Massachusetts, went up and requested all of the records, what action would the Senator take?

Mr. BROOKE. Well, I am going to ask the Senator, why does he not give me the facts? The Senator has had three complaints. The Senator has an investigation in Anne Arundel County. They have not complied and, therefore, HEW has had to do something, and the case is now in the courts. Why does the Senator not say that? It is in the courts, is it not? The Senator's time is up. [Laughter.]

The PRESIDING OFFICER. All time of the Senator from Maryland has expired.

Mr. BROOKE. Now, Mr. President, in all due deference to my dear friend from Maryland, and I have the highest respect, esteem, and admiration for him, the effect of his amendment is practically the same as the other amendments.

I ask my colleagues, let us not take another backward step, let us do what we have done on the motion to table the Scott-Mansfield language, let us do what we have done on the Helms amendment, let us destroy the Holt amendment once and for all. Let us send back to the House of Representatives in a strong, clear, and loud voice the message that at least the U.S. Senate voted that here in 1974, December—whatever the date is, we have been debating so long I do not know—but whatever that date is——

Mr. BEALL. I will tell the Senator on his time.

Mr. BROOKE. No.

Whatever that date is, we do not want to take a backward step and we do want equal educational opportunities for minorities and for women.

I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. Moss). All time has been yielded back.

Mr. BROOKE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the Beall amendment. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MATHIAS (after having voted in the negative). Mr. President, on this vote I have a live pair with the Senator from Arkansas (Mr. Fulbright). If he were present and voting he would vote "yea." If I were free to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Arkansas (Mr. Fulbright), the Senator from Kentucky (Mr. Huddleston), and the Senator from Iowa (Mr. Hughes) are necessarily absent.

I further announce that the Senator from Montana (Mr. Mansfield) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. Bellmon) and the Senator from Utah (Mr. Bennett) are necessarily absent.

The result was announced—yeas 30, nays 62, as follows:

[No. 529 Leg.]

YEAS—30

Allen
Bartlett
Beall
Brock
Buckley
Byrd, Harry F., Jr.
Chiles
Curtis
Dole
Domenici
Dominick
Ervin
Fannin
Goldwater
Griffin
Gurney
Hansen
Helms
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Inouye
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Kennedy
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McGee
McGovern
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Mathias, against

NOT VOTING—7

Bellmon
Bennett
Bentsen
Fulbright
Huddleston
Hughes
Mansfield

So Mr. Beall's amendment was rejected.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUGH SCOTT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ALLEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Will the Senator withhold that request while the Chair recognizes the Senator from Massachusetts?

Mr. BROOKE. Will the Chair explain what the legislative situation is at this time? Where are we now?

Mr. ROBERT C. BYRD. Will the Senator let me proceed at this point?

Mr. BROOKE. Fine. I yield to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

TRADE REFORM ACT OF 1974

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, it is my understanding that the Senator from Delaware (Mr. Biden) has a perfecting amendment to the pending measure.

In the meantime, Mr. President, on behalf of various Senators, I send to the desk a cloture motion on the trade bill.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the bill H.R. 10710, an act to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

Russell B. Long, Robert C. Byrd, Jr., Wallace F. Bennett, Hugh Scott, Alan Cranston, Joseph R. Biden, Jr., Hubert H. Humphrey, Walter D. Hathaway, John O. Pastore, Jacob K. Javits, Henry M. Jackson.

Walter F. Mondale, Jennings Randolph, Mike Gravel, Frank E. Moss, Abraham Ribicoff, Gaylord Nelson, Dick Clark, Sam Nunn, George D. Aiken, John Tower.

Mr. COOK. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. COOK. I merely ask this: Has the bill been laid before the Senate for debate?

Mr. ROBERT C. BYRD. The bill does not need to be laid before the Senate before debate, I state to the distinguished Senator, by virtue of the fact that I got unanimous consent earlier in the day that it be in order at any time today to offer that cloture motion.

The PRESIDING OFFICER. Such an agreement has been entered into.

Mr. HARTKE. Mr. President, I understand what is happening here. Having dealt with some surface transportation bills before, I know a railroad when I see it. This one came down the track very early.

The purpose of this cloture motion is really to cut off any type of amendment to the trade bill which would deal with the taxation of foreign oil companies who are operating with atrocious profits out in the Middle East at the present time, to require that the oil companies start paying taxes in the same fashion as domestic oil companies do. I am talking about foreign oil companies which would be required to pay taxes by the same method as domestic oil companies. It would prevent any type of measure which dealt with the Internal Revenue Code, because under rule XXII, every measure would be subject then to the question of whether or not it was germane to the trade bill.

As I understand from the Parliamentarian, the result is that if anyone in any fashion submits any material which is extraneous to the trade bill itself—for example, the Internal Revenue Code—it would be ruled as nongermane.

I find it rather extraordinary in this body that we limit the date upon a trade bill, the first of its kind since the last trade bill expired on June 1, 1967, a trade bill which came before the Senate Committee on Finance in March of this year, in which committee after that it was delayed because of other matters, but principally because of the so-called Jackson amendment.

My feeling is that we have several amendments which will be permissible under the bill, which are germane.

I point out that the very principle upon which this bill is being promoted is the fact that it is in the best interests of the United States to promote international commerce. Yet, at the same time, the President is invoking a request at least for a reduction of consumption of energy because of the balance-of-payments problem, while at the same time the principal ingredients of that balance-of-payments problem are being occasioned by the principal advocates of this measure.

So we have here the international oil cartel requesting us to go ahead and delete from our operations any equity in tax treatment and to fail to consider a measure which, if it had a chance on the floor of the Senate, would be voted upon favorably, in my opinion.

I am not objecting to this procedure. I think that the outline of the procedure is very clear. I do think it is rather unfortunate, though, that we pass a bill which has the overwhelming endorsement of these multinational corporations which at this time are taking jobs away from working people, without providing any type of restraint whatever upon these companies, upon the fact that they are gouging the American public, taking jobs away from the American worker. Here we have a trade bill, and people are fearful to go ahead and provide for any equity of treatment.

As I say, I am fully cognizant of what is going on. We are going to make every effort we can to try to put some perfection in this bill.

I call the attention of the Members of

the Senate to the fact that if cloture is invoked, the total amount of debate that any Senator, including the manager of the bill, would be entitled to would be 1 hour. That 1 hour would deal with a bill which is very complicated. The so-called Jackson compromise, in and of itself, probably would consume more time, under normal circumstances, than ordinarily would be consumed under a cloture motion.

I have heard people criticize the Senator from Indiana for trying to kill this bill. I point out that I introduced a bill on trade before any other people did. I introduced a bill in the last Congress. There has never been a bill introduced on trade by the administration—in fact, by no other Member of Congress, other than the one by Representative BURKE and myself, called the Burke-Hartke bill.

The jobs of people in places such as Rhode Island have been shipped overseas. In many cases the working opportunities for many of our Americans have been absolutely destroyed, with jobs shipped to places like Hong Kong, where they have child labor, individuals working 6 days a week, at fractions of a dollar an hour, in many cases making as little as $1 a day, for children 12 years old, in the case of Singapore, where they guarantee that there will be no strike, where they have absolutely full employment. The jobs have been shipped to those countries.

All those measures are going to be relegated to a position of cloture, by which Senators will have 1 hour each in which to debate a complicated piece of legislation.

There is nothing I can do about what is being done here. It is probably the first time in the history of the U.S. Senate that a cloture motion has been filed to stop debate before the debate has begun.

I am content to say to the Senate that if we do not win on this measure, when President Ford comes back and asks for a tax reduction in January, those of us who feel that the multinational oil companies should be paying their taxes——

Mr. ROBERT C. BYRD. Mr. President, the Senator is entitled to be heard. May we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HARTKE. These multinational oil companies which are not paying their taxes should be on warning that the taxpayer has been taken for a ride long enough, and he is being taken for another ride in this bill.

It is my intention, along with Senator CHURCH, if we can, to eliminate the present situation which exists in regard to taxation of multinational corporations which have foreign source income. A domestic oil company has to pay taxes in the year in which it has a profit. A multinational corporation, unless it repatriates those profits and brings them back to the United States, has to pay no taxes whatsoever. That is unconscionable and definitely unfair and is certainly inequitable.

I point out that at present there is a depletion allowance on foreign oil, and at present they do not use that, because they do not need to, because the foreign tax credit scheme provides an opportunity for them to avoid taxation.

A good discussion of this matter appears in the current issue of New Yorker magazine, in the December 9 issue. The first part of this statement is dealt with in the December 2 issue.

Mr. PASTORE. Mr. President, may we hear the Senator? I ask the Senator to put the microphone closer to his mouth.

Mr. HARTKE. I do not have much more to say. Each of us will have 1 hour to talk about the jobs in Rhode Island, in the textile industry, which were shipped first to Taiwan, then to Singapore and Hong Kong.

Mr. PASTORE. The Senator has mentioned Rhode Island twice. Leave it for the Senator from Rhode Island to take care of Rhode Island. The Senator from Indiana will take care of Indiana.

Mr. HARTKE. I will be glad to do that. I will take care of that. That is fine.

The point about it is that I just want the people in Rhode Island to know what the problem is, as well as the people of Indiana to know what the problem is.

Let me say to the Senator, also, that the depletion allowance on foreign oil, the requirement to eliminate the referral of taxation, and changnig the tax credit to a tax deduction, as it is in the United States, those three items, in and of themselves, produce at least a revenue loss to the United States, right now, of about $6 billion. The total tax revenue from corporations last year was just about $35 billion. So it demonstrates that American corporations and American business people and American individual taxpayers are paying the taxes for the multinational and oil corporations. Now, by virtue of this cloture petition, if successful, they will continue to pay those taxes for the big oil companies.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. ROBERT C. BYRD. Mr. President, I shall yield shortly to the Senator from Louisiana, after I respond to the Senator from Indiana.

May I say to the Senator from Indiana that, in the event cloture is invoked on this measure, I shall do everything I possibly can to get consent for Senators to have more than 1 hour.

The Senator is correct; under the rule, they would be entitled each to only 1 hour. I recognize the importance of this measure to many Senators. I have not determined in my own mind whether I shall vote for it or against it. But I do think there is a necessity to move the bill forward and have it disposed of, one way or another.

Time is growing short. I understand that this measure is of the greatest importance. The President wants it to be enacted. I know that there are arguments pro and con, and I know what the pressures are on many Senators. I have the same pressures. But I think that we have a duty in the Senate to get some action on this bill, one way or another.

I think it would look bad for the Senate if we were to go home without acting one way or another on a bill that, apparently, is of vital importance to the country—depending upon one's opinion, I suppose. I have offered this motion so that the Senate will act if two-thirds of the Senators present and voting want to invoke cloture.

Again, I assure the Senator that I shall try to get more time for him. Of course, I shall yield him all my time, if I can get consent to do it. In any event, I shall endeavor to do all that I can to get the Senator more time on the bill if cloture is invoked.

Mr. HARTKE. Will the Senator yield for just one moment?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. HARTKE. Let me point out that the time element, in my judgment, is not the reason for the cloture petition being filed.

Mr. ROBERT C. BYRD. I did not say that.

Mr. HARTKE. This is the first time that I have seen, since I have been in the Senate, the utilization of a cloture petition to lock out nongermane amendments. That is the purpose of the cloture petition.

Now, it is perfectly legal; it is within the rules. I am not complaining. I have learned to live by the rules, and I am going to live by the rules. But I just want it perfectly clear, as somebody else said, and for the people here to know that this is not to limit debate, which was the original purpose of rule XXII, point 2, I think it is.

Mr. ROBERT C. BYRD. That is one of the purposes. Another purpose is to keep out nongermane amendments. That is provided in the rule.

Mr. HARTKE. That is what the rule says, but the rule directs itself to limitation of debate.

Mr. ROBERT C. BYRD. That is true.

Mr. HARTKE. Then it goes back and points out that dilatory amendments, or nongermane amendments, will be ruled out of order, or could be ruled out of order.

Mr. ROBERT C. BYRD. They are out of order.

Mr. HARTKE. All I am saying is that I am not complaining. I am perfectly willing to be limited on time. I am not complaining about that. But I want it known that the amendment which I think should be considered, which the Senate should direct itself to, is the fact that about $6 billion in tax revenue is being drained off from the American public. We could reduce corporate taxes, if we want to trade it off for domestic concerns, from the present 48 percent level to about 40 percent. In other words, that is about an 8 percent assessment on domestic corporations alone, if the Senator wants to do it in that kind of tradeoff.

This cloture petition is being presented simply on the basis of ruling out that amendment. That is perfectly all right with me. I have been around here long enough to know that there is always another day.

Mr. ROBERT C. BYRD. Mr. President, as to the nongermane amendments, I do not think that at this late date, Senators ought to be asked to vote on nongermane amendments to this bill. Amendments which have great appeal—for example, if an amendment dealing with consumer protection can be called up and offered on this bill, I would find it difficult to vote against that amendment. If an amendment dealing with tax reform were to be called up and offered to this bill, I would find it difficult to vote against that amendment.

I do not think Senators ought to be put into that kind of difficult position at this late stage of having to vote against amendents, which votes would be misunderstood by their constituents, and which amendments have great appeal to the public and to the Senators who have to vote on those amendments. And such amendments, instead of becoming law, would only assure that the bill would not pass. That would be a sure way of killing the bill.

That being the case, I feel that it would be not only proper, but that it would be wise to vote to invoke cloture on this measure and let every Senator vote as he wishes on the measure, up or down.

Mr. HARTKE. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. HARTKE. I am saying that I am not arguing about that. I am discussing measures which absolutely, within the framework of common parlance, would be considered germane, but, because they address themselves to the Internal Revenue Code, the Parliamentarian informs me that they would be considered nongermane, in the legal sense. The amendment of Senator Church and myself and Senator Haskell deals with DISC, which is a trade operation; it deals with the Southern Hemisphere Trading Association, which is a trade operation. But they do happen to deal with the Internal Revenue Code. That is where the purpose of these items lies.

The original intent of giving these multinational corporations and oil companies the tax favoritism was to encourage world trade.

Mr. ROBERT C. BYRD. Let me say to the Senator that there are vehicles still on the calendar on which amendments such as the Senator is proposing can be offered. If cloture is invoked on this measure, I shall do everything that I can to see that Senators have an opportunity—the distinguished Senator from Louisiana (Mr. Long), who is chairman of the Committee on Finance, will speak to this—but I shall do everything that I can to see that Senators have every opportunity to offer that kind of amendment to the proper vehicle. Such a vehicle is on the calendar. As a matter of fact, there are two such vehicles on the calendar. Senators will have a chance to offer tax amendments if we can dispose of the trade bill in time before the session ends.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I send this cloture petition to the desk while we have the supplemental appropriations conference report before the Senate.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the amendment by the Senator from Pennsylvania (Mr. Scott) to House amendment No. 17 to H.R. 16900, the supplemental appropriation bill for 1975.

Robert C. Byrd, Hugh Scott, Clifford P. Case, Joseph M. Montoya, Ted Stevens, Jacob K. Javits, Edward W. Brooke, Richard S. Schweiker, Mike Gravel, John O. Pastore, Alan Cranston, Edward M. Kennedy, Thomas F. Eagleton, Walter F. Mondale, Edmund S. Muskie, Lee Metcalf, Joseph R. Biden, Jr., Birch Bayh, Quentin N. Burdick.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Before I yield to Mr. Long and then to Mr. Pastore, I ask unanimous consent that the conference report now be laid aside and that the unfinished business be called up so that Senators may address themselves, if they wish to, to the trade bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield the floor to the Senator from Louisiana (Mr. Long).

Mr. President, there will be no more votes tonight.

Mr. LONG. Mr. President, it is indeed a very unusual procedure to file a cloture petition at the same time that we call up a bill. In this case, however, Mr. President, I am convinced that there is no possibility whatever that we can pass this trade bill unless we are able to hold the Senate to a rule of germaneness.

I had hoped that we would be able to do business in a broader fashion. As a matter of fact, I even took it upon myself to go down and suggest to the President of the United States that it would be very nice if we could add a tax reform amendment taxing the oil companies on their very large overseas profits, and perhaps an amendment to deregulate the new gas that could be brought onto stream, to help with the energy crisis, on this bill.

It seemed to me that there might be the possibility that those who opposed one bill——

The PRESIDING OFFICER. Will the Senator suspend a moment?

TRADE REFORM ACT OF 1974

The PRESIDING OFFICER (Mr. Moss). The Chair lays before the Senate, as requested by the assistant majority leader, the unfinished business, which the clerk will state.

The legislative clerk read as follows:

A bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will resume the consideration of the bill.

Mr. LONG. It would seem to me, Mr. President, that those who wanted to put some taxes on the large profits oil companies were making overseas might be willing to permit those who wanted to deregulate some of the new gas being produced in the country—might be willing to vote for the other fellow's amendment, provided they would vote for his amendment. I thought that might be a very good trade-off, to try to get one group to vote for an amendment that the other fellow wanted, provided he would accommodate them in the same fashion.

But, Mr. President, that proved to be totally impracticable. I have here an editorial from the Washington Post with which I find myself in a very large measure of agreement, which spells out the problem. It is entitled "Senate Politics and the Trade Bill." I ask unanimous consent that it be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

SENATE POLITICS AND THE TRADE BILL

The trade reform bill, carrying with it the crucial agreement on emigration out of the Soviet Union, is now in grave and rising danger. It comes to the Senate floor on Monday, where it will fall into an enormously complicated political situation involving the Democratic party's tangled relations with the labor movement and the maneuver around the 1976 presidential campaign. The opposition to the trade bill is being ably and powerfully led by the AFL–CIO. Regrettably, the American labor movement in recent years has turned toward a kind of protectionism that is bitter and vehement as it is narrow and wrong-headed. The bill has already been through the House. The strategy to kill it in the Senate, in these last days of the Congress, is to hang inflammatory amendments onto it.

The consequences of defeat of this bill would be beyond calculation. The progress of detente with the Soviet Union assumes steadily widening trade and the most-favored-nation status under our tariff laws that this country has repeatedly promised the Soviets but not yet delivered. As the price of this trade, a large number of senators, led by Henry M. Jackson (D-Wash.), demanded the Soviet emigration guarantees that, through arduous and successful negotiation, Secretary of State Henry Kissinger has finally achieved. These guarantees are contingent on the passage of the bill. It is necessary to expect that, if the bill dies in the Senate, life will suddenly become very much more unpleasant for those Soviet citizens who are trying to emigrate.

The purpose of the trade bill is to give American negotiators the authority to work out new international trade rules. In a time of great turbulence and disruption in world markets, the old rules are rapidly becoming obsolete. But the proportion of this country's production that is sold abroad continues to rise rapidly, and American prosperity depends upon the success with which we can keep these markets operating on principles that are fair. If you believe that Americans should have a worldwide choice of goods to buy, the trade bill is the most important consumer legislation that Congress will consider this year.

The AFL–CIO is fighting the bill aggressively and sharply reminding senators that labor is likely to be the largest single source of campaign funds and organizational support to a Democratic presidential candidate in 1976. The leading candidate for the nomination at the moment is, of course, Sen. Jackson. He is now caught between two important elements of his constituency, the Jewish organizations that strongly support the Soviet emigration agreement and the unions that equally strongly oppose the trade bill. To his credit, the senator has not wavered in regard to the bill. But he is not the only senator (or potential presidential candidate) in this uncomfortable position, and the real tests lie ahead. They will come in the maneuver over the killing amendments, of which there currently seem to be four.

The most dangerous is probably the amendment to deregulate the price of natural gas, which Sen. James Buckley (Cons. R-N.Y.) is expected to offer. Deregulation would serve the public interest, and it is part of any rational energy policy for this country. But it would be wanton to try to use the trade bill as a vehicle to get this highly controversial proposal enacted. It is perfectly clear to us, as it ought to be clear to any senator, that a bill with the Buckley amendment in it will be met with a filibuster that, at the tail end of the session, cannot help but succeed.

Another possible amendment is the so-called Energy Security Transportation bill, possibly the most gross and damaging piece of special interest legislation to appear in this Congress. It would require a rising proportion of our oil imports to arrive in American tankers, at an inordinate public cost in shipping subsidies. Its advocates, the maritime unions and shipyards, are seeking to attach it to respectable legislation so that President Ford cannot veto it.

Sen. Vance Hartke (D-Ind.), a faithful ally of the AFL–CIO, has a complicated proposal to tax companies' foreign income. He may attempt to attach it to the trade bill in an effort to turn off the multinational corporations' strong lobbying for the bill.

A fourth possible killer amendment is the income tax cut that Sen. Edward Kennedy (D-Mass.) reportedly has under consideration. The sharp increase in the unemployment rate has greatly increased pressure in Congress for a quick tax reduction before adjournment. One possibility under discussion among some senators is to take the entire tax reform bill passed earlier by the House and attach the whole thing as a rider to the trade bill. But the House's tax legislation also would abolish the depletion allowance for the oil industry. Just as the senators from the gas-consuming states would filibuster deregulation to death, senators from the oil-producing states would filibuster any bill attacking the depletion allowance. All of these proposals deserve consideration on their merits, independently, at another time. None of them is worth jeopardizing the trade reform bill now.

A senator who votes for any of these extraneous amendments must do it in the knowledge that they are likely to kill the trade bill—and each of the amendments will pick up some votes intended to do precisely that. Any senator who wants the trade bill to pass will support agreements to prohibit any extraneous amendments at all. This position will be difficult for some senators. But the bill will pass only if the killer amendments are shut out—and it is a bill that carries a heavy freight of hopes and benefits.

Mr. LONG. What this editorial points out is that amendments such as that which the Senator from Indiana (Mr. Hartke) would offer would surely mean death to the trade bill. It points out that in addition to this amendment, the one to deregulate natural gas to which I have referred, there is also the possibility that the Senator from Massachusetts (Mr. Kennedy) might decide to offer an amendment of a broader tax reform nature, and again this newspaper indicates, and I find great sympathy for it, that it would like to support the amendment, but that if it is offered on this bill, and if the proponents insist on pressing for final passage with that amendment, it really means we would have no trade bill. So the amendment does not become law. Nothing happens. All we are doing is spinning our wheels and achieving nothing.

So I concluded, and I think correctly at that point, that much as I would like to see the Hartke amendment agreed to—and I would vote for it; I will say to the Senator from Indiana that if he will seek an opportunity to offer his amendment on some other revenue bill, I will support it—it would seem to me that that amendment, as well as the deregulation amendment for new gas, should be supported, but if we insist on adding those amendments to this bill, it will kill the bill and it will not afford any help to those who sought to enact the amendments, because nothing will happen; the whole thing will be an exercise in futility.

On the following day, there appeared in the same newspaper, the Washington Post, a reproduction of a letter signed by the chairman of the Senate Committee on Commerce (Mr. Magnuson). In that letter, the chairman of the Commerce Committee made it clear in unmistakable terms that this measure would be debated in extenso. It would be debated to the extent that it would not become law, no matter how determined the sponsors of that amendment may be, seeking to deregulate the new gas that could be brought into production in this country.

So it is clear that there is no possibility of compromise in this area. Here is enough controversy to kill the trade bill in and of itself.

I ask unanimous consent that the letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Natural Gas and the Trade Bill

International corporate and governmental oil cartel prices are the prime cause of inflation, recession and economic instability in the world. We have even heard allusions to a risk of war against the OPEC nations in the fight to reduce oil prices. Yet, many now propose to let domestic oil and natural gas prices rise sharply to the cartel price we all condemn.

Under the administration proposal, natural gas pricing would in effect be removed from the U.S. government and put into the hands of the oil cartel. The result would be still more inflation and recession—with no more assurance of increased natural gas supplies than increased oil prices have given us of increased oil supplies.

For 25 years producers of natural gas have lobbied for deregulation of natural gas—for total license to charge the highest price the consumer can be compelled to bear for this essential fuel.

Now, taking heart and ammunition from the concern over natural gas shortages which they helped create, they seek to blackmail an anxious public into granting them this long sought goal.

One thing is certain about natural gas price deregulation: the interstate price of natural gas which now averages about 28c per thousand cubic feet could escalate as much as seven times, to more than $2 per thousand cubic feet. This is already happening in nonregulated intrastate sales of natural gas. These price increases are estimated to add about $64 per year to the average family's fuel bill.

Deregulation has been estimated to increase the direct cost of natural gas by $9 to $11 billion by the end of 1975; and another $54 to $58 billion from 1976 to 1980. These direct costs for fuel ripple through the economy, raising the prices of all goods and services which require natural gas. An industry sensitive Federal Power Commission has already permitted new natural gas prices to double in less than two years. This summer it established a national rate of 43c—and has permitted many sales at still higher rates. Adjustments to reflect inflation in producer costs are no doubt in order, but the gas producers won't settle for such increases which have already doubled the prices they received for new gas. The industry is telling us that until you allow the price of natural gas to rise to our price of oil, we will keep natural gas supplies in the ground and wait until the public comes begging. This is doubly galling since the greatest new gas supplies lie beneath offshore lands owned by the American public and are subject to leases managed by the Department of the Interior. Many of these leases are not being developed and produced, and the fault lies with the Secretary of the Interior, not FPC price controls.

Total deregulation offers no assurance whatsoever of significant increases in gas supplies over what could be obtained by rigorous enforcement of production requirements in leases on the federal domain, and an end to the uncertainty over natural gas prices created by the hope of decontrol. Oil prices have tripled, oil production has fallen. The major new gas finds are anticipated to be located off shore, and the great bulk of that natural gas is estimated to be associated with deposits of oil. This means that gas will be found as a by-product of the search for oil regardless of the price allowed to be charged for natural gas.

I deplore the administrative failures of the Federal Power Commission and imperfections in the Natural Gas Act. Yet strenuous efforts by the Senate Commerce Committee to reform and streamline FPC activities have thus far been frustrated by oil industry insistence on total deregulation and the administration's support of the industry's position.

While the attention of Congress and the public was diverted by Watergate, the inflation crisis and the elections, the oil and gas producers have been hard at work selling natural gas deregulation to understandably anxious senators and congressmen as the cure for natural gas shortages. A proposal to effectively deregulate all natural gas prices has now been introduced as an amendment to the trade bill (H.R. 10710), to a bill to suspend duties on platinum and carbon (H.R. 13370), and to an otherwise innocuous bill to provide for the duty-free entry of a telescope to Hawaii (H.R. 11796). The proposal speaks in terms of decontrolling only new gas discoveries, but it contains loopholes that would soon permit old gas to be classified as new, and effectively permit the price of the great bulk of our gas supply to escalate to an artificially high ceiling.

I will strenuously oppose this amendment and will fully utilize the potential of the Senate as an education forum to bring home to the American people the unconscionable inflationary impact of still higher prices for the energy which supplies one-third of the nation's requirements. I and a number of my colleagues will also be continuing our effort to enact reforms of government policy that will improve natural gas supplies without adding to the inflation of oil company profits.

I am joined in this communication by Senators James Abourezk, Birch Bayh, Dick Clark, Frank Church, Thomas E. Eagleton, Philip A. Hart, George McGovern, Lee Metcalf, Adlai E. Stevenson, Howard M. Metzenbaum, Walter F. Mondale, Frank E. Moss, William Proxmire, Abraham Ribicoff, and Harrison A. Williams Jr.

WARREN G. MAGNUSON.

Mr. LONG. Mr. President, I have participated in some of the most famous filibusters of the Senate, and I am very proud of it. It may lose some of its respectability as time goes by, but I enjoyed it, and have fond memories of the comradeship that exists among men when they make up their minds they are going to defeat a bill, no matter what the cost.

Some of those filibusters have been successful; some have been failures. But I can recall that when we fought, as our consciences gave us the light to see it, against the civil rights bill of 1964, even after the Senate invoked cloture on those of us who came from the South and were speaking against that bill, we managed to carry that debate on for 10 more days, even after the Senate had voted cloture, and even though the Senate was kept in session for long hours, coming in about 9 or 10 o'clock in the morning and staying in session until midnight at night.

Now here we are, well into the second week of December, and we only have about 2½ weeks more to go. A resourceful group of opponents, only a few in number, perhaps 5, 6, or 10, could defeat this bill, which has been the subject of a great deal of effort and work by the administration, by the House of Representatives, and by the Senate Finance Committee, and the Senate should decide whether it wants to pass the bill.

If we want to offer Senators a chance to vote on it, I see no other way to do it than to move for cloture on this measure.

I certainly will support a suggestion by the leadership that there be more than 1 hour afforded to Senators who might require more time to explain their position on various amendments, because we do not seek to limit the time that a Senator can speak so much as we seek to limit this bill to germane items to be added to it. If we are able to do that, I think, Mr. President, that the bill can become law. Otherwise, I have very little doubt that the bill will fail.

We will hear a great deal about the desire of all of our trading partners around the world, our allies, our friends, and some who are not too friendly, to trade with the United States. They have been waiting anxiously to negotiate trade agreements with us for more than a year now. With world economic conditions being what they are, those people want to know, is the United States going to move toward freer trade, is it going to move toward expansion of trade among nations, or is the United States going to move toward an isolationist position, where it does less and less business with its friends in the world?

If the United States is to do the latter, they are going to fear very much for the fate of their own economies, and they are going to conduct themselves in a similar fashion. They are going to go back into their shell seeking to protect their own interests.

So, Mr. President, I am very hopeful that the Senate will pass this measure because I think the Senate has a right to vote on it. If it votes, the measure will pass. I regret it is necessary to ask to limit debate and to require germaneness in order to pass the measure.

I signed a cloture motion, and I will vote for it and I will urge Senators to support it. Therefore, without this, all of the effort of those in the various departments of Government, our Ambassadors and trade representatives around the world, as well as those who have worked diligently on this measure in the House of Representatives and the Senate during the past 2 years will find that their efforts have been in vain.

I will address myself in greater detail to the merits of the bill tomorrow.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. LONG. I yield the floor.

Mr. HARTKE. I think the Senator knows I hold him in very high regard, and I want to compliment him for the many hours spent on this bill. I do not think there are many people who realize the number of meetings that have been held on what is a very complicated piece of legislation.

I daresay that probably no one in the Senate is more familiar with the details of that bill than the chairman of the Senate Finance Committee. Many times he had to do that with not much help from other members of the committee, which I am not sure he enjoyed, but he suffered through that.

But I want to point out again, just in talking about more time, that more time does not help if we do not have an amendment upon which we can address the time, and that is the situation here.

I personally listened to the assistant majority leader say that there are other measures on the calendar, the time for which these amendments will be drawn away from in order to have the vote on cloture, but I do not see them coming on the floor of the Senate. I am cognizant of the lateness of the hour and the lateness of the time in this session.

I just point out again that the trade bill is something which is being considered under a hasty fashion on the floor of the Senate, not in the Senate Committee on Finance.

Let me point out that the last Trade Expansion Act was adopted in 1962. That measure went onto a meeting of the so-called Kennedy round. The Kennedy round finally came forth with a conclusion on May 15, just one-half month before the act expired on June 1, 1967.

Since that time this country has been without a trade bill, without any legislative authority to have them negotiate, and no one seemed to get excited about it until the latter part of this session.

The other thing I would like to point out is that the Trade Expansion Act which President Kennedy hailed with a great deal of enthusiasm was nothing more than a propaganda victory and as the ultimate end result.

Those who look up this bill as providing for great relief, I would hope they would think twice. I went down that trail the last time. The total result of that meeting was that it was on April 15 that the decision was made by the negotiators that nontariff barriers would be excused from consideration in the Kennedy round. That was the heart of the problem, and that is still the heart of the problem.

Secondarily, the items which had significant influence upon any nation in regard to tariff reduction would not be considered, even though there was a misstated goal of reducing all tariff considerations by 50 percent in 5 years.

The total effect of the Kennedy round dealt with less than 3 percent of all the trade in the world. That was the last great propaganda victory for so-called free trade.

I would hope that if we do have a trade bill we would have negotiators who, at least, would do better than our prior negotiators, and I would hope that maybe we could put some restrictions on negotiators to prevent them from accepting jobs with these great multinational corporations which are doing business overseas, where all our negotiators seem to end up at. But the propaganda has been heavy. Even the advertising agencies find it to their best interests to be on the side of the big multinational corporations because 52 percent of all agency income now comes from those people who are dealing in foreign affairs. In other words, I am talking about the foreign-source income now contributing 52 percent of the advertising agencies' income. So the machine is working and I just hope the people are not short-changed.

Let me say to the Senator it in no way reflects upon the ability of the chairman who, I think, has done an outstanding job.

I think this is a remarkable maneuver, and I would just hope that in some way he could have gotten the unanimous consent to at least make the oil companies pay their taxes and stop gouging the public.

The PRESIDING OFFICER. Does anyone seek recognition?

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HARTKE). Without objection, it is so ordered.

SENATE JOINT RESOLUTION 263—TO AMEND THE NATIONAL HOUSING ACT TO CLARIFY AUTHORITY OF THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION WITH RESPECT TO THE INSURANCE OF PUBLIC DEPOSITS

Mr. SPARKMAN. Mr. President, I ask that the Chair lay before the Senate Senate Joint Resolution 263.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

Senate Joint Resolution 263, amending the National Housing Act to clarify the authority of the Federal Savings and Loan Insurance Corporation with respect to the insurance of public deposits, and for other purposes.

Mr. SPARKMAN. I request its immediate consideration.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration and, without objection, the joint resolution will be considered to have been read the second time at length.

Mr. SPARKMAN. Mr. President, the committee resolution, Senate Joint Resolution 263, which we are now considering contains six sections. Four of the sections of the resolution are of technical nature only and are for the purpose of correcting inconsistencies or discrepancies in legislation we considered during this session of the Congress.

Specifically, these technical corrections are as follows:

First. When we authorized the Federal Savings and Loan Insurance Corporation to insure public accounts in Public Law 93-495, we failed to include Guam in the definitional section of the areas in which the FSLIC could insure public accounts. This resolution corrects that omission.

Second. In the same legislation when we authorized the FSLIC to insure public accounts, we failed to give the corporation definitional authority for defining public accounts. The resolution gives the FSLIC that definitional authority.

Third. The resolution increases the number of members of the Board of Directors of each Federal Home Loan Board from 12 to 14. This amendment permits the Federal Home Loan Board to appoint six public interest directors instead of four, and it is believed the Board of Directors will then become representative of a broader range of nonthrift-industry dues with results expected to be beneficial to the provision of sound economical home financing.

Fourth. Under the medical facilities construction and modernization amendments, it authorizes HEW to make loans to public agencies and authorizes HEW to make loan guarantees to private agencies for modernization or construction of hospitals and other things. The Federal National Mortgage Association is authorized to purchase the mortgages covering loans made to public agencies; it is not authorized to purchase the mortgages made to private nonprofit agencies. The resolution gives the FNMA authority to purchase mortgages made to private nonprofit corporations.

The two other provisions contained in the resolution are as follows:

Public Law 93-127 requires of all dollar, half dollar, and quarter dollar coins minted for issuance on or after July 4, 1975, and until such time as the Secretary of Treasury may determine shall bear a design to be emblematic of the Bicentennial of the United States. It further provides that the coins in these three demominations issued between July 4, 1975, and January 1977, shall bear "1776-1976" in lieu of the regular date of the coinage. We have been advised by the mint that an unexpected surge in coinage demand throughout the Nation during the last year has made it impossible for the mint to strike the number of coins necessary for the Bicentennial within the time alloted in Public Law 93-127. This resolution gives the mint an additional time period of 1 year within which to mint such coins.

The final section of the resolution provides authority to continue the life of the Federal Savings and Loan Advisory Council. The Banking Committee reported a bill to extend the life of this Council and that bill was referred by this body to the Senate Committee on Government Operations. That committee reported the bill yesterday with an amendment. This resolution contains in section 7 the bill as amended by the Government Operations Committee. Quite frankly, we are including the bill in this resolution in order to accommodate expeditious handling of the matter in the House of Representatives. By incorporating the bill in this resolution, the House can deal with one measure rather than two.

Mr. President, I urge favorable consideration of the committee resolution by the Senate.

Mr. President, this is largely a technical resolution. It was reported out of the Banking Committee today. It is to correct some mistakes or omissions in the previously agreed to legislation.

One or two other things: We give the Mint, for instance, an extra year in which to coin Bicentennial coins. The demand is so great that they simply cannot finish in the time we had previously given them, and we add a year.

We make one change in the savings and loan associations by allowing 14 members on the board in lieu of 12. That just about explains the substance of this bill, and, as I say, the committee reported it unanimously.

I cleared it with Senator BENNETT, who is the ranking Republican in the committee today, and I cleared it with Senator ROBERT C. BYRD and with Senator GRIFFIN.

I move its adoption.

The joint resolution (S.J. Res. 263) was ordered to be engrossed for a third reading, was read the third time, and passed.

The joint resolution reads as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 405 of the National Housing Act (12 U.S.C. 1728) is amended—

(1) by inserting after "this subsection" in the second sentence of subsection (a) thereof a comma and the following: "subsection (d) of this section,";

(2) by striking out "this subchapter" in subsection (d) and inserting in lieu thereof "this title";

(3) by inserting immediately after "or of the Virgin Islands" in subsection (d)(1)(iv) a comma and the following: "or of any territory or possession of the United States"; and

(4) by striking out "or the Virgin Islands" in subsection (d)(1)(iv) and inserting in lieu thereof a comma and the following: "the Virgin Islands, or any such territory or possession".

SEC. 2. The first sentence of section 302 (b)(1) of the National Housing Act (12 U.S.C. 1717(b)(1)) is amended by striking out "to a public agency" and inserting in lieu thereof "or guaranteed".

SEC. 3. The first sentence of section 7(a) of the Federal Home Loan Bank Act (12 U.S.C. 1427) is amended by striking "twelve", "four", and "one-half" and inserting in lieu thereof "fourteen", "six", and "three-fourths", respectively.

SEC. 4. Public Law 93-127 is amended by adding at the end thereof the following new section:

"SEC. 6. Nothing in this Act prohibits the Secretary of the Treasury, when he deems it necessary to assure an adequate supply of coins to meet the national needs, from continuing the minting for issuance during calendar year 1975 of dollar, half-dollar, and quarter-dollar coins bearing the design and coinage date provided for in section 3517 of the Revised Statutes, as amended (31 U.S.C. 324).".

SEC. 5. The first sentence of section 4 of Public Law 93-127 is amended by striking out "July 4, 1975, for issuance on and after such date" and inserting in lieu thereof "July 4, 1976, for issuance on and after July 4, 1975".

SEC. 6. Section 8a of the Federal Home Loan Bank Act (12 U.S.C. 1428a) is hereby amended by striking the first sentence thereof and inserting in lieu thereof the following: "There is hereby created a Federal Savings and Loan Advisory Council, which shall continue to exist as long as the Board biannually determines, as a matter of formal record, after consultation with the Director of the Office of Management and Budget, with timely notice in the Federal Register, to be in the public interest in connection with the performance of duties imposed on the Council by law. The Council shall, in all other respects, be subject to the provisions of the Federal Advisory Committee Act. The Council shall consist of one member for each Federal Home Loan Bank district to be elected annually by the board of directors of the Federal Home Loan Bank in such district and twelve members to be appointed annually by the Board to represent the public interest."

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion was agreed to.

Mr. SPARKMAN. I thank the chairman.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Commerce Committee be authorized to meet tomorrow, December 12, to consider three House-passed measures, and that the Committee on Armed Services be authorized to meet tomorrow to consider certain legislative items and nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO CALL UP S. 4079—THE PUBLIC SERVICE EMPLOYMENT BILL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order tomorrow to call up S. 4079, the public service employment bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF H.R. 17468—MILITARY CONSTRUCTION APPROPRIATIONS, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order for the acting majority leader to call up H. 17468, the military construction appropriation bill, at any time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FANNIN). Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of Mr. Frank G. Zarb.

There being no objection, the Senate proceeded to the consideration of executive business.

FEDERAL ENERGY ADMINISTRATION

The assistant legislative clerk read the nomination of Frank G. Zarb, of New York, to be administrator of the Federal Energy Administration.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. GRIFFIN. Mr. President, I ask that the President of the United States be notified of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR KENNEDY TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the leaders or their designees have been recognized on tomorrow, Mr. KENNEDY be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the recognition of Mr. KENNEDY tomorrow, I be recognized for not to exceed 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 4079, PUBLIC SERVICE EMPLOYMENT BILL, TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the recognition of Senators on tomorrow under the orders previously entered, the Senate proceed to the consideration of S. 4079, the public service employment bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on tomorrow the Senate will convene at 10:30 a.m.

After the leaders or their designees have been recognized under the standing order, Mr. KENNEDY will be recognized for not to exceed 15 minutes, after which the junior Senator from West Virginia will be recognized for not to exceed 10 minutes, after which the Senate will proceed to the consideration of S. 4079, the public service employment bill. There will be a rollcall vote on final passage of that bill. Whether or not any amendments thereto will be offered, I am in no position to state.

Also on tomorrow, various conference reports may be called up.

The Senate may return to the consideration of the trade bill tomorrow. It may return to the consideration of the supplemental appropriations conference report. It may proceed to the consideration of the energy bill.

Also, Mr. President, there is a bill on the calendar, H.R. 13296, an act to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce. It is quite possible that that bill may be called up tomorrow.

The extension of the unemployment compensation payments bill may come over from the House tomorrow. It is quite possible that that bill could be called up tomorrow.

It is likely that cloture motions also will be submitted on tomorrow on the trade bill and on the supplemental appropriations conference report, in which event those cloture votes would occur on Saturday.

ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10:30 a.m. tomorrow.

The motion was agreed to; and at 7:02 p.m. the Senate adjourned until tomorrow, Thursday, December 12, 1974, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate December 11, 1974:

DEPARTMENT OF STATE

Terence A. Todman, of the Virgin Islands, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Costa Rica.

Michael A. Samuels, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sierra Leone.

Sidney Weintraub, of New Jersey, to be an Assistant Administrator of the Agency for International Development, vice Roderic L. O'Connor.

THE JUDICIARY

Ellsworth A. VanGraafeiland, of New York, to be U.S. circuit judge for the second circuit vice Henry J. Friendly, retired.

William J. Bauer, of Illinois, to be U.S. circuit judge for the seventh circuit vice Otto Kerner, resigned.

J. Smith Henley, of Arkansas, to be U.S. circuit judge for the eighth circuit vice Pat Mehaffy, retired.

Alfred Y. Kirkland, of Illinois, to be U.S. district judge for the northern district of Illinois vice William Bauer.

Henry Bramwell, of New York, to be U.S. district judge for the eastern district of New York vice John R. Bartels, retired.

William S. Sessions, of Texas, to be U.S. district judge for the western district of Texas vice Ernest Guinn, deceased.

J. Calvitt Clarke, Jr., of Virginia, to be U.S. district judge for the eastern district of Virginia vice Walter E. Hoffman, retired.

DEPARTMENT OF JUSTICE

Ronald T. Knight, of Georgia, to be U.S. attorney for the middle district of Georgia for the term of 4 years vice William J. Schloth, resigned.

Edward B. McDonough, Jr., of Texas, to be U.S. attorney for the southern district of Texas for the term of 4 years vice Anthony J. P. Farris, resigning.

Ronald C. Romans, of Nebraska, to be U.S. marshal for the district of Nebraska for the term of 4 years vice Lloyd H. Grimm, resigned.

Benjamin F. Butler, of New York, to be U.S. marshal for the eastern district of New York for the term of 4 years (reappointment).

Irvin W. Humphreys, of West Virginia, to be U.S. marshal for the southern district of West Virginia for the term of 4 years (reappointment).

CONFIRMATION

Executive nominations confirmed by the Senate December 11, 1974:

FEDERAL ENERGY ADMINISTRATION

Frank G. Zarb, of New York, to be Administrator of the Federal Energy Administration.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Wednesday, December 11, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Lead me in Thy truth and teach me; for Thou art the God of my salvation.—Psalms 25: 5.

Direct us, O Lord, in all our doings, with Thy most gracious favor and further us with Thy continual help, that in all our works, begun, continued, and ended in Thee, we may glorify Thy holy name and add to the greatness of our beloved country. Make us good enough in character, strong enough in spirit, and wise enough in faith to choose the hard right against the easy wrong and the higher good against the lower evil.

Grant us the spirit to use our resources to bring to life a world order in which righteousness rules the minds of people, good will dwells in the hearts of everyone, and peace abides all over our world.

To this end may we never lose heart or hope but always with courage and creative faith continue to work for the good of Thy children.

"When we cannot see our way,
Let us trust and still obey;
He who bids us forward go,
Cannot fail the way to show.
Though the sea be deep and wide,
Though a passage seems denied;
Fearless let us still proceed,
Since the Lord vouchsafes to lead."

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 17505. An act to rescind certain budget authority recommended in the messages of the President of September 20, 1974 (H. Doc. 93–361), October 4, 1974 (H. Doc. 93–365), and November 13, 1974 (H. Doc. 93–387), transmitted pursuant to section 1012 of the Impoundment Control Act of 1974.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 16609. An act to amend Public Law 93–276 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 4040. An act to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes.

PERMISSION FOR MANAGERS TO FILE CONFERENCE REPORT ON H.R. 16901, APPROPRIATIONS FOR AGRICULTURE, ENVIRONMENTAL AND CONSUMER PROTECTION PROGRAMS

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 16901) making appropriations for agriculture, environmental and consumer protection programs for the fiscal year ending June 30, 1975, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT (H. REPT. No. 93–1561)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16901) "making appropriations for Agriculture-Environmental and Consumer Protection programs for the fiscal year ending June 30, 1975, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 7, and 9.

That the House recede from its disagreement to the amendment of the Senate numbered 6 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: in lieu of the sum proposed by said amendment insert "$410,266,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 4, 5, and 8.

Jamie L. Whitten,
George E. Shipley,
Frank E. Evans,
Bill D. Burlison,
William H. Natcher,
Neal Smith,
Bob Casey,
George Mahon,
Mark Andrews,
Bill Scherle,
J. K. Robinson,
E. A. Cederberg,
Managers on the Part of the House.

Gale W. McGee,
John L. McClellan,
John C. Stennis,
William Proxmire,
Robert C. Byrd,
Birch Bayh,
Herman E. Talmadge,
Hiram L. Fong,
Roman Hruska,
Milton R. Young,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16901) making appropriations for agriculture-environmental and consumer protection programs for the fiscal year ending June 30, 1975, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

PRESIDENT'S PROPOSED BUDGET REDUCTIONS

The conferees have taken no action with respect to the President's message of November 26, 1975 (House Doc. 93–398) proposing $4.6 billion of budget reductions. The President's message contained a number of recommendations with respect to "pending appropriations bills," however, the message was received by Congress the day after this bill had passed the Senate.

The members of a committee of conference are limited to considering only the amendments in disagreement between the two Houses. None of the items proposed by the President for reduction were items in disagreement between the two Houses and, therefore, the conferees were not permitted to take any action with respect to the President's proposals at this time.

TITLE I—AGRICULTURAL PROGRAMS

Department of Agriculture

Animal and Plant Health Inspection Service

Amendment No. 1.—Appropriates $410,266,000 for Animal and Plant Health Inspection Service instead of $399,598,000 as proposed by the House and $415,269,000 as proposed by the Senate.

The Senate bill included budget amendments totaling $15,671,000 not considered by the House. Of these amendments, the conferees agreed to $2,168,000 for meat and poultry inspection as proposed by the Senate.

The amendment also provides an additional $5,000,000 for brucellosis control, rather than $9,003,000 as provided by the Senate. The conferees are in agreement that a concerted emphasis must be given to research on more effective means of controlling brucellosis.

The amendment also provides an additional $3,500,000 for the screwworm eradication program, instead of $4,500,000 as proposed by the Senate.

The managers on the part of the House are concerned about the recent trend in submitting budget amendments directly to the Senate after the House has taken action on the bill.

Public Law 480

Amendments Nos. 2 and 3.—Delete language added by the Senate giving highest priority in the P.L. 480 program to nations most seriously affected by current food shortages and language providing that priority in the P.L. 480 program shall be given to the purchase of specially blended and high nutritional foods.

The conferees have agreed, that insofar as authorized by law, special attention should be given to the allocation of funds for the P.L. 480 program to those nations most currently affected by current and future food shortages and to the purchase of specially blended and high nutritional foods.

Agricultural Stabilization and Conservation Service

Amendment No. 4.—Reported in technical disagreement. The managers on the part of the House will offer to recede and concur in the amendment of the Senate with an amendment. The conference agreement provides that Agricultural Stabilization and Conservation Service employees may be used for part-time and intermittent assistance to the Farmers Home Administration as proposed by the Senate. The amendment provides that these employees will be available pending such time as the Agricultural Conservation Program (REAP) is fully restored, as directed by the Congress.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

TITLE IV—CONSUMER PROGRAMS

Consumer Product Safety Commission

The conferees are in agreement with the language contained on page 68 of the Senate Report (93–1296) which directs the Consumer Product Safety Commission to continue funding of the Flammable Fabrics Accident Case and Testing System (FFACTS) substantially at its previous funding level of $250,000 a year.

Federal Trade Commission

Amendment No. 5.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The Senate amendment provides that the Federal Trade Commission shall obtain information for law enforcement purposes under existing practices and procedures, or as changed by law subsequent to the passage of this appropriation bill. The Senate language brings the line-of-business language into conformance with the language of the vetoed bill.

Department of Agriculture

Food Stamp Program

Amendment No. 6.—Retains language added by the Senate providing that funds from the food stamp appropriation shall be used to reimburse 50 percent of State administrative costs, as provided by section 15(b) of the Food Stamp Act, as amended.

Amendment No. 7.—Deletes language added by the Senate making payments under section 15(b) of the Food Stamp Act retroactive to July 12, 1974.

General Provisions

Amendment No. 8.—Reported in technical disagreement. The managers on the part of the House will offer an amendment to recede and concur in the amendment of the Senate with an amendment. The House bill included language which prohibited the Environmental Protection Agency from taxing, limiting, or otherwise regulating parking facilities. The Senate amendment deleted the House language.

The conference agreement provides language which prohibits the Environmental Protection Agency from implementing or enforcing indirect source regulations pending completion of judicial review.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 9.—Deletes language proposed by the Senate which would have raised the ceiling on the amount the government can pay for passenger motor vehicles from $2100 to $2700 and for station wagons from $2400 to $3100. The conferees agreed that if this increase in ceiling is desired by the Administration, then the changes should be submitted as a proposed amendment to the Treasury, Postal Service, and General Government Appropriation Act.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1975 recommended by the Committee of Conference, with comparisons to the fiscal year 1974 total, the 1975 budget estimate total, and the House and Senate bills follows:

New budget (obligational) authority, fiscal year 1974	$10,588,101,000
Budget estimates of new (obligational) authority, fiscal year 1975	[1] 13,448,534,100
House bill, fiscal year 1975	13,379,183,000
Senate bill, fiscal year 1975	13,394,854,000
Conference agreement	13,389,851,000
Conference agreement compared with—	
New budget (obligational) authority, fiscal year 1974	+2,801,750,000
Budget estimates of new (obligational) authority (as amended), fiscal year 1975	−58,683,100
House bill, fiscal year 1975	+10,668,000
Senate bill, fiscal year 1975	−5,003,000

[1] Includes $15,671,000 contained in Senate Doc. 93–128, and not considered by the House.

JAMIE L. WHITTEN,
GEORGE E. SHIPLEY,
FRANK E. EVANS,
BILL D. BURLISON,
WILLIAM H. NATCHER,
NEAL SMITH,
BOB CASEY,
GEORGE MAHON,
MARK ANDREWS,
BILL SCHERLE,
J. K. ROBINSON,
E. A. CEDERBERG,
Managers on the Part of the House.

GALE W. MCGEE,
JOHN L. MCCLELLAN,
JOHN C. STENNIS,
WILLIAM PROXMIRE,
ROBERT C. BYRD,
BIRCH BAYH,
HERMAN E. TALMADGE,
HIRAM L. FONG,
ROMAN HRUSKA,
MILTON R. YOUNG,
Managers on the Part of the Senate.

PROPOSED WITHDRAWAL FROM UNITED NATIONS

(Mr. KETCHUM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KETCHUM. Mr. Speaker, although I have never considered the United Nations to be an especially important or powerful organization, I did maintain it served a useful function as a forum of exchanging ideas and aiding negotiations. I thought it at least provided a place where reasonable men could meet and debate, and understand the other's views.

Recently, my mind has been changed by the ridiculous behavior of the General Assembly, and I no longer believe that any useful purpose is served by continued participation of the United States in the United Nations. It is clear that the Communists and the small nations of the "Third World" intend to use the U.N. to push around the advanced nations in general and the United States in particular. I see no reason why we should remain in the U.N. to take this abuse.

Our participation in this organization costs the American taxpayer a fortune. What have we received in return, other than increased land values on the East Side of New York City? The process of orderly and reasoned debate has been junked by the majority of General Assembly members. It is high time the United States decided to dump this expensive irritant, and return to its own independent conduct of foreign affairs.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

THE RFC SEEN AS AID TO THE ECONOMY

(Mr. PEPPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEPPER. Mr. Speaker, I think all of us who have been giving serious consideration to the economy of our country are deeply troubled about the prospects for the future.

Only yesterday, as I recall, the Wall Street Journal mentioned the comment by the Comptroller of the Currency of the United States that something like a hundred banks were under scrutiny. We have, therefore, a very grave economic problem. It appears as though an advancing recession is coming upon our country.

In the days of the last recession, one of the instruments which was used most effectively to save business enterprises and to save all sorts of worthy private endeavors, as well as public, was the Reconstruction Finance Corporation.

Our distinguished Speaker, in listing the things that he thought should be included in the congressional program, has mentioned the RFC. The distinguished majority leader of the Senate, Hon. Mike Mansfield, in listing a number of measures he thought should be adopted by the Congress to try to save so many of our enterprises from disaster, spoke in favor of the RFC. In the economic statement made at the Democratic conference in Kansas City last weekend, enumerating measures that in their opinion were necessary to preserve the private enterprise system in this country, and to aid the economy, one of the essential measures proposed was the reconstitution of the Reconstruction Finance Corporation.

Mr. Speaker, I invite the Members of the House to join me in support of the bill, H.R. 16677 to reconstitute the Reconstruction Finance Corporation which I have introduced. This bill should be passed at once.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO MEET TODAY, NOTWITHSTANDING CLAUSE 31, RULE XI OF THE RULES OF THE HOUSE

Mr. RODINO. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be granted special leave to meet this afternoon, Wednesday, December 11, 1974, without regard to clause 31, rule XI of the Rules of the House.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

ANTITRUST PROCEDURES AND PENALTIES ACT

Mr. RODINO. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate bill (S. 782) to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to appellate review, with a Senate amendment to the House amendment, and concur in the Senate amendment.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendment, as follows:

Page 8, of the House engrossed amendment, strike out all after line 4 over to and including line 14 on page 11 and insert:

Sec. 4. Section 1 of the Act of February 11, 1903 (32 Stat. 823), as amended (15 U.S.C. 28; 49 U.S.C. 44), commonly known as the Expediting Act, is amended to read as follows:

"Section 1. In any civil action brought in any district court of the United States under the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890, or any other Acts having like purpose that have been or hereafter may be enacted, wherein the United States is plaintiff and equitable relief is sought, the Attorney General may file with the court, prior to the entry of final judgment, a certificate that, in his opinion, the case is of a general public importance. Upon filing of such certificate, it shall be the duty of the judge designated to hear and determine the case, or the chief judge of the district court if no judge has as yet been designated, to assign the case for hearing at the earliest practicable date and to cause the case to be in every way expedited."

Sec. 5. Section 2 of that Act (15 U.S.C. 29; 49 U.S.C. 45) is amended to read as follows:

"(a) Except as otherwise expressly provided by this section, in every civil action brought in any district court of the United States under the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890, or any other Acts having like purpose that have been or hereafter may be enacted, in which the United States is the complainant and equitable relief is sought, any appeal from a final judgment entered in any such action shall be taken to the court of appeals pursuant to section 1291 and 2107 of title 28 of the United States Code. Any appeal from an interlocutory order entered in any such action shall be taken to the court of appeals pursuant to sections 1292(a)(1) and 2107 of title 28 of the United States Code but not otherwise. Any judgment entered by the court of appeals in any such action shall be subject to review by the Supreme Court upon a writ of certiorari as provided in section 1254(1) of title 28 of the United States Code.

"(b) An appeal from a final judgment pursuant to subsection (a) shall lie directly to the Supreme Court if, upon application of a party filed within fifteen days of the filing of a notice of appeal, the district judge who adjudicated the case enters an order stating that immediate consideration of the appeal by the Supreme Court is of general public importance in the administration of justice. Such order shall be filed within thirty days after the filing of a notice of appeal. When such an order is filed, the appeal and any cross appeal shall be docketed in the time and manner prescribed by the rules of the Supreme Court. The Supreme Court shall thereupon either (1) dispose of the appeal and any cross appeal in the same manner as any other direct appeal authorized by law, or (2) in its discretion, deny the direct appeal and remand the case to the court of appeals, which shall then have jurisdiction to hear and determine the same as if the appeal and any cross appeal therein had been docketed in the court of appeals in the first instance pursuant to subsection (a)."

Sec. 6. (a) Section 401(d) of the Communications Act of 1934 (47 U.S.C. 401(d)) is repealed.

(b) Section 3 of the Act entitled "An Act to further regulate commerce with foreign nations and among the States", approved February 19, 1903 (32 Stat. 849; 49 U.S.C. 43), is amended by striking out "proceeding:" and inserting in lieu thereof "proceeding." and striking out thereafter the following: "Provided, That the provisions of an Act entitled 'An Act to expedite the hearing and determination of suits in equity pending or thereafter brought under the Act of July second, eighteen hundred and ninety, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," "An Act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, or any other Acts having a like purpose that may be hereafter enacted, approved February eleventh, nineteen hundred and three,' shall apply to any case prosecuted under the direction of the Attorney-General in the name of the Interstate Commerce Commission".

Sec. 7. The amendment made by section 5 of this Act shall not apply to an action in which a notice of appeal to the Supreme Court has been filed on or before the fifteenth day following the date of enactment of this Act. Appeal in any such action shall be taken pursuant to the provisions of section 2 of the Act of February 11, 1903 (32 Stat. 823), as amended (15 U.S.C. 29; 49 U.S.C. 45) which were in effect on the day preceding the date of enactment of this Act.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. HUTCHINSON. Mr. Speaker, reserving the right to object—and I do not intend to object—I would like to ask the chairman of the Committee on the Judiciary to explain the Senate amendment and tell us what it amounts to.

Mr. RODINO. Mr. Speaker, if the gentleman will yield, I will be happy to explain the Senate amendment.

Mr. Speaker, on December 9, 1974, the Senate agreed to the House amendment to S. 782 with an amendment highly technical and extremely minor in nature. The Senate's action expressed agreement with virtually every provision and policy approved by the House, including major amendments substantially increasing punishment for Sherman Act offenses. Moreover, the Senate amendment actually does not significantly change the intentions or will of the House as expressed in House Report 93–1463 filed with the House on Ostober 11, 1974.

The Senate amendment is confined to a change in procedures for posttrial appellate review.

At the time that S. 782 as amended was placed before the House for its approval, both the House bill and the Senate version thereof were in an agreement that present law providing for direct appeal of litigated district court judgments by either party to the Supreme Court ought to be changed with appeals henceforth made to circuit courts.

As an exception to this change in law that both House and Senate versions express and agree to, the House-approved bill would allow the Attorney General to certify directly to the Supreme Court that immediate consideration of the appeal by the Supreme Court is of general public importance in the administration of justice. The Senate amendment restores the version originally approved by the Senate whereby either party could file for such direct Supreme Court review if the district judge who adjudicated the case enters an order to such effect.

The Senate amendment affords equal opportunity for possible direct Supreme Court review to either party to the case. This, I should add, is a position of fairness already expressed in current law whereby following the litigation, either party may file for direct review to the Supreme Court with that court.

The requirement of the concurrence of the district court judge had been eliminated in the House bill because it was the committee's intention, basically, to add safeguards against the filing of frivolous appeals and, thus, adding to the Supreme Court's docket. The Senate amendment, in effect, achieves the same result intended by the Judiciary Committee by requiring an impartial, objective concurrence in the alleged importance of the case by the judge who adjudicated the case.

For these reasons, it is readily understandable why the original Senate and House sponsors support the Senate amendment; why representatives of the President and of the Justice Department have urged House acceptance of the Senate amendment; and why bipartisan support for the Senate amendment has been expressed by the members of the House Judiciary Committee and its Monopolies and Commercial Law Subcommittee.

Mr. HUTCHINSON. Under the present law, as I understand it, in an antitrust case, the losing party in the lower court may file an appeal directly with the Supreme Court of the United States.

Mr. RODINO. That is correct.

Mr. HUTCHINSON. Under the bill as passed by the House, it was intended that the Attorney General could determine whether or not an appeal should go directly to the Supreme Court. In all other cases an appeal would lie with the circuit court of appeals. Now, as I understand it, the Senate amendment provides that the district judge who heard the case will determine whether an appeal shall lie directly to the Supreme Court or whether the appeal will lie with the circuit court of appeals; is that correct?

Mr. RODINO. That is correct.

Mr. HUTCHINSON. With that explanation, Mr. Speaker, I withdraw my reservation of objection, and I have no objection to the Members of the House concurring with the Senate amendment.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendment to the House amendment was concurred in.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ROGERS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 668]

Alexander
Ashley
Barrett
Beard
Blatnik
Brasco
Breaux
Brown, Ohio
Buchanan
Burke, Calif.
Burton, John
Carey, N.Y.
Chisholm
Clark
Collier
Conable
Davis, Ga.
Dent
Diggs
Dingell
du Pont
Esch
Eshleman
Fisher
Ford
Gettys
Giaimo
Gibbons
Goldwater
Grasso
Gray
Gubser
Hanley
Hansen, Idaho
Hansen, Wash.
Harsha
Hays
Hébert
Heckler, Mass.
Holifield
Howard
Jarman
Johnson, Colo.
Jones, N.C.
Kemp
Kuykendall
Kyros
Litton
Luken
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
Moorhead, Pa.
Murphy, N.Y.
O'Hara
O'Neill
Owens
Parris
Passman
Peyser
Podell
Rarick
Reid
Roncallo, N.Y.
Rooney, N.Y.
Shoup
Shuster
Smith, N.Y.
Staggers
Stark
Steiger, Wis.
Teague
Thompson, N.J.
Tiernan
Udall
Wiggins
Wilson, Charles H., Calif.
Wyman
Young, Ga.

The SPEAKER. On this rollcall 354 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS TO FILE CERTAIN REPORTS

Mr. ROE. Mr. Speaker, I ask unanimous consent that the Committee on Public Works have until midnight tonight, December 11, 1974, to file reports on the following bills:

S. 3934, the Federal-Aid Highway Amendments of 1974;

H.R. 17558, to amend the act of May 13, 1954, relating to the Saint Lawrence Seaway Act Development Corporation to provide for a 7-year term of office for the Administrator, and for other purposes;

S. 4073, to extend certain authorizations under the Federal Water Pollution Control Act, as amended, and for other purposes; and

H.R. 17589, to designate the new Poe lock on the Saint Marys River at Sault Sainte Marie, Mich., as the "John A. Blatnick lock."

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

REAL ESTATE SETTLEMENT COSTS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the Senate bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the statement of the managers be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 9, 1974.)

Mr. PATMAN (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement of the managers be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. PATMAN).

Mr. PATMAN. Mr. Speaker, the legislative agreement embodied in the conference report on S. 3164, the Real Estate Settlement Procedures Act of 1974, in my view represents the best possible resolution of the differences between the House and Senate measures.

Almost without exception, the agreement reached among the conferees reflects acceptance of the strongest consumer protection provisions of both bills. On balance, the bill emerging from the conference constitutes a highly effective tool with which both home buyers and home sellers can protect their interests and their pocketbooks. I am certain that in the months and years ahead this measure will stand as a barrier to the deceptive and fraudulent practices which have bilked home buyers and home sellers of hundreds of millions of dollars.

The provisions of the bill are of particular importance to low- and moderate-income families who have been drained of hard-earned funds at the hands of unscrupulous attorneys, appraisers, lenders, title insurers, and others involved in the real estate settlement industry. Indeed, abusive settlement practices have often resulted in robbing low- and moderate-income families of homeownership opportunities because they could not afford inflated and unjustified charges and fees they were required to pay in order to purchase a home. In a real sense, these unchecked abusive settlement practices mocked achievement of our congressionally adopted national housing goals, especially in the case of low- and moderate-income families, those most in need of decent dwellings in suitable living environments.

Concerning major aspects of the report: Both the House and Senate bills contain provisions for the preparation and distribution of special information booklets to inform home buyers about the nature and costs of real estate settlement services. In this connection, the Senate bill required that the average amount of settlement costs in the region where the settlement is made be presented in the special booklets. The House bill did not contain such a requirement.

Conferees agreed to accept the Senate provision with an amendment which directs HUD to conduct pilot demonstration programs to determine the most practical and efficient method to acquire and analyze data in order to present to home buyers the range of charges for settlement services in the housing market where the property to be purchased is located. HUD is to report its findings to Congress not later than July 1, 1976.

Mr. Speaker, the question at hand is not whether HUD can report such information to home buyers, but rather how it will acquire and analyze such information for inclusion in the special information booklets. The conferees agreed that disclosing the range of charges for settlement services would be a highly desirable and useful shopping tool for prospective home buyers. Moreover, HUD has already demonstrated its capacity to obtain such information. It did so in following a directive of the Emergency Home Finance Act of 1970 to determine whether unreasonable or unjustified settlement charges were being made in connection with FHA and VA real estate transactions. HUD surveyed settlement costs and practices in selected urban and rural areas across the nation. On the basis of its findings and under the authority of the 1970 act, HUD published proposed maximum settlement charges for six metropolitan areas in the Federal Register in 1972. However, the departure of Secretary Romney from HUD marked the end of the department's efforts to exercise its authority under the 1970 act.

Although HUD failed to follow through in its program to regulate settlement charges where needed, it clearly demonstrated that it can collect the data needed to disclose the range of charges applied to settlement services in urban and rural housing markets across the Nation. Moreover, HUD regulations require FHA to determine whether settlement charges in individual FHA mortgage transactions are reasonable. Bearing all of this in mind, it is the expectation of the conferees that HUD will conduct pilot demonstration projects regarding the range of settlement charges in urban and rural housing markets, but especially in urban areas simply because this is where the bulk of the Nation's residential mortgage transactions take place.

Mr. Speaker, one of the most, if not the most important feature of the bill agreed upon in conference, retains the authority of the Department of Housing and Urban Development to regulate settlement charges applied to FHA and VA residential mortgage transactions whenever and wherever it finds such charges to be excessive, erroneous or otherwise unreasonable. Findings as to the reasonableness of settlement charges should be made on an individual market basis and not on the basis of comparing one market to another, as some have stated in discussing this law. The reason for this is that circumstances governing settlement charges differ from market to market with the result that what is reasonable for one market may be totally unreasonable for another. As you know, the House bill would have completely eliminated this authority. The Senate measure, on the other hand, retains completely intact the authority of HUD to regulate such charges. The conference report reflects the fact that HUD has never used this authority, but it points out that its ability to do so constitutes an important standby weapon should the provisions for disclosure and the prohibitions against abusive practices prove inadequate to protect the interests of homeowners and home sellers.

Equally important, the conference report states that HUD in no way is precluded from exercising its authority to regulate FHA and VA settlement charges at any time in particular market areas whenever its decides that the public interest can be best served by doing so. In effect, the conferees have put a shotgun in the closet to help assure that home buyers and home sellers get a fair deal in settlement transactions.

Another important feature of the conference report extends the requirement for advance disclosure of settlement charges to home sellers as well as home buyers. This provision was in the Senate, but not in the House bill. Simple equity requires that the protection afforded by this legislation be made available to both home sellers and home buyers since both are required to pay substantial settlement costs. There should be no question on the part of anyone involved in implementing the authority provided by this measure that the interests of the home seller, as well as the home buyer, should be served to the maximum extent possible.

A major aspect of the conference report concerns the time period in which advance disclosure of settlement costs must be made to home buyers and home sellers. As you know, the House bill required disclosure to be made at the time of the loan commitment, typically 60 to 90 days prior to settlement, thus assuring ample opportunity for the buyer and seller to shop for the lowest cost services. The Senate measure required that disclosure be made at least 15 days prior to settlement. Conferees agreed that disclosure should be required at the time of the loan commitment or shortly thereafter, but not later than 12 days prior to settlement.

The reconciliation of these differences reflects acknowledgment that in some rare instances loan commitments are given so far in advance of settlement that settlement charges could change in the interim, or that some loan commitments are made less than 12 days prior to settlement. Mr. Speaker, let there be no mistake about the intention of conferees on this point. As I indicated earlier, loan commitments in the vast majority of residential real estate transactions are given 60 to 90 days in advance of settlement. There is no reason why disclosure of settlement costs cannot be provided home buyers and home sellers at this time in all except the most unusual cases, and it is the expectation of the conferees that this will in fact be the case. Certainly there would be no reason to provide disclosure later than 60 or 90 days prior to settlement when loan commitments are made in advance of this period. It is only in cases of unusual circumstances, such as unanticipated problems or peculiar mortgage transactions, that disclosure would be made later than the time of the loan commitment.

Both the House and Senate bills contained provisions for the waiver of disclosure rights. In addition, the Senate measure specifically directed HUD to protect the right of home buyers and home sellers to timely disclosure when it developed regulations pertaining to the circumstances under which the right of waiver for advance disclosure can be exercised. The conferees agreed to accept the Senate provision in recognition of the need to prevent those who provide settlement services from presenting erroneous, frivolous, or unjustified reasons to persuade home buyers to abondon their important right to advance disclosure of settlement costs. Flimsy rationales for abandoning the right to disclosure must not be tolerated, and HUD should draft its regulations on this question as carefully as possible in order to adequately protect the prospective home buyers and home seller.

The House bill contained a prohibition against home sellers requiring home buyers from purchasing title insurance from a particular title company as a condition of sale. No comparable provision was in the Senate bill. Conferees agreed to accept the House provision.

Mr. Speaker, conference acceptance of this prohibition puts an end to the practice of some home sellers of making home buyers captive of title insurance companies and preventing them from shopping for the most competitively priced title insurance.

The conferees agreed to retain the House passed provision which permits States to enforce additional consumer protection requirements in connection with residential mortgage transactions in addition to the requirements of this measure. There is nothing comparable to this in the Senate bill.

The purpose of this section is to make sure that in those instances where State laws and regulations exceed the protection and benefits provided by this legislation, they will not be superseded by Federal law. In this way, the consumer receives both the protection of the Federal law as well as any protection afforded under State law.

Mr. Speaker, there are other important aspects of the conference report and of the legislation itself which will be discussed by other House conferees. But before closing, I wish to congratulate every member of the conference committee for their good judgment and the bipartisan spirit in which the differences between the House and Senate bills were resolved. Realistically speaking, I believe the conference report on S. 3164, the Real Estate Settlement Procedures Act of 1974, reflects the best bill possible at this time to provide urgently needed protection for home buyers and home sellers alike against abusive and fraudulent practices that have victimized hundreds of thousands of families throughout the Nation.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, are the amendments germane to the bill?

Mr. PATMAN. Yes, they are.

Mr. GROSS. I thank the gentleman.

Mr. PATMAN. Mr. Speaker, we were very careful about that. I am glad the gentleman brought it up.

Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Speaker, I am pleased and gratified that we are able to present to the House of Representatives the conference committee's report on S. 3164, the Real Estate Settlement Procedures Act. This report is the culmination of over 3 years of congressional discussion and deliberation and represents a reasonable and workable approach to the problems and abuses that we have learned exist in some areas of the country in the real estate settlement process. There are many people on both sides of the aisle who can justifiably be proud of their contributions to this bill, a bill which we hope will be of substantial assistance to the American home buying public.

As is true with most legislation, S. 3164 represents a compromise among various views as to how the Federal Government can best deal with the abuses in the real estate settlement process. One issue in particular—the question of whether or not section 701 of the Emergency Home Finance Act of 1970 should be repealed—deserves some discussion.

Section 701 authorizes the Secretary of HUD and the Administrator of Veterans' Affairs to "prescribe standards" governing the amounts of settlement costs allowable in connection with FHA and VA assisted home purchases. As I have pointed out on numerous occasions, nothing in the legislative history of the enactment of section 701 indicated that it was in any way intended to authorize a scheme of Federal rate regulation of settlement services. Moreover, extensive testimony was presented in both the House and Senate hearings from public officials, industry spokesmen and consumer representatives as to the difficulties and drawbacks of trying to use this section as statutory authority for a scheme of Federal rate regulation of settlement charges. On the basis of this testimony, both the House and Senate Banking Committees concluded that, to remove any possible ambiguity, section 701 should be repealed as part of the package of proposals embodied in the Real Estate Settlement Procedures Act. This recommendation was approved by the House of Representatives when we passed our version of S. 3164 on August 14, 1974. The Senate, however, voted to delete the provision repealing section 701 from its version of S. 3164.

Mr. Speaker, while many of us continue to believe that section 701 ought to be repealed because of its ambiguity and possible misconstruction, the conference committee agreed to keep it on the statute books in order to avoid any further delay that might endanger enactment of the other consumer-oriented provisions of S. 3164. In great measure, our decision not to press for the repeal of section 701 was influenced by the highly enlightening and constructive discussion of section 701 that took place in both Houses of Congress during the floor debate on S. 3164. A number of points were made regarding section 701 that should insure that it will never be interpreted in a way as to authorize an unfair or unreasonable scheme of Federal rate regulation of settlement charges such as the scheme proposed and subsequently rejected by the Department of Housing and Urban Development in July of 1972.

During that debate, it was pointed out over and over again that the legislative history of the enactment of section 701 clearly demonstrated that Congress never intended that section 701 be used as the basis for a scheme of Federal rate regulation of settlement charges by HUD and the VA. Even those of my colleagues who felt that section 701 should remain on the statute books agreed that it provided only discretionary authority, to be used on a standby basis in particular areas of the country where abuses are demonstrated to exist.

It was also pointed out during the debate on the present bill that HUD's proposed regulations in 1972 were totally unrelated to the reasonable costs incurred by those whose services were to be subject to regulation, and also that any "standards" that might be developed by HUD or the VA under section 701 would have to be based on such costs and the need to allow a reasonable level of profits.

The statement of managers accompanying the conference report on S. 3164 also makes clear that section 701 is simply standby authority that need not necessarily be exercised by HUD. In this regard, I would like to clarify the record that contrary to the statements made on the Senate floor on Monday, December 9, by Senator PROXMIRE shortly before the Senate approved the conference report on S. 3164, the joint explanatory statement of the conferees in no way indicates that section 701 authorizes HUD to regulate settlement charges. In fact, the conferees were very careful to refer only to "the section 701 authority" without specifying what that authority is. What authority section 701 bestows upon HUD and the VA has been a much debated question on which different views may be held, but I can assure my colleagues that there was absolutely no understanding on the part of the conferees that by leaving section 701 on the books we were indicating even tacit approval that the authority bestowed by section 701 is authority for Federal rate regulation.

In the light of the action of the conferees, the floor debate in the House and Senate earlier this year, and the fact that the provisions of S. 3164 will be attacking directly problems and abuses that HUD and the VA might otherwise have dealt with through section 701, I am convinced that the chances of this section being implemented are small and that any "standards" that might be promulgated will be in accord with the expressed wishes of the Congress. It is for these reasons that I believe those of us who voted to repeal section 701 can rest assured that even though S. 3164 does not repeal this action, there is virtually no likelihood that it will be implemented either as Federal rate regulation or in an unreasonable or unfair manner.

Mr. PATMAN. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. WIDNALL), the ranking minority member.

Mr. WIDNALL. Mr. Speaker, I do not intend to take up very much time. The House is very busy and time is short. Also, I believe the controversy surrounding this legislation has been eliminated.

We accomplished a great deal by passing S. 3164. Kickbacks and unearned fees are prohibited in real estate settlements. Home buyers and sellers will receive advance disclosure of the costs they will be charged and will be better able to understand the nature of the proceedings through special information booklets closings and to add a degree of similarity forms will be developed to facilitate closing and to add a degree of similarity and familiarity to settlements.

I would also like to say a few words about HUD's authority to regulate settlement costs. As you know, section 701 of the emergency Home Finance Act of 1970 was surrounded with a lot of controversy as to whether HUD was to set maximum fees for various settlement services. in this act, we do not repeal section 701, but we do make it clear that it is "standby authority" which we would only expect to be used if grave abuses are found in specific market areas. As a conferee, I do not foresee any need for this authority to be used especially in light of the other consumer protection provisions incorporated in this legislation.

Mr. Speaker, I think this is a good piece of legislation and strongly urge my fellow colleagues to vote for passage of the conference report.

Mr. PATMAN. Mr. Speaker, I yield to the gentlewoman from Missouri such time as she may consume.

Mrs. SULLIVAN. Mr. Speaker, the success with which House and Senate conferees have resolved the differences between the House and Senate passed real estate settlement reform bills is particularly gratifying to me.

Among other things, this legislation retains an important provision designed to block fraudulent housing speculation practices that have victimized families throughout the Nation.

Initial congressional efforts to deal with the scandal and tragedy of this problem were made by the Banking and Currency Committee Ad Hoc Subcommittee on Inner City Housing Financing which I chaired several years ago. From the work of that subcommittee came a number of proposals which were adopted in the House bill and retained in conference.

Conferees agreed to retain the House bill's provision requiring home sellers to disclose to home buyers the previous selling price of the property to be purchased and the nature and costs of any repairs or improvements made to it. This section was amended so that it applies to existing housing, rather than to both new and existing housing, as was the case when it was originally adopted. The Senate bill did not contain a comparable provision.

Mr. Speaker, requiring disclosure of the previous selling price and the cost of repairs made to the property to be purchased will help prevent a recurrence of the rampant housing speculation that has occurred in many urban areas throughout the country in recent years. As a result, low- and moderate-income families have been duped into purchasing overpriced and seriously inadequate dwellings only to find afterward that they cannot afford the expensive repairs needed to make such housing adequate. With this disclosure requirement, home buyers will be in a much better position to guard themselves against being victimized by unscrupulous speculators.

By the same token, conferees agreed to retain the House bill provision requiring that the identity of the person receiving the beneficial interest in residential mortgage loans covered by this legislation be disclosed when straw parties are employed in the transaction. Disclosure must be made to the lender and to the appropriate Federal agency having jurisdiction over the lender. Conferees accepted this provision with an amendment which deletes the authority given to the agency to make such information public. The Senate bill does not contain a comparable provision. This deletion, however, should not in any way be construed to mean that the Federal agencies receiving such information are in any way prohibited from making it available to the public nor should the action be construed to mean that the Freedom of Information Act does not apply to this kind of information. This legislation intends to be neutral on this issue.

The purpose of this section on disclosure of straw parties is to destroy the financial alliances that have been made between some lenders and fraudulent housing speculators, that in fact makes fraudulent housing speculation possible. The required disclosure should make apparent to the lender and the regulatory agency that heavy concentrations of loans are going to the same housing speculators, often having other close ties to the lending institution. Failure on the part of the appropriate Federal agency to take remedial action in such cases will make it a tacit partner in housing speculation schemes.

The House bill contained a provision which directed the Federal Reserve Board to conduct a study to determine the feasibility of requiring lenders to pay interest on escrow accounts maintained under the terms of the mortgage agreement for the payment of property taxes and insurance. The Senate bill did not contain a comparable provision.

House conferees agreed to recede to the Senate and delete this requirement in view of the fact that a study of the question has already been conducted by the General Accounting Office. The findings of GAO were inconclusive. In some instances, it found that it was economically feasible and in others that it was not economically feasible for lenders to pay interest on escrow accounts, depending on a variety of factors, including the efficiency of the lenders' accounting procedures and the economies of scale achieved by the volume of mortgage loans.

Mr. Speaker, the question of feasibility has already been officially determined in a number of States where the legislatures, after due consideration, have adopted measures requiring the payment of interest on escrow accounts or the capitalization of such accounts for the benefit of residential mortgage borrowers. A growing number of other States are expected to adopt similar measures in the immediate future. Hopefully, this trend will soon spread to every State in the Nation so that all residential mortgage borrowers required to maintain escrow accounts will receive interest on the $9 billion that GAO estimates is in such deposits.

Despite this laudatory trend—or perhaps because of it—the Federal Home Loan Bank Board has proposed, but has not yet put in final form, a regulation which would exempt federally chartered savings and loan associations from paying interest on escrow accounts in those States that now, or will, as a matter of law, require it.

Mr. Speaker, this is an appalling development. In effect, the Federal Home Loan Banking System, which was established to serve the consumer-homebuyer by promotion of thrift and homeownership, is moving in the direction of depriving the very people it is supposed to serve of benefits that some State laws now declare are rightfully theirs. The situation is even more alarming when it is realized that such an exemption will ultimately damage the capacity of federally chartered savings and loan associations to meet the needs of their communities. Its adoption will mean that all other Federal and State chartered lending institutions which make residential mortgage loans will pay interest on escrow accounts as the law requires, while federally chartered saving and loan associations will not. The preference of home buyers to borrow from lenders who do pay interest on escrow accounts will soon become apparent. Hopefully, the Federal Home Loan Bank Board will come to its senses and realize it is moving in a direction which is absolutely contrary to the basic consumer interest purpose it was designed to serve.

Mr. Speaker, I think the real issue concerning escrow accounts should focus on giving home buyers and homeowners a choice in the matter. They should be given the choice of directly paying tax and insurance bills themselves or maintaining escrow accounts on a basis which is mutually agreeable to them and to the lenders. If lenders assume home loan borrowers are capable of retiring their mortgages, they must, by the same token, admit that they are capable of directly paying their much smaller tax and insurance bills.

It is my hope that legislation giving home buyers these options will be approved in the near future. Adoption of this conference report concludes a 5-year effort by members of the House and Senate Banking Committees to protect the interests of home buyers and home sellers from intolerable and often tragically abusive settlement practices. What we have achieved in this legislation is due to a highly commendable bipartisan cooperation, and I look forward to continuation of this consumer-oriented effort in the future.

Mr. PATMAN. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. Brown).

Mr. BROWN of Michigan. Mr. Speaker, there are several points concerning provisions of this conference report which should be clarified. A question has been raised, for instance, as to whether, under section 5(d), lenders can prepare their own booklets, which after approval by the Secretary of HUD, may then be printed and distributed as the special information booklets for prospective borrowers. The answer is, "Yes." Lenders may devise their own booklets—and I understand some lenders already provide such booklets. Mr. Stephens, the author of this legislation, also agrees with that interpretation.

One minor point in the advance disclosure provision of S. 3164 also deserves clarification. Section 4 of the conference committee version of S. 3164 states that HUD shall include in the uniform settlement statement all information and data required to be provided for real estate transactions under the Truth in Lending Act and that the combined form may thus be used in satisfaction of the disclosure requirements of the Truth in Lending Act.

If the uniform settlement statement developed by HUD under section 4 is used as the form on which the advance disclosure of settlement costs is given to the home buyer and seller, then there is no problem. But the conferees agreed to an additional provision in section 6 of the bill whereby the Secretary of HUD may develop a separate form for the advance disclosure information if he finds that it is impractical to use the uniform settlement statement for this purpose.

Although the text of S. 3164 is not clear on this point, the Secretary of HUD should understand that if he chooses to develop a separate advance disclosure form under section 6, the truth-in-lending information ought to be included as part of that form rather than as part of the uniform settlement statement.

I have one final point, Mr. Speaker, concerning the demonstration program to determine the feasibility of including cost figures in the special information booklets for all market areas. Section 15 calls on the Secretary of HUD to report back to Congress on this demonstration "together with such other information and recommendations for additional legislation." It should be made clear that the language I just quoted applies only to the special information booklets and does not duplicate any aspects of section 14 which calls for a broad study of all settlement costs. To construe it otherwise would be inconsistent with the intent of the conferees and in conflict with the time requirements of section 14.

Mr. Speaker, I do not wish to take up any more time other than to associate myself with the earlier explanations of this legislation and to urge adoption of the conference report.

Mr. PATMAN. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. Stark).

Mr. STARK. Mr. Speaker, of all the important provisions of the conference report on real estate settlement reform legislation, the most significant is the retention of the authority of the Housing and Urban Development Department to regulate settlement charges when it deems it necessary in FHA and VA mortgage transactions.

Both H.R. 9989 and S. 3164, the real

estate settlement reform bills of the House and Senate, contained sections which would have eliminated HUD's authority when the measures were voted out of their respective committees.

During debate on H.R. 9989 on the House floor, I offered an amendment to reinstate that authority. The proposal lost by only 3 votes, 202 to 199. A similar amendment to restore HUD's authority was adopted during consideration of S. 3164 on the Senate floor by a vote of 55 to 37.

Mr. Speaker, the extremely close vote in the House, the substantial majority given this amendment in the Senate and the anticipated overwhelming acceptance of the conference report and bill in both Houses now, not only strongly confirm the desire of Congress to retain HUD's authority to regulate FHA and VA settlement charges, but constitute a clear signal to HUD that it should unhesitatingly use its authority whenever the need to do so arises. The conference report itself leaves no doubt about this point when it states:

> It should be understood that nothing in the Act is intended to preclude the Secretary's use of Section 701 [to regulate FHA and VA settlement charges] at any time he finds it necessary to curb abuses in specific market areas.

The fact that HUD was actually prepared to establish maximum settlement charges for federally insured and guaranteed mortgage transactions in six metropolitan areas—namely, Washington, D.C., Newark, N.J., Cleveland, Ohio, St. Louis, Mo., Seattle-Everett, Wash., and San Francisco-Oakland, Calif.—shows that before the departure of Secretary Romney, the Department had the capacity to develop methods to utilize its authority and the conviction that the need to do so existed.

Bear in mind that these six metropolitan areas were to be the locations for pilot efforts to implement the authority granted by the Emergency Home Finance Act of 1970. From the experience gained there, HUD was to have extended its regulatory efforts to other areas where there is a need to protect the interests of home buyers.

Mr. Speaker, I call attention to these points because I wish to emphasize that HUD must not continue to shelve its authority to regulate settlement charges under the guise of a standby label. As I said, HUD obviously thought the need to exercise the authority was present in those six metropolitan areas. It should dust off those proposed maximum charge ceilings and apply them if it finds the situation in terms of settlement costs remains basically unchanged. Moreover, it should go on to establish maximum ceilings for settlement charges in any other areas of the country where abusive practices exist.

Mr. Speaker, the intention of Congress as expressed in the conference report is that the authority to regulate settlement costs shall be used when necessary. Failure to do so diminishes the standby power the authority might have in promoting compliance with disclosure provisions and the prohibitions against abusive practices found in this legislation. Any further continuation of HUD's hestitation to use its authority in this area should more than justify congressional review of the situation next year and consideration of amendments which will force the Department to take decisive action in the public interest.

Mr. BLACKBURN. Mr. Speaker, as a conferee on S. 3164 and as a Member of Congress who has been actively involved and concerned with the real estate settlement costs issue for the past 4 years, I am pleased that we are able to present the conference report on the Real Estate Settlement Procedures Act to the House of Representatives before the expiration of the 93d Congress.

My only regret, however, is that we were unable to repeal section 701 of the Emergency Home Finance Act of 1970. Although I believe that a majority of both the House and Senate conferees were on record as favoring the repeal of this very ambiguous provision of law, it was felt that any attempt to press for its repeal at this time would jeopardize the chances for passage of S. 3164 this session of Congress.

Many of us who felt that section 701 ought to be repealed are convinced, however, that there is now virtually no likelihood that section 701 will be implemented as Federal rate regulation. As I and a number of my colleagues pointed out in the floor debate on H.R. 9989 on August 14, and as Senators SPARKMAN and BROCK pointed out during the floor debate on the Senate-passed version of this bill, section 701 was never intended to give the Secretary of HUD the authority to engage in Federal rate regulation of real estate settlement services. It was only because HUD appeared to be misinterpreting section 701 in its proposed regulations issued in July of 1972 that many of us felt so strongly that the only way to resolve the issue was to repeal section 701. Now that HUD has withdrawn the proposed regulations and has recognized the unfairness of trying to prescribe arbitrary limits on charges for settlement services that are totally unrelated to the costs of rendering those services, I am satisfied there is less necessity to press for the repeal of section 701.

I am confident that the reform measures embodied in S. 3164 will obviate the need for HUD to implement section 701 at all. Moreover, if these provisions do not do the job, the Congress has indicated in section 14 of the bill that it expects HUD to report back in 3 to 5 years on what further measures are needed. If some additional form of regulation is needed, HUD should request clear and unambiguous authority from the Congress rather than attempt to impose any unauthorized scheme of regulation for FHA and VA transactions under a very ambiguous section 701.

There are several other points which must be made in light of the misleading remarks made by Senator PROXMIRE during Senate debate on this conference report. By quoting the conference report out of context, he implies that the conferees acknowledged that HUD was given Federal rate regulation power by section 701. That simply is not true. All we said was that we do not preclude his use of the authority under 701, which I might reiterate only applies to FHA and VA. Nowhere do we address the question of what authority 701 confers. That question is still unresolved and will intentionally remain so until the major HUD study is conducted and the Secretary reports back on the necessity for further congressional action.

Also, for those who might be misled by reading the Senator's remarks, this legislation is effective 180 days after enactment, not 1 year as was erroneously stated.

Mr. BARRETT. Mr. Speaker, I rise in support of the conference report to accompany the bill, S. 3164, the Real Estate Settlement Procedures Act of 1974. Before proceeding any further in discussing the conference report, I would like to take this opportunity to salute my distinguished colleague, the ranking Democrat of the Housing Subcommittee, the gentlewoman from Missouri, LEONOR SULLIVAN, for her tireless campaign in seeing this legislation through. This legislation has been through a long and difficult campaign, and if it were not for her unending effort, we would not have this conference report before us. I would also like to pay tribute to my distinguished colleague from Georgia, BOB STEPHENS, who contributed so very much to having this conference report before us. As always, he was industrious and willing to compromise every step of the way. The ability of these two distinguished members to agree on a reasonable bill demonstrates how we on the Housing Subcommittee are able to reconcile differences and provide good and effective bills.

Mr. Speaker, the conference report now being considered by the House marks the end of a 5-year effort by the Housing Subcommittee and the full Banking and Currency Committee to resolve divergent views of committee members to produce legislation which will effectively protect the interests of home buyers and home sellers during real estate settlement transactions.

I am happy to state that the conferference report accomplishes this purpose. But, Mr. Speaker, the reconciliation of differences between the House and Senate bills in the conference report by no means encompasses all the major provisions of this legislation. Both bills contained important identical provisions and, therefore, were not subject to conference consideration.

Important provisions that were not subject to conference consideration are as follows:

The act will require the Secretary of HUD to develop and prescribe a standard form for the statement of settlement charges in all residential mortgage transactions covered by this legislation. In effect, this provision applies to virtually all residential mortgage transactions in the country and is designed to end the confusion and inconsistency which characterize the presentation of settlement fees, charges, and commissions to home buyers and home sellers.

The Secretary of HUD is directed to prepare and distribute special information booklets to help homebuyers better understand the nature and costs of all real estate settlement services. The booklets, which shall be made available by lenders to prospective homebuyers at the time of the loan application, will contain an explanation of the choices available in selecting persons to provide settlement services together with an explanation of unfair practices and unreasonable and unnecessary charges to be avoided by homebuyers.

Another important provision prohibits kickbacks given or received in connection with the referral of settlement service business to anyone. This outright prohibition will eliminate one of the most unconscionable abusive practices that characterize, in one way or another, a large number of settlement transactions in the Nation. The ultimate effect of kickbacks is to needlessly inflate the costs of homeownership since they are reflected in the cost of settlement services.

There is also a prohibition against requiring home loan borrowers from having to make excessive deposits in escrow accounts maintained for the purpose of paying property tax and hazard insurance premiums. This provision generally limits the amount that lenders can require homeowners to deposit in such accounts to equal monthly payments which will total no more than the taxes and insurance premiums owed at the time when payment is due. This will end the practice by a large number of lenders to require the deposit of amounts which total more than the tax and insurance payments which are actually due.

Still another provision will end the totally objectionable practice of requiring home buyers to pay a fee for preparation of truth-in-lending statements in connection with residential mortgage loans covered by this legislation. The information contained in such statements has to be developed by the lender for his own use and there is absolutely no reason to require payment for its disclosure by borrowers.

One of the most significant provisions included in the final versions of both bills directs the Secretary of HUD to implement model demonstration land recordation systems in various areas of the country in order to develop and promote acceptance of efficient, inexpensive methods by which real estate transfers are publicly registered. For the most part, recordation of real estate transfers are characterized by obsolete and extremely wasteful methods that make title searches and the retrieval of associated information difficult and needlessly costly. One of the key tools in such demonstration programs should be the use of data processing techniques.

This legislation will require the Secretary of HUD to conduct a study of the need for further congressional action to protect the interests of homebuyers and homesellers in settlement transactions. Among other things, the Secretary is specifically directed to make recommendations on the desirability of requiring lenders to bear the costs of settlement services which would otherwise be paid by residential mortgage borrowers, and whether Federal regulation of settlement transactions covered by this legislation is necessary; and if so, how it is to be implemented. The Secretary is required to report his findings and recommendations to Congress within 3 to 5 years.

Mr. Speaker, I believe that these provisions, along with the satisfactory reconciliation of differences between the House and Senate bills, makes this measure a milestone in the history of consumer protection legislation.

Mr. PATMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

DESIGNATING CERTAIN LANDS IN FARALLON NATIONAL WILDLIFE REFUGE, CALIF., AS WILDERNESS AND ADDING CERTAIN LANDS TO THE POINT REYES NATIONAL SEASHORE

Mr. MELCHER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 11013) to designate certain lands in the Farallon National Wildlife Refuge, Calif., as wilderness; to add certain lands to the Point Reyes National Seashore; and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, strike out lines 9 to 20, inclusive, and insert:

Sec. 201. Subsection (a) of section 2 of the Act of September 13, 1962 (76 Stat. 538), describing the boundaries of the Point Reyes National Seashore, California, is amended to read as follows:

"Sec. 2. (a) The area comprising that portion of the land and waters located on Point Reyes Peninsula, Marin County, California, which shall be known as the Point Reyes National Seashore, is described as the area within the boundaries generally depicted on the map entitled 'Boundary Map, Point Reyes National Seashore, Marin County, California', numbered 612–80,008–B, and dated August 1974, which shall be on file and available for public inspection in the office of the National Park Service, Department of the Interior.".

Sec. 202. The Secretary of the Interior shall, as soon as practicable after the date of enactment of this title, publish an amended description of the boundaries of the Point Reyes National Seashore in the Federal Register, and thereafter he shall take such action with regard to such amended description and the map referred to in section 201 of this title as is required in the second sentence of subsection (b) of section 4 of the Act of September 13, 1962, as amended.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MELCHER. Mr. Speaker, the Senate adopted an amendment to the Point Reyes provision of the bill. It deletes the House language which added almost 170 acres to the seashore and specifically authorized the appropriation of $200,000 for the acquisition of the lands involved.

In place of the House language, the Senate amendment increases the addition to the seashore by approximately 280 acres—making the total addition about 450 acres. The existing authorization ceiling for the seashore, we are advised, will be adequate to cover the acquisition costs resulting from this legislation so that the specific authorization in the House language is not needed.

In addition, the Senate language requires the Secretary of the Interior to publish an amended description of the boundaries in the Federal Register.

Mr. Speaker, the Senate amendment is germane to the bill. While it will result in some cost increase—for the purchase of the additional 280 acres—that increase is not expected to be significant in relation to the total cost at this area which includes almost 65,000 acres of land.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

MAKING IN ORDER ON TOMORROW OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 16901, AGRICULTURE-ENVIRONMENTAL AND CONSUMER PROTECTION AGENCIES APPROPRIATIONS, 1975

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that on tomorrow or any day thereafter it may be in order to take up the conference report on the bill (H.R. 16901) making appropriations for Agriculture-Environmental and Consumer Protection Agencies for fiscal year 1975.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1974

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 17234) to amend the Foreign Assistance Act of 1961, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 17234, with Mr. Price of Illinois in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, title I, ending on page 5, line 14, of the bill had been considered as read and open for amendment at any point.

Are there any amendments to title I?

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, on Monday of this week, when the legislation providing $412 million for a so-called replenishment of the Asian Development Bank was before the House, I tried to ascertain what borrowings the United States had made from the bank. The gentleman from Texas (Mr. GONZALEZ) insisted there were none.

In hearings on the subject this year, it was disclosed that the Asian Bank has a total of $403 million, apparently in excess funds, for they are deposited in short-term government investments. The hearings do not specify what governments have these funds.

According to hearings on the subject, in fiscal year 1966, when the United States made its initial contribution of $140 million to the Asian Bank, that same amount of money was immediately loaned back. The U.S. Treasury paid 6 percent interest on the money it borrowed to give to the bank and another 6 percent to borrow it back—a total of 12 percent interest.

The Asian Bank loaned Thailand $119 million and, although we had put up 20 percent of the bank's money, this handout Government of ours borrowed $100 million from Thailand.

Incidentally, and from all faucets, we had pumped $1,739,700,000 into Thailand through fiscal year 1973.

Mr. Chairman, I simply want the record to show the kind of financial hanky-panky that goes on with just one small part of this Foreign Assistance Act.

I realize that anything I may have to say here today on the disposal of this legislation will probably have no effect whatsoever, because a Santa Claus Congress has a habit each year of presenting foreign countries with a Christmas present of $3 billion or more.

I think we should also understand here this afternoon that as of June 12, 1974—and we are being called upon to approve a $2.6 billion foreign handout bill here this afternoon—we should understand that on June 12, 1974, the total foreign assistance pipeline stood at $27 billion.

It is a pretty fancy Christmas present the Members will hand out here this afternoon if they vote for this $2.6 billion to add to the $27 billion in the pipeline.

Mr. BADILLO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in reviewing this legislation and the accompanying report I am deeply troubled to note that economic assistance may be made available to Syria under the special requirements fund if relations with that nation develop favorably. My grave concern stems from the continual harrassment, intimidation and, in certain instances, physcal abuse and death, to which members of the small but courageous Jewish community of Syria have been subjected by the government of Hafez Al-Assad. I find it to be wholly inconsistent with our country's basic traditions to even contemplate aiding a regime which has meted out such cruel and inhumane treatment to a minority and which has continually ignored those basic human rights and civil liberties protected by international conventions, including the Universal Declaration of Human Rights—whose 26th anniversary was observed yesterday.

Surely we cannot condone the unconscionable actions taken by the Syrian Government against the Jewish community and, under existing circumstances, I believe that any consideration of assistance could only be interpreted as a tacit acceptance of such repressive and discriminatory policies. Clearly some meaningful commitment must be secured from the Al-Assad government that it will cease its ill-conceived reign of terror against Syrian Jews before 1 penny of aid under the special requirements fund will be made available.

The legislation before us contains language—thanks to the efforts of my colleague from New York (Mr. BINGHAM), which expresses the sense of Congress that no funds authorized by this measure should be provided to any country which denies its citizens the right or opportunity to emigrate. There can be no question that this language was accepted and incorporated into the foreign aid authorization because of the situation in Syria. Syrian Jews are virtual hostages in their own land and are unable to travel more than two and a half miles from their own homes without special permits, which are rarely granted. Inasmuch as the emigration of Jews from Syria is strictly forbidden, the current government there must drastically alter its policies in order to receive consideration for assistance. To do otherwise would make a mockery of this Nation's most respected principles and those international agreements which seek to guarantee basic rights and human dignity.

As the report accompanying H.R. 17234 indicates, the U.N. Declaration on Human Rights could be used as a standard in evaluating the emigration policies of a Middle Eastern nation. It would be against this benchmark that Syria's policies would be judged in order to even receive consideration as an aid recipient under the special requirements fund. If such a specific requirement is not met and an attempt is made to secure aid for Syria, the Congress should not hesitate to fully exercise the concurrent resolution veto process under section 903(b) of the bill. There is no way in good conscience we could permit assistance to be furnished to Syria without first seeing substantive changes in that nation's emigration policies and the removal of restrictions against the Jewish community.

In view of the fact that Syria has a policy under which emigration is strictly forbidden, I would like to ask my colleague, the gentleman from New York (Mr. BINGHAM), or the chairman whether this amendment was intended to include the situation as it now exists in Syria.

Mr. BINGHAM. Mr. Chairman, if the gentleman will yield, I would say that in the discussion in the committee, that was made quite clear, that this provision is directed at the situation in Syria. We are very much concerned about that situation. It is worse, if anything, than the situation which prevails in the Soviet Union.

The Jewish community in Syria is living in terror. They cannot leave; they are not allowed to leave. Therefore, this provision is directed precisely at that situation. I want to reassure the gentleman that that is the intent.

Mr. BADILLO. Mr. Chairman, I thank my colleague, and I commend him for his outstanding work in the committee and on the floor.

The CHAIRMAN. If there are no further amendments to title I, the Clerk will read.

The Clerk read as follows:

TITLE II—INDOCHINA AID

ASSISTANCE TO INDOCHINA

SEC. 5. Section 802 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 802. AUTHORIZATION.—(a) There are authorized to be appropriated to the President to furnish assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos as authorized by this part for the fiscal year 1974 not to exceed $504,000,000, and for the fiscal year 1975 not to exceed $573,400,000, which amounts are authorized to remain available until expended.

"(b) No assistance may be provided to South Vietnam, Cambodia, or Laos under part I (including chapter 4 of part II) of this Act. This prohibition may not be waived under section 614(a) of this Act or any other provision of law unless (1) the President, at least thirty days prior to the proposed waiver, submits to the Congress a statement containing the amount and source of the funds to be used under part I (including chapter 4 of part II), the use to which the funds are to be put, and his reasons for the use of the funds, and (2) during such thirty-day period the Congress does not by concurrent resolution disapprove the provision of such assistance.

"(c) The authority of section 610(a) of this Act may not be used to transfer funds into this part unless (1) the President, at least thirty days prior to the proposed transfer, determines and reports to the Congress that the transfer is important to the security of the United States and includes in his report the amount and source of the funds to be transferred, the use to which the funds are to be put, and his reasons why the transfer is important to the security of the United States, and (2) during such thirty-day period the Congress does not by concurrent resolution disapprove the transfer.

"(d) In addition to whatever funds may be made available under subsection (a) for the purposes of this subsection, there is also authorized to be appropriated $27,700,000 for United States contributions to the International Commission of Control and Supervision of the Vietnam Peace Agreement."

ASSISTANCE TO VIETNAMESE CHILDREN

SEC. 6. Section 803(b) of the Foreign Assistance Act of 1961 is amended by inserting after "fiscal year 1974, $5,000,000," the following: "and for fiscal year 1975, $10,000,000,".

CEILING ON FERTILIZERS TO SOUTH VIETNAM

SEC. 7. (a) Not more than $85,000,000 made available under the Foreign Assistance Act of 1961 may be used during fiscal year 1975 to procure agricultural fertilizers for, or to provide such fertilizers to, South Vietnam.

(b) During each fiscal year after fiscal year 1975, of the total amount obligated or expended for such fiscal year under the Foreign Assistance Act of 1961 to procure agricultural fertilizers for, or to provide such fertilizers to, foreign countries, not more than one-third of such amount may be obligated or expended to procure such fertilizers for, or provide such fertilizers to, South Vietnam.

Mr. MORGAN (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. MATHIS OF GEORGIA

Mr. MATHIS of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MATHIS of Georgia: Page 7, line nine, strike "Not more than $85,000,000" and insert therein "None of the moneys"

Mr. MATHIS of Georgia. Mr. Chairman, what this amendment does is relatively simple, it strikes the $85 million that is authorized in the Foreign Assistance Act to provide fertilizer for, and the purchase of fertilizer for South Vietnam.

It seems to me to be utterly foolish for this Congress at this time to continue to provide assistance to South Vietnam in the way of buying fertilizer when we in this country do not have adequate supplies of fertilizer to meet our own demands, and when the farmers of this country who are fortunate enough to be able to purchase fertilizer are doing so by paying three prices for it, when and if they can get it.

So, as I say, the purpose of this amendment is simply to strike the $85 million. It says that none of the money made available under the act of 1961 can be used to purchase fertilizer in this country, or abroad, for shipment to South Vietnam.

Mr. Chairman, I believe that is the essence of the amendment. I think it requires no further debate, and I would simply urge the adoption of my amendment.

Mr. GUNTER. Mr. Chairman, will the gentleman yield?

Mr. MATHIS of Georgia. I yield to the distinguished gentleman from Florida, my good friend.

Mr. GUNTER. Mr. Chairman, not without a real sense of regret, and at least to some degree some measure of genuine anger, I will vote against passage of the Foreign Assistance Act. I say regret because I am not one of those who believes that the United States has no obligation whatever to those in other parts of the world who genuinely deserve and desire our assistance; but because, once again for still another year, we have before us not a foreign assistance program that will help those genuinely in need, but simply another extension of the totally ineffective, unmanageable, and wasteful foreign aid program as it has existed in the past, siphoning off millions of dollars of taxpayer's money to go to corrupt regimes or to be diverted to some extraneous purpose having nothing to do with the genuine human needs of some of the world's poorest populations. Were American assistance directed toward helping those actually in desperate need and struggling on the brink of starvation without hope of salvation, I might feel our Christian responsibility and conscience would persuade us all that U.S. assistance was the right and humanitarian thing to do.

But, Mr. Chairman, once again, that is not the nature or intention of the assistance proposed in this foreign aid legislation, despite the increasingly clear insistence in recent years on the part of both Congress and the American people that our foreign assistance program be totally revamped from top to bottom in order to reflect the honest intentions and goals of that program as it was originally devised, rather than some perversion of the American spirit of generosity and the hard-earned dollars of our taxpayers for purposes never intended.

I particularly regret that a vote against this bill might be subject to misinterpretation as a vote also against those provisions contained in the legislation providing assistance for Israel. That is clearly not the case, Mr. Chairman. The aid designated for Israel will, without question, survive in whatever foreign assistance bill is finally passed in its final form. I am unequivocal in my vigorous support for the aid requested in this bill for Israel and in general, as I have been in the past and will continue to be in the future.

Aid to Israel, however, is not the issue in this bill, since any foreign assistance bill we finally pass will contain such aid, with my wholehearted support. What is at issue are all the other provisions in this bill not relating to Israel, and the question of what kind of foreign assistance in those instances can be truly justified and will be finally enacted along with the assistance provided for Israel.

Mr. Chairman, the clear mandate of Congress and the American people is again ignored in this legislation. The intense concern and even outrage which has been building over the waste and mismanagement of our foreign aid programs will no longer be denied. One would have thought that by this time the Federal bureaucracy and those responsible for crafting and submitting this legislation to the Congress would have heard and heeded the clear message, and revised this program so as to achieve the genuine goals of humanitarian assistance for which it was originally intended, to eliminate waste, and to submit a program which all Americans of good will could agree represented a sound, workable, and truly meritorious program of U.S. assistance to the most needy and deserving peoples of other parts of the world.

They have not done so, once again, Mr. Chairman. And I believe the time has come when Congress this time must make the message so clear and understandable that it will literally force a total review and revision of our foreign assistance programs to eliminate waste and mismanagement and to accomplish the true humanitarian goals which can be the only legitimate justification for such a program of foreign assistance.

It is no longer even a conservative or liberal issue, Mr. Chairman, but has come down to a simple question of common sense and fiscal and humanitarian responsibility. Not only the traditional conservative critics of foreign aid voice their growing anger and concern today, but many past liberal supporters of the foreign assistance program, such as the able Senator from Idaho, the Hon. FRANK CHURCH, have come to appreciate the folly of continuing to pour tens or hundreds of millions of dollars down the drain which never reach those whom it was intended we help by such assistance.

I can find, for example, Mr. Chairman, not the slightest bit of rhyme or reason for providing large-scale economic assistance to those same oil producing nations who now sit bloated and glutted with riches ripped off of the consumers of my State of Florida and the rest of the country in the form of outrageous fuel oil prices. It would be more appropriate for the oil producing nations to provide some economic assistance back to American consumers and to alleviate the suffering in our own economy produced by their extortionist policies of oil pricing than for us to send still more millions of dollars of so-called economic "assistance" to the oil producing countries like Venezuela now awash in their billions of dollars of newfound riches. This is the kind of policy, Mr. Chairman, which the American people, for good reason, simply cannot understand, and which I frankly cannot understand, and which I believe the Congress cannot understand.

With literally hundreds of thousands standing on the edge of starvation in many parts of the globe, I cannot understand, and I do not believe the American people can understand, the diversion of so many millions to countries where no such threat of starvation exists, or to prop up dictatorships around the world all out of proportion to any importance they have to the genuine security needs of our own country.

In voting against this legislation, Mr. Chairman, I think it is very important, however, that it be made clear what those of us who oppose it are saying, and what we are not saying.

As with any piece of legislation, there are parts of this bill I wholeheartedly favor and support. I believe it is imperative that we continue to provide adequate economic and military assistance to Israel. I favor the principle of selective foreign assistance in truly meritorious and deserving instances and where such programs of assistance are properly managed and the benefits of which reach those we actually intend to help.

But the time has passed, in my judgment, when we can continue the crazy-quilt patchwork programs of ineffective, wasteful and misdirected assistance at the waste of hundreds of millions benefiting those who least deserve our help and still expect that the American people are going to continue to tolerate even the concept of foreign assistance itself.

A vote against this legislation is intended, on my part at least, to serve as a clear direction to the administration to come back next year with a scaled-down, totally revamped program of genuine assistance to those truly in need of our humanitarian aid that can and will be managed efficiently and without the massive and misdirected waste that has characterized the presently existing program for far too many years now.

I believe Congress can force a complete review and revamping of our foreign assistance programs by voting against the pending legislation.

I shall therefore vote against this bill and urge my colleagues to do likewise, in hopes that we can force a total revision of the priorities contained in the foreign assistance program and come up with a totally new program that will merit and therefore achieve widespread support by all Americans who want to do the right and humanitarian thing—but who are tired of being taken for a ride in providing assistance for those who never seem to end up benefiting by it.

Without a return to commonsense in the operation of foreign assistance, Mr. Chairman, the concept of assistance itself is threatened even in legitimate circumstances, not by the program's critics, but by the administration itself by failing to benefit from that legitimate criticism and to produce a program that will have and merit the humanitarian support of the American people and the Congress.

Mr. DAVIS of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. MATHIS of Georgia. I yield to my dear friend, the distinguished gentleman from South Carolina.

Mr. DAVIS of South Carolina. Mr. Chairman, I thank the gentleman from Georgia for yielding to me, and I rise in support of the amendment the gentleman has offered.

We have heard so much talk so many times in the United States on the high rate of inflation in the country, and it would seem to me that for us to be sending agricultural products that are so direly needed in the United States abroad under the guise of foreign aid while, as I say, we suffer here at home with the extraordinarily high prices of food, is just totally unnecessary. I hope the amendment will be adopted so that we can tell the American people and the American farmers and the American consumers that no longer are we going to be doing this, sending this to other countries who are so ungracious when we try to help them. It is time now to start taking care of the American farmer and the American consumer.

Mr. MATHIS of Georgia. Mr. Chairman, I thank the gentleman from South Carolina for his contribution.

I might say, Mr. Chairman, in addition, that this is not strictly a farm-oriented amendment, but that it also addresses itself to every citizen and section of our country, because they are the ultimate consumers of farm goods, because when we send $85 million worth of fertilizer to South Vietnam it simply means that it is going to cost our farmers more to produce their products, and ultimately cost the American housewife more for the groceries she puts on the family table.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, I would say that, under the continuing resolution, AID has obligated slightly less than $85 million to procure fertilizers for South Vietnam. These obligations under the continuing resolution will be charged to appropriations under the Foreign Assistance Act.

The $85 million limitation in section 7 of the bill assures that no obligations will be made to procure fertilizer for South Vietnam for the rest of fiscal year 1975.

The gentleman from Georgia can be assured that there will be no loopholes, and that nothing more than the funds already obligated will be spent for fertilizer for South Vietnam.

However, we cannot change the facts, and we cannot bring back the unspent money that has already been spent.

So if the gentleman from Georgia wishes to insert the words "effective upon the date of enactment of this act" in front of the substitute language, the chairman would be glad to accept the amendment.

Mr. MATHIS of Georgia. Mr. Chairman, I wonder if the distinguished chairman, the gentleman from Pennsylvania (Mr. MORGAN) can tell me how much money has already been spent without the authorization of this act?

Mr. MORGAN. The gentleman from Georgia took part in the debate on the continuing resolution. I remember that the gentleman debated with the chairman of the Committee on Appropriations.

Mr. MATHIS of Georgia. On a very limited basis. I could not get time from the chairman.

Mr. MORGAN. The money was authorized and appropriated, and spent under the authority of that resolution. There is no money in this bill for fertilizer for Vietnam in fiscal year 1975. So I see no practical effect to the gentleman's amendment in its present form.

Mr. MATHIS of Georgia. Mr. Chairman, I appreciate very much the observations and the comments and the contributions of the distinguished chairman, but I think it is time, once and for all, for this Congress to say that we will look after the American farmers and the American consumers first, and therefore I urge the adoption of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. MATHIS).

The question was taken, and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MATHIS of Georgia. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 291, noes 98, not voting 45, as follows:

[Roll No. 669]

AYES—291

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
Bafalis
Baker
Bauman
Beard
Bell
Bergland
Bevill
Biaggi
Blatnik
Boland
Bowen
Brademas
Bray
Breaux
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conte
Conyers
Cotter
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Devine
Dickinson
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Evins, Tenn.
Findley
Flood
Flowers
Flynt
Foley
Ford
Fountain
Frenzel
Froehlich
Fulton
Fuqua
Gaydos
Gilman
Ginn
Goodling
Gray
Green, Oreg.
Gross
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Harrington
Hawkins
Hechler, W. Va.
Heckler, Mass.
Henderson
Hillis
Hinshaw
Holt
Holtzman
Horton
Huber
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kyros
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Long, Md.
Lott
Lujan
McCloskey
McCollister
McCormack
McDade
McEwen
McKay
McSpadden
Macdonald
Madden
Madigan
Mahon
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
Owens
Parris
Patman
Perkins
Pettis
Pickle
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Rogers
Rooney, Pa.
Rose
Rostenkowski
Roush
Rousselot
Roy
Runnels
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sisk
Skubitz
Slack
Smith, Iowa
Snyder
Spence
Stanton, James V.
Stark
Steed
Steiger, Ariz.
Stephens
Stokes
Stubblefield
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thone
Thornton
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Veen
Veysey
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wylie
Yatron
Young, Fla.
Young, Ga.
Young, S.C.
Young, Tex.
Zion

NOES—98

Arends
Ashley
Badillo
Bennett
Biester
Bingham
Blackburn
Boggs
Bolling
Breckinridge
Brown, Calif.
Buchanan
Cederberg
Chamberlain
Clark
Conlan
Corman
Coughlin
Crane
Culver
Davis, Wis.
Dellenback
Dennis
Derwinski
Diggs
du Pont
Eckhardt
Erlenborn
Evans, Colo.
Fascell
Fish
Forsythe
Fraser
Frelinghuysen
Gibbons
Gonzalez
Green, Pa.
Griffiths
Grover
Gubser
Gude
Hanna
Hanrahan
Hansen, Idaho
Hays
Heinz
Helstoski
Hicks
Hogan
Hosmer
Hudnut
Johnson, Pa.
King
Long, La.
McClory
McFall
McKinney
Mallary
Matsunaga
Mayne
Michel
Moorhead, Pa.
Morgan
Mosher
Nelsen
O'Neill
Patten
Pike
Pritchard
Rees
Robison, N.Y.
Roe
Roncalio, Wyo.
Rosenthal
Roybal
Schneebeli
Sikes
Smith, N.Y.
Stanton, J. William
Steele
Steelman
Stratton
Teague
Thomson, Wis.
Vanik
Vigorito
Waldie
Ware
Whalen
Widnall
Williams
Wilson, Bob
Wolff
Wydler
Yates
Young, Ill.
Zablocki
Zwach

NOT VOTING—45

Barrett
Brasco
Brown, Ohio
Carey, N.Y.
Clawson, Del
Collier
Conable
Dent
Eshleman
Fisher
Frey
Gettys
Giaimo
Goldwater
Grasso
Hansen, Wash.
Harsha
Hastings
Hébert
Holifield
Howard
Jones, N.C.
Kuykendall
Landgrebe
Litton
Luken
Mathias, Calif.
Mills
O'Hara
Passman
Pepper
Peyser
Podell
Rarick
Roncallo, N.Y.
Rooney, N.Y.
Ruppe
Staggers
Steiger, Wis.
Tiernan
Towell, Nev.
Vander Jagt
Wyatt
Wyman
Young, Alaska

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to title II? If not, the Clerk will read.

The Clerk read as follows:

TITLE III—OTHER FOREIGN ASSISTANCE ACT AMENDMENTS

FOOD AND NUTRITION AUTHORIZATION

SEC. 8. Section 103 of the Foreign Assistance Act of 1961 is amended by striking out "$291,000,000 for each of the fiscal years 1974 and 1975" and inserting "$291,000,000 for the fiscal year 1974, and $471,300,000 for the fiscal year 1975" in lieu thereof.

POPULATION PLANNING AND HEALTH AUTHORIZATION

SEC. 9. Section 104 of the Foreign Assistance Act of 1961 is amended by striking out "$145,000,000 for each of the fiscal years 1974 and 1975" and inserting "$145,000,000 for the fiscal year 1974 and $165,000,000 for the fiscal year 1975" in lieu thereof.

LIMITATION ON USE OF FUNDS

SEC. 10. Chapter 1 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 115. PROHIBITING USE OF FUNDS FOR CERTAIN COUNTRIES.—(a) None of the funds made available to carry out this chapter may be used in any fiscal year for any country to which assistance is furnished in such fiscal year under chapter 4 of part II (security supporting assistance), part V (assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos), or part VI (assistance for Middle East peace) of this Act.

"(b) The prohibition contained in subsection (a) may only be waived under section 614(a) of this Act or under any other provision of law—

"(1) if the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a statement containing (A) the amount of funds under this chapter to be made available which, but for such waiver, would have been prohibited from being made available, (B) the country for which such funds are to be made available, (C) the purpose for which such funds are to be made available for such country, and (D) the reason that funds from this chapter must be made available for such purpose; and

"(2) during the thirty-day period after the President submits such report, Congress does not pass a concurrent resolution stating in substance that it does not favor the proposed use of such funds.

"(c) This section shall not apply to funds made available under section 104 for purposes of title X of chapter 2 of this part (programs relating to population growth)."

AGRICULTURAL CREDIT PROGRAMS

SEC. 11. (a) Title III of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended—

(1) by deleting the title heading and inserting in lieu thereof the following:

"TITLE III—HOUSING AND OTHER CREDIT GUARANTY PROGRAMS";

(2) by inserting at the end of section 222 the following new section:

"SEC. 222A. AGRICULTURAL AND PRODUCTIVE CREDIT AND SELF-HELP COMMUNITY DEVELOPMENT PROGRAMS.—(a) It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less-developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, cooperatives, and private nonprofit development organizations to make loans on reasonable terms to organized groups and individuals residing in a community for the purpose of enabling such groups and individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms and other handicraft aids.

"(b) To carry out the purposes of subsection (a), the agency primarily responsible for administering part I is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries assuring against loss of not to exceed 50 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed $15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.

"(d) The Inter-American Foundation shall be consulted in developing criteria for making loans eligible for guaranty coverage in Latin America under this section.

"(e) Not to exceed $3,000,000 of the guaranty reserve established under section 223 (b) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section or any guaranties previously issued under section 240 of this Act.

"(f) Funds held by the Overseas Private Investment Corporation pursuant to section 236 may be available for meeting necessary administrative and operating expenses for carrying out the provisions of this section through June 30, 1976.

"(g) The Overseas Private Investment Corporation shall, upon enactment of this subsection, transfer to the agency primarily responsible for administering part I all obligations, assets, and related rights and responsibilities arising out of, or related to the predecessor program provided for in section 240 of this Act.

"(h) The authority of this section shall continue until December 31, 1977.

"(i) Notwithstanding the limitation in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing excess local currency.

"(j) The President shall, on or before January 15, 1976, make a detailed report to the Congress on the results of the programs established under this section, together with such recommendations as he may deem appropriate.";

(3) by deleting "section 221 or section 222" in section 223(a) and inserting "section 221, 222, or 222A" in lieu thereof;

(4) by deleting "this title" in section 223(b) and inserting "section 221 and section 222" in lieu thereof; and

(5) by deleting "section 221 or section 222" in section 223(d) and inserting "section 221, 222, or 222A" in lieu thereof.

(b) Title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended by striking out section 240.

HOUSING GUARANTIES

SEC. 12. Section 223(i) of the Foreign Assistance Act of 1961 is amended by striking out "June 30, 1975" and inserting "June 30, 1976" in lieu thereof.

POPULATION GROWTH EARMARKING

SEC. 13. Section 292 of the Foreign Assistance Act of 1961 is amended by striking out "$130,000,000" and inserting "$150,000,000" in lieu thereof.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 14. (a) Section 302(a) of the Foreign Assistance Act of 1961 is amended by striking out the words "for the fiscal year 1975, $150,000,000" and inserting in lieu thereof "for the fiscal year 1975, $154,400,000".

(b) Section 302 of the Foreign Assistance Act of 1961 is further amended by adding at the end thereof the following new subsection:

"(g) Of the funds made available to carry out this chapter for fiscal year 1975, in addition to any other such funds to be made available for contributions to the International Atomic Energy Agency, not less than $500,000 shall be made available to such Agency as technical assistance in kind."

SECURITY ASSISTANCE AND HUMAN RIGHTS

SEC. 15. Chapter 1 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 502B. HUMAN RIGHTS.—(a) It is the sense of Congress that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty, and the security of the person.

"(b) Whenever proposing or furnishing security assistance to any government falling within the provisions of paragraph (a), the President shall advise the Congress of the extraordinary circumstances necessitating the assistance.

"(c) In determining whether or not a government falls within the provisions of subsection (a), consideration shall be given to the extent of cooperation by such government in permitting an unimpeded investigation of alleged violations of internationally recognized human rights by appropriate international organizations, including the International Committee of the Red Cross and any body acting under the authority of the United Nations or of the Organization of American States.

"(d) For purposes of this section, 'security assistance' means assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part, assistance under part V (Indochina Postwar Reconstruction) or part VI (Middle East Peace) of this Act, sales under the Foreign Military Sales Act, or assistance for public safety under this or any other Act."

MILITARY ASSISTANCE

Sec. 16. (a) Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended as follows:

(1) In section 504(a), strike out $512,500,000 for the fiscal year 1974" and insert in lieu thereof "$745,000,000 for the fiscal year 1975, of which not less than $100,000,000 shall be made available for Israel".

(2) In section 504(a), strike out "(other than training in the United States)" and insert in lieu thereof "(other than (1) training in the United States, or (2) for Western Hemisphere countries, training in the United States or in the Canal Zone)".

(3) In section 506(a), strike out "the fiscal year 1974" in each place it appears and insert in lieu thereof "the fiscal year 1975".

(4) In section 513—

(A) Strike out "AND LOAS" in the section heading and insert ", Laos, and Vietnam" in lieu thereof; and

(B) Add at the end thereof the following new subsection:

"(c) After June 30, 1975, no military assistance shall be furnished by the United States to Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act."

(b) Section 655(c) of the Foreign Assistance Act of 1961 shall not apply to assistance authorized under any provision of law for the fiscal year 1975.

CONVENTIONAL WEAPONS TRANSFER

Sec. 17. Section 511 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"It is the sense of Congress that the President should develop and propose as soon as possible at the appropriate international forum a United States draft international agreement for regulating the transfer of conventional weapons among the governments of the world.".

SECURITY SUPPORTING ASSISTANCE

Sec. 18. Section 532 of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1974 not to exceed $125,000,000, of which not less than $50,000,000 shall be available solely for Israel and inserting in lieu thereof "for the fiscal year 1975 not to exceed $585,000,000.

PROHIBITIONS ON AID TO NATIONS TRADING WITH NORTH VIETNAM

Sec. 19. Section 620 of the Foreign Assistance Act of 1961 is amended by inserting before the period in subsection (n) the following: ", unless the President determines that such loans, credits, guaranties, grants, other assistance, or sales are in the national interest of the United States".

ASSISTANCE TO GREECE

Sec. 20. Section 620(v) of the Foreign Assistance Act of 1961 is repealed.

SUSPENSION OF MILITARY ASSISTANCE TO TURKEY

Sec. 20. Section 620(v) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(x) All military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Goverment of Turkey shall be suspended on the date of enactment of this subsection unless and until the President determines and certifies to the Congress that the Government of Turkey is making a substantial good faith effort to achieve a negotiated settlement with respect to Cyprus."

SUSPENSION OF MILITARY ASSISTANCE TO CHILE

Sec. 22. Section 620 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(y)(1) Except as provided in paragraph (2), all military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunition, and implements of war (including technical data relating thereto) to the Government of Chile under this or any other law shall be suspended for the period from the date of enactment of this subsection through the end of fiscal year 1975.

"(2) Notwithstanding the provisions of paragraph (1), training may be furnished pursuant to the Foreign Assistance Act of 1961 in the United States or the Canal Zone to members of the armed forces of Chile in an amount not to exceed $800,000 for fiscal year 1975.

"(3) The provisions of subsection (y)(1) shall cease to apply when the President reports to the Congress that the Government of Chile has made and is continuing to make fundamental improvements in the observance and enforcement of internationally recognized human rights: *Provided*, That the total amount of credits furnished or guaranteed under the Foreign Military Sales Act, and of any disposal of vessels made in accordance with section 7307 of title X of the United States Code, to Chile during fiscal year 1975 shall not exceed $10,000,000."

EXCESS DEFENSE ARTICLE VALUE IN ANNUAL REPORT

Sec. 23. Section 634(d) of the Foreign Assistance Act of 1961 is amended by striking out "including economic assistance and military grants and sales" and inserting in lieu thereof the following: "including economic assistance, military grants (and including for any such grant of any excess defense article, the value of such article expressed in terms of its acquisition cost to the United States), and military sales."

FAMINE OR DISASTER RELIEF

Sec. 24. (a) Section 639 of the Foreign Assistance Act of 1961, dealing with famine or disaster relief, is amended to read as follows:

"Sec. 639. Famine or Disaster Relief.—Notwithstanding any other provision of this or any other Act, the President may provide famine or disaster relief assistance to any foreign country on such terms and conditions as he may determine. For fiscal year 1975 there is authorized to be appropriated not to exceed $15,000,000, to provide such assistance. The President shall submit quarterly reports during such fiscal year to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and to the Speaker of the House of Representatives on the programing and obligation of funds under this section."

(b) Section 451 of the Foreign Assistance Act of 1961, dealing with the contingency fund, is amended to read as follows:

"Sec. 451. Contingency Fund.—(a) There is authorized to be appropriated to the President for the fiscal year 1975 not to exceed $5,000,000, to provide assistance authorized by this part or by section 639 for any emergency purpose only in accordance with the provisions applicable to the furnishing of such assistance.

"(b) The President shall submit quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and obligation of funds under this section.

"(c) No part of this fund shall be used to pay for any gifts to any officials of any foreign government made heretofore or hereafter.".

CHANGE IN ALLOCATION OF FOREIGN ASSISTANCE

Sec. 25. Section 653 of the Foreign Assistance Act of 1961 is amended—

(1) by striking out all after the period at the end of the first sentence of subsection (a); and

(2) by redesignating subsection (b) as subsection (c) and by inserting immediately after subsection (a) the following new subsection:

"(b) Notwithstanding any other provision of law, no military grant assistance, security supporting assistance, assistance under chapter 1 of part I of this Act, or assistance under part V of this Act, may be furnished to any country or international organization in any fiscal year, if such assistance exceeds by 10 percent or more the amount of such military grant assistance, security supporting assistance, assistance under chapter 1 of part I of this Act, or assistance under part V of this Act, as the case may be, set forth in the report required by subsection (a) of this section, unless—

"(1) the President reports to the Congress, at least thirty days prior to the date on which such excess funds are provided, the country or organization to be provided the excess funds, the amount and category of the excess funds, and the justification for providing the excess funds; and

"(2) in the case of military grant assistance or security supporting assistance, the President includes in the report under paragraph (1) his determination that it is in the security interests of the United States to provide the excess funds.

This subsection shall not apply if the excess funds provided in any fiscal year to any country or international organization for any category of assistance are less than $1,000,000."

VOLUNTARY PERSONNEL IN CAMBODIA

Sec. 26. Section 656 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following sentence: "This section shall not be construed to apply to employees of United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid or to employees of the International Committee of the Red Cross."

REIMBURSABLE DEVELOPMENT PROGRAMS AND LIMITING INTELLIGENCE ACTIVITIES

Sec. 27. The Foreign Assistance Act of 1961 is amended by adding at the end of part III the following new sections:

SEC. 659. REIMBURSABLE DEVELOPMENT PROGRAMS.—The President is authorized to use up to $2,000,000 of the funds made available for the purposes of this Act in each of the fiscal years 1975 and 1976 to work with friendly countries, especially those in which United States development programs have been concluded or those not receiving assistance under part I of this Act, in (1) facilitating open and fair access to natural resources of interest to the United States and (2) stimulation of reimbursable aid programs consistent with part I of this Act. Any funds used for purposes of this section may be used notwithstanding any other provisions of this Act.

"SEC. 660. LIMITATION ON INTELLIGENCE ACTIVITIES.—(a) No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress, including the Committee on Foreign Relations of the United States Senate and the Committee on Foreign Affairs of the United States House of Representatives.

"(b) The provisions of subsection (a) of this section shall not apply during military operations initiated by the United States under a declaration of war approved by the Congress or an exercise of powers by the President under the War Powers Resolution."

LIMITATION ON MILITARY ASSISTANCE AND EXCESS DEFENSE ARTICLES TO KOREA

SEC. 28. Notwithstanding any other provision of the Foreign Assistance Act of 1961—

(1) not more than $100,000,000 shall be used in fiscal year 1975 to carry out any program of military assistance to Korea under such Act of 1961; and

(2) not more than $15,000,000 shall be used in fiscal year 1975 to provide excess defense articles to Korea under such Act of 1961.

LIMITATION ON ASSISTANCE FOR INDIA

SEC. 29. The total amount of assistance provided under the Foreign Assistance Act of 1961 and of credit sales made or guaranteed under the Foreign Military Sales Act for India shall not exceed $50,000,000 in fiscal year 1975.

Mr. MORGAN (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: Page 14, strike out line 5 down through line 12 on page 15, and insert in lieu thereof the following new section:

SECURITY ASSISTANCE AND HUMAN RIGHTS

SEC. 15. Chapter 1 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 502B. Human Rights.—(a) For each fiscal year, after the date of enactment of this section, no security assistance may be obligated or expended for any country under this Act and no sale of any defense article or service (whether for cash or by credit, guaranty, or any other means) may be made to any country under the Foreign Military Sales Act until—

"(1) the President certifies to the Congress that such country is satisfactorily observing internationally recognized standards of human rights with respect to its citizens; and

"(2) the passage of thirty days after such certification under paragraph (1), during which the Congress does not adopt a concurrent resolution disapproving such certification.

The certification under paragraph (1) shall occur within thirty days after the beginning of each fiscal year, except that for fiscal year 1975 such certification shall occur within 60 days after the date of enactment of this section.

"(b) For purposes of this section, 'security assistance' means assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part, assistance under part V (Indochina Postwar Reconstruction) or part VI (Middle East Peace) of this Act, sales and guarantees of such sales under the Foreign Military Sales Act, and assistance for public safety under this Act."

Mr. GROSS. Mr. Chairman, either Congress means business about the practice of human rights, or it does not. Last year Congress wrote into law an amendment, and I quote:

> It is a sense of Congress that the President should deny any economic or military assistance to the Government of any foreign country which practices the interment or imprisonment of that country's citizens for political purposes.

Last year Congress also included one of those fancy "sense of Congress" statements on human rights regarding Chile.

How many countries have been denied aid as a result of those pronouncements? Does any Member know of any? I would appreciate it if anyone would tell me of a country that has been denied aid for failing to provide human rights to its citizens.

There is no more reason to expect that another "sense of Congress" expression will have any more effect than last year's statements.

The President and the executive branch are in the best position to make a judgment about what is going on in each country. The President understands what human rights are. At least he should.

My amendment allows Congress to determine the accuracy of the President's judgment. It gives Congress veto power if he does not properly exercise denial of aid, military aid, supporting assistance, and some economic assistance.

The American people are sensitive to human rights. My amendment allows Members of Congress an opportunity to put some backbone in this aid program if it is to be approved.

Looking at the report and the statement of the gentleman from Minnesota (Mr. FRASER), in opposition to this bill, let me quote. He said:

> Every year until this year I have voted for foreign assistance bills in committee and on the floor of the House, but always with strong reservations against many of the provisions for military assistance. I continue to believe that the United States has a major responsibility to provide economic and humanitarian assistance to the developing countries. However, I cannot support this bill because the executive branch has made it abundantly clear that it intends to give the maximum amount of military aid no matter how cruelly repressive recipient governments might be.

I cannot think of a stronger indictment with respect to human rights than the statement of the gentleman from Minnesota. But now the gentleman from Minnesota, in a letter circulated to the Members, is saying that if certain compromises concerning South Vietnam are worked out he will then be able to overlook, as far as this bill is concerned, depriving others of their human rights around the world.

I cannot believe there is a Member in this House who would put this kind of a price tag on human rights. I say to the Members here and now, especially those Members who are constantly talking about human rights, here is your opportunity to do something about it. Let us see those Members step up to the platter with an "aye" vote on behalf of this amendment which is fair to citizens around the world who are the beneficiaries of this foreign aid bill.

Mr. FRASER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, on the face of it the amendment offered by my good friend, the gentleman from Iowa, would appear to be attractive to those of us who are concerned about human rights. However, a more careful examination of the amendment which the gentleman proposes, comparing that with the language that is in the bill, suggests why it would not be wise to adopt the amendment.

In the first instance, the bill uses this language: it refers to consistent patterns of "gross violations of internationally recognized human rights, including torture or cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty, and the security of the person."

What the committee bill seeks to do is to direct the attention of the administration to those most fundamental of all human rights, the right to the integrity of one's person, the right not to be tortured, and the right not to be subjected to cruel, inhuman or degrading treatment, because every nation on Earth agrees with this fundamental position that torture or degrading treatment is not permissible. So we seek to direct the attention of the administration to those kinds of violations of human rights.

Mr. Chairman, the problem with the amendment offered by our friend, the gentleman from Iowa, is that it reaches too broadly and suggests that all countries have got to make good on everything all at once in order that we may continue to provide assistance. In my judgment, that is not realistic.

Most countries around the world do limit the right of free press and the right of free political association, and they limit other rights to some degree. However, we are not trying to reach those rights with our committee language; we are trying to reach the more fundamental rights dealing with torture and cruel and inhuman treatment.

As much as I would wish we could do what the gentleman from Iowa wants to do, it is simply not within our reach to make it effective. It would mean we would end up with a provision which is unenforceable, of no real meaning and, therefore, it would not contribute to the advancement of human rights that, I think, all of us in this Chamber would like to see.

Let me add that I have just spent the last 2 hours listening to the description of an American citizen of his last 17 days in a Brazilian torture center. This is a man who is a Methodist minister and who had been a stringer for Time magazine and for the Associated Press. He talked about such horrors as the electric shocks that were administered to parts of his body.

Mr. Chairman, it is this kind of conduct that we seek to reach, I think that with the language we have in the committee bill, which is very carefully worked out and very carefully fashioned so that it could be effective, will begin to put our weight on the side of decency. But if we overreach, then the whole thing will fall to the ground and we will make no advance at all.

So, Mr. Chairman, I would urge in the interest of human rights that we reject this amendment, despite the fact that on the face of it, it might appear to be attractive.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, the gentleman speaks of torture in the terms of the use of weapons and torture devices of one kind or another. Torture may take various forms, as the gentleman well knows. What I am trying to reach is the denial of human rights under any circumstances.

Russia has had 50 years in which to allow its people human rights.

What business have we dealing with that government until it give its people fundamental human rights?

Mr. FRASER. Mr. Chairman, I think the gentleman is right in raising the issue with respect to the Soviet Union. I am distressed at the violation of human rights that occurs in the Soviet Union. I think anybody who loves justice and has a sense of decency ought to condemn these Soviet practices. The Soviet Union is not, however, a beneficiary of this bill.

We have not yet come to the time when we are furnishing foreign assistance to the Soviet Union. Our relations are more of a commercial nature, and it is not a matter that is within the compass of this legislation.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(On request of Mr. GROSS and by unanimous consent, Mr. FRASER was allowed to proceed for 1 additional minute.)

Mr. GROSS. What the gentleman is saying, in effect, is what the mother told her daughters who wanted to go swimming:

> Hang your clothes on a hickory limb, but don't go near the water.

Mr. FRASER. The gentleman is always filled with profound wisdom. I have always admired him for it.

Mr. FRELINGHUYSEN. Mr. Chairman, I rise in opposition to the amendment.

I do hope that we will reject this amendment.

We have language, as the gentleman from Minnesota has pointed out, in the committee bill dealing with gross violations of human rights. If we should attempt to impose this kind of a burden on the President, subject also to a review by Congress, before aid could be given to any country, we would surely be developing a nightmare kind of bureaucracy.

I think the main point that the gentleman from Iowa is making is that we perhaps should hesitate to pass judgment on conditions in other countries; and if we do, we should pass judgment on all countries.

There is some plausibility, perhaps, to that approach, but I think very little would be proved by accepting this language. I am quite sure that not a single potential recipient would change its course one iota if an unsatisfactory performance by that country were found by the President.

I would suppose that the point of this amendment also is that it is not easy for any language in this field to result in a prohibition of aid to a country. At the same time, it does seem to me that it is appropriate for us to point out that gross violations are something that deeply concern us and should be an instance for cutting off aid.

Therefore, I hope we will not accept this blanket attempt to indicate that we think all potential recipients are violating the human rights of their citizens.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

I note in the committee bill, as reported, there is a sense-of-the-Congress expression with respect to the observance of human rights and the sense of the Congress that we would not want to have internationally recognized human rights violated.

On the other hand, the amendment, it seems to me, would impose an impossible task on the President to determine some internal actions or internal standards in another country which would be completely unfair and unworkable insofar as the application of this legislation is concerned. Am I correct in that?

Mr. FRELINGHUYSEN. I agree with the gentleman. I think it would be a very unwise step for us to take, and I urge that the amendment be defeated.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Iowa.

Mr. GROSS. Is not that obligation found in the committee bill?

Mr. FRELINGHUYSEN. No. I might say that if the gentleman will reread the language in the committee bill, there must be a gross violation of human rights, and we spell out what kinds of violations of human rights we are talking about.

We could get into an argument about what particular performance with respect to human rights, as such, would be necessary under the language of your amendment. But I would suggest that gross violations of human rights such as torture or cruel, inhuman, or degrading treatment or punishment are specific enough to exclude most potential recipients automatically from consideration for aid because hopefully few countries engage in such violations.

Mr. GROSS. Whether gross or ungross violations of human rights, does the gentleman condone or support the violation of human rights?

Mr. FRELINGHUYSEN. No. I understand what the gentleman from Iowa is referring to.

Mr. GROSS. It is not a question of interfering. If they want our money and our assistance, they can provide for the human rights of their citizens. That is all they have to do.

Mr. FRELINGHUYSEN. I might say that it is easy to take a holier-than-thou attitude. All I am saying is that the bill sets forth the kinds of violations of human rights involved, such as torture and inhuman treatment. We should not set ourselves up as judges of the internal conditions of all countries in order to determine whether they should get our assistance.

Mr. Chairman, I hope that this amendment will be defeated.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, I join the gentleman from New Jersey (Mr. FRELINGHUYSEN) in urging that this amendment be defeated. Does not the gentleman from New Jersey agree that the delegation of this kind of power to the President of the United States is really not wise under the circumstances? The amendment would place an intolerable burden on the President to make these determinations.

Mr. FRELINGHUYSEN. I certainly agree with the gentleman. Certainly with respect to a country's consideration of the human rights of its own citizens, this would be a difficult test. How would the President of the United States make such a determination?

Mr. FASCELL. Furthermore, I point out that the committee has made determinations in this bill both in a policy statement and by specific action on money amounts.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FASCELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, our distinguished colleague, the gentleman from Minnesota (Mr. FRASER) the chairman of the Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs, in conjunction with my own Subcommittee on Inter-American Affairs, has held a long series of hearings with respect to the problem of human rights violations. Not only as a broad and general concept, but also as it may apply to the foreign policy of the United States; effective enforcement in the United Nations; the Organization of American States, and other regional agencies. The report of the Fraser subcommittee on human rights, supported by the full committee, is truly a monumental document as a blueprint for foreign policy considerations of the United States. So the Foreign Affairs Committee has interested itself very deeply in the whole question of human rights, both as to the general principles of human rights, and also as to the fundamental application of U.S. foreign policy.

More than that the committee, as a result of long hearings, has actually and specifically indicated its concern to conditions reviewed and discussed in its hearings by action in this bill.

I happen to think that this is a far better way, a proper way and a more purposeful way to do what the gentleman from Minnesota (Mr. Fraser) has stated which is—to apply foreign policy considerations of the United States to the question of human rights, by specific action as has been done in this bill, rather than to present a broad and indefinite criteria on human rights that would be impossible in application, and would place an intolerable burden on the President of the United States.

Mr. ASHBROOK. Mr. Chairman, would the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I was interested in the dialog as presented by the gentleman from New Jersey (Mr. Frelinghuysen) and by the gentleman from Florida (Mr. Fascell) and in some areas I agree with them. The only thing I find difficult to understand is whether or not the Committee on Foreign Affairs is going to apply the same standard of not looking into a country's internal affairs, as my friend, the gentleman from New Jersey, has said, with respect to South Africa and Rhodesia, or do we treat those a little differently? When the gentleman from New Jersey spoke I wondered whether that same reasoning could also apply to the case of Rhodesia and South Africa.

Mr. FRASER. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Minnesota.

Mr. FRASER. Mr. Chairman, we have tried to look into all aspects of this situation in a number of different countries. We had witnesses come before our subcommittee who testified about the problem in the Soviet Union, and we invited Mr. Solzhenitsyn to appear. We looked into the difficulty of people following their own religious beliefs in the U.S.S.R. We have also looked at a number of other countries which are under authoritarian regimes both of the left and the right. The problem of what to do about human rights as far as the U.S. policy is concerned is where it gets to be a tougher problem. We have tried to do this by an expression of the sense of the Congress, directed especially to gross and persistent violations of human rights. But it is not an easy question to resolve in relation to our country's other foreign policy interests.

And that is also the difficulty that we find with the amendment offered by the gentleman from Iowa.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ASHBROOK. Mr. Chairman, I move to strike the requisite number of words.

If I could continue with my friend, the gentleman from Minnesota, it would seem, however, that in our foreign policy we are in the curious position of being asked to extend the most favored nation clause treaty to the Soviet Union while curtailing trade with Rhodesia. I assume in response to what the gentleman said, that we probably could read the Gulag Archipelago into the record if we want to. I do not think we have to go into quite that detailed a hearing to know what is going on in the Soviet Union.

We are going in one direction when it relates to Communism. Yet when it relates to Rhodesia and South Africa, I understand there is a general feeling around the Foreign Affairs Committee that we should take the Byrd Amendment off the books and treat them harshly because of internal affairs. I think it strikes many of us that it is not giving even-handed treatment.

Mr. FRASER. If the gentleman will yield, I am not advocating any trade restrictions on South Africa causing an interruption of normal commercial relationships. The case of Rhodesia has been the subject of international action at the request of the British Government. I think the Rhodesian problem is on a different footing.

In the case of South Africa, it would be a bilateral decision, and I think one needs to be a little wary of a bilateral decision when interrupting normal trade relations or diplomatic relations with a country.

Mr. ASHBROOK. I agree that the case of Solzhenitsyn is individual, and South Africa is a government; but I think we are ending up with different standards for what many of us think are not necessarily valid reasons.

Mr. FRASER. May I say to the gentleman that to the extent that we seem to be inconsistent, I think we need to try to narrow those inconsistencies as we move ahead. I think the United States ought to stand rather firmly on the defense of human rights around the world. It is true that as we shape our foreign policy, consistency seems to give way to other considerations. In general I think we would be better off if we would adhere to that position as strongly as possible, as a matter of our own self respect in the world community of nations.

Mr. ASHBROOK. I agree. It is a general policy which is good, but which is also hard to implement.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

You are merely sparring around over this business of applying meaningful legislation to the conditions under which foreign aid is dished out around the world. The gentleman from Minnesota wants to pick one country, and the sponsors of this amendment want to hand pick the countries to which they would deny foreign aid. What I am trying to do is deal even-handedly around the world in the matter of human rights. Let us stop this shilly-shallying and putting off until tomorrow what we ought to do today, or drop the subject.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. Gross).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. GROSS. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. ROSENTHAL

Mr. ROSENTHAL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Rosenthal: Page 18, strike out lines 5 and 6, and insert in lieu thereof the following: "is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus."

Mr. ROSENTHAL. Mr. Chairman, the amendment I offer will simply bring the Foreign Assistance Act into conformity with existing legislation. That legislation, Public Law 93-448, was the continuing resolution which the Congress passed on October 17 and which the President signed the next day into law.

During September and October the House voted seven times on the matter we now discuss—the legality and the wisdom of our military assistance to Turkey. It is not, therefore, necessary to review all of the arguments. Rather, I will try to bring the situation up to date from October both on Cyprus and legislatively:

First, on Cyprus, the stalemate continues. While the humanitarian talks between Turkish and Greek Cypriot leaders did produce some POW exchanges, the essential problems of military occupation by 40,000 Turkish troops, and the consequent displacement of over 200,000 Cypriot citizens remain and intensify. Many thousands of refugees are living in tents; other thousands occupy public building and thereby disrupt the educational and administrative structure of the island republic.

No negotiations have begun on the principal issues of the future government of the island, of the refugees' status nor of the military occupation. For while Greece has undergone successful elections since October, the Turkish Government is still disrupted by the Cyprus military victory of its armies. No political leader is prepared to see another gain from the events on Cyprus.

The return of President Makarios to Cyprus last week will have important effects on the island and its future.

Without predicting how his return will affect specific negotiating points, it is clear that Makarios will strengthen the determination of the Greek Cypriots and of mainland Greeks, and their government, that a military occupation of the island by Turkey cannot be the basis of those negotiations.

The Caramanlis government in Athens, armed with a 54-percent victory at the polls in November, is ready to negotiate provided, and this is a vital proviso, that free negotiations are possible without the duress which the present Turkish military occupation imposes on the island.

The legislative actions since October fit into these events as follows: The Congress imposed, in the continuing resolution of October, the suspension of military aid to Turkey because that aid was illegal and because it was preventing, in the congressional judgment, the commencement of negotiations.

The administration insisted that it could achieve the start of negotiations only if aid were not suspended. In this legislative stalemate, a compromise was reached. Aid would be suspended on December 10, giving the administration 55 extra days to get negotiations started. It had already had nearly 3 months between the Turkish invasion in July and the congressional action in October. In a compromise among fair-minded people, one expects both sides to carry out the bargain. The Congress did not seek to shorten the 55-day period given to the administration for an extra-legal attempt to induce negotiations; neither should the administration seek an extension of that 55-day period for continued illegal aid to Turkey.

Unfortunately, this is exactly what the administration wants. It proposed to me and it proposed in the other body an extension of 2 months so that aid would not be suspended. The Senate unfortunately accepted the plea that an extension was appropriate because there was not government in Turkey available to negotiate. This is exactly like the plea for mercy made by an orphan who has just killed both of his parents. There is no government in Turkey because of the Cyprus invasion and occupation. When that military action is seen as a mistake by the Turks and not as a victory, we will have progress on Cyprus negotiations.

Yesterday, December 10, the suspension of military aid to Turkey went into effect. The State Department announced this fact at its noon briefing yesterday. The question today is whether that aid should be resumed illegally prior to the reasonable conditions set last October in the continuing resolution which the President signed. Those conditions were:

First, that the Government of Turkey be in compliance with the Foreign Assistance Act, the Foreign Military Sales Act, and the agreement specifically signed under those acts; and

Second, that substantial progress be made regarding an agreement on military forces on Cyprus.

My amendment today puts those two conditions into the Foreign Assistance Act exactly as they were put into the continuing resolution in October.

I urge adoption of this amendment which will confirm the congressional intent of insuring that our aid program not be used for purposes of military aggression or for continuing the aid to a country which wants to use U.S.-supplied equipment to intimidate an essentially defenseless country in order to continue indefinitely its occupation of one-third of that country.

Mr. FRELINGHUYSEN. Mr. Chairman, the Secretary of State is in Brussels today discussing, as I understand it, with the Prime Minister of Greece and the Prime Minister of Turkey about the situation on Cyprus. If we should approve this amendment, this would only make more difficult the Secretary's efforts to facilitate a settlement.

We are continuing our efforts to get wider negotiations underway, but the Secretary needs more time. I think the language of the committee bill is sufficient, and this amendment should be defeated.

Mr. BRADEMAS. Mr. Chairman, I rise in support of the Rosenthal amendment to write into permanent law the cutoff of U.S. military aid and sales to Turkey until such time as the President certifies that Turkey is in compliance with the Foreign Assistance Act of 1961 and the Foreign Military Sales Act and until the President certifies that substantial progress toward agreement has been made regarding military forces in Cyprus.

The Rosenthal language amends the section in the Committee bill that would suspend aid to Turkey until the President certifies only that the Government of Turkey is making a substantial good-faith effort to achieve a negotiated settlement with respect to Cyprus.

Mr. Chairman, the Rosenthal amendment differs from a provision in the Senate-passed bill which would delay the suspension of aid to Turkey until 30 days after the 94th Congress convenes.

Mr. Chairman, we are all aware, I am sure, that last July and August Turkey invaded the tiny island of Cyprus. Because the Turkish Government conducted this assault with American-supplied tanks, planes, ammunition, and other implements of war, the Turkish Government asked those provisions of the Americans—in direct violation of the law—the Foreign Assistance Act and the Foreign Military Sales Act—which make clear that weapons supplied to foreign countries by the taxpayers of the United States are to be used for defensive purposes only and not for aggressive purposes.

The laws of which I speak make clear that any nation that receives American military services or equipment becomes immediately ineligible for such assistance if it is utilized for aggressive purposes.

But in the face of the clear use of American military aid for aggressive purposes and the clear violations of U.S. law and of the agreements of Turkey with the United States, our Government refused to suspend aid to Turkey.

Mr. Chairman, on October 18, 1974, after Congress had voted several times for an immediate cutoff in military aid to Turkey, the President signed into law the continuing resolution which included a provision to delay the suspension of aid to Turkey until December 10. That postponement had been requested by the administration to give Secretary Kissinger additional time to conclude a settlement in Cyprus. It was argued that negotiations were underway and that just a few more months were necessary to complete them.

But, Mr. Chairman, instead of evidence from the Department of State of meaningful progress in the Cyprus negotiations, the State Department is now asking for additional time.

Mr. Chairman, Turkish forces still occupy almost 40 percent of Cyprus. Turkey continues to refuse to withdraw its 40,000 troops after nearly 5 months of occupation on the island. Over 200,000 Greek-Cypriot refugees are still unable to return to their homes in the territory occupied by the Turkish forces. In fact, since October, Turkish forces have become even more deeply entrenched and Turkey has indicated that it has no intention of giving up the territory it gained during its invasion last summer.

Mr. Chairman, although there has been no apparent progress in negotiations and although Turkey remains fixed in its position, almost 5 months after the invasion, the administration is now asking for a further extension of the deadline. But, Mr. Chairman, a further extension cannot be justified:

First. No progress has been made during the past 55 days and there is little evidence to suggest that any further extension would be any more productive.

Second. No meaningful negotiations can begin until Turkey agrees to major concessions. Only the immediate pressure of a cutoff of military aid can now produce these concessions.

Third. Lack of a stable government in Turkey makes a settlement in the near future highly unlikely.

Fourth. We can no longer permit the United States to underwrite the occupation of Cyprus and we can no longer ignore United States law which makes it illegal to extend military assistance to any country which uses such aid for aggressive purposes.

Fifth. Failures to approve this amendment would only encourage Turkish forces to become still more entrenched on Cyprus and still more adamantly opposed to serious negotiations.

The administration has argued that a further extension of the deadline is crucial to our security interests in the Eastern Mediterranean. Although the administration seems to acknowledge that continuing aid to Turkey is illegal, it justifies that aid by citing overriding national security interests.

Linwood Holton, Assistant Secretary for Congressional Relations, Department of State, in a November 22, 1974, letter to me that I can only describe as astonishing, asserted:

> After carefully weighing the legal and foreign policy considerations, the Administration decided that it was impossible publicly to express a legal conclusion on the issues

of Turkey's eligibility for further assistance and sales without undermining our foreign policy objectives.

Mr. Chairman, the strength of NATO and our security interests in the Eastern Mediterranean are also threatened by the continuing dispute in Cyprus. And, clearly, the continuation of U.S. aid to Turkey during the past 5 months has not produced a settlement there.

Further, our security in that part of the world depends upon a strong relationship with Greece. But that relationship is being undermined by the administration's continued support of illegal aid to Turkey.

Most significantly, however, the request for an extension of the deadline ignores the fundamental issue that continuing military aid to Turkey is in violation of U.S. law.

An editorial on Sunday, December 8, 1974, in the St. Louis Post-Dispatch observed:

> ARMS FOR TURKEY
>
> When the United States Senate threatened in October to cut military aid to Turkey, the White House pleaded for more time and eventually managed to win two compromises. The termination date was postponed until Dec. 10 and President Ford was authorized to continue military assistance after that date provided he found "substantial progress" had been made on the Cyprus issue. Not only has there been no progress, but it does not seem to be forthcoming. Turkey remains as adamant as ever about the maintenance of its occupation force in Cyprus.
>
> Incredibly, the Senate voted Thursday in favor of yet another extension of the deadline, to Feb. 15. The extension, if sustained by the House, would mean that Congress has failed on significant questions of principle and policy. The laws of this country stipulate that military assistance can be used by the recipient only for purposes of national defense. If there is a violation, as there certainty was in the instance of Turkey's invasion of a foreign country, then the White House should be bound to uphold the law and, at the very least, terminate military assistance. Secretary of State Kissinger has all but acknowledged that the law was violated yet he continues to insist that the principle of upholding the law should be overlooked in the national interest.
>
> As for the question of policy, there is no virtue in rewarding an aggressor and in seeing the other ally in this conflict—Greece—driven further away from the Western alliance. It has now been confirmed not only that U.S. military aid to Turkey continued after the invasion of Cyprus, but also that it increased sharply. Missouri's two senators voted wisely to reject extension of the deadline on the assumption that if the Senate backed down again, the government of Turkey would no longer pay serious attention to warnings from Capitol Hill. If the House fails to eliminate the extension amendment from the foreign aid bill, then it too will have played the sorry role of actually postponing a solution to the conflict on Cyprus.

Mr. Chairman, officials of the Department of State today announced that the provisions of the continuing resolution will be fully and completely implemented and that military aid to Turkey will be suspended. They have also indicated that all military supplies now enroute to Turkey will be returned to the United States.

Mr. Chairman, we must now write into permanent law this aid cutoff provision and I urge my colleagues to support the Rosenthal amendment.

Mr. DENNIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and members of the committee, in the few brief remarks I made on this bill yesterday in general debate, I took occasion to say that I took the time to make any remarks at all because I felt that this was an exceedingly important issue with which we were presented and that it was one of those times when we ought to use politics in the sense of statecraft and not in the sense of counting noses in the precincts.

My objection to this amendment here is that I think it is not statecraft. It is counting noses in the precincts.

I have a lot of good Greek friends in my precincts and they are almost all friends and supporters of mine and they are American citizens. They think of themselves in that way, as they should and as they do. I do not believe if they were considering this amendment, and the facts were before them, that they would be for it. I think they would be against it, because constitutionally the President and the Secretary of State need to be able to use foreign aid in the one legitimate way they can use foreign aid, and that is as a specific tool of American foreign policy to bring about some specific advantage to this Nation.

Now, it is to our Nation's advantage to get peace in Cyprus, because we need peace in the whole Middle East area and as to these two countries, we have no choice between them.

Greece and Turkey are both allies of ours. What we need is peace between them. The Turks, particularly, are holding down the right end of the line against the Russians, and they are one of the few peoples who have shown by the record that they are willing to fight the Russians if necessary. They even went to Korea and fought there because they felt that strongly about it.

The President and the Secretary of State think—and they must have good reason—that they can work this thing out better if the 435 Members of this House, for parochial reasons or any other reasons, do not try to tie their hands. The Members of the other body think that also. I think we ought to give the benefit of the doubt to them.

It is said that this is illegal because the law says that arms we supply should be used only for defensive purposes. Is it defensive when the Israelis raid the neutral country of Lebanon and kill women and children in their villages, which they do with our arms? Well, strategically it very likely is defensive, because they are protecting themselves against terrorism from the Palestinian guerrillas, but tactically it is offensive. We say nothing about it, and I do not say that we should.

But, here in this situation, the particular problem started because a right-wing dictatorship in Greece overthrew the regime in Cyprus, hoping to take over the country, and the Turks moved in troops. Technically, tactically, that is offensive just like the raids into Lebanon, but I suppose from the Turkish point of view, it is defensive; they are protecting their Cypriot minority.

So, why do we have to get so worked up about it in this instance when we do not in others? In others, we give the President and the Secretary of State some leeway and some discretion to perform their constitutional functions in the way they feel is best for this country. I do not see why we do not do it here.

Mr. Chairman, I recommend that we vote this amendment down and give them a reasonable chance to do just exactly that.

Mr. SARBANES. Mr. Chairman, I rise to speak in favor of the amendment.

Mr. Chairman, Members of the Committee, I think that we are indeed confronted here today with the critical question of whether we are going to practice statecraft in its highest understanding. We have before us the Foreign Assistance Act, which, of course, poses for each of us the fundamental issue: Why foreign aid? What is its purpose? Why are we engaged in such programs?

The law already on the books is very clear on this issue with respect to the providing of defense articles and defense services. That law says—that is existing law, already placed on our statute books by a Congress and signed by a President:

> Defense articles and defense services to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, . . .

Clearly, Turkey has used American supplied military equipment in contravention of the above statutory provisions. To my knowledge, no one seriously contends that the Government of Turkey has not violated that law. Such violation was conceded by Members of the Congress who, during our prior consideration of this matter, were seeking to continue aid to Turkey. The State Department has been unwilling to come forward with a legal opinion addressed to this particular question, and it is fairly clear that the reason for this reluctance is because it could not give a legal opinion which would find that the law had not been violated.

We have been up and down this hill, as all the Members well know, many times before. Today we have the opportunity to make it clear in the permanent legislation that this House intends for American foreign policy to have legal and moral content. It is time for the Congress to draw the line and to say that the law must be obeyed. Existing law requires that nations violating its terms are to become immediately ineligible for foreign assistance.

That requirement for immediate termination of aid was compromised in mid-October and the application of the law was suspended for a period of time, that is, until the 10th of December. That date has now come and passed, and I believe it is clearly time to invoke the provisions of the legislation which would require, in order for aid to continue, that Turkey be in compliance with the law and that substantial progress be made toward an agreement.

Let us look, for a moment, at what is happening on Cyprus so that we might better judge the assertion that further delay in the cutoff of aid will contribute to a resolution of that situation. Turkish action in Cyprus now indicates a plan and a design to incorporate under Turkish control the 40 percent of the island which Turkish armed forces overran through aggressive military action last summer. They have taken over homes and businesses; they have issued stamps; they have set up a separate administrative apparatus; they are requiring the reregistration of automobiles. Everything is being done, in effect, to create the de facto partition of the island of Cyprus. They are becoming more and more entrenched in the domination of an area gained through brutal aggression, an area which represents 40 percent of the geography of Cyprus and 75 percent of its economy.

If the Congress is not to carry through on its previously adopted requirement that our law be complied with or that aid be suspended, why should Turkey pay any attention to the position adopted by the legislative branch of our Government? Why should any other country pay attention to the requirements of our existing law with respect to the use of the assistance that is being provided such countries? Why should they not draw the lesson that they can ignore the restrictions upon the use of that assistance and embark upon an aggressive enterprise designed to achieve their objectives by force.

I believe that it is long past time for the United States to stop supplying armaments to Turkey—a country which has engaged in shocking aggression upon the Island of Cyprus. The integrity and the independence of that small republic are at issue. American armaments and military supplies, paid for by American taxpayers, have been used, contrary to our law and contrary to any international principles of justice, to subvert the freedom of that independent republic and to bring death and destruction to that tragic island.

I urge the House to adopt the Rosenthal amendment.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. I have read the paper and I understand what the procedure is supposed to be. We are not supposed to fight this amendment in the House; we are supposed to let it go over to the conference and then hope that the Senate position will prevail over there because the distinguished Senator from Minnesota, formerly the Vice President of the United States, took the lead in the Senate in taking a responsible and statesmanlike position; but we are not supposed to put anybody on the spot here in the House.

But I do not think that is quite the way we ought to handle foreign policy matters in this body. I think we ought to discuss this issue, and I feel strongly it would be a serious mistake to just allow this amendment to go through on the assumption that it is a bad amendment but HUBERT HUMPHREY will take the rap for getting it out in conference.

I supported cutoff of aid to Turkey. I also supported the effort that we made here, before we adjourned, to get a delay, a delay we finally did get until the 10th of December.

A lot has happened since we passed that delay. In the first place, there has been an election in Greece and a moderate leader, Mr. Caramanlis, has been elected overwhelmingly. The monarchy has also been rejected, and it looks as though some of the extreme anti-American attitudes that characterized some of those people over there, Mr. Papandreou, for example, Miss Mercouri, and others, are not going to be controlling policy. The outlook looks good for an intelligent, reasonable approach on the part of the Greek Government toward a settlement in Cyprus.

In addition, Archbishop Makarios has returned to Cyprus and has addressed a mass rally. That does not seem to have created any turmoil over there either. Yes, the deadline has come and it has passed, and we have not accomplished anything. Why not? Why has Secretary Kissinger not brought the parties together? Simply because they are still without a functioning government in Turkey. It is just that simple.

How can Mr. Kissinger get anybody to agree if one party does not even have a government?

So does it not make sense for us to give the Secretary of State at least a little time in the hope that maybe a government will finally be agreed on in Turkey? How can we get anybody out of Cyprus if there is no government to enter into meaningful negotiations?

Mr. Chairman, I think we ought, at the very least, to give the President and the Secretary of State enough time. I think we ought to give them the time they have asked for. We ought to give them the time that HUBERT HUMPHREY, a great liberal and one who supports all these causes, has asked for.

Certainly it is not for the purpose of oppression or the violation of law that Senator HUMPHREY has done this. But he has recognized there is a higher consideration in this case and so he has taken the lead in the Senate and said, "Of course, let us be sensible enough to give the President of the United States some more time in the hope that we will soon get a new Turkish government that can agree to a reasonable and a fair settlement on Cyprus, and the withdrawal of Turkish troops from Cyprus."

By the time the new Congress is sworn in maybe they will have agreed to a new government. If not, if Turkey can't resolve its parliamentary crisis in a couple of months, then perhaps the whole effort will be hopeless. But will that really facilitate a satisfactory solution?

Is the situation in NATO not bad enough already, when the British Government is taking $11 billion out of their defense? When Portugal may already be in the hands of the Communists, with the undoubted result that the Azores will not be available to us if there should be another flareup in the Middle East.

With all of these troubles, do we now want to knock both Greece and Turkey out of the NATO too and let the whole alliance blow up? That is what might well happen.

Let us not allow all the statesmanship to reside in the other body. Let us show Senator HUMPHREY that he has some troops over in this Chamber, and let us not force him to take the lead in this effort all alone.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, why should we supply weapons to a country that does not even have a government? I support the amendment.

Mr. STRATTON. This is only a caretaker regime, as the gentleman knows. It has no parliamentary backing to negotiate settlement terms on Cyprus.

Mr. McCLORY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from New York (Mr. ROSENTHAL).

I supported the position of the gentleman from New York on a number of occasions. On the other hand, I am convinced now that in order for us to be useful in helping to negotiate a peaceful settlement of the very difficult Cyprus problem, it is necessary to adopt and follow the committee language and not the language of the amendment offered by the gentleman from New York.

Mr. Chairman, I am anxious to see a negotiated settlement of the Cyprus question. I hold no brief for the Turks—nor should it be concluded that the Greeks are entirely blameless. The invasion and occupation of Cyprus by the Turks was wrong. A solution of the perplexing Cyprus problem must be found. Our Nation can be useful in helping to find such a peaceful solution—only if we avoid the implications of the Rosenthal amendment.

Mr. Chairman, the committee has presented to us language which suspends aid to Turkey unless and until the President determines and certifies to the Congress that the government of Turkey is making a substantial good faith effort to achieve a negotiated settlement with respect to Cyprus.

Mr. Chairman, in my opinion that language will enable the President to continue the good offices of our Nation to bring about a permanent and peaceful settlement of the difficult Cyprus problem. Accordingly, I hope that the Rosenthal amendment will be voted down.

Mr. Chairman, in my opinion the existing language in the bill is in the best interests of Greece itself—and both the Greek and Turkish Cypriots. Even more important—the committee language is in the best interests of the United States of America.

Mr. KOCH. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Rosenthal amendment, as I did when it passed on October 16, and as did 194 Members of this House.

I am not going to recite all of the facts leading to the passage of the amendment and all of the facts subsequent to that which have brought us to this point, except to say this: that when that amendment passed on October 16, as I recall the debate in the House, it was the President himself who agreed to it albeit grudgingly. It was taken up with him. It was the result of compromise and conference, and it was ultimately acceptable to this House, and it was passed overwhelmingly.

What is happening today, or at least what is intended to happen today by those who sought to subvert the original amendment is to engage in salami tactics. By that I mean if you cannot win on October 16, you give in, although you try to lessen the impact; when there is good faith on the other side, and you have lost you take the best they will give you and pass it. Then when the deadline comes, you come in and say, "Well, we want a new ball game. We want a new date. We do not want to abide by the amendment we agreed to on October 16."

Mr. Chairman, we do that on too many occasions in this House. We too often permit the will of the House to be subverted in some particular way by a different bill on a different occasion which is brought up under allegedly new circumstances, and yet the circumstances are really exactly the same. The circumstances on October 16 were exactly those that prevail today.

There are close to 200,000 Greek Cypriot refugees in camps and in tents. We do not see the Turks moving out of the 40 percent of Cyprus that they occupied by force, which is what we said they must do if we are to continue to give them aid.

What I am suggesting to the House is that if we go along with this proposition and extend the deadline, we are falling into the very trap that was probably set by the opponents of the amendment on October 16. And I am saying that if we do it today, we will do it tomorrow and the day after that.

If we believed in the morality that we expressed on October 16 by passage of the Rosenthal amendment, that same moral principle applies on December 11.

Mr. BIAGGI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment which will continue the suspension of aid to Turkey until it is clearly demonstrated that Turkey is in complete compliance with the terms of the Foreign Assistance Act, and substantial progress is being made toward effecting a complete withdrawal of Turkish forces from the besieged island of Cyprus.

There are many of us here today who have an urge to say "I told you so" to the majority of our colleagues who were so convinced that a postponement until December 10 of a decision to cut off aid to Turkey would result in a solution to the Cyprus crisis. Well, it is now December 11. There is no peace and the Secretary of State continues his nonproductive policy.

Despite a recent flurry of activity by the Secretary, in reality he is no closer to solving the Cyprus crisis than he was 5 months ago when Turkey first invaded Cyprus.

We cannot afford to lose sight of the fact that what we are dealing with is a clear legal issue. Turkey was—is—and will continue to be in violation of the Foreign Assistance Act—as long as she maintains occupation forces on the island. And it has clearly been this nation's failure to deal with this illegality which has perpetuated the suffering and misery of the Cypriot people.

We have had ample opportunity to cut off this aid. No less than four votes have been cast on this issue, and on each occasion I have maintained the position that an immediate and total cutoff of aid was imperative to solving the Cyprus crisis. I firmly believe this and I hope that more of you will join me in this belief by supporting this amendment today.

Thus far in this bill we have addressed ourselves more than adequately to the plight of other nations in the world where the basic rights of their citizens are in jeopardy. Yet unless we pass this amendment today, we will be failing to respond to the critical and tragic situation in Cyprus. We cannot ignore the fact that almost 40 percent of this nation is occupied by a hostile foreign power, which is using our military aid illegally to maintain their control. We cannot ignore the fact that this 5-month crisis has resulted in the deaths of more than 4,000 Cypriots and has caused a $1 billion loss to the Cyprus economy.

What we must do is respond by cutting off the military aid, the single biggest item which has allowed the Turkish nation to control the nation and people of Cyprus against their will.

The contention of this administration throughout the crisis and even up until the present has been that a cutoff of aid to Turkey would seriously jeopardize the prospects for peace on Cyprus. Yet despite an agreement between the Congress and the administration giving the administration 60 days to work out an agreement on Cyprus, no substantive progress toward this goal has been recorded. It is therefore time for all of us to realize that a total and immediate cutoff of aid to Turkey is the only vehicle this Nation has left which will convince Turkey to release their stranglehold on Cyprus and allow the quarter of a million refugees to return to their homes and loved ones.

The time for words and unfulfilled promises is over. It is time for this Congress to act with decisiveness. There can be no more compromise. Compromise in the past has only translated into concession.

Allowing this situation to go unresolved for as long as it has has represented the ultimate compromise in the eyes of millions of loyal Greek Americans who view our clearly "Turkey tilting" policies with understandable bitterness.

We owe nothing to Turkey. Over the years they have demonstrated their total unreliability as an ally. While Greece has been a steadfast and loyal ally, and her community in America has contributed much to the well-being of our Nation. We owe it to them to put an end to the killing of their brethern in Cyprus and allow them to live in peace.

We are once again being asked to cast a vote which could have historic implications. A vote for this amendment will indicate to Turkey that her aggressions against the people of Cyprus must cease immediately. It will demonstrate to our friends and foes alike that this Nation will not tolerate military conquests of any nature. We must also show to the American people that we as the lawmakers of this Nation expect full adherence to our laws by all whom they affect. But most importantly let this vote serve to show the Cypriot people that their future security and well-being is our immediate concern.

Anything less than this amendment is totally unacceptable. We must firmly oppose any further extensions of a cutoff date. The dismal record of this administration with respect to solving the Cyprus crisis speaks for itself. Their time is up—and we must tell them so today.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentlewoman from New York (Ms. Abzug).

Ms. ABZUG. Mr. Chairman, I support the amendment to cut off military aid to Turkey until we are assured that real progress is being made in solving the Cyprus tragedy, and that Turkey is in compliance with the Foreign Aid and Foreign Military Sales Acts.

There is no excuse for continuing to break our own laws by allowing Turkey to use U.S. military supplies to maintain their take-over of Cyprus. A Library of Congress analysis states that the cutoff of aid—

> Is not discretionary as a matter of policy, but is mandatory under the terms of the Foreign Assistance Act.

About 180,000 Greek Cypriots were displaced by Turkish forces who now occupy 40 percent of Cyprus. Thousands are still living in cold tents or shacks. Another 20,000 Turkish Cypriots live in refugee camps in the occupied area. The human suffering is incalculable.

Yet it seems that little pressure is being exerted by the United States for a prompt settlement. The best form of pressure we can exert—and must exert under our own laws—is to withhold further aid. The administration, on the contrary, wants to increase it.

The State Department, in reply to Senator Kennedy's charge, has admitted that U.S. arms shipments to Turkey have increased since the invasion. The Department claims this is within the law because it "furthers negotiations for a peaceful settlement" but that is a very curious interpretation.

Further, Secretary Kissinger's correspondence with Senator KENNEDY gives little reassurance that the deadlock will be broken, nor the refugees returned to their homes.

Under these conditions, it is the clear duty of this body to clarify our intent with a firm declaration that aid is being cut off until Turkey fulfills its obligations.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I shall not take but a moment or two. We have considered this matter several times—three times in October, and finally, as has been said here, a compromise was reached suspending the aid cut-off until December 10. The administration has strongly urged that we give them more time to try to work out the Cyprus issue.

Since we adopted the December 10 date, many things have happened in that region. There is a crisis in the government in Turkey, as has been mentioned by the gentleman from New York. In Greece, the Greeks have voted to end the monarchy, and the Greek Parliament is meeting for the first time this week. The organs of government have just now been formed, and they are really in no condition to negotiate right at this minute.

As the gentleman from New York (Mr. STRATTON) has pointed out, Archbishop Makarios has just returned to Cyprus. According to this morning's paper, it will take him 2 weeks to review the situation before any serious talks can begin.

With all of this said, I think that further debate on this is unnecessary. I hope the House will work its will. I assure the Members that I will take whatever product they come up with to conference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. ROSENTHAL).

The question was taken, and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROSENTHAL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 297, noes 98, not voting 39, as follows:

[Roll No. 670]

AYES—297

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Bauman
Bennett
Bergland
Biaggi
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carney, Ohio
Casey, Tex.
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Dent
Derwinski
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Gray
Green, Pa.
Grover
Gude
Gunter
Guyer
Haley
Hammerschmidt
Hanley
Harrington
Hawkins
Hechler, W. Va.
Heckler, Mass.
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holt
Holtzman
Horton
Huber
Hudnut
Hungate
Hunt
Jarman
Johnson, Calif.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
King
Kluczynski
Koch
Kyros
Lagomarsino
Landgrebe
Landrum
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lujan
McCollister
McCormack
McDade
McEwen
McKay
McKinney
McSpadden
Macdonald
Madden
Maraziti
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Price, Ill.
Pritchard
Railsback
Randall
Rangel
Rarick
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Seiberling
Shipley
Sisk
Slack
Smith, Iowa
Snyder
Spence
Staggers
Stanton, James V.
Stark
Steele
Steelman
Steiger, Ariz.
Stephens
Stokes
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thornton
Towell, Nev.
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Widnall
Wilson, Charles, Tex.
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.

NOES—98

Anderson, Ill.
Arends
Beard
Bell
Biester
Bray
Broomfield
Buchanan
Burleson, Tex.
Burlison, Mo.
Butler
Carter
Cederberg
Chamberlain
Cohen
Davis, Wis.
Dellenback
Dennis
Devine
Dickinson
Dorn
Erlenborn
Findley
Frelinghuysen
Froehlich
Green, Oreg.
Griffiths
Gross
Gubser
Hamilton
Hanna
Hanrahan
Hansen, Idaho
Harsha
Hastings
Hays
Hogan
Hosmer
Hutchinson
Ichord
Johnson, Pa.
Ketchum
Latta
Lott
McClory
McCloskey
McFall
Madigan
Mahon
Mallary
Martin, Nebr.
Mazzoli
Michel
Minshall, Ohio
Montgomery
Morgan
Nelsen
Nichols
Pettis
Poage
Powell, Ohio
Preyer
Price, Tex.
Quie
Quillen
Rhodes
Roberts
Robison, N.Y.
Ruppe
Ruth
Ryan
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Sikes
Skubitz
Stanton, J. William
Steed
Stratton
Symms
Taylor, Mo.
Thomson, Wis.
Thone
Treen
Veysey
Ware
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Winn
Wyatt
Young, Fla.
Zablocki
Zion
Zwach

NOT VOTING—39

Armstrong
Barrett
Bevill
Brasco
Brotzman
Brown, Ohio
Camp
Carey, N.Y.
Chappell
Collier
Conable
Eshleman
Fisher
Giaimo
Goldwater
Grasso
Hansen, Wash.
Hébert
Heinz
Holifield
Howard
Johnson, Colo.
Jones, N.C.
Kuykendall
Litton
Luken
Mann
Mathias, Calif.
Mills
O'Hara
Passman
Podell
Roncalio, N.Y.
Rooney, N.Y.
Smith, N.Y.
Steiger, Wis.
Tiernan
Vander Jagt
Wyman

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. BINGHAM

Mr. BINGHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BINGHAM: Page 14, after line 4, insert the following:

"(h) For each fiscal year, no funds authorized to be appropriated under the Foreign Assistance Act of 1961 may be obligated or expended for the United Nations Educational, Scientific, and Cultural Organization until the President certifies to the Congress that such Organization (1) has adopted policies which are fully consistent with its educational, scientific and cultural objectives, and (2) has taken concrete steps to correct its recent actions of a primarily political character."

Page 13, line 24, strike out "subsection" and insert "subsections" in lieu thereof.

Page 14, line 4, strike out the quotation marks.

Mr. BINGHAM. Mr. Chairman, this amendment would provide that no funds under this act could be used to fund UNESCO so long as UNESCO continues with the type of outrageously political actions which it has recently been taking.

This amendment is similar to the one proposed by Senator CASE that was adopted in the Senate. It differs in that it is limited to this act, which is appropriate under House rules. The language of the amendment is, I think, somewhat perfected over the Senate version in that this amendment does not call for repeal of resolutions which may have no relevance today.

For some time, the member states of UNESCO have been adopting clearly political resolutions aimed at the State of Israel. Recently these resolutions and related actions reached a hitherto unknown peak of outrageousness. For example, one of the resolutions called upon the UNESCO director general to seek the cooperation of the PLO in extending educational programs on the West Bank of the Jordan, the territories occupied by Israel—if the Members can imagine anything more ridiculous than that.

The resolutions have also invited the director general to suspend aid to Israel under UNESCO until Israel complies with some highly political resolutions with regard to archeological activities in Jerusalem which UNESCO, for political reasons, has criticized.

Many Members have been to Jerusalem in recent years and have seen the extraordinary work being carried on there by Mayor Teddy Kollek and others in uncovering treasures, and they know that nothing is dearer to the hearts of Israelis than preserving the archeological finds and other historical and religious antiquities.

Some Members may be surprised that this amendment would come from me, because they know that I served for 3 years in the United Nations, and was for 1 year U.S. Representative on the Economic and Social Council, which has within its jurisdiction supervision over UNESCO. I do so, Mr. Chairman and members of the committee, because I feel that if we do not take a firm stand now, the politicizing of international organizations such as UNESCO is going to continue and worsen until these organizations are destroyed, and that would be a tragedy.

My amendment is intended, in part, to help out a friend of ours which has suffered a humiliation, the State of Israel; even more importantly, my amendment is intended to try to save an organization which we helped found and which has great potential in the educational, cultural, and scientific fields, but which, unfortunately, is now on the brink of destroying its potential. If UNESCO would stick to educational, cultural, and scientific projects it would be doing well, but when it gets itself embroiled in politics, it does itself considerable harm.

Mr. REID. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I will be glad to yield to the gentleman from New York.

Mr. REID. Mr. Chairman, first let me commend the gentleman for his statement and reaffirm to the Members of this House that Israel has upheld to a remarkable degree maintenance and rehabilitation of holy places, including open access thereto. Much has been done to restore historical and archeological sites. They have worked closely, as the gentleman has said, with UNESCO in upholding the principles of the UNESCO constitution so very dear to Israel's deep commitment to scholarship, excellence in education, and intellectual exchange.

Let me say, moreover, I think the fundamental point the gentleman is making is, very basically, the United Nations today stands in some jeopardy. We saw a similar period in the 1930's in the League of Nations. Quite frankly, what has the action of the 18th session of the UNESCO General Conference proved? The excluding of Israel from the original European groupings subject to a determination of the director general is in violation of UNESCO's own constitution, particularly article I.

Paragraph 1 of article I, for instance, states the purpose of UNESCO as contributing to peace and security by promoting collaboration among the nations through education, science, and culture in order to further universal respect for justice, for the rule of law and for the human rights and fundamental freedoms which are affirmed for the peoples of the world, without distinction of race, sex, language, or religion, by the Charter of the United Nations.

This action taken by the 18th session of UNESCO is, I think, violative not only of its own constitution, but of the U.N. Charter, as well, specifically of the preamble and articles I and II. If there is any concept that is paramount to the vitality and the integrity and the honesty of the United Nations, it is respect for all nations, "large and small," and avoidance of interference in internal affairs. It is very clear in paragraph 3 of the UNESCO constitution that UNESCO is to deal solely with educational, scientific and cultural matters and not political matters. Specifically, article I, paragraph 3, states:

> 3. With a view to preserving the independence, integrity and fruitful diversity of the cultures and educational systems of the States Members of this Organisation, the Organisation is prohibited from intervening in matters which are essentially within their domestic jurisdiction.

Accordingly, I think this is an opportunity for this House and, indeed, our Government, speaking through this House, to say that this is a moral position and must be upheld. I am hopeful that the UNESCO Director General will deny implementation of the resolution. I would point out that although Israel contributed $111,096 to UNESCO in 1974 and $98,496 in 1973, for the 1973–74 biennial, Israel received only $24,000. While Israel has been a leader in intellectual and cultural exchange, its monetary benefits from UNESCO have been minimal at best. The position we take here today is thus not an economic or financial one—it is purely a question of conscience.

(By unanimous consent, Mr. BINGHAM was allowed to proceed for 2 additional minutes.)

Mr. REID. Mr. Chairman, I will conclude with just one final thought, and that is that this House has an opportunity here, in supporting the Bingham amendment, to make clear, before it is too late, that we do stand back of the UNESCO constitution and the charter of the United Nations, that the dangers of politicizing efforts in the education and cultural areas are serious, and that if politics of a narrow and partisan kind are to be permitted and respected and condoned by the United States and by the United Nations, mankind will suffer.

If this amendment is supported, I hope that this warning will be heeded while there is yet time to restore the integrity to the U.N.

Mr. BINGHAM. I thank the gentleman for his statement.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, I rise in support of the amendment of the gentleman from New York. It is if anything a restrained amendment. Many of us have become increasingly apprehensive for the way the United Nations has been used as a forum against the United States and its friends.

Mr. Chairman, I think warning contained in this amendment is necessary and salutary and could hopefully avert an eventual movement for the United States to get out of the United Nations altogether or to otherwise act to control its operations at some time in the future.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the distinguished ranking minority member of the committee.

Mr. FRELINGHUYSEN. Mr. Chairman, I agree with the gentleman on his point that the politicizing of an international organization such as UNESCO is very unwise. But is this amendment not an attempt to violate our own treaty obligations with respect to UNESCO, if we should withhold funds because we are offended by the action that has been taken in that body?

Mr. BINGHAM. Mr. Chairman, I think we have no alternative but to do this. If it means that we have to pull out of the organization, I would hope that pullout will be only temporary and that the members of that body will recognize that if they want participation by the United States, they will have to get themselves straightened out.

Mr. WOLFF. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I take this time to say that I had intended to offer an amendment to cut the funds of all voluntary agencies of the U.N. back to the amount that we had appropriated for this year. However, in a discussion with the chairman of the Subcommittee on International Organizations, he agreed that there would be hearings held on our entire position within the United Nations.

I think that the time has long since passed for us to reexamine our position with the United Nations inasmuch as it seems to me the entire concept of the United Nations has been perverted from its original concept.

Mr. Chairman, I do not think the United States can any longer stand by while we as a nation are pushed into a position of subservience to that of some of the independent states who have most recently joined the United Nations.

Mr. Chairman, I will ask the chairman of the Subcommittee on International Organizations to confirm the fact that we will hold hearings reassessing our entire position in the United Nations.

Mr. FRASER. Mr. Chairman, if the gentleman will yield, I think the gentleman has made a very good point. I believe there is enough concern about the recent actions of various U.N. bodies that seem to fall outside the scope of their regular and legitimate responsibilities that it is essential to take a very careful look at what they are doing and what kind of remedial action we may want to take in relation to those improvident acts.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. WOLFF. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I rise in support of the amendment to the Foreign Assistance Act offered by my good friend and distinguished colleague from New York (Mr. BINGHAM). The amendment seeks to withhold funds from the United Nations Educational, Scientific, and Cultural Organization until the President can report to Congress that the funds will be used specifically for uses consistent with the objectives of UNESCO and that they will terminate their blatant political actions of recent weeks.

Several weeks ago the Nation and the world reacted with shock and horror over the decision of the United Nations General Assembly to allow the Palestine Liberation Organization to participate in a U.N. debate on the establishment of a Palestine State. It was apparent then as it is now that the United Nations and her organizations despite the noble hopes of their founders are no longer objective forums for the pursuit of international peace and justice in the world.

As we consider our annual authorization for foreign assistance, we have been presented with numerous arguments about wasteful use of our tax dollars for foreign assistance.

As the chief financial supporter of the United Nations and its subsidiaries it is incumbent that we impose at least these minimum conditions before we dole out our large annual sum to the United Nations. In a recent letter to the President I called for him to withhold the U.S. 1975 contribution to the U.N. until her policies of the past several months are changed. I consider this amendment to be an important first step in this direction and I urge its support today.

Mr. CONLAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from New York (Mr. BINGHAM).

Mr. Chairman, I gather from news accounts that Communist and Third World nations ignored or virtually scorned Ambassador John Scali's warning in the General Assembly last Friday that the United Nations is cutting its own throat with blatant political grandstanding and demagoguery.

I believe many Americans are now looking to the Congress to put some teeth into Ambassador Scali's remarks. And there is no better way than by withholding further contributions to UNESCO until that organization repeals resolutions designed to condemn and isolate member nations.

Ambassador Scali warned U.N. members last year that the world body was undermining its own credibility and base of support with one-sided, unrealistic resolutions. He noted on Friday that this headlong rush to hypocrisy and expedience has since not only continued, but accelerated.

The U.N. has acted callously and arbitrarily in violation of its own rules and charter by giving the blood-drenched terrorist Palestine Liberation Organization authority to participate in last month's Middle East debate, and by expelling South Africa's Ambassador. In addition, UNESCO has illegally decided to fund the PLO and to bar Israel from assistance or participation in the group.

Mr. Chairman, the American people have generously kept the U.N. alive by paying more than a third of all U.N. bills over the years. Americans have done this despite the refusal of most U.N. members to pay their own annual assessments, because we hoped the U.N. would be an instrument of international peace and reconciliation. Unfortunately, that is no longer the case.

As the world has now obviously noted, humanitarian and cultural U.N. organizations like UNESCO have been turned into tools of political reprisal, violating both the letter and spirit of the U.N. Charter. So long as the U.N. continues to flaunt its central principles of tolerance and harmony, it has ceased to have such a useful role in the world as to deserve our continued support and participation.

I wholeheartedly support the Bingham amendment, prohibiting further U.S. contributions to UNESCO until all resolutions not of an educational, scientific, or cultural character have been repealed. I urge all my colleagues to join in adopting this amendment.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. CONLAN. I yield to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding and rise in support of the amendment by the gentleman from New York (Mr. BINGHAM) in seeking to withhold funds for the United Nations Educational, Scientific, and Cultural Organization until such time as UNESCO corrects its political act of cutting off UNESCO funds to Israel. An act which was so offensive to the educational, scientific, and cultural community throughout the world.

Accordingly, I urge my colleagues to support this worthy amendment seeking to restore some responsible thinking in the U.N.

Mr. FLOWERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will ask the author of the amendment, the gentleman from New York (Mr. BINGHAM), or some other Member, this question:

I like the sound of the language in the amendment, but I may be overpragmatic. I would like to know if the gentleman can tell us this:

What nations would be affected by the gentleman's amendment as far as UNESCO's dealings in the world are concerned?

Mr. BINGHAM. If the gentleman will yield, I have made it clear in my remarks that this amendment is aimed at the situation as far as Israel is concerned. The recent events that are referred to in the amendment have to do with the State of Israel; and if other situations arise, then the administration should be guided accordingly.

The object of this amendment is to require that UNESCO stick to its purposes, which are educational, cultural, and scientific, and to stay away from political action. As my colleague, the gentleman from New York (Mr. REID) pointed out, in its own charter UNESCO is required to abstain from political action. The problem is that it is getting involved in politics.

Mr. FLOWERS. I certainly agree with that program for UNESCO and that program for the rest of the United Nations. My only hope would be that the gentleman who offered the amendment as well as the committee that has brought the bill before us would take a hard look into the overall participation by the United States in the United Nations, cerainly with a view toward recent happenings at the United Nations.

I think that the people of the United Staes are demanding that we review and possibly rethink our participation in the United Nations.

Mr. BINGHAM. If the gentleman will yield again, I applaud the remarks that were made by Ambassador Scali the other day, and I think that most unfortunate things have been happening at the United Nations. However, the situation there is totally different from the UNESCO situation.

We need the United Nations Forces that are on the ground in the Middle East. We certainly need to keep those forces there and we have to support the United Nations in that respect.

Mr. WOLFF. Mr. Chairman, will the gentleman yield.

Mr. FLOWERS. I yield to the gentleman from New York.

Mr. WOLFF. If the gentleman heard the colloquy I engaged in with the chairman of the Subcommittee on International Organization, the gentleman from Minnesota (Mr. FRASER) has indicated that he will hold hearings on our entire position within the United Nations, which I think are long overdue.

Mr. FLOWERS. I certainly agree with the gentleman. I appreciate his comment, and I share the gentleman's interest in the Middle East situation.

However, I think the problem with the United Nations extends far beyond the Middle East situation. If we perceive the United Nations only through eyes fixed on the Middle East and not the entire worldwide situation, we are not doing our job fairly as representatives of all the people of America.

Mr. WOLFF. If the gentleman will yield, my reference was not comparing, by any means, the Middle East situation to the entire posture of the United Nations and particularly the nations who have entered the United Nations and the use, by the way, of coercion by certain nations who are able to pay for votes within the United Nations.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. FLOWERS. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. I thank the gentleman for yielding.

I would like to say I support fully the leadership of the gentleman from New York (Mr. Bingham) in offering his amendment on UNESCO.

The action taken by UNESCO against Israel was blatantly political. Thus, it was not only illegal under UNESCO's own charter—which forbids it to engage in political activities—but it was also unconscionable. UNESCO's action was prompted by Arab blackmail—pure and simple.

It is outrageous that the Arab countries are not only going to impoverish the world economically by their high oil prices, but are going to attempt to impose their own intellectual dictatorship on everybody. The United States cannot stand idly by while the Arab governments—who themselves have barely contributed pennies to support educational, scientific, and cultural development in the world, much less in their own countries—try to subvert the instruments of world peace into a weapon against Israel.

The amendment offered by my colleague from New York (Mr. Bingham) puts the United States firmly on record against this Arab blackmail. I fully support it.

Mr. KOCH. Mr. Chairman, will the gentleman yield?

Mr. FLOWERS. I yield to the gentleman from New York.

Mr. KOCH. Mr. Chairman, I want to state my support of the Bingham amendment which calls for the termination of all U.S. aid to UNESCO until that organization repeals its anti-Israel resolutions, which deny cultural aid to Israel and exclude her from the agency's regional groupings. The Senate passed the Case amendment on December 4 to the foreign aid authorization bill which terminates U.S. aid to UNESCO, and we in the House must do the same. I believe it to be in the national interest of the United States as well as a moral imperative that we oppose the arbitrary, immoral, and unjustified actions of UNESCO.

Recent actions by the United Nations General Assembly can only be described as immoral when that body legitimized the terrorist Palestinian Liberation Organization. At that time, I asked that the United States consider withdrawal from the United Nations General Assembly for we can no longer stand by and allow the United Nations to "justify in advance Israel's physical annihilation" to use the words of Raymond Aron and Jean-Paul Sartre.

It is apparent that another body of the United Nations, the U.N. Educational, Scientific, and Cultural Organization, which is chartered for nonpolitical activities and dedicated to intellectual freedom and cultural concerns, has approved arbitrary and discriminatory political reprisals against the State of Israel. These anti-Israel resolutions which were recently adopted directly violate UNESCO's raison d'etre and run counter to the principles which the United Nations purports to defend.

In voting against these resolutions, the U.S. delegation to UNESCO described them as "a completely unjustified sanction upon a member state of this Organization, for reasons that seem to us to be largely motivated by political considerations."

Are we to support this organization that violates its own statutes and principles? It is a fact that the United States supplies almost a quarter of UNESCO's biennial budget of $170 million. Outstanding European, Israeli, and United States scholars in the sciences and humanities have already severed their ties with UNESCO. France's designated minister for women, Francoise Giroud, recently refused to appear at a UNESCO session, and the Government of Switzerland has already reduced its contributions to UNESCO. We in the United States must not fail to take a strong stand against actions that threaten the existence of democratic principles.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. FLOWERS. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate my colleague's yielding.

I, too, support the amendment of my friend, the gentleman from New York (Mr. Bingham), and rise in support of it. The treatment of Israel by UNESCO and the U.N. in general is deplorable and what is more, highly inconsistent with the U.N. Charter. I would also like to say that I certainly concur with the gentleman that the total funding of the U.N. is an issue with this Congress and that if this House had the issue of funding of the United Nations before it today, there would be some awfully surprised members of the United Nations at what our actions would be. I frankly am fed up with much of what goes on in the United Nations and this amendment is a worthwhile attempt to bring some sanity and responsibility to that organization. I congratulate Mr. Bingham on his amendment and urge its adoption.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. FLOWERS. I yield to the gentleman from Virginia.

Mr. DAN DANIEL. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of this amendment.

Later on I will offer an amendment to reduce the authorization for all United Nations agencies from last year's level.

Mr. MORGAN. Mr. Chairman, I should have said this before a lot of the Members got up and spoke as I do not want them to be disappointed, but there is no money in this bill for UNESCO, not one single dime.

The gentleman from New York had an amendment similar to the one adopted in the Senate, but it would have been subject to a point of order.

The gentleman modified it, and directed it to this bill.

As the chairman of the comimttee, I will be glad to take the amendment offered by the gentleman from New York to the conference, and maybe we can perfect its form and language so as to work the will of the House.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me emphasize this area of concern. I voted to increase the authorizations for Israel that are in this bill. The diligent efforts of Secretary Kissinger have brought a cease-fire in the Middle East but the danger of conflict still exists. Israel can only survive this difficult period of uneasy quiet if it is strong. The real danger to Israel comes from those of her Arab neighbors whose radical governments are supplied by the Soviet Union and from guerrilla groups inspired and supplied by the Chinese Communists.

The committee's commendable understanding of Israel's position unfortunately did not carry over to other countries in other areas where the danger to national survival is no less pressing. Consistency in policy would require continued strong support for South Vietnam and Korea where the committee's action fell short of what I believe to be necessary support.

And now, Mr. Chairman, let me address myself very specifically to the amendment before us:

Mr. Chairman, I appreciate the reasons why this amendment has been offered, and why the amendment has such overwhelming support. But, just for the purpose of necessary clarification, I would like to have the Members keep in mind the fact that there is a distinction between the long-term goals of the United Nations and unfortunate unwise, short-term politics.

What we really saw in the U.N. 3 weeks ago was some old-fashioned logrolling in which the black African States and the Arab States cooked up their little deal, the deal was to expel South Africa from this General Assembly session, which the Arab States supported for the support of the black African States on the move giving the PLO the floor to address the United Nations and discuss the situation in the Middle East.

It is my hope that as a result of legitimate criticism, that this sort of action will be avoided at the next session of the United Nations General Assembly.

The logrolling which they engaged in a few weeks ago at the U.N. was deplorable.

I commend the objectives of the amendment, even though I have doubts as to whether it will achieve the purpose of the sponsors.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder if something could be done today about the proposed pay increase for employees of the United Nations? The bankrupt United Nations is about to put into effect a pay increase that would provide its employees with 42.6 percent above U.S. Federal workers. I would ask the gentleman from New Jersey (Mr. FRELINGHUYSEN) who has had a lot of contacts in the U.N., or the gentleman from Illinois (Mr. DERWINSKI) who is a former Ambassador to the United Nations, whether they think we can do something in this bill, or should do something in this bill to stop such an outlandish pay increase—an increase for which we would pay 25 percent, and perhaps more.

Mr. DERWINSKI. Is the gentleman from Iowa advocating a 42-percent increase for the Federal Government employees?

Mr. GROSS. No. It is your former associates in the United Nation who are seeking a 42.6 percent increase.

Mr. DERWINSKI. No. The gentleman from Iowa has to please understand the situation, and that is that the United States does not run the United Nations. We do our level best to provide leadership, but we cannot perform miracles. The more support, however, that Congress gives those who work in the United Nations for the long-term objectives of the United Nations will help to provide a better world than the one we are presently living in.

Mr. GROSS. Does the gentleman not think, as one who is skilled in the manipulations and maneuverings of the United Nations, that in some way we here today might pass another one of these sense-of-Congress resolutions stating that they should not increase the pay of their employees in the United Nations to a point 42.6 percent above that of workers for the Federal Government, and who will pay for that increase, or at least 25 percent of it?

Mr. DERWINSKI. The gentleman from Iowa could offer such a sense-of-Congress resolution but, unfortunately, it will not have much effect.

The real tragedy that we face today, if I may be just a little personal, occurred when the gentleman from Iowa passed up the opportunity to serve in the United Nations, because had he done so I am sure that would have been to the mutual benefit of both the United Nations and the gentleman from Iowa.

Mr. GROSS. I never made a better decision in my life than to step aside and let the gentleman from Illinois take that job among the polyglots.

Mr. DERWINSKI. The gentleman from Iowa has no idea what he missed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BINGHAM).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. FRASER

Mr. FRASER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRASER: Page 24, strike out lines 3 through 10 and insert in lieu thereof the following:

SEC. 28. (a) The aggregate amount of—

(1) funds obligated or reserved for military assistance, including supply operations, under chapter 2 of part II of the Foreign Assistance Act of 1961;

(2) the acquisition cost of excess defense articles, if any, ordered under part II of the Foreign Assistance Act of 1961 and not charged against appropriations for military assistance;

(3) credits, including participations in credits, extended pursuant to section 23 of the Foreign Military Sales Act; and

(4) the principal amount of loans guaranteed pursuant to section 24(a) of the Foreign Military Sales Act;

with respect to South Korea shall not exceed $145,000,000 for fiscal year 1975 until the President submits a report to the Congress after the date of enactment of this Act stating that the government of South Korea is making substantial progress in the observance of internationally recognized standards of human rights.

(b) After the submission of the report under subsection (a), the aggregate amount described in paragraphs (1), (2), (3), and (4) of such subsection with respect to South Korea shall not exceed $165,000,000 for fiscal year 1975.

(c) The provisions of section 506 and section 614 of the Foreign Assistance Act of 1961, or of any other law, may not be used to exceed the limitation under subsection (a) or (b).

Mr. FRASER. Mr. Chairman, in the bill as reported from committee there are two limitations placed on aid to Korea, $100 million for grant military aid, and $15 million for excess defense articles, so that those two limitations together would be $115 million. However, those two limitations do not cover foreign military sales, and in an effort to work out an acceptable amendment in consultation with both sides, we have come to the amendment which has been offered which would raise that amount to $145 million for Korea, and if there is improvement in the human rights situation, it would go to $165 million. I think the reasons for this are quite clear.

When President Ford visited Korea, according to news accounts, he, himself, brought to the attention of the Korean leadership quite forcefully the importance of that government's efforts to attempt to improve their treatment of their own people with respect to problems of political repression and imprisonment. I think the amendment that we have here is generally acceptable. It represents a compromise from a number of considerations, and unless there is an interest in further elaboration of the difficulties there, or the reasons for the amendment——

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I will be glad to yield to the gentleman from New York.

Mr. WOLFF. I thank the gentleman for yielding.

I must say that the gentleman certainly has arrived at a compromise situation regarding the question of Korea, but I find it very difficult to understand singling out one or two nations in the world on the question of repression and political incarceration without addressing ourselves, as we have in the amendment that the gentleman offered some time ago in committee, to all nations throughout the world who are repressing their people. I oppose repression wherever it exists and would hope that the progress of lifting the decrees in Korea continues uninterrupted. It would be tragic indeed if Korea misinterpreted the feelings of the American people regarding the denial of human rights and true democracy. It would be equally tragic if this Nation turned its back on Korea who has been a faithful ally.

In another area we have under the military sales program engaged in military sales with the Government of Britain. At present there exists in the north of Ireland some 500 political prisoners, men, women, and children who have without trial and without charges, been incarcerated without any hope of their getting out of prison. Yet, we do not single out a nation such as this. Why is it we just take one or two nations and single them out on the question of repression or torture? We cannot condone this activity wherever it rears its ugly head. Amnesty International singled out some 60 nations that are guilty of torture. I think it is high time that we as a nation stop our aid to all countries or stop our assistance of any form to all countries that are guilty of torture or repression. Singling one or two nations out of the myriad who practice this activity is a concession of approval to the others who continue repression.

Mr. FRASER. I appreciate the concern the gentleman has. One of the reasons it is of concern to us is because of the enormous investment of American lives and treasure in Korea. One thing we fear will happen if we do not reinforce a sense of decency and fair play by those leaders in Korea is that the nation of Korea will fall further away from those standards of fair play. We must assure that our defense aid is in behalf of the kind of government that respects the basic rights of its people. We have an important relationship with the Korean people, one that goes back over two decades or more, and I just hope we find a way to encourage the leadership to act so as to encourage help from this Congress. I should try to underscore the fact that we have tried to work this out with the various parties and I think we have achieved a basic understanding with respect to this.

Mr. WOLFF. I think the gentleman's point is very well taken. We cannot sit by while there is this tide of repression that goes on but I would submit to the gentleman we have this same type of relationship existing with Britain and yet I do not find us in any manner, shape or form standing up as a nation and objecting to what is going on in the North of Ireland.

Mr. FRASER. The gentleman makes a point there are other countries that have problems and I have no doubt of that.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(On request of Mr. MATHIS of Georgia, and by unanimous consent, Mr. FRASER was allowed to proceed for 2 additional minutes.)

Mr. MATHIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Georgia.

Mr. MATHIS of Georgia. Mr. Chairman, I rise in support of the gentleman's amendment and I think he has reached a compromise we can live with but I wonder about the terminology used on page 2 about the internationally recognized standards of human rights. I wonder if the gentleman can elaborate on human rights.

Mr. FRASER. I think the statement of basic human rights that is most widely accepted is contained in the Declaration of Human Rights passed by the U.N. General Assembly many years ago. It outlines very basic human rights respected by many nations now and accepted by some as part of international law. There are a number of other specific covenants and undertakings internationally agreed to that spell out rights of people but those contained in the universal declaration set forth the basic standards along with the United Nations charter itself.

Mr. MATHIS of Georgia. If the gentleman will yield further, does the gentleman think the citizens of the Soviet Union and Red China and Communist Cuba and some of the other so-called Communist nations of the world enjoy those basic human rights?

Mr. FRASER. In my judgment the Soviet citizens enjoy only limited rights which certainly do not conform to all the standards that are internationally recognized. I think our concern now should be that Korea should be different and not become a totalitarian state unrecognizable from other states that are totalitarian, such as the Soviet Union.

Mr. MATHIS of Georgia. But there are some Russian citizens who are producing chrome which we need in this country.

Mr. FRASER. My basic line in relation to countries in general is that I am prepared to have normal commercial relationships and normal diplomatic relationships with a country no matter what I think of its failure to observe human rights.

Mr. DE LA GARZA. Mr. Chairman, I rise in opposition to the amendment for many reasons, but mainly that I do not think the authors of this amendment and those who support it realize the lack of logic in their attempt to assert human rights for the individual by attacking the internal overall security of friendly nations and cutting their military assistance. I do not wish to debate in any way that there may have been infringements upon the internationally recognized principles of human rights, but I do resent as one who has served during our intervention in that great country that we sit here, not with an overall purpose, not with an overall plan, but singling out this country and that country and this ethnic background or that ethnic background or this religion or that religion and we only take affront at those that we are dissatisfied with at this moment, not necessarily yesterday or not necessarily tomorrow.

Now, kindly permit me to tell this body something. Human rights as we know them in the United States, political liberty, freedom of the press, are unknown in other parts of the world, in the exact same context as we know them.

I think one of the greatest mistakes we made in Vietnam is that we wanted them to have elections. We wanted them to have placards. We wanted them to have television. We wanted them to have a presidential election like we have. In the centuries of history of the people of South Vietnam, they could not have that.

Now, with regard to Korea, if some have been to Panmunjom, as I have recently, they are looking into the face of an enemy in Korea that wants to enslave all of Korea, not just the Park regime, but every single person there. Anything we do on this floor to curtail assistance militarily will be sacrificing all of the people, all of that free nation. If any are in jail today they will be in jail when the Communists take over; so we are playing with fire here. We are doing something illogical. We are doing something against the wishes of those who died in Korea from our country.

Korea is a friendly nation. Korea stood with us in Vietnam. I visited with the great Korean soldiers there. To argue that we paid for their ammunition, yes, but every Korean soldier that died in Vietnam kept an American soldier from dying in Vietnam. They were there and they were dying side by side with ours.

Then to come here and affront them by saying, "If you do not do this, we will reduce your military assistance," I think is a sham. I think it is an insult to a friendly people and a friendly country.

Aside from that, my friends, the logic is not there. We are fixing to help those who would enslave all of South Korea. That is what we are trying to do if we pass this amendment. Let us stand by those who have stood by us, let us reason with them about our problems, but I urge you, do not restrict their military, for if you do, you will compromise the security of all the people of that great Nation.

Mr. GUYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and the Members of the Committee, I just want to say a few words, neither against or in favor of the amendment, because I think that is a foregone conclusion; it will pass, at least in spirit if not in substance.

I think it is high time that we have some words said as were said a moment ago in behalf of our friends in the Pacific, of whom we have very few.

I received a letter from the Ambassador to South Korea today giving me photographs of a tunnel which they just discovered in November, also citing 23,000 violations of the cease-fire since the end of the war.

Now, the very minister who talked to Jack Anderson and others who were in defense of the 12 religious leaders did admit that here we have 100 percent religious freedom. In South Korea it is only 80 percent. In North Korea it is zero.

The so-called innocent student although not 1 of the 186 or so who were rounded up—turned out to be an admitted enemy agent, who in trying to assassinate the president, killed his wife. I think we have to recognize one way and one time or another that we have some valiant people out there who are doing a pretty good job. They have tripled their per capita income and have a bustling economy.

I think, as was said here, we should look to ourselves where crime is so rampant in the streets and where, as Paul Harvey said, we had more jurors locked up than we had prisoners in Cook County.

I want to say on behalf of the people of Korea that we have had a fine Korean student come to our college in Findlay, Ohio, Honcho Chris Kim. He has become an American citizen, and successful businessman and from this association has come a fine relationship between Korea and the United States. He provided 10,000 volumes of books for our college library in Findlay and as an ambassador of good will for both countries, has brought mutual understanding.

James Wagonseller of Ohio, the national commander of the American Legion, just returned from Korea and has a great deal of regard for these people. He lauded their courage and friendship. Of all the places the President visited, he had no more glowing reception than in South Korea, where millions gave him an ovation.

Mr. FRASER. Mr. Chairman, will the gentleman yield?

Mr. GUYER. I yield to the gentleman from Minnesota.

Mr. FRASER. Mr. Chairman, I would like to point out to the gentleman that the Korean broadcasting networks used to rebroadcast the Voice of America broadcasts. They stopped them. We wrote to find out why.

It turned out that they broke off the transmission of the Voice of America broadcasts right during the time the Voice of America was reporting about the kidnapping out of the hotel in Tokyo of the last candidate to oppose President Park. I am sure the gentleman is well acquainted with that incident.

Mr. GUYER. I am aware of all of it.

Mr. FRASER. That was the political opposition leader who was taken by what appears to be the Korean CIA, and taken back to Korea. He is now in the country and not permitted to leave the country. Since that time the Voice of America has not been rebroadcast in Korea.

I want to help the Korean people, and I think the gentleman does also.

Mr. GUYER. I understand.

Mr. FRASER. If we can encourage that government to ease up on the repression and imprisonment of its people, we would be helping them and helping ourselves.

Mr. GUYER. I appreciate the opinion of the gentleman. I think we both know that President Park was elected by a majority of 900,000 votes. Also, he disclaimed any knowledge or connection with the kidnapping and did fire the head of the intelligence agency there who may have participated in that incident. I have reason to believe that they, under their president, have made great progress in their economy, in achieving greater individual liberties—and in our peaceful partnership with them.

We have all too few friends in the Pacific, and I would hate to see them crippled by legislation here.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. GUYER. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, why does not the gentleman from Minnesota apply this across the board to other nations, and there are some 60 in the list I have here, to which he referred not long ago? Why does he want to apply it only to some and not to all?

Mr. GUYER. We have personal definitions on what constitutes either church members or Christians. I want to say that while it is always complimentary to be a member of a church, that by being a member does not make a person a Christian any more than standing in a garage makes a person an automobile. There are all kinds of people under all kinds of labels. Real Christian leaders are not causing problems in South Korea, nor are they being persecuted.

Mr. FASCELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the President of the United States indicated the concern of the United States in Korea to the whole issue of human rights. The Congress has indicated its concern already in the language of the bill. The pending amendment is a further compromise on the subject.

As I recall, and I would like to ask the gentleman from Minnesota to help me refresh my memory. The program under the House bill would be $185 million. Would the cut under the gentleman's amendment be $20 million? Am I correct on that, if all the steps were to be taken? Since the amendment provides that after the President's report the ceiling would go from $145 million to $165 million.

Mr. FRASER. The gentleman is correct. And from last year, they would only be cut $10 million, but I have some reason to believe that even without the language in the bill, Korea would not get any more than that.

Mr. FASCELL. So the real effect of the amendment is to be providing an incentive for the country to take some corrective steps.

Mr. BUCHANAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I would not discount the friendship the nation of Korea has shown for the United States or its people and, contrary to some of the arguments that have been made here today, I believe this is an expression of the friendship for the people of Korea that we provide in this legislation, this incentive that the Government shall honor human rights within that country.

What is special about that country? I will tell you what is special about it. A dear first cousin of mine who gave his life in that country is special about it. Many thousands of other Americans who died so that there might be freedom in Korea is special about it. The billions of dollars of the wealth of this republic that went into the cause of human freedom in that country is special about it.

I think we have a special obligation to lend our influence to the cause of freedom and of human rights within that society into which flowed so much of our wealth and for which so much American blood flowed a few years ago.

I cannot find fault in lending our influence to the cause of human rights and human freedom anywhere, and I hope this amendment will be adopted.

Mr. MORGAN. Mr. Chairman, I move to strike out the requisite number of words.

This amendment would limit all military and supporting assistance to Korea to $145 million in fiscal year 1975.

This is only about 20 percent less than Korea received in the last fiscal year, where the figure was $175 million.

The amendment would, however, provide an additional $20 million for Korea if the President determined, and reported to Congress, that progress has been made in respect to human rights. It really brings it up to $165 million, which is only $10 million less than what Korea received last year.

The committee debated this issue of aid to Korea during the markup of the foreign aid bill; and because of the reported gross violation of human rights in that country, the committee itself put a limit of $115 million on military aid and excess defense articles for Korea in fiscal 1975.

Afterwards, the committee rejected additional amendments further restricting aid to Korea. It was before, of course, the President's trip and he got the results.

Mr. Chairman, I am now going to support the Fraser amendment. It will not cripple Korea's ability to defend itself, and I feel if we look at the table for Korea that it is a compromise, a great compromise on the part of the gentleman from Minnesota. I intend to support the amendment and take it to the Senate, where the Senate has a much lower figure. This will be a good amendment on the part of the House, and I strongly support the amendment offered by the gentleman from Minnesota.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. FRASER).

The question was taken; and on a division (demanded by Mr. FRASER) there were—ayes 64; noes 44.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: Page 13, line 21, strike out "$154,400,000" and insert "$127,822,000" in lieu thereof.

Mr. GROSS. Mr. Chairman, I find it incredible that this administration, which claims to be fighting inflation, and in view of the dire financial and economic conditions of the country, would call for a foreign handout bill of $2 billion 600 million. I am just trying to cut a relatively small amount out of this bill and put this item back to where it was last year. It ought to be cut far deeper. I am trying to appeal to just a little reason around here concerning the expenditure of the public's money.

Last year Congress authorized $127,822,000 for voluntary contributions to international organizations, and that is what this is all about. It also authorized $150 million for fiscal year 1985. That figure was a shot in the dark. But the Executive was quick to live up to it and even increase it.

Let us not forget that in the State Department authorization there is $151,132,000 for "assessed contributions" for the United Nations and its specialized agencies. That includes $19,617,000 for that organization known as UNESCO.

The main reason for the jump from $127.8 million to $154.4 million this year is the U.N. development program, which has gone up about $20 million. The so-called underdeveloped nations are running the U.N. and setting the pace to determine how much the United States and other principal contributors should pay. One reason the underdeveloped countries are getting further underdeveloped is because of the increased cost of oil.

If the United Nations wants to court the leaders of the Palestine Liberation Organization, it should encourage the Arabs to pick up more of the check.

Mr. Chairman, my amendment simply cuts $26½ million and holds our contribution to last year's handout. I urge adoption of the amendment.

Mr. FRASER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think it is important for the Committee to look at the reason for the difference in the figures between last year and this year. One of the significant changes is with respect to funding for refugees in the Middle East.

As I believe every Member here recognizes, the problems in the Middle East, including the refugee problem in the Middle East, have grown rather than decreased as a result of events over the last year. One of the last things we need to do is to pull the rug out from under the Middle East refugee program.

The amount of money we are talking about here is peanuts compared to the expenditure of $2.2 billion we became involved in, in an effort to resupply Israel following the last Middle East war.

If we were to handicap or to cripple the capacity of UNRWA to deal effectively or more effectively—because it is a minimum program—with the people and the problems of the Middle East refugees, we would simply be pouring oil on an already burning fire. It would be the worst kind of penny-wise-pound-foolish act.

It would force a reduction in the Middle East funds at a time when peace in the Middle East is precarious, when we have our Secretary of State working his head off in trying to find a way to bring about some resolution of the conflict. This miniscule amount, in comparison to the contingent liability we face in the Middle East if they go back to war, suggests that this amendment should be defeated.

I am not a great fan of what has been done recently in the U.N. with respect to certain political issues, but this money, which is voluntary money, does not touch that problem.

The money in this bill goes for such things as the Children's Fund, the U.N. development program, the population programs of the U.N., the U.N. Fund for Drug Abuse Control, et cetera. It reaches a wide range of matters of importance to our interests, and I would just plead with the committee not to cut these funds, particularly, as I say, when one of the significant reasons for the difference between this year and last is to help the problem in the Middle East.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I would like to point out also that if there should be a cut of this size, it would cut into funds that are needed for relief operations in Cyprus and the U.N. forces in Cyprus. It also would cut, quite probably, the funds available for disaster assistance.

I would hope that the committee would not, for whatever reason, decide on a cut of this size, because inevitably the people who are going to be short changed are those who need it most.

Quite obviously, a major assistance program is needed for the refugees in the Middle East, which this inevitably would be cut if this amendment were adopted.

As the gentleman from Minnesota has already pointed out, the reason for the increase this year is that almost $9 million which was made available in the form of Public Law 480 assistance last year will not be available this year.

Therefore, I urge that this amendment be defeated.

Mr. KOCH. Mr. Chairman, there will be surprise, I am sure, that I rise in support of the Gross amendment to reduce U.N. funding. However, my vote on this question is predicated on the immoral and illegal actions taken by the United Nations General Assembly. As I have said to my colleagues on prior occasions, I believe the United States should consider withdrawal from the U.N. General Assembly.

On December 6 our Ambassador John Scali addressed the U.N. Assembly and warned against its increased adoption of "one-sided, unrealistic resolutions that cannot be implemented" and its "arbitrary disregard of U.N. rules, even of its charter." I think that Ambassador Scali's statement requires a supporting message from the Congress. One way to voice that sentiment is to reduce these funds. A major beneficiary of the moneys would be the alleged Arab refugees who, for political purposes, have been abandoned in their camps in Lebanon, Syria, and Jordan by Arab nations whose treasuries are swollen with their oil billions. If assistance is needed by the Arab refugees, let moneys extorted from the western countries by Arab oil sheiks be applied for that purpose.

There will be some who say this particular authorization is not the place to start cutting funds because it includes some worthwhile projects but the fact is that on every occasion concerning the U.N. and its funding we will be told "this is not the time nor the place." Every beginning is a difficult one but begin we must.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. GROSS).

The question was taken, and on a division (demanded by Mr. GROSS) there were—ayes 26, noes 57.

RECORDED VOTE

Mr. GROSS. Mr. Chairman, on that, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 165, noes 226, not voting 43, as follows:

[Roll No. 671]

AYES—165

Abdnor
Andrews, N.C.
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Bevill
Biaggi
Blackburn
Bowen
Breaux
Brinkley
Broyhill, N.C.
Broyhill, Va.
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, S.C.
Delaney
Denholm
Dent
Devine
Dickinson
Dingell
Donohue
Dorn
Downing
Duncan
du Pont
Edwards, Ala.
Evins, Tenn.
Flowers
Flynt
Fountain
Frey
Froehlich
Fuqua
Gaydos
Ginn
Goodling
Gross
Gubser
Gunter
Haley
Hammerschmidt
Hanrahan
Harsha
Hastings
Henderson
Hicks
Holt
Huber
Hudnut
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, Okla.
Kemp
Ketchum
King
Koch
Lagomarsino
Landgrebe
Landrum
Latta
Lott
Lujan
McCollister
McEwen
McSpadden
Macdonald
Mahon
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Mayne
Mazzoli
Melcher
Milford
Miller
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Myers
Natcher
Nichols
O'Brien
Pettis
Pike
Poage
Powell, Ohio
Price, Tex.
Quillen
Randall
Rarick
Robinson, Va.
Rogers
Rose
Roush
Rousselot
Runnels
Satterfield
Scherle
Sebelius
Shipley
Shriver
Shuster
Skubitz
Snyder
Spence
Steed
Steelman
Steiger, Ariz.
Stephens
Stubblefield
Stuckey
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Towell, Nev.
Traxler
Treen
Veysey
Vigorito
Waggonner
Whitten
Wiggins
Wolff
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, S.C.
Zion
Zwach

NOES—226

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Arends
Ashley
Aspin
Badillo
Bell
Bergland
Biester
Bingham
Boggs
Boland
Bolling
Brademas
Bray
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney, Ohio
Cederberg
Chamberlain
Chisholm
Clark
Clay
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, Wis.
de la Garza
Dellenback
Dellums
Derwinski
Diggs
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Fish
Flood
Foley
Forsythe
Fraser
Frelinghuysen
Frenzel
Fulton
Gettys
Gibbons
Gilman
Gonzalez
Gray
Green, Oreg.
Green, Pa.
Grover
Gude
Guyer
Hamilton
Hanley
Hanna
Hansen, Wash.
Harrington
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hillis
Hogan
Holtzman
Horton
Hosmer
Hunt
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Kyros
Leggett
Lehman
Lent
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McFall
McKay
McKinney
Madden
Madigan
Mallary
Matsunaga
Meeds
Metcalfe
Mezvinsky
Michel
Minish
Mink
Mitchell, Md.
Moakley
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Nedzi
Nelsen
Nix
Obey
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Peyser
Pickle
Preyer
Price, Ill.
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robison, N.Y.
Rodino
Roe
Roncalio, Wyo.
Rooney, Pa.
Rosenthal
Rostenkowski
Roy
Roybal
Ruppe
Ruth
Ryan
St Germain
Sarasin
Sarbanes
Schneebeli
Schroeder
Seiberling
Sikes
Sisk
Slack
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Steiger, Wis.
Stokes
Stratton
Studds
Symington
Thompson, N.J.
Thomson, Wis.
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wydler
Yates
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki

NOT VOTING—43

Alexander
Barrett
Blatnik
Brasco
Brown, Ohio
Carey, N.Y.
Collier
Conable
Dennis
Dulski
Eshleman
Fisher
Ford
Giaimo
Goldwater
Grasso
Griffiths
Hansen, Idaho
Hays
Hébert
Hinshaw
Holifield
Howard
Hungate
Johnson, Colo.
Jones, N.C.
Kuykendall
Litton
Luken
Mathias, Calif.
Mills
Minshall, Ohio
O'Hara
Passman
Podell
Reid
Roncallo, N.Y.
Rooney, N.Y.
Sandman
Shoup
Smith, N.Y.
Tiernan
Wyman

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: On page 16, strike lines 14 through 16, and insert in lieu thereof the following: (b) Section 655 of the Foreign Assistance Act of 1961 is amended as follows:

(1) by striking out "$341,000,000" in subsection (a) and inserting "$377,000,000" in lieu thereof.

(2) by striking out "1972" in subsection (a) and inserting "1975. Of that sum, there shall be available no more than $200,000,000 for military assistance." in lieu thereof.

(3) by striking out "$341,000,000" in sub-

section (b) and inserting "$377,000,000" in lieu thereof.

(4) by striking out "1972" in subsection (b) and inserting "1975" in lieu thereof.

Mr. CONTE. Mr. Chairman, I offer this amendment to place a definite ceiling on the amount of funds to be authorized by this bill for assistance to Cambodia.

I am pleased to state that this amendment is cosponsored by my friends and colleagues, Mr. Aspin, Mr. Esch, Mr. Gude, Mr. Riegle, Mr. Johnson of Colorado, Mr. Seiberling, and Mr. McCloskey. I believe it is worthy of support by every Member of this body.

The bill reported from committee does not contain a line item for Cambodia. It does not set ceilings or subceilings on aid to Cambodia. This lack of limitations disturbs us, Mr. Chairman, because the administration requested $578,000,000 for fiscal 1975, of which 68 percent was to be for military aid. This huge amount of money was requested for a country of only 7½ million people and for a government that controls only a small part of the territory within the boundaries of Cambodia.

I respectfully submit, Mr. Chairman, that aid to Cambodia is a prime area for reductions in the administration's budget. It is a place to save U.S. taxpayers' dollars in this time of severe economic stress. I also submit that, in acting on this authorization, this body should clearly mandate these reductions and savings.

We are asking for a ceiling on expenditures which now help to account for an estimated 300 Cambodians being killed or wounded every day, with no end to the bloodshed in sight.

We are asking for a congressional response to and reduction in an administration request which would exceed U.S. economic aid to all African nations and all Latin American nations and which would be 10 times more than all taxes collected by the Cambodian Government.

Our amendment places a ceiling of $377 million on all U.S. aid to Cambodia. It also places a $200 million subceiling on military aid.

The action we are requesting is not unprecedented. The Foreign Assistance Act of 1961, as amended by the Foreign Assistance Act of 1971, contains, in section 655, a definite ceiling on direct or indirect economic or military assistance for Cambodia. Unfortunately, that ceiling pertained only to fiscal year 1972. Our amendment merely changes section 655 to set a similar ceiling for fiscal year 1975.

The bill reported by the committee amends section 655, but only by waiving that section's requirements that funds for Cambodia be specifically authorized by law. Rather than waive such a requirement for specific authorization and thereby create an open-ended spending authorization, we should provide a firm ceiling on such expenditures.

The amendment I have offered will provide such a ceiling as well as a subceiling on military assistance. For the reasons I have stated and for those to be presented by the others who have joined me in this effort, the amendment deserves to be adopted and I urge all of my colleagues to vote for it.

Mr. FRELINGHUYSEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this question of imposing a ceiling on assistance to Cambodia was discussed in committee and decisively rejected. In addition, in my opinion, a cut of this magnitude would inevitably have disastrous consequences in Cambodia.

The gentleman from Massachusetts pointed out in his discussion that 300 Cambodians are wounded or killed every day and that no end is in sight. I would suggest that if we sharply curtail the assistance we give to Cambodia, the inevitable consequence of a cut of this size would be to bring about an end to the situation in Cambodia, but not an end that would be in our interests. It would be inevitable that the Communists would wait for an opportunity for attack when the Cambodian defense effort is weakened.

I would suggest that if we are trying to seek an end to the seemingly endless conflict in Cambodia, we must recognize that we have an obligation to supply a reasonable degree of assistance. I think it would be most unwise to single out this spot for drastic cuts in planned programs. This country is under heavy pressure. I might say that South Vietnam is also at this very moment under heavy pressure. So, I trust we will not approve this drastic step. It would be most unwise, in my opinion.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, according to the estimates which I see made by the Foreign Affairs Committee, the total amount of money that was supposed to be spent for Cambodia completely was $382 million. This is a ceiling of $377 million, which seems to be hardly any cut at all.

Mr. FRELINGHUYSEN. I do not know what the gentleman is referring to. The total program for Cambodia is $580 million. There is $390.2 million proposed for military aid and for related costs and others.

This proposed cut, therefore, would be a cut of over $200 million.

Mr. ASPIN. If the gentleman would yield further, that was from the original request.

Mr. FRELINGHUYSEN. Yes, I just described one program.

The amount programed for Cambodia is over $200 million more than the gentleman from Massachusetts is proposing.

Mr. ASPIN. But during the markup, the committee had a suggestion that Cambodia receive $230 million of the MAP figure. Thus it would be $230 million plus $75 million plus $77 million, for the $382 million.

Mr. FRELINGHUYSEN. I wish I knew what the gentleman was referring to.

Mr. ASPIN. Is there anybody else who can help on this? Does anybody know what the committee was recommending that we spend on Cambodia at this point in regard to this? The amendment of the gentleman from Massachusetts is that we hold spending in Cambodia to $377 million, and the question arises: What is that a cut from?

I know it is a cut from the administration request, but I wonder if it is a cut from what the committee recommended. What did the committee recommend we spend in Cambodia?

Mr. FRELINGHUYSEN. Mr. Chairman, I yield to the gentleman from Pennsylvania (Mr. Morgan).

Mr. MORGAN. Mr. Chairman, we did not set any ceiling on that country program.

Mr. ASPIN. Was there a suggestion somewhere there, Mr. Chairman, on how much would be spent in Cambodia?

Mr. MORGAN. No. We cut $240 million from worldwide military assistance——

Mr. ASPIN. From $985 to $745 million.

Mr. MORGAN. Yes.

Mr. FRELINGHUYSEN. Mr. Chairman, if I could recover my own time, I think it would be most unwise if our committee had specified a total amount for a particular country. In Southeast Asia, it is impossible to predict where the points of pressure are going to be. If we now decide Cambodia is the place that should receive substantially less, that country might prove to be the place that most needs assistance. I hope we do not set a ceiling.

Mr. STRATTON. Mr. Chairman, I rise in opposition to the amendment, and to endorse what the gentleman from New Jersey (Mr. Frelinghuysen) has just said.

The gentleman from Massachusetts, my good friend and neighbor (Mr. Conte) has said, as Mr. Frelinghuysen pointed out, that he wants to put a ceiling on these Cambodian funds because 300 people are being killed every day in Cambodia. What he did not say is the reason why 300 people are being killed every day in Cambodia is because the North Vietnamese are illegally, improperly and immorally involved in trying to take over the country of Cambodia, and they are ruthlessly killing Cambodians. But those Cambodians, in spite of the fact that they are not the best fighters in the world, have been able to hang onto their country, in spite of everything, and to resist this kind of murderous, terrorist aggression. I think we ought to give them a little credit for what they are doing and a little help.

We said some time ago that we did not want our boys in Cambodia, we did not want any Americans involved in the fighting; we said we would get our Americans out of there and see if these people could defend themselves.

Well, they are defending themselves. We have been giving them the ammunition, as we said we would, we are giving them a little economic aid; but now we suddenly say, "Let's cut off this aid and let the illegal aggressor take over."

When the Arabs attacked Israel, did we propose to put a ceiling on the amount of money we were going to supply to Israel? Did we suggest that because people were being killed in that conflict we ought not to support those who were defending themselves and their homeland? We did not.

But we have pulled the rug out from under South Vietnam. Now we want to do the same thing in Cambodia. We said these people could not defend themselves. We said they had no guts. We said let us get out, and then we will give them all the equipment they want. Yet now, while they are defending themselves, and doing so remarkably well we now want to take even that away. I think this is a ridiculous way to proceed and the amendment should be overwhelmingly defeated.

Mr. BUCHANAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I understand the desire of the House to cut funds from this bill and the hesitation Members have to invest further money in this part of the world. However, I think we ought to understand that we are dealing here with the survival of a government and the chance for freedom and self-determination of a people.

We do not have troops in Cambodia, but we are providing essential economic and military support to a government which I do not believe can survive without that support. We are also dealing with the chance of a people to know freedom and self-determination.

There is one further thing to be considered. We are dealing here with money to help meet the needs and to provide a chance for life to people who are victims of this conflict in terms of refugee assistance and food assistance. Our Government estimates that the amount of military assistance that will be required as a minimum is well above the amount that will be funded, the $200 million that will be funded by the gentleman's amendment.

Our Government believes that they must have $350 million to $400 million in military assistance funds in order to meet basic needs. About 80 percent of the money requested is to go for ammunition, and without this firepower there is no way the non-Communist government and its forces can continue the fight against what has been an aggression from a foreign power, as well as an internal conflict within that country.

Mr. Chairman, most of the remaining funds will be used for other essential operations, such as air and river operations.

The cut which the gentleman would propose would simply bring the funds below the minimum necessary for the Government to survive and for the forces to continue to fight. This does not even get into the economic needs of the country, which are also great and which are also included in this funding. At least $100 million is needed for that. Nor do we get into the refugee relief and food programs that are required. At least $183 million in Public Law 480 is required, by the estimate of our Government, to feed the people, including many refugees who lack food because of declining production.

Mr. Chairman, this amendment will simply be so great in its limitations that I do not see how freedom can survive in that country, how there can be any chance for self-determination, or how there will be any consequence other than great human deprivation and continuing human need, even perhaps starvation. I think we are dealing here with nothing less than the survival of a government.

We have no troops involved, but I hope that we do have some concern for the chance of these people to achieve freedom and the chance of the refugees for life.

Mr. Chairman, I hope it will be the will and the wisdom of this committee to vote down this amendment, certainly in its present form.

Mr. ASPIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think we have heard some very, very eloquent arguments which have been made against the amendment, but I think the speakers have in effect given the arguments for the amendment. What we are talking about here is putting some kind of a ceiling on the amount of money that we are spending in Cambodia.

In the bill from the Committee on Foreign Affairs which is reported to us today there is no ceiling on the amount of money spent. I think we ought to have a ceiling; we ought to know how much will be spent. Congress ought to know how much money we are spending on this proposition. One country like Cambodia can eat up the total amount of money we want to spend on military assistance or the total amount of money we want to spend on Food for Peace.

The gentleman from Alabama says we are going to need $400 million for Cambodia, but we are only authorizing $745 million for Southeast Asia. That means well over half is going to one country.

Last year we authorized or we estimated that some $30 million would be used in Cambodia on Food for Peace for Cambodia, but there was no ceiling put on, and before the year was finished we had spent $194 million.

When we do not have any ceiling, when we do not have any set amounts and when we do not have any line items and we have open-ended authorizations and open-ended appropriations, the amount of money spent continues to go up.

I think the idea here is that somehow there ought to be some kind of limit, some kind of amount that Congress authorizes, some kind of attempt to say, "This is how much we will spend. This is how much we ought to spend on this war."

The possibilities for us to be dragged into this war are just enormous. There has been a number of reports in the press about current aspects of this war that we have become involved in. We find out, for example, that we are targeting for the bombers for Cambodia, that we are training their pilots, that the U.S. officials in our embassy are directing the war. We hear reports constantly that there are advisors to Cambodian forces on the ground.

We are paying for this whole thing entirely. We are paying for it when we are training the bombers; we are paying for it when we are training the pilots, when we are picking out the targets, when we are directing the war, when we are doing all of those things.

Even if our own troops are not involved in the fighting, we are still involved very, very heavily in fighting a war there.

I think that the amendment of the gentleman from Massachusetts is an excellent one. We ought to put a ceiling on our aid to Cambodia, especially military aid. The amount that the gentleman is recommending is not much of a pinch. Three hundred and seventy-seven million dollars is approximately what people have been estimating will be spent. In fact, that is about the suggestion of the committee itself. The gentleman from New Jersey asked me where the figure came from and I would refer him to the RECORD of August 12. Maybe it will turn out to be more, but we should have a ceiling. Congress ought to know what we are doing with this money. If we are pouring money down the drain, we are not accounting for it and we do not know what we are doing.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. With a ceiling, are not the hands of the President tied with respect to any unforeseen situation such as all-attacks by the Communists, or a major natural disaster, or something else? Are we not cutting it pretty tight? The committee gave the President some flexibility. We did set a ceiling on the total program. He cannot go above that.

Mr. ASPIN. Yes, but if we spend $400 million out of $745 million on Cambodia, if we give it out to just one country, we are completely distorting our priorities.

Mr. MORGAN. I have great confidence that they are not going to curtail military aid to Israel or Jordan and take it over to Cambodia. They are going to have to divide this pie the best they can.

Mr. ASPIN. The gentleman from Alabama says that they are going to take $400 million for Cambodia. We have $745 million. If $400 million is to go to Cambodia, there is just $345 million left for the rest of the world.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. Yes, I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. If the gentleman will take the trouble to look at page 5, line 24, he will see that there is a ceiling for Indochina. There is no individual-country ceiling.

My point is that there should only be an area allocation because we are not sure of where the particular pressure point of the aggressors is going to be.

My second point is that the ceiling proposed by the gentleman from Massachusetts is much too low as it affects Cambodia. An indication of why it is low is the fact that the program proposed for this particular country is over $200 million more than would be possible under this ceiling.

AMENDMENT OFFERED BY MR. DERWINSKI TO THE AMENDMENT OFFERED BY MR. CONTE

Mr. DERWINSKI. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI to the amendment offered by Mr. CONTE: Strike out "$377,000,000" each place it appears in the amendment and insert in lieu thereof "$527,000,000".

In clause (2) of the amendment, strike out "Of that sum, there shall be available no more than $200,000,000 for military assistance."

Mr. DERWINSKI. Mr. Chairman, as offered, the so-called Conte-Aspin amendment would seriously cripple the ability of Cambodia to survive.

This amendment would set a ceiling of $377 million on all assistance to Cambodia. The Senate bill sets the following ceilings: MAP, $200 million; Indochina aid, $100 million; Public Law 480, $77 million—an aggregate of $377 million.

The amounts programed for Cambodia for fiscal year 1975 are as follows:

[In millions]

MAP and related costs	$393.2
Indochina aid	110.0
Public Law 480	77.0
Total	580.2

Thus, the ceiling would be $203.2 million less than the programs.

A ceiling on all assistance to Cambodia would deny the flexibility needed to meet unforeseen situations, such as an all-out attack by the Communists or a natural disaster; for example, a typhoon or flood.

The United States has not conducted a secret war in Cambodia. Requests for funds for military assistance and training have been considered and approved by the Congress.

Allegations that U.S. military personnel are advising Cambodian military units have been denied by the executive branch. Furthermore, members of the staff of the committee talked to Major Ondecker who was named in one newspaper as an adviser. He denied having done so.

In the material presented to the Congress, the DOD shows the number of Cambodians who are programed to receive military training each year. Of the 2,313 to be trained in fiscal year 1975, 1,962 are scheduled to be trained overseas, many of them in Thailand.

The figure that I propose would grant their point of setting a ceiling, but it would do so with a realistic figure with which we would hope that the Government of Cambodia could survive and, through its survival, peace could finally come to all of Southeast Asia.

I do not believe any of us want a situation where the Government of Cambodia would fall, then have South Vietnam outflanked and then, as the gentleman from Wisconsin pointed out, it would re-create the danger of renewing U.S. complications in that area.

It strikes me, recognizing as I do the tremendous integrity of the two gentlemen, that their amendment is basically penny wise and pound foolish: if we have to have a ceiling, then so be it, but at least have a realistic ceiling. Then I would presume that the very least we would have the gentleman from Massachusetts and others who serve on the Committee on Appropriations, having their additional shot give this area special consideration based on their knowledge of the region and the problems. The amendment before us would be identical to the figures in the Senate bill. This would create a situation where there is no adjustment that properly should be exchanged either in conference or later through the appropriations machinery. Therefore in the spirit of practicality and legitimate adjustment of honest differences of opinion, my amendment would establish a ceiling, but it would set a realistic figure.

I think this is the way out for all of us to salvage the necessary functioning of the Government of Camobdia without an open-end authorization and appropriation which so many fear. I urge the adoption of my amendment.

Mr. ESCH. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment to place a ceiling on U.S. aid to Cambodia.

Mr. Chairman, I would ask my colleagues to consider this amendment from three different perspectives.

The first is from the point of view of congressional control over the budget. We are dealing here with an open-ended program. There is no "line item" on military aid to Cambodia. However, the House has suggested that Cambodia receive no more than $230 million in MAP funds. Under the continuing resolution the administration has been obligating military aid to Cambodia at the rate of $102 million each quarter. At that rate, Mr. Chairman, I would suggest that we are dealing with one of the most abused open-ended programs in the Federal budget, and I believe this body has a responsibility to put an end to that abuse. By placing a firm ceiling in that money our amendment fulfills that responsibility.

The second perspective is from a foreign policy point of view. The administration has requested $578.3 million for Cambodia. That figure is more than all U.S. economic aid to all African nations—$251 million. It is more than all U.S. economic aid to all Latin American nations—$372 million. It is more than the yearly U.S. contribution to the International Development Association—$320 million. This, I believe, is a clear distortion of U.S. foreign policy priorities, a distortion that our amendment is designed to correct.

The third perspective is from a human point of view. In 1970 total U.S. aid to Cambodia was $8.7 million. In 1974 total U.S. aid to Cambodia has increased over 80 times to $708.3 million. What has that additional $700 million brought us? According to the New York Times, 300 Cambodians are being killed or wounded every day—a total of 600,000 since 1970. One-half the population of Cambodia, over 3 million people, have been made refugees since 1970. This is the policy which is going to bring peace to Cambodia? This is the policy that is, in the words of the committee report, going to prevent a "bloodbath" in that country?

Finally then, our amendment offers us the opportunity to reject the idea that more war will bring peace. I strongly urge its adoption.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from New Jersey, the distinguished ranking member of the committee.

Mr. FRELINGHUYSEN. I thank the gentleman for yielding.

The gentleman said that he advocates a realistic amendment, a realistic ceiling. He has not touched on why he thinks this particular figure which he is advocating is realistic. He proposes an amount which is $200 million less than the administration's program in the area. The gentleman's argument would seem to imply that if we gave nothing to Cambodia, we would be better off; but he does seem to recognize that there is an obligation of sorts. How does he determine what a realistic ceiling is unless he takes a look at what the administration's program would provide and why it is being requested?

Mr. ESCH. I would say to the gentleman from New Jersey that any figure, whether it be the administration figure or the committee figure, or the figure of the amendment, is an arbitrary figure. What the figure in the amendment suggests is that we can reduce substantially our priorities for Cambodia and emphasize other parts of the world and the needs there, without seriously injuring foreign policy in relation to the Far East. At the same time this amendment would give a clear-cut indication to those in the State Department that we do no longer want to continue on the path that has led us in Cambodia escalation from 1970 to 1974.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Illinois.

Mr. Chairman, the gentleman's amendment sounds reasonable to me. It sets a ceiling, something that both the gentleman from Massachusetts and the gentleman from Wisconsin desire.

At the same time, it gives the President some flexibility.

The ceiling does not mean that the full amount would be spent in Cambodia. Earlier big cuts were made by the Committee on Foreign Affairs of $366 million in Indochina aid and $240 million in world-wide military assistance. The President will have to shift funds and keep a tight budget to live with those cuts. But in case he does have to shift funds, he still would have the flexibility to meet any unforeseen emergencies in Cambodia.

If we put too low a ceiling, we would be asking for trouble in that area of the world. That is why I would favor the approach of the gentleman from Illinois (Mr. DERWINSKI).

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONTE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

Mr. Chairman, I hope that the amendment is defeated. It really does nothing.

What I should like to ask the gentleman from New Jersey or the gentleman from Pennsylvania is, how much is in the pipeline for this area of the world?

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I thank the gentleman for yielding.

I do not know the answer to the question, but I think the gentleman must know that the amount programed for Cambodia alone is over $200 million more than the amount which he is recommending. I should like to ask, if I could, on what justification does he base a cut of that size?

Mr. CONTE. If the gentleman from New Jersey will give me an answer to my question, I might tell him.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Iowa. He may enlighten the House here.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Iowa. He might enlighten the House. I want to know what is in the pipeline.

Mr. GROSS. On January 12, there was $27 billion in the foreign aid pipeline.

Mr. CONTE. The gentleman can bet his life there is. There is plenty of money in there. All we are asking for is a modest cut, and the same ceiling that the Senate put on. That is all we are asking.

We have heard a great many speeches in this House of Representatives about how the executive branch of the Government has infringed on the House of Representatives. This is another case in point where we are trying to take a little of that power back and put it back in the House where it belongs and we will tell the administration what that amount should be.

Let me tell the Members what they did last year. The administration proposed $30 billion for Food for Peace for Cambodia. They proposed that amount, but by the end of the fiscal year they had signed Food for Peace agreements totaling $194.2 million for Cambodia.

Is this what the Members want to go back and tell their constituents when their constituents have all kinds of problems with unemployment and people out of work when they do not have enough money to feed their own families? Do the Members want to use taxpayers' money like passing corn down a rat hole?

Let me read something from the reports prepared by the gentleman's own committee, by "Mr. Ambassador's" own committee. I knew the gentleman when he was not on that committee and did not wear striped pants and he was realistic about these foreign aid appropriations.

Mr. DERWINSKI. He must not be talking about the gentleman from Illinois.

Mr. CONTE. Let me read this report which his committee set up, and this is about Cambodia. They say:

> Beset militarily, riven by internal political divisions, and lacking a firm sense of purpose, the Lon Nol government in Phnom Penh (in Vietnam) is fully dependent for its existence on the military and economic assistance of the United States.

It goes on to say this:

> In CY 1973 Cambodia's inflation rate was a staggering 275 percent. Today the working class consumer price index is more than 16 times what it was in 1970 before the war began. Exports in CY 1973 were a mere $15 million while imports were $177 million. The rampant corruption, continuing hostilities and the almost total disruption of the transportation system preclude any hope for economic improvement.

That is in a report from the Foreign Affairs Committee.

If the Members want to compound that kind of situation in Cambodia, they should vote for the Derwinski amendment. If they want to tell them to straighten out and fly right, they will kill the Derwinski amendment and vote for my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) to the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The question was taken; and on a division (demanded by Mr. DERWINSKI) there were—ayes 29, noes 53.

So the amendment to the amendment was rejected.

AMENDMENT OFFERED BY MR. BUCHANAN TO THE AMENDMENT OFFERED BY MR. CONTE

Mr. BUCHANAN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

> Amendment offered by Mr. BUCHANAN to the amendment offered by Mr. CONTE: In clause (2) of the amendment, strike out "Of that sum, there shall be available no more than $200,000,000 for military assistance."
>
> At the end of the amendment add the following:
>
> "(5) by inserting in subsection (b) thereof immediately before the period at the end of the first sentence 'or any funds obligated or the value of any goods, supplies, materials or equipment furnished solely for humanitarian and food assistance in Cambodia' ".

Mr. BUCHANAN. Mr. Chairman, this is a very simple amendment which I will not take much time of the committee to explain.

I accept the total of the gentleman from Massachusetts of $377 million and do not attempt to change that, except in one respect. I do remove in this amendment the subtotal of $200 million limitation on military assistance so that there is flexibility between the military and economic assistance aspects as to that which is permitted.

As I indicated earlier, there is a crucial need for military assistance in excess of the amount which the gentleman's amendment would permit. We are dealing with the survival of a government and a people who know freedom and self-determination. This simply removes the sublimit without changing the total. There is only one respect in which I change the total, and that is in the area of humanitarian assistance and refugee relief.

As I indicated in earlier debate, there is a terrible human problem in this part of the world of people who are victims of this conflict. This would exempt from the limitation funds used in assistance and support to them.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Wisconsin.

Mr. ASPIN. I just have a question about the amendment the gentleman is offering. Is the total of $377 million a limit on the amount of military assistance?

Mr. BUCHANAN. Within that $377 million.

Mr. ASPIN. Within that $377 million, but other things covered by the $377 million, such as refugee relief and things like that, could be added in addition to that; is that what the gentleman is saying?

Mr. BUCHANAN. Yes; the refugee relief items could be in addition.

Mr. ASPIN. What type of Federal program is the gentleman thinking about?

Mr. BUCHANAN. Refugee relief of various kinds; there are health problems, there are various aspects of refugee problems. This would permit such items without being bound by this limit. The limit would apply to economic and military assistance. Some of it would surely be economic assistance, because as the gentleman from Massachusetts pointed out, this is a crying need given the rate of inflation and other economic problems in Cambodia.

I said earlier a minimum of $350 million to $400 million was needed for military assistance; however, I assume if they are going to have to live with the $377 million total limitation the gentleman from Massachusetts has placed upon military and economic aid, that they might see fit to divide, cut a little closer on military assistance and assign a larger amount of the remainder for economic programs; but this would still be the total of economic and military assistance, other than humanitarian and refugee relief. I am sure that my friend, the gentleman from Wisconsin, would not lay upon the backs of the already overburdened people of Cambodia this further burden of hunger and disease with no relief in sight.

Mr. ASPIN. Does food for peace come under the $377 million in this amendment or not?

Mr. BUCHANAN. According to my amendment, food programs could be provided in addition to the limitation of the $377 million.

Mr. ASPIN. But the gentleman knows that is open-ended. That is part of the problem. Last year we had $33 million and it went to $194 million. Unless the gentleman has food for peace under this ceiling, it is meaningless.

Mr. BUCHANAN. I would say to the gentleman that the ceiling is not meaningless, because the ceiling provides an absolute ceiling for military and economic assistance well below that which had been the intent of the administration and well below that provided in the amendment of the gentleman from Illinois. Therefore, this is a real reduction below that of the amendment just offered and just voted down and a substantial reduction.

I would say to the gentleman, I would expect as an outside limit an additional $75 million to be covered by the language of exclusion, if that amount. I would say that would be on the outside of possible additions.

Mr. du PONT. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Delaware.

Mr. du PONT. Mr. Chairman, a few moments ago I voted for the Gross amendment reducing the voluntary contributions by the United States to the United Nations by $27 million—last year's level of funding. I did so in the belief that the amendment applied to administrative expenses of organizations such as UNESCO—the organization that recently cut off contributions to Israel. This is certainly not a time to be rewarding such actions—nor is it a time for increasing administrative expenses at the U.N.

Further discussions with the sponsor of the amendment, however, revealed that it in fact reduced the U.N. Development Fund—one of the organizations that is most necessary to the solution of the food and development problems of the developing nations.

I therefore oppose the Gross amendment and should have voted "No" rather than "Aye." It is not possible to change my vote at this time, but I want to emphasize my opposition to the reduction of the Development Fund.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, the gentleman just voted for $26.5 million more than was spent last year for refugee relief. Why is the gentleman wanting more?

Mr. BUCHANAN. I am sure my colleague is well aware of the great human problems that ordinarily exist in this part of the world, and there is in fact a great need for refugee assistance that can be provided if my amendment is adopted removing this category of assistance from the limitation of the amendment.

Mr. GROSS. I say to the gentleman that we need relief in this country.

Mr. ESCH. Mr. Chairman, I rise to speak against the amendment.

Mr. Chairman, once again I would rise to oppose this amendment to the Conte amendment, and I would tell the Members why.

First of all, we have been spending at the rate of $102 million per quarter, or on an annual rate now of approximately $408 million, for military aid. The gentleman's amendment, very carefully drawn, would merely reduce the possibility for military aid to go down to about $376 million, so it would not be a significant decrease in military aid. So, first and foremost, we must cap the military aid at a realistic figure.

Second, the amendment was carefully drawn so as to suggest that we want to maximize the military assistance up to $376 million, or almost about where we are now, but at the same time we will be able to bring in other funds for the massive refugee problem.

So, in effect, the impact of the amendment is just to destroy the Conte amendment entirely. I would suggest to the members of the committee that we need to cap the military spending. We need to go into a period of transition in which we indicate that we are not going to continually put major funds into Cambodia disproportionately, and that there are other funds, as the gentleman from Wisconsin suggested, that are giving direct assistance to the massive problem of refugees we have in Cambodia.

There is no question that the refugee problem has been caused in part by actions of other countries, and in part by our own assistance. We must stop the current program and redirect that, not toward war, but toward peace. We can do that by rejecting the Buchanan amendment and supporting the Conte amendment.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, I think what the gentleman has said is absolutely correct. The only additional point I think we ought to make is that food for peace is the biggest open-ended drain we have and food for peace is now being used to buy materials for war.

If we have a ceiling where we exclude food for peace, that is where the growth is, from $30 million to $194 million last year. A ceiling amendment which does not cover food for peace is not worth anything.

Mr. GUDE. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from Maryland.

Mr. GUDE. Mr. Chairman, I commend the gentleman on his comments. He has stated the case very well. This amendment is an invitation to increase the military aid to a limit which is hardly the restriction we need—it really makes no significant reduction in military aid and provides no limit at all on the food for peace amendment. I hope the committee will reject the amendment and will adopt the Conte amendment.

Mr. ESCH. I thank the gentleman from Maryland for his remarks.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I want to join the gentleman in the well in his remarks, and oppose the Buchanan amendment.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, the gentleman from Michigan is my friend, but this is really not a make-believe amendment. The limitation is a real limitation.

Mr. ESCH. A limitation of $376 million.

Mr. BUCHANAN. It is lower than the limitation suggested by the gentleman from Illinois and higher than the limitation suggested by the gentleman from Massachusetts, but I am not playing games with the gentleman. This does provide more military assistance than the Conte amendment would permit but there is a great need also for economic assistance which would not be covered in my exclusion, that will have to be divided within the $376 million limit, and the refugee assistance is to meet a very real human need.

Mr. ESCH. I would strongly support the matter for refugee assistance, and we are both reaching for that goal. I did not mean to imply that the gentleman's amendment is not a real amendment. It is real in the sense that it increases the Conte amendment to where there is not a realistic cap on military spending, and that was the point I was trying to make for the gentleman from Alabama.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. Buchanan) to the amendment offered by the gentleman from Massachusetts (Mr. Conte).

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. Conte).

The amendment was agreed to.

Mr. SYMINGTON. Mr. Chairman, the colloquy on food aid which we just engaged in presents a good point of departure for further discussion of that important subject.

What I would like to say to the committee is that, in concert with the gentleman from Colorado (Mr. Johnson), the gentleman from Massachusetts (Mr. Harrington), and also the parallel effort of the gentleman from California (Mr. Brown) I did prepare an amendment to submit dealing with the food for peace program. It would restrict the amount of money which can be allocated in fiscal year 1975 to nonhumanitarian uses of food for peace, primarily title I, sales and grants, to the total figure that had been contracted for through December

30, 1974, $250 million. It makes the same provision for fiscal 1976.

Inasmuch as our amendment referred to another law in addition to the one we are now working on, it was susceptible, if not actually vulnerable, to a point of order. But the principle contained in the amendment, which I will make part of the record, is one that the other body has passed by voice vote. It is certainly consistent with the remarks of the chairman of the Foreign Affairs Committee, the gentleman from Pennsylvania, when he opened the general debate, to point out the need to accent the humanitarian uses of food. It is also consistent with the jurisdiction which his committee now has over the foreign aspects of food and fertilizer assistance. The amendment we had intended to offer reads as follows:

AMENDMENT TO H.R. 17234 OFFERED BY MR. SYMINGTON

Page 24, after line 15, insert the following new section:

LIMITATION ON ASSISTANCE IN THE FORM OF CONCESSIONAL AGRICULTURAL COMMODITIES AND FERTILIZER ASSISTANCE

SEC. 30. (a) The total amount of funds obligated or expended for agricultural fertilizers and of sales of agricultural commodities (whether for cash, credit, or any other means) under any law in fiscal year 1975 shall not exceed $250,000,000, and in fiscal year 1976 shall not exceed $250,000,000, unless

(1) such funds in excess of either such limitation are used to purchase such assistance solely for humanitarian food purposes for countries "most seriously affected" by the economic crisis as designated by the United Nations, or

(2) the President demonstrates to the Congress that the use of such funds to purchase such assistance is solely for humanitarian food purposes.

(b) Section 614 of the Foreign Assistance Act of 1961 or any other provision of law may not be used to waive the provisions of this section.

The other body has approved a like amendment and I am encouraged to believe it will receive the support of the House conferees.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. SYMINGTON. I yield to the gentleman.

Mr. MORGAN. In respect to the gentleman's question, I want to assure him I am in sympathy with his objectives. As the gentleman knows, the major purpose of last year's reorganization of foreign aid was to produce more effective help for the poor countries in the areas of food production.

The bill we are dealing with contains $180 million in additional authorization for food aid, plus what was authorized in the 2-year bill last year.

Also, the other day the House approved a resolution, which came out of our committee, supporting greater effort on the part of all food-producing countries to help those countries which are facing food shortages.

I believe the gentleman from Missouri was a cosponsor of that resolution.

I believe there is a strong feeling in my committee and in the House to move in the direction which the gentleman is proposing. The amendment which the gentleman has in mind, though, I believe, would be subject to a point of order because it would not be germane to this bill.

I can assure the gentleman, however, that we will keep his proposal in mind as we go to conference with the other body. We will try to work out something which will be consistent with the wishes of the House on the subject the gentleman is interested in.

Mr. SYMINGTON. I thank the gentleman for his kind encouragement. I understand, then, the chairman will bear in mind the wishes of the House. I think they have been pretty well expressed in the colloquy on the subjects throughout this debate, and he approaches the sentiment of the other body's views on this subject.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. SYMINGTON. I yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, it is time for the United States to acknowledge the gravity of the world food crisis. Four weeks ago the major nations of the world, including the United States, met at the World Food Conference in Rome to determine what action could be taken to alleviate the starvation that is spreading so rapidly. Up until this time, we, as a nation, have taken a somewhat calloused attitude toward evidence of this mass starvation, but we did take an active role at the World Food Conference, where a series of goals and resolutions were formulated and accepted. These resolutions called for a reordering of priorities so that higher food production rates will be stimulated and the results distributed more efficiently.

I had intended to offer an amendment today, which if accepted, would demonstrate our awareness of this need for a rapid change in priorities. It would have guided the readjustment of our food programs toward the goal of sending more of our food to those countries specified by the United Nations as "most seriously affected" by the present economic crisis. It would have done this by setting a $250 million ceiling on the total amount of food assistance we can give to any or all countries that are not designated as needy.

This would have insured a redirection of our food assistance to where it is most needed, without restricting our ability to allocate food assistance for political purposes. We would still have had more than one-third of our agricultural commodities to distribute as support for certain policy objectives. The full text of the amendment is printed in the Congressional Record of December 10, 1974, at page 38814.

A similar amendment was offered by Senator Humphrey to the Senate Foreign Assistance Act of 1974 on December 4, and was accepted into the Senate bill. As the distinguished Senator pointed out in his persuasive arguments for the amendment, the delegates at the World Food Conference agreed that 7.5 million tons of food must be provided by next July if the one-half of 1 billion people that will face starvation and malnutrition in the next 8 months are to see any relief. Currently, the United States is providing, or planning to provide 1 million tons of the 7.5 million ton total, but we are planning to commit more than twice that amount for political uses. It is this commitment that must change.

I ask my colleagues to recognize the need for such an amendment. One need only look at the facts regarding our 1974 food allocations to realize the need for a change in priorities.

In fiscal year 1974, Indochina was given over $400 million in food for peace funds, but the Sahel region of Africa, where the world has witnessed the starvation of one-quarter of a million people, received only $61.5 million under the food for peace program. Pakistan and Bangladesh received similar token amounts of $37.5 million and $20.1 million respectively.

I feel that facts such as these speak for themselves. We can no longer shrug aside our responsibility and our obligation to assist those who are most in need. Thousands of people have already perished from starvation, and millions more are reaching that point. We, who have just returned from a Thanksgiving table laden with food, must regain a humanitarian outlook on our food assistance programs.

A limitation such as I suggest, already in the Senate version of the bill, requires no additional expenditures. It does not raise our volume of food contributions. It only redirects them to those countries that need them, thereby protecting those countries from extreme economic disorder brought on by famine and distress.

Mr. Chairman, as a result of assurances from the distinguished chairman of the Foreign Affairs Committee that he will look sympathetically upon the Senate language on this subject when the bill is in conference, just because of the parliamentary situation that exists, I will refrain from offering the amendment today. However, I most strongly urge my colleagues to reexamine the serious misallocation of U.S. food aid as reflected in the figures I have cited.

Mr. MILLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

AMENDMENT OFFERED BY MR. MILLER

Amendment offered by Mr. Miller: Insert after line 24 on page 23 the following:

EXCHANGE OF NECESSARY OR STRATEGIC RAW MATERIALS

SEC. 28. Chapter 3 of part III of the Foreign Assistance Act of 1961 is further amended by adding at the end thereof the following new section:

"SEC. 661. Exchanges of Certain Materials—(a) Notwithstanding any other provision of law, whenever the President determines it is in the United States national interest, he shall furnish assistance under this Act or shall furnish defense articles or services under the Foreign Military Sales Act pursuant to an agreement with the recipient of such assistance, articles, or services which provides that such recipient may only obtain such assistance, articles, or services in exchange for any necessary or strategic raw material controlled by such recipient. For the purposes of this section, the term 'necessary or strategic raw material' includes petroleum, other fossil fuels, metals, minerals, or any other natural substance which the President determines is in short supply in the United States.

"(b) The President shall allocate any necessary or strategic raw material transferred to the United States under this section to any appropriate agency of the United States Government for stockpiling, sale, transfer, disposal, or any other purpose authorized by law.

"(c) Funds received from any disposal of materials under subsection (b) shall be credited to the appropriations of the agency of the United States Government in an amount which except for this section would have been credited to such agency for its furnishing of the assistance or defense article or service. Any funds not so credited shall be deposited as miscellaneous receipts in the United States Treasury."

Renumber the following sections accordingly.

PARLIAMENTARY INQUIRY

Mr. FRELINGHUYSEN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FRELINGHUYSEN. Mr. Chairman, is this an amendment to title V? If so, have we read title V?

The CHAIRMAN. The Chair will state that we have not reached that point.

Mr. FRELINGHUYSEN. Mr. Chairman, may I ask if this is an amendment to title V?

The CHAIRMAN. The Chair understands the amendment is to title III.

Mr. MILLER. Mr. Chairman, the amendment is to title III.

Mr. FRELINGHUYSEN. Mr. Chairman, I understood the reference was to page 28.

PARLIAMENTARY INQUIRY

Mr. MORGAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MORGAN. Mr. Chairman, are we considering an amendment relating to page 28?

The CHAIRMAN. The amendment relates to page 23. The amendment as read relates to title III, page 23 of the bill.

Mr. MORGAN. Mr. Chairman, is the gentleman attempting to amend two titles here?

The CHAIRMAN. Not according to the version which has just been read, as far as the Chair understands the situation.

The Chair recognizes the gentleman from Ohio (Mr. Miller) in support of his amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. MILLER. Yes, I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Does the gentleman have copies of his amendments? The amendments that we have do not appear on page 23. We would like to know what it is we are discussing.

Mr. MILLER. Yes. As a matter of fact, I have a copy, but since the bill was opened for amendment to the title only, it was necessary for the Clerk to start to read at the point: "insert after line 24 on page 23," the second line of the amendment. He started to read at that point. That would insert the amendment in title III.

If the amendment is approved, then an amendment would be offered to strike the section in title V with respect to raw materials.

Mr. FRELINGHUYSEN. If the gentleman will yield further, the amendment that I have received says nothing about where it is to be inserted.

Do I understand that the gentleman says that if it is accepted, it will involve striking a title we have not come to?

Mr. MILLER. If it is accepted, an amendment would be offered then, for that purpose.

The CHAIRMAN. The amendment, as read by the Clerk, did specify where it was to be inserted: "insert after line 24 on page 23."

Mr. MILLER. If I may continue, Mr. Chairman, the purpose of the amendment is to do one thing: It would allow this Nation to receive in return some natural resources, primarily the strategic metals, that we so badly need in this Nation, for the foreign assistance that we are now sending out.

We have sent out since 1946 some $158 billion worth of foreign assistance. If we included the interest on that money, it would come to about $253 billion.

We need today the strategic metals because by the year 2000, on the basis of the known reserves that we have, we will be out of 11 of the 13 major strategic metals that are keeping this Nation running today.

We are an industrialized nation. We are digging; we are mining; we are producing our raw materials from within the country; and then we are manufacturing and then sending abroad many of the manufactured items that we produce, which, in turn, means that we are depleting our natural resources. It is just that plain.

All we are asking is that other countries will in turn send to us the natural resources that they have.

The cartels that have been put together show quite plainly what has happened recently. The OPEC are now working against us. Let us face it. They have quadrupled the price of petroleum.

Not long ago, the bauxite countries, seven of them, as a matter of fact, decided that they wanted to triple the price of bauxite.

There is no doubt in my mind that the other strategic metals will also go up in price. I think it is foolish for us to send our assistance to other countries without receiving something in return.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent, Mr. Miller was allowed to proceed for 2 additional minutes.)

Mr. MILLER. We import 100 percent of our chrome.

The Philippines received aid in 1973 of $161.7 million.

In total aid since World War II they have received from the United States over $2,274,000,000. We should have been receiving chrome from the Philippines.

Let us go a little further. Tin. Most of the Members are aware of the problem that we have had with tin and tin plate only recently, but we import 78 percent of our tin. Bolivia has tin. They are receiving $31.4 million aid this year.

Let us go a little further: We need zinc. Brazil has zinc, and they in turn are receiving $71.5 million aid, and have received almost $3 billion since World War II. Then let us go a complete cycle. They have also invested $5 million back in our national debt. That is our money going full cycle, that is borrowing money from Brazil so that we in turn can send them foreign assistance.

If we want to go a little further we have quite a list of countries that have purchased into our national debt. Western Germany, that has purchased almost $24 billion of our national debt. They are not in the bill. We know that. But we know that over the years we have sent many, many hundreds of millions of dollars there.

Japan has purchased some $10 billion of our national debt. We know over the years before they become industralized that we sent many hundreds of millions of dollars there.

I hope the Members will support the amendment.

Mr. YOUNG of Florida. Mr. Chairman, I rise in support of this amendment to the Foreign Assistance Act of 1961 which would enable the United States to exchange our foreign aid for strategic or critical raw materials and supplies. As a sponsor of H.R. 14561, I encourage my colleagues to support this amendment which would put our Nation in a better position to meet the future demands for the many basic materials which we import.

For too many years, this country has given its foreign aid away. In return, this good will has fostered ill will and has resulted in American businesses being expropriated and in other rebuffs. It seems that whenever a recipient of our foreign aid can put us over the barrel, as has been done by the oil-producing nations, it does so without reservation and without any consideration of our past assistance and friendship. Venezuela which has received over $361 million in direct foreign aid over the past 10 years wasted little time in increasing their tax export price after the Arab oil embargo. This increase has had a severe impact on the residents of my congressional district and their electric bills. I, for one, do not believe my constituents should have to pay out twice to Venezuela in the form of higher prices for their oil and additional taxes to help finance economic and military assistance programs.

This policy of Venezuela, coupled with the Arab oil embargo, and the suggested actions of those countries which produce coffee and bauxite, for example, indicate that these and other supplies may be held for ransom. Why, then, should the United States provide free assistance to these nations? Why, then, should this Congress continue to dole out the taxpayers' funds to countries which do not hesitate to tighten the screws on our economy whenever they have the opportunity?

This amendment, if adopted, would make a very constructive revision in our foreign aid assistance program by allowing the United States to exchange or barter its foreign aid for the minerals, natural resources, and other materials we import. In view of these recent "blackmail" attempts, in view of our increasing dependence on raw material imports, and in view of the continuing increase in our balance-of-payments deficits, I strongly recommend that this amendment to the Foreign Assistance Act of 1961 be approved so that the United States will begin getting something more than "kicks in the teeth" in return for the billions of dollars sent overseas in the form of foreign aid.

Mr. HAMMERSCHMIDT. Mr. Chairman, I rise in support of the amendment offered by my distinguished colleague from Ohio. The economic situation in the United States in part has been brought about by a failure to recognize the role other countries can and do play in our industrial production. We have assumed that not only can we expend our seemingly limitless natural resources, but after we have earned the capital these resources generate, we can give too much of it away in foreign aid.

And where does this foreign aid go? In many cases to countries who have supplies of raw materials vital to the United States far in excess of our own. As we deplete our resources, often to produce that capital by which our assistance programs have been generated, we are throwing away assets which will influence the future strength of the United States.

We are all aware of the need to balance the budget, cut back all wasteful spending, and reduce our debt ceiling. This amendment would at least insure that the tremendous drain on our national wealth caused by foreign assistance giveaway programs would in part be offset by the return of vital resources to the United States which are or may be in short supply. As I understand this amendment, it would not eliminate as a matter of course aid sent to a country which has no vital resource with which to barter, but it would insure that those countries which do have materials vital to our present and future well-being would not receive our aid unless a beneficial trade were made.

My voting record in the House of Representatives has shown that my preference is to eliminate wasteful spending of our tax dollar abroad. I feel that the amendment offered by my distinguished colleague at least gives the United States some return on investment.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio (Mr. MILLER).

The gentleman from Ohio offered this proposal last year. During the debate, I promised the gentleman that during the hearings this year we would hear him and we did.

During this year's hearings on foreign aid, several Members came and testified with the gentleman from Ohio. They were the gentleman from California (Mr. KETCHUM), the gentleman from Ohio (Mr. REGULA), the gentleman from Arizona (Mr. STEIGER), the gentleman from Florida (Mr. YOUNG), the gentleman from Illinois (Mr. YOUNG), and the gentleman from Louisiana (Mr. WAGGONNER).

There are many vital issues and factors involved in a proposition of this kind, some of them being: What sort of goods are to be bartered? At what price? What Government agency should receive the goods? What are the implications of efforts to maintain free trade—these are the kinds of questions that are involved.

So the committee then instructed the Congressional Research Service to prepare an initial study of this proposal by the gentleman from Ohio. And they came back with many other questions. Since there were many unanswered questions, the committee concluded that it would be best to have a further study done before initiating such a program.

For that reason the committee adopted an amendment by the gentleman from Ohio (Mr. GUYER). That is in the bill on page 28. It directs the President to study all of the factors involved, and report back to the Congress by March 31, 1975, which is just approximately 3½ months away.

We believe that this is a sound way to proceed.

The barter approach has been tried before in a very limited way, and it offers some advantages. We would like to capitalize on some of those advantages, but we must know which way we are going, because there are many scarce commodities in the world, and the United States should have access to them.

For that reason I believe that the committee's approach, included on page 28, is the way to move. Therefore I am opposed to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER).

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. MILLER. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LONG of Maryland: Page 14, line 4, insert the following immediately before the quotation marks:

Provided, That a reasonable amount of funds authorized under this section shall be made available in fiscal year 1975 to strengthen international procedures which are designed to prevent the unauthorized dissemination or use of nuclear materials. The President shall report to the Congress not later than July 1, 1975, concerning actions taken by the United States to strengthen the procedures described under the preceding sentence.

Mr. LONG of Maryland. Mr. Chairman, my amendment is very simple. It would require the administration to make an effort to strengthen international nuclear safeguards. Second, my amendment would require the President to report to Congress by July 1, 1975, on the actions taken and the progress made in this effort.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I thank the gentleman for yielding.

The committee on this side has examined the gentleman's amendment. Our committee has always been deeply concerned about improving nuclear safeguards.

Under an amendment offered by the gentleman from Michigan (Mr. FRASER) in this bill we provided for $500,000 additionally for this purpose. The amendment offered by the gentleman from Maryland goes in the same direction, and, speaking for the majority side of the committee, the committee will be happy to accept his amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I thank the gentleman for yielding.

I am not sure I speak for the minority side, but I can say the minority was not given the courtesy of seeing a copy of the amendment, so it will not be possible for me to approve or disapprove of it. I would think as a courtesy we might have received a copy so we would have had an indication of what the gentleman is proposing. Even at this late hour I would appreciate getting a copy, if there is an extra one available.

Mr. LONG of Maryland. I will be very happy to supply a copy. I want to apologize to the ranking minority member for not providing him a copy of my amendment. It was certainly not intentional on my part.

While the gentleman is studying the amendment, let me point out that now is a propitious time for an effort to strengthen international nuclear safeguards. The present international nuclear safeguards that are administered by the International Atomic Agency are designed only to detect, not to prevent, the diversion of nuclear material, such as plutonium, for use in nuclear weapons. The IAEA safeguards have very little to do with physical security—such as guards, fences, alarms, etc., and there are serious questions whether even the IAEA detection and inspection systems are being adequately implemented. We must have tougher safeguard systems that include physical security measures, as well as detection measures, and the United States should take the lead in toughening these safeguards.

The Nuclear Nonproliferation Treaty Review Conference will be held in May 1975, to review the operation of the Nuclear Nonproliferation Treaty in order to fulfill the goals of the treaty. Thus, an effort to strengthen international nuclear safeguards is timely.

The Indian nuclear explosion of May 18, 1974, has shown that the present system of safeguards is not adequate by the very fact that India was able to obtain plutonium for her nuclear device from a reactor—supplied by Canada—not under IAEA safeguards.

Unless international nuclear safeguards are strengthened and enforced throughout the international community, it will be inevitable that more countries develop nuclear weapons because of the following facts:

First, 44 countries that do not yet have nuclear weapons have nuclear reactors for power or for research. Nuclear reactors, through the production of plutonium can lead to nuclear weapons.

Second, the United States has sold nuclear reactors to 33 countries. Of these 33 countries, 21 have not ratified the Nuclear Nonproliferation Treaty—adherence to which by all countries would help prevent the further spread of nuclear weapons. Among these 21 nations are India, Argentina, South Africa, Brazil, Indonesia, and South Africa.

The United States has great leverage to initiate and lead an effort to strengthen international nuclear safeguards because:

The United States is the leading supplier of nuclear power reactors and is likely to remain so for several years;

France, Japan, and Italy, potential suppliers of nuclear technology, are all dependent on U.S. licenses from GE and Westinghouse for their nuclear power reactor technology; and

Finally, the United States is the major supplier by far of enriched uranium fuel necessary for most power reactors. The Soviet Union does have some surplus of enriched uranium fuel which it is selling abroad, but no additional fuel processing plants in Europe or elsewhere will begin operation until 1980 or later.

In summary, my amendment simply stipulates that the administration provide a "reasonable amount of funds" for the purpose of developing stronger international nuclear safeguards from the funds under this section.

Second, my amendment requires the administration to report on what actions it has taken pursuant to this requirement.

My amendment leaves to the administration the determination of the funds necessary for this effort, but it places pressure on the administration to undertake to strengthen international nuclear safeguards with the goal of preventing diversion of nuclear material, not simply detecting such diversion as the present IAEA safeguards are designed.

Mr. Chairman, although I have much more to say, I have no desire to go on and elaborate on this, if the gentleman feels that he can accept this amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I thank the gentleman for yielding.

I am certainly in no position to accept the amendment, I might say to the gentleman.

PARLIAMENTARY INQUIRY

Mr. Chairman, I should like to direct a parliamentary inquiry to the Chair.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FRELINGHUYSEN. Is it not true that certain numbers of copies of any amendments are supposed to be available to both sides? Is that not part of the rules of the House, Mr. Chairman?

The CHAIRMAN. There is an obligation on the Clerk to do that. Occupants of the Chair have often encouraged Members to furnish a certain number of copies to each desk.

Mr. LONG of Maryland. Again, I apologize to the gentleman. I promise that I will not do this again.

The CHAIRMAN. There is no rule which would prohibit the consideration of an amendment which had not been circulated by the Clerk or by the Member.

Mr. LONG of Maryland. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIAGGI: Page 20, line 3, strike out "$15,000,000" and insert "$40,000,000" in lieu thereof.

Page 20, after line 8, insert the following:

"(b) Of the funds appropriated to carry out section 639 of the Foreign Assistance Act of 1961, during fiscal year 1975 not less than $25,000,000 shall be made available to Cyprus for the purposes of such section 639."

Page 20, line 9, strike out "(b)" and insert "(c)" in lieu thereof.

Mr. BIAGGI. Mr. Chairman, I offer this amendment to the Foreign Assistance Act to provide $25 million in emergency aid to the war-ravaged nation of Cyprus. I consider this amendment to be one of the most important we will consider today, for it can represent an important step in relieving the suffering and misery of the people of Cyprus.

It has been almost 5 months to the day since Turkey in explicit violation of the Foreign Assistance Act unleashed her forces for an invasion of Cyprus. In the succeeding months, Turkey has maintained control of between one-third and 40 percent of the island, has killed more than 4,000 Cypriots, and left more than one-quarter of a million Greek Cypriots homeless, struggling as refugees.

It is further estimated that the Cyprus conflict has cost the Cypriot economy a loss of as much as $1 billion. Consider the present situation in Cyprus:

According to Cyprus' Foreign Minister, Turkey occupies as much as 70 percent of the island's productive resources.

Two of Cyprus' major cities, Kyrenia and Famagusta, have suffered great damages to their lucrative tourist trade in a year when they expected more than 250,000 visitors.

Cyprus has been forced to forfeit millions of dollars a day in vital factory production with the most direct consequence being the astronomical unemployment rate which threatens the future economic security of this nation.

Three months ago, it was estimated that without an immediate solution to the crisis, the average Cypriot income would be cut in half by March 1975.

Finally, Cyprus is anticipating its worst balance-of-payments deficit in its history. This is compounded by the fact that Cyprus has only enough foreign currency to pay for several months of income.

These facts are not merely put here for statistical effect. These represent human tragedies affecting their day-to-day life that people on Cyprus face at the hands of their Turkish invaders. A startling example is the fact that religious services have been banned and more than 170 Greek Orthodox churches in Nicosia, Kyrenia, and Morphou have been closed by the Turks, and several of the more famous Greek Orthodox churches have been reduced to rubble by fires set deliberately by Turkish invaders.

Yet, there are still many among us who will see nothing to this amendment but the amount of money it entails. Yet, what are we really considering here today but a money issue, or is it really the saving of a nation from certain ruin? This Nation in its history has been fortunate; we have never been invaded by a stronger foreign foe using armaments of a supposedly friendly nation.

We have never had our basic freedoms and civil rights seized from us by occupation forces. Perhaps because we have not experienced this, we have a tendency to view these issues with merely superficial concern. It is time for the self-righteous among us to come down and deal with the reality of Cyprus as it is.

The Cyprus crisis as I have indicated on numerous occasions represents one of the sorriest failures of our foreign policy. Our failure to step in immediately and cut off all military aid to Turkey represented an enormous tragedy to the people of Cyprus who now see us as one of the culprits responsible for their present plight. We, in Congress, have allowed an indifferent and biased Secretary of State until today to find a satisfactory solution to the Cyprus crisis, yet what has he done—virtually nothing. We have evoked the embittered feelings of millions of Greek-Americans who view our "Turkey tilting" policies with abhorrence justified.

There are many here today who will expound on the failure of the foreign aid program to fully address the needs of the people of the world. I offer this amendment as a counterargument. This is meaningful aid, one which can spell the difference between survival and destruction for the nation of Cyprus. Our commitment of $3 million thus far for relief falls far short of the true needs of Cyprus, and further these funds are rapidly dwindling.

The $25 million I am proposing to provide today represents a more meaningful commitment, one which can help relieve the most urgent of Cyprus' needs; namely, emergency health and food assistance, and housing for the refugees.

I expect the usual raised eyebrows among some of my colleagues who see not what the money will be used for, but rather the fact that I am seeking to increase this bill by $25 million. Yet, I wonder if these skeptics were confronted by Cypriot refugees, starving, ill clothed, and sick whether they would still see the issue purely on a money basis. Let none of us here today become immune to the misfortunes of our fellow man, particularly in cases when some of the blame can be placed squarely on our shoulders.

The need for passage of this amendment cannot be emphasized too strongly.

Yet, in the final analysis, it will be a vote of conscience, affirming the fundamental commitment of this Congress to assisting the peoples of the world in times of dire need. I call upon all of you today to examine your consciences, consider the plight of the Cypriot people, consider the jarring effects which the invasion and occupation have had on their everyday lives, and how much this $25 million could help restore the Nation of Cyprus. I contend that, if we all do this today, the logic of my amendment will come shining through.

The nation of Cyprus is in her darkest hour of need, yet she has not come begging to us. It can only hope that we will go to her rescue. Let us recognize that we have both the means and the moral obligation to lend a helping hand to Cyprus. Let us do this by casting a "yea" vote for this amendment. We are Americans, we are fortunate, but let us not be complacent and indifferent to the needs of others. I urge your support today.

Mr. ROSENTHAL. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from New York (Mr. ROSENTHAL).

Mr. ROSENTHAL. Mr. Chairman, I think this is a very important and useful amendment and one of the things the United States can do as a positive help for Cyprus, that is making a significant contribution toward easing the refugee problem. It is an extraordinarily useful amendment. I urge my colleagues to accept it.

Mr. SARBANES. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Maryland (Mr. SARBANES).

Mr. SARBANES. Mr. Chairman, I commend the gentleman for offering this amendment. It seeks to do something positive about the very real and tragic human problems which now exist on the island of Cyprus. It represents a constructive effort to try to deal with these problems.

I thank the gentleman for bringing this amendment to the floor of the House and I hope the Members will support the amendment overwhelmingly.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I too commend the gentleman for his amendment. I think it would be a useful gesture toward the people on Cyprus.

But, Mr. Chairman, I would like to direct an inquiry, if the gentleman will permit me, to the Chair with respect to the rules of the House. Do I understand that if a proposed amendment is submitted formally in the CONGRESSIONAL RECORD prior to the day of debate, that insertion is adequate notice of the amendment? Is it not necessary to have copies of the amendment available at the Clerk's desk and available to the majority and minority?

The CHAIRMAN. I think the gentleman from New Jersey will recall that the purpose for the printing or the notice in advance in the RECORD was to guarantee the person who would offer that amendment 10 minutes of debate in the event that the debate was cut off by an unanimous-consent agreement or by a motion during the actual debate in consideration of the bill. It does not obligate the Member to provide additional copies except that it is very convenient if Members would do that, and there has been some encouragement on the part of the leadership of the Congress to have each Member supply the desk and the tables on each side with copies of the amendment.

Mr. FRELINGHUYSEN. I must say there is no such copy on our side and I would hope this would be a reasonably formalized procedure.

Mr. BIAGGI. Mr. Chairman, I would like to respond to the ranking minority member. I did speak to both the chairman of the committee and the ranking minority member and I made reference to the amendment that was included in the RECORD. Heretofore, I have made as a matter of procedure and provided additional copies, but it was my judgment that since we had introduced the matter into the RECORD in sufficient time, that would be sufficient notice. It was never our intention to deprive the various sides of having copies from the maker of the amendment. In any event, if there is an offense, we apologize for it although it was not our intention to offend either side.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I raised the question a little bit ago in the debate when the gentleman from Iowa offered an amendment to reduce the amount of money to the United Nations and various agencies. A point was made in our amendment that a great amount was going to refugees. Is that not the type of situation which should be handled in the United Nations? Are we going through the United Nations or what?

Mr. BIAGGI. We are talking about a very sensitive issue. The Cyprus-Turkish problem has volatile possibilities. The Rosenthal amendments places restriction on the Secretary of State on the Nation and Turkey. The United States in the light of its own conduct in violating the Foreign Assistance Act, has not taken one positive step toward achieving a peaceful solution. In my judgment this amendment is precisely on point. In addition to dealing with the humanitarian element involved here it should have a quieting effect, on the explosive and tragic Cyprus tragedy.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Chairman, I rise in support of the amendment.

This is in the form of emergency assistance and not in terms of long-range commitments. This is different than the other refugee relief programs.

Mr. BIAGGI. That is what the amendment specifies.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. There was $10.5 million used: $4.6 million from the contingency fund and $5.9 million from the special authority in the continuing resolution. Now, additional $10 million is expected to be needed on Cyprus during the period of the next 3 or 4 months.

I just want to say, I congratulate the gentleman from New York for this amendment and I intend to support his amendment.

Mr. ROSENTHAL. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, I commend the gentleman and support his amendment.

Mr. DERWINSKI. Mr. Chairman, I rise in support of the amendment. I would like to point out, and I hope I have the attention of the author of the amendment, I would like to point out the situation on the island of Cyprus. There are approximately 200,000 refugees. Of these 200,000 refugees, almost all are Greek Cypriots who basically cannot return to their home, because of the occupation by Turkish forces.

I would like to have the author clarify a point for us: Is this amendment directed at the section of the bill which provides for famine or disaster relief? I am assuming it is the gentleman's thought that the appropriate officials and structure within the AID Agency would directly administer these additional funds, since obviously these funds are not to be channeled through, as I read the amendment and the act, would not be channeled through either the U.N. refugee program or any other multilateral programs.

Mr. BIAGGI. This is correct.

Mr. DERWINSKI. This would be a 1-year authorization that the gentleman is proposing?

Mr. BIAGGI. Yes; it is emergency aid for 1 year.

Mr. GROSS. Mr. Chairman, I move to strike the next to the last word.

Mr. Chairman, how much money is involved in this request to bring a new set of refugees under the tender care of the taxpayers of this country? How much is the gentleman asking?

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. MORGAN. $25 million.

Mr. GROSS. $25 million?

Mr. MORGAN. That is correct.

Mr. GROSS. Is there any way, since there is more money going to Israel than to any other country in the world in this bill; is there any way to get the money out of those funds for Israel and give it to Cyprus?

Mr. MORGAN. I am afraid not, I will say to the gentleman from Iowa (Mr. GROSS). This money is already committed in title I.

Mr. GROSS. That is where we get into difficulty.

I would be most happy to offer an amendment to take something off Israel, if their spokesmen for this bill are so hot for taking on the support of more refugees throughout the world. The taxpayers of this country did not create this refugee problem.

We have had the Palestinian refugees on our hands for more years than I can remember and it has cost us hundreds of millions. Now, here we are embarking upon the care of more refugees and at a cost of $25 million.

Where in the name of high heaven is it proposed to get the money to take care of refugees all over this world? It apparently is easy for some people here today to continue this business of sticking our long noses into the affairs of other nations all over the world. It has cost the citizens of this country $260 billion.

I do not know what you tell your taxpayers when you go home. I had hoped that in the election campaign this fall that the public would tell Members of the House that they are sick and tired of inflation rocketing living costs, debt, and the way their money was being spent abroad. Apparently, the public did not speak very loudly to some of you or you were not listening—one or the other.

Whatever the merit or demerit of this amendment it saddles another $25 million on the taxpayers of this country. You who vote for this amendment and the bill ought to be ashamed that you have added to the debt, deficit, and inflation that is tearing down this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BIAGGI).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JOHN L. BURTON

Mr. JOHN L. BURTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHN L. BURTON: Page 23, line 13, insert immediately after "unless" the following: "and until".

Mr. JOHN L. BURTON. Mr. Chairman and members of the committee, I am offering this amendment on behalf of the gentlewoman from New York (Ms. HOLTZMAN) and myself in connection with discussions with the gentleman from California (Mr. RYAN) whose language is being awarded.

This language was shown to the ranking minority Member by the gentlewoman from New York and was discussed with the chairman of the full committee, and also with the subcommittee chairman who deals with the subject matter. It is my understanding that there was no controversy concerning the amendment; that it fits in with the intent of the committee's language.

I hope I am correct.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I know the gentleman consulted the chairman of the appropriate Armed Services Subcommittee. He has no objection to the amendment. As far as our part of the committee is concerned, speaking for my own side, I have no objection.

Mr. JOHN L. BURTON. Mr. Chairman, I ask an "aye" vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. JOHN L. BURTON).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Page 17: Strike lines 8–14 and renumber following sections accordingly.

Mr. ASHBROOK. Mr. Chairman, this amendment would leave the present prohibitions in effect against furnishing assistance to countries trading with North Vietnam. The committee's bill would authorize the President to waive prohibitions if such waiver is in the national interest.

I do not think that this is the time to start loosening up on prohibitions that effect North Vietnam.

Looking a one issue alone—without even discussing the thousands of North Vietnamese Paris accord violations against South Vietnam—there is abundant reason to not change the present statute. The issue that I am speaking about is American MIA's and American men killed in action.

American families do not know what has happened to their loved ones because the Vietnamese Communists refuse to carry out their agreements made with the United States. The Paris accords which both the United States and North Vietnam signed were clear as to the responsibilities of each side. Article 8, paragraph (b) states:

> The parties shall help each other to get information about those military personnel and foreign civilians of the parties missing in action, to determine the location and take care of the graves of the dead so as to facilitate the exhumation and repatriation of the remains, and to take any such other measures as may be required to get information about those still considered missing in action.

The responsibility of the North Vietnamese to aid American efforts in this regard is clear. In the supplemental agreements of June 13, 1973, article 8, paragraph (b) was reemphasized.

The record of the North Vietnamese is also clear. They have been consistently opposing American efforts to gain information. Last December 15 an American without weapons who was searching for bodies of American men was killed by the Communists.

I urge the retention of the language presently in the statute by the passage of my amendment.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from California.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

I would like to join with the gentleman in his sponsorship and support of this amendment. I opposed the amendment in the bill. That was not the language we were trying to change. The amendment is not in the bill, the amendment in committee which I opposed.

I feel it is entirely inappropriate at this time, when we still do not know the fate of the missing in action men. That is tragic enough, but what is more tragic is that we are not able to look at the sites of known airplane crashes.

I feel this would be adding insult to injury, and for that reason I strongly support the amendment.

Mr. Chairman, the difficulty in voting on bills such as this one is that your vote is bound to be misinterpreted. I intend to vote "no" on this bill because I am convinced, after listening to hours of testimony in the Foreign Affairs Committee, that on the whole, this is a bad bill. Not that there are not some good things in the bill—I completely agree, and strongly support for example, the need to provide assistance to Israel. Yet even on this issue the bill is deficient, since the aid authorization is counterbalanced by commitments to Egypt and Syria. Nor is this the only contradiction in the bill. Many of my colleagues have already pointed out areas where we are reversing U.S. policy.

Mr. Chairman, I submit that this is ridiculous. And I resent being forced to accept something bad in order to provide something good. If the Egyptian example were the only one, I could still probably vote for the bill. But it is not. And the bad, believe me, far outweighs the good.

If we wish to help our friends, and I think we should, then let us pass a bill which does just that. Not one which gives them something with one hand, and their enemies something with the other. And certainly not one which has a price tag so large in a time when our taxpayers are being asked to do so much.

Mr. BINGHAM. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Ohio. First of all, I want to stress the fact that all this amendment does is to give the President the authority to waive the restriction in the act, if he deems that to be in the national interest, to give him that authority and not to tie his hands.

The fact of the matter is that this restriction has been in the act for a long time and no one can tell us it has done the slighest bit of good, so far as influencing North Vietnam's policies are concerned. It has not had a particle of influence on North Vietnam. What it has done is cause us to be unable to carry out useful relations with one country, a country in Africa, which today is leaning toward the Soviet Union because we have been unable to give to that country any of the kind of assistance that we give other countries in Africa. That country is Somalia. Somalia has ships, which carry its flag, but which it does not control, and some of those ships go to North Vietnam.

The restriction in the act is so broad it covers not only trade with North Vietnam but prohibits aid to any country which has ships under its registry going to North Vietnam. So here we have a wholly unintended effect of this amendment which prevents us from trying to offset Soviet influence in a small, relatively poor country in East Africa, in the misguided view that somehow or another this is going to hurt North Vietnam. The prohibition has affected, so far as I know, only that one country.

The committee felt the restriction was outdated but was perfectly willing to leave it to the President to decide whether or not in the national interest the waiver should be extended.

I say this without the slightest intention of defending the performance of the North Vietnamese Government in the matter of the MIA's. But that government would not be the slightest bit affected, whether this amendment carries or whether it does not.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wish to point out, since the gentleman from New York who is opposing the amendment has very properly raised the question of Somalia and its flags of convenience, that we should keep in mind that Somalia, in its overall conduct of foreign policy, is at best one of the least responsible of the family of nations. It is carrying on a guerrilla war in Ethiopia; it is known for its very militant support of terrorist activities; it lends a lot of vocal support to groups like the PLO; and it has a naval base which the Soviets use with great frequency.

I would think that although there may be arguments against the Ashbrook amendment, rising to challenge that amendment in the name of Somalia is hardly the best argument.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANGEL: Page 19, after line 9, insert the following new section.

CONTROL OF TURKISH OPIUM

SEC. 23. Section 620 or the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(Z) All assistance under this Act and all sales and guarantees of such sales under the Foreign Military Sales Act shall be suspended on the date of enactment of this subsection. The Provisions of this subsection shall cease to apply when the President certifies to the Congress that the Government of Turkey is implementing effective controls to prevent opium grown in Turkey from illegally reaching the United States, either directly or indirectly."

Renumber sections 23 through 34 as sections 24 through 35, respectively.

Mr. RANGEL. Mr. Chairman, I ask for the support of my colleagues to cut off aid to the Government of Turkey until the President of the United States can tell this U.S. Congress that Turkey has undertaken controls that will prevent their opium from poisoning our people here in the United States.

On June 30, 1971 when the Government of Turkey entered into agreement with the United States to ban the production of opium and we agreed to provide $36 million to assist them in this transition, the Turkish Prime Minister said.—"that it was impossible for his government to effectively control the diversion of opium from his country."

He indicated that poppies are planted in only one corner of cropfields in Turkey. That to oversee the production of opium it would require 10 times the manpower of the areas to be farmed—that the situation was impossible to control.

Since this ban, our Drug Enforcement Administration has reported a drastic reduction in the quality and quantity of heroin available on our streets as well as our military installations. In New York City alone where 60 percent of all crimes were attributed to drug addicts trying to support their habit, the Director of the addict rehabilitation program has reported a reduction in deaths due to overdose, a reduction in crime and a reduction of addicts crowding our criminal court calendars and our penal institutions.

Former President Nixon reported—that in our war against narcotics, we had "turned the corner." Now we find that for purely political reasons, the Government of Turkey has announced and indeed has started the resumption of poppy growth in their country.

They have made this decision in violation of an existing agreement between our countries, and in complete disregard of the pleas of the United Nations, the request of our State Department and the threats of this Congress.

The real crime, however, is the fraud being perpetrated on this and other countries by the United Nations.

After failing to persuade the Government of Turkey not to remove the ban against opium production, they have turned around and lauded Turkey for the safeguards they have promised to undertake to avoid diversion. This, ladies and gentlemen, is an insult to this Congress and the American people.

THERE ARE NO SAFEGUARDS

The Turkish Government claims that instead of the farmers lancing the poppy bulk to allow the opium producing sap to be scraped—they will start the so-called straw process, which provides for the sale of the entire plant—after the removal of the poppy seeds for home consumption.

No one in our State Department, or in the United Nations for that matter, can tell this Congress how we can control the scraping of opium sap by these farmers and at the same time allow them the opportunity to break the pod, remove the seeds and then sell the opium filled plant for legal use.

To this day—the Turkish Government has no purchasers for their straw but tells the United Nations that they will buy the straw themselves until such time as they build a multimillion dollar opium producing factory and you know where they expect to get the money for their factory, yes, from this Congress or through our taxpayers moneys, through the United Nations.

And once we go along with the resumption of cultivation of poppies in Turkey and build this factory for them, forget forever the possibility of renewing the ban, no matter how much diversion they have, because they will need to grow poppies in order to support the factory.

Turkey has no more of a capability to control poppy growth now than they did when they imposed the ban. In fact, the situation is even more difficult because at the time of the ban there were only four provinces where farmers were allowed to grow poppies and today since the removal of the ban, we have under cultivation an area more than three times greater than before.

Expanding greatly the area to be policed over what the Prime Minister said was impossible to control for the drastically smaller area.

Our Ambassador to the United Nations and our State Department tell us to give them a chance and if in fact there is diversion, then the United Nations will react.

I am telling you that then it will be too late. The Drug Enforcement Administration estimates a 10 to 30 percent increase in heroin directly attributable to the fall production of poppies.

We know where we have been and what we have been through. Eighty percent of all available heroin before the ban was attributed to the Turkish opium production. Crime and addiction was destroying our cities and suburbs, our schools and our Armed Forces, our children and our Nation. Why should we be asked to wait until the epidemic is reactivated, and our Government experts say it will. The Government of Turkey said the ban was adversely affecting the welfare of their farmers. Poppycock, the Turkish farmers represent only one-quarter of 1 percent of their population and the income produced is far less than 1 percent of their gross national product. If the Government of Turkey wanted to assist their farmers, why do we still have unspent $20 million of the $37 million that we allocated for the farmers' benefit? If this amendment fails and the crop is harvested we can expect that 50 percent of the expanded crop will be diverted to the illicit trafficking. A kilo of opium in Turkey is worth only $220 but that opium converted to heroin brings $240,000 on our urban streets. If this amendment fails the Turkish Government will ask us for money, for technical assistance, for planes and factory, and if we can not and will not supply them they would say that the diversion is our problem because there are no addicts in Turkey. The Drug Enforcement Administration has informed me that they will face a serious budget deficit; narcotics agents both here and abroad have been drastically cut back but as in the best of times they cannot protect us from the present threat. In 1973 we lost 3,583 lives in this country due to overdoses of heroin, more than 10 times the amount of lives which were lost during the hostilities in Southeast Asia in the least year of the war. Let me say enough.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I rise in support of the amendment of the gentleman from New York.

I consider it imperative upon this Nation to cut off all economic and military aid to Turkey until we receive explicit assurances from the Turkish Government that the production of the deadly opium poppy will not be resumed.

There has been some discussion recently over the Turkish Government's announcement that they had agreed informally with the United States to change their methods of opium production to the "straw method" thus reducing the risk of renewed production of heroin.

I felt the action taken by Turkey was far from adequate. We do not need maybe's in this situation, we need clear and explicit assurances from the Government of Turkey that they will reverse their decision of several months ago and terminate all opium production. Until we get that guarantee, the course of action should be as is proposed in this amendment, a cutoff of all economic and military aid.

In 1971, I introduced similar legislation which led to the ban on opium production which was in effect until several months ago. The results of this ban were dramatic as the numbers of heroin addicts were reduced by as much as 60 percent in the 2½ years the ban was in effect.

We must prevent the evil needles filled within heroin from entering the veins of the young in our society. We must eliminate the problem by eliminating the source. Turkey needs our assistance for their economic security. Therefore let us deal from a position of strength by cutting off this valuable aid. A vote for this amendment today may save the life of an American tomorrow.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from New York.

I want to express my support for the amendment now being offered which seeks to cut off all aid to Turkey until the President makes clear to the Congress that the Government of Turkey is undertaking effective controls to prevent opium grown in that nation from illegally reaching the United States.

The problem of drug addiction is a serious one today. It has spread from the ghettos to the suburbs; among its users are high school and college students. Those of us who saw the devastating consequences it had in the ghettos years ago spoke out and demanded that something be done to cope with it. Now that it has hit the middle class, many feel it is a problem which must be reckoned with.

In 1972, the Turkish Government imposed a ban on opium poppy production and the result was a reduction in the number of heroin addicts in the United States by more than 60 percent. To promote that ban the U.S. Government gave over $35 million in assistance to Turkey in order to compensate that country's farmers for its losses and to aid them in developing alternative crops.

However, Turkey has since lifted its ban on opium production and the outlook is now that the drug will once again freely flow into this country making its way into the veins of these addicts and taking a number of lives which could have been saved. We can prevent this catastrophe from happening by passing this amendment. It is time that our Government stand up and tell Turkey we mean to put an end to this matter. It is the only human step to take to end this crisis.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the Clerk reread the amendment of the gentleman from New York (Mr. RANGEL).

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk reread the amendment.

Mr. MORGAN. Mr. Chairman, I am a bit disturbed about the sentence that says:

> All assistance under this Act and all sales and guarantees of such sales under the Foreign Military Sales Act shall be suspended on the date of enactment of this subsection.

To me this would give Turkey a complete veto over every foreign aid program in any country receiving assistance under the Foreign Assistance Act of 1961. I am sure the gentleman from New York did not mean it to be that way, but the way the amendment is worded, it does give Turkey a complete veto over U.S. programs in some 60-odd countries.

Mr. RANGEL. Certainly, Mr. Chairman, that was not the intention of the author of this amendment, and that is the language that had been approved by the Parliamentarian, and it is because of the failure of Turkey to follow out the legal procedure that had been outlined as to the growing and handling of the opium poppies, and this amendment is designed only to deal with Turkey.

The Parliamentarian had advised me and my office that this language would suffice to do that.

Mr. MORGAN. Mr. Chairman, I feel the language gives Turkey a complete veto over every part of the aid program. If Turkey does not comply with the gentleman's amendment, that every program funded in this bill would be suspended.

Mr. RANGEL. I would like to report to the Chair that I am certain that the intent of the amendment is well established and spread out over the legislative record. I am confident that if this amendment is successful in passing, that it will be certain that the will of this House as well as that of the Senate will prevail.

Mr. MORGAN. The only way that I see that aid could be resumed is through certification, in the gentleman's language.

Mr. RANGEL. This is only as it relates to the Government of Turkey.

Mr. HAMILTON. Mr. Chairman, if the gentleman will yield, I think the problem the Chairman is having is in the first sentence, the first operative sentence of the amendment, where Turkey is not mentioned. The amendment says:

> All assistance under this Act and all sales and guarantees of such sales under the Foreign Military Sales Act shall be suspended on the date of enactment of this subsection.

It makes no reference at all to Turkey.

Mr. RANGEL. I would ask, Mr. Chairman, that the language of the amendment be changed to specify Turkey.

The CHAIRMAN. The Chair will suggest to the gentleman from New York that the gentleman offer amendments in writing to the language, as has been indicated, in the original amendment.

Mr. MORGAN. Mr. Chairman, if I might suggest this procedure, and perhaps the gentleman from New York would agree, we have another amendment to section 3, and perhaps the gentleman from New York can withdraw his amendment and then reoffer the amendment.

Mr. RANGEL. Mr. Chairman, I would be happy to do that.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS: Page 34, strike out lines 12 through 15 and insert in lieu thereof the following:
>
> "SEC. 29. No funds provided under the Foreign Assistance Act of 1961, as amended, and no credit sales or guaranties under the Foreign Military Sales Act shall be available for India."

Mr. GROSS. Mr. Chairman, this amendment is simple, and I believe both sides of the aisle have been provided with copies. It simply denies any further aid to India. There is $50 million in the bill for India for assorted purposes including fertilizer.

About 2 years ago—perhaps it was 3—India told us to pack up and get out. They curtly informed us they did not need our foreign aid. And we packed up most of our missions and got out of India. India is now spending its money on nuclear weapons and various other enterprises. There is no reason in the world why we should give $50 million to India since they invited us to get out, lock, stock, and barrel.

I seem to recall that we turned over to the Indian Government quite a complex of buildings, new buildings, that had been built for a few years ago to house our missions in that country.

I understand some of this $50 million may be used for food and feed grains. India is feeding now about—as I said on the floor a day or two ago—2½ billion rats—r-a-t-s—that outnumber the population 4 to 1, and which consume practically all of the increase in their food production each year. Until they show a disposition to get rid of this huge population of rats, I do not know of any way by which we can feed the hungry people of India.

Mr. WOLFF. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. WOLFF. I thank the gentleman for yielding.

One of the points that the gentleman neglected to mention was the fact that just this past year Ambassador Moynihan wrote off $2½ billion of Indian debt that was owed to the United States.

Mr. GROSS. I thought all of the Members were acquainted with that, just as we have written off millions of Israel's debt to us.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. I thank the gentleman for yielding.

Is it not true that India diverted for military purposes approximately the amount of money that we have given them for economic aid over the decades, and that probably no country in the world has so abused our foreign aid as India, and that very likely we are keeping alive people by the millions now so that hundreds of millions of people can die later on?

Mr. GROSS. We have written off about $9 to $10 billion of aid to India.

In concluding these remarks, I should like to quote a voice out of the past:

> We are taxed in our bread and wine; in our income and our investments; on our land and property, not only for base creatures who do not deserve the name of men: for foreign nations who bow to us and accept our largesse and promise to assist in keeping the peace—these mendicant nations who will destroy us when we show a moment of weakness or when our treasury is bare, and surely it is becoming bare . . . were they bound to us by ties of love they would not ask for our gold . . . they hate and despise us, and who shall say we are worthy of more?

That statement might have been made here in this House of Representatives this afternoon, but it was made about 50 years before Christ by a Roman senator and statesman, Tullius Cicero, at the time the Roman Republic began its disintegration from a republic to imperialism and extinction.

I ask, will this Nation learn from history, or will it be our fate to travel the same road to extinction of this Republic?

Mr. ASHBROOK. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Sixty-nine Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electroic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and two Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Chair had recognized the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Chairman, the amendment of the gentleman from Iowa strikes out all funds in the bill for India. The executive branch had recommended a figure of $75 million for India and the committee recommends $50 million.

I am rising in opposition to the amendment and I hope very much that the House will not see fit to cut out all funds for India. We have been laying the groundwork for a more mature relationship and a new economic relationship with India in recent years. It would serve no useful purpose at this time to cut the limited number of dollars that we have in this bill for India. India is the largest and the most powerful nation in the subcontinent and also happens to be the largest democracy in the world. The Prime Minister of India has made it very clear that her country needs this outside assistance.

For the United States at this point to cut off all aid to India would not affect India's nuclear program in any way and it would serve no real useful purpose.

Beyond that, we lose any leverage that we might have with India in trying to help her to restrain development of nuclear weapons.

There has been no significant transfer of economic resources by India from domestic purposes to nuclear explosions. India has an overall budget of about $60 billion and the total cost of the nuclear explosion was about $10 million. That is about one-tenth of 1 percent of India's budget.

I think a move by the Congress to cut off all aid to India would have an adverse effect on our relationship with India, and I strongly urge my colleagues to disapprove of this amendment.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I want to thank the gentleman for his comments. I share his view and I hope the committee will support the emolument as provided in the bill. India is not only the largest democracy in the world—that statement is an accurate one—but it also happens to be one of the few surviving democracies in that region of the world.

I think it would be a serious mistake for us to lose the leverage we do have by means of this money and to turn our back on some very essential investments that the taxpayers of this Nation have made in India over the years. To close the door on communications by means of this program at this juncture, I think, would be very imprudent.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I too would like to rise in opposition to this amendment, and to remind my colleagues that India has about 600 million people. Its per capita income is about $100 or $102.

The assistance, if it is to be provided—and I hope it will—is very modest for a country of that size. It is being used primarily for food and nutrition. If there is a likelihood of famine in any country, I would guess that it would be India.

It seems to me that for humanitarian reasons alone it would be very wise to provide this assistance. I think also that the political relationship has improved very definitely, and it would be a signal that we would like to continue on that course.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I would like to ask a question. The gentleman from Iowa who offered this amendment talked about saving cattle. Can the gentleman tell me the number of cattle in India?

Mr. HAMILTON. I am afraid I cannot give the gentleman the number of cattle in India today.

Mr. SYMMS. From the information I have, they have somewhere around 30 million head of cattle in India. We should try to make better utilization of those cattle. Do we have any inhibitions in that area?

Mr. HAMILTON. No, we do not have inhibitions, but India does. This is a modest amount we are providing for India in the bill. It is only $50 million and it is directed at precisely the right area of the Indian economy, which is to increase food production. We cannot change their religious standards and mores.

Mr. SYMMS. If the gentleman will yield further, I will say that in Indiana $50 million would be a modest amount, but in Iowa $50 million will go a long ways, and we do not have sacred cows, sacred monkeys, and sacred rats.

Mr. HAMILTON. The United States has a strong interest in peace, stability, and economic development in the subcontinent. We have had enough experience with the underdeveloped countries to know that whenever instability arises in any part of the world, the United States is brought into it. We are simply signaling India by these limited funds that we are interested in its problems and we want to help them out, and we stand with them in their desire for economic development.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I thank the gentleman for yielding to me. I think the gentleman from Indiana made a good case against this amendment, and I would like to associate myself with him.

Mr. FRASER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would just like to observe that earlier this week we adopted a resolution in the House on world food problems. In that resolution, we recited the fact that the President made a commitment to increase aid to third world countries and to enable them to increase their production.

India is one of the largest areas in the world which is suffering from an inability to feed itself. The aid involved here is not for food. That is under Public Law 480.

This is what President Ford was talking about when he said we would help these countries help themselves in increasing agricultural production. Because of the monsoons which occurred last year and the high costs and shortage of fertilizer, the crop production in India has been down. They need some help.

This amount of $50 million is extremely limited. To cut it off altogether is, in effect, to say that despite what President Ford said the other day, we do not really mean it; we are not going to give our assistance in helping increase food production.

Mr. KOCH. Mr. Chairman, I support the Gross amendment denying aid to India. I do so because I do not believe that we should continue to provide aid to that country so long as India is embarked on spending hundreds of millions of dollars on nuclear bomb development. It is shocking that when its own people are starving that India will use its meager resources to develop and explode atomic bombs. When India changes its priorities we can change ours and provide it with further economic aid.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. Gross).

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 19; noes 41.

RECORDED VOTE

Mr. GROSS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 159, noes 223, answered "present" 1, not voting 51, as follows:

[Roll No. 672]

AYES—159

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Bevill
Blackburn
Bray
Brinkley
Broomfield
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cohen
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Ga.
Davis, S.C.
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dingell
Dorn
Downing
Dulski
Duncan
Eilberg
Evins, Tenn.
Fish
Flowers
Flynt
Fountain
Frey
Froehlich
Fuqua
Gaydos
Gettys
Ginn
Goodling
Gross
Gubser
Gunter
Haley
Hanrahan
Harsha
Henderson
Holt
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Jones, Tenn.
Karth
Kazen
Kemp
Ketchum
King
Koch
Lagomarsino
Landgrebe
Landrum
Long, Md.
Lott
Lujan
McCollister
McCormack
Macdonald
Maraziti
Martin, N.C.
Milford
Miller
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Myers
Nichols
Nix
O'Brien
Parris
Pettis
Peyser
Pike
Poage
Powell, Ohio
Price, Tex.
Pritchard
Randall
Rarick
Roberts
Robinson, Va.
Rogers
Roncalio, Wyo.
Roush
Rousselot
Runnels
Sarasin
Satterfield
Scherle
Shuster
Sikes
Skubitz
Snyder
Spence
Steelman
Steiger, Ariz.
Stephens
Stratton
Stubblefield
Stuckey
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Towell, Nev.
Traxler
Vander Jagt
Waggonner
Walsh
Wampler
Whitehurst
Wolff
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, S.C.
Zion

NOES—223

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
Badillo
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brooks
Brotzman
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Chamberlain
Chisholm
Clark
Clay
Cleveland
Cochran
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Diggs
Drinan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Flood
Foley
Ford
Forsythe
Fraser
Frelinghuysen
Frenzel
Gibbons
Gilman
Gonzalez
Gray
Green, Pa.
Gude
Guyer
Hamilton
Hammerschmidt
Hanley
Hanna
Harrington
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hicks
Hillis
Hogan
Holtzman
Horton
Hosmer
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jordan
Kastenmeier
Kluczynski
Kyros
Latta
Leggett
Lehman
Lent
Long, La.
McClory
McCloskey
McDade
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nelsen
Obey
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Pickle
Preyer
Price, Ill.
Quie
Quillen
Railsback
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Robison, N.Y.
Roe
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roy
Roybal
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarbanes
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Stokes
Studds
Symington
Teague
Thompson, N.J.
Thomson, Wis.
Treen
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Waldie
Ware
Whalen
White
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wydler
Yates
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki

ANSWERED "PRESENT"—1

Hinshaw

NOT VOTING—51

Arends
Barrett
Beard
Brasco
Burton, Phillip
Camp
Carey, N.Y.
Collier
Conable
Danielson
Donohue
Eshleman
Fisher
Fulton
Giaimo
Goldwater
Grasso
Green, Oreg.
Griffiths
Grover
Hansen, Idaho
Hansen, Wash.
Hawkins
Hays
Hébert
Holifield
Howard
Johnson, Colo.
Jones, N.C.
Kuykendall
Litton
Luken
McSpadden
Martin, Nebr.
Mathias, Calif.
Mathis, Ga.
Mills
Minshall, Ohio
O'Hara
Passman
Podell
Rodino
Roncallo, N.Y.
Rooney, N.Y.
Shoup
Staggers
Steiger, Wis.
Tiernan
Wilson, Charles H., Calif.
Wyman
Zwach

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. MORGAN. Mr. Chairman, I would like to say that all of the major amendments are now out of the way. There are about four or five amendments left, so I am going to ask unanimous consent that all debate on the bill and all amendments thereto cease at 7 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. SYMMS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The remainder of the bill is as follows:

TITLE IV—FOREIGN MILITARY SALES ACT AMENDMENTS

Sec. 30. The Foreign Military Sales Act is amended as follows:

(1) Section 3(d) is amended to read as follows:

"(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned."

(2) In section 24(a) and section 24(b) the parenthetical phrase in each is amended to read: "(excluding United States Government agencies other than the Federal Financing Bank)".

(3) In section 31—

(A) Subsection (a) is amended by striking out "$325,000,000 for the fiscal year 1974" and inserting in lieu thereof "$405,000,000 for the fiscal year 1975"; and

(B) Subsection (b) is amended by striking out "$730,000,000 for the fiscal year 1974, of which amount not less than $300,000,000 shall be available to Israel only" and inserting in lieu thereof "$772,500,000 for the fiscal year 1975, of which not less than $200,000,000 shall be made available for Israel".

(4) In section 33—

(A) subsection (a) is repealed;

(B) subsection (b) is redesignated as subsection (a); and

(c) a new subsection (b) is added as follows:

"(b) The President may waive the limitations of this section when he determines it to be important to the security of the United States and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate."

(5) Section 35(b) is repealed, and section 36 is amended by inserting before subsection (c) the following new subsections:

"(a) The President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate quarterly reports containing—

"(1) a listing of all letters of offer to sell any defense article or services under this Act, if such offer has not been accepted or canceled;

"(2) a cumulative listing of all such letters of offer to sell that have been accepted during the fiscal year in which such report is submitted;

"(3) the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 made before the submission of such quarterly report and during the fiscal year in which such report is submitted; and

"(4) projections of the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 to be made in the quarter of the fiscal year immediately following the quarter for which such report is submitted.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (A) the foreign country or international organization to which the defense article or service is offered, (B) the dollar amount of the offer to sell under paragraph (1) or of the completed sale under paragraph (2), (C) a brief description of the defense article or service offered, (D) the United States armed force which is making the offer to sell, (E) the date of such offer, and (F) the date of any acceptance under paragraph (2).

"(b) In the case of any letter of offer to sell any defense articles or services under this Act for $25,000,000 or more, before issuing such letter of offer the President shall submit to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate a statement with respect to such offer to sell containing the information specified in subparagraphs (A) through (E) in subsection (a). The letter of offer shall not be issued if the Congress, within twenty legislative days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale, unless the President in his statement certifies that an emergency exists which requires such sale in the national security interests of the United States."

DEFINITION OF "VALUE" FOR FOREIGN MILITARY SALES

SEC. 31. Section 8(c) of the Act entitled "An Act to amend the Foreign Military Sales Act, and for other purposes", approved January 12, 1971 (22 U.S.C. 2321b), is amended by inserting immediately before the period the following: "; except that for any excess defense article such term shall not include a value for any such article which is less than 33⅓ percent of the amount the United States paid for such article when the United States acquired it".

TITLE V—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS

FEASIBILITY STUDY OF ACCESS TO RAW MATERIALS

SEC. 32. It is the sense of the Congress that open access should be assured for all nations to the world's fossil fuel, metal, and mineral resources so that such resources may be made available to all nations at a reasonable cost. For this purpose, the President shall—

(1) study the feasibility of using, through a barter arrangement or any other means, United States foreign assistance, foreign credits, or investment guaranties (through such United States Government organizations as the Agency for International Development, the Overseas Private Investment Corporation, and the Export-Import Bank), or international financing, to develop open access for all nations to necessary or strategic raw materials throughout the world at a reasonable cost; and

(2) submit his findings and recommendations resulting from the study under paragraph (1) to the Congress no later than March 31, 1975.

For the purposes of this section, the term "necessary or strategic raw material" includes any fossil fuels, metals, or minerals the United States requirements of which are not, or will not be in the foreseeable future, produced in the United States or located in the United States in natural form.

GORGAS MEMORIAL INSTITUTE

SEC. 33. The first section of the Act entitled "An Act to authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial", approved May 7, 1928, is amended by striking out "$500,000" and inserting "$2,000,000" in lieu thereof.

INVOLVEMENT OF PUERTO RICO IN THE CARIBBEAN DEVELOPMENT BANK

SEC. 34. (a) The President may transmit to the Caribbean Development Bank an instrument stating that the Commonwealth of Puerto Rico has the authority to conclude an agreement of accession with such Bank and to assume rights and obligations pursuant to such agreement. However, such agreement may only be concluded after it has been approved by the United States Secretary of State.

(b) The instrument transmitted by the President to the Caribbean Development Bank under subsection (a) shall state that the United States shall not assume any financial or other responsibility for the performance of any obligation incurred by the Commonwealth of Puerto Rico pursuant to such agreement of accession or pursuant to any other aspect of its membership or participation in such Bank.

(c) Such agreement of accession shall provide that the Commonwealth of Puerto Rico may not receive from the Caribbean Development Bank any funds provided to the Bank by the United States.

Mr. MORGAN. Mr. Chairman, I now move that all debate on the bill and all amendments thereto cease at 7 o'clock.

The motion was agreed to.

POINT OF ORDER

Mr. CARNEY of Ohio. Mr. Chairman, I have a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CARNEY of Ohio. What about those of us who have had amendments at the desk all day?

The CHAIRMAN. Have they been printed in the RECORD?

Mr. CARNEY of Ohio. No; but I gave them to the desk today.

The CHAIRMAN (Mr. PRICE of Illinois). If the amendments are printed in the RECORD, under the Rules of the House the proponents will be entitled to 5 minutes of debate.

Members standing at the time the motion was made will be recognized for 1 minute each.

The Chair recognizes the gentlewoman from New York (Ms. HOLTZMAN).

AMENDMENT OFFERED BY MS. HOLTZMAN

Ms. HOLTZMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. HOLTZMAN: Page 23, line 14, strike out "important to the national security" and insert in lieu thereof "vital to the national defense".

Ms. HOLTZMAN. Mr. Chairman, the purpose of this amendment is very simple. It is designed to enlarge congressional control over the Central Intelligence Agency's non-intelligence-gathering functions.

The provisions of this bill relating to the CIA constitute a major improvement over the situation in the past. This bill permits the CIA to engage in covert activities only after the President reports about these activities to the House and Senate committees dealing with foreign affairs and the House and Senate Armed Services Committees.

Despite the improvement, I still think these provisions are seriously deficient. This bill authorizes CIA activities designed to subvert or undermine foreign governments so long as they are "important to national security." This rubric is so broad as to be almost meaningless. Thus, the President is empowered to authorize CIA actions to subvert foreign governments basically when he thinks it would be desirable. It seems to me, however, that the circumstances in which the CIA ought ever to be permitted to subvert a foreign government with which we are at peace should be very limited at best.

My amendment would permit the CIA to engage in non-intelligence-gathering activities only when such activities are "vital to our national defense." My amendment would thus limit the instances in which the CIA would run afoul of international law, and also we would be limiting the instances in which foreign policy is in essence being created by the President, the CIA, and four committees of Congress.

I urge support of my amendment.

The CHAIRMAN. The time of the gentlewoman has expired.

The Chair recognizes the gentleman from Michigan (Mr. NEDZI).

Mr. NEDZI. Mr. Chairman, I rise in opposition to the amendment.

We have in this bill a provision restraining certain operations of the CIA to those "important to the national security" and in timely fashion they are obliged to bring to the notice of Congress any activities which the CIA may be engaged in which are important to the national security. I submit that is a very important statutory provision and a departure from what the situation is at the present time. When we speak about matters "vital to the national defense" we are then it seems to me restraining the agency from perhaps operating in antidrug programs or the agency could be prevented from conducting antiterrorist activities programs, among others. In my judgment it just is not the kind of constraint that it is desirable to apply with respect to the President and the CIA. The language offered has broad implications and should not be approved without careful and detailed consideration by appropriate committees prior to bringing the matter before the entire House under circumstances of very limited debate.

While I have a moment I would like for the purpose of clarification inquire of the chairman what his interpretation of the language in the bill relating to reporting to Congress by the CIA is, particularly as it relates to the understanding we reached with the Secretary of State and the Director of Central Intelligence.

Mr. MORGAN. If the gentleman will yield, it is my belief that the amendment contained in the committee bill carries out, and provides further statutory basis for the implementation of, the understanding to which the gentleman has referred as it applies to the foreign policy-related operations of the CIA.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MORGAN).

Mr. MORGAN. Mr. Chairman, the committee adopted an amendment to bring the CIA under more effective congressional control and the author of the amendment, the gentleman from California (Mr. RYAN), is here. I yield to him to speak in opposition to this amendment.

Mr. RYAN. Mr. Chairman, I oppose this amendment for I think substantive reasons. This was my amendment in the committee and it was very carefully worked out. We deal here with a very sensitive area. It was my intention and the intention of the committee to try to bring the CIA under some kind of jurisdiction by the Foreign Affairs Committees because obviously the decisions of CIA have an enormous effect upon our foreign affairs.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. FRELINGHUYSEN).

Mr. FRELINGHUYSEN. Mr. Chairman, I should like to speak in opposition to the amendment. In my opinion we should have reservations about the language in the committee bill with respect to intelligence activities. And certainly we would be very unwise to change the language of "important to the national security" to "vital to national defense." This would preclude many activities which might well be needed in our own interest. I hope this amendment is soundly defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. HALEY).

(By unanimous consent, Mr. HALEY yielded his time to Mr. MORGAN.)

Mr. MORGAN. Mr. Chairman, I yield to the gentleman from California (Mr. RYAN).

Mr. RYAN. Mr. Chairman, I was about to say that present language in this bill is very carefully drawn to derive the maximum amount of support from the various elements involved. If we can get this language through for those who are interested in having some kind of closer supervision for the CIA activities, this particular amendment is one which members of the committee think will pass and which we would be able to have signed. Without this particular language I think we will have serious problems with supervision of the CIA by the Foreign Affairs Committee.

I am concernd about the manner in which this particular subject is approached. On the one hand we have to be careful and delicate and on the other hand we do need jurisdiction.

Mr. Chairman, I oppose the amendment of the gentlelady from New York because I believe that the language we have now is as strong as we can get at this particular time.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. HOLTZMAN).

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, I do not have an amendment, but I would like to say that I intend to vote against this legislation. I intend to vote against it for many reasons, particularly so because we now owe $503 billion. When we started this game of Godfather to all the world, we owed $4 billion. The interest alone on our debt is as great as the budget was in 1940. There is no way under the Sun that this Nation can possibly grow all the food for the world, provide all the guns for the world, provide all the machinery for the world, and then provide a marketplace for all the world's goods.

We are as poor as any nation we are helping, when we consider the kind of life that we have become accustomed to with our standard of living. If we really want to help some nation that is in eminent danger of collapse, one might suggest that we help the poverty-stricken country of Italy.

We sell this legislation many times with an argument that we are saving nations from communism.

Italy is on the brink of going Communist but no one in our Government seems to give it a thought.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Chairman, I invite the House to reflect on the fact that we have expended at least $260 billion on foreign aid since its inception. It seems to me that this kind of business, in terms of the condition of this country, is beyond all reason and is, in fact, financial insanity.

AMENDMENT OFFERED BY MR. CARNEY OF OHIO

Mr. CARNEY of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CARNEY of Ohio: Page 30, after line 12, insert the following new section:

TEN PERCENT REDUCTION OF EACH AUTHORIZATION

SEC. 35. Notwithstanding any other provision of this Act, each amount authorized by any amendment made by this Act and each allocation and limitation of any such authorized amount shall be reduced by ten percent.

Mr. CARNEY of Ohio. Mr. Chairman, this amendment would reduce each of the authorizations, allocations and limitations contained in this act by 10 percent. It would save the American taxpayers $260 million.

In recent months, the President has emphasized one overriding economic fact which threatens every American—an escalating inflation which is sapping our economic gains and, unless controlled, will destroy our Nation's economy. The President told us that everyone has a stake in combating inflation, that the Government must curtail excessive spending, and that we in the Congress have a responsibility for staying within the Federal budget by making prudent cuts.

It seems obvious to me, Mr. Chairman, that the one area where the most sensible and justifiable cuts can be made is in the area of foreign aid.

From 1945 through 1973, we spent $185 billion of the taxpayers' money to help other nations—first to rehabilitate those ravaged by the war, then to help others withstand Communist subversion and aggression, and finally to help newly-independent nations find their place in the Sun, or at least provide the necessities of life for their own peoples.

Mr. Chairman, the time has come for us to exercise prudence in our overseas giving, and prudence demands that foreign aid be cut to the bare essentials. We must not be wasteful of our own substance when our own people stand in need.

This bill authorizes $2.6 billion in foreign aid during fiscal year 1975. While the Foreign Affairs Committee has authorized $600 million less than the administration requested. This bill still provides $746.3 million more than Congress appropriated for the same aid programs last year.

Furthermore, despite mass starvation in Africa, Bangladesh, and other parts of the world, this foreign aid bill is heavily-weighted with military assistance: $1.15 billion of the $2.6 billion authorized in this bill goes directly to military assistance, $585 million is for military-related "Security Supporting Assistance" programs, and $573 million is for assistance to our allies in South Vietnam, Laos and Cambodia.

Mr. Chairman, these military assistance programs do not increase the security of the countries that receive such assistance, and they do not increase our own national security. In fact, they have the opposite effect. Look at India and Pakistan; look at Greece and Turkey. These countries used American military aid against each other.

Mr. Chairman, we could phase out our military aid over a short period, say 3 years, use a percentage of that money and additional cuts in economic aid to build up our own economy here at home. The 10-percent, across-the-board cut in foreign assistance programs which I propose will demonstrate that we are serious about reducing wasteful and unnecessary Federal Government spending.

Mr. Chairman, what was wrong with our foreign aid programs 10 years ago is wrong with our foreign aid programs today. The countries that were supposed to be eliminated from our foreign aid lists are still on them; programs are still being overfunded; inefficient personnel are making the same enormous mistakes; uncommitted and undisbursed carryover funds are as large as ever; speculation in aid goods is as rife as ever; ineffective planning for too many projects is as sloppy as ever; recipient countries are being played off against each other; ability to repay is not considered.

All too often our foreign aid benefits only the ruling class and never reaches the millions of poor people for whom it was intended. One wonders whether our aid programs exist for the benefit of the people in the recipient nations or solely for the benefit of the overblown bureaucracy that administers these programs. How often has our foreign aid been used by other nations to compete against our own American workers and American businesses?

Clearly, America can no longer afford a policy of foreign aid business-as-usual. The time has come for Congress to make further cuts in foreign aid spending and to divert this money to the transportation, health, housing, and education of our own people here at home. Let us show the American people that their Government is genuinely concerned about their welfare rather than the welfare of some foreign dictator.

I urge my colleagues to support this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Chairman, I rise reluctantly in opposition to the amendment, because I count the gentleman from Ohio (Mr. CARNEY) a very close friend; however, I must submit that this is not a responsible amendment. The committee has already cut $609 million from the bill and with these cuts selectively made, it is much more responsible than it was when submitted by the executive branch.

This bill is a bill to help the developing countries to help themselves to grow the necessary food they are in such dire need of, if we are, indeed, going to fulfill the commitments we have made, we must not vote for this amendment.

Mr. SYMMS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Ohio, I think it is a very responsible amendment for the taxpayers of the United States.

The Foreign Assistance Act authorizes a 39 percent increase over last year's expenditures. For years and years, we somehow labored under the false notion that friends and allies could somehow be bought on these massive foreign aid giveaways. I think the gentleman from Ohio is absolutely right in offering this amendment, in fact, I have a similar amendment at the desk that I will now not offer.

I have just a little additional note on what foreign aid has done for us. Since 1955, 21 wars have been fought by the governments around the world. In nine of these wars, the United States supported one of the opposing sides, but in the other 12, the United States financed and supported both sides. The cost of this kind of activity, when all things are considered, probably is in the neighborhood of $200 billion.

Mr. Chairman, I think this is a very good amendment, and I urge its passage.

Mr. FRASER. Mr. Chairman, I rise in opposition to the amendment.

Should this amendment pass, it will be cutting our assistance to Israel and undercutting the commitment made by Secretary Kissinger in the Middle East which is a part of the diplomacy he is carrying on there. It will be cutting even more from the already reduced amount for food assistance, which represents a pledge made both by President Ford and Secretary Kissinger, both here and in Rome.

Cutting indiscriminately will not solve some of the problems we have. It is no substitute for specific cuts. It will weigh very heavily in places such as Israel.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. CARNEY).

The amendment was rejected.

AMENDMENT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANGEL: Page 19, after line 9, insert the following new section.

CONTROL OF TURKISH OPIUM

SEC. 23. Section 620 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(8) All assistance under this Act with respect to the Government of Turkey and all sales and guarantees of such sales under the Foreign Military Sales Act with respect to the Government of Turkey shall be suspended on the date of enactment of this subsection. The Provisions of this subsection shall cease to apply when the President certifies to the Congress that the Government of Turkey is implementing effective controls to prevent opium grown in Turkey from illegally reaching the United States, either directly or indirectly."

Renumber sections 23 through 34 as sections 24 through 35, respectively.

Mr. RANGEL. Mr. Chairman, in 1971 the Turkish Government entered into an agreement with the United States to ban the growth of opium. They have now violated that agreement. They have rejected the pleas of the United Nations; rejected the pleas of our State Department and have also rejected the pleas of this Congress.

Now, the Drug Enforcement Administration says that as a result of this, we can expect from a 10- to 30-percent increase in opium on our streets of New York. There are no safeguards to the resumption of opium in this country, and it seems to me that we have gone through enough in crime and loss of life in the military and in the cities.

Now is the time for us to stand up and be included and tell the Turkish Government that until our President can certify that they have some safeguards to protect us, then we should cut off aid to the Government of Turkey.

Mr. DERWINSKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, our commitee has spent considerable time on the issue of narcotics.

We were the first to propose language—which is now law—directing that aid be cut off from countries which refuse to cooperate in putting an end to illegal traffic in narcotics.

Our special subcommittee did very thorough investigative work in this field.

Our committee is deeply concerned about illegal trade in narcotics, and we have authorized substantial funds to help in the fight against such trade.

For these reasons, I believe we should wait and negotiate with the Turks, not try to put permanent blocks in the way of mutual cooperation.

May I explain a bit more to the Members: I supported the resolution which expressed the sense of Congress to cut off aid to Turkey if they went back to opium poppy production. The problem we have under the language of this amendment is that it tells the President to cut off aid unless the Government of Turkey is implementing effective controls to prevent opium grown in Turkey from illegally reaching the United States, either directly or indirectly.

The real problem is there is not a government in Turkey with which one could effectively negotiate. They have a caretaker government. They cannot make a serious decision of any kind; and, as a result, one cannot implement the intent of Congress either with this amendment or as it affects Cyprus. The Government of Turkey is a day-to-day operation. Until they resolve their present problems, the President cannot negotiate, even if they have intentions of good faith, because they are not in a position to do anything with us.

There are enough other safeguards, enough other bills in this Congress, and I urge the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. RANGEL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. RANGEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LONG of Maryland: Page 25, strike out line 19 down through line 3 on page 26.

Page 26, line 4, strike out "(5)" and insert "(4)" in lieu thereof.

Mr. LONG of Maryland. Mr. Chairman, I hope people are listening here tonight as the purpose of my amendment is very important.

As the foreign military sales law now reads, there is a ceiling of $150 million on military aid, credit sales, and guarantees to Latin America. This bill would eliminate this ceiling and eliminate all restrictions on unlimited sales. Any President could sell any amount of military equipment he wanted in Latin America, a desperately poor continent, where there is a tremendous need for those countries to try to educate their people and improve their housing, health, and other such needs. Yet, this bill would encourage the arming of one dictator after another against the country next door.

What my amendment does is to reestablish the $150 million ceiling that has prevailed heretofore. I think that is reasonable, and I hope very much my *amendment* will be agreed to. Without my amendment the Congress would have no controls in vital foreign policy decisions. All this bill does is to promote a few businesses on the grounds we would lose in an arms competition with the French and other sellers. Yet the United States sells three times the weapons worldwide than the nearest European competitor! Why does this bill remove the ceiling without offering any foreign policy rationale? Increased sales of sophisticated weapons clearly will affect arms races—and U.S. foreign policy.

This amendment is for the convenience of a few—unnamed—U.S. arms exporters.

If it is true that previous congressional restrictions on the sales of sophisticated weapons to Latin America have lost some U.S. firms some business, this is less significant than foreign policy considerations and of U.S. interests in avoiding destructive arms races.

The French, which have sold some Mirage jets to Latin America, will only export $3 billion in U.S. dollar terms worldwide in 1974, compared with over $9 billion for the United States, according to French Government figures.

U.S. Government figures show that the United States has long been the biggest arms exporter. Between 1961 and 1971: first, the United States exported $22.7 billion in arms; second, the French and British each exported $1.6 billion; and third, the Soviets exported $14.7 billion.

The interest terms for the $200 million in credits the administration wants to approve in this bill are only about 7⅞ percent over a 10-year repayment period. Chile's repayment has been rescheduled. Brazil's interest rates between 1964 and 1973 were from about 3 percent to about 6 percent. This is a poor deal for the U.S. taxpayer.

Mr. FASCELL. Mr. Chairman, I rise in opposition to this amendment. What it does is simply make it possible for Latin American governments to buy their weapons from the Russians, from the French, from the British, from the Germans, from everybody but the United States.

I can tell the Members we have monitored this program very carefully. We have found that the Pentagon acted very responsibly with respect to aid. We feel that instead of being in sixth place in the marketplace, we are having to fight to stay in second or third. We want to give our people a reasonable opportunity. We believe they have acted responsibly in the past, and there is no reason to reimpose these shackling ceilings at this time on our Department of Defense.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. LONG).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. LONG of Maryland. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. MILLER).

AMENDMENT OFFERED BY MR. MILLER

Mr. MILLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER: Page 28, strike out line 12 down through line 10 on page 29, and insert in lieu thereof the following:

EXCHANGES OF NECESSARY OR STRATEGIC RAW MATERIALS

SEC. 28. Chapter 3 of part III of the Foreign Assistance Act of 1961 is further amended by adding at the end thereof the following new section:

"SEC. 661. Exchanges of Certain Materials—(a) Notwithstanding any other provision of law, whenever the President determines it is in the United States national interest, he shall furnish assistance under this Act or shall furnish defense articles or services under the Foreign Military Sales Act pursuant to an agreement with the recipient of such assistance, articles, or services which provides that such recipient may only obtain such assistance, articles, or services in exchange for any necessary or strategic raw material controlled by such recipient. For the purposes of this section, the term 'necessary or strategic raw material' includes petroleum, other fossil fuels, metals, minerals, or any other natural substance which the President determines is in short supply in the United States.

"(b) The President shall allocate any necessary or strategic raw material transferred to the United States under this section to any appropriate agency of the United States Government for stockpiling, sale, transfer, disposal, or any other purpose authorized by law.

"(c) Funds received from any disposal of materials under subsection (b) shall be deposited as miscellaneous receipts in the United States Treasury."

Mr. MILLER. Mr. Chairman, this is an amendment that was offered this afternoon. It has a substantive change in it. The change is this: that the funds that would be received from any disposal of materials under subsection (b), instead of going back to the agency, would go into the United States Treasury.

What this amendment does is to allow us to barter our foreign assistance and get something in return in this country for the food, fiber, and technology that we are sending to more than 100 countries around the world. We are in need of strategic metals in order to keep our highly industrialized nation going. It is vitally important that we receive something in return for the foreign assistance that we are giving away. We have $2.6 billion in the bill today.

Mr. Chairman, I hope the Members will support the amendment.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Ohio (Mr. MILLER) which would permit the United States to enter into exchange or barter arrangements with recipients or prospective recipients of foreign aid provided by this country.

I support this amendment for two reasons. First of all, I believe it makes the bill more politically palatable to our constituents; second, I believe it provides our Government with more options and greater flexibility than the existing language of the bill which provides for a study of this issue to be submitted to the Congress no later than March 31 of next year.

Every Member of this body is aware of the fact that the constituency for foreign aid is small, and has been rapidly declining, not only in our districts but also right here in the Congress. The people of this Nation are legitimately concerned that we have accrued massive budget deficits in recent years. They are legitimately concerned that pressing domestic needs go unmet due to a lack of Federal funds to ameliorate these needs. More specifically, they are concerned that there are few tangible benefits resulting from the foreign aid program.

We in the Congress have the responsibility to seek new ways to derive benefits from our foreign aid programs, and to accomplish this goal in such a way that it is mutually beneficial to all countries involved.

This amendment would simply open the door to the consideration of barter arrangements by providing our Government with the authority to negotiate for such goals.

In other words, I interpret this amendment in its most limited sense. The amendment specifically states that such barter arrangements are to be pursued "whenever it is in the national interest" and "to the maximum extent practicable." Those phrases imply, as I believe they must, that these arrangements would be considered on a case-by-case basis in accord with our needs, at a particular point in time for a particular strategic raw material, and in conjunction with all other relevant factors such as the effect such an arrangement would have on the prevailing market system, U.S. companies and their trade relations with these and other countries, and a host of other factors.

The language presently in the bill provides for a 3-month study of this concept. While such a study could provide broad guidelines which could be useful, I see no reason for delay, and I can think of no better way of gaining information on this subject than for us to jump in and try it out. Certainly no harm could come from a responsibly administered exploration of the possibilities—and the benefits—of such a program.

Consequently, I suggest that it is preferable to provide the President with the authority to enter into such arrangements and, permit such arrangements to be considered, as they would be anyway, on a case-by-case basis.

Finally, I would like to address myself to some of the concerns expressed by members of the Foreign Affairs Committee during consideration of Mr. MILLER's proposal. This amendment does not include quid pro quo language, and I would not support it if it did. Such language would imply that we were setting up a program for mutual aid between the poor and the wealthy in the name of foreign assistance from our country to poorer nations. However, it does permit this Nation to enter into barter arrangements with another nation which may be poor in health and population services, and underdeveloped in transportation, communication, and technical expertise, but rich in a resource or in resources which we need. Moreover, as I read the language of this amendment, it would permit us to provide aid in exchange not only for the direct transfer of resources but also for a guarantee of the purchase of certain resources on a preferred basis.

In other words, I see this amendment as providing a negotiating tool—an expression of the interest and the intent of the Congress to receive a "fair deal" from aid recipients who are in a position to provide it. I think that it is useful, at this juncture, to point out that much of our experience abroad in recent years has demonstrated to us that we are far from having the answers to the world's problems in general and to other countries in particular. Having had the humility to admit this to ourselves, we might take the next logical step, which is recognizing that other countries may well be able to assist us. This amendment provides a vehicle for such an exchange of assistance.

Mr. Chairman, I would like to call to the Members' attention the fact that, at the present time, this country is importing 96 percent of our aluminum, 85 percent of our asbestos, 77 percent of our tin, 52 percent of our zinc, 44 percent of our tungsten, 17 percent of our platinum, 74 percent of our nickel, 95 percent of our manganese, 26 percent of our lead, and 98 percent of our cobalt. In all, we import $19 billion and export $11 billion worth of raw materials annually, with the obvious adverse impact on our balance of payments.

For example, imports supplied 100 percent of U.S. 1973 demand for chromium, which is supplied by two major U.S. aid recipients—Turkey and the Philippines. We also imported 100 percent of our demand for the minerals strontium, cobalt, tantalum, and columbium, which are produced by combinations of aid recipients ranging from Brazil and Mexico to Canada and from Norway and Finland to Nigeria. All of these countries do now or have received U.S. aid.

More importantly, perhaps, is the fact that by the year 2000, according to the Brookings Institution, we will be totally dependent on foreign sources for 12 of the 13 basic raw materials used by our industries. •

I urge the Members to support this worthwhile amendment by Congressman MILLER.

Mr. WHALEN. Mr. Chairman, I rise, somewhat reluctantly, in opposition to this amendment.

I wish to point out that the committee this afternoon defeated a similar amendment. The Committee on Foreign Affairs also defeated an amendment of this nature in our deliberations. Instead, we directed a study; and as the chairman of the committee, the gentleman from Pennsylvania (Mr. MORGAN), pointed out earlier today, we will have a report on this study within the next few months.

Mr. Chairman, since this amendment has already been defeated once before, I urge its defeat again.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MILLER. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 244, noes 136, not voting 54, as follows:

[Roll No. 673]

AYES—244

Abdnor
Adams
Alexander
Andrews, N.C.
Andrews, N. Dak.
Archer
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Bevill
Biaggi
Blackburn
Blatnik
Boggs
Bowen
Breaux
Brinkley
Brooks
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conlan
Conte
Coughlin
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dorn
Downing
Dulski
Duncan
du Pont
Edwards, Ala.
Esch
Evins, Tenn.
Findley
Flowers
Flynt
Foley
Fountain
Frenzel
Frey
Froehlich
Fuqua
Gaydos
Gettys
Gilman
Ginn
Gross
Grover
Gubser
Gunter
Guyer
Haley
Hammerschmidt
Hanley
Hanrahan
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hillis
Hinshaw
Hogan
Holt
Horton
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, Okla.
Jones, Tenn.
Jordan
Kemp
Ketchum
King
Koch
Kyros
Lagomarsino
Landgrebe
Landrum
Latta
Leggett
Long, La.
Long, Md.
Lott
Lujan
McCollister
McCormack
McDade
McEwen
McKinney
Madigan
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Melcher
Milford
Miller
Minish
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Mosher
Moss
Murphy, Ill.
Myers
Nelsen
Nichols
O'Brien
Owens
Pettis
Peyser
Pike
Poage
Preyer
Price, Tex.
Quie
Quillen
Randall
Regula
Rinaldo
Roberts
Robinson, Va.
Roe
Rogers
Rose
Rostenkowski
Roush
Rousselot
Roy
Runnels
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Sebelius
Shipley
Shoup
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stubblefield
Stuckey
Sullivan
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Ullman
Veysey
Waggonner
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Winn
Wolff
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zion
Zwach

NOES—136

Abzug
Addabbo
Anderson, Calif.
Anderson, Ill.
Annunzio
Armstrong
Ashley
Aspin
Badillo
Bell
Bergland
Biester
Bingham
Boland
Bolling
Brademas
Bray
Breckinridge
Brown, Calif.
Brown, Mich.
Burke, Calif.
Burton, John
Cederberg
Chamberlain
Chisholm
Clark
Clay
Collins, Ill.
Conyers
Corman
Cotter
Culver
Danielson
Dellenback
Dellums
Diggs
Dingell
Donohue

Drinan
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.
Fascell
Flood
Ford
Forsythe
Fraser
Frelinghuysen
Fulton
Gibbons
Gonzalez
Green, Pa.
Gude
Hamilton
Hanna
Harrington
Hawkins
Helstoski
Hicks
Holtzman
Hosmer
Johnson, Calif.
Jones, Ala.
Kastenmeier
Kazen
Lehman
McClory
McCloskey
McFall
McKay
Macdonald
Madden
Mahon
Mallary
Meeds
Metcalfe
Mezvinsky
Michel
Mink
Mitchell, Md.
Moakley
Morgan
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nix
Obey
O'Neill
Patman
Patten
Pepper
Perkins
Pickle
Price, Ill.
Pritchard
Railsback
Rangel
Reid
Reuss
Rhodes
Riegle
Robison, N.Y.
Roncalio, Wyo.
Rooney, Pa.
Rosenthal
Roybal
Ryan
St Germain
Sarbanes
Schroeder
Seiberling
Sisk
Stanton, J. William
Stark
Stokes
Studds
Talcott
Thompson, N.J.
Udall
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waldie
Whalen
Williams
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wyatt
Yates
Young, Ga.
Zablocki

NOT VOTING—54

Arends
Barrett
Brasco
Burke, Fla.
Burton, Phillip
Camp
Carey, N.Y.
Clancy
Collier
Conable
Davis, Wis.
Eshleman
Fish
Fisher
Giaimo
Goldwater
Goodling
Grasso
Gray
Green, Oreg.
Griffiths
Hansen, Idaho
Hansen, Wash.
Hays
Hébert
Holifield
Howard
Johnson, Colo.
Jones, N.C.
Karth
Kluczynski
Kuykendall
Lent
Litton
Luken
McSpadden
Mathias, Calif.
Mills
Minshall, Ohio
O'Hara
Parris
Passman
Podell
Powell, Ohio
Rarick
Rees
Rodino
Roncallo, N.Y.
Rooney, N.Y.
Shriver
Stanton, James V.
Teague
Tiernan
Wyman

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. All time has expired.

Mr. ASHBROOK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. ASHBROOK. Mr. Chairman, will those Members who have amendments at the desk have a minute for time to present their amendments?

The CHAIRMAN. Those Members who have amendments at the desk may present their amendments. Those who have amendments which were printed in the RECORD will be recognized for 5 minutes in support of their amendments.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: I move to strike on page 13, line 21 the figure "$154,400,000" and insert in lieu thereof "$139,000,000."

Mr. ASHBROOK. Mr. Chairman, my amendment's thrust is very simple. It will reduce by 10 percent the funds available under this section and thereby bring total U.S. contributions to the U.N. closer to that 25-percent figure which has been supported by so many in this body. If I had my way, I would reduce it to a nominal $1,000,000, but I know that is not the temper of the House.

The United Nations has been showing its lack of regard for its own principles and charter while expecting the United States to pick up the bill. In recent weeks the U.N. Security Council turned down an attempt to expel South Africa from the organization. Under the charter only the Security Council has that power. However, the U.N. General Assembly was not to be bound by these rules and regulations. To get rid of South Africa the General Assembly told the members of the South African delegation that they could no longer address the General Assembly nor participate in its committees.

As U.S. Ambassador John Scali charged, the ouster of South Africa for its racial policies was in clear violation of the U.N. Charter. Only the Security Council can vote to expel a member and only on the grounds of nonadherence to the principles of the charter. Expulsion of a member because of its internal policies—such as was done by the General Assembly—is prohibited.

In addition, the U.N. General Assembly managed to end the traditional freedom of speech that used to exist in that body. This was done by a ruling that no country's representative could speak more than once during debate. While allowing each Arab member to speak, Israel could only speak once during debate to defend itself. This came after a speech by a leader of the Palestine Liberation Organization—PLO—calling for the liquidation of Israel.

The leader of the PLO, Yasir Arafat, was greeted with wild jubilation. He addressed the Assembly wearing a pistol. His organization has been responsible for the deaths of many innocent civilians by its acts of terror.

Over the years the U.N. has seemed to pay less and less attention to its own founding principles. Three years ago the U.N. expelled the Republic of China on Taiwan from membership while admitting Red China.

There is a membership requirement in the U.N. Charter that states to be admitted must be "peace loving." The Republic of China obviously fitted that requirement. I, for one, did not think Red China did. Nonetheless, the Chinese on Taiwan were expelled—expelled by the votes of countries of which a majority had less population than Taiwan itself.

Another example of what I am talking about is last year's action in the U.N.'s Committee on Colonialism. This committee by a vote of 12 to 2 called on the United States to "refrain from taking any measures which might obstruct the full and free exercise by the people of Puerto Rico of their inalienable right to self-determination and independence."

In numerous elections the people of Puerto Rico have turned their backs on independence. The U.N. Committee on Colonialism seems to think that it knows better than the people of Puerto Rico themselves what they want.

All these U.N. activities are bad enough in themselves. What is even worse is that the United States, through its contributions, allows all this to happen. If the members of the U.N. were not so sure that the United States would always bail them out of financial jams, they might allow more reason to enter their decisions.

The American people have been telling us that they are tired of excessive Government spending, that they are tired of giving money to foreign countries and international organizations who show no gratitude. We can send a message to the United Nations by approving my amendment.

It is time for the U.N. to get other countries to pick up the tab. Other countries are so quick to express themselves in the ways I have mentioned. Let them start paying the bill.

A recent estimate states that 92 of the 138 members of the U.N. owe $204 million in back dues. The Soviet Union and its two other "republics" owe $110 million alone. Additionally, numerous of these countries, including the Soviet Union, refuse to contribute to other U.N. programs. The result is that the United States continually bails the U.N. out. It is time to stop. It is time to start putting American interests first.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. DAN DANIEL

Mr. DAN DANIEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAN DANIEL: At the end of the bill add a new section as follows:

"Notwithstanding any other provisions of this Act, total contributions authorized herein to the United Nations or to any segment or subdivision of this world organization shall not exceed $156,148,000."

Mr. DAN DANIEL. The purpose of this amendment is simple and straightforward. It is to maintain the U.S. contributions to the United Nations agencies at the same level it is estimated will be spent for 1974. The bill as proposed authorizes an increase of 24 percent. There are two reasons why I believe such a reduction is in order—one fiscal; the other, philosophical.

First, I can see no excuse whatsoever for increasing the funds we will turn over to an international body for its agencies when we are being asked to trim expenses on domestic programs. I cannot understand being asked to "bite the bullet," "tighten the belt," or any of the other timeworn cliches while we prop up this tower of Babel on the banks of the East River.

This money is not stuffed away in some corner over at the Treasury Department. It is not something left over, uncommitted, and available to be used at will. It is money which the Government will go into the tight money market and compete for against small business and the individual.

We will be told that the additional funds are needed because of inflation—that it is necessary to maintain that body in its current style. Well, who is going to maintain the American people in a like style? While inflation is at work on the United Nations budget, that same inflation is eating away at the income of the people each of us represents. Shall we say to these people, "Do not worry about it; we will take care of you in the same way we took care of the U.N."?

Second, there is the matter of philosophy. While we do not have the right to dictate internal policy to the United Nations, neither do we have the responsibility to continually increase our contributions to that body when we are its favorite target for abuse.

Actions the United Nations has taken recently leave grave questions as to that body's maturity.

Three times last month the United Nations displayed a meanness of temperament unbecoming an organization dedicated to peace in the world.

By denying South Africa's credentials, they avoided a confrontation they knew they could not win in the Security Council, and through a back-door approach achieved the ouster of one of the most diligent and conscientious members.

In a two-pronged action—permission for a Palestinian terrorist to address the U.N., then a vote to give observer status to the terrorist organization—they established a precedent of according tacit recognition of statehood to nonexistent bodies.

These are not the actions of a responsible, deliberative body. They are the actions of a mob bent on having its way at the expense of its own reputation for diplomacy and statesmanship.

The amount spelled out in this amendment, $156,148,000, exceeds the amount authorized by section 302(a) for international organizations and programs. Its purpose is not to restrict any specific portion of the amounts provided to the United Nations. Rather, it is intended to set an upper limit on the amount of funds the United States will provide for all purposes to be spent by the United Nations.

Adoption of this amendment could save the American taxpayer $37,552,000. I ask for an affirmation vote—to do otherwise is to reward irresponsibility.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. DAN DANIEL).

The amendment was rejected.

AMENDMENT OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. ALEXANDER: Page 30, after line 12, insert the following new section: Countries Delinquent in Loan or Credit Repayments to the United States.
>
> SEC. 35. It is the sense of the Congress that any country receiving assistance under the Foreign Assistance Act of 1961 which is in default, at least 90 days prior to the date of enactment of this Act, of any payment of principal or interest due on any loan or credit received from the United States shall promptly pay all such principal and interest. It is further the sense of the Congress that the President shall promptly enter into negotiations with each such country to help effectuate the payment of such principal and interest, or to effectuate the transfer by such country to the United States of goods, services, concessions, or actions beneficial to the United States, in lieu of the payment of such principal and interest.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, it has been the foreign policy of this great Nation to help others in need. None can deny that we have marched side by side on the battlefields with our allies. Our brothers and sisters have died for the cause of peace. We have labored side by side with the citizens of the world's undeveloped nations in strengthening their economies.

And, we have taxed our citizens to help those countries torn by war and those whose development needs outstripped their available financial and technical resources.

Now, hostilities have ceased throughout most of our world. War-torn lands have been rebuilt. Many nations have made great strides toward development.

Today we find our Nation in a state of financial need. Not for loans from foreign friends. But for the repayment of just debts.

U.S. assistance helped heal the war-torn land of Iran. We have recently witnessed the offer of the Shah to invest more than $200 million to bail out Lockheed from its financial bind. This offer is, in effect, made with money generated by an Iranian economy rebuilt partially with American foreign aid. Iran now owes the United States more than $1 billion and is delinquent in its repayments more than $39.3 million.

My amendment is written in such a way that it applies only to countries which are benefiting under the Foreign Assistance Act of 1961 in order to avoid a "point of order." Nevertheless, its adoption should be an indisputably clear indication to the President and to the countries with past due debts owed to the people of this Nation that those debts are to be paid now and that future payments are to be made on time.

After 4 years of hearings by my Subcommittee on Foreign Operations it is my considered opinion that the State Department lacks the determination to represent the best interests of American taxpayers in the collection of foreign debts.

If all the foreign debts now delinquent were paid at this time it would balance the budget and have a dramatic effect on the sliding value of the dollars.

A document titled "Delinquent International Debts Owed to the United States, mid-1974 Progress Review" prepared in June by my subcommittee shows that as of Decmber 31, 1973, 161 foreign nations and 11 foreign organizations owed the American people $33,819,176,000. One hundred and eight of these countries and five of the institutions were at least 90 days overdue in their repayments, excluding $20 billion in World War I debts, at that time. The past due payments totalled $753,245,151.

Our sense of responsibility to humanity must be no less than in the past, but it must be tempered strongly by a sense of duty to help take the siphon of an inflated economy out of the pocketbooks of our citizens through an injection of foreign dollars provided us in repayment of just and due debts.

Passage of this amendment will help make it clear that as the United States intends to keep its commitments to other nations it intends that they keep their commitments to the people of the United States. And, it will help relieve the inflationary pressures now stifling our citizens.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I intended to offer an amendment to the Foreign Assistance Act of 1964. It stated the sense of Congress that the people of Northern Ireland should be permitted to exercise the right of self-determination unless a clear majority of all the people of Northern Ireland choose to the contrary in a free and open plebiscite. However, since the Parliamentarian advised me it is not germane and hence out of order, I would like to speak to the subject for the RECORD.

Life today in Northern Ireland continues to be a living nightmare. Conditions in this nation over the past decade have represented one of the greatest living tragedies of modern history. The sectarian violence between Catholics and Protestants in this nation have left more than 1,000 dead and has led to the direct rule of the British Government in Northern Ireland. The British have proven to be barbaric and ruthless rulers. They have stripped the citizens of Northern Ireland of their basic freedoms and civil rights. Allow me to cite three cases depicting conditions in Northern Ireland today as provided to me by the Association for Legal Justice in Belfast.

Mrs. Marie Moreland told her shocking story this way:

> At 3:00 a.m. the British Army called at my home to tell me that my husband was in the Royal Victorian Hospital . . . with only a couple of cuts and bruises. When I got to the hospital I discovered that Christopher's face was in shocking condition, and in fact he had suffered a broken jaw. What the Army did not tell me was that five of their armed soldiers had attacked my husband after they became engaged in a brief discussion on a street corner.

A young girl named Mary Allen of Belfast wrote:

> British soldiers broke in and awakened us at 4:45 a.m. Mammy in bed—told to get everyone out of bed—and Joseph (brother) was shoved up against the wall. They took him away and began to search the house—tore up the entire house and held the family until 8:15 a.m.—no one was allowed out.

> KATHLEEN DONNELLY OF BELFAST
>
> Yesterday morning I went up to the doctor's. On coming home I stopped at a friend's house to see her. I spent the day with my friend and when I arrived home, I discovered that the army had blown up my house. The

reason, they claimed was that they found explosives in my yard, and they had to blow them up because they could not be removed.

These and other even more heinous actions occur almost daily in Northern Ireland. A large amount of the basis for these actions comes from the Special Powers Act, perhaps the most repressive document ever written by a government which was imposed by the British in Northern Ireland several years ago.

I have long contended that the key to solving the problems on Northern Ireland rests on two conditions. The first is the removal of all British troops from Northern Ireland, the second is what I call for in my amendment, the right of the people of Northern Ireland to exercise the right of self-determination.

This legislation nobly addresses itself to the plight of other nations in the world where repressive practices against the citizenry is practiced such as in Chile and South Korea. What we will be doing with this amendment is showing our equal concern over the plight of the people of Northern Ireland and our desire to see the British Government relinquish their hold on this nation.

It is symbolic that we are considering this amendment a mere 1 day after the worldwide observance of Human Rights Day. This Nation has been recognized around the world as the true champion of the rights of oppressed persons. Passage of this amendment today will establish our reputation as the defenders of the rights of the oppressed people of Northern Ireland.

I feel ever so strongly about this issue. I have visited Northern Ireland and saw first hand the sufferings and anguish of the citizens and the destruction of the nation as a whole. These situations need correction. Passage of this amendment today will represent a significant victory for the Irish people who look to this Nation for help in their quest to regain a life of freedom and dignity for themselves and their children. I urge your support for this amendment not only for the sake of the people of Northern Ireland but for the cause of freedom for all men around the world.

Mr. **BROOMFIELD.** Mr. Chairman, will the gentleman yield?

Mr. **ALEXANDER.** I yield to the gentleman from Michigan.

Mr. **BROOMFIELD.** Mr. Chairman, I rise in strong support of this delinquent debt amendment to the foreign aid bill. For too long the United States has been lax in collecting overdue foreign debts.

This nagging problem was made clear to me several years ago when I requested the Foreign Operations and Government Information Subcommittee to conduct a followup investigation of a GAC report on delinquent postal debts owed the United States. The subcommittee report, and subsequent hearings, indicate that our debt situation is less than satisfactory, and adequate progress is not being made toward solving this dilemma.

Total debts owed our country are now close to the $60 billion mark. Of this amount, nearly $20 billion is overdue, most of it dating back to World War I. Over 100 countries are delinquent in their debt payments to our country.

These figures are extremely distressing, particularly in view of our present economic problems. Delinquent debts place an unfair burden on our economy and the American taxpayer at a time when we can ill afford such an extra burden.

The amendment before us deals specifically with those countries whose debts are delinquent under the Foreign Assistance Act of 1961. It simply states that the President should enter into negotiations with each country whose debt is overdue in an attempt to effectuate the payment of such debts.

According to Treasury Department figures, over $280 million in payments is overdue under this program, so we are not talking about a trivial amount. I would suggest to my colleagues that even if the amount were only $280 million the Government has an obligation to the American taxpayer to insure collection.

It seems to me that now, as we consider the Foreign Assistance Act of 1974, is a very appropriate time for Congress to express its concern and dismay over these delinquent debts, and to encourage the executive branch to give high priority to collecting such debts.

The time has come for the United States to impress upon foreign countries that American loans come from the taxpayers' pockets, and prompt repayment of these loans is expected by the American people, by the Congress, and by the Executive.

I would like to congratulate the gentleman from Arkansas (Mr. ALEXANDER), and the Foreign Operations and Government Information Subcommittee of which he is a member, for their diligent efforts in the area of delinquent debts. Their work has already resulted in the repayment or rescheduling of more than $125 million in delinquent debts since the subcommittee began studying the problem. But the bulk of the problem still exists, and I urge my colleagues to include this amount in the Foreign Assistance Act to encourage the administration to adopt a more aggressive program for the collection of overdue foreign debts.

Mr. **WOLFF.** Mr. Chairman, will the gentleman yield?

Mr. **ALEXANDER.** I yield to the gentleman from New York.

Mr. **WOLFF.** Mr. Chairman, I, too, rise in enthusiastic support of the gentleman's amendment. As the gentleman knows, I have been circulating a resolution for a number of years and have had as high as 246 Members of this House supporting resolution to collect the debts that are long overdue to this Nation. I urge my colleagues to support this amendment.

I take this time to ask the gentleman: As to overdue debts from World War I which are just, legal, and binding debts owed the United States; does this apply to them?

Mr. **ALEXANDER.** It does not only to avoid a point of order, but it should be clear to the President that it does not in any way forgive those debts and should not be interpreted so by this amendment.

Mr. **WOLFF.** I thank the gentleman.

Mr. **ALEXANDER.** Mr. Chairman, I ask for adoption of this amendment.

Mr. **MORGAN.** Mr. Chairman, I move to strike the appropriate number of words.

Mr. Chairman, this is a "sense" amendment. It applies only to countries receiving aid under the Foreign Assistance Act. It expresses the principle which everyone in the House really should uphold, namely, that countries owing us debt should repay the debt.

I want to point out that section 620 (q) of the Foreign Assistance Act, already in the act, requires suspension if a country is delinquent more than 6 months. This committee has actually, as the Committee on Foreign Aid, found this section has adequate controls and works very well.

The United States has never had to suspend, under section 620(q). Generally, the less developed countries receiving U.S. assistance have a good record of repaying their debts. Delinquencies have been very infrequent. Foreign aid debt payments have gone about $400 million a year.

There are, however, occasional difficulties and delays. Right now, with the world economic situation, because of oil prices and the oil squeeze and the increased cost of food and industrial goods, many countries are finding themselves in a pinch, like many Americans. The countries hurting the most are the poorest ones. Those are the ones we ought to be helping but we are hurting them with this amendment.

The solution to the problems brought about by world inflation is going to take some time. These problems are going to have to be worked out through international cooperation. For that reason, I have some reservations about this worthwhile amendment, and hope that it is not intended to cut off aid to those less able to cope with the oil and food price squeeze.

Mr. Chairman, the gentleman had this amendment drawn up in a wide range to include many of the larger debts. Some were not germane to the Foreign Assistance Act. Because it would be subject to a point of order, he now has applied it solely to debts under the Foreign Assistance Act. The amendment really does not do any serious damage to the bill, but I just want to say that it is repetitious because section 620(q) of the Act takes care of the same problem.

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The amendment was agreed to.

Mr. **UDALL.** Mr. Chairman, I support the Conte-Aspin-Esch amendment to the foreign aid authorization bill. I believe a ceiling on all U.S. aid to Cambodia is essential in helping to stop the war in that country and in helping to fight the war against inflation in this country.

Without this amendment, no real limit will be placed on U.S. aid to Cambodia. Instead, we will escalate strife there by providing funds for war. And we will do so at a cost to ourselves that we cannot afford, at a time when demands for national relief from recession cannot be ignored.

Mr. Chairman, if nothing else, the recent World Food Conference in Rome served as a reminder of misplaced priorities. We cannot continue to send vast sums of U.S. money for arms in Cambodia while advocating a cost-conscious policy toward hunger in South Asia and parts of Africa.

This amendment has been given wide support from a variety of organizations carrying a variety of ideological labels. The Senate bill adopted December 4 contains the same ceiling this amendment recommends. I join with supporters of this ceiling, and urge swift passage of this amendment.

Mr. BADILLO. Mr. Chairman, in the past I have consistently supported this country's foreign aid program, although I have had many serious reservations over some of its aims and objectives and, in certain instances, over the manner in which the program has been administered. I feel there has been a longstanding preoccupation with achieving short-term political goals and in mollifying opposition from overseas rather than attempting to aid in the establishment of a sound economic and social infrastructure upon which third world nations can base meaningful development. I do not believe the premises upon which our military assistance or foreign military sales programs are based are sound and feel they have helped to exacerbate international tensions rather than provide the security and economic/political stability which they theoretically seek.

I have carefully reviewed the report accompanying this measure and have particularly weighed the timely and very pertinent views of our colleague from Minnesota (Mr. FRASER). I share his concerns and would concur that the executive branch seems intent on pursuing its ill-considered policies, regardless of the sentiments and specific mandates of the Congress. Further, the able gentleman from Massachusetts (Mr. HARRINGTON) has very aptly noted that "our foreign policy is heavily militarized" and this fact is clearly reflected in the legislation before us.

While I am deeply troubled over a number of aspects of the program which this measure continues and remain highly dubious about a number of the assistance effort's purposes, I will vote in favor of H.R. 17234 because it contains provisions which may help to reduce tensions in the Middle East, which will aid the production of desperately needed food in developing countries, which provides for the participation of the Commonwealth of Puerto Rico in the Caribbean Development Bank and which, in certain instances, will aid in reasserting congressional authority in the country's foreign policy. I believe the positive aspects of this legislation, in the final analysis, outweigh the negative features.

Even though I will support this bill, I must once again express my strong opposition to the provision of assistance in any form to the Government of Syria, unless and until the Al-Assad regime ends the reign of terror being perpetrated against the Jewish minority in that land. A little more than a quarter of a century ago a thriving Jewish community of 30,000 existed in Syria. That number has dwindled to some 4,000 to 4,500 men, women, and children who have been subjected to some of the worse forms of discrimination, harassment, and abuse. Their travel within Syria is severely restricted and there is no freedom of emigration. They are under the constant surveillance of the secret police—the Muhabarat—and must carry identification cards with the word Jew marked on them.

In light of the treatment accorded to the Syrian Jewish community I cannot conceive even considering any form of assistance to that nation without first requiring that the Al-Assad government allow Jews to emigrate and to observe basic principles of human rights and human dignity in the treatment of minorities. I am encouraged by the attention which the Foreign Affairs Committee briefly gave to this pressing issue and am hopeful that the message is clearly received both in Damascus and in Foggy Bottom. Not only must full attention be given to the language authored by my good friend from the Bronx (Mr. BINGHAM) but the concurrent resolution veto process should be implemented—in order to carefully consider all aspects of any aid to Syria—if and when assistance is sought under the Special Requirements Fund.

On several occasions throughout the past 4 months a number of us have called attention to the fact that both the Foreign Assistance Act of 1961 and the Foreign Military Sales Act contain specific restrictions which prohibit the use of U.S. military equipment in the invasion of neutral nations. Inasmuch as Turkey has violated both the letter and spirit of these two laws, it has and continues to be ineligible to receive assistance. We must not compromise our principles or cave in to the entreaties of the Secretary of State. We must make clear that Turkish military forces must be removed from Cyprus before it can again be eligible to secure military aid. Simple justice and equity demand nothing less.

I am particularly disturbed, Mr. Chairman, that the administration has sought $578.3 million for aid to Cambodia for the current fiscal year, almost 70 percent of which is for military aid. It is inconceivable that the amount of American aid to Cambodia has soared from $8.7 million 5 years ago to over $700 million in 1974, an increase of more than 8,000 percent. The Indochina war continues unabated in Cambodia and the toll of deaths and injuries now amounts to some 2,000 persons weekly.

An amendment will be offered to place a specific ceiling on all forms of aid to Cambodia at $377 million, of which no more than $200 million may be used for military assistance. American involvement in further ill-conceived military misadventures in Southeast Asia must be curtailed and ended and I urge our colleagues to overwhelmingly support the amendment to be offered by Messrs. CONTE, ASPIN, and ESCH.

Mr. DIGGS. Mr. Chairman, as chairman of the House Subcommittee on Africa, I am particularly concerned with the continual use of food and development assistance, both loans and grants, as a political weapon by the United States. The inevitable outcome of such a policy is the inequitable allocation of our development assistance, so that the most needy nations—many of which are in Africa—are also those which receive the least aid. Careful examination of the facts reveals that political, as opposed to humanitarian factors, are the significant criteria governing the distribution of U.S. assistance. And, the very low priority afforded independent, majority-ruled Africa in U.S. policy is reflected in the miniscule share of our assistance which Africa receives.

In fact, the recent exchange of letters between myself and the Department of State regarding the allocation of Public Law 480, title I, food resources illustrates these points. In the November 12 communication, the Department actually states:

> Food is an important element in carrying out U.S. foreign policy initiatives such as those in the Middle East.

An analysis of those countries for which Public Law 480, title I programs were considered, as well as approved in the first half of fiscal year 1975, is even more revelatory. Of the 24 countries for which title I programs were considered, only 8—those 8 include: Bangladesh, Guinea, Haiti, India, Pakistan, Sri Lanka, Sudan, and Tanzania—are among the 32 which the United Nations—in conjunction with the World Bank and other international organizations—has listed as being most seriously affected by the worldwide economic crisis. And, only two—Guinea and Tanzania—are among the hard-pressed African countries, south of the Sahara.

Of those five countries with whom title I agreements to date in fiscal year 1975 have been signed, only one, Bangladesh, for which there has been a widespread public outcry, is on the most seriously affected list. And, not one is in sub-Saharan Africa. The other four—Cambodia, Chile, Egypt, Vietnam—whose agreements authorize a total of $163.5 million—the Bangladesh authorization is $32.6 million—are fully illustrative of our foreign policy priorities.

That U.S. policy emphasizes such political priorities to the detriment of the poorest countries in the world is deplorable.

In Africa, which has 20 of 32 most seriously affected countries, this policy can have serious consequences. This is of particular significance when one considers the increase in requirements for food imports faced by the drought-stricken countries, as well as the negative impact of the increased cost of food, fertilizer, and petroleum on the ability of these nations to effectively respond to the droughts. As indicated in a written statement by Dr. Samuel Adams, AID

Administrator for Africa, submitted for November 19, 1974, hearings of the Subcommittee on Africa, the drought-affected areas face severe balance of payments deficits.

My visit last year to the African Sahel clearly underlined that these countries in particular, which are on the edge of bankruptcy and are among the least-developed countries in the world, have in many cases made heroic efforts to fight against widespread economic and human disasters, but with inadequate technical, financial, and administrative resources. In this connection, it remains vital that the U.S. commitment to a major long-term African development program to assist in the efforts of the Sahelian countries to build up their resources be a major priority of the forthcoming Congress.

An examination of per capita U.S. bilateral assistance and U.S. contributions to regional banks—Department of State figures—indicate that a proportionate share of U.S. assistance is not going to the neediest nations, most of which are in Africa. Developing Africa, excluding South Africa, receives 82 cents per capita of this assistance; developing black Africa, excluding North and South Africa, 76 cents; developing nonoil producing black Africa, 92 cents; developing nonoil-producing Latin America, excluding Ecuador, Trinidad-Tobago, and Venezuela, $3.32; and, developing nonoil-producing Asia, excluding Indonesia, Iran, and Arab oil producers, $1.99.

With *specific* regard to the newly and prospectively independent former Portuguese territories in Africa, it is clear that development assistance is of urgent imimportance. This is particularly pressing in the case of Mozambique, which expects independence on June 25, 1975. The Department of Commerce in August 1974—just before establishment of the new government with significant Frelimo participation—indicated the following:

> Experiencing general economic malaise, aggravated by political uncertainties . . . Mozambique's short term economic outlook is poor. Major difficulties are: widespread labor unrest, which is disrupting production and important transportation services; rising inflationary pressures; an exodus of Portuguese and foreign skilled technicians and professionals, further depleting human resources; a deteriorating balance of payments leading to tighter import and currency; shortages of raw materials and tight credit in the industrial and civil construction sectors; and a profit squeeze in the commercial sector. Agriculture, on the other hand, should benefit from higher world and domestic prices.

It is my hope that in the coming year the United States will move forward with increased priority given to Africa's most pressing economic and humanitarian problems.

Mr. WOLFF. Mr. Chairman, as the House debates the Foreign Assistance Act, I wanted to interject a few words regarding our policy on the employment of U.S. citizens for projects financed by U.S. assistance funds. The laws governing our development assistance contain a preference for the use of U.S. goods and services. The Agency for International Development, I know, has a policy of using, to the extent possible, U.S. employees, at least on the supervisory and professional levels. As far as I know, however, Congress has never conducted any sort of study on the possibility of increasing use of U.S. labor for development projects overseas, consistent with the need to reduce our unemployment at home, and without jeopardizing our goal of helping developing nations to help themselves. I realize that, in many cases, we try to draw upon local labor in an effort to foster acceptance for and involvement in the development project. I do not feel, however, that this goal of self help need be wholly inconsistent with an effort to make greater use of our work force at home.

As my colleagues know, several sectors of the American economy are in critical straits, unemployment in these areas being considerably higher than the national average. A good example is the construction industry, where unemployment among the construction trades ranges above 12 percent. It is, in fact, closer to 30 percent in my own district on Long Island. AID financed some 200 construction and engineering projects overseas last year. These projects generally helped our balance-of-payments position, but often had no direct positive impact upon areas of labor surplus here at home, that is, the construction trades. I am sure that, in a number of cases, the recipient country could not provide the skilled laborers, like carpenters or electricians, required for the project.

I think it would be beneficial for the Congress to examine from where we secured this labor, whether or not we drew upon the resources here at home. The laws governing our development assistance direct the President to take into account the possible effects of development assistance loans upon the U.S. economy, "with special reference to areas of substantial labor surplus." We would be wise to examine whether this consideration is, in fact, being given to high unemployment sectors of our economy.

Mr. Chairman, in the past several years, as we have struggled with our own economic problems, many Americans have come to question the wisdom of our foreign aid program. While I feel it is important for us to continue to assist developing nations, I recognize the legitimacy of complaints that we spend billions to improve other nations' economies while our own economy flounders. I believe if we could insure the American people that our foreign aid is not only consistent with our humanitarian principles and in the interests of our security, but also in the interests of our economic stability, we would find greater acceptance and support for the type of programs we are considering today. To insure a greater return on the dollar we send abroad, we should consider utilizing to a greater degree the resources and talents we have at home.

Mr. DRINAN. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from New York (Mr. BINGHAM). The United Nations Educational, Scientific, and Cultural Organization—UNESCO—has long been one of the most successful organs of international cooperation created under the auspices of the United Nations. UNESCO has drawn upon many of the world's leading scholars to foster the exchange of ideas and knowledge and provide assistance in science, education, and culture to the world's developing nations. UNESCO has succeeded in the past because it has kept its commitment to humanitarian objectives free from the taint of political partisanship and factional strife.

The recent meeting of UNESCO's General Conference in Paris, however, produced a fundamental change in the character of the organization. The resolutions enacted which deny UNESCO aid and regional group membership to Israel are that Israel has failed to protect historical sites in Jerusalem, used to justify these resolutions, are repudiated by the reports of UNESCO's own investigators. By securing the adoption of these resolutions, the Arab enemies of Israel have transformed a humanitarian organization into a weapon of political propaganda.

This perversion of UNESCO's apolitical character constitutes a violation of its own charter which specifies "collaboration among the nations through education, science, and culture" as the organization's chief objective. UNESCO's action against Israel brought about an immediate response from leading scholars throughout the world, including Nobel laureates in the arts and sciences, who announced that they will no longer lend their talents to UNESCO's work. These scholars expressed no views on the political conflict in the Middle East; they merely deplored the misuse of an apolitical, humanitarian organization by any faction in this fashion.

I urge my colleagues to adopt that same position here today by supporting the amendment before us. I sincerely hope that UNESCO will repeal these political resolutions and return to its important work as a medium of international cooperation and humanitarian aid. But as long as this organization is being exploited as a political tool, in contravention of its mandate, the United States should express its strong disapproval by withholding financial support of UNESCO's programs.

Mr. BROWN of California. Mr. Chairman, I had intended to offer an amendment to set a spending ceiling on all U.S. assistance to South Vietnam. I believe this to be a prudent and necessary step if we are to have control over the amounts of aid we send to South Vietnam. A parliamentary situation exists, however, which precluded my offering this amendment.

My amendment would have done two things: set a spending ceiling on all U.S. assistance to South Vietnam, and attempt to deal with the increasing prostitution and politicalization of the food for peace program in South Vietnam which has continued to pervert the original objectives of this program. This kind of action would be instrumental in reducing only the amount of Public Law 480 assistance to South Vietnam from the

$125 million figure in the Senate-passed version to $40 million, without affecting the levels of military and economic assistance contemplated for South Vietnam.

Admirably, the administration has projected $19.5 million in the Public Law 480 program for the first 6 months of this fiscal year; this would then be followed with an equal amount for the second half of the year. This reduction by the administration has been made possible by a substantially increased rice harvest over last year's level—an increase in production of over 100,000 metric tons. Thus, a decrease in our level of participation in the food for peace program to South Vietnam is certainly in order, especially in light of the dire hunger situation that exists in many other countries.

The $85 million that would be freed could substantially aid in providing food relief for those countries most seriously affected by the world food crisis as recognized by the United Nations.

Congressional intent in placing limits on the amount of aid to South Vietnam has been consistently subverted by the administration. For the last fiscal year, almost half of the entire Public Law 480 program was diverted to support the war economies of South Vietnam and Cambodia. Tragically, as Senators HATFIELD and CLARK and others have observed, the U.S. food for peace program has turned out, in fact, to be food for war. This abuse by the administration would have been checked by this amendment and assured that this kind of abuse would not occur in the future.

Mr. Chairman, it is time for the U.S. Congress to not only assert its will in placing a limit to our aid to South Vietnam, but to direct our energies in the area of food assistance to those countries where starvation and famine is most prevalent. I urge my colleagues in conference to look favorably on a spending ceiling, and to especially make every effort to substantially reduce the amount of Public Law 480 assistance to South Vietnam.

Mrs. MINK. Mr. Chairman, I rise in support of the Fraser amendment which will provide that military assistance to South Korea not exceed $145 million, provided that if President Ford reports to Congress that South Korea's Government has made substantial progress toward restoring international standards of human rights, then the ceiling will be raised to $165 million. Military assistance authorized for South Korea in fiscal year 1974 was $175 million.

In foreign policy as in everything else, action speaks louder than words. Some would prefer that we reduce our moral outrage against the actions by the Government of South Korea to mere rhetoric.

I am assuming that during the recent visit to South Korea, President Ford conveyed to President Park Chung Hee, our violent objections to the denial of civil liberties, imprisonment, and death sentences imposed on his political opponents.

I have strong misgivings about military assistance in any case. Our Vietnam experience taught us there that unlimited military assistance provided no security whatsoever where the government had lost the respect and cooperation of its people. Military assistance instead helped then to isolate the government from the effective voice of the people.

Foreign aid which supports repression and denial of civil liberties in any part of the world makes a farce out of our commitment to freedom.

I believe the amendment to the Foreign Assistance Act which cuts the aid request to South Korea from $175 million to $145 million is a clear signal to South Korea of our concern. President Park ought to get the message quickly. I do not believe in meddling with the internal affairs of any nation; but we certainly should not be helping those whose policies we disapprove. I urge your vote of this amendment.

Mr. EDWARDS of California. Mr. Chairman, I rise in support of the amendment offered by my colleagues, Mr. CONTE, Mr. ASPIN, and Mr. ESCH, to place a $377 million ceiling on all American aid to Cambodia, with a limit of $200 million military aid.

I have long felt that the United States should discontinue, or at least drastically reduce, its massive expenditures in Cambodia and I firmly believe it is time that we reordered our foreign aid priorities. It makes no sense for the United States to support the Cambodian Government in its military activities when people are starving in Africa, Latin America, South Asia, and other parts of the world. There is no reason for the United States to bear 90 percent of the costs of the Cambodian Government when America is facing the greatest economic crisis since the Depression.

This amendment offers a decisive measure by which we can reduce the Federal budget and through which we can reverse our policy of continuing to fund the war in Southeast Asia. I strongly urge my colleagues to support this amendment.

Mr. GUDE. Mr. Chairman, the amendment, offered by Mr. FRASER of Minnesota, relating to South Korea represents something of a watershed for the American aid program because it brings clearly to the fore the fundamental issue of the purpose of our assistance efforts.

Throughout the history of our various foreign assistance programs we have viewed them as evidence of our high ideals and principles, our humanitarian concern, and our commitment to world economic development. Looking at our actual aid allotments, however, leads to the conclusion that we are more committed to military assistance in the name of stability and national security than we are to humanitarian aid. This foreign aid authorization now before us, for example, includes $1.735 billion out of a total of $2.643 billion in the three categories of security supporting assistance, military assistance programs, and military credit sales. This is almost two-thirds of the total. In this regard, it is also fair to point out that our extensive military aid programs have not produced stability. Our money in Vietnam, Cambodia, India, Pakistan, and the Middle East, including Cyprus, has still left war, destruction, and bitterness.

Efforts to reduce this proportion have been made in other amendments but the Korean case stands clear as a test of our commitment to human rights and freedoms. Several months ago when I first spoke on the Korean matter, I stated:

> Over the years the United States has given assistance to a wide variety of nations and governments all over the world, and I do not propose that we begin to provide assistance only to those nations which have governments like our own or only to those governments which agree with our policies. However, I do believe that there are certain fundamental human rights common to all peoples and that we have an obligation to be sensitive to the denial of those rights and reflect our concern in our aid policies. Countries which resort to terror and torture to suppress freedom of expression should certainly not be allowed to do so with our money.

Having studied the Korean situation in the intervening months, it is apparent to me that our assistance to South Korea has helped to produce a garrison state armed to the teeth against the threat of invasion from the North—a threat which is very real—and increasingly fortified against any expression of freedom by its citizenry. While South Korea has an average of 79 school-age children per teacher, it has 50 people for each soldier, a ratio which ranks it 10th in the world; the United States is 21st and North Korea is 2d, along with North and South Vietnam, Cambodia, Jordan, Israel, and Portugal. The nation spends more money on its military than on health and education combined.

Heavy military expenditures are understandable in a state with a threat to its national security, but I feel constrained to point out that in the Korean case, while the threat is external—from the North—available evidence indicates the government is spending an increasing portion of its time and resources on possible internal threats of subversion. While this seeing spies behind every door could be comical, it has in fact been tragic for the people of South Korea, who have witnessed a steady erosion of their freedoms and their right to participate freely in the political process. As I said last August, whether such an erosion occurs is fundamentally the responsibility of the Koreans and their government, but it is within our power to see that it does not take place with our money, and we must exercise that power.

The Fraser amendment does this judiciously. It does not cut off military aid—it merely restricts it to last year's level and requires Presidential certification on the human rights issue before more than 70 percent can be used. This is a reasonable restraint in terms of South Korea's security needs, and it will be an important signal to the Park government that this country is committed to human rights in fact as well as in word.

At this point in my remarks I would like to bring to my colleagues' attention some specific examples of the kind of repression going on in South Korea:

[From the New York Times, Nov. 26, 1974]

Seoul Says It Will Carry Out Execution of Seven Dissidents

(By Fox Butterfield)

SEOUL, SOUTH KOREA.—They came to the door before sunrise one day last April, saying they were workers from her husband's construction company. But a week after they took him away, Mrs. To Ye Jong read in the newspaper that her husband was in jail, accused of being the leader of a Communist spy group called the People's Revolutionary party.

For Mrs. To, a 45-year-old former schoolteacher, it was like reliving an old nightmare. In 1964 her husband was convicted on the same charge, and served three years in prison.

But this time Mr. To and six other men have been sentenced to be executed. According to Mrs. To and other relatives of defendants who were allowed to attend the closed military trial, the men testified that they had been tortured into making confessions and that they had not been permitted to call witnesses in their defense.

The wives of several of the defendants say that the men did not even know one another before their arrest.

The case, in which 21 men were found guilty, is one of the most bizarre in South Korea's history of political repression. It is also a critically important case, because the Government cited the People's Revolutionary party as the reason for President Park Chung Hee's emergency decrees last April cracking down on his opponents and banning all dissidence. The Government said that the group, acting under orders from the Communist Government in North Korea, had organized student demonstrations against Mr. Park.

CONVICTIONS LACK CREDIBILITY

A total of 203 persons, including South Korea's only living former President, a Roman Catholic bishop and the country's best known poet were convicted under the decree and an earlier one last winter. Without the vital link to North Korea allegedly provided by the People's Revolutionary Party, these convictions would have lacked even the little credibility they had.

Mr. Park has since lifted the decrees after the assassination of his wife in August, and higher courts have reduced the sentences of some of the students, clergymen and intellectuals convicted under them.

But an authoritative Government official said that Mr. Park would not commute the sentences of the members of the People's Revolutionary party and plans to have them executed.

Despite the severity of the penalties, few South Koreans have dared question the verdict in the case. An American Methodist missionary, George Ogle, who talked about the case during a meeting of the Korean National Council of Churches, was detained overnight by the South Korean Central Intelligence Agency and has been told that he may lose his visa.

The account that follows has been pieced together from the tangled statements of family members, who were warned not to talk about the case, a spokesman for the court-martial and other Government officials. No outsiders except one relative for each defendant were permitted to attend the court sessions inside the Ministry of National Defense.

There are many disputed points and unresolved puzzles in the case.

Although Government officials have said in interviews that four spies captured while infiltrating from North Korea had provided vital information on the People's Revolutionary party, they did not testify at the trial.

A spokesman for the Defense Ministry said that the prosecution did produce three other witnesses against the 21 defendants. But the spokesman added that "several" of these witnesses had also "testified for the defendants, because of conflicting statements made by them." Family members assert there were no witnesses for either the defense or the prosecution.

Much of the Government's evidence seems fragmentary. Against Mr. To, the prosecutors produced an unmarked envelope that had contained money for his maid, and three books, all printed in Seoul, including one by Kim Dae Jung, the opposition leader kidnapped from a Tokyo hotel room last year by the South Korean Central Intelligence Agency.

The Government's most important evidence, a spokesman for the Ministry of National Defense said, consisted of a speech broadcast on the radio by President Kim Il Sung of North Korea and copied down by one of the defendants, Ha Jae Wan. But relatives of the defendants asserted that the Government had not shown how these notes were related to the group's alleged effort to organize students and overthrow President Park.

While four of the wives said their husbands had testified that their confession had been extracted by torture, the Defense Ministry spokesman said, "at no time during the proceedings did the defendants say they had been tortured." The spokesman added that "pretrial investigations revealed they had been rather well treated."

As Mrs. Woo Hung Sun recalls her husband's testimony, he told the military judge: "I thought if they beat me any longer my heart would break. The C.I.A. agent who was torturing me was drunk, and he took my hand and forced me to sketch out a signature on the confession."

But Mrs. Woo says that when her husband, a bookkeeper, asked the judge to compare the signature with his real one, the judge replied, "Sit down and be quiet."

Mr. Woo, a 44-year-old wounded veteran of the Korean war, was sentenced to death. He had been convicted and given a suspended sentence in 1964. According to his wife, he knew only one of the other prisoners.

C.I.A. CHIEF HAD ROLE

There are other strange circumstances in the case. The present director of the Central Intelligence Agency, Shin Jik Soo, was South Korea's attorney general in 1964 in charge of prosecuting the earlier indictment against the People's Revolutionary party. The present head of the South Korea C.I.A.'s sixth bureau, in charge of this year's investigation was one of the main agents in the 1964 case.

In the earlier case, three of the four prosecutors, because of a lack of evidence, resigned rather than bring the men to trial. When only two of the 47 men arrested as members of the People's Revolutionary party in 1964 were convicted, the Government held a second trial using a different charge.

Thirteen men were found guilty in that second trial 10 years ago, and most of them have been under regular police surveillance since their release from prison.

Western intelligence specialists say that they believe there is a group called the People's Revolutionary party operating in South Korea and that it may have up to 60 small cells of three or four men each.

But these officials also say it is doubtful that many, if any, of those under arrest now are members of the actual People's Revolutionary party.

To Mrs. Ha Jae Wan, whose husband copied the speech of North Korea's President, the whole experience has been "like being hit by a hit-and-run driver."

When her husband, a brewery worker, told the judge that he had been tortured for three days in the basement of the C.I.A.'s headquarters and not allowed to sleep, one of the prosecutors shouted: "You obviously haven't been tortured enough."

Mr. Ha, who is 42, provided the government's only link between the People's Revolutionary party and the students in that eight years ago he had hired a student named Yoo Chong Nam to tutor his children. Mr. Yoo has been accused of having been the chief organizer of the student demonstrations. He was also sentenced to death.

As a result of Mr. Ha's conviction his five children have been physically mistreated or ostracized by their schoolmates, Mrs. Ha said. The eldest son, 18, had to drop out of high school after repeated fights in which he lost several teeth and received a bad gash on his forehead.

The youngest, a 3-year-old boy, was tied to a tree and beaten with sticks by classmates and his teachers in a kindergarten he attends.

Jon Chang Il, another of the defendants, was a native of North Korea who fled south in 1950 to escape the regimentation of his life working in a fertilizer factory. During the Korean war he served as an interpreter with the United States Army, and in recent years he had become a foreman for a construction company.

According to his wife, who is 40, Mr. Jon was not at all political. So she was surprised when he was taken away by police agents late one night last spring. Mr. Jon, who was not arrested in the 1964 case, received a life sentence.

Now Mrs. Jon is angry. An old Korean proverb says, "even the most humble insect writhes when you step on it," she said. "My husband was the kind of man who would have no idea what to do if you gave him the Government. How would he know how to overthrow it?"

Mr. NIX. Mr. Chairman, I intend to support H.R. 17234 on final passage because of essential programs contained in the bill for the defense and security of Israel, a nation founded by the world community as part of the settlement of the Second World War under the auspices of the United Nations.

I intend to support this bill because it will provide funds to aid the hungry and the destitute of the world.

I intend to support this bill because well over 22 significant amendments were adopted in committee which slashed administration requests by $609.4 million.

Other amendments will be offered cutting authorizations in the bill and I intend to support all reasonable amendments on the floor. It is my belief that we must be able to go to the country with legislation that involves the minimum of spending for foreign assistance compatible with a decent respect for our obligations abroad.

I believe in common with many of my colleagues on the committee that we must cut back our military assistance programs in favor of economic programs. Our program is so out of balance in this regard that we spend more in Cambodia than we do on the continent of Africa which faces the scourge of starvation.

The key issue facing the United States of America is how to maintain the support of the American people for our foreign policy at a time when we are subject to an economic recession at home. In this light it is important to face the need for lean foreign assistance legislation. The committee has made the attempt. Programs will be reduced in future legislation. As to this Congress and this bill, I can say that the committee has done excellent work in controlling spending for foreign assistance in a dangerous world.

I urge the support of the House for H.R. 17234.

Ms. ABZUG. Mr. Chairman, I support the amendment to withhold the U.S. contribution to UNESCO until it has repealed its recent political resolutions.

As a long-time supporter of the United Nations and its specialized agencies, I am very disappointed that this confusion of purpose has arisen. UNESCO was set up to facilitate educational, scientific, and cultural exchange and development. It was not authorized to make political decisions. If we permit such political manipulation of United Nations agencies, we will help to violate the very charter of the United Nations.

To exclude Israel from any of the five regional groupings is a highly discriminatory act. It is particularly ironic in view of the fact that Israel contributes more to UNESCO than it receives: In 1974, for instance, Israel's contribution was $111,000, and in 1973, around $98,000. During that biennial period Israel received only $24,000.

Our hope for the United Nations was that by working together on various needed projects, nations would come to understand each other. This is more than ever necessary for the tension-ridden Middle East. We must not allow the specialized agencies to make discriminatory decisions of this nature.

The CHAIRMAN. Are there further amendments?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Price of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 17234) to amend the Foreign Assistance Act of 1961, and for other purposes; pursuant to House Resolution 1468, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. GROSS. Without qualification, Mr. Speaker.

The SPEAKER. Without qualification, the gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. Gross moves to recommit the bill (H.R. 17234) to the Committee on Foreign Affairs with instructions to report the same back to the House forthwith with the following amendment:
>
> Page 14, strike out line 5 down through line 12 on page 15, and insert in lieu thereof the following new section:
>
> SECURITY ASSISTANCE AND HUMAN RIGHTS
>
> Sec. 15. Chapter 1 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:
>
> "Sec. 502B. Human Rights.—(a) For each fiscal year, after the date of enactment of this section, no security assistance may be obligated or expended for any country under this Act and no sale of any defense article or service (whether for cash or by credit, guaranty, or any other means) may be made to any country under the Foreign Military Sales Act until—
>
> "(1) the President certifies to the Congress that such country is not engaging in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the rights to life, liberty, and the security of the person; and
>
> "(2) the passage of thirty days after such certification under paragraph (1), during which the Congress does not adopt a concurrent resolution disapproving such certification.
>
> The certification under paragraph (1) shall occur within thirty days after the beginning of each fiscal year, except that for fiscal year 1975 such certification shall occur within 60 days after the date of enactment of this section.
>
> "(b) For purposes of this section, 'security assistance' means assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part, assistance under part V (Indochina Postwar Reconstruction) or part VI (Middle East Peace) of this Act, sales and guarantees of such sales under the Foreign Military Sales Act, and assistance for public safety under this Act."

The SPEAKER. Does the gentleman from Iowa desire to be heard on the motion to recommit?

Mr. GROSS. Mr. Speaker, I will take only a moment to explain. The language of this recommital motion is similar to that which I offered in the Committee of the Whole. There is, however, one important difference. I have taken into account the criticism made, in the absence of some qualifying language on human rights such as is contained in the committee bill. The language in the motion to recommit incorporates the language in the committee bill. I believe it ought to be acceptable to those who were of the opinion that the original language was deficient.

The SPEAKER. The Chair recognizes the gentleman from Pennsylvania (Mr. Morgan).

Mr. MORGAN. Mr. Speaker, I rise in opposition to the motion to recommit.

The motion to recommit is virtually the same as the amendment offered by the gentleman from Iowa (Mr. Gross) in the Committee of the Whole. The gentleman has incorporated some new language in order to qualify it, as he has said, but the proposal still would set up a huge Federal bureaucracy in order to make this procedure work.

Mr. Speaker, I am sure that the Members who listened to the debate in the Committee of the Whole cannot have their minds changed by the few qualifications the gentleman has put in here as section 1 and section 2.

At this time I yield to the gentleman from Minnesota, who is the author of most of the human rights legislation in the committee bill.

Mr. FRASER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, under different circumstances I would hope that this kind of proposal would get consideration, but the human rights language in the committee bill was worked out in consultation with representatives of the State Department. This represents an agreed upon position. While ordinarily I would like to go for stronger language than that which is contained here, I feel I am obligated to carry out the understanding and the agreement I entered into, and which the committee entered into. Therefore I must accept the language contained in the bill.

Mr. Speaker, under those circumstances, I support the language of the bill, and I will vote against the motion to recommit.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Speaker, I, too, oppose the motion to recommit, and I do so because I feel it would impose an intolerable burden upon the President of the United States. I have reference to the language found on page 14, starting on line 9, which allows the President to take action against any particular country which engages in egregious, gross violations of human rights.

The obligation that would be imposed by the motion to recommit would be quite contrary. It would require a certification with respect to any country that is to receive aid by this country. It would require a mandatory delay of 30 days while Congress mulls over whether they consider the certification accurate or not.

Mr. Speaker, I would suggest that if we want to concern ourselves with gross violations, we ought to single out a few individual countries and not all of them.

Mr. MORGAN. Mr. Speaker, the gentleman from Iowa in his motion to recommit would include the following language:

> The President certifies to the Congress that such country is not engaging in a consistent pattern * * *.

This is a real departure from the usual position taken by the gentleman from Iowa, because I have spent 20 long years listening to the gentleman criticize the Congress for giving up power to the executive and passing it on to the President. I am surprised to see this language offered by the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, this also gives the Congress veto power over anything the President may do.

Mr. MORGAN. Mr. Speaker, in the first paragraph here the gentleman includes the language: "The President certifies to the Congress * * *."

I have heard criticism from the gentleman from Iowa at least a hundred times on that very issue, and he now wants this language included.

Mr. GROSS. Mr. Speaker, I am simply trying to make a silk purse out of a sow's ear, that is all.

Mr. MORGAN. Mr. Speaker, I move the previous question on the motion to recommit.

The **SPEAKER.** Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The **SPEAKER.** The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. GROSS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

So the motion to recommit was rejected.

The **SPEAKER.** The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device; and there were—yeas 201, nays 190, not voting 43, as follows:

[Roll No. 674]

YEAS—201

Abzug
Addabbo
Alexander
Anderson, Ill.
Annunzio
Arends
Armstrong
Ashley
Aspin
Badillo
Baker
Bell
Bergland
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Brademas
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Mich.
Broyhill, Va.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Carney, Ohio
Cederberg
Chamberlain
Chisholm
Clark
Clay
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Dellenback
Dellums
Dennis
Derwinski
Diggs
Dingell
Donohue
Drinan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Fascell
Findley
Flood
Foley
Ford
Forsythe
Fraser
Frelinghuysen
Frenzel
Froehlich
Gilman
Gonzalez
Gray
Green, Pa.
Grover
Gubser
Gude
Guyer
Hamilton
Hanley
Hanna
Hanrahan
Harrington
Heckler, Mass.
Heinz
Helstoski
Hogan
Holtzman
Horton
Hosmer
Johnson, Pa.
Jones, Ala.
Jordan
Kluczynski
Koch
Kyros
Leggett
Lehman
Lent
Long, La.
Long, Md.
McClory
McCloskey
McDade
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mallary
Matsunaga
Mayne
Meeds
Metcalfe
Mezvinsky
Michel
Minish
Mink
Mitchell, Md.
Moakley
Moorhead, Pa.
Morgan
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nelsen
Nix
O'Brien
O'Neill
Parris
Patman
Patten
Pepper
Peyser
Preyer
Price, Ill.
Quie
Railsback
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Robison, N.Y.
Roe
Rooney, Pa.
Rosenthal
Rostenkowski
Roy
Roybal
Ryan
Sandman
Sarasin
Sarbanes
Schneebeli
Schroeder
Seiberling
Shoup
Smith, Iowa
Smith, N.Y.
Stanton, J. William
Stark
Steele
Steiger, Wis.
Stokes
Stratton
Symington
Teague
Thompson, N.J.
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Waldie
Ware
Whalen
Widnall
Wiggins
Williams
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Yates
Yatron
Young, Ga.
Young, Ill.
Zablocki
Zwach

NAYS—190

Abdnor
Adams
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Ashbrook
Bafalis
Bauman
Beard
Bennett
Bevill
Blatnik
Bowen
Bray
Brinkley
Brown, Calif.
Brown, Ohio
Broyhill, N.C.
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey, Tex.
Chappell
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conlan
Conyers
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Denholm
Dent
Devine
Dickinson
Dorn
Downing
Dulski
Duncan
Edwards, Ala.
Evins, Tenn.
Flowers
Flynt
Fountain
Frey
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Ginn
Gross
Gunter
Haley
Hammerschmidt
Harsha
Hastings
Hawkins
Hechler, W. Va.
Henderson
Hicks
Hillis
Hinshaw
Holt
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Lagomarsino
Landgrebe
Landrum
Latta
Lott
Lujan
McCollister
McCormack
McEwen
Mahon
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Mazzoli
Melcher
Milford
Miller
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Mosher
Moss
Murtha
Myers
Natcher
Nichols
Obey
Owens
Perkins
Pettis
Pickle
Pike
Poage
Price, Tex.
Pritchard
Quillen
Randall
Rarick
Roberts
Robinson, Va.
Rogers
Roncalio, Wyo.
Rose
Roush
Rousselot
Runnels
Ruppe
Ruth
St Germain
Satterfield
Scherle
Sebelius
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Snyder
Spence
Staggers
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Stephens
Stubblefield
Stuckey
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Treen
Veysey
Vigorito
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Charles H., Calif.
Wylie
Young, Alaska
Young, Fla.
Young, S.C.
Young, Tex.
Zion

NOT VOTING—43

Barrett
Brasco
Burke, Fla.
Burton, Phillip
Camp
Carey, N.Y.
Clancy
Collier
Conable
Davis, Wis.
Eshleman
Fish
Fisher
Giaimo
Goldwater
Goodling
Grasso
Green, Oreg.
Griffiths
Hansen, Idaho
Hansen, Wash.
Hays
Hébert
Holifield
Howard
Jones, N.C.
Kuykendall
Litton
Luken
McSpadden
Mathias, Calif.
Mills
Minshall, Ohio
O'Hara
Passman
Podell
Powell, Ohio
Rodino
Roncallo, N.Y.
Rooney, N.Y.
Tiernan
Wilson, Bob
Wyman

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Minshall of Ohio for, with Mr. Fisher against.

Mr. Barrett for, with Mr. Hays against.

Mr. Giaimo for, with Mr. Burke of Florida against.

Mr. Howard for, with Mr. Camp against.

Mr. O'Hara for, with Mr. Eshleman against.

Mr. Fish for, with Mr. Passman against.

Mr. Rodino for, with Mr. Powell of Ohio against.

Mr. Rooney of New York for, with Mr. Roncallo of New York against.

Mr. Conable for, with Mr. Davis of Wisconsin against.

Mr. Carey of New York for, with Mr. Clancy against.

Mr. Tiernan for, with Mr. Wyman against.

Mrs. Griffiths for, with Mr. Goldwater against.

Mr. Collier for, with Mr. Jones of North Carolina against.

Mr. Holifield for, with Mr. Litton against.

Mrs. Grasso for, with Mr. McSpadden against.

Until further notice:

Mr. Hébert with Mr. Luken.

Mr. Hansen of Idaho with Mrs. Hansen of Washington.

Mr. Bob Wilson with Mr. Kuykendall.

Mr. Mathias of California with Mrs. Green of Oregon.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT WITH REGARD TO TURNING IN EXTENSIONS OF REMARKS

Mr. BRADEMAS. Mr. Speaker, as the Members know, it is required under the rule that any extensions of remarks be sent to room H132 by 9 o'clock. Due to the lateness of the hour, that time will be extended until 10:30.

THE FOREIGN ASSISTANCE ACT OF 1974

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3394

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1974".

FOOD AND NUTRITION

SEC. 2. Section 103 of the Foreign Assistance Act of 1961 is amended—

(1) by inserting the subsection designation "(a)" immediately before "In";

(2) by striking out "$291,000,000 for each of the fiscal years 1974 and 1975" and inserting in lieu thereof "$291,000,000 for the fiscal year 1974, and $530,000,000 for the fiscal year 1975"; and

(3) by adding at the end thereof the following:

"(b) **The Congress finds that, due to rising world food, fertilizer, and petroleum costs, human suffering and deprivation are growing in the poorest and most slowly developing countries. The greatest potential for significantly expanding world food production at relatively low cost lies in increasing the productivity of small farmers who constitute a majority of the nearly one billion people living in those countries. Increasing the emphasis on rural development and expanded food production in the poorest nations of the developing world is a matter of social justice as well as an important factor in slowing the rate of inflation in the industrialized countries. In the allocation of funds under this section, special attention should be given to increasing agricultural production in the countries with per capita incomes under $300 a year and which are the most severely affected by sharp increases in worldwide commodity prices.**

"(c) Of the total amount obligated under this Act during any fiscal year after fiscal year 1975 to procure fertilizers for, and to provide such fertilizers to, foreign countries, not more than one-third of such amount may be obligated with respect to South Vietnam."

POPULATION PLANNING

Sec. 3. The Foreign Assistance Act of 1961 is amended as follows:

(1) In section 104, strike out "$145,000,000 for each of the fiscal years 1974 and 1975" and insert in lieu thereof "$145,000,000 for the fiscal year 1974, and $165,000,000 for the fiscal year 1975".

(2) In section 292, strike out "$130,000,000" and insert in lieu thereof "$150,000,000".

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

Sec. 4. Section 105 of the Foreign Assistance Act of 1961 is amended by striking out "$90,000,000 for each of the fiscal years 1974 and 1975" and inserting in lieu thereof "$90,000,000 for the fiscal year 1974, and $92,000,000 for the fiscal year 1975".

DISPOSITION OF LOAN RECEIPTS

Sec. 5. Section 203 of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 203. Fiscal Provisions.—On and after July 1, 1975, none of the dollar receipts scheduled to be paid during any fiscal year from loans made pursuant to this part or from loans made under predecessor foreign assistance legislation are authorized to be made available during any fiscal year for use for purposes of making loans under chapter 1 of this part. All such receipts shall be deposited in the Treasury as miscellaneous receipts."

HOUSING GUARANTIES

Sec. 6. The Foreign Assistance Act of 1961 is amended as follows:

(1) In section 221, strike out "$305,000,000" and insert in lieu thereof "$405,000,000".

(2) In section 223(i), strike out "June 30, 1975" and insert in lieu thereof "June 30, 1976".

AGRICULTURAL CREDIT PROGRAMS

Sec. 7. (a) Title III of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended—

(1) by striking out the title heading and inserting in lieu thereof the following:

"TITLE III—HOUSING AND OTHER CREDIT GUARANTY PROGRAMS";

(2) by inserting immediately after section 222 the following new section:

"Sec. 222A. Agricultural and Productive Credit and Self-Help Community Development Programs.—(a) It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less-developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, cooperatives, and private nonprofit development organizations to make loans on reasonable terms to organized groups and individuals residing in a community for the purpose of enabling such groups and individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms and other handicraft aids.

"(b) To carry out the purposes of subsection (a), the agency primarily responsible for administering part I is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries assuring against loss of not to exceed 50 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed $15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.

"(d) The Inter-American Foundation shall be consulted in developing criteria for making loans eligible for guaranty coverage in Latin America under this section.

"(e) Not to exceed $3,000,000 of the guaranty reserve established under section 223 (b) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section or any guaranties previously issued under section 240 of this Act.

"(f) Funds held by the Overseas Private Investment Corporation pursuant to section 236 may be available for meeting necessary administrative and operating expenses for carrying out the provisions of this section through June 30, 1976.

"(g) The Overseas Private Investment Corporation shall, upon enactment of this subsection, transfer to the agency primarily responsible for administering part I all obligations, assets, and related rights and responsibilities arising out of, or related to the predecessor program provided for in section 240 of this Act.

"(h) The authority of this section shall continue until December 31, 1977.

"(i) Notwithstanding the limitation in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing excess local currency.

"(j) The President shall, on or before January 15, 1976, make a detailed report to the Congress on the results of the program established under this section, together with such recommendations as he may deem appropriate.";

(3) by striking out "section 221 or section 222" in section 223(a) and inserting "section 221, 222, or 222A" in lieu thereof;

(4) by striking out "this title" in section 223(b) and inserting "section 221 and section 222" in lieu thereof; and

(5) by striking out "section 221 or section 222" in section 223(d) and inserting "section 221, 222, 222A, or previously under section 240 of this Act" in lieu thereof.

(b) Title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended by striking out section 240.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Sec. 8. Section 302(a) of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1975, $150,000,000" and inserting in lieu thereof "for the fiscal year 1975, $186,900,000".

MILITARY ASSISTANCE AUTHORIZATIONS

Sec. 9. Section 504(a) of the Foreign Assistance Act of 1961 is amended by striking out "$521,500,000 for the fiscal year 1974" and inserting in lieu thereof "$550,000,000 for the fiscal year 1975".

SPECIAL AUTHORITY

Sec. 10. Section 506 of the Foreign Assistance Act of 1961 is repealed.

MILITARY ASSISTANCE AUTHORIZATIONS FOR SOUTH VIETNAM

Sec. 11. Section 513 of the Foreign Assistance Act of 1961 is amended as follows:

(1) Strike out "Thailand and Laos" in the caption and insert in lieu thereof "Thailand, Laos, and South Vietnam".

(2) At the end thereof add the following new subsection:

"(c) After June 30, 1976, no military assistance shall be furnished by the United States to South Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act."

EXCESS DEFENSE ARTICLES

Sec. 12. (a) Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 514. Limitation on the Grant of Excess Defense Articles.—(a) The aggregate original acquisition cost of excess defense articles ordered during the fiscal year 1975 under this chapter for foreign countries and international organizations shall not exceed $150,000,000.

"(b) The value of any excess defense article furnished under this chapter to a foreign country or international organization by any agency of the United States Government shall be considered to be an expenditure made from funds appropriated under section 504 of this Act. Unless such agency certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof (less amounts to be transferred under section 632(d) of this Act) shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is canceled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) the appropriation made under section 504 of this Act for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the appropriation made under section 504 of this Act for the current fiscal year, upon delivery of such article, if at the time of delivery the stock status of the article is determined in accordance with section 644 (g) or (m) of this Act to be nonexcess.

"(c) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery."

(b) Sections 8 and 11 of the Act entitled "An Act to amend the Foreign Military Sales Act, and for other purposes", approved January 12, 1971 (84 Stat. 2053), as amended, are repealed.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

Sec. 13. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended by section 12 of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 515. Stockpiling of Defense Articles for Foreign Countries.—(a) Notwithstanding any other provision of law, no funds, other than funds made available under this chapter or section 401(a) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, may be obligated for the purpose of stockpiling any defense article or war reserve material, including the acquisition, storage, or maintenance of any war reserve equipment, secondary items, or munitions, if such article or material is set *aside, reserved,* or in any way earmarked or intended for future use by any foreign country under this Act or such section.

"(b) The cost of any such article or material set aside, reserved, or in any way earmarked or intended by the Department of Defense for future use by, for, or on behalf of the country referred to in section 401(a) (1) of Public Law 89-367 (80 Stat. 37) shall be charged against the limitation specified in such section or any subsequent corresponding legislation, for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked or intended; and the cost of any such article or material set aside, reserved, or in any way earmarked or intended for future use by, for, or on behalf of any other foreign country shall be charged against funds authorized under this chapter for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked. No such article or material may be made available to or for use by any foreign country unless such article or material has been charged against the limitation specified in such section, or any subsequent corresponding legislation, or against funds authorized under this chapter, as appropriate."

MILITARY ASSISTANCE ADVISORY GROUPS AND MISSIONS

Sec. 14. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended by sections 12(a) and 13 of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 516. Military Assistance Advisory Groups and Missions.—Effective July 1, 1975, an amount equal to each sum expended under any provision of law, other than section 504 of this Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under such section 504, and (1) if reimbursement of such amount is requested by the agency of the United States Government making the expenditure, reimbursed to that agency, or (2) if no such reimbursement is requested, deposited in the Treasury as miscellaneous receipts."

TERMINATION OF AUTHORITY

Sec. 15. (a) Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended by sections 12, 13, and 14 of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 517. Termination of Authority.—(a) (1) The President shall gradually reduce assistance (other than military training) provided under this chapter so that, not later than September 30, 1977, no assistance (other than military training) shall be provided under this chapter.

"(2) Paragraph (1) of this subsection shall not apply to funds obligated prior to October 1, 1977.

"(b) For each of the fiscal years 1975, 1976, and 1977, the President is authorized to finance procurements of defense articles and defense services (other than military training) by any foreign country receiving defense articles or defense services during fiscal year 1974 under this chapter on terms providing for payment to the United States Government in United States dollars (1) of the value of such articles and services which value shall not exceed during each such fiscal year the value of such articles and services (other than military training) furnished that country in fiscal year 1974 under this chapter, (2) at a rate of interest of not less than four per centum a year, and (3) within ten years after delivery of the defense articles or rendering of the defense services.

"(c) (1) By not later than September 30, 1977, all the functions of a military assistance advisory group, a military mission, or other organization of the United States Government in a foreign country performing activities similar to any such group or mission, shall be transferred to the Chief of the United States Diplomatic Mission to that country. Upon the transfer of such functions, that group, mission, or organization, as the case may be, shall cease to exist.

"(2) On and after October 1, 1977, the total number of military attachés assigned or detailed to the United States Diplomatic Mission of a foreign country shall not exceed by more than twenty-five per centum the total number of military attachés authorized to be assigned or detailed to that mission on June 30, 1974.

"(3) On and after October 1, 1977, no military assistance advisory group, military mission, or other organization of the United States Government in a foreign country performing activities similar to any such group or mission, shall be established or continued unless such group, mission, or organization is authorized by law specifically for that country."

(b) Effective October 1, 1977—

(1) the heading of chapter 1 of part II of the Foreign Assistance Act of 1961 is amended to read as follows:

"Chapter 1—Providing Military Training";

(2) sections 501, 502A, 514, and 516, and subsection (g) of section 644 of the Foreign Assistance Act of 1961 are repealed;

(3) section 502 of the Foreign Assistance Act of 1961 is amended by striking out the caption "Utilization of Defense Articles and Services" and inserting in lieu thereof "Providing Military Training", by striking out of the text "Defense articles and defense services" and inserting in lieu thereof "Military training", and by striking out the last sentence;

(4) the heading of chapter 2 of part II of the Foreign Assistance Act of 1961 is amended to read as follows:

"Chapter 2—Military Training";

(5) chapter 2 of part II of the Foreign Assistance Act of 1961 is amended by striking out sections 503 through 505 and inserting in lieu thereof the following:

"Sec. 503. General Authority.—The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine, military training to any foreign country or international organization. Funds for such training shall be appropriated for each fiscal year pursuant to authorization for that fiscal year. After September 30, 1977, no such training shall be conducted outside the United States except by specific authorization of law.";

(6) section 511 of the Foreign Assistance Act of 1961 is amended by striking out of the section caption "Assistance" and inserting in lieu thereof "Training", and by striking out of the text "military assistance" and "such assistance" and inserting in lieu thereof "military training" and "such training", respectively;

(7) section 636(g) (1) of the Foreign Assistance Act of 1961 is amended by striking out "defense articles and defense services on a grant or sales basis" and inserting in lieu thereof "military training"; and

(8) section 644(m) of the Foreign Assistance Act of 1961 is amended by striking out subparagraph (1) and by striking out of subparagraphs (2) and (3) "nonexcess" wherever it appears.

TERMINATION OF MILITARY ASSISTANCE TO SOUTH KOREA

Sec. 16. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended by sections 12(a), 13, 14, and 15(a) of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 518. Termination of Military Assistance to South Korea.—(a) The total of (1) the amount of funds obligated under this chapter to furnish assistance to South Korea, and (2) the value of excess defense articles furnished to South Korea under this chapter, shall not exceed—

"(A) $91,500,000 during the fiscal year 1975;

"(B) $61,000,000 during the fiscal year 1976; and

"(C) $30,500,000 during the fiscal year 1977.

"(b) The aggregate total of credits extended, including participations in credits, and the principal amount of loans guaranteed under the Foreign Military Sales Act with respect to South Korea shall not exceed—

"(1) $42,450,000 during the fiscal year 1975;

"(2) $28,300,000 during the fiscal year 1976; and

"(3) $14,150,000 during the fiscal year 1977.

"(c) On and after October 1, 1977, no assistance shall be furnished South Korea under this chapter, and no credits, including participations in credits, shall be extended, and no loans shall be guaranteed, under the Foreign Military Sales Act with respect to South Korea. The preceding sentence shall not apply with respect to funds obligated prior to such date."

SECURITY SUPPORTING ASSISTANCE

Sec. 17. Section 532 of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1974 not to exceed $125,000,000, of which not less than $50,000,000 shall be available solely for Israel" and inserting in lieu thereof "for the fiscal year 1975 not to exceed $675,000,000".

TRANSFER BETWEEN ACCOUNTS

Sec. 18. (a) Section 610 of the Foreign Assistance Act of 1961 is amended as follows:

(1) In subsection (a), immediately after "any other provision of this Act", insert "(except funds made available under chapter 2 of part II of this Act)".

(2) Add at the end thereof the following new subsection:

"(c) Any funds which the President has notified Congress pursuant to section 653 that he intends to provide in military assistance to any country may be transferred to, and consolidated with, any other funds he has notified Congress pursuant to such section that he intends to provide to that country for development assistance purposes."

(b) Section 614 of such Act is amended by adding at the end of subsection (a) the following: "The authority of this section shall not be used to waive the limitations on transfers contained in section 610(a) of this Act.".

SUSPENSION OF MILITARY ASSISTANCE TO TURKEY

Sec. 19. Section 620 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(x) All military assistance, all sales of defense articles and services (whether for cash or by credit, guarantee, or any other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Government of Turkey shall be suspended on the date of enactment of this subsection unless and until the President determines and certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus.":

Provided. That the President is authorized to suspend the provisions of this section and said Acts if he determines that such suspension will further negotiations for a peaceful solution of the Cyprus conflict. Any such suspension shall be effective only until thirty days after the convening of the Ninety-fourth Congress, and only if, during that time, Turkey shall observe the cease-fire and shall neither increase its forces on Cyprus nor transfer to Cyprus any United States supplied implements of war.

ASSISTANCE TO GREECE

Sec. 20. Suspension 620 (v) of the Foreign Assistance Act of 1961 is repealed.

LIMITATION UPON ASSISTANCE TO OR FOR CHILE

Sec. 21. Notwithstanding any other provision of law, the total amount of assistance that may be made available for Chile under this or any other law during fiscal year 1975 may not exceed $55,000,000, none of which may be made available for the purpose of providing military assistance (including security supporting assistance, sales, credit sales, or guaranties or the furnishing by any means of excess defense articles or items from stockpiles of the Department of Defense).

RECONSTRUCTION, RELIEF, AND REHABILITATION

Sec. 22. (a) Section 639B of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following: "Notwithstanding any prohibitions or restrictions contained in this or any other Act, the President is authorized to furnish assistance on such terms and conditions as he may determine, for reconstruction and economic development programs in the drought-stricken nations of Africa."

(b) The Foreign Assistance Act of 1961 is amended by adding after section 639B a new section 639C as follows:

"Sec. 639C. Relief and Rehabilitation in Bangladesh and Cyprus.—(a) The Congress finds that the recent flooding in the People's Republic of Bangladesh, and the civil and international strife in the Republic of Cyprus, have caused great suffering and hardship for the peoples of the two Republics which cannot be alleviated with their internal resources. The President shall make every effort to develop and implement programs of relief and rehabilitation, in conjunction with other nations providing assistance, the United Nations, and other concerned international and regional organizations and voluntary agencies, to alleviate the hardships caused in these two nations.

"(b) Notwithstanding any prohibitions or restrictions contained in this or any other Act, the President is authorized to furnish assistance on such terms and conditions as he may determine, for disaster relief, rehabilitation, and related programs in the People's Republic of Bangladesh and the Republic of Cyprus."

(c) The Foreign Assistance Act of 1961 is amended by adding after section 639C, as added by subsection (b) of this section, the following new section:

"Sec. 639D. Disaster Relief and Rehabilitation.—Notwithstanding any prohibitions or restrictions contained in this or any other Act, the President is authorized to furnish assistance, on such terms and conditions as he may determine for disaster relief, rehabilitation, and related programs in the case of disasters that require large-scale relief and rehabilitation efforts which cannot be met adequately with the funds available for obligation under section 451 of this Act."

(d) The Foreign Assistance Act of 1961 is amended by adding after section 639D, as added by subsection (c) of this section, the following new section:

"Sec. 639E. Internationalization of Assistance.—Assistance for the purposes set forth in sections 639A, 639B, 639C, and 639D shall be distributed wherever practicable under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies."

ACCESS TO CERTAIN MILITARY BASES ABROAD

Sec. 23. (a) Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 659. Access to Certain Military Bases Abroad.—None of the funds authorized to be appropriated for foreign assistance (including foreign military sales, credit sales, and guaranties) under any law may be used to provide any kind of assistance to any foreign country in which a military base is located if—

"(1) such base was constructed or is being maintained or operated with funds furnished by the United States; and

"(2) personnel of the United States carry out military operations from such base;

unless and until the President has determined that the government of such country has, consistent with security authorized access, on a regular basis, to bona fide news media correspondents of the United States to such military base."

(b) Section 29 of the Foreign Assistance Act of 1973 is repealed.

PROHIBITING POLICE TRAINING

Sec. 24. (a) Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended by section 23(a) of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 660. Prohibiting Police Training.—(a) None of the funds made available to carry out this Act, and none of the local currencies generated under this Act, shall be used to provide training or advice, or provide any financial support, for police, prisons, or other law enforcement forces for any foreign government or any program of internal intelligence or surveillance on behalf of any foreign government within the United States or abroad.

"(b) Subsection (a) of this section shall not apply—

"(1) with respect to assistance rendered under section 515(c) of the Omnibus Crime Control and Safe Streets Act of 1968, or with respect to any authority of the Drug Enforcement Administration or the Federal Bureau of Investigation which related to crimes of the nature which are unlawful under the laws of the United States; or

"(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program.

Notwithstanding clause (2), subsection (a) shall apply to any renewal or extension of any contract referred to in such paragraph entered into on or after such date of enactment."

(b) Section 112 of such Act is repealed.

LIMITING INTELLIGENCE ACTIVITIES

Sec. 25. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended by sections 23(a) and 24 of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 661. Limitations Upon Intelligence Activities.—(a) No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency or any other agency of the United States Government for the conduct of operations in foreign countries pursuant to section 102(d)(5) of the National Security Act of 1947 (50 U.S.C. 403), other than operations intended solely for obtaining necessary intelligence. Notwithstanding the foregoing limitation, the President may authorize and direct that any operation in a foreign country be resumed, or that any other operation in a foreign country be initiated, and funds may be expended therefor, if but not before, he (1) finds that such operation is important to the national security, and (2) transmits an appropriate report of his finding, together with an appropriate description of the nature and scope of such operation, to the committees of the Congress having jurisdiction to monitor and review the intelligence activities of the United States Government.

"(b) The provisions of subsection (a) of this section shall not apply during military operations by the United States under a declaration of war approved by the Congress or an exercise of powers by the President under the War Powers Resolution."

WAIVER OF PROHIBITION AGAINST ASSISTANCE TO COUNTRIES ENGAGING IN CERTAIN TRADE

Sec. 26. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended by sections 24 and 25 of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 662. Waiver of Prohibition Against Assistance to Countries Engaging in Certain Trade.—Any provision of this Act or the Agricultural Trade Development and Assistance Act of 1954 which prohibits assistance to a country because that country is engaging in trade with a designated country may be waived by the President if he determines that such waiver is in the national interest and reports such determination to the Congress."

POLICY WITH RESPECT TO INDOCHINA

Sec. 27. (a) The Congress finds that the cease-fire provided for in the Paris Agreement on Ending the War and Restoring Peace in Vietnam has not been observed by any of the Vietnamese parties to the conflict. Military operations of an offensive and defensive nature continue throughout South Vietnam.

In Cambodia, the civil war between insurgent forces and the Lon Nol government has intensified, resulting in widespread human suffering and the virtual destruction of the Cambodian economy.

(b) The Congress further finds that continuation of the military struggles in South Vietnam and Cambodia are not in the interest of the parties directly engaged in the conflicts, the people of Indochina, or world peace. In order to lessen the human suffering in Indochina and to bring about a genuine peace there, the Congress urges and requests the President and the Secretary of State to under take immediately the following measures:

(1) to initiate negotiations with representatives of the Soviet Union and the People's Republic of China to arrange a mutually agreed-upon and rapid de-escalation of military assistance on the part of the three principal suppliers of arms and material to all Vietnamese and Cambodian parties engaged in conflict;

(2) to urge by all available means that the Government of the Khmer Republic enter in negotiations with representatives of the Khmer Government of National Union for the purpose of arranging an immediate ceasefire and political settlement of the conflict; and to use all available means to establish contact with the Khmer Government of National Union and to urge them to participate in such negotiations. The United States should urge all Cambodian parties to use the good offices of the United Nations or a respected third country for the purpose of bringing an end to hostilities and reaching a political settlement;

(3) to utilize any public or private forum to negotiate directly with representatives of the Democratic Republic of Vietnam, the Provisional Revolutionary Government, and the Republic of Vietnam to seek a new ceasefire in Vietnam and full compliance with the provisions of the Paris Agreement on Ending the War and Restoring Peace in Vietnam, including a full accounting for Americans missing in Indochina;

(4) to reconvene the Paris Conference to seek full implementation of the provisions of the Agreement of January 27, 1973, on the part of all Vietnamese parties to the conflict; and

(5) to maintain regular and full consultation with the appropriate committees of the Congress and report to the Congress and the Nation at regular intervals on the progress toward obtaining a total cessation of hostilities in Indochina and a mutual reduction of military assistance to that area.

PRINCIPLES GOVERNING ECONOMIC AID TO INDOCHINA

SEC. 28. (a) Congress finds that, after expending over a billion dollars in funds for economic purposes in Indochina last year, and vast amounts in previous years, little in lasting economic benefit remains. A large proportion of the funds expended have been used for consumable items related to the war effort. Very little of our money has found its way into capital investments of a lasting productive benefit to the people. Congress calls upon the President and Secretary of State to take immediately the following actions designed to maximize the benefit of United States economic assistance:

(1) to organize a consortium to include multilateral financial institutions to help plan for Indochina reconstruction and development; to coordinate multilateral and bilateral contributions to the area's economic recovery; and to provide continuing advice to the recipient nations on the use of their own and outside resources;

(2) to develop, in coordination with the recipient governments, other donors, and the multilateral financial institutions, a comprehensive plan for Indochina reconstruction and economic development;

(3) to develop country-by-country reconstruction and development plans, including detailed plans for the development of individual economic sectors, that can be used to identify and coordinate specific economic development projects and programs and to direct United States resources into areas of maximum benefits;

(4) to shift the emphasis of United States aid programs from consumption-oriented expenditures to economic development;

(5) to identify possible structural economic reforms in areas such as taxation, exchange rates, savings mechanisms, internal pricing, income distribution, land tenure, budgetary allocations and corruption, which should be undertaken if Indochinese economic development is to progress;

(6) to include in Indochina economic planning and programing specific performance criteria and standards which will enable the Congress and the executive branch to judge the adequacy of the recipients' efforts and to determine whether, and what amounts of, continued United States funding is justified; and

(7) to provide humanitarian assistance to Indochina wherever practicable under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies with a minimum presence and activity of United States Government personnel.

(b) This section shall not be construed to imply continuation of a United States financial commitment beyond the authorization provided for in this Act or amendments made by this Act.

INDOCHINA POSTWAR RECONSTRUCTION

SEC. 29. Section 802 of the Foreign Assistance of 1961 is amended to read as follows:

"SEC. 802. AUTHORIZATION.—There are authorized to be appropriated to the President to furnish assistance for the relief and reconstruction of South Vietnam, Cambodia, and Laos as authorized by this part, in addition to funds otherwise available for such purposes, for the fiscal year 1974 not to exceed $504,000,000, and for the fiscal year 1975 not to exceed $617,000,000. Of the amount appropriated for fiscal year 1975—

"(1) $449,900,000 shall be available only for the relief and reconstruction of South Vietnam in accordance with section 806 of this Act;

"(2) $100,000,000 shall be available only for the relief and reconstruction of Cambodia in accordance with section 807 of this Act;

"(3) $40,000,000 shall be available only for the relief and reconstruction of Laos in accordance with section 808 of this Act;

"(4) $4,100,000 shall be available only for the regional development program;

"(5) $16,000,000 shall be available only for support costs for the agency primarily responsible for carrying out this part; and

"(6) $7,000,000 shall be available only for humanitarian assistance through international organizations. Such amounts are authorized to remain available until expended."

ASSISTANCE TO SOUTH VIETNAMESE CHILDREN

SEC. 30. Section 803 of the Foreign Assistance Act of 1961 is amended as follows:

(1) In subsection (a), strike out "rights, particularly children fathered by United States citizens" and insert in lieu thereof "rights".

(2) In subsection (b), immediately after the second sentence, insert the following: "Of the sums made available for South Vietnam under section 802(1) of this Act for fiscal year 1975, $10,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section."

LIMITATIONS WITH RESPECT TO SOUTH VIETNAM

SEC. 31. Part V of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 806. LIMITATIONS WITH RESPECT TO SOUTH VIETNAM.—(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of $1,274,900,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of South Vietnam. Of that amount, there shall be available during such fiscal year—

"(1) $700,000,000 for military assistance;

"(2) $125,000,000 only to carry out the Agricultural Trade Development and Assistance Act of 1954; and

"(3) $449,900,000 only for economic assistance of which there shall be available—

"(A) $90,000,000 for humanitarian assistance, of which there shall be available—

"(i) $70,000,000 for refugee relief;

"(ii) $10,000,000 for child care; and

"(iii) $10,000,000 for health care;

"(B) $154,500,000 for agricultural assistance, of which there shall be available—

"(i) $85,000,000 for fertilizer;

"(ii) $12,000,000 for POL (for agriculture);

"(iii) $6,000,000 for insecticides and pesticides;

"(iv) $10,000,000 for agricultural machinery and equipment (including spare parts);

"(v) $3,500,000 for agricultural advisory services;

"(vi) $20,000,000 for rural credit;

"(vii) $10,000,000 for canal dredging;

"(viii) $4,000,000 for low-lift pumps; and

"(ix) $4,000,000 for fish farm development;

"(C) $139,800,000 for industrial development assistance, of which there shall be available—

"(i) $124,000,000 for commodities;

"(ii) $10,000,000 for industrial credit; and

"(iii) $5,800,000 for industrial advisory services (including feasibility studies);

"(D) $65,600,000 for miscellaneous assistance, of which there shall be available—

"(i) $47,900,000 for the service sector (including POL, machinery, equipment, and spare parts); and

"(ii) $17,700,000 for technical services and operating expenses.

"(b)(1) No funds made available under paragraph (2) or (3) of subsection (a) may be transferred to, or consolidated with, the funds made available under any other paragraph of such subsection, nor may more than 20 per centum of the funds made available under subparagraph (A), (B), (C), or (D) of paragraph (3) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any such subparagraph.

"(2) Whenever the President determines it to be necessary in carrying out this part, any funds made available under any clause of subparagraph (A), (B), (C), or (D) of subsection (a) of this section may be transferred to, and consolidated with, the funds made available under any other clause of that same subparagraph.

"(3) The President shall fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of each transfer he intends to make under paragraph (1) or (2) of this subsection pror to making such transfer.

"(c) In computing the $1,274,900,000 limitation on obligational authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, for, or on behalf of South Vietnam in such fiscal year by gift, donation, loan, lease, or otherwise. For the purpose of this subsection, 'value' means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of South Vietnam but in no case less than 33⅓ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

"(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of South Vietnam in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

"(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of South Vietnam for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

"(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of South Vietnam during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

"(g)(1) Effective six months after the date of enactment of this section, the total number of civilian officers and employees, including contract employees, of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States present in South Vietnam shall not at any one time exceed four thousand, not more than two thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense. Effective one year after the date of enactment of this section, such total number shall not exceed at any one time three thousand, not more than one thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense.

"(2) Effective six months after the date of enactment of this section, the United States shall not, at any one time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eight hundred individuals in South Vietnam who are citizens of countries other than South Vietnam or the United States. Effective one year after the date of enactment of this section, the total number of individuals whose compensation or allowance is so paid shall not exceed at any one time five hundred.

"(3) For purposes of this subsection, 'executive agency of the United States Government' means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

"(4) This subsection shall not be construed to apply with respect to any individual in South Vietnam who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in South Vietnam.

"(h) This section shall not be construed as a commitment by the United States to South Vietnam for its defense."

LIMITATIONS WITH RESPECT TO CAMBODIA

SEC. 32. (a) Part V of the Foreign Assistance Act of 1961, as amended by section 31 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 807. LIMITATIONS WITH RESPECT TO CAMBODIA.—(a) Nothwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of $377,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Cambodia. Of that amount there shall be available—

"(1) $200,000,000 for military assistance;

"(2) $77,000,000 only to carry out the Agricultural Trade Development and Assistance Act of 1954; and

"(3) $100,000,000 only for economic assistance, of which there shall be available—

"(A) $20,000,000 for humanitarian assistance;

"(B) $63,000,000 for commodity import assistance;

"(C) $15,000,000 for multilateral stabilization assistance; and

"(D) $2,000,000 for technical support and participant training.

"(b) No funds made available under paragraph (2) or (3) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under any other paragraph of such subsection, nor may more than 20 per centum of the funds made available under any subparagraph of paragraph (3) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any other such subparagraph.

"(c) In computing the $377,000,000 limitation on obligation authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, for, or on behalf of Cambodia in such fiscal year by gift, donation, loan, lease or otherwise. For the purpose of this subsection, 'value' means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia but in no case less than 33⅓ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

"(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

"(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of Cambodia for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

"(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of Cambodia during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

"(g)(1) The total number of civilian officers and employees of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such members while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred.

"(2) The United States shall not, at any one time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eighty-five individuals in Cambodia who are citizens of countries other than Cambodia or the United States.

"(3) For purposes of this subsection, 'executive agency of the United States Government' means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

"(4) This subsection shall not be construed to apply with respect to any individual in Cambodia who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in Cambodia.

"(h) This section shall not be construed as a commitment by the United States to Cambodia for its defense."

(b) Sections 655 and 656 of such Act are repealed.

LIMITATIONS WITH RESPECT TO LAOS

SEC. 33. Part V of the Foreign Assistance Act of 1961, as amended by sections 31 and 32(a) of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 808. LIMITATIONS WITH RESPECT TO LAOS.—(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of $70,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Laos. Of that amount, there shall be available—

"(1) $30,000,000 for military assistance; and

"(2) $40,000,000 only for economic assistance, of which there shall be available—

"(A) $11,000,000 for humanitarian assistance;

"(B) $6,500,000 for reconstruction and development assistance;

"(C) $16,100,000 for stabilization assistance; and

"(D) $6,400,000 for technical support.

"(b) No funds made available under paragraph (2) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under paragraph (1) of such subsection, nor may more than 20 per centum of the funds made available under any subparagraph of paragraph (2) be transferred to, or consolidated with, the funds made available under any other such subparagraph.

"(c) In computing the limitations on obligation authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, for, or on behalf of Laos in such fiscal year by gift, donation, loan, lease, or otherwise. For the purpose of this subsection, 'value' means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Laos but in no case less than 33⅓ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

"(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Laos in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

"(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of Laos, for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

"(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of Laos during the preceding quarter by the United States Government and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

"(g) This section shall not be construed as a commitment by the United States to Laos for its defense."

POPULATION, NARCOTICS, INTERNATIONAL HUMANITARIAN AND REGIONAL PROGRAMS

SEC. 34. Part V of the Foreign Assistance Act of 1961, as amended by sections 31, 32(a), and 33 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 809. POPULATION, NARCOTICS, INTERNATIONAL HUMANITARIAN AND REGIONAL PROGRAMS.—The provisions of sections 806, 807, and 808 shall not apply to: (1) funds obligated for purposes of title X of chapter 2 of part I (programs relating to population growth); (2) funds made available under section 482 (programs relating to narcotics control); (3) funds made available under section 802(6) (humanitarian assistance through international organizations); or (4) funds obligated for regional programs."

TRANSFER OF FUNDS

SEC. 35. Part V of the Foreign Assistance Act of 1961, as amended by sections 31, 32 (a), 33, and 34 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 810. TRANSFER OF FUNDS. (a) The authority of section 610 of this Act shall not apply with respect to any funds made available to South Vietnam, Cambodia, or Laos.

"(b) Any funds made available under any provision of this or any other law for the purpose of providing military assistance for South Vietnam, Laos, or Cambodia may be transferred to, and consolidated with, any funds made available to that country for war relief, reconstruction, or general economic development."

MIDDLE EAST ASSISTANCE

SEC. 36. (a) The Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new part:

"PART VI

"SEC. 901. GENERAL AUTHORITY FOR ASSISTANCE TO THE MIDDLE EAST.—The President is authorized to furnish assistance authorized by this Act, and to provide credits and guaranties authorized by the Foreign Military Sales Act. Any such assistance, credits, and guaranties shall be provided in accordance with all the provisions applicable to that type of assistance under this Act and applicable to credits and guaranties under the Foreign Military Sales Act.

"SEC. 902. ALLOCATIONS.—(a) Of the funds appropriated to carry out chapter 2 of part II of this Act during the fiscal year 1975, not to exceed $100,000,000 may be made available for military assistance in the Middle East.

"(b) Of the funds appropriated to carry out chapter 4 of part II of this Act during the fiscal year 1975, not to exceed $667,500,000 may be made available for security supporting assistance in the Middle East.

"(c) Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act during the fiscal year 1975, not to exceed $330,000,000 shall be available for countries in the Middle East.

"SEC. 903. SPECIAL REQUIREMENTS FUND.—(a) There are authorized to be appropriated to the President for the fiscal year 1975 not to exceed $100,000,000 to meet special requirements arising from time to time in the Middle East for the purpose of providing any type of assistance authorized by part I of this Act, in addition to funds otherwise available for such purpose. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by this Act in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

"(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed on the programing and obligation of funds under subsection (a).

"(c)(1) Prior to obligating any amount for a project in excess of $1,000,000 from funds made available under this section, the President shall transmit a written report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the same day giving a complete explanation with respect to such proposed obligation. Each report shall include an explanation relating to only one project.

"(2) The President may make such obligation thirty days after the report has been so transmitted unless, before the end of the first period of thirty calendar days after the date on which the report is transmitted, a resolution is adopted disapproving the proposed obligation with respect to which the report is made.

"(3) Paragraphs (4) through (11) of this subsection are enacted by Congress—

"(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in the House in the case of resolutions described by this subsection; and they supersede other rules only to the extent that they are inconsistent therewith; and

"(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

"(4) For purposes of paragraphs (2) through (12) of this subsection, 'resolution' means only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the obligation for ——— and explained in the report transmitted to Congress by the President on ———, 19—.', the first blank space therein being filled with the name of the foreign country or organization on whose behalf the obligation is to be incurred, and the other blank spaces therein being appropriately filled with the date of the transmittal of the report; but does not include a resolution specifying obligations for more than one proposed project.

"(5) If the committee, to which has been referred a resolution disapproving a proposed obligation, has not reported the resolution at the end of ten calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the same obligation which has been referred to the committee.

"(6) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same proposed obligation), and debate thereon is limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(7) If the motion to discharge is agreed to, or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same obligation.

"(8) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to an obligation, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(9) Debate on the resolution is limited to not more than two hours, to be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(10) Motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an obligation, and motions to proceed to the consideration of other business, are decided without debate.

"(11) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an obligation are decided without debate.

"(12) If, prior to the passage by one House of a concurrent resolution of that House, that House receives from the other House a concurrent resolution of such other House, then—

"(A) the procedure with respect to the concurrent resolution of the first House shall be the same as if no concurrent resolution from the other House had been received; but

"(B) on any vote on final passage of the concurrent resolution of the first House the concurrent resolution from the other House shall be automatically substituted."

(b) Section 620(p) of such Act is repealed.

FOREIGN MILITARY SALES ACT AMENDMENTS

SEC. 37. (a) The Foreign Military Sales Act is amended as follows:

(1) Section 3(d) is amended to read as follows:

"(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned."

(2) Section 22 is amended by adding at the end thereof the following new subsection:

"(c) No sales of defense articles shall be made to the government of any economically developed country under the provisions of this section if such articles are generally available for purchase by such country from commercial sources in the United States."

(3) Section 23 is amended to read as follows:

"SEC. 23. CREDIT SALES.—The President is authorized to finance procurements of defense articles and defense services by friendly foreign countries and international organizations on terms requiring the payment to the United States Government in United States dollars of—

"(1) the value of such articles or services within a period not to exceed ten years after the delivery of such articles or the rendering of such services; and

"(2) interest on the unpaid balance of that obligation for payment of the value of such articles or services, at a rate equivalent to the current average interest rate, as of the last day of the month preceding the financing of such procurement, that the United States Government pays on outstanding marketable obligations of comparable maturity, unless the President certifies to Congress that the national interest requires a lesser rate of interest and states in the certification the lesser rate so required and the justification therefor."

(4) In subsections (a) and (b) of section 24, the parenthetical phrase in each is amended to read as follows: "(excluding United States Government agencies other than the Federal Financing Bank)".

(5) Section 24(c) is amended to read as follows:

"(c) Funds made available to carry out this Act shall be obligated in an amount equal to 25 per centum of the principal amount of contractual liability related to any guaranty issued prior to July 1, 1974, under this section. Funds made available to carry out this Act shall be obligated in an amount equal to 10 per centum of the principal amount of contractual liability related to any guaranty issued after June 30, 1974, under this section. All funds so obligated shall constitute a single reserve for the payment of claims under such guaranties and only such of the funds in the reserve as may be in excess from time to time of the total principal amount of contractual liability related to all outstanding guaranties under this section shall be deobligated and transferred to the general fund of the Treasury. Any guaranties issued hereunder shall be backed by the full faith and credit of the United States."

(6) Section 24 is amended by adding at the end thereof the following:

"(d) The President may guarantee under this section only those payments for any defense article or defensive service which are due within ten years after that defense article is delivered or that defense service is rendered, except that such guaranty may be made for not more than twenty years if the President certifies to Congress that the national interest requires that the period of guaranty be longer than ten years, and states in the certification the country or international organization on whose behalf the guaranty is to be made, the period of the guaranty, and the justification for the longer period."

(7)(A) At the end of chapter 1 add the following new section:

"SEC. 25. QUARTERLY REPORTS; CONGRESSIONAL APPROVAL.—(a) Not later than fifteen days after the end of each quarter, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report setting forth the total amount of cash sales from stock under section 21, contracts for the procurement of defense articles or defense services under section 22, credit sales under section 23 of this Act, and guaranties under section 24 of this Act made during the preceding quarter, and the country or international organization to which such sale, credit sale, or guaranty is made or expected to be made.

"(b)(1) The President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the same day a written statement giving a complete explanation with respect to any agreement or contract to sell or to extend credit or guaranties if—

"(A) the amount of such sale, credit sale, or guaranty exceeds $25,000,000; or

"(B) the amount of such sale, credit sale, or guaranty, when added to the amount of all the sales, credit sales, and guaranties made to that country or international organization in that fiscal year (including the amount of any sale, credit sale, and guaranty made to that country or international organization under a statement of waiver in accordance with subsection (c) of this section), causes the total amount of sales, credit sales, and guaranties made to that country in that year to exceed $50,000,000 for the first time.

Each such statement shall include an explanation relating to only one agreement or contract to sell or to extend credit or guaranties, and shall set forth—

"(i) the country or international organization to which the sale, credit sale, or guaranty is made;

"(ii) the amount of the sale, credit sale, or guaranty;

"(iii) in the case of a sale, a description of the defense article or service provided;

"(iv) the department, agency, or branch of the United States Armed Forces entering into such contract or agreement; and

"(v) the date of such agreement or contract.

"(2)(A) No sale, credit sale, or guaranty may be made under such agreement or contract until the end of the first period of thirty calendar days of continuous session of Congress after the date on which the statement is transmitted.

"(B) The President may make such sale, credit sale, or guaranty thirty days after the statement has been so transmitted unless, before the end of the first period of thirty calendar days of continuous session of Congress after the date on which the statement is transmitted, Congress adopts a concurrent resolution disapproving the sale, credit sale, or guaranty with respect to which the statement is made.

"(3) For purposes of paragraph (2) of this subsection—

"(A) the continuity of a session is broken only by an adjournment of the Congress sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day period.

"(c) The provisions of paragraph (2) of subsection (b) of this section shall not apply if the President transmits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a statement of waiver in which he certifies that an emergency exists which requires such waiver in the national security interests of the United States.

"(d) Subsections (a) through (m) of this section are enacted by Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in the House in the case of resolutions described by this section; and they supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

"(e) For purposes of subsections (d) through (m) of this section, 'resolution' means only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the (agreement, contract) for and explained in the statement transmitted to Congress by the President on , 19 .', the appropriate word within the parentheses being selected, the first blank space therein being filled with the name of the foreign country on whose behalf the sale, credit sale, or guaranty is made, and the other blank space therein being appropriately filled with the date of the transmittal of the statement; but does not include a resolution specifying more than one sale, credit sale, or guaranty.

"(f) If the committee, to which has been referred a resolution disapproving a sale, credit sale, or guaranty, has not reported the resolution at the end of ten calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the same sale, credit sale, or guaranty which has been referred to the committee.

"(g) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same sale, credit sale, or guaranty), and debate thereon is limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(h) If the motion to discharge is agreed to, or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same sale, credit sale, or guaranty.

"(i) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to a sale, credit sale, or guaranty, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(j) Debate on the resolution is limited to not more than two hours, to be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(k) Motions to postpone, made with respect to the discharge from committee, or to consideration of, a resolution with respect to a sale, credit sale, or guaranty, and motions to proceed to the consideration of other business, are decided without debate.

"(l) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a sale, credit sale, or guaranty are decided without debate.

"(m) If, prior to the passage by one House of a concurrent resolution of that House, that House receives from the other House a concurrent resolution of such other House, then—

"(1) the procedure with respect to the concurrent resolution of the first House shall be the same as if no concurrent resolution from the other House had been received; but

"(2) on any vote on final passage of the concurrent resolution of the first House the concurrent resolution from the other House shall be automatically substituted."

(B) Section 35(b) of such Act is repealed.

(8) In section 31—

(A) in subsection (a), strike out "$325,000,000 for the fiscal year 1974" and insert in lieu thereof "$450,000,000 for the fiscal year 1975"; and

(B) in subsection (b)—

(i) strike out "$730,000,000 for the fiscal year 1974" and insert in lieu thereof "$872,500,000 for the fiscal year 1975"; and

(ii) add at the end thereof the following new sentence: "Of the funds made available under subsection (a) of this section, $100,000,000 shall first be obligated with respect to financing the procurement of defense articles and defense services by Israel under section 23 of this Act, except that Israel shall be released from contractual liability to repay the United States Government for the defense articles and defense services so financed."

(b) Obligations initially charged against appropriations made available for purposes authorized by section 31(a) of the Foreign Military Sales Act after June 30, 1974, and prior to the enactment of the amendment of that Act by paragraph (5) of subsection (a) of this section in an amount equal to 25 per centum of the principal amount of contractual liability related to guaranties issued pursuant to section 24(a) of that Act shall be adjusted to reflect such amendment with proper credit to the appropriations made available in the fiscal year 1975 to carry out that Act.

POLITICAL PRISONERS

SEC. 38. Section 32 of the Foreign Assistance Act of 1973 is amended by adding at the end thereof the following new sentence: "Commencing with respect to 1974, the President shall submit annually to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a written report setting forth fully the steps he has taken to carry out this section."

GORGAS MEMORIAL INSTITUTE

SEC. 39. The first section of the Act entitled "An Act to authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial", approved May 7, 1928, as amended (22 U.S.C. 278), is amended by striking out "$500,000" and inserting in lieu thereof "$1,000,000".

INTERNATIONAL COMMISSION OF CONTROL AND SUPERVISION IN VIETNAM

SEC. 40. (a) There are authorized to be appropriated to the Department of State for fiscal year 1975 not to exceed $16,526,000 for payments by the United States to help meet expenses of the International Commission of Control and Supervision in Vietnam. Funds appropriated under this subsection are authorized to be made available for reimbursement to the Agency for International Development of amounts expended by the Agency during fiscal year 1975 as interim United States payments to help meet expenses of the International Commission of Control and Supervision.

(b) There are authorized to be appropriated to the Department of State not to exceed $11,200,000 for reimbursement to the Agency for International Development of amounts expended by the Agency for International Development to help meet expenses of the International Commission on Control and Supervision in fiscal year 1974.

(c) Reimbursements received by the Agency for International Development under this section may be credited to applicable appropriations of the Agency and shall be available for the purposes for which such appropriations are authorized to be used during fiscal year 1975.

POLICY ON ASSISTANCE TO AFRICA

SEC. 41. The President is requested to review the regional allocation of economic development assistance and to increase Africa's share of the Agency for International Development loans and grants. Per capita official development assistance to the developing countries of Africa, including both United States bilateral assistance and United States contributions to multilateral lending institutions, should be raised to a level at least equal to those for Asia and Latin America. A special effort should be made to provide more assistance to the sixteen of the world's twenty-five least developed countries that are in Africa and to the fourteen African nations that are judged to be most seriously affected by rising costs of food and fuel. The President is requested to make a report to Congress on action taken to provide the developing countries of Africa with an equitable share of United States economic assistance at the time that the Agency for International Development's operational year budget for fiscal year 1975 is submitted to Congress and again with the submission to Congress of the proposed Agency for International Development budget for fiscal year 1976.

POLICY ON THE INDEPENDENCE OF ANGOLA, MOZAMBIQUE, AND GUINEA-BISSAU

SEC. 42. (a)(1) Congress finds that the Government of Portugal's recognition of the right to independence of the African territories of Angola, Mozambique, and Guinea-Bissau marks a significant advance toward the goal of self-determination for all the peoples of Africa, without which peace on the continent is not secure.

(2) Congress finds that progress toward independence for the Portuguese Government and African leaders on the timing and nature of progress toward independence are being conducted with the aim of bringing permanent peace and stability to these countries and of guaranteeing the human rights of all their citizens.

(3) Congress finds that progress toward independence for the Portuguese African territories will have a significant impact on the international organizations and the community of nations.

(4) Congress commends the Portuguese Government's initiatives on these fronts as evidence of a reaffirmation of that Government's support for her obligations under both the United Nations Charter and the North Atlantic Treaty Organization.

(b) Therefore, Congress calls upon the President and the Secretary of State to take the following actions designed to make clear United States support for a peaceful and orderly transition to independence in the Portuguese African territories:

(1) An official statement should be issued of United States support for the independence of Angola, Mozambique, and Guinea-Bissau, and of our desire to have good relations with the future governments of the countries.

(2) It should be made clear to the Government of Portugal that we view the efforts toward a peaceful and just settlement of the conflict in the African territories as consistent with Portugal's obligations under the North Atlantic Treaty Organization partnership.

(3) The United States should encourage United Nations support for a peaceful transition to independence, negotiated settlement of all differences, and the protection of human rights of all citizens of the three territories.

(4) The United States should open a dialog with potential leaders of Angola, Mozambique, and Guinea-Bissau and assure them of our commitment to their genuine political and economic independence.

(5) The economic development needs of the three territories will be immense when independence is achieved. Therefore, it is urged that the United States Agency for International Development devote immediate attention to assessing the economic situation in Angola, Mozambique, and Guinea-Bissau and be ready to cooperate with the future governments in providing the kind of assistance that will help make their independence viable. In addition, the United States Government should take the initiative among other donors, both bilateral and multilateral, in seeking significant contribution of development assistance for the three territories.

(6) In light of the need of Angola, Mozambique, and Guinea-Bissau for skilled and educated manpower, a priority consideration should be given to expanding immediately current United States programs of educational assistance to the territories as a timely and substantive contribution to their independence.

(c) Reports should be submitted to the Congress on the implementation of the proposals set forth in subsection (b) and Congress should be kept fully informed on developments in United States policy toward the independence of the Portuguese African territories.

(d) Since it is in the national interest of the United States to maintain and strengthen close relations with the independent nations of Africa, the Congress believes the positive initiatives should be undertaken without delay.

CONVENTIONAL ARMS TRADE

SEC. 43. (a) It is the sense of the Congress that the recent growth in international transfers of conventional arms to developing nations—

(1) is a cause for grave concern for the United States and other nations in that in particular areas of the world it increases the danger of potential violence among nations, and diverts scarce world resources from more peaceful uses; and

(2) could be controlled progressively through negotiations and agreements among supplier and recipient nations.

(b) Therefore, the President is urged to propose to the Geneva Conference of the Committee on Disarmament that it considers as a high priority agenda item discussions among participating nations of that Conference for the purposes of—

(1) agreeng to workable limitations on conventional arms transfers; and

(2) establishing a mechanism through which such limitations could be effectively monitored.

(c) The President shall transmit to the Congress not later than six months after the enactment of this Act a report setting forth the steps he has taken to carry out this section.

CARIBBEAN DEVELOPMENT BANK

Sec. 44. (a) The President is authorized to transmit to the Carribbean Development Bank an instrument stating that the Commonwealth of Puerto Rico has the authority to conclude an agreement of accession with such bank and to assume rights and obligations pursuant to such agreement. However, such agreement shall be subject to the prior approval of the President.

(b) The instrument transmitted by the President to the Caribbean Development Bank under subsection (a) shall state that the United States shall not assume any financial or other responsibility for the performance of any obligation incurred by the Commonwealth of Puerto Rico pursuant to such agreement of accession or pursuant to any other aspect of its membership or participation in such bank.

(c) Such agreement of accession shall provide that the Commonwealth of Puerto Rico may not receive from the Carribbean Development Bank any funds provided to the bank by the United States.

EXPENSE OF UNITED STATES MEMBERSHIP IN UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

Sec. 45. No funds authorized to be appropriated under this or any other law may be made available to the United Nations Educational, Scientific, and Cultural Organization until the Secretary of State certifies that each resolution passed by such Organization not of an educational, scientific, or cultural character has been repealed.

LIMITATION ON CONTRIBUTIONS TO THE UNITED NATIONS

Sec. 46. Notwithstanding any other provisions of this Act, total contributions authorized herein to the United Nations or to any segment or subdivision of this world organization shall not exceed $165,000,000.

ASSISTANCE TO PORTUGAL AND PORTUGUESE COLONIES IN AFRICA GAINING INDEPENDENCE

Sec. 47. Part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"Chapter X—Assistance to Portugal and Portuguese Colonies in Africa Gaining Independence

"Sec. 496. Assistance to Portugal and Portuguese Colonies in Africa Gaining Independence.—(a) There are authorized to be appropriated to the President for the fiscal year 1975, in addition to funds otherwise available for such purposes, not to exceed—

"(1) $5,000,000 to make grants; and

"(2) $50,000,000 to make loans;

to remain available until expended, for use by the President in providing economic assistance, on such terms and conditions as he may determine, for Portugal and the countries and colonies in Africa which were, prior to April 25, 1974, colonies of Portugal. Of such assistance, not more than 50 per centum shall be furnished to Portugal.

"(b) It is the sense of the Congress that the new government in Portugal should be commended for its commitment to independence for Portuguese African colonies. The Congress declares it to be the policy of the United States to support the democratic experiment in Portugal, and the independent development of the nations emerging in Africa."

INTEGRATION OF WOMEN

Sec. 48. Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 305. Integration of Women.—The President is requested to instruct each representative of the United States to each international organization of which the United States is a member (including but not limited to the International Bank for Reconstruction and Development, the Asian Development Bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, and the Organization for Economic Cooperation and Development) to carry out their duties with respect to such organizations in such a manner as to encourage and promote the integration of women into the national economies of member and recipient countries and into professional and policymaking positions within such organizations, thereby improving the status of women."

POLICY WITH RESPECT TO COUNTRIES MOST SERIOUSLY AFFECTED BY FOOD SHORTAGES

Sec. 49. (a) The Congress finds that tight food availabilities throughout the world threatens the citizens of many countries with serious hunger and malnutrition. While in the past foreign policy considerations have represented a significant factor in the allocation of available food and fertilizer assistance, the current food emergency requires an immediate reordering of priorities under which such assistance is distributed worldwide. The United Nations has designated thirty-two countries as "Most Seriously Affected" by the current economic crisis. These are countries without the internal food production capability nor the foreign exchange availability to secure food to meet their immediate food requirements. The Congress calls upon the President and Secretary of State to take immediately the following actions designed to mobilize all appropriate resources to meet the food emergency:

(1) Immediately review and make appropriate adjustments in the level of programing our food and fertilizer assistance programs to make the maximum feasible volume of food and fertilizer available to those countries most seriously affected by current food shortages.

(2) Call upon all traditional and potential new donors of food, fertilizer, or the means of financing these commodities to immediately increase their participation in efforts to address the emergency food needs of the developing world.

(3) Make available to these most seriously affected countries the maximum feasible volume of food commodities, within appropriate regard to the current domestic price and supply situations.

(4) Maintain regular and full consultation with the appropriate committees of the Congress and report to the Congress and the Nation on steps which are being taken to meet this food emergency. In accordance with this provision, the President shall report to the Congress on the following: (A) a global assessment by country of food needs for fiscal year 1975, specifying expected food grain deficits by country and current arrangements for meeting such deficits; (B) currently planned programing of commodities under Public Law 480 by country and within such country, by volume and commodity and; (C) steps which are being taken to encourage other countries to increase their participation in food assistance or the financing of food assistance. Such report should reach the Congress within thirty days of enactment of this Act and should be supplemented quarterly for the remainder of fiscal year 1975.

(5) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of $350,000,000 during the fiscal year ending June 30, 1975, for the purpose of providing concessional food aid assistance, or in excess of $90,000,000 for the purpose of providing fertilizer under our foreign assistance programs, unless such funds are used to purchase commodities for countries "Most Seriously Affected" by the economic crisis as designated by the United Nations, or unless the President demonstrates to the appropriate committees of the Congress that the use of such funds to purchase food assistance is solely for humanitarian food purposes.

(6) The Congress calls upon the President to proceed immediately with the implementation of resolutions and recommendations adopted by the World Food Conference. The Congress firmly believes that it is incumbent upon the United States to take a leading role in assisting in the development of a viable and coherent world food policy which would begin the task of alleviating widespread hunger and suffering prevalent in famine-stricken nations. The President shall report to the Congress within ninety days of enactment of this Act on the implementation of the resolutions and the extent to which the United States is participating in the implementation of resolutions adopted at the World Food Conference.

MOTION OFFERED BY MR. MORGAN

The Clerk. Mr. Morgan moves to strike out all after the enacting clause of S. 3394 and insert in lieu thereof the provisions of H.R. 17234, as passed, as follows:

That this Act may be cited as the "Foreign Assistance Act of 1974".

TITLE I—MIDDLE EAST PEACE

ASSISTANCE TO THE MIDDLE EAST

Sec. 2. The Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new part:

"Part VI

"Sec. 901. Statement of Policy.—The Congress recognizes that a peaceful and lasting resolution of the divisive issues that have contributed to tension and conflict between nations in the Middle East is essential to the security of the United States and the cause of world peace. The Congress declares and finds that the United States can and should play a constructive role in securing a just and durable peace in the Middle East by facilitating increased understanding between the Arab nations and Israel, and by assisting the nations in the area in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace. It is the sense of Congress that United States assistance programs in the Middle East should be designed to promote mutual respect and security among the nations in the area and to foster a climate conducive to increased economic development, thereby contributing to a community of free, secure, and prospering nations in the Middle East.

"It is further the sense of Congress that none of the funds authorized by this Act should be provided to any nation which denies its citizens the right or opportunity to emigrate.

"Sec. 902. Allocations.—(a) Of the funds appropriated to carry out chapter 2 of part II of this Act, during the fiscal year 1975 up to $200,000,000 may be made available for military assistance in the Middle East, of which not less than $100,000,000 shall be made available for Israel.

"(b) Of the funds appropriated to carry out chapter 4 of part II of this Act, during the fiscal year 1975 up to $577,500,000 may be made available for security supporting assistance in the Middle East, of which not less than $250,000,000 shall be made available for Israel and not less than $250,000,000 shall be made available for Egypt.

"(c) Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act, during the fiscal year 1975 up to $230,000,000 shall be available for countries in the Middle East, of which not less than $200,000,000 shall be made available for Israel.

"SEC. 903. (a) SPECIAL REQUIREMENTS FUND.—There are authorized to be appropriated to the President for the fiscal year 1975 not to exceed $100,000,000 to furnish assistance under part I of this Act to meet special requirements arising from time to time in carrying out the purposes of this part, in addition to funds otherwise available for such purposes. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by such part in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

"(b) The President may only obligate or expend, for each foreign country or international organization, funds authorized under this section—

"(1) after he reports to the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate concerning (A) the name of such foreign country or international organization, (B) the amount of such funds to be made available to such country or organization, and (C) the purpose for which such funds are to be made available to such country or organization; and

"(2) unless the Congress, within thirty legislative days after receiving any report under paragraph (1), adopts a concurrent resolution stating in substance that it does not favor the provisions of the report provided by clauses (A), (B), and (C) of paragraph (1).

"(c) Of the amount authorized under subsection (a), not less than $6,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the Foreign Assistance Act of 1974. In determining such fair share, the President shall take into consideration the economic position of each such country. Such $6,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law."

PROHIBITIONS AGAINST FURNISHING ASSISTANCE

SEC. 3. Section 620(p) of the Foreign Assistance Act of 1961 is repealed.

NUCLEAR POWERPLANTS

SEC. 4. None of the funds authorized by this Act may be used to finance the construction of, the operation of maintenance of, or the supply of fuel for any nuclear powerplant in Israel or Egypt, which has been approved under an agreement for cooperation between the United States and either such country.

TITLE II—INDOCHINA AID

ASSISTANCE TO INDOCHINA

SEC. 5. Section 802 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 802. AUTHORIZATION.—(a) There are authorized to be appropriated to the President to furnish assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos as authorized by this part for the fiscal year 1974 not to exceed $504,000,000, and for the fiscal year 1975 not to exceed $575,400,000, which amounts are authorized to remain available until expended.

"(b) No assistance may be provided to South Vietnam, Cambodia, or Laos under part I (including chapter 4 of part II) of this Act. This prohibition may not be waived under section 614(a) of this Act or any other provision of law unless (1) the President, at least thirty days prior to the proposed waiver, submits to the Congress a statement containing the amount and source of the funds to be used under part I (including chapter 4 of part II), the use to which the funds are to be put, and his reasons for the use of the funds, and (2) during such thirty-day period the Congress does not by concurrent resolution disapprove the provision of such assistance.

"(c) The authority of section 610(a) of this Act may not be used to transfer funds into this part unless (1) the President, at least thirty days prior to the proposed transfer, determines and reports to the Congress that the transfer is important to the security of the United States and includes in his report the amount and source of the funds to be transferred, the use to which the funds are to be put, and his reasons why the transfer is important to the security of the United States, and (2) during such thirty-day period the Congress does not by concurrent resolution disapprove the transfer.

"(d) In addition to whatever funds may be made available under subsection (a) for the purposes of this subsection, there is also authorized to be appropriated $27,700,000 for United States contribution to the International Commission of Control and Supervision of the Vietnam Peace Agreement."

ASSISTANCE TO VIETNAMESE CHILDREN

SEC. 6. Section 803(b) of the Foreign Assistance Act of 1961 is amended by inserting after "fiscal year 1974, $5,000,000," the following: "and for fiscal year 1975, $10,000,000".

CEILING ON FERTILIZERS TO SOUTH VIETNAM

SEC. 7. (a) None of the moneys made available under the Foreign Assistance Act of 1961 may be used during fiscal year 1975 to procure agricultural fertilizers for, or to provide such fertilizers to, South Vietnam.

(b) During each fiscal year after fiscal year 1975, of the total amount obligated or expended for such fiscal year under the Foreign Assistance Act of 1961 to procure agricultural fertilizers for, or to provide such fertilizers to, foreign countries, not more than one-third of such amount may be obligated or expended to procure such fertilizers for, or provide such fertilizers to, South Vietnam.

TITLE III—OTHER FOREIGN ASSISTANCE ACT AMENDMENTS

FOOD AND NUTRITION AUTHORIZATION

SEC. 8. Section 103 of the Foreign Assistance Act of 1961 is amended by striking out "$291,000,000 for each of the fiscal years 1975 and 1975" and inserting "$291,000,000 for the fiscal year 1974, and $471,300,000 for the fiscal year 1975" in lieu thereof.

POPULATION PLANNING AND HEALTH AUTHORIZATION

SEC. 9. Section 104 of the Foreign Assistance Act of 1961 is amended by striking out "$145,000,000 for each of the fiscal years 1974 and 1975" and inserting "$145,000,000 for the fiscal year 1974 and $165,000,000 for the fiscal year 1975" in lieu thereof.

LIMITATION ON USE OF FUNDS

SEC. 10. Chapter 1 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 115. PROHIBITING USE OF FUNDS FOR CERTAIN COUNTRIES.—(a) None of the funds made available to carry out this chapter may be used in any fiscal year for any country to which assistance is furnished in such fiscal year under chapter 4 of part II (security supporting assistance), part V (assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos), or part VI (assistance for Middle East peace) of this Act.

"(b) The prohibition contained in subsection (a) may only be waived under section 614(a) of this Act or under any other provision of law—

"(1) if the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a statement containing (A) the amount of funds under this chapter to be made available which, but for such waiver, would have been prohibited from being made available, (B) the country for which such funds are to be made available, (C) the purpose for which such funds are to be made available for such country, and (D) the reason that funds from this chapter must be made available for such purpose; and

"(2) during the thirty-day period after the President submits such report, Congress does not pass a concurrent resolution stating in substance that it does not favor the proposed use of such funds.

"(c) This section shall not apply to funds made available under section 104 for purposes of title X of chapter 2 of this part (programs relating to population growth)."

AGRICULTURAL CREDIT PROGRAMS

SEC. 11. (a) Title III of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended—

(1) by deleting the title heading and inserting in lieu thereof the following:

"TITLE III—HOUSING AND OTHER CREDIT GUARANTY PROGRAMS";

(2) by inserting at the end of section 222 the following new section:

"SEC. 222A. AGRICULTURAL AND PRODUCTIVE CREDIT AND SELF-HELP COMMUNITY DEVELOPMENT PROGRAMS.—(a) It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less-developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, cooperatives, and private nonprofit development organizations to make loans on reasonable terms to oragnized groups and individuals residing in a community for the purpose of enabling such groups and individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms and other handicraft aids.

"(b) To carry out the purposes of subsection (a), the agency primarily responsible for administering part I is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries assuring against loss of not to exceed 50 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed $15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.

"(d) The Inter-American Foundation shall be consulted in developing criteria for making loans eligible for guaranty coverage in Latin America under this section.

"(e) Not to exceed $3,000,000 of the guaranty reserve established under section 223 (b) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section or any guaranties previously issued under section 240 of this Act.

"(f) Funds held by the Overseas Private Investment Corporation pursuant to section 236 may be available for meeting necessary administrative and operating expenses for carrying out the provisions of this section through June 30, 1976.

"(g) The Overseas Private Investment Corporation shall, upon enactment of this subsection, transfer to the agency primarily responsible for administering part I all obligations, assets, and related rights and responsibilities arising out of, or related to the predecessor program provided for in section 240 of this Act.

"(h) The authority of this section shall continue until December 31, 1977.

"(i) Notwithstanding the limitation in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing excess local currency.

"(j) The President shall, on or before January 15, 1976, make a detailed report to the Congress on the results of the programs established under this section, together with such recommendations as he may deem appropriate.";

(3) by deleting "section 221 or section 222" in section 223(a) and inserting "section 221, 222, or 222A" in lieu thereof;

(4) by deleting "this title" in section 223 (b) and inserting "section 221 and section 222" in lieu thereof; and

(5) by deleting "section 221 or section 222" in section 223(d) and inserting "section 221, 222, or 222A" in lieu thereof.

(b) Title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended by striking out section 240.

HOUSING GUARANTIES

Sec. 12. Section 223(i) of the Foreign Assistance Act of 1961 is amended by striking out "June 30, 1975" and inserting "June 30, 1976" in lieu thereof.

POPULATION GROWTH EARMARKING

Sec. 13. Section 292 of the Foreign Assistance Act of 1961 is amended by striking out "$130,000,000" and inserting "$150,000,000" in lieu thereof.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Sec. 14. (a) Section 302(a) of the Foreign Assistance Act of 1961 is amended by striking out the words "for the fiscal year 1975, $150,000,000" and inserting in lieu thereof "for the fiscal year 1975, $154,400,000".

(b) Section 302 of the Foreign Assistance Act of 1961 is further amended by adding at the end thereof the following new subsections:

"(g) Of the funds made available to carry out this chapter for fiscal year 1975, in addition to any other such funds to be made available for contributions to the International Atomic Energy Agency, not less than $500,000 shall be made available to such Agency as technical assistance in kind. (*Provided,* That a reasonable amount of funds authorized under this section shall be made available in fiscal year 1975 to strengthen international procedures which are designed to prevent the unauthorized dissemination or use of nuclear materials. The President shall report to the Congress not later than July 1, 1975, concerning actions taken by the United States to strengthen the procedures described under the preceding sentence.)

"(h) For each fiscal year, no funds authorized to be appropriated under the Foreign Assistance Act of 1961 may be obligated or expended for the United Nations Educational, Scientific, and Cultural Organization until the President certifies to the Congress that such Organization (1) has adopted policies which are fully consistent with its educational, scientific and cultural objectives, and (2) has taken concrete steps to correct its recent actions of a primarily political character."

SECURITY ASSISTANCE AND HUMAN RIGHTS

Sec. 15. Chapter 1 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 502B. Human Rights.—(a) It is the sense of Congress that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty, and the security of the person.

"(b) Whenever proposing or furnishing security assistance to any government falling within the provisions of paragraph (a), the President shall advise the Congress of the extraordinary circumstances necessitating the assistance.

"(c) In determining whether or not a government falls within the provisions of subsection (a), consideration shall be given to the extent of cooperation by such government in permitting an unimpeded investigation of alleged violations of internally recognized human rights by appropriate international organizations, including the International Committee of the Red Cross and any body acting under the authority of the United Nations or of the Organization of American States.

"(d) For purposes of this section, 'security assistance' means assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) of this part, assistance under part V (Indochina Postwar Reconstruction) or part VI (Middle East Peace) of this Act, sales under the Foreign Military Sales Act, or assistance for public safety under this or any other Act."

MILITARY ASSISTANCE

Sec. 16. (a) Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended as follows:

(1) In section 504(a), strike out $512,500,000 for the fiscal year 1974" and insert in lieu thereof "$745,000,000 for the fiscal year 1975, of which not less than $100,000,000 shall be made available for Israel".

(2) In section 504(a), strike out "(other than training in the United States)" and insert in lieu thereof "(other than (1) training in the United States, or (2) for Western Hemisphere countries, training in the United States or in the Canal Zone)".

(3) In section 506(a), strike out "the fiscal year 1974" in each place it appears and insert in lieu thereof "the fiscal year 1975".

(4) In section 513—

(A) Strike out "AND LAOS" in the section heading and insert ", LAOS, AND VIETNAM" in lieu thereof; and

(B) Add at the end thereof the following new subsection:

"(c) After June 30, 1975, no military assistance shall be furnished by the United States to Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act."

(b) Section 655 of the Foreign Assistance Act of 1961 is amended as follows:

(1) by striking out "$341,000,000" in subsection (a) and inserting "$377,000,000" in lieu thereof.

(2) by striking out "1972" in subsection (a) and inserting "1975. Of that sum, there shall be available no more than $200,000,000 for military assistance." in lieu thereof.

(3) by striking out "$341,000,000" in subsection (b) and inserting "$377,000,000" in lieu thereof.

(4) by striking out "1972" in subsection (b) and inserting "1975" in lieu thereof.

CONVENTIONAL WEAPONS TRANSFER

Sec. 17. Section 511 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"It is the sense of Congress that the President should develop and propose as soon as possible at the appropriate international forum a United States draft international agreement for regulating the transfer of conventional weapons among the governments of the world.".

SECURITY SUPPORTING ASSISTANCE

Sec. 18. Section 532 of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1974 not to exceed $125,000,000, of which not less than $50,000,000 shall be available solely for Israel" and inserting in lieu thereof "for the fiscal year 1975 not to exceed $585,000,000."

PROHIBITIONS ON AID TO NATIONS TRADING WITH NORTH VIETNAM

Sec. 19. Section 620 of the Foreign Assistance Act of 1961 is amended by inserting before the period in subsection (n) the following: ", unless the President determines that such loans, credits, guaranties, grants, other assistance, or sales are in the national interest of the United States".

ASSISTANCE TO GREECE

Sec. 20. Section 620(v) of the Foreign Assistance Act of 1961 is repealed.

SUSPENSION OF MILITARY ASSISTANCE TO TURKEY

Sec. 21. Section 620 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(x) All military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Government of Turkey shall be suspended on the date of enactment of this subsection unless and until the President determines and certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus.

SUSPENSION OF MILITARY ASSISTANCE TO CHILE

Sec. 22. Section 620 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(y)(1) Except as provided in paragraph (2), all military assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), and all licenses with respect to the transportation of arms, ammunition, and implements of war (including technical data relating thereto) to the Government of Chile under this or any other law shall be suspended for the period from the date of enactment of this subsection through the end of fiscal year 1975.

"(2) Notwithstanding the provisions of paragraph (1), training may be furnished pursuant to the Foreign Assistance Act of 1961 in the United States or the Canal Zone to members of the armed forces of Chile in an amount not to exceed $800,000 for fiscal year 1975.

"(3) The provisions of subsection (y)(1) shall cease to apply when the President reports to the Congress that the Government of Chile has made and is continuing to make fundamental improvements in the observance and enforcement of internationally recognized human rights: *Provided*, That the total amount of credits furnished or guaranteed under the Foreign Military Sales Act, and of any disposal of vessels made in accordance with section 7307 of title X of the United States Code, to Chile during fiscal year 1975 shall not exceed $10,000,000."

EXCESS DEFENSE ARTICLE VALUE IN ANNUAL REPORT

Sec. 23. Section 634(d) of the Foreign Assistance Act of 1961 is amended by striking *out* "including economic assistance and military grants and sales" and inserting in lieu thereof the following: "including economic assistance, military grants, and including for any such grant of any excess defense article, the value of such article (expressed in terms of its acquisition cost to the United States), and military sales".

FAMINE OR DISASTER RELIEF

Sec. 24. (a) Section 639 of the Foreign Assistance Act of 1961, dealing with famine or disaster relief, is amended to read as follows:

"Sec. 639. Famine or Disaster Relief.—Notwithstanding any other provision or this or any other Act, the President may provide famine or disaster relief assistance to any foreign country on such terms and conditions as he may determine. For fiscal year 1975 there is authorized to be appropriated not to exceed $40,000,000, to provide such assistance. The President shall submit quarterly reports during such fiscal year to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and to the Speaker of the House of Representatives on the programing and obligation of funds under this section."

(b) Of the funds appropriated to carry out section 639 of the Foreign Assistance Act of 1961, during fiscal year 1975 not less than $25,000,000 shall be made available to Cyprus for the purposes of such section 639.

(c) Section 451 of the Foreign Assistance Act of 1961, dealing with the contingency fund, is amended to read as follows:

"Sec. 451. Contingency Fund.—(a) There is authorized to be appropriated to the President for the fiscal year 1975 not to exceed $5,000,000, to provide assistance authorized by this part or by section 639 for any emergency purpose only in accordance with the provisions applicable to the furnishing of such assistance.

"(b) The President shall submit quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programing and obligation of funds under this section.

"(c) No part of this fund shall be used to pay for any gifts to any officials of any foreign government made heretofore or hereafter.".

CHANGE IN ALLOCATION OF FOREIGN ASSISTANCE

Sec. 25. Section 653 of the Foreign Assistance Act of 1961 is amended—

(1) by striking out all after the period at the end of the first sentence of subsection (a); and

(2) by redesignating subsection (b) as subsection (c) and by inserting immediately after subsection (a) the following new subsection:

"(b) Notwithstanding any other provision of law, no military grant assistance, security supporting assistance, assistance under chapter 1 of part I of this Act, or assistance under part V of this Act, may be furnished to any country or international organization in any fiscal year, if such assistance exceeds by 10 percent or more the amount of such military grant assistance, security supporting assistance, assistance under chapter 1 of part I of this Act, or assistance under part V of this Act, as the case may be, set forth in the report required by subsection (a) of this section, unless—

"(1) the President reports to the Congress, at least thirty days prior to the date on which such excess funds are provided, the country or organization to be provided the excess funds, the amount and category of the excess funds, and the justification for providing the excess funds; and

"(2) in the case of military grant assistance or security supporting assistance, the President includes in the report under paragraph (1) his determination that it is in the security interests of the United States to provide the excess funds.

This subsection shall not apply if the excess funds provided in any fiscal year to any country or international organization for any category of assistance are less than $1,000,000."

VOLUNTARY PERSONNEL IN CAMBODIA

Sec. 26. Section 656 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following sentence: "This section shall not be construed to apply to employees of United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid or to employees of the International Committee of the Red Cross."

REIMBURSABLE DEVELOPMENT PROGRAMS AND LIMITING INTELLIGENCE ACTIVITIES

Sec. 27. The Foreign Assistance Act of 1961 is amended by adding at the end of part III the following new sections:

"Sec. 659. Reimbursable Development Programs.—The President is authorized to use up to $2,000,000 of the funds made available for the purposes of this Act in each of the fiscal years 1975 and 1976 to work with friendly countries, especially those in which United States development programs have been concluded or those not receiving assistance under part I of this Act, in (1) facilitating open and fair access to natural resources of interest to the United States and (2) stimulation of reimbursable aid programs consistent with part I of this Act. Any funds used for purposes of this section may be used notwithstanding any other provision of this Act.

"Sec. 660. Limitation on Intelligence Activities.—(a) No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress, including the Committee on Foreign Relations of the United States Senate and the Committee on Foreign Affairs of the United States House of Representatives.

"(b) The provisions of subsection (a) of this section shall not apply during military operations initiated by the United States under a declaration of war approved by the Congress or an exercise of powers by the President under the War Powers Resolution."

LIMITATION ON MILITARY ASSISTANCE AND EXCESS DEFENSE ARTICLES IN KOREA

Sec. 28. (a) The aggregate amount of—

(1) funds obligated or reserved for military assistance, including supply operations, under chapter 2 of part II of the Foreign Assistance Act of 1961;

(2) the acquisition cost of excess defense articles, if any, ordered under part II of the Foreign Assistance Act of 1961 and not charged against appropriations for military assistance;

(3) credits, including participations in credits, extended pursuant to section 23 of the Foreign Military Sales Act; and

(4) the principal amount of loans guaranteed pursuant to section 24(a) of the Foreign Military Sales Act;

with respect to South Korea shall not exceed $145,000,000 for fiscal year 1975 until the President submits a report to the Congress after the date of enactment of this Act stating that the government of South Korea is making substantial progress in the observance of internationally recognized standards of human rights.

(b) After the submission of the report under subsection (a), the aggregate amount described in paragraphs (1), (2), (3), and (4) of such subsection with respect to South Korea shall not exceed $165,000,000 for fiscal year 1975.

(c) The provisions of section 506 and section 614 of the Foreign Assistance Act of 1961, or of any other law, may not be used to exceed the limitation under subsection (a) or (b).

LIMITATION ON ASSISTANCE FOR INDIA

Sec. 29. The total amount of assistance provided under the Foreign Assistance Act of 1961 and of credit sales made or guaranteed under the Foreign Military Sales Act for India shall not exceed $50,000,000 in fiscal year 1975.

TITLE IV—FOREIGN MILITARY SALES ACT AMENDMENTS

Sec. 30. The Foreign Military Sales Act is amended as follows:

(1) Section 3(d) is amended to read as follows:

"(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerend."

(2) In section 24(a) and section 24(b) the parenthetical phrase in each is amended to read: "(excluding United States Government agencies other than the Federal Financing Bank)".

(3) In section 31—

(A) Subsection (a) is amended by striking out "$325,000,000 for the fiscal year 1974" and inserting in lieu thereof "$405,000,000 for the fiscal year 1975"; and

(B) Subsection (b) is amended by striking out "$730,000,000 for the fiscal year 1974, of which amount not less than $300,000,000 shall be available to Israel only" and inserting in lieu thereof "$772,500,000 for the fiscal year 1975, of which not less than $200,000,000 shall be made available for Israel".

(4) In section 33—

(A) subsection (a) is repealed;

(B) subsection (b) is redesignated as subsection (a); and

(C) a new subsection (b) is added as follows:

"(b) The President may waive the limitations of this section when he determines it to be important to the security of the United States and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate."

(5) Section 35(b) is repealed, and section 36 is amended by inserting before subsection (c) the following new subsections:

"(a) The President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate quarterly reports containing—

"(1) a listing of all letters of offer to sell any defense article or services under this Act, if such offer has not been accepted or canceled;

"(2) a cumulative listing of all such letters of offer to sell that have been accepted during the fiscal year in which such report is submitted;

"(3) the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 made before the submission of such quarterly report and during the fiscal year in which such report is submitted; and

"(4) projections of the cumulative dollar amounts, by foreign country and international organization, of credit sales under section 23 and guaranty agreements under section 24 to be made in the quarter of the fiscal year immediately following the quarter for which such report is submitted.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (A) the foreign country or international organization to which the defense article or service is offered, (B) the dollar amount of the offer to sell under paragraph (1) or of the completed sale under paragraph (2), (C) a brief description of the defense article or service offered, (D) the United States armed force which is making the offer to sell, (E) the date of such offer, and (F) the date of any acceptance under paragraph (2).

"(b) In the case of any letter of offer to sell any defense articles or services under this Act for $25,000,000 or more, before issuing such letter of offer the President shall submit to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate a statement with respect to such offer to sell containing the information specified in subparagraphs (A) through (E) in subsection (a). The letter of offer shall not be issued if the Congress, within twenty legislative days after receiving any such statement, adopts a concurrent resolution stating in effect that it objects to such proposed sale, unless the President in his statement certifies that an emergency exists which requires such sale in the national security interests of the United States."

DEFINITION OF "VALUE" FOR FOREIGN MILITARY SALES

Sec. 31. Section 8(c) of the Act entitled "An Act to amend the Foreign Military Sales Act, and for other purposes", approved January 12, 1971 (22 U.S.C. 2321b), is amended by inserting immediately before the period the following: "; except that for any excess defense article such term shall not include a value for any such article which is less than 33⅓ percent of the amount the United States paid for such article when the United States acquired it".

TITLE V—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS

EXCHANGES OF NECESSARY OR STRATEGIC RAW MATERIALS

Sec. 32. Chapter 3 of part III of the Foreign Assistance Act of 1961 is further amended by adding at the end thereof the following new section:

"Sec. 661. Exchanges of Certain Materials.—(a) Notwithstanding any other provision of law, whenever the President determines it is in the United States national interest, he shall furnish assistance under this Act or shall furnish defense articles or services under the Foreign Military Sales Act pursuant to an agreement with the recipient of such assistance, articles, or services which provides that such recipient may only obtain such assistance, articles, or services in exchange for any necessary or strategic raw material controlled by such recipient. For the purposes of this section, the term 'necessary or strategic raw material' includes petroleum, other fossil fuels, metals, minerals, or any other natural substance which the President determines is in short supply in the United States.

"(b) The President shall allocate any necessary or strategic raw material transferred to the United States under this section to any appropriate agency of the United States Government for stockpiling, sale, transfer, disposal, or any other purpose authorized by law.

"(c) Funds received from any disposal of materials under subsection (b) shall be deposited as miscellaneous receipts in the United States Treasury."

GORGAS MEMORIAL INSTITUTE

Sec. 33. The first section of the Act entitled "An Act to authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial", approved May 7, 1928, is amended by striking out "$500,000" and inserting "$2,000,000" in lieu thereof.

INVOLVEMENT OF PUERTO RICO IN THE CARIBBEAN DEVELOPMENT BANK

Sec. 34. (a) The President may transmit to the Caribbean Development Bank an instrument stating that the Commonwealth of Puerto Rico has the authority to conclude an agreement of accession with such Bank and to assume rights and obligations pursuant to such agreement. However, such agreement may only be concluded after it has been approved by the United States Secretary of State.

(b) The instrument transmitted by the President to the Caribbean Development Bank under subsection (a) shall state that the United States shall not assume any financial or other responsibility for the performance of any obligation incurred by the Commonwealth of Puerto Rico pursuant to such agreement of accession or pursuant to any other aspect of its membership or participation in such Bank.

(c) Such agreement of accession shall provide that the Commonwealth of Puerto Rico may not receive from the Caribbean Development Bank any funds provided to the Bank by the United States.

Sec. 35. It is the sense of the Congress that any country receiving assistance under the Foreign Assistance Act of 1961 which is in default, at least 90 days prior to the date of enactment of this Act, of any payment of principal or interest due on any loan or credit received from the United States shall promptly pay all such principal and interest. It is further the sense of the Congress that the President shall promptly enter into negotiations with each such country to help effectuate the payment of such principal and interest, or to effectuate the transfer by such country to the United States of goods, services, concessions, or actions beneficial to the United States, in lieu of the payment of such principal and interest.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania.

The motion was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 17234) was laid on the table.

APPOINTMENT OF CONFEREES

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the Senate bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none, and appoints the following conferees: Messrs. Morgan, Zablocki, Hays, Fascell, Frelinghuysen, Broomfield, and Derwinski.

GENERAL LEAVE

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CONFERENCE REPORT ON S. 1283, FEDERAL ENERGY RESEARCH AND DEVELOPMENT PROGRAM

Mr. UDALL submitted the following conference report and statement on the bill (S. 1283) to establish a national program for research, development, and demonstration in fuels and energy and for the coordination and financial supplementation of Federal energy research and development; and for other purposes:

Conference Report (H. Rept. 93–1563)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1283) to establish a national program for research, development, and demonstration in fuels and energy and for the coordination and financial supplementation of Federal energy research and development; and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

SHORT TITLE

Sec. 1. This Act may be cited as the "Federal Nonnuclear Energy Research and Development Act of 1974".

STATEMENT OF FINDINGS

"Sec. 2. The Congress hereby finds that—

(a) The Nation is suffering from a shortage of environmentally acceptable forms of energy.

(b) Compounding this energy shortage is our past and present failure to formulate a comprehensive and aggressive research and development program designed to make available to American consumers our large domestic energy reserves including fossil fuels, nuclear fuels, geothermal resources, solar energy, and other forms of energy. This failure is partially because the unconventional energy technologies have not been judged to be economically competitive with traditional energy technologies.

(c) The urgency of the Nation's energy challenge will require commitments similar to those undertaken in the Manhattan and Apollo projects; it will require that the Nation undertake a research, development, and demonstration program in nonnuclear energy technologies with a total Federal investment which may reach or exceed $20,000,000,000 over the next decade.

(d) In undertaking such program, full advantage must be taken of the existing technical and managerial expertise in the various energy fields within Federal agencies and particularly in the private sector.

(e) The Nation's future energy needs can be met if a national commitment is made now to dedicate the necessary financial resources, to enlist our scientific and technological capabilities, and to accord the proper priority to developing new nonnuclear energy options to serve national needs, conserve vital resources, and protect the environment.

STATEMENT OF POLICY

SEC. 3. (a) It is the policy of the Congress to develop on an urgent basis the technological capabilities to support the broadest range of energy policy options through conservation and use of domestic resources by socially and environmentally acceptable means.

(b) (1) The Congress declares the purpose of this Act to be to establish and vigorously conduct a comprehensive, national program of basic and applied research and development, including but not limited to demonstrations of practical applications of all potentially beneficial energy sources and utilization technologies, within the Energy Research and Development Administration.

(2) In carrying out this program, the Administrator of the Energy Research and Development Administration (hereinafter in this Act referred to as the "Administrator") shall be governed by the terms of this Act and other applicable provisions of law with respect to all nonnuclear aspects of the research, development, and demonstration program; and the policies and provisions of the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) and other provisions of law shall continue to apply to the nuclear research, development, and demonstration program.

(3) In implementing and conducting the research, development, and demonstration programs pursuant to this Act, the Administrator shall incorporate programs in specific nonnuclear technologies previously enacted into law, including those established by the Solar Heating and Cooling Act of 1974 (Public Law 93-409), the Geothermal Energy Research, Development, and Demonstration Act of 1974 (Public Law 93-410), and the Solar Energy Research, Development, and Demonstration Act of 1974 (Public Law 93-473).

DUTIES AND AUTHORITIES OF THE ADMINISTRATOR

SEC. 4. The Administrator shall—

(a) review the current status of nonnuclear energy resources and current nonnuclear energy research and development activities, including research and development being conducted by Federal and non-Federal entities;

(b) formulate and carry out a comprehensive Federal nonnuclear energy research, development, and demonstration program which will expeditiously advance the policies established by this Act and other relevant legislation establishing programs in specific energy technologies;

(c) utilize the funds authorized pursuant to this Act to advance energy research and development by initiating and maintaining, through fund transfers, grants, or contracts, energy research, development and demonstration programs or activities utilizing the facilities, capabilities, expertise, and experience of Federal agencies, national laboratories, universities, nonprofit organizations, industrial entities, and other non-Federal entities which are appropriate to each type of research, development, and demonstration activity;

(d) establish procedures for periodic consultation with representatives of science, industry, environmental organizations, consumers and other groups who have special expertise in the areas of energy research development and technology; and

(e) initiate programs to design, construct, and operate energy facilities of sufficient size to demonstrate the technical and economic feasibility of utilizing various forms of nonnuclear energy.

GOVERNING PRINCIPLES

SEC. 5. (a) The Congress authorizes and directs that the comprehensive program in research, development, and demonstration required by this Act shall be designed and executed according to the following principles:

(1) Energy conservation shall be a primary consideration in the design and implementation of the Federal nonnuclear energy program. For the purposes of this Act, energy conservation means both improvement in efficiency of energy production and use, and reduction in energy waste.

(2) The environmental and social consequences of a proposed program shall be analyzed and considered in evaluating its potential.

(3) Any program for the development of a technology which may require significant consumptive use of water after the technology has reached the stage of commercial application shall include thorough consideration of the impacts of such technology and use on water resources pursuant to the provisions of section 13.

(4) Heavy emphasis shall be given to those technologies which utilize renewable or essentially inexhaustible energy sources.

(5) The potential for production of net energy by the proposed technology at the stage of commercial application shall be analyzed and considered in evaluating proposals.

(b) The Congress further directs that the execution of the comprehensive research, development, and demonstration program shall conform to the following principles:

(1) Research and development of nonnuclear energy sources shall be pursued in such a way as to facilitate the commercial availability of adequate supplies of energy to all regions of the United States.

(2) In determining the appropriateness of Federal involvement in any particular research and development undertaking, the Administrator shall give consideration to the extent to which the proposed undertaking satisfies criteria including, but not limited to, the following:

(A) The urgency of public need for the potential results of the research, development, or demonstration effort is high, and it is unlikely that similar results would be achieved in a timely manner in the absence of Federal assistance.

(B) The potential opportunities for non-Federal interests to recapture the investment in the undertaking through the normal commercial utilization of proprietary knowledge appear inadequate to encourage timely results.

(C) The extent of the problems treated and the objectives sought by the undertaking are national or widespread in their significance.

(D) There are limited opportunities to induce non-Federal support of the undertaking through regulatory actions, end use controls, tax and price incentives, public education, or other alternatives to direct Federal financial assistance.

(E) The degree of risk of loss of investment inherent in the research is high, and the availability of risk capital to the non-Federal entities which might otherwise engage in the field of the research is inadequate for the timely development of the technology.

(F) The magnitude of the investment appears to exceed the financial capabilities of potential non-Federal participants in the research to support effective efforts.

COMPREHENSIVE PLANNING AND PROGRAMING

SEC. 6. (a) Pursuant to the authority and directions of this Act and the Energy Reorganization Act of 1974 (Public Law 93-438), the Administrator shall transmit to the Congress, on or before June 30, 1975, a comprehensive plan for energy research, development, and demonstration. This plan shall be appropriately revised annually as provided in section 15(a). Such plan shall be designed to achieve—

(1) solutions to immediate and short-term (to the early 1980's) energy supply system and associated environmental problems;

(2) solutions to middle-term (the early 1980's to 2000) energy supply system and associated environmental problems; and

(3) solutions to long-term (beyond 2000) energy supply system and associated environmental problems.

(b) (1) Based on the comprehensive energy research, development, and demonstration plan developed under subsection (a), the Administrator shall develop and transmit to the Congress, on or before June 30, 1975, a comprehensive nonnuclear energy research, development, and demonstration program to implement the nonnuclear research, development, and demonstration aspects of the comprehensive plan.

(2) This program shall be designed to achieve solutions to the energy supply and associated environmental problems in the immediate and short-term (to the early 1980's), middle-term (the early 1980's to 2000), and long-term (beyond 2000) time intervals. In formulating the nonnuclear aspects of this program, the Administrator shall evaluate the economic, environmental, and technological merits of each aspect of the program.

(3) The Administrator shall assign program elements and activities in specific nonnuclear energy technologies to the short-term, middle-term, and long-term time intervals, and shall present full and complete justification for these assignments and the degree of emphasis for each. These program elements and activities shall include, but not be limited to, research, development, and demonstrations designed—

(A) to advance energy conservation technologies, including but not limited to—

(i) productive use of waste, including garbage, sewage, agricultural wastes, and industrial waste heat;

(ii) reuse and recycling of materials and consumer products;

(iii) improvements in automobile design for increased efficiency and lowered emissions, including investigation of the full range of alternatives to the internal combustion engine and systems of efficient public transportation; and

(iv) advanced urban and architectural design to promote efficient energy use in the residential and commercial sectors, improvements in home design and insulation technologies, small thermal storage units and increased efficiency in electrical appliances and lighting fixtures;

(B) to accelerate the commercial demonstration of technologies for producing low-sulfur fuels for boiler use;

(C) to demonstrate improved methods for the generation, storage, and transmission of electrical energy through (i) advances in gas turbine technologies, combined power cycles, the use of low British thermal unit gas and, if practicable, magnetohydrodynamics; (ii) storage systems to allow more efficient load following, including the use of inertial energy storage systems; and (iii) improvement in cryogenic transmission methods;

(D) to accelerate the commercial demonstration of technologies for producing substitutes for natural gas, including coal gasification: *Provided,* That the Administrator shall invite and consider proposals from potential participants based upon Federal assistance and participation in the form of a joint Federal-industry corporation, and recommendations pursuant to this clause shall be accompanied by a report on the viability of using this form of Federal assistance or participation;

(E) to accelerate the commercial demonstration of technologies for producing syncrude and liquid petroleum products from coal: *Provided,* That the Administrator shall invite and consider proposals from potential participants based upon Federal assistance and participation through guaranteed prices or purchase of the products, and recommendations pursuant to this clause shall be accompanied by a report on the viability of using this form of Federal assistance or participation;

(F) in accordance with the program authorized by the Geothermal Energy Research, Development, and Demonstration Act of 1974 (Public Law 93–410), to accelerate the commercial demonstration of geothermal energy technologies;

(G) to demonstrate the production of syncrude from oil shale by all promising technologies including in situ technologies;

(H) to demonstrate new and improved methods for the extraction of petroleum resources, including secondary and tertiary recovery of crude oil;

(I) to demonstrate the economics and commercial viability of solar energy for residential and commercial energy supply applications in accordance with the program authorized by the Solar Heating and Cooling Act of 1974 (Public Law 93–409);

(J) to accelerate the commercial demonstration of environmental control systems for energy technologies developed pursuant to this Act;

(K) to investigate the technical and economic feasibility of tidal power for supplying electrical energy;

(L) to commercially demonstrate advanced solar energy technologies in accordance with the Solar Research, Development and Demonstration Act of 1974 (Public Law 93–473);

(M) to determine the economics and commercial viability of the production of synthetic fuels such as hydrogen and methanol;

(N) to commercially demonstrate the use of fuel cells for central station electric power generation;

(O) to determine the economics and commercial viability of in situ coal gasification;

(P) to improve techniques for the management of existing energy systems by means of quality control; application of systems analysis, communications, and computer techniques; and public information with the objective of improving the reliability and efficiency of energy supplies and encourage the conservation of energy resources; and

(Q) to improve methods for the prevention and cleanup of marine oil spills.

FORMS OF FEDERAL ASSISTANCE

SEC. 7. (a) In carrying out the objectives of this Act, the Administrator may utilize various forms of Federal assistance and participation which may include but are not limited to—

(1) joint Federal-industry experimental, demonstration, or commercial corporations consistent with the provisions of subsection (b) of this section;

(2) contractual arrangements with non-Federal participants including corporations, consortia, universities, governmental entities, and nonprofit institutions;

(3) contracts for the construction and operation of federally owned facilities;

(4) Federal purchases or guaranteed price of the products of demonstration plants or activities consistent with the provisions of subsection (c) of the section;

(5) Federal loans to non-Federal entities conducting demonstrations of new technologies; and

(6) incentives including financial awards, to individual inventors, such incentives to be designed to encourage the participation of a large number of such inventors.

(b) Joint Federal-industry corporations proposed for congressional authorization pursuant to this Act shall be subject to the provisions of section 9 of this Act and shall conform to the following guidelines except as otherwise authorized by Congress:

(1) Each such corporation may design, construct, operate, and maintain one or more experimental, demonstration, or commercial-size facilities, or other operations which will ascertain the technical, environmental, and economic feasibility of a particular energy technology. In carrying out this function, the corporation shall be empowered, either directly or by contract, to utilize commercially available technologies, perform tests, or design, construct, and operate pilot plants, as may be necessary for the design of the full-scale facility.

(2) Each corporation shall have—

(A) a Board of nine directors consisting of individuals who are citizens of the United States, of whom one shall be elected annually by the Board to serve as Chairman. The Board shall be empowered to adopt and amend bylaws. Five members of the Board shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and four members of the Board shall be appointed by the President on the basis of recommendations received by him from any non-Federal entity or entities entering into contractual arrangements to participate in the corporation;

(B) a President and such other officers and employees as may be named and appointed by the Board (with the rates of compensation of all officers and employees being fixed by the Board); and

(C) the usual powers conferred upon corporations by the laws of the District of Columbia.

(3) An appropriate time interval, not to exceed 12 years, shall be established for the term of Federal participation in the corporation, at the expiration of which the Board of Directors shall take such action as may be necessary to dissolve the corporation or otherwise terminate Federal participation and financial interests. In carrying out such dissolution, the Board of Directors shall dispose of all physical facilities of the corporation in such manner and subject to such terms and conditions as the Board determines are in the public interest and consistent with existing law; and a share of the appraised value of the corporate assets proportional to the Federal participation in the corporation, including the proceeds from the disposition of such facilities, on the date of its dissolution, after satisfaction of all its legal obligations, shall be made available to the United States and deposited in the Treasury of the United States as miscellaneous receipts. All patent rights of the corporation shall, on such date of dissolution, be vested in the Administrator: *Provided,* That Federal participation may be terminated prior to the time established in the authorizing Act upon recommendation of the Board of Directors.

(4) Any commercially valuable product produced by demonstration facilities shall be disposed of in such manner and under such terms and conditions as the corporation shall prescribe. All revenues received by the corporation from the sale of such products shall be available to the corporation for use by it in defraying expenses incurred in connection with carrying out its functions to which this Act applies.

(5) The estimated Federal share of the construction, operation, and maintenance cost over the life of each corporation shall be determined in order to facilitate a single congressional authorization of the full amount at the time of establishment of the corporation.

(6) The Federal share of the cost of each such corporation shall reflect (A) the technical and economic risk of the venture, (B) the probability of any financial return to the non-Federal participants arising from the venture, (C) the financial capability of the potential non-Federal participants, and (D) such other factors as the Administrator may set forth in proposing the corporation: *Provided,* That in no instance shall the Federal share exceed 90 per centum of the cost.

(7)(A) Prior to the establishment of any joint Federal-industry corporation pursuant to this Act, the Administrator shall submit to the Speaker of the House of Representatives and the President pro tempore of the Senate, and to the appropriate committees of the House of Representatives and the Senate a report setting forth in detail the consistency of the establishment of the corporation with the principles and directives set forth in section 5 and this section, and the proposed purpose and planned activities of the corporation.

(B) No such corporation shall be established unless previously authorized by specific legislation enacted by the Congress.

(c) Competitive systems of price supports proposed for Congressional authorization pursuant to this Act shall conform to the following guidelines:

(1) The Administrator shall determine the types and capacities of the desired full-scale commercial-size facility or other operation which would demonstrate the technical, environmental, and economic feasibility of a particular nonnuclear energy technology.

(2) The Administrator may award planning grants for the purpose of financing a study of the full cycle economic and environmental costs associated with the demonstration facility selected pursuant to paragraph (1) of this subsection. Such planning grants may be awarded to Federal and non-Federal entities including, but not limited to, industrial entities, universities, and nonprofit organizations. Such planning grants may also be used by the grantee to prepare a detailed and comprehensive bid to construct the demonstration facility.

(3) Following the completion of the studies pursuant to the planning grants awarded under paragraph (2) of this subsection, regarding each such potential price supported demonstration facility for which the Administrator intends to request congressional authorization, he shall invite bids from all interested parties to determine the minimum amount of Federal price support needed to construct the demonstration facility. The Administrator may designate one or more competing entities, each to construct one commercial demonstration facility. Such designation shall be made on the basis of those entities' (A) commitment to construct the demonstration facility at the minimum level of Federal price supports, (B) detailed plan of environmental protection, and (C) proposed design and operation of the demonstration facility.

(4) The construction plans and actual construction of the demonstration facility, together with all related facilities, shall be monitored by the Environmental Protection Agency. If additional environmental requirements are imposed by the Administrator after the designation of the successful bidders and if such additional environmental requirements result in additional costs, the Administrator is authorized to renegotiate the support price to cover such additional costs.

(5) The estimated amount of the Federal price support for a demonstration facility's product over the life of such facility shall be determined by the Administrator to facilitate a single congressional authorization of the full amount of such support at the time of the designation of the successful bidders.

(6) No price support program shall be implemented unless previously authorized by specific legislation enacted by the Congress.

(d) Nothing in this section shall preclude Federal participation in, and support for, joint university-industry nonnuclear energy research efforts.

DEMONSTRATIONS

SEC. 8. (a) The Administrator is authorized to—

(1) identify opportunities to accelerate the commercial applications of new energy technologies, and provide Federal assistance for or participation in demonstration projects (including pilot plants demonstrating technological advances and field demonstrations of new methods and procedures, and demonstrations of prototype commercial applications for the exploration, development, production, transportation, conversion, and utilization of energy resources); and

(2) enter into cooperative agreements with non-Federal entities to demonstrate the technical feasibility and economic potential of energy technologies on a prototype or full-scale basis.

(b) In reviewing potential projects, the Administrator shall consider criteria including but not limited to—

(1) the anticipated, research, development, and application objectives to be achieved by the activities or facilities proposed;

(2) the economic, environmental, and societal significance which a successful demonstration may have for the national fuels and energy system;

(3) the relationship of the proposal to the criteria of priority set forth in section 5(b)(2);

(4) the availability of non-Federal participants to construct and operate the facilities or perform the activities associated with the proposal and to contribute to the financing of the proposal;

(5) the total estimated cost including the Federal investment and the probable time schedule;

(6) the proposed participants and the proposed financial contributions of the Federal Government and of the non-Federal participants; and

(7) the proposed cooperative arrangement, agreements among the participants, and form of management of the activities.

(c) (1) A financial award under this section may be made only to the extent of the Federal share of the estimated total design and construction costs, plus operation and maintenance costs.

(2) For the purposes of this Act the non-Federal share may be in any form, including, but not limited to, lands or interests therein needed for the project or personal property or services, the value of which shall be determined by the Administrator.

(d) (1) The Administrator shall, within six months of enactment of this Act, promulgate regulations establishing procedures for submission of proposals to the Energy Research and Development Administration for the purposes of this Act. Such regulations shall establish a procedure for selection of proposals which—

(A) provides that projects will be carried out under such conditions and varying circumstances as will assist in solving energy extraction, transportation, conversion, conservation, and end-use problems of various areas and regions, under representative geological, geographic, and environmental conditions; and

(B) provides time schedules for submission of, and action on, proposal requests for the purposes of implementing the goals and objectives of this Act.

(2) Such regulations also shall specify the types and form of the information, data, and support documentation that are to be contained in proposals for each form of Federal assistance or participation set forth in subsection 7(a): *Provided*, That such proposals to the extent possible shall include, but not be limited to—

(A) specification of the technology;

(B) description of prior pilot plant operating experience with the technology;

(C) preliminary design of the demonstration plant;

(D) time tables containing proposed construction and operation plans;

(E) budget-type estimates of construction and operating costs;

(F) description and proof of title to land for proposed site, natural resources, electricity and water supply and logistical information related to access to raw materials to construct and operate the plant and to dispose of salable products produced from the plant;

(G) analysis of the environmental impact of the proposed plant and plans for disposal of wastes resulting from the operation of the plant;

(H) plans for commercial use of the technology if the demonstration is successful;

(I) plans for continued use of the plant if the demonstration is successful; and

(J) plans for dismantling of the plant if the demonstration is unsuccessful or otherwise abandoned.

(3) The Administrator shall from time to time review and, as appropriate, modify and repromulgate regulations issued pursuant to this section.

(e) If the estimate of the Federal investment with respect to construction costs of any demonstration project proposed to be established under this section exceeds $50,000,000, no amount may be appropriated for such project except as specifically authorized by legislation hereafter enacted by the Congress.

(f) If the total estimated amount of the Federal contribution to the construction cost of a demonstration project does not exceed $50,000,000, the Administrator is authorized to proceed with the negotiation of agreements and implementation of the proposal subject to the availability of funds under the authorization of appropriations pursuant to section 16: *Provided*, That if such Federal contribution to the construction cost is estimated to exceed $25,000,000 the Administrator shall provide a full and comprehensive report on the proposed demonstration project to the appropriate committees of the Congress and no funds may be expended for any agreement under the authority granted by this section prior to the expiration of sixty calendar days (not including any day on which either House of Congress is not in session because of an adjournment of more than three calendar days to a day certain) from the date on which the Administrator's report on the proposed project is received by the Congress. Such reports shall contain an analysis of the extent to which the proposed demonstration satisfies the criteria specified in subsection (b) of this section.

PATENT POLICY

SEC. 9. (a) Whenever any invention is made or conceived in the course of or under any contract of the Administration, other than nuclear energy research, development, and demonstration pursuant to the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) and the Administrator determines that—

(1) the person who made the invention was employed or assigned to perform research, development, or demonstration work and the invention is related to the work he was employed or assigned to perform, or that it was within the scope of his employment duties, whether or not it was made during working hours, or with a contribution by the Government of the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or services of Government employees during working hours; or

(2) the person who made the invention was not employed or assigned to perform research, development, or demonstration work, but the invention is nevertheless related to the contract or to the work or duties he was employed or assigned to perform, and was made during working hours, or with a contribution from the Government of the sort referred to in clause (1),

title to such invention shall vest in the United States, and if patents on such invention are issued they shall be issued to the United States, unless in particular circumstances the Administrator waives all or any part of the rights of the United States to such invention in conformity with the provisions of this section.

(b) Each contract entered into by the Administration with any person shall contain effective provisions under which such person shall furnish promptly to the Administration a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the course of or under such contract.

(c) Under such regulations in conformity with the provisions of this section as the Administrator shall prescribe, the Administrator may waive all or any part of the rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the course of or under any contract of the Administration if he determines that the interests of the United States and the general public will best be served by such waiver. The Administration shall maintain a publicly available, periodically updated record of waiver determinations. In making such determinations, the Administrator shall have the following objectives:

(1) Making the benefits of the energy research, development, and demonstration program widely available to the public in the shortest practicable time.

(2) Promoting the commercial utilization of such inventions.

(3) Encouraging participation by private persons in the Administration's energy research, development, and demonstration program.

(4) Fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws.

(d) In determining whether a waiver to the contractor at the time of contracting will best serve the interests of the United States and the general public, the Administrator shall specifically include as considerations—

(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

(3) the extent to which the contractor's commercial position may expedite utilization of the research, development, and demonstration program results;

(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will

directly benefit the work to be performed under the contract;

(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

(8) the extent to which the Government intends to further develop to the point of commercial utilization the results of the contract effort;

(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

(10) the likely effect of the waiver on competition and market concentration; and

(11) in the case of a nonprofit educational institution, the extent to which such institution has a technology transfer capability and program, approved by the Administrator as being consistent with the applicable policies of this section.

(e) In determining whether a waiver to the contractor or inventor of rights to an identified invention will best serve the interests of the United States and the general public, the Administrator shall specifically include as considerations paragraphs (4) through (11) of subsection (d) as applied to the invention, and—

(1) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercialization of the invention; and

(2) the extent to which the plans, intentions, and ability of the contractor or inventor will obtain expeditious commercialization of such invention.

(f) Whenever title to an invention is vested in the United States, there may be reserved to the contractor or inventor—

(1) a revocable or irrevocable nonexclusive, paid-up license for the practice of the invention throughout the world; and

(2) the rights to such invention in any foreign country where the United States has elected not to secure patent rights and the contractor elects to do so, subject to the rights set forth in paragraphs (2), (3), (6), and (7) of subsection (h): *Provided*, That when specifically requested by the Administration and three years after issuance of such a patent, the contractor shall submit the report specified in subsection (h)(1) of this section.

(g)(1) Subject to paragraph (2) of this subsection, the Administrator shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

(2) Pursuant to paragraph (1) of this subsection, the Administrator may grant exclusive or partially exclusive licenses in any invention only if, after notice and opportunity for hearing, it is determined that—

(A) the interests of the United States and the general public will best be served by the proposed license, in view of the applicant's intentions, plans, and ability to bring the invention to the point of practical or commercial applications;

(B) the desired practical or commercial applications have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on the invention;

(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth risk capital and expenses to bring the invention to the point of practical or commercial applications; and

(D) the proposed terms and scope of exclusivity are not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial applications and to permit the licensee to recoup its costs and a reasonable profit thereon:

Provided, That the Administrator shall not grant such exclusive or partially exclusive license if he determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Administration shall maintain a publicly available, periodically updated record of determinations to grant such licenses.

(h) Each waiver of rights or grant of an exclusive or partially exclusive license shall contain such terms and conditions as the Administrator may determine to be appropriate for the protection of the interests of the United States and the general public, including provisions for the following:

(1) Periodic written reports at reasonable intervals, and when specifically requested by the Administration, on the commercial use that is being made or is intended to be made of the invention.

(2) At least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the United States (including any Government agency) and States and domestic municipal governments, unless the Administrator determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments.

(3) The right in the United States to sublicense any foreign government pursuant to any existing or future treaty or agreement if the Administrator determines it would be in the national interest to acquire this right.

(4) The reservation in the United States of the rights to the invention in any country in which the contractor does not file an application for patent within such time as the Administration shall determine.

(5) The right in the Administrator to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, (A) to the extent that the invention is required for public use by governmental regulations, or (B) as may be necessary to fulfill health, safety, or energy needs, or (C) for such other purposes as may be stipulated in the applicable agreement.

(6) The right in the Administrator to terminate such waiver or license in whole or in part unless the recipient of the waiver or license demonstrates to the satisfaction of the Administrator that he has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(7) The right in the Administrator, commencing three years after the grant of a license and four years after a waiver is effective as to an invention, to require the granting of a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, and in appropriate circumstances to terminate the waiver or license in whole or in part, following a hearing upon notice thereof to the public, upon a petition by an interested person justifying such hearing—

(A) if the Administrator determines, upon review of such material as he deems relevant, and after the recipient of the waiver or license, or other interested person, has had the opportunity to provide such relevant and material information as the Administrator may require, that such waiver or license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

(B) unless the recipient of the waiver or license demonstrates to the satisfaction of the Administrator at such hearing that he has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(i) The Administrator shall provide an annual periodic notice to the public in the Federal Register, or other appropriate publication, of the right to have a hearing as provided by subsection (h)(7) of this section, and of the availability of the records of determinations provided in this section.

(j) The Administrator shall, in granting waivers or licenses, consider the small business status of the applicant.

(k) The Administrator is authorized to take all suitable and necessary steps to protect any invention or discovery to which the United States holds title, and to require that contractors or persons who acquire rights to inventions under this section protect such inventions.

(l) The Administration shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

(m) As used in this section—

(1) the term "person" means any individual partnership, corporation, association, institution, or other entity;

(2) the term "contract" means any contract, grant, agreement, understanding, or other arrangement, which includes research, development, or demonstration work, and includes any assignment, substitution of parties, or subcontract executed or entered into thereunder;

(3) the term "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention;

(4) the term "invention" means inventions or discoveries, whether patented or unpatented; and

(5) the term "contractor" means any person having a contract with or on behalf of the Administration.

(n) Within twelve months after the date of the enactment of this Act, the Administrator with the participation of the Attorney General, the Secretary of Commerce, and other officials as the President may designate, shall submit to the President and the appropriate congressional committees a report concerning the applicability of existing patent policies affecting the programs under this Act, along with his recommendations for amendments or additions to the statutory patent policy including his recommendations on mandatory licensing, which he deems advisable for carrying out the purposes of this Act.

RELATIONSHIP TO ANTITRUST LAWS

SEC. 10. (a) Nothing in this Act shall be deemed to convey to any individual, corporation, or other business organization immunity from civil or criminal liability, or to create defenses to actions, under the antitrust laws.

(b) As used in this section, the term "antitrust law" means—

(1) the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890 (15 U.S.C. 1 et seq.), as amended:

(2) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12 et seq.) as amended;

(3) the Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended;

(4) sections 73 and 74 of the Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", approved August 27, 1894 (15 U.S.C. 8 and 9), as amended; and

(5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a).

ENVIRONMENTAL EVALUATION

SEC. 11. (a) The Council on Environmental Quality is authorized and directed to carry out a continuing analysis of the effect of application of nonnuclear energy technologies to evaluate—

(1) the adequacy of attention to energy conservation methods; and

(2) the adequacy of attention to environmental protection and the environmental consequences of the application of energy technologies.

(b) The Council on Environmental Quality, in carrying out the provisions of this section, may employ consultants or contractors and may by fund transfer employ the services of other Federal agencies for the conduct of studies and investigations.

(c) The Council on Environmental Quality shall hold annual public hearings on the conduct of energy research and development and the probable environmental consequences of trends in the development and application of energy technologies. The transcript of the hearings shall be published and made available to the public.

(d) The Council on Environmental Quality shall make such reports to the President, the Administrator, and the Congress as it deems appropriate concerning the conduct of energy research and development. The President as a part of the annual Environmental Policy Report required by section 201 of the National Environmental Policy Act of 1969 (42 U.S.C. 4341) shall set forth the findings of the Council on Environmental Quality concerning the probable environmental consequences of trends in the development and application of energy technologies.

ACQUISITION OF ESSENTIAL MATERIALS

SEC. 12. (a) The President may, by rule or order, require the allocation of, or the performance under contracts or orders (other than contracts of employment) relating to, supplies of materials and equipment if he finds that—

(1) such supplies are scarce, critical, and essential to carry out the purposes of this Act; and

(2) such supplies cannot reasonably be obtained without exercising the authority granted by this section.

(b) The President shall transmit any rule or order proposed under subsection (a) of this section (bearing an identification number) to each House of Congress on the date on which it is proposed. If such proposed rule or order is transmitted to the Congress such proposed rule or order shall take effect at the end of the first period of thirty calendar days of continuous session of Congress after the date on which such proposed rule or order is transmitted to it unless, between the date of transmittal and the end of the thirty day period, either House passes a resolution stating in substance that such House does not favor such a proposed rule or order.

WATER RESOURCE EVALUATION

SEC. 13. (a) At the request of the Administrator, the Water Resources Council shall undertake assessments of water resource requirements and water supply availability for any nonnuclear energy technology and any probable combinations of technologies which are the subject of Federal research and development efforts authorized by this Act, and the commercial development of which could have significant impacts on water resources. In the preparation of its assessment, the Council shall—

(1) utilize to the maximum extent practicable data on water supply and demand available in the files of member agencies of the Council;

(2) collect and compile any additional data it deems necessary for complete and accurate assessments;

(3) give full consideration to the constraints upon availability imposed by treaty, compact, court decree, State water laws, and water rights granted pursuant to State and Federal law;

(4) assess the effects of development of such technology on water quality;

(5) include estimates of cost associated with production and management of the required water supply, and the cost of disposal of waste water generated by the proposed facility or process;

(6) assess the environmental, social, and economic impact of any change in use of currently utilized water resource that may be required by the proposed facility or process; and

(7) consult with the Council on Environmental Quality.

(b) For any proposed demonstration project which may involve a significant impact on water resources, the Administrator shall, as a precondition of Federal assistance to that project, prepare or have prepared an assessment of the availability of adequate water resources. A report on the assessment shall be published in the Federal Register for public review thirty days prior to the expenditure of Federal funds on the demonstration.

(c) For any proposed Federal assistance for commercial application of energy technologies pursuant to this Act, the Water Resource Council shall as a precondition of such Federal assistance, provide to the Administrator an assessment of the availability of adequate water resources for such commercial application and an evaluation of the environmental, social, and economic impacts of the dedication of water to such uses.

(d) Reports of assessments and evaluations prepared by the Council pursuant to subsections (a) and (c) shall be published in the Federal Register and at least ninety days shall be provided for public review and comment. Comments received shall accompany the reports when they are submitted to the Administrator and shall be available to the public.

(e) The Council shall include a broad survey and analysis of regional and national water resource availability for energy development in the biennial assessment required by section 102(a) of the Water Resources Planning Act (42 U.S.C. 1962a–1(a)).

ENERGY-RELATED INVENTIONS

SEC. 14. The National Bureau of Standards shall give particular attention to the evaluation of all promising energy-related inventions, particularly those submitted by individual inventors and small companies for the purpose of obtaining direct grants from the Administrator. The National Bureau of Standards is authorized to promulgate regulations in the furtherance of this section.

REPORTS TO CONGRESS

SEC. 15. (a) Concurrent with the submission of the President's annual budget to the Congress, the Administrator shall submit to the Congress each year—

(1) a report detailing the activities carried out pursuant to this Act during the preceding fiscal year;

(2) a detailed description of the comprehensive plan for nuclear and nonnuclear energy research, development, and demonstration then in effect under section 6(a); and

(3) a detailed description of the comprehensive nonnuclear research, development, and demonstration program then in effect under section 6(b) including its program elements and activities,

setting forth such modifications in the comprehensive plan referred to in clause (2) and the comprehensive program referred to in clause (3) as may be necessary to revise appropriately such plan and program in the light of the activities referred to in clause (1) and any changes in circumstances which may have occurred since the last previous report under this subsection.

(b) The description of the comprehensive nonnuclear research, development, and demonstration program submitted under subsection (a)(2) shall include a statement setting forth—

(1) the anticipated research, development, and application objectives to be achieved by the proposed program;

(2) the economic, environmental, and societal significance which the proposed program may have;

(3) the total estimated cost of individual program items;

(4) the estimated relative financial contributions of the Federal Government and non-Federal participants in the research and development program;

(5) the relationship of the proposed program to any Federal national energy or fuel policies; and

(6) the relationship of any short-term undertakings and expenditures to long-range goals.

(c) The reports required by subsections (a) and (b) of this section will satisfy the reporting requirements of section 307(a) of the Energy Reorganization Act of 1974 (Public Law 93–438) insofar as is concerned activities, goals, priorities, and plans of the Energy Research and Development Administration pertaining to nonnuclear energy.

APPROPRIATION AUTHORIZATION

SEC. 16. (a) There may be appropriated to the Administrator to carry out the purposes of this Act such sums as may be authorized in annual authorization Acts.

(b) Of the amounts appropriated pursuant to subsection (a) of this section—

(1) $500,000 annually shall be made available by fund transfer to the Council on Environmental Quality for the purposes authorized by section 11; and

(2) not to exceed $1,000,000 annually shall be made available by fund transfer to the Water Resources Council for the purposes authorized by section 13.

(c) There also may be appropriated to the Administrator by separate Acts such amounts as are required for demonstration projects for which the total Federal contribution to construction costs exceeds $50,000,000.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

MORRIS K. UDALL,
JONATHAN B. BINGHAM,
JOHN F. SEIBERLING,
OLIN TEAGUE,
MIKE MCCORMACK,
PHILIP E. RUPPE,
JOHN DELLENBACK,
CHARLES A. MOSHER,
Managers on the Part of the House.

HENRY M. JACKSON,
LEE METCALF,
J. BENNETT JOHNSTON, Jr.,
FLOYD K. HASKELL,
GAYLORD NELSON,
MARK O. HATFIELD,
JAMES L. BUCKLEY,
JAMES A. MCCLURE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers, on the part of the Senate and the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1283) to establish within the Energy Research and Development Administration a comprehensive nonnuclear energy research, development, and demonstration program to create the broadest range of future energy policy options for the United States, submit the following joint statement to the Senate and to the House in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SHORT TITLE

The short title, "Federal Nonnuclear Energy Research and Development Act of 1974", follows the House amendment (section 1), because the Senate bill was passed in 1973 before the establishment of the Energy Research and Development Administration.

FINDINGS

The findings of the conference substitute are a compilation of key findings in the Senate bill and the House amendment. Subsections 2 (a), (d), and (e) are House amendments (subsections 1 (a), (g), and (d)). The Senate provision (subsection 101(b)) has been modified to more explicitly state the economic barrier to the development of new energy technologies and has been included as subsection 2(b). Subsection 2(c) is derived from subsection 101(e) of the Senate bill and subsection 1(f) of the House amendment. This finding retains the intent of the Senate language which stated a general target for Federal investment to provide budgetary guidance in establishing a nonnuclear research and development program. The agreed upon language, however, expresses the sense of the conferees that the figure is only approximate.

POLICY

Subsection 3(a) incorporates the introductory language of section 102 of the Senate bill with changes to reflect more recent views on energy policy. The Senate version of the measure included a statement of the policy of the Congress "to develop within ten years the option and the technological capability for the United States to become energy self-sufficient through the use of domestic energy resources by socially and environmentally acceptable means." The House version contained no comparable provision. The conference committee wished to retain the sense of urgency expressed in the Senate version without prejudging the time span of the required accelerated research, development, and demonstration effort. The committee also wished to emphasize that the objective of this effort is to open up the broadest range of energy options for use in the formulation of future energy policy choices.

The House amendment (subsection 2(b)) is included as subsection 3(b) with only conforming and technical changes.

DUTIES AND AUTHORITIES OF THE ADMINISTRATOR

House amendment (subsection 4(a)) is included without change as subsection 4(a). Subsection 4(b) incorporates the introductory language of subsection 104(b) of the Senate bill and refers to other energy technology programs established by legislation, and makes clear that those programs in specific nonnuclear technologies are to be implemented by the Administrator. The provisions of subsections 104(c)(2) and 104(d) from the Senate bill are included as subsections 4(c) and 4(d) with only conforming and technical changes. Subsection 4(e) gives to the Administrator the authority to initiate demonstration programs and is based on subsection 106(a) of the Senate bill.

GOVERNING PRINCIPLES

Section 5 follows section 3 of the House amendment, which enunciates a set of governing principles. The enumeration is not intended to include all of the principles which might be applicable, but only to emphasize certain principles which are presently deemed to be of fundamental importance to a sound program. The intent is to insure that the five principles which are set forth in subsection 5(a) are observed in the design and execution of Federal nonnuclear energy research programs.

The principle set forth in paragraph 5(a)(4) states the importance of emphasizing research, development, and commercial demonstration of technologies which utilize renewable or essentially inexhaustible energy sources as distinguished from nonrenewable energy resources, because the most desirable sources of conventional fossil fuels are in limited supply. As continued demands are placed upon them, further development often will entail greater costs and more serious adverse environmental and social impacts. Ultimately some fossil fuels will be substantially exhausted. Therefore, it is important for research to be immediately directed toward developing technologies for the economic and reliable use of non-conventional as well as renewable energy sources such as solar or solar generated energy forms and essentially inexhaustible energy sources such as deep, dry geothermal energy.

The intent of the principle stated in paragraph 5(a)(5) is that in the assignment of priorities for Federal encouragement of commercial applications of new energy technologies, consideration should be given to the net as opposed to the gross, energy yield. The processes and facilities necessary to produce energy also consume energy, and in the case of certain technologies, this consumption may account for a substantial portion of the potential yield of the energy resource. Efficiency in every step of energy production, transmission, and utilization is important.

The conferees recognize that in the early research or development phases of new technologies, the projected applications may even involve a net loss of energy. This principle is not intended in any way to deter such research or to deter the demonstration of new technologies which are not energy efficient or cost effective in the early stages of development.

The principle in paragraph 5(b)(1) is derived from paragraph 2(b)(6) of the House amendment. The criteria set forth in paragraph 5(b)(2) are those enumerated in section 112 of the Senate bill with changes in the introductory language to express the view of the conference committee that criteria for evaluating proposals are not limited to those in the subsection. For proposals for which two or more criteria are in conflict, the Administrator is expected to base his judgments on an evaluation of criteria in the aggregate.

COMPREHENSIVE PLANNING AND PROGRAMING

This section is related to section 107 of the Senate bill and subsections 4 (b), (d), and (e) of the House amendment. The Senate provision required three reports from the Administrator to Congress within six, twelve, and eighteen months. The three reports were intended to recommend specific programs to solve energy supply and associated environmental problems for the immediate and short-term (to the early 1980's), for the middle-term (the early 1980's to 2000), and for the long-term (beyond 2000), through the use of Federal assistance to accelerate the commercial demonstration of those energy technologies given in three corresponding lists.

The House amendment provisions required the formulation and reporting to Congress of a comprehensive nonnuclear strategy designed to advance the policies set forth in this Act. An extensive list of nonnuclear energy technologies was to be considered by the Administrator in allocating Federal moneys with emphasis to be placed on energy conservation, solar and geothermal technologies as well as advanced technologies in coal, oil, natural gas, and oil shale resources.

The conference committee substitute requires the Administrator to submit to Congress by June 30, 1975 a comprehensive plan for energy research, development and demonstration to achieve solutions to energy supply system and associated environmental problems in the three time intervals delineated in the Senate bill. Based on this plan, the Administrator is required to formulate a comprehensive nonnuclear energy research, development, and demonstration program. The Administrator is directed to justify the assignment of a program activity pertaining to each technology to a specific time interval, and to substantiate the degree of emphasis accorded to each technology within the comprehensive program.

An extensive list of energy technologies is set forth in subsection 6(b) for inclusion in the comprehensive program. This list is comprised of those technologies given in section 107 of the Senate bill and subsections 4(d) and (e) of the House amendment. Each of the listed technologies is to be thoroughly considered in the comprehensive program. It is intended that each technology will be carried through to commercial application only if preceding research and development results warrant. The energy conservation technologies were explicitly included to emphasize the sentiment of the conference committee for promoting strong Federal research, development, and demonstration programs, particularly those enumerated in this bill, to promote energy conservation technologies.

With regard to subparagraphs 6(b)(3)(A)(i) and (ii), the conference committee recognizes that this legislation is not the first to provide for research and development of technologies which will convert agricultural, municipal, and commercial waste into a useful source of energy or materials. The experiences of other Federal agencies in this area have convincingly demonstrated that the development and demonstration of technologies for the recovery of energy from waste do not guarantee the adoption of such technologies by the public or private sector.

Research, development, and demonstrations of technologies for the conversion of waste to energy or reuseable materials should be initiated by the Administrator only after consultation and coordination with the appropriate agencies having existing programs and statutory authorities with similar objectives. The conferees intend that ERDA projects for the development of technologies designed to convert waste and recover resources shall be planned and executed so as to augment and supplement the efforts by such other agencies in promising technologies which the Administrator determines are not otherwise being adequately investigated and developed.

Paragraphs 6(b)(4) and 6(b)(5) explicitly require the Administrator to invite and consider proposals and report his recommendations pertaining to the advisability of Federal assistance in the form of a joint Federal-industry corporation for producing natural gas substitutes and in the form of guaranteed prices for producing syncrude and liquid petroleum products from coal.

Paragraph 6(b)(16) is a modified version of section 104(b)(3) of the Senate bill. It is the intent of the provision to make clear that the Administrator of ERDA has the authority and responsibility to carry out research and development in scientific management methods which have applications to energy industries or energy technologies.

FORMS OF FEDERAL ASSISTANCE

Nearly all of the provisions in section 7 were included in the Senate bill (subsection 108(a), section 109, and section 110). The House amendment (section 5) added provisions for incentives to inventors (paragraph 5(a)(1)(F)); for reports by the Administrator to the Congress and subsequent Congressional authorization of joint Federal-industry corporations (paragraph 5(b)(7) (A) and (B)) and for allowance of joint-university-industry nonnuclear energy research efforts (subsection 5(d)).

The House amendment was adopted by the conference committee with two additional modifications. A provision (paragraph 7(c)(6)) was added requiring Congressional authorization for any price support program thus making unnecessary the establishment of a price support fund in this measure. Also, the provision in subsection 7(b) was modified by the conference committee to make clear the intention that any joint Federal-industry corporations which may be proposed for Congressional authorization would be subject to the patent policy set forth in section 9 of the compromise version.

DEMONSTRATIONS

The Senate bill contained provisions pertaining to demonstration projects in section 106; subsections 108 (b), (c), and (d); and section 111. No comparable provisions were included in the House amendment. The conference substitute adopts the Senate language with several modifications.

Subsection 8(a) is derived from section 106 of the Senate bill with a more concise and straightforward statement of the Administrator's authority. The criteria of subsection 8(b) are taken from subsection 111 (a) of the Senate bill. A change in the introductory language was made to require consideration of the criteria for all demonstration proposals.

The requirement for a report analyzing the extent to which proposed demonstrations met the stated criteria was moved to subsection 8(f). The language in subsections 8 (c) and (d) is taken directly from subsections 108 (b), (c), and (d) of the Senate bill. The provisions of subsection 8(c) are intended to apply only to cost-shared demonstrations. It is not intended to require single contracts to cover design, construction, operation, and maintenance of demonstration projects. The basic intent of this subsection is to prohibit payment of fees to the private cost sharers in demonstration projects. Subsection 8(c) is not intended to prohibit the Administrator from contracting on a fee basis for systems analysis or systems management support needed to assist in monitoring and protecting the Federal interests in projects pursued under this section. The subsection is also not intended to affect contracts in force prior to enactment of this Act or to inhibit cooperative efforts with universities or other nonprofit research organizations.

The language of subsection 8(e) is a restatement of the provision stated in subsection 111(c). Subsection 8(f) is essentially subsection 111(b) of the Senate bill with a new reporting requirement and an increase from $10,000,000 to $25,000,000 for the Federal contribution to the construction cost of a demonstration project before the Administrator must report to the Congress on a proposed project. The increase in this figure is a conference committee compromise.

PATENT POLICY

Section 9 represents a compromise between section 113 of the Senate bill which totally prohibited waiver of title and the granting of exclusive licenses with respect to government-sponsored technology and section 7 of the House bill which contained a study provision. The section is supported by the sponsors of the Senate provision, the conference committee, and the Executive Branch.

The provisions are designed to meet the stated concerns underlying the absolute prohibition against waiver of title and exclusive licensing in the Senate bill, while satisfying the need for flexibility reflected in the House approach. Section 9 is intended to apply to all nonnuclear contracts of the Energy Research and Development Administration. Nuclear energy research, development, or demonstration contracts shall continue to be governed by the provisions of the Atomic Energy Act of 1954, as amended. Inclusion of substantive patent policy provisions represents the conclusion of the conference committee that it is necessary and appropriate for the Congress to delineate the basic and minimum considerations and conditions under which ERDA will carry out its patent policy with respect to Government-sponsored technology in an area critical to the welfare of the nation. The conference committee expects the Administrator to administer ERDA's patent responsibilities in a consistent and uniform manner and to harmonize its nuclear and nonnuclear patent policies to the extent feasible.

Section 9 adopts the basic structure of the patent policy of the National Aeronautics and Space Act, with some modifications derived from the Atomic Energy Act. The provisions provide for the Federal Government normally to retain title to inventions developed under ERDA contracts, and for the licensing of ERDA inventions normally to be granted on a nonexclusive basis. Authority to grant waivers and exclusive or partially exclusive licenses is vested in the Administrator to assure flexibility; but only in conformity with specific minimum considerations which have been adopted primarily from the NASA and AEC regulations, and the Presidential Patent Policy Statement. This flexibility permits—but does not require—the Administrator, under carefully delineated conditions, to grant exclusive rights to contractors or inventors in objectively appropriate circumstances. Government patent policy carried out under the NASA and AEC Acts and regulations, and the Presidential Patent Policy Statement with respect to energy technology, has resulted in relatively few waivers or exclusive licenses in comparison with the number of inventions involved. The conference committee expects that similar results will obtain under section 9.

Subsection (a) provides that title to inventions resulting from ERDA research, development, or demonstration contracts vest in the United States unless the Administrator waives rights thereto pursuant to other provisions of this section.

To assist the Administrator in expeditiously making available to the public the results of the program and in determining whether to waive any part of the rights in the United States, subsection (b) requires each contract entered into by the Administrator to provide for a prompt, complete report detailing inventions resulting therefrom.

Subsection (c) provides that before granting a waiver, the Administrator must determine that the interests of the United States and the general public will best be served thereby. In making such determination, he is to have as objectives making the benefits of ERDA's program widely available to the public, the promotion of the commercial utilization of resulting inventions, the encouraging of participation by private persons in ERDA's programs, the fostering of competition, and the prevention of undue market concentration or the creation or maintenance of other situations inconsistent with antitrust law. The conference committee recognizes that there may be times when it is not possible to attain each of the objectives immediately and simultaneously for any one determination. The Administrator should, therefore, seek to reconcile these objectives in light of the overall purposes of the patent policy section. Over time, however, the conference committee believes each of these objectives can and should be attained.

In carrying out these objectives, the Administrator is authorized to grant a waiver either at the time of contracting or after identification of the invention without the necessity for a hearing. In determining whether a waiver will best serve the interests of the United States and the general public at the time of contracting, the Administrator is specifically required under subsection (d) to include as considerations paragraphs (1) through (11).

The enumerated criteria are designed to indicate certain basic considerations which should be considered. The conference committee recognizes that there may be occasions when application of the various considerations to a particular case could cause conflicting results. In those instances, the Administrator will have to reconcile the differences giving due regard to the overall purposes of the patent policy provisions. It is not intended that specific findings be made as to each and every consideration.

The Administrator is similarly authorized in subsection (e) to grant a waiver to a contractor or inventor after identification of an invention if he determines that the interests of the United States and the general public will best be served thereby. The Administrator is required to specifically include as considerations paragraphs (4) through (11) of subsection (d), and paragraphs (1) and (2) of subsection (e). As the invention will have been identified, the Administrator shall consider each of the enumerated criteria as it specifically applies to that invention.

Subsection (f) permits—but does not require—the Administrator to reserve to a contractor a revocable, or irrevocable, nonexclusive, paid-up license, and rights to patents in foreign countries, subject to enumerated safeguards. The conference committee recognizes that the general reservation of an irrevocable nonexclusive license may impact adversely on the grant of exclusive licenses under subsection (g). It is expected that the Administrator, therefore, will carefully exercise his discretion to grant an irrevocable nonexclusive license.

With respect to the granting of exclusive licenses, the Administrator may (but is not required to) grant such licenses under subsection (g) only if he determines, after notice and opportunity for hearing, that the criteria specified in subsection (g) are satisfied.

The Administrator is authorized and directed under subsection (h) to include in each waiver of rights or grant of an exclusive or partially exclusive license such terms and conditions as may be appropriate for the protection of the interests of the United States and the general public. Subsections (h)(1) through (h)(7) enumerate certain minimum safeguards which he must include.

Subsections (i), (j), (k), and (l), respectively, provide for an annual periodic notice to the public of the right to the hearing provided in subsection (h)(7), and the availability of the records of determination provided for by this section; consideration of the small business status of an applicant in granting waivers or licenses; the taking of all suitable and necessary steps to protect any invention or discovery to which the United States holds title; and the placing of ERDA under the provisions of chapter 17, title 35.

Subsection (m) is the definitional section.

Subsection (m) (2), which defines contract as including "other arrangement," is intended to encompass any and all other arrangements. The reference to section 9 in section 7 is intended to make this clear.

The reference in subsection (d) (11) to nonprofit educational institutions with approved technology transfer capabilities and programs is included among other reasons to assure that these institutions would not be disqualified from consideration for a waiver due to a lack of established commercial position or manufacturing capability. The approval requirement in the subsection is designed to assure that such institutions do not become a conduit for avoidance of the safeguards provided throughout the section. There is no intention for other nonprofit or research institutions to meet any lesser standard than required of other applicants.

Subsections (c) (4), (d) (10), (g) (2), and (h) (7) (A) contain references to competitive principles to be followed by the Administrator in the manner, and in accordance with the procedures, indicated in those subsections. These principles embrace existing legal concepts. The conference committee shares the President's concern that the effect of Executive Branch agency decisions should not be to interfere with or to affect adversely or unnecessarily our free market economy, and intends that this section be construed in a manner consistent with our fundamental national economic policy of fostering free competitive enterprise. The four references to these principles are intended to be construed harmoniously, reflecting judicial construction of the language from which they are derived, and their objective is to prevent situations before they reach the effects our antitrust law is meant to prevent. The phrase "preventing . . . the creation or maintenance of other situations inconsistent with the antitrust laws" is derived from section 105 of the Atomic Energy Act. The phrases "tend substantially to lessen competition" and "undue concentration" are derived from section 7 of the Clayton Act. They are intended to incorporate, in a nonmerger context, judicial construction of these concepts. These provisions are meant to check a tendency toward undue concentration before the harmful effect occurs. In considering these antitrust aspects, it is not intended that the Administrator supplant the high level effort expended by the Justice Department or the Federal Trade Commission. The intensive job of ferreting out antitrust violations is beyond ERDA's capability and mission; and it is not intended that ERDA undertake the elaborate type of evidentiary record generally required in an antitrust proceeding. For the purpose of subsection (h) (7), the Administration is intended to be considered an "interested person."

Subsection 9(n) reflects the conferees' concern for harmonizing the patent policies within ERDA. For example, nuclear programs will continue to follow the patent policy of the Atomic Energy Act while nonnuclear programs will follow the patent policy of section 9. This arrangement is likely to result in some anomalies. Thus, the conferees believed it prudent to include a study of the Federal patent policies affecting ERDA's programs. The conferees believe that section 9 will establish a workable patent policy until the study or experience demonstrates a need for revision.

The study will also investigate the desirability of mandatory licensing. The report resulting from that study should contain empirical data, in addition to opinions and conclusions. It also would be useful for the report to analyze the effect on research and development activity of existing legislative and judicial mandatory licensing provisions.

The study is to be undertaken by the Administrator with participation of other Federal agencies. The purpose of listing the Attorney General and the Secretary of Commerce is to assure that the views of those departments are available to the Congress. If there are differences of opinion between the agencies, the report should reflect the different views with dissenting or individual views where appropriate. The Administrator should also make allowance for input from interested non-Federal parties. One approach might be to hold public hearings from which the Administrator can better assess the public's concerns.

The study will be referred to the appropriate congressional committees. Several committees have an interest in this area. Although the study will not necessarily lead to changes in our patent laws *per se* (title 35 of the United States Code), nevertheless, copies of it should be forwarded to both House and Senate Judiciary Committees. The specific responsibility for the ERDA patent policy rests in the committees with legislative jurisdiction over ERDA. These latter committees are expected to give due consideration to any suggestions which the Judiciary Committees may make regarding the report, and the Senate conferees believe that consideration of the report in the Senate should be with the full participation of the Senate Judiciary Committee.

RELATIONSHIP TO ANTITRUST LAWS

Section 114 of the Senate bill assures that no act taken or condition reached, pursuant to this Act, is immunized or otherwise protected from the full applicability of antitrust law as defined in subsection 114(b). The House amendment (section 8) contained an identical provision. The conference substitute incorporates this language in section 10.

ENVIRONMENTAL EVALUATION

In section 120 of the Senate bill the Council on Environmental Quality is authorized and directed to carry out a continuing assessment of the progress of energy research and development to evaluate the adequacy of attention to energy conservation and environmental concerns. The House amendment (section 9) adopts the same language except for minor changes including the deletion of paragraph 120(a) (3). The House amendment was adopted.

ACQUISITION OF ESSENTIAL MATERIALS

Section 12 is a modified version of section 121 of the Senate bill. It provides authority for the President to require the priority allocation of scarce materials which are found to be critical and essential for the performance of ERDA's responsibilities. There was no similar provision in the House amendment. The conference committee refined the language of the provision to require specific findings by the President as a prerequisite to the implementation of this authority and to set forth a procedure for Congressional review of rules or orders proposed pursuant to this section.

WATER RESOURCE EVALUATION

The provisions in section 13 are derived from section 10 and subsection 3(c) of the House amendment. There was no similar provision in the Senate bill. The conference substitute incorporates the language of section 10 with some modifications. The conference substitute directs the Water Resources Council to undertake assessments at the request of the Administrator. Studies or assessments of the availability of adequate water resources shall be performed as a precondition for Federal assistance in demonstration plant projects and in commercial application of energy technologies as provided for in section 3(c) of the House amendment. All reports on the assessments of water availability are required to be printed in the Federal Register.

The conference committee modified section 10 of the House amendment to include the full range of legal constraints which apply to the consumptive use of water. The committee recognizes that the body of State and Federal law which protects water rights is vital to the social and economic stability of vast regions of the Nation. It is essential that choices and decisions made concerning the future of national energy production give full consideration to the impacts which new energy developments will have upon water resources and indirectly upon other uses of water. State and Federal legal constraints upon the use of water must be observed in energy-related decisions to insure that they do not disrupt other equally important social objectives.

ENERGY-RELATED INVENTIONS

The language in section 105 of the Senate bill directed the National Science Foundation to evaluate promising energy-related inventions. There was no comparable provision in the House amendment. The conference substitute in section 14 follows the Senate provision but designates the National Bureau of Standards as the responsible agency. An office with similar functions for inventions in general has existed within NBS for over thirty years. The conference committee directs NBS to keep ERDA currently advised of promising inventions which should be considered for inclusion in the energy research, development, and demonstration programs.

REPORTS TO CONGRESS

The Senate bill contained in section 119 and subsection 122(c) provides for annual reports to Congress, including the activities of the previous calendar year. The House amendment (section 6) required an annual report no later than sixty days from the end of the fiscal year detailing the activities during the current fiscal year and no later than ninety legislative days prior to each fiscal year an annual report setting forth a detailed program for energy research and development. Six general aspects of the program objectives and impact were required to be discussed in the report.

The conference substitute requires the Administrator to submit a report to the Congress concurrent with the submission of the President's annual budget to the Congress. The Administrator is directed to report the activities carried out pursuant to this Act during the preceding fiscal year and to revise annually the comprehensive energy research, development, and demonstration plan and the comprehensive nonnuclear energy research, development, and demonstration program prepared pursuant to section 6. The same six general aspects of the program objectives and impact are required to be addressed in the report. A provision was included to avoid duplication with the reporting requirements of the Energy Reorganization Act of 1974 relating to nonnuclear energy.

APPROPRIATION AUTHORIZATION

The appropriations provisions (subsections 122 (a) and (b)) of the Senate bill as passed were substantially outdated by the passage of the Energy Reorganization Act of 1974 and by the expenditures for nonnuclear energy research and development in the current fiscal year. Section 13 of the House amendment provided for authorization for appropriation to the Administrator only such sums as the Congress may hereafter authorize by law with fund transfers authorized for the Council on Environmental Quality and the Water Resources Council. The conference committee adopted these provisions as subsection 16 (a) and (b). The conference substitute provision in subsection 16(c) is a revision of subsection 13(c) of the House amendment to conform to the provisions of section 8 of the conference substitute.

Morris Udall,
Jonathan B. Bingham,
John F. Seiberling,
Olin Teague,
Mike McCormack,
Philip E. Ruppe,
John Dellenback,
Charles A. Mosher,
Managers on the Part of the House.
Henry M. Jackson,
Lee Metcalf,
J. Bennett Johnston, Jr.,
Floyd K. Haskell,
Gaylord Nelson,
Mark Hatfield,
James L. Buckley,
James A. McClure,
Managers on the Part of the Senate.

ESTABLISHING PRIVACY PROTECTION COMMISSION

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate *bill* (S. 3418) to establish a Privacy Protection Commission, to provide management systems in Federal agencies and certain other organizations with respect to the gathering and disclosure of information concerning individuals, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3418

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—PRIVACY PROTECTION COMMISSION

ESTABLISHMENT OF COMMISSION

Sec. 101. (a) There is established as an independent agency of the executive branch of the Government the Privacy Protection Commission.

(b) (1) The Commission shall be composed of five members who shall be appointed by the President, by and with the advice and consent of the Senate, from among members of the public at large who, by reason of their knowledge and expertise in any of the following areas: civil rights and liberties, law, social sciences, and computer technology, business, and State and local government, are well qualified for service on the Commission and who are not otherwise officers or employees of the United States. Not more than three of the members of the Commission shall be adherents of the same political party.

(2) One of the Commissioners shall be appointed Chairman by the President.

(3) A Commissioner appointed as Chairman shall serve as Chairman until the expiration of his term as a Commissioner of the Commission (except that he may continue to serve as Chairman for so long as he remains a Commissioner and his successor as Chairman has not taken office). An individual may be appointed as a Commissioner at the same time he is appointed Chairman.

(c) The Chairman shall preside at all meetings of the Commission and a quorum for the transaction of business shall consist of at least three members present (but the Chairman may designate an Acting Chairman who may preside in the absence of the Chairman). Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all decisions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote. Action of the Commission shall be determined by a majority vote of the members present. The Chairman (or Acting Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons, or the public, and, on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct.

(d) Each Commissioner shall be compensated at the rate provided for under section 5314 of title 5 of the United States Code, relating to level IV of the Executive Schedule.

(e) Commissioners shall serve for terms of three years. No Commissioner may serve more than two terms. Vacancies in the membership of the Commission shall be filled in the same manner in which the original appointment was made.

(f) Vacancies in the membership of the Commission, as long as there are three Commissioners in office, shall not impair the power of the Commission to execute the functions and powers of the Commission.

(g) The members of the Commission shall not engage in any other employment during their tenure as members of the Commission.

(h) (1) Whenever the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that request to Congress.

(2) Whenever the Commission submits any legislative recommendations, or testimony, or comments on legislation to the President or Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations, or testimony, or comments on legislation, to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

PERSONNEL OF THE COMMISSION

Sec. 102. (a) (1) The Commission shall appoint an Executive Director who shall perform such duties as the Commission may determine. Such appointment may be made without regard to the provisions of title 5, United States Code.

(2) The Executive Director shall be compensated at a rate not in excess of maximum rate for GS–18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The Commission is authorized to appoint and fix the compensation of such officers and employees, and prescribe their functions and duties, as may be necessary to carry out the provisions of this Act.

(c) The Commission may obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

FUNCTIONS OF THE COMMISSION

Sec. 103. (a) The Commission shall—

(1) publish annually a United States Directory of Information Systems containing the information specified to provide notice under section 201(c) (3) of this Act for each information system subject to the provisions of this Act and a listing of all statutes which require the collection of such information by a Federal agency;

(2) investigate, determine, and report any violation of any provision of this Act (or any regulation adopted pursuant thereto) to the President, the Attorney General, the Congress, and the General Services Administration where the duties of that agency are involved, and to the Comptroller General when it deems appropriate; and

(3) develop model guidelines for the implementation of this Act and assist Federal agencies in preparing regulations and meeting technical and administrative requirements of this Act.

(b) Upon receipt of any report required of a Federal agency describing (1) any proposed information system or data bank, or (2) any significant expansion of an existing information system or data bank, integration of files, programs for records linkage within or among agencies, or centralization of resources and facilities for data processing, the Commission shall—

(A) review such report to determine (i) the probable or potential effect of such proposal on the privacy and other personal or property rights of individuals or the confidentiality of information relating to such individuals, and (ii) its effect on the preservation of the constitutional principles of federalism and separation of powers; and

(B) submit findings and make recommendations to the President, Congress, and the General Services Administration concerning the need for legislative authorization and administrative action relative to any such proposed activity in order to meet the purposes and requirements of this Act.

(c) After receipt of any report required under subsection (b), if the Commission determines and reports to the Congress that a proposal to establish or modify a data bank or information system does not comply with the standards established by or pursuant to this Act, the Federal agency submitting such report shall not proceed to establish or modify any such data bank or information system for a period of sixty days from the date of receipt of notice from the Commission that such data bank or system does not comply with such standards.

(d) In addition to its other functions the Commission shall—

(1) to the fullest extent practicable, consult with the heads of appropriate departments, agencies, and instrumentalities of the Federal Government, of State and local governments, and other persons in carrying out the provisions of this Act and in conducting the study required by section 106 of this Act;

(2) perform or cause to be performed such research activities as may be necessary to implement title II of this Act, and to assist Federal agencies in complying with the requirements of such title;

(3) determine what specific categories of information should be prohibited by statute from collection by Federal agencies on the basis that the collection of such information would violate an individual's right of privacy; and

(4) prepare model legislation for use by State and local governments in establishing procedures for handling, maintaining, and disseminating personal information at the State and local level and provide such technical assistance to State and local governments as they may require in the preparation and implementation of such legislation.

CONFIDENTIALITY OF INFORMATION

Sec. 104. (a) Each department, agency, and instrumentality of the executive branch of the Government, including each independent agency, shall furnish to the Commission, upon request made by the Chairman, such data, reports, and other information as the Commission deems necessary to carry out its functions under this Act.

(b) In carrying out its functions and exercising its powers under this Act, the Commission may accept from any Federal agency or other person any identifiable personal data if such data is necessary to carry out such powers and functions. In any case in which the Commission accepts any such information, it shall provide appropriate safeguards to insure that the confidentiality of such information is maintained and that upon completion of the purpose for which such information is required it is destroyed or returned to the agency or person from which it is obtained, as appropriate.

POWERS OF THE COMMISSION

SEC. 105. (a) (1) The Commission may, in carrying out its functions under this Act, conduct such inspections, sit and act at such times and places, hold such hearings, take such testimony, require by subpena the attendance of such witnesses and the production of such books, records, papers, correspondence, and documents, administer such oaths, have such printing and binding done, and make such expenditures as the Commission deems advisable. A subpena shall be issued only upon an affirmative vote of a majority of all members of the Commission. Subpenas shall be issued under the signature of the Chairman or any member of the Commission designated by the Chairman and shall be served by any person designated by the Chairman or any such member. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission.

(2) In case of disobedience to a subpena issued under paragraph (1) of this subsection, the Commission may invoke the aid of any district court of the United States in requiring compliance with such subpena. Any district court of the United States within the jurisdiction where such person is found or transacts business may, in case of contumacy or refusal to obey a subpena issued by the Commission, issue an order requiring such person to appear and testify, to produce such books, records, papers, correspondence, and documents, and any failure to obey the order of the court shall be punished by the court as a contempt thereof.

(3) Appearances by the Commission under this Act shall be in its own name. The Commission shall be represented by attorneys designated by it.

(4) Section 6001(1) of title 18, United States Code, is amended by inserting immediately after "Securities and Exchange Commission," the following: "the Privacy Protection Commission,".

(b) The Commission may delegate any of its functions to such officers and employees of the Commission as the Commission may designate and may authorize such successive redelegations of such functions as it may deem desirable.

(c) In order to carry out the provisions of this Act, the Commission is authorized—

(1) to adopt, amend, and repeal rules and regulations governing the manner of its operations, organization, and personnel;

(2) to adopt, amend, and repeal interpretative rules for the implementation of the rights, standards, and safeguards provided under this Act;

(3) to enter into contracts or other arrangements or modifications thereof, with any government, any agency or department of the United States, or with any person, firm, association, or corporation, and such contracts or other arrangements, or modifications thereof, may be entered into without legal consideration, without performance or other bonds, and without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5);

(4) to make advance, progress, and other payments which the Commission deems necessary under this Act without regard to the provisions of section 3648 of the Revised Statutes, as amended (31 U.S.C. 529);

(5) receive complaints of violations of this Act and regulations adopted pursuant thereto; and

(6) to take such other action as may be necessary to carry out the provisions of this Act.

COMMISSION STUDY OF OTHER GOVERNMENTAL AND PRIVATE ORGANIZATIONS

SEC. 106. (a) (1) The Commission shall make a study of the data banks, automated data processing programs, and information systems of governmental, regional, and private organizations, in order to determine the standards and procedures in force for the protection of personal information, and to determine the extent to which those standards and procedures achieve the purposes of this Act.

(2) The Commission periodically shall report its findings to the President and the Congress and shall complete the study required by this section not later than three years from the date this Act becomes effective.

(3) The Commission shall recommend to the President and the Congress the extent, if any, to which the requirements and principles of this Act should be applied to the information practices of those organizations by legislation, administrative action, or by voluntary adoption of such requirements and principles. In addition, it shall submit such other legislative recommendations as it may determine to be necessary to protect the privacy of individuals while meeting the legitimate needs of government and society for information.

(b) (1) In the course of such study and in its reports, the Commission shall examine and analyze—

(A) interstate transfer of information about individuals which is being undertaken through manual files or by computer or other electronic or telecommunications means;

(B) data banks and information programs and systems the operation of which significantly or substantially affect the enjoyment of the privacy and other personal and property rights of individuals;

(C) the use of social security numbers, license plate numbers, universal identifiers, and other symbols to identify individuals in data banks and to gain access to, integrate, or centralize information systems and files; and

(D) the matching and analysis of statistical data, such as Federal census data, with other sources of personal data, such as automobile registries and telephone directories, in order to reconstruct individual responses to statistical questionnaires for commercial or other purposes, in a way which results in a violation of the implied or explicitly recognized confidentiality of such information.

(2) The Commission shall include in its examination information activities in the following areas: medical, insurance, education, employment and personnel, credit, banking and financial institutions, credit bureaus, the commercial reporting industry, cable television and other telecommunications media, travel, hotel, and entertainment reservations, and electronic check processing. The Commission may study such other information activities necessary to carry out the congressional policy embodied in this Act, except that the Commission shall not investigate information systems maintained by religious organizations.

(3) In concluding the study, the Commission shall—

(A) determine what laws, Executive orders, regulations, directives, and judicial decisions govern the activities under study and the extent to which they are consistent with the rights of privacy, due process of law, and other guarantees in the Constitution;

(B) determine to what extent governmental and private information systems affect Federal-State relations or the principle of separation of powers;

(C) conduct a thorough examination of standards and criteria governing programs, policies, and practices relating to the collection, soliciting, processing, use, access, integration, dissemination, and transmission of personal information;

(D) to the maximum extent practicable, collect and utilize findings, reports, and recommendations of major governmental, legislative and private bodies, institutions, organizations and individuals which pertain to the problems under study by the Commission; and

(E) receive and review complaints with respect to any matter under study by the Commission which may be submitted by any person.

REPORTS

SEC. 107. The Commission shall, from time to time, and in an annual report, report to the President and the Congress on its activities in carrying out the provisions of this Act.

TITLE II—STANDARDS AND MANAGEMENT SYSTEMS FOR HANDLING INFORMATION RELATING TO INDIVIDUALS

SAFEGUARD REQUIREMENTS FOR ADMINISTRATIVE, INTELLIGENCE, STATISTICAL-REPORTING, AND RESEARCH PURPOSES

SEC. 201. (a) Each Federal agency shall—

(1) collect, solicit, and maintain only such personal information as is relevant and necessary to accomplish a statutory purpose of the agency;

(2) collect information to the greatest extent practicable directly from the subject individual when the information may result in adverse determinations about an individual's rights, benefits, and privileges under Federal programs; and

(3) inform any individual requested to disclose personal information whether that disclosure is mandatory or voluntary, by what statutory authority it is solicited, what uses the agency will make of it, what penalties and specific consequences for the individual, which are known to the agency, will result from nondisclosure, and what rules of confidentiality will govern the information.

(b) Each Federal agency that maintains an information system or file shall, with respect to each such system or file—

(1) insure that personal information maintained in the system or file is accurate, complete, timely, and relevant to the purpose for which it is collected or maintained by the agency at the time any access is granted to the file, material is added to or taken from the file, or at any time it is used to make a determination affecting the subject of the file;

(2) refrain from disclosing any such personal information within the agency other than to officers or employees who have a need for such personal information in the performance of their duties for the agency;

(3) maintain a list of all categories of persons authorized to have regular access to personal information in the system or file;

(4) maintain an accurate accounting of the date, nature, and purpose of all other access granted to the system or file, and all other disclosures of personal information made to any person outside the agency, or to another agency, including the name and address of the person or other agency to whom disclosure was made or access was granted, except as provided by section 202(b) of this Act;

(5) establish rules of conduct and notify and instruct each person involved in the design, development, operation, or maintenance of the system or file, or the collection, use, maintenance, or dissemination of infor-

mation about an individual, of the requirements of this Act, including any rules and procedures adopted pursuant to this Act and the penalties for noncompliance;

(6) establish appropriate administrative, technical and physical safeguards to insure the security of the information system and confidentiality of personal information and to protect against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom personal information is maintained; and

(7) establish no program for the purpose of collecting or maintaining information describing how individuals exercise rights guaranteed by the first amendment unless the head of the agency specifically determines that such information is relevant and necessary to carry out a statutory purpose of the agency.

(c) Any Federal agency that maintains an information system or file shall—

(1) make available for distribution upon the request of any person a statement of the existence and character of each such system or file;

(2) on the date on which this Act becomes effective and annually thereafter, notify the Commission and give public notice of the existence and character of each existing system or file simultaneously, and cause such notice to be published in the Federal Register and

(3) include in such notices at least the following information:

(A) name and location of the system or file;

(B) nature and purposes of the system or file;

(C) categories of individuals on whom personal information is maintained and categories of personal information generally maintained in the system or file, including the nature of the information and the approximate number of individuals on whom information is maintained;

(D) the confidentiality requirements and the extent to which access controls apply to such information;

(E) categories of sources of such personal information;

(F) the Federal agency's policies and practices regarding implementation of sections 201 and 202 of this Act, information storage, duration of retention of information, and elimination of such information from the system or file;

(G) uses made by the agency of the personal information contained in the system or file;

(H) identity of other agencies and categories of persons to whom disclosures of personal information are made, or to whom access to the system or file may be granted, together with the purposes therefor and the administrative constraints, if any, on such disclosures and access, including any such constraints or redisclosure;

(I) procedures whereby an individual can (i) be informed if the system or file contains personal information pertaining to himself or herself, (ii) gain access to such information, and (iii) contest the accuracy, completeness, timeliness, relevance, and necessity for retention of the personal information; and

(J) name, title, official address, and telephone number of the officer immediately responsible for the system or file.

(d)(1) Each Federal agency that maintains an information system or file shall assure to an individual upon request the following rights:

(A) to be informed of the existence of any personal information pertaining to that individual;

(B) to have full access to and right to inspect the personal information in a form comprehensible to the individual;

(C) to know the names of all recipients of information about such individual including the recipient organization and its relationship to the system or file, and the purpose and date when distributed, unless such information is not required to be maintained pursuant to this Act;

(D) to know the sources of personal information (i) unless the confidentiality of any such source is required by statute, then the right to know the nature of such source; or (ii) unless investigative material used to determine the suitability, eligibility, or qualifications for Federal civilian employment, military service, Federal contracts, or access to classified information, is compiled by a Federal agency in pursuit of an authorized investigative responsibility, and in the course of compiling such materials, information prejudicial to the subject of the investigation is revealed through a source who furnishes such information to the Government under the express provision that the identity of the source will be held in confidence, and where the disclosure of such information would identify and be prejudicial to the rights of the confidential source, then the right to know the nature of such information and to examine that information if it is found to be material or relevant to an administrative or judicial proceeding by a Federal judge or Federal administrative officer: *Provided*, That investigative material shall not be made available to promotion boards which are empowered to promote or advance individuals in Federal employment, except when the appointment would be from a noncritical to a critical security position;

(E) to be accompanied by a person chosen by the individual inspecting the information, except that an agency or other person may require the individual to furnish a written statement authorizing discussion of that individual's file in the person's presence;

(F) to receive such required dsiclosures and at reasonable standard charges for document duplication, in person or by mail, if upon written request, with proper identification; and

(G) to be completely informed about the uses and disclosures made of any such information contained in any such system or file except those uses and disclosures made pursuant to law or regulation permitting public inspection or copying.

(2) Upon receiving notice that an individual wishes to challenge, correct, or explain any personal information about him in a system or file, such Federal agency shall comply promptly with the following minimum requirements:

(A) investigate and record the current status of the personal information;

(B) correct or eliminate any information that is found to be incomplete, inaccurate, not relevant to a statutory purpose of the agency, not timely or necessary to be retained, or which can no longer be verified;

(C) accept and include in the record of such information, if the investigation does not resolve the dispute, any statement of reasonable length provided by the individual setting forth his position on the disputed information;

(D) in any subsequent dissemination or use of the disputed information, clearly report the challenge and supply any supplemental statement filed by the individual;

(E) at the request of such individual, following any correction or elimination of challenged information, inform past recipients of its elimination or correction; and

(F) not later than sixty days after receipt of notice from an individual making a request concerning personal information, make a determination with respect to such request and notify the individual of the determination and of the individual's right to a hearing before an official of the agency which shall if requested by the individual, be conducted as follows:

(i) such hearing shall be conducted in an expeditious manner to resolve the dispute promptly and shall be held within thirty days of the request and, unless the individual requests a formal hearing, shall be conducted on an informal basis, except that the individual may appear with counsel, present evidence, and examine and cross-examine witnesses;

(ii) any record found after such a hearing to be incomplete, inaccurate, not relevant, not timely nor necessary to be retained, or which can no longer be verified, shall within thirty days of the date of such findings be appropriately modified or purged; and

(iii) the action or inaction of any agency on a request to review and challenge personal data in its possession as provided by this section shall be reviewable de novo by the appropriate United States district court.

An agency may, for good cause, extend the time for making a determination under this subparagraph. The individual affected by such an extension shall be given notice of the extension and the reason therefore.

(e) When a Federal agency provides by a contract, grant, or agreement for, and the specific creation or substantial alteration, or the operation by or on behalf of the agency of an information system or file and the primary purpose of the grant, contract, or agreement is the creation, substantial alteration, or the operation by or on behalf of the agency of such an information system or file, the agency shall, consistent with its authority, cause the requirements of subsections (a), (b), (c), and (d) to be applied to such system or file. In cases when contractors and grantees or parties to an agreement are public agencies of States or the District of Columbia or public agencies of political subdivisions of States, the requirements of subsections (a), (b), (c), and (d) shall be deemed to have been met if the Federal agency determines that the State or the District of Columbia or public agencies of political subdivisions of the State have adopted legislation or regulations which impose similar requirements.

(f)(1) Any Federal agency maintaining or proposing to establish a personal information system or file shall prepare and submit a report to the Commission, the General Services Administration, and to the Congress on proposed data banks and information systems or files, the proposed significant expansion of existing data banks and information systems or files, integration of files, programs for records linkage within or among agencies, or centralization of resources and facilities for data processing, which report shall include—

(A) the effects of such proposals on the rights, benefits, and privileges of the individuals on whom personal information is maintained;

(B) a statement of the software and hardware features which would be required to protect security of the system or file and confidentiality of information;

(C) the steps taken by the agency to acquire such features in their systems, including description of consultations with representatives of the National Bureau of Standards; and

(D) a description of changes in existing interagency of intergovernmental relationships in matters involving the collection, processing, sharing, exchange, and dissemination of personal information.

(2) The Federal agency shall not proceed to implement such proposal for a period of sixty days from date of receipt of notice from

the Commission that the proposal does not comply with the standards established under or pursuant to this Act.

(g) Each Federal agency covered by this Act which maintains an information system or file shall make reasonable efforts to serve advance notice on an individual before any personal information on such individual is made available to any person under compulsory legal process.

(h) No person may condition the granting or withholding of any right, privilege, or benefit, or make as a condition of employment the securing by any individual of any information which such individual may obtain through the exercise of any right secured under the provisions of this section.

DISCLOSURE OF INFORMATION

Sec. 202. (a) No Federal agency shall disseminate personal information unless—

(1) it has made written request to the individual who is the subject of the information and obtained his written consent;

(2) the recipient of the personal information has adopted rules in conformity with this Act for maintaining the security of its information system and files and the confidentiality of personal information contained therein; and

(3) the information is to be used only for the purposes set forth by the sender pursuant to the requirements for notice under this Act.

(b) Section 202(a)(1) shall not apply when disclosure would be—

(1) to those officers and employees of that agency who have a need for such information in ordinary course of the performance of their duties;

(2) to the Bureau of the Census for purposes of planning or carrying out a census or survey pursuant to the provisions of title 13, United States Code: *Provided,* That such personal information is transferred or disseminated in a form not individually identifiable.

(3) where the agency determines that the recipient of such information has provided advance adequate written assurance that the information will be used solely as a statistical reporting or research record, and is to be transferred in a form that is not individually identifiable; or

(4) pursuant to a showing of compelling circumstances affecting health or safety of an individual, if upon such disclosure notification is transmitted to the last known address of such individual.

(e) Section 201(b)(4) and paragraphs (1), (2), and (3) of subsection a of this section shall not apply when disclosure would be to the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accounting Office. Nothing in this Act shall impair access by the Comptroller General, or any of his authorized representatives, to records maintained by an agency, including records of personal information, in the course of performance of such duties.

(d)(1) Nothing in this section shall be construed to limit the efforts of the Government pursuant to the provisions of chapter 35, title 44 of the United States Code (commonly known as the Federal Reports Act) or any other statute, to reduce the burden on citizens of collecting information by means of combining or eliminating unnecessary reports, questionnaires, or requests for information.

(2) Nothing in this section shall be construed to affect restrictions on the exchange of information between agencies as required by chapter 35, title 44 of the United States Code (commonly known as the Federal Reports Act).

(e) Subsection (a)(1) of this section shall not apply when disclosure would be to another agency or to an instrumentality of any governmental jurisdiction for a law enforcement activity if such activity is authorized by statute and if the head of such agency or instrumentality has made a written request to or has an agreement with the agency which maintains the system or file specifying the particular portion of the information desired and the law enforcement activity for which the information is sought.

EXEMPTIONS

Sec. 203. (a) The provisions of section 201(c)(3)(E), (d), and section 202, shall not apply to any personal information contained in any information system or file if the head of the Federal agency determines, in accordance with the provisions of this section, that the application of the provisions of any of such sections would seriously damage national defense or foreign policy or where the application of any of such provisions would seriously damage or impede the purpose for which the information is maintained.

(b) The provisions of section 201(d) and section 202 shall not apply to law enforcement intelligence information or investigative information if the head of the Federal agency determines, in accordance with the provisions of any of such sections would seriously damage or impede the purpose for which the information is maintained: *Provided,* That investigatory records shall be exempted only to the extent that the production of such records would (A) interfere with enforcement proceedings, (B) deprive a person of a right to a fair trial or an impartial adjudication, (C) disclose the identity of a confidential source, and in the case of a record compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished only by the confidential source, (E) disclose confidential investigative techniques and procedures which are not otherwise generally known outside the agency, or (F) endangers the life or physical safety of law enforcement personnel: *Provided further,* That investigative information may not be exempted under this section where such information has been maintained for a period longer than is necessary to commence criminal prosecution. Nothing in this Act shall prohibit the disclosure of such investigative information to a party in litigation where required by statute or court rule.

(c)(1) A determination to exempt any such system, file, or information may be made by the head of any such agency in accordance with the requirements of notice, publication, and hearing contained in sections 553 (b), (c), and (e), 556, and 557 of title 5, United States Code. In giving notice of an intent to exempt any such system, file, or information, the head of such agency shall specify the nature and purpose of the system, file, or information to be exempted.

(2) Whenever any Federal agency undertakes to exempt any information system, file, or information from the provisions of this Act, the head of such Federal agency shall promptly notify the Commission of its intent and afford the Commission opportunity to comment.

(3) The exception contained in section 553 (d) of title 5, United States Code (allowing less than thirty days' notice), shall not apply in any determination made or any proceeding conducted under this section.

ARCHIVAL RECORDS

Sec. 204. (a) Federal agency records which are accepted by the Administrator of General Services for storage, processing, and servicing in accordance with section 3103 of title 44, United States Code, shall, for the purposes of this section, be considered to be maintained by the agency which deposited the records and shall be subject to the provisions of this Act. The Administrator of General Services shall not disclose such records, or any information therein, except to the agency which maintains the records or pursuant to rules established by that agency.

(b) Federal agency records pertaining to identifiable individuals which were transferred to the National Archives of the United States as records which have sufficient historical or other value to warrant their continued preservation by the United States Government shall for the purposes of this Act, be considered to be maintained by the National Archives and shall not be subject to the provisions of this Act except section 201(b) (5) and (6).

(c) The National Archives shall, on the date on which this Act becomes effective and annually thereafter, notify the Commission and give public notice of the existence and character of the information systems and files which it maintains, and cause such notice to be published in the Federal Register. Such notice shall include at least the information specified under section 201(c)(3) (A), (B), (D), (E), (F), (G), (I), and (J).

EXCEPTIONS

Sec. 205. (a) No officer or employee of the executive branch of the Government shall rely on any exemption in subchapter II of chapter 5 of title 5 of the United States Code (commonly known as the Freedom of Information Act) to withhold information relating to an individual otherwise accessible to an individual under this Act.

(b) Nothing in this Act shall be construed to permit the withholding of any personal information which is otherwise required to be disclosed by law or any regulation thereunder.

(c) The provisions of section 201(d)(1) of this Act shall not apply to records collected or furnished and used by the Bureau of the Census solely for statistical purposes or as authorized by section 8 of title 13 of the United States Code: *Provided,* That such personal information is transferred or disseminated in a form not individually identifiable.

(d) The provisions of this Act shall not require the disclosure of testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal service if the disclosure of such material would compromise the objectivity or fairness of the testing or examination process.

(e) The provisions of this Act, with the exception of sections 201(a)(2), 201(b) (2), (3), (4), (5), (6), and (7), 201(c)(2), 201 (c)(3) (A), (B), (D) and (F), and 202(a) (2) and (3) shall not apply to foreign intelligence information systems or to systems of personal information involving intelligence sources and methods designed for protection from unauthorized disclosure pursuant to 50 U.S.C.A. 403.

MAILING LISTS

Sec. 206. (a) An individual's name and address may not be sold or rented by a Federal agency unless such action is specifically authorized by law. This provision shall not be construed to require the confidentiality of names and addresses otherwise permitted to be made public.

(b) Upon written request of any individual, any person engaged in interstate commerce who maintains a mailing list shall remove the individual's name and address from such list.

REGULATIONS

Sec. 207. Each Federal agency subject to the provisions of this Act shall, not later than six months after the date on which this Act becomes effective, promulgate regulations to implement the standards, safeguards, and access requirements of this title and such other regulations as may be necessary to implement the requirements of this Act.

TITLE III—MISCELLANEOUS

DEFINITIONS

SEC. 301. As used in this Act—

(1) the term "Commission" means the Privacy Protection Commission;

(2) the term "personal information" means any information that identifies or describes any characteristic of an individual, including, but not limited to, his education, financial transactions, medical history, criminal or employment record, or that affords a basis for inferring personal characteristics, such as finger and voice prints, photographs, or things done by or to such individual; and the record of his presence, registration, or membership in an organization or activity, or admission to an institution;

(3) the term "individual" means a citizen of the United States or an alien lawfully admitted through permanent residence;

(4) the term "information system" means the total components and operations, whether automated or manual, by which personal information, including name or identifier, is collected, stored, processed, handled, or disseminated by an agency;

(5) the term "file" means a record or series of records containing personal information about individuals which may be maintained within an information system;

(6) the term "data bank" means a file or series of files pertaining to individuals;

(7) the term "Federal agency" means any department, agency, instrumentality, or establishment in the executive branch of the Government of the United States and includes any officer or employee thereof;

(8) the term "investigative information" means information associated with an identifiable individual compiled by—

(A) an agency in the course of conducting a criminal investigation of a specific criminal act where such investigation is pursuant to a statutory function of the agency. Such information may pertain to that criminal act and be derived from reports of informants and investigators, or from any type of surveillance. The term does not include criminal history information nor does it include initial reports filed by a law enforcement agency describing a specific incident, indexed chronologically and expressly required by State or Federal statute to be made public; or

(B) by an agency with regulatory jurisdiction which is not a law enforcement agency in the course of conducting an investigation of specific activity which falls within the agency's regulatory jurisdiction. For the purposes of this paragraph, an "agency with regulatory jurisdiction" is an agency which is empowered to enforce any Federal statute or regulation, the violation of which subjects the violator to criminal or civil penalties;

(9) the term "law enforcement intelligence information" means information associated with an identifiable individual compiled by a law enforcement agency in the course of conducting an investigation of an individual in anticipation that he may commit a specific criminal act, including information derived from reports of informants, investigators, or from any type of surveillance. The term does not include criminal history information nor does it include initial reports filed by a law enforcement agency describing a specific incident, indexed chronologically by incident and expressly required by State or Federal statute to be made public;

(10) the term "criminal history information" means information on an individual consisting of notations of arrests, detentions, indictments, informations, or other formal criminal charges and any disposition arising from those arrests, detentions, indictments, informations, or charges. The term shall not include an original book of entry or police blotter maintained by a law enforcement agency at the place of an original arrest or place of detention, indexed chronologically and required to be made public, nor shall it include court records of public criminal proceedings indexed chronologically; and

(11) the term "law enforcement agency" means an agency whose employees or agents are empowered by State or Federal law to make arrests for violations of State or Federal law.

CRIMINAL PENALTY

SEC. 302. (a) An officer or employee of any Federal agency who willfully keeps an information system without meeting the notice requirements of this Act set forth in section 201(c) shall be fined not more than $2,000 in each instance or imprisoned not more than two years, or both.

(b) Whoever, being an officer or employee of the Commission, shall disseminate any personal information about any individual obtained in the course of such officer or employee's duties in any manner or for any purpose not specifically authorized by law shall be fined not more than $10,000, or imprisoned not more than five years, or both.

CIVIL REMEDIES

SEC. 303. (a) Any individual who is denied access to information required to be disclosed under the provisions of this Act may bring a civil action in the appropriate district court of the United States for damages or other appropriate relief against the Federal agency which denied access to such information.

(b) The Attorney General of the United States, or any aggrieved person, may bring an action in the appropriate United States district court against any person who is engaged or is about to engage in any acts or practices in violation of the provisions of this Act, to enjoin such acts or practices.

(c) The United States shall be liable for the actions or omissions of any officer or employee of the Government who violates the provisions of this Act, or any rule, regulation, or order issued thereunder in the same manner and to the same extent as a private individual under like circumstances to any person aggrieved thereby in an amount equal to the sum of—

(1) any actual and general damages sustained by any person but in no case shall a person entitled to recovery receive less than the sum of $1,000; and

(2) in the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court.

(d) The United States consents to be sued under this section without limitation on the amount in controversy. A civil action against the United States under subsection (c) of this section shall be the exclusive remedy for the wrongful action or omission of any officer or employee.

JURISDICTION OF DISTRICT COURTS

SEC. 304. (a) The district courts of the United States have jurisdiction to hear and determine civil actions brought under section 303 of this Act and may examine the information in camera to determine whether such information or any part thereof may be withheld under any of the exemptions in section 203 of this Act. The burden is on the Federal agency to sustain such action.

(b) In any action to obtain judicial review of a decision to exempt any personal information from any provision of this Act, the court may examine such information in camera to determine whether such information or any part thereof is properly classified with respect to national defense, foreign policy or law enforcement intelligence information or investigative information and may be exempted from any provision of this Act. The burden is on the Federal agency to sustain any claim that such information may be so exempted.

EFFECTIVE DATE

SEC. 305. This Act shall become effective one year after the date of enactment except that the provisions of title I of this Act shall become effective on the date of enactment.

AUTHORIZATION OF APPROPRIATIONS

SEC. 306. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

MORATORIUM ON USE OF SOCIAL SECURITY NUMBERS

SEC. 307. (a) It shall be unlawful for—

(1) any Federal, State, or local government agency to deny to any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose his social security account number, or

(2) any person to discriminate against any individual in the course of any business or commercial transaction or activity because of such individual's refusal to disclose his social security account number.

(b) The provisions of subsection (a) shall not apply with respect to—

(1) any disclosure which is required by Federal law, or

(2) any information system in existence and operating before January 1, 1975.

(c) Any Federal, State, or local government agency which requests an individual to disclose his social security account number, and any person who requests, in the course of any business or commercial transaction or activity, an individual to disclose his social security account number, shall inform that individual whether that disclosure is mandatory or voluntary, by what statutory or other authority such number is solicited, what uses will be made of it, and what rules of confidentiality will govern it.

MOTION OFFERED BY MR. MOORHEAD OF PENNSYLVANIA

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MOORHEAD of Pennsylvania moves to strike out all after the enacting clause of S. 3418 and insert in lieu thereof the text of the bill (H.R. 16373) to amend title 5, United States Code, by adding a section 552a to safeguard individual privacy from the misuse of Federal records and to provide that individuals be granted access to records concerning them which are maintained by Federal agencies, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "to amend title 5, United States Code, by adding a section 552a to safeguard individual privacy from the misuse of Federal records and to provide that individuals be granted access to records concerning them which are maintained by Federal agencies."

PERMISSION FOR THE COMMITTEE ON THE JUDICIARY TO FILE REPORTS ON S. 663 AND S. 1083

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be permitted to file reports on S. 663, amending title 28 of the United States Code with respect to judicial review of orders of the Interstate Commerce Commission, and S. 1083, exempting commercially manufactured black powder from the provisions of chapter 40 of title 18 of the United States Code regarding explosives, not later than midnight tonight.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. O'NEILL asked and was given permission to address the House for 1 minute.)

Mr. O'NEILL. Mr. Speaker, I take this time to announce the program for tomorrow.

Mr. Speaker, we will consider the following legislation:

The conference report on H.R. 16901, Agriculture appropriations for fiscal year 1975;

The conference report on H.R. 16136, military construction authorization, to be called up under suspension of the rules;

H.R. 17597, Emergency Unemployment Compensation Act of 1974, to be called up under suspension of the rules;

H.R. 16596, Emergency Jobs Act, to be called up under an open rule with 1 hour of debate;

H.R. 17085, nurse training, to be called up under suspension of the rules;

H.R. 17084, health manpower, to be called up under suspension of the rules;

Senate Joint Resolution 40, White House Conference on Libraries, with an open rule and 1 hour of debate; and

H.R. 16204, health policy, planning, and resources development, with an open rule and 1 hour of debate.

Mr. Speaker, I want to make sure that all Members know, and it will be printed in the Record, that we will meet on Friday of this week.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the distinguished minority leader, the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. Mr. Speaker, does the distinguished majority leader have any thoughts about Saturday this week; will there be a session?

Mr. O'NEILL. Well, the Speaker has had some comment about working on Saturday. I do hope that we can make a decision tomorrow and that decision will be that I hope we do not work on Saturday, but we are still working on it.

Mr. RHODES. I thank the gentleman.

JOHN ROONEY'S GREAT RECORD OF SERVICE DEFIES ATTACK

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, my attention has been called to an editorial in a recent issue of the New York Times which gives a completely distorted view of the work of John Rooney, the distinguished chairman of the State-Justice-Commerce Subcommittee of the Committee on Appropriations. He has served in this important capacity for many years. It has been my privilege to serve on his subcommittee and I know John Rooney very well. Knowing Mr. Rooney and having watched him in action, I find nothing to substantiate the statements made about him in the Times.

The distinguished gentleman from New York (Mr. Rooney) gives no quarter and asks none when in pursuit of wasteful and extravagant spending of the taxpayers' money. However, he is fair in his treatment of the budget requests. He simply wants the facts which are necessary to justify favorable action on budget requests. He does not tolerate flimsy and empty reasoning as a basis for spending the taxpayers' money.

The writer accuses Representative Rooney of defying Presidents of the United States, even the Presidents of his own party. Those of us who have served with John Rooney also know that Chairman Rooney has enjoyed excellent and cordial relations with the Presidents of both parties over all his years of constructive and valuable service in the House. In fact, all Capitol Hill knows these things about John Rooney.

The writer of the Times editorial gives free rein to his imagination by stating further that Representative Rooney has been out of step with the majority of Democrats in the House. This is easily contradicted. It is a well-known fact that during the years of his stewardship, about 98 percent of the recommendations of his subcommittee have been overwhelmingly approved by votes of the full committee, by the great majority of the House of Representatives, and sustained by the Senate. None of his bills were vetoed by any of the seven Presidents under whom he has served.

Therefore, it is suggested that the New York Times editorial writer come down from his ivory tower by the right stairway. John Rooney's great record of service defies attack from whatever source, even unscrupulous attack.

VITAMIN USERS

(Mr. PREYER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. PREYER. Mr. Speaker, I can understand the outrage of the vitamin users in the country over the intrusion of big brother government into the question of how vitamins are used. As long as vitamins are harmless, and as long as they are not misleading in their advertising, then why should big brother government tell me that I cannot use them without a prescription, or tell me that I should not use them because maybe they are not good for me? If I think they are good for me, that ought to be enough.

Both the Kyros amendment and the Proxmire bill address the big brother question, but the Kyros amendment does it by careful, intelligent draftsmanship, so that the baby is not thrown out with the bath water, while the Proxmire bill is a sweeping bill which simply is not sufficiently discriminating. I ask that we support the Kyros bill. I am convinced that only the Kyros bill has been carefully drafted to address the specific problem at hand, while the Proxmire language could seriously undermine FDA authority in ways not intended by the Congress.

Let me give one example. Under present law, a substance would generally be considered an adulterating food additive unless it has been proved to be safe by the manufacturer or by long usage. However, the Proxmire language could be interpreted to shift the burden of proof to the FDA—which would have to prove possible harmfulness—for any ingredient of a food for special dietary use. It would do this by limiting the FDA's authority to regulate the ingredient "if the amount recommended to be consumed does not ordinarily render it injurious to health." At best, this is ambiguous, and at worst it might be construed as setting up two standards for ingredients of food, with the existing tough standard considerably relaxed for substances going into foods for special dietary uses.

The Kyros bill, on the other hand, is more careful and gives specific priority to the existing general provisions dealing with adulterating food additives. This difference is typical, and rather than leave ourselves open to unintended adverse consequences, I feel strongly that we should adopt the straightforward language of the Kyros bill, which deals specifically with vitamins and minerals and leaves other FDA authority intact.

THE LATE THOMAS K. BRINDLEY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. Heckler) is recognized for 5 minutes.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I was recently very saddened to learn of the death of one of the most outstanding newspapermen in Massachusetts, Thomas K. Brindley, managing editor of the Fall River Herald News.

Mr. Brindley devoted almost 50 years to his career as a journalist and was renowned for his dedication to accurate reporting. His death is a great loss to the people of Fall River whom he served all his life.

I am submitting to the Record two articles from the Fall River Herald News which describe the professional life and accomplishments of this great man:

BRINDLEY WAS GREAT NEWSPAPERMAN

Thomas K. Brindley, the managing editor of The Herald News, was a newspaperman from boyhood until the day of his death. Everyone who knew him even slightly was aware of his overriding concern with journalism, with the contents of newspapers, how they are put together, the whole business of keeping the public informed about what is going on.

He spent his entire working life at The Herald News, but his professional interests brought him into close association with newspapermen from all other parts of New England, and it is fair to say that for many years he was one of the best known and most highly respected editors in the six state region.

It in no sense reflects on his capacities as editor to say that Tom Brindley was, first of all, a great reporter. His basic interest was in getting the news and then writing it up; that was true of him right up to the end.

His interest in the news was all-embracing, and he could become totally involved in getting any story, however minor it might seem in print, absolutely straight.

If newspapers were his life's blood, his special and constant object of concern was Fall River, where he lived and worked all his life. Over the years he became almost a walking encyclopedia about what had gone on in the city over the past half-century, with an amazing capacity for making parallels between events going on right now and those of two or three decades ago. He not only knew what was going on now, but what had gone on then, names, dates, streets.

The most immediate object of his interest was the political life of the city, and his abiding determination was to see to it that the public had the fullest possible record of how its government was functioning. The one constant crusade of his career was against any effort to limit the public's right to know what was going on.

Tom Brindley was a vivid, colorful personality, who made a genuine impact on Fall River for many years. It will be a long time before the impact of that personality fades away, and the effect of his constant determination to make all the news available to the people of this city will last even longer.

He was a fine newspaperman who used his talents for the community, of which he was an outstanding member for so long. He will be missed.

Thomas K. Brindley Was Newsman Nearly Half a Century

Thomas K. Brindley, 66, managing editor of the Fall River Herald News since 1969, died Tuesday night after being stricken at home.

He was respected by his peers for the total dedication that he gave to a journalistic career spanning nearly 50 years.

Surviving are his widow, Mrs. Arline P. (Barnshaw) Brindley of 403 Milton St., two daughters, Mrs. Charles T. (Carol Anne) Goolsbee of Northbrook, Ill. and Mrs. W. Arthur (Patricia) Leary of Needham, five grandchildren, a sister, Mrs. Frederick (Mary Patricia) J. Glasgow of Takoma Park, Md., and several nieces and nephews.

He was a lifelong resident of this city, son of the late Thomas and the late Katherine (O'Brien) Brindley. He was a former member of St. Louis parish and had lived in Holy Name parish for the past 35 years.

The funeral will be held Friday morning at 9 from the Jeffrey E. Sullivan Funeral Home with a mass at 10 in Holy Name Church. Interment will be in St. Patrick's Cemetery.

He had returned to his desk Tuesday after spending the Thanksgiving holiday with his sister's family.

Mr. Brindley started his newspaper career as a high school cub reporter at B.M.C. Durfee High School, from which he graduated in 1925.

He was editor of the Hilltop and the Yearbook at Durfee in his senior year.

After getting his diploma he joined the staff of the Fall River Globe and one year later transferred to The Herald News.

He covered all news beats, including sports, but actually made his mark as a political reporter and columnist. He covered three national conventions of both major parties. He served as city editor and became the Herald News editor in 1946.

His coverage of the 1928 fire that destroyed the core of the city's downtown area, along with the Hathaway murder trial, and a story of a coronary attack written at the time the late president Eisenhower was stricken in 1955, were stories he liked to cite as rewarding efforts of his distinguished newspaper career.

He was nominated for a Pulitzer Prize for the coronary story, a personal narrative of what anyone having a heart attack experiences, both physically and psychologically.

The trappings of an executive didn't restrain his enthusiasm. He always relished the idea, simply and proudly that he was still a reporter, digging for facts and presenting them to his paper's readers.

Journalism and his family were his consuming interests.

He was influential in concert with a committee of other editors, in getting the state to enact the open metting law. Nothing irked him more than the arrogance of government bureaucrats proscribing what the public should know. He was a vigorous and articulate advocate of the public's right to know.

In 1966 Mr. Brindley was elected to the Academy of New England Journalists, a highly unique tribute. Academy membership is limited to New England men and women who have made a significant contribution to jouranlism. Their names are inscribed on a plaque in the academy room at Colby College in Waterville, Maine.

He served as clerk-treasurer of the board of trustees of the academy.

Mr. Brindley was a member and past president of the New England Associated Press News Executives Association and life member of its executive board. He was also a member of the United Press International News Editors of Massachusetts.

He was also a member and past president of the New England Professional Chapter of Sigma Delta Chi, national journalism society.

Mr. Brindley was influential in shaping improvement in the preparation of Associated Press news copy, serving on a number of study committees on the national level.

He also was involved in a study aimed at improving coverage of news affecting minority groups.

If he had a secret of journalistic success it was probably his interest in getting all of the facts and having the story written accurately and with simplicity. He preferred personal confrontation with a news source whenever it was humanely possible. He favored legging his stories, to use the vernacular of the profession. He always believed in getting the story "straight from the horse's mouth."

He had going for him the rarest gift that can be bestowed on a journalist—the ability to work his way to the top of a tough and demanding profession and the unanimous acknowledgement of others who worked with him that he was indeed—a great newspaperman.

CARELESS REPORTING CRITICIZED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from the Virgin Islands (Mr. de Lugo) is recognized for 5 minutes.

Mr. de LUGO. Mr. Speaker, the use of stereotype by the news media does not always reflect credit on the high standards of U.S. journalism. More importantly, when the factual basis for the original cliche no longer exists or when a news account contains technical inaccuracies and exaggerations to the detriment of a whole economy, the matter takes on serious dimensions.

This is well illustrated in a recent editorial in the Daily News, one of the Virgin Islands leading newspapers, in which the prestigious New York Times is taken to task for publishing a "sloppy and unprofessional piece of misreporting." The editorial is concerned, justifiably I believe with the situation in which a "journalist" in desperation for a study falls back in the old "trouble in Paradise" formula, and is "distressed when the Times falls for it and prints something that can neither be viewed as useful criticism or journalism."

The news media is not responsible for the slump in the Virgin Islands tourist industry. However, the distortions of past events in present reporting can lead to the harmful perpetuation of negative images in the minds of potential visitors to the Virgin Islands. The Daily News editorial is gratifying proof of the ability of a free press to police its own excesses.

The editorial follows:

[From the Daily News, Nov. 26, 1974]

Sloppy Work at the Times

While the New York Times reputation for journalistic competence tends to be somewhat over-inflated upon occasion, it is still admittedly one of the nation's better newspapers. As a result, it is all the more disconcerting then when the Times publishes as sloppy and unprofessional a piece of misreporting as it did this Sunday under the heading "Tourists Still Avoiding U.S. Virgin Islands," a phrase that can either be interperted to mean that all the world's tourists have never come to the islands and never will or that there are two tourists somewhere who refuse to come to the islands.

The article was apparently conceived as irresponsibly as the headline, for according to what its concocter, Martin Waldron, told us he was originally sent down to do a story on the November 12 floods. Getting here a few days too late for that, Waldron evidently decided he had to come up with something to justify his jaunt. What he came up with reflects considerable lack of effort as well as substantial inaccuracy and exaggerations.

Among his inaccuracies and exaggerations are the description of the Fountain Valley killings as a "revolt," reference to "bands of black militants . . . assaulting whites," use of the erroneous census figure of 65,000 rather than the more generally accepted estimate of 100,000, having the wrong age for Governor-elect Cyril King, and making Alexander Farrelly an incumbent senator and implying that his campaign was based solely on getting more federal funds from Washington. Among other examples of Waldron's "reporting" are the claim that a third of the islands' residents qualified for food stamps, the statement, which any good editor would demand be more specific, that "many" hotels are closed, and the obviously conflicting descriptions of King's uphill battle and "easy" victory for an election that was won by a 51.9 to 48.1 per cent vote.

These are only a few samples of the vaguenesses, inaccuracies and preference for use of the word "many" instead of exact numbers that occur in Waldron's article. We can understand how some of the inaccuracies might get past editors unfamiliar with the islands, but it would seem that somebody in a supervisory capacity at the Times might have been aware that there has been no "revolt" in the Virgin Islands recently, and surely it would seem that the Times might have a conscientious editor or two that prefer hard facts and numbers to that "many" Waldron is so fond of. Indeed, it would seem that a skeptical editor, and that is what all editors are meant to be, might have noticed that Waldron's greatest concentration of specific figures was in a paragraph concerning liquor prices.

Over the years, The Daily News has led the way in exposing wrongdoing and unsavory conditions in these islands, and we have always maintained that it is more important to acknowledge and correct our faults than to try and hide or gloss over them. However, when some "journalist" gets stuck here looking for a story and falls back on the old "trouble in paradise" formula, we are distressed when the Times falls for it and prints something that can neither be viewed as useful criticism or journalism.

NELSON A. ROCKEFELLER

Ms. ABZUG. Mr. Speaker, in a letter to the chairman of the Committee on the Judiciary, I have asked the committee to refrain from voting on the confirmation of Nelson A. Rockefeller as Vice President until the district attorney of New York County investigates the law and the facts to determine whether Mr. Rockefeller should be prosecuted for violations of New York State laws. I submitted to the chairman a memorandum of law, which I also sent to New York County district attorney-elect Robert Morgenthau, setting forth a prima facie case that Mr. Rockefeller's loans and gifts of money and stock to public employees of New York State did indeed constitute violations of State law.

The memorandum of law challenges the basic arguments offered by Mr. Rockefeller in his defense of the legality of his loans and gifts of some $2 million in money and stocks to nine public officials. I will insert further material on this subject at a later time.

I insert at this point in the Record the text of my letter to the chairman and a portion of the memorandum of law:

House of Representatives,
Washington, D.C., December 9, 1974.

Hon. Peter W. Rodino, Jr.,
Chairman, Committee on the Judiciary, House of Representatives, Washington, D.C.

Dear Mr. Chairman: I am enclosing a memorandum of law supporting the charge that in giving loans and gifts of money and stock to public employees of New York State, former Governor Nelson A. Rockefeller violated NYS Penal Code Section 195.00 (Official Misconduct in Office) and Section 200.30 (Giving Unlawful Gratuities) and NYS Public Officers Law Section 73(5), the penalties for which are misdemeanors.

I have also sent a copy to the incoming New York County District Attorney Robert Morgenthau suggesting that he investigate the facts and law to determine whether criminal proceedings should be instituted against Mr. Rockefeller.

The fact that Mr. Rockefeller has offered various explanations for his gift giving, under protestations of good motives and charitable intent, does not free him from the operation of the law. The American people only too recently had their faith in the concept of equal justice severely shaken by the precipitous pardon of Richard M. Nixon, the chief conspirator in the Watergate coverup. What will remain of that shattered faith if the requirements of justice and law once again are set aside for the benefit of a man of great wealth, personal power and influence and if that man is elevated by Congress to the second highest position in our Government?

In view of the fact that a prima facie criminal case against the nominee exists, I would hope that this Committee would delay a vote on confirmation until after Mr. Morgenthau has had an opportunity to investigate the law and the facts and there has been a final disposition of the matter.

Sincerely,

Bella S. Abzug,
Member of Congress.

Memorandum of Law

(Subject: Aspects of Possible Criminal Prosecution of Nelson A. Rockefeller for Violation of NYS Penal Code Sec. 195.00 (Official Misconduct in Office) and Sec. 200.30 (Giving Unlawful Gratuities) and NYS Public Officers' Law Sec. 73(5) (Conflict of Interest).)

GENERAL

The fact that Governor Rockefeller has offered various public explanations for his gift giving, including attestations of good motive and charitable intent, does not free him from the operation of the law. If the facts as so far presented on the public record appear to constitute one or more violations of state law, and inasmuch as the penalties prescribed for these violations are misdemeanors, the District Attorney of New York County, in which it is alleged that the violations took place, should make a thorough investigation of the facts and the law, and, if warranted, should file a criminal complaint as provided by New York law. The facts indicate, as will be demonstrated, that Mr. Rockefeller violated various New York State laws and at the very least a jury should make the ultimate determinations as to whether Mr. Rockefeller is guilty or innocent.

Penal Law—rule of construction. Section 5 of the New York Penal Law (L. 1965 c. 1030, eff. Sept. 1, 1967) and annotations thereto contrast sharply with the statement made on page 7 of the November 19, 1974 Memorandum submitted to the Senate Rules Committee by Nelson Rockefeller. There, his counsel argues: "In New York, as elsewhere, it is a well established constitutional principle that criminal statutes must be narrowly construed to furnish fair and unequivocal warning of the nature of the prohibited conduct. *People* v. *Byron*, 17 N.Y. 2d 64 (1966)." Yet Section 5 clearly supersedes the *Byron* rule:

"Sec. 5.00. Penal Law Not Strictly Construed. The general rule that a penal statute is to be strictly construed does not apply to this chapter, but the provisions herein must be construed according to the fair import of their terms to promote justice and effect the objects of the law."

The *Byron* case, since it is cited by Rockefeller, does propose that the test to be applied in construing a penal statute in New York is the reasonable man test, i.e., would a reasonable man know the nature of the offense and what is required of him from the language of the statute.

Other New York cases assist in formulating the rules of construction for penal statutes, *People* v. *Feliciano,* 10 Misc. 2d 836, 173 NYS 2d 123 (1958(), states that the facts of the crime must fit into the statute. Another case, *People* v. *Casey,* 188 Misc 352, 67 NYS 2d 9 (1946) states that "strict construction does not permit the defendant to choose which section he will be prosecuted under." Both Casey and Feliciano were pre-Section 5 cases.

The leading pre-Section 5 case which articulated the standard adopted by Section 5 was *People* v. *Reilly,* 225 App Div. 109, 6 NYS 2d 161, aff'd 3 280 NY 509, 19 NE 2d 919 (1938). It held that the penal law must not be strictly construed, but rather the fair import and promotion of the objects of the law was to be the standard. The term "fair import of the law" has generally been equated to the "fair scope of the statutory mandate" in looking at a penal law. *Wood,* 8 NY 2d 48 201 NYS 2d 328 1960. *Feliciano,* cited above, also contained language to the effect that "astrained or technical construction of a penal statute is to be condemned."

The importance of the rule of construction is that the Governor of the State of New York, possessing as he does both public and private legal resources and charged with protection of the laws of this state, can and should be held to a very high standard of conduct and care. And this is emphasized by the fact that Governor Rockefeller signed into law a penal code containing the phrase "to promote justice and effect the objects of the law."

Wording of the Penal Statutes. The two penal statutes under consideration are S. 195.00(2) and S. 200.30. Section 73(5) of the Public Officers Law, while carrying a misdemeanor violation, is not part of the state penal code and as a result its key words are not subject to the same definitions set forth for the penal code sections. Accordingly, it will be treated separately.

S195.00 Official misconduct—

". . . (2) He knowingly refrains from performing a duty which is imposed on him by law or is clearly inherent in the nature of his office."

S200.30 Giving Unlawful Gratuities—

A person is guilty of giving unlawful gratuities when he knowingly confers, or offers to confer, any benefit upon a public servant for having engaged in official conduct which he was required or authorized to perform, and for which he was not entitled to any special or additional compensation. Giving unlawful gratuities is a class A misdemeanor.

Both sections became effective September 1, 1967 and were signed into law by then Governor, Nelson A. Rockefeller.

The following definitions set forth in S 10.00 of the Penal Code are important:

". . . 4. "Misdemeanor" means an offense, other than a traffic infraction, for which a sentence to a term of imprisonment in excess of 15 days may be imposed, but for which a sentence to a term of imprisonment in excess of one year cannot be imposed.

". . . 6. "Crime" means a misdemeanor or a felony.

". . . 15. "Public servant" means (a) any public officer or employee of the state or of any political subdivision thereof or of any governmental instrumentality within the state, or (b) any person exercising the function of any such public officer or employee. The term public servant includes a person who has been elected or designated to become a public servant."

". . . 17. "Benefit" means any gain or advantage to the beneficiary and includes any gain or advantage to a third person pursuant to the desire or consent of the beneficiary."

(In addition, the definition of "person" set forth in subsection 7 of S 10.00 is inclusive, and in no way limits its scope to exclude Governors as a class of persons who cannot violate the state penal laws. Further, an opinion of the New York Attorney General (1957 Op. Atty Gen 272) is cited by the annotators of the McKinney's edition, which expressly found employers to be "persons" within the meaning of the penal code definition at that time. The opening two pages of the November 19 Rockefeller memorandum (cited above) attempt to create the impression that by the nature of his office the Governor could not be among the contemplated class of offenders of the statute; this is also suggested in the later argument that the bribery statutes of which the gratuity law is a family member, were designed to prevent outside influence on governmental officials and therefor the Governor's gratuities could not by definition violate the law.)

Other important definitions are set out under S. 15.05 of the Penal Code.

". . . 2. Knowingly. A person acts knowingly with respect to conduct or to a circumstance described by a statute defining an offense when he is aware that his conduct is of such a nature or that such circumstance exists."

The term "knowingly" is differentiated slightly from the term "intentionally" in penal statutes: "intentionally" requires that "his conscious objective is to cause such result or to engage in such conduct." (15.05 (1))

Was Rockefeller aware that his conduct was of such nature as to confer a benefit on one or more public servants? "Awareness" in legal terms appears to require a slightly higher standard of mental culpability than does mere "consciousness" involved in the definition of "intentionally." (See Practice Commentary to S. 15.05, McKinneys's.) To answer the question of his intent, it is necessary to analyze further the elements of the crimes alleged and the facts and circumstances of the benefits conferred.

Official Misconduct. Violation of S. 195.00 requires that the public servant refrain from performing a duty imposed by law on him/her. This has generally been construed to mean a specific statutory mandate arising from or connected with the particular office held. For example, *People* v. *Davies,* 271 NYS 2d 132, 26 AD2d 573 (1966) held that in the absence of a duty to act, no conviction could be sustained under subdivision 2 (the quoted part above.). Similar holding was found in *People* v. *Major,* 13 NY 2d 796, 192 NE2d 178 (1963).

Alongside this strict interpretation approach is another persuasive line of precedents. This begins with a 1912 Attorney General Opinion (1912 OpAttyGen 431) which found that failure to follow another section of state law, not expressly pertaining to the office of the public servant, could be violative of the official misconduct statute at that time. This involved Section 81 of the Mental Hygiene Law of New York—the ruling finding that a doctor in a state public health office had a legal duty to report indigent mentally ill persons. Further, S. 165 of the Code Criminal Procedure, calling for prompt arraignment of persons arrested, has been violated under the official misconduct statute by police who failed to provide speedy arraignment.

However, the most important precedent in this area is the recent case of *People* v. *Volpicello,* 72 Misc2d 641, 340 NYS 2d 154(1972) which squarely interprets the current Section 195.00 in a way that strongly suggests that if Governor Rockefeller violated the unlawful gratuities statute, violation of S 195.00 was a concomitant crime. This case articulates a standard of conduct generally for public officials:

"Obviously there are myriad circumstances in which the acts of a public servant may be deemed to be 'unauthorized.' Many, as Professor Richard G. Denzer points out in the Practice Commentary (McKinneys Cons. Laws of NY, Book 39, Penal Law S 195.00), are 'unauthorized because they are declared to be such by statute, ordinance, rule, regulation or otherwise.'

"Thus a criminal 'offense', declared such by statute (Penal Law S 10.00, subd. 1) constitutes an 'unauthorized act' whenever such offense arises from and relates to the function of the perpetrator's public office, and particularly so, whenever such offense occurs while the public servant is 'on duty,' or for that matter, whenever such offense occurs, either directly or indirectly, in the course of the public servant's work, employment or duty.

"To hold otherwise would destroy respect for public service, encourage civic irresponsibility, and would ultimately destroy public trust in all public offices. In the broadest sense, it is the inherent danger and resultant damage to the public office itself, which the statute brands as official misconduct (penal law S 195.00) and which it seeks to proscribe." (K 72 Mis2d641, 643)

In conclusion, conviction of official misconduct would flow from conviction for violation of either S 200.30 of the Penal Code or S 73(5) of the Public Officers Law, or of any other New York statute which by oath the Governor has sworn to uphold and protect. This charge should be included in any accusatory instrument filed for violation of other state laws.

What constitutes a "benefit" under the unlawful gratuities statute. This is a critical question, as on its determination may hang the issue of whether loans made to persons on the public payroll at the time they received the loan but which were later "forgiven" after the recipients had left the public payroll amounted to benefits as defined by the statute and precedents. Based on the memorandum of November 19, 1974 submitted by Mr. Rockefeller to the Senate Rules Committee (cited above) the following persons come both within the definition of public servant (S 10.00(15)) and received loans while public servants which were forgiven (cancelled) after they left public servant status: (source, Appendix to Rockefeller Memorandum, 11/19/74)—(further note: only loans made after 9–1–67 are cited to comply with effective date of statute):

Loan date, loan amount, and date of cancellation

1. Ann C. Whitman, Exec. Asst. to the Governor, 1965 to December, 1973; July 10, 1972; $25,000, w/o int.; January 3, 1974, $3,545.

Note: Prior to December, 1973, on 6/19/73 $19,237 was cancelled, thereby comprising a complete transfer, within the period Ms. Whitman was a public servant, of that amount.

2. William J. Ronan, Chairman, Metropolitan Transit Authority, 1966 to May 1, 1974; October 16, 1969; $150,000, demand w/o interest; May 3, 1974.

Port Authority of New York, and New Jersey, Board, December 7, 1967 to present, Chairman, May 3, 1974 to present.

Note: Other public offices and prior loans and gifts not included as outside statutory period.

3. Joseph H. Murphy, Commissioner of Taxation and Finance, January 1, 1959 to June 30, 1959; November 3, 1967; $20,000, 5 yr w/o int.; December 31, 1970.

Chairman, NYS Housing and Finance Agency, July 1969 to present.

Note: Here, the loan was made while the recipient held one public office, the cancellation made while he held another.

4. Hugh Morrow, Director of Communication, February 1969 to December 1973; December 17, 1973; $15,000, Demand 4 % int.; January 10, 1974.

Note: From the information supplied by NAR to the Rules Committee, it is not clear whether Mr. Morrow's termination date of "December 1973" was before or after December 17, 1973; we presume for the time being that he terminated December 31, 1973 as would be customary. If he terminated prior to December 17, 1973 the loan would not come within the legal period required.

5. Alton G. Marshall, Secretary to the Governor–1966–1970: January 12, 1968, $55,000–5 yr-no int., December 31, 1970; October 3, 1968, $20,000–5 yr-no int., December 31, 1970; October 16, 1969, $200,000–dem/no int., December 31, 1970; December 5, 1969, $11,867–dem/no int., December 31, 1970; December 1, 1970, $3,089–dem/no int., December 31, 1970.

Note: Depending on exact date of termination in 1970 as public servant, cancellation of loans may have occurred while he was still public employee. Also, the loan of December 1, 1970 is shown as repaid, presumably between December 1 and December 31, 1970.

6. Edward J. Logue, President and Chief Executive Officer, New York State Urban Development Corp., July 1, 1968 to present; May 5, 1969, $14,500 dem/no int.; May 29, 1969, $130,500 dem/no int.; June 30, 1969, $100,000 dem/no int.

Note: On June 30, 1969, Logue repaid $45,000 of the then outstanding $145,000 (on loans of May 5, and May 29, 1969) and was issued the new note of $100,000 on June 30, 1969. His total indebtedness is now $100,000; there has been no cancellation of any loan made to him. In addition, he was given amounts totaling $31,389 during the period from May 9, 1968 to August 26, 1968 in three installments, two of which were made after he assumed office on July 1, 1968. The Rockefeller memo states that the agreement to confer the post July 1, 1968 benefits was made prior to Logue's becoming a public servant.

7. Mary McAniff Kresky, Assistant Secretary to the Governor for Intergovernmental Affairs, May 7, 1970 to November 3, 1972.

Note: No loans were made to this party. Gifts of cash were made on October 31, 1972 in the amount of $24,560 while she was on public payroll; other gifts was made after she left payroll.

8. Jerry Danzig, Special Assistant to the Governor, May 1, 1969 to present.

Note: No loans were made to this party. Gifts of cash were made on June 30, 1969 ($10,000); June 9, 1971 ($4,000); January 27, 1972 ($5,738); February 6, 1973 ($5,000). A further gift of $5,000 was made on January 31, 1974 but it is not clear from the information NAR gave to the Rules Committee that Mr. Danzig was still on the New York State payroll at that time, as NAR had resigned from the governorship and Mr. Danzig has remained a personal assistant to him to the present.

Loan date, loan amount, date cancelled

9. Victor G. Borella, Special Assistant to the Governor for Labor Affairs, November 1967 to December 1971; November 26, 1968, $100,000, 5 yr w/o int., May 30, 1972.

Rockefeller's legal argument regarding the benefits issue is 1) that the purpose and language of Sec. 200.30 restrict its scope to benefits given a public servant during his term of office (Memorandum, November 19, 1974, p. 7); 2) that whether a loan imposing the obligation of repayment, with or without interest, is to be regarded as a "benefit" within the statute, the requisite intent to reward for past service is absent in the situations before the Committee (Memo, November 19, 1974, p. 8), and 3) that section 200.30 is not applicable if the recipient was not a public servant at the time the gift was made (as opposed to the time of the loan). This last theory is propounded in the notes to the Appendix material submitted with the November 19 memorandum.

As to the first proposition, in a case cited by Mr. Rockefeller in his legal memorandum of November 19, 1974, People v. LaPietra, 316 NY Supp 2d 289, 64 Misc 2d 807 (1970), the New York Court relied on a federal case in this Circuit (US v. Irwin, C.A.N.Y. 1965, 354 F2d 192, cert den 86 S Ct 1272, 383 US 967, 16 L Ed. 2d 308, interpreting the federal bribery and gratuities law, 18 USC 201, and in particular, 201(f)) to spell out what is meant by the term "for having engaged in official conduct" as found in Sec. 200.30. It is clear that both the New York and federal courts did not restrict the law purely to past activity"

"... the awarding of gifts ... is an evil in itself (under the statute) even though the donor does not corruptly intend to influence the employee's official acts.

It is not necessary for the government to show that the gift caused or prompted or in any way affected the happening of the official act or had anything to do with its nature or extent or the manner or the means by which it was performed. All that was necessary is that the defendant's purpose in giving the gift was to give additional compensation, or a reward, gratuity, or similar favor by reason of some official act performed or about to be performed by the public servant." Thus the New York Court incorporated language from U.S. v. Irwin in interpreting Sec. 200.30 (316 NY Supp 2d 289).

Mr. Rockefeller's legal memorandum, which constitutes part of his official testimony bebefore the Senate Rules Committee, conveniently omitted language such as that quoted above from its argument.

The second proposition in part deals with the donor's intent, and in part with the question of whether a loan can be a benefit within the statute. The question of Mr. Rockefeller's intent will be discussed below under another section of this memorandum. The present discussion deals with proposition two and proposition three as they pertain to when a benefit is conferred under the statute.

S. 10.00(17) defines benefit as "any gain or advantage to the beneficiary" and includes possible gain or advantage to third persons "pursuant to the desire or consent" of the beneficiary. Clearly a no-interest loan represents an obvious gain to the recipient. In the case of Dr. Ronan it represented at least a $75,000 interest savings over the five-year period of the note. It would be an issue for the trier of fact to determine also whether, for example, Mr. Ronan's real estate investments using Mr. Rockefeller's loans provided "gain or advantage" to the beneficiary, Mr. Ronan: Under the third party language, gain or advantage to Mr. Ronan's wife or family would also be a "benefit" within the statutory definition".

Beyond the New York Penal Code definition of benefit, other legal precedents point to the interpretation of "benefit" as meaning the present use or enjoyment of money or other non-pecuniary gain. In *re Martin's Will*, 211 NYS 2d 667, 668, 32 Misc 2d 555, Benefit means "advantage, profit." Fitch v. *Bates*, N.Y. 11 Barb. 471, 473.

Thus, if we review the soundness of the Rockefeller defense on the three propositions set out earlier, the first one fails both on the *LaPietra* and *Irwin* Precedents and on the additional basis that benefits were in fact conferred by Mr. Rockefeller on public servants while they were in office. The second and third propositions fail for much the same reasons: in short, it is not necessary for someone to own money in order to derive profit, gain or advantage from its use and investment.

CONGRESSMAN PETER RODINO RECEIVES FOUR FREEDOMS AWARD OF UNITED ITALIAN AMERICAN LABOR COUNCIL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Annunzio) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, on December 7 our colleague, Peter W. Rodino, Jr., was honored by the United Italian American Labor Council which bestowed upon him its 1974 Four Freedoms Award. He thus joins a most distinguished group of Americans, including President Franklin Delano Roosevelt, who have received this high tribute. During the presentation ceremonies a statement by our colleague, the Honorable Ella T. Grasso, was read. I believe it conveys most eloquently and effectively the accomplishments for which Congressman Rodino was selected by this outstanding organization to receive its valued award, and I ask that it be included in the Record at this point.

STATEMENT OF U.S. REPRESENTATIVE ELLA GR SSO TO THE HONORABLE PETER W. RODINO, JR.

Congratulations to Congressman Peter Rodino and best wishes to him and to all other members and friends of the United Italian-American Labor Council, who have gathered here to honor Peter this afternoon.

Peter Rodino certainly deserves the cherished and coveted Four Freedoms Award which the Council is giving him this afternoon. In a dark hour in our nation he stood as a beacon of light and hope and principle.

For nearly a quarter of a century, Congressman Rodino has labored diligently in providing a high level of service and accomplishment for the people of his district and for all his fellow Americans. It has been a privilege to witness the great zeal and enthusiasm that Peter Rodino brings to his duties as a Member of Congress. He has long been a credit to the heritage which we proudly share.

As an assistant majority whip, and a member of the House Judiciary Committee for 23 years, Peter has displayed a commitment to the time-proven ideals and precepts on which this nation was founded. His efforts in drafting and supporting important legislation to ensure equal rights and opportunities for all citizens reflect a deep understanding of the dignity and value of every human being.

His distinguished tenure as Chairman of the Committee adds a crowning lustre to an already shining career. The brilliance and admirable dedication to fairness, that many saw during the impeachment hearings, were further proof, for those who know him, of Peter's skill and boundless concern for his nation and its people.

The Labor Council has indeed chosen wisely in deciding to honor Peter this afternoon. May your tribute be a truly memorable one.

Cordially,

ELLA GRASSO,
Member of Congress.

THE GROUND PROXIMITY WARNING SYSTEM DELAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia (Mr. Staggers) is recognized for 5 minutes.

Mr. STAGGERS. Mr. Speaker, on December 4, I expressed my concern in this Chamber concerning the prolonged delay on the part of the Federal Aviation Administration in requiring commercial airliners to carry a ground proximity warning system—GPWS. This has been a matter which has given me and the members of our Investigations Subcommittee great concern since we conducted a comprehensive hearing on the subject in September of this year.

The information and testimony presented at that hearing established that the installation of this device, which bears a relative modest price tag, could save many lives which are lost every year through inadvertent flights into terrain. This type of crash, also known as controlled flight into terrain—CFIT—represents over half of all airliner accidents. It occurs when, through disorientation, poor visibility, or improper or misunderstood ground control directions, an airworthy plane is flown into the ground.

The tragic TWA crash in the hill country 20 miles west of Dulles Airport a week ago Sunday was only the last of a tragic series of accidents of this kind stretching back over the years.

I have, on a number of occasions, urged the FAA Administrator, Mr. Butterfield, to personally attend to this matter and to require deployment of the GPWS throughout the U.S. commercial air fleet.

I am pleased to advise the Members that I have today received a telegram from Administrator Butterfield in which he has responded to our concerns in a very constructive way. Specifically, he has advised that, by this time next year, all turbo-jet air transports in the U.S. domestic fleet will be carrying this device. I am profoundly relieved and gratified at the action which the FAA has now taken; it is an action which I believe will save lives. The Administrator is also taking action designed to prevent a recurrence of the recent accident in Nairobi, involving a Boeing 747.

The telegram, and my response, follow:

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN AND COMMITTEE MEMBERS: I have come to Seattle for the express purpose of learning firsthand how the FAA might best and most appropriately meet its responsibilities to the American public with regard to preventing in the future aviation accidents similar to those which recently involved a Lufthansa 747 at Nairobi and a TWA 727 in the hill country 20 miles west of Dulles International Airport.

On the subject of the 747 leading edge flap operation, the FAA already has taken regulatory action by means of an amendment to the operations specifications of U.S. certificated carriers. The amendment requires that flight crew members assure that leading edge flap control circuit breakers are closed, that alternate flap drive and arming switches are in the off position, that the green light is illuminated on the pilot's panel and eight green lights are illuminated on the flight engineer's panel, and that prior to takeoff, all engine bleed air valves are double-checked to be in open position. Additionally, an operations information alert has been issued which recommends that prior to taxiing from parking ramps pilots extend takeoff flaps and that confirmation of full extension of all wing leading edge devices be received from qualified ground observers. Now, pursuant to authority delegated by me, the FAA northwest regional director will sign a proposed airworthiness directive to require modification of the takeoff aural warning system which adds an additional input to warn pilots if leading edge flaps are not fully extended during takeoff roll. This airworthiness directive proposal will be signed within 48 hours.

On the subject of ground proximity warning indicators, I have spent this morning at Sundstrand's electronic division at Redmond, Washington, with production manager Richard Kellerman. In consideration of availability of materials, production capability of Sundstrand, and both flight scheduling and economic impact to U.S. airlines, I am convinced that ground proximity warning indicator devices can be installed on all turbojet air transports in the domestic fleet far sooner than we estimated initially.

Already, the FAA has eliminated five months from the normal schedule outlined during committee hearings—one month of this total by reducing the comment period to 60 days and four months of the total by reducing the comment review period to 30 days. Now, before December 20, I intend to sign the final rule requiring GPWI installation on all U.S. registered turbojet air carrier aircraft in less than one year—that is, by December 1, 1975.

Sincerely,

ALEXANDER P. BUTTERFIELD,
FAA Administrator.

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 11, 1974

Hon. ALEXANDER P. BUTTERFIELD,
Administrator, Federal Aviation Administration, Washington, D.C.

DEAR MR. BUTTERFIELD: Let me say how pleased and gratified I was to receive your telegram this morning in which you advise me that you are taking action to require prompt deployment of the ground proximity warning system throughout the U.S. commercial fleet. I think your action is commendable and very much in the public interest. I also was pleased to learn of the action you have taken with respect to the Boeing 747.

Thank you for the personal attention you have given to this very important matter, and for the constructive manner in which you have responded to the concerns expressed by me and my colleagues on the Investigations Subcommittee during our hearings of September 18, and in subsequent correspondence with you.

Sincerely,

HARLEY O. STAGGERS,
Chairman.

THE NOMINATION OF NELSON A. ROCKEFELLER

The **SPEAKER** pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 15 minutes.

Ms. HOLTZMAN. Mr. Speaker, on the eve of the Judiciary Committee's vote on the confirmation of Nelson A. Rockefeller as Vice President, I want to share with my colleagues my deep concern over his reluctance to respond fully to requests for information.

Last week I submitted to Mr. Rockefeller a series of questions. I would like to review his answers, so that the full House, which will be called to vote on his nomination next week, may see that he has been evasive, has refused to commit himself on vital issues, and has denied important information to the Congress.

First. I asked Mr. Rockefeller for a list of gifts of more than $100 he had made while Governor of New York to persons who were not his relatives. Our committee had only received from him a list of gifts in excess of $6,000. (The Joint Committee on Internal Revenue Taxation has an incomplete list of his gifts in excess of $3,000.)

Mr. Rockefeller's answer to me was that this information "is simply not available." Obviously, a great deal of this information is available—indeed it had to be because some of it was turned over to the joint committee. Why will Nelson Rockefeller not supply the Congress with information about gifts he may have made in very substantial amounts and possibly to public officials while Governor?

Second. In order to resolve at least some of the questions about possible conflicts of interest, I asked Mr. Rockefeller what pledge he would be willing to make respecting the appointment of family members to major Federal offices should he become President. Mr. Rockefeller refused to make any commitment, and even left the door open to the appointment of his brother David as Secretary of the Treasury.

Third. When questioned about what restrictions on Arab capital investment in the United States were desirable, Mr. Rockefeller hedged. He refused even to acknowledge that massive Arab investments in defense industries might constitute a threat to our country's security.

Fourth. Because of the great concern over possible pardons of present or future Watergate defendants, I gave Mr. Rockefeller the opportunity to state what he would do in such cases, should he become President. Instead, he evaded the question, refusing to bar pardons—even prior to indictment. His actual words were: "I cannot imagine pardoning" any such person prior to indictment.

Fifth. When asked whether he had "any information" about whether the Government Affairs Foundation, a tax-exempt foundation which he set up, had furnished aid to his campaigns, Mr. Rockefeller hid behind the well-known legal tactic of responding "to the best of my knowledge," thereby leaving open the possibility that he might have information about the subject. The question did not call for his personal knowledge of such assistance, but whether he has any information at all, direct or indirect.

Sixth. Mr. Rockefeller evaded a question as simple and direct as whether, in the light of his stated concern for the elderly, he approved of President Ford's requests for cuts in food stamps, medicaid, and medicare.

Seventh. Mr. Rockefeller refused to furnish specifics on his efforts to arrange a meeting between former Attorney General John Mitchell and Kings County Democratic Chairman Meade Esposito, even as to which of those persons requested the meeting.

Eighth. Mr. Rockefeller was given the opportunity to pledge that he would never, as Vice President or President, create an investigatory unit, such as the "Plumbers," with nonpublic funds. He refused to do so, saying only that he would not use "secret and illegal funds" for such purposes and leaving open the possibility that he would use his great personal wealth to fund his own investigations unit.

Ninth. Mr. Rockefeller avoided answering my question as to whether he acquired any interests in State-regulated activities between 1959 and 1972—information which is necessary to determine whether State disclosure laws were obeyed.

By such inconsistencies, evasions and blunt refusals to supply information, Nelson Rockefeller has attempted to frustrate a thorough inquiry into his qualifications and record. I would urge my colleagues, both in the Judiciary Committee and in the House, to keep this in mind when you are called to vote on his nomination.

TERRORISM GIVEN LICENSE

(Mr. **KOCH** asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, the Legal Committee of the U.N. General Assembly made its recommendation on December 10 that United Nations action against international terrorism be put off for consideration for another year. What an outrage. Not only is this United Nations failure to act blatantly irresponsible, it will actually foster terrorism. The U.N., controlled by the Soviet-Arab bloc, holding other nations hostage, has effectively given license to further terrorism. As was pointed out by Israeli representative Shabtai Rosenne, the Legal Committee of the General Assembly had devoted considerable time to the parking problems of diplomats in New York but could not find the time to consider the acts of terrorism that were occurring with increasing frequency throughout the world. The truth is that most of the Western democratic nations which should have pressed the issue have become spineless hostages of the Arabs out of fear of Arab retribution amidst the oil crisis.

Mr. Speaker, we are witnessing the decline of the Western world because countries such as France and Italy have refused to make common cause with their democratic allies and are seeking to deal separately and cravenly with the Arab States instead of joining together and taking appropriate action to respond to the power and duress of the oil sheiks. How long, Mr. Speaker, are the heretofore leading countries of the world, the democratic countries to remain on their knees?

HUNGER AND THE ELDERLY—THE POOREST OF THE POOR

(Mr. **PEPPER** asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, I urge President Ford to reconsider his proposal to cut back $325 million in Federal food stamps. In his recent news conference, the President cautioned that "certain individuals" would be required to pay "slightly more" for the stamps, and the Department of Agriculture admitted the cost of buying the stamps would go up most sharply for single recipients and couples, at least half of whom are 60 years of age or older.

I share all American consumers' concern about the impact of the continuing surge in food prices on their budgets and their health. But I submit that 4 million older Americans living below the poverty line cannot afford even a slight increase in the cost of food stamps, especially in view of the fact that our latest crop estimates and other data indicate food prices may rise by another 15 to 20 percent in 1975.

These dire forecasts compel the Federal Government to decide the issue as to whether this great Nation is going to single out the elderly poor in times of stress for all Americans. I submit we cannot and we must not, and I urge my colleagues attention to an editorial published in the Washington Post for December 8, which argues that for several reasons, "the President's action is shortsighted."

The editorial follows:

HUNGER AND THE ELDERLY

One of the constant complaints of the elderly is that their juniors who make public policy often disregard the elementary truth that one day they, too, will reach December. President Ford's recent announcement that he will toss more than a million of the elderly off the federal food stamp program is only the latest example of how short-sighted policy-makers can become when deciding the fate of older people. It is an interesting case study, and it reflects badly on Mr. Ford's recognition of the problems of the poor in general, but especially the elderly poor—often called the poorest of the poor.

The President has decided to save $65 billion a year by raising the cost of food stamps for most of those who now receive them. Those cuts fall heaviest on single persons earning between $172 and $194 a month. This group has been eliminated from the food stamp program. Of those who fall in that income category, half are estimated to be over 65. Nearly two million elderly could be affected. The purpose of this action by the President is to save money as part of the administration's effort to cut $4.6 billion from the federal budget. It is not the sole assault on the elderly poor. The President also has announced his desire to cut deeply into the federal Medicare program and into the payment of Social Security benefits.

Even though the President has said in the past that his attempt to curb inflation would not unduly burden the poor, the food stamp reductions amount to more than 10 per cent of the four and a half billion the administration is trying to pare from the federal budget. Given the many other options, that is disproportionate—and drastic—in our view.

The President's action is short-sighted for other reasons. That it is humanitarian and decent for a society to feed those who cannot feed themselves goes without saying, or at least so we thought. Beyond that, the relationship between nutrition and health, especially where the elderly are concerned, is clearly established. The cost saved in food is bound to return to some extent in additional costs at the city hospitals and clinics. In his forthcoming book, "Why Survive? Being Old in America," Dr. Robert N. Butler, a Washington gerontologist, summarizes this paradox neatly:

"It is instructive to note that the federal government spent approximately $180 million for nursing home care under Medicare in 1970 and about $1.3 billion on such care under Medicaid. In contrast, we see the still minuscule provision for programs (such as food) that might help patients remain at home."

That is the point Mr. Ford and his budget-cutting advisers miss. At its very heart, a policy of reducing food for the elderly is first and foremost false economy.

When Congress passed the food stamp program, it did so in the recognition that millions of Americans were starving for lack of money to purchase simple necessities. Congress said the program was urgently needed, and that is still true. In fact, Community Nutrition Institute, a private Washington group that pays close attention to the problems of hunger, estimates that as many as 7 million persons in the United States qualify for food stamps by the standards of the act. Yet, less than half that number receive the stamps. We would like to see Congress and the administration move ahead with an adequate income supplement program that would eventually obviate the need for special food programs. Until that day arrives, the Agriculture Department should do the job of meeting the needs of the hungry properly. There is every evidence that this is far from the case—and the difficulties of the elderly are only part of the story.

The program is aiding less than half of those who clearly need it and for whom Congress intended it. Those who are in the program establish their eligibility through an arduous process that takes a great deal of time and effort that is unnecessary in the first instance and that sometimes makes it impossible for some to apply. Not all the fault rests with the federal government. The states and counties administer this program with federal assistance. To say the least, the quality of their performance varies widely from fairly good to very good. At bottom, the Department of Agriculture has proved itself a reluctant warrior on hunger in the United States. By cutting the program even more, President Ford has helped to guarantee that a mediocre performance will deteriorate even further. The President's thinking on this subject, we believe, is going in the wrong direction. He should be strengthening what he has just weakened. He should be leading the way out of the problem. Instead, he has chosen to make it worse.

WTVJ'S CRUSADING CAMERAMEN

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, the New York Times of October 27 included an article by Jay Clarke, Sunday editor of the Miami Herald, on the outstanding work of television station WTVJ in investigating the condition of restaurants in the Miami area. I would like to call this article to the attention of our colleagues as an excellent example of the public service performed by WTVJ's crusading cameramen and all those who directed and worked on this investigation and documentary presentation:

[From the New York Times, Oct. 27, 1974]

THANKS TO WTVJ'S CRUSADING CAMERAMEN FLORIDIANS ARE DINING IN CLEANER RESTAURANTS

(By Jay Clarke)

One evening the spring before last, many of Miami's residents tuned into the six o'clock news before sitting down to dinner. But it's safe to say that not many of those viewers actually ate dinner that night.

Why the widespread loss of appetite? There were a number of reasons, and they were all visual. For what WTVJ served its audience that night were close-up views of dead mice, all-too-live roaches running wild, rat feces mixed with food, meat and potatoes being heaped upon dirty dishes, sacks of poison stored beside sacks of flour, and grimy, backed-up toilets. The scenes had been shot, on-the-spot, in one of Miami's more respectable restaurants.

The date was March 26, 1973, and the eye-opening, stomach-jolting news report was aptly labeled "Not on the Menu." In the intervening months, Miami's citizens have had the opportunity—thanks to WTVJ's crusading cameramen—to observe health inspectors at work making their rounds of some 4,000 restaurants. And, as a result, there have been substantial changes made, including the passage of a new, tough sanitation law for Miami's restaurants, beefing-up of the county's health inspection teams, and the realization by WTVJ that consumerism is a vital, powerful force.

When WTVJ's Bob Mayer began the "Not on the Menu" series—patterned after Joe Glover's less graphic consumer-oriented program on New York's WNEW and a WCBS series on restaurant sanitation—he had no idea that it would run more than a week, or that its basic concept would be extended into other investigative areas ("Not on the Menu" had a consecutive run of three months and WTVJ has since sent its reporters and cameramen probing into shoddy construction work, questionable hospital practices, soaring power costs, telephone service and rates, and has paid occasional return visits to restaurants.)

The impact of "Not on the Menu" was immense and immediate. Customers stayed away in droves from restaurants unfortunate enough to be spotlighted adversely on the six o'clock and eleven o'clock news shows each day. One establishment that normally served 300 persons during an average luncheon had only 15 customers the day after it was featured on "Not on the Menu." Another restaurant which usually served 1,200 customers on a Saturday night suddenly found itself serving 150.

Restaurant owners fought back angrily. "We need the TV media in our restaurants like we need the black plague," said Jerry Robinson, executive director of the Florida Restaurant Association. Some restaurateurs even threatened lawsuits against WTVJ—though none were actually filed—and the station estimates that it lost $75,000 in canceled restaurant advertising.

Even today, when 'Not on the Menu" is not on WTVJ's regular schedule, restaurant owners believe the series gave their business an unwarranted black eye, one which cost them millions of dollars. 'Take a camera into almost any restaurant kitchen and you can find something that is not going to look very nice on the six o'clock news," complained Charles Grentner, a typically outraged restaurateur. "When they hold that camera, they're holding an extremely powerful weapon. It should be used with a tremendous amount of discretion and a leaning-over-backward for fair play."

But health officials took a kinder view of the program. "If we had clean restaurants," John D. Eckhoff, associate head of the environmental health department, told a caucus of irate restaurant owners at the peak of the series' popularity, "we wouldn't have this hassle."

Mayer himself says he feels it was "inconceivable that anyone who saw how we did the coverage could consider it to be anything other than fair and responsible." He points out that restaurants which had received a clean bill of health were also featured on the probing programs, and re-checks were made of those restaurants that had been cleaned up.

At first, Mayer had had little trouble getting his cameras into restaurant kitchens. But when viewer reaction hit their pocketbooks, the owners began to refuse the TV crews permission to enter (health inspectors, of course, could not be denied admission). In those cases, Mayer simply interviewed the inspectors outside the restaurant afterward.

But a surprising number of restaurateurs really thought their kitchens were clean enough to withstand TV scrutiny—only to be dreadfully disappointed. Some charged that earlier, lax health inspections had misled them—an accusation said by some officials to contain at least a grain of truth.

Last June, a year after the original programs ran, Mayer conducted a new series of restaurant inspections, running for three weeks but turning up fewer violations than before. Obviously, the original series—and the resulting sanitation law—had had its effect. "It certainly motivated operators to clean up their establishments," observed Anthony Ninos, director of Florida's Division of Hotels and Restaurants in the summer of 1973.

Since the new law empowering inspectors to close offending restaurants came into effect, some 235 establishments have been closed temporarily for health violations, and approximately 10 per cent of those have never reopened. (Under the old law, the health department had to file suit and wait as long as a year for the case to come to court.)

After the success of the "Not on the Menu" series, Mayer began to apply his investigative techniques to other consumer problems.

Next on his menu was "Not on the Blueprint," a sharp look at sloppy construction work in the Miami area. Mayer took cameramen into unfinished or newly completed buildings and had them focus on cracks in walls, blocks laid without sufficient mortar and other examples of inferior work.

This series ran for two months, and Mayer's on-the-spot coverage included comments from government inspectors and officials, as well as on-screen re-checks of problem buildings.

Mayer's return to the restaurant scene last June was entitled "Still Not on the Menu," and it was followed by "Not on the Budget," which provoked the biggest viewer response of any of Mayer's series. First to feel the red-hot spotlight in this series was the Florida Power and Light Company, a billion-dollar corporation which is the state's largest utility. It was particularly vulnerable, since a "fuel adjustment" fee imposed to compensate for the higher cost of oil had reached into the pocketbooks of every viewer. The program focused on the controversial fee, and also cast a cold eye on some of the claims made in the utility's advertising copy. Several days after the tough, probing series began, the Florida Power and Light Company pulled all of its media advertising throughout the state. Five weeks of zeroing in on Florida's electricity problems were followed by a two-week, bell-ringing study of Southern Bell Telephone's rates, advertising and service policies.

As a result of the various "Not on" programs, the 27-year-old Mayer says he notices defects more now—and never hesitates to call the appropriate inspector when he spots a violation.

After all the unsavory scenes shown in his restaurant series, does he still have the heart—and stomach—to eat out?

"Yes," he replies. "But I really try not to think about it."

MEDICAL COMMITTEE FOR HUMAN RIGHTS POSITION ON HEALTH INSURANCE LEGISLATION

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, as we here in Congress prepare to consider the various national health care proposals, I believe it important that we receive the broadest of views on this critical area.

One group of health workers, the Medical Committee for Human Rights, consistently has taken a progressive perspective on the issue, a perspective I think which should be given serious attention by all of us.

Therefore, I would like to insert in the Record at this point testimony by Arthur Mazer, national chairman of MCHR, to the Ways and Means Committee earlier this year on the topic of health insurance:

National Health Insurance: MCHR's Position

(By Arthur Mazer)

To the Committee on Ways and Means:

My name is Arthur Mazer and I am national chairman of the Medical Committee for Human Rights (MCHR), an 11-year old organization of doctors, nurses, and other health workers, students and consumers. MCHR's slogan is "Health Care is a Human Right," and to further that principle we have been working for changes in the health care system and have been in the forefront of efforts to improve care given to minority groups, prisoners, women and those who live in inner cities and rural communities.

For the past three years the Medical Committee for Human Rights has been encouraging the establishment of a national health program. We believe that the American people deserve and can afford the finest health care in the world. The knowledge and skills to make this a reality do exist, yet we have instead a dreadfully inadequate and wasteful health care system. It is disappointing, therefore, to witness the utterly inadequate measures introduced in Congress and enthusiastically described as solutions. I will be brief and specific in my comments on these proposals.

A major reason that Congress is considering national health legislation is that a majority of Americans cannot afford comprehensive health services on their own. It would seem sensible, therefore, that the law to be enacted should not place the burden of taxation on that same majority. Regressive financing for health care must be rejected. The Administration plan, the Kennedy-Mills Bill and the Kennedy-Griffiths Bill all rely heavily on payroll financing, probably the most grossly regressive national tax in the United States. MCHR urges that our national health system should be financed through a special progressive income tax surcharge, one without loopholes, in which both rich and poor pay their fair share.

All of the plans under serious consideration are actually financing mechanisms only; and since they do not create new services but merely pump more money into the existing health system, they repeat the classic inflationary experience pioneered by Medicare and Medicaid. Doctors' fees have gone up 130% in 10 years, and hospital fees are up 217% in the same period, mostly because billions of new dollars have been provided to pay for the same services as before. And to cap it all, the proposals before the Committee all require extensive out-of-pocket expenditures in the form of deductibles and coinsurance. We would like to single this out for particular attention.

The very purpose of deductibles and co-insurance is to discourage utilization of health services. Isn't it anachronistic to labor to draft a national health care measure for the reason that people cannot afford decent care now, and then build into it elaborate systems to deter people from using necessary services? Of course, wealthier people are not discouraged by deductibles, and only those who are poorer will find these so-called cost sharing provisions a barrier to care. The proof of this is contained in a recent Social Security Administration publication, Health Insurance Statistics, HI–57, dated April 15, 1974. I quote from page 1:

"Several studies have shown ... that deductibles and co-insurance affect the demand for medical services, i.e., that utilization of physicians' services is higher among enrollees for whom deductibles and co-insurance requirements involve little or no out-of-pocket cost, or that utilization is reduced after some form of cost-sharing has been introduced."

The report then reveals that of all persons ever enrolled in Medicare's Part B benefits—the doctor portion of the program—during its first five years of operation, 33.7% (8.8 million persons) never reached $50 of allowed charges—the deductible—in any year. And of the Medicare Part B enrollees in each full year of Medicare, only 35.1% met the deductible in 1967, rising only to 43.3% in 1971. Thus not only are poor elderly people discouraged by lack of money from using Medicare services, but an important conclusion we draw is that they are particularly detered from utilizing less expensive outpatient services, which they must pay for out-of-pocket to satisfy the deductible, and not so discouraged from utilizing high cost in-patient services, which are mostly paid for under these programs. This is precisely the effect everyone professes to oppose.

A national health care bill must correct this terrible inequity. All Americans must have equal access to comprehensive health services regardless of income. There should be no deductibles and co-insurance provisions standing in the way of needed care. MCHR has taken the position that there should be no charges at all in our health care system, as is the case in public education and in most modern health systems throughout the world.

Can we even calculate the billions of dollars we would save if there were no bills to process, no charges and no deductibles? Hospitals would not need their huge business offices and billing computers, doctors would not have to employ bookkeepers and collection agencies, and we would not need health insurance companies and other third party agencies and the tons of useless paper they all process. Then we could concentrate on remaking a health care system with a focus on patients instead of exclusions and exhausted benefits and ineligibility factors.

We do not need more money pumped into health care in the U.S.A.: we already spend more per capita for health than any country in the world. The United States could save vast amounts of money by eliminating the systems of charges with their enormous bureaucracy, and substituting a publicly controlled budget process. Physicians and other health workers should be well compensated for their services, but not through a run-away fee for service system. There will never be sufficient incentive to keep people well, so long as profits can be made from sickness.

Consumers are almost entirely left out of the bills you are considering. The Kennedy-Mills Bill, to single one out, provides for a National Health Insurance Benefits Advisory Council consisting of 13 health professionals and only 6 persons representative of the general public. MCHR believes that our health care system should be highly decentralized and controlled by the consuming public in each community, in cooperation with the health workers.

MCHR is sorry to note that the bills before you are neither "national" nor "health" nor "insurance." Because they do not make basic changes in the structure of our delivery system, which excludes so many people from access to services, they cannot be truly deemed "national." They are not "health" care bills but "sickness" care, which is very much what we have today. As for the term "insurance," I was taught that the element of risk must be present in its definition. The insurance companies do not face any risk in these bills. Except, perhaps, the eventual disgust of the people.

REPRESENTATIVE DOROTHY TAYLOR ON REVAMPING THE HEALTH CARE DELIVERY SYSTEM

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, recently, Representative Dorothy Taylor, chairperson of the House Committee on Health and Welfare of the Louisiana State Legislature, gave an important and impressive speech on the health care delivery system to a conference conducted by the National Medical Association.

Ms. Taylor, the first black woman elected to the Louisiana Legislature, has spent considerable time analyzing current health delivery programs and policies, and her speech to the NMA conference brings out points all of us should consider when we begin to revamp our Nation's health system.

I commend Representative Taylor for her superb presentation, and I now insert it into the Record for study by my colleagues:

Revamping the Health Care Delivery System

(By Representative Dorothy Taylor)

Three months ago I was in the hospital for an operation. While there, I received exceptional care.

Several doctors and the Surgeon visited me prior to the operation and explained the need for the operation. The nurses took care of my every need.

No one could have asked for better service.

I was informed, comfortable, relieved of anxieties—thanks to the attention of the doctors and nurses. I thought over and over again about my brothers and sisters who are in pain, in crowded wards, or waiting long hours for an appointment to relieve their, or their children's, pain at the clinics or on the wards in hospitals throughout our state and across this country.

I thought "how many of my brothers and sisters have their sicknesses explained to them so they can understand what is happening to their bodies, and thus be relieved of some anxieties"?

While thinking in these terms, it came crashing down on me that, although I had heard it often, "there truly is a dual health care system in the United States; one type of care for those of affluence or who are wealthy and another type of care for the poor".

Thus, several questions arise:

Is health care a privilege or a right?

If it is a privilege then, under our present economic system—like any privilege—shouldn't it be earned or paid for?

And thus there would appear that there is reason for a dual system—one for those who can pay for it—and one for those who cannot.

However, what if health care is a right? Well then, its structure, its control, its distribution, and its costs must be looked at very carefully.

Is health care a human right? By examining three national health organizations we see that:

1. The Medical Committee for Human Rights—The only health organization which provided medical presence and health care to civil rights workers during the civil rights struggles in the sixties—has always held that health care is a human right;

2. Up until 1972, the most membered doctors' organization, the American Medical Association, always held that health care was a privilege. Finally, after much debate, in 1972, they agreed that health care is a right.

3. This organization, the National Medical Association Outreach Program, declared last year in a resolution that "health care in this country must be considered a right rather than a privilege."

Thus, we have the providers (that is, at least the physician providers) of health care saying that health care is a right. Is it?

Let's take a look at the way this right is "allowed to be exercised". Is there equal treatment and equal access to health care?

In a neighborhood action council meeting, in a poor rural area, the leader asked "all those who, in a time of need, had not gone to a doctor because they couldn't afford it, please stand up". 50 out of the 55 at the meeting stood up.

People feel an obligation to pay, and don't go to a doctor if they know they can't pay unless their situation is really desperate. Health care is a right???

Here in New Orleans, 8 private hospitals who were receiving Hill-Burton Funds (public money) were forced by the courts—after 2 years in the courts—to take their share of poor patients into their facilities. Health care is a right???

The most obvious fact about American medicine is that some people get worse care than others—or even no care at all. What statistical evidence is available shows that sickness and medical care are as unequally distributed as cars, housing, or any other marketplace commodity.

Infant mortality rates are nearly twice as high for blacks as for non-blacks; and the black male's life expectancy is 7 years less than that of the white male. Such indices are not, in themselves, conclusive: If poor people and blacks are sicker than white middle class, the reasons may have more to do with nutrition and housing than with visits to the doctor.

But it is clear that some patients are denied the help which they need. Perhaps we should adapt and apply to medical care the early Christian principle (which is in the Book of the Acts of the Apostles) which would say:

"Provide to each according to her need and collect from each (via the income tax) according to his ability to pay."

Let's look at costs for health care.

Last year, the nation spent $90 billion on health care.

The State of Louisiana, in the public sector, spent approximately $336 million in health care.

This has been fine for the providers, but not for the consumers. Doctors' fees have increased 7% a year, and are now allowed to increase up to 11% per year. Hospital fees have risen between 15.6% and 18% per year.

But, for the health care consumer, it is quite another story. Today the average American pays approximately $550 a year for health care—twice what it cost in 1966.

In the 8 short years since medicaid and medicare were instituted, they have come to pay for over half—53%—of all hospital income in the country!

Medicaid and medicare have reimbursed hospitals on the basis of "cost" with virtually no controls on what could go into that "cost".

So, hospitals could buy exotic equipment, add staff, compete for big-name researchers, expand facilities, pay lavish doctor and administrative salaries, hire public relations firms, exotic office furniture, et cetera, et cetera.

What we now have is a publicly-financed and privately-controlled system. Little wonder that the two programs, medicaid and medicare, together have come to constitute over 80% of all Federal health expenditures!

Here in Louisiana, out of the medical vendor payments to the medical industry, in May of 1974, the State expended $3,300,000 to private and non-profit hospitals.

During the first 5 months of 1974 we expended $7,100,000 on the same group of hospitals—while on the State Charity Hospital System we spent $2,700,000 in May 1974 and $11,000,000 for the first five months of 1974.

Costs for medical training of physicians alone are exhorbitant. Of the $13,000 to $20,000 annual cost per student for medical training, the student pays, at most, $5,000. The rest is largely made up by public subsidies, such as the $3 billion manpower program enacted in 1971 (which Mr. Nixon tried to cut to the bone last year).

Again—who pays—let me hear it—the consumer pays—with no control over the access to the schools or the product of the schools.

For example: In Louisiana we have approximately 54 black physicians: 26 in New Orleans, 10 in the Baton Rouge area, 2 in Shreveport, 1 in Lafayette, 1 in Opelousas—and the remainder scattered over the State.

How many of these are graduates of the Tulane Medical School or the Louisiana State University Medical School?

I'll tell you.

The first black Medical Doctor graduated from Tulane University in 1972 from a class of 125 graduates. Since then, 4 more have graduated. And only until recently, 1970, has L.S.U. graduated black doctors. Since then, 4 more have graduated. Of those practicing in Louisiana, one is black (from L.S.U.) However, Louisiana has a difficult time keeping doctors. 60% of the physicians graduated from the medical schools in Louisiana leave the state.

There are 34 black dentists in Louisiana, but not one had graduated from the new L.S.U. School of Dentistry (opened in 1967). There is one third-year black student in the School of Dentistry.

Yet, the consumer is paying for 80% to 90% of the expenses of all the students.

I dare say that much of the responsibility for the lack of black physicians and black dentists lay on the shoulders of you—Oh—black physician and black dentist—for you should be the most familiar with the inadequacies of the system in which you were trained and now work.

Yet . . . health care is a right?

Salaries must be considered in the cost of medical care. Doctors have the highest earnings of any professional group. The average yearly income is now between $45,000 and $53,000. These figures include interns and residents, who make $8,000 to $15,000.

In his prime, a doctor may earn $80,000 a year or more.

Some hospitals pay department chiefs $150,000 to $200,000; their chief assistants $65,000 and their "rookie" physicians $35,000 to $40,000 annually. . . . However, I do not have the figures on how much of these salaries goes to black physicians.

Who's paying? Do you know by now? The consumer.

Another major area of cost to the consumer is health insurance.

Another barrier to health care is the ransom one must pay to see a doctor.

Each trip to the doctor requires a careful calculation of whether the illness . . . or the bill . . . will be more painful.

Few patients postpone emergency surgery because of the price, but in many cases, people may put off the routine visits that could present more costly treatment. Insurance does much less to remove this barrier than is generally supposed.

30 million people under the age of 65 have no health insurance whatever, and 35½% have no protection against surgical expenses.

Of the 5 million who do have private medical insurance, the great majority are only covered for hospital expenses. This means that a doctor's advice still comes at a cost of approximately $8 to $15.

Private non-profit insurance companies pride themselves on being non-profit . . . on only taking in 3 cents on the dollar . . . but my God, how many dollars they take in—they take in too many dollars.

Their profits are indirect: High salaries, plush offices, reinvestment into other areas of health.

The insurance companies pay the bills—no matter how poor the service—since no standards are set by them, they often subsidize incompetency and inefficiency.

And who pays the premium?—let me hear it—the consumer.

Here in Louisiana in one excellent clinic where group practice takes place, white middle class patients are admitted with no payment at the time of service. Poorer patients must put up $500 at the door. Sometimes they are allowed credit.

Black middle class patients who have good credit are not allowed without paying the $500 at the door . . . and black poor patients who have Title XIX coverage must pay the 20% not covered by the Federal payment prior to service.

So, a few physicians have gotten together to start an alternative care system. They do not charge at the time of service and they do not try to collect the additional 20 percent which the patient must pay, due to third party payments. This type of innovation must come about on a broader base.

Thus . . . we must ask . . . who is controlling the health care system? . . . The consumers? . . . No! . . . They only pay for it.

The health care system is big business . . . the hospital business, the suppliers' business, the insurance business, the drug business, the medical school business . . . not to mention all the related teaching businesses. Yes, it's big business.

All these businesses are strongly financed by the Government . . . yet, much of it is controlled by private boards.

True, there are regulations by the federal and state governments. But, when it comes to who profits from them, and who controls them . . . it is largely doctors, investors, hospitals and health administrators . . . and not consumers.

With all of the fine medical services, research and training in the United States . . . still: 30 to 40 million people have no . . . or very little . . . choice about the health care they receive.

No longer is it only the poor and black, but now it is reaching the middle class also . . . Thus, what can be done to the health care delivery system in order to make health care an accepted human right?

I offer the following five goals to work toward in building a quality health care delivery system, which will not be a dual *system but will* serve everyone according to his or her need.

1. All Americans are equally entitled to complete and preventive health care, with no charge at the time of service.

Health services should be easily accessible in every community. The health care system should be converted from a collection of geographically maldistributed specialists, hospitals and drug stores . . . to an orderly arrangement of community health centers, general hospitals and specialty medical centers.

No cost at the time of service is basic to giving everyone access to health care when needed. This can be accomplished through Goal Number 2.

2. Health care should be paid for by a progressive national or State tax on total wealth—a tax without loopholes that makes the very rich pay their share.

This would mean that low income people will be exempted from taxation, working people will be taxed at a low rate, and rich people will pay heavily.

At present, insurance supposedly covers many health costs. This insurance is paid, say, at $10 a month by each person in the country. This means that the person who makes $4,000 per year is paying the rate of 2% of his wages for insurance; the person who makes $20,000 per year is paying only ½% of his wages for insurance, and the person who makes $40,000 per year is paying only ¼% of his wages for insurance.

Thus, there is a greater burden on the person who makes the smallest wage. This can be reversed by a progressive tax.

3. No one should make profit from the sickness, misery, and death of others. There should be an end to profit-making in health care.

Drug companies presently earn over $600 million in profits each year, and spend $1.5 billion more in advertising.

The private health insurance industry—Blue Cross, Blue Shield and commercial companies, collected $17 billion in premiums in 1969, and returned only $14 billion in benefits. Thus, $3 billion was left in the companies for administration and investment, which earned an undetermined amount of profit for the industry.

The income of physicians is excessive as compared to the income of other highly trained professionals in the amount of $2 billion per year.

Nursing homes, proprietary hospitals, and medical supply companies together earn $600 million yearly in profits.

Thus, each year over $7 billion in patients' dollars leave the health care system as profits.

4. Race and sex discrimination should be ended for health workers.

Minorities, women and the poor should be justly represented in all health jobs. Each health job must have representation from minority groups, women, and poor economic classes—in proportion to their numbers in the general population.

In order to reverse the gross over-representation of white middle class males among doctors, medical school applicants from the under-represented group should be given preferential admission.

Integrated health worker schools encompassing all health care skills should replace the present fragmented collection of medical schools, nursing schools, schools for laboratory and X-ray technicians, et cetera.

Courses should be available for orderlies to become practical nurses, for practical nurses to become registered nurses, and for nurses to become doctors, et cetera, et cetera.

5. And the consumer? The heart of this conference—what is his role?

Health care institutions should be locally controlled by the representatives of patients and health workers. Thus, consumer and health worker controlled health care.

Every institution providing health care would have a democratically selected policy-making body of people who use the institution and people who work in it. These community-worker councils will run community health centers, hospitals, nursing homes, and medical schools.

Health care would be locally and regionally coordinated. Community-Worker Councils running health centers and hospitals would set budgets and hire personnel. Each local council would send representatives to regional health councils, regional councils would plan and coordinate health services in the region.

A national health council of consumers and health workers would be chosen from the regional councils. The national council and its staff would have limited powers; it would set general policies. In this way, democratic local control can be preserved.

This is the role of the consumer. To organize, to plan, to control the health care system with all the health care workers which include the doctors—but are not limited to them.

Thus, I offer these five goals to be considered by this body.

1. Access to services without charge;
2. Financed by a progressive tax;
3. End profit-making on health and sickness;
4. End sex and race discrimination in health jobs, and
5. Create a locally and democratically controlled health care delivery system—

These will end the present dual health care system and begin concretizing the principle that "health care is a human right"—Consumer . . . . . I challenge you to change the system, to have the courage and vigilance of the black nightwatchman, Mr. Frank Wills, who first recognized the burglars and did his duty by turning them in at Watergate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. O'Brien) to revise and extend her remarks and include extraneous matter:)

Mrs. Heckler of Massachusetts, for 5 minutes, today.

(The following Members (at the request of Mrs. Boggs) to revise and extend their remarks and include extraneous matter:)

Mr. Aspin, for 5 minutes, today.
Mr. Gonzalez, for 5 minutes, today.
Mr. de Lugo, for 5 minutes, today.
Ms. Abzug, for 10 minutes, today.
Mr. Diggs, for 5 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Staggers. for 5 minutes, today.
Mr. Ford, for 5 minutes, today.
Ms. Holtzman, for 15 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Gross. in two instances, and to include extraneous material.

Mr. Young of Florida to revise and extend his remarks immediately after the remarks of Mr. Miller.

Mr. Hammerschmidt to follow remarks of Mr. Miller on his amendment.

Mr. Koch to extend his remarks prior to the vote on the Gross amendment.

Mr. Koch to revise and extend his remarks prior to the vote on the Gross amendment.

(The following Members (at the request of Mr. O'Brien) and to include extraneous matter:)

Mr. Esch.
Mr. Winn.
Mr. Robison of New York.
Mr. Derwinski in three instances.
Mr. Frenzel in two instances.
Mr. Young of Illinois.
Mr. Steiger of Arizona.
Mr. Heinz.
Mr. Symms.
Mr. Kemp.
Mr. Parris in two instances.
Mr. Archer.
Mr. Veysey in three instances.
Mr. McClory.
Mr. Bauman.
Mr. Hudnut.
Mr. J. William Stanton.
Mr. Johnson of Pennsylvania.
Mr. Devine.
Mr. Armstrong.

(The following Members (at the request of Mrs. Boggs) and to include extraneous matter:)

Mr. Rarick in three instances.
Mr. Gonzalez in three instances.
Mr. Anderson of California in three instances.
Mr. Lehman in three instances.
Mr. Patten.
Mr. Harrington.
Mr. Fuqua ir. five instances.
Mr. Hamilton in five instances.
Mr. Badillo in five instances.
Mr. Gaydos.
Mr. Dellums in five instances.
Mr. Fauntroy.
Mr. Moorhead of Pennsylvania.
Mr. Rooney of New York in two instances.
Mr. Ginn.
Mrs. Schroeder in five instances.
Mr. Owens.
Mr. Kyros in two instances.
Mr. Bingham in five instances.

Mr. RYAN.
Mr. STARK.
Mr. DENHOLM in two instances.
Mr. FRASER.
Mr. ROGERS in five instances.
Mr. ZABLOCKI in two instances.
Mr. DORN.
Mr. ASPIN.
Mr. RANDALL in three instances.

ENROLLED BILL SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 17505. An act to rescind certain budget authority recommended in the messages of the President of September 20, 1974 (H. Doc. 93–361), October 4, 1974 (H. Doc. 93–365), and November 13, 1974 (H. Doc. 93–387), transmitted pursuant to section 1012 of the Impoundment Control Act of 1974.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 4040. An act to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes.

ADJOURNMENT

Mrs. BOGGS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Thursday, December 12, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3074. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report on rescissions and deferrals of budget authority for fiscal year 1975 as of December 1, 1975, pursuant to section 1014(e) of Public Law 93–344 (H. Doc. No. 93–407); to the Committee on Appropriations and ordered to be printed.

3075. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on financial contributions made by Ambassador-designate Richard B. Parker, pursuant to section 6 of Public Law 93–126; to the Committee on Foreign Affairs.

3076. A letter from the Chairman, Federal Power Commission, transmitting a copy of the publication entitled "The National Power Survey 'Practices and Standards: Opportunities for Energy Conservation Task Force Report' "; to the Committee on Interstate and Foreign Commerce.

3077. A letter from the Chief, Office of Civil Functions, Department of the Army, transmitting an inventory of cooperation agreements with non-Federal interests for water resource projects which were negotiated during 1973, pursuant to section 211 (e) of Public Law 91–611; to the Committee on Public Works.

3078. A letter from the Director, National Legislative Commission, The American Legion, transmitting the proceedings of the 56th Annual National Convention of the American Legion, the annual report, and the financial statement of the organization (H. Doc. No. 93–408); to the Committee on Veterans' Affairs and ordered to be printed with illustrations.

3079. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on grants approved by the Department of Health, Education, and Welfare during the period July 1 to September 30, 1974, which are financed wholly with Federal funds and subject to the reporting requirements of section 1120(b) of the Social Security Act [42 U.S.C. 1320(b)]; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EDWARDS of California: Committee on the Judiciary. S. 4013. An act to amend the act incorporating the American Legion so as to redefine eligibility for membership therein (Rept. No. 93–1558). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MANN: Committee on the Judiciary. S. 251. An act for the relief of Frank P. Muto, Alphonso A. Muto, Arthur E. Scott, and F. Clyde Wilkinson; with amendment (Rept. No. 93–1559). Referred to the Committee of the White House.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EVINS of Tennessee: Select Committee on Small Business. Phase IV, Oil Regulations and Petroleum Marketing Problems (Rept. No. 93–1560). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTEN: Committee of conference. Conference report on H.R. 16901 (Rept. No. 93–1561) Ordered to be printed.

Mr. BUTLER: Committee on the Judiciary. H.R. 17010. A bill to establish a working capital fund in the Department of Justice; with amendment (Rept. No. 93–1562). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee of conference. Conference report on S. 1283 (Rept. No. 93–1563). Ordered to be printed.

Mr. BOLLING: Committee on Rules. House Resolution 1495. Resolution providing for the consideration of H.R. 17481. A bill to establish the Harry S. Truman Memorial Scholarship Program, and for other purposes (Rept. No. 93–1564). Referred to the House Calendar.

Mr. BLATNIK: Committee on Public Works. H.R. 17558. A bill to amend the act of May 13, 1954, relating to the Saint Lawrence Seaway Development Corporation to provide for a 7-year term of office for the Administrator, and for other purposes; with amendment (Rept. No. 93–1565). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of Alabama: Committee on Public Works. H.R. 17589. A bill to designate the new Poe lock on the Saint Marys River at Sault Sainte Marie, Mich., as the John A. Blatnik lock (Rept. No. 93–1566). Referred to the House Calendar.

Mr. BLATNIK: Committee on Public Works. S. 3934. An act to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes; with amendment (Rept. No. 93–1567). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLATNIK: Committee on Public Works. S. 4073. An act to extend authorizations under the Federal Water Pollution Control Act, as amended, and for other purposes; with amendment (Rept. No. 93–1568). Referred to the Committee of the Whole House on the State of the Union.

Mr. CONYERS: Committee on the Judiciary. S. 663. An act to improve judicial machinery by amending title 28, United States Code, with respect to judicial review of decisions of the Interstate Commerce Commission, and for other purposes (Rept. No. 93–1569). Referred to the Committee of the Whole House on the State of the Union.

Mr. CONYERS: Committee on the Judiciary. S. 1083. An act to amend certain provisions of Federal law relating to explosives; with amendment (Rept. No. 93–1570). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VANIK:

H.R. 17609. A bill to establish tax treatment for the sale of domestic corporations incomes of which derives substantially from foreign oil or gas operations; to the Committee on Ways and Means.

H.R. 17610. A bill to amend the Emergency Petroleum Allocation Act of 1973 to prohibit the President from increasing the price of crude oil produced in the United States from the price of such oil in effect on December 1, 1974; to the Committee on Interstate and Foreign Commerce.

By Mr. FREY:

H.R. 17611. A bill to amend the act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes; to the Committee on Agriculture.

By Mr. GRAY:

H.R. 17612. A bill to authorize the Administrator of General Services to provide space in the Old Post Office Building to tenants approved by the Chairman of the National Endowment for the Arts, and for other purposes; to the Committee on Public Works.

By Mr. REES:

H.R. 17613. A bill to amend the Internal Revenue Code of 1954 to provide an income tax deduction for individuals for purchases of contemporary American art; to the Committee on Ways and Means.

By Mr. CAREY of New York (for himself and Mr. BURKE of Massachusetts:)

H.R. 17614. A bill to increase the period during which benefits may be paid under title XVI of the Social Security Act on the basis of presumptive disability; to the Committee on Ways and Means.

By Mr. FOUNTAIN:

H.R. 17615. A bill to amend the Education Amendments of 1972 to exempt certain youth organizations, college fraternities, and sororities, and intercollegiate sports from provisions requiring that admissions and benefits be allocated without regard to gender; to the Committee on Education and Labor.

By Mr. MATHIS of Georgia:

H.R. 17616. A bill to impose on petroleum imported from Canada into the United States for later exportation a duty equal to the Canadian duty on petroleum imported into the United States for consumption in the United States; to the Committee on Ways and Means.

By Mr. MOSHER (for himself, Mr. ANDERSON of California, Mr. HINSHAW, Ms. HOLTZMAN, Mr. HORTON, Mr. MCCORMACK, Mr. ROE, Mr. ROUSSELOT, and Mr. TALCOTT):

H.R. 17617. A bill to require in all cases court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail, for the inspection or procurement of certain records, and for other purposes; to the Committee on the Judiciary.

By Mr. ROGERS (for himself and Mr. CARTER):

H.R. 17618. A bill to provide for the development of a long-range plan to advance the national attack on arthritis and related musculoskeletal diseases and for comprehensive arthritis centers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

CRIME IN COMMUNITIES

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUES OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. LONG of Maryland. Mr. Speaker, all Americans have been deeply concerned about crime in their communities, and many communities have been terrorized by criminal assaults on homes and persons of friends and neighbors.

In an effort to understand the pervasiveness of crime in one area recently besieged—northern Baltimore County—I surveyed my constituents, asking that they speak out plainly to let me know whether they had been hit by crime, what disposition had been made of the case, and what their feelings were about the handling of the incident. Many demanded that their names and addresses be held strictly confidential, indicating they feared reprisals.

In reviewing this survey, made in April of this year, I was struck by the fact that many of the comments indicate how frightening crime can be for a community.

Americans are fearful for their economic security. They are fearful for the security of their Nation. We must keep in mind, as this Congress concludes and the 94th Congress begins its work, that *Americans should* not have the burden of fear for their persons and their homes added to the many worries of their lives today.

I share with you the tabulation of replies to my questionnaire to this particular area of Baltimore County, and comments which were made by some of the respondents:

RESULTS OF CONGRESSMAN LONG'S QUESTIONNAIRE ON CRIME IN NORTHERN BALTIMORE COUNTY

Responding: 234 citizens.

Victims of crime: 121, 51.7% of those responding.

Crimes reported to police: 111, 91.7% of crimes indicated.

Suspect apprehended: 23, 19.0% of crimes indicated.

Convictions obtained: 6, 26.0% of suspects (4.95% of total crimes).

TYPES OF CRIMES REPORTED

Breaking and entering; robbery: 67, 55.4%.

Vandalism: 24, 19.8%.

Auto theft: 6, 5.0%.

Theft from auto: 6, 5.0%.

Personal assault: (including murder, rape), 5, 4.1%.

Miscellaneous crimes: (including a holdup, an embezzlement, and a hit-and-run), 12, 9.9%.

DIRECT COMMENTS OF CONSTITUENTS—TAKEN FROM CRIME QUESTIONNAIRE

1. "It seems like it (crime) has been all around us and we have a fear we are the next victim."

2. "We are afraid to use our travel trailer as the absence of the trailer is a sign we are not home."

3. "Afraid to go away from home. One family caught number of times & let go & in no time in trouble again—Our neighbor moved away as his place of business had been broken into & they knew who & this particular family was asked by a Judge to prosecute & the man stood his ground & they threatened to burn him out, did beat his kid up at school & eventually burned him out of his business."

4. "It was suggested I not prosecute and that the family would make restitution."

5. "We are paranoid!"

6. "It's not safe to turn our backs—punishment should be harder on those who are caught."

7. "We have had many neighbors victimized—We are very tired, & concerned about the upswing in crime in this area."

8. "Frightening experience." (home burglarized)

9. "We have so far escaped the awful things that have been happening up here. We have two daughters & just a few short miles away a young girl was raped & almost killed. We pray you can do something & do it fast."

10. "We wonder if we will be the next ones they hit. Please do not use my name because I am fearful of retribution. Isn't this a pathetic atmosphere in which to live?"

11. "It is uncomfortable living under these conditions, but we have become numb to the pain."

12. "Our home has been broke into 3 times in the past 5 years. We feared for our lives. Never knowing what to expect when we come home. We were even afraid to go to bed at night."

13. "As tax paying citizens, property owners, and law abiding adults we feel we are entitled to more recognition than to just be ignored."

14. "Fear of staying at home alone & fear of being robbed again when going away."

15. "We believe the Courts should protect the honest citizen more so than the crooks. This would help the police department considerably."

16. "There are several families members of which have been jailed for certain crimes & then have been turned loose. They have intimidated many people, so I understand."

H. R. GROSS RETIREMENT A LOSS TO THE HOUSE

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. BOLAND. Mr. Speaker, the retirement of H. R. GROSS at the end of the 93d Congress will create a vacuum in the new Congress which will not be easily filled again. During the 26 years of his service to the people of the Third Congressional District of Iowa, H. R. GROSS has created for himself a position in the House of Representatives from which he has unswerving regularity and accuracy run herd on the fiscal policy of this body. In the course of his unfailing attendance during his career at literally every minute of every session of the House, he has truly earned the nickname, "the conscience of the House." This he has accomplished by reading and analyzing every bill or report which has been referred to the floor of the House for action, and then bringing to bear the full weight of his witty, but always stinging comments on those aspects which seemed to him unwise or profligate.

I know of no one who could make a similar claim, or if he could, could have it said of him that he performed these duties without diminishing the real respect and affection by which he is regarded by his fellow Members. H. R. continues to this day to forecast with amazing detail the fiscal consequences of legislation being considered by this body. His remarks are no less caustic or telling than before, but they become all the more endearing as each passing day brings us closer to the end of the 93d Congress. I know that every Member of this Chamber will miss H. R. for his celebrated and always accurate remarks. They will agree that the House will be the worse for lack of his rebukes and solid Iowa logic. Most of all, I am sure, every Member joins me in regretting the loss of so thoroughly honest and friendly a colleague. I hope and trust his years of retirement will be full and rewarding, although I cannot imagine a time more fulfilling than the past 26 years that H. R. GROSS has devoted to serving his country and his conscience here in the House.

SUPPORT FOR CLASS ACTION LEGISLATION GROWS

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. VANIK. Mr. Speaker, recently, the Senate Commerce Committee released a major study on the Class Action remedy. The committee report entitled, "Class Action Study," discusses some of the advantages and disadvantages of the remedy and difficulties which have been created by several recent court decisions.

As the Commerce Committee concludes:

> The results of the Class Action Study suggest that most class actions proceed with reasonable smoothness in the federal courts. However, the study also showed a group of cases in which management of notice and damage methods under the present federal rule 23 became difficult or impossible. Those cases usually involved both very large classes and small individual claims—a problem not uncharacteristic of some consumer class action litigation. This finding should be a matter of serious concern to legislators and consumer advocates who are trying to devise legislation to protect consumers in such instances, and any bill proposing class remedies for damages to consumers should provide specific mechanisms to appropriately modify the ordinary treatment of representative suits.

I believe that legislation is necessary to restore the class action remedy to its full potential and I have introduced two bills to deal with some of the problems facing class action remedies. I am hopeful that these proposals can be considered in the near future.

I would like to enter in the Record at this point an article which appeared in the New York Law Journal of September 23, 1974, by Paul M. Bernstein entitled, "Facts Versus Fears." The article provides an excellent summary of the Commerce Committee's findings and refutes many of the objections which have been raised in opposition to use of class action suits:

Facts Versus Fears

(By Paul M. Bernstein)

In the wake of the Supreme Court's celebrated *Eisen* opinion,[1] the subsequent—and considerably less noted—June 1974 "Class Action Study," prepared at the direction of Senator Warren Magnuson for the use of the Senate's Commerce Committee, deserves the attention of both Bench and Bar.

Faced with mounting controversy as to whether the class action device is one of the most socially useful remedies in history[2] or nothing more than legalized blackmail,[3] the Committee embarked on a quest for *quantitative information* on the actual experience under Federal Rule 23. Prior to the Study, there was no such empirical data available and the Committee felt that some resolution of the conflicting claims must be made prior to forming a legislative judgment on the advisability of expanding the potential use of class actions in the federal courts.

METHODOLOGY

The Study consists of two parts—a comprehensive examination of all class actions filed in the United States District Court for the District of Columbia between July 1, 1966 (when Rule 23 became viable by amendment) and Dec. 31, 1972; and a less detailed consideration of some 200 class actions filed during the same period in other federal courts. The data for the District of Columbia portion of the study was taken directly from Court records; the information for the national segment came from questionnaires sent to 400 plaintiff and defense attorneys associated with the actual cases.

As epitomized by the 1972 "Report and Recommendations of the Special Committee on Rule 23" of the American College of Trial Lawyers, the anti-class-action forces argued the following to the Committee:

Rule 23 provides insufficient protection from unwarranted and/or unmanageable class actions;

Class actions provide plaintiffs' attorneys with a tool to harass, intimidate, and coerce legitimate business;

The *in terrorem* effect of large class actions forces defendants to settle unmeritorious claims; and

Expansion of class action availability will place an unbearable burden upon the federal court system.

The supporters of class action expansion, in equally conclusory terms, advised the Committee of the following:

The class action is a tool with the potential of restoring a certain degree of equality to a marketplace increasingly dominated by large corporations;

Existing Rule 23 procedures, if used properly, are sufficient to control potential abuses;

Class actions have a substantial deterrent effect on unlawful business activity; and

The burden on the Courts is not significantly increased by class action treatment.

THE RESULTS

Clearly, the experience to date belies the Frankenstein monster, fears expressed earlier. Those who disagree with the Study's conclusions will undoubtedly attack the statistical validity of the sampling used and perhaps the methodology of the national part of the Study. Yet, if nothing more, the Study translates prior speculation into concrete fact. Until some other *factual* investigation demonstrates that the Study is erroneous, it should be accepted.

The Committee Study, in addition to reporting on the actual findings, suggests and recommends the application of certain innovative legislative and judicial techniques that will permit full use of class actions in the consumer area which is now somewhat circumscribed by *Eisen*[4].

RESULTS IN THE DISTRICT OF COLUMBIA

The District of Columbia part of the Study specifically found that:

1. Most class actions do not take markedly longer from filing to disposition than civil actions in general;
2. Notice is achieved without major difficulty in most instances and manageability problems are not insurmountable;
3. Contrary to the position of class action critics, notice expenses and other administrative costs consume a small portion of the recovery;
4. An "opt-in" procedure (requiring affirmative steps in order to be a member of the class) materially reduces the size of the class;
5. Distribution of damages can be accomplished without undue problems;
6. There is little evidence of solicitation of plaintiffs in class actions;
7. The charges that most class claims are frivolous are wholly unwarranted; and
8. Existing procedures requiring court setting of attorneys' fees are sufficient to prevent abuse.

The Committee focused principally on class notice and damage distribution questions in connection with the National Study.[5] It found that:

1. In most cases, identification of class members is possible;
2. Few class members utilize the "opt-out" procedure, i.e., opt outs do not substantially reduce the size of the class;
3. Problems of damage distribution are not overwhelming;
4. Individual notice assures a greater percentage of the class recovering than use of other forms of notice such as publication; and
5. As in the case of the District of Columbia Study, it is clear that administrative costs and attorneys' fees do not consume an unwarranted portion of class recoveries.

LEGISLATIVE RAMIFICATIONS

Despite the conclusion that "the results of the Class Action Study suggest that most class actions proceed with reasonable smoothness in the federal courts," it is apparent that, especially in view of *Eisen*, there is a group of cases where the combination of very large classes and small individual damage claims make notice and damage distribution problems difficult or impossible—i.e., the so-called mass consumer class action.[6]

It is in this area where the Commerce Committee's study suggests enactment of legislation which will accomplish the purposes so necessary for the protection of consumers. Simply stated, these purposes are compensation of named plaintiffs and class members so far as practicable, prevention of unjust enrichment, and deterrence. This legislation, referred to as a "consumer class action statute," will also cure the cost of notice problem raised by *Eisen*.

Thus, in the mass consumer type case, the Court would be authorized to waive the strict notice requirements of *Eisen* and permit limited notice in the first instance by way of publication or to a subclass only—provided of course, that the Court is satisfied that the representation of the class is adequate.[7] Also, with respect to damage distribution, the Court would be specifically empowered to apply the fluid recovery or "*cy pres*" concept.[8]

Finally, the Study suggests that the Court should be authorized to assess punitive damages to further enhance the deterrent value of the consumer class action.

REPRESENTATIVE VANIK'S BILLS

Consistent with the foregoing, within the past month Congressman Charles A. Vanik of Ohio introduced two bills which would permit a district court to create manageable subclasses to avoid the constitutional problems raised by *Eisen* (HR 16153) and would permit in the federal courts the aggregation of class members' claims for purposes of determining whether the jurisdictional minimum amount of $10,000 has been met in diversity and certain federal question cases (HR 16152).[9]

CONCLUSION

Based on actual empirical data, it appears that class actions are not subject to the abuses and burdens so often ascribed to them by critics.

However, in one area—massive consumer wrongs—legislation seems to be necessary to overrule the notice strictures imposed by the Supreme Court in *Eisen*. Furthermore, even though the Supreme Court in *Eisen* expressly declined to pass on the damage distribution problems associated with consumer class actions, it would make sense to cover that subject as well as the notice questions in the suggested legislation.

Footnotes at end of article.

FOOTNOTES

[1] Eisen v. Carlisle & Jacquelin, — U.S. — (1974), CCH Trade Cases Paragraph 75,082.

[2] Pomerantz, New Developments in Class Actions—Has Their Death Knell Been Sounded? 25 The Business Lawyer 1259 (1970).

[3] Handler, The Shift From Substantive to Procedural Innovations in Antitrust Suits, 71 Colum. L. Rev. 1 (1971).

[4] Lumbard, J., dissenting in Eisen v. Carlisle & Jacquelin, 391 F. 2d 555, 572 (2d Cir., 1968).

[5] This is particularly appropriate in view of the Eisen Court's preoccupation with notice. The damage distribution issue was left for another day by the Court in Eisen.

[6] As distinguished from Securities and Antitrust class actions where the size of the class is generally manageable and damage distribution presents little problem under existing accepted procedures.

[7] District Judge Tyler adopted this method in the Eisen opinion (52 F.R.D. 253) which the Supreme Court ultimately held improper under present F.R.C.P. Rule 23.

[8] Under the fluid recovery theory, damages are set by a determination of the gross amount of damages caused by defendants (usually using defendant's business records and available statistics) rather than by totaling the sum of individual claims. The damage fund is then distributed to those class members who make claim and the undistributed portion is used in some manner to benefit the class members in the future so far as practical. Judge Tyler, in the Eisen opinion cited supra, fn. 7, expressed his intent to apply this concept of distributing damages.

[9] In Zahn, et al., v. International Paper Co., 414 U.S. 291 (1973), the Supreme Court held that for purposes of diversity jurisdiction each member of the class, not only the named plaintiffs, had to satisfy the $10,000 jurisdiction amount requirement.

MADDEN CALLS MEETING ON EMERGENCY JOBS ACT

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. MADDEN. Mr. Speaker, upon receiving a letter from the Speaker that he feels the Emergency Jobs Act of 1974 is emergency legislation, I immediately called a meeting of the Rules Committee for Tuesday, December 10. I am pleased that the members of the Rules Committee joined me in supporting the emergency jobs bill and in taking speedy action in granting a rule so that the bill may be considered by the entire House this week.

Today I am calling on the Members of the House to join with Chairman PERKINS, Subcommittee Chairman DANIELS and myself in voting for the passage of the bill.

Unemployment has risen from 6 percent in October 1974 to 6.5 percent in November 1974. Total employment fell by nearly 800,000 in November. The jobless rate is presently at its highest level since October 1961. We are in a crisis situation and passage of the Emergency Jobs Act is a step toward placing our economy on the upswing. This bill will provide for a large-scale expansion of the public service employment program under the Comprehensive Employment and Training Act. It will also provide cash benefits both for the unemployed who have exhausted their benefits under current law and for those who are not eligible for these benefits because their employment is excluded under the unemployment insurance law of their respective State.

The bill also provides new coverage equivalent to that under State unemployment insurance laws for the first time for up to 12 million new workers. This includes over 1 million farmworkers, over 1 million domestic workers and over 8 million State and local government workers.

Mr. Speaker, enactment of this bill will provide approximately 300,000 new jobs that are essential to stabilizing our economy. I ask all Members of the House to vote to pass this much needed bill.

YOUNG WOMEN ARE MAKING THEIR MARK

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Ms. CHISHOLM. Mr. Speaker, many of the Members of this body may have noticed the recent article honoring 10 outstanding young women of America in 1974. The credentials of all of these young women ar impressive and exemplary of the talents and abilities which this Nation has ignored and underutilized for far too long.

I have had the pleasure of being acquainted with one of the candidates, Ms. Gilda M. Iriarte, when she served as assistant to my esteemed colleague JAIME BENITEZ the Representative from Puerto Rico.

Prior to her work with Representative BENITEZ, Gilda, whose training is in economics, coordinated Federal plans and programs for the Washington office of the government of Puerto Rico.

Ms. Iriarte is proud to be called a feminist and has a long-standing interest in women's issues. She has served as a vice president of the District of Columbia chapter of NOW and is currently serving as the secretary of the Executive Committee of the District Commission on the Status of Women. She has also worked with the U.S. Center for International Women's Year 1975, the American Personnel and Guidance Association, and the Rape Crisis Center on issues ranging from the status of women in the United Kingdom to sex stereotyping in career counseling.

I am pleased and delighted at the work which Gilda and the other young women in this country are conducting for they are laying the foundations of a society which will make equality of opportunity a reality for the young women of this land.

FEMINIST NAMED OUTSTANDING YOUNG WOMAN OF AMERICA FOR 1974

Gilda Maria Iriarte brings new distinction to achievement in women's affairs, joining nine other women throughout the Nation as one of the 10 Outstanding Young Women of America for 1974. Puerto Rican born Ms. Iriarte is a political economist, a former executive vice president of the Washington, D.C. chapter of the National Organization for Women and the only Spanish-speaking member of the District of Columbia Commission on the Status of Women. She is currently secretary of the executive committee. Ms. Iriarte has focused her work on the commission—she was appointed for a 3-year term—on community hearings throughout the Nation's Capital.

Ms. Iriarte has spent nearly 2 years as special assistant to Congressman JAIME BENITEZ of Puerto Rico and had previously worked in Washington, D.C., for the Governor of Puerto Rico as a staff economist and as acting director of Federal plans and programs.

The daughter of Celestino and Gilda Iriarte of Santurce, Puerto Rico, Ms. Iriarte is married to Richard Falknor of Seattle, Wash. She left her position with the professional staff of the Congress in November to devote full time to women's affairs. Recently, she completed a study trip to the United Kingdom which will result in a report to the U.S. Center for International Women's Year 1975—on whose advisory board Ms. Iriarte serves—about the state of feminism and women in Great Britain today. Her current work ranges from consulting on sex stereotyping in career counseling for the American Personnel and Guidance Association to advising the Washington, D.C., Rape Crisis Center.

Ms. Iriarte is currently setting up in Washington, D.C., a national clearinghouse for grassroots and community-based women's activities throughout the United States. Ms. Iriarte is now writing a foundation proposal for seed money to enable these activities to profit from each other's experiences and to pull together their insights on what women today really define as "problems" and what they actually want from government, from corporations, and from their work.

Ms. Iriarte did her masters of arts degree work in economics at Boston University where she also held a research assistantship as editor with the Department of Public Communications. For the Governor of Puerto Rico, she edited the "Wage Price Stabilization Program," a supplementary issue of the Federal News Report, and authored "The Family Assistance Plan and Its Implications for the Commonwealth of Puerto Rico" and "Guidebook of Federal Programs: A Digest for Puerto Rico." More recently, she was a contributor to the first edition of the Women's Rights Almanac 1974.

In this regard, I include in the CONGRESSIONAL RECORD an article entitled, "Measuring 10 Young Women by Outstanding Accomplishments," from the Washington Star-News of December 4, 1974.

Measuring 10 Young Women by Outstanding Accomplishments

(By Ruth Dean)

The Ten Outstanding Young Women of America for 1974 could have passed for beauty pageant contestants, but since no pictures were included with their nominations, it was the measurement of their deeds that won them the honor.

In fact, Rep. Edith Green, D-Ore., keynote speaker at a luncheon saluting them yesterday in the Sheraton Park Hotel, suggested that from amongst them and their predecessors might emerge the United States' first woman president.

"I'm certain it will come," said the longtime battler for equal rights for women. "If Israel, India and Ceylon can produce outstanding women leaders, then surely the walls of prejudice (in the U.S.) will come tumbling down and we will see a woman who will head the ticket."

The awardees included two local women, Gilda Maria Iriarte, Puerto Rican-born political economist; and Karel Colette Petraitis of College Park, and associate in the Prince Georges county attorney's office.

Miss Petraitis said the hardest part of the award "was keeping it a secret" until yesterday. She has been active in county Republican politics and this year was named Outstanding Young Republican Woman of America.

Miss Iriarte formerly was special assistant to Del. Jaime Benitez for Puerto Rico. She now devotes full time to women's affairs; her work ranges from consulting on sex stereotyping to advising the D.C. Rape Crisis Center.

Two of the winners reflected new career fields for women. Martha K. Schwebach, of Moriarty, N.M., was one of the country's first nurse practitioners, and Carolyn Louise Stapleton, of Atlanta, is the Methodist minister for Emory University.

Rev. Stapleton was applauded after expressing the hope "the time will come in my lifetime when it will no longer be considered remarkable for a woman to become a rabbi, a minister or a priest."

The other honorees were Dianne Stone Milhollin, partially blind author, poet and scholar from Moscow, Idaho; Judith Anne Bensinger, a Chicago physician; Linda Louise Glenn, executive director for the Eastern Nebraska Community Office of Retardation; Lynn Dianne Salvage, a New York banker and amateur skater; Lelia Kasenia Foley, black mayor of Taft, Okla., and Ellen Irene Kirby, a Petersburg, W. Va., public health nurse who was snowbound until a neighbor came to the rescue with his pickup truck to bring her to Washington.

At a pre-luncheon reception, Mrs. Dexter Otis Arnold, a bustling, enthusiastic clubwoman who once headed the General Federation of Women's Clubs, explained that the idea for the OYW awards came to her when she helped judge the 1963 Miss America pageant with Doug Blankenship, who then headed the junior Chamber of Commerce. If the Jaycees could pick 10 outstanding young men every year, why couldn't the nation's clubwomen do the same? She asked. He promised to help her. "That first year, we had 5,000 nominations from clubs and community groups," she recalled.

And what was her definition of "outstanding?"

"I think there was a time when women couldn't have cared less about other women," she said, "but I think that's all changed. The rising tide lifts all the boats. The fact that one woman has achieved makes it easier for all women. It's the satisfaction in improving the world around you, be it your own home, your own block, your own town, your own state or the nation."

The real "power behind the sciences is Patsy Bogle of Montgomery, Ala., who heads the staff which screens the thousands of nominations down to a select 500. "You get a feel for it," she said in her slow many-voweled drawl. The 500 are then screened by the OYW board of clubwomen leaders and narrowed down to 20 from which the top 10 are chosen by a panel of judges in Washington. This year's judges included retired Supreme Court Justice Tom C. Clark; Dr. Bertha Adkins, chairman of the Federal Council on Aging; Capt. Donald K. Forbes, commandant of midshipmen at the U.S. Naval Academy (who looked from a distance like Miss America emcee Burt Parks); Carmen R. Maymi, director of the Woman's Bureau, and Mary Kathleen Taylor, editor of the GFWC Clubwoman.

Mrs. Bogle then excused herself to round up the women to go in to the luncheon. "We have to hurry," she explained breathlessly to a visitor, "because we have an audience with the President at 1:45."

NEEDS OF VETERANS

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 10, 1974

Mr. YOUNG of Florida. Mr. Speaker, yesterday this Chamber overwhelmingly approved S. 4040, legislation to increase the annual income limitation for veterans by $400, and to increase pension benefits by 12 percent for non-service-connected disabled veterans. As one who has worked long and hard for the increase in the annual income limitation in order to assure that our veterans are not penalized for social security benefits increases, I am delighted at the pension increase and income limitation increase, both of which will enable disabled veterans and their dependents to better cope with inflation.

The American Legion is just one of the many organizations which have long been concerned over the possible loss of pension benefits due to social security increases, and I am sure its members will welcome the passage of S. 4040. As the following article from their National News Service indicates, the Legion is also strongly in favor of immediate passage of legislation to restore the traditional observation of Veterans Day to November 11. My bill to accomplish this goal, House Joint Resolution 126, is still in committee, but a discharge petition has been filed upon it. I urge my colleagues to read the appended Legion newsletter, and to sign the discharge petition on House Joint Resolution 126, so that we may honor our Nation's veterans in the traditional and proper manner:

American Legion Newsletter

Long Beach, Calif.—The failure of Congress to follow through on scheduled hearings regarding pending bills to restore Veterans Day to Nov. 11 brought an expression of dismay from National Commander James M. Wagonseller speaking before a California Veterans Day audience.

The Legion chief pointed out that he had received a letter from Congressman Don Edwards of California, chairman of the Subcommittee responsible for the hearings, noting that the hearings had been cancelled and that the pending bills to restore Veterans Day to Nov. 11, would not be reported out of the committee. (The hearings were scheduled to begin on Nov. 18, the day Congress returns from recess and Edwards had said that the subcommittee would hear only one witness on each side of the issue that day.)

"This seems to me to be a complete reversal of the premise that Congress responds to the voice of the people. With 42 states reverting by law to the date of Nov. 11—what louder, stronger voice does Congress heed," the Legion Commander stated.

Commander Wagonseller warned the audience that Veterans Day is a patriotic holiday now in danger of losing its meaning unless Congress takes action soon "to correct their mistake of some six years ago."

He said that every American school child used to know the significance of the eleventh hour of the eleventh day of the eleventh month of 1918, which was the moment of the effectiveness of the Armistice ending the fighting of World War I. "Nobody knows the significance of Oct. 28 (which was the official Federal date of Veterans Day this year), and few American youngsters remember what Nov. 11 is all about," Wagonseller added.

Turning to the plight of the older war veterans and widows of veterans, the Legion chief said: "There is yet another intolerable situation that has developed with many veterans who are pensioners. This is a situation which exists today and one that cries out for remedial action. Many veterans and their dependents have had their pensions reduced, or have been removed from pension rolls entirely, because of recent social security benefit increase which do not compensate for the loss or reduction of pension.*

"The American Legion is spearheading the effort to have Congress relax the income standards for determining pension eligibility so these older veterans and their dependents, living on fixed incomes, will not have those incomes reduced while living costs continue to sky rocket."

Calling for "the help of all citizens as we seek to correct this great injustice," Wagonseller said that the Legion does not believe America intended for her older veterans to become welfare or charity cases, and this is exactly what is happening.

"Again, we would ask that all of you help us to bring this to the concerned attention of the Congress. Again, it is a matter of honoring America's veterans—of helping them maintain their dignity in the sunset of their lives. It is one of the things we are talking about here today, and tomorrow," the Legion leader added.

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*(In the 10-4-74 issue of ALNS, it was noted that nearly three-quarters of a million of the nation's veterans are threatened with a reduction or loss in pension benefits the first of next year because Congressional leaders have failed to schedule effective, not token, legislative action which would protect against such losses. Almost two years ago, veterans and widows of veterans were assured that one of the first moves in Congress would be to correct the injustice done to older veterans by pension cuts and in some cases—over 20,000 veteran pensioners—pension termination caused by a Social Security increase. To date, the injustice still exists.)

The Legion chief also pointed out in his Veterans Day address that his organization is asking for increased educational benefits for the veterans of the Vietnam era "who want to continue their schooling but are having a rough time, again because of rapidly increasing costs."

THIS IS AN ARMS LIMITATION?

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, December 11, 1974

Mr. HARRY F. BYRD, JR. Mr. President, Tom Wicker, a columnist for the New York Times, wrote a column captioned "This Is an Arms Limitation?" which was published in the New York Times of December 10, 1974. This article by Mr. Wicker seems to make a great deal of sense, and I ask unanimous consent that it be printed in the Extensions of Remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THIS IS AN ARMS LIMITATION?

(By Tom Wicker)

As citizen and taxpayer, do you ever get the feeling that you are being doubletalked?

Take, for example, Secretary of State Henry Kissinger's "breakthrough" at Vladivostok on behalf of arms "limitation."

This "breakthrough" was hailed by Secretary of Defense James Schlesinger—not generally thought of as a fan of Secretary Kissinger—as "a major step forward." Then he went on to describe it as a major step forward, not in arms limitation, but in arms expansion.

To put the agreement in effect, Mr. Schlesinger said, would require on the American side larger strategic forces than had been previously planned even by the Pentagon, plus a major "restructuring" of American strategic forces away from land-based missiles toward submarine-based missiles and manned bombers.

When bureaucrats talk about "restructuring" something, hapless taxpayers may be quite sure they do not mean to make it smaller, or less expensive; and to do Mr. Schlesinger credit, he was specific. He said that "restructuring" American strategic forces to at the arms "limitation" agreement proposed at Vladivostok probably would require the following:

Two more Trident missile submarines than the ten now planned; ten Poseidon missile submarines kept in operation longer than now planned; building and deploying a new strategic bomber; building and deploying a larger intercontinental ballistic missile than the United States now has (even while depending less on land-based missiles).

This is arms "limitation"?

Mr. Schlesinger conceded that he wished to achieve lower levels of weapons than those contemplated by the Vladivostok "breakthrough," but suggested that such an agreement probably could not have been reached in view of the "quite firm" position taken by the Soviet Union.

This is "a major step forward," nevertheless?

Well, according to Secretary Kissinger, it certainly is. He said nothing about a "quite firm" Soviet position; rather, in his view, the Soviets made "very major concessions" at Vladivostok, which it would be churlish of Americans to reject, particularly since rejection would lead the Soviets to conclude "only that political détente with us faces domestic difficulties of an insuperable nature."

That sounds like a first-strike remark but on investigation looks more like deterrence. When, for instance, Senator Henry M. Jackson and others held up Mr. Kissinger's promise of improved trade relations with the Soviet Union for two years, the result was not a breakdown in détente but a compromise that facilitated the emigration of Soviet Jews—which was the point of the hold-up.

But Mr. Kissinger did not stop with this threat. If Congress failed to approve the Vladivostok proposals, he said, Congress should be ready to provide $5 or $10 billion for strategic arms costs in a new arms race. That would be something like double the present strategic arms budget of $8 billion a year.

But what, then, was Secretary Schlesinger talking about? A new Trident submarine costs about $1 billion, if prices rise no further; so the two Mr. Schlesinger said would be required in "restructuring" under the Vladivostok proposals would cost $2 billion. A new fleet of 240 B-1 bombers would cost $18 billion, and although Mr. Schlesinger did not commit himself to that plane, it is difficult to imagine any other costing much less. Add the costs of a new land-based intercontinental missile (perhaps called "The Henry"), plus the additional MIRV warheads the United States would be permitted to deploy, and—at least in dollar terms—it might be cheaper to have an old-fashioned arms race.

Senator Jackson nevertheless may have been over-optimistic when he declared in a television interview that the United States had "the chips" to force the Soviets "by hard bargaining" into a better agreement. It may well be that to get the Soviets to agree to any limitation at all on strategic arms, Mr. Kissinger and President Ford had to agree to higher arms levels on both sides.

The fact seems to be that an arms expansion, at enormous cost, has been tentatively agreed upon by Moscow and Washington. That expansion may or may not be less than would have occurred in the absence of the agreement; and both sides may or may not now feel themselves able to rely on the size of the other's strategic forces until 1985.

It may well be that no other kind of arms "limitation" is now possible, so that the proposed Vladivostok agreement is better than none. If so, however, to call what was achieved a "breakthrough" or even a "major step forward," much less a "triumph"—particularly since even this limited arrangement has not yet been approved by either side—is hyperbole at best. At worst, it is the kind of political and diplomatic doubletalk which, from Vietnam to Watergate, has made the American people so cynical about their Government.

WHAT SHOULD WE DO ABOUT THE ECONOMY?

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. HAMILTON. Mr. Speaker, I include my Washington Report for December 11, 1974, entitled "What Should We Do About the Economy?":

The report follows:

WHAT SHOULD WE DO ABOUT THE ECONOMY?

One paramount problem confronts this country: What should we do about the disastrous shape of the American economy?

The economic indicators are grim. Unemployment hit 6% in October with 5.5 million persons unemployed, and even Secretary of the Treasury Simon, the President's top economic advisor, expects the unemployment rate to reach 7% by spring. The real gross national product has dropped for three consecutive quarters, prices jumped 12.1% in the past year, and real total output for 1974 will fall about 2% below the 1973 level. Consumer spending is sluggish, business is cutting back on capital expenditures, the stock market continues in the doldrums, and the housing industry is in a full scale depression.

There is, of course, no quick, easy and painless solution to these economic troubles. The task of the Federal government is to undertake specific steps to solve the root causes of inflation and recession, and the steps must be fair in conception and application. As with any complex problem, differences of opinion, honestly held, exist on what should be done. In my view, government economic policy should attack both inflation and recession with these steps:

(1) The Federal Reserve System should ease credit. Restraint is still necessary to avoid excessive demand in the economy, but a better balance can be found between jobs, productivity, and investments, on the one hand, and slowing inflation, on the other.

(2) The Federal Reserve System should also channel credit at an acceptable cost to the productive sectors of the economy, such as housing, small business, agriculture, and public utilities. It is important that available funds go into productive rather than speculative uses.

(3.) The President and the Congress should enact the following measures:

(a.) A comprehensive tax reform package is needed to provide immediate relief for those persons hurt most by inflation and to create a more equitable tax system. The overall revenue raised by government should not be reduced. This tax reduction can be offset by reforms, including, among others, strengthening the minimum income tax (at the upper levels), reduced foreign tax preferences, elimination of "hobby" farm tax deductions, and reform of gift and estate taxes.

(b.) A public service jobs program of sufficient size and flexibility to provide meaningful help in reducing unemployment should be implemented. The 170,000 public service jobs currently funded under the Comprehensive Employment and Training Act are insufficient as compared with the need. Public service employment, already widely endorsed by economic policy makers, has been an effective tool to counter unemployment without becoming "make-work" or "dead-end" employment, with an effective transition to regular private employment. If an appropriate tax reform package is adopted, the job program could be done without an adverse effect on inflation.

(c.) An effective system of unemployment compensation should be developed that would provide adequate income protection to the unemployed.

(d.) Legislation to restrain and keep under control Federal expenditures should be passed. Federal expenditures should be held to a range of $300–305 billion. Both defense and civilian expenditures should be scrutinized to determine where cuts can best be made, and strenuous efforts should be undertaken to restrain yearly increases in Federal spending.

(e.) A tough, enforceable system is necessary for conserving energy and other scarce commodities. If the voluntary system proposed by the President is not successful, a standby system of mandatory conservation may be required.

(f.) A system of export monitoring and, if necessary, export controls should be developed to help guarantee price stability to producers and consumers alike, and to assure that domestic need can be met without drastically increasing prices.

(g.) Legislation should be adopted to eliminate both governmental and private barriers to an efficient market economy. The Congress must review Federal subsidies, production quotas, marketing orders, price supports, excess stockpiles, price and wage maintenance agreements, import quotas, and other laws and practices, and remove obstacles to productivity and competition in the economy.

(h.) The United States, the leading economic power in the world, must take the lead in a whole series of international negotiations to develop food and energy policies to cope with shortages, to reach understandings regarding the availability of basic commodities and raw materials, and to design new trade and monetary systems.

In view of the recent unhappy experience with controls, it is difficult to recommend them now. But if the steps outlined above are insufficient to control the price-wage spiral, then standby authority should be enacted for a system to give the President power to either impose stop orders, ceilings, and rollbacks on administered prices (that is, in the industries where effective competition is absent) or to administer comprehensive economic controls with whatever system is necessary to insure equitable application of the controls.

CONGRESS MUST CONTROL BUREAUCRACY

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. STEIGER of Arizona. Mr. Speaker, I would like to bring to the attention of my colleagues a letter I received from Mr. Henry H. Haws, a distinguished member of the Maricopa County, Ariz., Board of Supervisors.

Mr. Haws is one of the growing number of citizens who is outraged by attempts of the Environmental Protection Agency to institute unrealistic and irresponsible regulations which would have far-reaching effects on the lives of individual citizens. This Agency must be the greatest example of bureaucratic interference in States' rights in our Nation's history.

As Mr. Haws so aptly states, it is the responsibility of the Congress to place the limits which will keep agencies like EPA from virtually controlling the lives of individual Americans. Mr. Haws' letter follows:

OFFICE OF THE BOARD OF SUPERVISORS,
MARICOPA COUNTY,
Phoenix, Ariz., December 3, 1974.

HON. SAM STEIGER,
126 Cannon Office Building,
Washington, D.C.

DEAR SAM: Some of the problems which have been created by the Environmental Protection Agency and the controls which that agency is attempting to place on states, counties and cities, has caused me to appeal to you to help preserve states rights as well as the rights of local agencies to control their destinies.

As I read the proposed regulations and comments made by the EPA staff, I am disturbed and alarmed. May I quote to you from the EPA Citizens Bulletin where Russell Train states that he was announcing the plans to form a new unit within the EPA which would deal with "all aspects of land use problems."

I cannot comprehend that you or other members of Congress had any inkling that the EPA would write such regulations and I feel that many of the regulations which that agency is attempting to implement are, or at least border on being, unconstitutional. The practicalities involved in implementing many of the programs advocated by the EPA are so unrealistic that in my judgment, had the various levels of government in Arizona succumbed to these requirements, they would be near bankruptcy.

I do not mean to say that through my opposition to the EPA that we do not have any problems because we do. However, we have been working with these problems for almost 200 years and I do not believe that any responsible person could expect solutions involving the technical aspects of environmental protection can be resolved in 5 or 10 years.

I am requesting that you and your congressional colleagues consider legislation which would place an absolute limit on the extent that the EPA can extend rules and regulations in an apparent attempt to control the very lives of local citizenry. It is my firm belief that if congressional action is not initiated to control the bureaucracy which Congress has created then that bureaucracy might very well control and manage its maker.

Sincerely,

HENRY H. HAWS.

HON. H. R. GROSS

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. SYMMS. Mr. Speaker, it is a shame the House business has not been on television and radio for the past 25 years. Had it been, H. R. GROSS would be a national hero and the country would be better off.

If I might make a suggestion to the U.S. Treasury, it would be that instead of auctioning off 2 million ounces of our gold from Fort Knox for worthless fiat currency, we cast that gold into a statue of the man from Iowa. For indeed, he is one of the rare politicians of the day who is worth his weight in gold.

My association with H. R. GROSS has been one of rare privilege serving in the 93d Congress. It is with deep appreciation for his guidance and friendship that I join my colleagues in paying tribute to this outstanding statesman. He will be deeply missed.

THE RUSSIANS ARE COMING—WITH WATCHES

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ASHBROOK. Mr. Speaker, the administration is continuing to push for the adoption of most-favored-nation trading status for the Soviet Union. Therefore, I think it is time that Congress took a hard look at what this proposal would mean.

One result would be a loss of American jobs. The Soviets would dump their products on the American market, displacing U.S.-manufactured products.

This is no idle speculation. The Soviet watch industry is already eyeing the United States as a potential market. Soviet watches, according to the vice chairman of Bulova Watch Co., would be used as an opening wedge for other Russian-manufactured products once most-favored-nation status is granted.

It is extremely difficult to compete with Soviet-made products. In free market economies the price of goods is based on the cost of production and distribution. Labor costs comprise a large share of the total product price.

This is not the case in the Soviet Union, however. Labor is available at little cost and many items are even made by slave labor. Consequently Soviet products can be priced far lower than their true cost. U.S. markets could be flooded with cheap, state-produced products, causing American producers to cut back on output or perhaps close down altogether. Thousands of American workers would lose their jobs.

The Federal antidumping laws would provide no protection from this. Since the prices of Soviet products are not based on true costs, it would be almost impossible to determine whether the Soviets were in fact dumping.

I urge every Congressman to carefully weigh the consequences of granting most-favored-nation trading status to the Soviet Union. It is a matter of American jobs and industry.

Following is the text of an article from the December 1 issue of the Washington Post.

SOVIET WATCH INDUSTRY EYES UNITED STATES AS MARKET

(By Leroy Pope)

NEW YORK.—The Soviet watch industry is hoping to penetrate the United States market as an opening wedge for other Russian-manufactured products when Congress gets around to giving Russia most-favored nation tariff treatment, an official of a top American watch firm says.

Sol E. Flick, vice-chairman of Bulova Watch Co., told United Press International the Russians already are successfully challenging the Swiss, Japanese and other makers of jewel lever watches in Britain and elsewhere—underselling them in the popular priced models.

Jewel lever watches no longer are made in the United States but Bulova and some other

American companies own Swiss and other offshore factories that make them. The Russians do not make the very cheap pin lever watches. Flick said their modestly priced jewel lever watches are good quality and they recently have begun to devote more effort to styling them.

Both Bulova and Talley Industries' subsidiary, General Time, are sufficiently concerned the Russians might sell their watches in the United States below cost that they have appealed to the Tariff Commission and to Sen. Russell B. Long (D-La.), chairman of the Senate Finance Committee, to sponsor an amendment to the federal anti-dumping law.

They want to amend the trade reform bill to provide a method for an interim finding of dumping and the collection of countervailing duty on a provisional basis pending a final determination in cases where it is impossible to discover the true production cost of imported merchandise.

"There simply is no way to determine quickly how the Russians are pricing their watches in relation to their true costs," he said, "because they don't base price on costs as we and most other countries conceive them."

The jewel lever watch market in the United States runs 12 to 15 million a year, approaching $1 billion at retail. "That's a juicy apple for the Russians to nibble at," Flick said, "but their big purpose is to do as they have in Europe, Asia and Latin America: use their watches to get Americans used to the idea that Soviet mechanical products are reliable and reasonably priced—then sell us many other things."

American companies such as Satra Corp. of New York, which has been engaged in imports from the Soviet Union for more than 30 years, told UPI if Congress gives the Russians most favored nation status, they probably will seek to sell more heavy machinery and capital goods than consumer goods in the United States.

HON. H. R. GROSS

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. DENT. Mr. Speaker, so often we do not express our true feelings about someone until it is time to say goodby. I know in my heart that many Members have held H. R. GROSS in the highest esteem, as I have, during the many years we have served together.

In all deliberative bodies, there must be someone who speaks as the conscience for the group. H. R. GROSS has been that conscience for the Congress of the United States. The many kind words of praise and good wishes extended to him in the past few days come from those of us who have, perhaps silently, respected and admired his courage and tenacity in his desire to fulfill his duty as a Representative.

He realized very early that this is not a popularity contest. Many of his legislative motions, which to some may have appeared as delaying tactics and useless maneuvers, were really pricks to our conscience, attempting to bring us to the realization that every act or resolution that passes Congress will have some effect upon the lives of our people, health of our economy or the safety of our Nation.

Today I join with my colleagues in saying farewell to this fine gentleman, but certainly not goodby. As long as this hall houses the representatives of the people, those of us who have served with "H. R." will hear his clear-cut challenges resounding on each issue in which there is even a hint that injury might be done to someone or something, somewhere in this great country of ours. Some may even find themselves repeating some of the challenges and queries when he is no longer here to do that work for us.

There may be individuals who come to Congress for the prestige, or as if on a lark, but others come to serve. H. R. GROSS came to serve—that was his only goal. His only aspiration has been to be a Member of the Congress elected by, for and of the people.

As he prepares to leave our Chambers, I wish him well in his nobly earned retirement.

CENTER FOR POLICY RESEARCH PROPOSES TAX ON CARS BASED ON WEIGHT

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BINGHAM. Mr. Speaker, despite the President's persistent denials of any intent to seek an increase in the gasoline tax to conserve energy, it is becoming increasingly apparent that measures such as the gasoline tax are being considered by the administration and various business leaders.

A different and interesting approach, taxing automobiles on the basis of their weight, has been suggested by Prof. Amitai Etzioni, of Columbia University, and director of the Center for Policy Research. I include herewith a letter to the editor of Professor Etzioni, which appeared in the November 7 edition of the Washington Post:

PROPOSING A TAX ON CARS BASED ON WEIGHT

It is widely believed that after the election new consideration will be given to an energy tax, aimed at encouraging conservation of gas. This should be introduced on the basis of the weight of the auto—not on each gallon consumed. That is, the government would collect a tax per pound of car once a year when licenses are renewed.

The advantages of such a tax over the suggested gasoline tax are numerous. First, while the gas tax bears down on both the users of bigger autos (which consume more gas) and the frequent or long distance users, the auto tax bears down only on the owners of bigger cars. Justice is better served by a car tax than by a gas tax because the latter discriminates against frequent or long distance users who require their cars to earn their livelihood (e.g., salesmen), commute to school or shop and favors the infrequent users of big and super-big cars (who may use their cars to go to the theatre, vacation, etc.). On the other hand, a weight-graded car tax will tend to collect more from the affluent and not penalize frequent or long distance users.

Second, a tax which discourages reliance on big cars would generate a double energy saving; less use of gas and less use of energy and other resources which are used in building bigger cars.

Third, an annual car tax, collected at one point, would be easier to administer, much less costly to collect, and less subject to illicit pocketing than the tax on each gallon.

Fourth, the lump sum payment would have more of a deterrent effect, would be psychologically more effective, than the small tax integrated into the price of each gallon to which people could gradually become accustomed. (Needless to say, the total revenue of both taxes can be pegged at the same level.)

Finally, it might be said that bigger cars are safer. This is true, though only when other cars on the road are also big. If we are seriously to move to a world not subject to Arab blackmail, less wasteful in its use of resources and less polluting, a dominance of small cars on the road should be our target in all places where cheap, efficient public transportation is not available.

AMITAI ETZIONI,
Professor of Sociology, Columbia University, Director, Center for Policy Research.
NEW YORK.

MAN'S HUMANITY TO MAN

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ESCH. Mr. Speaker, as we rapidly approach the holiday season, we are once again reminded of the importance of man's concern for his fellow man, and urged to look deep into our own hearts to seek that humanity that sets man apart from his fellow creatures of the Earth. It is one thing to pay lipservice to that sense of brotherhood we all extoll so highly at this time of year; it is another to be able to dramatically demonstrate that love for one's brothers. I am privileged to have been asked to present a Red Cross Certificate of Merit this Saturday, December 14, to one of my constituents, Mr. Ray A. Geddes, of Ann Arbor, Mich., who unquestionably demonstrated his concern for his fellow man this past year when he employed his first aid training to save another's life.

The circumstances of Mr. Geddes' service are as follows: On January 1, 1974, Mr. Geddes was attending a New Year's Eve party when he learned that a young man had received a stab wound in the neck. Mr. Geddes, having received Red Cross first aid training, went to the young man's aid and discovered that the jugular vein had been cut. With this knowledge, he secured a towel and applied a pressure compress to control the bleeding until such time as an ambulance arrived. The American National Red Cross informs me that the victim recovered, and that this happy conclusion was unquestionably the result of Mr. Geddes' efforts.

The Red Cross Certificate of Merit is the highest award tendered by the American National Red Cross. Its recipients are those who save or sustain a life by way of employing knowledge or skills learned in a volunteer training program sponsored by the Red Cross. These certificates are personally signed by the President of the United States and, perhaps making this award even more meaningful, we have learned that this is the first such award in our State to be signed by Michigan's own President Ford.

As I indicated earlier, I am proud to have been asked to present this award to a gentleman who so readily was willing to demonstrate his concern for his fellow man. As the 93d Congress comes to a close and we embark upon the holiday season, we may all take note of and commend those of us like Mr. Geddes, who exemplify man's humanity to man.

PERSONAL ANNOUNCEMENT

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. FRENZEL. Mr. Speaker, I attach for the RECORD two letters written to me by the director of my district offices, Mark W. Olson, relating to his personal responsibilities.

Since Mr. Olson is a member of my staff, and since I serve on the Banking and Currency Committee, I felt his family obligations should be a matter of record.

Since these interests relate solely to the question of the estate created by his father's death, I believe they constitute a responsibility rather than a conflict of interest.

The letters which follow are self-explanatory:

DECEMBER 6, 1974.

Congressman BILL FRENZEL,
Longworth Building,
Washington, D.C.

DEAR BILL: Upon the death of my Father in February of this year, my Mother has become beneficiary of the stock he held in the Security State Bank of Fergus Falls, Minnesota.

My Father's interest in that bank is significantly less than a controlling interest, but is a substantial portion of my Mother's inheritance.

I do not have an active involvement in the Bank in any capacity other than as an advisor to my Mother. At the moment neither my Mother, nor any member of our family is represented on the bank's Board of Directors.

Yours very truly,

MARK W. OLSON.

DECEMBER 10, 1974.

Congressman BILL FRENZEL,
Longworth Building,
Washington, D.C.

DEAR BILL: On Saturday, December 14, 1974, I expect to be considered for election to the Board of Directors of Banker's Financial Corporation. Banker's Financial owns as its only significant asset approximately 80% of the outstanding stock of the First National Bank of Drake, North Dakota, and the accompanying insurance agency.

My father was among the founders of this company, and was active in its management until his death this past February. My mother is the sole beneficiary of this stock, but is physically unable to take any part in the affairs of the company.

As this asset accounts for a significant portion of her inheritance, we believe it prudent for the Olson family to be represented on the company's board.

It is my mother's present intention to sell this stock if terms can be agreed upon, and such course is being actively pursued at present. Upon a sale of the stock, I will have no further involvement with the company.

Yours very truly,

MARK W. OLSON.

WASTE BY THE FAA

HON. H. R. GROSS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. GROSS. Mr. Speaker, at my request the General Accounting Office has investigated certain requirements and practices of the Federal Aviation Administration with regard to control towers, navigation aids, and airport lighting. The investigation confirms my suspicions that the FAA has been wasting the taxpayers' money left and right on these items.

For example, the GAO found that a number of States have refused to seek FAA assistance and Federal tax money to install airport lighting because of the ridiculous equipment and installation requirements imposed by the FAA which makes such installations far too costly and time consuming.

The FAA requires the use of light bulbs costing $2 each but the GAO found they were in no way better for runway lights than ordinary household bulbs costing 21 cents which some States have successfully used. Iowa and Nebraska, for instance, have used these ordinary light bulbs with great success and with no complaints from pilots.

As a matter of fact, the GAO had an interesting observation on this:

> Although the FAA-approved lighting system is designed to insure uniform brightness among the lights, the FAA-required light bulb dims with use, resulting in difference in brightness among the lights. the non-approved (state) systems we observed were of uniform brightness.

The FAA required runway lighting fixtures that cost between $70 and $77 each. The States have been purchasing satisfactory fixtures that cost from $12 to $16.

The FAA requires runway lighting cable that costs about 22 cents a foot. Iowa, for example, uses cable which has proved perfectly satisfactory and which costs from 4- to 9-cents a foot.

The FAA requires that the cable be buried in a trench 18 to 24 inches deep. The Iowa system plows the cable into the ground, a much more inexpensive method and one which has proved entirely satisfactory. The FAA trench method costs between 20 cents and $1 per foot. Iowa's cost is between 5 and 8 cents per foot.

Another advantage is that FAA-required concrete cable markers, costing $20 to $25 each, are not required by Iowa or Nebraska. About 25 of these markers are required by the FAA on a typical runway project.

In addition, the FAA requires the services of a consulting engineer on its runway lighting projects at costs which ranged from $2,200 to $9,800 on the projects the GAO reviewed. Where the State does its own work, such work is done by State employees and in the two cases where engineering costs were shown on such State projects, they amounted to $66.50 and $700 respectively.

The GAO examined the costs of two FAA-approved runway end identified light installations. These are pairs of flashing strobe lights marking the end of the runway for pilots. One FAA installation cost $10,780 and the other cost $10,179, but at five airports in Iowa and three in Nebraska where the States had installed non-FAA-approved strobe lights, the average cost was $1,525.

We talked to pilots and airport managers at four Iowa airports and each said he thought the end lights performed as well as the FAA-approved lights. Similar comments were received at Nebraska airports.

To give you an indication of the waste involved in this one item, the GAO states that the FAA plans to install runway end identified lights at 98 airports with each installation to cost between $11,000 and $12,000. That amounts to about $1 million compared to less than $150,000 if the non-FAA-approved light system was used.

The GAO concludes—in a masterpiece of understatement—that:

> FAA has not adequately considered the needs of small airports in establishing its requirements.

The General Accounting Office also investigated the costs of certain types of FAA airport traffic control towers as opposed to the costs of non-FAA towers erected by state and local governments.

The least expensive FAA tower cost $189,000 while costs of the non-FAA towers visited by the GAO ranged from $32,000 to $128,000.

These towers served the identical functions and both performed their jobs "satisfactorily", the GAO found. Although the GAO did not provide me with a figure of how much would have been saved by building the less expensive control towers, the FAA has spent about $23 million in the past 2 years on control towers at relatively small airports.

The savings by using less costly towers would have obviously been considerable but, the GAO states,

> In adopting the current design, FAA either did not consider or reject possible cost-savings alternatives.

The GAO also noted that "FAA is moving in the direction of increasing the cost of its towers", which is bad news for everyone in aviation, to say nothing of every taxpayer.

In the matter of FAA requirements for radio navigation aids—specifically the very high frequency omnidirectional radio ranges known as VOR stations, the GAO found that the Agency's requirements for access to the station by repairmen and back-up equipment requirements added significantly to the cost of such stations.

The FAA excuse for the costs of these various installations is that it wants the highest level of safety possible.

No one is going to quarrel with safety unless—as is the case here—safety can be achieved at much lower cost.

The FAA has a long history of excess costs associated with its programs and the examples just cited are illustrative of the fact that the FAA is far too inflexible and dogmatic in many of its policies, to the detriment of one of its prime responsibilities, which is to encourage and foster the development of civil aviation—not hinder it with unnecsarry costs and excessive requirements.

CONGRESS ACTS ON PRIVACY AND EXCESSIVE SECRECY

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, "Government should have as few secrets as possible; private citizens should have as much privacy as possible."

Those words are the heart of a recent column in the Monroeville Times-Express, written by Managing Editor Chuck Wanninger.

Mr. Wanninger's comments are most appropriate, coming at a time when the Congress has taken major legislative initiatives on personal privacy and excess Government secrecy.

I am referring to the successful vote to override President Ford's veto of the Amendments to the Freedom of Information Act and the Privacy Act of 1974, passed by both Houses, which will curtail the collection and dissemination of information about individuals without their knowledge.

I would like to put Mr. Wanninger's excellent column in the Record at this time:

Privacy, Secrecy Problems

(By Chuck Wanninger)

Remember when secrets were fun?

I mean, like when you were a kid. You and Dad bought that Christmas present for Mom . . . and you had to keep it a secret. And as you grew up, there were more secrets. Stuff you wouldn't dare tell a girl, for instance.

Well, secrets aren't as much fun anymore . . . though your elected officials still are partial to them. In Monroeville, your elected officials are holding their budget meetings in secret. And you can't find out what they are doing . . . or what they are hiding.

And in Washington, government secrecy is a mounting problem. All through the disaster that was Watergate, the top official of this land explained things away by saying that secrecy was necessary for national security.

It was OK to secretly tap your phones. It was OK to lie to the public.

Everthing was secretly OK . . . as long as you were talking about national security.

It wasn't a system that originated with King Richard of Nixon. The release of the "secret" Pentagon Papers showed that administrative lying had been going on for years.

The Pentagon Papers and the Watergate abuses have finally brought the problems of secrecy to the foreground, and Congress is trying to do something about it. Pleas for a more open system are heard almost every day.

The demand for a more open government has brought up an interesting problem: at the same time we are battling for less secrecy, we must also be battling for more privacy.

Right now three federal agencies are considering plans to expand their record-keeping . . . at a time Congress is very concerned about privacy safeguards on government handling of personal records.

The Internal Revenue Service, the Veterans Administration and the Federal Bureau of Investigation are studying plans to speed up cases. The plans would, in most cases, expand the number of people that have access to personal, private information.

It is possible that one plan studied by the VA would allow data to be exchanged with other government agencies without the veteran's knowledge.

A plan to expand the FBI's communication system is also frightening. It raises the possibility of a "national police force."

I think the problems of secrecy and privacy go hand in hand. For years, many schools kept "secret" records on students . . . containing things pupils and parents were not allowed to see. Most schools, and the Gateway system in particular, have gotten away from this type of violation of personal freedom.

Gateway has a specific policy on school records . . . one which allows adequate freedom for everyone involved.

The questions of privacy and secrecy are not easily solved, but I think this standard should be applied:

Government should have as few secrets as possible; private citizens should have as much privacy as possible.

As long as the government is established to serve the needs of the public, there should be little need for mass secrecy.

As there should also be little need for the private records of private citizens.

TRIBUTE TO ERSKINE H. CHILDERS, PRESIDENT OF IRELAND

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BIAGGI. Mr. Speaker, the world learned last week of the untimely passing of Erskine H. Childers, President of the Republic of Ireland. His death evoked a great mourning in Ireland from those citizens who recognized that his death marked the end of an era of service to Ireland unmatched in modern times.

Childers distinguished career in public service spanned more than three decades. It began with his election to Parliament in 1938 and in the subsequent years before he assumed the Presidency he held no less than five ministerial positions in the Irish Government including Public Health and Local Government and Posts and Telegraphs.

In 1969 he was awarded for his services by being appointed as Deputy Prime Minister, a position which he served with distinction for 4 years.

In 1973, he achieved the pinnacle of success when he was elected as President of the Republic of Ireland. While he only served for 18 months, he inherited the Presidency in a time of severe internal strife in Ireland and had dedicated himself to a restoration of peace in that nation. His efforts gained him the respect and admiration of Irish throughout the world.

Ireland will be hard pressed to find a replacement of the caliber of Erskine Childers. He was, indeed, one of the world's finest statesmen, a man committed to serving the needs and interest of his fellow Irishmen.

I join with millions of other Irishmen in paying tribute to this great man. I hope the course for peace which he attempted to chart for Northern Ireland can be realized in the coming years. There could be no finer tribute paid to the memory of Erskine Childers.

THE RETIREMENT OF H. R. GROSS

HON. ALBERT W. JOHNSON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. JOHNSON of Pennsylvania. Mr. Speaker, it has been my pleasure to serve with H. R. Gross during my entire career in Congress. In my first term, I became a Member of the House Post Office and Civil Service Committee, of which H. R. Gross is now the ranking Republican member.

In his work on the Post Office Committee, he displayed the same brilliance and fighting spirit that he has displayed on the floor of the House.

Not too long ago, I met a friend of H. R. Gross from Iowa. She knew him back in his broadcasting days. She said that he was the one radio broadcaster in Iowa to whom everyone listened. His comments were refreshing, timely, to the point, witty, and generally were the sound viewpoint on the subject under discussion. It is no wonder that he was sent to Congress and has remained here since 1948.

When H. R. Gross finally leaves these Halls, he will leave a tremendous void. He has not only been the watchdog of the Treasury, but the keeper of the conscience of everyone.

More than 2,000 years ago, Marcus Porcius Cato, The Elder, said:

> I would much rather have men ask why I have no statue, than why I have one.

So would H. R. Gross, a man of simple tastes but a man of enormous ability and wisdom who will undoubtedly be the subject of future historians on the important men of Congress in the 20th century.

People of all persuasions will not deny that H. R. Gross is a man of great honesty and integrity who has put his stamp on Congress during his tenure. His influence, his statesmanship, and his teachings will remain with us for years to come.

Thinking of H. R. Gross retiring reminds me of what Thomas Jefferson said:

> If, in my retirement to the humble station of a private citizen, I am accompanied with the esteem and approbation of my fellow citizens, trophies obtained by the blood-stained steel, or the tattered flags of the tented field, will never be envied. The care of human life and happiness, and not their destruction, is the first and only legitimate object of good government.

There can be no doubt, Mr. Speaker, that the retirement of H. R. Gross with his charming and courageous wife, Hazel, will be accompanied with the esteem and approbation of millions of American citizens.

U.S. SURRENDER IN PANAMA CANAL?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ASHBROOK. Mr. Speaker, having observed American foreign policy over the years, I sometimes wonder which side our State Department is on. All too often vital American interests are surrendered in a vain attempt to appease our critics.

Nowhere is this more true than in the case of the Panama Canal. A 1903 treaty between the Republic of Panama and the United States grants our Nation full sovereign rights in perpetuity for the construction, maintenance, operation, and protection of the canal. Since completing construction of this passageway, the United States has operated it efficiently and without interruption.

Upon seizing power, however, General Omar Torrijos—Panama's leftist military dictator—expressed his displeasure with American control of the canal. What is our response? Secretary of State Henry Kissinger goes to Panama and signs a joint statement of principles which supposedly will be the basis for a new treaty. Stripped to their essentials, these principles amount to little more than a surrender of American sovereignty over the U.S.-owned zone and canal.

This is sheer stupidity. The Panama Canal is far too important to give away to some anti-American junta.

The canal is vital to the defense of the Western Hemisphere and to the security of the United States. My distinguished colleague, Congressman Flood, has rightfully referred to the canal as the jugular vein of hemispheric defense. We depend on this passage for the safe and swift movement of our vessels between the Pacific and Atlantic Oceans.

The canal also plays a key role in the American economy. About 70 percent of the traffic through this waterway either originates or terminates in U.S. ports. American abandonment of the canal would invite the entry of Soviet power into this area, endangering our economic interests as well as our national security.

It is time that the State Department stopped trying to appease the unreasonable demands of leftist leaders. A step in the right direction would be for Secretary of State Kissinger to begin work on maintaining U.S. control of the Panama Canal—not its surrender.

FORMER D.C. POLICE CHIEF CALLS FOR NATIONAL PROHIBITION OF HANDGUNS

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. FAUNTROY. Mr. Speaker, the former Chief of Police in the District of Columbia is currently writing a column each Friday for the Washington Post newspaper. His columns represent the considered judgment of a man who is generally recognized as one of the outstanding police chiefs of our country. As such, one must give serious consideration to his comments especially as they relate to the control of crime in our cities.

Jerry V. Wilson on Friday, December 6, 1974, in his column called for the national prohibition of private ownership of workable handguns, mandatory surrendering with bounties, and high penalties for the use of handguns in crimes. These comments are from a police official who has risen from the ranks and who knows, firsthand, the horrors and tragedy that handguns can wreak upon a family and the friends of a community. His thoughts are worth considering and they should, in my opinion, be implemented as a part of the package of the highest priority legislation considered in the upcoming 94th Congress.

I commend Chief Wilson's comments for your reading and urge that my colleagues join with him and with me in working to eliminate the possession of handguns by the general populace:

HANDGUNS AND HYPOCRISY

(By Jerry V. Wilson)

The District of Columbia Council recently passed an authorization, with no accompanying appropriation, for the police department to pay "bounties" to city residents who surrender to the police workable handguns or sawed-off shotguns. The mayor, in signing the regulation, wisely commented that the authorization is unlikely to be used. A similar program in Baltimore was discontinued earlier this year after some two-thirds of a million dollars were spent unsuccessfully trying to effectively reduce the number of firearms in that city.

Another weapon has been added to the arsenal of politicians who want to oppose handgun carnage without offending handgun manufacturers or those who consider ownership of an operable handgun as some sort of symbol of manhood.

The bounty scheme, like other oblique approaches to handgun control, promises to produce some slight benefit, but clearly not enough to offset the cost and trouble. But this proposition, like the others, has that indispensable quality of not taking a handgun away from anyone who wants to keep it, a factor which unfortunately pertains to the criminal as well as the law abiding.

The unappropriated bounty for firearms eventually may supplant that all time favorite, gun registration, as the most prevalent of useless alternatives to handgun control. This system involves high administrative costs (not so high as an appropriated bounty, of course, but higher certainly than a non-financed bounty) and imposes some relatively minor inconveniences on the law abiding gun owner. It does little to get guns away from criminals, however, and practically nothing to prevent most handgun deaths.

The bounty may even compete for political attention with the ploy of railing against the Saturday Night Special. This position also will neither eliminate handguns from our society nor offend respectable handgun owners or handgun manufacturers. Indeed, most domestic manufacturers for obvious reasons support elimination of the Saturday Night Special, which is usually construed as a cheap foreign import. Domestic manufacturers can undoubtably be persuaded to support the handgun bounty, which over a period of time of buying up and destroying used handguns will surely enhance the market for new pistols.

A fourth indirect approach to handgun control is accomplished by calling for strict enforcement of existing laws against handgun misuse before consideration of any new controls and enacting any new laws which will control honest people until after existing laws are rigorously enforced against criminals! I always supported this rationalization, until I spent half an hour at a dinner party trying to explain the concept to a gun control advocate; her final, exasperated comment was, "I cannot tell whether you are for or against handgun control." And that, obviously, is the design of all these evasions which permit those who are fully aware of the mortality rates from handgun ownership to assume public positions simultaneously without supporting effective handgun prohibition.

More stringent penalties should be imposed on those who carry or use handguns for pre-planned crimes. About one-third of the robberies last year involved use of firearms, mostly pistols.

But harsh penalties for armed crimes are not enough, nor are registering firearms, eliminating cheap handguns, or voluntary bounty payments, if handguns are to be effectively kept out of the hands of robbers, rapists and burglars. These proposals are not enough so long as there are 30 million handguns in our civilian households and some 3 million more being produced annually. Such quasi-controls would perhaps make it slightly more difficult for a criminal to obtain a handgun for a planned crime, but nowhere near impossible.

Further, such quasi-controls do virtually nothing to eliminate that greatest hazard of handguns: the murder that occurs when an ordinarily law-abiding citizen happens to have a pistol handy during a quarrelsome moment of anger or passion. Handguns are the weapons used in 53 per cent of the murders in this country. Seventy-one per cent of all murders occur during domestic disputes and other quarrels, not during commissions of robberies, rapes or similar felonies.

Crossovers in available statistical tables make it impossible to estimate precisely what number of people are killed each year by handguns used for no crime other than to make an ultimate point in an argument. It is unquestionable, though, that more people have been killed in this fashion during the past 10 years than there now are heroin addicts in America.

We should discontinue our hypocrisy. Nationally, we should prohibit private possession of workable handguns, make bounties and the surrendering of handguns mandatory, impose mandatory penalties for the use of handguns in crimes, and pay the handgun manufacturers to produce something else, as in the case of the Turkish poppy growers.

THREAT OF PETRODOLLARS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. GAYDOS. Mr. Speaker, the list of high-priority legislation awaiting the convening of the 94th Congress is indeed quite lengthy when we consider the need for antirecession and anti-inflation measures, national health insurance and tax reform. Included in such list is legislation preventing control of American industry from being taken over by foreign interests.

An article in the Washington Post of December 10, 1974, dramatically points out the magnitude of the threat of petrodollars to a takeover of American companies. In the article, Federal Reserve Chairman Arthur F. Burns urged immediate hearings on legislation limiting direct investment by members of OPEC in major U.S. corporations.

On June 25, 1973, with my colleague John H. Dent, we introduced H.R. 8951, the Foreign Investors Limitation Act. Subsequently, other bills of a similar nature were also introduced. No action has been taken on these bills because of other significant legislation before the Interstate and Foreign Commerce Committee.

In view of the increasingly serious nature of the problem of foreign investments in the United States, I intend to reintroduce the Foreign Investors Act early in the 94th Congress.

I call the attention of my colleagues to the following article:

Petrodollar Glut Raises Foreign Investment Questions

(By Jack Egan)

The Pentagon negotiates with an Arab-controlled Lockheed to build its newest atomic missile delivery system.

IBM distributes nearly $1 billion in yearly dividends to Middle Eastern investors because it has been bought lock, stock and barrel by an Arab consortium.

And the Justice Department battles in court to break up the country's largest utility, AT&T, which is now owned by Saudi Arabia.

Such imaginary scenarios, extending to a recent New York magazine fantasy in which Iran conquers the Persian Gulf states and proceeds to buy up the rest of the industrialized world, have little if any basis in fact.

But they reflect the increasing uneasiness in some quarters as surplus oil revenues daily swell Middle Eastern coffers. It is estimated the oil-exporting nations are earning between $50 billion and $60 billion more this year than they can spend. The World Bank has projected the total surplus will exceed $1 trillion by the early 1980s.

So far, most of the oil revenues have gone into short- and medium-term bank deposits. But the banks are becoming perilously bloated with the volatile funds and experts believe they have little capacity to prudently absorb much more.

The Ford Administration position has therefore been to encourage direct investment as the most logical and also the safest way to "recycle" the enormous revenues that are being drained out of the country, even as it tries to reduce oil imports.

To dispel the incipient antagonism to direct investment in this country by petroleum-producing countries which appears to be growing in Congress, a top Treasury Department official yesterday warned, "We must not legislate foreigners out of our market, for we will be depriving our economy of an irreplaceable source of needed capital."

Assistant Treasury Secretary Gerald L. Parsky told a meeting of New York economists that this country "should welcome foreign investment, with no special barriers, except in a few well defined areas for reasons of national security or to protect an essential national interest."

Reports that Arab investors tried to buy a controlling share of Lockheed Aircraft Corp. for $100 million and were turned down and a statement last week by the chairman of Occidental Petroleum that Arabs have purchased several million shares of his company have raised questions about what limits now exist on foreign investment in U.S. companies—particularly defense contractors and other sensitive industry groups.

In fact, there are only a few specific federal prohibitions on foreign ownership and most are of a long-standing nature. These are in the areas of nuclear energy, hydroelectric power, mining on federal lands, air transport, broadcasting and inland shipping.

There are also some state laws restricting foreign ownership of land and barring participation in banking.

No specific laws are on the books to stop foreigners from investing in defense industries. But there are security requirements that, in most cases, would indirectly prevent a takeover from being consummated.

The Department of Defense has lengthy and stringent screening rules to determine, among other things, if there is any foreign "ownership, influence or control" of a contractor that compromises classified information. The screening process extends to members of a company's board of directors and automatically bars individuals who are not U.S. citizens.

"We welcome foreign capital, as long as it doesn't get our secrets," said a Pentagon official. "If they make no effort to control a company, we have no problem," he said.

He noted the arrangement that was finally worked out in October for Iran to assist the Grumman Corp., through its national bank, with a $75 million loan.

Iran had ordered 80 of Grumman's F–14 fighter jets for $1.7 billion and offered to lend the company money last summer when it was mired in financial trouble which threatened production of the planes.

The Defense Department was cool to the initial arrangement but eventually approved a no-strings agreement that barred any control over the affairs of Grumman by the Iranian bank.

Iran has meanwhile been holding discussions to underwrite the entire cost of reopening production by Lockheed of the giant C–5A military cargo plane which Iran wants to purchase.

And Pan American World Airways yesterday confirmed that Iran has expressed an interest in investing in the financially troubled U.S.-flag airline and discussions have been conducted over the past few months, according to a spokesman. He declined to give specific details of the nature of the possible investment, but he noted this government's rule that limits total foreign ownership of a U.S. carrier to a maximum of 25 per cent.

But the $100 million bid for a controlling block of Lockheed shares—made last spring by a Lebanese investment banker representing Arab investors—would have been far more problematical under the Pentagon's industrial security regulations.

Although the bid never reached the government level for its approval, according to Administration officials, they expressed surprise that Arab investors believed they could gain control of Lockheed, this country's biggest defense contractor. Among its huge government output, it produces the Trident and Poseidon missiles as well as the Agena spacecraft.

The revelation of the bid rejection came on the heels of a statement by Federal Reserve Board chairman Arthur F. Burns that, while it would be all right for oil producers to invest in companies like Quaker Oats, foreign investment "in some of our strategic enterprises and industries would concern me."

Burns urged immediate hearings on legislation that would limit direct investment by members of the Organization of Petroleum Exporting Countries (OPEC) in major U.S. corporations.

The Burns quote, which was taken as an example of the hostile attitude of this country to Arab investments, "is not a statement an Administration official would have made," said one State Department source.

President Ford, in signing a bill several weeks ago authorizing the Treasury and Commerce departments to conduct a one-and-one-half-year study of the extent of foreign investment in this country, said that "it is not in any sense a sign of change in America's traditional open door policy toward" free investment flows in and out of this country.

But government officials acknowledge concern that any attempt by Middle Eastern money to take over a large and highly visible U.S. company will probably provoke a protectionist response from Congress which is liable to pass restrictive legislation.

"I am very fearful as to what would happen if the Arabs bought up 5 per cent of IBM or General Motors," said one House staffer about possible congressional actions. "The purpose of the study is to provide some hard data for an underpinning of a rational policy," he said, but acknowledged it could also be used as a delaying tactic against any rash legislation.

The OPEC countries—apparently sensitive to the latent protectionist sentiment—have so far been reluctant to make direct investments in the U.S. similar to the purchase by Iran of 25 per cent of Germany's Krupp steel works.

The most visible direct investments have been the purchase of an island off South Carolina by the Kuwaitis for $17.5 million and the recent acquisition of one-third interest in the $300-million-asset First National Bank of San Jose by a Saudi businessman.

The trickle of direct Middle Eastern investments, however, is expected to increase substantially in coming months as bank deposit opportunities disappear and particularly in the present depressed stock market atmosphere where many companies find their stock is valued far below their book value. This has many corporation heads worried.

"The Arabs are probing, they do have funds, they want to invest and the U.S. is attractive," said a State Department official, but he noted that "their track record is that they are very conservative investors."

H. R. GROSS

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. WINN. Mr. Speaker, it is most difficult to add to that which has been said about our distinguished colleague from Iowa, H. R. Gross. It is a privilege for me to pay tribute to this fine man as he retires after 26 years of service to the people of the Third District of Iowa and the American taxpayer.

H. R. GROSS is a man of strong convictions and one who has never hesitated to speak out for the things in which he believes and stands for.

He has had the respect and admiration of Members on both sides of the aisle regardless of whether they agreed with his position or not. He has tirelessly worked during his years in the Congress to protect the American taxpayer from the overzealous desires of some to "take care of everyone." H. R. GROSS will be missed by those who never knew him, as he is truly the friend of the taxpayer. He will always be known as the "watchdog of the Treasury."

I hope the years ahead will hold much happiness and contentment for H. R. and his wife, and that their retirement will be the best years of their lives.

BILL TO REDRAW BOUNDARIES FOR THE MANASSAS NATIONAL BATTLEFIELD PARK

HON. STANFORD E. PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. PARRIS. Mr. Speaker, I have introduced today a bill to redraw boundaries for the Manassas National Battlefield Park in Prince William County, Va., to better protect the essential historic sites of the two great battles fought there, and to enhance the presentation of this history to the constantly growing number of visitors, numbering more than 1 million this year.

Basically, the bill would permit acquisition by the National Park Service of an additional thousand acres of land for two purposes.

The first of these is to incorporate when possible most important historic tracts, the real value of which has only been established since the Congress established the present boundaries in 1954.

The second is to secure some peripheral properties and scenic easements on properties to protect the park from incompatible development and to enhance the value of lands already in the park.

Mr. Speaker, the present boundaries were established in 1954 in an era when the local population of the area was essentially hostile to establishment of the park. They grew out of compromise between what the Park Service thought was required and the amount the local government was willing to relinquish from the tax rolls.

An important consideration in those days was the hostility growing out of government condemnation of some farms and homes. As all of us know, that history will not be repeated. Using Land and Water Conservation Act funds, the Park Service will not condemn any additional land in this region, but will serve only as the willing buyer when a willing seller agrees upon a fair market value price.

Moreover, the lands concerned no longer constitute a significant part of the county tax base, inasmuch as rapid urbanization and industrialization and the decline of farming have changed the nature of the county itself. In addition, most of the land concerned is zoned in the new county land use plan as "critical environmental," and is not, therefore, subject to intensive development.

The land concerned involves the Brawner Farm, which is the site of the initial engagement of the second Battle of Manassas. It encompasses a flood plain area where Stonewall Jackson's wagon trains were stationed during that battle, the beautiful and historic Sudley United Methodist Church which figured as a hospital for troops of both sides during both the battles fought nearby, Sudley Ford, and the land adjacent to Old Stone Bridge, the escape route for the Union armies after their defeat in both battles.

With regard to the Sudley Church, the Park Service has no intention of proposing a sale, but would be willing to negotiate a fair price for a scenic easement which would serve to protect the church and the national park.

I sincerely hope that Congress will enact this legislation in 1975.

CONGRATULATIONS TO JIM MOLLOY; BUFFALO'S CONTRIBUTION TO THE HOUSE OF REPRESENTATIVES AS NEW DOORKEEPER

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. KEMP. Mr. Speaker, the good people of Buffalo, N.Y., relish tough competition, on the football field, the basketball court, the hockey rink and in the political arena. The Bills, Braves and Sabres are all in championship playoff or contention at this time.

It came as no surprise to us when Jim Molloy last week won election to the coveted and prestigious post of Doorkeeper for this Distinguished Body.

Like the good winner and good person he is, Jim's acceptance speech focused on his tribute to his predecessor and our long-time friend, Fishbait Miller, as duly noted by Peter C. Andrews, Washington Bureau Chief of the Buffalo Courier-Express.

Next, Peter reported to his readers, Jim called his mother in Buffalo on the telephone.

Like Jim's mother, Mrs. Matthew J. Molloy, all of us in the Buffalo area are justifiably proud of Jim's newest and his past achievements.

Still only 38 years old, this native of Buffalo was the youngest ward chairman of his Party in New York State when he was 27. For three terms, he was elected President of his Party's Buffalo District, the second largest in our State. Before coming to Washington, this actively-involved young leader served in the Erie County District Attorney's Office.

Respectfully, Mr. Speaker, I request permission to share Mr. Andrews' account of Jim Molloy's election and description of his journey to our midst with my colleagues.

MOLLOY'S VICTORY USHERS IN NEW ERA ON CAPITOL HILL

(By Peter C. Andrews)

James T. Molloy's election as doorkeeper of the House of Representatives Monday afternoon succeeding William "Fishbait" Miller marks the end of an era in Washington Democratic politics and, hopefully, the beginning of a new one.

Molloy, a former Buffalo fire fighter and longshoreman who worked his way through Canisius College and St. John's Law School, began his campaign for the $40,000 a year post of doorkeeper last May. Between that time and last week, he had contacted every Democrat in Congress and had also met and solicited support from the entire 75 new Democratic members.

Miller, who had been on Capitol Hill for 42 years and had served as doorkeeper for the past 27 years, only received 77 votes to Molloy's 150 in the second ballot of the Democratic caucus which met behind closed doors all day Monday. On the first ballot Molloy had 100 votes to Miller's 77—an indication that Miller's support was static and Molloy was able to pick up most of the uncommitted votes that had gone for the other two candidates in the race on the first ballot. A simple majority of 127 votes of the 253 eligible was necessary to win.

The news of Molloy's election came at 4:36 Monday afternoon as Molloy and about half a dozen friends and staff members sat with him in the Finance Office of the House where he has served as chief finance officer for the last 5½ years. The call came from newly elected Congressman John LaFalce of Kenmore who had actively campaigned for Molloy's election.

The position of doorkeeper is little understood outside Washington political circles. Most people, if they know it at all, know only that the doorkeeper is the man who calls out "Mr. Speaker, the president of the United States" when our chief executive or other notables address joint sessions of Congress.

Practically, however, the doorkeeper is in a position to do a lot of favors for the members of Congress such as getting them extra tickets to House functions such as these special sessions, or arranging for admittance of visiting VIPs to the House floor. He has a staff of 300 and an annual payroll of $3 million.

In his acceptance speech immediately following his election, Molloy first paid tribute to his predecessor, "Fishbait" (no one seems to know where the name comes from except that he is from a rural area of Mississippi where such nicknames are common), and then said he regarded his new position as a challenge, adding that he felt it was "not a rupture with the old order, although some might choose to so define it." He called it instead "a reaffirmation of the forward looking posture which has always been an integral part of the Democratic Party in the House of Representatives."

At least one knowledgeable outsider viewed Molloy's election as "a real indication of changes to come" and then cited the fact that in all the contested positions in the caucus new faces had won out over the old regulars.

Always known in Buffalo political circles as an organization man, Molloy plied his political trade well in this center of American political power, scoring a stunning upset victory over an established Washington institution.

A newspaper story only last Saturday

thought so little of his chances that after dwelling at length on Miller and the other candidates for the office, added "also running is James Molloy, a disbursing clerk." Another story earlier had compared his candidacy to that of a shark against a whale.

There was a homey touch to his victory. His first call after receiving the good news was to his mother. It was short and to the point. He said "Hi, Mom I won." She said "Beautiful, my prayers are answered."

TRIBUTE ON RETIREMENT OF REPRESENTATIVE H. R. GROSS, OF IOWA

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ROONEY of New York. Mr. Speaker, as I approach the end of a 30-plus year career here in the House of Representatives I would like to take a moment to pay tribute to a long time friend and great public servant who is also voluntarily retiring at the end of this 93d Congress. I am speaking, of course, of the distinguished gentleman from Iowa, the Honorable H. R. GROSS.

It is indeed a great pleasure to recall the many fine memories that are mine which came from knowing and working with H. R. in this body for more than a quarter of a century. These memories of the last 25 years in this body and the many debates that H. R. and I had over the appropriations bill which I have handled every year during that time, except for the 2 years of the 83d Congress and this past year, are deep and warm. Some of the most pleasant memories of my time here on the floor are of the spirited and good natured debate that I often had with the gentleman from Iowa over my annual appropriations bill. As a matter of fact, Mr. Speaker, it got to the point where I could be sure that when my bill was up for debate that the gentleman from Iowa would be here to lead a tough and challenging debate on many items. I shall very much miss that spirited give and take.

Mr. Speaker, H. R.'s interest in the public good was not new to him when he was first sworn in here in the House of Representatives. After military service with General Pershing down in Mexico in 1916 and with the American Expeditionary Forces in Europe in World War I, my friend returned to Iowa to take up his chosen profession, journalism. From 1921 to 1948 H. R. was a reporter, editor, and radio news commentator.

His further interest in the public good led naturally enough to politics and in 1948 to his seat in the House. Since then H. R. has become an institution here in the Congress. With his retirement the people of Iowa and of the United States are losing a great public servant and a brilliant legislator.

Mr. Speaker, may I assure the distinguished gentleman from Iowa that I look forward to continuing our friendship after our retirement takes effect and that Mrs. Rooney joins me in wishing him and his lovely wife Hazel many, many years of happiness, good health, and serenity.

THE FAILURE OF PRICE CONTROLS

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. SYMMS. Mr. Speaker, Harvard economist John Kenneth Galbraith has recently said that "there is no alternative to wage and price controls." In this Congress a growing number of voices are urging their re-imposition.

The plain fact is, Mr. Speaker, that advocates of controls are ignoring the ample lessons of history. When President Nixon began his system of wage and price controls in August of 1971 the Consumer Price Index was rising at a rate of 4.3 percent a year. During the period of controls, which lasted from August 15, 1971 to April 30, 1974, the CPI rose at an annual rate of 7.2 percent.

Controls are not the answer for the simple reason that they attack the symptoms, not the cause of inflation. The cause of inflation is the creation of excess purchasing media by the Government. By printing more and more paper money the Government is creating too many dollars chasing too few goods. The result is necessarily rising prices.

This phenomenon, Mr. Speaker. is explained very clearly in a recent article in Research Reports of December 9, 1974, published by the American Institute for Economic Research. I should like to urge our colleagues to read for themselves the essay entitled "The Failure of Price Controls":

[From Research Report, Dec. 9, 1974]

THE FAILURE OF PRICE CONTROLS

Recently, some politicians and economists have spoken out in favor of the reimposition of some form of wage and price controls. They cited continued large increases in the prices of foods, fuel, and other items as justification for such controls. The proposals range from "standby" authority for President Ford to impose controls to a total freeze of wages and prices. So far, President Ford has rejected the use of any form of wage and price controls, but political pressure could cause him to reconsider. We hope that Mr. Ford will review what has happened previously during periods of wage and price controls before making a decision.

PHASES 1 THROUGH 4

An examination of the most recent attempt at controlling prices reveals that the various controls failed to halt increases in prices. From August 15, 1971 through April 30, 1974, Government officials in the United States attempted to suppress the rise in prices by imposing a varying degree of controls. During this period, the Wholesale Price Index (WPI) increased at an annual rate of 12.0 percent, and the Consumer Price Index (CPI) increased at an annual rate of 7.2 percent. In contrast, during the 12-month period preceding the beginning of controls, the WPI increased 3.3 percent, and the CPI increased 4.3 percent.

On August 15, 1971, President Nixon announced that all prices, wages, and rents would be frozen for 90 days. If this freeze, which became known as Phase One, had worked as it was intended to, there would have been no increase in prices during that period. The WPI actually decreased at an annual rate of 0.7 percent then, but the CPI increased at a 2.0-percent annual rate. Apparently, the temporary freeze was successful in reducing the rate of increase in prices, but it failed to halt the increases in consumer prices.

The wage and price freeze was ended, and Phase Two controls were begun, on November 14, 1971. According to the Price Commission, which determined price control policies, its "basic policy is that price increases will not be allowed except those that are justified on the basis of cost increases in effect on, or after, November 14, 1971, taking into account productivity gains." The announced goal of Phase Two controls was to reduce the rate of increase in the general level of prices to about 2.5 percent per annum. These controls lasted until January 1973. During this period, the Wholesale Price Index increased at an annual rate of 6.4 percent, and the Consumer Price Index increased at an annual rate of 3.4 percent. Thus, Phase Two controls failed to achieve the intended goal of a 2.5-percent annual increase in prices.

On January 11, 1973, the mandatory controls of Phase Two were replaced by the voluntary controls of Phase Three. As with the previous controls, prices under Phase Three were to be allowed to increase only to reflect increases in costs. The goal for Phase Three price controls also was to reduce price increases to an annual rate of 2.5 percent. Unlike the preceding periods of controls, during Phase Three companies were to comply voluntarily. During the 5 months of these controls, the WPI increased at an annual rate of 20.1 percent, and the CPI increased at an annual rate of 8.1 percent. Thus, the voluntary controls of Phase Three failed to reduce the rate at which prices increased.

Apparently, because of the total failure of Phase Three controls, President Nixon ordered the second price freeze within 2 years on June 13, 1973. This freeze was to last 60 days and to affect the prices of most commodities. If this freeze had worked as intended, there would have been little or no increase in wholesale or consumer prices then. Instead, these prices increased at annual rates of 5.0 percent and 5.1 percent, respectively, during the freeze. Although this price freeze did reduce the rate of increase in prices temporarily, it did not achieve its goal of no price increases.

The final attempt by the Nixon Administration to control prices began with the introduction of Phase Four controls on August 12, 1973. Once again mandatory controls were imposed on the prices of most items. The regulations varied slightly from those of Phase Two controls, but the objective was similar. George P. Shultz, then Secretary of the Treasury, stated that the goal of the Administration was to reduce increases in prices to under 3 percent per annum. On April 30, 1974, price controls were removed from all items. During the 9 months of Phase Four controls, the Wholesale Price Index increased at an annual rate of 18.3 percent, and the Consumer Price Index increased at an annual rate of 11.4 percent. As with the previous phases of controls, Phase Four was a failure.

An examination of the Consumer Price Index reveals that this index has not decreased during any month since August 1965. Apparently, this index did not respond to the periods of price controls and continued to increase in spite of such controls. Although the two attempts at price freezes resulted in a reduced rate of increase in the CPI, the index increased at higher rates after the freezes ended. The Wholesale Price Index also does not appear to have been affected significantly by the price controls. Small decreases in this index at various times during 1971, 1972, and 1973 appear to have reflected seasonal influences rather than the effect of controls. The accompanying table and chart show the trends of the WPI and CPI before, during, and after the Nixon Administration's programs of price controls.

CONTROLS ARE NOT THE ANSWER

Once again some economists are advising that wage and price controls be imposed. Apparently, they have ignored the most recent failure of such controls in the United States. Accordingly to Harvard professor John Kenneth Galbraith, "there is no alternative to wage and price controls." Barbara Ward, president of the International Institute for Environment and Development, asserted that "a wage-price freeze should not be half-hearted—six months on, six months off—but something long-term." Speaker of the House Carl Albert and Senator Mike Mansfield recently have spoken in favor of Congress restoring authority to the President to reimpose wage and price controls.

Since wage and price controls ended on April 30, 1974, prices have increased at higher rates than during any phase of controls. During the period May through October, the Wholesale Price Index and Consumer Price Index increased at annual rates of 22.7 percent and 12.8 percent, respectively. Although these large increases in prices have led some observers to conclude that price controls are needed, we see no reason to believe that such controls would be more effective in the future than they were in the past.

The economists and others calling for a return to price controls apparently do not understand that rising prices are a symptom of a basic problem, namely, the creation of excess purchasing media. To attempt to treat the symptom while ignoring the cause can be effective only temporarily, at best. This would be equivalent to putting a salve on a rash while continuing to eat the food that caused the rash. The salve may control the rash temporarily, but if you continue to eat that food, the rash will return. Increases in prices cannot be halted by price controls. The increases will reappear unless the Government abandons its policy of inflating the supply of purchasing media.

Wage and price controls were not effective in the United States during their most recent application. Moreover, they have not been effective in other countries that have experimented with such controls. A reimposition of them now would be no more effective. The basic problem of inflating still exists. Moreover, if the Government attempts to stimulate the economy by creating more excess purchasing media, that would generate further increases in prices.

PRICE INCREASES AND CONTROLS

Period	Percent change		
	Announced goal	WPI	CPI
August 1970 to July 1971		+3.3	+4.3
Phase 1 (September 1971 to November 1971)	0	−0.7	+2.0
Phase 2 (November 1971 to January 1973)	+2.5	+6.4	+3.4
Phase 3 (January 1973 to June 1973)	+2.5	+20.1	+8.1
Price freeze (June 1973 to August 1973)	0	+5.0	+5.1
Phase 4 (August 1973 to April 1974)	+3.0	+18.3	+11.4
May 1974 to October 1974		+22.7	+12.8

[1] Annual rates.

FAR OUT SPACE INDUSTRY

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. **FUQUA**. Mr. Speaker, almost every day we are finding that the science and technology derived from the national science program has true practical application right here on Earth. This is particularly true with respect to the use of gravity to manufacture items which could not be made in the normal Earth environment. A recent brief editorial in the Tallahassee Democrat dated November 27, 1974, succinctly summarizes the importance of space-based manufacturing and the contribution that will be made by the Apollo-Soyuz test program in July 1975. This is again a demonstration of the direct benefits to the quality of our daily lives. The article follows:

[From the Tallahassee (Fla.) Democrat, Nov. 27, 1974]

Within six or eight years, the United States may have industrial plants in operation from satellites orbiting the earth.

Far-out manufacturing experiments are being readied now for the U.S.-Russian joint flight planned for next year. In last year's American flights, successful experiments were carried out in producing mixtures of metals in weightless conditions that are pulled apart by gravity on earth.

Those Skylab crews also grew crystals of semi-conductor metals to a perfection that can't be matched in gravity. Such mixtures of rare elements are basic in many industrial processes.

Medical researchers now are planning an attempt to separate living cells in next summer's joint flight. Separation techniques in gravity kill or deform the cells and prevent scientists from making pure collections of a single kind of cell. They are curious about what would be produced by just one kind, but have had no practical way to find out before.

There's no way to estimate the benefits that may be realized from such developments. But they help overcome objections that the space program is too expensive. A single breakthrough could mean more wealth for mankind than the entire space exploration has cost.

NATIONAL CEMETERY AT WOODBRIDGE, VA.

HON. STANFORD E. PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. PARRIS. Mr. Speaker, I am today introducing legislation requiring the Administrator of the Veterans' Administration to study and report to the Congress on the feasibility of establishing an additional national cemetery on the former U.S. Army transmitter station site at Woodbridge, Va.

As you know, an additional cemetery in this area was recommended by the Administrator in his report to Congress in January of this year.

The Woodbridge site would be ideal. It contains more than 600 acres, with roadways, some buildings and quarters for personnel, and would be readily available for cemetery development inasmuch as it has been unoccupied for several years.

Moreover, it is readily accessible to the District of Columbia by Interstate 95, and by Interstate 495 to all of nearby Virginia and Maryland.

The site is one of the most beautiful in this part of the Nation. The 600 acres are bounded on the north by Belmont Bay, and on the east and southeast by the Potomac River.

The Administrator's recent report, in response to a specific congressional request, indicates that there are over 600,000 veterans in the Washington metropolitan area for whom an additional cemetery is clearly needed and should be established. Use of this site for the purpose I have described was endorsed by the Commander in Chief of the Veterans of Foreign Wars and by the American Legion of Washington, D.C., in 1969.

Capt. John Smith was the first explorer to travel up the Potomac River; and in 1608, in search of food for the settlers of Jamestown, he landed in this vicinity. He did find some Dogue Indians who gave him corn. Later the tract was a major part of the first land grant in the region, some 3,000 acres stretching from the Potomac to near the present town of Occoquan.

It is a setting of tremendous importance to our early history, and entirely fitting as the final resting place for other Americans who made history defending this Nation.

IN SUPPORT OF RAPE PREVENTION AND CONTROL

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. HEINZ. Mr. Speaker, rape is one of this Nation's fastest growing and least understood crimes, reaching such severe proportions that it restricts the right of women to move about freely in our society. In response to the growing need to understand and prevent the crime of rape, I sponsored, along with 73 of my colleagues, the Rape Prevention and Control Act, H.R. 10848. The provisions of H.R. 10848 were subsequently incorporated in title III of the Health Services and Health Revenue Sharing Act, which has just received final approval by both the House and the Senate.

The rape prevention and control section of this bill, which is now awaiting the President's signature, would establish the National Center for the Prevention and Control of Rape in the National Institute of Mental Health. The purpose of this Center, which has been authorized to receive $10 million for each of the next 2 fiscal years, is to study: First, the effectiveness of existing rape laws; second, the relationship between rape and our social attitudes toward sex roles; third, current methods of treating rape victims; fourth, the reasons for the low incidence of reported rapes; and fifth, the effectiveness of existing rape programs. In addition, this section would authorize grants to community mental health centers, existing rape crisis centers, and other nonprofit or public organizations to conduct research on rape, its victims, and its perpetrators, and to establish demonstration programs into rape's causes and prevention.

The passage of this legislation will move this Nation toward a more effective method of dealing with rape, and toward a greater understanding of its causes. I urge the President to reject the advice of all who have in the past held that Federal funding for programs such as rape prevention, community mental health centers, and migrant health centers is no longer necessary. This legislation is part of a program designed to insure quality health care to all Americans at a price that they can afford to pay. It deserves the President's approval.

HON. H. R. GROSS

HON. HOWARD W. ROBISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. ROBISON of New York. Mr. Speaker, it is an honor to join with his many admirers in paying tribute to the Honorable H. R. Gross, of Iowa—that uniquely lovable curmudgeon, who has earned, time after tireless time, the title of "Conscience of the House."

As I approach my own retirement from this House, and think back over the years of my own accumulated service therein, it seems to me that none of my present or former colleagues ever truly approached the effectiveness—as a legislator—of that almost daily proven by this man from Waterloo. It may be written in the record that he never actually won many of the battles he either participated in or precipitated—but what a fighter he has been for the principles he personified, the philosophy that guided and encouraged him, and the kind of Nation he desired and worked to maintain.

Of course, there were times—and he knows it—when we resented or complained of his innate stubbornness or his tactics. Yet, whenever such was the case we knew, in our hearts, that his sole motivation was to endeavor to keep this House—and this Republic—on that even keel he saw as indispensible to the proper survival of both. In that regard, his integrity shone forth as brilliantly as the sharp sword of his dry and cutting wit, and the strength of character that undergirded his daily—and nightly—labors was, for duller, more slothful minds, a constant inspiration to emulate his capacities for legislative and parliamentary skill, while well knowing that such was probably a fruitless ambition to hold.

An equally determined, early American—by name of Josiah Quincy—declared, in 1774, the year when the American Congress was born, that:

> Blandishments will not fascinate us, nor will threats of a "halter" intimidate us. For, under God, we are determined that wheresoever, whensoever, or howsoever we shall be called to make our exit, we will die free men.

Mr. Speaker, I regret that our beloved colleague from Iowa has chosen this time to "make his exit" from the Congress, for I quite simply do not know how—or by whom—his essential purposes can be replaced, nor how, in all candor, this House can get along without someone of his qualities. Yet, he leaves the Congress—even as he entered it—a "free spirit" but possessed, now, of the enduring respect and admiration of those of us who have been privileged to serve with him.

Mrs. Robison joins me in wishing "H. R." many long, and happy, years of well-earned rest and relaxation.

MOTHER SETON SAINTHOOD

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BYRON. Mr. Speaker, after 92 years of intense effort to effect the canonization of Mother Seton, victory now appears at hand. The imminent announcement from the Vatican will give sainthood to Mother Elizabeth Bayley Seton in the year of the bicentennial observance of her birth and this is indeed exciting and wonderful news for the people of Frederick County and Maryland.

With your permission I submit the December 10 editorial from the Frederick News-Post as a tribute to this occasion:

Mother Seton Sainthood

The announcement expected Thursday from the Vatican that at long last the Holy See will give Sainthood to Blessed Mother Elizabeth Ann Bayley Seton in the year of the bicentennial observance of her birth is indeed wonderful and inspiring news for this area.

Mother Seton was a pioneer woman, a widow who trudged through the Catoctin Mountains with her five children to Emmitsburg where she founded what is now considered the parochial school system in America. An Episcopalian converted to Catholicism, she also founded St. Joseph's College for Women, which only recently closed its doors, and formed the first American congregation of the Daughters of Charity of St. Vincent de Paul.

Last January the opening of the Mother Seton Bicentennial year was celebrated at Saint Joseph's Provincial House in Emmitsburg with officials of the church from many parts of the world participating. It was announced then that, indeed, sainthood for Mother Seton was imminent.

From Vatican City came word at noon Monday that Pope Paul VI had completed the formal process for naming Mother Seton as the first native-born Saint in the United States, giving papal approval to a decree of canonization at a meeting that confirmed a miracle in which Mother Seton was said to have been responsible for healing a sick person doctors believed beyond medical help.

The canonization holds not only unforeseen religious significance for the Catholic Church, especially in this beautiful mountainous area of Frederick County where Mother Seton made her mark for mankind but the advent will have a profound effect on the economic outlook of the Emmitsburg area.

Pilgrims can be expected to come to Emmitsburg to visit its national shrines by the hundreds of thousands in the years ahead, as many, many thousands have been doing over the years to date.

Coming as it does during the Mother Seton Bicentennial, 1774–1974, the fact of having Emmitsburg as the seat of this shrine of Sainthood can be expected to multiply manifold the number of tourists and new pilgrims that will visit this area during America's own bicentennial, 1776–1976.

The final announcement of the canonization date is anticipated Thursday from a meeting in the Vatican. These will be busy, exciting, inspirational months for the Sisters of Charity at the Mother House in Emmitsburg.

Over and above its tender, personal religious significance, the advent of Sainthood for Mother Seton must also be considered in its basic economic sense for this area.

Annually, the Grotto of Lourdes and Pangborn Campanile at Mount St. Mary's, the beautiful Mother House and the Seton shrines draw visitors by the tens of thousands. This area can fully expect to become one of the most popular tourist attractions of its kind in the entire East.

For Emmitsburg and for Frederick County, as a "spinoff" from its true religious meaning, the Sainting of Mother Seton will be tantamount to bringing a giant new "clean and silent" industry into the area.

Coinciding as the canonization will with the American Bicentennial years, once again it must be stressed that Frederick County should begin to expedite any plans it may have in the sector of private enterprise to capitalize on tourism. The urgency is multiplied by the Mother Seton announcement.

Frederick County must present a tourist package to any and all who would visit within our borders, and the presence in our county of the place of Sainthood of Mother Seton will inescapably become a rare gem in that package.

GREAT DEMOCRACY

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. LEHMAN. Mr. Speaker, I am fortunate to have living in my District a musician who possesses the rare ability and talent of putting what is in his heart into words and music.

Gerald Martin Rothbard is not a composer of reknown today, that is true. But, the day will come when we will all know his name and his songs will be listed among the greats of the musical world.

His newest song, "Great Democracy" is a very sensitive and thoughtful composition. Even though I am not able to share the melody with my colleagues, I do want to share the lyrics as I believe Gerald has put into song the heartfelt sentiments of every Member of this body.

The lyrics follow:

Great Democracy

(Words and music by Gerald Martin Rothbard)

SPOKEN

"Dear God, Let the people of the world who are in bondage today be free, and may Democracy be preserved forever. . . ."

SUNG

Great Democracy
Great Democracy
That's what the world needs
A Great Democracy

It takes God's power and our will power
To make the world go round
It's up to you and me
To make the whole world free
In a Great Democracy

Men, Women and Children today
Hope and pray for a free world someday
It's up to you and me
To make the whole world be
A Great Democracy

Why fight each other
Just love your brother
Let friendship be the key
It's up to you and me
To make the whole world see
A Great Democracy

Let the rich, the poor and in-between
All join in together
That the light must be seen
It's up to you and me
To make the whole world free
In a Great Democracy

TRIBUTE TO SAMUEL H. YOUNG

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. McCLORY. Mr. Speaker, although our colleague, Congressman SAMUEL H. YOUNG of the 10th Congressional District of Illinois, has served only one term in the U.S. House of Representatives, he has left a lasting mark in our congressional history of which he and his constituents in Illinois may be justly proud.

Mr. Speaker, it was my privilege to become acquainted with SAM YOUNG before his arrival on Capitol Hill. His earlier experience as a distinguished Illinois lawyer and as assistant secretary of state specializing primarily in protecting Illinois citizens against the issuance of fraudulent securities, as well as his many other experiences in behalf of the citizens of Illinois, have established Congressman SAM YOUNG as a man of stature and of distinguished public service.

Mr. Speaker, Congressman SAM YOUNG has employed his unusual talents both in his committee work and in action here on the floor of the House of Representatives. His contributions have been many, and his influence has been substantial.

Mr. Speaker, my wife, Doris, and I have become even better acquainted with SAM YOUNG and his devoted and attractive wife, Bonnie, during the 93d Congress. I am confident that Congressman SAM YOUNG's public career, while interrupted, is not terminated. His talents are too many and his service too valuable to consider that he would forgo further public service.

Mr. Speaker, as the 93d Congress draws to a close, I want to express the thoughts and hopes of many others who have become acquainted with SAM YOUNG and his work on Capitol Hill. In their behalf and in behalf of my wife, Doris, and myself, I rise in public tribute to the distinguished Congressman from the 10th District of Illinois, the Honorable SAMUEL H. YOUNG.

DAVID G. OSTERER

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. LEHMAN. Mr. Speaker, I wish to take this time to recognize one of south Florida's most notable citizens, David G. Osterer.

Dave Osterer attended the New York public schools and graduated from Brooklyn Law School cum laude. After a number of years practicing law, he went into business.

Dave was president of the New Rochelle Precision Grinding Corp. and chairman and founder of the Induction Heating Corp. He was also founder and chairman of the board of the AMF Thermatool Corp. In addition, he lectured on personnel and management policies.

Under his stewardship, the Induction Heating Corp. received the Army and Navy E for its outstanding contribution to the war effort and the Thermatool Corp. received the E Award for its contribution to international trade.

Dave Osterer was very active in public service in New York as well. He was a member of the board of directors of Harrison Community Synagogue, the board of the National Conference of Christians and Jews, the board of St. Agnes Hospital Association, the youth services advisory board of Westchester County, and rose to the rank of major in the New York National Guard.

For 12 years, Dave was president of the United Cerebral Palsy Association of Westchester County, where he is credited for saving an organization which had fallen on bad times.

Dave is also a 32d degree Mason and a Shriner—Mecca Temple.

The honors Dave Osterer has received tell the story of his long and varied public service. He has received B'nai B'rith's coveted Human Rights Award, the Humanitarian Award from the United Cerebral Palsy Association of Westchester County, and an honorary doctorate of humanities from Philathea College, Ontario.

Dave Osterer has received the Eloy Alfaro International Foundation Award. In his presentation of this award, the Honorable Albert Conway, Justice of the Supreme Court of the State of New York said of Dave Osterer:

> Mr. Osterer has always demonstrated the quality of leadership and devotion to public service. His belief in man has been practiced with success. He has been "stiff necked" and rebellious against following the beaten paths in business and has been equally "stiff necked" and rebellious when pursuing the course of principle. A picture of Mr. Osterer can be derived not only from his activities, but from his writings and sayings which reflect a concern for the dignity of man. For example, he has written: "There is more potential drive in man than horsepower in machines."
>
> This evening, we signally honor a man who knows a depth of concern for his fellow man and who, because of this concern, has led an exemplary life. His unwavering faith in the ideals of mankind and his tireless effort in the advancement of charitable service and humanity richly merits the honor he receives tonight.

The Daily Argus of Mount Vernon, N.Y., has editorialized about Dave Osterer:

> There are a great many people in Winchester who know and admire David Osterer and there are many more who are better off because he is the man he is.

After his retirement to south Florida, Dave Osterer began his fight for the rights of each condominium owner. His efforts were instrumental in producing a contract that was a model and example to be followed.

Earlier this year, Dave Osterer was honored at a testimonial dinner given for him by the Condominium Executive Council of Florida.

His friends at Arlen House said of Dave Osterer:

> Whenever there was a mountain to climb, an injustice to be fought, a human need, a hopeless cause to be championed, no matter how great the odds, David Osterer was there.

Dave Osterer is now continuing his long career of service to his fellow man as the executive president of the Condominium Executive Council of Florida.

THE FAIRCHILD PEACEMAKER AIRCRAFT

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BYRON. Mr. Speaker, the U.S. Air Force has authorized Fairchild Industries to undertake procurement of long lead items preparatory to a $12 million order from the Royal Thai Air Force for additional AU-23 Peacemaker aircraft.

The short takeoff and landing—STOL—Peacemaker is a militarized minigunship outgrowth of Fairchild's successful Porter. Modified for jungle warfare or counterinsurgency operations, a number of the Peacemakers are now in service with the Royal Thai Air Force.

The Peacemaker is an extremely versatile aircraft with the capability of mounting XM-197 20-millimeter cannon or 7.62-millimeter miniguns. It can also carry 4,000 pounds of rockets and bombs on four underwing weapon stations. It can be converted in less than 1 hour to a light, civil transport. It is especially appealing to developing nations because it is easy to fly and simple to maintain.

The Peacemaker is manufactured in Fairchild's Hagerstown, Md., facility. The Peacemaker weapons system should and could be used by the U.S. Department of Defense for close support and ground defense missions. I would recommend that the Defense Department take a close look at this system and its obvious advantages.

OIL BILL DETRIMENTAL TO NATIONAL ENERGY EFFORT

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ARCHER. Mr. Speaker, I am very disturbed about the Oil and Gas Energy Tax Act of 1974, which I feel is one of the most objectionable pieces of legislation of this Congress. I would hope, Mr. Speaker, that every Member of Congress would read the following dissenting views that I filed with the bill as reported by the Ways and Means Committee.

Immediately following the election recess, the committee decided to rush to the House floor a modified and streamlined tax bill, H.R. 17488, which in my view, is even more insidious than its predecessors since it not only begins the phaseout of depletion effective January 1, 1974, but also provides generally for the elimination of it effective January 1, 1975. This amendment is not only unfair, it is also punitive in every respect since it imposes a tax increase retroactively on oil companies just days before the end of the tax year. As our colleague from Pennsylvania (Mr. SCHNEEBELI) has pointed out in his dissenting views, it is no more fair to reduce depletion retroactively for a full year than it would be to reduce the deduction for interest on a home mortgage retroactively for a full year. Nothing could be worse for a country which claims it desires the attainment of energy self-sufficiency by 1980 or 1985.

I strongly oppose the long step backward taken in this legislation. The energy-related provisions will severely undermine the capacity of our Nation to resolve the real energy crisis we face. They represent a political nonsolution to very real economic problems. They threaten to turn serious problems that can be managed with intelligence into a continuing crisis.

Sharp increases in both worldwide and U.S. demand, rising costs of exploration and development, and instability of foreign sources of supply have combined to create the current energy crisis. I believe that the American people want to make every effort to achieve maximum self-sufficiency at the earliest possible date rather than subject our economic well-being and national security to the vicissitudes of global politics and the whims of individual rulers.

Achieving self-sufficiency will require increased domestic exploration, development, and production, requiring huge capital investments. The energy provisions of the committee bill not only contain no measures making it easier to meet these needs, but instead erect a barrier of triple disincentives to self-sufficiency—the windfall profits tax, repeal of depletion and existing governmental price control. These potholes on the road to self-sufficiency will simply result in higher energy prices for consumers and greater shortages of energy products for Americans already weary of both.

PROFITS AND INCREASED SUPPLY

The obvious remedy for a shortage and price increases is an increase in supply. In our free enterprise system, which has made our energy industry preeminent in the world, increased profits attract new capital, generating additional supplies and lower prices. Adequate profits are necessary for increased supplies.

Petroleum operations are highly capital intensive and involve the long-term commitment of vast sums. Therefore, the profit experience of the industry must be measured on a long-term basis, rather than an isolated period of a few months. On this basis, it is clear that the net income of the petroleum industry has been too small relative to its capital needs over the past 10 to 15 years. Consequently, the discovery of new domestic petroleum reserves has not kept pace with expanding consumer demand.

Oil company profit reports for 1973 and for the first 9 months of 1974 showed increases compared with 1972. However, 1972 represented the lowest profit return on investment since 1964. Through 1973, oil industry profitability was in the central range of the profit performance of American business generally. For the first 9 months of 1974, profits of a representative group of 27 American oil companies were up 66 percent to an annual rate of about $14.5 billion. This indicates a rate of return of 21 percent in comparison with 14 percent in the first nine months of 1973. However, a substantial portion of the 1974 profit increase was attributable to one-time inventory profits. In the absence of inventory profits, the industry's annual profit rate in the first three quarters of 1974 would have been about $2 billion lower with about 18 percent rate of return. If H.R. 17488 had been in effect, the 18 percent rate would have been less than 14 percent apart from the windfall profits tax. Enactment of that tax would have reduced the 14 percent return further, with the amount of reduction dependent on how well the industry could satisfy a stringent plowback provision. The Chase Manhattan Bank has estimated that if the oil industry is to raise sufficient funds to meet demand, "The rate of return on invested capital will need to range between 15 and 20 percent." It should be noted that according to developing trends, the oil companies' profit picture for 1975 and the future will be reduced. This means the companies will be unable to meet the capital requirements necessary in order to insure our country has sufficient energy.

CAPITAL REQUIREMENTS AND INCREASED SUPPLY

The committee's bill demonstrates an alarming disregard of the petroleum industry's projected capital requirements if we are to achieve reasonable self-sufficiency by 1985. The following unrefuted information submitted to the committee clearly demonstrates the magnitude of these needs:

> The National Petroleum Council has estimated that the industry should spend $19 billion per year during 1971–1985 for oil and gas exploration, development, refining, transportation, and synthetics (plants and mines) in order to achieve 83 percent oil self-sufficiency by the end of the period. This figure is in 1970 constant dollars, but general prices in 1973 were already 14 percent above 1970 (measured by the price index used to deflate Gross National Product). Moreover, expenditures in 1971 and 1972 averaged only $7 billion per year. If we allow for this 1971–1972 underexpenditure and for inflation, the industry's capital requirements for 1973–1985 would be about $23.5 billion annually in 1973 prices. Preliminary data would indicate about $26 billion annually for 1974–1985 in 1975 prices. This will require more than tripling the 1972 expenditures of $8 billion for these items.
>
> Preliminary data indicate the planned 1974 petroleum industry domestic capital expenditures in the above categories will be about $14 billion—up $6 billion from 1972. Thus, despite a major increase in the level of expenditures, the industry is still underspending the NPC requirements by some $12 billion annually.—Memorandum of the American Petroleum Institute, Hearings before the Committee on Ways and Means on the Emergency Windfall Profits tax, 93d Cong., 2d sess. (1974) at 491.

Necessary new capital investment in the United States between now and 1985 is, therefore, estimated to be $338 billion without provision for the impact of future inflation.

By taxing away existing capital and reducing the incentives to attract new outside capital needs for increased energy production in the years ahead, this bill is counterproductive to our goal of self-sufficiency. The responsibility for any future shortages must be shouldered by Congress if, through its taxing powers, it spends funds for general governmental purposes that are needed for energy development.

WINDFALL PROFITS TAX

The provisions of the bill levying an excise tax on the so-called windfall profits from domestic crude oil production are a positive handicap to efforts to meet our Nation's overall energy goals. The tax is simply a graduated excise tax having nothing whatsoever to do with "profits." The tax liability is identical even though production costs are substantially different. In making no provision for differential costs, the committee forfeits any legitimate claim that they are taxing profits.

Many high-cost marginal wells currently profitable will be forced by the tax into a loss position and become uneconomical to operate. Inevitably, the tax will discourage exploration and development in high-cost areas such as offshore and remote land areas. Yet, everyone knows higher cost technology must be employed and the high-cost marginal well utilized if we are to increase supply and hold down price.

Additionally, our efforts to obtain self-sufficiency cannot be considered apart from price control. Presently, more than two-thirds of domestic production is controlled at prices of $5.25 per barrel. These price controls are equivalent to a 100-percent tax on oil that would otherwise sell above $5.25 per barrel. Yet, the $5.25 price realized even for controlled oil will be taxed at marginal rates up to 30 percent under the new tax—again without regard to costs of production. Combined with price control, the imposition of this tax is equivalent to a price rollback. The triple disincentive of price control, the windfall profits tax, and the repeal of depletion will seriously erode our ability to attain energy self-sufficiency.

The windfall profits tax will divert to the Treasury over $1.4 billion which would otherwise be available for investment by the petroleum industry in expanding domestic energy supplies. To impose such a punitive tax is to "cut off our noses to spite our faces." The committee could have avoided these adverse consequences by providing a 100-percent plowback credit, thus insuring that the petroleum industry would use its additional profits to produce new energy supplies.

This the committee refused to do. Rather, it provided only a 50-percent plowback for 1975 so that the funds which otherwise would be plowed back into capital requirements in 1975 will be put into the Treasury instead. This is unwise and surely unproductive. Such a result flies in the face of the need to achieve an acceptable level of domestic energy self-sufficiency in the near future.

Moreover, not only would the tax frustrate our Nation's long range energy goals but in combination with the two-tier crude price system it would also impose a completely unmanageable compliance burden on the hundreds of thousands of taxpayers affected by the measure. This is not just a tax on the major oil companies. It is imposed on every person owning any interest in oil production in the United States, including those who may receive only a few dollars in royalty income each year. Consider, if you will, the problem of trying to explain the complexities of the "adjusted base price," "plowback threshold," and other new concepts to the average royalty owner or small stripper well operators not blessed with a staff of sophisticated tax attorneys and accountants. Such a tax is clearly not consistent with a goal of "tax simplification."

PHASEOUT OF PERCENTAGE DEPLETION ON OIL AND GAS

The allowance for percentage depletion has been a principal incentive, from the early days of our income tax structure, encouraging the search for oil and gas. This provision of our tax laws has caused oil and gas to be available to the American public in increased quantities and at reduced price levels. The retroactive phaseout of percentage depletion on oil and gas, over opposition of the Treasury, is totally without rational justification during a time of energy shortages. The retroactive reduction in percentage depletion in 1974 and its outright repeal on January 1, 1975, is punitive and unconscionable.

The Arab oil embargo seriously disrupted U.S. living standards and the economy. This experience should serve to emphasize the importance of achieving domestic self-sufficiency in energy materials to avoid the dire consequences of any future interruption of foreign supplies.

The complete elimination of the incentive provided by depletion can only serve to deter the high-risk investments which will be required to achieve self-sufficiency. A 20 percent reduction in drilling activity actually occurred following the enactment of the Tax Reform Act of 1969, which reduced the statutory rate of depletion from 27½ to 22 percent.

The elimination of depletion will have a particularly severe impact on the independents. These companies drill about 75 percent of our domestic wells, and their efforts are indispensible to our goal of self-sufficiency. The independents do not have large resources of internally generated capital, and must finance their exploration and development efforts through the capital markets. Depletion has been an indispensable aid in their efforts to raise capital in competition with much larger and less risky businesses, and its removal will severely erode their access to needed capital for exploration and development of new supplies.

The provisions providing a 15 percent depletion allowance through 1978 on the first 3,000 barrels of oil will not appreciably mitigate these adverse consequences. Any investment now contemplated will not result in full production from new discoveries until about the time the 3,000-barrel exemption is eliminated. Consequently, even this provision is of no value to the independents in attracting capital they need to get on with the job in the future.

The elimination of depletion will also encourage independents to sell their wells to the majors rather than developing them themselves. This will diminish competition and reduce diversified individual initiatives that have been a healthy part of the industry.

The allowance for percentage depletion, in recent years, has been the subject matter of extensive controversy. Even those economists who assert that percentage depletion should be eliminated, admit that such action should be accompanied by an increase in petroleum prices sufficient to compensate for the resulting increased tax costs. This can only mean increased costs to the consumer.

I believe that the phaseout of depletion now is an egregious mistake. But, the phaseout of depletion in the bill without any reference to prices, coming at a time when no relaxation is proposed in the present price controls on oil and gas, will doubly inhibit the industry's ability to attain domestic energy self-sufficiency. If it is ultimately determined that percentage depletion should be phased out, such phaseout should occur only in response to increases in oil prices, with companion provisions for its reinstatement if prices decline to a level such that reinstatement of the incentive is necessary to stimulate the level of drilling activity required to achieve our national energy goals. I approve the provisions of the bill which would remove the 50 percent of net income limitation in computing taxable income from oil and gas wells, thereby extending the economic life of marginal wells. I also approve the granting of an option to deduct currently geological and geophysical costs, although we think it should be put into effect immediately.

CONCLUSION

For the foregoing reasons, I believe very strongly that enactment of this bill would severely undermine our national interest. It would result in the diversion of energy-related revenues from the search for new energy resources to the general funds of the Treasury. It would mean fewer supplies and higher prices to the consumer. It would jeopardize our national security and impair our economic well-being. There is an urgently pressing need to increase the nation's energy supplies. Anything which detracts from that effort does not merit the support of any Member of Congress.

RAILROADS HOSTAGE TO POLITICS

HON. HOWARD W. ROBISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ROBISON of New York. Mr. Speaker, on yesterday the House gave its attention, amidst other matters, to the fiscal plight of the Nation's railroads. By coincidence, the lead editorial in today's edition of the Wall Street Journal addresses the additional problem, which the next Congress will face, of somehow restoring the health of the largely bankrupt northeast railroad system in accordance with the mandate of the Regional Rail Reorganization Act. Involved is a difficult and complex situation with which the U.S. Railway Association—a planning body established under that act—is currently wrestling, and the editorial sets forth certain aspects of the issues involved that I am pleased to call to the attention of my colleagues:

THE WAPWALLOPEN LINE

> All unwittingly, Governor Shapp of Pennsylvania is giving lessons in what's wrong with the Northeast railroads; what's wrong is Governor Shapp, along with his political counterparts and predecessors.
>
> There is a perfectly logical way to begin restoring the health of the Northeast rail system: Start eliminating that one-quarter of the system that contributes nothing but operating losses and economic waste. In most cases, the minimal services that would be lost to shippers could be handled more efficiently by truck. If not, the Regional Rail Reorganization Act, which aims at such an adaptation, provides temporary federal subsidies to states that want to try to keep redundant lines going.
>
> But none of this is to the liking of Governor Shapp. The streamlining plan being drafted by the new United States Railway Association envisions eliminating spurs to places like Wapwallopen and Shickshinny, Pa. The USRA interim report last month was greeted by a long statement from Harrisburg saying that track abandonment plans could be "but another straw that breaks the back of the nation's economy."
>
> Governor Shapp is trying to organize a caucus of governors this month to lobby against USRA abandonment plans. Don't bet he won't have some success. And don't bet that U.S. taxpayers and consumers won't pay for the governor's efforts to save Wapwallopen and Shickshinny from their possible fates.
>
> There is nothing very mysterious about the troubles of the Northeast railroads. Of all roads, they have been most affected by trends that favor shipping by truck. Population and manufacturing in the East has moved from core city railheads to the farflung suburbs. The region tends to produce high value items that are discriminated against in rail

rates designed by Congress and the ICC to favor farmers and other bulk shippers. The burdens of money-losing commuter operations are heavy in the East.

Under the ICC's all ill-defined doctrine of "public convenience and necessity" the Eastern roads have not been allowed to adjust quickly enough to reduce relative demand for their services. Because of the difficulties of abandoning uneconomic lines, they have had to make inefficient use of rolling stock, manpower and capital. The ICC and its political guides compounded the crime by permitting merger of the region's two largest lines to form a truly giant cripple called the Penn Central.

Governor Shapp would like to continue holding the railroads hostage to politics. Under the new federal act, that will mean now the taxpayers will get to pay directly for some of the inefficiencies. They already pay dearly indirectly. A federal study estimates economic waste brought about by ICC transport regulation at $5.6 billion annually or more.

The Regional Rail Reorganization Act set up adequate mechanisms for phasing out redundant rail lines. States that are willing to come up with 30% of the cost can get a *temporary* subsidy to keep operating a line that the USRA wants to discontinue. New York has just passed a bond issue to do that, among other things. It also sees some possibilities of turning redundant lines over to local operators. One advantage of such small intrastate operations would be that they would not be subject to ICC regulation.

But the USRA obviously understands what it faces as it works towards producing its "Final System Plan" early next year. Its original estimate that as much as 15,575 miles of track are "potentially excess" has been pared to about 8,000 already, although this is partly because non-bankrupt roads have been excluded from the estimate. As Mr. Shapp and his counterparts seek to destroy even that much economy, he no doubt will be saying a lot about his alternative proposal, which is something called a "Rail Trust Fund." Whatever problem that is supposed to address it does nothing about the central problem—enormous economic waste.

We can only hope that the USRA and its backers in Congress muster the will to resist any and all pressures to keep uneconomic lines in operation, for political purposes. If they fail here there will be cause to wonder if Congress can deal adequately with Wapwallopen or Shickshinny, let alone the entire nation.

LEGISLATION TO BLOCK OIL PRICE INCREASES

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. VANIK. Mr. Speaker, I am today introducing legislation to prevent the administration from increasing the controlled price of oil.

Under Public Law 93-159, the Emergency Petroleum Allocation Act of 1973, the President was given authority to "promulgate a regulation providing for the mandatory allocation of crude oil, residual fuel oil, and each refined petroleum product, in amounts specified in . . . and at prices specified in . . . such regulation."

As a result of this authority and the authority under the old Cost of Living Council, the price of "old" oil—about 60 percent of our oil supply—is being controlled at a level of $5.25 per barrel.

There are strong and growing indications that the administration intends to raise the price of controlled oil even higher and eventually move to total decontrol of petroleum products.

Mr. Speaker, there can be no free market of a commodity in short supply which is controlled by so few. In a producers' monopoly, higher prices are more likely to produce higher profits rather than new supplies.

The General Accounting Office has released a study which shows that there was no real economic justification for increasing crude oil prices from approximately $4.25 to $5.25. The General Accounting Office noted that there is no indication that this price increase will actually result in more drilling or production. In another GAO study of the Federal Power Commission, the GAO found that emergency higher prices permitted by the FPC brought forth almost no increased natural gas supplies—and only resulted in higher prices to the consumer.

At the wellhead and at the dock, the cost of domestic oil production combined with imports totaled $18 million in 1972, $23.6 billion in 1973 and $50 billion in 1974. Gasoline and automotive oil consumer costs rose from $28 billion in 1972, to $37 billion in 1974 and $51 billion in 1975. The total consumer cost of oil and petroleum products rose from an estimated $56 billion in 1972 to $74 billion in 1973 and to over $102 billion in 1974.

The American economy cannot sustain this level of increased spending for petroleum and petroleum products. Further increases in the price of presently controlled oil and refined products must not be permitted.

To prevent further decontrol and windfall profits—profits which are escaping taxation—I urge the Congress to give early consideration to this legislation to block further price increases.

Following is a copy of the legislation which I have introduced:

H.R. 17610

A bill to amend the Emergency Petroleum Allocation Act of 1973 to prohibit the President from increasing the price of crude oil produced in the United States from the price of such oil in effect on December 1, 1974

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection:

"(h) The President may not amend the regulation under subsection (a) in any manner which results in an increase in the price of crude oil produced in the United States from prices of such oil in effect on December 1, 1974."

CITIZENS' FEDERATION ELECTS DR. JAMES WATSON, PRESIDENT

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. PATTEN. Mr. Speaker, recently, one of Middlesex County's finest and most active citizens, Dr. James R. Watson, professor of political science and former vice president for academic affairs at Rutgers University, was elected chairman of the Citizens' Federation for the United Nations.

Jim Watson has a remarkable and distinguished record of achievement in academic and civic affairs, so it is with deep pride that I insert in the RECORD an article from the Home News, of New Brunswick, N.J., that covered Dr. Watson's latest accomplishment:

CITIZENS' FEDERATION ELECTS DR. JAMES WATSON PRESIDENT

NEW BRUNSWICK.—Dr. James R. Watson, professor of political science and former vice president for academic affairs at Rutgers University, has been unanimously elected chairman of the Citizens' Federation for the United Nations to succeed Dr. T. H. Tsuan.

The election took place at the annual meeting at the YMCA. Other officers will continue to serve for another year.

Reports were presented by Miss Virginia A. Daire, publicity vice chairman, Mrs. Frank Nora, secretary, and Mrs. Frannie Steinberg, treasurer, and Mrs. Lyla Quackenbush, who submitted the annual report.

Dr. Tsuan described a trip last summer to the Republic of China in Taiwan, illustrated with a colored film.

Dr. Watson has served as an advisor in public affairs and government organization on various federal and state government programs. He served as a public affairs consultant to the Spanish government in development of the Spanish Training Center for Government Officials at Alcala de Henares, supervised a joint American and Peruvian project to develop new social and economic reforms in collaboration with the Alliance for Progress in Peru. He also was founder and former director of the School of Public Administration of the University of Puerto Rico.

For 14 years he was executive director of the National Civil Service League. He has also lectured and conducted research in Italy, Iran, Argentina, several Central American countries, France and England. He has written extensively in the field of public personnel and manpower problems and has been at Rutgers since 1967 and served as vice president of university relations.

Dr. Watson and his wife, Virginia, counselor of foreign students at Rutgers, live at the Colony House Apartments, New Brunswick. They have four grown daughters.

VLADIVOSTOK ACCORD CRITICIZED

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. CRANE. Mr. Speaker, the President, the Secretary of State, and others have hailed the agreement reached at Vladivostok as a "breakthrough" in controlling the arms race.

Unfortunately, a careful reading of the agreement presents more questions than answers. While the proposed pact does contain an overall ceiling on the number of strategic delivery vehicles that can be deployed, it does not contain a ceiling on "throw weight" or payload capacity. Since the Soviet Union has far larger missiles, the new pact would still provide them with a massive advantage. Experts estimate that Soviet missiles would have four times the power of the combined number of American missiles.

.The proposed pact, in addition, does not in any way discuss the concept of on-site inspection, even though most experts believe that it is virtually impossible to detect MIRV violations except through such a procedure. It also overlooks the serious possibility that the Soviet Union is in violation of the provisions of the SALT I agreements. In a recent speech on the Senate floor, Senator James L. Buckley declared that—

> On the basis of what I have learned, I believe it is reasonable to conclude that the Soviet Union has been involved in patterns of activity which at worst constitute deliberate breaches of the SALT I accords, and at best represent a stretching of every ambiguity and advantages in those accords . . .

Before we enter into any new agreements it is essential that we learn whether or not the old agreements have been violated.

Discussing the Vladivostok pact, the Wall Street Journal declares that—

> In terms of American security interests, the agreement must be seen as another step along the path to eventual Soviet strategic superiority. The best measure for comparing two missile forces is "throw weight" or total lifting power, since this controls both the destructiveness of weapons and the number of separate warheads they can carry. Since the Soviets have far larger missiles ultimately capable of carrying more warheads, the U.S. entered the SALT II negotiations insisting on equality of MIRV throw weight. This was totally abandoned in the Vladivostok agreement, giving the Soviets a potential 3-1 advantage in throw weight and thus warhead numbers.

The Congress will have the responsibility of either approving or rejecting the Vladivostok agreement when it is finally codified and presented for ratification. It is essential that we carefully consider its merits and its shortcomings. In this connection, I wish to share with my colleagues the thoughtful editorial on this subject which appeared in the Wall Street Journal of December 2, 1974, and insert it into the Record at this time:

Vladivostok Accord Criticized

President Ford's Vladivostok triumph will be officially unveiled today. Under a bit of examination, it will prove to be a strategic arms agreement that (1) guarantees there will be no meaningful reduction in nuclear arms at least until 1985, and (2) allows the Soviet Union a missile force three times as large as the American one when measured by the most relevant criterion.

The agreement in principle, reached at the summit and expected to result in a formal pact this summer, restricts each side to 2,400 strategic launch vehicles, of which 1,320 can be missiles with multiple warheads, or MIRV. It also carried forward the SALT-I limits on heavy ballistic missiles, to wit, the USSR–308, the U.S.–0. These forces represent a significant increase on both sides, and also significant advantages for the Soviets. Given the theological complexity of arms strategy, it's possible to put a plausibly acceptable face on the agreement, but in the end one is forced to wonder what was accomplished.

In terms of arms control, the disarmament community and the defense planners agree that present forces should be reduced on both sides. Reduction has been opposed by the Russians, and thus by a State Department anxious to reach agreement with them. Secretary of State Kissinger says the agreement puts a "cap" on the arms race, but it's difficult to believe this means forces in 1985 will be much smaller than they would have been without the agreement.

In terms of American security interests, the agreement must be seen as another step along the path to eventual Soviet strategic superiority. The best measure for comparing two missile forces is "throw weight," or total lifting power, since this controls both the destructiveness of weapons and the number of separate warheads they can carry. Since the Soviets have far larger missiles ultimately capable of carrying more warheads, the U.S. entered the SALT–II negotiations insisting on equality of MIRV throw weight. This was totally abandoned in the Vladivostok agreement, giving the Soviets a potential 3–1 advantage in throw weight and thus warhead numbers.

Theoretically the Soviet lead in missile throw weight is offset by the U.S. heavy bomber force. On the U.S. side the 2,400 vehicles will include fewer missiles and more bombers, and bombers carry heavier loads. But bombers are also vulnerable to air defense while missiles are not. The U.S. had been insisting that any agreement include some recognition of this important difference, but this too was abandoned in the Vladivostok agreement.

For that matter, the Soviets have some 500 medium bombers that do not count against the 2,400 total, on the grounds that they cannot fly from Russia to America and return. Neither can the American B–52s included in the totals. Surely Soviet bombers that can strike here and land in Cuba are a far more credible strategic threat than the American forces in Europe, yet the omission of these "forward based systems" was supposedly the major Soviet concession at Vladivostok.

The "breakthrough" at Vladivostok, in short, consisted of anything but a new Soviet willingness to deal with a post-Watergate President. The breakthrough consisted of the abandonment of essentials of the American negotiating position.

These concessions were offered, moreover, without effective consultation within the U.S. government. The last National Security Council meeting on SALT was held before Secretary Kissinger's late-October visit to Moscow. No decision was taken at this meeting, but Secretary Kissinger says he obtained a Presidential decision on an offer to the Soviets, and that they made a counteroffer in Moscow that led to the Presidential agreement in principle.

Neither the Presidential offer nor the Soviet counteroffer was known to the Joint Chiefs of Staff prior to the agreement. The Secretary of Defense was apparently cut in at the last moment, while the Presidential party was in Vladivostok and he was in Washington. The party in Vladivostok, some 140 persons, included no military representatives. In effect, the defense chiefs have been left with the choice of approving the agreement or resigning. They will approve.

Now, nothing in the world is 100% certain, and conceivably the agreement is a good one. Intelligent people argue that a 3–1 strategic advantage makes no difference when weapons are as destructive as present ones. For our part, we think that "merely psychological" differences are not so mere (ask the Israelis). And if our side already has enough weapons no matter what the Soviets do, who needs a SALT agreement in the first place? Yet we would not dismiss as wholly beyond discussion the notion, sometimes expressed by Secretary Kissinger, that strategic superiority is meaningless.

We definitely would insist, though, that this issue be debated openly and for what it is.

POSITION OF DEPUTY ASSISTANT SECRETARY OF STATE FOR SOUTH ASIAN AFFAIRS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. HAMILTON. Mr. Speaker, the post of Deputy Assistant Secretary of State for South Asian Affairs in the Near East and South Asia Bureau in the Department of State has not been permanently filled since the fall of 1972.

This post is the highest ranking position in the Department dealing exclusively with a vast and populous region of the world where U.S. interests may be limited but where humanitarian, agricultural, and economic development issues have been of continuing concern to many Americans.

It is unfortunate that this position remains unfilled for over 2 years despite repeated inquiries by the Subcommittee on the Near East and South Asia asking when the post will be filled. Right or wrong, the Department's inability to fill this post, despite excuses offered, tends to leave the impression that South Asia is simply not a region of great interest for policymakers here.

During the last 2 years, foreign service officers have, from time to time, served temporarily, and well, in this position. But the economic, political, and social issues involving three-quarters of a billion people in the subcontinent deserve the constant and persistent attention that only a permanent appointee in the position can try to offer.

I wish to bring to the attention of my colleagues some correspondence I have had recently with the Department of State on this matter.

The exchange of letters follows:

Committee on Foreign Affairs,
Washington, D.C., October 18, 1974.

Hon. Henry A. Kissinger,
Secretary of State,
Washington, D.C.

Dear Mr. Secretary: On September 19, 1974, Assistant Secretary of State for Near Eastern and South Asian Affairs, Alfred Atherton, testified before the Subcommittee on the Near East and South Asia concerning U.S. policy toward South Asia.

During that hearing, I expressed the concern of the Subcommittee that for the last two years the office of Deputy Assistant Secretary for South Asian Affairs had not been filled permanently and that despite what explanations can be made for the delays in filling this position, the net impression left in Congress, and perhaps with the states involved, was one of marginal concern in giving any priority attention to that part of the world.

One month has passed since Secretary Atherton testified, and I would like to inquire as to whether the post of Deputy Assistant Secretary for South Asian Affairs has been filled permanently.

I trust that you can give this letter a quick and brief answer.

With best regards.

Sincerely yours,
Lee H. Hamilton,
Chairman, Subcommittee on the Near East and South Asia.

COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., November 18, 1974.
Hon. HENRY A. KISSINGER,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: I am writing again to express the concern of the Subcommittee on the Near East and South Asia that the office of the Deputy Assistant Secretary for South Asian Affairs has not been permanently filled.

On September 19, 1974 Assistant Secretary of State for Near East and South Asian Affairs Alfred L. Atherton, Jr. testified before the Subcommittee on South Asian policy and indicated the concern of the Department over this situation and expressed the hope that the post would soon be filled.

One month after his testimony, on October 18, I wrote you indicating my concern over this situation.

You have not responded to my letter of October 18, and therefore I would like to inquire again as to when the post of Deputy Assistant Secretary for South Asian Affairs will be filled permanently. I trust that you can give this letter a quick answer.

With best regards.

Sincerely yours,

LEE H. HAMILTON,
Chairman, Subcommittee on the Near East and South Asia.

DEPARTMENT OF STATE,
Washington, D.C., December 6, 1974.
Hon. LEE H. HAMILTON,
Chairman, Subcommittee on the Near East and South Asia, Committee on Foreign Affairs, Washington, D.C.

DEAR MR. CHAIRMAN: You have inquired of Secretary Kissinger when we intend to fill the post of Deputy Assistant Secretary dealing with South Asian affairs. You have also expressed concern that the failure to fill this position on a permanent basis has reflected a lack of priority attention to that part of the world.

In testifying before your Subcommittee on September 19, Assistant Secretary Atherton expressed awareness of your concern that the position in question had not been filled and indicated our own desire to fill it on a permanent basis as soon as possible. For certain administrative reasons which Mr. Atherton explained in his testimony and which still apply, it has not yet been possible to fill this position. We thought we had found just the right person, but it turned out not to be feasible within present Departmental personnel policy to appoint him to the position. We are now again actively examining possible candidates.

In saying that we understand your concern over the long delay in filling this position, I want to stress, however, that this in no way reflects any diminution of U.S. policy interest with regard to the South Asian area. Our continuing interest in the South Asian subcontinent and its three-quarters of a billion people was reflected in Secretary Kissinger's recent visit to India, Bangladesh, and Pakistan, as well as Afghanistan. In meeting with the leaders of those countries, the Secretary reiterated the importance we attach to our relations with them. The Secretary reaffirmed our intention to continue to work cooperatively with these countries on a variety of matters. To single out one of these countries, we have given a high priority during the past year or so, as you know, to restoring better relations with India, and we believe in fact that this effort is reflected in the current state of our relations with India.

We welcome your continuing concern over adequate high-level staffing in the Department to deal with South Asian affairs, and I want to assure you that we are trying to fill the post of Deputy Assistant Secretary on a permanent basis, as soon as we can. Meanwhile, the position has been and still is occupied on an Acting Deputy Assistant Secretary basis by a highly qualified senior officer and, as a practical matter, is receiving the full attention it merits.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

JUNKETEERS, DISTRICT OF COLUMBIA VARIETY

HON. H. R. GROSS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. GROSS. Mr. Speaker, at my request the General Accounting Office has examined into the extent of travel outside the city of Washington engaged in by the top officials of the District of Columbia's school system and its welfare department.

As I suspected, Mr. Speaker, these officials are about as junket prone as some Members of Congress.

For example, in fiscal years 1973 and 1974, school officials traveled to such watering places as the Virgin Islands, Puerto Rico, and Montreal, Canada.

Welfare Department officials took trips to Puerto Rico, Hawaii, Montreal and Ottawa, Canada.

The GAO study also shows these Washington, D.C. officials touring all over the United States allegedly in search of a school superintendent, and visiting such hardship areas as Squaw Valley, Calif., Las Vegas, New Orleans, Miami, and Atlantic City.

All of this, of course, was done at taxpayer expense.

The General Accounting Office found that the limit placed by Congress on the use of appropriated funds for out-of-city travel by the District government "appears to have little value," because District officials simply used Federal grant funds for their junkets when they ran out of other funds made available to them.

As appears to be the usual case in checking up on District of Columbia officials, the GAO found sloppy accounting records and practices a hinderance in obtaining the true picture in this case.

It noted that travel vouchers are not submitted promptly in many cases; that travel advances are not being recovered when an immediate need for them no longer exists, and that in some cases the officials going on these trips had no business doing so.

For example, the GAO states that two employees of the Welfare Department took a trip to Hawaii when their duties had little to do with the convention they supposedly attended.

The GAO also found that travel claims are not always approved by an official who had knowledge of the trip.

Out of a total of 77 trips by public school officials examined by the GAO, 50 were made to attend conferences or conventions. A total of 101 of the 145 Welfare Department trips studied were for such meetings.

Interestingly enough, District Welfare Department officials took 41 trips out of town to confer with Department of Health, Education, and Welfare regional office officials when the headquarters of HEW are not more than a mile from their own place of business.

The General Accounting Office notes, in connection with travel by school officials using Federal grant funds, that they were forced to limit their examination to travel taken with funds from two large grants, because of the large number of grants made to the school system and the time it would have required to review each of them.

The GAO audit disclosed that Welfare Department employees had failed to account for 200 outstanding travel advances. For 41 trips in which travel advances had been made, no vouchers were available although the trips had allegedly been taken anywhere between 4 and 14 months earlier. Most of the travel advances had been outstanding for over 6 months.

The GAO found that "in many cases" Welfare Department officials had recorded out-of-town travel as local travel, and the District government's Office of Municipal Audits and Inspections admitted that "in recent years they have not performed travel audits" on these two departments.

Mr. Speaker, this report is further proof, if any were needed, that Congress will do well in future years to keep a sharp eye on the District of Columbia government lest the taxpayers of the country are fleeced beyond anyone's wildest dreams.

HUMAN RIGHTS DAY—1974

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BIAGGI. Mr. Speaker, millions of citizens of the world community will mark the observance of Human Rights Day. It is a day we mark with mixed feelings, gratified at those nations which respect the rights of their citizens and all too cognizant of those who deny freedom and dignity to their peoples.

The United States remains committed to the concept of freedom and self-determination for all men. We are demonstrating this commitment openly in this year's foreign assistance bill which contains provisions restricting or eliminating funds to those nations which practice open oppression and persecution of their peoples. We are seeking to cut off all aid to the nation of Turkey, which earlier this year unleashed an invasion against the nation of Cyprus and remains in ironclad control of more than one-third of the island. We are seeking to restrict aid to Chile due to her policies restricting human freedoms, and we are making a strong commitment to limiting aid to those countries in the Middle East such as Syria which deny their citizens the right to emigrate.

We continue to work for peace in the world, through détente with the Soviet Union. We realize that détente will be worthless unless guarantees are made by the Soviet to release their stranglehold on the nations of Eastern Europe and give them to right to choose their own destiny.

At this point in the RECORD, I would like to insert a "Declaration of Freedom for All Captive Nations" as drawn up by Operation Freedom, Inc., and leaders of groups dedicated to reestablishing the rights of freedom for the people of the captive nations of the world.

I feel this declaration is especially appropriate on this date. I hope my colleagues will take the time to read this material and relate it to the plight of the millions of people who remain behind the Iron Curtain:

A DECLARATION OF FREEDOM FOR ALL CAPTIVE NATIONS

We the undersigned representing various groups of United States citizens from the Captive Nations, and other Americans, do hereby declare that the march of all oppressed and captive people towards Freedom and Liberation is just and inevitable.

The yoke of tyranny will be lifted by the peaceful demands of the people and the truths of Freedom.

We believe: Freedom and Faith in God, are the rocks on which all Republics are founded; that without them and their own flag, Free nations would lose their birthright and their souls; that every Republic belongs to the people and they are entitled to the blessings of Freedom for themselves and for their posterity.

Therefore, we approve of the statement of former Chief Justice Earl Warren of the United States, a leading liberal who said, "Freedom, not Communism is the most contagious force in the world. It, Freedom, permeates the Iron Curtain. No people will long remain slaves under Communism" and what Hon. Clare Boothe Luce, former American Ambassador to Italy and a Catholic said, "Will mankind eventually stand in the light of Freedom or crawl in the darkness of slavery." In 1848 Communism was justifiable, then labor were serfs and the people had no rights. Now we oppose totalitarian Communism as a hoax and a fraud on labor and free people everywhere. It is the enemy of Freedom and Democracy. Freedom is the Achilles Heel of a Police State. Communism is a self perpetuating tyranny and warfare against the rights of the people. Freedom and tyranny are irreconcilable. There is no substitute for Freedom.

We urge the restoration of all fundamental Freedoms including Freedom of speech, of the press, of religion, of dissent, of travel at home and abroad and fair and unfettered elections, even handed justice for all and Freedom from the Secret Police and Concentration Camps. This is the Credo of Freedom for all oppressed and captive people and we hope it will help light a torch of Freedom, self government and liberation.

We ask the cooperation and financial support of all men and women who believe in this Credo of Freedom, to help distribute and circulate it behind the Iron Curtain by letters, pamphlets and over the radio and television and in newspapers in the Free nations of the world. Freedom is unconquered and unconquerable in the 20th Century.

We have no quarrel with the people of Russia or any other nation, but only with the Communist Dictatorship that deprives the people of their own Freedom, civil rights and self government.

We endorse the non partisan speech of President Gerald Ford before the United Nations in which he said, "We rededicate ourselves to the search for Justice, Equality and Freedom" and welcome the end of Colonialism.

The spirit of Freedom, Nationalism, Passive Resistance and opposition to Colonialism in all Captive Nations is inexorable.

As we approach the 200th anniversary celebration of the Declaration of Independence and in memory of those gallant Freedom Fighters, Generals Lafayette, von Steuben, Kosciuzko, DeKalb, and Pulaski, the last two paid the supreme sacrifice in battle, we American citizens from Captive Nations in cooperation with Operation Freedom, do hereby proclaim this Declaration of Freedom for all captive people everywhere. It is the first step to the restoration of Freedom and Democracy without resort to violence or insurrection to be followed by self determination and eventually Independence.

We urge the economic, cultural, religious and political Liberation of all Captive Nations. We are determined that Human Freedom shall not perish. Billy Graham said: "Satan's Masterpiece in our times is the communist philosophy."

We the signers of this Manifesto of Freedom, pledge our utmost support to its distribution behind the Iron Curtain and throughout the world.

At a meeting at the Harvard Club, New York City on Monday, November 11, 1974, sixty-five leaders of the Captive Nations, representing one million Americans from the Captive Nations from the vicinity of New York, unanimously and enthusiastically approved the above Declaration without any change.

CAPTIVE NATIONS

Dr. Ivan Docheff, Bulgarian Chairman, Nationalities Committee, Operation Freedom.
Mario Aquilera, Cuba.
Method Balco, Slovakia.
Cap. Arslan Bek, N. Caucasus.
Dr. Aurelios Bogdanovics, Latvia.
Leo Borszcz, Ukraine.
Valentin A. Cantor, Romania.
Mrs. Olga Clark, Georgia.
Harry de Cabot, Cuba.
Edward Derrik, Estonia.
Dr. Lev E. Dobriansky, Ukraine.
Col. Dimitry Florov, Cossakia.
Miro Gal, Croatia.
Erich Jennsen, E. Germany.
Michael Kocka, Ukraine.
Eng. John Kosiak, Byelorussia.
Bronius Nainys, Lithuania.
Lt. Col. Nicolas Nazarenko, Cossakia.
Dr. Nicholas Nyaradi, Hungary.
Antony Nosich, Croatia.
Casimir G. Oksas, Lithuania.
Dr. George Paprikoff, Bulgaria.
Dr. Anna Maria Peiera, Cuba.
Dr. Anatol Plaskaczewsky, Byelorussia.
Dr. Andras H. Pogany, Hungary.
William Roka, Hungary.
Jorn P. Roskoworoski, Poland.
Eugene Tyszkiewicz, Poland.

OPERATION FREEDOM

Hon. Hamilton Fish, President.
Robert L. Alberts.
Hon. George Auslander.
Hon. Spruille Braden.
Adm. Arleigh Burke.
Mrs. Owen Robertson Cheatham.
Howard E. Cox.
Hon. James H. R. Cromwell.
Hon. Edwin B. Dooley.
John Duberg.
Peter Grimm.
Mrs. W. R. Hearst, Jr.
Rabbi Baruch Korff.
Mrs. Gordon Lamont.
Nelson Levings.
Marx Lewis.
Mrs. Robert R. McCormick.
Charles S. Payson.
Msgr. Patrick J. Ryan.
Princess Lucie Shirazi.
Hon. Earl E. T. Smith.
Lowell Thomas.
Oliver J. Troster.
Hon. Matthew Troy.
General James A. Van Fleet.
General A. C. Wedemeyer.
Mrs. Eleanor Searle Whitney.
Rev. Dr. M. L. Wilson, Convent Ave. Black Baptist Church, Chairman New York City Council of Churches.

The preservation of freedom against tyrannical Communism is the greatest cause in the world. The fires of Freedom must be kept burning. Is modern life to be purchased at the price of chains and slavery? Without Freedom and God, we would lose our own souls and our Republic would perish. Financial support is urgently needed from all elements of our people.

DOWN-TO-EARTH USE OF SPACE PROJECTS UP

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. FUQUA. Mr. Speaker, Mr. Howard Benedict, aerospace writer, recently summarized a number of applications from the space program which have contributed greatly to the advance of medical technology and to enabling a productive life for those who are disabled. This space program developed technology is constantly contributing to the improvement of our medical treatments. Mr. Benedict's article is an excellent summary of NASA's daily contribution to the solution of down to Earth problems. The article follows:

DOWN-TO-EARTH USE OF SPACE PROJECTS UP

(By Howard Benedict)

WASHINGTON.—In 1954, Mrs. Celeste Thompson contracted a severe case of poliomyelitis that left her paralyzed except for head and neck movement and a slight motion of her left thumb.

The California housewife, 19 and the mother of a young child, was bedridden and totally dependent on hospital attendants.

Today Mrs. Thompson can maneuver in an electric wheelchair, feed herself, comb her hair and type letters. She runs a telephone answering service.

Down-to-earth use of sophisticated equipment and techniques developed for the U.S. space program makes this possible.

Mrs. Thompson operates the wheelchair and electrically-powered, robot-like arms through a pressure device mounted like a harmonica in front of her mouth. She achieves movement and mobility by touching her tongue to a series of switches that look like large vitamin capsules.

Dr. James R. Allen of Rancho Los Amigos Hospital in Downey, Calif., who helped adapt these space-developed devices for Mrs. Thompson, said: "The value of this technology transfer from space to medicine is readily apparent. Hundreds of thousands of other disabled people with varying degrees of paralysis or amputation can be helped by similar applications of aerospace technology to medical problems."

Files of the National Aeronautics and Space Administration contain many examples of how today's medical techniques are being advanced by space technology. The field of medicine has benefited more than any other space spinoff area primarily because of NASA breakthroughs in electronics and miniaturization.

A recharageable heart pacemaker that eliminates the need for periodic surgery to implant new batteries is one of the most important. The new instrument, smaller than a cigarette package—half the size of older ones—operates on nickle-cadmium cells which are used for power in most U.S. Satellites.

The new pacemaker can be easily recharged by the patient at home. All he does is slip into a special vest to which the pacemaker is magnetically recoupled for recharging. It takes about 90 minutes. The pacemaker controls weak or erratic heart rates has been implanted successfully in more than 600 persons without failure.

Another major spinoff is a compact medical unit carried by ambulances in Houston and other cities. The 40-pound, suitcase-size unit, called Telecare, indcludes an electrocardiogram display and radio system that can transmit cardiac data to the hospital Physicians waiting for the patient can relay advice and be better prepared to handle the case when it reaches the hospital.

Telecare results from NASA-developed electronics that measure vital signs in astronauts.

A hospital in Huntsville, Ala., is using space technology to help patients who have lost use of arms or legs. Using eye-operated switches, breath-controlled devices and pressure devices like Mrs. Thompson's, immobile persons can open and close doors and windows, regulate room temperature, change radio or television channels, dial a telephone, adjust a bed position, turn pages of a book or call a nurse.

NASA's Jet Propulsion Laboratory in Pasadena, Calif., has made effective use of computers to enhance pictures of Mars, Venus, and other planets sent from spacecraft millions of miles from earth.

Similar techniques are now being used to analyze infrared photos of skin burns and to study blood vessel X-rays.

The skin burns photo research, conducted by JPL and the University of Southern California Medical School, has revealed clotting deep within the skin and several layers of dead tissue, indicating a full thickness burn. This can be determined in hours, compared with three or four weeks under old analysis methods.

If dead tissue can be removed early, risk of infection, onset of thick scar tissue and loss of function to damaged limbs can be reduced.

Improving blood vessel X-rays with space computer techniques has provided a quick and inexpensive way to determine treatment for hardening of the arteries.

An X-ray system used to inspect welding in rockets has been adapted by NASA and Vanderbilt University to diagnose tumors and to examine cardiovascular flow. Combined with other techniques, the system is used to study children with congenital heart disorders. It helps doctors determine when patients should have surgery.

A special garment to provide a portable sterile environment for astronauts returning from the moon has been adapted by the National Cancer Institute to protect leukemia patients from infection when they are undergoing chemotherapy.

The isolation garment permits patients to move from sterile rooms to other areas of treatment, or for recreation and visits with friends and family.

NASA also has developed a small radio transmitter pill which, when swallowed, can monitor deep body temperatures by means of an FM receiver and associated electronics. It is coated so it will not dissolve and it can remain in the digestive tract for up to a week.

WHY ABSTINENCE?

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BROWN of California. Mr. Speaker, a little over a year ago I introduced H.R. 11106, a bill which represented one possible approach to the problem of alcoholism. Since then I have received a great deal of correspondence on the subject of alcoholism and, on occasion, articles of particular significance dealing with the problem have been brought to my attention. One such article is due to appear in the School Health Review, the journal of the American Alliance for Health, Physical Education, and Recreation. Written by Iowa State Senator William N. Plymat, it sets for the argument for abstinence, an argument we should all do well to heed.

At this point I would like to place it in the RECORD for all to read. The article is as follows:

WHY ABSTINENCE?

In this modern, sophisticated age, who would want to be viewed as an "abstainer" from alcoholic beverages? Frankly, I believe the "image" of the abstainer in the minds of a sizable majority of people is that of an ultraconservative older person, a killjoy who (if male) wears only white shirts with small neckties, who retires at 9 p.m. each night, who has no sense of humor, and in the parlance of our younger generation is just "not with it."

I make bold to suggest that the "image" is wrong. Those who really know these people find prominent people in all walks of life in this group from business leaders to entertainment leaders, from young to old, from conservative to ultra-left in the political sphere, and from quiet types to hilarious humorists who are the life of the party. The reason they are not adequately visible is that they are not, in general, usually noisy about it. They carry no Carrie Nation hatchets. They drink the soft drinks at the social gatherings and nobody notices it.

But why are they abstainers? Actually, it's for many reasons. Some have deep religious convictions about the traditional concept of being "one's brother's keeper." They know that some people, for whatever reasons, are not able to drink moderately and fall sometimes quickly into the deadly disease of alcoholism and others are injured in many different ways. They feel that even if they felt they could drink moderately and successfully they should not do it because they might lead a "brother" astray. It reminds me of the advice given me one time: "You should be careful of the life you live—you may be the only Bible that some people will read."

Then there is pure logic. We all agree alcohol is a drug. It affects people very differently. Many are able to use it and not become "hooked" on it—as a matter of fact, some people can use heroin and not become addicted. But that does not recommend the use of it. We know that most people are addictable to heroin and also to nicotine. We do not hear people talking about trying to teach people to "smoke responsibly"—they urge people to quit. And that is true with heroin and most of what I call the "dry drugs." But with alcohol, which is also addictable, we seem to imagine that it is not. Evidently this is because not as high a percentage of users become addicted as, for example, in the case of heroin or nicotine. In the case of alcohol, there are many problems not found with nicotine and many other "dry" drugs. Nobody smokes a cigarette and goes home and beats up his wife or gets into a brawl because of it or drives a car and kills himself or someone else or gets "drunk" with multitudes of tragic results. And all the so-called social drinkers believe they will never get into trouble personally. But fantastic numbers do. For example, in 1973 the F.B.I. reports that 653,914 persons were arrested in the U.S. for drunk driving. And we know that around 25,000 people a year are killed in drinking-driving accidents and that about six times as many people died in New York City one recent year from alcoholism as died from overdoses of drugs such as heroin.

Let's take a closer look at alcohol. It intoxicates, it addicts, it fuzzies one's thinking in driving a car or operating machinery, it loosens tongues, causing people to say things to spouses that lead to divorce, it releases inhibitions that trigger fights in tavern brawls that lead to injury and death, and results in many crimes that but for the alcohol would not be committed. I could go on and on with a list space here does not permit.

And worst of all, alcohol is very seductive. Usually people use it in a very limited way to start with, but as time goes by, they increase their consumption, and in millions of cases they finally slip past an invisible line into alcoholism. Then often we find the victim of the disease claiming he is not addicted. One of the ingredients of the disease of alcoholism is the belief you do not have it. I estimate that only one in four who get addicted find total sobriety, which is the only answer to the problem not involving ultimate death. You sober up 100% permanently or you die.

Now it would be nice if we could give a young person a mental or physical test to tell whether he or she would quickly or slowly get hooked on alcohol if they start to use it. But there is no such test. We are still arguing about the causes of alcohol addiction. Is it physical due to genetic, hereditary or physical factors, or is it a mental problem due to neurosis or personality deficiencies? Or is it a combination of both? Or are there possibly six different causes of addiction? There is no general agreement.

We profess concern about the use of what we call "hard" drugs. My son, who spent about a year with the Mid-Iowa Drug Abuse Authority, doing writing, speaking, research, etc., recently said, "Marijuana does lead to the use of harder drugs—beer, wine, and Whiskey." Dr. Joel Fort, M.D., heads a special service facility in San Francisco to help youth with drug and other personal problems, and he teaches at the University of California. He is author of the book *The Pleasure Seekers: The Drug Crisis, Youth and Society*. At one point (page 99), he says, under a subhead "The Hard Stuff":

"'Hardness' itself really includes many subcategories involving many drugs. Starting with the best-documented, most extensive, and most serious instances of hardness, one might expect that even extremists ranging from the Progressive Labor party and the Communist Party to the John Birch Society and the Minute Men would agree that death from using a drug is hard indeed. Thus, without minimizing in any way possible serious consequences associated with other drugs, the highest priority would be given to alcohol and the hundreds of thousands who die every year from cirrhosis of the liver, drunk driving, and overdoses. Running a close second in this dimension of hardness would be nicotine and tobacco, with 300,000 U.S. deaths yearly from lung and vascular disorders, and from cigarette-induced fires. Barbiturates and other sedatives come into the picture with the tens of thousands of accidental deaths and suicides from overdoses, often in combination with alcohol. Damage to the body and chronic disability short of death from each of these and other drugs would be another dimension of hardness."

At another point in the book, Dr. Fort says: (page 53)

"From a rational and moral standpoint, all of the mind-altering drugs can be lumped together, and those involved in any phase of their production and distribution can be considered drug pushers or peddlers, whether the product be tobacco or marijuana, alcohol or heroin, amphetamines or LSD. From at least one standpoint, all those encouraging or promoting social, nonmedical, or non-essential use of drugs are in the same bag, although most Americans will continue to single out only a few of the drugs and their purveyors for concern, while ignoring others."

In light of the foregoing, is not total abstinence from this drug alcohol just as wise as abstinence from cigarettes, heroin and most other drugs?

I am the chairman of the board of a large casualty insurance company whose principal business is automobile insurance. Insurors who take risks demand a premium or payment to accept a risk. Using alcohol at all is a risky business. If I were to conclude to use alcohol and ask an insurance company to cover all the various risks for a premium or payment, I would not be able to find a single insurance company in America who would, and I also think that Lloyds of London groups would not either. And so if a person is going to take this risk with his own life, who is going to pay him for taking this risk? Just nobody! And in the event of injury, in many cases there is no payment in money that could properly recompense the loss. And this leads to the conclusion that if one wishes a risk-free life, so far as the drug alcohol is concerned—complete abstinence is the only sure answer to it.

And so we should take another look at these abstainers. They are very careful, cautious people who have good judgment and exercise it. They are responsible—they have concern for others in their environment—in their homes, offices and all other places including the highways. They are concerned about the example they set for others, particularly youth. They know that if they deserve respect for their accomplishments, general character, way of life, etc., and they use alcohol, a youth looking up to them might conclude that if they drink it must be all right. But the youth might wind up some day in a tragedy which but for alcohol would not occur.

The foregoing is a representation of my own thinking—and it is for these various reasons that I am an abstainer and make no apology for it. In my environment, although I have my share of human faults, I am recognized as a leader in my own fields, both in business and politics, and also I am known for a sense of humor. And I am hoping that my own example may inspire some youth to follow my example, which I believe is the only truly responsible decision about drinking-abstinence. A young girl once asked me what to say to her boyfriend who drinks to discourage him. I relied, "Tell him that abstinence makes the heart grow fonder."

THE NEED TO RECONSIDER THE APOLLO-SOYUZ PROJECT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. CRANE. Mr. Speaker, on May 24, 1972, former President Richard Nixon signed an agreement with the Soviet Union committing the United States to the first international space venture, a linkup between American and Soviet space vehicles known as the Apollo-Soyuz test project, ASTP. The flight is scheduled for July 1975.

One purpose of this agreement was to open the way for technology sharing between the United States and the Soviet Union. It was expected that such an exchange would prove helpful to both countries, that each could contribute its share and that such mutual contribution would assist in bettering relations.

Now, after experts have had an opportunity to investigate this matter further, it seems as if the United States will be contributing almost all of the technology. The only thing the Soviet Union will be doing is "sharing" such information, which means, in effect, that we will simply be providing the Soviet Union with advanced technological data which it has been unable to develop for itself.

The January 21 and 28, 1974, issues of Aviation Week and Space Technology spell out in some detail the primitive nature of Soviet knowledge in the area of space technology. The Soyuz, for example, has no inertial guidance system, only a periscope arrangement for altitude control and position reference. This material is of no value when the spacecraft is on the nightside of the planet. In addition, the Soyuz has no onboard computer, manual control is severely limited, and the only method cosmonauts have of monitoring engine burns is to time them with a stopwatch.

Discussing this situation, Michael S. Kelly, writing in National Review of October 25, 1974, notes that—

> All of these factors lead American experts to conclude that the present level of Soviet space technology is about midway between American Mercury and Gemini technology; that is, about 11 years behind our current state of the art. The Soyuz can in no way compare with the Apollo spacecraft, and it is not even a serious piece of engineering compared to the Space Shuttle.

Mr. Kelly concludes that—

> It is apparent that one of the program goals, technology sharing, would be detrimental to the welfare of the United States . . . And there is substantial cause for concern over the safety of our astronaut crew for the ASTP flight.

It is essential that our Government take all of these facts into consideration and rethink the question of American participation in the scheduled joint space flight. I wish to share with my colleagues the thoughtful article by Michael S. Kelly which appeared in the October 25, 1974 issue of National Review, and insert it into the RECORD at this time:

THE APOLLO-SOYUZ TEST PROJECT

(By Michael S. Kelly)

On May 24, 1972 former President Nixon signed an agreement with Soviet Premier Aleksei Kosygin committing the United States to the first international space venture, a linkup between American and Soviet space vehicles known as the Apollo-Soyuz Test Project (ASTP). The flight, scheduled for July 1975, was designed as the culmination of détente, a great meeting in the heavens of two old foes become friends.

On the surface, preparations for the flight still appear to be going smoothly. But the more American experts learn about Soviet space operations, the more critical they are of the ASTP. Since the ASTP was conceived in an atmosphere of great euphoria, but without much real consideration of facts, perhaps it would be wise to reevaluate it before it's too late: to analyze the importance of the goals, the success expected in meeting them, and the cost to the United States.

One of the objectives of the ASTP is to open the way for technology sharing between the United States and the Soviet Union. Experts expected such an exchange to be beneficial to both countries. However, once U.S. analysts were permitted to examine the Soyuz, Russia's most advanced spacecraft, the experts were forced to change their view. *Aviation Week & Space Technology* carried a description of the Soyuz in its issues of January 21 and 28, 1974. The articles make interesting, and amusing reading. The first one begins by summing up the level of sophistication of the Soyuz. It is, it states flatly, "little more than a man-rated unmanned satellite." Such a statement in aerospace circles amounts to pure invective. The description is fitting, however, as evidenced by these facts:

1. Soyuz has no inertial guidance system, only a periscope arrangement for attitude control and position reference. The periscope is useless when the spacecraft is on the night side of the planet.

2. The Soyuz has no onboard computer. The flight sequencer consists of a set of rotating drums—much like the piano roll on a player piano—on which are inscribed instructions for the automatic controls. The cosmonauts cannot input commands. They can only call up commands already on the drums.

3. Manual control is severely limited. The attitude control system is primitive, and not adequately safeguarded against malfunction. The fact is considered insufficient by U.S. standards.

4. The only method cosmonauts have of monitoring engine burns is to time them with a stopwatch. They must wait for word from ground control as to the success of the burn.

5. The life-support system is primitive and nonredundant. There is no backup cooling system. There is no reserve oxygen.

6. The Soviets are not particular about reentry and touchdown. They do not target for a specific point. They are satisfied if the spacecraft lands within the Soviet Union.

7. To conserve fuel, the spacecraft is stabilized by spinning it rapidly around its vertical axis. This accounts for the high incidence of motion sickness on Soviet space flights (spin stabilization is common practice for simpler, unmanned satellites, but U.S. scientists would never consider it for manned vehicles).

NO QUO FOR THE QUID

All of these factors (plus a great many more) lead American experts to conclude that the present level of Soviet space technology is about midway between American Mercury and Gemini technology: that is, about 11 years behind our current state of the art. The Soyuz can in no way compare with the Apollo spacecraft, and it is not even a serious piece of engineering compared to the Space Shuttle. Clearly we have nothing to gain in a trade of space technology. But we do have a great deal to lose.

Inertial guidance technology, structural techniques, propulsion system design, and aerodynamic theory given away through the ASTP or any other détente-induced "trade" would aid the Soviet Union in developing sophisticated weapons systems. Inertial guidance technology, added to the tremendous throw weight of the Soviet missiles, could improve Soviet ICBM and SLBM forces to the point at which U.S. systems would no longer be competitive. Talk about accelerating the arms race! By pursuing this policy, we would not only encourage the development of improved weapons, we would help to design them.

One of the most common reactions to the primitive design of the Soyuz, among experts and laymen alike, is, "Our guys must be nuts to fly on that mission." Americans are not used to thinking about the safety angle of space flight any longer, with the tremendous success of the Apollo landing program, but now it must again be considered in view of the Soyuz' record.

The first cosmonaut to fly the Soyuz, Vladimir Komarov, was killed when his spacecraft plunged to earth after reentry, its parachute tangled. Three more cosmonauts died on a subsequent mission when, after the spacecraft had undocked from a Salyut space station, a hatch seal gave way and the cabin atmosphere fell overboard. The most recent Soyuz mission appeared to end prematurely, although the Soviet space agency denies this.

American experts have expressed serious concern over the safety factor. They threatened to call off the ASTP unless the Soviets revealed the cause of the accident which killed the three cosmonauts, and some of them are pressing for postponement of the flight following the apparent abort of the latest Soyuz mission. The concern for the safety of our astronauts is justified. The Soyuz' standards of engineering are not sufficient, and the record bears out the fact that the craft is vulnerable.

Another goal of the ASTP is the development of space rescue techniques. But the value of the lessons learned is questionable, for two reasons: 1) Such techniques will be developed using an Apollo spacecraft, but no Apollo spacecraft will ever fly again. 2) The value of the techniques would be questionable regardless of the fate of Apollo because of the primitive nature of the Soyuz.

OUTDATED TECHNOLOGY

Consider a situation in which a Soyuz is to rescue a stranded Apollo spacecraft. The Soyuz is defeated before it gets off the ground. Its booster is not powerful enough to place it into the nominal Apollo mission orbit. Nor is its guidance system adequate to ensure rendezvous. Booster reliability is only 80 percent, considered poor for a man-rated system, so that achieving orbit cannot even be guaranteed. (For this reason, the Soviets will be the first to launch for the ASTP. If their first rocket does not work, they will have two more standing by.) If orbital injection is not accurate, it must be at least within certain limits, because of the Soyuz' lack of maneuverability. And if the stranded Apollo is unable to maneuver, a docking would not be possible. Because of the Soyuz' inadequate attitude control system, it cannot dock with a passive target. The target must move, in response to signals transmitted to it from the Soyuz. For this reason, the Apollo will be the active docking agent for the ASTP mission, and the Soyuz will be passive.

And if the Apollo, which is powerful, reliable, and maneuverable, should ever be called upon to rescue a Soyuz stuck in the spin-stabilized mode, rescue would be impossible. For all other types of rescue, the Apollo would be more than adequate.

This is purely academic discussion, of course, since the Apollo to be used on the ASTP will be the last such craft ever to fly. It will be succeeded by the Space Shuttle, which will make Apollo-Soyuz rescue techniques obsolete. Should the Shuttle ever be required to rescue a Soyuz, it would merely have to rendezvous with the craft, hoist it into the huge payload bay, and reenter the atmosphere. The Soyuz, on the other hand, would be pretty much useless in any attempt to rescue a disabled Shuttle.

From the foregoing discussion, it is apparent that one of the program goals, technology sharing, would be detrimental to the welfare of the United States. Another, the development of rescue techniques, is not even worthy of serious consideration. And there is substantial cause for concern over the safety of our astronaut crew for the ASTP flight. We get all this—and pay for it too. Still another of the stated goals of the Apollo-Soyuz Test Project is the promotion of understanding and cooperation in the use of space. It is not difficult to see who will be doing all of the cooperating.

By setting a precedent with the ASTP, we may be committing ourselves to placing heavy payloads into orbit for the Russians with the Space Shuttle. The Shuttle will cost less per launch to operate than any system the Russians could devise, so that this arrangement will represent a substantial savings for them They, in return, have nothing to offer us.

ASTP SUICIDAL

The ASTP will certainly not open the way to "understanding." Nothing has been able to do that so far, and, because of the Soviet dedication to Marxist principles, nothing ever will. It is time the American people were reminded of the fact that the Soviet Union is ruled by a government that is not "just another government." It is a tyranny, and it has, as part of its international expansionist policy, promised to extend its sphere of influence to cover us. Any technology, any aid of any kind that we give them is aid toward that goal. We, as a nation, are committing suicide with every wheat deal, every SALT talk, every truck plant, and every shred of know-how we give the Russians. And the ASTP is the bannerhead of this national suicide, a proud advertisement to the world that we will spare no expense to give away what we have fought hard to create, give it away to those who did not earn it, and could not duplicate it.

The ASTP might be able to promote one kind of understanding: the American people's understanding of their own worth, of the decadence of the Soviet Union, and of the tragic mistake of détente. The signal that such understanding had been achieved would be that America, for the reasons stated above, withdrew from the ASTP,

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CHILEAN EMBASSY AND FALSE ADVERTISING

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. HARRINGTON. Mr. Speaker, recent reports in the press exposing the undemocratic tactics of the junta in Chile have prompted that country's Washington embassy to appeal directly to the American people in an effort to diffuse the image it deserves. Like oil companies which recently discovered that the best way to get "good press" is to purchase advertising space in newspapers, the Chilean Government is trying to buy friends, not earn them. Among these appeals are three ads in the Washington Post and one in the Washington Star-News.

In the following article—The Chilean Junta's Advertising Campaign—in yesterday's Washington Post, newsman Colman McCarthy deals with this Madison Avenue effort to dress up repression. Mr. McCarthy has previously written several significant pieces on the junta's activities and has himself been the object of one of its advertisements.

Because of the focus of his article, Mr. McCarthy could not discuss all mendacious aspects of the ads. For example, he did not mention that all of them appear to have been sponsored by different agents friendly to Chile. In point of fact, at least two of them came from the Chilean Embassy in Washington. One, which appeared in the Post on November 14, was signed "Elvira Nunez, "who billed herself as part of a group called "Accion de Mujeres de Chile." The second, appearing on November 10, was signed "Rafael Otero Echeverria, former member of the Chamber of Deputies—House of Representatives—and member of the Education Committee of the Chamber." The addresses under both of these were 1732 Massachusetts Avenue, NW., Washington, D.C. This is the address of the Chilean Embassy. And Mr. Echeverria, in addition to the positions cited, could as well have been identified as the press attaché for the Embassy. On the basis of this, it is safe to assume that all four ads came from the Embassy.

While it is not necessary to know who wrote these advertisements to see through them, it is significant that the Embassy sought to disguise their source. At this time, I am drawing this to the attention of my colleagues and inserting in the Record Mr. McCarthy's article to demonstrate the mentality of the junta and to prepare us all for the kind of publicity intending to lead us away from the truth:

THE CHILEAN JUNTA'S ADVERTISING CAMPAIGN

(By Colman McCarthy)

In recent weeks, advertisements have appeared in several newspapers from the Chilean embassy in Washington or from groups associated with it. The ads are significant because they represent a departure from the standard behavior of juntas and dictatorships. Many of these waste little worry on world opinion, knowing first that their palaces can't be stormed by opinions and second, the friendly giant—the United States—will not withdraw its aid merely because, as in South Korea, Brazil or South Vietnam, basic freedoms are denied. The Chilean ads are worth examining also, because they are the voice of a regime that in its 15 months of rule has been jailing, torturing and killing an unknown number of opponents. The government before it, led by Salvador Allende, was not run by saintliness, but this does nothing to justify the brutality that has been since institutionalized in Chile.

In being concerned that the public gets the right idea about Chile, the junta's ads run into trouble because they appear at a time when other views are being published. Thanks to such independent and reputable groups as the International Commission of Jurists, the Federation of American Scientists and Amnesty International, the public has been given reports about life—and death—in Chile since the coup.

The International Commission of Jurists, a Geneva-based organization that has consultative status with the United Nations, sent a mission to Chile last April at the request of the World Council of Churches. The commission reported in September, among other findings, that "although the military junta declared that the purpose of their coup was to 're-establish order and the constitutional law,' the coup itself was unconstitutional." In addition, "the declaration that the country is in a 'state of war' is a fiction which is maintained for the sake of the increased powers it confers upon the government."

The commission reported that an estimated 60,000 persons were arrested and detained for at least 24 hours between the coup and the end of March 1974; about 9,000 to 10,000 were in custody by March, with another large wave of arrests since then. "A substantial number of those arrested have been subjected to torture. . . . A number of people have died under torture and others have suffered permanent mental and nervous disability." In October, the commission released another document—"Chile: the Show and the Reality"—which continued the grim theme.

The publicity was too much for the Chilean embassy. It came forth with a half-page advertisement in The Washington Post attempting to dismiss the commission's second document by saying it "has done nothing but indulge in the repetition of false information recently beamed by Radio Moscow." Such an assertion reinforces the obvious irony: it is exactly in the Soviet Union where indifference to civil rights and political secretiveness has become a perfected art. If anything, the Kremlin would be proud of the junta for moving on dissenters with such firmness.

The fixation with communism appeared in another ad. In an open letter to me (from an embassy official) about a column I had done on Victor Jara, a Chilean folksinger, it was said that I "echoed the Radio Moscow version" of Jara's death. It is as though anyone who examines the policies of the junta is a dupe of the Kremlin.

In some of its ads, the junta goes beyond mere mindlessness, to issue attacks of a personal nature that have nothing to do with matters of substance. Thus, not only is the wife of Victor Jara slandered—by an insinuation that she is now masquerading as Jara's widow—but so also is the slain Jara. The ad referred to "some peculiar aspects of Jara's private behavior," noting that he was found once in "the company of homosexuals."

Another recent ad continues the smears, this one an attack on the widow of Salvador Allende. A group called "Accion de Mujeres de Chile" at the embassy address said:

"Never could anyone explain why Salvador Allende did not trust the poor soul that appeared as his wife, Mrs. Hortensia Bussi de Allende. Salvador Allende allegedly deposited $6 million in the name of his secretary-confidant-companion, not in the name of his legal wife. He gave a fleet of more than 50 automobiles to his secretary-confidant-companion, not to his wife. He bought three mansions in the most exclusive residential areas of Santiago in the name of his secretary-confidant-companion. He did not buy them in the name of his wife.

"The truth is that Salvador Allende never treated Hotrensia Bussi the way a normal man treats his wife. Hortensia Bussi had to be a widow to become a wife."

These ads, with loudspeaker sublety, reveal a style of crudity that other terrorist governments know enough to keep hidden. By jumping into print with personal smears the Chilean government is not only failing to defend itself—how can terror and violence be defended? but is also opening itself to the curiosity of people who otherwise may not have noticed recent events in that country. Flames are fanned, not doused. It would be a comic situation—the Chilean generals are giving juntas a bad name—except that the violation of human rights continues daily.

Reports of Chilean repression keep appearing. On Nov. 19, the Federation of American Scientists reported on the fates of physicians and health workers on the junta's enemy list. Fifteen doctors died and 300 were held for "long periods without being charged. A substantial number were tortured." Amnesty International says that "a vast but unknown number of people—estimates range from 5,000 to 30,000—have lost their lives since the coup." Last week, the Inter-American Commission on Human Rights reported to the parent Organization of American States its finding of "extremely serious violation" of a number of civil and moral rights.

No ad from the Chilean embassy has yet appeared about these reports. It is hoped, though, that those who wrote them are not tuned in to Radio Moscow and have no "peculiar aspects" of private behavior. The junta is listening and watching.

BAN THE HANDGUN—LIV

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BINGHAM. Mr. Speaker, the attached article is not an ordinary call to ban the handgun. With the weight of opinion and evidence so strongly in favor of such a ban, I am sure my colleagues have read and forgotten many persuasively written essays on the subject. What makes this particular statement extraordinary is the fact that it was written by Jerry Wilson, the former Chief of Police of the District of Columbia.

I take this column as a hopeful sign. This is an issue on which Congress has effectively ignored the obviously correct course of action for a long time. But if Mr. Wilson's change in viewpoint signals a reexamination of past opposition to a strict ban on handguns, perhaps the Congress will also, at last, undertake such a reexamination.

Mr. Wilson's column appeared in the December 6 edition of the Washington Post. The article follows:

HANDGUNS AND HYPOCRISY

(By Jerry V. Wilson)

The District of Columbia Council recently passed an authorization, with no accompanying appropriation, for the police department to pay "bounties" to city residents who surrender to the police workable handguns or sawed-off shotguns. The mayor, in signing the regulation, wisely commented that the authorization is unlikely to be used. A similar program in Baltimore was discontinued earlier this year after some two-thirds of a million dollars were spent unsuccessfully trying to effectively reduce the number of firearms in that city.

Another weapon has been added to the arsenal of politicians who want to oppose handgun carnage without offending handgun manufacturers or those who consider ownership of an operable handgun as some sort of symbol of manhood.

The bounty scheme, like other oblique approaches to handgun control, promises to produce some slight benefit, but clearly not enough to offset the cost and trouble. But this proposition, like the others, has that indispensable quality of not taking a handgun away from anyone who wants to keep it, a factor which unfortunately pertains to the criminal as well as the law abiding.

The unappropriated bounty for firearms eventually may supplant that all time favorite, gun registration, as the most prevalent of useless alternatives to handgun control. This system involves high administrative costs (not so high as an appropriated bounty, of course, but higher certainly than a non-financed bounty) and imposes some relatively minor inconveniences on the law abiding gun owner. It does little to get guns away from criminals, however, and practically nothing to prevent most handgun deaths.

The bounty may even compete for political attention with the ploy of railing against the Saturday Night Special. This position also will neither eliminate handguns from our society nor offend respectable handgun owners or handgun manufacturers. Indeed, most domestic manufacturers for obvious reasons support elimination of the Saturday Night Special, which is usually construed as a cheap foreign import. Domestic manufacturers can undoubtably be persuaded to support the handgun bounty, which over a period of time of buying up and destroying used handguns will surely enhance the market for new pistols.

A fourth indirect approach to handgun control is accomplished by calling for strict enforcement of existing laws against handguns misuse before consideration of any new controls and enacting any new laws which will control honest people until after existing laws are rigoriously enforced against criminals! I always supported this rationalization, until I spent half an hour at a dinner party trying to explain the concept to a gun control advocate; her final, exasperated comment was, "I cannot tell whether you are for or against handgun control." And that, obviously, is the design of all these evasions which permit those who are fully aware of the mortality rates from handgun ownership to assume public positions simultaneously opposing widespread handgun ownership without supporting effective handgun prohibition.

More stringent penalties should be imposed on those who carry or use handguns for pre-planned crimes. About one-third of the robberies last year involved use of firearms, mostly pistols.

But harsh penalties for armed crimes are not enough, nor are registering firearms, eliminating cheap handguns, or voluntary bounty payments, if handguns are to be effectively kept out of the hands of robbers, rapists and burglars. These proposals are not enough so long as there are 30 million handguns in our civilian households and some 3 million more being produced annually. Such quasi-controls would perhaps make it slightly more difficult for a criminal to obtain a handgun for a planned crime, but nowhere near impossible.

Further, such quasi-controls do virtually nothing to eliminate that greatest hazard of handguns: the murder that occurs when an ordinarily law-abiding citizen happens to have a pistol handy during a quarrelsome moment of anger or passion. Handguns are the weapons used in 53 per cent of the murders in this country. Seventy-one per cent of all murders occur during domestic disputes and other quarrels, not during commissions of robberies, rapes or similar felonies.

Crossovers in available statistical tables make it impossible to estimate precisely what number of people are killed each year by handguns used for no crime other than to make an ultimate point in an argument. It is unquestionable, though, that more people have been killed in this fashion during the past 10 years than there now are heroin addicts in America.

We should discontinue our hypocrisy.

Nationally, we should prohibit private possession of workable handguns, make bounties and the surrendering of handguns mandatory, impose mandatory penalties for the use of handguns in crimes, and pay the handgun manufacturers to produce something else, as in the case of the Turkish poppy growers.

PINNING THE TAIL ON THE DONKEY

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

MR. FRENZEL. Mr. Speaker, the lead editorial in the Wall Street Journal yesterday, in describing the eight point economic program adopted by the Democratic Party at its Kansas City Convention, termed it "pitiful."

It said:

> The Democratic Party can do no better than return to the fetal position of the Roosevelt coalition.

According to the editorial, the only good thing about the Democratic package is that there is little chance the economy will be burdened with much of it. Congressional Democrats and organized labor went along with it to preserve the appearance of party unity, but "aren't quite ready for all this yet."

The WSJ has pinned the tail on the donkey. Let us just hope the donkey does not pin its program on the U.S. economy.

The editorial follows:

> THE DEMOCRATIC PROGRAM
>
> The eight-point economic program adopted by the Democratic Party at its Kansas City convention invites at least one word of commendation. It has forced us to realize how imaginative and effective, by comparison, is President Ford's WIN button as a means of dealing with the nation's economic problems.
>
> We assume that those who drafted the program intended for it to be taken seriously as a blueprint for national policy, by the economically literate as well as the economically illiterate. But we can find very little that anyone could take seriously, other than out of a sense of horror that a national party in 1974 would merely resurrect the discredited panaceas of the 1930s. The program could only have been conceived by a committee of party hacks sitting around trying to imagine what Franklin Roosevelt, John Maynard Keynes and Henry Wallace might have proposed.
>
> They recommend a public-service jobs program in which the unemployed worker does not even have to look for a job in the private sector before becoming eligible for a government rake or shovel. "To assist faltering businesses," they would revive the Reconstruction Finance Corporation to channel credit subsidies to the worthy. The Federal Reserve and other federal lending agencies are invited to allocate credit away from "speculative ventures" to "productive enterprises." Taxes for lower and middle income people will be lowered by closing "tax loopholes." Two birds are slain with one stone by ending "those tax incentives that encourage multinational corporations to export American jobs and capital."
>
> To fight inflation, the Democrats reach back to World War II, with a few creative twists. "We support an across-the-board system of economic controls, including prices, wages, executive compensation, profits and rents. Provision should be made for wage catch-up and price rollbacks." And to insure that the controls are administered equitably, authority should not be given to the Republican President, but to a special council managed by Congress, which would vest it with "whatever monitoring and enforcement procedures are necessary." Gasoline should be rationed.
>
> All this is rather pitiful. The Democratic Party, which once prided itself on being a magnet for the nation's intellectual elite, can do no better than return to the fetal position of the Roosevelt coalition. All that's missing is a Blue Eagle and a plan to pack the Supreme Court with appointees of the Democratic Study Group.
>
> But why should any parts of this program work now, when they did not work when FDR tried them? After eight years of Rooseveltian experiments with CCCs and RFCs, the U.S economy was in no better shape than when the mess was inherited from Herbert Hoover Nor did wage and price controls work much better in wartime, when administered by 300,000 bureaucrats, than they did when President Nixon tried them in peacetime. The program the Democrats now propose could not even be contemplated without also sealing off the U.S. economy from global trade. Otherwise all internal investment would grind to a halt, with capital fleeing abroad and with inventories exported at artificial prices.
>
> The prescriptions of Kansas City are precisely the ones the British have followed in driving their economy into the ground. Sixty percent of all Britain's economic activity is managed in one way or another through the government, and the private sector continues to function only out of habit. There is no incentive to produce when what is produced is taxed away. If there is hope in the U.K., it is because the Labor Party has lately shown some small signs of turning away from the caricatured Keynesianism that has dominated British thinking—moving away from "incomes policies" and relenting on government taxation of the private sector.
>
> The only other good thing about the Democratic package is that at the moment there is little chance the economy will be burdened with much of it. Congressional Democrats and organized labor went along with it at the convention only to preserve the appearance of party unity. "We aren't quite ready for all this yet," said George Mahon, chairman of the House Appropriations Committee. If the day ever comes when they are ready for all this, there will not be much left of the U.S. economy.

ROCKEFELLER AND THE DRAFT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ASHBROOK. Mr. Speaker, if anything has stuck out crystal clear through the hearings on Nelson Rockefeller it is that normal problems—indeed normal criticisms that the rest of us confront are not a part of the Rockefeller lifestyle. He just plain seems to be above it all. Of course, one of the reasons why I oppose his nomination is that no one in the country can less relate to the problems of the average small businessman, taxpayer, housewife, laborer, or retired person. His New York record was one of indifference to cost—just add on the taxes. He is so far out of the mainstream as to make him identify with nothing the average American knows.

In one other area, the normal problems of men of his age did not seem to apply. A New York Times article of November 10, 1940, indicated that Rockefeller was No. 10 at his draft board and yet he did not have to go through with the vigors and disruption in lifestyle of other men of his generation. The article is as follows:

> N. A. ROCKEFELLER, NO. 10, SCORNS DRAFT EXEMPTION
>
> POCANTICO HILLS, N.Y., November 9.—Nelson Rockefeller, son of John D. Rockefeller, Jr., will not apply for exemption from military service under any draft, he said tonight. His draft registration, forwarded from Wash-serial No. 2748 and he became No. 10 on the local list. He was one of the fifty North Tarrytown registrants to whom the draft board of District 746 sent out questionnaires today.
>
> Mr. Rockefeller, 32 years old, married and the father of five children, is already serving the government as a coordinator of commercial and cultural relations between American republics for the Council for National Defense. Asked if he would apply for exemption he said:
>
> "Not me, I'll leave that entirely up to the government. If they feel I can be of more use to my country in the Army it's okay with me."

It may have been coincidental that Franklin D. Roosevelt appointed Nelson Rockefeller to the newly created post of Coordinator of Inter-American Affairs in August of that last prewar year when others were facing the draft. Particularly if you were No. 10. It may have been coincidental that he left Government service shortly after the war. Yet, millions of Americans have to wonder whether this was just one more example of privilege rearing its ugly head.

Many men served honorably in civilian capacity. I do not suggest they were shirkers. Few of them had going for them what Nelson Rockefeller did, however.

We might well ask ourselves one more question. Was the draft just one more thing that applied to average Americans but not Nelson Rockefeller? Bluebloods like Henry Cabot Lodge of Massachusetts and other Congressmen representative of the average American like my predecessor, Bob Secrest were resigning to serve their country in the Armed Forces.

Many people, particularly the young, feel the draft has always favored the rich and powerful. The example of Nelson Rockefeller certainly does not help discourage that charge.

Mr. Speaker, in times like these most people just want something to hang on to, something to bring hope. No matter how you crack it, Nelson Rockefeller is not that type of hope.

PROBLEM OF WORLD FOOD SUPPLY

HON. LEO J. RYAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. RYAN. Mr. Speaker, for some time now I have been troubled by the conflicting elements in the growing world problem of food supply. I watched the conference on population in Budapest that seemed to produce nothing but disagreements. I watched the conference on food in Rome which produced little in the way of agreement in developing the world supply of food.

While I presently raise no objections to this country's long standing efforts to relieve the problem of starvation in many nations of the world, I would like to point out that American forebearance is wearing a little thin when the very nations that are the greatest contributors to problems related to overpopulation are the very ones who curse us apparently for our ability to be efficient in the production of food and to recognize the need to limit population growth.

I am beginning to receive a scattered but steady run of letters on this subject. The following letter from a constituent is certainly one of the most cogent and direct regarding this problem:

SOUTH SAN FRANCISCO, CALIF.,
November 9, 1974.

Hon. LEO J. RYAN,
1113 Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN RYAN: Both Mrs. Posner and I send our sincerest congratulations on your reelection to Congress. That we both vote for you is one of the things on which we agree.

I am writing to you because I am singularly annoyed at the news today coming out of the World Food Conference. Dr. Jean Mayer is quoted as saying "Have a drink, starve a child." This is supposed to mean that we are not to consume the remainder of the bourbon on the shelf, I suppose. How can we convert the fifth of bourbon back to corn? We cannot take the employment it provided and convert it back to unused energies. We cannot take back the paychecks it earned and put the money back in the bank. We cannot plant last year's crop. If it were possible to foresee this year's drought in Upper Volta, extra acreage would have been planted. It is not necessary to close the distillery and discharge the workers.

The World Food Conference is trying to play 1975 politics with the 1974 world food crop. In aviation circles we note with wry humor that one of the most useless things in the world is the runway behind you.

This country can produce so much wheat and other grains that it boggles the imagination. For yours the amount of acreage devoted to wheat production has been tightly controlled by the Department of Agriculture and it is no secret that farmers have been paid not to produce wheat on the theory that an over-abundance of wheat would glut the market and lower the prices. If the grain elevators cannot handle the crop, it will rot on the ground. It has happened. Only recently President Ford said "the farmers can have all they need to do the job." This is not enough. If we are to double wheat production, farm machinery must be manufactured, grain elevators constructed, people hired and trained. Fallow land must be developed. It takes a year to grow a crop no matter how favorable the weather.

The world's increasing population needs increased food production. Everybody knows this. But the world was put "on notice" many years ago when the economist Thomas Malthus (1766–1834) warned that the world was heading for starvation unless the population was contained and food production stimulated. His views were discredited. Debates on birth control and abortion continue unabated to this day.

Have a drink, starve a child. Indeed. How about "bear a child, starve a child." Would that slogan be politically indiscreet? Herb Caen noted in his column that he saw a bumper sticker which said: "The person who can solve the population explosion hasn't been born yet."

This is not a self-serving letter—I don't think it is—no one in my family has anything to do with the liquor industry. We don't go through large quantities of liquor and we use about two six-packs of beer in a month. It's the shallow thinking that gets to the core of me.

I am particularly annoyed with the representative of the Chinese People's Republic who claims that the food shortages are caused by "western imperialism." I would like to compare his country's record with the Marshall Plan. The Chinese foreign aid is invisible and their contribution to the world food supply non-existent. On the other hand, part of our inflation is caused by a huge shipment of wheat sent to Russia in 1973. This, of course, is "western imperialism."

Western nations are doubling their population every 87 years, the eastern nations every 21. Is this "western imperialism?" The United States is achieving zero population growth. When other nations do as well, I'll be impressed.

Mrs. Posner and I are against sending food grains to any nation whose birth rate is not declining unless it has already achieved ZPG.

We are definitely against sending any relief food supplies to the middle eastern countries who are exporting oil. If they are looking for short-term deposits, let them deposit it in the United States Treasury to pay for the food now being paid for by the U.S. taxpayer. No one, anywhere in the world, approaches the food market and leaves his purse at home.

We have, for years, been sending food grains and dried milk to countries for the relief of their starving and poor. If we are including the people of those nations who are exporting oil, and if those nations have sums deposited or property purchased in this country, the fair market value of the food supplied should be confiscated from their bank accounts. If they scream, fine. They are (I am told) planning to bankrupt the western nations. Let them try. We don't need their money. Let them trade oil for food.

Let's rescue the starving people of East Africa by sending them what we can. Every nation of the world must help. I'm against doing it alone. The East Africans are not troubled with ZPG, they're concerned with extinction.

Very truly yours,
GEORGE E. POSNER.

CONYERS REJECTS MILITARISTIC EMPHASIS IN FOREIGN AID BILL

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. CONYERS. Mr. Speaker, the foreign aid authorization bill we are considering today once again demonstrates that U.S. foreign policy is based on the perverse premise that arming repressive regimes is more important than relieving human suffering. There are many of us in this House who support the principle of foreign assistance, especially at a time when an international shortage of food has created the danger of catastrophic starvation. But the humanitarian rhetoric in which the foreign aid program is enveloped can no longer disguise the militaristic and repressive purposes which our assistance serves. As Senator FRANK CHURCH has concluded:

> The foreign aid program has become a subsidy for the rich and the powerful in foreign countries, and a gravy train for the American companies which have learned how to use its diverse opportunities.

Of the $2.6 billion recommended in H.R. 17234, most of that total is allocated to programs of military assistance: $585.5 million for "security supporting assistance," $745 million for military assistance programs, and $405 million for foreign military credit sales. And even these excessive sums are substantially less than the original recommendations submitted by the administration. In contrast, the bill authorizes only $226.7 million for development assistance, including no more than $180.3 million for food production in countries which face the immediate prospect of mass starvation.

Most appalling are the provisions in H.R. 17234 for military assistance to Cambodia. The bill which has been brought to the floor includes almost $400 million for military aid to Cambodia to subsidize the government of Lon Nol. This sum alone exceeds U.S. economic aid to all African nations—only $251 million; all such aid to Latin America—$372 million; and the total American contribution to the International Development Association. While proclaiming our humanitarian pretentions, we continue to pour hundreds of millions into a quagmire in Cambodia which takes 300 casualties every day.

A spirit of militarism pervades this entire bill. South Korea's President Park is slated to receive $115 million, although he will undoubtedly continue to jail, torture, and execute political opponents of his martial rule. Yet President Ford toasted him during a recent state visit, and the Congress continues to provide him military aid. We are also being asked to provide more than $18 million in direct military assistance to Latin American nations which use this money and the equipment it provides only for domestic repression or for pointless military exercises. More than 30 nations under authoritarian rule are slated to receive over $700 million in military grants, while the people of the Sahel are starving and while the same prospect looms ahead for Americans who rely on the food stamp program which the administration hopes to cut by $325 million.

This is not a general foreign aid bill. It is a military assistance bill with just enough money added for humanitarian purposes to try to disguise its bitter taste. It is also a bill which accurately reflects the essential character of U.S. foreign policy—to promote stability even at the cost of the rights and aspirations of suppressed and impoverished people whom we claim to champion. By rejecting this bill, the Congress would be taking one small but necessary step toward rejecting this policy in favor of one which recognizes our moral responsibility to combat injustice and deprivation wherever they occur.

PRESIDENTIAL LEADERSHIP AND CONGRESSIONAL RESPONSIBILITY

HON. WM. JENNINGS BRYAN DORN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. DORN. Mr. Speaker, BARBARA JORDAN our distinguished colleague delivered a superb address to the Democrat Convention in Kansas City. This timely, challenging and truly outstanding speech was enthusiastically received by the delegates, news media and guests. I commend this great address to the attention of the Congress and to the American people:

Presidential Leadership and Congressional Responsibility

In the last few years, the nation suddenly realized that the balance of power between the Congress and the President was in danger of destruction. The flow of power to the President had steadily increased, and the powers of the Congress had steadily eroded. Rather than co-equal branches of government, the nation was increasingly governed by an autocratic President who ruled almost by decree. A cornerstone of the republic was threatened.

The 93rd Congress began to stop this trend. Reacting first to its accelerating loss of power and then to a President who flouted the law and ignored the Constitution, the Congress began to reclaim its rightful role in sharing the governance of the nation. The panel and the delegates were unanimous in their belief that this balance of power must be restored and that the nation can no longer tolerate an imperial President with a subservient Congress. Instead, we must re-establish the Congress as a strong and vigorous institution, which can check the President through healthy tension and competition.

The power of Congress to check the actions and/or excesses of the President is a people-safeguard which helped the Constitution win ratification. Total rubber-stamp agreement between the two branches was never intended.

This revitalization of Congress need not result in a weak Presidency or a legislative dictatorship, but rather counterbalanced centers of power. The need for a strong President in the years ahead is beyond challenge. The President is the only official who is elected by all the people and who can provide the moral inspiration and leadership, the faithful execution of the laws, and the effective management of the machinery of Government. The dangers of the present demand firm, competent, sensitive and unequivocal leadership. If you doubt the importance of a powerful White House, imagine what could be done if we had a strong and progressive Democrat in the White House to work hand in hand with the 94th Congress.

There is a need for restraints on the almost unlimited power of the President, and some of these restraints must come from within the executive branch itself. Restraint is not synonymous with diminution. We cannot allow cabinent officers to be mere puppets on a White House string for example, but instead must insist that the President select persons of integrity and independent judgment, and involve them directly in the operation and decision-making of the national Government. The Senate, in its advise and consent role, can do much in this regard.

The President himself must acknowledge that he is a servant and not a proprietor of the people, and he must have respect for the truth, the law and the Constitution. The doctrine of executive privilege, which allows the President to withhold information from the people, continues to haunt us and its limits have not been defined by the incumbent President.

But we must concentrate most of all on a revitalization of the Congress to check and balance the powers of the Presidency. Major steps have already been taken. The budget and impoundment control act, written into law by the 93rd Congress, restores to the legislature the power of the purse. Never again will a President be able lawfully to refuse to spend monies appropriated by the Congress, nor will the Congress haphazardly decide how the people's money will be spent.

In the future, Congress will be able to set its own priorities and weigh individual spending decisions against a comprehensive plan for allocating tax dollars. Similarly, the war powers act will prevent the President from waging an undeclared war. This reclaims the right of the Congress to declare war. Major reorganizations of the committees of Congress, both in procedure and jurisdiction, have been accomplished.

In the past week, historic steps have been taken by the Democratic caucus to increase the power of the leadership of the Congress to move a legislative program into law. These steps, labelled reform, have stripped the power of a small clique to block legislation. Sweeping changes in campaign financing have been initiated and enacted by the Congress which will allow many more qualified people to seek elective office. Reducing the influence of monied special interests should inspire new confidence and pride in the democratic process.

Much remains to be done. Abolition of the archaic filibuster rule in the Senate, and further rationalizing of committee jurisdictions are must items.

But the panel and the delegates who participated in this discussion on Friday put the emphasis now not on procedure, but on performance. A revitalized Congress, with the vibrancy of 75 new progressive Democrats in the House and 9 in the Senate, must now match its rhetoric with constructive legislation to solve the critical problems confronting this Nation.

A revitalized Congress is a sham if it does not address the problems of inflation and recession, of excessive concentration of economic power, of the poor who cannot afford a doctor, of energy conservation and development, of arms limitations.

We all have enormous confidence that the Congress will produce, that it will enact legislation to deal with these problems and many more.

The future cannot be postponed. A moritorium on it cannot be ordered.

Let the word go forth from Kansas City—that the Democratic Party is alive. It is substantive. It is real.

Let all who will hear know that the content of the commitment of this Party matches the marvel of its words.

We the Democrats of the United States have faith in the future. We do not fear it.

Franklin Roosevelt taught us that "the only thing we have to fear is fear itself."

We the Democrats of the United States propose a program to promote the general welfare of the people of the United States.

We know as Harry Truman reminded us that "what you're going to do is more important than what you have done."

We the Democrats of the United States know how to start anew. We welcome the untried and the unknown for our tomorrow was inspired when John Kennedy said "Let us begin."

We the Democrats of the United States reject the harbingers of defeat when we remember the words of Lyndon Johnson, "Let us continue."

The legacy of our party is a mosaic of men and ideas firmly etched in the fabric of America.

At Kansas City we have begun for America—we must continue.

COLORADO DOCTORS SKEPTICAL OF NATIONAL HEALTH LEGISLATION, FEAR IT IS INEVITABLE

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ARMSTRONG. Mr. Speaker, "It looks like we are going to get a new national health program whether we need it or not."

This comment just about sums up responses from 121 doctors I have recently contacted for advice about pending health care legislation. An overwhelming majority of these physicians say a new Federal program is unnecessary, or undesirable. But virtually without exception, they think such legislation is inevitable—because of political considerations.

Although opposition to further large-scale Federal programs was general, a number of doctors say some form of national health legislation is necessary, catastrophic coverage being the most frequently mentioned.

Tabulation of 121 Doctor Responses

SPECIFICALLY FOR

H.R. 1 (Ullman)—2.

S. 2513 (Long-Ribicoff)—23.

H.R. 22 (Griffiths-Corman)—1.

H.R. 2222 (Fulton-Broyhill-Hartke)—7.

H.R. 12684 (Administration)—13.

S. 3286 (Kennedy)—2.

H.R. 5200/S. 1100 (Burleson-McIntyre)—6.

S. 444 (AMA)—9.

Plan involving least government intervention—31.

Mandatory plan—29.

Voluntary plan—9.

SPECIFICALLY AGAINST

H.R. 22—3.

S. 3286—14.

GENERAL FEELINGS

Some kind of federal health insurance needed—19.

No federal health insurance needed—29.

Needed only for catastrophic illnesses and/or the poor—29.

COMMENTS BY DOCTORS: FINANCING OF NHI

Plan should not be "free;" such medical care is likely to be abused. Individuals should assume primary responsibility. Government should *assist*, not shoulder the total cost. The burden on employers should not be unbearable. Plan should not be financed out of Social Security funds. Plan should be funded through tax designations and not general revenue.

ADMINISTRATION OF NHI

Program should be administered at the state, not federal level.

Program should not be administered through Social Security.

Should be a voluntary plan directed at minimizing the direct or indirect influence of a federal bureaucratic agency.

DIRECTION NHI SHOULD TAKE

Emphasis should be on disease prevention and out-patient care.

Ambulatory and out-patient care are crucial to improving the overall health of the country; much more important than preventive medical techniques.

There should be more emphasis on non-seriously ill patients, such as residents of nursing homes.

ALTERNATIVES TO NHI

Improve educational and economic opportunities.

Increase paramedical personnel to lower costs.

New doctors should spend 2 years working for the government.

Government should set up a program encouraging family physicians form clinic groups in rural areas.

Improve geographical distribution of doctors.

Make rural tenure a requirement for graduation from medical schools.

Set limit on doctors' fees, perhaps by a formula tied to the Cost of Living Index.

Retain our present health system, which can do a better job at a lower cost for more people.

While I will not detail my own feelings on a national health legislation at this time, I will do so when the new Congress convenes next month.

In the meantime, I urge each member of the House to consult doctors in their own districts, so that when this important legislation is considered, we all will have a much keener insight into the feelings of those highly respected men and women who are charged with the maintenance of our nation's health.

THE ECONOMY AND ENERGY: THE NEED FOR DEFINITIVE ACTION

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ZABLOCKI. Mr. Speaker, as each report on the status of our economy is released, it is becoming increasingly clear that dramatic and difficult steps will need to be taken to cope with recession, double digit inflation, and world energy supplies.

Accordingly, Mr. Speaker, it is worth noting the December 11 editorial in the business weekly, Financial World. The editorial cites the need for firm and definitive action in the area of energy conservation domestically as well as internationally, which has been ably demonstrated by my friend and colleague, Representative HENRY REUSS.

With your permission, Mr. Speaker, I insert the text of the editorial in the RECORD, recommending it to our colleagues:

IMPERATIVES

It was just over two months ago (the October 9 editorial, "Apportioning Responsibility") that we supported Congressman Henry Reuss' call for increasing the ability of the Federal Reserve to make more uniform its reserve and reporting requirements for the nation's banking system. Nothing has occurred since to cause us to rethink our support; if anything, it has become enhanced. However, the Congressman, a recognized international monetary expert, has issued another statement which should be heard and heeded by everyone in leadership in the Washington community.

The Democrat from Wisconsin was considering Dr. Kissinger's and Mr. Simon's plan for a $25-billion financing of international oil facilities under the aegis of a consortium of principal petroleum-users. He sternly warned that the Congress would never approve the necessary legislation unless stringent measures of petroleum conservation were "in place and operating" in the other major industrial countries, and at home as well.

Said Mr. Reuss: "[The Congress] will not stand for an indefinite bailout of other countries as they continue to squander oil." Pointing out that it was obvious the U.S. would be expected to foot most of the $25-billion bill, he enumerated some of the items that brought on his pique. They included: "Italians whizzing up and down" the highways at 75 miles an hour, and construction in Paris of "American-style glass high-risers." He made it plain that his criticism also pertained to the U.S.

Coming hard on the heels of his statement was the release of Federal Reserve Chairman Arthur Burns' testimony before a congressional committee. In some of his bluntest language ever the Chairman called for substantial conservation of petroleum usage in this country. He warned that the increase in oil prices could "distort the world economy, run the risk of worldwide depression and threaten the breakdown of world order and safety." Almost disdainfully he dismissed the Administration's current voluntary program and pointed out many times that we must move from "rhetoric" to action.

Once again, temporizing politicians are playing dangerously with our national well-being. We are sorry that the President does not like a gasoline tax hike. Neither do we! As a matter of fact we don't like many things that we perforce accept as mandatory for the coming months and years. And we have said as much—viz., monetary policy, fiscal policy, food programs, et al.

But it is nothing short of economic and monetary suicide to continue to believe that the energy problem will go away and prices will come down because the Arabs will see it as being in their own best interest.

It is now time, indeed past the time, for the President and the members of Congress to exert leadership. No more rhetoric! No more politics! The well-being of the nation is at stake. The American people will accept sacrifice and austerity if they rest on truth. If our leaders cannot rise to the occasion, little sympathy will be wasted upon them when they are inevitably swept aside.

TRIBUTE TO DONALD FRASER

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mrs. SCHROEDER. Mr. Speaker, the success of the Democratic Charter Convention in Kansas City was due in large part to the energy and dedication of the Honorable DONALD FRASER, Representative from Minnesota.

I would like to take this oportunity to pay tribute to Representative FRASER and insert into the RECORD an article which appeared in the Sunday, December 1, 1974, edition of the Kansas City Star which describes many of Representative FRASER's contributions to the principles of reform.

The article follows:

MINNESOTAN HOPES FOR BASIC REFORMS

(By Charles W. Hucker)

The populist traditions of the rigorously independent but liberal Scandinavian settlers of Minnesota provided the political setting for Rep. Donald Fraser, a 50-year-old Minneapolis lawyer, to nurture his reform views about the Democratic Party.

Fraser, a 6-term member of the U.S. House from a solidly Democratic district, has emerged as the major spokesman for the reform element that will seek to remodel the party's structure at this week's midterm convention.

Minnesota long has been a base for the progressive elements of both parties. It has produced Harold Stassen in the Republican Party and on the Democratic side, Sen. Hubert Humphrey who helped create the Americans for Democratic Action, considered an ultra-liberal group in the late 1940s. Currently the state's liberal politics are voiced through the Democratic Farm Labor Party that is an amalgam of the state's progressive groups.

Fraser's credentials place him firmly on the left of the political spectrum. He is national chairman of the Americans for Democratic Action. His opposition to U.S. involvement in the Vietnam War upset some labor leaders in the Demorcratic Farm Labor Party at a time when Humphrey was promoting the guns-and-butter policies of Lyndon Johnson. He was chairman of the Democratic Party committee that developed the quota system for selection of national convention delegates that agitated party conservatives.

However Fraser is not viewed as a wild-eyed radical. He has won a reputation as a low-key intellectual.

"He is an ultra-liberal," one Minnesota political observer commented. "But he does not have the flair to get the maverick label: he is not the table-pounding type."

One leader of the regular or conservative party forces, which are opposed by Fraser, called the Minnesota legislator "a bright, able and respected man" but one "without fireworks."

Fraser intensely dislikes the term "regular" to refer to the party's conservative wing. "I think I'm as regular as the next guy," Fraser asserted when he was here in August for a meeting of the party's charter commission.

"I prefer conservatives versus liberals, stand-patters versus modernizers."

Fraser believes the national Democratic Party should be reformed and modernized after the model of the Democratic Farm Labor Party of Minnesota.

"The D.F.L. always has been very open and always has encouraged new people to come in. The party takes an active role in candidate selection. We always have a strong orientation."

The provisions Fraser is seeking for the national party's charter reflect that philosophy. In terms of party organization Fraser's tenets would mean a stronger national party structure that he believes would aid the recruitment of party candidates. The recent withdrawal of his colleague, Sen. Walter Mondale (D-Minn.) from the 1976 presidential sweepstakes is an example of what Fraser views as the failure of a weak national party.

"Mondale's withdrawal is a perfect illustration of one of the basic problems we face in American politics today," he said. We've got things backward in the nominating process so that we require that a prospective candidate get himself known nationally by the American public before we treat him as a serious candidate."

"In Minnesota we do it just the opposite. The Democratic Farm Labor Party finds the talent and then gives him the name recognition. Mondale is one of our really talented bright buys in the U.S. We imposed an impossible burden on him. The country suffers as a result.

With the end of World War II Fraser left the Navy as a radar officer and entered the University of Minnesota law school where his father is a former dean. Like Rep. Richard Bolling (D-Mo.) and other politically interested veterans he joined the American Veterans Committee and later became involved in the Democratic Farm Labor Party when it was experiencing postwar internal strife.

In 1954 Fraser was elected to the Minnesota Senate from a district in northeastern Minneapolis that includes the Minnesota University campus. Eight years later redistricting gave Fraser the opportunity to run for the U.S. House.

The 5th District seat then was held by Walter Judd, a 20-year member of the House and a conservative Republican who was known nationally for his opposition to the Communist government on mainland China. Fraser credits redistricting for his victory. He won with 52 per cent of the vote.

Fraser's district now includes most of Minneapolis and several Democratic-leaning blue-collar suburbs to the north. The district has only a small black population but persons of foreign stock account for 23 per cent of the district's residents. It is considered a staunchly Democratic district and one safe for Fraser. In 1972 Sen. George McGovern (D-S.D.) won 56 per cent of the vote in the district in the presidential contest and Fraser polled 66 per cent. Last month he won a 3-to-1 victory over a token Republican opponent without waging an active campaign.

One political observer noted that Fraser runs well "in the senior citizen high-rises, which he minds carefully." The elderly constitute a large voting bloc in Minneapolis. Tying in with his large senior citizen constituency Fraser has been actively interested in Social Security legislation. His other legislative activities stem from his membership on the House foreign affairs and District of Columbia committees.

In 1972 Fraser was a supporter of McGovern's successful bid for the Democratic presidential nomination but he was not considered in the forefront of the effort in Minnesota to gain McGovern the nomination. Fraser's liberal views and his opposition to the Vietnam War have caused some rumblings among labor leaders in Minneapolis. "Some labor people think he is too liberal for their cause," the observer said. Fraser has not had serious primary opposition and labor always has supported him although "sometimes holding its nose."

Although some consider Fraser the strongest intellectual in the Minnesota delegation to the U.S. House, the prospects for Fraser moving up the political ladder in Minnesota are slight. Fraser says he is happy in the House. The state's two senators—Humphrey and Mondale—are likely to be in their positions for some time in view of Mondale's relative youth and Humphrey's plan to seek re-election in 1976. Even if a Senate seat opens up it is considered likely to go to Gov. Wendell Anderson, who has emerged as a political star in Minnesota.

In Minneapolis Fraser's leadership role in the fight over the proposed charter for the national Democratic Party is not widely known. For the few who are acquainted with his reform role it is viewed as one of the many technical ideological projects he has become involved in over the years.

Fraser's involvement in the discussions on the internal structure of the Democratic Party has evolved gradually from his belief that "it is important to involve people as much as possible in decisionmaking at what you might call the bottom level in party affairs or governmental affairs."

Before the tumultuous 1968 Democratic national convention Fraser joined other party liberals in an informal group headed by Sen. Harold Hughes (D-Iowa) that studied the problems of selecting national convention delegates. The conclusion, Fraser said, was "that something had to be done to open the system up."

When Senator McGovern resigned as chairman of the party committee that had developed the much-despised quota system Fraser became its head. Working jointly with another party committee led by Rep. James O'Hara (D-Mich.), Fraser's committee helped to prepare a draft party charter for consideration at the 1972 convention. That proposal was put aside in favor of considering party structure at a midterm conference this year. When the work began on a proposed charter for this year's meeting Fraser became a member of the drafting commission and of its executive committee.

As a conference delegate Fraser will be in a position to help determine the fate of the party's charter on the convention floor this week.

TRINITY METHODIST IN 200TH YEAR

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. GINN. Mr. Speaker, I should like to call attention to a review by Caspar Nannes in the November 9, 1974, issue of the Washington Star-News of a recently published book, "A Watermelon for God," by Dr. Fern C. Stukenbroeker.

This book is a scholarly and well-written history of Trinity United Methodist Church, 2911 Cameron Mills Road, Alexandria, Va. This church, founded on November 20, 1774, is one of the oldest Methodist congregations in America. Just a few weeks before the society established by William Duke, a 17-year-old itinerant minister, George Washington, Patrick Henry, and Edmund Pendelton had galloped through Alexandria on their way to attend the First Continental Congress in Philadelphia.

"A Watermelon for God," by bringing forth many factual details about this old, historic church, has helped, as we look forward to our Nation's Bicentennial, to an understanding of these early years of our country. On November 7, 1974, a highlight of Trinity's Bicentennial celebration was a meeting at the church of the Northern Virginia United Methodist Historical Society at which Dr. Stukenbroeker talked about early Methodism in Alexandria and northern Virginia, and the close relation of Methodism to our colonial heritage.

Mr. Nannes' article is as follows:

TRINITY METHODIST IN 200TH YEAR

(By Caspar Nannes)

A Watermelon for God. By Fern C. Stukenbroeker, Alexandria; 268 pages.

On Sunday afternoon Nov. 20, 1774, a 17-year-old lad swung off his horse at Fairfax Street in Alexandria, and began preaching to a small group of Methodists.

William Duke had ridden through the cold weather from Georgetown first to an unknown destination where he preached to "a few poor people," and then on to Alexandria.

Here he started to make history for local Methodism. Later he formed the listeners "into a society." It was the first Methodist society in Alexandria, known simply as the "Alexandria Station" of Frederick Circuit, but in Oct. 4, 1883, officially named Trinity Methodist Church, the fountainhead of Methodist churches in the city.

Now at 2911 Cameron Mills Road, Trinity this year is celebrating the bicentennial of its formation, two years before our country came into being.

"A Watermelon for God" by Fern C. Stukenbroeker is a scholarly and loving account of the congregation's sometimes up, sometimes down, but always dedicated, existence. The book abounds with interesting vignettes of long forgotten events and persons.

Not the least of these events was the incident that gave the book its title. On Oct. 5, 1791, Ezekiel Cooper, preacher at "Alexandria Station," wrote in his diary: "This evening an old man from the country brought me a watermelon, which is a strange thing at this season. It was very good. He would have kept it for a Christmas favor of gift, he said, but the mice ate a hole in it.

"Poor old man—this is his kindness to me as a preacher of the Gospel and surely will not lose its reward any more than a cup of cold water given in the name of Jesus. I received it very gratefully and had a comfortable meditation upon the poor man's charity, who gave according to what he had."

Before and since members of Trinity Church have given generously of what they had. Through good times and difficult times there were those whose devotion to the church enabled it to survive.

A Baltimore visitor to the Alexandria Station in November 1861 sadly observed that some of the members "are out of business," others "greatly reduced in circumstances," some "absent from their homes without the possibility of returning in the present state of affairs."

Despite these conditions the Rev. E. P. Phelps regularly conducted services in the church.

The early history of Alexandria is graphically told in the opening chapters.

Great figures of early Methodism ride through these pages. Perhaps the most memorable was the visit of Thomas Coke and Francis Asbury to George Washington at Mount Vernon, where they were "very politely" received. Outstanding men affiliated with Trinity include John Littlejohn, Sam Adams, Philip Adams, Ezekiel Cooper, Robert R. Roberts and Nicholas Snethen.

"A Watermelon for God" is a gold mine of information for all Methodists of the Washington area as well as for members of Trinity Church. More than that, it should make interesting reading for non-Methodists, too, because the author has told the story in an entertaining and easy-to-read style.

U.S. FOOD TO THE NEEDY NATIONS

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. RARICK. Mr. Speaker, the administration, like a subservient agent of the United Nation's project on world food and hunger, continues to promise U.S. food supplies to foreign countries.

Of course, the grain shipments are announced as concessional sales, but the fine print seldom mentions that the sales are financed by the U.S. taxpayers for up to 20-year periods at 2 percent interest. Nor do the Good Samaritan releases of these so-called sales explain that concessional sales under Public Law 480 require the leaving of any of the moneys collected within the foreign government and that none of the principal amount is ever returned to the U.S. Treasury.

On November 29, a White House spokesman reported an allocation of 300,000 tons of wheat to India and confirmed a U.S. agreement to ship 250,000 tons to Bangladesh and 300,000 tons to Egypt in this fiscal year. An additional 50,000 tons of wheat and wheat flour have also been proposed under title I, Public Law 480, under concessional sale agreement with Israel.

Supposedly these increases in food aid were to help needy nations. Bangladesh might well qualify as "needy", even if questionable as a nation; however, it may surprise some Americans to find that India, Egypt, and Israel now fall into the international qualification of a needy nation. I insert a related news clipping following my remarks:

[From the Washington Post, Nov. 30, 1974]

INDIA TO GET 300,000 TONS OF U.S. GRAIN

(By Dan Morgan)

The United States has decided to allocate 300,000 tons of wheat to India under a food assistance program which was broken off in 1971 during cooling of relations between the two countries.

The decision was made several weeks ago at a meeting of government agencies here, but an announcement had been delayed while details were worked out with authorities in New Delhi. Word was given yesterday at a briefing by White House spokesman Ron Nessen in which he reiterated the U.S. intention to increase its food aid to needy nations this year.

He noted that, in addition to the 300,000 tons earmarked for India, the United States has agreed to ship 250,000 tons of food to Bangladesh and 300,000 tons to Egypt in this fiscal year.

All the food will be purchased on favorable credit terms, through low interest loans which are repayable over at least 20 years. Under the program, the United States gives a credit authorization to the Indian government, enabling it to purchase the food on the free market in the United States.

Although Indian officials publicly deny that starvation exists in their country, reports from a number of provinces indicate that famine is spreading in the wake of poor harvests. India's grain stocks have been dwindling since 1972. The United Nations Food and Agriculture Organization has estimated that the country is facing a food deficit of between 3 million and 7 million tons. The deficit refers to estimated needs still uncovered by food aid from abroad or commercial purchases.

India's financial reserves have also been drawn down by rising costs of fuel, fertilizer and food.

Dr. Jagjivan Ram, the minister of agriculture, told reporters at the World Food Conference in Rome earlier this month that the government was distributing a million tons of grain a month to vulnerable sections of the population.

Under questioning, he said that "people are not starving, but a large number of people are not getting adequate nutrients."

He dismissed stories of famine as "propaganda."

Indian authorities have been extremely reluctant to spell out the extent of their needs, for fear of spreading panic and hoarding at home and encouraging price-gouging by possible commercial suppliers abroad.

Officials said that the 300,000 tons of U.S. wheat, valued at $60 million, would be enough to feed well over a million people for a year, and could supplement the diets of many more. During his trip to India in October, Secretary of State Henry A. Kissinger was reported to have pledged up to 50,000 tons.

Although the food credits to India ended in 1971, the United States has continued to ship free food there.

In the previous fiscal year, about $67 million was earmarked for donations of wheat and corn-soy blends.

Acceptance of the food credits from the United States is a major political disappointment for Indian leaders, who had been striving for greater self-reliance in food.

Many Indian politicians assert that such credits come with too many political strings attached.

The U.S. credits-for-food program was halted in 1971, after the United States sided with Pakistan in the Indo-Pakistan war. At the time, India had had a series of record harvests, brought about in part by introduction of new high yield crops and modern techniques. Grain stocks were close to 10 million tons. Annual wheat production in the wheat-growing Punjab state went from 11 million to 26 million tons in the late 1960s.

However, this year's total harvest of food grains is estimated to be around 102 million tons, which is less than four years ago. Since then the country has added 50 million people to its population.

ASSATEAGUE MOBILE SPORTSFISHING ASSOCIATION

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BAUMAN. Mr. Speaker, in a day and age when many people believe that the Federal Government should shoulder all responsibilities and finance all worthy causes, it is refreshing to call to the attention of the House the Assateague Mobile Sportsfishing Association. AMSA is a group of sportsfishermen who concentrate their activities in the Assateague Island National Seashore which is part of the National Parks System.

Twice each year AMSA members and their families voluntarily clean the entire beach, making a semi-annual event out of the hard work involved.

As a recognition of the contribution these dedicated citizens make, I include an article from the Eastern Shore Times describing the work the AMSA members have done:

[From the Eastern Shore Times, Nov. 21, 1974]

ANGLERS CLEAN ASSATEAGUE BEACH

(By Brian Henley)

("Ocean dumping is the cause of it. We get the trash of people from all over the East Coast and clean it up every year. It's sickening what you find washed up here."—AMSA member.)

Approximately 100 members of the Assateague Mobile Sportsfishing Association (AMSA) hit the surf recently, not to fish but to gather gobs of garbage sloshed onto the otherwise spotless shores of the barrier island.

With their backs bent like pecking chickens, the sportsfishermen, along with their wives, sons, and daughters, used bare fingers for rakes while cleaning nearly 12 miles of beach.

The event marked the semi-annual cleanup of the coastline by the private club which as its name implies, exists for ocean surf fishing.

The clean-up day began for the fishermen as a caravan of two and four-wheel drive trucks bounced their way down Assateague's backbone—a sandy road—in under inflated tires.

Once just over 10 miles deep within the Federal Park, the fishermen split into smaller groups which started raking the still-wet sand for ocean-bourne debris. The lead group gathered the larger material, such as pilings, pallets, and logs of all sizes.

Trailing groups collected all that remained—everything from nylon rope to chewing gum wrappers—into the rear of their trucks or into scattered trailers a few zealous cleaners brought with them.

"Whatever man has made and has thrown away you'll find washed up here," one sportsfisherman noted with a trace of disgust.

After just a few hours and several miles of cleaning between the ocean and the grass covered dunes, the stuffed trailers and trucks proved him right. Piles of every type of rope, dozens of discarded plastic milk cartons, plastic beer and soda holders, paper, wood, and bits and pieces of unrecognizable objects had been discovered resting in the sand by the AMSA members.

With several tons of trash collected, the crew—one by one—retreated to what they call the "Bullpen," a cleared out area just behind the dunes.

There the sportsfishermen and their families deposited their beachcombing treasures in one huge pile between the circle of campers. With the help of a little oil, the damp mess was ignited, sending a brown smoke into the clear sky and causing nearby wild ponies to cast a cautious eye.

Another pile—nearly as large as the first—was then created from nonflammable material such as cans, glass, and old tires, all material collected on the beach.

With much of the back-breaking pickup work complete, the AMSA spent the remainder of the afternoon munching hot dogs and downing refreshments while watching the toil of a day's work roaring in the bonfire before them.

"This is just one of the many things we do for this island and the thousands of people who come here each year," explained Marshall Melson, co-chairman of the clean-up operations.

The other programs include helping park rangers erect sand fences and plant beach grass, two activities which help preserve the beach the sportsfishermen have visited much of their lives.

All of the work is volunteer and done with the cooperation of the park service. "We have a good relationship with them," noted Bill Taylor, president of the AMSA.

"Because of television commercials, a lot of people think they can just ride across the dunes," Taylor pointed out. "But that's one thing that beach grass just can't stand—mashing. Once the grass is gone, the dunes won't be far behind.

"We just want to keep this place as natural as possible for the more than one million people who come here each year."

The 1,000 AMSA members prepare for the camper's onslaught each summer with the beach clean-up in the spring and follow it with the same program in the fall.

"We wait until the crowds clear out," Taylor said. "Then we have the beach pretty much to ourselves and can get most of the stuff people leave behind and what washes up here from other areas along the coast."

THE OZONE LAYER—PART 3

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ASPIN. Mr. Speaker, a year ago, no one suspected that the Freon in spray cans might be a danger to the ozone layer. Four years ago, the supersonic transport lobby laughed at the assertion that stratospheric flight might destroy ozone. NASA still insists that the Space Shuttle, with its release of chlorine, is no ozone-killer. And the Pentagon, of course, does not want to listen to warnings about the possible effect of tactical nuclear weapons on that global sunshield 7 miles up.

It is entirely likely that other dangers to our ozone protection are around, no more suspected than Freon was, only last year. We must provide ourselves with an early warning system for these dangers.

Don L. Bunker's thoughtful essay, "The Sky Is Limited," which appeared in the Nation raises a number of questions about possible damage to the atmosphere from a variety of sources. The article follows:

THE SKY IS LIMITED

(By Don L. Bunker)

Imagine that the board of directors of a large corporation saw an opportunity to make many millions of dollars every year for a long long time, the only catch being that their proposed activities would probably lead to the destruction of civilization after a century or so. Would they go ahead?

The answer is that they probably would, and perhaps already have. It would be simple—all that is necessary is to adopt one of several effective ways of pretending, to oneself and others, that no such problem actually exists. One good method is to believe that the past supplies an exact key to the present, and that there is nothing unprecedented or especially menacing about the circumstances in which we now find ourselves. Those able to minimize the clear and present danger of an energy shortage or a world population and food crisis will be able easily to evade the rest of what is said here.

If we were to take a basketball and wrap it tightly with a few layers of the flimsiest plastic foil from the supermarket, we would have a fairly accurate scale model of the earth and its atmosphere. From down here it looks as if there is a lot of air; actually the complex structure over our heads is thin and vulnerable. It has to do many important jobs for us, different ones at different levels, in a space so limited that we habitually fly above most of it. We are now able to disrupt these vital functions in a variety of ways. This article is only about the possibilities for finishing things up that have something to do with the atmosphere. There are *lots* of others.

(1) *Keep on burning things.* Three parts in 10,000 of the air is carbon dioxide, but it is important out of all proportion to its amount. Besides being essential for plant growth, it keeps the surface of the earth warm enough for man and the other animals to prosper. It does this in an interesting, indirect way.

All hot objects glow, the wavelength they emit being shorter the hotter they are. Sunlight is peaked at the colors we see with. The earth, being much colder, radiates infrared—invisible, although our skin is a sensor for it, as when we stand near a fire with our eyes closed. If there were no air, the earth's infrared would escape into space and it would be very, very cold down here. But the carbon dioxide intercepts it. This is the Greenhouse Effect. More or less carbon dioxide in the air makes the earth's greenhouse work more or less efficiently.

Burning things adds carbon dioxide to the air. It is estimated that doubling its amount might raise the average earth temperature by as much as 7°, enough to move the climate of the American Southwest somewhere up near the Canadian border. In the century after 1860, when we first began to squander our fossil fuels, the carbon dioxide level rose 15 per cent and the earth's temperature went up one or more degrees, most prominently in the northern latitudes where most of the action takes place. The picture is complicated because that is just about the size of the largest natural temperature fluctuations that are known to have occurred, and because lately there has been a mild cooling trend that may or may not be significant in view of things yet to be described. But to take the possibilities one at a time, suppose carbon dioxide is our only important problem, and that our present rate of producing it goes on. What will happen?

As we continue to warm up, the ice caps will begin to be affected, perhaps around the year 2000. The resulting rise in sea level will be about a foot per five years, so many of us will live to see some of our favorite places disappear into the waves. Some people have even suggested that the resulting redistribution of weight on the earth's crust might bring on a new age of violent earthquakes and mountain building. The world could be an exciting place by 2075.

(2) *Keep on making smoke and raising dust.* This and carbon dioxide can't both be main problems; they work in opposite directions. Making the atmosphere murkier will cool things off simply because less sunshine will come through. It is known that the amounts of dust and of tiny liquid droplets have been increasing dramatically in recent years. While the direct effect of this may be small, it is capable of amplification, if somewhat colder winters increase the size and duration of the earth's snow cover. Satellite-based measurements indicate that the reflectivity of sunlight by snow and ice was noticeably greater in 1972 and 1973, and that may well have been a direct consequence of the murkier atmosphere.

Deciding whether in the long run the things we do are warming the earth or cooling it off is a tricky business, requiring large amounts of careful research. At present there is no general agreement on which it is, although lately the cooling-off view appears to be gaining some ground. This situation has led some to propose that since these two effects cancel each other, we are free to go on behaving just as before. Perhaps these are the same people who twenty years ago could be heard to admit the limited reserves of petroleum, but "there's enough for my lifetime, so I should worry."

(3) *Ride that SST.* The United States has fortunately suspended its efforts in the supersonic transport field. The reason *should* have been that this could have been a fast and effective civilization finisher. High above the greenhouse roof and the altitude where ordinary airplanes fly, there is a tenuous layer of ozone. It is formed in the stratosphere by the action of sunlight on oxygen; all oxygen comes originally from the photosynthetic action of green plants. Ozone and oxygen together screen out the lethal ultraviolet part of sunlight—this is what made it safe for our remote evolutionary ancestors to come crawling out of the ocean.

Ozone is a highly active substance, as might be expected since part of its job is to convert sunlight safely into chemical energy. It reacts with just about anything, and any such reaction reduces its amount and lets through more of the part of the ultraviolet that it absorbs. Nowadays we know enough about chemical reaction rates to notice that there is less ozone between us and the sun than we would expect to find. That is, we realize that we don't even understand all the naturally occurring ways it can be destroyed.

The main villain in the SST exhaust is nitrogen monoxide (also implicated in smog formation). This and ozone make nitrogen dioxide and oxygen; sunlight and nitrogen dioxide make nitrogen monoxide again, which can thus do its thing over and over again without being destroyed—an excellent example of how a catalyst works. The most recent calculations suggest that an SST fleet might be able to undermine the whole system in only a few years. The early symptoms would be bad sunburns and a lot of dead plants. Things would grow steadily more unpleasant from then on.

(4) *Fly that space shuttle.* Its exhaust also goes into the ozone layer. It is difficult for an independent scientist to find out what is going on in the NASA establishment. There has certainly been some study of possible air pollution near the launching site, but official curiosity about the effect on stratospheric ozone has not been visible.

As a matter of plain common sense, though, we can certainly anticipate that the exhaust of such an arrangement will contain an unusually wide and unpleasant variety of chemical garbage. Proposing to run the shuttle anyway is a little like combining the city water reservoir with the trash dump, on the ground that no one component of trash has been shown to be both present and harmful in a drinking glass. The whole problem urgently needs public scientific scrutiny and has received little.

(5) *Spray that spray can.* The propellent gas inside has to be a rather special chemical. Besides supplying neither too much nor too little pressure, it must be completely inert toward deodorant, furniture wax, plastic whipped cream topping, etc. The material of choice is commercially called Freon, actually a family of substances of which fluorotrichloromethane—one fluorine and three chlorines all attached to a carbon atom—is representative. We are currently adding nearly a million tons of these things to the air every year. The accumulater amount is now measurable. We breathe it in and out all the time without harming ourselves.

Indeed, the stuff is so inert that nothing at all will happen to it until it gets up there where the ozone and ultraviolet are. Then it will be broken up by sunlight and the fragments will go to work on the ozone, much like nitrogen monoxide. A particularly nasty aspect of this situation is its delayed action: it takes some years for the Freon to make its way from ground level up to the stratosphere—spray now, pay later. We can't even say for sure that we haven't already done ourselves in.

(6) *Do nothing and wait for the glaciers.* No one knows exactly what causes ice ages to happen. One attractive speculation is that they are linked to periodic outbursts of volcanic activity, which produces dust, which has the same effect as do the man-made particles, only in larger scope. It is thought that volcanic events during scientifically historic times, such as the 1883

Krakatau eruption, have produced short-lived but quite measurable climate changes.

Some fascinating things have however been found out. Apparently in ice age, once triggered, can become established in as little as 100 years. This is known from studies of old arctic ice layers and of the ancient position of sea level, among other things. The peak of warm, comfortable climate was passed roughly between 5000 and 4000 B.C., and we have been cooling off—with temporary reversals—ever since the Pyramids were built. If we simply assume that interglacial periods might be symmetric around their midpoint, it is perfectly reasonable speculation that the late warming trend could be our last such fluctuation, and that little but misery lies ahead. Do the winters seem to be getting longer and colder lately?

If we understood things better, we might be able to take corrective action. We could, for example, concentrate on burning the rest of the fossile fuel as smokelessly as possible, if it were clear that that was a wise thing to do and if we knew how much more carbon dioxide would be advisable. But this would require considerably more curiosity than we now display about our planet and its interaction with man-made chemistry.

All these things are widely known to scientists, but not to the general public. That is certainly not an unusual circumstance—for example, a detailed and accurate forecast of the 1974 energy freeze was once presented to President Truman by a committee of scientific worriers. Why are these matters so generally unfamiliar, and why do we give them such extremely low priority? Chemists joke about the First Commandment of Chemical Politics: Thou shalt not suggest anything that menaces anyone's profits. Despite this healthy sarcasm, too many scientists subscribe to a milder form of the same thing—don't speak up until you are absolutely sure of your ground. Thus we contribute to the presumption that any industrial procedure is innocent until proven guilty beyond any possiblity of doubt. This precludes the application of scientific good judgment to uncertain and perplexing situations, and we have periodic demonstrations (example: thalidomide) of the folly of acting first and paying attention to the research afterward.

Those who have a stake in this misapplication of supposed scientific standards of discourse to the public arena don't even seem to understand the conventions they are trying to apply. Scientific truth is never unanimous. It advances collectively and in spite of colorful and stubborn individual divergences. To propose that we require total scientific agreement before blowing the whistle on something a corporation or agency wants to do is to agree to wait forever. If the board of directors desires to hear a sincere opinion exonerating them from the probable consequences of their actions, they will always be able to find one. It is noticeable that in the present depressed job market for chemists and others who understand the material in this article, those who are most deficient in the ability to tell people what they want to hear seem to be at the greatest disadvantage.

Suppose there is a 90 per cent chance that each of the six items given here in fact presents no cause for alarm. Simple arithmetic: the chance of all of them being false at once is nine-tenths to the sixth power—about a half. This would give us a fifty-fifty chance that at least one of them is correct. It is, our great-grandchildren, whose resources we have already used up, will pay even more heavily for our comfort, convenience and space-age entertainment. There is no way for their opinion of us to be very high, but perhaps we can still salvage some of their esteem by opening our minds to more of the things that are going on around us.

GEMS OF TRUTH VERSUS BRUMMAGEMS

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. ROONEY of New York. Mr. Speaker, I have come across a highly interesting article entitled "Gems of Truth Versus Brummagems" written by the First Lady of the Republic of China, Madame Chiang Kai-shek. This tract, written by a long-time proven friend of the people of the United States, comes at a time when our impossibly costly, extravagant, wholly ineffective membership in the United Nations and its related organizations shared with the atheistic Communist Soviet Union and its godless Red satellites, has caused great indignation and resentment here in the United States particularly with regard to its General Assembly and affiliated agencies such as the International Labor Organization—founded in the United States by Samuel Gompers long before the UN was organized in 1945—and UNESCO.

For decades I fought for and successfully defended here on the floor the U.S. contributions to the international organizations to which we belonged. They were contained in the State Department and foreign aid appropriations. I really thought the UN would bring about peace and stability in the world. I had high hopes for its success. But I have gradually become thoroughly disillusioned. The UN has deteriorated and become immoral since it has deserted many fundamental principles upon which it was founded. We have witnessed the shocking PLO business in New York and the Palestinian terrorists' hijacking of a British plane, endangering the lives of innocent travelers, and the massacre of innocent Israeli civilians. The action taken at the UN in ousting a founding nation, the Republic of China, was totally indecent and cowardly.

I am confident you will find the following article to be an understandably justifiable attack on the United Nations:

GEMS OF TRUTH VERSUS BRUMMAGEMS

(By Madame Chiang Kai-shek, October 15, 1974)

Of late there has been a spate of press reports and interpellations, felicitous or vexing, as seen from different approaches.

First I speak of the felicitous reports that emanate from on-the-scene reporters with regard to the growth of the Gross National Product of our economy, despite the problems of world-wide inflation and recession, that have enriched the English vocabulary with the dubious honor of coining the word stagflation. This reality is indeed high praise for our hard-working and ingenious citizens—men and women—of the Republic of China on this island province of Taiwan. It is also high praise for the free enterprise system as against slave labor enterprise anywhere else in the world.

Although England was among the first exponents of free enterprise with its tradition of ingenuity, spirits of adventure and derring-do as well as inventiveness and technical know-how, she is now in the throes of a financial, political, intellectual and moral paroxysm which leads TIME magazine of September 30 issue to question in large caption letters whether Democracy will survive in Britain. Here is its report: "A Bank of England report last week cites some of the weaknesses that plague British corporations and could trigger a rash of bankruptcies . . . London's financial community learned that Ferranti, a leading electronics and defense contractor, could not meet its obligations and had exhausted its lines of credit. Financiers in the city immediately began to worry about which company would be next."

BRITAIN'S ILL IN A NUTSHELL

Again, in the same issue, a TIME symposium quotes Lord Chalfont, who encapsulated Britain's ills in a nutshell: "I think real political power is moving away from the elected legislature. The large industrial trade unions are a classic example of bodies which are non-elective and in many cases non-democratic but which wield enormous power. They can bring down elected governments; they can abort and inhibit the policies of these governments. The problem is exacerbated by the very real increase in power of the extreme left wing people who really want to see the existing political system of this country changed radically."

Mr. Alan Taylor however puts up a brave defense contra portents of Britain's deepening crisis and disaster. He notes that after the Napolenonic Wars, Wellington was convinced that the country was ruined. In the 1880's the unemployed marched through Piccadilly and smashed every club window and William Morris believed that the pervasive discontent could lead to socialist revolution. Joseph Chamberlain, when he launched his tariff reform, believed that Britain was on the point of collapse. So it was in 1931 when the national government of James Ramsay MacDonald was formed.

And therefore Mr. Taylor contends that "all this shall pass." One could agree, too, except that the analogy drawn by Mr. Taylor is not analogous to Britain's malaise of today. He forgets that British morale was buoyed up by its peculiar brand of pride, pride in its Empire—an Empire on which the sun never set—which ever and anon the Colonel Blimps and Kiplingesque others never tired of reminding themselves as well as all and sundry. And there was also the well-deserved pride of British work ethic and workmanship.

Ever since these two standbys of British pride went awash after World War II, she has become the avant-garde advocate of La Dolce Vita led on by the Carnaby* set of the younger generation, so much so that, again to quote TIME, "Britain has been able to maintain its living standard as high as it has because it has borrowed large amounts abroad (about $4 billion) and because Arab oil producers have deposited an estimated $2.5 billion in London's banks. The nation could be brought to the edge of bankruptcy if it started encountering difficulty renewing its loans or if the Arabs suddenly withdrew their deposits."

WORK ETHIC, SELF-DISCIPLINE

In contrast, our people are sustained like the British of yore by our work ethic and self-discipline and not by any psychological crutch of dependence on others or exploitation of other peoples. I mention the laudable and truly remarkable qualities of my compatriots in contrast to the present-day state of affairs in Britain out of dismay and in chagrin. In dismay because Britain (through certain of her own debilitating policies and flaccid ethos) has sunk to a low and seedy state of affairs that would have seemed inconceivable before World War II.

Chagrin because the sterling qualities that shone so brightly as British traits of character seem to be tarnished—but I hope not beyond reburnishing. It seems that listlessness and lethargy have entirely swamped and inundated the British national will to work as though it had been overcome by some insurmountable supervening power in the time of adversity since the loss of Britain's Empire. My reason for speaking at some length of Britain is because I deplore her present infelicitous plight and, extempore, I speak of my compatriots in order to give a spectrum of insight as to why we have grown stronger in our adversity and why we will be able to withstand whatever gale that blows our way in the future.

PROVE THEM TO BE WRONG

In this connection I wish to recall for all that some three years ago when the Third World forces in concert with the opportunists, the illiberal liberals, and the put-on leftists finally succeeded in their conspiracy to exclude us from the United Nations, they thought that in so doing the Government and the people of our country on Taiwan would turn apathetic and soon wither away. We have proved them to be wrong, so very dead wrong. In fact, difficulties have further steeled our will for greater striving and achievement and—mirabile visu—all within the purview of the free enterprise system—the anathema of the Communist system.

Therefore it was with quiet amusement, truthfully not unmixed with a modicum of disdain, that I read in the Newsweek issue of September 30, 1974: "It is not United Nations' policy," intoned the spokesman, "to display gifts from States that are not U.N. members," but as Newsweek goes on to say, the 3 by 6 foot green marble plaque bearing a quotation from Confucius reportedly was removed by the Secretary General on virtual orders of Huang Hua because "that was Chiang Kai-shek's remaining symbol" and had to be done away with.

As if by taking away the plaque the Chinese Communists could make the Republic of China and all that she stands for disappear and vanish into nothingness. What travesty of tragicomedy it is for the U.N. to take orders from one member—Huang Hua! What humiliation it must be for the Secretary General to be expected to jump to attention at the command of Huang Hua, to say "Yes, Sir" to every displeasure, to guess with anticipation what every directive of Huang's knitted eyebrows means, and to top it all, of having to play general factotum even to the extent of devising an official subterfuge—outrageous and lame as it was farcical—for removing a plaque that had been officially received by the former Secretary General on behalf of the U.N. The hearts of those who stop to think will doubtless sympathize with Herr Waldheim. There is a Chinese allegory which fits to a T the present plight: Boxed in the ears until the cheeks turn tumid and still bragging of being well-nourished.

REDS CAN NEVER ERASE HISTORY

I wonder how the Chinese Communists can erase history in this manner. So they think that by removing a plaque they can obliterate from human annals the fact that the Republic of China is one of the U.N.'s founding members? Do they think that they can change history at will as they have attempted to do on the mainland? Do they think that by emulating the tyrant Emperor Ch'in Shih Huang, who incinerated books and buried alive scholars to keep people ignorant and to prevent ideas from propagating, they can really create a tyrany of a thousand years as Hitler's vaunted thousand-year Reich was to have been? Or is it a subtility with satanic intent that they do not want the Confucian concept of concord and brotherhood under Heaven to be a reality in order that as leader of the Third World, Communist China could be the wellspring of subversion, worldwide rebellion and chaos to redound to their advantage as Chou En-lai voiced on October 1st?

After reading the news item regarding the plaque I was reminded again of the U.N.'s unprincipled hypocrisy, callousness and deviousness. Then, in turning over to the front of the magazine, I saw two drawings by Lurie. The first one depicts Herr Kurt Waldheim standing at soldierly attention with his panama held in front of his heart and with a rather self-satisfied yet expectant look on his face whilst the U.N. flag was being pulled up the flagpole by a uniformed flunky. The second drawing shows a tattered U.N. flag with part of the initial N patched with a piece of cloth like those usually found in a ragpicker's sack, and below, Herr Waldheim with his hat held in an alms-imploring fashion, his head askew, and the other arm akimbo, part-imploring, part-sardonical and part-embarrassing at the sight of the unseemly flag.

What a brilliant, starkingly real portrayal of the U.N. of today! One cannot help wondering whether the Secretary General was musing about Beethoven and Confucius, who were recently discovered by the Chinese Communist regime to be traitors to socialist ideals, or was it self-pity in finding himself in such a tragicomic and historically ludicrous position.

Over the years, ever since its high and lofty ideals and principles were first enunciated, soon to be followed by internecine infighting, I have often thought that calling the U.N. the United Nations was a gross misnomer and a travesty of purpose of the first magnitude since the greater part of actions enunciated or evinced from that body could appropriately justify naming it "The Disunited Nations." For then it could be a forum true to its name and purpose for voicing irreconcilable differences. Its sole raison d'etre would be that both sides or multilateral sides could be heard with equal impartiality with no differences composed and no problems solves unless the disputants wished to do so in their own good time. I suggest this not in a spirit of facetiousness but in viewing the problem in honesty and without guile.

The League of Nations of the pre-World War II epoch was in accord with its appellation. Its name, League of Nations, at least suggested overtly that it could be an organization for an alliance of a certain group or groups of nations. The U.N. of the post-World War II period, perhaps willfully or naively, sought to achieve ambitions far beyond its collective will and comprehension. In other words, the conceptualized ideal of a world of enduring peace and justice far outran the reality of the times. And the futile and febrile shortsighted, transitory accommodation policies of the Free World, which had the opportunity to shape the peace for a better world, did not measure up to statesmanship in their swaging of certain immutable principles.

REASONABLE AND VIABLE PEACE

Milton wrote profoundly and feelingly in his Paradise Lost when his eyesight gave way. How can we express in words and emotion our deepest regret for the opportunity lost for world peace—real enduring peace? I speak of enduring peace not in the sense of perpetual peace in the Kantian sense, but a reasonable and viable peace. In one of my talks in the United States in 1943, I pointed out the pitfalls by reminding my audience of the failure of the Confederation of Delos.

Again, I wish to bring out the ineluctible failure of the League of Nations due to petty selfishness and passing advantage or downright insensitivity of the consequences that was involved during the crucial period when Japanese imperialists and militarists began their systematic step-by-step invasion of China as conceived in the Tanaka Memorial which was then labeled by most as a fraudulent document fostered by the Government of China and foisted on the world. It spelled the beginning of the end of the League of Nations with the aftermath of world misery and carnage when Japan's expansionism was permitted to go unchecked.

Without Cassandran prevision I now again say that the U.N. is ultimately doomed through the destruction of the principles upon which that organization was founded. For almost two decades the mention of the U.N. has brought forth cynical smiles and contemptuous smirks amongst political sophisticates and the knowing. Unfortunately everything augurs a Siegfried-like death, including a Wagnerian Gotterdammerung setting at the U.N. Many a wit has remarked that even the building itself pressages its end because of its tombstone-like slab—a memorial to its demise. Being not of a superstitious bent, I was not dismayed by the architectural design. It was the poltroonery and utterly degrading opportunism that often amazed and nonplussed me, and the profaning of lofty ideals with such levity that grieved me.

HANS CHRISTIAN ANDERSEN

The sudden frantic flurry of countries afraid of being left behind, racing to give recognition to the Mao Tse-tung regime, is pathetic. It reminds me of one of the tales of Hans Christian Andersen I read as a child. It tells the story of a charlatan who told the Emperor that he could weave the most beautiful garments of gold and silver, of the purest, lightest gossamer, and of such quality that only the very wisest courtiers of the realm could see and appreciate them.

On the appointed day the charlatan came with the wondrous garments, and with great pomposity and ostentation decked the Emperor in his new raiments, piece by piece, after disrobing him from his mundane clothes. All the courtiers oohed and ahhed, vying with one another in praising those wondrous garments that the Emperor supposedly was wearing, for none of them wanted to be considered dense. In all that mood of adulation and adoration, a child in the imperial salon cried out: "The Emperor is naked!" Likewise the Chinese Communists, like, the Chaldean sorcerers of old, have succeeded either in conning people or intimidating those who realize the Communist brummagems to be cheap, conjuring swindles, but who are opportunists and so unprincipled that they want to jump on the bandwagon and follow the passing fad. They are beneath contempt.

Apropos of what I have said, it would be valid for anyone to ask: Then why did the Republic of China remain in the United Nations since she had few illusions about the U.N.? I can best answer by reminding the reader of the chronology of the facts. The Republic of China fought a war not only against a foreign invasion. She also fought a war against the imposition of alien doctrines.

Dr. Sun Yat-sen, the Father of the Republic of China, in his Three Principles, has synthesized for all of us the needs of the Chinese people. We reject categorically and in totality a Marx, a Lenin, or a Stalin in our political philosophy or in our system of government. All patriotic Chinese regard it as utterly shameless and demeaning for the Chinese Communists to idolize men of violence and deviltry as their mentors and Godfathers from the mould of the Mafia. The Republic of China staunchly believes in sovereignty, justice, integrity, legitimism and fair play.

For these ideals the Republic of China fought against Japanese aggression, became one of the U.N. Charter members, and also one of the five original sponsors of the U.N. As a founding member, it would have been both unseemly and irresponsible to withdraw since withdrawal would have meant implicitly as well as explicitly that we no longer supported those principles enunciated in the U.N. Charter which we had given our solemn word to uphold. I repeat, principles embodied in the Charter of the U.N. This does not mean for one moment that we now do not support the universally recognized principles and ideals encompassed in the U.N. but which are presently ignored and denigrated in their most vital and vibrant aspects. On the contrary, we withdrew because we believe that the U.N. has become a charnel house of dead principles.

SELF-SEARCHING, SELF-INQUIRING

Another all-commanding and pervasive reason is one which I can best explain by borrowing from the Hebrew word Mehdal, used in the self-searching, self-inquiring sense. The word connotes failure to do something which should have been done. We, the Republic of China, do not want it ever to be said that we, in a huff and on our own accord, took French leave from an organization we had helped found and supported from its birth. Nor do we want it ever to be said that in a legalistic sense we unilaterally deserted the U.N., to which we were honor-bound as a Charter member and as one of the founders obligated to support and even uphold it under trying circumstances, when it finally became patently untenable to our national honor and integrity. Now our conscience as a people and as a Government is untroubled. The record of what transpired is not bedraggled but is clear for all history and posterity to judge.

To the ringing caveat of our President: Transcendent composure in self-reliance, undaunted in the ambience of change, we pledge our unswerving loyalty.

*"Carnaby set": Carnaby Street is in Chelsea (Chelsea is in London's Bohemian section). The members were the first ones who set the degenerate style of the Hippies in the 1950's.

TRIBUTE TO H. R. GROSS

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. KEMP. Mr. Speaker, I appreciate this opportunity to join my colleagues on both sides of the aisle in tribute to our distinguished friend and colleague, H. R. Gross.

It was with a deep sense of regret and loss that I received the announcement that our distinguished colleague from Iowa would retire at the end of this Congress. America, for enterprise needs H. R. to rise and ask questions like, "How much will it cost? or "will it work?" or "Is this a proper role for Government?"

I know, however, to paraphrase Cervantes, that the good legacy that will remain with us, will help alleviate the loss we feel for the departure of such a friend of freedom. It also reminds us of our responsibilities to carry on the fight for fiscal responsibility and commonsense.

Mr. Gross' distinguished reputation as the guardian of the public purse hardly needs recounting here. For over a quarter of a century he has risen to denounce the absurdity of one spending proposal after another. With quick wit, he has ferreted out little-known clauses in legislation which would mandate useless and irresponsible expenditures of public funds. It is conservatively estimated—pun intended——that in the course of 25 years, Mr. Gross has saved the American taxpayer billions of dollars. In my still short period of service in Congress, I have been impressed with Mr. Gross' no-holds-barred disection of any bill calling for Federal spending. His skillful ax has fallen on virtually the entire spectrum of spending programs introduced by both sides of the aisle. His cuts have been bipartisan ones.

He has treated every dollar appropriated in a bill as salvageable, and his attempts to save a few thousand dollars are no less important than his attempts to save several billion.

By casting votes which look to the strength of the next generation instead of the next election, Mr. Gross has served as an outstanding example to all legislators—and is well deserving of his reputation of "conscience of the House."

This steel conscience, and his ready wit, are formidable weapons against any spending bill. His talent for placing ill-conceived spending proposals in the humorous light they deserve has torpedoed countless bills.

And he is able to laugh at himself and use himself to illustrate a point. I am reminded of the debate last May over the bill to establish a National Institute on Aging. After the numerous Members had risen on behalf of the bill, Mr. Gross rose to state that "because of aging, I ought to have an interest, perhaps a conflict of interest, in this bill." He went on to question what the institute proposed to do "for me and others like me—us old geezers." After raising the usual questions about cost to the taxpayer, Mr. Gross concluded that some good might come of the institute—"if Members would be reasonable about putting money into it in the future."

Mr. Speaker, many stories of H. R. Gross' skill on the floor will be retold in years to come. For our distinguished colleague has made an indelible mark upon the House in his tenure here. He will be missed.

I wish him happiness and good health in the years ahead, and hope that his diligent and untiring service to the taxpayers will remain in all of our thoughts and our actions as we carry on the work of America.

EQUAL EDUCATION IN AMERICA AT THE CROSSROADS

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. BADILLO. Mr. Speaker, a week ago the House set the drive for equal rights in this country back to pre-Brown against Board of Education days in its approval of the Holt amendment to the supplemental appropriation conference report. This regressive amendment would prohibit the use of Federal funds by any school system to classify or assign teachers and students by race, religion, sex, or national origin. Its impact has been described by HEW Secretary Weinberger as eradicating his Department's authority to enforce title VI of the 1964 Civil Rights Act and title IX of the 1972 education amendments.

By this action the House voted to nullify the most potent tools available to the Federal Government to end discrimination in the schools on the basis of race and sex. The long struggle for equal educational opportunity in this country has been placed in jeopardy by this ill-conceived vote, and we now must hope that the Senate will act responsibly to block the determination of some in this body to turn back the pages of history to the days of the dual school system.

The truth remains, Mr. Speaker, that segregated schools are inferior schools. No one has put the case for the justice and rationality of ending segregation in America better than Jonathan Kozol, a teacher of innercity children in Boston and an author of books on the educational disadvantages inherent in these neglected urban schools. In an article appearing in today's New York Times, Mr. Kozol decries the hypocrisy of some northern liberals when bigotry surfaces in their own community instead of in some remote Deep South town. Referring in sorrow to the recent violence in south Boston, this dedicated educator makes an affecting plea for equal rights in this country, and I commend his words to my colleagues for their insights and for their plea for truth and justice to replace the lingering vestiges of hate in America.

The article follows:

HISTORY RETURNS TO BOSTON

(By Jonathan Kozol)

BOSTON.—I have in mind one night in 1965.

Becky and I had parked my old VW and we were walking up the side of Beacon Hill. All year long, we had been working, though in different ways, within the black community of Boston; she, as an organizer with the parents; I, as a teacher in one of the worst, most segregated schools.

Forty-eight hours earlier, I had been fired from my job by a young rival of Louise Day Hicks, a man then leader of the Boston School Committee, today the sheriff of the Charles Street Jail.

The charge against me was "curriculum deviation." I had read unauthorized poems by Robert Frost and Langston Hughes to fourth grade children. Many older teachers had been warning me that year that poor folks would never support me if I got into hot water; not, above all, if it should be black folks and a Jewish teacher. Now, as I found, the parents had stayed up all night making picket signs and fliers to bring out the crowd.

Late and scared, Becky and I walked past the statutes of William Lloyd Garrison and Crispus Attucks as we climbed the hill. I remember we could hear the voices of the people singing in the night, even before we came within their view. Passing the crest of Beacon Hill, and past the State House too, we gradually approached the line; 1,000 people had turned out to fight for their own rights, and to defend a friend. Becky pressed my arm and then began to cry.

Leading the line was Millie Carpenter, a young black woman, leader of the Boston branch of CORE. Walking on her left side was my father, not a radical or revolutionary, but a Boston doctor. On her right arm was my mother.

"I thought that history was always happening some other place," said Becky. "I thought that it was taking place in Mississippi or in Selma—any place but here." Strong and clear, she dried her eyes. We held each other's hands and joined the line.

Often in the last six years, I've sat and talked with kids in high schools, many of them rich children, in all sections of this land. Again and again, I hear them talking about the war, the racist schools and social change but always as if these things are relegated, from the first, to films or books, past ages, "distant, possibilities" or "alien lands." Serious matters take place, they seem to feel, either in other places or in former centuries; *never where I may be and while I am alive.*

From coast to coast, this is the message that I seem to hear: "History takes place within the lives of other people, other places. Agony is for the theater, passion of the grand order for the stage. Important events take place, by their own preference, in the lives of those who matter more than I."

Ten years have passed. Now once again history is here with us in Boston. Racism is no longer "hiding" in the minds of right-wing leaders in Chicago or in Sacramento—lost in the backwaters of a Mississippi slum. It is in our state. It is in our city. It is in our public schools.

Now, too, the same phenomenon that I have witnessed in the classrooms has emerged once more, but this time in the words of well-known scholars. Nathan Glazer explains, in Commentary, that segregation is a "different" matter somehow now that it is not in Alabama but in New York City, no longer touching on the lives of poor-white folks in Selma and St. Augustine but Jewish kids in Brooklyn and the Bronx.

In Boston, too, the same voice of "arm's-length invalidation" has emerged. Segregation is "a different matter here" than in the South. Everything suddenly is more complex and more profound. *It's different now.* And, in one sense at least, the statement is correct. It is much different in a number of respects, but none so serious as this: *It's happening right here, in our own backyard.* At the same time, a new vocabulary suddenly evolves: "Quality education" now becomes the euphemism for maintenance of a segregated school. "Ethnic variation" has become the Northern jargon for perpetuation of our racially divided lives. "Bus" becomes the intellectual's substitute for an unattractive label—"nigger"—that he still can't bear to speak.

A new romantic racism emerges: The racist hardhat now is lovingly, but condescendingly, portrayed as one who sits and slugs down beers, rubs elbows with the rugged down-to-earth (but well-paid) interviewer from the local press—worries about his mortgage, neighborhood, and that old yellow bus.

The racist views of a miseducated person (views too often very close to those of his "well-educated" interviewer) no longer are described to us as "racist" but just "human honesty," regrettable perhaps, but "goddamn honest"—something, therefore, we should "understand" and not resist.

The same deceptive glamour could quite easily have been applied to those white people in the South who were, themselves, extremely poor and feared the loss of jobs or else property devaluation in the face of the brave struggles of the kids in S.N.C.C. or CORE.

It would have been possible, also, to have had "compassion" for the German workers, out of work and down in luck, in 1933, who turned in panic, haste and economic fear to Hitler's racist views.

They too, much like the most well-meaning and hard-working man or woman in South Boston, were the victims of their own miseducation, disciplined objects of the propaganda of the rich, and helpless suckers for a demagogic few who knew the way to turn the poor against the poor—and make a little profit at the same time too.

Whether in Little Rock, Boston or Berlin, racist views remain still racist views, no matter how we "understand" them, "explicate their origins," or sweeten up their hatred as the voices of the helpless and uncomprehending poor. The liberal press in Boston never had these kinds of doubts about the worth of racial integration just so long as it was in a state 1,000 miles away. Now, however, it is in our own hometown: What do we do when history is here?

Place of residence has recently become a new prerequisite in Boston for denunciations. It happens I have lived for ten years in this city. My mother grew up in three-decker neighborhoods of Dorchester one generation back, my father in South Boston. I am not now, nor ever have been, a member of the faculty of Harvard or of M.I.T., nor (since the age of choice) the resident of any suburb zoned for generations to exclude non-whites and Jews.

Yet residence, in simple fact, is no prerequisite for comment on the tragedy we face. South Boston is no fortress in this city; nor can this city be a fortress in the state or nation. We are one people, one population; we will survive as one, or we will not survive at all. Anyone from Marblehead, Mass., to Santa Barbara, Calif., has a stake in what we do this year in Boston.

Some, out in the suburbs, seize, with well-timed modesty, upon the fact that they don't live within the legal precincts of this city.

To those who now exploit this as their excuse ("Who are we, with our own segregated schools, to speak of racism in Boston?") there is a clear reply: "Tell us the date of the first sit-in you have under way to press cross-busing on your local school committee. We will be glad to join you."

In the meantime, don't use your convenient self-abasement as a cop-out for us all. To use the implausible to ward off that which is both possible and real—urban integration and intense class loyalties among the poor of Boston in a common struggle against those who have divided them for generations in order to oppress them all—is an unjust use of those expensive skills with which a privileged person is endowed.

It seems axiomatic now that, when the times get rough and confrontation comes too near, the liberal—even one most well-intentioned—runs the fastest to escape the obligation to uphold his former views, usually finding an extremely intricate and plausible excuse.

It won't work though. The plea "nolo contendere" might hold up in a district court, but not in history. Now, more than ever, words we sang that night ten years ago are being spoken here once more.

Kids with freckles in South Boston and black skin in Roxbury used to ask me the same question with their eyes when I taught school during the days after the deaths of Michael Schwerner, Rev. James Reeb, Viola Liuzzo and unnumbered black men, women and young people.

Many asked me the same question on the day that Dr. Martin Luther King Jr. was killed. The words were simple: "Which side are you on?"

Truth, unlike the circulation manager even of a very honorable paper, does not cower always someplace in the middle. Truth, like the law, at last takes sides. So must this nation. So must this city.

GUN CONTROL: FOR THE CRIMINAL?

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. RARICK. Mr. Speaker, there are those forces working within our democratic system who will not be satisfied until every right of the private citizen to bear arms is removed. The first shot of this movement has already been fired, so to speak, with clamoring for the elimination of the Saturday night special—which could include all hand guns.

Compromise is not possible, once the SNS is removed they will attack another gun, then still another, until all firearms are banned. Where will all this leave us? Right where anti-American forces want us—defenseless, with the guns in the hands of criminals.

Law enforcement agencies will spend their time policing law-abiding citizens while the criminal, caring not what law he breaks, will be even better armed. As long as there are violent persons there will be crime; banning the SNS will not stop them, only encourage fugitives from justice to find illegal methods of obtaining weapons.

Gun Control is attacking the means rather than the cause; it takes pressure away from the real problem of law enforcement, rather than the so-called causes of violent crime—economic, educational, mental, and other factors.

As long as criminals will be armed, then decent, law-abiding citizens should also be extended that same privilege.

I include the related article at this point:

[From Guns & Ammo, June 1974]

The Saturday Night Special: It May be the First Handgun Given Up—But It Won't be the Last. Why You Should Not Give Up the Saturday Night Special

(By Harlon Carter)

Some men, looking squarely into the face of possible defeat, quiver a little on the inside. Their guts roll or sink. Their hands sweat or shake. Rout threatening, they stampede.

Other men have a way of grimly holding on, of giving nothing and silently promising, by the living God, that to give in is impossible and to give out is weakness.

Don't tell me this is not intelligent or modern or practical. It may not be, but the sweet fruits of many victories have been finally enjoyed by grim, gaunt and bloody men, long after mincing dilettantes have gone their way enamoured of some other less costly and painful prospect.

And, so it is with gun control and those who fight that fight. Some men today are looking for a way out. They want to get back to their sports. They hope for some government-granted device by which they might have the benefits of uniform legislation throughout the country—thinking that would be a benefit. They deem their position the intelligent one; the reasonable one. They see this struggle since 1963 to be something which can be worked out; something which can be ended.

In this they are right. It can be ended, but only when the manufacture, sale, distribution, ownership, possession and use of firearms in this country is ended.

Oh, yes, of course, there will be exceptions.

Never in any country, even with the greatest restraints on individual arms, have they been denied the politically and economically privileged classes.

Right now, the Saturday Night Special marks the pathway of possible retreat for the discouraged, or the weak, or those who may profit by eliminating the SNS from the market place thinking their sales volume will be taken up by more expensive models. The persuasions, however temporary and hollow, have an appeal. Let's get the fight over, they say. Men are tired in the arena. And besides the SNS has no "sporting value." The facts are that most of the definitions of the SNS so far suggested have included many models excellent for sport and far more important, excellent for defense of self, of family and home.

Some say they fear the alternative. They spend time thinking about and quailing before the prospect of more stringent measures to be faced, they say, unless we yield on this one.

I have news; select, if you will, whatever line you wish to fight it out on, but there will never be a time when strident voices among our opponents will not be after our last six-shooter—then our rifle—then our shotgun. Don't ever doubt it.

But, there is hope retreat is already impossible. Our friends whose blood is curdling, or whose pocketbooks are yawning, will likely not be able to yield this defense line marked by the SNS.

Just as our opponents would not permit Senator Dodd's S. 1591 to pass, so will they prevent, if possible, a purely SNS bill to pass. Dodd's S. 1591, sometimes called the "Bazooka Bill," would have banned bazookas, cannons, and the like from private ownership. Sportsman's groups uniformly supported it, but the Bazooka Bill was blocked. It offered just too much in dramatized and exaggerated anti-gun publicity. Some nut used a bazooka to fire at a United Nations building in New York and though he missed by a country mile, and the projectile fell harmlessly in the river, the occasion was magnificent mileage for the news media for weeks.

The SNS now offers our opponents the same news media advantages. With the SNS lawfully existing they can cry out, as they are wont to do, with volumes of tears and vast indignation against "this evil and crime-related" thing. When they have used the SNS to inspire enough hysteria and misinformation their plan is to make all handguns illegal.

They really don't mean it as they cry out now for SNS prohibition. What they seek is that in the confusion of definitions, they may manage to include the biggest, longest-barreled and most expensive handguns made in America, as Senator Birch Bayh's so-called SNS Bill (S. 2507) would have done a couple of years ago.

They say the SNS is cheap and unsafe. Inasmuch as all guns are unsafe at the muzzle and inasmuch as criminals cannot be denied guns because real gun law enforcement—enforcement such as we don't have against robbery or murder—would require gutting the 4th and 5th Amendments of the Constitution, I favor the availability of the SNS for criminals. It's safer at the muzzle than the high quality expensive models.

How many police officers do you know whose life has been saved because a gun snapped in their face? I know of several. Inasmuch as criminals cannot effectively be denied guns, what are we really trying to do? Upgrade the quality of handguns in the hands of our criminals?

Up to the present time our opponents—dedicated gents with cold eyes and bleeding hearts—intend to prevent an SNS bill passing unless it contains language broad enough to permit administrative interpretations injurious to our case or broad enough to distort in the future what the bill purports to be today.

From our side, neither can we afford to permit an SNS blil to pass. Even if it is so carefully drawn as to prevent its cynical use for some broader purpose later on how can we say with convincing candor that one kind of gun is crime-causative but another is not? How are we going to defend at some future date the honest and simple proposition that crime is caused by evil men and is not caused by some device employed as a tool in its perpetration?

If we are going to frivol away our own integrity by some vague concession, that one particular gun is more crime-causative than another, how shall we later point a virtuous finger of scorn and ridicule at politicians who do the same thing and thereby seek to duck our real social problems and deal with collateral issues somewhere around the perimeter—like gun control? How shall we demand integrity from our representatives when we have sullied our own?

When our opponents have repeatedly said they seek to eliminate the private possession of firearms in this country and have repeatedly bent magazine articles, books, newspapers and television to that end, how can anyone think that by passage of any gun law, short of confiscation, you can get them "off our backs."

How can any writer, dealing with handguns, dwell piously upon the sporting value of such arms to the complete neglect of their greater value in preventing crime? How many times, every day in this country, does a firearm prevent a crime, most often just by its presence and not its use?

Can anyone name a gun law that ever prevented a murder or reduced the incidence of crime? Name just one!

Does anyone seriously think an SNS law would reduce crime? If it would not reduce crime, on what basis can an honest man support it?

Does anyone seriously think a gun law will reduce the number of guns in the hands of criminals?

Does anyone seriously doubt that so long as we have hack-saws and long-barreled revolvers we shall also have short-barreled ones.

Gun laws consume the time and money of police agencies in policing the conduct of law-abiding citizens. Thus it is, that to this extent gun laws encourage crime. As private ownership of arms becomes burdensome or is prohibited to decent people, the only citizens generally armed will be the criminal, reckless or violent who do not hesitate to violate any law.

Those who advocate gun laws do a great disservice to the cause of law enforcement. They cause many people, good tax payers, to think complacently that something is being done about crime when really nothing is being done about it. They distract the attention of the people from the real causes of crime—economic, educational, racial, religious and others—and they divert the energy and the money of the people from real solutions. Gun laws encourage crime.

Check the records and find where in those sections of the country guns are most in number, crime is least.

Clearly, criminals will be armed, therefore, don't you really think decent citizens should be as well armed as they? And for those who think we should mention accidents and murders occurring in the home or in meetings of opportunity between drunken friends and errant spouses, let me say this: these crimes are not what make Americans fear to walk the streets of our big cities at night. Does anyone seriously think it possible to pass laws which will cope with the foolish, the reckless, the insane, the drunken, the hopped up or jealous?

There is a whole book full not to be said about the kind of people who murder their friends and spouses, but one thing sure, their conduct never was and never will be guided or restrained by a law.

As for a SNS law it simply will not have any effect on crime. It will only add more to the immense and still burgeoning bureaucracy in Washington directing the conduct of decent citizens and thriving on the totalitarian philosophy that it is better to restrain all men than to punish or put away evil men.

As for those who tire of the fight and want to get back to their sports, Old Harry Truman had the answer: "If you can't stand the heat, get out of the kitchen." And please don't stay around singing a siren's song of compromise and defeat. You might make warriors stumble.

THOUGHTS FROM SPACE

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. TEAGUE. Mr. Speaker, Mr. Michael Collins, former command module pilot of the Gemini 10 and the historic Apollo 11 first lunar landing, recently published a number of his thoughts in the Boston Globe. These reflections from a man who has made such outstanding contributions to our Nation are worthwhile to all of us. His perspectives of space are exceptional and of value to us.

The article follows:

[From the Boston Globe, Oct. 6, 1974]

THOUGHTS FROM SPACE

(By Michael Collins)

It can truly be said that Michael Collins has a vision of this planet that few men have.

Here, the former command-module pilot of the Gemini 10 and Apollo 11 space flights reveals a personal side that's as rarely seen in astronauts as the dark side of the moon, and offers some perspectives that are surprisingly down-to-earth.

Howard Muson in The New York Times Magazine describes the returning astronaut as "the wandering hero back among his tribe, after stealing the sacred fire and grappling with terrifying demons, condemned to ask tough questions." It is an apt description, although I never felt I stole anybody's fire (I merely carried it through the sky), and the demons with whom I have grappled have generally been dressed by Lord and Taylor's.

But tough questions, that is right on target. The toughest, of course, is, was it worth it all? It certainly was to me personally, which obviously makes me suspect as an objective witness to the expenditure of $25 billion of the taxpayers' money. Frankly, I gave little thought to the financial end of the space program, just as I never considered what percentage of the GNP Flash Gordon might reasonably twit away exploring the caverns of Mongo. Furthermore, I think it is premature to make a judgment on the manned space program and its possible value to mankind. We simply don't know yet what it may mean to us.

Fred Hoyle, the British astronomer, suggested as early as 1948 that the first pictures of the whole earth would unleash a flood of new ideas. Supporters of the space program say that the current interest in ecology is one such by-product. Opponents say baloney, and besides you don't have to fly men in space to obtain such photographs. Supporters say that the moon rocks will ultimately allow scientists to determine the origin of the solar system, and that this is a fundamental bit of knowledge.

Opponents say the moon, a sterile and lifeless rock pile, cannot possibly be of much interest. They also say that it is immoral to support exploration while our cities rot. Supporters say it cannot be examined on an either/or basis, that our national economic and budgetary process prevents the simple transfer of funds from one project to another, that without a space program our cities would still rot. Opponents say we must focus our priorities on our planet and its ills, supporters say the solution to these problems depends on studying the earth from orbit. That kind of technology got us into this mess, say the detractors. Only advanced technology can get us out of it, say the space buffs.

As the argument ebbs and flows, I think a couple of points are worth making. First, Apollo 11 was perceived by most Americans as being an end, rather than a beginning, and I think that is a dreadful mistake. Frequently, NASA's PR department is blamed for this, but I don't think NASA could have prevented it.

It's simply the American way, to view a televised spectacular and think of it as Super Bowl. But why was this space Super Bowl being played over and over again? When Apollo 13 blew its oxygen tanks and the networks interrupted their regular programs to report it, they received angry phone calls for their efforts. By Apollo 16, The Washington Post's inimitable Nicholas von Hoffman was calling it, "Two Klutzes on the Moon."

The magic was gone, despite all the talk of more sophisticated scientific instruments and more extensive explorations using the lunar rover. The only thing that could have titillated the public and gotten the momentum back was a manned expedition to Mars, and that seemed impractical even to the program's most ardent supporters.

So the focus returned from moon to earth, and the orbiting Skylab was loaded with cameras to record in as much detail as possible the ravages to our planet, as a first step in repairing the damage. So that's where we are.

If I could use only one word to describe the earth as seen from space, I would ignore both its size and color and search for a more elemental quality, that of fragility. As we walk earth's surface, it seems solid and substantial enough, almost infinite as it extends flatly in all directions. But from space there is no hint of ruggedness to it; smooth as a billiard ball, it seems delicately poised in its circular journey around the sun, and above all it seems fragile.

Is the sea water clean enough to pour over your head, or is there a glaze of oil on its surface? Is the sky blue and the cloud white, or are both obscured by yellow-brown airborne filth? Is the riverbank a delight or an obscenity? The difference between a blue-and-white planet and a black-and-brown one is a delicate one.

We rush about like busy ants, bringing immense quantities of subsurface solids, liquids and gases up from their hiding places, converting them into quickly discarded solids, liquids and waste gases which lie on or just above the surface as unholy evidence of our collective insanity. The entropy of the planet, its unavailable energy, is increasing at an alarming rate, the burning of fossil fuels is an irreversible process and can only be slowed down.

At the same time, the sun shines on us whether we like it or not; yet we are making but feeble efforts to focus this energy for our use. For that matter, the sun's energy, which is produced by converting hydrogen into helium, can probably be duplicated by creating our own little thermonuclear reactors here on earth, if we put every effort into the attempt. These problems and their solutions are becoming increasingly well known and I'm sure would have been recognized had there been no space program. Anyone who has viewed our planet from afar can only cry out in pain at the knowledge that the pristine blue and whiteness he can still close his eyes and see is an illusion masking an ever more senseless ugliness below. The beauty of the planet from 100,000 miles should be a goal for all of us, to help in our struggle to make it as it appears to be.

It is pitch black as I cautiously emerge, waist high, turned slightly to my left. The nose of our earth-orbiting Gemini is pointed south, aligning the camera (which I have inserted into its bracket with some difficulty) with the southern constellation Centaurus. John Young, with his clock, is acting as my timer, and I hold down the shutter mechanisms for 20 seconds on each exposure.

As the initial shock of finding myself "outside" subsides, I look around and like what I see. I am pointed east-southeast, roughly facing our direction of travel, with the Agena to my right and the adapter section of the Gemini to my left. My first impression is a feeling of awe at the wide visual field, a sense of release after the narrow restrictions of the tiny Gemini window.

My God, the stars are everywhere; above me on all sides, even below me somewhat, down there next to that obscure horizon. The stars are bright and they are steady. Of course I know that a star's twinkle is created by the atmosphere, and I have seen twinkle-less stars before in a planetarium, but this is different; this is no simulation, this is the best view of the universe that a human has ever had.

Down below, the earth is barely discernible, as the moon is not up and the only identifiable light comes from an occasional lightning flash along a row of thunderheads. There is just enough of an eerie bluish-gray glow to allow my eye to differentiate between clouds and water and land, and this in turn allows motion to be measured. We are gliding across the world in total silence, with absolute smoothness; a motion of stately grace which makes me feel godlike as I stand erect in my sideways chariot, cruising the night sky. My only complaint is that the protective coatings on my visor do not allow an even more spectacular look at the stars.

I crank my head around to the left, toward the north, and seek out the familiar "seven sisters," the Pleiades. On a good night in the Arizona desert, the naked eye can count 11 or 12 rather than seven, but now I am disappointed to discover that only seven make it through the filter of my visor. On the other hand, Venus appears so bright that I have to convince myself that it really *is* Venus, not by its appearance, but by its position in the sky, at the spot where Venus should be.

The camera work is going well; as dawn approaches we have a full roll of 20-second exposures of the ultraviolet secrets of the southern sky.

The sun comes up with its usual burst of piercing, white light, and as it does my eyes begin to water. By the time I have taken two more exposures, the watering is really getting bad, despite the fact that I have lowered my sun visor and retracted my head, turtle-like, down into my suit to keep my eyes shaded.

John gets the message. "O.K. Come on back in. Let's close the hatch."

"All right." If we can.

I grab the familiar handle and give a heave. "O.K., here comes the hatch, babe." "Having trouble?" "No." Beautiful, that hatch is beautiful. As I wedge my body down as low as possible, I feel the hatch engage properly, and I now unstow the locking handle and crank it shut. Somehow we find the right valves and soon our little cabin is filling up with oxygen again.

A point which I think is worth examining is the American tendency to be faddish, supporting "in" things blindly and just as blindly rejecting the passe. This line of thought tends to force evaluation on an either/or basis. Either cure cancer or fly in space. Either clean up the environment or fly in space. There doesn't seem to be a willingness to do all these things on a balanced basis.

Furthermore, I think many Americans are misinformed about how much of their tax dollar goes into space. Not long ago I initiated an informal polling of the first one hundred adults who walked into one of the Smithsonian buildings. Among the dozen questions was: Which agency consumes more of the tax dollar, NASA or HEW? I expected a few suckers to say NASA, but I was flabbergasted to find that 50 said HEW, forty NASA, and 10 declined to guess. The last time I looked up the figures, the HEW budget was $75 billion ($93 billion if you count social security), while NASA's was $3 billion. Now that's either a very quiet 75, or a very noisy 3. My personal opinion is that canceling the space program would have little effect on HEW's projects even if the money could be directly transferred.

Perhaps my own involvement in Apollo 11 causes me to put too much emphasis on it, but it seems to me that the space program was too popular before the first lunar landing and not popular enough after it. The pendulum swings back and forth across the truth, and it will take some time for historians to put Apollo in its proper perspective. How long, I don't know, but technology moves with ever-increasing swiftness and compresses all our lives whether we like it or not.

NASA was born in the Space Act of 1958; yet space exploration in this country really began when Columbus landed. Some people were never content to huddle in protective little clumps along the Atlantic Coast but pushed westward as boldly as circumstances permitted. When horizontal exploration met its limits, it was time to try the vertical, and it's been that way ever since, always higher and faster. Now we have the capability to leave the planet, and I think we should give careful consideration to taking that option.

Man has always gone where he has been able to go; it is a basic satisfaction of his inquisitive nature, and I think we all lose a little bit if we choose to turn our backs on further exploration. Exploration produces a mood in people, a widening of interest, a stimulation of the thought process, and I hate to see it wither. Our universe should be explored by microscope and by telescope.

When man fails to push himself to the possible limits of his universe in a physical sense, I think it causes a mental slackening as well, and we are all the poorer for it. Space is the only physical frontier we have left, and I believe its continued exploration will produce real, if unpredictable, benefits to all of us who remain behind on this planet.

That one cannot spell out in any detail what these benefits will be does not contradict or deny their existence. We all know examples or unexpected by-products of research (such as penicillin) and of man's serendipity in a new environment.

I suppose one might ask why, if I am so strongly in favor of continued exploration, I didn't practice what I now preach and stay in the space program. I must admit I do feel a twinge of guilt occasionally, especially when someone says to me, as one intelligent lady did, "Oh, you sold out at the top of the market, didn't you?"

I guess what I am saying is that it is important that mankind explores, but it doesn't matter a damn whether Mike Collins has had his turn and now will gladly watch from the sidelines.

"BEEF-IN" OR BUST

HON. FRANK E. DENHOLM

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. DENHOLM. Mr. Speaker, today and tomorrow 50 cattle and thousands of livestock producers will be in town. Neither the cattle or the men will cause trouble but they have come to report trouble. The trouble they report is "economic" trouble down on the farm. That is the foundation of the American economy—yes, it is grassroots trouble.

Public policy in Washington that can uproot the economy in the grass country cannot save Fords in Detroit or in Washington, D.C.

The farmers and ranchers that have come to the Nation's Capitol today are producers of food and fiber essential to the destiny of all mankind. They call their effort a "beef-in" and their alternative is an economic "bust" at home.

I have for more than 1 year endeavored to persuade the Secretary of the U.S. Department of Agriculture to effect policies of assistance for farmers, feeders, and ranchers. I know other Members of Congress have also done so—all without productive results.

The political paradox of a "do-nothing" policy of the Nixon administration and now the Ford administration upon the advice of the same Nixon economic advisers has produced higher food costs to consumers and lower prices to producers. The farm retail price level spread continues and signs of an economic depression cloud the countryside. The Secretary of Agriculture, Earl L. Butz, reports to consumers continued price increases in the cost of living for 1975 and more economic disaster for producers at price levels below the cost of production. Secretary Butz claims the answer to higher and higher costs of food to consumers is more and more production—but he has failed to explain the validity of that theory to consumers of beef or the producers thereof.

Consumers are weary of "do-nothing" policies that cost more and more and producers cannot continue the production of an essential supply of red meat for the American people at price levels that bankrupt the livestock industry. The economic paradox is that as the supply is decreased the cost to consumers will increase. The "beef-in" at the Nation's Capitol today is public notice of the economic "bust" tomorrow unless policies of the administration are changed without delay.

It is not in the national interest to "do-nothing" and neither consumers or producers can benefit now or in the future from present policies of the administration and Earl L. Butz, Secretary of the U.S. Department of Agriculture. This Nation, as all nations, moves on the backs of farmers and ranchers. When the grass roots economy is bankrupt so will be the economy of the Nation. That is a truism of the past and a fact of the future. It is the most certain and positive procedure to trouble—the time for action is now.

The President has authority under existing public law to: First, limit imports, second, purchase surplus red meats for distribution to the needy, and third, emphasize and expedite the enforcement of antitrust laws—all in the interest of consumers and producers alike. Certainly we cannot accept less than a "good faith" recognition of existing law.

It is essential that the administration fully emphasize a coordinated effort in the enforcement of the three suggestions above. A "willy-nilly" effort to accomplish the objective by executing policy on less than all three of the suggestions simultaneously will be of no benefit to consumers or producers.

I urge the administration to act accordingly.

I am hopeful the "beef-in" will be of benefit in support of immediate and meaningful action by the administration. The failure to act will result in an outright economic "bust" for a basic industry of essential production of food. More discouraging is the awesome realization that if public policy or the absence of an affirmative public policy for the benefit of all the people is not taken the realistic experiences of a national economic depression will inevitably become a matter of grave and lasting consequences in the future. A "beef-in" to many is nothing—but an economic "bust" is the loss of everything—for all.

THE PROXMIRE-HOSMER VITAMIN BILL: POLITICALLY POPULAR BUT A CONSUMER DISASTER

HON. PETER N. KYROS

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. KYROS. Mr. Speaker, one of the most controversial issues facing the Congress this year—but also one of the least understood—is the question of FDA regulation of vitamin and mineral food supplements. Our offices have been flooded in recent months with cards and letters from concerned and well-meaning consumers demanding that Congress act to resolve this controversy, which has raged for more than a decade now since FDA first sought to drastically limit the potencies and combinations of supplements which could be sold without Federal restriction.

Mr. Speaker, time is running out on the 93d Congress, but this issue can be resolved by the end of the year, and I feel strongly that it should be resolved. The consumer's freedom of choice among safe food supplements must be protected. Nonetheless, I feel that it would be a great mistake for the House of Representatives to follow the lead of the Senate by passing the so-called Proxmire-Hosmer bill, no matter how politically popular it might look at this time. In a word, the Proxmire-Hosmer bill, however well intentioned it might be, is a legislative disaster—a disaster for the very people we are trying to protect, the consumers of this country.

I certainly need not be reminded, Mr. Speaker, that a majority of House Members have cosponsored the Proxmire Hosmer bill. I know this well, for I, too, am a cosponsor, along with the majority of my colleagues on the Public Health Subcommittee. But the simple fact of the matter, as we learned in four exhaustive markup sessions last summer, is that the Proxmire-Hosmer bill is an industry bill which drastically oversimplifies the complexities of this issue.

The Proxmire bill is short and, on the surface, to the point. In its key sentence, it states:

> The Secretary shall not limit the potency, combination, amount, or variety of any synthetic or natural vitamin, mineral, or other nutritional substance, or ingredient of any food for special dietary uses if the amount recommended to be consumed does not ordinarily render it injurious to health.

To the layman—or, for the matter, to anyone not intimately familiar with the complexities of the Federal Food, Drug, and Cosmetic Act—this sounds fine, but the fact of the matter is that this one sentence contains two glaring loopholes, which, I am certain, make it unacceptable to any Member of Congress concerned with protecting the safety of the American consumer.

Because the Proxmire-Hosmer bill would prevent the FDA from regulating any ingredient in any "food for special dietary uses," it would cover not only conventional food supplements, which is what we are really out to protect, but also a wide variety of commonly marketed foods which are not food supplements at all. These include such products as all baby foods, artificially sweetened soft drinks, low-salt foods, and hypoallergenic foods. I simply cannot believe that the Members of this House would want to prevent FDA from limiting the potencies, combinations, and so forth, of any ingredient in baby foods or soft drinks, but this is what would happen, because these foods, while certainly not conventional food supplements are, under the law, "foods for special dietary uses."

This brings us to the second major loophole of the Proxmire-Hosmer bill. Under that bill, FDA cannot take action against any food substance unless it is "ordinarily injurious to health." Under the law, this particular safety standard—"ordinarily injurious to health"—means that the Government must be able to prove conclusively that substantial numbers of people have been harmed by a product before it can be removed from the market. What does this really mean? It means that any manufacturer can put any substance into a "food for special dietary uses," such as baby food, without a hearing and without any regulation, and only after substantial numbers of people have been harmed can the Government step in.

I think everyone would agree that this is no way to insure the protection of the consumer. In many instances, the Government takes action against a product not because it is known to have already caused harm but because it has the potential for causing harm. This was the standard under which cyclamates, for example, were banned from the marketplace, but under the safety standard in the Proxmire-Hosmer bill, cyclamates—which make any product containing them a "food for special dietary uses"—could be sold freely until the Government could show conclusive proof of harm.

This is what the members of the Public Health Subcommittee learned when we sat down with our legislative counsels to markup the Proxmire-Hosmer bill. And this is why we chose to set aside that bill and write one of our own. Our goal was to incorporate the legitimate aspects of the Proxmire-Hosmer bill but, at the same time, to insure that the consumer's safety was also protected.

H.R. 16317, which was reported by the subcommittee last August, carefully protects the consumer's right of free choice among all safe food supplements, in any potency and in any combination. In essence, this is what the thousands of consumers who have been writing to us have been asking for. But at the same time, our bill includes safeguards which insure that potentially hazardous additives, such a cyclamates, would still fall under Government control where they belong.

Why, then, is there so much vocal opposition to the subcommittee's bill? And why does so much opposition seem to come from consumers? I can personally understand why some manufacturers would support legislation which would exempt them entirely from any Government regulation. But this is an untenable, extremist position, and it is worth noting that many members of the industry, including some of the Nation's largest vitamin and mineral manufacturers, support the subcommittee bill. They realize that the Congress simply cannot exempt an entire industry from Federal regulation where safety of the consumer is concerned.

What is, perhaps, harder to understand is the opposition that comes into our offices daily in the form of cards and letters from our constituents. However, I think it is important to remember that the overwhelming majority of these are form letters, prepared either by industry representatives themselves—such as Prevention magazine—or by groups which purport to represent consumers, such as the National Health Federation, but which are really controlled and supported by the industry. These groups have drastically distorted the issue for their own ends, and the time has come, Mr. Speaker, for responsible Members of Congress to put an end to this sort of illegitimate lobbying, which amounts to nothing less than bare-faced lies and legislative harassment.

To be sure, Mr. Speaker, we must resolve this problem, but we must do so responsibly. And in so doing, we will demonstrate that Congress is not under the thumb of any industry, no matter how much consumer support it can muster up through deception and distortion.

The subcommittee's bill, H.R. 16317, meets the needs of the consumer. It protects freedom of choice. It protects safety. It is a carefully drafted bill, written in public markup sessions, and it is one which understands the complexities of the Federal Food, Drug, and Cosmetic Act. It is not an FDA bill, but at the same time, it is not one which would completely sabotage the legitimate regulatory efforts of that agency. It is, in the best sense of the word, a consumer bill, and in the interest of the consumer, it should be passed.

JUSTICE IN MEXICO—III

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. STARK. Mr. Speaker, today the Los Angeles Times ran the third story in their series on Americans arrested in Mexico. As I have done for the past 2 days, I would like to share this report with my colleagues and urge that you read the accounting of what has happened to these people. The shock and horror of Mexican justice for these Americans and for their families and friends in this country is terrifying.

The Department of State apparently responded to a reporter's inquiry regarding the Mexico situation in this morning's press briefing by stating that we are doing all we can for the people arrested in Mexico. I contend that the U.S. Embassy is doing very little for these people or for their families in this country. The facts I have uncovered and the facts reported by the Los Angeles Times are in direct contradiction to the Department of State's position. I would suggest that the time for coverup and excuses has long since past. It is now time for all of us, Congress, State Department, and press to work to provide the relief and justice these Americans deserve.

The article follows:

[From the Los Angeles Times, Dec. 11, 1974]

PRISONERS IN MEXICO TELL OF PLIGHT

(By Stanley Meisler)

MEXICO CITY.—The Americans in Lecumberri Prison here complain all the time in private about their plight in Mexican jails, yet when they had a chance to protest six months ago they refused.

Instead of protesting against prison conditions, they staged a hunger strike against the U.S. government which, they insisted, put them in jail in the first place.

Now, six months later, the Americans believe they picked the right target for their protest. But they also admit they have genuine grievances about life in a Mexican prison. And they are now willing to talk publicly about them and they claim their protest was staged with the connivance of Mexican prison officials.

Mexican prison officials have declined to discuss what happened. But the American version of how and why the strike took place reveals a good deal about the Americans' peculiar position in Mexico City jails.

Almost all the Americans in Lecumberri were arrested while changing planes in Mexico City airport and charged with importing cocaine into Mexico. U.S. government officials who knew these Americans were planning to take the cocaine into the United States through their agents in South America, encouraged the Mexicans to arrest the Americans in transit and try them under Mexican laws which are more stringent than U.S. laws.

The strike had its impetus in a note of complaint by the U.S. Embassy in Mexico City about conditions in Lecumberri. In the note, delivered early this year, the embassy told the Mexican government that imprisoned Americans had complained about beatings and extortion.

At the time of the strike, there were 68 Americans in Lecumberri. Now there are about 75. According to the U.S. Embassy here, 528 Americans were imprisoned in Mexican jails as of Nov. 1—441 of them on narcotics charges. About 125, all in Mexico City area jails, were arrested while in transit at the Mexico City airport.

After receiving the embassy protest, the Mexican government asked its Ministry of Interior to investigate the complaints. Two top prison officials met with an American prisoner and a Mexican prisoner who acts as the "mayor" or supervisor of the dormitory where most of the Americans are held. The bulk of the complaints had been directed against the "mayor."

The Americans say their representative returned from the meeting with the proposal that all the Americans and the few Canadian prisoners in Lecumberri go on a hunger strike. They say he told them that the prison officials said they would cooperate with the strike if it was directed against the U.S. government rather than the prison.

The Americans said they agreed, mainly because they hoped that the publicity over a strike might ensure their release.

On July 5, representatives of the Ministry of Interior came to the prison. The Americans told them they had no complaints against the prison. Their problems, they said, were caused by the U.S. government, which they felt was behind their imprisonment.

On July 9, U.S. Consul General Peter J. Peterson met with the prisoners at Lecumberri. He obviously was annoyed that the Americans, instead of applauding the U.S.-inspired investigation of prison conditions, were using it as a weapon against the U.S. government.

"We are all very frankly surprised," he told them, "to learn that you have no cause for complaint against the prison authorities. I am very, very happy to hear this," he went on, "because, quite frankly, we've been concerned about these complaints and about the mistreatment that has been alleged (to have been committed) against you by prison authorities, and I guess we must say we're very happy to know from your own spokesman's lips that these complaints that reach congressmen and senators have no basis of fact."

Peterson denied that the U.S. government was pressuring Mexican authorities to keep them in prison, and he told the Americans that the U.S. Embassy was powerless to free them since they were guilty of a serious crime under Mexican law. Dissatisfied with this, the prisoners began their hunger strike that afternoon.

The Ministry of Interior officials, however, asked the Americans to suspend the strike, pending the investigation. The Americans agreed.

On July 11, however, the Americans discovered that Mexican newspapers were describing their strike as directed against prison conditions and unscrupulous Mexican lawyers. Fearing that the public was getting the wrong idea about their grievances, the Americans resumed the strike.

On July 21, prison officials told the Americans that the Mexican government had ordered that the strike be ended, with the use of police force if necessary. Faced with this, the Americans ended the strike.

If the prisoner version of the strike is accurate, everyone involved in it benefited from it. Though the Americans were not freed and the Ministry of Interior has evidently never made its promised investigation into U.S. pressure, the American prisoners received attention in the American press. The prison officials benefited by managing to divert attention from the complaints. The Mexican government informed the U.S. Embassy later that the prisoners themselves had denied the alleged complaints. Life continues as ever in Lecumberri.

In two recent meetings, groups of American prisoners, agreed to describe that life for The Times.

The main problem for prisoners comes at the beginning. Every new prisoner is subjected to the *faena,* the Spanish word for manual labor. Some U.S. embassy officials call this "hazing."

The prisoners are ordered to clean urinals and floors with bricks and cold water, carry pails of water up and down staircases, or tote enormous sacks of beans or flour. The work goes on, in some cases according to the Americans, 18 hours a day. Things are carried up and down to no purpose.

The aim of the *faena* is not to get the work done or even to initiate a new prisoner into life at Lecumberri but to extort him. A prisoner can release himself from several months of *faena* by paying a fee. If a prisoner can afford to pay the fee but still refuses, he is beaten until he does pay. The Americans pay.

"When I first came and heard about the *faena,* said an American prisoner," I said, sure, go ahead, I'll work. It will make the time go faster. But it doesn't take long for you to change your mind. You pay."

The fee for release from the *faena* varies. in Dormitory O, where most Americans are imprisoned, the fees have ranged from $800 to $2,000. In another dormitory, where several Americans live, the fee is $400 for Mexicans and $800 to $900 for Americans.

The payment is made to the "mayor" of the dormitory. He is a Mexican prisoner appointed by prison authorities to act as a supervisor.

"The mayor's not a bad guy," said an American. He has paid an awful lot to get his job. He's part of the system."

U.S. officials have been informed by the Mexican government that a prisoner is in charge of a dormitory to maintain internal discipline but it denied extortions and beatings take place.

On top of their faena release fees, Americans often pay the mayor for the privilege of living in better quarters. Sometimes that charge is included in the faena release fee, but more often it comes to an extra $400 to $1,500.

As a result, the Americans in Dormitory O live in cells that have the look of a sailor's quarters aboard ship. The cells usually have two sets of bunk beds and a private toilet and shower. They also have a counter top along the wall that serves as a table or desk and four stools screwed to the floor. The Americans have books, tape recorders and typewriters.

Since the strike, prison officials have tried to break up the concentration of Americans in Dormitory O. Several Americans who voted against ending the strike were transferred to other dormitories. The prison is also assigning new American prisoners to other dormitories. As a result, perhaps a dozen Americans now live outside Dormitory O.

The other dormitories are more prisonlike. Each is made up of two stories of cells with iron doors. The cells are smaller and colder than those of Dormitory O. Few have toilets. But the Americans, by paying, can get the cells that have them.

There is one advantage to living outside Dormitory O. Despite its relative comfort, Dormitory O is considered a maximum security dormitory. The Americans cannot leave it to go out to the athletic field inside the prison. The Americans in other dormitories do go to the playing field. This not only gives them a chance to exercise, it also gives them a chance, say the Americans, to buy marijuana cigarets sold on the field by other prisoners.

Payments do not end after the first huge fees. The Americans must pay the mayor for food, clothing, blankets, toilet paper, electricity and water—a standard practice in Mexican jails. Although the prison operates a grocery store with government-controlled prices, prisoners must buy from the little store operated by the dormitory mayor at twice the regular price. In one dormitory, hot showers cost 16 cents if you pay right away, 40 cents if you ask for credit. The mayors demand that the prisoners buy lottery tickets from them and make "contributions" for Christmas decorations or for the purchase of shoes for the soccer team.

The Americans estimate that it costs $32 to $100 a month, depending on the dormitory, to live in Lecumberri.

In one respect, Lecumberri is more advanced than most prisons in the United States. Prison officials allow conjugal visits. In the case of the Americans, prison officials will allow an unmarried male to have a visit from a girlfriend.

Lecumberri has the reputation of a violent prison. In September, the Mexican government announced that two Mexican prisoners had been tortured and murdered after telling federal officials about drug trafficking within the prison. Especially outside Dormitory O, the Americans said they have witnessed a number of murders, knifings and severe beatings.

In one case, according to the Americans, an American girl, visiting one of the Americans in prison, was raped by the mayor of a dormitory.

Much of this has been confirmed by U.S. authorities who know the drug scene in Mexico well. In Washington. Humberto Moreno, project coordinator of Operation SEAM (Special Enforcement Activity Mexico) for the U.S. Drug Enforcement Administration, told The Times that Lecumberri had "roving bands of prisoners who will rape wives and sisters who are visiting other prisoners . . . right in front of the eyes of their relatives, and if they try to stop them, they'll kill them."

"A person who gets out of that prison without being killed or maimed is lucky," Moreno said.

Judging by the testimony of the Americans, however, this violence takes place mostly in dormitories other than Dormitory O.

Most Americans, in fact, complain less about terror than about boredom. Once through FAENA, there is little for them to do.

The Mexican prison system does have a work program under which a prisoner can be released from one day of his sentence for every two days worked. But only a handful of Americans have been able to receive such commissions.

BLAME CONGRESS FOR SPENDING

HON. SAMUEL L. DEVINE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. DEVINE. Mr. Speaker, although the media generally refuses to acknowledge it, the big spending policies, the massive deficits, the vast public debt, inflation, recession, and depression are the fault and responsibility of the Congress.

In the December issue of Nation's Business James J. Kilpatrick submitted an article entitled "The Macaroni Congresses" in which he spelled out the problem and credited our colleague Jack Kemp of New York with leading a group of our Members in spelling out the real problem:

[From Nation's Business, December 1974]

THE MACARONI CONGRESSES

(By James J. Kilpatrick)

It is a fair rule of politics that the victor gets the spoils. But it often is an unfair rule of politics that the victor also gets the blame. Because of this second rule, the Republicans got clobbered in the November election.

The Grand Old Party lost three seats in the Senate, 40-plus seats in the House, and most of the Governorships. At lower levels of public office the pattern was the same. The losses hardly reached the magnitude of a catastrophe, and the outcome does not portend the death of the Republican Party. But as a political achievement, it was nothing much to write home about, either.

Why did it happen? One contributing factor, of course, was Watergate, for which the Republicans cannot duck the blame; the Committee for the Reelection of the President, after all, was a committee for the reelection of *their* President, and the leaching dye of scandal stains a whole wash. Another factor was President Ford's untimely pardon of Richard Nixon, which robbed the Republican campaign of both unity and momentum, A major factor, demanding our most sober thought, was the apathy of the turned-off voters; an estimated 145 million men and women were eligible to vote, but it appears that only 38 per cent of them bothered to go to the polls.

Many other factors also played a part. The dispirited Republicans let 60 House seats go by default. In many state and local contests, personalities were far more important than national issues. G.O.P. candidates found it hard to raise campaign funds. Plenty of reasons can be cited.

The overriding cause was the state of the economy, and it was here that the unfair rule of politics came into play. In any rational view of the national malaise, the Republicans are no more to blame for the tides of inflation than they are to blame for the tides of Passamaquoddy. The economic sickness is world-wide; its diagnosis is infinitely complex, and the cure will be neither short nor simple.

No force has contributed more to inflation, in terms of our domestic economy, than the recurring deficits of the federal government. The loose practice is to look back to the 1968 deficit of $25.2 billion and term it a "Johnson deficit," or to deplore the 1972 deficit of $23.2 billion as a "Nixon deficit." The gentlemen in the White House—and by extension, the gentleman's political party—always gets the blame. This is grossly unfair.

These recurring deficits, amounting to more than $100 billion over the past 10 years, were not Presidential deficits. They were Congressional deficits. To the limited extent that party responsibility can be fixed, it is the Democrats who must bear it. They have dominated the committees on appropriations, finance, and ways and means for two decades. Because we do not have party government, in the sense that the British have party government, it is an oversimplification to lay the responsibility on the Democrats alone. The fiscal policies that produced the deficits were supported as cheerfully by one party as by the other. The decisions were Congressional decisions. No one at the White House duped or mislead the House and Senate. The cold, uncomfortable figures were there all the time. If there had been desire on Capitol Hill to raise revenues or to reduce spending, the machinery was at hand to accomplish these ends. That machinery never was used.

Will the machinery be put to work now? Will Congress take significant steps toward a closer balancing of the budget? When that day comes, fish will fly and birds will swim. President Ford may be ready to bite the bullet, but Congress is not yet prepared to bite anything tougher than macaroni. Mr. Ford's modest little proposal for a 5 per cent surcharge on certain income taxes, intended to pay for make-work programs of public employment, was greeted with cries of indignation and dismay. A President proposes; the Congress disposes. And this Congress is not disposed toward austerity.

Some months ago, a group of House conservatives led by Jack F. Kemp of New York compiled a staggering table of 450 proposals then before Congress. If all the proposals had been adopted, according to their calculations, the cost to the taxpayers over four fiscal years would have totaled $871 billion. To be precise: $871,363,307,000. The bills ranged from a Forestry Incentives Act, with a price tag of $100 million, to the Small Communities Planning, Development and Training Act, at a tidy $24 billion. Members of Congress had introduced bills to promote educational equity for women ($80 million), to establish an Asian Studies Institute ($75 million), to establish Big Thicket National Preserve in Texas ($71 million) and to subsidize the removal of abandoned automobiles ($152 million). Still other members proposed establishing national holidays honoring the births of John F. Kennedy and Martin Luther King, at a quadrennial cost of $400 million each.

Individually, some of the spending proposals may have had merit. Collectively they spoke eloquently of a Congressional attitude toward the public purse. This attitude is in part a legacy of the notion that continues to dominate much liberal thought—that any social problem can be solved if only a little more money is spent on it. In part the attitude stems from the sheer magnitude of the sums involved. It is an intoxicating experience to deal with a billion dollars here and a billion dollars there. The figures cease to have meaning.

The attitude is further encouraged by a certain remoteness and diffusion in the fiscal process. It is one thing to sit in a small town's city council, with the taxpayers 10 feet away; it is quite a different matter to sit in a chamber of 435 members, with the taxpayers you represent safely distant by perhaps 3,000 miles.

These observations do not wholly explain the mountainous deficits that have piled up in recent years. The taxing and spending policies decreed by Congress are a pretty fair reflection of the taxing and spending policies desired by the pressure groups and lobbies that have the greatest clout. It is a terrible thing to say, but the people generally get about the kind of government they deserve. Those who make irresponsible demands have little right to complain if their demands are met irresponsibly.

This has been the pattern for longer than most newsmen can remember. No war ever has been paid for out of pocket, and the war in Viet Nam followed in this expensive tradition. All the same, the deficits could have been greatly reduced if Congress had raised taxes and reduced nonmilitary outlays. On the contrary, taxes were actually lowered and nonmilitary outlays were greatly increased. Congress was in no humor to impose unpopular measures in order to ease the inflationary impact of an unpopular war. The people indicated no hunger for austerity. The printing presses rolled; the debt went up and the dollar declined.

If Congress today were seriously interested in reducing federal spending, the better to provide a high example of bullet-biting, Congress would look seriously at such programs as Social Security and the food stamp racket.

Is Social Security "untouchable?" Doubtless it is today, but a prediction is in order: If Congress fails to act within the next few years to bring the illusions of Social Security into line with reality, we will see a political explosion that will blow the system sky-high. Young men and women entering the labor force in the 1970s are not stupid. Vast sums have been spent on their education, with the result that many of them can read, write and do their numbers. They are bound to recognize Social Security as a fraud so massive that its sponsors, if they operated in the private sector, would be hustled off to prison. These young workers eventually will rebel against the system. If they are to be heavily taxed in the name of "insurance," they will demand a system that pays benefits in the fashion of other insurance.

The food stamp racket seems to be equally untouchable right now, but this too will have to be coldly reexamined. When the program came into being in 1964, some 367,000 recipients qualified for benefits costing $26 million. In the coming fiscal year, 16 million persons will get stamps costing $3 million. By 1977, according to Congresswoman Martha Griffiths, 60 million persons may be eligible. The program long since has soared past any humanitarian justification. It has become a swelling infection in our political process, and it is deeply resented.

Before its October adjournment, Congress had two or three significant opportunities to demonstrate its zeal, if any, for reduction of federal spending. There was a bill for foreign military and economic aid that could have been, and should have been, whacked to the bone; it was passed with plenty of fat. There was a Presidential request to postpone a federal pay raise for three months, at a saving of $700 million; the Senate would not postpone. Mr. Ford vetoed a railroad retirement bill that carries a $7 billion price tag over the next 25 years; both chambers voted overwhelmingly to override the veto.

A good case could be made for each of these measures. The complex situation as to railroad retirement had particular appeal. But some special interest can make a good case for most taxing and spending proposals introduced on the Hill. Business people make a good case for tax breaks that encourage investment. The health and education people argue plausibly that their needs must never be neglected. In the recent election, organized labor spent millions to promote the campaigns of candidates who would vote for the spending programs desired by labor. The pressures applied to Congress come from every quarter, and the pressures add up to this: Tax less and spend more. It is a curious way to combat inflation.

The realistic prospect is that things will get worse before they get any better. The 94th Congress, convening in January, will be another macaroni Congress. The new Budget Reform Act may provide some moderating influence. President Ford's leadership may command increasing popular support. But the probabilities are strong that our country will be deep in double-digit inflation for many months to come. Under the rules of the game, this will be known as "the Ford recession." Don't ever let anyone tell you the rules make sense.

CONTROLS

HON. J. WILLIAM STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 11, 1974

Mr. J. WILLIAM STANTON. Mr. Speaker, the most recent in a series of studies on inflation and its practical impacts in the Daily Labor Report of the Bureau of National Affairs, Inc.—BNA—deals with the case against controls. It notes that the case has never been more cogent and never more clinically detailed. It details the history of recent controls programs in Western Europe and in this country and the lessons of those programs.

This phase of these reports by Ben Rathbun, BNA associate editor, also indicates that the public support for controls remains "a political fact of life." This report, reflecting the nonpartisan BNA approach to such issues, should be useful in the continuing national debate on inflation.

The report follows:

PUBLIC SUPPORT FOR CONTROLS VEXES HIGH-LEVEL OPPONENTS

(This report on the case against controls is one of a BNA series on inflation's impact. Prior reports dealt with the strains that inflation is putting on bargaining, the lack of management resistance this year to bulging wage-fringe settlements, the spread of the business view that price and wage controls will be back in 1975, and the impediments to early Congressional enactment of controls legislation.)

The case against the current use of price and wage controls has never been as cogent, never as well-documented from a record of persistent and widespread peacetime failure, never as effectively marshalled, and rarely as ably argued. The supporting data for the brief against controls as the answer to present U.S. problems of inflation and recession come from the extensive experience of the U.S. and other industrialized nations.

There also has rarely been a more prestigious consensus on a vital and controversial economic issue than the present line-up against controls. It runs from the President of the United States, his chief economic spokesman, Treasury Secretary William E. Simon, and Arthur F. Burns, the Federal Reserve Board chairman, to a host of government economists and other public officials. It includes the top leaders of the U.S. industrial community, the private financial community, and the AFL–CIO and the major unions. Also included, at least at the present writing, is an influential block of U.S.

senators and representatives. The list also includes a number of the mega-voltage economists ranging from Milton Friedman, George Shultz and Herbert Stein to Paul Samuelson, Otto Eckstein, Arthur Okun, and Walter Heller.

CONTROLS: THEIR "CATNIP" EFFECT ON "POLS"

However, those making economic policy for the Ford Administration, for the Congress, and outside the government continue to contend with a vexatious bugaboo: The tendency of the public to cling to controls as the best answer to inflation, despite what many authorities regard as devastating evidence of their bankruptcy. In tandem with this public faith in controls is their attraction for the politicians. Given the favorable state of the public opinion toward controls and the short time-frames in which the politicians cogitate and operate, controls—with their illusion of decisive action and their record of fast results—exert what Prof. Lloyd Ulman calls a "catnip" effect that is "well-nigh irresistible" to legislators and other elected officials.

The above are among the principal conclusions emerging from a BNA review of the case against controls as revealed by the public record since prices hit the up-escalator in 1966. This review was supplemented by interviews with public, management, union and university figures.

The case against controls is based in important part on the experience of Western Europe countries with controls in the 1960s. A central source on the issue is a slender tract by economists Lloyd Ulman of the University of California and Robert J. Flanagan of the University of Chicago. Its slightly misleading title is "Wage Restraint," its more helpful subtitle is "A Study of Incomes Policies in Western Europe."

The book flatly concludes that price and wage control programs in seven major Western European countries in the 1960s failed. After appearing to be effective in the early stages, the programs blew up, usually in a burst of hefty wage settlements. Given this record, a Washington wag suggested that a more appropriate title would have been Wage Explosions.

Among the book's significant aspects is its impact on the thinking of a number of key government and university officials in this country. These include a number of the liberal economists, including Paul Samuelson, the MIT Nobel Laureate, and Otto Eckstein of Harvard.

The Ulman-Flanagan analysis also showed that the charms of controls for the public are not limited to the U.S. The two economists concluded, not without bafflement, that the controls' "popularity" in the countries they studied was "almost as durable" as the inflation that the controls failed to halt.

WORD FROM "THE UNSINKABLE JOHN DUNLOP"

The most influential critiques of the U.S. record on controls are the real-life communiques from what a senior White House adviser calls "the unsinkable John Dunlop." The ex-chairman of the Cost of Living Council who presided over the controls of 1973 and early 1974 prepared a fat commentary on his observations for the Johnston Subcommittee of the Senate Banking Committee and for the House Banking Committee. Among other things, Dunlop's February 1974 report provides a clinical analysis of the counterproductive aspects of the COLC's role.

Dunlop also notes that the controls had a brief span of limited effectiveness and some victories, for instance, in construction wages, in health care prices, and in the establishment of new approaches to labor-management relations in the cement and food industries. However, in sorting out the ribbons and the raspberries, Dunlop, now a part-time consultant to President Ford, gives particular emphasis to the damage done by the Nixon controls during 1972 and 1973.

Illuminated in this review are the controls' fragility and their tendency to evolve from anti-inflation weapons into inflationary devices the ability of the officials of powerful industry and union groups to garner very favorable results for their principals is part of this picture.

The study is regarded within the Administration and elsewhere as having special value because its author not only had "the best seat in the house" for observing 1973's price pyrotechnics but also because of his reputation as a devout pragmatist affiliated neither with the pro-controls nor the anti-controls factions.

THE POSTURE OF "THE MANDARIN ECONOMISTS"

A noteworthy aspect of the current dialogue is the role of so-called liberal or Shadow Cabinet economists. Never in past economic crunches have so many of them taken such a stern stand against direct controls. For example, Samuelson, perhaps the most highly respected and one of the least doctrinaire of what he archly calls the "mandarin" economists, wrote as follows in the June 1974 issue of the *Morgan Guaranty Survey*: "The rhetoric of John Kenneth Galbraith [the leading current controls devotee] notwithstanding, direct wage and price controls are not an incomes policy that, in my assessment of experience, modern mixed economies know how to use effectively in other than the short run." Their principal useful purpose might be for "short periods" of "price-wage regulation for large-scale economic units," he added.

Like Samuelson, Otto Eckstein is against controls except for limited purposes and in instances of national desperation. In a BNA interview, Eckstein, who also serves as president of Data Resources, Inc., Lexington, Mass., and as a leader of the private economic advisers to the House Democratic leaders, said controls' record of adverse effects have become too well-documented to ignore. He said that the "imposition of price and wage controls at this time would be a form of bankruptcy."

However, like Walter W. Heller of the University of Minnesota, another "high priest" among the liberal economists and others of this group, Eckstein endorses the strengthening of the White House hand on economic policy through subpoena powers and authority for the limited use of price and wage rollbacks in cases of "certified outrages" against the public interest.

SIMON'S CHANGE OF MIND

The constant and reportedly the most effective refrain of Administration officials against controls is that they don't work. For example, at the September 27 White House summit meeting, Treasury Secretary William E. Simon, the Administration's chief spokesman on economic policy, said:

"When I was still in the private world in the banking community . . . [in August 1971], I had the conviction that wage and price controls were in order for our economy . . . and through part of Phase II, I continued to feel quite positively about wage and price controls.

"Then, I came down to Washington . . . in December of 1972 to participate in the administering of these controls . . . and I became acutely aware of the inequities, the distortions, the hardships and indeed, the scarcities, that were being created by these wage and price controls. . . In a relatively short period of time, it was quite simple for me to change my mind."

Another vocal spokesman on stabilization policy is ex-Price Commission Chairman C. Jackson Grayson, the dean of the Southern Methodist University School of Business Administration. In a recent article in the magazine *Challenge,* Grayson pointed to the way controls purportedly condition public opinion about profits: ". . . even before the recent wage-price controls, the public believed profits were 'too high' though they actually declined from 6.2 percent of GNP in 1966 to 3.6 percent in 1970, and increased only to 4.3 percent in the boom year of 1972. And with profit increases raised to the top of the news during the recovery of 1972 and early 1973, the negative public sentiment against profits increased. Why? The control system itself heightened the public's negative attitude toward profits at a time when capital regeneration, the fuel of the capitalist engine, was already alarmingly low".

In addition to the points made by Dunlop, Simon, Grayson, Ulman and Flanagan, the following are among the more striking arguments from the anti-controls chorus:

In too many cases, they clobber profits.

When they are imposed, it's the "good guys" who have tried to be responsible in their price and wage policies who get caught and often hurt the worst.

They pose the threat of repeated government intervention in private economic decisions and thus cause a costly uncertainty.

They become an inflationary force by merely appearing on the statute books or on a congressional committee's hearing calendar. In response, businesses and unions take actions they would not otherwise take: Pushing up prices and wages to keep from being caught on the low side.

They fail to address the real problems. As Arnold R. Weber, the Phase I freeze impresario now at Carnegie-Mellon University, noted: "Controls will not adjust the money supply nor will federal regulations produce rump roasts."

They cause legislators and other government officials to relax programs for holding down spending. This is spawned by the illusion that the inflation problem is being taken care of by the controls.

Their sheer administrative costs in the huge U.S. economy can be counterproductive. Their principal defenders and some of their critics agree that only a much more expensive establishment than the one mounted by the Nixon Administration can make price controls effective.

They create an often irresistible temptation on Capitol Hill to pressure the White House—often without sufficient economic justification—to make more use of controls than is required. As Senator William Proxmire (D-Wis), the Chairman-to-be of the Banking Committee, has noted, the Democrats tend to regard controls as "a no-lose game" where the Republican President gets all the blame and the Democrats get the votes on Election Day.

They reveal the importance of the government in subversive fashion. For example, people resist doing things that the controllers order them to do and often get away with their obduracy.

They haven't had much effect, even in wartime. According to Eckstein, recent Data Resources, Inc. projections of price and wage data going back to 1890 and forward to 1970 indicate that the price and wage movements of that 80-year span would have happened in substantially comparable fashion without controls. For example, the controls of World War II and the Korean War appear, as Data Resources officials view them, as insubstantial in their effect.

DETAILED PLAY-BY-PLAY FROM DUNLOP

The most specific review of the controls' performance comes from Dunlop. Noting that the measuring of the controls' impact is a "complex" and "precarious" task with plenty of room for "disagreement" among the controls watchers, Dunlop offered these conclusions about their effect: ". . . controls may have a small and incremental effect to constrain inflation for short periods. They may more clearly have favorable impacts on some particular sectors for a period, particularly if attention is directed to longer-term or structural problems of the sector. Controls tend to run down as games are played with the regulations and as compliance declines."

He added this note: "Controls are a special purpose and limited tool to constrain inflation, rather than a general purpose policy. Their potential for adverse effects on output and efficient production needs always to be watched carefully. This problem becomes more serious the closer the economy is operating to capacity . . . Controls tend also to have an adverse effect on responsible collective bargaining."

In his catalogue of just how controls can play the monkey wrench, Dunlop offered these items based on his observations as the COLC director ". . . wage and price controls are capable of creating, and have in fact in some instances created, counter-productive dislocations in economic activity.

"For instance, the profit margin rule may encourage an unnecessary expense including some wage increases, to avoid going over base period profits.

"The approach of the end of a fiscal year may lead to the temporary withholding of goods from a market to escape violation of the profit margin rule.

"A domestic price constraint may lead to the stimulus of exports at higher prices, thereby creating domestic shortages.

"Previously low profit items, which were marginally produced with available materials, may be discontinued when controls preclude price increases greater than costs.

"Price ceilings or freeze prices may lead to the discontinuance of production, as was dramatized in the case of the killing of baby chicks and the slaughter of pregnant sows in early July 1973."

Dunlop elaborated as follows on the classic failings of controls policies: "Programs of wage and price controls in Western countries have had a relatively limited life. They tend to run down and wear out. After just a few years, economic conditions have changed so that controls can actually become a part of the destabilizing forces they were designed to mitigate. They tend to create or aggravate problems in the production and distribution system (as occurred with [chicken] broilers, and copper scrap in 1973).

"Controls are frequently the subject of widespread gaming, if not violation; or they become so burdensome to consumers, producers and parties to collective bargaining that regardless of earlier support they are no longer sustainable. Since the economy is very complex, as controls age they tend to become more complex, as we have seen with the move toward specialized, detailed regulations for petroleum and food processing during 1973.

"Legislative modification has historically been a major way through which direct controls have become less effective. As a result of the objections of various producer groups, statutory exemptions have been made for particular groups or statutory special rules have been enacted for sectors which administrators earlier had rejected. For example, 1946 pressure from producer groups resulted in such an unadministrable legislative package that President Truman vetoed it. Between May 1, 1973, [and early March 1974] over 140 bills and 33 amendments were introduced in the Congress to modify directly or indirectly the scope of the present stabilization statute."

COLC VERDICT ON 1973 SHORTAGES

However, Dunlop limited his indictment of the 1971–74 programs. He cited the testimony of the National Association of Purchasing Managers and of the National Association of Business Economists, both strong opponents of controls, indicating that the major price-boosting shortages of 1973 were largely due, in Dunlop's paraphrase, to "the high level of domestic and foreign demand rather than distortions directly traceable to price controls." In a reference to the sharp fall in capital investment in U.S. business between 1950 and the early 1970s, he added this on the shortages: ". . . . in an economy operating at high levels," where many primary industries failed to build adequate capacity before the controls' onset, "it is inappropriate to hold controls responsible in the main for shortages."

HORROR STORIES COME TRUE

The view from the executive suite was summed up vividly in an early 1974 survey of "dozens of top corporate executives in a variety of industries." In reporting on these interviews, the *Wall Street Journal* said the executives agreed that "there is something excruciatingly painful about price controls." In addition to giving profits a beating, the business leaders said—in the *Journal's* paraphrase—that "controls really do all the horrible things that conservative economists said they would—everything from discouraging investment and drying up supplies to creating black markets and generally disrupting orderly business."

A sharp critique also came from the National Association of Manufacturers Survey on Wage and Price Controls in December 1973: "Controls have shown themselves in practice even more damaging and disruptive than the committed pessimist might have imagined . . . Wage and price controls have succeeded in eroding the sound foundation on which the world's strongest economy rests . . . Controls have caused tremendous disruptions and dislocations; controls have not only failed to contain inflation, they have helped to fuel its fires."

LABOR-MANAGEMENT ATTACK BY WHITE HOUSE COMMISSION

An unusual joint labor-management blast at controls with a White House sounding board came in July 1973 from the Nixon Administration's Labor-Management Advisory Committee. In its unanimous July 10 resolution, the committee said: "The Labor-Management Advisory Committee is deeply concerned that there are tendencies for wage and price controls to be regarded as the solution to . . . inflation. The Committee believes that continuing wage and price controls are incompatible with the best interests of the people of the United States. They impede responsible collective bargaining. They prevent the achievement of the most productive and efficient economy. They are not responsive to the needs of our citizens. They compromise our competitive position with other nations in international trade."

LABOR'S VIEW

Between the mid-Sixties and 1974, the AFL–CIO has said it would support equitable, across-the-board controls. But by early 1974, after some exercises in persuasion from emissaries of Treasury Secretary George Shultz, George Meany agreed that the existing controls were inequitable and that the AFL–CIO should make a flat-footed statement in opposition to controls. During the more recent debate, Nat Goldfinger, the chief AFL–CIO economist, responded to the proposals of J. K. Galbraith and R. R. Nathan for controls with the comment: "This call for price and wage controls represents the bankruptcy of their thinking."

However, Meany has indicated that the federation—with the departure of Richard Nixon—has returned to its prior posture of declining to oppose equitable across-the-board controls. But he has said he prefers "no controls."

From William Winpisinger, the Machinists' executive vice president, also came a comment echoing others' frustration with the public's support for controls. He said his experience campaigning with various gubernatorial and congressional candidates this fall indicated that the wage and price controls issue was still a live one with the public and with the media. He added: We must have done a thoroughly inadequate job of educating people about controls. Why can't we persuade people that damn, they don't work and that they haven't worked any place [except in wartime]. Everybody's done a lousy job on that. Sure, they've published the statistics but nobody's made a damn crusade on this."

CONGRESSIONAL DEMOCRATS' POSTURE

An important factor in both "the Shadow Cabinet" economists' and the Congressional Democrats current opposition to the granting of controls authority is a reluctance to authorize this Administration to administer such controls. This goes back to the patent coolness of the President and some key advisers to controls. As one Senate observer put it: "George Schultz may be gone but Alan Greenspan and Bill Simon are still here and they may be even more inflexible about controls than Schultz."

The November 16 statement from the Democratic Advisory Council of Elected Officials, the recently-revivified unit of the Democratic National Committee, made essentially the same point this way: "The Republican Administration's failure to apply them [controls] more equitably in 1971–73 makes it difficult to recommend them now."

Meanwhile, as the country waits for the economic issues to be joined when the 94th Congress takes over in January, a former George Shultz adviser now at the Capitol has commended the following as one of the most succinct indictments of a controls policy ever written. It appears in the summary section of the Ulman-Flanagan book on incomes policies in Western Europe.

It begins by noting that each of the controls and other incomes policies in the Western European countries were regarded as a "costless instrument." It continues as follows: "This is one reason why its popularity, however tarnished, has managed to survive its failures; a benefit-cost ratio can be quite impressive when the cost is zero. Moreover, even an economically ineffective incomes policy can yield a political payoff. It can enable an incumbent administration to appear (and to be) industrious in fighting inflation, to proceed with popular expansionist measures, under cosmetic cover, and to pin the blame for any inflationary wage and price movements on private selfishness. Such a policy can succeed only in buying a few more years of rake's progress, but for politicians, whose rate of time discount is always high, it is catnip."

The Ulman-Flanagan book was published in 1971 by the University of California Press, Berkeley, Calif., 94720, and costs $7.50 per copy.

HOUSE OF REPRESENTATIVES—*Thursday, December 12, 1974*

The House met at 12 o'clock noon.

Rabbi Mordecai Elefant, dean of Israel Torah Research Institute, Israel, offered the following prayer:

Almighty God, Father of all man.

Out of Zion shall go forth the Torah and the word of the Lord from Jerusalem.

I pray before this august body of legislators of the greatest nation on Earth, who have the power to be steadfast and just, that no weapon formed against Israel and its divine capital, Jerusalem, shall prosper.

Grant these men, Heavenly Father, the vision to implement Thy will that they may hasten the day when all oppression shall cease and tyranny shall forever be crushed. May Thy presence always be felt in this Chamber and Thy spirit hover about so that strife shall no longer set off man from man, but all shall unite in true brotherhood to serve each other and thus, O Lord, serve Thee.

As I touched the Wailing Wall which is a living symbol of Jerusalem, so I touch this lectern as a symbol of the power with which Thou hast endowed this body; and as You were with David who laid the cornerstone of Jerusalem and withstood the power of Goliath so, Almighty God, shall You be with the men and women of this Chamber whose allegiance to You has passed on from the Torah and the prophets that followed.

We are grateful to You, Almighty God, that the spirit of Israel's prophets so lives in their hearts that they know all men are created equal in Thy sight and by Thee endowed with the imperishable right to life, liberty, and the pursuit of happiness. Keep them in the light of this season that they may always cast their beacon of peace throughout the Earth. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 11273. An act to provide for the regulation of the movement in foreign commerce of noxious weeds and potential carriers thereof.

The message also announced that the Senate had passed a bill and joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1988. An act to extend, pending international agreement, the fisheries management responsibility and authority of the United States over the fish in certain ocean areas in order to conserve and protect such fish from depletion, and for other purposes; and

S.J. Res. 263. Joint resolution amending the National Housing Act to clarify the authority of the Federal Savings and Loan Insurance Corporation with respect to the insurance of public deposits, and for other purposes.

RABBI MORDECAI ELEFANT

(Mr. BADILLO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BADILLO. Mr. Speaker, this morning it was our honor and privilege to have the opening prayer delivered by Rabbi Mordecai Elefant, of Jerusalem, Israel.

Born in Brooklyn, N.Y., Rabbi Elefant was educated in New York City and Baltimore. At the age of 27 he emigrated to Israel with his wife and served as a student teacher in various parts of that country.

Currently Rabbi Elefant is the dean of the Ifri Torah Research Institute in Jerusalem, which is dedicated to the study of Judaica and Semitics. The largest institution of its kind in Israel, Ifri Torah has 1,300 full-time boarding students and 600 part-time students from all parts of the world, including many Americans. The institute has six separate branches. Two of the largest branches—the David Shapell College of Jewish Studies, for men, and the Fela Shapell College of Jewish Studies, for women—were established by the noted American industrialist David Shapell.

Another branch is located at Bet Saffa midway between Jerusalem and Bethlehem on the historical Bethlehem Road. Using American ingenuity and know-how Rabbi Elefant and his predominantly U.S. staff have been successful in creating an atmosphere in which Jews and Arabs live together and have proven that peaceful coexistence can be achieved between these people.

I am delighted that Rabbi Elefant could be with us today and I commend him for the outstanding contribution he has made to Jewish education and to Israel.

RABBI MORDECAI ELEFANT

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I would like to join my colleagues in welcoming Rabbi Mordecai Elefant to the House of Representatives. Rabbi Elefant's prayer can serve as an inspiration and a guide to all of us as we pursue our Nation's business.

As dean of the Israel Torah Research Institute in Jerusalem, Rabbi Elefant is in a unique position to understand and appreciate the importance of history, the importance of the past in our understanding the present. We would all do well to bear in mind the importance of the role we have to fill, and the great and learned men and women who have stood before us in this very Chamber. If our tasks sometimes seem overwhelming, Rabbi Elefant's prayer can help us to put it in perspective and see the true value and importance of the responsibility we are fulfilling.

WELCOME TO RABBI MORDECAI ELEFANT

(Mrs. HECKLER of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HECKLER of Massachusetts. Mr. Speaker, I would like to extend my personal welcome to one of Israel's most esteemed educators, Rabbi Mordecai Elefant, who opened our session.

An American citizen born in this country, Rabbi Elefant lives in the Holy Land and is committed to the advancement of education in Israel. He has brought to the Israelis American know-how for the administration of educational institutions.

The rabbi is the founder and dean of the renowned Israel Torah Research Institute in Jerusalem, a theological research center of Biblical studies. He has established several branches of this institute in other cities. Total enrollment in his schools is approximately 1,300 students.

He is currently in the United States to conduct a lecture tour through various cities for the purpose of raising funds for his schools and scholarship program.

Both the United States and Israel owe a debt of gratitude to a man who has dedicated himself to improving the quality of life and expanding opportunities for many young people in Israel.

CONSIDERATION OF TAX REFORM BILL KILLED

(Mr. ULLMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ULLMAN. Mr. Speaker, I think it is most unfortunate that the Committee on Rules took action this morning against bringing up the very important tax bill which the Committee on Ways and Means has been trying to bring to the floor of the Congress. The Committee on Ways and Means worked arduously during the year on the tax reform package.

That package was not finally developed until too late in the year to bring it all to the Congress for consideration, but we selected from it the features that need immediate attention in this country and presented them in this bill. They included the termination of the oil depletion allowance next year and the full energy package that we put together. The Rules Committee's failure to act means a $1 billion revenue loss for the Nation. The bill also included major tax relief for the 40 million lower income taxpayers of this country. That is something which is desperately needed, and needed now, not 6 months or more from now because of the ravages of inflation on these taxpayers.

The bill included many other important provisions, such as help for the utility industry in its capital crisis.

Mr. Speaker, these are very significant and important provisions, provisions which need enactment now, and I think it is most unfortunate that the Committee on Rules has refused a rule to allow consideration of the bill. I have inserted a detailed analysis of the provisions in H.R. 17488 in today's RECORD, and I urge all to read it and consider the consequence of the Rules Committee's action.

ACTION OF THE COMMITTEE ON RULES ON TAX REFORM BILL SEEN AS REGRETTABLE

(Mr. VANIK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VANIK. Mr. Speaker, I concur in the remarks which were just made by the distinguished acting chairman of the Committee on Ways and Means, the gentleman from Oregon (Mr. ULLMAN). The action of the Committee on Rules is regrettable. This action constitutes a billion-dollar loss to the Treasury.

Another simple amendment to the bill would have provided an additional billion dollars in revenue from the profit-bloated oil industry. By the Rules Committee action almost $2 billion in tax revenue is lost forever.

The bill would also have provided almost $2 billion in tax relief for the poor. The cost of tax relief for the poor will have to be made up next year out of deficits. The only winners in today's action are the oil profiteers.

Mr. Speaker, this is a sad note on which to end the 93d Congress, which has made no effort to tax the extra $32 billion which flowed from oil consumers to industry during the past year.

INCREASED PRINTING COSTS FOR THE CONGRESSIONAL RECORD

(Mrs. HOLT asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HOLT. Mr. Speaker, at a time when our constituents are enduring the hardship of simultaneous inflation and recession conditions largely caused by the profligate Government spending over many years, it is time for us to examine every budget of every agency for possible savings.

The place to begin is the congressional budget, which has increased from $42 million to $328 million in 20 years. As the supreme budget authority of the Republic, we have an obligation to lead. We should not ask others to make sacrifices that we are unwilling to impose on ourselves.

If there is any one area of the congressional budget that demands our immediate attention, it is printing costs. We could save millions of dollars in one swoop if we could eliminate the frivolous and wasteful printing in which we all indulge.

If you doubt what I say, just take a look at the CONGRESSIONAL RECORD almost any day, particularly the section with Extensions of Remarks.

The CONGRESSIONAL RECORD is more than a daily record of the proceedings of Congress. It is bloated with tributes, memorials, and messages on every conceivable subject except the subjects under consideration by Congress on that day.

Mr. Speaker, we often spend $15,000 to $20,000 a day on such effluvia. We could save millions every year if we could eliminate it. I would also hope that the House Administration Committee will study other ways in which we can prune the congressional budget.

We have a responsibility to show Federal agencies and our constituencies that we mean business when we talk about reductions in spending. The place to start is in our own House.

TAX REFORM LEGISLATION NEEDS CONSIDERATION

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURKE of Massachusetts. Mr. Speaker, the action of the Committee on Rules today in defeating consideration of the windfall profits tax bill to bring about a phasing out of the oil depletion allowance is a sad message for the American taxpayers, plus the fact that there was included in that bill the provision for reduction of taxes for the very low income and poor people in this country. I cannot understand the action of the Committee on Rules. I am shocked to find that they took this action. It is unconscionable.

Mr. Speaker, I certainly hope the committee will reconsider and report this bill out, because the American people realize that the oil companies have experienced the highest profits in their history during the past year. At a time when the people are seeking relief and we are trying to bring about equity in the tax system, it seems to me that the Committee on Rules should report this bill out, and I hope the committee will reconsider.

ORGANIZED CRIME RIPPING OFF MEDICARE/MEDICAID

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, information has been given to me which indicated that the medicare/medicaid nursing home abuses may involve organized crime figures. Today I spoke with a law enforcement officer who told me that he believes that at least two organized crime groups have infiltrated the nursing home industry in the Northeast in order to wash illegal moneys. Last year the costs of providing medical care were enormous even though the coverage was inadequate and the quality of care often poor. Nationally, medicare treatment cost us a total of $9.5 billion and medicaid $8.713 billion in 1973. Much of this money is being spent on nursing homes. The costs of care in a nursing home for one individual ranges between $1,300 and $1,800 per month in New York State. Thus the potential profits in operating nursing homes are enormous. Aside from the fact that many individuals are poorly treated in these homes and really should be in their own homes aided by supportive services, the problem of pervasive corruption undermines the quality of medical care, costs the taxpayers millions, and inhibits the needed expansion of government-supported health-care coverage.

No single city or State is capable of dealing with this problem independently, particularly because of the possibility of organized crime infiltration. It is incumbent upon this Congress and the executive branch of Government to take appropriate action to monitor these programs and to have the Justice Department initiate the appropriate investigations to uncover the existing frauds whether committed by organized crime or nonorganized criminals and to bring this matter before a grand jury should its investigation produce the evidence necessary to do so.

On the congressional side I am calling for a GAO audit of the programs. Our elderly, the ill and the handicapped are rightfully demanding decent treatment which they are not now receiving although the Government is expending billions.

PRIVILEGES OF THE HOUSE—STATE VERSUS INVESTIGATION

(Mr. LONG of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LONG of Maryland. Mr. Speaker, I rise to a question of the privileges of the House.

Mr. Speaker, I have been subpenaed to appear before the Circuit Court for Baltimore County, Md., to testify on December 16, 1974, before a grand jury of that court.

Under the precedents of the House, I am unable to comply with this subpena without the consent of the House, the privileges of the House being involved. I, therefore, submit the matter for the consideration of this body.

Mr. Speaker, I send the subpena to the desk.

The SPEAKER. The Clerk will read the subpena.

The Clerk read as follows:

[The Court House, Baltimore County]

STATE VS. INVESTIGATION

Report to: Grand Jury Room, Second Floor.

Summon Honorable Clarence D. Long II.

You are hereby summoned to appear before the Grand Jury of Baltimore County in Towson, Maryland, on Monday the 16th day of December 1974 at 9:15 o'clock A.M. to testify for State in the above named case and to attend said Court daily until duly discharged.

By order of the Court,

CHARLES H. HICKEY, Jr.,
Sheriff of Baltimore County.

Issued 12-10-74.

[In the Circuit Court for Baltimore County Grand Jury]

SUBPOENA DUCES TECUM

State of Maryland vs. Investigation

Mr. Clerk: Please issue a subpoena duces tecum for the following named person to testify on behalf of the State of Maryland in an investigation and to bring with him any and all records pertaining to the results of a questionnaire mailed to residents of Baltimore County in March of 1974 and with particular reference to those individuals who claimed they had been victimized by a crime but did not report it to the police, said summons to include but not be limited to any persons who indicated a preference for confidentiality, and make the same returnable 9:15 a.m. on Monday, December 16, 1974, in the Grand Jury Room, Circuit Court for Baltimore County, Court House, Towson, Maryland 21204.

HON. CLARENCE D. LONG II.
TOWSON, MD.

REPORT ON RESOLUTION PROVIDING FOR THE CONSIDERATION OF CONFERENCE REPORT ON S. 425

Mr. PEPPER, from the Committee on Rules, reported the following resolution (H. Res. 1496, Rept. No. 93-1571), which was referred to the House Calendar and ordered to be printed:

H. RES. 1496

Resolved, That upon the adoption of this resolution it shall be in order to consider the conference report on the bill (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, and all points of order against the conference report are hereby waived. After the adoption of the conference report on the bill S. 425, it shall be in order in the House for the Member who had called up the conference report to offer a concurrent resolution authorizing and directing the Secretary of the Senate to make corrections in the enrollment of the bill S. 425.

THE ACTION OF THE COMMITTEE ON RULES ON THE TAX BILL

(Mr. MICHEL asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MICHEL. Mr. Speaker, I am a little bit amused at what I have just heard several Members on the other side of the aisle complaining about, the action of the Committee on Rules.

As I recall, the membership of that Committee on Rules consists of 10 Democrats and 5 Republicans, and in the new Congress that margin will be even greater.

I have been given to understand that under all this reform movement the Speaker will have full control over the entire Democrat membership on the Rules Committee in the new Congress.

I just think we ought to lay the blame exactly where it belongs and that it is with the Democrat majority with a 60-vote margin in the whole House and a clear 2 to 1 majority on the Rules Committee.

COMMITTEE ON RULES REFUSES TO CONSIDER MEANINGFUL TAX REFORM

(Mr. CARTER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. CARTER. Mr. Speaker, I, too, would like to see meaningful tax reform, and I regret the action of the Committee on Rules in refusing to consider this. But, again, that does not occur from this side of the aisle.

For many years, for 20 years, ample opportunity has been given this House to have had tax reform. I want to assure the Members that when meaningful tax reform legislation comes before this House I shall support it. But on this side of the aisle we refuse to accept the onus for the action of the Committee on Rules.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. CARTER. I am happy to yield to the gentleman from Massachusetts.

Mr. O'NEILL. Mr. Speaker, I do hope that if this matter that the gentleman from Kentucky is talking about comes up under suspension of the rules next week that we can depend on the gentleman from Illinois and the gentleman from Kentucky for their support when this matter comes to a vote.

Mr. CARTER. If the gentleman will check my record, the gentleman will find that I have never voted against meaningful tax reform.

THE NEED FOR TAX REFORM

(Mr. GREEN of Pennsylvania asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. GREEN of Pennsylvania. Mr. Speaker, I want to join those who are expressing their revulsion today at what happened in the Committee on Rules. President Ford appealed last night for an end to partisanship, so let me begin to join him in that effort by saying that I believe that the Democratic leadership has not been responsive enough in this Congress to see that the oil companies pay their fair share of taxes this year. For yet another year we find, at a time when these companies have made unconscionable profits, that they will be given a tax break, which they do not deserve, and which is not justified by the economics of the situation.

I, too, call upon the Democratic leadership of this House to attempt to see that the House is given an opportunity to act this year.

I must say, though, that the protestations from the other side of the aisle fall on deaf ears, because not one Republican on the Committee on Ways and Means voted for real justice, and only one Republican member of the Committee on Rules voted to give us a chance to tax all this year by ending the depletion allowance.

So, let us end the partisanship and provide simple justice to the people of this country by seeing that the oil companies of this country do not make these unconscionable profits and go undertaxed. According to the latest information, they were in violation of the wage and price controls standards costing the American people an additional $1.5 billion, over and above their now legal and untaxed windfalls. These companies should pay their fair share of the taxes, and we should see that justice is done and done now. The Rules Committee action all but eliminates the possibility to gain $1 billion in taxes from this industry and is an outrage that offends all of us Republicans and Democrats.

ACTION OF COMMITTEE ON RULES IN REFUSING RULE ON TAX REFORM

(Mr. DENT asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DENT. Mr. Speaker and Members of the House, I just noted from the conversation here on the floor of the House that the Committee on Rules has had not one, but two actions that I was interested in. No. 1, as has been said, they killed the bill from the Committee on Ways and Means; they refused to come out with a rule on the bill for the taxation of oil, but they approved with a closed rule the tax on coal.

I just wonder whether or not we ought to do something about considering priorities around here. The coal miners have just signed a new contract that will raise the price of coal high enough, but then we turn around and do not have an opportunity to delete from this conference report a provision that was put in there that was contained in neither the House bill nor the Senate bill. It is a tax proposition that should have gone to the Committee on Ways and Means in the first place.

I think the Committee on Rules might consider some reconsideration of the action they took this morning.

PRINTING OF REPORT BY COMMITTEE ON FOREIGN AFFAIRS

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-1572) on the resolution (H. Res. 1465) authorizing the printing of additional copies of a report issued by the Committee on Foreign Affairs, and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1465

Resolved, That there shall be printed for use by the Committee on Foreign Affairs of the House of Representatives five hundred copies of the report of the Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs, House of Representatives, entitled "Problems of Protecting Civilians Under International Law in the Middle East Conflict".

The resolution was agreed to.

A motion to reconsider was laid on the table.

REPRINTING OF HOUSE DOCUMENT 93-339 FOR COMMITTEE ON THE JUDICIARY

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-1573) on the concurrent resolution (H. Con. Res. 654) authorization for reprinting 40,000 copies for use of the Committee on the Judiciary of House Document 93-339, and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 654

Resolved by the House of Representatives (the Senate concurring), That there shall be reprinted for use of the House Committee on the Judiciary forty thousand copies of House Document 93-339 entitled "Impeachment of Richard M. Nixon, President of the United States".

With the following committee amendment:

Page 1, line 3, delete "forty" and insert "ten".

The committee amendment was agreed to.

The concurrent resolution was agreed to.

The title was amended so as to read: "Authorization for Reprinting 10,000 copies for Use of the Committee on the Judiciary of House Document 93-339."

A motion to reconsider was laid on the table.

PRINTING OF THE CONSTITUTION OF THE UNITED STATES

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 1574) on the concurrent resolution (H. Con. Res. 675) providing for the printing as a House document of the Constitution of the United States—pocket-size edition—and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 675

Resolved by the House of Representatives (the Senate concurring), That there shall be printed as a House document the Constitution of the United States (pocket-size edition), as amended through July 5, 1971, and that one hundred and ten thousand shall be for the use of the House of Representatives.

With the following committee amendment:

Page 1, lines 4 and 5, delete "one hundred and ten" and insert "two hundred and twenty one".

The committee amendment was agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF THE CONSTITUTION AND THE DECLARATION OF INDEPENDENCE

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-1575) on the concurrent resolution (H. Con. Res. 679) to provide for the printing as a House document of the Constitution and the Declaration of Independence, and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 679

Resolved by the House of Representatives (the Senate concurring), That the Constitution of the United States, as amended to July 1, 1971, together with the Declaration of Independence, be printed as a House document, with an index, in such form and style as may be directed by the Joint Committee on Printing, and that two hundred and twenty-one thousand additional copies be printed for the use of the House of Representatives.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF COMMEMORATION CEREMONY HONORING THE 200TH ANNIVERSARY OF THE FIRST CONTINENTAL CONGRESS

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-1576) on the concurrent resolution (H. Con. Res. 680) to provide for the printing as a House document of the proceedings at the commemoration ceremony in honor of the 200th anniversary of the First Continental Congress, and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 680

Resolved by the House of Representatives (the Senate concurring), That the proceedings at the commemoration ceremony in honor of the two hundredth anniversary of the First Continental Congress, together with appropriate illustrations and other pertinent matter, shall be printed as a House document. The copy for such House document shall be prepared under the supervision of the Joint Committee on Printing.

SEC. 2. There shall be printed ten thousand additional copies of such House document for the use of the House of Representatives, which shall be bound in such style as the Joint Committee on Printing shall direct, to be prorated for a period of sixty days, after which the unused balance shall revert to the Joint Committee on Printing.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF PROCEEDINGS UNVEILING PORTRAIT OF THE HONORABLE LEONOR K. SULLIVAN

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-1577) on the concurrent resolution (H. Con. Res. 683) authorizing the printing of proceedings unveiling the portrait of the Honorable LEONOR K. SULLIVAN, and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 683

Resolved by the House of Representatives (the Senate concurring), That the transcript of the proceeding in the Committee on Merchant Marine and Fisheries of September 24, 1974, incident to the presentation of a portrait of the Honorable Leonor K. Sullivan to the Committee on Merchant Marine and Fisheries be printed as a House document with illustrations and suitable binding.

SEC. 2. In addition to the usual number, there shall be printed one thousand five hundred copies of such document for the use of the Committee on Merchant Marine and Fisheries.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF NATIONAL NUTRITION POLICY STUDY HEARINGS AND REPORTS OF SENATE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privilged report (Rept. No. 93-1578) on the Senate

Concurrent Resolution (S. Con. Res. 99) authorizing the printing of additional copies of the National Nutrition Policy Study hearings and panel reports of the Senate Select Committee on Nutrition and Human Needs, and ask for its immediate consideration.

The Clerk read the Senate concurrent resolution as follows:

S. CON. RES. 99

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Select Committee on Nutrition and Human Needs not to exceed three thousand additional copies of all parts of its hearings and reports on national policy.

SEC. 2. The authorization conferred by section 1 of this concurrent resolution shall terminate on February 28, 1975.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

AUTHORIZING PRINTING OF ADDITIONAL COPIES OF SENATE HEARINGS ENTITLED "PUBLIC FINANCING OF FEDERAL ELECTIONS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Report No. 93-1579) on the Senate concurrent resolution (S. Con. Res. 106) authorizing the printing of additional copies of Senate hearings entitled "Public Financing of Federal Elections", and ask for its immediate consideration.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 106

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on Rules and Administration one thousand additional copies of its hearings of the first session of the Ninety-third Congress entitled "Public Financing of Federal Elections".

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

AUTHORIZING THE PRINTING OF ADDITIONAL COPIES OF SENATE HEARINGS ON THE MARIHUANA-HASHISH EPIDEMIC AND ITS IMPACT ON U.S. SECURITY

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Report No. 93-1580) on the Senate concurrent resolution (S. Con. Res. 116) authorizing the printing of additional copies of Senate hearings on the marihuana-hashish epidemic and its impact on U.S. security, and ask for its immediate consideration.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 116

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on the Judiciary ten thousand additional copies of the hearings before its Subcommittee on Internal Security during the present session entitled "The Marihuana-Hashish Epidemic and Its Impact on United States Security".

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

EXTENDING AUTHORITY OF NATIONAL INSTITUTE OF ARTHRITIS, METABOLISM, AND DIGESTIVE DISEASES

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be discharged from further consideration of the Senate bill (S. 2854) to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. MONTGOMERY. Mr. Speaker, I reserve the right to object, and I would like to ask the chairman a question, if I may.

Mr. Speaker, I rise in support of this legislation and I am not trying, by reserving the right to object, to do anything to harm the bill that is before this body at this time, but I am concerned about other legislation the distinguished chairman has control of. I speak mainly about bill H.R. 12993, the Broadcast License Renewal Act, which has been awaiting the chairman's request that conferees be appointed. Since October 8 this bill has been back in the House waiting for the chairman to ask for conferees requested by the Senate.

Mr. Speaker, only 15 Members of this House voted against the Broadcast License Renewal Act. It seems rather unfair to me to ask unanimous consent on the pending legislation without having some explanation as to why the chairman will not ask to have conferees appointed to this Broadcast License Renewal Act. Would the chairman of the committee care to comment? I yield to him for that purpose.

Mr. STAGGERS. Mr. Speaker, I will say to the gentleman from Mississippi, and I have said this many times, we are coming to the end of the session and there are bills which we have in conference now that we will probably not get out. There are other bills we should go to conference on which affect many millions of Americans and we ought to get into conference on them. Some are probably more important to Americans than the bill the gentleman is talking about.

However, if the gentleman wants to kill this present bill, and it affects many millions of Americans, if the gentleman wants to object he can do so on the pretext that he wants to get some other bill out.

I have explained to the gentleman from Mississippi, not once but at least 10 times why the bill he refers to has not been brought up for further action.

Mr. MONTGOMERY. Mr. Speaker, the chairman by his tactics of not appointing conferees, is doing the same thing he is accusing me of.

I have great respect for the distinguished chairman and I am indeed sorry this action has to be taken. The bill I am interested in and other Members of the House are interested in also affects many millions of Americans, and therefore I object.

The SPEAKER. Objection is heard.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO SIT DURING DEBATE UNDER 5-MINUTE RULE TODAY

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may be permitted to sit during debate under the 5-minute rule today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Heit, one of his secretaries, who also informed the House that on December 7, 1974, the President approved and signed bills of the House of the following titles:

H.R. 342. An act to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Educational Personnel, and to amend the Practice of Psychology Act and the District of Columbia Unemployment Compensation Act;

H.R. 15580. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1975, and for other purposes; and

H.R. 17503. An act to extend the authorizations of appropriations in the Rehabilitation Act of 1973 for one year, to transfer the Rehabilitation Services Administration to the Office of the Secretary of Health, Education, and Welfare, to make certain technical and clarifying amendments, and for other purposes; to amend the Randolph-Sheppard Act for the blind; to strengthen the program authorized thereunder; and to provide for the convening of a White House Conference on Handicapped Individuals.

CONFERENCE REPORT ON H.R. 16901, AGRICULTURE-ENVIRONMENTAL AND CONSUMER PROTECTION APPROPRIATION BILL

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H.R. 16901) making appropriations for agriculture-environmental and consumer protection programs for the fiscal year ending June 30, 1975, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 11, 1974.)

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, as the membership will recall, when the conference report on the Agriculture-Environmental and Consumer Protection Appropriation Act for fiscal year 1975 first came before the House I believe it was one-third of 1 percent above the budget. On that basis it was vetoed. Instead of attempting to override the veto we referred the bill back to the committee.

We have now before us the conference report on the new bill. We have had only minor adjustments in the bill as it passed the House. As it now appears before us, it is approximately $58.7 million below the budget request, $10.7 million above the House bill, $5 million below the Senate bill, and $181.5 million below the vetoed bill. The difference of $15.7 million between the House and Senate versions of the bill reflects a budget amendment that was submitted to the other body after the House had passed the bill.

Mr. Speaker, our subcommittee was unanimous in this report. There are only several minor changes in the bill as it passed the House.

The conference agreement provides an additional $2,168,000 for meat and poultry inspection; $5 million for the brucellosis control program and $3,500,000 for the screw-worm eradication program.

With regard to the Environmental Protection Agency, the conferees agreed to delete language in the House bill which prohibited EPA from taxing, limiting or otherwise regulating parking facilities, and instead inserted a provision preventing the agency from implementing or enforcing indirect sources regulation, pending the completion of judicial review.

Mr. Speaker, since many persons do not seem to understand our longstanding position on environmental matters, I would like to review the funding of EPA while it has been under our committee's jurisdiction. This is now the fourth year our subcommittee has provided the funding for the Environmental Protection Agency. In fiscal year 1971, the budget for the Agency was $300 million. With the passage of this bill, Mr. Speaker, the appropriation for EPA for fiscal year 1975 will be over $696 million. As can be seen, under the guidance of our subcommittee, the funding of the Agency has increased by over 130 percent. These figures are, of course, exclusive of the $18 billion available for grants for construction of sewage treatment facilities since those funds were provided by the basic authorizing legislation, the Federal Water Pollution Control Act of 1972, Public Law 92–500.

Mr. Speaker, at this time I would like to compliment Mr. Train, the Administrator of EPA, for his fine cooperation with our subcommittee. We, of course, look forward to continuing to work with him on our common problem; namely, cleaning up and restoring our environment.

Being familiar with agriculture, I have long recognized the importance of our land and water resources. As you know, Mr. Speaker, the farmer has often been called the original environmentalist since he realizes he must preserve and enhance his environment for his sake and his children's sake.

Mr. Speaker, back in 1964 and 1965 I recognized the importance of cleaning up our environment, and in 1966 I published a book, "That We May Live," that discussed the absolute essentiality of cleaning up our rivers and streams. Over 50,000 copies of my book were printed and it was translated into both German and Spanish.

At this point in the RECORD I would like to include a few pertinent pages from my book which dealt with the need to restore our environment, as I saw it back in 1964 and 1965, long before concern for the environment reached the degree of public concern it enjoys today:

EXCERPT FROM "THAT WE MAY LIVE"

(By Jamie L. Whitten, Member of Congress, published 1966)

This is not to say that pollution of air and water does not exist, for, of course, it does. Pollution is part and parcel of man's unplanned and unthinking change of his environment; and particularly is it a part of the subject under discussion in *Silent Spring* and here. Public opinion here seems to be on the move toward action. This public temper can be good if held in balance. It can do more harm than good if not kept on an even keel.

Pollution comes from many sources and becomes greater as our population increases; unless we take corrective action, it will become worse as we become more and more industrial. We do have pollution of the air and water and apparently are going to do something about it. These facts lead me to point to some of the factors with which we must deal as we attempt to meet this problem.

The fact that air is essential to life is as old as knowledge. The fact that polluted air can cause discomfort is probably just as old. As soon as primitive man moved his fire into his cave, he certainly became aware of air pollution in the form of smoke. He also probably soon learned to reduce the smoke in his cave by careful placement and stoking. He then decided to accept some smoke in return for the warmth and convenience of the fire nearby.

We have been weighing pollution against convenience ever since. Now we are beginning to realize that more than convenience is involved and that the air around us is not a limitless sea into which we can continue to pour waste without serious consequences.

Our health and our well-being are threatened.

Thus did the *Agriculture Yearbook of 1963, A Place To Live,* describe one of the serious problems of our day, air pollution.

The increasing pollution of our water unquestionably is a threat to fish and health. This became a matter of public concern in the United States in the late nineteenth century, when virulent typhoid epidemics appeared in various cities. The then new science of bacteriology identified many of these outbreaks as the result of contaminated water supplies. The public outcry against pollution was great. Public health officers attempted to meet this challenge in two principal ways.

The first was to select certain streams for waste disposal and to reserve other, and protected, streams for municipal supplies. This is the method followed by communities fortunate enough to own or control adequate watersheds. However, with our increasing population, it is virtually impossible today for one city to live separately and apart from another. While one city may protect its water supply it will be adversely affected if those in adjoining areas do not do likewise.

The other method was the filtration and disinfection of water. This has permitted many cities to have reasonably safe and palatable water, even from such heavily polluted sources as the Missouri, the Mississippi and Ohio Rivers.

While these systems have worked for many years we now face a period when we must give full attention to water pollution, or else pay substantial penalties in the future. We have some 30,000 sewerage systems and industrial complexes pouring waste into our streams. Included are 10,000 municipal sewerage systems, serving more than 100 million people, which dump sewage into the waterways. Twenty-five per cent of this load is without any treatment whatsoever.

Pollution degrades the physical, chemical, biological, and esthetic qualities of the water. The degree depends upon the kind and amount of pollution in relation to the extent and nature of reuse. Pollution can be just as effective as a drought, or excessive withdrawals, in reducing or eliminating water resources.

Over 2600 new or enlarged sewage treatment works are needed to serve 27.8 million persons living in communities presently discharging untreated or inadequately treated sewage. Another 2598 new sewage collection systems and treatment works are required to serve a population of 5 million living in urban areas where individual disposal systems have failed to function properly.

By the year 2000, thirty-four years from now, we will be around 330 million Americans as against today's 194 million. We will have nearly doubled the quantity of sewage going into our streams and protecting the public health will really be a problem.

Today's 194 million Americans are abusing our resources so far as our use and handling of water is concerned. Our lakes and rivers have become catch basins for the residues of our factories, automobiles, household and agricultural chemicals, for human wastes from thousands of villages, towns, and cities. How well we clear up this situation and learn to handle it without restricting man's means of providing our high standard of living may well determine the future of our nation.

As we approach this problem we must keep in mind that the power to control water quality or quantity is not only the power to make or break business but is a power over the life of the nation itself.

Since water is an absolute essential to health and to all man's activities, any group we set up to control water on any basis, by restrictions for protection of its quality or quantity and use, must have not only the cooperation and co-ordination of all departments and agencies, but all interests must be represented. The Department of Agriculture and the Department of Health, Education and Welfare, whose interests are tied together, should have a place in any such group, as should the Department of Commerce; but these are not enough. The states and municipalities must be represented so that the varied interests of all our citizens may be recognized and provided for, including riparian rights, established use, and the determination of priority to use. All this need carries with it the problem of built-in bureaucracy, of too many cooks, yet there is seldom an easy answer to a difficult problem.

If we closed all our manufacturing plants, that would greatly improve the purity of the water in our streams; if we stopped driving automobiles, just think what that would do to improve the atmosphere—and a single departmental head could have done that under several bills; if we could return to the 800,000 population level of this country at the time it was discovered by Columbus, nature would be able to largely eliminate the pollution problem. But with 194 million people we could never live in the simplified way of that day. Neither can we ask nor could we force the residents of New York City to quit eating, quit living, and quit breathing while we clean up the Hudson. The same is true for Washington and the Potomac, as well as the people of thousands of towns and villages. The power to set standards is the power to control, yet some Members of Congress have urged that such power be granted to a single government department.

Agriculture's claims and responsibilities for the use of water are second to none, for agriculture provides our food, clothing, and shelter, the basic necessities for life. In addition, agriculture has a great responsibility in the use of water, for land is the great gathering place and reservoir for storage of water. Just a few years from now we will need three times the water we use today, all of which points up the need to protect and manage the quality and quantity of our water supply.

In our work with the Appropriations Subcommittee for Agriculture, we find the close cooperation and coordination of efforts by both the Corps of Engineers and the Soil Conservation Service are necessary in watershed and flood control programs, both of which are highly essential to water protection. We would not expect a skilled surgeon to use only one instrument for all operations, nor a mechanic to fix our car with a sledge hammer. Thus it is with water pollution; we must use the tools required for the job; and most importantly, we must keep the factory running in the process and not turn the surgeon's scalpel over to the mechanic or vice versa.

To do the cleaning up job on pollution, we must call on industry, on the federal, state, and city governments, and on individuals. We need financing and regulations, in the meantime, we must maintain a sense of balance, so that we do not tear up more than we correct. We are not merely limited to the practical but to the possible.

Mr. Speaker, I am also concerned that some people may not fully understand the committee's position with respect to the regulation of parking. The committee in no way objects to the regulation of parking facilities by State or local authorities, this is as it should be. What the committee objects to is the regulation of parking facilities by someone in the bureaucracy here in Washington. If a mayor, or city council, or State agency wished to place restrictions on parking facilities within their own jurisdiction, that is fine, they must justify their action to their own constituents.

However, if someone in EPA's headquarters here in Washington decides he wants to regulate parking facilities in New York or Los Angeles or any other of the great cities of this country or if a small group in such cities persuade him to do so, who does he have to justify his actions to? Who do the people of that city turn out of office if they feel their rights been been infringed upon?

Mr. Speaker, parking is a local problem and should be controlled by people at the local level.

With regard to the Federal Trade Commission, the conferees agreed to language on the line-of-business program, that is the same as the language in the vetoed bill.

Mr. Speaker, I would like to include in the RECORD at this point a table summarizing the action of the conference committee.

SUMMARY OF AGRICULTURE—ENVIRONMENTAL AND CONSUMER PROTECTION APPROPRIATION ACT, 1975

Agency and item (1)	New budget (obligational) authority enacted to date, fiscal year 1974 (2)	Budget estimates of new budget (obligational) authority fiscal year 1975 (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	New budget (obligational) authority recommended in Conference Report (6)	Conference recommendation compared with: Fiscal year 1974 (7)	1975 estimate (8)	House bill (9)	Senate bill (10)
TITLE I—AGRICULTURAL PROGRAMS									
DEPARTMENT OF AGRICULTURE									
Office of the Secretary	$11,505,000	$18,091,400	$16,575,000	$16,575,000	$16,575,000	+$5,070,000	−$1,516,400		
Office of the Inspector General	15,490,000	16,821,000	15,751,000	15,751,000	15,751,000	+261,000	−1,070,000		
Transfer from food stamp program	(4,534,000)	(5,081,000)	(5,081,000)	(5,081,000)	(5,081,000)	(+547,000)	( )	( )	( )
Subtotal	(20,024,000)	(21,902,000)	(20,832,000)	(20,832,000)	(20,832,000)	(+808,000)	(−1,070,000)	( )	( )
Office of the General Counsel	7,238,000	7,839,000	7,789,000	7,789,000	7,789,000	+551,000	−50,000		
Office of Management Services	4,455,000					−4,455,000			
Agricultural Research Service:									
Research	188,291,400	204,994,000	201,242,000	201,242,000	201,242,000	+12,950,600	−3,752,000		
Transfer from sec. 32	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	( )	( )	( )	( )
Special fund (reappropriation)	2,000,000	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	−2,000,000			
Scientific activities overseas (special foreign currency program)	5,000,000	10,000,000	5,000,000	5,000,000	5,000,000		−5,000,000		
Total	195,291,400	214,994,000	206,242,000	206,242,000	206,242,000	+10,950,600	−8,752,000		
Animal and Plant Health Inspection Service	307,306,000	410,440,000[1]	399,598,000	415,269,000	410,266,000	+102,960,000	−174,000	+$10,668,000	−$5,003,000
Cooperative State Research Service	90,028,000	98,701,300	101,688,000	101,688,000	101,688,000	+11,660,000	+2,986,700		
Extension Service	204,073,000	208,063,000	215,357,000	215,357,000	215,357,000	+11,284,000	+7,294,000		
National Agricultural Library	4,468,750	4,858,750	4,793,000	4,793,000	4,793,000	+324,250	−65,750		
Statistical Reporting Service	24,216,200	26,938,000	26,565,000	26,565,000	26,565,000	+2,348,800	−373,000		
Economic Research Service	17,087,000	21,831,000	21,649,000	21,649,000	21,649,000	+4,562,000	−182,000		
Agricultural Marketing Service:									
Marketing Services	37,087,000	39,915,000	39,526,000	39,526,000	39,526,000	+2,439,000	−389,000		
Payments to States and possessions	1,600,000		1,600,000	1,600,000	1,600,000		+1,600,000		
Subtotal	38,687,000	39,915,000	41,126,000	41,126,000	41,126,000	+2,439,000	+1,211,000		
Commodity Exchange Authority	3,471,000	4,309,000	4,138,000	4,138,000	4,138,000	+667,000	−171,000		
Packers and Stockyards Administration	4,330,650	4,625,650	4,745,000	4,745,000	4,745,000	+414,350	+119,350		
Farmer Cooperative Service	2,096,000	2,354,000	2,344,000	2,344,000	2,344,000	+248,000	−10,000		
Foreign Agricultural Service	27,986,000	29,034,000	28,895,000	28,895,000	28,895,000	+909,000	−139,000		
Transfer from sec. 32	(3,117,000)	(3,117,000)	(2,117,000)	(2,117,000)	(2,117,000)	(−1,000,000)	(−1,000,000)	( )	( )
Subtotal	(31,103,000)	(32,151,000)	(31,012,000)	(31,012,000)	(31,012,000)	(−91,000)	(−1,139,000)	( )	( )
Public Law 480	553,638,000	778,473,000	778,473,000	778,473,000	778,473,000	+224,835,000			
Agricultural Stabilization and Conservation Service:									
Salaries and expenses	166,651,000	172,867,000	157,382,000	157,382,000	157,382,000	−9,269,000	−15,485,000		
Transfer from Commodity Credit Corporation	(78,346,000)	(84,115,000)	(69,695,000)	(69,695,000)	(69,695,000)	(−8,651,000)	(−14,420,000)	( )	( )
Subtotal	(244,997,000)	(256,982,000)	(227,077,000)	(227,077,000)	(227,077,000)	(−17,920,000)	(−29,905,000)	( )	( )

SUMMARY OF AGRICULTURAL—ENVIRONMENTAL AND CONSUMER PROTECTION APPROPRIATION ACT, 1975—Continued

Agency and item	New budget (obligational) authority enacted to date, fiscal year 1974	Budget estimates of new budget (obligational) authority fiscal year 1975	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	New budget (obligational) authority recommended in Conference Report	Conference recommendation compared with:			
						Fiscal year 1974	1975 estimate	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE I—AGRICULTURAL PROGRAMS—Continued									
DEPARTMENT OF AGRICULTURE—Con.									
Sugar Act program	$88, 500, 000	$90, 200, 000	$85, 700, 000	$85, 700, 000	$85, 700, 000	−$2, 800, 000	−$4, 500, 000		
Cropland adjustment program	50, 301, 000	48, 601, 000	43, 801, 000	43, 801, 000	43, 801, 000	−6, 500, 000	−4, 800, 000		
Dairy and beekeeper indemnity programs		1, 850, 000	1, 850, 000	1, 850, 000	1, 850, 000	+1, 850, 000			
Total	305, 452, 000	313, 518, 000	288, 733, 000	288, 733, 000	288, 733, 000	−16, 719, 000	−24, 785, 000		
Federal Crop Insurance Corporation:									
Administrative and operating expenses	12, 000, 000	12, 000, 000	12, 000, 000	12, 000, 000	12, 000, 000				
Federal Crop Insurance Corporation Fund	(4, 640, 000)	(5, 818, 000)	(5, 643, 000)	(5, 643, 000)	(5, 643, 000)	(+1, 003, 000)	(−175, 000)	(..........)	(..........)
Total	(16, 640, 000)	(17, 818, 000)	(17, 643, 000)	(17, 643, 000)	(17, 643, 000)	(+1, 003, 000)	(−175, 000)	(..........)	(..........)
Commodity Credit Corporation:									
Reimbursement for net realized losses	3, 301, 940, 000	4, 249, 412, 000	4, 069, 412, 000	4, 069, 412, 000	4, 069, 412, 000	+767, 472, 000	−180, 000, 000		
Limitation on administrative expenses	(39, 900, 000)	(42, 200, 000)	(38, 000, 000)	(38, 000, 000)	(38, 000, 000)	(−1, 900, 000)	(−4, 200, 000)	(..........)	(..........)
Total, Title I	5, 130, 759, 000	6, 462, 218, 100	6, 245, 873, 000	6, 261, 544, 000	6, 256, 541, 000	+1, 125, 782, 000	−205, 677, 100	+$10, 668, 000	− $5, 003, 000
TITLE II—RURAL DEVELOPMENT PROGRAMS									
DEPARTMENT OF AGRICULTURE									
Rural Development Service	2, 689, 000	1, 300, 000	955, 000	955, 000	955, 000	−1, 734, 000	−345, 000		
Rural Development Grants	10, 000, 000	10, 000, 000	13, 750, 000	13, 750, 000	13, 750, 000	+3, 750, 000	+3, 750, 000		
Resource conservation and development	17, 217, 000	19, 908, 000	19, 868, 000	19, 868, 000	19, 868, 000	+2, 651, 000	−40, 000		
Rural Electrification Administration:									
Rural electrification and telephone revolving fund									
Electric loans	(618, 000, 000)	(618, 000, 000)	(700, 000, 000)	(700, 000, 000)	(700, 000, 000)	(+82, 000, 000)	(+82, 000, 000)	(..........)	(..........)
Telephone loans	(140, 000, 000)	(140, 000, 000)	(200, 000, 000)	(200, 000, 000)	(200, 000, 000)	(+60, 000, 000)	(+60, 000, 000)	(..........)	(..........)
Subtotal	(758, 000, 000)	(758, 000, 000)	(900, 000, 000)	(900, 000, 000)	(900, 000, 000)	(+142, 000, 000)	(+142, 000, 000)	(..........)	(..........)
Capitalization of Rural Telephone Bank	(30, 000, 000)	(30, 000, 000)	(30, 000, 000)	(30, 000, 000)	(30, 000, 000)	(..........)	(..........)	(..........)	(..........)
Salaries and expenses	17, 489, 000	19, 116, 000	19, 036, 000	19, 036, 000	19, 036, 000	+1, 547, 000	−80, 000		
Farmers Home Administration:									
Rural Housing Insurance Fund:									
Direct loans	(10, 000, 000)	(20, 000, 000)	(20, 000, 000)	(20, 000, 000)	(20, 000, 000)	(+10, 000, 000)	(..........)	(..........)	(..........)
Insured loans	(2, 144, 000, 000)	(2, 122, 000, 000)	(2, 232, 000, 000)	(2, 232, 000, 000)	(2, 232, 000, 000)	(+88, 000, 000)	(+110, 000, 000)	(..........)	(..........)
Reimbursement for interest and other losses	89, 170, 000	124, 592, 000	124, 592, 000	124, 592, 000	124, 592, 000	+35, 422, 000			
Subtotal	(2, 243, 170, 000)	(2, 266, 592, 000)	(2, 376, 592, 000)	(2, 376, 592, 000)	(2, 376, 592, 000)	(+133, 422, 000)	(+110, 000, 000)	(..........)	(..........)
Agricultural Credit Insurance Fund:									
Insured real estate loans	(370, 000, 000)	(370, 000, 000)	(370, 000, 000)	(370, 000, 000)	(370, 000, 000)	(..........)	(..........)	(..........)	(..........)
Soil conservation loans	(24, 000, 000)	(24, 000, 000)	(24, 000, 000)	(24, 000, 000)	(24, 000, 000)	(..........)	(..........)	(..........)	(..........)
Operating loans	(525, 000, 000)	(350, 000, 000)	(525, 000, 000)	(525, 000, 000)	(525, 000, 000)	(..........)	(+175, 000, 000)	(..........)	(..........)
Emergency loans	(300, 000, 000)	(100 000 000)	(100, 000, 000)	(100, 000, 000)	(100, 000, 000)	(−200, 000, 000)	(..........)	(..........)	(..........)
Reimbursement for interest and other losses	74, 554, 000	485, 262, 000	485, 262, 000	485, 262, 000	485, 262, 000	+410, 708, 000			
Subtotal	(1, 293, 554, 000)	(1, 329, 262, 000)	(1, 504, 262, 000)	(1, 504, 262, 000)	(1, 504, 262, 000)	(+210, 708, 000)	(+175, 000, 000)	(..........)	(..........)
Rural water and waste disposal grants	30, 000, 000	....	30, 000, 000	30, 000, 000	30, 000, 000	....	+30, 000, 000		
Prior year unobligated balances	(120, 000, 000)	(20, 000, 000)	(120, 000, 000)	(120, 000, 000)	(120, 000, 000)	(..........)	(+100, 000, 000)	(..........)	(..........)
Subtotal	(150, 000, 000)	(20, 000, 000)	(150, 000, 000)	(150, 000, 000)	(150, 000, 000)	(..........)	(+130, 000, 000)	(..........)	(..........)
Rural housing for domestic farm labor	7, 500, 000	....	5, 000, 000	5, 000, 000	5, 000, 000	−2, 500, 000	+5, 000, 000		
Mutual and self-help housing	4, 000, 000	....	5, 000, 000	5, 000, 000	5, 000, 000	+1, 000, 000	+5, 000, 000		
Rural Development Insurance Fund:									
Reimbursement for losses		17, 446, 000	17, 446, 000	17, 446, 000	17, 446, 000	+17, 446, 000			
Water and sewer facility loans	(470, 000, 000)	(400, 000, 000)(	470, 000, 000)	(470, 000, 000)	(470, 000, 000)	(..........)	(+70, 000, 000)	(..........)	(..........)
Industrial development loans	(200, 000, 000)	(400, 000, 000)(	350, 000, 000)	(350, 000, 000)	(350, 000, 000)	(+150, 000, 000)	(−50, 000, 000)	(..........(	(..........)
Community facility loans	(50, 000, 000)	(200, 000, 000)(	200, 000, 000)	(200, 000, 000)	(200, 000, 000)	(+150, 000, 000)	(..........)	(..........)	(..........)
Subtotal	(720, 000, 000)	(1, 017, 446, 000)	(1, 037, 446, 000)	(1, 037, 446, 000)	(1, 037, 446, 000)	(+317, 446, 000)	(+20, 000, 000)	(..........)	(..........)
Rural community fire protection grants			3, 500, 000	3, 500, 000	3, 500, 000	+3, 500, 000	+3, 500, 000		
Salaries and expenses	120, 850, 000	129, 112, 000	127, 902, 000	127, 902, 000	127, 902, 000	+7, 052, 000	−1, 210, 000		
Transfer from loan accounts	(3, 500, 000)	(3, 500, 000)	(3, 500, 000)	(3, 500, 000)	(3, 500, 000)	(..........)	(..........)	(..........)	(..........)
Subtotal	(124, 350, 000)	(132, 612, 000)	(131, 402, 000)	(131, 402, 000)	(131, 402, 000)	(+7, 052, 000)	(−1, 210, 000)	(..........)	(..........)
Total	326, 074, 000	756, 412, 000	798, 702, 000	798, 702, 000	798, 702, 000	+472, 628, 000	+42, 290, 000		
INDEPENDENT AGENCIES									
Farm Credit Administration:									
Revolving fund for administrative expenses	(5, 936, 000)	(6, 352, 000)	(6, 352, 000)	(6, 352, 000)	(6, 352, 000)	(+416, 000)	(..........)	(..........)	(..........)
Total, Title II	373, 469, 000	806, 736, 000	852, 311, 000	852, 311, 000	852, 311, 000	+478, 842, 000	+45, 575, 000		

Agency and item	New budget (obligational) authority enacted to date, fiscal year 1974	Budget estimates of new budget (obligational) authority fiscal year 1975	New budget (obligational) authority recommended in House bill	New budget (obligational) authority recommended in Senate bill	New budget (obligational) authority recommended in Conference Report	Conference recommendation compared with:			
						Fiscal year 1974	1975 estimate	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE III—ENVIRONMENTAL PROGRAMS									
INDEPENDENT AGENCIES									
Council on Environmental Quality and Office of Environmental Quality	$2, 466, 000	$2, 525, 000	$2, 500, 000	$2, 500, 000	$2, 500, 000	+$34, 000	—$25, 000		
Environmental Protection Agency:									
Agency and regional management	55, 775, 000	58, 816, 000	56, 016, 000	56, 016, 000	56, 016, 000	+241, 000	—2, 800, 000		
Energy research and development		137, 000, 000	80, 000, 000	80, 000, 000	80, 000, 000	+80, 000, 000	—57, 000, 000		
Research and development	169, 475, 000	166, 068, 000	175, 668, 000	175, 668, 000	175, 668, 000	+6, 193, 000	+9, 600, 000		
Prior year unobligated balances	(9, 000, 000)					(—9, 000, 000)			
Subtotal	(178, 475, 000)	(166, 068, 000)	(175, 668, 000)	(175, 668, 000)	(175, 668, 000)	(—2, 807, 000)	(+9, 600, 000)		
Abatement and control	275, 700, 000	257, 976, 000	276, 801, 000	276, 801, 000	276, 801, 000	+1, 101, 000	+18, 825, 000		
Prior year unobligated balances	(3, 700, 000)					(—3, 700, 000)			
Liquidation of contract authority		(26, 000, 000)	(26, 000, 000)	(26, 000, 000)	(26, 000, 000)	(+26, 000, 000)			
Subtotal	(279, 400, 000)	(283, 976, 000)	(302, 801, 000)	(302, 801, 000)	(302, 801, 000	(+23, 401, 000)	(+18, 825, 000)		
Enforcement	47, 150, 000	53, 340, 000	52, 240, 000	52, 240, 000	52, 240, 000	+5, 090, 000	—1, 100, 000		
Buildings and facilities			1, 400, 000	1, 400, 000	1, 400, 000	+1, 400, 000	+1, 400, 000		
Construction grants (liquidation of contract authority)	(600, 000, 000)	(1, 650, 000, 000)	(1, 400, 000, 000)	(1, 400, 000, 000)	(1, 400, 000, 000)	(+800, 000, 000)	(—250, 000, 000)		
Scientific activities overseas (special foreign currency programs)	2, 000, 000	4, 000, 000				—2, 000, 000	—4, 000, 000		
Total	550, 100, 000	677, 200, 000	642, 125, 000	642, 125, 000	642, 125, 000	+92, 025, 000	—35, 075, 000		
National Commission on Water Quality	10, 000, 000	4, 800, 000	4, 800, 000	4, 800, 000	4, 800, 000	—5, 200, 000			
DEPARTMENT OF THE TREASURY									
Bureau of Accounts:									
Subsidy payment to Environmental Financing Authority	1, 188, 000					—1, 188, 000			
Advances to Environmental Financing Authority Fund	(100, 000, 000)					(—100, 000, 000)			
Total	1, 188, 000					—1, 188, 000			
DEPARTMENT OF AGRICULTURE									
Soil Conservation Service:									
Conservation operations	165, 457, 000	192, 826, 000	192, 116, 000	192, 116, 000	192, 116, 000	+26, 659, 000	—710, 000		
River basin surveys and investigations	12, 351, 000	14, 167, 000	14, 122, 000	14, 122, 000	14, 122, 000	+1, 771, 000	—45, 000		
Watershed planning	10, 000, 000	10, 800, 000	10, 760, 000	10, 760, 000	10, 760, 000	+760, 000	—40, 000		
Watershed and flood prevention operations	157, 661, 000	122, 828, 000	122, 643, 000	122, 643, 000	122, 643, 000	—35, 018, 000	—185, 000		
Great Plains conservation program	18, 172, 000		20, 000, 000	20, 000, 000	20, 000, 000	+1, 828, 000	+20, 000, 000		
Total	363, 641, 000	340, 621, 000	359, 641, 000	359, 641, 000	359, 641, 000	—4, 000, 000	+19, 020, 000		
Agricultural Stabilization and Conservation Service:									
Rural Environmental Program		118, 800, 000					—118, 800, 000		
Agricultural Conservation Program:									
Advance authorization (contract authority)	160, 000, 000		190, 000, 000	190, 000, 000	190, 000, 000	+30, 000, 000	+190, 000, 000		
Liquidation of contract authority	(15, 000, 000)	(285, 500, 000)	(285, 500, 000)	(285, 500, 000)	(285, 500, 000)	(+270, 500, 000)			
Transfer from the Environmental Protection Agency	(15, 000, 000)					(—15, 000, 000)			
Forestry incentives program			25, 000, 000	25, 000, 000	25, 000, 000	+25, 000, 000	+25, 000, 000		
Water Bank Act program	10, 000, 000		10, 000, 000	10, 000, 000	10, 000, 000		+10, 000, 000		
Emergency conservation measures	10, 000, 000		10, 000, 000	10, 000, 000	10, 000, 000		+10, 000, 000		
Total	180, 000, 000	118, 800, 000	235, 000, 000	235, 000, 000	235, 000, 000	+55, 000, 000	+116, 200, 000		
Total, Title III	1, 107, 395, 000	1, 143, 946, 000	1, 244, 066, 000	1, 244, 066, 000	1, 244, 066, 000	+136, 671, 000	+100, 120, 000		
TITLE IV—CONSUMER PROGRAMS DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE									
Office of Consumer Affairs	1, 222, 000	1, 465, 000	1, 415, 000	1, 415, 000	1, 415, 000	+193, 000	—50, 000		
Food and Drug Administration:									
Salaries and expenses	165, 960, 000	200, 056, 000	195, 356, 000	195, 356, 000	195, 356, 000	+29, 396, 000	—4, 700, 000		
Prior year unobligated balances	(3, 000, 000)					(—3, 000, 000)			
Subtotal	(168, 960, 000)	(200, 056, 000)	(195, 356, 000)	(195, 356, 000)	(195, 356, 000)	(+26, 396, 000)	(—4, 700, 000)		
Buildings and facilities			1, 000, 000	1, 000, 000	1, 000, 000	+1, 000, 000	+1, 000, 000		
Prior year unobligated balances	(5, 000, 000)					(—5, 000, 000)			
Subtotal	(5, 000, 000)		(1, 000, 000)	(1, 000, 000)	(1, 000, 000)	(—4, 000, 000)	(+1, 000, 000)		
Total	165, 960, 000	200, 056, 000	196, 356, 000	196, 356, 000	196, 356, 000	+30, 396, 000	—3, 700, 000		

SUMMARY OF AGRICULTURAL AND CONSUMER PROTECTION APPROPRIATION ACT, 1975—Continued

Agency and item (1)	New budget (obligational) authority enacted to date, fiscal year 1974 (2)	Budget estimates of new budget (obligational) authority fiscal year 1975 (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	New budget (obligational) authority recommended in Conference Report (6)	Conference recommendation compared with: Fiscal year 1974 (7)	Conference recommendation compared with: 1975 estimate (8)	Conference recommendation compared with: House bill (9)	Conference recommendation compared with: Senate bill (10)
GENERAL SERVICES ADMINISTRATION									
Consumer Information Center	$665, 000	$886, 000	$996, 000	$996, 000	$996, 000	+$331, 000	+$110, 000		
INDEPENDENT AGENCIES									
Consumer Product Safety Commission	30, 900, 000	42, 819, 000	37, 454, 000	37, 454, 000	37, 454, 000	+6, 554, 000	−5, 365, 000		
Federal Trade Commission	32, 496, 000	38, 379, 000	37, 898, 000	37, 898, 000	37, 898, 000	+5, 402, 000	−481, 000		
DEPARTMENT OF AGRICULTURE									
Food and Nutrition Service:									
Child nutrition programs	648, 112, 000	642, 029, 000	653, 029, 000	653, 029, 000	653, 029, 000	+4, 917, 000	+11, 000, 000		
Transfer from sec. 32	(199, 631, 000)	(705, 926, 000)	(705, 926, 000)	(705, 926, 000)	(705, 926, 000)	(+506, 295, 000)	( )	( )	( )
Subtotal	(847, 743, 000)	(1, 347, 955, 000)	(1, 358, 955, 000)	(1, 358, 955, 000)	(1, 358, 955, 000)	(+511, 212, 000)	(+11, 000, 000)	( )	( )
Special milk program	97, 123, 000	120, 000, 000	120, 000, 000	120, 000, 000	120, 000, 000	+22, 877, 000			
Food stamp program	3, 000, 000, 000	3, 990, 000, 000	3, 989, 785, 000	3, 989, 785, 000	3, 989, 785, 000	+989, 785, 000	−215, 000		
Total	3, 745, 235, 000	4, 752, 029, 000	4, 762, 814, 000	4, 762, 814, 000	4, 762, 814, 000	+1, 017, 579, 000	+10, 785, 000		
Total, Title IV	3, 976, 478, 000	5, 035, 634, 000	5, 036, 933, 000	5, 036, 933, 000	5, 036, 933, 000	+1, 060, 455, 000	+1, 299, 000		
RECAPITULATION									
Title I—Agricultural programs	5, 130, 759, 000	6, 462, 218, 100[1]	6, 245, 873, 000	6, 261, 544, 000	6, 256, 541, 000	+1, 125, 782, 000	−205, 677, 100	+$10, 668, 000	−$5, 003, 000
Title II—Rural Development programs	373, 469, 000	806, 736, 000	852, 311, 000	852, 311, 000	852, 311, 000	+478, 842, 000	+45, 575, 000		
Title III—Environmental Programs	1, 107, 395, 000	1, 143, 946, 000	1, 244, 066, 000	1, 244, 066, 000	1, 244, 066, 000	+136, 671, 000	+100, 120, 000		
Title IV—Consumer Programs	3, 976, 478, 000	5, 035, 634, 000	5, 036, 933, 000	5, 036, 933, 000	5, 036, 933, 000	+1, 060, 455, 000	+1, 299, 000		
Total, New budget (obligational) authority	10, 588, 101, 000	13, 448, 534, 100	13, 379, 183, 000	13, 394, 854, 000	13, 389, 851, 000	+2, 801, 750, 000	−58, 683, 100	+10, 668, 000	−5, 003, 000
Consisting of:									
1. Appropriations	10, 426, 101, 000	13, 448, 534, 100	13, 189, 183, 000	13, 204, 854, 000	13, 199, 851, 000	+2, 773, 750, 000	−248, 683, 100	+10, 668, 000	−5, 003, 000
2. Reappropriations	2, 000, 000	(2, 000, 000)	(2, 000, 000)	(2, 000, 000)	(2, 000, 000)	−2, 000, 000			
3. Contract authorizations	160, 000, 000		190, 000, 000	190, 000, 000	190, 000, 000	+30, 000, 000	+190, 000, 000		
4. Direct and insured loan level	(4, 851, 000, 000)	(4, 744, 000, 000)	(5, 191, 000, 000)	(5, 191, 000, 000)	(5, 191, 000, 000)	(+340, 000, 000)	(+447, 000, 000)	)	( )
Memorandum:									
1. Appropriations to liquidate contract authority	615, 000, 000	1, 961, 500, 000	1, 711, 500, 000	1, 711, 500, 000	1, 711, 500, 000	+1, 096, 500, 000	−250, 000, 000		
2. Appropriations, including appropriations to liquidate contract authority	11, 041, 101, 000	15, 410, 034, 100	14, 900, 683, 000	14, 916, 354, 000	14, 911, 351, 000	+3, 870, 250, 000	−498, 683, 100	+10, 668, 000	−5, 003, 000
3. Transfers from sec. 32	217, 748, 000	724, 043, 000	723, 043, 000	723, 043, 000	723, 043, 000	+505, 295, 000	−1, 000, 000		
4. Transfers from Commodity Credit Corporation	78, 346, 000	84, 115, 000	69, 695, 000	69, 695, 000	69, 695, 000	−8, 651, 000	−14, 420, 000		

[1] Includes $15,671,000 included in Senate Doc. 93-128 and not considered by the House.

Mr. Speaker, I yield to my colleague, the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Speaker, I would like to point out that this side of the House concurs wholeheartedly with the bill as reported by the conference committee.

As in all conferences, there was give and take on both sides. The only money amount in disagreement was the additional $15,671,000 added by the Senate in response to a budget amendment from the President which arrived too late to be considered by the House. The amendment provided extra funds for meat and poultry inspection, for brucellosis control, and for screw-worm control. The conference agreement provides $10,668,000 of the $15,671,000 requested. This includes $2,168,000 for meat and poultry inspection, $5,000,000 for brucellosis control, and $3,500,000 for screw-worm control. This compromise is a good one. It provides the necessary funds to attack these important problems, while at the same time cutting back where possible.

Mr. Speaker, as I am sure everyone in the Chamber knows, the original Agriculture-Environmental and Consumer Protection appropriation bill was vetoed by President Nixon. While we thought we had a good bill which should have been signed, we went back and took another look. By so doing we were able to make further cuts, so that this bill as now reported to the House is $181.5 million below the bill that was vetoed, and $58,683,100 below the revised budget estimates. Therefore, this bill is fiscally responsible, while at the same time providing the necessary funds to help American agriculture continue to contribute to the American welfare in a manner unmatched in any other country, to clean up the environment, and to advance the welfare of all consumers.

Mr. Speaker, I urge adoption of the conference report for the good of all Americans, both in rural areas and in the cities.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Michigan.

Mr. CEDERBERG. Mr. Speaker, I rise in support of the conference report on H.R. 16901, the fiscal 1975 appropriations bill for Agriculture-Environment-Consumer Protection. The first Agriculture appropriations bill for fiscal 1975 was vetoed. The Committee on Appropriations worked very hard to produce a bill which met the major objections of the administration. This conference report deserves the support of the House.

There is one specific recommendation of the conference committee which I oppose.

Mr. Speaker, during Senate consideration of the Agriculture appropriations bill, an amendment was added which would have increased the amount which the Government can pay for automobiles.

The current limitations, $2,100 for passenger cars, and $2,400 for station wagons, are too low. Because of increased costs of production, many of which are due to safety and environmental devices mandated by the Congress, the automobile industry cannot bid at these levels.

At a time when the automobile industry is beset by depressed sales, and rising unemployment, this presents a further major problem.

The amendment would have modified a limitation on GSA, which was just established in the Treasury-Postal Service appropriations bill for fiscal 1975. There has been no formal representation by the administration to the House Committee on Appropriations.

For these reasons, the conferees are recommending that the Senate amendment be dropped. I strongly disagreed with this recommendation, but I do realize the jurisdictional problems involved. I urge that the administration promptly recommend to the Congress realistic increases in these limitations. I hope that these recommendations will be given prompt consideration by the Committee on Appropriations, and by the House.

Mr. BINGHAM. Mr. Speaker, the issue of U.S. food aid to the hungry nations of the world is one that has been receiving increasing attention lately. The controversy centers around the question of goals for our food for peace program—Public Law 480—are these to be national security and foreign policy goals, or humanitarian ones?

An amendment to this bill by Senator CLARK of Iowa would have required that the allocation of the $1 billion-plus which will be expended under Public Law 480 in fiscal year 1975 be governed by humanitarian considerations. This amendment was adopted in the Senate but deleted in conference. Although I understand the conference committee's reluctance to tamper with the basic legislation in an appropriations bill, and agree that they are probably standing on correct procedure, it is unfortunate that Congress will miss this opportunity to insist upon the policy advocated by Senator CLARK.

Most authorities agree that the long-term solution to world food shortages lies with the developing countries themselves, who must sooner rather than later increase their own food production to levels closer to self-sufficiency. To this end, the Foreign Assistance Act passed by the House yesterday provided $471.3 million in development assistance for food production in fiscal year 1975, an increase of almost $180 million over fiscal year 1974, as well as amounts for disaster and famine relief. But the Public Law 480 program remains the primary vehicle by which the United States provides short-run relief to the starving peoples of the world. Our responsibility to respond to immediate crises is not one that we can abdicate, even though the amounts we can afford to provide are small in relation to the great need. Our efforts should not be further diluted by political rather than humane decisionmaking.

Such political decisionmaking has produced the recent agreement by the administration to provide Egypt with 300,000 tons of wheat under title I, and it is reported that a deal with Syria is in the works. My constituents have indicated their outrage at this in many letters to my office. I share their sense of frustration, for it has not been demonstrated to me that these countries are in a state of need which even approaches that of Asian and African nations. How can we decry Arab use of oil as a political weapon when we use food in the same way?

The congressional delegation to last month's World Food Conference, led by Senator CLARK, called upon the administration for a pledge to increase U.S. food aid, but this course was rejected by President Ford. Now it is reported that the President will decide this week between four options for the food-for-peace program, involving various levels of aid and various strategies for distribution, ranging from strictly need-based to strictly political. While the President's decision during the Conference was disappointing, as well as unfortunate diplomatically, I am encouraged that there is now at least a chance that he will decide to increase our assistance and distribute it on largely humanitarian grounds. The amendments deleted by the conference committee represented a chance for Congress to insure such action.

We have one more chance. During yesterday's debate on the Foreign Assistance Act, my colleague Representative MORGAN, the chairman of the Foreign Affairs Committee, indicated his sympathy with a provision of the Senate version of that bill which would require that approximately three-fourths of the fund expended under Public Law 480 in fiscal year 1975 be spent for solely humanitarian purposes. That language was included in the Senate bill through the efforts of Senator HUMPHREY, and was brought to the attention of the House by Representatives SYMINGTON, JOHNSON of Colorado, HARRINGTON, and BROWN of California. Mr. MORGAN promised to go to conference with the proposal in mind. I urge the conference committee to include that language in the bill it reports back to both Houses of the Congress.

This issue will not fade away. It seems likely that world food shortages will get worse before they get better, and the United States will continue to bear a heavy responsibility to contribute massively to their alleviation, since we both produce and consume more than any other nation. Changes in domestic policy and consumption habits will be called for, both to provide necessary food for shipment and to reduce the inflationary impact of such shipment. But we have a long tradition of making sacrifices like these, and I am confident that the public will respond with courage and determination. I am also confident that the public will increasingly demand that our food aid be given with humanitarian considerations uppermost in mind.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WYDLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 359, nays 20, not voting 55, as follows:

[Roll No. 675]

YEAS—359

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Armstrong
Ashbrook
Aspin
Badillo
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Dellums
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fraser
Frelinghuysen
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Green, Pa.
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hastings
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kyros
Lagomarsino
Latta
Leggett
Lehman
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Mahon
Mailary
Mann
Maraziti
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rarick
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Shoup
Shriver
Sikes
Sisk
Skubitz
Slack

Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott

Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Traxler
Treen
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst

Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—20

Archer
Bafalis
Collins, Tex.
Conlan
Delaney
Dellenback
Dingell

Frenzel
Gross
Hosmer
Huber
Landgrebe
Lent
Schneebeli

Shuster
Symms
Wolff
Wydler
Wylie
Young, Fla.

NOT VOTING—55

Abdnor
Ashley
Baker
Brasco
Carey, N.Y.
Clancy
Clark
Collier
Conable
Crane
Davis, Ga.
Denholm
Eshleman
Fisher
Fountain
Giaimo
Goldwater
Grasso
Gray

Green, Oreg.
Griffiths
Hansen, Idaho
Hansen, Wash.
Hays
Hébert
Hillis
Howard
Johnson, Colo.
Jones, N.C.
Kuykendall
Landrum
Litton
Luken
McSpadden
Madigan
Martin, Nebr.
Mathias, Calif.
Mills

Minshall, Ohio
Moakley
Moorhead, Pa.
O'Hara
Parris
Peyser
Podell
Reid
Roncallo, N.Y.
Rooney, N.Y.
Runnels
Seiberling
Shipley
Towell, Nev.
Udall
Vander Jagt
Wyman

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hays with Mrs. Green of Oregon.

Mr. Hébert with Mr. Abdnor.

Mr Moorhead of Pennsylvania with Mr. McSpadden.

Mr. Shipley with Mr. Davis of Georgia.

Mr. Giaimo with Mrs. Griffiths.

Mr. Fountain with Mr. Eshleman.

Mr. Rooney of New York with Mrs. Hansen of Washington.

Mr. Howard with Mr. Parris.

Mr. Carey of New York with Mrs. Grasso.

Mr. Ashley with Mr. Baker.

Mr. Jones of North Carolina with Mr. Conable.

Mr. Landrum with Mr. Fisher.

Mr. Moakley with Mr. Vander Jagt.

Mr. O'Hara with Mr. Hillis.

Mr. Reid with Mr. Peyser.

Mr. Litton with Mr. Clancy.

Mr. Udall with Mr. Towell of Nevada.

Mr. Seiberling with Mr. Collier.

Mr. Runnels with Mr. Luken.

Mr. Gray with Mr. Crane.

Mr. Mills with Mr. Wyman.

Mr. Roncallo of New York with Mr. Madigan.

Mr. Minshall of Ohio with Mr. Hansen of Idaho.

Mr. Clark with Mr. Martin of Nebraska.

Mr. Denholm with Mr. Kuykendall.

Mr. Mathias of California with Mr. Goldwater.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: On page 20, line 25, insert: *Provided further*, That, notwithstanding any other provisions of law, employees of the Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs and this appropriation shall be available to finance such intermittent and part-time services.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 4 and concur therein with an amendment, as follows ": *Provided further*, That, notwithstanding any other provisions of law, employees of the Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs and this appropriation shall be available to finance such intermittent and part-time services, pending such time as the Agricultural Conservation Program (REAP) is restored as directed by the Congress."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 47, line 25, insert: "Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law; or".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 8: Page 52, line 20, strike: "SEC. 510. No part of any funds appropriated under this Act may be used by the Environmental Protection Agency to administer any program to tax, limit, or otherwise regulate parking facilities."

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 8 and concur therein with an amendment, as follows:

"SEC. 510. No part of any funds appropriated under this Act may be used by the Environmental Protection Agency to implement or enforce any provision of a state implementation plan promulgated or approved pursuant to Section 110 of the Clean Air Act that requires the review of indirect sources, as defined in 40 CFR 52.22(b) (1), pending completion of judicial review, pursuant to Section 307(b) of the Clean Air Act, of the indirect source regulations set forth in 40 CFR 52.22, or any other such regulation relating to indirect sources."

POINT OF ORDER

Mr. ROGERS. Mr. Speaker, I make a point of order against the amendment as read.

The SPEAKER. The gentleman will state his point of order.

Mr. ROGERS. Mr. Speaker, I raise a point of order on the ground of nongermaneness.

The House provision provided only for parking, and the Senate struck completely the House provision.

This language is not germane in that it goes far beyond parking. The amendment would cover airports, it would cover highways, it would cover shopping centers, and it would cover sports arenas, regardless of whether any parking facilities are attached or associated.

There is no question but what this is not germane. It is far beyond what the House had stated, and I think it is not appropriate to be in an appropriation bill at all. Therefore I ask that it be stricken in accordance with the arguments used against the amendment.

The SPEAKER. Does the gentleman from Mississippi desire to be heard on the point of order?

Mr. WHITTEN. I do, Mr. Speaker.

Mr. Speaker, the legislation to which the gentleman from Florida has referred has had the effect of stopping employment in the cities of this country. It has done this because they have to have a permit from the Environmental Protection Agency for parking. It has prevented new buildings in universities, hospitals, shopping centers—and this at a time of great unemployment in the United States.

It was felt when the bill passed in the House that in order to prevent that effect upon our economy and upon the growth of our cities, and in order to protect the inner cities so that efforts could be made to live there, that we, in turn, should keep this one item from being used to effect this legislation.

In the Senate it was felt that since there are lawsuits pending throughout the United States, I think in at least four instances, that this legislation covering parking was the key, that that part which had parking in it should be included in the conference and the conferees felt that in the interest of the Nation that those related matters which are a part and parcel of the provisions to which we were trying to direct our attention, should be accepted, and it was accepted by the conferees.

So, Mr. Speaker, on that basis I respectfully submit that while we touched on only one part of this provision, that the other parts thereby came before the conference, and on that basis we have gone along with delaying this, not to prohibit, but to restrict EPA from causing such delays or work stoppages in this area until such time as the courts determine the issue. And, as I said, the question is now pending before the Federal courts in at least four cases. Of course neither of these provisions, either the House or the conference provision, affects the rights of the cities, towns or of a State from taking such action as they wish.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman yielding to me.

Mr. Speaker, as I understand, this has resulted as a compromise with the Senate, and also to provide for judicial review, which is a highly important place in which to decide this issue in view of this indecision that now relates to this matter; is that correct?

Mr. WHITTEN. Mr. Speaker, in reply to the gentleman from California, let me say that insofar as my recollection is concerned this was unanimously approved by all members of the conference and, not only that, but while the language provides for judicial review, as I said, the lawsuits or judicial review are now going on. It was the determination of all of the conferees that while these lawsuits are pending that this agency should not be financed to stifle the development and growth of our country, while the courts are deciding the issue.

Again while we touched on only one part of the legislative provision, having touched one part of it in the House, then I respectfully suggest all parts of the legislative provision would come before the conference. As I say, we do not prohibit or permanently prevent EPA, but until the courts decide on this issue, we recommend that financing not be made available to EPA, but that the matter be left to the cities and States.

Mr. ROGERS. Mr. Speaker, if the gentleman will yield further, may I just say that these regulations insofar as the contracts for airports, highways, shopping centers and sporting arenas are not even effective until next year, the parking which the House acted on was covered, so that they are not germane.

The SPEAKER. The Chair is ready to rule.

There is only one issue involved here and that is whether the amendment included in the motion of the gentleman from Mississippi is germane. It obviously is far more comprehensive than the House provision, and is not germane thereto. The Chair, therefore, sustains the point of order.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House insist on its disagreement to the amendment of the Senate.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi (Mr. WHITTEN).

The question was taken.

Mr. STARK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were not ordered.

Mr. STARK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 282, nays 90, not voting 62, as follows:

[Roll No. 676]

YEAS—282

Abdnor
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Bafalis
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Bray
Breaux
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Chamberlain
Chappell
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conlan
Corman
Cotter
Crane
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Donohue
Dorn
Downing
Dulski
Duncan
du Pont
Edwards, Ala.
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Flood
Flynt
Foley
Fountain
Froehlich
Fulton
Fuqua
Gettys
Ginn
Gonzalez
Goodling
Gross
Gubser
Gunter
Guyer
Haley
Hammerschmidt
Hanley
Hanrahan
Harsha
Hastings
Heckler, Mass.
Heinz
Henderson
Hicks
Hinshaw
Hogan
Holifield
Holt
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Kemp
Ketchum
King
Kluczynski
Lagomarsino
Landgrebe
Latta
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lott
Lujan
McClory
McCollister
McCormack
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Matsunaga
Mayne
Mazzoli
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mink
Mizell
Mollohan
Moorhead, Calif.
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nelsen
Nichols
O'Brien
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rarick
Regula
Rhodes
Roberts
Robinson, Va.
Robison, N.Y.
Roe
Roncalio, Wyo.
Rose
Rostenkowski
Rousselot
Roy
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stubblefield
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Ullman
Van Deerlin
Vander Veen
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wylie
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zwach

NAYS—90

Abzug
Adams
Addabbo
Anderson, Calif.
Aspin
Badillo
Biester
Bingham
Brademas
Breckinridge
Brown, Calif.
Burke, Calif.
Burton, John
Burton, Phillip
Chisholm
Clay
Conte
Conyers
Coughlin
Cronin
Dingell
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Fish
Ford
Forsythe
Fraser
Frenzel
Gaydos
Gibbons
Gilman
Green, Pa.
Gude
Hamilton
Harrington
Hawkins
Hechler, W. Va.
Helstoski
Holtzman
Karth
Kastenmeier
Koch
Kyros
McCloskey
McDade
Maraziti
Meeds
Minish
Mitchell, Md.
Mitchell, N.Y.
Morgan
Moss
Nedzi
Nix
Obey
Pike
Rangel
Rees
Reuss
Rosenthal
Roush
Riegle
Rinaldo
Rodino
Rogers
Rooney, Pa.
Roybal
Sarbanes
Schroeder
Seiberling
Smith, N.Y.
Stark
Steele
Steelman
Stokes
Stratton
Thompson, N.J.
Tiernan
Udall
Vanik
Waldie
Whalen
Wilson, Charles H., Calif.
Wolff
Wydler
Yates
Yatron
Young, Ga.

NOT VOTING—62

Alexander
Ashley
Baker
Brasco
Camp
Carey, N.Y.
Cederberg
Clancy
Clark
Cleveland
Collier
Conable
Davis, Ga.
Dellums
Diggs
Eshleman
Fisher
Flowers
Frelinghuysen
Frey
Giaimo
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Grover
Hanna
Hansen, Idaho
Hansen, Wash.
Hays
Hébert
Hillis
Howard
Ichord
Johnson, Colo.
Jones, N.C.
Kuykendall
Landrum
Litton
Luken
McSpadden
Mathias, Calif.
Mathis, Ga.
Mills
Minshall, Ohio
Moakley
Montgomery
Moorhead, Pa.
O'Hara
Parris
Podell
Reid
Roncallo, N.Y.
Rooney, N.Y.
Runnels
Shipley
Stanton, James V.
Vander Jagt
Wyman
Young, Alaska
Zion

So the motion was agreed to.

The Clerk announced the following pairs:

Mr. Hays with Mr. Baker.

Mr. Hébert with Mr. Cederberg.

Mr. Moorhead of Pennsylvania with Mr. Grover.

Mr. Shipley with Mr. Clark.

Mr. Alexander with Mr. Camp.

Mr. Dellums with Mr. Gray.

Mr. Flowers with Mr. Davis of Georgia.

Mr. Giaimo with Mr. Frey.

Mr. Diggs with Mr. McSpadden.

Mr. Howard with Mr. Goldwater.

Mr. Ichord with Mr. Clancy.

Mr. Moakley with Mr. Frelinghuysen.

Mr. Montgomery with Mrs. Hansen of Washington.

Mr. O'Hara with Mr. Cleveland.

Mr. Carey of New York with Mr. Eshleman.

Mr. Rooney of New York with Mr. Hanna.

Mr. Jones of North Carolina with Mr. Collier.

Mr. Landrum with Mrs. Grasso.

Mr. Litton with Mr. Fisher.

Mr. Runnels with Mr. Hansen of Idaho.

Mr. Ashley with Mr. Conable.

Mr. Mills with Mrs. Green of Oregon.

Mr. Kuykendall with Mr. Hillis.

Mr. Mathias of California with Mrs. Griffiths.

Mr. Mathis of Georgia with Mr. Johnson of Colorado.

Mr. Minshall of Ohio with Mr. Luken.

Mr. Reid with Mr. Parris.

Mr. Roncallo of New York with Mr. Vander Jagt.

Mr. James V. Stanton with Mr. Young of Alaska.

Mr. Wyman with Mr. Zion.

The result of the vote was announced as above recorded.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to, and that I may revise and extend my own remarks and insert certain extraneous material on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

ANNUAL REPORT ON THE COUNCIL ON ENVIRONMENTAL QUALITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Merchant Marine and Fisheries:

To the Congress of the United States:

I am pleased to transmit to the Congress the Fifth Annual Report of the Council on Environmental Quality.

When future historians look back on the pursuit of environmental quality in our era, they will recognize it as a positive turning point.

As I stated in an Earth Day speech in 1970, "the day is gone when concern for the land, the air and the water was sole province of the conservationist, the wilderness enthusiast, the bird watcher, and the environmental scientist."

Instead, today, millions of our citizens share a new vision of the future in which natural systems can be protected, pollution can be controlled, and our natural heritage will be preserved. The crusade to improve the quality of our human environment has begun—a crusade which has already led to great accomplishment over the past five years.

Another valuable lesson was learned during the energy crisis last winter when, in trying circumstances, it became clear that we cannot achieve all our environmental and all our energy and economic goals at the same time. Had our commitment to the environment not been ingrained, we might have reacted to this situation by discarding our environmental goals. Had our commitment to the environment not been mature, we might not have recognized the need for balance to accommodate other social and economic goals as well. By rejecting the extremes—by accepting the need for balance—we held fast to the accomplishments of the past and looked with new perspective towards the imperatives of the future. This, in my judgment, is the course we must continue to follow.

The need to move toward greater self-sufficiency in energy is one of the major challenges of the decade ahead. We can and must meet our needs for energy, and in ways that minimize damage to the environment.

The conservation of energy provides an essential common ground between our need for energy and our desire to protect the environment. By eliminating waste in the use of energy, and by increasing the efficiency of the energy we use, we can move toward both goals simultaneously. Our experience this year has shown that there are major opportunities to conserve energy. And we are coming to understand that actions which temper our growing use of energy contribute to self-sufficiency as well as actions which increase our domestic supply.

We must also recognize that, even with a strong conservation program, we will still have to mine more coal, drill for more oil and gas, and build more powerplants and refineries. Each of these measures will have an impact on the environment. Yet this can be minimized, and the last five years have shown that we have the capacity and the willingness to do so. Science and technology, in which America excels, provides one means of limiting environmental damage; careful analysis and planning, with broad public participation, offers another.

Let us also be guided by our increased recognition of the interdependence of all nations of our globe and the fundamental relationship between population, resources, economic development, world stability, and the environment.

No longer is concern for the environment the dream of a few. Instead, it is reflected in countless actions by many citizens, by industry, and by government at all levels every day. The environmental movement has matured, and the nation and its environment have benefited in the process. Looking to the future, we can expect further accomplishment in enhancing our environment and, along with it, further improvement in our quality of life.

GERALD R. FORD.

THE WHITE HOUSE, *December 12, 1974.*

MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1975

Mr. PIKE. Mr. Speaker, I move to suspend the rules and agree to the conference report on the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes.

The Clerk read the title of the conference report.

The SPEAKER. Is a second demanded?

Mr. KING. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

(For conference report and statement, see proceedings of the House of December 10, 1974.)

The SPEAKER pro tempore. The gentleman from New York (Mr. PIKE) will be recognized for 20 minutes, and the gentleman from New York (Mr. KING) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. PIKE).

Mr. PIKE. Mr. Speaker, on August 9, 1974, the House of Representatives passed H.R. 16136, which is the fiscal year 1975 military construction authorization for the Department of Defense and Reserve components.

On September 11, 1974, the Senate considered the legislation, amended it by striking out all language after the enacting clause, and wrote a new bill.

H.R. 16136, as passed by the House of Representatives, provided new construction authorization to the military departments and the Department of Defense for fiscal year 1975 in the total amount of $2,935,801,000.

The bill, as passed by the Senate, provided new construction authorization in the total amount of $3,027,925,060.

As a result of the conference between the House and the Senate on the differences in H.R. 16136, the conferees agreed to a new adjusted authorization for military construction for fiscal year 1975 in the amount of $2,994,878,000. The amount authorized for appropriation, however, is only $2,984,378,000. The difference results from the fact that two projects authorized, totaling $10.5 million, do not require appropriations.

The amount of new authority approved is $294,002,000 below the amount requested by the Department of Defense.

The total authority granted is approximately $59 million above that granted by the House and approximately $33 million below the Senate figure.

There were over 150 differences in the House and the Senate versions. However, we were able to arrive at an agreement on each one of these differences. I will not go into a lot of detail because the joint statement of the managers explains the actions of the conferees.

The most difficult problem encountered in the conference with the Senate was the Department of Defense proposal for an expansion of facilities on the island of Diego Garcia in the Indian Ocean. The original Department request, under the Navy portion of the bill, was for $29 million to upgrade the present facilities on the island of Diego Garcia. Among the projects envisioned was the extension of the runway by approximately 2,000 feet, additional POL storage capacity, and the dredging of the harbor so that larger ships could anchor there. The House approved the Department's request without change. However, the Senate reduced the amount requested and authorized $14,802,000. Further, the Senate inserted language which would require the President to certify to the Congress that the need for the expansion of facilities had been evaluated by him, and that such projects were essential to the security of the United States, and this certification must be approved by a joint resolution of the House and the Senate.

The House conferees argued that the Senate language, in effect, would allow a legislative veto by inaction and offered compromise language which would permit either the House or the Senate to veto the proposed construction by passing a resolution of disapproval within 60 days of continuous session of Congress after the President's certification.

After many hours of discussion and many meetings of the conferees, the Senate reluctantly receded to the compromise language, but insisted that additional language be added to the conference report which provides in substance that parliamentary tactics aimed at delaying action on the Senate floor regarding a Resolution of Disapproval will be precluded.

Therefore, after giving a little here and taking a little there, our conferees have done the best they could and believe they have brought to the House a good bill that will provide adequately for the construction needs of the military during this fiscal year. Further, I want to assure the House that all amendments adopted in conference are germane to the bill.

I want to thank the gentleman from New York (Mr. KING) for his dedication and assistance during our hearings, and more especially, in the conference. Also, I want this House to know that all members of our conference committee worked long and hard to bring this conference report before you and I urge its adoption.

Mr. KING. Mr. Speaker, I want to say that this is perhaps one of the most difficult subcommittees that we have because it entails hours of work and of hearings, and if it had not been for my colleague from New York, the chairman of the subcommittee, and his work, and the other Members of the committee and Mr. Shumate's efforts, we would not have reached the bill that we have to everyone's satisfaction.

Mr. Speaker, my colleague, the distinguished chairman of the Military Construction Subcommittee, has explained the details of our conference with the Senate and, therefore, I will not go into the matters already discussed by him and fully explained in the joint statement of the managers.

This bill is not exactly as I would have had it, but then what bill of this magnitude ever is after it has gone through intensive hearings of both the House and the Senate and then the differences are resolved in conference? I recognize that many Members might have desired certain line items which were omitted or conversely, some line items which are included, they might have desired that they be omitted. But, on balance, we are very satisfied with the conference report.

I want to congratulate my colleagues in the conference committee for their dedication and efforts to bring this conference report to the House. Also, I especially want to point out to the Members of the House the excellent leadership provided by the gentleman from New York (Mr. PIKE).

Mr. Speaker, I urge the adoption of the conference report.

Mr. PIKE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. PIKE), that the House suspend the rules and agree to the conference report on the bill H.R. 16136.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PIKE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EMERGENCY UNEMPLOYMENT COMPENSATION ACT OF 1974

Mr. ULLMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 17597) to provide a program of emergency unemployment compensation.

The Clerk read as follows:

H.R. 17597

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SEC. 101. This Act may be cited as the "Emergency Unemployment Compensation Act of 1974".

FEDERAL-STATE AGREEMENTS

SEC. 102. (a) Any State, the State unemployment compensation law of which is approved by the Secretary of Labor (hereinafter in this Act referred to as the "Secretary") under section 3304 of the Internal Revenue Code of 1954 which desires to do so, may enter into and participate in an agreement with the Secretary under this Act, if such State law contains (as of the date such agreement is entered into) a requirement that extended compensation be payable thereunder as provided by the Federal-State Extended Unemployment Compensation Act of 1970. Any State which is a party to an agreement under this Act may, upon providing thirty days' written notice to the Secretary, terminate such agreement.

(b) Any such agreement shall provide that the State agency of the State will make payments of emergency compensation—

(1) to individuals who—

(A) (i) have exhausted all rights to regular compensation under the State law;

(ii) have exhausted all rights to extended compensation, or are not entitled thereto, because of the ending of their eligibility period for extended compensation, in such State;

(B) have no rights to compensation (including both regular compensation and extended compensation) with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law; and

(C) are not receiving compensation with respect to such week under the unemployment compensation law of the Virgin Islands or Canada,

(2) for any week of unemployment which begins in—

(A) an emergency benefit period (as defined in subsection (c) (3)); and

(B) the individual's period of eligibility (as defined in section 105(b)).

(c) (1) For purposes of subsection (b) (1) (A), an individual shall be deemed to have exhausted his rights to regular compensation under a State law when—

(A) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to him based on employment or wages during his base period; or

(B) his rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(2) For purposes of subsection (b) (1) (B), an individual shall be deemed to have exhausted his rights to extended compensation under a State law when no payments of extended compensation under a State law can be made under such law because such individual has received all the extended compensation available to him from his extended compensation account (as established under State law in accordance with section 202(b) (1) of the Federal-State Extended Unemployment Compensation Act of 1970).

(3) (A) (i) For purposes of subsection (b) (2) (A), in the case of any State, an emergency benefit period—

(I) shall begin with the third week after a week for which there is a State "emergency on" indicator; and

(II) shall end with the third week after the first week for which there is a State "emergency off" indicator.

(ii) In the case of any State, no emergency benefit period shall last for a period of less than 26 consecutive weeks.

(iii) When a determination has been made that an emergency benefit period is beginning or ending with respect to any State, the Secretary shall cause notice of such determination to be published in the Federal Register.

(B) (i) For purposes of subparagraph (A), there is a State "emergency on" indicator for a week if there is a State or National "on" indicator for such week (as determined under subsections (d) and (e) of section 203 of the Federal-State Extended Unemployed Compensation Act of 1970).

(ii) For purposes of subparagraph (A), there is a State "emergency off" indicator for a week if there is both a State and a National "off" indicator for such week (as determined under subsections (d) and (e) of the Federal-State Extended Unemployment Compensation Act of 1970).

(d) For purposes of any agreement under this Act—

(1) the amount of the emergency compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including dependents' allowances) payable to him during his benefit year under the State law; and

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall (except where inconsistent with the provisions of this Act or regulations of the Secretary promulgated to carry out this Act) apply to claims for emergency compensation and the payment thereof.

(e) (1) Any agreement under this Act with a State shall provide that the State will establish, for each eligible individual who files an application for emergency compensation, an emergency compensation account.

(2) The amount established in such account for any individual shall be equal to the lesser of—

(A) 50 per centum of the total amount of regular compensation (including dependents' allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation; or

(B) thirteen times his average weekly benefit amount (as determined for purposes of section 202(b)(1)(C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year.

(f)(1) No emergency compensation shall be payable to any individual under an agreement entered into under this Act for any week beginning before whichever of the following is the latest:

(A) the first week which begins after December 31, 1974,

(B) the week following the week in which such agreement is entered into, or

(C) the first week which begins after the date of the enactment of this Act.

(2) No emergency compensation shall be payable to any individual under an agreement entered into under this Act for any week ending after—

(A) December 31, 1976, or

(B) March 31, 1977, in the case of an individual who (for a week ending before January 1, 1977) had a week with respect to which emergency compensation was payable under such agreement.

PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF EMERGENCY COMPENSATION

SEC. 103. (a) There shall be paid to each State which has entered into an agreement under this Act an amount equal to 100 per centum of the emergency compensation paid to individuals by the State pursuant to such agreement.

(b) No payment shall be made to any State under this section in respect of compensation for which the State is entitled to reimbursement under the provisions of any Federal law other than this Act.

(c) Sums payable to any State by reason of such State's having an agreement under this Act shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which would have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

FINANCING PROVISIONS

SEC. 104. (a)(1) Funds in the extended unemployment compensation account (as established by section 905 of the Social Security Act) of the Unemployment Trust Fund shall be used for the making of payments to States having agreements entered into under this Act.

(2) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this Act. The Secretary of the Treasury prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as established by section 905 of the Social Security Act) to the account of such State in the Unemployment Trust Fund.

(b) There are hereby authorized to be appropriated, without fiscal year limitation, to the extended unemployment compensation account, as repayable advances (without interest), such sums as may be necessary to carry out the purposes of this Act. Amounts appropriated as repayable advances and paid to the States under section 103 shall be repaid, without interest, as provided in section 905(d) of the Social Security Act.

DEFINITIONS

SEC. 105. For purposes of this Act—

(1) the terms "compensation", "regular compensation", "extended compensation", "base period", "benefit year", "State", "State agency", "State law", and "week" shall have the meanings assigned to them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970;

(2) the term "period of eligibility" means, in the case of any indiivdual, the weeks in his benefit year which begin in an extended benefit period or an emergency benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period or in such emergency benefit period; and

(3) the term "extended benefit period" shall have the meaning assigned to such term under section 203 of the Federal-State Extended Unemployment Compensation Act of 1970.

For purposes of any State law which refers to an extension under Federal law of the duration of benefits under the Federal-State Extended Unemployment Compensation Act of 1970, this Act shall be treated as amendatory of such Act.

EXTENSION OF WAIVER OF 120-PERCENT REQUIREMENT FOR PURPOSES OF EXTENDED COMPENSATION PROGRAM

SEC. 106. The last sentence of section 203(e)(2) of the Federal-State Extended Unemployment Compensation Act of 1970, as amended, is amended by striking out "April 30, 1975" and inserting in lieu thereof "December 31, 1976".

TEMPORARY REDUCTION IN NATIONAL TRIGGER

SEC. 107. Section 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation for weeks of unemployment beginning before December 31, 1976, and beginning after December 31, 1974 (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a national 'on' or 'off' indicator beginning or ending any extended benefit period shall be made under this subsection as if the phrase '4.5 per centum', contained in paragraphs (1) and (2), read '4 per centum'."

PROVISION FOR FINANCING TEMPORARY REDUCTION IN NATIONAL TRIGGER

SEC. 108. Section 204(a) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new paragraph:

"(3) In the case of compensation which is sharable extended compensation or sharable regular compensation by reason of the provision contained in the last sentence of section 203(d), the first paragraph of this subsection shall be applied as if the words 'one-half of' read '100 per centum of'."

The SPEAKER pro tempore (Mr. MCFALL). Is a second demanded?

Mr. SCHNEEBELI. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Oregon (Mr. ULLMAN) will be recognized for 20 minutes, and the gentleman from Pennsylvania (Mr. SCHNEEBELI) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is quite obvious at this point that this Congress must act on temporary unemployment compensation to take the edge off the burden of increased unemployment and to relieve the suffering that is resulting from long-standing unemployment in certain areas.

The Committee on Education and Labor and the Committee on Ways and Means have, after consultation, worked out an understanding whereby our committee will move in the areas of jurisdiction of the Committee on Ways and Means, and insofar as noncovered employment is not presently covered.

However, this agreement in no way indicates that the Committee on Ways and Means is relinquishing jurisdiction over the subject matter of extending application of the unemployment compensation program to persons whose employment is not presently covered.

Mr. DOMINICK V. DANIELS. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I am happy to yield to my friend, the chairman of the Select Subcommittee on Labor.

Mr. DOMINICK V. DANIELS. Mr. Speaker, as chairman of the Select Subcommittee on Labor, I wish to concur in the statement the gentleman just made to the House. It is the understanding of our committee, the Committee on Education and Labor, that their yielding jurisdiction on this point is done for the purpose of consideration of the next bill which is coming up.

Mr. ULLMAN. Mr. Speaker, I appreciate the remarks of the gentleman. We are in perfect accord, and we have a fine working arrangement. There is no misunderstanding here.

Mr. Speaker, this bill is in lieu of and replacement for a bill reported last week to establish a temporary special unemployment compensation program. The bill presently under consideration differs in several respects from the bill that the committee reported last week (H.R. 17570). The principal differences between the two bills are as follows.

First, the earlier bill would have established a program to pay special unemployment compensation both to persons exhausting regular and extended unemployment compensation benefits and to unemployed persons who had worked in noncovered employment. The bill under consideration is limited to providing benefits to persons who were entitled to benefits under the unemployment compensation programs.

Second, the special unemployment compensation program established by the earlier bill would have triggered into operation on an area-by-area basis. The bill under consideration provides that emergency benefits under the new program will be payable whenever extended benefits are payable in a State or in the entire country under the State and National trigger procedures of the Federal-State extended unemployment compensation program.

In addition, the pending bill contains several temporary changes in the State and National trigger mechanisms in the Federal-State Extended Unemployment Compensation Act.

After the committee had reported H.R. 17570 last week, concern arose over the fact that legislation was in the process of being reported out of the House Committee on Education and Labor to provide a similar but somewhat different program to provide special unemployment compensation to exhaustees of benefits under existing unemployment compensation programs and to noncovered workers. As I stated earlier, in an effort to preserve the jurisdictional responsibilities of all of the committees involved in both the House and the Senate, an agreement was reached under which the committees with jurisdiction over the regular unemployment compensation programs in the House and the Senate would be responsible for legislation directly affecting those programs and that the Labor Committees in both bodies would produce legislation providing temporary programs of special unemployment assistance to noncovered workers. The pending bill represents one step that is being taken pursuant to that agreement. The House Education and Labor Committee's bill will be modified by floor amendment to eliminate the application of its temporary program to unemployment compensation exhaustees. The latter bill, therefore, will contain a temporary program limited to persons who do not qualify for unemployment compensation under any existing Federal programs.

I would like to reemphasize that the agreement that was arrived at concerning this matter does not indicate an intention on the part of the Committee on Ways and Means to relinquish jurisdiction over the subject matter of extending application of the unemployment compensation program to persons whose employment is not presently covered under it. The agreement that was reached recognizes the rather extreme emergency situation which is expected to exist during the coming months as a result of unusually high unemployment throughout the Nation. The agreement that was made will permit the Committee on Ways and Means the time to review the operation of the unemployment compensation program generally and particularly the questions concerning further extensions of coverage under the program.

Now I would like to briefly describe the provisions of H.R. 17597.

Every Member of the House is well aware, I am sure, that unemployment has increased sigificantly in recent months, rising to 6.5 percent in November, the highest monthly rate of unemployment that has occurred in 13 years. Under a realistic appraisal of the present conditions of the national economy, it is expected that unemployment will continue at a high level for many months to come. It is quite obvious, therefore, that we need to act to augment the existing unemployment compensation programs so that the needs of the long-term unemployed workers will be met.

The bill contains two principal features. First, it would create a new temporary emergency unemployment compensation which would augment the existing unemployment programs for individuals who remain unemployed for unusually long periods of time. Second, the bill would make temporary changes in the Federal-State Extended Unemployment Compensation Act.

Under the present State unemployment compensation programs, workers generally receive up to 26 weeks of benefits while they remain unemployed. Since 1970, there has been in existence the Federal-State extended unemployment compensation program which pays extended unemployment compensation benefits to workers during periods of high unemployment. The extended benefits program is financed 50-50 from Federal and State unemployment tax revenues and pays benefits only when there is unusually high unemployment in an individual State or in the Nation as a whole under State or national trigger mechanisms provided for in the law. Under the extended benefits program, an unemployed worker receives payments equal in amount to his regular unemployment compensation payments for a period equal to one-half of the duration of his regular benefits up to a maximum of 13 weeks. There has been some dissatisfaction with the manner in which the State extended benefits trigger has operated for the past 2 years and a series of temporary provisions modifying the State trigger provisions of the law have been enacted in order to permit those States that have had high unemployment to pay extended benefits if they chose to do so.

The proposed new emergency unemployment compensation program provided for in H.R. 17597 is patterned after the Magnuson program which was enacted in December of 1971 and paid benefits for a little over a year in 1972 and 1973. Benefit payments to individuals would be similar to those provided under the extended benefits program. A qualified individual would receive benefits equal to his regular benefits for an additional period equal to one-half of his regular entitlement duration up to 13 weeks.

The new emergency unemployment compensation program would differ from previous programs in that it does not contain a separate trigger mechanism. The program would go into effect in a State only when extended benefits are payable in the State. Under present law, States must pay extended benefits when the insured unemployment rate in the State is 4 percent and at least 120 percent of the rate for the corresponding period in the preceding 2 years. Also under present law, a State may, until April 30, 1975—if State law permits—pay benefits without regard to the 120-percent factor of the State "on" and "off" indicators. The cost of paying these benefits is met equally by State and Federal unemployment funds. Under the bill a State would be given the option of paying extended benefits when the insured unemployment rate is 4 percent, without regard to the 120-percent factor, for the 2-year period ending December 1976.

Under present law, extended benefits are payable in all States after the national insured unemployment rate for three consecutive months is 4.5 percent. The bill would permit the States to pay extended benefits when the national rate of insured unemployment is 4 percent, rather than 4.5 percent. Therefore, under the bill both the extended unemployment compensation program and the emergency unemployment compensation program could go into effect in all States whenever the national insured unemployment rate reached 4 percent and stays at least that high for 3 consecutive months.

The national insured unemployment rate for October, the latest month for which figures are available, was 4 percent and it is anticipated that the rate will continue to increase for some months. Because the national insured unemployment rate is expected to reach 4.5 percent before the end of the year, both the existing extended benefits programs and the proposed emergency program could be in effect in all States for most of 1975 without regard to the provisions of the bill permitting the States to pay extended benefits when the national trigger is 4 percent, but below 4.5 percent. Any additional extended benefits that are payable as the result of a State electing to put the extended unemployment compensation program into effect when the national rate is 4 percent, rather than 4.5 percent will be paid in full—rather than 50 percent—out of the Federal unemployment account.

In effect, the bill would provide the States with the following options as to the time when an extended benefit period and an emergency benefit period would go into effect:

First. When the insured unemployment rate in the State under the State extended benefit trigger is 4 percent; or

Second. When the national insured unemployment rate under the national extended benefit trigger is 4 percent.

And the States would be required to start an extended benefit period and an emergency benefit period:

First. When the insured unemployment rate in the State under the State extended benefit trigger is 4 percent and 120 percent of the rate for the comparable period in the preceding 2 years; and

Second. When the national insured unemployment rate under the national extended benefit trigger is 4.5 percent.

The cost of paying for the emergency unemployment compensation program would be met by repayable advances from the general funds of the Treasury into the extended benefits account of the Federal unemployment trust fund. Under this arrangement, which is similar to the manner in which the Magnuson program was financed, the emergency benefits provided are ultimately paid for out of Federal receipts under the Federal Unemployment Tax Act.

Mr. Speaker, I believe that this legislation is urgently needed. I expect that under the agreement which I described earlier, the bill will very likely be approved in the Senate without the need for any amendments. I urge every Member of the House to support the bill.

Mr. SCHNEEBELI. Mr. Speaker, I support H.R. 17597, which would provide additional payments over the next 2 years to persons who are out of work and have used up the benefits to which they are entitled under current unemployment laws.

At present, there are two tiers of jobless compensation, administered by the States with Federal participation and covering about 86 percent of all nonfarm workers. The first is the basic unemployment insurance program, which is almost 40 years old and which permits the States to pay up to 26 weeks of benefits. The second is the Federal-State extended benefits program, enacted in 1970, under which an additional 13 weeks of benefits may be paid, first, in all States when the national insured unemployment rate equals or exceeds 4.5 percent over a 3-month period, and second, in any State where the insured rate reaches 4 percent and is at least 120 percent of the average rate measured in the 2 preceding years.

The 120-percent requirement has been suspended, however, and under current law the suspension would continue through April 30 of next year.

The bill before us would make several changes in the second tier of unemployment compensation, and it would provide a third tier modeled on the so-called Magnuson amendment, which became the Emergency Unemployment Compensation Act of 1971.

First, the bill would continue the suspension of the 120-percent rate increase requirement under the extended benefits program. Second, it would lower the national "trigger" in that program from 4.5 to 4 percent.

The new third tier would provide an additional 13 weeks of benefits, using essentially the same triggering mechanism as in the extended benefits program.

The program would be paid for out of the extended unemployment compensation account of the Unemployment Trust Fund. There is not enough money in the account, however, to cover the added cost, so general funds would be transferred to the account for this purpose, and would be repaid whenever the account reaches a sufficient level of funding.

Mr. Speaker, we have encountered many problems involving our unemployment compensation system in recent years, and we have provided piecemeal answers. I had hoped that the Committee on Ways and Means could have conducted a thoroughgoing review of the system and the problems this past year, but that simply was not possible. However, I am hopeful that the committee will not let another year pass without meeting this need.

In light of our economic situation today, I feel the emergency legislation embodied in H.R. 17597 is very much in order. I urge my colleagues to join me in supporting it, and I am confident that before the legislation has expired 2 years hence, our committee will have recommendations for more lasting improvements in the field of unemployment compensation.

Mr. du PONT. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Delaware.

Mr. du PONT. Mr. Speaker, I thank the gentleman for yielding.

I rise in support of the legislation.

Mr. du PONT. Mr. Speaker, when I served in the U.S. Navy, the seasons never changed till the regulations said they did. We wore heavy dress blues until the base commandant's preselected date arrived; then it was summer. Winter arrived in the same way, the vernal equinox and the temperature notwithstanding.

Now I find myself as a Member of Congress again being called upon to believe that it is not winter, because the Commander in Chief says it is not. I am being asked to believe that double digit inflation, coupled with rapidly escalating unemployment, multiplied by material and energy shortages, plus mortgage foreclosures added in do not constitute a crisis. Well unlike the old Navy I know it is cold out there and intend to say so. Avoiding the word "crisis" in these circumstances no more changes the situation than the careful avoidance of the word "recession" did in the previous months. In fact, to the extent that it allows some people to avoid making hard choices on being sympathetic to the plight of others, it is both counterproductive and cruel.

Let me review the realities in my own State; this is the best way to show why I am so deeply concerned. I think the conditions cited are only a harbinger of our Nation's future if action is not taken now.

In Delaware, for the first time in many years, we have an unemployment level that exceeds that of the Nation as a whole, nearly 7 percent. Delaware has been especially hard hit in the energy-related fields of employment—the auto industry, for example. We have two large assembly plants in New Castle County which employ a total of over 8,000 persons when running at full capacity. We all know of the recession that has hit the American auto industry, and Delaware, unfortunately, is one of the States most directly affected. General Motors has announced a 2-week layoff during Christmas, and rumors of further layoffs abound. At the Chrysler plant, the situation is much worse. The second shift, employing nearly 2,000 workers, has been laid off permanently, and the first shift, which has been off since late November, will not be recalled before early January.

When 8,000 auto workers are without work in one county in Delaware, I can assure you that the unemployment situation is critical.

And Chrysler and GM are not the only victims. Layoffs at General Foods, Du Pont, Phoenix Steel, and others, all have strained the resources of our small State.

This time last year, the unemployment insurance office in Delaware was paying an average of 4,500 weekly checks; today, the number approaches 9,000 weekly; and by the end of December, it is my belief that the number will exceed 12,000. That is an increase of nearly 300 percent, which is difficult for any geographic area so small to absorb.

One of the day-to-day problems of those drawing unemployment benefits is the lack of adequate funds for the administration of the problem. In Delaware I believe the unemployment insurance office is doing an excellent job with the limited funds it has with which to work. Although unemployment benefits are paid by the State through a payroll tax, the costs for the administration of the program are paid for by the Federal Government through a separate payroll tax.

Just last week, after much discussion, the Congress finally passed the Labor-HEW appropriation conference report which provided an increase of $65 million for the administration of the unemployment program—up to $465 million. This, I submit, is woefully insufficient; it was fine when originally proposed, but it is woefully insufficient today, and, if we go to an extra 13 weeks of benefits and expanded coverage, the problem will become more serious.

In Delaware the unemployment office is processing a threefold increase in claims from last year with two additional employees—and, I might add, they were doing a darn good job with what they have. But they need more.

It is my belief that a minimum of 250 million additional dollars are necessary for the current fiscal year, and more may yet be necessary for fiscal 1976. I believe we must have this funding now, and I urge the administration and the committee to begin immediate consideration of this proposal, because for every minute they delay, thousands of the unemployed are spending hours standing in line somewhere across the Nation, waiting for their checks. Let us give the States the money they need to do the job that is necessary.

In Delaware, and I would suspect elsewhere across the Nation, the food stamp program is beginning to receive additional pressure as the rolls of the unemployed continue to grow. "Speed up the food stamp program," is another suggestion I get frequently. In Delaware, we have just begun the food stamp program, and it is suffering from the normal birth pangs. Today, the wait is 6 weeks, or more. The food stamp program is federally funded, but State administered; with the Federal Government reimbursing the State for 62.5 percent of the cost of certain limited administrative costs. That is why I was very happy to see that the Congress just gave approval to a revising of the formula to provide for 50 percent Federal share of all administrative expenses. This will mean more administrative money for every State, and it is not a moment too soon. It is my hope that these additional funds will find their way to the States in short order. Waiting for 6 weeks for the bureaucracy to function is difficult to explain to someone out of work who needs food.

It is also very important that we extend unemployment benefits. An extra 13 weeks of extended benefits are needed by our State, and nearly 6 months ago I introduced and cosponsored legislation to meet this end. I hope the Congress will act favorably on this today.

We must also enact a public service

jobs program for those unemployed who cannot return to their jobs. Such a program does not fall into the category of a "quick fix" with long-term negative side effects. It is an indication that we in Congress are compassionate enough to act on behalf of those who are suffering the worst effects of our current economic crisis.

Expanding the unemployment benefits, and creating additional public service jobs are both needed programs. But there are other needs—needs that are very clearly stated by those now unemployed.

The first desire is of course to return to work. Beyond that, the greatest difficulty of most people who are unemployed—after feeding their families—is making mortgage payments. To see years of saving and sacrificing go down the drain through a mortgage foreclosure, is a very, very bitter pill to swallow. The $85 per week will just about pay the food bill of most of these families, but it leaves virtually nothing for shelter.

For this reason, I think the Congress must begin immediately to consider the potential effect of massive mortgage foreclosures on those who are the unfortunate victims of this economic depression. In particular, I think we must give immediate attention to the consideration of legislation which would permit deferral of mortgage payments by those who are drawing unemployment benefits. We must not allow the Government to become a partner in the foreclosing of thousands of home mortgages throughout the Nation, while a family is drawing unemployment benefits. I would hope that the Committee on Banking and Currency would begin hearings on this problem, and come up with an equitable solution which, in the long run, could save the Government more than it would cost.

In summary, increased unemployment benefits, an expedited procedure for dispensing these benefits, protection for home mortgages, and quicker receipt of food stamps are the most serious needs I have found among the unemployed. I am glad to see that Congress has started action but we must not stop now. Our people need more help—their Government must give it.

Mr. BURKE of Massachusetts. Will the gentleman yield?

Mr. SCHNEEBELI. Yes, I will be glad to yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. Mr. Speaker, I rise in support of the bill to provide additional unemployment benefits for the long-term unemployed. Mr. Speaker, the existing unemployment compensation programs have proven to be very successful over the years in helping both the unemployed workers to meet their daily needs and to the national economy by providing additional purchasing power which has had an anticyclical effect during periods of recession. During periods of sustained high unemployment, however, the basic unemployment compensation program has not always proven adequate. In many instances in the past, Congress has provided temporary programs to strengthen the basic program. The pending bill would provide another such program and it is sorely needed now.

Under existing law, an unemployed worker receives unemployment compensation payments generally for up to 26 weeks under the individual State unemployment compensation plans. During periods of high unemployment, the Federal-State extended unemployment compensation program provides them with additional benefits for up to 13 weeks. The new program provided for by the bill would provide for a third tier of protection in States that are paying benefits under the extended benefits program. The new program would trigger into operation at the same time that the extended benefits program goes into effect in an individual State or in the Nation as a whole.

To be eligible for compensation under the proposed plan, an unemployed worker would have to have exhausted all of his regular unemployment compensation benefits. The payments that he would receive would be equal in amount to the regular and extended unemployment compensation payments.

The bill also provides for temporary changes in the State and national "on" and "off" indicators established under the Extended Unemployment Compensation Act. The net effect of all of the provisions of the bill will be to permit the States to pay both extended and emergency benefits for most of calendar year 1975, assuming that the current high level of unemployment continues throughout next year.

Mr. Speaker, this Congress could not, in good conscience, adjourn without enacting a program of this nature. To do so would be to abdicate our responsibilities to the families of those workers who will find themselves unemployed during the next 2 years under conditions that will make it very difficult, if not impossible, to obtain new employment. I urge my colleagues to vote for passage of this highly meritorious and very necessary legislation.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Iowa.

Mr. GROSS. What is the estimate of the cost of this program?

Mr. SCHNEEBELI. For the first year, calendar 1975, it is estimated it will cost $1.1 billion, and a little less than that in 1976.

Mr. GROSS. But it does place an added burden on the States, does it not?

Mr. SCHNEEBELI. The new program would be financed through repayable advances from Federal general revenues to the extended unemployment compensation account. The States would enter into agreements with the Secretary of Labor in order to participate, under the bill.

Mr. GROSS. What if the State decides not to do it?

Mr. SCHNEEBELI. It is permissive on the part of the States.

Mr. Speaker, I have no further requests for time.

Mr. ULLMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I thank the gentleman for yielding to me this time.

Mr. Speaker, I know that we all share a common feeling that we must provide jobs in order to help people who are unfortunate, and jobless, and I believe this bill would be a satisfactory one, and I hope it works in the right manner. However, I am greatly concerned as to whether we will be able to finance the program, and that we have the right kind of benefits formula, particularly as it pertains to extended benefits. The chairman and I have had much discussion how we can make that formula more fair to some States. I would like to propound a question of the gentleman from Oregon at this time, and that is: If we do have 200,000 to 300,000 unemployed people, then this is going to impose a heavy burden of administration upon the various State agencies. Unless they are given additional administrative funds to handle the programs, then this is going to be a very difficult task for them. As it is now, there is a four-tenths of 1 percent administrative tax levied for the purpose of carrying out the administration duties of the program, and an additional one-tenth of 1 percent for the extended benefits.

Is it the intent of the committee when the appropriation measures are considered, to ask for additional fund, so that, assuming the passage of this legislation, the State agencies would have sufficient administrative funds to be able to carry out the program that is required of them under this act?

Mr. ULLMAN. Certainly, whatever is required will have to be requested. It will have to be appropriated. I am sure that the appropriations committees will recognize the needs of the State agencies and provide them with sufficient funds to administer the new emergency benefits program as well as the extended benefits program. I will certainly offer my support to see to it that the funds necessary to administer these programs are made available to the State agencies.

Mr. PICKLE. Then it is reasonable to assume that there will have to be an increase in the administrative funds, not a tax increase necessarily, but an increase in some manner to give the State agencies some additional funds, or else they will not be able to carry out the program.

Mr. ULLMAN. The gentleman is correct.

I would also add that it would be hoped that the committee will look into the whole unemployment compensation program next year, and make whatever changes are necessary.

Mr. PICKLE. I thank the gentleman.

Mr. ULLMAN. Mr. Speaker, I have no further requests for time.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I would ask the gentleman from Oregon why are we in this situation? Why are we in this kind of an emergency regarding unemployment?

Why do we have unemployment to the extent that requires this emergency legislation?

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield, I think the gentleman from Iowa understands that we have had a long period of serious unemployment in many parts of this country, and certainly this points up the inadequacy of our overall economic program. Further, there are many segments of our economy that did not really recover from the recession we had 3 or 4 years ago, so we have had continued and persistent unemployment. This has created a problem, and serious injury to many people, and there simply is no alternative but to do what we are doing if we are to meet the needs of the unemployed.

Mr. GROSS. Mr. Speaker, would the gentleman agree with me that the root cause for this legislation—and I am sure more such legislation will be coming along—that the root cause of this is very bad management of this Government over too many years?

Mr. ULLMAN. Mr. Speaker, I would have to agree with my good friend, the gentleman from Iowa, that that is the situation.

Mr. GROSS. And that this situation will only grow worse as Congress continues to spend beyond revenues, creating more deficits, piling up more debt, and more dislocation of the economy?

Mr. ULLMAN. I would agree with the gentleman from Iowa, but there is more involved in this than that.

This Congress has the responsibility, along with the executive branch, to develop the kind of overall program that will cover the new problems we have in energy, the problems we have in food, and the problems we have in materials and in the environment, and unless we get to the root cause of the problems in this country we will continue to have the problems. I certainly agree with the gentleman from Iowa.

Mr. GROSS. I thank the gentleman.

Mr. SYMMS. Mr. Speaker, I think we need to stop for a minute and think about what we are doing here. We are rushing passage of two bills dealing with unemployment compensation this week; I also think that many of us are acting only on the basis of figures recently put out by the Labor Department dealing with a recent rise in the unemployment rate. These figures oftentimes do not reflect the true situation.

In an interview in U.S. News & World Report, Raymond S. Livingstone, a national authority on unemployment trends, exposes the Government unemployment statistics "shell game." For example, the Labor Department listed the October unemployment rate at 6 percent or 5.5 million people listed as jobless Now, of this 5.5 million, 1.5 million are teenagers who range from 16 to 20. No one deprecates teenagers, but it should be obvious that it is a misweighting of statistics to give the unemployment of a teenager the same weight as the unemployment of a skilled craftsman who provides the primary support of his family. Furthermore, the unemployment rate among teenagers in many cases is due to an unrealistically high minimum wage rates imposed by the Government. Next, Livingstone points out that there are now 1.1 million people counted as unemployed who seek only part-time jobs. But, once again, the Government gives the part-time job seekers the same weight as a primary breadwinner in computing unemployment rates.

Another huge factor in the exaggeration of the Nation's unemployment rate is the fact that the majority of the people, as of October 1974, listed as unemployed have not been laid off or discharged. They quit.

This is why Livingstone says that about 80 percent of those carried on the Government unemployment list should not be counted on the same scale in assessing hardship as primary earners, heads of households, and full-time workers.

Unfortunately, this present system gives big spenders in Congress undue leverage in gaining passage of public works programs costing billions of dollars and playing into the hands of welfarists and doomsayers.

But, now let us consider the problem and solution to real unemployment problems. Today, the biggest cause is inflation which is causing a slowdown in sales and greatly reducing real profits and investment capital which would stimulate production and employment. So, as an alternative to this costly bill and its companion, why not fight unemployment by removing some of the stifling controls over the economy, cutting spending and taxes so as to provide capital to the private sector. Also, as a result of high inflation and excessive Government controls many small businesses and marginal businesses are closing which is the real cause of much of our unemployment. Therefore, I think, Mr. Chairman, that we need to consider these facts and carefully examine the merits of this legislation.

Mr. BOLAND. Mr. Speaker, the House has an excellent opportunity today to take significant action toward combating the economic woes which affect this Nation. The Emergency Unemployment Compensation Act of 1974 comes before this body at a time when national unemployment has reached 6.5 percent for the first time in 13 years. Layoffs are being reported from every corner of this country—in big cities like New York and in tiny concerns in small towns. Nearly 2 million workers will run out of regular unemployment insurance benefits by the end of the year. Considering that the percentage leap in unemployment was from 5.2 percent to 6.5 percent during a 5-month period, that number seems likely to swell even larger.

With this as a background, it can easily be seen that augmenting unemployment insurance benefits will offer the Nation a very useful tool for counteracting a downturn in the national economic pace such as we are now seeing. Unemployment insurance has helped with other cyclical downturns since the 1930's. It has been a useful and essential program to cushion the shock of unemployment while pumping much needed consumer dollars into the marketplace.

H.R. 17957 will extend the unemployment benefits of those who have already exhausted the benefits available to them. It will add up to 13 weeks where all benefits have been extended and up to 26 weeks where no benefits were previously available. Under current and easily predictable unemployment rates, both extended and emergency benefits could be paid to all those who have exhausted their regular unemployment compensation benefits beginning in January 1975.

Mr. Speaker, this legislation will compliment the emergency jobs bill which we will also consider today. The combination of extended unemployment insurance benefits and some 300,000 new public service jobs will provide a large shot in the economic bicep of this country. Both measures will help bring under some control the serious problem of unemployment which, along with recession and inflation, pose such serious concern to us all. I urge that this bill be given speedy consideration and approval. This is a program that can go "on line" in the immediate future to produce dramatic alleviation of the burdens faced by our unemployed workers.

Mr. WHALEN. Mr. Speaker, I rise in support of H.R. 17597, the Emergency Unemployment Compensation Act of 1974.

Recent unemployment statistics speak more convincingly than any rhetoric I could add about the need for this legislation: the national unemployment rate increased to 6.5 percent in November, with almost 6 million people out of work. That unemployment rate is the highest in 13 years.

The act contains two principal provisions.

First, H.R. 17597 authorizes $2 billion during fiscal year 1975 for public service employment under the Comprehensive Employment and Training Act. Second, the bill authorizes special unemployment assistance in areas experiencing periods of high unemployment. This provision, which will extend unemployment benefits for 13 weeks, is similar to the Special Unemployment Compensation Act I introduced in the House of Representatives.

The new jobs created and the extended unemployment benefits will directly assist those citizens who have lost their jobs, of course. It will enable millions of Americans to meet basic needs during these times of economic stress. Those who are working will benefit also, however, since the jobs and benefits will stabilize the economy by providing purchasing power that will prevent an even deeper recession.

Mr. PETTIS. Mr. Speaker, with unemployment increasing throughout the country, I think it is imperative that we take the prompt and positive action called for in H.R. 17597.

The bill would make it possible for benefits to be paid to unemployed individuals in most States for up to a full year, and it would do so in a responsible way, within the framework of tested policy and procedure.

The measure would provide an additional 13 weeks of unemployment insurance payments to those who have exhausted benefits available to them under existing law—up to 39 weeks—and it would extend the suspension of the so-called 120-percent trigger under the Federal-State extended benefits program.

Both the continuation of this suspension and the provision of the new emergency benefits program would run through calendar 1976.

Well before that expiration date, it is very likely that employment levels will have rebounded and the need for such legislation will have expired. Also before that date it is likely that the Committee on Ways and Means will have been able to take a long, hard and close look at our multitiered unemployment insurance system and will have produced some proposals for permanent improvement.

Mr. Speaker, H.R. 17597 was approved unanimously by our committee, and I hope it will receive the overwhelming endorsement of the House as well.

Mr. RODINO. Mr. Speaker, I strongly urge approval of H.R. 17597, the Extended Emergency Unemployment Compensation Benefits Act.

H.R. 17597 authorizes a 2-year program providing our unemployed workers who have exhausted their regular 26 weeks of compensation with an additional 13 weeks of benefits. For workers in States that participate in the existing special 13-week emergency employment program, this would mean a full year of compensation payments.

The citizens who would be helped cannot wait for us to solve the complex national problem of inflation. The Bureau of Labor Statistics has warned that "grim though the present picture is—the prospects for the future are even more grim."

The terrible combination of inflation and a deepening recession has created a nightmare situation for the citizens who have lost their jobs because of this unique economic crisis. While we struggle to develop solutions, our jobless must face the day-to-day problem of feeding, clothing, and housing themselves. It is certainly Government's job to help those who cannot help themselves. The alternative to extended unemployment compensation payments is welfare assistance—but in this way we still spend public dollars and do not accomplish anything but weaken the dignity and self-respect of persons receiving such aid. Far better, Mr. Speaker, would approval of this program to help, as a matter of right, those citizens unemployed only because of circumstances beyond their control.

Mr. VANIK. Mr. Speaker, I support the immediate passage of this emergency legislation to provide additional weeks of unemployment compensation benefits. The deepening recession has made this legislation imperative. In September, 145,096 individuals nationwide who had been receiving unemployment insurance benefits exhausted their benefits. This means that these individuals—probably a total family population of 400,000—had been out of work for a number of weeks and were receiving approximately one-half or two-thirds of their regular pay. In some cases, the period of unemployment may have lasted for as much as 26 weeks. Once unemployment compensation benefits are exhausted, most families will have no income. They may be forced into selling all of their property—homes and cars—and eventually onto welfare.

Officials at the Department of Labor advise me that even these massive "exhaustion" figures may be artificially low. These officials report that there has been a growing practice of "spreading work" through reduced hours, reduced work-weeks, and work on alternate weeks only. As a result, the Department has some concern that there will be a surge of "exhaustions" sometime in the next 2 or 3 months.

The legislation we are considering today is vital if we are to help the hundreds of thousands of Americans who have already exhausted their benefits this year.

However, Mr. Speaker, I am deeply concerned about these series of emergency extensions. It is past time that the entire unemployment compensation system was thoroughly reviewed and overhauled. The financing of the regular unemployment compensation program is highly uneven. According to Labor Department statistics, at the end of 1973, the average year-end reserve of funds in the various State unemployment trust funds was 2.15 years. This reserve varied from a high of nearly 4.5 years in North Carolina to about a month in the State of Washington. A number of State programs are in serious trouble. A number of States have had to rely on loans from the Federal Government. As the recession deepens, I believe that we will see more and more States turning to the Federal Government for trust fund assistance. While little can be done to correct the State trust fund system immediately, we should plan now for reform of the system. The next period of prosperity should be used to build up the trust funds so that we are not faced with emergency shortages and loan situations in the years ahead.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN), that the House suspend the rules and pass the bill H.R. 17597.

The question was taken.

Mr. STEIGER of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 374, nays 2, answered "present" 1, not voting 57, as follows:

[Roll No. 677]

YEAS—374

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conte
Conyers
Corman
Cotter
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Green, Pa.
Gross
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Harrington
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle

Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shriver
Shuster
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zwach

NAYS—2

Landgrebe
Symms

ANSWERED "PRESENT"—1

Rarick

NOT VOTING—57

Ashley
Brasco
Breckinridge
Brown, Mich.
Camp
Carey, N.Y.
Clancy
Clark
Collier
Conable
Conlan
Coughlin
Davis, Ga.
Dorn
Eshleman
Fisher
Giaimo
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Hanna
Hansen, Idaho
Hansen, Wash.
Hastings
Hays
Hébert
Hillis
Howard
Johnson, Colo.
Jones, N.C.
King
Kuykendall
Landrum
Litton
Luken
McSpadden
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
Moorhead, Pa.
Nichols
O'Hara
Parris
Podell
Reid
Roncallo, N.Y.
Rooney, N.Y.
Runnels
Shipley
Shoup
Sikes
Teague
Young, Alaska
Zion

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mrs. Griffiths.
Mr. Hays with Mr. Brown of Michigan.
Mr. Rooney of New York with Mr. Conable.
Mr. Giaimo with Mrs. Green of Oregon.
Mr. Moakley with Mr. Dorn.
Mr. Moorhead of Pennsylvania with Mr. Eshleman.
Mr. Carey of New York with Mrs. Grasso.
Mr. Nichols with Mr. Fisher.
Mr. O'Hara with Mr. Goldwater.
Mr. Breckinridge with Mr. Camp.
Mr. Howard with Mr. Hansen of Idaho.
Mr. Jones of North Carolina with Mr. Conlan.
Mr. Teague with Mr. Hastings.
Mr. Shipley with Mr. King.
Mr. Runnels with Mr. Clancy.
Mr. Reid with Mr. Luken.
Mr. Landrum with Mr. Mathias of California.
Mr. Litton with Mr. Hillis.
Mr. Ashley with Mr. Collier.
Mr. Clark with Mr. Kuykendall.
Mr. Sikes with Mr. McSpadden.
Mr. Mills with Mr. Coughlin.
Mr. Gray with Mr. Minshall of Ohio.
Mr. Davis of Georgia with Mr. Zion.
Mrs. Hansen of Washington with Mr. Shoup.
Mr. Hanna with Mr. Roncallo of New York.
Mr. Young of Alaska with Mr. Parris.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

EMERGENCY JOBS ACT OF 1974

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1493 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res 1493

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 28(d)(4) of rule XI to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16596) to amend the Comprehensive Employment and Training Act of 1973 to provide additional jobs for unemployed persons through programs of public service employment. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be read for amendment by titles instead of by sections, and all points of order against title II of said substitute for failure to comply with the provisions of clause 7, rule XVI are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. McFALL). The gentleman from Florida is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1493 provides for an open rule with 1 hour of general debate on H.R. 16596, a bill to amend the Comprehensive Employment and Training Act of 1973 to provide additional jobs for unemployed persons through programs of public service employment.

House Resolution 1493 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the 5-minute rule and the substitute shall be read for amendment by titles instead of by sections.

House Resolution 1493 also provides that all points of order against title II of the susbtitute for failure to comply with the provisions of clause 7, rule XVI of the Rules of the House of Representatives—the germaneness provision—are waived.

H.R. 16596 will provide for a large-scale expansion of the public service employment program under the Comprehensive Employment and Training Act. It will also provide cash benefits both for the unemployed who have exhausted their benefits under current law and for those who are not eligible for benefits because their employment is excluded under the employment insurance law of their respective States.

Mr. Speaker, unemployment has risen from 6 percent in October to 6.5 percent in November. Total employment fell by nearly 800,000 in November. The jobless rate is presently at its highest level since October 1961. We are in a crisis situation and passage of the Emergency Jobs Act is a step toward placing our economy on the upswing. I urge the adoption of House Resolution 1493 in order that we may discuss, debate, and pass H.R. 16596.

Mr. Speaker, I need not add what it means to hundreds of thousands of our fellow citizens out there in our country who have already lost their jobs or have the prospect of losing their jobs in the near future. So, Mr. Speaker, I urge the adoption of House Resolution 1493, so that we may discuss, consider and, I hope, enact H.R. 16596.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Florida has explained the provisions of the resolution, and I urge the adoption of the resolution so that we can get down to the business of debating the bill to counteract the rising unemployment crisis in America, to extend the public service jobs program and to extend the benefits to the unemployed. It is a very needed measure.

Mr. Speaker, I have no further requests for time.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I will be happy to yield to the gentleman from Iowa.

Mr. GROSS. I should like to ask someone where the $2 billion is going to come from for this proposition.

The House authorized an expenditure of $2.6 billion for foreigners yesterday. Might I ask the gentleman from Florida where he expects to get the $2 billion?

Mr. PEPPER. Mr. Speaker, I tell my distinguished friend from Iowa, whose departure from this body at the end of the year we so much regret, that the money to meet the needs of the unemployed Americans will come from the same sources from which the other money to operate the Government of the United States will come.

Mr. GROSS. Right out of some red-ink bottle; is that right?

Mr. PEPPER. It comes from the money that is raised by taxation for the Federal Government, and such borrowings as are considered in the public interest and authorized by law.

Mr. GROSS. That is very substantial, is it not?

Mr. PEPPER. There will be a good bit of that, yes.

Mr. GROSS. How can we do these things and still spew out another $2.6 billion on foreigners around the world, when there is a $27 million foreign charity pipeline?

I wish someone would explain to me how we can expect to whip inflation by spending and have anything more than additional unemployed in this country.

Mr. PEPPER. I am sympathetic with the concern of the able gentleman. There are serious questions about our continuing to give very large sums of money to the people abroad, but it was the opinion of the executive branch of our Government and the opinion of the majority of the Congress that it is in the national interest for us to extend the aid that the recent legislation provides; and it seems to me that that is the determination of the executive and the Congress that we do that, and I cannot say that it is wrong because I voted for it.

Mr. GROSS. Well, I am aware of that fact. The gentleman never fails to vote to spew out money all over the world. But I am glad to see the support the Democrats are giving a Republican President in the matter of spending $2.6 billion.

Mr. PEPPER. If the able gentleman will permit me to make the further observation: I was here when we were approaching World War II, and I saw the niggardly way in which this country met its obligations in the world at that time, which contributed to the war. I had to vote for the tax revenue, and I believe the able gentleman did, to sustain the war which possibly could have been avoided.

So whatever efforts contribute to peace is a good investment, and whatever will save America from being an island of relative prosperity in an impoverished world, with all of the consequences that will arise from that, is a worthwhile effort.

Mr. GROSS. Mr. Speaker, we have already spent $260 billion, a minimum of $360 million, trying to develop the underdeveloped world, and we have had almost no success thus far.

Mr. PEPPER. Well, I think we have made some progress. I will tell the able gentleman that there may come a time, if it is not approaching now, when we may have to call upon some of these so-called underdeveloped nations to give us the critical materials we need during periods of peace as well as war.

Mr. QUILLEN. Mr. Speaker, I understand that the $2 billion authorized for the emergency job program, only $1 billion will actually be requested by the administration.

I have no further requests for time, Mr. Speaker, and I reserve the balance of my time.

Mr. PEPPER. Mr. Speaker, I move the previous question on the resolution.

The previous questions was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the grounds that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 360, nays 10, not voting 64, as follows:

[Roll No. 678]

YEAS—360

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Green, Pa.
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Harrington
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hinshaw
Hogan
Holifield
Holt
Holtzman
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Randall
Rangel
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shriver
Shuster
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—10

Ashbrook
Burleson, Tex.
Collins, Tex.
Crane
Gross
Landgrebe
Rarick
Rousselot
Snyder
Symms

NOT VOTING—64

Ashley
Beard
Brasco
Brotzman
Camp
Carey, N.Y.
Carney, Ohio
Clancy
Clark
Collier
Conable
Davis, Ga.
Dellenback
Diggs
Eckhardt
Erlenborn
Eshleman
Fisher
Frey
Giaimo
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Hastings
Hays
Hébert
Hillis
Horton
Howard
Johnson, Colo.
Jones, N.C.
Kuykendall
Landrum
Litton
Luken
McSpadden
Martin, Nebr.
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
Moorhead, Pa.
Nichols
O'Hara
Parris
Podell
Railsback
Rees
Reid
Roncallo, N.Y.
Rooney, N.Y.
Runnels
Shipley
Shoup
Sikes
Ullman
Vander Jagt
Young, Alaska

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Reid.

Mr. Hays with Mr. Clark.

Mr. Rooney of New York with Mrs. Green of Oregon.

Mr. Giaimo with Mr. Gray.

Mr. Moakley with Mr. Collier.

Mr. Moorhead of Pennsylvania with Mr. Brotzman.

Mr. Carey of New York with Mrs. Grasso.

Mr. Nichols with Mr. Camp.

Mr. O'Hara with Mr. Dellenback.

Mr. Howard with Mrs. Hansen of Washington.

Mr. Eckhardt with Mrs. Griffiths.

Mr. Jones of North Carolina with Mr. Clancy.

Mr. Landrum with Mr. Hanrahan.

Mr. Sikes with Mr. Goldwater.

Mr. Shipley with Mr. Conable.

Mr. Runnels with Mr. Hansen of Idaho.

Mr. Diggs with Mr. Luken.

Mr. Litton with Mr. Kuykendall.

Mr. Ashley with Mr. Erlenborn.

Mr. Ullman with Mr. Hastings.

Mr. Beard with Mr. Martin of Nebraska.

Mr. Mills with Mr. Eshleman.
Mr. Fisher with Mr. Hillis.
Mr. Hanna with Mr. Frey.
Mr. Davis of Georgia with Mr. Mathias of California.
Mr. Carney of Ohio with Mr. Johnson of Colorado.
Mr. Horton with Mr. McSpadden.
Mr. Railsback with Mr. Minshall of Ohio.
Mr. Rees with Mr. Parris.
Mr. Vander Jagt with Mr. Roncallo of New York.
Mr. Young of Alaska with Mr. Shoup.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. DOMINICK V. DANIELS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16596) to amend the Comprehensive Employment and Training Act of 1973 to provide additional jobs for unemployed persons through programs of public service employment.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 16596, with Mr. ROUSH in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New Jersey (Mr. DANIELS) will be recognized for 30 minutes and the gentleman from Michigan (Mr. ESCH) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New Jersey.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the Emergency Jobs and Unemployment Assistance Act of 1974 is a direct response to our depressing economic situation. Unemployment has become a crisis that touches the lives of all Americans.

Optimistic predictions about upturns in our economy by the end of this year have faded. The Nation is now faced with the harsh realities of all the hardships of a depression.

The emergency we face is shown in coldly undeniable unemployment statistics. Last Friday, the Bureau of Labor Statistics released its latest unemployment findings. The Nation's unemployment rate shot up in November for the third consecutive month and reached 6.5 percent of the labor force, the highest rate in 13 years.

The number of persons unemployed reached nearly 6 million in November, up 460,000 men and women from the previous month alone. Since the October 1973 low of 4.6 percent the number of unemployed persons has jumped by almost 1.9 million. Since the October 1973 low, the Nation's unemployment rate has risen almost 2 full percentage points. In only 5 months since June, the rate of joblessness has increased 1.3 points. Keep in mind that each percentage point represents almost a million workers.

This extraordinary increase does not even reflect the most recent layoffs in automobile manufacturing and many other basic industries.

Allan Greenspan, Chairman of the President's Council of Economic Advisers, in a speech before the National Economists' Club, stated last week that the unemployment rate will rise beyond 7 percent in the next 6 months.

Yesterday, the Washington Star-News in its lead story pointed out the fact that public service employment enjoys the support of President Ford and his Treasury Secretary, William Simon, indicating a sense of concern about America's growing economic malaise.

Now, Mr. Chairman, I would like to give a brief description of the Emergency Jobs and Unemployment Assistance Act of 1974.

H.R. 16596 consists of two titles. Title I authorizes a $2 billion emergency jobs program for fiscal year 1975. Title II will, after a committee amendment to be offered later today, establish a program of special unemployment assistance benefits for workers not eligible for unemployment compensation benefits because their jobs were not covered by the State law.

The Committee on Education and Labor is offering this amendment to title II because of an agreement that the committee reached with the Committee on Ways and Means. Under that agreement, the Ways and Means Committee reported H.R. 17597—also on today's calendar—to provide extended benefits to workers who are covered by State unemployment compensation laws. The Education and Labor Committee is managing this legislation to provide benefits for workers who are not covered under these laws. We have brought this bill to the floor today as quickly as possible because it is an attempt to deal with an impending employment emergency.

GENERAL DESCRIPTION OF TITLE I

Title I adds a new title VI, "Emergency jobs program," to the Comprehensive Employment and Training Act of 1973.

FUNDING

Two billion dollars is authorized for fiscal year 1975.

DISTRIBUTION OF FUNDS

Funds are distributed among prime sponsors qualified under title I and Indian tribes on Federal or State reservations in accordance with the following formula: One-fourth is distributed on the basis of the number of unemployed in one area compared to the number of unemployed in all areas. The remainder gives due weight to the severity of unemployment, as well as the number unemployed in excess of 4½ percent.

TRANSITION GOALS

The bill makes clear congressional intent that the Secretary of Labor may establish goals for moving persons into unsubsidized jobs. These goals, however, are not mandatory. It further authorizes the waiver of such goals when local conditions require it.

USE OF FUNDS

Funds are available for public employment programs in accordance with title II, with an additional provision giving preference in hiring to those who have exhausted unemployment insurance benefits, those who are not eligible for them, and those who have been unemployed for 15 weeks or longer.

Special provisions are made for:

First. Prime sponsors with unemployment rates in excess of 7 percent;

Second. Balance of State prime sponsors with respect to areas qualifying under title II of CETA, and

Third. Prime sponsors designated under the provisions of sections 102(a) (4) and (5).

These special provisions waive the transitional requirements of title II and expand the type of public employment programs authorized, including the use of funds to pay wages on publicly operated capital improvement projects and authorize hiring after 7 days of unemployment.

TRANSITIONAL GOALS

The bill makes clear congressional intent that the Secretary of Labor may establish goals for moving person into unsubsidized jobs. These goals, however, are not mandatory. It further authorizes the waiver of such goals when local conditions require it.

GENERAL DESCRIPTION OF TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAMS

Title II provides special unemployment benefits when the national rate of unemployment exceeds an average of 6 percent or more, but no person may newly qualify for benefits after December 31, 1975. Benefits are available only to workers who were last employed in the jurisdiction of a prime sponsor—qualified under title I of CETA—with an unemployment rate of 6.5 percent or more for 3 consecutive months.

Benefits are payable to workers who work in employment not covered under State laws. For example, employment with State and local governments, domestics, agricultural labor, and employees of certain nonprofit organizations.

Benefits are payable in the amount that would have been payable under the State law if the unemployment were covered and for the same duration—but not for more than 26 weeks.

No new workers can qualify for the benefits under the program if the national rate of unemployment drops below a 6-percent average for 3 consecutive months or if the rate in the prime sponsor's area drops below 6.5 percent for 3 months.

This bill was unanimously reported out of the Education and Labor Committee and represents the finest tradition of bipartisanship in approaching the urgent problems faced by the Nation.

At this time I wish to express my thanks for the cooperation and the assistance from the distinguished chairman of the Committee on Education and Labor, the gentleman from Kentucky

(Mr. PERKINS), the ranking minority member, the gentleman from Minnesota (Mr. QUIE) and particularly to my colleague, the gentleman from Michigan (Mr. ESCH), whose contribution in working out an unemployment compensation program has beeen outstanding.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK V. DANIELS. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Chairman, I rise in support of H.R. 16596. I want to commend the gentleman from New Jersey for his splendid leadership in bringing this proposal to the floor.

Mr. Chairman, as a cosponsor of the emergency jobs legislation before us, I wish to make a few points on the urgency and need of this bill to put the unemployed to work on public service programs. My own bill was H.R. 16707.

I strongly believe that there must be a massive increase in public service jobs as a means of easing growing unemployment due to our stagnant national economy.

The Federal Government and the Congress clearly has a responsibility to curb national unemployment and prop up the economy by financing jobs during periods of economic recession.

The unprecedented combination of the worst inflation since World War II, together with the sharpest drop in gross national product in 16 years and a steadily deteriorating unemployment picture, argues strongly for congressional action here today to step up Federal spending for public service jobs.

Congress this year has already appropriated $1.2 billion that will provide about 160,000 public service jobs. The legislation before us calls for an additional expenditure of $2 billion to provide for up to 300,000 public service jobs.

Mr. Chairman, numerous economists have endorsed increased spending for public employment along with tight fiscal and monetary policies are the best means of dealing with unemployment while holding the line on inflation.

The additional money will provide States and local governments with a chance to increase public employment programs—that is, to hire the unemployed to perform jobs that need to be done but are not now funded through the State and local revenues because of understandable budgetary restraints.

The unemployment rate in my area of Massachusetts is appalling and well above the national 6.5 percent average. In the Springfield metropolitan area where I live, the unemployment rate now exceeds 7.5 percent. Last May it was 7.7 percent. The Ware labor market unemployment rate was up to 12.2 percent last June and the Southbridge-Webster area unemployment rate was 8.5 percent during the same month.

Mr. Chairman, in conclusion, I urge speedy consideration and overwhelming approval of this legislation. President Ford has indicated he supports this program, so this bill should be sent to him immediately for his approval.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK V. DANIELS. I yield to the distinguished majority leader, the gentleman from Massachusetts.

Mr. O'NEILL. Mr. Chairman, I am delighted with this legislation that was initially filed by the gentleman from New Jersey. The gentleman knows that I was one of the early cosponsors of this bill which is a direct Democratic response to our depressing economic situation.

Those of us who attended the convention in Kansas City are aware that one of the seven economic points we had in the economic resolution adopted at the convention was a massive emergency jobs program to combat the unemployment crisis that has just begun to hit this Nation. This bill that we are considering today is a partial and immediate legislative enactment of that Kansas City resolution.

The Nation's unemployment rate of 6.5 percent is already the highest in 13 years and is still climbing. Only a massive increase in public service jobs can ease the growing unemployment malaise facing this country, and especially my own State of Massachusetts where the unemployment rate is over 7 percent.

I want to commend the gentleman from New Jersey (Mr. DANIELS) and the members of his committee for recognizing the urgency of this legislation and for acting so expediously to report this bill to the floor. I urge all my colleagues to vote its immediate approval.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK V. DANIELS. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I ask the chairman to yield to qualify a point that some of the Members are disturbed about. That is the question of the so-called paper job decision.

The Labor Committee very seriously studied and came out with a bill that I think is as fine as we can get in that particularly serious area of our job economy.

Mr. Chairman, I wish to bring to the attention of the House a provision of H.R. 16596 which is of great importance to several of our State and local governments.

Under section 205(c)(8) of the Comprehensive Employment and Training Act of 1973, an applicant for a public service employment program must assure that funds under the act will not be used to pay people who are laid off "in anticipation of" being rehired and paid for with such Federal funds. In other words, the Federal Government funds should not be simply substituted for those of another employer.

Section 604(a)(2) of the pending bill, which makes special provisions for areas of excessively high unemployment, makes that no-substitution provision of the 1973 act applicable to programs under the new section.

Now, there are States and local governments which have been compelled, or will be compelled, to lay off members of their employees in order to meet the requirements of their constitutions for a balanced budget. With the decline in tax revenues that has accompanied the current recession, these governmental bodies must cut expenditures, and unfortunately one of the surest ways of doing that is firing people.

I wish to state on the committee's behalf that it is not our intent that States and local governments, acting in good faith, which have been forced to lay off employees in order to comply with their constitutional requirements, should be denied the authority to use funds under this act, or under the 1973 act, in order to employ those men and women in public service jobs. Any other result would work a serious and anomalous hardship on State and local employees. A person laid off by a private employer could be hired and paid for under this program, but a person laid off by a State or local government acting under a legal mandate could not be so hired and paid. The committee does not intend such a result.

I would like to know whether they will be injured in any way by the language in the content of this act?

Mr. DENT. I explained to them that if these are fictitious layoffs, so-called paper jobs, that they would not be excluded from restrictions under the act.

Mr. DOMINICK V. DANIELS. The gentleman's representation is correct.

Mr. ESCH. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK V. DANIELS. I yield to the gentleman from Michigan.

Mr. ESCH. Mr. Chairman, I would want to reemphasize that if a local government laid off an individual for the specific purpose of again hiring him under this act, then there is a restriction as it is written in our report. To make this intention crystal clear, the committee has included in the bill a reassertion of the applicability of section 205(c)(8), which is designed to prohibit these paper layoffs.

The purpose of a waiting period is only to mitigate hardship on the unemployed and preclude the necessary period of unemployment.

Mr. DOMINICK V. DANIELS. I say to my distinguished colleague that I brought the particular language to the attention of the gentleman from Pennsylvania (Mr. DENT) in our earlier discussion today.

Mr. DENT. Mr. Chairman, will the gentleman yield further?

Mr. DOMINICK V. DANIELS. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I accept that interpretation because I believe it will be in good faith in the act over the years

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK V. DANIELS. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Chairman, my understanding of the statement of the gentleman from Pennsylvania is that in Puerto Rico, can they in the law at the end of the fiscal year lay their people off for a period of time, presumably rehiring them then for the beginning of the next fiscal year. Is this correct?

Mr. DENT. I imagine they hire them back after the new fiscal year has started.

Mr. QUIE. I certainly hope this program will not be used just to help the political subdivisions in order to keep those people on, but to be used for people who are truly unemployed.

Mr. DENT. Yes, that is true, but these people are not working. They are not employed, and the gentleman knows the economic situation in Puerto Rico as well as I do; whereas, if they can employ them, and they do in the same job practically, they can continue to have the continuity of their pension rights and other fringe benefits, but just replacing one unemployed person with another unemployed person is not the intention of this act.

So, if this is an unemployed person and he is temporarily laid off, they will not refuse to hire him if he is temporarily laid off in private industry, but they may not hire him if he is a State or Municipal worker.

Mr. QUIE. I say to the gentleman that in private industry it is expected that a person will be laid off and will draw unemployment insurance, and in fact under the provisions of this act will not be most severely unemployed, meaning that they have exhausted their unemployment insurance. The situation in title II of this bill makes it available for insurance for those who are not covered. The purpose is to help those who are unemployed and have not been covered.

I recognize that municipalities look at this as something to help their own financial situations rather than help those who are most severely harmed because of unemployment.

Mr. DENT. Let me just tell the gentleman that what he is saying is that this kind of a legitimate layoff for a purpose for which they have no way to overcome may not be the intent of the act. Yet, the gentleman and I know that the public officials under the 1973 act hired employees and put them in their offices and added to their staffs every time they had funds available.

I can tell the gentleman of one instance where public officials took two or three extra people into their office. They were not reemployed persons, yet this type of employment was not as beneficial as the Puerto Rico emergency employment.

The Governor of Puerto Rico has asked for a clarification. If it is clarified to his satisfaction, good; if it is not, there is not much I can do about it.

Mr. QUIE. The employees the gentleman from Pennsylvania is talking about in Puerto Rico, would be covered by title II of the act we have before us. They would be able to draw unemployment insurance during that period of time, because it is for public employees who draw unemployment insurance. So, they are benefited from that, but then to go and let them just take what seems to me is strictly based under the act, putting them back under public service employment, I think would be wrong.

Mr. GAYDOS. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK V. DANIELS. I yield to the gentleman from Pennsylvania.

Mr. GAYDOS. I thank the chairman of the subcommittee for yielding. I want to take this opportunity to compliment my chairman of the subcommittee, for his persistence over the years in maintaining the concept of the public employment program, from its origin as an emergency program until today. The gentleman has persistently maintained throughout the legislation history and numerous debates that this was the only program that anyone in the country could turn to to help solve the unemployment problem in any State of the Union. As of today, there remains no other program to which we can turn to answer the need of the unemployed.

So again I want to compliment the gentleman for his singular persistence and for his wisdom and foresight in supporting this legislation throughout the years.

Mr. Chairman, I rise in support of the Emergency Jobs and Unemployment Assistance Act of 1974.

The 6.5-percent unemployment rate for November is the highest since 1961. The 5,975,000 unemployed workers is the highest on record since 1948, when the Labor Department began keeping monthly records. Even the most optimistic of economic soothsayers indicate unemployment will increase yet even more in 1975.

The challenge to this Congress is clear. We must pass legislation which will cushion the impact of this severe unemployment and preserve the social fabric of our country. We cannot stand by and allow those workers who possess both the necessary job skills and the motivation to contribute to our economy lose their dignity as workers and suffer from unemployment caused by forces beyond their control.

The bill before us seeks to alleviate the unemployment problem in two ways:

First, title I of the bill would amend the Comprehensive Employment and Training Act of 1973—CETA—to provide for a substantial expansion in the public service employment program; $2 billion covering approximately 300,000 additional jobs would be authorized for fiscal 1975. The funds would be distributed to qualified "prime sponsors" as defined in CETA and Indian tribes on Federal or State reservations.

Preference in jobs would be given to unemployed persons who have exhausted unemployment insurance benefits, to unemployed persons who are not eligible for unemployment benefits and to unemployed persons who have been unemployed for 15 or more weeks.

With respect to areas experiencing high unemployment; namely, in excess of 7 percent, the bill provides that programs in those areas may be for jobs on publicly operated capital improvement programs involving rehabilitation, alteration, or improvement, but not improvements which fundamentally change the nature of the building or facility.

Second, title II of the bill would establish a special unemployment assistance program which would provide payments for up to 26 weeks for unemployed workers not covered by State unemployment insurance. In this latter group would be farmworkers, domestics and State and local government employees.

Benefits would be paid for unemployed workers subject to a double trigger mechanism; namely, when the national unemployment—seasonally adjusted—averaged 6 percent or more for 3 consecutive months, and when the rate of unemployment in the area in which the worker had his or her most recent 5 days of employment averaged 6.5 percent or more for the prior 3 months.

The particular areas covered are those defined as prime sponsors in CETA.

When either the national unemployment rate dropped below 6 percent or the unemployment rate in the particular area dropped below 6.5 percent, the special unemployment assistance period would be "triggered" off. However, the minimum duration of the period could not be less than 13 weeks.

The programs authorized by title II would begin upon enactment of the bill and payments of assistance would terminate on March 31, 1976. No individual would be entitled to compensation for an initial claim for assistance or waiting period credit made after December 31, 1975.

The weekly benefits paid would be the benefit provided by State law for the employment and earnings that would be paid if the individual was entitled to State unemployment benefits.

Both title I and title II of this legislation are intended to zero in on area experiencing the most severe unemployment. We cannot allow the demoralization of those workers who have contributed so much to our society.

The expansion of the public service employment programs will provide meaningful employment to those workers and at the same time, furnish much needed public services to many communities.

The special unemployment benefits program will assist unemployed workers, such as farmworkers, domestics and State and local government employees who are not eligible for State unemployment benefits in fending off economic disaster for their families.

I most strongly and sincerely urge my colleagues to support this most urgently needed legislation.

Mr. DOMINICK V. DANIELS. I want to thank the gentleman for his very kind remarks.

Mr. ESCH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today in strong support of H.R. 16596, the Emergency Jobs Act, and urge that it be passed without delay in this House. There is no more time for delay. Across the Nation, the unemployment rate rose to 6.5 percent in November, the highest since 1961, and even with seasonal employment at Christmas, it is bound to get worse in December. More than 800,000

Americans lost their jobs in November alone, a drastic reduction in such a short period of time. In my home State of Michigan people are encountering the worst unemployment in nearly two decades, and the predictions of 10 percent statewide unemployment by mid-December are frightening. In Detroit, predictions are that unemployment will reach 15 percent by January. At the root of Michigan's and the Nation's ills is the crisis in the auto industry, which directly or indirectly accounts for more than 16 million jobs across the Nation. Car sales are off drastically, from an annual rate of 12 million, to an estimated 7.3 million in the fourth quarter. More than 85,000 autoworkers have been laid off in the last year.

The time has come for action. Fortunately, we have on our committee men and women who are willing to overcome partisan differences and work together during this critical time. I want to congratulate committee Chairman DOMINICK DANIELS and other members of the subcommittee for their aggressive action and Chairman PERKINS and ranking minority member AL QUIE, for their support and desire to move quickly on this bill. I also wish to thank members of the Ways and Means Committee for their willingness to sit down and work out what might have been a serious jurisdictional dispute.

The bill reported unanimously from our committee addresses the rising problem of unemployment in two ways. First, title I of the bill authorizes an additional $2 billion in a new public service jobs program through June 30 of this fiscal year. It is estimated this could create as much as 300,000 jobs in a matter of months. Unlike existing public service jobs programs under title II, this special program, which emphasizes long-term unemployed, it is designed to speed up hiring and could reach out to those now in desperate need of employment. It is my understanding that the administration is willing to come forth with an immediate $1 billion request to implement the program, and I would urge the members of the Appropriations Committee to act as soon as we pass this bill to pass a supplemental so that funds will be made available by the first of the year.

Title II of the bill would provide for an immediate 26 weeks of unemployment insurance to those not covered by existing programs. More than 10 percent of the work force, including 8 million State, local, farmers, and domestic workers, could become eligible for unemployment insurance. It is estimated that an additional 12 million workers would be covered under this provision.

This provision would not incur an additional new tax, and would be paid out of the General Treasury.

These 26 weeks would go into effect when the national employment rate averages 6 percent or more over 3 months, and unemployment in a prime sponsorship area averages 6.5 percent or more over 3 months. Inasmuch as the November rate of 6.5 percent nationally already sets off the "on" trigger, those areas which average 6.5 percent over 3 months would automatically qualify. This means that more than 130 prime sponsorship areas would become eligible, assuming appropriations can move to pass a supplemental.

As originally reported, H.R. 16596 also includes an extra 13 weeks for covered workers. However, the Ways and Means Committee has reported a similar proposal, which I strongly support, and to avoid duplication and any question of jurisdiction, I believe we should delete the provisions of our bill in this regard and allow Ways and Means to move ahead.

In sum, the entire package could place as much as $3.2 billion out in jobs and compensation by the end of this fiscal year, and possibly a good deal more.

I strongly support passage of this bill. Economists predict that unemployment will continue to rise through next spring. While we must consider the impact on inflation, what this country needs now is a boost and legislation to offset the downward trend in the economy. No better boost could be provided than by the provisions of the bill before us. I urge the membership to act expeditiously so we can have jobs and compensation out to the American people by the first of the year.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman respond to a question involving a hypothetical situation? Perhaps it is not too hypothetical.

Let us say that in the district I represent there are to be 5,000 unemployed, mainly in the building trades. How many of those people might receive benefits with the enactment of this law?

Mr. ESCH. Mr. Chairman, it is difficult to estimate what percentage would receive jobs. The enactment of this law will bring about a minimal impact proportionately on those individuals to give them public service jobs.

But in addition to the public service jobs, they will receive direct unemployment compensation benefits, so that the real impact would be that they will receive either additional unemployment benefits or new unemployment benefits. That will be the impact upon the 5,000 unemployed.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield further?

Mr. ESCH. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, I will ask this question:

Would the additional unemployment compensation benefits be over and above those provided for in the bill that we just passed?

Mr. ESCH. The bill which we just passed provides for up to an additional 13 weeks of unemployment compensation for those now covered. The provisions of this bill will provide for paying up to 26 weeks of unemployment compensation for those not now covered, who are eligible according to State standards.

Mr. STEIGER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Chairman, would it not be fair to say, in response to the question asked by the gentleman from Florida, that the answer is: No, that the bill that was just adopted and reported by the Committee on Ways and Means relates solely to those who are covered under the present unemployment compensation system. That would in most States, I would expect, including Florida, include construction workers.

The bill that is now under consideration, as far as title II is concerned, relates solely to an extension of unemployment compensation coverage to those such as municipal employees, domestics, some farmworkers, commission salesmen, and those who are not covered under any present unemployment compensation program.

Mr. ESCH. Mr. Chairman, I appreciate the gentleman's comment.

The provisions of this are that, to the degree they meet eligibility standards otherwise in that jurisdiction, they would be extended coverage even though they are not now covered.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield for one further question?

Mr. ESCH. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, in the case of a mason or construction worker or heavy equipment operator, how long would that person have to remain unemployed before he would be eligible for a job that would be created by this bill?

Mr. ESCH. According to the provisions of the act, 7 days. However, the intention is that, relating to those toward whom the bill is directed, it will give relief to those individuals who have been the long-term unemployed. It would give preference to those persons in the long-term unemployed classification.

Mr. YOUNG of Florida. Mr. Chairman, I thank the gentleman for his information.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I yield to the gentleman from Maryland.

Mr. BAUMAN. I would like to ask the gentleman a question.

How do we square the fact that under this bill possibly $3 billion will be expended immediately and eventually, I understand, the full authorization will be perhaps $5 billion? How do we square the measure we have before us this afternoon with the President's remarks last evening that he is not going to turn to a full recessionary policy, that is, fighting recession, but that inflation is still the main problem? If we provide no source of revenue to finance this program, will not this program, in fact, while it may serve as a palliative for the unemployed, in the long run, cause more inflation, which may, indeed, cause greater unemployment?

Mr. ESCH. I would say to the gentleman that under the President's proposals as presented last October, there was an emphasis on reducing Federal spending on the long term, to the point where we would have a balanced budget.

I think many of us on both sides of the aisle can concur with that, but within that balanced budget, we have responsibility for the placing of priorities. We need to reach out to those areas where there is critical unemployment to relieve the hardship with respect to those who are suffering from the current crisis.

The purpose of this bill is the target into those areas of highest unemployment, to give relief to those individuals, those workers who are unemployed, and at the same time to recognize that there needs to be that much of a tradeoff if we are going to try to stimulate the economy to the point where it regains its incentive itself in the private sector.

However, I would concur with the gentleman that, to a degree, it is contradictory economic policy. Yet it is contradictory economic policy to the degree that we accept the responsibility of targeting-in to give assistance to those who are unemployed. I would say to the gentleman that unless the Government reorders its priorities and is willing to reduce expenditures elsewhere for this additional fund, or unless there is increased revenue produced, it could have an inflationary impact.

Mr. BAUMAN. Of course, we had a chance to reduce expenditures yesterday on the foreign aid bill, but did not.

One further question: The President has directed, I understand, the executive agencies to produce inflationary-impact statements regarding all legislation proposed by his administration.

Mr. ESCH. I believe that was in regard to all regulations.

Mr. BAUMAN. Has the committee concerned itself in a substantive manner with the inflationary impact of this legislation in any way? Has there been any measurement of how many percentage points inflation will increase, adding on another couple double digits?

Mr. ESCH. No. I would say to the gentleman that the role as to that is within our new budget committee. I would suggest that our new budget committee look into that in relationship of this bill and to other expenditures.

Mr. BAUMAN. I would only say that we have to bite the proverbial bullet this afternoon on this bill, as far as increased spending is concerned, and yet we do not know how much this is going to add to further inflation, and indeed further unemployment.

Mr. ESCH. No. I would say to the gentleman that the time for that comes within the budget consideration and within each Member's consideration, as to where he places his priority.

Many of us feel we should place the highest priority for those individuals, for example, in our own State of Michigan, who are unemployed, to enable them to work and to give them relief so that they have the opportunity to have a degree of predictability as to their economic future.

Mr. ROBINSON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. ESCH. Yes, I yield to the gentleman from Virginia.

Mr. ROBINSON of Virginia. I was interested in the colloquy among the gentleman from Minnesota, the gentleman from Pennsylvania (Mr. DENT), and the gentleman from New Jersey with respect to the application of the provisions for public service employment.

In the State of Virginia we have a constitutional provision which mandates a balanced budget. That is true in many other States. Our revenues are falling below estimates, and our Governor has announced that it is necessary that we take measures regarding fiscal restraints and that there will be layoffs.

Is it possible at the State level—not at the local—that pressure will be brought against the Governor of Virginia to put these people on the public service employment payroll, thus putting them back on the jobs, when his intent is to lay them off in order to conserve the resources of our State, and thus make them wards of the public, of the States as a whole, instead of our own State?

Mr. ESCH. The intent of this act is in no way to substitute public service jobs for ongoing State or local employment. That is clearly stated within the report, and also it is reemphasized in the report so that in no way should the legislative history imply that that could be done intentionally, either by a State government or local government.

Mr. ROBINSON of Virginia. I thank the gentleman for reemphasizing this point.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield 5 minutes to the distinguished chairman of the Committee on Education and Labor, the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, last Friday the Bureau of Labor Statistics announced that unemployment had jumped to 6.5 percent. That means nearly 6 million people who are actively seeking jobs are out of work, and several million more have simply lost all hope and stopped even trying to find work. These are frightening statistics. Today, not even a week later, we have brought before the House a bill which proposes specific, concrete measures for dealing with this unemployment crisis, and it is a crisis. And we are not going to stop here either. This is just the beginning—a temporary emergency bill to get us through the next few months until we get back and go to work on more durable long-term solutions. But this should give clear notice to the people of this Nation and to the men and women of the national press that we are not going to shrink away from these challenges and wait for others to make proposals; we are going to take the lead in dealing with our economic problems, and we are going to continue to take the lead for as long as it takes to get this country's economy turned around and moving again.

For the immediate future we are asking Congress to create more jobs through public service employment and to provide unemployment compensation to those who have lost their jobs but who are not now covered under an Unemployment Insurance program. Our bill is a short one and is organized into two titles, the first dealing with jobs and the second with compensation.

Title I authorizes $2 billion to be appropriated between now and next June 30 for the creation of 300,000 additional public service jobs. This money will go to the prime sponsors under the Comprehensive Employment and Training Act of 1973, which are cities and counties of 100,000 persons or more, and States. These are the entities that are currently handling public service employment programs. The terms and conditions that will apply to this employment are the same ones that apply under CETA with the following exceptions:

First, the "transitional" requirements contained in CETA are waived in areas whose local unemployment rate is 7 percent or more;

Second, the 30-day waiting period during which time a person must be unemployed in order to qualify for a job has been reduced to 7 days in areas whose local unemployment rate is 7 percent or more;

Third, preference in hiring is given to those persons who have been unemployed for 15 weeks or more and those whose unemployment compensation benefits are totally exhausted; and

Fourth, the payment of wages only is authorized for public employees performing work on community capital improvement projects such as rehabilitating a schoolhouse or fixing up a road and the like.

The bill's second title establishes unemployment insurance coverage of up to 26 weeks duration—depending on State laws—for those workers who have not been in "covered" employment under their State laws. There are three major categories of workers involved: First, State and local government employees; second, domestic workers; and third, farmworkers.

These people will receive benefits at levels prescribed by the applicable State law as if they were covered by such law. They must, however, meet the State law's requirements for length of employment and earnings. These benefits will be paid for out of general revenues, not the UI trust fund, and will not involve any new tax on the employers of these traditionally noncovered workers.

To be eligible for this program, your most recent 5 days of employment must have been in a local area with an average unemployment rate of 6.5 percent over a 3-month period. The national rate must also average 6 percent for 3 months, but that condition already exists.

Benefits under this program are payable from the date of enactment until March 31, 1976.

This is the full extent of this emergency legislation. It will not solve our problems, but it will most certainly brighten the lives of a great many Americans whose situation is desperate by providing temporary relief from economic hardship. I hope you will support this bill; I promise you that we will not stop here, but we need this now, right away, before another week goes by.

Mr. ESCH. Mr. Chairman, I yield 5 minutes to the distinguished ranking member of the committee, the gentleman from Minnesota (Mr. QUIE).

Mr. QUIE. Mr. Chairman, first of all, I support H.R. 16596, the Emergency Job and Employment Assistance Act of 1974. This comes to us at the request of the administration, and it comes to us from legislation that was introduced by the chairman of the subcommittee of the Committee on Education and Labor, the gentleman from New Jersey (Mr. DOMINICK V. DANIELS) before the administration made their request the first of October, and also the ranking member, the gentleman from Michigan (Mr. ESCH) who introduced legislation prior to that. So that we see on both sides of the political aisle such public service employment legislation introduced as was proposed by the administration.

The administration also asked for a 13-week extension of the unemployment insurance to those who have exhausted their benefits, and to those who are not covered, up to 26 weeks of unemployment compensation.

So the bill that we have already enacted, which came from the Committee on Ways and Means, takes care of the exhaustees and title II of this bill provides compensation for those who do not qualify for unemployment insurance.

It seems to me that when unemployment rises rapidly, unemployment insurance provides the quickest help to those in need, unemployed who either are not covered or have exhausted benefits. It gives them some money on which to live awaiting employment, and it is not dependent upon whether a public service job can be developed or not; the money gets out there and into their hands.

We should also bear in mind that CETA, the Comprehensive Employment and Training Act, is in operation, and about $1 billion is going out for public service employment under that authorization and under the old Emergency Employment Act as well. A portion of that is in title I of CETA designed primarily as a manpower training program. A larger portion is in title II, which is primarily the public service employment title of CETA. However, in title II it is necessary for an area to have 6.5 percent of unemployment, or more.

If all we wanted to do was to help the unemployed with unemployment insurance and those from areas that have more than 6.5 percent of unemployment, then it would have been necessary only for us to pass the bill that came from the Committee on Ways and Means, title II of this bill, and put additional amounts of money into CETA. However, the desire of some to help in areas where the unemployment is not as great as 6.5 percent, because of the rapid increase in unemployment in some of those areas, makes this legislation therefore necessary.

We in the bill have divided the money that goes for public service employment in two ways. Twenty-five percent will be divided according to the number of unemployed all over the Nation, and 75 percent divided according to the number of unemployed that exceed 4½ percent.

An amendment is going to be offered later, I believe by Mr. OBEY of Wisconsin, to make that a 50–50 division. I will support that compromise so we can get this legislation passed.

There will be considerable discussion, I am sure, of the formula for distributing funds under title I. The reported bill distributes funds among eligible applicants 25 percent on the basis of the relative number of unemployed persons and 75 percent on the basis of the relative number of such persons above the level of 4.5 percent unemployment. This is a device for concentrating funds in those areas most heavily affected by unemployment while assuring that all areas of the Nation receive some additional funding for public service employment. I firmly believe that both sound principle and common justice require that we put the most funds where they are most needed.

The rate of unemployment varies dramatically from State to State and from area to area within States. The latest figures available broken down by State and major intra-State areas are the unadjusted figures for September of this year, when the seasonally adjusted national rate of unemployment stood at 5.8 percent, but the differences would be just as striking at 6.5 percent.

In September, States with relatively low unemployment included Iowa at 2.4 percent, Kansas and South Dakota at 2.9 percent, Tennessee at 3.6 percent, Maryland and Wisconsin at 3.8 percent, and Illinois, Minnesota, and Texas at 4.1 percent.

States with high unemployment in September included: Alaska, 7.6 percent; Hawaii, 7.5 percent; Massachusetts and Michigan, 7.3 percent; California, 6.9 percent; New Jersey, 6.3 percent; New York, 6.1 percent; and Florida at 5.8 percent.

However, as I have said, these State percentages mask even wider differences within States than between them. For example, unemployment in the Monroe/Rochester area of New York was only 2.9 percent and only 3 percent in Dutchess County; but the rates were 9.1 percent for Buffalo, 7.4 percent for New York City. In New Jersey rates varied from 3.6 percent in Somerset County to well over 10 percent in Camden, Newark, and Paterson. In California, the lowest rate in the State was 4.9 percent each for San Joaquin and the Santa Clara Valley, and ran all the way up to 8 percent in Los Angeles, 8.3 percent in San Francisco, 9.6 percent in the San Diego area, and over 10 percent each in Oakland and Berkeley. Even in States with a relatively low September unemployment rate, such as Texas at 4.1 percent, the rate was 10.6 percent for Hidalgo County and 12.5 percent for Webb County, as compared with a 2.6 percent rate in Dallas and the Austin area.

Of course, all of the figures I have cited would be somewhat higher if seasonally adjusted and, quite obviously, are likely to be still higher at a national adjusted unemployment rate of 6.5 percent for November. However, they do reflect accurately the considerable differences in the impact of unemployment both between States and within States—differences which the formula in this bill takes into account. There is no need to belabor the point that it is much harder for a person to find a job in an area afflicted by high unemployment than in areas where the competition for jobs is less intense. That is the point recognized by the title I formula.

However, the Obey amendment is an acceptable compromise, because it preserves 50 percent of the funds for concentration on high unemployment and spreads the other 50 percent among all applicants, and I hope that will prevail.

There are certain serious concerns that we have had in this legislation and in CETA. One of them is that since this goes out to prime sponsors who tend to be counties, municipalities, and States, they could feel they might as well lay off some of their employees and then hire them back using Federal money instead of local money.

We specify in the legislation and in the explanation in the report on the bill that this is not to be used to permit that to happen. Either to take a person off the payroll of the local municipality and then put him right back on the same job again with the Federal money, or, to lay a person off and then pick up an altogether different person for the same job, would be unfair, and is not permitted. This is truly to help those individuals who need the help; not to help States, municipalities, or counties with their financial problems. The Federal Government is in worse shape than State or local governments.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ESCH. Mr. Chairman, I yield 2 additional minutes to the gentleman from Minnesota.

Title II of this bill as amended is about $2.3 billion at present rates of unemployment. In title I we have an authorization of $2 billion, but in our discussion in the full committee—and I would address these comments to the chairman of the subcommittee and see if he agrees with me on that—we expect from the administration that they would ask immediately for a supplemental appropriation of $1 billion so that before we go home for Christmas, $1 billion will be made available.

The remainder of the $2 billion authorization would make another supplemental possible so that next year when we look at the situation and should it be warranted, we then do not have to go through another authorization.

Mr. DOMINICK V. DANIELS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from New Jersey.

Mr. DOMINICK V. DANIELS. Mr. Chairman, my understanding is as the gentleman has represented only a moment ago. I am informed that the administration, if this bill is passed by both bodies, will immediately request a supplemental appropriation of $1 billion and that the money will, if approved by the Appropriations Committee, be made available before the end of this year. After the beginning of the year I intend, as chairman of the Select Subcommittee on Labor, which has jurisdiction over the manpower legislation, to take another look at the entire program, the CETA program passed last year as well as this program, and then we would act according to the needs of the country at that time.

Mr. QUIE. I thank my chairman.

Mr. Chairman, I would say then that this money would be made available quickly on a project basis and the unemployed could be served very rapidly.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. BADILLO).

Mr. BADILLO. Mr. Chairman, as the chairman of our full committee the gentleman from Kentucky (Mr. PERKINS) has indicated, this legislation is long overdue. I am glad to see that the President and many Members of Congress now share the sense of urgency that we in the subcommittee have been trying to project for a long period of time.

We demonstrated that a public service employment program can be an effective program when the Emergency Employment Act of 1971 was passed. It was then established that this kind of public service program can provide meaningful jobs not only to those who work at the jobs but also meaningful jobs in terms of needed services to the community.

The difficult, Mr. Chairman, is that we waited too long. Years ago some of us on the floor of this House said that it is clear that private enterprise simply cannot provide jobs for all who needed them, and this is now established. The problem now is we are arriving at the point where even government cannot provide jobs because the crisis has extended to government employment as well. And nowhere is this more clear than in the city of New York which has had a 7.5-percent unemployment rate for several months, well above the national average, and where a crisis has developed to the point where the mayor has had to lay off public service employees.

I want to establish with the gentleman from New Jersey that nobody should be penalized because he happens to be a public service employee. If a person is a carpenter and he loses his job, it does not matter whether he was working for private enterprise or for the city. The fact is that the present bill provides on page 6 that in terms of priorities the unemployed persons who have exhausted unemployment insurance benefits or who are not eligible for unemployment insurance benefits get priority. That covers public service employees as well as others. It has nothing to do with title II because title II is concerned with unemployment assistance programs and not unemployment insurance benefits according to State law. Therefore, is it not a fact that public service employees would be covered in the priorities that have been established under the provisions on page 6?

Mr. DOMINICK V. DANIELS. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from New Jersey.

Mr. DOMINICK V. DANIELS. Mr. Chairman, the gentleman is correct. On page 6 of the bill, line 21, it states: "* * * unemployed persons who are not eligible for unemployment insurance benefits" under title II can get insurance under this act.

Mr. BADILLO. I thank the chairman.

We are talking about not paper tradeoffs but situations where a genuine crisis is established, and I think in New York City a genuine crisis has been abundantly established.

Mr. Chairman, it is clear that in this legislation we have a mechanism that has been proven to be successful. We have a need throughout the country. We have a mechanism which meets that need. It is time we stopped talking about transitory jobs for a short period of time only. It is time that we stopped accepting the myth that the way to control inflation is to tolerate increasing rates of unemployment.

The fact is that it is no longer true that inflation is halted when unemployment increases. At the present time we have both increased inflation and increased unemployment so that it does not follow that reducing unemployment will increase inflation further. We can provide for a public service employment program because we know it will reduce unemployment and we should not be scared away by those who say that it will feed inflation. Inflation today is a worldwide problem whose causes go well beyond the employment situation in our country today.

This public service program is an effective program. It is a proven program that meets a need and it is a program that should be accepted and adopted.

Mr. ESCH. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Chairman, as we read the newspapers and as I look at the headline in the Sheboygan Press, "Layoffs Cloud Area Economy—Jobless Payments Up 380 Percent in a Year," and as I look at the figures for the jobless compensation claims, on December 1, 1973, it was 352; and on November 30, 1974, it was 1,338, I think all of us can have some sensitivity to and understanding of the reasons for this bill.

The bill basically is a good one. The agreement reached between the Committee on Ways and Means and the Committee on Education and Labor makes sense; but I want the House to understand that the gentleman from Minnesota has correctly stated, in my judgment, the fact that we really did not need title I of this bill at all. The vehicle for unemployment training and compensation is still available both in title I and title II of ETA for training and for public service employment; but the Committee on Education and Labor with the help of the Administration and under the leadership of the gentleman from New Jersey (Mr. DOMINICK V. DANIELS), the gentleman from Michigan (Mr. ESCH), have brought a bill which in total when we take a look at what it does to provide distribution of funds for public service employment in prime sponsor areas hopefully through the Obey amendment with the 50–50 provision, with title II, extending unemployment compensation for the noncovered, together with the bill passed by the Committee on Ways and Means, we have provided a vehicle for all of us to respond directly and affirmatively to the problems with which our constituents are faced.

It is estimated, for example, in Wisconsin that for only the second time in history the rate of payments for unemployment compensation will exceed $100 million. The unemployment compensation trust fund in Wisconsin has some problems and all those who are unemployed, whether they be municipal employees or whether they be in the private sector, deserve this kind of viable economic alternative to assist them.

I would not hold out the hope to anyone that we do this by public service employment alone. As a matter of fact, I think it would be a serious mistake if we did that; but the combination of the unemployment compensation benefit approach with the addition of money for public service employment does seem to me to provide the cushion that we so badly need to try to get through the kind of time with which we are now faced.

Therefore, I support the bill. I hope it passes overwhelmingly.

I hope the Obey amendment is passed, because it makes the most sensible distribution of funds.

I congratulate the leadership for bringing this to the floor.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I yield 1 minute to the gentleman from Washington (Mr. MEEDS).

Mr. MEEDS. Mr. Chairman, I rise in support of this legislation, and commend the gentleman from New Jersey and the gentleman from Michigan and others for their very quick action in getting this to the floor. I hope that it will be interpreted as we meant it.

I want to make abundantly clear that while I strongly support and urge tough action on paper hiring, that the bill should not be interpreted so as to prevent those hard-pressed areas in city government, county government and State government, where they are because of revenue short fall, cash short fall, now having to delay their programs and are prevented from hiring people because of their paper layoff prohibition.

The paper layoff provision should be strictly interpreted to prevent what we all want to prevent, and that is substituting Federal funds for state and municipal funds. But, there are many instances today in which hard pressed cities, counties, and States are having to lay off people because of revenue shortfall, and those people should not be excluded from this program.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Michigan.

Mr. FORD. Mr. Chairman, I would particularly like to compliment the gentleman from New Jersey, the chairman of the committee, and the gentleman from Michigan, the ranking minority Member, for the great spirit of cooperation that developed between them, enabling them to act so speedily on this legislation. I hope we will be able to get support here for the passage of the bill in the form in which it came on the floor.

Mr. ESCH. Mr. Chairman, I yield such time as he may consume to the gentleman from Connecticut (Mr. SARASIN).

Mr. SARASIN. Mr. Chairman, the inflationary trend being experienced in the United States today is seriously affecting the majority of our citizens. It is visible everywhere we turn, and it is eroding our standards of living and our national well-being. However, inflation is not the only economic difficulty we are facing. Recession is compounding the problem of inflation for an increasingly large segment of our population—those who are losing their jobs because of the industrial slowdown.

The number of unemployed Americans is now over 6 million, and if economic predictions hold true, the number will increase throughout 1975. Many of the jobless have families to support, children to educate, shelter, and clothe.

We in the Government have declared our intention to beat inflation and recession, but we must always be aware of the fact that we have more than just an obligation to end an economic condition. We have a responsibility to the people we serve to help them in times of temporary difficulty.

Recognizing this responsibility, my colleagues and I introduced the Emergency Jobs Act of 1974, legislation we are addressing today. The intent is to provide job opportunities for the unemployed and underemployed, to place over $2 billion at the disposal of State and local governments to help jobless Americans.

Our country has become strong and powerful because of our working men and women, because of their faith in their country and determination in their work. Today it is our turn to help these people, to secure the foundation for economic recovery and a better standard of living for all.

I urge your support for the Emergency Jobs Act of 1974, an excellent beginning to curing our national ills.

Mr. ESCH. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I rise in opposition to this measure.

I, too, am concerned with rising unemployment and the depressing headlines alluded to in the remarks of the previous speakers. I rise in opposition however, because I think this act has faulty premises—the premises being that we can stimulate the economy and that we can increase employment by an increase in Federal spending. Yet, this $2 billion in title I will only exacerbate the huge Federal deficit we have at this time, thereby fueling inflation.

I voted in the committee to pass this legislation out of the committee and report it to the floor for House action. Yet, I think it needs careful consideration and a full discussion. I voted for the rule for the same reason. I believe that those who have offered it have offered it in a very sincere belief that this is an important answer to rising unemployment.

Mr. Chairman, I question the economics of the proposal. I oppose it on the grounds that it is going to lead to higher taxes at a time when the people want less taxes. If there is anything this Nation does not need right now, it is more spending and higher taxes. Such will lead inevitably to increased unemployment, and I think the secondary and tertiary effects of these short-run acts will be far different than what most Members expect from them.

During the campaign, almost all of us expressed our opposition to the President's proposed 5-percent surtax. The President is backing off of his proposal for a 5-percent surtax. I understand that his 5-percent surtax proposal originally was to pay, in part, for this program I think all or most of us campaigned on the basis that we were against higher taxes and the surtax, and now all of a sudden we are going to pass a piece of legislation which will authorize a $2 billion expenditure without any visible means of paying for it.

In the other body, they have a similar bill, and I understand it has been raised from $4 billion today to $5 billion, and by the time we get out of conference who knows what we will be authorizing in terms of public expenditures for public service employment.

As I said earlier, this legislation will increase the deficit spending in this country. The distinguished chairman of the Appropriations Committee, Mr. MAHON, just a few days ago stood in the well of this Chamber and told us that right now the budget is out of balance, on a unified budget basis by $9 billion. He went on to say that the total deficit we are running in the fiscal year 1975 is $20 billion when we count the money we are borrowing from social security trust funds in order to pay part of that huge debt.

The question is: "How are we going to pay for this particular piece of legislation?" It seems to me that if we reduce expenditures, as my distinguished friend from Michigan mentioned, in another area, all we are going to do is to be replacing one group of Government employees with another group of Government employees who are laid off by the reduction in Federal spending.

Mr. ESCH. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Michigan, my friend and colleague on the committee.

Mr. ESCH. Mr. Chairman, I would like to make reference to the approximately $8 billion we are spending to keep troops overseas. Surely, if we are interested in priorities, we could remove those troops, or reduce them, from overseas, and still have an impact.

Mr. KEMP. I think the gentleman knows there has to be a reduction of spending across the board, and I hope the gentleman joined me yesterday in voting in opposition to the massive foreign aid bill.

The first point to be made about this new $2,000,000,000 authorization for public employment is that it is completely unnecessary. We already have an open-ended authorization in title II of the Comprehensive Employment and Training Act for precisely the same program. Further, funds appropriated under title I of CETA can be used for public employment—instead of training—at the option of the State or local prime sponsor of those programs, without limitation.

It has been argued that States, cities, and counties are being slow to utilize title II CETA funds because there are requirements that the public employment programs be "transitional" in nature and thus designed to lead to unsubsidized jobs in the public or private sectors. But all of those provisions—which are nullified in H.R. 16596 for areas with over 7 percent unemployment—are modified by the proviso "to the extent feasible," and it is up to the State or local government to determine what is feasible in terms of the transitional nature of the jobs. Moreover, H.R. 16596 clearly expresses the congressional intent that the U.S. Department of Labor not interfere with those determinations. That one section, an amendment to title II of CETA, is all we need in title I of H.R. 16596.

Not only is there a public employment authorization in place—there is nearly a billion dollars in Federal funding already available to State and local governments for public employment programs: $250 million under a continuing resolution extending the Emergency Employment Act; $370 million from the 1974 fiscal year appropriation for title II of CETA; and $350 million under the fiscal 1975 title appropriation—for a total of $970 million. In addition, another $63 million is being utilized for public employment by prime sponsors under title I and more than $1.5 billion has been appropriated for title I for fiscal 1975 which is available for such programs if State and local governments conclude that public jobs, rather than job training, best meets their needs.

This is the actual situation and brings into sharp question the need for an additional $2 billion authorization.

What if we appropriate this additional $2 billion and thus have about $3 billion in Federal funds to hire more State and local government workers—what will the impact be upon unemployment? The answer is that it will be negligible.

Right now, with a seasonally adjusted unemployment rate of 6.5 percent we have just under 6 million workers unemployed. The salaries in these public service jobs have been averaging about $7,800. This means that the entire $3 billion that would then be available would produce no more than 390,000 jobs—or more accurately, 390,000 man-years of employment. This would reduce the unemployment rate by less than one-half of 1 percent—or to a rate just over 6 percent. If unemployment goes up, that effect, of course, becomes even less.

But there is a serious question of how much of these public employment funds will go to those most in need of a job. The bill before us mandates that a "preference" be given to those who have *exhausted* unemployment benefits, or are not eligible for them, or have been unemployed for 15 weeks or longer. But the same section provides that people can be hired who have been unemployed for only 7 days—as opposed to 30 days in title II of CETA—which is an open invitation to disregard the need factor. Already local officials are calling Members about this bill and asking if they can rehire their own workers whom they have laid off in economy moves. Of course, the answer is that under this bill they can do so and the Federal tax dollar will simply be replacing the local tax dollar to hire employees. At the very least we should require that a person who is hired be one who has exhausted unemployment compensation benefits—including benefits newly acquired under title II of this bill—or who have been unemployed for more than 15 weeks and are ineligible for unemployment compensation.

Cutting the current unemployment rate by less than one-half of a percentage point with $3 billion in Federal expenditures is not going to have a perceptible impact on the Nation's problems. Instead of this approach we should by other methods act to stimulate the economy so that people can be rehired in real jobs.

THE PROVISIONS OF THE BILL

Actually, the bill has two totally separate parts. Title I is an authorization for the expenditure of $2 billion to support public service jobs. Title II, on the other hand, is the proposal for an extension of unemployment benefits. Much, if not all, of the disagreement centers around title I—the public service jobs program.

Title I, the "emergency job program," authorizes $2 billion for activities under it, including an allocation of a full $200 million for administration—the bureaucracy associated with the program.

Now, when we are talking about millions and billions, I think we should have some idea of how much money is really being discussed. Think of dollars as seconds for a moment, as measurements of time. How long does it take to add up a million seconds? Twelve days. How long does it take to add up a billion seconds—1,000 times a million? Thirty-two years. That is a lot of money, especially when one considers that all of it has to come from the taxpayer, for government has only two sources of income, taxes from the people on the one hand, and inflation-producing issuance of additional money stock—a hidden tax upon the people by taking away their purchasing power—on the other.

This point was well made by the distinguished Senator from Wisconsin, a Democrat, Senator WILLIAM PROXMIRE, in a speech on the Senate floor on August 22. Senator PROXMIRE literally destroys the contention—the one which underlies this bill before us—that increased Federal spending, especially through a public service jobs program, produces more jobs. The facts are wholly on his side. If it is true that increased Federal spending means increased employment, then why has unemployment shot up during the exact same period when Federal spending was increased by billions?

The point is this: Unemployment has increased commensurate with the rate of inflation, for it is inflation which has disrupted our economy more than any other economic force. As inflation has shot up, so has unemployment, yet the single root cause of most inflation is issuance of the money stock in excess of increases in national productivity. And, such excessive money supplies results from Government trying to cover spending in excess of revenue by printing more money through the Federal Reserve System. When money supply is increased, so is inflation, and when inflation undercuts stability in the economy, jobs suffer. It is, therefore, counterproductive to any genuine economic purpose in reducing unemployment to continue to inflate the dollar by deficit spending. Yet, the $2 billion to be authorized by this bill would do just that.

Two and one-half times the House level—a full $5 billion—was passed by the Senate earlier today. There was little discussion by the majority as to where the money would come to meet that expenditure level. It would, of course, come from the people.

The experience of the past several years leads one to the conclusion that the House conferees will probably yield to the Senate conferees demands for a higher authorization level. The $2 billion to be authorized by the House today is, therefore, but a foot in the door to what the level will be when sent to the President for his signature.

It should be pointed out also that every dollar here authorized is an additional deficit dollar, for these funds were not a part of the President's budget submitted last January or of any subsequent budgetary amendments offered by the administration. There will be no revenue to cover these costs, thus additional borrowing of capital—which takes it away from the capital needed by private industry to expand and create new jobs—and printing of money supply will have to be employed to cover these costs.

CONCEPTUAL PROBLEMS ASSOCIATED WITH PUBLIC EMPLOYMENT

This point—from where do these funds come to pay for the program—illustrates one of the principal conceptual failures in the approach surrounding a massive, Federal public service jobs program.

This program would—as the distinguished and knowledgable former president of the American Economic Association, Dr. Milton Friedman of the University of Chicago, has pointed out—in the first instance provide jobs for the unemployed, which seems all to the good. But, where would the funds come from to pay their wages?

If the funds came from reducing other Government expenditures—which we know they will not—new Government employees would simply replace other Government employees, with no gain in total employment and very likely with a loss in efficiency.

If the funds came from imposing higher taxes, the taxpayers would have less to spend, which would reduce the number of persons they employ directly or indirectly. New Government employees would simply replace persons employed in the private sector. "Make-work" would replace employment that met the collective private demands of the taxpayers as consumers.

If the funds came from borrowing from the public, less credit would be available to lend to others. New Government employees would simply replace persons employed in building houses or factories or machines that would have been financed by savings now absorbed by the public employment program. Make-work would replace employment devoted to adding to our national productivity and attendant national wealth.

The only other source of finance is printing or creating new money. In this case, Government demand would add to private demand and could create new jobs. But then it would be inflationary and so would undo with the left hand what the right hand was striving to achieve; namely, less inflation. The whole purpose is, after all, to reduce the rate at which total spending is increasing, for that is the way that inflation can be stemmed. If extra demand from "public employment" is desirable, then anti-inflation measures are being pushed too hard. It would be better simply to ease up on these measures than to offset one mistake with another.

What this adds up to is that the approach embodied in title I of the bill before us is, as I indicated at the outset, a counterproductive one: It will perpetuate—and perhaps even make worse—the very root problems which have caused the apparent manifestations—such as rising unemployment—of our economic problems.

This program will not accomplish its objective. It will make inflation worse. It will direct capital away from the private sector and into the public sector. Those two and other forces will then add to rising unemployment as production and demand declines. When this program does not work—in other words, when it is apparent that unemployment is continuing to rise despite the expenditure of billions—the most probable reaction of the advocates of increasing Government control over our lives and our economy will be one of simply calling for yet still more funding. Their reaction will probably not be in the direction in which it should—toward the generation of additional capital with which to create new jobs for a more permanent character than this public service jobs program can ever produce.

THERE IS A BETTER APPROACH TO OUR ECONOMIC PROBLEMS

It is valid to inquire, in light of opposition to the specific proposal offered through title I of the bill before us, and the approach embodied in it, as to whether one has a better idea. The answer is "Yes" and unequivocably so. In summary, it is lessening the burdens placed on the livelihood and economic activity of the people by increasing centralization of economic decisionmaking in the hands of the bureaucracy in Washington, and a coextensive increase in national productivity—an increased productivity which can come about only when the people have greater purchasing power through getting inflation under control and increased capital formation essential to the expansion of facilities and production for manufacturing, purchases, and the general exercise of economic interaction.

When capital is more readily available, interest rates generally decline and industrial expansion increases. And it is that expansion which leads to the increases in national productivity essential to producing more jobs.

Because it is, conceptually, the direction in which this country ought to be moving—instead of toward priming the pump with massive expansion of Federal programs and regeneration of the New Deal by those who seem incapable of coming up with a new idea or learning the lessons of history—let me discuss this capital formation requirement more extensively.

Inadequate funds for capital investment is one of the principal causes of our present economic problems.

When there are not enough funds available—after meeting expenses and paying taxes—with which to expand—or even maintain present levels of production, jobs are jeopardized.

When families cannot borrow funds with which to build and purchase new homes—or have to pay too high an interest rate because the money market is too tight—then jobs in the building trades are jeopardized.

And, there is a multiplier effect which jeopardizes additional jobs, for when industrial production is down, there is less for shippers to transport and less for merchants to sell. When home construction is down, there is, for example, less work in related public utility and service industries—road and sewer construction, for example.

WHY ADDITIONAL CAPITAL INVESTMENT IS NEEDED

Prosperity rests—more than on any other determinant—on the amount of capital invested per person within an economy. In other words, the more capital invested per person, the greater the economic growth and the better the standard of living—in real, not inflated, dollars. Our laws have ignored this cardinal rule of economics during recent years, favoring instead those policies which have led to a decline in the rate of capital investment.

Our country is now making a thorough reexamination of what is needed to get the economy moving again. Much of this discussion has focused, thus far, on controlling inflation, stabilizing wages and prices, and providing more jobs—as it should. But, there is a common denominator—a root cause—of all these concerns and that is inadequate capital investment and production.

I suggest, that in addition to dealing with the results—the manifestations—of our economic problem, we deal also—and more importantly—with its cause. And, I speak of this inadequate capital investment and production, for when increases in national productivity stay abreast of increases in money supply, inflation is arrested, and when there is enough capital investment occurring, jobs are created, wages stabilized, and shortages eliminated.

The bill which I introduced today is designed to deal with this root cause of our Nation's economic ills. It ought, therefore, in my opinion, to be incorporated into the pending Tax Reform Act now being readied for action by the House this session. It should not wait until next year, for postponement of reestablishing these incentives will result in postponement of our economic recovery.

FEDERAL POLICIES OUGHT TO ENCOURAGE INVESTMENT AND PRODUCTION

Our present Federal policies encourage over consumption and discourages investment, because the laws place a significantly heavier burden on savings and investment than on consumption. It is now preferable for the taxpayer to consume and spend instead of producing and saving. The policy which underlies this present structure has resulted in laws which have stifled needed capital formation and economic growth. It should be reversed.

We should adopt a new policy—and enact legislation reflecting it—that will assist the economy in providing the goods necessary to meet domestic needs and, in so doing, combat inflation; in providing the additional jobs and equipment needed for an expanding work force; in providing wage increases based on increased productivity without inducing price increases; and, in meeting the competition for world markets so that we may resolve our balance-of-payments problem, a problem which contributes also to inflation through excessive liquidity in the world's money markets.

That the economy of the United States needs vast increases in capital outlays is demonstrable.

In a recent editorial, entitled "Productivity: The Rest of the World Is Catching Up," the Washington Post depicted our situation this way:

> America's position in the world has changed radically in the past several years: We are no longer the only extremely productive, extremely rich country. As a result, neither the nation's economy nor the world's is working the way it used to or the way that we expect it to.
>
> Productivity is rising everywhere. But it is rising much more slowly in North America than in Europe or Japan. Economists used to brush these disparities aside by observing that, after all, wages in North America were still vastly higher than anywhere else. But, that too is less true today than several years ago.
>
> * * * * *
>
> Since 1960 productivity increases in this country have been the lowest of any of the major industrial countries, and our rate has hardly been better than the average for all the other industrial countries together.

The editorial concluded with a dim observation:

> Sometimes profound changes come over countries silently, without making any news. Eventually it begins to dawn on people that something basic has changed, but only by slow gradations that nobody noticed at the time. There were no shots fired, no alarms run, no documents signed. News is made mainly by governments, but there are large areas of nation's lives that their governments don't pay much attention to. The long waves of history often pass without much public notice. Accustomed to great and unique national wealth, most Americans still have no idea how fast the rest of the world is drawing even with us in the accumulation of economic power.

This principal measure of prosperity—capital investment—gives much credence to the editorial. According to an extensive study of the Joint Economic Committee, gross private domestic investment in the United States last year was only 15.7 percent of gross national product. By contrast, Germany invested 26 percent, France 28 percent, and Japan 37 percent.

Minimally—to curb inflation and to maintain a "socially acceptable level of unemployment"—the United States should raise its investment rate to 18 to 20 percent. To stop inflation and to send unemployment back down to the lowest rate in the past 10 years, a much greater investment rate would be required.

Yet, even to maintain the 15.7, 1973 rate, the United States will have to invest over $4.5 trillion—$4,500 billions—in capital over the next 12 years. Under our present tax policy and laws, it will be difficult for this amount to be raised. To the degree that it is not raised, our prosperity will be further threatened.

Why does this huge capital need far exceed those of any previous decade?

Our industrial plants are relatively old while those of our overseas competitors are modern—with almost all the plants in Western Europe and Japan dating from the period after the Second World War. If industry in the United States is to be competitive with foreign industry, it is important that outmoded, inefficient plants and equipments be replaced with the latest in design technology.

The inflated costs of construction and equipment purchases means American industry will have to pay more for that construction and equipment. Its ordinary opreating expenses—purchases of inventory, labor costs, and so forth—have risen too. The funds needed for construction and equipment will have to come from additional capital investment.

And, unless there is an adequate expansion of capital investment, we will not have the new plants—creating new jobs—with which to absorb the estimated 1.6 million people coming into the work force each and every year. That is how many new jobs we have to create, and it cannot be done without expansion of the businesses which provide those jobs.

It is, therefore, the increase in capital formation which will reduce unemployment in this country—and without burdening the already overburdened taxpayers in the process. This is where we should be going as a nation. This is where the Congress should be going.

I wish to make it clear that my opposition to the bill before us today is directed at title I, not at title II, the extension of unemployment benefits. I am concerned about title II, because we do not know where the money will come from for that title either, but I do not oppose it because I see no reason why the people now unemployed should be the victims of misdirected Government policies. Those misdirected Government policies are, in reality, the causes of inflation and unemployment; they are the causes of our economic dislocations today. The people ought not, therefore, to be asked to bear the human, social, and economic costs of unemployment arising from such Government action. We should extend benefits, but it is outright inhumane to set up additional public service jobs under the guise of really helping them, when we know it really will not. Title I will not result in any substantial decline in unemployment; it may even make it worse. The people should know that.

Mr. Chairman, this past week I met with representatives of local 264 of the American Federation of State, County, and Municipal Employees concerning some serious problems they are having with the way in which title II of CETA is being implemented in the city of Buffalo.

Apparently, July 1, the city government eliminated over 800 city jobs by laying off 300 people and abolishing unfilled job classifications. The union was able to secure jobs for the 300 employees, but the jobs are classified as seasonal. They are non-civil-service jobs and pay the people about $2,000 a year less than they had been receiving. The 300 employees remain on the recall list for their old jobs. Since September the city has hired people under CETA to do essentially the same kind of work as that which had been performed by the laid off employees, although the job classifications are generally different. Additionally, the city has created new middle management positions since June. Finally, it seems that the union was not given an adequate opportunity to comment on the city's application.

Does this legislation contain protections against the kind of problems that have apparently occurred in the city of Buffalo? Since this may not be an isolated event, I think this issue should be clarified today.

Mr. DOMINICK V. DANIELS. Yes, it very definitely contains protections. They include:

First. Section 205(c) prohibiting the hiring of any person when any other person is on layoff from the same or any substantially equivalent job;

Second. Section 205(c)(8), section 205(c)(25), section 208(a)(1), and section 603(7) requiring maintenance of effort by prime sponsors and prohibiting the substitution of federal for local funds;

Third. Section 205(c)(24) prohibiting the bypassing of regular employees entitled to promotions and requiring the filling of entry level positions first; and

Fourth. Section 208(c) requiring labor union comment on applications prior to their submission.

From your description of the situation in Buffalo, it appears that the city has disregarded at least the maintenance of effort requirements and section 205(c)(7) and section 208(c). I certainly hope that the Department of Labor will aggressively investigate this and other possible violations of both the present program and the new program as they arise and that it develops adequate guidelines relating to the maintenance of effort requirement.

Mr. Chairman, I yield 2½ minutes to the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Chairman, I rise in support of this bill. The question is a matter of very serious priority and certainly the right to a job is a fundamental priority.

I would like, however, to direct the attention of the distinguished chairman of the subcommittee to an area which concerns me.

Would the gentleman agree that nothing in this bill would preclude prime sponsors from instituting full-time flexible hours employment?

We could encourage CETA prime sponsors in implementing the Emergency Jobs Act of 1974 to provide flexible hours employment. Certain public sector departments, such as hospitals, police departments, and libraries, readily lend themselves to this concept which has proven successful in the private sector and as an ongoing experiment in the Social Security Administration in Baltimore.

Flexible, full-time hours would benefit working parents, especially single working parents, who must coordinate the opening and closing of day care centers or schools, or babysitter's arrival, with bus schedules and still work an 8-hour day that might start precisely at 8 a.m.

Under flexible hours provisions an employee could work any continuous 8 hours, with the understanding that flexible hours employment should not be used to undermine overtime and other benefits to regularly scheduled employees.

I believe that flexible hours of employment would enhance both the quality of work and family life.

Mr. DOMINICK V. DANIELS. I agree with the gentlewoman from New York. There has been flexible hours work in the private sector, and it has been approved by employers and employees. Employers like it because they can draw upon a large pool, as well as to reduce tardiness and absenteeism.

I might further say that in the next session of Congress, our subcommittee, which has oversight authority, intends to take a look at the manpower programs, the CETA programs, and the public service employment programs, and we hope to have some additional changes in this area.

Ms. ABZUG. Would the gentleman then say the consideration of legislative initiatives along the lines of flexible hours will be undertaken and that the committee will look into this matter?

Mr. DOMINICK V. DANIELS. I welcome the gentlewoman to our subcommittee to testify.

Ms. ABZUG. I wonder if the ranking minority member, the gentleman from Michigan (Mr. ESCH) will agree that nothing in this legislation would preclude prime sponsors from instituting full-time, flexible hours employment.

Mr. ESCH. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. Yes, I yield to the gentleman.

Mr. ESCH. I would say nothing in the bill would preclude such an arrangement.

It certainly is a concept which contains merit and which deserves further consideration.

The CHAIRMAN. The gentleman from Michigan (Mr. ESCH) has 1 minute remaining.

Mr. ESCH. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I just wish to reemphasize to the committee the necessity for passing this legislation if we are to, indeed, place the priorities where they belong.

With due respect to the gentleman from New York (Mr. KEMP), an alternative way out of our economic morass may well be to bring about a tax reduction. However, with respect to the specific speech which he presented, I could not in good faith go back and give that speech in front of my unemployed men and women in the State of Michigan.

Mr. Chairman, this bill impacts directly upon them and upon their lives, and it is necessary that we take action immediately.

I urge the support of the membership.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of H.R. 16596, the Emergency Jobs Act of 1974, a proposal designed to provide 300,000 jobs for unemployed persons through programs of public service employment.

In November, the national unemployment rate jumped from 6 to 6.5 percent and most economists and businessmen consider an unemployment rate of 7.5 percent entirely possible in the coming months.

Presently, in my home State of California, unemployment is over 7 percent and still climbing, with almost 700,000 persons looking for work. Especially hard hit by the recession in our economy has been San Diego, with unemployment approaching 10 percent; the San Bernardino area has almost 8 percent unemployed; San Francisco, about 7.5 percent, and in the Los Angeles area, about 7 out of every 100 persons looking for work are unsuccessful.

This national unemployment rate is the highest it has been since 1961, and today, approximately 6 million Americans—1 out of every 16 in the work force—are out of work.

The bill before us today, H.R. 16596, would seek to permit State and local governments to hire an additional 300,000 persons in such necessary jobs as transportation, law enforcement, recreation, education, environmental services, and health care. The pay to these individuals would average approximately $6,500 on an annual basis.

While $2 billion is authorized to carry out this proposal, the net cost of the program is substantially less than the expenditures made for it because of large offsetting savings in unemployment compensation; food stamps and welfare payments, and because of increases in tax receipts.

In addition, the Emergency Jobs Act would pay up to 13 weeks of federally financed extended unemployment benefits to individuals who have worked in areas of high unemployment, but who have exhausted existing benefits. The program would also provide up to 26 weeks of special benefits to jobless workers who have worked in areas of high unemployment but are ineligible for regular benefits because they worked in industries not now covered by State unemployment compensation laws. This provision affects an estimated 12 million workers, mostly farm and domestic workers, and State and local government employees.

Mr. Chairman, the recession which has hit this country has forced millions out of work. In order to stave off the recessionary forces and to counter the hardships of unemployment, we must enact emergency legislation to put people back to work in meaningful, necessary jobs. The proposal before us today would establish jobs for some 300,000 people and represents a start toward getting our economy back on its feet.

Mr. RODINO. Mr. Chairman, I rise to express my strong support for H.R. 16596, the Emergency Jobs and Unemployment Assistance Act.

For several years, as our Nation's employment situation worsened, I have sponsored public service employment legislation. The emergency jobs bill before us is urgently needed now to provide relief for the innocent victims of rampant inflation.

Under this measure, $2 billion would be authorized for a 1-year job program. As under the existing Comprehensive Employment and Training Act, individuals would be hired to work in areas where public services are deficient—health, neighborhood upkeep, recreation, education, environmental control, transportation, law enforcement, and urban renewal.

In addition, the bill would provide 26 weeks of unemployment assistance for the jobless not covered by unemployment insurance. It is estimated that 2¼ million citizens fall into this unfortunate category.

The last figure for national unemployment was 6.5 percent, but we know that this is already higher. In the State of New Jersey we have for years suffered chronic unemployment at rates higher than the national average—unemployment now threatens to exceed 9 percent in the entire State.

Mr. Chairman, this bill would provide almost immediate relief to help us through the emergency we now face. We must act rapidly to help those Americans who through no fault of their own are suffering from runaway inflation. At the same time, we will be adding communities to carry out essential public services that would otherwise be curtailed, delayed or never performed.

Mr. DRINAN. Mr. Chairman, I am pleased to lend my support today to the Emergency Jobs and Unemployment Assistance Act—H.R. 16596. I feel that this legislation could not have been brought up at a more opportune time, as the country is now crying for the Congress to act in the face of our ever-deepening unemployment. In view of the inflationary spiral which we have been experiencing at the same time, it is significant to note that employment acts like this have not historically had an inflationary impact.

I was extremely disheartened this last week to learn that unemployment in the United States has now risen to 6.5 percent. Mr. Chairman, just citing figures to show the magnitude of a problem rarely imparts the human suffering and deprivation which goes into those figures, and our present unemployment rate is no exception. This 6.5-percent statistic is staggering in that it means that 6 million people are without jobs and without the means to face the ever-increasing cost of living. To state this figure with more meaning, we might imagine the total working force of New York City and Boston being without work.

In my home State of Massachusetts, Mr. Chairman, the current unemployment situation is taking a grievous toll on our citizens, with unemployment significantly above the national average. It was just reported that 26,000 new applications for State unemployment compensation were received last month, a noteworthy indicator that the economic picture is growing worse. In addition, State employers will soon be hit with a major increase in unemployment compensation contributions, which ironically enough, could cause even more unemployment as companies must face further economizing. There is also a possibility that hundreds of Massachusetts State employees could be laid off to offset imminent budget deficits.

In coming to terms with the huge number of Americans without jobs, it will not do for the Congress to fund a mere token effort. The public service employment program which we enact must make a real dent in the joblessness rate. We should provide from 500,000 to 1,000,000 public service jobs if we are to bring unemployment down to a tolerable level. With 6 million people out of work, the 170,000 public service jobs which are currently funded under the Comprehensive Employment and Training Act are just not going to make much of a difference in the overall picture. Consequently, the Federal Government must now take the initiative and enact a program which will really matter.

Mr. Chairman, the Emergency Jobs and Unemployment Assistance Act marks a worthy beginning in attacking unemployment. In title I of the bill, $2 billion is authorized for fiscal year 1975 in order to fund an estimated 300,000 public service jobs. The funds would be distributed on a formula basis among prime sponsors as specified in the Comprehensive Employment and Training Act. According to the provisions of the formula, the public jobs will largely be designated for specific geographical regions in proportion to the severity of the unemployment.

There should be no lack of worthy and needed jobs to be performed through the Emergency Jobs Act. The need for the social services toward which these jobs will be oriented is greater than ever. Public service employees are needed to serve in hospitals and health centers as paramedics, in towns and cities to repair and rehabilitate housing facilities, in day care centers to care for the young of working mothers, and in the countryside to help improve the environment. The possibilities are limitless, narrowed only by the amount of funds that the Congress is willing to appropriate.

In addition to providing public service jobs, Mr. Chairman, title II of this act pays unemployment benefits to persons who have exhausted regular benefits or who are working in industries not now covered by State law. Through this program unemployed individuals would be paid up to 13 weeks of federally financed unemployment benefits when they were otherwise ineligible for assistance. Special benefits would be available whenever a high unemployment period existed in a particular labor area.

Mr. Chairman, I would personally like to see this act expanded so that we could provide more than the 300,000 jobs which this legislation contemplates. The unemployment situation has now grown to intolerable levels, and it is time for the Congress to fulfill a commitment made in the Employment Act of 1946—to bring about "useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power." While we may not be accomplishing all of these ends, and while the legislation does not go as far as some of us would like, I still feel that we will have taken a necessary step forward through the passage of this act.

Mr. BIAGGI. Mr. Chairman, I rise in support of H.R. 16596, the Emergency Jobs and Unemployment Assistance Act of 1974. I know the Nation is pleased to see the Congress addressing ourselves so decisively to this Nation's biggest economic malady, unemployment.

Recent statistics indicate that our present unemployment rate of 6.5 percent is the highest in 13 years. From October to November almost one-half of a million more workers joined the ranks of the unemployed marking one of the biggest single month jumps in history. What this all means is that almost 6 million able-bodied men and women now find themselves unemployed, stripped of the means to a decent existence in a time of severe inflation.

Unemployment in this Nation knows no geographical, social, ethnic, or economic boundaries. Massive layoffs are occurring for everyone from the man on the assembly lines in Detroit, to the brokers on Wall Street in New York. On the average these individuals find themselves unemployed for as long as 3 months but there is genuine concern that unless things improve, these layoffs, particularly in the auto industry, will last far longer.

The sentiments of all the unemployed in this Nation are the same, they want the means to obtain work so they can present themselves and their families with a life free from the despairs of poverty.

This legislation is designed to pump new blood into our gravely ill employment picture. We are calling for the authorizing of $2 billion for this fiscal year to provide as many as 300,000 new public service jobs by June of 1975. The moneys in this bill will be directed at those areas in the Nation which suffer from chronically high rates of unemployment. Specifically, persons eligible for participation are those who are unemployed for 7 days in an area where unemployment exceeds 7 percent. In other areas a person must be unemployed for a period of 30 days.

This legislation also provides certain unemployment compensation assistance for those individuals who are not presently receiving unemployment compensation under other legislation. This legislation will cover such individuals for a period of up to 26 weeks.

Many economists point their fingers at unemployment as both the cause and eventual solution to our present recession. Rising unemployment over the past several years has caused inflation to reach double-digit proportions. A reduction in the present unemployment to a rate of between 3 and 4 percent can also be a boost in the arm of this Nation's sick economy.

The tragedy of unemployment has touched the households of millions of Americans. For many, unemployment can spell the difference between a decent life and one filled with the despairs of poverty.

I am pleased to have been a member of the Education and Labor Committee which drew up this urgently needed legislation. It may prove to be the most important piece of legislation we enact this year on behalf of the American worker. Its passage will, indeed, represent an important milestone in the battle against inflation. I hope this Congress and the upcoming 94th can maintain its vigilance to the cause of providing each and every person who has a desire to work with every opportunity to do so. We have no more important national priority.

Mr. FORD. Mr. Chairman, I rise in support of the Emergency Jobs and Unemployment Assistance Act of 1974 as reported from our committee. Although I am a cosponsor of this legislation, I want to say at the outset of my remarks that I consider this to be only a temporary stop-gap response to a crisis situation. Once again we are doing too little too late. Because of the restraints which have continuously been placed upon this Congress by an administration which is totally incapable of responding to the needs of the American working man and woman, once again we find ourselves in the position of being forced to use a bandaid when what is really needed is emergency major surgery.

The legislation now before us is merely a temporary compromise measure which I have agreed to support in order to get some badly needed Federal funds to my job-starved constituency as soon as possible. I agreed to support this bill today only because of the understanding I have with my colleagues on the committee that immediately after the convening of the 94th Congress we will write a more far-reaching bill which will more adequately address the needs of the millions of unemployed persons in this country. It is my hope that in the 94th Congress we will have enough votes to stand up to White House veto threats and pass a bill that will truly provide enough funds to get people back to work and get this country moving again.

The Emergency Jobs and Unemployment Assistance Act of 1974 is intended to do two things. First, it authorizes $2 billion to be spent over the next 6 months to provide 300,000 public employment jobs. The money will go to State and local government units to provide jobs in areas such as education, health, public works, public safety and other community needs. The bill we reported out of committee would pump $91 million into my own State of Michigan.

Secondly, the bill provides for up to 26 weeks of benefits for some 12 million workers who are not presently covered by State unemployment laws—such as State and municipal employees, and agricultural and domestic workers.

Mr. Chairman, I say we are doing too little too late because the Congress has had ample opportunity to pass legislation such as this in the past. In fact, we did, back in 1970—during the first Nixon recession—pass the Comprehensive Employment Act which contained an authorization for public service employment. What happened to that bill? It was promptly vetoed by then-President Nixon. Ever since then our efforts to pass job-producing legislation such as this have been hampered by an administration which, despite its disastrous economic policies, continues its reluctance to commit the resources which are truly necessary to solve the kinds of human problems which beset this country today.

Let us just look at what has happened since this administration took over the reins of our economy in January of 1969.

In December 1968, the final month of the Johnson administration, the national unemployment rate was 3.3 percent. By October of this year, the unemployment rate had climbed to 6.2 percent; and last month, it jumped to 6.5 percent—the highest level since 1959.

These figures mean at least 6 million Americans who are actively looking for jobs cannot find them. They mean that, when we consider the families of the unemployed, nearly 50 million lives are affected. The sudden jump that occurred in November means that almost one-half million workers were put on the unemployment rolls last month alone, and it is estimated that there are approximately 1 million more unemployed workers who have simply given up looking for work and are no longer even counted in the statistics.

Mr. Chairman, even more alarming is the fact that, according to this administration's top economic advisors, things are about to get even worse. These experts are now predicting that the national unemployment rate will continue to climb until it reaches at least 7 percent.

And one of the hardest hit areas of all is my own State of Michigan. As of last month, our statewide unemployment rate in Michigan had reached almost 9 percent. The unemployment rate in the metropolitan Detroit area had already passed 9 percent, and it is getting worse every day. It is estimated now that over 200,000 people in the Detroit area will be out of work this Christmas.

It is still too early, at this point, to understand completely what the impact of the severe rise in unemployment which is now taking place in and around my district will mean in terms of the actual number of people out of work, but we do know that the number of people who have applied for unemployment compensation in the offices serving my district has increased almost twofold just between the first week of November and the first week of December—from 17,661 to 30,144.

The situation in my own congressional district and the surrounding areas has already reached the crisis stage. As the holiday season approaches, more and more layoffs are announced every day. Following is just a sampling of the kind of news which has confronted the people in the Detroit area during the past 2 months.

On November 18, General Motors announced that 3,600 employees would be laid off from the Willow Run plant which borders on my district.

This month Ford Motor Co. announced that 2,025 employees in the Wayne assembly plant in my district would be laid off and hundreds more will be laid off in nearby Dearborn and Ypsilanti.

In November the Chrysler Corp. announced it would lay off 5,100 in its Jefferson plant and 7,200 in its Hamtramck plant. It announced the layoff of 9,500 workers in general manufacturing and 2,900 more in its stamping plants.

Just this month, on December 2, 5,000 more layoffs were announced in the Lynch Road Plymouth assembly plant.

Moreover, both Chrysler and Ford have now begun to lay off white-collar employees as well. It is expected that 12,000 Chrysler and 3,000 Ford white-collar workers are now or soon will be out of work.

Mr. Chairman, these are just some examples of what is happening to the major auto companies in the Detroit area.

When this happens to the auto industry it has a ripple effect approaching tidal wave dimensions affecting employees in the thousands of smaller plants and shops in the Detroit area which produce auto parts, as well as virtually every other small business and employer in Michigan and adjoining States. In effect it is estimated that one out of every eight jobs in this country is dependent, either directly or indirectly, on the automotive industry.

Here are just three examples of what I mean:

The Kelsey Hayes Co. in Romulus has laid off 200 of its 5,000 employees and more are expected to be announced in the near future.

The Motor Wheel Corp. in nearby Ypsilanti will shut down its operation temporarily, and lay off the remaining 320 workers of a work force which totaled almost 1,000 at the beginning of this year.

Last month, the Dana Corp. laid off 500 workers at its Ecorse plant. This brought the total number of Dana employees in the Detroit area who have been laid off to 1,000.

Mr. Chairman, we will certainly pass this legislation today, and hopefully it will become law in the very near future. But I want to emphasize to my colleagues that it is nowhere near enough.

There is no question that it will take us months, even years, to resurrect and revitalize our economy and help it recover from the terrible mess it is in today. But we must accept the fact that until our economy does recover, the Federal Government has a responsibility to commit a much greater share of its resources to help the millions of hardworking, taxpaying Americans who, through no fault of their own, are presently unable to find jobs.

I include the following:

UNEMPLOYMENT STATISTICS FOR UNEMPLOYMENT SECURITY OFFICES IN WAYNE COUNTY, MICH.

	Week ending		
	Dec. 6, 1974	Nov. 29	Nov. 8
Dearborn office: Dearborn (part), Dearborn Heights, Taylor (part), Allen Park (total)	11,602	6,971	5,773
Wyandotte: Down river area, River Rouge, Ecorse, Lincoln Park (part), Southgate (part), Trenton (part), (total)	7,924	5,648	5,365
Wayne: Garden City, Inkster and Romulus, Belleville (part), Westland (part), Wayne (total)	7,311	4,308	4,397
Plymouth: Northville Township, Livonia (part), Westland (part), Some of Oakland county (total)	3,307	2,435	2,126
Grand total	30,144	19,362	17,661

Note: These statistics are the number of unemployed as determined by various regional offices which receive claimants for unemployment insurance. The result of the large increase between the week ending November 29 and December 6 is due to the auto layoff. (Maggie Wicker-Detroit Labor Market Unit of Unemployment Security 313/872/4900).

Mr. FRASER. Mr. Chairman, the bill now before us enables unemployed people to obtain part-time public service jobs.

A constituent of mine, Roman Carr, has developed an interesting part-time employment plan he calls the "double work week." I would like to submit Mr. Carr's proposal for the RECORD:

A PROPOSAL FOR THE DOUBLE WORK WEEK

(By Roman Carr)

MINNEAPOLIS, MINN.,
December 1974.

In order to arrive at a satisfactory solution to the present dangerous inflationary rate and the almost certain devastating depression, we must divest ourselves of personal considerations either as employees or employers and identify with the total national problem. We are in a serious economic war with the other nations of the world and our survival is at stake. Our energy consumption spree has come to an end and now there is much work to be done; our house must be put in order.

Most people acknowledge the hardships caused by mass unemployment in a depression. Very few, however, realize another more insidious harm affecting those left working. Many of these so-called fortunate employees no longer feel free to change vocations because of the risk involved in starting a new job. Eventually they feel more and more stymied and frustrated until their bitterness affects the morale of their fellow workers. Then almost everyone has some feeling of being "stuck" in his job and no one will ever be able to do his "thing." This is a form of enslavement in our own free society.

The bad trends set in motion by the last depression are finally becoming felt. We are developing more corporate yes-men at the expense of by-passing innovators. We even hear of sabotage on the assembly line by disgruntled employees who would rather be on public welfare than pursue meaningless work. Unfortunately some of the union recommendations, as for example seniority laws, actually encourage them. It is no wonder that the outcome on a nationwide basis leads to economic stagnation.

Obviously some form of work distribution is called for to avoid a decreasing work sector of society supporting an increasing nonworking sector. The opportunity to reverse this trend has finally arrived after over thirty years. A limited number of public service jobs are presently being considered for manning conservation and recycling programs. They are also intended as a stop-gap to the expected rise in unemployment. If they were offered as 3-day per week positions instead of the conventional 40-hour type, almost twice as many would be available from the same appropriation funds. To absorb these additional employees government offices could be open six days per week. This would supply a very important public need because Saturday is often the only day an individual has available to seek any form of public service.

The mere adoption of these two moves would perhaps be sufficient to allay the panic about job security which prolongs and intensifies a depression. This would be analogous to Roosevelt's Bank Closing Order in 1933. A minimum of regulations would be needed because this is what people already desire. Working three days per week would not only provide more income than unemployment compensation but would also make it easier for other members of the family to enter the labor forces so that the bread-winning responsibility would be spread out. More women, for example, would find it practical to work the 3-day week. As this plan becomes established and workable, additional changes could be brought about. Employees reaching the age of 62, for example, could be given the option of switching to a 3-day week with proportionately reduced pay and thereby continue work to age 67. The total number of working days would thus approximate that of the 5-day week and retirement benefits would not be affected.

Colleges and universities already have many part-time jobs for students who are paying for their own education. These could be standardized to fit into the double work week, thus making it possible for many more people to attend universities. There is some merit to this approach, which is based more on a real interest in learning as compared to cramming hurriedly through the standard 4-year course and then dropping everything.

The armed services could consider the 3-day week as an alternative to full-time active duty on the one hand and the reserve system on the other. Many of the technical schools have been established as crash programs during wartime emergencies. There is no reason that they should continue this way. The personnel waste generally associated with a standing army would be greatly reduced if the training were incorporated with civilian jobs each on a 3-day per week basis. Perhaps this is one way to insure physical fitness throughout the nation.

All of these innovations could be aided by the various governmental bureaus already in existence for gathering statistical data. They would provide the "fine tuning" needed to determine the unemployment level, the age limits of those eligible for two 3-day jobs and the retirement age.

Some private industries would no doubt be intrigued by the flexibility of the double work week and would soon want to switch over. While many employers would see the advantages of a happier work force there are no doubt many who still belong to the old school. Some of these actually have been known to state that a "stiff depression would be good because it would teach them to respect their jobs"! The big pool of unemployed that they want to draw from is now really a dried-up well because of years of effective social programs. It is true that with large masses of unemployment everyone is willing to grab the first job opportunity that comes along; but what about matching with ability or interest? Politics, unions, and family ties now also enter the picture and actually worsen the mis-matching. It is often in times like this when the importance of international incidents or troop movements is magnified greatly in order to justify defense spending. There would be much more public indignation to the waste involved in armament build-up if it were not associated with the creation of much sought-after defense jobs.

There is no question that the capabilities of all individuals would be expanded when every worker would have the opportunity to move smoothly into the field of his choice. This is how our nation could be strengthened, not only economically but for any emergency.

Mr. TRAXLER. Mr. Chairman, I rise in support of the Emergency Jobs and Unemployment Act. This legislation would authorize $2 billion to be spent during the next 6 months to provide 300,000 jobs for unemployed Americans. It will channel this money to State and local governments to provide public service jobs—in the areas of public safety, public works, health, education, and other community needs. It will also extend unemployment benefits to some 12 million workers who are not presently covered—municipal employees, agricultural workers and domestic employees.

Mr. Chairman, I am supporting this legislation, and I have urged my colleagues to do so as well, but I must also state that this is a far cry from what is really needed to take care of the kinds of problems which are now occurring in my own State of Michigan. The jobs provided by this bill will not even put a tiny dent in the unemployment crisis we have in Michigan, and it is my hope that, when we return after the first of the year, and we are joined by the 75 new Democrats who were elected this fall, we will have enough votes to pass some new legislation that will really do the kind of job that is necessary.

Mr. Chairman, I sometimes wonder, when I hear some of my colleagues speak in opposition to this bill, if we really understand what is happening in this country. Last month, when the national unemployment rate jumped three points, from 6.2 percent to 6.5 percent, almost 500,000 more Americans went on unemployment. This brought the official national total to 6 million people who are actively looking for jobs.

The problem is even more dramatic in Michigan, where our economy is so dependent upon the auto industry. In Michigan, the unemployment rate is almost 50 percent higher than the national rate—and it is still climbing. Last month, it was almost 9 percent, and it is predicted to climb to over 10 percent by the end of the month.

In talking with UAW and automobile officials in my own congressional district, which is already suffering badly, I am told that the worst is yet to come. Layoffs are now being announced on an almost twice-weekly basis in the General Motors steering gear plants, and in the nodular and grey iron foundries in Saginaw. Over 3,000 people have already been laid off and we are told that this number will grow even more drastically after the first of the year. In fact, the problem is getting so serious that even white collar, salaried employees are joining the ranks of the unemployed.

The city of Bay City in my district is also suffering. Hundreds of employees in the Chevrolet plant have already been laid off and more are anticipated.

The problem can perhaps best be illustrated by the skyrocketing rise in unemployment claims which have occurred over the past month. According to the Michigan Employment Security Commission, unemployment claims in Saginaw have jumped from 2,205 during the first week of November to 3,901 during the first week of December—an increase of almost 50 percent. In Bay City during the same period claims increased from 1,533 to 2,818, and they more than doubled in the Bad Axe region, increasing from 566 to 1,225.

Mr. Chairman, I have presented this body with the morbid statistics and with some specific examples, but I cannot find the words to describe the kinds of human suffering which so many of my constituents are experiencing as the holiday season approaches.

As I have already stated, I shall vote in favor of this bill today, but it is only with the understanding that we push for a much better bill at the outset of the 94th Congress.

Mrs. HECKLER of Massachusetts. Mr. Chairman, we are faced with an increasingly dangerous unemployment situation which, if allowed to continue, will have a devastating impact on the state of our economy.

As recent statistics from the Department of Labor clearly indicate, the employment picture is becoming more desperate each day. The national rate of unemployment rose from 6 percent in October to 6.5 percent in November which means that 5.97 million people in this country are out of work.

In my State, Massachusetts, the unemployment rate for the past month exceeded 7 percent—one of the highest rates of unemployment in the entire country.

Time is no longer on our side. We must take action today to see that funding is available for the creation of public service jobs and for unemployment compensation for those who have been layed off their jobs. In October I introduced the Emergency Jobs Act, legislation very similar to the legislation before us, the Emergency Jobs and Unemployment Assistance Act of 1974, to create public service jobs at this time of high unemployment. The bill we are considering will authorize $2 billion during fiscal 1975 for implementation of a public service job program under the Comprehensive Employment and Training Act.

A public employment program is not a new proposal. In the past the Federal Government has responded to periods of exceptionally high unemployment by providing public service jobs and expanded unemployment compensation. I am certain that many of my colleagues are familiar with the Works Progress Administration under the Roosevelt administration which employed millions of people to build roads, parks and other public facilities during the depression. Similarly, under Eisenhower, Kennedy, and Nixon legislation was passed by Congress to provide public service jobs to the unemployed during periods of extreme unemployment.

The legislation under consideration is of special importance to areas of high unemployment such as Massachusetts, Michigan, California, and Alaska because lenient standards are permitted for prime sponsors with unemployment rates above 7 percent. Programs in these areas are exempted from CETA requirements on the transition from subsidized jobs to regular employment and jobs may be offered after 7 days of unemployment instead of 30 under existing law.

The Emergency Jobs and Unemployment Assistance Act also authorizes funds for special unemployment compensation. Benefits are provided to the unemployed who have exhausted their regular, additional, and extended compensation, and to those in a line of work which is not covered under existing State plans.

Projections for unemployment in 1975 and 1976 range from 6.7 percent to 6.9 percent—an extremely discouraging prediction. I am convinced that the cure for the Nation's economic ills is increased productivity which means work—not unemployment. Unemployment is definitely not a method to cure inflation, nor is it the means to expand our gross national product. Unemployment is costly, counterproductive and the seed of social unrest.

It is the responsibility of this Congress to eradicate the plague of unemployment—which each day brings misery into the lives of hundreds of Americans. This legislation is so essential that any opposition to this proposal would be incomprehensible to me.

Mr. MATSUNAGA. Mr. Chairman, I rise to express my support for the proposed Emergency Jobs Act of 1974, H.R. 16596.

As a sponsor of an identical bill, I believe that this may be one of the most important pieces of legislation to be considered by this Congress to combat recession. The gentleman from New Jersey (Mr. DOMINICK V. DANIELS) is to be commended for the speedy, yet thoughtful manner in which this measure was considered and brought to the floor.

A lot of bills, Mr. Chairman, carry the designation "emergency" either in their titles or in descriptions by their sponsors. But if any matter we are considering in these last few hectic days of the 93d Congress is an emergency, enactment of this legislation surely is.

The easily stated objective of the bill is to create 300,000 jobs—a small but significant part of the total unemployed in America, which has now soared to almost 6 million persons, or nearly 2 million more unemployed than just 13 months ago.

At the same time, we will be providing vitally needed public services at the State and local level.

Mr. Chairman, we are facing the most serious downturn in America's economy since I came to Congress 12 years ago. H.R. 16596 represents a formidable first step toward stemming this downward trend and getting this Nation moving again. There is no "make-work" or leaf-taking here. Under the Public Service Employment Act, jurisdictions in my State of Hawaii have not only supplied jobs to hundreds of unemployed men and women, but they have been jobs with dignity, in many cases jobs with substantial responsibility, and have resulted in many of those hired under the act being transferred onto regular municipal and State payrolls.

Mr. Chairman, this is sound legislation, vitally and urgently needed, and I urge my colleagues to approve it overwhelmingly today.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read by title the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Jobs and Unemployment Assistance Act of 1974".

TITLE I—EMERGENCY JOBS

EMERGENCY JOB PROGRAMS AUTHORIZED

SEC. 101. The Comprehensive Employment and Training Act of 1973 is amended by redesignating title VI, and all references thereto, as title VII, by redesignating sections 601 through 615, and all references thereto, as sections 701 through 715, respectively, and by inserting after title V the following new title:

"TITLE VI—EMERGENCY JOB PROGRAMS

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 601. There are authorized to be appropriated $2,000,000,000 for fiscal year 1975 for carrying out the provisions of this title.

"FINANCIAL ASSISTANCE

"SEC. 602. (a) The Secretary shall enter into arrangements with eligible applicants in accordance with the provisions of this title in order to make financial assistance available for the purpose of providing transitional employment for unemployed and underemployed persons in jobs providing needed public services, and training and manpower services related to such employment which are otherwise unavailable, and enabling such persons to move into employment not supported under this Act.

"(b) Not less than 90 per centum of the funds appropriated pursuant to this title which are used by an eligible applicant for public service employment programs shall be expended only for wages and employment benefits to persons employed in public service jobs pursuant to this title.

"(c) The provisions of section 204(d) and sections 205 through 209 shall apply to financial assistance under this title, and eligible applicants shall give preference, in public service employment programs under this title, to unemployed persons who have exhausted unemployment insurance benefits, to unemployed persons who are not eligible for unemployment insurance benefits, and to unemployed persons who have been unemployed for fifteen or more weeks.

"(d) For purposes of this section, the term 'eligible applicants' means prime sponsors qualified under title I and Indian tribes on Federal or State reservations.

"ALLOTMENT OF FUNDS

"SEC. 603. (a)(1) Not less than 90 per centum of the amount appropriated under section 601 for any fiscal year shall be allotted among eligible applicants as defined in section 602(d) by the Secretary in accordance with the provisions of this subsection.

"(2)(A) From the amount allotted under this subsection, 25 per centum shall be allotted on the basis of the relative number of unemployed persons who reside within the jurisdiction of the applicant as compared to the total number of unemployed persons who reside within the jurisdiction of all eligible applicants.

"(B) The remainder of the amount allotted under this subsection shall be allotted on the basis of the relative excess number of unemployed persons who reside within the jurisdiction of the applicant as compared to the total excess number of unemployed persons who reside within the jurisdiction of all eligible applicants. For purposes of this subparagraph, the term 'excess number' means (i) the number which represents unemployed persons in excess of 4½ per centum of the labor force in the jurisdiction of the applicant in whose jurisdiction such persons reside or (ii), in the case of an applicant which is a State, the term 'excess number' means such number as defined in clause (i) or the number which represents unemployed persons in excess of 4½ per centum of the labor force in areas eligible for assistance under title II located in the geographical area served by such State prime sponsor under titles I or II, whichever is greater.

"(b) The remainder of the amount appropriated under section 601 shall be available to the Secretary for financial assistance under section 602 as the Secretary deems appropriate to carry out the purposes of this title, taking into account changes in rates of unemployment.

"(c) For purposes of determining the allotments under paragraph (2) of this section only, the term 'applicant' includes each unit of general local government of any prime sponsor which consists of a combination of units of general local government under section 102(a)(3) or section 102(a)(4).

"SPECIAL PROVISION FOR AREAS OF EXCESSIVELY HIGH UNEMPLOYMENT

"SEC. 604. (a) Notwithstanding the provisions of sections 602(a) and 602(b), funds allotted under section 603 to eligible applicants (as defined in section 602(d)) having unemployment rates in excess of 7 per centum may be used for—

"(1) public service employment programs without regard to the provisions of sections 205(b), 205(c)(4), 205(c)(6), 205(c)(16), 205(c)(19), 207(a), 207(b), and 208(a)(6),

"(2) providing employment for persons who have been unemployed for at least seven days without regard to the provision of section 205(a) relating to thirty days of unemployment: *Provided*, That the provisions of section 205(c)(8) shall apply with respect to the hiring of any person under this title,

"(3) making payments to public employers to expand job opportunities in accordance with the provisions of section 101(5), and

"(4) payment of wages (at rates not less than those prevailing on similar construction in the locality as determined by the Secretary in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276—276a–5)), for unemployed and underemployed persons as employees of public employers in jobs on community capital improvement projects, including the rehabilitation, alteration, or improvement of public buildings, roads and other public transportation facilities, health and education facilities, and other facilities for the improvement of the community in which the project is or will be located.

"(b) The provisions of subsection (a) shall apply to any area, without regard to the rate of unemployment of such area, if such area is served by a prime sponsor which qualifies under section 102(a)(4) or section 102(a)(5) or is in an area which is eligible for assistance under title II and which is served by a State prime sponsor, and if the prime sponsor for such area certifies to the Secretary that the application of such provisions is necessary in order to provide sufficient job opportunities.".

PLACEMENT GOALS

SEC. 102. Section 211 of the Comprehensive Employment and Training Act of 1973 is amended by striking out "PROVISION" in the title and inserting in lieu thereof "PROVISIONS", by inserting "(a)" immediately before the first sentence, and by adding at the end thereof the following new subsection:

"(b) In promulgating regulations under sections 205(b), 205(c)(4), 205(c)(6), 205(c)(16), 205(c)(17), and 207(a), the Secretary may establish placement goals for eligible applicants, except that such goals must be identified as goals, not requirements, and any form or other document developed pursuant to such regulations shall give written notice to that effect. Any eligible applicant shall have the right, clearly stated in such regulations, to request a 'Waiver of Performance' if, in his judgment, such goals are not feasible. Such waiver, a request for which may be submitted at any time, shall be granted by the Secretary when supported by substantial evidence, and may be granted by him where, in his judgment, local conditions warrant it. Wherever a 'Waiver of Performance' has been granted, failure to meet placement goods shall not be cited in any official review or evaluation of that eligible applicant's programs.".

NATIONAL ADVISORY COUNCIL ON VOCATIONAL EDUCATION

SEC. 103. Section 104(a) of the Vocational Education Act of 1963 (as amended) is amended by adding at the end thereof a new paragraph as follows:

"(6) The National Council may accept gifts or grants and may accept transfer of funds from other departments or agencies.".

TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

STATEMENT OF PURPOSE

SEC. 201. It is the purpose of this title to establish a temporary program of special unemployed assistance for the purpose of providing supplemental unemployment assistance to workers affected by adverse economic conditions in areas of aggravated unemployment.

GRANTS TO STATES; AGREEMENT WITH STATES

SEC. 202. (a) Each State which enters into an agreement with the Secretary of Labor, pursuant to which it makes payments of special unemployment assistance in accordance with the provisions of this title and the rules and regulations prescribed by the Secretary of Labor hereunder, shall be paid by the United States from time to time such amounts as are deemed necessary by the Secretary of Labor to carry out the provisions of this title in the State. Assistance may be paid to individuals only pursuant to such an agreement.

(b) A State shall not be eligible to enter into an agreement with the Secretary for the payment of assistance under this title with respect to any week for which—

(1) there is no national "on" indicator in effect pursuant to sectioin 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970, as amended (Public Law 91–373; 84 Stat. 708 et seq.), and

(2) there would be a State "on" indicator in effect for such week under section 203(e) of such Act, but for a failure of the State law to provide to the extent authorized under section 203(e)(2) that the determination of whether there has been an "off" indicator ending any extended benefit period shall be made without regard to section 203(e)(1)(A): *Provided*, That the Secretary may, where he determines that special conditions exist, waive the provisions of this subsection.

ELIGIBLE INDIVIDUALS

SEC. 203. An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a special unemployment assistance period in accordance with the provisions of this title if—

(a) the individual—

(1) has exhausted all rights to regular, additional, and extended compensation under all Federal and State unemployment compensation laws (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) and has no further rights to regular, additional, or extended compensation under any Federal or State unemployment compensation law with respect to such week of unemployment, has no right to allowances payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974 (Public Law 93–423) Disaster Relief Act of 1974 (Public Law 93–288), the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation as determined by the Secretary and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada: *Provided*, That such rights to compensation were exhausted in or subsequent to the first week beginning on or after the date of enactment of this title or, such rights to compensation having been exhausted prior to that date, the benefit year in which such rights to compensation were exhausted did not end until on or after the date of enactment of this title; or

(2) is not otherwise eligible for allowances payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974 (Public Law 93–423), the Disaster Relief Act of 1974 (Public Law 93–288), or the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary, or for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada: *Provided*, That the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, not-

withstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (A) files a claim for compensation or waiting period credit under this title; (B) is totally or partially unemployed; and (C) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages; and

(b) the individual is totally or partially unemployed, and is able to work, is available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(c) the individual has filed a claim for assistance or waiting period credit under this title; and

(d) in the area in which the individual was *last employed* for at least five days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment: *Provided*, That if the individual, except for the imposition of a disqualification in accordance with subsection (b), was otherwise eligible for a payment of assistance or waiting period credit under this title with respect to a week of unemployment which began during a special unemployment assistance period, but did not exhaust entitlement to assistance during such period, entitlement shall continue after the end of the period but no assistance shall be paid under this title for any week of unemployment that begins more than twenty-six weeks after the end of such period; and

(e) The State in which the individual was last employed for at least five days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 202 which is in effect with respect to such week of unemployment.

SPECIAL UNEMPLOYMENT ASSISTANCE PERIOD

Sec. 204. (a) A special unemployment assistance period shall commence in an area designated by the Secretary with the third week after the first week for which there is an "on" indicator for such area, and shall terminate with the third week after the first week for which there is an "off" indicator for such area: *Provided*, That no special unemployment assistance period shall have a duration of less than thirteen weeks.

(b) The Secretary shall designate as an area under this section—

(1) labor market areas as defined in section 210(7); and

(2) all parts of a State which are not within a "labor market area" designated under paragraph (1).

(c) There is an "on" indicator in an area for a week if for the most recent three consecutive calendar months for which data are available the Secretary determines that—

(1) the rate (seasonally adjusted) of national unemployment averaged 6 per centum or more; and

(2) the rate of unemployment in the area averaged 6.5 per centum or more.

(d) There is an "off" indicator for a week, if, for the most recent three consecutive calendar months for which data are available, the Secretary determines that either subsections (c)(1) or (c)(2) are not satisfied.

(e) The determinations made under this section shall take into account the rates of unemployment for three consecutive months, even though any or all of such months may have occurred not more than three complete calendar months prior to the enactment of this title.

WEEKLY BENEFIT AMOUNT

Sec. 205. The amount of assistance under this title to which an eligible individual shall be entitled for a week of total unemployment shall be—

(a) for an individual referred to in subclause (1) of clause (a) of section 203, the average weekly benefit amount of regular compensation which was payable to the individual for a week of total unemployment in the individual's most recent benefit year;

(b) for an individual referred to in subclause (2) of clause (a) of section 203, the average weekly benefit amount for a week of total unemployment that would be payable to the individual as regular compensation under the applicable State unemployment compensation law: *Provided*, That in computing the weekly benefit amount under this clause the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

MAXIMUM BENEFIT AMOUNT

Sec. 206. The maximum amount of assistance under this title which an eligible individual shall be entitled to receive shall be—

(a) For an individual referred to in subclause (1) of clause (a) of section 203, one-half the maximum amount of regular compensation payable to the individual in the individual's most recent benefit year, but not exceeding the lesser of: (1) thirteen times the average weekly benefit amount which was payable to the individual for a week of total unemployment as determined under clause (a) of section 205; and (2) fifty-two times such weekly benefit amount reduced by the regular, additional, and extended compensation payable to the individual with respect to such benefit year.

(b) For an individual referred to in subclause (2) of clause (a) of section 203, the maximum amount of regular compensation that would be payable to such individual as computed under the provisions of the applicable State unemployment compensation law, but not exceeding twenty-six times the weekly benefit amount payable to the individual for a week of total unemployment as determined under clause (b) of section 205: *Provided*, That for the purposes of this clause the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

APPLICABLE STATE LAW PROVISIONS

Sec. 207. Except where inconsistent with the provisions of this title, the terms and conditions of the applicable State unemployment compensation law which apply to claims thereunder for regular compensation and the payment thereof shall apply to claims for assistance under this title and the payment thereof.

TERMINATION DATE

Sec. 208. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment ending after March 31, 1976; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made after December 31, 1975.

AUTHORIZATION OF APPROPRIATIONS

Sec. 209. There are hereby authorized to be appropriated for purposes of this title such sums as may be necessary.

DEFINITIONS

Sec. 210. As used in the title, the term—

(1) "Secretary" means the Secretary of Labor;

(2) "Governor" means the chief executive of any State;

(3) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;

(4) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five days prior to filing a claim for assistance or waiting period credit under this title;

(5) "regular compensation," "additional compensation", and "extended compensation" shall not include assistance provided for this title, but shall have the meanings assigned to those terms by section 205 of the Federal-State Extended Unemployment Compensation Act of 1970, as amended (Public Law 91-373; 84 Stat. 708 et seq.);

(6) "week" means a calendar week; and

(7) "labor market area" means an area which qualifies as a prime sponsor under section 102(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93-203).

Mr. DOMINICK V. DANIELS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AMENDMENT OFFERED BY MR. DOMINICK V. DANIELS

Mr. DOMINICK V. DANIELS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dominick V. Daniels: Page 11, beginning with line 20, strike out everything down through line 14 on page 22 and insert in lieu thereof the following:

GRANTS TO STATES; AGREEMENT WITH STATES

Sec. 202. Each State which enters into an agreement with the Secretary of Labor, pursuant to which it makes payments of special unemployment assistance in accordance with the provisions of this title and the rules and regulations prescribed by the Secretary of Labor hereunder, shall be paid by the United States from time to time such amounts as are deemed necessary by the Secretary of Labor to carry out the provisions of this title in the State. Assistance may be paid to individuals only pursuant to such an agreement.

ELIGIBLE INDIVIDUALS

Sec. 203. An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a special unemployment assistance period in accordance with the provisions of this title if—

(a) the individual is not eligible for allowances payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974 (Public Law 93–423), the Disaster Relief Act of 1974 (Public Law 93–288), or the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary, or for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada: *Provided*, That the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for compensation or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages; and

(b) the individual is totally or partially unemployed, and is able to work, is available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(c) the individual has filed a claim for assistance or waiting period credit under this title; and

(d) in the area in which the individual was last employed for at least five days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment; and

(e) the State in which the individual was last employed for at least five days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 202 which is in effect with respect to such week of unemployment.

SPECIAL UNEMPLOYMENT ASSISTANCE PERIOD

SEC. 204. (a) A special unemployment assistance period shall commence in an area designated by the Secretary with the third week after the first week for which there is an "on" indicator for such area, and shall terminate with the third week after the first week for which there is an "off" indicator for such area: *Provided*, That no special unemployment assistance period shall have a duration of less than thirteen weeks.

(b) The Secretary shall designate as an area under this section areas which qualify as prime sponsors under section 102(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93–203).

(c) There is an "on" indicator in an area for a week if for the most recent three consecutive calendar months for which data are available the Secretary determines that—

(1) the rate (seasonally adjusted) of national unemployment averaged 6 per centum or more; and

(2) the rate of unemployment in the area averaged 6.5 per centum or more.

(d) There is an "off" indicator for a week, if, for the most recent three consecutive calendar months for which data are available, the Secretary determines that either subsections (c)(1) or (c)(2) are not satisfied.

(e) The determinations made under this section shall take into account the rates of unemployment for three consecutive months, even though any or all of such months may have occurred not more than three complete calendar months prior to the enactment of this title.

WEEKLY BENEFIT AMOUNT

SEC. 205. The amount of assistance under this title to which an eligible individual shall be entitled for a week of total unemployment shall be the average weekly benefit amount for a week of total unemployment that would be payable to the individual as regular compensation under the applicable State unemployment compensation law: *Provided*, That in computing the weekly benefit amount under this clause the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (a) files a claim for assistance or waiting period credit under this title; (b) is totally or partially unemployed; and (c) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

MAXIMUM BENEFIT AMOUNT

SEC. 206. The maximum amount of assistance under this title which an eligible individual shall be entitled to receive shall be the maximum amount of regular compensation that would be payable to such individual as computed under the provisions of the applicable State unemployment compensation law, but not exceeding twenty-six times the weekly benefit amount payable to the individual for a week of total unemployment as determined under section 205: *Provided*, That for the purposes of this clause the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (a) files a claim for assistance or waiting period credit under this title, (b) is totally or partially unemployed and (c) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

APPLICABLE STATE LAW PROVISIONS

SEC. 207. Except where inconsistent with the provisions of this title, the terms and conditions of the applicable State unemployment compensation law which apply to claims thereunder for regular compensation and the payment thereof shall apply to claims for assistance under this title and the payment thereof.

TERMINATION DATE

SEC. 208. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment ending after March 31, 1976; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made after December 31, 1975.

AUTHORIZATION OF APPROPRIATIONS

SEC. 209. There are hereby authorized to be appropriated for purposes of this title such sums as may be necessary.

DEFINITIONS

SEC. 210. (a) As used in this title, the term—

(1) "Secretary" means the Secretary of Labor;

(2) "Governor" means the chief executive of any State;

(3) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;

(4) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five days prior to filing a claim for assistance or waiting period credit under this title; and

(5) "week" means a calendar week.

(b) Assistance under this title shall not be considered to be regular compensation for purposes of qualifying for benefits under the Federal-State Extended Unemployment Compensation Act of 1970, and claims filed under this title shall not be treated as claims for weeks of unemployment for purposes of determining the rate of insured unemployment under section 203(f)(1) of such Act.

Mr. DOMINICK V. DANIELS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DOMINICK V. DANIELS. Mr. Chairman, while the text of the amendment is long, its purpose is very simple. Title II of the reported bill provided unemployment benefits for two distinct classes of workers: First, it provided an extension of benefits to workers covered under existing law and second, it provided benefits for the first time to workers not now covered by State unemployment insurance laws. The only thing that my amendment does is to delete the first group of workers from benefits under title II. The reason for this amendment is that the Committee on Ways and Means has reported H.R. 17597, which provides for extended benefits for these workers and I understand that bill will come up under suspension of the rules very soon.

My amendment has been carefully coordinated with the Ways and Means Committee bill and reflects agreement between the Committees on Education and Labor and Ways and Means. Both committees considered that providing necessary protection for unemployed workers was a necessity in the current emergency and we have worked together to insure that jurisdictional concerns would not affect the enactment of this legislation.

The amendment has the support of the minority members of the Education and Labor Committee.

I urge all Members to support this amendment and the Ways and Means Committee bill when it comes to the floor.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. DOMINICK V. DANIELS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. KEMP

Mr. KEMP. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEMP. Page 8, line 18, strike out "and eligible applicants shall give preference" and insert in lieu thereof "except that eligible applicants shall limit hiring".

Mr. KEMP. Mr. Chairman, the effect of this amendment is simple. The bill specifies that in using funds appropriated for this new program "eligible applicants shall give preference"—"to unemployed persons who have exhausted unemployment insurance benefits, to unemployed persons who are not eligible for unemployment insurance benefits, and to unemployed persons who have been unemployed for 15 or more weeks."

In short, the bill gives a preference in hiring to those who most need assistance—those who cannot receive further unemployment assistance or have been unemployed for an extended period. My *amendment* converts this preference to an absolute limitation requiring that in this emergency program only those most in need of jobs be given jobs.

Mr. Chairman, under the extended Emergency Employment Act and title II of the Comprehensive Employment Act—both authorizing appropriations for public employment programs—we have appropriated and obligated, including $350 million appropriated and awaiting obligation, about a billion dollars for public employment programs. The provisions of title II of CETA, which also apply to this new program, provide for "special consideration" for "unemployed persons who are the most severely disadvantaged in terms of the length of time they have been unemployed and their prospects for finding employment * * *." However, that is far from being a preference for such persons and indeed many individuals are being hired who are not among the most disadvantaged of those unemployed. I have no quarrel with the "special consideration" approach in the regular public service employment program.

But this new program is an emergency program. It is designed to alleviate the harshest effects of high unemployment. Now even though I do not believe that public employment programs are the way to go about this, since at best we are only scratching the surface of the problem in this way, I do believe that if we are going to create public jobs on an emergency basis they should go only to those individuals most in need of assistance—those who, but for this job, would have to go on welfare. The purpose of my amendment is to limit hiring under this new program only to those who by definition are most in need. The regular public employment programs under title II of CETA and the expired Emergency Employment Act are far more relaxed in their hiring requirements and the needs of those who, although not among the most disadvantaged, can best be met by public employment should be met with the billion dollars already being used or available for use for those programs. The new emergency program should be reserved for those most in need in times when jobs are hard to find in many areas.

I urge adoption of the amendment.

Mr. ESCH. Mr. Chairman, I rise in opposition to the amendment.

While I commend the gentleman from New York (Mr. KEMP) for attempting to give priority to those who are unemployed, I would call attention to the fact that many of those who receive unemployment benefits receive the benefits in some areas of the country where the benefits are at such a level as to preclude their being able to continue on with any degree of financial security necessary for family existence. Therefore, to suggest that by having unemployment compensation, the family needs are totally covered would be a misinterpretation, I think, of what actually exists within many family units in certain parts of the country.

For that reason, I would suggest that the gentleman's amendment is faulty.

The second factor is that when you consider the relationship of the family unit, there are some cases in which there may be one spouse or another spouse employed. Therefore, there is another variable there, in terms of one or two spouses within the family unit working, in which the gentleman's amendment may be faulty.

As the bill is now drafted, we recognize that preference should be given to those individuals who are the long-term unemployed, and to a degree, to those who are the most needy, and we took into account those individuals whose unemployment insurance coverage expired.

However, to suggest that we should mandate in this restrictive manner would be counterproductive to particular individual cases which I have described.

For that reason, Mr. Chairman, while the gentleman's motives for setting priorities may be laudable, the actual application is such that it may be detrimental and, indeed, discriminatory to some family units.

Mr. Chairman, I would urge that this body reject the amendment.

Mr. FORD. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Forty-eight Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and four Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. MEEDS. Mr. Chairman, I rise in opposition to the amendment.

The effect of the amendment offered by the gentleman from New York (Mr. KEMP) is to require that any person who is hired in a public service job remain unemployed for 15 weeks prior to taking reemployment under public service jobs. The practical effect of this is that it is an antilocal, municipal, State government amendment, because here is what is happening. As a result of revenue short fall it is necessary for States and local governments to cut back on their payrolls, so if these people are being caught by what we refer to as RIF's, or reductions in force because of budgetary constraints, it will be essential if this amendment passes that those people wait 15 weeks while they are replaced by others who have been unemployed for 15 weeks.

If we want to ruin this as a public service jobs program and make it, as my friends on the other side of the aisle have always feared, a leaf-raking program, this is the quickest way in the world to do it. There are public service jobs today which need doing. There are jobs in Government, in State and local municipal government which are being filled by qualified people today who will be reduced in the future.

If those people are required to wait 15 weeks before they can be rehired, while other people are hired in their place, this program is going to be the laughing stock of the Nation.

Now, I would like to point out to the Members of this House that we have had a public service job program for 3 years now which has worked quite well. We have never had a requirement, such as the gentleman is here attempting to insert. We have worked this bill without that requirement and have taken care of it by giving preference to long-term unemployed, and long-term unemployed should have preference; but there are a number of criteria which must be taken into consideration as a mayor, as a Governor, as a county commissioner makes a decision and determination how they will manage this program at the local level. This is essentially a program in which we are depending on the local government to administer properly. They must be given some leeway. If they are placed under this kind of restraint, it is my fear that this program will not last very long.

Lastly, I want to point out again that we do have prohibitions in this bill about hiring people when the effect is to substitute Federal money for State and local money. If municipal governments or State governments attempt to in effect create paper jobs or to substitute the money in this program, lay people off and then hire them under this program, that is prohibited. I am as violently opposed to this kind of paper hiring as anybody in this House, but I do not think we ought to throw the baby out with the bathwater and that is the effect of the amendment of the gentleman from New York.

To comment more generally on the provisions of this bill, the downward slide in our economy once again makes this emergency employment necessary. As in 1971, when I joined in sponsoring the Emergency Employment Act, thousands of Americans are losing their jobs while needed public work goes uncompleted.

The Nation's unemployment rate jumped from 6.0 to 6.5 percent in

November, while the jobless rate in Washington State climbed above the 7.2 percent reported in September. The Pacific Northwest has once again been a chief casualty of "tight money" economic policies that depress the housing industry. As many as 10,000 lumber and sawmill workers in Washington and Oregon have been idled as the wood products industry reels from the collapse of the housing market. Countless others are working 3- and 4-day weeks.

The 1971 Emergency Employment Act empowered local governments to hire the jobless to perform public work that needed doing. Unemployed persons willing to work went on the job at fire departments, police departments, schools, hospitals, drug abuse clinics, libraries, park departments, and kept themselves and their families off welfare. I firmly believed it is vitally important to keep people willing to work on payrolls, not welfare rolls.

Our bill authorizes $2 billion to create 300,000 new jobs between now and next June 30. As approved by the Committee on Education and Labor, it also targets these funds to hire the unemployed where the jobs are most needed. As Members know, unemployment varies from State to State and community to community.

To distribute the funds equitably, the committee approved a 75-25 program that I hope will be kept in the bill here on the floor. Under that formula, 25 percent of the funds would be distributed on the basis of the number of unemployed in one specific area, as compared to the overall unemployment rate. I have in mind here the Pacific Northwest and in particular, the Puget Sound Basin, where severe local unemployment is being experienced. In Everett, Wash., for instance, permanent job losses from the closure of obsolete pulp mills was compounded this year by the layoff of 300 more workers at Everett Plywood Corp. Everett Plywood, which is a worker-owned coop, is a casualty of the depressed housing market.

This bill authorizes expanded unemployment benefits to help the jobless. But unemployment compensation is neither as satisfying nor as rewarding to the person or the public as a paying, producing job. I am also concerned that more than extended unemployment benefits are needed to span what will be a lengthy economic downturn if basic remedial action in addition to this program is not taken.

One of the most valuable aspects of the public employment program is the responsibility and the opportunity it presents to local governments to respond to local unemployment conditions by placing those willing to work in the most locally needed jobs. For that reason. there is no restriction in this bill to restrain local governments in deciding who shall be hired to do what—other than to fill public needs.

An economic downturn also causes a shortfall in tax revenues at all levels of Government. As a result, it may well be necessary for local governments to employ under their programs those workers who would otherwise be laid off. As one of the sponsors of this legislation, I want to make clear it is our intent to allow the legitimate employment of people where State, county, or city governments must lay off workers, because of a revenue shortfall.

The bill prohibits State or municipal governments from laying people off and rehiring them with the intent of creating paper jobs. But this is essentially a program in which we are depending on proper local administration.

It is tragic that the economy has once again gone into decline and made this program necessary. But many residents of the Pacific Northwest and the Nation can find here meaningful employment for the public benefit while at the same time helping Governors, county commissioners, and mayors cope with local problems.

Mr. DOMINICK V. DANIELS. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from New Jersey.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I would like to say that if this amendment had been proposed in the committee when the committee was considering this legislation, that there would be no legislation on the floor today with regard to public service employment or the public assistance provision known as title II in this bill.

This is a bad amendment and I vigorously oppose it.

Mr. ASHBROOK. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think the cat is now getting out of the bag. I think if we in public service have been accused of one thing over the years it is that we look after our own before anyone else. You may not think so. I think this gets through to the public. Congress does a reasonably good job of covering it up with high sounding phrases, but I think this debate is clearly bringing out that there is a definite intention to take care of our own first, of giving preference to those that the taxpayers are already supporting.

I simply ask the question, as the gentleman from New York has. What is wrong with giving absolute preference to those who need it the most? Those who have had a job, who have worked for the county, for the State, or for the local government, for the most part have had the more durable jobs over the years? For the most part they worked when other people were out pounding the streets. Not always at the highest salaries, of course, but their jobs have been durable. What is wrong with giving preference to those who need the work the most? To those who have not been in public service?

Most of us have been reading the papers regarding the New York City situation. It appears that Mayor Beame has found upward to 2,000 jobs for his cronies. He found jobs in many cases for people who have not taken tests. They are there under special political arrangements. It is nothing short of minor fraud when time after time in the big cities, we see throughout the country the effort to protect those who are working, and in many cases not working, in political jobs paid by the taxpayers. In New York City, if there is a shortfall of revenues as has been suggested, it is caused by political padding, cronyism, and fraud. We do not need to pour our tax money into that rat hole.

I would say that the amendment of the gentleman from New York is in point. If we are serious about hardcore unemployment, if we are serious about helping those who need it the most, let us do give absolute and mandated preference, exactly as the gentleman from New York has stated. Let us not give preference to our own, not give preference to those already working and who are paid by the taxpayers.

Mr. MEEDS. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Washington.

Mr. MEEDS. Mr. Chairman, the bill does give preference as it presently is constituted. What the gentleman is doing is absolutely barring anyone who has not been employed 15 weeks. The bill already gives the preference the gentleman is talking about.

Mr. ASHBROOK. I would say to my good friend from Washington that this is the kind of preference I think we should give, the kind the gentleman from New York is talking about—an absolute preference.

Mr. BAUMAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, earlier this afternoon we voted on a bill which would extend benefits to those who had exausted their unemployment payments. We passed an entire piece of legislation to extend their time of eligibility.

The amendment offered by the gentleman from New York (Mr. KEMP) is totally consistent with that concept, and it is very important to keep that contention in mind. If we do not adopt this amendment, we are approving the furtherance of the "cousin George" situation. Mayor X has a cousin George who has been out of work, and he wants to give cousin George a job. Unless this amendment prevails, Mayor X can use this program almost as a personal fiefdom for jobs for his friends.

Actually, how many people would be affected by this particular amendment? I am told that depending upon the amount of money appropriated and the length of time the jobs last, there may be 140,000 to 280,000 people who may come under this program. Yet, there are millions of people unemployed.

That is why we should be talking about helping those who are most in need. If this amendment is not passed, there is no absolute requirement in the bill that would guarantee that these jobs will go to those most in need.

Even those of us who are concerned about the basic concept of the bill know that if the bill is to be passed, we ought to help those who need it the most. It should not be political; it should not be discretionary; it should be mandatory to help the people who need it the most.

Lastly, this amendment fulfills the Biblical admonition that the last shall be first. It should not be the first who get preference. This is an amendment we can all support, and it should be supported. I hope the Members who voted earlier today for the bill to extend unemployment coverage will now be consistent and support this amendment.

Mr. QUIE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this subject came up in our committee, and I was one who wanted to make certain that those who no longer had unemployment insurance benefits available to them would then get the first chance at jobs. It was brought up in the committee that if we write this so stringently that when the mayor is considering, for instance, and gives preference to those who have been unemployed the longest, then somebody could come in later and announce, "I am even more sorely unemployed," it then causes the whole process to be opened again.

So, we adopted the language that is in the bill. The word "preference" is very clear. Prior to this, we had "special consideration." We did not think that was strong enough, so we went to "preference." We have to give some flexibility, as the *gentleman* from Washington was talking about, to the prime sponsor in handling this. If he does not do it, he is going to be in trouble. We wrote it so that we did not strap him so tightly that he could not move.

Mr. ESCH. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Michigan.

Mr. ESCH. Mr. Chairman, I wanted to reemphasize that by having a person having to exhaust his unemployment benefits rather than get a job, we are encouraging—we are encouraging people not to work.

In some cases, the unemployment benefits are so low as to, in effect, be discriminatory. I would prefer to have people working in public service jobs rather than not working and receiving unemployment compensation. The impact of the amendment of the gentleman from New York encourages people not to work, but rather to continue on in unemployment compensation, so it is faulty from that premise also.

Mr. QUIE. I would say that if there was a choice between an individual, one who was getting unemployment insurance and one who had nothing, then the one who had nothing should have preference.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I think there is something rather faulty with what my friend from Michigan stated. In the first place, if there were not many people in the position of having been out of work 15 weeks, we would not need the provision which he suggests for all those out of work. I think the inference is that we are going to take somebody who has been working yesterday and immediately put him into the job, which would be erroneous. We would not be talking about these provisions were there not many thousands of people who have been out of work for many weeks.

I do not say that there is anything wrong with giving some preference to those who have been out at least 15 weeks.

Mr. QUIE. We do give preference in the bill, I say to the gentleman. The question of the amendment here is to make it absolute.

Mr. ASHBROOK. Let us say absolute preference, then. All right.

Mr. FORD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have to profess some bewilderment in the way the gentleman from New York, the gentleman from Ohio, and the gentleman from Maryland, who have worked so hard, and in my own case, so successfully to convince us that they are orthodox conservatives who support the concept of local autonomy and local control now support this mischievous amendment. Because, while it appears to do something else, the effect of the gentleman's amendment would be to say we do not trust the judgment of the local mayors or elected officials, who will be operating this program, to make fair and honest determinations in their own communities, about who most need employment. By depriving the mayors, supervisors, and other local officials of any flexibility in this regard we would be dictating from Washington who is going to be hired. I will stand here foursquare for our local elected officials back home, who should know better than we do in Washington who needs public employment in their communities.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. KEMP).

The question was taken; and on a division (demanded by Mr. KEMP) there were—ayes 15, noes 34.

So the amendment was rejected.

Mr. QUIE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, my purpose of rising now is to ask the chairman of the subcommittee a question.

It has been suggested to me that there could be discrimination against older workers in this legislation, and I would like to pose that question to the gentleman from New Jersey.

I ask the gentleman if there would be discrimination against older workers in this legislation.

Mr. DOMINICK V. DANIELS. The answer is no. The bill specifies that preference be given to certain categories, such as long-term unemployed. It does not authorize discrimination against any group, including the aged. As a matter of fact, the preference in the bill would be helpful to them, because they constitute a disproportionately large number of the long-term unemployed.

Mr. QUIE. I thank the gentleman, and I concur with his interpretation of the legislation.

AMENDMENT OFFERED BY MR. OBEY

Mr. OBEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. OBEY: Page 7, line 8, strike out "25" and insert in lieu thereof "50".

Mr. OBEY. Mr. Chairman, this amendment deals with the formula by which additional funds for public service jobs will be allocated to individual communities. The formula I am proposing would increase funds for 37 States without changing the total dollar amount in the bill.

The question involved is not whether we should concentrate funds in areas of high unemployment but, rather, to what degree we ought to concentrate those funds, given the fact that unemployment is rising everywhere throughout the country.

The formula contained in the committee bill would make only 25 percent of the funds available to every State on the basis of the number of unemployed. The remaining 75 percent could be heavily concentrated in a few areas where figures collected by individual States reflect the highest jobless rate. The effect would be that Puerto Rico would receive more money than Texas, Oklahoma, West Virginia, Mississippi, and Minnesota combined, although several of those States have nearly twice the number of unemployed individuals as does Puerto Rico.

Mr. Chairman, since Congress has already enacted legislation under title II of the Comprehensive Employment and Training Act which authorizes unlimited apportionment of public service jobs in areas of highest unemployment, and since 90 percent of the $970 million which has been allocated for jobs since June has gone to those areas of substantial unemployment, my greatest concern in the enactment of new legislation in this area has been to establish some mechanism that would allow us to deal more equitably with those areas of the country which have been ineligible for title II assistance up to this time. I would personally like to enact a formula which would provide that 100 percent of the funds received by communities would go out merely on the basis of where the unemployed are. For instance, if an area had 2 percent of the unemployed, they would get 2 percent of the money. I think that would be equitable arrangement in conjunction with other legislation on the books. By using that in combination with the authorization which already exists to aid areas of substantial unemployment, I think we could put together a package with which everybody would be happy. But the committee has agreed to accept this amendment which splits the amount to be concentrated in areas of high unemployment, and the amount made available to everybody else on a 50–50 basis.

As I say, I think it would be better to distribute 100 percent of the funds to the communities on the basis of where the unemployed are. I know that the Senate will come up with a bill which is much closer to that. That is the way I would prefer that we go.

However, in the interest of getting swift House passage, and with the expectation that House conferees will go to conference with the Senate in a spirit of compromise, I have agreed to this compromise under which we in the House would split the money on a 50–50 basis.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, this

great Chamber has long been a forum for voices raised in the pursuit of justice and equity for all our citizens. The amendment which the gentleman from Wisconsin proposes and which I support is nothing less than a move toward extending justice and equity equally to the citizens of nonmetropolitan—countryside or rural—areas as to those of metropolitan areas.

I am disturbed that again in a bill which is described as being meant for all eligible regions alike the countryside—or rural—areas are starting handicapped in the race with metropolitan areas to be first at the purse.

While the formula which we propose may not be the best for alloting the funds to be available under this bill, it is an improvement over what has been proposed in this bill.

As I understand the mathematics of our amendment it would double the funds to be available under this bill, it is an improvement over what has been proposed in this bill.

As I understand the mathematics of our amendment it would double the funds going to the "balance of State" category of areas in Arkansas. Most of the countryside areas in Arkansas are in that category.

Under the proposal that we now discuss, 50 percent of the funds in this title would be allotted on the basis of the number of unemployed persons in excess of 4.5 percent of the labor force in the area receiving the funds.

I am concerned by the dramatic increases in unemployment which we have recently witnessed in our Nation's most populous areas. But, I would remind my colleagues that high unemployment rates have too long been a grinding fact of life in too many countryside counties of this Nation.

Let us look at what has been the situation in Arkansas.

For 16 of the 22 years, beginning with 1950 and ending with 1972, Arkansas has had annual unemployment rates of more than 4.5 percent. During the past 4 years, 1970–73, 33 of Arkansas's counties have had unemployment rates of not less than 4.5 percent. In six of the counties the unemployment rates have reached the double-digit stage. Thirteen of the 33 counties are situated in the 21-county district I represent. Of the 33 counties, 14 have had unemployment rates of more than 7 percent in at least 2 of the 4 years.

Thirty-two of the 33 counties are in the "balance of State" category of Comprehensive Employment and Training Act Title I prime sponsors. Arkansas is not, I am sure, unique among her sister States. Nor is the situation of many of these counties unique to the past 4 years.

It is right that we respond to the plight of those who are newly unemployed as a result of our troubled economy. But our actions can only be just when we have moved further toward assuring equity for those rural residents to whom unemployment has been a debilitating fact of life for so long.

Mr. DOMINICK V. DANIELS. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from New Jersey.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I rise in support of the amendment.

I might say for the benefit of all the Members of this House that when this bill was originally introduced on September 11 of this year, it contained a formula which would provide for a 50–50 distribution of the funds. However, in the markup in the full committee, favorable approval was given to the formula which presently exists in the bill providing for a 25-percent and a 75-percent distribution.

I think that the proposal of the gentleman in the well is a fair and a just proposal. It is an equitable proposal. I know that the State of New Jersey, the State that I come from, will receive a lesser amount of the funds for the use of the unemployed in the State of New Jersey.

However, by and large, 37 States will benefit by the proposal of the gentleman in the well, and I think inasmuch as the unemployed in the other States are just as seriously affected as the unemployed workers in the State of New Jersey, it is a fair, just, and equitable solution to the problem.

Mr. OBEY. Mr. Chairman, I want to thank the gentleman and express appreciation for his cooperation.

Mr. BADILLO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hate to disagree with my distinguished colleague and good friend, the gentleman from Wisconsin (Mr. OBEY), but I think that what we should not do in this Emergency Employment Act is to perpetuate the differences that we have been carrying on in other legislation in this country, and that we should begin to help first those areas which most need our help. We should recognize that unless we assist the areas of greatest unemployment, we will be perpetuating the conditions under which the cities of this country have become centers of poverty.

The fact is that this act does not provide all of the money that we need to meet the unemployment crisis. The first billion dollars only provides for 300,000 public service jobs. We have 6 million people unemployed. Therefore, the funds provided are not adequate, but if we know that they are not enough, let us provide for more funds to cover the need. Let us not say that we should spread it over more States so that those areas which have the highest unemployment will get less.

What we are trying to do with this formula is to begin at 4.5 percent unemployment which, in my opinion, is too high a rate of unemployment, and then to provide some funds for all of those areas that have 4.5 percent and then work down from areas like New York City, where the rate might be 7.5 percent, to try to help those areas which have the greatest percentage of unemployment, to the point where the percentage of unemployment will be equalized throughout the country.

Of course, there will be unemployment after this bill is passed because there are only 300,000 jobs for 6 million unemployed people. However, what we seek to do is to insure that the areas with the greatest amount of unemployment should be helped. We have a State such as New Jersey, where the Governor has testified that there are areas of 15-percent unemployment.

What we should try to do is to insure that the areas with the highest percentage of unemployment, the areas of greatest need, will get special attention. That is what we seek to do here.

I sympathize with what the gentleman is proposing, and I think that the answer is that we need to have additional funds, well beyond what the House is now seeking to provide. However, I think that if we are going to be fair, we should take into account not just the total number of unemployed people, but the rate of unemployment, and this is what we are trying to address ourselves to by this formula.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from Wisconsin.

Mr. OBEY. The gentleman has indicated that probably we should have more money appropriated.

Let me ask this question of the gentleman in the well: As to Members from the 37 States disadvantaged by the formula which we are trying to change, what incentives do they have for adding more money to the program if their States do not get a fair amount of money out of the formula?

Mr. BADILLO. To answer the gentleman, more money could go to every State because if we provide for the first 300,000 and then for the next 300,000, it will bring everybody's level down to 6 percent, and the next one will bring it down to 5 percent and 4 percent and so on.

It is only when we all share in the same disaster together that we are able to work together as a nation.

What we are trying to do here is to see to it that the need is felt and the need is met equally by all parts of the country. That is how we could get the result that my friend and colleague desires, not by changing the formula, but by providing additional amounts of funds.

Mr. STEIGER of Wisconsin. Mr. Chairman, I rise in support of the amendment.

Mr. STEIGER of Wisconsin. Mr. Chairman, as the gentleman from Wisconsin, my colleague (Mr. OBEY), with whom I am pleased to be associated on this amendment, has indicated, if we turn down the Obey amendment, what we are doing is providing a singular benefit to Connecticut, Massachusetts, Rhode Island, New Jersey, New York, Florida, Michigan, Louisiana, California, Hawaii, Nevada, Alaska, and Washington, and denying to 37 States— that is about the balance of the States in the United States—the chance to receive some reasonably effective and equitable distribution of funds under this program.

Mr. ESCH. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Wisconsin. Let us understand that you cannot look at—and I will yield in just a second to the gentleman.

Mr. ESCH. For just a question?

Mr. STEIGER of Wisconsin. Mr. Chairman, I will be delighted to yield to my distinguished friend, the gentleman from Michigan, who is from one of those States that I just mentioned.

Mr. ESCH. I would suggest to the gentleman from Wisconsin, are we not dealing with people, and not States? We should be concerned with people and not States. I would emphasize that to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. I am glad the gentleman did. The gentleman from Michigan should have let me finish my statement, and then I would tell the Members why I think we deal far more effectively with people under the 50–50 formula than under the 75–25.

Let us take a look at what we are talking about when we talk about the Comprehensive Employment and Training Act. We are not talking just about this new bill, and this new title; we are talking about CETA title I, and the money that is used for training purposes through prime sponsors. Then title II, under which I believe $1 billion plus goes into title II of CETA for ployed, that target group has available fiscal year 1975, and the titles of CETA that deal with the long-term unem- to it from this for public service employment, for areas with an unemployment rate of 6.5 percent, and then we are talking about a new title to CETA. And the new title to CETA, in my judgment, can best and most effectively be utilized by assisting those who have an emergency rate of unemployment, even though it may not be long-term unemployment. It may be relatively new unemployment.

The Obey amendment is fair, it is sensible, it distributes the money better than it would under the bill proposed by the committee, and I hope the House will adopt the Obey amendment.

Mr. FORD. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this is the most important decision that will come before us with respect to this bill. If the Members would like to go out of here and say that they have responded to the appeal of President Ford to do something about the accelerated rate of unemployment in this country, and do something fast, they will join us in voting against this amendment.

As the gentleman from Michigan has already stated, we are not trying to play games here with numbers or States; we are talking about real, live, flesh and blood people.

Some of the Members have been given figures telling them their State will benefit if they go along with the amendment, and do not stay with the original formula proposed by the Committee on Education and Labor.

I submit to the Members that no one can tell you that with any accuracy unless they know something that we do not know. The figures that are being thrown around here were, at the very latest, were taken in September, and in my own State of Michigan the unemployment rolls have doubled, more than doubled, for many communities, in the time since these figures were taken. Let me warn you, this is a national problem, what has been happening in my State and my district during this past year will be throughout this country in a short time.

What are we really talking about? First, we say that every State or community which has 4.5 percent unemployment or over will share the first 25 percent of these funds. Then, in response to what I thought was a clear and, from my point of view, very good part of the President's request, we concentrate on those areas being hit most severely by the current recession. The national level of unemployment this month is 6.5 percent.

So how really generous are we being when we start this formula at 4.5 percent? We really should be saying that all those areas that exceed the national average of unemployment should get special consideration. But in the spirit of compromise, we started with the 4.5 percent figure which is a full 2 percent below the national average.

This formula you are being told will have certain effects when you measure one State against another, but I suggest you had better look at the area you represent and compare that with what other areas will receive within your State.

I can give you an example of what happens in Michigan. It really startles me when I hear people talking about the great tragedy of the system used to determine who will lose their jobs is that the people with the lowest and middle income levels who are the "last in" are "the first out," and they are frequently unemployed the longest.

I just heard a strong appeal here to give attention with this legislation to those who have been unemployed the longest. We can consistently give that attention if we oppose the amendment.

In the State of Michigan the amendment not only deprives the State, which is suffering increasing unemployment at a rate faster and greater than any State in the country, of funds, but after those funds that ultimately get to the State arrive there, it takes money away from the cities containing the hardest hit pockets of unemployment in the entire State, and redistributes it into areas that have the lowest rate of unemployment.

There are all kinds of inequities built into the program, to begin with. That is one reason why we urge that it be a temporary program; but a vote with the committee, for the committee's formula, and against the amendment will be consistent with what we agreed to almost unanimously. A no vote will give our people, when they go to conference with the Senate, a fair chance of coming out with some kind of livable compromise. We do not expect that we are going to be able to hold the original committee position, but if we adopt the pending amendment, we are going to get something less farther down the road.

If we want the House to have a chance in that conference to work its will and come back to us with a decent, legitimate compromise that deals with the people and not States, I urge the Members to oppose the pending amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PEYSER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, it seems to me that what is developing now is the classic situation of the ins against the outs, the cities against the country. The real problem here, unemployment, is a national problem. This is not a problem that is just in one State or in one city; it affects the entire country, and the main objective of this bill when it was drawn up in the committee, and after lengthy hearings and discussions was to emphasize the opportunity of putting the money where most of the unemployed are, or at least put a major share of the money there.

I am not arguing that it hurts just as much to be unemployed whether one lives in Tennessee or in Detroit, Mich., but the overwhelming numbers that have the greatest impact on the entire area and the entire country is where that money ought to go. It seems to me we are making a real mistake when I hear on this side of the aisle "this is just a way of getting Detroit people some jobs back." That is not the answer to this question.

We have got to address this, not as what it does to any individual district but what its impact will be on the entire country.

Mr. VEYSEY. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from California.

Mr. VEYSEY. I thank the gentleman for yielding to me.

I join him in opposition to this amendment. I find it incredible that an amendment of this sort could find acceptance here in this House. Although 37 States might be advantaged by this amendment, I find that they are the States with very low levels of unemployment. In some instances, according to recent figures, 2 and 3 percent.

In my State of California, the latest figures for November show an unemployment level of 8.7 percent.

Yet California under the Obey amendment would lose in excess of $20 million. I do not think this is equitable. It seems to me that funds should be directed to those areas with the heaviest unemployment.

Unemployment is not remedied by a proportionate amount of effort depending upon the number of unemployed but it goes up as a kind of geometric function of the rate of unemployment. When there are more unemployed then of course there are more competing for jobs that are available and the problem becomes more and more intense.

So I suggest to all my friends in California and the 18 industrial States with the heaviest impact of unemployment that they vote "No" on the Obey amendment.

I thank the gentleman for yielding.

Mr. PEYSER. Mr. Chairman, I thank the gentleman for his remarks.

The gentleman from Michigan, Mr. FORD, made this comment and it makes good sense to me. If we go into conference with a 50–50 bill and the Senate has acted on the basis of 25–75, in other words with only 25 percent with the areas of high unemployment getting most of the aid, we will not come out with a 50–50 bill. If the Members think 50–50 is the aim, then I suggest they defeat this amendment and give us a chance to make a decent deal.

Mr. LONG of Louisiana. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I shall not take the full time but I think two points ought to be made here. First, I think just because of the fact that a person's neighbor lives in an area that has 7.5 percent unemployment does not make unemployment any more bearable to him.

I do recognize the fact that insofar as national policy is concerned, some consideration should ge given in areas that have a high unemployment rate. I think that is the reason the gentleman from New Jersey, who is the chairman of the subcommittee, agreed to the compromise which he has agreed to accept in the form of the Obey amendment. It seems to me to be an equitable solution to the recognition of the fact that unemployment in New York is the same as unemployment in the State of Arizona, and the fact that we do have a national policy and a national problem to work with when we come down to recognizing the fact that we have some in concentrated areas.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. LONG of Louisiana. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, is it not true the States with the largest proportion of unemployment will still get the largest share of the funds under the Obey amendment?

Mr. LONG of Louisiana. There is no question about it.

Mr. BURLISON of Missouri. The Obey amendment is more equitable in that we do not have to have a high rate of unemployment for our people to get the benefits.

Mr. LONG of Louisiana. That is absolutely correct. It was an attempt to resolve an even more discriminatory practice that prevailed in the mind of the gentleman from New Jersey, the chairman of the subcommittee, that made him of the opinion to accept the Obey amendment.

Mr. Chairman, I urge adoption of the Obey amendment.

Mr. MEEDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment. I think we have pretty well lost sight of the purpose of this bill. The purpose of this bill is to send money for public service jobs into the areas of highest unemployment. Under ordinary circumstances areas of 4.5 percent unemployment would not be even considered but they are under the provisions of the committee bill receiving 25 percent of these total funds. We would not even have this bill before us if the unemployment rate in this Nation was 4.5 percent. It was not until the unemployment rate in this Nation went to 6.5 percent that the administration began to support this concept. So the concept of the bill, to send money to areas of high unemployment, should be followed.

What we are doing now is adding up States and saying because there are 37 States that we ought to vote against or for this. Let us let the other body, which is represented by two Members from each State, take that position if they wish, but we are here to represent people and we are here to represent unemployed people. I suggest the bulk of the money ought to go into the areas where the largest percentage of the unemployed people are.

Additionally these figures of 37 States are totally misleading. Those figures are based on September unemployment figures. I submit that there have been a substantial number of States, primarily in the industrial States, added to the more than 6-percent, more than 6½-percent, more than 7½-percent and even 8-percent unemployment since the September figures which are here being quoted to us; so I do not think it is proper to follow the question on the basis of how many States. Let us consider where the unemployed people are and let us send the money, the bulk of the money, to those States.

Mr. ESCH. Mr. Chairman, I move to strike the requisite number of words.

I believe, Mr. Chairman, everybody understands the issue and I think we ought to move on and vote on it.

I just want to reemphasize that it is the classic question, we should not be voting for pork barrel. We should be voting for people. We should be assisting those people who have the least opportunity to look for employment in the private sector. That is why we should assist those people in the areas of high unemployment.

I would urge the Members of this House, no matter what section of the State or country they come from, that we have a responsibility to vote for people, rather than pork barrel.

Mr. CORMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, earlier in the day, we passed a very constructive extension of unemployment insurance. Under that formula everybody in the country is going to be entitled to extended and emergency unemployment insurance. For the individual that cannot find a job, he has up to a year to find another job.

This part of the program is to create jobs in areas where there are no jobs to be found. I realize we have too many people unemployed and not enough money to go around; but the committee says, "Send the money where the unemployed are." The amendment says to do the opposite. I hope the amendment is voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. OBEY).

The question was taken; and on a division (demanded by Mr. MEEDS) there were—ayes, 57, noes 29.

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: Page 9, line 21, insert before the period the following: ", and including construction, rehabilitation, alteration, or improvement of water and waste disposal facilities in communities having populations of 10,000 individuals or less which are outside the boundaries of a Standard Metropolitan Statistical Area (as defined by the Bureau of the Census)".

Mr. ESCH. Mr. Chairman, I reserve a point of order against the amendment.

Mr. ALEXANDER. Mr. Chairman, I am in agreement with the committee that legislation such as H.R. 16596 should authorize spending for public service employment programs. Such programs allow the unemployed to regain the pride of earning their daily bread. I am disappointed that the bill prohibits public employment on constructing two kinds of projects which are not only vital to protecting the health of communities of the countryside but to the strengthening of their economies as well.

It is because of this that I rise to offer the amendment I propose.

I would make it clear at the outset that it is not the intention of my amendment to prohibit private contractors and their employees from benefiting from the construction, rehabilitation, alteration, or improvement of water and waste disposal systems in countryside areas.

It is my intention that public bodies get the biggest bang for their meager community development bucks by employing the unemployed to perform work they can appropriately perform in constructing water and waste disposal systems.

I do not expect that all the work on a water and/or waste disposal project can, or even should, be carried out under the provision which I propose.

But, it is entirely reasonable to allow small communities the flexibility of using some of the funds available to them to hire persons for the work they can do in constructing needed water and/or waste disposal systems.

My record of support for the development of private business and industry and the jobs they produce in the countryside began long before my service in this great body and is, I believe, not vulnerable to question.

Persons who are concerned with developing in rural areas are painfully aware that the need for water and waste disposal projects continually outruns the available resources.

As the need for such projects grows, inflation reduces the number of projects which can be paid for. My proposal is designed to let the Nation stretch its dollars to help more small communities get the water and waste disposal systems they need than is now possible.

A brief look at a few statistics makes clear the magnitude of the need for water and/or waste disposal systems in the kind of areas my amendment covers.

On September 30 of this year the Farmers Home Administration had on hand 2,245 applications for water system loan money. They totaled $968.9 million. There were 1,058 applications for grant funds totaling $206 million. In line for assistance under the waste disposal program were 1,410 applicants asking for $667 million in loans and 618 applicants asking for $116 million in grant assistance.

In other words, the need for loan assistance is about three times greater than what is likely to be available and the need for grants is more than twice what can be expected to be available.

Mr. LONG of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Louisiana.

Mr. LONG of Louisiana. Mr. Chairman, I thank the gentleman for yielding. I recognize that the gentleman from Arkansas has done a great deal of study in this field, while I have not. It seems to me, from reading the committee report, that the bill is discriminatory in the very application of it against sparsely populated areas in that in many areas it does not create a vehicle for the employment of the people, even though the money is legally available.

Consequently, it would appear to me that one of the purposes of this amendment would be to allow the individual communities to create these water systems and sewage systems by contract, and consequently enable the employment of people in areas where they generally would not be able to be employed because of the fact that they are too sparsely populated to be reported under a regularly established program.

Mr. ALEXANDER. Mr. Chairman, the gentleman is entirely correct. I do not think this committee intends to present legislation to this House that contains an urban bias, but because of the sparse distribution of rural people over the 50 States, the lack of concentration, their voices are not heard often before this body and before this committee.

This amendment is designed to correct that inequity and to strike a balance in this bill which is desperately needed.

I urge the adoption of the amendment.

The CHAIRMAN. Does the gentleman from Michigan (Mr. ESCH) insist upon his point of order?

Mr. ESCH. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The point of order is withdrawn.

Mr. ESCH. Mr. Chairman, while we would commend the gentleman's amendment in terms of the intent, I think the amendment should be rejected.

The bill was very carefully drawn so as to suggest there would not be a ban on wages for employees and jobs on community capital improvement projects, including the rehabilitation, alteration, or improvement of public buildings, roads, and other public transportation facilities, health and education facilities, and other facilities for the improvement of the community in which the project is or will be located.

I believe that the gentleman's amendment is not needed, in that that particular area could be covered. I would want to emphasize, however, for legislative history, that if this amendment is adopted, it already has been included in the bill, and in no way would make this a public works bill. This amendment would only emphasize that the payment of wages for improvement of public buildings, roads, and other public transportation facilities, health and education facilities could be covered, and that that was the original intent of the bill and in no way would make it into a public works bill where other than payment of wages of employees of local and State government could be contemplated.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I rise in opposition to the amendment. I concur with the remarks of my distinguished colleague from Michigan (Mr. ESCH) that the main purpose of this bill is to provide jobs, and the amendment that has been offered would subsidize private contractors in the placement of people at work. In other words, it would be placing cities in competition with public employers and, therefore, the people whom we intended to help, benefit, would be the ones who would be discriminated against. We would only add to the increase in unemployment, which is very, very severe today in the building trades, by adopting this amendment.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK V. DANIELS. Yes, I yield to the gentleman.

Mr. EVANS of Colorado. I am inclined to be very interested in the amendment offered by the gentleman from Arkansas. In view of that interest, let me ask a question. Assume we have a small community which has seven or eight thousand population and an unemployment rate of 10 or 11 percent. Is it possible, with the bill as now drafted, for such a community to get funds to build water and sewer systems?

Mr. DOMINICK V. DANIELS. Not a small community directly, no.

Mr. EVANS of Colorado. I have another question for the gentleman. How large does a community have to be in order to get any funds under this bill?

Mr. DOMINICK V. DANIELS. It is for construction purposes.

Mr. EVANS of Colorado. This bill is for construction purposes?

Mr. DOMINICK V. DANIELS. Yes. This is public works.

Mr. EVANS of Colorado. Let me change my question then. Let us say we have the same community, with the same unemployment we had in the question I asked a moment ago. Would that small community be entitled to funds under this bill for public service jobs?

Mr. DOMINICK V. DANIELS. Yes. To repair their parks, the fences and public buildings, they may do so. If they desire to repair streets, they may do so. That is possible under this bill. This amendment in regard to construction was considered in the full committee and was rejected.

Mr. EVANS of Colorado. In other words, what the gentleman is saying is that there is no possibility of any capital construction funds in this bill?

Mr. DOMINICK V. DANIELS. That is right.

Mr. ESCH. Will the gentleman yield?

Mr. DOMINICK V. DANIELS. I will be happy to yield to the gentleman.

Mr. ESCH. I would like to emphasize and verify that the bill as constituted would allow payment of wages to those public employees who were involved in jobs on community capital improvement projects, including the rehabilitation, alteration, or improvement of public buildings, roads, and other public transportation facilities, so that there could be other individuals who were under the employment of the local jurisdiction and could work on such projects.

But the dollars for the project itself, be they on a contract basis, or the dollars for the materials themselves would in no way be covered under this bill as now constituted or under the gentleman's amendment.

Mr. EVANS of Colorado. Mr. Chairman, I have to strike the requisite number of words.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding.

I would simply like to say that those of us from nonmetropolitan areas simply wish to see that the spending of this money under the formula of this legislation which is adopted will be in areas where we think it is needed the most, for the purpose of the construction of much needed water and sewer facilities, so that we can build a nonmetropolitan park in America and help the people help themselves.

Mr. EVANS of Colorado. Mr. Chairman, I would also point this out to the gentleman:

I have in my district many small towns, and I know this is true in many congressional districts around the country. The problem is that there just are not very many public service jobs in these smaller communities.

Mr. ALEXANDER. Mr. Chairman, if the gentleman will yield, the gentleman is correct. There are not very many public service jobs available. This money would be used for the cleaning up of streets and for mowing along the highways, and once it is spent, it is spent forever and we would have nothing to show for it.

We can achieve a dual purpose under this amendment; we can put people who are unemployed to work, and we can make permanent improvements, improvements that will last forever.

Mr. EVANS of Colorado. Mr. Chairman, I appreciate the fact that the gentleman has brought this amendment to our attention. I certainly intend to support it.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would like to add my voice to the support of the amendment offered by the gentleman from Arkansas (Mr. Alexander).

Two years ago I had 89 communities in my congressional district which needed sewer and water programs. The vast majority of these needs were in communities of 10,000 population or less.

I think this amendment would help them very much, and in my view it would not cause any construction problems. It would just provide a better way to spend the money on projects which are needed.

Mr. HUNGATE. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Missouri.

Mr. HUNGATE. Mr. Chairman, I commend the gentleman from Arkansas for offering this amendment. I support the amendment, and I hope it is agreed to.

Mr. EVANS of Colorado. Mr. Chairman, I have one final comment before we vote on this amendment.

This amendment gives small communities a chance to use the funds in this bill in a meaningful way, and it does not adversely affect the amount of money in the bill at all.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, I support categorically the amendment offered by the gentleman from Arkansas (Mr. Alexander).

There are a number of instances when local governments in smaller communities and counties have been hard pressed to really use the funds under this legislation with proper effect. I think the amendment the gentleman from Arkansas has offered would certainly provide them with the opportunity to bring about some very definite improvements and programs in these various communities. These would be improvements that would have a lasting and telling effect.

Mr. Chairman, this would be a very productive amendment for smaller communities.

Mr. EVANS of Colorado. Mr. Chairman, I hope the Members will give serious consideration to approval of this amendment.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Michigan.

Mr. TRAXLER. Mr. Chairman, I commend the gentleman from Arkansas for offering this amendment, and I proudly support it. I urge the Members to vote for the amendment.

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from Arkansas (Mr. Alexander).

The amendment was agreed to.

The **CHAIRMAN.** Are there any further amendments?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The **CHAIRMAN.** Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Roush, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 16596) to amend the Comprehensive Employment and Training Act of 1973 to provide additional jobs for unemployed persons through programs of public service employment, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The **SPEAKER.** Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The **SPEAKER.** The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The **SPEAKER.** The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER.** Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 322, nays 53, not voting 59, as follows:

[Roll No. 679]

YEAS—322

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Arends
Ashley
Aspin
Badillo
Barrett
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Daniels, Dominick V.
Danielson
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Gonzalez
Gray
Green, Pa.
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Helstoski
Hicks
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
King
Kluczynski
Koch
Lagomarsino
Latta
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mollohan
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Riegle
Rinaldo
Roberts
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Teague
Thompson, N.J.
Thomson, Wis.
Tiernan
Towell, Nev.
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wyman
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—53

Andrews, N.C.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Blackburn
Broyhill, Va.
Burleson, Tex.
Butler
Clawson, Del
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
Devine
Dickinson
Fountain
Goodling
Gross
Hammerschmidt
Henderson
Jarman
Kemp
Ketchum
Landgrebe
Lott
McCollister
Martin, Nebr.
Martin, N.C.
Mayne
Michel
Mizell
Montgomery
Mcorhead, Calif.
Parris
Powell, Ohio
Rarick
Robinson, Va.
Ruth
Satterfield
Snyder
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Waggonner
Whitehurst
Wylie
Young, Fla.

NOT VOTING—59

Baker
Brasco
Brotzman
Burton, John
Camp
Carey, N.Y.
Clancy
Clark
Collier
Conable
Cronin
Culver
Davis, Ga.
Edwards, Ala.
Eshleman
Fisher
Fulton
Giaimo
Goldwater
Grasso
Green, Oreg.
Griffiths
Grover
Hansen, Idaho
Hansen, Wash.
Hastings
Hays
Hébert
Heinz
Hillis

Howard
Johnson, Colo.
Jones, N.C.
Kuykendall
Kyros
Landrum
Litton
Luken
McSpadden
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
Moorhead, Pa.
Nichols
O'Hara
Podell
Reid
Rhodes
Roncallo, N.Y.
Rooney, N.Y.
Rousselot
Runnels
Shipley
Shoup
Thornton
Veysey
Wiggins
Wyatt

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hays with Mrs. Hansen of Washington.

Mr. Hébert with Mrs. Green of Oregon.

Mr. Shipley with Mr. Culver.

Mr. Moakley with Mr. Clark.

Mr. Moorhead of Pennsylvania with Mr. Kyros.

Mr. Fulton with Mr. Carey of New York.

Mr. Giaimo with Mr. Rooney of New York.

Mr. Howard with Mrs. Griffiths.

Mr. Landrum with Mrs. Grasso.

Mr. Litton with Mr. Reid.

Mr. Thornton with Mr. Collier.

Mr. Nichols with Mr. Camp.

Mr. O'Hara with Mr. Baker.

Mr. John L. Burton with Mr. Brotzman.

Mr. Clancy with Mr. Veysey.

Mr. Conable with Mr. Davis of Georgia.

Mr. Goldwater with Mr. Edwards of Alabama.

Mr. Eshleman with Mr. Fisher.

Mr. Heinz with Mr. Wyatt.

Mr. Hastings with Mr. Hansen of Idaho.

Mr. Hillis with Mr. Kuykendall.

Mr. Jones of North Carolina with Mr. Luken.

Mr. Runnels with Mr. Mathias of California.

Mr. Rhodes with Mr. McSpadden.

Mr. Wiggins with Mr. Mills.

Mr. Rousselot with Mr. Minshall of Ohio.

Mr. Cronin with Mr. Roncallo of New York.

Mr. Grover with Mr. Shoup.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DOMINICK V. DANIELS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 16596) just passed.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

LEGISLATIVE PROGRAM FOR BALANCE OF DAY

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I rise in order that I may announce the program for the remainder of today.

We will conclude consideration of H.R. 17085, nurse training. Then, we will take up H.R. 17084, health manpower, which is called under suspension of the rules.

We will follow that with Senate Joint Resolution 40, White House Conference on Libraries, with an open rule and 1 hour of debate.

It is the intent of the committee to rise at 6:30 if that has not been completed. If we have completed these three pieces of legislation before 6:30, we will adjourn at that time.

Later on in the day we will announce the schedule for tomorrow, which is Friday. May I say that there are some 12 to 15 suspensions which will be announced later in the day.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Iowa.

Mr. GROSS. Did the gentleman put the White House Library Conference at the foot of the list today?

Mr. O'NEILL. Yes, I did.

Mr. GROSS. I thank the gentleman.

CONFERENCE REPORT ON H.R. 15977, AMENDING EXPORT-IMPORT BANK ACT OF 1945

Mr. PATMAN submitted the following conference report and statement on the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 93-1582)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SEC. 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a)(1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;";

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"; and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable.".

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

"(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank's mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that 'the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise' and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of section (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.".

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b)(2) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof an amount of $50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds $60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds $25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c)(1) of the Export-Import Act of 1945 is amended to read as follows:

"(c)(1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed $20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered.".

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury.".

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

(1) by inserting "(a)" after "Sec. 7";

(2) by striking out "$20,000,000,000" and inserting in lieu thereof "$25,000,000,000"; and

(3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of $300,000,000, except that the President may establish a limitation in excess of $300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, and if, after the receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination."

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "November 30, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

"(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns."

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:

"Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States.".

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

And the Senate agree to the same.

WRIGHT PATMAN,
THOMAS L. ASHLEY,
THOMAS M. REES,
PARREN J. MITCHELL,
FERNAND J. ST GERMAIN,
RICHARD T. HANNA,
EDWARD I. KOCH,
ANDREW YOUNG,
JOHN J. MOAKLEY,
WILLIAM B. WIDNALL,
BEN B. BLACKBURN,
GARRY BROWN,
ALBERT W. JOHNSON,
STEWART B. MCKINNEY,
BILL FRENZEL,
Managers on the Part of the House.

JOHN SPARKMAN,
HARRISON WILLIAMS, Jr.
ALAN CRANSTON,
ADLAI STEVENSON,
THOMAS J. MCINTYRE,
JOSEPH BIDEN, Jr.,
W. D. HATHAWAY,
JOHN TOWER,
EDWARD BROOKE,
BOB PACKWOOD,
BILL BROCK,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The Senate amendment contained a provision amending Section 2(b)(1) of the Export-Import Bank Act specifying that the Bank "may" provide financing at rates and terms that are "competitive" with those of other government-supported export financing entities. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of how its rates, terms and other conditions "compare" with those of other government-supported export financing entities. The House bill contained no comparable provision. The House receded to the Senate following agreement by the conferees that the semi-annual report on competitiveness shall include:

1. A detailed review of the official export credit support portfolios of Germany, Japan, the United Kingdom, France, and Italy. The report should indicate the amount of support outstanding in the form of direct loans, discounts, guarantees, and insurance, as well as the qualitative characteristics of each of these export support components.

2. Progress in negotiations with the government of the other principal exporting countries in minimizing competition in government-supported export financing. The report shall indicate agreements reached, the parties involved, the scope of such agreements and the differences which remain outstanding with respect to rates, terms, and other conditions and their applicability to different borrowing countries and agencies and nationals thereof.

3. The semi-annual report for the period ending December 31, 1974, shall contain a detailed description of the "follow-on sales" program of the Bank which involves it in transactions between parties in foreign countries. The report should indicate which of the export supporting government agencies or instrumentalities of the principal countries whose exporters compete with the United States exporters have comparable programs, and such programs should be described and compared with the program of the Bank.

4. The semi-annual report for the period ending December 31, 1974, shall contain a review of the Cooperative Financing Facility. The report should indicate which of the other five principal exporting countries have similar programs and they should be compared to the program of the Bank.

The semi-annual reports on competition and the annual reports on the operations of the Bank shall be transmitted no later than 45 days following the periods covered by such reports. Other publications of the Bank shall be made available to the authorizing committees at the time of their issuance.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of each transaction involving energy-related products and services, and a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use in the United States. The House bill contained no similar provision. The House receded with an amendment requiring a description of each "loan," rather than a description of each "transaction."

The Senate amendment contained a provision directing the Bank to provide financing "only to the extent that sufficient private financing is unavailable." The House bill contained no comparable provision. The Senate receded to the House. The conferees urge that procedures be established to insure that Export-Import Bank assistance is not provided unnecessarily, such as might be the case with respect to goods and services for which sufficient private capital is available at competitive rates and terms to finance a given transaction.

The Senate amendment contained a provision specifying that the Board of Directors of the Bank should not authorize loans, guarantees, or insurance which may have serious adverse effects on the competitive position of United States industries, the availability of materials which are in short supply in the United States, or employment in the United States. The House bill contained no comparable provision. The conferees accepted an amendment which specified that the Board of Directors, in authorizing loans or guarantees, shall take into account any serious adverse effects on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

The Senate amendment contained a provision directing the Bank to give due recognition to the needs of small businesses in the operation of its programs and requiring that an officer of the Bank be designated to be responsible for doing so. The House bill contained no similar provision. The House receded to the Senate.

The House bill contained a provision requiring that the Bank, in establishing interest rates on its loans, take into consideration the average cost of money to the Bank and the necessity of maintaining its earning power and reserves as well as the Bank's mandate to support U.S. exports at rates and on terms and conditions which are competitive with exports of other countries. The Senate amendment contained no comparable provision. The Senate receded to the House with an amendment deleting reference to the maintenance of earning power and reserves.

The Senate amendment contained provisions requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement on any proposed transaction involving a loan, guarantee, or combination thereof of $60 million or more and specified what such a statement should contain. It also contained a requirement that the President of the Bank transmit to the Congress a special message with respect to any proposal to finance the purchase, lease, or procurement of any product or service which in a communist country involves research, exploration, or production of fossil fuel energy resources and further provided that no such transaction could be approved without prior congressional adoption of a concurrent resolution of approval.

The House bill contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement of any proposed transaction involving loans of $50 million or more to a communist country, and contained similar language specifying what such a statement should contain. The conferees adopted a compromise provision requiring that the Bank submit a detailed statement to Congress at least 25 legislative days prior to final approval of any proposed transaction involving a loan, or financial guarantee, or combination thereof, of $60 million or more to any country, or a loan, financial guarantee, or combination thereof of $25 million or more for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics, and specifying what such a statement should contain, with reporting requirements similar to those contained in the House provision.

The Senate amendment contained a provision requiring that the President must find that a transaction involving an Export-Import Bank loan, guarantee or combination thereof of $40 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first. The House bill contained no comparable provision. The conferees adopted a provision requiring that the President must find that a transaction involving an Export-Import Bank loan of $50 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first.

The Senate amendment contained a provision specifying that the President may not determine that a transaction is in the national interest if it would or may result in the United States becoming dependent upon a communist country for essential materials, articles or supplies which are or may be in short supply. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained in a provision specifying that the Bank may not assist exports to any country, agency, or national thereof unless the President finds and certifies to Congress that such country is not practicing slavery or involuntary servitude, such finding and certification to be made in writing at least 30 days prior to the date on which the Bank requests the first such transaction (following enactment of Export-Import Bank Amendments of 1974 or convening of new session of Congress) to be effective. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with any credit sale of defense articles or defense services to any country. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that loans by the Treasury to the Export-Import Bank must bear interest at a rate equivalent to the cost of money to the Treasury on borrowings of similar maturities. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision specifying that the Bank shall not approve any loans or guarantees or combination thereof in connection with exports to the Soviet Union in an aggregate amount in excess of $300 million. The House bill contained no similar provision. The House receded to the Senate with an amendment establishing a $300-million ceiling with a provision that the ceiling may be raised on a determination by the President that raising the ceiling is in the national interest, a submission of that determination by the President to both Houses of Congress, together with a justification for the new ceiling, and the adoption by the Congress of a concurrent resolution approving the determination. It is not the intent of the conferees that a separate determination with respect to each proposed transaction be made.

The Senate amendment contained a provision that after June 30, 1976, the Bank shall issue no loan, guarantee, or insurance in connection with the purchase of any goods or services by a communist country other than Romania and Yugoslavia. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision requiring that the Bank shall include in its annual report a statement of progress it is making toward meeting its mandate of aiding small business concerns. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision requiring the Bank to include in its annual report a detailed listing of all transactions involving the purchase of goods or services by a foreign subsidiary or affiliate of a United States entity. The House bill contained no similar provision. The Senate receded to the House. The conferees expect that the Bank shall include in its annual report a description of all loans involving the purchase of goods or services by a foreign subsidiary of a United States entity from that entity.

The Senate amendment contained a provision declaring that Turkey has violated agreements with the United States in using armaments furnished by the United States during the Cypriot conflict and that further assistance under the Foreign Assistance Act of 1961 and the Foreign Military Sales Act should be stopped. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision prohibiting the Bank from extending its programs to any foreign country in connection with the purchase or lease of any product which is necessary for the production, refining, and transportation of oil and/or gas and which has been determined by the National Advisory Council in consultation with the FEA and the Department of Commerce to be in short supply and with such exception as the President may determine necessary.

The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision increasing the number of members of the Board of Directors of the Bank from five to six and requiring that one of the members shall be a representative or affiliate of one or more labor organizations. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment and the House bill contained comparable provisions relating to H.R. 10710, The Trade Reform Act. The Senate receded to the House with an amendment. The conferees accepted language which specifies that until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Bank to the Union of Soviet Socialist Republics.

It is the intent of the conferees that there remain in effect a ban on credits from the Bank to the Soviet Union until there is enactment of a trade bill in this or succeeding Congresses.

The Senate amendment contained a provision which would remove the exclusion of receipts and expenditures of the Bank from the Unified Budget totals. The House bill contained no comparable provision. The Senate receded to the House.

The House bill contained a provision prohibiting the Bank from financing exports to Turkey until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic. The Senate amendment contained no comparable provision. The House receded to the Senate.

Wright Patman,
Thomas L. Ashley,
Thomas M. Rees,
Parren J. Mitchell,
Fernand J. St Germain,
Richard T. Hanna,
Edward I. Koch,
Andrew Young,
John J. Moakley,
William B. Widnall,
Ben B. Blackburn,
Garry Brown,
Albert W. Johnson,
Stewart B. McKinney,
Bill Frenzel,
Managers on the Part of the House.

John Sparkman,
Harrison Williams, Jr.,
Alan Cranston,
Adlai Stevenson,
Thomas J. McIntyre,
Joseph Biden, Jr.,
W. D. Hathaway,
John Tower,
Edward Brooke,
Bob Packwood,
Bill Brock,
Managers on the Part of the Senate.

ESTABLISHING GOLDEN GATE NATIONAL RECREATION AREA

Mr. TAYLOR of North Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 10834) to amend the Act of October 27, 1972, establishing the Golden Gate National Recreation Area in San Francisco and Marin Counties, Calif., and for other purposes, with Senate amendments thereto, and concur in the Senate amendments numbered 2, 4, 7, 8, 9, 10, and 11; disagree with Senate amendments numbered 5 and 6; and concur in Senate amendments numbered 1 and 3 with amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 9, strike out "003–D," and insert: "003–F,".

Page 1, line 9, strike out "1973."," and insert: "1974",".

Page 2, line 12, strike out all after "properties," down to and including "tection," in line 17 and insert: "235.14 acres,".

Page 2, line 18, strike out "10" and insert: "10.59".

Page 2, strike out line 19.

Page 2, line 20, strike out ""(9)" and insert: ""(8)".

Page 2, line 20, strike out "4" and insert: "3.94".

Page 2, strike out lines 21 and 22.

Page 2, line 25, strike out "10" and insert: "10.03".

Page 3, line 1, strike out "40" and insert: "40.65".

Page 3, strike out lines 3 to 13, inclusive.

Mr. TAYLOR of North Carolina (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. The Clerk will report the amendments to the Senate amendments in disagreement.

The Clerk read as follows:

In lieu of Senate amendment No. 1, insert "003–G,".

In lieu of Senate amendment No. 3, insert "approximately 265 acres, including approximately 30 acres known as South Ridge Lands: *Provided*, That the Secretary is authorized to acquire such interest as he deems reasonably necessary to preserve the scenic quality of the 9.47 acres designed for scenic protection."

Mr. TAYLOR of North Carolina (during the reading). Mr. Speaker, I ask unanimous consent that the amendments to the Senate amendments be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. SKUBITZ. Mr. Speaker, reserving the right to object, I would like to have my colleague explain the provisions and I yield to the gentleman from North Carolina for that purpose.

Mr. TAYLOR of North Carolina. Mr. Speaker, I want it to be clear in the record that the South Ridge Lands are contiguous with the existing Golden Gate National Recreation Area. Located next to the Headlands State Park which gives access over the existing tunnel for Highway 101, this area will be available for public use and enjoyment and will serve to protect the scenic values of the area and provide an outstanding opportunity for visitors to view the beautiful open setting with San Francisco Bay as a backdrop.

If these amendments are agreed to, the Senate would agree to the inclusion of the South Ridge Lands—which was not in the Senate version of the bill—and would agree to the inclusion of the 8¼-acre parcel known as the Leonard property at Stinson Beach.

Very briefly, the amendments would change the House bill by:

First. Eliminating language which would have enlarged the membership of the Golden Gate Advisory Commission;

Second. Deleting a provision including approximately 120 acres of land belonging to the California Department of Transportation;

Third. Making it clear that approximately 30 acres of land, known as the South Ridge Lands adjacent to the Headlands State Park, are to be included in the national recreation area, but removing from the recreation area a noncontiguous area known as Cypress Ridge; and

Fourth. Specifying more exact acreage figures for various parcels.

Mr. Speaker, in explanation of the action being proposed at this time, let me say that these amendments represent a compromise which we think is very satisfactory. The amendments have been discussed with the appropriate Members of the other Body and it is believed that they will be agreeable if the House adopts them.

Costwise, I believe that these amendments should result in a modest reduction, since the Cypress Ridge Area will not be acquired. In any event, these lands will be acquired with land and water conservation fund moneys within the existing authorization ceiling. No increase is required.

Mr. Speaker, in closing let me say that our colleague (Mr. Phillip Burton) has long been active, interested, and helpful in leading the effort for this national recreation area. Now, he and his brother (Mr. John Burton), represent the areas included in this fine outdoor area. We are proud to join them in this effort to provide the Nation with a recreation area that serves the millions of people living and visiting the San Francisco-Marin County area.

Mr. SKUBITZ. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. PHILLIP BURTON. Mr. Speaker, H.R. 10834, which I was pleased to introduce, expands the Golden Gate Recreation Area which was created by the Congress in October 1972 by some 725 additional acres in California's scenic Marin County.

This measure is another stride forward in the effort to protect and preserve this most beautiful scenic and recreational resource.

The areas acquired by this legislation round out the boundaries of the recreation area and prevent any future development which might have despoiled the park and thwarted the intent of the original legislation creating the Golden Gate Recreation Area.

The people of San Francisco and Marin Counties, indeed, the people of California will have this uniquely beautiful area preserved for their enjoyment and the enjoyment of their children.

Mr. JOHN L. BURTON. Mr. Speaker, this bill, H.R. 10834, will add properties to the Golden Gate National Recreation Area to enhance what is already one of the most magnificent preserves in the Nation.

The lands we propose to add with this legislation are not only splendid in their own right, but their inclusion will provide further safeguards against potential development which could adversely affect the scenic beauty and integrity of the existing park.

The passage of H.R. 10834 is an opportunity to add substantially to the pleasure and enjoyment of future generations who will remember with respect and admiration those who today help to polish the gem that is the Golden Gate National Recreation Area.

The Senate amendments, as amended, were concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. TAYLOR of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the Senate amendments just concurred in.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

NURSE TRAINING ACT OF 1974

Mr. STAGGERS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 17085) to amend title VIII of the Public Health Service Act to revise and extend the programs of assistance under that title for nurse training, as amended.

The Clerk read as follows:

H.R. 17085

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; REFERENCE TO ACT

Section 1. (a) This Act may be cited as the "Nurse Training Act of 1974.".

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—CONSTRUCTION ASSISTANCE

EXTENSION OF GRANTS AND LOAN GUARANTEES AND INTEREST SUBSIDIES

Sec. 101. (a) (1) Section 801 is amended by striking out "and" after "1973,"; and by inserting before the period a comma and the following: $25,000,000 for the fiscal year ending June 30, 1975, $25,000,000 for the fiscal year ending June 30, 1976, and $25,000,000 for the fiscal year ending June 30, 1977".

(2) Section 802(c) (1) (A) is amended (A) by inserting "(i)" after "proposed facilities", and (B) by inserting before the semicolon ", or (ii) in expanding the capacity of the school to provide graduate training".

(b) (1) (A) Subsection (a) and (b) of section 809 are each amended by striking out "1974" and inserting in lieu thereof "1977".

(B) (i) The last sentence of subsection (a) of section 809 is amended (I) by striking out "(1)" and (II) by striking out all after "the project" and inserting in lieu thereof a period.

(ii) The amendment made by clause (i) shall apply with respect to loans guaranteed under subpart I of part A of title VIII of the Public Health Service Act after the date of the enactment of this Act.

(2) Subsection (e) of such section is amended by striking out "and" after "1973," and by inserting after "1974" a comma and the following: "$2,000,000 for the fiscal year ending June 30, 1975, $3,000,000 for the fiscal year ending June 30, 1976, and $4,000,000 for the fiscal year ending June 30, 1977", and by inserting a period after "Treasury" the second time it appears in the fourth sentence and by striking out the remainder of that sentence.

(c) (1) Subsection (a) of section 809 is amended by inserting "or the Federal Financing Bank" after "non-Federal lenders".

(2) Subsection (b) of section 809 is amended by inserting "or the Federal financing bank" after "non-Federal lender".

TECHNICAL AMENDMENTS

Sec. 102. (a) (1) Title VIII is amended by inserting after the heading for part A the following:

"Subpart I—Construction Assistance".

(2) The heading for part A is amended by striking out "GRANTS" and inserting in lieu thereof "ASSISTANCE".

(b) Section 809 is inserted after section 804 and is redesignated as section 805.

TITLE II—CAPITATION GRANTS

EXTENSION AND REVISION OF CAPITATION GRANTS

Sec. 201. (a) Section 806(a) is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) Each collegiate school of nursing shall receive $400 for each student enrolled in each of the last two years of such school in such year.

"(2) Each associate degree school of nursing shall receive $275 for each student enrolled in the last year of such school in such year.

"(3) Each diploma school of nursing shall receive $250 for each full-time student enrolled in such school in such year."

(b) (1) Subsections (c), (d), and (f) of section 806 are repealed and subsections (e), (g), (h), and (i) are redesignated as subsections (c), (d), (e), and (f), respectively.

(2) Section 806(f) (1) (as so redesignated by paragraph (1) of this subsection) is amended by striking out "and" after "1973," and by inserting before "for grants" the following: "$45,000,000 for the fiscal year ending June 30, 1975, $50,000,000 for the fiscal year ending June 30, 1976, and $55,000,000 for the fiscal year ending June 30, 1977,".

(c) For the fiscal year ending June 30, 1975, and for each of the next two fiscal years, there are authorized to be appropriated such sums as may be necessary to continue to make annual grants to schools of nursing under section 806(a) of the Public Health Service Act (as in effect before the date of the enactment of this Act) based on the number of enrollment bonus students (determined in accordance with subsections (c) and (d) of section 806 of such Act (as so in effect)) enrolled in such schools who were first-year students in such schools for school years beginning before June 30, 1974.

TECHNICAL AMENDMENT

Sec. 202. Title VIII is amended by inserting after section 805 (as so redesignated by section 102(b) of this Act) the following:

"Subpart II—Capitation Grants".

TITLE III—FINANCIAL DISTRESS GRANTS

EXTENSION OF FINANCIAL DISTRESS GRANT PROGRAM

Sec. 301. Title VIII is amended by inserting after subpart II of part A (as provided by title II of this Act) the following:

"Subpart III—Financial Distress Grants

"FINANCIAL DISTRESS GRANTS

"Sec. 815. (a) The Secretary may make grants to assist public or nonprofit private schools of nursing which are in serious financial straits to meet operational costs required to maintain quality educational programs or which have special need for financial assistance to meet accreditation requirements. Any such grant may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school agree (1) to disclose any financial information or data deemed by the Secretary to be necessary to determine the sources or causes of that school's financial distress, (2) to conduct a comprehensive cost analysis study in cooperation with the Secretary, and (3) to carry out appropriate operational and financial reforms on the basis of information obtained in the course of the comprehensive cost analysis study or on the basis of other relevant information.

"(b) (1) No grant may be made under subsection (a) unless an application thereof is submitted to and approved by the Secretary. The Secretary may not approve or disapprove such an application except after consultation with the National Advisory Council on Nurse Training.

"(2) An application for a grant under subsection (a) must contain or be supported by assurances satisfactory to the Secretary that the applicant will expend in carrying out its functions as a school of nursing, during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the average amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the three fiscal years immediately preceding the fiscal year for which such grant is sought. The Secretary may, after consultation with the National Advisory Council on Nurse Training, waive the requirement of the preceding sentence with respect to any school if he determines that the application of such requirement to such school would be inconsistent with the purposes of subsection (a).

"(c) For payments under grants under this section there are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975, $5,000,000 for the fiscal year ending June 30, 1976, and $5,000,000 for the fiscal year ending June 30, 1977.".

TECHNICAL AMENDMENT

Sec. 302. Section 805 and 808 (as in effect on the date before the date of the enactment of this Act) are repealed.

TITLE IV—SPECIAL PROJECT ASSISTANCE

SPECIAL PROJECT GRANTS AND CONTRACTS

Sec. 401. (a) Title VIII is amended by inserting after subpart III of part A (as added by section 301(a) of this Act) the following:

"Subpart IV—Special Projects

"SPECIAL PROJECT GRANTS AND CONTRACTS

"Sec. 820. (a) The Secretary may make grants to public and other nonprofit private schools of nursing and other public or nonprofit private entities, and enter into contracts with any public or private entity, to meet the costs of special projects to—

"(1) assist in—

"(A) mergers between hospital training programs or between hospital training programs and academic institutions, or

"(B) other cooperative arrangements among hospitals and academic institutions, leading to the establishment of nurse training programs;

"(2) plan, develop, or establish new nurse training programs or programs of research in nursing education, significantly improve curriculums of schools of nursing, or modify existing programs of nursing education;

"(3) increase nursing education opportunities for individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, by—

"(A) identifying, recruiting, and selecting such individuals,

"(B) facilitating entry of such individuals into schools of nursing,

"(C) providing counseling or other services designed to assist such individuals to complete successfully their nursing education,

"(D) providing, for a period prior to the entry of such individuals into the regular course of education at a school of nursing, preliminary education designed to assist them to complete successfully such regular course of education,

"(E) paying such stipends (including allowances for travel and dependents) as the Secretary may determine for such individuals for any period of nursing education, and

"(F) publicizing, especially to licensed vocational or practical nurses, existing sources of financial aid available to persons enrolled in schools of nursing or who are undertaking training necessary to qualify them to enroll in such schools;

"(4) provide continuing education for nurses;

"(5) provide appropriate retraining opportunities for nurses who (after periods of professional inactivity) desire again actively to engage in the nursing profession; or

"(6) help to increase the supply or improve the distribution by geographic area or by specialty group of adequately trained nursing personnel needed to meet the health needs of the Nation, including the need to increase the availability of personal health services and the need to promote preventive health care.

Contracts may be entered into under this subsection without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(b) The Secretary may, with the advice of the National Advisory Council on Nurse Training, provide assistance to the heads of other departments and agencies of the Government to encourage and assist in the utilization of medical facilities under their jurisdiction for nurse training programs.

"(c) No grant or contract may be made under this section unless an application therefor has been submitted to and approved by the Secretary. The Secretary may not approve or disapprove such an application except after consultation with the National Advisory Council on Nurse Training. Such an application shall provide for such fiscal control and accounting procedures and reports, and access to the records of the applicant, as the Secretary may require to assure proper disbursement of and accounting for Federal funds paid to the applicant under this section.

"(d) For payments under grants and contracts under this section there are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $25,000,000 for the fiscal year ending June 30, 1976, and $30,000,000 for the fiscal year ending June 30, 1977.

"ADVANCED NURSE TRAINING PROGRAMS

"SEC. 821. (a) (1) The Secretary may make grants to and enter into contracts with public and nonprofit private collegiate schools of nursing to meet the costs of projects to—

"(A) plan, develop, and operate,

"(B) significantly expand, or

"(C) maintain existing,

programs for the advanced training of professional nurses to teach in the various fields of nurse training, to serve in administrative or supervisory capacities, or to serve in other professional nursing specialties (including service as nurse clinicians) determined by the Secretary to require advanced training.

"(b) For the purposes of making payments under grants and contracts under this section there are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $25,000,000 for the fiscal year ending June 30, 1976, and $30,000,000 for the fiscal year ending June 30, 1977.

"NURSE PRACTITIONER PROGRAMS

"SEC. 822. (a) (1) The Secretary may make grants to and enter into contracts with public and nonprofit private collegiate schools of nursing to meet the costs of projects to—

"(A) plan, develop, and operate,

"(B) significantly expand, or

"(C) maintain existing,

programs for the training of nurse practitioners.

"(2) (A) For purposes of this section, the term 'programs for the training of nurse practitioners' means educational programs which meet guidelines prescribed by the Secretary in accordance with subparagraph (B) and which have as their objective the education of nurses who will, upon completion of their studies in such a program, be qualified to effectively provide primary health care.

"(B) On or before March 1, 1975, after consultation with appropriate professional nursing organizations, the Secretary shall prescribe guidelines for programs for nurse practitioners. Such guidelines shall, as a minimum, require—

"(i) a program of classroom instruction and supervised clinical practice directed toward preparing nurses to deliver primary health care;

"(i) a minimum course of study of one academic year; and

"(iii) a minimum level of enrollment in each year of not less than twenty-five students.

"(b) No grant may be made or contract entered into to plan, develop, and operate a program for the training of nurse practitioners unless the application for the grant or contract contains assurances satisfactory to the Secretary that the program will upon its development meet the guidelines which are in effect under subsection (a) (2) (B); and no grant may be made or contract entered into to expand or maintain such a program unless the application for the grant or contract contains assurances satisfactory to the Secretary that the program meets the guidelines which are in effect under such subsection.

"(c) The costs for which a grant or contract under this section may be made may include costs of preparation of faculty members in order to conform to the guidelines established under subsection (a) (2) (B).

"(d) For the purposes of making payments under grants and contracts under this section there are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $25,000,000 for the fiscal year ending June 30, 1976, and $30,000,000 for the fiscal year ending June 30, 1977."

(b) Sections 810 and 868 are repealed.

TITLE V—ASSISTANCE TO NURSING STUDENTS

EXTENSION OF TRAINEESHIPS

SEC. 501. (a) Subsection (a) of section 821 (as in effect on the day before the date of the enactment of this Act) is amended to read as follows:

"(a) There are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $25,000,000 for the fiscal year ending June 30, 1976, and $30,000,000 for the fiscal year ending June 30, 1977, to cover the costs of traineeships for the training of professional nurses—

"(1) to teach in the various fields of nurse training (including practical nurse training),

"(2) to serve in administrative or supervisory capacities,

"(3) to serve as nurse practitioners, or

"(4) to serve in other professional nursing specialties determined by the Secretary to require advanced training."

(b) Subsection (b) of section 821 (as so in effect) is amended by adding at the end thereof the following: "In making grants for traineeships under this section, the Secretary shall give special consideration to applications for traineeship programs which conform to guidelines established by the Secretary under section 822(a) (2) (B)."

EXTENSION OF STUDENT LOAN PROGRAM

SEC. 502. (a) Section 822(b) (4) (as in effect before the date of the enactment of this Act) is amended by striking out "1975" and inserting in lieu thereof "1977".

(b) Section 823(b) (2) (B) is amended by inserting "(or training to be a nurse anesthetist)" after "professional training in nursing".

(c) Effective July 1, 1974, section 824 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS FOR STUDENT LOAN FUNDS

"SEC. 824. There are authorized to be appropriated for allotments under section 825 to schools of nursing for Federal capital contributions to their student loan funds established under section 822, $30,000,000 for the fiscal year ending June 30, 1975, $35,000,000 for the fiscal year ending June 30, 1976, and $40,000,000 for the fiscal year ending June 30, 1977. For the fiscal year ending June 30, 1978, and for each of the next two succeeding fiscal years there are authorized to be appropriated such sums as may be necessary to enable students who have received a loan for any academic year ending before July 1, 1977, to continue or complete their education.".

(d) Section 826 is amended by striking out "1977" each place it occurs and inserting in lieu thereof "1980".

(e) (1) Section 827 is repealed.

(2) The nurse training fund created within the Treasury by section 827(d) (1) of the Public Health Service Act shall remain available to the Secretary of Health, Education, and Welfare for the purpose of meeting his responsibilities respecting participations in obligations acquired under section 827 of such Act. The Secretary shall continue to deposit in such fund all amounts received by him as interest payments or repayments of principal on loans under such section 827. If at any time the Secretary determines the moneys in the fund exceed the present and any reasonable prospective further requirements of such fund, such excess may be transferred to the general fund of the Treasury.

(3) There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable the Secretary to make payments under agreements entered into under section 827(b) of the Public Health Service Act before the date of the enactment of this Act.

EXTENSION OF SCHOLARSHIP PROGRAM

Sec. 503. Effective July 1, 1974, section 860 is amended—

(1) by striking out "1972" in subsection (b) and in subsection (c)(1)(A) and inserting in lieu thereof "1975";

(2) by striking out "1975" in the second sentence of subsection (b) and in subsection (c)(1) and inserting in lieu thereof "1978"; and

(3) by striking out "1974" in the second sentence of subsection (b) and in subsection (c)(1)(B) and inserting in lieu thereof "1977".

TITLE VI—TECHNICAL AND CONFORMING AMENDMENTS

TECHNICAL AND CONFORMING AMENDMENTS

Sec. 601. (a)(1) Section 802 is amended—

(A) by striking out "this part" each place it occurs and inserting in lieu thereof "this subpart";

(B) by striking out "section 806(e) of this Act" in subsection (b)(2) and inserting in lieu thereof "section 810(c)";

(C) by striking out paragraph (5) of subsection (b) and inserting in lieu thereof the following:

"(5) the application contains or is supported by adequate assurances that all laborers and mechanics employed by contractors or subcontractors in the performance of work on a project will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a—276a-5, known as the Davis-Bacon Act), and the Secretary of Labor shall have with respect to such labor standards the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).";

(D) by striking out "section 841 (hereinafter in this part referred to as the 'Council')" in the first sentence following paragraph (5) of subsection (b) and inserting in lieu thereof "section 851";

(E) by striking out "subsection (e) of section 806" in the second sentence following such paragraph and inserting in lieu thereof "section 810(c)";

(F) by striking out "section 806(e)" in the last sentence following such paragraph and inserting in lieu thereof "section 810 (c)";

(G) by striking out in such last sentence "806(a)" and inserting in lieu thereof "810 (a)"; and

(H) by striking out "paragraph (A)" in subsection (c)(1)(B) and inserting in lieu thereof "subparagraph (A)".

(b)(1) Subsection (a) of section 803 is amended to read as follows:

"(a) The amount of any grant for a construction project under this subpart shall be such amount as the Secretary determines to be appropriate after obtaining the advice of the National Advisory Council on Nurse Training; except that—

"(1) in the case of a grant—

"(A) for a project for a new school,

"(B) for a project for new facilities for an existing school in cases where such facilities are of particular importance in providing a major expansion of training capacity, as determined in accordance with regulations, or

"(C) for a project for major remodeling or renovation of an existing facility where such project is required to meet an increase in student enrollment,

the amount of such grant may not exceed 75 per centum of the necessary cost of construction, as determined by the Secretary, or such project; and

"(2) in the case of a grant for any other project, the amount of such grant may not, except where the Secretary determines that unusual circumstances make a larger percentage (which may in no case exceed 75 per centum) necessary in order to effectuate the purposes of this subpart, exceed 67 per centum of the necessary cost of construction, as so determined, of the project with respect to which the grant is made."

(2) Subsections (b) and (c) of section 803 are each amended by striking out "this part" and inserting in lieu thereof "this subpart".

(c) Section 804 is amended (1) by striking out "this part" and inserting in lieu thereof "this subpart", and (2) by redesignating paragraphs (a), (b), and (c) as paragraphs (1), (2), and (3), respectively.

(d) Section 805 (as redesignated by section 102(b)) is amended by striking out "this part" each place it occurs and inserting in lieu thereof "this subpart".

(e) Section 806 is redesignated as section 810.

(f) Section 807 is redesignated as section 811 and is amended—

(1) by striking out "section 805, 806, or 810" in subsections (a) and (c) and inserting in lieu thereof "this subpart"; and

(2) by amending paragraph (1) of subsection (c) to read as follows:

"(1) is from a public or nonprofit private school of nursing;".

(g)(1) Title VIII is amended by inserting after the heading for part B the following:

"Subpart I—Traineeships".

(2) Section 821 (as amended by section 501) is redesignated as section 830.

(3) Title VIII is amended by inserting after section 830 (as so redesignated) the following:

"Subpart II—Student Loans".

(h) Sections 822, 823, 825, 826, 828, and 830 (as in effect before the date of the enactment of this Act) are amended as follows:

(1) Sections 822(a), 823, 825, 826, and 828 are each amended by striking out "this part" and inserting in lieu thereof "this subpart".

(2) Section 822(a), 823(b), 823(c), 825(b)(2), and 826(a)(1) are each amended by striking out "of Health, Education, and Welfare".

(3) Section 822(b)(2)(A) is amended by striking out "under this part" and inserting in lieu thereof "from allotments under section 838".

(4)(A) Section 825 is amended—

(i) by striking out "(whether as Federal capital contributions or as loans to schools under section 827)" in subsection (a); and

(ii) by striking out ", and for loans pursuant to section 827," in subsection (b)(1).

(B) Section 826(b) is amended by striking out "(other than so much of such fund as relates to payments from the revolving fund established by section 827(d))".

(C) Section 828 is amended by striking out "or loans".

(5) Section 830 is—

(A) transferred to section 823 and inserted after subsection (i) of such section; and

(B) is amended by striking out "Sec. 830. (a)" and inserting in lieu thereof "(j)".

(i)(1) Sections 822, 823, 824, 825, 826, 828, and 829 (as in effect on the day before the date of the enactment of this Act) are redesignated as sections 835, 836, 837, 838, 839, 840, and 841, respectively.

(2) Section 835 (as so redesignated) is amended (A) by striking out "829" each place it occurs and inserting in lieu thereof "841", and (B) by striking out "823" and inserting in lieu thereof "836".

(3) Section 837 (as so redesignated) is amended (A) by striking out "825" and inserting in lieu thereof "838", and (B) by striking out "822" and inserting in lieu thereof "835".

(4) Section 838 (as so redesignated) is amended by striking out "824" each place it occurs and inserting in lieu thereof "837".

(5) Section 839 (as so redesignated) is amended by striking out "822" each place it occurs and inserting in lieu thereof "835".

(6) Section 841 (as so redesignated) is amended (A) by striking out "822" and inserting in lieu thereof "835", and (B) by striking out "part D" and inserting in lieu thereof "subpart III of this part".

(j)(1) Part D of title VIII is inserted after subpart II of part B of such title and redesignated as subpart III; and sections 860 and 861 are redesignated as sections 845 and 846, respectively.

(2) Section 845(a) (as so redesignated) is amended by striking out "this part" and inserting in lieu thereof "this section".

(3) Section 846 (as so redesignated) is amended (A) by striking out "this part" the first time it occurs and inserting in lieu thereof "section 845", and (B) by striking out "to the sums available to the school under this part for (and to be regarded as) Federal capital contributions, to be used for the same purpose as such sums" and inserting in lieu thereof "to the student loan fund of the school established under an agreement under section 835. Funds transferred under this section to such a student loan fund shall be considered as part of the Federal capital contributions to such fund".

(4) Section 869 is repealed.

(k)(1) Sections 841, 842, 843, 844, and 845 (as in effect on the day before the date of enactment of this Act) are redsignated as sections 851, 852, 853, 854, and 855, respectively.

(2) Section 851 (as so redesignated) is amended (A) by striking out "part A of applications under section 805" in subsection (a)(2) and inserting in lieu thereof "subpart I of part A, of applications under section 805, and of applications under subpart III of part A"; (B) by striking out subsection (b); (C) by striking out "(a)(1)" and inserting in lieu thereof "(a)"; and (D) by striking out "(2)" and inserting in lieu thereof "(b)".

(3) Section 853 (as so redesignated) is amended—

(A) by striking out "part A" in paragraph (f) and inserting in lieu thereof "subpart I of part A";

(B) by striking out "806" in paragraph (f) and inserting in lieu thereof "810";

(C) by striking out "part B" each place it occurs in paragraph (f) and inserting in lieu thereof "section 835";

(D) by striking out "825" in paragraph (f) and inserting in lieu thereof "838";

(E) by redesignating paragraphs (a) through (j) as paragraphs (1) through (10) respectively;

(F) by redesignating clauses (1), (2), and (3) of paragraph (6) (as so redesignated) as clauses (A), (B), and (C), respectively;

(G) by redesignating subclauses (A) and (B) of such paragraph (6) as subclauses (i) and (ii), respectively; and

(H) by redesignating clauses (1) and (2) of paragraph (9) (as so redesignated) as clauses (A) and (B), respectively.

(4) Part C is amended by adding at the end thereof the following:

"DELEGATION

"Sec. 856. The Secretary may delegate the authority to administer any program authorized by this title to the administrator of a central or regional office or offices in the Department of Health, Education, and Welfare, except that the authority—

"(1) to review, and prepare comments on the merit of, any application for a grant or contract under any program authorized by this title for purposes of presenting such application to the National Advisory Council on Nurse Training, or

"(2) to make such a grant or enter into such a contract, shall not be further delegated to any administrator of, or officer in, any regional office or offices.".

TITLE VII—MISCELLANEOUS

INFORMATION RESPECTING THE SUPPLY AND DISTRIBUTION OF AND REQUIREMENTS FOR NURSES

SEC. 701 (a)(1) Using procedures developed in accordance with paragraph (3), the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall determine on a continuing basis—

(A) the supply (both current and projected and within the United States and within each State) of registered nurses, licensed practical and vocational nurses, nurse's aides, registered nurses with advanced training or graduate degrees, and nurse practitioners;

(B) the distribution, within the United States and within each State, of such nurses so as to determine those areas of the United States which are oversupplied, undersupplied, or which have an adequate supply of such nurses in relation to the population of the areas and the demand for the services which such nurses provide; and

(C) the current and future requirements for such nurses, nationally and within each State.

(2) The Secretary shall survey and gather data, on a continuing basis, on—

(A) the number and distribution of nurses, by type of employment and location of practice;

(B) the number of nurses who are practicing full time and those who are employed part time, within the United States and within each State;

(C) the average rates of compensation for nurses, by type of practice and location of practice;

(D) the activity status of the total number of registered nurses within the United States and within each State;

(E) the number of nurses with advanced training or graduate degrees in nursing, by specialty, including nurse practitioners, nurse clinicians, nurse researchers, nurse educators, and nurse supervisors and administrators; and

(F) the number of registered nurses entering the United States annually from other nations, by country of nurse training and by immigrant status.

(3) Within six months of the date of the enactment of this Act, the Secretary shall develop procedures for determining (on both a current and projected basis) the supply and distribution of and requirements for nurses within the United States and within each State.

(b) Not later than February 1, 1976, and February 1 of each succeeding year, the Secretary shall report to the Congress—

(1) his determinations under subsection (a)(1) and the data gathered under subsection (a)(2);

(2) an analysis of such determination and data; and

(3) recommendations for such legislation as the Secretary determines, based on such determinations and data, will achieve (A) an equitable distribution of nurses within the United States and within each State, and (B) adequate supplies of nurses within the United States and within each State.

(c) The Office of Management and Budget may review the Secretary's report under this section before its submission to the Congress, but the Office may not revise the report or delay its submission, and it may submit to the Congress its comments (and those of other departments or agencies of the Government) respecting such report.

The SPEAKER. Is a second demanded?

Mr. NELSEN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I shall take just a few moments to explain what we did in the bill.

Mr. Speaker, I rise in support of H.R. 17085, the Nurse Training Act of 1974. This legislation will continue for 3 years the nurse training authorities of the Public Health Service Act which maintain the supply, and improve the distribution of nurses throughout our country. The legislative authority for the existing nurse training program expired at the end of last June.

However, since then the programs have been continued with forward funding from the last fiscal year, the authority of the continuing resolution, and a 1-year extension of the programs within the act for student assistance which was signed in August by the President.

The proposed legislation was first introduced in May by members of the Subcommittee on Public Health and Environment and was considered in hearings during the month of May along with two proposals, one from the administration and one by Congressman ROY, which would have repealed the existing nurse training programs and consolidated some of their provisions into the general health manpower authorities.

The legislation was subsequently marked up in open session in the subcommittee, reported, and introduced as a clean bill. It was considered immediately after the election recess by our full Committee on Interstate and Foreign Commerce and reported by unanimous voice vote.

Much of the proposed legislation is designed simply to continue existing authorities under the Nurse Training Act. Thus, the proposed legislation continues authority for construction of teaching facilities for schools of nursing, capitation payments to the schools for assisting with the costs of educating their students, financial distress grants to schools of nursing, traineeships for the advanced training of professional nurses in various specialty areas, and loans and scholarships for nursing students.

In addition, the proposed legislation makes some modification in the authority for project grants to schools of nursing and adds new authority to assist the schools in establishing advanced nurse training programs and programs for the training of nurse practitioners.

Furthermore, the legislation will require the Secretary of HEW to collect, analyze, and report on a continuing basis, information respecting the supply and distribution of nurses, and prohibit him from delegating his authority to administer the program to a regional office.

This is a 3-year bill for fiscal years 1975 through 1977 and contains a total authorization of $639 million. In the first year, 1975, $182 million is authorized, which may be compared favorably with an authorization in 1974 of $255 million and an appropriation in 1974 of $141 million.

We all know how important nurses are to our health and welfare. And we all know that there will never be as many as we could usefully employ.

However, I would like to share with you a few facts which describe the importance of the nurse training programs we are considering today, to the supply and quality of nurses throughout our country. The construction part of the program has to date assisted 225 schools with new construction and renovation with the result that 11,300 new places are available in these schools every year.

The capitation program has provided assistance to 981 diploma, associate, and baccalaureate schools of nursing throughout the country. The financial distress authority has been used to assist 125 schools of nursing in such severe financial distress that without the assistance they might well have closed and ceased to graduate needed students. The special projects authority has now completed assistance for over 300 projects concerning such activities as nursing career development curriculum revision, and expanding the clinical role of nurses.

One of these special projects is both a particularly good example of the importance of this act and of special interest to me. This is a statewide nursing tele-lecture program in West Virginia which is providing continuing education to over 3,000 nurses in my own home State. In this program leased telephone lines are being provided at more than 80 sites including hospitals, schools of nursing, colleges, health agencies, and the State nurses association. By the use of live and pretaped lectures, and live telephone exchanges between lecturers and students, courses are being given on nursing management, the biological processes of life, the special nursing needs of those with heart, cancer, and respiratory problems, and the relationship between nursing and the law. Practicing nurses who take these courses receive academic and continuing education credit for their efforts.

This is thus important legislation which has been carefully considered by our committee and written so as to continue and improve existing programs without unreasonable increases in cost. I urge your support for it.

Mr. NELSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I believe it is only fair to advise the House that we have a letter from Mr. Weinberger of HEW in which they call attention to their opposition to this bill on the basis that for the first time we have competition in the nurses' training program and undergraduates are also included. This will go over the budget by $96 million. The total authorization of $142 million exceeds the President's budget by $96.8 million.

I bring this to the attention of this body; however, I must again add that the bill was worked over carefully and again we are faced with having done the best we could under the circumstances.

I did feel the Department's objections ought to be called attention to at this time.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, is any of this expenditure on a loan basis? In other words, will any of this money be recaptured?

Mr. NELSEN. In the nurses training bill yes, I am advised that it is. I might also call attention to the fact that there is a bill dealing with medical training. There, we have provisions in this bill for the first time that a doctor who is graduated from medical school, goes into practice and becomes prosperous, and can be required to pay back the cost of his education, so we are moving in the right direction.

However, again I emphasize that the dollar figure is high.

Mr. GROSS. What happens if the doctor does not become prosperous? The money is gone?

Mr. NELSEN. Well, I suppose that is true, but most of them have done well enough. Perhaps a doctor who goes into an unserved area would find it more difficult.

I will yield to Dr. CARTER to reply further to that.

Mr. CARTER. Mr. Speaker, I have no claim to being an expert; however, I am a physician. I regret to say that this bill does not apply to physicians. This is a nurse training bill. There are loan funds of interest guarantees of $9 million.

I regret very much also that this bill exceeds the budget, but I must say that we do need nurses. If the gentleman has ever been very ill and had the presence of a nurse to bathe his brow and to cool his fever, he realizes their value. I strongly support this legislation and urge my good friends to do likewise.

Mr. GROSS. Mr. Speaker, will the gentleman yield to me?

Mr. CARTER. I am most happy to yield to the gentleman from Iowa.

Mr. GROSS. I assume the gentleman is aware of what is happening in the student loan program, that defaults and bankruptcies are a dime a dozen among those who have borrowed in the student loan program?

Mr. CARTER. Let me understand my good friend. What is it that is a dime a dozen?

Mr. GROSS. Bankruptcies. In other words, there are a lot of bankruptcies being taken by students who borrowed money. I wonder if, in this loan program, the Federal Government would fare any better than it is faring now in the student loan program.

Mr. CARTER. I feel sure that those wonderful nurses of ours would not default on their loans. I have no knowledge of any defalcations by nurses at the present time.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Speaker, I rise in support of H.R. 17085, the Nurse Training Act of 1974, which would revise and improve one of the most important efforts ever initiated by this committee: The provision of adequate numbers of qualified nursing personnel to the people of the United States. This bill is the product of extensive hearings by the Subcommittee on Public Health and Environment and thorough executive sessions. It is designed not only to increase supplies of nursing personnel through provision that would strengthen and expand nursing educational institutions, but also, through targeted special project provisions, to increase the numbers of certain highly skilled nurses which are in acute need in this country.

The bill revises, with some modifications, existing authorities that have contributed to some financial stabilization of nursing education. These authorities include authorities for: First, construction of nurse training facilities; second, institutional assistance to collegiate associate degree and diploma schools, called capitation support, because the amount of support is based upon the number of students in such schools; third, financial distress grants to schools that are experiencing acute financial difficulties; fourth, special projects in areas such as minority recruitment, development of new or modified curriculum, and continuing education and retraining opportunities, and fifth, assistance to undergraduate and graduate students in the form of traineeships, scholarships and loans. It also contains two important provisions which authorize funds for advanced nurse training and the training of nurse practitioners.

The authorizations for these programs are as follows:

	Fiscal year—			
	1975	1976	1977	Total
Construction:				
Grants	25	25	25	75
Interest subsidies	2	3	4	9
Capitation	45	50	55	150
Financial distress	5	5	5	15
Special projects (grants and contracts)	20	25	30	75
Advanced nurse training (grants and contracts)	20	25	30	75
Nurse practitioner programs (grants and contracts)	20	25	30	75
Traineeships	20	25	30	75
Student loans	30	35	40	105
Scholarships	[1] (—)	[1] (—)	[1] (—)	[1] (—)
Total	187	218	249	654

[1] Formula: Amounts indicated are estimates of requirements for full funding of the statutory formula for allocation of funds among schools ($3,000 times 1/10 the number of full-time students).

The two new programs—advanced nurse training and the training of nurse practitioners—are of critical importance. The first would provide for the establishment of a substantial number of new programs which would train professional nurses to teach, serve in various administrative or supervisory capacities or to serve in nursing specialties, such as the specialty involving nurse clinicians. It is well recognized that there is a vast shortage of nurses in these categories which require special skills, and, thus, specialized training.

The second provision—which authorizes support for programs which will train nurse practitioners—is no less critical. Nurse practitioners are registered nurses who have successfully completed programs of study designed to expand their knowledge and clinical skills. A nurse practitioner has an expanded level of responsibility in the provision of health care by combining selected services of the registered nurse and the physician in the delivery of primary health care. Nurse practitioners provide comprehensive health care to individuals, families and groups in a variety of settings, including homes, clinics, offices, institutions, industry, schools, and others.

A nurse practitioner delivers primary health care pursuant to State medical practical acts with varying degrees of physician supervision. Nurse practitioners are prepared to assess the health status of individuals, make decisions about treatment in collaboration with physicians, and to provide routine care, counseling and teaching to patients and families. A nurse practitioner can thus substantially extend the delivery of health services in rural and other underserved areas.

There are several succesful training programs for nurse practitioners in existence today. Most are located in nursing schools; some are at medical schools. Many are, in effect, joint programs in which nursing and medical schools share faculty and facilities. I would hope that, in appropriate circumstances, nursing schools will coordinate their efforts with those of medical and other health professions schools in order to insure the highest quality programs.

Mr. Speaker, the provisions of previous nurse training legislation have resulted in demonstrable gains in suitable facilities for nursing education, a modernization of curricula, and increased numbers of skilled faculty and much-needed nurses. Much remains to be done. This legislation builds upon the commitment by the Federal Government initiated more than a decade ago that quality nursing education is essential to the production of quality nurses, and the recognition that the nursing profession is a vital asset to the health of this Nation. I urge adoption of the bill.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. PREYER).

Mr. PREYER. Mr. Speaker, I speak in favor of the Nurse Training Act. With the assistance provided under the Nurse Training Act of 1971, I think the schools of nursing have done a commendable job of increasing their enrollments to overcome the nursing shortage. This act would continue that support—in somewhat lower amounts—to help schools maintain their enrollments. It seems to me that we have a responsibility to see that schools can keep up those enrollments and not be forced to cut or discontinue programs so that we could be forced back into another serious shortage situation.

This bill has another important aspect. It puts special emphasis on preparing nurses for positions in the areas of greatest need. You know one of our big problems today is how to get health manpower in the places and in the kinds of jobs where they are most needed. A high demand today is for nurse practitioners, clinical specialists, supervisory nurses, and teachers. This means advanced education. The number of nurses prepared at the baccalaureate level or higher falls far short of the need. At present, fewer than 20 percent of nurses have a baccalaureate or higher degree. This bill would help to raise that percentage through aid for nurse practitioner projects and increased support for traineeships for advanced training.

Nursing leadership has been essential in development of health care programs as well as in the maintenance of quality health care programs. As we look toward the future, that leadership becomes even more essential. We in the Congress can help to assure that there is adequate nursing assistance available to this country by providing aid to nurses for basic and advanced education.

Schools require well-prepared nurse faculties and this bill's provision for advanced education will help in assuring that there are funds for advanced educational opportunities to meet the faculty needs of these schools.

In addition, the advanced educational provision will provide assistance so that administrative, supervisory and clinical specialist nursing personnel are available to our health care institutions. As our knowledge in the health care field expands and as the health care responsibilities of the nurse expands such as in psychiatry, pediatrics, and family nursing the need for advanced educational opportunities increases.

I believe this bill's passage is vital in these times when students are having great difficulty in obtaining financial obligations.

Federal support for nursing education has made it possible for many young people to enter the nursing profession who otherwise would not have been able to do so. Education costs vary as to the kind of programs a nurse chooses. Whatever that program, whether it be a diploma, associate degree or baccalaureate degree one thing remains constant—the escalating costs of nursing education.

Through this legislation, the aid which the Federal Government gives to schools of nursing and to nursing students is helping educate nurses to function in many new and expanded roles. They are upgrading the quality of health care and they are serving more and more people. The potential benefits in improved health care by expanding nursing roles and better equipping nurses to specialize in specific areas of health care are due to the Federal Government's efforts to help finance nursing education.

Mr. Speaker, I think it is imperative that we continue assistance to schools of nursing and to nursing students at this time. Certainly the demand for this health worker is not going to decline—and the level of knowledge and skill required is continuing to rise. I strongly support this legislation.

Mr. CARTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Nurse Training Act, H.R. 17085 is a vitally important piece of legislation and I urge my colleagues to join with me and give support to nursing education. This legislation which is essential to our Nation's health care needs provides for the continued Federal Government support for assistance to nursing schools and nursing students.

As we consider the future and National Health Insurance we must act to assure that nursing manpower is available. Surely, without the support provided by this bill the number of nursing students will decrease in the face of increasing demands for health care.

In the last few months, we could read of hospital beds here in the metropolitan area being closed because of a lack of nursing staff. With the manpower requirements which National Health Insurance will bring added to an already stressed supply, we in the Congress must act to assist in meeting the needs of our great country.

The rural and inner city population has many health care needs. Nursing is providing health care to underserved areas in our country now. It can do more and I am pleased that moneys are authorized in this bill to provide for nurse practitioner programs. Through this provision greater emphasis can be placed on preparing nurses to meet the needs of our rural and inner city populations.

While there is a need for health professionals to assure roles in underserved areas, nurses have in the past and are now making efforts to meet this critical need. Nurse practitioner programs, funded thru the Nurse Training Act, will increase the number of nurses who are assuming responsibilities for primary care of patients—screening health problems, assessing health needs, and managing programs of care within established standing orders of a physician. There are many examples of health programs which nurses bring to underserved areas and one of the most successful and one which I am most proud of is in my home State of Kentucky.

The Frontier Nursing Service is one of the oldest and best examples of health care provided by nurses to people in a remote, or otherwise underserved area. Founded in 1925 to provide care for mothers and babies, the service now has family nurse practitioners providing care to entire families. Located in rural Appalachia in eastern Kentucky, the service covers 1,000 square miles with a population of 18,000 served by a central, hospital community health center and eight nursing outposts. Nurses at the outposts manage 55 percent of the ambulatory care encounters of the service, and the family nurses at the hospital manage 50 percent of the ambulatory care encounters at the hospital.

According to a recent Frontier Nursing Service bulletin:

> It is anticipated on the basis of accumulating evidence that the ratio of care provided by the primary care nurse in the nursing stations will increase as more well-prepared nurses are placed in these stations.

Another report adds that the Frontier Nursing Service has demonstrated—

> That an economically deprived area can be provided with good health care through the effective use of nurses, nurse-midwives and family nurses.

The Nurses Training Act will provide necessary funds to schools and students to educate nurses to carry on in projects such as I have described in Kentucky.

I think Mr. Speaker, H.R. 17085, will provide nursing schools with the necessary funds to continue to educate nurses, expand nursing roles and services and continue our commitment to provide quality health care for all our citizens.

Mr. BURKE of Massachusetts. Mr. Speaker, I speak in support of the Nurse Training Act of 1974. Mr. Speaker, many people today do not realize that nursing is a rapidly changing profession. We all know that nurses work in hospitals, but some do not know that nurses also work in nursing homes, offices, schools, industry—or, that nurses are making rounds or running clinics in remote rural or inner city areas where health services are scarce.

Nurses are specialists in psychiatric nursing, family nursing, maternal and child health, geriatrics and many of these nurses are moving in to fill the gaps in health care that occur when communities cannot get a physician or in other places, to free the physician to deal with the most difficult problems.

More nurses have been able to get the advanced education that they need to fill these highly skilled roles because of the Nurse Training Act of 1971. But that did not begin to fill the demand.

This bill, which continues support for nursing schools and students which was provided under the NTA of 1971, is directed even more specifically at providing for the preparation of nurses at a level that is more responsive to public need.

Special project grants and contracts authorized under the Nurse Training Act of 1971 have greatly contributed to the strengthening and improvement of nursing education and have expanded the role of nurses to better provide needed health care.

Some special projects, for example, have been directed toward preparing nurses to provide health care in remote rural and other underserved areas.

Such projects as in Washington State, sponsored by Peninsula Community College and Olympic Community College, establish nursing programs directed at providing better health care for American Indians. These two community colleges plan to establish a nursing program to prepare nursing personnel in an associate degree program for remote rural area of the Olympic Peninsula. Once the program is underway, Peninsula College plans to recruit and prepare nurses who will remain and work in reservations and nearby health facilities.

Other projects are directed toward

facilitating the process by which practical nurses can get the advance preparations they need to become eligible for RN licensure. At Northeastern University for example a work-study program with a shortened curricula giving advanced credit to selected licensed practical nurses who wish to become RNs.

These, Mr. Speaker, are just two examples of how the Federal Government's role through The Nurse Training Act has helped raise the quality and scope of health care provided to Americans. Congress, today, can take the steps necessary which would help continue projects such as I have just outlined and also increase other aspects of professional health care by enacting this important legislation.

Mr. BOLAND. Mr. Speaker, the Nurse Training Act of 1974, up before us today, provides for the revision and extension of a truly essential health professionals training vehicle. Through a continuation of construction grants, "capitation" support, nursing student loans, nursing scholarships and nurse traineeships, the bill H.R. 17085 will extend hitherto well tried programs which deserve our continued support. In addition, the bill would authorize new assistance to schools which offer advanced nurse training programs or training of nurse practitioners.

Together, these various programs provide a range of basic Federal assistance to national health services by promoting and supporting the growth of quality nursing care. In particular, the capitation grants encourage the expansion of nurse training enrollments and facilitate the development of various projects which can qualify for special grants by improving methods of nurse training. Improved health care delivery will also be greatly assisted when the new advanced nurse training programs have been developed. In this way, the Nation can hope to be provided with the kind of sophisticated clinical specialists that can work under the advanced medical practices that modern technology and research have made possible.

Crucial as well among the provisions of this bill are those which deal with direct student financial assistance. As in all health related areas, nurse training is an expensive proposition which often places a heavy burden on students. A somewhat revised scholarship and loan program will aid even more students than before. Nurse traineeships under the bill will continue to allow active nurses to acquire additional skills so as to better serve in administrative or teaching positions.

Mr. Speaker, this legislation has met with consistent support in this body over the years. Much in this bill is merely a reauthorization of longstanding programs. What is new—such as advanced nursing programs—is dictated by the *pressing* necessities of our current health delivery system. No one needs to be told the problems involved in health care today, least of all the price of that care. H.R. 17085, however, offers the kind of basic support for nurse training that we must extend if we are to maintain and improve our system. National health insurance will cure many ills when and if it comes, but health care delivery cannot wait. It must be supported and improved upon. I urge passage of this bill if we are to meet that goal.

Mr. HUDNUT. Mr. Speaker, as a cosponsor of the Nurse Training Act, H.R. 17085, I urge my colleagues to join me in strong support of this measure.

As you know, this bill is the lifeblood of nursing education in America. The skyrocketing costs of training needed health professionals, such as nurses, makes it imperative that the Federal Government continue its share of support for nursing schools.

H.R. 17085 represents part of the commitment of the Federal Government, commitment to provide our Nation with needed health professionals. New expanded nursing education programs are needed if we are going to provide quality health care for our people.

The Nurse Training Act of 1971 has proved extremely effective in increasing the number of needed registered nurses, and I believe this legislation before us today will continue to improve our educational institutions efforts to educate nurses and, in turn nurses will be equipped to serve our Nation's health needs.

Student enrollments in the fall of 1970 were 154,545. By the fall of 1973, that figure had increased to 232,589. Admissions increased by almost 35,000 from the fall of 1970 to the fall of 1972.

The American Nurses' Association estimates that there are 815,000 registered nurses in practice of which more than 237,000 are working part-time. This is up considerably from the 1971 figures where there were 750,000 registered nurses in practice but nowhere near the estimated need for 1 million nurses in 1975 and 1,100,000 by 1980.

Health programs, sponsored in total or in part by the Federal Government, depend on the ability of nurses to provide health care. The recent HMO legislation, as well as the growing need for national health insurance, makes it imperative that the Congress act favorably on this pending legislation.

Besides providing institutions with the financial aid to educate individuals who wish to become RN's, this legislation also meets another very important need—that of, continuing education.

The American Nurses' Association estimates that if the American people are to have comprehensive health care of acceptable quality, a minimum of one-quarter of employed registered nurses should have special continuing education opportunities to acquire the necessary additional skills. Specifically, with our current population growing as it is, the ANA projects a need for at least 5,000 geriatric nurse practitioners, 50,000 family nurse practitioners, 100,000 nurse practitioners and 30,000 obstetric-gynecologic nurse practitioners. These nurses would provide care in a wide variety of situations, including institutions, health maintenance organizations, outpatient clinics, psychiatric and mental health institutions, schools and colleges, physicians offices and nurse outreach clinics.

It is my belief that the use of nurses in these capacities provides an efficient, effective and economical way to provide needed health manpower to fill the existing gaps. While this legislation does not provide all the resources needed to fill these, it does make steady progress towards meeting our health care goals.

I therefore urge my colleagues to join with me and pass this vital manpower legislation and build a future for America where health services can be provided in an economical, efficient and effective way.

The SPEAKER pro tempore (Mr. McFall). The question is on the motion offered by the gentleman from West Virginia (Mr. Staggers) that the House suspend the rules and pass the bill H.R. 17085, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

HEALTH MANPOWER ACT OF 1974

Mr. STAGGERS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 17084) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps program and the National Health Service Corps scholarship training program, and for other purposes, as amended.

The Clerk read as follows:

H.R. 17084

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; REFERENCE TO ACT

Section 1. (a) This Act may be cited as the "Health Manpower Act of 1974".

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—GENERAL PROVISIONS

Sec. 101. (a) Sections 701 through 711 are repealed.

(b) Sections 724, 725, 799, and 799A are transferred to part A of title VII and are redesignated as sections 701, 702, 703, and 704, respectively.

(c) Section 701 (as so redesignated) is amended—

(1) by striking out "As used in this part and parts C, E, and F—" and inserting in lieu thereof "For purposes of this title:";

(2) by inserting "or an equivalent degree" after "degree in public health" in paragraph (4); and

(3) by adding at the end the following new paragraphs:

"(7) The term 'program for the training of physician assistants' means an educational program which has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to effectively provide primary health care under the supervision of a physician and which meets guidelines prescribed by the Secretary. Such guidelines shall be prescribed on or before March 1, 1975, after consultation with appropriate professional organizations and shall, as a minimum, require that such an educational program (A) have (i) a program of classroom instruction and supervised clinical practice directed toward preparing students to deliver primary health care and (ii) a minimum course of study of one academic year, and (B) have an enrollment in each year of not less than twenty-five students.

"(8) The term 'program for the training of nurse practitioners' means an educational program which has as its objective the education of professional nurses who will, upon completion of their studies in the program, be qualified to effectively provide primary health care and which meets the guidelines prescribed by the Secretary. Such guidelines shall be prescribed on or before March 1, 1975, after consultation with appropriate professional organizations and shall, as a minimum, require that such an educational program (A) have (i) a program of classroom instruction and supervised clinical practice directed toward preparing nurses to deliver primary health care and (ii) a minimum course of study of one academic year, and (B) have an enrollment in each year of not less than twenty-five students.

"(9) The term 'program for the training of expanded function dental auxiliaries' means an educational program which has as it objective the education of individuals who will, upon completion of their studies in the program, be qualified to effectively provide primary dental care under the supervision of a dentist and which meets guidelines prescribed by the Secretary. Such guidelines shall be prescribed on or before March 1, 1975, after consultation with appropriate professional organizations and shall, as a minimum, require that such an educational program (A) have (i) a program of classroom instruction and supervised clinical practice directed toward preparing students to deliver primary dental care and (ii) a minimum course of study of one academic year, and (B) have an enrollment in each year of not less than twenty-five students."

(d) (1) (A) The second sentence of subsection (a) of section 702 (as so redesignated) is amended to read as follows: "Of the appointed members of the Council (1) twelve shall be representatives of the health professions schools assisted under programs authorized by this title, including at least six persons experienced in university administration and at least one representative of schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, and public health, and entities which may receive a grant under section 791, (2) two shall be full-time students enrolled in health professions schools, and (3) six shall be members of the general public.".

(B) The amendment made by subparagraph (A) with respect to composition of the National Advisory Council on Health Professions Education shall apply with respect to appointments made to the Council after the date of the enactment of this Act, and the Secretary of Health, Education, and Welfare shall make appointments to the Council after such date in a manner which will bring about, at the earliest feasible time, the Council composition prescribed by the amendment.

(2) Section 702 (as so redesignated) is amended by striking out "E, and F" in subsection (a) and inserting in lieu thereof "E, F, and G".

(3) Section 702 (as so redesignated) is amended by striking out "parts A and G" in subsections (b) and (c) and inserting in lieu thereof "part H".

(e) Section 703 (as so redesignated) is amended to read as follows:

"ADVANCE FUNDING

"SEC. 703. An appropriation under an authorization of appropriations for grants or contracts under this title for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under such authorization for another fiscal year; but no funds may be made available from any appropriation under such authorization for obligation for such grants or contracts before the fiscal year for which such appropriation is authorized.".

(f) Part A of title VII is amended by adding after section 704 (as so redesignated) the following new sections:

"RECORDS AND AUDITS

"SEC. 705. (a) Each recipient of a grant or contract under this title shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by such recipient of the funds paid to it under such grant or contract, the total cost of the project or undertaking for which such grant or contract is made, and the amount of the portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) Each recipient of a grant or contract under this title shall provide for an annual financial audit of any books, accounts, financial records, files, and other papers 'or property which relate to the disposition or use of the funds received under such grant or contract. For purposes of assuring accurate, current, and complete disclosure of the disposition or use of the funds received under such a grant or contract, each such audit shall be conducted in accordance with such requirements concerning the individual or agency which conducts the audit and the standards applicable to the performance of the audit as the Secretary may by regulation provide. The report of each such audit shall be filed with the Secretary at such time and in such manner as he may by regulation prescribe.

"(c) The recipient of a scholarship or traineeship under this title or a grant under subsection (f) or (g) of section 747 shall not with respect to the scholarship, traineeship, or grant be required to keep the records prescribed under subsection (a) or provide the audit prescribed by subsection (b).

"DELEGATION

"SEC. 706. The Secretary may delegate the authority to administer any program authorized by this title to the administrator of a central or regional office or offices in the Department of Health, Education, and Welfare, except that the authority—

"(1) to review, and prepare comments on the merit of, any application for a grant or contract under any such program for purposes of presenting such application to the National Advisory Council on Health Professions Education, and

"(2) to make such a grant or enter into such a contract,

shall not be delegated to any administrator of, or officer in, a regional office or offices.".

(g) (1) The heading for part A of title VII is amended to read as follows:

"PART A—GENERAL PROVISIONS"

(2) The heading for part H of title VII is repealed.

SEC. 102. Section 212 is amended by adding after subsection (d) the following new subsection:

"(e) Active service of commissioned officers of the Service shall be deemed to be active military service in the Armed Forces of the United States for the purposes of all rights, privileges, immunities, and benefits now or hereafter provided under the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App. U.S.C. 501 et seq.).".

TITLE II—ASSISTANCE FOR CONSTRUCTION OF TEACHING FACILITIES

SEC. 201. Section 720 is amended to read as follows:

"GRANT AUTHORITY; AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 720. (a) The Secretary may make grants to assist in the construction of teaching facilities (including teaching hospitals) for the training of physicians, dentists, pharmacists, optometrists, podiatrists, veterinarians, and professional public health personnel.

"(b) There are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1975, $25,000,000 for the fiscal year ending June 30, 1976, and $25,000,000 for the fiscal year ending June 30, 1977, for grants under this part.".

SEC. 202. (a) (1) Subsection (a) of section 722 is amended to read as follows:

"(a) The amount of any grant under this part for construction of a project shall be such amount as the Secretary determines to be appropriate after obtaining advice of the Council, except that no grant for any project may exceed 80 per centum of the necessary costs of construction, as determined by the Secretary of such project. In determining the portion of the construction costs to be covered by a grant under this part for a construction project for teaching facilities for the training of physicians located in a State which has no such facilities, the Secretary shall provide that the grant for the project cover 80 per centum of its construction costs unless he determines a grant for such portion of such costs is not needed.".

(2) The amendment made by paragraph (1) shall take effect with respect to grants made under part B of title VII of the Public Health Service Act from appropriations under section 720 of such Act for fiscal years beginning after June 30, 1974.

(b) Subsection (d) of section 722 is amended by adding at the end the following new sentence: "In considering applications submitted for a grant under this part for the cost of construction of teaching facilities for the training of physicians, the Secretary shall give special consideration to projects in States which have no such facilities.".

SEC. 203. (a) Subsections (a) and (b) of section 729 are each amended by striking out "1974" and inserting in lieu thereof "1977".

(b) The second sentence of section 729(e) is amended by striking out "and" after "June 30, 1973," and by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "$2,000,000 for the fiscal year ending June 30, 1975, $3,000,000 for the fiscal year endinging June 30, 1976, and $3,000,000 for the fiscal year ending June 30, 1977.", and the fourth sentence of such section is amended by inserting a period after "Treasury" the second time it appears in that sentence and by striking the remainder of that sentence.

(c) (1) The third sentence of section 729(a) is amended to read as follows: "No such loan guarantee may, except under special circumstances and under such conditions as are prescribed by regulations, apply to any amount which, when added to any grant under this part or any other law of the United States, exceeds 90 per centum of the cost of the construction of the project.".

(2) The amendment made by paragraph (1) shall apply with respect to loans guaranteed under section 727(a) of the Public Health Service Act (as redesignated by section 204(b) of this Act) after the date of the enactment of this Act.

(d) Subsections (a) and (b) of section 729 are each amended by inserting "or the Federal Financing Bank" after "non-Federal lender".

SEC. 204. (a) Section 721(c) is amended—

(1) by striking out "section 770(f) of this

Act" in paragraph (2) and inserting in lieu thereof "section 771";

(2) by striking out the sentence at the end of paragraph (2);

(3) by striking out paragraph (5) and redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively;

(4) by striking out "and" at the end of paragraph (5) (as so redesignated), by striking out the period at the end of paragraph (6) (as so redesignated) and inserting in lieu thereof "; and", and by inserting after paragraph (6) the following:

"(7) the application contains or is supported by adequate assurance that any laborer or mechanic employed by a contractor or subcontractors in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a–276a–5, known as the Davis-Bacon Act).

The Secretary of Labor shall have with respect to the labor standards specified in paragraph (7) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c)."; and

(5) by striking out "725" in the last sentence and inserting in lieu thereof "702".

(b) Sections 726, 727, 728, and 729 are redesignated as sections 724, 725, 726, and 727, respectively.

TITLE III—STUDENT ASSISTANCE; NATIONAL HEALTH SERVICE CORPS

SEC. 301. (a) Subsection (a) of section 740 is amended by striking out "or veterinary medicine" and inserting in lieu thereof "veterinary medicine, or public health".

(b)(1) Subsection (b) of section 740 is amended (A) by striking out "and" at the end of paragraph (4), (B) by redesignation paragraph (5) as paragraph (6), and (C) by inserting after paragraph (4) the following new paragraph:

"(5) provide that the school shall advise, in writing, each applicant for a loan from the student loan fund of the provisions of section 714 under which outstanding loans from the student loan fund may be paid (in whole or in part) by the Secretary; and".

(2) Paragraph (4) of such subsection (b) is amended by striking out "veterinary medicine or an equivalent degree," and inserting in lieu thereof "veterinary medicine or an equivalent degree or to a graduate degree in public health or an equivalent degree,".

(c) Subsection (a) of section 741 is amended to read as follows:

"(a) Loans from a student loan fund established under an agreement under section 740 may not exceed for any student for any academic year (or its equivalent) the sum of—

"(1) the cost of tuition for such year at the school for which such fund was established, and

"(2) $2,500."

(d) Subsection (b) of section 741 is amended by striking out the period at the end and inserting in lieu thereof "or to a graduate degree in public health or an equivalent degree.".

(e) Subsection (c) of section 741 is amended by striking out "or veterinary medicine" and inserting in lieu thereof "veterinary medicine, or public health".

(f)(1) Subsection (e) of section 741 is amended by striking out "3 per centum" and inserting in lieu thereof "7 per centum".

(2) The amendment made by paragraph (1) shall apply with respect to loans made after the date of the enactment of this Act from student loan funds establised under section 740 of the Public Health Service Act.

(g) Subsection (f)(1) of section 741 is amended—

(1) by inserting before the semicolon at the end of subparagraph (A) the following: "or a graduate degree in public health or an equivalent degree"; and

(2) by striking out "or podiatry" in subparagraph (B) and inserting in lieu thereof "podiatry, or public health".

(h) In the case of any individual who, on or after November 18, 1971, and before the date of the enactment of this Act, met the requirements of subparagraphs (A) and (B) of section 741(f)(1) of the Public Health Service Act and who practiced his profession in an area described in subparagraph (C) of such section (as in effect before the date of the enactment of this Act) while a member of the National Health Service Corps or as an officer of the Regular or Reserve Corps of the Public Health Service or as a civilian employee of the Public Health Service, the individual shall, for purposes of section 741 (f) of such Act, be deemed to have entered into the agreement required by such subparagraph (C) with respect to that practice.

(i) Effective with respect to appropriations under section 742 of the Public Health Service Act for fiscal years beginning after June 30, 1975, subsection (a) of section 742 is amended to read as follows:

"(a) For the purpose of making Federal capital contributions into the student loan funds of schools which have established such funds under an agreement under section 740, there are authorized to be appropriated $30,000,000 for the fiscal year ending June 30, 1976, and $30,000,000 for the fiscal year ending June 30, 1977. For the fiscal year ending June 30, 1978, and each of the two succeeding fiscal years there are authorized to be appropriated such sums as may be necessary to enable students who have received a loan under this part for any academic year ending before July 1, 1977, to continue or complete their education."

(j) Section 743 is amended by striking out "1977" each place it occurs and inserting in lieu thereof "1980".

(k)(1) Section 744 is repealed.

(2) The health professions education fund created within the Treasury by section 744 (d)(1) of the Public Health Service Act shall remain available to the Secretary of Health, Education, and Welfare for the purpose of meeting his responsibilities respecting participations in obligations acquired under section 744 of such Act. The Secretary shall continue to deposit in such fund all amounts received by him as interest payments or repayments of principal on loans under such section 744. If at any time the Secretary determines the moneys in the fund exceed the present and any reasonable prospective future requirements of such fund, such excess may be transferred to the general fund of the Treasury.

(3) There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable the Secretary to make payments under agreements entered into under section 744(b) of the Public Health Service Act before the date of the enactment of this Act.

(4) Section 742(b) is amended (1) by striking out ", and for loans pursuant to section 744" in paragraph (1); and (2) by striking out "(whether as Federal capital contributions or as loans to schools under section 744)" in paragraph (3).

(l)(1) Section 746 is repealed.

(2) Section 740 is amended (A) by striking out "of Health, Education, and Welfare" in subsection (a); and (B) by striking out ", except as provided in section 746," in paragraphs (2) and (3) of subsection (b).

(3) Section 745 is redesignated as section 744.

(m)(1) The heading for Part C of title VII is amended to read as follows:

"PART C—STUDENT ASSISTANCE".

(2) The heading for subpart I of part C of title VII is amended to read as follows:

"Subpart I—Student Loans".

SEC. 302. (a) Subparts I, II, and III of part F of title VII are repealed.

(b) The Secretary of Health, Education, and Welfare during the period beginning July 1, 1974, and ending June 30, 1977, may (1) make grants to public and non-profit private schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, and pharmacy to enable such schools to continue making payments under scholarship awards to students who initially received such awards out of grants made to the schools under section 780 of the Public Health Service Act for fiscal years ending before July 1, 1974, and (2) make scholarship grants under secton 784 of such Act (as in effect before the date of the enactment of this Act) to individuals who initially received such grants before July 1, 1974.

SEC. 303. Part C of title VII is amended by adding at the end of the following new subpart:

"Subpart III—Traineeships for Students in Schools of Public Health

"TRAINEESHIPS

"SEC. 751. (a) The Secretary may make grants to schools of public health for traineeships to train students enrolled in such schools.

"(b)(1) No grant for traineeships may be made under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, be submitted in such manner, and contain such information, as the Secretary by regulation may prescribe. Traineeships under such a grant shall be awarded in accordance with such regulations as the Secretary shall prescribe. The amount of any such grant shall be determined by the Secretary and payments under such a grant may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary finds necessary.

"(2) Traineeships awarded under grants made under subsection (a) shall provide for such stipends and allowances (including travel and subsistence expenses and dependency allowances) for the trainees as the Secretary may deem necessary.

"(c) For the purposes of making payments under grants under subsection (a), there are authorized to be appropriated $6,000,000 for the fiscal year ending June 30, 1975, $6,000,000 for the fiscal year ending June 30, 1976, and $6,000,000 for the fiscal year ending June 30, 1977.".

SEC. 304. (a) Section 329 is amended to read as follows:

"NATIONAL HEALTH SERVICE CORPS

"SEC. 329. (a) There is established, within the Service, the National Health Service Corps (hereinafter in this section referred to as the 'Corps') which shall consist of those officers of the Regular and Reserve Corps of the Service and such other personnel as the Secretary may designate and which shall be utilized by the Secretary under this section to improve the delivery of health services to medically underserved populations.

"(b)(1) The Secretary shall designate the medically underserved populations in the States. For purposes of this section, a medically underserved population is the population of an urban or rural area (which does not have to conform to the geographical boundaries of a political subdivision and which should be a rational area for the delivery of health services) which the Secretary determines has a critical health manpower shortage or a population group determined by the Secretary to have such a shortage; and the term 'State' includes Guam, American Samoa, and the Trust Territory of the Pacific Islands. In designating medically underserved populations, the Secretary shall take into account (A) the recommendations of the entities responsible for the development of the plans referred to in section 314(b) which cover all or any part of the areas in which populations under consideration for designation reside, and (B) in the case of any such area for which no such entity is responsible for developing such a plan, the recommendations of the agency of the State (or States) in which such area is located which administers or supervises the administration of a State plan approved under section 314(a).

"(2) Any person may apply to the Secretary (in such manner as he may prescribe) for the designation of a population as a medically underserved population. In considering an application under this paragraph, the Secretary shall, in addition to criteria utilized by him in making a designation under paragraph (1), take into account the following:

"(A) Ratios of available health manpower to the population for which the application is made.

"(B) Indicators of the population's access to health services.

"(C) Indicators of the health status of the population.

"(D) Indicators of such population's need and demand for health services.

"(3) The Secretary shall (A) provide assistance to persons seeking assignment of Corps personnel to provide under this section health service for medically underserved populations, and (B) conduct such information programs in areas in which such populations reside as may be necessary to inform the public and private health entities serving those areas of the assistance available to such populations by virtue of their designation under this section as medically underserved.

"(c)(1)(A) The Secretary may assign personnel of the Corps to provide, under regulations prescribed by the Secretary, health services for a medically underserved population if—

"(i) the State health agency of each State in which such population is located or the local public health agency or any other public or nonprofit private health entity serving such population makes application to the Secretary for such assignment, and

"(ii) the

"(I) local government of the area in which such population resides, and

"(II) any State and district medical, osteopathic, or dental society for such area, or any other appropriate health society (as the case may be) for such area,

certify to the Secretary that such assignment of Corps personnel is needed for such population.

"(B) The Secretary may not approve an application under paragraph (1)(A)(i) for an assignment unless the applicant agrees to enter into an arrangement with the Secretary in accordance with subsection (e)(1) and has afforded—

"(i) the entity responsible for the development of the plans referred to in section 314(b) which covers all or any part of the area in which the population for which the application is submitted resides, and

"(ii) if there is a part of such area for which no such entity is responsible for developing such plans, the agency of the State in which such part is located which administers or supervises the administration of a State plan approved under section 314(a),

an opportunity to review the application and submit its comments to the Secretary respecting the need for and proposed use of the manpower requested in the application. In considering such an application, the Secretary shall take into consideration the need of the population for which the application was submitted for the health services which may be provided under this section; the willingness of the population and the appropriate governmental agencies or health entities serving it to assist and cooperate with the Corps in providing effective health services to the population; and recommendations from medical, dental, or other health societies or from medical personnel serving the population.

"(C) If with respect to any proposed assignment of Corps personnel for a medically underserved population the requirements of clauses (i) and (ii) of subparagraph (A) are met except for the certification by a State and district medical, osteopathic, or dental society or by any other appropriate health society required by clause (ii)(II) and if the Secretary finds from all the facts presented that such certification has clearly been arbitrarily and capriciously withheld, the Secretary may, after consultation with appropriate medical, osteopathic, dental, or other health societies, waive the application of the certification requirement to such proposed assignment.

"(2)(A) In approving an application submitted under paragraph (1) for the assignment of Corps personnel to provide health services for a medically underserved population, the Secretary may approve the assignment of Corps personnel for such population during a period (referred to in this paragraph as the 'assistance period') which may not exceed four years from the date of the first assignment of Corps personnel for such population after the date of the approval of the application. No assignment of individual Corps personnel may be made for a period ending after the expiration of the applicable approved assistance period.

"(B) Upon expiration of an approved assistance period for a medically underserved population, no new assignment of Corps personnel may be made for such population unless an application is submitted in accordance with paragraph (1) for such assignment. The Secretary may not approve such an application unless—

"(i) the application and certification requirements of paragraph (1) are met;

"(ii) the Secretary has conducted an evaluation of the continued need for health manpower of the population for which the application is submitted, of the utilization of the manpower by such population, of the growth of the health care practice of the Corps personnel assigned for such population, and of community support for the assignment; and

"(iii) the Secretary has determined that such population has made continued efforts to secure its own health manpower, that there has been sound fiscal management of the health care practice of the Corps personnel assigned for such population, including efficient collection of fee-for-service, third-party, and other funds available to such population, and that there has been appropriate and efficient utilization of such Corps personnel.

"(3) Corps personnel shall be assigned to provide health services for a medically underserved population on the basis of the extent of the population's need for health services and without regard to the ability of the members of the population to pay for health services.

"(4) In making an assignment of Corps personnel the Secretary shall seek to match characteristics of the assignee (and his spouse (if any)) and of the population to which such assignee may be assigned in order to increase the likelihood of the assignee remaining to serve the population upon completion of his assignment period. The Secretary shall, before the expiration of the last nine months of the assignment period of a member of the Corps, review such member's assignment and the situation in the area to which he was assigned for the purpose of determining the advisability of extending the period of such member's assignment.

"(5) To assist in the recruitment of health manpower, the Secretary shall provide technical assistance to all medically underserved populations to which are not assigned Corps personnel. The Secretary shall also give such populations current information respecting public and private programs which may assist in securing health manpower for them.

"(d)(1) In providing health services for a medically underserved population under this section, Corps personnel shall utilize the techniques, facilities, and organizational forms most appropriate for the area in which the population resides and shall, to the maximum extent feasible, provide such services (A) to all members of the population regardless of their ability to pay for the services, and (B) in connection with (i) direct health services programs carried out by the Service; (ii) any direct health services program carried out in whole or in part with Federal financial assistance; or (iii) any other health services activity which is in furtherance of the purposes of this section.

"(2)(A) Notwithstanding any other provision of law, the Secretary (i) may, to the extent feasible, make such arrangements as he determines necessary to enable Corps personnel in providing health services for a medically underserved population to utilize the health facilities of the area in which the population resides and if there are no health facilities in or serving such area, the Secretary may arrange to have Corps personnel provide health services in the nearest health facilities of the Service or the Secretary may lease or otherwise provide facilities in such area for the provision of health services, (ii) may make such arrangements as he determines are necessary for the use of equipment and supplies of the Service and for the lease or acquisition of other equipment and supplies, and (iii) may secure the temporary services of nurses and allied health professionals.

"(B) If such area is being served (as determined under regulations of the Secretary) by a hospital or other health care delivery facility of the Service, the Secretary shall, in addition to such other arrangements as the Secretary may make under subparagraph (A), arrange for the utilization of such hospital or facility by Corps personnel in providing health services for the population, but only to the extent that such utilization will not impair the delivery of health services and treatment through such hospital or facility to persons who are entitled to health services and treatment through such hospital or facility.

"(3) The Secretary may make one grant to any applicant with an approved application under subsection (c) to assist it in meeting the costs of establishing medical practice management systems for Corps personnel, acquiring equipment for their use in providing health services, and establishing appropriate continuing education programs and opportunities for them. No grant may be made under this paragraph unless an application therefor is submitted to, and approved by, the Secretary. The amount of any grant shall be determined by the Secretary, except that no grant may be made for more than $25,000.

"(4) Upon the expiration of Corps personnel to provide health services for a medically underserved population, the Secretary (notwithstanding any other provision of law) may sell to the entity which submitted the last application approved under subsection (c) for the assignment of Corps personnel for such population equipment of the United States utilized by such personnel in providing health services. Sales made under this paragraph shall be made for the fair market value of the equipment sold (as determined by the Secretary).

"(e)(1) The Secretary shall require as a condition to the approval of an application under subsection (c) that the entity which submitted the application enter into an appropriate arrangement with the Secretary under which—

"(A) the entity shall be responsible for charging in accordance with paragraph (2) for health services by the Corps personnel to be assigned;

"(B) the entity shall take such action as may be reasonable for the collection of payments for such health services, including if a Federal agency, an agency of a State or local government, or other third party would be responsible for all or part of the cost of such health services if it had not been provided by Corps personnel under this section, the collection, on a fee-for-service or other basis, from such agency or third party the portion of such cost for which it would be so responsible (and in determining the amount of such cost which such agency or third party would be responsible, the health services provided by Corps personnel shall be considered as being provided by private practitioners); and

"(C) the entity shall pay to the United States as prescribed by the Secretary for each calendar quarter (or other period as may be specified in the arrangement) during which any Corps personnel are assigned to such entity the sum of—

"(i) the pay (including amounts paid in accordance with subsection (f)) and allowances of such Corps personnel for the portion of such quarter (or other period) during which assigned to the entity;

"(ii) if such entity received a grant under subsection (d)(3) for the assistance period, an amount which bears the same ratio to the amount of such grant as the number of days in such quarter (or other period) during which any Corps personnel were assigned to the entity bears to the number of days in the assistance period after such entity received such grant; and

"(iii) if during such quarter (or other period) any member of the Corps assigned to such entity is providing obligated service pursuant to an agreement under the Public Health and National Health Service Corps Scholarship Training Program, for each such member an amount which bears the same ratio to the amount paid under such Program to or on the behalf of such member as the number of days of obligated service provided by such member during such quarter (or other period) bears to the number of days in his period of obligated service under such Program.

The Secretary may waive in whole or in part the application of the requirement of subparagraph (C) to an entity if he determines that the entity is financially unable to meet such requirement or if he determines that compliance with such requirement would unduly limit the ability of the entity to maintain the quality of the services it provides. The excess (if any) of the amount collected by an entity in accordance with subparagraph (B) over the amount paid to the United States in accordance with subparagraph (C) shall be used by the entity to expand or improve the provision of health services to the population for which the entity submitted an application under subsection (c) or to recruit and retain health manpower to provide health services for such population. Funds received by the Secretary under such an arrangement shall be deposited in the Treasury as miscellaneous receipts and shall be disregarded in determining the amounts of appropriations to be requested under subsection (i) and the amounts to be made available from appropriations made under such subsection to carry out this section.

"(2) Any person who receives health services provided by Corps personnel under this section shall be charged for such services on a fee-for-service or other basis at a rate approved by the Secretary, pursuant to regulations, to recover the value of such services; except that if such person is determined under regulations of the Secretary to be unable to pay such charge, the Secretary shall provide for the furnishing of such services at a reduced rate or without charge.

"(f)(1) The Secretary shall conduct at medical and nursing schools and other schools of the health professions and at entities which train allied health personnel, recruiting programs for the Corps. Such programs shall include the wide dissemination of written information on the Corps and visits to such schools by personnel of the Corps.

"(2) The Secretary may reimburse applicants for positions in the Corps for actual expenses incurred in traveling to and from their place of residence to an area in which they would be assigned for the purpose of evaluating such area with regard to being assigned in such area. The Secretary shall not reimburse an applicant for more than one such trip.

"(3) Commissioned officers and other personnel of the Corps assigned to provide health services for medically underserved populations shall not be included in determining whether any limitation on the number of personnel which may be employed by the Department of Health, Education, and Welfare has been exceeded.

"(4) The Secretary shall, under regulations prescribed by him, adjust the monthly pay of each physician and dentist member of the Corps who is directly engaged in the delivery of health services to a medically underserved population as follows:

"(A) During the first thirty-six months in which such a member is so engaged in the delivery of health services, his monthly pay shall be increased by an amount (not to exceed $1,000) which when added to the member's monthly pay and allowances will provide a monthly income competitive with the average monthly income from an established practice of a member of such member's profession with equivalent training.

"(B) During the period beginning upon the expiration of the thirty-six months referred to in subparagraph (A) and ending with the month in which the member's monthly pay and allowances is equal to or exceeds the monthly income he received for the last of such thirty-six months, the member shall receive in addition to his monthly pay and allowances an amount which when added to such monthly pay and allowances equals the monthly income he received for such last month.

For purposes of subparagraphs (A) and (B), the term 'monthly pay' includes special pay received under chapter 5 of title 37 of the United States Code. In the case of a member of the Corps who is directly engaged in the provision of health services to a medically underserved population in accordance with a service obligation incurred under the Public Health Service and National Health Service Corps Scholarship Training Program, the provisions of this paragraph shall apply to such member upon satisfactory completion of such service obligation and the first thirty-six months of his being so engaged in the delivery of health care shall, for purposes of this paragraph, be deemed to begin upon such satisfactory completion.

"(g) The Secretary shall report to Congress no later than May 15 of each year—

"(1) the number and identity of all medically underserved populations in each of the States in the calendar year preceding the year in which the report is made and the number of medically underserved populations which the Secretary estimates will be designated under subsection (b) in the calendar year in which the report is made;

"(2) the number of applications filed in such preceding calendar year for assignment of Corps personnel under this section and the action taken on each such application;

"(3) the number and types of Corps personnel assigned in such preceding year to provide health services for medically underserved populations, the number and types of additional Corps personnel which the Secretary estimates will be assigned to provide such services in the calendar year in which the report is submitted, and the need (if any) for additional personnel for the Corps;

"(4) the recruitment efforts engaged in for the Corps in such preceding year, including the programs carried out under subsection (f)(1) and the number of qualified persons who applied for service in the Corps in each professional category;

"(5) the total number of patients seen and patient visits recorded during such preceding year in each area where Corps personnel were assigned;

"(6) the number of health personnel electing to remain after termination of their service in the Corps to provide health services to medically underserved populations and the number of such personnel who do not make such election and the reasons for their departure;

"(7) the results of evaluations made under subsection (c)(2)(B)(ii), and determinations made under subsection (c)(2)(B)(iii), during such preceding year; and

"(8) the amount (A) charged during such preceding year for health services by Corps personnel, (B) collected in such year by entities in accordance with arrangements under subsection (e)(1), and (C) paid to the Secretary in such year under such arrangements.

"(h)(1) There is established a council to be known as the National Advisory Council on the National Health Service Corps (hereinafter in this section referred to as the 'Council'). The Council shall be composed of fifteen members appointed by the Secretary as follows:

"(A) Four members shall be appointed from the general public to represent the consumers of health care, at least two of whom shall be members of a medically underserved population for which Corps personnel are providing health services under this section.

"(B) Three members shall be appointed from the medical, dental, and other health professions and health teaching professions.

"(C) Three members shall be appointed from State health or health planning agencies.

"(D) Three members shall be appointed from the Service, at least two of whom shall be members of the Corps directly engaged in the provision of health services for a medically underserved population.

"(E) One member shall be appointed from the National Advisory Council on Comprehensive Health Planning.

"(F) One member shall be appointed from the National Advisory Council on Regional Medical Programs.

The Council shall consult with, advise, and make recommendations to, the Secretary with respect to his responsibilities in carrying out this section, and shall review and comment upon regulations promulgated by the Secretary under this section and section 747.

"(2) Members of the Council shall be appointed for a term of three years and shall not be removed, except for cause. Members may be reappointed to the Council.

"(3) Appointed members of the Council, while attending meetings or conferences thereof or otherwise serving on the business of the Council, shall be entitled to receive for each day (including traveltime) in which they are so serving the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5 of the United States Code for persons in the Government service employed intermittently.

"(i) (1) To carry out the purposes of this section, there are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1975; $36,000,000 for the fiscal year ending June 30, 1976; and $45,000,000 for the fiscal year ending June 30, 1977.

"(2) An appropriation under an authorization under paragraph (1) of this subsection for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under an authorization under paragraph (1) for another fiscal year; but no funds may be made available from any appropriation under such authorization for obligation under this section before the fiscal year for which such appropriation is authorized.".

(b) (1) The Secretary of Health, Education, and Welfare shall report to Congress (1) not later than three months after the date of the enactment of this Act, the criteria used by him in designating medically underserved populations for purposes of section 329 of the Public Health Service Act, and (2) not later than six months after the date of the enactment of this Act, the identity and number of medically underserved populations in each State meeting such criteria.

(2) The Secretary of Health, Education, and Welfare shall conduct or contract for studies of methods of assigning under section 329 of the Public Health Service Act National Health Service Corps personnel to medically underserved populations and of providing health care to such populations. Such studies shall be for the purpose of identifying (A) the characteristics of health manpower who are more likely to remain in practice in areas in which medically underserved populations are located, (B) the characteristics of areas which have been able to retain health manpower. (C) the appropriate conditions for assignment of nurse practitioners, physician's assistants, and expanded function dental auxiliaries in areas in which medically underserved populations are located, and (D) the effect that primary care residency training in such areas has on the health care provided in such areas and on the decisions of physicians who received such training respecting the areas in which to locate their practice.

(c) (1) The amendment made by subsection (a) which changed the name of the advisory council established under section 329 of the Public Health Service Act shall not be construed as requiring the establishment of a new advisory council under that section; and the amendment made by such subsection with respect to the composition of such advisory council shall apply with respect to appointments made to the advisory council after the date of the enactment of this Act, and the Secretary of Health, Education, and Welfare shall make appointments to the Advisory Council after such date in a manner which will bring about, at the earliest feasible time, the Advisory Council composition prescribed by the amendment.

(2) (A) Section 741(f) (1) (C) is amended by striking all that follows after "in a State" and inserting in lieu thereof "in which is located a medically underserved population designated under section 329(b);".

(B) The amendment made by subparagraph (A) shall apply with respect to agreements entered into under section 741(f) of the Public Health Service Act after the date of the enactment of this Act.

SEC. 305. (a) Section 747 is repealed and effective July 1, 1975, section 225 is transferred to subpart II of part C of title VII, is redesignated section 747, and is amended to read as follows:

"PUBLIC HEALTH AND NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP TRAINING PROGRAM

"SEC. 747. (a) The Secretary shall establish the Public Health and National Health Service Corps Scholarship Training Program (hereinafter in this section referred to as the 'Program') to obtain trained physicians, dentists, and nurses and, if needed by the Corps or other unit of the Service, podiatrists, optometrists, pharmacists, graduates of schools of public health, graduates of programs in health administration, and other health-related specialists.

"(b) To be eligible for acceptance in the Program, an applicant for the Program must—

"(1) be accepted for enrollment, or be enrolled, as a full-time student (A) in an accredited (as determined by the Secretary) educational institution in a State and (B) in (i) a course of study offered by such institution and approved by the Secretary which leads to a degree in medicine, osteopathy, dentistry, nursing, or other health-related specialty as determined by the Secretary or (ii) a program offered by such institution for the training of physician assistants, expanded function dental auxiliaries, or nurse practitioners;

"(2) be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Service or be eligible for selection for civilian service in the Service; and

"(3) agree in writing to serve, as prescribed by subsection (d) of this section, in the Commissioned Corps of the Service or as a civilian member of the Service.

To remain in the Program an individual must pursue at such an institution such an approved course of study or such a program and maintain an acceptable level of academic standing in it.

"(c) (1) (A) Each participant in the Program shall receive a scholarship for each approved academic year of training, not to exceed four years. A participant's scholarship shall consist of (i) an amount equal to the basic pay and allowances of a commissioned officer on active duty in pay grade O–1 with less than two years of service, and (ii) payment of the tuition expenses of the participant and all other reasonable educational expenses incurred by the participant, including fees, books, and laboratory expenses.

"(B) The Secretary may contract with an institution in which participants in the Program are enrolled for the payment to the institution of the tuition and other educational expenses of such participants. Payment to such institution may be made without regard to section 3648 of the Revised Statutes (31 U.S.C. 529).

"(2) When the Secretary determines that an institution has increased its total enrollment for the sole purpose of accepting members of the Program, he may provide under a contract with such an institution for additional payments to the institution to cover the portion of the increased costs of the additional enrollment which are not covered by the institution's normal tuition and fees.

"(d) (1) Each participant in the Program shall provide service as prescribed by paragraph (2) for a period of time (hereinafter in this section referred to as a 'period of obligated service') prescribed by the Secretary which may be not less than—

"(A) one year of such service for each academic year of training received under the Program, or

"(B) two years.

For persons receiving a degree from a school of medicine, osteopathy, or dentistry, the commencement of a period of obligated service shall be deferred by the Secretary, at the request of the participant, for the period of time required to complete internship, residency, or other advanced clinical training. For persons receiving degrees in other health professions the obligated service period shall commence upon completion of their academic training. Periods of internship, residency, or other advanced clinical training shall not be creditable in satisfying a service obligation under this subsection.

"(2) (A) Except as provided in subparagraphs (B), (C), and (D), an individual obligated to provide service on account of his participation in the Program shall provide such service for the period of obligated service applicable to him as a member of the National Health Service Corps or the Indian Health Service in the clinical practice of his profession.

"(B) If at the time an individual is required by the Secretary to begin his period of obligated service neither the National Health Service Corps nor the Indian Health Service has a position available for a member of the profession for which such individual was trained, such individual shall serve as a member of the Service in the clinical practice of his profession in connection with the delivery of health services under the authority of section 321 (relating to hospitals), 322 (relating to care and treatment of seamen and others), 323 (relating to care and treatment of Federal prisoners), 324 (relating to examination and treatment of certain Federal employees), 325 (relating to examination of aliens), or 326 (relating to services to certain Federal employees) or part D of title III (relating to services for persons with Hansen's disease).

"(C) If at the time an individual is required by the Secretary to begin his period of obligated service—

"(i) the Corps and the Indian Health Service have no positions available for a member of the profession for which such individual was trained, and

"(ii) the Service has no need for such individual in connection with the delivery of health services under the authorities referred to in subparagraph (B),

such individual shall serve in the clinical practice of his profession for such period in a medical facility of a State correctional facility, State mental hospital, community mental health center, migrant health center, community health center, or other medical entity designated by the Secretary as having a priority need for health personnel.

"(D) If at the time an individual is required by the Secretary to begin his period of obligated service—

"(i) the Corps and the Indian Health Service have no positions available for a member of the profession for which such individual was trained,

"(ii) the Service has no need for such individual in connection with the delivery of health services under the authorities referred to in subparagraph (B), and

"(iii) no entity designated under subparagraph (C) has positions available for a member of the profession for which such individual was trained,

such individual shall serve for such period as a member of the Public Health Service in such unit of the Department as the Secretary may prescribe.

"(e) If, for any reason, a person fails to either begin his service obligation under this section in accordance with subsection (d) or to complete such service obligation, the United States shall be entitled to recover from such individual an amount determined in accordance with the formula

$$A=2\phi\left(\frac{t-s}{t}\right)$$

in which 'A' is the amount the United States is entitled to recover; 'ø' is the sum of the amount paid under this section to or on behalf of such person and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate; 't' is the total number of months in such person's service obligation; and 's' is the number of months of such obligation served by him in accordance with subsection (d). Any amount which the United States is entitled to recover under this subsection shall, within the three-year period beginning on the date the United States becomes entitled to recover such amount, be paid to the United States.

"(f)(1)(A) The Secretary shall release any participant in the Program from his service obligation under subsection (d) if such participant enters into a written agreement with the Secretary to engage on a full-time basis in the private practice of his profession—

"(i) in an area in a State in which is located a medically underserved population designated under section 329(b); and

"(ii) for a period of—

"(I) one year for each academic year of training received under the Program, or

"(II) two years,

whichever is greater.

"(B) An agreement described in subparagraph (A) shall—

"(i) provide that during the period of private practice by a participant pursuant to the agreement—

"(I) any individual who receives health services provided by the participant in connection with such private practice will be charged for such services at the usual and customary rate prevailing in the area in which such services are provided, except that if such individual is unable to pay such charge (as determined in accordance with regulations prescribed by the Secretary) such individual shall be charged at a reduced rate or not charged any fee; and

"(II) the participant in providing health services in connection with such private practice shall not discriminate against any individual on the basis of such individual's ability to pay for such services or becasue payment for the health services provided to such individual will be made under the insurance program established under part A or B of title XVIII of the Social Security Act or under a State plan for medical assistance approved under title XIX of such Act; and

"(ii) contain such additional provisions as the Secretary may require to carry out the purposes of this subsection.

"(2)(A) The Secretary may make one grant to any participant—

"(i) who has entered into an agreement under paragraph (1), and

"(ii) who has agreed to extend the period of practice under such agreement by a period of not less than one year,

to assist such participant in meeting the costs of beginning the practice of his profession in accordance with such agreement, including the costs of acquiring equipment and renovating facilities for use in providing health services, and of hiring nurses and other personnel to assist in providing health services. No such grant may be used for the purchase or construction of any health care facility.

"(B) The amount of the grant to any participant under subparagraph (A) shall be—

"(i) $12,500, if such participant agrees to extend the period of practice under the agreement under paragraph (1) for a period of at least one year but less than two years; or

"(ii) $25,000, if such participant agrees to extend the period of practice under the agreement under paragraph (1) for a period of at least two years.

"(3) The Secretary may not enter into any agreement under paragraph (1) or make any grant under paragraph (2) unless an application therefor has been submitted to, and approved by, the Secretary.

"(4)(A) The Secretary shall pay, as soon as practicable after the close of each calendar quarter, to each participant who entered into an agreement under paragraph (1) an amount which is equal to the excess (if any) of—

"(i) the amount of basic pay and allowances which such participant would have received for the period—

"(I) in which he practiced his profession in accordance with the agreement under paragraph (1), and

"(II) which is in the calendar year in which such calendar quarter occurs and ends at the close of such calendar quarter.

(which period is hereafter in this paragraph referred to as the 'service period') if during his service period he was a commissioned member of the National Health Service Corps providing service during a period of obligated service under subsection (d), over

"(ii) the sum of the net income (as determined under regulations prescribed by the Secretary) derived by such participant during his service period from the private practice of his profession and the amount (if any) paid before the close of such calendar quarter to such participant under this paragraph with respect to the portion of this service period which ended at the close of the preceding calendar quarter.

"(B) If after the close of any calendar year—

"(i) the amount described in subparagraph (A)(ii) which was received by the participant for the period in such year in which he practiced his profession in accordance with an agreement under paragraph (1), exceeds

"(ii) the amount of basic pay and allowances which the participant would have received for such period if during such period he was a commissioned member of the service during a period of obligated service under subsection (d).

the Secretary shall be entitled to recover from the participant an amount equal to the lesser of the amount of such excess or the amount paid to the participant under subparagraph (A) for the period in such year in which he practiced his profession in accordance with an agreement under paragraph (1).

"(C) The Secretary may not make any payment to any participant under subparagraph (A) unless—

"(i) an application therefor has been submitted to the Secretary in such manner and containing such information as he shall by regulation prescribe; and

"(ii) such participant keeps such records as the Secretary may prescribe and makes such records available to the Secretary for any examination he may require.

"(g)(1) The Secretary may make one grant to any individual (other than an individual who entered into an agreement under subsection (f)(1))—

"(A) who has completed his period of obligated service under the Program, and

"(B) who has agreed in writing to engage on a full-time basis in the private practice of his profession in accordance with subsection (f)(1) for a period of not less than one year.

to assist such individual in meeting the costs of beginning the practice of his profession in accordance with such agreement, including the costs of acquiring equipment and renovating facilities for use in providing health services, and of hiring nurses and other personnel to assist in providing health services. Such grant may not be used for the purchase or construction of any health care facility.

"(2) The amount of the grant under paragraph (1) to any individual shall be—

"(A) $12,500, if such participant agrees to practice his profession in accordance with subsection (f)(1) for a period of at least one year but less than two years; or

"(B) $25,000, if such participant agrees to practice his profession in accordance with subsection (f)(1) for a period of at least two years.

"(3) The Secretary may not make a grant under paragraph (1) unless an application therefor has been submitted to, and approved by, the Secretary.

"(h) If the Secretary determines that an individual has violated an agreement under subsection (f)(1) or (g)(1)(B), he shall, as soon as practicable after making such determination notify the individual of such determination. If within one hundred and twenty days after the date of giving such notice, such individual is not practicing his profession in accordance with the agreement under subsection (f)(1) or (g)(1)(B), as the case may be, and has not provided assurances satisfactory to the Secretary that he will not knowingly violate such agreement again, the United States shall be entitled to recover from such individual an amount determined under subsection (e), except that in applying the formula contained in such subsection—

"(1) in the case of an agreement under subsection (f)(1), 'ϕ' shall be the sum of the amount paid under this section (other than any amount paid under subsection (f)(4)) to or on behalf of such person and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate, 't' shall be the number of months that such individual agreed to practice his profession under such agreement, including the number of months that the period of practice under such agreement was extended under subsection (f)(2)(A), and 's' shall be the number of months that such individual practiced his profession in accordance with such agreement; or

"(2) in the case of an agreement under subsection (g)(1)(B), 'ϕ' shall be the sum of the amount of the grant made under subsection (g) to such person and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate, 't' shall be the number of months that such individual agreed to practice his profession under such agreement, and 's' shall be the number of months that such individual practiced his profession in accordance with such agreement.

"(i)(1) When a person undergoing training in the Program is academically dismissed or voluntarily terminates academic training, he shall be liable for repayment to the Government for an amount equal to the scholarship which he received under the Program.

"(2)(A) Any obligation of any individual under paragraph (1) or under subsection (e) or (h) shall be canceled upon the death of such individual.

"(B) The Secretary shall by regulation provide for the waiver or suspension of any obligation under paragraph (1) or under subsection (e) or (h) applicable to any individual whenever compliance by such individual is impossible or would involve extreme hardship to such individual and if enforcement of such obligation with respect to any individual would be against equity and good conscience.

"(j) Notwithstanding any other provision of law, persons undergoing academic training under the Program shall not be counted against any employment ceiling affecting the Department of Health, Education, and Welfare.

"(k) The Secretary shall issue regulations for the implementation of this section.

"(1) To carry out the Program, there are authorized to be appropriated $80,000,000 for the fiscal year ending June 30, 1976, and $120,000,000 for the fiscal year ending June 30, 1977.".

(b) Effective July 1, 1975, the heading for subpart II of part C of title VII is amended to read as follows:

"Subpart II—Student Scholarships".

TITLE IV—GRANTS FOR HEALTH PROFESSIONS SCHOOLS

SEC. 401. (a) Subsection (a) of section 770 is amended to read as follows:

"(a) GRANT COMPUTATION.—The Secretary shall make annual grants to schools of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, and podiatry for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year as follows:

"(1) Each school of medicine and osteopathy shall receive—

"(A) $2,100 for each full-time student enrolled in such school in such year; and

"(B) $650 for each student who is enrolled in such year on a full-time basis in such school in a program for the training of physician assistants (as defined by section 701 (7)).

"(2) Each school of dentistry shall receive—

"(A) $2,100 for each full-time student enrolled in such school in such year: and

"(B) $650 for each student who is enrolled in such year on a full-time basis in such school in a program for the training of expanded function dental auxiliaries (as defined by section 701(9)).

"(3) Each school of public health shall receive $1,500 for each full-time student enrolled in such school in such year.

"(4) Each school of veterinary medicine shall receive $1,500 for each full-time student enrolled in such school in such year.

"(5) Each school of optometry shall receive $700 for each full-time student enrolled in such school in such year.

"(6) Each school of pharmacy (other than a school of pharmacy with a course of study of more than four years) shall receive $700 for each full-time student enrolled in such school in such year. Each school of pharmacy with a course of study of more than four years shall receive $700 for each full-time student enrolled in the last four years of such school. For purposes of sections 771, 772, and 782, a student enrolled in the first year of the last four years of such school shall be considered a first-year student.

"(7) Each school of podiatry shall receive $1,500 for each full-time student enrolled in such school in such year.".

(b) Subsection (c) of section 770 is amended to read as follows:

"(c) APPORTIONMENT OF APPROPRIATIONS.—If the total of the grants to be made in accordance with subsections (a) and (b) for any fiscal year to schools of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry with approved applications exceed the amounts appropriated under subsection (f) for such grants, the amount of the grant for that fiscal year to a school which may not because of such excess receive for that fiscal year the amount determined for it under such subsections shall be an amount which bears the same ratio to the amount so determined for it as the total of the amounts appropriated for that year under subsection (f) for grants to such schools bears to the amount required to make grants in accordance with subsections (a) and (b) to such schools.".

(c)(1) Subsections (d), (e), (f), and (g) of section 770 are repealed.

(2) Subsection (h) of section 770 is (A) redesignated as subsection (d), and (B) is amended to read as follows:

"(d) ENROLLMENT DETERMINATIONS.—

"(1) For purposes of this section and sections 771 and 772, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as he deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

"(2) For purposes of this section and sections 771, 772, and 782 the term 'full-time students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, doctor of optometry or an equivalent degree, doctor of veterinary medicine or an equivalent degree, or doctor of podiatry or an equivalent degree or to a graduate degree in public health or equivalent degree. In the case of a training program of a school designed to permit the students enrolled in such program to complete, within six years after completing secondary school, the requirements for degree of doctor of medicine, doctor of dentistry or an equivalent degree, or doctor of osteopathy, the term 'full-time students' shall only include students enrolled on a full-time basis in the last four years of such program and for purposes of sections 771, 772, and 782 students enrolled in the first of the last four years of such program shall be considered as first-year students.".

(3) Subsection (i) of section 770 is (1) amended by inserting ", public health" after "osteopathy", and (2) redesignated as subsection (e).

(4) Section (j) of section 770 is redesignated as subsection (f) and is amended to read as follows:

"(f) AUTHORIZATIONS OF APPROPRIATIONS.—

"(1)(A) There are authorized to be appropriated $165,000,000 for the fiscal year ending June 30, 1975, $170,000,000 for the fiscal year ending June 30, 1976, and $167,000,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of medicine, osteopathy, and dentistry based on the number of full-time students enrolled in such schools.

"(B) There are authorized to be appropriated $3,500,000 for the fiscal year ending June 30, 1975, $4,000,000 for the fiscal year ending June 30, 1976, and $4,500,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of medicine, osteopathy, and dentistry based on the number of students enrolled in such schools in programs for the training of physician assistants and programs for the training of expanded function dental auxiliaries.

"(2) There are authorized to be appropriated $6,000,000 for the fiscal year ending June 30, 1975, $6,750,000 for the fiscal year ending June 30, 1975, and $7,500,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of public health.

"(3) There are authorized to be appropriated $9,250,000 for the fiscal year ending June 30, 1975, $9,750,000 for the fiscal year ending June 30, 1976, and $10,500,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of veterinary medicine.

"(4) There are authorized to be appropriated $21,700,000 for the fiscal year ending June 30, 1975, $22,600,000 for the fiscal year ending June 30, 1976, and $23,500,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of optometry and pharmacy.

"(5) There are authorized to be appropriated $2,800,000 for the fiscal year ending June 30, 1975, $3,100,000 for the fiscal year ending June 30, 1976, and $3,200,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of podiatry.

"(6) No funds appropriated under any provision of this Act (other than this subsection) may be used to make grants under this section."

(d) For the fiscal year ending June 30, 1975, and for each of the next two fiscal years, there are authorized to be appropriated such sums as may be necessary to continue to make annual grants to schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, and podiatry under section 770(a) of the Public Health Service Act (as in effect before the date of the enactment of this Act) based on the number of enrollment bonus students (determined in accordance with subsections (d) and (e) of section 770 of such Act (as so in effect) enrolled in such schools who were first-year students in such schools for school years beginning before June 30, 1974, except that the amount of any grant made to such a school from sums appropriated under this subsection may not exceed the amount of the grant the school received in the fiscal year ending June 30, 1974, based on the number of such students enrolled in it.

(c) Effective with respect to fiscal years beginning after June 30, 1976, paragraphs (1)(A) and (2)(A) of section 770(a) are each amended by striking and "$2,100" and inserting in lieu thereof "$2,000".

(f) The heading for part E of title VII is amended to read as follows:

"PART E—GRANTS AND CONTRACTS TO IMPROVE THE QUALITY OF SCHOOLS OF MEDICINE, OSTEOPATHY, PUBLIC HEALTH, DENTISTRY, VETERINARY MEDICINE, OPTOMETRY, PHARMACY, AND PODIATRY".

SEC. 402. Part E of title VII is amended (1) by redesignating section 771 as section 772, and (2) by adding after section 770 the following new section:

"ELIGIBILITY FOR CAPITATION GRANTS

"SEC. 771. (a) IN GENERAL.—The Secretary shall not make a grant under section 770 to any school in a fiscal year beginning after June 30, 1974, unless the application meets the following requirements:

"(1) The application shall contain or be supported by reasonable assurances satisfactory to the Secretary that the first-year enrollment of full-time students in the school in the school year beginning after the fiscal year in which the grant applied for is to be made will not be less than the first-year enrollment of such students in the school in the preceding school year.

"(2) The application of each school shall contain or be supported by reasonable assurances satisfactory to the Secretary that the applicant will expend in carrying out its functions as a school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry, as the case may be, during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

"(3)(A) The application of each school shall contain or be supported by reasonable assurances satisfactory to the Secretary that the school (i) will enter into a legally enforceable agreement with each student enrolled in the school in a school year beginning after June 30, 1976, under which the student agrees to pay, in equal annual installments in accordance with subparagraph (B), to the United States an amount equal to the amount which the school received under section 770 because of the enrollment of the student in the school in school years beginning after such date, and (ii) will make annual reports to the Secretary respecting the amount owed under such agreements.

"(B)(i) A student subject to an agreement entered into with a school pursuant to subparagraph (A) shall pay to the United States in equal annual installments an amount equal to the total amount received by the school after June 30, 1976, under section 770 on account of the enrollment of the student in school years beginning after such date. The number of annual installments shall be equal to the number of fiscal years (beginning after June 30, 1976) in which the school received a grant under section 770 on account of the enrollment of the student in school years beginning after such date.

"(ii) The first annual installment under an agreement under subparagraph (A) shall be paid in the first calendar year which begins more than eleven months after the month in which the student subject to the agreement completed or terminated his course of study at the school, except that—

"(I) if the course of study was terminated in connection with a transfer to another school to pursue the same course of study and the transfer was made within twelve months of the termination date, the first annual installment shall be paid in the first calendar year which begins more than eleven months after the date the student completes his course of study at the school to which he transferred; or

"(II) if the student begins an internship, residency, or other advanced clinical training within six months after the month in which he completed his course of study, the first annual installment shall be paid in the first calendar year which begins more than eleven months after the month in which such internship or residency training ends.

No installment shall be required to be paid in a calendar year in which more than six months is spent in an internship or in residency training.

"(C) For each year that an individual subject to such an agreement—

"(i) provides service during a period of obligated service in accordance with section 747(d) or practices his profession in accordance with an agreement entered into under section 747(f); or

"(ii) in the case of an individual who is not providing service during a period of obligated service in accordance with section 747(d), practices his profession—

"(I) as a member of the National Health Service Corps in an area in which is located a medically underserved population designated under section 329(b), or

"(II) as a member of the Indian Health Service;

the individual shall be relieved of his liability to pay one annual installment.

"(D) The obligation of an individual under an agreement shall be canceled upon his death. The Secretary shall by regulation provide for the waiver or suspension of such an obligation whenever compliance by the individual subject to it is impossible or would involve extreme hardship to such individual and if enforcement of such obligation with respect to him would be against equity and good conscience.

"(b) Schools of Medicine, Osteopathy, and Dentistry.—

"(1) The Secretary shall not make a grant under section 770 to any school of medicine, osteopathy, or dentistry in a fiscal year beginning after June 30, 1974, unless the following requirements are met:

"(A) The application for such grant shall contain or be supported by reasonable assurances satisfactory to the Secretary that—

"(i) for the second school year beginning after the close of the fiscal year in which such grant is made and for each school year thereafter beginning in a fiscal year in which such a grant is made the first-year enrollment of full-time students in such school will exceed the number of such students enrolled in the school year beginning during the fiscal year ending June 30, 1974—

"(I) by 10 per centum of such number if such number was not more than one hundred, or

"(II) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred; or

"(ii) for the second school year beginning after the close of the fiscal year in which such grant is made and in each school year thereafter beginning in a fiscal year in which such a grant is to be made the school, if it is a school of medicine or osteopathy, it will offer a program for the training of physician assistants or, if the school is a school of dentistry, it will offer a program for the training of expanded function dental auxiliaries.

"(B)(i) In the case of any application for a grant to be made in a fiscal year beginning after June 30, 1975, the applicant shall submit to the Secretary and have approved by him before the grant applied for is made, a plan to train, in the school year beginning after the close of the fiscal year in which the grant is made and in each school year thereafter beginning in a fiscal year in which such grant is made and in areas geographically remote from the main site of the teaching facilities of the applicant (or any other school of medicine, osteopathy, or dentistry which has joined with the applicant in the submission of the plan), full-time students and students enrolled in programs of the applicant for the training of physician assistants and expanded function dental auxiliaries.

"(ii) More than one applicant may join in the submission of a plan described in clause (i). No plan may be approved by the Secretary unless—

"(I) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by reasonable assurances satisfactory to the Secretary that each such school will obligate to implement the plan amount equal to not less than 25 per centum of the amount received under such grant;

"(II) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by reasonable assurances satisfactory to the Secretary that all full-time students enrolled in such school will receive a majority of their training at the main site of the training facilities of the school and at least six weeks (in the aggregate) of training in an area geographically remote from such site during the last two years of enrollment in such school and that, in the case of a school of medicine or osteopathy, all students enrolled in its programs (if any) for the training of physicians' assistants and, in the case of a school of dentistry, all students enrolled in its program (if any) for the training of expanded function dental auxiliaries, will receive at least six weeks (in the aggregate) of training in an area geographcally remote from such main site at any time during such program;

"(III) the plan contains a list of the areas where the training under such plan is to be conducted, a detailed description of the type and amount of training to be given in such areas, and provision for periodic review by experts in medical, osteopathic, or dental education (as may be appropriate) of the desirability of providing training in such areas and of the quality of training rendered in such areas;

"(IV) the plan contains a specific program for the hiring, as members of the faculty of the school or schools submitting the plan, of practicing physicians or dentists (as appropriate) to serve as instructors in the training program in areas geographically remote from the main site of the teaching facilities of such school or schools; and

"(V) the plan contains a plan for frequent counseling and consultation between the faculty of the school or schools at the main site of their training facilities and the instructors in the training program in the areas geographically remote from such site.

"(2) The Secretary may waive (in whole or in part) the requirement of paragraph (1)(A) with respect to any school of medicine, osteopathy, or dentistry if he determines, after consultation with the National Advisory Council on Health Professions Education, that, because of limitations of physical facilities available to the school for training or because of other relevant factors—

"(A) such school cannot increase its first-year enrollment of full-time students in accordance with clause (i) of such paragraph; and

"(B) such school cannot offer a program for the training of physician assistants or a program for the training of expanded function dental auxiliaries to comply with clause (ii) of such paragraph;

without lowering the quality of education provided in such school.

"(c) Schools of Public Health.—

"(1) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that for the second school year beginning after the close of the fiscal year in which such grant is made and for each school year thereafter beginning in a fiscal year in which such a grant is made the first-year enrollment of full-time students in such school will exceed the number of such students enrolled in the school year beginning during the fiscal year ending June 30, 1974—

"(A) by 10 per centum of such number if such number was not more than one hundred, or

"(B) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred.

"(2) The Secretary may waive (in whole or in part) the requirements of paragraph (1) with respect to any school if he determines, after consultation with the National Advisory Council on Health Professions Education, that such school, because of limitations of physical facilities available to the school for training or because of other relevant factors, cannot increase its first year enrollment in accordance with such paragraph without lowering the quality of education provided in such school.

"(d) Schools of Veterinary Medicine, Optometry, Pharmacy, and Podiatry.—

"(1) Schools of veterinary medicine.—The Secretary shall not make a grant under section 770 to any school of veterinary medicine in a fiscal year beginning after June 30, 1974—

"(A) unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that for the second school year beginning after the close of the fiscal year in which such grant is to be made and for each school year thereafter beginning in a fiscal year in which such a grant is made the first year enrollment of full-time students in the school making the application will exceed the number of such students enrolled in the school year beginning during the fiscal year ending June 30, 1974—

"(i) by 10 per centum of such number if such number was not more than one hundred, or

"(ii) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred; or

"(B) unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that at least 20 per centum of the first year enrollment of full-time students in the school making the application will for the second school year beginning after the close of the fiscal year in which the grant applied for is to be made and in each school year thereafter beginning in a fiscal year in which such a grant is made be comprised of students who are residents of States in which are not located any accredited schools providing the training provided by the school making the application.

"(2) SCHOOLS OF OPTOMETRY.—The Secretary shall not make a grant under section 770 to any school of optometry in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that for the second school year beginning after the close of the fiscal year in which such grant is to be made and for each school year thereafter beginning in a fiscal year in which such a grant is made the first year enrollment of full-time students in the school making the application will exceed the number of such students enrolled in the school year beginning during the fiscal year ending June 30, 1974—

"(A) by 10 per centum of such number if such number was not more than one hundred, or

"(B) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred.

The Secretary may waive (in whole or in part) the requirements of this paragraph with respect to any school if he determines, after consultation with the National Advisory Council on Health Professions Education, that such school, because of limitation of physical facilities available to the school for training or because of other relevant factors, cannot increase its first year enrollment in accordance with such paragraph without lowering the quality of education provided in such school.

"(3) SCHOOLS OF PHARMACY.—The Secretary shall not make a grant under section 770 to any school of pharmacy in a fiscal year beginning after June 30, 1974—

"(A) unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that for the second school year beginning after the close of the fiscal year in which such grant is to be made and for each school year thereafter beginning in a fiscal year in which such a grant is made the first year enrollment of full-time students in the school making the application will exceed the number of such students enrolled in the school year beginning during the fiscal year ending June 30, 1974—

"(i) by 10 per centum of such number if such number was not more than one hundred, or

"(ii) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred; or

"(B) unless the school has submitted to and had approved by the Secretary a plan for the establishment, expansion, improvement, or operation, in the second school year beginning after the fiscal year in which the grant applied for is to be made and in each school year thereafter beginning in a fiscal year in which such a grant is made, of at least two of the following programs; (i) a program to teach pharmacy in a hospital, extended care facility, or other clinical setting, (ii) a program of training in clinical pharmacology, or (iii) a program to train pharmacists to assist physicians and counsel patients on the appropriate use and reactions to drugs.

"(4) SCHOOLS OF PODIATRY.—The Secretary shall not make a grant under section 770 to any school of podiatry in a fiscal year beginning after June 30, 1974—

"(A) unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that for the second school year beginning after the close of the fiscal year in which such grant is to be made and for each school year thereafter beginning in a fiscal year in which such a grant is made the first year enrollment of full-time students in the school making the application will exceed the number of such students enrolled in the school year beginning during the fiscal year ending June 30, 1974—

"(i) by 10 per centum of such number if such number was not more than one hundred, or

"(ii) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred; or

"(B) unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that at least 40 per centum of the first year enrollment of full-time students in the school making the application will for the second school year beginning after the close of the fiscal year in which the grant applied for is to be made and in each school year thereafter beginning in a fiscal year in which such a grant is made will be comprised of students who are residents of States in which are not located any accredited schools providing the training provided by the school making the application.".

SEC. 403. (a) Section 772(a)(1) (as so redesignated) is amended by striking out "or dentistry" and inserting in lieu thereof: ", dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry".

(b) Section 772(a)(4) (as so redesignated) is amended by striking out "or dentistry" and inserting in lieu thereof "dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry".

(c) Section 772(a)(6) (as so redesignated) is amended to read as follows:

"(6) There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975, $5,000,000 for the fiscal year ending June 30, 1976, and $5,000,000 for the fiscal year ending June 30, 1977, for payments under grants under this subsection. Sums appropriated under this paragraph shall remain available until expended."

(d) Section 772(b)(2) (as so redesignated) is amended (1) by striking out "1974" and inserting in lieu thereof "1977", and (2) by striking out "1975" and inserting in lieu thereof "1978".

SEC. 404. (a) Subsection (a) of section 773 is amended to read as follows:

"(a) There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975, $5,000,000 for the fiscal year ending June 30, 1976, and $5,000,000 for the fiscal year ending June 30, 1977, for payments under grants under this section."

(b) Section 773 is amended by inserting "public health," after "dentistry," in subsections (b) and (d).

SEC. 405. (a) Section 775 is redesignated section 774 and is amended—

(1) by striking out "770, 771, 772, or 773" each place it occurs and inserting in lieu thereof "770, 772, or 773";

(2) by inserting ", public health" after "dentistry" in subsection (b);

(3) by striking out "this part" in subsection (c) and inserting in lieu thereof "section 770, 772, or 773";

(4) by striking out "770, 771, or 773" in subsection (d)(1) and inserting in lieu thereof "770, 771, 772, or 773"; and

(5) by amending subsection (d)(3) to read as follows:

"(3) provides for such fiscal control and accounting procedures and reports, including the use of such standard procedures for the recording and reporting of financial information as the Secretary may prescribe, and access to the records of the applicant, as the Secretary may require to enable him to determine the cost to the applicant of its program for the education or training of students."

(b) The section heading of section 774 (as so redesignated) is amended by striking out "SPECIAL PROJECT".

SEC. 406. Sections 312 and 313 are repealed.

TITLE V—SPECIAL PROJECT GRANTS AND CONTRACTS

SEC. 501. (a) Section 767 (entitled "GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN FAMILY MEDICINE") is transferred to part F of title VII and redesignated as section 781.

(b) Section 781 (as so redesignated) is amended as follows:

(1) Such section is amended by striking out "and" after "1973," and by inserting after "1974," the following: "$40,000,000 for the fiscal year ending June 30, 1975, $40,000,000 for the fiscal year ending June 30, 1976, and $40,000,000 for the fiscal year ending June 30, 1977,".

(2) Such section is amended by inserting "(a)" before "There are" and by inserting at the end thereof the following:

"(b) Sums appropriated under subsection (a) may be used by the Secretary to make grants to any public or nonprofit private school of dentistry or accredited postgraduate dental training institution—

"(1) to plan, develop, and operate an approved residency program in the general practice of dentistry; and

"(2) to provide financial assistance (in the form of traineeships and fellowships) to residents in such a program who are in need of financial assistance and who plan to specialize in the practice of general dentistry.".

(3) The title of such section is amended by inserting after "FAMILY MEDICINE" the following: "AND IN THE GENERAL PRACTICE OF DENTISTRY".

SEC. 502. Section 772 (as in effect before the date of the enactment of this Act) is transferred to part F of title VII, is redesignated section 782, and is amended to read as follows:

"ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

"SEC. 782. (a)(1) For the purpose of assisting individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, to undertake education to enter a health profession, the Secretary may make grants to and enter into contracts with schools of medicine, osteopathy, public health, dentistry, veterinary medicine, optometry, pharmacy, and podiatry and other public or private nonprofit health or educational entities to assist in meeting the costs described in paragraph (2).

"(2) A grant or contract under paragraph (1) may be used by the health or educational entity to meet the costs of—

"(A) identifying, recruiting, and selecting individuals from disadvantaged backgrounds, as so determined, for the education provided by a health professional school,

"(B) facilitating the entry of those individuals into such a school,

"(C) providing counseling or other services designed to assist those individuals to complete successfully their education at such a school.

"(D) providing, for a period prior to the entry of those individuals into the regular course of education of such a school, preliminary education designed to assist them to complete successfully such regular course of education at such a school, or referring such individuals to institutions providing such preliminary education, and

"(E) publicizing existing sources of financial aid available to persons enrolled in the education program of such a school or who are undertaking training necessary to qualify them to enroll in such a program.

"(3) No grant may be made or contract entered into under paragraph (1) to a school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry unless its application for such grant or contract contains or is supported by assurances satisfactory to the Secretary that in the second year beginning after the close of the fiscal year for which such grant is made or contract entered into, such school will enroll in its first-year class a number of full-time students from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, which is at least equal to the lesser of—

"(A) 5 per centum of the number of full-time first-year students enrolled in the school in the preceding school year, or

"(B) ten.

"(b) There are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $20,000,000 for the fiscal year ending June 30, 1976, and $20,000,000 for the fiscal year ending June 30, 1977, for payments under grants and contracts under subsection (a).".

Sec. 503. (a) Section 774 (as in effect before the date of the enactment of this section) is transferred to part F of title VIII, is redesignated section 783, and is amended to read as follows:

"AREA HEALTH EDUCATION CENTERS

"Sec. 783. (a) For the purpose of improving the distribution, supply, quality, utilization, and efficiency of health personnel in the health services delivery system and for the purpose of encouraging the regionalization of educational responsibilities of the health professions schools, the Secretary may make grants and enter into contracts for projects for area health education centers—

"(1) to conduct programs to alleviate shortages of health personnel in rural areas with sparse populations or urban areas with unusually dense populations through training or retraining of health personnel in community hospitals and other facilities located in such areas (including training of students enrolled in residency programs in family medicine, general internal medicine, general pediatrics, psychiatry, and obstetrics and gynecology) or to otherwise improve the distribution in such areas of health personnel by area or by specialty group;

"(2) to provide traning programs in such areas leading to more efficient utilization in such areas of health personnel, emphasizing multidisciplinary and interdisciplinary patterns of undergraduate, graduate, and continuing education of health personnel; and

"(3) to provide education programs for the general population of such areas regarding the appropriate use of health services, the availability of health services in such areas (including services provided under federally funded programs), and the contribution each individual can make to the maintenance of his own health.

"(b)(1) The costs for which a grant or contract under this section may be made may include such stipends and allowances (including travel and subsistence expenses and dependency allowances) for the students in such programs as the Secretary may deem necessary and costs of construction of new primary care facilities and of medical school facilities necessary for the administration of the training program for which the grant or contract is made.

"(2) An applicant for a grant or contract under this section shall be a public or nonprofit private educational entity which has, or which is affiliated with, at least three degree or diploma granting health professions education programs (of which at least one shall be a program offered by a school of medicine or osteopathy). No application for a grant or contract may be approved unless the application—

"(A) contains assurances satisfactory to the Secretary that, to the maximum extent feasible, the project of the applicant will be conducted in conjunction with (including the sharing of faculty and facilities with) the projects (if any) of any schools of medicine or osteopathy participating in the project of the applicant for the remote site training of undergraduate students of medicine or osteopathy conducted pursuant to plans approved under section 771(b)(1)(B);

"(B) contains a designation of the geographic boundaries of the areas to be served by area health education centers established under the project;

"(C) contains a list of the manpower needs of the areas to be served by area health education centers established under the project, the relative order in which those needs should be addressed, a detailed description of the types of programs to be carried out by the area health education centers and provision for periodic review and evaluation of such programs by experts in medical or osteopathic or other health professions education (as may be appropriate);

"(D) contains assurances that each medical and osteopathic school participating in the project will provide not less than six weeks of training per year in area health education centers for at least 50 per centum of the students enrolled in such schools in residency programs in family medicine, general internal medicine, general pediatrics, psychiatry, obstetrics, and gynecology;

"(E) contains assurances satisfactory to the Secretary that each participant in the project will contribute a significant portion of its faculty to serve as instructors in graduate training and continuing education programs in areas served by the area health education centers;

"(F) contains a specific program for multidisciplinary and interdisciplinary training programs both at the main site of the training or clinical facilities of the applicant and in area health education centers established under the project;

"(G) contains a plan for frequent counseling and consultation between the faculty of the applicant at the main site of its training or clinical facilities and instructors and other appropriate participants in the applicant's programs in the areas served by the area health education centers;

"(H) contains a detailed plan for frequent consultation and coordination of the applicant's project with appropriate local, regional, State, and Federal agencies in order to exchange information, and avoid unnecessary duplication of programs; and

"(I) contains assurances that the applicant will designate a local advisory board for each area health education center.

Each advisory board for an area health education center shall be comprised of consumers of health services residing in the area and shall, as a group, represent the residents of that area taking into consideration their employment, age, sex, race, place of residence, and other demographic characteristics. The advisory board shall meet on a regular basis (not less than twice a year) for purposes of determining the project's responsiveness to the health manpower needs of the area and making recommendations to the area health education centers with respect to the provision of health manpower in the area.

"(3) The amount of any grant or contract under this section shall be determined by the Secretary, except that no grant or contract for any project may exceed 75 per centum of the costs, as determined by the Secretary, of such project.

"(c) There are authorized to be appropriated $15,000,000 for the fiscal year ending June 30, 1975, $20,000,000 for the fiscal year ending June 30, 1976, and $25,000,000 for the fiscal year ending June 30, 1977, for payments under grants and contracts under this section."

(b) For the fiscal year ending June 30, 1975, and for each of the next two fiscal years there are authorized to be appropriated such sums as may be necessary to continue payments to entities under contracts entered into under section 774 of the Public Health Service Act (as in effect before the date of the enactment of this Act) for projects for area health education centers, except that no payment shall be made to an entity under such a contract unless the entity provides assurances satisfactory to the Secretary that not later than January 1, 1976, the project for which the payment is to be made will be a project described in subsection (a) of section 783 of such Act and the entity and its application will meet the requirements of subsection (b)(2) of such section. Such payments may only be made from such sums for the periods and the amounts specified in such contracts.

(c) On and after January 1, 1976, the Secretary of Health, Education, and Welfare shall assess the program of grants under section 783 of the Public Health Service Act to determine the effect of the projects funded under such grants on the distribution of health manpower and on the access to and quality of health care in the areas in which such projects are located. Not later than January 1, 1977, the Secretary shall submit to the Congress a report on the assessment conducted under this subsection.

Sec. 504. Part F of title VII is amended by adding after section 783 the following new section:

"PROJECT GRANTS AND CONTRACTS FOR SCHOOLS OF OPTOMETRY, PHARMACY, AND PODIATRY

"Sec. 784. (a) Schools of Optometry.—The Secretary may make grants to and enter into contracts with schools of optometry to meet the costs of projects to assist in—

"(1) the affiliation between optometric training programs and medical, osteopathic, and other health professions training programs and academic institutions,

"(2) establishing cooperative arrangements between optometric training programs and medical, osteopathic, and other health professions training programs and academic institutions,

"(3) planning, developing, and operating residency training programs in special optometric services or in meeting the optometric needs of special populations, or

"(4) planning, developing, and operating educational programs which provide training in the early detection and diagnosis of health problems which are accompanied by visual or ocular symptoms.

"(b) Schools of Pharmacy.—

"(1) The Secretary may make grants and enter into contracts with schools of pharmacy to meet the costs of projects to assist in—

"(A) the affiliation between clinical pharmacy training programs and medical, osteopathic, and other health professions training programs and academic institutions, or

"(B) establishing cooperative arrangements between clinical pharmacy training programs and medical, osteopathic, and other health professions training programs and academic institutions.

"(2) The Secretary may make grants to and enter into contracts with schools of pharmacy to meet the costs of projects to establish, expand, or improve—

"(A) programs for the teaching of pharmacy in hospitals, extended care facilities, and other clinical settings,

"(B) clinical pharmacology training, and

"(C) programs to train pharmacists to assist physicians and counsel patients on the appropriate use and effects of and reactions to drugs.

"(c) SCHOOLS OF PODIATRY.—The Secretary may make grants to and enter into contracts with schools of podiatry to meet the costs of projects to assist in—

"(1) the affiliation between podiatric training programs and medical, osteopathic, and other health professions training programs and academic institutions, or

"(2) establishing cooperative arrangements between podiatric training programs and medical, osteopathic, and other health professions training programs and academic institutions.

"(d) TECHNICAL ASSISTANCE.—If the Secretary does not approve an application for a grant or contract under this section, he shall advise the applicant of the reasons for disapproval of the application and provide the applicant such technical and other nonfinancial assistance as may be appropriate to enable the applicant to submit an approvable application.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975, $5,000,000 for the fiscal year ending June 30, 1976, and $5,000,000 for the fiscal year ending June 30, 1977, for payments under grants and contracts under this section.".

SEC. 505. (a) Section 769A (entitled "GRANTS FOR COMPUTER TECHNOLOGY HEALTH CARE DEMONSTRATION PROGRAMS") is transferred to part F of title VII, inserted after section 784, and redesignated as section 785.

(b) Section 785 (as so redesignated) is amended (1) by striking out "and" after "1973,", and (2) by inserting after "1974," the following: "$3,000,000 for the fiscal year ending June 30, 1975, $3,000,000 for the fiscal year ending June 30, 1976, and $3,000,000 for the fiscal year ending June 30, 1977,".

SEC. 506. (a) Section 766 (entitled "TRAINING IN EMERGENCY MEDICAL SERVICES") is transferred to part F of title VII, inserted after section 785, and redesignated as section 786.

(b) Section 786 (as so redesignated) is amended by striking out subsections (b), (c), (d), and (e) and inserting in lieu thereof the following:

"(b) No grant or contract may be made or entered into under this section unless the applicant therefor is a public or nonprofit private entity. Grantees and contractees under this section shall make such reports at such intervals, and containing such information, as the Secretary may prescribe.

"(c) For the purpose of making payments pursuant to grants and contracts under this section, there are authorized to be appropriated $7,000,000 for the fiscal year ending June 30, 1975, $7,000,000 for the fiscal year ending June 30, 1976, and $7,000,000 for the fiscal year ending June 30, 1977."

Section 507. Part F of title VII is amended by adding after section 786 the following new section:

"EDUCATION OF RETURNING UNITED STATES STUDENTS FROM FOREIGN MEDICAL SCHOOLS

"SEC. 787. (a) The Secretary may make grants to schools of medicine and osteopathy in the United States to plan, develop, and operate programs—

"(1) to train United States citizens who have been enrolled in medical schools in foreign countries before July 1, 1975, to enable them to meet the requirements for enrolling in schools of medicine or osteopathy in the United States as full-time students with advanced standing; or

"(2) to train United States citizens who have transferred from medical schools in foreign countries in which they were enrolled before July 1, 1975, and who have enrolled in schools of medicine or osteopathy in the United States as full-time students with advanced standing.

The costs for which a grant under this subsection may be made include the costs of identifying deficiencies in the medical school education of the United States citizens who have been enrolled in foreign medical schools, the development of materials and methodology for correcting such deficiencies, and specialized training designed to prepare such United States citizens for enrollment in schools of medicine or osteopathy in the United States as full-time students with advanced standing.

"(b) More than one school of medicine or osteopathy may join in the submission of an application for a grant under subsection (a).

"(c) The Secretary may not approve an application for a grant under subsection (a) (1) unless such application contains assurances satisfactory to the Secretary, to the maximum extent feasible, that every individual who—

"(1) satisfactorily completes the training program for which such grant is to be made, and

"(2) is qualified to be accepted for enrollment in the school or schools which submitted such application as a full-time student with advanced standing.

will be accepted for enrollment as a full-time student with advanced standing in the school, or in one of the schools, which submitted such application.

"(d) Any school of medicine or osteopathy which receives a grant under subsection (a) for the final year ending June 30, 1975, shall submit to the Secretary before January 1, 1976, a report on the deficiencies (if any) identified by the school in the foreign medical education of the students trained by such school under the program for which such grant was made. The Secretary shall compile the reports submitted under the preceding sentence, and before July 1, 1976, submit to the Congress his analysis and evaluation of the information contained in such reports.

"(e) There are authorized to be appropriated $2,000,000 for the fiscal year ending June 30, 1975, $3,000,000 for the fiscal year ending June 30, 1976, and $4,000,000 for the fiscal year ending June 30, 1977, for payments under grants under subsection (a).".

SEC. 508. Part F of title VII is amended by adding after section 787 the following new section:

"PROJECT GRANTS FOR INSTRUCTION IN FAMILY MEDICINE

"SEC. 788. (a) The Secretary may make grants to schools of medicine and osteopathy to meet the costs of projects to establish and maintain academic administrative units (which may be departments, divisions, or other units) to provide clinical instruction in family medicine.

"(b) The Secretary may not approve an application for a grant under subsection (a) unless such application contains—

"(1) assurances satisfactory to the Secretary that the academic administrative unit with respect to which the application is made will (A) be comparable to academic administrative units for other major clinical specialties offered by the applicant, (B) be responsible for directing an amount of the curriculum for each member of the student body engaged in an education program leading to the awarding of the degree of doctor of medicine or doctor of osteopathy determined by the Secretary to be comparable to the amount for other major clinical specialties in the school, (C) have a number of full-time faculty which is determined by the Secretary to be sufficient to conduct the clinical instruction required in clause (B) and to be comparable to the number of faculty assigned to other major clinical specialties in the school, and (D) have control over a three-year approved or provisionally approved graduate training program in family practice or its equivalent as determined by the Secretary which shall have the capacity to enroll a total of no less than twelve interns or residents per year; and

"(2) such other information as the Secretary shall by regulation prescribe.

"(c) There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1975, $15,000,000 for the fiscal year ending June 30, 1976, and $20,000,000 for the fiscal year ending June 30, 1977, for payments under grants under subsection (a).".

SEC. 509. (a) Section 769B is transferred to part F of title VII, inserted after section 788, and redesignated as section 789.

(b) Section 789 (as so redesignated) is amended—

(1) by striking out "grant may be made under sections 767, 769, and 769(A)" in subsection (a) and inserting in lieu thereof "grant may be made or contract entered into under this part";

(2) by adding at the end of subsection (a) the following: "The Secretary may not approve or disapprove any application for a grant or contract under this part except after consultation with the National Advisory Council on Health Professions Education.";

(3) by striking out "grants under sections 767 and 769(A)" in subsection (b) and inserting in lieu thereof "grants or contracts under this part"; and

(4) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) The amount of any grant or contract under this part shall be determined by the Secretary. Payments under such grants may be made in advance or by way of reimbursement, at such intervals and on such conditions, as the Secretary finds necessary. Contracts may be entered into under this part without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).".

SEC. 510. Section 768 (entitled "GRANTS FOR SUPPORT OF POSTGRADUATE TRAINING PROGRAMS FOR PHYSICIANS AND DENTISTS") and section 768 (entitled "GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS FOR HEALTH PROFESSIONS TEACHING PERSONNEL") are repealed.

SEC. 511. The heading for part F of title VII is amended to read as follows:

"PART F—SPECIAL PROJECT GRANTS AND CONTRACTS"

TITLE VI—PUBLIC AND ALLIED HEALTH PERSONNEL

SEC. 601. (a) Part G of title VII is amended to read as follows:

"PART G—TRAINING PROGRAMS FOR PUBLIC AND COMMUNITY HEALTH PERSONNEL

"DEFINITION

"SEC. 790. For purposes of this part, the term 'public and community health personnel' means individuals who are engaged in—

"(1) the planning, development, monitoring, or management of health care or health care institutions, organizations, or systems,

"(2) research on health care development and the collection and analysis of health statistics, data on the health of population groups, and any other health data,

"(3) the development and improvement of individual and community knowledge of health and the health care system, or

"(4) the planning and development of a healthful environment and control of environmental health hazards.

"INSTITUTIONAL GRANTS FOR GRADUATE PROGRAMS IN HEALTH

"Sec. 791. (a) From funds appropriated under subsection (d), the Secretary shall make annual grants to public or nonprofit private educational entities (except schools of public health) to support the graduate educational programs of such entities in health administration, hospital administration, or health planning.

"(b) The amount of the grant for any fiscal year under subsection (a) to an educational entity with an application approved under subsection (c) shall be equal to the amount appropriated under subsection (d) for such fiscal year divided by the number of educational entities which have applications for grants for such fiscal year approved under subsection (c).

"(c) (1) No grant may be made under subsection (a) unless an application therefor has been submitted to the Secretary before such time as he shall by regulation prescribe and has been approved by the Secretary. Such application shall be in such form, and submitted in such manner, as the Secretary shall by regulation prescribe.

"(2) The Secretary may not approve an application submitted under paragraph (1) unless—

"(A) such application—

"(i) contains assurances satisfactory to the Secretary that in each academic year (as defined in regulations of the Secretary) for which the applicant receives a grant under subsection (a)—

"(I) at least twenty-five individuals will complete the graduate educational program of the entity for which such application is submitted; and

"(II) such entity will expend or obligate at least $100,000 in funds from non-Federal sources to conduct such programs;

"(ii) contains such assurances as the Secretary shall by regulation prescribe respecting one or more of the following: Increases in overall enrollment in the programs for which such application is submitted and increases in enrollment in programs for the training of needed types of public and community health personnel; and

"(iii) contains such other information as the Secretary may by regulation prescribe; and

"(B) the programs for which such application was submitted have been accredited by a recognized body or bodies approved for such purposes by the Commissioner of Education and meet such other quality standards as the Secretary shall by regulation prescribe.

The Secretary may not approve or disapprove such an application except after consultation with the National Advisory Council on Health Professions Education.

"(d) There are authorized to be appropriated for payments under grants under this section $1,750,000 for the fiscal year ending June 30, 1975, $2,000,000 for the fiscal year ending June 30, 1976, and $2,500,000 for the fiscal year ending June 30, 1977.

"TRAINEESHIPS

"Sec. 792. (a) The Secretary may make grants to public or nonprofit private educational entities eligible for grants under section 791 for traineeships to train public and community health personnel for which the Secretary determines there is unusual need.

"(b) (1) No grant for traineeships may be made under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, be submitted in such manner, and contain such information, as the Secretary by regulation may prescribe. Traineeships under such a grant shall be awarded in accordance with such regulations as the Secretary shall prescribe. The amount of any such grant shall be determined by the Secretary and payments under such grant may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary finds necessary.

"(2) Traineeships awarded under grants made under subsection (a) shall provide for such stipends and allowances (including travel and subsistence expenses and dependency allowances) for the trainees as the Secretary may deem necessary.

"(c) For the purposes of making payments under grants under subsection (a), there are authorized to be appropriated $2,500,000 for the fiscal year ending June 30, 1975, $2,500,000 for the fiscal year ending June 30, 1976, and $2,500,000 for the fiscal year ending June 30, 1977.

"STATISTICS AND ANNUAL REPORT

"Sec. 793. (a) The Secretary shall, in coordination with the National Center for Health Statistics, continuously develop, publish, and disseminate on a nationwide basis statistics and other information respecting public and community health personnel, including—

"(1) detailed descriptions of the various types of activities in which public and community health personnel are engaged,

"(2) the current and anticipated needs for the various types of public and community health personnel, and

"(3) the number, employment, geographic locations, salaries, and surpluses and shortages of public and community health personnel, the educational and licensure requirements for the various types of such personnel, and the cost of training such personnel.

"(b) The Secretary shall submit annually to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate a report on—

"(1) the statistics and other information developed pursuant to subsection (a); and

"(2) the activities conducted under this part, including an evaluation of such activities.

Such report shall contain such recommendations for legislation as the Secretary determines is needed to improve the programs authorized under this part. The Office of Management and Budget may review such report before its submission to Congress, but the Office may not revise the report or delay its submission beyond the date prescribed for its submission and may submit to Congress its comments respecting such report. The first report under this subsection shall be submitted not later than September 1, 1975."

(b) Title VII is amended by adding at the end the following new part:

"Part H—Training Programs for Allied Health Personnel

"DEFINITION

"Sec. 795. For purposes of this part, the term 'allied health personnel' means individuals with training and responsibilities for (1) supporting, complementing, or supplementing the professional functions of physicians, dentists, and other health professionals in the delivery of health care to patients, or (2) assisting environmental engineers and other personnel in environmental health control activities.

"PROJECT GRANTS AND CONTRACTS

"Sec. 796. (a) The Secretary may make grants to public and nonprofit private entities and enter into contracts with individuals and public and private entities to assist in meeting the costs of planning, study, development, demonstration, and evaluation projects undertaken with respect to one or more of the following:

"(1) Methods of coordination, management, and articulation of education and training at various levels for allied health personnel within and among educational institutions and their clinical affiliates.

"(2) Methods and techniques for State and regional coordination and monitoring of education and training for allied health personnel.

"(3) Educational programs (including programs in a junior college) which lead to—

"(A) a baccalaureate degree, an associate degree, or the equivalent of either degree, or

"(B) a higher degree,

in medical technology, opthalmic dispensing, dental hygiene, or such other of the curricula for the training of allied health personnel as the Secretary may by regulation specify, and other methods and curricula (including model curricula) for training various types of allied health personnel.

"(4) Programs, or means of adapting existing programs, for training as allied health personnel special groups such as returning veterans, the economically or culturally deprived, and persons reentering any of the allied health fields.

"(5) New roles and functions for allied health personnel and methods for increasing the efficiency of health manpower through more effective utilization of allied health personnel in various practice settings.

"(6) New methods of credentialing allied health personnel, including techniques for appropriate recognition (through equivalency and proficiency testing or otherwise) of previously acquired training or experience, developed in coordination with the Secretary's program under section 1123 of the Social Security Act.

"(7) Methods of recruitment and retaining of allied health personnel.

(8) Meaningful career ladders and programs of advancement for practicing allied health personnel.

"(9) Continuing education programs for practicing allied health personnel.

"(b) (1) No grant may be made or contract entered into under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) Contracts may be entered into under subsection (a) without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(3) The amount of any grant under subsection (a) shall be determined by the Secretary. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions as the Secretary finds necessary.

"(c) For the purpose of making payments under grants and contracts under subsection (a), there are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $20,000,000 for the fiscal year ending June 30, 1976, and $20,000,000 for the fiscal year ending June 30, 1977.

"TRAINEESHIPS FOR ADVANCED TRAINING OF ALLIED HEALTH PERSONNEL

"Sec. 797. (a) The Secretary may make grants to public and nonprofit private entities for traineeships provided by such entities for the training of allied health personnel to teach in training programs for such personnel or to serve in administrative or supervisory positions.

"(b) (1) No grant may be made under subsection (a) unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such manner, and contain such information as the Secretary shall by regulation prescribe.

"(2) Payments under such grants (A) shall be limited to such amounts as the Secretary finds necessary to cover the cost of tuition and fees of, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the trainees; and (B) may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary finds necessary.

"(c) For the purposes of making payments under grants under subsection (a), there are authorized to be appropriated $6,000,000 for fiscal year ending June 30, 1975, $6,000,000 for fiscal year ending June 30, 1976, and $6,000,000 for fiscal year ending June 30, 1977.

"GRANTS AND CONTRACTS TO ENCOURAGE FULL UTILIZATION OF EDUCATIONAL TALENT FOR ALLIED HEALTH PERSONNEL TRAINING

"SEC. 798. (a) The Secretary may make grants to and enter into contracts with State and local educational agencies and other public or nonprofit private entities—

"(1) to (A) identify individuals of financial, educational, or cultural need who have a potential to become allied health personnel, including individuals who are veterans of the Armed Forces with military training or experience similar to that of allied health personnel, and (B) encourage and assist, whenever appropriate, the individuals described in clause (A) to (i) complete secondary school, (ii) undertake such postsecondary training as may be required to qualify them to undertake allied health personnel training, and (iii) undertake postsecondary allied health personnel training; and

"(2) to publicize existing sources of financial aid available to individuals undertaking allied health personnel training.

"(b)(1) No grant may be made or contract entered into under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) Contracts may be entered into under subsection (a) without regard to section 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(3) The amount of any grant under subsection (a) shall be determined by the Secretary. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

"(c) For payments under grants and contracts under subsection (a) there are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1975, $1,000,000 for the fiscal year ending June 30, 1976, and $1,000,000 for the fiscal year ending June 30, 1977.

"STATISTICS AND ANNUAL REPORT

"SEC. 799. (a) The Secretary shall, in coordination with the National Center for Health Statistics, continuously develop, publish, and disseminate on a nationwide basis statistics and other information respecting allied health personnel, including—

"(1) detailed descriptions of the various types of such personnel and the activities in which such personnel are engaged,

"(2) the current and anticipated needs for the various types of such health personnel, and

"(3) the number, employment, geographic locations, salaries, and surpluses and shortages of such personnel, the educational and licensure and certification requirements for the various types of such personnel, and the cost of training such personnel.

"(b) The Secretary shall submit annually to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate a report on—

"(1) the statistics and other information developed pursuant to subsection (a); and

"(2) the activities conducted under this subpart, including an evaluation of such activities.

Such report shall contain such recommendation for legislation as the Secondary determines is needed to improve the programs authorized under this part. The Office of Management and Budget may review such report before its submission to Congress, but the Office may not revise the report or delay its submission beyond the date prescribed for its submission and may submit to Congress its comments respecting such report. The first report under this subsection shall be submitted not later than September 1, 1975.".

(c) Section 704 (as so redesignated) is amended (1) by striking out "any training center for allied health personnel" and inserting in lieu thereof "an entity for the training of public and community health personnel or allied health personnel", and (2) by striking out "or training center" each place it occurs and inserting in lieu thereof "or entity".

TITLE VIII—MEDICAL RESIDENCY TRAINING PROGRAMS

SEC. 701. The Public Health Service Act is amended by adding at the end the following new title:

"TITLE XIV—MEDICAL RESIDENCY TRAINING PROGRAMS

"FIRST-YEAR POSITIONS IN MEDICAL RESIDENCY TRAINING PROGRAMS

"SEC. 1401. (a)(1)(A) The number of first-year positions in any accredited medical residency training program in the United States which may be made available in a calendar year beginning after calendar year 1977 may not exceed such number as may be established for such calendar year for such program under section 1403; and the aggregate number of first-year positions in all accredited medical residency training programs in the United States which may be made available in a calendar year beginning after calendar year 1977 to graduates of schools of medicine and osteopathy may not exceed 125 per centum of the estimated number of graduates from accredited schools of medicine in the preceding calendar year.

"(B) The Secretary shall prepare by October 1 of each calendar year an estimate of the number of graduates that there will be from accredited schools of medicine in the succeeding calendar year, and shall by that date report the estimate to the agency designated or established under section 1403.

"(2) For purposes of this title, the term 'medical residency training program' means a program which trains graduates of schools of medicine and schools of osteopathy in a medical specialty recognized by the Liaison Committee for Specialty Boards established jointly by the American Board of Medical Specialties and the Council on Medical Education of the American Medical Association (or any successor of such Committee) and which provides the graduate education required by the specialty board (recognized by such Liaison Committee) for certification in such specialty. Such term does not include a residency training program in an osteopathic hospital.

"(b)(1) No entity which is engaged in business as a health care facility may include in any charge (or otherwise collect) for the provision in any calendar year of any health service by any physician in a medical residency training program an amount which is attributable to compensation paid to the physician by the health care facility in connection with such program unless the medical residency training program has been accredited under section 1402 for such calendar year and the number of first-year positions in such program made available in such calendar year does not exceed the number prescribed for such program under section 1403. Any entity which makes a charge or collection prohibited by this paragraph shall for each such charge or collection be subject to a civil penalty of not more than $5,000. Such penalty shall be assessed by the Secretary and may be collected in a civil action brought by the United States in a United States district court under section 1355 of title 28, United States Code.

"(2) If the Secretary determines that an entity is—

"(A) operating a medical residency training program which has not been accredited under section 1402, or

"(E) operating a medical residency training program with a number of first-year positions which exceeds the number established for that program under section 1403,

the Secretary shall notify the entity of his determination, shall publish the determination in the Federal Register, and shall not make any grant to or enter into any contract with such entity under this Act for the fiscal year beginning after the date the Secretary publishes such determination in the Federal Register.

"MEDICAL RESIDENCY TRAINING PROGRAM ACCREDITING AGENCY

"SEC. 1402. (a)(1) For the purpose of accrediting the medical residency training programs for which first-year positions may be authorized under section 1403, the Secretary shall in accordance with subsection (b) designate or establish a medical residency training program accrediting agency (hereinafter in this section referred to as the 'accrediting agency').

"(2) The accrediting agency shall review, in accordance with procedures established and published by the agency and made available to the public, each medical residency training program in the United States and shall either accredit or disapprove such program. Each such program shall be reviewed at least every three years and an accreditation of a program shall be in effect for three years unless the accrediting agency terminates the accreditation before the expiration of three years. During the three-year period beginning January 1, 1976, the accrediting agency may accredit such a program on the basis of an accreditation granted such program by an entity generally recognized by the medical profession for purposes of accrediting such a program, except that an accreditation made under this sentence may not be in effect after January 1, 1979.

"(3) The accrediting agency shall submit to the agency designated or established under section 1403 and keep current for it a list of the medical residency training programs the accreditations of which are in effect.

"(b)(1) Not later than March 31, 1975, the Secretary shall prescribe and publish in the Federal Register requirements which must be met by an entity before it may be designated as the accrediting agency for purposes of this title. Such requirements shall provide that an entity—

"(A) have a governing body which is comprised of representatives of the medical profession, medical specialty boards, medical speciality societies, hospitals, schools of medicine, and the general public; and

"(B) meet the criteria etablished by the Secretary for recognition of nationally recognized accrediting agencies and associations.

"(2)(A) An entity which seeks designation as the accrediting agency shall submit an application to the Secretary not later than August 31, 1975. If such an application has been submitted to the Secretary by the Liaison Committee for Graduate Medical Education of the Coordinating Council for Medical Education before such date, and—

"(i) if the Secretary determines that the Liaison Committee meets the requirements prescribed under paragraph (1), he shall approve such application and designate it as the accrediting agency; or

"(ii) if the Secretary finds that the Liaison Committee does not meet such requirements, he shall provide it with such technical and other nonfinancial assistance as may be appropriate to enable it to meet such requirements, and if the Secretary determines not later than October 31, 1975, that it meets such requirements, he shall designate it as the accrediting agency.

"(B) If, by October 31, 1975, the Secretary has *not* designated the Liaison Committee as the accrediting agency he shall consider other applications for such designation and shall if he determines that an entity under such an application meets the requirements prescribed under paragraph (1) and that such entity is otherwise qualified to accredit medical residency training programs, designate, not later than January 1, 1976, such entity as the accrediting agency.

"(3) (A) A designation of the accrediting agency shall be in effect for three years unless the Secretary terminates such designation before the expiration of three years upon a determination by the Secretary (after notice and reasonable opportunity for a public hearing) that the agency no longer meets the requirements of paragraph (1) or is not qualified to accredit medical residency training programs. A designation may, upon application, be renewed for a period of three years.

"*(B) If* the Secretary terminates a designation or determines a designated accrediting agency is not qualified to have its designation renewed, the Secretary shall publish notice of such termination or determination and solicit application from other entities for designation as the accrediting agency.

"(4) (A) If—

"(i) by January 1, 1976, the Secretary determines that no entity which has applied for designation meets the requirements prescribed under paragraph (1) or is otherwise qualified to accredit medical residency training programs or if by such date no entity has applied for designation, or

"(ii) upon the expiration of a designation under this section, the Secretary determines that the designated agency is not qualified to have its designation renewed and that there are no other qualified applicants for designation, or upon the termination of such a designation, the Secretary determines that there are no qualified applicants for designation,

the Secretary shall, within three months of the determination, establish an accrediting agency for purposes of this title.

"(B) An accrediting agency established by the Secretary under subparagraph (A) shall meet the criteria established by the Secretary for recognition of nationally recognized accrediting agencies and associations and the membership of which shall be fairly representative of the medical profession, medical specialty boards, medical specialty societies, hospitals, schools of medicine, and the general public. Members of the agency shall carry out the functions of the agency in accordance with this title. While away from their homes or regular places of business in the performance of services for the agency, members of the agency shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code. The agency may appoint, without regard to the provisions of title 5, United States Code, respecting appointment in the competitive service, and pay, without regard to the provisions of such title respecting rates of pay, such personnel as it deems necessary for the agency to carry out its functions.

"(C) The establishment of an accrediting agency under subparagraph (A) shall be for such period (but not more than three years) as the Secretary prescribes. If an accrediting agency has been established by the Secretary an entity may apply for designation as such agency upon the termination of the period for which the accrediting agency was established. If no entity submits an approvable application for designation before the date of such termination, the Secretary shall renew the authority of the established accrediting agency for a period not to exceed three years.

"ESTABLISHMENT OF POSITIONS

"SEC. 1403. (a) (1) The number of first-year positions in each medical residency training program, accredited under section 1402, in the United States which may be made available in any calendar year beginning after calendar year 1977 shall be established by an agency designated or established under this section by the Secretary.

"(2) The aggregate number of such positions which may be established by the designated or established agency for any calendar year may not exceed the limit prescribed by section 1401(a) (1). In determining the number of such positions in any such accredited program the designated or established agency shall—

"(A) take into consideration the report made with respect to the study conducted under section 15(c) of the Act of December 31, 1973 (Public Law 93–233), and the report made with respect to the study conducted under section 801 of the Health Manpower Act of 1974;

"(B) insure that first-year positions in medical residency training programs are distributed equitably throughout various geographical areas of the United States;

"(C) afford special consideration to first-year positions in medical residency training programs maintained in conjunction with area health education centers under section 783 of this Act; and

"(D) afford particular attention to the need for medical residency training programs in the primary care specialties of general internal medicine, general pediatrics, family medicine, and obstetrics and gynecology.

"(3) The agency designated or established under this section shall, by April 1, 1977, establish (and publish in the Federal Register) the number of first-year positions to be made available in calendar year 1978 by accredited medical residency training programs and shall give to each entity which maintains such a program written notice of the number of first-year positions which it may make available in such program. The number of positions established for any calendar year thereafter shall be published in the Federal Register not later than April 1 of the preceding calendar year and each entity which maintains an accredited medical residency training program shall be given written notice by such date of the number of first-year positions which may be made available in such program.

"(b) (1) Not later than March 31, 1975, the Secretary shall prescribe and publish in the Federal Register requirements which must be met by an entity before it may be designated as the agency to establish the number of first-year positions which may be made available in accredited medical residency training programs. Such requirements shall provide that an entity have a governing body which is comprised of the Secretary (or his delegate) and representatives of the medical profession, medical specialty boards, medical specialty societies, hospitals, schools of medicine, and the general public.

"(2) (A) An entity which seeks designation under this section shall submit an application to the Secretary not later than August 31, 1975. If such an application has been submitted to the Secretary by the Coordinating Council for Medical Education before such date, and—

"(i) if the Secretary determines that the Coordinating Council meets the requirements prescribed under paragraph (1), he shall approve such application and designate it; or

"(ii) if the Secretary finds that the Coordinating Council does not meet such requirements, he shall provide it with such technical and other nonfinancial assistance as may be appropriate to enable it to meet such requirements, and if the Secretary determines not later than October 31, 1975, that it meets such requirements, he shall designate it.

"(B) If, by October 31, 1975, the Secretary has not designated the Coordinating Council for Medical Education, he shall consider other applications for such designation and shall if he determines that an entity under such an application meets such requirements and is otherwise qualified to establish the number of first-year positions in medical residency training programs, designate such entity not later than January 1, 1976.

"(3) (A) A designation of an agency under paragraph (2) shall be in effect for three years unless the Secretary terminates such designation before the expiration of three years upon a determination by the Secretary (after notice and reasonable opportunity for a public hearing) that the agency no longer meets the requirements of paragraph (1) or is not qualified to establish the number of first-year positions in accredited medical residency training programs. A designation may, upon application, be renewed for a period of three years.

"(B) If the Secretary terminates a designation or determines a designated agency is not qualified to have its designation renewed, the Secretary shall publish notice of such termination or determination and solicit applications for other entities for designation under this section.

"(4) (A) If—

"(i) by January 1, 1976, the Secretary determines that no entity which has applied for designation meets the requirements prescribed under paragraph (1) or is not otherwise qualified to establish the number of first-year positions in accredited medical residency training programs or if by such date no entity has applied for designation, or

"(ii) upon the expiration of a designation under this section, the Secretary determines that the designated agency is not qualified to have its designation renewed and that there are not other qualified applicants for designation, or upon the termination of such a designation, the Secretary determines that there are no qualified applicants for designation,

the Secretary shall, within three months of such determination, establish an agency to establish the number of first-year positions in accredited medical residency training programs.

"(B) The membership of an agency established by the Secretary under subparagraph (A) shall be fairly representative of the medical profession, hospitals, schools of medicine, medical specialty boards, medical specialty societies, and the general public. Members of the agency shall carry out the functions of the agency in accordance with this title. While away from their homes or regular places of business in the performance of services for the agency, members of the agency shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code. The agency may appoint, without regard to the provisions of title 5, United States Code, respecting appointments in the competitive service, and pay, without regard to the provisions of such title respecting rates of pay, such personnel as it deems necessary for the agency to carry out its functions.

"(C) The establishment of an agency under subparagraph (A) shall be for such period (but not more than three years) as the Secretary prescribes. If an agency has been established by the Secretary an entity may apply for designation as such agency upon the termination of the period for which the agency was established. If no entity submits an approvable application for designation before the date of such termination, the Secretary shall renew the authority of the established accrediting agency for a period not to exceed three years.

"(5) The Secretary may make grants to agencies designated under this section for their costs in carrying out their functions under this section. A grant to an agency under this paragraph shall be made for its costs incurred under this section during a period not to exceed one year after the date the grant was made. No single grant to an agency may exceed $300,000.".

TITLE VIII—MISCELLANEOUS

STUDY OF DISTRIBUTION OF PHYSICIANS

SEC. 801. (a) The Secretary of Health, Education, and Welfare shall, within ninety days after the date of the enactment of this Act, contract for the conduct of a study for the following purposes:

(1) To analyze the current distribution of physicians by specialty. In making such analysis—

(A) the geographical distribution of medical and osteopathic physicians by specialty and subspecialty and by geographic area shall be determined, and in connection with such determination physician specialties and subspecialties shall be defined in a manner consistent with recognized categories and geographical areas shall be defined as reasonable medical trade areas for each specialty or subspecialty; and

(B) special attention shall be given to determining (i) the percentage of time physicians in each specialty and subspecialty spend in primary care activities and in other activities unrelated to their specialty training, and (ii) the percentage of time primary care physicians spend in specialty care.

(2) To project the expected distribution of physicians by specialty and subspecialty by geographic area in the years 1980, 1985, and 1990. Such projection shall be based on current trends in physician specialty training and choice of practice sites, the activities of various specialty boards and other organizations, and the retirement-death rate of physicians by specialty and subspecialty.

(3) To examine and evaluate the various methodologies for estimating the optimal distribution of physicians by specialty and subspecialty by geographic area controlling the supply of specialists and subspecialists. Methodologies examined and evaluated shall include (A) methodologies utilized by foreign countries, and (B) consideration of the use of nonphysicians to perform functions normally performed by physicians.

(4) To develop a reliable and appropriate methodology to establish the optimal distribution of physicians by specialty and subspecialty by geographic area. Utilizing such methodology, projections shall be made for the optimal number of physicians by specialty and subspecialty by geographic area for the years 1980, 1985, and 1990.

(b) The organization selected by the Secretary to conduct the study required by subsection (a) shall—

(1) have a national reputation for objectivity in the conduct of studies for the Federal Government;

(2) have the capacity to readily marshal the widest possible range of expertise and advice relevant to the conduct of such study;

(3) have a membership and competent staff which have backgrounds in government, the health sciences, and the social sciences;

(4) have a history of interest and activity in health policy issues related to such study; and

(5) have extensive existing contracts with interested public and private agencies and organizations.

(c) An interim report providing a plan for the study required by subsection (a) shall be submitted by the organization conducting the study to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate by October 31, 1975; and a final report giving the results of the study shall be submitted by such organization to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate by October 31, 1976.

QUALITY ASSURANCES RESPECTING EDUCATION AND TRAINING OF ALLIED HEALTH PERSONNEL

SEC. 802. The Secretary of Health, Education, and Welfare shall within one year of the date of the enactment of this Act (1) submit to the Congress a report which identifies and describes each of the programs which he administers under which the costs of programs of education and training for allied health personnel (as defined in section 795 of the Public Health Service Act) are directly or indirectly paid (in whole or in part); and (2) take such action as may be necessary to require that such assistance is provided only those programs which meet such quality standards as the Secretary may by regulation prescribe.

ALLIED HEALTH PERSONNEL STUDY

SEC. 803. (a)(1) The Secretary of Health, Education, and Welfare shall, in accordance with paragraph (2), arrange for the conduct of studies—

(A) to identify the various types of allied health personnel and the activities in which such personnel are engaged and the various training programs currently offered for allied health personnel;

(B) to establish classifications of allied health personnel on the basis of their activities, responsibilities, and training;

(C) using appropriate methodologies, to determine the cost of educating and training allied health personnel in each classification; and

(D) to identify the classifications in which there are critical shortages of such personnel and the training programs which should be assisted to meet that shortage.

(2)(A) The Secretary shall request the National Academy of Sciences to conduct such studies under an arrangement under which the actual expenses incurred by such Academy in conducting such studies will be paid by the Secretary. If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with such Academy for the conduct of such studies.

(B) If the National Academy of Sciences is unwilling to conduct one or more such studies under such an arrangement, then the Secretary shall enter into a similar arrangement with other appropriate nonprofit private groups or associations under which such groups or associations will conduct such studies and prepare and submit the reports thereon as provided in subsection (b).

(b) The studies required by subsection (a) shall be completed within the two-year period beginning on the date of the enactment of this Act; and a report on the results of such study shall be submitted by the Secretary to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate before the expiration of such period.

(c) Within six months after the date prescribed for the completion of the studies under subsection (a), the Secretary of Health, Education, and Welfare shall transmit to Congress such recommendations for legislation as he determines is necessary to provide appropriate support for the training programs referred to in subsection (a)(1)(D).

SEC. 804. If, within twenty years (or ten years in the case of a facility constructed with funds paid under part A of title VII of the Public Health Service Act (as in effect before the date of the enactment of the Health Manpower Act of 1974)) after completion of the construction of any facility for which funds have been paid under such part A (as so in effect) or under part D of such title VII (as in effect before July 1, 1967)—

(1) the applicant for such funds or other owner of such facility shall cease to be a public or nonprofit private entity, or

(2) such facility shall cease to be used for the purposes for which such funds for its construction were provided, unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation to do so, the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility.

The SPEAKER. Is a second demanded?

Mr. NELSEN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from West Virginia (Mr. STAGGERS) will be recognized for 20 minutes, and the gentleman from Minnesota (Mr. NELSEN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from West Virginia.

Mr. STAGGERS. Mr. Speaker, I rise in support of H.R. 17084, the Health Manpower Act of 1974. This bill will amend the Public Health Service Act to revise and extend health manpower programs which expired at the end of June of this year, the National Health Service Corps program, and its related National Health Service Corps scholarship program.

Work on this legislation began early this year when bills were introduced by Mr. ROGERS, the chairman of our Subcommittee on Public Health and Environment, the administration, and Mr. ROY of our committee to revise the existing programs. Hearings were held in May, and in October after extensive public markups the Subcommittee on Public Health and Environment reported H.R. 17084 as a clean bill. It was considered shortly after the election recess in our full Committee on Interstate and Foreign Commerce and ordered reported by unanimous voice vote.

Specifically, the proposed legislation will:

First, revise and extend with some modifications the existing authority for assisting schools of health manpower with construction, providing loans and scholarships to health professional students, giving capitation assistance to schools of medicine, dentistry, osteopathy, public health, veterinary medicine, optometry, pharmacy, and podiatry for defraying some of the costs of educating each of their students, making grants to assist schools which find themselves in severe financial distress, and undertaking special projects for training in family medicine, assisting disadvantaged students, creating area health education centers, and providing training in emergency medical services.

Second, continuing the National Health Service Corps program with modifications intended to expand and strengthen it, and make it more attractive to health professionals.

Third, introduce new requirements which schools receiving capitation assistance under the act must meet in return for such assistance, including requirements that enrollments be expanded, students be trained in remote sites from the schools themselves, more physician assistants be trained, and that students receive interdisciplinary training.

Fourth, continuing the existing programs in health and hospital administration and for allied health personnel.

Fifth, beginning a new program to assure that medical residencies are accredited, limited in supply to no more than 125 percent of the number of students graduating from U.S. medical schools, and appropriately distributed both geographically across the country and among medical specialties.

The legislation will extend these programs for 3 years, fiscal years 1975 through 1977, with a total authorization of appropriations of $1.572 billion. The authorization for all of the programs for the first year, fiscal year 1975, will be $409.5 million which compares very reasonably with an authorization under the existing program for 1974 of $1.148 billion and an appropriation in 1974 of $533 million.

When the Health Manpower Act was revised in 1971, it was primarily designed to increase the supply of health professionals in this country to meet a growing and recognized shortage. Since that time the professional schools throughout the country have responded by increasing their enrollments and are beginning to graduate larger numbers of doctors and other health professionals.

However, in the intervening years it has become increasingly clear that the real problems are those of distribution, whether geographic or by medical specialty. Everyone knows of the counties in this country which have no physician. Many of us are aware of our inner-city communities which have lost all sources of medical care except for the large inner-city hospitals. But the problem of inappropriate geographic distribution is, if anything, worse than most people realize. The physicians who are practicing in rural and inner-city communities are older and less trained than those in the suburbs.

In addition to problems with geographic distribution, we have increasingly evident problems with specialty distribution. Thus it is well understood that there are not enough physicians in family and general practice, and it is beginning to be recognized that there is, if antyhing, an excess of physicians in surgery and some of the more esoteric medical specialties.

Because of this, in the same way that the 1971 act was written to correct the shortage of health professioinals, the 1974 proposed legislation is designed to respond to the distributional problems I have just described.

Thus the National Health Service Corps which provides assistance to communities—which lack health professionals—in obtaining and holding such professionals, is markedly increased and strengthened under the bill.

Similarly, students are offered a variety of scholarships and loans but always with the condition that if they use such scholarships or loans they will incur a service obligation to practice in areas which lack health professionals.

Further a mechanism is created which will assure that the medical residencies in which medical specialties are learned are all properly accredited and distributed both geographically across the country and by specialty. This responsibility is given under guidelines which are to be developed by HEW to the organized representatives of the medical profession who are now responsible for approving medical residencies.

The program for medical residencies will have one important additional effect. It limits the supply of medical residencies by 1977 to only 125 percent of the number of students graduating from medical school in that year. This will have the important effect of limiting the supply of residencies available to graduates of foreign medical schools. This is a step which the committee takes consciously, knowing that the continued flow of foreign medical graduates into this country is inappropriate both because it depletes other countries' scarce supplies of medical manpower and because we cannot rely on foreign medical graduates to solve our own medical manpower problems or to be as uniformly of high quality as our own graduates.

Thus, as in 1971, the proposed legislation attempts to respond in a constructive way to the most current issues in health manpower. It is a bill which has received a great deal of very careful consideration by our committee and is an excellent effort. I recommend it to you and urge your support for it.

Mr. NELSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in this bill we have tried to reduce the amount a little bit, to give an indication of a trend. It is not very substantial, but it does indicate a trend.

In the other body there was an attempt made to move in the other direction, that doctors who graduated would have to go where they are told to practice. But in our bill we have a public health bill, and when a doctor takes this bill he understands he may have to go where there is a need for health service systems.

We extended it a little. We extended the scholarships a little bit and the students loans, because we thought maybe that is a direction we needed to emphasize a little bit more. We did a lot of work on this bill. I think it is a good bill. It costs a lot of money again. We are up against a dollar cost.

We do support the bill, and I hope it does pass.

Mr. Speaker, I wish to insert with my remarks the following communications from the Secretary of Health, Education, and Welfare on pending health legislation:

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., December 2, 1974.

Hon. JOHN J. RHODES,
Minority Leader, House of Representatives, Washingon, D.C.

DEAR JOHN: I am writing in connection with H.R. 17084 and H.R. 17085, which deal with health manpower and nurse training, respectively. We understand that the House is scheduled to consider these bills on Tuesday, December 3, under suspension of the rules.

With regard to H.R. 17084, I would first like to emphasize our concern about authorization levels. We recognize that H.R. 17084 authorizes amounts lower than the ones originally considered by the Subcommittee on Public Health and Environment. While this is helpful, given the vigorous efforts which must be made to scale down Federal spending, authorization levels in this bill are simply too high and should be reduced. Attached is a table which sets forth the President's 1975 Budget, the amounts proposed to be authorized by H.R. 17084, and the amounts in the Senate-passed bill, S. 3585. We urge the House to reduce authorizations to levels contained in the 1975 Budget.

In terms of program implications, the bill reflects the concept of continued reliance upon capitation grant subsidies as a major means of financing health manpower education. H.R. 17084 as modified by the full Commerce Committee does, it is true, somewhat decrease capitation in the third year. This again is a step which is useful, but which does not go far enough. Moreover, the bill would extend capitation grants to a new category—schools of public health—and continue capitation for pharmacy schools which we believe to be inappropriate as it is prebaccalaureate training. Additionally, a new program of categorical grants to subsidize graduate programs in the field of health care administration would be authorized. At a time when it is critically necessary to constrain Federal spending and when programs are being tightly controlled, we must guard against expanding Federal commitments to such marginal activities. In this same vein, we also are strongly opposed to including the continued authorization for teaching facility construction.

The proposed system for control over the number of residency training positions is unacceptable. We feel that there is little basis for initiating this far reaching regulatory mechanism at this time. We feel that the distributional and other problems to which these provisions are addressed are not sufficiently understood and that it would be unwise to impose such limitations until their potential impact could be assessed and considered. Finally, the substantial restrictions on the Department's ability to administer our health manpower programs on a decentralized basis are most bothersome.

With regard to H.R. 17085, the nurse training bill, we have continually objected to separate legislation for nurse training and a categorical program of subsidies to this undergraduate field. This bill not only continues separate capitation and special project support for nursing education, its total authorizations of $142 million exceed the President's 1975 Budget by $96.8 million. Continued capitation subsidies to encourage further expansion of nursing schools is certain to produce wide spread unemployment of nurses. We must, therefore, oppose H.R. 17085 for its objectionable programmatic and budgetary features.

The Administration certainly hopes to work out a viable health manpower bill before adjournment. But I must say that, given the problems with authorizations and program direction which I have mentioned, I do not now believe it likely that we could recommend Presidential approval of either H.R. 17084 or H.R. 17085.

Sincerely,

CASPAR WEINBERGER,
Secretary.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., December 3, 1974.

Hon. JOHN J. RHODES,
Minority Leader,
House of Representatives,
Washington, D.C.

DEAR JOHN: The Department's views on health resource planning legislation, H.R. 16204, scheduled for House Floor action this week are set forth in the attached letter to Chairman Staggers.

The bill as reported contains several features which are highly desirable and which parallel the Administration's recommendations. Our opposition to several features of the bill as stated in the attached letter is serious. We remain committed, however, to the essential features of the Administration's proposal and to working out acceptable legislation to be enacted this year. Therefore, we strongly urge that the House act immediately to pass legislation that incorporates the changes addressed in the letter.

We are aware that several amendments may be offered on the Floor. We would welcome amendments which would seek to overcome some of the problems we have listed in the attached letter such as reducing the authorizations and changing the health facilities construction program (Hill-Burton) from a formula grant to a project grant program. However, we would oppose other amendments such as those provisions designed to continue Regional Medical Programs (RMPs) and permit publicly sponsored planning agencies to be Health Systems Agencies.

Adopting such amendments would undermine the significant improvements proposed after thoughtful deliberation by the Subcommittee on Public Health and Environment and approved by the Commerce Committee.

Again, I reiterate, we remain hopeful of completed Congressional action in this legislation this session. We urge that the House take prompt action on H.R. 16204, amended along the lines we have suggested, so that the work toward acceptable health planning legislation can be completed before adjournment.

Sincerely,

CASPAR WEINBERGER,
Secretary.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., August 7, 1974.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, Washington, D.C.

DEAR MR. CHAIRMAN: This letter sets forth the Department's views on H.R. 16204, the National Health Policy, Planning and Resources Development Act of 1974, recently reported from the Subcommittee on Public Health and Environment.

The bill as reported contains several features which are highly desirable and which parallel the Administration's recommendation. The basic features of this bill which would consolidate planning for resource development efforts will substantially improve the current fragmented health planning process. Other areas of agreement include, for example, the emphasis on local planning, the private, non-profit nature of the local planning bodies, their functions and relationships to the Statewide Health Coordinating Council, and the nature and role of that Council. These features of the bill would have significant constructive impact on health resources planning for many years to come. We are pleased that the Subcommittee firmly rejected the suggestions to continue the regional medical programs.

However, we oppose other features of the bill which are not compatible with the Administration's proposals. Among these features are the following: The bill would write into law, at some length, provisions governing how State governments must organize their own planning and development efforts. We continue to believe that States should be given maximum flexibility to manage their own affairs, and that the organization and functions of State government should not be spelled out in Federal legislation.

Another example is the provision for a National Advisory Council on Health Policy. In view of the large number of advisory councils already provided to the Department, we believe that an additional committee will be duplicative and confusing. We have already taken the necessary steps to coordinate and strengthen the formulation and implementation of health policy; this is why the role of the Assistant Secretary for Health has been enhanced. We believe that it will be more fruitful for the Congress and the public to hold him and other Department officials responsible for national health policy than to create another advisory body.

There are three major features of the bill which we strongly oppose: First, the excessive authorizations. Second, the formula grant mechanisms built into the bill. Third, continuation of the hospital construction program as a State formula program.

The total amount which would be authorized by this three-year bill is $1.2 billion for both planning and facilities. The authorization for fiscal year 1975 is $240 million ($115 million for planning; $125 million for facilities). This compares to the Administration's proposal of $75 million for planning and $100 million for facilities. The bill's authorizations are even higher for fiscal year 1976 and fiscal year 1977. High authorizations would put strong upward pressure on the Federal budget, and would be particularly undesirable at a time when we must exert every effort to hold down spending.

The bill authorizes funds to be provided to local planning agencies (the successors to the existing "314(b) agencies") on the basis of 50 cents per capita, with an additional 25 cents per capita if other sources of revenue (governmental and non-governmental) are secured. In addition, the local planning bodies would be able to make grants of up to $75,000 per recipient for two years for assistance in developing their plans; the bill provides that the total amount to be used for this purpose by each planning agency shall be limited to $1 per capita. Our proposal would have limited these agents to $25,000 per recipient and allowed discretion in the total amounts to be made available for this purpose.

The per capita language of the funding provisions could be misconstrued by potential grant recipients as entitlements, contribute to excessive authorizations and lead to unwarranted expectations. We strongly urge the Committee to eliminate the per capita authorizations and to authorize appropriations for them of "such sums as may be necessary."

We strongly object to continuing a facilities construction and modernization program which is not targeted on the areas of our country which need it most. The Administration proposed spending $100 million in FY 75 for a new and targeted program of project grant assistance for the modernization of existing facilities and the construction of new ambulatory facilities. Instead, H.R. 16204 would continue the now-outmoded and inefficient State formula program of assistance. The old Hill-Burton program was successful in funding an increase in the number of hospital beds, but the new health facilities assistance program should focus help where it is needed most. Moreover, H.R. 16204 does not contain the matching provisions and provisions with respect to responsible fiscal management that were contained in the Administration proposal. Here again, we strongly urge the Committee to reconsider this issue and to modify H.R. 16204 along the lines of our recommendations.

While we appreciate the careful attention which the Subcommittee has given to this bill and to several of the proposals of the Administration, we believe that significant improvements remain to be made before the bill can be acceptable. We strongly urge the full Committee to make these improvements and report a bill which all can support.

Please do not hesitate to call me should you wish further information or assistance from the Department.

Sincerely,

CASPAR WEINBERGER,
Secretary.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Kentucky.

Mr. CARTER. The bill extends, at a level reduced from 1974, the authority authorizing grants, loan guarantees, and interest subsidies for assistance in the construction of teaching facilities:

	Fiscal year—			
	1975	1976	1977	Total
Construction	25	25	25	75
Loan guarantees and interest subsidies	2	3	3	8

STUDENT ASSISTANCE

The bill continues, with minor modifications, the authority for loans to students of health professions traineeships and schools of public health. It phases out the existing unconditional scholarship program in favor of the Health Service Corps approach.

	Fiscal year—			
	1975	1976	1977	Total
National Health Service Corps student assistance:				
Student loans	(1)	30	30	60
Student scholarships	(2)	(2)	(2)	
Public Health traineeships	6	6	6	18
NHSC program	25	36	45	106
NHSC scholarships	(1)	80	120	200

[1] Public Law 93–385 authorizes 40,000,000 for NHSC scholarships in fiscal year 1975, and 60,000,000 for student loans in fiscal year 1975.

[2] Such sums as are necessary are authorized in order to continue payments to students who received scholarships prior to 7/1/74. No new scholarships are authorized.

DIRECT SUPPORT TO HEALTH PROFESSIONS SCHOOLS

The bill extends and revises the existing program whereby schools of health professions receive institutional support based upon capitation.

According to the formula, support is based upon a set amount times the number of students enrolled.

The bill adds schools of public health to the list of those receiving institutional support. Also revised are the requirements to which a school must agree to receive support.

Medicine, osteopathy, and dentistry, per student

Fiscal year:	
1975	$2,100
1976	2,100
1977	2,000

At least 25 percent of the funds must be spent for training of students for at least 6 weeks in sites remote from the campus. The training would be a cooperative venture between school faculty and experienced physicians of the area. Such remote site training would not begin until the 1976–77 school year. The sum of $650 is authorized to be paid per student in training physician assistants and dental auxiliaries. These schools must also agree to either: First, expand enrollment; or second, initiate or maintain a program for the training of at least 25 assistants or auxiliaries. Effective 1976–77 school year.

PUBLIC HEALTH, VETERINARY MEDICINE, AND PODIATRY

Each school is to receive support at a rate of $1,500 per student per year.

Veterinary schools must either: First, increase enrollments; or second, enroll at least 20 percent of their students from States which have no schools.

Podiatry schools must either: First, increase enrollment; or second, enroll at least 40 percent of their students from States with no schools. Effective 1976–77 school year.

OPTOMETRY AND PHARMACY

Capitation is set at $700 per student per year for these schools.

Schools of optometry must increase enrollment, and schools of pharmacy must either: first, increase enrollment; or second, conduct two or three special training programs. Mentioned in report were, teaching in clinical settings, clinical pharmacology, or doctor-patient counseling in drugs. Effective 1976–77.

All schools must sign a contract with the student receiving education, an agreement whereby the student would pay back in installments to the Federal Government following graduation or completion of internship or residency the amount received by the school in capitation for that student.

The bill extends the startup assistance programs and includes public health, veterinary, optometry, pharmacy and podiatry. Financial distress grants are continued and extended to schools of public health.

AUTHORIZATIONS—GRANTS FOR HEALTH PROFESSIONS SCHOOLS

	Fiscal year—			
	1975	1976	1977	Total
Schools of M.O.D. full time students	165	170	167	502
Physician assistants and dental auxiliaries	3.5	4	4.5	12
Public health	6	6.75	7	20.25
Veterinary	9.25	9.75	10.5	29.5
Optometry and pharmacy	21.7	22.6	23.5	67.8
Podiatry	2.8	3.1	3.2	9.1
Startup	5	5	5	15
Financial distress	5	5	5	15

SPECIAL PROJECT GRANTS AND CONTRACTS

Training in family medicine: The bill extends existing program and adds new authority for general practice of dentistry.

Disadvantaged students: The bill authorizes grants and contracts to schools for assistance to disadvantaged students interested in the health professions. Schools must agree to enroll a specified number from a disadvantaged background.

Area health education centers: The bill revises and extends the existing program, which trains professionals, retrains and offers continuing education, and provides general education for the public in remote community hospitals.

Emergency medical services: The bill extends existing authority.

Computer technology: The bill extends an existing program.

Training of U.S. foreign medical students: The bill provides for grants and contracts for the remedial training of students of foreign medical schools who have been given provisional acceptance with advanced training in the third year of a U.S. medical school.

Departments of family medicine: The bill authorizes grants and contracts for the establishment of these departments in medical and osteopathic schools.

SPECIAL PROJECTS FOR SCHOOLS OF OPTOMETRY, PODIATRY AND PHARMACY

The bill authorizes grants and contracts to assist these schools in their affiliation with other health professions schools and their development of other specialized programs.

	Fiscal year—			
	1975	1976	1977	Total
Residency in family medicine and general dentistry	40	40	40	120
Disadvantaged students	20	20	20	60
Existing AHEC's	(3)	(3)	(3)	
New AHEC's	15	20	25	60
Project grants for OPP	5	5	5	15
Computer technology	3	3	3	9
EMS	7	7	7	21
Education for U.S. students in foreign medical school	2	3	4	9
Family medicine department	10	15	20	45

PUBLIC AND ALLIED HEALTH PERSONNEL

The bill authorizes support for institutions offering graduate programs in health administration, hospital administration, and health planning. It authorizes traineeships for students in such programs.

The measure also authorizes grants for allied health programs and traineeships for advanced training of allied health personnel.

Medical residency training program: The bill adds a new section to the Public Health Service Act which establishes a limit of first-year positions in accredited medical residency training programs to 125 percent of graduates of schools of medicine beginning in calendar year 1978.

The Secretary is to appoint an agency to review and accredit or disapprove training programs in the United States. Each program is to be reviewed at least once every 3 years.

Third. Such sums as are necessary are authorized to continue existing AHEC's.

Another agency is to be appointed by the Secretary which has jurisdiction over new training programs to adjust the geographical balance and need for such programs in the areas.

The right of first refusal to be the accrediting agency—that first mentioned—goes to the Liaison Committee for Graduate Medical Education of the Coordinating Council on Medical Education.

The right of first refusal to become the establishing agency—second mentioned—goes to the Coordinating Council for Medical Education. Both are existing organizations.

PUBLIC AND ALLIED HEALTH PERSONNEL

	Fiscal year—			
	1975	1976	1977	Total
Graduate programs in health	1.75	2.0	2.5	7.5
Traineeships for Public Health personnel	2.5	2.5	2.5	7.5
Allied health programs	20.0	20.0	20.0	60.0
Allied health training	6.0	6.0	6.0	18.0
Full utilization of allied health personnel educational talent	1.0	1.0	1.0	3.0

TITLE VII

MEDICAL RESIDENCY TRAINING

	Fiscal year—			
	1975	1976	1977	Total
Assistance to designated agencies		0.3	0.3	0.6
Total authorizations	409.5	551.0	611.5	1,572.0

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I notice that the figure in the report is $1,572 million.

Mr. NELSEN. The gentleman is correct.

Mr. BAUMAN. Mr. Speaker, can the gentleman tell me what the position of the administration is? Does the gentleman know whether the President will veto this bill?

Mr. NELSEN. Mr. Speaker, I have no idea what the President will do, but I do want to say that the Department of Health, Education, and Welfare did indicate that the dollar figure was too high, not only in this bill but in the planning bill—all of them, in fact. I have inserted their objections as stated in letters in the RECORD.

Now, for example, let me say that the planning bill or this bill is an acceptable bill except for the dollar figure. This is true in several of our bills.

Of course, this is an authorization bill, and I hope the Committee on Appropriations will reduce the amount a little bit, having in mind that the total dollar load of the country is getting out of hand and we will have to begin to accept a little bit more of the load back home.

Mr. Speaker, I believe that the Committee on Appropriations will reduce the figure to some extent.

Mr. BAUMAN. Mr. Speaker, if the gentleman will yield further, will the gentleman tell me why the American Medical Association opposes this bill?

Mr. NELSEN. The American Medical Association does not oppose this bill; they opposed the planning bill. I understand that is the bill they are opposing, not this bill.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I am surprised that we have a 128-page bill with a voluminous report, which involves the expenditure of $1,500 million—I believe that is the figure—and we are considering it under suspension of the rules. This is a reflection upon somebody, I do not know who.

In considering legislation of this kind in this way, we cannot amend it to cut the $1.5 billion, we cannot do anything with it except vote it up or down.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Speaker, replying to the gentleman from Iowa, the legislation has been here for quite a while for the good gentleman from Iowa to read and see whether he wanted to vote for it or against it. It is a rather large bill. Mostly it is the renewal of legislation which we have passed previously, with some additions. However. I think it is a good bill.

As I understand it, the authorization is less this year than it was last year. I believe I speak authoritatively on that.

Mr. GROSS. Well, it ought to be.

Mr. Speaker, if the gentleman will yield further, it is about time we stopped spending a little bit of money. But there is still a billion and half dollars in here.

Mr. CARTER. The gentleman is correct. We do have one ground for agreement; the gentleman agrees it is less than it was last year. I am sure the gentleman is pleased with that, and I am, too.

Mr. GROSS. I do not know whether I am pleased or not.

Mr. CARTER. Mr. Speaker, I certainly strongly support this legislation.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the chairman of the subcommittee, the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Speaker, I rise in support of H.R. 17084, the Health Manpower Act of 1974. This measure, which is the product of extensive deliberations by the Subcommittee on Public Health and Environment, would revise and extend the authorities of the Public Health Service Act which provide assistance to students and schools of medicine, osteopathy, dentistry, veterinary medicine, public health, podiatry, optometry, and pharmacy, provide assistance to programs and students of health administration, provide increased authorizations for the National Health Service Corps, and provide a mechanism for controlling the number and types of postgraduate medical residency programs.

PRINCIPAL PROVISIONS OF H.R. 17084

CONSTRUCTION

The bill continues at levels substantially reduced from 1974 levels, the existing authority authorizing grants, loan guarantees and interest subsidies to assist in the construction of teaching facilities for health professions schools.

STUDENT ASSISTANCE

The bill continues, with minor modifications, the authority for loans to students of the health professions and traineeships for students in schools of public health. It phases out the unconditional scholarship programs authorized by existing law in favor of substantial increases for National Health Service Corps scholarships. It modifies the existing National Health Service Corps scholarship program which provides scholarships to students of the health professions who agree to practice their professions in critical health shortage areas following graduation.

DIRECT SUPPORT TO HEALTH PROFESSIONS SCHOOLS

The bill extends and revises the existing program whereby schools of the health professions receive institutional support, based on a formula of a certain sum of money times the number of students enrolled in the school—termed "capitation" support. It adds schools of public health as schools eligible to receive such support. The bill also revises the requirements to which schools must agree in order to receive capitation support.

The capitation amounts and requirements to which schools must agree in order to receive capitation support are:

Schools of medicine, osteopathy, and dentistry: $2,100 per student per year for fiscal years 1975 and 1976, and $2,000 for fiscal year 1977, 25 percent of which must be spent for training of students for at least 6 weeks in their third and fourth years in sites remote from the main site of the teaching facilities. Such remote site training is not to begin until school year 1976–77.

The sum of $650 per student enrolled on a full-time basis in a program for the training of physician assistants or expanded duty dental auxiliaries. These schools must also agree to either expand enrollment or initiate or maintain a program for the training of at least 25 physician assistants or expanded duty dental auxiliaries. Such requirements are applicable beginning in school year 1976–77.

Schools of public health, veterinary medicine, and podiatry: $1,500 per student per year; public health schools must increase their enrollment; veterinary medicine schools must either increase enrollments or enroll at least 20 percent of their students from States which have no such schools; podiatry schools must either increase enrollment or enroll at least 40 percent of their students from States without such schools. These requirements take effect beginning in school year 1976–77.

Schools of optometry and pharmacy: $700 per student per year. Schools of optometry must increase enrollment; schools of pharmacy must either increase enrollment or conduct two or three special training programs—teaching in clinical settings. clinical pharmacology, or doctor-patient counseling in drugs. Such requirements become effective in school year 1976–77.

All schools must, in order to receive capitation support, beginning in school year 1976–77, contract with each enrolled student whereby the student agrees to pay back to the Federal Government in annual installments 1 year following graduation, or completion of internship or residency, the amount the school received in capitation support for such student.

The bill extends the existing program of startup assistance for new schools. Eligibility for startup assistance is extended to schools of public health, veterinary medicine, optometry, pharmacy, and podiatry.

The bill also continues the existing program whereby schools in serious financial straits can receive financial distress grants. Eligibility is extended to schools of public health.

SPECIAL PROJECT GRANTS AND CONTRACTS

H.R. 17084 makes substantial revisions in the existing authority of the Secretary of HEW to award special grants and contracts to health professions schools and other entities to meet special needs. These special projects are:

Training in family medicine: The bill extends an existing program authorizing support of family medicine residency programs and adds new authority for support of residencies in the general practice of dentistry.

Disadvantaged students: The bill authorizes awards of grants and contracts to assist individuals from disadvantaged backgrounds to enter health professions. Schools receiving these grants or contracts must agree to enroll specified numbers of full-time, first-year students from disadvantaged backgrounds.

Area health education centers: The bill revises and extends an existing program for the establishment of area health education centers which train students of the health professions, including residents, retrain and provide continuing education for health professionals, and provide educational programs for the general public in remote community hospitals and other facilities under the supervision of faculty of health professions schools.

Emergency medical services training: The bill extends an existing authority for training of personnel in emergency medical services.

Computer technology: The bill extends an existing program authorizing computer technology health care demonstration programs.

Training of U.S. foreign medical students: The bill authorizes grants and contracts for the remedial training of U.S. citizens previously enrolled in foreign medical schools who have provisionally been accepted with advanced standing into the third year of U.S. medical or osteopathic schools.

Departments of family medicine: The bill authorizes grants and contracts for the establishment of such departments in medical and osteopathic schools.

Special projects for optometry, podiatry, and pharmacy schools: The bill authorizes grants and contracts to these schools to assist with their affiliations with other health professions training programs and with their development of specialized training programs.

GRADUATE PROGRAMS IN HEALTH AND HOSPITAL ADMINISTRATION

The bill authorizes institutional support for graduate programs in health administration, hospital administration, and health planning and authorizes traineeships for students enrolled in such programs.

ALLIED HEALTH PERSONNEL PROGRAMS

The bill authorizes project grants for allied health programs and traineeships for advanced training of allied health personnel.

MEDICAL RESIDENCY TRAINING PROGRAMS

The bill adds a new title to the Public Health Service Act which establishes a limit of first-year positions in accredited medical residency training programs of 125 percent of graduates of schools of medicine beginning in calendar year 1978.

This provision directs the Secretary of Health, Education, and Welfare to designate or establish a medical residency training program accrediting *agency to* review and either accredit or disapprove each medical residency training program in the United States, and review each such program at least once every 3 years.

The Secretary is further directed to designate or establish a second agency which will designate which accredited medical residency training programs may be established, taking into consideration the need for residency programs to be equitably distributed geographically, the special need for residency programs maintained in conjunction with area health education centers, and the special need for primary care specialties of general internal medicine, general pediatrics, family medicine, and obstetrics and gynecology. The total number of residency training programs established each year by this agency may not exceed 125 percent of graduates of U.S. medical schools in the previous year.

The right of first refusal to become the accrediting agency is given to the liaison committee for graduate medical education of the Coordinating Council on Medical Education. Both entities are existing organizations established for the purpose of accrediting medical residency training programs and developing policies with respect to the number and types of programs needed in the United States. Both are comprised of representatives of the American Medical Association, the American Hospital Association, the Association of American Medical Colleges, the Council of Medical Specialty Societies, the American Board of Medical Specialties, and the general public.

Mr. Speaker, during subcommittee deliberations on this measure, four major problems were identified as having a significant impact on access to quality health care delivery in this country: First, the supply and productivity of health manpower; second, the geographic distribution of health manpower; third, the specialty maldistribution of physicians; and fourth, the impact of the recent influx of foreign medical graduates into this country. In developing this legislation we have before us today, the subcommittee carefully examined the factors leading to inadequate supply, geographic maldistribution, specialty maldistribution, and the growing influence of foreign medical graduates and believe the provisions of this bill will substantially contribute to the resolution of these significant problems.

SUPPLY OF HEALTH PROFESSIONALS

From its inception in 1963, assistance to schools and students of the health professions has been targeted with one primary goal—increasing the supply of health manpower. Remarkable strides have been made in the past 10 years in increasing the enrollment levels of health professions schools. Medical school enrollment has nearly doubled since 1963 and the other schools have made similar gains. Although it is impossible to measure precisely the impact of Federal assistance on the expansion of enrollment, it is generally agreed that that impact has been substantial.

Despite the significant increases in supply that Federal assistance has afforded in the past, the absolute numbers of health personnel must be increased further to meet future needs. The inevitability of some form of national health insurance will undoubtedly increase demand for health care personnel. The provisions of this bill which are designed to eliminate the dependence of this country on foreign medical graduates will increase the demand for U.S. medical graduates to meet national needs.

For this reason, H.R. 17084 would continue the requirement of existing law that health professions schools increase enrollment in order to receive Federal institutional support. The committee, however, recognized that because of past enrollment increase requirements, some schools had expanded to the limits of their physical capacity. Alternative projects which serve to meet national needs are offered as options to certain types of schools, and a waiver of the increased enrollment requirement is available to those schools who might suffer a loss of accreditation if they increased enrollment. For example, the bill would offer medical and dental schools, as an alternative to increasing enrollment, the option of initiating or maintaining a program to train at least 25 physician assistants or expanded function dental auxiliaries. Such schools would receive $650 in institutional support for each student enrolled in such a training program.

This alternative to enrollment increases can help alleviate the impact of the shortage and maldistribution of physicians and dentists. Studies have demonstrated conclusively that the productivity of physicians and dentists is substantially increased by delegating many of the routine, time-consuming tasks associated with their practices to physicians' assistants and expanded function dental auxiliaries. Such increased productivity will very likely reduce medical and dental services costs in this country, and improve the availability and quality of such services.

GEOGRAPHIC MALDISTRIBUTION

Mr. Speaker, the increases in the supply of health professionals over the past decade, while significant, have done nothing to alleviate the geographic maldistribution of health manpower. In fact, the geographic maldistribution of manpower has worsened in the past 10 years. More and more physicians and other health professionals are locating in suburbs and medium-sized urban communities at the expense of rural and inner city populations. There are two principal reasons why health professionals tend to locate in suburbs and small urban communities, only one of which can be affected legislatively. First, health professionals can earn a high income regardless of location and competition and prefer to live in communities with a comfortable, secure lifestyle. Short of dictating where health professionals shall practice—a concept which is repugnant to the vast majority of members of the committee—the Federal Government cannot affect this factor through legislation. Second, ultimate location of physicians' practice is to a large extent influenced by the nature and location of medical training.

Most medical training, both undergraduate and graduate, is now provided in large academic medical centers located in large urban areas, which concentrate on providing complex, subspecialty care. As a result, many medical students are, in effect, educated to believe that modern medicine can only be practiced within the environs of a large urban hospital. As a result of the urban location of medical schools, medical students, and their spouses, no matter where they came from originally, become accustomed to an urban environment.

The bill before us today would encourage the migration of health manpower into underserved areas in several meaningful ways—

First. The bill authorizes funding levels for the National Health Service Corps programs which will result in a sharp increase in the number of scholarships available to students who agree to serve medically underserved populations following completion of training, offers financial assistance to underserved communities to help them attract health professionals, and financial incentives to health professionals to remain in such communities following completion of their service.

Second. The bill mandates that all medical, dental, and osteopathic schools expend at least 25 percent of their capitation moneys to train every student for at least 6 weeks in the 3d and 4th year of training in facilities remote from the site of the main campus.

Third. The bill authorizes funds for new area health education centers designed to train medical residents and other health professions students in remote areas, and provide continuing education to practicing health professionals in such areas.

These three mechanisms are intended to, first, provide health services to medically underserved areas by virtue of service obligations incurred under the scholarship program; second, influence upperclassmen and residents through remote site training programs as to the nature and location of future practice; and third, provide access and contact with an academic health center as well as continuing education to the practicing health professional in a remote area who all too often feels isolated both professionally and personally from his peers.

SPECIALTY MALDISTRIBUTION

The third major problem threatening the efficacy of our medical care system is specialty maldistribution of physicians. Two principal reasons exist for the present irrationality in distribution of physicians by specialty, both of which can be traced to the numbers and types of postgraduate medical residency programs available to medical school graduates today. First, institutions have a strong incentive, both financially and for prestige, to establish large, nonprimary care medical specialty programs; and second, programs and positions in specialty or subspecialty training are approved by a plethora of residency review committees with no meaningful effort to coordinate the number of positions with the number of U.S. medical school graduates or to achieve a reasonable proportion of positions available in the various specialties.

In addition, as I discussed earlier, most undergraduate and postgraduate medical education programs are not geared to primary medical care. The net result is a serious shortage of primary care physicians and an ever increasing number of physicians who specialize in the nonprimary specialties and subspecialties.

This bill would influence the specialty ratio in three ways:

First. It would encourage the training of physicians with the specialty of family medicine by authorizing funds to establish family medicine departments within medical schools and to provide traineeships for residents in family medicine;

Second. It would provide remote site training for residents in internal medicine, general pediatrics, family medicine, and obstetrics and gynecology within area health education centers; and

Third. A provision limiting and coordinating the numbers and types of medical residency training programs, which I will discuss in a moment, will have a significant impact upon the types of specialty residencies offered in this country.

FOREIGN MEDICAL GRADUATES

The fourth problem which his bill addresses is the increasing and unnecessary reliance on graduates of foreign medical schools to provide health services in the United States. Foreign medical graduates, whose ability to deliver quality medical care is questionable, now constitute more than 20 percent of the active physicians practicing in the United States today and comprise an even larger percentage of certain medical specialties. Although some FMG's are U.S. citizens who attended medical schools abroad, the vast majority of these foreign medical graduates enter the United States as postgraduate physician trainees under exchange study programs, ostensibly to receive advanced training in the United States and then to return to their native countries. Unfortunately, both for the quality of health care in the country and that of many foreign nations, too many foreign medical graduates choose to remain in this country following training.

The single overriding factor leading to the increasing numbers of FMG's migrating to the United States in the proliferation of postgraduate residency training positions. In 1974, there were nearly twice as many first-year positions offered as there were graduates of U.S. medical schools; foreign medical graduates filled nearly a third of those positions, and, some specialties such as pathology and anesthesiology more than half.

This bill contains two provisions which would affect the foreign medical graduate problem:

First. It contains a new provision which would establish a limit on postgraduate medical residency positions of 125 percent of U.S. medical school graduates. Such a limitation would severely curtail the number of foreign medical graduates seeking and obtaining residency training in the United States by nearly halving the number of such training positions. The provision would also require particular attention to geographic location of residency programs and the distribution of primary care specialty programs. Although not mandated by the bill, it is hoped that at least 50 percent of the designated positions will be in primary care specialties.

Second. H.R. 17084 contains a one-time-only program to provide remedial training for U.S. citizens who wish to transfer from foreign medical schools to U.S. medical schools. While the committee does not wish to encourage U.S. citizens to seek medical education abroad, and for this reason intends to authorize funds for this purpose for 3 years only, we do feel that given the proposed limitation on residency positions and the numbers of U.S. citizens presently enrolled in foreign medical schools an opportunity to transfer to U.S. schools should be available.

Mr. Speaker, other provisions of this legislation would continue assistance for the allied health professions schools and programs, construction authority, financial distress grants and startup grants for schools of the health professions, special project grants for emergency medical services training, disadvantaged student recruitment and training, and computer technology programs.

Mr. Speaker, this bill represents an effort by the committee to remain mindful of the current economic situation while at the same time dealing in a substantive, responsible way with the current national needs and priorities in health manpower education. The authorization level for fiscal 1975 of $409 million is well below the $533.4 million appropriated for fiscal year 1974. The 3-year total authorization level of $1.572 billion is only $424 million over the fiscal 1974 authorization of $1.148 billion.

H.R. 17084 represents a middle ground between those who believe that schools and students of the health professions should pay the total costs of their education and those who believe that because such schools and students are national resources, Federal or State government should pay virtually the entire cost of health professions education. The subcommittee considered, and rejected a provision which in effect would have required that every student sign an agreement to practice in medically underserved areas and would have tied institutional support to those service agreements. We considered providing the schools with unencumbered institutional support and rejected that proposal.

This bill would place a minimal lien on the academic freedom of health professions schools by mandating that 25 percent of institutional support be devoted to a specific program in exchange for millions of dollars in Federal support. It would also require those students, who upon graduation, decide not to devote a period of time to practice in underserved areas to repay to the Federal Government that portion of their educational costs supported by Federal capitation support.

Mr. Speaker, this measure is vital to the continuation and improvement of health care in this Nation. It will assure the production of quality health manpower, and the redistribution of that manpower both geographically and by specialty. This legislation builds upon the commitment by the Federal Government initiated more than a decade ago that quality education is essential to the production of quality health manpower, modifying that commitment to take into consideration changing needs. I urge adoption of the bill.

Mr. CLEVELAND. Mr. Speaker, I have a question to ask the gentleman from Florida. It pertains to section 771 of the bill which contains requirements for qualification for capitation grants by medical schools. It requires increases in enrollments and anticipates the offering of programs to train physician assistants. Later in the section there is provision for a waiver of such requirements by the Secretary in cases in which schools have reached their physical capacity or for other factors which would result in lowering the quality of the programs offered.

This would seem to give the Secretary considerable latitude in waiving the requirements but experience with such things prompts me to inquire more specifically about the situation of Dartmouth Medical School in New Hampshire with which I think you are familiar. Our medical school has increased its capacity and enrollment dramatically over the last few years. We are however isolated by eastern standards and therefore access to hospital facilities is extremely limited.

The school is presently at a point where to increase enrollment would completely glut our hospitals with students to the detriment both of teaching and healing. With a maximum of 640 beds available, Dartmouth has a projected enrollment of 192 students in 1976. So, in the case of New Hampshire, the physical limitations of Dartmouth's affiliated hospitals and the lack of other hospitals in the area make expansion highly undesirable. In addition, the alternative of physician assistant training on a continued basis may not be possible because of the uncertainty of continued funding and the placement difficulties which Dartmouth is experiencing since the area already has as many or more physician assistants than can be absorbed in the region. Further, the assistants' program also puts additional strain on the hospital facilities.

Is it the intention of this legislation that situations such as that facing Dartmouth Medical School are expected to prompt a waiver from the requirements?

Mr. ROGERS. Mr. Speaker, I would be happy to respond to the gentleman's question. As the gentleman mentioned, schools of medicine, in order to receive institutional support under this legislation, have the option of either increasing enrollment or conducting a program for the training of physician's assistants, both of which have the purpose of increasing the supply of medical manpower available in this country. Because of the committee's recognition that the requirements of previous legislation for enrollment increases have pushed some medical schools to the bounds of their physical capacities, the Secretary of Health, Education, and Welfare is authorized to waive the eligibility requirements of increasing enrollment or conducting a program for the training of physicians assistants, if he determines that fulfilling such requirements would lower the quality of education at the school.

While I do not know firsthand the situation with respect to the school of medicine at Dartmouth, the information the gentleman has provided me would indicate that the enrollment increase requirement would be extremely difficult to fulfill. I am simply not capable of assessing the situation with respect to whether or not the school has the ability to train physicians assistants within its physical limitations without lowering the quality of education at the school. I am sure that the Secretary will give every consideration to what I understand is a troublesome situation at Dartmouth.

Mr. CLEVELAND. Mr. Speaker, I thank the gentleman from Florida. The letter from Dartmouth which follows may be of general interest. The problem also exists in Vermont and probably in other areas as well.

The letter follows:

DARTMOUTH MEDICAL SCHOOL,
Hanover, N.H., December 9, 1974.
Miss KATHIE CASWANDIK,
Rayburn House Office Building,
Washington, D.C.

DEAR MISS CASWANDIK: In response to your further inquiry about the enrollment of students at the Dartmouth Medical School:

The Darthmouth Medical School is one of the smallest, perhaps the smallest, medical school in this country. For several decades and until recently the school was a two-year medical school and as such offered only pre-clinical training to its students. The school's graduates transferred to other medical schools to complete their requirements for the M.D. degree. In the late 1960's, the Trustees of Dartmouth College authorized a return to an M.D. program. I say return because the school did offer a complete curriculum in medicine from 1797 until 1914 when it became a two-year medical school. This return to the full M.D. program is almost complete.

Enrollment at Dartmouth Medical School has increased significantly over the past several years. Class size and total enrollment for the period 1967 through 1977 are shown as follows:

DARTMOUTH MEDICAL SCHOOL

	Year			
	I[1]	II	III	Total
1967–68	48	48		96
1968–69	53	47		100
1969–70	55	45		104
1970–71	53	52		105
1971–72	61	52		113
1972–73	64	52	18	134
1973–74	64	59	21	144
1974–75	64	60	32	156
1975–76	64	64	32	160
1976–77	64	64	64	192

[1] Includes new students only.

Note that the maximum enrollment is projected at 64 students per class. Only three classes are shown because the Dartmouth M.D. curriculum is a three-year program rather than the traditional four. Note that total enrollment is projected at 192 students. Counting "repeaters" and other students in special categories total enrollment will approximate 200.

Sizable hospital and ambulatory care facilities are required to teach medical students. The size and number of those facilities in and about Hanover, New Hampshire are barely adequate to accommodate the numbers of students we have projected for full expansion of the Dartmouth M.D. program. Our teaching hospitals, the Mary Hitchcock Memorial Hospital and the VA Hospital in White River Junction, Vermont, have a maximum of 640 beds. There is a rule of thumb that says a medical school should have about 10 hospital beds available for teaching for every entering student. The point is that our hospital facilities compared to those available to urban medical schools are relatively small, even allowing for the fact that their classes are somewhat larger. Furthermore, they have the potential to affiliate with many more hospitals than do we in a rural area where the health care system is widely dispersed geographically.

Further increases in enrollment, over those projected, would in my view and that of our clinical faculty compromise the efficiency, dignity, and quality of patient care at this medical Center. How many medical students should examine a patient? How many students should be crowded around a single hospital bed? These are the key questions.

Two final points:

1. The Dartmouth Medical School is accredited by the Liaison Committee of Medical Education for an entering class of 64 students (see enclosed letter). We could not matriculate additional students unless this accrediting body were to approve. I personally doubt that this approval would be forthcoming because our clinical teaching facilities are limited.

2. Last Saturday I discussed this matter of increased enrollment with the Joint Council of the Dartmouth-Hitchcock Medical Center. This Council includes the chief executive officers of the hospitals, the President of the Hitchcock Clinic as well as trustees of Dartmouth College and the Mary Hitchcock Memorial Hospital. The Council agreed unanimously that the Dartmouth Medical School should not be asked to admit more than 64 students per annum.

Please let me know if you would like additional information. I very much appreciate your help.

Yours sincerely,
JAMES C. STRICKLER, M.D.

Mr. HUDNUT. Mr. Speaker, there is a great need for the Congress to take action this year on a bill to extend programs for the education of health professionals. However, I am concerned that it is too late in this 93d Congress to expect to enact a bill with all the ramifications included in H.R. 17084. The Senate bill contains some significant differences and because of the lateness it may be difficult to reach an agreement in conference.

I share the view expressed by Dr. John Cooper, president of the Association of American Medical Colleges, that consideration should be given to an emergency bill to extend for 1 year, through June 30, 1975, the existing programs of Federal assistance in the education of health professionals. Legislative authority for the programs expired June 30, 1974, and support to medical schools provided through advanced funding will run out June 30, 1975. Without enactment now of further legislative authority, health professions, educational institutions and their students will be unable to plan for the 1975–76 academic year.

As part of my remarks, I am including a letter from Dr. Cooper in which he discusses the present situation and suggests the enactment of a 1-year emergency extension.

ASSOCIATION OF
AMERICAN MEDICAL COLLEGES,
Washington, D.C., November 8, 1974.
Hon. WILLIAM H. HUDNUT III,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. HUDNUT: This is to urge consideration of emergency legislation to extend for one year, through June 30, 1975, the existing programs of federal assistance in the education of health professionals. Legislative authority for the programs expired June 30, 1974, and support to medical schools provided through advanced funding will run out June 30, 1975. Without enactment now of further legislative authority, health professions educational institutions and their students will be unable to plan for the 1975-76 academic year. Adequate planning time on the part of both students and schools is essential if the objectives of the federal assistance programs are to be met effectively and if federal funds are to be used efficiently. The specific purpose of forward funding was to encourage and to permit such planning. Emergency legislation to continue present programs is needed to avoid disruptions in the schools' operations and in their students' career decisions. There is precedent for such emergency legislation, and enactment of it would not prejudice further consideration of more comprehensive health manpower legislation now pending in Congress.

This letter reviews the present legislative and funding situation, recounts the needs for the recommended urgent action on emergency legislative authority, and cites the legislative precedents for such action. A copy of suggested draft legislation is enclosed with this letter.

PRESENT SITUATION

The various legislative authorities for federal assistance in the education of health professionals (physicians, dentists, optometrists, podiatrists, pharmacists and veterinarians) are contained in title VII of the Public Health Service Act. Those authorities expired June 30, 1974, and are currently under consideration in comprehensive, three-year legislation, which is pending in Congress. Legislation has been passed by the Senate and has been approved by the House Public Health and Environment Subcommittee. The legislation contains important changes in the principal program of institutional assistance, capitation grants, and the changes are different in the House and Senate versions.

The final appropriations under the previous legislative authorities were provided in the fiscal 1974 Labor-HEW appropriations bill. Assistance awards based on those appropriations were issued in June 1974, and thus are available to the schools to help meet program expenses during the current academic year.

PROBLEMS FOR STUDENTS AND SCHOOLS

Without urgent consideration of emergency legislation, the present situation creates serious problems both for health professions students and for health professions schools.

One problem they share involves the admissions process for the fall 1975 entering class. That process is underway already: institutional information has been prepared for student applicants; prospective students are submitting applications; some acceptances already have been completed. Using past experience, by December 1974, 10 percent of the entering classes will have been accepted; by April 1975, 70 percent of the entering classes will have been accepted. Thus the lead time in the admissions process is considerable. The lead time itself becomes an over-riding problem when special admissions criteria are to be imposed by the federal government and the government is unable to agree on the criteria. One of the federal admissions standards is to be an agreement from each student: in the Senate version the agreement is for a part of the class to volunteer for national service, and in the House version the agreement is to repay capitation unless national service is performed. It imposes a severe and unreasonable hardship on schools and students to mandate new federal admissions criteria in the midst of the admissions process.

Another problem health professions students and schools share is the uncertainty of federal assistance, stemming from the need to develop new assistance application forms and new program guidelines and regulations. The development of administrative materials takes time and imposes a further delay even after new legislative authority has been enacted and appropriations provided under it. When the previous health manpower legislation was enacted, it was November 1971. The first funds were appropriated in legislation enacted in December 1971. In January 1972, the first applications for the new program of capitation assistance were mailed to schools. On June 29, 1972, the regulations for capitation assistance were first published in the Federal Register. Thus more than eight months passed between enactment of the legislative authority and publication of the regulations. The reason for the delay was that the newly enacted 1971 legislation was significantly different from previous legislative authorities.

Similarly, the currently pending health manpower legislation differs on many important points from existing authorities. If the same amount of time is consumed now for the preparation of regulations, as was required in connection with the 1971 legislation, new regulations will not be completed until after the currently available funding has been exhausted in June. The effect on the schools would be serious indeed, and would in turn be felt immediately by the students, leading inevitably to skepticism as to the ability and willingness of the federal government to act on a timely fashion.

For the schools a major problem with the present situation is the continuity of an important source of their operating revenue. Capitation assistance helps to support the basic undergraduate education programs of the health professions schools. A major element of those programs is the cost of faculty salaries. Any serious gap, or significant decrease, in capitation assistance would confront the schools with a dilemma of immediately cutting back on faculty despite ongoing contractual commitments or of diverting already inadequate institutional resources from other, previously intended purposes. Reliance on enactment of the pending comprehensive legislation raises serious possibilities of such a gap or decrease, because of the need for further House action, differences between House and Senate versions, and the time required to resolve the difference.

PRECEDENTS FOR ACTION

Two precedents exist for enactment of one-year legislation to continue present assistance programs. Both of them deal with financial assistance for health professions students. In 1971, Public Law 92-52 was enacted to provide an emergency, one-year extension of student loan and scholarship programs, pending completion of the Comprehensive Health Manpower Training Act of 1971. Earlier this year, Public Law 93-385 was enacted to provide an emergency one-year extension of the National Health Service Crops scholarship program and loan programs for health professions students, pending completion of more comprehensive legislation. The suggested draft legislation enclosed with this letter would provide an emergency one-year extension of other health professions education assistance programs. These include construction assistance, capitation grants, start-up assistance, financial distress grants, special recruitment of disadvantaged students, and support for graduate training in family medicine. The legislation would authorize appropriations for these programs for fiscal year 1975 and would set the authorization levels at the fiscal 1974 levels.

The amount of support provided under the authorizations would be decided by the regular appropriations process. Enactment of such emergency legislation would not prejudice consideration of the more comprehensive bills. It would provide an orderly transition from an old set of comprehensive legislation authorities to a new set more closely reflecting current Congressional concerns.

The Association strongly supports favorable consideration of the enclosed draft legislation. I and the staff stand ready to provide any other information of assistance you may think appropriate.

Sincerely,

JOHN A. D. COOPER, M.D.

H.R. —

A bill to amend the Public Health Service Act to extend through fiscal year 1975 the programs of assistance under title VII for training in the health and allied health professions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. (a) Section 720(a) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $275,000,000 for the fiscal year ending June 30, 1975,".

(b) Section 729(a) of the Public Health Service Act is amended by striking out "1974," after "June 30," and by inserting in lieu thereof "1975,".

(c) Section 729(b) of the Public Health Service Act is amended by striking out "1974," after "June 30," the second time it appears, and by inserting in lieu thereof "1975,".

(d) Section 729(e) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $24,000,000 for the fiscal year ending June 30, 1975."

SEC. 2. (a) Section 767 of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $40,000,000 for the fiscal year ending June 30, 1975,".

(b) Section 768(a) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $15,000,000 for the fiscal year ending June 30, 1975,".

(c) Section 769(a) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $20,000,000 for the fiscal year ending June 30, 1975,".

(d) Section 769A of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $15,000,000 for the fiscal year ending June 30, 1975,".

Sec. 3.(a) (1) Section 770(j) (1) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $41,000,000 for the fiscal year ending June 30, 1975,".

(2) Section 770(j) (2) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $41,000,000 for the fiscal year ending June 30, 1975,".

(b) (1) Section 771(a) (6) of the Public Health Service Act is amended by striking out "two" after "next" and by inserting in lieu thereof "three".

(2) Section 771(b) (2) of the Public Health Service Act is amended by striking out "1974," after "July 1," and by inserting in lieu thereof "1975,", and by striking out "1975," after "June 30," and by inserting in lieu thereof "1976.".

(c) Section 772(d) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $156,000,000 for the fiscal year ending June 30, 1975,".

(d) Section 773(a) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $10,000,000 for the fiscal year ending June 30, 1975,".

(e) Section 774(e) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $135,000,000 for the fiscal year ending June 30, 1975.".

Mr. HEINZ. Mr. Speaker, I rise to support H.R. 17084, the Health Manpower Training Act of 1974. Though this legislation is not exactly as I would have preferred, it is the result of more than a year of comprehensive hearings and hard deliberations culminating in a strong subcommittee and committee consensus. Most encouraging, of course, is the fact that this bill is the House's first real attempt to deal with one of this Nation's most critical health-care problems—the acute geographical maldistribution of physicians.

Simply put, in some parts of the country there are more than enough physicians while in much of the Nation, particularly in urban centers and rural areas, there are virtually no doctors or other health professionals. While the United States as a whole has about 130 non-Federal physicians involved in patient care for every 100,000 people, New York State has nearly 200 doctors per 100,000 people, while South Dakota has but 71. In fact, 37 of the 50 States have a physician to population ratio lower than the national average.

Within those States with an apparently adequate supply of physicians there are glaring disparities. For example, Pennsylvania's physician ratio is 132 per 100,000 people, comfortably above the national average. Yet, 52 of Pennsylvania's 67 counties—with a population of nearly 7 million people—each have less than 100 physicians for every 100,000 people, far below the national average. Even in my 18th Congressional District, which is predominantly suburban Pittsburgh and only a portion of Allegheny County, there are numerous large pockets of people with very few if any doctors.

The bill currently before the House and other legislation drafted by my Health Subcommittee and before the House this week will finally begin a direct assault on this problem of maldistribution of health care.

The first of these bills is H.R. 17084, the Health Manpower Training Act of 1974. Included in this legislation is a fiscally responsible but substantially increased investment in the National Health Service Corps scholarship program. By reducing lower priority programs and by beginning a phased shift of direct Federal assistance away from educational institutions toward scholarships for health professional students, the committee bill will increase scholarship authorization from last year's $2 million to $120 million by 1977. Within 3 years, therefore, we will provide full scholarships and living stipends to more than 12,000 medical and other health professions students.

In return, each student will pledge that after graduation he or she will serve 1 year in a rural or urban medically underserved area for each year of educational assistance received, with a minimum service of 2 years.

H.R. 17084 also incorporates my amendment providing that any student receiving educational assistance under this program may fulfill his or her service obligation not only as a federally employed member of the National Health Service Corps but, alternatively, as a private practitioner in a medically underserved area. My amendment includes a modest program of assistance to new doctors establishing private practices in a medically underserved area.

My private practice option should provide a new doctor a chance to establish his or her own private practice in an area in which he or she would enjoy living and practicing medicine. Additionally, if a new doctor applies for and receives Federal startup assistance, the risks and uncertainties of establishing a new practice in a doctor-short area will be considerably reduced.

I expect this private practice approach, in conjunction with the National Health Service Corps, will mean more students will seek scholarship assistance and, after completing their service obligations, will permanently remain in the medically underserved community of which they have become an important part. This approach should mean that this legislation will be part of a permanent solution to the physician maldistribution problem, not just another stopgap.

The second bill from my Health Subcommittee addressing the problem of health care maldistribution, and also before the House today, is H.R. 17085, the Nurse Training Act of 1974. This legislation revises and extends for 3 years existing assistance programs to schools. Moreover, it authorizes two new departures in nursing education programs. First, the advanced nurse training program would provide funds assisting collegiate schools of nursing in developing advanced training of professional nurses to teach, serve as nursing supervisors or in other professional nursing specialties. Second, the nurse practitioner program authorizes a new program of grants and contracts to collegiate schools of nursing to assist in the training of nurse practitioners, that is, nurses qualified to deliver primary health care.

This legislation will help in training additional nurses—and to begin training nurse practitioners—to help fill the health care needs of the many underserved areas and population groups of this country.

Mr. Speaker, as I said earlier, these bills represent this Congress first all-out assault on the critical maldistribution of health care in this country. As you know, it is this very problem that is denying millions of Americans access to decent health services. This House must respond to the needs of these people, both rich and poor, who cannot, for example, find a doctor or a dentist within reasonable distance from their home.

I urge each Member of this House to give full support to the Health Manpower Act and the Nurse Training Act. Together, they are a sound first step toward providing quality health care to every American.

The **SPEAKER** pro tempore (Mr. McFALL). The question is on the motion offered by the gentleman from West Virginia (Mr. STAGGERS) that the House suspend the rules and pass the bill H.R. 17084, as amended.

The question was taken.

Mr. **BAUMAN**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER** pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 337, nays 23, not voting 74, as follows:

[Roll No. 680]

YEAS—337

Abdnor
Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burton, Phillip
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Dickinson
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Gonzalez
Gray
Green, Pa.
Gubser
Gude
Gunter
Guyer
Hamilton
Hammerschmidt
Hanley
Hanrahan
Harrington
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Helstoski
Henderson
Hicks
Hinshaw
Hogan
Holtzman
Horton
Hosmer
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Latta
Leggett
Lent
Long, La.
Long, Md.
Lott
Lujan
McClory
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Randall
Rangel
Rees
Regula
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ruth
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shriver
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wolff
Wright
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—23

Ashbrook
Bauman
Blackburn
Broyhill, Va.
Burlison, Mo.
Butler
Clawson, Del
Collins, Tex.
Conlan
Crane
Devine
Goodling
Gross
Holt
Lagomarsino
Landgrebe
O'Brien
Rarick
Schneebeli
Shuster
Steiger, Ariz.
Symms
Young, S.C.

NOT VOTING—74

Alexander
Blatnik
Brasco
Breckinridge
Brotzman
Burton, John
Camp
Carey, N.Y.
Clancy
Clark
Conable
Cronin
Culver
Davis, Ga.
Edwards, Ala.
Eshleman
Fisher
Fulton
Giaimo
Goldwater
Grasso
Green, Oreg.
Griffiths
Grover
Haley
Hanna
Hansen, Idaho
Hansen, Wash.
Hastings
Hays
Hébert
Heinz
Hillis
Holifield
Howard
Johnson, Colo.
Jones, N.C.
King
Kuykendall
Kyros
Landrum
Lehman
Litton
Luken
McCloskey
McSpadden
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
Moorhead, Pa.
Nichols
O'Hara
Passman
Podell
Railsback
Reid
Rhodes
Roncallo, N.Y.
Rooney, N.Y.
Rousselot
Runnels
Sandman
Shipley
Shoup
Smith, N.Y.
Thornton
Towell, Nev.
Veysey
Wiggins
Wilson, Charles, Tex.
Winn
Wyatt
Young, Fla.

So (two-thirds having voted in favor thereof), the rules were suspended, and the bill as amended was passed.

The Clerk announced the following pairs:

Mr. Moakley with Mrs. Grasso.

Mr. Hébert with Mrs. Green of Oregon.

Mr. Hays with Mr. Blatnik.

Mr. Rooney of New York with Mrs. Hansen of Washington.

Mr. Giaimo with Mr. Clark.

Mr. Howard with Mr. Davis of Georgia.

Mr. Shipley with Mrs. Griffiths.

Mr. Nichols with Mr. Fisher.

Mr. Thornton with Mr. Cronin.

Mr. O'Hara with Mr. Haley.

Mr. John L. Burton with Mr. Hanna.

Mr. Jones of North Carolina with Mr. Grover.

Mr. Runnels with Mr. Holifield.

Mr. Litton with Mr. Camp.

Mr. Landrum with Mr. King.

Mr. Moorhead of Pennsylvania with Mr. Hansen of Idaho.

Mr. Passman with Mr. Edwards of Alabama.

Mr. Carey of New York with Mr. Hillis.

Mr. Alexander with Mr. Brotzman.

Mr. Breckinridge with Mr. Eshleman.

Mr. Clancy with Mr. Kuykendall.

Mr. Conable with Mr. Luken.

Mr. Fulton with Mr. Goldwater.

Mr. Hastings with Mr. Mathias of California.

Mr. Heinz with Mr. Kyros.

Mr. Lehman with Mr. McSpadden.

Mr. McCloskey with Mr. Mills.

Mr. Railsback with Mr. Minshall of Ohio.

Mr. Rhodes with Mr. Culver.

Mr. Rousselot with Mr. Reid.

Mr. Charles Wilson of Texas with Mr. Roncallo of New York.

Mr. Young of Florida with Mr. Sandman.

Mr. Winn with Mr. Shoup.

Mr. Wiggins with Mr. Smith of New York.

Mr. Veysey with Mr. Towell of Nevada.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ROGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed (H.R. 17084).

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be discharged from further consideration of the bill (S. 3585) to amend the Public Health Service Act, to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps program and the National Health Service Corps scholarship training program, and for other purposes, and ask for its immediate consideration. The bill S. 3585 is similar to H.R. 17084, just passed in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. MADDEN). Is there objection to the request of the gentleman from West Virginia?

Mr. GROSS. Mr. Speaker, reserving the right to object, when was this bill previously considered?

Mr. STAGGERS. It has just been passed by the House and I will move now to substitute our language for the language in the Senate bill, and we will adopt the Senate number but we will substitute the language in the House bill as passed. That is the next motion I want to make. It is in order to get this to a conference.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the Senate bill as follows:

S. 3585

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; REFERENCE TO ACT

SECTION. 1. (a) This Act may be cited as the "Health Manpower and Shortage Area Assistance Act of 1974".

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—GENERAL PROVISIONS

SEC. 101. (a) Sections 701 through 711 are repealed.

(b) Sections 724, 725, 799, and 799A are transferred to part A of title VII and are redesignated as sections 701, 702, 703, and 704, respectively.

(c) Section 701 (as so redesignated) is amended—

(1) by striking out "As used in this part and parts C, E, and F—" and inserting in lieu thereof "For purposes of this title:"; and

(2) in paragraph (4), by—

(A) striking out "and 'school of public health'" and inserting in lieu thereof "'school of public health, and school with a graduate program in health care administration'"; and

(B) striking out "and a graduate degree in public health" and inserting in lieu thereof "a graduate degree in public health or an equivalent degree, and a graduate degree in health care administration or an equivalent degree".

(d) Section 702 (as so redesignated) is amended by—

(1) striking out "twenty" in subsection (a) and inserting in lieu thereof "twenty-two",

(2) striking out the second sentence of paragraph (a) and inserting in lieu thereof the following: "The appointed members of the Council shall include (1) eight representatives of the health professions schools assisted under programs authorized by this title, including one each from the schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, and public health, and (2) four time students enrolled in such health professions schools, including one each from the schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, and public health, and (3) four members of the general public", and

(3) striking out "parts A and G" in subsections (b) and (c) and inserting in lieu thereof "part G".

(e) Section 703 (as so redesignated) is amended to read as follows:

"ADVANCE FUNDING

"SEC. 703. An appropriation under an authorization of appropriations for grants or contracts under this title for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under such authorization for another fiscal year; but no funds may be made available from any appropriation under such authorization for obligation for such grants or contracts before the fiscal year for which such appropriation is authorized.".

(f) Part A of title VII is amended by adding at the end thereof the following new sections:

"DELEGATION

"SEC. 705. The Secretary may delegate the authority to administer any program authorized by this title to the administrator of a central office or offices in the Department of Health, Education, and Welfare, but such authority shall not be further delegated to any officer in any regional office or offices.

"RECORDS AND AUDIT

"SEC. 706. (a) Each recipient of financial assistance (including each entity which receives a grant, loan, loan guarantee, or interest subsidy or which enters into a contract with the Secretary) under this title shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance was given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall have access for the purpose of audit and examination to any book, document, papers, and records of such recipients that are pertinent to the financial assistance received under this title."

(g) The Secretary of Health, Education, and Welfare shall submit an evaluation report to the Committee on Labor and Public Welfare of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives not later than March 31 of each year. Such report shall—

(1) contain the Department's statement of specific and detailed objectives for the program or programs assisted under the provisions of this Act, and relate these objectives to those in this Act,

(2) include statements of the Department's conclusions as to effectiveness of the program or programs in meeting the stated objectives, measured through the end of the preceding fiscal year,

(3) make recommendations with respect to any changes or additional legislative action deemed necessary or desirable in carrying out the program or programs,

(4) contain a listing identifying the principal analyses and studies supporting the

major conclusions and recommendations, and

(5) contain the Department's annual evaluation plan for the program or programs through the fiscal year for which the budget was transmitted to Congress by the President, in accordance with section 201(a) of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 11).

(h) The heading for part A of title VII is amended to read as follows:

"PART A—GENERAL PROVISIONS".

(i) The heading for part H of title VII is repealed.

TITLE II—ASSISTANCE FOR CONSTRUCTION OF TEACHING FACILITIES

SEC. 201. Section 720 is amended to read as follows:

"GRANT AUTHORITY; AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 720. (a) The Secretary may make grants to assist in the construction of teaching facilities for the training of physicians, dentists, pharmacists, optometrists, podiatrists, veterinarians, and professional public health personnel.

"(b) There are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1975, and each of the two succeeding fiscal years for grants under this part.".

SEC. 202. Section 721 is amended by adding at the end the following new subsection:

"(f) The Secretary shall afford a priority, in the award of a grant under this part, to applications to aid in the construction of facilities intended to improve the quality or facilitate the use of existing facilities."

SEC. 203. (a) (1) Subsection (a) of section 722 is amended to read as follows:

"(a) The amount of any grant under this part for construction of a project shall be such amount as the Secretary determines to be appropriate after obtaining advice of the Council, except that no grant for any project may exceed 80 per centum of the necessary costs of construction, as determined by the Secretary, of such project."

(2) The amendment made by paragraph (1) shall take effect with respect to grants made under part B of title VII of the Public Health Service Act from appropriations under section 720 of such Act for fiscal years beginning after June 30, 1974.

(b) Subsection (d) of section 722 is amended by striking out "(within the meaning of part A of this title)".

SEC. 203. (a) Subsections (a) and (b) of section 729 are each amended by striking out "1974" and inserting in lieu thereof "1977".

(b) Subsections (a) and (b) of section 729 are further amended by inserting "enter into an agreement to" before "guarantee" in the first sentence of subsection (a), and before "pay to the holder" in subsection (b).

(c) The second sentence of section 729(e) is amended by striking out "and $24,000,000 in the fiscal year ending June 30, 1974" and inserting in lieu thereof the following: "$1,000,000 for the fiscal year ending June 30, 1975, $2,000,000 for the fiscal year ending June 30, 1976, and $3,000,000 for the fiscal year ending June 30, 1977."

SEC. 204. (a) Section 721(c) is amended—

(1) by striking out "section 770(f) of this Act" in paragraph (2) and inserting in lieu thereof "section 771";

(2) by striking out the sentence at the end of paragraph (2);

(3) by striking out paragraph (5) and redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively;

(4) by striking out "and" at the end of paragraph (5) (as so redesignated), by striking out the period at the end of paragraph (6) (as so redesignated) and inserting in lieu thereof "; and", and by inserting after paragraph (6) the following:

"(7) the application contains or is supported by adequate assurance that any laborer or mechanic employed by a contractor or subcontractors in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a—276a-5, known as the Davis-Bacon Act).

The Secretary of Labor shall have with respect to the labor standards specified in paragraph (7) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).", and

(5) by striking out "section 725" in the last sentence of such subsection and inserting in lieu thereof "section 702".

(b) Sections 726, 727, 728, and 729 are redesignated as sections 724, 725, 726, and 727, respectively.

(c) If, within twenty years (or ten years in the case of a facility constructed with funds paid under part A as in effect before the date of the enactment of the Health Manpower and Shortage Area Assistance Act of 1974) after completion of the construction of any facility for which funds have been paid under such part A (as so in effect) or under part D (as in effect before July 1, 1967)—

(1) the applicant for such funds or other owner of such facility shall cease to be a public or nonprofit private entity, or

(2) such facility shall cease to be used for the purposes for which such funds for its construction were provided, unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation to do so,

the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility.

TITLE III—STUDENT ASSISTANCE; NATIONAL HEALTH SERVICE CORPS

SEC. 301. (a) Section 740 is amended—

(1) by striking out "or veterinary medicine" in subsection (a) and inserting in lieu thereof ", veterinary medicine, or public health or schools with a graduate program in health care administration",

(2) by striking "or doctor of veterinary medicine or an equivalent degree" in subsection (b)(4) and inserting in lieu thereof "doctor of veterinary medicine or an equivalent degree, graduate degree in public health or an equivalent degree, or graduate degree in health care administration or an equivalent degree,",

(3) by striking out "and" at the end of paragraph (4),

(4) by redesignating paragraph (5) as paragraph (6), and

(5) by inserting after paragraph (4) the following new paragraph:

"(5) provide that the school shall advise, in writing, each applicant for a loan from the student loan fund of the provisions of section 741 under which outstanding loans from the student loan fund may be paid (in whole or in part) by the Secretary; and".

(b) Section 741 is amended—

(1) by amending subsection (a) to read as follows:

"(a) Loans from a student loan fund established under an agreement under section 740 may not exceed for any student for an academic year (or its equivalent) an amount equal to $4,000.".

(2) by striking out "or doctor of veterinary medicine or an equivalent degree" in subsection (b) and inserting in lieu thereof "doctor of veterinary medicine or an equivalent degree, graduate degree in public health or an equivalent degree in health care administration or an equivalent degree",

(3) by striking out "or veterinary medicine" in subsection (c) and inserting in lieu thereof "veterinary medicine or public health or a school with a graduate program in health care administration",

(4) by striking out "or doctor of podiatry" in subsection (f) and inserting in lieu thereof "doctor of podiatry or an equivalent degree, graduate degree in public health, or graduate degree in health care administration",

(5) by striking out "or podiatry" in subsection (f) and each place such phrase occurs in subsection (l) and inserting in lieu thereof "podiatry, or public health or in a graduate program of health care administration",

(6) by striking out "3 per centum" and inserting in lieu thereof "7 per centum" in subsection (e),

(7) by amending subsection (f)(1)(C) to read as follows:

"(C) who agrees in writing to practice his profession in accordance with section 771(b).",

(8) by amending subsection (f)(2) to read as follows:

"(2) Upon completion by the individual for whom the payments are to be made of each year of the practice specified in section 771(b), the Secretary shall pay 25 per centum of the principal of, and the interest on each loan of such individual described in paragraph (1)(B) which is outstanding on the date he began such practice, except that this paragraph shall not apply to any loan made to the individual in or for an academic year for which the individual received any payment under a scholarship awarded pursuant to section 750 or section 752."

(9) by amending subsection (f)(3) by (A) striking out "or (2)(C)", (B) striking out everything after the semicolon, and (C) by striking out the semicolon and inserting in lieu thereof a period, and

(10) by striking out "(A)" in subsection (f)(4).

(c) In the case of any individual who, on or after November 18, 1971, and prior to the date of enactment of this Act, has received a loan pursuant to section 741, and who meets the requirements of subparagraphs (A) and (B) of paragraph (1) of subsection (f) of that section and who practices his profession as described by subparagraph (C) of that paragraph, as in effect prior to the date of enactment of this Act, by virtue of his employment as a member of the National Health Service Corps, as an officer of the Regular or Reserve Corps of the Public Health Service, or as a civilian employee of the Public Health Service, the individual shall be deemed to have entered into the agreement required by such subparagraph (C) with respect to that practice.

(d) Subsection (a) of section 742 is amended to read as follows:

"(a) For the purpose of making Federal capital contributions into the student loan funds of schools which have established such funds under an agreement under section 740, there are authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years. For the first year ending June 30, 1978, and each of the two succeeding fiscal years, there are authorized to be appropriated such sums as may be necessary to enable students who have received a loan under this part for any academic year ending before July 1, 1979, to continue or complete their education."

(e) Section 743 is amended by striking out

"1977" each place it occurs and inserting in lieu thereof "1980".

(f)(1) Section 744 is repealed.

(2) The health professions education fund created within the Treasury by section 744(d)(1) of the Public Health Service Act, as in effect prior to the date of enactment of this subsection shall remain available to the Secretary of Health, Education, and Welfare for the purpose of meeting his responsibilities respecting participations in obligations acquired under such section 744 of such Act. The Secretary shall continue to deposit in such fund all amounts received by him as interest payments or repayments of principal on loans under such section 744. If at any time the Secretary determines the moneys in the fund exceed the present and any reasonable prospective future requirements of such fund, such excess may be transferred to the general fund of the Treasury.

(3) Section 742(b) is amended (1) by striking out ", and for loans pursuant to section 744" in paragraph (1); and (2) by striking out "(whether as Federal capital contributors or as loans to schools under section 744)" in paragraph (3).

(g) (1) Section 746 is repealed.

(2) Section 740 is amended (A) by striking out "of Health, Education, and Welfare" in subsection (a); and (B) by striking out ", except as provided in section 746," in paragraphs (2) and (3) of subsection (b).

SEC. 302. Section 747(d) is amended by striking out "two" and inserting in lieu thereof "five".

SEC. 303. (a) Subpart I of part F of title VII is repealed.

(b) The Secretary of Health, Education, and Welfare may, during the period beginning July 1, 1974, and ending June 30, 1979, make grants to public and nonprofit private schools of medicine, osteopathy, dentistry, optometry, podiatry, pharmacy, and veterinary medicine to enable such schools to continue making payments under scholarship awards to students who initially received such awards out of grants made to the schools under subpart I of part F of title VII for fiscal years ending before July 1, 1974.

SEC. 304. (a) Section 329 is amended to read as follows:

"NATIONAL HEALTH SERVICE CORPS

"SEC. 329. (a) There is established, within the Service, the National Health Service Corps (hereinafter in this section referred to as the 'Corps') which shall consist of those officers of the Regular and Reserve Corps of the Service and such other personnel as the Secretary may designate and which shall be utilized by the Secretary under this section to improve the delivery of health services to medically underserved populations.

"(b)(1)(A) The Secretary shall, on the basis of standards promulgated in accordance with section 553 of title 5, United States Code, designate the medically underserved populations in the States periodically, but at least annually. For purposes of this section, a medically underserved population is the population of an urban or rural area (which does not have to conform to the geographical boundaries of a political subdivision and which should be a rational area for the delivery of health services) which the Secretary determines has a critical shortage of any class or classes of health professions personnel or a population group determined by the Secretary to have such a shortage; and the term 'State' includes Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"(B) Each year the Secretary shall notify the chief executive officer of each State of his intention to designate populations and shall request each chief executive officer to submit to the Secretary within one hundred and eighty days of such notification, recommendations respecting the designation of populations within his State. The Secretary shall also take into account (i) the recommendations of the entities responsible for the development of the plans referred to in section 314(b) which cover all or any part of the areas in which populations under consideration for designation reside, and (ii) in the case of any such area for which no such entity is responsible for developing such a plan, the recommendations of the agency of the State (or States) in which such area is located, which administers or supervises the administration of a State plan approved under section 314(a).

"(C) By promulgation of a rule under section 553 of title 5, United States Code, the Secretary shall thereafter designate medically underserved populations. If the Secretary does not designate a population which has been recommended for designation by the chief executive officer of any State, he shall include in the final order designating populations an adequate statement of the reasons for disapproving such recommendation.

"(2) Any person may apply to the Secretary (in such manner as he may prescribe) for the designation of a population as a medically underserved population. In considering an application under this paragraph, the Secretary shall take into account the following in addition to criteria utilized by him in making a designation under paragraph (1):

"(A) ratios of available health professions personnel engaged in the delivery of health care to the population for which the application is made;

"(B) indicators of the population's access to health services;

"(C) indicators of health status of the population;

"(D) indicators of such population's need and demand for health services;

"(E) relative levels of reimbursement under titles XVIII and XIX of the Social Security Act with respect to such population.

"(3) The Secretary shall (A) provide assistance to persons seeking assignment of Corps personnel to provide under this section health services for medically underserved populations, (B) conduct such information programs in areas in which such populations reside as may be necessary to inform the public, public and private health entities serving those areas and the appropriate State and local agencies of the assistance available to such populations by virtue of their designation under this section as medically underserved, and (C) provide technical (including management) assistance to such persons (especially appropriate State and local agencies) in order to improve the capacity of such medically underserved populations to secure health services from health professions personnel in addition to that provided by Corps personnel.

"(c)(1)(A) The Secretary may assign personnel of the Corps to provide, under regulations prescribed by the Secretary, health services for a medically underserved population if—

"(i) the State health agency of each State in which such population is located or the local public health agency or any other public or nonprofit private health entity serving such population makes application to the Secretary for such assignment, and

"(ii) the (I) local government of the area in which such population resides, and (II) any State and district medical or dental society for such area or any other appropriate health society (as the case may be), for such area certify to the Secretary that such assignment of Corps personnel is needed for such population.

"(B) The Secretary may not approve an application under paragraph (1)(A)(i) for an assignment unless the applicant agrees to enter into an arrangement with the Secretary in accordance with subsection (e)(1) and has afforded—

"(i) the entity responsible for the development of the plans referred to in section 314(b) which covers all or any part of the area in which the population for which the application is submitted resides, and

"(ii) if there is a part of such area for which no such entity is responsible for developing such plans, the agency of the State in which such part is located which administers or supervises the administration of a State plan approved under section 314(a),

an opportunity to review the application and submit its comments to the Secretary respecting the need for and proposed use of health professions personnel requested in the application. In considering such an application, the Secretary shall take into consideration the need of the population for which the application was submitted for the health services which may be provided under this section; the willingness of the population and the appropriate governmental agencies or health entities serving it to assist and cooperate with the Corps in providing effective health services to the population; and recommendations from medical, dental, or other health professional societies or from medical personnel serving the population.

"(C) If with respect to any proposed assignment of Corps personnel for a medically underserved population the requirements of clauses (i) and (ii) of subparagraph (A) are met except for the certification by a State and district medical or dental society or by any other appropriate health society required by clause (ii)(II) and if the Secretary finds from all the facts presented that such certification has clearly been adbitrarily and capriciously withheld, the Secretary may, after consultation with appropriate medical, dental, or other health professional societies, waive the application of the certification requirement to such proposed assignment.

"(2)(A) In approving an application submitted under paragraph (1) for the assignment of Corps personnel to provide health services for a medically underserved population, the Secretary may approve the assignment of Corps personnel for such population during a period (referred to in this paragraph as the 'assistance period') which may not exceed four years from the date of the first assignment of Corps personnel for such population after the date of the approval of the application. No assignment of individual Corps personnel may be made for a period ending after the expiration of the applicable approved assistance period.

"(B) Upon expiration of an approved assistance period for a medically underserved population, no new assignment of Corps personnel may be made for such population unless an application is submitted in accordance with paragraph (1) for such assignment. The Secretary may not approve such an application unless—

"(i) the application and certification requirements of paragraph (1) are met;

"(ii) the Secretary has conducted an evaluation of the continued need for health professions personnel of the population for which the application is submitted, of the utilization of the services of the health profession personnel by such population, of the growth of the health care practice of the Corps personnel assigned for such population, and of community support for the assignment; and

"(iii) the Secretary has determined that such population has made continued efforts to secure its own health professions personnel, that there has been sound fiscal management of the health care practice of the Corps personnel assigned for such population, including efficient collection of fee-for-service, third party, and other funds available to such population, and that there has been appropriate and efficient utilization of such Corps personnel.

"(3) Corps personnel shall be assigned to provide health services for a medically underserved population on the basis of the extent of the population's need for health services and without regard to the ability of the members of the population to pay for health services.

"(4) The Secretary may assign, to serve any medically underserved population, such Corps personnel from among one or more of the various health professions (including physicians, dentists, nurses, physician extenders (including nurse practitioners), veterinarians, optometrists, podiatrists, pharmacists, public health personnel, health care administration personnel, audiologists, speech pathologists, and allied health personnel) as he determines to be essential to meet the needs of such population.

"(5)(A) In making an assignment of Corps personnel the Secretary shall seek to match characteristics of the assignee (and his spouse (if any)) and of the population to which such assignee may be assigned, and shall consider the assignment of any qualified individual from a medically underserved population to serve that population, in order to increase the likelihood of the assignee remaining to serve the population upon completion of his assignment period. To the extent practicable, the Secretary shall assign individuals in accordance with their stated preferences.

"(B) The Secretary shall, before the expiration of the last nine months of the assignment period of a member of the Corps, review such member's assignment and the situation in the area to which he was assigned for the purpose of determining the advisability of extending the period of such member's assignment.

"(6) The Secretary shall provide technical assistance to all medically underserved populations to which are not assigned Corps personnel to assist in the recruitment of health professions personnel. The Secretary shall also give such populations current information respecting public and private programs which may assist in securing health professions personnel for them.

"(d)(1) In providing health services for a medically underserved population under this section, Corps personnel shall utilize the techniques, facilities, and organizational forms most appropriate for the area in which the population resides and shall, to the maximum extent feasible, provide such services (A) to all members of the population regardless of their ability to pay for the services, and (B) in connection with (i) direct health services programs carried out by the Service; (ii) any direct health services program carried out in whole or in part with Federal financial assistance; or (iii) any other health services activity which is in furtherance of the purposes of this section.

"(2)(A) Notwithstanding any other provision of law, the Secretary (i) shall, to the extent feasible, make such arrangements as he determines necessary to enable Corps personnel in providing health services for a medically underserved population to utilize the health facilities of the areas in which the population resides; and (ii) shall make such arrangements as he determines are necessary for the use of equipment and supplies of the Service and for the lease or acquisition of other equipment and supplies, and may secure the temporary services of nurses and allied health personnel.

"(B) If such area is being served (as determined under regulations of the Secretary) by a hospital or other health care delivery facility of the Service, the Secretary shall, in addition to such other arrangements as the Secretary may make under subparagraph (A), arrange for the utilization of such hospital or facility by Corps personnel in providing health services for the population, but only to the extent that such utilization will not impair the delivery of health services and treatment through such hospital or facility to persons who are entitled to health services and treatment through such hospital or facility. If there are no health facilities in or serving such area, the Secretary may arrange to have Corps personnel provide health services in the nearest health facilities of the Service or the Secretary may lease or otherwise provide facilities in such area for the provision of health services.

"(3) The Secretary may make one grant to any applicant with an approved application under subsection (c) to assist it in meeting the costs of establishing medical practice management systems for Corps personnel, acquiring equipment for their use in providing health services, and establishing appropriate continuing education programs and opportunities for them. No grant may be made under this paragraph unless an application is submitted therefor and approved by the Secretary. The amount of any grant shall be determined by the Secretary, except that no grant may be made for more than $25,000.

"(4) Upon the expiration of the assignment of Corps personnel to provide health services for a medically underserved population, the Secretary (notwithstanding any other provision of law) may sell to the entity which submitted the last application approved under subsection (c) for the assignment of Corps personnel for such population equipment of the United States utilized by such personnel in providing health services. Sales made under this paragraph shall be made for the fair market value of the equipment sold (as determined by the Secretary).

"(e)(1) The Secretary shall require as a condition to the approval of an application under subsection (c) that the entity which submitted the application enter into an appropriate arrangement with the Secretary under which—

"(A) the entity shall be responsible for charging in accordance with paragraph (2) for health services by the Corps personnel to be assigned;

"(B) the entity shall take such action as may be reasonable for the collection of payments for such health services, including if a Federal agency, an agency of a State or local government, or other third party would be responsible for all or part of the cost of such health services if it had not been provided by Corps personnel under this section, the collection, on a fee-for-service or other basis, from such agency or third party the portion of such cost for which it would be so responsible (and in determining the amount of such cost for which such agency or third party would be responsible, the health services provided by Corps personnel shall be considered as being provided by private practitioners); and

"(C) the entity shall be entitled to retain any amount collected by the entity in accordance with subparagraph (B).

The amount collected by an entity in accordance with subparagraph (B) which the entity is entitled to retain under subparagraph (C) shall be used by the entity to expand or improve the provision of health services to the population for which the entity submitted an application under subsection (c) or to recruit and retain health professions personnel to provide health services for such population.

"(2) Any person who receives health services provided by Corps personnel under this section shall be charged for such services on a fee-for-service or other basis at a rate approved by the Secretary, pursuant to regulations, to recover the value of such services; except that if such person is determined under regulations of the Secretary to be unable to pay such charge, the Secretary shall provide for the furnishing of such services at a reduced rate or without charge.

"(f)(1) The Secretary shall conduct, at medical and nursing schools and other schools (and accredited graduate training programs) of the health professions and entities which provide training and education for the allied health professions, recruiting programs for the Corps. Such programs shall include the wide dissemination of written information on the Corps and visits to such schools by personnel of the Corps.

"(2) The Secretary may reimburse applicants for positions in the Corps for actual expenses incurred in traveling to and from their place of residence to an area in which they would be assigned for the purpose of evaluating such area with regard to being assigned in such area. The Secretary shall not reimburse an applicant for more than one such trip.

"(3) Commissioned officers and other personnel of the Corps assigned to provide health services for medically underserved populations shall not be included in determining whether any limitation on the number of personnel which may be employed by the Department of Health, Education, and Welfare has been exceeded.

"(4) The Secretary shall, under regulations prescribed by him, adjust the monthly rate of pay of each member of the Corps (other than a medical officer of the Public Health Service with whom the Secretary has entered into an agreement under section 313 of title 37, United States Code) who is directly engaged in the delivery of health services to a medically underserved population as follows:

"(A) During the first thirty-six months in which such a member is so engaged in the delivery of health services, his monthly rate of pay may be increased by an amount (not to exceed $1,000) which when added to the member's regular monthly rate of pay and allowances will provide a monthly income competitive with the average monthly income from an established practice of a member of such member's profession with equivalent training who is practicing in such area.

"(B) During the period beginning upon the expiration of the thirty-six months referred to in subparagraph (A) and ending with the month in which the member's regular monthly rate of pay and allowances is equal to or exceeds the monthly income he received for the last of such thirty-six months, the member shall receive in addition to his regular rate of pay and allowances an amount which when added to such regular rate equals the monthly income he received for such last month.

In the case of a member of the Corps who is directly engaged in the provision of health services to a medically underserved population in accordance with a service obligation incurred under section 750, the provision of this paragraph shall apply to such member upon satisfactory completion of such service obligation and the first thirty-six months of his being engaged in the delivery of health care shall, for purposes of this paragraph, be deemed to begin upon such satisfactory completion.

"(g) The Secretary shall report to Congress no later than May 15 of each year—

"(1) the number and identity of all medically underserved populations in each of the States in the calendar year preceding the year in which the report is made and the number of medically underserved populations which the Secretary estimates will be designated under subsection (b) in the calendar year in which the report is made;

"(2) the number of applications filed in such preceding calendar year for assignment of Corps personnel under this section and the action taken on each such application;

"(3) the number and types of Corps personnel assigned in such preceding year to provide health services for medically underserved populations, the number and types of additional Corps personnel which the Secretary estimates will be assigned to provide such services in the calendar year in which the report is submitted, and the need (if any) for additional personnel for the Corps;

"(4) the recruitment efforts engaged in for the Corps in such preceding year, including the programs carried out under subsection (f)(1) and the number of qualified persons who applied for service in the Corps in each professional category;

"(5) the total number of patients seen and patient visits recorded during such preceding year in each area where Corps personnel were assigned;

"(6) the number of health professions personnel electing to remain after termination of their service in the Corps to provide health services to medically underserved populations and the number of such personnel who do not make such election and the reasons for their departure;

"(7) the results of evaluations made under subsection (c)(2)(B)(ii), and determinations made under subsection (c)(2)(B)(iii), during such preceeding year; and

"(8) the amount (A) charged during such preceding year for health services by Corps personnel, (B) collected in such year by entities in accordance with arrangements under subsection (e)(1), and (C) paid to the Secretary in such year under such arrangements.

"(h)(1) There is established a council to be known as the National Advisory Council on the National Health Service Corps (hereinafter in this section referred to as the 'Council'). The Council shall be composed of fifteen members appointed by the Secretary as follows:

"(A) Four members shall be appointed from the general public to represent the consumers of health care, at least two of whom shall be members of a medically underserved population for which Corps personnel are providing health services under this section.

"(B) Three members shall be appointed from the health professions (including nurses and allied health personnel) and health teaching professions.

"(C) Three members shall be appointed from State health or health planning agencies.

"(D) Three members shall be appointed from the Service, at least two of whom shall be members of the Corps directly engaged in the provision of health services for a medically underserved population.

"(E) One member shall be appointed from among individuals associated with institutional providers of health services.

"(F) One member shall be appointed upon recommendation of the Chief Medical Director of the Veterans' Administration.

The Council shall consult with, advise, and make recommendations to, the Secretary with respect to his responsibilities in carrying out this section, and shall review regulations promulgated or proposed to be promulgated by the Secretary under this section and and section 750, and advise the Secretary with respect thereto.

"(2) Members of the Council shall be appointed for a term of three years and shall not be removed, except for cause. Members may be reappointed to the Council.

"(3) Appointed members of the Council, while attending meetings or conferences thereof or otherwise serving on the business of the Council, shall be entitled to receive for each day (including traveltime) in which they are so serving the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.

"(i) To carry out the purposes of this section, there are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $35,000,000 for the fiscal year ending June 30, 1976, and $50,000,000 for the fiscal year ending June 3, 1977."

(b) The Secretary of Health, Education, and Welfare shall report to Congress (1) not later than January 1, 1975, the criteria used by him in designating medically underserved populations for purposes of section 329 of the Public Health Service Act, and (2) not later than May 1, 1975, the identity and number of medically underserved populations in each State meeting such criteria.

(c) The amendment made by subsection (a) which changed the name of the advisory council established under section 329 of the Public Health Service Act shall not be construed as requiring the establishment of a new advisory council under that section; and the amendment made by such subsection with respect to the composition of such advisory council shall apply with respect to appointments made to the advisory council after the date of the enactment of this Act.

SEC. 305. (a) Section 225 is transferred to part C of title VII, redesignated as section 750, and amended to read as follows:

"PUBLIC HEALTH AND NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP TRAINING PROGRAM

"SEC. 750. (a) The Secretary shall establish the Public Health and National Health Service Corps Scholarship Training Program (hereinafter in this section referred to as the 'program') to obtain trained health professions personnel (including physicians, dentists, nurses, physician extenders (including nurse practitioners), veterinarians, optometrists, podiatrists, pharmacists, public health personnel, health care administration personnel, audiologists, speech pathologists, and allied personnel) for the National Health Service Corps or other units of the Public Health Service.

"(b) To be eligible for acceptance in the program, an applicant for the program must—

"(1) be accepted for enrollment, or be enrolled, as a full-time student in an accredited (as determined by the Secretary) educational institution in a State which provides a course of study approved by the Secretary leading to a degree of doctor of medicine, a degree of doctor of osteopathy, a degree of doctor of dentistry or an equivalent degree, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, a graduate degree in public health or an equivalent degree, a graduate degree in health care administration or an equivalent degree, a graduate degree in audiology or an equivalent degree, a graduate degree in speech pathology or an equivalent degree, a degree of bachelor of arts in nursing, a degree of bachelor of science in nursing, a degree of bachelor of nursing or an equivalent degree, a graduate degree in nursing, an associate degree in nursing or an equivalent degree, or any other course of study approved by the Secretary for the training of nurses, physician extenders (including nurse practitioners), or allied health personnel;

"(2) be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Service or be eligible for selection for civilian service in the Service; and

"(3) agree in writing to serve, as prescribed by subsection (d) of this section, in the Commissioned Corps of the Service or as a civilian member of the Service.

To remain in the program an individual must pursue at such an institution such an approved course of study and maintain an acceptable level of academic standing in it.

"(c)(1)(A) Each participant in the program shall receive a scholarship for each approved academic year of training, not to exceed four years. A participant's scholarship shall not exceed (i) an amount equal to the basic pay and allowances of a commissioned officer on active duty in pay grade O–1 with less than two years of service, and (ii) payment of the tuition expenses of the participant and all other necessary and reasonable educational expenses incurred by the participant, including fees, books, and laboratory expenses.

"(B) The Secretary may contract with an institution in which participants are enrolled for the payment to the institution of the tuition and other educational expenses of such participants. Payment to such institution may be made without regard to section 3648 of the Revised Statutes (31 U.S.C. 529).

"(2) When the Secretary determines that an institution has increased its total enrollment for the sole purpose of accepting members of the program, he may provide under a contract with such an institution for additional payments to cover the portion of the increased costs of the additional enrollment which are not covered by the institution's normal tuition and fees.

"(d)(1) Each participant in the program shall provide service as prescribed by paragraph (2) for a period (hereinafter in this section referred to as a 'period of obligated service') that is the larger of (A) one year of service for each academic year of training received under the program, and (B) two years. Except as provided in the following sentence, a period of obligated service of any individual shall commence within six months after the date upon which such individual is licensed to practice his profession (or the date upon which such individual completes his first year of postgraduate clinical training, if such year of training is completed after the date on which he is so licensed) and such service shall continue without substantial interruption until such service is completed, except that for persons licensed to practice medicine or dentistry, the commencement of a period of obligated service may be deferred by the Secretary for the period of time required to complete postgraduate physician training where appropriate to meet the needs of the National Health Service Corps or other units of the Public Health Service. In the case of any individual obligated to provide service in accordance with this subsection who may lawfully practice his profession without first obtaining a license, a period of obligated service shall commence within six months after the date upon which such individual completes his training in any school subject to the provisions of this subsection.

"(2)(A) Except as provided in subparagraphs (B) and (C), an individual obligated to provide service on account of his participation in the program shall provide such service for the period of obligated service applicable to him as a member of the National Health Service Corps or the Indian Health Service.

"(B) If there are no positions available in the National Health Service Corps or the Indian Health Service at the time an individual is required by the Secretary to begin his period of obligated service, such individual shall serve in the clinical practice of his profession for such period as a member of the Bureau of Medical Services of the Health Services Administration.

"(C) If there are no positions available in the National Health Service Corps, Indian Health Service, or the Bureau of Medical Services at the time an individual is required by the Secretary to begin his period of obligated service and neither the Corps, the Service, or the Bureau has a need at such time for a member of the profession for which such individual was trained, such individual shall serve for such period as a member of the Public Health Service in such units of the Department of Health, Education, and Welfare as the Secretary may prescribe or may serve in a Federal health care facility, but only upon the request of the head of the department or agency of which the health facility is a part.

"(e) (1) If, for any reason, an individual fails to either begin his service obligation under this section in accordance with subsection (d) or to complete such service obligation, the United States shall be entitled to recover from such individual an amount determined in accordance with the formula—

$$A=2\phi\left(\frac{t-s}{t}\right)$$

in which 'A' is the amount the United States is entitled to recover; ϕ is the sum of the amount paid under section 770 to a school on the basis of the enrollment in such school of such individual and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate; 't' is the total number of months in such individual's period of obligated service; and 's' is the number of months of such period served by him in accordance with this subsection. Any amount which the United States is entitled to recover shall, within the one-year period beginning on the date the United States becomes entitled to recover such amount be paid by such individual to the United States. Amounts recoverable under this subsection shall be in addition to amounts recoverable under other provisions of this Act by reason of the individual's failure to begin or complete any service obligation, whether or not the period of that obligation is concurrent with the service obligation under this subsection.

"(2) When an individual undergoing training in the program is academically dismissed or voluntarily terminates academic training or fails to obtain a license to practice his profession he shall be liable for repayment to the United States for an amount equal to the amount paid under this section to or on behalf of such individual.

"(3) The Secretary shall by regulation provide for the waiver or suspension of any obligation of any individual under this section whenever compliance by such individual is impossible or would involve extreme hardship to such individual and if enforcement of such obligation with respect to any individual would be against equity and good conscience.

"(f) Notwithstanding any other provision of law, persons undergoing academic training under the program shall not be counted against any employment ceiling affecting the Department of Health, Education, and Welfare.

"(g) The Secretary shall issue regulations for the implementation of this section.

"(h) To carry out the purposes of this section, there is authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, $30,000,000 for the fiscal year ending June 30, 1976, and $40,000,000 for the fiscal year ending June 30, 1977."

(b) Part C of title VII is amended by inserting immediately before section 750 the following heading:

"Subpart III—Public Health and National Health Service Corps Scholarship Training Program".

SEC. 306. (a) Subpart II of part F of title VII is transferred to part C and redesignated subpart IV. Section 785 of subpart II is redesignated section 751.

(b) Subsection (b) of section 751 (as so redesignated) is amended (1) by striking out "to practice medicine in the United States for a period of five years," and inserting in lieu thereof "in accordance with subsection (d) (3)." and (2) by striking out the second sentence of such subsection.

(c) Subsection (d) of section 751 (as so redesignated) is amended by adding at the end thereof the following:

"(3) (A) No scholarship grant under this subpart shall be made to any individual unless such individual agrees in writing to practice his profession in accordance with section 771(b), except that the period of obligated service for such individual shall be the larger of (i) one year for each year for which he receives a scholarship grant under this subpart, and (ii) two years.

"(B) The provisions of subsection (b) of section 771 shall apply to any individual who receives a scholarship pursuant to this section. If, for any reason, an individual who is obligated to provide service under this section and who has been selected by the Secretary under section 771 (b) to provide such service, fails either to begin his service obligation or to complete such service obligation, the United States shall be entitled to recover from such individual an amount determined under section 771(b) (2) (D), except that in applying the formula contained in that section 't' shall be the period of the individual's obligated service under this section and 's' shall be the number of months of that period served by him."

(d) Subsection (e) of section 751 (as so redesignated) is amended (1) by striking out "1972" and inserting in lieu thereof "1975", (2) by striking out "1975" and inserting in lieu thereof "1978", and (3) by striking out "1974" and inserting in lieu thereof "1977".

SEC. 307. (a) Subpart III of part F of title VII is transferred to part C and redesignated subpart V. Sections 784, 785, and 786 of such subpart III are redesignated sections 752, 753, and 754, respectively.

(b) Section 752(a) (as so redesignated) is amended to read as follows:

"(a) In order to promote the more adequate provision of medical and dental care for medically underserved populations the Secretary may, in accordance with the provisions of this subpart, make scholarship grants to individuals who are medical or dental students and who agree to engage in the practice of primary care or dentistry, as applicable, after completion of their professional training, in the provision of health services to a medically underserved population designated under section 329(b). For purposes of this subpart the term "primary care' means the practice of family medicine, general pediatrics, or general internal medicine."

(c) Section 752(b) (as so redesignated) is amended (1) in paragraph (2) by striking out "$5,000" and inserting "$6,000" in lieu thereof, and (2) by striking out paragraph (3).

(d) Paragraph (4) of section 752(c) (as so redesignated) is redesignated as paragraph (6), and the remaining paragraphs of that section are amended to read as follows:

"(c) (1) To be eligible to receive a scholarship award under this subpart an individual must enter into an agreement with the Secretary that provides that the individual—

"(A) will engage, within such reasonable period of time after the completion of his professional training as the Secretary's regulations prescribe, in the private practice of his profession in an area designated under section 329(b) for a period that is the larger of (i) one year for each academic year of that training for which a scholarship was received under this subpart and (ii) two years;

"(B) will, during the period prescribed by subparagraph (A), engage in the full-time provision of primary health care services or the practice of dentistry as applicable;

"(C) will charge any individual who receives medical or dental services provided by him the usual and customary charge for those services in the area in which it is provided unless the individual is unable to pay those charges, in which case the charges will be reduced or waived; and

"(D) will not discriminate against any individual on the basis of his ability to pay for care or services or because he seeks care or services for which payment will be made under the program established by title XVIII or XIX of the Social Security Act.

"(2) With respect to each individual who enters into an agreement under paragraph (1), the Secretary shall, except as provided in paragraph (5), guarantee the individual an annual net income from the practice of his profession under the agreement equal to the prevailing pay and allowances for an officer of the Commissioned Corps with similar training and experience, and will pay amounts due under the guarantee at the end of each quarter (including such adjustments as may be necessary to correct over or underpayments for prior quarters), as determined under regulations prescribed by the Secretary and on the basis of such information submitted by the individual as the Secretary may prescribe and such inspection of the records of the participant as the Secretary considers appropriate.

"(3) If the Secretary determines that an individual is not meeting his obligations under an agreement entered into under this subsection, he shall place the individual on probation for a period not to exceed one hundred and twenty days, and during that period shall provide technical assistance to the individual in meeting his obligations under the agreement. If, at the end of the probation period, the Secretary determines that the individual is still not meeting his obligations under the agreement, the United States shall be entitled to recover from the individual an amount determined under section 771(b) (2) (D), except that in applying the formula contained in that subsection 't' shall be the number of months that the individual agreed to practice his profession under paragraph (1), and 's' shall be the number of months that the individual practiced his profession in accordance with the agreement (including the period of probation).

"(4) The Secretary shall provide individuals who are engaged in the practice of their profession under agreements entered into under paragraph (1) with technical assistance to the same extent that technical assistance is provided to members of the National Health Service Corps under section 329.

"(5) Any individual who has entered into an agreement under paragraph (1) may extend the period of obligated service under the agreement for one year in exchange for a grant of $12,500 or two years in exchange for a grant of $25,000 from the Secretary to assist him in establishing and operating his medical or dental practice. The provisions of paragraph (2) shall not apply to the period of such extension. Any grant under this paragraph shall be expended in accordance with regulations prescribed by the Secretary, which regulations shall provide that no expenditures may be made for the purchase or construction of facilities. In determining the amount of any recovery to which the United States is entitled under paragraph (3), the amount of any grant under this paragraph shall be included in the sum of the amount paid under this section to or on behalf of the individual."

(e) The heading of subpart V (as so redesignated) of part C of title VII is amended to read as follows:

"Subpart V—Health Services Shortage Area Scholarship Program".

(f) Section 754 (as so redesignated) is amended to read as follows:

"Sec. 754. For the purpose of making scholarship grants under this subpart, there are authorized to be appropriated $40,000,000 for the fiscal year ending June 30, 1975, $55,000,000 for the fiscal year ending June 30, 1976, and $70,000,000 for the fiscal year ending June 30, 1977. For the fiscal year ending June 30, 1978, and for each succeeding fiscal year, there are authorized to be appropriated such sums as may be necessary to continue to make grants to students who (prior to July 1, 1977) have received such a grant and who are eligible for such a grant under this part during such succeeding fiscal year.".

Sec. 308. The heading of part C of title VII is amended to read as follows:

"Part C—Student Assistance".

TITLE IV—GRANTS FOR HEALTH PROFESSIONS SCHOOLS

Sec. 401. (a) Subsection (a) of section 770 is amended to read as follows:

"(a) Grant Computation.—The Secretary shall make annual grants to schools of medicine (allopathic and osteopathic), public health, dentistry, veterinary medicine, optometry, pharmacy, and podiatry for the support of the education programs of such schools and to schools with graduate programs of health care administration for the support of such programs. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year as follows:

"(1) Each school of medicine (allopathic and osteopathic) shall receive—

"(A) for the fiscal year ending June 30, 1975, 1976, and 1977, $2,500, $2,350, and $2,200, respectively for each full-time student enrolled in the medical training program of the school in each such year; and

"(B) $800 for each student who is enrolled in each such year on a full-time basis in a program of each such school of medicine for the training of physician extenders (as defined by regulations of the Secretary but including nurse practitioners).

"(2) The amounts established by paragraph (1)(A) shall be $2500 for the fiscal year ending June 30, 1976, or 1977, in the case of each school of medicine (allopathic or osteopathic) that presents evidence satisfactory to the Secretary that, in such fiscal year, not less than 50 per centum of the students who graduated from the medical training program of the school during the preceding fiscal year are serving a residency in the practice of family medicine, general pediatrics, or general internal medicine.

"(3) Each school of dentistry shall receive—

"(A) $2,200 for each full-time student (except those described in subparagraph (B)) enrolled in such school in such year; and

"(B) $800 for each student who is enrolled in such year on a full-time basis in a program of such school for the training of expanded duty dental auxiliaries (as defined by regulations of the Secretary).

"(4)(A) Each school of public health shall receive $1,100 for each student equivalent enrolled in such school in such year.

"(B) For purposes of subparagraph (A) and section 771, the number of student equivalents for a class enrolled in a school of public health in any year is the number obtained by dividing—

"(i) the sum of the credit hours of instruction in public health taken by each student in such class, by

"(ii) the number of credit hours of instruction in public health required by such school to be taken in that year by a full-time student.

"(5) Each school of veterinary medicine shall receive $1,650 for each full-time student enrolled in such school in such year.

"(6) Each school of optometry shall receive $800 for each full-time student enrolled in such school in such year.

"(7) Each school of pharmacy (other than a school of pharmacy with a course of study of more than four years) shall receive $800 for each full-time student enrolled in such school in such year. Each school of pharmacy with a course of study of more than four years shall receive $800 for each full-time student enrolled in the last four years of school. For purposes of section 771, a student enrolled in the first year of the last four years of such school shall be considered a first-year student.

"(8) Each school of podiatry shall receive $800 for each full-time student enrolled in such school in such year.

"(9)(A) Each school with a graduate program of health care administration shall receive $1,100 for each student equivalent enrolled in such program in such year, except that no school of public health shall receive a grant under this paragraph.

"(B) For purposes of subparagraph (A) and section 771, the number of student equivalents for a class enrolled in a graduate program of health care administration in any year is the number obtained by dividing—

"(i) the sum of the credit hours of instruction in health care administration taken by each student in such class, by

"(ii) the number of credit hours of instruction in health care administration required by such school to be taken in that year by a full-time student.".

(b) Subsection (c) of section 770 is amended to read as follows:

"(c) Apportionment of Appropriations.—If the total of the grants to be made in accordance with subsections (a) and (b) for any fiscal year to schools of medicine (allopathic and osteopathic), public health, dentistry, veterinary medicine, optometry, pharmacy, or podiatry or schools with graduate programs of health care administration with approved applications exceeds the amounts appropriated under subsection (f) for such grants, the amount of the grant for that fiscal year to a school which may not because of such excess receive for that fiscal year the amount determined for it under such subsections shall be an amount which bears the same ratio to the amount so determined for it as the total of the amounts appropriated for that year under subsection (f) for grants to such schools bears to the amount required to make grants in accordance with subsections (a) and (b) to such schools.".

(c)(1) Subsections (d), (e), (f), and (g) of section 770 are repealed.

(2) Subsection (h) of section 770 is (A) redesignated as subsection (d), and (B) is amended to read as follows:

"(d) Enrollment and Graduation Determinations.—

"(1) For purposes of this section and sections 771 and 772, regulations of the Secretary shall include provisions relating to determining the number of students enrolled in a school or in a particular year-class in a school, or the number of graduates, on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class or who were graduates, or on such other basis as he deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school, except that for the purposes of this section and section 771 any individual who is a United States citizen who transfers from a medical or dental school located in a foreign nation and who is enrolled in an undergraduate program in a school subject to the provisions of such sections shall be deemed to be a first-year student during the first year of such enrollment in such school.

"(2) For purposes of this section and sections 771 and 772, the term 'students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a course of study leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, doctor of optometry or an equivalent degree, doctor of veterinary medicine or an equivalent degree, or doctor of podiatry or an equivalent degree, a graduate degree in public health or an equivalent degree, a graduate degree in health care administration or an equivalent degree or other course of study approved by the Secretary for the training of physician extenders (including nurse practitioners) or expanded duty dental auxiliaries and the term 'full-time students' means students pursuing such a course of study on full-time basis."

(3) subsection (i) of section 770 is (A) redesignated as subsection (e) and (B) amended by—

(i) striking out "or podiatry" and inserting in lieu thereof "podiatry, public health, or a school with a graduate program in health care administration," and

(ii) inserting ", or student equivalents, as the case may be," immediately after "students".

(4) Subsection (j) of section 770 is redesignated as subsection (f) and is amended to read as follows:

"(f) Authorizations of Appropriations.—

"(1) There are authorized to be appropriated $145,000,000, for the fiscal year ending June 30, 1975, $152,000,000 for the fiscal year ending June 30, 1976, and $157,000,000 for the fiscal year ending June 3, 1977, for payments under grants under this section to schools of medicine (allopathic and osteopathic) based on the number of full-time students enrolled in such schools.

"(2) There are authorized to be appropriated $1,600,000 for the fiscal year ending June 30, 1975, $2,400,000 for the fiscal year ending June 30, 1976, and $3,200,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of medicine (allopathic and osteopathic) based on the number of students enrolled in programs of such schools for the training of physician extenders.

"(3) There are authorized to be appropriated $45,000,000 for the fiscal year ending June 30, 1975, $46,000,000 for the fiscal year ending June 30, 1976, and $48,500,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of dentistry based on the number of full-time students enrolled in such school.

"(4) There are authorized to be appropriated $1,600,000 for the fiscal year ending June 30, 1975, $2,400,000 for the fiscal year ending June 30, 1976, and $3,200,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of dentistry based on the number of students enrolled in programs of such schools for the training of expanded duty dental auxiliaries.

"(5) There are authorized to be appropriated $6,000,000 for the fiscal year ending June 30, 1975, $7,000,000 for the fiscal year ending June 30, 1976, and $8,000,000 for the fiscal year ending June 30, 1977, for payments under grants under subsection (a)(3) to schools of public health.

"(6) There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1975, $10,600,000 for the fiscal year ending June 30, 1976, and $11,400,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of veterinary medicine.

"(7) There are authorized to be appropriated $3,000,000 for the fiscal year ending June 30, 1975, $3,200,000 for the fiscal year ending June 30, 1976, and $3,400,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of optometry.

"(8) There are authorized to be appropriated $22,000,000 for the fiscal year ending June 30, 1975, $22,700,000 for the fiscal year ending June 30, 1976 and $23,800,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of pharmacy.

"(9) There are authorized to be appropriated $1,500,000 for the fiscal year ending June 30, 1975, $1,600,000 for the fiscal year ending June 30, 1976, and $1,700,000 for the fiscal year ending June 30, 1977, for payments under grants under this section to schools of podiatry.

"(10) There are authorized to be appropriated $2,000,000 for the fiscal year ending June 30, 1975, $2,250,000 for the fiscal year ending June 30, 1976, and $2,500,000 for the fiscal year ending June 30, 1977, for payments under grants under subsection (a)(7) to schools for graduate programs in health care administration.

"(11) No funds appropriated under any provision of this Act other than this subsection may be used to make grants under this section."

(d) The heading for part E of title VIII is amended to read as follows:

"Part E—Grants and Contracts To Improve the Quality of Schools of Medicine (Allopathic and Osteopathic), Public Health, Dentistry, Veterinary Medicine, Optometry, Pharmacy, and Podiatry and Schools With Graduate Programs of Health Care Administration".

Sec. 402. Part E of title VII is amended (1) by redesignating sections 771, 772, and 773 as sections 772, 773, and 774, respectively, (2) by redesignating section 774 (as in effect prior to the enactment of this Act) as section 776 and placing it after section 775, and (3) by adding after section 770 the following new section:

"ELIGIBILITY FOR CAPITATION GRANTS

"Sec. 771. (a) In General.—The Secretary shall not make a grant under section 770 to any school in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that—

"(1) the enrollment of full-time students (or, in the case of schools of public health and schools with graduate programs of health care administration, the enrollment of student equivalents) in such school and—

"(A) in the case of a school of medicine (allopathic or osteopathic), the enrollment of students on a full-time basis in a program of such school for the training of physician extenders, and

"(B) in the case of a school of dentistry, the enrollment of students on a full-time basis in a program of such school for the training of expanded duty dental auxiliaries,

in the school year beginning after the beginning of the fiscal year in which such grant is made will not be less than the enrollment of such students or student equivalents, as the case may be, in such school in the preceding school year; and

"(2) the applicant will expend in carrying out its functions as a school of medicine (allopathic or osteopathic), public health, dentistry, veterinary medicine, optometry, pharmacy, or podiatry, as the case may be (or, in the case of a school with a graduate program of health care administration, for support of such program), during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from nonFederal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year immediately preceding the fiscal year for which such grant is sought.

"(b)(1)(A) The Secretary shall not make a grant under section 770 to any school in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that for the first school year beginning after the year in which such grant is made and for each school year thereafter during which such a grant is made 25 per centum of the individuals accepted for admission as students (or such lesser per centum as the Secretary may determine is required to meet the needs of medically underserved populations designated under section 329), as a condition of, and prior to, their admission, volunteer to enter into a written agreement with the Secretary to practice their profession in accordance with paragraph (2). In accepting, on behalf of the Secretary, applications for such agreements, a school shall give special consideration, to the extent feasible, to applications from individuals resident in areas containing medically underserved populations.

"(B) Upon the Secretary's determination that the needs of medically underserved populations for health services in any fiscal year will not be met by the number of individuals obligated to provide those services under the provisions of this Act, he may, with the agreement of each school affected, raise to 50 per centum the 25 per centum requirement with respect to any school for that fiscal year under subparagraph (A). In such case, the Secretary shall increase the amount otherwise payable to that school under section 770 for that fiscal year by 10 per centum. Amounts payable under section 770 by virtue of the operation of this subparagraph shall be obtained by reducing, pro rata, the amounts payable under that section to all medical and osteopathic schools that are not affected by this subparagraph.

"(2)(A) Each individual who has entered into an agreement under paragraph (1) shall be obligated to provide health services for a period of obligated service equal to two years, except that in the case of individuals who have undergone training in a program of less than three academic years, in any school subject to the provisions of this subsection, the Secretary may, by regulation, reduce the period of obligated service of any class or classes of such individuals. A period of obligated service under this section shall run concurrently with any period of service an individual is obligated to perform as a condition of receiving any scholarship or other assistance under this Act. The period of obligated service shall be spent providing health service—

"(i) to a population designated under section 329(b) as a medically underserved population; or

"(ii) in an area or at an instituion (including any Federal health care facility) designated by the Secretary to have a shortage of and need for individuals trained in his profession; and

"(iii) in the case of an individual entering the medical program of a school of medicine (allopathic or osteopathic) the health services shall be provided through his full-time practice of family medicine, general pediatrics, or general internal medicine.

In designating areas and institutions pursuant to subparagraph (A)(ii), the Secretary shall follow the procedures required by section 329(b)(1). No institution shall be designated pursuant to subparagraph (A)(ii) unless such institution has applied to the Secretary for such designation. In the case of a Federal health care facility, the Secretary shall designate such facility only upon the request of the head of the department or agency of which the health facility is a part.

"(B)(1) In the case of any State which provides substantial financial assistance for any year to any school or schools of medicine (allopathic and osteopathic) or dentistry which is located within such State and which receives a grant under section 770 for the support of its education program, the Secretary shall, for such year, assign (under section 329 or under agreements entered into with individuals under sections 750 and 752), to serve any populations and in any areas and institutions described in subparagraph (A) which are located within such State, a number of individuals equal to at least 50 per centum of the number of individuals who graduated from such school or schools and are obligated to provide service under this subsection during such year: *Provided*, That the percentage of the costs of support of the education programs of such school or schools provided by such State for such year is at least equal to the percentage of such costs provided by such State in the preceding year: *And provided further*, That the Secretary shall make such assignments within such State only to the extent that such individuals are needed to serve populations and in areas and institutions described in subparagraph (A) which are located within such State. To the maximum extent feasible, the Secretary shall assign, to provide service in any such State, individuals who are residents of such State and who are likely to remain in such State to practice their professions.

"(2) In the case of any State which provides financial assistance for any year to any school or schools of medicine (allopathic and osteopathic) or dentistry located outside of such State which receives a grant under section 770 for the support of its education program, the Secretary shall, for such year, assign (under section 329 or under agreements entered into with individuals under sections 750 and 752), to serve any populations and in any areas and institutions described in subparagraph (A) which are located within such a State, a number of individuals equal to at least 50 per centum of the total number of individuals determined to be receiving assistance through the financial assistance being provided by such State and who are obligated to provide service during such year. The Secretary shall make assignments within such State only to the extent that such individuals are needed to serve populations and in areas and institutions described in subparagraph (A) which are located within such State. To the maximum extent feasible the Secretary shall assign, to provide service in any such State, individuals who are residents of such State and who are likely to remain in such State to practice their professions.

"(C)(i) Except as provided in clause (ii), a period of obligated service of any individual shall commence within six months after the date upon which such individual is licensed to practice his profession (or the date upon which such individual completes his first year of postgraduate clinical training, if such year of training is completed after the date on which he is so licensed) and such service shall continue without substantial interruption until such service is completed, except that in the case of individuals who are licensed to practice medicine the commencement of such period of obligated services may be deferred for the period of time required to complete primary care postgraduate physician training if such training is in family practice, general internal medicine, or general pediatrics.

"(ii) In the case of any individual obligated to provide service in accordance with this subsection who is not required to obtain a license in order to lawfully practice his profession, a period of obligated service shall commence within six months after the date upon which such individual completes his training in any school subject to the provisions of this subsection.

"(iii) An individual obligated to provide health services under this subsection shall be entitled, for a period of training required to obtain his first health professions degree, to receive a Public Health and National Health Service Corps Scholarship under section 750, or a scholarship under section 752, if otherwise eligible for that scholarship, upon his agreement to comply with the requirements imposed by the applicable section and by this subsection.

"(D) If, for any reason, an individual who is obligated to provide service under this subsection fails either to begin his service obligation or to complete such service obligation in accordance with this subsection, the United States shall be entitled to recover from such individual an amount determined in accordance with the formula.

$$A=2\phi\left(\frac{t-s}{t}\right)$$

in which 'A' is the amount the United States is entitled to recover; ϕ is the sum of the amount paid under section 770 to a school on the basis of the enrollment in such school of such individual and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate; 't' is the total number of months in such individual's period of obligated service; and 's' is the number of months of such period served by him in accordance with this subsection. Any amount which the United States is entitled to recover shall, within the one-year period beginning on the date the United States becomes entitled to recover such amount be paid by such individual to the United States. Amounts recoverable under this subsection shall be in addition to amounts recoverable under other provisions of this Act by reason of the individual's failure to begin or complete any service obligation, whether or not the period of that obligation is concurrent with the service obligation under this subsection.

"(3)(A) The Secretary shall, by regulation, provide for the waiver or suspension of any obligation of any individual under this subsection whenever compliance by such individual is impossible or would involve extreme hardship to such individual and if enforcement of such obligation with respect to any individual would be against equity and good conscience.

"(B) Notwithstanding any other provision of this subsection—

"(i) any individual who is obligated to provide health services pursuant to an agreement entered into with any State may provide such service in accordance with such agreement in lieu of providing service under this subsection: *Provided*, That the period to be served is at least equal to the period of obligated service of this subsection,

"(ii) no individual shall be required to provide services for more than one period of obligated service under this section,

"(iii) in the case of any individual who is obligated to provide service under section 750 and under this subsection, the periods of obligated service of such individual under section 750 and this subsection shall run concurrently.

"(4) When any individual undergoing training in any school subject to the provisions of this subsection—

"(A) is academically dismissed or voluntarily terminates academic training, or

"(B) in the case of an individual who is required to obtain a license in order to lawfully practice his profession, fails to obtain such a license.

he shall not be obligated to provide service under this subsection unless he, at some subsequent date, completes such training and, in the case of an individual described in clause (B), obtains a license to practice his profession.

"(c) Schools of Medicine (Allopathic and Osteopathic).—The Secretary shall not make a grant under section 770 to any school of medicine (allopathic and osteopathic) in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that—

"(1) for the first school year beginning after the close of the fiscal year in which such grant is made and for each school year thereafter during which such a grant is made the first-year enrollment of full-time students in such school will exceed the number of such students enrolled in the school year (hereinafter in this section referred to as the 'base year') preceding the school year beginning after the close of the fiscal year ending June 30, 1975, or the school year beginning after the close of the first fiscal year in which such grant was made to such school, whichever is later—

"(A) by 10 per centum of such number if such number was not more than one hundred, or

"(B) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred;

"(2) the number of foreign medical graduates in its affiliated postgraduate training positions will not exceed 40 per centum, 35 per centum, and 25 per centum for the fiscal years ending June 30, 1975, 1976, and 1977, respectively; and

"(3) the school (except in the case of a two-year school of medicine) will establish, by the close of the fiscal year in which the grant is made, and maintain in each succeeding year in which a grant is made, an administrative unit (which may be a department, division, or other unit) to provide clinical instruction in family medicine or comparable primary care, as determined by the Secretary, which unit will (A) be comparable to academic administrative units for other major clinical specialties in the school, (B) be responsible for directing a portion of the curriculum for each member of the student body engaged in a program leading to the degree of doctor of medicine or doctor of osteopathy, which portion is determined by the Secretary to be comparable to the portion devoted by the school to other major clinical specialties, (C) employ a number of full-time faculty which, for the academic year ending in calendar year 1976, is determined by the Secretary to be sufficient to conduct the clinical instruction required by clause (B) and to be comparable to the number of faculty assigned to other major clinical specialties by the school, and (D) administer a three-year approved or provisionally approved graduate training program in family practice, which program shall make available postgraduate physician training positions equal in number, in the fiscal year ending June 30, 1975, 1976, and 1977, to not less than 10 per centum, 15 per centum, and 20 per centum, respectively for those years, of the total postgraduate physician training positions established by, or affiliated with, the school; or alternatively, administer a comparable graduate training program in the provision of primary care, as defined by the Secretary, which shall make available postgraduate physician training positions equal in number in those years to not less than 35 per centum, 40 per centum, and 45 per centum, respectively, of such total postgraduate physician training positions.

"(d) Schools of Dentistry.—The Secretary shall not make a grant under section 770 to any school of dentistry in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that for the first school year beginning after the close of the fiscal year ending June 30, 1975, or (if later) beginning after the close of the fiscal year in which such grant is made, and for each school year thereafter during which such a grant is made the first-year enrollment of full-time students in such school will exceed the number of such students enrolled in the base year—

"(1) by 10 per centum of such number if such number was not more than one hundred, or

"(2) by 5 per centum of such number, or ten students, whichever is greater, if such number was more than one hundred.

"(e) Schools of Public Health and Schools With Graduate Programs in Health Care Administration.—The Secretary shall not make a grant under section 770 to any school of public health or school with a graduate program of health care administration in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that—

"(1) for the first school year beginning after the close of the fiscal year in which such grant is made and for each school year thereafter during which such a grant is made the first-year enrollment of student equivalents in such school will exceed the number of such student equivalents enrolled in the base year—

"(A) by 10 per centum of such number if such number was not more than one hundred, or

"(B) by 5 per centum of such number, or ten student equivalents, whichever is greater, if such number was more than one hundred, or

"(2) during each such school year such school will establish and carry out special new projects, or make significant expansions of, or improvements in, existing projects, meeting criteria set forth by the Secretary in regulations in at least three of the following categories of projects:

"(A) projects to establish cooperative interdisciplinary training among schools of medicine allopathic and osteopathic), dentistry, optometry, podiatry, pharmacy, veterinary medicine, nursing, public health, and allied health, including projects for training for the use of the team approach to the provision of health services;

"(B) projects to provide for increased emphasis on, and training in, health care administration and management training;

"(C) projects to increase admissions to, and enrollment and retention in, such schools of qualified individuals who, due to socioeconomic factors, are financially or otherwise disadvantaged;

"(D) projects to increase the awareness by health professions personnel of the cultural sensitivities related to health of individuals with limited English-speaking ability, with special emphasis on training programs which include clinical training and utilize team training, and on continuing education programs, in communities where a substantial proportion of the population is of limited English-speaking ability;

"(E) projects to provide increased emphasis on the ethical, social, legal, and moral implications of advances in biomedical research and technology with respect to the effects of such advances on individuals and society;

"(F) projects to plan, develop, and implement a program of nutrition education within their curricula.

"(f) Schools of Veterinary Medicine, Optometry, Pharmacy, and Podiatry.—The Secretary shall not make a grant under section 770 to any school of veterinary medicine, optometry, pharmacy, or podiatry in a fiscal year beginning after June 30, 1974, unless the application for such grant contains or is supported by reasonable assurances satisfactory to the Secretary that—

"(1) for the first school year beginning after the close of the fiscal year in which such grant is made and for each school year thereafter during which such a grant is made the first-year enrollment of full-time students in such school will exceed the number of such students enrolled in the base year—

"(A) by 10 per centum of such number if such number was not more than one hundred, or

"(B) by 5 per centum of such number, or ten students, whichever is greater if such number was more than one hundred, or

"(2) during each such school year such school will establish and carry out specific new projects, or make significant expansions of, or improvements in, existing projects, meeting criteria set forth by the Secretary in regulations, in at least two of the following categories of projects (or, if the application is for a school of pharmacy, specific projects in the category described in clause (C) and specific projects in at least two other categories or, if the application is for a school of optometry, specific projects in the categories described in clauses (D) and (E) and a specific project in at least one other category):

"(A) projects to establish cooperative interdisciplinary training among schools of medicine (allopathic and osteopathic), dentistry, optometry, podiatry, pharmacy, veterinary medicine, nursing, public health, and allied health, including projects for training for the use of the team approach to the provision of health services;

"(B) projects to increase admissions to, and enrollment and retention in, such schools of qualified individuals who, due to socioeconomic factors, are financially or otherwise disadvantaged;

"(C) in the case of schools of pharmacy, projects to provide for increased emphasis on, and training in, clinical pharmacy, drug use and abuse, and, where appropriate, clinical pharmacology;

"(D) in the case of schools of optometry, projects to develop residency training programs respecting optometry;

"(E) in the case of schools of optometry, projects to develop and implement programs specifically designed to lead to the early detection and treatment of diseases which can be diagnosed as a consequence of the practice of optometry;

"(F) projects to increase the awareness by health professions personnel of the cultural sensitivities related to health of individuals with limited English-speaking ability, with special emphasis on training programs which include clinical training and utilize team training, and on continuing education programs, in communities where a substantial proportion of the population is of limited English-speaking ability;

"(G) projects to provide increased emphasis on the ethical, social, legal, and moral implications of advances in biomedical research and technology with respect to the effects of such advances on individuals and society;

"(H) projects to establish and operate satellite clinical training centers in underserved areas, in coordination, whenever feasible, with health training institutions in other disciplines, to emphasize the provision of primary care to the residents of such areas, and to provide continuing education programs for health professions personnel in such areas; and

"(I) projects to establish increased emphasis on, and training in, the aging process, including the social, behavioral, and biomedical aspects of the aging process, and training, as appropriate, in the diagnosis, treatment, and prevention of diseases and related problems of the aged.

"(g) For the purposes of subsections (c), (d), (e), and (f)—

"(1) in the case of any school which (as a result of an increase in enrollment or through the application of this paragraph) has a first-year enrollment of full-time students or student equivalents for any year in excess of the number required by such subsection (c), (d), (e), or (f) for such year, the number in excess of the required number shall be deemed to have enrolled in the next school year for purposes of meeting the enrollment increase requirement for such next year.

"(2) in the case of any school which, within the six years preceding the enactment of this section, has increased its first-year enrollment of full-time students or student equivalents in any year (except the first year in which such school has students enrolled) by more than 33⅓ per centum of the number of such students enrolled in the preceding school year, the requirements of such subsection (c), (d), (e), or (f) shall apply only to the extent they would apply had the provisions of such subsection and this subsection been applicable in the year of such increase and all subsequent years.

"(h)(1)(A) The Secretary may waive (in whole or in part) the requirements of subsection (c), (d), (e), or (f) with respect to any school, upon written notification by the appropriate accreditation body or bodies (as defined in section 721(b)(1)), that compliance by such school with the assurances required by such subsection will prevent such school from meeting the accreditation standards of such body or bodies.

"(B) The Secretary may waive (in whole or in part) the requirements of paragraph (1) of subsection (c), (d), (e), or (f) respecting enrollment increases, upon a finding by the Secretary that because of inadequate size of the population served by the hospital or other facilities in which such school conducts its clinical training compliance by such school with such assurances will prevent such school from providing high quality clinical training for the students added as a result of such increase.

"(C) Nothing in this paragraph shall be construed as affecting the obligation of any school to comply with any requirements of subsection (c), (d), (e), or (f) which have not been waived pursuant to subparagraph (A) or (B).

"(2) The requirements of paragraph (1) of subsection (c), (d), (e), or (f) shall not apply to any school which is prohibited by law from complying with the assurances required by such paragraph. Nothing in this paragraph shall be construed as affecting the obligations of any school to comply with the requirements of paragraph (2) of each such subsection.

"(i) The Secretary is authorized to make onsite inspections of any school receiving a grant under section 770 and to require the submission of reports or other data and information by any such school for the purpose of ascertaining the extent of compliance by such school with the assurances made in connection with such shool's application for such grant.

"(j)(1) Whenever the Secretary, after reasonable notice and opportunity for hearing, finds that any school receiving assistance under section 770 has failed to comply with any assurances required to be given under this section, the Secretary shall forthwith order (A) that no further grants will be made to such school under section 770, or (B) that further grants will be withheld, in whole or in part, until such school repays Federal moneys to which such school was not entitled because of such failure, and shall notify such school of such order. The Secretary shall not order any action under the preceding sentence in any case in which such a school has admitted an individual, in contravention of the assurances required to be made by such school under subsection (b)(1), pursuant to an order of any court of competent jurisdiction: *Provided*, That such school has provided notice in accordance with paragraph (2).

"(2) Whenever a civil action is instituted by an individual against a school, receiving assistance under section 770, to obtain admission to such school in contravention of the assurances required to be made under subsection (b)(1), the Attorney General may intervene in such actions, upon timely application and in the manner prescribed by section 2403 of title 28, United States Code. Any such school shall promptly notify the Attorney General and Secretary of the institution of any such action.

"(k)(1) Any school which has been adversely affected by any order of the Secretary pursuant to this section may appeal to the United States court of appeals for the circuit in which such school is located, by filing a petition with such court within sixty days after such order. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary, or any officer designated by him for that purpose. The Secretary shall thereupon file in the court the record of the proceedings on which he based his order, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the order of the Secretary or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record, the Secretary may modify or set aside his order.

"(2) The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous order, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(3) The judgment of the court affirming or setting aside, in whole or in part, any order of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this section shall not, unless so specifically ordered by the court, operate as a stay of the Secretary's order.".

Sec. 403. Section 773 (as so redesignated) is amended to read as follows:

"SPECIAL PROJECT GRANTS AND CONTRACTS

"Sec. 773. (a) The Secretary may make grants to assist a school of medicine (allopathic and osteopathic), dentistry, veterinary medicine, optometry, pharmacy, podiatry, or public health, or any other public or nonprofit private health or educational entity, to meet the costs of special projects to—

"(1) effect significant improvements, including increased emphasis on nutritional education, in the curriculums of any such schools;

"(2) develop programs for cooperative interdisciplinary training among schools of medicine (allopathic and osteopathic), dentistry, veterinary medicine, optometry, pharmacy, podiatry, nursing, public health, and allied health, including projects for training in the use of the team approach to the delivery of health services;

"(3) develop and operate training programs, and train, for new roles, types, or levels of health professions personnel, including programs for the training of physician extenders (including nurse practitioners), and other health professions assistants;

"(4) develop new training programs to educate specialized physician assistants, to assume at least some of the service roles traditionally fulfilled by residents in hospitals;

"(5) plan, develop, or establish new programs, or innovative modifications of existing programs, of education in such health professions including the teaching of the organization, delivery, financing, or evaluation of health care;

"(6) research, develop, or demonstrate advances in the various fields related to education in such health professions;

"(7) assist in increasing the supply, or improving the distribution by geographic area or specialty group, of adequately trained personnel in such health professions needed to meet the health needs of the Nation;

"(8) establish and operate programs at schools of medicine (allopathic and osteopathic) (and where applicable at other health professions schools) (A) providing increased emphasis on, and training in, the prevention, diagnosis, treatment, and rehabilitation of alcoholism and drug dependence, and the assessment of the efficacy of various therapeutic regimens, or (B) providing increased emphasis on the ethical, social, legal, or moral implications of advances in biomedical research and technology with respect to the effects of such advances on individuals and society;

"(9) establish increased emphasis on, and training (including continuing education) in, clinical pharmacology and the assessment of the efficacy of various therapeutic regimens;

"(10) establish and operate programs designed to identify, and increase admissions to and enrollment in dentistry, veterinary medicine, optometry, pharmacy, podiatry, and public health of, individuals whose background and interests make it reasonable to assume that they will engage in the practice of their health profession in rural or other areas having a severe shortage of personnel in such health profession;

"(11) plan experimental teaching programs or facilities;

"(12) provide traineeships (including costs of training and fees, stipends, and allowances for the students (including travel and subsistence expenses and dependency allowances)) for full-time students to secure part of their education under a preceptor in family practice, pediatrics, internal medicine, or other health fields designated by the Secretary, or in rural or other areas having a severe shortage of physicians;

"(13) utilize health professions personnel more efficiently through the use of computer technology and otherwise;

"(14) encourage new or more effective approaches to the organization and delivery of health services through the use of the team approach to delivery of health services and the utilization of computer technology to process biomedical information in the provision of health services;

"(15) establish and operate programs in the interdisciplinary training of health professions personnel for the provision of emergency medical services, with particular emphasis on the establishment and operation of training programs affording clinical experience in emergency medical services systems receiving assistance under title XII of this Act;

"(16) plan, develop, and operate programs to increase the awareness by health professions personnel of the cultural sensitivities related to health of individuals with limited English-speaking ability, with special emphasis on training programs which include clinical training and utilize team training, and on continuing education programs, in communities where a substantial proportion of the population is of limited English-speaking ability;

"(17) establish and operate programs to encourage greater knowledge of and sensitivity toward the special health problems of women;

"(18) establish and operate programs designed to provide increased emphasis on, and training in, rehabilitation medicine and encourage greater knowledge of and sensitivity toward the special health problems of handicapped individuals, especially women who are handicapped.

"(19) establish and operate satellite clinical training centers in underserved areas, which coordinate to the maximum feasible extent training programs of each of the health disciplines in coordination with appropriate health training institutions, to emphasize the provision of primary care to the residents of such areas, and to provide continuing education programs for health professions personnel in such areas;

"(20) provide increased emphasis on, and training in, the aging process, including the social, behavioral, and biomedical aspects of the aging process, and training in the diagnosis, treatment, and prevention of diseases and related problems of the aged;

"(21) encourage experienced physicians and other health care personnel to relocate to medically underserved areas determined under section 329;

"(22) substantially expand programs to train United States citizens who have transferred from medical schools in foreign countries or from two-year medical schools in the United States and who have enrolled in such schools as full-time students with advanced standing; and

"(23) assist schools of public health and other public or nonprofit private institutions providing graduate training in health care administration and management training, for the purpose of strengthening or expanding such training in such institutions.

The Secretary may also enter into contracts with public or private health or educational entities to carry out any project described in this subsection.

"(b) Grants and contracts may also be made by the Secretary under this section for—

"(1) the discovery, collection, development, or confirmation of information for,

"(2) the planning, development, demonstration, establishment, or maintenance of,

"(3) the alteration or renovation of existing facilities for, any project described in subsection (a).

"(c) Contracts under this section may be entered into without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(d)(1) There are authorized to be appropriated $75,000,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years for the purpose of making payments pursuant to grants and contracts under subsections (a) and (d)."

Sec. 404. Section 772 (as so redesignated is amended by—

(1) striking out "or dentistry" in paragraphs (1) and (4) of subsection (a) and inserting in lieu thereof "dentistry, podiatry, or optometry".

(2) by amending paragraph (3) of subsection (a) to read as follows:

"(3) The Secretary shall give special consideration to each application of a school for grant assistance under this subsection which—

"(A) is located in a State which has no other such school of medicine, osteopathy, dentistry, podiatry, or optometry;

"(B) contains or is reasonably supported by assurances, that, because of the use that the school will make of existing facilities (including Federal medical or dental facilities), it will be able to accelerate the date on which it will begin its teaching program."

(3) by amending paragraph (6) of subsection (a) to read as follows: "There are authorized to be appropriated $6,000,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years, for payments under grants under this subsection. Sums appropriated under this paragraph shall remain available until expended."

(4) in paragraph (2) of subsection (b), (1) striking out "1974" and inserting in lieu thereof "1977", and (2) striking out "1975" and inserting in lieu thereof "1978".

Sec. 405. Section 774 (as so redesignated), is amended by—

(1) amending subsection (a) to read as follows:

"(a) There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years, to make grants under this section, and to the extent that sums appropriated under this subsection are not used for such grants, for grants under section 773."

(2) striking out "or podiatry" in subsection (b) and inserting in lieu thereof "podiatry, or public health or school with a graduate program of health care administration."

Sec. 406. (a) Section 776(a) (as so redesig. nated) is repealed.

(b) For the fiscal year ending June 30, 1975, and for each of the next two fiscal years there are authorized to be appropriated such sums as may be necessary to continue payments under contracts entered into under section 774 of the Public Health Service Act (as in effect before the date of the enactment of this Act) for area health education centers. Such payments may only be made from such sums for the periods and the amounts specified in such contracts.

(c)(1) Subsection (b) of section 776 (as so redesignated) is redesignated as subsection (a) and amended by striking out the matter following subparagraph (C) of paragraph (2).

(2) There is inserted before subsection (c) of that section a new subsection (b) to read as follows:

"Disadvantaged Assistance Program

"(b)(1) With respect to any individual authorized to be assisted under subsection (a)(2)(A), the Secretary may award to such individual a stipend, with allowances for travel and for dependents, for postsecondary education or training required to qualify the individual for admission to a program of a school, above the undergraduate level, leading to the professional degree in the provision of health care. For purposes of this paragraph a degree in public health administration shall not be deemed to be a degree in the provision of health care.

"(2) With respect to any individual authorized to be assisted under subsection (a)(2)(A), the Secretary may award a stipend, as described in the preceding paragraph, to assist the individual in meeting the costs of his first year of study in such program."

(3) Subsection (e) of that section is amended to read as follows:

"(e) For the purposes of this section there are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975, and each of the next two fiscal years."

Sec. 407. Section 775 is amended—

(1) by striking out "770, 771, 772, or 773" each place it occurs and inserting in lieu thereof "770, 772, 773, or 774";

(2) by striking out "or podiatry" in subsection (b) and inserting in lieu thereof "podiatry, or public health, or school with a

graduate program in health care administration";

(3) by striking out "this part" in subsection (c) and inserting in lieu thereof "section 770, 772, 773, or 774";

(4) by striking out "725)." in subsection (c) and inserting in lieu thereof "702);";

(5) by striking out "770, 771, or 773" in subsection (d) (1) and inserting in lieu thereof "770, 771, 772, 773, or 774"; and

(6) by amending subsection (d) (3) to read as follows:

"(3) provides for such fiscal control and accounting procedures and reports, including the use of such standard procedures for the recording and reporting of financial information as the Secretary may prescribe, and access to the records of the applicant, as the Secretary may require to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under the grant and to enable the Secretary to determine the costs to the applicant of its program for the education or training of students."

SEC. 408. Sections 312 and 313 are repealed.

TITLE V—ASSISTANCE FOR SPECIALIZED TRAINING

SEC. 501. (a) Section 767 (entitled "GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN FAMILY MEDICINE") is transferred to part F of title VII and redesignated as section 781.

(b) Section 781 (as so redesignated) is amended—

(1) by striking out "and" after "1973,";

(2) by inserting after "1974," the following: "$40,000,000 for the fiscal year ending June 30, 1975, and $50,000,000 for each of the two succeeding fiscal years";

(3) by inserting "or comparable primary care field" after "family medicine" and "family practice" each time they appear;

(4) in clause (2) by striking out "and" at the end thereof and inserting immediately before the semicolon in such clause the following: ", with special consideration to those who are bilingual with respect to the predominant language in those areas served by the hospital where a substantial proposition of the population is of limited English-speaking ability";

(5) by renumbering clause (3) as clause (4); and

(6) by inserting immediately after clause (2) the following new clause (3):

"(3) to plan, develop, and operate, special programs to increase the awareness of trainees in such programs to the cultural sensitivities of individuals with limited English-speaking ability where the hospital serves an area where a substantial proportion of the population is of limited English-speaking ability;".

SEC. 502. (a) Section 768 (entitled "GRANTS FOR SUPPORT OF POSTGRADUATE TRAINING PROGRAMS FOR PHYSICIANS AND DENTISTS") is repealed.

SEC. 503. There is inserted after section 782 a new section to read as follows:

"COMMUNITY-BASED HEALTH MANPOWER EDUCATION PROGRAM

"SEC. 783 (a) In order, through regional affiliations of health services institutions and health manpower educational institutions, which must include at least one school of medicine, to promote—

"(I) the training of undergraduate and graduate medical, nursing, and physician extender students in rural and inner city locations to expose them to career opportunities in such areas;

"(II) regional systems of continuing education to upgrade the skills of rural and inner city primary care providers; and

"(III) closer functional integration of regional health personnel and educational institutions, the Secretary is authorized to make grants to, or contracts with public or private health or educational entities to—

"(1) train undergraduate and graduate medical, nursing, and physician extender students in health care in underserved rural and inner city areas in institutions which provide primary care including community hospitals, ambulatory care centers, nursing homes, and home health agencies;

"(2) rotate medical, nursing, and allied health teaching staff from the health education institutions to these rural and inner city teaching sites to provide instruction to improve the technical skills of local health professionals;

"(3) encourage new or more effective approaches to the organization and delivery of health services through the training of rural or inner city practitioners in the use of the team approach to the delivery of health services.

"(b) Grants under this section may be awarded to plan, develop, and operate new programs or to significantly expand existing programs and may include amounts for structural renovation in rural and inner city teaching sites necessary to carry out the teaching function, and travel costs and stipends to the temporarily assigned trainees and rotating teaching personnel as the Secretary shall determine is necessary.

"(c) Grants under this section shall be awarded to affiliations of health services providers in the target rural or inner city regions and health manpower educational institutions which demonstrate the capability of and commitment to providing the described educational program.

"(d) No application for a grant or contract under this section shall be approved unless the application contains or is supported by reasonable assurances satisfactory to the Secretary that:

"(1) the training programs covered by the grants or contract application will have a total of at least twenty-five individuals enrolled in them;

"(2) at least 25 per centum of the costs of the training programs for which such grant or contract is to be made will be met with funds from non-Federal sources;

"(3) the training in such regional sites of students enrolled in participating health manpower education institutions will, in the aggregate, total not less than four weeks per assigned student per year;

"(4) contains a specific plan for hiring, as members of the faculty of participating health manpower education institutions, some locally practicing health professionals to serve as instructors at the rural or inner city training sites, including a plan for frequent counseling and consultation between the faculties of the schools involved and these local practitioner-instructors;

"(5) contains a detailed description of the type and amount of training to be given in the rural or inner city teaching sites including provision for periodic review and evaluation of such training and the periodic delivery of reports of such evaluations to the Secretary; and

"(6) contains a plan for phasing financial support of the proposed program from Federal to non-Federal sources.

"(e) No grant or contract for any training program under this section may exceed 75 per centum of the costs, as determined by the Secretary, of such program. The Secretary shall give priority in making awards under this section to applicants not affiliated with any health manpower educational institution.

"(f) There are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1975, $50,000,000 for the fiscal year ending June 30, 1976, and $50,000,000 for the fiscal year ending June 30, 1977, for carrying out the purposes of this section."

"SUPPORT FOR STUDY OF CLINICAL PHARMACOLOGY AND CLINICAL PHARMACY

"SEC. 784. (a) The Secretary is authorized to make grants to public or nonprofit private schools of medicine (allopathic and osteopathic), dentistry, pharmacy, optometry, and public health and entities for the training and education for the allied health professions which are eligible for grants under part E to assist in meeting the costs of—

"(1) planning, establishment, and operation of programs providing for inclusion of courses relating to clinical pharmacology or clinical pharmacy as part of undergraduate training programs in such schools and entities, and

"(2) planning, establishment, and operation of programs of continuing education in the field of clinical pharmacology or clinical pharmacy.

"(b) The Secretary is authorized to make grants to public or nonprofit private schools of medicine (allopathic and osteopathic) which are eligible for grants under part E to assist in meeting the costs of—

"(1) planning, establishment, and operation of graduate training programs for individuals who plan to specialize or work in the field of clinical pharmacology, and

"(2) providing financial assistance (in the form of traineeships) for training in the field of clinical pharmacology to graduate students, interns, and residents who participate in such programs and who plan to specialize or work in such field.

"(c) The Secretary is authorized to make grants to public or nonprofit private schools of pharmacy which are eligible for grants under part E to assist in meeting the costs of—

"(1) planning, establishment, and operation of graduate and undergraduate training programs in the field of clinical pharmacy, and

"(2) providing financial assistance (in the form of traineeships) for training in the field of clinical pharmacy to graduate students who participate in such programs and who plan to specialize or work in such field.

"(d) There are authorized to be appropriated $2,000,000 for the fiscal year ending June 30, 1975, $3,000,000 for the fiscal year ending June 30, 1976, and $5,000,000 for the fiscal year ending June 30, 1977, for grants under this section."

SEC. 505. (a) Section 776 is transferred to part F of title VII, inserted after section 785 and redesignated as section 786.

(b) Section 786 (as so redesignated) is amended by inserting immediately after "1974" in subsection (e) "and for each of the three succeeding fiscal years."

SEC. 506. Part F of title VII is amended by adding after section 786 (as so redesignated) the following new section:

"GRANTS FOR BILINGUAL HEALTH TRAINING CLINICAL CENTERS

"SEC. 787. There are authorized to be appropriated for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years, $2,500,000 for the purpose of establishing not more than four bilingual health training clinical centers, in affiliation with university medical centers, in dispersed areas of the United States in communities where a substantial proportion of the residents is of limited English-speaking ability, such centers to place special emphasis on (1) the training in internship, residency, and other health training programs (utilizing to the greatest extent the concept of team training) of personnel who are bilingual and (2) the provision of health care services to the surrounding community."

SEC. 507. (a) Section 769B is transferred to part F of title VII, inserted after section 787, and redesignated section 788.

(b) Section 788 (as so redesignated) is amended by—

(1) striking out "under section 767, 769, and 769A" each place it occurs and inserting in lieu thereof "under this part",

(2) striking out "under sections 767 and 769" in subsection (b) and inserting in lieu thereof "under this part",

(3) striking out "The amount" in subsection (c) and inserting in lieu thereof "Except as otherwise provided, the amount",

(4) adding at the end thereof the following new subsection:

"(d) The Secretary shall not act upon any application for a grant under section 785 unless an appropriate scientific peer review group has reviewed such application or contract."

SEC. 508. Section 769 (entitled "GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS FOR HEALTH PROFESSIONS TEACHING PERSONNEL") and section 769A (entitled "GRANTS FOR COMPUTER TECHNOLOGY HEALTH CARE DEMONSTRATION PROGRAMS") are repealed.

SEC. 509. The heading for part F of title VII is amended to read as follows:

"Part F—Assistance for Specialized Training".

SEC. 510. The heading for part D of title VII is amended to read as follows:

"Part D—Miscellaneous Provisions".

SEC. 511. Section 785 (as so redesignated) is amended by inserting after "entities" and before "to": ", or a State, a unit of general local government, or any other public entity which has established an emergency medical services system or given adequate assurances that it will establish such a system which meets the requirements of section 1206(b) (4) and which has entered into a contract or other agreement with an appropriate educational entity,".

TITLE VI—ALLIED HEALTH PERSONNEL

SEC. 601. (a) Part G of title VII is amended to read as follows:

"Part G—Training Programs for Allied Health Personnel

"DEFINITION

"SEC. 789. For purposes of this subpart, the term 'allied health personnel' means individuals with training and responsibilities for (1) supporting, complementing, or supplementing the professional functions of physicians, dentists, and other health professionals in the delivery of health care to patients, or (2) assisting environmental personnel in environmental health control activities.

"PROJECT GRANTS AND CONTRACTS

"SEC. 789A. (a) The Secretary may make grants and enter into contracts to assist eligible entities in meeting the costs of planning, study, development, demonstration, and evaluation projects undertaken with respect to one or more of the following:

"(1) methods of coordination and management of education and training at various levels for allied health personnel within and among education institutions and their clinical affiliates,

"(2) methods and techniques for State and regional coordination and monitoring of education and training for allied health personnel,

"(3) programs, methods, and curricula (including model curricula) for training various types of allied health personnel,

"(4) programs, or means of adapting existing programs, for training as allied health personnel special groups such as returning veterans of the Armed Forces, the socioeconomically disadvantaged, and persons reentering any of the allied health fields,

"(5) new types of roles and uses for allied health personnel,

"(6) in coordination with the Secretary's program under section 1123 of the Social Security Act, methods of establishing, and determining compliance with, proficiency requirements for allied health personnel, including techniques for appropriate recognition (through equivalency and proficiency testing or otherwise) of previously acquired training or experience,

"(7) methods of recruitment and retention of allied health personnel, or

"(8) providing special emphasis on clearly defined career ladders and programs of advancement for practicing allied health personnel.

"(b) (1) No grant may be made or contract entered into under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) For purposes of subsection (a), the term 'eligible entities' means those entities which have had an application approved under paragraph (1) and which are—

"(A) schools, universities, or other educational entities which provide for allied health personnel education and training meeting such standards as the Secretary may by regulation prescribe,

"(B) States, political subdivisions of States, or regional and other public bodies representing States or political subdivisions of State or both, or

"(C) any entity which has a working arrangement (meeting such requirements as the Secretary may by regulation prescribe) with an entity described in subparagraph (A).

"(3) Contracts may be entered into under subsection (a) without regard to sections 3648 and 3709 of the Revised Statues (31 U.S.C. 529; 41 U.S.C. 5).

"(4) The amount of any grant under subsection (a) shall be determined by the Secretary. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

"(c) For the purpose of making payments under grants and contracts under subsection (a), there are authorized to be appropriated $30,000,000 for the fiscal year ending June 30, 1975, $35,000,000 for the fiscal year ending June 30, 1976, and $40,000,000 for the fiscal year ending June 30, 1977.

"TRAINEESHIPS FOR ADVANCED TRAINING OF ALLIED HEALTH PERSONNEL

"SEC. 789B. (a) The Secretary may make grants to public and nonprofit private entities for traineeships provided by such entities for the training of allied health personnel to teach in training programs for such personnel or to serve in administrative or supervisory positions.

"(b) (1) No grant may be made under subsection (a) unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) Payments under such grants (A) shall be limited to such amounts as the Secretary finds necessary to cover the cost of tuition and fees of, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the trainees; and (B) may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary finds necessary.

"(c) For the purpose of making payments under grants under subsection (a), there are authorized to be appropriated $7,000,000 for the fiscal year ending June 30, 1975, $8,000,000 for the fiscal year ending June 30, 1976, and $9,000,000 for the fiscal year ending June 30, 1977.

"GRANTS AND CONTRACTS TO ENCOURAGE FULL UTILIZATION OF EDUCATIONAL TALENT FOR ALLIED HEALTH PERSONNEL TRAINING

"SEC. 789C. (a) The Secretary may make grants to, and enter into contracts with, State and local educational agencies and other public or nonprofit entities—

"(1) to (A) identify individuals of financial, educational, or other need who have a potential to become allied health personnel, including individuals who are veterans of the Armed Forces with military training or experience similar to that of allied health personnel and individuals who are bilingual in an appropriate language as determined by the Secretary, and (B) encourage and assist, whenever appropriate, the individuals described in clause (A) to (i) complete secondary education, (ii) undertake such postsecondary training as may be required to qualify them to undertake allied health personnel training, and (iii) undertake postsecondary allied health personnel training (including continuing education); and

"(2) to publicize existing sources of financial aid available to individuals undertaking allied health personnel training.

"(b) (1) No grant may be made or contract entered into under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) Contracts may be entered into under subsection (a) without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(3) The amount of any grant under subsection (a) shall be determined by the Secretary. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

"(c) For payments under grants and contracts under subsection (a) there are authorized to be appropriated $500,000 for the fiscal year ending June 30, 1975, $1,000,000 for the fiscal year ending June 30, 1976, and $1,500,000 for the fiscal year ending June 30, 1977.

"SCHOLARSHIP GRANTS

"SEC. 789D. (a) The Secretary is authorized to make (in accordance with such regulations as he may prescribe) grants to any public or nonpublic private agency, institution, or organization with an established program for training or retraining of personnel in the allied health professions or occupations specified by the Secretary for (1) scholarships to be awarded by such agency, institution, or organization to students thereof, and (2) scholarships in retraining programs of such agency, institution, or organization to be awarded to allied health professions personnel in occupations for which such agency, institution, or organization determines that there is a need for the development of, or the expansion of, training.

"(b) Scholarships awarded by any agency, institution, or organization from grants under subsection (a) shall be awarded for any year only to individuals of exceptional financial need who require such assistance for such year in order to pursue a course of study offered by such agency, institution, or organization.

"(c) Grants under subsection (a) may be paid in advance or by way of reimbursement and at such intervals as the Secretary may deem appropriate and with appropriate adjustment on account of overpayments or underpayments previously made.

"(d) Any scholarship awarded from grants under subsection (a) to any individual for any year shall cover such portion of the individual's tuition, fees, books, equipment, and living expenses as the agency, institution, or organization awarding the scholarship may determine to be needed by such individual for such year on the basis of his requirements and financial resources; except that the amount of any such scholarship shall not exceed $2,000, plus $600 for each dependent (not in excess of three) in the case of any individual who is awarded such a scholarship.

"(e) The Secretary shall not approve any grant under this section unless the applicant therefor provides assurances satisfactory to the Secretary that funds made available through such grant will be so used as to supplement and, to the extent practicable, increase the level of non-Federal funds, which would in the absence of such grant, be made available for the purpose for which such grant is requested.

"(f) For the purpose of carrying out the provisions of this section, there is authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1975, $2,000,000 for the fiscal year ending June 30, 1976, and $3,000,000 for the fiscal year ending June 30, 1977.

"STATISTICAL AND ANNUAL REPORT

"Sec. 789E. (a) The Secretary shall continuously develop, publish, and disseminate on a nationwide basis statistics and other information respecting allied health personnel, including—

"(1) detailed descriptions of the various types of such personnel and the activities in which such personnel are engaged,

"(2) the current and anticipated needs for the various types of such health personnel, and

"(3) the number, employment, geographic locations, salaries, and surpluses and shortages of such personnel, the educational and licensure and certification requirements for the various types of such personnel, and the cost of training such personnel.

"(b) The Secretary shall submit annually to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate a report on—

"(1) the statistics and other information developed pursuant to subsection (a); and

"(2) the activities conducted under this part, including an evaluation of such activities.

Such report shall contain such recommendations for legislation as the Secretary determines is needed to improve the programs authorized under this subpart. The Office of Management and Budget may review such report before its submission to Congress, but the Office may not revise the report or delay its submission beyond the date prescribed for its submission and may submit to Congress its comments respecting such report. The first report under this subsection shall be submitted not later than September 1, 1975."

(b) (1) Section 704 (as so redesignated) is amended (1) by striking out "any training center for allied health personnel" and inserting in lieu thereof "any entity for the training of allied health personnel", and (2) by striking out "or training center" each place it occurs and inserting in lieu thereof "or entity".

(2) Section 314(c) is repealed.

QUALITY ASSURANCES RESPECTING EDUCATION AND TRAINING OF ALLIED HEALTH PERSONNEL

Sec. 602. The Secretary of Health, Education, and Welfare shall within one year of the date of the enactment of this Act (1) submit to the Congress a report which identifies and describes each of the programs which he administers under which the costs of programs of education and training for allied health personnel (as defined in section 789 of the Public Health Service Act) are directly or indirectly paid (in whole or in part); and (2) take such action as may be necessary to require that such assistance is provided only those programs which meet such quality standards as the Secretary may by regulation prescribe.

TITLE VII—MISCELLANEOUS PROVISIONS

Sec. 701. Section 401 of the Health Programs Extension Act of 1973 is amended by adding at the end thereof the following new subsection:

"(e) (1) No individual shall be required to perform or assist in the performance of any portion of a health service program or research activity funded in whole or in part by the Department of Health, Education, and Welfare if such performance or assistance would be contrary to his religious beliefs or moral convictions.

"(2) No entity shall be required to make its facilities available for the performance of any health service program or research activity funded in whole or in part by the Department of Health, Education, and Welfare if such performance is prohibited by the entity on the basis of religious beliefs or moral convictions.

"(3) No entity may (A) discriminate in the employment, promotion, or termination of employment of any physician or other health care personnel, or (B) discriminate in the extension of staff or other services to any physician or other health care personnel solely because he performed or assisted in the performance of a lawful health service program or research activity in an unrelated facility, or solely because he refused to perform or assist in the performance of such a health service program or research activity, in a facility controlled by such entity on the grounds that his performance or assistance in the performance of such health service program or research activity would be contrary to his religious beliefs or moral convictions."

Sec. 702. The provisions of this section shall not be construed as superseding the provisions of section 401(b) and (c) of the Health Programs Extension Act of 1973.

Sec. 703. Any action brought by an individual against an entity in which it is asserted that subsection (e) (2) of section 401 of the Health Programs Extension Act of 1973 is repugnant to the Constitution of the United States shall be heard and determined by a court of three judges in accordance with the provisions of section 2284 of title 28, and any appeal shall lie to the Supreme Court. It shall be the duty of the judges designated to hear the case to assign the case for hearing and determination thereof, and to cause the case to be in every way expedited.

Sec. 704. (a) Section 212(a) of the Immigration and Nationality Act (8 U.S.C. 1182) is amended by renumbering paragraphs (15) through (31) as (16) through (32), respectively, and by inserting after paragraph (14) the following:

"(15) (A) Aliens who are members of the medical profession, unless the Attorney General finds, after consultation with the Secretary of Health, Education, and Welfare that—

"(i) the alien has passed parts I and II of the National Board of Medical Examiners Examination or the Federal Licensing Examination; and

"(ii) the alien has demonstrated competency in oral and written English; and

"(iii) the admission of the alien will not lead to a surplus of practitioners in a speciality area or geographical area in which there is no present or projected need.

"(B) The Attorney General may grant a waiver of the provisions of paragraph (A) for a period of one year where he finds (after consultation with the Secretary of Health, Education, and Welfare) that a waiver—

"(i) is necessary to meet a critical need for which no reasonable alternative exists, and

"(ii) that the alien will be enrolled in a supervised training program designed to identify and correct the educational deficiencies of the alien so as to enable the alien to pass the required examinations within a one-year period.

"(C) The waiver provided for in subparagraph (B) may be extended for a period of one additional year.

"(D) The exclusion of aliens under this paragraph shall apply only (i) to special immigrants defined in section 101(a) (27) (A) (other than the parents, spouses, or children of United States citizens or of aliens lawfully admitted to the United States for permanent residence), (ii) to preference immigrant aliens described in section 203(a) (3) and (6), and (iii) to nonpreference immigrant aliens described in section 203(a) (8);".

(b) Section 212(a) (14) of the Immigration and Nationality Act is amended by inserting "(except aliens described in paragraph (15))".

(c) The amendments made by this section shall take effect July 1, 1975.

Sec. 705. The Secretary shall, within three months after the date of enactment of this Act, issue regulations in final form to implement section 799A and section 845 of the Public Health Service Act.

Sec. 706. The Public Health Service Act is further amended by inserting after section 754 the following new section:

"LISTER HILL SCHOLARSHIP PROGRAM

"Sec. 775. (a) In addition to the scholarship grants made by the Secretary under the preceding sections of this subpart the Secretary shall make grants to ten individuals (to be known as Lister Hill Scholars) in accordance with the provisions of this subpart, who agree to enter into the family practice of medicine in areas described in subsection (a) of section 752. Grants made under this section shall be made from funds appropriated under subsection (b).

"(b) There are authorized to be appropriated to carry out the purposes of this section $60,000 for the fiscal year ending June 30, 1975, $120,000 for the fiscal year ending June 30, 1976, $180,000 for the fiscal year ending June 30, 1977, and $240,000 for the fiscal year ending June 30, 1978. For the fiscal year ending June 30, 1979 and for each succeeding fiscal year, there are authorized to be appropriated such sums as may be necessary to continue to make such grants to students who (prior to July 1, 1978) have received such a grant under this part during such succeeding fiscal year.".

Sec. 707. (a) Paragraph (f) of section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(f)) is amended by (1) redesignating clauses "(1)", "(2)", and "(3)" as clauses "(A)", "(B)", and "(C)", respectively, (2) inserting "(1)" immediately after "(f),", and (3) adding at the end thereof the following:

"(2) The term 'food supplement' means food for special dietary uses.

"(3) The term, 'special dietary uses', as applied to food for man, means particular (as distinguished from general) uses of food, as follows:

"(A) Uses for supplying particular dietary needs which exist by reason of a physical, physiological, pathological, or other condition, including but not limited to the conditions of disease, convalescence, pregnancy, lactation, allergic hypersensitivity to food, underweight, and overweight;

"(B) Uses for supplying particular dietary needs which exist by reason of age, including but not limited to the ages of infancy and childhood;

"(C) Uses for supplementing or fortifying the ordinary or usual diet with any vitamin, such particular use of a food is a special dietary use, regardless of whether such food also purports to be or is represented for general use."

(b) No provision of any regulation under section 403 (j) of the Act shall be construed as exempting any food from any other provision of the Act or regulations thereunder, including sections 403 (a) and (g) and, when applicable, the provisions of chapter V of the Act.

SEC. 708. Chapter IV of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 341–348) is amended by adding at the end thereof the following new section:

"Sec. 410. In administering this Act the Secretary shall not limit the potency, number, combination, amount, or variety of any synthetic or natural vitamin, mineral, or other nutritional substance, or ingredient of any food for special dietary uses if the amount recommended to be consumed does not ordinarily render it injurious to health.".

MOTION OFFERED BY MR. STAGGERS

Mr. STAGGERS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STAGGERS moves to strike out all after the enacting clause of S. 3585 and substitute the provisions of H.R. 17084 as passed.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 17084) was laid on the table.

WHITE HOUSE CONFERENCE ON LIBRARY AND INFORMATION SERVICES

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 1410 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1410

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (S.J. Res. 40) to authorize and request the President to call a White House Conference on Library and Information Services in 1976. After general debate, which shall be confined to the joint resolution and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the joint resolution shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the joint resolution as an original joint resolution for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the joint resolution or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Indiana (Mr. MADDEN) is recognized for 1 hour.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1410 provides for an open rule with 1 hour of general debate on Senate Joint Resolution 40, a joint resolution to authorize and request the President to call a White House Conference on Library and Information Services in 1977.

House Resolution 1410 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the joint resolution as an original joint resolution for the purpose of amendment under the 5-minute rule.

Senate Joint Resolution 40 provides that the Conference shall include representatives of local, State, regional, and national instittions concerned with library and information services; public officials; and members of the general public. The National Commission on Libraries and Information Science is charged with planning and conducting the Conference and will be advised and assisted by a 28-member advisory committee.

Mr. Speaker, the joint resolution was brought up under suspension on June 4, 1964, and received a majority of 223 ayes and 147 nays but did not receive a two-thirds majority. I urge the adoption of House Resolution 1410 in order that we may discuss, debate, and pass Senate Joint Resolution 40.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the distinguished chairman of the House Rules Committee has said, this bill was considered under suspension and failed for a lack of the required two-thirds vote. The gentleman has ably described the provisions of the resolution.

Mr. Speaker, I think we should bring this bill up for further debate and I urge adoption of the resolution.

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. BRADEMAS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate joint resolution (S.J. Res. 40) to authorize and request the President to call a White House Conference on Library and Information Services in 1976.

The SPEAKER pro tempore (Mr. MCFALL). The question is on the motion offered by the gentleman from Indiana (Mr. BRADEMAS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate joint resolution (S.J. Res. 40) with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the Senate joint resolution.

By unanimous consent, the first reading of the Senate joint resolution was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Indiana (Mr. BRADEMAS) will be recognized for 30 minutes, and the gentleman from Minnesota (Mr. QUIE) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, I rise in support of Senate Joint Resolution 40, as amended, a measure to authorize a White House Conference on Library and Information Services in 1977.

At the outset, Mr. Chairman, I want to pay tribute to the gentleman from Kentucky, the distinguished chairman of the Committee on Education and Labor (Mr. PERKINS), to the gentleman from Minnesota, the distinguished ranking minority member of the committee (Mr. QUIE), and the gentleman from New York (Mr. PEYSER) for their assistance in seeing this measure through the committee.

PURPOSE OF THE LEGISLATION

Senate Joint Resolution 40, as amended, authorizes a White House Conference on Library and Information Services to be called in 1977. The Conference will include representatives of local, State, regional, and national institutions concerned with library and information services; public officials; and members of the general public.

The National Commission on Libraries and Information Science is charged with planning and conducting the Conference, and the Commission will be assisted in its work by a 23-member advisory committee made up of 3 members of the National Commission on Libraries and Information Science, 5 persons designated by the President pro tempore of the Senate, 5 persons designated by the Speaker of the House, and not more than 15 persons appointed by the President of the United States.

The Committee on Education and Labor has supported this conference because our society is now facing what has been called an explosion of knowledge and information, and a consequent growth in printed and other materials.

In light of this geometric growth of library and information materials, the committee believes it essential that a national conference on library and information services be called to discuss the future needs of users and providers of such services.

Such a conference can do much to develop principles and methods of cooperation among the States, and between the States and the Federal Government with a view toward improving the coordination and effectiveness of library services at local, State, and Federal levels.

BIPARTISAN SUPPORT

Mr. Chairman, let me call to the attention of my colleagues the bipartisan support enjoyed by Senate Joint Resolution 40. A similar measure calling for a White House Conference on Library and Information Services (H.J. Res. 734) was introduced by our distinguished President, the Hon. Gerald R. Ford, the then minority leader of the House. As chairman of the Select Subcommittee on Education, I sponsored House Joint Resolution 766, calling for the White House conference; and our colleague from West Virginia, the Hon. KEN HECHLER, introduced still another such measure, House Joint Resolution 302.

PREVIOUS HOUSE ACTION

My colleagues may recall that on June 4, 1974 the committee brought this resolution before the House under suspension of the rules. Passage of the resolution under that procedure, of course, required a two-thirds vote of approval.

Although the resolution was approved by a vote of 223 to 147, it did not receive the necessary two-thirds majority.

Because of the delay in enactment of this legislation, I intend to offer an amendment to the bill, which has been agreed to by Mr. QUIE, the ranking minority member of our committee. Under my amendment the amounts authorized to be appropriated will be limited to $3 million over 3 years. Members will recall that the resolution originally authorized "such sums as may be necessary," which is to say an open-ended authorization, with a $10 million limitation over 3 years.

I am confident that this change in the bill will correct the concern that caused some Members not to support it earlier.

SUPPORTING TESTIMONY

Testimony and communications received by the Select Education Subcommittee presented the case for enactment of the resolution in convincing terms. The president of the American Library Society, John B. Harlan, from my own Third District of Indiana, stated that:

> Libraries and information centers are not only a precious tool for the individual in filling his or her educational, occupational, and recreational needs and desires but are also the foundation of our freedom and democracy and the foundation of future civilization.

Of the White House Conference on Library and Information Services, Mr. Harlan went on to say—

> The public forum a White House Conference provides would enable a knowledgeable body of citizens to focus national attention on the fiscal year problems of libraries.

The Librarian of Congress, Dr. L. Quincy Mumford, told us that:

> A conference in Washington which would reflect all aspects of librarianship—school, public, state, academic, special, Federal, and computer technology—would have a . . . meritorious effect on the future of library and information services in this country.

Dr. Mumford added that—

> The time has come, I believe, for consideration and discussion of what has been achieved in years of phenomenal growth and of what needs to be achieved in the future.

OTHER SUPPORT

In addition to hearing the testimony of a number of distinguished witnesses, the subcommittee received statements from a number of organizations endorsing the resolution, including the Association of Research Libraries, the American Association of University Professors, the National Audiovisual Association, the Association of Educational and Communications Technology, the Urban Library Trustee Association, the American Foundation for the Blind, and many other groups with a direct interest in high quality library and information services.

I believe we can all agree with these distinguished experts that as our Nation prepares for its third century of advance and development, we need a wide-ranging, broad review of library and information services and their users. Such a review can be developed in a White House Conference.

STATE CONFERENCES

Mr. Chairman, before I turn my attention to several of the topics which I believe should be high on the agenda of the White House Conference, let me say just a word about the State conferences which are to precede it.

These State meetings, Mr. Chairman, will be designed to insure that the recommendations of the public become a central concern of the White House Conference. Two-thirds of those attending each State conference, therefore, will be citizens not associated with libraries, and one-third of those attending will be from the professional library and information science community.

Second, the State conferences will force each of the States to evaluate its own library programs and to engage in systematic statewide planning in order to be able to bring to the White House Conference coherent suggestions with respect to the Federal role in financing library and information services.

Finally, Mr. Speaker, I would just mention that State conferences across the Nation will help focus greater public attention upon the White House Conference on Library and Information Services and, therefore, greater public understanding of the recommendations which are developed.

DEPOSITORY LIBRARY SYSTEM

Mr. Chairman, I would like to say a particular word about the question of the depository library system.

On the basis of my service on the Subcommittee on Printing, I would hope that the White House Conference would give attention to the future of the depository library system.

Witnesses at our subcommittee hearings on the resolution testified about the importance of the depository library system "not only for business and industry, for the scientist and sociologist, the scholar and the student, but for countless others who find Government publications increasingly useful, even indispensable in their diverse activities."

We were told as well of the need to modernize the depository library system so that it can function effectively in making Government publications available to all Americans through their local libraries.

Careful examination of the strengths and weaknesses of depository libraries is essential to the future development of the depository system.

The White House Conference on Library and Information Services and the State conferences beforehand will provide a unique opportunity for inquiry into ways in which the depository library system can more effectively serve the public.

ARCHIVES

Mr. Chairman, the role of libraries as archival institutions—in general and with special reference to Federal activities—is also worthy of the attention of the White House Conference on Library and Information Services. I was pleased, therefore, to hear Dr. James B. Rhoads, Archivist of the United States, tell the subcommittee:

> Any consideration of the issues of information science should include the problems of archival agencies and manuscript repositories. Like libraries and information centers, they too provide basic information and educational services.

NEW ERA OF TECHNOLOGY

Mr. Chairman, the record of the subcommittee hearings makes clear that, in the judgment of authoritative witnesses, we are on the threshold of a new era in library and information services. For example, television is having a significant impact on library service today and should therefore be discussed during the State conferences as well as during the White House Conference.

The best services that are being offered today in a few libraries should be available to many. For instance, in my own State of Indiana, the Monroe County Library in Bloomington is participating with the Public Broadcasting Service's public television library in a videocassette "watchbook" program which offers library patrons viewing facilities for more than 150 programs on a variety of topics.

The public television library assumed the cost of providing the Monroe County Library with a videocassette player, television receiver, and a specially designed viewing carrel, and assumed the cost of cassette dubbing. Since the inception of the project in July 1973, library patron usage has averaged 50 videocassettes weekly.

WTIU in Bloomington has also participated in the program, adding some of its community-oriented productions to the collection.

Hoosiers who have "watched" books in the library are enthusiastic about the program. A student described it as "the most progressive, beneficial service I have ever seen a library offer." A factory worker noted that "videocassette players allow freedom of choice."

This is only one example, Mr. Chairman, of what new technologies can mean for library and information services, and I think we can agree that many more Americans should have access to the benefits of such technology. The White House Conference and the State conferences beforehand will enable Americans to learn more about the new kinds of library and information service that television and other technology make possible.

NEW LINKAGES

Libraries have always worked together in this country, formally and informally. They have exchanged materials for the benefit of their respective patrons. Some have agreed to serve certain users, while others specialize in other types of service. Now technological developments are making possible interconnections of many kinds between and among libraries and information centers. The Federal programs that assist libraries have been helping many of them realize the potential for greater cooperation inherent in the new technology.

As we have been told many times, part of the basic rationale for Federal assistance to libraries is that they can be interlinked for mutual benefit and better service to all Americans. Librarians are not thinking in terms of one national library system, nor do they seek any master plan or blueprint to which all libraries will have to conform. But they do want more extensive interrelationships and linkages of many kinds, and we in Congress should look favorably on these developments, for they can help equalize provision of library services in various parts of the country and to various groups within our society.

Under the Library Services and Construction Act, the States are working toward better coordination of the libraries within their borders. No matter how well the individual State plans for coordination are drawn, however, they inevitably impinge upon and have certain implications for the plans of other nearby States.

Moreover, there is a national interest here that must also be considered. The needs of libraries for personnel of all kinds, for example, cannot be appraised soundly except from a national viewpoint because every State does not have a graduate school of librarianship. This is one of the reasons the National Commission on Libraries and Information Science is seeking to determine the national needs for library and information services.

The work of the NCLIS, however, like the process of State planning that is now going on, will not be complete nor will it be fully effective until it is rounded out with the reaction and response of the general public as well as of the professional librarians and information scientists and those who determine policies for libraries and information centers. That response can be obtained through the White House Conference.

Accordingly, Mr. Chairman, I strongly urge approval of this legislation.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. Mr. Chairman, I yield to the distinguished chairman of the full committee.

Mr. PERKINS. Mr. Chairman, first I wish to compliment the distinguished gentleman from Indiana (Mr. BRADEMAS) for his terrific leadership in the legislation in this area.

There is always something to be gained from a White House Conference, and libraries have made much progress in recent years, although they have a long way yet to go.

Mr. Chairman, Senate Joint Resolution 40 would authorize the President to call a White House Conference on Library and Information Services in 1977. It would authorize appropriation of such sums, but not to exceed $10,000,000, as may be necessary to plan and conduct the White House Conference and also to assist the States and territories in the planning and implementation of their own conferences in advance of the White House Conference.

The resolution was favorably reported by the Select Subcommittee on Education and favorably reported by the Committee on Education and Labor on May 22, 1974. Its sponsorship is bipartisan. The President himself introduced one of the bills (H.J. Res. 734) calling for this White House Conference, just about a year ago, when he was still House minority leader.

Mr. Chairman, this would be the first White House Conference ever to be called on libraries, and because of the information explosion and proliferation of materials, a national forum to study and resolve the resulting problems is imperative.

The point I wish to stress to my colleagues is that it is important that a White House Conference on Libraries take place within the time span called for in this resolution.

Federal, state, and local roles in the provision of library service must be reexamined in depth, the sooner the better, so that what seem to many to be continually shifting national priorities can be resolved. For example, the 1974 Federal budget proposed ending all Federal library programs, while the 1975 budget proposes a combined phasedown and termination of existing programs with a transition to new library legislation.

Two of the major Federal library programs, the Library Services and Construction Act and title II of the Higher Education Act, will expire within the next 2 years. A 1977 White House Conference, preceded by State conferences, would provide the ideal background for determining local, State, and national priorities in the provision of high-quality library and information service to all.

General revenue sharing, which earmarks libraries as an eligible expenditure category, cannot be seen as a substitute for existing library legislation for it has assisted libraries in only a minimal way according to the most recent information released by the U.S. Office of Revenue Sharing which shows that only $18,400,000 or less than 1 percent of local governments' revenue sharing has been used for libraries.

Further, an evaluation must be made of the effects of new technologies and the rising demand for information on America's libraries. Today satellites, cable television, computers, and micropublishing are considered the wave of the future. Few Americans have considered the potential effects of these innovations on society. A White House Conference on Library and Information Services in 1977 would provide a focus for local, State, and national planning for effective use of the advancing technology.

Mr. Chairman, as you know, concern was expressed among the House Members when Senate Joint Resolution 40 was debated under suspension of the rules earlier this year about the $10,000,000 authorization. As I have indicated, one of the most important aspects of the conference is the proposed State conferences which will precede the national conference.

It is contemplated that each State will receive approximately $55,000 to assist in the implementation of these State conferences. The remaining sums will be utilized for technical assistance to the States and for planning and conduct of the national conference.

Only a modest staff is proposed at the Federal level. We are speaking of approximately 20 people with no one being paid in excess of the level of GS-16. Unlike other White House conferences, this Conference will not have available the resources of any major department in the executive branch.

I personally believe that $10 million is needed and can be justified. Reductions in that amount will fall heaviest on plans to assist the States in the development of their conferences. I hope that we are able to retain the proposed authorization—the $10 million—while at the same time encouraging the States to finance as much as possible their State conventions and urging interested and affected offices in the executive branch to provide as much assistance as possible. This will hold down the costs so that less than the $10 million will actually be needed.

Mr. PEYSER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of this legislation. I would also like to take this opportunity to compliment the subcommittee chairman, the gentleman from Indiana (Mr. BRADEMAS), who has worked so hard on this legislation, as he has in many areas with educational and cultural matters.

It seems to me that it should be of the utmost importance for all of us to support this legislation. There are over 75,000 libraries in the United States today. We put many millions of dollars, both in Federal moneys and moneys the public itself contributes, many millions of dollars, into libraries.

One of the purposes and one of the thrusts of the White House conference will be to see what is happening in libraries today, to perfect better management and better development of libraries, and to open the doors really for high visibility so that the public is well aware of what is happening, and so that we in the Federal Government are aware of what is happening.

Those who may object to this bill on the grounds of even the small amount of money that is being involved—as the chairman has indicated, he is going to offer an amendment to bring the amount down to $3 million for this 1977 conference—it would be a very worthwhile investment to make very visible the plans and programs and the future plans of libraries throughout this country.

So, I would urge very strongly, Mr. Chairman, that the House by a substantial majority pass this bill. It will be a great help to the future needs of education.

It will be a great help to innovative ideas that will help all of our people throughout this country.

So, again, Mr. Chairman, I urge the passage of this bill.

At this time, Mr. Chairman, I would like to yield 3 minutes to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Chairman, I appreciate very much the gentleman from New York yielding this time to me.

Mr. Chairman, in June, when this bill was before us, I was one of those who supported the bill on suspension. But I must say to the Members of the House that whether it is $10 million, as in the original Senate joint resolution, or $3 million, as proposed in the Brademas amendment, I cannot support this effort. I do so, Mr. Chairman, because as much as I think there can be some value to a White House Conference on Library and Information Services, I am persuaded that the economic problems which this country faces far overshadow the expenditure of Federal funds for this purpose. As a matter of fact, I think one could legitimately argue that this House might better use $3 million or $10 million or whatever the figure is, to provide additional library resources for rural areas, or to make it possible for expansion of cooperative library services, such as those in the State of Wisconsin.

I think this House is going to have to make a judgment about how we establish our priorities, and I simply do not believe that a White House Conference on Libraries in 1977 ranks high at this point in time, given our limited resources to fund programs we ought to be spending money for.

That is why I must reluctantly vote against this bill.

Mr. BRADEMAS. Mr. Chairman, I would say this, by way of conclusion: That the purpose of this resolution is to stress the importance of long-range planning for improvement of our libraries, and as one who has expressed support for libraries, I would point out to my distinguished friend from Wisconsin, that effective planning can be one of the most effective ways of being of assistance to libraries in rural as well as urban communities.

As I indicated in my opening remarks, this was a measure which was introduced originally by our distinguished former colleague, the President of the United States, Mr. Ford. I thought the President was right when he introduced it in the House, and I think the resolution deserves support today. I hope very much that Members on both sides of the aisle will give it support.

I want to indicate that when we begin the amending process I intend to offer an amendment reducing the authorizing figure limit from $10 million to $3 million.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Iowa.

Mr. GROSS. What is the date of this White House Conference?

Mr. BRADEMAS. 1977.

Mr. GROSS. The report says 1976.

Mr. BRADEMAS. I will be pleased to explain. The bill, as originally introduced, had called for a White House Conference in the Bicentennial year, but we amended the original bill to provide for the conference in 1977. This is reflected on page 1 of the report, in the first sentence following the words "strike out all after the resolving clause and insert in lieu thereof the following."

Mr. GROSS. The fact that 1976 is an election year had nothing to do with the swapping date?

Mr. BRADEMAS. If the gentleman will yield, the amendment that changes the date from 1976 to 1977 was offered by our colleague from Hawaii (Ms. MINK). I believe that received support from both sides of the aisle, largely on the grounds that 1977 was not an election year and that 1976 was a year in which, as the gentleman I am sure would agree, there would be a wide variety of other bicentennial activities.

Mr. Chairman, I have no further requests for time.

Mr. PEYSER. Mr. Chairman, once again I urge passage of this legislation.

Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute now printed in the reported Senate joint resolution as an original Senate joint resolution for the purpose of amendment.

The Clerk read as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the President of the United States is authorized to call a White House Conference on Library and Information Services in 1977.

(b)(1) The purpose of the White House Conference on Library and Information Services (hereinafter referred to as the "Conference") shall be to develop recommendations for the further improvement of the Nation's libraries and information centers and their use by the public, in accordance with the policies set forth in the preamble to this joint resolution.

(2) The Conference shall be composed of, and bring together—

(A) representatives of local, statewide, regional, and national institutions, agencies, organizations, and associations which provide library and information services to the public;

(B) representatives of educational institutions, agencies, organizations, and associations (including professional and scholarly associations for the advancement of education and research);

(C) persons with special knowledge of, and special competence in, technology as it may be used for the improvement of library and information services; and

(D) representatives of Federal, State, and local governments, professional and lay people, and other members of the general public.

(c)(1) The Conference shall be planned and conducted under the direction of the National Commission on Libraries and Information Science (hereinafter referred to as the "Commission").

(2) In administering this joint resolution, the Commission shall—

(A) when appropriate, request the cooperation and assistance of other Federal departments and agencies in order to carry out its responsibilities;

(B) make technical and financial assistance (by grant, contract, or otherwise) available to the States to enable them to organize and conduct conferences and other meetings in order to prepare for the Conference; and

(C) prepare and make available background materials for the use of delegates to the Conference and associated State conferences, and prepare and distribute such reports of the Conference and associated State conferences as may be appropriate.

(3)(A) Each Federal department and agency is authorized and directed to cooperate with, and provide assistance to, the Commission upon its request under clause (A) of paragraph (2); and, for that purpose, each Federal department and agency is authorized to provide personnel to the Commission. The Commission shall be deemed to be a part of any executive or military department of which a request is made under clause (A) of paragraph (2).

(B) The Librarian of Congress is authorized to detail personnel to the Commission, upon request, to enable the Commission to carry out its functions under this joint resolution.

(4) In carrying out the provision of this joint resolution, the Commission is authorized to engage such personnel as may be necessary, without regard for the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard for chapter 51, and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(5) The Commission is authorized to publish and distribute for the Conference the reports authorized under this joint resolution.

(6) Members of the Conference may, while away from their homes or regular places of business and attending the Conference, be allowed travel expenses, including per diem in lieu of subsistence, as may be allowed under section 5703 of title 5, United States Code, for persons serving without pay. Such expenses may be paid by way of advances, reimbursement, or in installments as the Commission may determine.

(d) A final report of the Conference, containing such findings and recommendations as may be made by the Conference, shall be submitted to the President not later than one hundred and twenty days following the close of the Conference, which final report shall be made public and, within ninety days after its receipt by the President, transmitted to the Congress together with a statement of the President containing the President's recommendations with respect to such report.

(e)(1) There is hereby established a twenty-eight member advisory committee of the Conference composed of (A) at least three members of the Commission designated by the Chairman thereof; (B) five persons designated by the Speaker of the House of Representatives with no more than three being members of the House of Representatives; (C) five persons designated by the President pro tempore of the Senate with no more than three being members of the Senate; and (D) not more than fifteen persons appointed by the President. Such advisory committee shall assist and advise the Commission in planning and conducting the Conference. The Chairman of the Commission shall serve as Chairman of the Conference.

(2) The Chairman of the Commission is authorized, in his discretion, to establish, prescribe functions for, and appoint members to, such advisory and technical committees as may be necessary to assist and advise the Conference in carrying out its functions.

(3) Members of any committee established under this subsection who are not regular full-time officers or employees of the United States shall, while attending to the business of the Conference, be entitled to receive compensation therefor at a rate fixed by the President but not exceeding the rate of pay specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime. Such members may, while away from their homes or regular places of business, be allowed travel expenses, including per diem in lieu of subsistence, as may be authorized under section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(f) The Commission shall have authority to accept, on behalf of the Conference, in the name of the United States, grants, gifts, or bequests of money for immediate disbursement by the Commission in furtherance of the Conference. Such grants, gifts, or bequests offered the Commission, shall be paid by the donor or his representative to the Treasurer of the United States, whose receipts shall be their acquittance. The Treasurer of the United States shall enter such grants, gifts, and bequests in a special account to the credit of the Commission for the purposes of this joint resolution.

(g) For the purpose of this joint resolution, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(h) There are authorized to be appropriated without fiscal year limitations such sums, but not to exceed $10,000,000, as may be necessary to carry out this joint resolution. Such sums shall remain available for obligation until expended.

Mr. BRADEMAS (during the reading), Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

AMENDMENT OFFERED BY MR. BRADEMAS

Mr. BRADEMAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRADEMAS: Page 13, line 3 strike "$10,000,000" and insert in lieu thereof "$3,000,000".

Mr. BRADEMAS. Mr. Chairman, I shall not take the usual 5 minutes to explain the amendment.

As I have already explained, the purpose of this amendment is to reduce the authorizing limit from the figure of $10 million to $3 million over a 3-year period.

AMENDMENT OFFERED BY MR. SYMMS AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BRADEMAS

Mr. SYMMS. Mr. Chairman, I offer a substitute amendment for the amendment.

The Clerk read as follows:

Amendment offered by Mr. SYMMS as a substitute for the amendment offered by Mr. BRADEMAS: On page 13, line 3, after the word, "exceed," strike out "$10,000,000" and insert "$10,000."

Mr. SYMMS. Mr. Chairman, I will not take the usual 5 minutes to explain my substitute amendment. I think the amendment speaks for itself.

This is an amendment that looks out for the lonely taxpayers of the United States. I share the views of the gentleman from Wisconsin (Mr. STEIGER) who spoke earlier.

Mr. Chairman, probably the $10,000 is far too generous an amount. I wonder how far we might go if this were left in the hands of our private citizens, who would rather spend funds to obtain gainful employment than to spend money on Government boondoggles such as this.

Mr. PEYSER. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, this type of an amendment which my friend, the gentleman from Idaho, has just offered amounts really to a genuine waste of the taxpayers' money. I must say that it is a genuine waste of the time of the Members of the House of Representatives.

I urge that this substitute amendment be defeated, and that a reasonable amendment be agreed to, an amendment such as that which has been offered in the amount of $3 million to fully carry out what is a very worthwhile program. It is a program that in my opinion and in the opinion of people who have done a great deal of study on this work will actually in the end result save the taxpayers' money and give the taxpayers more value for their dollars, not only the Federal dollars that are going into libraries, but also the dollars that are going directly into this from contributions that people make all over this country.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Chairman, what is this $3 million or $10 million or $10,000 going to be used for? Does the gentleman mean to say that it will be used for people to come to Washington and attend this conference at the White House?

Mr. PEYSER. Mr. Chairman, the moneys are used in effect to conduct this conference, just as the moneys we have appropriated were used to conduct the Conference on Aging that we held just 2 years ago. That is the way any of the money for the White House conferences has been used.

These are the ways the moneys are used: for the studies, for the program, and for the establishment and support of the entire project.

Mr. LUJAN. And for transportation and that sort of thing?

Mr. PEYSER. Yes. And $3 million is the figure that has been arrived at, which is a reasonable figure, one that we can operate on. I should not say, "we," but it is a figure which the Government can operate on.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, I thank the gentleman from New York for yielding.

I also oppose the substitute amendment which has just been offered, and I would make this one further observation that may not be clear in the minds of the Members:

The $3 million figure contained in the amendment which I have offered is a ceiling. It is a limit, and the amounts of money that can be expended, as represented by the limit of $3 million, are to be expended over a period of 3 years up to $3 million.

Mr. Chairman, I hope very much that the substitute amendment is rejected and that the amendment which I have offered is agreed to.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, the gentleman from New York (Mr. PEYSER) ought to thank the gentleman from Ohio (Mr. SYMMS) instead of saying something about waste.

I am sure that the people of New York, both in the city and the State, would appreciate this kind of cut in this kind of expenditure. The city of New York is head over heels in debt and so is the State of New York.

I would think that the gentleman would be commending the gentleman from Idaho for a little economy in the expenditure of Federal funds.

As far as the gentleman from Indiana (Mr. BRADEMAS) is concerned and the amendment he has offered to cut this from $10 million, an incredible imposition upon the taxpayers of this country, what has happened since June when this bill was defeated under suspension of the rules to cause the gentleman now to seek to reduce it from $10 million to $3 million?

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes.

Mr. BRADEMAS. I was overwhelmingly persuaded by the cogency of the argument at that time, even though I am less persuaded by the cogency of the gentleman's argument at this time.

Mr. GROSS. I thought inflation had boosted the cost of almost everything as between June and this date in December. I just do not understand how anyone could have the nerve to come here in June and make an all-out fight for $10 million and come back today, 6 months later, with a cut from $10 million to $3 million.

I just do not understand this kind of hanky pank, if it can be called that. There ought to be a better explanation than we have had so far.

Mr. BRADEMAS. If the gentleman would yield further, I am sure that the gentleman would have been equally critical had we come back with the $10 million figure.

Mr. GROSS. I cannot hear the gentleman.

Mr. BRADEMAS. I am sure that my friend, the gentleman from Iowa, would have been equally critical had we come back with the $10 million figure.

I might say further, if the gentleman will yield, that one of the points that has not been made is that among the activities we support under the bill are conferences at the State level. I did not think that was clearly understood by the gentleman.

Mr. GROSS. I will say to the gentleman that I would have been three times as critical if he had insisted on the $10 million.

I do not understand why anyone should be here asking for even $3 million in view of the financial situation that confronts the country.

Does the gentleman know whether Secretary Weinberger is opposed to the resolution as it presently stands? Does the gentleman suppose Mr. Weinberger, who was opposed to the $10 million is against the $3 million or has the gentleman had any communication with him on that subject?

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. PEYSER. I think one thing also can be pointed out, and that is that the study and preparation for this conference is going to take place over the next 3 years in the individual States, so each individual State, including the gentleman's own State, and every other Member's State will have meetings that will be financed by this $3 million for the libraries.

I really think that if the gentleman stayed right on his target of the proper use of the taxpayer dollar, he would welcome this kind of program to see that library moneys are being effectively used and we are getting the most out of those moneys.

Mr. GROSS. I ask the gentleman this question: If $10 million was the proper figure 6 months ago for this tooling up out in the States, how does he expect to accomplish the same job of tooling up with $3 million when the cost of everything has gone up in the meantime?

Mr. PEYSER. Mr. Chairman, if the gentleman will yield again, I think it is a question of belt tightening. I frankly would have rather had the $10 million, but I think, in recognition of the times and the problems, we have set $3 million, and we will have to make it work.

Mr. GROSS. Why do you not tighten your belt a little more and support the $10,000 for the White House conference?

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. GROSS was allowed to proceed for 1 additional minute.)

Mr. GROSS. Mr. Chairman, it seems to me that this $3 million that these gentlemen now seek for a White House conference went out the window yesterday when they so enthusiastically supported the $2.6 billion foreign handout bill.

This is a good time for those who are so lavish with the taxpayers' money, in spewing it out abroad, to demonstrate a little economy here today and vote for the $10,000 amendment.

I will vote for that amendment, but will vote against the resolution because I think we can very well dispense with the entire business.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask my friend, the gentleman from Indiana (Mr. BRADEMAS) for some information about the contents of the bill and the meaning of some of the language in the bill.

On page 9 of the bill, in subparagraph (A), could the meaning of that language be construed that there could be some danger of the Federal departments and personnel and other assistance that this would cost more than the amount, if this amendment were to carry?

In other words, could the cost of the conference be more than $3 million through this device in subparagraph (A)?

Mr. BRADEMAS. Mr. Chairman, if the gentleman will yield, the answer is no additional appropriations would be required.

Mr. HINSHAW. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered as a substitute by the gentleman from Idaho (Mr. SYMMS), for the amendment offered by the gentleman from Indiana (Mr. BRADEMAS).

The question was taken; and on a division (demanded by Mr. SYMMS) there were—ayes 17, noes 52.

So the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. BRADEMAS).

The amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate joint resolution (S.J. Res. 40) to authorize and request the President to call a White House Conference on Library and Information Services in 1976, pursuant to House Resolution 1410, he reported the Senate joint resolution back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER. The Clerk will report the preamble.

The Clerk read as follows:

Whereas access to information and ideas is indispensable to the development of human potential, the advancement of civilization, and the continuance of enlightened self-government; and

Whereas the preservation and the dissemination of information and ideas are the primary purpose and function of libraries and information centers; and

Whereas the growth and augmentation of the Nation's libraries and information centers are essential if all Americans are to have reasonable access to adequate services of libraries and information centers; and

Whereas new achievements in technology offer a potential for enabling libraries and information centers to serve the public more fully, expeditiously, and economically; and

Whereas maximum realization of the potential inherent in the use of advanced technology by libraries and information centers requires cooperation through planning for, coordination of, the services of libraries and information centers; and

Whereas the National Commission on Libraries and Information Science is developing plans for meeting national needs for library and information services and for coordinating activities to meet those needs; and

Whereas productive recommendations for expanding access to libraries and information services will require public understanding and support as well as that of public and private libraries and information centers: Now, therefore, be it

The preamble was agreed to.

The SPEAKER. The question is on the passage of the Senate joint resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SYMMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 259, nays 81, answered "present" 1, not voting 93, as follows:

[Roll No. 681]

YEAS—259

Abdnor
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Ashley
Badillo
Barrett
Bell
Bergland
Bevill
Biaggi
Bingham
Blatnik
Boggs
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, Phillip
Butler
Byron
Carney, Ohio
Carter
Cederberg
Chamberlain
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers

Corman
Cotter
Daniel, Dan
Daniels, Dominick V.
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Dingell
Dorn
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Flood
Flowers
Flynt
Foley
Ford
Fountain
Fraser
Froehlich
Fuqua
Gaydos
Gettys
Gibbons
Ginn
Gonzalez
Green, Pa.
Gubser
Gude
Guyer
Hamilton
Hammerschmidt
Hanley
Hanrahan
Harrington
Harsha
Hawkins
Hechler, W. Va.
Helstoski
Hicks
Hinshaw
Holtzman
Horton
Hosmer
Hudnut
Hungate
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Kluczynski
Koch
Leggett
Lent
Long, La.
Long, Md.
McCloskey
McCormack
McDade
McFall
Madden
Madigan
Mahon
Mallary
Maraziti
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mollohan
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nix
Obey
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Randall
Rangel
Reuss
Riegle
Rinaldo
Rodino
Roe
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Sebelius
Seiberling
Shriver
Sikes
Sisk
Slack
Smith, Iowa
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Traxler
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Wampler
Ware
Whalen
White
Widnall
Wilson, Bob
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zion

NAYS—81

Archer
Armstrong
Ashbrook
Aspin
Bafalis
Baker
Bauman
Bennett
Biester
Blackburn
Brown, Ohio
Broyhill, N.C.
Burleson, Tex.
Burlison, Mo.
Casey, Tex.
Chappell
Clawson, Del
Collier
Collins, Tex.
Conlan
Coughlin
Crane
Daniel, Robert W., Jr.
Davis, Wis.
Dennis
Devine
Dickinson
Duncan
Fish
Forsythe
Frenzel
Frey
Gilman
Goodling
Gross
Gunter
Heckler, Mass.
Henderson
Holt
Huber
Hunt
Ketchum
Lagomarsino
Landgrebe
Latta
Lott
Lujan
McClory
McCollister
McKay
Macdonald
Martin, N.C.
Milford
Miller
Montgomery
Moorhead, Calif.
O'Brien
Parris
Powell, Ohio
Rarick
Regula
Robinson, Va.
Robison, N.Y.
Rogers
Ruth
Satterfield
Schneebeli
Shuster
Skubitz
Steiger, Ariz.
Steiger, Wis.
Symms
Treen
Waggonner
Whitehurst
Whitten
Williams
Winn
Wydler
Wylie
Young, S.C.

ANSWERED "PRESENT"—1

Smith, N.Y.

NOT VOTING—93

Abzug
Addabbo
Beard
Boland
Brasco
Brotzman
Broyhill, Va.
Burton, John
Camp
Carey, N.Y.
Clancy
Clark
Conable
Cronin
Culver
Danielson
Davis, Ga.
Diggs
Donohue
Edwards, Ala.
Eshleman
Fisher
Frelinghuysen
Fulton
Giaimo
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Grover
Haley
Hanna
Hansen, Idaho
Hansen, Wash.
Hastings
Hays
Hébert
Heinz
Hillis
Hogan
Holifield
Howard
Johnson, Colo.
Jones, N.C.
King
Kuykendall
Kyros
Landrum
Lehman
Litton
Luken
McEwen
McKinney
McSpadden
Mann
Martin, Nebr.
Mathias, Calif.
Mills
Minshall, Ohio
Mizell
Moakley
Moorhead, Pa.
Nelsen
Nichols
O'Hara
Podell
Railsback
Rees
Reid
Rhodes
Roberts
Roncallo, N.Y.
Rooney, N.Y.
Rousselot
Runnels
Scherle
Schroeder
Shipley
Shoup
Teague
Thornton
Towell, Nev.
Udall
Veysey
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wyatt
Wyman
Young, Fla.
Young, Ill.
Zwach

So the Senate joint resolution was passed.

The Clerk announced the following pairs:

Ms. Abzug with Mrs. Green of Oregon.
Mr. Hays with Mr. Luken.
Mr. Hébert with Mrs. Hansen of Washington.
Mr. Fulton with Mr. Clark.
Mr. Rooney of New York with Mr. Davis of Georgia.
Mr. Howard with Mrs. Griffiths.
Mr. Giaimo with Mr. Fisher.
Mr. Shipley with Mr. Hanna.
Mr. Nichols with Mr. McSpadden.
Mr. Thornton with Mr. Mills.
Mr. O'Hara with Mr. Culver.
Mr. John L. Burton with Mr. Brotzman.
Mr. Jones of North Carolina with Mr. Hansen of Idaho.
Mr. Runnels with Mr. Camp.
Mr. Litton with Mr. Grover.
Mr. Landrum with Mr. King.
Mr. Moorhead of Pennsylvania with Mr. Kuykendall.
Mr. Addabbo with Mr. Eshleman.
Mr. Carey of New York with Mrs. Grasso.
Mr. Teague with Mr. Mathias of California.
Mr. Charles H. Wilson of California with Mr. Goldwater.
Mr. Conable with Mr. Minshall of Ohio.
Mr. Donohue with Mr. Clancy.
Mr. Hastings with Mr. Shoup.
Mr. Heinz with Mr. Reid.
Mr. Lehman with Mr. Roncallo of New York.
Mr. Diggs with Mr. Gray.
Mr. Railsback with Mr. Towell of Nevada.
Mr. Rhodes with Mr. Frelinghuysen.
Mr. Charles Wilson of Texas with Mr. Rousselot.
Mr. Cronin with Mr. Young of Florida.
Mr. Boland with Mr. Beard.
Mr. Kyros with Mr. Broyhill of Virginia.
Mr. Danielson with Mr. Edwards of Alabama.
Mr. Hillis with Mr. Haley.
Mr. Holifield with Mr. Hogan.
Mr. Mann with Mr. Martin of Nebraska.
Mr. Moakley with Mr. McEwen.
Mr. McKinney with Mr. Mizell.
Mr. Rees with Mr. Nelsen.
Mr. Roberts with Mr. Veysey.
Mr. Young of Illinois with Mr. Scherle.
Mrs. Schroeder with Mr. Zwach.
Mr. Udall with Mr. Wiggins.

The result of the vote was announced as above recorded.

The title was amended so as to read: "Joint resolution to authorize and request the President to call a White House Conference on Library and Information Services in 1977.".

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. WYDLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDLER. Mr. Speaker, I take this opportunity for the purpose of asking the acting majority leader the proposed calendar for tomorrow.

Mr. BRADEMAS. Mr. Speaker, will the gentleman yield to me?

Mr. WYDLER: I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Speaker, the program is as follows:

First, we will take up S. 425, surface mining control and reclamation, conference report;

H.R. 16204, health policy planning and resources development, with an open rule and 1 hour of debate; and

H.R. 14266, international air transportation fair competitive practices, with an open rule and 1 hour of debate.

Following that, the following bills will be called up under suspension of the rules:

S. 1283, conference report on energy research and development;

H.R. 17504, American Film Institute Act;

H.R. 17382, establishment of an American Folklife Center in the Library of Congress;

H.R. 2933, improve quality of filberts;

S. 1901, relating to construction of mint buildings;

S. 4073, to extend certain authorizations under the Federal Water Pollution Control Act;

H.R. 17558, relating to the Saint Lawrence Seaway Development Corporation;

Senate Joint Resolution 224, authorizing the President to proclaim January 1975, as "March of Dimes Defects Prevention Month"; and

S. 4013, amend act incorporating American Legion.

Mr. WYDLER. Mr. Speaker, could I inquire whether the gentleman from Indiana knows if there is an intention to defer votes on suspensions until the end of the day, or will they be voted on as they are handled on the floor?

Mr. BRADEMAS. Mr. Speaker, my understanding is that there will be no deferring of the votes on the several bills.

Mr. WYDLER. Could I inquire further whether there will be any attempts to come in earlier than the usual hour tomorrow?

Mr. BRADEMAS. The answer to the gentleman's question is "No."

Mr. WYDLER. Could I finally inquire as to whether it is the intent of the House to conclude its business no later than 5:30 tomorrow? Is that going to be the policy?

Mr. **BRADEMAS**. I am not aware that that will be the policy.

Mr. **WYDLER**. I thank the gentleman.

Mr. **MICHEL**. Mr. Speaker, will the gentleman yield?

Mr. **WYDLER**. I yield to the gentleman from Illinois.

Mr. **MICHEL**. Mr. Speaker, may I inquire of the other side whether or not it is contemplated at all that there will be a Saturday session?

Mr. **BRADEMAS**. It is not possible to answer the gentleman with assurance at this time.

Mr. **MICHEL**. I thank the gentleman.

MRS. GRIFFITHS INTRODUCES BILL TO INFORM WORKERS AND SOCIAL SECURITY BENEFICIARIES OF BENEFITS

(Mrs. **GRIFFITHS** asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. **GRIFFITHS**. Mr. Speaker, the bill I am introducing today could be labeled a "Truth in Social Security" bill. It would require the Secretary of Health, Education, and Welfare to notify fully insured workers each year of the monthly benefit they could expect to receive upon retirement or on the onset of disability. It would also require the Secretary to send a statement to persons getting their first retirement check. This statement would record the estimated total amount of previous contributions made by the individual himself and by his employer on his behalf. Then it would show the number of monthly checks he would have to receive before the total of his benefits equaled the total of estimated past contributions compounded at such interest as would have been earned had the contributions been deposited in bank savings accounts. A similar statement would be sent to future recipients of survivor and disability benefits.

Mr. Speaker, there has been a great deal of talk about the danger of a funding crisis in social security at some future date. Economic studies have shown that present beneficiaries are getting at least twice and sometimes 5 and 10 times more in benefits than both they and their employers contributed previously in payroll taxes. Population growth and an expanding economy have helped make such generosity possible. But the projections of social security officials show that such lavish policies are likely to require taxation and exorbitant rates in the future.

In my judgment, we are going to have to establish a stricter relationship between the contributions and benefits of each individual if we are to preserve the fiscal integrity of social security. By furnishing Americans with basic information on where they stand under social security, this bill would constitute a first step toward establishing a clear relationship between contributions and benefits. If enacted, this bill would strengthen the individual's awareness of what he gets for what he pays. By letting people know exactly how much they can expect to receive in benefits, the bill would also help individuals to try to provide for their own retirement through personal savings and private pension plans, instead of counting on Congress to bail them out by once again raising benefits at some future date.

GROUND PROXIMITY WARNING SYSTEMS

(Mr. **PICKLE** asked and was given permission to address the House for 1 minute to revise and extend his remarks and include extraneous matter.)

Mr. **PICKLE**. Mr. Speaker, yesterday I received word of the decision by FAA Administrator Alexander Butterfield that ground proximity warning systems would be required on all domestic aircraft by this time next year. In his statement on the floor yesterday, the distinguished chairman of our Committee on Interstate and Foreign Commerce, and of the Investigations Subcommittee, addressed the pressing need for rapid deployment of this lifesaving device. I would like to endorse his sentiments in this regard, and to repeat the concerns which I myself expressed in my previous statement to the Members on this subject on December 4.

I applaud the decision of FAA Administrator Butterfield to require that, by this time next year, all large passenger-carrying aircraft will be equipped with the ground proximity warning system. During our subcommittee hearings on September 18 of this year, it was determined that presently available technology can provide efficient warnings to avert approximately 90 percent of all controlled flight into terrain—CFIT—crashes. That is about half of all crashes. I hope and trust that the FAA rule which is soon to be promulgated will require that the 90 percent effectivity, which we know is possible and presently available, will be required. Surely those who travel by air are entitled to know that their lives are being safeguarded by the most effective equipment available. As technology improves—and I am sure it will—I hope that the FAA will build upon these initial requirements so that we approach 100 percent reliability.

I think it is also essential that the rule to be forthcoming from the FAA is explicit in requiring that this system must not only be installed on commercial aircraft, but that it must be functioning and in use before a plane is allowed to take off with passengers aboard.

With those brief remarks, Mr. Speaker, I would like to join in the commendation which the distinguished chairman of our committee has already given to Mr. Butterfield for the action he has taken. This is a matter which has concerned our subcommittee over the past few months; we are happy to see the action that has been taken and are convinced that over the course of the years many lives will be saved as a result of it.

NEED FOR LEGISLATION TO RECONSTITUTE RECONSTRUCTION FINANCE CORPORATION

(Mr. **PEPPER** asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. **PEPPER**. Mr. Speaker and Members of the House, I share in the comments made by the distinguished gentleman from Oregon and the distinguished gentleman from Ohio in respect to the action of the Committee on Rules this morning in not reporting out the tax bill.

Yesterday I spoke to the House about H.R. 16677, a bill which I have introduced, to reconstitute the Reconstruction Finance Corporation and of the support that that bill has from the recent Democratic Conference in Kansas City from our distinguished Speaker and from the distinguished Majority Leader in the Senate.

I would now like to read from a report of a statement made in New York by Henry Ford II, chairman of the board of Ford Motor Co., which appeared on December 10 in the Washington Post, also endorsing such a measure. The newspaper report said:

> In his talk here, Ford urged that the government establish "a lender of last resort" that would "make large amounts of capital available to industrial firms, utilities and banks which are unable to obtain badly needed financing today, even though their business is in sound condition, because of the collapse of the equity markets and shortages of loan funds."
>
> He said the program should be modeled after the Reconstruction Finance Corp. of the 1930s and should "be liquidated as soon as capital market conditions permit."

I urge the Members of the House to get behind and support the effort to reconstitute that proven and necessary lending agency of the Government of the United States, the Reconstruction Finance Corporation, to give financial assistance to enterprises, private and public, which are sound but cannot find capital or funds in the markets of today because of the severe stress upon our economy.

Mr. Speaker, I have been advised by those who worked with the RFC, that that agency had delegated to it by the President authority which was conferred by law upon the Defense Plant Corporation to subscribe for common or preferred stock or purchase the legally issued capital notes or debentures, if approved by the President, of those entities which were eligible for assistance under such law. I have therefore introduced an amended bill in lieu of H.R. 16677 to confer such authority directly upon the Reconstruction Finance Corporation. The new bill is H.R. 17619.

REAL ISSUES OF THE SURFACE MINING CONTROL AND RECLAMATION ACT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. SYMMS) is recognized for 30 minutes.

Mr. SYMMS. Mr. Speaker, this week the House of Representatives will be considering S. 425, the Surface Mining Control and Reclamation Act. This measure has received a great deal of publicity lately, much of which would lead one to believe that unless passed, the wholesale destruction of our environment will take place before our very eyes at the hands of the mining industry. It is time to put the real issues of this legislation in proper perspective, to separate myth from reality, and to recognize what is really at stake here.

Proponents of this measure suggest that unless passed, the Western United States will one day become another Appalachia. This contention is simply not borne out by the facts. Comparing the West with Appalachia is like comparing apples with oranges. The problems which the Appalachian region presently faces are largely due to a much higher annual rainfall—and consequently, much stronger erosionary forces—than exists in the West. Furthermore, a number of Western States, including Wyoming and Montana, have demonstrated the ability to effectively deal with the strip mining question on the State level, without the need for this kind of drastic Federal intervention. There is no reason to believe that other States cannot do the same.

No reasonable person is against establishment of safeguards to insure that surface mining companies conduct their operations with the fewest avoidable ill effects on the environment. Everyone agrees that strip mined lands should be reclaimed to the maximum degree realistically attainable. S. 425, however, has left the realm of the reasonable and entered the area of the near impossible. If passed and strictly enforced, this measure will have the ultimate effect of seriously restricting coal production in America at a time when national energy independence has become not only a desirability but also a necessity.

Mr. Speaker, any reasonable bill would recognize that due to the diversity in climate, terrain and other physical conditions in different mining localities, it is unrealistic and unfeasible to enforce uniform surface mining standards throughout the Nation. Any reasonable bill would reflect the reality that it is oftentimes impossible to preserve the exact same hydrological conditions in an area after mining as existed before.

Any reasonable bill would note the near impossibility of backfilling mined-over areas to the original contour, especially when there is a shallow overburden and a thick coal seam to be removed. Any reasonable bill would recognize that in many areas, it is impossible to guarantee absolutely no downslope spoil. Yes, any reasonable bill would—but not S. 425.

What this all boils down to is that this measure, as it now stands, quite simply will prohibit surface mining companies from extracting coal in many areas of the country where coal is most abundant. When one considers that by present projections Amercia will need to produce an estimated three times the amount of coal by 1985 as it is producing today, it is easy to see how readily an energy crisis can be created by legislative fiat. What also becomes very apparent are the ways in which excessive Government intervention can destroy natural competition within an industry. Consider, for instance, the unbelievable amount of data which companies would be required to provide before receiving their mining permits, including geologic and hydrologic information, core drillings, maps, laboratory analysis, and much more. So burdensome and expensive would these requirements be, that the small operator would likely be driven out of business with only the large monopolies remaining. Moreover, while S. 425 may seem to pertain to only coal mining now, it is a foot in the door for regulation of other mining as well. If we continue to regiment our society by setting up more and more bureaucracies, the flow of capital needed to maintain our standard of living will be drastically cut. Already our GNP has been slowed by lagging productivity, and this bill will only worsen the situation and make the energy crisis more difficult. It is just not fair to punish the productive capacity of this Nation for the purpose of social goals which are vague, ill defined, and take no cognizance of our energy needs.

Mr. Speaker, passage of the Surface Mining Control and Reclamation Act by this body would be a tragic mistake for two reasons. First, this legislation would be destined to severely hamper the extraction of the coal reserves necessary to meet the increasing energy needs of our Nation. But, moreover, such passage would stem from a very legitimate yet misguided concern over a genuine environmental problem. If that concern had only been tempered by more sober and balanced reasoning, we could have ended up with a constructive and altogether acceptable bill both from the economic and environmental standpoints.

Almost no one is against the establishment of guidelines which will guarantee the least damage to the environment by surface mining operations. No reasonable person would suggest that strip mined lands should not be reclaimed to the fullest degree possible. Of course they should. It can be argued that the individual States should more properly assume the responsibility of setting these kinds of regulations than the Federal Government, and I would agree. Yet under the circumstances, it was no longer a question of whether or not Congress will act, it was simply a matter of how it will act. Coal mining companies are in fact anxious for Congress to expedite the matter so that they can once again move ahead without the haunting specter of unknown but inevitable Government regulations hanging over their heads. They are, in other words, unwilling to enter into a game in which the rules are about to be changed, until they know what the changes will be.

Mr. Speaker, the problem with S. 425 is that it is not so much regulatory as it is prohibitory in both spirit and purpose. Most experts plainly admit that, if strictly enforced, this legislation will construct a Federal wall around our Nation's coal resources so thick with prohibitions that many areas rich in coal deposits will be marked "off limits" to mining altogether. When one considers our ever-expanding energy needs, it is not difficult to envision the disastrous potential of this bill.

This exceedingly strict measure is a classic example of congressional overreaction to a legitimate but two-sided question, whereby proponents perceived one side of the issue while largely ignoring the other. Soon the bill's advocates in the news media were falsely labelling all opposition to the bill as a "sellout" to the big mining interests. In reality, it is S. 425 which deserves the criticism, for it will sell out the interests of every energy consumer in this Nation to a handful of irresponsible environmentalist zealots and ultimately will only aggravate and perpetuate our energy ills.

Our Nation's ability to meet its upcoming energy needs rests heavily upon the accessibility of America coal reserves. S. 425 is so strict that it flies right in the face of this reality. It would sacrifice the future well-being of our citizens upon the altar of uncompromising environmentalist extremism. Depending on how this body acts on this measure, Americans will know once and for all whether we are really concerned about the energy problems our country faces.

BARTERING FOREIGN ASSISTANCE—THE FIRST STEP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER. Mr. Speaker, last night the House took the first step toward overhauling the foreign assistance program by approving my amendment with 63 cosponsors, that would allow the President to barter our aid in return for critical raw materials that the United States either does not have or will soon be depleted. The vote in favor of this amendment was 244 to 136. I feel this overwhelming support of the amendment is indicative of the true feelings of my colleagues in the House. We all feel that it is long past time when we should be receiving something in return for our foreign aid. As we pour out billions of dollars of our diminishing wealth each year, many of the aid recipients are sitting on top of great amounts of unexploited mineral wealth. It is not too much to ask that these nations allow the United States access to these minerals in return for our economic and military aid.

Mr. Speaker, the longer we wait to enact this barter amendment the more time mineral-rich nations will have to form cartels that will triple or quadruple raw material prices. The future of this country is mortgaged to a greater and greater extent each day that we send aid abroad without receiving something in return.

It is imperative that our colleagues on the House-Senate conference keep in mind the urgency of this amendment and the strong support it received in the House and will work to retain it in H.R. 17234.

THE FACES OF HUNGER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. METCALFE) is recognized for 15 minutes.

Mr. METCALFE. Mr. Speaker, recently I have been inserting into the RECORD a series of articles entitled "The Faces of Hunger" which appeared in the Chicago Tribune. The articles were written and photographed by Tribune reporter William Mullen and Tribune photographer Ovie Carter, who spent nearly 3 months traveling through the drought-stricken countries of Africa and South Asia. Mr. Mullen and Mr. Carter are to be highly commended for their fine work in bringing the tragedy of world hunger to the attention of the American people.

Mr. Speaker, at this point I would like to insert into the RECORD the fourth and fifth articles of the series. I am sure that my colleagues will find them to be very informative:

THE FACES OF HUNGER

(For centuries the Tuaregs of legendary Timbuktu were the noblemen of the Sahara. Tribune reporter William Mullen and photographer Ovie Carter learned of their tragic decline during the nearly three months they journeyed thru the famine belts of Africa and India. Fourth in a series.)

(By William Mullen)

TIMBUKTU, MALI.—It is no accident that when Westerners speak of Timbuktu, they speak of it as the end of the Earth.

Except for an airstrip and a few fourwheel drive vehicles, there is little evidence of the 20th century. It is still a medieval desert town of high walls surrounding mud buildings that hide 1,000 years of secrets of Tuareg noblemen, holymen, serfs, and slaves.

The Tuaregs have always set themselves apart from the rest of the world. They own a fierce, indomitable culture that has resisted a dozen desert empires and 70 years of French colonialism.

That is beginning to change now. The Sehelian drouth has destroyed the immense grassland region around Timbuktu where the Tuareg nomads roamed freely for 10 centuries with their herds of cattle, sheep, and goats.

As the grasslands disappeared, their livestock began to die. When their livestock disappeared, they had nothing left to trade, and their desert camel caravans carrying salt, silk, and spices went the way of oblivion.

There is nothing left for the Tuaregs in the desert, so now they are coming to Timbuktu and other desert crossroads to stay.

Once they ruled all they surveyed, but now, because of the drouth and their own miscalculations, they no longer control their own destiny.

Their first miscalculation came in the time of French colonialism, when the French wanted to educate the sons of the Tuareg noblemen. The noblemen scoffed at western ideas and instead sent their slaves to the schools.

After the French gave the Sahel [the semi-tropical area south of the Sahara] its independence, they ceded the government to the small, educated middleclass of the ex-slave tribes which now hold Tuareg survival in their hands.

The second serious miscalculation came 10 years ago when western relief workers came to the Sahel with cattle inoculations and well-boring equipment. The Tuareg saw a chance to greatly increase the size of their herds.

They ignored their own ancient customs of rational grazing and allowed their burgeoning herds to overgraze the fragile pastures. The drouth came to dry up the grass land, and the Tuaregs cut down all the savannah trees and bushes so their starving livestock could eat the leaves.

As the drouth persisted, they lost not only the animals, but also the savannah, because of their careless treatment. With nothing to protect the topsoil, it blew away with the desert winds that brought down the sand dunes.

Now the Tuaregs are destitute.

Salima is an old Tuareg woman living in the Timbuktu refugee camp for the last year. Her husband is dead, and she stays with her daughters and smallest children.

Her family, she said, was very wealthy five years ago with vast herds of livestock, but they lost everything in the drouth.

"In the beginning we tried to stay in the bush," she said. "There was nothing to eat, and we were deep in the desert, so we joined a caravan to Timbuktu."

Tho she dislikes the camp, she has stayed because it has food. Some of her 12 sons could not stand the life, and they left.

"The ones who were tall enough went back into the bush," she said. "They are going to try to do the only thing they know, taking care of animals. They are trekking the desert looking for animals to start new herds."

Even if they find a new herd, relief officials think it is unlikely the Sahelian governments will allow them to go back to traditional herding. To preserve the land that is left, they will need range management and controlled herds.

That will mean the lands traditionally used by the Tuaregs will be fenced in, that there will no longer be cattle caravans hundreds of miles long; that the nomads will no longer be able to roam freely.

"With the size of rangelands we're talking about," said C. Payne Lucas, representative of Africare, an American group doing studies for long-term relief in the Sahel, "the nomads will still get some sense of movement."

They will still be able to move with their herds, he said, but in much smaller distances and within the fenceposts. Because of their condition, he said he thinks the nomads are ready for the change.

"There is a receptivity of change coming out of all this," he said.

"My God, it isn't the first time this has happened. Look at our own experience in the Old West with the cattlemen fighting the sheepherders and farmers when they started fencing off grazing land:"

It means, too, that not all the million Tuaregs who live across the Sahel from Mauritania to Chad will be able to herd livestock. There won't be enough room for them on the controlled rangelands.

The Sahelian governments are encouraging the nomads to take up farming or a trade to end their ways of wandering. Sometimes the only way to encourage the stubborn Tuaregs has been to refuse to give them food until they pick up a hoe or shovel.

The Tuaregs have not helped themselves in the disaster. They have been arrogant and disdainful of the government civil servants who came from their former slave class.

They have even made it difficult for international relief workers to sympathize with them.

"They wouldn't lift a bloody finger to help us," moaned a Belgian paratrooper who spent three months this year transporting emergency food to Tuareg refugee camps.

"We'd get stuck in a river, and they would laugh. We'd get into the camp, and we'd have to unload a bloody 10 tons by ourselves because they just sat and laughed at us for doing all the work."

In Mali, where Tuaregs briefly revolted against the government in 1967, there are indications the government is trying to get the Tuaregs to leave the country.

The government denies it, but Mallian Tuaregs, mostly men, have been inundating refugee camps in Upper Volta and Niger, hundreds of miles from their usual habitat, claiming Mali refused to feed them.

The Timbuktu camp in Mali has a population of 5,216 Tuareg women and children, but only 511 men, most of whom are elderly or sick.

A government official explained that the men were welcome in the camp, but they preferred staying in the desert. He denied they were refused help.

"I don't know if they have gone south, looking for animals, or what," he said. "I don't know where they are."

In Niamey, Niger, last month, a young Tuareg strode into the national museum and confronted a glass case containing a mannequin draped in a Tuareg costume identical to the one he wore.

He stared at the mannequin in bewilderment for some time, then a smile flickered across his face, as tho he were bemused by the fact that he had found his likeness relegated to a museum showcase.

THE FACES OF HUNGER

(India quietly prepares for its worst famine in more than 30 years as the subcontinent's food growing ability continues to steadily deteriorate. Tribune reporter William Mullen and photographer Ovie Carter studied the tragedy in their 10,000-mile journey across Africa and India. This is the fifth in a series.)

(By William Mullen)

COOCH BEHAR, INDIA.—There are no classes in the Indra Devi Girls School this year, but an important lesson is being taught there nonetheless.

The school is a compound of long, low buildings behind a high wall in this small district capital in West Bengal.

It is a quiet place, just as the concentration camps of Nazi Germany were quiet.

Like the concentration camps, it is packed with wrecked forms of humanity, room upon room filled with gaunt-faced men, skeletal women, and hollow-eyed children with haunted, glassy stares.

So far this year the world has ignored the people in the school. Nobody from outside India has come with food or medicine or money to relieve the misery and stave off death.

Indian government officials say publicly that they will somehow find food for these 200 million other hungry people this year.

Privately they express concern that there isn't enough food available on the world market, and that as many as 500,000 to one million people could perish in the next six months.

The vision of that many people dying while the world stands by is a searing one, a scarring one like the vision of the camps in Germany.

It is happening today in Cooch Behar.

"The relief we are able to give them is not enough," said N. N. Kar, who is in charge of relief for the Cooch Behar district.

"We can find about four kilograms (less than nine pounds) of wheat each week for each family, and that is about all."

In the Indra Devi school, it was obvious that it was not enough. Children lay listlessly on the ground in the courtyard or in the street running in front of the school.

Fathers looked on in embarrassment as their wives came to two visitors pushing sick babies to them as tho the visitors, as Americans, might be able to help simply by touching them.

One baby had open running sores on its back, and a massive swelling lump on its spine. An official at the school said there was no doctor to attend the children, that the injury could not be treated.

"We had a medical team here a few weeks ago to administer smallpox inoculations," he said, "but they didn't have time for anything else. There is nothing we can do."

There were 450 people living at the school, one of five schools in the small town being used as refugee camps.

Kar said 31,000 people in the district were suffering in similar circumstances, living in schools, makeshift tents, warehouses, wherever people could get a roof over their heads and wait for food.

Cooch Behar is but one district in West Bengal, a state reeling at one end from floods, at another from drought. The government estimates 625,000 people are in dire need, and admits that estimate might be conservative.

West Bengal is but one state in India. The condition of its people is no worse and is in some cases better than the people of Assam, Bibar, Orissa, Rajasthan, Gujarat, and Kerala, other states facing severe food problems.

Since 1971, India's food production has fallen apart. It has produced substantially less food in the last two years than it did in the late 1960s and early 1970s at the height of the so-called "green revolution."

The exploding population has added 60 million mouths to feed in the country since 1970.

Money that the country should be using to find ways to grow more food is now being spent to buy emergency supplies to make up for crop failures.

The government is having trouble finding food in a world plagued with crop failures this year, growing 2 percent less grain than it did last year.

It means 200 million Indians are living on diets one official called "slow starvation."

Instead of getting better, it promises to get worse as India's food growing ability continues on a pattern of steady deterioration started three years ago with failing weather and rising energy costs.

In the Punjab and Haryana, two farming states that became the beneficiaries of the "green revolution," where farmers fed most of India when they learned how to use irrigation and fertilizer, the mood is black.

The farmers there have watched their crops diminish and their profits disappear because of lack of fertilizer and failure of rain.

They complain that the government has deserted them by not protecting them from the soaring cost of fuel needed to operate irrigation wells and by fixing maximum prices they can charge for their harvest.

"For awhile, farming was like heaven," said Haqiqat Singh, a Punjabi farmer whose home in the late 1960s began sprouting the accoutrements of middle class luxuries once he had mastered irrigation and fertilizers.

"Now I'm just passing time, making a subsistence living again."

Singh, a turbaned, bearded Sikh, described the vicious circle of failures that was turning his farm into a losing proposition.

The monsoon rains failed this summer, so it drastically cut hydroelectric production in the Punjab. He was dependent on the electricity to power his well pumps to draw water for his fields that were drying from lack of rain.

"Now I have to spend 20 rupees [$2.50] a day just to run my tractor engine to draw water because the electricity isn't on."

The gasoline expense cuts deeply into the $350 to $500 he expects to earn annually from his farm.

"I feel stranded," he said.

He and other Punjabi farmers are fighting back by hoarding much of the grain they managed to harvest this year. The government won't let them sell it at a price they think is fair, so they are trying to drive the price up by making the food scarce.

The people in the greatest danger in India are villagers who live in rural areas where food prices are the highest and money is the most scarce.

There, too, in the rural areas, is where the birthrates are the highest, the families are the largest, and the parents are the poorest.

"Our children are on the brink of disaster," said Tara Gopaldas, a nutritional consultant for CARE in New Delhi.

"They are the first vicitms of malnutrition, and we are a very young nation. Forty percent of our people are under 20 years old, and 80 percent of those suffer in some stage of malnutrition."

About 80 per cent of India's population, which passed the 600 million mark in September, live in the rural areas.

Except for the progressive farmers of the Punjab, Haryana, and a few other scattered areas, they continue to live in a hand-to-mouth subsistence, almost feudalistic agricultural society.

Part of the building tragedy in India is that the peasants themselves, deeply ingrained with tradition and resistant to change, are contributing to their own destruction.

The government long ago recognized that it couldn't seriously attack the poverty of its people until it attacked the population problem.

For several years India has conducted the most expensive and vigorous birth control program in the world, offering free counseling, contraceptive devices, vasectomies, and tubectomies to any one who asked.

The campaign never succeeded because rural people, conditioned by the cycle of good years and bad years, were frightened.

Their only hedge against hunger and starvation in their old age is the number of children who survive to adulthood.

They continue to have six or seven children when they know they won't always be able to feed that many. A few will die, but two or three will survive as social security.

"That is the way it has always been," said Santos Naskar, 50, a rice farmer in the Sundarban lowland swamps.

He was spending a summer afternoon on the stoop of his mud hut, working a little on some fish traps he was hoping to sell in the local market, but mostly just lazing the day away with his six children.

He grows only one crop of rice a year, and while he waited to harvest it this autumn, he and his family were going thru their annual belt-tightening period, eating only one meal a day.

He admitted being hungry every day, was uncomfortable, especially for his children, but it always happened this way in the end of the summer.

"We'll get by, and I can always build a few fish traps," he said. "I'm not much for big plans."

Agricultural scientists insist that families like Naskar's wouldn't have to go hungry every year if they would only accept new cropping methods they have developed and plant more than one crop a year.

But they would need to irrigate and fertilize their land, and farmers who are "not much for big plans" are frightened by the investment it would take to get them started.

"The peasant farmer is a very religious person," said Dr. M. S. Swaminathan, head of the India Council for Agricultural Research.

"Even if we offer credit to get him started on fertilizing and irrigation, he won't take it because he doesn't want to die an indebted man."

They prefer to pay the price of survival in other ways like the 3,000 people in the village of Pasodutoi a few miles away from Cooch Bechar.

They may be squatting all day in their rags waiting in front of a government rationing shop.

There isn't enough food for everyone, so the government divides evenly among them, two pounds of wheat for each person every 15 days.

Even when they know they will not get any food, they come anyway, seven days a week, arriving before sunrise to sit and wait until dusk. There is nothing else to do.

MERITS AND DEFICIENCIES OF THE FOREIGN ASSISTANCE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 10 minutes.

Mr. DRINAN. Mr. Speaker, it was with reluctance that I joined with a narrow plurality of the House yesterday in supporting the final passage of H.R. 17234, the Foreign Assistance Act of 1974. While I believe that the American foreign aid program has played an important part in the preservation of world peace and in the welfare of developing nations over the past few decades, I have long been troubled by the amount of military aid provided to governments which deprive their own citizens of fundamental human freedoms. Moreover, in recent years, the executive branch has abused the foreign aid program by transferring funds appriated for worldwide economic and nutritive assistance to supplement military aid to South Vietnam and Cambodia. These flaws cannot be ignored in evaluating the overall impact of American foreign aid.

On balance, however, I believe that the merits of the Foreign Assistance Act enacted yesterday outweigh its deficiencies. This legislation, which authorizes approximately $2.5 billion in economic and military aid for fiscal 1975, will enable the United States to meet its commitment to bring a lasting peace to the Middle East and to help alleviate the food shortages which imperil many of the world's developing nations. Moreover, the bill contains a number of important provisions which strengthen congressional control over the expenditure of foreign assistance funds by the executive branch. In composing this legislation, the Foreign Affairs Committee took the first tentative steps toward reducing military aid to undemocratic, repressive governments. Finally, amendments added on the floor yesterday cutting off aid to Turkey and reducing assistance to South Korea and Cambodia helped to meet my chief objections to the bill.

THE MIDDLE EAST PACKAGE

Probably the single most important component of the Foreign Assistance Act is the so-called Middle East package which authorizes slightly over $1 billion in military aid and security support assistance for Israel, Egypt, and Jordan. In addition, a special requirement fund of $100 million is established for use by the President at his discretion, with the consent of Congress, in helping to bring peace to the Middle East.

The $550 million in the bill authorized for military and economic assistance to Israel is vital for the security of that small nation which faces such a tremendous burden in paying off debts incurred during the October war and rebuilding its defense establishment. As the committee points out in its report, the United States can maximize its influence in bringing peace to this troubled area by providing assistance to those Arab nations which must join with Israel in negotiating a lasting settlement. For that reason, the bill contains authorizations for aid to Egypt and Jordan, along with a discretionary special requirement fund.

It is important to note that none of the funds authorized by this legislation are earmarked for the oil-producing nations which have reaped an enormous windfall at our expense during the past year. I am also gratified that the bill prohibits the use of foreign aid funds for the construction of nuclear powerplants in the Middle East in fulfillment of agreements negotiated by former President Nixon earlier this year. I have previously joined with many other Members of Congress in expressing strong disapproval of injecting nuclear technology into this volatile area of the world. On the whole, the Middle East package appears to constitute a responsible and constructive approach to our sincere efforts to bring a just and lasting peace to the Middle East.

HUMANITARIAN ASSISTANCE

The Foreign Assistance Act contains an authorization of $470 million for food and nutritive assistance vitally needed by the world's underdeveloped nations. In addition, $150 million is authorized for population planning programs, crucial to the formulation of a long-range solution to the world food problem. As famine threatens to bring widespread starvation to parts of Africa, Latin America, and South Asia, the United States must not shirk its responsibility, as the world's largest food producer, to provide immediate help.

AID TO AUTOCRATIC GOVERNMENTS A SERIOUS DRAWBACK

The section of the bill which troubles me greatly is the authorization of more than $1 billion in military assistance for countries under repressive, authoritarian rule. As a symbol of democracy and human liberty to much of the world, the United States should not be spending the taxpayers' money to support dictatorships in nations such as Brazil, Bolivia, Tunisia, Spain, the Philippines, South Korea, Cambodia, and South Vietnam.

The Foreign Assistance Act passed yesterday did contain some important limitations on aid to governments whose domestic policies are inimical to our own. The Foreign Affairs Committee eliminated nearly all proposed military aid to Chile and placed a ceiling on military aid to South Korea. Amendments adopted on the floor of the House placed a more restrictive limit on authorized assistance for South Korea and a strict limit of $377 million on all aid to Cambodia. Although this level of assistance to Cambodia is still excessive, in my view, it is only half of the amount requested by the administration. I was pleased to join with a large majority of my colleagues in adopting an amendment reaffirming our commitment to cut off all military aid to Turkey until that nation ceases its aggression on Cyprus.

The House signalled its intention to move more decisively in the future against continued aid to repressive governments by including a provision expressing the sense of Congress "that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights. . . ." I deeply hope that this verbal commitment will be translated into an intensive review of the domestic policies of our aid recipients with the aim of eliminating aid to those governments which refuse to respect fundamental human rights.

IMPORTANT ASSERTION OF CONGRESSIONAL PREROGATIVES IN FOREIGN AFFAIRS

The provisions of this bill expanding congressional oversight of executive branch expenditures related to foreign assistance have great implications for the reassertion of proper congressional prerogatives in the field of foreign affairs. In fiscal 1974, the United States sold more than $5.9 billion in arms and military goods to foreign nations. These sales were arranged and sanctioned by the executive branch without so much as advance notice provided to Congress. Since the sale of arms has become an important component of American foreign policy, it is vital that Congress, as the elected representatives of the people, have full knowledge of such sales along with the power to disapprove them. The Foreign Assistance Act passed yesterday requires the President to report major arms sales to Congress in a timely fashion and empowers Congress to veto such sales by concurrent resolution.

The legislation prohibits the use of funds by the Central Intelligence Agency for activities in foreign countries other than intelligence-gathering, unless the President certifies that an operation of another sort is important to the national security and describes the nature and scope of that operation in writing to the appropriate committees of the Congress. Although I believe this provision is deficient in its failure to permit a congressional veto of a proposed CIA action in advance, it constitutes a significant step toward effective congressional oversight of the CIA.

Finally, this legislation tightens up several loopholes in the Foreign Assistance Act of 1961 which have enabled the executive branch to circumvent the intent of Congress. Military goods categorized as "excess" by the Defense Department can no longer be given away without limitation by the President at his discretion. Rather, the value of such goods must be calculated and counted against the amount of military aid for a designated country appropriated by Congress. In addition, the bill restricts the President's power to reallocate funds from economic to military aid and to transfer funds earmarked for one country to a different country at his discretion. All of these provisions serve to enhance congressional control of the foreign aid program.

CONCLUSION

The Foreign Assistance Act passed by the House yesterday is far from a perfect piece of legislation. I remain deeply troubled over hundreds of millions of dollars which will help more than 30 tyrannical governments continue to subjugate their people. But I believe that the positive attributes of this legislation outweigh that serious drawback. Moreover, the bill takes important steps toward reducing our support of governments inimical to our own principles of free expression and self-government. Finally, the alternative to the new Foreign Assistance Act of 1974, a continuing resolution which would maintain all aid programs at their current levels, would contain fewer limitations on aid to Cambodia, South Korea, and Turkey, and would include none of the important reform provisions of H.R. 17234 described above. For all of these reasons, I cast my vote in favor of the Foreign Assistance Act of 1974 on December 11, 1974.

GOLD FEVER—VI

The SPEAKER (pro tempore). Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, come the stroke of midnight December 31, the gold rush of 1974 will begin, unless Congress changes the law with respect to private gold hoarding.

The Treasury says that this is possible because gold has nothing to do with the monetary system any more. Maybe so. But the chairman of the Federal Reserve Board tells us that gold is still very much a part of the international monetary scene. The fact is that despite Secretary Simon's protestations to the contrary, the place of gold in the monetary world is still very much open to question. It might not be an active element—but it is still there, a question mark.

The Treasury insists that selling off some of the Treasury gold stock will convince the world that gold is a useless relic, as far as money goes, and that indeed, it is just another commodity. But he knows that this is not so. It will be a long time before the role of gold ends in monetary systems. It may be vestigial, like the human appendix—but it is there, nevertheless. And like the human appendix gold can still cause the best laid plans to go astray.

It is possible that contrary to Mr. Simon's belief, the Treasury gold sale will not convince people that gold has nothing to do with money. It may have the opposite effect. And certainly the conservative Swiss are in no hurry to open up their vaults and sell gold to the public—nor the Germans, nor the Russians, nor the French. Not even South Africa, which is swimming in gold, is about to auction off any bullion.

The truth of the matter is that Secretary Simon needs something to feed the gold bugs, and Treasury gold is about the only thing there is to do it with, without turning to foreign markets, which is something that we can ill afford to do these days. So ironically enough, the gold bugs will soon be munching away at what they like to think of as the Nation's monetary lifeblood.

So be it. The Treasury will make a few hundred million dollars off the deal, and save our balance of payments a good amount of unfavorable treatment. But the truth is that the Treasury cannot sell very much of its gold—not because they would not like to—but because in truth, gold is still hanging around in the monetary system, and is not a surplus commodity.

Into this paradoxical world of gold will enter thousands of people who believe in the religion of gold. And they will buy. The trouble is that many of them will buy in blind faith.

You know, in the old days when gold coins circulated, people who accepted gold coins would test them, to be sure that the coins were real. But in the modern gold market, many innocent sheep will forget to bite their coins, and they will live to be sorry.

Hucksters are pushing the gold myth as hard as they can. They are stirring up the fears of people, and promising safe haven in gold. But many of these hucksters are going to be selling lead; many are going to be selling 14 karat gold and calling it pure; and many are going to be selling old-fashioned hot air. All of this has happened already in the coin market, which is deluged with counterfeits and fakes. And gold bullion is much easier to counterfeit or adulterate than coins ever were.

The commissioner of corporations in the State of California has dealt with gold bugs and gold buggery as much as anyone else in the country. In his State, the coin market runs into the billions of dollars. In that market, just about every kind of fraud imaginable to the mind of man exists. There are simple problems like price gouging—and there are outright criminal schemes.

The California Commissioner of Corporations knows the kind of dangers that exist for the unwary in the gold market. He has investigated dozens of cases. And he joins me in calling for a delay in the legalization of private hoarding. Here is what he says:

DEPARTMENT OF CORPORATIONS,
Los Angeles, Calif., December 4, 1974.

Re: Gold Ownership.

Hon. HENRY B. GONZALEZ,
Representative from Texas, House Office Building, Washington, D.C.

DEAR MR. GONZALEZ: I read with interest the newspaper article relating to your legislative efforts to delay the repeal of the gold ownership ban for six months.

I share your concern about ending the ban without prior adequate controls over the new gold market.

The California Commodity Law became effective in September of 1973. This state legislation was adopted in an effort to control the sale of commodity options on unregulated commodities, as well as, to require companies engaged in the sale of silver or gold coins, or silver bullion to become licensed in California unless exempt. The major regulatory problems the Department has experienced under the state commodity law are problems relating to the sale of gold and silver coins and silver bullion. We have experienced situations in which the sellers of precious metals purported to sell metals to customers for delivery and then used the money advanced to speculate in the futures market in a short position. We have had other instances of dealers taking money for present delivery of precious metals and then using that money to acquire mining properties, and never being able to perform their contractual commitments.

We have had numerous complaints relating to abuses in the pricing mechanisms used by dealers in selling coins and bullion where the prices charged above spot were so high as to effectively inhibit any profit accuring to a customer absent a major shift in the price of the commodity. The scare tactics used by people in this industry in relation to promoting a depression syndrome, and discounting the stability of the United States currency has led to issuance of orders prohibiting misleading advertising. We have received a large number of customers' complaints whose position on future delivery contracts was subsequently wiped out by margin calls where they were without adequate funds to meet those margin calls because of overextending themselves. We have issued numbers of desist and refrain orders to companies who were operating in noncompliance with the state commodity law.

There are, of course, significant considerations that a person should weigh before he decides to invest in precious metals, such as gold, in lieu of investments where there is interest income on their savings.

The multitude of problems we have experienced in the area of precious metals has led to almost a constant revision of the regulations adopted under the California Commodity Law so as to effectively deal with the problems in the area and to attempt to give reasonable assurance as to the ability of sellers of precious metals to deliver the commodity the customer has purchased.

The danger to the investing public in this area is such that I believe that it is an absolute necessity to have the power to regulate this market effectively implemented prior to the time that public ownership of gold becomes a reality.

Yours very truly,
ROBERT L. TOMS,
Commissioner of Corporations.

Mr. Speaker, we have a duty to do. We have a duty to protect innocent people. We have a duty to protect our economy—our economy does not need strains on its balance of payments; our economy does not need people taking out funds to put into useless gold schemes. We need to use our money to build up the country's productive capacity, not to gamble away in a market that is controlled by foreign governments and a few shrewd big dealers.

There is no need to rush into this gold business. We can wait, long enough to explore the problems, and deal with them now, rather than later. Congress has been careless. Everybody will pay the price of that carelessness, unless we act to delay the legalization of private gold hoarding.

DEFEAT OF TAX BILL BY COMMITTEE ON RULES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MURPHY) is recognized for 5 minutes.

Mr. MURPHY of Illinois. Mr. Speaker, as a Member of the House Rules Committee I was deeply disappointed and shocked that the committee failed to report out the Energy Tax and Individual Relief Act, H.R. 17488. The committee voted 9 to 4 to defeat this tax bill because it was not considered emergency legislation.

It is hard for me as a Democrat and member of the Rules Committee to understand how the committee could not consider the plight of the poor people today. In light of rising unemployment and spiraling inflation we should be considering a tax break for the poor and lower-middle class. We can also bring into the Treasury some $2 billion by eliminating the oil depletion allowance.

I think the American people as well as the Members of this House view this action of the Rules Committee with astonishment. Mr. Speaker, I urge that you write the chairman of the Rules Committee to reschedule this important tax bill and bring it to the floor of the House so that the entire membership can express themselves on this most vital question.

One of the reasons cited for the defeat of this tax bill is that the Senate would not agree to it. If that be the case, then let the American people know who is holding up legislation that would help the plight of the poor. As a member of the Rules Committee I voted to bring this important bill to the House floor. I cannot emphasize too strongly my astonishment and shock at this vote by the Rules Committee.

PUBLIC SERVICE AWARDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KOCH) is recognized for 5 minutes.

Mr. KOCH. Mr. Speaker, hard-working, able municipal employees are too often vilified, and if not vilified, forgotten, that it is especially important to bring to public attention those who have provided service of an extraordinarily high caliber.

On December 4, nine such employees were cited by the fund for the city of New York as representatives of the best of New York City's career employees.

One of them, Eugene J. Bockman, director of the municipal reference and research center, happens to be a close friend of mine who I have known for many years. It is therefore a special pleasure to bring his award to the attention of this Congress along with those of Catherine Mantovi and Harold Carlson of the parks department, Dr. Robert Newman, director of the methadone maintenance program, Dr. Jean Pakter, head of maternity services and family planning, Irving Weinberg, director of sanitation department's fleet of trucks, Joseph J. Christian, chairman of the city's housing authority, and Police Officers Charles Nixon and John Del Percio who work at SERA, a drug treatment and rehabilitation program in the Bronx.

The article from the New York Times describing the awards is appended.

[From the New York Times, Dec. 4, 1974]

Nine City Workers Cited for Outstanding Service

(By John Darnton)

Every army has its decoration day—an occasion for recognition, when officers and rank 'n file soldiers are summoned forward to be cited for extraordinary acts that may serve as inspiration for others.

With the city's municipal army—350,000 employees who run everything from drug-treatment programs to sanitation trucks—it is no different.

And so, nine civil servants were singled out yesterday as "representatives of the best of New York City's career employees" and presented with awards for their performance—lucite plaques and checks for $5,000, tax free.

Those honored ranged from the mighty to the obscure, from Joseph J. Christian, who worked his way up from a $840-a-year clerk to become chairman of the vast Housing Authority at $41,000 to Catherine Mantovi and Harold Carlson, two gardeners on Staten Island who are so dedicated to nurturing plants that they come to work on their days off.

VANCE HEADS GROUP

The Public Service Awards are given by the Fund for the City of New York, a private foundation. The fund's seven-member selection panel, headed by Cyrus R. Vance, president of the Association of the Bar of the City of New York, chose the recipients from a list of 25 nominees offered by its staff director, Warren Moscow.

The presentation was made at an afternoon ceremony in the Terrace Room of the Hotel Roosevelt. Among those in attendance was Mayor Beame, the prototype of the civil servant who made it to the top.

The intent of the awards, said Benno S. Schmidt, chairman of the trustees of the fund, is to serve as a "career incentive" and morale booster for the Civil Service "by calling public attention to the high quality of many of the men and women who serve the public year in and year out in city jobs."

This is the second year that the fund has given the awards. Last year 11 were presented, and they tended to go to top-echelon civil servants, people like James A. Cavanagh, then deputy director of the budget, and Harry I. Bronstein, then personnel director, and John T. O'Hagan, then Fire Chief.

Most of them have prospered in the new administration—Mr. Cavanagh, for example, rising to top Deputy Mayor—Because Mr. Beame has made a point of relying more upon the Civil Service than did his predecessor, John V. Lindsay. At first, Mr. Lindsay's aides disparaged long-time career employes as old-fashioned and obstructionist, but they conceded their mistake by his second term.

POLICE OFFICERS CITED

Now, with a sluggish economy and rising unemployment drawing a flood of applicants—despite a city job freeze and expected layoffs—the Civil Service is thought to be in for a renaissance that might produce a talented crop of city employes similar to that recruited during the Depression.

The employes honored yesterday represented, as Mr. Vance noted, "a more varied mix" than the year before.

Among them, for example, were Charles Nixon and John Del Percio, two police officers operating as a team in the Bronx for the last six years. Both men, who will share their prize money, are high school dropouts who went into the Navy and were initiated into police work at the Simpson Street Station in the South Bronx.

Their awards came largely for their work with SERA, a drug treatment program in the Bronx. As warrant officers, they first went to the program looking for fugitives. They became so involved that they frequently went to court on their days off to plead on behalf of those with old, drug-related charges.

THE GARDENING TEAM

Also sharing an award were Miss Mantovi and Mr. Carlson, Park Department employes who run the Silver Lake greenhouse and conservatory on Staten Island, which suppiles plants to Manhattan and Brooklyn. With the crew there down from nine people to five, the two report for work on days off.

On weekends, they use Miss Mantovi's station wagon to travel about the borough, collecting ivy trailings from churches, homes and cemeteries, to transplant and raise for parks and public buildings.

Another winner was Eugene J. Bockman, the 51-year-old director of the Municipal Reference and Research Center, the city reference library. Mr. Bockman is well known to several generations of political reporters, for the ease with which he guides them to reports squirreled away in the 22nd floor of the Municipal Building.

"Nothing gives me greater pleasure than to help the Fourth Estate," he remarked.

TWO IN HEALTH DEPARTMENT

Two of the winners come from the city's Health Department: Dr. Robert Newman, the director of the methadone maintenance program, and Dr. Jean Pakter, director of maternity services and family planning.

Dr. Newman, who is 37, began in 1970 to oversee the methadone treatment program that now runs 39 maintenance clinics treating 11,500 patients and five detoxification centers servicing 20,000.

Dr. Parker, who has headed the maternity division that became a full bureau since 1951, prepared and enforced health and hospital standards after the abortion law in 1970.

Irving Weinberg, another award winner, entered city service in 1970 when he answered an ad in a newspaper calling for an "expert" to put a "large trucking fleet" back on its feet. The "fleet" turned out to be the Sanitation Department's truck and mechanical sweepers.

CONGRESS MUST NOT NEGLECT OUR HANDICAPPED CHILDREN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. RANDALL) is recognized for 5 minutes.

Mr. RANDALL. Mr. Speaker, as part of a program of special services for handicapped children, the Department of Health, Education, and Welfare has created 10 regional centers for the provision of diagnosis and education of deaf/blind children. These centers are striving to train and educate the multiple handicapped and to help them start off into a life that is full of promise and potential, rather than one hardly worth living that is faced by so many handicapped children who are not within this program or similar ones.

Many multiple handicapped children are thought to be beyond the reaches of education—mentally retarded, untrainable, ineducable. These centers and other groups working with the multiple handicapped are finding more and more that this is in truth by no means necessarily so, that many are very bright indeed. They are handicapped not only physically but also in terms of inability to communicate with other people because of these physical handicaps.

Mr. Speaker, one of these centers exists in Kansas City, Mo., and a little boy, partially deaf, totally blind, and a victim of cerebral palsy, spends 3 hours a day on a bus to attend this center, traveling from Lee's Summit, Mo., in our Fourth Missouri District. He presents a fine example in rebuttal of the assumption that such people are untrainable and ineducable; this case shows that the assumption is simply not true.

The funding for these 10 regional centers was cut by $2 million this year, down from $14 million. Mr. Speaker, I ask that we all ponder the consequences of this fact as we read a letter from that little boy's mother describing the difference the regional diagnostic center in Kansas City has made to young Jeff—and to his adoptive or foster family. I call to the attention of all Members the following letter from Mrs. Phyllis Hopkins of Lees Summit, Mo., which I now read into the RECORD.

NOVEMBER 15, 1974.

Re reduction in Federal services to deaf and blind children.

DEAR SIR: I am writing to express grave concern on the proposed reduction in Federal funds for services to deaf/blind children by almost 2 million dollars.

We have a six year old foster-child (we are in the process of adopting him) who has a slight hearing loss, is totally blind and has cerebral palsy. His name is Jeff and we have had him with us for a year. I cannot tell you the frustrations, heartbreak and indifference we have had to contend with to find some place that could give this child an education, to give him a chance at a normal life, until the recently started deaf/blind program at the Regional Diagnostic Clinic at 22nd and Holmes in Kansas City, Mo.

Jeff was one of the first children to be accepted. It was like finding a haven. Jeff has been attending since September 9, 1974. Since that time his physical and mental strides have been tremendous. Everyone had always told me that Jeff was retarded, but thanks to the people in the deaf/blind program, we have learned that this is not true, Jeff is a very bright child, but it takes very special people and training to teach a blind child. I can't say too much about the people at the clinic, particularly Mr. Roger Karnes, the co-ordinator, Mrs. Bernie Bodine, the social worker, and Elizabeth Hefele, one of his teachers, who have worked with and helped Jeff. No words could express the gratitude a parent feels when she finally finds people who are really concerned and go out of their way to help her handicapped child when she had all but given up hope.

Until the time the deaf/blind program was started at the regional diagnostic clinic, Jeff and children like him were destined to a life of being a vegetable, because there was no educational facility in this area equipped to teach him. True, it is quite a distance, and Jeff spends at least an hour and a half every morning and every evening, in all kinds of weather, on the bus going to and from school, but at least he has a chance to come up to his highest potential as a human being.

Now they tell me that there is intention to cut funds. How can the people who are considering this be allowed to doom Jeff and children like him to a life of vegetation? If anything, the funds should be increased, because I happen to know that the school is already overcrowded, under-staffed, and under-equipped; I myself donate a day a week to Jeff's school to try to help alleviate this need. It's not much, but due to the distance involved and the fact that I have three other children, this is all the time I can afford to give.

Please look into this matter and help to stop the reduction of Federal funds.

Everyone keeps saying that our children are our hope for the future, and yet we have all of these "forgotten children." Maybe Jeff and children like him will never be doctors, or senators or what we call "productive members of society." But they have rights and they do contribute in their own way. Jeff has made our whole family more aware of other people and their needs, he has made my husband and me more responsible adults, he has taught my three teen-age children compassion, understanding and responsibility. My sixteen year old daughter intends to go into a field to help handicapped children, when she graduates from high-school next year.

So you see, these "special children" do serve society in their own special way.

Please help them. Thank you.

Mrs. PHYLLIS HOPKINS.

ENERGY TAX AND INDIVIDUAL RELIEF ACT OF 1974

(Mr. ULLMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ULLMAN. Mr. Speaker, I think it is obvious from what I have previously outlined to you that this is a good bill and that it should be enacted. But I am sure that some of you are asking yourselves why should the House act on this bill this late in the Congress while many doubt that the Senate will complete its action on the bill this year. I have also heard some argue that the bill be held over until next year when we can develop a broader tax reform program.

Let me turn to the latter point first. Tax reform is a difficult time-consuming technical matter. I have come to the conclusion, and I think many in the committee also have, that we should not try to include all of our tax reforms in a single bill. I would like to see us act on these tax reforms now. Then I can assure you we will immediately proceed early in the next session to get out at least one other major tax reform bill and perhaps in order to assure prompt action, even that will be broken down into two or more parts. Tax reform takes time if we want a comprehensive job but I, for one, do not believe that we should wait for the completion of all the parts of tax reform before we act on those parts on which we have reached conclusions now.

In my view, there also are a series of reasons why this bill should be enacted this year.

First of all, those in the lower income groups need tax relief and they need it now. We all know that inflation is the cruelest tax of all and if we do not act promptly, the timing of the tax relief will necessarily be delayed. It takes time for employers to install new withholding systems and this can only be done after final action on the bill by Congress and by the President. Even this bill does not start decreasing withholding until the first of March. If we wait until next year, taking into account the fact that we will not be back here until the latter part of January, the time it will take to act on the bill in both the House and the Senate and then the additional time it will take for employers to install the new withholding system, it might not be possible to provide individual income tax relief before the first of June or July. Given our present recession this is too late. We need action now.

This bill also raises nearly a billion dollars in revenue from the oil and gas industry for the year 1974. I believe that it is important that we impose some taxes on the very large oil profits realized in 1974 by this industry as a result of the Arab-induced oil crisis. Perhaps it would be possible for us to accomplish this result next year, but I think it will at least be much more difficult for us to do so.

Given the present very difficult status of the public utilities, I think it is important for them to know that we provide at least some relief in their cases and that we make explicit what this relief will be. If we postpone this bill until next year, uncertainty in this area will continue for an extended period of time—time we really cannot afford.

For those of you who, like I do, believe that there should be a trade bill enacted this year, I believe that is important for us to get this tax bill over to the Senate as promptly as possible; I believe the best opportunity for us to receive a trade bill not loaded with extraneous provisions is for the Senate to know that there will be a tax bill sent to the Senate by the House on which important tax measures can be considered during the remainder of this session. With the trade bill all ready for floor action in the Senate, it is important that we let the Senate know that a tax bill is really coming.

I of course do not know whether in the remainder of this session it will be possible for the Senate to act on this bill. I do know, however, that they cannot act on this bill unless we get it over there. I believe that we should give them the opportunity—brief as that may be—to act on the bill this year.

Finally, I think it is important that the House itself go on record as favoring a tax bill of this type. If the House does, and even if the Senate does not, this should expedite the House repassage of the bill very early in the next Congress. I believe that even if it should prove to be impossible to obtain an act this year, House action on the bill this year will expedite action in the new Congress.

I can assure the Rules Committee that I for one shall do all in my power to secure meaningful tax reform in the coming Congress and I believe that the great majority of the Ways and Means Committee members share this view. I do want to point out however that tax reform is likely to be presented to the Congress in installments and that if this committee should not give the House an opportunity to act on this bill this year, it will not be the fault of the Ways and Means Committee that a tax reform bill was not acted upon in 1974.

STATEMENT ON ENERGY TAX AND INDIVIDUAL RELIEF ACT OF 1974

In very broad terms, the bill is designed primarily to do two things.

First, in view of the high prices received for oil and gas, the Ways and Means Committee believed that it was essential to tax the huge windfall profits that these industries have received in 1974 and will continue to receive in the years ahead. This is done both by a special windfall profits tax and by decreasing and then eliminating percentage depletion. In the case of the windfall profits tax which will gradually phase out over a 5-year period, we provide an incentive for energy-related investments by after the first year permitting this tax to be wiped out by investments of this type. Percentage depletion with certain exceptions is reduced from the present rate of 22 percent to 15 percent in 1974 and to zero in 1975. However, the 15-percent rate is retained through 1978 for producers of less than 3,000 barrels a day—the so-called independents—for stripper wells and for oil taken from the new discovery on the North Slope in Alaska.

Second, the bill provides significant tax relief for low-income groups. This bill brings the beginning tax rate for single people up from $2,050 to $2,350, for married couples with no children it brings this level up from $2,800 to $3,400 and for married couples with two children it brings it up from $4,300 to $4,900. These changes in the beginning tax level, although smaller than I would like, are crucial when you consider that this does no more than bring the starting tax level up to what is generally forecast as the expected poverty levels for 1975. In addition, the bill provides a slight increase in the regular standard deduction. It is increased from 15 percent of adjusted gross income to 16 percent and the ceiling is raised from $2,000 to $2,300. These changes provide assurance of tax relief in the coming year for lower income groups and even provides some modest tax relief for the middle income groups as well.

It is important to realize that the objectives I have outlined above have been achieved without an imbalance in the budget. Given our problem of double digit inflation, it is important not to increase Government deficits and thereby Government borrowing from the money markets. We must not increase the pressure towards higher interest rates at the present time. At the same time, it is also important from an economic standpoint that we provide some inducements towards increased consumer purchasing. This bill provides this stimulant by the shift of funds to the lower income groups. This is provided primarily out of the windfall profits of the oil and gas industry.

There also are two lesser objectives of this bill. One of these is to provide some capital funds for our hard-pressed public utilities. Previously, they have been denied part of the investment credit generally available to other industries. This bill gives them the same 7-percent credit the others have. It also provides special relief for the hard-pressed utilities in that while generally the investment credit cannot exceed 50 percent of tax as otherwise determined above $25,000, this bill for a limited period of time permits these poorer utilities to offset up to 75 percent of their tax as otherwise determined by an investment credit.

The cost of this needed tax relief for the public utilities is financed by a thoroughgoing reform of the foreign tax provisions. This was an area the committee had developed rather fully and in view of this and the need for the revenues to offset the costs of the utility relief, we included these provisions in this bill.

There are a few other provisions which needed to be acted upon at this time which also are included in this bill. These include technical revision of the tax treatment of the real estate investment trusts which are having a particularly difficult time at present, a 1-year extension of a series of amortization provisions in present law and a long-needed revision of the tax treatment of political organizations.

ON UNCONDITIONAL AMNESTY

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, it was in January of 1970, after visiting American draft resisters in Canada, that I urged the country to consider options by which men who refused to fight in the Vietnam war, could return to the United States. Subsequently Senator Robert Taft and I introduced legislation on January 18, 1972, which would have given draft resisters and evaders the option of amnesty in exchange for 2 years of civilian service.

On September 16, 1974, President Ford, recognizing that something had to be done to deal with the gaping wound in our society, the separation of young men from their families, instituted a form of conditional amnesty. The Ford amnesty provides less than honorable discharge for some, conditional service for others, and total pardon for a select few. Some have benefited from this limited program but too few. With the passage of time and the admission by so many who supported our involvement in Vietnam that they were wrong, it is time that we take full measure required and provide unconditional amnesty for all of those who violated the draft and military regulations in their opposition to the Vietnam war. President Ford has expressed his desire to bring the country together. If he is to do that, in the words of Abraham Lincoln "to bind up the Nation's wounds," he should use the pardoning power given to him under the Constitution and grant unconditional amnesty to these young men as he did to a former President who defiled the Constitution and was unworthy of that compassionate act of pardon.

An article appearing in today's New York Times on this subject by Anthony Lewis is worthy of examination by our colleagues and I am appending it:

With Charity for Few

(By Anthony Lewis)

Washington.—Joe Smith avoided the draft during the Vietnam war but does not know whether he technically broke the law or, if he did, whether the Government has any case against him. He is living a quiet life in Indiana now, but he worries that some day he could be prosecuted. If he does face that, he might rather take up President Ford's clemency program. So he decides to ask the Justice Department what his status is.

The department finds that he was never indicted or made the subject of an active investigation. But having been alerted by Joe Smith's question, it looks into his record at Selective Service. If the investigation turns up a case now, the department will proceed against him.

The Smith story is of course a fictional example, but it precisely reflects the Justice Department's policy under the clemency program. It is Catch-22 in action. The man who does not know whether he is in jeopardy puts himself in it by asking.

Moreover, the President's program is due to expire on Jan. 31. The man newly in jeopardy must decide before then whether to accept the "clemency" of up to two years' alternate service, or risk prosecution thereafter. And he must do so without having any real hearing to decide whether he violated the law in the first place.

All this is an acute example of the anomalies and contradictions that hobble President Ford's clemency program. It is not generally realized that there are three quite distinct operations in the program. They seem to be administered with distinct attitudes.

The Presidential Clemency Board, under the chairmanship of former Senator Charles E. Goodell, deals only with men who have already been punished—as deserters or draft evaders. The board keeps all information in confidence, and no one who approaches it can end up any worse off. Its function is to recommend conditional or absolute pardons.

The Defense Department handles the cases of military personnel who went AWOL and were never caught or punished. It has a final list of 12,500 such men and will tell anyone whether he is on the list without his risking being added to it. A man can wipe out his fear of capture and punishment by coming in and, in a day, getting an undesirable discharge. Of the 12,500, some 2,200 have so far come in.

The Justice Department deals with civilian draft evaders. It is authorized to drop all threats of prosecution against anyone who comes in and accepts alternate service of up to two years. Only 131 men have, so far.

Justice evidently recognizes the value of some repose and finality in the unhappy area of draft offenses. It has instructed its prosecutors, the United States attorneys around the country, to prune their files of all draft cases except those clearly justifying prosecution. It also has a list—of about 4,000 men under indictment and another 2,200 who are the subject of active investigation.

But the list is not final. In the words of a department lawyer working on the clemency program, Bruce Fine, "the fact that your name is not on the list is no guarantee. The list is not a final determinant of all those who may be required to do alternate service"—or be prosecuted.

Mr. Fine saw nothing wrong with this approach. "I'm not terribly sympathetic to someone who escaped prosecution by accident," he said. Our feeling is that somebody ought not to get what amounts to unconditional amnesty merely because he has not been detected."

In that comment Mr. Fine inadvertently exposed the fallacy in the whole Ford clemency program. That is the notion that a fundamentally inequitable situation can be cured by ad hoc decisions for or against a few men.

There never was any equity in the way the law treated those who did not want to fight in Vietnam. By far the largest number got off legally, by luck or because they had better advice or were more articulate or were rich enough to go to college. Of those not legally exempted, many slipped quietly through the system. Only a few became declared fugitives. Among those caught, punishments differed widely.

There is no way to provide equal justice now for all those who avoided service and were treated so differently—or for those who fought, suffered and died. Nor are those Americans who committed crimes of war against the Vietnamese going to be brought to justice. No law will satisfy our sense of equity. All we can hope is to put the trauma behind us. That is the case for a genuine amnesty.

So few persons have responded to the clemency program that Mr. Ford will doubtless have to consider some further action after Jan. 31. His instinct has been right on this issue. This time he should recognize that complicated schemes to balance irreconcilable interests will prolong the agony of Vietnam. The purpose can only be what another President said after our most terrible war until Vietnam: "To bind up the nation's wounds."

UNIVERSITY OF MIAMI'S CONFERENCE ON AGING

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, on October 4, 1974, I was pleased to attend an all-day "Conference on Aging—Future Options" on the campus of the University of Miami in Coral Gables, Fla. The conference was cosponsored by the University's Task Force on Aging and the Center for Urban and Regional Studies through a grant under title I, Higher Education Act of 1965.

The locale of the conference—in south Florida, part of which is in the congressional district I have the honor to represent—was appropriate because:

Item: South Florida is years ahead of other areas of the country in the average age of its residents.

Item: In Dade County, 18.6 percent of the population was older than 60, compared to 9.98 percent nationally, according to the 1970 census.

Item: Of those residents over 60, 72.6 percent was older than 65.

Item: Of the population over 60, 22.9 percent was below the Federal poverty level of income, or $2,238 per individual and $2,690 per couple.

Item: In 1960, the Dade County population of 935,047 was 14 percent elderly; in 1970 the population of 1,236 was 19 percent elderly, quite a rise in 10 short years.

Even if compassion and humanity had not moved the University of Miami to concern itself with snowballing economic, social and medical problems of aging, geographic and demographic realities would have done so.

The conference was an immediate product of last summer's detailed study of the individual and collective involvement and interest of university personnel in the field of aging. Since the conference the university, acknowledging its responsibility at this time in this place, has founded an Institute for the Study of Aging in the Center for Urban and Regional Studies. Mrs. Priscilla Perry serves as director of both. It will be interesting to follow the development of the institute—

if it can attract necessary funding—and the ideas it will bring to bear on the problems of aging. I am confident its research-training-service approach will be innovative and I am optimistic it will be fruitful.

While I have stressed that the university is located in a high-density population of old people, the problems they face are by no means unique. Age comes to all people wherever they may live, and the longer they live, the more problems rise to plague them. The speakers at this conference, indeed, come from various parts of the country. Because I think the thoughts they expressed in Coral Gables should be made available to the representatives of all parts of the United States, I hereby offer a report on my rewarding day at the conference and ask that it be made part of the RECORD.

After welcoming speeches from Dr. Henry King Stanford, president of the University of Miami, and Mrs. Perry, Dr. Solomon Katz, associate professor of anthropology at the University of Pennsylvania, delivered the keynote address, "An Anthropological Overview of Aging." Six prominent men then presented papers. These titles could serve as a syllabus for the study of aging:

"The Biology of Aging," by Dr. F. Marrott Sinex, Chairman of Biochemistry, Boston University.

"The Politics of Aging," by William Oriol, staff director of the United States Senate Special Committee on Aging.

"Housing and Architecture for the Aging," by William Kessler, William Kessler & Associates, Inc.

"Medical and Psychological Aspects of Aging," by Dr. Charles Beber, Medical Director of the Miami Jewish Home and Hospital for the Aged.

"The Economics of Aging," by Herman Brotman, Consulting Gerontologist.

"Social Services for the Aging," by Dr. Robert Morris, Director of the Levinson Geronotological Policy Institute of the Florence Heller Graduate School for Advanced Studies in Social Welfare, Brandeis University.

I was especially pleased, my fellow Congressmen, by the perceptive way in which members of the audience stimulated development of these topics in the discussion groups that followed.

Dr. Katz summarized the discussions at the concluding banquet that evening. He said:

> I am on a few of the committees for the Bicentennial of the City of Philadelphia and the State of Pennsylvania. I was at a conference last week and someone came up with Patrick Henry's famous declaration, "Give me liberty, or give me death!" I was thinking that maybe by the 200th anniversary of this country, elderly individuals will be crying, "Give me dignity or give me death!"

Several themes that Dr. Katz pointed out ran through the conference—planning, priorities, and responsibilities. Because a university represents individuals trying to learn about human, social, and scientific problems, planning becomes one of the university's most important functions. We are trying to go from unplanned problems—those that develop because there has been no planning—to comprehensive approaches to problems. Priorities must be considered because resources are becoming scarce and they must be allocated intelligently.

We must grapple with the problem of responsibility. Throughout the discussions the idea was advanced that while apparent responsibility may rest with a particular group, the ultimate responsibility must be borne by us all.

It appears there are two broad research approaches. One is biological, the attempt to delay aging by getting to the individual early in life. The other deals with alleviation of problems faced by those who have already reached old age. Many conditions cannot be reversed: senility, muscle loss, and so on.

But what good does it do to delay of aging unless the quality of life is improved? How do we improve the quality of life, where are the priorities? Should we delay research toward extending life until we can make sure life will be worth living? Some people believe we should, others disagree. How can we plan a better way to assess age? How do we select a target, using scarce available funds? Is there any way we can judge in advance whether such an investment will pay off?

The consensus running through the panels was that the answers will come through Federal legislation. The question again becomes one of planning, priority and responsibility.

In the medical area there was concern about the present tendency to lump all elderly together when the fact is that there is a wide range of activities in any population. Someone at 65 is quite different from someone at 85.

The discussions brought out no evidence that people are being kept alive an unnecessarily long time in nursing homes and hospitals with artificial equipment.

But other questions were advanced: How do you increase the political clout of the elderly which now seems unfocused? What about the increasing costs of medicine, particularly crushing to the elderly who need more care? How do we make retirement stable economically and secure personally? How can we redefine the aging process? What are the standards of living of the elderly? How can the elderly be fitted into the economy?

Several other issues came up. What kinds of criteria were used to develop social services? How do you get the elderly to make their own decisions? How do you measure the quality of life, the need for services?

How can we afford to look at the various problems? Whose responsibility is it to provide security in an increasingly unsafe world? Here was one comment: "Social institutions must solve social problems and the Government is a respectable social institution." Let's face it: Government is the people and this is a public responsibility. The solutions, the conferees realized, will be multiple. This is a pluralistic society and there must be different solutions for different people. It must not be assumed that the same solution will work for everyone.

The address at the concluding banquet that night could not have been more appropriate, considering the setting for the conference. The speaker was Dr. Martin Sicker, Director of Planning and Evaluation in the Administration on Aging, U.S. Department of Health, Education, and Welfare. Dr. Sicker's topic was "The Role of University Programs in the Future Field of Aging."

The University of Miami realizes its responsibility in this field as a few other universities have, and is trying to coordinate a multidisciplinary research-educaton-service approach. Conferences like this one show awareness of the problems and how many ideas are waiting to be evaluated and used.

RESOLUTION DISAPPROVING ENERGY RESEARCH AND DEVELOPMENT BUDGET DEFERRALS

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, on November 26, 1974, President Ford submitted to the Congress proposed budget deferrals for fiscal year 1975. Included in the $4.6 billion total of rescissions and deferrals were a number of items related to critical energy research and development programs. I am today introducing a resolution expressing the disapproval of the House of Representatives to the deferrals of expenditures on these programs which are so critical to Project Independence and the Nation's energy future.

On December 3, I wrote to the Atomic Energy Commission requesting information concerning the justifications and expected effects of 14 deferrals in their fiscal year 1975 budget. I received a response on December 9. I would like to include in the RECORD at the conclusion of my remarks copies of my letter to the Commission and their response. The effects described by the Commission for 9 of the 14 opposed deferrals are, in my estimation, inconsistent with the concept of an aggressive energy research and development program. Consequently, the resolution I am introducing today provides for the disapproval of these nine deferrals. The deferrals I refer to are deferrals D75–111 through D75–117, D75–119, and D75–123. I encourage each Member to examine carefully the Commission's estimates as to the effects of these deferrals and to join with me in reinstating these important program efforts:

DECEMBER 3, 1974.

Dr. DIXY LEE RAY,
Chairman, Atomic Energy Commission,
Washington, D.C.

DEAR DR. RAY: As you know, the President's November 26 message to Congress concerning Rescissions and Deferrals for the Fiscal Year 1975 Budget identified $80 million in deferrals of fiscal year 1975 outlays for the Atomic Energy Commission. The information included in the message concerning the justification and estimated effects of each of these 14 items is, in my opinion, inadequate for reasoned decisions by Congress as to the desirability of deferring these efforts.

Please provide the Committee as soon as possible with a detailed description of the particular circumstances justifying each deferral, the contemplated duration of each, and the estimated effects, including delays in related programs, loss of revenues, escalation of costs, personnel layoffs, cancellation charges, increased technical and safety risks, and other relevant factors.

In light of the short time remaining in this session of Congress, I would appreciate your response by December 6.

Sincerely,

MELVIN PRICE,
Chairman.

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., December 9, 1974.

Hon. MELVIN PRICE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR MR. PRICE: In response to your letter of December 3, 1974, I have enclosed the additional information you requested on the Atomic Energy Commission's deferrals included in the President's November 26 message to Congress concerning Rescissions and Deferrals for FY 1975.

We would be pleased to provide any additional information or staff briefings you should desire in order to evaluate the proposed deferrals.

Sincerely,

DIXY LEE RAY,
Chairman.

U.S. ATOMIC ENERGY COMMISSION FISCAL YEAR 1975 DEFERRALS

OPERATING EXPENSES[1]

Deferral D-75-110

[In millions]

Weapons activities—Production and surveillance:	
Budget authority	$4.0
Budget outlays	3.0

The deferral of $4.0 million will delay several Occupational Safety and Health Act (OSHA) and fire and safety improvements within the weapons production complex. These improvements are part of the safety and health program considered to be necessary for continued safe and efficient operation. As a result of this deferral, only the highest risk conditions will be corrected in FY 1975 with the others deferred until FY 1976.

Deferral D-75-111

[In millions]

Civilian reactor research and development—Liquid metal fast breeder reactor (LMFBR) research and development:	
Budget authority	$8.0
Budget outlays	6.0

The deferral of $8.0 million in budget authority in FY 1975 is associated with Clinch River Breeder Reactor (CRBR) research and development. This will defer technology on reactor plant component activities which should be strengthened to minimize the technical risk and thereby support and enhance construction and operability of the CRBR. Important component development efforts affected include steam generators, intermediate heat exchangers, pumps, fuel handling—in-vessel and ex-vessel and reactor control mechanisms.

This deferral will impact the pace of this project and the demonstration of Liquid Metal Fast Breeder Reactor technology. Deferral of this development work for approximately six months will not only stretch out the construction time associated with this project but impact costs due to the effect of inflation. There are no personnel layoffs associated with this deferral.

Deferral D-75-112

[In millions]

Civilian reactor research and development:	
Budget authority	$6.7
Budget outlays	5.0
Gas cooled fast reactor (GCFR):	
Budget authority	2.7
Budget outlays	2.0

This deferral in the GCFR program will result in approximately a three-month delay in the experimental program and termination of approximately 20 people associated with the GCFR design team.

The effect of this will be to delay into FY 1976 core design experiments and engineering efforts essential to progress on the GCFR program. Activities affected include: termination of the fuels and materials program at General Atomic and consolidation at Argonne National Laboratory; deferral of key materials and cladding tests; and postponement of safety experiments.

Gas cooled—Direct cycle:	
Budget authority	$4.0
Budget outlays	3.0

A deferral of $4.0 million in budget authority will delay for about six months technology support for the reactor plant along with the planned Helium Component Test Facility (HCTF). Approximately 20 people associated with these activities will be terminated in FY 1975. Activities affected in supporting technology for the reactor plant include: materials characterization, component design, and safety studies. In addition, a plant maintenance plan will be deferred until FY 1976.

This deferral will also prohibit the start in FY 1975 of conceptual design on 1500° fossil fired helium heater which is an essential component of the HCTF.

Deferral D-75-113

[In millions]

Physical research:	
Budget authority	$2.7
Budget outlays	2.0

The deferral of $2.7 million in budget authority will stretch out on-going research and defer planned energy initiatives under the molecular sciences and materials sciences research programs. This will also delay the hiring of approximately 100 scientists, engineers, technicians, and support personnel. Planned new research and on-going research affected includes: superconductivity, radiation damage, energy storage and conversion, geothermal energy, waste stream processing, high temperature materials, catalysis, and photochemical conversions.

Deferral D-75-114

[In millions]

Controlled thermonuclear research:	
Budget authority	$8.0
Budget outlays	6.0

A deferral of $8.0 million in budget authority will reduce the planned acceleration of the Controlled Thermonuclear Research (CTR) program in three areas: confinement systems, development and technology, and research.

In confinement systems, a $2.2 million deferral will delay completion of the Polodial Divertor Experiment (PDX) by a minimum of six months and this in turn may impact decisions affecting the 1979 decision to build an Experimental Power Reactor (EPR-I) leading to the achievement of fusion power by the mid-late 1990's. Currently, the PDX is estimated to cost $17 million, but a six month delay would add approximately $1 million to the cost estimate.

Reduced levels of support will also result in a slowdown in experimental results from the Scylla IV-P experiment at LASL with an attendant delay in the proposed September 1977 assessment on the future of the high density confinement program.

In development and technology, a deferral of $2.4 million will affect the superconducting magnet, neutral beam and materials development programs. Next generation experimental fusion systems will require high power neutron beams to heat the confined plasmas, and large scale superconducting magnets that have just begun to be developed. Both technologies need to be developed and tested at large scale in order not to delay future systems necessary to demonstrate fusion power. Materials strength and integrity will be a major factor in determining the reliability and economics of fusion power systems. The most severe materials problems deal with the effects of 14 MeV neutrons and other high energy particles generated in a deuterium-tritium reactor. This deferral will delay answering a number of important near-term questions and directly impact the total fusion reactor development effort.

In research, the deferral of $1.4 million for the exploratory concepts activity will delay at least six months the implementation of a long planned initiative to study the potential of long wavelength lasers to effectively heat and confine dense plasmas in linear systems.

Deferral D-75-115

[In millions]

Biomedical and environmental research:	
Budget authority	$4.0
Budget outlays	3.0

This deferral of $4.0 million will result in the termination of the AEC's Artifical Heart program in FY 1975. Closeout costs of $500,000 will permit optimization of research and development efforts accomplished to date. Approximately 30 personnel will be terminated.

Deferral D-75-116

[In millions]

Weapons programs—laser fusion:	
Budget authority	$2.7
Budget outlays	2.0

The deferral of $2.7 million in this energy related program will delay the initiation of contracts with outside industrial or research organizations and educational institutions such as KMS Industries, Inc., Battelle Memorial Institute, the Naval Research Laboratory, and the University of Rochester. These outside contracts could provide significant information relating to laser-plasma interactions, target heating, and the effects of radiation and compression on glass microballoons. These efforts are necessary so that an expanded data base will be available for solving critical program problems. A delay in obtaining this data base may impact upon near-term goals in laser and target development.

PLANT AND CAPITAL EQUIPMENT

Deferral D-75-116—Continued

[In millions]

Weapons program—laser fusion:	
Budget authority	$2.0
Budget outlays	1.0

Project 75-3-b, High Energy Laser, Facility, Los Alamos Scientific Laboratory: The deferral of $2.0 million against this energy related project will delay the start of architect-engineering efforts and long-lead procurement for this project until early FY 1976. This could result in a delay of up to one year in the final completion of this project. Because this project is a cornerstone of the AEC's laser-fusion effort, a slippage in the completion of the project will probably delay the demonstration of the scientific feasibility of laser-fusion.

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[1] OMB has advised us that some portion or all of the operating expenses to be deferred may be identified at a later date for reprogramming to implement the Energy Reorganization Act of 1974.

Deferral D–75–117

[In millions]

Nuclear materials:	
Budget authority	$12.0
Budget outlays	9.0

Project 74–1–g Cascade Uprating Program, Gaseous Diffusion Plants; Project 71–1–f Process Equipment Modifications, Gaseous Diffusion Plants: The deferral of $12 million will stretch out upgrading of uranium enrichment facilities as a result of a one year delay in uprating electrical switchyards at the three gaseous diffusion plants. This will result in a one time loss of 500 metric tons of separative work with an attendant loss of about $27 million in 1981 revenues.

Deferral D–75–118

[In millions]

Nuclear materials:	
Budget authority	$12.0
Budget outlays	3.2
Project 75–1–f Atmospheric Pollution Control Facilities, Savannah River, S.C.:	
Budget authority	$7.0
Budget outlays	1.0

The deferral of $7.0 million in budget authority will delay placement of procurement orders and installation of conventional emission control equipment in 15 stoker fired boilers at the Savannah River Plant by about one year. This is expected to increase the project cost by $850,000 due to materials and labor escallation and delay by one year compliance with South Carolina state air pollution standards and regulations.

Weapons activities: Project 71–9 Fire, Safety and Adequacy of Operating Conditions, Various Locations:	
Budget authority	$5.0
Budget outlays	2.2

The deferral of $5.0 million may result in some slippage in the mechanical and building internal work already underway on the Rocky Flats, Colorado subproject and may delay the initiation of similar efforts on the Los Alamos, New Mexico subproject. This could cause additional delays and a possible slippage in the project's formal completion date now scheduled for FY 1978.

Deferral D–75–119

[In millions]

Civilian reactor research and development: Project 67–3–a Fast Flux Test Facility, Richland, Washington:	
Budget authority	$10.0
Budget outlays	6.0

The deferral of $10.0 million in budget authority for this project may result in schedule changes and increase the potential for a further increase in total project cost. While recent strike delays have resulted in FY 1975 funding requirements to date being less than forecast, it is anticipated that these decreases will be offset by increased costs associated with strike settlements. Continued unfavorable market conditions and escalation could result in adverse impact on the project due to this six month deferral. Any further slippage in the completion of the FFTF would delay performance of fuels experiments important to the LMFBR program. No personnel layoffs are anticipated as a result of this deferral.

Deferral D–75–120

[In millions]

Civilian reactor research and development: Project 75–5–g Preliminary Planning Preparatory to Possible Future Molten Salt Breeder Reactor Demonstration Project:	
Budget authority	$1.5
Budget outlays	1.5

The deferral of $1.5 million will delay for about six months increased industrial participation in the Molten Salt Breeder program. The present technology efforts will be continued to resolve important technical problems of this reactor concept. Resolution of these technical problems is required prior to a decision to proceed with a demonstration project. Personnel layoffs are not involved as work has not been initiated under this $1.5 million project.

Deferral D–75–121

[In millions]

Civilian reactor research and development:	
Budget authority	$12.1
Budget outlays	6.9
Project 75–5–e High Temperature Gas Reactor Fuel Reprocessing Facility, National Reactor Testing Station, Idaho:	
Budget authority	9.6
Budget outlays	5.7
Project 75–5–f High Temperature Gas Reactor Fuel Refabricattion Plant, Oak Ridge, National Laboratory, Tenn.:	
Budget authority	9.6
Budget outlays	1.2

The deferral of $12.1 million in budget authority for these two high temperature gas reactor reprocessing and refabrication facilities will cause a delay of about four months in Title I and II engineering design activities. The delay due to this deferral will be partially offset by extending and making more complete detailed conceptual designs. Funding for the extended conceptual designs will be provided from the HTGR base program and the HTGR safety program. The research and development associated with these programs is adequate to provide developmental data on a schedule consistent with the design needs of the architect-engineer so that both projects will still be ready to start Title I in early CY 1975 utilizing $1.0 million of architect-engineering funds not deferred.

Deferral D–75–122

[In millions]

Capitol equipment:	
Budget authority	$13.0
Budget outlays	9.0
Civilian Reactor Research and Development:	
Budget authority	$2.0
Budget outlays	1.0

The deferral of $2.0 million in budget authority will delay to FY 1976 some equipment procurement to support civilian reactor research activities including the liquid metal fast breeder reactor. The largest item deferred is a shipping cask of CRBR and FFTF spent fuel. Because of the impact of inflation, this deferral may result in higher costs for procurements postponed to FY 1976.

[In millions]

Controlled thermonuclear research:	
Budget authority	$11.0
Budget outlays	8.0

The deferral of $11.0 million in budget authority will delay for about five months the acquisition of a new CTR central computer and facility and associated remote User Service Centers. This means a delay in the availability of the computing power necessary to develop large-scale codes that are essential to the interpretation of the data from existing machines, the prediction of operating requires and parameters for the next generation of experiments and the designs of future systems including the Tokamak Fusion Test Reactor.

Deferral D–75–123

[In millions]

Capital equipment—Computers:	
Budget authority	$9.0
Budget outlays	12.5

The deferral of $9.5 million in budget authority for acquisition of 12 major computer systems and peripheral equipment will result in a delay in satisfying new requirements for computer capability and impact on accomplishing planned AEC programmatic activities in the Nuclear Materials ($2.3 million), Weapons ($6.0 million), Physical Research ($0.7 million). and Biomedical and Environmental Research ($0.5 million).

[In millions]

Capital equipment—General:	
Budget authority	$4.4
Budget outlays	3.9

The deferral of $4.4 million in budget authority will delay procurement of equipment needed for the Nuclear Materials Weapons, and Physical Research programs.

Within the Nuclear Materials program a $1.0 million deferral will reduce the level of equipment replacements in support of the reactor production and chemical separation facilities and the gaseous diffusion plants. This will increase the risk of plant downtime as a result of equipment failure.

The deferral of $2.4 million in the Weapons program for the purchase of two currently leased airplanes will require their continued lease. This six month delay will increase cost by approximately $50,000 through the loss of lease credits and interest payments.

Under the Physical Research program, a $1.0 million high voltage electron microscope planned for the Argonne National Laboratory will be delayed for at least six months. As a result, there will be a comparable delay in a program of high-speed simulation of neutron damage in materials. It is expected that the cost of this instrument will increase by $250,000 due to this delay.

NUCLEAR PLANT PERFORMANCE—NEED FOR PERSPECTIVE

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, it is imperative in our free society that the media have the freedom to report on developments as they see them. This freedom of expression, however, must be accompanied by a sense of responsibility to the public to present both sides of a story.

In the nuclear energy field, I have been concerned that the media has not been discharging this responsibility in a reasonable way. Unfortunately, there has too often been a tendency to exploit the sensational and to play on the public's fears. Inevitably it seems that the negative stories receive the greatest coverage.

To cite a specific example, there have been a number of reports in recent months rather critical of the operating performance of nuclear powerplants. While I will be the first to agree that the performance can be bettered, I also believe that the media have a responsibility to tell the public that these plants have operated safely and are making substantial contributions to meeting our electrical energy needs. In this regard, I would highly commend to my colleagues the article which follows from the November 15, 1974, Electrical World which does a respectable job, in my view, of putting nuclear powerplant performance into proper perspective:

Nuclear: Is a Fair Press Possible?

("... the press ... seems forever to be reporting the desirability of legislation, but rarely its cost and consequences. Despite the well-proclaimed skepticism of the media, it is scarcely displayed toward those they have labeled as consumer and environmental advocates. The irrepressible cynicism that reporters are supposed to have seems to evaporate somehow before the information releases of Ralph Nader and the Sierra Club."—Santa Ana (Calif.) Register, Sept. 8, 1974.)

There are probably many nonconforming journalists who will admit that all is not integrity and light in the nation's press. And there are quite a few who often see examples of the "double standard" operating in the media.

"The most recent example of this double standard," comments one journalist, "took place at a Chicago regional meeting of Project Independence—the Federal Energy Administration's attempt to find ways to make the US energy-self-sufficient by the 1980s." Any "witness" who registered could speak to FEA, the Atomic Energy Commission, and other federal officials about his view of energy independence.

Rational foe. Of all the witnesses, the one most journalists seized upon for "copy" was David Comey (EW, Oct. 15, 1974, p. 128), who is director of environmental research of Businessmen for the Public Interest, a nonprofit corporation which describes itself as a "watchdog, research center, law firm, and ombudsman." An editor of *Nuclear Industry* has called Comey the "most rational, or at least the most sharply focused, foe of nuclear power." So, when Comey speaks, journalists listen.

In a report to the meeting, on "Nuclear Power Plant Reliability," Comey reported that nuclear plants are operating well below some AEC and reactor vendors' estimates of likely plant availability and capacity factors.

Comey's computerized analysis of the operation of 27 large (over 100-Mw) US nuclear power plants showed that, for the first six months of 1974, these plants were producing electricity only 59.2% of the time they could have been producing electricity. The plants produced 50.4% of the capacity they were licensed to produce during this period.

Both figures are a decrease from 1973 availability and capacity factors for the same units—69.2% and 57.3%, respectively, Comey compared the showing with some estimates of 80% nuclear availability and capacity factors.

He told the group that the "wasted" capacity could mean billions of future dollars frittered away on new nuclear plants. "Light-water fission reactors cannot be expected to provide a reliable source of electricity during the period of interest in Project Independence," Comey said.

Truth? Is it true? Judging from most newspaper and television reports, the answer is yes. "Confidence in nuclear reactors was undermined by testimony from David Comey ..." wrote Casey Bukro in the *Chicago Tribune*. Hidden cost overruns in the development of nuclear power are so heavy that the federal government may eventually be forced to bail out the industry, a critic of atomic power said ..." reported E. F. Porter Jr. in the *St. Louis Post-Dispatch*.

"However," observes one writer/reporter, "judging from the testimony and questions following Mr Comey's talk, the answer to the question 'is it true?' is not necessarily yes, and more probably no. Some journalists at the conference could not help but suspect that Mr. Comey's statistics mean less than meets the eye," he continues, "because government panel members pointed out the problems involved in absolutizing percentages on nuclear-plant performance."

The sharper journalists had two basic objections to Comey's report.

First, statistics about nuclear-plant performance are significant only in the context of available alternatives. Fossil-fueled plants have only slightly higher ratings than nuclear plants. The average availability for coal-fired power plants is 60%, according to Michael Reiber, research professor at the Center for Advanced Computation at the University of Illinois.

Gauge. Actually, journalists had to go no further than the testimony of a previous witness to help gauge the importance of Comey's comments. Thomas Ayers, president of Commonwealth Edison, said his utility's five large, commercially licensed nuclear units were available 75.5% of the time for the year ending Aug. 31, 1974, significantly higher than the 67.6% availability factor for the utility's newest coal-fired plants.

"Is it any wonder that Commonwealth, already sporting the largest commitment to nuclear power of any utility in the country, is increasing its commitment?" commented one magazine correspondent after the meeting.

The second objection journalists had to Comey's report was that the key factor in judging nuclear-power-plant performance is not the availability or capacity factors, but the cost/benefit relationships compared with available alternatives. "It is entirely possible," reasoned one reporter "that, even at low capacity factors, 1 kwhr of electricity produced at a nuclear plant is less expensive than if it were produced at a fossil-fueled plant."

Questioned about this, Comey said he had no cost/benefit figures. But Ayers presented to the meeting detailed figures on cost savings associated with nuclear plants. He said:

"One kilowatt hour produced in a nuclear plant is less expensive than one produced in a coal-fired plant, and far less expensive than one produced in an oil-fired unit. In today's energy market, the cost of fuel for our oil-fired peaking units is 4c /kwhr; it is 1.8c/kwhr for conventional oil-fired units using No. 6 residual oil, and 0.8c/kwhr with low-surful western coal.

"Nuclear fuel costs per kwhr are only 0.25c including carrying charges on the nuclear fuel inventory in the reactor.

"Last year we generated 29% of our total output with nuclear fuel. If we had built modern coal-fired units to supply this portion of our output, instead of nuclear units, our fuel costs would have been close to $100-million higher, and our customers would have had to bear that additional burden."

Compared to what? If nuclear power plants are alleged to waste billions of dollars in idle capacity, it is important to ask: Compared to what?

When all the arguments are lined up, Comey's fails on logical grounds. The capacity and availability figures he presented are averages, which cover many successes and some failures.

Alvin Weinberg, director of FEA's Office of Energy, Research & Development, said at the meeting: "No one can argue that capacity factors of nuclear plants are not [sic] what we would like them to be. The only answer is that the technology is admittedly a new one. The belief is that, because some reactors have higher availability than the average, there is nothing intrinsic in the low capacity figures."

Percentages on nuclear-plant performance also have little practical value, speculates one writer, who continues: "One could say, John is 25% taller this year than we expected him to be,' and never discover how tall John really is.

'And further, if all large power plants—fossil and nuclear—have similar availability and capacity factors, then Comey's argument is really against all large power plants—not just nuclear plants. This is a different argument than contending that nuclear power plants are too costly because they operate for a disappointing percentage of the time."

Lifestyle. How would Comey satisfy the demand for electric energy without large power plants? Journalists at the meeting heard his answer: He wouldn't! He advocated instead "energy conservation" and a "complete change in lifestyle." Asked to explain "lifestyle," he said: "I would recommend that if one wants to follow me around, [it] would give some indication. ... I don't have a car. I use only mass transit. I try to avoid all these prepackaged foods that are shoved down our throats. And generally speaking, I try to keep my energy expenditure as low as possible, except running the Xerox machine."

However, this skepticism appears to be reserved for some speakers and not for others. "This is not due to stupidity or political bias," says one reporter, "but rather to the way journalists have defined their craft. 'News' is 'whatever interests people' or even 'what I say it is.'" Evidence for the opinions expressed in the news pages often consists of comments from a "prominent" person who has been certified as "newsworthy."

"For these reasons," comments a midwestern business journalist, "journalism is a subjective craft, out of the control of its practitioners. News can be virtually anything, and there is no requirement that it be true, or that it be tested by verifiable evidence."

A diminishing importance. If news were redefined as a "true" report of a change in the status quo, and if it were independently verified by journalists, then Comey's research would be but a single piece of a larger package. The news story would not be, "What David Comey says about nuclear plants," but rather, "Are Nuclear Plants Reliable?"

If journalists operated under requirements similar to those of foundations or courts, and had acceptable procedures for determining news and proper evidence, then Comey's nuclear-plant reliability report would probably be subject to the law of diminishing importance, as it was woven into a larger story with broader evidence.

"As it stands, the best one can hope for is that journalists be 'fair,' and this depends on the availability of counterintelligence," reveals a reporter. "The journalist is not required to—or equipped to—look for contradictions or contrary evidence in developing news. His technique is *attribution*. He must be constantly fed something to attribute. The way journalism is current practiced, there is no stopping erroneous reports from gaining currency. But they can be countered by the utility industry if the reflex is there." Unfortunately, it's an old rule of prize-fighting that you can't win the battle by perpetually counterpunching.

AND NOW FOR THE GOOD NEWS

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, much of the information appearing recently in the media has focused on the difficulties and problems encountered by the electric utility companies in connection with the financing, the construction, and the operation of nuclear powerplants. It would not be surprising if some members of the public have formed the opinion that the harnessing of the peaceful atom to generate electricity was really not such a good idea and we would have been better off had we not done so. A significant sector of the public, however, must surely realize that every megawatt-hour of electricity generated by the use of nuclear fuel represents a saving in fossil fuel resources which can be readily translated into significant reduction in the importation of foreign oil.

The operation of a single large nuclear plant, 1,000 megawatts and above, represents a savings of 1 million barrels or more of imported oil for each month of electrical generation. More fundamentally, a decade ago some elements of our industry and Government, and in particular the Joint Committee on Atomic Energy, concluded that we have no practical alternatives to fulfilling our Nations' energy needs other than the use of coal and nuclear energy to reduce our dependence on dwindling supplies of oil and natural gas.

Nuclear powerplants have encountered difficulties during initial startup and testing and indeed even during routine operation. In part this is a consequence of the extremely conservative standards of reactor construction and operation which are self-imposed by the utility, as well as by the licensing requirements laid down by the AEC.

And now for the good news. Mr. Thomas Ayers, president of Commonwealth Edison Co. of Chicago, has recently informed me that during the past year 29 percent of the total power generated on the Commonwealth Edison System was generated by nuclear means. If those plants which generated this electricity had been fossil rather than nuclear, the fuel costs over the past year would have been $100,000,000 greater than actually occurred. Put another way, the rate payers of Commonwealth Edison have realized a saving of $100,000,000 over the past year as a consequence of the forward thinking of Commonwealth Edison and the important part that it has played in the utilization of the peaceful atom in our electric power industry.

The present total system capacity for Commonwealth Edison is 15,650 megawatts of which 5,480 megawatts derive from the seven nuclear plants now operating on that system. The company has two additional nuclear plants totaling 2,156 megawatts now under construction. In addition, there are four nuclear plants totaling 4,480 megawatts now undergoing safety review by the AEC. Finally, there are two reactors totaling 2,240 megawatts in the early stages of engineering design. A total of 14,356 megawatts committed to nuclear generation.

Mr. Speaker, I call the foregoing to the attention of my colleagues in order to assure that they understand that nuclear power is making an important contribution toward solving present and future electrical energy needs of this country and I again commend the Commonwealth Edison Co. for its pioneering effort in the utilization of this new form of energy fuel.

U.S. POSITION IN A CHANGING WORLD

(Mr. BLATNIK asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BLATNIK. Mr. Speaker, it is no secret that a great many of the American people are very puzzled over the direction of world politics in the last year and a half. After attaining a preeminent position in the world economic order following the World War II, the winds of change feel distressingly cold to many Americans and, what is worse, few comprehend exactly why these winds have begun to whip at such an alarming velocity.

Mr. Charles W. Maynes, Jr., of the Endowment for International Peace, has written an excellent article which examines this issue and makes several timely observations and suggestions that are worthy of note by Members and the American people.

At the heart of Mr. Maynes article is his suggestion that our people must be prepared for some major adjustments that are coming as permanent shifts in the economic order are set in motion and necessary trade-offs are proposed

Mr. Speaker, I share the authors view that our country's future is best served by a frank and open discussion of the U.S. position in the changing world economic order. Such a discussion is long overdue and is vital to the successful resolution of the complex economic problems that face us in the months and years ahead.

Mr. Maynes article was carried as the lead article in the Washington Post Outlook section in their Sunday, December 1, 1974, edition as follows:

THE HUNGRY NEW WORLD AND THE AMERICAN ETHIC

(By Charles W. Maynes, Jr.)

The past 13 months have seen an astonishing turnaround in U.S. foreign policy. Prior to October, 1973, and the energy crisis, the United States had acquired the aura of a diplomatic miracle-worker. Since then, except for a now endangered tactical respite in the Middle East and last weekend's highly trumpeted but yet to be proven arms breakthrough in Vladivostok, the record has been almost entirely negative, from an embarrassing performance in Cyprus to an admission that we tried to "destabilize" Chile under Allende.

But the gravest mistakes have been on the economic front. The U.S.-convened Washington Energy Conference of last February was a failure. The April special session of the United Nations General Assembly—the Third World response to the Washington conference—was a disaster for the United States. And the main achievement of last month's World Food Conference in Rome, where the U.S. congressional delegates openly revolted against the positions of an unsympathetic administration, may have been to demonstrate how unprepared we still are for the new challenge placed on a major power in an era of scarcity and starvation.

In conversations with State Department officials, one repeatedly encounters a sense of helplessness and drift, with no clear thoughts on what our policy should be or whether the country would support a sound policy if we had one. What has happened? Why were the earlier political breakthroughs possible? Why are today's economic breakthroughs seemingly impossible?

To find the answers, we must look first to the new issues in the new world which we face today, and then to the traits in our post-World War II diplomacy and in the American people themselves which may limit our ability to adjust to this new reality.

INDIVIDUALS TO INSTITUTIONS

There can be little doubt that the nature of foreign policy problems has changed dramatically. Newer economic issues, such as keeping up production of oil and fertilizer, have replaced older political issues, such as keeping the Russians out of West Berlin or keeping the Chinese Nationalists in the United Nations. What we often overlook, though, is how this critical difference between Cold War and post-Cold War issues forces a new approach to diplomacy. While Cold War political issues tended to offer more scope to talented individuals, post-Cold War economic issues tend to offer increased scope to institutions.

With political issues, our purpose is fairly definite; usually it involves an effort to force the other side to stop such actions as applying pressure against Berlin or sending troops to the Middle East—actions that the other side can easily reverse by a decision at the top. Success is fairly clear and short-range; we announce that the Berlin blockade has ended or that Brezhnev has retracted his threat to send forces to Egypt. The statesman's tools here are personal negotiation and national threats, his values secrecy and surprise. Using these tools and manipulating these values, a gifted individual like Henry Kissinger may achieve stunning success.

With economic issues, however, it is always unclear when success has been achieved. Longer-range problems such as international inflation and recession or global starvation are never "solved." Moreover, the statesman's tools are no longer personal negotiation and threats. These must give way to large-scale institutional cooperation and international collaboration, both of which can only result from patient consensus-building. Individual brilliance, secrecy and surprise are succeeded by bureaucratic effort, openness and predictability. Success is beyond the grasp of a single man, no matter how gifted.

PLAYING BY THE RULES

Our problems, though, involve more than one man or one approach to diplomacy. They go to fundamental aspects of the American character, to a special vision that makes it difficult for us to deal with the new economic issues on the international agenda. That vision relates to the American concept of fair play and the rules of the game, and the government's relation to both. It is a vision at variance with views held in much of the rest of the world, particularly at a time of global hunger, severe economic dislocation and appalling contrasts between the world's rich and poor.

In other societies, more influenced by revolutionary or class politics, the role of the government is seen as one of changing the rules of the game to benefit one group over another. The struggle for political power is intense precisely because everyone realizes that once in power, a political group may change the rules permanently to benefit its followers.

In America, our view of government has been different. We do not question the rules but the way they are enforced, the men who carry them out. Even our poor, unlike lower-income groups in other countries, have not asked for a change in the rules but a change in their administration. Mr. Nixon was forced to leave office in part because a majority of Americans finally concluded that, as in a foreign political system, he was trying to change the rules permanently to benefit his followers and punish his enemies.

This American acceptance of the established ways has an important consequence. It leads to a belief that those with wealth and power—even those with very unusual wealth and power which they may have inherited—deserve their good fortune. If the rules are fair—and we do not question that they are—then those who make their way must deserve what they have amassed. But a corollary of the acceptance of good fortune is the acceptance of bad fortune. If the rich deserve what they receive, equally merited is the unfortunate fate of those who fall by the wayside.

If we believe this of individuals, why not of nations? Suppose our people believe the international order is fair. Then if this nation makes its way and 6 per cent of the globe's people end up unimaginably more prosperous than the rest, why should others protest? Did we not earn our prosperity, which others could have shared if they had been equally inventive and industrious?

We sometimes forget the extraordinary hold this vision of the world has on the American imagination. It's not just the well-to-do who believe this but all the rest of us. The civil rights movement foundered precisely when it came into conflict with this vision. So long as the demands of the movement were for rights enjoyed by whites but not blacks—voting rights, equal access to public facilities, equal treatment before the law—some progress was made. But when the civil rights movement decided that blacks in fact needed special help to compensate for historical disadvantage—job quotas, racially focused government programs, priviledged access to universities—white working America revolted. No one, it was argued, worried about the small number of Italian-Americans or Polish-Americans attending universities or selected as corporate trustees. They could not support a program designed to help black Americans receive these advantages.

Sometimes this vision of America reaches into the most extraordinary corners of our national life. Listen to Chicago gangster Al Capone in 1929: "The American system of ours, call it Americanism, call it capitalism, call it what you like, gives each and every one of us a great opportunity if we only seize it with both hands and make the most of it. My rackets are run on strictly American lines, and they are going to stay that way."

NO PLACE IN THE SUN

It would be surprising if this peculiar American view exerted no influence on our foreign policy. Indeed, the post-World War II debate over the structure of the new international economic order reflected this very vision. Many Americans believed that privileged access to markets and supplies for some countries prior to World War II helped to fuel German and Japanese aggressiveness. Denied their rightful place in the international order, Germany and Japan sought, we believed, to creat their own spheres of national influence and prosperity. After the war, a major goal was to break down trading blocs, to establish an equitable international economic order allowing everyone to find his place in the sun, an order which would make future wars for markets or supplies forever unnecessary.

But what should be done with those who do not find their place in the sun. Then as now, at home and abroad, that remains the weakness of the American vision. Domestically, we believe a man who is poor deserves to be poor—he must not have tried hard enough; perhaps if he had worked harder, he might have inherited something. Abroad we doubt that poor nations really deserve our assistance. They, like others, could have made their way. If they did not, they must not have tried hard enough. Or, had they looked harder, they might have found oil.

Usually, we steadfastly refuse to look at deeper explanations of foreign poverty. For example, when Americans think of India they may recall the fine railway net the British left and assume the Indians entered the world of independence and development with a leg up. In fact, British rule had killed off promising indigenous patterns of growth. When the British first arrived, India had one of the most advanced textile industries in the world, exporting to many parts of the globe. The British, anxious to protect their own textile industry, throttled all Indian competition and doomed Indian industrial development for generations.

To take a more recent example, during the Kennedy round of tariff cuts, much was made of the progress obtained. Few before the World Bank's Pearson Commission called attention to the fact that after the cuts the industrialized countries maintained much higher tariffs on manufactured products from developing countries than from one another. Nor do those denouncing the world's poor for their shiftlessness often mention that developed countries generally continue to maintain the highest effective tariff rates on labor intensive goods, a practice which penalizes poor nations specializing in such goods.

GENEROSITY IN DISASTERS

The harsh American attitude toward the permanently poor is often misunderstood, because many confuse it with our attitude toward the temporarily afflicted. To those faced with sudden disaster, whether natural or man-made, no nation is more generous than the United States. Yet this generosity is only a natural extension of this same American vision. Victims of unexpected disasters clearly cannot be held responsible for their plight. In such cases we are not terribly concerned about receiving gratitude. It's our duty to help in periods of unexpected distress.

But the American view of poverty is quite different. There we do expect indebtedness, for we believe poverty can be avoided whereas disaster cannot. Following our view, any nation with pride and in conformity with the rules of the game would agree that its economic plight is primarily its own fault. This being so, it should not only be grateful, but permanently beholden to us for any aid, because both donor and recipient recognize that the receiving national really does not deserve the money.

Some of our closest allies confuse our extraordinary bursts of generosity with a permanent American commitment to the outside world. Having known American generosity under the Marshall Plan, Europeans could not understand why U.S. negotiators placed such emphasis on access for American citrus fruit or chickens to European markets. Why could we not be generous on this small point as we had been on much larger issues in the past. The question represents a total misunderstanding of the primary humanitarian impulse behind the Marshall Plan. Although we must allow for anti-communism as a motive, from the humanitarian viewpoint the effort was a predictable U.S. response to sudden distress.

Today, new examples of the special nature of U.S. generosity are being played out. At the U.N. special session last April, the United States made clear its willingness to provide $4 billion to assist poor countries temporarily hard hit by the oil, food and fertilizer crises. It now provides more emergency food aid to the starving nomads in the Sahel than any other nation, including the ex-colonial power, France. But it also accords those same African states the lowest possible priority in long-range U.S. development aid plans.

The new world economic crisis is forcing us to face the fact that few countries share or fully understand our philosophy. To much of the rest of the world, far more important than hard work in making one's way are the rules of the game themselves, the fastest way to personal as well as national enrichment is to change the rules to one's own benefit.

Against this background, we can see somewhat more clearly why Secretary Kissinger's lack of interest in economic matters is an important but not central explanation for our difficulties in international economics. For today there is a global effort to change the rules of the game, an effort which first began amid much ridicule and misunderstanding in the United Nations and its conferences on trade and development that go back to the mid-1960s. For several years, we have been on notice from other nations, primarily the poorer countries but even some of our allies, that they were determined to change the rules of the game because they did not believe them to be as fair as we maintained. We chose to ignore these warnings.

Consider the current energy crisis from the standpoint of what we have been saying. For years, the United States has told developing countries the way to advance economically is through hard work, prudent investment and administrative discipline. Yet in a few short weeks, the oil-producing countries, which we now concede had a case for some price increase, gained more by changing the rules of the game than they could have expected in a lifetime of hard work.

No action in international affairs in the postwar era has brought home more clearly the importance of the rules of the game. The only actions remotely comparable were unilateral U.S. decisions first to devalue the dollar, then to block agricultural exports to established customers like Japan. We must then expect that others—friends, foes, neutrals and ourselves—may try to follow the lesson taught. The prospect is for an international order subject to repeated destabilization.

Ironically, accompanying the breakdown in the international rules of the game has been a comparable breakdown in the domestic rules of the game. The reason is that, both abroad and at home, economics has become more and more politicized.

When the government imposed wage and price controls, all segments of U.S. society were alerted to the possibility that, even in peacetime, the rules could be changed or bent to favor one group over another. Key segments of big business and big labor were in on the secrets for years. But until wage and price controls the majority of Americans perceived this important truth only imperfectly.

In imposing controls, former President Nixon told all Americans that the decisive factor in the welfare of every business and labor enterprise was now the attitude of the federal government. If a businessman wanted a higher profit margin or a workingman a higher wage, all understood it was now necessary to convince the White House.

With this increased politicization of economic issues, an element of bitterness inevitably enters all economic disputes, foreign or domestic. For it is one thing to argue with others over economic matters when there is a common framework against which to judge whether demands are just. It is quite another thing when each group or each nation assumes tabula rasa and struggles to ensure that the new rules drawn up are most favorable to itself.

Yet precisely this is happening in the general U.N. debate over a new international economic order, in the IMF negotiations over new monetary arrangements, in the law of the sea negotiations, in trade deliberations, and increasingly in the sessions of our own Congress. Internationally, for the first time since World War II and without benefit of shared ideals and a common perception of dangers to avoid, it is becoming every country for itself.

DEFENDING THE STATUS QUO

In this new environment, barring some breakthrough in enlightenment on the part of all major parties, we must expect any country that stands for a rigid adherence to the status quo to be on the defensive in virtually every international economic forum. Under current circumstances, this means the United States. For, although several other countries are also staunch defenders of the economic status quo—the Soviet Union, several Western European countries, Canada—most of them take their position solely because they are on top. We do it for this reason, but we add a special factor—we honestly believe the rules are fair. Consequently, we enjoy, or suffer, a special isolation.

Eloquent proof of this was seen in last summer's session of the U.N. Economic and Social Council. There, although six West European countries went so far as to abstain, the United States was the only country to vote against a resolution calling for renewed efforts to implement the U.N. program of action leading to a "new international economic order," first adopted at April's special session of the General Assembly.

One reaction to all this can be, "So what? Don't Americans have enough problems with inflation and mounting domestic troubles? If other nations want to change the rules of the game, why should we help them? We shouldn't care whether the international order is fair or unfair. We should simply try to maximize U.S. advantages, which may require a rigid defense of the status quo."

There are several answers to this position. First, whether we like it or not, the well-being of this country is increasingly dependent upon stable relations with the outside world. Of the 13 basic raw materials required by a modern economy, the United States in 1950 was dependent on imports for more than half its supplies for only four. By 1970 the list had grown to six, and by 1985 it will grow to a projected nine.

Second, several of the newer problems which most trouble Americans—inflation, environmental decay, drugs, energy shortages—have significant international aspects which must be taken into account if solutions are to be found. Finally, in the long run, in terms of the future political health of a democratic country, it is important that we believe that we fairly earn what we receive. This will not be the kind of country most of us hope to see if, over time, we are slowly persuaded through others' arguments, reinforced by their misery, that we live in luxury at the expense of the rest of the world, considered by others a global parasite. It is essential, therefore, that the United States, together with other nations, urgently reexamine the international rules of the game and reach agreement on a bargain fairer to all, which all accept and with which all can live.

It is essential that the American people accept this reexamination. For popular support is the central issue.

THE CRITICAL SHIFT

At key moments in our past, the nation has faced critical shifts in foreign policy for which the public was not yet ready. This happened in 1919 with the League of Nations, in 1939 with the need to assist the allies, in 1948 with the Marshall Plan. In each case a massive national campaign was launched both by the government and by the private sector to alert the country to opportunities and dangers. One campaign failed, the two others succeeded. But even Woodrow Wilson's unsuccessful campaign to persuade the United States to join the League of Nations later helped to build support for our leadership in creating the United Nations.

Today we seem to be nearing all other historic turning point in our foreign policy. For the first time since 1945 we are experiencing major permanent shifts on the international economic scene. The entire postwar international economic structure is being dismantled, and we are not sure what will rise in its place.

This much we do know. In the end, we cannot live in isolation, and we cannot live with anarchy. Given the stark alternatives, the conclusion seems inescapable. If we want a stable international order, the United States has no choice but to work for an adjustment in the international economic order which we can accept but which gives everyone a chance for his place in the sun.

But our people must be prepared for some of the major adjustments that are coming as permanent shifts in the economic order are set in motion and necessary trade-offs are proposed. The government urgently needs to go to the people on some of the hard choices ahead. We need a national debate not just on détente, as Secretary Kissinger would wish, but on a range of policy choices which will directly affect the lives of Americans in the years to come.

Apart from the question of nuclear war, the most urgent foreign policy task of the new administration is to confront these major international economic questions and to take a coherent program to the country. Otherwise, as the time for a global bargain on some of these issues is finally upon us, the government will lack the domestic support it needs.

HEALTH CARE LEGISLATION IN THE 94TH CONGRESS

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, at the October national convention of the American Public Health Association in New Orleans, I was a participant in a panel discussion on the prospects for health care legislation in the 94th Congress.

Many persons have written and asked for a copy of my comments during that panel discussion, and I would like to insert them in the RECORD at this point:

HEALTH CARE LEGISLATION IN THE 94TH CONGRESS

(By Representative RONALD V. DELLUMS)

I come today not as an expert in health. I come today not as a politician or with the revelations of the acts of politicians over the last couple of years; I'm sure you can understand why. But I do come as an advocate, an advocate of an idea that reflects my values, an idea that needs to be shaped and molded and given form, an idea simply stated that says comprehensive health care should be the right of all the people and not a privilege for some.

I am very certain that there is going to be a great deal of talk in the 94th Congress about health care legislation, but whether or not there is going to be any substantive action is another matter. While President Ford gave it high priority in August, continuing obsession with the economy and with the energy shortage to the exclusion of other problems and issues may set health legislation back as a low priority matter. Since I've been in Congress, human needs programs have always been given low priority, except as rhetorical, rallying devices by the political establishment.

Take, for example, the furor three years ago over family assistance reform. After a major bill got by the Nixon Administration and after a huge debate and pasasge by the House, the Family Assistance Plan faded and faded and faded away and then finally vanished completely. Even though I was adamantly opposed to and voted against the Family Assistance Plan, I was disappointed that the issue of welfare reform seemed to have been dropped by the political establishment. It is obvious that social problems themselves don't go away as easily.

Within that context, I think as long as the health care issues is perceived as one which largely concerns low-income and minority groups, any real changes for significant legislative actions are slim. Conversely, when politicians begin to hear from a wide range of their constituents about the inadequacies of current health care delivery, the odds for significant legislation become much more favorable. Still, there is danger in lobbying for health care reforms just for the sake of reform or to get the ball rolling. Whatever passes in the next Congress will probably lock into that form of health care delivery for an extraordinary number of years.

In the four years that I've been in Congress, once they've passed the issue they don't want to deal with it again for 10 years. Many of us are hung up on reform because reform deals with style and not with content. The question is whether we want Congress to pass something, onto which we can tack the word reform, that will wipe us out, that will keep the oppressed oppressed for the next 10 years. That's the significant question everyone in this room needs to ask.

And just because of that phenomenon, I can assure you that people with a great deal of money who feel they have political dues coming back to them are going to put huge pressure on Congress to accept the most minor shifts in health care delivery—of course under a propaganda barrage that will picture even small changes as "the first step towards socialized medicine." Resisting such pressure has always been difficult for Congress, but perhaps because I expect the 94th Congress will be younger and perhaps somewhat more progressive and therefore somewhat more resilient to these pressures, I think there's at least the possibility that significant legislation can be enacted.

This session today concerns how various health bills affect minority communities. To me that has to be among the most basic of questions asked about any health care measure. Yet, no matter how it is answered, I think all of us should accept the reality that better health care alone can never solve the pressing day-to-day problems—the needs of millions of oppressed peoples in this country. Just as badly as we need improved health care, we need a commitment to end racism and sexism in the country. We also need a real commitment to economic equity—the creation of new and meaningful employment to the promise of safe environment to the commitment to the type of housing and education that must be afforded all citizens.

And we should realize that all these objectives are not dreams; they are realizable now, today, but only after we achieve a massive restructuring of our national priorities which now face a handout of billions of tax dollars to the military-industrial complex and to repressive and dictatorial foreign regimes. But we will always be trapped in the Establishment's bag if we view improvements of health care only in terms of possible tradeoffs with other social programs. And as I mentioned earlier, as long as there is the ability to isolate health care reforms which affect minority communities more than others, then the chance to bring change is limited. The game that is played by the establishment is the game of divide and conquer. An inadequate system of health care delivery affects human beings—Blacks and browns and reds and yellows and poor and senior citizens are human beings feeling the pain of this present approach as do other human beings. To deal with this question as a human question, as a human condition, forces all of us to lift the level of debate beyond partisanship, beyond parochial consideration to the universal need for comprehensive health for all the people for all times.

Given that perspective, I have attempted to analyze the major health bills now pending in Congress, and in doing so. I have used as a starting point a series of questions which should make some comparisons. These questions, which I don't think you'll find unfamiliar are as follows:

Who is eligible for benefits and how is such eligibility determined? What benefits are provided? How is the program financed? Does the legislation deal with issues other than the financing of health care—for example, the quality of care, the development and use of resources? What role do health consumers play? Will health consumers be better off under this plan? And finally, does the system perpetuate a dual system of care because of race, sex, age, geographic location or income?

My analysis indicates that while positive steps have been made in broadening many of the various bills introduced since 1961, most, if not all of the proposals currently before Congress, have serious drawbacks. Without presenting you a detailed laundry list of these drawbacks. I'd like to summarize what I see in a general way.

The following are the key defects, especially those which have a detrimental impact on the Black, brown, red, yellow, poor and senior citizen communities, with the understanding that this is a compendium of faults that does not apply to all bills or any one single bill:

1. The proposals focus on the means of financing health care rather than the quality of the system itself, and as such just tend to pump funds back into existing structures which do not provide minority communities adequate care already.

2. There seems to be a perception of the need for improved health care, but few bills acknowledge health care as a basic human right. There is an absoluate difference between recognizing the universal need for such access to health care and actually providing access.

3. There appears to be acceptance without question of the necessity for the profit motive as the means of allocating health services and for relying upon privately provided services and upon some vague cost-plus mechanism.

4. Consumers are excluded from any input to the health delivery system except for some illusionary advisory capacity.

5. Enormous attention will be devoted to clerical and bookkeeping chores rather than using scarce resources for the actual delivery of services.

6. Eligibility is by no means universal. There are limits because of nationality, because of income, because of working status. The net result is that lower income and minority persons face the possibility of not getting full coverage.

7. Benefits are usually controlled, particularly in speciality areas, and there seems to be little recognition of the need for preventive services.

8. Financing devices rely on regressive payroll deductions which fall heaviest on low income levels.

9. To my surprise, even the bill most widely supported by the majority of labor does not provide any protection to the worker in the working place. Nowhere is occupational health considered or even mentioned.

Those are just the glaring faults, because I don't think this should be a forum to take apart piece by piece all the health proposals now before Congress. My general conclusion about them is that they all fail to provide full coverage, and none of them deals with the many defects which prevent the delivery of health services to people who desperately need them.

Of course the one thing which links all of them together is that they are versions of national health insurance. Now if we are wedded to the principle of insurance and insurance premiums as a framework for a health delivery system, I would certainly opt for the Health Services Act as the best by far, even though it has its own shortcomings. But as long as the health care system is tied to private insurance companies, we will be faced with massive distortions in the utilization of services, with high health costs for everyone and especially for lower income persons who cannot afford to purchase such insurance, and with profiteering estimated at as much as $3 billion a year.

What then is the alternative? Ever since I came to Congress in 1971, I have posed that question. My staff and I have spent an untold number of months trying to find that answer. Recently we received a new proposal or a basic outline of a broader proposal. It presents what I consider a much more progressive direction in providing quality health care. Instead of concentrating on the intricacies of financing health care insurance, this proposal deals with the actual delivery of service and it would bring about major changes in the complete health care system we now know.

This proposal was put together by a group of health workers throughout the country. It puts forth ideas I first saw advocated by the Medical Committee for Human Rights. The proposal has been printed in the Congressional Record and reprints are available somewhere here today. For me this proposal is an important framework upon which future legislation can be drafted. I look forward to introducing a bill based on the concepts it embraces. Nevertheless much remains to be done. The proposal itself is just past the conceptual stage, and I assure you there is much work to be done before it can be put into the Congressional hopper. There are questions still be answered, issues still to be raised, problems still to be solved. Here then are its basic assumptions, critical points which would have to be in any bill which I would affix my name to:

1. Complete, accessible community-based health care for all persons with no charge ever for any services.

2. Financing through fully progressive taxes. The wealthy in our society have gotten along for too damn many years without paying a fair share for their services in this country.

3. Elimination of all profit-making in health. I operate from a very simple assumption. Sell Cadillacs and diamond rings if you want to make money; making money on misery and crippling and death is in some way to me tragic and ludicrous, and if I'm the only human being in this country that will make that statement I'm going to make it until I die.

4. Institutions controlled not by the providers, not by the bureaucrats, not by the federal government, but instead controlled by workers, by the community.

5. No restrictions whatsoever on eligibility. It ought to be open to anyone irrespective of race, creed, sex, national origin, color, economic or educational attainment. That's the only way it's going to be comprehensive in this country for all the people.

6. No restrictions whatsoever on benefits.

7. Control of quality not only by the medical profession, as in all other bills, but also by the community and other health workers.

8. Strict control over quality, price and distribution of all drugs, medical appliances and equipment, with sanctions against violators, including the possibility of receivership into the public sector.

I'm committed to introducing legislation within those perimeters.

The point I'm making is very simple. What we advocate here only lacks credibility when it's advocated for the masses of the people because somewhere in this country if you have enough money, enough power, enough influence you have all those benefits. I join you in the effort to bring them to all the people.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Young of Illinois (at the request of Mr. Michel), on December 13, on account of official business.

Mrs. Green of Oregon (at the request of Mr. Ullman), for December 11 through December 14, on account of official business in district.

Mr. Guyer for Friday, December 13, on account of official business.

Mr. Moakley (at the request of Mr. O'Neill), for today, on account of illness.

Mr. Veysey, from 5 p.m. today, for the remainder of the week, on account of official business.

Mr. Young of Florida (at the request of Mr. Michel), after 5 p.m. today through December 16, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. O'Brien) to revise and extend their remarks and include extraneous matter:)

Mr. O'Brien, for 60 minutes, on Monday, December 16.

Mrs. Heckler of Massachusetts, for 5 minutes, today.

Mr. Symms, for 30 minutes, today.

Mr. Miller, for 5 minutes, today.

Mr. Horton, for 60 minutes, on December 18.

Mrs. Heckler of Massachusetts, for 5 minutes, on December 18.

(The following Members (at the request of Mr. Traxler) to revise and extend their remarks and include extraneous matter:)

Mr. Metcalfe, for 15 minutes, today.

Mr. Drinan, for 10 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Murphy of Illinois, for 5 minutes, today.

Mr. Traxler, for 5 minutes, today.

Mr. Koch, for 5 minutes, today.

Mr. Randall, for 5 minutes, today.

Mr. Murphy of New York, for 60 minutes, on December 18.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Blatnik and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $625.50.

(The following Members (at the request of Mr. O'Brien) and to include extraneous matter:)

Mr. Whalen.

Mr. Hudnut.

Mr. Steiger of Arizona.

Mr. Kemp in three instances.

Mr. Coughlin.

Mr. Symms in two instances.

Mr. Hosmer in two instances.

Mr. McClory in two instances.

Mr. Ashbrook in five instances.

Mr. Derwinski in three instances.

Mr. Sarasin in five instances.

Mr. ANDERSON of Illinois in two instances.

Mr. HEINZ in two instances.

Mr. BLACKBURN.

Mr. BOB WILSON.

(The following Members (at the request of Mr. TRAXLER) and to include extraneous material:)

Mr. HAMILTON.

Mr. GAYDOS.

Mr. RARICK in three instances.

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Mr. RANDALL.

Mr. ROE.

Mr. EDWARDS of California in two instances.

Mr. FORD in two instances.

Mr. STARK.

Mr. BRADEMAS in two instances.

Mr. STOKES.

Mr. BOLAND in two instances.

Mr. SYMINGTON.

Mr. BOWEN.

Mr. FRASER.

Mr. DENHOLM.

SENATE BILL AND JOINT RESOLUTION REFERRED

Bill and Joint Resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1988. An act to extend, pending international agreement, the fisheries management responsibility and authority of the United States over the fish in certain ocean areas in order to conserve and protect such fish from depletion, and for other purposes; to the Committee on Merchant Marine and Fisheries.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 782. An act to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to Appellate Review; and

S. 3164. An act to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes.

ENROLLED BILLS SIGNED

Mr. MAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 10337. An act to provide for final settlement of the conflicting rights and interests of the Hopi and Navajo Tribes to and in lands lying within the joint use area of the reservation established by the Executive order of December 16, 1882, and lands lying within the reservation created by the Act of June 14, 1934, and for other purposes; and

H.R. 11013. An act to designate certain lands in the Farallon National Wildlife Refuge, Calif., as wilderness; to add certain lands to the Point Reyes National Seashore; and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 6274. An act to grant relief to payees and special indorsees of fraudulently negotiated checks drawn on designated depositaries of the United States by extending the availability of the check forgery insurance fund, and for other purposes;

H.R. 6925. An act to authorize the exchange of certain lands between the Pueblo of Acoma and the Forest Service;

H.R. 7730. An act to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip;

H.R. 8352. An act to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes;

H.R. 8824. An act to provide for the conveyance of certain real property of the United States to Mrs. Harriet La Pointe Vanderventer;

H.R. 11929. An act to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments;

H.R. 14214. An act to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes; and

H.R. 17026. An act relating to former Speakers of the House of Representatives.

ADJOURNMENT

Mr. TRAXLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 45 minutes p.m.) the House adjourned until tomorrow, Friday, December 13, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3080. A letter from the President of the United States, transmitting a proposed supplemental appropriation for fiscal year 1975 for the Department of Transportation (H. Doc. No. 93–409); to the Committee on Appropriations and ordered to be printed.

3081. A letter from the Under Secretary of Health, Education, and Welfare, transmitting notice of proposed criteria for selection of applications for Teacher Corps projects, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

3082. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report on loan, guarantee, and insurance transactions supported by Eximbank to Yugoslavia, Romania, the U.S.S.R., and Poland during September 1974; to the Committee on Foreign Affairs.

3083. A letter from the Chairman, U.S. Consumer Product Safety Commission, transmitting a copy of a letter to the President regarding the Commission's budget for fiscal year 1976, pursuant to section 27(k)(1) of Public Law 92–573; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BOLLING: Committee on Rules. House Resolution 1496. Resolution providing for the consideration of a conference report on (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes (Rept. No. 93–1571). Referred to the House Calendar.

Mr. BRADEMAS: Committee on House Administration. House Resolution 1465. Resolution authorizing the printing of additional copies of a report issued by the Committee on Foreign Affairs (Rept. No. 93–1572). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. House Concurrent Resolution 654. Concurrent resolution authorization for reprinting 40,000 copies for use of the Committee on the Judiciary of House Document 93–339; with amendment (Rept. No. 93–1573). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. House Concurrent Resolution 675. Concurrent resolution providing for the printing as a House document of the Constitution of the United States (pocket-size edition); with amendment (Rept. No. 93–1574). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. House Concurrent Resolution 679. Concurrent resolution to provide for the printing as a House document of the Constitution and the Declaration of Independence (Rept. No. 93–1575). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. House Concurrent Resolution 680. Concurrent resolution to provide for the printing as a House document of the proceedings at the commemoration ceremony in honor of the 200th anniversary of the First Continental Congress (Rept. No. 93–1576). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. House Concurrent Resolution 683. Concurrent resolution authorizing the printing of proceedings unveiling the portrait of Hon. Leonor K. Sullivan (Rept. No. 93–1577). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 99. Concurrent resolution authorizing the printing of additional copies of the National Nutrition Policy Study hearings and panel reports of the Senate Select Committee on Nutrition and Human Needs (Rept. No. 93–1578). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 106. Concurrent resolution authorizing the printing of additional copies of Senate hearings entitled "Public Financing of Federal Elections" (Rept. No. 93–1579). Ordered to be printed.

Mr. BRADEMAS: Committee on House Administration. Senate Concurrent Resolution 116. Concurrent resolution authorizing the printing of additional copies of Senate hearings on the marihuana-hashish epidemic and its impact on United States security (Rept. No. 93–1580). Ordered to be printed.

Mr. KASTENMEIER: Committee on the Judiciary. S. 3976. An act to amend title 17 of the United States Code to remove the expiration date for a limited copyright in sound recordings, to increase the criminal penalties for piracy and counterfeiting of sound recordings, to extend the duration of copyright protection in certain cases, to establish a National Commission on New Technological

Uses of Copyrighted Works, and for other purposes; with amendment (Rept. No. 93–1581). Referred to the Committee of the Whole House on the State of the Union.

Mr. PATMAN: Committee of conference. Conference report on H.R. 15977 (Rept. No. 93–1582). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PEPPER:

H.R. 17619. A bill to establish the Reconstruction Finance Corporation to make loan guarantees to business concerns which would otherwise be unable to obtain needed financing; to the Committee on Banking and Currency.

By Mr. FORD (for himself, Mr. Traxler, Mr. Nedzi, Mr. Dingell, Mr. Huber, and Mr. Broomfield):

H.R. 17620. A bill to amend title 39, United States Code, to provide that certain State conservation publications shall qualify for second class mail rates; to the Committee on Post Office and Civil Service.

By Mrs. GRIFFITHS:

H.R. 17621. A bill to amend title II of the Social Security Act to require that all covered workers be informed annually of their potential benefit rights (based on their then current wage records), and that new primary and survivor beneficiaries be furnished with information concerning the total amount of the social security taxes paid toward their benefits; to the Committee on Ways and Means.

By Mr. GUDE:

H.R. 17622. A bill to provide for the striking of medals in commemoration of the 200th anniversary of the signing of the Declaration of Independence by Charles Carroll of Carrollton; to the Committee on Banking and Currency.

By Mr. HELSTOSKI:

H.R. 17623. A bill to amend title II of the Social Security Act to increase from 12 to 36 months the period for which benefits may be paid to an individual prior to the actual time of his or her application for such benefits; to the Committee on Ways and Means.

By Mr. LAGOMARSINO:

H.R. 17624. A bill to authorize the Secretary of the Interior to provide relief to the Santa Ynez River Water Conservation District due to delivery of water to the Santa Ynez Indian Reservation lands; to the Committee on Interior and Insular Affairs.

By Mr. MOLLOHAN (for himself, Mr. Seiberling, Mr. Slack, and Mr. Vanik):

H.R. 17625. A bill to designate the Wheeling Suspension Bridge as a national historic site, and to provide for the administration and maintenance of the site by the Secretary of the Interior in consultation with an advisory commission; to the Committee on Interior and Insular Affairs.

By Mr. RUPPE (for himself, Mr. Cederberg, Mr. Ford, Mr. Fraser, Mr. Hutchinson, Mr. Nedzi, Mr. Obey, Mr. Riegle, and Mr. Vander Jagt):

H.R. 17626. A bill relating to equitable relief in civil actions brought for the purpose of protecting public health; to the Committee on the Judiciary.

By ST GERMAIN:

H.R. 17627. A bill to modify the effective date of Public Law 93–373 which permits U.S. citizens to purchase, hold, sell, or otherwise deal with gold in the United States or abroad in order to conform such effective date to the effective date of the Commodity Futures Trading Commission Act of 1974; to the Committee on Banking and Currency.

By Mr. PRICE of Illinois (for himself, Mr. Hosmer, Mr. Brooks, Mr. Horton, Mr. Blatnik, and Mr. Harsha):

H.R. 17628. A bill to designate a national laboratory as the Holifield National Laboratory; to the Joint Committee on Atomic Energy.

By Mr. BOB WILSON:

H.J. Res. 1176. Joint resolution designating December 15 of each year as Bill of Rights Day; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

589. By the SPEAKER: Petition of the Pennsylvania State Mayors' Association, Bethel Park, relative to the price of sugar; to the Committee on Banking and Currency.

590. Also, petition of the American Medical Association, Chicago, Ill., relative to health planning and manpower programs; to the Committee on Interstate and Foreign Commerce.

591. Also, petition of the National Council for the Social Studies, Washington, D.C., relative to the judicial process and impeachment; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 15263

By Mr. BREAUX:

Page 2, line 14, strike out "preceding crops, adjusted" and all that follows down through line 2 on page 3 and insert in lieu thereof the following:

1974 crop. Not to exceed 1 per centum of the national acreage allotment shall be reserved for the purpose of allocation to farms and producers which received allotments for the 1974 crop year and which receive inadequate allotments for the 1975 through 1977 crops of rice because of an insufficient State or county acreage allotment.

H.R. 15263

By Mr. BREAUX:

Page 5, line 5, immediately before "The Secretary" insert "(1)".

Page 5, immediately after line 17, insert the following:

"(2)(A) If a producer in a State in which farm price acreage allotments are determined on the basis of past production of rice by the producer on the farm dies, his history of rice production shall be apportioned in whole or in part among his heirs or devisees according to the extent to which they may continue, or have continued, his farming operations, if satisfactory proof of such succession of farming operations is furnished the Secretary.

"(B) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm withdraws in whole or in part from rice production in favor of a member or members of his family who will succeed to his farming operations, that portion of his rice history acreage as may be ascribed to such withdrawal may be transferred to such family member or members, as the case may be, if satisfactory proof of such relationship and succession of farming operations by such family member or members is furnished the Secretary.

"(C) If a producer in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm permanently withdraws from rice production, his rice history acreage may be transferred to another producer or producers who have had previous rice-producing experience, provided the following conditions are met—

"(i) the transferee must acquire, except for land, the entire farming operation pertaining to rice, including all production and harvesting equipment and any irrigation equipment not permanently attached to the land; and

"(ii) the transferee must actually plant at least 90 per centum of his total producer rice acreage allotment, including the allotment determined on the basis of the rice history acreage acquired from the transferor, for at least three out of the next four years following the transfer.

Failure by the transferee to comply with clause (ii) of this subparagraph shall result in cancellation of the transfer of the rice history acreage. The transferor of rice acreage history under this paragraph shall not be eligible for a producer rice acreage allotment for any year subsequent to such transfer, except to the extent that such allotment may be based on rice history acquired in a year (subsequent to the transfer) for which rice acreage allotments are not in effect.

"(D) Upon dissolution of a partnership in a State in which farm rice acreage allotments are determined on the basis of past production of rice by the producer on the farm, the partnership's history of rice production shall be divided among the partners in such proportion as agreed upon in writing by the partners, except that if a partnership was formed in a year in which allotments were in effect and is dissolved in less than three consecutive crop years after the partnership became effective, the rice acreage allotment established for the partnership and rice history acreages credited to the partnership for each of the years during its existence shall be divided among the partners in the same proportion that each partner contributed to the allotment established for the partnership at the time such partnership was formed. The rice history acreage credited to each of the partners for the years prior to the time the partnership was formed shall revert to the person to whom it was originally credited.

"(E) Any part of the farm rice acreage allotment on which rice will not be planted and which is voluntarily surrendered to the county committee shall be deducted from the allotment to such farm and may be reapportioned by the county committee to other farms in the same county receiving allotments in amounts determined by the county committee to be fair and reasonable on the basis of the following factors:

"(i) the past production of rice by the producers on the farm or the past production of rice on the farm, as the case may be;

"(ii) acreage allotments previously established for the farm or for the producers on the farm, as the case may be;

"(iii) abnormal conditions affecting acreage;

"(iv) land, labor, water, and equipment available for the production of rice;

"(v) crop-rotation practices; and

"(vi) the soil and other physical factors affecting the production of rice.

Any allotment surrendered under this subparagraph shall be regarded for purposes of this subsection as having been planted on the farm from which it was surrendered, except that this shall not operate to make the farm from which the allotment was surrendered eligible for an allotment as having rice planted thereon, or to make any producer thereon eligible for an allotment as having produced rice, during the 1974 base period.

H.R. 15263

By Mr. BREAUX:

Page 6, line 5, immediately after "crop" insert ", except that such price for the 1975 crop shall not be less than the price per pound paid by farmers for production items, interest, taxes, and wage rates with regard to such crop".

H.R. 15263

By Mr. BREAUX

Page 6, line 20, strike out "The Secretary" and insert in lieu thereof "(A) except as provided in subparagraph (B), the Secretary".

H.R. 15263

By Mr. BREAUX

Page 6, line 22, immediately after "States" insert "nonrecourse".

H.R. 15263

By Mr. BREAUX:

Page 7, immediately after line 4, insert the following:

"(B) No loans and purchases may be made available to any grower of rice except a cooperator during any period in which the Secretary provides a set-aside of cropland under paragraph 6(A)".

H.R. 15263

By Mr. BREAUX:

Page 10, line 4, immediately after "for", insert "loans and purchases and".

H.R. 15263

By Mr. BREAUX:

Page 10, line 4, strike out "paragraph" and insert in lieu thereof "paragraphs".

H.R. 15263

By Mr. BREAUX:

Page 10, line 5, strike out "(3)" and insert in lieu thereof "(2) and (3)".

SENATE—*Thursday, December 12, 1974*

The Senate met at 10:30 a.m. and was called to order by Hon. Quentin N. Burdick, a Senator from the State of North Dakota.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, our Guide and Judge, we beseech Thee to erase from Thy remembrance our spiritual inadequacies, our moral migrations, our wandering from Thy love. Blot out our sins and remember no more our transgressions. So may we turn to the tasks of this day with clean hands and pure hearts and write upon the record only those things that are just and true and beautiful. Direct us so that ambition for power shall be supplanted by the passion to serve. As men chosen for a great service, help us to stand for righteousness and justice and truth. By Thy grace hold us together in strong spiritual alliance for service to this Nation and for the glory of Thy name.

We pray in Thy holy name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., December 12, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Quentin N. Burdick, a Senator from the State of North Dakota, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. BURDICK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, December 11, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished Senator from Rhode Island.

TRADE REFORM ACT OF 1974—H.R. 10710

Mr. PASTORE. Mr. President, in conformity with rule XXII, I present an amendment on behalf of myself and Mr. Humphrey, and ask unanimous consent that it be considered as read prior to the time the debate closes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 275, between lines 17 and 18, insert the following:

(c)(1) The President may not designate any article as an eligible article under subsection (a) if such article is within one of the following categories of import-sensitive articles:

(A) textile and apparel articles which are subject to textile agreements,

(B) watches,

(C) import-sensitive electronic articles,

(D) import-sensitive steel articles,

(E) footware articles specified in items 700.05 through 700.27, 700.29 through 700.53, 700.55.23 through 700.55.75, and 700.60 through 700.80 of the Tariff Schedules of the United States, and

(F) any other articles which the President determines to be import-sensitive in the context of the Generalized System of Preferences.

On page 275, line 18, strike out "(c)" and insert in lieu thereof "(2)".

EXHIBITION OF ARCHEOLOGICAL DISCOVERIES FROM THE PEOPLE'S REPUBLIC OF CHINA

Mr. HUGH SCOTT. Mr. President, I had a special reason last evening to reflect on the old saying "Ars longa, vita brevis," art is long and life is fleeting.

At the exhibition opening here of the archeological discoveries from the People's Republic of China, the American people will have an opportunity to see examples of some of the finest of man's handiwork extending over millennia. They will see the craftsmanship of people from the dim-lit past; they will see the evolution of conceptions of form and color and message-sending as the cycles pass and appreciation grows of the meaning of art in the life of man.

They will see forms taken from daily life, ancient houses, towers, farmyards, animals, people; they will see the continuing effervescent wit of the Chinese in their traveling shows, their acrobats, their equestrians, their lovely ladies, their amusing little pet dogs; they will see the warlike character which marked the expansion and contraction of their boundaries from one generation or another. They will see beauty and splendor beyond the ability of the hand of modern man to create in the great Shang bronzes which, for many years, seemed to scholars to have sprung in full maturity of design as if from the brow of some Jovian creator.

Actually we now know something about how these bronzes originated from pottery vessels and evolved later from cruder bronze forms. But the magnificence and the tectonic power of those bronzes would challenge successfully the ability of a Tiffany or a Cartier to produce even a pale copy.

This can also be said of the T'ang golden cups and bowls and dishes, as Marco Polo reported, with due amazement, at the Court of the Great Khan.

The cosmopolitanism of this lively T'ang Dynasty is amply illustrated in the magnificence of the burial figures, the Ming Ch'ih. The development of the art of China, in their exquisite porcelains, fittingly named for China, their mother, is traced up to the period of the invaders, the Mongols of the Yuan Dynasty. Here is a rare treat for those to whom China is a mystery. This is an opportunity for everyone; this is a fascination for those who have long been fascinated, and this is an exhibition which ought not to be missed.

Truly art is long and life is fleeting, and this art represents, to me at least, the epitome of what man can do with his hands, with his mind, when impelled by some ineluctable spiritual force.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Massachusetts (Mr. Kennedy) is recognized for not exceed 15 minutes.

SENATE RESOLUTION 448—SUBMISSION OF A RESOLUTION RELATING TO FURTHER ARMS CONTROL MEASURES

(Referred to the Committee on Foreign Relations.)

Mr. KENNEDY. Mr. President, I rise to submit a resolution expressing the sense of the Senate on the recent agreement in principle on nuclear arms control, reached at Vladivostok by President Ford and General Secretary Brezhnev. I am joined by my distinguished colleagues from Maryland (Mr. MATHIAS) and Minnesota (Mr. MONDALE) and California (Mr. TUNNEY).

Mr. President, for more than a decade now, a central objective of U.S. foreign policy has been to place firm limits on the nuclear arms race with the Soviet Union. We have had some notable successes, including the Limited Test Ban Treaty of 1963, and the agreements of 1972 to limit offensive and defensive missile systems.

Now President Ford and General Secretary Brezhnev have concluded an agreement in principle to impose limits on nuclear delivery systems through 1985. I ask unanimous consent that the text of that agreement in principle, the United States-Soviet joint communique at Vladivostok, an editorial of December 6, 1974, and article of December 12, 1974, in the Washington Post be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Text of the Nuclear Arms Agreement

WASHINGTON, Nov. 24.—Following is the text of a joint United States-Soviet agreement to limit strategic nuclear arms from 1975 to 1985, signed in Vladivostok and made public in Washington and Moscow.

During their working meeting in the area of Vladivostok on Nov. 23–24, 1974, the President of the U.S.A., Gerald R. Ford, and General Secretary of the Central Committee of the C.P.S.U., L. I. Brezhnev, discussed in detail the question of further limitations of strategic offensive arms.

They reaffirmed the great significance that both the United States and the U.S.S.R. attach to the limitation of strategic offensive arms. They are convinced that a long-term agreement on this question would be a significant contribution to improving relations between the U.S. and the U.S.S.R., to reduce the danger of war and to enhancing world peace. Having noted the value of previous agreements on this question, including the interim agreement of May 26, 1972, they reaffirm the intention to conclude a new agreement on the limitation of strategic offensive arms, to last through 1985.

As a result of the exchange of views on the substance of such a new agreement, the President of the United States of America and the General Secretary of the Central Committee of the C.P.S.U. concluded that favorable prospects exist for completing the work on this agreement in 1975.

Agreement was reached that further negotiations will be based on the following provisions.

1

The new agreement will incorporate the relevant provisions of the interim agreement of May 26, 1972, which will remain in force until October, 1977.

2

The new agreement will cover the period from October, 1977, through Dec. 31, 1985.

3

Based on the principle of equality and equal security, the new agreement will include the following limitations:

A. Both sides will be entitled to have a certain agreed aggregate number of strategic delivery vehicles.

B. Both sides will be entitled to have a certain agreed aggregate number of ICBM's and SLBM's equipped with multiple independently targetable warheads (MIRV's), in Geneva in January, 1975.

4

The new agreement will include a provision for further negotiations beginning no later than 1980–1981 on the question of further limitations of strategic arms in the period after 1985.

5

Negotiations between the delegations of the U.S. and U.S.S.R. to work out the new agreement incorporating the foregoing points will resume in Geneva in January 1975.

[From the New York Times, Nov. 25, 1974]

Text of the Ford-Brezhnev Communique

VLADIVOSTOK, U.S.S.R., Nov. 24.—Following is the text of a communiqué signed by President Ford and Leonid I. Brezhnev, General Secretary of the Soviet Communist party, and made public here today by the White House staff:

In accordance with the previously announced agreement, a working meeting between the president of the United States of America, Gerald R. Ford, and the General Secretary of the Central Committee of the Communist party of the Soviet Union, L. I. Brezhnev, took place in the area of Vladivostok on Nov. 23 and 24, 1974.

Taking part in the talks were the Secretary of State of the United States of America and assistant to the President for national security affairs, Henry A. Kissinger, and member of the Politburo of the Central Committee of the C.P.S.U., Minister of Foreign Affairs of the U.S.S.R., A. A. Gromyko.

They discussed a broad range of questions dealing with American-Soviet relations and the current international situation.

Also taking part in the talks were:

On the American side, Walter J. Stoessel, Jr., Ambassador of the U.S.A. to the U.S.S.R.; Helmut Sonnenfeldt, counselor of the Department of State; Arthur A. Hartman, Assistant Secretary of State for European Affairs; Lieut. Gen. Brent Scowcroft, deputy assistant to the President for national security affairs, and William Hyland, official of the Department of State.

On the Soviet side A. F. Dobrynin, Ambassador of the U.S.S.R. to the U.S.A.; A. M. Aleksandrov, assistant to the General Secretary of the Central Committee of the C.P.S.U., and G. M. Korniyenko, member of the collegium of the Ministry of Foreign Affairs of the U.S.S.R.

DETERMINATION "REAFFIRMED"

1. The United States of America and the Soviet Union reaffirmed their determination to develop further their relations in the direction defined by the fundamental joint decisions and basic treaties and agreements concluded between the two states in recent years.

They are convinced that the course of American-Soviet relations, directed towards strengthening world peace, deepening the relaxation of international tensions and expanding mutually beneficial cooperation of states with different social systems, meets the vital interests of the peoples of both states and other peoples.

Both sides consider that based on the agreements reached between them important results have been achieved in fundamentally reshaping American-Soviet relations on the basis of peaceful coexistence and equal security. These results are a solid foundation for progress in reshaping Soviet-American relations.

Accordingly they intend to continue, without a loss in momentum, to expand the scale and intensity of their cooperative efforts in all spheres as set forth in the agreements they have signed so that the process of improving relations between the U.S. and the U.S.S.R. will continue without interruption and will become irreversible.

Mutual determination was expressed to carry out strictly and fully the mutual obligations undertaken by the U.S. and the U.S.S.R. in accordance with the treaties and agreements concluded between them.

2. Special consideration was given in the course of the talks to a pivotal aspect of Soviet-American relations: measures to eliminate the threat of war and to halt the arms race.

Both sides reaffirm that the agreements reached between the U.S. and the U.S.S.R. on the prevention of nuclear war and the limitation of strategic arms are a good beginning in the process of creating guarantees against the outbreak of nuclear conflict and war in general. They expressed their deep belief in the necessity of promoting this process and expressed their hope that other states would contribute to it as well. For their part the U.S. and the U.S.S.R. will continue to exert vigorous efforts to achieve this historic task.

A joint statement on the question of limiting strategic offensive arms is being released separately.

Both sides stressed once again the importance and necessity of a serious effort aimed at preventing the dangers connected with the spread of nuclear weapons in the world. In this connection they stressed the importance of increasing the effectiveness of the treaty on the nonproliferation of nuclear weapons.

CURRENT NEGOTIATION CITED

It was noted that, in accordance with previous agreements, initial contacts were established between representatives of the U.S. and of the U.S.S.R. on questions related to underground nuclear explosions for peaceful purposes, to measures to overcome the dangers of the use of environmental modification techniques for military purposes, as well as measures dealing with the most dangerous lethal means of chemical warfare. It was agreed to continue an active search for mutually acceptable solutions of these questions.

3. In the course of the meeting an exchange of views was held on a number of international issues: Special attention was given to negotiations already in progress in which the two sides are participants and which are designed to remove existing sources of tension and to bring about the strengthening of international security and world peace.

Having reviewed the situation at the conference on security and cooperation in Europe, both sides concluded that there is a possibility for its early successful conclusion. They proceed from the assumption that the results achieved in the course of the conference will permit its conclusion at the highest level and thus be commensurate with its importance in ensuring the peaceful future of Europe.

The U.S.A. and the U.S.S.R. also attach high importance to the negotiations on mutual reduction of forces and armaments and associated measures in Central Europe. They agree to contribute actively to the search for mutually acceptable solutions on the basis of principle of undiminished security for any of the parties and the prevention of unilateral military advantages.

Having discussed the situation existing in the eastern Mediterranean, both sides state their firm support for the independence, sovereignty and territorial integrity of Cyprus and will make every effort in this direction.

"STRICT IMPLEMENTATION"

They consider that a just settlement of the Cyprus question must be based on the strict implementation of the resolutions adopted by the Security Council and the General Assembly of the United Nations regarding Cyprus.

In the course of the exchange of views on the Middle East both sides expressed their concern with regard to the dangerous situation in that region. They reaffirmed their intention to make every effort to promote a solution of the key issues of a just and lasting peace in that area on the basis of the United Nations Resolution 338, with due account taken of the legitimate interests of all peoples of the area including the Palestinian people, and respect for the right of all the states of the area to independent existence.

The sides believe that the Geneva Conference should play an important part in the establishment of a just and lasting peace in the Middle East, and should resume its work as soon as possible.

4. The state of relations was reviewed in the field of commercial, economic, scientific and technical ties between the U.S.A. and the U.S.S.R. Both sides confirmed the great importance which further progress in these fields would have for Soviet-American relations, and expressed their firm intention to continue the broadening and deepening of mutually advantageous cooperation.

"SPECIAL IMPORTANCE"

The two sides emphasized the special importance accorded by them to the development on a long-term basis of commercial and economic cooperation, including mutually beneficial large-scale projects. They believe that such commercial and economic cooperation will serve the cause of increasing the stability of Soviet-American relations.

Both sides noted with satisfaction the progress in the implementation of agreements and in the development of ties and cooperation between the U.S. and the U.S.S.R. in the fields of science, technology and culture. They are convinced that the continued expansion of such cooperation will benefit the peoples of both countries and will be an important contribution to the solution of worldwide scientific and technical problems.

The talks were held in an atmosphere of frankness and mutual understanding, reflecting the constructive desire of both sides to strengthen and develop further the peaceful cooperative relationship between the U.S. and the U.S.S.R., and to insure progress in the solution of outstanding international problems in the interests of preserving and strengthening peace.

The results of the talks provided a convincing demonstration of the practical value of Soviet-American summit meetings and their exceptional importance in the shaping of a new relationship between the United States of America and the Soviet Union.

President Ford reaffirmed the invitation to L. I. Brezhnev to pay an official visit to the United States in 1975. The exact date of the visit will be agreed upon later.

THE VLADIVOSTOK ACCORD

The details of the tentative accord on strategic arms negotiated in Vladivostok are becoming known, and the developing debate on it suggests at once that it is generally a worthy agreement, that it is being well received in Congress, and that it still needs closer attention. The agreement would limit strategic launchers (missiles and bombers) to 2,400 on each side, limit multiwarhead (MIRV) missiles to 1,300 each, run for 10 years, and require further negotiations on follow-on limitations and possible reductions. The United States and the Soviet Union hope to wrap it up by the time Mr. Brezhnev comes to Washington next spring.

Even those initially skeptical of the Vladivostok accord have had to concede these positive features of it. It confirms in the two crucial categories of total launchers and MIRVed launchers the principle of equality, thus greatly reducing either side's fear that the other can somehow gain strategic advantage. It establishes limits where there had been none, thus precluding an open-ended arms race. It ensures that earlier SALT agreements will become all but permanent, thus foreclosing a major source of Soviet-American anxiety. It further ensures, according to President Ford last Monday, that strategic arms budgets will not go up except as a consequence of inflation. It symbolizes and advances the Soviet and American commitment to detente—a result which can feed back into other aspects of policy. This is not to say that many people, ourselves included, do not have some serious reservations about the Ford-Brezhnev handiwork. Chief among them is the undisputed fact that the tentative accord bears the potential for pushing ahead certain aspects of the arms race. The newly proposed ceilings not only set upper limits but in effect license build-ups to the very high levels of these limits. It is the American "obligation" to reach them, Mr. Ford said. But is it? Why should not those ceilings be regarded as levels to be lowered by further immediate negotiations, rather than as goals which must be met no matter what?

We can understand why Mr. Ford might wish to impress the Russians with a demonstration of confidence that he has the political capacity to get the new weapons from Congress if he has to. But that should not lock him in. Suppose, say, 15 senators conditioned their support for a Vladivostok-type treaty on an administration pledge to go right back into negotiations. The peculiar quality of SALT diplomacy at this stage is that its implementation will be spread over 10 years and will be subject, via the annual budgetary process, to regular congressional review. This enables—indeed, it enforces—the participation of Congress in SALT diplomacy in a profound way.

There is another problem. The new guidelines to SALT negotiators authorize Soviet MIRVing to match our own. The "throw-weight" of the biggest Soviet launchers will let them pack a lot more MIRV warheads than do American launchers. This could lead the United States to fear a Soviet first strike against American land-based missiles. This poses its own dilemma for American policy. President Ford said last Monday that if the Pentagon and the Congress perceived Soviet throw-weight as a threat; they could match it. That, of course, would only give Moscow more of the same first-strike jitters felt in Washington; it would make the destabilization mutual. There are alternatives: Either the United States could shift a larger part of the American nuclear force to sea or make land-based missiles less vulnerable. Or Washington could move toward a determination that, given the invulnerability of other launchers and the implausibility of a general nuclear war, a Soviet advantage in throw-weight simply could not be converted into either a strategic or a political edge. We trust there will be further debate on this score.

On yet another score, Sen. Henry M. Jackson (D-Wash.) guarantees further debate. He is not so much concerned that an agreement on the lines of Vladivostok would be unsafe as that it would permit excessively high levels of total launchers and MIRVed launchers and would cost excessive billions. He believes—and this is as hard to disprove as to demonstrate—that the administration could have negotiated a "better" agreement. Mr. Jackson may well ask the Senate to repudiate the Vladivostok accord and to instruct the President to go back to the table with Mr. Brezhnev. Whether he can muster a majority for this purpose, which would amount to a major humiliation to Mr. Ford, seems doubtful. But the administration cannot fail to ignore the larger chance Mr. Jackson might have later to collect 34 votes to block a treaty which he thought was unwise. Meanwhile, we note that Sen. Jackson is a serious student of strategy as well as politics, and we look forward to hearing him make his case. The cause of strategic arms control deserves the best—which is to say the most thoughtful and responsible—presentation of all points of view.

ARMS GROUP GIVES NOD TO A-PACT

(By Murrey Marder)

Qualified approval of the tentative American-Soviet nuclear arms accord reached at the Vladivostok summit conference was expressed yesterday by the Arms Control Association.

Supporters of arms control are unusually divided over the intended agreement signed by President Ford and Soviet leader Leonid I. Brezhnev. Some critics insist it should be sent back to be bargained down to lower levels. Others agree with Secretary of State Henry A. Kissinger that spurning the accord could be a major setback to arms control.

The Arms Control Association, one of the major public organizations in this field, chose to give conditional support to the accord in an announcement made at the group's annual meeting at the Sheraton Park Hotel yesterday.

There are "serious shortcomings" in the Vladivostok agreement, the association said, because it sets "very high ceilings" of 2,400 on each side for intercontinental missiles and bombers, including 1,320 multiple warhead missiles.

If this intended 10-year agreement, which is subject to detailed negotiation, "becomes a hunting license to assure approval of more costly and unneeded arms," the group said, "it will not be worth the price."

"And yet," the association said, the Vladivostok agreement does "represent steps forward: both sides did agree to ceilings, albeit high ones. They did agree for the first time on limits of a sort on MIRVs (multiple warheads) and on bombers and committed themselves to a timetable, albeit a long one, for further negotiations, including possible reductions.

"Whether the advantages of going ahead with negotiations toward a permanent agreement based on the Vladivostok accords outweigh the disadvantages," the statement said, "will depend in the end on how they are used."

Sen. Stuart Symington (D-Mo.) addressed a luncheon meeting of the arms control group, which is headed by William C. Foster, former director of the U.S. Arms Control and Disarmament Agency. Symington stressed the hope that the Vladivostok accord may clear the way for "ultimate reduction in the arms race."

Several panelists underscored that the accord does not halt present arms spending and can lead to increased arms costs unless weapons buildups stop before the agreed ceiling figures.

The State Department said yesterday that the delayed process of putting the terms agreed upon in Vladivostok on Nov. 24 into written form was completed Tuesday.

It was belatedly disclosed that Tuesday morning, Kissinger met at the White House with Soviet Ambassador Anatoliy F. Dobrynin for final agreement on language in the still unpublished notes exchanged by the United States and the Soviet Union. Officials still declined to specify what part of the language caused the delay, which they said was a matter other than the critical numbers.

The final version of the agreed language was then communicated to Kissinger Tuesday while he was flying by Air Force jet transport to Brussels, officials said. Officials said there was no decision on when the text of the written agreement will be made public.

Sen. Henry M. Jackson (D-Wash.), a prime critic, previously charged that the Vladivostok accord was hastily and imperfectly drawn.

The initial 1972 nuclear arms control accords also had to be revised slightly for technical corrections after being signed by the principals at the first Moscow summit conference.

Mr. KENNEDY. Mr. President, this agreement in principle contains some real advantages in the effort to end the Soviet-American nuclear arms race.

It excludes the so-called forward based systems, which are U.S. nuclear weapons deployed in Western Europe, but capable of reaching the Soviet Union.

It includes the principle of "equal aggregates," providing for equal totals of delivery vehicles—both bombers and missiles—on both sides.

It does impose upper limits, at least until 1985, on the total number of delivery vehicles on both sides. This means an actual reduction in the total number of Soviet delivery vehicles provided for under the 1972 offensive weapons agreement, when the number of bombers that the Soviet Union then had are counted as well.

It offers the prospect, if we act wisely, to reduce the effect of the action-reaction cycle of Soviet-American competition in nuclear arms. Hopefully, this agreement will also lead to real reductions in the quality and quantity of weapons on both sides that were agreed to at Vladivostok. Indeed, such real reduction will be the true test of this agreement in principle.

Mr. President, it is also important to take note of the reservations about this agreement that have been expressed by many observers, both inside and outside the Congress. To be sure, some of these reservations may not apply when we have the text of the aide-memoire being exchanged by the two governments. And we must urge the administration to make available to us as soon as possible the full documentation of the Vladivostok agreement.

To begin with, the figures under this agreement in principle are quite high, especially in the number of missiles that could be equipped with MIRV warheads. Is this the best that our negotiators could do? Senators may be justified in wondering whether that is so and—if not—whether further efforts at this time could produce even lower limits of nuclear force.

Second, there is a danger that this agreement will lead to a flagging of the efforts to get real reductions in nuclear force, instead of simply a ratification of high levels. To this end, it is imperative that this agreement be seen as only a first step, to be followed up on a timely and sustained basis. Any thought that further arms limitations must wait for the 1980's would make this first agreement virtually worthless.

Third, there are likely to be increased pressures on the part of the Defense Department—and presumably in the Soviet military, as well—to build up to the limits contained in the Vladivostok agreement. If this is so, then this agreement will have virtually no effect on weapons programs now under way. "Arms control" would thus become a misnomer. Will U.S. defense expenditures go up? Or will they actually come down? This agreement must not be construed as a license for simply piling up arms upon arms, thus robbing resources from both our conventional military strength and our domestic economic needs.

Fourth, it is very doubtful that this agreement will, by itself, demonstrate the superpower restraint in nuclear arms that is critical to help prevent the spread of nuclear weapons to other countries. Only if we can convince other countries of our serious intention to reduce nuclear arms—and only if the Soviet Union will do the same—can we hope to damp down the growing danger of a world of many nuclear powers.

Mr. President, because of these concerns about the Vladivostok agreement, I am joining with my colleagues today in introducing a sense of the Senate resolution. It outlines the purposes of arms control negotiations as we see them. These include improvement of United States-Soviet relations, and the achieving of real limits on—and reductions of—nuclear arms, based on the principle of substantial overall equality.

Today, we are still in a "zone of perceived parity" with the Soviet Union, and should seek to preserve it, taking into account factors both of the quality and the quantity of nuclear weapons.

This resolution specifically endorses the broad purposes of the agreement in principle reached at Vladivostok, while calling for further arms talks and mutual restraint in weapons programs by both superpowers.

Furthermore, we are urging the President to continue efforts, at this time, to improve upon the Vladivostok agreement. We are urging him specifically to negotiate further nuclear arms limitation and reduction measures as part of the final accord to be concluded next year.

These measures should include:

Lower overall levels for missiles and lower numbers of missiles capable of carrying MIRV's;

Mutually agreed restraints on the pace of deployment of United States and Soviet strategic delivery systems, within these lower levels;

Limitations on the number of strategic ballistic missile flight tests which each side could conduct every year; and

Agreement to continue negotiations on a timely and sustained basis, going beyond Vladivostok and the 1972 agreements.

Finally, we are urging that the final agreement based on Vladivostok be in the form of a treaty to be ratified by the Senate, and not be an executive agreement.

Once we see the actual terms of a treaty submitted to the Senate for ratification, we will judge it on its merits. Certainly, we would be more inclined to support any treaty that achieved one or more of the steps proposed here; and we will look for evidence of vigorous efforts to improve the Vladivostok agreement during the next few months. Without now imposing any rigid preconditions for supporting the final treaty, I believe it is important to keep the momentum for arms control going. It is important that Vladivostok be only the beginning, not the end of the road.

Mr. President, in submitting this resolution, today, we believe we are acting clearly within the framework of law and precedent, and are exercising the firm constitutional mandate to the Senate in matters of foreign policy. If we are to be asked to advise and consent to a formal treaty, we should also be involved in shaping the policies that will help determine the treaty's form and content.

It is in this spirit—and in the spirit of constructive commentary on this important administration initiative—that we offer this resolution today for the Senate's consideration.

Mr. President, I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

S. RES. 448

Resolved, Whereas, at Vladivostok on November 24, 1974, the President of the United States and the General Secretary of the Communist Party of the Union of Soviet Socialist Republics reached an agreement in principle on the limitation of strategic offensive nuclear arms; and

Whereas, this agreement places a limitation for each country of 2,400 on the number of strategic nuclear delivery vehicles, and a sub-limit for each country of 1,320 strategic missile launchers equipped with multiple independently targetable reentry vehicles; and

Whereas, this agreement does not impose constraints upon any strategic nuclear weapons program or delivery system currently planned for development by the United States, nor prohibit deployment by the Soviet Union of a so-called "next generation" of nuclear weapons; and

Whereas, it is the sense of the Senate that the purpose of mutual arms control efforts between the United States and the Soviet Union should be to achieve agreements on mutual limitations and reductions of nuclear armaments, according to the principle of substantial overall equality between Soviet and American nuclear forces, taking into account both qualitative and quantitative factors; and

Whereas, it is the sense of the Senate that restraint by the United States and the Union of Soviet Socialist Republics in future deployments of nuclear arms would help to prevent the further spread of nuclear weapons to countries not now possessing them:

Therefore, be it *resolved*, that the Senate of the United States

(1) expresses its support for the broad purposes of the agreement in principle reached at Vladivostock on November 24, 1974, as a step forward both in furthering arms control and in improving the relations between the United States and the Soviet Union;

(2) expresses its firm belief that this agreement in principle must lead to further arms limitations and reductions and that both the United States and the Soviet Union should make every effort to halt the continuing competition in strategic arms by exercising restraint in the deployment of additional nuclear weapons systems beyond current levels.

SEC. 2. It is the sense of the Senate that the President should make every possible effort to negotiate further nuclear arms limitation and reduction measures as part of the final accord carrying out the Vladivostok agreement, including, but not limited to the following:

(1) The negotiation of overall levels lower than those contained in the Vladivostok

agreement, both in numbers of delivery vehicles and in numbers of missiles capable of carrying multiple independently-targetable reentry vehicles.

(2) The negotiation of restraints on the pace of deployment by the United States and the Soviet Union of new strategic delivery systems, within the mutually agreed upon lower numerical levels referred to in paragraph (1) of this section.

(3) The negotiation of limitations on the number of strategic ballistic missile flight tests which may be conducted annually by the United States and the Soviet Union.

(4) An agreement to continue negotiations on a timely and sustained basis to achieve further mutual limitations with regard to nuclear weapons systems not presently limited as part of the 1972 arms control agreements and the Vladivostok agreement.

SEC. 3. It is further the sense of the Senate that the specific accord concluded on the basis of the Vladivostok agreement between the President of the United States and the General Secretary of the Communist Party of the Union of Soviet Socialist Republics should be in the form of a treaty and submitted to the Senate for its advice and consent in accordance with normal constitutional procedures contained in Article II of the Constitution.

SEC. 4. The Secretary of the Senate is directed to transmit copies of this resolution to the President and to the Secretary of State.

Mr. KENNEDY. Mr. President, I reserve the remainder of my time.

Mr. MONDALE. Will the Senator yield?

Mr. KENNEDY. Yes.

Mr. MONDALE. I commend the Senator from Massachusetts for this most important resolution and I am proud to cosponsor it. I hope it will begin debate which will help the public better understand, and the Congress to better understand, the nature of the recent SALT agreements announced following the talks at Vladivostok.

That agreement was announced as a breakthrough in our relationships, and I suppose to some extent it is, but what it appears to involve is basically this. We took our strategic arms plans that we had, the Russians took the strategic armaments plan they had, we stapled them together and called it a breakthrough.

The President said it put a cap on the arms race, but if it is a cap, it rides 10 or 15 feet above our head because it involves, and probably will unless the spirit of this resolution is pursued, a massive buildup in strategic armaments both on the part of the Soviet Union and on the part of the United States, which we estimate could easily cost $70 billion additionally for the Defense Department. It would move dramatically toward a destabilization of United States-Soviet relationships as both countries move toward the first strike capacity which neither nation now has, and it leaves the quality arms race totally untouched.

The only limit on the strategic arms race is in the qualitative area, and that is where the action is, the numbers do not really count, it is quality in technology, the only limit is human energy.

The ACTING PRESIDENT pro tempore. The 5 minutes of the Senator has expired.

Mr. KENNEDY. I yield 5 more minutes to the Senator.

Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. KENNEDY. Mr. President, as I understand it, there are 10 minutes remaining, is that correct?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. KENNEDY. I yield 5 minutes to the Senator.

The ACTING PRESIDENT pro tempore. The Senator was originally allotted 15 minutes and the Senator has used 5.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that 10 minutes allotted to me be allotted to the Senator from Massachusetts.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered

Mr. KENNEDY. Mr. President, I would ask that the time that remains be evenly divided between the Senator from Minnesota and the Senator from Maryland.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MONDALE. If this agreement marks the beginning of an effort by our two countries to negotiate downward in terms, say, of MIRV delivery systems, of new kinds of technology, of the limit upon new testing of new weapons, and so on, it could well be the beginning of something very significant.

But if it is, as I fear to be the case, and as one must conclude from at least the policy announcement, the end of our negotiating for the next decade, then it seems to me that there is a good case to be made that the Vladivostok agreement in no way restrains either country and, in fact, is an official step that is in the nature of authorizing and legitimizing an arms race.

So I am very hopeful that the Kennedy resolution will be adopted and that the Congress, particularly the Senate, will assure that it is only the beginning of a top priority effort on the part of our Government, hopefully with the cooperation of the Soviet Union, to bring this incredible strategic arms race under control before it bankrupts us and before it destroys us all.

Mr. KENNEDY. I appreciate the comments of the Senator from Minnesota. I know he has given great thought to this whole problem.

I think the sense of the resolution, as the Senator has correctly stated, is that, it is a departure point. This agreement made at Vladivostok ought to be treated, or at least considered by those who really want to get a handle on the arms race, as a point of departure.

It is the sense of this resolution that its supporters are going to move from this agreement into a continuing negotiating process to, first of all, reduce the numbers which had been agreed on. We have reached an agreement with regard to delivery systems and MIRV's. But there is nothing magical about those numbers.

We are certainly urging that this negotiating posture of the administration continue, to indicate that this is a point of departure and should not be considered an end, for the very reasons that the Senator from Minnesota has outlined very cogently. We in the Congress expect that we will be informed of the progress that is made, and that agreements will be submitted to the Senate in treaty form, so that we will be able to exercise our important constitutional responsibility in this area.

The Senator from Minnesota has outlined an area of very considerable concern to those of us who want to reach an arms limitation. He has spelled out what I think would be permissible under the treaty, but which, quite clearly, would run contrary to the spirit of the treaty as announced by President Ford and General Secretary Brezhnev.

To insure that would not be the case, the steps we have outlined here—reasonably prudent steps—could make an extremely useful contribution in controlling the nuclear arms race. They are consistent with our security interests and, most important, consistent with the cause of peace throughout the world.

It is in that spirit that I hope this resolution will be acted upon.

Mr. MONDALE. The other evening, I was privileged to deliver the 1974 Kennedy lecture at Johns Hopkins. In that address I tried to spell out some of the conclusions I had drawn from my recent visit to the Soviet Union and talks with Soviet leaders, concentrating on the point of strategic arms limitations.

Mr. President, I ask unanimous consent that my speech, together with a letter to the chairman of the Foreign Relations Committee on the troubling question of compliance with SALT agreements by our two countries, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

1974 KENNEDY LECTURESHIP ADDRESS

(By Senator WALTER F. MONDALE)

It is an honor and a privilege to be here this evening to speak to you about the question of our relations with the Soviet Union.

I have just returned from a visit to the Soviet Union. I spent a week there, where at the request of the farmers of Minnesota, I took a good deal of time making an inventory of our wheat crop. More seriously, I spoke to Premier Kosygin for three and one-half hours, to Foreign Minister Gromyko for a couple of hours and to various other Soviet officials.

Since my visit, we have had the Summit meeting at Vladivostok between General Secretary Brezhnev and President Ford. I believe that meeting, what it produced, and what it failed to produce, demonstrates both the difficulties and the dangers inherent in this process that has been called détente.

According to the White House, the main accomplishment of the Vladivostok Summit was the agreement to limit Strategic Arms. This agreement was presented to the press as a breakthrough, as a major achievement in the effort to gain control over strategic arms race.

I believe this claim will not stand up to analysis. The Vladivostok agreement will do little to alleviate the arms race and, in fact, there is a grave danger that the agreement may stimulate it.

President Ford has said the agreement will put a cap on the arms race. From his description last night, it sounds more like a huge tent that the President intends to fill up with new weapons.

When I first read of the agreement, I expressed concern that it not be a cosmetic deal, one that simply put a good face on the arms race. On close inspection, I am afraid that my concern was justified.

Let's take a careful look at what the agreement involves:

First, the agreement places an overall

numerical limit on strategic delivery systems, that is strategic missiles and bombers. The overall level is 2,400, our level today is around 2,250 and the Russian level is 2,500.

Second, there is a sublimit on the number of strategic missiles that can carry MIRVs—the multiple independently targeted warheads that enable each missile to drop weapons on several different targets. Each side will get 1,300 MIRV missiles. Bear in mind that today, the United States has deployed about 750 MIRVed missiles and the Russians have deployed none. It may not surprise anyone to know the Pentagon has planned to deploy 1,300 MIRV missiles all along.

There may be other limitations involved in the final agreement. But, at this stage, it appears that within the overall limit of 2,400 missiles and bombers, both sides can change from missiles to bombers or, substitute submarine missiles for land-based missiles, as much as they wish.

And wtihin the so-called MIRV limit, any number of MIRVs of any size may be deployed. Whole new generations of MIRV missiles may be deployed on each side. Maneuvering warheads, those that can home in on their targets, are not precluded. And, of course, we shall have to deploy additional MIRV missiles in order to fill our quota under the 1,300 MIRV missile sublimit.

In sum, the two sides seem to have taken their strategic weapons programs, stapled them together, and call that a SALT breakthrough.

Nonetheless, there are some advantages to this agreement.

The agreement demonstrates that quite apart from the substantive issues, both sides want to achieve further agreements and pursue a policy of détente.

Second, it ends uncertainty about the durability of the 1972 SALT agreement. This agreement, when final, will replace the interim SALT agreement on offensive missiles which runs out in 1977. There has been increasing concern that it would be more and more difficult as we approached the 1976 election to renew the interim agreement or replace it. If it had expired, there was a risk that the ABM Treaty might also collapse—sending us into an arms race on defensive as well as offensive weapons.

Finally, it places at least some theoretical boundaries around the strategic arms competition but how effective these will be is questionable.

In fact, the major disadvantages to this agreement all center on the fact that the Agreement will have little or no real impact on the strategic arms race.

First of all, the Vladivostok agreement doesn't deal with the real strategic problems we face. The main strategic problem today is that Soviet MIRV deployments will make our fixed land-based ICBM force extremely vulnerable to a first strike, thus undermining strategic stability.

Up to now, what security and sanity there is in the field of strategic arms was due to the fact that the major component of our deterrent, the ICBMs, the submarine-launched missiles, etc., were invulnerable, and that a potential attacker would suffer an overwhelming retaliatory blow in response to a first strike. Since the time of Robert McNamara, we have had a strategy of riding-out an attack and then retaliating.

Under the new SALT Agreement, this strategy will no longer be possible in the future, at least so far as our ICBMs are concerned. The Minuteman ICBM force of the United States is going to grow increasingly vulnerable to a surprise first strike as the new Soviet MIRV missiles become widely deployed.

It would be an exaggeration to say that this growing vulnerability of our ICBMs will lead to a nuclear war. We will still have a large bomber force and enormous submarine missile force. The risks run by any aggressor in thinking he could attack our ICBMs with impunity, would be incalculable.

But the risks to us will increase too, and the strategic balance will be less stable. For example, the limited option strategy of this administration will become a recipe for disaster. Premier Kosygin made this point to me very clearly. He said that if one side starts shooting nuclear weapons in the limited manner proposed by Secretary Schlesinger, then the other side would have no choice but to attack the nuclear forces of the other side. Right now it would make no sense to attack our ICBMs for they are essentially invulnerable, But once the Soviet Union carries out the MIRV program permitted under this agreement, our Minuteman ICBMs will be sitting ducks.

In addition to increased risks and tensions, the growing vulnerability of our ICBMs will also provide further justification for a wide variety of new strategic programs as compensaton. Air-launched ICBMs, land-mobile ICBMs, more Tridents—the costs could well run into the tens-of-billions. This burden will go on top of an economy already strained to the breaking point by inflation and recession.

In addition to not dealing with the problem of strategic stability, the strategic arms agreement announced at Vladivostok also fails to curb the competition in strategic programs. The currently planned programs on both sides will not be affected. The B–1 will continue. The Trident submarine will continue. Last summer, it was reliably reported that the Soviet Union wanted a limit of 1,000 MIRVed missiles. Now, thanks to the Vladivostok breakthrough, they will get 1,300.

The qualitative arms race is where the action is today.

More capable systems are replacing older ones on both sides. No real limits on this process are imposed by the Vladivostok Agreement. The only limit on the qualitative race will be man's ingenuity.

But the agreement is not merely inadequate, it actually licenses an arms build up. Last night the President said we have an obligation to step up to the levels of the agreement. That means we must increase by about 200 delivery vehicles and about 500 MIRV missiles. The minimum price for this agreement then will be about 40 billion dollars in new weapons.

But in addition, the President said that if we want to be truly equal in every respect we could replace Minuteman with a new larger ICBM to match the Soviet's big ICBMs. According to the Pentagon, this could cost another 30 billion dollars. So the total price tag for this agreement could well run more than 70 billion dollars—not including operating costs. No wonder the President does not expect this breakthrough to have any effect on reducing the strategic arms budget.

On the Soviet side, the President claims that there will be reductions. But at the most, the Soviets will reduce their number of active missile silos by less than a hundred, while they are likely to increase the number of missile warheads by several thousand. And, as General Secretary Brezhnev once pointed out to us, no one was ever killed by a missile silo.

This agreement is already under attack in the Congress. One of the main criticisms is that the agreement isn't really equal—that the Soviet Union will be given an enormous advantage in both the number and power of MIRVs they can deploy.

This is a fair criticism, but it misses the point. In fact, I believe that those who have been pressing equality as the primary yardstick for success in SALT are reaping the bitter benefits of that approach. This agreement shows that equality alone means little if the forces of the two sides are going to grow increasingly vulnerable and the strategic balance increasingly unstable. Equality is a charade if the arms race, in fact, continues.

And this, precisely, is the problem: the Vladivostok agreement does nothing to really constrain the ongoing strategic arms programs of the two sides nor limit the enormous turnover in the inventory of ever more modern, ever more dangerous weaponry. Unless it is significantly strengthened, I believe that a concrete accord based on the Vladivostok agreement may well not receive the necessary two-thirds support of the Senate.

How can this agreement be strengthened? First of all, I would suggest that within the numerical levels established by the agreement, the strategic programs of the two sides should be stretched-out and delayed as much as possible. I would like to see controls whereby only ten of the enormous Soviet SS–18 ICBM would be deployed each year for the next ten years; and only 50 of the other new Soviet missiles are deployed each year. In response, we could hold down the rate of deployment of our Trident and hold construction of the B–1 bomber to a appropriately restrained pace.

Second, in addition to controls on the pace of deployment, I would urge controls on the pace of testing of new and the ever more exotic systems. There should be an annual quota on the flight testing of new nuclear delivery systems. Together, controls on deployment and controls on testing would put real teeth into the limitation of strategic arms within the overall numbers agreement reached in Vladviostok.

Third, we must continue negotiating. This agreement is only a start not an end point. We can't just knock off work until 1980 as was suggested in Vladivostok. With all that will be permitted under even an improved version of this agreement there will be plenty to negotiate about.

What conclusions can we draw from this experience about the conduct of US-Soviet relations? I think the lessons are as follows.

Despite its serious shortcomings and drawbacks, I think it can be said that this SALT agreement does constitute a modest beginning. If it had been presented as such, I believe that it would have been accepted by the American people as a step forward.

But unfortunately, it was not presented in that fashion. The public relations men who still surround the White House could not restrain themselves from overselling the agreement. And so the product is more disillusion, more suspicion and more concern that detente is rhetoric and not reality. The real damage in this agreement is that it further undermines the faith of the American people in the process of trying to control strategic arms and trying to improve relations with the Soviet Union.

How often have we seen American Presidents in political trouble at home trying to divert attention by meeting with the General Secretary of the Soviet Union. And in those circumstances, how often have we seen the pressure to "bring home the bacon" result in empty agreements.

The Test Ban Agreement reached earlier this year between Mr. Nixon and Mr. Brezhnev is another example. It doesn't even go into effect for two years and then places a limit higher than we want to test anyway. However, in case either side has miscalculated, it leaves a loophole so that both sides can test whatever they like as long as it is called a peaceful nuclear explosion.

These kinds of empty agreements are the result of American Presidents trying to take action abroad to shore up their domestic position at home. I can think of no more healthy development in our foreign relations than to see an American President go to the Soviet Union, meet with the General Secretary, speak frankly about our needs and concerns and, if there isn't any real agreement, come home empty handed for a change.

I have long been known as one who favors improved relations with the Soviet Union. I believe, as Senator Mike Mansfield has said, "that in the nuclear age there is no alternative to detente." But detente must be a practical detente. It cannot be a rhetorical detente. It must come to grips with the critical issues; it must really control strategic arms; it must deal effectively with the crisis in the Middle East; and, it must preclude efforts by the Soviet Union to take advantage of the economic and political disarray in the West.

As I left the Soviet Union, I could not help but think that the most important ingredient in a viable relationship with the Soviet Union is our own strength, our own sense of purpose. Weapons are important, but even more crucial is the strength of our economy, the strength of our relationships with our allies, the strength of the international economy, the strength of our political institutions, the strength of our society.

Hugh Sidey, the Washington correspondent for Time magazine, has urged the President to "give the big planes a rest." I believe that is sound advice. He should stay home, concentrate on our own internal problems and on the common economic security problems of the industrialized nations of the West.

I believe that if the President wants to advance the cause of peace, if he wishes to once again establish the United States as a strong negotiating partner, he can do this best by remaining at home and tackling our mounting economic problems. Only effective leadership at home can restore to this nation the sense of confidence, the spirit of sacrifice, and the willingness to lead that has characterized the American people and has ensured world peace for more than a generation.

COMMITTEE ON FINANCE,
Washington, D.C., November 20, 1974.
Hon. J. W. FULBRIGHT,
Chairman, Senate Foreign Relations Committee, Dirksen Senate Office Building.

DEAR SENATOR FULBRIGHT: During my recent visit to the Soviet Union, I raised with Premier Kosygin and Foreign Minister Gromyko recent charges that the Soviet Union was not complying fully with the SALT accords of 1972. In response, they insisted that they were not violating the agreement but refused to provide specific explanations for some of the anomalous activities which, according to the press, appear to be taking place.

The Soviet Premier also charged that the United States was engaged in certain activities which they had brought to our attention. They said that the United States was covering over certain of our ICBM launchers and that when this question had been put to Secretary Kissinger, they found the answer unsatisfactory.

Should there be substance to the allegations on either side, it is imperative that the Congress of the United States and the American people be aware of it so as to be able to form judgments as to the implications for our security and diplomacy. Moreover, these charges and countercharges can only lead to a deterioration of the atmosphere in which further negotiations to control strategic arms takes place. Such controls are an urgent matter requiring the most positive political environment. Therefore, it is essential that these charges and countercharges be cleared up promptly.

Accordingly, I urge the Senate Foreign Relations Committee to hold hearings as soon as possible on the question of compliance with the 1972 agreements. The United States Government and the Soviet Government both know what they are doing, and they know what each other are doing. It is only the American people who are in the dark.

I recognize that aspects of this issue may touch upon the sensitive issue of the security of our national means of verification. There should be no difficulty in dealing with those aspects in Executive Session. However, I want to stress the importance in my view of holding any Executive Session discussions of these issues to an absolute minimum and of informing the American public as fully as possible.

Strict compliance with the 1972 accords is essential from the standpoint of our security and from the standpoint of making further progress in the control of strategic arms. I urge that the hearings on this issue be held at the earliest moment during this resumed session.

Sincerely,

WALTER F. MONDALE.

Mr. MATHIAS. Mr. President, the resolution I join with Senator KENNEDY and Senator MONDALE in introducing today is offered in the form of constitutional advice to the President concerning the agreement in principle signed by President Ford and Chairman Brezhnev at Vladivostok on November 24.

It is our view that the Vladivostok agreement in principle is a further important step in establishing the concept that the physical parity that now exists in nuclear weaponry should be maintained and that agreement upon this physical parity makes it possible to achieve substantial limitations and reductions of existing nuclear weapons stocks at some time in the near future.

I am sure that this is the ultimate goal the Senator from Massachusetts and the Senator from Minnesota and all thinking Americans should look forward to.

There has been criticism from some that the 2,400 launcher ceiling and 1,320 sublimit on MIRV's is too high.

I would have preferred, and I am sure that all of my colleagues would have preferred, a lower mutual and reciprocal ceiling and perhaps in other circumstances and with other personalities, lower ceilings might have been achieved. We will never know the answer to that question. But nonetheless, President Ford and Dr. Kissinger, building upon the sustained efforts of over a decade have made an important contribution. The Vladivostok agreement is a small step but a crucial one, because if we continue the important beginning made by the ABM Treaty and this logical follow-up step, we can, with sustained effort, bring nuclear weapons under control.

If we maintain our nuclear force at present levels and the Soviet Union goes to the full ceilings under the Vladivostok agreement, the nuclear balance is in no way altered as a physical reality. There are those who fear the so-called political imbalance and, feeding on this fear, there are those in this body and elsewhere who will press for continued deployments of new weapons and the expenditure of tens of billions for costly and unnecessary and increasingly more dangerous nuclear weapons. I do not regard this resolution of approval of the principles contained in the Vladivostok agreement as an endorsement of proposed nuclear weapons systems that will be contained in budgetary requests in the coming fiscal year. It is my view that the United States should exercise restraint in the deployment of any further weapons systems. It can do so because the ceiling, if it is observed, shows that there can be no threat to the nuclear deterrent of the United States. It is also our view that mutual restraint would enable both the United States and the Soviet Union to devote vitally needed funds and resources to economic and social programs desperately needed by the peoples of the United States and other nations of the world.

It is our purpose in this resolution to accept our constitutional responsibility to give advice to the executive branch. In simplest terms, our advice is that the concept of parity or equality is a sound one, that the ABM Treaty and the Vladivostok agreement offer a sound basis for the United States and the Soviet Union to reduce its existing weapons stocks in the immediate future and to mutually agree on limitations on future qualitative developments that military technology may bring into being.

In my view, there is no more important policy consideration before the Congress and the country. We are faced with the necessity to control the scourge of nuclear weapons. The ABM Treaty and its forerunners, the partial test ban and the NPT and now the Vladivostok agreement, in principle, are important beginnings along the road to the rational control of nuclear weapons. If we allow such weapons to proliferate and to be used, it could reduce life as we know it on this Earth to ashes. In the face of nuclear holocaust, the beginnings we have made in the ABM Treaty and the Vladivostok agreement offer substantial hope that through rational agreements, we will be able to avert our own destruction.

I consider it a duty as well as a privilege to join with the Senator from Massachusetts and the Senator from Minnesota in the offering of this resolution today, and in explaining its purposes to the Senate in this colloquy this morning.

Mr. KENNEDY. Will the Senator yield?

Mr. MATHIAS. I yield.

Mr. KENNEDY. I want to commend the Senator from Maryland for his comments. I believe he has presented the essential aspect of the resolution: that is, caution and restraint on both sides, both in behalf of the United States and in building toward these limitations, as well as cautioning the Soviet Union about its efforts as well. This is really what we hope to achieve with this resolution.

We will indicate to the administration that there are many Members of the Senate, in the Congress, and in the length and breadth of this country who hope to see the best efforts of the administration in the next few months and years in practicing restraint and in challenging the Soviet Union to accept more reasonable limits than have been agreed at Vladivostok.

I want to thank the Senator from Maryland. As Members of this body know, he has been one of the most active and knowledgable Members of the Senate on this whole question of strategic arms and arms control. He always brings to debate and discussion a sensitivity to our vital security interests, and a sense of caution and restraint about matters which can threaten the future of life on this planet.

I want to thank him for his statement. It is one which I hope will be listened to by the administration as well as our Nation's negotiators.

Mr. MATHIAS. I thank the Senator from Massachusetts. I appreciate his very generous and kind personal reference. I would like to emphasize for one moment one point that he made. That is the hope that we can look forward to reductions.

The importance of this, of course, is crucial within our own economy, within our own society. But the global importance of the superpowers achieving some reductions in the meantime is exceedingly important, as he has suggested.

There is a tendency among smaller nations to proliferate nuclear weapons. If the superpowers do not take some step in the direction of reductions, if the superpowers do not begin to show that they believe in the principle of nonproliferation, it is going to be very hard to have other countries have any confidence in our sincerity and our integrity on this question. We are all aware that the NPT is up for review in the coming year.

So there is more than just the bilateral relationship between the United States and the Soviet Union at stake here. It is really the survival and in the most basic way, the sanity of the whole world at stake, as well as the preservation of life in the world.

I think the achievement at Vladivostok is very significant, not only for Americans and for Russians, but for all of mankind.

Mr. JAVITS. Will the Senator yield?

Mr. MATHIAS. I yield.

Mr. JAVITS. I, too, would like to join with Senator KENNEDY in commending the Senator from Maryland for his thoughtfulness and equipping himself so adequately in this field. We all have so much to do that the fact that we gradually build up a sense of looking to a particular Member or Members for profound study and thoughtfulness, the effort to aggregate the maximum amount of information in a given field, as the Senator has with respect to strategic weapons, becomes an indispensable arm of the Senate for doing our work both effectively and, what is so important, responsibly.

On this side of the aisle, as Senator KENNEDY has done from the other side of the aisle, I would like to thank the Senator for serving the Senate beyond the line of duty, as he has involved himself in this very, very critical matter.

Mr. MATHIAS. I thank the Senator from New York. I will say that this is a shared responsibility this morning, one which the Senator from Massachusetts has taken great leadership in, as has the Senator from Minnesota.

Mr. President, is there time remaining?

The PRESIDING OFFICER (Mr. METZENBAUM). Three minutes remain.

PRIVILEGE OF THE FLOOR—SPECIAL EMPLOYMENT ASSISTANCE ACT OF 1974

Mr. JAVITS. Mr. President, I ask unanimous consent that in the ensuing debate on the measure relating to unemployment compensation, et cetera, that three members of the staff may have the privilege of the floor: Mr. John Scales, Mr. Don Zimmerman, and Mr. David Dunn.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent that Mr. Schneider have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER (Mr. METZENBAUM). Without objection, it is so ordered.

SPECIAL EMPLOYMENT ASSISTANCE ACT OF 1974

The PRESIDING OFFICER (Mr. METZENBAUM). Under the previous order, the Senate will now proceed to the consideration of S. 4079, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 4079) to amend the Comprehensive Employment and Training Act of 1973 to provide additional public service jobs for unemployed persons during periods of increased unemployment.

The Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Special Employment Assistance Act of 1974".

TITLE I—PUBLIC SERVICE EMPLOYMENT

SPECIAL PROGRAM

SEC. 101. Title II of the Comprehensive Employment Training Act of 1973 is amended by inserting above section 201 thereof the heading "PART A—GENERAL PROVISIONS" and by inserting at the end of such title the following new part:

"PART B—SPECIAL EMPLOYMENT PROGRAMS

"AUTHORIZATION

"SEC. 221. (a) There is authorized to be appropriated the sum of $4,000,000,000 for fiscal year 1975 for the purpose of enabling eligible applicants to carry out programs providing transitional public service employment opportunities under this title and, wherever feasible, related training and manpower services to enable such persons to move into employment or training not supported under this title. Any amounts so appropriated for such fiscal year which are not obligated prior to the end of such fiscal year shall remain available for obligation until December 31, 1975.

"(b) In filling public service jobs with financial assistance under this part, eligible applicants shall give special consideration to persons who have been unemployed for fifteen or more weeks.

"ALLOCATION OF FUNDS

"SEC. 222. (a) Of the amounts appropriated under section 221 of this Act—

"(1) 75 per centum shall be allocated among eligible applicants in proportion to the relative number of unemployed persons who reside in areas within the jurisdiction of each applicant as compared to the number of unemployed persons who reside in all such areas in all the States; and

"(2) 25 per centum of the amounts so appropriated shall be allocated for use in areas of substantial unemployment as defined in section 204(c) of this Act.

"(b) For purposes of determining allocations under this section, the term 'jurisdiction' includes the jurisdiction of each unit of general local government as described in section 102(a)(2) whether or not such unit has entered into a combination of units of general local government for purposes of section 102(a)(3) or section 102(a)(4).

"SPECIAL PROVISIONS TO EXPAND JOB OPPORTUNITIES

"SEC. 223. Funds allocated from appropriations for carrying out this part to any eligible applicant, which certifies to the Secretary that the application of the provisions of this section is necessary in order to provide sufficient job opportunities in the area served by such eligible applicant may be used for making payments to public employers to expand the provision of job opportunities of the type described in paragraphs (1) through (7) of section 304(a) of this Act."

GENERAL PROVISIONS

SEC. 102. Title II of the Comprehensive Employment and Training Act of 1973 is further amended by inserting after section 211 thereof and before the new part B added by section 101 of this Act the following new sections:

"EXPENDITURE OF FUNDS

"SEC. 212. Funds obligated for the purposes of providing public service employment under this title may be utilized by prime sponsors for projects and activities planned to extend over a twelve-month period from the commencement of any such project or activity.

"REALLOCATION OF FUNDS

"SEC. 213. The Secretary is authorized to make such reallocations as he deems appropriate of any amount of any allocation under this title to the extent that the Secretary determines that an eligible applicant will not be able to use such amount within a reasonable period of time. Any such amount may be reallocated only if the Secretary has provided thirty days' advance notice to the prime sponsor for such area and to the Governor of the State of the proposed reallocation, during which period of time the prime sponsor and the Governor may submit comments to the Secretary. After considering any comments submitted during such period of time, the Secretary shall notify the Governor and affected prime sponsors of any decision to reallocate funds, and shall publish any such decision in the Federal Register. Any such funds shall be reallocated to other areas within the same State.

"PLACEMENT GOALS

"SEC. 214. No officer or employee of the Department of Labor shall, by regulation or otherwise, impose upon any eligible applicant, as a condition for the receipt of financial assistance under this title, any requirement that any eligible applicant must place in other jobs a specific number or proportion of public service jobholders supported under this title; but nothing herein shall preclude the statement of placement goals which are clearly identified as goals and not requirements, and the establishment of procedures to further the transitional goals of this title, and any form or other document making reference to such goals shall give written notice to that effect.".

SPECIAL REPORT

SEC. 103. Section 209 of such Act is amended by striking out "SEC. 209." and inserting in lieu thereof "SEC. 209. (a)" and by adding at the end of such section the following new subsection:

"(b) In compiling the data which the Secretary is required to report to the Congress under section 208(e), the Secretary shall obtain and compile information on practices and procedures implemented by prime sponsors affecting average annual wage rates paid to public service jobholders in public service job opportunities described under this title. The Secretary is authorized to make general recommendations to prime sponsors setting forth goals, on a regional and area basis, as he may deem appropriate, taking into account average wages in the various areas served, with the aim of maintaining a nationwide average in federally supported wage rates per public service jobholder of $7,500.".

TECHNICAL AMENDMENTS

SEC. 104. (a) Section 4(d) of the Comprehensive Employment and Training Act of 1973 is amended by inserting after the words "public service employment programs under title II" each place they appear in paragraph (1) and (2) thereof the following: "by making allocations under section 202 to eligible applicants for use in areas substantial unemployment".

(b) Section 201 and section 203(a) of such Act are amended by striking out the words "in areas of substantial employment" each place they appear.

(c) Section 202(a) of such Act is amended by inserting after "under this title" the following: "from appropriations authorized by section 4(d) of this Act for use in areas of substantial unemployment and funds allocated for use in such areas under section 222(a)(2) of this Act".

(d) Section 204(a)(2) of such Act is amended by striking out "and which include areas of substantial unemployment".

(e) Section 204(d)(1) of such Act is amended by striking out the words "of substantial unemployment" each place they appear.

(f) Section 204(d)(3) of such Act is amended by striking out "of substantial unemployment".

(g) Section 205(a) of such Act is amended by striking out "residing in areas of substantial unemployment".

(h) Section 205(c)(3) of such Act is amended by inserting after "assurances that" a comma and "to the extent feasible," and by striking out "created under this title" and inserting in lieu thereof the words "for which financial assistance is provided out of funds allocated under section 202 of this Act."

(i) Section 210 of such Act is amended by striking out "for residents of the areas of substantial unemployment designated under this title" and inserting in lieu thereof the following: "for residents of the area to which such funds were allocated".

MISCELLANEOUS PROVISIONS

SEC. 105. (a) Section 601(a)(7) of such Act is amended by inserting after "education," the following: "licensed child care,".

(b) Section 601(a) of such Act is amended by inserting after paragraph (13) the following new paragraphs:

"(14) 'veterans outreach' means the veterans outreach services program carried out under subchapter IV of chapter 3 of title 38, United States Code, with full utilization of veterans receiving educational assistance or vocational rehabilitation under chapter 31 of 34 of such title 38;

"(15) for the purpose of carrying out the requirements of paragraph (5) of section 205(c) and the policy of the Congress in section 2002 of title 38, United States Code, to provide veterans with the maximum of employment opportunities, eligible applicants receiving financial assistance under this Act shall be deemed to be parties contracting with the United States for the purposes of section 2012 of such title with respect to employment of disabled and Vietnam era veterans, except that nothing contained herein shall in any way diminish or alter the requirement in paragraph (7) of section 205 (c) to provide special consideration to seriously disadvantaged persons."

(c) Section 601(a)(7) of such Act is further amended by inserting after "work" the following: ", including part-time work for individuals who are unable, because of age, handicap or other factors, to work full time".

(d) Section 603(1) of such Act is amended by inserting after "sex," the following: "age,".

AUTHORIZATION FOR TITLE III

SEC. 106. There are hereby authorized to be appropriated such sums as may be necessary for fiscal year 1975 to carry out title III of the Comprehensive Employment and Training Act of 1973.

VETERANS' EMPLOYMENT PROVISIONS

SEC. 107. (a) There shall be within the Department of Labor a Deputy Assistant Secretory of Labor for Veterans' Affairs who shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Assistant Secretary of Labor for Veterans' Affairs shall also serve as the Director of the Veterans' Employment Service, Department of Labor, established by section 2002 of title 38, United States Code, and shall be responsible to the Secretary of Labor, the Under Secretary of Labor, and such Assistant Secretary of Labor as the Secretary of Labor may designate.

(b) It shall be the duty of the Deputy Assistant Secretary of Labor for Veterans' Affairs, together with the Secretary of Labor, the Under Secretary of Labor, and the appropriate Assistant Secretary of Labor, to formulate and administer all policies and programs of the Department of Labor affecting veterans, especially those policies and programs relating to unemployment, job training, employment, and placement under the Comprehensive Employment and Training Act of 1973, such title 38, and any other provision of law.

(c) The Secretary of Labor shall, in consultation and cooperation with the Administrator of Veterans' Affairs and the Secretary of Health, Education, and Welfare, provide for an outreach and public information program utilizing, to the maximum extent, the facilities of the Departments of Labor and Health, Education, and Welfare and the Veterans' Administration in order to inform eligible veterans about employment, job training, on-the-job training, and educational opportunities under the Comprehensive Employment and Training Act of 1973, as amended by this Act, as provided for under title 38, United States Code, and under any other provision of law, and to inform eligible applicants under the Comprehensive Employment and Training Act of 1973, Federal contractors and subcontractors, all Federal departments and agencies, educational institutions, labor unions, and other employers, of their responsibilities under all such laws and to provide them technical assistance in carrying out those responsibilities. The Secretary of Labor, in consultation and cooperation with the Administrator of Veterans' Affairs and the Secretary of Health, Education, and Welfare, shall report to the appropriate committees of the Congress not later than ninety days after the date of enactment of this Act on the steps taken and regulations issued to carry out the provisions of this section and of subsection (b) of section 106 of this Act.

TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

STATEMENT OF PURPOSE

SEC. 201. It is the purpose of this title to establish a temporary Federal program of special unemployment assistance for workers who are unemployed during a period of aggravated unemployment and who are not otherwise eligible for unemployment allowances under any other law.

GRANTS TO STATES: AGREEMENT WITH STATES

SEC. 202. Each State which enters into an agreement with the Secretary of Labor, pursuant to which it makes payments of special unemployment assistance in accordance with the provisions of this title and the rules and regulations prescribed by the Secretary of Labor hereunder, shall be paid by the United States from time to time, prior to audit or settlement by the General Accounting Office, such amounts as are deemed necessary by the Secretary of Labor to carry out the provisions of this title in the State. Assistance may be paid under this title to individuals only pursuant to such an agreement.

ELIGIBLE INDIVIDUALS

SEC. 203. An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a special unemployment assistance period in accordance with the provisions of this title if—

(1) the individual is not eligible for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada and is not eligible for assistance or an allowance payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974, the Disaster Relief Act of 1974, the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary: *Provided*, That the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, notwithstanding the State law, shall be the fifty-two week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages; and

(2) the individual is totally or partially unemployed, and is able to work, available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(3) the individual has filed a claim for assistance or waiting period credit under this title; and

(4) in the area in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment: *Provided*, That if the individual, except for the imposition of a disqualification in accordance with subsection (b), was otherwise eligible for a payment of assistance or waiting period credit under this title with respect to a week of unemployment which began during a special unemployment assistance period, but did not exhaust entitlement to assistance during such period, entitlement shall continue after the end of the period but no assistance shall be paid under this title for any week of unemployment that begins more than twenty-six weeks after the end of such period; and

(5) the State in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 202 which is in effect with respect to such week of unemployment.

SPECIAL UNEMPLOYMENT ASSISTANCE PERIOD

SEC. 204. (a) A special unemployment assistance period shall commence in an area designated by the Secretary with the third week after the first week for which the Secretary determines that there is an "on" indicator for such area, and shall terminate with the third week after the first week for which the Secretary determines that there is an "off" indicator for such area: *Provided*, That no special unemployment assistance period shall have a duration of less than thirteen weeks.

(b) The Secretary shall designate as an area under this section—

(1) an area served by a prime sponsor which on the date of enactment of this Act is designated under paragraph (2), (3), (4), or (5) of section 102(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93–203); and

(2) all parts of a State which are not within an area designated under paragraph (1).

(c) There is an "on" indicator in an area for a week if for the most recent three consecutive calendar months for which data are available the Secretary determines that—

(1) the rate (seasonally adjusted) of national unemployment averaged 6 per centum or more; or

(2) the rate of unemployment in the area averaged 6.5 per centum or more.

(d) There is an "off" indicator for a week, if for the most recent three consecutive calendar months for which data are available the Secretary determines that either subsection (c)(1) or (c)(2) is not satisfied.

(e) The determinations made under this section shall take into account the rates of unemployment for three consecutive months, even though any or all of such months may have occurred not more than three complete calendar months prior to the enactment of this Act.

WEEKLY BENEFIT AMOUNT

Sec. 205. (a) The amount of assistance under this title to which an eligible individual shall be entitled for a week of unemployment shall be the weekly benefit amount for a week of unemployment that would be payable to the individual as regular compensation as computed under the provisions of the applicable State unemployment compensation law: *Provided*, That in computing the weekly benefit amount under this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of subsection (a) of section 203; and for the purpose of this proviso employment and wages which are not covered by the applicable State unemployment compensation law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

(b) Notwithstanding any provisions of State law, claims for assistance under this title may be determined on the basis of an affidavit submitted by an applicant. If an applicant knowingly provides false information in such affidavit, he shall be ineligible for any assistance under this title and shall, in addition, be subject to prosecution under section 1001 of title 18, United States Code.

MAXIMUM BENEFIT AMOUNT

Sec. 206. The maximum amount of assistance under this title which an eligible individual shall be entitled to receive shall be the maximum amount of regular compensation that would be payable to such individual as computed under the provision of the applicable State unemployment compensation law, but not exceeding twenty-six times the weekly benefit amount payable to the individual for a week of total unemployment as determined under subsection (a) of section 205: *Provided*, That for the purposes of this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of section 203(a); and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

APPLICABLE STATE LAW PROVISIONS

Sec. 207. Except where inconsistent with the provisions of this title, the terms and conditions of the applicable State unemployment compensation law which apply to claims thereunder for regular compensation and the payment thereof shall apply to claims for assistance under this title and the payment thereof.

PROGRAM DURATION

Sec. 208. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment beginning prior to the date of enactment of this Act or ending after March 31, 1976; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made prior to December 31, 1975.

DEFINITIONS

Sec. 209. As used in the title, the term—

(1) "Secretary" means the Secretary of Labor;

(2) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;

(3) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five work days prior to filing a claim for assistance or waiting period credit under this title;

(4) "compensation" means cash benefits payable to individuals with respect to their unemployment;

(5) "week" means a calendar week.

AUTHORIZATION

Sec. 210. There are hereby authorized to be appropriated such sums as may be necessary to carry out this title for fiscal years 1975 and 1976.

Mr. JAVITS. Mr. President, the floor manager of the bill on the part of the majority will be Senator Nelson. Similarly, on the part of the minority, it will be myself. Senator Nelson is imminently due, and I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. Mr. President, will the Senator withhold that request momentarily?

Mr. JAVITS. Yes.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, the following measures have been cleared on both sides of the aisle.

I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 1246, 1247, 1250, 1253, 1254, 1255, 1256, 1257, 1258, 1260, and 1261.

The PRESIDING OFFICER. Without objection, it is so ordered.

FRANK M. SCARLETT FEDERAL BUILDING

The bill (S. 2307) to name the Federal building, U.S. Post Office, U.S. Courthouse in Brunswick, Ga., as the "Frank M. Scarlett Federal Building," was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal building, United States post office, United States courthouse, at 801 Gloucester Street, Brunswick, Georgia, shall hereafter be known and designated as the "Frank M. Scarlett Federal Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the "Frank M. Scarlett Federal Building".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1315), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of S. 2807, as reported, is to appropriately designate and name the Federal building, post office, and U.S. courthouse, Brunswick, Ga., in honor of one of the great jurists of the South, Judge Frank M. Scarlett.

BACKGROUND

Francis Muir Scarlett was born in Glynn County, Georgia, on June 9, 1891, the son of Francis Muir and Bessie Brailsford Bailey Scarlett. He remained a resident of Glynn County until the day of his death on November 18, 1971.

Judge Scarlett was educated in the public schools of Glynn County until 1908 when he attended Gordon Military Institute in Barnsville, Georgia, from which he graduated in 1910. He entered the University of Georgia School of Law in 1910, and graduated with an LL.B. degree in 1913. He returned to Brunswick and began the practice of law. His first public office was Solicitor of the City Court of Brunswick, a position he held for ten years and in which he established himself as an able trial lawyer. Subsequently, he engaged in the private practice of law until his appointment in 1946 as a United States District Judge for the Southern District of Georgia.

Among the late judge Scarlett's professional accomplishments was the establishment of the Brunswick Division of the Southern District of Georgia. He played a major role in securing construction of a United States Courthouse in Brunswick.

COST OF LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in this report of the Committee's estimate of the cost of reported legislation, together with estimates prepared by any Federal agency. There is no cost to the Federal Government as a result of this legislation.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report

(No. 93–1315), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of S. 2807, as reported, is to appropriately designate and name the Federal building, Post Office, and U.S. Courthouse, Brunswick, Ga., in honor of one of the great jurists of the South, Judge Frank M. Scarlett.

PAUL H. DOUGLAS FEDERAL BUILDING

The bill (S. 4006) to designate the Paul H. Douglas Federal Building, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal office building at 230 South Dearborn Street, Chicago, Illinois, shall hereafter be known and designated as the "Paul H. Douglas Federal Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the Paul H. Douglas Federal Building.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93–1316), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of S. 4006, as reported, is to appropriately designate and name the Federal office building in Chicago, Ill., in honor of a distinguished former Senator from Illinois.

GENERAL STATEMENT

Paul Howard Douglas was born in Salem, Mass., on March 26, 1892. After graduation from Columbia University in 1915, he continued studies at Harvard and later became an instructor in economics at the University of Illinois. He continued his academic career during the next several years, eventually becoming a professor of economics at the University of Chicago where he remained until 1949. Between 1931 and 1942 he also served consecutively as a member of the Illinois Housing Commission. Consumer's Advisory Board, NRA, Social Security Advisory Committee, and as Alderman on the Chicago City Council. During this same period he authored several books, including "The Theory of Wages," for which he was awarded a $5,000 international prize.

In May 1942, during World War II, he enlisted as a private in the U.S. Marine Corps at age 50, serving overseas until June 1945, during which time he advanced to the rank of Lieutenant Colonel. Wounded in action at Okinawa, he was awarded the Purple Heart and the Bronze Star for heroic achievement.

He was elected to the United States Senate in 1948, and re-elected in 1954 and 1960. During his 18 years as a Member he acquired an enviable reputation for flawless integrity and devotion to principle, often to the detriment of his own political self interests. What distinguished him as a Senator was his great sense of commitment and advocacy of causes in which he sincerely believed, regardless of this unpopularity or controversial nature at the time. Vice President Humphrey said of him in 1966, "There is no Member of the Senate today who has his name stamped on more major issues, major bills, and major legislation than Paul Douglas." His achievements extended not only into the field of economic-development legislation, but also banking, education, health, social security, housing, pollution control, civil rights, and numerous others including consumer protection. In 1960, as Chairman of the Joint Economic Committee, he directed the first major economic study of employment, growth, and prices. He continually battled against monopoly and consolidation in industry. His concern, above all else, has always been for the people and he believes in and practiced truth in politics.

After leaving the Senate he served in 1967 and 1968 as Chairman of the President's Committee on Urban Affairs, and in 1969 as Chairman of the Committee on Tax Reform. He and his wife Emily now reside in Chicago.

COST OF LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in this report of the Committee's estimate of the cost of reported legislation, together with estimates prepared by any Federal agency. There is no cost to the Federal Government as a result of this legislation.

Mr. JAVITS. Mr. President, I express my personal pleasure that a building has been named in Chicago after my colleaugue and friend and brother, Paul Douglas, one of the most distinguished men who ever served in this body in my experience and in the history I have read, a splendid human being, an outstandingly fine Senator, and a wonderful American character. I am delighted to see him honored in this way.

CONTINUATION OF THE FEDERAL SAVINGS AND LOAN ADVISORY COUNCIL

The Senate proceeded to consider the bill (S. 4004) to amend the Federal Home Loan Bank Act to provide for the continued duration of the Federal Savings and Loan Advisory Council, which had been reported from the Committee on Government Operations with an amendment to strike out all after the enacting clause and insert in lieu thereof:

That section 8a of the Federal Home Loan Bank Act (12 U.S.C. 1428a) is hereby amended by striking the first sentence thereof and inserting in lieu thereof the following: "There is hereby created a Federal Savings and Loan Advisory Council, which shall continue to exist as long as the Board biannually determines, as a matter of formal record, after consultation with the Director of the Office of Management and Budget, with timely notice in the Federal Register, it to be in the public interest in connection with the performance of duties imposed on the Council by law. The Board shall, in all other respects, be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App. I, as amended). The Council shall consist of one member for each Federal Home Loan Bank district to be elected annually by the board of directors of the Federal Home Loan Bank in such district and twelve members to be appointed annually by the Board to represent the public interest.".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93–1320), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on Government Operations, to which was referred the bill (S. 4004) to amend the Federal Home Loan Bank Act to provide for the continued duration of the Federal Savings and Loan Advisory Council, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass. The amendment is in the nature of a substitute.

On September 25, 1974, the Committee on Banking, Housing, and Urban Affairs favorably reported this bill, which was subsequently referred to the Committee on Government Operations. The Federal Savings and Loan Advisory Council, a statutory advisory committee created pursuant to the Federal Home Loan Bank Act (12 U.S.C. 1428a), currently consists of one member for each of the 12 Federal Home Loan Bank districts, and six members who are annually appointed by the Federal Home Loan Bank Board.

The Council has the power to (1) confer with the Board on general business conditions, and on special conditions affecting the Federal Home Loan Banks and their members and the Federal Savings and Loan Insurance Corporation; and (2) request information, and to make recommendations, with respect to matters within the jurisdiction of the Board and the Federal Savings and Loan Insurance Corporation. The Council was first created in May, 1935.

The Federal Advisory Committee Act (5 U.S.C. app. I, as amended) was enacted into law to provide a system for the creation and operation of advisory committees of the Federal Government. The Federal Savings and Loan Advisory Council is an advisory committee under the terms of the Federal Advisory Committee Act. (Sec. 3(2)(A).)

The bill as reported by the Committee on Banking, Housing, and Urban Affairs would remove the Federal Savings and Loan Advisory Council from the provisions of subsection 14(a)(1) of the Federal Advisory Committee Act. This section provides in part:

> Each advisory committee which is in existence on the effective date of this Act shall terminate not later than the expiration of the two-year period following such effective date unless—
>
> (A) * * *
>
> (B) in the case of an advisory committee established by an Act of Congress, its duration is otherwise provided for by law.

The duration of this committee is not "otherwise provided for by law." The enactment of this legislation in the form reported by the Committee on Banking and Currency would seek to remove the advisory committee totally from one of the important sections of the Federal Advisory Committee Act—enacted to meet one of the findings and purposes identified by the Congress that "advisory committees should be terminated when they are no longer carrying out the purposes for which they were established." (Sec. 2(b)(3).)

The Committee on Government Operations, with primary jurisdiction over the operation and effectiveness of the Federal Advisory Committee Act, feels that this piecemeal approach to providing individualized legislation to disassociate committees from this termination provision is counter-productive.

The Committee has amended the bill reported by the Committee on Banking, Housing and Urban Affairs to provide that the Federal Savings and Loan Advisory Council shall continue in existence, provided that the Federal Home Loan Bank Board, at least biannually before the anniversary of the creation of the committee, determines that continuation of the Council is in the public interest in connection with the duties imposed on the Federal Home Loan Bank Board by law. The Federal Advisory Committee Act, where not inconsistent with this provision, shall also apply to the Federal Savings and Loan Advisory Council.

At the request of the Federal Home Loan Bank Board, the committee has also amended existing law to expand the membership of the Council by six members to represent the public interest. Clarification of the general type of new members to be proposed, as well as further justification from the Federal Home Loan Bank Board, concerning the continuation of the Federal Savings and Loan Advisory Council, are included in this report.

The Committee has solicited the views of the Office of Management and Budget on this legislation. The Federal Savings and Loan Advisory Council is subject to the overall direction and guidance of the Office of Management and Budget. Pursuant to law, the OMB must be consulted as to the advisability of continuing advisory committees, as well as be held responsible to insure that advisory committees function properly and effectively.

The correspondence with the Office of Management and Budget has been made a part of this report. In addition, the committee has added to this report the data submitted by the Federal Savings and Loan Advisory Council pursuant to the annual report requirements of the Federal Advisory Committee Act.

COMMISSION ON FEDERAL PAPERWORK

The Senate proceeded to consider the bill (H.R. 16424) to establish a Commission on Federal Paperwork.

Mr. BENTSEN. Mr. President, the Senate Committee on Government Operations yesterday reported H.R. 16424, a bill to create a Federal Commission on Paperwork. This bill corresponds to S. 3911 which I introduced August 15, 1974, along with Senators McINTYRE, PERCY, NUNN, DOMENICI, BIDEN, BENNETT, McGEE, TALMADGE, BROOKE, HOLLINGS, HARRY F. BYRD, JR., BEALL, GRAVEL, TAFT, CLARK, CHILES, and TUNNEY.

I am pleased that the Government Operations Committee has reported this bill favorably and I urge the Senate to act swiftly and expeditiously on final passage.

Mr. President, the paperwork problem is an immense and complex one with no easy solutions. Particularly now, in a time of mushrooming prices, a comprehensive, updated assessment of the full impact of Government reporting requirements on our economy is both timely and urgently needed.

The Federal Commission on Paperwork which my legislation creates would be composed of 14 bipartisan members to recommend changes in Federal information policies in order to minimize the burden and reduce the costs and duplication imposed by Federal Government reporting requirements on the private as well as public sectors.

All of us, whether we are in business, government, or other professions, are all too familiar with the staggering paperwork burden which costs the American public an estimated $36 billion per year. Let me just cite a few examples. The Federal Government spends an incredible $15 billion a year just to process paperwork. Congressional committees have estimated that the average small businessman must spend 2½ weeks each year just filling out Federal forms. And it costs small businessmen about $18 billion a year to fill out the forms.

Federal forms alone cost $1 billion a year; directives cost another billion; reports cost $1.3 billion; and then we spend $1.7 billion to file and store these and other reports and records.

Small business in particular suffers. A typical "Mom and Pop" store, with an income of less than $30,000 before expenses, is required to file 52 tax forms during the course of 1 year. As a result, many small businesses are being forced to either go out of business or merge into very large corporations. These giant firms can hire the accountants, lawyers, and communications experts they need to deal with government, then pass the cost along to us, the consumers.

Consequently the American people pay out of both hands. We not only pay taxes to finance the production of all these reports, forms, and directives in Washington. We must also pay for local lawyers and experts to fill them out.

Mr. President, the magnitude of the problem is clear. In addition, the impact of excessive Federal Government reporting requirements on inflation was frequently mentioned during the President's recent economic summit. In short, the paperwork problem is overwhelming and our means of controlling it are in complete disarray. The problem is not going to get better; it is only going to get worse.

The House of Representatives passed H.R. 16424 on October 7, 1974, by an overwhelming vote with 123 cosponsors. The bill is supported by the Office of Management and Budget, the General Services Administration, the Government Accounting Office, the National Association of Manufacturers, the National Federation of Independent Business and the National Small Business Association. I ask unanimous consent to insert in the RECORD at this point an editorial endorsing the concept of H.R. 16424 which appeared in the New York Times, November 4, 1974.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FORM 00000000000000000

Are you of a mind to offer to waive restrictions on assessment and collection of deficiency in tax and acceptance of overassessment? Just send the government Form 870–AD, the one that supersedes former Form 870–AS, if you're ready to own up to a fiduciary relationship, Form 56 (revised 2–73) should do the trick.

Businessmen, don't forget your Form 941 every three months, telling the Federal Government how much tax you have withheld from your payroll; for your subsidiaries in the Virgin Islands, Guam and American Samoa, of course, use Form 941SS.

If any of these forms are not at hand, just ask for Form 2333 which enables you to request blank income tax forms. You will then receive Form 4211, notice of payment due for shipping and handling charges for blank income tax forms ordered on Form 2333.

Leafing through the official manuals, someone at the National Association of Public Accountants has calculated that no less than 10 billion sheets of paper pass between bureaucrats and citizens every year. It costs American business about $18 billion yearly to fill them out and, according to the General Accounting Office, almost as much on the Government side to pay people to read them. For that one Form 941, it costs $235 million more to supply withholding tax data quarterly instead of just once a year.

Legislation to seek ways to tidy up this paperwork morass sailed through the House last month and the Senate Government Operations Committee has the chance to get the measure out before year's end. The problem is not new; it's just that so far no one has felt strongly enough to do much about it. Now, with both paper and money in short supply, the time is ripe for the Federal Government to depart from form.

Mr. BENTSEN. I share the concern of certain of my colleagues at setting up yet another commission. But in this case the administration, the House of Representatives and the Senate Government Operations Committee as well as a number of individual Senators feel that the Commission approach offers the advantage of a short-term, high-level effort to study and make recommendations on this complex and pervasive problem of paperwork. I urge the Senate's prompt and expeditious approval of this legislation.

GOVERNMENT PAPERWORK

Mr. McINTYRE. Mr. President, at long last this body has before it a truly meaningful piece of legislation to cut the paperwork burden that is falling on us all, but most heavily on the Nation's small businessmen.

This measure, H.R. 16424, to establish a Commission on Federal Paperwork, the bill that the House of Representatives passed unanimously, and which I hope the Senate will do the same, is truly important.

While we continue our efforts to cut paperwork by legislation, this 2-year commission will work to establish the ways and means to insure that we never end up submerged by paper the way we are today.

Mr. President, this is 1 month's accumulation of government forms sent to a small businessman. As you can see, it is about 8 inches high. That seems to me to be an awful amount of paperwork for any man to have to fill out every month.

We have to stop cutting down the trees, making the trunks into paper, printing them with OMB clearance numbers and then asking our mail carriers to deliver them just to plague our small businessmen. It must stop.

This legislation is a good way to do it.

The 14-man commission, set up by this legislation, would have a budget of between $4 and $6 million to do a complete study of the Federal paperwork burden.

With that study in hand, we will quickly be able to draw on other work done by the Senate Select Committee on Small Business, the Senate Government Operations Committee, and the General Acounting Office, and rapidly implement its recommendations.

Now, many of the Members of this chamber look with disfavor on commissions. They believe they accomplish nothing. But let me point out that many commissions have accomplished a great deal of work for the Government.

The Commission on Government Procurement, for instance, set up in 1969, made 149 recommendations. As of July 1 this year, 25 had been put into effect, including a policymaking office on procurement in the Office of Management and Budget.

Others in the Chamber look with disfavor on spending over $4 million for this study, but the General Accounting Office wrote to the Government Operations Committee to say that a study of the Federal paperwork burden, even if they had the manpower, the expertise, or the ability to conduct the study, would cost them at least $3 million.

Now, there is a study going on in the Office of Management and Budget, but that study is very small. Peat, Marwick & Mitchell, the high bidder on a contract that was valued at about $100,000, to study the clearance procedures at the Office of Management and Budget and come up with recommendations on how to cut government paperwork, is not going to be able, to my mind, to come up with more than the most general recommendations.

Of course, any recommendations that the OMB does come up with should be of great relevance to this commission.

With all this information around, the Commission on Federal Paperwork certainly is not going to have to start in the dark.

My Subcommittee on Government Regulation of the Senate Small Business Committee, for instance, has compiled a substantial record on Government paperwork which has led me to fight for changes to annualize social security wage reporting from the current quarterly system to alter the clearance process for Government forms by removing oversight from the Office of Management and Budget to the General Accounting Office for independent regulatory agencies; and to suggest to the Government Operations Committee legislation to require that all Senate committees at least study the paperwork effect of legislative proposals before reporting them out.

There is also substantial other work that the commission can call upon. First, the Securities and Exchange Commission has been working with the securities industry self-regulators and other bodies to develop a comprehensive set of forms designed to cut the paperwork burden on small broker dealers.

While this development may have hit a short-term snag, the SEC still believes it will have a comprehensive, new codification of simplified forms for use next year. I would urge that the Commission study the SEC approach—while at the same time urging the SEC to complete its work as quickly as possible and overcome any bureaucratic intransigence by the self-regulators.

Additionally, the Federal Communications Commission has been working with its own industry to cut form pollution.

These are steps in the right direction. But we need more direction. We need to have a Federal paperwork policy spelled out. We need to have work done as quickly as possible to insure that there is a minimum of duplication of information gathering.

One man from Massachusetts called me recently to tell me that he had been overcome by forms. His one bookkeeper was planning to retire at the end of the year, and he did not know what he was going to do to keep up with Federal form pollution. Already he was planning to fight a Federal Trade Commission request for information. "Anything you can do to cut this paperwork," he said. "Anything."

But, Mr. President, along that line, this is not just anything. This Commission is a completely thought-out method of insuring that we once and for all get a handle on the Federal need for information while insuring that our citizenry do not feel overburdened by paperwork—or, for that matter, feel that their Government no longer trusts them.

The time has come, Mr. President, to enact this legislation. I ask that the measure be put to a voice vote and sent to the White House for the President's signature.

The bill was ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93–1323), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

H.R. 16424 would establish a temporary Commission on Federal Paperwork, direct it to make a comprehensive study of all Federal paperwork generated by various reporting requirements, and report its findings and recommendations to the Congress and the President within 2 years.

More specifically, the Commission would be required to (1) study and investigate statutes, policies, rules, regulations, procedures, and practices of the Federal Government relative to information-gathering, processing and dissemination, and the management and control of these information activities; (2) ascertain what changes are possible and desirable in existing statutes, policies, and practices; and (3) make a final report to the Congress and the President within 2 years of its first meeting, containing a review of its findings, and recommendations for changes in such statutes, policies, procedures, and practices. Its ultimate objective would be to (1) assure the availability of necessary information to Federal officials; (2) minimize the paperwork burden on others; (3) guarantee appropriate standards of confidentiality for information held by private citizens or the Federal Government; (4) maximize the usefulness of information to the Federal Government and the public; (5) reduce duplication of information-gathering by Federal, State, and local governments, and by others; and (6) reduce the costs of Federal paperwork.

The Commission would be composed of 14 members drawn from Federal, State, and local governments, and from the private sector. The Federal Government members would include two each from the Senate and the House of Representatives, appointed on a bipartisan basis by the presiding officers of their respective Houses; the Comptroller General of the United States; the Director of the Office of Manaegment and Budget; and a Federal official or employee, appointed by the President of the United States. Two members would be appointed by the President, on a bipartisan basis, from State and local governments; and five members would be appointed by the President, on a bipartisan basis, from the private sector, including representatives of small business, labor, and other interested groups.

Finally, the Office of Management and Budget would be required in coordination with other Federal agencies, to formulate views on the Commission's recommendations, carry out other recommendations with which they are in agreement. Upon submission of the Commission's final report, the Office of Management and Budget is required to report to the Congress and the President on the action being taken, at least once every 6 months, and submit a final report within 2 years.

BACKGROUND

Over a period of many years, numerous studies have been conducetd by government agenices and congressional committees with respect to the nature, extent, and cost of Federal paperwork, and the burden it imposes on the people of this Nation.

In a report to the Congress, in August 1973 (B–14673), the General Accounting Office attempted to identify some of the costs of the Federal paperwork burden, stating:

"In 1955 a Hoover Commission task force report on records management stated that Federal agencies were spending about $4 billion a year on paperwork. No one knows how much these agencies have actually spent in fiscal year 1973, but estimates indicated it could be as much as $15 billion. . . .

"No one really knows how much of the estimated $15 billion spent on paperwork in fiscal 1973 could be saved if agencies made a greater effort to control it. The potential benefit from improvements in this area can be illustrated by the calculation that Government-wide cost reductions of only 1 percent of the estimated $15 billion would produce savings of $150 million."

In April 1973, the Senate Select Committee on Small Business issued a report on the Federal Paperwork Burden (S. Rept. 93–125) in which it was stated that:

"The Federal paperwork problem has been described as reaching crisis proportions. Congressional offices receive thousands of constituent letters each year complaining about the burden of complying with the Federal bureaucracy's demands for more information. This proliferation of paperwork has been termed by Senator McIntyre as 'Federal Forms Pollution,' a vivid and apt description of the millions of cubic feet of paper churned out by the Federal bureaucracy for reporting purposes each year.

"It has been estimated that the amount of paper flowing into Federal agencies each year fills 4½ million cubic feet of space. Federal paperwork management costs in excess of $8 billion annually. The Federal bureaucracy generates more than two billion pieces of paper per annum. According to these figures, there are 10 forms to be filled out each year for every man, woman and child in the United States.

"As of December 31, 1971, the Office of Management and Budget reported that there were 5,298 different types of approved public use forms, excluding all tax and banking forms. Individuals and business firms, by a conservative estimate, spend 130.5 million man-hours per year filling out all of the necessary Federal report forms. This estimate is in addition to the millions of hours spent on such reporting tasks as the IRS tax forms.

"The small businessman carries the heaviest portion of this burden. A firm employing not more than 50 people, for example, is required to fill out as many as 75 to 80 different types of forms in the course of one year. Many of those reports are several pages long. The cost of compliance is immense as Senator

McIntyre, subcommittee chairman, noted in opening the first hearing.

"'In sheer dollars and cents terms, we are paying out billions of dollars in unnecessary taxes and in higher prices on consumer products. By one estimate, it's costing about $18 billion a year at all levels of Government to print, shuffle, and sort all of these forms. It is also costing small businessmen about $18 billion to fill out the different forms, Internal Revenue forms, wage and price forms, social security forms, quarterly this and monthly that. And the cost of the small businessman must necessarily be passed on to you and me, to the consumer.'"

On September 11 and 12, 1973, the Senate Committee on Government Operations held hearings on two bills, S. 200 and S. 1812, which were designed to reduce the paperwork burden on Americans, generally, and on the small business community, in particular. S. 200 would have required that new forms and reports, and revisions of existing forms and reports, resulting from legislation, be contained in reports of all standing committees reporting such legislation. This bill was opposed by virtually all Senate standing committee Chairmen on the ground that it would be burdensome and impractical and that its effectiveness and feasibility were doubtful. S. 1812 would have transferred the administration of the Federal Reports Act of 1942 from the Office of Management and Budget to the General Accounting Office; made the Internal Revenue Service subject to the provisions of that Act; and made the Comptroller General responsible for the supervision of all Federal tax forms. This bill was opposed by the Comptroller General on the ground that it would have involved the Comptroller General, and the General Accounting Office, in the day-to-day performance of executive branch activities in a manner inconsistent with its role as an agency in the legislative branch and as an independent auditor for the Congress. The Office of Management and Budget and the Treasury Department also opposed enactment of S. 1812.

Having concluded that neither of these bills would meet the problem and that further study was required, this Committee directed the Comptroller General to make a pilot study and supply the Committee with recommendations for remedial action.

With the approval of this Committee, the General Accounting Office undertook an in-depth study of the manner in which the Office of Management and Budget was carrying out its responsibilities under the Federal Reports Act with particular reference to the Department of Labor which, as of December 1973, had 296 public-use forms and receives annually 44 million forms which take the public 16 million man-hours to complete.

In May 1974, representatives of the General Accounting Office conducted a briefing session, attended by Senator Sam Nunn, who had chaired the earlier hearings, and the Committee staff, and submitted a progress report. The study is expected to be completed in January 1975.

The Committee has been informed that the Office of Management and Budget has contracted with a well-known management firm, at a cost of approximately $100,000, for a study of the problem to determine how the Office of Management and Budget is performing its tasks under the Federal Reports Act of 1942 in controlling the generation of paperwork. The contractor is to make recommendations with respect to (a) how the present operation can be improved, using the present level of resources; and (b) a model system which would not be constrained by the present level of resources. Each of these recommendations is to be accompanied by an estimate of the extent to which they will result in a reduction of the Federal paperwork burden. An additional task is to determine what proportion of the small business paperwork burden is related to reports covered by the Federal Reports Act, with special attention to the extent of the burden imposed by required reports which are not covered by the Act. The contractor is to furnish a progress report in December 1974, and a final report in March 1975.

CONCLUSIONS

It is evident that the paperwork burden imposed on the American people is growing with each passing year, and the taxpayers of this Nation are supplying huge sums of money and unconscionable amounts of time and effort to support the ever-growing reporting requirements in the form of taxes paid and time and services required to enable them to meet these requirements.

That there is no immediate end in sight and the growth continues in a disorganized manner is further evidenced by a recent communication from the Deputy Comptroller General of the United States in which he states that:

"Examples of data and information collection problems abound. For instance, during a study of data collection in the energy area, we found that there is no central agency in the Government responsible for directing or coordinating the collection of energy data, nor is there any agency whose principal responsibility is the analysis of energy data, as such. Yet, the magnitude and scope of energy data collection is enormous. As of March 1973, 15 major Federal agencies were circulating 145 energy-related questionnaires to the States and the private sector. These questionnaires require 11 million responses."

It should be stated that the Committee has some doubts with respect to the advisability of creating another agency, although temporary, to study this problem, prior to the receipt of the findings and recommendations which will result from the two ongoing studies. However, a consideration of alternatives indicated that this action can be expected to supply the information required to decrease the costs and burdens which now exist.

It is apparent that the study provided for in this bill is much broader than the ongoing studies and is expected to cover all possible aspects of the problem, including the burdens imposed by required State and local government reports and the duplication which these entail.

The broad mandate of the Commission is not limited to the specified subjects for consideration. The Commission's function is to make a comprehensive study and provide meaningful recommendations to the Congress and the President for both administrative and legislative remedies to relieve the great and ever-growing paperwork burden.

DISPOSITION OF CERTAIN EXCESS FEDERAL PROPERTY

The Senate proceeded to consider the bill (H.R. 8958) to amend the Federal Property and Administrative Services Act of 1949 to provide for the disposal of certain excess and surplus Federal property to the Secretary of the Interior for the benefit of any group, band, or tribe of Indians, which had been reported from the Committee on Government Operations with an amendment. On page 2, in line 11, after "located", insert a colon and the following:

Provided, That such transfers shall be made to Oklahoma Indian tribes recognized by the Secretary of the Interior when such land (1) is located within the boundaries of former reservations in Oklahoma as defined by the Secretary of the Interior and when such land was held in trust by the United States for an Indian tribe at the time of its acquisition by the United States, or (2) is contiguous to land presently held in trust by the United States for an Oklahoma Indian tribe and was at any time held in trust by the United States for an Indian tribe".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1324), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

COMMITTEE AMENDMENT

The amendment adopted by the committee is as follows:

On page 2, line 11, after the word "located" insert the following:

: *Provided*, That such transfers shall be made to Oklahoma Indian tribes recognized by the Secretary of the Interior when such land (1) is located within the boundaries of former reservations in Oklahoma as defined by the Secretary of the Interior and when such land was held in trust by the United States for an Indian tribe at the time of the acquisition by the United States, or (2) is contiguous to land presently held in trust by the United States for an Oklahoma Indian tribe and was at any time held in trust by the United States for an Indian tribe.

EXPLANATION OF COMMITTEE AMENDMENT

The Committee amendment to H.R. 8958 adds a provision that will extend the same disposal authority for excess land in Oklahoma that is provided by the bill for the rest of the United States. This provision is necessitated by the fact that there are no reservations in Oklahoma. Without the proviso added by this amendment the authority granted by H.R. 8958 would have no applicability to Oklahoma. The amendment provides for transfers of excess public land to Oklahoma tribes if such land is located within the boundaries of former reservations in Oklahoma as defined by the Secretary of the Interior if such land was held in trust by the United States for a recognized Indian tribe at the time of its acquisition, or if the land is contiguous to land held in trust for an Oklahoma tribe and at any time in its history was held in trust by the United States for an Indian tribe.

BACKGROUND

Under existing law, Indians residing on reservations are governed under a trustee arrangement administered by the Secretary of the Interior through the Bureau of Indian Affairs.

When federally-owned land located within a reservation is declared excess to the needs of an agency using the land, the Indians on that reservation do not have preferential rights in obtaining the property. Instead, it is treated as any other excess property under the Federal Property and Administrative Services Act of 1949, as amended.

If the Indians wish to obtain the excess land, they must ask the Interior Department to make a request for it from the General Services Administration. Interior has discretion to make such a request; it is not required to do so. By the same token, GSA weighs the Interior request along with any others made by other Federal agencies. If GSA determines that Interior has the greatest priority, then it transfers the land to the Interior Department, subject to the approval of the Office of Management and Budget.

In other words, the Indians' obtaining use of the excess property is contingent upon (1)

Interior's requesting the land from GSA; (2) GSA's deciding to transfer the land to Interior; and (3) OMB's approving the transfer. The Indians are by no means guaranteed the use of the land located within their reservation, and there have been examples of such use being denied them.

H.R. 8958 makes it mandatory that GSA convey excess land located within a reservation to the Secretary of the Interior to be held in trust for such use as the Indian tribe located on the reservation believes best.

There may be situations where another Federal agency may wish to obtain such excess property to support the operation of a program beneficial to the Indian tribe. In these cases the tribe can devote such land and facilities for the agency's operations as it sees fit.

Since the needs of Federal agencies often change, it is not possible to estimate how much land might eventually be transferred under the terms of H.R. 8958. It is not contemplated that large amounts of property will be involved.

ESTIMATED COST OF LEGISLATION

Enactment of H.R. 8958 will result in no additional costs to the Government.

SURPLUS RAILWAY EQUIPMENT FOR THE HAWAII CHAPTER, NATIONAL RAILWAY HISTORICAL SOCIETY

The bill (H.R. 1355) to donate certain surplus railway equipment to the Hawaii Chapter of the National Railway Historical Society, Inc., was considered, ordered to a third reading, read the third time, and passed.

PAYMENT OF CERTAIN SUBSCRIPTION CHARGES

The bill (H.R. 7072) to allow advance payment of subscription charges for publication for official use prepared for auditory as well as visual usage, was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1330), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of H.R. 7072 is to define the term "other publications" as used in the act of June 12, 1930 (46 Stat. 580; 31 U.S.C. 530a), as amended, to allow the Federal Government to make advance subscription payments for audio-visual as well as printed materials.

BACKGROUND

Advance subscription payments by Government agencies are generally prohibited by the provisions of section 3648, Revised Statutes, 31 U.S.C. 529, with the exception of advance payments for newspapers, magazines and other periodicals for official use. The Comptroller General twice has ruled that magnetic tapes and other audio-visual materials cannot be considered to be "publications" within the meaning of that term as used in 31 U.S.C. 531. Consequently, advance subscription payments for such items cannot be made at this time.

In the past few years, technological developments in the information dissemination industry have greatly increased the use of microfilm, microfiche, and audio tape for published materials, especially in educational, scientific, and medical areas. Many Government agencies have begun purchasing such audio-visual periodicals for agency use. However, they are not able to take advantage of the obvious benefits of purchasing these items by advance subscription, including greatly decreased costs.

H.R. 7072 would extend the definition of the term "other publications" to include any publication printed, microfilmed, photocopied, or magnetically or otherwise recorded for auditory or visual usage. The significant savings that are available through the use of subscription purchases of such material will be realized by Government agencies with the enactment of this legislation.

ESTIMATED COST

H.R. 7072 will not result in additional costs to the Government; to the contrary, it can be expected to result in a reduction in expenditures as well as improved services available to Government agencies. It has been estimated that a 10 percent savings results from purchasing publications by advance subscription payments.

MODIFICATION OF CERTAIN REPORTING REQUIREMENTS

The Senate proceeded to consider the bill (H.R. 14718) to discontinue or modify certain reporting requirements of law which had been reported from the Committee on Government Operations with amendments.

On page 7, beginning with line 3, strike out:

(12) Section 5 of the Act entitled "An Act to provide for the conservation of anthracite coal resources through measures of flood control and anthracite mine drainage, and for other purposes", approved July 15, 1955 (69 Stat. 353; 76 Stat. 935; 30 U.S.C. 575), is amended by striking out the last sentence thereof, thereby eliminating the annual report to the Congress by the Secretary on actions taken under the program for sealing of abandoned coal mines or the filling of voids in abandoned coal mines.

On page 7, in line 12, strike out "(13)" and insert "(12)".

On page 8, in line 3, strike out "(14)" and insert "(13)".

On page 8, in line 13, strike out "(15)" and insert "(14)".

On page 8, in line 21, strike out "(16)" and insert "(15)".

On page 9, in line 11, strike out "(17)" and insert "(16)".

On page 9, beginning with line 20, strike out:

(18) Section 2 of the Act entitled "An Act to provide for the disposal of materials on the public lands of the United States", approved July 31, 1947 (61 Stat. 681; 76 Stat. 588, 30 U.S.C. 602) is amended by striking out "(a)" immediately after "Sec. 2." and by striking out subsection (b) thereof, thereby eliminating the semiannual report to the Congress of negotiated contracts for the disposition of materials or products on public lands.

(19) Section 17(g) of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 443; 74 Stat. 783; 30 U.S.C. 226(g)), is amended by striking out the last sentence thereof, thereby eliminating the annual report to the Congress by the Secretary on all agreements whereby the United States or its lessees, shall be compensated for drainage of oil or gas from United States owned land resulting from wells drilled on adjacent lands.

On page 10, in line 13, strike out "(20)" and insert "(18)".

On page 11, in line 5, strike out "(22)" and insert "(19)".

On page 11, in line 14, strike out "(23)" and insert "(20)".

On page 11, in line 21, strike out "(24)" and insert "(21)".

On page 12, in line 5, strike out "(25)" and insert "(22)".

On page 12, in line 11, strike out "(26)" and insert "(23)".

On page 15, beginning with line 20, strike out:

(1) Section 410(d) of the Act entitled "An Act to authorize appropriations during the fiscal year 1970 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and research, development, test, and evaluation for the Armed Forces, and to authorize the construction of test facilities at Kwajalein Missile Range, and to prescribe the authorized personnel strength of the Selected Reserve of each reserve component of the Armed Forces, and for other purposes", approved November 19, 1969 (83 Stat. 212; 50 U.S.C. 1436(d)), is hereby amended to read as follows:

"(d) The Secretary of Defense shall, not later than December 31 of each year, file with the President of the Senate and the Speaker of the House of Representatives a report on persons who have filed reports with him for the preceding fiscal year pursuant to subsections (b)(1) and (b)(2) of this section. The Secretary shall include in the report such information as he deems appropriate and shall list the defense contractors for whom these persons worked or for whom they performed services.".

On page 16, in line 14, strike out "(2)" and insert "(1)".

On page 16, beginning with line 23, strike out:

(3) Section 4(d) of the Federal Water Power Act, as amended (49 Stat. 840; 16 U.S.C. 797(d)), is hereby amended to read as follows:

"(d) To make public from time to time the information secured hereunder and to provide for the publication of its reports and investigations in such form and manner as may be best adapted for public information and use. The Commission shall submit, as part of its annual report to the Congress for the fiscal year preceding, a classified report showing the permits and licenses issued under this part, and in each case the parties thereto, the terms prescribed, and the moneys received, if any, on account thereof.".

On page 17, in line 10, strike out "(4)" and insert "(2)".

On page 18, in line 1, strike out "(5)" and insert "(3)".

On page 18, in line 8, strike out "(6)" and insert "(4)".

On page 18, in line 15, strike out "(7)" and insert "(5)".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 13–1332), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of H.R. 14718 is to authorize (1) the elimination of certain executive department and agency reports which are required by law but which are no longer considered necessary; (2) a decrease in the frequency of certain other reports; and (3) a modification in the substance of certain other reports so as to make them more useful to the Congress. A summary and explanation of the reports affected by the bill is set forth in an appendix, as it appeared in House Report 93–1214.

H.R. 14718 was passed by the House of Representatives on August 5, 1974.

BACKGROUND

Previous action

The Congress has long followed a practice of requiring the preparation and submission of reports by executive departments and agencies wtih respect to a wide variety of programs. The purpose of these reports is to provide detailed and periodic information for the use of the Congress in evaluating the effectiveness and efficiency of programs which are administered by executive agencies. However, reports which were required and utilized when a program was first instituted become unnecessary because of changes in program emphasis or because essential information can be readily obtained through other sources or reports.

Over the years, these reports have involved the utilization of substantial amounts of manpower in their preparation and the expenditure of considerable sums of money. When submitted, an examination of these reports generated a substantial paperwork burden for Members of Congress, congressional committees and their staffs.

From time to time, the Congress has reviewed the continued requirement for such reports, and legislation similar to the subject bill has been enacted to eliminate or modify the requirements for such reports. Thus, the act of May 29, 1928 (45 Stat. 986) repealed requirements for the submission of 128 reports; the act of August 7, 1946 (60 Stat. 866), repealed 62 reporting requirements; the act of October 31, 1951 (65 Stat. 701), repealed 131 statutory reporting requirements; the act of August 30, 1954 (68 Stat. 966), repealed 32 such reporting requirements; the act of June 29, 1960 (74 Stat. 245), repealed 26; and the act of November 8, 1965 (79 Stat. 1310), repealed 23 reports and modified the frequency of 11 others.

As amended by this Committee, H.R. 14718 would eliminate 23 reports; reduce the frequency of 6; and modify the substance of 5 to achieve greater usefulness.

Current action

In March 1972, at the request of the House Committee on Government Operations, the General Accounting Office undertook an analysis and evaluation of the reports submitted to the Congress by executive departments and agencies in order to identify those which are no longer necessary or useful to their recipients, and those which require modifications in frequency or substance.

In the course of its analysis, the General Accounting Office contacted the staffs of 16 House committees, 14 Senate committees and 6 joint committees. Discussions were also had with executive departments, agencies, councils and commissions and compiled an inventory of 747 reports, of which 544 were required by statute and 203 had been initiated by committee or other congressional requests or submitted voluntarily by agencies. This inventory was then screened and sifted and a group of reports were identified which could be eliminated or modified according to at least a representative of each recipient committee. Thereafter, the recipient committee received a letter from the General Accounting Office requesting views as to the appropriateness of elimination or modification of the report requirement. Following this screening, a new list was compiled identifying 79 reports, of which 54 were to be eliminated and 25 modified with the concurrence of the recipient committees. Twenty-eight of these reports result from non-statutory requirements. The remaining 51 reports are required by law and became the basis for the subject bill. The foregoing information was set forth in the Comptroller General's report to the House Government Operations Committee, dated October 26, 1973, entitled "Usefulness to the Congress of Reports Submitted by the Executive Branch" (B–115398).

Following a discussion with other committees, the House Government Operations Committee amended its original bill so as to affect a total of 39 reports, of which 26 would be eliminated and 7 modified for greater usefulness.

COMMITTEE AMENDMENTS

Following an examination of the reports which were proposed to be discontinued or modified by H.R. 14718, the Committee was advised by one of its members that five of these reports should be retained in their present form on the ground that they supplied useful and important information.

Reports proposed for discontinuance which the Committee desires to retain, are:

An annual report by the Secretary of the Interior to the Congress concerning progress and accomplishments under a program authorizing the Secretary to make financial contributions to the Commonwealth of Pennsylvania for approved projects to seal, or fill voids in, abandoned coal mines and for control and drainage of water which, if uncontrolled, would cause the flooding of anthracite coal formations. (Sec. 1, item 12.)

A semi-annual report by the Secretary of the Interior to the Congress with respect to contracts entered into by the Secretary for the disposal of materials or products on public lands to the highest responsible bidder after formal advertising and other appropriate public notice. (Sec. 1, item 18.)

A report by the Secretary of the Interior to the Congress at the beginning of each session of Congress detailing agreements entered into by the Secretary during the previous years whereby the United States is compensated for the drainage of oil or gas by wells drilled on lands adjacent to lands owned by the United States. (Sec. 1, item 19.)

Reports proposed to be modified in substance, which the Committee desires to retain in their present form, are:

An annual report by the Secretary of Defense to the Congress which contains a list of the names of (1) former military officers or civilian employees who (a) were employed by or served as consultant or otherwise to a defense contractor for any period of time, (b) represented any defense contractor at any hearing, trial, appeal or other action in which the United States was a party and which involved services and materials provided or to be provided by such contractor to the Department of Defense, or (c) represented any contractor in any transaction with the Department of Defense involving services or materials provided or to be provided by such contractor to the Department of Defense; and (2) any employees of the Department of Defense, including consultants or part-time employees, who were previously employed by or served as consultants or otherwise to a defense contractor in any fiscal year, and whose salary rate in the Department of Defense is equal to or greater than the minimum salary rate for positions in GS–13.

The proposed modification was the elimination of the lists containing the names of the individuals concerned. (Sec. 3, item 1.)

A classified annual report from the Federal Power Commission to the Congress showing the permits and licenses issued, the parties thereto, the terms prescribed and the moneys received. It was also required to contain a list of the names and compensation of persons employed by the Commission. The proposed modification would have eliminated the submission of the lists of the employees and their salaries, and the inclusion of the remainder of the information in the Commission's annual report to the Congress. (Sec. 3, item 1.)

Accordingly, the Committee has amended H.R. 14718 by deleting from the bill those reports which are proposed to be discontinued or modified.

SUMMARY AND CONCLUSION

H.R. 14718 is the result of an 18-month study by the General Accounting Office. All congressional committees have been contacted and the bill, in its present form, represents the best efforts of the General Accounting Office staff, working with congressional committee staffs and representatives of executive departments and agencies.

It is anticipated that enactment of this bill will help to relieve the paperwork burden of these departments and agencies as well as Members of Congress and congressional committee staffs. The bill is not intended to affect the obligation of executive branch departments and agencies to provide the Congress with information covered by the reports affected, should a requirement arise for such information. It is simply a measure which is designed to promote economy and efficiency in Government and is expected to result in annual savings, both in dollars and in the utilization of manpower.

ESTIMATED COST OF LEGISLATION

It is estimated that the changes achieved by this bill will result in an annual saving of at least $173,000, and perhaps more. No significant costs are anticipated.

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

The bill (H.R. 15818) to amend title 44, United States Code, to redesignate the National Historical Publications Commission as the National Historical Publications and Records Commission, to increase the membership of such Commission, and to increase the authorization of appropriations for such Commission was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93–1331), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows.

PURPOSE

The purpose of H.R. 15818 is to strengthen and enlarge the scope of activities of the National Historical Publications Commission so as to enable it to undertake projects relating to the collection and preservation of historical records of the United States, including those of State and local governments, in addition to its present activities which are concentrated primarily on the publication of papers of historical significance to the Nation.

It seeks to accomplish these objectives by (1) redesignating the name of the National Historical Publications Commission as the National Historical Publications and Records Commission; (2) increasing the membership of the Commission by four, adding two representatives of the Society of American Archivists and two representatives of the American Association for State and Local

History; and (3) increasing the annual appropriation authorization from $2,000,000 to $4,000,000, and extending the period of such authorization by 2 years.

H.R. 15818 passed the House of Representatives on December 3, 1974 under suspension of the rules. It is a companion bill to S. 4102.

BACKGROUND

Congress, in 1934, established the National Historical Publications Commission (hereafter referred to as the Commission) for purposes of promoting the collection and publication of "the papers of outstanding citizens of the United States, and other documents as may be important for an understanding and appreciation of the history of the United States."

In 1950, President Truman directed the Commission to report a plan for making available "the public and private writings of men whose contributions to our history are now inadequately represented by published works." The Commission, in accordance with this directive, submitted a report in 1954 to President Eisenhower, and from that time until 1964, the Commission functioned in accordance with a program that required it to cooperate with, and encourage governmental and private bodies in collecting and preserving historical source materials, and to plan and recommend historical works and collections of source materials.

The Commission began a more active role in compiling and preserving documentary source materials in 1964, following the passage of Public Law 88–383. This measure authorized, for the first time, annual appropriations not to exceed $500,000 for grants to Federal, State, and local agencies and to nonprofit organizations and institutions for collecting, describing, preserving and publishing documentary sources significant to the history of the United States. Since fiscal year 1965, when funds were first appropriated for the Commission, each dollar of appropriated money has generated over two dollars of contributions from other sources.

In 1972, Congress enacted into law Public Law 92–546 which added to the Commission's membership two members representing the Organization of American Historians and which increased the annual authorization for appropriations from $500,000 to $2,000,000.

In the period from 1964 to date, the Commission has been able to endorse or support 177 different projects in many states, relating to persons, subject areas, and other historical themes. Of the 117 endorsements, 56 are for letterpress publications projects. In addition, the Commission has given impetus to a program of publication of important documents on microfilm. This has led to 29 repositories completing 104 titles in 3,346 reels of film.

Under existing law, the National Historical Publications Commission has the authority to collect, preserve, edit, and publish historical works and other documents important to an understanding and appreciation of the history of the United States, including the papers of outstanding U.S. citizens. In carrying out its functions, the Commission is authorized to provide technical and financial assistance to governmental agencies (Federal, State, and local) as well as nongovernmental institutions, societies, and individuals. In this connection, the Commission is responsible for advising the Administrator of General Services with respect to the making of allocations to Federal agencies and grants to State and local agencies and nonprofit organizations and institutions for collecting, describing, preserving, compiling, and publishing documentary sources significant to the history of the United States.

CONCLUSIONS

A review of the work of the National Historical Publications Commission reveals that it has concentrated its efforts and resources primarily on the publication of papers of the great men in our country's early history. However, a very significant portion of the Nation's history is found in the records and documents of State and local governments.

Highlighting this factor in testimony before a subcommittee of the House Government Operations Committee, Dr. James B. Rhodes, the Archivist of the United States, stated:

"We cannot understand the breadth and scope of this Nation's contributions to the development of modern society by understanding the lives of such exemplary men as Washington, Jefferson, and Lincoln. The American heritage stems from the great and the small; the national and the local figure; the statesman, political leader, merchant, and poet. The records of the Nation are not solely of the National Government. The history of this Nation is woven from the records of New England townships, Texas counties, and the great metropolitan centers throughout the country."

With the approach of the 200th anniversary of our Nation's birth, the Committee believes that the time has come for a modest expansion of our efforts to collect and preserve historical documents and papers, other than those of important national figures, which advance an understanding and appreciation of the history of the United States. Our universities and other nonprofit organizations, as well as State archivists, have done what they can with relatively limited resources. They are expected to continue their work with the assistance and encouragement of the enlarged agency which this bill would established.

A new National Historical Publications and Records Commission, with expanded membership and additional funding, is expected to give impetus and encouragement to the excellent work which is now being done by scholars throughout the land. The addition of two representatives from the Society of American Archivists and two members from the American Association for State and Local History, is expected to provide the Commission's membership with added expertise and expert guidance and direction. Increasing the Commission's annual appropriation from $2,000,000 to $4,000,000, although not earmarked to use, is designed to provide the means for the Commission to fund efforts to collect, edit, preserve, and publish historical records which are not now being preserved in a satisfactory manner. Although State and local efforts will be the principal beneficiaries of the expanded program, it is also intended that some of the funds will be devoted to the development of model programs for the preservation of historically significant source documents to provide guidance to efforts to preserve contemporary materials which will be of historical value in the future.

In view of the foregoing, the Committee urges favorable action on H.R. 15818.

ESTIMATED COST

The passage of this legislation would result in an increased authorization for appropriations of an additional $2,000,000 for each of the Fiscal Years 1975 through 1977 and $4,000,000 for each of Fiscal Years 1978 and 1979 for a total increase of $14,000,000 during the next 5 Fiscal Years.

The increased cost attributable to four additional members of the Commission would involve only travel expenses and per diem subsistence allowance, since Commission members serve without pay. These additional expenses cannot be estimated since there is no way to determine currently where the additional members will reside or how many days per year they will devote to the performance of their duties as members of the Commission.

CANAVERAL NATIONAL SEASHORE, FLA.

The Senate proceeded to consider the bill (H.R. 5773) to establish the Canaveral National Seashore in the State of Florida, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with amendments. On page 2, in line 11, strike out "a point on the waterway approximately one mile north of".

On page 8, in line 4, strike out "a point on the waterway approximately one mile north of".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that the action that was just taken a short while ago on H.R. 5773 be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. That restores the bill to its earlier status on the calendar, does it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. Mr. President, may I thank the Senator very much. There is no dispute or quarrel. We have a small amendment which will be agreed to. That is the proper vehicle.

(Later in the day the following proceedings occurred:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 1260, H.R. 5773, an act to establish the Canaveral National Seashore in the State of Florida, and for other purposes.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 5773) to establish the Canaveral National Seashore in the State of Florida, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs with amendments. On page 2, in line 11, strike out "a point on the waterway approximately one mile north of".

On page 8, in line 4, strike out "a point on the waterway approximately one mile north of".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments are considered and agreed to en bloc.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report—No. 93–1333—explaining the purposes of the measure.

There being no objection, the excerpt

was ordered to be printed in the RECORD, as follows:

PURPOSE OF BILL

The purpose of H.R. 5773, as amended, is to establish the Canaveral National Seashore in the State of Florida.

The area encompasses some twenty miles of spectacular Atlantic beaches backed by a marsh and dunes system, and including an extensive lagoon area which is rich in wildlife values. The bill further provides that the United States Fish and Wildlife Service will administer the lagoon area containing the prime wildlife values for refuge purposes, while the National Park Service will administer the remainder of the area as a National Seashore.

BACKGROUND AND NEED FOR LEGISLATION

The outstanding natural qualities of the coastal areas in the vicinity of Cape Canaveral, Florida. have been recognized for many years. The general area was identified decades ago as being worthy of study for potential National Park System status. Although there has been extensive development in the area for the John F. Kennedy Space Center, much of the northern portion of the area has been left untouched up to the present time.

The State of Florida has maintained a continuing interest in the proposal, encouraged by the interest of the Interior Department over the years. When it appeared that development in the north was encroaching upon the beach areas, the State acted to acquire four miles of oceanfront in 1969 at a cost of $5.6 million, including matching grants from the Land and Water Conservation Fund. The State intended to develop this area as a state park because it appeared that the Interior Department would be unable to act on the more extensive National Seashore proposal for some time. However, with the introduction of legislation to establish the Seashore, the State has expressed an interest in donating its land to the Federal Government for inclusion in the Canaveral National Seashore.

The wildlife values of the area are a subject of particular interest. The extensive lagoon and marsh complex behind the barrier dunes provides a magnificent habitat for a rich assemblage of bird life. Over 265 species, including several classed as endangered, are known to inhabit the area. Although much of the lagoon area is under the ownership of the National Aeronautics and Space Administration, the recognition of these superlative wildlife values led the agency to enter into a cooperative agreement with the United States Fish and Wildlife Service. Under the terms of this agreement, the NASA-owned lands surrounding most of the developed area of the Space Center are managed as a National Wildlife Refuge, subject to closure when necessary for space or defense purposes.

Recent changes affecting this area have been a stimulus to the current legislation. North of the proposed National Seashore, the shoreline areas have undergone intensive development, and this trend is continuing toward the proposed area. Recent construction has already occurred not far from Turtle Mound, a registered National Landmark located within the proposal. Although the State of Florida is to be commended for acting to acquire portions of the lands north of the NASA reservation for park purposes, the private lands remaining in this area are still subject to development. The intent of H.R. 5773 is to assure that the protection of this area will not be compromised by further construction.

In assessing the value of the Canaveral area for a National Seashore, the contrast with other areas of the Florida Atlantic coast is important. As the prime shoreline areas become ever more intensively developed for resort and recreational use, the opportunities to retain a superb beachfront area in a primitive condition will disappear. A National Seashore in the Canaveral area will not be intended to provide high-density recreation uses. Instead, the area can function both to ensure the continuing protection of the natural features and to afford opportunities for leisure activities in an undeveloped uncrowded setting.

PROVISIONS OF BILL

The language adopted by the Committee provides for an area of approximately 67,500 acres of land and water, including NASA lands which contain approximately five miles of beachfront, as well as an extension of the boundary to a point one-half mile offshore from the beach, giving additional protection to the area. These lands take in State Road 402 in its entirety along the southern boundary of the seashore, thus providing a means of controlling the access to this approach to the seashore itself.

The bill prohibits public vehicular traffic on the beach and provides that the National Park Service will prepare a comprehensive plan for the preservation and use of the National Seashore. An area of land on the mainland side of the lagoon is included in order to give the National Park Service the ability to develop an initial visitor contact center and possible transportation staging area in this location. The mainland location is intended to serve as a focal point for the control and dispersal of visitation to the area, rather than compromising the integrity of the beachfront area with large numbers of automobiles. At the same time, the road access on the southern and northern ends of the seashore will allow continued local recreation use of existing facilities in the area.

There is also provision for additional protection of the land base involved. Although much of the area has been managed for wildlife purposes up until this time, there will now be statutory recognition of the unique natural values of these lands. As an expression of further recognition of the significant natural values of the resource, the bill directs that the entire seashore be studied for its wilderness potential under the Wilderness Act of 1964.

The northernmost portion of the NASA reservation is transferred to the Secretary of the Interior, with the provision that the area will be closed to public use when deemed necessary by NASA. The remaining NASA properties within the National Seashore will be covered by cooperative agreements for management purposes, and such lands may be transferred to the seashore at a later date, should NASA find them to be excess to the space and defense programs of the nation. For the immediate future, the lands will serve as a buffer zone for the current space programs, but they will be protected from any further development.

The status of the lands in the area is clarified in such a way that the interests of NASA in retaining the control of the lands as a buffer zone are met, while management of the area for its natural, recreational, and wildlife values under the Department of the Interior is made possible. In the division of management authority within the seashore, the details of the boundary between United States Fish and Wildlife Service and National Park Service administration of the area are left to be worked out between the two Interior Department agencies. The referenced map shows the general division, but the exact boundary of responsibility on the beachfront side of Mosquito Lagoon will be determined by the agencies. The Committee intends that the beach and dunes complex will be managed by the National Park Service, while the marshlands associated with the lagoon where wildlife values are predominant may be managed for refuge purposes by the Fish and Wildlife Service.

In sum, the Committee believes that the added protection and coordinated management specified by the bill as reported answers the reservations expressed by the Interior Department to the legislation as originally introduced. The passage of H.R. 5773 will insure the preservation of this remarkable natural area, allow for ongoing requirements of the area as a buffer zone for the national space and defense programs.

COST

H.R. 5773, as reported, authorizes the appropriation of $7,941,000 for acquisition. This amount would allow acquisition of all privately owned lands and developments within the area. There would be no acquisition costs for any lands transferred from NASA, and the lands owned by the State of Florida would be accepted upon donation.

The Committee also authorized the appropriation of $500,000 for development within the area. This low figure reflects the determination of the Committee that the natural values of the area not be compromised, however, the Committee recognizes that further development may be necessary and the bill directs the National Park Service to prepare a master plan which will include any further development contemplated for this area. The plan is to be completed within three years and will be submitted to the Congress for further authorization before being implemented.

HARRY S. TRUMAN MEMORIAL VETERANS' HOSPITAL

The Senate proceeded to consider the bill (S. 10212) to designate the Veterans' Administration Hospital in Columbia, Mo., as the "Harry S. Truman Memorial Veterans' Hospital," and for other purposes, which had been reported from the Committee on Veterans' Affairs with an amendment to strike out all after the enacting clause and insert:

TITLE I—DESIGNATING THE VETERANS' ADMINISTRATION HOSPITAL AT COLUMBIA, MISSOURI, AS THE "HARRY S. TRUMAN MEMORIAL VETERANS' HOSPITAL"

SEC. 101. The Veterans' Administration hospital at Columbia, Missouri, shall hereafter be known and designated as the "Harry S. Truman Memorial Veterans' Hospital". Any reference to such hospital in any law, regulation, document, record, or other paper of the United States shall be deemed a reference to it as the Harry S. Truman Memorial Veterans' Hospital.

SEC. 102. The Administrator of Veterans' Affairs is authorized to provide such memorial at the above-named hospital as he may deem suitable to preserve the remembrance of the late Harry S. Truman.

TITLE II—VETERANS' EDUCATION AND REHABILITATION EQUALIZATION AMENDMENTS ACT OF 1974

SEC. 201. This title may be cited as the "Veterans' Education and Rehabilitation Equalization Amendments Act of 1974".

SEC. 202. The table contained in section 1504(b) of title 38, United States Code, is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$209	$259	$304	$22
Three-quarter-time	157	194	229	17
Half-time	105	130	152	11
Farm cooperative, apprentice, or other on-job training:				
Full-time	182	220	254	17".

Sec. 203. Chapter 34 of title 38, United States Code, is amended as follows:

(a) by striking out in the last sentence of section 1677(b) "$260" and inserting in lieu thereof "$270";

(b) by striking out in section 1682(b) "$260" and inserting in lieu thereof "$270"; and

(c) by striking out in section 1696(b) "$260" and inserting in lieu thereof "$270".

Sec. 204. Chapter 35 of title 38, United States Code, is amended as follows:

(a) by striking out in section 1732(b) "$209" and inserting in lieu thereof "$217"; and

(b) by amending section 1742(a) to read as follows:

"(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of $270 per month. If the charges for tuition and fees applicable to any such course are more than $85 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed $85 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each $9.02 that the special training allowance paid exceeds the basic monthly allowance.".

Sec. 205. Chapter 36 of title 38, United States Code, is amended as follows:

(a) by striking out in section 1786(a)(2) "$260" and inserting in lieu thereof "$270"; and

(b) by amending the table contained in paragraph (1) of section 1787(b) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$196	$220	$240	$10
Second 6 months	147	171	191	10
Third 6 months	98	122	142	10
Fourth and any succeeding 6-month periods	49	73	93	10".

Sec. 206. The provisions of this title shall become effective on January 1, 1975.

Mr. HARTKE. Mr. President, the Committee on Veterans' Affairs unanimously ordered reported to the full Senate on December 10, H.R. 10212, which would designate the Veterans' Administration hospital in Columbia, Mo., as the "Harry S. Truman Memorial Veterans' Hospital," and would also increase the rates for vocational rehabilitation for disabled veterans to equalize the rate increase provided to other veterans granted this month by Public Law 93-508.

Title I would rename the VA hospital in Columbia, Mo., as the "Harry S. Truman Memorial Veterans' Hospital" and authorize the Administrator to provide a suitable memorial to preserve the memory of that great leader.

Mr. President, this title of the bill is identical to the bill that passed the House unanimously on August 5, and to S. 2006, which I introduced on June 15, 1973, along with Senators Symington and Eagleton. Testimony favoring S. 2006 was received by the committee from Senator Eagleton and representatives of the Veterans' Administration, the American Legion, and the Veterans of Foreign Wars.

Naming this new veterans hospital in the home State of Harry Truman is a fitting tribute to a man who not only actively defended his country as an artillery captain during World War I but vigorously fought for the veteran during his service as President of the United States. Harry Truman signed into law sweeping and innovative veterans' legislation involving health, medical and educational benefits, compensation and pensions.

Mr. President, this is only the fifth time the Congress has named a VA hospital after an outstanding American, an honor that should be bestowed solely on an individual who has contributed so much as the humble man from Independence, Harry Truman.

Title II of this bill, the Veterans' Education and Rehabilitation Equalization Amendments of 1974, would provide a 3.8 percent across-the-board increase in the monthly assistance rates for vocational rehabilitation for disabled veterans training under chapter 31, and for certain persons training under chapters 34, 35, and 36. These service-connected disabled veterans received an 18.2 percent increase in their benefits in Public Law 93-508, the Veterans Readjustment Assistance Act of 1974, which passed the Senate unanimously. However, veterans training under chapter 34 and wives, widows, and children under chapter 35, received a 22.7-percent increase. For example, a single veteran under chapter 34 with no dependents received an increase in his monthly assistance from $220 to $270. Yet the disabled veteran under chapter 31 with no dependents now receives only $260 per month.

The original conference report to H.R. 12628—which eventually became Public Law 93-508—filed on August 19, provided a 22.7-percent increase for chapter 31 veterans. This report cleared the Senate but a parliamentary order, objecting to this increase for chapter 31 veterans, was raised on the floor of the House of Representatives and was sustained.

When the second conference report was agreed upon, the conferees of both the Senate and House committees all agreed to the 18.2 percent figure for chapter 31 veterans in order to prevent any possibility that this bill might be blocked by another motion. At the same time, the conferees agreed to sponsor legislation immediately after the passage of H.R. 12628 to equalize the rates for chapter 31 veterans.

Mr. President, that is the purpose of title II of this bill. There are 398,000 disabled Vietnam-era veterans. These brave men are and will continue to be the most severely affected because of their military service. The Congress has always given these veterans at least the same increase in benefits as has been awarded to chapter 34 veterans. There is total agreement on this bill by both Committees on Veterans' Affairs. All veterans organizations support this equalization. It is only fair and just.

Mr. President, by unanimous consent, I request that sections of the report on H.R. 10212 be inserted in the Record at this time.

There being no objection, the material was ordered printed as follows:

Background and Discussion

HARRY S. TRUMAN MEMORIAL HOSPITAL

Title I of this bill would designate the Veterans' Administration Hospital in Columbia, Missouri as the Harry S. Truman Memorial Veterans' Hospital. The Administrator of Veterans' Affairs would be authorized to provide a memorial at the hospital which he deems suitable to preserve the memory of the late Harry S. Truman. Title I of H.R. 10212 is identical to S. 2006 introduced on June 15, 1973 by Chairman Hartke, for himself and Senators Symington and Eagleton. A hearing was held on S. 2006 on September 26, 1974. Testimony was received from Senator Eagleton, representatives of the Veterans' Administration, the American Legion, and the Veterans of Foreign Wars.

Although enactment of this title would represent only the fifth time the Congress has seen fit to name a Veterans' Administration medical facility in memory of an individual, the Committee believes that it is fully warranted. Mr. Truman's memory deserves this honor not only because he served during World War I as a courageous and respected artillery captain, but because as President he exhibited a continuing concern over the welfare of his fellow veterans. President Truman was instrumental in the implementation and development of a comprehensive system of benefits and services that have assisted the veterans and survivors of three major wars. As President, from April 1945 to December 1952, Harry S. Truman signed into law several significant pieces of veterans legislation. For example, during his Administration, the Department of Medicine and Surgery of the Veterans' Administration was established and major liberalization increases in benefits for education, compensation, and pension were enacted. In addition, a major revision of the National Service Life Insurance Program was accomplished and the Korean war GI bill was enacted.

In their testimony before the Committee, the Veterans of Foreign Wars noted that President Truman "maintained a continuing relationship with his comrade in arms right up to the time of his death." The VFW further noted that as United States Senator, Vice President and President, he participated in the approval of a large number of veterans benefits to which veterans are entitled and concluded that "Harry Truman has left a lasting contribution to all veterans and their dependents, and they are extremely grateful."

Testimony by the American Legion noted that Missouri, where the VA hospital at Columbia is located, was the home state of President Truman and that:

"Throughout all of his life, following his military service, he was an active member of The American Legion, a fact which denoted his pride in being a veteran of the United States Armed Forces. Additionally, throughout his long career in public life, President Truman displayed concern for the welfare of his fellow veterans. His public career was illustrious, and he served with distinction as President of the United States. In all of his life he was a model for emulation by his fellow citizens, and his memory is loved, revered and respected by all Americans. Therefore, we of The American Legion can conceive of no more appropriate Memorial to President Truman than that a veterans hospital, located in his home state, should bear his name."

In recognition of his contributions to the veteran and his dependents, the Committee deems it proper and fitting that the excellent Veterans' Administration hospital in Columbia, Missouri, be named after Harry S. Truman.

This hospital is one of four Veterans' Administration hospitals in Mr. Truman's home state and one of the newest in the Nation. Built in 1971, it has 464 operating beds, of which 58 are for nursing care and 120 are for neuropsychiatric use, the remainder for general medicine and surgery. It is affiliated with the University of Missouri and its schools of medicine and nursing, participating in a superb sharing agreement in medical programs that include pathology and radiology. This hospital is a facility which does honor to a man who as President of the United States, said:

"The chief responsibility of the Government is to give medical care to veterans who have been injured in the service, to assist them to assume their place in society as productive and self-reliant citizens, and to give necessary aid to families of veterans deceased or injured from service causes. We should also provide other demobilized servicemen with timely readjustment assistance on a sound basis."

While it is not the general practice to name Veterans' Administration hospitals for individuals, there are exceptions. The first hospital named was for Royal C. Johnson, the first Chairman of the Committee on World War Veterans Legislation. By Public Law 79-189, the hospital at Montrose, New York, was designated as the "President Franklin Delano Roosevelt VA Hospital". In 1970, the hospital and domiciliary complex at Bonham, Texas, was designated by Public Law 91-421, as the "Sam Rayburn Memorial Veterans' Center". Finally, the new hospital in San Antonio, Texas, was named the "Audie L. Murphy Memorial Veterans' Hospital" by Public Law 92-183.

VETERANS' EDUCATION AND REHABILITATION EQUALIZATION AMENDMENTS ACT OF 1974

Public Law 93-508 (H.R. 12628), which was passed unanimously by both Houses of Congress, provided a 22.7 percent increase in the monthly rates in the training assistance allowance for eligible veterans under chapter 34 and for eligible wives, widows, and children training under chapter 35. (The monthly allowance for a single veteran with no dependents was increased from $220 to $270.) However, the vocational rehabilitation subsistence allowance under chapter 31 and the apprenticeship/on-the-job monthly training assistance allowance were only increased by 18.2 percent. (The monthly allowance for a veteran with no dependents was increased from $220 to $260.)

There are 398,000 disabled Vietnam era veterans. The Committee is greatly concerned with their welfare since these veterans are, and will continue to be, the group most severely affected from their military service. Traditionally, these disabled veterans have received at least the same increase in the rates of veterans' benefits as veterans training under chapter 34.

The original conference report to H.R. 12628, filed on August 19, 1974, provided for a similar 22.7 percent increase for chapter 31 veterans. This conference report cleared the Senate. A parliamentary point of order, objecting to the increase of 22.7 percent for chapter 31 veterans in the report raised on the floor of the House of Representatives on the ground that it exceeded the parameters of both the House and Senate passed bill. This point of order was sustained.

When the second conference report was agreed upon, the conferees were most concerned that the agreed compromise contain no provisions that could, by parliamentary objection, prevent further consideration of the measure. Therefore, it was decided that the increase for chapter 31 trainees be set at 18.2 percent, a figure that did not exceed the rate in either the original House or Senate passed version.

At the same time, the conferees unanimously agreed to sponsor separate, independent legislation to increase the chapter 31 allowances again in order to equalize the rates for those veterans wtih the 22.7 percent increase given to chapter 34 veterans by Public Law 93-508. In response to concern expressed by the Disabled American Veterans, Chairman Hartke sent the following letter to Charles L. Huber, National Director of Legislation:

COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., October 8, 1974.

Mr. CHARLES HUBER,
Disabled American Veterans,
Washington, D.C.

DEAR CHET: This letter is in response to your inquiry concerning the *second* conference report to H.R. 12628, the Vietnam Era Veterans Readjustment Assistance Act of 1974.

As you will recall the original conference report, filed on August 19, 1974, provided for a 22.7 percent increase in chapter 31, Vocational Rehabilitation benefits. Although the conference report cleared the Senate, a parliamentary point of order raised by Representative H. R. GROSS to the chapter 31 increases was sustained in the House, which prevented further consideration of the agreement.

In reaching agreement on a second conference report, the conferees were most concerned that the agreed compromise contain no provision which could be subject to point of order which would prevent further action. As such, the agreement provides that chapter 31 increases (as well as increases in the apprenticeship/on-the-job program) will be set at 18.6 percent, a figure which does not exceed that set in either the original House or Senate passed versions of H.R. 12628.

At the same time the conferees recognized that traditionally the same percentage increases had been provided across the board for all those in training. Accordingly, to continue this tradition as well as to avoid any parliamentary complications, the conferees unanimously agreed to sponsor separate, independent legislation to further increase chapter 31 and other allowances to 22.7 percent. As you are probably aware, the ranking minority member of the House Committee on Veterans' Affairs, Representative John Paul Hammerschmidt, recently introduced H.R. 17028 to accomplish this purpose.

I would expect that final Congressional action to further increase chapter 31 benefits would immediately follow disposition of H.R. 12628.

I hope this letter clarifies and answers any questions you may have had with respect to the conference report. If I may be of further assistance, please don't hesitate to contact me.

Sincerely,

VANCE HARTKE, *Chairman.*

Consequently, title II has been added to H.R. 10212 in order to fulfill this pledge.

COST ESTIMATES

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91-510, 91st Congress) the Committee, based upon information supplied by the Veterans' Administration, estimates that there will be no additional cost as a result of the enactment of the first section of this title. Section 2 of title I authorizes a memorial that will have an insignificant cost impact when implemented by the Administrator. Title II costs, also based on information supplied by the Veterans' Administration, will result in fiscal year 1975 cost of $6.7 million and a first full-year cost of $10 million, decreasing to $7.5 million in the fifth year, all as reflected in the following table:

TABLE 1.—*Cost estimates of title II of H.R. 10212, as reported*

Fiscal year:	Cost (*million*)
1975	$6.7
1976	10.0
1977	9.0
1978	8.2
1979	7.5

TABULATION OF VOTES CAST IN COMMITTEE

Pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, the following is a tabulation of votes cast in person or by proxy of the Members of the Committee on Veterans' Affairs on a motion to report H.R. 10212, with amendments, favorably to the Senate:

Yeas—9: Vance Hartke, Herman E. Talmadge, Jennings Randolph, Harold E. Hughes, Alan Cranston, Clifford P. Hansen, Strom Thurmond, Robert T. Stafford, James A. McClure.

Nays—0.

SECTION-BY-SECTION ANALYSIS OF AND EXPLANATION OF H.R. 10212, AS REPORTED

TITLE I—DESIGNATING THE VETERANS' ADMINISTRATION HOSPITAL AT COLUMBIA, MISSOURI, AS THE HARRY S. TRUMAN MEMORIAL VETERANS' HOSPITAL

Section 101. This section directs that the Veterans' Administration Hospital at Columbia, Missouri, shall be designated as the "Harry S. Truman Memorial Veterans' Hospital" and all references to that hospital by the Federal Government shall so indicate the name change.

Section. 102. This section authorizes the Administrator to provide a suitable memorial at the Columbia, Missouri, VA Hospital to preserve the remembrance of Harry S. Truman.

TITLE II—VETERANS' EDUCATION AND REHABILITATION EQUALIZATION AMENDMENTS ACT OF 1974

Section 201. This section provides that this title be cited as the "Veterans' Education and Rehabilitation Equalization Amendments Act of 1974".

Section 202. This section amends the subsistence allowance table in section 1504(b) of title 38, United States Code, to provide a 3.8 percent across-the-board increase in the monthly subsistence allowance rates for chapter 31 trainees, which is in addition to the 18.2 percent rate increase provided by Public Law 93-508. The full-time institutional rate for a veteran with no dependents would be increased from $189 to $209 a month. For a veteran with one dependent, the rate per month would be increased to $259; with two dependents to $304; and $22 would be added for each dependent in excess of two.

This 3.8 percent increase now places chapter 31 veterans in parity with the 22.7 percent increase in rates provided to chapter 34 veterans by Public Law 93–508.

Section 203. This section amends chapter 34 of title 38, United States Code, to provide a 3.8 percent increase in the rates for persons in flight training, on active duty, or under the Predischarge Education Program under this chapter in addition to the 18.2 percent rate increase provided by Public Law 93–508. This section now equalizes the rate increase of those persons with other chapter 34 veterans who received a 22.7 percent rate increase by that law.

Subsection (*a*) amends section 1677(b) to provide a 3.8 percent increase in the flight training program assistance. Under existing law, the Veterans' Administration pays 90 percent of the cost of such course. Accordingly, the period of entitlement of any veteran will be reduced one month for each $270 (currently $260) paid to a veteran for such flight course training.

Subsection (*b*) amends section 1682(b), relating to the pursuit of a program of education while on active duty or on less than a half-time basis, by providing for a 3.8 percent increase.

Subsection (*c*) amends section 1696(b) to provide a 3.8 percent increase in the maximum of educational assistance allowances payable under the Predischarge Education Program (PREP).

Section 204. This section amends chapter 35 of title 38, United States Code, to provide a 3.8 percent increase in the rates for certain persons training under this chapter in addition to the 18.2 percent rate increase they received by Public Law 93–508. That law provided a 22.7 percent increase to qualified wives, widows, and children in business training or in special restorative training.

Subsection (*a*) amends section 1732(b) to provide a 3.8 percent increase in the monthly educational assistance allowance rates to eligible persons pursuing a full-time course of training in a business or industrial establishment with the training in the establishment being strictly supplemental to the institution portion. The monthly allowance rate is raised from $209 to $217.

Subsection (*b*) amends section 1742(a) to increase the special restorative training assistance allowance by 3.8 percent from $260 to $270 a month payable to the parent or guardian of the child in need of such training. In addition, if the tuition and fees applicable for any course are more than $85 (presently $82) per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed that monthly figure if the parent or guardian elects to have the entitlement reduced by one day for each $9.02 (presently $8.69) that the special training allowance paid exceeds the basic monthly allowance.

Section 205. This section amends chapter 36 of title 38, United States Code, to provide a 3.8 percent rate increase to veterans pursuing correspondence, apprenticeship, or on-job training in addition to the 18.2 percent increase already provided by Public Law 93–508 to equalize the rate increase of 22.7 percent given to chapter 34 veterans by that law.

Subsection (*a*) amends section 1787(a), authorizing the pursuit of an education by correspondence, to provide an increase in the benefits consistent with other increases in educational assistance allowances made by this bill. Accordingly, the period of entitlement of any veteran or other eligible person shall be reduced by one month for each $270 (currently $260) paid to the veteran or person for such course.

Subsection (*b*) amends the table contained in paragraph (1) of section 1787(b) to reflect a 3.8 percent increase in the monthly training assistance allowance payable to veterans or other eligible persons pursuing a full-time program of apprenticeship or other on-job training programs. For a veteran with no dependents, the monthly assistance allowance for the first six months of training is increased from $189 to $196. Married veterans would receive $220, up from the current rate of $212. The addition of a child boosts the rates from $232 to $240, with $10 for each additional dependent. The training allowances for the second and third 6-month periods would be increased respectively to $147 and $98 from the current allowance of $142 and $95. The assistance rates for the fourth or any succeeding 6-month period would be increased from $47 to $49. Proportionate increases for veterans with dependents training after the first 6-month period would also be provided.

Section 206. This section provides that the provisions of this title shall become effective on January 1, 1975.

VETERANS' EDUCATION AND REHABILITATION EQUALIZATION AMENDMENTS OF 1974

Mr. HARTKE. Public Law 93–508 (H.R. 12628), which was passed unanimously by both Houses of Congress, provided a 22.7-percent increase in the monthly rates in the training assistance allowance for eligible veterans under chapter 34 and for eligible wives, widows, and children training under chapter 35. The monthly allowance for a single veteran with no dependents was increased from $220 to $270. However, the vocational rehabilitation subsistence allowance under chapter 31 and the apprenticeship/on-the-job monthly training assistance allowance were only increased by 18.2 percent. The monthly allowance for a veteran with no dependents was increased from $220 to $260.

There are 398,000 disabled Vietnam-era veterans. The committee is greatly concerned with their welfare since these veterans are and will continue to be the most severely affected from their military service. Traditionally, these disabled veterans have received at least the same increase in the rates of veterans' benefits as veterans training under chapter 34.

The original conference report to H.R. 12628, filed on August 19, 1974, provided for a similar 22.7-percent increase for chapter 31 veterans. This conference report cleared the Senate. A parliamentary point of order objecting to the increase to 22.7 percent for chapter 31 veterans, was raised on the floor of the House of Representatives.

When the second conference report was agreed upon, the conferees were most concerned that the agreed compromise contain no provisions that could prevent further action on the GI bill because of another point of order. Therefore, it was decided that the increase for chapter 31 trainees be set at 18.2 percent, a figure that does not exceed the rate in either the original House- or Senate-passed version.

At the same time, the conferees unanimously agreed to sponsor separate, independent legislation to increase the chapter 31 allowances again in order to equalize the rates for these veterans with the 22.7-percent increase offered to chapter 34 veterans by Public Law 93–508. Therefore, title II was added to H.R. 10212 to fulfill this pledge.

The committee has received the following letter from Charles L. Huber, national director of legislation for the Disabled American Veterans, urging action on legislation to equalize benefits for chapter 31 veterans as soon as H.R. 12628 was enacted into law. The Disabled American Veterans has a membership of well over half a million disabled veterans.

Mr. HANSEN. Mr. President, I rise in support of H.R. 10212, a bill to name the Veterans' Administration hospital at Columbia, Mo., the Harry S. Truman Hospital.

It is particularly appropriate to honor former President Truman, a combat veteran of World War I. While it is not the policy of the VA to name hospitals after a designated individual, the VA deferred to congressional wishes on this particular bill. Generally, the VA names VA hospitals after localities.

In certain circumstances, and this is one, I can support a departure from general practice by honoring a man who served our country so well.

Attached to this bill is a second title which brings the educational assistance rates for vocational rehabilitation and on-the-job training programs into line with the recent GI bill increases passed in Public Law 93–508.

I strongly support title 2 since it will provide disabled veterans with the same rate of benefit as other educational trainees.

Mr. President, I urge my colleagues to support H.R. 10212.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An Act to designate the Veterans' Administration hospital in Columbia, Missouri, as the 'Harry S. Truman Memorial Veterans' Hospital'; to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowances paid to certain eligible veterans and persons; and for other purposes."

(At this point, Mr. CRANSTON assumed the chair.)

CUYAHOGA VALLEY NATIONAL RECREATION AREA

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1259, H.R. 7077.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 7077) to provide for the establishment of the Cuyahoga Valley National Recreation Area.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. TAFT. Mr. President, our society has become increasingly aware of the urgent need for recreational outlets for our people. Particularly those living in urban areas. I have cosponsored legislation to establish the Cuyahoga Valley National Recreation Area, and I am familiar with the beautiful area which comprises the 20,000-acre site, along the Cuyahoga River and the Old Ohio Canal, between Akron and Cleveland.

The concept of "parks to the people" and urban parks has been well demonstrated with the establishment of the Gateway and the Golden Gate National Recreation Areas. Now we need a Midwest Gateway National Recreation Area for those living far from any national park. The proposed Cuyahoga Valley National Recreation Area would accomplish this, as it is situated within easy driving distance of the densely populated Akron-Canton and Cleveland areas of Ohio. This is within an hour's drive of over 4 million people, and in the mainstream of the entire Detroit to Pittsburgh corridor.

I have often thought that many of America's urban and social problems could have been caused by the fact that our Nation's population has doubled within the last 50 years, one of the most important and practical things that can be done to improve the quality of urban life at this time is to set aside open areas in or near cities for recreation. This park, lying near heavily populated cities, is in a much-needed location for families to vacation, picnic, appreciate the out-of-doors, the beautiful vistas, impressive landscapes, streams, lakes, and hills.

Complementing the natural history of the unspoiled valley is a long chronology of our Nation's history. Generations ago, the valley offered a route to primitive hunters. The same route subsequently has served the transportation needs of mound builders, American Indians, tribes, explorers, Moravian missionaries, pioneers, settlers, farmers, and craftsmen. Each has left his imprint on the valley. Reminders of these bygone days include the old canal and its locks, historic railroads, historical and reconstructed homesites, and ancient trails. In addition to bringing a natural recreation area into the Federal Park System, this area is an important family education center.

It is especially welcome to have a park proposed near large cities in this time of gas shortages, rising prices, and pessimistic outlooks for vacation travel plans. The establishment of the park would be added encouragement for citizens to conserve gas and enjoy vacation pleasure areas closer to home.

It is remarkable that Ohio, sixth in the Nation in population, and one of the most highly urbanized, has no national parks or recreation areas within its boundaries. Most of the citizens of Ohio will never visit the great parks of Yosemite or Yellowstone. The value of this green valley to our State is evidenced by the enthusiastic support and determination of its citizens to save it. The Cuyahoga Valley represents the last chance to meet the recreational needs of this urban population, as it is the last remaining open space between Cleveland and Akron still untouched by urban development. However, the area is under heavy pressure from developers now, as the suburbs of Cleveland and Akron expand. Preservation of the valley is the No. 1 recreation priority of both the Ohio Department of Natural Resources and the Cleveland and Akron metropolitan districts. The State and local governments have already spent over $6 million to acquire lands threatened with development, and the metropolitan park boards will turn these over to the Federal park voluntarily, to be included in the National Recreation Area. However, Federal assistance is needed to purchase the remaining areas and to reserve this land immediately.

In establishing the park, relatively few businesses would be moved—12—and landowners would be protected from losing their tax bases because of increased property values that would be spurred by park acquisitions. Scenic easements would be taken on up to 4,000 acres of the project. In addition, the influx of tourists and recreationists would bring additional income to the valley.

There is widespread bipartisan support among our constituents in Ohio and Members of Congress for the Cuyahoga Valley National Recreation Area. State agencies have had enthusiastic responses in promoting its establishment. However, without congressional designation of the park as a Federal area, it is doubtful that the State of Ohio and local jurisdictions can achieve the most appropriate results concerning establishment and maintenance of the park area.

It would be a memorable addition to our National Parks System and a Midwest Gateway Park for our Nation. I urge my colleagues to give this legislation their strong support.

Mr. METZENBAUM. Mr. President, today the Senate has the opportunity to establish the Cuyahoga Valley National Recreation Area, the first national park in a heavily urbanized region in inland America. Only two other urban parks have been established in this Nation, one near San Francisco and one near New York City. With the Cuyahoga Valley Park, the Nation's 300 national parks will include three urban parks.

When enacted, this legislation will also create the first and only national park in Ohio. Ohio has natural beauty in plenty, but ranks among the bottom five States in the Nation with reference to the ratio of parks to people. Our steep slopes, deep woods, and clear-flowing rivers have gone unnoticed and ignored.

A park in the Cuyahoga Valley would make the idea of "parks for people" truly meaningful, because a park for the people should be a park near the people, not thousands of costly miles away.

The Cuyahoga Valley lies between Akron and Cleveland. Four million people live within half an hour's drive. They can use the valley in their leisure hours at a price they can afford to pay. It will be a park for Sunday outings, for weekends. It will cost no more than the price of gasoline.

For a century, the valley's own physical characteristics prevented urban growth. But today, the urban noose is tightening on Cuyahoga. It is threatened on all sides by commercial and industrial development. Without this legislation, asphalt and brick will cover the valley, from Akron to Cleveland, within the next few years.

If we were to leave preservation of the valley to the State of Ohio, we would surely, by that act, consign the valley to the commercial developers. The State has the will to preserve the region, but it does not have the resources to act in time. Once asphalt and concrete have replaced the forest, we shall never be able to turn back the clock and recover what we once had.

The valley's slopes, where the Cuyahoga River flows clear and unimpeded, have one of the richest natural histories on the continent. The Congress cannot sit by while a scenic and historic valley, irreplaceable to the people of Ohio now and for all the generations to come, is gnawed away in the name of industrialization.

By creating a national recreation area in the valley, we will preserve it as it has been for countless generations. It will symbolize our conscious desire to cherish our natural heritage. If we seize the land from the jaws of industrialization, we shall say that we believe that human values take precedence over dollar values.

And when we place the park contiguous to two great cities, we shall reaffirm the purposes of democratic government: to serve the people, the wage earner and the salary earner, the poor and the elderly, the schoolchild, and the parent. Our people deserve the peaceful pleasures which the park will afford them—picnicking on the grass, walking in the woods, canoeing on a stream, and strolling through a 19th-century village.

I take great satisfaction from my work in obtaining this park for the people of Ohio. I am gratified that the legislation survived the obstacles in its path and I am delighted that we are now at the point of decision. I urge the Senate to make the Cuyahoga Valley National Recreation Area a reality. This action would be a great and well-deserved tribute to the people of Ohio.

The bill was ordered to a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations numbered as follows: Calendar Nos. 332, 334, and 335.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER (Mr. METZENBAUM). The nominations will be stated.

NATIONAL CREDIT UNION BOARD

The assistant legislative clerk read the nomination for Kathryne Ford Vachon, of Florida, to be a member of the National Credit Union Board.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

NUCLEAR REGULATORY COMMISSION

The assistant legislative clerk read the nomination of William A. Anders, of Virginia, to be a member of the Nuclear Regulatory Commission.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

ENERGY RESEARCH AND DEVELOPMENT

The assistant legislative clerk read the nomination of Robert C. Seamans, Jr., of Massachusetts, to be Administrator of Energy Research and Development.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

SPECIAL EMPLOYMENT ASSISTANCE ACT OF 1974

The Senate continued with the consideration of the bill (S. 4079) to amend the Comprehensive Employment and Training Act of 1973 to provide additional public service jobs for unemployed persons during periods of increased unemployment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Jonathan Steinberg, of the Committee on Labor and Public Welfare, be permitted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. Mr. President, I ask unanimous consent that Robert Hunter, of the minority staff of the Committee on Labor and Public Welfare, have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. NELSON, I ask unanimous consent that Donald Ellisberg, Richard Johnson, and Larry Gage, of the staff of the Subcommittee on Employment, Poverty, and Migratory Labor, have the privilege of the floor during the consideration of S. 4079, the Special Unemployment Assistance Act of 1974, including votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, while we are awaiting the arrival of Senators to the floor; that the period not extend beyond 10 minutes, and that statements therein be limited to 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. BURDICK) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE COUNCIL ON ENVIRONMENTAL QUALITY—MESSAGE FROM THE PRESIDENT

As in executive session, the Acting President pro tempore (Mr. BURDICK) laid before the Senate a message from the President of the United States transmitting the annual report of the Council on Environmental Quality, which, together with the report, was referred jointly to the Committee on Agriculture and Forestry, the Committee on Commerce, the Committee on Interior and Insular Affairs, and the Committee on Public Works. The message is as follows:

To the Congress of the United States:

and Forestry, the Committee on Commerce, the Committee on Interior and Council on Environmental Quality.

When future historians look back on the pursuit of environmental quality in our era, they will recognize it as a positive turning point.

As I stated in an Earth Day speech in 1970, "the day is gone when concern for the land, the air and the water was sole province of the conservationist, the wilderness enthusiast, the bird watcher, and the environmental scientist."

Instead, today, millions of our citizens share a new vision of the future in which natural systems can be protected, pollution can be controlled, and our natural heritage will be preserved. The crusade to improve the quality of our human environment has begun—a crusade which has already led to great accomplishment over the past five years.

Another valuable lesson was learned during the energy crisis last winter when, in trying circumstances, it became clear that we cannot achieve all our environmental and all our energy and economic goals at the same time. Had our commitment to the environment not been ingrained, we might have reacted to this situation by discarding our environmental goals. Had our commitment to the environment not been mature, we might not have recognized the need for balance to accommodate other social and economic goals as well. By rejecting the extremes—by accepting the need for balance—we held fast to the accomplishments of the past and looked with new perspective towards the imperatives of the future. This, in my judgment, is the course we must continue to follow.

The need to move toward greater self-sufficiency in energy is one of the major challenges of the decade ahead. We can and must meet our needs for energy, and in ways that minimize damage to the environment.

The conservation of energy provides an essential common ground between our need for energy and our desire to protect the environment. By eliminating waste in the use of energy, and by increasing the efficiency of the energy we use, we can move toward both goals simultaneously. Our experience this year has shown that there are major opportunities to conserve energy. And we are coming to understand that actions which temper our growing use of energy contribute to self-sufficiency as well as actions which increase our domestic supply.

We must also recognize that, even with a strong conservation program, we will still have to mine more coal, drill for more oil and gas, and build more powerplants and refineries. Each of these measures will have an impact on the environment. Yet this can be minimized, and the last five years have shown that we have the capacity and the willingness to do so. Science and technology, in which America excels, provides one means of limiting environmental damage; careful analysis and planning, with broad public participation, offers another.

Let us also be guided by our increased recognition of the interdependence of all nations of our globe and the fundamental relationship between population, resources, economic development, world stability, and the environment.

No longer is concern for the environment the dream of a few. Instead, it is reflected in countless actions by many citizens, by industry, and by government at all levels every day. The environmental movement has matured, and the nation and its environment have benefitted in the process. Looking to the future, we can expect further accomplishment in enhancing our environment and, along with it, further improvement in our quality of life.

GERALD R. FORD.

THE WHITE HOUSE, *December 12, 1974.*

Mr. ROBERT C. BYRD subsequently said: I ask unanimous consent that, as in past years, a message from the President transmitting the fifth annual report of the Council on Environmental Quality be referred jointly to the Committees on Agriculture and Forestry, Commerce, Interior and Insular Affairs, and Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 10:33 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 17505. An act to rescind certain budget authority recommended in the messages of the President of September 20, 1974 (H. Doc. 93-361), October 4, 1974 (H. Doc. 93-365) and November 13, 1974 (H. Doc. 93-387), transmitted pursuant to section 1012 of the Impoundment Control Act of 1974.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. Burdick).

At 1:10 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 782. An act to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to Appellate Review.

S. 3164. An act to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes.

H.R. 10337. An act to provide for final settlement of the conflicting rights and interests of the Hopi and Navajo Tribes to and in lands lying within the joint use area of the reservation established by the Executive order of December 16, 1882, and lands lying within the reservation created by the Act of June 14, 1934, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore.

At 2:30 p.m., a message from the House of Representatives by Mr. Berry announced that the House has agreed to the following concurrent resolutions, without amendment:

S. Con. Res. 99. A concurrent resolution authorizing the printing of additional copies of the National Nutrition Policy Study hearings and panel reports of the Senate Select Committee on Nutrition and Human Needs;

S. Con. Res. 106. A concurrent resolution authorizing the printing of additional copies of Senate hearings entitled "Public Financing of Federal Elections"; and

S. Con. Res. 116. A concurrent resolution authorizing the printing of additional copies of Senate hearings on the marihuana-hashish epidemic and its impact on United States Security.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes.

The message further announced that the House agrees to the report of the mittee of conference on the disagreeing ing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16901) making appropriations for Agriculture-Environmental and Consumer Protection programs for the fiscal year ending June 30, 1975, and for other purposes; that the House recedes from its disagreement to the amendment of the Senate numbered 5; that the House recedes from its disagreement to the amendment of the Senate numbered 4 and concurs therein with an amendment in which it requests the concurrence of the Senate; and that the House insists upon its disagreement to the amendment of the Senate numbered 8.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the enrolled bill (H.R. 11013) to designate certain lands in the Farallon National Wildlife Refuge, California, as wilderness; to add certain lands to the Point Reyes National Seashore; and for other purposes.

At 6 p.m., a message from the House of Representatives by Mr. Berry announced that the House has passed the bill (S. 3418) to establish a Privacy Protection Commission, to provide management systems in Federal agencies and certain other organizations with respect to the gathering and disclosure of information concerning individuals, and for other purposes, with amendments in which it requests the concurrence of the Senate.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on Armed Services, with an amendment:

S. Con. Res. 121. A concurrent resolution relating to the establishment of the naval and marine museum in Charleston, S.C. (Rept. No. 93-1336).

By Mr. HARRY F. BYRD, JR., from the Committee on Armed Services, without amendment:

H.R. 16006. An act to amend section 2634 of title 10, United States Code, relating to the shipment at Government expense of motor vehicles owned by members of the Armed Forces, and to amend chapter 10 of title 37, United States Code, to authorize certain travel and transportation allowances to members of the uniformed services incapacitated by illness (Rept. No. 93-1337).

By Mr. HARRY F. BYRD, JR., from the Committee on Armed Services, with amendments:

S. 3283. A bill to amend chapter 67 of title 10, United States Code, to grant eligibility for retired pay to certain reservists who did not perform active duty before August 16, 1945, and for other purposes (Rept. No. 93-1338).

By Mr. McGEE, from the Committee on Post Office and Civil Service, without amendment:

H.R. 15067. An act to prevent reductions in pay for any officer or employee who would be adversely affected as a result of implementing Executive Order 11777 (Rept. No. 93-1339).

By Mr. NUNN, from the Committee on Armed Services, without amendment:

S. Con. Res. 44. A concurrent resolution relating to the awarding of the Purple Heart to members of the Armed Forces interred in the Tomb of the Unknowns at Arlington National Cemetery (Rept. No. 93-1340).

H.R. 5056. A bill to provide for crediting service as an aviation midshipman for purposes of retirement for nonregular service under chapter 67 of title 10, United States Code, and for pay purposes under title 37, United States Code (Rept. No. 943-1341).

H.R. 8591. A bill to authorize the President to appoint to the active list of the Navy and Marine Corps certain Reserves and temporary officers (Rept. No. 93-1342).

H.R. 14349. A bill to amend section 3031 of title 10, United States Code, to increase the number of authorized Deputy Chiefs of Staff for the Army Staff (Rept. No. 93-1343).

H.R. 14401. A bill to authorize military band recordings in support of the American Revolution Bicentennial (Rept. No. 93-1344).

By Mr. NUNN, from the Committee on Armed Services, with an amendment:

H.R. 12860. A bill to amend title 10 of the United States Code in order to clarify when claims must be presented for reimbursement of memorial service expenses in the case of members of the Armed Forces whose remains are not recovered (Rept. No. 93-1345).

EXPORT-IMPORT BANK ACT AMENDMENTS—CONFERENCE REPORT (REPT. NO. 93-1335)

Mr. STEVENSON submitted a report from the committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

Mr. THURMOND. Mr. President, from the Committee on Armed Services, I report favorably the nomination of Gen. Henry Augustine Miley, Jr., to be placed on the retired list in the grade of general, USA; the promotion of Lt. Gen. Bernard William Rogers and Lt. Gen. John Joseph Hennessey, USA, both to the grade of general; Lt. Gen. Welborn Griffin Dolvin, USA, to be placed on the retired list in the grade of lieutenant general and Maj. Gen. Harold G. Moore, USA, to the grade of lieutenant general. For the Navy, Rear Adm. Howard E. Greer appointed to the grade of vice admiral. I ask unanimous consent that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. In addition, Mr. President, there are 2,410 in the Army and Army Reserve for promotion to the grade of colonel and below; in the Navy there are 819—also includes Naval Reserve—for promotion to the grade of captain and below; in the Marine Corps and Marine Corps Reserves there are 165 to the grade of lieutenant colonel and below and in the Air Force there are 3,782—also includes Air Force Reserve and National Guard. Since these names have already appeared in the Congressional Record and to save the expense of printing again, I ask unanimous consent that these names be placed on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The names ordered to lie on the Secretary's desk were printed in the Record of November 18, 26, and December 2, 1974, at the end of the Senate proceedings.)

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Richard B. Parker, of Kansas, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic and Popular Republic of Algeria.

Dixy Lee Ray, of Washington, to be an Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs.

Leonard F. Walentynowicz, of New York, to be Administrator, Bureau of Security and Consular Affairs, Department of State.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that today, December 12, 1974, he presented to the President of the United States the following enrolled bills:

S. 782. An act to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to Appellate Review.

S. 3164. An act to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HUMPHREY:

S. 4228. A bill for the relief of Germa Videta Rowe. Referred to the Committee on the Judiciary.

By Mr. McCLURE (for himself, Mr. Domenici, Mr. Baker, and Mr. Randolph):

S. 4229. A bill to provide job opportunities in areas of high unemployment. Referred to the Committee on Public Works.

By Mr. WEICKER (for himself and Mr. Montoya):

S. 4230. A bill to amend the Internal Revenue Code of 1954 to require the establishment of formal procedures and criteria for the selection of individual income tax returns for audit, to inform individuals of the reasons why their returns were selected for audit, and for other purposes. Referred to the Committee on Finance.

By Mr. BENTSEN:

S. 4231. A bill for the relief of Antoinette L. M. Smith. Referred to the Committee on the Judiciary.

By Mr. ERVIN:

S. 4232. A bill to enforce the first amendment and fourth amendment to the Constitution and the constitutional right of privacy by prohibiting any civil officer of the United States or any member of the Armed Forces of the United States from using the Armed Forces of the Untied States to exercise surveillance of civilians or to execute the civil laws, and for other purposes. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. McCLURE (for himself, Mr. Domenici, Mr. Bakfr, and Mr. Randolph):

S. 4229. A bill to provide job opportunities in areas of high unemployment. Referred to the Committee on Public Works.

Mr. McCLURE. Mr. President. I introduce for myself, Senator Dominici, Senator Baker and Senator Randolph a bill to provide emergency financial assistance to create job opportunities in areas, both urban and rural, which are burdened by unusually high levels of unemployment.

We are introducing this emergency proposal in response to the deeping national unemployment and lagging economic activity in many areas of the country and sectors of the economy. We believe this is a constructive proposal which will provide additional and flexible assistance to meet the employment needs in the most efficient and effective way in these areas of high unemployment.

Under our proposal the Economic Development Administration, in the Department of Commerce, would be directed to consult with other Federal agencies to review their proposed expenditures over the next calendar year for job effectiveness. This review will identify those Federal programs and projects which have the potential to stimulate job opportunities in areas of high unemployment. I anticipate that this review would begin immediately upon enactment of this legislation, and should be completed within a very short time, possibly a few weeks.

The Federal agencies included in the review process handle several billions of dollars each year. Some programs have a positive, direct impact on the economy and jobs; others have a less direct or possibly no impact at all. The review process will allow an across-the-board examination of these proposed expenditures to evaluate their effects. In this time of discouraging economic news, some new directions and priorities may need to be pursued. Some types of activities must be chosen over others. Using the broad range of Federal programs activity and the large Federal budget, we must augment our efforts to provide jobs and stimulate the economy. Under this program a special, 1-year appropriation of $1 billion would be made to EDA to create, maintain or expand jobs in areas where unemployment is particularly high. These funds should often supplement programs identified in the review process that I have already discussed, expanding or accelerating their impact to create jobs.

In addition, these special funds could provide the initial loan or grant funds for activities that create jobs in target areas, when that is essential to implement the purposes of this bill.

The criteria to be used to select an activity must be its potential in stimulating jobs. While funds could be available to provide salaries and payroils, they will also be available for loans, for the purchase of equipment, or to further similar activities that in turn would provide jobs.

Funds could be used to accelerate job creating activities. This might mean, for example, hiring staff to expedite the preparation and filing of an environmental impact statement. Completion of the statement expeditiously might then move job creating programs forward by several months. Funds might be used to get a program underway this year rather than in fiscal year 1976, when the agency budget had scheduled the initiation.

The whole idea is to use the taxpayers' dollars most efficiently in creating new job opportunities. Efforts should be made to promote jobs in the private sector—with under-utilized resources—and to create permanent jobs, which would serve the individual, his family, and his community long after this program ends. Where this is not possible, the program allows for direct Federal hiring.

In our bill, we propose only a 1-year measure, an approach to meet an emergency. When we reach the close of next year, the Senate may have to reconsider—possibly renewing or modifying the program if economic circumstances warrant. We will have to see if areas that continue with high unemployment will suffer chronically, or if they are vestiges of the national unemployment picture and need continued assistance under the special program. This emergency program does not replace the existing Federal efforts to aid the chronically depressed communities under long-term programs carried out by EDA and other agencies.

Our proposal is limited for two reasons. First, because we hope and expect that the economy will go forward next year, we did not want to install a permanent program. Second, we want the Congress to examine this program with care next year to see if it is being implemented properly, and producing the desired results. This can be done within the time provided in the bill.

Employment requirements and needs vary from place to place. Each activity supported under this program should be geared to the specific needs of an area. The community should be given flexibility to tailor its job program to those needs.

The jobs program recommended by the President was limited to individuals who have exhausted all their unemployment benefits. While our program does not place such a restriction on the granting of aid, I do believe that special attention must be given individuals who have exhausted their governmental and nongovernmental unemployment benefits. These individuals and their families are most in need of financial aid to continue to feed, clothe, and educate themselves.

By Mr. WEICKER (for himself and Mr. Montoya):

S. 4230. A bill to amend the Internal Revenue Code of 1954 to require the establishment of formal procedures and criteria for the selection of individual income tax returns for audit, to inform individuals of the reasons why their returns were selected for audit, and for other purposes. Referred to the Committee on Finance.

TAXPAYER AUDIT DISCLOSURE ACT OF 1974

Mr. WEICKER. Mr. President, today I am introducing along with the distinguished Senator from New Mexico (Mr. Montoya), legislation to change the U.S. Internal Revenue Service's procedures for selecting tax returns for audit.

Recent disclosures of political abuses of IRS audit procedures to intimidate "enemies" of the administration are shocking proof of the need for reform. American taxpayers should have faith that the administration of their tax laws is equitable and invulnerable to political pressure.

To this end this bill would:

Require the IRS to give written notice to taxpayers before beginning an audit of their income tax returns;

Make it mandatory that the IRS clearly disclose in the written notice the manner in which the income tax returns were selected for audit;

Require the IRS to furnish a copy of a publication—No. 556—titled, "Audit of Returns, Appeal Rights and Claims for Refund," to taxpayers whose returns are to be audited;

Require the Federal tax service to again publish a booklet, "The Audit Story," and make it available to the public;

Make it mandatory that the IRS submit to Congress on or before June 30 of each year a report setting forth the procedures and criteria used for the selection of income tax returns for auditing; and

Require that the report show the number of tax returns audited, classification of persons audited, amount of additional revenue collected, and any other pertinent data.

I commend the distinguished Senator from New Mexico for his efforts to reform IRS procedures, both on the Watergate Committee and as chairman of the Appropriations Subcommittee on Treasury, Post Office, and Civil Service.

I ask unanimous consent that a prepared statement of Senator Montoya be printed at this point in the Record.

Mr. President, I ask unanimous consent that following those remarks, the full text of the bill be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Montoya

The legislation we are offering today concerns improved service to taxpayers under the audit system of IRS.

During IRS oversight hearings in the past two years, I have found the need for a new law which would require better procedures and regulations within IRS itself for the selection of returns for audit, would require IRS to disclose fully to taxpayers the reasons for audit, and would require IRS to furnish Publication 556 (Audit of Returns, Appeal Rights and Claims for Refunds), or a similar publication, to the taxpayer two weeks before an audit so that he is properly informed of his rights at the time he needs the information. Surely, Mr. President, the American taxpayer is entitled to this minimum assistance at the earliest possible time, and should not have to request it as is now the case. In fact the taxpayer is often unaware of the existence of Publication 556 until it is too late to help him.

This legislation does one final thing. It requires the continued public disclosure of IRS audit statistics in a publication called "The Audit Story" and it requires that IRS report to the Tax Committee of Congress concerning its audit selection, criteria and the post audit revenue level changes.

I hasten to note that I have repeatedly told Commissioner Alexander and IRS audit officials that I have not and will not consider increased audit-generated revenue as justification for agency appropriations. To do so would be to insure abuse of taxpayers. On the other hand, it is necessary for the Congress to know precisely how the audit process is working. We must therefore possess current data showing what kind of taxpayers are audited and the amount of change in their taxes after audit. I firmly believe that such information will not encourage tax evasion, but rather will show clearly how the broad audit program is being administered.

Secrecy in these areas seems unwarranted and inexcusable. No national security danger is present when either the American citizen or the American Congress is informed fully about the operating procedures of the tax system of the United States. On the contrary, as the Freedom of Information Act already makes clear, it is to the advantage of government to operate in the open as often as possible.

In addition to the normal concern for open government, our experience with the use of an "enemies list" by personnel in the White House and IRS itself in the past few years, ought to lead us to provide real protection to the taxpayer against discriminate selection of tax returns for audit. The audit power in itself is awesome. It should be carefully circumscribed so that no misuse is possible. This legislation will assure that use of the power to select returns for audit will be subject to oversight and will be open to public scrutiny.

I want to take this opportunity to thank Senator Lowell Weicker for the excellent work he has done in this area. He was a leader in exposing IRS abuses during our hearings before the Senate Select Committee on Presidential Campaign Activities and himself initiated investigations which uncovered much of the material leading to public awareness of the need for corrective legislation. Senator Weicker has himself introduced legislation in this area which I was happy to cosponsor. I am pleased to have had his cooperation on this bill and welcome his cosponsorship.

The American taxpayer deserves to be heard, to be listened to, and to be protected from abuses. Let us rebuild trust in government through these very necessary adjustments in our tax service laws, so that no American taxpayer need ever again feel either frustrated or frightened by the tax agency of a government he supports through his voluntary self-assessment and trust.

Today, I urge full and immediate support of my colleagues for this essential proposal.

S. 4230

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Taxpayer Audit Disclosure Act of 1974".

Sec. 2. (a) Section 7602 of the Internal Revenue Code of 1954 (relating to examination of books and witnesses) is amended—

(1) by inserting immediately before the first sentence thereof the following: "(a) In General.—"; and

(2) by adding at the end thereof the following new subsections:

"(b) Selection of Individual Returns for Audit.—

"(1) Criteria.—The Secretary or his delegate shall report to the Joint Committee on Internal Revenue Taxation the specific criteria by which the Internal Revenue Service selects returns of tax made by individuals with respect to taxes imposed under subtitle A for audit. For purposes of this paragraph, the term 'specific criteria' means nature of employment or occupation, dollar amounts of gross and taxable income, dollar amounts and types of deductions, random probability, and all other factors which are used to select returns for audit.

"(2) Procedures.—The Secretary or his delegate shall report to the subcommittees on Treasury, United States Postal Service, and General Government of the Committees on Appropriations of the House of Representatives and the Senate (and shall publish such report, and any supplements thereto, in the Federal Register) the procedures followed by employees of the Internal Revenue Service with respect to individual returns of tax during the period beginning with the time such Service receives such return from the taxpayer and ending with the time such taxpayer is contacted for the purpose of an audit or other disposition is made of the return.

"(c) Written Notice of Reasons for Audit.—Before taking action under paragraph (1), (2), or (3) of subsection (a) for the purpose of determining the liability for tax of any individual under subtitle A, the Secretary or his delegate shall provide such individual a written notice which clearly specifies the reasons for, and manner in which, the return of such individual was selected for audit.

"(d) Furnishing of Publications.—At least 14 days before taking action under paragraph (1), (2), or (3) of subsection (a) for the purpose of determining the liability for tax of any individual under subtitle A, the Secretary or his delegate shall furnish to such individual a written explanation (such as publication 556) which describes the audit procedure, the rights which a taxpayer may exercise during such procedure, the right of the taxpayer to make an administrative or judicial appeal from an adverse decision at the end of such procedure, and the right of the taxpayer to claim a refund.".

(b) The reports required by the amendments made by subsection (a) shall be made within 90 days after the date of enactment of this Act. Additional reports shall be made within 10 days after any change occurs in the criteria referred to in section 7602(b)(1) of the Internal Revenue Code of 1954 (as added by subsection (a) of this section) and after any change in the procedures referred to in section 7602(b)(2) of such Code (as added by such subsection (a)). The requirements of subsections (c) and (d) of section 7602 of such Code, as added by subsection (a) of this section, apply to actions taken under subsection (a) of such section 7602 more than 90 days after the date of enactment of this Act.

Sec. 3. The Secretary of the Treasury or his delegate shall publish a publication containing the subject matter previously contained in the publication entitled "The Audit Story". The Secretary of the Treasury or his delegate shall make such publication available to the public and shall revise such publication whenever necessary and make such revised publication available to the public.

Sec. 4. The Secretary of the Treasury or his delegate shall submit to the Joint Committee on Internal Revenue Taxation, before September 30 of each year, a report setting forth—

(1) the number of individuals whose returns were selected for audit during the previous 12-month period.

(2) a classification of individuals whose returns were audited during the previous 12-month period by, among other factors, income levels, geographic distribution, and profession,

(3) the number of individuals audited during the previous 12-month period who were found to have made underpayments or overpayments of tax, together with summary statistics reflecting the percentage of such number, by income category, who made underpayments or overpayments of certain ranges of amounts (to be determined by the Secretary or his delegate), and

(4) such other information as may be requested by the Joint Committee in accordance with the purposes of this Act.

By Mr. ERVIN:

S. 4232. A bill to enforce the first amendment and fourth amendment to the Constitution and the constitutional right of privacy by prohibiting any civil officer of the United States or any member of the Armed Forces of the United States from using the Armed Forces of the United States to exercise surveillance of civilians or to execute the civil laws, and for other purposes. Referred to the Committee on the Judiciary.

FREEDOM FROM MILITARY SURVEILLANCE ACT OF 1974

Mr. ERVIN. Mr. President, I introduce for appropriate reference a bill designed to put an end to the military surveillance of civilian political activity. This bill is a revised and amended version of a bill I had introduced earlier in the first session, S. 2318.

I am introducing the new bill now in order to place it on RECORD. It represents the culmination of my work and the work of the Subcommittee on Constitutional Rights over the last 4½ years.

It is apparent now that this Congress will not enact this or other such legislation. It is nevertheless my hope that the issue will not be dropped, and that this bill may later serve as the basis for further legislative consideration.

In leaving my colleagues with this proposal, I would take this opportunity to remind them of what has gone before.

The use of military agents in the late 1960's to conduct surveillance of civilians and civilian organizations first came to the public's attention in a magazine article in January 1970. The Subcommittee on Constitutional Rights followed up these disclosures with hearings and a comprehensive investigation which has continued to the present date.

The subcommittee in its report of August 1973 determined that while military surveillance of civilians was by no means unheard of in past decades, it grew to massive proportions in the latter part of the 1960's and early 1970's. At the height of the monitoring, Army intelligence alone engaged over 1,500 agents throughout the United States to observe and record the political activities of hundreds of thousands of civilians and civilian organizations. Their reports were stored in scores of data centers at Army installations around the country.

The Army attempted to justify its domestic intelligence activities in terms of its preparedness for civil disturbances. But little of what was recorded on Army computers related to such preparedness. Agents made little distinction between those groups and individuals who advocated violence and those which did not. The names of legislators, educators, lawyers and ministers were recorded in the Army's files, together with the most private and trivial of personal information. No group or individual was too insignificant to be listed; no political activity too irrelevant to record. Often, the information was unsubstantiated and ambiguous.

The target of these counterintelligence operations was, in short, political dissent, however it may have been manifested. In most cases, the citizens whose names appeared on the Army computers were only exercising rights of expression guaranteed them by the Bill of Rights.

It is my view that such surveillance has the effect of inhibiting the exercise of these constitutional rights of expression. As the subcommittee reported:

> The fact that the government, through the instrumentality of the Army, has seen fit to investigate the views and personal lives of thousands of citizens whose only "crime" was expressing their opposition to governmental policy cannot help but clothe those views and the people who hold them with the taint of official disapproval and suspicion, and encourage the public to regard them as somehow disloyal. Government, by force of example alone, has considerable power to encourage or discourage the expression of ideas. One vice of military surveillance is that it serves to discourage the expression of controversial views and association with controversial activities. In effect, the program encourages people to censor themselves.
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> Moreover, surveillance creates an apprehension that some harm, its exact nature unknown, will befall those under surveillance and those who associate with them. The public reasons that such surveillance must have some purpose—"The military wouldn't be investigating them if they weren't doing something wrong." While it is not clear to the public to what use the intelligence will be put, the general assumption is that the effect will be detrimental. The coercive power of the unknown becomes a strong deterrent either to espousing like views or associating with those who do.
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> The Rev. Jesse Jackson testified to the effect of the disclosure of Army surveillance upon his "Operation Breadbasket":
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> "Our organization's success, its life, is directly related to the confidence that the people have in us, and the people that we relate to, by and large, are functioning and fighting for democratic ideals within the context of America and for them now to assume that we are surveyed by the Army, gives them the impression that we are engaging in subversive activity, and it undermines the confidence that a lot of people have in our organization, and telephone calls have come in to that effect * * *."
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> Similarly, Jay Miller, Executive Director of the Illinois American Civil Liberties Union, testified:
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> "I think it's [military surveillance] demoralizing to our staff * * * and then, finally, I think there is a phenomenon that goes on [in the public's mind] * * * where there's smoke there's fire * * * That I expect could affect our membership, makes it more difficult for us to reach people, to convince them of our ideas * * *."

Jerome B. Wiesner, president of the Massachusetts Institute of Technology, testified to the effects of governmental surveillance on himself and his students:

> Many people, myself included, have long operated on the assumption that our activities are being monitored. I have also operated under the premise that I should not allow myself to be inhibited by such a possibility. I can do this because I have great confidence in the basic integrity of the safeguards built into the administrative and judicial system of the country. If I lacked such confidence and did not feel that I could defend myself, were there to be unjust conclusions or accusations, I would undoubtedly feel much more severely restricted.
>
> I know that many, many students are afraid to participate in political activities of various kinds which might attract them because of their concern about the consequences of having a record of such activities appear in a central file. They fear that at some future date, it might possibly cost them a job or at least make their clearance for a job more difficult to obtain. I don't know to what extent those student fears have justification, but I can tell you that they are real fears and that they have frequently caused students to back away from activities which attracted them. I might add here that I am not referring to confrontations or planned violence, but participation in seminars, political study groups, etc., that were seriously questioning governmental and social arrangements or policies.

Abner J. Mikva, former Representative from Illinois, and himself a subject of surveillance, testified as to its effects on elected officials:

> Who can be certain that his judgment will not be swayed, perhaps even unconsciously, by the belief that he is being watched? Even the possibility of surveillance raises the specter of subtle political interference. The scenario might go something like this. Those who speak out strongly in opposition to the policies of those in power are subjected to precautionary surveillance by the military. Constituents learn that their elected representative is under Army surveillance. The inference is made, either explicitly or implicitly, that he must be doing something wrong, or at least questionable, and that suspicion will be evident in the next election results. After all, who wants to be represented by a man who is so disreputable that the Army feels that the national security requires that his activities be monitored . . . it is entirely likely that some elected officials will exercise greater caution than they otherwise would in speaking their minds in order to be sure that their political future is not imperiled by a military spy.
>
> Military surveillance, then, makes expression of unpopular views more difficult. Not only must the individual face the general disapproval of his community, but he must also incur a loss of privacy by having his actions recorded permanently in government files. His anonymity is gone, and with it the confidence that his expression or association will not subject him to future unpleasant consequences. The President's Commission on Law Enforcement and the Administration of Justice noted the effect of such a loss:
>
> "In a democratic society privacy of communication is essential if citizens are to think and act creatively and constructively. Fear or suspicion that one's speech is being monitored by a stranger, even without the reality of such activity, can have a seriously inhibiting effect upon the willingness to voice critical and constructive ideas."

As a result of the public disclosures in 1970, and the subcommittee hearings in early 1971, the military brought to a halt its domestic intelligence operations. In March 1971, Department of Defense Directive 5200.27 was promulgated, calling for a cessation of such operations except under certain circumstances specified in the directive, and for the destruction of the fruits of prior surveillance operations. In addition, a contemporaneous directive provided for establishment of the Defense Investigative Review Council to monitor the implementation and the effectiveness of the new regulations.

Unfortunately, while the military now eschews, for the most part, any interest in conducting surveillance of American civilians in domestic contexts, it has not been able unequivocally to deny itself the right to conduct surveillance of civilians, even in this country, in certain exceptional situations. Nor, until recently, have we seen any inclination to limit in any manner military surveillance of civilian political activity overseas.

As my colleagues may recall from recent press accounts, the Army engaged in rather widespread surveillance of political dissidents in West Germany in the early 1970's. Last month, the Secretary of the Army announced that he had instituted new controls to apply to such activities abroad. That policy, however, still does not apply to the other branches of service.

The DOD directive remains in effect today as the primary safeguard against a return to the odious practices of the late 1960's. It is my view that this departmental regulation is inadequate protection for the precious rights of expression at stake. In view of the traditional limitations placed upon the role of the military in the political affairs of this country, it is not sufficient that the sole limitation upon the powers of the military to intrude into the private lives of American civilians is a regulation which has been promulgated and is implemented by the military itself. The traditional separation and subordination of the military establishment requires that such restrictions be drawn and enforced as a matter of statutory law, and not merely as a matter of military regulation.

Justice Hugo Black writing for the majority in *Reid v. Covert*, 354 U.S. 1 (1957) stated:

> The Founding Fathers envisioned the army as a necessary institution, but one dangerous to liberty if not confined within its essential bounds . . .
>
> Throughout history many transgressions by the military have been called "slight" and have been justified as "reasonable" in the light of the "uniqueness" of the times. We cannot close our eyes to the fact that today the peoples of many nations are ruled by the military. We should not break faith with this nation's tradition of keeping military power embodied in the Constitution.

For the military to be left to itself to forestall any intrusion into civilian political affairs is an unacceptable means of "keeping military power embodied in the Constitution." I am of the view that to leave regulation solely in the hands of the military would constitute an abnegation of responsibility on the part of the Congress.

Far from hampering the performance of lawful tasks, this legislation will be of positive value to the military and will improve its perception by the public.

The subcommittee's investigation showed that efforts by civilian officials in the Department of Defense to bring the domestic surveillance program of the late 1960's under control met with considerable resistance which gave way only when public pressure became too unbearable. Statutory prohibition would undoubtedly make such oversight and control an easier task. It would also serve to focus the attention and efforts of military intelligence on legitimate functions.

Lastly, and perhaps most important, a statutory prohibition is necessary to satisfy the public demand that military surveillance has ended. There still exists a great deal of public skepticism over the military's efforts to regulate itself. I have myself been impressed with those efforts, but there is no questions that public doubt has not yet been removed. Legislation alone will meet this need. Indeed, the military would do much to restore public confidence if it endorsed the desirability of this legislation.

HISTORY OF THE LEGISLATION

As I have already indicated, the bill I am introducing today is an amended version of S. 2318, which I introduced in this Congress on August 1, 1973. The bill was amended in subcommittee, and reported to the full Judiciary where it currently pends.

S. 2318 was sponsored by 37 Senators; a companion bill on the House side claims almost 70 cosponsors.

Hearings were held on the bill by the Subcommittee on Constitutional Rights on April 9 and 10, 1974. The Department of Defense testified in opposition to the bill on the general grounds that it opposed enactment of any criminal statute dealing with this subject and, more specifically, on the grounds that the bill as drawn was ambiguous and unduly restrictive of military operations.

The Justice Department in a written report to the committee also objected to the unduly restricting the military's performance of statutory functions. It also objected to the civil remedies provided by the bill on the grounds they permitted unnecessary and harassing litigation.

Several former military officials, including Cyrus R. Vance, former Under Secretary of Defense; Robert Jordan, former Army General Counsel; and David McGiffert, former Army Under Secretary; testified in favor of the bill's objectives, particularly as it sought to prevent intelligence-gathering on the pretext of preparing for civil disturbances, but they offered further drafting suggestions.

The Association of the Bar of the City of New York and the American Civil Liberties Union strongly endorsed the bill, with reservations that it did not go far enough.

At the conclusion of the hearings, and as a result of the testimony heard, the subcommittee redrafted a bill in the nature of a substitute and reported it favorably to the full committee.

This revised bill represents the legislative culmination of the subcommittee's 4-year investigation of military surveillance.

As a result of a Washington Monthly article which appeared in January 1970, the subcommittee began a formal inquiry of the Departments of Army and Defense with regard to their domestic surveillance activities. This inquiry was part of the subcommittee's general study of the right to privacy, and the threat posed to it by government collecting and computerizing information on its citizens. In February and March 1971, 11 days of hearings were held on the subject. These hearings, entitled "Federal Data Banks, Computers and the Bill of Rights," are an extensive collection of testimony and documentary evidence regarding the domestic activities of military intelligence agents during the late 1960's and early 1970's. The hearings were published in the fall of 1971.

As a result of the intense public concern raised by the subcommittee's discoveries, the Department of Defense announced the promulgation of a regulation which sought to end such surveillance and to have destroyed the fruits of all prior counterintelligence activities.

The subcommittee's investigation continued, however, despite the Defense Department's pronouncement. The subcommittee staff began a study of the documentary evidence it had received in the course of its investigation. Its object was to arrive at some idea of the nature and scope of the surveillance operations through an examination of the Army computer printouts and other documents in the possession of the subcommittee as a result of its investigation. In August 1972, the subcommittee published its staff's findings in a committee print entitled "Army Surveillance of Civilians: A Documentary Analysis."

On June 27, 1972, during the 2d session of the 92d Congress, I introduced S. 3750, which was the predecessor of S. 2318 and the bill I am introducing today. This bill was cosponsored by 18 Senators, but was never reported from committee.

S. 3750 provided a general prohibition against the use of military personnel to conduct surveillance of civilians, and it imposed criminal penalties on those responsible. But it contained no provisions similar to those in section 3 of S. 2318, which provided standing to bring a civil suit seeking an injunction of any military domestic intelligence operations in the future. These provisions in S. 2318 were written in response to the Supreme Court decision in *Tatum* v. *Laird*, 408 U.S. 1, announced on June 26, 1972.

In the Tatum decision, the Court held by a 5–4 vote that the plaintiffs, who had been subjects of Army surveillance, had not alleged sufficient harm in their complaints to invoke the jurisdiction of the courts. Chief Justice Burger, writing for the majority, stated the Court's position:

> In recent years this Court has found in a number of cases that constitutional violations may arise from the deterrent, or "chilling" effect of governmental regulations that fall short of a direct prohibition against the exercise of first amendment rights. . . . In none of these cases, however, did the chilling effect

arise merely from the individual's knowledge that a governmental agency was engaged in certain activities or from the individual's concomitant fear that armed with the fruits of those activities, the agency might in the future take some other and additional action detrimental to that individual. Rather, in each of these cases, the challenged exercise of governmental power was regulatory, proscriptive, or compulsory in nature, and the complainant was either presently or prospectively subject to the regulations, proscriptions, or compulsions that he was challenging . . ."

To entitle a private individual to invoke the judicial power to determine the validity of executive or legislative action, he must show that he has sustained or is immediately in danger of sustaining, a direct injury as the result of that action. 408 U.S. 1, 9 (1972).

The Court thus ruled that a plaintiff's allegation that his First Amendment right had been violated by military surveillance was insufficient without proof of tangible harm to invoke the jurisdiction of the courts.

The provisions of section 3 of S. 2318 were written to remedy legislatively what the Court found to be this jurisdictional defect with respect to the civil complaint of one aggrieved by military surveillance. It provided that civil suits for injunctive relief may be brought by those citizens or organizations subject to surveillance regardless of the amount or actuality of other harm they may have suffered.

A year after the decision in Tatum, and almost 3 years after it began its initial investigation, the Subcommittee on Constitutional Rights in June 1973 issued a report entitled "Military Surveillance of Civilian Politics," together with the additional views of Senators HRUSKA, FONG, SCOTT, and THURMOND. The report contains a lengthy factual narrative of what the subcommittee had been able to glean from its investigation prior to 1973, and it concludes with an analysis of the legal issues presented by military surveillance. Those Senators filing additional views agreed that military surveillance of the late 1960's was "ill-advised" and "unnecessary," but they were unable to agree with the majority of the subcommittee that it was also "unauthorized" and "unconstitutional." Instead, they viewed it as "an unwarranted departure from the traditional relationships of military forces in our civilian communities." Despite these reservations, there was unanimous condemnation by the subcommittee of the use of military agents to conduct surveillance of the political activities of civilians and civilian organizations.

Mr. President, I ask unanimous consent that the text of the bill and the section-by-section analysis which accompanies it be printed at this point in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 4232

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Freedom From Military Surveillance Act of 1974."

SEC. 2. (a) Chapter 67 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 1386. Use of the Armed Forces of the United States for surveillance prohibited

"(a) Except as provided in subsection (b) of this section or otherwise required by statute, whoever being a civil officer of the United States willfully causes any part of the Armed Forces of the United States to conduct investigations into, maintain surveillance over, or maintain records regarding the beliefs, associations, political activities, or private affairs of any citizen of the United States who is not a member of the Armed Forces, or regarding the beliefs, membership, or political activities of any group or organization of such citizens, shall be fined not more than $10,000, or imprisoned not more than two years, or both.

"(b) Nothing contained in the provisions of this section shall be deemed either to limit or to enlarge such legal authority of the Armed Forces of the United States as may exist to:

"(1) collect, receive, or maintain information relevant to a criminal investigation, the conduct of which has been lawfully charged to the Armed Forces of the United States;

"(2) collect, receive, or maintain information relevant to lawful investigations of persons who are applicants for employment with the Armed Forces of the United States, who are employees of the Armed Forces of the United States, or who are contractors, or prospective contractors, with the Armed Forces of the United States;

"(3) collect, receive, or maintain information necessary and proper to the restoration of public order once the Armed Forces of the United States have been deployed under the provisions of title 10, United States Code, sections 331, 332, 333, and 334: *Provided, however,* That such information shall be destroyed no later than sixty days after the withdrawal of such Armed Forces.

"(c) As used in this section the term—

"(1) 'civil officer of the United States' means any civilian employee of the United States;

"(2) 'Armed Forces of the United States' means the Army, Navy, Air Force, Marine Corps, Coast Guard, and the militia of any State when in Federal service;

"(3) 'militia' has the same meaning as that set forth in section 311, title 10, United States Code;

"(4) 'investigations' means any oral or written inquiry directed to any person, organization, or agency of Government;

"(5) 'surveillance' means any monitoring of persons, places, or events by means of electronic interception, overt and covert infiltration, overt and covert observation, photography, and the use of informants;

"(6) 'records' means records resulting from any investigation or surveillance conducted by the Armed Forces of the United States, or resulting from any investigation or surveillance conducted by any governmental agency of the United States or any State;

"(7) 'private affairs' means the financial, medical, sexual, martial, or familiar affairs of an individual."

(b) The analysis of chapter 67 of such title is further amended by adding at the end thereof the following new item:

"1386. Use of Armed Forces of the United States for surveillance prohibited.".

SEC. 3. (a) Title 28, United States Code, is amended by adding after chapter 171 the following new chapter:

"Chapter 172.—ILLEGAL SURVELLIANCE

"Sec.

"2691. Civil actions generally; illegal surveillance.

"2692. Special class actions; illegal surveillance.

"2693. Venue; jurisdictional amount.

"§ 2691. Civil action, generally; illegal surveillance

"(a) Except as provided in subsection (b) of section 1386, title 18, United States Code, or otherwise required by statute, whoever being a civil officer of the United States or a member of the Armed Forces of the United States causes any part of the Armed Forces of the United States to conduct investigations into, maintain surveillance over, or maintain records regarding the beliefs, associations, political activities, or private affairs of any citizen of the United States who is not a member of the Armed Forces, or regarding the beliefs, membership, or political activities of any group or organization of such citizens shall be liable for damages to any person, group, or organization that has been the subject of a prohibited investigation, surveillance or recordkeeping in an amount equal to the sum of:"

"(1) any actual damages suffered by plaintiff, but not less than liquidated damages at the rate of $100 per day for each day the prohibited activity was conducted;

"(2) such punitive damages as the court may allow, but not in excess of $1,000; and

"(3) the costs of any successful action, including reasonable attorneys' fees.

"(b) Any person, group, or organization that has been the subject of any investigation, surveillance, or recordkeeping in violation of subsection (a) of this section, may bring a civil action against the United States for such equitable relief as the court determines appropriate to enjoin and redress such violation.

"§ 2692. Special class actions; illegal surveillance

"Any person, group, or organization that has been the subject of any investigation, surveillance, or recordkeeping in violation of subsection (a) of section 2691 of this chapter, may bring a class action against the United States on behalf of himself and others similarly situated for such equitable relief as the court determines appropriate to enjoin and redress such violations.

"§ 2693. Venue; jurisdictional amount

"(a) A person may bring a civil action under this chapter in any district court of the United States for the district in which the violation occurs, or in any district court of the United States for the district in which such person resides or conducts business, or has his principal place of business, or in the District Court of the United States for the District of Columbia.

"(b) Any Federal court in which a civil action under this chapter is brought pursuant to subsection (a) shall have jurisdiction over such action regardless of the pecuniary amount in controversy."

(b) The analysis of part VI of such title 28 is amended by adding immediately after item 171 the following new item:

"172. Illegal surveillance.............. 2691".

(c) Section 1343 of title 28, United States Code, is amended by redesignating paragraph (4) as paragraph (5) and by inserting immediately after paragraph (3) the following new paragraph:

"(4) To recover damages or to secure equitable or other relief under chapter 172 of this title;"

SEC. 4. The civil actions provided by the amendments to title 28, United States Code, made by this Act shall apply only with respect to violations of subsection 2691(a) of title 28, United States Code, as added by this Act, arising on or after the date of enactment of this Act.

SEC. 5. (a) Section 1385 of title 18, United States Code, is amended by striking out "the Army or the Air Force" and inserting in lieu thereof the following: "the Armed Forces of the United States".

(b)(1) The section heading 1385 of such title is amended to read as follows:

"§ 1385. Use of Armed Forces of the United States as posse comitatus"

(2) Item 1385 of the analysis of chapter 67 is amended to read as follows:

"1385. Use of Armed Forces of the United States as posse comitatus.".

Section-by-Section Analysis

SECTION 1

Section 1 contains the title of the Act.

SECTION 2

Section 2 contains an amendment to Chapter 67 of title 18, United States Code, in the form of a new section 1386. This new section is divided into three new subsections; the first containing a general prohibition against the use of military personnel to conduct surveillance over civilians; the second containing language clarifying the effect of the general prohibition; and the third, containing definitions.

Subsection 1368 (a) of the proposed new section makes it unlawful for any civil officer or member of the miitary willfully to cause any unit or individual within the Armed Forces to conduct investigations into, or maintain surveillance over, or maintain records regarding the beliefs, associations, political activities, or private affairs of American citizens who are not members of the military. The same prohibition applies to groups and organizations of such citizens. Only where such investigation, surveillance or record-keeping is explicitly directed by statute or is allowed for under subsection (b), would such activities be legally permissible.

Any civil employee of the United States or member of the military who willfully orders or conducts an investgiation, surveillance, or record-keeping in violation of the prohibition is subject to imprisonment up to two years, not more than a $10,000 fine, or both.

The Committee recognizes that the military is authorized and required by statute to provide various forms of assistance to other federal agencies. It is not our intent that this bill interfere with the performance of such statutory obligations. Where information comes into the possession of the military which would otherwise be prohibited by the bill but which is nonetheless relevant to the performance of a specific statutory obligation, the prohibitory language of this bill is not intended as an obstacle.

The Committee similarly recognizes that the military has its own statutory missions to perform which may likewise entail obtaining information which would otherwise be prohibited by the bill. It is the Committee's view where the military's task has been set out by statute, the bill is not intended to present an obstacle to having information which is relevant and essential to the performance of those tasks. Subsection (b) sets out three areas of lawful military responsibility where the need for information otherwise barred by this Act might conceivably have relevance to performance of such missions.

Notwithstanding the above, it is to be emphasized that the Committee is of the opinion that ordinarily the need for information regarding the beliefs, associations, political activities, or private affairs of American citizens is not relevant to any military mission, statutory or otherwise. Department representatives have been unable to provide instances where such political information on non-affiliated citizens or groups is authorized by statute. Only out of an abundance of caution do we clarify the general prohibition insofar as the performance of lawful functions is concerned.

The prohibition of the bill applies to the use of the Armed Forces wherever they may be stationed. It is not confined to the United States. The bill only prohibits investigations, surveillance, and recordkeeping relating to American citizens, and groups of such citizens. It is not intended to interfere with authorized investigations or intelligence operations against foreign governments or their agents which may be charged to the military in peacetime or time of war, nor those investigations of Americans which the law assigns to the Armed Forces.

Subsection 1386(b) contains clarifying language to the effect that (1) the general prohibition is not intended to limit or restrict the performance of the lawful military functions enumerated; and (2) that the bill's recognition of such functions is not intended as legislative authority for their legal existence nor is it intended as authority to engage in conduct prohibited by this Act if it is not relevant to the performance of such functions.

Subsection (*b*)(*1*) allows the military to collect, receive, and maintain information from any source, civilian or otherwise, which is relevant to a criminal investigation with which the military is charged. This, presumably, would encompass criminal investigations of military personnel, some espionage and sabotage investigations, or crimes involving military property. Again, the Committee emphasizes that information regarding the beliefs, associations, political activities, or private affairs of civilians involved in such investigations is ordinarily not relevant to such inquiries. But the Committee recognizes that it might be, and that military investigators should be able to obtain it if it is.

Subsection (*b*)(*2*) safeguards the military's ability to collect, receive, and maintain information from any source, civilian or otherwise, which is relevant to a lawful investigation of an applicant for employment, of an employee, of a civilian contractor, or prospective contractor. This would include security clearance investigations for civilian employees, or any other type of lawful personnel investigation of civilian employees. It would also include investigations of civilian contractors and their subcontractors where lawfully authorized. The term "contractors" is intended to cover all civilians who contract with the Defense Department to provide goods and services of any kind as well as those who are seeking to become contractors. Investigations of all such civilians, however, must be authorized by other lawful authority. Here again, the Committee emphasizes that it does not view information regarding a citizen's beliefs, associations, political activities, or private affairs as ordinarily relevant to a personnel, security, or contract investigation. The Committee has been informed that the military itself does not consider this kind of information relevant to its background investigation responsibilities. But the Committee recognizes that the provisions of the bill might be read to affect this function of the Department, and has—again in an excess of caution—included this provision.

Subsection (*b*)(*3*) safeguards the military's ability to collect, receive and maintain any information which is necessary and proper to the restoration of public order once military forces have been deployed by the President pursuant to statute to quell a civil disturbance.

It provides, however, that any information collected under such circumstances which relates to the beliefs, associations, political activities, or private affairs of American citizens shall be destroyed within sixty days of the withdrawal of such forces. In this case, too, it is the Committee's view that ordinarily information regarding the beliefs, associations, political activities, or private affairs of those involved in civil disturbances is neither necessary nor proper to the performance of the military mission. In these regrettable instances, the military is used as an arm of civil authority to aid in restoring order. Except where a state of martial law occurs, which the bill does not address, federal troops do not assume any function of civil authority when called out to suppress violence. While the armed forces have a need for logistical information and for assessment of potential civil disturbance situations, the Committee finds it hard to perceive a military need for information on the political beliefs of those involved in the disturbance. S. 2318 does not preclude the military from being informed by appropriate civil authorities of the likelihood and level of anticipated violence prior to the Presidential proclamation. The information necessary for this preparation need not involve the beliefs and political activities of citizens, but should only be that necessary to prepare for the commitment of troops. Despite these considerations, the Committee recognizes that such information might be proper under certain circumstances, and to the extent that it is necessary for operational purposes, the military should not be barred from having it. The Committee would also add that nothing in the bill bars the military from obtaining any information in preparation for impending civil disturbance situations so long as this information does not relate to the beliefs, associations, political activities, or private affairs of American citizens. Nor does it prevent the military from providing liaison to the Justice Department or other law enforcement agencies which may be involved in planning for and assessing civil disturbance situations, so long as this liaison does not involve the military in prohibited activities.

Subsection (*c*) of 1386 contains definitions of terms:

(1) This is self-explanatory.

(2) "Armed Forces of the United States" is defined as including not only the major branches of service, but also the militia of any State when that militia has been assigned to federal service. Thus, while the prohibitions of the Act would not apply to state militias ordinarily, they may find themselves subject to it should they be assigned to federal service.

(3) Self-explanatory.

(4) "Investigations" is defined as any inquiry directed to a person, organization, or agency of government, including both state and federal governments.

(5) "Surveillance" is defined in terms of monitoring by a variety of means. The Committee intends that each of the means cited should be given a broad interpretation. "Electronic interception" would thus encompass wiretapping, use of listening devices, and radio interception. "Overt and covert infiltration" would encompass penetrations of groups or activities or illegal entries, whether conducted by military members or by civilians at the request of the military. "Overt and covert observation" would include the use of agents to observe the political or private activities of civilians, rifling of files and documents, or opening mail. "Photography" would include the use of any photographic equipment to monitor the political and private activities of civilians. "The use of informants" includes informants both within and without the military.

(6) "Records" is defined as those files, reports, dossiers, photographs and other documents resulting from any investigation or surveillance conducted by the military or by any agency of state or federal government. The intent of the Committee is to forbid the military from maintaining files on

the political and private activities of civilians and civilian organizations which result from investigations and surveillances of the military or which might have resulted from the investigations and surveillances of other agencies that are accessible to the military.

The Committee recognizes that such records are maintained by more than simply law enforcement agencies at both the state and federal levels, and that the records of such agencies may be available to military investigators. It is the intent of the Committee to prevent the military from collecting such information.

This definition is intended to make clear that the bill does not prohibit the possesion or use of public record information such as that contained in *Who's Who*, the *Congressional Record*, newspapers, or periodicals. The definition should not be read to imply, however, that the military is free to clip and compile such public record information for the purpose of creating separate investigative files on the political activities of individuals and organizations. When such material is systematically segregated and collected in a political dossier or file, it becomes a "record resulting from an investigation conducted by the Armed Forces," and is barred under the statute.

(7) "Private Affairs" is defined in terms of the financial, medical, sexual, marital or familial affairs of an individual. The bill does not limit the military from considering the "private affairs" of an individual when he is an applicant for employment, an employee, or a contractor or prospective contractor with the Department of Defense. It only prohibits the military from inquiring into the personal affairs of an individual who is wholly unaffiliated with the Department of Defense.

SECTION 3

Section 3 amends title 28, United States Code, by adding a new chapter entitled "Illegal Surveillance". In general, it provides standing to bring three types of civil actions: an individual suit for damages; an individual suit in equity against the United States; and a class action in equity, also against the United States.

Section 2691(a) provides that any civil officer of the United States or member of the Armed Forces who uses the armed forces to conduct unauthorized investigations into, or maintain unauthorized surveillance over, civilians or civilian organizations, is liable to any such person or orgnaization for any actual damages suffered, or, liquidated damages in the amount of $100 per day for each day that the violation occurred, whichever is more. It also provides that the court may allow punitive damages not in excess of $1,000 plus the costs of any successful action.

The Committee intends that this civil remedy provision be available to those subject to illegal surveillance regardless of whether a criminal prosecution for violation of section 1386, title 18, United States Code, has been instituted or whether, if instituted, it was successful. The Committee also points out that civil recovery under Section 2691(a) is not conditional on proof that the unauthorized surveillance or investigation was "willful", as is required by the criminal provision.

The Committee is of the view that this special standing provision is necessary in view of the Supreme Court's decision in *Tatum* v. *Laird*, *supra*, p. 6. In that case, the Court held that a plaintiff in a civil suit challenging military surveillance must show tangible injury resulting from such surveillance—apart from the inhibition of his first amendment rights—in order to have standing to challenge such conduct in court. The Committee is of the view that the courts should be more accessible to such plaintiffs. Therefore, the bill provides that civil suits may be brought by a plaintiff who alleges facts showing he has been or is then a subject of military surveillance. While, of course, the plaintiff must ultimately prove his case to be successful, the allegation that he is the subject of such surveillance is sufficient under the Act for him to pursue his cause. He need not show additional injury to have his day in court.

Section 2691(b) provides that any person or organization which is the subject of a violation of the prohibition contained in subsection (a) may bring an action against the United States for such equitable relief as the court determines appropriate. While the bill does not specify what relief is appropriate, leaving such determination to be made by the court according to the facts of each case, the Committee is of the opinion that injunctive relief would be warranted in every case where the violation is continuing.

If the violation involved the creation and maintenance of a record, expungement of such a record would ordinarily also be appropriate. Still other forms of equitable relief may be appropriate.

Section 2962 provides that an individual who is subject to a violation of the prohibition contained in subsection (a) or section 2961 may also bring a class action on behalf of himself and others similarly situated against the United States for the appropriate equitable relief. Here again, injunctive relief is contemplated, as well as expungement where records are being maintained in violation of the Act.

SECTION 4

Section 4 provides that civil actions may be brought under Section 3 of this Act only with respect to violations of section 2961(a), title 28, United States Code, which occur after the date of enactment.

SECTION 5

Section 5 provides that Section 1385 of title 18, United States Code be amended by substituting the phrase "Armed Forces of the United States" for the phrase "the Army or the Air Force." This means that the prohibition contained in that section, namely, forbidding the use of the Army and Air Force to execute the civil laws, will apply to the other services as well.

CHANGES IN EXISTING LAW

In compliance with section 4, rule XXIX, of the Standing Rules of the Senate, there is printed below in roman type existing law in which no change is proposed by the bill as reported. Matter proposed to be stricken by the bill as reported is enclosed in black brackets. New language proposed by the bill as reported is printed in italics.

18 U.S.C. 1385

Section 1385. Use of [Army and Air Force] *Armed Forces of the United States* as posse comitatus

Whoever, except in cases and under circumstances expressly authorized by the Constitution or Act of Congress, willfully uses any part of [the Army or the Air Force] *the Armed Forces of the United States* as a posse comitatus or otherwise to execute the laws shall be fined not more than $10,000 or imprisoned not more than two years, or both.

STATEMENT OF COST

This legislation should not result in any increase in the Federal budget.

SENATE RESOLUTION 446—RESOLUTION DISAPPROVING PROPOSED DEFERRAL OF BUDGET AUTHORITY

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the resolution offered on December 10, 1974, and held at the desk, Senate Resolution 446, disapproving the proposed deferral of budget authority to carry out homeownership program under section 235 of the National Housing Act, be referred to the Committee on Appropriations.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRADE REFORM ACT OF 1974—H.R. 10710

AMENDMENT NO. 2044

(Ordered to be printed and to lie on the table.)

Mr. PASTORE (for himself and Mr. HUMPHREY) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

AMENDMENTS NOS. 2045 AND 2046

(Ordered to be printed and to lie on the table.)

Mr. ROBERT C. BYRD submitted two amendments intended to be proposed by him to the bill (H.R. 10710), supra.

AMENDMENTS NOS. 2047, 2048, 2050, and 2051

(Ordered to be printed and to lie on the table.)

Mr. LONG submitted the following four amendments intended to be proposed by him to the bill (H.R. 10710), supra:

AMENDMENT NO. 2047

Strike out "Trade Reform Act of 1974" every place it appears as follows therein and insert in lieu thereof "Trade Act of 1974":

Page 1, line 4.
Page 89, line 19.
Page 89, line 23.
Page 90, line 15.
Page 100, line 3.
Page 100, line 11.
Page 144, line 13.
Page 144, line 17.
Page 181, line 5.
Page 181, line 21.
Page 183, line 4.
Page 183, line 15.
Page 229, line 6.
Page 229, line 14.
Page 283, line 14.
Page 283, line 19.
Page 283, line 24.
Page 284, line 5.
Page 284, line 11.

AMENDMENT NO. 2048

On page 70, line 2, strike out "compensation and".

On page 70, between lines 14 and 15, insert the following new paragraph:

(3)(A) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(13) Special Representative for Trade Negotiations."

(B) Section 5314 of such title is amended by adding at the end thereof the following new paragraph:

"(60) Deputy Special Representatives for Trade Negotiations (2)."

On page 101, line 22, strike out "(60)" and insert "(61)".

AMENDMENT NO. 2050

On page 178, beginning with line 7, strike out through line 14 and insert in lieu thereof the following:

"(d) The Secretary is authorized to guarantee loans for—

"(1) the acquisition, construction, installation, modernization, development, conversion, or expansion of land, plant, buildings, equipment, facilities, or machinery, and

"(2) working capital,

made to private borrowers by private lending institutions in connection with projects in trade impacted areas subject to the same terms and conditions to which loan guarantees are subject under section 202 of the Public Works and Economic Development Act of 1965, including record and audit requirements and penalties, except that—".

AMENDMENT NO. 2051

On page 216, line 15, beginning with "Within" strike out all through the period in line 22 and insert the following: "Within 30 days after a determination by the Secretary—

"(1) under section 201 of the Antidumping Act, 1921 (19 U.S.C. 160), that a class or kind of foreign merchandise is not being, nor likely to be, sold in the United States at less than its fair value, or

"(2) under section 303 of this Act that a bounty or grant is not being paid or bestowed,

an American manufacturer, producer, or wholesaler of merchandise of the same class or kind as that described in such determination may file with the Secretary a written notice of a desire to contest such determination."

On page 217, line 20, after "value" insert ", or under section 303 of the Tariff Act of 1930 that a bounty or grant is not being paid or bestowed".

On page 218, line 17, after "proceeding" insert the following: "Upon service of the summons on the Secretary of the Treasury or his designee in an action contesting the Secretary's determination under section 303 of the Tariff Act of 1930 that a bounty or grant is not being paid or bestowed, the Secretary or his designee shall forthwith transmit to the United States Customs Court, as the official record of the civil action, a certified copy of the transcript of all hearings held by the Secretary in the proceeding which resulted in such determination and certified copies of all notices, determinations, or other matters which the Secretary has caused to be published in the Federal Register in connection with such proceeding.".

On page 231, line 13, strike out "and".

On page 231, line 15, after "any," insert "and the special duty described in section 202 of the Antidumping Act, 1921 (hereinafter in this section referred to as 'antidumping duties'), if any,".

On page 231, line 21, after "duties" insert "or antidumping duties".

On page 232, lines 1, 8, 10, and 22, after "duties" insert "or antidumping duties".

On page 232, line 11, after "duty" insert "and antidumping duty".

On page 232, line 18, after the period insert the following: "For antidumping duty purposes, the procedures set forth in section 201 of the Antidumping Act, 1921, shall apply.".

On page 233, lines 3, 7, and 15, after "duties" insert "or antidumping duties".

AMENDMENT NO. 2049

(Ordered to be printed and to lie on the table.)

Mr. LONG (for himself, Mr. ROTH, and Mr. HARRY F. BYRD, JR.) submitted the following amendment intended to be proposed by them jointly to the bill (H.R. 10710), supra.

AMENDMENT NO. 2049

On page 79, between lines 5 and 6, insert the following new paragraph:

(3) On the day on which an East-West Foreign Trade Board determination report is transmitted to the House of Representatives and the Senate under section 410(c)(4), an export disapproval resolution, if required under section 410(d)(1), with respect to such report shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and the minority leader of the Senate. If either House is not in session on the day on which such a report is transmitted, the export disapproval resolution with respect to such agreement report shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session. The export disapproval resolution introduced in the House shall be referred to the Committee on Ways and Means and the export disapproval resolution introduced in the Senate shall be referred to the Committee on Finance.

On page 79, line 6, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 79, line 18, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 80, lines 5 and 6, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 80, line 7, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 80, lines 10 and 11, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 80, line 14, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 81, line 15, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 81, line 20, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 82, line 1, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 82, lines 2 and 3, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 82, line 6, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 82, line 12, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 82, line 16, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 82, line 22, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 83, line 4, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 83, lines 10 and 11, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 83, lines 18 and 19, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 83, line 24, strike out "or approval resolution" and insert in lieu thereof a comma and the following: "approval resolution, or export disapproval resolution".

On page 264, between lines 18 and 19, insert the following:

SEC. 409. EAST-WEST TRADE STATISTICS MONITORING SYSTEM.

The International Trade Commission shall establish and maintain a program to monitor imports of articles into the United States from nonmarket economy countries and exports of articles from the United States to nonmarket economy countries. To the extent feasible, the Commission shall coordinate such program with any relevant data gathering programs presently conducted by the Secretary of Commerce. The Secretary of Commerce shall provide the Commission with any information which, in the determination of the Commission, is necessary to carry out this section. The Commission shall publish a detailed summary of the data collected under the East West Trade Statistics Monitoring System not less frequently than once each calendar quarter and shall transmit such publication to the East-West Foreign Trade Board and to Congress. Such publication shall include data on the effect of such imports, if any, on the production of like, or directly competitive, articles in the United States and on employment within the industry which produces like, or directly competitive, articles in the United States.

SEC. 410. EAST-WEST FOREIGN TRADE BOARD.

(a)(1) There is established within the executive branch of the Government of the United States a board to be known as the East-West Foreign Trade Board (hereinafter referred to as the 'Board').

(2) The Board shall be composed of the Special Representative for Trade Negotiations, who shall serve as chairman, the Secretary of State, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Agriculture, the Secretary of Interior, the Chairman of the Board of Governors of the Federal Reserve System, the President of the Export-Import Bank of the United States, the Chairman of the Federal Power Commission, the Administrator of the Energy Research Development Administration, and the Director of the National Science Foundation.

(3) Six members of the Board shall constitute a quorum.

(4) The Board shall have an official seal which shall be judicially noticed.

(5) The Chairman of the Board shall appoint and fix the compensation of such personnel as are necessary to fulfill the duties of the Board in accordance with the provisions of title 5, United States Code.

(6) The Board may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

(7) In carrying out its responsibilities under this section, the Board shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of any agency of the United States. Each agency of the United States shall make available to the Board such personnel, facilities, and other assistance, with or without reimbursement, as the Board may request.

(b) The Board shall coordinate the policies and operations of all agencies of the United States which regulate or participate in trade with nonmarket economy countries or instrumentalities of such countries, including those agencies which provide credits or investment guarantees to such countries or instrumentalities. The Board shall also oversee the activities of persons within the United States who participate in trade with nonmarket economy countries or instrumentalities of such countries to encourage the expansion of such trade and to insure that such trade will promote the national interest of the United States.

(c) (1) Any agency of the United States which is involved in negotiations to provide credits or investment guarantees in an amount in excess of $5,000,000 to any nonmarket economy country or to any instrumentality of such a country, and any person who is involved in negotiations with respect to the export from the United States to such country or instrumentality of technology vital to the national security of the United States, shall file a report with the Board with respect to the provision of such credits or guarantees or the export of such technology, in the form and containing the information which the Board requires, not less than 90 days before such provision or such export.

(2) The Board shall provide an opportunity for interested parties to be heard, under the provisions of chapter 5 of title 5, United States Code, with respect to each report filed under the provisions of paragraph (1) and shall make a determination with respect to each report as to whether the proposed provision of credits and investment guarantees or export of technology will promote the national interests of the United States.

(3) No person may provide credits or investment insurance to any nonmarket economy country or to any instrumentality of such a country and no person may export technology to such a country or instrumentality if the Board determines under paragraph (2) that such provision or such export will not promote the national interest of the United States.

(4) Each determination by the Board under paragraph (2) shall be published in the Federal Register and shall be reported to the Congress. Such report shall include a statement of the impact of the provision of such credits or investment guarantees or the export of such technology on the national security of the United States, on the production in the United States of relevant articles, on employment in the United States in relevant industries, and on consumers in the United States.

(d) (1) If the Board determines under subsection (c) that the provision of credits or investment guarantees or the export of technology will promote the national interest of the United States, and if the dollar amount of such credits or guarantees exceeds $50,000,000, then no person may provide such credits or guarantees or export such technology if the Congress disapproves of such determination by the adoption of an export disapproval resolution (described in section 151(b)).

(2) For purposes of paragraph (1) and subsection (c)(1), if the total amount of credits and investment guarantees which an agency of the United States provides to all nonmarket economy countries and the instrumentalities of such countries exceeds $50,000,000, or $5,000,000, as applicable, during a calendar year, then all subsequent provisions of credits or investment guarantees, in any amount, during such year shall be subject to Congressional disapproval under this subsection or shall be reported to the Board, as applicable.

(e) The East-West Foreign Trade Board shall submit to the Congress an annual report on trade between the United States and nonmarket economy countries. Such report shall include a review of the status of negotiations for bilateral trade agreements between the United States and such countries under title IV of this Act, the activities of joint trade commissions created pursuant to such agreements, the resoluton of commercial disputes between the United States and such countries, any exports from such countries which have caused disruption of United States markets, and recommendations from the promotion of East-West trade in the national interests of the United States.

On page 75, line, 18, immediately after the comma, insert the following: "export disapproval resolution described in subsection (b) (4)".

On page 77, between lines 9 and 10, insert the following:

(4) The term "export disapproval resolution" means only a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: "That the Congress disapproves the determination of the East-West Foreign Trade Board with respect to the following proposed provision of credits or investment guarantees or export of technology as stated in the report transmitted by the Board to the Congress on ———.", the first blank space being filled in with the proposed provision of credits or guarantees or export of technology involved and the second blank being filled in with the appropriate date.

AMENDMENT NO. 2052

(Ordered to be printed and to lie on the table.)

Mr. MONDALE submitted an amendment intended to be proposed by him to the bill (H.R. 10710), supra.

AMENDMENT NO. 2053

(Ordered to be printed and to lie on the table.)

Mr. McINTYRE submitted an amendment intended to be proposed by him to the bill (H.R. 10710), supra.

AMENDMENT NO. 2054

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY (for himself, Mr. KENNEDY, and Mr. MCINTYRE) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10710), supra.

AMENDMENT NO. 2055

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY (for himself, Mr. EAGLETON, Mr. MCINTYRE, and Mr. SYMINGTON) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10710), supra.

Mr. HATHAWAY. Mr. President, to begin, I want to commend the Senate Finance Committee and especially its chairman, Mr. LONG, for the admirable job they have done drafting a revised version of Trade Reform Act of 1974. This major piece of legislation will have far-reaching effects to the promotion of trade on a worldwide scale and I think that the bill as reported out of the Finance Committee contains provisions which are a great improvement over provisions we have seen from the administration and the House.

However, I have some substantial problems with the sections dealing with countervailing duties, and I offer two amendments which I feel will materially improve this section.

First, the committee version of the bill strengthens the countervailing duty statute to insure that a determination will be made within a year's time on any petitions filed on countervailing duties. However, at the end of that year, if the bill passes as it is currently written, the Secretary of the Treasury would not be required to actually impose those duties for another 2-year period from the date of enactment of this act. The committee bill requires that the Secretary make a tentative finding within 6 months from the date the petition is filed. He has another 6 months, after he had made this initial determination, to negotiate some form of relief for the industry being adversely affected, or convince the country to stop this illegal practice. It seems to me that if after a full year of investigation and negotiation, the Treasury Department is unable to come to some form of agreement with an offending country, that country should not be allowed to continue its illegal practice or practices to the detriment of a domestic industry for another 2 years. How long should we force a domestic industry to suffer when it is already established that a country is engaging in practices explicitly prohibited in the language of the countervailing duty statute?

To cite an example of the sort of runaround that can occur, even under the current statute which contains considerably tougher provisions in this regard than the present version of the bill, the American Footwear Industries Association filed a petition alleging the existence of bounties or grants on footwear exports from Argentina, Spain, and Brazil in 1973. After almost a full year of inaction on the part of the Treasury Department, this association had to file a writ in the nature of mandamus to force the Secretary of the Treasury to initiate investigations based upon these petitions. Only after the association was successful in this suit did Treasury act, and countervailing duties have been imposed for Spain and Brazil. The Argentine matter is still pending, and the delay in this case convinces me that discretionary authority should be eliminated in this section of the bill.

In July of this year, Treasury finally began its negotiation with the Argentine Government on its system of subsidies to its footwear firms. In October, when it became apparent that Treasury was about to impose a 26 percent countervailing duty, the Argentine Government informed Treasury that it had eliminated the major type of bounty to its footwear exporters. A month later, Treasury learned that this grant had in fact not been eliminated, but that the Peron government fully intended to effect this change by December 12, 1974. I, for one, still do not know whether this bounty has been eliminated—and may not know for several more months—since the Peron government states that it intends to set up a new mechanism for the promotion of exports but no one seems to have the details on how it will operate and whether or not it will truly eliminate subsidies.

I feel that we should not allow foreign governments who are admittedly engaging in illegal practices to get away with this sort of masquerade at the expense of one of our own already-suffering industries.

We lend respectability to such bounties and grants by allowing the systems to operate at all, even during the period of negotiations. Further, proper enforcement of the countervailing duty law is more likely to lead to meaningful international agreements on export subsidies that nonenforcement, for the simple reason that there will be little inducement for those of our trading partners who engage in such subsidy practices to negotiate seriously.

For these reasons, my amendment proposes that the 2-year discretionary authority in this section be eliminated and the bill made to conform with the present legislation.

I also propose that the Senate carry through with its express desires to have a hand in the negotiating of international agreements by requiring that if and when an international countervailing duty code is established, it be subjected to a majority vote of both houses There are provisions throughout this bill that we take such affirmative action, and this area is one which should receive the same consideration by the Congress.

Secondly, as I mentioned, in the section on countervailing duties, title III, the committee has inserted provisions setting mandatory time limits for the completion of investigations on countervailing duty petitions. This provision was desperately needed, because as the report accompanying the Finance Committee bill points out:

> The Treasury Department has used the absence of time limits to stretch out or even shelve countervailing duty investigations for reasons which have nothing to do with the clear and mandatory nature of the law.

However, while such time limits are imposed on cases filed after the date of enactment of this act, cases now filed at the Treasury Department are still subject to the possibility of further delays in their conclusion. The report accompanying this bill contains the following specific language:

> In the case of any investigation which was initiated prior to the date of enactment of this bill, the six-month and one-year time limitations set out in the new section 303 (a)(4) would apply as if those existing investigations had been initiated by the Secretary on the day after the date of enactment of this bill.

What this means is that cases now filed at Treasury, regardless of how long they have been in progress, could now have to wait for another full year before completion. There are four cases under active consideration at Treasury, not to mention at least a dozen complaints filed which have not had a notice of proceeding published in the Federal Register. Some have been under investigation for 2 years or more. Should these cases have to wait for another full year—at the further expense of the domestic industry being harmed by the illegal subsidies? I think not.

My second amendment proposes that these cases be completed within 6 months from the date of enactment of this bill. If the new bill establishes a 1-year time limit for cases not even filed, why should it allow these pending cases to drag out for another extended period?

Further, in all fairness to the petitioners, these cases should also be handled under the terms of the countervailing duty statute as embodied in the Tariff Act of 1930, and not under the Trade Reform Act of 1974. My amendment would provide that the provision allowing the waiver for up to 2 years of countervailing duties otherwise required—303(d)(2)—would not apply to these cases already filed.

I ask unanimous consent that the text of these amendments be printed at this point in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 2054

Intended to be proposed by Mr. HATHAWAY, Mr. KENNEDY, and Mr. MCINTYRE, H.R. 10710, an Act to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States and for other purposes, viz:

Strike everything between page 228, line 21, and page 231, line 4, and insert in lieu thereof the following:

"(d) INTERNATIONAL NEGOTIATIONS.—(1) It is the sense of the Congress that the President, to the extent practicable and consistent with United States interests, seek through negotiations the establishment of internationally agreed rules and procedures governing the use of subsidies (and other export incentives) and the application of countervailing duties.

"(2) No trade agreement or international code negotiated pursuant to subsection (d)(1) shall enter force unless approved by majority vote of the House of Representatives and the Senate.

H.R. 10710

AN AMENDMENT

Intended to be proposed by Mr. HATHAWAY, Mr. EAGLETON, Mr. MCINTYRE, and Mr. SYMINGTON, H.R. 10710, an Act to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes, viz:

On page 226, line 11, strike the period and insert the following:

, except that he shall make such final determination within six months of the date of the enactment of this Act for those petitions filed with him prior to December 1, 1974, if no such determination was made by him as of such date. The provisions of section 303(d)(2) of this Act shall not apply in those cases where petitions were filed prior to December 1, 1974, and for which no determination was made as of the date of such enactment.

AMENDMENT NO. 2056

(Ordered to be printed and to lie on the table.)

Mr. SCHWEIKER submitted an amendment intended to be proposed by him to the bill (H.R. 10710), supra.

AMENDMENT NO. 2058

(Ordered to be printed and to lie on the table.)

Mr. COTTON submitted an amendment intended to be proposed by him to the bill (H.R. 10710), supra.

AMENDMENT NO. 2060

(Ordered to be printed and to lie on the table.)

TOTAL FARM TRADE NEGOTIATIONS

Mr. DOLE. Mr. President, I submit today an amendment intended to be proposed to the Trade Reform Act (H.R. 10710) in order that the amendment may be printed and placed on the table.

This amendment is intended to clear up an ambiguity in the bill regarding trade negotiations on farm commodities. Exports of farm commodities have been one of the few bright spots in our foreign trade picture. Exports of farm commodities have made a very substantial contribution to keeping a relatively positive balance of trade which is so important for reducing the rate of inflation we are experiencing. Farm exports are vitally related to the well-being of our national economy. The amendment I am introducing would facilitate keeping farm exports at a level beneficial to the health and strength of our economy.

OFFSET OIL IMPORTS

In fiscal year 1974 agriculture exports reached a record level of over $21 billion that meant a surplus in agriculture trade of about $12 billion. The cost of oil imported into this country exceeded $20 billion in the first 10 months of 1974. That cost has been a major impetus to inflation in this country. Our national oil bill increased by over $12 billion this year over last and had it not been for this increase, the $21 billion in farm exports would have more than offset our oil imports by a healthy margin.

In fiscal year 1973 our agricultural trade had a surplus of $9.3 billion. That surplus exactly offset the $9.3 billion in oil imports into this country. Because farm exports offset oil imports in fiscal year 1973, we enjoyed a trade surplus of $1.7 billion overall.

Clearly we need to maintain a high level of agricultural exports in order to reduce the deficit in our balance of trade resulting from oil imports. Although we are making every effort to reduce oil imports, every estimate I have seen shows a continuing dependence on foreign oil for some time to come. The high level of farm exports this year have kept our trade deficit from becoming even greater. We must make every effort to keep our agricultural exports at a high level and that is why I am submitting this amendment today.

ADVANTAGE OF FREER TRADE

The basic objectives of the Trade Reform Act are set forth in section 2 the statement of purposes in the bill. These objectives can be attained only if the nations participating in the upcoming round of multinational trade negotiations are convinced that an international trading system based on comparative advantage offers maximum opportunities for obtaining economic benefits for the peoples of all nations. Under such a system, each country will export those industrial and agricultural commodities which it can produce efficiently and in volume and will receive from other countries those commodities which the other countries have a comparative advantage in.

Adherence to this basic economic principle can result in an expansion of international trade that will be mutually advantageous to all nations.

SECTOR NEGOTIATIONS LIMITED

Expansion of agricultural exports offers our country its greatest opportunity to improve our balances of trade and payments and to meet the increased cost of imports of petroleum and other essential raw materials now in short supply. It is essential to our national interests that agriculture not be separated from industry during the upcoming negotiations.

There are few opportunities for gaining trade concessions on our agricultural exports by granting comparable concessions on our agricultural imports. There are several reasons for this.

First, we have already reduced most restrictions on our imports of foreign agricultural commodities. Because we have already lifted these restrictions, we have few opportunities to make concessions to other nations by further reducing restrictions on foreign imports. We have in effect given away most of our bargaining chips in this area already. Because we have few concessions left to give, negotiations limited strictly to the agricultural sector will hardly offer much promise of gaining expansion of agricultural exports that we so greatly need.

Second, we have no direct subsidies or rigid quantitative controls on commercial export shipments of agricultural commodities. While export subsidies might be beneficial to our farm commodity export position, all subsidies were phased out when farm exports increased last year. That means we have no trade distortions of these kinds to place on the negotiating table and this would be a further restriction to expanding our agriculture exports if our negotiators are restricted to a sector-by-sector negotiating basis.

Commercial exports of our agricultural commodities are confronted by foreign import barriers of great multiplicity and magnitude. The trade bill contains authority for the President to reduce these tariff and non-tariff barriers. However, that can best be accomplished by negotiating on a multisector basis as opposed to a sector-by-sector basis.

Finally, our domestic agriculture possesses tremendous competitive strength in terms of ability to supply large quantities of many of the commodities in world trade. For our country, this is a national asset, but some countries, for political or other reasons, wish to remain largely self-sufficient in food production. This further increases the difficulty of expanding our agriculture exports. If restricted to a sector-by-sector approach, our negotiators will be less successful in overcoming these obstacles than if permitted to a multisector approach.

The bill we reported out of the Senate Finance Committee provides many substantial improvements over the language in the House-passed bill. The Senate Finance Committee report further improves the intent of this language. However ambiguity remains. On December 3, Ambassador Malmgren, deputy special representative for trade negotiations, made it clear in a meeting with farm representatives that practically any manufacturing industry could be isolated for negotiations on a sector basis if it so desired. Such an interpretation of the law could result in negotiations on agriculture commodities being restricted to that sector alone. This could be disastrous for expansion of our agricultural exports and ultimately for the economy as a whole.

Section 103 provides flexibility for negotiation in order to expand agricultural trade in a meaningful manner. Yet section 104, immediately following, seems to contradict the previous section by requiring that negotiations be conducted to the extent feasible on a sector-by-sector basis. My amendment would insure that section 104 is consistent with section 103 by simply inserting the phrase "and consistent with the provisions of section 103". This minor change would insure that the provisions within the bill are consistent with each other.

The minor change in the bill that I am proposing should be noncontroversial. I hope we can accept this amendment to the Trade Reform Act.

Mr. President, I request unanimous consent that the amendment be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 2060

On page 25, line 10, delete the comma following the word "feasible" and insert therefor "and consistent with the provisions of Section 103,".

STANDBY ENERGY EMERGENCY AUTHORITIES ACT—S. 3267

AMENDMENT NO. 2057

(Ordered to be printed and to lie on the table.)

Mr. BUCKLEY submitted an amendment intended to be proposed by him to the bill (S. 3267), to provide standby emergency authority to assure that essential energy needs of the United States are met and for other purposes.

AMENDMENT NO. 2062

(Ordered to be printed and to lie on the table.)

Mr. HART. Mr. President, it is my understanding that Senator BUCKLEY may offer his amendment which would deregulate the wellhead price of natural gas to S. 3267, Standby Energy Emergency Authorities Act.

Therefore, I would like to introduce as a proposed amendment my measure which would allow such deregulation for all but the top 20 oil companies and require divestiture by these companies.

As I have suggested before, it would appear to be irresponsible for Congress to lift governmental regulation without some assurance that the market was capable of giving consumers adequate supply at competitive prices. We do not have such a market today.

The offering of this amendment should not be interpreted as an attempt to delay passage of S. 3267. It will be called up only if the Senator from New York calls up his deregulation proposal.

Mr. President, I ask unanimous consent that the amendment be treated as though it were presented and read in order to comply with the second paragraph of rule XXII, if cloture be invoked on the bill or any amendments thereto. And I further ask unanimous consent that the amendment lie on the table and be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

LAND AND WATER CONSERVATION FUND ACT—S. 3839

AMENDMENT NO. 2059

(Ordered to be printed and referred to the Committee on Interior and Insular Affairs.)

Mr. JAVITS. Mr. President, I introduce an amendment to S. 3839, the Land and Water Conservation Fund Act, which would allow the National Park Service to accept property for the Franklin D. Roosevelt National Historic Site which is adjacent to the original Hyde Park property but was not part of that property.

I ask unanimous consent that the amendment be printed in the RECORD together with a statement from the Park Service describing the property.

There being no objection, the amendment and statement were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 2059

At the end of the bill add a new section as follows:

SEC. ——. FRANKLIN D. ROOSEVELT NATIONAL HISTORIC SITE.

The first sentence of section 301 of the Joint Resolution approved July 18, 1939 (53 Stat. 1062), is hereby amended to read as follows:

SEC. 301. The head of any Executive Department may accept for and in the name of the United States, title to any part or parts of the said Hyde Park Estate and title to any contiguous property or properties located in the Town of Hyde Park, Dutchess County, State of New York, which shall be donated to the United States for use in connection with any designated function of the Government administered in such Department.

HOME OF FRANKLIN D. ROOSEVELT NATIONAL HISTORIC SITE, HYDE PARK, N.Y.

The National Park Service desires to be responsive to Mr. Gerald Morgan, Jr., of Richmond, Virginia in his offer to donate certain lands and buildings for use in conjunction with the Home of Franklin D. Roosevelt National Historic Site. Under present law, Joint Resolution 118 of July 18, 1939, lands that were formerly a part of the estate of Franklin D. Roosevelt may be accepted as donations. Of the approximate 68 acres Mr. Morgan offered to donate, 52 acres have been accepted by the National Park Service and added to the site. Congressional authorization is needed, however, to accept the approximately 16 acre portion of the property which contains the buildings and is the prime road frontage property since these lands were never a part of the Franklin D. Roosevelt estate.

The National Park Service has developed a draft Master Plan for the historic site. It contains a number of recommendations and suggested uses for the property which justify acquisition. Public meetings on this proposed plan and its Environmental Impact Statement were held on July 31, 1974 in Hyde Park, N.Y., and there was no public opposition to the suggested acceptance of the donated lands. A Final Environmental Statement is now being prepared.

Under the Master Plan, the Morgan property will contain a parking area—thus removing this intrusion from the home environs—and a visitor facility to provide an effective introduction to the home and the library.

The mansion, "Bellefield," and the outbuildings on the Morgan property will be adaptively restored and will accommodate administrative and maintenance functions for both the Roosevelt Home and the Vanderbilt sites, resulting in greater efficiency of operation. Some library functions will take place in the mansion, with opportunities for local and regional organizations to use it and the grounds under appropriate agreements.

The principal structure is a large three-story mansion of 30 rooms, with basement and 12 baths, fronted by a sweeping circular drive and flanked on the south by a formal garden. The central portion of the mansion was built in 1790, and the first-floor rooms are elegant and spacious. Later additions occurred in 1918.

Other buildings on the property are two two-car garages, built in 1918. Next to the garages is a storage shed, about 1930, and a short distance away is an eight-room, two story stone house.

The character of the land is similar to the National Historic Site, with meadows spreading back from Albany Post Road to encompass the buildings, then steep terrain pitching down to the river.

The Morgan estate will make possible the graceful reception of visitors, and preparation for their visit with the least intrusion on the site. The existing historic site parking area and ticket booth will be removed and the historic vegetable garden re-established thus assuring better preservation of the historic environs.

SOCIAL SERVICES AMENDMENTS, 1974—H.R. 17045

AMENDMENT 2061

(Ordered to be printed and referred to the Committee on Finance.)

Mr. EAGLETON submitted an amendment intended to be proposed by him to the bill (H.R. 17045) to amend the Social Security Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1996

At the request of Mr. Moss, the Senator from South Dakota (Mr. ABOUREZK), the Senator from Nevada (Mr. BIBLE), the Senator from Tennessee (Mr. BROCK), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Florida (Mr. GURNEY), the Senator from Maine (Mr. HATHAWAY), the Senator from Iowa (Mr. HUGHES), the Senator from Washington (Mr. MAGNUSON), the Senator from Maryland (Mr. MATHIAS), the Senator from Ohio (Mr. METZENBAUM), the Senator from Minnesota (Mr. MONDALE), the Senator from Vermont (Mr. STAFFORD), the Senator from Missouri (Mr. SYMINGTON), the Senator from Ohio (Mr. TAFT), the Senator from South Carolina (Mr. THURMOND), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors to amendment No. 1996 intended to be proposed to S. 2350, a bill related to remote sensing satellites.

AMENDMENT NO. 2012

At the request of Mr. DOMENICI, the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Oklahoma (Mr. BARTLETT) were added as cosponsors of amendment No. 2012, intended to be proposed to the bill (H.R. 10710), the Trade Reform Act of 1974.

NOTICE OF HEARING

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, December 18, 1974, at 9 a.m., in room 2228 Dirksen Senate Office Building, on the following nominations:

William J. Bauer, of Illinois, to be U.S. circuit judge, seventh circuit, vice Otto Kerner, resigned.

J. Calvitt Clarke, Jr., of Virginia, to be U.S. district judge, eastern district of Virginia, vice Walter E. Hoffman, retired.

Alfred Y. Kirkland, of Illinois, to be U.S. district judge, northern district of Illinois, vice William J. Bauer.

William S. Sessions, of Texas, to be U.S. district judge, western district of Texas, vice Ernest Guinn, deceased

Any persons desiring to offer testimony in regard to these nominations, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Nebraska (Mr. HRUSKA) and myself as chairman.

NOTICE CONCERNING NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Edward B. McDonough, Jr., of Texas, to be U.S. attorney, southern district of Texas, for the term of 4 years, vice Anthony J. P. Farris, resigning.

Ronald C. Romans, of Nebraska, to be U.S. marshal, district of Nebraska, for the term of 4 years, vice Lloyd H. Grimm, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Wednesday, December 18, 1974, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOMINATIONS FOR NUCLEAR REGULATORY COMMISSION—NOTICE OF HEARINGS

Mr. PASTORE. Mr. President, the White House today announced the nominations of the following people as members of the Nuclear Regulatory Commission.

Marcus Rowden, Edward Mason, Victor Gilinsky, Richard Kennedy.

Mr. President, I ask unanimous consent that a biographical sketch of each of these people be inserted in the RECORD for the attention of the Members of the Senate.

There being no objection, the biographical sketches were ordered to be printed in the RECORD, as follows:

The President today announced his intention to nominate Marcus A. Rowden, of Bethesda, Maryland, to be a Member of the Nuclear Regulatory Commission for a term of two years. The Commission was established by Public Law 93-438 of November 11, 1974 which also provided for the abolishment of the Atomic Energy Commission.

Mr. Rowden was General Counsel for the Atomic Energy Commission from May 1973 to November 1974. Prior to that he served as Associate General Counsel for regulatory matters from 1971 to 1973. In 1965 he was named Solicitor for the Atomic Energy Commission, serving until 1971. From 1958 to 1965, he served as Counsel and Legal Advisor of the Atomic Energy Commission, after serving as a trial attorney in the Civil Division of the Department of Justice from 1953.

He was born on March 13, 1928, in Detroit, Michigan. He received his A.B. from the University of Michigan in 1950 and his J.D. with distinction from the University of Michigan Law School in 1953. He was a member of the Order of Coif while at the University of Michigan Law School.

Mr. Rowden is married to the former Justine Bessman and they have two children. They reside in Bethesda, Maryland.

The President today announced his intention to nominate Edward A. Mason, of Lexington, Massachusetts to be a Member of the Nuclear Regulatory Commission, for a term of three years. The Commission was established by Public Law 93-438 of November 11, 1974, which also provided for the abolishment of the Atomic Energy Commission.

Mr. Mason is currently Professor of Nuclear Engineering and Chairman of the Department of Nuclear Engineering at the Massachusetts Institute of Technology, after serving in the Nuclear Engineering Department since 1957. From 1953 to 1957 he was Director of Research, Ionics, Inc. In 1950 he became Assistant Professor of Chemical Engineering at M.I.T., serving until 1953. He had previously been a Research Assistant at M.I.T. from 1947 to 1950.

Mr. Mason was born on August 9, 1924, in Rochester, New York. He received his B.S. degree from the University of Rochester in 1945 and his S.M. degree from M.I.T. in 1948. He received his Sc.D. in 1950 also from the M.I.T. He served in the United States Navy from 1942 to 1946.

He is married to the former Barbara Earley and they have six children. They reside in Lexington, Massachusetts.

The President today announced his intention to nominate Victor Gilinsky, of Santa Monica, California, to be a Member of the Nuclear Regulatory Commission for a term of four years. The Commission was established by Public Law 93-438 of November 11, 1974 which also provided for the abolishment of the Atomic Energy Commission.

Mr. Gilinsky is the head of the Physical Science Department of the Rand Corporation. He has also served as a consultant to the Atomic Energy Commission since 1973. From 1971 to 1973 he has been with the Atomic Energy Commission as a Special Assistant to the Director of Regulation and later as Assistant Director for Policy and Program Review, Office of Planning and Analysis. He was project leader, International Aspects of Nuclear Energy, for the Rand Corporation from 1969 to 1971. In 1961 he joined the Rand Corporation as a Physicist, serving until 1971.

He was born on May 28, 1934 in Warsaw, Poland. He received his B.A. degree from Cornell University in 1956 and his Ph.D. from the California Institute of Technology in 1961.

He is married to the former Magdalena Maria Nowacka and they have two children. They reside in Santa Monica, California.

The President today announced his intention to nominate Richard T. Kennedy, of the District of Columbia, to be a Member of the Nuclear Regulatory Commission for a term of five years. The Commission was established by Public Law 93-438 of November 11, 1974, which also provided for the abolishment of the Atomic Energy Commission.

Mr. Kennedy has been Deputy Assistant to the President for National Security Council Planning, after serving as a Senior Staff Member since October 1969. From 1964 to 1969 he was Assistant Director, Deputy Director and then Director, Africa Region, Office of Assistant Secretary of Defense, International Security Affairs. In 1963 he joined the Defense Department as Staff Assistant to the Assistant to the Secretary of Defense. He served from 1958 to 1962 in the United States Army as Staff Officer, Office of Deputy Chief of Staff for Military Operations; Chief, Management Division, Office of Comptroller, U.S. Continental Army Command; Chief, Military Assistance Programs, Military Advisory Group, Iran; and Staff Assistant to the Assistant Secretary of Army.

Mr. Kennedy was born on December 24, 1919 in Rochester, New York. He received his B.A. degree from the University of Rochester in 1941 and MBA from Harvard University Graduate School of Business Administration. He did additional work at the U.S. Army Command and General Staff College in 1959 and the National War College in 1964.

He is married to the former Jean Martin and they reside in Washington, D.C.

Mr. PASTORE. Mr. President, the Senate section of the Joint Committee on Atomic Energy plans to hold hearings on these nominations at 2 o'clock on Wednesday, December 18, in the committee's open hearing room, S-407.

ADDITIONAL STATEMENTS

RETIRING SENATORS

GEORGE D. AIKEN

Mr. INOUYE. Mr. President, for 34 years the people of Vermont have been honored to have as their Senator, GEORGE AIKEN, and we in the Senate have been fortunate to have him as our friend. He has become known as the dean of the Senate for he has all of the qualities of a great dean—wisdom, insight, compassion and integrity. His contributions to our Nation's welfare are far too numerous to recount. I am certain, however, that his work in humanizing our foreign policies over the past three decades will live in history. The needy people of the developing nations have had a great friend in Senator AIKEN.

He and his gracious wife Lola will be missed greatly. I somehow can see this kind man spending many more happy years studying the forests of New England, rewriting his definitive "Pioneering with Wild Flowers" and providing sustenance to the animals of the forest. The pigeons who frequently would be fed by their benefactor—Senator AIKEN—as he walked over the northeast corner of the Capitol grounds will be lonely. But, like each of us who has been blessed with his friendship, they will hold him dear.

J. W. FULBRIGHT

Mr. President, in 1945, the people of Arkansas sent to the U.S. Senate a man of unusual intellect and immense courage. For the past 20 years, the Senate has been fortunate to have J. WILLIAM FULBRIGHT as a Member. His vision has led him to speak out against the conventional wisdom on important and highly emotional issues—the Vietnam War in particular. He has done so without fear and in the face of great unpopularity. John Adams reminded us that—

> Our ancestors, the Puritans, were a most unpopular set of men; yet the world owes all the liberty it possesses to them.

This country and the Senate owes much of the understanding of foreign affairs we have acquired in recent years to Senator FULBRIGHT. For he forced the Senate and the Nation to examine the practice and philosophy of foreign relations for the first time in over a decade.

My distinguished friend, Senator FRANK CHURCH, once said,

> When all of us are dead, the only one they will remember is Bill Fulbright.

No one Senator in my lifetime has done more to reassert the Congress constitutional role in foreign policy deliberations. He also has reaffirmed an article of faith from our Founding Fathers that in a democracy, dissent is an act of patriotism. In an era when statesmen are in short supply, Senator FULBRIGHT fully qualifies for that appellation. We shall miss him, but we shall also continue to heed his words and his wisdom.

WALLACE E. BENNETT

Mr. President, Senator WALLACE F. BENNETT, in retirement, can look back on his long and fruitful career with justifiable pride. He has played an important role in legislative policymaking in the areas of taxes and finances. His expertise in these areas is formidable. His powers of prophecy are also substantial. He has an enviable record of correctly foreseeing growing problems in international finance as our monetary policies have not been sufficient to forestall growing trade deficits.

Despite the fact that his policies and philosophy have not been fully accepted, his contribution to our country's banking and tax laws has been of immense importance. At times his voice of cautious conservatism has been a necessary antidote to ill-conceived calls for change. His career demonstrates the genius of our adversary political system and the essential need for more than one party, philosophy, and point of view.

HOWARD M. METZENBAUM

Mr. President, the problems that presently beset us seem to stem from widespread disarray in our economic and financial institutions and structures. So we in public life have a great need for insight into these institutions and structures—insight gained from practical experience, an inquiring intellect and informed judgment. HOWARD M. METZENBAUM brought these qualities to the U.S. Senate and has utilized them to their utmost during his short tenure. I hate to see us lose this great resource.

HOWARD'S widespread experience in the business world never closed his eyes to the shortcomings of the private sector. He has aided those of us who have not had such experience to understand the contributions that can only be made outside of Government. He has brought his insight to bear on a critical evaluation of the interplay between the public and private sectors. His understanding of domestic and foreign trade and economics has provided a focal point for debating effective ways out of our current morass.

I know that Senator METZENBAUM will continue to play a vital role in addressing our Nation's problem. To have shared with him the work of the Senate has been a continual pleasure. To continue to work with him in new capacities is my wish.

SAM J. ERVIN, JR.

Mr. President, during the historic televised hearings of the Senate Select Committee on Presidential Activities, the people of this country came to recognize a fact that we members of the Senate had known for years. The fact is that Senator SAM J. ERVIN, JR., could have easily been one of the 39 men who met in Philadelphia that long, hot summer of 1789 to write our Constitution.

Senator SAM's reputation as one of the foremost constitutional lawyers in the United States is richly deserved. SAM ERVIN will be remembered when the rest of us are long forgotten. He will go down in history as a great champion of human rights and civil liberties. His fight to retain our constitutional guarantees of privacy and liberty must be continued. We shall be victorious because of his leadership and direction.

There is no more delightful practitioner in the use of his mother tongue than this wonderful country lawyer. Together with his lovely wife, Margaret, he has made our Nation's Capital and the Senate a better place to be. When we celebrate our 200th anniversary as a free and independent country, we shall take pride in our latterday "Founding Father"—Senator SAM.

NORRIS COTTON

Mr. President, New Hampshire has had a fine and eloquent voice speaking on its behalf in the Senate for these past two decades. NORRIS COTTON is a man who fights for what he believes in. His expertise in the fields of transportation, health services, interstate commerce, electronic communications, and others, mark him as an extraordinary student of complex and essential issues. He is a student who has done his homework and, accordingly, has been an effective advocate for his views.

His Yankee heritage is apparent in his honest and hard-working approach to the job of being a Senator. His achievements in both domestic and foreign policy making are many and praiseworthy.

ALAN BIBLE

Mr. President, the word "environmentalist" is a fairly recent addition to our lexicon. Yet, the Senate has had its own "environmentalist" for the past 20 years in ALAN BIBLE.

As chairman of the Senate Interior Appropriations Subcommittee, Senator BIBLE has led our Nation's efforts toward improving our land use policies. He has shown that one can be concerned over both environmental protection and energy production and that policies can be designed to serve both needs. He is rightfully known as the father of our National Parks System which has grown into an invaluable national asset under his sponsorship.

Senator BIBLE can be proud of his distinguished service in the Senate. His devotion to the cause of the aged, the poor, other native Americans, and other needy Americans has been unfailing. His legacy is rich and his plaudits richly deserved.

MARLOW W. COOK

Mr. President, the members of the Commerce Committee, of which I am one, have had the pleasure of Marlow Cook's company for the past few years. His incisive mind and ready wit have contributed to the substance of committee decisions and the civility of its deliberations. Although his term of service has been short, his contributions will be long lasting.

Marlow has shown himself to be forward thinking and outspoken. We would do well to heed his words on the need to stem the growth of the governmental bureaucracy, to bring your young people into full participation in our political process and to refocus our attention on the critical problems facing us here at home.

I hope that we will be hearing more from Marlow Cook. The public dialog has been enriched by his participation. He has many more years of public service to give. His retirement from public life should be temporary and short lived.

HAROLD E. HUGHES

Mr. President, there are many words to describe a fine man—gentleman, honorable, kind, Christian. The late Speaker of the House Sam Rayburn, however, told me that there was but one phrase that few men deserved and was the highest accolade that could be paid—it was to call someone "a good man." Since 1969, the Senate has had in its midst "a good man"—Harold E. Hughes.

At a time when we need good men in government, I am sad to see him leave us. I am pleased, however, that his voice will still be heard as he speaks to us from outside this Chamber—challenging our complacency, questioning our weakness, prodding our consciences, and urging us to do the people's work with courage and vigor.

Harold Hughes is a man of God. He has counseled many of us in times of personal difficulty. He has given us strength when it was lacking. He is most assuredly "a good man."

PETER H. DOMINICK

Mr. President, during the past 12 years, it has been my privilege to serve with Peter Dominick. As a fellow member of the Senate Select Committee on Equal Education Opportunity, I watched him work effectively toward bringing to light the serious financial problems that have plagued our Nation's school systems. Because of his efforts, a beginning has been made in finding better and more rational ways of paying for our children's education and equalizing educational opportunities for all Americans.

As a Senator who must spend many hours each year in the air to visit my home State, I am also well aware of the immense contribution that Senator Dominick has made in improving air safety. His personal experience as a pilot has worked to the benefit of the Nation's flying public. The Airport and Airways Development Act of 1969 was shaped in great part by Peter Dominick.

I hope that Pete will not leave public service for he has much to contribute.

EDWARD J. GURNEY

Mr. President, although I have differed with the senior Senator from Florida on some occasions, I have always been impressed by the diligence which Ed Gurney brought to his work in the Senate. Even under difficult circumstances, he participated fully in the deliberations of the Select Senate Committee on Presidential Activities. The report and recommendations of that committee were strengthened by the critical insight of Senator Gurney.

Florida and Hawaii share certain similarities in the attraction they hold for tourists. Senator Gurney has been a firm ally in the struggle to gain national recognition of the importance of domestic tourism for the economic growth and stability of the entire Nation.

I wish Ed Gurney well in the future and appreciate the many kindnesses he has shown me in the past.

THERE CAN BE NO COMPROMISE

Mr. KENNEDY. Mr. President, I would like to call to the attention of this body the stirring and inspiring words of our distinguished colleague, the senior Senator from the State of South Dakota, George McGovern, delivered with eloquence to the 1974 Conference on Democratic Party Organization and Policy.

I ask unanimous consent that the remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

THERE CAN BE NO COMPROMISE

(By Senator George McGovern)

More than two years ago, I came before the last Democratic convention to accept a presidential nomination.

Today I come here not as a candidate for President, but because I believe there are certain truths which must be told.

We must begin with the truth about the condition of our country. Our highest officials have been indicted and driven from office. Our marketplace has been depleted by shortages. Our livelihood has been subverted by the inflation and the decline of our economy at the same time. Our people fear a second Great Depression, another war, a deepening of the crisis; perhaps alone among the generations of our history, this generation of Americans wonders whether they will find a leadership to master their rendezvous with destiny.

In their apprehension, they have turned to the Democratic Party. Here we must be honest with ourselves about the reasons they supported us. They did not decide we were the best choice, but they had no other. Two-thirds of the people did not even cast a ballot in November. Less than a fourth of them voted us our victory.

We have no mandate. We have only an opportunity to prove our commitment and capacity. We have two years to earn the right to govern this land. We have been given the power; now we must give purpose to that power.

We will fail if we are content merely to blame our opponents for their faults. The people want a new Congress, not another collection of critics. They are tired of mere words about change; they have called us to do the work of change.

If we seek only to be a safe party, if we seek the center for its own sake, we will disserve the nation; we will disillusion the voters again; we will deserve to lose even if no one else deserves to win. The people have avoided four more years of Nixon. They did not elect us to permit or preside over two more years of his policies.

Rather they ask of us a simple thing, rare in politics: To do what is right just because it is the right thing to do. For our party, the way to keep power is to spend it in the struggle for fundamental reform. From Watergate and Vietnam, we must learn at last that with policies and politics which are wrong, there can be no compromise.

With the servants of economic privilege and the sellers of special favors, there can be no compromise. Just as the morality of an Asian war challenged American conscience in the 1960s, so the fairness of our economy will be the test of our character in the 1970s.

Instead of talking about tax reform, the new Congress must enact it. This means an end to the oil depletion allowance. This means an end to tax credits and write-offs for the wealthy. This means an end to loopholes for overseas profits and corporate monopolies. This means no higher taxes for average families while Nelson Rockefeller pays a lower percentage than a farm worker.

For more than a decade, tax reform has been a campaign rallying cry, sometimes even a title on legislation, but never a reality of economic life. Only by making it real can we demonstrate our freedom from the pernicious influence of big money in politics.

Next, instead of leaving the anti-trust laws to languish in the hands of a lax administration, the new Congress must strengthen them to assure their enforcement. We must break the grip of the robber barons in the oil industry—so that never again can they invite an energy crisis and then profit from it. We must abolish the dominance of the robber barons in agribusiness—so that never again can they steal the farmer's return on a harvest and inflate the consumer's bill for food. We must attack the power of the robber barons wherever they are in our system of enterprise, whatever their influence may be in the White House or among politicians—so that never again can they make us the puppets of their greed, a people without power in our own marketplace.

Bigness in business is inherently bad because it makes the individual small and weak. We must democratize our economy, so the buyer will not always have to beware of shoddy products and swollen prices. And beyond that, we must democratize the workplace, so those who labor will have a say in management and a share of profits.

And instead of merely assailing the Republicans for inflation, the Democratic Congress must enact mandatory controls on the prices and wages of major industries, and on interest rates and profits as well. Controls did not fail the last time; they were not tried. They were cast in a mold shaped by campaign contributors; they were manipulated to win an election. We must oppose more stand-by controls which pass responsibility to an administration in thrall to special interests. This time the Congress must stand up and take the responsibility and write the rules in the national interest. For us, inflation must become a challenge, not an alibi.

We say we are the party of the people. Now we must fight for the people, to give them back their economy. We cannot serve both the people and the exploiters. On this issue, there can be no compromise.

And with the purveyors and profiteers of militarism, there can be no compromise. We cannot tell the lie that America will be a prosperous and progressive society while we squander our resources on overkill and overruns, and for a feast of weapons to nourish dictatorship around the world. Military waste worsens inflation as it worsens the arms race. Military waste supplies the means for torture in Chile and denies to older Americans the means for a decent standard of life. We can be strong enough to deter any danger without weakening the nation or betraying our ideals. The next Congress must make more than token cuts in a bloated Pentagon budget. We must vote billions for defense—but not one cent for excess weapons or for corruption and repression in South Vietnam. The Democratic Party must tell the truth—that more militarism will finally make us a second-rate country abroad and a second-rate society at home. We must plan and pass measures to convert our industry from the economy of death to an economy of life. On this issue, there can be no compromise.

And with the advocates and apologists of racism, there can be no compromise. A Democratic Party silent on civil rights would be undemocratic in the most profound sense. A party which once pledged to overcome cannot now agree to surrender. We must share economic opportunity, not hoard it. We must open schoolhouse doors, not bow to those who block them. We must make our suburbs a place to live together, not a way to escape each other. This will require legislation and moral leadership—to improve and integrate education, to reform welfare, to provide jobs and housing.

We must secure a full measure of justice for all Americans—for the minority who are not white and for the majority who are women. There are political risks in that. How long it has been since our leaders asked any of us to serve conscience rather than selfishness. But on this issue, above all others, there can be no compromise.

The forces of privilege will oppose reform—as they always have. The voices of timidity will caution against the effort—as they always do. And the hard-eyed cynics will again call down distortion and ridicule. But to avoid issues is to invite disaster. Our survival as a party is at stake; the people will accept no longer a politics whose only purpose is power. When they ask: "What is the Democratic program?" we cannot simply answer: "To not be Republicans."

We must offer more than an establishment center, where nothing but the labels ever really changes. We must seek a unity of principle as well as party. We cannot be bland in what we say and blind to the evils before us. If we are, we will be united, but defeated; we will be in the center, and it will be a dead center.

Instead we must wage a hard fought battle over great issues. It will not be tranquil; America is restless. It will not be quiet; the condition of our time is turmoil. Down the years of the last quarter of this century, already stained by the bloodiest wars and the darkest genocide, we must meet stark questions of human and national existence. A fifth of the world is in famine now. Half of our fellow citizens believe America is fated to a continuing decline.

We dare not respond with conventional rhetoric, with empty measures, with paper promises signifying nothing but a thirst to win elections. Our reason to win must be to lead. And our leadership must shape and reshape things as they are, for we cannot go on the way we have been.

The Democratic Party is by tradition—and should be by conviction—a source of constructive disturbance.

We are meeting in midterm convention now only because Democrats like you challenged the *status quo*. You are here as delegates after years of struggle to open the closed doors of politics. And those doors must never be shut against the people.

In another, earlier time, America survived the first Depression only because Franklin Roosevelt was willing to offend the economic royalists. He was hated for what he did. Now we must be willing to make the same enemies in the same cause.

Frederick Douglass answered the establishment summons to go slowly and quietly when he wrote: "Those who profess to favor freedom, yet deprecate agitation, are men who want crops without planting; . . . they want the ocean without the awful roar of the waves . . ."

There is a great wave cresting across America. It first stirred and then mounted during the protest against racism and war; it has been swelled by a revulsion against the corruption of our values and a revolt against the exploitation of our economy. On it are carried many things—fear tempered by hope, doubt mingled with faith, the pains of the past decade and a yearning for new leadership. And amid the roar of that wave we once more hear the sounds of a song we have raised before:

This land is your land
This land is my land
From California to the New York Island
From the Redwood forest to the Gulfstream
waters
This land was made for you and me.

SENATE REPUBLICAN CONFERENCE ECONOMIC POLICY STATEMENT

Mr. JAVITS. Mr. President, the economic policy statement adopted yesterday by the Republican conference is a vital contribution to the effort to deal with the current economic crisis and is a great initiative.

In my opinion, this is one of the most important actions our conference has taken in recent years. For, this economic policy statement shows a forward-looking approach and is both modern and timely.

Mr. President, I was delighted to serve as a member of the committee along with Senators BROCK, CURTIN, FANNIN, PERCY, and STEVENS.

Chairman TOWER is to be most highly commended for his brilliant leadership. He helped to forge compromise without compromising himself or asking others to sacrifice substance. His presentation to the news media was fair and objective, and outlined clearly our approach to dealing with the economic situation. He pointed out our differences with the administration's program without undercutting the President's efforts fully as sincere as ours to halt inflation and recession and increased unemployment.

Mr. President, I ask unanimous consent that the complete text of the economic statement as adopted by the Republican conference on Wednesday, December 11, 1974, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ECONOMIC POLICY STATEMENT AND INITIATIVES: U.S. SENATE REPUBLICAN CONFERENCE

The urgent needs of an economy marked by severe economic strains require urgent consideration and action. Therefore, the Republican Conference of the United States Senate endorses the following specific proposals to supplement and reinforce the President's economic program. These represent our effort to respond quickly and responsibly to the President's request to supplement his economic program, and should receive immediate attention by the Congress and the Executive Branch. While we do suggest certain strong steps to ease the burden imposed on those least able to sustain the current hardships, we hasten to note that no remedy will be painless. To the contrary, it will require a sacrifice on the part of all Americans. We recommend immediate action in the following areas:

RECOMMENDATION I: JOBS AND EMPLOYMENT ASSISTANCE

Increased employment and unemployment assistance through public service jobs and an emergency jobs program, job-impact determinations on all recissions and proposals in the Federal Budget, a job stimulating tax credit, and increases in unemployment compensation.

RECOMMENDATION II: ENERGY

An aggressive attack on wasteful energy consumption while simultaneously increasing energy production.

RECOMMENDATION III: FOOD

Food production at maximum levels should be encouraged through free market channels so that we may meet present needs domestically, demands for U.S. products abroad, and obligations in cases of famine or humanitarian requirements at home and abroad.

RECOMMENDATION IV: PRODUCTIVITY

Stimulation of productivity by revamping the U.S. Productivity Commission.

Details of the foregoing and a statement of General Economic Policies follow.

RECOMMENDATION I: JOBS AND EMPLOYMENT ASSISTANCE

We consider a vigorous short-term program for the expansion of job opportunities in private enterprise and the provision of additional jobs in the public sector—coupled also with extended unemployment compensation benefits—as immediate objective of the highest priority. We recommend the following four-point jobs program:

1. Public Service Jobs—New Legislation to provide for an estimated 500,000 transitional jobs during calendar year 1975 in such vital public service fields as education, environmental quality, health care, energy conservation and community improvement. The job funds should be allocated on a regional or areas basis, utilizing state and local government prime sponsors designated under the Comprehensive Employment and Training Act of 1973. These funds are designed to provide jobs and in many cases will replace welfare payments.

2. Emergency Jobs Program—We propose within the framework of the successful EDA program of grants and loans to public and private bodies, a one year, $1 billion emergency fund to stimulate job opportunities in areas experiencing highest levels of unemployment. Funds would be available to supplement ongoing Federal projects selected for their job effectiveness through a review process, and provide initial loan and grant funds for job-creating activities.

3. Job-Stimulating Tax Credit—To foster the creation of new job opportunities in the private sector, we urge a job-stimulating and job-training human investment tax credit, similar to the Administration's proposed modification of the investment tax credit.

4. Expanded Unemployment Benefits—Finally, a temporary program of federally-financed income replacement payments for unemployed workers should be established. We recommend reenactment of the Emergency Unemployment Compensation Act of 1971, making it effective this January; modification of the existing Federal-State Extended Unemployment Compensation Program to make it apply nationally in January; and a supplemental program of up to 26 weeks of benefits for unemployed workers in high unemployment areas who are ineligible under the existing unemployment insurance system.

In addition, we suggest two technical changes in procedures:

1. Labor-Productive Budgeting—We ask the Executive Branch to develop promptly, in cooperation with the Appropriations Committees of Congress, a labor-intensive index as an analytical tool to accompany all budget proposals. This index would relate jobs involved to funds to be expended and would apply to all budgetary measures proposed by the Executive Branch (including amendments, recision and deferrals). Such measuring of "jobs impact" would portray the employment effect of each proposed action in the context of the current economy.

2. New Federal Program Priorities—We urge the President to direct each federal

agency operating a grant-in-aid program to inventory and report within 30 days all pending projects, identifying those which can be quickly implemented, are labor-intensive, and are in areas of high unemployment. Opportunities for high-labor, energy-saving, productive projects abound in projects already available under existing authority for highways, mass transit, waste treatment, water resources, public buildings, community development and the regular economic development programs.

RECOMMENDATION II: ENERGY

Because of the critical economic role that energy plays, both within our own country and in our relations with other nations, a comprehensive domestic and international approach to meeting energy problems in a realistic and workable manner is needed. Domestically we must pursue an aggressive attack on wasteful energy consumption while simultaneously increasing energy production.

We support the following action programs:

Energy conservation measures

Enactment of strict mandatory conservation authority capable of significantly reducing consumption;

Encourage prompt Congressional consideration of a tax on excessive energy consumption, including the possibility of a variable rate tax based on MTUs, and explore positive incentives to encourage the purchase of U.S. produced automobiles with greater fuel efficiency;

Expand federal programs related to increasing the efficiency of energy uses;

Require that an impact study on energy consumption of planned federal programs be prepared, published and reviewed prior to program implementations;

Initiate federal examination of utility rate structures, including peak load pricing, and other energy pricing policies with a view toward eliminating pricing inequities and inefficencies in energy use;

Take positive steps to bring about bona fide enforcement by the States of the 55 mile per hour speed limit;

Formulate mandatory standards for insulation of new buildings, explore a program of tax incentives for improved insulation of existing structures, and promulgate mandatory temperature standards in all buildings federally financed or constructed;

Reduce oil imports by at least one million barrels per day during 1975 with an intermediate term goal of a two million barrels per day reduction; and

Closely monitor foreign investment in U.S. energy exploration, production and development.

Actions to Increase Domestic Energy Production

Expand outer continental shelf exploration and development with adequate environmental safeguards;

Lift such constraints as limit exploration and production of natural gas and other fossil fuels, with appropriate competitive safeguards;

Implement on a crash basis new programs to develop alternative energy sources such as nuclear power, coal liquefaction and gasification, syncrude, solar and geothermal;

Support prompt approval and construction of facilities to transport Alaska natural gas to the lower forty-eight states;

Support international energy efforts to assure stable sources of foreign oil at reasonable prices;

Promptly inventory recoverable energy reserves on federal lands; and

Enact a windfall profits tax with a credit for seasonable capital investment for domestic exploration, development and delivery of new energy supplies to assure that windfall profits generated by recent enormous increases in the prices of energy are promptly redirected toward increased domestic energy production.

RECOMMENDATION III: FOOD

Food costs are an important aspect of the current inflation and have presented serious problems for most consumers.

Food production at maximum levels should be encouraged through free market channels so that we may meet domestic needs, demands for U.S. products abroad, and requirements in cases of famine or humanitarian requirements at home and abroad.

We must support those policies which provide adequate incentives to the farmer for production within the United States of our needed food supplies and recognize the current real distress of certain segments of food production such as livestock and dairy farmers. Solutions to these problems would be a major force in assuring ample supplies at reasonable prices.

We recognize the vital importance of agricultural exports to farm income and our balance of payments in enabling us to pay for oil and other vital imports. Exports should continue to be monitored to assure an equitable balance between our domestic supply needs, the need for markets for agricultural products, and the need to maximize our export earnings and provide assistance abroad where needed.

For the benefit of the consumer and the producer we favor intensified study of off-farm costs that go into the final price of food. We also favor expanded consumer services to the buyer on what constitutes a nutritious diet at a reasonable price to help the consumer pick the best nutritional value for his dollar, and on market practices generally.

General Economic Policies

We have made four specific proposals to supplement and reinforce the President's economic package. Nevertheless, there are other important economic policies which we believe should be pursued to maintain the forward thrust of American economy. In order to achieve the broader objectives that we seek we encourage the following:

Monetary Policy should pursue an orderly and moderate growth in monetary aggregates as an important means of relieving inflationary pressures brought on by an overly expansive monetary policy and of avoiding excessively high interest rates which eventually and inevitably follow in its wake. Monetary policy has been forced to bear an undue burden of restraining our inflationary tendencies because other fiscal restraints have not been exercised. We would hope that monetary policy could be appropriately eased as other fiscal measures become effective.

Fiscal and Tax Policy should continue to seek to bring the budget under control and to avoid unjustified and continuing deficits, which are a major source of inflationary pressure and credit market tensions. To enable us to bring the Federal budget closer to balance, reduce its inflationary effect, and, on a progressive basis where possible, pay as we go for anti-recessionary measures, every effort should be made to identify appropriate areas of taxation and other sources of revenue. A responsible fiscal policy will represent an earnest of good faith on behalf of the Federal Government to ameliorate our current inflationary tendencies.

Tax reform should be dealt with as a high priority by the new Congress with a view to an equitable, comprehensive reform in all taxes, most importantly social security taxes, tax relief for the elderly and for low and moderate income taxpayers, in an inflationary period. Tax reform to avoid escape of fair tax payments, increase investment, augment capital formation and spur the economy is necessary to increase employment at this time.

Trade should be stimulated through immediate enactment this year of the Trade Reform Act without extraneous amendments to enable the President to negotiate with respect to restrictive tariff and nontariff barriers to foreign trade and thus to enhance the flow of trade with all our trading partners.

Capital Investment and Capital Formation are critically important to modernization, competition and productivity, and will not only help pull the economy out of recession but also moderate inflation. We should give prompt consideration to encourage new incentives for adequate savings flows and the necessary government incentives to provide the required infusions of capital to troubled industries; and to provide for small business which cannot, under present conditions and on fair terms, either borrow money or raise equity capital from other sources.

Wage and Price Stability should continue to be sought through the discipline of the marketplace and the fiscal policies herein endorsed. Congress and the Executive share the responsibility to make the marketplace work more effectively and efficiently, but we expressly reject the concept of delegation of discretionary wage-price control authority to the Executive Branch at any time. Should the Congress determine it is necessary to impose controls, the Congress should bear the responsibility for specifying and implementing them when and where needed.

Regulatory Review of existing Federal regulatory agencies should be undertaken by Congress to improve current practices. Practices or agencies which unnecessarily restrict competition, cause undue red-tape and result in inflationary pressures should be eliminated.

Anti-trust Policy should continue to receive emphasis as a means of improving the functioning of the marketplace and removing anti-competitive practices. Congress should re-examine the significant changes which have occurred since our anti-trust statutes were conceived three-quarters of a century ago, with emphasis on the manner in which the Federal Government (1) identifies anti-competitive influences, (2) initiates anti-trust prosecution of instances of economic restraint, and (3) defines the legal relief available to effect adequate competition for all sectors of the economy.

Housing is recognized as one of the weakest sectors of our economy today, and one of the most vulnerable. We pledge ourselves to its significant improvement. Both private and public housing should, however, soon begin to experience recovery due to reduction in inflationary pressures and mortgage interest rates, to the roughly $20 billion in Federal assistance recently made available, and to the increased availability of building materials. We strongly urge the full utilization of these programs.

Addendum

RECOMMENDATION IV: PRODUCTIVITY COMMISSION

Increasing the productivity of American industry and labor is critical in order to raise output, combat inflation, and provide additional real purchasing power for the nation's workers. The National Commission on Productivity, which is now charged with promoting our productivity performance must be revamped. It is at present inadequately funded to undertake the enormous task of reviewing the country's entire potential productivity capacity and removing the obstacles to improving it. Its funding should be increased to $10 million for fiscal year 1975. At the same time, the Commission should concentrate on creating joint labor/management committees in production and service facilities, and in state and local governments through the country, and seek such additional funds as are necessary to implement fully this objective. To achieve this, the Productivity Commission should establish strong substructure of field offices in each Federal regional center.

SENATOR METCALF TESTIFIES ON CORPORATE DISCLOSURE

Mr. MUSKIE. Mr. President, earlier this year the Subcommittee on Budgeting, Management, and Expenditures and the Subcommittee on Intergovernmental Relations held a broad series of hearings on corporate disclosure. These hearings resulted from the joint study, "Disclosure of Corporate Ownership," published a year ago by the two subcommittees under the leadership of Senator Lee Metcalf.

This week Senator Metcalf testified at a hearing on information collection and disclosure conducted by the Securities and Exchange Commission in connection with the SEC factfinding investigation in the matter of beneficial ownership takeover and acquisitions by foreign and domestic persons. In his excellent statement, Senator Metcalf reviewed the subcommittees' own hearings as well as the significant actions and reforms which a number of Federal regulatory commissions are undertaking to improve the quality of corporate disclosure.

I commend Senator Metcalf for his persistence and leadership in this field, and ask unanimous consent that his testimony before the SEC be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Statement by Senator Lee Metcalf

I am pleased to have this opportunity to appear before the Securities and Exchange Commission. I warmly commend this Commission and its staff for the hearing and investigation you are conducting, regarding fundamental aspects of information collection and disclosure.

We have conducted many days of hearings on such matters in the Government Operations Committee. As our hearings developed, Members and witnesses realized that little if any new legislation was needed to make substantial changes in corporate reporting requirements.

Congress long ago gave extraordinary powers to the independent regulatory commissions, which were timid about using them. It was this lack of commission action, and failure of Congress to exercise diligent oversight, which led to grossly inadequate and misleading filings regarding ownership and control of corporations, the area of disclosure on which our hearings focused.

However, the commission response and activity this year has been remarkable.

The Civil Aeronautics Board initiated an investigation into various aspects of control over air carriers by financial institutons. The CAB also compiled and published for the first time the thirty top stockholders in regulated air carriers.

The Federal Power Commission went to rulemaking to obtain information on debt holdings and interlocks in utilities it regulates. The FPC also went to rulemaking on its proposal to require identification of the thirty top stockholders in major utilities, rather than just the top ten.

The Federal Trade Commission had its lawyers review their statutes and they discovered ample, unused, long-dormant authority to collect information on ownership and control. The FTC is now drafting such regulations.

The Federal Communications Commission is about to propose revisions in its reporting requirements, but is waiting for the recommendations of the Steering Committee on Uniform Corporate Reporting which is nearing completion of its initial task, and to which your Mary Beach has contributed so much.

And I want to mention what is going on at the Interstate Commerce Commission. I know that the ICC is a candidate for abolition. Possibly that explains its remarkable improvement in corporate ownership reporting.

The SEC will benefit from these ICC reporting improvements, inasmuch as some of the ICC filings are included in reports to the SEC. I walked over here to the SEC three years ago, to look at the ownership data on one of my constituents, the Burlington Northern, which is the country's biggest railroad and coal company, and one of the biggest land, timber and mineral companies as well. I was frankly amazed to see that the list of the thirty top stockholders in your files was a meaningless list of nominees. This was on the ICC ownership form which was included in the SEC's 10-K report.

The BN's ownership report to the ICC and SEC last year was no better. Eleven of the railroad's "top thirty" security holders were nominees for four banks. None of the banks were even mentioned. No street address or box number for the nominees—most of them in New York—were listed.

This year the ICC has required the railroads to translate the nominee accounts into the names of the institutional investors they represent and aggregate the holdings of each large investor. The railroads are also obtaining from banks and brokers, and providing the ICC, identification of whoever has the voting rights to major blocks of stock in custodial and street name accounts.

This information is being obtained by the ICC not only without subpoena, but without rule making. The ICC is simply redefining and enforcing reporting requirements.

The Federal Maritime Commission, I would add here, is also this year requiring reporting companies to file reports on their top thirty security holders in the name of the party empowered to vote the stock, and to aggregate accounts for reporting purposes.

One of the principal suggestions in my eleven October letter to your Commission was that it collect and publish information regarding the voting rights of the thirty largest stockholders empowered to vote. I want to expand on that issue.

First, percentage reporting benchmarks of ten, five or even one per cent are simply insufficient to obtain the information bearing upon control. The most recent reiteration of this point is in the decision in the Rock Island case, this month, by the Interstate Commerce Commission. That commission stated that control of a corporation can result from ownership of less than one per cent of the stock of a widely held company.[1]

Secondly, stockholders for their own protection—and the SEC is mandated to protect stockholders—are entitled to know who is empowered to vote the major blocks of stock in "their" companies, so they can express themselves to the controlling interests.

Stockholders should be able to know who the decision-makers are, and to get in touch with them well in advance of annual meetings, in order to obtain consideration for their proposals or candidates for the board of directors. I like, and commend to you, the suggestion of Professor David L. Ratner, a consultant to and witness before our Subcommittees, that the names and addresses of those institutions or individuals empowered to vote consequential blocks of stock in a company be included in annual reports to stockholders.

You are the experts on the complicated procedures of corporate voting, including management discretion to omit proposals from proxy statements, the delays or failures to get out ballots, the requirement that a proposal receive certain percentages of the vote to be again considered. I am relieved that Congressional elections are not subject to the same handicaps.

If we believe what many of us say about working for change within the system there is a concomitant responsibility to enable stockholders to participate meaningfully and conveniently in the exercise of their rights. The authority and responsibility are right here, at the SEC. I hope that you will consider adoption of Professor Ratner's and my suggestion.

Third, company management is also entitled to know who controls their companies. Some of the most impressive testimony and letters to Senator Muskie's and my Subcommittees have come from the chief executive officers of small and medium-sized companies who cannot now determine that information and communicate with their owners.

Their testimony was printed just this week. It appears in Part Three of our hearings on corporate disclosure. I will provide copies for your use.

I refer you especially to the testimony of Norman J. Fischer, board chairman of Medalist Industries, a Wisconsin firm. It begins on page 175. He describes how his company's efforts to inform and disclose information to shareholders "are blunted and made impossible by incognito and blind securities registration". He has also filed material with your Secretary Fitzsimmons.

In Appendix G there is a letter from Carl W. Swan, president of Basin Petroleum Corporation, in Oklahoma, who simply wants to be able to communicate with his shareholders. Also, in Appendix G, you will find letters from the stock exchanges and Depository Trust, regarding the problems of Mr. Fischer of Medalist Industries.

Mr. Fischer testified that "sometimes I think the SEC should get lawyers to tell them how to do things instead of what they can't do." I hasten to add to his point, that he not be misunderstood—he likes you. And I add my point that I recognize what you and your lawyers—and non-lawyers—are doing to improve reporting.

Depository Trust is also cooperating fully—it is just as interested as we are in seeing that "Cede & Co." does not appear on ownership report forms as a major stockholder, with voting rights, inasmuch as it does not have voting or discretionary rights.

My four point deals with the increased accuracy of ownership reports that deal with aggregated holdings of a number of stockholders, rather than a percentage of the stock.

A couple of years ago I asked a number of large companies to provide me with a list of their 30 major stockholders. Three airlines—Northwest, United and Western—all reported that Chase Manhattan held more than six per cent of its stock. Yet none of those holdings were reported to the CAB, which had a five per cent reporting benchmark. The reason was that the bank held the stock in two or more nominee accounts, none individually amounting to five per cent.

This year, as I mentioned earlier, the CAB compiled a list of the 30 top stockholders in regulated air carriers. (It appears in Appendix D, Part Three, of the Corporate Disclosure hearings.) The example I will use, Eastern Air Lines, was typical of most airlines and, in fact, most large corporations. The major blocks of stock were held by a few New York banks and brokerage house. Only one individual was listed. He was Stockholder Number Thirty, with fifty thousand shares, about one fourth of one per cent of the outstanding shares.

This individual was not Laurance Rockefeller who, according to other sources, is a major stockholder in Eastern. My staff asked the CAB to explain the discrepancy.

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[1] Interstate Commerce Commission Finance Docket 22688, Chicago & Northwestern Railway Company—Control—Chicago, Rock Island and Pacific Railroad Company, Dec. [illegible], 1974, p. 646.

The CAB advised that Eastern initially reported that Mr. Rockefeller was stockholder Number Twenty One, with forty nine thousand, four hundred shares of stock. But Eastern had not aggregated the holdings of brokers, held in the name of Cede & Co., to the accounts of institutional investors which had some of their stock with Cede and some in their own accounts. The Cede & Co. increments to the accounts of other institutional investors barely squeezed Mr. Rockefeller off the "top thirty" list.

Then the CAB looked elsewhere in its own files, and in your files, and they found that Mr. Rockefeller had reported holding of one hundred and twenty five thousand shares of common stock—two and a half times as much as showed in Eastern's books. Mr. Rockefeller also reported holding more than two hundred thousand shares of preferred, and the CAB found that this stock carried voting rights. So now the CAB says that Mr. Rockefeller is Stockholder Number Seven in Eastern, with more than a quarter of a million shares of stock.

So, in summary, my fourth point is that ample allowance should be made for the operation of Murphy's Law—if anything can go wrong, it will. But despite the several problems recited in the Eastern example which I use, problems due to failure to aggregate and to put in one place all the information scattered around two agencies, the thirty top stockholder requirement led to what now appears to be an accurate reporting of the holdings of a major stockholder in a major regulated company. (The correspondence with the CAB on this matter appears in the Congressional Record for Thursday, December 5, beginning on page 38356.)

This brings me to my final point, the work of the steering committee on uniform corporate reporting, with which some of you are of course familiar.

This committee grew out of suggestions during our hearings this year. It is composed of staff persons from the General Accounting Office, from our two subcommittees, and from the independent regulatory commissions which collect, or plan to collect, information on corporate ownership and control.

This group is putting the finishing touches on proposed model reporting requirements dealing with four areas—corporate structure, voting stock ownership, affiliations of officers and directors and debt holdings. This committee will soon have a proposal ready for consideration by your commission and the other participants. They are the CAB, FCC, FPC, FMC, FTC, and ICC. The GAO is participating pursuant to its responsibilities for coordination of reporting requirements of the independent regulatory commissions.

I am told that this committee has spent almost as much time on the matter this fall as I have spent in strip mining mark-up. I am impressed with the way in which this unique venture is progressing and sincerely hope that you and the other commissions will give it prompt consideration.

There are advantages to business, commissions and the public in having uniform reports, conveniently available.

A number of companies have to report ownership and control data to several commissions. It would reduce the burden on business to fill in one report acceptable to all the commissions. Even your own staffs, and my staff, with their expertise find it difficult to pull available information together. The public gets lost in the maze. I know from our colloquy on this subject during the hearings on regulatory reform last month that Chairman Garrett is as concerned about this point as I am.

So I hope that you and other commissions can agree on standard reporting requirements in these four areas in which the steering committee is working. Much more important than definition of beneficial control, in my opinion, is the mere reporting of the facts regarding the various levers of control, in response to clear questions and instructions that do not permit evasive answers. And of course commission follow-up will be necessary to be sure that misinformation or improper responses are not simply filed and forgotten.

Each commission could of course decide what companies, or groups of companies, to which the uniform reporting requirement should apply. I do not know of any intent or desire to add to the burden of small business as regards Federal reporting requirements. But a uniform corporate ownership and control requirement for large companies and regulated monopolies, coupled with improvements in public access to the information, would be a major step forward in regulatory responsibility, in my opinion.

And if the Government Printing Office or the commissions choose to publish this information it would probably be a best seller.

Thank you for your consideration.

THE OSHA DILEMMA

Mr. DOMINICK. Mr. President, recently, the U.S. Senate acted upon the Labor-HEW Appropriations bill for fiscal 1975. During the course of our deliberation on that bill, we voted on some amendments to the Occupational Safety and Health Act of 1970. When the House acted on H.R. 15580, they adopted a small business assistance amendment for 25 or fewer employees as well as an onsite inspection amendment. The Senate adopted a modified onsite inspection but failed to agree to a small business assistance amendment. Unfortunately the conferees did not agree to the House amendment, thereby we failed to grant relief and assistance to America's small businessman during the remainder of this fiscal year.

At this time of double digit inflation, it seems to me totally contrary to the public's interest for the Nation's small businessmen to be spending time trying to grope with the mountains and mountains of tedious OSHA regulations rather than on how to increase business productivity in every sector of this Nation's business and industry.

Because of the severity of inflation, as well as for reasons of commonsense, I would think that between now and June 30, 1975 this Nation's small businessmen should be given time to study and implement proper safety mechanisms while devoting a greater portion of their time to increasing the supply of all products for the American consumer.

With this in mind, Mr. President, I would like to call to the attention of my colleagues a recent study on the OSHA question published by the Heritage Foundation a nonprofit, public interest research foundation located here in Washington. The study is done by a Dr. Frederick L. Williford, Ph. D., whom I consider to be extremely knowledgeable in this area. This study was brought out the day before the Senate voted on these OSHA questions and I sincerely hope that those who did not have the opportunity to study its contents before will take the time now to do so.

I am confident that the OSHA question will be a recurring one until Congress is able to formulate proper, reasonable and just guidelines to guarantee the health and safety of American workers.

Mr. President, I ask unanimous consent that "The OSHA Dilemma" by Dr. Frederick L. Williford be printed in the RECORD at this point.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

THE OSHA DILEMMA

(By Frederick L. Williford, Ph. D)

PREFACE

In this concise analysis of the Occupational Safety and Health Act, Dr. Frederick Williford reveals several serious shortcomings of a major effort by the federal government to regulate, by the stroke of a pen, countless economic decisions by employers, workers, and consumers. It is not within the scope of this brief work to evaluate the wisdom of government regulation *per se*. However, Dr. Williford's study does raise serious questions about the Occupational Safety Health Act and its administration.

Dr. Williford is Director of Government Affairs of the 400,000-member National Federation of Independent Business. Fifty-five percent of the membership have a gross sales of under $200,000 yearly. Dr. Williford earned his B.S. degree at the University of Maryland and his M.B.A. and Ph.D. at American University. He wrote his Ph.D. dissertation on "The Marketing Inferences of a Critical Analysis of the Attitudes of Independent Construction Contractors Toward the Concept and Current Administration of the Occupational Safety and Health Act."

THE EDITOR.

WASHINGTON, D.C., *September 1974.*

THE OSHA DILEMMA

(An Analysis of the Citation and Penalty System as an Incentive to Comply with the Occupational Safety and Health Act.)

INTRODUCTION

The Occupational Safety and Health Act of 1970 is one of the most controversial pieces of legislation ever passed by the U.S. Congress. On the one hand, the law has been praised as one of the most meaningful enactments since the Fair Labor Standards Act of 1938. On the other hand, the law has been criticized as being harshly punitive rather than corrective and as giving the Department of Labor the power to put a company out of business.

The impact of OSHA on the business community is indicated in the congressional oversight hearings held during the 92d Congress (1971–72) and the 93d Congress (1973–74). The effect of OSHA on business was well stated by Representative William L. Hungate, Chairman, Subcommittee on Environmental Problems Affecting Small Business, the Select Committee on Small Business, House of Representatives. He said:

"The intent and purpose of the law is commendable, but like so many other good laws passed by Congress, the Federal bureaucracy sometimes manages to complicate matters by establishing harsh and irrelevant rules and regulations with little attention given to the impact on small business."[1]

Representative Dominick V. Daniels, Chairman, Select Subcommittee on Labor, Committee on Education and Labor, House of Representatives, echoed the concern of business and his colleagues in the opening statement he made to his Committee in 1972:

"The extent of controversy over the act and its administration can be seen in the fact that approximately 100 bills have been introduced to amend it. These bills include efforts to strengthen it and to weaken it.

Footnotes at end of article.

They include revisions ranging from expanding coverage to students participating in athletic contests to removing coverage from small business firms."[2]

In the Senate, the same sentiments were expressed. While acting as chairman pro tempore, Subcommittee on Labor, Committee on Labor and Public Welfare, during its hearings in July, 1972, Senator Howard E. Hughes said:

". . . During the 15 months that have elapsed since the Act's (OSHA) effective date, there is scarcely a Senate office that has not been besieged with complaints concerning the Act's administration."[3]

As of 1974, OSHA has been the law of the land for three years. During this time, the demand for reform has not abated in the least. In fact, it probably is stronger now than it ever has been.

An illustration of the public pressure and demand for OSHA reform is reflected in the almost one hundred bills to amend OSHA introduced in the House and the Senate during the 93rd Congress. During this period, disputes continued; lawsuits developed. Obviously, all is not quiet on the OSHA front.

Despite the unabated demand for OSHA reform and in spite of the Senate and House Labor Committee hearings held in 1972 and 1974, not one piece of OSHA reform legislation has reached the floor of either the House or the Senate as the result of action by either committee. Most observers agree that the Congress is being denied the opportunity to work its will or to represent the will of its constituency because all OSHA reform measures have been stifled at the House and Senate Labor Committee level. Each Member of Congress and each interested citizen should ask himself: "How long will this situation be permitted to prevail? How long will several dominant members of the labor committees in Congress be able to deny the Senate and House the opportunity to debate OSHA reform openly and to effectively represent their constituents?"

OSHA IN ITS PROPER CONTEXT

OSHA is the most recent labor enactment in a series of "quality of life" labor law enactments which are being passed at an increasing rate. OSHA contains no new concepts in safety and health legislation which were not contained in previous safety and health acts (e.g., the Walsh-Healey Act, Coal Mine Safety and Health Act, Longshoremen's and Harbor Workers Safety Act, or the Construction Safety Act). When OSHA is viewed in the historical progression of previous safety and health legislation, it can be placed in its proper perspective as the next logical step in the development of labor legislation.

The primary contribution of the Occupational Safety and Health Act was not the creation of the concept of safety and health standards but, rather, was the extension of safety and health standards and regulations to virtually all U.S. businesses and industry. Prior to the enactment of OSHA, safety and health regulations were extended primarily to industries working under government contract.

In summary, OSHA established no new concepts. It did, however, extend existing concepts to the entire industrial and business community. The controversy surrounding OSHA is not based fundamentally on any disagreement with the concept or purpose of the Act but, rather, with (1) the way in which the law was initially implemented, (2) the lack of proper educational effort to pave OSHA's way, and (3) the apparent lack of understanding by the OSHA Administration of the relative strengths of various motivations to comply and of how these motivations could best be used in achieving full compliance with the law.

PURPOSE OF THIS MONOGRAPH

This monograph explores and analyzes the penalty and enforcement procedures used by the Occupational Safety and Health Administration as an incentive for compliance with OSHA regulations and standards. Attention is drawn to the basic assumptions which the OSHA Administration has made in emphasizing the citation and penalty system as the primary technique for developing motivation to comply among businessmen.

It will be shown that (1) the enforcement procedures and the penalty system do not provide an economic incentive to comply with the regulations and standards and that (2) the OSH Administration has erred in its conclusion that emphasis on the citation and penalty system is the most effective way to achieve compliance. Proof will be offered to substantiate these points to assist legislators, safety and health program administrators, business, industry, and the general public in their reconsideration of current programs.

Business supports the concept and purpose of safety legislation

Research by this author into the attitudes of businessmen (specifically, construction contractors) toward the concept and purpose of the Occupational Safety and Health Act indicates that businessmen share an extremely favorable attitude toward the concept of the Act. This concept maintains that increased worker safety and health can be assured through the development of more safe and healthful working conditions. For an employer to accept the Act's objective as being a viable and achievable objective for business, he must recognize that:

(1) while employee risk is prevalent in business and industry, the risk can be controlled, and

(2) worker injury is not inevitable and can be avoided.

This researcher's study points out that, while substantial risk exists in industry, employers perceive that risk can be controlled, that injury is not inevitable, and that employers recognize their responsibility for worker safety.[4]

As a result of this study and in view of public statements by business and industry spokesmen supporting the concept and purpose of OSHA, it can be concluded that employers' attitudes are consistent with the public policy as set forth in the Occupational Safety and Health Act of 1970.

Need for balanced, comprehensive plan for achieving compliance

In a free society with limited police powers, compliance with the law is based primarily on individual acceptance of a law as just and reasonable and on the citizen's voluntary compliance. Individuals' voluntary compliance with OSHA is absolutely necessary in light of OSHA's limited police powers. The Secretary of Labor at the time OSHA was passed, J. D. Hodgson, recognized that, while effective enforcement of the Act was critical, it alone could not do the job. He stated that cooperation throughout all levels of government and the voluntary compliance of both employers and employees were essential ingredients for success.[5]

Senator Peter Dominick, during the Senate floor debate on OSHA in 1970, made the astute observation that:

"No bill is worth a hoot unless it is palatable, because it cannot be enforced. We could not possibly find enough inspectors to impose upon this vast area of geography and the vast number of people in our country a bill which people will not voluntarily comply with in a great majority of the cases."[6]

In spite of these warnings, the Occupational Safety and Health Administration has placed almost total reliance on the citation and penalty system of the Act as a means of motivating employers to comply with the Act. A review of OSHA's budget allocations, organizational structure, manpower allocation, and policy clearly shows the Administration's commitment to the citation and penalty system as the primary means to achieving compliance. The enforcement program, for all intents and purposes, has been used to the virtual exclusion of meaningful incentives to comply voluntarily. OSHA, at the present time, does not have anything approaching a balanced, comprehensive plan to achieve full compliance with the Act.

The policy position of the Department of Labor regarding enforcement has been made quite clear in recent public statements by Secretary of Labor Peter J. Brennan. While Mr. Brennan recognizes there is such a thing as voluntary compliance by employers, he states: ". . . we are charged with enforcing a law, and we are trying to do this firmly as well as fairly."[7]

The current OSH Administration attitude is summed up in a recently published statement by an OSHA official that the employer must be made to recognize that he is subject to fines upon discovery of violations in addition to being subject to fines for failure to abate violations once discovered. This first-instance citation approach is believed by OSHA to enhance the effectiveness of a small number of inspectors. Furthermore, the resultant "fear" incentive, based on the threat of inspection, citation, and penalty, is felt to be the key to the Act's effectiveness. The provisions of OSHA which permit right of entry without advance notice and imposition of penalties on first inspection are believed by OSHA administrators to provide significant motivation for voluntary compliance.[8] Such attitude and policy reflect OSHA's confusion regarding differentiation between enforced compliance and voluntary compliance.

One is led to ask, "What is voluntary about compliance when the threat of inspection, citation, and penalty provides the motivation for such compliance?" Apparently, the OSH Administration has never seriously considered this question. The conclusion one is forced to draw is that the OSH Administration does not fully understand the distinction between enforced compliance and voluntary compliance and does not seem to understand the relationship between the two types of motivation and the fact that both are essential for full compliance.

Indicative of the confusion in the Department of Labor is the lack of definition of the different, yet related, concepts of enforced compliance and voluntary compliance. This researcher was told on several occasions by knowledgeable officials that there currently is no definition of voluntary compliance. One can only be left with the conclusion that OSHA's interest in voluntary compliance and understanding of the concept are so minimal that the terms and concept lack a commonly-agreed-upon definition. Lacking definition, there hardly can be rational program planning. Any planning or program implementation that is carried on is doomed to be haphazard until OSHA clarifies and defines the concepts and motivations with which it is dealing.

So there will be no confusion concerning the two terms in this monograph, the researcher provides the following definitions:

Enforced compliance is that compliance which is the result of citation, penalty, threat of inspection, threat of penalty, or duress.

Voluntary compliance is that compliance which is the result of the freewill decision of the employer or the employee, without threat of any kind. Voluntary compliance is based on the conviction that safety is a viable and desirable objective of business and is in the best interests of employers and employees alike.

OSHA'S PRESENT CONCENTRATION ON ENFORCED COMPLIANCE

Tables 1 and 2 show the budget allocations for OSHA functions for the fiscal periods 1972–1973, 1973–1974, and 1974–1975.

Footnotes at end of article.

Although these figures are estimates, they do show the undeniable trend of OSHA's emphasis. The enforcement budgets reflect acceptance of the strategy that strict enforcement of standards and reliance upon the for encouraging compliance with the Act. penalty system form the foremost incentive

The education, training, and information allocation is the one which most closely relates with the strategy of voluntary compliance, although it is only a component part of such strategy. This budget allocation is relatively small. The heavy emphasis on enforcement has been inconsistent with the apparent recognition by Congress that, in the long run, voluntary compliance is the only way in which the Act can reach its potential and achieve its full objective of a safer and more healthful working environment.

TABLE 1.—BUDGET ALLOCATIONS IN DOLLARS, 1972–74

[In thousands of dollars]

Budget item	1972 Comp.[1]	1973 estimate [1]	1974 estimate [1]
Safety and health standards	2,220	2,932	2,955
Enforcement	16,220	24,249	24,939
Training, education, and information	2,294	3,459	3,491
State programs	7,781	30,065	30,080
Safety and health statistics	3,345	4,796	4,841
Executive direction and administration	4,024	3,706	3,530
Total	35,884	69,207	69,836

[1] Source: Senate report No. 92–894. Departments of Labor, and Health, Education, and Welfare, and related agencies appropriations bill, 1973.

TABLE 2.—OCCUPATIONAL SAFETY AND HEALTH BUDGET ALLOCATIONS IN PERCENTAGES, 1972–74

Budget item	Percent		
	1972	1973	1974 estimate
Safety and health standards	6.19	4.24	4.23
Enforcement	45.20	35.04	35.71
Training, education, and information	6.39	5.00	5.00
State programs	21.68	43.44	43.07
Safety and health statistics	9.32	6.93	6.93
Executive direction and administration	11.22	5.35	5.06
	100.00	100.00	100.00

OSHA'S BASIC ASSUMPTIONS DISPUTED

The primary assumptions underlying OSHA's present emphasis on the citation and penalty system are that:

(1) the penalty system provides a strong economic incentive to comply, and

(2) the threat of economic penalties, with its resultant fear and apprehension, will cause compliance.

Note should be made at this point, however, that the Department of Labor has not always held that strict enforcement of the law is the best and most viable avenue to compliance with safety laws. For example, in 1954, the Department of Labor's statement on occupational safety and health noted that:

"Enforcement of law, however, can compel compliance with only the minimum provisions of law whereas the recognition of mutual interests carries the parties all the way to effective programs.

"Safety and health administrators in the United States, therefore, look upon law enforcement as the last resort rather than as the first resort. This approach stresses less the punishment of violators than the prevention of accidents." [9]

This researcher submits that enforcement alone can never lead to full compliance with the Act and that the penalty and citation system does not and cannot provide the motivation necessary to achieve full compliance with health and safety standards. Two critical factors support the contention that emphasis on the citation and penalty system by the OSH Administration is not the most productive and effective means of achieving long-term, full compliance.

First, as will be demonstrated in this monograph, the citation and penalty system—contrary to the assumption of the OSH Administration—does not provide sufficient economic motivation to comply.

Second, while enforcement may be an underlying and necessary thrust of the OSH Administration, current emphasis on enforcement activities by OSHA develops only "one-time" and minimal compliance. There is no assurance that compliance will be continued after issuance of a citation and penalty.

Penalties do not provide persuasive economic incentive to comply

For a penalty to be persuasive, it must exceed the opportunity cost of the expenditure necessary to achieve compliance for the period between OSHA's effective date and the penalty-imposition date—or the time intervening between penalties. The opportunity cost of the expenditure necessary to achieve compliance is the return on the expenditure if that money had been used in alternate, income-producing ways (such as facility expansion, purchase of more productive equipment, expansion of inventory, investment, etc.).

Assuming the cost of compliance is constant (meaning that the cost of compliance in real dollars is the same today as it would be at some future time) and the inflation factor is zero, the point of indifference (or the point of neutral incentive to comply or not to comply) is where the opportunity cost of the compliance expenditure over the applicable time period is equal to the penalty imposed for non-compliance at the end of that applicable period.

If OC=opportunity cost of the compliance expenditure, P=the penalty imposed for non-compliance, and n=time period between inspections, then the point of indifference is: $OC_n=P$.

The penalty is persuasive in achieving compliance only if $P>OC_n$.

This researcher recognizes that the concept developed above cannot be considered an all-inclusive economic model or equation. However, it does provide the basis for fundamental economic inferences relating to the persuasiveness of penalties as an economic incentive to comply.

The reader will recognize that one of the critical factors in this equation is the time period between the imposition of penalties. This point deserves further analysis.

Probability and/or anticipated frequency of inspections

Two sets of assumptions are made below to illustrate that the probability of inspection and penalty is extremely low.

Set I: The Small Business Administration estimates that there are nine million small businesses; research shows that there are about 2,000 OSHA inspectors (including federal and state) who spend 53 percent of their time on inspections (according to former Assistant Secretary of Labor for OSHA, George C. Guenther); the inspection time is 7.8 hours (one day, as stated by Secretary Guenther); and there are an estimated 300 work days per year. Based on these assumptions, the odds are that approximately three out of every one hundred businessmen will be inspected each year—which gives a 97 percent probability of non-inspection. Each business, therefore, would be inspected once every thirty-three years, on the average.

Set II: Based on the safety and health inspection figures published by OSHA in July, 1974, covering the period July, 1973 through May, 1974,[10] the first-time inspections numbered 50,704. This figure, adjusted for the full year, would be approximately 55,311 first-time inspections. If the number of estimated businesses in the United States were reduced from 9,000,000 to 5,000,000 (as estimated by the National Federation of Independent Business), the probability of inspection under this more conservative estimate amounts to 1.106 percent per year. In other words, each business would be inspected on the average of once every ninety years.

Regardless of which set of assumptions is considered more reasonable, it is evident that the probability of OSHA inspection is very low. Under the assumptions in Set I, the probability of inspection is 3 percent; and under the assumptions in Set II, the probability is 1.1 percent. The critical factor is the reciprocal probability of non-inspection. The probability of non-inspection under assumption Set I is 97 percent and, under Set II, is 98.9 percent. These probabilities are of critical importance as the economic incentive of penalties is analyzed.

Penalties do not provide economic incentive to comply

Obviously, the odds are heavily in favor of non-inspection. With such odds, the businessman is inclined to disregard a possible penalty as an economic incentive to comply. The low probability of inspection means that the chance to escape inspection over a long time period is good. Therefore, the economic benefits of noncompliance, in light of the limit on the size of the penalty contained in the law, provide an incentive not to comply. Table 3 presents this argument in tabular form.

EXPLANATION OF TABLE 3

Column 1, Cost of Compliance: This column presents the cost of compliance ranging from $1,000 to $10,000. This range is considered applicable for demonstration purposes. The Department of Labor has no figures on average cost of compliance for the firms it has inspected, even though such data is critical for economic analysis. The best available data is that developed from a continuous field survey of the National Federation of Independent Business, which indicates that the average cost of compliance is close to $8,000.[11]

Column 2, Rate of Return: The rate of return used is 2.5 percent compounded quarterly for an annual yield of 10+ percent. This is considered a reasonable and conservative rate of return under today's economic conditions.

Column 3, Time Period: For illustration purposes, the time period may run from one year to ten years, depending on whether the opportunity cost equals or is exceeded by the penalty. In viewing these time periods, one should recognize that, on the average, an individual company will probably be inspected, at best, once out of every thirty-three years. Therefore, the maximum time period of ten years indicated in Table 3 is extremely conservative.

Column 4, Value in Dollars of Compliance Cost at End of Time Period: This column indicates the value of the cost of compliance over the indicated time period at an interest rate of 2.5 percent compounded quarterly.

Footnotes at end of article.

TABLE 3.—COMPUTATION OF ECONOMIC INCENTIVE NOT TO COMPLY (ASSUMING PENALTY OF $1,000)

	Cost of compliance (1)	Rate of return on percent compounded quarterly (2)	Time period (years) (3)	Value in dollars of compliance cost at end of time period (4)	Opportunity cost in dollars (col. 4 minus col. 1) (5)	Incentive not to comply (col. 5 minus $1,000) (6)
Lines A	$10,000	[1]2.5	10	$26,850	$16,850	$15,850
	10,000	[1]2.5	5	16,386	6,386	5,386
	10,000	[1]2.5	1	11,038	1,038	38
Lines B	8,000	[1]2.5	10	21,480	13,480	12,480
	8,000	[1]2.5	5	13,109	5,109	4,109
	8,000	[1]2.5	2	9,747	1,747	747
	8,000	[1]2.5	1	8,830	830	(170)
Lines C	$5,000	[1]2.5	10	$13,425	$8,425	$7,425
	5,000	[1]2.5	5	8,193	3,193	2,193
	5,000	[1]2.5	2	6,092	1,092	92
	5,000	[1]2.5	1	5,519	519	(481)
Lines D	1,000	[1]2.5	10	2,685	1,685	685
	1,000	[1]2.5	8	2,203	1,203	203
	1,000	[1]2.5	7	1,996	996	(4)

[1] Approximately 10 percent per annum.

Column 5, Opportunity Cost in Dollars: This column represents the amount of money that could be earned by investing the cost of compliance in an alternate income-producing activity. It represents the amount of money that could be earned if the money were not spent for OSHA compliance during the applicable time period.[12]

Column 6, Incentive Not to Comply: This column indicates the amount that could be earned on the cost of compliance at the end of the time period (from Column 5), less the maximum fine of $1,000 permitted by law. As long as the dollar figure in Column 6 is not enclosed in parentheses, there is an incentive not to comply. Only when the figures are enclosed in parentheses is the penalty an economic incentive to comply.

INTERPRETATION OF TABLE 3

As one can see from Table 3, assuming the maximum penalty of $1,000 is paid and the compliance cost is $10,000, the company would have to be inspected more than once per year and fined $1,000 more than once in order to make the penalty an economic incentive. (See Lines A.)

Lines B indicate that, if the cost of compliance is $8,000 (as estimated by the National Federation of Independent Business), each company would have to be inspected at least once each year and fined the maximum penalty of $1,000 in order for the penalty to be economically persuasive.

Lines C indicate that, if the cost of compliance is $5,000, the company would have to be inspected at least once every year also and fined a maximum of $1,000 in order for the penalty to be economically persuasive.

Lines D indicate that, if the cost of compliance is as low as $1,000, each company would have to be inspected once every seven years and fined $1,000 for the penalty to be economically persuasive.

In light of the probability that the average company, conservatively speaking, will only be inspected once every thirty-three years, it can easily be seen that the citation and penalty system is not a viable economic incentive for employers to comply with OSHA standards and regulations. The only possible exception is the target industries.

Actual incentive to comply is less than indicated in Table 3

Table 3 used, as a basis for analysis, the assumption that the penalty paid would be the maximum permitted under the law—$1,000. Actually, the average penalty paid per citation is much less than the maximum of $1,000. When actual figures are used in the analysis, proof that the citation and penalty system is economically non-persuasive is even more convincing than shown in Table 3.

Using inspection, citation, and penalty statistics issued by OSHA, 12 in July, 1974, the average penalty per citation is computed to be $126.36. Using this average penalty per citation ($127), Table 4 shows that only when the cost of compliance is $1,000 and the firm is inspected at least once each year is the penalty persuasive. In all other cases, the penalty is not an incentive to comply.

Table 4 shows conclusively that, under existing conditions, the penalty system cannot, in any realistic way, be considered an economic incentive to comply.

Therefore, OSHA is mistaken in its assumption that emphasis on the enforcement, citation, and penalty system is an economic incentive to comply. Continued emphasis on the citation and penalty system by OSHA can only be viewed as misguided.

Available alternatives not economically or politically feasible

Two alternatives are available to the OSH Administration if it decides to persist in its emphasis on the enforcement, citation, and penalty system. The first alternative is to increase penalties substantially and the second alternative is to decrease the time period between inspections by increasing the size of the compliance officer cadre. Neither one of these alternatives is feasible from either an economic or political viewpoint.

If penalties are to be relief upon to provide an economic incentive, they would have to become progressively higher over time, approaching extremely high levels to offset the opportunity cost of compliance expenditures as they increase over time. If penalties do, in fact, become progressively higher, they will cause great emotional reaction which undoubtedly would be reflected in congressional action. Pressure soon would be developed to control the expanding penalty system.

TABLE 4.—COMPUTATION OF ECONOMIC INCENTIVE NOT TO COMPLY BASED ON ACTUAL AVERAGE PENALTY PER CITATION OF $127

	Cost of compliance	Time period (years)	Opportunity cost in dollars	Incentive not to comply based on average penalty per citation ($127)
Lines A	$10,000	10	$16,850	$16,723
	10,000	5	6,386	6,259
	10,000	1	1,038	911
Lines B	8,000	10	13,480	13,353
	8,000	5	5,109	4,982
	8,000	2	1,747	620
	8,000	1	830	703
Lines C	$5,000	10	$8,425	$8,298
	5,000	5	3,193	3,066
	5,000	2	1,092	965
	5,000	1	519	392
Lines D	1,000	10	1,685	1,558
	1,000	8	1,203	1,076
	1,000	7	996	869
	1,000	2	218	91
	1,000	1	103	(24)

In light of the recent action taken in the House to attach amendments to the Appropriation Bill for HEW/Department of Labor, providing exemption of small business and for on-site consulting,[13] this researcher submits that any attempt to increase the maximum penalties under the law or to increase the average level of proposed penalties now being assessed would create enormous congressional furor. Such proposed increases would be unrealistic from a political viewpoint. The political realities are that, if OSHA reform measures would reach the floor of the House or Senate, major OSHA reform would be a foregone conclusion. In these circumstances, neither the OSH Administrator nor its congressional supporters would risk such an unpopular move as seeking increase of OSHA penalties.

The alternative of increasing OSHA's enforcement staff to provide significantly more inspections, or to significantly reduce the time period between inspections, is equally as unrealistic from a political or economic viewpoint. Such expansion of the enforcement staff would require massive appropriations. For example, if the approximately two thousand inspectors now can inspect three out of every one hundred firms per year (one inspection per firm every thirty-three years), the inspection staff would have to be increased thirty-three times in order to inspect each firm once per year. The budget for enforcement would jump from the current $24.9 million (see Table 1) to $821.7 million per year.[14] Any massive increase in appropriations for enforcement ranging up to this amount is unthinkable in the present circumstances.

Therefore, one can conclude, without reservation, that the citation and penalty system now emphasized by the OSH Administration is not a viable economic incentive to comply with OSHA standards and regulations.

Footnotes at end of article.

Why is there so little economic data?

It is obvious from the preceding analysis that data on the cost of compliance is fundamental and critical to any meaningful economic analysis. If there is to be an economic incentive leading to OSHA compliance, the starting point is to collect accurate and reliable data on the cost of compliance from an industry as well as from an individual company point of view. OSHA has been in operation slightly over three years; yet relatively minor resource allocations (financial or manpower) have been made to determine the economic impact of OSHA—either from the viewpoint of ongoing administration of existing standards or from that of new standards development.

As a result, the decision-making process within OSHA is impaired because information is incomplete. OSHA is now administering existing standards and establishing new standards without collecting or considering all the facts available.

In 1971, OSHA contracted with the National Safety Council at a cost of $96,000 to study and develop the methodology for economic cost/benefit studies. The end result of the study was that, considering the present state of the art of accounting, such studies are impossible because the benefits of OSHA and the cost of compliance or non-compliance could not be computed accurately using accepted and traditional accounting principles and procedures.

No one can dispute the results of the study; however, it is indicative of the lack of OSHA's appreciation of the economic factors of compliance that no action has been taken to date, to the knowledge of this researcher, to develop accounting techniques or methodology which would permit reliable economic cost/benefit studies of OSHA compliance. Perhaps such methodology could not have been developed during this interim period; however, the critical factor is that no effort is being made in this area of vital economic importance. The problem was identified at a cost of $96,000; yet no additional study or research has been undertaken to develop methodology to produce fundamental economic data. Why?

One cannot deny the problems of showing economic benefit from compliance. While some economic studies do show financial advantages in OSHA compliance, such studies are so narrow and so closely tied to a specific, unique application that generalization applicable to general industry could not be drawn.[15]

With due credit to OSHA's administration, the necessity of economic impact studies is recognized. Assistant Secretary for OSHA, John H. Stender, testified recently as follows:

"The Act permits studying the economic impact of proposed standards and this is undertaken particularly when economic impact is readily foreseeable . . . It is clearly necessary to reconsider economic impact prior to the proposal of new standards, and where there would be substantial economic impact we will perform an economic impact analysis and publish it as a part of the proposed standard . . .

"OSHA . . . must consider the technical and economic feasibility of translating the criteria package (a document submitted to OSHA by the National Institute of Occupational Safety and Health when proposing new standards) into standards which are adequate to protect workers and at the same time can be feasibly put into law and enforced.

"This has been affirmed by the courts. The United States Court of Appeals for the District of Columbia Circuit has ruled that the problems of economic feasibility may properly be included in the factors weighed by OSHA in promulgating a standard . . . The court stated that Congress does not appear to have intended to protect employees by putting their employers out of business. On the other hand, the court recognized that 'standards may be economically feasible even though, from the standpoint of employers, they are financially burdensome.' "[16]

Echoing Mr. Stender's statement, the Associate Assistant Secretary for Administrative Programs, John Plummer, noted that, as OSHA makes a careful review of the economic impact of new standards, a more balanced view of standards development will ensue as a result.[17]

OSHA, to date, has engaged in several economic impact studies on new standards. Among the completed studies are noise, asbestos, and farm tractor roll-over standards. Ongoing include construction tractor roll-over and vinyl chloride standards. As advantageous as these studies may be, they constitute only a minute segment of the economic research and impact studies which should be carried on.

Economic impact studies should be mandatory

The problem stems from the fact that economic impact studies are discretionary with the Assistant Secretary of Labor for OSHA. Economic studies are too fundamental to the feasibility of a new or existing standard to be discretionary or dependent upon the attitude or policy of the incumbent of the office. The importance of the data and the need for continuing research dictate that economic impact statements for new standards and economic studies on the cost of compliance of existing standards be mandatory.

The economic impact of new standards and the economic cost of compliance with existing standards relate directly to increasing price levels, productivity, profit levels, and employment. Recognition must be given to the fact that the cost of complying with OSHA is an increase in the cost of doing business. Such increases, in most cases, will be passed on to consumers in the form of higher prices for products produced. Obviously, these price increases feed inflation.

From a productivity point of view, an increase in the operating costs of production, as a result of meeting OSHA standards or the purchase of a new machine to meet standards, could increase the unit cost of production which is not only reflected in increased prices but also is reflected all too often in lower productivity.

Lack of economic data on the cost of compliance or the economic impact of new standards introduces uncertainty into the management of a business. To hedge against this uncertainty, businessmen are forced to make an estimate of the increased costs and to compensate for this uncertainty by increasing prices, if possible, to a level which would cover the maximum estimate of cost increase. Such a practice could easily push prices higher than would be the case if accurate data were available.

The issue of OSHA providing eonomic impact statements has been addressed in the courts. In the case of the Industrial Union Department of the AFL–CIO vs. Hodgson (April 15, 1974), the judge said:

"There can be no question that OSHA represents a decision to require safeguards for the health of employees even if such measures substantially increase production costs. This is not, however, the same thing as saying that Congress intended to require immediate implementation of all protective measures technologically achievable without regard for their economic impact. To the contrary, it would comport with common usage to say that a standard that is prohibitively expensive is not 'feasible.' . . . Congress does not appear to have intended to protect employees by putting their employers out of business—either by requiring protective devices unavailable under existing technology or by making financial viability generally impossible.

Additional benefits of economic impact statements

In addition to providing a reliable economic basis for financial planning, pricing, and other managerial decisions, economic impact statements would have a number of other benefits not readily evident. Some of the benefits of accurate economic data are as follows:

(1) act as a brake on unsound standards development and limit, to some extent, the authority of the Department of Labor to promulgate standards which could substantially penalize a business or in some way make the industry less competitive without substantially improving safety and health conditions.

(2) assure that all pertinent factors are considered in standards development and/or in the administration of existing standards.

(3) show that OSHA is a rational partner in achieving worker safety. Accurate economic impact statements would provide evidence to offset or help change the businessman's current attitude that OSHA is not realistic in its standards development and that current standards do not reflect accurately the safety problems in some industries.

(4) improve the credibility of OSHA in the business community. The credibility of OSHA is extremely low at the present time.[18] OSHA is now perceived as an adversary by businessmen who recognize economic data as basic to sound decision-making. By including economic data in its standard-setting and standards-administration decisions, OSHA could develop greater understanding and acceptance in the business community of the standards developed. A trend toward OSHA being viewed as an ally in safety rather than as a perceived adversary could be started if OSHA would show businessmen that the cost of compliance receives due consideration in OSHA's decisions.

In conclusion, it is submitted that economic data is fundamental to effective OSHA administration and to the realistic, sound development of standards, and that economic impact studies are too important to be left to the discretion of the Assistant Secretary of Labor for OSHA.

SUMMARY

The Occupational Safety and Health Administration has erred and is continuing to err by placing its entire emphasis on the enforcement procedure and the citation and penalty system in its efforts to achieve compliance with OSHA. Analysis in this monograph has shown that the citation and penalty system does not offer the strong economic incentive to comply as assumed by the OSH Administration.

The only way in which the citation and penalty system could be made an economic incentive would be to require massive appropriations for enforcement personnel or to increase penalties to the point where they would cover the opportunity cost of the cost of compliance. These alternatives are not economically or politically feasible.

The basic ingredient in the analysis of economic incentives to comply is the cost of compliance with both existing and new standards. At the moment, little reliable data exists on the cost of compliance—resulting from either the administration of current standards or from the promulgation of new standards.

Therefore, it is submitted that, in order to accomplish and develop the necessary economic information, OSHA should be required by law to develop economic impact studies for all new standards and to deter-

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Footnotes at end of article.

mine the cost of compliance resulting from the current citation and penalty system administration. Without such a requirement the business community will continually be placed in a posture of uncertainty which will breed fear and apprehension of and antagonism toward the OSH Administration.

OSHA's current concentration on enforcement is not providing businessmen with an economic incentive to comply with the Act. This researcher recommends that the OSH Administration review its policy, programing, and resource allocations with the objective of achieving an optimally productive balance between enforcement and voluntary compliance programs. Only by moving away from the present emphasis on the citation and penalty system, and toward a more balanced approach, can full compliance with OSHA be achieved.

FOOTNOTES

[1] U.S., Congress, House, Permanent Select Committee on Small Business, Final Report, 92nd Congress, 2nd Session, House Report No. 92–1626, December 21, 1972 (Washington: Government Printing Office, 1972), p. 244.

[2] U.S., Congress, House, Committee on Education and Labor, Select Subcommittee on Labor, *Occupational Safety and Health Act of 1970,* Oversight Hearing and Proposed Amendments, 92nd Congress, 2nd Session, September 13–28, 1972 (Washington: Government Printing Office, 1972), p. 33.

[3] U.S., Congress, Senate, Committee on Labor and Public Welfare, Subcommittee on Labor, *Implementation of the Occupational Safety and Health Act, 1972,* Oversight Hearing, 92nd Congress, 2nd Session, July 25, 1972 (Washington: Government Printing Office, 1972), p. 1.

[4] Frederick L. Williford, "The Marketing Inferences of a Critical Analysis of the Attitudes of Independent Construction Contractors Toward the Concept and Current Adminstration of the Occupational Safety and Health Act," (unpublished Doctor's dissertation, The American University, 1974), pp. 117–22.

[5] U.S., President, Richard M. Nixon, *The President's Report on Occupational Safety and Health,* 92nd Congress, 2nd Session, GPO Stock No. 2915–0011, 1972 (Washington: Government Printing Office, 1972), p. 3.

[6] U.S., Congress, Senate, Committee on Labor and Public Welfare, Subcommittee on Labor, *Legislative History of the Occupational Safety and Health Act of 1970,* 92nd Congress, 1st Session, June 1, 1971 (Washington: Government Printing Office, 1971), p. 471.

[7] U.S., Department of Labor, Press Release, USDL 74–208, April 28, 1974.

[8] Sally Seymour, "The Federal Role in Job Safety and Health: Forging a Partnership with the States," *Monthly Labor Review,* XCVI, 8 (August, 1973), p. 28.

[9] U.S., Department of Labor and the U.S. Public Health Service, *Occupational Safety and Health in the United States of America* (Washington: U.S. Department of Labor, 1954), p. 7.

[10] U.S., Department of Labor, *OSHA Issues May Figures on Safety and Health Inspections,* USDL 74–392, July 23, 1974, p. 2.

[11] National Federation of Independent Business, Press Release, February 26, 1973.

[12] U.S., Department of Labor, *OSHA Issues May Figures . . .,* p. 3.

[13] Many more OSHA amendments would have been attached to the HEW/Labor Appropriations bill had it not been for the strict House rule which prohibits any amendment to an appropriation bill which would change the intent or substance of the original piece of legislation. As a result, any amendments to change OSHA enforcement provisions would have been subject to a point of order and, it was concluded, would not have been permitted.

[14] This figure does not reflect the Federal funds allocated to the states for enforcement purposes under Section 23(g) of the Act. Such grants cover 50% of the cost to the states for administering and enforcing OSHA programs. At the moment, the states exercise jurisdiction over enforcement in about one-half of the states. Assuming that the state and Federal enforcement expenditures are comparable and that enforcement programs expand at the same rate, the total Federal cost for OSHA enforcement could easily exceed $1 billion per year.

[15] Statement by David Bell, Applications Research, Office of Standards Development, Occupational Safety and Health Administration, personal interview, April 8, 1974.

[16] Statement by John H. Stender, Assistant Secretary of Labor for OSHA, before the Select Subcommittee on Labor, Senate Committee on Labor and Public Welfare, July 30, 1974.

[15] Statement by David Bell, Applications Assistant Secretary for Administrative Programs, Occupational Safety and Health Administration, personal interview, August 19, 1974.

[18] Williford, op. cit., pp. 145–146.

Mr. DOMINICK. Mr. President, Dr. Williford's analysis is based on economics, and although this proves without a doubt that the present law and enforcement procedure is inadequate, still another analysis should be made to determine whether in the cases where inspection and fines have been imposed, the workers' health and safety have been injured.

ERTS AMENDMENT COSPONSORS

Mr. MOSS. Mr. President, last week I said that I would be glad to have additional cosponsors of amendment No. 1996 to S. 2350, a bill related to remote sensing satellites.

The main features of this bill are:

First, the policy of the United States would be to continue the experimental program until 1980, or until the earlier establishment of a permanent Earth resources satellite system.

Second, the President would be directed, acting through NASA, the Department of the Interior, and other agencies, to assure continuity of satellite data during the experimental period.

Third, the President would be required to furnish the Congress with any necessary fiscal year 1976 budget amendments by next April 15.

And fourth, the President's annual Aeronautics and Space Report, already required by law, would include for each of the next 5 years a progress report and a statement of his views on the need for a permanent operational satellite system.

I am pleased to announce that Senators from six more States have asked to be included as cosponsors of amendment No. 1996. They are: Senator Magnuson of Washington, Senator Bible of Nevada, Senator Mathias of Maryland, Senator Mondale of Minnesota, Senator Chiles of Florida, and Senator Brock of Tennessee.

This brings to 21 the number of Senators cosponsoring this amendment. We would be glad to have others join us as a means of indicating our belief in the importance of continuity of the experimental Earth resources program.

JOSEPH ALSOP, A TRUE RED, WHITE, AND BLUE AMERICAN

Mr. THURMOND. Mr. President, one of our most distinguished and responsible journalists, Mr. Joseph Alsop, will be entering retirement in the next few weeks.

For many years he has offered to the American people a journalistic style and editorial integrity which deserves the admiration and respect of every American. I regret very much that he has decided to end his daily columns, although I trust he will continue to make writing contributions in the future even if on a less regular schedule.

Two recent columns by Mr. Alsop deserve the attention of the Congress. The first appeared in the Washington Post newspaper on December 6, 1974, under the heading "History and the Balance of Power." The second and also a very important column appeared in the December 11, 1974, issue of the same newspaper under the title "The Economy: A Crisis of Confidence."

Distributed by the Los Angeles Times these two columns are timely and important. Expressed in both of these articles one will find the abiding faith in the American system which has been at the heart of Mr. Alsop's approach to the many grave problems faced by this country. He believes in the spirit and viability of our Republic and his only frustration is often that these elements are too slow in manifesting themselves.

In my opinion, Mr. Alsop is a true red, white, and blue American. While I most certainly would not agree with all the positions he has taken, I do feel his contributions to the American scene have been of inestimable value and will be sorely missed.

Mr. President, I ask unanimous consent that these two columns be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

History and the Balance of Power

(By Joseph Alsop)

You may be dead certain that in the dark depths of the Soviet Defense Ministry there is a contingency plan for the military occupation of the United States. Very likely, there is a parallel plan for the occupation of Russia somewhere in the Pentagon although it must now be a bit musty and motheaten.

Elaborating such contingency plans is one of the natural functions of all the general staffs of all armed forces. The alternative is to have no general staff at all. This was still the situation in the United States just before I was born. But with no general staff, a nation is likely to have armed forces like our own forces in those far off days, which were led by brave men with shiny boots who could hardly read and write.

These notes on general staffs and contingency plans are a necessary part of this series of farewell reports explaining the view of the world that has shaped my writing. There are two reasons for this necessity.

First, it took me a long time to learn that written plans hardly matter a damn; and secondly, it took me just as long to perceive that power-equations always have great weight. I suppose the lesson began in deadly earnest when I was 40 years old and first saw infantry combat in Korea. It should be recalled that the National Security Council had formally written off South Korea as unimportant. Yet the Soviet-sponsored attack in Korea then forced us into a war aimed to maintain a reasonable balance of power by defending South Korea.

Thus I came to conclude, and I still believe, that the balance of power is the nearly automatic mainspring of history. Computing the exact balance is never possible. It has too many components, ranging from national wealth to strength of national will, from geography and human numbers to naked military strength. Hence, you must feel the balance in your elbow, instead of reaching for a computer.

All the same, the balance of power is the mainspring because it always asserts itself even in defiance of contingency plans or conscious intentions. I began to learn that in Korea, too, for I took a translation of the classical historians along with me. It seemed the best companion volume for an aging combat reporter wholly unused to shot and shell.

Thus, I discovered T. Quinctius Flamininus as a historical pendant to our own total lack of any plan or intention to defend the South Koreans. He was the victorious commander in the first Macedonian War, which the Romans won at Cynoscephalae, in 197 B.C. Like all the more modern-minded Roman grandees of his day, Flamininus was also a passionate enthusiast for the culture of Greece. The Greeks of that time, in turn, all but unanimously hated the bullying Macedonians.

Thus Flamininus, who had humbled Macedon, was officially greeted as Greece's "liberator." Yet within half a century, there was no remaining balance of power in the Mediterranean. There was only the power of Rome. The consequence was the subjugation of Greece, beginning with the horrifying sack of Corinth, when the lovely old city was wiped out and the entire population was sold into slavery. Historians have therefore felt called upon to defend the "sincerity" of T. Quinctius Flamininus, the liberator.

You may ask why all of this has meaning for me, or indeed for any other modern America. The answer is simple enough, alas. Furthermore, the meaning is extra-vivid at this moment, which is certainly the most worrying moment in the American story since my working life began.

All this means, in brief, that an excessively unfavorable tilt of the balance of power is almost always fatal in the end. Or, rather, this kind of tilt strongly tends to be automatically fatal to those on the light side of the balance. For this to happen, too, there is no need for an Adolf Hitler with his conscious plans for world conquest.

In present circumstances, by the same token, the Soviet general staff contingency plans—or the absence thereof—are of little ultimate significance. What mainly signifies is the present state and future trend of the power balance. This is true, in turn, because excessive strength on one side and excessive weakness on the other must always lead to bullying, to intimidation and to the choice of 1939.

The choice the British and French made in 1939 was to fight like cornered rats rather than submit to Adolf Hitler. But with the vast tilt in the power balance that had then occurred, the same choice would have had to be even if Adolf Hitler had been miraculously replaced by another German leader of undoubted rectitude. The mere presence of overweening power almost always begets this choice.

In all the years since 1945, the great and honorable task of the United States has therefore been to maintain a reasonable balance of power in the world. Because we have performed that task at a great price to ourselves, much of the rest of the world still lives in something resembling freedom. But are we Americans still ready to pay the price, as before. As I prepare to retire, I have my doubts.

The Economy: A Crisis of Confidence

The last report in this valedictory series attempted to summarize the horrifying decline in U. S. military power. Relative to the growing power of the Soviets, this country today is far weaker than at any time since the eve of the Korean War—when U.S. weakness actually produced Soviet sponsored aggression.

As is proven by the hard experience of the last quarter century, the Soviets must be studying the changes in the military balance with eager delight. But the economic side of the equation is every bit as important as the military side. By any real test, the U. S. today is growing poorer as well as weaker.

To say that we are poorer than we were in the Truman years, of course does not square with the statistics. In the interval, we have grown affluent, as they call it. It is a condition that has tended to make large patches of the U. S. look like an old maid's favorite cactus plant, which grows bloated and puffy from over-zealous watering.

As I look back on my working life, moreover, it seems to me that in a very real sense, we were far, far more *solidly* rich in the years when President Truman had just launched the Marshall Plan. Our peak surplus on the balance of payments in that period was not enormously less than the surplus the oil producers are now creaming off the Western countries. Financing the Marshall Plan—and far more besides—was made easy by that U. S. surplus.

In this country, the leftwing economists' predictions of a fearful postwar depression were then proving to be total nonsense. Boom was the danger, rather than bust. Abroad, by the same token, both our European allies and Japan were making a magnificent recovery with our help. Confidence was in the air in Washington, while in Moscow the more realistic Soviet economists were in deadly danger, because Josef Stalin agreed with our own leftwing economists.

By the affluence that later came to America, much, much good has been accomplished, to balance affluence's widespread disfigurement of the face of our land. Statistically, too, despite the current unemployment figures, we are still much better off than we were in 1949–50. But we have no confidence, precisely because there are now pretty good reasons to fear the dire trouble for the West that Joseph Stalin used so wrongly to expect.

That deathless optimist, Mr. Micawber, kept saying in his darkest hours' "Something will turn up." The optimists nowadays keep echoing Mr. Micawber, and one must pray they are right. But by any serious calculation, the "something" that is most likely to "turn up" will be perfectly disastrous.

Throughout this year, for instance, the British have been taking in billions of Arab short term deposits, and using them to cover their own gigantic deficit on the balance of payments. This singular banking practice means two things. It will be fatal to Britain for the short term deposits to be withdrawn. And it will also be fatal, although slowly, for the short term deposits to stop coming in.

In November, there were the first faint signs that Britain might cease to be able to use Arab short term deposits, in effect to pay the monthly bills. If that happens, there can be terrible trouble starting in London, but ramifying through the U.S. and the West.

In Italy, again, a suspension of external payments is predicted by many insiders for this spring. Meanwhile, U.S. banks, for instance, have long since loaned many billions of dollars to Italy in different, seemingly-profitable ways. But if external payments are suspended by the Bank of Italy for any length of time, the U.S. and other loans will be worthless; and this alone might be quite enough to touch off a financial earthquake.

Finally, of course, there is the eternal danger of war in the Middle East. The U.S. government's insiders are more and more inclining towards quoting the chance of war within eight months at about 70 percent.

There is also 100 percent certainty of another Arab oil embargo if war breaks out—unless the U.S. makes quite clear, credibly and in advance, that renewal of the embargo will be the signal for American military action in the Persian Gulf. But with a government and Congress such as we have today, any such U.S. action seems most unlikely.

Consider, then, the economic consequences of any one of this series of possible and-or probable future developments, added to the economic malaise already existing. Anyone should see that the consequences will be quite grave enough to affect the whole world balance, and also to produce still more of the mushiness that always tempts the Soviets to probe.

DEPARTURE OF SENATOR J. W. FULBRIGHT

Mr. MOSS. Mr. President, the name of "Fulbright" was nationally known and appreciated long before I came to the U.S. Senate, and it will be remembered, I venture to guess, long after most of us are gone.

The Fulbright student exchange program, initiated in 1946, and expanded and reorganized in 1961, has benefited more than 150,000 young scholars, and improved international understanding. If this were the only thing Bill Fulbright had done in his long Senate career, it would assure him a substantial place in history.

But as chairman of the Senate Foreign Relations Committee for a longer time than any other Member—some 16 years—he has influenced and helped shape American foreign policy as few Members of the Senate have had an opportunity to do. His resolution on postwar foreign policy, pledging us to cooperate with other nations for peace, and his firm judgments on what he believed to be dangerous policies in which the United States was engaging, have made his name known around the world. His postwar foreign policy resolution is generally considered to be the forerunner of the United Nations.

Nor can we forget that his was the only vote in the U.S. Senate against additional funds for the McCarthy Committee—a measure of his courage and his determination to stand up for his convictions.

During his years of international eminence, his deep involvement in world problems did not ever keep him from being equally concerned with domestic ones, especially those which related in any way to the welfare of the people of his State of Arkansas. When there was any opportunity to help the poultry farmer, or the rice farmer, or the cotton farmer, he was in the middle of the fight. And his position projected him into the field of trade legislation and, indirectly, into negotiations, with resulting benefits to the economy of his own State.

The people of the United States, and the people of Arkansas, are indebted to Bill Fulbright in many ways, and it is with deep regret that many of us watch his departure from the U.S. Senate. It is not possible in the space of a few short minutes to summarize all that he has done in his 30 years here, or to analyze the forces that caused his defeat. This has been done very well by New Time magazine, in its November 29, 1974, issue, and I ask unanimous consent that the article be printed in the RECORD, as another tribute to the remarkable man from Arkansas.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ARKANSAS TRAVELER GOES HOME—FINAL TRIBUTE

(By Mark Goodman)

The elections are over, Republican litter-bearers in black shrouds move through congressional chambers and governors' mansions, dolefullly crying, "Bring out your dead! Bring out your dead!" Yet in one of the savage ironies that are shot through the chronicle of American politics, the man whose dislodgment will be most keenly felt is Senator J. William Fulbright, 69, Democrat, of Arkansas. Indeed, the best-known American senator in the world did not even make it to the November election: he was defeated in the Arkansas Democratic primary last spring by Governor Dale Bumpers.

Now, William Fulbright did not lose his job of 30 years because seven misguided little men stole into the Democratic national headquarters one night. But Watergate rendered *all* incumbents vulnerable—and Fulbright was vulnerable to begin with. It is testimony to his populist touch that he was not turned out before this. Cool and cerebral, Fulbright had much of the Ozark in him excised by those most skillful of surgeons, the dons of Oxford. After they've seen London on a Rhodes, how ya gonna keep 'em down in Moonbeam McSwine country? This sardonic son of Arkansas is really the spiritual offspring of Swift and Burke and, yes, the beloved De Tocqueville he quoted so often on the Senate floor. During the campaign, Bumpers told Arkansans that Fulbright didn't care enough about their muddy miseries, that he lived in a cloistered aerie from which vantage point he could peer over his half glasses at the rolling lands across the two seas. The voters believed Bumpers, because they needed to so badly. It is not difficult these days to persuade the average American voter that *any* public figure, even one who has gone to the mat with four presidents, is responsible for their pain and their confusion.

Besides, as hinted, Fulbright is not your basic "hell of a guy" still very much favored in Southern politics. He has always been too precocious. Fulbright the law professor was named president of the University of Arkansas at the preposterous age of 34, and settled back to enjoy a contemplative life. But Governor Homer Adkins a good ole boy who didn't cotton to the things the Fulbright family newspaper said about him, got Bill fired. Fulbright was lured into running for Congress in 1942, and moved up to the Senate in 1944—by trouncing ole Homer.

Fulbright was big enough to turn his attentions to the world beyond the Ozarks and still remain faithful to his constituency. For this reason he became difficult—impossible—to pigeonhole politically. Nobody quarreled with the Fulbright Resolution that led to the founding of the U.N., nor with the establishment of the Fulbright Scholarship. But he made lifelong enemies of conservatives by standing alone (at first) against mad Joe McCarthy and his cucking stool, and frustrated his liberal followers by avoiding Little Rock like a plague town during the 1957 unpleasantness and voting against much of John Kennedy's civil rights legislation.

Yes, Fulbright could be political when he had to, but his heart—or rather, his mind—wasn't in it. He was above all a man of reason, a man who came to deplore the charnel house of Vietnam—and who did not flinch from locking horns with his old friend Lyndon Johnson on the matter. He was the first man of power to see that the American Emperor, incinerating Asian jungles and intriguing in South American alleyways, truly has no clothes.

Reason, as we have seen, has very little to do with the political process. As he prepares to leave office, Fulbright must look about him and marvel at man's determination to abdicate the lone faculty that distinguishes him from the beasts of the forest. Speaking at Westminister College in Missouri, where Winston Churchill made his famous "Iron Curtain" speech in 1946, an understandably gloomy Fulbright said: "It is one of the perversities of human nature that people have a far greater capacity for enduring disasters than for preventing them, even when the danger is plain and imminent."

The danger is plain and imminent, all right, and I think we will dearly miss the likes of J. William Fulbright, peering over his half glasses at a world hellbent on taking blind, howling leave of its senses.

GOVERNMENT INTERFERENCE IN THE MORTGAGE MARKET

Mr. TOWER. Mr. President, I wish to direct the attention of my colleagues to a recent report published by the American Institute for Economic Research entitled "Government Interference in the Mortgage Market." It clearly defines and describes the activities of the Federal agencies vested with the responsibility of providing liquidity for the mortgage market. It also notes the ultimate adverse impact which this Federal borrowing can have on the mortgage borrower and the credit market.

This report is particularly timely since the Banking, Housing and Urban Affairs Committee is considering legislation to improve the performance of our Nation's financial institutions. It is in our Nation's interest to have efficient, competitive, and sound financial institutions which can respond to market conditions and supply a continuous flow of funds to the housing market at reasonable rates. Reducing the dependence of financial institutions on the Federal Government will be a positive step toward improving the inefficiency and distortions which have plagued the credit market in the past.

I would add that the programs discussed in this report are products of the U.S. Congress and no one else, therefore, we should be held responsible to the American public for their combined impact on our economy.

I ask unanimous consent that this report be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

GOVERNMENT INTERFERENCE IN THE MORTGAGE MARKET

During recent years maladjustments in the United States residential mortgage market have increased. Inflation (the creation of excess purchasing media) has fostered unusually large demand for housing and other things. The demand for capital has become large, and interest rates have increased substantially. During August the average effective interest rates on conventional loans for the purchase of newly-built and previously-occupied homes were records at 9.04 percent and 9.11 percent, respectively.

Because of high mortgage rates and increasing construction costs, activity in the housing industry has decreased markedly during recent months. The dollar amount of contract awards for residential construction has contracted from a peak reached during January 1973, and our index of physical volume of such construction decreased during September to the lowest level since January 1952.

Cyclical changes in the housing and mortgage markets tend to precede changes in the trend of business activity. When business activity expands, interest rates tend to increase, and residential construction decreases, usually before contraction of business activity begins. Conversely, when business activity contracts, investment capital becomes more available, interest rates tend to decrease, and residential construction increases, usually before expansion of business activity begins.

During 1966 the Federal Reserve "tightened" monetary policy, and activity in the residential mortgage market and the housing industry decreased markedly. According to *Business Week* magazine, at that time officials considered several alternatives available to the Government in connection with helping the housing industry.

1. It could do nothing and allow the industry to experience marked fluctuation of activity as it had for decades.

2. It could restructure the various competing classes of thrift institutions (savings and loan associations, mutual savings banks, and commercial banks) into a single, stronger class. (These institutions account for about 75 percent of all mortgage loans made.)

3. It could help the thrift institutions to attract more funds by permitting them to increase nonhousing lending (income would be increased, and these institutions could pay more for deposits when necessary to attract funds).

4. It could support the mortgage market.

The fourth alternative was chosen, and the Government modified existing federal mortgage agencies and created new ones to provide the assistance officials believed the mortgage market needed. Government analysts believed that these agencies would insure the availability of funds to the market throughout the business cycle and that they would prevent the adverse effects on thrift institutions of "tight" money conditions.

THE FEDERAL AGENCIES

The Federal Housing Authority (FHA) was established in 1934, and the Veterans' Administration (VA) was established in 1944. Both organizations provide default insurance on home mortgages for a small percentage fee. Because of the FHA-VA indemnification of lenders, savings and loan associations, banks, life insurance companies, and others that lend mortgage money are more willing to lend funds to some homebuyers whose credit-worthiness is questionable. The accompanying chart shows the amount of total outstanding residential mortgage debt and the amounts of such debt represented by conventional loans and FHA-VA underwritten loans.

During recent years, the importance of several Federal agencies to the residential mortgage market has increased substantially. The Federal National Mortgage Association (FNMA, or "Fannie Mae") and the Government National Mortgage Association (GNMA, or "Ginnie Mae") were created in September 1968 when the National Mortgage Association (established in 1938) was divided into two corporations. The Federal Home Loan Mortgage Corporation (FHLMC, or "Freddie Mac") was established in July 1970.

The FNMA evolved into a private corporation to help develop the secondary market for residential mortgages. By selling notes and securities, the FNMA borrows funds that it uses to purchase residential mortgages that are FHA or VA insured. (In 1970 Congress granted the FNMA authority to purchase conventional mortgages also.) This activity frees some mortgage lenders' funds and allows them to make additional mortgage loans. Government analysts believe that the FNMA's actions result in reduced interest and an increased availability of mortgage funds during periods of "tight" credit.

Although the FNMA is a private corporation, it remains tied to the Government by statute.

1. The Treasury is authorized to purchase FNMA notes.

2. Five of the 15 directors of the FNMA are appointed by the President of the United States.

The Government National Mortgage Association (GNMA) is a Federal agency under the direction of the Secretary of the Department of Housing and Urban Development (HUD). It performs many functions similar to those of the FNMA. The GNMA initially finances its programs by borrowing from the Treasury. It then purchases FHA- or VA-insured mortgages from institutions or individuals who have made mortgage loans to home buyers. The GNMA then may resell to individual or institutional investors individual mortgages or "shares" in pools of mortgages to repay the Treasury. This "pass through" of securities permits investment in mortgages without the problems of collecting mortgage payments.

The Federal Home Loan Mortgage Corporation (FHLMC) was established in July 1970 for the purposes of strengthening the existing markets in Government-guaranteed residential mortgages and developing secondary mortgage markets for nonguaranteed residential mortgages. This Federal agency is authorized to purchase residential mortgages from members of the Federal Home Loan Bank System and other financial institutions whose deposits are insured by U.S. agencies.

The FHLMC is authorized to borrow funds to purchase mortgages through the sale of (1) mortgage-backed FHLMC bonds guaranteed by the GNMA, or (2) participation sales certificates which represent participation interests acquired or created by the FHLMC in pools of conventional and government-insured mortgages. The FHLMC guarantees payment of principal and interest of these certificates. They are not, however, considered to be general obligations of the United States.

The President of the FHLMC, Mr. William Popejoy, recently stated that the ultimate goal of the FHLMC is to "self-destruct. . . . One of our objectives is to try to correct some of the fundamental reasons for the high mortgage rates and scarcity of funds. . . . We're trying to develop a private mortgage market that competes for funds without looking to the Government."

As is shown in the following table, the share of outstanding residential mortgage debt held by Federal agencies has increased markedly since 1968:

Holder	Percent share held		Percent change
	Dec. 31, 1968	June 30, 1974	
Savings and loan associations	43.9	49.1	+11.8
Commercial banks	15.4	17.9	+16.2
Mutual savings banks	13.9	11.1	−20.9
Federal agencies	5.3	9.9	+36.8
Individuals	9.9	6.7	−32.3
Life insurance companies	11.5	5.4	−53.0

Source: Board of Governors of the Federal Reserve System.

There are several arguments used in defense of Federal mortgage agencies. According to the Federal Reserve Bank of Philadelphia, these agencies have, through their buying and selling of mortgages, developed secondary mortgage markets. The bank noted that "the increased mortgage liquidity provided by these secondary markets makes mortgage investing less risky and encourages more investors to buy mortgages."

Another alleged benefit of Federal mortgage agency activity is that mortgage interest rates are lower than they would be without agency activity. We are not familiar with any data that would support this assertion.

The disadvantages of Federal participation in the residential mortgage market seem to outweigh whatever advantages may result from such intervention. The assertion that the Government, through the activities of Federal mortgage agencies, can act as an allocator of credit that functions more efficiently than the market is not warranted. Such efforts have contributed to distortions in the credit markets.

DISINTERMEDIATION

During recent months, depositors have withdrawn savings in near-record amounts to invest in marketable securities offering higher rates of interest than the thrift institutions are permitted to pay under Regulation Q of the Federal Reserve System. In August and October the U.S. Treasury auctioned notes with a minimum purchase price of $1,000. The effective interest rates on these securities were larger than those currently offered by thrift institutions. According to Joseph C. Brennan, president of the Savings Banks Association of New York State, the effect of such issues "is to virtually guarantee the continued scarcity of private mortgage funds." Usually the minimum denomination of Treasury notes is $10,000, which prevents many depositors from withdrawing their savings at thrift institutions to purchase such notes. However, the recent lower-denominated issues resulted in large withdrawals from these institutions.

During August and September, the net savings outflow from savings and loan associations was $1.2 billion and $1.1 billion, respectively. Disintermediation poses serious problems for thrift institutions. It increases the amount of borrowing at high short-term interest rates that such institutions must do in order to sustain their mortgage lending operations. Because thrift institutions purchase mortgages that run for years at their original rates of interest, substantial increases in rates in the short-term markets from which they borrow can reduce their profits markedly.

REAL ESTATE INVESTMENT TRUSTS

Another area of Government interference in the mortgage market was begun in 1960 when the Government authorized and encouraged the creation of equity real estate investment trusts (REITs). The Government allowed these REITs to operate under favorable tax regulations in order to stimulate their creation and increase real estate investment. In 1969 mortgage REITs were created to provide loans to real estate developers. Generally, REITs have functioned profitably until recently. Apparently, developers overestimated the need for new construction and were forced to increase their prices in order to recoup losses. However, many potential customers refused to pay the higher prices, and some developers defaulted on their loans. REITs' profits decreased, and several have declared bankruptcy. Others have found it difficult to obtain funds. If many REITs are forced to liquidate their holdings, investors in REITs may suffer further large losses, and future investment in real estate will be curtailed because of investors' fears.

RECENT FEDERAL INTERFERENCE

Major Federal interference in the mortgage market occurred in May and October. In May the Nixon Administration announced a series of programs intended to provide additional funds for the mortgage market.

1. The Federal Home Loan Bank System, which is a permanent system of reserve credit banks for eligible savings and loan associations, was authorized to make new advances to such associations of up to $4.0 billion at interest rates at least 1 percent less than market rates.

2. The Federal Home Loan Mortgage Corporation (FHLMC) was authorized to purchase up to $3.0 billion of conventional mortgages at 8.75 percent interest.

3. The "Tandem Plan," which provides a secondary market for federally-guaranteed FHA and VA mortgages through the GNMA, was expanded by $3.3 billion.

In October President Ford signed legislation that authorized a $7.75-billion program for the purchase of home mortgages by HUD. In the initial stage of this program, the GNMA will spend up to $3.0 billion to purchase mortgages at a below-market interest rate to be determined by HUD from monthly changes in rates on Treasury notes. The GNMA later will sell the purchased mortgages at the prevailing secondary or resale mortgage market rate. It will absorb any loss between the selling rate and the purchase rate as a subsidy on the original mortgage rate to homebuyers.

OTHER INTERFERENCE

The Federal Home Loan Bank Board (the governing body of the Federal Home Loan Bank system) is reviewing the idea of the variable-rate mortgage. If the Board approves such mortgages, their use may become widespread among the 4,100 federally-chartered savings and loan associations. Variable-rate mortgages provide that a home buyer's mortgage-interest rate would increase or decrease with an index of several money market rates. For example, if the index increased during a 6-month period, lenders could increase the interest charged on such mortgages. If the index decreased, however, a corresponding reduction in the mortgage rate would be mandatory. Limits probably would be imposed on the extent of change permissible during a period. Reportedly, homeowners would be given 1 to 2 months notice of a rate change, and they would be given an opportunity to switch to a fixed-rate loan.

Proponents of variable-rate mortgages argue that such mortgages would enable thrift institutions to overcome the disparity between their long-term lending rates and short-term borrowing rates. Several thrift institution officials have suggested that ceilings on interest rates payable to depositors then could be raised or removed and their organizations would be able to attract more funds to be used for mortgage lending.

Variable-rate mortgages have been used in South America, Europe, and, to a limited extent, in the United States. The Department of Housing and Urban Development recently was denied permission by Congress to experiment with variable rates on FHA loans. The disadvantage of a variable-rate mortgage for the borrower is that he would assume an obligation to pay an unknown rate of interest during a long future period.

SUMMARY AND CONCLUSION

The present situation in the residential mortgage and housing markets attests to the failure of the Federal Government's efforts at credit allocation. The Federal mortgage agencies may have increased secondary mortgage market activity, but they probably have added to the distortion in the money markets. In an attempt to compensate for this distortion, the ill-conceived notion of the variable-rate mortgage has been revived.

The free market is the most efficient allocator of credit, for several reasons.

1. It can respond readily to changes in supply and demand.

2. It needs no separate administrative or regulative apparatus.

3. It eliminates those creditors who are unable to provide credit profitably at market rates of interest.

4. It provides economic incentive for additional supplies of capital to meet increases in demand.

Many of the problems in the mortgage markets could be solved be restoring sound money-credit conditions and eliminating Government interference with the markets. The free market then would be able to restore equilibrium between the supply of and demand for mortgage credit.

GENOCIDE CONVENTION: LEGAL QUESTIONS INVALID

Mr. PROXMIRE. Mr. President, to date there have never been any serious objections raised concerning the purpose of the Genocide Convention Accords. One of the primary objections that was raised concerning the Senate's approval was in regard to constitutional and other legal points.

After two subcommittee hearings, as well as many outside group's analysis, these objections stand invalid. It is now apparent that the Genocide Convention offers no violation to the U.S. Constitution or any Federal law. According to Supreme Court Justice William Rehnquist, when he was Assistant Attorney General:

> Twenty years ago Solicitor General Perlman provided a detailed and scholarly statement to a subcommittee of the Foreign Relations Committee on the constitutional and other legal questions surrounding the Genocide Convention. In 1950 some of the questions concerning Federal jurisdiction and the treaty power were considered somewhat novel. However, developments in the intervening years—the extensive use of the treaty power and the growth of Federal criminal jurisdiction—have, it seems, illuminated both these areas to the point where I believe I can safely say that the questions before the Committee and the Senate are more matters of policy than questions of legal power.

With these legal obstacles explained, the only course left for the Senate is for immediate adoption of this important document. This session of Congress must go on record as being opposed to genocide. I urge, once again, that my colleagues act quickly on this matter.

DEREGULATION OF NATURAL GAS

Mr. JAVITS. Mr. President, I have received a letter from the chairman of the New York State Public Service Commission, the agency responsible for the regulation of electric and gas utilities in my State, regarding the proposal totally to deregulate all new natural gas prices. Chairman Kahn points out the dangers to consumers, both commercial and individual, from such an action without at the same time providing any assurance that the move would substantially increase our domestic supplies of natural gas, which we all recognize is urgently needed.

I think it is imperative that the Congress move with dispatch on this issue. But the Buckley amendment, as Chairman Kahn stresses, is the wrong way to achieve these objectives. Certainty of future prices, combined with a fair profit for all new production, is the greatest incentive to bring new supplies of natural gas onstream. We have delayed much to long on this critical issue; jobs will be lost and production will decline if we do not act soon.

I ask unanimous consent that the letter from Chairman Kahn be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

> Public Service Commission,
> *Albany, N.Y., December 6, 1974.*
>
> Dear Senator Javits: It has just come to my attention that the Senate may in the near future be confronted with a motion to act on Senator Buckley's bill for deregulating the field price of natural gas. I write you in some haste, and therefore necessarily briefly, in order to reiterate the historic opposition of the New York State Public Service Commission to any such effort.
>
> I would be happy, should the occasion present itself, to expand on my reasons for opposing this step. Meanwhile, I ask you to consider only the following observations.
>
> A comparison of the price at which gas is being sold in interstate commerce, in the 20¢ to 45¢ range, and the unregulated price at which new supplies are being contracted for intrastate, well upward of $1.00 a thousand cubic feet, provides in my judgment a fair estimate of the probable behavior of interstate prices if regulation were totally removed. An increase on the order of 50¢ per Mcf within a year seems to me an entirely reasonable minimum estimate.
>
> I do not think the increase in price would be significantly moderated in the short run by an expansion in supply. It may well be, of course, that the companies are holding some supplies off the market in anticipation of deregulation, and these could become available rather quickly. But the market seems fully capable of absorbing such additional supplies as become available at the $1.00 to $1.50 price that now prevails on intrastate contracts.
>
> As representatives of the oil industry have themselves so many times proclaimed, it would take years for additional drilling efforts to begin to bring forth genuinely new supplies. The Federal Energy Administration's report on Project Independence, published last month, asserts that non-associated gas production in the lower 48 states will continue to decline until nearly 1980, regardless of price. The continued decline in domestic production of crude oil, when the price of old oil has been increased by over $1.00 a barrel, and the price on new sales has gone up from something like $4.00 to $10.00, along with the confident predictions by representatives of the oil industry itself that not even the absolute decline in output can be expected to be arrested for several years further reinforce my prediction of an enormous increase in gas prices over the next several years if all controls are removed.
>
> As I understand it, the deregulation proposed by Senator Buckley would not be limited to gas discovered in the future, but would extend also to some of the gas already found. The gas producing companies, mainly the major oil companies, control some 250 trillion cubic feet, of proved gas reserves, two-thirds of which are dedicated to interstate markets. Some of the reserves are not yet dedicated to any customer and would be free from regulatory price constraints under the deregulation proposal. Furthermore, some of the proved reserves are now subject to contracts that will expire before the field plays out; after deregulation the remaining old gas could then be sold free of regulatory constraints at the same high price as new gas, which presumably costs more to find. Finally, some buyers may be forced as a practical matter to yield their contract rights and terminate existing contracts prematurely in order to acquire new gas supplies; the gas under the terminated contracts would presumably also be sold free of regulatory price constraints. The windfall to producers associated with high prices for already discovered gas could amount to tens of billions of dollars. Even making allowance for the fact that producers would receive these windfalls only over a period of perhaps a decade, it seems to me this would constitute an unbearable burden on already hard-pressed customers. The unacceptability of this result is surely magnified many times by the preferences which these companies enjoy under the Federal Income Tax Laws.
>
> It might be argued that the price rise would nevertheless be worth paying, if indeed supply might be expected to expand substantially over a period of years. The Project Independence report predicts, however, that even upon removal of regulation, natural gas production might be expected to increase only from 22.4 trillion cubic feet to 24.6 in 1985. True, it predicts also that holding the industry to "today's prices" would result in a decline in output to 15.2 tcf by 1985. But no one is arguing in favor of the latter policy. In any event, it becomes increasingly clear every year that, apart from the presence or absence of regulation, the industry is near the point of inexorably declining output. At the same time the supply prospects for fuel alternatives such as oil and coal are gravely problematic. In these circumstances, deregulation of gas will surely raise price gouging opportunities; the probable windfall to the industry is a price monstrously out of proportion to the benefits that deregulation might be expected to bring.
>
> I regard simple deregulation in these circumstances as totally unthinkable, and I cannot bring myself to believe that Congress will be willing to enact it.
>
> Sincerely,
>
> Alfred E. Kahn.

THE PLIGHT OF THE RANCHER

Mr. METCALF. Mr. President, no single segment of our society has been harder hit by today's failing economy than has the cattle industry. Sagging prices for beef on the hoof, soaring costs for feed grains and other ranching necessities, and improper meat import levels have combined to make desperate the plight of the rancher.

I wish to call to the attention of the Senate an address on this subject given recently by our distinguished colleague from Colorado (Mr. Haskell). Speaking on December 6 before the Colorado Cattlemen's Association's annual midwinter convention, Senator Haskell told it "like it is."

He spoke of gross mismanagement of our economy by the administration and specific policy shortcomings by Agriculture Secretary Earl Butz, the "rip-off" by middlemen in the food processing chain, the Russian wheat deal which sent feed grains out of reach, the influx into the industry of the tax-loophole, "hobby" farmer, and so on.

Mr. President, I intend to make this important address available to Montana ranchers. I commend it to the reading of my colleagues in the U.S. Senate and ask unanimous consent that it be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address Before the Colorado Cattlemen's Association's 24th Annual Mid-Winter Convention

(By Senator Floyd K. Haskell)

It's a pleasure to speak to you today about the state of our economy and particularly the problems beef producers are facing and what you and I might be able to do about them.

During the recent election recess, I spent a month traveling the state and had a chance to talk to a good many Colorado farmers and ranchers. I think I got a better feel for your problems in that short time than I had obtained over the preceding year—even though I spent a lot of time during that year working closely with Colorado cattlemen on the incredible difficulties which have confronted them.

The real impact of the depressed livestock market hit me at a stock sale I attended in Rifle. You can hear stories all day long about how low prices are and I suppose you realize generally that things are tough. But I sat in that sale barn and watched weaner pigs go for $2 and two-and-a-quarter a head—and some went begging at that price. A Garfield county rancher, Flavin Cerise, explained it all very simply—"You can't feed hogs $6 grain and come out."

It's far easier now for me to understand why dairymen in the upper Midwest slaughtered hundreds of calves a few months ago. Your organization strongly denounced such tactics. So did I. But now I have a better grasp of the frustrations which led to this regrettable incident—a protest over economic conditions which have forced many into bankruptcy and threaten to do the same to many more.

I sense the same kind of frustration in the Colorado cattle industry. It's appalling to see a thriving industry plunged into economic disaster in such a short time. Beef cattle are Colorado's major agricultural product. Livestock and livestock products made up 82% of total Colorado farm income in 1972. Last year total receipts for the marketing of farm products were up almost half a billion dollars to an all time high. But net farm income dropped almost 19%. The reason? Production costs soared, especially in the livestock industry.

Disaster in that industry can't help but ricochet throughout the entire economy of our state, threatening not only ranchers themselves, but the rural communities which are so heavily dependent upon them. And it's inescapable that in the end consumers—and that means everyone—will pay.

As farmers and ranchers are forced out of business—and the business of feeding this nation and the world is concentrated in fewer and fewer hands—we will not escape more shortages and higher prices. I, for one, am not prepared to sit by and watch the American family farm and ranch go the way of the corner grocery store and the independent gasoline dealer.

On the other hand, I don't believe it's inevitable. There are things we can do but we'll have to act swiftly and wisely. Before we take a look at what we are doing and what we can do, let's take a look at how we got here.

Two things loom large in tracing the roots of today's crisis: the 1972 Russian grain deal, which tightened domestic grain supplies and drove feed prices up, and the removal of price controls from nearly everything in the economy—except beef prices—in early 1973.

The results of these two events are obvious. They were compounded by Agriculture Secretary Earl Butz's call for all-out production which livestock producers, like everyone else, heeded. Because prices had been good in 1972 and early 1973, more cattle were put on feed.

Former President Nixon also saw fit to lift meat import quotas, allowing unlimited imports of foreign beef, while every one of our trading partners, including Canada, Japan, and the Common Market nations, closed their doors to U.S. beef.

These are moves for which Mr. Nixon and Secretary Butz were directly responsible—or irresponsible. We can also blame government policies and lack of foresight for the endless round of price hikes and shortages on everything from baling wire to fertilizer. All of these things served to tighten the vise on the cattle industry. But, obviously, other things contributed to the problem, too.

When the freeze on beef prices was finally lifted, the energy crisis and a truck strike worked in tandem to slow beef shipments. Then the cattle which were withheld during the freeze finally hit the market and the glut of overfed beef resulted. Feeders began taking losses of up to $200 per animal. And consumers who had stopped buying beef during the rapid retail price rises before the freeze just didn't resume buying at former levels. Demand was slowed at a time when the industry desperately needed a shot in the arm.

There's another element here which I'm convinced is partly to blame for the cattle industry's grief, though I'm uncertain just how much. Outside investors flocked to the cattle feeding business to take advantage of tax breaks for nonfarm investors—so-called tax loss farming.

Those are the main ingredients in the dismal mess your industry faces today. The depression has now reached down to the cow-calf producers. Ranchers are getting rock-bottom prices for their cattle. Feeders are not putting animals on feed and packers are paying very low prices.

But here's the really alarming aspect of the present cattle market picture: While cattle producers are fighting to stay alive, beef prices in super markets are still at high levels. The farm-retail price spread has increased tremendously. I'd like to come back to the question of farm-retail price spread later.

My efforts and those of my colleagues in Congress have been largely stop-gap attempts to ease the crunch the cattle industry is in. And we have been partly successful:

We have called for reimposition of meat import quotas. The White House repeatedly ignored our pleas, saying imports are not the problem. But finally on Nov. 16, President Ford imposed quotas on the importation of Canadian beef and meat. I think we have to realize that that step, by itself, will not have much impact on your industry. But it's a step in the right direction. It's long overdue and it's certainly welcome.

We asked for stepped-up federal purchases of beef and pork for the school lunch programs and food for the needy programs. The USDA authorized spending $145 million for such purchases. To date, $119 million of that has been spent to buy 92 million pounds of beef and 72 million pounds of pork. That helps, certainly. But, again, it's not enough. I have co-sponsored a proposal which calls for the government to buy from one to two billion dollars worth of meat and meat products for distribution to the needy at home and abroad. The purchases—through the existing Commodity Credit Corporation—would have the dual purpose of helping our hard-pressed domestic livestock producers at the same time as we extend urgently needed food aid to parts of the world threatened with mass starvation.

The Congress passed the Emergency Livestock Credit Act of 1974, authorizing up to $2 billion in federally guaranteed loans to livestock producers. I understand that as of early this month, six of these loans have been made to Colorado producers totaling $775,000. More applications are in the works.

We asked repeatedly over the past year for White House meetings with cattle producers. Finally, after 22 other senators joined in my request, President Ford met with producers Oct. 30 to discuss their problems. He met a few days later with Colorado producers in Grand Junction—and his decision on Nov. 16 to impose quotas on Canadian beef is probably a direct result of those two meetings.

Here in Colorado, we were able to get a disaster designation for 18 drought-stricken counties in southeastern Colorado to qualify producers for the Emergency Feed Grain Program. Now I learn that new regulations have been imposed practically requiring farmers and ranchers to take a pauper's oath to get assistance. I have asked the Agriculture Secretary to relax the requirements.

Most recently, my office has been investigating complaints in Denver, Ft. Morgan, and Sterling that too many beef carcasses are being graded out good rather than choice—costing beef producers a minimum of $50 per head every time it happens. We are still working on it and I can't report any real progress yet.

That's quite a list. But when you boil it all down, it's nothing but a piecemeal, shotgun approach. All this is symptomatic treatment. And all it really proves is that our agricultural policies and programs are a shambles. For if they were sound and sensible, the Congress wouldn't have to pass emergency livestock loan bills or authorize massive federal meat-buying schemes. The Nixon-Butz corporate farm-oriented policies have swamped the boat; we've been busy trying to bail it out.

The only answer that makes any sense to me is to find and implement policies which guarantee some long-term stability to the American livestock industry. I certainly do not have in mind an artificial stability based on a new layer of rules and government intervention. I mean a free and functioning competitive market protected from the kind of asinine policies we've seen the past two years.

Because no matter how fast we bail—and I don't mind bailing—we can't possibly keep up with the Russian wheat deals and the beef price freezes—when other prices are allowed to skyrocket. And we can't stay ahead of such policies as refusing to impose import quotas when all our trading partners have already done so.

In my view, beef producers are caught in the worst kind of cost-price squeeze. The cost of everything you must buy for your operations has increased tremendously. Yet the price you receive for your product has not kept pace.

The first part of that twin problem is not unique to the cattle industry. Inflation is putting the same kind of pressures on millions of other American businessmen. And we are not going to solve your cost problems until we find a way to stabilize the economy. I'm hopeful the new Congress will be able to agree on programs to do the job.

It must surely be obvious to everyone by now that the so-called "old time religion" of tight money and balanced budget simply won't work this time. We've seen what tight money has done to the housing industry. Unemployment in that sector is more than double the 6.2 pct. unemployment rate in the economy as a whole. As cattlemen, you know first hand the problems which result from the high interest rates. You can't afford 10 or 12 pct. money. Neither can anyone else—except those involved in the most speculative kinds of enterprises. And that's precisely where much of our capital has been going—a good deal of it overseas, further drying up domestic money markets. Fortunately, the Federal Reserve Board is finally easing interest rates.

Instead of bogging down in a generalized discussion of the economy, I'd rather talk specifically about those government policies and practices which directly affect your industry.

I certainly do not wish to gloss over or minimize our general economic sickness or our continuing energy problems. Finding answers to these closely related problems is, without question, the biggest challenge facing this nation today. Solutions will not come overnight.

But just for the sake of discussion, let's assume that as of next Monday morning the answers were miraculously in hand—no more energy crunch, no more inflation. Would cattlemen's problems also disappear? I think we would agree that they would not. For the other half of the picture would remain unchanged; the retail marketing practices which now deny you a decent price for your product would not disappear. And the disastrous Administration policies which have turned the beef business into a roller coaster ride would not necessarily start to make sense.

Let's take a look at a few facts and figures. First, we have already seen that consumers have had precious little respite from high retail beef prices. Yet you are losing more and more money on every animal you produce. At the same time, the supermarket chains contend they are actually losing money on meat. They blame their own "middlemen," and high labor costs.

It might be instructive for us to examine here the farm-retail price spread we touched on earlier. The difference between what the farmer got for his steer and what the consumer paid for his package beef stayed fairly constant in the years from 1963 to 1968—ranging from 28 to 30 cents per pound. But from 1968, it climbed steadily upward, reaching 45 cents in 1973. That's a jump of almost 50 percent.

It peaked in March of this year about 56 cents per pound, according to a USDA Task Force report. And it remains today at just over 55½ cents per pound.

The USDA also tells us that 90 percent of the increase has occurred in the carcass to retail portion of the process and that only 10 percent of the increase has occurred in the farm-carcass spread.

Are increased labor costs to blame for the increased spread as the supermarket chains contend? I took the trouble to check average wage increases in trades which could directly affect beef prices. According to a spokesman for the meatcutters' union, which includes packing house workers, the labor cost per pound of beef coming out of the packing house was 4.24 cents per pound—in the third quarter of 1973 when cattle prices were at their peak.

For the second quarter of 1974, the labor cost per pound at the packing house level was down to 4.18—it actually decreased. To put that figure in perspective, consider that the labor cost per pound of beef was 3.6 cents per pound 15 years ago. It has risen less than a penny a pound in 15 years.

What about labor at the retail level? From the third quarter of 1973 to the third quarter of 1974, the average earnings of workers in retail food stores increased by six per cent. There has been some increase in productivity on the average, but even without that increased productivity, wage increases for that year, if passed on dollar for dollar to consumers, would have meant an increase of only one half of one per cent in food prices to consumers.

It appears that labor is not quite the culprit the retailers would have us believe. What about their claim that they are actually losing money on their retail meat operations?

The same USDA Task Force report I quoted from earlier contains the following statement:

"We don't have the data on the profit rates for departments of retail food stores. However, the changes in meat price spreads and general marketing costs suggest that the profits for retailing meat increased sharply during the first half of 1974. Based on this circumstantial evidence, it appears that the recent increase in meat price spreads was caused partially by food retailers changing their pricing policies to increase profits in their meat departments."

The report notes that profits for other lines may have risen less sharply than meat profits during the same period, then adds:

"Based upon the preliminary data now available, it appears that the major factors contributing to wide spreads were inflation coupled with seriously distorted market relationships and higher profit rates in meat processing and retailing."

Ladies and gentlemen, it's hard for me to escape the conclusion that your industry and the American consumer are paying dearly because competition and demand factors are no longer serving to give us the best products at the best prices. And it's not just happening in the retail food business. Detroit recently raised new car prices by $400 to $500 each and according to one Wall Street banking house, netted an additional $150 to $200 profit as a result. This came at a time when demand was falling drastically—and that usually dictates a drop in prices, nor a rise in prices. If competition were serving the role it's supposed to serve, that could not have happened. And that suggests to me that Detroit simply decided to increase profits. Price increases in the heavy industrial sector of our economy are even more exorbitant over the one-year period ending in July, 1974. Increases in that sector averaged over 51 pct., far more than can be explained simply by inflation.

Can the major corporations in this country simply increase profits at their whim? And even more to the point, are they doing so? I think the evidence to date demands that we push the question. And I further believe that the future of your industry depends upon it. Many producers I've talked to already believe that the grocery chains tell the packers what they will pay for beef, the packers tell you what they will pay for beef and you are powerless to do anything about it.

The cattle industry, I know, has never asked for price supports or subsidies, preferring to function without intervention. But it is entitled to know that the market within which it must function is competitive—and *that* may very well require government intervention—at least to learn the facts. I co-sponsored a resolution which passed the Senate calling upon the Federal Trade Commission to investigate the farm-retail price spread. Hearings are being held on the matter by a House committee as well. We should have some answers before long.

The livestock industry is also entitled to know that it will not be damaged by imports of cheap, foreign beef. I believe the Administration's refusal—until very recently—to impose beef import quotas while doors were being slammed in our faces around the world was unconscionable. I realize that exports play a very small part in our beef cattle industry—perhaps as little as half of one per cent of our total production is exported.

To recap, I think the basic steps which must be taken to restore reasonable stability to your industry are these:

One, we must check the inflation and prevent a worsening of the recession which threatens our entire economy.

Two, we must determine whether the retail chains which dominate the food distribution system in this country function competitively—and thus in the interests of both consumers and producers. If they do not, we must take legal or legislative steps to ensure that they will.

Three, we must regulate imports in a manner responsive to the needs of domestic stockmen and, at the same time, strive to keep foreign markets open to them.

That brings me to one final step which I believe is absolutely essential if we are to help the cattle industry make the kinds of intelligent planning decisions it must make to avoid the boom-or-bust fluctuations which are causing so much trouble today.

I wish I could take credit for this idea, but I can't. It comes from a group of cattlemen I spoke to in Brush during the election recess. They suggested that the USDA start a supply and demand reporting system for livestock similar to the program now in use for crops—and similar to your own industry's publication, "Cattle-fax". I was appalled to learn that USDA has no such system now to collect and distribute this basic information. Such a program has apparently been suggested from time to time but the department has never instituted one. I have written to Secretary Butz urging that he establish an inter-agency committee within USDA to compile data on livestock production and utilization both at home and abroad.

I would hope that such data could be made available to farmers and cattlemen without the long time lags such federal reporting usually takes. The information, it seems to me, could help you make sensible decisions about your operations and return them to what they were two years ago—reliable businesses, not gambling operations. It also occurs to me that Secretary Butz himself could make good use of such data in decisions which affect American agriculture—but that may be too much to hope for.

If the steps I have outlined seem impossible to achieve, let me mention one big advantage you have today that you probably didn't have even a couple of years ago. I think you have the American consumer on your side. My mail certainly reflects a change in attitude. People generally seem to have realized that farmers and ranchers are not responsible for what's happened to food prices.

That could be a powerful team: producers who realize consumers ask only for good food at prices they can afford; consumers who do not begrudge producers a fair return—because they realize that without it food production in this country will fall into fewer and fewer hands. Lower quality, short supply and higher prices would result.

I'm optimistic that we can achieve the things we've outlined here. But while we work toward that goal, we have to continue fighting the brush fire battles to ease the crunch your industry is in. I'm pleased to help in any way I can.

A FREE AND UNCENSORED PRESS

Mr. TOWER. Mr. President, all Americans during recent years have listened to heated debate over the role and influence of the press in our society. Clearly, newspapers and the televised evening news have grown increasingly bold with newspapers and the televised evening commentary, and in so doing have invited criticism. However, the troubled national mood since the sixties has exacerbated discussion of the fourth estate. The press is attacked by one side as being an outrageously biased and vindictive tool of the liberal establishment; the other side defends the news media as a blameless champion of truth and an indispensable watchdog of our constitutional freedoms. Both points of views are distorted, and do not provide real insight into the character of the press.

And so it was with pleasure that I listened to the refreshing commens of Mr. Roscoe Born, vice-editor of the The National Observer, made during a recent speech to the National Association of Independent Insurers. Mr. Born, a veteran journalist and respected member of the press, discussed the news media with rare candor. At one point he confesses:

> I am proud of the role journalism has played, on balance, in the preservation and development of the American system of self-government. But I must say *this*. I have come to the suspicion that there lurks in the character of nearly every journalist a fundamental flaw . . . I believe this flaw I am trying to describe is an inborn desire to *get* somebody, anybody . . .

He is not only frank. He has a healthy sense of humor about the news business which comes out in several anecdotes. But the thrust of his remarks is that the free and uncensored press, notwithstanding its occasional lapses of good judgment and fairness, is vital to a democracy.

He is not only frank, he has a healthy sense of humor about the news business which comes out in several anecdotes. But the thrust of his remarks is that the free and uncensored press, notwithstanding its occasional lapses of good judgment and fairness, is vital to a democracy.

Mr. President, I ask unanimous consent that this entire speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

COMMENTS BY MR. ROSCOE BORN

It is customary—in fact, it is even trite—to say on such occasions as this that I'm glad to be here.

But when I say it this morning, I say it with special feeling and special reason. Because in light of something that happened earlier this month, I fully expected (well, perhaps 75 per cent expected) that I would be about as welcome here as Yasir Arafat in Tel Aviv.

In fact, I have been awaiting a telephone call from the National Association of Independent Insurers ever since the appearance of The National Observer dated for November 16—which, in our trade, means it was on the newsstands November 10.

I didn't know how they were going to do it gracefully, but it seemed likely to me that after that issue, either Chuck Lorenz or Darrell Coover would phone me and suggest that in the interests of general tranquillity, it would be wise for me to develop a diplomatic illness and cancel my talk here today.

That issue of the Observer, you see, contained an article that had to do with the wicked practices of some—I repeat, some—insurance agents. The main headline read: "Conning the Elderly."

And a secondary headline read:

". . . Some insurance agents take advantage of worries, disabilities of clients."

Those were just for starters. Among the incidents reported in that story was the case of an 80-year-old woman in Meadville, Pa., who during a three-year period let six insurance agents sell her 31 health-insurance policies. All of them were permitted to lapse. They cost this old lady a total of $50,574. And that was just one example.

The article was illustrated with two pieces of art. One was an old lady stripped of everything she owned except a hat, a pair of bedroom's slippers, and the barrel she was wearing. The other was a sketch of a shark's fin, ripping through the water. Those items will give you a fair idea of the tone of the piece.

I hasten to add that this article didn't proclaim that this was the way *all* insurance people behaved—that in fact these miscreants were being pursued not only by the law, but also by the insurance companies they represented. We know full well that most insurance people are honest and decent—a reasonable tolerance I hope you will reciprocate when you look at the field of journalism. Certainly, at least, when you look at this particular journalist, outnumbered as he is right now by about 1,200 to 1.

Anyway, you didn't disinvite me, and in appreciation for that I thought it would be nice to search through my library for complimentary things that have been said and written about the insurance industry over the years—things that I might quote here to counterbalance the insurance story in The Observer. But, I must confess, I found the library rather weak on the subject.

I did find this incident, however. It dates to the 1940 convention of the old CIO, when its crusty leader, John L. Lewis, was being implored to make peace with the old-line federation, the AFL. Some of John L.'s associates were urging that he explore the mind of William Green, the AFL president, and explore the mind of Matthew Woll, another AFL leader, to see what might be worked out. And John L. replied as follows:

"The resolution read here . . . said that we should go into a peace conference, or explore the mind, or explore the possibilities. . . . Explore the mind of Bill Green? Why, Bill and I had offices next door to each other for 10 years. . . . I have done a lot of exploring in Bill's mind, and I give you my word there is nothing there. Explore Matthew Woll's mind? I did. It is the mind of an insurance agent."

That was about all I could find, inappropriate as it is. There are a lot of jokes and cartoons about insurance, of course. But I refrain from going into that body of material. I refrain, because in retaliation you might be driven to your own libraries in search of nasty things to say about the press—quotations such as this one, for example:

"Nothing can now be believed which is seen in a newspaper. Truth itself becomes suspicious by being put into that polluted vehicle. The real extent of this state of misinformation is known only to those who are in situations to confront facts within their knowledge with the lies of the day. I really look with commiseration over the great body of my fellow citizens who, reading newspapers, live and die in the belief that they have known something of what has been passing in the world in their time."

You probably can identify the source. It wasn't Richard Nixon, or Lyndon Johnson, or FDR, or Herbert Hoover. It was Thomas Jefferson. Philosophically, Jefferson also had great things to say about the role of the press in a free society, but that didn't prevent his sharp criticism of the inaccuracies of the press. And we all know that the criticism continues up to this moment, some of it unjustified, to be sure, but much of it, I am sad to say, perfectly justified.

On the subject of inaccuracies, or incompetence, I recently received a copy of an article that appeared in the June 3 issue of the Confidential Bulletin of the Hoosier State Press Association. It contains a letter from a judge that I think you might find interesting.

"A south-central Indiana daily newspaper assigned a reporter to cover a trial of a local man which had been venued to another county. The charge against the defendant was assault and battery with intent to satisfy sexual desires on a 14-year-old girl.

"The reporter did fine for a while, but mid-way in the article, he began referring to the presiding judge as the defendant, stating: "Blank (name of judge) is charged with an alleged attack on a girl who was 14-years-old at the time." The final paragraph again gave the judge's name and said he was pleading an alibi defense.

"The newspaper didn't discover the error until the press run was complete and the newspaper was distributed. It sat back and prayed no one would notice it.

"Someone did. Shortly thereafter, it received a letter from the judge, which read as follows:

"I enclose a Xerox copy from your paper which has just been handed to me. I appreciate the fact that, because of bad circulation, your paper is understaffed and your writers are poorly trained. The subject matter of this article was highly technical and, therefore, the writer of this article could not be expected to get it right the very first time. I, therefore, am going to point out some of the idiom used in court and identify the cast of characters.

"First, the judge (that's me) sits up in front of the courtroom on a raised dais with a robe on and scowls at people. Secondly, the defendant is the fellow sitting at counsel table with his lawyer, with an apprehensive look on his face. Thirdly, the prosecutor is the young man sitting at the other counsel table representing truth and justice. The press are those people sitting over at the side of the courtroom with long hair, whiskers, and barefooted.

"Now, in criminal proceedings, the judge is not charged with crime. The defendant is charged with crime. The judge does not claim alibi. The defendant claims alibi. The judge does not have to have an alibi. He is the head honcho.

"I am sure that if your writer carefully reviews the above information he may eventually be able to get his article correct.

"I wish you to know, in passing, that I am a great admirer of the Fourth Estate, and sometimes get very emotional when I observe their crusade for truth and justice. Therefore, you have my permission to pass these instructions on to other newspapers who are in like situations so that they may benefit from these simple instructions."

But it's not just the inaccuracies of the press, or if you prefer, "the media," that I want to talk about. What I want to discuss is a matter of conscience. That's rather personal, though, and I'd like to work up to it gradually by taking first a few minutes to defend the press against what I consider to be a bum rap.

I am referring to the popular sport these days of denouncing the press for its use of leaks. In some quarters, journalists are made to sound unethical if they use information that has been leaked to them by somebody who had reason for wanting the material printed. A lot of this criticism is a legacy of the last months of the Age of Nixon. That White House sought to paint itself as the picture of innocence and purity under attack by a dirty, lying press—a press so unprincipled that it had gone so far as to print (gasp!) leaked information.

Well, I want to say a kind word for the leak. Of course, the journalist must always be alert against uncritical acceptance of leaked information. He must know what the leaker hoped to gain by leaking. He must be sure he is not being used to disseminate information that is false. He cannot simply pass along leaked information as gospel, without any caveat to the reader, without any verification of his own.

But in my view, if the use of leaks were to be, somehow, banned, that would be the beginning of the end of free journalism. The practice has always existed—it's no new phenomenon. It must continue to exist if the press is to be any more than a servile mouthpiece of officialdom.

This would be so from the county courthouse, to city hall, to the state capitol, to the Federal Government in Washington. There would be little need for a newspaper to hire reporters. A biker from a delivery service could make the rounds of government press offices, pick up the official pronouncements, and cart them to the newspaper, where they would be rushed into type for innocent consumption by the citizenry.

Will the sheriff's office issue a press release stating that the sheriff is cheating the prisoners on their food allowance and pocketing the difference for himself—at taxpayer expense? Will the city commission explain that the specifications it has advertised in a city contract, quite proper on the surface, actually have been rigged in a private money-making deal for a crook at city hall? Will the police reporter find a press release stating that two sadistic cops have just beat a drunk prisoner half to death in his cell, just for the joy of it? Will a President of the United States send his press aide out to read an announcement that the President has been cheating on his income tax?

It's absurd even to think about it, of course. Such matters usually come to light through leaks. Somebody with a conscience, or an ax to grind, who knows the truth, tips off a reporter, or hands him a document revealing the hidden facts. The real journalist investigates, naturally; he doesn't just rush into print. But usually he has to have a tip, a leak, in the first place, or a leaked confirmation, or the truth would not come out.

Of course, there are leaks and there are leaks. One kind is the simple tip, a whispered word from an official to a reporter that there is more than meets the eye in some official record. Maybe the official just says, "You oughta look into this."

There is the tip passed by the county clerk who knows the county commission is up to some shenanigans and doesn't like the county commissioners anyway. And there are the leaks of documents, so that the reporter has a story laid in his lap.

These things go on all the time, and puzzled officials are forever trying to figure out how they happened. Often they can't because there was no leak in the formal sense. I'll give you a classic example, from the Scopes "monkey" trial in Tennessee in 1925. You may recall how the attention of the nation was focused on Dayton, Tennessee, awaiting the outcome of the historic trial. Well, in the earliest phase of the trial, the defense filed a motion to quash. Court recessed to let the judge consider the motion. It seemed that, indeed, the trial might end with no substantive decision, and no circus. The good merchants of Dayton were worried over all the business they would lose if Judge John Raulston granted the defense motion and ended the case then and there. So as court adjourned in the morning, the judge's ruling became, of course, the big speculation of the hour.

When Judge Raulston returned to the bench that afternoon, he was furious. Here he had dictated his decision in private, he said; he had not read it yet in court. And yet some newspapers in distant cities already had gone to press with a story that announced his decision to overrule the defense motion and let the trial continue. He intended to get to the bottom of this, he said, and punish the offending reporter for contempt. He appointed a committee of five reporters to investigate and report to him about the leak and who was responsible.

But as recorded by Ray Ginger in his capital book on the Scopes trial, "Six Days or Forever," here is what actually happened:

As the judge was leaving court that morning, a reporter named William K. Hutchinson of the International News Service joined him on the sidewalk. Hutchinson asked if the document under the judge's arm was the judge's decision on the motion to squash. "No," the judge said, "the decision is being copied right now by my stenographer."

Hutchinson: "Will you read that decision this afternoon?"

Judge: "That is my intention."

Hutchinson: "Will you adjourn until tomorrow?"

Judge: "Yes, I think so."

The reporter Hutchinson walked away. It was plain that the Judge's decision had already been made. And if the decision were in favor of the defense motions to quash, of course, there would be no trial the next day. The case would be over. Hutchinson then filed his story to INS that the judge had ruled against the defense and the trial would continue. It was a "leak," in one sense of the word, certainly. But the furious judge was himself the leaker.

Leaks often occur that way, through skilled questioning by reporters, and unguarded answers by officials. There is no way to ban such "leaks" unless you make it a crime for any reporter to ask any official any question—and then, again, you have killed freedom of the press.

In contrast, leaks often come deliberately from the very top, from the official who then appears in public to be most determined to find out who leaked. It's fashionable today to criticize newspaper stories that quote "qualified sources" or "sources who cannot be named." The implication is that information from such sources is false, and that the whole practice is nefarious. In fact, the source can be the best possible authority, and the facts quite accurate.

I well remember the public outrage from a Cabinet member back in the Kennedy Administration when a story appeared about his department. At White House orders, this Cabinet member conducted an intensive investigation into the leak—trying to determine what traitor in his department had fed the story to the reporter. The fact was, however, that the Cabinet member himself was the source—deliberately. He himself had handed the reporter the document and explained it willingly. He and the reporter laughed together privately over the investigation. Yet the information in the story was from an "unnamed source." And it was 100% accurate.

That is not always true, however. Unfortunately, there are reporters who are less than honorable, less than responsible, who do go to press with unverified information from sources that are less than reliable. Sometimes this results from pure recklessness, incompetence, lack of professionalism. Sometimes it results from a determination by a reporter or a newspaper to "get" somebody the paper is after. If a newspaper or a magazine or a reporter has determined that so-and-so is a crook, it is sometimes true that the normal rules of sound reporting and honest reporting are bent to serve the cause. Not always. Not as a general rule. But it does happen.

And that leads me, finally, to the other matter I wanted to talk about. Well, no, I don't want to talk about it. I hate to admit it. But I have come to the painful conclusion that this is something journalists have to talk about. It is, as I said, something in the conscience, and I think it needs to be discussed.

I may be read out of the newspaper fraternity for this, because what I am about to say might be readily misunderstood as an attack on the press. I hope I will not be so misunderstood. I am proud to be a journalist, and I am proud of the role journalism has played, on balance, in the preservation and development of the American system of self-government. But I must say this.

I have come to the suspicion that there lurks in the character of nearly every journalist a fundamental flaw. I now suspect that this flaw is probably there in even the most honorable and decent journalists, even though some have managed to overcome it in the same way that decent and honorable men and women have learned, over the years, to suppress or mask some of their baser instincts.

I believe this flaw I am trying to describe is an inborn desire to "get" somebody, anybody, to publish a startling story that will result in an indictment, will get somebody fired, will get some public official ousted from office or defeated for reelection. A reporter who takes the hide off somebody in print reaps immense rewards and satisfactions. His colleagues praise him. His editors praise him. His nonjournalist friends suddenly are aware that he has done something remarkable, and they tell him about it. He may even win one of journalism's most famous awards. For it is a fact, known to journalists everywhere, that if one hopes to win a big award for reporting, one must be able to show that his stories got results: Someone indicted, someone fired, someone ousted, someone sued. That is the path to journalistic glory.

I don't believe these prizes are the cause. I believe the prizes only reflect the innate desire many reporters have to shake things up, to cause a stir, to get attention.

When I was a kid reporter in Topeka, Kansas, I was very pleased one day when no less a person than Alf Landon walked into the newsroom, came directly to where I was sitting, and said: "Well, that story of yours sure rattled the cages." It was a misunderstanding. I didn't know Alf Landon personally then, and he didn't know me; he had mistaken me for the man whose desk I was occupying at that moment. But just the same, I felt a thrill that, for a minute there, a famous person was taking note that *I* had "rattled the cages" with a story. God knows I wanted to rattle cages. And I don't think that desire is peculiar to me—I think it is common to journalists everywhere.

If my suspicion is true, how does this come to be? Are we all so indoctrinated in journalism schools that we enter the field brainwashed? I don't suspect that for a moment. And I think it borders on lunacy to suggest that conspiring journalists get together and plot the downfall of this personage or that. No conspiracy is necessary. Journalists crave the thrill of the expose almost intuitively, whether alone or in packs.

I believe this may be an important factor that led most of us into journalism. It's not something we acquire after we become reporters. Rather, it may be that the seeds of this desire, nurtured in most of us, caused us to become reporters.

I venture that if you polled all of the nation's clergymen, something like 99.99 per cent of them would say they devoutly believe in God. They devoutly believe in God not because they are clergymen, but they are clergymen because they devoutly believe in God. And so, I suspect, do journalists almost universally harbor the urge to "get" somebody. They become journalists because they have that urge.

Well, is this instinct—if you'll permit a loose use of that word—is this instinct among journalists to "get" people entirely bad? I think not. If it were not for this drive, what would prompt journalists to fulfill their constitutionally assigned role in our society? Who would go about their daily lives alert to spot wrong-doing in public places and expose evil so that society might correct it? If any government were so high-handed as to conspire against the liberty of American citizens, to create a secret police unit to burgle their homes and offices and tap their telephones, to use such government agencies as the FBI, the CIA, and the Internal Revenue Service as personal tools against their political foes—if we could possibly imagine such an evil government in the United States—who would be the most likely candidates to investigate and expose such a threat to our freedom? Would the Attorney General do it? Would the director of the FBI or the CIA or the IRS do it? Would the President himself do it? Not likely. Not necessarily.

Only the journalist can be relied on to do it, and for that we have to thank—in part, at least—this drive or instinct the journalist has to rattle the cages, to "get" somebody, to topple the mightiest if the journalist is convinced he should be toppled.

But there is the problem. How easily is the journalist convinced? How much of his investigation is prompted by his desire to "get" somebody, to rattle cages? Or, once triggered, does he print stories that are damaging and inflammatory only when he has sound, verifiable information? Or does his instinct push him into irresponsible, premature publication? Is his judgment crippled, so that he is no longer able to distinguish between fairness and unfairness? Are his stories loaded with prejudicial adjectives, deliberately uncomplimentary descriptions—outright distortions? How many reportorial investigations are started with the goal of simply determining the facts about a person or a situation? Or is the guilt of the target a foregone conclusion, so that only "facts" pointing to his guilt come to the reporter's clear-minded attention?

I suggest that most journalists who search their consciences honestly cannot answer those questions without admitting the truth of what I am saying. And I suggest that all of us, reporters and editors alike, should search our consciences—regularly.

I know of no other cure for it. This instinct cannot be banned by legislation. It will not disappear by changing the criteria by which great journalistic feats are judged and prizes awarded—although that might help. I think journalists must learn to be more self-critical; we must learn a bit of humility; we must stop telling ourselves incessantly how damned noble we are in everything we do.

The conscience of the journalist must be pricked. He must stop and think and remember that the right to gather and print information about people and institutions is an awesome power. And somehow we must come to realize that the abuse of our power can no more be tolerated than the abuse of the awesome power of the Presidency and the Government.

But beyond that, I'd like to describe briefly for you a kind of journalism that to me—and to my colleagues at the National Observer—is journalism in its highest form. I call it Fiduciary Journalism, for want of a better name. I know the name will never swing—it has no punch, no pizzazz at all. But it does describe what I mean, so I'll use it: Fiduciary Journalism.

When I hit upon that name, I thought I knew what fiduciary meant, but I looked it up to be sure. The dictionary said: "Designating or of a person who holds something in trust for another; of a trustee or trusteeship; as a fiduciary for a minor child."

That is exactly what I had in mind. I had in mind that when we report, research, and edit news stories, we should do so as fiduciaries—we hold something in trust for another. The "other," of course, is the reader.

Just as the financial fiduciary must hold money in trust for another, assuring that the other's interests are always served, so we must be trusted agents of the reader. We go where he would like to go, we ask questions he would like to ask, we probe where he would want to probe—if he had the time and the money and the skill to do it all for himself. We are his agent. We have no other motive than to represent him, so that we can inform him accurately. We do not give him a fanciful report just to make the story more interesting. We do not color events to make the reader believe something we wish him to believe. We do our human best to keep our hearts free of the partisan passions that could make it impossible for us to hear and see and investigate and write objectively. And if we report and edit as fiduciaries for the reader, we will, at the same time, be reporting and editing as fiduciaries for the people we are writing about. To report accurately for the reader, we must understand why the people and forces in the news act as they act, believe as they believe—and make their actions understandable in what we write.

Yes, I know that a moment ago I used what is regarded in some quarters as a bad word these days—objectivity. You hear the New Journalists, the Advocacy Journalists, argue that nobody can be purely objective, that it is not humanly possible. Therefore, they say, we should not even try.

I like a line in Dr. Karl Menninger's book, "The Crime of Punishment." "Scientists are not illusion-proof," he said. "We are not always or altogether objective." But it is the core of the definition of a scientists that he tries to be objective, and I believe it is the core of the definition of a journalist—a true journalist.

And in truth, we may not be able to achieve our ideal anyway. Lincoln Steffens, who is one of my idols, recognized this later in life when he wrote about his experiences as city editor of the New York Commercial Advertiser, around the turn of the century. He used to urge his reporters to get the news so completely and report it so humanly and with such understanding that the reader would see himself in the other fellow's place.

"We never achieved our ideal," Steffens wrote later. "But there it was; and it was scientifically and artistically the true ideal for an artist or a newspaper."

It is my deepest conviction that this is still true for journalists today.

I ask you to believe, too, that this conviction is shared by many, many journalists I know. No matter what you experience, no matter what you hear about errors and distortions in the press, I ask you to believe that there are, in fact, many honorable and decent men and women in the newspaper business. Yes, we have our charlatans; we have our incompetents; we even have our character assassins. I ask you to think of a single profession or business that does not have them, in at least equal abundance.

And finally, I ask you to remember that the authors of our Constitution—fully aware of the imperfections of journalism—made this profession the only one whose existence is safeguarded in the Constitution. Their reasoning is plain: A free society cannot exist without a free press. A dictatorial society cannot exist with a free press.

Nearly 200 years later, it may seem absurd that anyone feels it necessary to defend the concept of a free press. But I do feel it necessary, in light of the growing demands that are heard today for some form of censorship or control or licensing of the press. I hope that for all of our weaknesses and deficiencies, you will agree that on the whole we do perform our vital function in American society, and that we can count on you for support if the cries of the censors grow too loud.

HOUSING OFFICIALS CALL ON HUD TO GET MOVING

Mr. PROXMIRE. Mr. President, at the 35th Conference of the National Association of Housing and Redevelopment Officials—NAHRO—a special resolution was adopted which called for immediate action by HUD to end their moratorium and to get housing and community development activity moving once again.

In several recent statements I have called upon Secretary of Housing James T. Lynn and his Department to start to build the 600,000 housing units a year of assisted housing called for by the 1968 housing act. Since January 1973 HUD has entirely disregarded that law and that mandate and has limited assisted housing starts to those in the pipeline when the moratorium was imposed. The result has been a housing depression. Housing is now a basket case. And the Department of Housing and Urban Development, in reality, has become the Department of No-Housing.

The special resolution adopted by the officials responsible for housing and redevelopment activities in some 2,000 communities across the country should indicate to Secretary Lynn and the administration that the call to get HUD moving again comes from all parts of the country.

I hope they get the message.

I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

EMERGENCY ACTION TO GET HOUSING AND COMMUNITY DEVELOPMENT ACTIVITY MOVING IN 1974

(A special resolution adopted by the membership of the National Association of Housing and Redevelopment Officials, 35th National Conference, Boston, Massachusetts, October 2, 1974.)

PREAMBLE

In its Program Policy Resolution for 1974–75 (see pages 452–455), NAHRO expresses confidence and optimism that the United States will meet its problems at home and abroad. The Association calls for an all-out effort to expand housing and community development activities in 1975 by implementing the Housing and Community Development Act of 1974 in a new spirit of partnership between federal, state, and local government. NAHRO believes that such expanded activity can proceed as part of a balanced program to restore and bolster the national economy.

But in October 1974, the nation is in the midst of an economic crisis that requires immediate action. The danger is not only from a continually rising rate of inflation, now recorded in double digits, but also from a decline in economic activity led by a faltering housing industry, which, if not checked, could lead to a deep economic recession.

National housing production is about 50 percent below the 2.6 million unit average annual level determined by the Congress in 1968 as necessary to meet the nation's minimum housing needs. More than 60 percent of American families cannot now afford to purchase a new home, because of inflation-related high costs, lack of mortgage funds, and escalating interest rates.

New federally-assisted activity for community development and for low- and moderate-income housing is on dead center. The combination of the two-year moratorium and slowdown in new federally-assisted activity, plus national economic inflation, has brought these efforts to an almost full standstill.

The future economic stability of our nation, as well as progress in meeting urgent housing and community development needs, may well depend on our ability to develop a balanced, coordinated national program, attacking the danger of *inflation* and the danger of *recession—both* at the same time. Housing and community development activities can be utilized as strategic levers in such a coordinated effort. A significant number of housing and community development activities have a minor inflationary impact, as indicated in the NAHRO Program Policy Resolution for 1974–75. Many of these activities have direct benefits for lower-income families hit hardest by inflation.

NAHRO calls for immediate, decisive action by the national Administration and the Congress to develop such a balanced, coordinated national economic program, including the strategic use of housing and community development activities.

The Association has developed a series of recommendations which it believes are urgently required—now, in 1974—to get housing and community development moving again. It is prepared to work cooperatively, in the national interest, to stage these activities as part of a total strategy to restrain rising inflation and to prevent an economic recession. At the same time, such activities can have multiple benefits in maintaining the national capacity to respond to the demands of a balanced economy in the future.

Following is the full listing of activities required to get housing and community development moving again. It represents the spectrum of actions which should be considered for inclusion in an over-all balanced program.

COMMUNITY DEVELOPMENT

HUD should release immediately the 197 million dollars in appropriated funds to enable local communities to meet their commitments to ongoing urban renewal and model cities activities;

HUD should promptly process advance-of-fund requests from entitlement communities to enable quick action to proceed on programming transitional activity, and on preparing for the block grant community development program;

HUD should include explicit requirements in the block grant application and in the statement of the initial year's program activity for any local community, to insure that the three-year program will reflect the goals of the Congress for the community development program, i.e., to eliminate slums and blight and respond to the needs of low- and moderate-income families;

The Congress should speedily approve a supplemental appropriations bill for fiscal year 1975 containing 2.55 billion dollars for community development.

HOUSING REHABILITATION AND NEIGHBORHOOD CONSERVATION

An urban reinvestment program involving expanded housing rehabilitation and conservation activities is an essential element in national economic recovery.

The Congress should quickly approve the appropriation and the Administration should carry forward a 70 million dollar program level for Section 312 rehabiltiation loans in fiscal year 1975;

The priorities and earmarkings for housing rehabilitation in the 1974 housing and community development act should be carried forward;

Local communities should carefully consider housing rehabilitation and neighborhood conservation activity as part of their total community development programs.

NATIONAL HOUSING CONSTRUCTION

NAHRO indicates its intent to join with the National Association of Home Builders (NAHB) in a "Housing Crisis Conference" in mid-October to develop an action program based on the recommendations of a coalition of builders, manufacturers, distributors, financial institutions, trade associations, building trade unions, and other organizations or groups, concerned with the present housing crisis. Specifically, NAHRO supports the following actions to bolster the national housing construction industry and to improve housing opportunities and insure equity for lower-income families.

Congressional approval of the Brooke-Cranston Home Purchase Assistance Act of 1974 (S3979) to provide interest rate reductions on federally guaranteed mortgages for single-family home purchasers who cannot afford to purchase housing under current interest-rate requirements and to authorize additional special assistance funds for the Government National Mortgage Association (GNMA) for purchase of mortgages on new housing, including authority and funding for GNMA to purchase conventional mortgages, as well as FHA and VA guaranteed mortgages, in selected housing market areas which require such special assistance [*the House and Senate passed this bill on October 15*];

Actions by the Federal Reserve Board and Federal National Mortgage Association (FNMA) to increase the flow of loans for housing construction, including single-family houses;

Specific national initiatives to reduce interest rates;

Provision of a tax credit (up to $200) under the Federal Income Tax Law for taxpayers who increase their savings in eligible mortgage lending institutions. NAHRO believes that such a credit is both more equitable and more efficient than a comparable exemption of interest on savings deposits;

Retention of tax incentives under the Federal Income Tax Law that encourage capital investment in housing construction and rehabilitation, while eliminating the abuse of such incentives by enlarging the scope of the alternative minimum to include all such incentive deuctions as "tax preference items" and significantly increasing the minimum tax rate so that no taxpayer will be able to avoid the payment of income taxes by virtue of such incentives.

FEDERALLY ASSISTED LOW- AND MODERATE-INCOME HOUSING

NAHRO urgently requests HUD to accelerate its processing procedures and to release Congressionally authorized funds for all federal housing assistance programs, with the goal of placing under contract at least 400,000 new units in this fiscal year, putting the nation back on the track toward achieving its 1968 housing goals. Specifically, NAHRO recommends:

Action by HUD to immediately activate those programs that are already in place with applications in the pipeline and approved processing procedures, including the traditional public housing programs, the Section 235 homeownership program, the Section 236 rental assistance program, the Section 202 direct loan program for the elderly, and those portions of the new Section 8 housing assistance program that require the fewest changes from existing Section 23 regulations. (These latter include leasing of existing housing under Section 8 and new construction where the LHA selects the developer.) These programs should be accelerated at levels sufficient to achieve total new contract levels in fiscal year 1975 of at least 400,000 units, taking into consideration a realistic estimate of the new contracts that may result from those portions of the new Section 8 program that require completely new processes and procedures that will take time to implement;

Action by HUD to insure that there is an adequate number of skilled staff in its area and regional offices to carry out a 400,000-unit contract level in fiscal year 1975;

Action by the Secretary of Agriculture to immediaetly activate the rural housing assistance programs, particularly those that can serve the housing needs of lower-income families. Local public agencies should immediately exercise their eligibility to utilize these programs;

Action on supplemental Congressional appropriations

(1) to appropriate at least half (400 million dollars) of the Section 202 elderly loan funds in order that activity can proceed under this program;

(2) to appropriate the 50 million dollars authorized in the 1974 act for fiscal year 1975 to support the federal contribution to reduce interest on state-issued taxable bonds for housing purposes;

(3) to appropriate at least 4 million dollars for fiscal year 1975 for counseling to homeowners and tenants for Section 235 home purchases and for the other federally-assisted rental housing programs;

Action by the Congress to sustain the language in the conference report on HUD appropriations for fiscal year 1975, which mandates the release of Section 236 housing funds, setting aside the report language of the 1974 housing and community development act, which required that a local community demonstrate that its housing needs could not be met under the Section 8 program;

Action by HUD to raise the Section 236 mortgage limits to the authorized limits under the 1974 act, rescinding the HUD regulation of September 6, 1974, which restrained the use of these new limits;

An accelerated process by HUD to review requests from local communities for adjustments in "fair market rents" to meet local circumstances, in order to assure that these rents are set at realistic levels to permit leasing of existing housing, as well as new construction and substantial rehabilitation;

An accelerated process by HUD to revise public housing construction prototype costs, in order to insure that new activity can move quickly;

Consideration by HUD to easing environmental impact requirements for small-scale housing projects;

Action of HUD to make firm federal housing assistance allocations to support those requested in the HUD-approved local housing assistance plan.

NAHRO urgently recommends that HUD quickly release

Operating assistance funds for the traditional public housing program. These funds should be set for fiscal year 1975 at a level sufficient to cover a realistic increase in operating cost due to inflation, as well as the rapidly rising cost of utilities. Modernization needs of older public housing developments should be fully met. Use of operating funds for safety and security services should be recognized as essential in some communities. The full amount of earmarked contributions for operating assistance (500 million dollars) should be utilized, with an addition if required;

Operating assistance funds for the existing Section 236 housing developments authorized under the 1974 act, to provide additional assistance to cover increases in taxes and utilities so that lower-income families will not suffer undue hardships from increased rents.

WINNING THE WAR ON WASTE

Mr. HATFIELD. Mr. President, last month Russell Train, Administrator of the Environmental Protection Agency, addressed the Third National Congress on Waste Management Technology and Resource Recovery in San Francisco.

Mr. Train points out that "to be an energy saver is to be not only an inflation fighter, but a pollution fighter." His message is, I believe, a very important one. Conservation of our Nation's resources is an important tool in fighting inflation and we must take action against waste in the form of overconsumption and poor resource policies. I am convinced that the prohibition of wasteful "no deposit—no return" beverage containers is one way of doing so.

In his excellent speech, Russ Train argues convincingly for a full scale "war on waste" and in view of the importance and timeliness of this topic, I ask unanimous consent that his address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, *as follows:*

Remarks by the Honorable Russell E. Train

WIN THE WAR ON WASTE

At the recent economic summit conference, President Ford urged all of us to "become inflation fighters and energy savers". I hope the message is taken to heart by all Americans, and especially by environmentalists, who are already aware of the fact that pollution is waste and that, to the extent that we can prevent waste and put it to productive use, we are serving both economic and environmental ends. It is a special pleasure to be here, because even among environmentalists there is no group anywhere in this country which has as clear an opportunity to fight inflation and save energy as those of you gathered in this room. For it is your direct and full-time business to make war on waste.

There is no other audience who could have such abundant firsthand knowledge about how profligate we have been historically in the over-use and over-consumption—to no one's benefit—of both energy and materials. You are on the front lines, which I am certain gives you a perspective which is not always available to those who reside in relatively remote staff offices and watch towers behind the lines. Knowing this gives me the courage to say that I hope you will agree that the growth versus no-growth arguments which produce headlines, pitting a "pure" environmentalist against a "pure" growth advocate, are often simplistic and sterile, and, even more often, miss the point completely. The fundamental economic aim of the environmental effort is to influence the *directions* of growth in this country and to come as close as possible to no-growth in pointless waste production. To the degree that good and accessible air, water, and land have become increasingly scarce and costly goods—and that energy and other materials, whose extraction, production, and consumption generate the pollution we are trying to clean up, have themselves become increasingly scarce and costly—it makes both environmental and economic sense to make the conservation of energy and the reduction and recovery of wastes a matter of the highest national priority.

Less than two weeks ago, in Portland, President Ford declared—and I quote: "I do not accept the dismal proposition that pollution is the inevitable price of prosperity nor that we must compromise the environment to gain economic growth. We cannot enrich our lives by impoverishing our land. We can raise both the standard of living and the quality of life".

There is, indeed, no surer way to sap the nation's economic strength than by squandering its energy and environmental resources.

Our energy deficit is a direct result of the fact that we have become increasingly overdrawn on our energy bank account. And our inflationary ills are, in no small part, a reflection of the enormous waste of energy and other resources within our society. That waste, all too often, goes up in smoke and the other forms of pollution that we seek, through our environmental programs, to prevent and to control.

To win the war on inflation and on pollution, we must wipe out waste.

To be an energy saver is to be not only an inflation fighter, but a pollution fighter.

Self-restraint and self-discipline in the use of our resources, and in the demands we make upon those resources, will do more than any other single factor to help solve our energy problems, help protect our environment and help dampen the fires of inflation.

If we are to win the war on waste, we must make total war, and we must know why we are making it. There has been in the solid waste management field too much futile fighting among ourselves about what really is the "ultimate answer" to the solid waste management dilemma—as if there were a single answer to such a complex issue. We have tended to dissipate our energies in skirmishes among ourselves, in arguments about whether we should place emphasis on source reduction, separate collection, post-consumer waste recycling, energy recovery, or proper disposal practices. I submit that the gap between promise and reality is so broad in this field that we must place renewed emphasis on *all* of them. Our national practices are primitive, and we must improve them throughout the total cycle—from the point when materials are first extracted from the earth, through the way they are employed in the production process, through the way they are employed by the consumer, through the recycling that occurs, to the way that final unclaimable residues are placed in the ground.

To wage total war on waste we must start at the beginning; that is to say, we must make war on over-consumption and wasteful practices themselves. We must greatly improve our source reduction practices. Second, we must make war on our traditional habits and attitudes, which have kept us from reusing, recycling, or reclaiming the energy and other valuable by-products from a really significant portion of the waste stream. Third, we must make war on the improper disposal of wastes to ensure that our practices enhance the environment rather than produce environmental and public health problems. I should like to speak briefly about each of these.

Source reduction and all that the term implies touches directly at the heart of the environmental issue. To reduce unneeded, unnecessary waste generation at the source is just as much a part of the solid waste management issue as recycling wastes or as ensuring that we do not waste land and threaten our ground waters through improper disposal practices. The furor this issue has caused has been placed mostly on packaging. There is good reason for this, and yet it is somewhat deceptive, for source reduction touches on a central nerve which transmits very disturbing impulses to those who evidently persist in believing that wasteful energy and wasteful materials use are the hallmark of a technologically advanced society. This is tantamount to saying that the American system, which has brought a higher degree of material abundance to a larger proportion of society than any other nation in history, depends upon our ability to waste abundantly.

One expert has estimated that about 25 percent of the total U.S. energy use could be saved through efficiency. Another has observed that our production of waste energy is growing twice as fast as our production of usable energy and that, if we could halt the growth of waste energy, we could save enough energy to close the entire fuel gap by 1985. Whether or not these estimates are precise, there is no question that we waste enormous amounts of materials and energy, and I cannot believe that a nation with 6 percent of the world's population, which consumes more than 40 percent of the world's raw materials, can afford to move into the future with the habits, attitudes, and practices of our frontier past intact.

It should not be surprising that the first line of battle on the source reduction issue is drawn on the question of packaging. Packaging activity in the United States has been growing at a phenomenal rate over the past decades. Shipments of containers and packaging were valued at $19.5 billion in 1971, an increase of 82 percent since 1960. In 1971, packaging accounted for approximately 47 percent of all paper production, 14 percent of aluminum production, 75 percent of glass production, more than 8 percent of steel production, and approximately 29 percent of plastic production. Post-consumer solid waste resulting from the discard of packaging material was estimated at between 40 and 50 million tons in 1971. And, as you know, packaging makes up somewhere between 30 and 40 percent of municipal solid waste. Now, I do not necessarily advocate "no growth", even in packaging, but these figures suggest that, if packaging growth continues in the next two decades at the same rate and using the same virgin resources as it has in the past two decades, we will soon have nothing to put into the packages.

I am well aware of the positive contributions of packaging to the Nation's well-being, but not all growth in packaging has been positive. I think industry ought to take a new look at the possible advantages inherent in the reusable or refillable package; in the utilization of larger package sizes when appropriate; in the utilization of low-energy consuming materials in packaging applications; in the utilization of easy-to-recycle package configurations and materials; in the elimination of potentially hazardous packaging materials; and in the elimination of packaging materials whose production creates more pollution than reasonable alternatives would. We have to seek a reasonable mid-ground somewhere between the extreme of wrapping everything in used newsprint and packaging for the sake of increasing the use of packaging.

If packaging is on the front line of the source reduction issue, the scout even farther forward than the front-line troops is concerned with the returnable versus the nonreturnable beverage container issue. As long as this aspect of the war was being fought on the ground of the litter problem alone, it might have been difficult to decide which side you wanted to join. But now that we have been so forcibly reminded that our energy resources are short, and that materials shortages are also part of our lot—and you add these to the environmental damage associated with the production and disposal of beverage containers—it should not be hard to decide.

EPA studies indicate that the likely outcome of nationwide mandatory deposit legislation would create a situation in which 90 percent of all containers used were refillable, and each would make ten trips. This would result in an energy use reduction of approximately 194 trillion BTUs of energy—the equivalent of 92,000 barrels of oil—per day. I realize that some people challenge these data. Their criticisms run from rhetorical pronouncements on the returnable bottle being the ultimate threat to the free enterprise system, to more defensible assertions about potential impacts upon employment, capital investments, and tax revenue losses. But I note that the criticisms have not been accompanied by data to refute ours.

Trying to separate the rhetoric from the reality, EPA, as you know, testified earlier this year in favor of the concept of a national deposit requirement on the condition that it would be applied through a gradual time-phased implementation of the law to ensure that the obvious environmental and resource-saving benefits would not be purchased at too high a cost in immediate economic and labor dislocations. I am not surprised that those engaged in the manufacture of certain of the containers would oppose attempts to place restrictions on the use of nonreturnable beverage containers, but the broad-scale corporate concern about the nonreturnable container makes me suspect that, symbolically, this isssue touches on nerves that are still sensitive to the currents of yesterday when, wittingly or not, we embraced the illogocial notion that waste makes wealth.

To make war on our traditional national habit of failing to reuse resources or to gain from them the energy or other valuable byproducts they contain is an absolute necessity. If there is still anyone left in this room or in the country, for that matter, who still doubts that this administration knows that waste is inflationary, I call your attention to the emphasis that President Ford placed on conservation and recycling during his address to the Nation delivered at the meeting of the Future Farmers of America in Kansas City of the fifteenth of last month. He cited, as you may recall, 12 recommendations which grew out of a meeting with 22 members of the newly-created Citizens Action Committee to Fight Inflation. Most of them were relevant to solid waste management in significant ways. Three were focused fully and directly on the solid waste target.

As you know, the United States annually consumes about 190 million tons of major metals, paper, glass, rubber, and textiles. Only about a quarter of the total are obtained from resource recovery operations, and virtually all of these are derived from discards of industrial fabrication and manufacturing activities. Insofar as post-consumer wastes are concerned, despite the fact that virtually everyone seems to be in favor of recycling them, what we have been able so far to get back into the production stream is a mere trickle, constituting less than 1 percent of the total. Still, with each year that passes, we move toward greater dependence on other countries for vital materials and toward predictable worldwide shortages for some materials.

The mixed waste from our larger urban areas, which now constitute an environmental problem, could generate 230 trillion BTUs of energy—the equivalent of 400,000 barrels of oil per day, which is nearly a third of the Alaskan pipeline's projected flow. Seven percent of our iron, 8 percent of the tin, and 14 percent of the paper consumed each year could be supplied from what is now waste.

And these are simply the obvious potentials based on the recovery of mixed residential and commercial wastes and using technology already demonstrated. Recovery of materials or energy values from industrial sludges that now go to disposal, from crops and animal waste, from forestry residues, could easily triple the potential.

The resource wastage and the environmental degradation sides of the solid waste coin are related by an undeniable logic that historically we have failed to perceive. The more we open our eyes to the real and diverse costs of improper disposal practices, the more compelling energy and materials recovery initiatives become.

EPA has identified 50 major metropolitan areas where materials and energy recovery is feasible. These areas account for about 180,000 tons of waste a day—66 million annual tons, or more than half of the municipal waste stream. We are doing everything we can within our available resources and authorities to help achieve this potential through technical assistance, analysis, information dissemination, and technology transfer activities, backed by our six full-scale demonstrations.

The Congress, as you know, is very much concerned about converting the waste stream into a production stream and has already held extensive hearings, during which the Administration, industry, and public interest groups of all varieties have been asked for their views on what kind of legislative tools would be most helpful in achieving as quickly as possible this important objective.

But when this current period of study, analysis, and debate has ended, no matter what the Congress has accomplished, no matter what new incentives are offered, we will not succeed quickly enough in reversing our traditional resource wastage and environmentally damaging practices, unless the business community of the United States makes a firm national commitment to recycle materials and energy.

I know that not all technologies for resource recovery and for the conversion of wastes to energy have been fully demonstrated, that not every "t" has been crossed, and not every "i" has been dotted. I know that the "gold" in the waste stream does not fall out in nuggets that are easy to pick up. I know that working to develop waste resource recovery systems with municipal officials, who are understandably almost overwhelmed by their burgeoning collection and disposal problems, is not easy. And I know that changes in industry attitudes must be brought about not only in the board rooms, but also in the plants and in the minds of salesmen, accountants, engineers, and technicians who have long been accustomed to doing business in a national atmosphere in which it has been taken for granted that supplies of virgin materials are endless. I know also that the adoption of waste recovery and conversion systems and technologies on any substantial scale will require large amounts of capital investment at a time when our financial markets are already sorely strained. All this given due consideration, it is still a fact that neither the Congress nor the Administration can make the necessary transitions painless, not do away with the necessity for a new and extraordinarily innovative creative effort on the part of the business community.

The wastes are there, the valuable energy and materials they contain are waiting to be mined, the price per ton to dispoes of them is rising, and there is not a city in the country which would not be willing to pay industry at least as much per ton to take the wastes and convert them into resources as they are paying now to bury them.

In short, I think the many barriers which inhibit resource recovery can more readily be scaled by industry than by government at any level. Industry has yet to seriously commit the attention, the willingness to take reasonable risk—that characterized their endeavors when we moved to exploit our virgin resources—to today's opportunities to recycle wastes and convert them into resources.

This does not mean, of course, that governments can sit on their hands and let industry do all the work and all the thinking. We have 48 states who ought to be taking a hard look at what has been done in Connecticut and Wisconsin to establish statewide solid waste management authorities, stressing resource recovery. Such action provides a climate in which private enterprise is encouraged to take the risks that are required in this field. And we have thousands of cities and towns which ought to be looking hard at what is going on in New Orleans and Nashville and St. Louis and Chicago, where solid attempts are being made to move resource and energy recovery from the drawing board to the real world.

For that matter, I think that everybody, whether in government or in industry, should throw away whichever old book he found most useful in the past and take a new look at this entire subject in a fresh light, in full awareness of the drastically altered situation which has been brought about by inflation, by a new awareness of energy and materials shortages, and by the rising demand for disposal practices which do not threaten the environment or public health. For example, I don't believe we ought to assume that the compactor truck was such an outstanding technological discovery that it should necessarily dictate the directions of collection and disposal practices forevermore. We have just learned in the past year or so that keeping newsprint out of the compactor is more intelligent than putting it in, and I think we need a little more experimentation before deciding that separate collection systems, which of course have a much wider application than mechanical systems, should never go beyond the stage of gathering newsprint. To what extent separation by the householder and separate collection by the municipality might apply to other items in the waste stream has not really been evaluated in the light of today's altered conditions. I do not believe that the separate collection of newsprint necessarily touches the outer limits of citizen willingness to cooperate in recycling. Conditions have changed. Unless we experiment more, how are to know that public attitudes of the 1950s and 60s still prevail in the middle of the 1970s?

To make war successfully on the improper disposal of waste, we must first admit that, historically, our Nation's disposal practices have been worse than a crime; they have been a blunder.

As Arsen Darnay said at the NSWMA Exposition last June, a few model landfills stand out conspicuously, precisely because the vast majority of our landfills are barely-disguised dumps. Waste disposal threatens our air, water, and food. Leachate dripping into our aquifers may threaten drinking water supplies. The sublimation of chemicals from disposal sights and the smoke from burning dumps pollute the air. And our various sludges, if improperly placed on land, can yield up their toxic metals to vegetation and thus enter the food chain. The distinction between hazardous and innocuous waste is difficult to establish once the streams have been mingled at the disposal site, and even if the waste streams are segregated, ordinary residential and commercial wastes produce leachates whose concentrations of biological matter, salts, and metals far exceed a desirable level. As we grow in numbers, as we pump more and more water from aquifers, it will not be enough merely to operate esthetically pleasing landfills. Under certain specific local conditions we may indeed have to collect and treat leachates. While that is not likely to become a universal requirement, it could be necessary, unless we bring about active disposal site control in the form of standards, permit systems, continuous monitoring, and regular inspections.

Land disposal site control is a universal requirement. We endorse strong state-level regulation of all waste disposal sites, with proper enforcement. Today's 400 state-level solid waste employees are hardly enough to cope with the 15 to 20,000 disposal sites we have. And all sites must be controlled; no community or no private company will expend resources on additional site control, if its neighbor can operate a sloppy dump with impunity.

We have identified 10 million tons of hazardous wastes, and the need for controlling their random disposition on the land is just as critical as the need to keep them out of the air or out of the water in the first place. As you know, we advocate hazardous waste management in accordance with federal standards. Most hazardous toxic wastes occur as part of industrial outfalls and contain most of the hazardous compounds emitted to the environment in high concentrations. These wastes must be segregated from less dangerous waste streams and subjected to intensive control. The main thrust of the Administration's legislative proposal to Congress on solid waste is oriented toward the management of these wastes.

sion by harking to the classical eco-
gatory, and demonstration work must continue to assess the potential problems from land disposal of waste of all varieties. We still have not begun to fully understand the interactions among wastes, land, air, and water.

In conclusion, let me reiterate that we can no longer assume that what we might have thought was an eternal certainty ten years ago, or last year, or ten days ago in the solid waste management field necessarily applies today. We must alter the mindless patterns of the past. We must realize that there are multiple ways of coping with this problem. Particularly in smaller towns and rural areas, where technologically intensive materials and energy recovery systems are not feasible, we must seek ways to convert wastes into resources. Manures, crop and forest wastes, septice tank pumpings, sewage treatment sludges, dredgings, tires, waste oil, construction rubble, and other special wastes categories must be put to work.

We must mount a truly broader-scale offensive aganst waste and, as I said earlier, industry must take the initiative. Those who produce the products which eventually become the waste stream are best equipped to cope with the problems created. I urge industry to set specific resource conservation goals in several critical areas. For example, shifts in product designs to reduce excessive materials use by 20 to 25 percent by 1985.

Each category of industry should set recycling goals to increase its use of post-consumer wastes in similar fashion. At the very least, we should try to recycle enough to hold disposal problems to current levels—say, recycle paper at a 30 to 35 percent rate and triple the recycling of aluminum, steel, and glass. I urge that industry take the initiative and convert my rather random observations into sound national goals. Such special efforts are needed. At the present rate of progress, recycling has not kept pace with waste generation and will not do so in the future, even under the most optimistic interpretation of current projections.

All of us here are in a unique position to help mount a serious War on Waste. We must take to heart the proposition that cleaning up pollution and making a world fit for human beings has to involve something more—and something harder—than simply solving technological problems. Turning back the tide of our environmental ills requires new codes of law, alterations in the market mechanism, institutional restructuring, and transformed decision-making processes. None of these things can be brought about by government action alone, no matter how well intended nor how intelligently conceived. It requires a degree of commitment and a sense of dedication that can be generated only in the heart of each of us.

IT IS TIME TO CUT TAXES

Mr. HARTKE. Mr. President, economists are now studying the economic and financial condition of the United States to determine what measures should be implemented to reverse the downward slide of our economy.

This exercise is not limited to American economists. The condition of our economy appreciably affects the economies of countries throughout the world. Micro and macro measures are being considered, yet the proposals of the administration to "Whip Inflation Now" and "climb out of the deepening recession by harking to—the classical economic advice of tight money and balanced budgets" will merely lower by possibly $30 billion our output during the next 6 months.

Inflation is, of course, a concern to all of us, but without a productive economy that reverses the recessionary trend that portends the analytical "I" formation, we shall continue to slide to economic crisis. We have had one too many crises in this decade. The people of America now deserve leadership and a massive reduction of taxes. Our economy will turn around, but we must increase productivity. A tax cut not only increases demand, but increases the incentive throughout the economy to produce more goods, thereby increasing supply.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks, an article by Jude Wanniski appearing in the December 11 issue of the Wall Street Journal. The article focuses on Professor Mundell, a Canadian economist now at Columbia University, who arduously argues that unless the United States reduces its taxes by $30 billion, we will suffer a $30 billion decline in output. I call this interesting proposal to the attention of my colleagues during their consideration of economic measures that will be considered during the remainder of the 93d and the beginning of the 94th Congresses.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IT'S TIME TO CUT TAXES

(By Jude Wanniski)

Rober A. Mundell, a Canadian economist now at Columbia University, does not believe the United States can Whip Inflation Now and climb out of the deepening recession by harking to either the classical economic advice of tight money and balanced budgets or to the neo-Keynesian nostrum of easier money, public-service employment and wage-and-price controls.

The correct prescription, says Professor Mundell, is a $30 billion tax cut and the temporary halting of open-market operations by the Federal Reserve to assure monetary restraint.

Furthermore, asserts the placid professor, whose voice in conversation rarely rises above a whisper—if this medicine is not taken soon, there will be by mid-1975 more than seven million or even eight million Americans unemployed, an inflation rate perhaps double the consensus prediction of 7% per annum, and a huge budget deficit arising from the recession-level tax revenues and widespread company and household bankruptcies.

Professor Mundell's prescription is obviously not part of mainstream thinking in the United States, but it bears consideration for no other reason than the 42-year-old Canadian's standing and reputation among international economists. "He's the most creative, innovative international economist I know of," says Harold B. Van Cleveland, vice president and economist at First National City Bank. Sir Roy Harrod, J. M. Keynes' biographer, has toasted him as one of the "greatest economists in the world." And Lord Robbins, chairman of the court of governors of the London School of Economics, said of him at the Bologna conference on global inflation in 1971: "Bob—and here I lay down a sociological law—is seldom wrong. And even when you disagree with him, you must disagree with your hat in the hand."

The heart of the current problem, Mr. Mundell believes, lies in the international arena. Inflation is, and has been for several years, a global phenomenon. The collapse of discipline of the balance of payments has unleashed a wave of inflation on the world. He believes that the eventual solution must involve not only control of the dollar supply produced in the United States, but regulation of the Eurodollar market, the restabilization of gold and a return to the fixed system. With Professor Arthur B. Laffer of the University of Chicago, he has worked out an economic model to deal with this problem.

To deal with the immediate crisis of simultaneous inflation and recession, though, Professor Mundell departs from the traditional belief that monetary and fiscal policies should always be working in the same direction. He believes that inflation and unemployment are separable problems and that to combat them distinct policy instruments are required. He believes that tight money should be used to combat the inflation, while expansive fiscal policies—preferably through lower taxes—can be used to combat the recession in a way that also works against inflation.

A CAUSE OF INFLATION

He argues that monetary expansion no longer works as a means of stimulating production; it simply causes inflation. To some degree and for short periods it may have been a reasonably good anti-cyclical weapon during the best years of the Bretton Woods system. But now, in the regime of floating exchange rates, monetary stimulation by the Fed not only increases wage demands, but is immediately perceived by the foreign-exchange markets, causing depreciation of the dollar and an automatic increase in the price of imports. This raises costs and aggravates inflation directly. It also raises wages and thus quickly shows up in the Cost of Living Index.

To eliminate at least this cause of inflation, he says the Fed should temporarily halt open-market purchases of government securities, the traditional means through which it increases the basic money supply. The thrust of demand expansion must come from fiscal stimuli, and when the U.S. economy responds to that stimulus, growth in the real money supply can come about through a resumption in open-market purchases. At the same time, the reviving U.S. economy would draw money from Europe and the Middle East and thus protect the U.S. balance of payments. Something else would occur as the economy's growth responds to the fiscal stimulus while monetary growth is checked. The dollar would appreciate against foreign currencies, which means the U.S. would then be able to buy a greater share of the world's goods and services with the same number of dollars.

Real economic growth would be stimulated by the big tax cut on both personal and corporate incomes. He would adjust income-tax brackets across the board and index them to correct for future inflation, as is now the practice in Canada, and he would get the corporate tax bite down closer to Canada's 40%.

"The level of U.S. taxes has become a drag on economic growth in the United States," he says. "The national economy is being choked by taxes—asphyxiated. Taxes have increased even while output has fallen, because of the inflation. The unemployment has created vast segments of excess capacity greater than the size of the entire Belgian economy. If you could put that sub-economy to work, you would not only eliminate the social and economic costs of unemployment, you would increase aggregate supply sufficiently to reduce inflation. It is simply absurd to argue that increasing unemployment will stop inflation. To stop inflation you need more goods, not less."

As it is, he believes U.S. policymakers are unwittingly creating a larger sub-economy of the unemployed guaranteed to reduce aggregate supply, and thereby aggravate inflation. A $30 billion tax cut implies a large initial federal deficit. But if taxes are not cut now, the size of the unemployed sub-economy will expand. Tax revenues of state, local and federal governments will decline. At the same time their outlays for unemployment relief and welfare will expand. Combined government deficits might even exceed the amount implied by a tax cut. But what's worse, the nation would be no closer to turning the economy around.

He disagrees with both the Keynesians and the classical economists on the economic effects of a tax cut. "The Keynesians only look at its effect on demand and have always considered it inflationary," he says. "They neglect the financing side, aggregate supply and inventory effects.

"The classical economists are only concerned about the 'crowding-out' effect," by which he means the effect of deficit financing on the private capital market, i.e., government financing needs crowd out private borrowing that would otherwise go into capital expansion. "Both of these extreme views do not see that there is a middle position."

A tax cut not only increases demand, but increases the incentive to produce. "The government budget recycles tax dollars into the spending stream through expenditures, but in so doing it reduces the incentive to produce and lowers total production. After all, if total taxes and expenditures become confiscatory, all economic activity would cease and the government tax bite would be 100% of nothing." With lower taxes, it is more attractive to invest and more attractive to work; demand is increased but so is supply.

So too with the "crowding-out" effect, an argument against tax cuts that was popular in the 1920s. The government sale of bonds to finance a tax cut indeed crowds private borrowers out of the capital market. This is only one effect, he says. Four other things occur. Because capital and labor are the main recipients of the proceeds of the government bond sale that finances the tax cut, they are in effect receiving as a gift $30 billion they would otherwise have to borrow. In this sense, they are happily crowded out of the credit market.

Secondly, the finance required for the tax cut would be less than what would be needed if the recession is allowed to deepen. Third, Professor Mundell believes the size of the credit pool would automatically expand as the prospect of real economic growth engendered by the tax cut allows a recovery of real savings. That is, dollar holders will have a higher incentive to invest in capital goods the larger and more rapid is the recovery from the recession. The fourth effect is that the bond-sale method of financing the tax cut will draw money from abroad.

HELPING CAPITAL GROW

The international effects of a tax cut are particularly important, he asserts. With announcement of a major tax cut, the capital market would instantly perceive that it is more profitable to do business in the United States than the rest of the world. Capital that is now flowing out would remain; foreign capital going elsewhere would come in. The increased real economic growth would mean the U.S. would run a sizable trade deficit as the U.S. would keep more of what it produces and buy more goods from abroad. Offsetting this in the short run would be an inventory effect caused by tighter monetary conditions; the expectation of slower inflation would cause a reduction in optimal inventory levels.

There would be balance-of-payments equilibrium, he says, because the capital flows would cover any residual trade deficit until market opportunities were arbitraged worldwide. The U.S. tax cut would help to pull the whole industrial world out of its slump, he maintains.

In a real sense, he sees the $30 billion tax cut a future public's investment in the current private, productive sector of the economy that is now unutilized. He argues that the unemployed sub-economy would respond not only by producing goods and services sufficient to repay the bonds, but would meanwhile sustain itself with output and would not have to be carried by the government dole. Six months from now, perhaps $30 billion of that potential output will have been irretrievably lost and the economy will be in much worse shape than it is right now.

As he sees it, there is not now any self-corrective economic force acting to pull the economy out of its inflationary nosedive. At present there is no control of international reserves and even the value of gold gets indexed with inflation. "Inflation itself breeds even more money which in turn breeds more inflation." There was self-correction to an economic slump during the days of the gold-exchange standard, when deflation raised the purchasing power of gold, and self-correction to inflation when inflation reduced gold's purchasing power. There is none of this today in a world of floating exchange rates, he says. The nation's economic problems feed on themselves.

"They feed on themselves through the effects of inflation on the progressive income-tax schedules and through the negative multiplier effects thus generated," says Professor Mundell. "They feed on themselves through the ever-increasing percentage increases in wages needed to maintain workers' purchasing power. And they feed on themselves through the international escalation of world money supplies that has taken place since the breakdown of the gold-exchange standard. The $30 billion tax cut is needed immediately to arrest the world slump, and if it is delayed by even one month, the figure required will be higher."

WORLD FOOD CONFERENCE—A NEW MEXICO OUTLOOK

Mr. DOMENICI. Mr. President, on October 6 of this year, I held a food seminar in Albuquerque, N. Mex. The seminar was attended by many food and nutrition experts from my State who played a key part in helping me prepare for my trip to the World Food Conference in Rome, Italy.

Since that original seminar, I have received further statements and letters from some of the participants. Mr. President, I ask unanimous consent that these communications be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NEW MEXICO FOOD DEALERS ASSOCIATION REPORT TO NEW MEXICO FOOD CONFERENCE

(Presented by Joe H. Cooper, president, New Mexico Food Dealers Association)

The food production capacity possessed by countries like the United States appear to be vitally necessary to feeding the world. These capacities will not be utilized unless it is economically and ecologically possible to do so.

Unless major advancements and developments occur, it is much more desirable to export know-how than to export products. The most valuable thing this country possesses is the know-how learned from the free enterprise system. However, this expertise is not currently having much effect in our economy. In the years since World War II, more and more of the management skills have been diverted to dealing with inconsistent regulations and laws. The intensifying of this condition over the last two years is unprecedented.

Not only do we have shortages of most materials, but inconsistency on the part of our government has intensified the impact of these shortages and created a shambles in our marketing system. To be more specific, the wage-price freeze acted only to confuse the marketing system and caused shortages of products with increase in prices. While our agricultural exports in the feed and cereal grains area have allowed our farmers to produce more at a profit, nothing has been done to assist such areas as the beef industry to take advantage of the same markets. The current situation of ranchers and feeders is due to this condition.

The U.S. Department of Agriculture is still using the same 1960 market basket to measure what consumers buy when that market basket has changed drastically. These figures still have some validity for long term comparisons with the past. However, they were never designed to be accurate indicators of any short term situation. News releases are being made as though these figures do accurately reflect the situation at any given point in time. The major problem from government comes from a lack of willingness to face our economic situation squarely and make the hard decisions that must be made. Petty party bickering does not solve problems, although it may get votes.

Other areas in which problems caused by the government affecting our ability to produce food are such things as special interest regulations that guarantee profit regardless of the competitive situation, such as the I.C.C. trucking regulations, the current nightmare the railroads find themselves in, and the recent decision to ship thirty percent of all foreign oil imports into the United States in U.S. vessels when those vessels do not exist and the cost of their use is completely out of line with current costs of maritime transportation.

In speaking to the problem of world food prices, more specifically the major area of needs is for more information as to the needs of the countries and their cultural preferences in food. In all cultures, food is more than nourishment, and eating together satisfies social needs as well Our ignorance in this area makes it very difficult to even approach a solution to the problem.

The most immediate help that the United States can offer the world lies in the area of infrastructure. Our distribution and storage system is readily applicable to many of the world's storage problems. The reduction of loss of food to insects, pests, etc., might well be a more valid contribution than food itself.

With the rising affluence of many parts of the world, it is necessary to note that it is not possible for as much as thirty percent of the world population to enjoy the current American standard of living due to ecological and economical considerations, i.e., raw material simply is not available. This has ramifications for both ourselves and the world at large.

STATE OF NEW MEXICO,
ENVIRONMENTAL IMPROVEMENT AGENCY,
Sante Fe, N. Mex., October 18, 1974.
Hon. PETE V. DOMENICI,
U.S. Senate, Committee on Aeronautical and Space Sciences, Washington, D.C.

DEAR SENATOR DOMENICI: The New Mexico Environmental Improvement Agency welcomed the opportunity to participate in the food seminar held in Albuquerque on October 6, 1974. It was most informative and interesting

As you requested, we have enclosed the text of our presentation so that you may review our recommendations prior to the United Nations World Food Conference.

We wish you every success in your role as delegate to the conference.

Sincerely,

GERALD L. MARTINO,
Environmental Manager and Chief.

NOTES OF NEW MEXICO ENVIRONMENTAL IMPROVEMENT AGENCY

The Environmental Improvement Agency has been legislated authority to provide services in Food Quality that will confer optimum health, safety, comfort and well-being on this and future generations in New Mexico.

This afternoon we will briefly address comprehensive problems and solutions that not only affect New Mexico and the United States but other nations as well. We will then proceed to outline specific problems and offer possible solutions to areas closely related to food supply and quality.

The comprehensive problems include: 1) population, 2) land use, 3) resource management, and 4) energy. The United Nations estimates that the 1980 world population will lie between 4.5 and 5 billion people. In short, the population will have surpassed the food supply. There is an urgent need for population management on a global basis that may well involve the modification and restructuring of certain political, social and cultural institutions and possibly introduce others so that the birth rate will not continue to exceed the mortality rate. We must take the initiative in solving our population problem because nature's population control processes are unemotional, impartial and ruthless, a set of conditions educated, rational men will surely wish to avoid.

Land use is another vital issue. To date, many states including New Mexico have approached land use planning on a piecemeal basis. Cities within a state may be involved with a multitude of urban problems while in another part of that same state, the only issue may be strip mining. In either case, we have not set aside our prime agricultural lands as a prerequisite to planning our future.

Interrelated with population and land use planning is resource management and energy. Water is a prime, but limited resource in New Mexico. How shall we use it in the future?

Other world-wide problems contributing to the food shortage

1. Natural Disasters
2. Lack of Technology
3. Adverse Climate
4. Failure to Utilize Arable Lands

Present and growing problems common to the United States

1. Fertilizer Shortages
2. Destruction of Croplands by Land Development
3. Pollution of Estuaries, Offshore Breeding Grounds, Lakes, Rivers, and Streams, (thermal, chemical, organic pollution)
   a. Destruction of food-organisms. (oxygen-depletion, pesticides)
   b. Contamination of food-organisms—rendering them unfit to eat.
4. Contamination of forage crops by airborne toxic chemicals from industrial plants.
5. Misuse of pesticides
   a. Renders food and forage crops unsafe for consumption.
   b. Pollutes aquatic situations, (runoff).
   c. Contaminates non-target crops or forage.
   d. Causes residue buildup in soil.

Present and future needs for food conservation

1. Population management.
2. Preservation of farm lands through land-use planning.
3. Proper utilization of water resources.
4. Increased food yields through research and engineering.
   a. Irrigation of arid land and development of tropical areas.
   b. Development of ocean resources.
   c. Increasing yield/acre by developing new and better strains of crops and livestock.
   d. Protecting crops and livestock through pest management programs.
5. Increased manpower for agencies engaged in food protection and food science, and
6. Protection of food and forage crops from airborne and waterborne pollutants.

Methods for implementing food conservation programs

A. We must reduce the waste of raw agricultural commodities

1. Through consumer education.
2. By developing industries to utilize oversized, undersized and damaged agricultural commodities.
3. Preventing the contamination of commodities by the misuse of pesticides and toxic chemicals.
4. Preventing the adulteration and/or destruction of commodities by rodents, insects, mold, moisture, and mishandling.
5. By seeking to work out solutions so that livestock, poultry, produce and other foodstuffs are not wantonly destroyed.

B. Preserve the food potential we currently have during growing, processing, manufacturing, packaging, transportation and storage.

Problem area, solution areas interrelated.

1. Growing—Department of Agriculture

2. Processing and Manufacturing

Area: warehouses, bottling plants, bakeries.

Problem: contamination by rodents, insects, birds, mold, moisture, poor sanitation practices.

Solution:

1. proper design of plants,
2. proper maintenance use of sanitary techniques, and
3. proper storage practices.

3. Packaging of Food

Areas: we see the use of: burlap, cotton, paper.

Problem: contamination by rodents, insects, mold, moisture, mishandling.

Solutions: use of: non-absorbent, impervious packaging that would promote easier handling; vector control.

4. Transportation

Area: box cars, open truck trailers.

Problem: plus toxic chemicals.

Solution: vector control of transport facilities before use; use of chemical transport for chemicals only; impervious packaging; better distribution planning so commodities don't sit in box cars or on sidings for indefinite periods of time.

5. Storage

Area: after manufacturing in food storage warehouses, grocery stores.

Problems: same.

Solution: better packaging material; handling practices; vector control; commodity rotation so that oldest commodities are used first.

V. Possible indicators for evaluating the success of food conservation programs.

1. Reduction in seizures and condemnations of foodstuffs by regulatory agencies because of increased industry awareness.
2. An increased market for all food commodities.
3. The ability for the grower to produce for the market according to both needs and demand. (Soil banks?)
4. Availability of an adequate food supply to all members of society at a reasonable price.

With this we would conclude our presentation and thank you for your attention.

NEW MEXICO NUTRITION
IMPROVEMENT PROGRAM,
Albuquerque, N. Mex., October 14, 1974.
Senator PETE DOMENICI,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOMENICI: I wish to congratulate you on your being selected as a member of the United States delegation to the World Food Conference in Rome next month. Possibly no meeting of recent times could have a greater effect on the future well being of all of us.

I also wish to commend you for holding your New Mexico Food Conference. I would like to add emphasis to some points brought up at that time.

In my opinion, Dr. Dawson painted our food picture the way I have been hearing it from most sources for over a year now. Thus it was very interesting, as well as disappointing to hear groups continue to push consumption of various products just as though we had no problems. Such talk totally ignores the realities talked about by Dr. Dawson and the ones consumers see, feel and live everyday.

The fact is that we cannot continue to consume the way we have in the past, even though we are constantly pushed on all sides to do so. Our consumption of food certainly seems to follow all of these suggestions, as 30–40% of the adults in the U.S. are overweight. This is one, if not the biggest problem we have in nutrition today. Overeating is a national pastime which we can no longer afford, for no other reason than it is wasteful.

Another problem of interest and concern to nutritionists that one of your speakers Sunday spoke to is that we would have more food even now if we changed our way of using food. It would be very enlightening to know how much energy, as well as food, could be saved by eliminating the hundreds of non-nutritional or junk foods from our markets. Even if we had the energy to continue to do this, the sad fact from a nutritional standpoint is that we are using a great deal of energy to process our foods more and more and by doing so are further undermining the nutritional status of the people.

There no doubt is a painful relationship between America's wants and the rest of the world's needs. I am sure your awareness of this will be heightened at the World Food Conference. Consumers in the United States have already made substantial changes in their diets, but are unlikely to accept more changes very easily. People may tighten their belts if they know grain is going to feed starving people, but it is another thing if it goes to pad someone's already trick pocketbook.

It is also my firm belief, from my daily work, that unless somehow we manage to hold down our food price increases here at home we will very soon see inevitable increases in malnutrition. New Mexico being 49th in per capita income in the U.S. will no doubt see this sooner than other states.

Perhaps, an equitable solution to at least some of the world's food problems will come out of the conference in Rome. I sincerely hope so.

I would like to close by bringing to your attention at least two organizations in New Mexico which have members who are knowledgeable about food and nutrition problems throughout the state and would be glad to assist you in matters concerning food and nutrition. These organizations are the New Mexico Dietetic Association and the New Mexico Council on Food, Nutrition and Health. I also would be happy to be of any assistance in such matters.

Sincerely,

MADELINE NASBY, Ph. D., R.D.,
Director.

NEW MEXICO STATE UNIVERSITY,
Las Cruces, N. Mex., October 14, 1974.
Hon. PETE V. DOMENICI,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOMENICI: I had the pleasure of being invited to your meeting last Sunday at the First National Bank Building in Albuquerque relative to the upcoming Food Conference at which you are a representative of the United States in Rome. As you well know, many things were discussed but I think the issue boils down mainly to such issues as food reserves, population control and helping underdeveloped countries help themselves through research and extension.

As you know, much was said about the value of research to improve agriculture production for those countries. I couldn't agree more that this would be a great asset and do much to enhance agricultural production and growth in the underdeveloped areas. If such a program does take place, I would advise that the program take place through the United States Department of Agriculture rather than the State Department as has been done in the past.

Senator Domenici, the point I wish to make in this letter to you is to emphasize very strongly that you consider recommending an Agricultural Extension program to compliment the research base. I realize it was mentioned at your conference, but it was not emphasized nearly enough. Unless you set up a program involving field agents as we have in this country, your research efforts will lie on the shelf gathering dust. I'm not saying that all these extension people have to be college graduates. In fact, the use of many retired farmers might be the way to go. But I am saying that, unless you have an extension component, your efforts will be greatly reduced and your efficiency will be greatly depleted as a result.

Another point I would like to make to you strongly is that, if you recommend a heavy extension input, I think it's very important that you realize that, in the final analysis, the extension effort will have to be directed toward helping those people as human beings. That is to say, you will be disseminating research information to take out "in the bush" to deliver to people and many times on a one-to-one basis. The idea is, however, that you're looking that man in the eye and giving him some information and helping him make a decision. His personal growth will come by as a result of this decision-making process and this is what teaching is all about. To put it in poetic form,

If you give a man a fish,
he eats for a day
If you teach a man to fish,
he eats for a lifetime

Senator Domenici, I did not have a chance to speak at your conference which was fine because I think the relative points were covered. I'm not sure how much this will mean to you but, in my opinion, if we are sincere in our efforts when we say that we want to keep millions of families from starving, an Extension type service will eventually be the way that it will be done.

Thanks so much,

Sincerely,

EUGENE ROSS,
Associate Director.

NEW MEXICO DIETETIC ASSOCIATION,
Santa Fe, N. Mex., October 31, 1974.
Hon. PETER DOMENICI,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOMENICI: In anticipation of your attendance at the World Food Conference in Rome to be held in November 1974, we would like to recommend that the following points be taken into consideration during your deliberations.

Contrary to popular belief the U.S. is far from achieving its goal of optimum nutritional status for all its citizens. Most of the nutritional problems cited are universal.

1. Obesity is still a major health problem and is a definite example of malnutrition. Strong nutrition programs need to be implemented to help people choose their foods wisely while reducing caloric intake and improving their health. Cutting down on excessive food intake would make food available for those who are underfed.

2. Good nutrition has been definitely recognized as being essential to the health of all age groups. Not only is an adequate food supply necessary for good health, but an effective nutrition education program should be provided.

3. Nutrition education programs should be planned and implemented by qualified nutritionists and dietitians.

4. It is pertinent that arable or fertile land be preserved for the production of food. The urgency of this is made evident by expanding cities and suburbs.

5. Where water and space are available individuals should be helped and encouraged to produce some of their own food supplies.

6. Food processing companies should continuously be urged to produce nutritious foods and limit production of foods high in calories and low in essential nutrients.

7. It continues to be necessary to help small food producers in harvesting and marketing their food supplies.

8. Along with technical assistance usually provided developing countries, it is pertinent that these countries be helped in selecting those *indigenous foods* that will best meet the nutritional needs of its people, and that families be educated in how best to utilize available foods.

Sincerely yours,

MARTHA S. CORNELIUS,
President NMDA.

ELEVENTH ANNIVERSARY OF KENYA'S INDEPENDENCE

Mr. HARTKE. Mr. President, today, December 12, 1974, the Honourable Mzee Jomo Kenyatta, President of the Republic of Kenya and one of Africa's most respected nationalist leaders, along with the 12 million people and the Government of Kenya will celebrate the 11th anniversary of Kenya's independence.

The Government of Kenya is composed of a Chief of State and has Unicameral National Assembly of 158 elected members and 12 members nominated by the President. The country is divided into nine administrative provinces and administered by one of Africa's best and competent civil service.

Since independence, December 12, 1963, the country has held two general elections; the most recent—October 14, 1974, during which 88 elected members lost their seats. The losers included four cabinet ministers.

Kenya's potential for increased trade and investment is great. In order to reverse the unfavorable terms of trade, Kenya is busily promoting and seeking access to markets of developed countries. Kenya encourages foreign investment in general and in particular joint ventures in priority economic sectors, for instance, agribusiness and manufacturing. With the success of import substitution programme, the country is now encouraging joint venture projects between foreign private investors, the government, and Kenyan businessmen in export oriented industries.

Kenya and the United States have enjoyed cordial and friendly relations over the last 11 years and the bonds of friendship will be further strengthened through mutual understanding and cooperation.

Latest figures show that there are 125 American firms in Kenya with a total investment of $170 million.

In the field of education, Kenya nationals like many other countries has benefited from American institutions of higher learning. This American contribution toward Kenya's development is appreciated, and every opportunity should be afforded its nationals to continue to acquire needed skills and modern technology so vitally important for the development of the country.

Politically, Kenya, as is the case with developing countries, espouses the policy of nonalinement. Nonalinement is not just a political philosophy—Kenya views its success as fully imbedded in its ability to create coherent peaceful and mutually beneficial economic and political links world wide. To this end, and in keeping with her national motto Harambee—let us pull together—Kenya hosted the first OAU All Africa Trade Fair in 1972. This was indeed a continental economic and trade Harambee.

As regards changing political situation in southern Africa, Kenya is determined to insure that the "wind of change" will not be arrested. All men of good will must, therefore, harness these forces of change in the interest of peace, justice, human equality, and brotherhood.

For the environmentalists, Kenya hosts the headquarters of the United Nations environment program. For those who want to bask in the temperate equatorial sun and to interact culturally, Kenya is a marvelous safari land.

Mr. President, over 60,000 Americans visit Kenya every year. On this 11th anniversary of Kenya's independence, I am certain that American people and especially those who have visited Kenya joins me in saluting the Republic of Kenya.

DEPARTMENT OF LABOR VIEWS ON S. 4178

Mr. HUGH SCOTT. Mr. President, at the request of the Department of Labor, I ask unanimous consent that a letter from Secretary Peter Brennan on S. 4178, the proposed Headstart, Economic Opportunity and Community Partnership Act of 1974 be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Department of Labor,
Washington, D.C., December 11, 1974.
Hon. Hugh Scott,
U.S. Senate,
Washington, D.C.

Dear Senator Scott: The Department of Labor would like to take this opportunity to comment on S. 4178, the proposed "Headstart, Economic Opportunity, and Community Partnership Act of 1974."

S. 4178 would make a number of changes in the Economic Opportunity Act of 1964 (EOA), as amended. With respect to most of these changes, we defer to the judgment of those agencies more directly concerned. However, we do have the following specific comments on provisions of direct concern to this Department.

Section 4(b) provides that the Director of a new Community Services Administration (CSA) would be responsible for administering migrant programs under Title III–B of the Economic Opportunity Act. The present Title III–B program has been formally delegated to the Secretary of Labor. As you know, the Congress has enacted broader migrant authority under section 303 of the Comprehensive Employment and Training Act. We recognize the intent of the Senate Labor and Public Welfare Committee, in revising the III–B authority and transferring it to CSA, not to duplicate those activities financed under CETA. As a practical matter, however, experience indicates that it is in this context not possible to draw the desired distinctions between "manpower" and "education and development" programs, nor is it particularly desirable to try to do so from the individual beneficiary's point of view.

To permit two separate agencies to have responsibility for essentially duplicative activities to benefit a single segment of the population would unnecessarily impede effective delivery of services. Since section 12 (a) of S. 4178 prohibits delegation of the migrant authority, flexibility in combining appropriate migrant provisions administratively would be limited.

Task forces and inter-agency working groups have been trying for years to overcome the fragmentation of program authority in this area. The Labor Department has been working to integrate its many program and law enforcement activities into an understandable strategy. We intend to expand this effort to provide close relationships with comparable activities now ongoing in HEW, Agriculture and elsewhere. Section 4(b) of the bill would thus severely hamper these efforts, without necessarily improving the quality of services to migrants and seasonal farmworkers.

The Office of Management and Budget advises that there is no objection to the transmittal of this letter and that enactment of S. 4178 would not be in accord with the President's program.

Sincerely,

Peter J. Brennan,
Secretary of Labor.

EMERGENCY MARINE FISHERIES PROTECTION ACT OF 1974

Mr. CRANSTON. Mr. President, at the close of my statement opposing the 200-mile fisheries bill (S. 1988) to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes, which was printed in yesterday's Record, several items intended for inclusion in the Record were inadvertently omitted.

I ask unanimous consent that a Sierra Club press release and several articles and letters—including letters from President Ford and Secretary Kissinger—be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Sierra Club Press Release

The Sierra Club believes that S. 1988 can be detrimental to the conservation and protection of the living ocean resources and inconsistent with international efforts to secure proper conservation and environmental management of the oceans and their resources.

The Sierra Club recognizes that the current over-exploitation of coastal fishing stocks raises serious problems both for our food needs and some of our domestic fishing industries.

Yet the Magnuson legislation, unlike the Sullivan-Dingell substitute legislation, does not adequately address itself to these problems. The Sierra Club feels that S. 1988:

(1) Seriously jeopardizes conservation and environmental protection efforts, both international and national in scope;

(2) would encourage other nations unilaterally to seek control over valuable natural resources, whether food, oil, or minerals, which could be used as a potential political weapon, as both the recent energy and food crises have shown us.

(3) would severely damage the continuing conservation efforts of a variety of conservation conventions of the eastern Pacific and Atlantic, which we are party to.

(4) would make it increasingly difficult to secure bilateral and multilateral agreement creating specific management regions for ecologically related fish stocks, a measure fundamental to the proper use of the living resources of the sea.

(5) would make it extremely difficult for the international community to secure minimum environmental standards for the protection of the living marine environment.

The Dingell-Sullivan legislation, on the other hand, is based upon sound environmental principles. It recognizes that multilateral negotiations, as contemplated under the 1958 Geneva Convention on Fishing and the Conservation of the Living Resources of the High Seas, are necessary to promote such principles. The legislation also recognizes that traditional territorial concepts of the exercise of jurisdiction are incompatible with the highly migratory nature of the ocean's living resources and their necessary environmental protection.

In the absence of international agreement resolving the conflicting U.S. and international fishing interests, legislation which invites solutions dictated by power constitutes a threat to world security. It is critically important that at this time the U.S. Congress recognizes the pressing need for world cooperation in resolving our food, energy, and environmental problems, of which the proper conservation of fish stocks is one important aspect.

The White House,
Washington, D.C., September 24, 1974.
Hon. Hugh Scott,
U.S. Senate,
Washington, D.C.

Dear Hugh: As you know, the Senate now has before it a bill, S. 1988, which would unilaterally extend the contiguous fisheries zone of the United States from 12 to 200 miles. I greatly appreciate your vote against reporting this bill favorably out of the Foreign Relations Committee. While I fully understand the problems in protection of living resources off the United States coast which have led to the consideration of this legislation, passage could seriously harm U.S. oceans and foreign relations interests, including our fishery interests, and could paradoxically destroy the best opportunity we have had to definitively resolve our fisheries problems; that is by a comprehensive new oceans law treaty now being negotiated within the Third United Nations Conference on the Law of the Sea.

When the new oceans law treaty is concluded I expect that it will offer broad protection for our fisheries interests. In the meantime, you may be assured that I will do everything possible consistent with our present legal rights to protect the interests of United States fishermen and to preserve the threatened stocks of living resources off our coasts.

The Law of the Sea negotiations are most important, and our nation is deeply committed to their success. As such it is vitally important that the United States support the Conference in every way possible.

I would appreciate your calling the attention of the Senate to the strong opposition of the Executive Branch to this legislation. I am sending identical letters to Mike Mansfield and John Rhodes.

Sincerely,

Gerald R. Ford.

The Secretary of State,
Washington, D.C.
J. William Fulbright,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: The Foreign Relations Committee recently held hearings on S. 1988, a bill to extend unilaterally the fisheries jurisdiction of the United States from the present 12-mile limit to 200 miles. I wanted you to be aware of my view that passage of this bill would be seriously harmful to our foreign relations and I was pleased to learn that the Committee reported out S. 1988 with an unfavorable recommendation.

I sympathize with the concern for our coastal fishermen which has motivated this legislation. However, the best protection for them and the best solution for our fisheries problems is a timely ocean law treaty. The United Nations Conference on the Law of the

Sea has made substantial progress in formulating such a treaty and will be meeting again next spring with a view towards concluding an agreement in 1975. Passage of S. 1988 or similar legislation unilaterally extending our jurisdiction at this time would be especially damaging to the chances of concluding a treaty.

Passage of S. 1988 would hurt our relations with Japan and the Soviet Union as well as with other nations fishing off our coasts. In addition, any effort to enforce a unilaterally established 200-mile fisheries zone against non-consenting nations would be likely to lead to confrontations. Adverse reactions by foreign nations would be understandable for the United States itself has consistently protested unilateral extensions of fishery jurisdiction beyond 12 miles. A unilateral extension by the United States now could encourage a wave of claims by others which would be detrimental to our overall oceans interests, including our interests in naval mobility and the movement of energy supplies.

I very much appreciate that a majority of the Foreign Relations Committee opposed passage of S. 1988. I hope that other members of the Senate will also carefully evaluate the foreign affairs consequences from passage of this legislation in the middle of the law of the sea negotiations.

Warm regards,

HENRY A. KISSINGER.

THE DEPUTY SECRETARY OF DEFENSE,
Washington, D.C., September 14, 1974.

Hon. J. WILLIAM FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that the Senate Foreign Relations Committee will shortly take up consideration of S. 1988, the Emergency Marine Fisheries Protection Act of 1974. Accordingly, I am taking this opportunity to convey to you the views of the Department of Defense, that enactment of this legislation would have a serious adverse impact on the national security interests of the United States.

The bill would extend the contiguous fisheries zone of the United States to a distance of 200 miles from the baseline from which the US territorial sea is measured. Within this expanded zone the United States would exercise exclusive fishery management responsibility and authority, with the exception of certain highly migratory species. In addition, the bill would extend the fisheries management responsibility and authority with respect to US anadromous species, beyond 200 miles, to the full extent of the migratory range of such species on the high seas. The bill asserts on behalf of the United States preferential rights to all fish within the new US contiguous zone and to US anadromous species, and provides for a method whereby foreign nations which have traditionally fished within the new zone or for US anadromous species may, for a fee, be permitted such portions of any stock which cannot be fully harvested by US citizens.

The United States is a signatory to the 1958 Convention on the High Seas, which specifically identifies freedom of navigation, freedom of overflight, and freedom of fishing as among the constituent elements of the overall freedom of the high seas. The proposed legislation would unilaterally abrogate, contrary in our view to US obligations under that Convention, the freedom of fishing in significant portions of the high seas. The response of other nations to this legislation is not likely to be limited to comparable restrictions on fishing. If the United States, by unilateral act, abrogates one identified freedom, we face the unhappy prospect that other nations may claim the right unilaterally to abrogate other identified freedoms, including the freedoms of navigation and overflight.

This threat to high seas freedom is not, in our view, at all fanciful. A logical and predictable outgrowth of expanded fisheries jurisdiction is expanded jurisdiction over marine pollution which arguably affects marine resources. Given the misconceptions in many countries on the "pollution" aspects of nuclear powered vessels and vessels carrying nuclear weapons, we are genuinely concerned that such restrictive claims may be advanced, either on their own merits or for unrelated political ends, as a direct consequence of enactment of this legislation. This is in fact the history of most claims to expanded territorial jurisdiction.

Our strategic deterrent is based upon a triad of nuclear delivery systems, an essential portion of which is seaborne. Our general purpose forces, designed to deter war below the strategic nuclear war level, must, if the deterrent is to be credible, be free to move by air and sea to those areas where our vital interests are threatened. Military mobility on and over the high seas is dependent to a significant degree on the maintenance of the freedom of the seas. These freedoms sanction and protect the activities of our forces. Reduced international waters and closed straits, therefore, threaten both the survivability and utility of our deterrent. In this connection, it should be noted that over 40 percent of the world's oceans lie within 200 miles of some nation's coast and that virtually the entire operating areas of the United States' 6th and 7th fleets lie within such waters.

Whether the proposed legislation contains sufficient distinguishing features to remove it from the ambit of the recent International Court of Justice decision that Iceland's unilateral declaration of 50 mile exclusive fisheries zone was under the relevant circumstances illegal is not for this Department to decide. However, we do perceive that the United States would not be in a strong position to oppose by legal means, unilateral claims by foreign states restricting our naval or air mobility near their coasts.

Our experience in attempting to obtain overflight clearances in Europe during the most recent Arab-Israeli conflict leads us to conclude that bilateral negotiations cannot be depended upon to ensure the military mobility necessary to achieve U.S. foreign policy objectives. What this bill invites then, is a situation wherein the United States must either acquiese in serious erosion of its rights to use the world's oceans, or must be prepared to forcefully assert those rights.

Thus far I have focused on what I consider the short term consequences to flow from enactment of this legislation. The long term adverse consequences to our national security interests are of equal, if not greater, concern. We recognize the worldwide trend toward expanded jurisdiction by coastal states over fisheries and other economic resources off their coasts. One of the fundamental objectives of the Department of Defense in the Law of the Sea negotiations undertaken with the express consent of the Senate extending over the last several years, has been to ensure that such expansion takes place in a multilateral context resulting in a treaty which clearly identifies the limits beyond which such expansion may not go. As the negotiation has progressed, we have developed a degree of confidence that we will be able to influence and control the limits of any expanded jurisdiction so as to protect and exclude from foreign control, those activities, facilities and operations essential to our national security.

In our judgment, enactment of the proposed legislation would seriously erode the prospect for a broadly based multilateral treaty putting to test the broad range of increasingly contentious ocean issues.

We base this judgment on a number of factors. Our appreciation of the criticality of the multilateral solution has led us over the years to protest vigorously virtually all unilateral extensions of coastal state jurisdiction, whatever their avowed functional purpose. Enactment of the proposed legislation would be a dramatic and highly visible reversal of past U.S. policy. For the U.S. to adopt unilateralism as a viable approach to oceans policy problems at this juncture, would seriously undercut the credibility of U.S. negotiators not only on the fisheries issue, but also on our basic commitment to international agreement. This unilateral action could result in an erosion of the world's perception of our other essential objectives such as unimpeded transit through and over straits, which we have identified as both cornerstones of our policy and essential elements of an acceptable solution.

From a substantive interest standpoint, the legislation lends support and gives added international respectability to the positions and policies of precisely those states who have been most hostile to our defense objectives, and it would at the same time offend and impose economic losses on the very states who have most consistently supported at the law of the Sea Conference positions we deem essential for the protection of our national security interests.

Finally, we believe enactment of the proposed legislation would give substantial aid and comfort to the hard line proponents of delay in the Conference. It would lend credence and support to their argument that the long term trend in ocean law is toward a 200 mile territorial sea, evolved though a conscious parallelism of unilateral claims. In short, the prophesy of extended delays in law of the sea negotiations, which some argue requires the proposed legislation, will, in our view, become self-fulfilling prophesy if it is enacted.

If the United States now abandons its opposition to unilateral claims in the ocean, we will inevitably be faced with an increasing number of competing, retaliatory or unrelated claims impacting adversely on national security interests. If, as we expect, enactment of this legislation results in extended delay in the law of the Sea negotiations, we will have reverted to the uncertain and dangerous procedure of shaping a new legal order for the world's oceans by the process of claim and counterclaim, action and reaction, which hopefully eventually would coalesce into customary international law. This is a dangerous way to regulate even economic relations among states. But when the claims begin to affect the mobility of our strategic and general purpose forces, the risk involved in the process of challenge is much higher. To set the nation on this path toward resolution of oceans policy issues is, in our view, both dangerous and extremely unwise.

I very much appreciate this opportunity to set forth the views of the Department of Defense with respect to S. 1988, and appreciate the consideration I am sure they will receive from you and your Committee.

W. P. CLEMENT, Jr.

[From the Wall Street Journal, Dec. 9, 1974]

JAPAN TO CURB FISHING UNDER PACT WITH UNITED STATES

TOKYO.—The U.S. has apparently convinced Japan to restrict its fish and crab-catching activities in the northeastern Pacific and in the eastern Bering Sea.

Japanese government officials said Japan has agreed to reduce its annual fish catch in the waters about 25% and its crab catch about 23%. In addition, Japan agreed to keep its fishermen out of some Alaskan and West Coast waters during several months of the year.

Japanese and U.S. negotiators have been working for two weeks on a new fishing agreement covering the northeastern Pacific and the eastern Bering Sea. The U.S. initially sought a total ban on Japanese crabbing and greater restrictions on Japanese fishing. Nonetheless, U.S. officials indicated they were pleased with the cuts to which the Japanese agreed.

[From the New Work Times, Sept. 21, 1974]

UNTIMELY FISH BILL

The Senate Foreign Relations Committee has presented an adverse report on a proposal to extend United States jurisdiction over coastal fishing to two hundred miles, in flagrant violation of existing international law. The Senate would do well to abide by this committee's decision rather than of the Commerce Committee, which has given the bill its support.

This country's commercial fishermen are understandably concerned over the depletion of domestic stocks of foreign fleets. They are also discouraged by the failure of the recent Law of the Sea Conference at Caracas to formulate a new international fisheries agreement. But the Federal Government is making a long-overdue effort to preserve stocks through more rigid enforcement of existing international agreements. And there is still reasonable hope that a comprehensive new body of sea law—including an acceptable fisheries formula—will be adopted at the international conference when it reconvenes in Vienna next spring.

Any move by the United States to extend its fisheries zone unilaterally at this time would encourage other nations to stake out similar or even more drastic claims to ocean control. The effect could be to jeopardize other vital American interests at sea—such as the right of free passage through international straits or the opportunity to conduct scientific research off foreign coasts. It could also destroy all hope for a new international treaty to regulate the uses of the oceans. This untimely bill deserves burial on Capitol Hill.

[From the New York Times, Sept. 17, 1974]

U.S. POLICY ON OCEANS: A CHOICE

(By John Norton Moore)

WASHINGTON. Policy on oceans has until recent years been an obscure backwater of foreign policy. But in the last decade explosive growth in the use of oceans has forced a change.

Fishing pressure has increased so dramatically that by the end of this decade we will reach or exceed the maximum sustainable yield for most species now on market shelves. Technology is being developed that will soon permit mining of nodules rich in copper, nickel, cobalt and manganese from depths up to two miles. The energy crisis has awakened interest in the oil and gas of the continental margins, which is estimated to be as much as 40 per cent of potential world reserves. And a greater environmental concern has taught us about the fragility of the oceans, once thought to be indestructible.

These and other changes require adjustments in the legal order for the oceans. To meet this need, the last session of the United Nations General Assembly called the Third United Nations Conference on the Law of the Sea. The delegates met for ten weeks this summer in Caracas, Venezuela, with 148 nations participating.

As was expected for so complex a subject, the conference did not reach final agreements this summer, though it made substantial progress toward an over-all package treaty. A second session to complete the work has been scheduled for 1975.

The success of the conference is important not only to insure a rational order for the oceans, but to provide a model for cooperative response to an ever-increasing agenda of global problems.

These include substantially expanded jurisdiction over resources in a 200-mile economic zone, guarantees to prevent pollution, protection of navigational uses including unimpeded transit of straits, and an agreed legal system for deep seabed mining, operative response to an ever-increasing community purposes.

Paradoxically, at a time when a comprehensive treaty is near, pressures for unilateral action are mounting. A bill to extend United States fisheries jurisdiction from the present 12 miles to 200 miles has significant support in both houses of Congress.

The sponsors seek to protect our coastal and salmon stocks from the efficient foreign fleets that have in some cases severely damaged a great national resource.

Passage of the bill, however, could generate a wave of compelling claims to the oceans, irreparably damaging the chances for a comprehensive treaty. Passage would also be very costly for the nation's ocean and foreign relations interests. Moreover, rather than resolving our fisheries problems, passage would merely trigger an ineffectual round of diplomatic exchanges.

Since the Truman proclamation of 1945 extending United States jurisdiction over the resources of the continental shelf stimulated claims by other nations to a 200-mile territorial sea, the consistent policy of all Administrations has been to encourage cooperation rather than unilateral solutions to ocean problems.

We have consistently opposed any extension in fishing jurisdiction beyond twelve miles or other claims on oceans not justified by international law. A policy reversal during the conference would cast doubt on our commitment to an international agreement and could lead to an irreversible process of competing claims.

Moreover, a 200-mile claim could again lead other nations to claim a 200-mile territorial sea or other jurisdiction damaging to our vital interests in naval stability or the movement of energy supplies.

Passage of the bill could also precipitate a confrontation with the Soviet Union or Japan, the principal fishing nations off our coast.

Finally passage would severely damage the interests of our distant-water fish and shrimp fleets and our interests in conservation and full use of worldwide fish stocks.

The choice in policy on oceans has never been so clear or immediate. Do we continue cooperative efforts on international agreement even when the going is rough and the pace slower than we like? Or do we yield to the short-run temptations of unilateralism and precipitate a spiral of national claims inevitably leading to conflict for the oceans?

CARGO PREFERENCE LEGISLATION IS CONTRARY TO THE OVERALL INTERESTS OF LABOR

Mr. CURTIS. Mr. President, in commenting recently on the problem of inflation, President Ford stated:

> That inflation, our present public enemy, will—unless it is whipped—destroy our country, our homes, our liberties, our property, and finally, our national pride—as surely as any well-armed wartime enemy.

Inflation does truly endanger both our country and our way of life. The President failed to say, however, that inflation hits labor harder than most other groups within our country. Organized labor must continually strive for better pay and benefits, but overnight inflation can eliminate many of these hard-won gains. It is for that reason that labor must strongly oppose any legislation which would increase prevailing inflationary pressures within this country.

The Energy Transportation Security Act of 1974, also known as cargo preference legislation, would require up to 30 percent of U.S. waterborne petroleum imports be carried in U.S.-built and manned vessels. Superficially, the legislation appears to be highly desirable from the standpoint of labor. Indeed, it is strongly supported by various maritime unions. However, on closer examination, it is evident that this legislation would actually be counter to the interests of most organized labor. It is a highly inflationary piece of legislation. There is no question but that:

It would substantially increase the cost of marine transportation and result in the American consumer paying more for petroleum products.

It would result in higher food prices since agriculture depends heavily on the use of petroleum products and petroleum based fertilizers to maintain a high level of production.

It would aggravate seriously the present steel shortage and drive up steel prices.

It would compel a reduction of U.S. living standards as energy costs increased.

It could even undermine the security of our country by making it more difficult and costly for the U.S. Navy to expand its fleet.

Energy is a basic commodity. The wide availability of inexpensive energy has been the key in the industrial development of the United States and to our high standard of living. Any action which artificially results in increasing domestic energy costs jeopardizes our continued industrial growth and undermines our ability to maintain prevailing living standards. Energy cost increases have a regressive financial impact on consumers in the same way that higher sales taxes have. In each case, the impact of an increase is felt most keenly by lower income groups. Since increases in energy costs have a relatively heavy impact on people in low- to moderate-income levels, Government should conscientiously avoid enacting legislation which will cause these costs to escalate unnecessarily.

Most organized labor would receive no benefits whatever from cargo preference legislation but, instead, would feel its impact in the form of higher prices and more inflation. Those who would be hurt by the legislation would include such diverse groups as the teamsters, building trades, manufacturing, retail sales, and schoolteachers.

For example, since cargo preference legislation would result in higher petroleum product prices, it would directly affect the trucking industry. The Teamsters may not be fully aware of the fact that this legislation is in direct conflict with their overall interests. To the extent that truck fuel prices increase, it would be more difficult for truckers to compete with alternate forms of transportation.

The new demands for steel which cargo preference would create will inevitably reduce the amount available for heavy construction and for the automobile industry. This must result in decreased employment opportunities in those and other industries heavily dependent on steel supplies. It will also increase the cost of trucks and automobiles, the effects of which will be widely felt.

Pending legislation requires that all cargo preference vessels be U.S.-built. This requirement was included at the insistence of U.S. shipyards and independent tanker owners. Actually, much of the inflationary impact of this legislation could be avoided by permitting foreign-built vessels to qualify for cargo preference trades by documenting them under the U.S. flag. Foreign-built tankers cost about one-half as much as those built in this country. Transfer of foreign-built vessels to the U.S. fleet could be readily accomplished since a serious and growing worldwide surplus of tanker tonnage now exists. Such transfers would avoid the heavy inflationary demand on steel, as well as on other critical resources and on U.S. shipyards which are already working at record peacetime levels. Moreover, it would permit rapid expansion of the U.S. fleet to specified levels at minimum cost and provide early additional employment for seagoing labor.

This legislation, which by all estimates will cost the Nation billions of dollars, may create perhaps 9,500 additional seagoing jobs by 1985. The cost to the Nation of these jobs would be exhorbitant—over $1.5 million per shipboard employee. This cannot help but have inflationary consequences.

Through Project Independence, our country should right now be concentrating on how we can make ourselves less dependent on foreign energy supplies. A coordinated, aggressive effort to develop new energy supplies would create thousands of new jobs. Such an effort would contribute far more to making our country secure and reestablishing a favorable economic climate than a cargo preference program which would be both inflationary and tends to lock us into foreign oil supplies.

REGIONAL PLANNING IS NECESSARY

Mr. McINTYRE. Mr. President, during the past decade or so, my State of New Hampshire and the New England region have been deficient in energy producing facilities. Now, however, several companies have come forth with proposals for development of refineries and other energy facilities, including deepwater ports, for the region.

I believe before we undertake the investment in this type of facility, that we should develop a regional energy plan for New England, which would include siting of refineries, if the regional plan found them necessary, along with other energy producing facilities. This plan would provide the basis for fuel development for the economy of the six-State New England region.

Along this line, Mr. President, I testified on Monday, December 9, before the Federal Energy Administration hearings on refinery development, expressing my desire for a regional development plan. This would be coupled with a demand assessment study to find out what the energy demands of New England can be expected to be, and the proviso that development would have to be predicated on the concept of home rule which has become part of the backbone of the New England political system.

Additionally, one of my constituents, Ms. Nancy Sandberg, of Durham, N.H., came to Washington to testify at the hearings to express the views of several concerned New Hampshire groups. She was accompanied by Ms. Judy Paterson of the Concerned Citizens of Rye—one of the groups for whom Ms. Sandberg testified before the FEA.

Because I believe the issues that Ms. Sandberg raised are of great importance to the proper development of our national energy policy, I ask unanimous consent that her statement and my statement before the FEA be printed in the Record.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Testimony of Nancy P. Sandberg, Chairman, Save Our Shores

My name is Nancy Sandberg and I am Chairman of the Save Our Shores organization. For purposes of my testimony today, I am speaking on behalf of a coalition of New Hampshire citizen organizations which were formed earlier this year in response to attempts to locate economically, environmentally, and socially disruptive petroleum facilities in the New Hampshire seacoast, contrary to the expressed wishes of area voters. In addition, these groups had to combat the attempts of New Hampshire's Governor to override the local decision-making process. Thus we feel our experience, viewpoint and suggestions are relevant to this hearing.

We are concerned, as citizens, with the present policy of the Federal Energy Administration (F.E.A.). To place so great an emphasis on the development of petroleum facilities at this time, with no coherent national energy policy before us, is to invite further confusion among both consumers and energy producers and can only encourage increased consumption. This confusion is only too apparent in New Hampshire with the current rash of on and off-shore petroleum proposals. Confusion is further intensified when F.E.A. persists in stating that more refineries could improve the supply and price situation in New England for the near term. Barely ten days ago, the president of a consortium attempting to site a large refinery in Sanford, Maine admitted at the Maine Bureau of Environmental Protection hearings that his firm could guarantee *neither* more oil nor lower prices, should his company be allowed to build.

On November 9th, 1974, in Business Week Magazine, an article entitled "Refining Capacity Moves Toward Surplus" quoted John H. Lichtblau, Director of the Petroleum Industry Research Foundation as saying "We've gone completely away from the shortage everyone was talking about toward a surplus of capacity." The article also reports that domestic and off-shore refineries are capable of supplying the American market with about 19.4 million barrels of oil per day. Most experts in the industry expect peak consumption within the U.S. this winter to be under 17.2 million barrels per day. With refineries in Paulsboro, N.J. curtailing expansion, with "mothballed" refineries in Michigan, New Jersey, Indiana and other places, why does the cry for refineries in New England persist? Why has there been no conclusive, impartial study to examine the cost-benefit aspects of such refineries? I invite your speculation as to why this agency is in a headlong rush for increased refinery capacity for New England without adequate information. Until a definitive study can prove the need for oil refineries in New England, and until a developed nation-wide conservation program has been given a fair try, let's not perpetuate the myth that New England must have oil refineries. The burden of proof for such assertions rests with the oil companies and with the Federal government. However, in New Hampshire, the burden of illustrating the realities of the energy situation has fallen upon the shoulders of the average citizen. The citizens whom I represent find your agency's encouragement of Olympic Refineries, Inc. to build an unwanted refinery and terminal in our area to be highly inappropriate.

In September, my organization requested details on correspondence between your agency, Olympic Refineries, Inc., and Governor Thomson of New Hampshire. Requests by our attorney were not satisfied within the legal time limit governing such requests. Most troubling are the contradictions contained in various letters written by your agency. A letter by Mr. Duke Ligon of the F.E.A. to Major General Morris of the Army Corps, dated October 22nd, 1974, refers to and encloses copies of the Olympic Port Study. In a letter to SOS on November 25, 1974, your Information Access Officer states that F.E.A. had only an *awareness* of the existence of the Olympic Port Study. Should such lack of candor on the part of your agency reassure us that the deliberations of this forum are open, properly directed and dedicated to the public weal?

Indeed, this agency has recently sought to involve the U.S. Army Corps of Engineers in conducting a feasibility study of sites for a New Hampshire off-shore terminal on behalf of a private company (owned by an internationally known millionaire). So thoroughly out of keeping was this F.E.A. request, that on November 26, 1974 Colonel Mason of the Waltham office of the Corps of Engineers wrote to Major General Morris of the Corps' Washington Headquarters, that to conduct the study requested by F.E.A. would likely damage the Corps' credibility as a non-component agency. In the letter, Mason questions the propriety of undertaking a study for a private developer. He further maintains that it would be setting a precedent to do studies for other proposals. In conclusion, Colonel Mason recommends that the Corps decline this study for the F.E.A. except to review the Harris study.

Such F.E.A. actions threaten not only to compromise the Army Corps, as the letter I have mentioned illustrates, but could further burden the American taxpayer with a study costing up to $2.5 million, and subjects the people of New Hampshire to another battle after they have voted in their towns and in their legislature to reject such questionable development.

We strongly object to the implied premise of these hearings as it emerges from the announcement in the Federal Register of November 19th, 1974, namely, that various factors have "interfered" with refinery siting approval. We cannot agree that compliance with federal, state and local laws designed to protect the public health and safety and the environment, constitutes "interference".

Poorly conceived refinery proposals in inappropriate sites do interfere with the public's right to clean air, clean water and socioeconomic stability.

All of the groups which I represent agree fully with McGeorge Bundy, President of the Ford Foundation, in his prefatory remarks in a recent Foundation Report. I quote: "There is an energy crisis. It did not come and go in 1973–74. It will last a long time. Conservation is as important as supply. We do need 'an integrated national energy policy'." The real issue is what is to be done that is both immediately effective in easing the energy shortage and consonant with the long-term welfare of this country. The options for increasing the amount of energy available, while reducing demand, are few. Only one would have an immediate, positive effect. Put simply, we must use energy more wisely and we must moderate our overall energy use. Energy economy is being exhaustively studied now. The Project Independence Blueprint, as well as the Ford Foundation Report, have both reflected comprehensive conservation plans. But ideas are not enough.

What is needed from the Administration is a massive effort to inspire Americans to become energy economists. We need leadership. Clearly, the F.E.A. must take an aggressive role in seeing that conservation measures become law. Such a program benefits every major area of concern. It avoids shortages. It protects the environment. It avoids problems with other nations. It keeps real social costs as low as possible and prolongs the life of existing energy industries and energy resources.

Conservation measures are essential for the immediate future. But far-reaching planning is needed. Legislation should be prepared which develops incentives and provides a framework for oil-related industries to economically "shift gears" into other forms of energy exploitation. Such a program would be realistic and positive for both consumers and industry. Similarly, we urge this agency to begin active research and development programs in cooperation with the energy industry to assist in the sensible movement toward more efficient energy development.

How should a national program encompassing these objectives be created? A national energy policy should be promulgated simultaneously with conservation efforts. At the same time, we must develop long-range energy plans at both the federal and regional level. Those whom I represent emphasize the concept of regional planning as the basic component of federal policy because the regions of this country have distinct energy needs and different social and environmental composition. To begin anywhere else in formulating national policy would be to ignore these realities.

Formulation of policy on a national basis would rest on information carefully generated in each region to provide a proper, local assessment of the present and long-term energy needs and resources of a particular region. Some of the basic data input which the regions would be concerned with would necessarily include:

(1) A definition of regional energy problems for the present and future.

(2) The gathering of "base-data" on the carrying capacity of the land and water systems in the region.

(3) A data-based analysis of the socioeconomic pattern of the region, perhaps on a community-by-community basis.

(4) The development and cataloguing of the energy options for the region, with particular attention to impact, social, economic and environmental, of each single option.

(5) The documentation of the real need for any type of energy development in the region.

Obviously, local communities, state and regional agencies, research groups, academic agencies, citizens groups and individuals can all play a major role in collecting the data noted in sections two and three above. To fail to call on such entities for information and support will leave the F.E.A. in its present operational posture of indecision and confusion. The Ford Foundation report, *A Time to Choose*, notes: ". . . adequate information is fundamental to making policy effectively. Data on short-term energy supplies, on reserves and on the impact of energy development are at present incomplete and fragmented. Decisions are made in a cloud of uncertainty. To dispel the cloud, it might be useful to establish a centralized governmental energy data bank; to require industry to submit essential information for use in the data bank; and to accelerate government research and analysis, and make it available to the public in understandable form."

A large part of such information could be developed with accuracy and sensitivity in the manner we have suggested above. Our suggestions indeed, go beyond merely polling the energy industry, and get to the grassroots level, where people live. Such information could then be intelligently incorporated into a national policy which would serve, rather than disrupt the regions. And, as our distinguished Senator from New Hampshire, Thomas McIntyre, has recently pointed out, comprehensive, objective regional planning insures the integrity of the planning and site evaluation process, and encourages public participation in—and therefore public acceptance of—decisions toward rational energy development.

The following is a list of organizations which fully endorse the testimony of Nancy P. Sandberg at the Federal Energy Administration Hearings in Washington, D.C. on December 10, 1974:

1. Concerned Citizens of the Exeter Area, Exeter, New Hampshire.
2. Concerned Citizens of Portsmouth, Portsmouth, New Hampshire.
3. Newington Concerned Citizens, Newington, New Hampshire.
4. Physicians Refinery Committee, Greenland, New Hampshire.
5. Greenland S.O.S., Greenland, New Hampshire.
6. New Hampshire Commercial Fishermen's Association, Portsmouth, New Hampshire.
7. Concerned Citizens of North Hampton, North Hampton, New Hampshire.
8. Concerned Citizens of Hampton, Hampton, New Hampshire.
9. Concerned Citizens of Rye, Rye, New Hampshire.
10. Rochester Community Affairs League, Rochester, New Hampshire.
11. Seacoast Anti-Pollution League, Portsmouth, New Hampshire.
12. Concerned Citizens of Newmarket, Newmarket, New Hampshire.
13. Concerned Citizens of Stratham, Stratham, New Hampshire.
14. Concerned Citizens of Dover, Dover, New Hampshire.
15. Save Our Shores, Incorporated, Durham, New Hampshire.

Official letters of endorsement from the above-mentioned organizations are available for the purpose of verification upon request to Nancy P. Sandberg, Chairman, Save Our Shores, Inc.

REGIONAL REFINERY DEVELOPMENT

(By U.S. Senator THOMAS J. MCINTYRE)

It's always a pleasure to present views to the Federal Energy Administration. You always listen. Of course, you don't always do what I as a New Englander would like, but by and large you do listen before you act.

Today you are tackling a subject that is going to require a lot of listening before you act. Refinery proposals seem to bring out the strongest statements from everyone. Those in favor of refineries often call those against them eco-freaks or worse. Those against refineries call those in favor opportunists who would sell the local patrimony for immediate gain.

As you know, I've supported development of refinery capacity in New England since an application was made to build a refinery in a foreign trade zone on the coast of Maine in the late 1960's. I think refineries are necessary.

It's no secret that New England has no refineries to produce any of the fuels we use—no residual oil refineries, no gasoline, no distillate for home heating. And yet we use about 1.2 million barrels of petroleum products every day. Other regions of the country call us obstructionist. Environmentalist. Against development. Ready to pass the costs of fuel off on anyone else.

I would disagree. We are vitally interested in refineries since we are so dependent on imports from overseas and other states. Faced with cutoffs, supply problems, high prices, expensive industrial processes, we know that domestic refineries are a must if we are to approach any form of national energy self-sufficiency or regional balance in the future.

I should like to present you with a few views that could lead to refinery acceptance in the Northeast.

As a Senator from a state whose residents have already seen one 400,000 barrel a day refinery proposal crumble, one 50,000 barrel a day refinery die in a town election, and two other projects bandied about with vague promises of quick operation, I have had quite a bit of experience in dealing with refineries. And, I might add, with the deepwater ports that are necessary to supply the crude oil to those refineries.

After a series of lengthy discussions with state residents, with government officials, and some private deliberations, I think there are several questions that should be answered if the Northeast, and particularly New England, is ever going to get refineries.

The first is where to put the refineries, the second is how to put them there, and the third is how many to fulfill the needs of the future.

First—Refineries and deepwater ports should be developed on a regional basis. We should not build refineries in unacceptable areas just because it's easy to build them there. Selling a small town on an inferior project that produces little local benefit is truly reprehensible.

We should be sure that refinery development takes into consideration the needs of the region—in my case, the six-state economic unit inhabited by 12-million people known as New England.

If we don't do this, we could end up with pockets of miserable industrial development, scarring the countryside, rather than rationally developed industrial areas that are set aside specifically for development.

I don't need to point out to the F.E.A. the problems that improperly located refineries can bring. In the case of New England, they could completely destroy the tourist trade that brings in substantial revenues: in New Hampshire tourist, recreational, and luxury taxes provide over half the state budget. In the New Hampshire Seacoast region where refinery and deepwater ports are suggested, they provide $70-million a year. One refinery won't bring in that much revenue.

Besides that business angle, we in New England lived through one period of badly planned industrial development—the Industrial Revolution, with its sweatshop mills, and poverty. While I don't think that we will see that kind of misery in human terms, we could see it in a degradation of the region if refineries are improperly built or deepwater ports are improperly sited.

No Texan or Lousianian, for instance, would accept the siting of a poorly designed refinery, but *we* might because we might not know all of its effects. We have felt the backhand of progress before.

This time we would like to see the outstretched palm.

In New England this means regional development planning and most definitely interstate regional cooperation.

Fortunately we have a start. The New England Regional Commission does energy planning. A new New England Regional Policy Council is conducting studies on fuel switching now and hopes to take up siting as a project soon.

But there are some who would still tackle the planning aspect with only the barest lip-service to regional needs. A study of one or two deepwater port sites, for instance, is not going to do much for regional energy planning. What we need in the case of siting deepwater ports is a rational study of not only the sites but the economics of using those sites. If that is done, we at least will know where we stand.

The second point that I would like to make concerns the need for public participation.

Many of you are not from New England. So, many of you don't know about the town meeting system of government which operates in my State of New Hampshire, and many towns in other parts of New England.

Major zoning changes, no matter what the regional plan is—whether it is developed by the Federal government, a regional planning group, or the state governments—will be required if refinery development is to progress.

I know, and I hope you know now, that proposals that go before many New Englanders get a hearing at the town meeting. If the town votes yes, then the zoning change takes place. If the town feels that it has been pressured, or that the development will result in a major environmental disaster, or that the project is not well-planned, then we can expect that the town will vote the project down. This has happened in two towns in my state, and could happen again.

Only by very open public participation can we expect refinery development in New England. Every decision, every proposal, every inch of pipe should be discussed before a decision is made. If something is hidden, I think you can be fairly sure that no refinery will be built.

I would question the need for giant refineries, though. Once the F.E.A. comes up with an idea of the needs for petroleum products, then it should assess the best way to build those refineries. The largest refinery in the country has only about 250,000 barrels a day capacity. That is an economic size, so I'm told. Why should we in New England end up centralizing activities in a 400,000 barrel a day refinery?

Further, there is another question. How long are we going to rely on refineries for our fuels? I know we will need refineries for petrochemical production, but will we need them for fuel thirty years from now?

Project Independence is designed to wean us away from oil. It lays out a nuclear and coal power future. We hope, too, to bring solar energy to the average home by using collectors. Some of us even envision the day when we will power our cars with batteries instead of the internal combustion engine.

Of course, I know that we will have to continue to fuel our existing plants, but won't our needs for energy from refineries begin to diminish in the next few decades, particularly after the year 2000? Should we then be considering building more than 650,000 barrels a day of refinery capacity in one region *in addition to the expansions in the other regions*, when the national policy appears to aim at a lessened dependence on oil consumption?

This is particularly important when you realize that refineries last an average of 30 years. If it takes an average of six years to build a refinery that means new England refineries will still be operating in 2010.

Now I begin to think I'm opening a Pandora's Box. The more I work on the refinery question, the more complex it becomes. But I would urge you to delve deeper. There is no simple answer. We need regional planning, we need openness, we need demand assessments and we should have a general idea of where we are going.

SAVINGS EFFECTED BY SENATE ACTION

Mr. HARRY F. BYRD, JR. Mr. President, Secretary of State Kissinger testified before the Senate Committee on Finance on Tuesday, December 3.

Although he was testifying on the trade reform bill, I put this question to Dr. Kissinger:

> Senator Byrd. Just one additional question at the moment, Mr. Secretary. Not quite 2 years ago the administration recommended that large sums, I cannot remember the exact figure, but I think it was $3 to $4 billion be given to North Vietnam. The Senate passed a resolution in opposition to that, and no more has been heard from it since.
>
> I assume that the administration is no longer pursuing this matter?
>
> Secretary Kissinger. We are not pursuing that matter actively, and we do not expect to pursue it in any future that I can foresee.

This dramatizes that the Senate, if it is willing to do so, can exercise a vital role in foreign policy and in the wise expenditure of tax funds.

Let us go back about 21 months, to early 1973. The President of the United States and his chief foreign policy adviser, Dr. Henry Kissinger, stated that $2½ billion would be given to North Vietnam as a part of a huge economic aid program to that country.

In a press conference on March 2, 1973, President Nixon stated:

> As far as any assistance program is concerned, it will be covered by the existing levels for the budget which we have in for national security purposes. It will not come out of the domestic side of the budget.

The President and Dr. Kissinger continued to reiterate that the United States would contribute huge sums for the economic development of North Vietnam. President Nixon on several occasions expressed his "determination" in this matter.

I first spoke in the Senate in opposition to the Nixon-Kissinger proposal on February 19, and on April 4, 1973, I presented on the floor of the Senate legislation that would deny the use of American tax funds for the benefit of North Vietnam.

That proposal became the pending business on April 5. Newspapers of that morning reported that the administration would oppose the Byrd amendment and that the Democratic leader of the Senate and the Republican leader of the Senate, acting jointly, would move to kill the Byrd amendment.

I began the debate in the Senate that day with the following statement:

> Mr. Harry F. Byrd, Jr. Mr. President, amendment No. 76 would deny the use of American tax funds for the benefit of North Vietnam.
>
> What the amendment does is to prohibit the expenditure of all funds to North Vietnam.
>
> I recognize, of course, that any subsequent proposed legislation which may be submitted to Congress, either by the President or by any Member of Congress, if that proposed subsequent legislation should be enacted, would take precedence over the proposal we have before us at the moment.
>
> So what that amendment, in essence, does is to say that no funds shall be utilized for the benefit of North Vietnam unless Congress specifically hereafter approves.
>
> As we all know, there is a vast amount of money in the pipelines of the Government, money appropriated but not spent. There are billions of dollars in the foreign aid pipeline. There are billions of dollars in the Department of Defense pipeline.
>
> If this amendment is approved, then no previously appropriated funds could be used for the benefit of North Vietnam, for economic aid to North Vietnam, without the approval of Congress. That is implicit in the amendment now before the Senate. I do not think that anyone familiar with legislative work would contend otherwise. Obviously, this proposal could be vitiated by any subsequent legislation.
>
> However, in order to make the fact completely clear, I shall modify my proposal by striking the period at the end of the amendment and inserting a comma and these words: "unless specifically authorized hereafter by Congress."

Some hours later, in concluding the debate in which 15 to 20 Senators participated, the senior Senator from Virginia made this statement:

> If this amendment is adopted, it will almost certainly mean that there will be no program of aid to North Vietnam. I am strongly opposed to such a program of aid to North Vietnam. It is completely unjustified. It would be in the nature of reparations, and, in my judgment, would not be at all appropriate.

During the debate 11 Senators spoke in support of the Byrd amendment.

Their arguments were so strong, so clear, and so effective that the Byrd amendment was adopted by a recorded vote of 88 to 3.

Today, I want to pay tribute to those Senators who spoke so eloquently in behalf of my amendment:

The Senator from Colorado, Mr. Haskell; the Senator from Wisconsin, Mr. Proxmire; the Senator from Alabama, Mr. Allen; the Senator from South Carolina, Mr. Hollings; the Senator from Georgia, Mr. Talmadge; the Senator from Idaho, Mr. Church; the Senator from West Virginia, Mr. Robert C. Byrd; the Senator from New York, Mr. Javits; the Senator from New Hampshire, Mr. Cotton; the Senator from Indiana, Mr. Bayh; and the Senator from Oklahoma, Mr. Bartlett.

The action taken by the Senate on April 5, 1973, not only saved the American taxpayers $2½ billion, but it also prevented the executive branch of Government from taking the highly inappropriate step of paying reparations to a nation which killed 50,000 Americans and wounded 300,000 more, and even today is seeking to subjugate its neighbor, South Vietnam.

SPECIALLY DESIGNED BUSES FOR HANDICAPPED IN COLORADO

Mr. HASKELL. Mr. President, this month the Denver Regional Transportation District will inaugurate landmark transportation service in response to the special needs of handicapped Coloradans. Twelve new, specially designed buses with elevator-type lift devices, improved handrails, and extendable steps will provide maximum accessibility and passenger safety for citizens with special transit needs. In addition to the 12 new buses, 174 other vehicles will be converted in the immediate future for the use of handicapped persons.

This is a big step forward in a field where all too often the needs of some citizens have been subordinated to considerations of added costs. It is refreshing to see that at last handicapped Americans have been given the recognition that they have so long deserved.

I believe the citizens of the Denver area who have actively supported this program should be strongly commended for their important contribution to the cause of making public transportation responsive to the needs of all of our citizens. I ask unanimous consent that an article from the RTD newsletter entitled "Frontier" describing this new program be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SPECIAL TRANSIT NEEDS BUS DRAWS POSITIVE RESPONSE

The introduction of RTD's new bus for people with special transit needs has resulted in a very positive response from all areas of the six-county District, with over 25,000 requests to date for information about the subscription service that RTD will provide.

In a special event last month, RTD unveiled a new bus that was specifically designed to provide public transportation for passengers in wheelchairs and with other disabilities that previously have prevented their access to public transit. The bus is a prototype for 12 vehicles which will go into service in December. Routes and schedules are being planned on the basis of service requests received.

Designed to specifications developed by RTD and its citizens' committee on special transit needs, the bus provides maximum accessibility and passenger safety. It has an elevator-type device, operable from the inside or outside of the vehicle, that lifts wheelchairs from the curbside into the bus through special wide doors.

The interior of each vehicle is equipped with safety locking features to secure wheelchairs in place while the bus is in motion. In addition, fare boxes and padded safety hand rails are located more conveniently for passengers. Steps at the front door are extendable to curbside level for easier boarding.

Engineered and built by FMC Corporation of San Jose, Calif., the bus has a capacity for 12 people in regular bus seats and spaces for four wheelchairs.

In introducing the special RTD service, John R. Crowley, chairman of the RTD board of directors, said the regular bus fare of 25 cents per trip in the metropolitan area and regular fares for other points in the District will be charged.

"We are proud to be the first to offer this public transit program to people with special needs," Crowley said. "Now they will have access to public transit that is available to all others."

Crowley added it will be necessary for people using the special buses to provide their own means to and from the bus at their boarding and destination points. RTD will not have special attendants.

Mechanics will be trained in maintenance of the vehicles at the FMC factory. Drivers operating the equipment will receive special training in Denver by factory representatives.

The 12 special buses are part of an overall program to provide public transit for the elderly and others who have special transportation needs.

RTD this summer announced plans to equip 27 medium-sized, or DART-type buses, with extendable steps, additional handbars, grab rails, destination signage on the sides of buses, additional lighting at the front and back doors, and an audible warning system for door operations.

In addition, all 147 transit coaches purchased since 1972 will be fitted with this special equipment, except for the extendable steps.

The new buses and modifications to existing buses will provide RTD patrons with 186 vehicles having extra features for people with special needs.

Following the introductory event, the bus was demonstrated for members of RTD's committee on special transit needs, and in late October was on display at a national conference on public transportation in New York City.

For more information on the special new service, contact RTD at 399–8140.

SAINTHOOD FOR MOTHER SETON

Mr. MATHIAS. Mr. President, this week Marylanders have been given another reason to be proud of their heritage. Blessed Mother Elizabeth Ann Bayley Seton of Maryland, founder of the first American community of the Sisters of Charity and founder of the first parochial school in the United States, will be canonized in ceremonies to be held in Rome. Very special recognition should be given to Lawrence Cardinal Shehan and his successor Archbishop Boarders for their determined efforts to have Elizabeth Seton beatified and elevated to sainthood. She will become the first American-born Catholic saint.

Mr. President, I ask unanimous consent to have printed in the RECORD a Baltimore Sun article by Robert A. Erlandson, which details Mother Seton's life of devotion and miraculous works.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MOTHER SETON WILL BE CANONIZED AS FIRST U.S.-BORN CATHOLIC SAINT

(By Robert A. Erlandson)

Elizabeth Ann Bayley Seton, of Maryland, will be canonized as the first American-born Catholic saint.

Pope Paul VI announced in Rome yesterday that he had agreed to promulgate the decrees after a meeting with the Sacred Congregation for the Causes of Saints.

It is expected that Mother Seton, a widow who converted to Catholicism, and two other new saints, both Europeans, will be proclaimed formally at a consistory scheduled Thursday in Rome.

"DEEPLY GRATIFIED"

Lawrence Cardinal Shehan, the retired Archbishop of Baltimore, said yesterday, "I am deeply gratified that our Holy Father has made this announcement. It is very important to us. We have all been deeply involved in it."

Cardinal Shehan said the public canonization ceremony will be held later and that both he and his successor, Archbishop Borders, will go to Rome for it.

Mother Seton, who had five children of her own, founded the first American community of the Sisters of Charity in 1808, while she was a guest of the Sulpician Fathers in the house on Paca street which is preserved as a shrine to her.

Mother Seton founded the first parochial school in the United States temporarily on Paca street, according to Cardinal Shehan, before she moved to Emmitsburg, Md., and founded a permanent school.

She lived from 1774 to 1821. Her remains are enshrined in the chapel of the St. Joseph's Provincial House, in Emmitsburg.

"I am very joyful, full of gratitude," said Felixena A. O'Neill, of Catonsville, whose daughter, Ann, is the subject of one of the three miracles the Catholic Church officially attributes to Mother Seton's intercession.

When Ann, now Mrs. Robert Hooe, 27, of Severn, was 4 years old she was a patient at St. Agnes Hospital suffering from acute lymphatic leukemia. "I didn't know of Mother Seton until Sister Mary Alice [the children's supervisor] told me and we began praying to her," Mrs. O'Neill recalled yesterday.

"Ann responded almost immediately," she said. "The first blood count after we began the prayers was normal, something we had not had before. We pray daily to Mother Seton; I am very grateful to her."

IT IS ABOUT TIME

Mrs. Hooe, who has four children herself, interrupted painting her house yesterday to express her pleasure at Pope Paul's announcement. "It's about time, I guess," she said.

The Rev. Sylvester A. Taggart C.M., of Brooklyn, N.Y., is stationed at the St. Joseph's Provincial House as the vice postulator of Mother Seton's canonization cause.

As vice postulator, Father Taggart gathered information on Mother Seton and the miracles attributed to her for use at the Vatican by the Rev. Lucio G. Lapalorcia C M., the postulator.

Her cause for sainthood was introduced formally to the Sacred Congregation in 1940, he said.

In 1959, the vice postulator said, she was declared "Venerable," an important step because it was determined that Mother Seton "had practiced all the Christian virtues to an heroic degree."

Pope John XXIII, in 1963, declared Mother Seton "Blessed." This was beatification, the final step before canonization, Father Taggart said. He said it will not be known until the consistory, however, whether Mother Seton will become a saint on the Universal Church Calendar or only in the places associated with her.

Mother Seton was born in New York, the granddaughter of a prominent Protestant Episcopal rector and the daughter of a noted surgeon.

In 1794, Elizabeth Bayley married William Seton, scion of a wealthy New York shipping family. He died while they were on a trip to Italy in an effort to restore his health after he was stricken with tuberculosis.

The young widow, always strongly religious, converted to Catholicism in 1805, earning ridicule and ostracism from her friends and family.

She attempted to support herself and her five children with first a school and then a student boarding house in New York. Both failed.

As a convert who wanted to launch a school, she was invited by the director of St. Mary's College in Baltimore to establish a girls' school here.

Archbishop John Carroll, Baltimore's first Catholic archbishop, received her vows as a Sister of Charity in 1809, less than a year after she had arrived here.

She and her first recruits in the community of Sisters of Charity operated under rules approved by Archbishop Carroll. After the Napoleonic wars ended and communication was re-established with France, Mother Seton linked her group with the Sisters of Charity of St. Vincent de Paul, in Paris and adopted their rules.

Mother Seton died of tuberculosis January 4, 1821, at age 46. She had established free schools for orphans in various cities and, with her order, had embarked on a variety of charitable works.

The church hierarchy earlier this year accepted as miraculous a third cure attributed to Mother Seton's intercession.

In addition to that of Ann Hooe, Father Taggart said, the cures were of Sister Gertrude Korzendorfer of pancreatic cancer in New Orleans in 1934, and of Carl Kalin, now 72, who 11 years ago was moribund and hours from death. He said he could not reveal where Mr. Kalin lives.

Although four miraculous cures usually are required from canonization, the Vatican occasionally has waived the fourth in the causes of founders such as Mother Seton.

Cardinal Shehan said that both he and Archbishop Borders have spoken of the matter to Pope Paul on recent visits to Rome.

There has been interest in having Mother Seton canonized as the first native North American saint in time for the American Revolution Bicentennial that begins in 1976.

There have been several canonizations of South Americans, including St. Rose of Lima, St. Francis Xavier (Mother) Cabrini, the first U.S. citizen canonized, was a native of Italy. She was canonized in 1946 by Pope Pius XII.

THE ADMINISTRATION AND THE ELDERLY—HOW NOT TO ATTACK INFLATION

Mr. BENTSEN. Mr. President, President Ford has urged us to win the fight against inflation. This is a battle for all of us because inflation hurts all of us.

But the budget cuts recently proposed by the administration do not spread the burden of the fight against inflation equally. The President proposes to cut $1.255 billion from programs for the elderly and the poor, who are often elderly as well as poor. He is asking the poor and elderly whose belts are already frayed by inflation to tighten them further.

Our older Americans who are living on fixed incomes have already seen recent social security increases largely eroded by inflation. They have less money to spend and a larger proportion of their incomes must go for such necessities as food and fuel and utilities. The cost of these items has risen faster than the overall consumer price index. While the overall consumer price index rose 20 percent between September 1972 and October 1974, the cost of food rose 32 percent and home heating oil 88.6 percent.

In light of these facts, it seems unfair to ask our senior citizens to be the shock troops in the war on inflation.

I am concerned that the administration proposes to reduce through Executive action the food stamp program by $325 million.

Malnutrition among older Americans is one of our most serious social problems. Congress recognized this when it passed a 3-year extension of the nutrition program for the elderly earlier this year. What the Congress gives with one hand the administration proposes to take away with the other.

By raising the purchase price of food stamps to the maximum permitted by law, the administration would drastically reduce the value of the food stamp program to the elderly in general and in some cases threaten to price food stamps beyond the financial reach of the elderly who most desperately need them.

All in all, the administration proposes to add substantially to the food costs of older Americans at a time when more affluent Americans are finding it increasingly difficult to pay the weekly grocery bill.

I am also distressed by the administration's proposed cuts in the medicare program.

In October the Department of Health, Education, and Welfare announced a 9.5-percent increase in out-of-pocket costs for medicare patients beginning January 1, 1975. The elderly would be required to pay the first $92 of hospital bills instead of the first $84. Now the administration proposes to require the elderly to pay 10 percent of all hospital charges above $92 up to a maximum of $750. The administration calls this "cost sharing." It would be more accurate to call it cost bearing.

The medicare program promised older Americans relief from the burden of medical bills. Nevertheless, per capita out-of-pocket payments for medical bills are now higher because of inflation than before medicare became law. Adding to the cost of illness for older Americans is not a proper way to cure inflation.

The administration would also increase the annual deductible for supplementary medical insurance from $60 to $67 starting in January and link subsequent increases to raises in social security.

Older Americans, who have more frequent and longer illnesses, are already bearing their fair share of inflated medical costs. Between 1967 and September 1973, overall medical costs rose 38.3 percent. But since medicare was enacted in 1966 and today, the hospital insurance deductible for the elderly has increased by 110 percent and the medical insurance premium has increased by 123.5 percent. The result of rising medical costs and higher medicare charges is substantial medical bills which must be met by the elderly. In fiscal year 1973 medicare paid only 40 percent of the average older American's medical bill of $1,044.

These escalating costs have limited the value of medicare to the elderly while inflation has eroded the value of their money. Although their money is worth less, they must pay more to meet their medical bills.

All of us must stand together in the fight against inflation. At the same time we must have compassion for those who are already casualties. Mr. President, we must not ask any group for sacrifices they are unable to make.

COMMUNITY SERVICES ACT OF 1974—H.R. 14449

Mr. BAYH. Mr. President, 10 years ago the Congress of the United States declared war on poverty in this country by passing the Economic Opportunity Act of 1964. Millions of dollars were committed to new programs for preschoolers and the aged; community health programs were launched with fervor; job training and manpower development took on new dimensions as community action agencies across the country developed innovative relationships with business and industry. Housing needs of the poor were more sharply focused; the devastation of hard drug abuse was challenged; and most importantly, the poor were given a voice, through the community action program, in the planning and execution of programs serving them. The Office of Economic Opportunity under the energetic leadership of its first Director, Sargent Shriver, moved vigorously to take the battle into the field enlisting poor and more affluent citizens into its ranks. The battle against poverty had been joined.

Unfortunately, 1969 and succeeding years saw a decline in the national commitment to the problems of our poor. This happened under an insensitive administration, even in the face of increasingly disproportionate economic pressures on the poor. Yet while the Nixon administration recommended its fragmentation and destruction, OEO and its dedicated workers continued to amass a distinguished record of assistance to the poor; a record recognized and praised across the political spectrum.

It is in the spirit of this recognition that the Senate Committee on Labor and Public Welfare has reported S. 4178, the Headstart, Economic Opportunity, and Community Partnership Act of 1974, which extends authority for the Office of Economic Opportunity to October 1, 1975, and authorizes the President to submit a reorganization plan to the Congress to transfer community action programs to HEW and community economic development programs to the Commerce Department by that date. If the President has not submitted a plan before October 1, or if Congress disapproves his plan within 60 days, OEO would automatically become an independent Community Services Administration.

For those of us in the Senate who believe that OEO should function as an independent agency and not be transferred to HEW and Commerce, this bill is a fair compromise. It gives OEO further opportunity to build its record as an effective independent agency and allows the Congress and the administration to be more thoroughly exposed to its record as plans for reorganization are considered.

I support the continuation of OEO as an independent agency and urge the President and my colleagues in Congress to assure its continued independence and meritorious service.

HISTORICAL PUBLICATIONS AND RECORDS

Mr. PELL. Mr. President, I am very pleased that the Senate today has given final approval to legislation that will help our Nation do a better job in preserving and maintaining historical documents and records.

The legislation passed today (H.R. 15818) is identical to a companion bill (S. 4102) which I introduced, with the distinguished junior Senator from Massachusetts (Mr. BROOKE) and with the cosponsorship of Senators ALLEN, BROCK, and MUSKIE.

The bill, in effect, expands the functions of the National Historical Publications Commission and changes the name of the Commission to the National Historical Publications and Records Commission. In addition, the bill adds four members to the Commission and increases the annual authorization for the Commission program from $2 million to $4 million.

Mr. President, having served on the Commission as the Senate representative since 1967, I know of the excellent job that the Commission has done, with very limited resources, in promoting and assisting in the publication and preservation of documents of significance to our national history. By intent, the Commission has focused its efforts on the papers of our great national leaders.

In addition to those very significant papers, however, there is a vast amount of significant documentation in the records of States, counties, towns, and other government units, and in addition, many historically important documents and manuscripts and records are in the hands of private historical societies. In many cases, however, State and local governments and the custodians of other historical materials have lacked the funds and staff to preserve and make available those records.

The legislation adopted today will permit the Federal Government, through the Commission, to provide modest aid and support to the States and other units of government, as well as to responsible groups in the private sector, in identification and preservation of important documents.

It is legislation that will help preserve for future generations the documentation of our national history at all levels. In conclusion, I want to express my appreciation to the Senate Committee on Government Operations and its distinguished chairman, Senator ERVIN, for their prompt and sympathetic consideration of this legislation.

THE 19TH ANNUAL REPORT ON UNCOLLECTED FEDERAL TAXES

Mr. PROXMIRE. Mr. President, last year I took up an annual tradition of inserting an inventory of delinquent and uncollectable taxpayer accounts in the RECORD for public inspection. In carrying out the tradition established by former Senator Williams of Delaware and Senator BENNETT of Utah, I now rise to present the 19th annual report on the inventory of uncollected taxes.

The figures used in this report represent delinquencies for prior periods that were past due as of 1973. Listed in the charts which I will submit for the RECORD, are both delinquent and uncollectable accounts. Accounts are classified as delinquent only after a series of attempts to collect the taxes have failed. Accounts are classified as uncollectable only when the likelihood of collection is so remote that it would be unwise to devote further manpower to them when it can better be used on more productive work.

It should be noted that not all "uncollectable" taxes are lost forever. The most common examples in this category are no-asset cases, taxpayers who cannot be located, and those where collection would cause undue hardship to the taxpayer or his family.

On the national level, uncollectable taxes rose by 8.9 percent in 1973 to the highest figure in the Nation's history—$549,904,000. The 1972 figure was $505,130,000. In comparison, this figure which has constantly been rising over the years, rose only 3 percent in 1972. In other words the rate of increase tripled between 1972 and 1973.

The tax delinquency picture is bleaker yet. Delinquencies rose in 1973 by an unprecedented 21.4 percent to the astronomical figure of $2,618,933,000. This compares to a 1972 figure of $2,156,541,000 when delinquencies rose by a relatively modest 5 percent.

To put it another way delinquencies increased four times as fast over the past year as they did in the year before last, with a net increase of almost half a billion dollars.

This means that a total of $3,168,837,000 worth of taxes went uncollected in 1973, an increase of $507,166,000. The dollar value of uncollected Federal taxes jumped by a distressing 19 percent over the past 12 months. This compares to last year's increase of only 5 percent. Could there be clearer evidence that the Treasury Department is not doing its job?

The business community has traditionally been one of the worst offenders. Employers must withhold social security taxes from their employee's paychecks as well as paying their share of the tax. In essence, these employment taxes held by the employers are trust funds. Many employers have taken advantage of these trust funds and used the money in the course of normal business operations. According to Donald C. Alexander, Commissioner of IRS:

> We have found that many businesses delay payment of tax as such action provides them a relatively inexpensive, readily accessible source of temporary working capital.

This is a readily accessible source of temporary working capital. It amounted to $803,478,000 in 1973. How much is being charged by the Federal Government on these delinquent accounts? A shockingly low 6 percent.

The choice of an unscrupulous businessman is an easy one. He can either go into the capital market to borrow money and pay 10 percent for the privilege. Or he can use social security taxes that he should have turned over to the Federal Government and pay a mere 6-percent interest penalty. At a time when a very substantial Federal deficit is contributing to the inflation in this country, this loophole is reaching scandalous proportions.

I intend to press forward in an effort to tighten up IRS collection procedures so that, at the very least, our employment tax record improves.

The tax reform bill now being considered by the House of Representatives would increase the interest charged on delinquent accounts from the current 6 percent to 9 percent. This step is long overdue. But additional penalties for willful failure to pay delinquent employment taxes should receive early congressional approval.

The figures I have cited today raise serious questions regarding the tax collecting performance of the Internal Revenue Service given existing statutory tools. It's high time that the Congress and the administration moved to eliminate in large part this drain on our tax income at a time when Federal budget deficits continue to feed the fires of inflation.

Included in this report is a series of four charts which will show how much of the 58 domestic and several international districts are functioning with regard to their collection duties. Chart No.

1 is an inventory of taxpayer uncollected accounts, broken down into regions and districts and into uncollectable and delinquent categories. This chart compares 1972 and 1973 figures.

Chart No. 2 takes the delinquent account portion of chart No. 1 and divides it into income, trust, and other tax groups. Inactive accounts are included in the delinquency totals. Again, the chart contains a comparison of 1972 and 1973 figures.

Chart No. 3 takes the uncollectable account portion of chart No. 1 and lists the number and amount of uncollectibles for the last 2 years. The breakdown is by district and region.

Chart No. 4 contains data from the 1973 Commissioners Annual Report from the Department of the Treasury dealing with the total amount of collections made by the IRS in each of the offices. These figures are provided in order to illustrate how well the various offices did.

Mr. President, I ask unanimous consent that the above-described charts be printed in the RECORD.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

CHART 1.—INVENTORY OF TAXPAYER UNCOLLECTED ACCOUNTS AS OF DEC. 31, 1972 AND 1973

[In thousands of dollars]

Region	1973	1972
North Atlantic:		
Marked off as uncollectable	165, 888	90, 506
Balance delinquent as of Dec. 31	634, 064	514, 542
Total uncollected taxes	799, 952	605, 048
Mid-Atlantic:		
Marked off as uncollectable	59, 689	58, 707
Balance delinquent as of Dec. 31	449, 311	331, 732
Total uncollected taxes	509, 000	390, 439
Southeast:		
Marked off as uncollectable	60, 16	73, 520
Balance delinquent as of Dec. 31	279, 909	244, 921
Total uncollected taxes	340, 725	318, 441
Central:		
Marked off as uncollectable	63, 240	59, 744
Balance delinquent as of Dec. 31	266, 502	206, 202
Total uncollected taxes	329, 742	265, 946
Midwest:		
Marked off as uncollectable	49, 511	49, 901
Balance delinquent as of Dec. 31	270, 879	219, 196
Total uncollected taxes	320, 390	269, 097
Southwest:		
Marked off as uncollectable	48, 813	62, 970
Balance delinquent as of Dec. 31	256, 232	268, 734
Total uncollected taxes	305, 045	331, 704
Western:		
Marked off as uncollectable	92, 334	82, 339
Balance delinquent as of Dec. 31	360, 250	282, 496
Total uncollected taxes	452, 584	364, 835
International operations:		
Uncollectable	9, 614	27, 443
Balance delinquent as of Dec. 31	101, 786	88, 718
Total uncollected taxes	111, 400	116, 161
Total:		
Marked off as uncollectable	549, 904	505, 130
Balance delinquent as of Dec. 31	2, 618, 933	2, 156, 541
Total uncollected taxes	3, 168, 837	2, 661, 671
NORTH ATLANTIC REGION		
Albany:		
Marked off as uncollectable	4, 094	3, 632
Balance delinquent as of Dec. 31	17, 687	14, 941
Total uncollected taxes	21, 781	18, 573
Augusta:		
Marked off as uncollectable	915	2, 091
Balance delinquent as of Dec. 31	4, 771	4, 482
Total uncollected taxes	5, 686	6, 573
Boston:		
Marked off as uncollectable	22, 905	20, 201
Balance delinquent as of Dec.. 31	57, 465	62, 942
Total uncollected taxes	80, 370	83, 143
Brooklyn:		
Marked off as uncollectable	27, 384	21, 478
Balance delinquent as of Dec. 31	141, 243	99, 325
Total uncollected taxes	168, 627	120, 803
Buffalo, N.Y.:		
Marked off as uncollectable	10, 249	5, 788
Balance delinquent as of Dec. 31	33, 508	31, 257
Total uncollected taxes	43, 757	37, 045
Burlington, Vt.		
Marked off as uncollectable	1, 763	553
Balance delinquent as of Dec. 31	4, 325	3, 590
Total uncollected taxes	6, 088	4, 143
Hartford, Conn.:		
Uncollectable	10, 926	6, 951
Balance delinquent as of Dec. 31	32, 339	34, 486
Total uncollected taxes	43, 269	41, 437
Manhattan, N.Y.:		
Uncollectable	82, 954	27, 400
Balance delinquent as of Dec. 31	331, 061	251, 077
Total uncollected taxes	414, 015	278, 477
Portsmouth, N.H.:		
Uncollectable	1, 150	1, 342
Balance delinquent as of Dec. 31	5, 572	4, 239
Total uncollected taxes	6, 722	5, 821
Providence, R.I.:		
Uncollectable	3, 548	1, 070
Balance delinquent as of Dec. 31	6, 093	8, 203
Total uncollected taxes	9, 641	9, 273
MID-ATLANTIC REGION		
Baltimore, Md.:		
Marked off as uncollectable	12, 399	6, 924
Balance delinquent as of Dec. 31	100, 432	78, 275
Total uncollected taxes	112, 831	85, 199
Newark, N.J.:		
Uncollectable	21, 036	13, 551
Balance delinquent as of Dec. 31	191, 776	118, 057
Total uncollected taxes	212, 812	131, 608
Philadelphia, Pa.:		
Uncollectable	13, 173	13, 223
Balance delinquent as of Dec. 31	90, 397	74, 341
Total uncollected taxes	104, 110	87, 564
Pittsburgh, Pa.:		
Uncollectable	5, 378	17, 618
Balance delinquent as of Dec. 31	27, 352	29, 219
Total uncollected taxes	32, 730	46, 837
Richmond, Va.:		
Marked off as uncollectable	6, 756	6, 440
Balance delinquent as of Dec. 31	31, 957	27, 017
Total uncollected taxes	38, 713	33, 457
Wilmington, Del.:		
Uncollectable	947	951
Balance delinquent as of Dec. 31	7, 397	4, 823
Total uncollected taxes	8, 344	5, 774
SOUTHEAST REGION		
Atlanta, Ga.:		
Marked off as uncollectable	12, 588	14, 573
Balance delinquent as of Dec. 31	33, 099	33, 937
Total uncollected taxes	45, 687	48, 510
Birmingham, Ala.:		
Uncollectable	2, 797	4, 538
Balance delinquent as of Dec. 31	28, 042	23, 259
Total uncollected taxes	30, 839	27, 797
Columbia, S.C.:		
Uncollectable	4, 350	2, 752
Balance delinquent as of Dec. 31	18, 822	14, 033
Total uncollected taxes	23, 172	16, 785
Greensboro, N.C.:		
Uncollectable	3, 334	4, 195
Balance delinquent as of Dec. 31	23, 136	25, 788
Total uncollected taxes	26, 460	29, 983
Jackson, Miss.:		
Uncollectable	5, 418	7, 089
Balance delinquent as of Dec. 31	10, 117	9, 855
Total uncollected taxes	15, 535	16, 944
Jacksonville, Fla.:		
Uncollectable	26, 002	35, 028
Balance delinquent as of Dec. 31	135, 505	111, 988
Total uncollected taxes	161, 507	147, 016
Nashville, Tenn.:		
Uncollectable	6, 327	5, 345
Balance delinquent as of Dec. 31	31, 198	26, 061
Total uncollected taxes	37, 525	31, 406
CENTRAL REGION		
Cincinnati, Ohio:		
Uncollectable	9, 301	8, 132
Balance delinquent as of Dec. 31	26, 747	28, 421
Total uncollected taxes	36, 048	36, 553
Cleveland, Ohio:		
Uncollectable	13, 340	12, 879
Balance delinquent as of Dec. 31	32, 254	29, 586
Total uncollected taxes	45, 594	42, 465
Detroit, Mich.:		
Uncollectable	17, 686	18, 125
Balance delinquent as of Dec. 31	100, 465	79, 929
Total uncollected taxes	118, 151	98, 054
Indianapolis, Ind.:		
Uncollectable	17, 012	15, 216
Balance delinquent as of Dec. 31	72, 066	37, 964
Total uncollected taxes	89, 078	53, 180
Louisville, Ky.:		
Uncollectable	4, 700	4, 200
Balance delinquent as of Dec. 31	23, 414	19, 919
Total uncollected taxes	28, 114	24, 119
Parkersburg, W. Va.:		
Uncollectable	1, 200	1, 192
Balance delinquent as of Dec. 31	11, 556	10, 383
Total uncollected taxes	12, 756	11, 575
MIDWEST REGION		
Aberdeen, S. Dak.:		
Uncollectable	225	223
Balance delinquent as of Dec. 31	2, 473	3, 135
Total uncollected taxes	2, 698	3, 358
Chicago, Ill.:		
Marked off as uncollectable	19, 912	26, 538
Balance delinquent as of Dec. 31	149, 665	99, 376
Total uncollected taxes	169, 577	125, 914
Des Moines, Iowa:		
Uncollectable	2, 036	2, 839
Balance delinquent as of Dec. 31	10, 125	8, 055
Total uncollected taxes	12, 161	10, 894
Fargo, N. Dak.:		
Marked off as uncollectable	765	251
Balance delinquent as of Dec. 31	1, 140	1, 758
Total uncollected taxes	1, 905	2, 009
Milwaukee, Wis.:		
Uncollectable	5, 367	4, 207
Balance delinquent as of Dec. 31	19, 915	20, 001
Total uncollected taxes	25, 282	24, 208
Omaha, Neb.:		
Marked off as uncollectable	1, 279	973
Balance delinquent as of Dec. 31	8, 976	10, 456
Total uncollected taxes	10, 255	11, 429
St. Louis, Mo.:		
Uncollectable	12, 703	8, 887
Balance delinquent as of Dec 31	42, 282	45, 243
Total uncollected taxes	54, 985	54, 130
St. Paul, Minn.:		
Uncollectable	5, 248	4, 236
Balance delinquent as of Dec. 31	22, 663	20, 226
Total uncollected taxes	27, 911	24, 462

CHART 1.—INVENTORY OF TAXPAYER UNCOLLECTED ACCOUNTS AS OF DEC. 31, 1972 AND 1973—Continued

[In thousands of dollars]

Region	1973	1972
Springfield, Ill.:		
Uncollectable	1,976	1,747
Balance delinquent as of Dec. 31	13,640	10,946
Total uncollected taxes	15,616	12,693
SOUTHWEST REGION		
Albuquerque, N. Mex.:		
Uncollectable	1,861	1,251
Balance delinquent as of Dec. 31	4,569	5,741
Total uncollected taxes	6,430	6,992
Austin, Tex.:		
Marked off as uncollectable	12,344	13,044
Balance delinquent as of Dec 31	77,657	78,927
Total uncollected taxes	90,001	91,341
Cheyenne, Wyo.:		
Uncollectable	458	477
Balance delinquent as of Dec. 31	2,540	1,635
Total uncollected taxes	2,998	2,112
Dallas, Tex.:		
Marked off as uncollectable	12,887	20,563
Balance delinquent as of Dec. 31	38,809	54,369
Total uncollected taxes	51,696	74,932
Denver, Colo.:		
Uncollectable	5,395	6,500
Balance delinquent as of Dec. 31	82,398	78,312
Total uncollected taxes	87,793	84,812
Little Rock, Ark.:		
Uncollectable	2,831	1,690
Balance delinquent as of Dec. 31	7,317	6,816
Total uncollected taxes	10,148	8,506
New Orleans, La.:		
Uncollectable	5,148	9,723
Balance delinquent as of Dec. 31	22,498	18,887
Total uncollected taxes	27,646	28,610
Oklahoma City, Okla.:		
Uncollectable	4,288	4,956
Balance delinquent as of Dec. 31	13,583	13,641
Total uncollected taxes	17,871	18,597
Wichita, Kans.:		
Uncollectable	3,702	4,766
Balance delinquent as of Dec. 31	6,861	11,036
Total uncollected taxes	10,563	15,802
WESTERN REGION		
Anchorage, Alaska:		
Uncollectable	758	511
Balance delinquent as of Dec. 31	3,851	2,820
Total uncollected taxes	4,609	3,331
Boise, Idaho:		
Marked off as uncollectable	1,515	494
Balance delinquent as of Dec. 31	3,651	4,160
Total uncollected taxes	4,166	4,654
Helena, Mont.:		
Uncollectable	1,419	962
Balance delinquent as of Dec. 31	3,104	3,423
Total uncollected taxes	4,523	4,385
Honolulu, Hawaii:		
Uncollectable	1,686	1,406
Balance delinquent as of Dec. 31	5,510	4,490
Total uncollected taxes	7,196	5,896
Los Angeles, Calif.:		
Uncollectible	48,344	45,131
Balance delinquent as of Dec. 31	133,502	109,234
Total uncollected taxes	181,846	154,365
Phoenix, Ariz.:		
Uncollectable	4,346	5,085
Balance delinquent as of Dec. 31	20,253	15,687
Total uncollected taxes	24,599	20,772
Portland, Oreg.:		
Uncollectable	4,352	3,764
Balance delinquent as of Dec. 31	29,422	30,678
Total uncollected taxes	33,774	34,442
Reno, Nev.:		
Marked off as uncollectable	3,818	3,392
Balance delinquent as of Dec. 31	15,384	13,804
Total uncollected taxes	19,202	17,196
Salt Lake City, Utah:		
Uncollectable	2,667	3,437
Balance delinquent as of Dec. 31	9,590	9,990
Total uncollected taxes	12,257	13,427
San Francisco, Calif.:		
Uncollectable	17,243	12,258
Balance delinquent as of Dec. 31	118,541	68,279
Total uncollected taxes	135,784	80,537
Seattle, Wash.:		
Uncollectable	7,185	5,899
Balance delinquent as of Dec. 31	17,442	19,931
Total uncollected taxes	24,627	25,830
INTERNATIONAL OPERATIONS		
Puerto Rico:		
Uncollectable	1,031	847
Balance delinquent as of Dec. 31	11,465	9,072
Total uncollected taxes	12,496	9,919
All other:		
Marked off as uncollectable	8,583	26,596
Balance delinquent as of Dec. 31	90,321	79,646
Total uncollected taxes	98,904	106,242

CHART 2.—TAXPAYER DELINQUENT ACCOUNTS REPORTED AS UNCOLLECTABLE—CALENDAR YEARS 1973 AND 1972

	Uncollectable			
	Number		Amount (thousand dollars)	
	1973	1972	1973	1972
Total	328,891	330,797	549,904	505,130
North-Atlantic	65,398	70,341	165,888	90,506
Mid-Atlantic	37,294	39,508	59,689	58,707
Southeast	44,548	44,434	60,816	73,520
Central	40,855	42,641	63,240	59,744
Midwest	41,552	38,017	49,511	49,901
Southwest	42,318	38,373	48,813	62,970
Western	53,302	54,639	92,334	82,339
International operations	3,624	2,844	9,614	27,443
North Atlantic Region:				
Albany	3,830	3,403	4,094	3,632
Augusta	1,344	1,150	915	2,091
Boston	10,778	14,339	22,905	20,201
Brooklyn	16,893	18,681	27,384	21,478
Buffalo	7,348	5,811	10,249	5,788
Burlington	1,152	771	1,763	553
Hartford	4,191	5,552	10,926	6,951
Manhattan	16,858	18,270	82,954	27,400
Portsmouth	1,446	1,065	1,150	1,342
Providence	1,558	1,299	3,548	1,070
Mid-Atlantic Region:				
Baltimore	9,450	8,503	12,399	6,924
Newark	7,479	10,008	21,036	13,551
Philadelphia	8,690	8,213	13,173	13,223
Pittsburgh	3,066	5,182	5,378	17,618
Richmond	6,534	6,337	6,756	6,440
Wilmington	1,175	1,265	947	951
Southeast Region:				
Atlanta	8,348	7,476	12,588	14,573
Birmingtham	3,712	4,126	2,797	4,538
Columbia	4,190	3,457	4,350	2,752
Greensboro	6,147	5,834	3,334	4,195
Jackson	3,544	2,959	5,418	7,089
Jacksonville	12,105	13,365	26,002	35,028
Nashville	6,502	7,217	6,327	5,345
Central Region:				
Cincinnati	8,279	7,174	9,301	8,132
Cleveland	9,585	9,544	13,340	12,879
Detroit	10,830	13,567	17,686	18,125
Indianapolis	6,979	6,834	17,012	15,216
Louisville	3,918	4,226	4,700	4,200
Parkersburg	1,264	1,296	1,200	1,192
Midwest Region:				
Aberdeen	446	320	225	223
Chicago	16,007	15,460	19,912	26,538
Des Moines	2,874	2,707	2,036	2,839
Fargo	799	446	765	251
Milwaukee	6,307	4,263	5,367	4,207
Omaha	1,505	1,088	1,279	973
St. Louis	6,486	6,334	12,703	8,887
St. Paul	4,870	4,639	5,248	4,236
Springfield	2,258	2,760	1,976	1,747
Southwest Region:				
Albuquerque	1,667	1,217	1,861	1,251
Austin	9,295	9,986	12,344	13,044
Cheyenne	487	515	458	477
Dallas	9,979	8,840	12,887	20,563
Denver	4,073	3,724	5,295	6,500
Little Rock	3,196	2,507	2,831	1,690
New Orleans	5,465	4,222	5,148	9,723
Oklahoma City	4,517	4,177	4,288	4,956
Wichita	3,639	3,185	3,702	4,766
Western Region:				
Anchorage	422	473	758	511
Boise	962	562	515	494
Helena	1,620	1,124	1,419	962
Honolulu	958	1,046	1,686	1,406
Los Angeles	22,548	22,275	48,344	45,131
Phoenix	2,691	2,898	4,346	5,085
Portland	3,889	3,848	4,352	3,764
Reno	1,549	1,308	3,818	3,392
Salt Lake City	1,519	1,587	2,667	3,437
San Francisco	12,324	14,323	17,243	12,258
Seattle	4,820	5,195	7,185	5,899
International Operations:				
Puerto Rico	1,723	1,054	1,031	847
All other	1,901	1,790	8,583	26,596

Note: Rounded figures may not add to the totals which are based on unrounded figures.

INVENTORY OF TAXPAYER DELINQUENT ACCOUNTS IN HANDS OF FIELD FORCE FOR COLLECTION ACTION, DECEMBER 1973 AND 1972

[Amounts in thousands of dollars]

	Tax groups[1]																Inactive[3]			
	Income				Trust fund				Other				Total							
	Number		Amount		Number		Amount		Number		Amount		Number[2]		Amount		Amount		Number	
	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972
Total	482,759	492,884	662,815	1,086,003	428,689	349,272	803,478	787,484	190,629	43,940	1,152,640	283,047	1,102,077	886,096	2,618,933	2,156,541	147,359	58,671	998,679	633,809
North Atlantic	81,884	84,140	121,929	245,381	92,162	74,086	198,646	222,581	41,203	5,131	313,489	46,577	215,249	163,357	634,064	514,542	21,564	12,173	212,837	159,213
Mid-Atlantic	85,108	83,247	104,012	172,549	71,308	50,372	151,246	117,760	34,486	6,939	194,053	41,425	190,902	140,558	449,311	331,732	23,912	9,079	99,123	95,344
Southeast	77,857	78,458	91,296	138,502	63,452	50,177	90,988	89,830	20,912	5,513	97,625	16,589	162,221	134,148	279,909	244,921	21,344	9,118	181,676	79,342
Central	59,331	64,802	69,335	88,308	50,790	43,767	116,964	95,137	23,392	6,843	80,203	22,755	133,513	115,412	266,502	206,202	14,553	5,297	41,621	38,887
Midwest	49,348	55,753	85,593	110,266	41,028	39,703	74,886	90,499	21,851	5,335	110,400	18,431	112,227	100,791	270,879	219,196	19,363	5,492	131,165	38,648
Southwest	53,684	51,056	58,921	112,698	45,917	41,580	67,503	74,414	17,031	6,527	129,808	81,621	116,632	99,163	256,232	268,734	23,910	7,344	272,036	87,325
Western	67,471	66,723	107,651	153,768	51,014	41,947	85,214	85,045	28,684	7,270	167,385	43,681	147,169	115,940	360,250	282,496	19,717	8,935	54,932	101,442
International operations	8,076	8,705	24,078	64,531	13,018	7,640	18,031	12,218	3,070	382	59,677	11,968	24,164	16,727	101,786	88,718	2,996	1,233	5,289	33,608
North Atlantic region:																				
Albany	4,132	4,331	3,672	6,127	4,413	4,028	5,934	8,192	1,837	322	8,081	621	10,382	8,681	17,687	14,941	959	379	2,232	3,600
Augusta	1,834	1,861	1,272	1,581	1,941	1,707	2,540	2,293	661	197	959	608	4,436	3,765	4,771	4,482	597	415	3,113	1,389
Boston	11,661	13,854	13,900	24,618	13,452	12,866	24,836	31,574	7,897	855	18,729	6,750	33,010	27,575	57,465	62,942	3,704	2,427	14,012	19,386
Brooklyn	21,627	17,827	30,050	58,018	21,415	12,237	52,943	34,938	8,483	628	58,250	6,368	51,525	30,692	141,243	99,325	4,010	2,319	7,112	35,262
Buffalo	8,340	10,524	8,586	11,202	8,307	8,243	12,264	16,835	4,161	767	12,658	3,220	20,808	19,534	33,508	31,257	1,920	1,088	9,181	5,733
Burlington	833	1,373	1,936	1,968	1,038	866	1,065	1,324	514	110	1,324	297	2,385	2,349	4,325	3,590	232	137	539	561
Hartford	6,857	7,826	8,165	15,632	6,704	6,372	9,406	14,405	2,373	377	14,768	4,448	15,934	14,575	32,339	34,486	1,438	1,083	4,364	5,536
Manhattan	24,032	23,338	51,013	120,519	31,458	24,479	84,249	106,809	14,101	1,620	195,799	23,749	69,591	49,437	331,061	251,077	7,762	3,737	161,828	83,855
Portsmouth	1,106	1,614	800	1,310	1,848	1,585	3,473	2,757	544	150	1,299	173	3,498	3,349	5,572	4,239	357	158	670	654
Providence	1,462	1,592	2,535	4,406	1,586	1,703	1,936	3,454	632	105	1,622	343	3,680	3,400	6,093	8,203	585	430	9,786	3,237
Mid-Atlantic region:																				
Baltimore	21,281	21,116	29,053	48,978	13,010	8,959	32,160	20,634	6,260	1,264	39,219	8,663	40,551	31,339	100,432	78,275	4,000	1,761	8,052	21,430
Newark	27,511	25,508	37,479	62,325	28,263	16,338	60,088	41,625	14,061	2,010	94,209	14,107	69,835	43,856	191,776	118,057	7,055	3,694	13,305	41,223
Philadelphia	15,469	15,318	20,185	34,400	12,848	11,455	29,095	28,810	7,243	1,679	41,117	11,132	35,560	28,452	90,397	74,341	5,581	1,580	33,951	18,524
Pittsburgh	8,060	8,271	7,700	14,278	7,019	5,833	11,465	11,574	3,346	1,018	8,187	3,367	18,425	15,122	27,352	29,219	2,731	976	6,879	7,604
Richmond	9,875	10,410	7,757	10,375	8,354	6,513	15,404	12,627	2,735	802	8,796	4,016	20,964	17,725	31,957	27,017	3,989	948	23,620	5,751
Wilmington	2,912	2,624	1,838	2,193	1,814	1,274	3,034	2,490	841	166	2,525	140	5,567	4,064	7,397	4,823	556	120	13,316	812
Southeast region:																				
Atlanta	11,221	11,305	9,539	18,586	9,367	8,483	13,197	13,858	3,055	736	10,363	1,493	23,643	20,524	33,099	33,937	3,453	1,527	16,556	12,990
Birmingham	7,531	8,243	6,601	13,711	7,165	4,956	7,337	8,046	2,047	882	14,104	1,502	16,743	14,081	28,042	23,259	2,208	1,841	18,896	8,904
Columbia	6,782	7,029	6,749	9,192	5,002	4,104	6,308	4,278	1,384	563	5,765	563	13,168	11,696	18,822	14,033	1,582	472	7,392	1,923
Greensboro	13,472	13,502	9,153	11,121	7,966	6,066	9,736	12,362	3,280	774	4,237	2,304	24,718	20,342	23,126	25,788	4,453	1,328	31,388	10,468
Jackson	4,569	5,047	3,562	5,553	3,539	3,112	3,963	3.961	958	385	2,592	341	9,066	8,544	10,117	9,855	1,260	512	2,301	2,406
Jacksonville	24,385	22,233	44,692	65,352	22,002	16,956	39,802	37,944	7,543	1,323	51,011	8,693	53,930	40,512	135,505	111,988	5,675	1,644	32,009	35,493
Nashville	9,897	11,099	11,000	14,987	8,411	6,500	10,645	9,381	2,645	850	9,553	1,693	20,953	18,449	31,198	26,061	2,713	1,794	73,134	7,158
Central region:																				
Cincinnati	8,228	10,172	7,903	11,258	6,836	6,766	10,822	12,291	2,422	998	8,022	4,872	17,486	17,936	26,747	28,421	2,567	943	5,841	5,814
Cleveland	9,786	12,232	9,208	13,296	7,817	6,912	13,129	13,551	3,081	1,242	9,907	2,739	20,684	20,386	32,254	29,586	2,483	626	6,106	4,626
Detroit	20,347	21,180	25,503	33,603	16,197	13,995	33,836	36,907	9,103	1,772	41,126	9,418	45,647	36,947	100,465	79,929	2,486	1,025	5,147	13,069
Indianapolis	11,150	10,394	15,869	15,498	11,117	8,975	46,160	20,020	5,060	1,406	10,037	2,446	27,327	20,775	72,066	37,964	3,564	1,347	8,541	8,193
Louisville	7,089	7,706	7,741	10,035	5,705	4,523	8,103	7,731	2,594	862	7,570	2,153	15,388	13,091	23,414	19,919	2,322	845	11,649	4,546
Parkersburg	2,731	3,118	3,111	4,618	3,118	2,596	4,904	4,637	1,132	563	3,541	1,127	6,981	6,277	11,556	10,383	1,131	511	4,337	2,639

INVENTORY OF TAXPAYER DELINQUENT ACCOUNTS IN HANDS OF FIELD FORCE FOR COLLECTION ACTION, DECEMBER 1973 AND 1972—Continued

[Amounts in thousands of dollars

	Tax groups[1]																			
	Income				Trust fund				Other				Total				Inactive[3]			
	Number		Amount		Number		Amount		Number		Amount		Number[2]		Amount		Amount		Number	
	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972
Midwest region:																				
Aberdeen	668	934	710	1,692	547	739	402	685	229	138	1,361	757	1,444	1,811	2,473	3,135	310	183	792	1,422
Chicago	18,704	21,690	42,061	47,508	14,804	15,324	38,883	47,672	7,642	1,584	68,721	4,197	41,150	38,598	149,665	99,376	6,012	841	14,231	11,525
Des Moines	3,304	4,026	2,983	3,246	2,807	3,439	2,423	3,668	1,622	527	4,719	1,142	7,733	7,992	10,125	8,055	1,847	704	94,737	1,373
Fargo	533	922	339	714	528	812	636	807	231	151	165	237	1,292	1,885	1,140	1,758	458	119	1,016	139
Milwaukee	6,907	9,032	7,045	8,094	5,177	3,389	6,624	6,650	3,789	877	6,246	5,257	15,873	13,298	19,915	20,001	3,054	686	5,998	4,576
Omaha	1,796	2,227	2,448	6,124	1,601	1,860	1,963	2,519	804	310	4,565	1,813	4,201	4,397	8,976	10,456	845	373	2,527	3,552
St. Louis	9,162	8,087	20,289	31,033	7,575	6,070	11,065	12,272	3,263	843	10,928	1,938	20,000	15,000	42,282	45,243	3,036	831	4,553	8,590
St. Paul	4,894	5,399	6,467	8,087	4,718	4,815	8,568	9,859	2,744	547	7,628	2,279	12,356	10,761	22,663	20,226	1,796	1,083	5,037	5,521
Springfield	3,380	3,436	3,251	3,768	3,271	3,255	4,322	6,367	1,527	358	6,067	811	8,178	7,049	13,640	10,946	2,005	672	2,274	1,950
Southwest region:																				
Albuquerque	1,392	1,683	1,474	2,785	1,514	2,038	1,731	2,212	603	113	1,364	744	3,509	3,834	4,569	5,741	800	371	1,501	2,241
Austin	16,527	13,846	20,329	44,597	13,914	11,442	20,463	22,926	5,202	1,528	36,865	10,774	35,643	26,816	77,657	78,297	5,146	1,536	17,912	41,783
Cheyenne	638	724	1,248	693	789	698	985	849	249	95	307	93	1,676	1,517	2,540	1,635	260	134	266	252
Dallas	11,854	12,520	13,306	27,931	8,620	9,074	14,127	15,869	3,033	1,844	11,376	10,569	23,507	23,438	38,809	54,369	5,276	1,518	28,486	24,839
Denver	5,556	4,617	5,752	13,712	5,862	4,242	10,133	9,381	2,759	558	66,513	55,219	14,177	9,417	82,398	78,312	1,749	670	9,033	3,321
Little Rock	3,531	3,136	2,407	3,291	2,798	2,233	2,856	2,922	966	585	2,054	603	7,295	5,955	7,317	6,816	1,479	574	2,682	1,904
New Orleans	6,139	5,190	7,708	9,742	5,424	4,700	7,716	7,949	1,817	717	7,074	1,195	13,380	10,607	22,498	18,887	4,402	1,168	8,193	7,346
Oklahoma City	4,733	5,177	3,995	5,670	4,538	4,198	6,431	6,609	1,530	632	3,157	1,362	10,801	10,007	13,583	13,641	2,359	751	192,574	3,022
Wichita	3,314	4,163	2,702	4,277	2,458	2,955	3,061	5,697	872	454	1,098	1,062	6,644	7,572	6,861	11,036	2,439	622	11,389	2,617
Western region:																				
Anchorage	933	824	1,190	1,311	838	615	1,606	1,368	324	67	1,055	140	2,095	1,506	3,851	2,820	175	69	447	380
Boise	1,271	1,728	1,134	1,252	1,109	1,429	1,241	2,787	583	113	1,276	120	2,963	3,270	3,651	4,160	463	274	1,916	2,089
Helena	1,214	1,591	1,006	1,470	986	1,066	1,206	1,568	696	168	892	385	2,896	2,825	3,104	3,423	393	80	519	583
Honolulu	1,044	1,231	1,862	1,943	875	881	1,842	1,898	507	105	1,806	650	2,426	2,217	5,510	4,490	383	214	589	913
Los Angeles	23,401	22,148	38,920	59,796	17,566	13,478	31,442	31,216	8,037	2,158	63,140	18,222	49,004	37,784	133,502	103,234	6,955	2,527	16,324	34,053
Phoenix	4,103	4,293	7,680	8,322	3,266	2,734	7,264	6,589	1,466	487	5,309	775	8,835	7,514	20,253	15,687	1,179	489	3,936	3,922
Portland	5,316	5,478	9,447	23,224	3,855	3,622	4,995	5,717	2,576	476	14,980	1,736	11,747	9,576	29,422	30,678	1,284	919	4,757	20,257
Reno	1,588	1,878	4,607	7,104	1,203	1,248	2,542	3,249	584	105	8,235	3,452	3,375	3,231	15,384	13,804	456	291	5,948	7,269
Salt Lake City	1,884	1,811	3,842	7,147	2,201	1,640	2,506	2,481	728	205	3,242	362	4,813	3,656	9,590	9,990	571	462	3,357	4,837
San Francisco	21,578	19,188	32,035	32,735	14,484	10,482	24,635	21,478	10,448	2,594	61,871	14,067	46,510	32,264	118,541	68,279	5,747	2,599	10,716	20,804
Seattle	5,139	6,553	5,928	9,464	4,631	4,752	5,935	6,634	2,735	792	5,579	3,772	12,505	12,097	17,442	19,931	2,111	1,011	6,423	6,335
International operations:																				
Puerto Rico	1,599	1,109	938	1,009	11,024	6,512	8,517	7,909	1,750	14	2,010	154	14,373	7,635	11,465	9,072	1,421	503	2,622	1,610
All other	6,477	7,596	23,140	63,522	1,994	1,128	9,514	4,309	1,320	363	57,667	11,814	9,791	9,092	90,321	79,646	1,575	730	2,667	31,998

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[1] 1973 columns have been realined to reflect categories of individual income, trust fund, and all other. These columns differ from 1972 as follows:

Col. 1		Col. 2		Col. 3	
Individual income (1973)	Income (1972)	Trust fund (1973)	Trust fund and empl. (1972)	Other (1973)	Other (1972)
1040 1040A	1040 1040A 1120 1041	941 720 942 CT-1 943	941 943 940 CT-1 942	11 3780 730 1041 706 1120 2290 940	11 3780 730 720 706 2290

[2] 1973 closing inventory (number only) may be overstated by as much as 1.7 percent due to multiple liabilities originating from transferee or 100 percent penalty assessments.

[3] Inactive category for 1973 changed due to IDRS and now includes notice status accounts on which adjustments and payment tracers are pending.

Note: Rounded figures may not add to the totals which are based on unrounded figures.

CHART 4.—INTERNAL REVENUE COLLECTIONS BY SOURCES AND BY INTERNAL REVENUE REGIONS, DISTRICTS, STATES, AND OTHER AREAS

[In thousands of dollars]

Internal revenue regions, districts, States, and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total internal revenue collections (1)	Corporation income tax (2)	Individual income and employment taxes				
			Total (3)	Income tax not withheld and self-employment tax (4)	Income tax withheld and old age and disability insurance (5)	Railroad retirement (6)	Unemployment insurance (7)
United States, total	237,787,204	39,045,309	177,193,715	29,389,938	145,236,920	1,250,859	1,315,997
North Atlantic region	47,533 836	9,982,429	34,619,259	4,696,556	29,591,978	57,407	273,319
Albany (see (c) below)	2,484,703	405,350	2,034,223	171,624	1,844,824	4,281	13,493
Augusta (Maine)	581,258	70,358	486,384	101,079	375,686	5,442	4,177
Boston (Massachusetts)	6,513,894	952,961	5,053,940	796,388	4,210,642	7,708	39,203
Brooklyn (see (c) below)	4,468,626	441,273	3,676,620	737,465	2,898,283	12,699	28,173
Buffalo (see (c) below)	4,082,861	860,883	2,988,036	420,063	2,543,519	204	24,251
Burlington (Vermont)	288,758	29,431	234,752	52,249	180,466	320	1,716
Hartford (Connecticut)	5,307,204	856,029	3,896,208	878,884	2,989,378	41	27,904
Manhattan (see (c) below)	22,183,213	6,124,124	14,945,716	1,324,611	13,471,076	26,637	123,392
Portsmouth (New Hampshire)	595,336	72,023	481,861	95,362	382,399		4,099
Providence (Rhode Island)	1,027,982	169,997	821,518	118,831	695,704	73	6,910
Mid-Atlantic region	34,863,075	5,087,180	26,469,105	4,059,471	21,799,671	423,396	186,567
Baltimore (Maryland and D.C.)	6,765,450	671,348	5,482,292	886,424	4,431,653	139,127	25,087
Newark (New Jersey)	8,753,915	1,749,582	6,395,921	1,054,199	5,287,260	4,497	49,964
Philadelphia (see (e) below)	8,661,187	1,029,172	6,737,616	959,092	5,530,032	198,679	49,814
Pittsburgh (see (e) below)	5,389,282	672,034	4,295,136	507,503	3,735,065	17,398	35,171
Richmond (Virginia)	3,860,862	419,478	2,703,731	523,876	2,096,042	63,694	20,120
Wilmington (Delaware)	1,432,438	545,565	854,409	128,377	719,619		6,413
Southeast region	22,913,245	3,349,978	16,902,982	3,859,199	12,837,808	60,760	145,215
Atlanta (Georgia)	4,087,365	643,441	3,103,067	549,837	2,525,226	3,000	25,004
Birmingham (Alabama)	1,990,542	241,364	1,577,402	317,441	1,242,912	2,976	14,073
Columbia (South Carolina)	1,459,432	225,513	1,187,073	220,668	954,661	147	11,597
Greensboro (North Carolina)	5,179,552	791,037	2,990,247	510,679	2,448,115	1,651	29,803
Jackson (Mississippi)	885,151	125,841	711,255	199,023	505,156	423	6,653
Jacksonville (Florida)	6,499,990	902,767	5,108,376	1,556,079	3,464,276	50,015	38,006
Nashville (Tennessee)	2,811,214	420,016	2,225,562	505,472	1,697,461	2,550	20,080
Central region	38,614,716	7,346,140	27,177,238	3,469,685	23,428,068	86,059	193,427
Cincinnati (See (d) below)	5,011,670	901,015	3,741,550	564,746	3,146,102	127	30,575
Cleveland (see (d) below)	9,151,453	1,433,134	6,729,277	726,675	5,923,486	32,141	46,975
Detroit (Michigan)	14,948,744	3,876,323	10,236,987	1,039,796	9,106,743	15,211	75,236
Indianapolis (Indiana)	5,555,766	684,404	4,351,986	640,264	3,685,998	1,821	23,903
Louisville (Kentucky)	3,145,918	352,544	1,458,460	345,389	1,065,305	36,705	11,061
Parkersburg (West Virginia)	801,166	98,720	658,978	152,815	500,432	54	5,677
Midwest region	36,583,531	6,283,332	27,370,606	4,312,214	22,453,736	397,068	207,587
Aberdeen (South Dakota)	309,296	33,078	260,586	83,776	174,972	−3	1,839
Chicago (see (b) below)	14,971,083	2,797,013	11,042,261	1,465,905	9,337,321	149,214	89,821
Des Moines (Iowa)	1,973,426	333,870	1,545,703	460,467	1,073,817	597	10,822
Fargo (North Dakota)	300,526	24,165	259,989	83,661	174,587	2	1,738
Milwaukee (Wisconsin)	4,368,538	819,572	3,194,294	483,266	2,684,528	809	25,691
Omaha (Nebraska)	1,447,159	161,518	1,151,507	263,400	829,198	51,764	7,145
St. Louis (Missouri)	6,081,828	940,305	4,531,030	637,601	3,781,378	78,251	33,800
St. Paul (Minnesota)	4,503,203	725,873	3,555,379	421,211	2,996,857	112,802	24,509
Springfield (see (b) below)	2,628,472	447,939	1,829,857	412,926	1,401,077	3,630	12,223
Southwest region	23,166,589	2,888,781	17,403,661	3,736,977	13,442,227	103,876	120,581
Albuquerque (New Mexico)	529,796	43,014	465,783	102,395	360,119	15	3,253
Austin (see (f) below)	6,508,865	804,688	4,458,377	1,042,766	3,378,521	5,445	31,625
Cheyenne (Wyoming)	212,423	17,579	163, 91	58,568	104,286	4	1,133
Dallas (see (f) below)	5,264,731	809,516	3,895,484	889,354	2,958,846	16,771	30,513
Denver (Colorado)	3,638,051	272,594	3,069,382	349,914	2,693,876	12,277	13,315
Little Rock (Arkansas)	898,813	122,549	708,525	200,810	500,825	611	6,278
New Orleans (Louisiana)	2,276,937	306,133	1,835,879	412,542	1,408,713	1,348	13,276
Oklahoma City (Oklahoma)	2,178,980	295,008	1,463,630	328,284	1,123,230	137	11,979
Wichita (Kansas)	1,657,994	217,699	1,342,630	352,344	913,811	67,268	9,207
Western region	30,825,374	3,533,265	24,738,808	4,567,579	19,884,359	105,644	181,226
Anchorage (Alaska)	246,719	16,129	224,348	32,819	190,194		1,263
Boise (Idaho)	577,270	68,249	486,737	92,408	389,614	579	4,136
Helena (Montana)	366,469	36,341	313,312	102,950	207,937	303	2,122
Honolulu (Hawaii)	735,359	86,199	629,174	110,541	055,095		4,538
Los Angeles (see (a) below)	11,946,838	1,442,754	9,584,952	1,700,893	7,810,174	471	73,414
Phoenix (Arizona)	1,431,937	155,721	1,225,825	268,038	948,106	206	9,475
Portland (Oregon)	1,945,825	322,373	1,545,376	336,629	1,194,719	1,141	12,887
Reno (Nevada)	562,862	80,554	446,401	100,137	342,826	1	3,437
Salt Lake City (Utah)	673,077	79,923	566,799	97,822	463,269	1,146	4,592
San Francisco (see (a) below)	9,439,366	922,073	7,387,516	1,277,378	5,960,787	101,513	47,838
Seattle (Washington)	2,899,660	322,949	2,337,369	447,893	1,871,668	285	17,523
Office of International Operations	952,662	56,174	749,842	98,158	640,457	3,522	7,705
Puerto Rico	338,555	567	220,861	11,947	208,456		459
Other	614,106	55,516	528,980	86,212	423,001	3,522	7,246
Undistributed:							
Federal tax deposits	1,636,572	484,298	1,098,368		1,084,869	13,128	371
Gasoline lubricating oil, and excess FICA credits	623,833	33,733	590,100	590,100			
Transferred to Government of Guam	−10,710		−10,710		−10,710		
Withheld taxes of Federal employees	84,458		84,458		84,458		
Clearing account for excise taxes—aviation fuel and oil—Air Force and Navy	24						
Totals for states not shown above:							
(a) California	21,386,204	2,364,828	16,972,468	2,978,271	13,770,961	101,983	121,252
(b) Illinois	17,599,555	3,244,952	12,872,118	1,878,831	10,738,398	152,845	102,044
(c) New York	33,219,404	7,831,630	23,644,595	2,653,762	20,757,702	43,822	189,309
(d) Ohio	14,163,123	2,334,149	10,470,827	1,291,421	9,069,589	32,268	77,558
(e) Pennsylvania	14,050,469	1,701,207	11,032,725	1,466,595	9,265,096	216,077	84,984
(f) Texas	11,773,596	1,614,203	8,353,841	1,932,120	6,337,367	22,216	62,130

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, if there is no further morning business, I suggest that morning business be concluded.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

PERMISSION TO FILE CLOTURE MOTIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it may be in order at any time during the day, today or any day during the remainder of this session, for me to introduce a cloture motion on the trade bill and on the Scott amendment to the supplemental appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECIAL EMPLOYMENT ASSISTANCE ACT OF 1974

The Senate continued with the consideration of the bill (S. 4079) to amend the Comprehensive Employment and

Training Act of 1973 to provide additional public service jobs for unemployed persons during periods of increased unemployment.

Mr. NELSON. Mr. President, this bill has been worked out in a very careful bipartisan effort, and the Senator from New York has made a very important contribution to the design of the bill, as have members of the minority and the majority staff.

This legislation is a measure to provide emergency assistance for unemployed persons through public service employment programs and special unemployment benefits. It has two titles:

Title I establishes a $4 billion public service employment program to provide approximately 530,000 jobs in all areas of the country for people who are unemployed during the current economic crisis. Currently, there is authorization under title II of the Comprehensive Employment and Training Act of 1973—CETA—for a limited public service employment program in areas with unemployment exceeding 6.5 percent. Under this new program, 75 percent of the funds would be distributed to all areas of the country in proportion to the number of unemployed persons in each area. Twenty-five percent of the funds would be allocated to local areas when the rate of unemployment exceeds 6.5 percent. Special consideration for these jobs would be given to people who had been unemployed for 15 weeks or longer.

Title II creates a new 1-year program which would provide unemployment compensation type benefits for the first time to unemployed workers not eligible for payments under any other State or Federal unemployment compensation law. This program would cover workers in all parts of the country when the nationwide unemployment rate is in excess of 6 percent, as it is now. However, if the national unemployment rate falls below 6 percent, such workers would still be covered in CETA prime sponsorship areas where the unemployment rate exceeds 6.5 percent.

In view of the fact that the nationwide trigger has already been met, all 12 million currently ineligible workers in the country will be covered as soon as this legislation is enacted. Benefits under this program would be federally funded, but they would be administered by the States. Unemployed workers would have to meet the qualifying wage and employment requirements of the law of the State in which they were last employed, and their benefit level and duration would also be set according to the requirements of State law, up to a 26-week limit.

These two titles actually represent just two-thirds of the complete congressional response to the current unemployment crisis. The other segment of this package is the special legislation providing extended benefits for workers already covered by State and Federal unemployment laws introduced by Senator RIBICOFF, Senator JAVITS, and I last Wednesday with more than 35 Senate cosponsors. That legislation will be handled in the Finance Committee, of which I am a member, when the appropriate bill arrives from the House. I understand the House Ways and Means Committee has reported a bill very similar to the Ribicoff-Nelson-Javits approach, and that it is expected to pass the House today.

Mr. President, this emergency legislation is therefore extraordinary in a number of respects. It represents a thoughtful, cogent congressional evaluation of all the proposals that have been made to aid the American worker in a time of unemployment crisis. Yet it is legislation which, owing to an American employment situation that is worsening faster than any among us would have predicted, can be passed quickly and with overwhelming support. What is more, it is legislation which demonstrates conclusively that Congress can act in a concerted manner, setting aside jurisdictional disputes in favor of taking actions to alleviate somewhat the individual pain and suffering that is sure to occur during this long, cold economic winter.

Last Friday, Mr. President, the unemployment rate went to its highest level since 1961.

At 6½-percent unemployment, nearly 6 million people are listed as officially out of work in Amerca today, or more people than are in the entire workforce of two-thirds of the countries of the world. And we all know the "official" figure does not even measure the number of people who are so discouraged they have given up looking for a job—the number of people who are locked involuntarily into part time jobs—or the number of people who are employed full time in dead end jobs at wages below the poverty level.

Even President Ford admitted, before the November unemployment rate was announced last week, that 6½-percent unemployment "would be indicative of a very serious added deterioration" in the economy.

Thus, while it is not yet time to abandon the war against inflation and switch entirely to a war against recession, I do not believe anyone would deny the need for immediate measures to deal with this unemployment emergency.

What should those emergency measures contain?

The current lame duck session of Congress is clearly not an appropriate body for broad philosophical discussions or sweeping changes in existing laws.

On the other hand, it is unconscionable to expect many millions of unemployed Americans to wait for relief while we transfer the mantle of congressonal authority from one Congress to the next.

The sensible approach, then, is to find some strong, temporary solutions that can be quickly enacted—while reserving the broader philosophical and more difficult administrative questions until the beginning of the new sesson.

I believe the approach we have taken satisfies these needs.

On October 2 of this year, Mr. President, Senator JAVITS and I, along with a number of other Senate cosponsors, introduced a bill to provide up to $4 billion for public service employment as nationwide unemployment reaches and exceeds 6 percent.

On October 9, Secretary of Labor Peter J. Brennan came up to testify before a joint session of my Subcommittee on Employment, Poverty and Migratory Labor, and the House Select Subcommittee on Labor, chaired by Representative DOMINICK DANIELS of New Jersey. At that time he submitted the administration's unemployment proposal, which was introduced by Senator TAFT, the ranking minority member of my subcommittee, the following day.

President Ford referred to that proposal last Friday when he discussed the rise in unemployment to 6.5 percent. In fact, the President admonished Congress for not having enacted his proposal and accused Congress at that time of footdragging on the issue of aid for unemployed workers. I can assure the administration, my colleagues and the public, however, that Congress was then well-set on its present course, which has always been designed to produce a comprehensive unemployment package prior to the adjournment of this session. With a process which began with 2 full days of hearings during the congressional election recess, just 1 week after the introduction of the administration bill, the appropriate committees of the House and Senate have engaged in virtually nonstop negotiation and analysis, among ourselves, with every segment of the Labor Department up to and including Secretary Brennan, and with all concerned citizens who chose to make themselves heard.

In short, there was no dragging of feet, Mr. President, on either side of the aisle in either House of Congress on these issues, and there has been no dragging of feet among the tireless, dedicated administrators of the Labor Department. These are points on which I want the record to be absolutely clear. I would remind my colleagues of my word when I introduced the insured unemployment component of this legislative package last week, before the November rate came out and before the President offered his remarks. At that time, I said:

> It is clear there is an unemployment crisis in America today, and President Ford has challenged Congress to protect the American worker from the ravages of that crisis. I can assure you Congress stands ready, willing and able to respond to that challenge.
>
> I want especially to emphasize, Mr. President, that this bill represents just one part of the unemployment program we expect Congress to enact in the days ahead. In addition to extending benefits for previously covered workers, we expect Congress to pass legislation to enlarge the federally-funded public service employment program and to extend unemployment benefits to many workers not currently covered under any state or federal unemployment insurance program.
>
> America is experiencing a 6% rate of overall unemployment and a 4% rate of insured employment. Five and one half million workers were unemployed in October, and all

analysts expect a substantial increase when the November rate is announced on Friday. Even Alan Greenspan, the President's chief economic advisor, and Treasury Secretary William Simon have now estimated that the overall rate will go to seven percent in the weeks and months ahead.

Congress cannot stand idly by in light of these grim forecasts, while ever-increasing numbers of unemployed workers are faced with the exhaustion of every avenue of aid but welfare. If we don't act now to establish comprehensive programs of assistance, we are in for the coldest and hardest winter since the nineteen thirties.

Congress is not today enacting the administration's original proposal, but I feel it is important to acknowledge that the Ford proposal did, in broad outline, contain a strong, praiseworthy commitment to the philosophical seeds of each of the three segments of the congressional unemployment assistance package. It contained a commitment to the creation of public service jobs, a commitment to the extension of unemployment benefits for workers who exhaust benefits under all current laws, and a commitment to extending unemployment compensation, in time of crisis, to unemployed workers currently ineligible for benefits under existing State or Federal laws.

The administration proposal did, however, contain a number of deficiencies which rendered it cumbersome and inequitable in view of the magnitude of the unemployment crisis we face. I will not go into any great detail over those deficiencies, except to note that they concerned the concepts of job eligibility only for unemployed workers who have exhausted all other benefits, of the establishment of a totally new program outside the carefully wrought framework of CETA, of high triggers and inadequate levels of relief, of lack of flexibility at the State and local level to adapt public jobs funding to meet the greatest public needs, among others.

Mr. President, the bill that is before us today solves or alleviates many of the problems raised by the administration's proposal. It does so in a manner which guarantees the equity and effectiveness of the antirecessionary measures, while it guarantees also the dignity of the persons receiving the assistance. I urge my colleagues to pass this emergency assistance measure with no further delay.

Mr. President, when I introduced my public service employment bill last October, I thoroughly discussed the history of and need for the public jobs segment of the measure before us today. I ask unanimous consent that a portion of that analysis be printed in the Record at the conclusion of my remarks today. I also ask unanimous consent that a section-by-section analysis of the bill be printed following that material.

There being no objection, the material was ordered to be printed in the Record, as follows:

REMARKS BY SENATOR GAYLORD NELSON

Economic Consultant Robert Nathan said:

"I think, myself, that six percent unemployment is going to do very little to abate the inflation. I think eight or ten percent unemployment for a couple of years would have a real impact."

And Paul Samuelson said he expected unemployment to be a sad story, that the most optimistic forecast, from the Chase Manhattan Bank, had unemployment at 5.5 percent by the end of the year, but that all the others he surveyed showed rates climbing to 5.9, 5.7, and 5.9 percent by that time. And he also noted that these same forecasts showed rates of 5.5—from Chase—6.7, 6.4, and 6.9 percent by the end of 1975.

Enduring high unemployment and effectively alleviating its consequences are two entirely different matters, however, and we cannot escape the fact that high levels of unemployment generate high public sector costs, both economic and social—costs which, as Walter Heller pointed out, put "a double whammy on the lower income groups and most working men and women."

We must recognize that there are no remarkable overnight antiinflationary palliatives, that as George Schultz has said, "we have a difficult problem that will take patience." Nevertheless, we must realize that unemployed people must feed, clothe, and house themselves and their families. If they do so with direct transfer payments like welfare, the effect is to spend public dollars that neither solve other public problems nor preserve the dignity and self-respect of the person receiving the aid.

Public service employment is a better, more productive way to combat a part of this immense problem. Recent experience under the Emergency Employment Act has shown that it is an effective, resilient policy that can be vigorously pursued in times of great economic uncertainty.

Recent acceptance of the swift potency of this economic weapon has been widespread indeed. Economists and policymakers as disparate as Walter Heller, Arthur Burns, Arnold Weber, William Simon, Arthur Brimmer, Paul McCracken, Gabriel Hauge, and Charls Walker have given their endorsements in recent weeks to different proposals for public service employment.

One analyst of the Emergency Employment Act, Sar Levitan, concluded that public service employment "can be an effective countercyclical tool and that such a program deserves top consideration in a strategy to achieve an economy of high employment."

In recent weeks, Federal Reserve Board Member Arthur Brimmer echoed that assessment in almost the same language. Also, recently, Federal Reserve Board Chairman Arthur Burns has specifically supported public employment expenditures of $4 billion when the national rate of unemployment approaches 6 percent.

Other support for public service employment has recently come from Paul McCracken, who said:

"We do need to come back again with an open mind on public service employment programs or something like that at least to deal with the long-term hard-core unemployment problem. The people whose problems would be apt to remain even if we had reached some sort of full employment. That is close to one million people."

Arnold Weber also voiced his opinion, during the first session of the economic summit, that we should have "a public service employment program in place providing 500,000 jobs or thereabout . . ." and Congressman Wright Patman, chairman of the House Committee on Banking and Currency, called for "The establishment of a public advisory administration designed to provide jobs in a volume sufficient to keep the Nation's unemployment rate below 5 percent."

And as a final example, the U.S. Chamber of Commerce, through its chief economist Carl Madden, has come out in favor of what he called "a well designed public service employment program."

Widespread as the recent support has been, we should not forget that providing public service jobs in response to high unemployment was an idea whose "time had come" way back in Franklin Roosevelt's administration. For despite criticism from some quarters that WPA jobs were little more than "leaf-raking," "makework" type jobs, many valuable services were performed and many capital improvements built during the depression by previously unemployed men and women. In return, those workers received the twin benefits of money to pay for their food and rent, and the dignity of having earned that money themselves.

As the AFL–CIO's economist Nat Goldfinger has said:

"A paycheck even on a public service employment program is of far greater importance to the family and to the individual than a welfare check or any other kind of income maintenance program that may be suggested."

With the full employment generated by World War II, however, public service employment fell into disuse as an economic tool. It was not seriously considered again until I introduced the first public employment bill of the modern era back in 1964—a bill which would have provided $1 billion to support jobs in conservation through an increase in the Federal tax on cigarettes.

The next serious legislative proposal came following the "long, hot summer" in 1967, when Senators Joseph Clark and Robert Kennedy, along with Jacob Javits, reported out a modest Emergency Employment Act to provide work and income for the poor. Their proposal was strongly opposed, however, by the Johnson administration and others, on the basis that, with a national unemployment rate of only 3.6 percent, there were plenty of jobs for "those who really want to work," and the Clark-Kennedy proposal died even in a watered-down version on the floor of the Senate.

The recession of 1970–71 put new life into the idea of public service employment. The Employment and Manpower Act of 1970, which I sponsored, authorized a permanent public service employment program. It passed both Houses of Congress by overwhelming votes. That act was vetoed by President Nixon on the grounds that it would create "make-work WPA-type" jobs. But just 1 month later—in January of 1971—the Labor Department announced that unemployment had reached the psychologically devastating level of 6 percent. When I reintroduced public employment legislation soon thereafter—tied to an emergency "trigger" mechanism that would allow the national program to operate only when nationwide unemployment exceeded 4.5 percent—it passed the House and the Senate easily and was signed into law in July of 1971.

The Emergency Employment Act of 1971—EEA authorized the distribution of $1 billion a year to State and local governments to create jobs for the unemployed and the underemployed. At its peak, in the summer of 1972, nearly 200,000 persons were employed under the 1971 act, providing jobs for the unemployed and many sorely needed public services as well.

The experience under the 1971 act dispelled once and for all the theory that public service employment provides nothing but "make-work WPA-type" jobs. For example, 26 percent of the EEA participants were employed in professional, technical, and managerial positions—including teachers; 22 percent provided protective or custodial "services"—more than 10 percent of the total were employed by police or fire departments; 18 percent performed clerical or accounting tasks, while another 18 percent were employed in "structural work" occupations—including excavating and paving of roads.

Nor were these merely "dead end" jobs for program participants: Virtually all of them paid well above the minimum wage, with an average of $2.75 an hour for the program as a whole. What is more, many of the participants effectively made the "transition" from a temporary public service job to a permanent position in either the public or private sector. And perhaps the most significant statistic of all: Less than 6 percent of the money appropriated under the Emergency Employment Act was required for Federal and local administration of the program, meaning 94 percent of the money was actually paid in wages to a public service employee—something of a record, I would imagine, for effectivenes of Federal emergency spending.

Another significant factor to be considered regarding any new large-scale public employment program is the low actual net cost of such a program, when savings in transfer payments and new governmental tax receipts generated by public service employees are taken into account. Various public and private analysts have estimated that a multibillion dollar public service employment program would actually cost just 60 cents in new expenditures for every dollar's worth of public service jobs created.

Economists from the Congressional Research Service of the Library of Congress, for example, have used a general econometric model of the economy—the Data Resources, Inc., model with which economist Otto Eckstein is associated—and selected factors built into certain DRI projects to calculate that, at an unemployment rate of about 6.4 percent, a $4 billion public service employment program could be purchased for a net Federal cost of just $2.5 billion. The CRS analysts have calculated that a $4 billion public service employment program when fully in place could result in an increase of $0.8 billion in Federal receipts—income taxes and social security contributions—and a decrease of $0.5 billion in transfer payments—unemployment compensation, food stamps—making the net Federal cost of the program $2.7 billion. The calculations did not, for technical reasons, include savings in welfare expenditures.

If welfare savings were included, it would be reasonable to conclude that the net Federal cost of such a program would approximate $2.5 billion.

Congressman Richard Vander Veen, of Michigan, who introduced a public service employment bill this summer in the House, reached similar conclusions using somewhat different methods. Congressman Vander Veen estimates his bill would produce 900,000 public service jobs at a total cost of approximately $6.3 billion, but that the net Federal cost of such a program would come to just $2.9 billion, a figure he arrives at by subtracting $1.3 billion in increased tax revenues and $2.1 billion in decreased unemployment, welfare, and other payments from the gross cost of the bill.

While I do not offer any specific conclusions regarding the individual entries in Congressman Vander Veen's balance sheet, I believe that his painstaking analysis of the real costs and savings of a large public service employment program deserves our careful consideration. Accordingly, I ask unanimous consent that this analysis, along with the Congressman's estimate of the additional public and private jobs that would be created by his proposal, be printed at the conclusion of my remarks.

Still another type of cost-benefit analysis of the efficiency of public service employment has been performed by economist F. Gerard Adams of the University of Pennsylvania. Adams used the Wharton Econometric Model to test what he called "the implications of alternative budget policies." His conclusion, in testimony given recently before the Senate Budget Committee, was that public service employment would be an extremely efficient countercyclical tool. He estimated that a $10 billion reduction in Government purchases—although it would reduce the inflation rate by only one-half of 1 percentage point—would produce an increase in the unemployment rate equal to the loss of more than 350,000 jobs. But he found that a public employment program of just $3 billion would completely offset that increase in unemployment.

The public service employment lesson is clear: Many public jobs desperately need to be done—and public service employment programs have demonstrated the capacity to do them. If unemployment gets worse in the months ahead—and there are few analysts who believe that it would not—we are going to be spending large sums of public money to alleviate its effects. We can insure that our economy realizes maximum benefits from that money, and that it produces results beyond the temporary solution of the problem of an individual unemployed person, by once again renewing our major commitment to public service employment.

Mr. President, I ask unanimous consent that the text of the bill I am introducing today be printed in the Record following my remarks:

There being no objection, the analysis and bill were ordered to be printed in the Record, as follows:

TEXT OF BILL

Mr. Vander Veen. Funding 900,000 at $7,000 per job would cost, on an annual basis, a total of $6.3 billion. However, not all the expenditure for a public service job is a cost of the taxpayer. There are significant offsetting savings. Much of the money that will be spent on wages will not be spent on unemployment insurance payments, welfare and aid to dependent children, food stamps, medicaid, manpower training, and other assistance programs. Also, a great deal of the expense will be returned to Federal, State, and local governments in the form of income, sales, and excise taxes.

It is difficult to come to any specific measurement of what these aggregate savings would be in any given year. That will depend a great deal on characteristics of the individuals and families participating in the program. However, some educated guesses can be proferred on substantial savings.

Unemployment insurance: About 60 percent of the unemployed are insured under unemployment compensation. We assume the same percentage or ratio for those who receive jobs under this legislation. Since these participants are from areas of severe and prolonged unemployment we can assume a benefit duration of 6 months. The national average unemployment benefit is $250 per month. Sixty percent of 900,000, multiplied by $250, multiplied by 6 provides savings of a little over $800 million.

Welfare: There are about 100,000 families on AFDC–UF, the "unemployed father" program. Assume that 70 percent of them live in eligible areas and that they all enter the program. The average payment is $200 per month and we can assume payments lasting over 3 months. Also, there are 3.1 million other AFDC families. About 20 percent of the mothers are able to work. We assume that half of them live in eligible areas and that half of those participate in the program. The average grant per family is $200 per month over an average 12-month period. The total savings in welfare can be estimated at about $500 million.

Food stamps: If we assume that half the participants are in families eligible for food stamps and the average family grant is about $75 over a 6-month period, we arrive at savings of approximately $300 million.

Other programs: About 150,000 of the participants are not included in any of the above categories. However, they do receive some form of publicly financed assistance from either a manpower or training program. If we assume a monthly benefit of $120 for a period of 6 months we arrive at savings of about $100 million. Another $100 million in savings from lowered medicaid payments brings this total to $200 million.

Turnover: While the program will fund 900,000 job slots, there will be some turnover as persons move into other jobs, leave the area, et cetera. Since savings in the programs mentioned above occur at the beginning of each new job, an assumed 20-percent turnover rate of the above aggregate savings of $1.7 billion, results in total annual savings of $2.1 billion.

Increased tax revenues: Wages will be paid and will thus generate income to the Government in the form of taxes. This offsetting income should also be calculated in determining the actual net cost of public service employment.

Social security contributions at the 11.7 percent averaged rate will bring in about $700 million. While this is eventually disbursed in the form of benefit payments, it is a short term gain for the Federal budget figured on a unified basis.

Federal income taxes: A single person pays $895 on a $7,000 income. The head of a family of four pays $400. Assuming an average tax of $600 per person, receipts would total about $540 million.

State and local taxes: A not unreasonable estimate would be approximately 20 percent of the Federal revenue increase, providing $100 million. Total offsetting revenue increases; $1.3 billion.

Total cost of legislation: $6.3 billion gross cost of bill, minus $1.3 billion increases in Federal, State, and local tax revenues. Minus $2.1 billion decreased payments for welfare, unemployment, food stamps, medicaid, and other benefits and assistance programs. Total $2.9 billion net cost, 900,000 jobs at $3,100 per job.

Mr. Speaker, an additional economic benefit derived from the creation of 900,000 public service jobs is a job spillover into the private economy. This multiplier effect comes from the increased economic activity generated by the circulation of the incomes paid to public service employees. Economists have calculated the generation of private sector jobs at .4 the number of public service jobs created. Thus, creation of 900,000 public service jobs results in over 300,000 private sector jobs. It can fairly be said that the $2.9 billion net investment does result in the direct or indirect generation of in excess of 1,200,000 jobs across the Nation.

Section-by-Section Analysis

Section 1. This section provides that the legislation may be cited by the short title: "Special Employment Assistance Act of 1974".

TITLE I—PUBLIC SERVICE EMPLOYMENT

Section 101. Special Program

This section amends title II of the Comprehensive Employment and Training Act of 1973 by adding a new part as follows:

Part B—Special Employment Programs

Section 221. Authorization

Subsection (a) of this section authorizes appropriations of $4,000,000,000 for fiscal year 1975 for public service employment programs. Any amounts appropriated prior to June 30, 1975, shall remain available for obligation until December 31, 1975.

Subsection (b) provides that in filling public service jobs with financial assistance under this part, special consideration shall be given to persons who have been unemployed for fifteen or more weeks.

Section 222. Allocation of funds

This section provides that 75 percent of the funds appropriated pursuant to the authorization in section 221 shall be allocated among eligible applicants proportionately to the number of unemployed in each area compared with the Nation as a whole and 25 percent shall be allocated for use in areas of substantial unemployment as defined in section 204(c) of the Act.

Section 223. Special provisions to expand job opportunities

This section provides that, if an eligible applicant certifies to the Secretary that it is necessary in order to provide sufficient job opportunities in its area, it may use funds to make payments to public employers to expand the provision of job opportunities of the type described in paragraphs (1) through (7) of section 304(a) of CETA (e.g., Mainstream).

Section 102. General provisions

This section amends the general provisions of Title II as follows:

Section 212. Expenditure of funds

This section provides that funds may be utilized by prime sponsors for projects and activities planned to extend over a twelve-month period from the commencement of the project or activity.

Section 213. Reallocation of funds

This section authorizes the reallocation of funds among areas within a State if a particular area is not able to use part of its allocation within a reasonable period of time.

Section 214. Placement goals

This section provides that the Department of Labor shall not impose upon any eligible applicant, as a condition for the receipt of financial assistance any requirement that a specific number or proportion of public service jobholders must be placed in other jobs. The section expressly does not preclude placement goals, clearly identified as goals and not requirements.

Section 103. Special report

This section adds to section 209 of the Act a requirement that the Secretary of Labor elicit information on average wage rates paid to public service jobholders. The Secretary is authorized to make general recommendations to prime sponsors setting forth goals, with regional and area variations, aimed at maintaining a nationwide average in Federally-supported wage rates per public service jobholders of $7,500.

Section 104. Technical amendments

This section makes technical changes in the general provisions of title II to make such provisions applicable to the authorization for public service employment programs in all areas of the Nation, not limited to areas of substantial unemployment as under the existing title II of CETA.

Section 105. Miscellaneous provisions

Subsection (a) of this section adds to the definition of "public service" in section 601 (a)(7) of the Act to include "licensed child care".

Subsection (b) of the amendment is designed to provide for the restoration of the type of goal-setting for Vietnam-era veterans employment set forth in the regulations issued under the Emergency Employment Act of 1971.

Subsection (c) adds to the definition of "public service" in section 601 of the Comprehensive Employment and Training Act of 1973, part time work for those who are handicapped or older, and who are unable, because of such age or handicap, or in the case of certain categories of workers, such as G.I. Bill trainees, because of their status, to engage in full time work.

Subsection (d) includes in the conditions for receipt of financial assistance under section 603 of the Act a requirement that each grant, contract, or agreement specify that no program will discriminate with respect to any program participant or applicant because of age.

Section 106. Authorization for title III

This section authorizes the appropriation of such sums as may be necessary for title III of CETA.

Section 107. Veterans employment provisions

Subsection (a) of this section makes the Director of the Veterans' Employment Service in the Department of Labor a Deputy Assistant Secretary of Labor under whichever Assistant Secretary the Secretary of Labor designates. The new Deputy Assistant Secretary would be Presidentially-appointed and confirmed by the Senate. He would be responsible, along with the appropirate Assistant Secretary, the Under Secretary, and the Secretary, for policy formulation and administrative implementation for all Department employment, unemployment, and manpower programs to the extent that they affect veterans.

Subsection (b) of this section directs the Secretary of Labor to consult and cooperate with the Administrator of Veterans' Affairs and the Secretary of HEW in order to provide for an outreach and public information program which would utilize as much as possible all of the facilities of the three agencies. The program would be designed to inform eligible veterans about unemployment, job training, on-the-job training, and educational opportunities under CETA (as it would be amended by the Committee bill), as they are provided under title 38 of the United States Code, and under any other provision of law. This program also would seek to inform eligible CETA sponsors, Federal contractors and subcontractors, all Federal departments and agencies, educational institutions, labor unions, and other employers, of their responsibilities under all of these laws with respect to providing such opportunities for veterans, and to provide these entities with necessary technical assistance in order to carry out these responsibilities. The Secretary of Labor is also directed, in consultation and cooperation with the Administrator of Veterans' Affairs and the Secretary of HEW, to report to the appropriate Committees of the Congress (including the Committee on Veterans' Affairs), not later than ninety days after the date of enactment of this Act, on the steps taken and the specific regulations issued (1) to carry out the new outreach and public information responsibilities and the new affirmative action responsibilities for the employment of Vietnam era and service-connected disabled veterans which would apply to public service employment by local sponsors, and (2) to ensure that the new Deputy Assistant Secretary is given a meaningful opportunity to participate in the formulation and administration of all policies and programs of the Department of Labor as they affect veterans.

TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

Section 201. Statement of purpose

This section states that it is the purpose of Title II to establish a temporary program of assistance during a period of aggravated unemployment for unemployed workers who are not eligible for unemployment allowances under any other law.

Section 202. Grants to status: Agreement with States

Section 202 provides each State shall make payments to individuals pursuant to agreements between it and the Secretary of Labor in accordance with this title and rules and regulations prescribed by the Secretary, and that each State shall be reimbursed by the United States in the amounts deemed necessary to carry out the program.

Section 203. Eligible individuals

Section 203 establishes the eligibility criteria for individuals to receive assistance payments or waiting period credits. It provides that individuals shall be eligible for benefits if they are not otherwise eligible for unemployment compensation under any other State or Federal law, or for any assistance or allowances under such statutes as the Trade Expansion Act of 1962, and are not receiving unemployment compensation under Canadian law.

Individual must meet the qualifying employment and wage requirements of the applicable State unemployment compensation law. For this purpose, employment and wages not covered under such law shall be treated as though they were covered for the purposes of determining eligibility for this program. A special fifty-two week "base year" is also established for determining an individual's benefit amounts under the applicable State law. In addition, individuals seeking assistance must be totally or partially unemployed, able to work and available for work, and not be subject to disqualification under the applicable State unemployment compensation law.

It is further required that assistance shall be available only if the area in which the individual was last employed for at least five work days has a Special Unemployment Assistance Period in effect as provided under Section 204.

This section also provides for a continuation of benefits in the event such period ends before individuals exhaust their entitlement for special unemployment assistance.

This section also requires that benefits shall not be available to individuals unless the State in which they were last employed has an agreement with the Secretary of Labor covering the week for which benefits are claimed.

Section 204. Special unemployment assistance period

This section provides that a Special Unemployment Assistance Period shall commence in an area designated by the Secretary with the third week after the first week for which there is an "on" indicator for such an area, and shall terminate with the third week after the first week for which there is an "off" indicator; but no Special Unemployment Assistance Period shall have a duration of less than 13 weeks.

This section also requires the Secretary to designate as an area under this section areas served by prime sponsors which, on the date of enactment of this Act, are designated under section 102(a)(2), (3), (4), or (5) of the Comprehensive Employment and Training Act. The Secretary is also required to designate as an area all parts of a State which are not in such prime sponsor service areas.

This section also provides that there is an "on" indicator in an area for a week if for each of the most recent three consecutive calendar months for which data are available, the Secretary determines that: (1) the seasonally adjusted rate of national unemployment averaged 6 percent or more; or (2) the unadjusted rate of unemployment in an area averaged 6.5 percent or more. There is an "off" indicator for a week if, for each of the most recent three calendar months for which data are available, the Secretary determines that none of the "trigger" requirements are satisfied.

In addition, this section provides for consideration of rates of unemployment for three consecutive months prior to the date of enactment of this Act in making the determinations required under this section.

Section 205. Weekly benefit amount

This section provides that for a week of unemployment, eligible individuals shall be entitled to receive the weekly benefit amount that would be payable as regular unemployment compensation under the applicable State law. Employment and wages not covered under such law shall be treated as though covered for the purposes of computing benefits under this program. A special fifty-two week base year is established for the purpose of computing weekly benefit amounts.

This section also provides that, notwithstanding State law, claims for benefits under this program may be determined on the basis of an affidavit submitted by the applicant. If an individual knowingly provides false information in the affidavit, he will be ineligible for any assistance under this program and will be subject to prosecution under Federal law governing false statements (18 U.S.C. 1001).

Section 206. Maximum benefit amount

Section 206 provides that an individual's maximum amount of special unemployment assistance shall be the maximum amount that would be payable under the applicable State unemployment compensation law, but not exceeding twenty-six times the weekly amount computed under section 205(a) for a week of total unemployment. In making these computations, work not covered under the applicable State law shall be treated as though it were covered employment. A special base year is also established for the purpose of these computations.

Section 207. Applicable State law provisions

This section provides that, except where inconsistent with the provisions of this title, the terms and conditions of the applicable State unemployment compensation law shall apply to claims and payments under this title.

Section 208. Program duration

This section provides that assistance shall not be payable with respect to any week of unemployment beginning before the date of enactment. It further provides a cutoff of all benefits under this title for weeks of unemployment ending after March 31, 1976. No initial claim for assistance may be made after December 31, 1975.

Section 209. Definitions

This section defines terms used in Title II.

Section 210. Authorizations

This section authorizes the appropriation of such sums as may be necessary to carry out Title II for fiscal years 1975 and 1976.

Mr. JAVITS. Mr. President, I urge that the Senate adopt S. 4079, the Special Employment Assistance Act of 1974, reported by the Committee on Labor and Public Welfare, on which I serve as the ranking minority member.

This bill is landmark, as it contains two absolutely essential new measures to deal with the current unemployment situation—a $4 billion authorization for fiscal year 1975 to fund an estimated 530,000 transitional public service jobs—at $7,500 per job—during calendar year 1975, and extended unemployment payments for workers not covered under any Federal or State unemployment insurance law.

This represents the committee's response to the unemployment aspect of the current serious economic situation—already at the devasting rate of 6.5 percent in November with almost 6 million persons unemployed—and with the anticipated unemployment situation with almost everyone including the Chairman of the Council of Economic Advisers predicting that we may well have over 7 percent within the next 6 months. Already, New York State and New York City are over the "danger" mark with 5.9 and 7.1 percent respectively.

The President, acknowledging that the unemployment situation is even worse than the administration had originally expected, has urged action.

The committee shares this sense of urgency and to the end of the earliest enactment has moved quickly. In fact, I note that it was referred, from the Subcommittee on Employment, Poverty, and Migratory Labor yesterday morning, by the full committee yesterday afternoon, and is being taken up this morning.

Mr. President, I wish to point out especially that only on yesterday, the Republicans in the Senate adopted a statement of economic policy which I regard as a very important and extremely helpful declaration in terms of the situation in which the country finds itself economically and what is forecast for the future.

In that statement, Mr. President, the Republicans in the Senate, under the heading, "Public Service Jobs," said:

> New legislation to provide for an estimated 500,000 transitional jobs during calendar year 1975 in such vital public service fields as education, environmental quality, health care, energy conservation, and community improvement. The job funds should be allocated on a regional or areas basis, utilizing state and local government prime sponsors designated under the Comprehensive Employment Training Act of 1973. These funds are designed to provide jobs and, in many cases, will replace welfare payments.

That, Mr. President, relates immediately and directly to the first title of this bill.

As to the second title, "Expanded Unemployment Benefits," the Republican conference said the following:

> Finally, a temporary program of Federally-financed income replacement payments for unemployed workers should be established. We recommend re-enactment of the Emergency Unemployment Compensation Act of 1971, making it effective this January; modifications of the existing Federal-State Extended Unemployment Compensation Program to make it apply nationally in January; and a supplemental program of up to 26 weeks of benefits for unemployed workers in high unemployment areas who are ineligible under the existing unemployment insurance system.

Mr. President, this bill before us, which properly relates to the jurisdiction of the Committee on Labor and Public Welfare, deals with a supplemental program of up to 26 weeks of benefits for unemployed workers in high unemployment areas who are ineligible under the existing unemployment insurance system.

Also, Mr. President, it is understood that the Committee on Finance is currently turning out a bill which will deal with other phases of the unemployment system insofar as the Federal Government is concerned which tie into the State-Federal unemployment compensation laws, and, therefore, are properly within the jurisdiction of the Committee on Finance. So that, while full respect is given to the jurisdiction of both committees, the Committee on Labor and Public Welfare is submitting its part of the package in this bill as a supplement and we are confident that the Committee on Finance is coming right along in parallel to submit its part of the package.

With that general background, I shall now comment in more particular on the two major elements of the bill.

TITLE I—"PUBLIC SERVICE EMPLOYMENT"

First, as I indicated, the bill authorizes $4.0 billion for fiscal year 1975 to fund an estimated 530,000 transitional public service jobs during calendar year 1975—at an estimated cost of $7,500 per year per job—in vital areas such as education, environmental quality, and health care, conducted through the system of State and local governmental prime sponsors established under title I of the Comprehensive Employment and Training Act of 1973.

These funds would supplement the $1.0 billion and 170,000 jobs already made available under title II of CETA, which is confined to areas having unemployment of 6.5 percent or more for 3 consecutive months.

New York State, which has had funds for the creation of 12,700 jobs, could receive funds for at least 50,000 additional 12-month jobs in the next calendar year under this legislation assuming that the full amount is appropriated.

As ranking minority member of the committee, I believe that the Senate should know the basic issues that were before the committee and how they were resolved.

The committee had before it three major bills dealing with public service employment: S. 2993, the Emergency Energy Assistance Act of 1974, which I introduced on February 8 with 14 cosponsors; S. 4079, the Emergency Public Service Employment Act of 1974 introduced on October 2, by Senator NELSON, myself, and others; and the administration's bill, S. 4129, the National Employment Assistance Act of 1974, introduced by Senator TAFT and others on October 10.

From these different proposals, there arose five major issues.

First, the amount of funds to be authorized and the contingencies upon which they were to be made available: that is when they should be "triggered on" or "triggered off."

My proposal authorized $4 billion when national unemployment exceeds 6 percent for 3 consecutive months. Senator NELSON's bill also authorized $4 billion but provided for triggering as follows: $500 million at 4.5 percent national unemployment; $500 million at 5 percent; $1 billion at 5.5 percent; and $2 billion at 6 percent. The administration's proposal, introduced by Senator TAFT, provided for a triggering of $2.25 as follows: $500 million at 6 percent; $750 million at 6.5 percent; and $1 billion at 7 percent.

Given these differences we were not able to agree on a triggering mechanism but looked rather to the realities of the situation, namely that we had already passed the 6 percent threshold at which all agreed some amount of funds should be made available.

We then took $4 billion figure in my bill and in Senator NELSON's bill as the basic authorization in anticipation that the amount of funds to be made available from that amount could be determined through the ordinary appropriations process with input from the Congress and the executive.

I might note that the administration has indicated to principals in the House and the Senate that upon enactment of this bill, it will immediately request a supplemental appropriation of $1 billion under the new authority, which amount will supplement the $1 billion already available under title II of the Comprehensive Employment and Training Act of 1973, which is funding 170,000 opportunities.

We will, of course, be seeking more as needed under any resulting legislation.

Members should know that under the bill reported by the House Committee on Education and Labor authorizes $2 billion for the same period.

Second, the mechanism to be used.

Both my proposal and Senator NELSON's contemplated the full utilization of the system of State and local prime sponsors established under the Comprehensive Employment and Training Act of 1973, just in the last few months put into full operation; on the other hand, the administration urged essentially a new program under a separate authority.

The committee bill, I am pleased to say, would utilize the CETA system, thus increasing the rapid implementation of this emergency program and avoiding additional administrative problems.

Third, whether to have a national program or one focused on particular areas suffering especially from unemployment.

The administration proposed that funds be channeled only to "labor market areas"—of which there are slightly under 200—having unemployment of 6.5 percent for 3 consecutive months. This was also essentially the position adopted by the Republican conference in its economic recommendations made yesterday, and in which I joined.

My preference had been to have a national program, but with a higher degree of attention to the severity factor in particular areas. To that end, in committee I moved an amendment to provide assistance only to those prime sponsorship areas under CETA—of which there are approximately 400—which have unemployment of 6.5 percent or more for 3 consecutive months.

That proposal was rejected and the committee bill provides for distribution among all CETA title I prime sponsors as follows: 75 percent on the basis of the number of unemployed in the area relative to the number of unemployed in the Nation; and 25 percent among CETA title I prime sponsors with levels above 6.5 percent.

These mean that under the committee bill, there is recognition of the severity factor, but not to the extent that I had hoped and urged.

As the committee bill before the House of Representatives—to be considered later today—gives more weight to severity, the matter will be a key issue in conference.

Fourth, the term of employment.

Both my bill and Senator NELSON's anticipated at least a 1-year program without restriction on the term of each job slot.

Under the administration's bill, job projects would be limited to 6 months.

We felt that to so restrict projects was unrealistic and counterproductive in an administrative sense.

The committee bill, while providing authority only for fiscal year 1975, permits prime sponsors to use funds obligated before that date to fund a public service job for a year. The House committee bill has taken essentially the same approach.

Fifth, eligible persons.

Under Senator NELSON's proposal and my proposal, unemployed and underemployed persons would have been generally eligible as under CETA; the administration wished to limit eligibility to exhaustees of unemployment benefits.

The committee bill reported a compromise between these objectives by replicating CETA in terms of eligibility, but providing "special consideration" be given to persons who have been unemployed for 15 or more weeks.

Mr. President, in addition to these major issues, there were other important issues resolved as follows:

Whether to permit prime sponsors to utilize funds for job programs such as neighborhood youth corps summer job program, Operation Mainstream, and so forth; the committee bill included provisions to permit prime sponsors to do so under certain circumstances.

Whether to permit prime sponsors to waive transitional requirement to insure speedy implementation; the committee bill eliminates any transitional requirements but maintains current provisions relating to objectives and procedures to insure that the prime sponsors "feet" are "kept to the fire" as the end of the program approaches.

Whether to provide some relief in respect to the provision of current law that requires that persons be unemployed for 30 days. We have a very serious situation in New York City where Mayor Beame is laying off or proposing to lay off workers and I point out that the House bill reduces the 30 days to seven, and that the matter can be reviewed in conference.

The cost per job. The committee bill provides for an average cost of $7,500 per year per job. This is a compromise, based on existing experience, between the $8,000 per job contemplated in my proposal, and the $6,000 planned by the administration. The $7,500 provision—roughly the experience under public employment to date—is necessary to insure meaningful jobs. There is a $10,000 per job per year maximum limitation as under current CETA law.

Mr. President, finally, the committee bill contains two changes in current law which I proposed that are of significance:

First, "licensed child care" would now be included in the definition of public service employment; this is absolutely key in terms of increasing family day care and other day care opportunities in New York City and in the Nation.

Second, the bill contains a "such sums" authorization for title III of the Comprehensive Employment and Training Act for fiscal year 1975. Title III is essentially the Secretary's title from which very important national and demonstration efforts may be funded, for example, the National Urban League, OIC, Operation SER, as well as special programs for ex-offenders and bilingual persons.

Funds under title III have been greatly restricted—and, as a result, some feel inequitably allocated as between contracts—by reason of the 20 percent limitation contained in section 4(e) of CETA.

By providing an additional "add-on" authority, we will have the basis for seeking a supplemental for this title to meet needs.

Mr. President, public service employment is relatively new, but already we have experience which demonstrates that it can be transitional in nature, can address real public service needs, and can be implemented rapidly.

With respect to the transitional nature, the report on the public employment program contained in the manpower report of the President, transmitted to the Congress in April 1974 notes surveys establishing that:

> One month after they had left PEP, 71 percent were in jobs and were earning an average wage of $3.30 per hour. Six months after leaving PEP, 79 percent had jobs, while a year after PEP, 82 percent were employed; earnings averaged $3.25 an hour in both periods.

The report further notes that jobs in the public employment program:

> Are generally acknowledged to have been "real," not "make work."

In that connection, the manpower report notes that over the span of the program, from August 1971 through June 1973, jobs were distributed by sponsors among the following public service activities:

	Percent
Public works, transportation	22
Education	20
Law enforcement	12
Health and hospital services	9
Parks and recreation	8
Social services	6
Environmental protection	4
Fire protection	2
General administration and other	17
All activities	100

Experience under the public employment program also establishes that appropriated funds can be used to create public service jobs in a very short time frame, thus further enhancing the value of the public service job approach in meeting the unemployment situation.

The manpower report of the President notes that under the public employment program: "the first participants were at work just a few weeks after the legislation was signed in July 1971."

In testimony before the subcommittee officials responsible for administering public employment programs indicated that funds could be translated into meaningful jobs within 30 days of receipt at the State and local level.

Mr. President, in closing, I urge the Members of the Senate not to see the public service employment portion as a "liberal budget breaking" proposal. For the fact is that the Republican conference, made up of many conservatives as well as liberals, have recommended the provision of 500,000 public service jobs over the next year. Chairman of the Federal Reserve Board, Dr. Arthur Burns, also supports such a program and has indeed since last February.

Actually, the costs of the program are likely to be substantially less; testimony before the subcommittee indicated that the net cost would be in the neighborhood of $2 billion, taking into account savings in welfare, unemployment compensation, returns to the economy, and increases in tax revenues.

TITLE II

Title II of this bill addresses the critical need to provide income replacement payments to those ignored by the present unemployment insurance system. The existing Federal-State unemployment compensation programs provide partial income replacement benefits to unemployed workers who are covered under these programs. They generally provide up to 26 weeks of benefits in a year, although several States establish longer benefit periods, and most State programs limit the duration of benefits to less than 26 weeks in the case of certain workers who do not have a history of recent steady employment.

In high unemployment periods, legislation has been enacted to extend the duration of benefits beyond that provided under the regular State programs is recognition of the fact that during such times it is more difficult for the unemployed to find new employment. The first of these programs were temporary, and in 1970 a program to provide such extended benefits was made a permanent part of the Federal law through the enactment of the Federal-State Extended Unemployment Compensation Act of 1970, providing an additional period of benefits for up to 13 weeks for covered workers who exhaust their regular benefits. This program, however, has proved inadequate to the economic circumstances facing the Nation today, and has left 15 percent of the American work force entirely outside the protections of the unemployment insurance system.

Title II of the legislation before us today would remedy this most serious defect. Workers who are not eligible for any existing Federal or State unemployment assistance program would be entitled to receive up to 26 weeks of unemployment assistance benefits. These benefits will be provided under basically the same eligibility requirements, and for the same duration and amount as is provided for workers covered by the unemployment insurance system of their State.

The effect of this title will be to provide, for the first time, that any worker who becomes unemployed through no fault of his own would be eligible to receive some form of unemployment assistance. The bill also establishes a standard "base period" for determining his benefits consisting of the most recent 52-week period of employment just before filing his claim for payments.

Under most State unemployment insurance laws, the base period consists of four consecutive calendar quarters ending 3 to 6 months before the date of claim. Many young people and others with recent labor force attachment, as well as those workers who are typically the last hired and the first fired, would not qualify under the laws of most States. Many of them, however, would be covered by this bill because of the special base period it establishes for every State.

Mr. President, in addition to Chairman NELSON—who has contributed so much—I would like to pay my tribute to Senator TAFT, who is the ranking Republican member of the subcommittee which turned out the original and basic measure—the Subcommittee on Employment, Poverty, and Migratory Labor—and has been a very important influence in bringing us to the moment of presentation of this bill. Without in any way committing Senator TAFT to the bill, I make this statement simply to show the work which he did as the ranking minority member of this subcommittee in bringing us to where we can get action well before Congress adjourns for this year.

This program of emergency unemployment assistance for previously uncovered workers would come into effect nationwide when the national unemployment rate averages 6 percent or more for 3 consecutive months. If this national trigger were not in effect, the program could also be triggered "on" in local areas—those served by prime sponsors under CETA—where the unemployment rate equals or exceeds 6.5 percent for 3 consecutive months. Since the national trigger for this program has already been met, workers could begin receiving these much needed benefits immediately upon enactment of this legislation.

There are currently over 12,000,000 workers who are not afforded the protections of the unemployment insurance laws. It has been estimated by the Department of Labor that up to 3,000,000 unemployed workers would be potential beneficiaries of this new program during 1975.

As essential as this legislation is, none of us here should be lured into believing that by its enactment we will have remedied even the immediate problems of the unemployment insurance system. Last week I joined with my distinguished colleagues from Connecticut (Mr. RIBICOFF) and Wisconsin (Mr. NELSON), as well as 33 other Senators in sponsoring a bill which is now before the Committee on Finance. That bill would provide much needed additional relief for workers who have exhausted their entitlements to regular and extended unemployment insurance benefits. Its enactment is equally as urgent as the legislation before us now.

While both of these measures are desperately needed, and will provide stopgap relief for the unemployed, we must still remedy the basic defects which beset our unemployment insurance programs. Sadly, this is the sixth time in the past 2 years that I have stood here on the floor of the Senate exhorting this body to enact one form or another emergency, temporary amendment to patch up the unemployment insurance system.

Total and permanent unemployment reform is a matter which this Congress can postpone no longer. I would hope that this will be the last occasion on which we will have to provide piecemeal remedies for the ailing UI system. I urge the appropriate committees in the Senate and the House to make Unemployment Insurance reform a priority item for the next Congress.

For all these reasons, I urge approval of the committee bill.

Mr. NELSON. Mr. President, the distinguished Senator from New York has ably and adequately discussed the details of the measure.

Does the Senator from California wish to be recognized?

Mr. CRANSTON. Yes, if the Senator will yield.

Mr. NELSON. I yield.

Mr. CRANSTON. Mr. President, I wish to thank the Senator for his very good work and his leadership on this measure.

I wish to commend the chairman of the committee, the Senator from New Jersey (Mr. WILLIAMS) and the ranking minority member of the committee, the Senator from New York (Mr. JAVITS) for the legislation which has been presented to the Senate today.

I just came from a session of the Budget Committee where Mr. Ash, the head of OMB, was critical of Congress not having acted instantly on the public service employment so-called bill that was submitted by the administration some time ago.

Rather plainly, that bill was not adequate to the needs of our economy and the needs of the unemployed in our country.

I think Congress has acted very responsibly and very swiftly, within reason, bringing this bill to the floor. It was introduced October 2 by the Senator from Wisconsin, with many others, including myself, as cosponsors. We have had appropriate hearings, considered the matter very carefully.

Final action came in committee yesterday. Here it is today on the floor—I trust, to be enacted before Congress adjourns.

Thus, we have shown that Congress can act swiftly to meet a very serious problem with very excellent legislation.

I am delighted the bill is in its present form, and again, I thank the Senator from Wisconsin.

I am delighted that the Republican members of the Senate Labor Committee have joined in making this a unanimously supported bill, and I think it is very fine that the Republicans generally in the Senate just yesterday issued a statement, a policy statement, that recommends a number of steps to deal with our economy, including quite strong support for the concept of public service employment.

Mr. NELSON. I thank the distinguished Senator from California who always make a constructive contribution to the design of legislation.

I might say that the President on October 8 recommended the public service employment proposal to a joint session.

On October 9, the next day, the Subcommittee on Employment, Poverty, and Migratory Labor held a joint hearing with the House committee to head testimony by the Secretary of Labor.

Despite the fact that this occurred just before the congressional recess for the election, the committee, the Senate, and the House of Representatives, have acted very expeditiously on this important piece of legislation.

As a matter of fact, it has been the Congress that originated the public service employment concept several years ago. It has been the Congress that has been the advocate of this concept over the years, mostly over the opposition of the last administration, I might say.

Mr. CRANSTON. Yes, there was a veto by the past President on public service employment legislation.

The Senator from Wisconsin introduced this bill a week before the President's message. The Senator introduced this bill on the second of October, the President's message was the 9th of October.

I think the Senator has demonstrated his skills in leadership by the fact that this is the single most important piece of legislation dealing with the difficulties of the economy and seeking to aid the victims of the economy.

This measure has moved more rapidly than any other major measure before the Congress.

Mr. President, not only have we acted with the required speed in bringing this matter to the floor today, but I believe very strongly that we have acted in a highly responsible manner. We have attempted to evaluate carefully the administration's proposals and to go along where that was possible, to compromise when we could do so without conceding on matters of substantial principle, and to differ honorably where we felt that the administration approach was the wrong one.

TITLE I: QUALITY OF JOBS

Thus, title I of the bill reported from committee unanimously yesterday attempts to strike a careful balance between the need for emergency public service employment jobs across the Nation and the committee's conviction—which I share most strongly—that the jobs created must be meaningful, not "leaf-raking" jobs, in the words of a former President and, most significantly, should be jobs which will be designed to provide needed services to communities across the country.

In this time of recession/inflation, with productivity dropping for the last three quarters, I believe it is counterproductive to establish short-term, unattractive, dead end jobs which do not contribute at all to meeting important community needs and developing individual skills and potentials. That is why the Senate bill does not provide waivers for the various provisions in title II of CETA which deal with the quality of the jobs created and which, as a matter of fact, all are in the nature of generally applicable principles providing for variations for exceptional circumstances.

We have also in the committee bill provided for an average cost per job of $7,500 which will insure that the general nature of jobs supported under the Emergency Employment Act of 1971 and presently covered under title II of CETA will be maintained.

AMENDING CETA

Further, we have insisted that this legislation be made a part of the Comprehensive Employment and Training Act of 1973, despite the administration's proposal to create an entirely new and separate piece of legislation. I must confess that I was never able to understand the administration's basis for proposing such separate legislation, especially in view of the fact that the administration itself had pushed so long and so hard to obtain a single, comprehensive, unified approach to manpower training and employment legislation in 1971, 1972, and 1973, resulting in the enactment of CETA.

ELIGIBILITY FOR NEW JOBS

Another area where we believed that the administration's position was not correct was its proposal that public service jobs should be available only to those who had exhausted their unemployment insurance benefits. Coupled with the proposal being acted upon separately in both Houses at this time, to provide for an additional 13 weeks of unemployment insurance benefits, in many States this administration proposal to limit these new jobs to "exhaustees" would have the effect of requiring an individual to be unemployed for a full 52 weeks before becoming eligible for this kind of a job. There was little if any support for this approach on the committee.

One surely disastrous effect of this kind of a prerequisite would be to rule out many returning and returned veterans from consideration for these jobs, let alone from the sort of priority treatment which the law requires—particularly with the amendments which I proposed and which the committee adopted to this bill—under title II of CETA. Instead, the committee bill retains the present 30-day out-of-work requirement which applies in title II programs.

ALLOCATION FORMULA

Finally, Mr. President, we were also unable to agree with the administration bill with respect to the allocation formula and the question of whether there would be a nationwide program or a program which would focus funds and jobs only in areas of the most substantial unemployment. This is a matter about which I have long felt very strongly, Mr. President. I have sponsored legislation for more than 2 years now to create an ongoing nationwide public service employment program that would not be triggered on and off by rising and falling unemployment rates. This is because I believe, first, that there is a level of basic unemployment—whether it be 3½ or 4 percent—which we will never be able to resolve with standard manpower training programs and fiscal and monetary measures; and second, because I believe that the demand for public services across the Nation which cannot be met either through local tax bases—already so severely overburdened—or through the present level of revenue-sharing support.

I also believe, Mr. President, that there is a direct correlation between the value of the public service jobs produced—both in terms of their contribution to meeting otherwise unmeetable community needs and in terms of their contribution to the self-esteem and subsequent employability of the person performing the work—and the number of jobs which each community is called upon to create and fill in a relatively short period of time. Thus, a nationwide program contributes to realization of meaningful jobs and not jobs deliberately made as unattractive as possible, as the administration has proposed with respect to this new program.

At the same time, Mr. President, I do believe that there is a need for continuing to focus some proportion of funding in those areas most severely hit by unemployment. Thus, I have supported the special section 6 program in the Emergency Employment Act of 1971, under which 20 to 25 percent of the EEA funds were channeled into areas with 6 percent or more unemployment rates, and in 1973 the title II CETA program distributing funds into areas of substantial unemployment, this time measured at 6.5 percent.

My State of California is particularly beseiged with unemployment problems at present and has been for the last several years. Our unemployment rate statewide is now an astronomical and tragic 8.7 percent. Thus, special targeting of funds to areas of substantial employment is of particular benefit to numerous communities and governmental units in California.

In order to strike a reasonable accommodation between the need for a nationwide approach and a certain amount of targetted public service job funding, I offered an amendment and the committee adopted it yesterday, with the cosponsorship of the distinguished chairman of the Labor and Public Welfare Committee (Mr. WILLIAMS) and the distinguished Senator from Massachusetts (Mr. KENNEDY). I was extremely gratified that the committee adopted this formula which provides that 25 percent of the amounts appropriated, pursuant to the $4 billion authorization of appropriations for the new public service employment program—an authorization level which I joined with Senator JAVITS in proposing—will be allocated to areas of substantial unemployment as defined in section 204(c) of CETA. This means that 25 percent of the money will go to local areas eligible for CETA title II funds as areas with 6.5 percent or more unemployment rate. The remainder of the funds—75 percent—would be distributed nationwide in accordance with overall unemployment.

This distribution would preserve the essentially nationwide nature of the formula in the bill as introduced with concentrated unemployment given approximately the same proportion of special attention that it received under the Emergency Employment Act of 1971—$250 million of $1 billion in fiscal year 1972, and $250 million of $1.25 billion in fiscal year 1973—and under title II of CETA—$400 million of $2.1 billion in fiscal year 1975.

With unemployment projected to reach 7 percent shortly and 8 percent next year, some reasonable proportion of the funds should be concentrated in areas most severely hit. Since $770 million have recently been made available for allocation to areas of 6.5 percent or more unemployment under title II of CETA—$370 million in the Second Supplemental Appropriations Act of fiscal year 1974 and $400 million in the Labor-HEW Appropriations Act for fiscal year 1975, the 25-percent allocation adopted by the committee for 6.5 percent areas in the proposed amendment would merely provide some funds to carry on this level of funding for the duration of this new emergency program.

Mr. President, because the nationwide unemployment situation becomes an even greater tragedy when it hits our younger veterans, I offered an amendment to the bill in executive session yesterday which is designed to provide substantial assistance to service-connected disabled veterans and Vietnam-era veterans through the provision of public service jobs under this new program as well as under title II of CETA program. Before describing the specifics of this amendment, I would like to outline for my colleagues the gravity of the veterans unemployment situation in the Nation today.

VETERANS' PROVISIONS

DISCUSSION OF PROBLEM

Mr. President, there are presently 346,000 Vietnam-era veterans unemployed, of whom 145,000 are age 20 to 24 and 155,000 are age 25 to 29. The unemployment rate for 20- to 24-year-old veterans is now 12.4 percent. Among minority group 20- to 24-year-old veterans, the rate is 23.2 percent. Among all Vietnam-era minority veterans it is 10.8 percent.

The plan submitted by the Labor Department to the Congress in October to cover fiscal 1975 for helping unemployed veterans offers very little hope for resolving this problem. The plan admits this in so many words. In the middle of the review of past efforts, in a one page discussion of the "Impact of the JFV—Jobs for Veterans—Plan on Veterans' Unemployment Outlook," it is stated:

> If the national average unemployment rate should rise to 6.0 percent by the end of FY 1975, average employment of VEV's (Vietnam era Veterans) should be about 300,000 above the present totals (290,000). At this level, it is unlikely that the VEV jobless rate can be kept below the 6 percent mark for that period by presently programmed activities in the JFV Plan of Action. This could result in a rise in VEV jobless totals to 375,000 by the end of FY 1975 (from the present level of about 290,000). Since younger, minority and disabled vets are among the last group hired in many areas and industries, jobless rates for such groups will probably significantly exceed the 10 percent levels now reported.

Mr. President, with an overall national unemployment average of 6.5 percent and 6 million Americans out of work, the burden of continued increases in unemployment, as the Labor Department suggests, will fall heavily on three groups of veterans who already have high unemployment rates: Young veterans in the 20- to 24-age bracket; minority-group veterans; and disabled veterans.

When the Department's plan was prepared, unemployment was much lower than at present. In the second quarter of this year unemployment for 20- to 24-year-old veterans was about 10 percent. Third quarter figures show that unemployment in this group is up to 12.4 percent. The jobless rate for minority-group veterans—always double that for whites—is particularly acute in the youngest age bracket. In the 20- to 24-age bracket, second quarter figures from the Bureau of Labor Statistics indicate an unemployment rate of 19.5 percent. Third quarter figures show that that rate has risen to over 23 percent.

There are over 350,000 disabled Vietnam-era veterans. Comprehensive unemployment figures for disabled veterans have not been readily available. A study by the Human Resources Organization—HUMRRO—commissioned by the Manpower Administration of the U.S. Labor Department, found an 11-percent unemployment rate among disabled veterans in the first quarter of 1974. That same study found that, whereas during fiscal 1974, 112,000 disabled veterans registered at employment service offices throughout the country, only 25,000 were placed in jobs. The HUMRRO study also pinpointed breakdowns in the supportive services necessary to put teeth in the official Labor Department policy of giving disabled veterans priority over all other applicants to the employment service. These include improper identification of disabled veterans; little followup to determine the length of stay on job by disabled veterans; the depth of feeling among employers against hiring disabled individuals; and very little cooperation in many cities between the Veterans' Administration and the employment service. The Disabled American Veterans have felt that unemployment among disabled veterans is very likely higher than 15 percent.

Moreover, Mr. President, the HUMRRO study points out, unemployment rates among the more severely disabled young veterans increases sharply with the severity of disability for high school dropout veterans. Among high school dropout veterans under age 30, the unemployment rate is 18 percent for those with slight disabilities; and it increases to 31 percent for those with severe disabilities. Of every three young disabled veterans interviewed by HUMRRO who reported seeking help from State employment service offices, only one reported getting a job offer based on the employment service referral. Half or all those veterans seeking local employment service help felt they received inadequate information and advice according to HUMRRO.

These three groups—those 20 to 24, minority-group veterans, and disabled veterans—are very likely going to face even more severe unemployment in the months ahead. Moreover, official unemployment rates do not reflect the severe hidden unemployment—those who have given up looking—that many analysts, even inside Government, concede exists. In other words, the rates of unemployment I have mentioned are very likely modest estimates.

The Labor Department's fiscal year 1975 plan suggests that programs that have had the most impact in the past on reducing veterans' unemployment will continue to have that ameliorative effect. But the Labor Department fails to mention that three of the five programs it lists no longer exist: The public employment program; institutional training under the old Manpower Development and Training Act; and the Concentrated Employment Program—CEP. The two other programs—the job opportunity in the private sector—JOP, and the OJT—national contracts program—have been curtailed due to the economic downturn or the adoption of CETA.

Since CETA gives much control over manpower programs to local officials, the Federal Government can really only suggest that veterans get preference. In fact, at the urging of committee members, the Labor Department finally included in its title I manpower program regulations that prime sponsors of manpower programs should give veterans a preference. But compliance with this veterans' preference will be left very much to local officials, and it, therefore, seems overly optimistic to expect equivalent participation rates by veterans in these programs, as the Labor Department's plan suggests is likely to be the case—"At least equivalent participation rates are expected under this JFV Plan."

More specifically, the Labor Department jobs for veterans' action plan singles out two programs as most successful in cutting into veteran unemployment. It says:

> A special study of Vietnam-era veterans unemployment problems and programs recently completed by the Manpower Administration, U.S. Department of Labor ("The President's Veterans Program: Assessment and Proposed Program Directions for FY 1975") indicated that certain types of manpower and employment assistance programs—such as the on-the-job training or

public service employment programs—generally produced more significant results in terms of continuing employment opportunities for veterans than did programs such as job training in schools and similar institutions. The focus of program efforts under the new Jobs for Veterans design will be to emphasize these high impact programs.

Although we welcome these hopes, the committee, in accepting our amendment, found that the degree of progress necessary to meet the severe and mounting rate of young and disabled veteran unemployment can be achieved only through tough, specific Federal guidelines.

As I will discuss, the reason the public service employment program under the Emergency Employment Act of 1971—EEA—was successful in cutting into veteran unemployment was because the Federal Government insisted that 30 to 33 percent of all hires be young veterans. In the absence of that kind of authority attached to any public service employment bill. It is highly unlikely that veterans will get the special consideration which I believe and the committee found they deserve.

Under the EEA, through fiscal year 1974, Mr. President, Vietnam-era veterans comprised 28.3 percent of all hires. The Labor Department regulations, pursuant to section 7(c)(4) of the EEA—requiring special consideration for special veterans—provided for the Secretary to establish employment goals for veterans, and as indicated, the Secretary generally required prime sponsors and program agents to make Vietnam-era veterans 30 percent of EEA hires.

The new CETA title II regulations do not, in fact, provide for any such setting of goals by the Secretary for the employment of Vietnam-era veterans. Rather, the "special consideration" required by section 205(c)(5) of CETA is implemented by a regulation providing only that local government sponsors shall hire a proportion of veterans no less than the proportion that veterans comprise of eligible unemployed persons in the sponsorship area. That may be equitable consideration—which is required for all significant segments of the unemployed population by section 205(c)(2) of CETA—but the committee does not believe it is the "special consideration" which the provisions of title II (section 205(c)(7)) of CETA was designed to achieve.

Mr. President, I have had a continuing dialog with the Labor Department with respect to the appropriateness of its CETA title II regulations on veterans employment, and on the basis of that correspondence and the difference of opinion between us, concluded that the only really effective way to bring about any significant improvement in those regulations and in the resultant assistance which would be provided to veterans pursuant to those regulations, was to amend the law, as we have done.

Mr. President, I ask unanimous consent that my July 22, 1974, letter to Assistant Secretary of Labor William H. Kolberg and Mr. Kolberg's September 3, 1974, response to me on this subject be set forth in the Record at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C. July 22, 1974.

Hon. William H. Kolberg,
Assistant Secretary for Manpower,
U.S. Department of Labor,
Washington, D.C.

Dear Mr. Secretary: At the April 30, 1974, hearing of the Subcommittee on Readjustment, Education, and Employment of the Senate Committee on Veterans' Affairs, I asked you a number of questions regarding the regulations implementing title I and title II of the Comprehensive Employment and Training Act of 1974 (C.E.T.A.) (Public Law 93-203).

On May 14, 1974, I received your letter indicating the Department was proceeding to revise its regulations implementing title I of C.E.T.A. in order to focus attention on qualified disabled and Vietnam-era veterans, as required by section 2002 of title 38 regarding "implementation of new programs".

Although I was pleased to note in your June 4, 1974, regulations with respect to C.E.T.A. that this change has been made, I remain most concerned about the regulations implementing title II of the law. At the April 30 hearing, I referred to my amendments, which were included in section 205 (c)(5) of C.E.T.A., to augment the requirement for special consideration of Vietnam and Korea veterans for title II public service jobs; specifically, that title II prime sponsors must set forth a description of the specific steps they intend to take to provide the special consideration for veterans, and a description of the types of jobs which will be made available to veterans, especially those utilizing their military experience. I specifically pointed out that we were unable to find a provision in the regulations implementing these new requirements, and I asked you to explain the gap in the regulations. You indicated that you were not aware of any gap, at which point I asked you to report back to me within two weeks regarding this matter. To this date, I have received clarification from you only with respect to title I.

I have the gravest reservations about the Department's interpretation of the requirement in section 205(c)(5)(A) that "special consideration" in filling transitional public service jobs be given to veterans. I believe the regulations in section 96.30, Federal Register, Vol. 39, No. 108 (Tuesday, June 4, 1974) fail to implement the "special consideration" requirement mandated by law. It is unclear to me how hiring veterans "in a proportion at least equal to their incidence in the unemployed and underemployed population", and listing job vacancies with the State employment service at least 48 hours before such vacancies are filled constitutes "special consideration" in filling public service jobs. When this concern was expressed to your staff, pointing out the identical "special consideration" requirement of the Emergency Employment Act of 1971 (Public Law 92-54) (E.E.A.), your staff indicated that the requirements of the E.E.A. were entirely different from those of C.E.T.A. since the former required "priority" not simply "special consideration".

Public Law 92-54 in section 7(c)(4), specifically required that *"special consideration"* in filling public service jobs be given to unemployed or underemployed Vietnam and Korea service veterans—a provision identical to the provision in section 205(c)(5) of C.E.T.A. The Department's regulations implementing the E.E.A. provision, however, required a program agent to provide assurances that *priorities* would be given to unemployed and underemployed veterans (section 55.2 Federal Register, Vol. 37, No. 43 (Friday, March 3, 1972)).

I believe the Congress, by virtue of its enactment of the identical statutory language in section 205(c)(5) of C.E.T.A. clearly evidenced its intention to continue this strong emphasis on veterans employment in public service jobs and the Department's interpretation and implementation of the corresponding provision in the E.E.A. I fail to understand, therefore, the rationale for the apparently drastic revision of the regulations with respect to C.E.T.A. title II.

In Decision B-130515 of the Comptroller General of the United States (July 17, 1974), issued at my request, the opinion discusses the "well established principle that an administrative practice reflecting a certain interpretation of a statute will be given great weight in ascertaining the true meaning of the statute, particularly where the legislature is aware of the administrative practice and has not objected thereto [citation omitted] . . ." and notes that "support also exists in certain cases for the rule that an administrative regulations may not be changed after reenactment of a statute." It seems very clear to me that these principles apply with full force to the question of what Congress intended when it reenacted the "special consideration" provision to apply to title II of C.E.T.A.

Indeed, in this case, Congress strengthened that provision by requiring still further efforts by prime sponsors to employ Vietnam veterans. The Senate Committee report—the Senate originated this strengthening language—makes clear that Congress intended a greater not a lesser effort in this regard (see S. Rep. No. 93-305, to accompany S. 1560 (the provisions of which were incorporated along with those of S. 1559 as an amendment to H.R. 11010 on the Senate floor), page 2).

I am also most concerned that these new requirements—that prime sponsors describe specific steps to be undertaken to provide special consideration, as well as the types of jobs to be made available to veterans, emphasizing the development of jobs which will utilize the skills these veterans acquired in military training and service—were described *only* in the Forms Preparation Handbook for Prime Sponsors Under C.E.T.A., and were not mentioned in the regulations themselves. This omission seems particularly inappropriate since the requirements were newly added in title II of C.E.T.A.

I believe the fact that no direct mention was made of these statutory requirements is an indication of the Department's failure—despite the priority attached to this problem by the President in his Vietnam Veterans Day statement—to appreciate the ongoing, very serious unemployment problems of young veterans aged 20-24 of 10.2 percent is almost double the national unemployment rate of 5.2 percent. On the West Coast, it is an appalling 16 percent. I believe these rates are a clear indication that we have not done enough, and that we must do much more—not less—to alleviate the unemployment problems of Vietnam-era veterans.

I would urge you, therefore, to amend the regulations to restore the "priorities" provision from the E.E.A. regulations and to set forth specifically the statutory requirements added in section 205(c)(5). Especially in light of the $620 million appropriated last month for approximately 95,500 public service jobs under title II of C.E.T.A., the requirements of the law should be made as clear as possible—as soon as possible—to ensure Vietnam-era veterans of a very substantial proportion of these jobs.

I will appreciate your earliest response to the above concerns.

Sincerely,

Alan Cranston.

U.S. Department of Labor,
Washington, D.C., September 3, 1974.

Hon. Alan Cranston,
U.S. Senate,
Washington, D.C.

Dear Senator Cranston: I have carefully reviewed your letter of July 22, 1974, relating to the treatment of veterans under title II of the Comprehensive Employment and Training Act (CETA), and I want to assure you of our continuing concern for the participation of veterans in CETA programs. We are acutely aware of the difficult problems many veterans face in obtaining employment, and we understand well our special obligations to them.

Your letter asks us to amend the CETA, title II, regulations in two specific respects. First, you urge that the title II regulations be amended to include the same language pertaining to program "priorities" for veterans as is contained in the regulations promulgated under the Emergency Employment Act (EEA). Second, you urge that the title II regulations be amended to include, verbatim, the language of section 205(c) (5) of CETA, detailing the "special consideration" that must be provided veterans under title II of the Act.

I believe there is no substantial difference between us, Senator Cranston. We both believe that special measures are required under title II, CETA, to treat with the unemployment problems of veterans. And we are agreed, as well, that grantees under title II of the Act must comply with the requirements of section 205(c) (5). Where there may be some disagreement is over specific language, but even there, I believe that the disagreement may be largely chimerical.

For example, in your letter, you ask, as I have noted above, that the specific "priority" language from the EEA regulations be placed in the CETA, title II, regulations. But that priority language in the EEA regulations to which you refer is merely general language in the "Purpose and scope" section and has no operative effect at all. In addition, that language not only provides "priority" for veterans, but provides priority for other "specified segments" of the unemployed and underemployed population, as well. Thus, the section, taken as a whole, does not single out veterans for priority, but states a general concept of program operation. This is clear in the language, itself, which reads as follows:

"§ 55.2 Purpose and scope.

* * * * *

(b) *This part sets forth the requirements for* applying for . . . financial assistance; the assurances and other conditions required of the applicant; standards for selection of participants, requirements *for assuring priorities for unemployed and underemployed persons who served in the Armed Forces in Indochina or Korea on or after August 5, 1964, and for other specified segments of the unemployed and underemployed population;* the policies for reviewing grant applications and acting upon them; requirements for use of Federal funds and for non-Federal share; the requirements for allocation of funds by grantees within the jurisdiction of each; requirements as to compensation and working conditions of persons employed under the Act; recordkeeping and reporting requirements; the bases upon which financial assistance may be denied, terminated or withheld, or restitution required; and other pertinent conditions and standards." [Emphasis added.]

From this language it is apparent that paragraph (b), of § 55.2, merely identifies a list of items that are handled substantively elsewhere in Part 55. It is a statement of generalities for which specifics are provided elsewhere. Second, even if the term "priorities" has some substantive meaning, which I do not believe it does, it does not refer only to priority for veterans, but to unnamed other "specified segments of the unemployed and underemployed population," as well. Such sharing of priorities would significantly dilute any consideration for veterans not provided to the others. But the fact of the matter is that the term "priorities" does not have any independent meaning in § 55.2(b), and one must look to the specific sections of the EEA regulations to determine exactly how veterans are to be treated under that program.

When we do that, and look to the specific "veterans provisions" of the EEA regulations, we see great similarity—indeed almost identical language—to the provisions set out in the CETA regulations. There appear to be only three differences of note.

First, under the EEA regulations, every job vacancy, except one to which a former employee is being recalled, must be listed with the State Employment Security Agency at least 48 hours before the vacancy is filled, during which period the Employment Service must "first refer veterans in accordance with its referral priorities." (29 CFR 55.7(d)). Under the CETA regulations, the language is identical, except that only veterans may be referred during this 48 hour period, unless there is a special request made to refer an individual from another "significant segment" of the unemployed or underemployed population. (29 CFR 96.30(a)). At the very least, therefore, the CETA regulations provide as much of a priority for veterans in this respect as do the EEA regulations. Indeed, I believe a fair reading of the two provisions would indicate that the CETA regulations are, in fact, more favorable to the interests of veterans than are the EEA regulations, as the CETA regulations provide for a basic exclusivity in referral during the 48 hour period, whereas the EEA regulations do not. In other words, under the CETA regulations, unlike their EEA counterpart, there is a 48-hour period in which there is basically no competition for a job from non-veterans.

The second way in which the EEA regulations differ from the CETA regulations, in relation to the placement of veterans, is that the EEA regulations provide that veterans shall receive a percentage of the total number of EEA jobs available that the Secretary determines is appropriate at any particular time. (29 CFR 55.7(c) (2)). Under the CETA regulations, veterans must be placed "in a proportion at least equal to their incidence in the unemployed and underemployed population." (29 CFR 96.30(a)). Your letter states a preference for the EEA formulation and indicates that the Secretary is precluded from changing the administrative interpretation adopted under EEA.

I believe, however, that the CETA formulation is equitable. Under it, veterans are the only group for which any kind of special placement requirements are established, whereas under the EEA regulations, special placement requirements are established for six other groups. The CETA regulations, therefore, give veterans a much more advantageous position than any other group to be served by the CETA program.

This is true, even though CETA requires that "special consideration" also be given to those persons "most severely disadvantaged," not merely to veterans—a requirement not found in EEA. Because CETA varies significantly from EEA in this respect, it renders inapplicable the "rule" of statutory construction which your letter cites that an administrative practice under a statute must be continued when the statute is re-enacted. Since CETA, with regard to this issue, is not simply a re-enactment of EEA, but differs significantly from it, the rule does not apply.

The third difference of note relates to the "unemployment duration" requirements in the two sets of regulations. Under the EEA regulations, veterans are exempted from the general requirement that a person may only be eligible for participation if unemployed for at least 14 days prior to employment under the Act (29 CFR 55.7(e)). Under the CETA regulations, veterans, like other participants, must be unemployed for at least 30 days prior to employment under the Act (29 CFR 96.27(a)). The reason for this difference is that EEA leaves the matter entirely to the Secretary's discretion, while CETA has a specific "30 day unemployment" requirement (see section 205(a), CETA), and thus removes the Secretary's discretion.

Finally, your letter urges that the "veterans special consideration" language of section 205(c) (5), of CETA, be placed verbatim in the Department's regulations. I do not believe that is necessary, as the regulations do discuss "special consideration" and make it quite clear that compliance with every provision of the CETA statute, including section 205(c) (5), is required. In addition, the regulations require each title II grantee to describe, in its Comprehensive Plan, its "strategy" for matching jobs to veterans (29 CFR 96.12(b) (2) (i) (H)); and the CETA "Forms Preparation Handbook," pursuant to the authority contained in § 96.12(a) (2) of the regulations, reaffirms that "strategy" by requiring that a grantee's program narrative describe the "specific steps" to be undertaken to provide consideration to special veterans and the methods that will be used to provide services to them (p. III–30 of the Forms Preparation Handbook).

Thus, I do not believe, Senator Cranston, that there is any significant difference between us on the need to assure special consideration for veterans under title II, CETA. I hope this letter has allayed some of your concerns about the Department's actions in this regard.

Sincerely,

William H. Kolberg,
Assistant Secretary for Manpower.

Mr. CRANSTON. Mr. President, I feel that on-the-job training programs also can play an important role, as suggested by the Labor Department plan. But studies completed for the Senate Veterans' Affairs Committee indicate that the Veterans' Administration has not vigorously encouraged the establishment of the on-the-job training programs subsidized for up to 24 months under the GI bill—section 1787 of title 38 of the United States Code. The second part of our amendment in the committee bill is designed to bring about an increase in these efforts, among other things. In any event, it takes longer to gear up these kinds of programs, as suggested by the Labor Department's fiscal year 1975 plan. Whereas, the crisis of veterans unemployment is here and now.

The committee thus concluded that immediate relief for a veterans unemployment rate that is soaring is possible only if disabled and young veterans are an integral part of the program. To bring this about and to establish a structure to see that the Labor Department and local sponsors follow through on their responsibilities, I offered along with Senators **Randolph**, **Kennedy**, and **Stafford**, and the committee adopted a two-part veterans amendment.

SUMMARY OF PROVISIONS OF VETERANS AMENDMENTS

GOALS FOR EMPLOYMENT OF SERVICE-CONNECTED DISABLED AND VIETNAM-ERA VETERANS

The first part of our amendment is designed to provide for the restoration of the type of goal setting for Vietnam-era veterans employment set forth in the regulations issued under the EEA. In the GI bill recently enacted by Congress over the President's veto, the Vietnam-Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508), I authorized amendments to establish a program under the Secretary of Labor requiring that all Federal contractors and subcontractors take affirmative action to employ service-connected disabled veterans and Vietnam-era veterans—those discharged after August 4, 1964. This program, as, as amended, is set forth in section 2012 of title 38, which provides:

> (a) Any contract in the amount of $10,000 or more entered into by any department or agency for the procurement of personal property and non-personal services (including construction) for the United States, shall contain a provision requiring that the party contracting with the United States shall take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era. The provisions of this section shall apply to any subcontract entered into by a prime contractor in carrying out any contract for the procurement of personal property and non-personal services (including construction) for the United States. In addition to requiring affirmative action to employ such veterans under such contracts and subcontracts and in order to promote the implementation of such requirement, the President shall implement the provisions of this section by promulgating regulations within 60 days after the date of enactment of this section, which regulations shall require that (1) each such contractor undertake in such contract to list immediately with the appropriate local employment service office all of its suitable employment openings, and (2) each such local office shall give such veterans priority in referral to such employment openings.
>
> (b) If any disabled veteran or veteran of the Vietnam era believes any contractor has failed or refuses to comply with the provisions of his contract with the United States, relating to the employment of veterans, such veteran may file a complaint with the Veterans' Employment Service of the Department of Labor. Such complaint shall be promptly referred to the Secretary who shall promptly investigate such complaint and shall take such action thereon as the facts and circumstances warrant consistent with the terms of such contract and the laws and regulations applicable thereto.

The amendment would provide for extending this national policy to employment by CETA sponsors. But it would make clear that application of this requirement must not detract from the responsibilities of sponsors or program agents to give "special consideration—to unemployed persons who are the most severely disadvantaged in terms of the length of time they have been unemployed and their prospects for finding employment without assistance under—title II" of CETA, as required in CETA section 205(c)(7). The effect of these provisions would be to keep emphasis on employment of Vietnam-era veterans and long-term, seriously disadvantaged persons on a par, and to give seriously disadvantaged Vietnam-era veterans priority over other Vietnam-era veterans.

The expectation of the committee is that the Labor Department will implement this new provision by establishing a goal for Vietnam-era and service-connected disabled veterans' employment to assure repetition under CETA of the relatively good proportion of these veterans who were hired under the EEA—approximately 30 percent. Certainly, no less is due veterans today in the inflation/recession than was achieved in 1972–74 under the EEA.

ADMINISTRATIVE PROVISIONS: DEPUTY ASSISTANT SECRETARY FOR VETERANS' AFFAIRS

The second part of the amendment makes the Director of the Veterans' Employment Service in the Department of Labor a Deputy Assistant Secretary of Labor under whichever Assistant Secretary the Secretary of Labor designates. The new Deputy Assistant Secretary would be Presidentially appointed and confirmed by the Senate. He would be responsible, along with the appropriate Assistant Secretary, the Under Secretary, and the Secretary, for policy formulation and administrative implementation for all Department employment, unemployment, and manpower programs to the extent that they affect veterans.

Presently, the Director of the Veterans' Employment Service has little visibility and no opportunity for input into departmental policy decisions for other employment and manpower programs. His staff is small and his mission is accorded a low priority within the Department.

Given the present extremely high level of veterans' unemployment and the thus far inadequate response by the Labor Department to this problem, this new position should help concentrate departmental attention on the employment needs of veterans, especially Vietnam-era veterans and those who have service-connected disabilities.

The American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans have all this past summer adopted national convention mandates proposing the establishment of a full Assistant Secretary of Labor for Veterans' Affairs. The committee has not agreed to this proposal, because establishment of such a position would be inconsistent with overall Labor Department organization and does not seem necessary to achieve the purposes sought. The new Deputy Assistant Secretary position, the committee believes, would respond to the clear need for much greater departmental emphasis on establishing programs and implementing provisions of law designed to provide training and employment opportunities for veterans.

OUTREACH AND PUBLIC INFORMATION EFFORT: REPORT TO CONGRESS

Finally, the amendment directs the Secretary of Labor to consult and cooperate with the Administrator of Veterans' Affairs and the Secretary of Health, Education, and Welfare in order to provide for an outreach and public information program which would utilize as much as possible all of the facilities of the three agencies. The program would be designed to inform eligible veterans about employment, job training, on-the-job training, and educational opportunities under CETA—as it would be amended by the committee bill—as they are provided under title 38 of the United States Code, and under any other provision of law. This program also would seek to inform eligible CETA sponsors, Federal contractors and subcontractors, all Federal departments and agencies, educational institutions, labor unions, and other employers, of their responsibilities under all of these laws with respect to providing such opportunities for veterans, and to provide these entities with necessary technical assistance in order to carry out these responsibilities. The Secretary of Labor is also directed, in consultation and cooperation with the Administrator of Veterans' Affairs and the Secretary of Health, Education, and Welfare, to report to the appropriate committees of the Congress—including the Committees on Veterans' Affairs—not later than 90 days after the date of enactment of this act, on the steps taken and the specific regulations issued, first, to carry out the new outreach and public information responsibilities and the new affirmative action responsibilities for the employment of Vietnam-era and service-connected disabled veterans which would apply to public service employment by local sponsors, and second, to insure that the new Deputy Assistant Secretary is given a meaningful opportunity to participate in the formulation and administration of all policies and programs of the Department of Labor as they affect veterans.

SPLIT JOBS

The committee pointed out in the report, Mr. President, as it did in 1971 and 1973, that one way to stretch Federal public job slots is to combine part-time public employment with GI bill education and training benefits for unemployed veterans. Married veterans with children have found it particularly difficult to utilize fully the GI bill benefits which can enable them to gain the skills to become more competitive in the job market. By having two veterans share the work and pay that would otherwise cover only one, both employers and veterans gain. More people can be helped and the goals of transitional employment will be met by making it possible for veterans to achieve academically and receive needed job experience and training.

In order to make such a part-time job program and other efforts effective on a major scale, the responsibilities set forth above are assigned by the amendment to the Department of Labor, the Veterans' Administration, and HEW. They are intended to work with State and local governments and the educational community to develop public job and GI bill education and training packages, building on the experiences of communities that have successfully used the concept under the EEA, such as San Francisco, Baltimore, Milwaukee, Grand

Rapids, and Orange County, Calif. It is also anticipated that the extra costs entailed in the hiring of two or more persons for one slot should be recognized as legitimate costs to be counted in the 90-percent requirement—that is, included in the sums for wages and employment benefits.

We view the combined use of public jobs and GI bill benefits as a high priority and directs the Secretary of Labor to notify all program agents of these possibilities in any mailings, fund distributions, guidelines, instructions, and regulations. Plans for promoting the split-job concept, not only for veterans, but, by virtue of an amendment which I offered for Senator RANDOLPH and myself, to section 601(a)(7), for older and handicapped persons, are to be included in the 90-day report to the congressional committees. Moreover, the unemployment compensation program personnel, as well as the U.S. Employment Service, are expected to join with the Veterans' Administration in informing veterans of their GI bill opportunities so that no matter which office a veteran goes to for assistance, the services and information received will be complementary and reinforced.

Mr. President, here are more detailed examples of successful split-job programs:

First. San Francisco—Begun in 1971 with a subcontract from the city of San Francisco to the Community College District of San Francisco, this program created 220 20-hour jobs. It enables veterans who would otherwise had to forego their education, who were unemployed at the time of program entrance to use their GI bill and get an education. The veterans hired by the college district to administer the program were able to tackle a number of other veterans problems; 400 persons were on the waiting list in March 1974.

Second. Orange County, Calif.—Under a September 1972 demonstration grant, $2 million was used to fund a split-job-voucher program. Close to 500 veterans were given vouchers good for 20-hour jobs at agencies they could presuade to hire them. They were required to be using the GI bill. The success of the program led the city of Santa Anna to make available in October 1974, 53 20-hour jobs under CETA.

Third. Grand Rapids—In January 1973, Grand Rapids began a split-job program, which included the summer time expansion of part-time jobs into full time jobs; 112 veterans used the program with more than 80 percent of the participants either graduating or going on with their training.

Fourth. Baltimore—Split-jobs in Baltimore began in 1972 in a project described by a National League of Cities/U.S. Conference of Mayors Evaluation of the Emergency Employment Act. Many of the veterans who were hired on EEA had little awareness of their eligibility for GI bill benefits. The report showed that, contrary to the expectations of the Baltimore Veterans' Administration regional office, many wanted to use their GI bill benefits.

Fifth. Milwaukee—This city set aside 106 split-jobs for student-veterans. An interim assessment of the EEA done for the Senate Committee on Labor and Public Welfare in May 1972, said "Project Early Hire"—the Vets EEA split-job project—stands as Milwaukee's most important EEA program innovation and provides CSC with not otherwise available flexibility.

TITLE II: SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

Mr. President, title II of the committee bill will provide a program of temporary special unemployment compensation benefits to jobless workers who are not covered by any State and Federal unemployment compensation law.

The major groups of workers who will be covered by unemployment insurance for the duration of the emergency period are farmworkers, domestic workers, and State and local government workers. An estimated 1 million, and more, workers in California, not presently covered by unemployment insurance, will be protected against loss of job income under this bill.

Benefits will be payable to eligible workers, who must qualify under State law, for 26 weeks during periods when the national unemployment rate is 6 percent or more or, if the national rate drops below 6 percent, if they work in a CETA prime sponsorship area having an unemployment rate averaging 6.5 percent for 3 months.

The special unemployment assistance program will be supplementary to three other major unemployment compensation programs, which constitute Congress overall response to the present crisis: The regular 26 weeks program of unemployment insurance; extended Federal-State benefits, which covers the 26th through 39th week of unemployment; and the proposed supplemental benefits program—now pending immediate consideration in both Houses—which would pay benefits from the 39th week through the 52d week of unemployment.

CONCLUSION

Mr. President, in sum this is the right bill at the time, and I urge its overwhelming adoption.

Mr. RANDOLPH. Mr. President, it is acknowledged that the twin monsters inflation and recession, have taken their terrifying toll in America. This is evident in the steadily increasing national unemployment figures. Although the recently announced November unemployment rate of 6.5 percent is very bad, economists are projecting a rate, nationwide, which ultimately will reach 8 percent. I predicted such a rate a year ago.

Congress must respond to these serious national problems which deeply affect every family in the country. Yesterday the Committee on Labor and Public Welfare unanimously ordered reported S. 4079, the Special Employment Assistance Act of 1974. With bipartisan cooperation characteristic of recent congressional activity, the measure has been brought before the Senate today.

This needed measure is designed to provide public service employment to 530,000 people. Such employment cannot offer a means of livelihood to all of the 6 million Americans out of work, but it will make a substantial contribution toward that end, providing primary consideration for those who have been unemployed for 15 weeks or more.

In addition, title II of the measure would provide unemployment compensation coverage for the estimated 10 to 12 million persons not currently covered by the unemployment insurance system.

I obtained committee approval of two amendments, cosponsored by the Senator from California (Mr. CRANSTON), which will be of substantial assistance to handicapped and older workers.

First, part-time work would be authorized in public service under the Comprehensive Employment and Training Act for those who are handicapped or older, and who are unable, because of such age or handicap, to engage in full-time work. This provision would also cover part-time employment for GI bill trainees.

The National Council of Senior Citizens supports this amendment, and has indicated that it would benefit older persons, as well as handicapped persons, who can and want to contribute to the economy and provide themselves income through gainful employment.

I must stress, Mr. President, that it is most certainly not the intent of this amendment that handicapped or older workers be provided only with part-time employment.

On the contrary, public service employment must be offered by eligible applicants under the act to all, without discrimination, bias, or favoritism. If a handicapped or older worker is able to work full time, he or she must be given the opportunity to work full time. This amendment must not be used as a subterfuge for discriminatory part-time hiring of older or handicapped persons.

My second amendment would include in the conditions for receipt of financial assistance under section 603 of the Comprehensive Employment and Training Act a requirement that each grant, contract, or agreement thereunder specify that no person in a position of responsibility in any program will discriminate against any public service employee or applicant because of age.

The committee did not consider it necessary to include "handicap" in this antidiscrimination provision, since section 504 of the Rehabilitation Act of 1973, as amended, already prohibits discrimination because of handicap against any person, denial of benefits, or exclusion from participation in, any program or activity receiving Federal financial assistance.

Clearly, the Comprehensive Employment and Training Act, and the amendments contemplated in the pending bill, constitute programs and activities receiving Federal financial assistance, and would be within the purview of section 504 of the Rehabilitation Act.

Mr. President, the serious dislocations in our economy demand prompt and realistic answers and solutions. One such answer is S. 4079, managed in this body by the able, Senator from Wisconsin (Mr. NELSON). More must be done; but this one necessary step.

Mr. TAFT. Mr. President, this is an opportunity for the Senate to act in its best traditions.

At the outset, I want to commend the distinguished Senator from Wisconsin, the chairman of the Subcommittee, on which I am the ranking minority member, the distinguished Senator from New York, and the chairman of the committee, for the rapid action and I think effective action that has been taken in this area.

Just to clear the record at the outset, the distinguished Senator from California has referred to past history of the manpower legislation.

It is true, of course, that the framework upon which we are building in this legislation was a measure with bipartisan support, the so-called CETA Act which I think really represented a new departure and almost a Magna Carta for public employment type programs that we may see more of in the future, and due credit should be given to the fact that the past administration, operated and worked to effect passage of that legislation.

I want to commend the staff of the committee on both sides, the majority and minority, for the very hard work that went into preparing the report and also backing up the members in their consideration of issues that are involved here before us.

Mr. President, clearly, we are in the midst of an unemployment crisis. The sharp rise in the unemployment rate from 5.4 percent in August 1974 to 5.8 percent in September, to 6.5 percent in November, is a vivid reminder of the urgency with which steps must be taken now to reduce unemployment. It is our responsibility to meet this urgent situation as unemployed people in this country are facing the grim reality of a long, cold, hard winter without either employment or sufficient income to meet their daily requirements.

I urge my colleagues to pass S. 4079, the Special Employment Assistance Act of 1974, which is designed to meet the problems of inflation on a twofold basis: First, by providing public service employment to capable and willing unemployed workers; and second, to create an unemployment assistance program which would provide income replacement for over 12 million workers who are unemployed and were not presently qualified by State law to receive unemployment compensation.

This bill is the product of conciliation and compromise and was ordered reported yesterday from the Senate Labor Committee unanimously. In October, I introduced the President's proposal, the National Employment Assistance Act of 1974 as an indispensable part of his effort to whip inflation now. The bill that is before us today embodies many of the concepts contained in the President's proposal, although there are differences with respect to the mechanics of carrying out both programs.

I think many of these differences have already been resolved, I might say to the administration, in view of the changed conditions that have occurred since the original legislation recommended by the administration was introduced.

Nevertheless, S. 4079 represents a good piece of legislation which will alleviate the hardships of unemployment on individuals and in doing so it will also mitigate the adverse impact on those local communities hardest hit by unemployment.

S. 4079, the Special Employment Assistance Act of 1974 is legislation supported by both Democratic and Republican members of the Senate Labor Committee which I believe underscores the need for immediate action. The bill in title I, "public service employment," establishes a national public service employment program as part B of CETA title II. The bill authorizes for fiscal year 1975 an appropriation of $4 billion. Under the proposed bill, as in the House-passed version, prime sponsors could commit funds prior to June 30, 1975, to fund positions through December 31, 1975, for an aggregate 1-year program.

As stated, the Senate bill—S. 4079—would authorize $4 billion for public service jobs for the current fiscal year. The comparable figure in the House bill—H.R. 16596—for public service employment is $2 billion. The administration has made a commitment to request a $1 billion supplemental appropriation for public service employment as soon as this legislation is enacted, so it could begin to have an impact immediately.

I consider the $4 billion authorized in the Senate bill for public service employment to be too high a figure, when considered in the context of the House bill and the administration commitment and the practical problems of phasing in a program of this magnitude. In fact, it is doubtful whether the prime sponsors under the Comprehensive Employment and Training Act, which will receive these funds, could absorb the amount of funds authorized by the Senate bill, at least in such a short period of time.

I have not as yet decided whether at this point to offer an amendment to the Senate to reduce this figure somewhat for the current fiscal year. It does obviously have certain budgetary effects that I think all Members ought to be concerned with.

There is a difference, I believe, in the figures insofar as the House and Senate versions are concerned of some $2 billion insofar as fiscal year 1975 is concerned, even though all of the funds very clearly—the $4 billion authorized even if appropriated—could not be spent in the fiscal year 1975.

It is my hope that when the Senate bill goes into conference with the House-passed version. A more realistic figure for public service employment for this fiscal year will be agreed upon if not already agreed upon by the Senate.

It is calculated that with a $4 billion appropriation, 530,000 public service jobs would be created that is an average figure of 7,500 per year, in addition to the already 170,000 jobs now available under CETA title II.

The formula for distribution of these funds as adopted by the Labor Committee calls for 25 percent of the amounts appropriated to be allocated to areas of substantial unemployment as defined in section 204(c) of CETA. In essence, this means that 25 percent of the money would go to areas with 6.5 percent or more unemployment rate which are eligible for CETA title II funds. The remaining funds, 75 percent, would be distributed nationwide in accordance with overall unemployment figures of the respective States.

I believe this formula to be equitable and responsive to the problem. With this formula we could target money to those areas hardest hit by the impact of recession. With unemployment projected to reach 7 percent and possibly 8 percent next year, some reasonable proportion of the funds should be concentrated in areas most severely hit. The 25 percent allocation for 6.5 percent areas in the bill would provide adequate funds to reduce the impact of recession on these hard-hit areas. The 75 percent allocation would meet the essentially nationwide problem of unemployment. I believe most States, including my own would benefit by this formula for distribution adopted by the committee.

Under the proposed bill, CETA eligibility would apply but "special consideration" would be given to persons who have been unemployed for 15 or more weeks.

Again, this is a recognition that the jobs program ought to be targeted to those people who have a special need for employment—the long term unemployed. Furthermore, the proposed bill would permit CETA prime sponsors to utilize funds for programs described in section 304(a)(2)–(7) including programs for the relief of older persons, mainstream, new careers, et cetera. Importantly, the bill makes clear that job placement goals to insure transition are not to be interpreted by the Department of Labor as mandatory requirements, but only as the term implies, "goals."

Title II of the bill creates a special unemployment assistance program for the relief of those people who have been unemployed during a period of aggravated unemployment and who are not otherwise eligible for employment allowances under any State law. Thus, the bill only applies to previously employed but uncovered workers. Contained in the bill are two triggers which would commence the program: First, a national program which triggers in States when national unemployment is above 6 percent or more for 3 consecutive calendar months; and second, a CETA title I prime sponsor program which comes into being when unemployment reaches a 6.5 percent level of unemployment for the same time period. The program would operate for a maximum 26-week period and is geared to the terms and conditions of applicable State unemployment compensation law concerning the mechanics of how the program will be operated, by including such areas as the availability for employment of the applicant, presumably including the availability of public service employment already provided under CEPA, or which would be provided under title I of this act.

The program is designed to last for 1 year, to expire December 31, 1975, with no payment of assistance being made with respect to any week of employment after March 31, 1976.

Mr. President, at this point I would like to briefly mention also another piece of legislation, S. 4207, a bill entitled the Emergency Unemployment Compensation Act of 1974, of which I am a cosponsor. This would provide income replacement for workers who are covered by State unemployment compensation laws as opposed to those who I have just mentioned who are not covered.

The bill provides 13 weeks of additional emergency employment benefits after the worker has exhausted his 26 weeks of regular benefits, and 13 weeks of expended benefits. The program would trigger into operation so that it would begin on a national basis when the national rate of insured unemployment reaches 4 percent for at least 3 consecutive months. If the national rate does not hit 4 percent for 3 consecutive months, a State trigger would bring the program into being on its own if its own rate is 4 percent for 13 consecutive weeks.

The two bills combined, S. 4079 and S. 4207, represent a substantial legislative initiative to deal effectively with the gravity of the crisis ahead. I commend both bills to the attention of my colleagues and urge that they be passed as soon as possible.

Mr. President, I suggest the absence of a quorum.

Mr. McCLURE. Will the Senator withhold that?

Mr. TAFT. I will be glad to withhold.

Mr. McCLURE. Mr. President, I ask unanimous consent that Miss Judy Parente and Mr. Bailey Guard, of the Public Works Committee, and Mr. Mike Hathaway, of my staff, have the privilege of the floor at all stages of the proceedings on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 11, line 20, after "served,"; insert the following: "and the cost of living in such areas".

Mr. STEVENS. Mr. President, this amendment would be added to section 103(b). The sentence now reads:

> The Secretary is authorized to make general recommendations to prime sponsors setting forth goals, on a regional and area basis, as he may deem appropriate, taking into account average wages in the various areas . . .

I would insert at that point "and the cost of living in such areas."

My State has one of the highest unemployment levels in the country, strangely enough, with the largest project to be constructed by private enterprise in the history of man going on at the same time. The very difficult problem is that the wage rates generated by the boom associated with the pipeline also affect public employment; yet, there is very high unemployment, as I have said.

I have discussed the matter with the managers of the bill. Rather than attempt to mandate a level which should be followed in Alaska, since the remainder of that sentence I have just read ends with the phrase:

> with the aim of maintaining a nationwide average in federally supported wage rates per public service job holder of $7,500,

Since that is a nationwide average, I feel that if the Secretary takes into account the very high cost of living in our State, the wage rate for public unemployment will be such as to make the program effective in Alaska.

Let me point out, for example, that the rental rates in Alaska, on an average basis, in 1 year have gone up $200 a month.

I have a factsheet prepared on selected industry wages in Alaska, comparing 1974 and 1973, and the average yearly salaries of various industries and the State unemployment rate, comparing the months of August. This information shows why we seek to include the problem of the cost of living, because that is really the factor that is having its most direct effect upon the wage rates.

I ask unanimous consent to have printed in the RECORD this factsheet and a letter I have received from the commissioner of labor of the State of Alaska, alerting me to the problem of what we thought at that time would be a limitation on the annual rate of pay under this program. Since there is an average wage rate concept in this bill, I think we will be able to convince our administrators in the U.S. Department of Labor to take into account the serious cost of living problem in Alaska, if this amendment is adopted. Again, I ask unanimous consent to have printed in the RECORD factsheet and the letter I have received from the commissioner of labor.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LABOR AMENDMENT FACT SHEET, S. 4079

1. ALASKA SELECTED INDUSTRIES WAGES, FACTS FROM ALASKA ECONOMIC TRENDS OCTOBER 1974

	Average weekly salary	
	1974	1973
Mining	$440.50	$408.50
Construction	561.20	438.24
Manufacturing	254.32	220.30
Wholesale trade	262.00	239.07
Retail trade	185.71	177.50

Average yearly salary of above weekly figures:

Mining, $22,906.

Construction, $29,182.4.

Manufacturing, $13,224.64.

Wholesale trade, $13,624.

Retail trade, $9,656.92.

Rental rates in Alaska:

Per month (1974) $325 to $450. Per month (1973) $200 to $250.

Increase of $125 to $200 per month in 1-year time.

State unemployment rate:

May 1974, 5.2 percent.

August 1974, 12,500 unemployed in State in August.

August 1974 unemployment was 8.4 percent.

STATE OF ALASKA,
DEPARTMENT OF LABOR,
Juneau, Alaska, November 6, 1974.

Hon. TED STEVENS,
U.S. Senate,
Russell Building, Washington, D.C.

DEAR SENATOR STEVENS: In examining fact sheets elaborating on the President's proposed employment assistance program which was presented to Congress as part of his October 8 economic message, I became concerned about stipulations attendant upon the Community Improvement Program (CIP) and their impact upon Alaska's ability to successfully administer and profit from the program.

Primarily the proposed provision that a CIP participant can in no case receive a wage exceeding an annual rate of $7,000 would have a deleterious effect upon Alaska. This effort would be exacerbated by President Ford's stance that State or local governments may not supplement CIP wages with their own funds. As you know, the wage structure in Alaska would make it nearly impossible to operate such a program meaningfully. I am requesting, therefore, that Mr. Ford's proposal be appropriately modified prior to its possible enactment. I submit that it should be possible for Alaskan participants to earn up to $12,000 per year. It is hoped that this dispensation can be secured before the matter is fait accompli.

On a related note, one might also make the observation that the Comprehensive Employment and Training Act of 1973 (CETA) is already in place and could serve, with additional funding, as the vehicle for combating the nation's growing unemployment. To heap new categorical programs such as CIP on the base of CETA—a first step in special revenue sharing—is to subvert the concept of bloc grants. It may, in some sense, be interpreted as a portent of the demise of decentralization. In addition, the needless consumption of resources in creating CIP federally, generating new forms to complete, Federal staff training State staff, State staff training local staff, etc., would, in my view, be wasteful.

This is not to say that a greater level of effort is not required in order to address the growing unemployment engendered by the nation's economic dilemma. It is to emphasize the need to minimize program duplication while maximizing State and local flexibility. The weapons for this battle must be chosen carefully and in a way which avoids the mistakes of the past.

Your customary attention to these issues will be most helpful and appreciated.

Sincerely,

JOHN L. ALEXANDER,
Commissioner.

Mr. CRANSTON. Mr. President, the Senator from Alaska has offered a very fine amendment. The factor that he suggests certainly should be taken into account. On behalf of the committee, I am delighted to support the amendment.

The PRESIDING OFFICER (Mr. HOLLINGS). The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

Mr. GRIFFIN. Mr. President, if this is an appropriate time, I should like to ask a question about the public service aspect of the bill.

I note on page 8, line 7, this language:

> "(b) In filing public service jobs with financial assistance under this part, eligible applicants shall give special consideration to persons who have been unemployed for fifteen or more weeks.

One question that comes to mind is this: Does that mean unemployed people whose unemployment compensation benefits have been exhausted?

Mr. NELSON. Will the Senator repeat the question?

Mr. GRIFFIN. Of course, this is special consideration. I do not know exactly what that means, but apparently it puts these people in a special category.

I would assume that we would not be talking about someone who was unemployed but was drawing unemployment compensation. It would seem to me that we would be talking about someone whose available unemployment compensation, whatever there was, had been exhausted. If we are going to talk about people who have special consideration, perhaps that is not a practical problem, but I suppose it could be, depending on what the level of unemployment compensation benefits was and what the wages of the jobs were going to be.

Mr. NELSON. This was a compromise from the position advocated in the administration bill which gave us serious problems. The administration provided in their bill that a person had to exhaust all unemployment compensation before such person would be eligible for a public service job. With the extra 13 weeks for exhaustees of regular unemployment compensation about to pass Congress, that could be 52 weeks.

I think the committee felt that to force a person to go all the way through and exhaust unemployment compensation would not be good policy. We did not want to say that a State or local government, would not be able to give them any consideration at all for public service employment, unless unemployed persons exhausted totally what they would be eligible for. So we put this language in here, which fuzzes it up a little.

Mr. GRIFFIN. It does fuzz it up.

This is what concerns me: The question of eligibility is one thing but if we are going to give special consideration to a group, if we are going to be concerned specially about some group that is hard hit, then it seems to me that it would be the person who not only is unemployed but whose unemployment compensation benefits would have been exhausted. Would he not be entitled to special consideration over and above and with a higher priority than someone——

Mr. NELSON. On that point, I think everybody assumes that in the case of an individual who had not exhausted his unemployment benefits and one who had—both of whom qualified for the job—the one who had exhausted his benefits and had nothing, whose next step was to go to welfare, that the latter, in the administration of the program by the prime sponsors, would get first preference.

Mr. GRIFFIN. I think it is at least good to have that in the legislative history. I do not know that the bureaucrats would become mixed up, but it is possible that they would treat them exactly the same, by reading this language.

Mr. NELSON. I can see what the Senator means. But let me repeat that the intent was to have a provision in there that did not require that the person exhaust all his benefits before he would be eligible.

Mr. GRIFFIN. To be eligible.

Mr. NELSON. Yes.

Mr. GRIFFIN. But this gives special consideration. I just want to be sure that we do not overlook the fellow who had exhausted all his unemployment compensation benefits, or put him in the same category with somebody who still has unemployment compensation benefits to draw upon.

Mr. NELSON. First, special consideration is as against the individual who has not been out 15 weeks, not as against the fellow who has exhausted his compensation. The present law says:

> Assurances that special consideration in filling transitional public service jobs will be given to unemployed persons who are the most severely disadvantaged in terms of the length of time they have been unemployed and their prospects for finding employment without assistance under this title, but such special consideration shall not authorize the hiring of any person when any other person is on layoff from the same or any substantially equivalent job. (Section 205(c)(7) of the Comprehensive Employment and Training Act.)

Mr. GRIFFIN. I keep listening for some language that talks about the exhausting of unemployment compensation benefits. I did not hear it in that language, either.

Mr. TAFT. Will the Senator yield?

Mr. NELSON. Yes, I yield.

Mr. TAFT. I share some of the Senator's concern. I point out, for the edification of Senators generally, that the House bill does have a somewhat similar provision. It reads as follows:

> Provision of section 204(d) and section 205 to 209 . . . shall give preference in public service employment programs under this title, to unemployed persons who have exhausted unemployment insurance benefits, to unemployed persons who are not eligible for unemployment insurance benefits. . . .

This situation may well arise, or will arise, in the conference discussion.

Mr. GRIFFIN. With my superficial understanding and knowledge of the problem, I like the language much better in the House bill. Why does not the Senate go along with it now, rather than take it to conference?

Mr. NELSON. Let me ask the Senator this: It seems to me that the language I read addressed itself specifically to the problem he raised. It says:

> . . . assurances that special consideration in filling public service jobs will be given to unemployed persons who are the most severely disadvantaged in terms of the length of time that they have been unemployed and their prospects for finding employment without assistance under this title, but such special consideration shall not authorize the hiring of any person when any other person is on layoff from the same or any substantially equivalent job.

Does that not address itself precisely to the question the Senator raises? That is in the statute.

Mr. GRIFFIN. If that is what is meant by it, I guess it does. The language is not quite as clear as the language of the House bill.

Mr. NELSON. For purposes of the legislative history, that is what we mean by it.

Mr. GRIFFIN. All right. Let me focus on one other question that has come to my mind, mainly because I am not on the committee and we have not had enough time to study this bill before it has been brought to the floor.

What about a person who is unemployed, but his or her spouse is employed, as compared with another person where neither spouse is working? What sort of consideration is given there? Is there a preference or a special consideration given in the situation where a person's spouse is not working, as opposed to a situation where the spouse is working, when we are trying to hand out this extra money?

Mr. NELSON. I assume that any intelligent administration of the program by the prime sponsor, whether the prime sponsor be the State or a city or a county, or a combination thereof, would take into consideration all factors in determining who is the most disadvantaged. I think we have to leave that up to them.

I would assume, myself, if there were $10,000 a year coming into a family and zero into another family, that the most disadvantaged in terms of length of time unemployed, as I quoted before, would be one or the other of the parents. That would be my idea. I do not think two members of the same family would be getting public service jobs, and I do not know of any examples of that having occurred in the experience under the public service employment program we have had.

Mr. GRIFFIN. Is this left up to the local city mayor or city administrator to make that determination?

Mr. NELSON. Yes, it is up to the prime sponsor, whatever unit of government that may be; whether it be the State, which covers parts of the State of Michigan, for example, that do not qualify to be local prime sponsors themselves, or whether it be the city of Detroit or Milwaukee or whatever prime sponsor.

The prime sponsor has to make the decision within its own jurisdiction as to who should get the available public service jobs. So it is a local determination, and the Senator from Michigan and I have always agreed that we ought to have these things decided back at the local level, rather than here in Washington. That is one thing I can say we have always agreed on.

Mr. GRIFFIN. Well, I always have some concern in a situation like this, where it is not locally raised money that is being handed out, it is money coming from Washington. The local administrator in the local municipality may not be nearly as concerned about the social problem as he is about hiring a particular person for a particular job and using the Federal money to pay the bill.

I guess that there is nothing we can do about that, except to write in these general guidelines and hope that they are going to go by them. Is that correct?

Mr. NELSON. Yes. In fact, in our hearings and in carrying out our oversight responsibilities, I think that generally, around the country, it is agreed that the prime sponsors have done a fair and efficient and effective job. In fact, they have received the praise of the Department of Labor of this administration and the past administration and in the President's Watergate reports. Within my own State, the one State that I am familiar with, I have not heard any single complaint about the manner in which prime sponsors have administered the public service employment programs. There has been general acceptance of the program. I think the same is true of the State of Michigan, too; I think it is true all over the country, as far as I know.

Mr. GRIFFIN. I thank the manager of the bill.

Mr. NELSON. I thank the Senator.

Mr. President, I yield the floor.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. Mr. President, will the Senator withhold that request for just a moment?

Mr. HARRY F. BYRD, JR. Yes, I withhold it.

Mr. ROBERT C. BYRD. Mr. President, may we agree, on this amendment, that in the event the vote does not begin by 12:30 p.m. today, the vote will not occur until after 1:30 p.m. today? Is that agreeable?

Mr. NELSON. If there is no vote by 12:30, the earliest vote would not be before 1:30? Is that correct?

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. HARRY F. BYRD, JR. Reserving the right to object, and I shall not object, I plan to speak no longer than 5 to 10 minutes.

Mr. ROBERT C. BYRD. In that case, then, the Senate may get to a vote by 12:30.

Mr. HARRY F. BYRD, JR. Yes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous request with respect to the request I have just propounded.

The PRESIDING OFFICER. Is there objection? The Chair hears none. It is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I am sensitive to the needs of those who may become unemployed. I am sympathetic with their plight. I think Congress needs to take recognition of the fact, and I would like to support reasonable legislation in behalf of the unemployed.

This pending measure to provide additional public service jobs, the Senate bill on which we must vote today, carries a price tag for title I of $4 billion. Title 2 calls for $2.5 billion. So this is a $6.5 billion bill. I might point out that title I, with a price tag of $4 billion, is double the amount which has been approved by the House of Representatives. Moreover, other legislation has been proposed providing for additional expenditures for the unemployed.

I find myself in a quandry as to the best way to vote on this measure. I want to vote for a reasonable figure, but when we talk about an additional sum of $4 billion for public service jobs, added to the huge deficit the Federal funds budget now has, it occurs to me that the proposal before the Senate is going too far.

I probably could support the administration's proposal. I think I could support the House proposal. But I find it difficult to vote for a measure carrying such a high price tag—$4 billion for title I and $2.5 billion for title II—at a time of huge Government deficits. We must keep in mind that the entire $6.5 billion in this bill would come from general revenues.

The more we fuel the fires of inflation by adding to the deficit, the worse off all of the American people are going to be, including particularly those on fixed incomes and those in the lower and middle economic groups.

I have received, Mr. President, a very thoughtful letter from the Commissioner of the Virginia Employment Commission, Mr. William L. Heartwell, Jr. Mr. Heartwell is highly experienced in the field of employment—or unemployment, whichever way one might want to express it. I have known him for many years, and I have found that his letter contains much excellent information, and that he draws for the most part what appear to me to be sound conclusions. I do not endorse everything the letter says, but I do think it has a great deal of merit. I shall not do so now, but at a later point I shall ask unanimous consent that it be printed in the Record. I rise now only to say again that while I am sensitive to the needs of the unemployed and I want to be helpful, it is a question of degree, of how far Congress should go; and it seems to me the pending measure goes too far.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the Senator from New Hampshire.

Mr. COTTON. I commend the Senator from Virginia for what he has just said. Certainly, as one of the officials in the Republican organization on this side of the aisle, I naturally want to support the President whenever I can, but I have the same feeling of reluctance; I share the feeling of the Senator from Virginia about voting such a huge sum at a time when we are in such a critical and crucial situation, when so much depends on our holding down, within reason, as tight as possible in every way, the expenditures of the Government.

I realize the need for this bill, and the President's purpose. But it would seem that we could wade into this a little more gradually than by authorizing such huge sums. It makes me shudder sometimes, considering the fiscal situation of this Nation, the way we casually commit, either for direct expenditures, guaranteed loans, or in various forms, billions and billions of dollars, when we cannot pay our bills now.

I commend the Senator from Virginia, and I join him. I was hopeful that we would have an opportunity to vote for amendments on this measure that would contain a lesser authorization for the time being, and see where we were going before we passed such a high authorization. Of course, the Appropriations Committee is always in trouble, and many of the authorizations that we have approved have carried some obligational authority, which places the committee in a situation that only 44 percent, I believe, of our spending is ever passed upon by the Appropriations Committee, and a part of that is for bills that we owe and cannot pay, and therefore uncontrollable.

As I leave this body, I leave it with a good deal of fear about the immediate prospects of this Nation maintaining its place in the world, caring for its people, and providing for national defense; and I certainly commend the Senator. What he has said strikes a very responsive chord in this Senator.

Mr. HARRY F. BYRD, JR. I am very grateful to the Senator from New Hampshire for his comments. I dislike to take the floor today to comment as I felt I had to comment on this proposal. I think the country would be better off if the Senate would do what the Senator from New Hampshire has suggested, be a little more reasonable and cut down the huge amount of $4 billion for public service make-work jobs. I think we are going much too far at a time of high inflation and huge deficits.

Mr. President, I ask unanimous consent to have printed in the Record at this point the letter from the Commissioner of the Virginia Employment Commission.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Virginia Employment Commission,
December 6, 1974.

Hon. Harry F. Byrd, Jr.,
U.S. Senate, Senate Office Building,
Washington, D.C.

Dear Senator Byrd: With legislation being introduced almost daily in the Congress concerning additional unemployment benefits and public service jobs as an answer to increasing national unemployment, I would like to share my views with you concerning this emergency legislation. All of this would be financed out of appropriations from general revenue rather than through employer taxes.

As you are aware, yesterday H.R. 16596 (as amended) was reported out of the House Committee on Education and Labor that would provide 500,000 public service jobs at a cost of $2 billion, and H.R. 17570 (as amended) was reported out of the House Ways and Means Committee that supported the basic concepts of President Ford's proposal to extend benefits for those exhaustees under the present system for an additional 13 weeks, and to provide 26 weeks of benefits for those not covered under the present program. This proposal has a price tag of $1 billion and is basically a one year program. In addition to this legislation there is other under the present system for an additional climate today would certainly justify in many minds the need for emergency legislation, and I am certainly sensitive to the needs in other states which are experiencing even more layoffs than Virginia, I strongly feel that in part this legislation is "panic" legislation and is premature at this time.

Concerning the above, I also strongly feel that the present unemployment insurance system under which all states operate is sufficient to maintain the payment of unemployment compensation to all persons who qualify. Whether a person loses his job due to depressed economic conditions, such as we are experiencing, foreign imports, an energy crisis, or natural disaster, it is my contention that such legislation should not be "piggy-backed" onto our present system and that any improvements needed in the UI program should be contained within the framework of this present system.

The Administration (DOL) will have unemployment insurance legislation introduced after the first of the year that is designed basically to improve and broaden the program within its present framework. They have worked cooperatively with the States in drafting this, which will include the raising of benefit levels, the extension of benefits for an additional 13 weeks, increasing the wage base of employers to cover additional costs, and the broadening of coverage to include groups not now covered under the program. Although I am not in agreement with some of these proposals I do strongly feel that any pending legislation of the emergency nature now being proposed should be delayed until the Administration's new legislation is introduced after the first of the year.

To comment on the present pending legislation as it would affect Virginia, I would like to offer the following suggestions for your consideration:

1. I am strongly opposed to an additional 13 weeks of coverage as I feel it goes against the grain of the concept of unemployment insurance, which is basically to provide benefits for an interim period to qualified claimants who have lost their jobs through no fault of their own until a new job can be found. Virginia's present law, as in the majority of the other states, provides for up to 26 weeks of unemployment insurance benefits, and I consider this adequate. Actually under the present law there is a provision that "triggers" on extended benefits for an additional 13 weeks when national and state unemployment reaches a certain level. Virgina has never had to utilize this trigger due to our low unemployment rate but I do anticipate that we will trigger in by February or March. As the pending legislation proposes, this would provide under certain conditions payment of benefits for a full year. This is not only tremendously costly to all the States but in my opinion is completely unnecessary.

2. The proposal to pay up to 26 weeks of unemployment insurance benefits to those not covered in the system is unwieldly, undocumented, and would be chaotic to administrate. As indicated above, the extension of coverage to groups not now covered will be considered in future legislation.

3. Concerning public service jobs, or community improvement jobs, we are very strongly opposed to any such program unless there is a transitional feature guaranteeing the worker by the employer a permanent job at the conclusion of his subsidized job.

I would also like to bring you up-to-date on the present status of our trust fund in Virginia inasmuch as there have been many comments in the press recently concerning many states expending all of their trust fund monies during the economic dislocations we are now experiencing. Our trust fund is in excellent shape although we will pay out during this calendar year approximately $31 million to 97,500 claimants compared to the paying out of $17 million in calendar year 1973 to 53,500 claimants. We anticipate a trust fund balance at the end of the year of $250 million. Our Virginia system is so structured that our trust fund can readily withstand the impact of the mass layoffs we are experiencing.

Virginia's unemployment rate is now at 4%, with approximately 86,000 out of a labor force of 2.1 million unemployed. We anticipate our unemployment will reach 100,000 and our rate will approximate 5% after the first of the year. Our major problem is an administrative one, created by the lack of administrative funds to administer such a heavy workload as indicated in my letter of November 21 to you. We need your continuing support in seeing that we are properly financed administratively. We are doing all possible to provide timely processing and payment to qualified claimants and feel that this is being done in a timely and efficient manner.

I do appreciate this opportunity to share my views with you and will continue to keep you apprised of our feeling concerning such legislation. If there are any questions please do not hesitate to contact me.

With best wishes, I remain,

Sincerely,
William L. Heartwell, Jr.,
Commissioner.

Mr. ALLEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Nik Edes, of the staff of the Committee on Labor and Public Welfare, be accorded the privileges of the floor during the debate on the pending matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the pending measure be temporarily laid aside for not to exceed 1 hour, and that the Senate proceed to the consideration of H.R. 13296 in the meantime.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, what is the 1 hour? I did not understand that.

Mr. ROBERT C. BYRD. I asked unanimous consent to temporarily lay aside the pending matter and to take up this matter. I hope it will not exceed 1 hour but will take less time.

Mr. JAVITS. That is all right.

Mr. LONG. I think we can pass the authorization bill in 15 minutes.

THE MARITIME PROGRAMS AUTHORIZATIONS, 1975

The Senate proceeded to consider the bill (H.R. 13296) to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce, which had been reported from the Committee on Commerce with amendments on page 2, beginning "podiatry, or public health".

Sec. 3. Section 1 of the Shipping Act, 1916, as amended (46 U.S.C. 801) is amended by inserting after the introductory paragraph and prior to the paragraph that begins "The term 'common carrier by water in foreign commerce' the following new paragraph:

"The term 'citizen of the United States' means any State or political subdivision thereof, any individual who is a citizen of the United States by birth, by naturalization, or other legal judgment, or any corporation, partnership, or association organized under and maintained in accordance with section 2 of this Act and the laws of any State. As used in this paragraph, 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, and the territories and possessions of the United States."

Sec. 4. Section 809 of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1213) is amended (a) by inserting "(a)" immediately before "Contracts" in the first sentence thereof; and (b) by adding at the end thereof the following new subsection:

"(b) There shall be established and maintained within the Maritime Administration such regional offices as may be necessary, including, but not limited to, one such office for each of the four port ranges specified in subsection (a) of this section. The Secretary of Commerce shall appoint a qualified individual to be the Director of each such regional office and shall carry out appropriate functions, activities, and programs of the Maritime Administration through such regional offices."

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, this bill (H.R. 13296) authorizes appropriations for the present fiscal year 1975 for the programs of the Maritime Administration of the Department of Commerce.

The total amount authorized is $562,933,000, the same total requested by the Administration earlier this year.

Mr. President, to expedite the consideration of this bill, it has been on the calendar for a rather long time now and, if there is no objection, the Senator from Maine (Mr. Muskie) has an amendment which he would like to offer. This amendment was offered and agreed to yesterday on the 200-mile limit bill and, on his behalf, I ask that I might be permitted to offer that amendment.

The PRESIDING OFFICER. The amendment will not be in order since the committee amendments have not been agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The committee amendments were agreed to en bloc.

Mr. LONG. Mr. President, I now offer the amendment on behalf of Mr. Muskie.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

On page 3, line 20, insert the following new subsection, section 5.

The amendment is as follows:

Amendment intended to be proposed by Mr. Muskie (for himself, Mr. Magnuson, Mr.

Kennedy, Mr. Packwood, Mr. Pastore, Mr. Hathaway, Mr. Stevens, Mr. Weicker and Mr. Hatfield).

On page 3, line 20, insert the following new subsection:

"Sec. 5. Section 4 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742c; 70 Stat. 1121, as amended, is further amended by adding the following new subsection:

"(f)(1) The Secretary of Commerce is authorized, under such terms and conditions as he may prescribe by regulation to use funds appropriated under this section to compensate owners and operators whose fishing vessels or gear have been destroyed or damaged by the actions of foreign fishing vessels operating in waters superjacent to the Continental Shelf of the United States as defined in the Convention on the Continental Shelf.

"(2) Upon receipt of an application filed by an owner or operator pursuant to this subsection after the effective date of this subsection by the owner or operator of any vessel documented or certificated under the laws of the United States as a commercial fishing vessel and after determination by the Secretary that there is reason to believe that such vessel or its gear was destroyed or damaged while under the control of such owner or operator in waters superjacent to the Continental Shelf of the United States by the actions of a vessel (including crew) of a foreign nation, the Secretary shall, as soon as practicable but not later than 30 days after receipt of an application, make a non-interest-bearing loan to such owner or operator from the fisheries loan fund created under subsection (c) of this section. Any such loan, as determined by the Secretary, shall be in an amount equal to the replacement value of the damaged or destroyed property and the market value of fish, if any, onboard such vessel and within such gear which are lost or spoiled as the result of such damage or destruction. Any such loan shall—

"(A) be conditional upon the owner or operator of such damaged or destroyed property assigning to the Secretary of Commerce any rights of such owner or operator to recover for such damages;

"(B) be subject to other requirements of this section with respect to loans which are not inconsistent with this subsection; and

"(C) be subject to other terms and conditions which the Secretary determines necessary for the purposes of this subsection.

"(3) The Secretary of Commerce shall, within one hundred and eighty days of receipt of a loan application, investigate each incident as a result of which a loan is made pursuant to this subsection and—

"(A) if he determines in any such case that the destruction or damage was caused solely by a vessel (including crew) of a foreign nation, he shall cancel repayment of such loan and refund any principal paid thereon prior to such cancellation and seek recovery from such foreign nation;

"(B) if he determines that the damage or destruction was not caused solely by a vessel (including crew) or a foreign nation or solely by the negligence or intentional actions of the owner or operator of the vessel, he shall require such owner or operator to repay such loan at a rate of interest determined by him, pursuant to subsection (b) of this section, which rate shall be retroactive to the date the loan was originally made; or

"(C) if he determines that the damage or destruction was caused solely by the negligence or intentional actions of the owner or operator, he shall require the immediate repayment of such loan at a rate of interest determined by him, pursuant to subsection (b) of this section, which rate shall be retroactive to the date the loan was originally made.

"(4) The Secretary of Commerce and the Secretary of State shall, with the assistance of the Attorney General, take steps to collect any claim assigned to him under this subsection from any foreign nation involved. Amounts collected on any such claim shall be deposited in the fisheries loan fund.

"(5) This subsection shall apply with respect to damages or destruction of vessels or gear ocurring on or after January 1, 1972."

Mr. MUSKIE subsequently said: Mr. President, on behalf of Senators Magnuson, Kennedy, Pastore, Hathaway, Packwood, Weicker, Stevens, Cotton, Hatfield, and myself, I call up my amendment to H.R. 13296, the maritime program authorization bill.

Mr. President, this amendment is identical to an amendment I offered to S. 1988, the 200-mile fishing limit bill. The amendment was accepted without dissent. I am offering the legislation again today because I fear that the House will not act on the 200-mile fish legislation this session of Congress and I believe it is imperative to enact new legislation this year to reform the procedures by which American fishermen are reimbursed for damage to their vessels or gear caused by foreign fishermen.

At present, there are international procedures for making claims against foreign vessels which damage or destroy fishing gear. But these procedures are slow, cumbersome, and seldom effective, with the result that most American fishermen do not even bother going through the laborious process of filling out the necessary claims forms. And in a given case, even if the claims process is eventually successful, the individual fishermen with a median income of $8,000 per year is forced to carry the financial burden of between $2,000 and $4,000 for several months or longer.

The amendment I am calling up today is designed to meet this problem. Specifically, this legislation would require the Federal Government within 30 days to assume financial responsibility for losses to U.S. fishermen caused by foreign vessels, pending international negotiations to recover the loss from the foreign government involved.

In cases where there is reason to believe that damage or destruction did in fact occur as a result of foreign fishing activities, documented claims would be paid by the Secretary of Commerce in the form of a non-interest-bearing loan from the Fisheries Loan Fund set up under the Fish and Wildlife Act of 1956.

Congress created this fund expressly to finance or refinance the cost of purchasing, constructing, and equipping, maintaining, or operating commercial fishing vessels or gear. The loan would be made in an amount equal to the replacement value of the damaged or destroyed property and the market value of fish on board a damaged or destroyed vessel or within lost, damaged, or destroyed gear. After the Secretary of Commerce has completed an investigation of the incident—an investigation which must be completed within 6 months after the loan application has been filed—the loan would be converted to a grant if it were found that the American fisherman was not at fault.

If, however, the Secretary found that the damage or destruction was caused by an act of God such as a storm, the non-interest-bearing loan would be converted into a loan with interest at a rate set by the Secretary.

If the American fisherman were found to be at fault because of negligent or fraudulent activity, the Secretary would require the immediate repayment of the loan at an interest rate he deemed appropriate and the fisherman would be subject to criminal prosecution. Government responsibility would be retroactive to January 1, 1972, since most of the serious damage done to American fishermen's gear has been done during the past 3 years.

Mr. President, I would like to add that this legislation is not only simple in its intent and construction. But if enacted, it could be administered in a straightforward and relatively inexpensive manner.

With the enactment of this amendment, I would not, for example, foresee the need to expand the bureaucracy or to set up any new administrative organizations to handle claims filed by U.S. fishermen against foreign vessels. I believe the National Marine Fisheries Service, as presently structured, could handle any increase in the demands made upon it as a result of this legislation.

Furthermore, the $4 million currently in the Fisheries Loan Fund should prove to be more than enough money to take care of any claims filed pursuant to this legislation. So it will not be necessary for Congress to authorize any new moneys with the passage of this bill.

Mr. President, as things stand today, most American fishermen feel that filing claims is hardly worth the time, money, and trouble since there is such a high probability that pursuit of the existent claims process will prove fruitless.

It is imperative that the Federal Government initiate new measures to reform the claims process. The amendment I am offering today—by providing the individual fisherman with the capital he needs to get back in business while the Government negotiates with the responsible foreign governments for reimbursement—provides, I feel, a reasonable approach to this problem. I urge my colleagues to support this legislation.

Mr. LONG. Mr. President, in view of the fact that the Senate considered the pending amendment and agreed to it in connection with the 200-mile limit bill, I see no reason why it should not be added to this bill, and I would urge the Senate to agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that I might yield 1 minute to the Senator from Arkansas (Mr. Fulbright).

The PRESIDING OFFICER. The Senator from Arkansas.

APPOINTMENT OF CONFEREES—S. 3394

Mr. FULBRIGHT. Mr. President, I move that the Senate disagree to the amendment of the House to S. 3394, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the conferees on the part of the Senate be appointed by the Chair.

Mr. President, in view of the fact that we cannot find the papers, I move to withdraw the motion, without prejudice.

The motion to withdraw the motion was agreed to.

MARITIME PROGRAMS AUTHORIZATIONS, 1975

The Senate continued with the consideration of the bill (H.R. 13296) to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce.

Mr. LONG. Mr. President, I believe the Senator from Oregon (Mr. PACKWOOD) wishes to speak briefly on the Muskie amendment, and I think I will avail myself of the opportunity of explaining in somewhat greater detail that which appears in the bill.

The Commerce Committee amended the bill in two instances. The first amendment which is section 3 of the bill inserts into the Shipping Act of 1916 a definition of "citizen of the United States" which includes a State or political subdivision thereof, thereby permitting States and other governmental bodies, to create and hold ship mortgages and thus enable them to provide financing of fishing vessels.

The second committee amendment modifies the Merchant Marine Act, 1936 to establish by law at least one regional office of the Maritime Administration for each of the Nation's four seacoasts.

I believe that these amendments by the committee are most beneficial and urge their adoption by the Senate.

The fiscal 1975 authorization consists of the following:

$275 million for construction-differential subsidy for the acquisition, construction, or reconstruction of U.S.-flag vessels built in U.S. shipyards. These funds finance payment of construction subsidies based on the difference between United States and foreign shipbuilding costs.

Such subsidies are based on the difference between United States and foreign vessel operating costs. They are paid to promote the maintenance of a U.S.-flag merchant fleet capable of providing essential shipping services in the U.S. foreign commerce. The funds in this category will be paid in fiscal year 1975 for 5 passenger and combination passenger/cargo, 153.2 general cargo, and 6.8 bulk carrier ship-years.

The sum of $27.9 million for the Maritime Administration research and development program is included in the bill. The MARAD R. & D. program supports the development of technology to enable U.S. shipyards and vessel operators to become more competitive. The principle areas of this activity include advanced ship construction and operation as well as pollution abatement and safety improvements. Industry participation and cost sharing are strong elements in this program.

While $3.7 million of the authorization supports the MARAD effort in maintaining the national defense reserve fleet which supplements our active merchant fleet in time of war or national emergency.

The $10.5 million is for the operation of the U.S. Merchant Marine Academy at Kings Point, N.Y., and $2.9 million of the request is for assistance to the six State maritime schools located in California, Michigan, Texas, Massachusetts, New York, and Maine.

Mr. President, the Department of Commerce appropriation bill which has been passed by the Congress and approved by the President includes this maritime program. The amount appropriated was $2 million less than this authorization request. The reduction was made in the research and development item. All the others have been approved as contained in this bill. Thus I urge its approval.

The committee amendment modifying the definition of "citizen of the United States" in the Shipping Act is similar to a separate bill which was considered by the Commerce Committee before it was attached to this bill. The Department of Commerce officials commenting on that bill, S. 1748 recommended its enactment. The modification is not controversial and will facilitate the financing by States or their political subdivisions of the construction, reconstruction, and repair of U.S.-flag vessels. This will be of particular benefit to the fishing industry and the smaller shipyards in this country which build the vessels for this vital industry.

The committee amendment which is section 4 of H.R. 13296 modifies section 809 of the Merchant Marine Act, 1936, as amended, which currently provides that contracts entered into under the 1936 act shall "equitably serve, insofar as possible, the foreign-trade requirements of the Atlantic, Gulf, Great Lakes, and Pacific ports of the United States." The committee amendment provides the administrative structure for implementing that obligation as well as other responsibilities of the Maritime Administration. Since that agency already maintains regional offices for the Atlantic, Gulf, and Pacific ports, the practical effect of that amendment is to require the establishment of one additional regional office for the Great Lake ports. Such an office should serve as a focal point for efforts to reestablish overseas U.S.-flag service in the lakes and to realize the full potential of our fourth seacoast.

I urge adoption of the committee amendments and of the bill.

Mr. PACKWOOD. Is the Senator discussing the amendment on the claims?

Mr. LONG. The Muskie amendment.

Mr. PACKWOOD. Yes, this was accepted yesterday on the 200-mile fishing limit bill without any contest, and I believe it is relatively uncontroversial. The Senate is simply going to provide an expeditious way for American fishermen to be able to process claims for losses to their gear, and vessels if they were damaged by foreign fishing vessels.

At the moment, their only method of compensation is through joint commissions, such as the Soviet-United States fisheries claims board, which have rarely provided compensation for a claim.

So I strongly support this amendment to the bill in the hopes the House will accept it and we will have a way to expedite these claims.

Mr. BAYH. Mr. President, I would like to commend the Commerce Committee for its inclusion of section 4, which authorizes the Maritime Administration to maintain regional offices for the four coastal areas, Atlantic, Pacific, Gulf, and Great Lakes, in H.R. 13296, the Maritime Administration authorization for fiscal year 1976. Previously, I have cosponsored legislation introduced by my colleague from Indiana (Mr. HARTKE) that is incorporated by section 4.

Currently the Maritime Administration staffs regional offices for three out of the four coastal areas. The one area that has been neglected up to now has been the Great Lakes.

I fully support this effort to accord the Great Lakes coastal area the attention it deserves: At the present time the Great Lakes/St. Lawrence Seaway handle 25 percent of the total number of ships involved in domestic shipping; 13 percent of the total tonnage; 20 percent of the total number of persons serving on board ships and 10 percent of the total number of longshoremen. From these figures it is readily apparent that the Great Lakes area handles a substantial amount of total shipping in the United States and provides employment for numerous American citizens.

The establishment of a regional office by the Maritime Administration for the Great Lakes will greatly facilitate the continuing development in such areas as winter navigation, increased trade activities and U.S.-flagship participation in foreign trade from the Great Lakes region.

A wide cross section of interest groups support the creation of an office for the Great Lakes and they include: the Great Lakes Task Force; Great Lakes Commission; Lake Carriers Association; International Longshoremen Association, Marine Engineers Beneficiation Association, Seafarers' International Union and the United Steelworkers.

It is my hope that this legislation will receive approval by both Houses of Congress during this session and that the Department of Commerce will move swiftly to create and adequately staff the Great Lakes Regional Office as soon as possible.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the committee amendment, as amended, and third reading of the bill.

The committee amendment, as amended, was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 13296) was read a third time, and passed.

The title was amended so as to read: "An act to authorize appropriations for the fiscal year 1975 maritime programs of the Department of Commerce, and for other purposes."

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SPECIAL EMPLOYMENT ASSISTANCE ACT OF 1974

The PRESIDING OFFICER. The Senate will now resume consideration of S. 4079, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 4079) to amend the Comprehensive Employment and Training Act of 1973 to provide additional public service jobs for unemployed persons during periods of increased unemployment.

Mr. NELSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceed to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—ORDER OF BUSINESS FOR FRIDAY, DECEMBER 13, 1974

Mr. ROBERT C. BYRD. Mr. President, I have cleared this with the leadership on the other side of the aisle.

I ask unanimous consent that the previous order, as in executive session, for the consideration of the nomination of Mr. Conant on Saturday be modified to provide that at 9:30 tomorrow morning the Senate begin the debate on the nomination of Mr. Conant, that the Senate go into executive session at that time, and that upon the disposition of the nomination the Senate return to legislative session, that the 1 hour for debate on the motion to invoke cloture begin running at 10:30 a.m., and that immediately after the rollcall vote on cloture on the trade bill there be a vote on the passage of the OEO bill, which is already by previous order set up at 10:30 a.m. tomorrow, and that immediately following the vote on the final passage of the OEO bill, the Senate go back into executive session and vote on the nomination of Mr. Conant, and that upon the disposition of that nomination, the Senate immediately return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the Chair and I thank all Senators.

SPECIAL EMPLOYMENT ASSISTANCE ACT OF 1974

The Senate continued with the consideration of the bill (S. 4079) to amend the Comprehensive Employment and Training Act of 1973 to provide additional public service jobs for unemployed persons during periods of increased unemployment.

Mr. NELSON. Mr. President, I understand that there is to be proposed an amendment to the present legislation by Mr. McClure.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, I send an amendment to the desk and ask the clerk to state it.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Idaho (Mr. McClure) proposes an amendment, at the end of the bill insert and add a new title, Title III—Job Opportunities Program.

The amendment is as follows:

TITLE III—JOB OPPORTUNITIES PROGRAM

SEC. 301. The Public Works and Economic Development Act of 1965 is amended by adding at the end thereof the following new title:

"TITLE X—JOB OPPORTUNITIES PROGRAM

STATEMENT OF PURPOSE

SEC. 1001. It is the purpose of this title to provide emergency financial assistance to stimulate, maintain or expand job creating activities in areas, both urban and rural, which are suffering from unusually high levels of unemployment.

DEFINITIONS

SEC. 1002. For the purpose of this title—

(1) the term "eligible area" means—

(A) areas, which the Secretary of Labor designates as an area which has a rate of unemployment, equal to or in excess of 65 per centum for three consecutive months [having 6.5 per centum unemployment prior to the month in which the designation is made.]

(B) all areas designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973, and

(C) areas which are designated by the Secretary of Commerce pursuant to section 401 of the Public Works and Economic Development Act of 1965 as redevelopment areas which the Secretary of Commerce determines have a rate of unemployment equal to or in excess of 6.5 per centum.

PROGRAM AUTHORIZED

SEC. 1003. To carry out the purposes of this Title, the Secretary of Commerce, in accordance with the provisions of this title, is authorized from funds appropriated and made available under section 1006 of this title to provide financial assistance to federal programs and projects identified through the review process outlined in section 1004 to expand or accelerate the job creating impact of such programs or projects in eligible areas. Programs and projects for which funds are made available under this title shall not be approved until the officials of the appropriate units of general government in the affected area have an adequate opportunity to comment on the specific proposal.

(b) Whenever funds are made available by the Secretary under this title for grants-in-aid to assist any program or project, the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants, shall, except as otherwise provided in this subsection, administer such grants-in-aid, in accordance with all the provisions of law, except provisions relating to—

(1) requiring allocation of funds among the States,

(2) limits upon the total amount of such grants for any period, and

(3) the contribution of any State or local government, whenever the President or head of such department, agency, or instrumentality of the Federal Government determines that any such contribution cannot reasonably be made by the State or local government concerned.

(c) Where necessary to effectively carry out the purposes of this title, the Secretary is authorized to initiate programs in eligible areas.

(d) In allocating funds under this title, the Secretary shall give priority consideration to—

(1) the severity of unemployment in the area; and

(2) the appropriateness of the proposed activity in relation to the number and needs of unemployed persons in eligible areas.

(e) Funds allocated by the Secretary under this section shall be available only for activities—

(1) which can be initiated or strengthened within a reasonable period of time;

(2) a substantial portion of which can be completed within 12 months after such allocation is made;

(3) which will contribute significantly to the reduction of unemployment in the eligible area; and

(4) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, whenever such plans exist.

PROGRAM REVIEW

SEC. 1004. The Secretary of Commerce is directed, in consultation with the heads of departments and agencies of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to States and local communities, to review proposed expenditures of such laws for the next calendar year to evaluate the job effectiveness of such proposed expenditure and to identify programs and projects which have the potential to stimulate job creation in eligible areas.

RULES AND REGULATIONS

SEC. 1005. The Secretary of Commerce shall prescribe such rules, regulations, and procedures to carry out the provisions of this title as will assure that adequate consideration is given to the relative needs of eligible areas.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1006. There are authorized to be appropriated $1,000,000,000 for the period fiscal year 1975 [and fiscal year 1976] to carry out the provisions of this title, except that no further obligation of funds appropriated under this section may be made subsequent to a determination that the average rate of unemployment has receded below 6.5 per centum for three consecutive calendar months as determined by the Secretary of Labor.

TERMINATION DATE

SEC. 1007. Notwithstanding any other provision of this title, no further obligation of funds appropriated under section 5 shall be made by the Secretary of Commerce after December 31, 1975.

Mr. BAKER. Will the Senator yield briefly?

Mr. McCLURE. I am happy to yield to the Senator.

Mr. BAKER. Is it correct, Mr. President, that the cosponsors of the bill include the chairman and the ranking member of the full committee?

Mr. McCLURE. That is correct. The

cosponsors are the Senator from New Mexico (Mr. DOMENICI), the Senator from Alaska (Mr. GRAVEL), the Senator from Tennessee (Mr. BAKER), the Senator from West Virginia (Mr. RANDOLPH), and myself.

Mr. ROBERT C. BYRD. Will the Senator include my name?

Mr. McCLURE. I am happy to include the Senator from West Virginia (Mr. ROBERT C. BYRD) as a cosponsor of the amendment.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. McCLURE. Mr. President, this amendment, which I have offered to the bill, has already been submitted as a separate piece of legislation. It arises in large part from our work earlier this year in the Economic Development Subcommittee of the Committee on Public Works. The Senator from West Virginia (Mr. RANDOLPH), the chairman of the full committee, is a cosponsor of this legislation.

The reason we have undertaken to attach this amendment to the pending legislation is simply that it relates to precisely the same subject to which the public service employment legislation addresses itself. That is the creation of job opportunities for those people who are unemployed and are in areas of high unemployment. It is our thought after the hearings and the development of this legislation, that the existing programs and expenditures of Government can be directed toward the creation of jobs more effectively if we create the means within the Department of Commerce and in the Economic Development Administration of the Department of Commerce to evaluate the ongoing programs, to see which ones have the most direct and immediate effect upon the creation of job opportunities for those who are unemployed.

This bill calls for an authorization of not to exceed $1 billion to be used for that evaluation by the Department of Commerce. Also that money could be used to supplement State, local, and Federal funds in the way which is necessary to be most efficient in creating jobs.

It may be that a little additional money with a current grant program would create more jobs than an equal number of dollars put into a brand new program. That is the purpose of the legislation.

I submitted a statement in connection with the introduction of the bill earlier today. I would like to make reference to that for some of the details and purposes of the bill.

I have discussed this matter with the Senator from New Mexico (Mr. DOMENICI), who has also been working in this area; with the Senator from Tennessee (Mr. BAKER), who has been active in the development of this legislation; and with the Senator from West Virginia (Mr. RANDOLPH), chairman of the Committee on Public Works, who has also, as I stated earlier, been very concerned that we direct our programs in this direction.

I have also discussed it with Senator NELSON and Senator JAVITS, the managers of the bill, to see that we understand that this is not in any way in conflict with the purposes of the pending legislation. It is not. It runs parallel. It supplements the efforts that are being directed in the bill which is pending.

I hope that the managers of the bill will find that it is appropriate, and that they can accept the amendment.

I yield to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I commend my able colleague, a member of the Committee on Public Works, on the introduction of this amendment to the pending legislation which has, as its purpose, the employment of Americans, both men and women, in public service jobs.

By way of background, I believe that the record should reflect that with regard to the members of the Senate Committee on Public Works there is no partisanship in our approach to legislation that, within the jurisdiction of our committee, gives us the opportunity and the responsibility, Mr. President, to cope with the deepening problem of unemployment in the United States.

I do not speak in disparagement of the provisions of the pending bill which comes from the Committee on Labor and Public Welfare, of which I am the ranking Democratic member.

I have joined in developing this measure and have proposed certain amendments that have been approved and are a part of the legislation which is ably managed in the Chamber today by the diligent Senator from Wisconsin (Mr. NELSON).

I think, however, in a matter of this kind, that we should attempt to have our colleagues in this body understand that there are important facets of employment responsibility which fall certainly within the jurisdictions of various committees.

In the final analysis, it is the intent of the Senate membership, itself, that determines what we should do in a very crucial period for our country, and at a time when, in practically every sector of American industry and business, unemployment and layoffs, Mr. President, take place almost hourly.

I doubt that many Members of this body realize that in white collar employment—not just blue collar work—there are layoffs within the offices themselves in addition to the assembly lines. The executives within these companies are receiving lesser salaries as they go into the year of 1975 than they received in 1974 or in 1973.

There are dramatic instances of substantial and growing unemployment in a single segment of the economy. The automobile industry, for instance, almost surely will experience unemployment of several hundred thousand in the near future. But jobs are disappearing throughout the economy, including public service. Only yesterday, the Mayor of New York City was forced to dismiss 3,725 city workers—including police and firemen—and seek the retirement of 2,700 others.

These arrangements are being made. They have already been finalized in industry and business and commerce, as well as public employment throughout this country.

I turn aside, because I have the opportunity now for a few minutes to discuss the overall problem to which this amendment addresses itself, to say that I join with Senator SYMINGTON, with Senator HARRY F. BYRD, Jr., and, as expressed yesterday in a farewell address by Senator AIKEN, of Vermont, concerning the necessity for those persons in the legislative, the judicial, and the executive branches of the Federal Government reducing, through the action of the Congress, salaries in excess of $40,000 a year. Someone might say, "Is this a gesture?"

No, it is a very important example to the American people if this happens. There are only present two Members of the Congress—Representative WRIGHT PATMAN, of Texas, and the gentleman who now speaks—who were here in 1933 during the depression. We voted to reduce our salaries at that time.

People should remember this. The Congress of the United States reduced its salaries in 1932. I came here in 1933. We further reduced our salaries at that time.

These are matters which concern the cost of Government. These are not matters that should be in someone else's backyard. They should come very close to us because we have a responsibility, persons in this category of salaries, to make a contribution toward the lessening of the cost of Government.

I do not know where this legislation will finally go. I do not know the response that will be given in Congress to the measure that I mentioned. But it is my belief that it deserves serious consideration, not next March or April, but on the return of the membership on January 14. It should be an item of concern and should be taken up in the hearing process.

I am directing a letter today to the chairman of the Committee on Post Office and Civil Service, the Senator from Wyoming (Mr. McGEE), asking that hearings be held early next year. I am the ranking member on the Democratic side of that committee.

I want to cover that subject, as I have in this general way. I know there are perhaps inequities as legislation is dropped into the hopper at the outset. There are reasons for hearings. There are reasons why we should carefully document what we can and cannot do. But I remind Senators that if they feel that this has not been done in the history of the United States, it has been done, and it was done in 1932 and 1933 in the Congress of the United States.

Now I return to the specifics of the amendment which has been offered by the distinguished Senator from Idaho, joined by others of us from the Committee on Public Works—Senator GRAVEL, Senator BAKER, Senator DOMENICI—and the able majority whip, the assistant majority leader, the Senator from West Virginia (Mr. ROBERT C. BYRD).

I think we should have in the RECORD the fact that in the Committee on Public Works, we think of jobs that are job-producing jobs. I am not against public service employment. It can perform a necessary part of the employment picture. But we need jobs that produce other jobs, and those jobs produce other jobs, and the growth of employment goes forward.

That is why we are stressing today, as the Senator from Idaho and others emphasize, the fact that this is the type of employment that we are very conscious of at the present time, as a part of a program of reemployment of those who are out of work.

So in our Committee on Public Works we have done our job. Senator MONTOYA, who is unavoidably absent from the Chamber, chairs our Subcommittee on Economic Development. He and others of that subcommittee have held hearings on similar legislation. That measure is the outgrowth of work of the subcommittee under Senator MONTOYA and its desire to devise a program through which the Federal Government would aid in creating stable economies and to react properly to extreme situations such as those we face today. That bill, S. 4115, as modified by Senator MONTOYA would accomplish many of the purposes that are set forth in this amendment. It is an emergency public works employment bill. This amendment is one of the features in that bill but it is not that bill, I think refinements can be made in the amendment which is now pending.

The hearing on November 27 produced suggestions and information supporting what we call an emergency public works employment approach to the unemployment problem; and we desire to bring that measure to the floor of the Senate in January 1975, when the 94th Congress convenes.

So, Mr. President, with the Senator from Tennessee, who is in the Chamber, who is the ranking Republican member of the committee, with other members of that committee, we have been active in this situation.

I am gratified that there are several of us who can sponsor this amendment. It is in no wise a partisan amendment. It is an amendment that carries with it the urgency of the present hour in the history of rising unemployment in the United States. The Senator from Idaho has indicated that the amendment would create within the structure of the Economic Development Administration—that is legislation which came into being through the Public Works Committee—those types of job opportunities that are needed by the hundreds of thousands for American workers. We know the figure—6.5 percent unemployment today.

In public addresses in January, almost a year ago, I indicated—and I am not one to go to the wailing wall or push the panic button or be a prophet of gloom and doom—that we would have unemployment within a year in this country that would rise to 7 percent and perhaps in the next year would go far beyond that, even to 8 percent.

Many of us were trying—and I am sure the Senate is in agreement—to be realistic about these matters. This is no criticism of any individual, but there has been a Pollyanish attitude. There have been timid steps but there has been no real, concentrated, all-out attack on the problems that possess the American people. I think it is fair to say that it is time—I think it is overdue—for our Government to take decisive action to stimulate and to provide employment for those who are the direct victims of the economic troubles.

Public works construction has long been utilized to stimulate economic activity in times of hardship. This activity provides needed public facilities and the impact of their construction is widespread, multiplying the investment many times. The Bureau of Labor Statistics reports that more than 55,000 jobs can result from the expenditure of $1 billion in some types of building.

The question of emergency employment, as I have indicated, must be considered in the next Congress, the 94th. Senator MONTOYA and the members of the subcommittee within our full committee know that concern well and will continue to work on appropriate legislation.

So we are today making this effort, and it is a proper effort; and I believe that what we have done in the committee and what we will do next year is necessary. I also believe that what is being done today by the Senators present and by the Senator from Idaho (Mr. McCLURE) with this amendment is exactly what should be done.

Mr. President, there is a need, a growing need, an immediate need for positive, creative action to reverse the tide of economic stagnation, to halt the inflation that undermines our national strength. We are working, I am sure—the White House and Congress and private industry—to restore economic stability. But there are the immediate needs, we must remember, of persons who have been made jobless, the needs for food and clothing and housing and medical care and education. All these needs must be met. They can best be met through what I believe to be productive work, with no disparagement of the pending bill, but now stressing the trust of the pending amendment. I believe that the community improvements it will provide all over America will pay a dividend in the years that are to be, for communities and the people who are in them.

This amendment, as I have said, is well-considered. I doubt that $1 billion could be better spent at this time than to carry out the provisions of this amendment in behalf of the people of the United States.

I ask that a brief statement prepared by Senator MONTOYA be included in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR MONTOYA

I endorse this amendment co-sponsored by Senators Randolph, Robt. Byrd, Gravel, Baker, Dominici and McClure. The amendment is yet another important effort to put jobless people back to work.

The public employment bill being considered is an important and timely effort. The amendment would go beyond this program administered by the Department of Labor. It would provide funds for other Federal agencies, whose programs have job-creation potential, to focus their efforts on the crucial problem of unemployment.

I proposed a bill in October (S. 4115), which was addressed to the unemployment problem through the public works impact program of the Economic Development Administration. That bill would have carried out the purposes of the President's proposed Community Improvement Corps.

Because the present public employment legislation more than adequately meets the goals expressed by the President, I recently modified my bill, following hearings held by my Subcommittee on Economic Development on November 27.

I expect to introduce this modified version of S. 4115 in the early days of the new Congress in January.

One feature of that bill as modified is contained in this amendment. Testimony during the hearing suggested strongly that some Federal agencies—for example public land agencies—could effectively put people to useful work in our public forests and lands.

If the present amendment is not accepted in the final bill, I propose to include an authority much like it in my Emergency Public Works Employment Act of 1975.

Mr. BAKER. Mr. President, I rise at this time to pay tribute to Senator RANDOLPH, chairman of the Public Works committee, to Senator MONTOYA, who is the chairman of the Subcommittee on Economic Development, and to Senator McCLURE, who is the ranking Republican member of the Subcommittee on Economic Development, and Senator DOMENICI for being able to proceed with such swiftness in response to a national need. It is a tribute to them and to their perception of the requirements of the Nation that hearings have already been held on the EDA program, that the EDA structure is in place, which has been a continuous program for a number of years and in my view has been highly successful. It clearly is adaptable to our immediate problems.

The amendments that are being offered today are well conceived and will further elaborate and extend the EDA program and will complement the fundamental program of public service jobs that is being presented to the Senate for debate and, hopefully, for adoption today.

I commend, as well, the distinguished Senator from Wisconsin for permitting us to offer the bill at this time and to hear our urging to him and to our colleagues that the two programs—that is, public service jobs on the one hand and economic development jobs which are private jobs in many cases on the other hand—be considered in tandem. I think they complement each other. It presents a program the sum total of which will be more beneficial than either taken separately.

Mr. President, I will not prolong the debate by discussing the principal points and the provisions of this amendment, except to say that it is not a spur-of-the-moment undertaking. It is a program that was well thought out and has been thoroughly explored, not only by the staff of the majority and the minority, who have worked very well together, but by the members of the subcommittee and full committee over a span of many years.

This bill is a constructive bill; it is an innovative one. Enactment of this bill would go far toward the stimulation of new jobs in those areas experiencing high levels of unemployment. It would not create make-work jobs but will create permanent jobs and the investment needed to perpetuate good, decent, important jobs.

There are two basic aspects to our proposal. First, the Economic Development Administration would be directed to consult other Federal agencies that have project responsibilities, and to review their proposed expenditures for the 1975 calendar year. This review will evaluate the effectiveness of projects in stimulating jobs in regions of high unemployment.

Second, the bill authorizes a special 1 year appropriation of $1 billion to EDA. This money would be spent to create, maintain, expand private-sector jobs in areas of high unemployment. This money might be used to supplement ongoing programs that were identified in the EDA review process, thus expanding their job-creating potential. As just one example, EDA could provide the funds needed to make a project feasible in the next 6 months, or to expand the number of jobs it could support.

Further, the special funds could provide the initial loan or grant funds for job creating activities in target areas.

Mr. President, this is a good bill. It will create jobs, and use our Federal funds more effectively. I believe it merits the serious consideration of the Senate.

I think, as well, that it is a tribute to the responsibility of the Members of the Senate that we are willing to move now in tandem to a major program as an amendment to a bill not before our committee but before another committee, rather than to delay this in deference to jurisdictional concerns.

Mr. President, I hope the bill passes. If the bill passes, I hope the other body will accept the matter in the same spirit in which I believe this body will adopt it. I am most pleased to be a cosponsor along with the distinguished chairman, Senator RANDOLPH.

Mr. DOMENICI. Mr. President, I shall take only a few moments to express my views with reference to the amendment. I, too, wish to compliment the distinguished chairman of the Public Works Committee (Mr. RANDOLPH) for his abiding interest in the problems of unemployment and, certainly, for his staunch support for EDA as an entity which has done much good.

I am glad that he has joined with those of us who see EDA as having an important role in our efforts to stimulate jobs for the unemployed and his support of this innovative approach and use of EDA in a new and challenging way to meet the ever-increasing emergency that spiraling unemployment has brought us.

I also want to acknowledge the initiative of Senator BAKER, ranking Republican member of the Public Works Committee, and the constructive work of Senator MCCLURE, ranking Republican member of the Economic Development Subcommittee of the Public Works Committee.

We all serve together on that committee with Chairman RANDOLPH and the senior Senator from New Mexico, Senator MONTOYA, chairman of the Economic Development Subcommittee.

Mr. President, I summarize in six points what I think the amendment does and, rather than read them, I ask unanimous consent that they be printed in the RECORD at this point.

There being no objection, the summary referred to was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE JOBS PROPOSAL AMENDMENT

1. The purpose is to stimulate, maintain or expand job creating activities in areas of unusually high levels of unemployment.

2. Areas eligible for assistance include those designated under the Comprehensive Manpower and Training Act and EDA having 6.5% unemployment or more and other areas the Department of Labor determines have 6.5% unemployment.

3. The Secretary of Commerce is directed, in consultation with the appropriate federal agencies, to review proposed expenditures for the next calendar year to evaluate the job effectiveness of such expenditures and to identify those which have the potential to stimulate job creation in eligible areas.

4. The Secretary of Commerce is authorized to assist programs or projects identified through the review process to expand or accelerate their job creating impact in areas of high unemployment. The Secretary also has the authority to initiate programs in eligible areas where necessary to effectively carry out the purposes of the Act.

5. The Secretary or agency head has the authority to increase the Federal share beyond the limit in the applicable program—up to 100%.

6. No funds will be available when national unemployment goes below 6.5%. No obligations are allowed after December 31, 1975.

Mr. DOMENICI. I have a few brief remarks on how I happened to come across the idea that is here—at least, for myself, some portions of it. Indeed, I was at the EDA hearings when the idea came to me. I inquired as to the job intensity nature of some of the EDA projects. I found that they varied from very low—under 10 percent—to fairly high levels. I was told that if we went across the whole spectrum of applications, we could pick out some that were very job-intensive in terms of the number of employees that $1,000 or $1 million or $1,500,000 would produce.

Then it appeared to me that it was logical that such may be the case, in a very wide variety of ongoing Federal projects and programs, whether they be grant-in-aid or whether they be ongoing Federal programs such as those of the U.S. Forest Service.

It occurred to me that any emergency job program should have as a part of it an immediate, across-the-board inventory of Federal programs and projects which could be used to produce jobs quickly in areas of high unemployment. This bill will place the responsibility with EDA—an agency with considerable experience in the jobs field—for taking an inventory of all Federal programs as to their job effectiveness. We do not have to dream up a new program, but, rather, parts of this billion dollars can be used to assist those ongoing activities which could promote jobs.

I believe this is an important part of the bill—a very innovative feature—and a new challenge for the administration in terms of an analysis of ongoing programs, for possible additional funding, so that their unique job creating potential can be used.

Another thing came to my mind during the hearings generated by comments by Forest Service in the Department of Agriculture. It appeared to me that, certainly, that kind of agency—and there must be more in the Federal bureaucracy—would have programs they would want to push that are very job-oriented, but they are constricted by their annual budget. The Forest Service will now take a look at all its programs in these areas of high unemployment and say, "If we had 3,000 men, we could clean up these forests in these three States; we could maintain these kinds of parks that we are not able to maintain and provide needed jobs at the same time."

They will be able to apply for additional assistance to carry out regular job programs that they would normally do, but, perhaps do over a long period of time, or perhaps they have abandoned them under prior budgetary constraints.

So, there are those two aspects of our proposal: an inventory and evaluation of job producing efforts by the U.S. Government, direct or indirect, will now be carried out by Federal agencies with EDA. Then the second aspect is that funds will be available under this special fund to supplement ongoing grants or ongoing Federal programs that have these job creating qualities. I think this is a very important adjunct to the public services bill that is now before us, the public service employment bill, S. 4079.

I thank the other Senators who have joined as cosponsors of the proposal. I believe that when the administration understands the thrust of our proposal and its ideas and what it can accomplish, they, too, will see it as a valuable adjunct to the President's proposals heretofore made. In fact, a thorough analysis will probably indicate that it is an excellent supplement to any effort by the United States to help the unemployed quickly and to have them doing meaningful work in various places in the country.

Mr. NELSON. Mr. President, I think the amendment embodies a very creative and useful concept. I certainly wholeheartedly endorse the concept of the amendment and, as manager of the bill, I am happy to accept it.

I commend the Senator from West Virginia (Mr. RANDOLPH), the chairman of the Public Works Committee, and the Senator from New Mexico (Mr. MONTOYA), chairman of the Economic Development Subcommittee of the Public Works Committee, for the hearings and the work they have done in this area in great detail, as well as the Senator from Idaho (Mr. MCCLURE) and Senators BAKER and DOMENICI for the work they have done in developing this proposal. I suggest the adoption of this amendment. I hope that the House of Representatives will accept it.

However, as we all know, it may very

well be subject to a point of order in the House as nongermane to this bill. I approve the amendment. So does the distinguished Senator from New York (Mr. JAVITS).

Since there is no objection at all on our side that I am aware of, I am prepared to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NELSON. Mr. President, I am not aware of any other proposed amendments, but there was a unanimous-consent agreement that we would not vote prior to 1:30. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRADE REFORM ACT OF 1974

Mr. DOMENICI. Mr. President, I ask unanimous consent that an amendment to H.R. 10710, the Trade Reform Act of 1974, which I submitted on December 10, be considered as read and qualified under the requirements of rule XXII.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECIAL EMPLOYMENT ASSISTANCE ACT OF 1974

The Senate continued with the consideration of the bill (S. 4079) to amend the Comprehensive Employment and Training Act of 1973 to provide additional public service jobs for unemployed persons during periods of increased unemployment.

Mr. BUCKLEY. Mr. President, the Committee on Labor and Public Welfare reported to the Senate, S. 4079, the Public Service Employment bill. Once again the "most deliberative body in the world" is asked to consider comprehensive, important legislation without the benefit of sufficient time to look into the various questions raised and the particulars incorporated into the bill. In fact, an attempt to secure the committee report failed because the report is not yet printed. Clearly, this procedure is not sound legislative practice. Equally clear is that there is no need to employ such methods, notwithstanding the fact that the 93d Congress is about to adjourn. The Senate should have had the bill for at least several days, or we should put off consideration of this bill until the early days of the 94th Congress.

There are many important questions which must be addressed before the Senate can rationally consider this proposed program. One question which is fundamental involves the nature of the current unemployment problem. No Member of this body is happy with rising unemployment. Every Member wishes that all able-bodied Americans have jobs. But it is also clear that in its haste the Congress could adopt into law and practice a program which may treat the wrong problem. How much of the current unemployment is attributable to construction? How much of the unemployment is being created by short-term unemployment caused primarily by too high inventories? These questions are important because if a large portion of the new unemployment is construction-trade oriented, we should know that construction is now beginning to rebound. Capital building projects, planned by local government but deferred because of the high cost of construction, are now finding bids acceptable to local and State governments. With the increased mortgage availability, housing sales are now beginning to pick up. Are the unemployed auto industry oriented? The large unemployment in the auto industry is attributable to low fall sales and resulting high inventory stocks. None of this is meant to say that the problems are not bad, but it is to question whether the Federal Government is not once again attacking the wrong problem, in the wrong way where the consequences might compound one bad problem with a second. Of course, we cannot answer these questions because we do not know what is in the bill. We do not know whether the committee satisfactorily addressed these questions.

The unnecessary haste is unfortunate for an additional reason. There are alternatives available to the traditional, depression-oriented programs of public service employment. Before public service employment is enacted into law the Congress should look for alternatives. We already have far too large a percentage of the work force holding nonproductive public jobs to encourage a still further growth in this category. In 1949, the figure was up to 15.2 percent; and by 1969, it had grown to more than 20 percent. Further the Senate should be concerned with establishing yet another "temporary" program which when fully operative might well insist upon a permanent life of its own. It is not unknown to government.

The Nation is facing a number of problems that could be favorably affected by alternatives to public service employment. Certain labor-intensive capital improvement projects should be adopted in lieu of glorified leaf-raking schemes. One area that could be particularly productive in two respects is the repair and upgrading of the Nation's railroad track beds. Not only is this work highly labor intensive, but it would aid materially in the expansion of coal production by improving the present inadequate transportation from the Nation's coalfields. A program of roadbed improvements would have positive implications for both increased passenger traffic on the Nation's railroads as well as facilitating the transport of coal. In the process it would facilitate the expansion of our coal mines—which is another labor-intensive industry.

I have been working on this project and had hoped to be ready by the time public service employment came up. It had been my understanding that this legislation would be considered early in the new Congress. The attempt to rush this legislation through will mean that I will have to introduce this legislation next year. It is too bad that public service employment and the alternatives might not be considered together.

There are several serious questions whether sufficient restrictions and controls have been written into the bill. Reports, published in the Wall Street Journal only yesterday, suggest that there may be no requirements in the bill which would obligate the employment arising under this bill to be available only as a last resort. If the Federal Government is going to have a public service employment program it must be absolutely clear that the resulting employment will not be available as an alternative to private employment. Unfortunately, we do not really know to what extent, if any, this problem has been contemplated.

The question: From where does the money come to pay the $5 to $6 billion authorized in this legislation? Unfortunately, the answer is once again inflation. The people will say through renewed inflation. Is it not sad that the Congress cannot come to grips with this economic reality?

Because this program is being rushed through in such a way that makes rational inquiry and thought impossible, I will have to oppose S. 4079.

Mr. KENNEDY. Mr. President, I rise to speak in support of the Special Employment Assistance Act of 1974, S. 4079, to provide emergency public service jobs and unemployment insurance coverage to thousands of unemployed men and women across the Nation.

In that regard, I believe the chairman of the Senate Subcommittee on Employment, Poverty and Migratory Labor, Mr. NELSON, and the staff of the subcommittee deserve special recognition for the sense of urgency and responsibility which they brought to this issue.

As a cosponsor of this legislation, I fully endorse the $4 billion level of authorization which could provide some 530,000 jobs in vital public service activities across the Nation. With some 6 million Americans unemployed, emergency assistance now, assistance aimed at providing these men and women with jobs, is of critical national importance.

In my own State, the situation is simply unacceptable. Every one of our major labor market areas is suffering substantial unemployment. The Commonwealth as a whole bears the burden of an 8.4 percent unemployment rate, according to the latest Otcober statistics. I ask unanimous consent for the State unemployment figures to be printed in the RECORD.

For that reason, I joined as a coauthor with Senator CRANSTON of an amendment adopted by the committee to focus special assistance on areas most severely impacted by rising unemployed. The amendment changed the allocation formula from one which was based solely on a State's level of unemployment to one in which 25 percent of the appropriated funds will be distributed according to the areas suffering unemployment in excess of 6½ percent. In Massachusetts, this represented more than a 15-percent increase in the level of funds. For every billion dollars of appropriations, Massachusetts will receive an estimated $45 million. For the total authorization of $4 billion, this will mean an authorization of $180 million, sufficient to fund approximately 24,000 jobs.

Since the President already has indicated his intention to request appropriations of at least $1 billion for this program, a minimum of $45 million should be available shortly to provide needed jobs. I intend to seek additional appropriations if, as it now appears, unemployment continues at its current rate.

My only regret is that the previous administration opposed increases in public service jobs at a time when those jobs could have eased the steadily worsening economic situation of the Nation's workers. I supported funding at a $1.25 billion level last spring. We were successful ultimately in obtaining some $620 million in the final appropriations bill for fiscal year 1974.

Again, during the Labor-HEW appropriations bill for fiscal year 1975, I introduced an amendment on the floor of the Senate which would have added $350 million for public service jobs. We were successful in obtaining half that amount in additional assistance.

Now, the measure before us and the general support from the administration for substantial additional appropriations to fund it, indicates an acceptance of the urgent need to respond to the worsening employment situation in America today.

Under the bill before us, the existing prime sponsor structure established in the Comprehensive Employment and Training Act will be used to administer the new funds. This will permit rapid implementation of the program and a minimum delay before these funds can be used by cities, counties, and States to hire workers to meet their public service needs.

We are insuring as well, through amendments which I joined with Senator CRANSTON and Senator RANDOLPH in introducing in the committee, that veterans, long-term unemployed and disadvantaged individuals would receive special consideration in obtaining jobs under the program. Disabled and older workers also will receive particular attention in the program.

Among 20- to 24-year-old Vietnam veterans, the unemployment rate is now 12.4 percent. Among minority veterans of the same ag group it is now 23.2 percent.

Mr. President, I want to emphasize that the bill before us rejects the original Ford administration proposal to limit eligibility to those individuals who had exhausted their unemployment insurance benefits. That would have meant a Federal preference for keeping individuals who want to work on welfare even if there were jobs available for them.

It also rejects the 26-week limit on the length of the jobs proposed by the administration. That limitation would have sent men and women back onto the streets just as they were becoming proficient in their jobs and at a time of decreasing unemployment.

That program also would not have been available outside of areas with 6½ percent unemployment, thus denying any assistance at all to a wide portion of the Nation's unemployed.

I believe the program before us today is far more reasonable, far more comprehensive and far more likely to have an immediate impact on unemployment in the Nation today. I am pleased that the administration has indicated its willingness to drop its proposals in favor of the concepts contained within this bill and the legislation before the House.

The public service jobs program has substantial indirect benefits both in stimulating the economy and in providing additional jobs in the private sector, as well as reducing unnecessary Federal expenditures. First, expenditures for public service employment will result in savings in welfare payments and unemployment insurance and increased tax revenues of 40 cents for every dollar spent. In addition, based upon Bureau of Labor statistics data, it has been estimated that for every 10 public service jobs created, 4 private sector jobs will be created immediately and that eventually, over the next 18 to 24 months, another 6 will be generated from the Gross National Product increase resulting from those 14 jobs.

Finally, I believe the unemployment insurance provisions of the bill, which will extend to previously uncovered workers special unemployment insurance benefits for 26 weeks is a vital step in protecting the Nation's labor force. This special unemployment assistance program for workers not now covered will go into effect whenever the Nation's unemployment rate remains over 6 percent for 3 months or an area's unemployment surpasses 6½ percent for more than 3 months. The level of benefit would be 50 percent of the average weekly wage of the worker.

Mr. President, I also should add that we expect additional legislation to be approved soon which I have cosponsored to boost the existing extended unemployment insurance benefits up to a full year. That bill, S. 4207, is expected to be acted upon shortly.

Mr. President, I believe the bill before us today is a primary tool to combat the current level of unemployment and to ease the burden on hundreds of thousands of Americans. I urge its adoption.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the Massachusetts unemployment situation.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

MASSACHUSETTS UNEMPLOYMENT SITUATION

	Number	Un-adjusted	October adjusted
Statewide	189, 200	7.1	8.4
Boston	83, 900	6.7	
Brockton	6, 500	6.9	
Fall River	4, 600	6.9	
Lawrence-Haverhill	7, 500	7.3	
Lowell	8, 300	8.3	
New Bedford	6, 000	8.4	
Springfield-Chicopee-Holyoke	15, 200	6.7	
Worcester	9, 500	6.2	

Mr. BEALL. Mr. President, I rise in support of S. 4079, the Special Employment Assistance Act, and hope the Senate will give its overwhelming approval to this critically needed legislation today.

During this time of economic difficulty now being experienced by our country, it is absolutely imperative that we care for the casualties of recession. In a country as affluent as ours, there should certainly be the desire, the capability, and the responsibility to meet the needs of those who are placed out of work.

This bill does just that, Mr. President. It amends the Comprehensive Employment and Training Act to provide for a $4 billion program for fiscal year 1975 for some 530,000 public service jobs in this country. Title II of the bill would also establish a 1-year program to provide unemployment compensation for certain individuals who have previously not been covered by any other State or Federal unemployment compensation program.

Of particular importance is the fact that this program can be implemented almost immediately upon enactment, since it makes use of the existing CETA prime sponsorship network. All of us in this body are fully aware of the desperate need for expanded programs to assist the unemployed, and thus I am very pleased that the intentions of this bill can be quickly translated into action for our citizens.

This measure was considered by the Employment Manpower and Poverty Subcommittee, on which I serve, and the full Labor and Public Welfare Committee in near-record time, and was unanimously endorsed by our committee. The speed with which this legislation was considered testifies to the urgency of the matter, and thus I hope that the Senate will today move this bill along the path to enactment and implementation.

Mr. President, there is another matter which needs to be considered by the Congress in its comprehensive attack on the problems of recession, and that is the extension of unemployment benefits to those persons who are now covered by unemployment insurance, but who are quickly exhausting those benefits. I have joined in cosponsorship of S. 4207, the Emergency Unemployment Compensation Act of 1974, introduced by Senators RIBICOFF, NELSON, and JAVITS, and I hope that this measure will be reported by the Finance Committee in the closing days of this Congress, so that this necessary extension can be made in our unemployment coverage.

As most of my colleagues know, that bill would provide 13 weeks of additional emergency unemployment benefits whenever the insured unemployment rate reaches 4 percent, and eases the requirement for eligibility under the extended benefits program. I urge the Senate to also complete action on this proposal prior to adjournment.

Mr. President, the bill before us, S. 4079, is a good bill, and one which is needed by our country and its growing list of unemployed. I ask the Senate to support it overwhelmingly.

Mr. WILLIAMS. Mr. President, I rise today to state my strong support for S. 4079, the Special Employment Assistance Act of 1974, which was reported from the Committee on Labor and Public Welfare yesterday. I think that I need not emphasize too strongly the vital need that exists for this legislation nor reassert here the importance of this legislation for the Nation.

You are all aware, as I am, that at the present time our Nation is in the midst of a major and serious economic crisis. This month, the Government's Bureau of Labor Statistics released information which showed that unemployment nationwide had reached 6.5 percent, the highest rate of unemployment in America in over 13 years. These statistics also show that there are nearly 6 million unemployed persons today, up approximately 460,000 from the previous month and up almost 2 million from 1 year ago. The number of unemployed in some areas of the country significantly exceeds the 6.5 percent figure nationwide and constitutes unemployment of crisis proportions in these areas.

In my own State of New Jersey, for *example*, some areas have unemployment above 10 percent. The gravity of the situation is further reinforced by the fact that the number of unemployed in the Nation represents a greater number than the entire work force of two-thirds of the countries of the world. Also, the amount of damage done by high and persistent unemployment in terms of social costs stemming from idled workers unable to contribute to the welfare of their families and the growth of their communities. Similarly, the erosion that this works on the public confidence in its Government to handle the affairs of state is immeasurable.

Economic experts have been forecasting the arrival of unemployment in excess of 6 percent for some time, while at the same time acknowledging the continued inflationary trend of the economy, further diluting the buying power of the dollar. This is exactly what is come to pass, and in today's debate on S. 4079, we have to acknowledge not only the 6.5 percent unemployment rate but also a double-figure rate of inflation.

The disruptive effect that this has on the average wage earner is obvious. Not only do the workers' wages buy less of the necessities of life, but with inflation eroding any savings that he or she may have at a devastating rate, it leaves the worker economically exposed and vulnerable. In this socioeconomic climate, if the worker then is faced with imminent unemployment, or is actually unemployed, as so many are, what hope can there be for that person to retain a sense of dignity, so necessary for personal growth?

Mr. President, if I paint a gloomy picture, it is because my personal experiences with the problems faced by this Nation's workers leaves me very aware of their plight. We demand much from our workers: high levels of production, quality work, and dedication to jobs that are more often than not uninteresting and repetitive, unsafe, and offer little or no chance for personal advancement. At the same time, we also expect that these same wage earners will provide the stability to our society so necessary for its continued growth and development and that they will build in their families and communities the social and ethical standards which have been the cutting edge for this Nation's growth and development. It has been the average wage earner in this country who has traditionally provided the needed stability, both socially and economically, to allow this Nation to avoid the social and economic upheavals that have rocked so many other parts of the world.

And what have we done for the worker in return? While we have passed laws designed to improve the working conditions and job opportunities for all workers, none of these have any meaning if unemployment puts the worker on the street and only the laws remain as reminders of our good intentions. We must act to restore stability to the workplace and provide employment for those workers who have lost their jobs in the current economic downturn. S. 4079 provides us with a major step toward realization of that goal.

S. 4079 has two major component parts which are designed to move toward the elimination of the problems I have outlined above. The first of these parts is title I of the bill and establishes a program of public service jobs designed to provide temporary employment for our unemployed. The beneficial effects of public employment to counter the effects of deteriorating economic conditions and to act as a countercyclical tool for achieving a high-employment economy is now well recognized by leading economists in the Nation. Recognizing the obvious need for unemployed persons to feed, clothe, and house themselves and their families, there is an obligation to provide for some form of public dollars to establish immediate relief for their basic needs.

S. 4079, however, does not provide for direct transfer payments like those established under welfare, which, while providing the essential support, neither solve public problems nor preserve the dignity and self-respect of the person receiving the aid. Public service employment is a more positive method. Recent experience under the Emergency Employment Act has shown that this form of relief can be effective and far reaching.

Public service employment is not a new concept. The history of WPA under the administration of President Franklin Roosevelt is well known. Despite many of the criticisms leveled against the program, the many valuable services performed by it are well recognized and add credibility to this approach of solving work force problems in times of economic crisis.

As economic conditions improved during the war years and during the generally healthy climate of the 1950's and 1960's, the concept of public service employment was little used. Attempts to introduce such programs during this period met with little success. It was not until the recession of 1970–71 that the concept of public work was revived. It was during that period that the Emergency Employment Act of 1971 was adopted, after it was announced by the administration that unemployment had reached 6 percent. Just 1 year earlier, a similar proposal had been overwhelmingly adopted by both Houses of Congress but had been vetoed by the President as inappropriate.

The experience gained under the 1971 EEA has shown conclusively that this type of a program is effective. The jobs provided under the EEA were meaningful and effective. Of the 200,000 persons employed under that act, 26 percent were employed in professional, technical, and managerial jobs. Of the remaining numbers, many were performing employment with police and fire departments and other meaningful work. Another significant factor is that the public service jobs provided a transitional period for workers to move to better permanent jobs. Studies have shown that of the persons who have recently participated in public service jobs, 75 to 80 percent moved on to better paying and permanent jobs. The obvious benefits that this provides to the economy and to the society is self-evident and should in and of itself be reason enough for quick action on this legislation.

S. 4079 continues this important program of public service employment under its title I provisions. The bill amends the Comprehensive Employment and Training Act of 1973, CETA, to authorize appropriation of an additional $4 billion for approximately 500,000 public service jobs in fiscal year 1975, at an estimated $7,500 per job. These funds are to be distributed among prime sponsors qualified under title I of CETA. The formula for allocating the funds is to distribute 75 percent of the total amount to prime sponsors in proportion to the number of unemployed persons in the one area compared to the number of unemployed in all areas. The additional 25 percent of the funds are to be distributed to areas where local unemployment is at 6.5 percent or more. In this manner, those areas of substantial unemployment will receive additional funding to provide for the level of assistance necessary to correct the work force imbalances.

The funds allocated under these provisions will be made available in accordance with the provisions of title II of CETA. In addition, prime sponsors must give special consideration to the long-term unemployed who have been unemployed for 15 weeks or longer. This provision is not meant to be a preferential hiring clause and is not designed to be a bar against the hiring of persons outside that category. It merely underlines the committee's concern that jobs be furnished to those most in need of them.

Title I of S. 4079 also provides that prime sponsors may use the funds made available to them for projects and activities extending over a 12-month period from the commencement of the project activity.

S. 4079 also contains provisions for a special unemployment assistance program to provide additional unemployment insurance benefits for extended coverage during the current economic crisis. The present unemployment insurance program establishes a basic measure of income maintenance for all covered workers, providing for a maximum of 26 weeks of regular benefits. Coverage is also provided under the Extended Unemployment Compensation Act of 1970 which provides for an additional period of benefits for up to 13 weeks in specified circumstances, and where the State-insured unemployment rate is 4 percent or if the national rate reaches 4.5 percent.

While these programs have been by-and-large effective, the current economic situation mandates additional action. One of the characteristics of the present situation is that unemployment patterns are very uneven and there exist pockets of high unemployment in States whose overall level of unemployment may not reflect the serious problems present in some of its counties or cities. New Jersey, for example, has great fluctuations of unemployment rates, with some localities exceeding the national average by several full percentage points.

The present proposal is designed to provide the needed relief to these areas hardest hit by establishing a scheme of distribution which will allow additional benefits on the basis of need. Under the provisions of S. 4079, additional benefits would be available whenever the national unemployment rate is at least at 6 percent for 3 consecutive months, or, in the event the national rate falls below 6 percent, areas where the unemployment rate remains at 6.5 percent or more for 3 consecutive months would be entitled to receive additional relief for workers not otherwise covered.

This entire program is designed to pay benefits for up to 26 weeks to unemployed workers not otherwise covered by State unemployment insurance plans. Benefits under the program are payable from the date of enactment until March 31, 1976.

In addition to these provisions, title II also provides additional coverage equivalent to State unemployment insurance laws to several major groups of employees currently not covered or inadequately covered. These major groups, accounting for approximately 12 million workers, include: farmworkers, domestic workers, and State and local government employees.

Mr. President, I think that on the basis of my comments, the need for quick action on this piece of crucial legislation is self-evident. We have very little time left in this session to accomplish that which we have set out to do during this 93d Congress. But for millions of workers, time has already run out. They are facing the prospect of a new year with empty pay envelopes and dim chances for participation as full members in society.

I understand the House is considering similar legislation today. Accordingly, I think it essential that we adopt this bill today and be ready to meet with the House in conference as soon as they complete their action. I, for one, would like to know that at least before the years ends, we have set in motion the wheels to bring to a halt our present economic malaise and have provided the first steps for a reversal of our current employment problems.

In closing, Mr. President, I would like to commend the time, effort, and commitment of Senator NELSON, the chairman of the Employment and Poverty Subcommittee and Senator TAFT, the ranking minority member of the subcommittee in presenting this proposal to the Senate today. I would also like to thank Senator JAVITS, whose undaunted efforts helped to put these matters before us today. It is the recognition that men such as these react positively in times of need that establishes the effectiveness of our legislative system.

Mr. MAGNUSON. Mr. President, the Nation's unemployment rate has risen from 6.0 percent in October to 6.5 percent in November. The people of the State of Washington have suffered even greater hardships than these national figures. The latest statistics show us a 7.2 percent for September. The human dimensions represent 109,000 people willing and able to work who cannot find jobs today.

Our Nation and our national ethic is based on constructive utilization of our human resources. People out of work are people who are being seriously injured economically and psychologically.

I am pleased that the President and the Congress are moving toward meaningful relief for many of these unemployed persons. We cannot move too fast. As chairman of the Labor-HEW Appropriations Subcommittee I promise any emergency supplemental appropriations request by the President will be expedited. If the White House cooperates, it should be possible to have relief on its way to the States within days.

The bill before us today provides significant support and help for the unemployed. The special unemployment benefits for persons otherwise not eligible under other State or Federal unemployment compensation are a great improvement over the present inadequate unemployment compensation program. The public service employment provisions are a step in the right direction. They will help us put Americans back on the job.

I am concerned and disturbed about one significant provision in this hastily drafted legislation. The bill, as reported by the committee, provides 75 percent of the funds for public service employment will be allocated to prime sponsors in proportion to the percentage of the Nation's unemployment, and 25 percent will be allocated to local areas with unemployment exceeding 6½ percent. This ratio is exactly the reverse of the legislation requested by the White House and the legislation pending on the House floor. I think this ratio reverses the appropriate priorities for a public service jobs program.

In summary, areas of the country which have unemployment exceeding 6.5 percent have a social dilemma far out of proportion to that faced by areas of the country with unemployment rates as low as 2 percent. We will not be able to appropriate unlimited amounts of money for public service jobs. We must attempt to channel the money that will be available to have a maximum beneficial impact.

I pledge the efforts of my Appropriations Subcommittee to establishing this priority. I intend to look at the President's emergency supplemental appropriations request under this legislation carefully and in detail. I assure the Senate that my subcommittee will do all that is necessary to channel the funds to those areas of the country that need them the most.

Mr. BAYH. Mr. President, I want to compliment the distinguished Senator from Wisconsin and other members of the Labor and Public Welfare Committee for their fine work in promptly reporting S. 4079 in order that we may act upon this crucial piece of legislation this session. Mr. NELSON and the committee have a distinguished record of serving the needs of our Nation, and we again owe them a debt of gratitude.

Mr. President, I believe the action we take today on S. 4079 is as important an action as any we have taken during this Congress. Over the last year, most of us in this body have been warning that the ill-considered policies of the Republican administrations would lead us into severe recession and cause record unemployment. Our admonitions were more often than not treated with scorn by representatives of the executive branch, but, and I say this with regret, our predictions have proved all too true. Last month unemployment reached a 13-year high of 6.5 percent. Nearly 6 million Americans are out of work, and, we are told, the worst is yet to come. The administration's own top economic spokesmen are predicting that the unemployment rate will exceed 7 percent next year, and economists outside the administration are saying that an 8 percent figure is more realistic. Yet, even now, the President refuses to view our economy with alarm and recognize the crisis before us.

Because many of us saw what the results of the Republican policies would inevitably be, we started early last year to call for an expansion of public service employment and for reform of our unemployment compensation system. It was clear that we had no choice but to act to protect those who would be injured from the catastrophic economic mismanagement of the administration.

Our first line of attack was to increase funding for existing public service employment programs, but as time passed it became clear that the programs would have to be greatly expanded and reformed.

Unfortunately, Mr. President, the only support received from the Ford administration was a proposal for an ineffective program for public service jobs which was surrounded by restrictive triggering mechanisms, funding, time limits, and labor market areas.

Today, however, we in the Senate have the opportunity to act upon an effective public service program and to expand coverage under the unemployment compensation system. It is unfortunate that Congress has been left by default with the responsibility of providing leadership in formulating economic policy, but I am proud that we are promptly and forthrightly beginning to exercise that responsibility.

The bill before us would provide approximately 500,000 public service jobs. I believe that it is essential that it be enacted in order to provide useful, constructive and, most of all, productive jobs for the millions of Americans who are out of work through no fault of their own. The unemployed do not seek handouts; they want the opportunity to earn a living with dignity. In providing that opportunity through a sound system of public service employment, we aid not only the unemployed, but all Americans who will benefit from the product of their labors.

Further, as the Senator from Wisconsin pointed out in introducing this bill, public service employment programs have very low net costs when savings in transfer payments and new governmental tax receipts generated by public service employees are taken into account. Various analysts have estimated that a multibillion dollar public service employment program would actually cost just 60 cents in new expenditures for every dollar's worth of public service jobs created.

Certainly, one-half million jobs is not going to solve our unemployment problem when 6 million are unemployed. It is an important step in the right direction, but it must be coupled with further action if we are to truly ease the burden of those who cannot find jobs. I am happy that in addition to public service jobs this bill contains provisions to expand unemployment coverage. I am hopeful that we will also pass other legislation providing for emergency unemployment benefits with proper triggering mechanisms within the next few days. And, beyond these measures, I believe that we will need to undertake a far-reaching reform of our unemployment compensation system early next year. But for now, Mr. President, I am pleased that we have the opportunity to take the important first step in exercising the responsibilities which have fallen upon us and to prove to the people that, unlike the President, we believe as they do that we are facing an economic crisis. I will vote with pleasure for passage of S. 4079.

Mr. HUDDLESTON. Mr. President, while I would have preferred an opportunity to study more carefully the details of this very important piece of legislation, I appreciate the urgency of passing this bill and the leadership's efforts to assure that we have a public service employment program ready for the President's signature before we adjourn next week.

Nationwide unemployment jumped one-half percent last month from 6 to 6.5 percent. That means over 6 million Americans who want to work, need to work, have been thrown out of their jobs by the severe downturns in the economy.

And, the outlook is even more frightening. For the first time, the number of jobs in the economy is actually declining rather than simply failing to keep up with the growth in the labor force. The White House now says we can expect unemployment to rise past 7 percent by spring and I, for one, regret to speculate that they may be overly optimistic. In my own State of Kentucky, at least 19 counties already have exceeded the 7-percent mark. And, our two largest cities, Louisville and Covington, are reporting unemployment rates of 7.4 and 8.9 percent, respectively.

With unemployment the highest it has been since 1961—a full 2 percent higher than the post World War II yearly average and rising at an alarming rate—the need for a comprehensive public service employment program with a distribution formula that gets these jobs into the areas that need them most could not be clearer. At the same time, however, we must not lose sight of the fact that unemployment is only a symptom of deeper economic problems and that a public service employment program is largely a stop-gap, albeit vitally necessary, measure. Hopefully, this bill will help dull the cruel effects of inflation and recession. But the need for a more comprehensive cure remains greater than ever.

Mr. HATFIELD. Mr. President, I support the objectives of this bill, realizing that there must be a public response to the unemployment problem. Because of the severe reduction of housing starts in recent months, many lumber and plywood mills have closed or greatly curtailed their output. The result is an unemployment rate of 7.5 percent in Oregon, with some counties higher than 15 percent.

It is my hope that assurances can be given that some of the funds to be added to the Comprehensive Employment and Training Act, title II, can be designated to the employment of those who are out of work because of the cutbacks in the forest products industry. It would seem to me to be an excellent use of these public service employment funds to designate some of them for jobs in reforestation and stand improvement.

The President recently sent to the Congress a number of recommended deferrals and rescissions as provided in the Congressional Budget and Impoundment Control Act of 1974. Among the recommendations was one that directed the rescission of $10 million of Federal funds for reforestation and stand improvement. According to the figures provided by the President, this represents the reforestation of about 22,000 acres and stand improvement on about 108,000 acres. The cutback would reduce annual growth by about 40 million board feet. Most significantly for the present bill, this would reduce Federal and non-Federal employment by about 400 man-years.

It appears to me that the State agencies in charge of distributing CETA funds could be advised to direct some of the new funds into reforestation projects being operated by State forest agencies.

While I trust Congress will be prepared to challenge the rescission of the $10 million for reforestation, it would appear to me to be very timely to provide additional funds to enhance forest production, particularly on public lands, in order that the housing needs of future generations be met.

GETTING AMERICA BACK TO WORK PRIORITY NO. 1 ON THE DEMOCRATIC ECONOMIC AGENDA

Mr. HUMPHREY. Mr. President, every American who is willing and able to work has a right to useful employment. In more prosperous times, private enterprise was able to provide that employment. But now, caught in the pressure of inflation, recession and tight credit, industry is having difficulty meeting employment needs.

In this situation, it is the responsibility of Government to help put our people back to work, and to see them through the present economic crisis.

To deal with the immediate problem, I joined with Senators MONDALE, NELSON, and others in proposing the legislation before us today to expand funding for a public service jobs program that is extensive enough to reduce substantially the number of unemployed.

Further, Senator RIBICOFF and I were joined by many other Senators in proposing to extend unemployment benefits for an additional 13 weeks and to provide relief for millions of workers who are not presently covered by any form of unemployment insurance. I am pleased to see that this extension of coverage has been incorporated in the bill before us today. But as important as this step is, it is simply a pain reliever. It does not provide the cure.

Mr. President, given the special problems of unemployment and underemployment in rural America, I also joined with Senator MONTOYA in calling for a major infusion of developmental, job creating funds into these hard-pressed areas through the Economic Development Administration. I am delighted that the managers of the bill have agreed to accept this critically important additional feature.

What we need in the long run is to get the private sector moving again. How can we do this?

Mr. President, let us take a look at the construction industry. Thousands of workers are unemployed, and huge, expensive machines are idle. In Minnesota alone, we will soon have 40 percent of the construction industry unemployed. Yet we need homes, buildings and roads. Why does this happen? Because we are suffering from a tremendous capital—money—shortage.

This lack of capital has a severe impact on our economy, because construction is one of our major industries. It is spread throughout the Nation ready to employ countless numbers of highly skilled workers.

Hundreds of subsidiary industries, like furniture, wall coverings, paint and appliances, depend on the health of the construction industry for their well-being.

But the money just is not there. The contractors are standing ready, the workers want to work and the buyers want to buy. Yet mortgage money is next to impossible to obtain. And everyone suffers as a result.

We must act now to get money flowing back into construction and other industries. We have to loosen up mortgage loans. We have to tell the Federal Reserve System that contractors and other small businesses need credit to operate—and not at such a high price that they cannot afford to invest.

I have proposed the creation of a National Domestic Development Bank to get the private sector moving again. It would provide the kind of long-term financing and credit at reasonable interest rates that would rescue contractors and small businesses in trouble.

It would put the taxpayers' money where it would do the most good—to stimulate companies which are basically healthy, but are faced with closing down for lack of credit. That, of course, means more money on unemployment compensation and more of the same kind of problems we already face.

We also are going to have to make some major policy changes if the public interest is to be served. That is why I have sponsored the Equal Opportunity and Full Employment Act of 1976. This bill is based on the belief that every adult American has a right to equal opportunity for useful paid employment.

And the Government has the responsibility to see that full employment—not 5 percent or 6 percent unemployed—but full employment is achieved and maintained.

The bill requires the President to develop a full employment program and to report annually the progress of that program to the Congress.

This is the kind of basic, long-term commitment we need to get the economy producing again and get the American people back to work.

The legislation before us today, which I am pleased to have jointly sponsored, will help put people back to work and extend unemployment compensation to those who are not now covered. I am very impressed with the excellence of this legislation. Senator NELSON, Senator JAVITS, and the other members of the committee that labored on this landmark legislation deserve our praise and gratitude. This program before us is equitable in its treatment of all areas of the country and is reasonable in terms of the funding level called for. I am particularly pleased with the addition of $1 billion to help restore our rural areas through EDA's important programs.

For my own State of Minnesota—where unemployment rose from 5.2 percent in September to 5.7 percent in October; where initial claims for unemployment benefits rose by 50 percent in November of this year over the same month last year; where unemployment in the construction trades will exceed 40 percent this winter; where unemployment will surely be in excess of 6 percent within a month or so at best; and where pockets of unemployment in excess of 10 percent exist in many areas of the State—this program is essential and we must have its help immediately.

The bill before us will provide at least 8,800 full-time jobs of 1 year duration in Minnesota, not to mention the new jobs in rural areas that the new EDA funds will provide. Of course, since some workers will move from public service to private sector or regular public jobs, the number of families to be assisted will be even higher. This is an important measure of relief for my people and I am delighted to be able to give it my full support.

As I have already indicated, public service employment and unemployment benefits are not the final solution to our economic problems. However, they are essential in meeting the needs of our people in a time of growing economic uncertainty and the personal suffering and hardship which also accompany economic hard times.

Mr. President, the measures we are acting on today by passing the Special Employment Assistance Act of 1974 were central features of the economic agenda which I outlined in my summation of the Economic Summit Conference on Inflation on September 28. I am pleased that we have taken this concrete first step in meeting that critical agenda for action in behalf of all Americans.

Mr. BENTSEN. Mr. President, the Senate today considers a measure of utmost importance, the Special Employment Assistance Act of 1974. It provides the first real action in the effort to combat our worsening recession. It expands title II of the Comprehensive Employment and Training Act of 1973 to provide for 500,000 public service jobs and extends unemployment compensation to the several million Americans who do not currently qualify for unemployment insurance.

I want to congratulate Senator WILLIAMS and the entire Senate Labor and Public Welfare Committee for their prompt action on this measure. I particularly want to commend Senator NELSON and his Subcommittee on Employment, Poverty, and Migratory Labor for their concern and determination to help now those Americans who are being hurt most by our worsening recession.

Our national economy has entered what may well be its worst slump since World War II. As of mid-November, nearly 6 million Americans, or 6.5 percent of the Nation's work force, were unemployed. Some 460,000 more Americans were unemployed last month than in October, and much of that increase is attributable to hardworking Americans who have lost their jobs through no fault of their own.

Mr. President, no more telling indictment of an administration's economic policy can possibly exist. Tens of thousands of Americans are losing their jobs each week, and countless others fear that they will also soon be out of work. Three-fourths of our industries are either laying off people or enforcing a freeze on hiring. Americans are looking to the administration and this Congress to define a course of action and to move now. The Congress has taken the initiative and has offered a program to provide jobs and unemployment benefits for those in need. I am confident that it can be quickly implemented.
cause it addresses itself to the needs of
restore this Nation's economic health. The restrictive monetary policy of the past year and a half must be further eased, new stimulus must be given to our depressed housing industry, measures to reduce this Nation's energy consumption must be introduced and effectively enforced, and our productive capacity for foodstuffs, energy, and a broad range of goods must be expanded.

Inflation continues to be our concern, and all of those steps will help us achieve our goal of restoring price stability. Time will, however, be needed before they make an appreciable impact. Those Americans now unemployed do not have time to wait. The Special Employment Assistance Act will bring relief now by providing meaningful employment for a half-million unemployed Americans. The special unemployment assistance authorized, in conjunction with measures currently being prepared in the House Ways and Means Committee and our Finance Committee, will provide additional relief for hundreds of thousands of other Americans.

I support this legislation precisely because it addresses itself to the needs of so many of America's families. Too often, we tend to view changes in our economy as percentages and lines on a chart, and we forget what they represent. They represent people—men and women trying their best to feed, clothe, and house themselves and their families.

The other evening, two of my staff members were walking home from our office when they were approached by a man who looked and sounded desperate. He had hunger written all over his face, and he had only one question, "Do you know of anyone who needs some work?"

I do not believe there is anything sadder than a man or woman who wants to work and is told that society has nothing useful for him to do. And I do not believe that anything more convincingly demonstrates the failure of a government's policies than the widespread existence of such conditions.

I cannot forget the plight of that man or the growing number of Americans like him. S. 4079, the Special Employment Assistance Act of 1974, can help those Americans and can restore the hope in the future they so anxiously seek. Mr. President, I am pleased to cast my vote in its favor, and I urge my colleagues to do the same.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, the legislation before us, S. 4079, the Special Employment Assistance Act of 1974, is singularly important. The Committee on Labor and Public Welfare has considered a series of proposals throughout the past year, aimed at alleviating the vicious antijob crunch of recession in this Nation, and I am very pleased that this legislation has emerged.

This bill, of which I am a cosponsor, contains two major programs of assistance to the unemployed worker. First, it authorizes the expenditure of $4 billion in calendar year 1975 to provide approximatey 500,000 transitional public service jobs. This legislation would result in the funding of more than 3,300 jobs in my home State of Rhode Island. These jobs would, of course, benefit both the employees, and their communities and State, through the provision of vital services in fields such as environmental improvement, health care, and educational enrichment.

Second, this bill solves the severe problem of plugging, for the first time, a major hole in our unemployment insurance system, by targeting coverage to the 10 to 12 million workers who are not presently covered under our unemployment insurance umbrella of State and Federal programs. This coverage primarily will benefit farmworkers, domestic employees, and some employees of State and local government.

Mr. President, one very important part in this bill is its allocation formula, whereby 75 percent of appropriated funds are distributed on the basis of the number of unemployed workers in each State, and the remaining 25 percent distributed to high-impact unemployment areas, in which unemployment has been greater than 6½ percent for at least 3 months.

I was among those who put forward and vigorously supported this allocation formula when the legislation was considered in committee. I believe very strongly that areas of sustained, high-level unemployment need and deserve special consideration. When joblessness at a high level is sustained over a period of months, the secondary effects on the economy of a region or State are much more severe, than the mere percentage increase would indicate.

This is the case in my own State of Rhode Island. Accordingly, I am very pleased that this allocation formula, which recognizes the special and urgent needs of high-impact areas of unemployment was adopted, and I urge my colleagues to support this legislation.

Mr. NELSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Are there any further amendments pending at the desk?

The PRESIDING OFFICER. I am advised not.

The bill is open to further amendment. If there be no further amendments to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was *agreed to.*

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed, and the bill to be read a third time.

Mr. NELSON. Mr. President, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Shall the bill pass? The yeas and the nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The clerk will suspend while we establish order. Will the Senate be in order. The clerk may proceed.

The assistant legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, I do not think anybody can hear the calling of the roll. I wonder if the Chair will direct the Members to carry on their conversations in the cloakroom.

The PRESIDING OFFICER. The clerk will suspend and I will renew my request that the Senate be in order.

The clerk will resume.

The assistant legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. Several times an effort has been made to establish order. The Senate will be in order.

The clerk will continue.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from Iowa (Mr. HUGHES), the Senator from New Mexico (Mr. MONTOYA), the Senator from Georgia (Mr. NUNN), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from Montana (Mr. MANSFIELD) is absent on official business.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Kentucky (Mr. COOK) are necessarily absent.

The result was announced—yeas 79, nays 13, as follows:

[No. 530 Leg.]

YEAS—79

Abourezk
Aiken
Allen
Baker
Bartlett
Bayh
Beall
Bentsen
Bible
Biden
Brock
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Cotton
Cranston
Dole
Domenici
Eagleton
Ervin
Fong
Fulbright
Gravel
Griffin
Gurney
Hart
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevens
Stevenson
Symington
Taft
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—13

Bennett
Buckley
Byrd,
Harry F., Jr.
Curtis
Dominick
Eastland
Fannin
Goldwater
Hansen
Helms
McClellan
Scott,
William L.
Stennis

NOT VOTING—8

Bellmon
Clark
Cook
Hughes
Mansfield
Montoya
Nunn
Talmadge

So the bill (S. 4079) was passed, as follows:

S. 4079

An Act to provide assistance for unemployed persons through public service employment programs and special unemployment benefits.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Special Employment Assistance Act of 1974".

TITLE I—PUBLIC SERVICE EMPLOYMENT

SPECIAL PROGRAM

SEC. 101. Title II of the Comprehensive Employment Training Act of 1973 is amended by inserting above section 201 thereof the heading "PART A—GENERAL PROVISIONS" and by inserting at the end of such title the following new part:

"PART B—SPECIAL EMPLOYMENT PROGRAMS

"AUTHORIZATION

"SEC. 221. (a) There is authorized to be appropriated the sum of $4,000,000,000 for fiscal year 1975 for the purpose of enabling eligible applicants to carry out programs providing transitional public service employment opportunities under this title and, wherever feasible, related training and manpower services to enable such persons to move into employment or training not supported under this title. Any amounts so appropriated for such fiscal year which are not obligated prior to the end of such fiscal year shall remain available for obligation until December 31, 1975.

"(b) In filling public service jobs with financial assistance under this part, eligible applicants shall give special consideration to persons who have been unemployed for fifteen or more weeks.

"ALLOCATION OF FUNDS

"SEC. 222. (a) Of the amounts appropriated under section 221 of this Act—

"(1) 75 per centum shall be allocated among eligible applicants in proportion to the relative number of unemployed persons who reside in areas within the jurisdiction of each applicant as compared to the number of unemployed persons who reside in all such areas in all the States; and

"(2) 25 per centum of the amounts so appropriated shall be allocated for use in areas of substantial unemployment as defined in section 204(c) of this Act.

"(b) For purposes of determining allocations under this section, the term 'jurisdiction' includes the jurisdiction of each unit of general local government as described in section 102(a)(2) whether or not such unit has entered into a combination of units of general local government for purposes of section 102(a)(3) or section 102(a)(4).

"SPECIAL PROVISIONS TO EXPAND JOB OPPORTUNITIES

"SEC. 223. Funds allocated from appropriations for carrynig out this part to any eligible applicant, which certifies to the Secretary that the application of the provisions of this section is necessary in order to provide sufficient job opportunities in the area served by such eligible applicant may be used for making payments to public employers to expand the provision of job opportunities of the type described in paragraphs (1) through (7) of section 304(a) of this Act."

GENERAL PROVISIONS

SEC. 102. Title II of the Comprehensive Employment and Training Act of 1973 is further amended by inserting after section 211 thereof and before the new part B added by section 101 of this Act the following new sections:

"EXPENDITURE OF FUNDS

"SEC. 212. Funds obligated for the purposes of providing public service employment under this title may be utilized by prime sponsors for projects and activities planned to extend over a twelve-month period from the commencement of any such project or activity.

"REALLOCATION OF FUNDS

"SEC. 213. The Secretary is authorized to make such reallocations as he deems appropriate of any amount of any allocation under this title to the extent that the Secretary determines that an eligible applicant will not be able to use such amount within a reasonable period of time. Any such amount may be reallocated only if the Secretary has provided thirty days' advance notice to the prime sponsor for such area and to the Governor of the State of the proposed reallocation, during which period of time the prime sponsor and the Governor may submit comments to the Secretary. After considering any comments submitted during such period of time, the Secretary shall notify the Governor and affected prime sponsors of any decision to reallocate funds, and shall publish any such decision in the Federal Register. Any such funds shall be reallocated to other areas within the same State.

"PLACEMENT GOALS

"Sec. 214. No officer or employee of the Department of Labor shall, by regulation or otherwise, impose upon any eligible applicant, as a condition for the receipt of financial assistance under this title, any requirement that any eligible applicant must place in other jobs a specific number or proportion of public service jobholders supported under this title; but nothing herein shall preclude the statement of placement goals which are clearly identified as goals and not requirements, and the establishment of procedures to further the transitioned goals of this title, and any form or other document making reference to such goals shall give written notice to that effect.".

SPECIAL REPORT

Sec. 103. Section 209 of such Act is amended by striking out "Sec. 209." and inserting in lieu thereof "Sec. 209. (a)" and by adding at the end of such section the following new subsection:

"(b) In compiling the data which the Secretary is required to report to the Congress under section 208(e), the Secretary shall obtain and compile information on practices and procedures implemented by prime sponsors affecting average annual wage rates paid to public service jobholders in public service job opportunities described under this title. The Secretary is authorized to make general recommendations to prime sponsors setting forth goals, on a regional and area basis, as he may deem appropriate, taking into account average wages in the various areas served, and the cost of living in such areas, with the aim of maintaining a nationwide average in federally supported wage rules per public service jobholder of $7,500.".

TECHNICAL AMENDMENTS

Sec. 104. (a) Section 4(d) of the Comprehensive Employment and Training Act of 1973 is amended by inserting after the words "public service employment programs under title II" each place they appear in paragraph (1) and (2) thereof the following: "by making allocations under section 202 to eligible applicants for use in areas of substantial unemployment".

(b) Section 201 and section 203(a) of such Act are amended by striking out the words "in areas of substantial employment" each place they appear.

(c) Section 202(a) of such Act is amended by inserting after "under this title" the following: "from appropriations authorized by section 4(d) of this Act for use in areas of substantial unemployment and funds allocated for use in such areas under section 222(a) (2) of this Act".

(d) Section 204(a) (2) of such Act is amended by striking out "and which include areas of substantial unemployment".

(e) Section 204(d) (1) of such Act is amended by striking out the words "of substantial unemployment" each place they appear.

(f) Section 204(d) (3) of such Act is amended by striking out "of substantial unemployment".

(g) Section 205(a) of such Act is amended by striking out "residing in areas of substantial unemployment".

(h) Section 205(c) (3) of such Act is amended by inserting after "assurances that" a comma and "to the extent feasible," and by striking out "created under this title" and inserting in lieu thereof the words "for which financial assistance is provided out of funds allocated under section 202 of this Act."

(i) Section 210 of such Act is amended by striking out "for residents of the areas of substantial unemployment designated under this title" and inserting in lieu thereof the following: "for residents of the area to which such funds were allocated".

MISCELLANEOUS PROVISIONS

Sec. 105. (a) Section 601(a) (7) of such Act is amended by inserting after "education," the following: "licensed child care,".

(b) Section 601(a) of such Act is amended by inserting after paragraph (13) the following new paragraphs:

"(14) 'veterans outreach' means the veterans outreach services program carried out under subchapter IV of chapter 3 of title 38, United States Code, with full utilization of veterans receiving educational assistance or vocational rehabilitation under chapter 31 of 34 of such title 38;

"(15) for the purpose of carrying out the requirements of paragraph (5) of section 205(c) and the policy of the Congress in section 2002 of title 38, United States Code, to provide veterans with the maximum of employment opportunities, eligible applicants receiving financial assistance under this Act shall be deemed to be parties contracting with the United States for the purposes of section 2012 of such title with respect to employment of disabled and Vietnam era veterans, except that nothing contained herein shall in any way diminish or alter the requirement in paragraph (7) of section 205(c) to provide special consideration to seriously disadvantaged persons."

(c) Section 601(a) (7) of such Act is further amended by inserting after "work" the following: ", including part-time work for individuals who are unable, because of age, handicap, or other factors, to work full time".

(d) Section 603(1) of such Act is amended by inserting after "sex," the following: "age,".

AUTHORIZATION FOR TITLE III

Sec. 106. There are hereby authorized to be appropriated such sums as may be necessary for fiscal year 1975 to carry out title III of the Comprehensive Employment and Training Act of 1973.

VETERANS' EMPLOYMENT PROVISIONS

Sec. 107. (a) There shall be within the Department of Labor a Deputy Assistant Secretary of Labor for Veterans' Affairs who shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Assistant Secretary of Labor for Veterans' Affairs shall also serve as the Director of the Veterans' Employment Service, Department of Labor, established by section 2002 of title 38, United States Code, and shall be responsible to the Secretary of Labor, the Under Secretary of Labor, and such Assistant Secretary of Labor as the Secretary of Labor may designate.

(b) It shall be the duty of the Deputy Assistant Secretary of Labor for Veterans' Affairs, together with the Secretary of Labor, the Under Secretary of Labor, and the appropriate Assistant Sechretary of Labor, to formulate and administer all policies and programs of the Department of Labor affecting veterans, especially those policies and programs relating to unemployment, job training, employment, and placement under the Comprehensive Employment and Training Act of 1973, such title 38, and any other provision of law.

(c) The Secretary of Labor shall, in consultation and cooperation with the Administrator of Veterans' Affairs and the Secretary of Health, Education, and Welfare, provide for an outreach and public information program utilizing, to the maximum extent, the facilities of the Departments of Labor and Health, Education, and Welfare and the Veterans' Administration in order to inform eligible veterans about employment, job training, on-the-job training, and educational opportunities under the Comprehensive Employment and Training Act of 1973, as amended by this Act, as provided for under title 38, United States Code, and under any other provision of law, and to inform eligible applicants under the Comprehensive Employment and Training Act of 1973, Federal contractors and subcontractors, all Federal departments and agencies, educational institutions, labor unions, and other employers, of their responsibilities under all such laws and to provide them technical assistance in carrying out those responsibilities. The Secretary of Labor, in consultation and cooperation with the Administrator of Veterans' Affairs and the Secretary of Health, Education, and Welfare, shall report to the appropriate committees of the Congress not later than ninety days after the date of enactment of this Act on the steps taken and regulations issued to carry out the provisions of this section and of subsection (b) of section 106 of this Act.

TITLE II—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

STATEMENT OF PURPOSE

Sec. 201. It is the purpose of this title to establish a temporary Federal program of special unemployment assistance for workers who are unemployed during a period of aggravated unemployment and who are not otherwise eligible for unemployment allowances under any other law.

GRANTS TO STATES: AGREEMENT WITH STATES

Sec. 202. Each State which enters into an agreement with the Secretary of Labor, pursuant to which it makes payments of special unemployment assistance in accordance with the provisions of this title and the rules and regulations prescribed by the Secretary of Labor hereunder, shall be paid by the United States from time to time, prior to audit or settlement by the General Accounting Office, such amounts as are deemed necessary by the Secretary of Labor to carry out the provisions of this title in the State. Assistance may be paid under this title to individuals only pursuant to such an agreement.

ELIGIBLE INDIVIDUALS

Sec. 203. An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a special unemployment assistance period in accordance with the provisions of this title if—

(1) the individual is not eligible for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada and is not eligible for assistance or an allowance payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974, the Disaster Relief Act of 1974, the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary: *Provided*, That the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered

by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensate for unemployment thereunder on the basis of such employment and wages; and

(2) the individual is totally or partially unemployed, and is able to work, available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(3) the individual has filed a claim for assistance or waiting period credit under this title; and

(4) in the area in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment: *Provided*, That if the individual, except for the imposition of a disqualification in accordance with subsection (b), was otherwise eligible for a payment of assistance or waiting period credit under this title with respect to a week of unemployment which began during a special unemployment assistance period, but did not exhaust entitlement to assistance during such period, entitlement shall continue after the end of the period but no assistance shall be paid under this title for any week of unemployment that begins more than twenty-six weeks after the end of such period; and

(5) the State in which the individual was last employed for at least five work days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 202 which is in effect with respect to such week of unemployment.

SPECIAL UNEMPLOYMENT ASSISTANCE PERIOD

SEC. 204. (a) A special unemployment assistance period shall commence in an area designated by the Secretary with the third week after the first week for which the Secretary determines that there is an "on" indicator for such area, and shall terminate with the third week after the first week for which the Secretary determines that there is an "off" indicator for such area: *Provided*, That no special unemployment assistance period shall have a duration of less than thirteen weeks.

(b) The Secretary shall designate as an area under this section—

(1) an area served by a prime sponsor which on the date of enactment of this Act is designated under paragraph (2), (3), (4), or (5) of section 102(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93-203); and

(2) all parts of a State which are not within an area designated under paragraph (1).

(c) There is an "on" indicator in an area for a week if for the most recent three consecutive calendar months for which data are available the Secretary determines that—

(1) the rate (seasonally adjusted) of national unemployment averaged 6 per centum or more; or

(2) the rate of unemployment in the area averaged 6.5 per centum or more.

(d) There is an "off" indicator for a week, if for the most recent three consecutive calendar months for which data are available the Secretary determines that either subsection (c)(1) or (c)(2) is not satified.

(e) The determinations made under this section shall take into account the rates of unemployment for three consecutive months, even though any or all of such months may have occurred not more than three complete calendar months prior to the enactment of this Act.

WEEKLY BENEFIT AMOUNT

SEC. 205. (a) The amount of assistance under this title to which an eligible individual shall be entitled for a week of unemployment shall be the weekly benefit amount for a week of unemployment that would be payable to the individual as regular compensation as computed under the provisions of the applicable State unemployment compensation law: *Provided*, That in computing the weekly benefit amount under this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of subsection (a) of section 203; and for the purpose of this proviso employment and wages which are not covered by the applicable State unemployment compensation law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

(b) Notwithstanding any provisions of State law, claims for assistance under this title may be determined on the basis of an affidavit submitted by an applicant. If an applicant knowingly provides false information in such affidavit, he shall be ineligible for any assistance under this title and shall, in addition, be subject to prosecution under section 1001 of title 18, United States Code.

MAXIMUM BENEFIT AMOUNT

SEC. 206. The maximum amount of assistance under this title which an eligible individual shall be entitled to receive shall be the maximum amount of regular compensation that would be payable to such individual as computed under the provisions of the applicable State unemployment compensation law, but not exceeding twenty-six times the weekly benefit amount payable to the individual for a week of total unemployment as determined under subsection (a) of section 205: *Provided*, That for the purposes of this subsection the individual's base year, notwithstanding the State law, shall be the fifty-two-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets the qualifying employment and wage requirements of section 203(a); and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by any State or Federal unemployment compensation law, including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.), shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

APPLICABLE STATE LAW PROVISIONS

SEC. 207. Except where inconsistent with the provisions of this title, the terms and conditions of the applicable State unemployment compensation law which apply to claims thereunder for regular compensation and the payment thereof shall apply to claims for assistance under this title and the payment thereof.

PROGRAM DURATION

SEC. 208. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment beginning prior to the date of enactment of this Act or ending after March 31, 1976; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made prior to December 31, 1975.

DEFINITIONS

SEC. 209. As used in the title, the term—

(1) "Secretary" means the Secretary of Labor;

(2) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;

(3) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five work days prior to filing a claim for assistance or waiting period credit under this title;

(4) "compensation" means cash benefits payable to individuals with respect to their unemployment;

(5) "week" means a calendar week.

AUTHORIZATION

SEC. 210. There are hereby authorized to be appropriated such sums as may be necessary to carry out this title for fiscal years 1975 and 1976.

TITLE III—JOB OPPORTUNITIES PROGRAM

SEC. 301. The Public Works and Economic Development Act of 1965 is amended by adding at the end thereof the following new title:

"TITLE X—JOB OPPORTUNITIES PROGRAM

"STATEMENT OF PURPOSE

"SEC. 1001. It is the purpose of this title to provide emergency financial assistance to stimulate, maintain or expand job creating activities in areas, both urban and rural, which are suffering from unusually high levels of unemployment.

"DEFINITIONS

"SEC. 1002. For the purpose of this title the term 'eligible area' means—

"(1) areas which the Secretary of Labor designates as an area which has a rate of unemployment equal to or in excess of 6.5 per centum for three consecutive months,

"(2) all areas designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973, and

"(3) areas which are designated by the Secretary of Commerce pursuant to section 401 of the Public Works and Economic Development Act of 1965 as redevelopment areas which the Secretary of Commerce determines have a rate of unemployment equal to or in excess of 6.5 per centum.

"PROGRAM AUTHORIZED

"SEC. 1003. To carry out the purposes of this title, the Secretary of Commerce, in accordance with the provisions of this title, is authorized from funds appropriated and made available under section 1006 of this title to provide financial assistance to Federal programs and projects identified through the review process outlined in section 1004 to expand or accelerate the job creating impact of such programs or projects in eligible areas. Programs and projects for which funds are made available under this title shall not be approved until the officials of the appropriate units of general government in the affected area have an adequate opportunity to comment on the specific proposal.

"(b) Whenever funds are made available by the Secretary under this title for grants-in-aid to assist any program or project, the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants, shall, except as otherwise provided in this subsection, administer such grants-in-aid, in accordance with all the provisions of law, except provisions relating to—

"(1) requiring allocation of funds among the States,

"(2) limits upon the total amount of such grants for any period, and

"(3) the Federal contribution to any State or local government, whenever the President or head of such department, agency, or instrumentality of the Federal Government determines that any such Federal contribution cannot reasonably be made by the State or local government concerned.

"(c) Where necessary to effectively carry out the purposes of this title, the Secretary is authorized to initiate programs in eligible areas.

"(d) In allocating funds under this title, the Secretary shall give priority consideration to—

"(1) the severity of unemployment in the area; and

"(2) the appropriateness of the proposed activity in relation to the number and needs of unemployed persons in eligible areas.

"(e) Funds allocated by the Secretary under this section shall be available only for activities—

"(1) which can be initiated or strengthened within a reasonable period of time;

"(2) a substantial portion of which can be completed within twelve months after such allocation is made;

"(3) which will contribute significantly to the reduction of unemployment in the eligible area; and

"(4) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist.

"PROGRAM REVIEW

"Sec. 1004. The Secretary of Commerce is directed, in consultation with the heads of departments and agencies of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to States and local communities, to review proposed expenditures of such laws for the next calendar year to evaluate the job effectiveness of such proposed expenditure and to identify programs and projects which have the potential to stimulate job creation in eligible areas.

"RULES AND REGULATIONS

"Sec. 1005. The Secretary of Commerce shall prescribe such rules, regulations, and procedures to carry out the provisions of this title as will assure that adequate consideration is given to the relative needs of eligible areas.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 1006. There are authorized to be appropriated $1,000,000,000 for the period fiscal year 1975 to carry out the provisions of this title, except that no further obligation of funds appropriated under this section may be made subsequent to a determination that the average rate of unemployment has receded below 6.5 per centum for three consecutive calendar months as determined by the Secretary of Labor.

"TERMINATION DATE

"Sec. 1007. Notwithstanding any other provision of this title, no further obligation of funds appropriated under section 1006 shall be made by the Secretary of Commerce after December 31, 1975."

The title was amended so as to read: "A bill to provide assistance for unemployed persons through public service employment programs and special unemployment benefits."

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. NELSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. NELSON. Mr. President, on behalf of my colleagues on the Labor and Public Welfare Committee, I wish to express our appreciation to members of the staff for their work on this legislation, particularly Richard Johnson and Larry Gage of the majority staff of the Subcommittee on Employment, Poverty, and Migratory Labor.

John Scales, Don Zimmerman and David Dunne, of the majority staff, Bob Hunter, of Senator Taft's staff, Don Elisberg, Nik Edis, Jon Steinberg, Jim Verdier and Bob Humphreys of the Labor and Public Welfare Committee staff and Mark Schreider of Senator Kennedy's staff.

Mr. JAVITS. Mr. President, I wish to call the attention of the Senate to the unusual work of Dick Johnson and Larry Gage, of Senator Nelson's staff, and of John Scales, Don Zimmerman, and David Dunn, of my own staff, in respect of this particular measure, in which they have performed beyond the call of duty under great pressure to produce this bill in time for action today.

Mr. McCLELLAN subsequently said: Mr. President, earlier today the Senate passed S. 4079, the Special Employment Assistance Act of 1974, by a vote of 79 to 13. My vote was cast with the minority. I did not vote against the bill because I opposed proper relief measures to meet and to alleviate some of the problems and conditions resulting from the Nation's present economic difficulties. I favor both appropriate legislation and appropriations to meet the Federal Government's responsibility in that field. However, this bill would establish a $4 billion public service employment program with that amount of money to be expended within the next calendar year. In addition, the bill would create a special unemployment benefits program to be effective during the remainder of fiscal 1975 and through fiscal 1976. The amount of money authorized for this part of the program is open ended—that means it is unlimited. The Senate Committee on Labor and Public Welfare estimates the cost of this program to be $2.5 billion. Further, in addition to these authorizations, another $1 billion job opportunities program was established by an amendment which was accepted by the managers of the bill on the floor of the Senate. Thus, Mr. President, the total authorizations contained in this bill is a minimum of $7.5 billion, most of which is proposed to be expended during the next calendar year. And, the total can, under this authorization be even more.

Mr. President, I want the Record to show that this bill was introduced on October 2, 1974. Subsequently, it has been under consideration by the Senate Committee on Labor and Public Welfare which held a series of hearings—2 days—on the measure—October 16 and 17, 1974. These hearings, Mr. President, have never been printed.

They are not available to Members of the Senate. So, whatever facts and information such hearings may contain are not available to Members of this body for consideration and evaluation. I further call attention, Mr. President, to the fact that this bill was only reported out of committee yesterday—December 11—and that the printed report of the committee in support of this measure was not available to me and to Members of the Senate until this bill was called up on the floor of the Senate today. Mr. President, there is no existing circumstance or emergency—no urgency—that compels or that would require such hasty enactment by the Senate of a measure of this magnitude involving expenditures of $7.5 billion or more. This bill was actually debated less than 2 hours in the Senate. My vote against the bill is in part due to the hasty action taken on the measure. In my judgment, there has not been ample time for its appropriate consideration and evaluation of its provisions and the programs that it authorizes.

Some of the things this bill proposes to do might well have my support after having had an opportunity to make a proper assessment of their merits. And, it may well be that in the course of time it will be necessary for our Government to spend $7.5 billion or more in alleviating conditions resulting from inflation or from recession or depression. But, I think today's action is unnecessarily hasty, and the billions of dollars involved, as provided under the terms of the bill, may well be excessive for current needs and immediate requirements.

It is my position that the legislative process should operate to provide ample opportunity for the careful consideration essential to the pursuit of wise policies and the enactment of sound laws for the Government of this Nation. I know, Mr. President, that such thorough consideration will not permit legislation to be processed and enacted as rapidly as some would like. However, panic legislating—that is, legislating without adequate opportunity for due and thorough consideration by the membership of this body—will not likely result in laws or policies which are the public interest or which will stand the test of time.

Mr. President, if this bill should be enacted into law in its present form, I shall, of course, support appropriations in amounts that are shown to be justified by prevailing conditions. However, I do not think this measure will be enacted at this session of the Congress, and I look forward to a further consideration of all of the issues here involved by legislation that will be introduced early in the next Congress. This is a problem that needs attention. It deserves action based upon more thorough consideration than has been given to this measure and after the membership has had full opportunity to make correct evaluations and arrive at a judicious decision.

LEGISLATIVE PROGRAM

Mr. HUGH SCOTT. Mr. President, I rise to inquire of the distinguished acting majority leader what will be the business for the remainder of the day, and for the remainder of the week, having in mind particularly that Senators will want to know that Saturday will not be a carpet slipper day, or a day in which they can abandon themselves to hedonistic pursuits.

Mr. PASTORE. May we have order, please? We would like to hear this.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. ROBERT C. BYRD. Mr. President, it would be my intention to take up the energy bill at this time, and there may be rollcall votes on amendments thereto. I do not know how long this afternoon that measure will remain before the Senate. It is quite possible that it will be set aside later in the afternoon when we would take up the Eximbank amendment conference report.

There could be other conference reports.

It may very well be the desire of the chairman of the Finance Committee to return to the unfinished business during the afternoon, in which event the trade bill would be called back up.

I can only say with reference to the rest of the day that there is a posibility of rollcall votes.

On tomorrow, the Senate will meet at the hour of 9 o'clock a.m. At 9:30 a.m., the Senate will go into executive session to debate the nomination of Melvin A. Conant, to be Federal Energy Administration Assistant Administrator. There will be 1 hour of debate on that nomination, but the vote, which will be a rollcall vote, will not occur at that point.

At 10:30 a.m., the 1 hour under rule XXII for debate on the motion to invoke cloture on the trade bill will begin running.

Mr. HUGH SCOTT. At what time?

Mr. ROBERT C. BYRD. At 10:30.

At 11:30 a.m. that hour would expire. The automatic quorum call would occur, and at about 11:45 a.m. a rollcall vote, which is automatic under the rule, would occur on the motion to invoke cloture on the trade bill.

Immediately after that vote, the vote which was originally set up for 10:30 a.m. tomorrow on final passage of the OEO bill will occur, back-to-back behind the cloture vote.

Immediately after the vote in passage of the OEO bill, a back-to-back vote will occur on the nomination of Mr. Conant.

If the motion to invoke cloture on the trade bill carries, that means that after those three back-to-back votes, the Senate would transact business on the trade bill to the exclusion of all other business until that bill is disposed of one way or the other.

Mr. HUGH SCOTT. No intervening business, according to the rules?

Mr. ROBERT C. BYRD. That is right. But if the motion to invoke cloture on the trade bill fails, this means that immediately back of the three consecutive votes a fourth back-to-back rollcall vote would occur, that being on the motion to invoke cloture on the amendment by Mr. Hugh Scott to the conference report amendment in disagreement, No. 17.

If that vote should carry, then for the rest of tomorrow the business would be on that particular item.

Mr. HUGH SCOTT. Senators are requested to synchronize their watches.

Mr. ROBERT C. BYRD. Yes.

All back-to-back votes after the first vote will be 10-minute rollcall votes.

For Saturday, I want to apologize to Senators for the necessity of a Saturday session.

Mr. HUGH SCOTT. This is where we get to synchronize our calendars.

Mr. ROBERT C. BYRD. Maybe.

Senators will recall that on December 3 in my whip notice I indicated that there likely would be Saturday sessions this week and next. On Tuesday of this week I asked Senators to anticipate a Saturday session this week, and I said later that a session this coming Saturday "is a must."

Mr. President, I do not like Saturday sessions, but the other body is going to adjourn on the 20th day of this month. We have a good bit of controversial legislation that we are going to have to dispose of one way or the other: the trade bill, the military construction appropriation bill, the Eximbank conference report, various other conference reports, and the supplemental appropriation bill conference report.

The Senate can defeat any of these, if it is the wish of the Senate to do so.

I think it would look bad on the Senate if we did not come in Saturday and fail, in the end, to transact this business. I think that only by coming in Saturday can we hope to complete the business.

May I point to this fact: If cloture is invoked on the trade bill, that bill still has to go to conference. If Senators are determined to try to defeat that conference report, it will be necessary to try to invoke cloture on the conference report.

I am going to present cloture motions at this time on both of those measures. In the event cloture is not invoked tomorrow on the trade bill, there will be another vote on Saturday on the motion to invoke cloture on the trade bill.

If we are unable to invoke cloture on the conference report on the supplemental appropriations tomorrow, there will be a vote on Saturday on the motion to invoke cloture thereon.

I am personally opposed to the amendment by Mr. Hugh Scott. I may vote against the trade bill. But it is not for one man to try to impose his judgment on the Senate. My duty, as I see it, is to try to get a consensus here, and then I can vote my own personal wishes, if we can reach a vote. But I feel a responsibility to try to get both measures to a vote.

Mr. HUGH SCOTT. On that point, I want to say that the Senator is acting uberrimae fidel—in the utmost good faith. He has made these announcements about Saturday. We have advised Senators of the Saturday session, of the danger or possibility of a session a week from Saturday. I know that some Senators have canceled out-of-town engagements to remain here on Saturday, and therefore, the accommodation of Senators who do not want a Saturday session runs smack against the accommodation of those who have canceled engagements.

I think the leader can only do what he thinks is right, and that is what he is doing.

The Romans had a saying, "Carpe diem"—"seize the day." So let us seize Saturday or be seized of it.

I thank the distinguished acting majority leader.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. PASTORE. Did I correctly understand the acting majority leader to say that if we in fact do invoke cloture on the trade bill tomorrow, there will be a Saturday session, nonetheless?

Mr. ROBERT C. BYRD. Yes, because the Senate then should work its will on the trade bill on Saturday, because there still would be a heavy workload ahead.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. TOWER. What are the special orders for tomorrow?

Mr. ROBERT C. BYRD. None.

Mr. TOWER. Would it be possible for the Senator from Texas to give consent for 15 minutes tomorrow morning?

Mr. ROBERT C. BYRD. Yes, indeed.

Mr. TOWER. I would appreciate it if the acting majority leader would ask for it.

ORDER FOR RECOGNITION OF SENATOR TOWER TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the leaders or their designees have been recognized under the standing order tomorrow, the Senator from Texas (Mr. Tower) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR AMENDMENTS TO H.R. 10710 TO BE CONSIDERED AS HAVING MET THE REQUIREMENTS OF RULE XXII

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that amendments No. 2036, 2037, and 2038, in connection with the Trade Reform Act, which I sent to the desk yesterday and which have been printed, be considered as having been read, to meet the requirements of rule XXII, should cloture be invoked, or in connection with H.R. 10710, the Trade Reform Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRADE REFORM ACT OF 1974—CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a cloture motion.

The PRESIDING OFFICER (Mr. Bartlett). The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

Cloture Motion

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate hereby move to bring to a close the debate upon the bill H.R. 10710, an act to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

Edward W. Brooke, Adlai E. Stevenson, III, Lee Metcalf, Edward M. Kennedy, Charles McC. Mathias, Jr., Howard M. Metzenbaum, Daniel K. Inouye, Charles H. Percy, Quentin N. Burdick, Paul J. Fannin, Clifford P. Case, Jacob K. Javits, Robert T. Stafford, Gaylord Nelson, Alan Cranston, Robert C. Byrd, and Henry M. Jackson.

SUPPLEMENTAL APPROPRIATIONS, 1975—CONFERENCE REPORT

CLOTURE MOTION

Mr. HUGH SCOTT. Mr. President, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, I offer at this time a cloture motion and send it to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

Mr. GOLDWATER. Mr. President, reserving the right to object, while I know that this procedure falls within the rules, particularly under unanimous consent, I have to register my protest, as one Senator, for the way we are conducting business.

We are asking cloture on a bill that, to my mind, has not even been called before the Senate. As I say, it is not in violation of any rule, but I think it is a highly improper way to conduct the business of the Senate. If it were any other time of the year, other than the time facing Christmas, when all of us would like to get home, I would object. I just want the leadership on both sides to know that this Senator resents this seeming breach of the conduct of the Senate.

Mr. ROBERT C. BYRD. Mr. President, may I say to my distinguished friend, the Senator from Arizona, that the trade bill was laid before the Senate on December 5 and was made the unfinished business.

Mr. GOLDWATER. I have not heard any debate on it. I do not know that there is a stalling motion going on. I have not sensed any filibuster. It might develop. But this idea of calling for the end of a filibuster when we are not having a filibuster is like asking for the end of Christmas when we have not yet come to Christmas.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. LONG. Mr. President, the purpose is not to limit debate. The purpose is to control the germaneness of the amendments.

There are a number of Senators—I do not blame them—who have provisions that are perfectly good amendments which have a majority support in the Senate. One Senator has a proposal, which I would vote for, to put a large amount of taxes on the profits that companies make in their foreign oil operations. I would like to vote for that.

Mr. PASTORE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Will the Senator withhold until we can have the reading of the cloture motion?

The clerk will state the cloture motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the pending amendment by the Senator from Pennsylvania (Mr. Scott) to House amendment No. 17 to H.R. 16900, the Supplemental Appropriation Bill for 1975.

Alan Cranston, Jacob Javits, Robert T. Stafford, Robert Taft, Jr., Howard M. Metzenbaum, Quentin N. Burdick, Gaylord Nelson, Ted Stevens, Abraham Ribicoff, Floyd K. Haskell, Pete V. Domenici, Clifford P. Case, Bob Packwood, James Abourezk, Harrison A. Williams, Jr., and Henry M. Jackson.

Mr. HUGH SCOTT. Mr. President, a parliamentary inquiry—and I make it simply for the purpose of making clear that the cloture motion which I sent to the desk has nothing to do with the trade bill. It refers to other matters on which we have had debate and on which votes have been cast. I, therefore, withdraw my parliamentary inquiry.

The PRESIDING OFFICER. The Senator is correct.

TRADE REFORM ACT OF 1974

Mr. LONG. Mr. President, to continue what I was saying, another Senator has an amendment for which I would like to vote. It would deregulate new natural gas, so as to make more gas available. I am for that amendment. I will vote for it, and I will try to help pass it in the days remaining, but not on this bill, or this bill will go down the drain. I promised the Senator that I would do what I could to help him with his proposal, if we get cloture and keep it from this bill.

Some people fought for the Consumer Protection Agency bill and want to put it on this bill. They say, "We will vote for the trade bill if you vote for the Consumer Protection Agency bill." Then someone will come in and say, "They killed the Genocide Treaty with a filibuster. I am willing to vote for the trade bill, on the condition that you help pass our genocide provision as an amendment to the trade bill." They will want to put that on the bill.

The reason why I am seeking cloture is to limit amendments to germane ones, not to shut off debate. The leadership stated that if we can get cloture, we will be glad to support unanimous consent for everybody to have such time as he needs and to explain his views.

The problem is not the 12- and 24-hour speeches. The problem is trying to stay by a germaneness arrangement so that the bill can come to a vote.

Mr. PASTORE. Mr. President, I think the Senator from Arizona is perfectly right in contending that it is an apparent abuse of rule XXII. Naturally, technically speaking, we are trying to shut off debate before debate starts.

Realizing this, some months ago, I submitted a proposal—it is now languishing before the Committee on Rules and Administration—to change the rule, whereby at any time that any pending business is called up, any Senator can move that all amendments remain germane to that particular bill. If two-thirds of the body approve the motion, then it must remain germane. In that instance, we would not have to go through this abuse of filing a motion to bring debate to a conclusion before debate begins, because that is what the rule says—debate shall be brought to a close. Nothing is being brought to a close, because it has not even started.

That proposal has been before the committee for 10 months, and no one has paid attention to it. I hope the time will come when they will do something about it in order to expedite the business of the Senate.

My experience has been that many worthy amendments that are nongermane are subject to a point of order in the House, and sometimes we waste a whole week in debating an amendment that is nongermane. It has a very attractive appeal. It is like the 11th commandment—you cannot vote against it only to find that it will not last 5 minutes in conference, and we waste the time of the Senate.

I think that when we have an important measure to which we should adhere, then we ought to have a nongermane rule if two-thirds of the body agree with it. I do not know why we do not do something about that rule.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. LONG. I yield to the distinguished Senator from West Virginia.

Mr. ROBERT C. BYRD. I should like to discuss the point made by Senator PASTORE. The resolution on the rule to which he has referred was introduced in my subcommittee. I favored the resolution, and I hoped to give some attention to that resolution this year, had it not been for the fact that for several months during this year, we were anticipating a possible impeachment trial of the President of the United States. I and other members of that Committee on Rules, the subcommittee on which Senator GRIFFIN sits and on which Senator CANNON sits, were tied down for months on end, studying and researching the precedents on impeachment trials.

Then, following that, there came the Rockefeller nomination, and we had to give several weeks of intense study to that nomination.

I make this explanation by way of apology to the distinguished Senator. I do support his amendment, but I thought he was entitled to an explanation. Inasmuch as the matter had been mentioned on the public record here, I thought the public record ought to show why that subcommittee has not been able to get to that very desirable resolution.

Mr. PASTORE. I have nothing against the distinguished Senator from West Virginia.

Mr. ROBERT C. BYRD. I understand.

Mr. LONG. Mr. President, I think the Senator knows that the Senator from Louisiana has nothing against the Christmas tree bill. I was the first Senator to be in favor of the first Christmas tree bill in the Senate, which was the one to put the dollar checkoff in effect. That will also give us a depletion allowance on oyster shells, and there were a lot of other things in that first Christmas tree bill.

I also know that there is only so much controversy a bill can stand. Beyond that point, the bill will never become law. I have already met with the Democrats in the Democratic Caucus and pointed out that if we hope to pass this trade bill, we are going to have to keep the amendments to the bill germane. At that point, it came about that one of our Democratic Members indicated that he would object to that. He had some amendments in the nature of a tax reform which he would be determined to offer on this measure and bring to a vote.

The point is, if one Senator is going to take the view that he has a good amendment which is not germane to this bill but is sufficiently worthy of consideration that he will insist on fighting to put it in the bill, and other Senators follow the same example—and I do not blame them for doing so—then this bill cannot pass.

The Senator from Arizona was here when we passed the Civil Rights Act of 1964. I am sure that the Senator recalls that some of us who were opposed to that bill at that time succeeded in carrying on that debate for 10 days after cloture had been voted on in the Senate, even though the Senate was meeting at 9 o'clock in the morning and working until midnight. That is all the time it takes to kill this bill that we are working on now.

The practical aspect of it is that the bill just cannot be passed unless we can limit debate to germane amendments. I do not think anybody plans to keep the Senate in session around the clock making long speeches. The problem is keeping the debate germane.

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. LONG. Yes, I yield to the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I think that the Senator from Arizona raised a very important point, one with which I feel a great deal of sympathy. I have some reluctance to vote for cloture under the conditions cited by the Senator from Arizona.

On the other hand, I recognize the problem which faces the chairman of the Committee on Finance. The first hearing on this legislation, which has passed the House, was held, as I recall, on March 7, a public hearing on the trade bill before the Committee on Finance. The Committee on Finance has been working on this measure ever since then, until it was reported to the Senate floor several weeks ago.

As I understand it from the Senator from Louisiana, the purpose is not to deny any Senator the right to speak to the extent he wishes to speak, and the Senator from Louisiana and other supporters of the trade bill, of which the senior Senator from Virginia is one, would not object to a unanimous-consent request for every Senator to have additional time, over and beyond the hour to which he is entitled under the rules. But the purpose, as I understand it, is to prevent nongermane amendments from being added to a very important bill during the last few days of the session.

I say again that I am not sure exactly how I shall vote on cloture. I am sympathetic with the point raised by the Senator from Arizona, but I am also sympathetic with the position in which the chairman of the Committee on Finance finds himself, and also the position in which the Senate finds itself, because this is a very important piece of legislation.

Mr. LONG. Mr. President, if anybody is going to need more than 1 hour on this trade bill, it is going to be the Senator from Louisiana. As the manager of this bill, I think that he is one who understands it as well as perhaps anybody, with the possible exception of the Senator from Utah (Mr. BENNETT). But there is no doubt whatever in my mind that the bill simply cannot be passed unless we can limit ourselves to germane amendments.

Knowing the problems that exist, I am thoroughly convinced that a vote against cloture, once it becomes clear that the bill cannot pass without cloture, is a vote to kill the bill. It is not that Senators, of course, might not vote against cloture for every good reason. Even though they might want the bill, they might not understand that we cannot pass this bill without cloture, because it will pick up amendments which will bring more and more controversy into the scope of the legislation, until we simply do not have the capacity to bring the bill to a vote.

Mr. HARRY F. BYRD, JR. Will the Senator yield again?

Mr. LONG. Yes.

Mr. HARRY F. BYRD, JR. For purposes of clarification, if a Member of the Senate wished additional time, over and beyond the hour to which he is entitled, is it correct that the Senator from Louisiana would urge the Senate to comply with such a request?

Mr. LONG. I would certainly ask for an extension of time, with the condition that if somebody on the other side disagreed with him, they, too, should have the same amount of time, as we do with a traditional unanimous-consent request.

Mr. GOLDWATER. Will the Senator yield?

Mr. LONG. Yes, I yield.

Mr. GOLDWATER. I understand the dilemma that the chairman finds himself in. I think this could have been anticipated months ago, but I was particularly interested in what the distinguished Senator from Rhode Island said relative to germaneness. I think this is a rule that we badly need in this body.

I see my friend from Indiana sitting over there. He, every year, puts in a recomputation amendment to the military authorization bill, and we go to conference, and the House says it is not germane, and out it goes.

We spend a lot of time, we waste a lot of time in this body debating and arguing about amendments that have what I call a lot of political sex appeal, but we are only kidding the public when we debate them, because we have the knowledge in the back of our heads that it is not going to live through the House and Senate conference.

I hope that the Senator from Rhode Island will reintroduce his resolution for a rule change next year, and I shall either speak for it or against it, whichever will do the most good, because I think it is something that we need in this body, to stop what I call ridiculous, unneeded amendments that are going absolutely no place and will have the chance of killing a needed piece of legistion.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. Yes, I yield.

Mr. PASTORE. I have been here now going on my 25th year. I must say that one of the most frustrating things in the Senate is the way we conduct its business. I believe in the rule of nongermaneness. I think that is one of the bulwarks of the Senate.

But every once in a while we have to recognize that a bill comes up here and, because Senators know it is an important bill, they figure this is the one to make a Christmas tree out of and we go on ad infinitum attaching these amendments that no one can afford to vote against only to have them cast aside in conference.

Every principle that the Senator from Indiana talked about last night I will vote with him on when it comes up, and if he has a chance to put it on this bill I could not go home unless I voted for it.

All I am saying is, why waste the time of the Senate, when we know the minute it gets over on the other side on a point of order it will be knocked out? We spend, sometimes, a whole week debating on an amendment that is knocked out within 2 minutes in conference.

It looks as though we are driving for a headline more than a result. Mr. President, I say the time has come to realize we are living in a computerized age. Here we are almost within the octave of Christmas, and we cannot even finish the necessary business. This is a bad reflection on the Senate.

That is what we are doing. That is the reason why the Senator from Vermont stood up the other day and said we ought to take a cut in pay. You know, that would be a popular thing in this country. If we had a referendum on it, I do not think there would be two votes against it.

We have to modernize our procedures here. I do not say we have to be germane on every bill. All I am saying is, if it meets with the approval of two-thirds of this body, we have to remain germane.

This thing is a travesty on rule XXII. I think everyone recognizes that we are bringing debate to a close that has not even started. Everyone who reads the RECORD will laugh at it. But that is the only way we can do it.

Mr. LONG. Mr. President, there is also a resolution in the Rules Committee by the Senator from Louisiana dealing with the same issue. The difference between the Long proposal and the Pastore proposal is pretty much a matter of semantics. They both would do about the same thing.

We do get a germaneness rule when we vote cloture. I went to the Senator from West Virginia about 5 months ago and said, "We ought to be trying to pass a health bill, a trade bill, and some kind of tax reform bill before the end of the session, and to pass those measures we are going to need a germaneness rule here in the Senate, because otherwise they will be bogged down in so many nongermane amendments that the bills will never pass."

I consulted with him, and with the Parliamentarian, and they helped draft the proposal which I put before the Rules Committee, and I regret it is not part of the rules today.

Before we called this bill up, I asked for a meeting with the Parliamentarian and the leadership, and I asked them, "Is it possible to ask for a suspension of the rule, so that we can get some of these things passed?"

The Parliamentarian advised us that it is possible, but that it is debatable, and you have to have cloture to bring it to a vote, if someone wants to fight it. Then when you bring the trade bill up, you would have to get cloture a second time in order to get that to a vote.

So in the last analysis, the difference between doing it the way we are doing and trying to change the rules is that in the one case we have to go for cloture once and in the other case we have to go for cloture twice.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HARTKE. I think the Senator from Rhode Island has raised a question which is not as simple as it appears on its face. For example, the amendment submitted by Senator CHURCH, myself, and Senator HASKELL deals with DISC. Now, DISC is the international—what is it? Anyway, it is a trade proposal. It is a proposal that deals with the promotion of international trade.

But by virtue of the fact that it deals with taxation, it is in the Internal Revenue Code. What we are dealing with here is, hopefully, to come forward with a measure which will facilitate and delineate the rules and regulations of some international negotiation. But when you deal with those matters, you cannot just deal with them in the abstract, because unfortunately most of the items which we deal with in the trade bill have with them an implication of tax legislation which has been acquired over the years. DISC is a relatively new operation; it is a part of the original trade legislation of 1962. But such an amendment would be declared nongermane.

Mr. PASTORE. Yes, but a Senator can take an appeal from the ruling of the Chair. The point is, I heard the Senator last evening. I am not saying that this amendment is germane or nongermane. I did not say that at all. The Senator said the Parliamentarian advised him it was nongermane.

Mr. HARTKE. That is right.

Mr. PASTORE. And I take the Senator at his word. But the Senator can always take an appeal from the ruling.

Mr. HARTKE. But the purpose of the cloture motion was to close out the amendments I am talking about. That is a fair statement of the facts.

Mr. LONG. If the Senate follows its precedent, and it would stultify itself not to do so, it would have to rule that an amendment affecting DISC was not germane to the bill.

The germaneness rule is necessary, and its precedents are very narrowly limited necessarily, because the theory is that Senators would not vote to cut off debate unless they knew what it was they were going to be voting on. They anticipate very clearly what they will be voting on when they vote for cloture—that is, they will be voting on what is in the bill, and things that are germane to what is in that bill.

We could not get cloture in this body if it was thought that Senators, having voted for a strict germaneness rule, would then overrule their own Parliamentarian and Presiding Officer and proceed to put something on the bill that the precedents of the Senate would not support. That would be a case of victimizing and taking advantage of the Senate and one's colleagues.

It should be well understood what we are voting on and not voting on, and what we are likely to vote on, when we vote for cloture. That being the case, we must necessarily have a very severe germaneness rule.

Some of those opposing cloture right now are saying that if we vote cloture, once it has been imposed, a majority of the body could move to overrule their own Parliamentarian and Presiding Officer, and rule the gas bill to be germane. It would only take a majority vote to do it.

My answer is that anyone who would do that would bring dishonor upon the Senate. The idea is that we are going to limit ourselves by a strict germaneness rule to what is germane under the precedents. To do otherwise would be to take advantage of those who voted for cloture. If a Senator succeeded in taking that sort of unfair advantage of those who served with him, and obtained a ruling that something nongermane was germane to the bill, he would get only one chance to do that. His colleagues would not trust him again. And furthermore, when the bill came back from conference, he would run into a second filibuster. If germaneness were not honorably pursued he would not get cloture the second time. So, while it may sound as though something like that is possible, it is really easier said than done.

Mr. PASTORE. My point is, can we afford to go home for Christmas and stand the criticism? Because the President has already made a declaration that he needs the trade bill in order to cope with unemployment. Labor takes the position that this trade bill will increase unemployment. That is the issue that must be resolved by this Congress. But I think we ought to stick to the issue. If you are for it, you ought to vote for it, and if you are against it, you ought to vote against it. But I think we ought to obviate any criticism that we are going home stalemated without taking any direct action. And if we get caught in a filibuster, whether it is the busing amendment, or removing from regulation natural gas—which will start another gaseous situation on the Senate floor—if we are going to get into that sort of thing, I say very frankly that we will find ourselves a hopeless body, and we will have no answer.

We cannot go home and say, "I was against the trade bill." People will say, "But you never voted against it." If we then say, "No, but I killed it indirectly," they will laugh at us, and they will say, "Is that what those men are doing down there in the Senate of the United States?"

So, I say that in this particular case, realizing the fact that today is Thursday, tomorrow is Friday, we are coming back Saturday, and we have got another week to go, I am telling the Senate that if we do not get busy and do what needs to be done, I am afraid it is going to be a very, very dismal Christmas. I would hope that the Senate would begin to realize that we have got to act like reasonable people.

I want to repeat, every amendment that the Senator from Indiana talked about last night I am for, and if it comes up for a vote I have got to vote for it, because otherwise, I would be voting against my own convictions.

But the point is at this particular stage of the game, let us get another vehicle to put these amendments on where we are going to have a chance to pass them, not where they are going to be wiped off when it gets into conference, because all we are going to do is, we are going to have an exercise in futility.

So I say, let us be reasonable. Let us work on this trade bill. I do not know whether I am going to be for it or against it. My inclination at the present moment is if it gives the proper protection for American jobs I may be inclined to vote for it. That is the way I feel now.

I have an amendment in order to protect the textile industry, the apparel industry, and many of the other industries that are all enumerated. I have that amendment at the desk at the present time, and I hope that that amendment will pass.

But on this question of germaneness or nongermaneness, I would hope that we would visit with one another, be sensible with one another, not look for a headline, but let us do something for the country.

Mr. HARTKE. Mr. President, will the Senator yield for a moment on that?

Frankly, I am not looking for a headline. This is not something which is new, and I think this is something the Senator from Louisiana, the chairman of the Finance Committee, recognizes, that I have had a trade bill in there longer than any other member of the committee.

Mr. LONG. There is nothing new about it.

Mr. HARTKE. The Hartke bill has been there and has been the subject of criticism, vilification, editorial adverse comment all over the Nation, but I am still convinced when we talk about the germaneness on the floor of the Senate I think the Senator from Louisiana correctly states the proposition that the germaneness is very narrowly drawn in legalistic terms.

I am not objecting to this, but just saying that if you talk in the field of international trade at the GATT conference or if you went over to any one of the trade conferences which are being held at the present time, you would find out that the amendments which are being ruled nongermane here are germane to the international conference.

Mr. LONG. Let me address myself to that, Senator. We have precedents in the Senate on what germaneness means. It is a very, very narrow rule, and it is there for good reasons. When Senators vote and say they are going to limit debate, they are willing to vote on this particular matter. They are not willing to agree to cut off debate on a lot of other matters and, therefore, they are entitled to know exactly what it is they are going to vote on. Therefore, it is a very, very narrow rule.

For example, the Parliamentarian advises me if we had something in that bill that deals with the depletion allowance on oil—which we do not, but the Senator's amendment does—assuming we did have something in there that deals with the depletion allowance on oil, which said we were going to cut the depletion rate from 22 percent to 17, if you wanted to amend that to include coal that would not be germane. The precedents would say that this deals with oil, and even though the word "coal" appears right next to the word "oil" in the same sentence of the same provision of the Internal Revenue Code, this amendment in this bill deals with the depletion allowance on oil and you can amend it to cut the rate to zero or raise the rate to 100 if you want to, but you cannot change that to make it deal with anything except oil because this has to do with the depletion allowance on oil. You cannot amend it to put something else in there that has something to do with something else, even if it is in the same section, and even if the words in the Internal Revenue Code appear side by side.

Perhaps someone wishes to stretch the germaneness rule to say that it covers everything on God's green earth on the ground that everything exists on the same planet together. But no matter what one decides on how narrow or how broad he wants his germaneness rule to be, the Senate's rule is very, very clear. It is a very, very narrow rule, and that is how it has always been. If the Senator does not want a germaneness rule that narrow, then he should vote against cloture because that is what he is voting for when he votes for cloture.

Mr. HARTKE. I am not disagreeing with the Senator. I understand what he is saying. I disagree with the concept of saying very simply this is an effort sincerely that even the statement introduced by the chairman of the Finance Committee yesterday, which was written by the chairman of the Commerce Committee (Mr. MAGNUSON) he points out in the field of international trade the oil monopoly is one of the prime concerns, and one of the major concerns about the whole trade bill is the balance of payments which deals itself with the question of these oil companies having these absolutely unconscionable profits at the expense of the American taxpayers.

The situation is entirely different for these multinational corporations as to how they would approach the rest of this trade bill if they were not going to continue to have the subsidy of the tax provisions which they are now having, that is, the deferral of taxes as far as they are concerned if they do not repatriate their profits. The fact is that they receive a tax credit for a foreign source income, whereas an American domestic corporation receives only a tax deduction, which means half as much.

Mr. LONG. Senator, I do not know what we are debating here. I agree with the Senator. I like his amendment. I would like to help him put it over.

Mr. HARTKE. Will the Senator help me put it through this year?

Mr. LONG. Not on this bill.

Mr. HARTKE. Will the Senator help me put it through this year?

Mr. LONG. I will try, but not on this bill.

Mr. HARTKE. If the Senator will commit himself at this time I would even vote for cloture, if he will commit himself that he can guarantee we can have a vote on those measures on another bill at this session of Congress.

Mr. LONG. Senator, if I told the Senator I could guarantee him that that measure would come to a vote, I would be deceitful.

Mr. HARTKE. Just one more. Let me say this, the Senator understands I am not trying to put the Senator on the spot but just trying to get a commitment. [Laughter.] The point that I still want to make is that the multinational corporations, which are the outspoken advocates, who have raised millions of dollars to promote this trade bill—which is known—they absolutely, those organizations, have poured millions of dollars in to promote this trade bill for their own selfish interests.

I am not opposed to a fair trade bill. The United States of America is so competitive that I have stood repeatedly in front of every foreigner who claimed I was a protectionist, and I have said that I will be the protagonist and proponent of a complete international free trade area if every other country will reduce and remove all their restrictions, and they will see in me the No. 1 advocate of that position.

I have done it with the Canadians, I have done it with the Mexicans, with the French, and with the Japanese. None of them want to meet us on those terms, that is the problem.

These United States of America are so competitive that, everything else being equal, we could absolutely inundate the rest of the world. I am not wanting to do that, but I do think it is high time we recognized the United States of America is being reduced to a service economy, a bunch of filling station operators, hamburger salesmen, door-to-door salesmen, and that industrial employment has steadily declined since 1959. It continues to go down, and we are shipping out the industrial jobs which pay $4, $5, and $6 an hour, and we are putting people to work at a minimum wage in this country. Ultimately we will kill the goose that laid the golden egg. Ultimately we can kill this consuming purchasing power of America, and that is what I want to prevent.

Mr. LONG. Senator, I was nodding to what the Senator was saying, not because I necessarily agree with him, but because I understand his argument.

Mr. GOLDWATER. Mr. President, will the Senator yield? In a way I am awfully sorry I brought this whole thing up. I suggest that we are wasting a hell of a lot of time. Why do we not go about our business?

Mr. LONG. I am willing. Senator HARTKE wants to make a speech against the trade bill.

STANDBY ENERGY EMERGENCY AUTHORITIES ACT

Mr. PASTORE. Mr. President, I would like to call up Calendar No. 758, S. 3267, and I move that we proceed to its consideration.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to and the Senate continued with the consideration of the bill (S. 3267) to provide standby emergency authority to assure that the essential energy needs of the United States are met, and for other purposes.

Mr. PASTORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SERVICES AND RESUMING THE CONFERENCE ON H.R. 3153

Mr. LONG. Mr. President, just the other day the House of Representatives sent us a bill, H.R. 17045, dealing with the subject of social services under the Social Security Act. Nearly 2 years ago the Department of Health, Education, and Welfare proposed new social service regulations which would have radically changed the nature of the social services program. Though the new regulations were put off, States and localities have been in a state of uncertainty ever since and I certainly share the anxiety of those who are eager for the Congress to resolve this issue.

As a matter of fact, the social services issue could have been resolved a year ago. In November 1973, the Senate passed a bill, H.R. 3153, which contained the Senate's proposal of what to do about social services. But the Senate has been waiting a year for the House of Representatives to agree to go to conference with us on this bill. While I recognize that the House social services bill differs from the provisions approved by the Senate last year in the area of social services, I am confident that any such differences can be fully considered in the context of a conference on H.R. 3153.

Senators may recall that in November 1973, the Committee on Finance reported H.R. 3153 to the Senate with a variety of committee amendments designed to make significant improvements in Social Security Act programs, including an overhaul of the social services provisions of the act. The Senate worked hard on this bill for days, considering about 40 floor amendments, about three-fourths of which were ultimately adopted. Although the Senate passed this bill at the end of November 1973, more than a year ago, the House of Representatives at first refused to go to conference on it at all.

Only on December 19—3 days before the end of the session—did they finally agree to meet with the Senate conferees, and when they met with us they would only agree to accept a social security benefit increase which had already been passed by the House on another bill, plus some other urgent or technical provisions.

The House conferees would not agree to consider the major substantive amendments which the Senate had added to H.R. 3153. In the case of social services, in particular, all the House conferees would agree to was a temporary postponement of the HEW regulations which had been scheduled to go into effect November 1, 1973.

The House conferees did agree, however, that action on the social security benefit increase and the few other items considered would be taken on another House bill so that the Senate amendments to H.R. 3153 would remain in conference. The Senate conferees agreed to recommend this procedure to the Senate on the clear understanding that the House conferees had committed themselves to a resumption of the conference on H.R. 3153 early in 1974. Thus far, unfortunately, this commitment has not been honored.

Instead, the Senate is being presented with a not-so-instant replay of the procedure followed at the end of last year. Instead of considering the legislation passed by the Senate last year, the House has sent over a separate bill dealing with only one of the most important issues addressed by the Senate amendments to H.R. 3153.

I think it would be worthwhile to review briefly some of the major provisions included in the Senate amendments to H.R. 3153.

First, in the area of cash benefits under the social security program, the Senate bill includes an amendment increasing to $3,000 the amount an individual can earn with no reduction in social security benefits. This amendment passed the Senate by a vote of 83 yeas to 1 nay. Other Senate amendments increase the protection which the social security program affords to persons disabled by reason of blindness and lower from 60 to 55 the age at which widows can qualify for reduced benefits.

The Senate amendment to H.R. 3153 includes a number of provisions designed to resolve some of the problems which have arisen in connection with the new supplemental security income program for the aged, blind, and disabled. One such provision would repeal the prohibition against SSI recipients participating in the food stamp program. This prohibition is currently suspended by temporary legislation, but H.R. 3153 would resolve the issue permanently.

Since the extended unemployment benefit program was enacted in 1970, the State eligibility criteria have proven inadequate. A series of temporary provisions have been enacted to overcome the problem; the Senate amendment to H.R. 3153 provides for a permanent solution.

A particularly important Senate amendment to H.R. 3153 is the work bonus provision which would introduce a refundable tax credit for low-income workers with families. This provision is designed to offset some of the impact of the social security tax on low income earners by providing them, in effect, a rebate equal to 10 percent of their earnings under social security up to $4,000, with a phase-out as income rises above that level up to $5,600. The work bonus has been approved by the Senate twice, in 1972 and again in 1973.

A number of other provisions of the Senate bill would improve programs for children. For example, the bill includes a major strengthening of the machinery to assure that parents fulfill their obligation to support their children. The bill also provides for strengthened programs aimed at combatting child abuse and neglect, and improvements in the areas of adoption and foster care.

In the health area, the most significant Senate amendment provides for the coverage of prescription drugs under the medicare program. This coverage would be funded by an increase in the medicare tax.

As reported by the Finance Committee, the general fund costs of the bill would have been paid for by repealing the income tax deduction currently allowed for State and local gasoline taxes. That provision was deleted by voice vote on the Senate floor. However, I am sure that we can find ways of funding the Senate amendments if we can get the House to agree to resume the conference on the bill.

Mr. President, perhaps the House conferees will not be willing to accept all the Senate amendments, meritorious though they may be. That would not be unusual. But what is unusual is the fact that they are not willing to sit down with the Senate conferees to discuss the Senate amendments. These amendments—whether they concern social services, the work bonus, or any other mater—deserve to have a fair hearing in conference.

In my judgment, Mr. President, it is inexcusable that those who speak for the House of Representatives, in this case senior members of their Ways and Means Committee, would refuse for a period of more than 1 year to even discuss these vital matters with those who have been appointed to represent the Senate.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

STANDBY ENERGY EMERGENCY AUTHORITIES ACT

The Senate continued with the consideration of the bill (S. 3267) to provide standby emergency authority to assure that the essential energy needs of the United States are met, and for other purposes.

Mr. JACKSON. Mr. President, I ask unanimous consent that Charles Bangert and Bernard Nash, of the Judiciary Committee staff, and Edward Merlis, of the Commerce Committee staff, be granted the privilege of the floor during consideration of the bill S. 3267.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, on Tuesday, December 10, the Senate began consideration of amendment No. 2006 to S. 3267, the Standby Energy Authorities Act. The purpose of the amendment is to provide the President with a statutory basis for the implementation of urgently required mandatory measures for the reduction of energy consumption and for limiting petroleum imports.

In addition, it covers such things as end use rationing, energy conservation plans, materials allocation—that is all in title I—and, continuing in title I, it provides Federal actions to increase available domestic petroleum supplies.

It covers exports, delegation of authority, and effect on State law. It makes grants to States to aid in connection with the conservation programs. It authorizes contingency plans.

Then in title II we cover the question of reduction in oil imports, the whole issue of a dollar limitation on the amount of oil that we would import which the President has referred to.

In title III we cover national strategic energy reserve systems. It covers industry storage reserves, utility storage reserves, national strategic energy reserves, petroleum storage prototype programs, and strategic reserves for national defense purposes.

These are the basic emergency programs that we endeavor to address ourselves to, Mr. President, in connection with this Standby Energy Emergency Authorities Act.

The alternative to passage of this measure by this Congress is further delay in taking any meaningful action until the normal legislative process has run its course in the 94th Congress. It is my strong belief that the national interest is best served by moving this much-needed legislation expeditiously and on a genuinely bipartisan basis.

To that end—and I repeat this—I wrote to President Ford first on September 27, and again on December 5, offering to work with the administration to resolve any policy or technical problems which the administration may have with this legislation.

For the past 2 days, members of the Interior and Commerce Committees and the professional staff of the two committees have been meeting with representatives of the White House, the Office of Management and Budget, and the Federal Energy Administration to ascertain whether the administration will support the bill. These representatives of the executive branch have presented the Congress with a number of helpful suggestions for perfecting amendments. Although I had hoped to resist all amendments to this measure, I am prepared to accept many of the constructive suggestions made by the administration.

Mr. President, I believe from everything we can gather that we are close to an agreement on the provisions of a standby energy authorities bill. An amendment which incorporates the administration's suggestions is now being prepared and will be offered to amendment No. 2006 later today or tomorrow, probably tomorrow.

The only matter left in dispute is whether the administration will support an effort to use this bill as the vehicle for an amendment which would deregulate price controls on natural gas. I will oppose any such effort. Any attempt to debate the deregulation of natural gas in the closing days of the 93d Congress will result in extensive debate, motions to table, nongermane amendments, and an effort to roll-back oil prices.

This is a complex and controversial issue which requires the benefit of careful consideration in the form of consultations and negotiations at the committee level and with the committee of jurisdiction prior to floor consideration. It is my earnest hope that the junior Senator from New York and others who favor deregulation of natural gas will not undertake an effort which I believe to be divisive, unproductive, and futile. I strongly urge my colleagues to join in adopting this measure, as agreed upon by the committees of jurisdiction and the administration. Let us agree to reserve the resolution of issues which are controversial for the 94th Congress.

Mr. President, I hope that we can pass this bill in the Senate with an absolute minimum of amendments. Obviously, the more complex the bill, the less chance there is of final action by the House this year. I will be more than happy to discuss the merits of various pending amendments with my colleagues, and consider them in a separate context, but I would hope that the Senate can act rapidly in voting out a straightforward bill in this instance, giving the administration the basic authority it so urgently needs.

Mr. President, I have no further comments, other than to make the report I have just made.

I say to the leadership that I hope and trust that we will have some kind of understanding by tomorrow with the administration. Otherwise, we will simply have to proceed to take whatever action the Senate deems appropriate in the circumstances. We have made progress. I hope we will have an answer tomorrow.

I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I thank the distinguished chairman. I understand that negotiations are in progress. Is that correct?

Mr. JACKSON. The Senator is correct.

Mr. HANSEN. And the Senator hopes to resolve a number of issues concerning which an agreement has not yet been reached.

Mr. JACKSON. The Senator is correct. It will require amendments to the amendment in the nature of a substitute or an entirely new amendment, whichevery way we handle it.

I hope that if we reach that accord, all other amendments that are not germane to those specific amendments on which we are trying to reach a bipartisan agreement will be avoided, so that we can grant the necessary authority to deal with the emergency that is upon us, so that the President can move mandatorily, primarily in the area of conservation—including, however, the area of authority for allocation of materials and some other things that are covered in it, in connection with strategic reserves.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. ALLEN. Would the Senator envision that any end use rationing plan implemented under the authority of this bill would make due provision for the do-it-yourself movement of both people and their personal possessions from one job site to another during these times of national stress, when jobs in the country are either opening up or closing down and people may be very mobile, seeking better opportunities or greater economic security?

Mr. JACKSON. Mr. President, the distinguished Senator from Alabama raises an excellent point. The needs of the armed services, for example, necessitate the periodic reassignment of personnel and the transport of these personnel, their families, and their household goods from one duty station to the next. In addition, we Americans are a very mobile people. The family move from one city to another in search for new or better employment is probably more common here than in any other nation. It is a routine facet of our society and our economy.

Insofar as possible and consistent with the other provisions of this act and of the Emergency Petroleum Act of 1973, end use rationing plans should be so developed as not to unduly inhibit this normal movement of people and their personal possessions be it by van line or by hired vehicle.

Mr. ALLEN. I thank my colleague for this clarification.

I am pleased that such is the case, for unless we provide the fuel for a person to move himself, his family, and personal household possessions to his place of employment, we have, for the first time in our Nation's history, effectively prevented him from getting to employment. His family will be living on unemployment compensation instead of being the useful, productive family it would like to be. Fuel is the lifeblood of a man's mobility to get employment. Without it, he is confined to the area and can become a financial burden to the State.

I would hope that any future program for petroleum allocation or rationing will be more enlightened on this question than were the regulations in effect during last winter's embargo. At that time servicemen and other people using do-it-yourself moving methods were not included. Their only recourse was to apply to the State under the set-aside provisions. The State in turn had to justify the hardship application to the appropriate Federal office. This compounded the problems of the 1-out-of-5 families relocating for employment purposes.

No group of people in the economy feel these economic adjustment pressures so acutely as the young unmarrieds, young couples, and younger families with school-age children. Theirs is the age group that has the lowest job stability, rising needs and limited savings. This group provides the primary "customer" for the do-it-yourself household moving industry. All the features that make do-it-yourself moving attractive, appeal to these younger individuals and families.

It should be a matter of national concern that this mobile, educated, eager, creative segment of our populace be able to carry out considered decisions on where to live to best meet the economic and social demands of their era.

Family moving is rarely undertaken lightly—it is a difficult experience involving large psychic costs as well as considerable monetary expenditures.

Each year one family in five will move. In 1973, 12.5 million families moved, or 18.7 percent of the Nation's 66,890,000 households, 46.8 percent of these household moves utilized do-it-yourself moving equipment. Lower-income families have no other viable alternative except to liquidate their household belongings.

Families have to move. Nearly 75 percent of one-way do-it-yourself moves are directly employment-related:

Ten percent unemployed, seeking a job.

Fourteen percent being transferred by current employer.

Thirty-one percent accepting new employment opportunity.

Twenty percent entering, leaving, or being transferred by the military.

The balance includes moves for reasons of health, education opportunities, changes of marital status, retirement, voluntary and involuntary housing change, and others.

These are essential, purposeful, nonrecreational moves for both the individual and the Nation.

The expected displacement of people due to the energy crisis will further intensify the need for mobility to where the jobs are, and the need for an economic, flexible system of household moving. But when a family must set out for a destination hundreds or even thousands of miles away, they should have assurance that they will not become stranded enroute in an unfamiliar area due to lack of fuel.

The do-it-yourself household moving industry is unique in that its vehicles are gasoline-powered, in that the consumer purchases the gasoline himself at retail and at several successive independent service stations along the route to his destination.

The group we are talking about consists of heads of households in the age bracket of from 25 to 44 years of age, young marrieds or families with small children. It is a unique group. It is free enterprise in operation.

Those with sufficient financial resources generally choose among van lines, a rental truck, and a large trailer for household moving. Their primary considerations are the cost savings of the rental equipment versus their time and effort to pack, load, drive, unload, and unpack. Dollar savings average about $340 on an average 490-mile move when truck rental equipment is used; on the average, a 63.4-percent savings.

Although the services provided are different and the out-of-pocket costs to the consumer vary considerably, competition between the van lines and the do-it-yourself household moving industry is stiff. The do-it-yourself household moving industry must price considerably below the van lines to offer sufficient savings to a person moving his household belongings to induce him to choose to rent a truck or trailer. Competition within the industry is also severe, and even within individual corporations smaller rental trucks compete with larger rental trailers.

Potential customers in the lower-income brackets tend to choose between a small rental trailer and the alternative of disposing of excess—more than a car load—of personal goods. They usually decide by comparing the value of those goods with the cost of the trailer rental. This effectively limits the rates the do-it-yourself moving industry can charge for small trailers. The resulting pricing limitations, taken in toto, represent free enterprise operating at its best.

This consumer group—using do-it-yourself equipment—should be differentiated from the moving van industry, and from the commercial truck and general car leasing industry.

My concern is that administration officials charged with the drafting and implementation of regulations for petroleum rationing or allocation appreciate the importance of the do-it-yourself moving industry to society and the economy and that that appreciation be reflected in any regulations issued pursuant to the bill now before the Senate.

TRADE REFORM ACT OF 1974

Mr. LONG. Mr. President, I ask the Chair to lay before the Senate the trade bill.

The PRESIDING OFFICER (Mr. HELMS). The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to consider the bill.

Mr. LONG. Mr. President, article I, section 8, of the Constitution vests in the Congress plenary authority to "lay and collect taxes, duties, and imposts" and to "regulate commerce with foreign nations." As an exercise of that authority, the Senate is now proceeding to consider legislation which would significantly revise our trade laws. More specifically, the authorities contained in this bill would deal with:

Tariffs;

Nontariff barriers;

Reform of the General Agreement on Tariffs and Trade;

Balance of payments difficulties;

Access to supplies important to our economy;

The independence of the U.S. Tariff Commission;

Congressional oversight of all trade negotiations;

Relief to industries, workers, and communities adversely impacted by excessive imports;

Speedy relief for those injured by unfair foreign trade practices;

Establishing reciprocal conditions for U.S. commerce;

Providing for bilateral as well as multinational negotiations to achieve such reciprocity;

Opening up new opportunities for trade with nonmarket countries, and with developing countries, under carefully prescribed conditions;

And, last but not least, the bill would establish a realistic true, and accurate method of measuring where we stand in our international trading balance.

This bill represents a large and significant delegation of trade authorities to the President. However, the committee has written into this bill many provisions which reserve for the final judgment of Congress whether or not the trade agreements entered into under these authorities are in our Nation's best interests. Thus, while significant authorities to deal with current international economic problems are delegated to the President, the Congress not only retains its basic constitutional powers, but will be able to fulfill a careful oversight function—and in many cases a veto power—over the exercise of the carefully prescribed authorities delegated to the President.

This legislation has been the major business of the Committee on Finance throughout most of 1974. Early last spring the committee conducted 20 days of hearings, receiving statements from 118 witnesses, whose testimony fills seven volumes and 2,423 pages. The committee held executive sessions through the summer and fall to consider the bill. The committee report is 311 pages in length and the bill itself numbers 294 pages. The lengthy and careful consideration by the Finance Committee testifies to the importance of the bill.

Twenty months have passed since former President Nixon requested the Congress to provide the Executive with authority to negotiate "a more open and equitable trading world." Events during the past year have severely strained the world's economy, and underscored the need to find cooperative solutions to common domestic and international economic problems. President Ford has renewed the request for enactment of trade legislation during the 93d Congress to permit multilateral trade negotiations to proceed. In Tokyo, in September 1973, more than 100 nations joined the United States in pledging to negotiate a further reduction of the barriers to international commerce. Such negotiations are urgently needed to restore fairness and equity in the international trading system and to prevent a serious deterioration in the spirit of economic cooperation that is essential for the preservation of economic and political stability in a rapidly changing world. This legislation would permit those negotiations to proceed.

STRUCTURAL CHANGES IN THE WORLD ECONOMY

The post-World War II period has brought fundamental changes in the economic relationships among nations. At the end of World War II, the United States was clearly the dominant force in the world's economy.

The United States accordingly adopted a foreign economic policy to foster the recovery of war-torn nations. This generosity on the part of the United States succeeded, and the world's economic landscape underwent permanent change. Although the United States remains powerful, other countries have become economic giants. As we expected—and encouraged—significant economic progress has occurred in Western Europe, and Japan has emerged as a major center of economic power. Many less-developed countries have made impressive strides in recent decades. Some so-called less-developed countries have become dominant financial powers because of their possession of vital raw materials.

World trade has been the single most important factor in post-war recovery. The value of world exports increased from $129.6 billion in 1960 to $570.1 billion in 1973.

Normally, such a four-fold increase would suggest a growing world interdependence and a more efficient utilization of world resources. Unfortunately, however, much of the increasing volume of trade in recent years either is attributable to the four-fold increase in the price of oil, which now accounts for over 20 percent of total world trade, or has occurred within preferential and discriminatory trading arrangements. For example, among the contracting parties to the General Agreement on Tariffs and Trade, the GATT—despite their pledge of nondiscrimination as a fundamental principle for achieving trade liberalization—the proportion of imports entering at preferential rates increased from 10 percent in 1955 to 25 percent in 1970, and the proportion will grow significantly with the enlargement of the European Community.

One result of discriminatory trade practices has been a decline in the U.S. share of world trade. While the value of free world exports more than quadrupled between 1960 and 1973, the U.S. share of the export market underwent a steady decline from 15.9 percent in 1960 to 14.6 percent in 1970.

The following tables illustrate the U.S. share of world imports and exports compared with those of other countries.

Mr. President, I ask unanimous consent to have the tables printed in the RECORD.

There being no objection, the tables

were ordered to be printed in the RECORD, as follows:

TABLE 1.—WORLD TRADE: EXPORTS [1]

	1960	1965	1973
Total (billions of dollars)	129.6	188.5	575.0
Per country (percentage):			
United States	15.9	14.6	12.4
European Community	32.6	34.3	36.8
Of which: United Kingdom	8.2	7.3	5.3
Japan	3.2	4.5	6.4
Other developed countries	15.0	15.4	15.8
Less developed countries	20.8	18.9	18.6
Communist countries	12.5	12.3	[2]9.9
Of which:			
China, People's Republic of (PRC)	1.5	1.1	.5
Soviet Union (U.S.S.R.)	4.3	4.4	3.7
Other	6.6	6.8	[2]5.7

[1] Data are f.o.b.
[2] Estimated.

Source: International Economic Report of the President, February 1974. U.S. Department of Commerce.

During the same period, the U.S. share of world imports fluctuated between 12.1 percent in 1960 and 12.4 percent in 1973. (See table 2.) U.S. imports totalled $73.2 billion in 1973, and were entering at an annual rate of approximately $100 billion during the first half of 1974.

TABLE 2.—WORLD TRADE: IMPORTS [1]

	1960	1965	1973
Total (billions of dollars)	135.8	198.7	592.0
Per country (percentage):			
United States	12.1	11.7	12.4
European Community	33.2	34.8	36.5
Of which: United Kingdom	9.6	8.1	6.6
Japan	3.3	4.1	6.5
Other developed countries	17.5	18.8	17.6
Less developed countries	21.8	18.9	16.3
Communist countries	12.1	11.6	[2]10.8
Of which:			
China, People's Republic of (PRC)	1.5	.9	[2].6
Soviet Union (U.S.S.R.)	4.1	4.1	3.9
Other	6.5	6.6	[2]6.3

[1] Data are c.i.f.
[2] Estimated.

Source: International Economic Report of the President, February 1974. U.S. Department of Commerce.

DECEPTIVE TRADE STATISTICS

Mr. LONG. Throughout the postwar years, the United States has in effect premised much of its trade, aid, and monetary policies upon a balance-of-trade surplus which, in fact, was diminishing and by 1966 had disappeared altogether. The apparent U.S. trade surplus was based on import statistics collected and reported on an FOB—free on board—basis, which excludes the cost of freight and insurance. U.S. export statistics, moreover, are padded with exports that are more in the nature of aid than trade—Public Law 480 exports, for example. Most other industrialized nations and the International Monetary Fund value imports on a CIF—cost, insurance *and freight*—basis. However, the United States has obscured its true balance of trade position by maintaining statistics on an FOB rather than CIF basis, as shown in the following table, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 3.—BALANCES OF TRADE: F.O.B. AND C.I.F. AND BALANCE OF PAYMENTS

Year	F.o.b. (plus foreign aid shipments)	C.i.f. (minus foreign aid)	Balance of payments (net liquidity)
1966	3.9	−0.7	−2.2
1967	4.1	−.3	−4.7
1968	.8	−3.5	−1.6
1969	1.3	−2.9	−6.1
1970	2.7	−1.7	−3.9
1971	−2.0	−6.6	−22.0
1972	−6.4	−11.4	−13.9
1973	+1.3	−3.8	−7.8
1974 (1st 9 months at annual rate)	−3.1	[1]−11.9	[2]−14.4
Total, 1966–74	+2.6	−42.8	−76.5

[1] Partly estimated.
[2] January–June at annual rate.

Source: U.S. Department of Commerce.

Mr. LONG. Viewed on an accurate basis, the performance of the United States in the world economy throughout much of the post-war period has been marked by persistent trade and payments deficits. If the cost of insurance and freight is included in our imports, and if the factor of foreign aid is excluded from our exports, our trade account has been in deficit since 1966. While the U.S. Government was reporting to the American people and to the world a healthy balance-of-trade surplus of $2.6 billion for the period 1966–74, the country in reality was experiencing a deficit totaling $42.8 billion, accounting for more than half of our overall balance-of-payments deficit during that period. The outlook is equally bleak this year; throughout 1974, our trade deficit measured on a CIF basis has been running at an annual rate of $12 billion.

Government expenditures abroad have also been a large contributor to the deficit in our international accounts. Between 1959 and 1973 net Government expenditures for both military and economic aid amounted to $141.3 billion in our overall international accounts, which is about equal to the growth in foreign country monetary reserve assets over this period. Despite cuts in foreign aid authorizations each year, the total expenditures keep growing. The following table illustrates my point.

Mr. President, I ask unanimous consent to have the table printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 4.—NET U.S. GOVERNMENT AID AND MILITARY EXPENDITURES ABROAD, 1950–74

[In billions of U.S. dollars]

	Military	Foreign aid	Total
1950	−0.6	−3.6	−4.2
1951	−1.3	−2.9	−4.2
1952	−2.1	−2.5	−4.5
1953	−2.4	−2.1	−4.5
1954	−2.5	−1.6	−4.1
1955	−2.7	−2.2	−4.9
1956	−2.8	−2.4	−5.2
1957	−2.8	−2.6	−5.4
1958	−3.1	−2.6	−5.7
1959	−2.8	−2.2	−5.0
1960	−2.8	−2.6	−5.4
1961	−2.6	−2.8	−5.4
1962	−2.4	−2.8	−5.2
1963	−2.3	−3.1	−5.4
1964	−2.1	−3.2	−5.3
1965	−2.1	−3.3	−5.4
1966	−2.9	−3.4	−6.3
1967	−3.1	−4.2	−7.3
1968	−3.1	−3.9	−7.0
1969	−3.3	−3.6	−6.9
1970	−3.4	−3.8	−7.2
1971	−2.9	−4.4	−7.3
1972	−3.5	−3.5	−7.0
1973	−2.4	−3.8	−6.2
1974 [1]	−2.3	−4.4	−6.7
Total	−64.3	−77.0	−141.3

[1] 1st half at annual rate.

Source: International Economic Report of the President, February 1974. U.S. Department of Commerce.

RECENT ECONOMIC HISTORY

Mr. LONG. Mr. President, 12 years have passed since the Congress enacted the Trade Expansion Act of 1962. A great amount of international economic history has occurred in the intervening years. In the opinion of the committee, much of that history has been unfavorable to this country, largely because of the antiquated rules of the international trade and monetary systems and the related lack of genuine cooperation and reciprocity in international economic relations.

Throughout most of the postwar era, U.S. trade policy has been the orphan of U.S. foreign policy. Too often the Executive has granted trade concessions to accomplish political objectives. Rather than conducting U.S. international economic relations on sound economic and commercial principles, the Executive has used trade and monetary policy in a foreign aid context. An example has been the Executive's unwillingness to enforce U.S. trade statutes in response to foreign unfair trade practices. By pursuing a soft trade policy, by refusing to strike swiftly and surely at foreign unfair trade practices, the Executive has actually fostered the proliferation of barriers to international commerce.

The Kennedy round of trade negotiations brought about the largest tariff reductions in the history of the United States. Unfortunately, the Kennedy round did not remedy fundamental inequities in the world trading system. There was no reform of the institutional structure, nor was there any significant progress in dealing with nontariff barriers or distortions of international trade. Our trading partners, most notably the European Community, devised new ways to pursue protectionism, particularly in agriculture.

In recent years, the United States experienced a series of trade and payments deficits, several dollar devaluations, and a rate of inflation unprecedented in peacetime. The Nation's economy has continued its long, slow drift away from labor-intensive industries and toward service industries. Especially significant has been the structural shift in U.S. employment. In 1960, nearly one-third of our U.S. nonagricultural employment was in manufacturing. Since 1960, however, manufacturing employment has declined steadily to a position where barely one in four workers are gainfully employed in manufacturing. This relative decline in manufacturing employment has been offset by increases in service jobs, as illustrated by the following table, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 5.—EMPLOYMENT IN THE UNITED STATES IN NONAGRICULTURAL ESTABLISHMENTS DURING THE POSTWAR ERA 1945-74

[In millions of persons]

	Manufacturing									Government	
	Total wage and salary workers	Total	Percent of total employment	Mining	Construction	Transport public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Federal	State and local
1945	40.4	15.5	37.4	0.8	1.1	3.9	7.3	1.5	4.2	2.8	3.1
1950	45.2	15.2	33.7	.9	2.3	4.0	9.4	1.9	5.3	1.9	4.1
1955	50.7	16.9	33.3	.8	2.8	4.1	10.5	2.3	6.3	2.2	4.7
1960	54.2	16.8	31.0	.7	2.9	4.0	11.4	2.7	7.4	2.3	6.1
1965	60.8	18.1	29.7	.6	3.2	4.0	12.7	3.0	9.1	2.4	7.7
1970	70.6	19.4	27.4	.6	3.4	4.5	14.9	3.7	11.6	2.7	9.8
1972	72.8	18.9	26.0	.6	3.5	4.5	15.7	3.9	12.3	2.6	10.6
1973	75.6	19.8	26.2	.6	3.6	4.6	16.3	4.1	12.9	2.6	11.0
1974:											
I	76.8	19.9	25.9	.7	3.7	4.7	16.5	4.1	13.2	2.7	11.4
II	77.1	20.0	25.9	.7	3.6	4.7	16.6	4.1	13.4	2.7	11.4
III[1]	77.1	19.9	25.8	.7	3.5	4.6	16.7	4.2	13.4	2.7	11.5

[1] Preliminary.

Source: "Economic Report of the President", February 1974, p. 282; Current Economic Indicators.

Mr. LONG. Mr. President, as our Nation's employment in manufacturing has declined relatively, its trade balance in manufacturing has declined absolutely. In 1960 the United States had a trade surplus in manufactured goods of $5.2 billion. By 1973 we had a deficit of $3.4 billion, as shown by the table which follows. In contrast, West Germany also had a surplus of $5.9 billion in 1960, but by 1973 that surplus had burgeoned to $28.7 billion, and Japan's modest surplus of $2.6 billion in 1960 had exploded into a $23.3 billion surplus by 1973. The committee expects that these negotiations will seek to provide equal competitive opportunities for exports of U.S. manufactures and agriculture, and that the unwarranted protection afforded to producers in countries with large and persistent balance of trade surpluses will be substantially reduced and, if possible, eliminated.

Mr. President, I ask unanimous consent to place in the RECORD at this point a chart showing how the trade balances would look if they were kept in a fashion that would accurately demonstrate how we stand with regard to our balance of trade.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 6.—TRADE BALANCES IN MANUFACTURES (C.I.F. BASIS)

[Dollars in billions]

		EEC						
Year	United States	Total	Excluding Intra-EEC	Federal Republic of Germany	France	United Kingdom	Japan	Canada[1]
1960	$5.9	$13.0	$13.1	$5.9	$2.7	$4.4	$2.6	−$1.5
1966	5.1	16.9	17.0	9.0	1.6	5.4	7.0	−2.1
1967	5.3	17.9	17.8	11.0	1.4	4.3	6.7	−2.0
1968	3.5	18.9	18.9	11.7	1.0	3.9	8.7	−1.7
1969	4.1	19.4	19.7	12.3	.1	5.1	10.6	−2.2
1970	$3.8	$21.5	$21.6	$13.3	$1.5	$5.3	$12.5	−$1.0
1971	.4	26.4	27.4	15.0	1.8	6.3	17.1	−2.1
1972	−3.4	39.5	30.4	17.7	3.4	5.4	20.3	−5.9
1973	−.8	(2)	(2)	28.7	2.3	3.7	23.3	−4.9

[1] F.o.b. basis.

[2] Not available.

Source: U.S. Department of Commerce.

Mr. LONG. It is anticipated that these negotiations will reduce foreign barriers to our agricultural exports. It is essential, however, that the negotiations also yield opportunities for our manufacturing industries, for those industries now employ about 20 million American working men and women.

U.S. TRADE, BALANCE OF PAYMENTS TRENDS

Trade issues cannot be totally divorced either from international monetary problems nor from military and foreign aid burdens. The committee intends that these trade negotiations be coordinated with other negotiations involving the burden-sharing of aid and defense costs, monetary reform, access to raw materials in short supply and other issues. Trade cannot be adequately dealt with in isolation from other major influences on the world economy.

For many years this country relied on a trade surplus to offset foreign aid and military expenditures abroad as well as private investment. That surplus, which was never large enough to offset such expenditures, has now disappeared. In 1962, the Nation had a modest trade surplus of approximately $1.1 billion—CIF—and a balance of payments deficit of $2.9 billion—liquidity basis. Ten years later the trade surplus had become an $11.4 billion deficit and the payments deficit had grown from a bearable $2.9 billion to an intolerable $13.9 billion. Not surprisingly, the dollar became unwelcome in many capitals of the world and underwent a series of devaluations.

The year 1973 saw a temporary improvement in U.S. payments and trade balances—largely attributable to grain exports to the Soviet Union which many believe contributed importantly to the 8.8-percent inflation of 1973. This year hopes for achieving a reasonable balance in our international accounts have been dashed by mounting deficits. By the year's end, the Nation's trade deficit—CIF—is likely to be over $10 billion. The following table presents U.S. trade and payments balances since 1960.

Mr. President, I ask unanimous consent to have that table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 7.—U.S. TRADE AND BALANCE OF PAYMENTS, 1960–74

[In billions of dollars]

	U.S. trade position				Trade balance		Balance of payments		
	Exports (X)		Imports (M)						
	Total	Minus foreign aid	F.o.b.	C.i.f.[1]	F.o.b.	C.i.f. (M) excluding foreign aid (X)	Liquidity[2]	Official settlements[2]	Basic balance
1960	19.7	18.0	15.1	16.3	4.6	1.7	−3.7	−3.4	−1.2
1961	20.2	18.5	14.8	16.0	5.5	2.5	−2.3	−1.3	(3)
1962	21.0	18.9	16.5	17.8	4.5	1.1	−2.9	−2.6	−1.0
1963	22.5	20.0	17.2	18.6	5.3	1.4	−2.7	−1.9	−1.3
1964	25.8	23.1	18.7	20.3	7.1	2.8	−2.7	−1.5	−.1
1965	26.7	24.3	21.4	23.2	5.3	1.1	−2.5	−1.3	−1.8
1966	29.5	27.0	25.6	27.7	3.9	−.7	−2.2	.2	−2.1
1967	31.0	28.5	26.9	28.8	4.1	−.3	−4.7	−3.4	−3.7
1968	34.1	31.8	33.2	35.3	.8	−3.5	−1.6	−1.6	−1.9
1969	37.3	35.3	36.0	38.2	1.3	−2.9	−6.1	2.7	−3.6
1970	42.7	40.7	40.0	42.4	2.7	−1.7	−3.9	−9.8	−3.8
1971	43.5	41.7	45.6	48.3	−2.0	−6.6	−22.0	−29.8	−10.6
1972	49.2	47.5	55.6	58.9	−6.4	−11.4	−13.9	−10.4	−11.2
1973	70.8	69.4	69.5	73.2	1.7	−3.8	−7.8	−5.3	−.9
1974:									
I	22.4	45.6	21.7	23.2	−.7	−4.6	−1.0	1.1	1.7
II	24.2		25.2	27.0	−.9		−6.2	−4.5	−2.7
III	25.0	[5]24.7	27.1	29.0	−2.1	[5]−4.3	(3)	(4)	(4)

[1] C.i.f. imports for the years 1960–66 are assumed to be roughly equivalent to 108.3 percent of f.o.b. imports in accordance with a Bureau of Customs—Tariff Commission—Bureau of Census study based on 1966 arrivals. For the years 1967–73 estimates are based on Bureau of Customs-Bureau of Census studies showing estimated freight and insurance charges to be 6.9 percent (1967), 6.3 percent (1968), 6.1 percent (1969), 6.2 percent (1970), 6.1 percent (1971), and 5.9 percent for 1972 and 1973.

[2] The liquidity and official settlements deficits for 1966–73 excludes SDR allocations.

[3] Less than $50 million.

[4] Not available.

[5] Partly estimated.

Source: U.S. Department of Commerce.

THE ENERGY CHALLENGE

Mr. LONG. The reason for this country's worsening position in 1974 is well known. Between October 1973 and January 1974 oil-producing countries in the Middle East raised their Government oil revenues—taxes and royalties—from about $3 per barrel to $7 per barrel. Imported petroleum currently costs over $13 per barrel. The U.S. oil import bill in 1974 is expected to be over $27 billion, a 300-percent increase over 1973 for virtually the same amount of oil. Net income of the oil-producing countries of the Middle East has increased from $4 billion in 1967 to $9 billion in 1972, and to an estimated $60 billion in 1974. Imports of petroleum at present consumption levels will jump from $45 billion in 1973 to about $115 billion in 1974, an increase of $70 billion. The revenues of all oil exporting countries will increase in 1974 to nearly $100 billion—three-and-a-half times their 1973 revenues. By 1980, it is projected that OPEC countries will control over $500 billion or 70 percent of the world's foreign exchange reserves. This unprecedented transfer of wealth from the consuming countries to producing countries is severely straining the world's monetary and trading systems, as nations struggle to pay their oil import bills. It is also posing a serious threat to private financial institutions.

Petroleum is the largest single commodity moving in world trade, currently accounting for about one-fifth of the total value of world trade, and its continued dominance is assured because of the cartel-pricing policies of the producing countries. Other producer cartels of lesser but still significant economic strength have also been formed. Under these circumstances, it is imperative that the fundamental inequities in the world trading system be corrected in a spirit of international cooperation.

Largely because of the increased cost of oil imports, the U.S. balance of trade deficit—CIF—for the first three quarters of 1974 totaled $11.9 billion.

The abruptness of the price increase in petroleum is a primary cause of the present paradox of inflation and recession which presently burdens the United States and world economies. The increase in the price of this basic commodity has already been, and will continue to be, reflected in prices of other goods which depend on petroleum as either a direct raw material or as a fuel. Furthermore, the increase in the price of petroleum has put corresponding pressure on the prices of other fuels, raw materials, and finished products so that virtually every sector of the economies of oil consuming nations is affected to some degree. Consequently, as consumers try to preserve their standard of living by shifting their spending patterns, some industries are already facing weakened demand for their products, increasing inventories, production curtailment, reduced profits and job layoffs.

NEED FOR THE BILL

To deal with these forces which are disrupting the world economy, the Executive now seeks a renewal of trade negotiating authority. Since 1934, Congress has periodically delegated to the President specific and limited authority to conduct negotiations with other countries of reciprocal tariff and trade concessions. The last major delegation of such authority to the Executive, which expired in 1967, was included in the Trade Expansion Act of 1962. The trade bill now being debated proposes a 5-year renewal of the President's authority to engage in another round of multilateral trade negotiations.

As passed by the House, the bill represented the largest delegation of trade negotiating authority to the Executive in history. The Finance Committee's amendments seek to establish appropriate and constitutionally sound guidelines and criteria to govern the exercise of the authority granted by the bill. The intractable nature of modern barriers to trade, both tariff and nontariff, make this grant of extensive negotiating authority to the Executive necessary. The committee, moreover, fully recognizes that immediate steps must be taken to deal with the severe monetary and trade problems created by the precipitous increase in world energy prices and to avert further dislocation in the world economy.

The committee recognizes that the United States, by virtue of its strength, must play a major role in leading the world and shaping its economy. The strength of the American economy made it possible for this country to assert such leadership with expectation and hope that other countries would follow. However, while it is necessary that the United States continue a leadership role, other countries which have gained tremendous financial or economic wealth must do their fair share to insure stability in the world economy. Several major trading countries which have large trade and payments surpluses continue to maintain unjustifiable and unreasonable restriction on imports and investment even though they enjoy relatively strong economies.

No nation is so insulated from the world economy that it can afford to pursue policies which threaten the stability of the world economy without suffering itself from chaos created. Collective economic security and access to supplies must be primary objectives of these negotiations.

The trade bill as reported by the committee is intended to be more than a delegation of authority for negotiated reduction in the rates of duty. While a significant rate-reducing authority is provided to insure the flexibility that trade negotiations will require, our foreign trading partners, and our negotiators, are on notice that the authority must be exercised to obtain full reciprocity and equal competitive opportunities for U.S. commerce. An unusually complete prenegotiation safeguard procedure is provided so that, to the fullest extent possible, U.S. businessmen can achieve the same access to the U.S. negotiating team that businessmen in other countries have to theirs.

The basic authority for trade agreements in the trade bill, however, is but one part of new trade management tools designed to open a new era of U.S. participation in the world economy. For the first time, an assault on nontariff barriers is mandated and a constitutionally sound procedure for congressional consideration of the resulting agreements is provided.

The structural changes in the world economy cry out for cooperative efforts to establish structural changes in the institutions governing world trade. This bill provides the authority to negotiate this change. Outmoded international trade rules are to be negotiated and new codes providing for a fair and equitable access to supplies are to be sought. U.S. legislation dealing with unfair trade practices is strengthened. Important procedural as well as substantive changes have also been made in the countervailing duties law which imposes duties to offset subsidies granted by foreign governments, or by private persons or organizations, on goods imported into this country. Reciprocal treatment is to be demanded from industrialized countries; at the same time, the less developed countries will receive a favored treatment designed to stimulate their development through trade rather than aid.

The committee bill provides a new program of community assistance specifically designed to help those communities adversely impacted by trade to adjust to foreign competition.

In short, the trade bill if enacted, will do much to repair the damage of a trade agreements program operated in the past primarily to expose the U.S. economy to a world of proliferating preferential trade blocs, cartels, and disruptive influences.

TRADE WITH COMMUNIST COUNTRIES

Mr. President, I would like to discuss briefly the question of trade relations with Communist countries. This has been one of the most controversial areas dealt with in the bill.

Title IV of the committee bill would authorize the President to extend most-favored-nation or nondiscriminatory trade concessions to Communist countries not currently receiving such treatment, provided certain conditions are satisfied. However, no country would be eligible to receive nondiscriminatory treatment or U.S. Government credits or guarantees if it denies its citizens the freedom to emigrate. An amendment will be offered which will permit a waiver of this requirement, provided certain conditions are met. The committee held a special hearing with Secretary Kissinger on this issue so that the Senate will have additional information on this amendment.

The committee also adopted a number of provisions intended to assure that trade with Communist countries is conducted in the best interests of our country and is carefully monitored by the Congress. For example, from now on, when the Executive enters into bilateral trade agreements with nonmarket countries, these agreements will be subject to the approval of both Houses of Congress. The bilateral agreements would be required to provide for the protection of property interests, the safeguarding of U.S. markets from disruption, and for the settlement of commercial disputes.

The committee bill also conditions extension of MFN treatment to Czechoslovakia upon that country's repayment in full of the principal amount of all claims owed citizens of the United States. The committee was surprised and disappointed to learn that the State Department last summer had completed the negotiating stage of a claims settlement. Under this proposed one-sided agreement with the Czech Government, Czechoslovakia would have received MFN treatment and become eligible for U.S. Government credits in return for paying only a fraction of the amount they owe U.S. citizens for private property expropriated during the 1950's. Incredibly, under this one-sided agreement the State Department was ready to agree to turn over to the Czech Government gold valued at over $100 million which is in the custody of our Government and the Governments of France and Britain. The committee amendment will withhold special benefits from Czechoslovakia until there is an equitable claims settlement agreement.

CONCLUSION

Mr. President, the United States remains the largest and most accessible market in the world. Despite the claims of our trade partners, U.S. duties, subject to continued reductions under the trade agreement programs, are at the lowest average level of any major industrialized country. The United States, accordingly, is the world's largest individual market. The value of its foreign imports now exceeds $100 billion annually. America is a trading nation, and it thrives on competition. Given a fair deal, its industry can compete with the world, and be strengthened in that competition.

The committee, however, believes that the United States can no longer stand by and expose its markets, while other nations shelter their economies—often in violation of international agreements—with variable levies, export subsidies, import equalization fees, border taxes, cartels, discriminatory government procurement practices, dumping, import quotas, and a host of other practices which effectively discriminate against U.S. trade and production. The committee recognizes the responsibilities of the United States, as the world's strongest economy, to provide leadership in the international community. At the same time, however, the committee recognizes the duty of the Congress to adopt policies for the sound growth of the economy and the long-term benefit of the American people. The committee therefore reports its version of the trade bill to the Senate, having received firm assurances from the executive branch that in the forthcoming negotiations, U.S. negotiators will not grant concessions which are not fully reciprocated by foreign concessions of equivalent value to the commerce of the United States.

Mr. President, I ask unanimous consent that a summary and table comparing the principal features of the Finance Committee bill with the House bill be inserted at this point in the Record.

There being no objection, the summary and table were ordered to be printed in the Record, as follows:

Summary of H.R. 10710 as Reported by the Committee on Finance

Title I. Negotiating Authority

General Authority.—The bill, as amended by the Committee, would authorize the Executive for a period of five years to enter into trade agreements with other countries, for the purpose of harmonizing, reducing, or eliminating tariff and nontariff barriers to, and other distortions of, international trade, subject to certain limitations and conditions. The Committee bill gives strong emphasis to the need for establishing fair and equitable conditions of trade, and includes a requirement that the President determine, at the conclusion of the negotiations, whether any major industrialized country has failed to make concessions which would provide for the commerce of the United States substantially equivalent competitive opportunities provided by the United States to such country. Any major industrialized country which fails to provide such substantially equivalent market opportunities would not benefit from the concessions made under authorities provided by this bill, and, if necessary to restore relatively equivalent competitive opportunities, concessions made under past trade agreements could be terminated.

Tariff Authority (Title I, Ch. 1).—In order to promote the purposes of the bill, detailed in section 2 and in the negotiating objectives set forth in various sections of Title I, the President would be authorized to proclaim, in accord with certain limits described below, modifications in duties whenever he determines that existing duties or other import restrictions of a foreign country or of the United States are unduly burdening and restricting the foreign trade of the United States. The President would be authorized to *decrease* duties below the rates in effect on January 1, 1975, within the following limitations:

If existing duties are: 10% ad valorem or less—no limitation; over 10% ad valorem—50% of the rate existing on January 1, 1975.

The bill would establish certain prenegotiation procedures, including public hearings and advice by the Tariff Commission (renamed the United States International Trade Commission), to assess the probable economic effect of such potential duty reductions on industries producing like or directly competitive articles and on consumers for the purpose of avoiding serious injury to the U.S. economy. In addition, private advisory groups would be established to provide the negotiators with policy and technical advice prior to, and throughout, the negotiations.

Negotiated duty reductions which exceed ten percent of the prior rate would be staged over a period of time as follows:

1. Whenever a duty is to be reduced by more than 20 percentage points, the reduction would occur in equal installments over a period of 10 years.
2. Whenever a duty is to be reduced by less than 20 percentage points, the annual reduction could not exceed 2 percent ad valorem.

The President would be authorized, as part of negotiated trade agreements, to *increase* (or impose) rates of duties not to exceed 50% above the column 2 rate existing on January 1, 1975, or 20% ad valorem above the rate existing on January 1, 1975, whichever is higher.

Nontariff Barriers (Title I, Ch. 1).—The President would be authorized to enter into trade agreements to harmonize, reduce, or eliminate nontariff barriers and distortions, including subsidies, to international trade in goods and services which he determines are unduly burdening or restricting the foreign commerce of the United States, adversely affecting the U.S. economy, preventing fair and equitable access to supplies, and preventing the development of open and nondiscriminatory trade among nations.

At least 90 days before entering into such a trade agreement under section 102 of the bill, the President would be required to notify the House and Senate and publish notice of his intention in the Federal Register. The President or his representative would also be required to consult in advance with appropriate committees of the Congress concerning the agreements and their "packaging" for submission to Congress. All agreements involving nontariff barriers and distortions, together with a draft of any necessary implementing legislation and a statement of any administrative action proposed to implement the agreement, must be submitted to the Congress for consideration. Thus the Congress and the American people would have an understanding of the ramifications of such trade agreements before they could become effective.

In order to assure that the Congress would consider such legislation, while at the same time preserving the constitutional powers vested in the Congress, the bill provides special procedures for considering implementing legislation. If forty-five legislative days after implementing legislation has been introduced, the committee (or committees) to which the matter had been referred has not already reported the legislation, the committee (or committees) would be discharged from further consideration. A vote on final passage of the implementing legislation would be taken in each House on or before the close of the 15th day after the bill or resolution is reported by the committee or committees to which it was referred, or after they have been discharged from further consideration of the bill or resolution. No amendments would be allowed. In the case of revenue bills, which must originate in the House of Representatives, each House would be given up to 60 days in which to consider agreements (for a total of up to 120 legislative days). Under the Committee bill, both Houses must approve such implementing legislation, by majority vote of the members present and voting, before agreements negotiated under section 102 of Title I can enter into force for the United States.

Negotiating Objectives (Title I, Ch. 1).—The overall negotiating objective of the United States under the bill would be to obtain more open and equitable market access for U.S. exports of goods and services and to harmonize, reduce and eliminate barriers to international trade.

The bill would also make it a principal U.S. negotiating objective to obtain, to the maximum extent feasible, with respect to appropriate sectors of manufacturing and with respect to the agricultural sector, competitive opportunities for United States exports to developed countries equivalent to competitive opportunities afforded similar products in United States markets. U.S. negotiators would be directed to obtain, to the maximum extent feasible, equivalent competitive opportunities within sectors (e.g., bargaining U.S. import concessions within one sector of manufacturing for foreign concessions resulting in equivalent market opportunities for U.S. exporters in that sector). The private advisory bodies would advise the negotiators on how the goal can best be accomplished. The Special Representative for Trade Negotiations would be required to account to the Congress and the public on how successful he was in achieving this negotiating objective. Private sector advisory committees, established by the Committee bill, would issue formal reports at the conclusion of agreements affecting their sectors, evaluating the equity and mutuality of the agreements within their sectors. The Congress therefore would be better able to judge whether this negotiation achieved mutual benefits for the commerce of the United States.

A further negotiating objective of the United States in the nontariff barrier negotiations would be to obtain international safeguard procedures designed to permit the use of temporary measures to ease the adjustment to change brought about by the effect of such negotiations upon the growth of international trade.

The Committee bill would establish as a principal negotiating objective, the entering into of trade agreements with any foreign country or group of countries which supply the United States with articles of commerce which are essential for U.S. economic requirements, and for which the United States does not have, or cannot easily develop, the necessary productive capacity to supply its own requirements.

The Committee bill would authorize and encourage the President to enter into bilateral trade agreements where such agreements would better serve U.S. economic interests than agreements undertaken on a multilateral basis. In addition, the Committee bill would direct the President to enter into a trade agreement with Canada aimed at eliminating or moving to eliminate trade barriers between the two countries on a reciprocal basis.

Reform of the General Agreement on Tariffs and Trade (GATT) (Title I, Ch. 2).—The bill would direct the President to seek reform of the GATT (or through negotiation of other agreements) to establish principles promoting the development of an open, nondiscriminatory and fair world economic system. Such principles would include: (1) revision of decision-making procedures of the GATT, (2) expansion of the safeguard provision (Article XIX) to cover all forms of import restraints countries use in response to injurious competition, (3) extension of the Agreement to matters not presently covered to move toward fair trade practices, (4) the adoption of international fair labor standards, (5) revision of the Agreement with respect to the treatment of border adjustments for internal taxes, (6) revision of the Agreement to recognize import surcharges as the preferred response to balance of payments deficits, (7) strengthening of the Agreement to assure access to supplies including rules and procedures governing imposition of export controls, the denial of fair and equitable access to such supplies, and effective consultation procedures, (8) the establishment of multilateral procedures and sanctions with respect to such countries which deny fair and equitable access to supplies of food, raw materials, semi-manufactured and manufactured commodities, and thereby injure the international community, (9) establishment of international procedures for regular consultation among countries regarding international trade and the resolution of commercial disputes, (10) any revisions necessary to apply principles of reciprocity and nondiscrimination including elimination of special preferences and reverse preferences, (11) any revision necessary to establish more flexible international monetary mechanisms, (12) any revisions necessary to define acceptable forms of subsidy to industries producing products for export and to attract foreign investment, and (13) any revisions necessary to establish agreement on the extraterritorial application of national laws relating to antitrust, taxation, and foreign trade.

The Committee bill would require that any trade agreement entered into by the President which would change domestic Federal law (or materially change administrative regulations) would not take effect unless implementing legislation was approved by both Houses of Congress.

Balance of Payments Authority (Title I, Section 122).—The bill would direct the President to proclaim, for a period of up to 180 days, such import surcharges (up to 15 percent ad valorem) or, under certain circumstances, import quotas, or a combination of the two, as may be necessary to deal with large and serious U.S. balance of payments deficits, to prevent an imminent and significant depreciation of the dollar, or to cooperate with other countries in correcting international balance of payments disequilibria. If the President fails to take action to protect the United States from continuing, large and serious balance of payments deficits, he would be required to consult with the members of the Committee on Finance and the Committee on Ways and Means.

If the President determines that the United States has experienced large, persistent, real trade surpluses, which require an increase in U.S. imports, he would be authorized to proclaim for a period of up to 150 days, a temporary reduction in the rate of duty of not more than 5 percent ad valorem on any article or an increase in quotas or a temporary suspension of other import restrictions.

Import restrictions would be applied on a nondiscriminatory basis, unless the President determines that circumstances warrant restrictions on imports from individual countries. Such circumstances could include situations in which the large and serious U.S. balance-of-payments deficits are substantially the result of one or several countries having large surpluses and failing to take voluntary and effective action to reduce those surpluses. (It is the Committee's intention that wherever United States trade performance is measured to reach determinations under authorities granted by the bill, the Executive is to assay and publish the U.S. balance of trade on a c.i.f. basis. The c.i.f. basis would, with respect to imports, include the cost of insurance, and freight, and would exclude soft currency sales, long-term foreign-air-financed shipments, and outright grants from export totals.)

Hearings and Advice Concerning Negotiations (Title I, Ch. 3).—The bill contains a number of provisions intended to increase the participation of the public, the Congress, and various governmental agencies in the trade agreements program. The role of the Tariff Commission (renamed the International Trade Commission) as a fact-finder and advisor would be expanded and the Commission would be made more independent of the Executive. In addition, the bill would establish various private advisory groups representing labor, industry, agriculture, consumers and the general public to provide policy and technical advice during the negotiations, and in certain instances, to issue official reports at the conclusion of negotiations within their respective sectors.

Congressional Oversight and Liaison (Title I, Ch.'s 5 and 6).—The capability of the Congress to monitor and shape U.S. trade policy during the negotiations also would be strengthened. In addition to the procedures established for the positive approval of nontariff barrier agreements, the bill provides for Congressional overrides of certain types of Executive actions. Examples of Executive actions which could be overriden by a majority vote of the House and Senate include:

1. Decisions by the President to provide import relief other than that recommended by the International Trade Commission,
2. Decisions by the President to retaliate against foreign countries discriminating against U.S. commerce on a most-favored-nation basis rather than against the specific offending country.

In addition to the implementing bills proposing changes in U.S. law as a result of nontariff barrier agreements under Title I, both Houses must approve by concurrent resolution the extension of trade benefits under future trade agreements negotiated by the Executive with nonmarket countries and either House may veto the extension of benefits to nonmarket countries which have entered into, prior to the enactment of this bill, trade agreements with the Executive. To assure greater Congressional oversight of these negotiations, five members of the House and five members of the Senate would be designated official advisors to the U.S. delegation.

International Trade Commission (Title I, Ch. 7).—The Committee's bill contains several provisions to foster the independence of and to strengthen the Tariff Commission. Because tariffs are no longer the major impediments to trade, the Commission would be renamed the United States International Trade Commission. The Commission would be expanded from six to seven commissioners, no more than four from any one political party. To enhance the commissioners' independence from Executive domination, commissioners' terms would gradually be lengthened to 14 years, but without reappointment.

would be rotated among the commissioners every two years. The Commission would be empowered to enforce its own subpoenas and to represent itself in court proceedings.

TITLE II. RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

Industry Import Relief (Title II, Ch. 1).—The Committee bill would make major changes in the import relief measures provided in the Trade Expansion Act of 1962 for industries. Under present law, increased imports must be *in major part* the result of trade agreement concessions before import relief measures are undertaken; under the Committee's bill, no link to concessions would be required. Furthermore, under the proposed bill increased imports must only be *a substantial cause* of serious injury or the threat thereof ("substantial cause" is defined to mean a cause which is "important" and not less than any other cause) and no longer *the major factor* (generally assumed to mean a cause greater than all other causes combined) of such injury, as required by current law. If the International Trade Commission found imports were a substantial cause of serious injury (or threat thereof) to an industry, the President would be required to provide some form of import relief (duty increases, tariff-rate quotas, quantitative restrictions, orderly marketing agreements, or, under appropriate circumstances and upon a recommendation of the Commission, adjustment assistance). Under present law and under the House bill, the President could choose to do nothing to remedy the serious injury inflicted upon an industry from excessive imports. The Committee decided that whenever serious injury, or that threat thereof, was found to exist by the Commission, some form of relief was justified. The Committee also added a provision to the effect that if the Congress preferred the form of import relief proposed by the Commission to the relief provided by the Executive, a majority of those present and voting of both Houses could pass a resolution requiring the President to implement the relief recommended by the Commission.

Worker Adjustment Assistance (Title II, Ch. 2).—The Committee approved major modifications in the existing program of trade adjustment assistance for workers displaced by increased imports. These changes would make adjustment assistance more accessible to these workers. In addition to easing the eligibility tests, the level of benefits would be increased and there would be additional measures aimed at helping adversely affected workers to find new employment, including job search, training and relocation allowances.

Under the worker adjustment assistance provisions approved by the Committee, workers in a firm would qualify for trade adjustment benefits if the Secretary of Labor, within sixty days after the filing of a petition, finds that an absolute increase in imports *contributed importantly* to the workers' unemployment, and to a decrease in sales or production of the firm from which they have become unemployed.

Workers certified as eligible for trade adjustment assistance would receive benefits equal to 70 percent of each worker's average weekly earnings prior to the time he or she became unemployed for a period of up to 52 weeks (the duration of benefit eligibility could be extended for older workers and workers in training). This benefit level, however, could not exceed 100 percent of the national average weekly wage in manufacturing which is currently about $180.

Under the Committee bill, States would be responsible for meeting the basic costs of benefits for which workers would be eligible under existing State unemployment insurance programs. Supplemental benefits provided over and above that level would be paid for by the Federal Government.

The Program would cost the Federal Government an estimated $335 million in its first year and would expire September 30, 1980.

Firm Adjustment Assistance (Title I, Ch. 3).—Firms adversely affected by imports, which are found eligible for assistance, would be entitled to technical assistance as well as financial assistance in the form of loans and loan guarantees, as under present law. Under the Committee bill, the Secretary of Commerce would be required to reach his decision on a firm's adjustment assistance proposal no later than sixty days after receiving the firm's application. The injury test for firms would be virtually identical to that required of workers. The program of adjustment assistance for firms, like the worker adjustment assistance program, would expire September 30, 1980.

Community Adjustment Assistance (Title II, Ch. 4).—The Committee bill would establish a new program for community adjustment assistance intended to help restore the economic viability of areas adversely affected by increased imports. The Committee bill is intended to create new job opportunities in trade impacted areas. Under the bill, local governmental units would petition the Secretary of Commerce for a certification of eligibility to apply for assistance. Communities would be certified as eligible to apply for adjustment assistance if the Secretary determines that a significant number or proportion of the workers employed within the "trade impacted area" defined by the Secretary of Commerce have been or are threatened to become totally or partially separated, that sales or production of a firm or firms within the area have decreased absolutely, and that increased imports or the transfer of productive facilities to a foreign nation have contributed importantly to the unemployment or decline in sales or production. Eligible communities could receive a variety of developmental assistance including technical assistance and direct grants for the acquisition and development of land and improvements of public works and public services.

The bill contains several provisions designed to attract new investment to trade impacted areas. The Secretary of Commerce would be authorized to make loans to qualified applicants to acquire, construct, or modernize plant facilities or for such other purposes as the Secretary determines are likely to attract new investment and to create new, long-term employment opportunities within the area. The Secretary would be authorized to make loan guarantees available to qualified applicants under a joint security agreement with the Governor and/or local official in whose jurisdiction the trade impacted area lies (provided the locality's revenue sharing entitlement in previous years has exceeded its share of the guarantee). In order for the loan guarantee to be made, the Governor and/or local official would be required to sign a commitment pledging such a portion of the state and locality's next general revenue sharing entitlement as is necessary to cover up to 50 percent of the deficiency.

In the event of a default on a loan guarantee, the Secretary of Commerce would certify the circumstances and amount of the deficiency to the Seretary of Treasury; the Secretary of Treasury would reduce the state and/or locality's entitlement for the subsequent revenue sharing allotments by 50 per cent of the deficiency. The remaining half would be satisfied out of the general revenues of the Treasury. States would be permitted to enact alternative loan guarantee plans to satisfy any potential liability upon the approval of the Secretary of Commerce.

In order to encourage an increase in the participation of labor in the equity ownership of a corporation which receives special Federal assistance in the form of loan guarantees, the Committee required a qualifying corporation to adopt an employee stock ownership plan. Under the proposal, a corporation whose loan is guaranteed would be required to establish an employee stock ownership plan involving stock valued at least one-quarter the amount of the loan guarantee.

One hundred million dollars would be authorized for loans and direct grants during the first year; up to $1 billion in outstanding loans could be guaranteed at any one time. The community adjustment assistance program would also expire September 30, 1980.

Trade Statistics Monitoring System.—In order to facilitate the operation of the community assistance program, the Committee bill would establish a statistical monitoring system to correlate increases in imports with employment levels by economic sectors. The Committee bill would direct the Bureau of Census and the Bureau of Labor Statistics to develop a program to monitor import trends and to signal abrupt increases in imports which are likely to adversely affect employment in particular sectors of the economy which may be concentrated in particular geographic regions. Such data would be published periodically and made available on a timely basis to the Adjustment Assistane Coordinating Committee. The information could serve as an early warning of serious dislocation from abrupt increases in imports.

GAO Evaluation of Trade Adjustment Assistance.—The community assistance program would be a new and, the Committee believes, much needed adjunct to our international trade policy. In order for the Congress to better fulfill its oversight responsibilities over the program, and over the worker and firm programs, the Committee bill would terminate these provisions in five years and require a GAO evaluation study to be completed before the end of that period.

Relocation of Firms Outside the United States.—The Committee also felt that firms which make the decision to relocate in a foreign nation ought to assume certain responsibilities toward the employees displaced by foreign production. Under the Committee bill, firms which decide to close their productive facilities in a community and establish a facility producing like or similar articles in a foreign nation would be directed to:

1. Provide advance notice of at least 60 days to employees likely to be laid off;
2. Provide the same advance notice to the Secretary of Labor and the Secretary of Commerce explaining the reason for the relocation;
3. Apply for and utilize all economic adjustment assistance to which they are entitled;
4. Offer alternative employment opportunities to dislocated workers in other facilities within the U.S. wherever they exist; and
5. Assist in the relocation of these workers to other communities in which employment opportunities exist.

TITLE III. RELIEF FROM UNFAIR TRADE PRACTICES

Generally.—The Committee's bill substantially revises Executive authority under existing law to respond to foreign unfair trade practices, including authorities under the Trade Expansion Act of 1962, the Antidumping Act of 1921, and the Tariff Act of 1930. The Committee's intention generally has been to assure a swift and certain response to foreign import restrictions, export subsidies, and price discrimination (dumping) and other unfair foreign trade practices, through the revision of U.S. laws.

A. *Retaliation Against Foreign Import Restrictions; Export Subsidies and Withholding of Supplies* (Title III, Sections 301–

302).—Under Section 301 of the bill, the President would be authorized to retaliate against foreign countries which impose unjustifiable or unreasonable restrictions against U.S. Commerce. The Committee agreed to amend Section 301 of the House bill to make it explicit that the President has authority to retaliate against countries which maintain such restrictions against U.S. *services* as well as U.S. trade in goods. Discrimination against U.S. services would include, but not be limited to, discrimination against U.S. shipping, aviation, and insurance industries. Retaliation could occur with respect to foreign services as well as foreign merchandise.

In order to make section 301 a more effective tool against foreign practices and policies adversely affecting the U.S. economy, the Committee also provided a complaint procedure whereby interested parties could petition the Special Representative for Trade Negotiations to conduct a review, with public hearings of such alleged practices and policies. The Special Representative would be required to report to Congress on a semiannual basis concerning the status of the reviews undertaken pursuant to this section.

The Committee bill would require that actions taken by the President under Section 301 should generally be on a selective basis, that is, only against those countries found to discriminate against U.S. commerce. The Committee retained the provision of the House bill under which the President would have the discretion to act on a selective or a most-favored-nation (that is across-the-board) basis when retaliating against unjustifiable import restrictions. However, the Committee provided that Congress could overrule the President's determination to act against "innocent" countries and require, by concurrent resolution, that the President act only against the offending country (or countries) maintaining unreasonable or unjustifiable restrictions against U.S. commerce or withholding supplies.

The Committee's decision to give the power of retaliation in situations in which a foreign nation withheld supplies of needed commodities without justification complements other features of the bill directing the President to negotiate new, enforceable rules with respect to export restraints. In an international economic period characterized by widespread shortages and inflation, this is a vital aspect of the trade negotiations.

B. *Antidumping Duties* (Title III, Section 321).—The bill would make several significant changes in the antidumping statute to improve the U.S. response to foreign price discrimination practices.

1. *Home market prices.*—The Committee bill would direct the Secretary of the Treasury to require that certified import invoices include data reflecting the home market price and the purchase price of each article imported in the U.S. Also, the importer would be required to state whether he has knowledge of a bounty or grant (subsidy) on the article by the exporting country. Confidential information would be protected.

2. *Equal hearing rights.*—Under the House bill, foreign manufacturers and importers would have an automatic right to a hearing before the Secretary of the Treasury or the Commission in connection with less-than-fair-value or injury determinations made under the Antidumping Act. Other persons, including domestic manufacturers, could appear at such hearings only upon a showing of good cause. The Committee bill would amend the House bill to provide that U.S. manufacturers, producers, or wholesalers of the merchandise, as well as foreign manufacturers, exporters and domestic importers, would have an equal and automatic right to appear at such hearings.

3. *Preliminary injury determination.*—The Committee bill would authorize the Secretary of the Treasury, when he concluded that there was substantial doubt that a U.S. industry was being injured by "dumped" imports, to refer the initial dumping complaint to the Commission for its consideration. If the Commission determined that there was no reasonable indication of injury, it would notify the Secretary within 30 days and the dumping investigation would terminate.

4. *Time limits.*—The Committee bill, like the House bill, would require that the initial determination whether there is reason to believe that there are less-than-fair-value sales be made within 6 months from the date on which the antidumping proceeding notice is published. (This period for initial determination could be extended to 9 months in complicated cases.) The Committee amended the procedure to require that the antidumping proceeding notice must be published within 30 days of the receipt of an antidumping complaint by the Secretary of the Treasury.

5. *Multinational corporation dumping.*—The Committee bill would authorize the Secretary of the Treasury to impose dumping duties when a multinational corporation operating in several foreign countries supports low-priced exports to the United States through high-priced sales by other subsidiaries located in other foreign countries. Specifically, when the Secretary determines that:

(1) merchandise exported to the U.S. is produced in facilities owned or controlled by a person, firm, or corporation which also owns or controls similar facilities in other countries;

(2) there are little or no sales in the home market of the exporting country; and

(3) sales of like or similar merchandise made in other countries are at prices substantially higher than the prices charged for goods produced in the exporting country and such price differentials are not justified by cost differences,

the Secretary could determine the foreign market value by looking at the higher prices (adjusted for differences in cost of production) at which similar merchandise is sold by other foreign facilities located outside the exporting country. The dumping duty could then be assessed in an amount equal to the difference between the purchase price in the U.S. (or the exporter's sale price) and the higher foreign market value of goods sold by the third country subsidiaries rather than the lower foreign market value of the goods actually exported to the United States.

6. *Judicial review.*—The bill authorizes judicial review for U.S. producers and manufacturers in the U.S. customs courts of negative antidumping decisions made by the Secretary of the Treasury. Importers and foreign producers are entitled to judicial review under current law.

C. *Countervailing Duties* (Title III, Section 331).—Section 303 of the Tariff Act of 1930 requires the Secretary of the Treasury to impose countervailing duties upon imported merchandise if its manufacture, production, or export has benefited directly or indirectly from a bounty or grant (subsidy). Section 331 of the bill would make major procedural as well as substantive changes in the countervailing duty law to improve the operation of the statute:

1. *Beginning of time period for investigation.*—Under the House bill, the time period for concluding countervailing duty investigations would run from the date on which the question was presented to the Secretary of the Treasury, a date which is left to the discretion of the Secretary following the receipt of a petition. The Committee bill provides that the time period for countervailing duty investigations would begin to run from the date a petition is presented to the Secretary of the Treasury. Notice of the receipt of such petition would be published in the Federal Register.

2. *Time limits; conditional discretion and Congressional override.*—Under the House bill, the Secretary of the Treasury would have one year to conclude an investigation to determine whether or not an imported product is subject to a bounty or grant. Furthermore, the House bill would have allowed the Secretary four additional years in which to waive the imposition of countervailing duties whenever he determined that imposition of such duties would prejudice trade negotiations with countries affected. The Committee felt that this discretionary authority was without sufficient safeguards and could result in serious injury to U.S. industries. Consequently, the Committee provided that:

(a) The Secretary of the Treasury would have six months from the date of the petition in which to make a preliminary determination as to the existence of a bounty or grant.

(b) If the initial determination indicated the likely existence of a bounty or grant, the Secretary of the Treasury would have an additional six months to negotiate with the particular foreign country(ies) in an attempt to obtain the elimination of the bounty or grant.

(c) If the bounty or grant, or any portion thereof, remained in effect, the Secretary of the Treasury would then be required to issue a final countervailing duty order following the end of the second six-month period (total time period one year from date of petition). However, he may suspend the application of the order if he determined that:

(i) adequate steps had been taken substantially to reduce or eliminate the adverse effect of the bounty or grant;

(ii) there is a reasonable prospect that successful trade agreements will be entered into, under section 102, with foreign countries providing for the reduction or elimination of nontariff barriers; and

(iii) the imposition of countervailing duties would be likely to seriously jeopardize the satisfactory completion of such negotiations.

The suspension must be ended if any of the conditions described above do not continue, and may be ended at any time. The authority of the Secretary to suspend countervailing duties would expire after two years from date of enactment of the bill. The initial determination, the results of any negotiation, and any final determination (including suspension of countervailing duties) would be made public.

(d) If the Secretary decided to suspend the imposition of countervailing duties, he would immediately report his determination to Congress. At any time thereafter, either House of Congress could, under the veto procedure agreed to by the Committee, vote by simple majority to override the Secretary's decision and to require the Secretary to impose immediately the countervailing duties.

(e) Countervailing duty orders by the Secretary of the Treasury would go into effect immediately upon publication of the order in the Federal Register (no later than one year after the date a petition is submitted to the Secretary). In the case of a Congressional override, notice of countervailing duties would be published and such duties would go into effect the day after the date of the adoption of the resolution of disapproval.

(f) The determination by the Secretary of the Treasury that no bounty or grant exists would be subject to judicial review. Under existing law, only positive determinations are subject to judicial review.

3. *Exception for products subject to quotas.*—The Committee bill deletes the langauage in the House bill which would have provided the Secretary of the Treasury the

discretion to waive the imposition of countervailing duties for products subject to quantitative restrictions. The House provision would have applied primarily to agricultural products subject to quotas under Section 22 of the Agricultural Adjustment Act of 1933.

D. *Unfair Import Practices* (Title III, Section 341).—Section 337 of the Tariff Act of 1930 authorizes the Tariff Commission to investigate alleged unfair methods of competition in the importation of articles or in the sale of imported articles in the United States. It has been most often applied to articles entering the United States in violation of claims under U.S. patents. Under present law, if the Commission finds the effect of such methods is to destroy or substantially injure an industry efficiently and economically operated in the United States, to prevent the establishment of an industry or to restrain or monopolize trade or commerce in the United States, the articles involved *may* be excluded from entry into the United States by the Secretary of the Treasury at the direction of the President.

Section 341 of the House bill would amend section 337 of the Tariff Act of 1930 to authorize the Commission, itself, to order the exclusion of articles involved in unfair methods and acts based upon United States patents.

The Committee bill, on the other hand, would authorize the Commission to order the exclusion of articles in all cases under section 337, patent and nonpatent. The Committee bill would also permit the Commission to issue cease and desist orders rather than exclusion orders whenever it deemed such action a more suitable remedy. If the cease and desist order were not adhered to, the exclusion order would go into effect. More specifically, the Committee bill incorporates the following provisions:

1. *Time limits for action*.—The Committee bill would require that International Trade (Tariff) Commission investigations of unfair trade practices under section 337 be completed within a one-year period. The Commission would be given an additional 6 months in complicated cases, provided that it publish the reasons for the extension. Any period during which the Commission's investigation is suspended because of proceedings in a Federal court or agency involving the same subject matter, would be excluded from the time periods.

2. *Investigations by the Commission*.—During its investigations under section 337, the Commission would be directed to consult with the Departments of Justice, Health, Education, and Welfare, the Federal Trade Commission, and other government agencies when appropriate. In making its determinations as to whether or not to act, the Commission would be required to take into consideration, in addition to the criteria currently set out in section 337(a), the effect which such action would have on the general health and welfare, on competitive conditions in the economy, on the production of like or competitive merchandise in the United States, and on consumers. These considerations could be overriding.

3. *Presidential intervention*.—Following the issuance of exclusion or cease and desist orders by the Commission, the President would have 60 days in which to intervene and override the Commission's decision where he determined it necessary because of overriding policy reasons.

4. *Patent cases*.—The House bill would be amended to provide that price gouging be considered by the Commission as a valid defense in section 337 patent cases, along with other legal and equitable patent defenses. Under the Committee bill, the remedies in section 337 patent cases would not apply to imports by the U.S. Government. Such actions against the Government would be brought in the U.S. Court of Claims.

5. *Bonding procedure*.—Temporary exclusion orders may be issued in certain circumstances under section 337; in such cases (and also during the 60-day period for Presidential intervention), provision is made for entry under bond. The Committee bill would amend section 337 to require the Secretary of the Treasury, prior to levying a bond, to acquire the advice of the Commission concerning the amount of the bond in both patent and nonpatent cases.

6. *Transitional measures*.—The Committee bill would require the Commission to complete within one year its investigations on all section 337 cases pending on the date of enactment of the trade bill.

7. *Res judicata, collateral estoppel*.—Under the Committee bill, decisions by the U.S. Court of Customs and Patent Appeals reviewing Commission decisions under section 337 should not serve as res judicata or collateral estoppel in matters where U.S. District Courts have original jurisdiction.

TITLE IV. TRADE RELATIONS WITH COUNTRIES WHOSE PRODUCTS ARE NOT CURRENTLY RECEIVING MOST-FAVORED-NATION (NONDISCRIMINATORY) TREATMENT IN THE U.S. MARKET

Title IV of the House bill would authorize the President to extend, under certain circumstances, most-favored-nation (nondiscriminatory) trade concessions to countries whose products do not currently receive such treatment. The only countries not now receiving nondiscriminatory treatment in the U.S. market are the communist nations (with the exception of Poland and Yugoslavia, whose products do receive such treatment). Under Section 231(a) of the Trade Expansion Act of 1962, the President is precluded from extending nondiscriminatory or column 1 treatment to countries not currently receiving such treatment.

Title IV would impose several conditions on the delegation of authority to the President to extend nondiscriminatory treatment. Section 402 would provide that no country would be eligible to receive nondiscriminatory tariff treatment or U.S. Government credits, credit guarantees or investment guarantees if the President determines such country:

(1) denies its citizens the right or opportunity to emigrate;

(2) imposes more than a nominal tax on emigration or on the visas on other documents required for emigration, for any purpose or cause whatsoever; or

(3) imposes more than a nominal tax, levy, fine, fee or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice.

The Committee bill retains the House bill language in section 402 relating to freedom of emigration. The Committee reserves the right to recommend to the Senate such amendment as may be necessary to clarify the requirements of section 402 after conducting public hearings on the subject and before consideration of the bill on the floor of the Senate.

A country would become eligible for nondiscriminatory treatment under this title only after the President determined that it was not violating any of the above conditions and so reported his determination to the Congress. Any country which was found to be denying its citizens the rights to emigrate would also be prohibited from receiving any U.S. Government credits, credit guarantees, or investment guarantees, and from entering into a bilateral trade agreement under section 403. Following receipt of the initial report by the President to the Congress under section 402, either House could veto the extension of Government credits and guarantees to the country concerned by a majority veto within 90 days.

Under the Committee bill, only countries entering into bilateral agreements with the United States could receive nondiscriminatory treatment. The House bill would have granted nondiscriminatory treatment to countries which are members of the GATT. Nondiscriminatory treatment would remain in effect only so long as a trade agreement remained in force between the United States and the country concerned. The President, however, would have the authority to suspend or withdraw nondiscriminatory treatment to any country at any time.

Under section 403, nondiscriminatory treatment for any country which had entered into an agreement with the United States for the settlement of lend-lease debts would be limited to periods in which the country was not in arrears on its obligations under the agreement. The Soviet-American lend-lease settlement agreement, on the other hand, conditions the Soviet Union's fourth and all subsequent lend-lease payments upon the extension of nondiscriminatory treatment by the United States.

All future bilateral agreements entered into between the United States and a nonmarket economy nation would be subject to approval by both Houses of Congress before the President could proclaim trade concessions. The one-House veto provision in the House bill would still apply to the extension of nondiscriminatory treatment under the U.S.-Soviet commercial agreement. Furthermore, following receipt of the annual December report of the President under sections 402 and 403, either House could, within 90 days, veto the continued extension of MFN treatment or granting of government credits or guarantees to any country receiving nondiscriminatory treatment under Title IV. Trade benefits under any bilateral agreement would be limited to an initial period not exceeding three years. Thereafter, an agreement could be renewed for additional periods, each of not more than three years, providing that a satisfactory balance of concessions in trade and services had been maintained and that U.S. reductions in trade barriers had been reciprocated by the other party. Services would include transportation and insurance and other commercial services associated with international trade.

Bilateral agreements would be required to include provisions for: (1) suspension or termination for reasons of national security, (2) safeguards against disruption of domestic markets, (3) protection of patents if the other party is not a member of the Paris Convention for the Protection of Industrial Property, (4) settlement of commercial disputes, and (5) consultations for reviewing the operation of the agreement and relevant aspects of relations between the United States and the other party. Bilateral agreements could also include arrangements for the protection of industrial rights such as copyrights, promotion of trade, and other commercial arrangements promoting the purposes of the bill.

Market disruption.—The Committee bill contains significant improvements in the provisions of the House bill designed to avert disruption of U.S. markets by imports from nonmarket economies.

1. *Safeguard provisions in commercial agreements*.—Under the Committee bill, consultation procedures and rules would be written into all commercial agreements with nonmarket countries similar to Article 3 and Annex I of the U.S.-U.S.S.R. Trade Agreement.

2. *Petition for consultation*.—The Committee bill would permit trade associations, firms, and unions to petition the Special Representative for Trade Negotiations to initiate consultation procedures between the U.S. and the particular nonmarket economy upon a showing of likelihood of market disruption as a result of imports entering under

a commercial agreement negotiated pursuant to Title IV.

3. *Relief from market disruption.*—The Committee bill would amend the market disruption provisions of the House bill to provide that market disruption may be found to exist upon a determination by the International Trade (Tariff) Commission that an article from any communist country is being, or is likely to be, imported into the United States in such increased quantities as to be a significant cause of material injury, or the threat thereof, to a domestic industry. The Commission would have three months to conclude its investigation under section 406, as amended by the Committee. These provisions would apply to all communist countries.

4. *Expedited relief.*—The Committee bill would authorize the President to take immediate action whenever he determines that a condition eixsts requiring emergency treatment. This "fast track" authority would apply to both the consultative procedures undertaken by the STR and the market disruption relief provisions in section 406, as amended by the Committee.

5. *Selective application.*—The Committee bill would limit the President's authority to impose import restrictions only to the products from nonmarket countries which are causing the market disruption.

Claims settlement with Czechoslovakia.—Under the Committee bill, Czechoslovakia would not be eligible to receive most-favored-nation treatment, U.S. Government credits or guarantees, or the release of Czechoslovakian gold until the Government of Czechoslovakia first pays all principal amounts it owes U.S. citizens on awards rendered by the United States Foreign Claims Settlement Commission.

Cooperation in locating MIA's in Southeast Asia.—Title IV of the Committee bill includes a provision which would condition the extension of MFN treatment and government credits to nonmarket economies upon a Presidential determination that such countries had undertaken to obtain the cooperation of the pertinent governments in Southeast Asia in locating U.S. personnel missing in action, in repatriating those who are alive, and in recovering the remains of those who are dead.

TITLE V. GENERALIZED SYSTEM OF PREFERENCES

General Authority.—Title V of the bill would provide the President with general authority to extend duty-free treatment to eligible products imported into the United States from beneficiary developing countries for a 10-year period. The essential features of the program would be as follows:

The President would be authorized to extend duty free to specified products imported from developing countries;

The President would designate beneficiary developing countries; 26 countries are expressly excluded;

Eligible articles would have to be imported directly from the developing country; the value added in that country must be at least a minimum percentage (35%) of the value of the article, except in those cases where the country is a member of a free trade association in which the local content from association countries must be 50%;

Articles subject to escape clause or national security relief would be excluded;

Articles imported from any one country would be excluded if the imports of the article from that country exceed $25 million or 50% of total U.S. imports of that article;

The system would be reviewed in a report to Congress after five years and would expire after ten years.

In addition, the Committee bill includes the following provisions:

1. *Beneficiary developing countries.*—The Committee bill would exclude countries within the following categories from eligibility to receive generalized preference under Title V of the bill:

a. All Communist countries.

b. Any country which has entered into a cartel-type arrangement, the effect of which is to withhold supplies of vital materials or to charge a monopolistic price which creates serious disequilibrium in the world economy. This category would be applied explicitly to all member countries of the Organization of Petroleum-Exporting Countries (OPEC). Countries which are members of such cartels as OPEC, could only qualify for preferential treatment in the U.S. market if they entered into an agreement with the United States or an agreement to which the United States is a party, which assures U.S. access to essential articles at reasonable prices.

c. Any country which has expropriated the property of a U.S. national without provision for prompt, adequate, and effective compensation or without submitting the dispute to arbitration or carrying on good-faith negotiations.

d. Any country which has not taken adequate steps to prevent narcotics and other controlled substances from unlawfully entering the United States.

2. *Reverse preferences.*—Under the House bill, countries which grant reverse preferences to developed countries are not eligible for generalized preferences under Title V. The Committee bill would amend this section to provide that countries could be eligible for generalized preferences if they eliminate such preferences by January 1, 1976, or if they take steps to assure that such preferences do not have a significant adverse effect on U.S. commerce by January 1, 1976.

3. *Insular possessions.*—The Committee bill includes a provision stipulating that insular possessions of the United States must receive treatment no less favorable than that accorded any other developing country with respect to any eligible product under Title V of the bill.

4. *Sensitive products.*—The Committee understands that articles which are sensitive articles, including, but not limited to, those described in a letter from the Special Representative for Trade Negotiations, would be excluded from preference eligibility under Title V of the bill. The President would exclude such products as he deems would be sensitive after receiving the Commission's report.

5. *Access to markets and commodity resources.*—The Committee bill would require the President to take into account the extent to which a developing country was providing the United States equitable and reasonable access to its markets and basic commodity resources in determining whether to designate such country as eligible to receive preferences under Title V.

6. *Termination of preferential treatment.*—The Committee bill would extend the time period for notification to the Congress of a Presidential decision to terminate preferential treatment for a developing country from 30 days (under the House bill) to 60 days prior to the time the determination takes effect. Furthermore, the amendment would require that the country involved also be notified within 60 days prior to the effective date of the termination of its preferential treatment.

7. *Local content (value added) requirement.*—Under the House bill, a developing country exporting a product to the United States would have to provide between 35 percent and 50 percent of the value of the product upon importation into the United States in order to be eligible for duty-free treatment. Under the Committee bill, less developed countries which are members of a free trade area or customs union and designated by the President could be aggregated in applying the local content requirement under Title V of the bill. Such countries would also be aggregated for purposes of the competitive need formula. However, in any case where more than one developing country has contributed to the value of a product, a flat local content requirement of 50 percent would be applied. In those cases where only one developing country had contributed to the value of a product, a flat local cost requirement of 35 percent would be applied.

8. *Increases in gross national product.*—Under the House bill, any product is imported into the United States from any developing country in an amount equal to more than $25 million in value in any one calendar year would lose its eligibility for duty-free treatment under Title V of the bill. The Committee bill includes an escalator provision which would provide for an annual percentage increase in the $25 million figure equal to the percentage increase in the U.S. gross national product for the year preceding the year in question over the U.S. gross national product in 1974.

9. *Products not produced in the United States.*—The Committee bill would exempt any product from the 50-percent-of-total-imports ceiling in Title V of the bill where there is no directly competitive article produced in the United States. Thus, even if a product from a particular developing country represents more than 50 percent of total U.S. imports of that product in any one calendar year, it would still be eligible for duty-free treatment under Title V of the bill if there were no directly competitive article produced in the United States. Under certain circumstances, the President could waive the 50 percent or $25 million ceiling.

TITLE VI. GENERAL PROVISIONS

Title VI of the bill contains general provisions covering definitions, relations to other laws, conforming changes in the tariff schedules and other matters.

Of particular significance are the following provisions of the Committee bill:

Services.—The Committee bill would amend Title VI to make it explicit that whenever the term "commerce" is used throughout the trade bill, it is to include by definition services associated with international trade. Furthermore, the term "trade" in Title I of the bill is defined to include trade in goods and services.

Narcotics.—Title V of the Committee bill would condition the extension of preferential treatment to a developing country upon a requirement that it take adequate steps to prevent narcotics and other controlled substances from unlawfully entering the United States. Consistent with this, the Committee bill would delete Section 606 of the House bill which would have required the President to embargo trade and investment with any country which the President determined had failed to take adequate steps to prevent narcotic drugs and other controlled substances from unlawfully entering the United States. In lieu of the embargo provision, a provision in Title VI of the Committee bill would require the President to report to the Congress describing where dangerous drugs are being produced abroad, refined and shipped to the United States, and of the steps these specific countries have taken with respect to controlling the production and transportation of such products.

Uniform Import Statistical Collection and Reporting.—The Committee bill would direct the appropriate agencies to collect and publish uniform statistics on imports, exports and production. At the present time, trade statistics and production data are collected in such a manner as to make comparisons impossible.

Trade Statistics.—The Committee bill would require that the Executive Branch submit monthly to the Senate Committee on Finance and House Committee on Ways and Means trade data which would include in all import values the cost of insurance, port charges and freight and would exclude from all export values soft currency sales and long-term foreign aid shipments.

Voluntary Steel Restraint Agreement.—The Committee bill includes a provision which would immunize persons from prosecution under state and Federal antitrust laws by reason of their participation in the voluntary arrangement regarding steel imports to the United States which expires December 31, 1974.

Comparison of the Major Provisions of the House Bill and Committee on Finance Amendments to H.R. 10710, the Trade Reform Act of 1974

TITLE I. NEGOTIATING AND OTHER AUTHORITY

HOUSE BILL	COMMITTEE BILL
Sections 101–163	Sections 101–175

TRADE AGREEMENTS AUTHORITY

HOUSE BILL	COMMITTEE BILL
Five-year authority to enter into trade agreements, proclaim rate changes, and negotiate nontariff barriers.	Time limitations on trade agreement authority the same as in House bill.
Limits on tariff decreases: *Rates 5 percent ad valorem or less—no limitation *Rates more than 5 percent but less than 25 percent ad valorem—60 percent reduction *Rates 25 percent ad valorem or more—75 percent reduction subject to 10 percent ad valorem "floor"	Limits on tariff decreases: *Rates 10 percent ad valorem or less—no limitation *Rates more than 10 percent ad valorem—50 percent reduction
Limits on tariff increases: *the higher of: 150 percent of 1934 rates, or 120 percentage points above 1973 rates.	Limits on tariff increases: *Essentially unchanged from House bill.

NONTARIFF BARRIERS (NTB'S)

HOUSE BILL	COMMITTEE BILL
(1) Congressional intent: President should take all steps to reduce or eliminate trade barriers To extent feasible, balance should be sought for major product sectors	(1) Congressional intent: NTB scope broadened to include: *subsidies adversely affecting the U.S. economy, and measures preventing fair and equitable access to supplies, *and* *trade barrier *harmonization,* as well as reductions or eliminations to be sought. To maximum extent feasible, agricultural tariffs and NTB's to be negotiated in conjunction with industrial tariffs and NTB's. To extent feasible, sector-by-sector negotiations to occur on the basis of appropriate product sectors of manufacturing. Principal objectives in the negotiation of NTB's to include agreements on international safeguards procedures and to provide availability of essential articles at reasonable prices.
(2) Where no change in U.S. law is required (as determined by President), President could negotiate and implement nontariff trade agreement Where change in U.S. law is required (as determined by President), change would become law unless vetoed by either House or Senate within 90 days.	(2) The President would be authorized and encouraged to negotiate bilateral agreements with foreign countries if such agreements would better serve U.S. economic interests than multilateral agreements. In addition, the President would be directed to negotiate an agreement with Canada aimed at the mutual elimination of trade barriers. (3) All NTB agreements to be submitted to Congress, and to enter into effect only after enactment of necessary implementing legislation by both Houses of Congress. (Congressional Approval Procedure.)

STAGING REQUIREMENTS

HOUSE BILL	COMMITTEE BILL
Annual tariff reductions may not exceed the greater of— 3 percentage points in the tariff rate, or $\frac{1}{15}$ of the total reduction. No staging requirement where existing tariff is reduced 10% or less.	Where reductions are greater than 20 percent ad valorem— * annual reductions shall not exceed $\frac{1}{10}$ of the total. Where reductions are not greater than 20 percent ad valorem— * annual reductions shall not exceed 2 percent ad valorem. Reductions of 10 percent or less of the existing rate—same as House bill.

GATT REVISION AND AUTHORIZATION

HOUSE BILL	COMMITTEE BILL
(1) President shall renegotiate GATT articles dealing with: * decision-making procedure (weighted voting) * import relief * unfair trade practices * international fair labor standards * border taxes * balance of payments measures	(1a) President to renegotiate GATT articles on new codes on trade principles noted in House bill, and, *in addition:* * access to supplies, including rules governing export controls, denial of supplies, and consultations on supply shortages * the extension of GATT to deal with countries which deny goods and thereby injuring the international community * any revisions necessary to establish regular consultations * elimination of special reverse preferences * flexible monetary mechanisms * code on subsidies and foreign investment incentives * agreements on extraterritorial application of national laws. (1b) Agreements covering the above which require modification of Federal laws would be subject to congressional approval.
(2) Authorizes appropriations for existing GATT	(2) Appropriations for GATT authorized without implied approval or disapproval of the Agreement.

BALANCE OF PAYMENTS AUTHORITY

HOUSE BILL	COMMITTEE BILL
(1) When U.S. has large *deficit:* * Impose import surcharge of up to 15% and/or impose temporary quotas * 150 day limit (2) When U.S. has large *surplus:* * Reduce duties by not more than 5 percentage points * Reduce or suspend other import restrictions * 150 day limit	(1) President *directed* in deficit situations to take House-specified corrective actions for up to 180 days, unless he determines and so informs Congress, that the corrective actions would be contrary to the national interest. (2) Changed to deal with *balance-of-trade* surplus, (imports measured on CIF basis). * Remedies essentially unchanged from House version, except that uniform product coverage generally required

COMPARISON OF THE MAJOR PROVISIONS OF THE HOUSE BILL AND COMMITTEE ON FINANCE AMENDMENTS TO H.R. 10710, THE TRADE REFORM ACT OF 1974

HOUSE BILL	COMMITTEE BILL
ANTI-INFLATION AUTHORITY	
Authorizes President to reduce or suspend duties and/or increase level of imports subject to quotas Coverage limited to 30% of U.S. imports during any 150-day period Excludes articles subject to proclamations under sec. 22 of the Agricultural Adjustment Act, those subject to import restrictions under national security provisions, and those subject to import relief actions	Anti-inflation authority deleted.
OTHER AUTHORITIES DELEGATED TO THE PRESIDENT	
(1) Compensation for import relief measures— * Authority available after 5 years * Tariffs may be cut up to 30% * No provision for increasing tariffs once import relief measures are terminated	(1) Compensation authority essentially unchanged from House bill; *however,* compensation not authorized to countries where the United States has not obtained adequate compensation for past trade agreement violations. Compensation phased out when import relief measures terminate.
(2) Renegotiation of duties ("clean-up" authority) * 2-year authority after 5-year trade agreement authority expires * 20% tariff reduction permitted, subject to general trade agreement limits * *Coverage* limited to 2% of U.S. imports	(2) Renegotiation authority essentially unchanged from House bill.
(3) National security provisions— * Articles excluded from any action reducing duties or other import restrictions where such action would threaten national security. * Articles subject to national security or import relief actions excluded from negotiations, and anti-inflation and compensation actions	(3) Basic national security provisions generally unchanged; *however,* a complaint procedure established whereby petitions for relief from imports threatening to impair the national security would be submitted to the Secretary of the Treasury who shall consult with DOD and other appropriate agencies. Secretary's determination to be made within one year.
TERMINATION AND WITHDRAWAL	
(1) Trade agreements must include provision permitting termination or withdrawal within 3 years, and thereafter upon 6 months' notice	(1) Essentially unchanged
(2) President may at any time terminate tariff reductions proclaimed pursuant to negotiated trade agreement	(2) Unchanged
(3) In order to exercise rights and obligations under any trade agreement, President given specific authority to suspend application of trade agreement and proclaim duty increases	(3) Essentially unchanged
(4) Trade agreement tariff rate may remain in effect 1 year following termination of trade agreement; President submits recommendation for new tariff rates to Congress within 60 days after termination	(4) Essentially unchanged
	(5) President directed to suspend trade agreement obligations and increase duties whenever any foreign country compromises its concessions to the United States without providing adequate compensation.
RECIPROCAL NONDISCRIMINATORY (MFN) TREATMENT	
Generalized unconditional MFN treatment specified except as otherwise provided in TRA or other laws.	Generalized unconditional MFN treatment specified, *but:* * after 5 years the President to determine whether any major industrialized country has failed to make concessions to the United States equivalent in competitive opportunities to those provided by U.S. trade agreement concessions * If a major industrialized country has not made concessions providing for substantially equivalent competitive opportunities the President would be required to withdraw U.S. concessions made in the Trade Agreements Program with respect to that country * The reciprocal MFN treatment described above shall apply to Canada, the EEC, Japan, and any other country so designated by the President.
CONGRESSIONAL PROCEDURE WITH RESPECT TO PRESIDENTIAL ACTION	
Congressional Veto Procedure Applies: * to nontariff barrier trade agreement submitted to Congress * to escape clause, quota, or orderly marketing relief * to retaliation against unfair trade practices * to extension or continuation of nondiscriminatory tariff treatment *Congressional Veto Procedure:* * President transmits proclamation or agreement to Congress * Resolution of disapproval must be introduced and referred to Committee * Committee has 7 calendar days to consider resolution; member favoring disapproval can move to discharge resolution (no amendments permitted) * Floor debate on motion to discharge, or if reported out, on resolution of disapproval (no amendments permitted) * If either House approves resolution of disapproval, agreement or proclamation does not take effect. * *Provided* veto procedure completed within 90 legislative days.	*Congressional Approval Procedure Applies:* * to all nontariff barrier trade agreements, * to GATT revisions requiring modification of existing domestic law (if modification submitted in accordance with Sec. 151) * to bilateral trade agreements with non-MFN countries entered into after enactment. *Congressional approval procedure (Sec. 151)* * Implementing bill or approval resolution submitted by President and introduced in each House (no amendments permitted) * Committees have 45 working days to consider (automatic discharge provided) * Bill or resolution sent to floor, vote within 15 working days (in the case of revenue bills coming from the House, the Senate is guaranteed up to 15 working days consideration in Committee and up to 15 working days before final vote on the floor). * Rules, in effect, require vote on final passage within 60 working days, or in the case of revenue bills within 90 working days, but no overall time limits are specified. *Failing enactment or adoption the measure cannot enter into force. *Congressional Veto Procedure (Two-House Disapproval) Applies:* *to Presidential import relief where different than Commission's recommendation (60-day time limit)

COMPARISON OF THE MAJOR PROVISIONS OF THE HOUSE BILL AND COMMITTEE ON FINANCE AMENDMENTS TO H.R. 10710, THE TRADE REFORM ACT OF 1974

HOUSE BILL	COMMITTEE BILL
TITLE II. RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION	
Sections 201–264	Sections 201–283
CRITERIA FOR FINDING INJURY	
Escape clause *Industry*.—Tariff Commission finding within 6 months; increased imports must be a substantial cause of serious injury (i.e. not less than any other cause)	*Escape clause* *Industry*.—Injury determination and criteria unchanged, except that an *absolute* increase in import must occur.
Adjustment assistance *Workers*.—Secretary of Labor determination in 60 days that: *a significant number or proportion of workers have become totally or partially separated, *sales or production have decreased, and *increased imports contributed to decline in sales or production *and* to separation of workers	*Adjustment assistance* *Workers*.—Criteria unchanged *except that* *Secretary given subpena powers to help him obtain evidence necessary for his determination, *judicial review of negative divisions explicitly provided for, *and* **absolute* increase in imports must occur.
Firms.—Secretary of Commerce determination in 60 days; same criteria as worker injury	*Firms*.—Criteria unchanged *except that absolute* increase in imports must occur.
No similar provisions.	*Communities*.—Secretary of Commerce determination in 60 days that: *a significant number or proportion of workers *in the trade impacted area in which the community is located* have become totally or partially separated, *sales or production of firms *in the trade impacted area* have decreased. **absolute* increases in imports like or competitive with those produced in *the trade impacted area, or* the transfer of firms *from the area to foreign countries* have contributed to the decline and separations, and *the Secretary to establish boundaries of trade impacted areas.
REMEDIES FOR INJURY	
Escape clause *Industry*.—President may provide relief only in following order of preference: tariff increase; tariff-rate quotas; quotas; and orderly marketing agreements (the latter 2 are subject to Congressional veto procedure); or any combination of the above.	*Escape clause* *Industry*.—President *must* provide import relief of the types specified in the House bill, but in any order of preference. Congress can impose Commission remedy if it differs from Presidential relief (Presidential actions different from Commission remedy subject to Congressional veto procedure). Orderly marketing agreements may be substituted for other forms of relief and vice versa. Commission authorized to recommend adjustment assistance for firms and workers as a type of industry relief in certain circumstances. Congressional veto procedure for quotas and orderly marketing agreements, and Presidential termination of import relief upon national interest determination *deleted*.
	* to Presidential retaliation on an MFN basis against unjustifiable or unreasonable restrictions (90-day time limit) *Two-House Disapproval Procedure (Sec. 152):* * Resolution of disapproval must be introduced in either House and referred to Committee, * If Committee does not report resolution in 30 days motions to discharge are in order (no amendments permitted) * Floor debate limited * Both Houses must adopt resolution by majority vote * Procedure must be completed within time limits specified; otherwise Presidential action enters into force. *Congressional Veto Procedure (One-Hour Disapproval) Applies:* * to Secretary's determination not to apply countervailing duties during 5-year discretionary period (no time limit) * to bilateral trade agreements with non-MFN countries entered into before enactment. (90-day time limit) * to all annual reviews of MFN treatment and government credits and guarantees under Title IV (90-day time limit) * to U.S. Government credits and investment guarantees initially extended after date of enactment. *One-House Disapproval Procedure (Sec. 152):* Same as two-House method except that adoption by majority vote of those present and voting in *either* House, within time limits specified, is sufficient to prevent action.
UNITED STATES TARIFF COMMISSION	
No similar provisions.	(1) Tariff Commission renamed the "United States International Trade Commission." (2) Membership and term of office: * Membership increased from 6 to 7 Commissioners; no more than 4 of the same political party. * Terms of office increased from 6 to 14 years with one term expiring every other year. * Commissioners serving more than 7 years after enactment of the bill may not be reappointed. * Chairman and Vice-Chairman to rotate with assignments normally determined by seniority. (3) Other changes:

COMPARISON OF THE MAJOR PROVISIONS OF THE HOUSE BILL AND COMMITTEE ON FINANCE AMENDMENTS TO H.R. 10710, THE TRADE REFORM ACT OF 1974

HOUSE BILL	COMMITTEE BILL
	* Commission pay up-graded. * Voting record of Commissioners to be published. * Commission to be represented in court by its own attorneys or by the Attorney General at its discretion. * Commission given independent budget, annual authorizations.
Adjustment assistance	*Adjustment assistance*
Workers.—Cash benefits equal to 70 percent of workers previous weekly wage for 26 weeks, and 65 percent for next 26 weeks; not to exceed national average weekly wage * Relocation allowances for any unemployed worker; job search allowances up to $500 *Employment services; testing, counseling, training, and job placement	*Workers.*—Adjustment assistance essentially as provided in House bill, with some modest increases—70 percent of worker's previous weekly wage for 52 weeks. Federal Government to pay only the incremental amount above usual State unemployment insurance benefits.
Firms.—Technical and financial assistance.	*Firms.*—Adjustment assistance essentially unchanged from House bill; Secretary given a 60-day time limit to make a determination on adjustment petitions.
Communities.—No similar provisions.	*Communities.*—Assistance in establishing Trade Impacted Area Councils. *Benefits to include all forms of assistance provided under the Public Works and Economic Development Act of 1965 other than loan guarantees *A special loan guarantee program in which State governors participate by pledging a portion of anticipated revenue sharing funds to cover loan liabilities. *Federal share of loan guarantees not to exceed $500 million at any one time. Authorization for direct loans placed at $100 million for FY 1975.
Miscellaneous	*Miscellaneous*
Adjustment Assistance Evaluation.—No provision.	*Adjustment Assistance Evaluation.*—Adjustment assistance programs to terminate on September 30, 1980; GAO to report on program effectiveness by January 30, 1979.
Runaway Plants.—No provision.	*Runaway Plants.*—Firms moving abroad directed to give workers 60 days advance notice, to apply for and to use adjustment assistance, and assist in job replacement.
Trade Statistics Monitoring System.—No provision.	*Trade Statistics Monitoring System.*—Program established to monitor import statistics to detect abrupt changes in import flows.

TITLE III. RELIEF FROM UNFAIR TRADE PRACTICES

Sections 301–341

HOUSE BILL	COMMITTEE BILL
Foreign import restrictions or export subsidies	*Foreign import restrictions or export subsidies*
(1) Authorizes President to retaliate against unjustifiable or unreasonable tariff or other import restrictions of foreign governments: * no time limitation * complex hearing procedures * Congressional veto procedure applies	(1) Retaliation authority expanded to permit response (including restrictions on foreign services) to unjustifiable or unreasonable restrictions on *U.S. services* and *access to supplies:* * no time limitation * complaint procedure established; hearings procedure can be bypassed where expeditious action required * Congressional veto procedure applies to retaliation on MFN basis.
(2) Antidumping: * 6 month time limit (9 months in complicated cases) * Guaranteed hearing for foreign manufacturer or importer * Provides for procedures to cover below-cost sales and state-controlled economies.	(2) Antidumping: * Time limits imposed on Secretary of Treasury (*a*) proceeding notice within 30 days of complaint (*b*) investigation of injury at early stage (*c*) tentative price discrimination determination within 6 months (9 months in complicated cases) (*d*) final determination within 3 months of tentative determination * Guaranteed hearings for any interested party. * Procedures for below-cost sales and state-controlled economies retained, and procedures to cover multinational corporation dumping added. * Explicit language authorizing judicial review.
(3) Countervailing duties: * 1-year time limit * Allows for findings on duty-free articles if injury exists * Permits Secretary not to apply provision during negotiations * Provided judicial review	(3) Countervailing duties: * 6-month limit for a preliminary determination and 12-month limit for a final determination. * Countervailing duties applicable to duty-free items after injury determination. * Secretary given discretion not to apply duties for 2-year period, *but* only when certain conditions are met, including the substantial reduction or elimination of the adverse effect of the bounty or grant. One-House Congressional disapproval procedure applies. * House language permitting Secretary discretion in not applying countervailing duties to quota items deleted. * Judicial review provided.
(4) Unfair import practices: * Permits Tariff Commission to issue exclusion orders if imports violate U.S. patent laws * No time limits	(4) Unfair import practices: * 1 year time limit (18 months in complicated cases). Time period suspended when Commission proceedings are enjoined or suspended. * Commission to hear legal and equitable defense in patent-based cases. * Commission to consult with other government agencies.

COMPARISON OF THE MAJOR PROVISIONS OF THE HOUSE BILL AND COMMITTEE ON FINANCE AMENDMENTS TO H.R. 10710, THE TRADE REFORM ACT OF 1974

HOUSE BILL	COMMITTEE BILL
	*In providing remedies, Commission to consider the effect on: (a) general health and welfare, (b) competition, and (c) consumers. *Commission authorized to issue cease and desist orders and/or to exclude articles from entering in all unfair import cases, patent and nonpatent. President can overturn Commission remedy within 60 days. *U.S. Government importations excluded from patent-based actions.
TITLE IV. TRADE RELATIONS WITH COMMUNIST COUNTRIES	
Sections 401–407	Sections 401–409
(1) President authorized, under specified conditions, to grant most-favored-nation treatment to countries not currently receiving MFN treatment	(1) President still authorized to grant most-favored-nation treatment but standards are stricter
(2) Country must enter into a bilateral or multilateral trade agreement	(2) Country must enter into a separate bilateral trade agreement; GATT membership alone not sufficient
(3) MFN treatment would remain in effect only so long as trade agreement remained in force	(3) No change
(4) Bilateral agreements would include: *life span not longer than 3 years (renewable) *suspension or termination for national security reasons *safeguards against disruption of domestic markets *protection of patents *settlement of commercial disputes *consultative procedures	(4) Bilateral trade agreements would include: *life span not longer than 3 years (renewable) *a satisfactory balance-of-concessions in trade and services *suspension or termination for national security reasons *safeguards against actual or prospective imports that could cause market disruption *protection of patents and copyrights *trade promotion arrangements *consultative procedures, and *other arrangements which will promote the purposes of the Act.
(5) Freedom of emigration.—No country would be eligible to receive MFN treatment, U.S. Government credits or investment guarantees if the President determines that the country: *denies its citizens the right to emigrate, *imposes more than a nominal tax for emigration, *or* *otherwise imposes more than a nominal tax or other charge on any citizen as a result of his desire to emigrate	(5a) Freedom of emigration.—Provisions of House bill continued unchanged. (5b) Personnel Missing in Action.—Country would not be eligible to receive MFN treatment, U.S. Government credits or investment guarantees, or be a party to a title IV bilateral trade agreement if the President determines that the country is not cooperating with the U.S. to: *achieve an accounting of U.S. personnel missing in Southeast Asia *repatriate living personnel *return the remains of those dead.
(6) Market disruption provision.—President could impose import relief measures if the Tariff Commission determined imports from Communist countries were causing market disruption and material injury. Market disruption would be deemed to exist whenever imports were: * substantial, * increasing rapidly, absolutely and relative to domestic consumption, and * being offered at prices substantially below those of comparable domestic articles	(6) Market disruption provision.—President could impose import relief measures if: *International Trade Commission made a determination of market disruption; * the President takes emergency action pending a Commission determination. In addition, STR could be petitioned to implement the safeguard provisions of Title IV bilateral trade agreements. Market disruption procedures would apply to any Communist country including those already receiving MFN, i.e., Poland and Yugoslavia. Market disruption would be deemed to exist whenever imports were: * being, or likely to be, entered in increased quantities so as to be a significant cause of, or threat of, material injury.
(7) Proclamations and trade agreements under these provisions are subject to one-House Congressional veto procedure	(7) New bilaterals subject to Congressional approval procedures; those concluded before enactment subject to Congressional veto procedure, as are all bilateral renewals.
	(8) Czechoslovakia not eligible for MFN treatment, U.S. Government credits or investment guarantees, or monetary gold return until it first settles all principal amounts owed to U.S. citizens or nationals.
	(9) U.S. Government credits and investment guarantees with title IV countries made subject to Congressional veto procedure (one-House disapproval), initially after date of enactment and on an annual basis thereafter.
TITLE V. GENERALIZED TARIFF PREFERENCES	
Sections 501–505	
(1) Authorizes President to extend duty-free treatment to products imported from developing countries	(1) No substantial changes.
(2) Beneficiary developing countries designated by President; 26 countries specifically excluded:	(2) Same 26 developed countries specifically excluded, *and, in addition:* * No Communist countries * No members of OPEC * No members of international cartels which disrupt price and supplies, except countries excluded under this or the preceding category may receive preferences if they sign trade agreements assuring the U.S. reasonable access to articles important for U.S. economic requirements.

COMPARISON OF THE MAJOR PROVISIONS OF THE HOUSE BILL AND COMMITTEE ON FINANCE AMENDMENTS TO H.R. 10710, THE TRADE REFORM ACT OF 1974

HOUSE BILL	COMMITTEE BILL
	* No countries which grant reverse preferences which have a significant adverse effect on U.S. commerce * No countries which have nationalized or otherwise expropriated property without prompt and adequate compensation * No countries which do not try to prevent narcotics and other controlled substances from unlawfully entering the U.S.
(3) To be eligible, articles must be imported directly from the developing country; the value added in that country must be at least a minimum percentage of the value of the article (to be set at from 35% to 50%)	(3) Value added must be at least 35 percent from a beneficiary developing country, or 50 percent from customs unions or free trade areas designated by the President as one country for the purposes of Title V.
(4) Excludes articles subject to escape clause relief,	(4) Articles subject to national security actions also excluded.
(5) Excludes an article imported from any one country if the imports of the article from that country exceed $25 million or 50% of total U.S. imports of that article	(5) $25 million value limitation escalates in subsequent years in proportion to changes in the U.S. gross national product over the base year 1974. 50 percent ceiling not applicable to articles where the U.S. produces no similar products.
(6) Provision limited to 10-year duration; complete report to Congress after 5 years	(6) No change.
	(7) National interest waiver of 50 percent and $25 million ceilings to apply only to countries meeting certain criteria.

TITLE VI. GENERAL PROVISIONS

Sections 601–606	Sections 601–611
(1) Standard general provisions and definitions.	(1) Standard general provisions and definitions.
(2) International Drug Control.—President directed to embargo trade and investment with countries that do not try to prevent illegal entry of narcotics into the U.S.	(2a) Embargo deleted, but President required to report on foreign drug traffic control. (2b) Prevention of unlawful drug traffic made a criterion for generalized system of tariff preferences in Title V.
	(3) Immunity from treble damages and other Federal and State antitrust penalties for those persons who participated in the voluntary steel export limitations to the U.S.
	(4) Secretaries of Treasury and Commerce and International Trade Commission directed to collect and compile comparable statistics on imports, exports, and domestic production.
	(5) Review of 1971 import surcharge protests extended to five years.

Mr. LONG. Mr. President, as is customary with measures of this sort, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

(For the text of the amendments agreed to en bloc, see CONGRESSIONAL RECORD of December 5, 1974, pages S20683 to S20711, inclusive.)

Mr. LONG. Mr. President, I send to the desk several amendments and ask unanimous consent that they be considered read to comply with the requirements of rule XXII, if cloture is invoked. I intend to call up these amendments if the bill gets sufficiently far along.

The PRESIDING OFFICER. Without objection, it is ordered. The amendments will be received and printed, and will lie on the table.

Mr. LONG. I send to the desk another amendment, and ask unanimous consent that it be considered as having been read to meet the requirements of rule XXII. The amendment is fairly lengthy and I think Senators should have a chance to study it before they vote on it. It would insure that trade between this Nation and the Communist bloc will be in the national interest.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be received and printed, and will lie on the table.

Mr. BENNETT. Mr. President, as the ranking minority member of the Committee on Finance, I strongly support the trade bill reported by the Committee on Finance, and I urge that the Senate in its work on this legislation keep it a trade bill.

The Congress has worked long and hard on this legislation. The Committee on Finance has devoted most of its time and energy during the past 10 months to the consideration of this bill. It is a good bill. Though our time is short, we can pass it this year and we should pass it this year, if each Senator restrains his desire to add extraneous amendments. Otherwise, we will be here until Christmas Eve or maybe New Year's Eve and will very likely end up with an empty stocking, or a dried up Christmas tree.

Major trade legislation is different from most other legislation handled by the Committee on Finance. In the Internal Revenue Code or the Social Security Act, the Congress writes all the specific details into the law, and that is the end result. Not so in the case of trade legislation. While the committee did lay out specific policy directives, the end result really depends on how the President, and his special representative for trade negotiations, exercise the negotiating authorities provided by the bill. For though the Constitution gives the Congress the sole power to regulate foreign commerce, it gives the President the sole power to negotiate with foreign nations. Thus, trade legislation can only succeed if there is a constructive partnership between the legislative and executive branches.

Much of the Finance Committee's work on the bill was spent on insuring that there will be such a partnership and that it will be constructive. The committee bill, I believe, represents a new stage in the development of procedures for the joint management by the executive and legislative branches of our trade agreements program. The bill grants negotiating authority in areas where this has never been available before; but it assures congressional participation in the development and approval of policy in each of these areas.

Each day it becomes increasingly apparent that the world economy is undergoing a period of profound and rapid transformation. In recent years, in fact in recent weeks, the world economy has faced repeated shocks and constant strain. It has been shaken by a long series of monetary crises. It has been deprived of vitally important energy supplies. It has experienced growing shortages of food and essential raw materials. It has undergone simultaneous inflation and recession.

At the same time it is apparent that the nations of the world are becoming increasingly interdependent. The flow of goods, services, and capital across international borders has increased several fold in recent years, diversifying the world economy and making it more efficient. This increased trade, however, has distributed economic burdens among the nations of the world as well as economic benefits. No longer can individual countries insulate their economies and conduct their domestic policies without regard for other countries and oblivious to forces within the total world economy. It has now become mandatory that nations cooperate and act in concert to devise common solutions to international economic problems.

Unfortunately, the world's international economic institutions—most of which were fashioned shortly after World War II under economic conditions quite unlike those we must deal with today—are ill-adapted to respond and manage the problems which plague today's international economy. The international monetary system, for example, presently lacks the flexibility to harmonize the conflict of competing national economies with widely divergent performances. Likewise, the international trading system, fashioned at a time when only a few countries engaged in world trade, is now ill-equipped to manage modern multinational trade problems and to assure fairness and reciprocity in these worldwide trading relationships. The need for international negotiations and cooperation to reform the world's economic institutions is now greater than at any time in history.

The alternative to international cooperation is not the preservation of the status quo. The alternative is an invitation for a serious breakdown in the spirit of economic cooperation, which is essential for the preservation of economic and political stability in a rapidly changing world.

There are violent forces at work in the world, forces which now threaten to tear apart the international bonds and relationships so carefully woven over the past three decades. To control those forces and to avert economic warfare, it is necessary for all nations to engage in a new round of trade negotiations aimed at strengthening the trading system and assuring international economic cooperation. The world now watches and waits for the participation and leadership of the United States in this vital task.

The trade bill would permit these negotiations to proceed. The authorities granted the President would give him the tools—the carrots and the sticks, if you will—he must have to negotiate a fairer world trading system and to achieve greater access for the products of our economy in foreign markets.

If the opportunities this legislation offers are seized, enactment of the bill will foster the economic growth of the United States and, I emphasize, contribute to greater employment within our economy.

It will permit the President to engage in international negotiations aimed at reducing barriers to trade and acquiring reciprocal concessions for manufactured and agricultural exports of the United States.

It will permit the President to seek reform of the rules of international trade.

It will improve our laws for providing temporary relief and assistance to those sectors of our economy adversely affected in the adjustment to fair competition from abroad.

It will require and permit the President to move swiftly and surely against foreign unfair trade practices which injure the commerce of the United States.

It will establish new procedures to permit close and continuing review by the Congress and greater participation by all segments of our society in our trade agreements.

It will authorize the President to extend most-favored-nation treatment to Communist countries upon conditions which will assure benefits to our economy and protection of our markets, and which are consistent with fundamental human rights.

And, it will make good a promise made by our country long ago to afford preferential treatment to the exports of less developed and developing countries.

The bill, which the committee has unanimously reported, will establish new procedures for the joint management by the President and by the Congress of our trade agreements program. It will establish as a national goal the reduction of barriers to trade on a basis of reciprocity and the systematic, equitable reform of the international trading system.

None of these goals can be accomplished if we fail to act responsibly. Our national interest and the world's interest mandate that the United States perform an active and constructive role in this effort. The longer we wait, the more difficult the task. The Trade Reform Act is needed now. The challange is before us. All the world is viewing how this great legislative body, of which I have proudly been a Member since January 3, 1951, will face that challenge. We must not load this bill down with extraneous, nongermane amendments, perhaps mortally wounding it in this process. That is the key issue before us. Let us face that issue squarely in the beginning of this debate. Let us act responsibly and give international economic cooperation a chance to survive.

As I said, in order to do it we must pass this bill without loading it with extraneous amendments and, as the debate continues, I, for one, will do everything I can to that end.

I thank the Chair.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I call up the amendment I have just introduced which amends the short title of the bill to strike out the word "reform" from the short title.

The reason I seek to do this, Mr. President, is that I have been objecting for some time to bill titles which seem to carry a presumption that the bill is necessarily good and that those who vote against it are not doing their duty as their conscience sees it.

It has always been my opinion that a controversial piece of legislation should bear a neutral title. I have had Senators tell me that they did not want to vote for some bill, but how could they vote against something when it was called welfare reform or it was called pension reform or something of that sort.

I feel that a controversial measure should bear a neutral title. Therefore, I think the name of this bill should be the Trade Act of 1974 rather than the Trade Reform Act. Only time will tell whether this is a good bill or a bad one, and whether this bill is a reform bill or not a reform bill.

I ask that the clerk report the amendment which has been filed and which will change the title to call this bill the Trade Act of 1974.

The PRESIDING OFFICER. The Senator has called up his amendment?

Mr. LONG. Yes.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

Strike out "Trade Reform Act of 1974" every place it appears therein and insert in lieu thereof "Trade Act of 1974".

Mr. LONG. Mr. President, I would hope that this would be a precedent for the Senate, and that from this day forward we agree that any bill of a controversial nature should have a neutral title. That way we will not have someone feeling that a bill is not a good bill and yet having to say, "How can I vote against a bill that is called the Motherhood Act of 1974" or some such thing as that.

Controversial measures should bear a neutral title. In due course, Mr. President, I would like Senators to vote on this amendment. At some point I would like to amend the Senate rules to say that a controversial bill will bear a neutral title when it comes before the Senate.

I do not want to put the question at this moment because someone may want to oppose the amendment, and I would prefer that Members of the Senate know that this amendment is pending.

Mr. President, I suggest the absence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 2045 AND 2046

Mr. ROBERT C. BYRD. Mr. President, I send two amendments to the desk and ask that they be stated in the order of priority of one and two.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendments.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of both amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendments are as follows:

AMDT. No. 2045

On page 142, line 11, immediately before "after", insert "before or".

AMDT. No. 2046

On page 141, line 6, strike out the period and insert in lieu thereof the following: "or (in the case of a worker who has been referred to training by the Secretary) within a reasonable period of time after the conclusion of such training period".

Mr. ROBERT C. BYRD. Mr. President, I have discussed these amendments with the distinguished manager of the bill, and he has discussed them with the manager of the bill on the other side of the aisle. The first amendment would provide——

The PRESIDING OFFICER. May the Chair inquire of the Senator? Does he ask unanimous consent——

Mr. ROBERT C. BYRD. That they be considered en bloc.

Mr. President, I withdraw my request.

Mr. LONG. Mr. President, I would be willing to withdraw my amendment so that the Senator could offer his.

I withdraw my amendment temporarily.

Mr. ROBERT C. BYRD. But Senator Hartke has the right to the floor. He has unanimous consent that he retain the right to the floor. If the Senator withdraws his amendment, he has the floor and the Senator's amendment is not in.

Mr. President, I withdraw my amendments. Just forget about it.

Mr. LONG. Then I leave my amendment as the pending business.

Mr. ROBERT C. BYRD. Mr. President, I ask that my two amendments be printed and that they meet the reading requirement under rule XXII.

The PRESIDING OFFICER. Without objection, it is so ordered. Senator Long's amendment is still pending.

Mr. LONG. In view of the fact that this might present a parliamentary problem——

The PRESIDING OFFICER. The Chair understood that the Senator requested to withdraw his amendment.

Mr. LONG. I withdraw the request, Mr. President.

The PRESIDING OFFICER. Very well.

FOREIGN ASSISTANCE ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. Fulbright I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3394.

The PRESIDING OFFICER (Mr. Helms) laid before the Senate a message from the House of Representatives insisting upon its amendment to the bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBERT C. BYRD. I move that the Senate agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Fulbright, Mr. Sparkman, Mr. Church, Mr. Symington, Mr. Humphrey, Mr. Aiken, Mr. Case, and Mr. Javits conferees on the part of the Senate.

TRADE REFORM ACT OF 1974

The Senate continued with the consideration of the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

Mr. HARTKE. Mr. President, the world has changed markedly since World War II. So has America's position in the world. These changes must be reflected in our Foreign Trade Policy.

The assumptions of American trade policy after World War II were that America must give blood to restore a bleeding world; and that to do so was in our long-range interest—both economically and politically.

Because we did not wish to see communism take over the chaotic economies of Europe and Japan after World War II, and out of a sense of simple humanity, we decided to give generously to restore those ailing nations. We gave funds; we gave technologies; and we threw our markets open to the products of these other nations. Our immediate objective was to fortify these endangered countries against communism. Our long-range expectation was that these, and other nations, upon recovery would become good customers for America.

We were able to pursue this policy with minimal pain to our own people. The war had wrecked the productive plant of many nations. The United States nominated world manufacture easily. Much of the money we gave away came back to us in the form of purchases of American machinery and commodities.

By the 1960's, however, our role had changed—not because we consciously altered our course but because of a changed world situation. Europe and Japan were no longer weak and bleeding economies about to collapse. The Common Market was on its own; and Japan was reaching well beyond its own. What is more, both the Common Market and Japan viewed themselves as America's prime competitors. While continuing to count on America's market as an outlet, they made it increasingly difficult for America to get into their markets.

Mr. President, certain portions of the Finance Committee report on the trade bill very accurately describe the changes in the United States and world economies since 1960. I should like to quote extensively from those sections. The report states:

> During the early 1960's the U.S. economy itself moved from stagnation to respectable growth without significant inflation. Beginning in 1965 an inflationary trend developed which has grown progressively worse. Inflation in the United States has now reached a level unprecedented in peacetime. . . .
>
> Endemic inflation led to extraordinary balance of trade and payments deficits between 1970 and 1972 which in turn created a massive run against the dollar. After the U.S. could no longer maintain a fixed parity between the dollar and gold, the fixed exchange rate structure collapsed on August 15, 1971. Several dollar devaluations have occurred since that date. By making imports more expensive and exports relatively less expensive, the dollar devaluations contributed significantly to the inflationary pressures in the economy, creating shortages of raw materials and leading to the imposition of export controls on these products for which the U.S. enjoys its largest comparative advantage (e.g., soybeans).
>
> As the U.S. economy underwent significant internal changes during the 1960's and early 1970's, the U.S. economic pre-eminence in the world economy declined relative to western Europe and Japan. The European Community, born in 1958 in the Treaty of Rome, has become the world's largest trading bloc, with exports and imports now exceeding three hundred billion dollars. The community's share of world GNP, world trade and world reserve assets has grown markedly since the 1960's, and this trend has accelerated in the 1970's.
>
> The growth of the Japanese economy has outstripped even that of the European community. Real growth in Japan grew at the phenomenal rate of 10.5 percent a year for the period of 1960 through 1972, as compared with 5.0 percent in Italy, 4.5 percent in West Germany, 4.1 percent in the United States, and 2.7 percent in the United Kingdom. By almost every economic indicator of growth Japan has been the world leader. In terms of military or tax burdens, however, Japan is at the bottom of the list. The Achilles Heel of the Japanese economy—the overwhelming dependence of Japan on foreign oil—has interrupted Japan's record of remarkable economic growth.
>
> Less-developed countries (LDC's) as a whole progressed fairly well during the 1960's in terms of their economic growth and their balances of trade and payments performance. Between 1960 and 1972, real economic growth in the LDC's averaged over the 5 percent goal set for the 'decade of development'. By the fall of 1973, these countries had accumulated $40.6 billion in international reserve assets compared to $10 billion in 1960. By the end of this year the international reserve assets of 'LDC's' may exceed $100 billion.
>
> These overall figures, however, mask wide divergence in performance. Oil-producing 'LCD's' are holding western economies at bay through massive price increases. Other LDC's also possessing important natural deposits have been attempting to form their own producers' cartels to obtain a maximum rate of return on their resources. Those LDSC's without such strategic resources are facing financial collapse.

The finance committee report gives recognition to the changing role of the United States in the world economy and the deterioration of the U.S. balance of payments as follows:

> The Value of World Exports increased from $129.6 billion in 1960 to $575 billion in 1973. Normally, such a four-fold increase would suggest a growing world interdependence and a more efficient utilization of world resources. Unfortunately, however, much of the increasing volume of trade was attributable to inflation and occurred within preferential and discriminatory trading arrangements. For example, among the contracting parties to the general agreement on tariffs and trade (the GATT)—despite their pledge of nondiscrimination as a fundamental principle for achieving trade liberalization—the proportion of imports entering at preferential rates increased from ten percent in 1955 twenty-five percent in 1970, and the proportion will grow significantly with the enlargement of the European Community.
>
> One result of discriminatory trade practices has been a decline in the U.S. share of world trade. While the value of free world exports more than quadrupled between 1960 and 1973, the U.S. share underwent a steady decline from 15.9 percent in 1960, to 14.6 percent in 1965, and to 12.4 percent in 1973. . . .
>
> The performance of the United States in the world economy throughout much of the postwar period has been marked by persistent trade and payments deficits . . . measured on the most accurate and meaningful basis, which would include the cost of insurance and freight in the value of our imports and exclude the soft-currency and

> other Foreign-aid-financed shipments from the value of our exports, our trade account has been in deficit since 1966. In 1974, our trade deficit, measured on a C.I.F. basis, is running at an annual rate of almost $12 billion. These recent trade deficits have accounted for over one-half of our overall pyaments deficits. . . .
>
> Government expenditures abroad have also been a large contributor to the deficits in our international accounts. Between 1950 and 1973 *net* Government expenditures for both military and economic aid caused a drain of $141.3 billion in our overall international accounts . . . which is about equal to the growth in foreign country monetary reserve assets over this period.

The report goes on to state:

> For many years this country relied on a trade surplus to offset foreign aid, military expenditures abroad, as well as overseas private investment. That surplus, which was never large enough to offset such expenditures, has now disappeared. In 1962, the nation had a modest trade surplus of approximately $1.1 billion (C.I.F.) And a balance of payments deficit of $2.9 billion (liquidity basis). Ten years later the modest trade surplus had become an $11 billion deficit, and the payments deficit had grown from a bearable $2.9 billion to an intolerable $13.9 billion. Not surprisingly, the dollar had become unwelcome in many of the capitals of the world and underwent a series of devaluations.
>
> In 1973 there was a temporary improvement in U.S. payments and trade balances (largely attributable to grain exports to the Soviet Union which many believe contributed importantly to the 8.8 percent inflation of 1973. Hopes for achieving a reasonable balance in our international accounts this year have been dashed by mounting deficits attributable to the increased costs of oil imports. In 1974, the United States will spend approximately $27 billion on oil imports; by the year's end, the nation's trade deficit (C.I.F) will be well over $10 billion.
>
> Throughout the postwar years, the United States has, in effect, premised much of its trade, aid, and monetary policies upon a balance of trade surplus which, in fact, was diminishing and by 1966 had disappeared altogether.

Mr. President, in the postwar years, the United States has been the only major country in the world whose share of world exports has decreased while its share of world imports has increased. In the space of a mere half dozen years—1964 to 1970—the U.S. share of world exports fell by more than 11 percent while its share of imports rose by more than 17 percent.

This unfavorable trade balance is especially marked in manufacturing, the economic sector of most immediate and intimate concern to American labor. The U.S. share of world exports of manufactured products has fallen from 27 percent in 1958, to 21 percent in 1970, to 19 percent in 1971; a decline of almost 30 percent in a dozen years.

Few American-made items can withstand the pressure. In the 1950's, only about 30 percent to 40 percent of the imports were comparable with U.S. products. Now, about three-quarters of the imports compete with U.S. items, according to the U.S. Department of Labor.

In a number of industries there has been an absolute loss of jobs—fewer workers today than a few years ago. In women's apparel alone, the number of workers declined absolutely by more than 40,000 between 1956 and 1971. In electronics, there was a loss of 109,000 jobs between 1966 and 1972, according to Labor Department figures. In shoe manufacture, jobs declined from 233,000 to about 200,000 in the past 5 years.

While the figures on job loss reveal part of the problem, they tend—by their impersonality—to conceal the human dimensions of the tragedy. The people employed in labor-intensive industries—the hardest hit—tend to be drawn largely from the Nation's marginal populations: black, Hispanic, poor white, recent immigrant. To these people, the labor-intensive industry—with its openings for unskilled and semiskilled labor—was the gateway to the economy. As these plants collapse, the hopes of these people collapse.

The Finance Committee report calls attention to the relationship between foreign trade and domestic jobs as follows:

> In recent years, the United States has experienced a series of trade and payments deficits, several dollar devaluations, and a rate of inflation unprecedented in peacetime. The Nation's economy has continued its long, slow drift away from labor intensive industries, and toward service industries. Especially significant has been the shift in the structure of U.S. employment . . . In 1960, nearly one-third of our U.S. nonagricultural employment was in manufacturing. Since 1960, however, manufacturing employment has declined steadily to a position were barely one in four workers is gainfully employed in manufacturing. . . .
>
> As our Nation's employment in manufacturing has declined relatively, its trade balance in manufacturing has declined absolutely. In 1960 the United States had a trade surplus in manufactured goods of $5.2 billion. By 1973 we had a deficit of $3.4 billion. . . . In contrast, West Germany also had a surplus of $5.9 billion in 1960, but by 1973 that surplus had burgeoned to $28.7 billion, and Japan's modest surplus of $2.6 billion in 1960 also exploded into a $23.3 billion surplus by 1973.

Mr. President, in addition to reviewing the dramatic changes in the United States and world economies since World War II, calling attention to the deteriorating U.S. balance of payments, and noting the relationship between foreign trade and domestic employment, the Finance Committee report documents the dismal failure of recent U.S. foreign trade policy as follows:

> U.S. trade policy has not been noted for its coherence or consistency. Throughout most of the postwar era, U.S. trade policy has been the orphan of U.S. foreign policy. Too often the executive has granted trade concessions to accomplish political objectives. Rather than conducting U.S. international economic relations on sound economic and commercial principles, the executive has used trade and monetary policy in a foreign aid context. An example has been the executive's unwillingness to enforce U.S. trade statutes in response to foreign unfair trade practices. By pursuing a soft trade policy, by refusing to strike swiftly and surely at foreign unfair trade practices, the executive has actually fostered the proliferation of barriers to international commerce. The result of this misguided policy has been to permit and even to encourage discriminatory trading arrangements among trading nations.

The report goes on to state:

> Twelve years have passed since the Congress enacted the Trade Expansion Act of 1962. A great amount of international economic history has occurred in the intervening years. In the opinion of the committee, much of that history has been unfavorable to this country, largely because of the antiquated rules of the international trade and monetary systems and the related lack of genuine cooperation and reciprocity in international economic relations.
>
> The Kennedy round of trade negotiations brought about some of the largest tariff reductions in the history of the United States. Unfortunately, the Kennedy round did not remedy fundamental inequities in the world trading system. There was no reform of the institutional structure, nor was there any significant progress in dealing with nontariff barriers or distortions of international trade. Our trading partners, most notably the European community, devised new ways to pursue protectionism, particularly in agriculture.

Mr. President, despite this insightful analysis of the important changes in the world economy and of the role the United States plays in that economy, despite the worsening situation documented in the U.S. balance of payments, despite the relationship cited between U.S. foreign trade and jobs, and despite this lucid indictment of recent U.S. foreign trade policy and practice; the committee report calls for enactment of the Trade Reform Act.

Mr. President, I come to a different conclusion. I say it is time the United States based its foreign trade policies on the realities of the 1970's rather than the fictions of the 1960's. This bill does not represent a departure from past U.S. trade policies. It is merely a warmed-over version of U.S. policies during the 1960's. A warmed-over version of trade policies which did not achieve their goals during the last decade, and certainly will not achieve their goals during the present decade.

My colleague, Representative JAMES BURKE of Massachusetts, accurately characterized this bill and the U.S. trade situation on the floor of the House of Representatives on December 7, 1973, when he stated:

> This is not a bill for the seventies, but a patched-up version of the trade expansion act of 1962 and other statutes. The bill ignores the changes of the 1960's, when the United States became a net importer of many manufactured products and parts of products. The bill ignores the changes of the 1970's when the United States found itself with more imports than exports—a $6.4 billion deficit in trade in 1972. In 1972, imports rose even more rapidly than in 1971—up 21.9 percent. In the first 6 months of 1973, imports shot up even faster, especially from the lowest wage countries of the world. Yet this bill would merely encourage more imports of manufactured products and parts of manufactured products. The United States suddenly finds it necessary to bid for raw materials and energy supplies.
>
> The United States now imports the automobiles, steel, radios, and TV sets it once sent to the rest of the world. Shoe imports and textile and apparel imports have been joined by inrushes of computer parts, calculators, aircraft engines, and parts, as well as other product lines. This change has eroded America's industrial strength and added costs to the economy in lost jobs and production of parts and whole products in almost every kind of manufacturing, from apparel to aerospace. These and other losses endanger service employment and the tax base of American communities and the American economy.

Mr. President, this is why Congressman BURKE and I introduced the Hartke-Burke Foreign Trade and Investment Act in 1971. It represents an alternative to what has been established trade policy, and an alternative that I believe is in better tune with today's economic realities.

Mr. President, I do not want to be misinterpreted. I am not a protectionist. I am a free trader in the purest sense. I believe if the U.S. industrial capacity, and the productivity of the American workingman were allowed to compete on a fair and even basis with the rest of the world, we would come out far ahead. But this is not the situation today. Our own trade policies, our own negotiations, our own tax structure contribute to a world in which we do not compete on a fair and even basis. We grant foreign nations freer access to our markets than we are granted to theirs. We tolerate nontariff barriers to our exports without retaliating against imports. And perhaps most foolishly, we maintain a tax structure which actually makes it more profitable for a U.S. corporation to invest abroad than at home. Actually makes it profitable to export American jobs, American capital, and American technology.

The postwar era is the age of the giant international company. Today they do about $500 billion of business annually in each other's territories, or about one-sixth of the world's gross product. That is more than the entire gross national product of Japan. These supersized multinational corporations are characterized by a global strategy of investment, production, and distribution.

The multinational company is creating the outlines of a genuine global economy. Their rate of growth is truly phenomenal. It is double that of purely domestic companies. By 1975, nearly 35 percent of the Western World's non-U.S. production will be accounted for by American subsidiaries. The book value of direct investments by the U.S.-based transnationals grew from $32 billion in 1960 to $90 billion in 1971—an increase of 280 percent. In addition, about $1.5 billion a year has been added through reinvesting the profits from foreign subsidiaries. Foreign portfolio investment in securities is over $19 billion. Together, U.S. foreign direct spending, reinvestment of profits, and portfolio investments amount to $120 billion.

From 1960 to 1970, plant and equipment expenditures by U.S. multinationals rose 60 percent faster than purely domestic firms Responding part to favorable tax treatment and America's old line free trade policies, more than 8,000 subsidiaries of American firms have been established overseas. Following this flow of capital and firms is American tax dollars; this technology fuels economies of foreign lands at domestic expense.

Foreign direct investment by U.S. companies has been increasing at a rate of 15 percent. On the basis of present trends this figure will rise to over 20 percent by 1980. By contrast, the GNP of the world's principal industrialized countries will increase at between 3 and 5 percent. If a corporation's sales were to be equated with a nation's output of goods and services, then 54 of the world's 100 biggest money powers would be multinational corporations and only 46 would be countries. General Motors, for example, with a yearly turnover of more than $24 billion, was in 15th place on this list, just behind Spain, Sweden, and Holland and just before Belgium, Argentina, and Switzerland. Exxon and Ford each made more money than the GNP of Pakistan, Denmark, or Austria.

I am not against bigness per se, but I am vigorously opposed to unregulated bigness that adversely affects the U.S. trading position in the world. Multinational firms export American jobs by the hundreds of thousands, as they move their operations abroad in search of cheaper labor, nonunion shops, and tax holidays.

In industry after industry plants have folded up in the United States as multinational corporations simultaneously opened plants in other countries.

In the electronic trade, for instance, the Standard Kolman Co. closed its plant in Oshkosh, Wis., with 1,100 employees, and shifted the jobs to Mexico in 1970.

Emerson closed a plant of several thousand employees and set up shop in Taiwan. Bendix deserted 600 employees in York, Pa. and Long Island to open a plant in Mexico. Warwick Electronics transferred 1,600 jobs from Zion, Ill., to Mexico and Japan. General Instrument recently closed down two plants in New England although it employs 12,000 Taiwanese to make television parts. RCA transferred an operation from Cincinnati of 2,000 workers to Belgium and Taiwan.

One of the most painful stories, related by Paul Jennings, president of the International Union of Electrical, Radio, and Machine Workers, is about an RCA plant of 4,000 employees in Memphis, Tenn. In 1966, Robert Sarnoff, RCA president, boasted that this plant "was destined for a key role in the unfolding story of RCA." The installation was already providing meaningful employment to people living in the ghettos of Memphis. Four years later, in 1970, RCA closed down the plant.

Two thousand machinists lost their jobs in the General Electric plant at Utica, N.Y., between 1966 and 1972 as the company phased this operation out of the United States and into its subsidiary in Singapore where labor works for 18 cents per hour.

In 1971, International Silver exported more than 1,000 steelworkers' jobs from their plant in Meriden-Wallingford, Conn., to Taiwan. The stainless steel flatware formerly made in Connecticut is now imported from International Silverware's affiliate in Nationalist China.

Remarkable as it may seem, if one looks in the Senators' dining room in the U.S. Senate Office Buildings and the Capitol, one will see that the silverware on the table, as well as that wonderful sugar bowl and the little pitcher that pours out the milk, are all made in Taiwan.

More than 19,000 shoe workers in Massachusetts lost their jobs in the 1960's as American footwear industries succumbed to cheaper imports and large conglomerate multinationals like Interco and Genesco which began producing shoes in France, Belgium, England, Italy, and South America. Spain alone exported $280 million in shoes last year and the United States purchased $210 million or three-fourths of them.

There is clear evidence that multinational corporations are stepping up their exports from overseas back to the United States. A 1972 special survey of the Department of Commerce, covering 298 U.S. multinationals shows that exports to the United States are outpacing sales to the host country. Thus, between 1966 and 1970, these overseas subsidiaries with a 60-percent rise in world sales showed only a 52.9-percent rise in sales in the country of location, but a whopping 129.4-percent rise in sales back to the United States.

Mr. President, these are precisely the issues which are addressed by the Hartke-Burke Foreign Trade and Investment Act. Its purpose was to correct these distortions and problems in the U.S. economy by eliminating those aspects of our foreign trade policy and tax policy which put U.S. exports on an unfair competitive basis, allow imports preferential access to our markets, and encourage the outflow of American investment.

As an aside, Mr. President, I have no quarrel with free trade, but I vehemently object to giveaway trade. It is time the United States stopped playing the role of the foreign trade sugar-daddy of the world, handing out to our trading partners special favors, concessions, and preferential treatment. And most of all, we should stop giving away our companies to the rest of the world; we should terminate the distortions in our tax structure which actually encourage the outflow of American capital, American technology, and American jobs through overseas investment. The United States should strive to be an equal trading partner with the rest of the world; not more than equal and not less than equal, just equal. I am sure that on a fair and equal trade basis the strength and vitality of the American economy will cause us to be very successful trading partners. I am sure that on a fair and equal trade basis the problems we have increasingly experienced in our balance of payments and our balance of trade never would have occurred.

I say that the world is now a changed place from how we found it after World War II. At that time American trade policies which put the United States in the posture of Santa Claus to the rest of the world were not only appropriate but necessary. They are no longer so. The rest of the world has grown up and our trading partners have now assumed the role of equal partners and equal competitors. Our failure to recognize this fact has led to deteriorating U.S. performance in the world market, a declining U.S. trade balance, and an outflow of American capital and American jobs. It is time we awaken to this fact and tailor our trade policies to the realities of the present.

Mr. President, before I close, I should like to refer briefly to the remarks of

President Ford which he delivered on December 3 to the American Conference on Trade. In those remarks the President called attention to our current domestic and international economic crises. He asserted passage of the Trade Reform Act is necessary to solve these crises and also to solve the world energy crisis, to allow developing countries to pay back our economic assistance, and to further détente with the Soviet Union. Apparently the President believes further U.S. trade concessions are the panacea for all these problems.

I cannot agree. Our foreign trade policies are neither the cause of nor the cure for our present world problems. It is very difficult to see how further U.S. trade concessions will be helpful. The United States has been and remains the largest and most accessible market in the world, and our trade duties are at the lowest average level of any major industrialized country.

What we need is to place U.S. foreign trade on a more equitable basis. We need to terminate the policies which have led to a decline in the U.S. trade position. More of the same will not work. New policies are called for to halt the outflow of American jobs and American capital. It is for these reasons that I offer a series of amendments to the Trade Reform Act now before this body.

Unfortunately, it appears that the powers that be have decided otherwise, that the same policies are going to be continued, the same giveaways are going to be endorsed in the name of finishing this up before Christmas in order to avoid a Christmas tree bill. Let me say that the United States of America is going to continue to play Santa Claus to the rest of the world at the expense of American industry, the American worker, and the American taxpayer if this bill becomes the law of the land.

There is no assurance whatsoever that passage of this trade bill is anything except detrimental to the United States; but, as I said, it appears that the road is well greased under a threat by the President of the United States—who has totally failed to do anything to stop the rapid inflation in this Nation, totally failed to do anything about the mounting unemployment, totally failed to do anything about the crisis of the farmer. It appears that we are now going to turn over to him, without any dilution whatsoever, complete authority to do what he wants to do on one of the most basic items of this country; that is, the control of Congress.

As I pointed out in the opening statement that was made with reference to the House-passed bill, that will be the greatest delegation of constitutional authority ever performed by a U.S. Congress. It is remarkable to me that when people stand on the floor of the Senate and say that they want to see Congress reassert its constitutional prerogatives, we now see a situation in which we are going to give away in one fast, clever maneuver, greater authority to the President, which has been reserved to Congress under the Constitution, than has ever been given in the history of this Nation.

I do not want to be a party to that surrender. I do not want to go ahead and have Congress relegated to the position of mere me-too-ism to an administration which has failed to solve our problems, or to a policy which has contributed so much to the poverty, unemployment, and other difficulties of this Nation.

Mr. LONG. Mr. President, during the consideration of this bill as floor manager, it is necessary for me to have certain members of my staff in and out of the Chamber for various and sundry reasons to assist me as manager of this bill. They will not all be out on the floor at one time, but I ask unanimous consent that the following persons on my staff have the privilege of the floor during the consideration of this trade legislation: Doug Svendson, Jim Guirard, Wayne Thevenot, John Steen, Marsha Schramm, and Joan Shaffer.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I make the same request on behalf of the following members of my staff: Mr. Keifer, Mr. Romani, and Mr. Mack.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, on behalf of the Senator from Delaware (Mr. ROTH), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), and myself, I have introduced today an amendment to H.R. 10710, the Trade Reform Act of 1973, which is now before the Senate. The purpose of this amendment is to establish within the executive branch an interagency board to coordinate and oversee the orderly development of trade with nonmarket countries.

Mr. President, during the past 20 months, considerable attention has been paid to the question of what conditions, if any, should be attached to trade concessions to Communist countries, especially conditions which relate to the freedom of emigration. The debate on emigration which has ensued these past months has been productive, and I am gratified that the matter has been resolved to the satisfaction of the various interested parties.

At the same time, however, I am concerned that too little of our attention has been focused on the serious problems involved when a market economy undertakes to do business with a nonmarket economy. The amendment I am today introducing is intended to provide a greater degree of review and control over commerce with Communist countries.

The goal of this amendment is to assure that trade with the Communist world proceeds in an orderly fashion to the mutual benefit of both sides. I can imagine no better way to put an abrupt end to East-West trade than to allow such commerce to be conducted in a manner which becomes inequitable or injurious to one side or the other. A few more grain deals, I am confident, will permanently chill the atmosphere for trade with Communist countries. We must take steps to assure that both sides stand on equal commercial footing. We must be assured that our commercial relations with Communist countries are founded upon the bedrock of sound commercial principles and mutual benefit. If they are concessionary in the sense of swing away tangible commercial benefits to buy political goodwill, or if they risk serious injury to our markets, or to our national security, then they will not be enduring.

Serious problems can be encountered when representatives of the private sector of a market economy—an economy in which resources are allocated and decisions are made by free market forces—seek to do business with representatives of a nonmarket country, where supplies and even prices are set by government decision. The American businessman, especially in a time of economic adversity, is primarily guided by the need to make a profitable deal for his company. Our system does not impose upon him the affirmative duty to act in the national interest regardless of profit.

In contrast, the representative of a centralized, nonmarket economy is charged with making a deal which, by definition, must be in the best interest of his country. The American businessman's counterpart in a Communist country is not another businessman; he is a high level bureaucrat with access to centralized information—such as national crop projections—which the private business executive does not possess. While I have the utmost confidence in the sagacity of the American businessman, I also have a healthy respect for the negotiating skills of foreign bureaucrats. They can enter our marketplace, as they entered our grain market in the summer of 1972 and again this fall, and can quickly corner a scarce commodity at depressed prices, playing one merchant off another. It is evident from the grain deals that some Communist negotiators can be much tougher, better equipped and more profit oriented than our own capitalists negotiators.

A recent article by Linda Hudak in the Washington Post aptly described the problem:

> Washington at present has no overall policy on U.S.-U.S.S.R. trade and no single monitoring body. Responsibility for determining U.S. interests is scattered among numerous corners of the capital, including the Commerce Department's Bureau of East-West Trade, the National Security Council, the Export-Import Bank and several Congressional committees. The high-level East-West Trade Policy Committee, chaired by Secretary of State Kissinger, has met only five times in the past 15 months (though a working group does meet more often). And when these groups are faced with decisions on the strategic or other consequences of a proposed trade deal, it is often after a tentative bargain already has been reached with the Soviets and the Washington pressures for approval are strong.

The question of technology transfer, which is always sensitive, becomes vital when you are engaging in commercial relations with countries who are still your military adversaries. The U.S. business executive engaging in a relatively minor transaction with a Communist country is primarily motivated by profit, not by national security. His opposite number may be motivated by the desire to acquire advanced technology which may be combined with other technology and which may have applications unknown to the U.S. businessman.

We must also remember that receiving most-favored-nation treatment—MFN—from a Communist country is not of the same value as the extension of MFN by the United States to Communist products. A state-trading country receiving MFN from a market economy country obtains the same advantages as another market economy country receiving the MFN. But a market economy country receiving MFN from a state trading economy is still dependent on central planning agency for approval of its imports. In the case of tariffs, for example, the state trading government essentially both pays the duty through its state trading corporation and also collects it through its customs. The reduction in tariffs from the granting of MFN by a state-run economy does not ordinarily make goods from a market economy any more saleable in the state trading country. The basic objective of a market economy in exchanging MFN with a state trading economy is primarily a matter of being assured an adequate opportunity to sell its goods in the state economy at a reasonable price.

It is important that we establish a mechanism and procedural framework for dealing with these problems. This is important not just from the point of view of national self-interest—such as the need to safeguard our markets from disruption—but also from the point of view of our desire to develop commercial relations with communist countries in a safe manner which provides a foundation for an enduring relationship.

The amendment I am today introducing is not the final answer; it is, however, a step in the right direction. It is an attempt to establish a mechanism for the review and control of commerce with nonmarket countries. Briefly stated, here is what my amendment would do:

The International Trade Commission would be charged with collecting and publishing quarterly data on the flow of exports and imports between the United States and nonmarket countries and on the production and employment within relevant sectors of the U.S. economy. An East-West Foreign Trade Board would be created by statute to be chaired by the Special Representative for Trade Negotiations and to include the Secretaries of State, Treasury, Commerce, Defense, Interior, the Eximbank, and representatives of the Federal Reserve Board, Energy Research and Development Administration, the National Science Foundation, and the Federal Power Commission. The function of the Board would be to review East-West transactions involving U.S. Government credits or investment guarantees in excess of $5 million or involving the transfer of technology deemed vital to the U.S. national interest. Persons contemplating such transactions would be required to file reports with the Board not less than 90 days before entering into agreement. Provision would be made to require the aggregation of related transactions.

The Board in each instance would be required to make a determination that the transaction was in the national interest before the transaction would be permitted to proceed. The Board's opinion, including minority views, would be published and reported to the Congress. Negative determinations by the Board could be appealed by the applicant in the Federal courts. Transactions involving more than $50 million which are determined by the Board to be in the national interest would be made subject to a legislative—two House—veto under the procedures contained in the bill as reported by the committee. In addition, the Board would be charged with the general oversight and review of U.S. trade relations with Communist countries including review over the negotiation of bilateral agreements, the resolution of commercial disputes, the disruption of U.S. markets, and the general promotion of East-West trade in accordance with sound commercial principles and our national interest.

Mr. PASTORE. Mr. President, on page 224 of the record of the hearings, there is a letter addressed to the Honorable Russell B. Long, sent to him and signed by W. D. Eberle, the Special Representative for Trade Negotiations, with reference to GATT. It reads as follows:

> In his message to Congress accompanying submission of the Trade Reform Act on April 10, 1973, former President Nixon specified certain categories of import-sensitive products intended to be excluded from a generalized system of preferences for articles from eligible developing countries.

And then it enumerates them. The list includes textiles and apparel products.

Apparently there is a commitment on the part of the administration that, because of the destruction of the market in the past, because the tremendous exodus and the tremendous importation of certain of these articles has disrupted the American market, there is an understanding that with reference to those items a special treatment should be given.

In that regard, I have submitted an amendment, Mr. President, on behalf of myself and the Senator from Minnesota (Mr. Humphrey), to codify that in the legislation, rather than to rest upon the commitment. I understand that this was in the original legislation, but that the administration more or less talked the committee out of it.

I have discussed this matter with the Senator from Louisiana, who is amenable to the amendment I have submitted, and other interested parties. I wonder if the pending amendment could be momentarily set aside so that I may call up my amendment. I understand the Senator is willing to accept it, after discussion with me. I would hope we could consider it at this time.

Mr. LONG. Mr. President, I ask unanimous consent that the pending amendment which I have submitted be temporarily laid aside, in order for the Senate to consider the amendment to be proposed by the Senator from Rhode Island.

Mr. HARTKE. Mr. President, reserving the right to object, I see no reason why the pending amendment should not be disposed of in the regular order of business.

Mr. LONG. Mr. President, it is all right with me to do so, except that the amendment I have pending at the desk, I think, is more significant than some Senators realize. I want to set a precedent that we should not pass a controversial bill with a name like the "Trade Reform Act." I think it would be well for Senators to understand the amendment that they vote on. So I thought that, rather than have it agreed to with so few Senators here, it would be better to act on that other amendment first.

Mr. HARTKE. Why does not the Senator withdraw his amendment, then, and proceed with it at a later time, so that we can proceed in an orderly manner?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. HARTKE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for not to exceed 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 8:30 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered,

ORDER FOR RECOGNITION OF SENATOR BROOKE AND SENATOR GRIFFIN TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order, Mr. Brooke be recognized for not to exceed 15 minutes tomorrow morning; and that he be followed by Mr. Griffin for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR DOMINICK ON TUESDAY, DECEMBER 17, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on next Tuesday, after the two leaders or their designees have been recognized under the standing order, Senator Dominick be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session for not to exceed 2 minutes to consider a nomination on the calendar

The PRESIDING OFFICER. Without objection, it is so ordered. The nomination will be stated.

OFFICE OF ECONOMIC OPPORTUNITY

The legislative clerk read the nomination of Bert A. Gallegos, of Colorado, to be Director of the Office of Economic Opportunity.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

NOMINATIONS PLACED ON THE SECRETARY'S DESK—PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service which had been placed on the Secretary's desk.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONDALE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRADE REFORM ACT OF 1974

The Senate continued with the consideration of the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

AMENDMENT NO. 2052

Mr. MONDALE. Mr. President, I send to the desk an amendment to the Trade Reform Act. Title V of this bill establishes a Generalized System of Tariff Preferences for developing countries. While the amount of trade expected to take place under this system is terribly modest, this program is symbolic of U.S. willingness to assist in promoting economic development and diversification in developing nations.

In my opinion, however, title V was amended in the Finance Committee in some unfortunate ways. One of the most important of these amendments, in my view, was that which would preclude any Communist country from receiving tariff preferences. In many other respects, this bill marks a step forward in our relations with the nonmarket economies. But in making the prohibition on extending preferences so sweeping as to apply to all Communist countries, it has the unfortunate aspect of denying them to Romania and Yugoslavia. At one point in the history of this bill, there was an exception for Romania and Yugoslavia recognizing their more independent foreign policy and, in the case of Yugoslavia, the more humane domestic political and economic structure as well. That exception is now missing from this bill.

Mr. President, to deny the administration the authority to extend the generalized tariff preference system to Romania and Yugoslavia would adversely affect our commercial and economic interests in both countries with correspondingly negative political consequences. Such preferences are of high priority to the leaders of both countries both for commercial reasons and the recognition of them as LDC's, and also because they would lend support to the independent foreign policy of each country, an independence most concretely manifested by expanding trade with the West. To sustain these trade ties and to continue to import increasing quantities of capital goods from the United States, Yugoslavia, and Romania must be able to export their products to our market. In order to remain competitive, GSP is essential for this objective.

I will not burden you with a recitation of a whole list of statistics. But I think it significant to note that two-way trade between the United States and Yugoslavia grew from $258 million in 1970 to $422 million in 1973 with a $48 million trade surplus for the United States in 1973. Even more dramatic increases in trade were registered between the United States and Romania during the same period—up from $79 million two-way exchange in 1970 to $171 million in 1973 and an anticipated exchange of $450 million in 1974. Once again, the trade balance was significantly in our favor by about 2 to 1.

The importance which these countries attach to economic relations with the United States was seen in President Tito's personal attendance at the groundbreaking ceremony several days ago for a $400 million-plus nuclear powerplant to be built by an American firm.

Mr. President, the sole beneficiaries of excluding Romania and Yugoslavia from the generalized system of tariff preferences would be those countries which oppose improvement in our relations with those two countries. Specifically, the Soviet Union stands ready to capitalize on any reversal of our efforts to draw Romania and Yugoslavia into free association with the Western world.

Mr. President, I ask unanimous consent that my amendment be treated as though it were presented and read in order to comply with the second paragraph of rule XXII if cloture is invoked on the bill or any amendment thereto.

This amendment is one which I raised in committee dealing with generalized preferences for Romania and Yugoslavia. It is clearly relevant to the trade bill, and I am simply asking permission that it be submitted and considered as if read.

Mr. ROBERT C. BYRD. The Senator is only asking that it meet the reading requirements.

Mr. HARTKE. I did not hear what the Senator said.

Mr. MONDALE. This amendment would accord Romania and Yugoslavia generalized preferences.

Mr. LONG. Mr. President, I have no objection to waiving the reading requirements. It is only germaneness that I am interested in.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, reserving the right to object, I wish to find out what the Senator wants to do.

Mr. MONDALE. I am humbly, dear sir, rying to submit a bill in the form of an amendment to this underlying trade bill. I understand I have to ask permission, which is why I am doing it.

Mr. LONG. Otherwise the Senator would have to have the legislative clerk read it.

Mr. MONDALE. That is right.

Mr. HARTKE. I withdraw my objection.

Mr. BENTSEN. Mr. President, H.R. 10710, which is now pending before the Senate, contains language important to all those of us who are concerned about our missing in action in Southeast Asia. The Trade Reform Act contains language to insure that Communist countries which might be eligible to receive most-favored-nation treatment, credits and credit guarantees understand the significance which the United States attaches to their efforts to assist us in accounting for our citizens missing in action in Southeast Asia .

The President would be prohibited from extending such trade and credit concessions and from entering into bilateral trade agreements with any country refusing to cooperate with the United States in accounting for our MIA's.

The President would be required to submit periodic reports to the Congress on these countries' cooperation with the United States either House of Congress could then terminate the preferential treatment by a simple majority vote.

I support these restrictions on trade and credit concessions, Mr. President, and I urge my colleagues in the Senate to express their support as well. With American participation in the Vietnam war now behind us, it is all too easy to forget—to forget those who gave their lives; to forget those who were wounded; to forget those who were imprisoned and those who are still missing. Reports continue to circulate of American prisoners still in the hands of the North Vietnamese, the Vietcong, or the Pathet Lao. It is, of course, impossible for us in Washington to determine the accuracy of those reports. Only the appropriate U.S. representatives in the field can do so—and then only with the cooperation of the nations in question. There has been a regrettable lack of such cooperation, cooperation which would be a simple humanitarian gesture not only to the United States, but also to MIA families who have suffered enough.

Mr. President, the pertinent language in the Trade Reform Act is a first step toward securing greater cooperation from other nations in locating information about your missing in action. I urge the Congress to join me in support of this much needed—indeed urgent—legislation.

AMENDMENTS NOS. 2032 AND 2033 TO THE TRADE REFORM ACT OF 1974

Mr. HASKELL. Mr. President, it gives me a great deal of pleasure to join with the distinguished chairman of the Subcommittee on Multinational Corporations, Mr. CHURCH, and the distinguished Senator from Indiana (Mr. HARTKE) in proposing two amendments to the Trade Reform Act of 1974. Both of these amendments represent efforts to accomplish Federal income tax neutrality with respect to investments abroad and at home.

At the outset Mr. President, let me state that it is my belief that our amendments are entirely relevant to the subject of the Trade Reform Act. The bill presently under consideration has, as its principal purpose, the harmonization, reduction, and elimination of tariff and nontariff obstacles to, and other distortions of, international trade.

To accomplish that objective, the Trade Reform Act authorizes the President for a period of 5 years to enter into trade agreements with various other countries. The theme of the Trade Reform Act throughout its every provision is the essentiality of fair, uniform, and equitable trade conditions among nations: Any major industrialized nation which fails to provide substantially equivalent competitive opportunities to those which are provided by the United States, may not benefit from the various concessions which may be made under the authority of this act. And, concessions made under past trade agreements may be terminated if necessary to restore relatively equivalent competitive opportunities.

Thus, Mr. President, it is clear that the overriding objective of this bill is to redress present imbalances between and among nations in free trade opportunities and to achieve neutrality in the policies of various governments with respect to international trade. It is my judgment and the judgment of Senator CHURCH that elemental to achieving this objective is the need to reconsider the Federal tax policy of this Nation with respect to international corporate investment. We do only half our job if we neglect, then, to achieve neutrality within our own policy by redressing the present imbalance between tax incentives to invest abroad and those to do so at home.

The tax policy of this Nation is a major device for encouraging various kinds of economic behavior believed necessary or advantageous to the national interest. Among the many such inducements are a number which encourage U.S. corporations to invest abroad rather than here in the United States. Given the broad objectives and authorities of the Trade Reform Act, it is logical and appropriate for the tax policy of the Federal Government to be neutral with respect to decisions by domestic corporations to invest either at home or abroad.

Unquestionably, there exists a distinct bias in our tax laws toward overseas investment, through such provisions as DISC, the deferral of income earned abroad by controlled foreign subsidiaries, lower tax rates for Western Hemisphere trade corporations, and others dealt with by our amendments. What we must here realize is that as long as tax incentives to produce abroad are retained while international trade agreements are made to reduce tariff and nontariff barriers to trade, our policy is not real neutrality, but rather is to encourage an increase in our imports of foreign goods without any offsetting increase in our exports. These tax incentives will continue to encourage direct investment abroad rather than production for exporting at home regardless of the absence of import obstacles in other nations. Very simply, we are here enhancing the desirability of overseas production on the part of U.S. corporations, while doing nothing to encourage investment here at home.

The premise of this bill is neutrality. Market efficiencies are to govern international trade. The effectiveness of that objective is sharply undermined by our failure to make corresponding changes in our Federal tax laws so that they, too, are neutral and so that the present bias toward overseas investment within those laws is eliminated. The issue of international trade barriers very simply cannot be separated from that of Federal tax neutrality with respect to overseas investment.

The first of our amendments, which the distinguished Senators from Idaho (Mr. CHURCH) and Indiana (Mr. HARTKE) and I yesterday introduced, would repeal DISC, tax code provisions designed to encourage the exporting of domestically produced products, the Western Hemisphere trade corporation and less-developed-country provisions; and, it would eliminate the present deferral allowed for income of controlled foreign corporations.

The second of our amendments would tighten up the foreign tax credit provisions of the code so that royalty payments made in connection with the extraction of oil or gas from a foreign nation and paid to a foreign government could no longer be disguised as tax payments to be credited against U.S. taxes; and, the so-called overall limitation on the foreign tax credit would be repealed, so that tax payments made to one foreign country could no longer be used to shelter income subject to minimal taxes in another foreign country.

I shall limit my discussion to the foreign tax credit revisions of our second amendment and the DISC repeal: The remaining provisions of these amendments are dealt with quite eloquently in the statement made today by Senator CHURCH.

FOREIGN TAX CREDITS

At the present time, income taxes paid to foreign governments may be credited against income taxes otherwise due the Federal Government. The rationale for allowing such credits is quite simple and, in the main, entirely appropriate; the objective of the credit is to prevent double taxation on multinational corporations, since to impose such double taxation would put international corporations at an extreme disadvantage with respect to foreign companies.

However, the foreign tax credit has provided special and, in my judgment, unintended benefits to the multinational oil industry by allowing the crediting of royalty payments in the guise of income taxes.

In the foreign oil-producing countries, the rights to land, or the minerals contained therein, are frequently held by the government rather than by private individuals and, therefore, payments are made to the government. But simply because payment is made to a foreign government does not mean that it constitutes an income tax; indeed, quite often the contrary is true.

Royalty payments made in most businesses are ordinary deductible business expenses. But, when a multinational oil corporation pays its royalties to foreign governments in the form of income taxes, the Internal Revenue Service allows the payment to be credited against taxes due the Federal Government although Congress has never specifically legislated such treatment.

An income tax credit, as everyone knows, is far more valuable in reducing one's tax liability than is deduction. The tax credit allows the corporation to reduce its tax liability to the Federal Government on a dollar-for-dollar basis, whereas a deduction only reduces corporate tax liability by 48 cents on the dollar since the corporate rate is 48 percent.

The windfall that results from the fictional treatment of royalty payments made to foreign governments as an income tax is in large part responsible for the appallingly low effective rate of taxation on multinational oil companies. Furthermore, the credit constitutes a continuing incentive to these corporations to produce abroad rather than here in the United States. And this imbalance in Federal policy between domestic and international trade is a problem entirely appropriate for resolution in this Trade Reform Act.

Our amendment prohibits corporations from taking a tax credit for any payment to a foreign government, in connection with the extraction of oil or gas, which is in reality a royalty payment. True income taxes will still be creditable against Federal tax liability.

The amendment directs the Secretary of Treasury to apply certain standards in the determination of what part, if any, of a payment to a foreign government is royalty. In countries which tax other activities, a simple comparison of the taxes applied to those activities will aid in this determination. In those few countries where only oil production is subject to taxation, the Internal Revenue Service may place royalty values on foreign wells just as it now places values on closley held stock and unique assets in a decedent's estate. Taxes which are based on any per-volume measurement cannot, of course, be regarded as taxes on income and must be treated as royalty payments.

Our amendment will also repeal the so-called "overall limitation" on the foreign tax credit.

The "overall limitation" is, in reality, no meaningful limitation at all. Under this provision, the taxpayer aggregates all of his foreign income and losses as well as his foreign taxes. The tax credit for all of the foreign tax imposed is limited to the U.S. tax on the total amount of foreign source income. The overall limitation, then, allows a corporation to, in essence, use tax payments to country "A" to offset taxes due the United States on income earned in country "B." This so-called limitation stretches the "double taxation" rationale of the foreign tax credit beyond any reasonable bounds.

If the overall limitation were repealed, as this amendment would do, the taxpayer would henceforth be subjected to the per-country limitation. Under this limitation, the taxpayer must segregate its income or losses from each country: the credit allowed for foreign tax payments, then, may not exceed the U.S. tax imposed on that income.

This revision of the U.S. tax treatment of foreign taxes would contain the double-taxation rationale to its proper scope: U.S. tax liability would be offset on a dollar-for-dollar basis in recognition of taxes paid to a country on income earned in that country.

DISC

Under the DISC provisions of the Internal Revenue Code, specially organized export corporations are permitted to defer indefinitely the tax on one-half of their income. The purpose, of course, of DISC ostensibly is to provide an extra stimulus to the business of exporting. The plain fact of the matter, however, is that there is no evidence whatsoever that DISC has indeed been effective in promoting exports. What we do know beyond any question is that DISC has, over the last several years, represented an extraordinary drain on the Federal Treasury.

Recently, our distinguished colleague from Maine (Mr. MUSKIE) pointed out that DISC's are frequently nothing more than paper corporations established by other large corporations solely in order to take advantage of the favorable tax treatment provided by the Internal Revenue Code. In 1972, 22 percent of the income received by all DISC's was earned by eight corporations with gross receipts of over $100 million. Over 80 percent of the approximately 2,200 DISC's in existence at that time were owned by corporations with assets of over $100 million.

When DISC was originally enacted, in 1971, the Nation was facing a very serious balance-of-payments deficit. But, in 1973, the United States enjoyed a $700 million trade surplus and had a record-breaking $70 billion in exports. I maintain, however, that there is no evidence that this trade turnaround is a product of DISC.

Indeed, according to the international economic report of the President, the turnaround in the U.S. trade balance was caused primarily by increased worldwide demand for our agricultural and manufactured exports, and by the 15 percent devaluation of the dollar over the past 2 years. The General Accounting Office has reported that DISC "is not considered to have had much influence toward increasing U.S. exports to date. Neither has it resulted in exporters lowering their prices to meet competition." Finally, a report recently prepared by the U.S. Department of the Treasury pursuant to the 1971 legislation establishing DISC reached no firm conclusion as to whether the existence of these tax breaks led to greater exports than would have been the case in the absence of these provisions. Indeed, the report noted that 1972 was the first year of devaluation of the dollar and that "other powerful influences were brought to bear on the U.S. trade position," apart from the tax changes brought about by the passage of the DISC provisions.

What we do know for certain has been accomplished by the passage of DISC is that the Federal Treasury has been depleted to a far greater extent than was originally anticipated when DISC was proposed. The Treasury Department had estimated that the revenue loss for 1972 would be approximately $100 million; instead the Treasury loss for that year turned out to be 2½ times that amount, or $250 million. The revenue loss for 1973 was approximately $500 million and, it is estimated, the loss will reach nearly $800 million for 1974, and over $900 million for 1975.

Under our amendment, the DISC provisions of the Internal Revenue Code would be repealed.

In conclusion, Mr. President, let me again emphasize that our amendments should be regarded as an integral part of any truly comprehensive effort to achieve international trade neutrality. Such neutrality, if effective, must consist not only of neutrality among nations, but also neutrality within nations with respect to domestic versus overseas investment.

I understand that the Parliamentarian has indicated that our amendments may not be strictly germane and, hence, would not be in order should cloture be invoked. Because I support the trade bill, I shall vote to invoke cloture; it is my hope that, before we do so, the Senate will consider and approve our amendments.

I ask unanimous consent, Mr. President, that our amendments, Nos. 2032 and 2033, be printed at this point in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 2032

TITLE VII—AMENDMENTS TO INTERNAL REVENUE CODE

SEC. 701. FOREIGN TAX CREDIT.

(a) ROYALTIES.

(1) IN GENERAL.—Section 903 of the Internal Revenue Code of 1954 (relating to definition of creditable taxes) is amended to read as follows:

"(a) IN GENERAL.—For purposes of this subpart and sections 164(a) and 275(a), the term 'income, war profits, and excess profits taxes' means a tax paid in lieu of a tax on income, war profits, or excess profits otherwise generally imposed by any foreign country or by any foreign possession of the United States.

"(b) ROYALTIES.—

"(1) IN GENERAL.—For purposes of this subpart and section 164(a) and 275(a), in the case of taxes paid or accrued to any foreign country with respect to income derived from the extraction, production, or refining of oil or gas in such country, the term 'income, war profits, and excess profits taxes' does not include any amount paid as a royalty.

"(2) DETERMINATION BY SECRETARY OR HIS DELEGATE.—The Secretary or his delegate shall determine, in accordance with the provisions of paragraph (3), with respect to payments made to any foreign country in connection with income from the extraction, production, or refining of oil or gas in such country, what portion (if any) of that payment constitutes the payment of a royalty.

"(3) BASIC RULES.—In the case of any foreign country which imposes an income, war profits, or excess profits tax on income from activities other than the extraction, production, or refining of oil or gas in that country, any part of a payment made to that country as an income, war profits, or excess profits tax which is not reasonably similar (in terms of the rate of tax, or of the amount of tax paid for the income or profits involved) to the amount payable with respect to income or profits arising out of other activities, as determined by the Secretary or his delegate, is considered to be a royalty payment. In the case of any other foreign country, any part of a payment made to that country as an income, war profits, or excess profits tax which is determined by the Secretary or his delegate, on account of the manner in which it is determined, the rate or amount involved, or any other reason, to constitute the payment of a royalty is considered to be a royalty payment.".

(2) Carryovers.—Section 904(f) (4) of such Code (relating to transitional rules for carrybacks and carryovers) is amended by adding at the end thereof the following new subparagraph:

"(C) CARRYOVERS TO YEARS BEGINNING AFTER DECEMBER 31, 1973.

"(i) Whenever pre-1974 taxes are, under the provisions of subsection (d), deemed to be post-1973 taxes, the pre-1974 taxes shall be redetermined in accordance with the provisions of section 903(b) (relating to royalties) as if those provisions applied to the taxable year in which the pre-1974 taxes were paid or accrued.

"(ii) For purposes of this subparagraph, the term 'pre-1974 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year ending before January 1, 1974, and the term 'post-1973 taxes' means taxes paid or accrued to any foreign country or possession of the United States in any taxable year beginning after December 31, 1973.".

(b) REPEAL OF OVERALL LIMITATION.—

(1) IN GENERAL.—Section 904 of the Internal Revenue Code of 1954 (relating to limitation on credit) is amended—

(A) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) LIMITATION.—The amount of credit in respect of tax paid or accrued to any foreign country or possession of the United States shall not exceed the same proportion of the tax against which such credit is taken sources within such country or possession (but not in excess of the taxpayer's entire taxable income) bears to his entire taxable income for the same taxable year.";

which the taxpayer's taxable income from

(B) by striking out subsection (b);

(C) by redesignating subsection (c) as

(b) and by striking out "applicable" in that subsection;

(D) by redesignating subsection (d) as (c) and by striking out "applicable" each time it appears in that subsection;

(E) by striking out subsection (c);

(F) by redesignating subsection (f) as (d) and by striking out "(c), (d), and (c)" in paragraph (1) of that subsection and inserting in lieu thereof the following: "(b) and (c)";

(G) by striking out subsection (d)(3) (as redesignated under paragraph (6));

(H) by redesignating subsection (d)(4) (as redesignated under paragraph (6)) as (d)(3) and by striking out "(d)" each time it appears in that subsection and inserting in lieu thereof "(c)";

(I) by redesignating subsection (d)(5) (as redesignated under paragraph (6)) as (d)(4) and by striking "(1)" after "(a)"; and

(J) by striking out subsection (g) and inserting in lieu thereof the following:

"(e) Cross Reference.—

"For increase of limitation under subsection (a) for taxes paid with respect to amounts received which were included in the gross income of the taxpayer for a period taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(b).".

(2) Technical amendments.—

(A) Section 901 of the Internal Revenue Code of 1954 (relating to taxes of foreign countries and of possessions of the United States) is amended—

(i) by striking out "applicable" the first time it appears in subsection (a); and

(ii) by striking out "applicable" the first time it appears in subsection (b).

(B) Section 960 of such Code (relating to special rules for foreign tax credits) is amended by striking out "applicable" each time it appears in subsection (b);

(C) Section 1503 of such Code (relating to computation and payment of tax) is amended—

(i) by striking out "(a) General Rule.—"; and

(ii) by striking out subsection (b).

Amendment No. 2033

At the end of the bill add the following new title:

TITLE VII—AMENDMENTS TO INTERNAL REVENUE CODE

Sec. 701. Taxation of Earnings and Profits of Controlled Foreign Corporations.

(a) Part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to income from sources without the United States) is amended by inserting after subpart H thereof the following new subpart:

"Subpart I—Controlled Foreign Corporations

"Sec. 985. Amounts included in gross income of United States shareholders.

"Sec. 986. Definitions.

"Sec. 987. Rules for determining stock ownership.

"Sec. 988. Exclusion from gross income of previously taxed earnings and profits.

"Sec. 989. Adjustments to basis of stock in controlled foreign corporations and of other property.

"Sec. 990. Records and accounts of United States shareholders.

"Sec. 985. Amounts Included in Gross Income of United States Shareholders.

"(a) Amounts Included.—

"(1) In general.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation who owns (within the meaning of section 987(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporations ends, its pro rata share of the corporation's earnings and profits for such year.

"(2) Pro rata share of earnings and profits.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 987(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the amount determined under subparagraph (A), as (ii) the part of such year described in subparagraph (A)(ii) during which such shareholder did not own (within the meaning of section 987(a)) such stock bears to the entire year.

"(b) Earnings and Profits.—For purposes of this subpart, under regulations prescribed by the Secretary or his delegate, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m)(3), shall be determined according to rules substantially similar to those applicable to domestic corporations,

"(2) shall be appropriately adjusted for deficits in earnings and profits of such corporation for any prior taxable year beginning after the date of the enactment of the Trade Reform Act of 1974.

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(c) Coordination With Election of a Foreign Investigation Company To Distribute Income.—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) Coordination With Foreign Personal Holding Company Provisions.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(b) relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"Sec. 986. Definitions.

"(a) United States Shareholder Defined.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d)) who owns (within the meaning of section 987(a)), or is considered as owning by applying the rules of ownership of section 987(b), one percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) Controlled Foreign Corporation Defined.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 987(a)), or is considered as owned by applying the rules of ownership of section 987(b), by United States shareholders on any day during the taxable year of such foreign corporation.

"Sec. 987. Rules for Determining Stock Ownership.

"(a) Direct and Indirect Ownership.—

"(1) General rule.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) Stock ownership through foreign entities.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation or foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership of trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) Constructive Ownership.—For purposes of section 986, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any United States person as a United States shareholder within the meaning of section 986(a), or to treat a foreign corporation as a controlled foreign corporation under section 986(b), except that—

"(1) in applying paragraph (1)(A) of section 318(a), the stock owned by an unresident alien individual (other than a foreign trust or a foreign estate) shall not be considered as owned by a citizen or by a resident alien individual,

"(2) in applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote,

"(3) in applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C), and

subparagraphs (A), (B), and (C) of section 318(a)(3) shall not be applied so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

"Sec. 986. Exclusion From Gross Income of Previously Taxed Earnings and Profits.

"(a) Exclusion From Gross Income.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 987(a), to—

"(1) such shareholder (or any other United States person who acquires from any person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary or his delegate may by regulations prescribe), or

"(2) a trust (other than a foreign trust) or which such shareholder is a beneficiary, be again included in the gross income of such United States shareholder (or of such United States person or of such trust).

"(b) Exclusion From Gross Income of Certain Foreign Subsidiaries.—For purposes of section 985(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when distributed through a chain of ownership described under section 987(a), be also included in the gross income of another controlled foreign corporation in such chain for purposes of the application of section 985(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary or his delegate may prescribe by regulations).

"(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 985(a), and

"(2) then to other earnings and profits.

"(d) Distribution Excluded From Gross Income Not To Be Treated as Dividends.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"Sec. 989. Adjustments to Basis of Stock in Controlled Foreign Corporations and of Other Property.

"(a) Increase in Basis.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 987(a)(2) as owning stock of a controlled foreign corporation shall be increased by the amount required to be included in its gross income under section 985(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) Reduction in Basis.—

"(1) In General.— Under regulations prescribed by the Secretary or his delegate, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 988(a) shall be reduced by the amount so excluded.

"(2) Amount in excess of basis.—To the extent that an amount excluded from gross income under section 988(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"Sec. 990. Records and Accounts of United States Shareholders.

"(a) Records and Accounts To Be Maintained.—The Secretary or his delegate may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) Two or More Persons Required To Maintain or Furnish the Same Records and Accounts With Respect to the Same Foreign Corporation.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary or his delegate may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons.".

(b) Technical and Conforming Amendments.—

(1) Section 864(c)(4)(D) of such Code is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958 (b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote."

(2) Section 951 of such Code is amended by adding at the end thereof the following:

"(e) Taxable Years Ending After Enactment of the Trade Reform Act of 1974.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1)(A)(ii), or paragraph (1) (B) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning after the date of the enactment of the Trade Reform Act of 1974.".

(3) Section 1016(a)(20) of such Code is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 990".

(4) Section 1246(a)(2)(B) of such Code is amended by inserting "or 985" after "section 951" and by inserting "or 988" after "section 959.".

(5) Section 1248(d)(1) of such Code is amended to read as follows:

"(1) Amounts included in gross income under section 951 or 985.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 985, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 988.".

(c) The table of subparts of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Subpart I.—Controlled Foreign Corporations.".

(d) Effective Date.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after the date of the enactment of this Act, and to taxable years of United States shareholders within which or with which such taxable years of such foreign corporations end.

Sec. 702.—Elimination of Western Hemisphere Trade Corporation Provisions.

(a) Section 921 of the Internal Revenue Code of 1954 (relating to Western Hemisphere trade corporations) is amended by—

(1) inserting "(a)" before the first word of the text of that section, and

(2) adding at the end thereof the following new subsection:

"(b) No corporation shall be treated as a Western Hemisphere trade corporation for any taxable year beginning after the date of enactment of the Trade Reform Act of 1974.".

(b)(1) Section 170(b)(2) of such Code (relating to charitable deductions for corporations) is amended by striking out subparagraph (d).

(2) Section 172(d)(5) of such Code (relating to the net operating loss deduction) is amended by striking out "or under section 922 (relating to Western Hemisphere trade corporations)".

(3) Section 1053 of such Code (relating to consolidated returns) is amended by striking out subsection (b), and by deleting "(a) General Rule.—" from such section.

(4) Section 1562(b)(4) of such *Code* (relating to multiple surtax exemptions) is amended by—

(1) inserting "and" before "804(a)(3) (relating to deductions for partially tax-exempt utilities)" and

(2) striking out "and 922 (relating to special deduction for Western Hemisphere trade corporations)".

(c) The amendments made by this section apply to taxable years beginning after the date of enactment of this Act.

Sec. 703.—Termination of Special Tax Treatment for Domestic International Sales Corporations.

(a) Section 991 of the Internal Revenue Code of 1954 (relating to tax exemption of a DISC) is amended by adding at the end thereof the following: "This section shall not apply to any taxable year beginning after the date of the enactment of the Trade Reform Act of 1974.".

(b) Section 992(a) of such Code (relating to definition of DISC) is amended by adding at the end thereof the following new paragraph:

"(4) Termination.—Notwithstanding any other provision of this part, no corporation shall be treated as a DISC or former DISC for any taxable year beginning after the date of the enactment of the Trade Reform Act of 1974.".

(b)(1) Section 1014(b) (relating to basis of property acquired from a decedent) is amended by striking out paragraphs (5) and (6).

(2) Paragraph (9) of section 1014(b) is amended by inserting the word "and" at the end of subparagraph (A), by striking out subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(c) The amendments made by this section shall be applicable only with respect to decedents dying after the date of the enactment of this Act.

Sec. 704. Termination of Preferential Treatment of Dividends of Less Developed Country Corporations.

Section 902 (relating to credit for corporate stockholder in foreign corporations) is amended as follows—

(1) Subsection (a) is amended to read as follows:

"(a) Treatment of Taxes Paid by Foreign Corporation.—For purposes of this subpart, a domestic corporation which owns at least 10 percent of the voting stock of a foreign corporation from which it receives dividends in any taxable year shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by such foreign corporation to any foreign country or to any possession of the United States on or with respect to accumulated profits, which the amount of such dividends (determined without regard to section 78) bears to the amount of such accumulated profits in excess of such income, war profits, and excess profits taxes (other than those deemed paid).".

(2) Subsections (b) (1) and (2) are amended to read as follows:

"(1) If the foreign corporation described in subsection (a) (hereinafter in this subsection referred to as the 'first foreign corporation') owns 10 percent or more of the voting stock of a second foreign corporation from which it receives dividends in any taxable year, it shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid or deemed to be paid by such second foreign corporation to any foreign country or to any possession of the United States on or with respect to the accumulated profits of the corporation from which such dividends were paid which the amount of such dividends bears to the amount of the accumulated profits of such second foreign corporation from which such dividends were paid in excess of such income, war profits, and excess profits taxes.

"(2) If such first foreign corporation owns 10 percent or more of the voting stock of a second foreign corporation which, in turn, owns 10 percent or more of the voting stock of a third foreign corporation from which the second foreign corporation receives dividends in any taxable year, the second foreign corporation shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such third foreign corporation to any foreign country or to any possession of the United States on or with respect to the accumulated profits of the corporation from which such dividends were paid which the amount of such dividends bears to the amount of the accumulated profits of such third foreign corporation from which such dividends were paid in excess of such income, war profits, and excess profit taxes.".

(3) Subsection (c) (1) is amended to read as follows:

"(1) ACCUMULATED PROFITS DEFINED.—For purposes of this section, the term 'accumulated profits' means, with respect to any foreign corporation, the amount of its gains, profits, or income computed without reduction by the amount of the income, war profits, and excess profits taxes imposed on or with respect to such profits or income by any foreign country or any possession of the United States. The Secretary or his delegate shall have full power to determine from the accumulated profits of what year or years such dividends were paid, treating dividends paid in the first 60 days of any year as having been paid from the accumulated profits of the preceding year or years (unless to his satisfaction shown otherwise), and in other respects treating dividends as having paid from the most recently accumulated gains, profits or earnings."

(4) Subsection (d) is repealed.

(5) Subsection (e) is redesignated as subsection (d).

Mr. HATFIELD. Mr. President, as debate begins on the trade bill, I think it important to consider one aspect of the issue. This legislation must not become the "Christmas tree" bill of the 93d Congress. We must keep this a clean bill, free from nongermane amendments.

The trade bill is a fragile vessel in a stormy sea. One wave over the side, and the boat will sink. We must be realistic: if extraneous amendments are pushed, this bill will die. Trade reform then will be scuttled for years if the bill is not passed.

During much of this Congress, many speeches have been given in this Chamber about the reassertion of congressional responsibility. I have joined in this effort. The word responsibility, in these speeches, often has been used to discuss reassertion of congressional powers in areas of the Federal Government. We must remember, however, that responsibility has a second meaning: to act in a responsible manner. It is this second aspect of responsibility that should concern us all as debate begins on the trade bill. We must not allow all the rhetoric about congressional responsibility to be forgotten. We must show that we deserve this responsibility by limiting our debate to the merits of this bill, by rejecting all nongermane amendments, and considering the trade bill solely on its merits.

I suggest that the best way to deal with this bill is to reject all nongermane amendments. Rather than reviewing the substantive merits of these amendments, they should be rejected in toto so that the bill can be kept clean. We should not debate the merits of the extraneous proposals, and they should be rejected.

Mr. President, I ask unanimous consent that an editorial about this subject from last Sunday's Washington Post appear at this point in the Record, followed by one from the Portland Oregon Journal.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Oregon Journal, Monday, Dec. 9, 1974]

TIME SHORT ON TRADE BILL

Most of the publicity given to the Trade Reform Act of 1973 centers on the issue of granting "most favored nation status" to the Soviet Union and the related demand that the Soviets liberalize their emigration policies for Jews and other citizens who want to leave the country.

The fact that it contains wide-ranging provisions which bear on this country's trade relationships with traditional allies is almost forgotten.

Secretary of State Henry Kissinger focused on these aspects of the legislation in his testimony before the Senate Finance Committee when he said that almost all Allied countries have implored him to press for adoption of the legislation.

At stake is the question of whether this country is to move in the direction of strengthened international commerce or turn back toward protectionism.

The act has gone through a lot of hoops to reach this far. While it is called an administration bill, it underwent extensive revision in the House, where it was passed many months ago. Oregon's Rep. Al Ullman had an important hand in shaping it.

It has consistently been opposed by the AFL–CIO, which wants far more restrictive trade legislation, and there is fear that if it dies this session, the nation will be faced, at best, with interminable delay and, at worst, protectionist legislation with adverse economic and diplomatic consequences.

Like it or not, our future is inextricably bound up with the futures not only of our traditional allies but of the Communist nations too.

It will be a better, safer world if we gear ourselves to deal with them realistically and effectively in the whole area of international commerce.

[From the Washington Post, Dec. 8, 1974]

SENATE POLITICS AND THE TRADE BILL

The trade reform bill, carrying with it the crucial agreement on emigration out of the Soviet Union, is now in grave and rising danger. It comes to the Senate floor on Monday, where it will fall into an enormously complicated political situation involving the Democratic party's tangled relations with the labor movement and the maneuver around the 1976 presidential campaign. The opposition to the trade bill is being ably and powerfully led by the AFL-CIO. Regrettably, the American labor movement in recent years has turned toward a kind of protectionism that is as bitter and vehement as it is narrow and wrong-headed. The bill has already been through the House. The strategy to kill it in the Senate, in these last days of the Congress, is to hang inflammatory amendments onto it.

The consequences of defeat of this bill would be beyond calculation. The progress of detente with the Soviet Union assumes steadily widening trade and the most-favored-nation status under our tariff laws that this country has repeatedly promised the Soviets but not yet delivered. As the price of this trade, a large number of Senators, led by Henry M. Jackson (D-Wash.), demanded the Soviet emigration guarantees that, through arduous and successful negotiation, Secretary of State Henry Kissinger has finally achieved. These guarantees are contingent on the passage of the bill. It is necessary to expect that, if the bill dies in the Senate, life will suddenly become very much more unpleasant for those Soviet citizens who are trying to emigrate.

The purpose of the trade bill is to give American negotiators the authority to work out new international trade rules. In a time of great turbulence and disruption in world markets, the old rules are rapidly becoming obsolete. But the proportion of this country's production that is sold abroad continues to rise rapidly, and American prosperity depends upon the success with which we can keep these markets operating on principles that are fair. If you believe that Americans should have a world-wide choice of goods to buy, the trade bill is the most important consumer legislation that Congress will consider this year.

The AFL-CIO is fighting the bill aggressively and sharply reminding senators that labor is likely to be the largest single source of campaign funds and organizational support to a Democratic presidential candidate in 1976. The leading candidate for the nomination at the moment is, of course, Sen. Jackson. He is now caught between two important elements of his constituency, the Jewish organizations that strongly support the Soviet emigration agreement and the unions that equally strongly oppose the trade bill. To his credit, the senator has not wavered in regard to the bill. But he is not the only senator (or potential presidential candidate) in this uncomfortable position, and the real tests lie ahead. They will come in the maneuver over the killing amendments, of which there currently seem to be four.

The most dangerous is probably the amendment to deregulate the price of natural gas, which Sen. James Buckley (Cons. R-N.Y.) is expected to offer. Deregulation would serve the public interest, and it is part of any rational energy policy for this country. But it would be wanton to try to use the trade bill as a vehicle to get this highly controversial proposal enacted. It is perfectly clear to us, as it ought to be clear to any senator, that a bill with the Buckley amendment in it will be met with a filibuster that, at the tail end of the session, cannot help but succeed.

Another possible amendment is the so-called Energy Security Transportation bill, possibly the most gross and damaging piece of special interest legislation to appear in this Congress. It would require a rising proportion of our oil imports to arrive in American tankers, at an inordinate public cost in shipping subsidies. Its advocates, the maritime unions and shipyards, are seeking to attach it to respectable legislation so that President Ford cannot veto it.

Sen. Vance Hartke (D-Ind.), a faithful ally of the AFL-CIO, has a complicated proposal to tax companies' foreign income. He may attempt to attach it to the trade bill in an effort to turn off the multinational corporations' strong lobbying for the bill.

A fourth possible killer amendment is the income tax cut that Sen. Edward Kennedy (D-Mass.) reportedly has under consideration. The sharp increase in the unemployment rate has greatly increased pressure in Congress for a quick tax reduction before adjournment. One possibility under discussion among some senators is to take the entire tax reform bill passed earlier by the House and attach the whole thing as a rider to the trade bill. But the House's tax legislation also would abolish the depletion allowance for the oil industry. Just as the senators from the gas-consuming states would filibuster deregulation to death, senators from the oil-producing states would filibuster any bill attacking the depletion allowance. All of these proposals deserve consideration on their merits, independently, at another time. None of them is worth jeopardizing the trade reform bill now.

A senator who votes for any of these extraneous amendments must do it in the knowledge that they are likely to kill the trade bill—and each of the amendments will pick up some votes intended to do precisely that. Any senator who wants the trade bill to pass will support agreements to prohibit any extraneous amendments at all. This position will be difficult for some senators. But the bill will pass only if the killer amendments are shut out—and it is a bill that carries a heavy freight of hopes and benefits.

Mr. ROTH. Mr. President, the Trade Reform Act is one of the most important pieces of legislation we will have dealt with in this session of Congress. It is imperative that Congress act and act quickly in order that it can be adopted.

The issues involved are basic bread and butter issues for all Americans, not just for today and tomorrow but for the coming decade. Is Congress going to act responsibly to get this legislation adopted that is an essential part of any broad effort to get our economy back on track or are we going to play politics and end this session in a burst of economic futility. Is the United States going to provide the leadership needed to bring about a new international economic order or are we going to take a seat in the grandstands, watching the rest of the world go by?

Our economy and the world economy have entered a confusing and critical period in which we face new challenges even while we are still trying to solve the old ones. We know that we are facing a problem of shortages of raw material and energy supplies, that we are confronted with the phenomenon of worldwide stagflation, that the international monetary system is under severe strains from high oil prices and a massive problem of recycling, and that unemployment has reached an alarming 6.5 percent of the labor force.

We also know that trade accounts for 3 million American jobs and 20 percent of our farm income, that it provides critical raw materials that we do not have nor can we get unless we earn through our exports the foreign exchange required to buy them. We know that trade has been a fundamental part of our economic traditions and has been an engine of growth, helping to give the United States the world's highest standards of living.

It should be obvious to all that the world cannot afford crippling trade wars at this time nor another round of competitive, isolationist trade policies of the sort that so contributed to the great depression of the 1930's. We need trade legislation that will promote our products and has the potentiality to create new jobs and incomes for American workers and farmers at the same time it protects our key domestic industries.

I know of no one who contends that the Trade Reform Act is perfect in every respect, but I do believe that it is well-balanced responsible legislation that can provide the basis for achieving our world economic objectives and for helping the United States out of the current slump.

The passage of this bill cannot in itself guarantee a successful outcome of trade negotiations; obviously also requires a forthcoming attitude from our trading partners.

But it can be said that if this bill is not adopted, there will be no trade negotions and the opportunity to improve our trade position and provide new jobs through trade will have been lost. Without our leadership in the trade field, other countries are not likely to be responsive to our leadership in other related areas such as international energy and food problems.

If the United States is going to avoid a new depression, we are going to have to work together—both here in the United States and with other countries. This is going to require comprehensive economic policies, of which this bill is an essential element. We need trade negotiations on access to critical raw materials and energy supplies, and we have to overcome the many barriers, inefficiencies, and inequities in the current trading system.

The Senate Finance Committee, of which I am a member, has made many changes in the House bill designed to insure to the maximum extent possible that the President and our trade negotiators will use this bill to get a fairer break for U.S. industries and agriculture in international trade and to apply protection against excessive imports when necessary. I believe that anyone who reads this legislation carefully will see that it is a good bill, a bill in our national interest.

This bill is especially important to my home State of Delaware and its two key industries—chemicals and agriculture—both of which have significant and expanding international markets. The passage of the Trade Reform Act is vital to the continued economic health of Delaware and the country. In 1972, the last year for which statistics are available, exports of Delaware manufactured products amounted to $126 million, providing 1,900 jobs for Delaware workers. Our agricultural exports this past year were $37 million.

It is my intention to support this bill against nonrelated, nongermane amendments. Attempts to make the Trade Reform Act into a Christmas tree bill can only succeed in destroying the chances of passage of this bill. Senators know that we are down to the wire on the bill, that a conference with the House is still needed before this Congress adjourns. Consequently, in the interests of economic and political responsibility, I will support motions to keep the Trade Reform Act a "clean" bill which should be considered on its own merits, not on extraneous material, such as tax reform amendments or gas deregulation amendments which should be considered separately on their own merits. As the Washington Post said about some of these amendments, they "deserve consideration on their own merits, independently, at another time. None of them is worth jeopardizing the trade reform bill now."

Let me spell out what I believe to be the key elements of our bill.

First, it provides the President with the authority to negotiate tariff levels up or down within limits and negotiate on nontariff barriers to get the same opportunities for American products in foreign markets as those countries have in our markets. In this regard, there are two very important novel features in this bill. For the first time, the President can negotiate on the many nontariff barriers—various restrictions in the guise of health and safety regulations or special taxes which have crippled our ability to export into foreign markets even after substantial reductions in tariffs had been made. This authority is vitally needed to expand exports and jobs. The Finance Committee has added a requirement that the results of such negotiations must be submitted to the Congress for an affirmative vote so that we can insure that all such agreements are in our interest. Another important new feature is the extension of most-favored-nation tariff treatment to other industrialized countries conditioned upon their providing equivalent advantages to us. This will prevent smaller industrialized countries from gaining a windfall in GATT negotiations through being the beneficiary of concessions made by the larger countries to each other without having to provide reciprocal concessions in return. The Finance Committee is determined to stop this abuse of the spirit of the most-favored-nation principle underlying GATT.

Second, this bill strengthens basic legislation and statutes designed to protect our industries from unfair or disruptive import competition. We have included easier eligibility for escape clause relief—that is action to increase duties or apply some other form of import restriction when excessive imports injure a domestic industry. We have also made it mandatory for the President to take action on a finding of injury by the Tariff Commission. The Trade Reform Act updates and streamlines the countervailing duty law and the antidumping law to protect U.S. industries against unfair foreign export subsidies or dumping. Without the Trade Reform Act, the less stringent current laws and rules will remain in effect and American workers will be protected less effectively against injurious or unfair competition.

Third, the Finance Committee has included numerous provisions to insure tough bargaining by U.S. negotiators. We have heard complaints in the past that our negotiators have not fought as hard on behalf of our industrial and agricultural interests as the foreign negotiating teams. In this regard, I was pleased that the Finance Committee adopted my amendment to strengthen liaison between the American negotiating team and the industrial, agricultural, labor, consumer, and other groups vitally affected by trade negotiations. I believe our interests deserve the same representation as foreign interests have. The committee has also adopted other measures to add congressional vetoes, congressional affirmative action, and more stringent congressional oversight to see that the best possible results are obtained from these negotiations.

Fourth, this bill provides an improved adjustment assistance program for American workers and firms. When I made a study of the adjustment assistance program in 1972, I was appalled to find that congressional intent had been thwarted by bureaucratic red tape and a very narrow interpretation of the law by the Tariff Commission. The Finance Committee has worked hard to make adjustment assistance an effective program within the constraints of a fiscally sound budget.

Fifth, this bill also provides for relief for Soviet Jewry, and other minority groups in the Soviet Union. I will speak on this provision in another statement, but I want to emphasize that without the Trade Reform Act, this relief will not be forthcoming. I have argued that trade with the Soviet Union must be used to obtain concessions from the Soviet Union in other areas of importance to the American people, not only emigration for Soviet minorities, but progress on arms control and obtaining a more cooperative Soviet attitude on other world political and economic problems. Détente must be a two-way street.

Sixth, we have also included a requirement that before nondiscriminatory tariff treatment and credits are provided to Communist countries, the President must also find that these countries have been cooperative in seeking a full account of our missing-in-action in Indochina. I strongly endorse this provision because I believe we must use our economic leverage on behalf of the men who loyally served our country and remain unaccounted for.

Seventh, this bill tackles the problem of access to supplies. It contains a negotiating mandate to enter into trade agreements to obtain access of supplies at reasonable prices. It also provides retaliatory authority against countries which deny us access to supplies. This authority is needed to help prevent another oil embargo.

For these reasons, I hope the Congress will adopt this bill speedily and send it to conference without nongermane, killer amendments. It has been 7 years since the President—and there have been three in that period—has had the authority to negotiate new trade agreements. New authority is badly needed. Some have argued that if this bill is not passed, the Congress can consider a new trade bill in the next session. After the Ways and Means Committee and the Finance Committee have each spent a year on this trade bill, I seriously doubt that there will be much enthusiasm for a new set of extensive hearings and deliberations. Both committees have other important business in the new session which demands their attention, especially in the fields of tax reform and health. Our trading partners have indicated that they cannot wait for another year while the United States is paralyzed by the lack of needed negotiating authority. The time to pass the Trade Reform Act is now.

POLISH AND HUNGARIAN ORGANIZATIONS SUPPORT HELMS AMENDMENT FOR REUNITING FAMILIES

Mr. HELMS. Mr. President, on Tuesday, I offered an amendment to the trade reform bill, No. 2022, which is intended to encourage nonmarket economy countries to afford freedom of emigration and freedom from harassment to very close relatives of persons residing in the United States.

This amendment expresses the concerns of ethnic groups originating from such nonmarket countries. I have recently received communications from the Polish-American Revival Movement Conference, and the American Hungarian Federation supporting the basic concept of the amendment which I will bring up at the appropriate time, namely, to encourage nonmarket countries to allow freedom of emigration to all ethnic groups, at least so far as individuals in those groups wish to be reunited with their very close relatives in the United States.

Mr. President, the amendments to which they refer in their letters are identical to No. 2022, except for some slight technical changes. Because of these slight variations, I will omit the texts which they submitted with their letters.

Mr. President, I ask unanimous consent that the two letters I have just referred to be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

FIRST NATIONAL
POLISH AMERICAN REVIVAL
MOVEMENT CONFERENCE,
Garrett Park, Md., December 9, 1974.

Hon. JESSE HELMS,
U.S. Senator,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR HELMS: As the National Executive Chairman of the Polish American Revival Movement Conference and on behalf of our members I am asking you for your support and assistance to have the United States Senate adopt an amendment to the Trade Reform Act of 1973 passed by the House of Representatives in 1973.

The text of the proposed amendment is herewith enclosed.

Recent statements by Secretary of State Kissinger revealed that the "deal" made with the Soviet Union relates only to Soviet Jews and not to other groups in the U.S.S.R. or East Central Europe. If this is correct then the interests of all the other peoples like Poles, Hungarians, Lithuanians, Latvians, Estonians, Czechoslovaks, Yugoslavs and others living within the Communist bloc have been betrayed.

I cannot believe that those who come here to the United States of America to fight shoulder to shoulder with the colonialists against the British to wrest independence for this country would accept such an appeasement of Governments which violate the simplest human rights and turn their people into slaves of the Government. We should only remember Kosciuszko, Pulaski, Colonel Kovats, Lafayette fighting for the independence of a country, a free country, the United States. If we sell today the cause of human rights for better business relations, we are abandoning our independence and the moral foundation upon which the country has been built.

May we urge you to support this Amendment so that we look our children into the eye when they ask us what is liberty, honor and justice.

With best regards, we are

Sincerely yours,
BARON ALEX OSTOJA-STARZEWSKI,
President.

AMERICAN HUNGARIAN FEDERATION,
Washington, D.C., December 6, 1974.

Hon. JESSE HELMS,
U.S. Senator,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR HELMS: At our National Convention in Cleveland between November 29–30, 1974 our federation, the national organization of most American Hungarian churches, fraternal associations and societies since 1907 endorsed an amendment to the Jackson-Vanik Amendment of the Trade Reform Bill.

The text of the Amendment is enclosed in this letter and is identical to the one proposed by Mr. Julius Mesterhazy of Detroit which we understand, you are going to sponsor.

We would like you to sponsor the amendment to the Trade Reform Bill and also keep us informed of any cosponsors and the votes for and against the amendment so that we may record the same for the benefit of our member organizations and churches.

We will on our part attempt to secure support for the amendment in the Senate in the form of cosponsors and votes.

With best regards, we are

Sincerely yours,
LASZLO ESZENYI,
Chairman, International Relations Committee, Vice President.
Rt. Rev. ZOLTAN BEKY, D.D.,
Bishop emeritus National President.
Z. MICHAEL SZAZ, Ph. D.,
National Director.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Jack Brooks, Howard Segermark and Peter Hughes have the privilege of the floor during the consideration of H.R. 10710, the trade reform bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRESIDENT FORD'S SPEECH BEFORE THE BUSINESS COUNCIL

Mr. HARRY F. BYRD, JR. Mr. President, on another matter, I note from the New York Times today that President Ford, in a speech before the Business Council last night said that:

> If there are any among you who want me to take a 180-degree turn from inflation fighting to recessionary pump-priming, they will be disappointed.

Mr. President, I want to applaud President Ford for that statement. I think he is exactly right. I hope he stands firm in his determination to fight inflation.

What he said last night to the Business Council ties in with his eloquent address to Congress in his early days in office, and his statement to Congress at that time that inflation is the Nation's No. 1 problem, and that he will submit a balanced budget in January.

So I rise only to commend the President of the United States for his statement last evening.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRADE REFORM ACT OF 1974

The Senate continued with the consideration of the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

ORDER FOR AMENDMENT TO TRADE REFORM ACT OF 1974 TO BE CONSIDERED AS HAVING MET REQUIREMENTS OF RULE XXII

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that my amendment be laid on the desk and considered as having been read for the purposes of complying with rule XXII.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR AMENDMENTS TO TRADE REFORM ACT OF 1974 TO BE CONSIDERED AS HAVING MET REQUIREMENTS OF RULE XXII

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, if it meets the approval of all of the Senators, that all amendments which are at the desk tomorrow, amendments to the trade bill, which are at the desk, at the time the vote is announced on the motion to invoke cloture, will be considered as having met the reading requirements under rule XXII.

Mr. LONG. Mr. President, I am willing to agree to that provided the Senator introduces an amendment to that. I think it should be introduced from the floor, but I am willing to waive the reading requirements of all amendments.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Provided the amendment is actually introduced from the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I would like to address a question to the assistant majority leader and the manager of the bill.

The situation as it is at the present time, there is pending at the desk an amendment by the Senator from Louisiana to amend the title. The result of that amendment is that it precludes any other amendments coming to the floor without unanimous consent, which puts the Senate in the position that the Senator from Indiana is capable of preventing anyone else from proceeding with their amendments, that at the same time the Senator from Louisiana is in a commanding position to prevent any amendments coming to the floor of the Senate.

Is it the intention of the leadership to just continue in this stall?

I am asking as a point of information. I mean, I know where I am and I know I am in the Senate, I know I have to live with the rules and I am willing to live with the rules, but I would like to have a clarification of what we intend to do with this important legislation which should really be being debated at the present time if it is as important as everyone says it is.

Mr. GRIFFIN. Could I ask the Senator from Indiana a question at this point before there is a response?

Is the amendment that the Senator from Indiana seeks to offer a germane amendment to the trade bill?

Mr. HARTKE. It is not germane under the contention of the Parliamentarian, there is no question about that.

Mr. GRIFFIN. I thank the Senator from Indiana.

Mr. HARTKE. I am very honest with the Senator, I am not trying to lead anybody astray. I know when I am in a position when I cannot win. I know what is going on. I am not asking for mercy or pleading for anything under the Sun, but I think it is important we just sort of get the cards on the table and stop playing games with each other.

Mr. ROBERT C. BYRD. Mr. President, may I say to the Senator, I am not playing games with anybody—playing games with anybody.

I could not care less about this trade bill. I probably will vote against it.

I am not engaging in any stall.

The Senator from Louisiana had a right to call up his amendment and the Senator from Indiana has exercised his rights under the rules to prevent Senators from calling up their amendments by setting the Long amendment aside.

So I really do not understand the Senator's question when he speaks of a stall as far as this Senator is concerned.

Mr. HARTKE. Let me say that satisfies me as an explanation for the assistant majority leader.

I wonder if the manager of the bill would indicate whether he intends to have a vote on his amendment and when. No one is talking about it.

Mr. LONG. Mr. President, I certainly expect a vote on the amendment in due course. I thought there might be some of those who might want to explain their views in addition to the Senator from Louisiana, seeing that it is a very significant amendment.

I believe the Associated Press recently sent out notices to all their correspondents that they should not refer to this bill as the trade reform bill. They said that reform means change for the better, and that begs the question: How would you know whether it is going to be a change for the better until you have had some experience with it? They say that hereafter their reporters are instructed not to refer to a tax bill as a tax reform bill, or a welfare bill as a welfare reform bill, to anything as a reform bill, because they say that that assumes the case. Reform, according to the dictionary definition, means change for the better. It is just like saying this is a good government. Experience will dictate whether it promotes good government or fails to promote good government.

I think this is a very significant amendment. I think we ought to quit putting names on measures which seem to say that if someone happens to disagree with them, that he is doing a disservice to the country and doing a dishonorable act to vote against them. I think a controversial measure should bear a neutral name.

Mr. HARRY F. BYRD, JR. If the Senator will yield, I am not sure what the amendment of the Senator from Louisiana is, but I want to commend the Associated Press for what he says the Associated Press is going to do.

Mr. LONG. They have done it.

Mr. HARRY F. BYRD, JR. That is, not referring to these bills as trade reform bills. The welfare bill was not a welfare reform bill. It was a welfare expansion bill. A tax reform bill in most cases is not a reform bill. I want to commend the Associated Press. Until the Senator from Louisiana brought this out, I was not aware of the Associated Press action, but I think it is a very desirable point for them to make.

Mr. LONG. I think we ought to quit bringing bills out here with a name which suggests that if someone votes against a bill, he is against motherhood, against good government, against honest elections, or against love of father, or some such thing as that, when that is not the idea at all. The bill ought to have a title so that history could tell whether it is a good bill or not. This ought to be, in my judgment, just the Trade Act of 1974.

Mr. HARTKE. Will the Senator yield?

Mr. LONG. I yield.

Mr. HARTKE. I quite agree that it is not a trade reform act. I agree with that 100 percent.

Let me ask a question, if I can. If you want to make a speech on the amendment before you, I am perfectly willing.

Mr. LONG. I just got through making a speech on the amendment.

Mr. HARTKE. I know. What I am trying to find out is if it is possible to either lay the amendment of the Senator from Louisiana aside, or to vote on the merits of the amendment?

Mr. LONG. We are going to vote on the merits of the amendment.

Mr. HARTKE. Can the Senator give me any indication of time?

Mr. LONG. I think we will vote on it in a hurry if the Senate votes cloture. If the Senate does not vote cloture, that might result in very considerable debate. We cannot tell how these things go. I have seen where some that might be decided in a hurry take hour upon hour.

Mr. HARTKE. I hear, and I think I have a clear understanding now. I wanted to verify it.

In other words, this amendment is merely for the intention of preventing any other amendments from coming before the Senate unless the manager of the bill is inclined to accept the amendment.

That was the situation with the Senator from West Virginia. That was the situation with the Senator from Rhode Island.

As long as that amendment can stand there and impede any consideration, and prevent any consideration, of any other amendments, it is my understanding that the manager of the bill intends to keep it there. If that is the intention, if he will just tell me, I will be glad to abide by the rules and proceed accordingly.

Mr. LONG. I have never known a time, as long as I have been here, when somebody who had something pending, a bill or an amendment, prevented the Senate from doing something he was happy to see the Senate do. Nor can I recall a time when somebody had a bill up or an amendment pending when they were willing to step aside for somebody to do something they did not want the Senate to do. That has been my experience.

I would be very surprised if anybody did business in any other way, by putting a bill aside for something that he does not want to vote for, or does not want to vote on.

I guess you might say the answer is yes.

I think the amendment ought to be the pending business for the time being. In due course, I hope the Senate will vote on the amendment. But I think it would be a little premature now.

I do not think 50 Senators right now know an amendment is pending. I want the Senators to know the amendment and the compelling logic that, in my judgment, make me believe that it should be agreed to.

Mr. HARTKE. May I congratulate the manager of the bill for his astuteness and parliamentary agility. If he would permit me, if no one else wants to talk about this bill, I would like to try to educate the Senate about what I think the real deficiency in ths bill is, and some of the problems. I am at least willing to talk about the bill. That seems to be more than anybody else in the Senate wants to do. I am willing to talk about the problems of this trade bill.

Mr. LONG. I am willing for everybody to talk about it. I am willing to vote on everybody's amendments. In fact, it is because I want to have everyone's amendment which is germane voted on that I am pressing, as I have seldom ever done in the history of the Senate, to try to get us under a rule where we can be assured that everybody who has an amendment that he very seriously feels should be considered, and which is in fact germane, will have his amendment voted on.

If we try to vote on all the amendments that are not germane, we will be here a long time.

Mr. HARTKE. I would like to discuss the merits of this trade bill. I do not want to interfere with anything that can be done in a progressive fashion to do other business of the Senate. If the Senator has nothing else to do, I will be glad to go ahead and proceed, knowing full well that I am locked into the situation where the manager of the bill does not intend to permit me to offer the amendment which I think should be voted on.

Mr. LONG. In my judgment, the amendment that the Senator has offered is not going to be voted on unless it is the judgment of the Senate that we should not have cloture on the bill. In my judgment, if it is the judgment of the Senate we will not have cloture on the bill, we will not have the bill, period.

Mr. HARTKE. Is there any objection if I discuss my amendment, full well realizing that at this moment there is no chance for a vote?

Mr. LONG. If the Senator would like to make a speech, as far as I am concerned it would be all right with me.

Mr. ROBERT C. BYRD. The Senator indicated if the Senate had other business, it could proceed. Is that agreeable?

Mr. HARTKE. Yes.

AMENDMENT OF THE EXPORT-IMPORT BANK ACT—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I ask that the conference report on the Eximbank amendment be called up.

The PRESIDING OFFICER. The Chair lays before the Senate the conference report on H.R. 15977, which the clerk will report.

The legislative clerk read as follows:

The report of the Committee of Conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export Import Bank Act of 1945, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. STEVENSON. I yield.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

VITIATION OF ORDERS FOR RECOGNITION OF SENATOR BROOKE AND SENATOR GRIFFIN TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the orders previously entered for the recognition of Mr. BROOKE and Mr. GRIFFIN on tomorrow be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR AMENDMENTS TO THE TRADE REFORM ACT OF 1974 TO BE CONSIDERED AS HAVING MET REQUIREMENTS OF RULE XXII

Mr. McINTYRE. Mr. President, I send to the desk an amendment to H.R. 10710 and ask unanimous consent that this amendment be considered as having been read, for the purposes of rule XXII of the Standing Rules of the Senate.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object—and I do not intend to object—the Senator is merely asking that the amendment meet the reading requirements under the rule. Am I correct?

The PRESIDING OFFICER (Mr. CRANSTON). That is correct.

Mr. ROBERT C. BYRD. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McINTYRE. Mr. President, I send to the desk two amendments to H.R. 10710, for the distinguished Senator from Maine (Mr. HATHAWAY), and I ask unanimous consent that these amendments be considered as having been read, for the purposes of rule XXII of the Standing Rules of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE EXPORT-IMPORT BANK ACT—CONFERENCE REPORT

The Senate continued with the consideration of the conference report on the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes.

Mr. STEVENSON. Mr. President, what is the pending business?

The PRESIDING OFFICER (Mr. CRANSTON). The conference report on the amendment of the Export-Import Bank Act.

Mr. STEVENSON. Mr. President, I urge the Senate to adopt the conference report on the Export-Import Bank Amendments of 1974.

With only one exception, the conference sustained the Senate position on the issues of greatest concern to this body.

We restored the $300-million ceiling on authority for new credits to the Soviet Union. The ceiling can be raised only if both Houses of Congress by concurrent resolution give affirmative approval.

We restored the Senate provision requiring prenotification to the Congress of all proposed major Export-Import Bank transactions, regardless of the country involved. Hereafter, Congress will receive advance notice of all proposed loans, guarantees, or loan-guarantee combinations of $60 million or more at least 25 legislative days before final approval.

And we restored the Senate proposal to subject Exim assistance for major fossil fuel energy projects in the Soviet Union to closer congressional scrutiny. Hereafter, Congress will be notified at least 25 days in advance of each proposed Export-Import Bank loan, guarantee, and loan-guarantee combination of $25 million or more to assist fossil fuel energy research, exploration, or development in the Soviet Union. This will give Congress an opportunity to scrutinize each such transaction carefully and make its views known to the administration and the Bank.

While the Senate bill would have required affirmative congressional approval of such transactions and would have applied to all Communist countries, the modification made in conference preserves the objectives of the Senate bill and insures that its purposes will be fulfilled. Together with the $300 million ceiling on the Soviet Union, it will insure that the Bank does not approve any assistance for any major fossil fuel energy project in the Soviet Union without giving careful attention to the views of the Congress.

The one provision which we were unable to retain was the one putting the Bank in the budget. The House conferees were adamant in their refusal to accept this provision. They were bolstered by the fact that the budget proposal received an overwhelming negative record vote on the floor of the House when it first came up for consideration. The question, however, is now under consideration in the Budget Committee, and Congress will have an opportunity to consider the issue anew when the Budget Committee makes its recommendations.

Mr. President, the fate of the Export-Import Bank has been debated at length. In hearings, on the floor of the Senate and House, and in conference, the Export-Import Bank has received intense scrutiny. The issues have been explored fully and now, in this second conference, the Senate position has been vindicated. With approval of this conference report, the Senate can be assured that the Bank's ability to assist U.S. exports will be continued and, indeed, improved but that at the same time the Congress will have a continuing opportunity to oversee and influence the Bank's policies and practices.

Mr. President, I again urge the adoption of the conference report.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. STEVENSON. I gladly yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, as I understand the conference report, there is a firm ceiling of $300 million on any new loans to the Soviet Union.

Mr. STEVENSON. The Senator is correct. Before the Eximbank could make any additional loans or loan guarantees in the Soviet Union beyond an additional $300 million, it would have to obtain the approval of Congress. That approval could be granted by Congress through a concurrent resolution.

Mr. HARRY F. BYRD, JR. The Senator, in his remarks earlier, said that it would require careful consideration by the Export-Import Bank of the views of Congress, but he goes well beyond that. It would require congressional action, actually?

Mr. STEVENSON. In the case of transactions in the Soviet Union, the Senator is correct.

Mr. HARRY F. BYRD, JR. Under the concurrent resolution, if the President decided he would like to make loans beyond the $300 million, either House could veto the concurrent resolution, and that would eliminate it?

Mr. STEVENSON. The Senator is correct again. It would require the concurrence of both Houses of Congress to make transactions in excess of the $300 million ceiling in the Soviet Union. In other words, either House could prevent any such transaction from taking place in the Soviet Union.

Mr. HARRY F. BYRD, JR. I know how hard the Senator from Illinois and the Senator from Oregon worked on this matter. I wish to add my appreciation to them for the work that they did.

I personally favor very much the amendment offered by the Senator from Wisconsin. If he concludes to present that in the form of legislation in the next session, I certainly shall support it. I would prefer to see it in the conference report. I realize that one cannot get what every one wants, but it seems to me that the Senate conferees, on the second conference, probably got two-thirds of the Senate position.

Mr. STEVENSON. Mr. President, there were four major points of contention between the House and the Senate conferees. In three of the four points, the conference report coincided substantially with the Senate position.

I understand the Senator's regret about the action of the conference on the fourth point, which is the amendment offered by the Senator from Wisconsin, which was adopted on the Senate floor. Like the Senator from Virginia, I hope that in the next session of Congress, we can take successful action to include the Export-Import Bank in the budget.

Mr. President, I also wish to thank the Senator from Virginia for his comments and for accepting the responsibility he did for this bill. If it had not been for the Senator from Virginia, these reforms would not now be in the conference report. I am very grateful to the Senator for his assistance. I wish to commend him for bringing this issue to the floor and helping us in the conference to elicit major concessions from the other body.

Mr. CHURCH. Will the Senator yield?

Mr. STEVENSON. Mr. President, I yield to the Senator from Idaho.

Mr. CHURCH. First of all, I wish to commend the Senate conferees for what I know was a very strong defense of the Senate position in the conference. I hesitate, on the basis of the conference report, to conclude that the amendment I sponsored was sufficiently salvaged in the conference report.

As the distinguished Senator from Illinois will remember, the Church amendment would have required the prior consent of Congress before credit could be extended by the Export-Import Bank to a country like the Soviet Union for the development of its oil, its natural gas, and its fossil fuels. As I understand the conference report, nothing more is required than a report to Congress which, in effect, would give Congress only 25 days to take effective legislative action should it feel, as I do, that such contemplated projects as the Yakutsk project and the North Star project are inimical to the vital interests of the United States. I recognize the difficult task that faces the Senate conferees.

But inasmuch as this conference report extends the life of the Export-Import Bank for another 4 years I am obliged to vote against the conference report. Two projects for natural gas projects in the Soviet Union now being actively evaluated by the Export-Import Bank could involve as much as $7 billion worth of credit guaranteed by the U.S. Government. These projects would stand to profit three or four American corporations if they work out, while those same corporations assume little or no risk if they do not. In effect, the risk is effectively transferred to the American taxpayer. I do not feel that prior notice of the launching of either of such projects without a practical time for Congress to intervene through legislation is sufficient protection for the American people.

I give the Senator my reasons, therefore, for concluding that I must vote against the conference report.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. STEVENSON. Mr. President, first, if I may respond briefly to the Senator from Idaho, I share his concerns and his regret that we could not, in conference, salvage more of this amendment. I think that the Senator from Idaho knows that I share those concerns, because in the amendment that I originally offered, all the major transactions of the Eximbank, worldwide, including major energy transactions in the Soviet Union, would have been subjected to a congressional review procedure which included a congressional right to veto. This was the most that we could get.

I remind the Senator that not only are energy transactions subject to the $25 million prenotification requirement, but also all transactions are subject to the $60 million notification provision in this report as well as the $300 million subceiling, which could pick up major energy transactions in the Soviet Union and subject them, in effect, to congressional approval.

Mr. CHURCH. May I observe in that connection that, in my opinion, since these projects will take many years to complete, they can be segmented in such a way as not to fall victim to the $300 million overall limitation. For example, it is conceivable that within the $300 million subceiling, the Eximbank could authorize a $90 million initial loan for the Yakutsk project. We could then be faced with the dilemma of either denying further participation in a project to which our Japanese allies have become committed because of the initial financing or continuing our financing of a project we would never have approved if given an opportunity, originally, to pass upon it. I find it difficult to understand, faced as we are with a serious energy crisis, trying as we are to make ourselves more self-sufficient in this field, and in the light of the experience that we have just come through in the Middle East, that such projects would be seriously entertained.

I think it is clear that this is what is happening. If I could read this measure in any way that would reassure me that Congress could effectively pass judgment on commitments of such large amounts of money, where the policy is so contrary to the declared objectives of the United States in this energy field, I would support it. Since I cannot, I am obliged to *vote against* the report.

Mr. STEVENSON. Mr. President, it is probable that the authority for loans to the Soviet Union will be exhausted in a year or a year-and-a-half, at which time Congress will have another opportunity to review the authority for further transactions of all kinds with the Soviet Union.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. STEVENSON. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Just very briefly, I join with the Senator from Virginia in commending the Senator from Illinois, the Senator from Oregon, and others on the conference report for doing what I think is really a fine job.

Conference committees are not easy. Conference reports are always adjustments and compromises. But the main concern that some of us expressed, and I joined in this instance with my esteemed friend from Virginia (Mr. HARRY F. BYRD, Jr.), is over the extent of loans that would be made to the Soviet Union, and under what terms they might be extended.

I believe in the main that issue has been well-handled in the conference report, as was indicated by the manager of the bill, on the current resolution action of the two Houses of Congress, on any loans over the $300 million aggregate total amount to the Soviet Union.

Let me say just another word on the Soviet Union. I believe it is in our national interest to promote trade with the Soviet Union. I have the feeling that the Soviet Union will repay its loan. It has a good record of doing that in terms of its commercial obligations.

I think the important thing is for Congress to know what we are doing, and not just to leave this in the hands of people who are appointed in the banking structure. The Bank obviously will have to make recommendations, and we will want to get those recommendations for careful study. But when the total amount of all loans to the Soviet Union is above $300 million, Congress will have to take affirmative action for their approval, or one House or both Houses can negate the transaction. As I understand it, for other projects there is a 25-day notice, and therefore there is a chance for review. If there is anything that is of major importance, it does not leave Congress crippled and does not leave us without some remedial action available to us.

So, by and large, I think the conference report on the Export-Import Bank extension and its authority is good, and I hope it will be approved with a substantial majority.

We are going to need that Export-Import Bank authority. It means jobs. It means trade. The American people have got to come to realize that exports are getting to be a very substantial part of our commerce. Our market today is not only in the United States, it is getting to be more and more in countries of eastern Europe, including the Soviet Union. It will be in due time, I am sure, in the People's Republic of China. We will find it also in the countries of Asia, as we have in the past in Latin America.

While Export-Import loans are at times at interest rates below the commercial rate, they have as their purpose two things: to extend the distribution of American goods abroad, and to provide American companies opportunity for jobs, for advancement, for investment, and for expansion. I think that on that basis, Congress has an obligation to extend the authority of the Bank to open up new trade areas, and we have an obligation to keep a constant oversight on the operations of the Bank.

This particular bill, more than any other piece of legislation relating to export-import activities, requires Congress to have oversight on the major transactions that take place under the authority of the Export-Import Bank.

So I salute the Senator from Illinois and his colleague the Senator from Oregon, and I want to say, along with what the Senator from Illinois has said, that the Senator from Virginia, in his concern over this legislation and in his opposition to some features, has been a very constructive force here, and in a very limited way I have tried to be with him, if only on the basis of moral encouragement. Many people were somewhat amazed when they found the Senator from Virginia and the Senator from Minnesota standing shoulder to shoulder and arm in arm on the export-import legislation, but may I say I felt very comfortable with that relationship.

Mr. HARRY F. BYRD, JR. Mr. President, I always like to stand shoulder to shoulder and arm with the distinguished Senator from Minnesota, whenever possible.

Mr. STEVENSON. Mr. President, I thank the Senator from Minnesota for his comments and support. As he has indicated, the Eximbank is a necessity. In my own judgment it is an unfortunate necessity, but it does have an important purpose to serve, which is basically to assure that our exporters have a position of equality and parity in the international marketplace with exporters from other countries, who in turn receive similar assistance from the counterparts of the Eximbank in those other countries.

One question that has arisen which concerns many of us is the extent to which the Bank, if at all, extends and goes beyond that purpose by making loans which are not really necessary, or which could have been made available by commercial banks at unsubsidized rates of interest.

That question looms large in the Soviet Union. It is not really a question of trade with the Soviet Union; all Senators, I believe, can support in principle expanding trade with the Soviet Union. It is a question of the degree to which the United States must subsidize trade with the Soviet Union, a nation with a gross national product second only to the gross national product of the United States.

In little more than a year and a half or a year and three-quarters, this Bank has extended almost half a billion dollars to the Soviet Union. The $300 million is in addition to the credit already extended in the Soviet Union, and the real question, I think, is as to the need for the United States to subsidize trade with that large and very wealthy country—a country which can earn hard currencies by selling raw materials. It can export natural gas, oil, and gold, and earn the foreign exchange to pay for its imports. I think other countries have demonstrated by dealing firmly with the Soviet Union that the Soviet Union is willing to pay cash, and I would hope that even with this additional authority for credit to the Soviet Union, the bank will do its best to deal with the Soviet Union on unsubsidized terms.

Mr. HUMPHREY. Will the Senator yield again?

Mr. STEVENSON. I yield.

Mr. HUMPHREY. One thing that has disturbed me about the international financing of trade is the fact that many other countries which buy from the United States do so on subsidized terms. We have seen this, for example, in the developing countries: We had a proposal before the Committee on Foreign Relations sometime ago about a very substantial export program for low-income countries, and the kind of interest rates that would have to be charged. Take Japan, for example; to some of the developing countries; they have made export loans at 3 percent and 4 percent. It has been a fact in the past that many of our NATO allies dealing with eastern European countries, not just the Soviet Union but other countries, have come in with rather handsome packages of trade assistance in terms of credits and lower interest rates.

For a long period of time, we did not make any of these longer term loans to the eastern European countries. Only within recent years have we started to do business with them.

I remember being in Poland in 1961 when the Federal Republic of Germany, for example, did not even have an exchange of ambassadors, and I stayed at the National Hotel.

The first morning I was there I looked out and there were six or seven Mercedes-Benz cars right out in front of the hotel.

I met with some of the people who came out of those automobiles, and they were from the Federal Republic of Germany, and I said, "What are you doing here?" We had a good talk and they said, "We are here on trade negotiations." We had a good talk about it. They said, "Yes, we are here with credits, with subsidized interest. We are selling German-made goods."

This was at the same time that we and our NATO partners were supposed to have a common front during the hot time of the cold war.

I do not mean to have this as a reflection on the Federal Republic of Germany, but the French were doing the same thing, the British were doing the same thing, and we were standing off over here as a true believer, you know, not going to do any of this. In the meantime we had a first-class recession on our hands, if the Senator will recall in 1958 to 1961; we had thousands of people, millions of people, out of work.

Now, with all of the problems of the Export-Import Bank—and it has plenty of them—I want to tell the Senator in my State we have got some industries that benefit, not just the industries but the workers in the International Brotherhood of Electrical Workers, the International Union of Electrical Workers; we have a lot of them in the computer industry who will benefit.

I just want to make sure we are not, in a sense, outshuffled, that we are not outbid, and I appreciate what the Senator has had to say here about subsidized interest rates in the Soviet Union.

I have believed for a long time that we ought to have a very careful and a very critical eye on all of this kind of economic activities, and I believe that what the Senator has done here in the bill is to at least give us some chance to supervise it, and that is all we can hope for at this time.

Mr. SCHWEIKER. Mr. President, will the Senator yield for a question?

Mr. STEVENSON. I yield to the Senator from Pennsylvania.

Mr. SCHWEIKER. First, let me say I commend the chairman for some progress in two of the specific areas that I and some of my colleagues were interested in, the $300 million ceiling for the Soviet Union, and the inclusion of guarantees in the prenotification on $60 million transactions.

This is quite a change from the original conference report, and I am glad to see that.

I do want to ask a few questions on the other proviso in which I was interested, on the possibility of Eximbank-subsidized fossil fuel development in the Soviet Union.

As I understand the Senator's explanation to the Senator from Idaho, it would be possible to go in for a $20 or $24 million loan for Soviet energy projects and not have any approval of the Bank; is that the way it is worded, a $25 million threshold limit of notification?

Mr. STEVENSON. Fossil fuel transaction in the Soviet Union which involve $25 million or more of Eximbank participation would be subject to a prenotification requirement. Congress would have to be notified in advance of final approval of the transaction. Then it would be incumbent on Congress, if it disapproved, to take affirmative action.

I might call the other provision which the Senator mentioned to his attention again. At such point as the aggregate of Eximbank transactions in the Soviet Union marks another $300 million, the Bank will have to come back to Congress for the authority, on whatever terms Congress sees fit, in order to make additional transactions of any kind in the Soviet Union. That $300 million authority might be exhausted in a year or a year and a half, at which point the subject can be reviewed in Congress again.

Mr. SCHWEIKER. Is there anything that would prohibit the Bank from coming back in with $25 million increments, thus going ahead with enough of the deal so that at some point the argument is upon us that we have so much invested in the deal that we cannot afford to back out?

One thing that disturbed me greatly was that the Export-Import Bank has denied any intention to go ahead and deal with Siberian energy. Mr. Casey himself has made that representation in my office any number of times.

What disturbs me, though, is that originally I came out with an amendment to this bill that would have absolutely prohibited fossil fuel development in the Soviet Union. The Bank was opposed to that.

Mr. PACKWOOD. Mr. President, will the Senator yield while I ask for the yeas and nays?

I ask for the yeas and the nays on adoption of the conference report.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and the nays were ordered.

Mr. SCHWEIKER. Mr. President, I was assured that the Bank had no plans for a Siberian energy deal before it. And yet, just a week and a half ago, we saw in the Washington Star-News a little note saying that an American company, Japan, and Russia had really initiated an agreement for exploration of this nature that would be contingent, of course, to Eximbank approval.

So here a private company in this country is being given assurance by somebody that he has a deal. They were unwilling to write the absolute prohibition I wanted in the bill. I took Senator CHURCH's prohibition as being the best we could get, which was approved by both Houses of Congress. I think that was a reasonable request, but that was rejected.

Now we have a situation where you can do a Soviet energy deal if you nickel and dime it, in $25 million increments, and I think it really points up the fact that the Bank has every intention of going ahead with the Siberian energy deal. I think we should put that in the RECORD, and I think we should make that clear. As I say, I think the Senate has made progress. I think we have begun to circumscribe some limits that I think are very important.

I think it is interesting, too, that the first call my office had after this latest conference report was written was from one of the foreign embassies which wants to get some of the natural gas. So there is no question in my mind that this conference work has paved the way for an energy deal and, as the Senator from Idaho mentioned here, we just have been burned with the Arab oil boycott. We also have the foreign tax credit concept which has worked to our detriment on using royalties for taxes.

The recent report of Senator JACKSON's committee came out that showed the oil companies pay 5.5-percent taxes to our Government but they pay 25 percent of their gross in taxes to the foreign government. So once again we are getting the short end of the stick.

We saw them go to Europe and build refineries there because, under the tax loopholes, money made abroad is not taxed until brought home, so we subsidized the building of gasoline refineries in Western Europe at our expense when we are in an energy crisis and our people are being threatened either with allocation or rationing of gasoline. Here we turn right around, having been burned, singed, and tarred by the Arabs, and project a deal that is obviously going to come from the Soviet Union.

I think that is what really disturbs me, that there was no willingness to give in on this point because they really have something in the situation.

There was an article here in Newsweek just recently that I would like to inject at this point, making the very point that there is a Siberian energy deal.

So I think we would not be fair if we would not say that the groundwork is laid by this bill, and I am disappointed that Congress would not be given a specific yes or no approval of this.

Mr. STEVENSON. Mr. President, I think the Senator knows I am disappointed, too. We did the best we could in conference.

I do not expect the Eximbank to break down a transaction into components, into small parts, in order to avoid the requirement of prenotification to Congress in this bill. To do so would be an abuse of congressional intent and a violation of the law, and if that is not clear from the law, it can be made clear right now in this colloquy. We attempted to make it clear in the Senate report.

I believe it is clear. As I say, it certainly would not anticipate that the Eximbank would attempt to evade that provision in the law by such an obvious device as to break up the deal into small parts.

Mr. SCHWEIKER. Will the Senator yield?

Mr. STEVENSON. Yes, I yield to the Senator.

Mr. SCHWEIKER. The article I have reference to is entitled, "Comrade, Let's Make a Deal." It is in Newsweek magazine, December 2, 1974.

Here is one of the leading authorities, known as Mr. East-West Trade, who is very much interested in it. So he is an advocate of what is being OK'd here. But it is an interesting comment, this certainly reflects my concern about this basic provision.

He said:

> From time to time, I find myself saddened by the tendency of some American businessmen to go after any profitable deal without regard to the national interest, to carry the philosophy of "what's good for my company is good for the United States" all the way to

Moscow. That tendency is in striking contrast with the Russian trade officials, who never vary an inch from their government's stated policy.

What I am really saying here is that we were unwilling to say, really, what our policy was in regard to energy development. We backed away from giving Congress the same kind of deal they had in the trade bill, which is also before us, which says that within the specified period of time they have the right to say yes or no to a deal.

I very much regret we are asking everybody else to sacrifice and that we go ahead and talk about low-interest money to Russian energy sources, having just been burned.

In all honesty, I will oppose the report, because of this provision.

I want the chairman who has worked very hard—he is conscientious and cooperative—to be aware of it. I do want to commend him for his efforts in this.

Mr. STEVENSON. I thank the Senator from Pennsylvania and I commend him, too, for helping us to bring this matter as far along as we are now.

Mr. PROXMIRE. Mr. President, I expect to speak at some length on this conference report because I think it is of the greatest importance that the Senate be aware of what the conferees did and what they failed to do and how serious this action is.

Mr. President, I intend to vote against this second conference report on H.R. 15977, the Export-Import Bank, and I urge my colleagues to join me in rejecting this report.

Last week the Senate voted overwhelmingly, by a vote of 84 to 8 to reject the previous conference report and convene a new conference, with express instructions to the conferees to insist on the Senate bill. As a member of the first conference committee who refused to sign the first conference report, I strongly supported the action taken by the Senate at that time. As a member of the new conference, I made it clear that I intended to carry out the will of the Senate and stand firm on the instructions to insist on the Senate bill.

Nonetheless, once again we in the Senate are faced with a conference report which is a sellout to the House position; once again I have refused to sign the conference report and must urge other Senators to refuse to accept that conference report. The House conferees were adamant that they would not concede on any provisions not acceptable to the Bank; and unfortunately, a majority of the Senate conferees refused to adhere to the strict instructions of the Senate as a whole and instead accepted straight off the limited changes offered by the House conferees.

Mr. President, I believe that the conference report before us today represents a violation of the trust and confidence which the Senate as a whole placed in the Senate conferees when it instructed them to go back to conference with the House.

Let us assess the results of the near-unanimous effort to get an Export-Import Bank Act extension acceptable to the Senate.

First, of all the differences between the House and Senate bills which were resolved first time around in favor of the House, only four of those many differences were singled out as worthy of further consideration in conference. Of those four points, the Senate effectively got its way on only two. Two further points, two alone, were won by the Senate—out of all the many carefully-drawn points and restrictions which the Senate placed in the Eximbank Act, both in committee and on the Senate floor.

What did we get for our pains?

Well, we did come back with a House concession on limiting loans to the Soviet Union, I am pleased to say that.

I give the conferees, and especially the Senator from Illinois who did a good job in conference and did his best to stand by the Senate position, full credit for that.

There is now a strict ceiling of $300 million on Soviet Union loans, and if the President determines it is in the national interest to raise this ceiling, he can do so only if Congress agrees to this by a concurrent resolution.

We also got the teeth put back in the prenotification section, by requiring that guarantees as well as direct loans be included, so that any transaction of $60 million or more requires prenotification to Congress. However, the time period for prenotification was shortened—from 30 legislative days to 25 days of continuous session.

Then there was the amendment which was discussed in this debate a little earlier, adopted on the floor, as proposed by Senator CHURCH, requiring prenotification of fossil fuel energy project loans to Communist countries and congressional approval of such loans before they could be authorized. I contend that this amendment was effectively knocked out by the conference.

Now, it is true, there is lipservice paid to it under the prenotification section. There is a requirement that any fossil fuel energy project loan to the Soviet Union—not to any other Communist country, just to the Soviet Union, and that, as I recall, was modified, the position taken by the Senate, which was to any Communist country—of $25 million or more be reported to Congress under the prenotification procedure. But the congressional approval requirement was removed completely—and that is the guts of the issue.

What does the prenotification of 25 days mean?

That means that if the Senator from California, or the Senator from Pennsylvania, or the Senator from Wisconsin, opposes this action—or the Senator from Idaho—he would have to get legislation introduced, get it out of committee, get it passed by the Senate, with the possibility of delay in the Senate, get it over to the House, get it out of the House committee, get it passed by the House, and then, of course, under any realistic circumstances, if the Eximbank did this, the President would veto this and it would be necessary to return all over again and get an override on the veto.

So it does not mean a thing. There is no way in which this prenotification procedure could work to permit the effective action against whatever loan the Eximbank wishes to make that will be supported by the administration.

Since most of these proposed loans would be $60 million or more, they would come under the prenotification section anyway, regardless of the additional language. And removing the congressional approval procedure deletes the real intent of the Church amendment.

Mr. President, on the fourth point and I think the most important and it got the least consideration—the amendment which I sponsored to put the Eximbank back in the budget—the conferees rejected this provision completely, even though it is the heart of the Senate bill and is the major means of insuring full congressional oversight and control of the Bank's operations as a whole, including those which most concern many Senators—energy loans, aircraft loans, loans which export American technology and American jobs.

Why do we have to have prenotification and congressional approval?

We have to have it because this Eximbank is not in the budget and there is no oversight, there is no review, no automatic opportunity for us to measure whether or not we should go ahead with the proposals made by the Eximbank.

There is no Senate body responsible. It is true that there is still a little line in that budget document that comes before the Foreign Operations Subcommittee of the Committee on Appropriations. I can remember when I was chairman of that subcommittee, and those little lines which do not affect the budget receive no attention whatsoever. They receive no attention from the staff; they receive no attention from the chairman of the subcommittee, including this chairman, from the minority members or the majority members, or from anyone else. You might just as well not have that.

The Senate passed this budget amendment by a vote of 41 to 32, a 4-to-3 margin. The House committee actually approved the identical amendment. The Banking and Currency Committee in the House approved that amendment to put the Export-Import Bank into the budget. But this provision was subsequently defeated on the House floor by a very narrow margin. It was almost a tossup—191 to 202.

Given the strictness of the Senate instructions and the closeness of the vote on the House side, there was no real justification for the conferees not considering this amendment and not agreeing to it, or to an acceptable compromise on this point.

Indeed, it was incumbent on the Senate conferees to insist that this provision be retained. Nevertheless, the Senate received nothing here. It received no requirement that the Export-Import Bank, now effectively running a budget deficit of $1.6 billion, be put back in the Federal budget and under the scrutiny of the Committee on Appropriations.

There was not even any commitment to put the Bank back in the budget at a date certain in the future, such as for fiscal year 1977, which would have been an acceptable compromise.

After all, we were not asking very much when we asked that, that the Export-Import Bank go back in the budget in 1976 or 1977; 1977 would have been October 1, 1977, so it would have been fiscal 1978. If there were second thoughts on this, of course, the Congress could always reverse it. It would have meant we were accepting the principle that exporters who wanted subsidized loans, and these are subsidized loans—below market interest rate loans—would have to compete with everybody else. But we decided not to put it in in 1974, 1975, 1976, of 1977; we decided not to put it in at all.

There was no real consideration of compromise.

Mr. President, I cannot accept the conference report which does not include this vital budget amendment. Putting the Bank back in the budget is the most far-reaching and effective way, as I say, of getting congressional control of the Bank and making the Bank act responsibly and in the national interest.

Obviously, the Bank's officials were well aware that this budget provision is the most important and the one which would really give Congress the power to carry out its oversight responsibilities. The Bank lobbied much harder on this issue than on any other issue. They sent out the word anything else would be acceptable, but not the budget amendment.

Why are they so concerned about being put back in the Federal budget? Well, the answer is because they would cut into their now almost limitless ability to run the Bank exactly as they please, and to run up an inflationary budget deficit by expanding loan operations without restriction.

Mr. President, if there is anything we ought to have learned in the course of our lengthy consideration of this legislation, it is the ill-wisdom of having removed the Export-Import Bank from the budget in 1971.

I think a lot of people must feel that the Export-Import Bank has never been in the budget. It has always been in the budget until very recently. It has only been recently that we have taken it out. Then, of course, in the Budget Reform Act, virtually everything that had been excluded from the budget was put back in. By far, the biggest exception was the Export-Import Bank. The others were relatively limited and minor in their effect.

Since 1971 the effective deficit impact of the Bank has risen sharply, from $145 million, in fiscal year 1972, to $1.18 billion, in fiscal year 1974, to a projected $3 billion in fiscal year 1977.

What we are talking about, Mr. President, is the effect that a $3 billion borrowing has on the capital markets of this country, has on monetary policy, and has on housing and on State and local borrowings, as I am going to indicate shortly.

Make no mistake. As I say, the Eximbank has the same real impact on the budget, it exerts the same inflationary pressure, pushes up interest rates in the same way, whether it is in the Federal budget or out. The only difference is that its impact is better concealed out of the budget.

It is far more difficult for Congress to review and control the Eximbank's lending activities and its impact on credit availability while it lies outside the budget. There is no justification for keeping the Eximbank out of the budget. What this does is to give an automatic, high priority to export loans to the detriment of the other worthy loan programs which remain in the budget.

I see no reason to single out Eximbank loans for special treatment when other Federal loan programs for very desirable purposes, such as housing lower income people or aiding small business, are included in the budget and subjected to the restrictions thereby imposed. This is precisely what you are doing. You are giving the exporters special consideration, a higher priority, and an exception from review and consideration.

I have not heard one word of justification for that. Is exporting more important than housing? Is it more important than building schools or borrowing money to build hospitals? Those are in the budget.

Of course, that kind of borrowing is no more subsidized than the Export-Import Bank and housing are both subsidized.

The rising concern over inflation shows still more clearly the policy of exempting Eximbank from budget constraints and permitting it to expand export lending at bargain basement interest rates almost without limit.

Mr. SCHWEIKER. Will the distinguished Senator yield for a question?

Mr. PROXMIRE. I will be happy to yield to my good friend from Pennsylvania.

Mr. SCHWEIKER. I think the point that the Senator from Wisconsin is making is a very important one. As the Senator will recall, I had an amendment when this bill originally came up, which the Senator supported, which would have provided that we would have to publish the prevailing rate of market interest that was available to our domestic companies here in this country, which really would have addressed itself to the very heart of this question.

What I am really pointing out is does not this kind of a subsidy, which is an obvious, direct subsidy and a very substantial subsidy, really provide a conveyor belt whereby we convey out of this country our technology, our skills, our capital, and we really give it a super priority to foreigners to use our brains, our technology, our capital, our people?

Why would not any businessman, when confronted with the opportunity to have 7 percent money on a 20-year deal as opposed to 10, 12, or higher interest money, have a tremendous incentive to export our wherewithal, our knowledge, and our technology? Is not this subsidy really a conveyor belt for sending out, American Express, the kind of technology that we probably badly need to solve these very problems that the Senator has pointed out?

Mr. PROXMIRE. I believe the Senator is correct. It exports capital and, in exporting capital, it exports technology and jobs.

I am sure the Senator from Pennsylvania is not against trade. I intend to vote for the Trade Act. I am for it. I am for permitting and encouraging our export operations.

We have a big export economy in the State of Wisconsin, as the Senator has in the State of Pennsylvania. We have hundreds of thousands of jobs that depend directly on export. There is no question about it. But I think it is impossible for me to go back to my State and talk to the people who are in housing and homebuilding, and the people who need money for State and local efforts, which are so important socially, and tell them that we are going to give special consideration to a firm in my State which is exporting technology or exporting equipment overseas, which in turn can be used to build plants, which will transfer jobs overseas.

Again I say that I am not opposed at all to the notion of trade and export. I think that is good and wholesome. But I do not think it should be given special consideration, as the Export-Import Bank is under present circumstances, without being put in the budget, which the special subsidized money they have available permits.

Mr. SCHWEIKER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. SCHWEIKER. I think this is really exactly what my original amendment would have said, which is that we do not mind exporting capital and technology, but let us not give them a super extra special advantage. Let them be competitive with our domestic housing, with our domestic construction problems, with our domestic economy, with our domestic factories. Let them be competitive and carry their own weight. This not only does not make them competitive, but also, it attracts like a magnet, so that people, if given a choice, will not even think twice about our economic needs at home. It really biases the whole system against the needs of our own people and our own jobs and our own opportunities for economic growth at home.

Mr. PROXMIRE. The Senator could not be more right. And it is especially very inflationary. When we export resources abroad, when we meet a demand from abroad by subsidizing that demand, in effect we are driving up prices in this country. It has an inflationary effect.

Mr. SCHWEIKER. So neither the Senator from Wisconsin nor I are against the concept of exports or of exporting to provide jobs at home. But the issue is, do you give it a super priority that says that above every other priority in this country, this gets special treatment? That is what we are talking about.

Mr. PROXMIRE. That is right. It is especially true when we have a situation such as the present one, when the Federal Reserve Board is trying its best to fight inflation by holding down available credit, by making credit as scarce as it can, and driving up interest rates. When it does that, the pain has to be felt somewhere. It has been suffered cruelly in housing; it has been felt by small business and elsewhere in the economy.

We permit some people in the economy, those who are exporting, to get special consideration. I am not against giving them equal consideration, I am against giving them special consideration and letting them, in effect, escape from much of the impact of the tight money squeeze which is designed to fight inflation and to prevent inflationary pressures.

What we do here is to say that we are going to fight inflation, but the export industries are going to be exempt. I do not think anybody intends that.

Mr. SCHWEIKER. One point comes to mind: There was a proposal to build an oil refinery, and the question was, "Where do we build the oil refinery?" The answer was too obvious. The refinery was built in one of the Caribbean islands, for a very simple reason. They could apply to the Export-Import Bank, get 7-percent money, build the oil refinery in one of the Caribbean islands at 7 percent, ship the oil in here after refining it there, and still be way ahead of the game in this regard.

The point is that it not only dictates against fairness but also our own business interests, because it mitigates against building the oil refinery here, in the midst of an energy crunch, because we have built a super priority.

I think it is a most valid point, and this amendment is a very strong persuader, in my mind, along with the Church amendment, as to why I am going to oppose the conference report.

Mr. PROXMIRE. I thank the Senator. I think his specific example of building an oil refinery abroad is a fine example of what we do that is in error. We should not be encouraging that kind of activity, because we are supposed to be working now for Project Independence, building oil refineries here. Here is where we need them.

Our problem is that we might well be cut off from overseas sources. Perhaps if the refinery is being built in Canada or somewhere in the Western hemisphere, it is not quite as bad; but if it is being built in the Eastern Hemisphere, it aggravates our dependence and weakens our position.

I thank the distinguished Senator from Pennsylvania.

Incidentally, I might say that although the Senator from Pennsylvania is not on the Committee on Banking, Housing and Urban Affairs, I think he has made by far the strongest and best statement of anyone else in opposition to the Export-Import Bank. Those of us who are opposed to this matter did not speak with nearly the force or ingenuity or persuasiveness that the Senator from Pennsylvania did on this issue, and I think he deserves a great deal of credit for that. It is one thing to be expert in the area when one is on a committee and listen to the hearings and take part in the committee report. But the Senator from Pennsylvania was able to move in and become the best expert in the Senate, I think, in many respects on this measure.

Mr. President, expanding export financing drives up interest rates and siphons credit away from domestic needs. Do we really want to increase exports at the expense of denying home mortgages to American families and business loans to American industry?

Many people would say no, we do not. We do that in this bill when we limit the amount of credit, and that is exactly what the Federal Reserve Board is trying to do in order to fight inflation and see that we do not have excessive pressures on prices. They limit the amount of credit available; and then with that limited amount—and it is a finite limited amount—we say we are going to provide credit for exporters to export, and we take it away from home mortgages.

It means that the young couple in Milwaukee, Wisconsin, or Chicago, Illinois, or Philadelphia, Pennsylvania, or Portland, Oregon, who want to buy a home, want to borrow money for that home, now find that they have to pay 10 percent mortgage interest. Why do they have to do that? Because we are subsidizing the export of products to be sold overseas. We are subsidizing it, and in doing that, we push our credit into that subsidized area, which I think should not have a higher priority. Perhaps it should have a lower priority, but it should not have a higher priority. I propose putting it in the budget, in order to give it equal priority with other credit demands.

There is even a body of economic theory which suggests that exports are in themselves a force for inflation. To the extent that we reduce our supply of goods domestically by sending goods overseas, without doing anything to reduce demand, we are acting affirmatively to drive up prices and fuel inflation.

Why is that not true? There would be times when we would not have inflation, when we might have prices falling, when one could argue the other way. But when we have prices rising and a principal economic problem, along with recession, of fighting inflation, it is hard to argue that by making some goods at least scarce—by, for example, increasing our export of steel, and this year we increased our export of steel by 100 percent, we enable the steel companies to increase the price of steel 45 percent, which is what they did.

There is no justifiable reason for excluding any Federal program from the budget. The whole purpose of the budget process is to place all Federal programs—loans and direct expenditures—in competition with one another for the limited supply of resources available in any fiscal year.

It is true that if the Export-Import Bank did not rely on the budget, it should be out of it, but it does. There is no question about that. We have put in $2 billion of the money they are able to use, which is Federal money. They pay only $50 million in dividends to the Treasury, which means that they get that at an effective rate of less than 3 percent, about 2.5 percent. If we put this in the budget, national priorities can be set and resources allocated in the most efficient way, so that the national interests can best be served.

Nor is there any merit to the argument that we should wait until the Budget Committees have studied the situation before putting the Bank back in the budget. This was the argument we met over and over again. It was really the only argument for not putting this in the budget now. Nobody made an argument on the basis of the merits, that it should not go in the budget because the exporters deserve special consideration or that the Bank is so superbly run that they do not deserve oversight. They argued that it goes in the budget and it ought to go in because the Budget Committee says it should not be decided by anyone else. It is obvious that the Budget Committees cannot do their vital job effectively so long as major agencies remain out of the budget. The Senate recognized this fact in passing its budget bill.

The conference committee rejected the position of the Senate—I am talking about the conference committee on the Budget Reform Act—and the position of the majority of House Banking Committee members in throwing out this budget amendment. Still more, the conferees turned their backs on the American people, who are sick of inflation, sick of soaring interest rates and declining real income, and who deserve a real commitment to fiscal integrity from their elected representatives.

Mr. President, I think some feel that the only really major issues between the Senate and the House were the issues which have been discussed by the able manager of the bill, Senator NELSON, and Senator CHURCH, and Senator SCHWEIKER and others today. But other valuable Senate provisions were thrown out by the conference committee which were not even considered.

The Senate, for example, directed that Bank officials should not authorize loans, guarantees, or insured loans which might have serious adverse effects on the competitive position of U.S. industries, the availability of materials which are in short supply in the United States, or employment in the United States.

The conference committee robbed this provision of any effectiveness by simply saying that the Bank should take these factors into account.

There is mounting evidence that Eximbank is engaging in credit transactions which could put U.S. industries at a competitive disadvantage, and which export jobs along with the capital.

The most striking example of this is Eximbank's aircraft loans to foreign airlines. By far the largest percentage of Eximbank loans go to finance sales of aircraft manufactured by U.S. companies, despite the fact that many of these aircraft are not manufactured or available in any other country, and Eximbank is directed by statute not to compete with private capital.

Since Eximbank loans are granted at interest rates several points below market rates, the Bank is in effect acting to give foreign airlines a competitive edge over our domestic international airlines, Pan Am and TWA.

I have talked to a number of Senators

who feel very, very strongly about this, particularly Senators who are expert in this area and have been deeply concerned with it.

Our domestic international airlines, Pan Am and TWA, must pay the going rates for U.S. aircraft—which works out to an additional cost of $7 to $20 million per plane. Small wonder that these airlines cite Eximbank financing as a factor in their deteriorating economic situation. It is well known that both of our international airlines are in serious financial distress; Pan Am has requested $10 million a month from the Federal Government to stay in business.

I think that all of us have become aware of this. I can recall very vividly when I was running to work one morning, about 3 months ago, a young man accosted me as I was running and insisted on running with me. He handed me a baton as if we were in a relay race, and started arguing the merits of the Pan Am case.

When I got to work, I noticed that in the baton, rolled up, was a petition which he had developed as to why Pan Am should be bailed out, why they should not only get the $10 million, but why they should get many, many other benefits.

Well, I thought that was pretty ingenious, but unfortunately, this fellow really believed in overdoing it. The next morning, when I came out to run to work, he was there again.

I must say, I have trouble running and talking at the same time, and so did he. So the third morning when I came out, I had to take a circuitous route, and I ended up running 7 miles.

I think I would have been spared all of this, perhaps, if the Export-Import Bank were in the budget. This is one of the reasons that I am rising tonight to speak at some length—whether it is until midnight or after, I am not sure—but at some length on this subject, because I want to do all I can to prevent the pilots of Pan Am—this fellow turned out to be a pilot who was a kind of volunteer lobbyist—from having not only to fly but to run thousands of miles a year.

Mr. President, I suggest the absence of a quorum, but I ask unanimous consent that I may do so without losing my right to the floor.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Is there objection?

Mr. PACKWOOD. I object.

The PRESIDING OFFICER. The objection is noted.

Mr. PROXMIRE. Mr. President, I am strongly opposed to Federal subsidies for Pan Am, and I feel that poor management is in large part to blame for its current financial plight. Nonetheless, I am also opposed to continuation of practices by the U.S. Government and by foreign governments which put Pan Am and TWA at a competitive disadvantage. We need more competition among airlines, not less.

Mr. President, I suggest the absence of a quorum briefly, and I ask unanimous consent that I not lose my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, it is absurd for Eximbank to devote such a large proportion of its resources to financing aircraft sales. And I am appalled to find that despite rising congressional criticism and a great deal of publicity about Pan Am's financial troubles, Exim has not only continued to make aircraft loans but has in fact increased the volume of these loans in recent months. The Bank's aircraft loans for the latter half of this year are running 20 percent higher than in the comparable period. Furthermore, according to the best available figures gleaned from Eximbank's own press releases, the Bank loaned more money for aircraft sales in the 2½ months from August 26 to November 11—the period during which Congress was considering this legislation and Pan Am was pressing for subsidies—than it loaned in the entire first 8 months of this year.

Think of the really very, very serious disadvtantage for Pan American and TWA under these circumstances. Here we are, subsidizing their competition. They cannot get their purchases financed at this low level, and their competition, the British airlines, the French airlines, the German airlines, and the Italian airlines, are able to pay $7 million to $20 million less per plane. That is what we are doing to our own industry and our own American operations by subsidizing the Export-Import Bank in this way, and this is exactly why it needs the kind of oversight, supervision, and criticism constantly, on a regular basis, that the budget would give it.

Incidentally, to people who say, "Well, if we do not get it in the budget this year, it will go in the budget eventually," I say do not kid yourself; the Export-Import Bank has a very powerful lobby, and they have influential people lobbying to keep them out of the budget. They have everything to gain by staying out of the budget, though of course, what we are beginning to see now is that so many firms are fighting for their existence against this tough competition that now we are getting some opposition from the other side.

Moreover, it is 4 years before this matter will come up again, before we will have another chance for putting it in the budget, and 4 years from now the chances are very likely that we will have a situation such as we have today.

It is true that we can introduce legislation, and the distinguished Senator from Virginia (Mr. HARRY F. BYRD, Jr.) who is now occupying the chair has indicated that he would cosponsor such legislation with me to put the Export-Import Bank in the budget next year. But the fate of that legislation, since it is not tied to a bill of this kind which keeps the Export-Import Bank alive, would be very questionable, because there would be every incentive for delay and for postponing it, for killing it in committee or killing it in either one of the two Houses of Congress, or, for that matter, if we can get it passed, perhaps for getting it vetoed, since the administration takes an opposite position.

Mr. President, making these aircraft loans, in the light of the Pan American and the TWA situation, is not only ignoring adverse effects of Bank lending on the American economy. It is sheer defiance of the express concerns of Congress, and of the Senate in particular.

I can think of no better illustration of the need for strong congressional control of the Bank. I can think of no stronger example of why we need to reject the conference report on the Export-Import Bank legislation, which cuts the heart out of the Senate bill.

To continue on, the Senate also adopted an amendment prohibiting Eximbank credit for Soviet fossil fuel energy projects without prior congressional adoption of a concurrent resolution of approval of such a transaction. As I stated earlier, the conference committee threw out this provision, which would have insured full congressional scrutiny of these costly energy projects to determine if they were in accord with our national interest.

The Senate bill barred Eximbank credits for defense materials, to prevent the Bank from being an independent promoter of the arms race. The conference committee rejected this provision. It was not even considered in the second conference at all. There was no mention of it, as there was no mention of most of other important provisions.

The conference committee the first time around knocked out so much of the substance of the House bill that the chairman of the House Banking Committee, the distinguished gentleman from Texas (Mr. PATMAN), remarked on the floor that the conference report represented "overwhelmingly" the position of the House and that there were "few instances which he could recall in which the position of the House in conference was so successfully sustained."

So this is not just the argument of a Senator who happens to be against the conference report or critical of the Export-Import Bank. This is a matter of fact. This is what the House manager, the chairman of the Banking Committee, said on the floor. I repeat, the conference report represents overwhelmingly the position of the House. There were few instances which he could recall—and Mr. PATMAN has only been in the House since 1929, he has been in the House longer than anybody, I think—perhaps not anybody in history, I guess there were a few who served longer, but certainly far longer than anybody who serves there now; he is the dean there by about 7 years—and he cannot think of any situation ever in which the Senate has caved in so completely to the House petition.

Now, I submit that we did very little better this time around, even though the

Senate threw its full weight and support behind the Senate conferees.

So I find the second conference report, in essence, as unacceptable as the first conference report was, and I urge my colleagues to join me in voting against it.

Now, I have got some more material that I am going to go into but, first, at this point I want to stress how outrageous it really is to give super special consideration to exporters over housing. We feel it, we know it, we see it when monetary policy bites, and this is one of those times in our economic history when monetary policy, of course, is biting and, of course, biting hard. But the exporters, because of their opportunity to get access to the subsidized credit, are, in part, exempted from this.

Now, I stress, in part, because this emphasizes how discriminatory and unfair the present situation is. Only about 4 or 5 percent of our exporters use the Export-Import Bank, so only about 4 or 5 percent of the exporters take advantage of this situation. They are the ones who are getting a special subsidy.

There is no reason why they should be singled out, why a few corporations—and they are mostly very large corporations, very wealthy corporations—should get this special consideration.

The benefits, it is true, do not simply go to the corporation. They go to the people in foreign countries who also are able to get products at a lower price than we get them here because of the advantageous financing.

It is beyond me to understand why we should permit those who live abroad to buy American products at a lower price than Americans can, to get credit at a lower rate than the American borrower can, why we should give special consideration to exporters over housing, over hospital construction, over school construction, over small business, over farmers. I am not saying they should get less consideration; I am saying they should get equal consideration. They should not be out of the budget.

There is not one word that has been uttered that I have heard in debate or in conference which justifies that, nothing. They all say, "Well, it is a technical matter, it will be considered by the Budget Reform Committee next year." That is no argument. The Senate voted to put this in the budget, but the conferees ignored the Senate action.

Mr. SCHWEIKER. Mr. President, will the Senator yield?

Mr. PROXMIRE. Yes, I am happy to yield to my friend, the Senator from Pennsylvania.

Mr. SCHWEIKER. I heard the distinguished Senator in his remarks mention a few moments ago that Chairman PATMAN of the other body said in all his experience in Congress he never saw such an overwhelming win on all the points in conference, and I think it is a very valid point because it was I——

Mr. PROXMIRE. He has been 45 years; 45 years, that is right.

Mr. SCHWEIKER. Forty-five years. I made a statement earlier when this first came back from conference that in the 14 years that I have been here—which cannot compare to 45—it is the biggest giveaway program I have ever seen one House give to the other House.

To support that I listed at that time, during our first debate on this conference report, some 13 specific points where we gave up the Senate position to the House position, and I think that we should be reminded of those because it was a "Dear Colleague" letter that the Senator joined with me in sending out, and I isolated only four of those points, and those are the four points that we have used as a frame of reference here as to whether we are successful in getting some of the Senate provisions put into the final conference report. But this completely ignored nine other points.

So I do not think we should leave the impression in the record that we were only considering four points, and we got two of those four points.

The truth of the matter is there were 13 points, and I listed them: on page 7 of the report was one point of the first conference report; page 8 of the first conference report there were two additional points; on page 9 there were three additional points; on page 10 there were four additional points; and on page 11 there was one additional point.

So, in fact, there were really nine points that we have not even discussed in terms of really being at issue between the House and the Senate when, in fact, they were; in fact, this one very clearly illustrates the wording that applies to all the points in terms of the operation that was underway here, if I may read a moment:

> The Senate amendment contained a provision amending Section 2(b)(1) of the Export-Import Bank Act specifying that the Bank "may" provide financing at rates and terms that are "competitive" with those of other government-supported export financing entities. The House bill contained no comparable provision. The Senate receded to the House.

Time after time after time on these 13 points the Senate receded to the House, and this was a very mild provision, I might say, in the Senate bill because all it said was permissively that the Export-Import Bank may provide rates that are competitive, and this is competitive not with the market, not with what the people of this country have to pay, but with other exporting banks of other foreign countries.

So they would not even agree in conference to being competitive with what Germany is doing in exporting, with what Japan is doing in exporting, and with what our major competitor nations are doing. They want to be way ahead of them and give a super subsidy, and did not even want the restriction of "may."

So when we see the pattern of giving in on a permissive amendment like this, it did not say "shall," it said "may," and the Senate, of course, receded to the House.

So I think the Senator's point is exceedingly well taken, and there is a lot more to it than just the four points in conference that we talked about earlier when, in fact, there were some 13 specific points where, by the conferees' own language, the Senate receded to the House, and that was the basis for Chairman PATMAN's remarks. They were most accurate, and I just want to support the points the distinguished Senator has made.

Mr. PROXMIRE. I thank the distinguished Senator. He has made the clearest exposition of why this was a comprehensive, complete, total, absolute, unprecedented cave-in, and I think that is the reason why we are on sound ground in asking the Senate once again to reject the report.

I do not want to see the Export-Import Bank die. I think we can go back to conference, if we go back once again, and get this in the budget in 1976, which is what the distinguished Senator from Illinois proposes. We could not even get our Senate conferees to offer it to the House. We could not even get a vote for it. That was the Senate position, and they would not even vote for it. Senator STEVENSON made this very reasonable compromise that we ask the House to consider the possibility of putting this in the budget in 1976, and we got six votes for that and eight votes against it, so we lost. The conferees did not even offer it to the other body.

Mr. SCHWEIKER. What was the reason for the House position in not wanting it to be in the budget? Just what was the rationale in the conference that they used as to why the Bank should not be included in the budget?

Mr. PROXMIRE. In the first conference there were some arguments on it. In the second conference they did not argue it at all, but simply voted us down and gave no reason why, and the Senate did not even offer it.

But in the first conference the only argument really given was the notion that the Budget Reform Committee would consider this, would take it up. And, of course, if we look at the legislation, the budget reform legislation, it is very, very clear that any time either the House or the Senate decides to put into the budget any of the agencies that were exempted from the budget that that was, of course, acceptable, proper and appropriate, and well in accordance with the law.

At no time was there any notion on the part of any conferees that there should be exceptions. I am talking about the Budget Reform Act. At no time was there any motion that there should be exceptions, but they had to get a bill through. There was very powerful lobbying on this, and on two or three others. This was, by far, the biggest, so there were no arguments on the merits, there was no argument that said that if we put this in the budget then our export trade is going to suffer. There was no argument that said that they should be given a special priority and exempted from the budget.

There was no argument that this is not a subsidized fund and, of course, they could not make those arguments because it is not true, there is no validity to them. We know there is a substantial amount of Federal Treasury money involved here. There is about $2 billion and, under those circumstances, there is no reason why they should not be in the budget. There is no reason why the Appropriations Committee should not measure this priority along with every other priority on an equal basis.

Mr. SCHWEIKER. There seems to be a distinct lack of reason, logic or rationale on many of these points. I just read Point No. 1, that was a sellout to the House; Point No. 2, I think, is worthy of consideration because it underlines the lack of rationale by the House conferees on this point.

The report says here in disagreement, the Senate amendment contained a provision directing the bank to provide financing only to the extent that sufficient private financing is unavailable.

The House bill extended no comparable provision. The Senate receded to the House, which is, of course, a redundant echo on all this language.

But, once again, what is really the purpose of the bank, if it is not to supplement area financing, will not do the job? Here the House conferees were even unwilling to say as a matter of policy that they would not let private sources handle this kind of financing, even if it was available.

Now, I have a very difficult time understanding what logic or what comprehension there is to this act of the House conferees that said that, no, they would not restrict themselves to say they would only put up the capital if it is not private financing.

It would seem to me some supporters of this proposal normally make the argument that Government should interfere only if there is a cause to interfere and if private sources will not do the job.

Here, they were willing to say when private capacity available they will do the job, when financial institutions of the respective countries can handle it, they should do it.

They did not even want that encumbrance.

This flies, really, in the face of every other major piece of legislation of putting more oversight, responsibility in the Congress.

We had the War Powers Act, that reversed the flow of executive power so Congress oversees more of the constitutional aspect of war and peace, as well it should, by the Constitution.

We have the Budget Control Act, in which the Senator played a very important role in setting up, which restrains through Congress its oversight responsibility.

This is one act, the one proposal that we have seen come through the conference procedure in recent years that wants to keep the old ways of doing business, the same old ways of proceeding, the old thing of a freewheeling, completely independent, subject-to-no-one control, that does not say what the national interest is.

It is not even willing to stand aside if financial operations can be handled privately.

It is not willing to say even if it is a competitor agency in Japan and Germany and such a rate that they will not receive it.

I have a hard time understanding by what logic or rationale people cling to the past, in the old ways of doing business, in the way it was not accountable to anybody; it seems to have pervaded at least the House conferees.

I thank the Senator for yielding.

Mr. PROXMIRE. I thank the distinguished Senator.

I think the answer is, of course, that the Eximbank prevailed. What they wanted and thought was acceptable, they took, and that was what we would go in with, rather than an independent position taken by the conferees based on the merits.

Mr. President, even though this second conference report is a grave disappointment and a frustration of the intent of the Senate, I do feel that we all have gained in some measure from the extended debate and controversy which surrounded this legislation to extend the authority of the Export-Import Bank. Important questions have been asked, telling points have been raised, we have all been pushed to look harder at the Eximbank and at the influence it exercises on our economic policies—both international and domestic. Through the excellent and thorough hearings held by the International Finance Subcommittee of the Senate Banking Committee, chaired by the able and distinguished Senator from Illinois (Mr. STEVENSON), through the floor debate on the Senate bill, and through the discussions surrounding the rejection of the first conference report, I think we have all come to have a better knowledge of the Eximbank's operations and of the issues involved in the export policy area.

It should be evident by now that we in Congress must continue to examine and reevaluate the need for an Export-Import Bank and the economic rationale for Government promotion of exports through extending credit at below-market interest rates. Is this really in the ultimate interest of the American economy, or of the international economy for that matter? Does export promotion offer genuine benefits to the American people as a whole, or only to the few recipients of preferential credit arrangements?

I might say, one of the ablest men in Congress is HENRY REUSS who I think is recognized in the House as our preeminent expert in international finance. He was the leading figure in fighting to put the Eximbank in the budget.

He won in committee, lost on the floor. As I recall, he was not a conferee, or if he was, he was not able to attend.

At any rate, the position taken by him was very logical. He said that we have a new ball game, that most people, both in the Eximbank and in the country, have not grasped that we have a position now in which we have floating exchange rates.

It is no longer necessary for us to beg of thy neighbor, to outbid or subsidize our exports, and to match the other countries.

Senator HUMPHREY said early tonight that Japan has subsidized exports by providing 3 percent money, implying that we have to do something of that kind if we stay in the same market.

The point, as many economists can tell us now, we have the same argument on the SST, that once we have floating exchange rates, that as the payments balance becomes adverse, currency adjusts to it. The dollar, if we have an adverse balance of payments, the dollar deteriorates somewhat in form. As that happens, the price of what we sell declines in terms of the monetary medium used by a foreign country, and what they sell to us increases in value, so that adjustment is made and is one that is now a reality.

We have floating exchange rates. We did not have them when this was taken out of the budget and when the strict arguments were made on the Eximbank.

We have those floating exchange rates now and I think competent economists recognize that and that is why HENRY REUSS, who I think, as I say, is recognized as certainly one of the most competent economists in the Congress and probably the outstanding expert in either body in financial—international financial economics—he is chairman of the Subcommittee of the Joint Economic Committee, and has been for many years in this area, he has been a leader in this area and has taken a position now he did not take before, that the bank is an entirely different kind of operation that has not been grasped or accepted.

Of course, once we get an Eximbank with a vested interest, with the people who run it having an interest in promoting it, with those continuing, we have a tremendous momentum and a tremendous built-in vested force which is very, very hard to resist, and resisting we are unlikely to do.

Members of Congress have been told repeatedly that the Export-Import Bank and its exports financing operation are more important now than ever before because of the trade deficit created by the enormous increases in the price of imported oil and gas.

We have also been told——

Mr. ROBERT C. BYRD. Would the Senator yield?

Mr. PROXMIRE. Yes.

Mr. ROBERT C. BYRD. Could the Senator state, for the information of the Senate, as to what time he expects to conclude his remarks?

Mr. PROXMIRE. Well, I will be speaking for another couple of hours, at least, perhaps more.

Mr. ROBERT C. BYRD. And then is it the Senator's feeling that the Senate would vote on the conference report?

Mr. PROXMIRE. Well, that depends on what other Senators want to do. There may be other Senators that want to speak on this point, or not. I just do not know.

Mr. ROBERT C. BYRD. Would the Senator be willing to enter into an agreement to vote on this conference report tomorrow following the various votes that are already stacked up?

Mr. PROXMIRE. Well, I might be willing to do that tomorrow, but I would prefer not to, and I would not enter into that kind of agreement tonight.

The reason is that—I do not want to be unreasonable, I want to cooperate with the leadership—I know this is very trying for the leadership, for the Senators, but I cannot do it now because I have talked to the Senators, and that I intended to carry on this discussion tonight.

I think in fairness to them, I should discuss this. It is hard to do that with a minute or two on the phone.

I think if we sit down together and discuss this, we can agree there may be *time* for a vote.

I may be wrong on that.

For that reason, I cannot say tonight we will go ahead and vote at 9 or 10 o'clock.

Mr. ROBERT C. BYRD. Is the Senator willing to suggest a quorum call so that we could sit down and discuss the prospects for reaching an agreement?

Mr. PROXMIRE. Well——

Mr. ROBERT C. BYRD. For my part it is all right. I do not mind staying here all night. I have done it before and I have the stamina to do it again. But there are other Senators, I know, who ought not to be asked to do that. I am just trying to have some understanding for their sake. If the Senator would like to speak 2 or 3 hours longer, I will be glad to be here with him, but if we could reach an agreement whereby we would know that on a certain day next week there would be another 2 or 3 hours of debate and then a vote, that would satisfy everyone, as far as I am concerned.

Mr. PROXMIRE. I think what I would have to do, without making a commitment, is to try to get in touch with these Senators and see if they can come to the Chamber now or sometime within the next hour or so and have a chance to discuss it.

As I say, I think I would not want to simply say now that as far as I am concerned we can vote at that time, because I should talk with them since I indicated to them I intended to talk longer.

Mr. PASTORE. Will the Senator yield?

Mr. PROXMIRE. Yes.

Mr. PASTORE. Of course, all of us have families. Naturally, the business of the Senate has priority, and all of us will meet that priority. The question I would like to ask is this: is the Senator determined there will not be a vote tonight so that we can get home to our families? I think he owes this to the Members of the Senate.

Mr. PROXMIRE. All I have done is I have indicated that I would expect to continue to talk until 9 or 10 o'clock. If there would be a vote at 9 or 10 o'clock, perhaps——

Mr. PASTORE. But he has talked about meeting with his colleagues.

Mr. PROXMIRE. Yes, if they come over, maybe we could have a vote earlier than that, or maybe have a vote tomorrow, Saturday, or Monday.

Mr. PASTORE. What I would like to do is pursue this a bit further. Is the Senator of the mind that there will not be a vote tonight?

Mr. PROXMIRE. I think that is right, yes.

Mr. BAYH. Will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. BAYH. I just want to propound a question for some of us who have been following this. Will the Senator tell the Senator from Indiana, or perhaps our distinguished colleague from West Virginia could, is it possible for some of us who have not been involved in the negotiation, or who do not serve on the respective committees but, nevertheless, have to vote up or down on this measure, to get a copy of the report that I understand has been the product of the negotiation? I find myself in a difficult position right now where I have been told, rightly or wrongly, that there has been a compromise agreement reached, and yet I have not been able to find anybody who has a copy of the compromise that I might be able to study.

Mr. PROXMIRE. As far as I know, I have not seen the conference report. It has not been printed, as far as I know. Maybe it has been printed.

Has the Senator seen it?

Mr. SCHWEIKER. No.

Mr. STEVENSON. The second conference report has been printed.

Mr. BAYH. Will my friend from Illinois tell me where I can get a copy?

Mr. STEVENSON. The changes from the earlier conference report are limited. There are only four changes. It is very easy for all of the Members to understand and make decisions upon.

Mr. BAYH. I do not care to debate; I would just like to have a chance to read those changes. I have the first report, and I understand there has been some change as far as the role that Congress would play and the limit of funds to the Soviet Union, the role of Congress in going beyond that.

If I could, I would like to be able to read what the final wording is.

Mr. STEVENSON. That is certainly a reasonable request. I will obtain a copy for the Senator.

Mr. PROXMIRE. May I ask unanimous consent, Mr. President, to yield not more than 2 minutes, without losing my right to the floor?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. I yield to the Senator from Pennsylvania.

Mr. SCHWEIKER. I was going to suggest to the Senator that it would seem to me that we ought to be given printed copies of the report before we really act on this bill. I think the fact that we should have it is certainly a reasonable request by the Senator from Indiana.

I have been informed, and mistakenly so in the first instance, of what was in the conference report. Then I was corrected. I did not have a copy. We did not have copies.

I think we are pushing rather fast if we do not have copies printed for all Members so that they have an opportunity to know what we are voting upon, when we do vote, since there is a great issue here.

I think the Senator's point is exceedingly well taken. It would seem to me proper for this deliberative body to request at least a copy of what we have or have not agreed to before we vote on the conference report.

Mr. PASTORE. Will the Senator yield?

Mr. PROXMIRE. Yes.

Mr. PASTORE. The point is I think our acting majority leader has been most fair. He has said let us agree to vote next Monday, Tuesday, Wednesday, Thursday, or Friday. He has been amenable to that.

I think the Senator from Indiana is right, that we should have the opportunity to read the report.

The Senate must express its will at some moment. If you are going to tell me we are going to vote at 2 o'clock tomorrow morning, or 3 o'clock tomorrow morning, I will go downstairs and have my dinner and call home and tell them I cannot be there. I will do the best I can. But does not the Senator think that I am entitled to know exactly what the situation is? That is all I am asking. Can it be that much of a mystery? All I am asking is tell us, man to man, are we going to have a vote tonight? Are we not going to have a vote tonight? Is there a possibility we will ever have a vote? Is that unreasonable?

Mr. SCHWEIKER. I believe it is a reasonable request.

Mr. PASTORE. That is all I am asking. Give me the answer.

Mr. SCHWEIKER. I thought he answered that he would not favor a vote tonight. I think he made that very clear. He could not be clearer.

Mr. PASTORE. In other words, there will not be a vote tonight?

Mr. PROXMIRE. That is right.

Mr. PASTORE. That is all I wanted to know.

Mr. ROBERT C. BYRD. Mr. President, I want to thank the Senator for informing us that there will not be a vote tonight.

Could we reach an understanding as to when there could be a vote?

Mr. PROXMIRE. I think so. One of the Senators I wanted to talk to is on his way to the Chamber now. I will discuss it with him and then I will make one other phone call. I think maybe within 15 or 20 minutes we can decide on whether or not we can tell you there will be a vote at a certain time.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. PROXMIRE. Mr. President, there is an obvious futility to cutthroat international competition in export financing. If each producer country tries to undercut the others in offering export credits, this is bound to place additional strains on the domestic economies, strains for which the small volume of increased exports would not be adequate competition.

An excellent article in yesterday's Wall Street Journal describes in some detail the export promotion efforts being mounted by a number of European countries and the ultimately self-defeating nature of such efforts. I quote in part from that article:

> But economists and trade officials are being nagged by a vision. If, as seems to be happening, everyone mounts an export drive at once, the demand for the products on world markets is not likely to be sufficient, and the net result is apt to be frustration, and further slump, officials fear.

The article goes on to point out—and I intend to read from it a little more fully later—the limited success of these varied and wide-scale export promotion programs in the face of worldwide economic distress, and the potentially deleterious effect of these policies on the domestic economies of the nations involved.

Although this article does not refer specifically to the United States and to the Export-Import Bank, there is little doubt in my mind that we in this country are faced with the same problem and the same sorts of questions about the need for, and advisability of, committing more and more of our national resources to exports of American goods to other countries on favorable credit terms.

The amount of time and energy we give to examining these questions and working out the best possible export policy will have significant implications for the long-term strength of our economy.

It is precisely because I think these questions are so important that I have labored long and hard to have the Eximbank included once again in the Federal budget. I feel this budget provision is the most crucial to the whole argument about strengthening congressional control and examining the Bank's impact on the economy as a whole. It is the best means of requiring a continuing review and reevaluation of the Bank's activities in the context of all the other operations of the Federal Government and in light of the overall condition of our economy. It is the best way to force us all to make choices.

Exemption of the Bank from the Federal budget gives an absolute priority to export financing; it says that the Congress feels it is more important to give credit for exports than to give credit for housing, for small businesses, for a host of other domestic needs which suffer from the diversion of credit to export loans.

There are times when one could argue that you do not suffer by diversion of credit, but there is no question that you do suffer that diversion of credit under present circumstances. We have a tight money policy, a deliberate policy on the part of the Federal Reserve Board, to limit credit in order to fight inflation. That is as a result of high interest rates. When you permit part of the available credit, which is limited, to be subsidized into export financing, it means that it does not go into housing, or into small business, or into other areas which are crying out for credit.

I am not against providing credit for the Export-Import Bank—subsidized credit. But it should be in the budget, so that we do it on a priority basis and do it fairly so far as everybody else is concerned.

Furthermore, so long as the Bank is out of the budget, it is effectively beyond the range of effective congressional oversight and control. It is important to have detailed and continuing congressional oversight of the Bank's activities, and a determination by the appropriations committees as to how much of our resources we are willing to commit to export financing, and on what terms, and how much we are willing to add to the budget deficit and to domestic inflation in order to give export credits.

Mr. President, I ask the distinguished Senator from Illinois and the distinguished Senator from Oregon if they will permit me to have a short quorum call, and I think perhaps we can resolve our problems. I will not take more than 4 or 5 minutes. I want to talk to the distinguished Senator from Alabama.

Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without losing my right to the floor.

The **PRESIDING OFFICER** (Mr. TUNNEY). Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, without prejudice to the rights of the Senator from Wisconsin under the previous order.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

VETERANS HOUSING ACT OF 1974— S. 3883

Mr. ROBERT C. BYRD. Mr. President, there is some indication that Senators want a rollcall vote on S. 3883, Calendar No. 1252. That is a bill to improve the basic provisions of the veterans home loan programs and to eliminate those provisions pertaining to the dormant farm and business loans, and for other purposes.

I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1252, S. 3883.

The **PRESIDING OFFICER.** The bill will be stated by title.

The legislative clerk read as follows:

> A bill (S. 3883) to amend chapter 37 of title 38, United States Code, to improve the basic provisions of the veterans home loan programs and to eliminate those provisions pertaining to the dormant farm and business loans, and for other purposes.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Veterans' Affairs with amendments.

The committee amendments are as follows:

On page 2, in line 1, strike out "chapter" and insert "chapter,".

On page 2, in line 5, strike out "veterans" and insert "veteran".

On page 2, in line 10, strike out "full." and insert:

> "full, or
>
> "(3) an immediate veteran-transferee has agreed to assume the outstanding balance on the loan and consented to the use of his entitlement, to the extent that the entitlement of the veteran-transferor had been used originally, in place of the veteran-transferor's for the guaranteed, insured, or direct loan, and the veteran-transferee otherwise meet the requirements of this chapter.

On page 3, in line 16, strike out "party" and insert "class of sellers".

On page 3, in line 17, strike out "is determined".

On page 3, in line 17, strike out "to be unable to pay" and insert "determines are legally precluded under all circumstances from paying".

On page 3, in line 19, strike out "discount.'." and insert "a discount if the best interest of the veteran would be so served.'."

On page 4, beginning with line 10, insert:

> (2) by adding at the end of subsection (a) a new paragraph as follows:
>
> "(6) To purchase a one-family residential unit in a new condominium housing development or project, or in a structure built and sold as a condominium, provided such development, project or structure is approved by the Administrator under such criteria as he shall prescribe.";

On page 4, in line 18, strike out "(2)" and insert "(3)".

On page 4, in line 20, strike out "(3)" and insert "(4)".

On page 4, in line 20, strike out "in".

On page 4, in line 20, strike out " 'as to which the Secretary of Housing and Urban Development has issued, under section 234 of the National Housing Act, as amended (12 U.S.C. 1715y), evidence of insurance on at least one loan for the purchase of a one-family unit'." and insert "in its entirety."

On page 5, in line 7, after "lot", insert "loan".

On page 5, in lines 15 and 16, delete quotation marks.

On page 6, beginning with line 13, insert

> (4) by further amending paragraph (1) of subsection (c) by deleting in the first sentence the clause "or for the purchase of a used mobile home which is the security for a prior loan guaranteed or made under this section or for a loan guaranteed, insured or made by another Federal agency," and inserting in lieu thereof the following: "or for the purchase of a used mobile home which meets or exceeds minimum requirements for construction, design, and general acceptability prescribed by the Administrator,";

On page 7, in line 7, strike out "(5)" and insert "(6)".

On page 7, in line 12, strike out "single wide" and insert "single-wide".

On page 7, in line 17, strike out "$15,000" and insert "$20,000".

On page 7, in line 17, strike out "fifteen" and insert "twenty".

On page 7, in line 19, strike out "double wide" and insert "double-wide."

On page 8, in line 2, strike out "single wide" and insert "single-wide".

On page 8, in line 7, strike out "$22,500" and insert "$27,500".

On page 8, in line 8, strike out "$15,000" and insert "$20,000".

On page 8, at the end of line 8, strike out "fifteen" and insert "twenty".

On page 8, in line 10, strike out "double wide" and insert "double-wide".

On page 8, in line 14, strike out "preparations," and insert "preparation,".

On page 8, in line 19, strike out "single wide" and insert "single-wide".

On page 8, in line 21, strike out "$22,500" and insert "$27,500".

On page 8, in line 22, strike out "$15,000" and insert "$20,000".

On page 8, in line 22, strike out "fifteen" and insert "twenty".

On page 8, in line 24, strike out "double wide" and insert "double-wide".

On page 9, in line 9, strike out "preparation;" and insert "preparation,".

On page 9, in line 14, strike out "(6)" and insert "(7)".

On page 9, in line 19, strike out "(7)" and insert "(8)".

On page 9, in line 20, strike out "and" and insert "after".

On page 9, in line 21, strike out "(8)" and insert "(9)".

On page 10, in line 3, strike out "(9)" and insert "(10)".

On page 10, in line 6, strike out "(10)" and insert "(11)".

On page 10, beginning with line 8, insert

SEC. 6. Paragraph (5) of section 107 of the Federal Credit Union Act (12 U.S.C. 1757) is amended by inserting after the words "ten years," the words "except that loans made in accordance with section 2(b) of the National Housing Act and section 1819 of title 38, United States Code, may be for the maturities specified therein,".

On page 10, in line 14, strike out "6" and insert "7".

On page 10, in the subparagraph following line 20, strike out "damages.'." and insert "damages.';".

On page 10, beginning with line 21, insert;

(c) The title of chapter 37 of title 38, United States Code, is amended by striking out

"CHAPTER 37—HOME, FARM, AND BUSINESS LOANS".

and inserting in lieu thereof

"CHAPTER 37—HOME, CONDOMINIUM, AND MOBILE HOME LOANS"; and

(d) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by striking out

"37. Home, Farm, and Business Loans__ 1801"

and inserting in lieu thereof

"37. Home, Condominium, and Mobile Home Loans____________________ 1801"

On page 11, in line 10, strike out "7." and insert "8."

On page 11, in line 21, strike out "years.';" and insert "years and thirty-two days.';"

On page 12, in line 1, strike out "subsection" and insert "section".

On page 12, in line 11, strike out "9." and insert "10.".

On page 12, in line 11, strike out "should" and insert "shall".

On page 12, in line 13, strike out "section" and insert "sections 2(a) (3) and".

On page 12, in line 14, strike out "section 3(3)" and insert "sections 3(2) and 3(4)"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans Housing Act of 1974".

SEC. 2. (a) Section 1802(b) of title 38, United States Code, is amended to read as follows:

"(b) In computing the aggregate amount of guaranty or insurance entitlement available to a veteran under this chapter, the Administrator may exclude the amount of guaranty or insurance entitlement used for any guaranteed, insured, or direct loan, if—

"(1) the property which secured the loan has been disposed of by the veteran or has been destroyed by fire or other natural hazard; and

"(2) the loan has been repaid in full, or the Administrator has been released from liability as to the loan, or if the Administrator has suffered a loss on such loan, the loss has been paid in full; or

"(3) an immediate veteran-transferee has agreed to assume the outstanding balance on the loan and consented to the use of his entitlement, to the extent that the entitlement of the veteran-transferor had been used originally, in place of the veteran-transferor's for the guaranteed, insured, or direct loan, and the veteran-transferee otherwise meets the requirements of this chapter.

The Administrator may, in any case involving circumstances he deems appropriate, waive one or more of the conditions prescribed in clauses (1) and (2) above.".

(b) Clause (3) of section 1802(d) of title 38, United States Code, is amended to read as follows: "(3) by any lender approved by the Administrator pursuant to standards established by him.".

(c) Section 1803(c) of title 38, United States Code, is amended by adding at the end thereof a new paragraph as follows:

"(3) This section shall not be construed to prohibit a veteran from paying to a lender any reasonable discount required by such lender, when the proceeds from the loan are to be used:

"(A) to refinance indebtedness pursuant to section 1810(a) (5):

"(B) to repair, alter, or improve a farm residence or other dwelling pursuant to section 1810(a) (4);

"(C) to construct a dwelling or farm residence on land already owned or to be acquired by the veteran except where the land is directly or indirectly acquired from a builder or developer who has contracted to construct such dwelling for the veteran; or

"(D) to purchase a dwelling from a class of sellers which the Administrator determines are legally precluded under all circumstances from paying such a discount if the best interest of the veteran would be so served.".

(d) Section 1804(c) of title 38, United States Code, is amended by inserting immediately after the second sentence a new sentence as follows: "Notwithstanding the foregoing provisions of this subsection, in the case of a loan automatically guaranteed under this chapter, the veteran shall be required to make the certification only at the time the loan is closed.".

(e) Section 1804 of title 38, United States Code, is amended by striking out in subsections (b) and (d) "under section 512 of that Act".

SEC. 3. Section 1810 of title 38, United States Code, is amended as follows:

(1) by striking out in subsection (a)(5) the second sentence;

(2) by adding at the end of subsection (a) a new paragraph as follows:

"(6) To purchase a one-family residential unit in a new condominium housing development or project, or in a structure built and sold as a condominium, provided such development, project or structure is approved by the Administrator under such criteria as he shall prescribe.";

(3) by striking out in subsection (c) "$12,500" and inserting in lieu thereof "$17,500"; and

(4) by striking out in subsection (d) "as to which the Secretary of Housing and Urban Development has issued, under section 234 of the National Housing Act, as amended (12 U.S.C. 1715y), evidence of insurance on at least one loan for the purchase of a one-family unit". in its entirety.

SEC. 4. Section 1811(d) (2) (A) of title 38, United States Code, is amended by striking out "$12,500" wherever it appears and inserting in lieu thereof "$17,500".

SEC. 5. Section 1819 of title 38, United States Code, is amended as follows:

(1) by inserting in subsection (a) "or the mobile home lot loan guaranty benefit, or both," immediately after "loan guaranty benefit" each time it appears therein and by striking out "mobile home" immediately before "loan guaranteed" in the second sentence of such subsection;

(2) by amending subsection (b) as follows:

(A) by inserting "(1)" immediately after "(b)";

(B) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively; and

(C) by adding at the end thereof a new paragraph as follows:

"(2) Subject to the limitations in subsection (d) of this section, a loan may be made to purchase a lot on which to place a mobile home if the veteran already has such a home. Such a loan may include an amount sufficient to pay expenses reasonably necessary for the appropriate preparation of such a lot, including, but not limited to, the installation of utility connections, sanitary facilities, and paving, and the construction of a suitable pad.";

(3) by redesignating clauses (1) and (2) of the first sentence of subsection (c) (1) as clauses (A) and (B), respectively, and by striking out the word "and" at the end of clause (A), as redesignated, and inserting in lieu thereof "or the loan is for the purpose of purchasing a lot on which to place a mobile home previously purchased by the veteran, whether or not such mobile home was purchased with a loan guaranteed, insured or made by another Federal agency, and";

(4) by further amending paragraph (1) of subsection (c) by deleting in the first sentence the clause "or for the purchase of a used mobile home which is the security for a prior loan guaranteed or made under this section or for a loan guaranteed, insured or made by another Federal agency," and inserting in lieu thereof the following: "or for the purchase of a used mobile home which meets or exceeds minimum requirements for construction, design, and general acceptability prescribed by the Administrator,";

(5) by amending the last sentence of paragraph (1) of subsection (d) to read as fol-

lows: "In the case of any lot on which to place a mobile home, whether or not the mobile home was financed with assistance under this section, and in the case of necessary site preparation, the loan amount for such purposes may not exceed the reasonable value of such lot or an amount appropriate to cover the cost of necessary site preparation or both, as determined by the Administrator.";

(6) by striking out in subsection (d) (2) all of the paragraph after "exceed—" and inserting in lieu thereof the following:

"(A) $12,500 for twelve years and thirty-two days in the case of a loan covering the purchase of a single-wide mobile home only and such additional amount as is determined by the Administrator to be appropriate to cover the cost of necessary site preparation where the veteran owns the lot, or

"(B) $20,000 for twenty years and thirty-two days in the case of a loan covering the purchase of a double-wide mobile home only and such additional amount as is determined by the Administrator to be appropriate to cover the cost of necessary site preparation where the veteran owns the lot, or

"(C) $20,000 (but not to exceed $12,500 for the mobile home) for fifteen years and thirty-two days in the case of a loan covering the purchase of a single-wide mobile home and an undeveloped lot on which to place such home, which includes such amount as is determined by the Administrator to be appropriate to cover the cost of necessary site preparation, or

"(D) $27,500 (but not to exceed $20,000 for the mobile home) for twenty years and thirty-two days in the case of a loan covering the purchase of a double-wide mobile home and an undeveloped lot on which to place such home, which includes such amount as is determined by the Administrator to be appropriate to cover the cost of necessary site preparation, or

"(E) $20,000 (but not to exceed $12,500 for the mobile home) for fifteen years and thirty-two days in the case of a loan covering the purchase of a single-wide mobile home and a suitably developed lot on which to place such home, or

"(F) $27,500 (but not to exceed $20,000 for the mobile home) for twenty years and thirty-two days in the case of a loan covering the purchase of a double-wide mobile home and a suitably developed lot on which to place such home, or

"(G) $7,500 for twelve years and thirty-two days in the case of a loan covering the purchase of only an undeveloped lot on which to place a mobile home owned by the veteran, which includes such amount as is determined by the Administrator to be appropriate to cover the cost of necessary site preparation, or

"(H) $7,500 for twelve years and thirty-two days in the case of a loan covering the purchase of a suitably developed lot on which to place a mobile home owned by the veteran.";

(7) by amending clause (3) of subsection (e) to read as follows:

"(3) the loan is secured by a first lien on the mobile home purchased with the proceeds of the loan and on any lot acquired or improved with the proceeds of the loan;";

(8) by inserting in subsection (f) "and mobile home lot loans" after "loans";

(9) by inserting in the first sentence of subsection (1) " and no loan for the purchase of a lot on which to place a mobile home owned by a veteran shall be guaranteed under this section unless the lot meets such standards prescribed for mobile home lots" after "Administrator";

(10) by inserting in subsection (n) "and mobile home lot loans" immediately after "mobile home loans"; and

(11) by striking out subsection (o) in its entirety.

SEC. 6. Paragraph (5) of section 107 of the Federal Credit Union Act (12 U.S.C. 1757) is amended by inserting after the words "ten years," the words "except that loans made in accordance with section 2(b) of the National Housing Act and section 1819 of title 38, United States Code, may be for the maturities specified therein,".

SEC. 7. (a) Chapter 37 of title 38, United States Code, is amended by deleting sections 1812, 1813, 1814, and 1822.

(b) The table of sections at the beginning of chapter 37 of title 38, United States Code, is amended by striking out the following:

"1812. Purchase of farms and farm equipment.

"1813. Purchase of business property.

"1814. Loans to refinance delinquent indebtedness."

and

"1822. Recovery of damages.";

(c) The title of chapter 37 of title 38, United States Code, is amended by striking out

"CHAPTER 37—HOME, FARM, AND BUSINESS LOANS".

and inserting in lieu thereof

"CHAPTER 37—HOME, CONDOMINIUM, and MOBILE HOME LOANS"; and

(d) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of such title are each amended by striking out

"37. Homes, Farm, and Business Loans_ 1801"

and inserting in lieu thereof

"37. Home, Condominium, and Mobile Home Loans______________________ 1801".

SEC. 8. Chapter 37 of title 38, United States Code, is amended as follows:

(1) by striking out in section 1803(a)(1) "and not more than 50 per centum of the loan if the loan is for any of the purposes specified in section 1812, 1813, or 1814 of this title";

(2) by striking out the first sentence in section 1803 (b);

(3) by amending paragraph (1) of section 1803 (d) to read as follows:

"(1) The maturity of any loan shall not be more than thirty years and thirty-two days.";

(4) by striking out the last sentence in paragraph (3) of section 1803 (d);

(5) by striking out the last sentence in section 1815(b);

(6) by striking out in section 1818(a) "(except sections 1813 and 1815, and business loans under section 1814, of this title)"; and

(7) by striking out section 1818(c) in its entirety and redesignating subsection (d) as subsection (c).

SEC. 9. Section 802 of title 38, United States Code, is amended by striking out "$17,500" and inserting in lieu thereof "$25,000".

SEC. 10. The provisions of this Act shall become effective on the date of enactment except that the amendments made by sections 2(a)(3) and 2(b) and sections 3(2) and 3(4) shall become effective ninety days after such date of enactment.

Mr. HARTKE. Mr. President, I rise to urge the Senate to pass my bill, S. 3883, as reported unanimously by the Veterans' Affairs Committee which I am privileged to chair.

The full Committee on Veterans' Affairs conducted hearings on September 26, 1974, which reviewed Veterans' Administration housing assistance programs in general and examined pending legislation which included S. 3883, the Veterans Housing Act of 1974 S. 2023, and H.R. 15912, the House-passed measure.

The committee received testimony in person or by submission from representatives of a number of interested organizations. Testimony from the Administration was received from spokesmen from the Veterans' Administration. Witnesses from veterans' organizations included representatives of the Veterans of Foreign Wars, Disabled American Veterans, American Legion, Paralyzed Veterans of America, and the Noncommissioned Officers Association of the United States.

Industry representatives included the Mortgage Bankers Association of America, the Mobile Home Manufacturers Association of America, the Mobile Home Dealers National Association, the Association of Mobile Home Mortgage Bankers, the National Association of Home Builders, and the National Association of Mutual Savings Banks.

On December 10, 1974, the full committee met in executive session. After adopting a number of amendments the committee unanimously ordered S. 3883 to be favorably reported to the Senate for action.

Mr. President, the basic provisions of the Veterans Housing Act of 1974, as reported would:

First, permit the restoration of a veteran's entitlement to a guaranteed, insured, or a direct loan provided any prior GI loan has been paid in full, and the property has been disposed of by the veteran or any immediate veteran-transferee has agreed to the use of his veteran's entitlement. Current law does not permit the restoration of entitlement except under very limited circumstances, such as if the property is taken through condemnation, or otherwise by a governmental body, or is lost or destroyed through a natural hazard, or is disposed of for some compelling reason devoid of fault on the part of the veteran.

Second, permit the guarantee of loans by the Veterans' Administration on an automatic basis in the case of unsupervised lenders such as consumer credit institutions, finance companies and mortgage companies who meet Veterans' Administration regulatory standards. At present, the law permits automatic guarantee only in the case of supervised loans such as banks, savings and loan associations, and insurance companies.

Third, increase the maximum home loan guarantee from $12,500 to $17,500.

Fourth, authorize the guarantee of loans for individual condominium units without the present prerequisite that the Department of Housing and Urban Development has issued insurance on at least one loan in the project, thus expanding the number of condominium units eligible for Veterans' Administration guarantee.

Fifth, increase the maximum loan guarantee for single-wide mobile home loans from $10,000 to $12,500; the present maximum is $10,000 with the loan maturing in 12 years. The loan maximum for double-wide mobile home units is raised from $15,000 to $20,000, with a maximum guarantee of $27,500 for a double-wide mobile home and an undeveloped lot. Also, the loan maturity for a double-wide home is extended from 15 to 20 years.

Sixth, authorize the guarantee of used mobile home units which meet Veterans' Administration minimum requirements for construction, design, and general acceptability.

Seventh, amend the Federal Credit Union Act to increase the maximum maturity of loans made by Federal credit unions from 10 years to the maximum maturities as specified in section 1819, title 38, United States Code, and section 2(b) of the National Housing Act.

This is intended to allow greater participation in Veterans' Administration guaranteed mobile home loan market by Federal credit unions.

Eighth, provide the authority for the guarantee of a loan for the acquisition of a lot in making necessary site preparations for the placement of a mobile home unit which the veteran already owns.

Ninth, remove the delimiting date presently in the law which prohibits guarantee of mobile home loans after July 1, 1975, thus making the mobile home loan guarantee program permanent.

Tenth, increase the maximum grant payable for specially adapted housing for certain seriously service-connected disabled veterans from $17,500 to $25,000.

Eleventh, extend the eligibility for "insured loans" to veterans whose service in the Armed Forces occurred after January 31, 1955, thus making this group of veterans eligible for benefits under the guaranteed loan program, the direct loan program, and the insured loan program on the same basis as veterans of earlier periods of service.

Twelfth, delete a number of dormant sections authorizing farm or business loans. Because of the relatively restrictive terms of Veterans' Administration guaranteed farm or business loans and the availability of more attractive programs administered by the Small Business Administration and the Farmers Home Administration, lenders make few if any loans under these sections.

Thirteenth, provide that the act shall take effect on the date of enactment except that those provisions relating to authorizing automatic guarantee of loans by unsupervised lenders, the extension of eligibility for condominium guarantee, and certain provisions relating to restoration of entitlement shall become effective 90 days after date of enactment.

Mr. President, I ask unanimous consent that appropriate excerpts from the committee report be placed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BACKGROUND AND DISCUSSION

VETERANS HOUSING ASSISTANCE PROGRAMS

One of the most important Federal programs to assist veterans and their families is the Veterans' Administration housing assistance programs. In the 17-year history of the home loan guarantee program, the Veterans' Administration has guaranteed 8,924,304 loans as of October 31, 1974, for an aggregate principal amount of $109.2 billion. Under the program, the Veterans' Administration inspects new houses during and after completion. All houses securing guaranteed mortgages are appraised and the reasonable value determined prior to any loan closing. Under the program, a veteran is not required by the Government to make a downpayment and may take up to 30 years to pay. Despite the sharp rise in price of houses, nearly 73 percent of veteran home buyers continue to obtain no downpayment loans. A veteran further has the option of prepaying his mortgage without penalty, and may be released from liability when he sells his home. In addition, veterans who are experiencing difficulty in meeting mortgage payments are counseled by VA representatives who work with the veteran to resolve the difficulties that may arise. Nearly 85 percent of all defaults are cured and withdrawn.

The VA guarantee generally results in a veteran obtaining a loan at a more favorable interest rate. The maximum permissible interest rates on GI loans are shown in the following table:

TABLE 1.—VA INTEREST RATE PATTERN SINCE 1950

[*Maximum interest rate on VA single family home mortgages*]

April 1950 to May 1953	4¼
May 1953 to December 1956	4½
December 1956 to August 1957	5
August 1957 to September 1959	5¼
September 1959 to February 1961	5¾
February 1961 to May 1961	5½
May 1961 to February 1966	5¼
February 1966 to April 1966	5½
April 1966 to October 1966	5¾
October 1966 to May 1968	6
May 1966 to January 1969	6¾
January 1969 to January 1970	7½
January 5, 1970 to December 1, 1970	8½
December 2, 1970 to January 12, 1971	8
January 13, 1971 to February 17, 1971	7½
February 18, 1971 to July 6, 1973	7
July 7, 1973 to August 24, 1973	7¾
August 25, 1973 to January 22, 1974	8½
January 23, 1974 to April 14, 1974	8¼
April 15, 1974 to May 12, 1974	8½
Bay 1968 to January 1969	6¾
July 8, 1974 to August 13, 1974	9
August 14, 1974 to November 24, 1974	9½
November 25, 1974 to —	9

Currently, the maximum interest rate on GI loans is 9 percent.

During fiscal year 1974, the Veterans' Administration guaranteed 31,250 loans to veterans, the highest fiscal year total, except for the 2 preceding fiscal years, as reflected in the following table:

TABLE 2.—COMPARATIVE HIGHLIGHTS OF VETERANS HOUSING ASSISTANCE PROGRAM

	Fiscal year—		Percent change
	1974	1973	
Loans closed:			
Guaranteed or insured	306,198	359,276	−14.4
Mobile home	5,062	5,856	−13.6
Direct	2,608	2,930	−11.0
Average loan amount:			
Guaranteed or insured (primary loans for homes)	$25,029	$22,890	+9.5
Mobile homes	$9,032	$8,787	+2.8
Direct	$16,829	$15,652	+7.5
Maximum interest rate (percent):			
GI	8¾	7	+25.0
Mobile homes	12	10¾	+11.6
GI loans outstanding	3,751,827	3,661,383	+2.5
Loans in default	37,853	37,221	+1.7
Defaults as percent of outstanding loans	1.01	1.02	−1.0
Properties on hand	11,135	11,459	−2.8

On a cumulative basis, more than 60 percent of all loans guaranteed were made to World War II veterans, 19 percent to Korean conflict veterans and 16 percent to post-Korean veterans. These figures reflect, of course, the much larger number of World War II veterans and the longer period of time they have been eligible for the VA loans. Looking at fiscal year 1974, however, of the 311,000 loans guaranteed, about 269,000 or more than 87 percent went to post-Korean veterans and servicemen, with less than 10 percent going to World War II veterans and 5 percent to Korean conflict veterans. With the average age of World War II veterans at 54 and Korean conflict veterans at 44, compared to an average age of 30 years for post-Korean veterans, it is anticipated that the preponderance of demand for VA loans in the future will come from the post-Korean veteran population.

The Veterans' Administration housing assistance program also include a direct loan program which assists veterans living in rural areas, small cities and towns where VA guaranteed loans are not available generally from private lenders. About 80 percent of all counties in the United States are eligible for direct loans, although only 20 percent of the veteran population reside therein. Under this program the VA has provided loans to 320,877 veterans in a cumulative amount of $3.2 billion since the program's inception in 1950.

During the past several years, the volume of direct loans has declined in part because of greater availability of private funds for guaranteed loans and in part because of reluctance by the administration to utilize the program. In fiscal year 1974, only 2,608 direct loans were made. Currently, the direct loan revolving fund has a balance of $885 million. The average amount of those direct loans was $16,768, contrasted with the $25,069 average for home loans guaranteed during the same period. The administration currently estimates a level of activity of approximately 2,500 direct loans for the calendar year 1974.

Considering the large proportion of VA loans made with no downpayments, the overall foreclosure rate of 3.5 percent through fiscal year 1974 compares favorably with credit risk experience with other loans. Generally, if a default cannot be cured and foreclosure ensues, the VA usually acquires the property by securing the loan from the mortgage holder and then sells it. Since the beginning of the Veterans' Administration loan program in the waning days of World War II, 348,000 properties have been acquired and 337,000 have been disposed of, leaving an inventory as of June 30, 1974, of 11,135 properties. Loans established by the sale of acquired properties are known as "vendee accounts" and are sold to private investors subject to repurchase in the event of default. Cumulatively, through June 30, 1974, more than $18 billion of vendee accounts and $916 million of direct loans had been sold.

Public Law 80–702 in 1948 established a maximum grant of $10,000 for specially adaptive housing for disabled veterans. This special grant is limited to 50 percent of the total cost of the "wheelchair home." It was twice raised, in 1969 to $12,500 and again in 1972 to $17,500 (Public Law 92–341).

The Veterans Housing Act of 1970 authorized the VA to guarantee loans on mobile homes, which account nationwide for 80 percent of all new homes sold for under $20,000. The total number of mobile homes guaranteed as of June 30, 1974, numbering 15,625, represents only a small proportion of total guaranteed loans. However, the average veteran obtaining a mobile home loan in fiscal year 1974 tended to have a monthly income less than a veteran receiving a loan for a conventionally built home and was also younger than a veteran obtaining a loan for a conventionally built home (37 percent were

26 years old or less, compared to only 19 percent of those purchasing a conventional home). Three-quarters of these veterans were Vietnam era veterans.

TABLE 3.—COMPARISON OF VA LOANS, FISCAL YEAR 1974

	Mobile home loans	Home loans
Average maturity (months)	142	353
Average purchase price	$9,162	$25,737
Average loan amount	9,090	25,029
Average monthly income	551	790
Average monthly housing expense	189	283
Average assets	591	2,592
Housing expense as a percent of monthly income	34.3	35.8

AMENDMENTS TO THE VA HOME LOAN PROGRAM

S. 3883, as reported, makes a number of amendments to expand and improve the basic Veterans' Administration housing assistance program, which should make it more attractive to both veterans and lenders. First, the maximum loan guarantee is increased 40 percent from $12,500 to $17,500. Since the program's inception, the VA home loan guarantee has been increased four times. First, from $2,000 to $4,000 in 1946; second, from $4,000 to $7,500 in the mid-fifties and to $12,500 on May 7, 1968, the effective date of Public Law 90–301. In 1968, when the present maximum guarantee was established, the average home loan was approximately $17,000. The $12,500 ceiling easily provided the 60 percent guarantee indicated by section 1803 of title 38. Today that $12,500 guarantee does not afford the same safeguard for lenders on larger loans now being processed. According to the VA, the average GI loan for fiscal year 1974 was $25,655. Thus, the maximum $12,500 guarantee provided an average of only 49.8 percent coverage. Obviously, as the loan amount increases, the percentage guaranteed decreases and often does not afford a reasonable opportunity for a veteran or his family to purchase a higher priced home without making a substantial downpayment. Increasing the maximum guarantee should make smaller or no downpayments more likely for veterans, increase the availability of mortgage financing, and enable lenders to maintain the 60 percent ratio of guaranteed loan amount as indicated in section 1803 of title 38. This increase is strongly supported by the Mortgage Bankers Association of America, the National Association of Mutual Savings Banks, and the National Association of Home Builders as well as by all major veterans organizations. The VA has informed the Committee that it expects no significant increases in expenses or losses as a result of the increased guarantee.

The reported bill would also, consistent with the amendments made by Public Law 91–506 in 1970, expand opportunities for veterans to obtain VA guaranteed loans. The Veterans Housing Act of 1970 revived the expired unused loan entitlement of World War II and Korean conflict veterans and provided that a veteran's eligibility would be open ended until the entitlement was used. Amendments made by the reported bill would allow for restoration of the veteran's entitlement in expanded circumstances. Currently the law provides that the VA may restore entitlement previously used by the veteran to enable him to obtain a guaranteed, insured or direct loan if his property is taken through condemnation or otherwise by a governmental body, is lost or destroyed through natural hazard, or is disposed of for some "compelling reason devoid of fault" on the part of the veteran. The reported bill would eliminate the requirement of "compelling reason devoid of fault" and would generally allow restoration of entitlement if the previously guaranteed loan has been paid in full or assumed by another eligible veteran who consents to the use of his entitlement.

The amendments providing for the restoration of entitlement recognize the fact that we live in a highly mobile society and also that many veterans desire or find the need for a different or larger house for personal reasons. The Committee believes that if prior loans of these veterans have been paid off or properly assumed by another veteran with eligibility, the veteran should have his entitlement restored in full for the purchase of another home. These amendments were particularly supported by the Non-Commissioned Officers Association, who testified before the Committee on the difficulties of enlisted and career military personnel who transferred from base to base throughout their active military duty.

The reported bill would also extend automatic processing privileges to nonsupervised lenders, such as mortgage companies and other consumer credit finance companies. The automatic loan procedure facilitates the closing of the loan as opposed to the lender submitting a loan application with supporting documents to the VA for issuance to the lender of a commitment to guarantee the loan when closed. Under the automatic procedure, the flow of the transaction from application to a lender for a loan to actual closing can be greatly expedited, thus resulting in better service to the veteran buyer. Under existing law, however, only supervised lenders, such as banks, savings and loan associations, and insurance companies have the privilege of automatic processing. All other lenders must submit loans to the VA for prior approval. This can result in extending the time for processing a veteran's application for a loan guarantee to a period of more than 30 days beyond a reasonable time, often resulting in denying to the veteran the occupancy of his desired home for the period involved and forcing him to pay rent on a nonowned residence. In addition, in pricing their homes builders and sellers give consideration to the time delay which can result in additional expenses to the veteran buyer. Thus, this amendment can affect a large number of veterans since mortgage companies now originate approximately two-thirds of the loans for conventionally built homes guaranteed by the VA, as shown in the following table:

TABLE 4.—VA LOANS BY MORTGAGE BANKING INSTITUTIONS

	Mortgage banker VA closed (millions)	Total VA loans closed[1] (millions)	Percent mortgage bankers of total (percent)
1973	$4,600	$7,291	63.1
1972	4,928	8,173	60.3
1971	4,126	5,923	69.7
1970	2,588	3,439	75.3
1969	2,667	4,072	65.5
1968	2,520	3,772	66.8

[1] Guaranteed primary loans only.

Assuming appropriate standards are developed by the Administrator, the Committee believes there is no reason why automatic loan guarantee authority should not be extended to worthy, nonsupervised lenders. As many as 1,200 lending institutions could receive automatic approval status by virtue of this amendment.

In addition, in order to make VA guaranteed mortgage money more readily available, the payment of a reasonable discount by the veteran is permitted by the reported bill in certain limited circumstances in which there is no builder or seller involved (who would normally pay the discounts required by the lenders) or where the seller, such as a trustee in bankruptcy, is legally precluded from paying a discount.

The amendment would also permit veterans to pay a reasonable discount on a loan obtained to construct a dwelling on land which he already owns. This is a rather infrequent case, where the veteran owns his lot and acts as his own contractor in building his home, usually doing part of the work himself and perhaps hiring subcontractors for part of the work. In this situation, the lender is willing to make a GI loan when the house is completed but requires the payment of a discount. Thus, unless the veteran is legally permitted to pay the discount, he would be unable to obtain the GI loan. The Committee intends that this provision not be construed in any way to constitute a device to permit builders to pass payments of discounts on to veteran purchasers and will monitor operation of this provision closely. Finally, this amendment would permit payment of discounts in the rare cases where the seller of existing property is legally prohibited from paying discounts such as a trustee in bankruptcy or an executor of an estate. In these situations, the Committee does not believe that a veteran desiring to purchase such a home and willing to pay a reasonable discount required by a lender should be denied GI financing. At the same time, however, the Committee intends that this provision be very narrowly construed and does not intend it to be a device for evasion of the basic rule prohibiting the payment of discounts.

CONDOMINIUMS

The reported bill would also significantly expand the authority of the Veterans' Administration to guarantee loans of veterans purchasing condominiums. Condominimums constituted 40 percent of all new housing units constructed in the twenty-five largest metropolitan areas of the United States in 1974 to date. With the price of detached single-family residences increasing very rapidly, condominiums often constitute an available supply of more reasonably priced housing.

The Veterans Housing Act of 1970 (Public Law 91–506) authorized veterans to purchase one-family residential units in condominium projects with the assistance of VA financing but under restrictive conditions. Currently, veterans are restricted to projects in which the Secretary of Housing and Urban Development has insured at least one loan under section 234 of the National Housing Act. The restriction was originally written into Public Law 91–506 because the Veterans' Administration, which historically had been primarily guaranteeing mortgages in single-family detached homes, did not have the technical expertise necessary to approve and value condominiums. However, because of the limited number of condominiums processed under section 234, veteran purchasers wishing to avail themselves of VA financing have been confined to a very narrow selection of units. Since 1970, when section 1810(d) of title 38 was added by Public Law 91–506, through June 3, 1974, there have only been 3,788 loans made for the purchase of condominiums, and most of these have been approved just recently. The number of condominiums approved in fiscal years 1972, 1973 and 1974 was respectively 899, 1,794, and 1,094. Because in many instances condominiums provide the veteran an opportunity to acquire quality residences at comparably modest costs, usually below what it would cost to purchase an individual house of similar size placed on a regular size lot, the Committee believes that the expansion of authority contained in the reported bill is desirable.

At the same time, the Committee is keenly aware that there have been a number of problems plaguing the condominium industry with increasing complaints of shoddy construction, unfair increases in maintenance fees, and builders who exercise unexpected control over key facilities for long periods of time.

Accordingly, in granting expanded authority to the Veterans' Administration to approve condominium loans, the Committee does so with the express intent and understanding that appropriate regulations and standards will be developed to insure that the Veterans' Administration approves only those condominiums that meet acceptable high standards of quality and that the best interests of the veterans are adequately protected. The Committee expects the Veterans' Administration to provide for detailed plans, procedures, and forms for review of, not only the physical plans or structure of condominium projects, but also legal documents relating to such projects, the costs of maintaining the common property, and assurance that any management agreements being entered into are fair to veteran buyers.

MOBILE HOMES

The Veterans Housing Act of 1974 would also make a number of amendments to improve and expand the Veterans' Administration mobile home loan program. First, the bill would provide that the mobile home loan program first authorized by the Veterans Housing Act of 1970 and scheduled to expire on July 1, 1975, would become permanent.

When the Veterans Housing Act of 1970 was under consideration, Congress recognized that many young veterans did not have the resources to pay the rapidly escalating prices of conventionally-built homes. The 1970 act authorized the VA to guarantee loans on mobile homes in order to "make available lower cost housing to lower income veterans, especially those who have been recently discharged. . . ."

For example, mobile homes constitute 80 percent of all homes purchased under $20,000. In 1973 the average price of mobile homes was $9 per square foot as opposed to $17.30 per square foot for conventional housing. Although only 14,624 mobile home loans have been guaranteed to date, it appears that the veterans obtaining mobile homes are for the most part those for whom the program was intended. The reports of the average veteran obtaining a mobile home loan in calendar year 1973 had a monthly income of $523 compared to $739 average monthly income for veterans receiving VA loans for conventionally-built homes. The following tables give additional information as to financial characteristics of those purchasing mobile homes.

TABLE 5.—RANGE OF FINANCIAL CHARACTERISTICS BY EACH FIFTH OF VETERAN PARTICIPANTS

[Prior approval mobile home loans, April–June 1972]

	Lowest fifth	Second fifth	Third fifth	Fourth fifth	Highest fifth
Purchase price	Under 7,411	7,411 to 8,440	8,441 to 9,300	9,301 to 10,095	Over 10,095.
Loan amount	Under 7,241	7,241 to 8,359	8,360 to 9,259	9,260 to 9,975	Over 9,975.
Monthly income	Under 400	400 to 458	459 to 511	512 to 600	Over 600.
Housing expense	Under 157	157 to 173	174 to 187	188 to 206	Over 206.
Assets	Under 155	155 to 297	298 to 492	493 to 875	Over 875.
Age	Under 24	24 to 25	26 to 28	29 to 35	Over 35.

TABLE 6.—LOAN GUARANTY FINANCIAL CHARACTERISTICS

[Prior approval mobile home loans, April–June 1972]

Loans	Amount
Number of loans	1,056
Average maturity (months)	141
Average purchase price	$8,791
Average loan amount	$8,660
Average monthly income	$502
Average monthly housing expense	$180
Average assets	$686
Housing expense as a percent of monthly income	35.91

The Committee believes the value of the program has been established not only for those who may temporarily reside in mobile homes before purchasing conventional homes but also for those who wish to reside in larger mobile homes (particularly double-wide homes) on a permanent basis. Finally, the Committee is aware that the provisions of the reported bill providing for restoration of entitlement to veterans who have satisfied previous obligations on VA guaranteed home loans will present them with new opportunities to obtain VA guaranteed mobile home loans for retirement purposes.

As the mobile home manufacturers testified before the Committee, the current temporary authorization has served to prevent the full utilization of these provisions by dealers and financing institutions unsure of the ultimate duration of the program. They testified that they were confident that, with a permanently authorized program, dealers and financial institutions would "be more willing to become involved and . . . this fact will contribute to an increasing number of applications for VA guaranteed mobile home loans."

The extension of automatic approval privileges to nonsupervised lending institutions as authorized by section 2 of the reported bill should also increase utilization by lenders of the VA guaranteed mobile home loan program. A General Accounting Office report in 1972, for example, indicated that the length of processing time was a primary problem which lenders and mobile home dealers had experienced with the VA program. The extension of automatic processing should dramatically decrease the time necessary to qualify for a VA home loan and enable the program to compete successfully with conventional financing procedures.

The Committee also wishes to stress that in terms of making more funds available, the Veterans' Administration direct loan program, which has not been used to date, could be utilized for making loans on mobile homes. The Committee strongly urges the VA to examine the feasibility of making direct loans available in rural areas for veterans desiring to purchase mobile homes under this program.

The reported bill would also increase the maximum loan limitation and maturity dates for mobile homes. Loans for single-wide mobile homes would be increased from $10,000 to $12,500. Double-wide mobile homes would be raised from $15,000 to $20,000 and the maximum maturity of the loan would be extended from 15 to 20 years. Given the recent rapid rate of inflation, the Committee believes these increases are thoroughly justified. Increasing the maximum loan amount of maturity for double-wide mobile homes to $20,000 and 20 years should enable veterans to purchase larger and better quality double-wide mobile homes, if they so desire and have sufficient income. Shipments of double-wides continue to increase as shown in the Mobile Home Dealer Market Report for September, 1974. Today double-wides comprise 21.3 percent of the total market as compared with 15.6 percent for 1973. Inflation and other factors have escalated mobile home manufacturers' wholesale prices by 20 percent during the second quarter of 1974 over the same period of 1973, according to Wholesale (FOB) plant prices published by Eldrich and Lavage for the Mobile Home Manufacturers Association.

Expanded authority is also given the Veterans' Administration to approve loans or used mobile home loans provided it meets or exceeds minimum regulations for construction, design, and general acceptability as prescribed by the Administrator.

In reviewing the mobile home loan program, the Committee also gave its close attention to suggestions by some to increase the maximum VA guarantee from 30 to 50 percent. As originally enacted in the Veterans Housing Act of 1970, the guarantee was limited to 30 percent of the law, which, as noted in Senate Report 91–1230, was considered consistent with the prevailing practice among private lenders. As to the amount of downpayment required on conventional mobile home loans, this 30 percent guarantee by the VA stands in place of a 30 percent downpayment. If the guarantee were to be increased to 50 percent, such action would accord lenders and holders a security equivalent to that which would be derived from a 50 percent downpayment. The VA reported that there is no indication that in financing a mobile home, lenders generally are demanding 30 percent, much less than 50 percent.

The VA also seriously questioned the assumption that the higher guarantee would increase the amount of money available for purchase of those homes. The VA further noted that although some lenders appear to believe that a guarantee larger than 30 percent is desirable (presumably on the belief that an increase would improve the security of investments in VA guaranteed mobile homes which currently yield 12 percent), an examination of most of the guarantee claims paid today demonstrates that in the vast majority of cases, the present 30 percent guarantee has adequately insulated the holders of loans against loss. There were some suggestions to the Committee that the underlying rationale for increasing the guarantee to 50 percent would be to assure that either or both the Government National Mortgage Association and the Federal National Mortgage Association include VA mobile home loans in the secondary market program. However, in response to specific inquiries made by the Chairman of the Committee, both the Federal National Mortgage Association and the Government National Mortgage Association declined to make any such commitment.

The VA continues to strongly oppose any such increase. In an appearance before the Committee on Veterans' Affairs on September 26, 1974, the VA spokesman testified:

"We believe a lender exercising reasonable care in the origination and servicing of VA guaranteed mobile home loans should be adequately protected against loss with the 30 percent guaranty. Increasing the guaranty to 50 percent, however, could have the effect of so overprotecting lenders that some might lose any incentive to exercise the expected degree of care in credit underwriting and servicing of such loans. A failure to exercise due care would cause poor loans to be made and would eventually increase both the number and size of claims VA must pay."

Given the foregoing, the Committee does not believe an increase in the basic amount of guarantee is warranted at this time. Rather, the Committee believes it should await further, experience of the programs in general and, in particular, the operation of the amendments of this Act. Should there be strong indications in the future of secondary market interest in VA mobile home loans which require increased guarantees, the Committee will give immediate and close consideration to additional amendments.

The reported bill would also extend the VA guarantee to loans which were made just on the mobile home lot itself. Currently, there are veterans who have purchased mobile homes prior to the time the authority was granted to the VA to guarantee mobile home loans, as well as others who purchased or will purchase mobile homes without using VA loans to finance their homes. The guarantee of loans to purchase lots for mobile homes, usually at a cost significantly below that of renting sites, would grant such veterans the same benefits presently available to veterans who finance their mobile homes with VA assistance. The law now precludes the financing of just mobile home sites, even if the veteran could make such arrangements with the lender. The Committee believes it desirable to grant statutory authority to guarantee such purchases, if financing can be secured. Amendments are also added to provide that no mobile home lots shall be guaranteed under this section unless the lot meets certain standards which the Administrator prescribes for mobile home lots. These standards are designed to encourage the maintenance and development of sites for mobile homes which would be attractive residential areas and would not substantially contribute to adverse scenic or environmental conditions.

EXTENSION OF FEDERAL CREDIT UNION AUTHORITY TO PARTICIPATE FULLY IN THE VA MOBILE HOME LOAN PROGRAM

Section 6 of the reported bill would also extend the authority of the Federal credit unions to participate more fully in VA guaranteed mobile home loan programs, as well as in FHA insured home improvement and mobile home loan programs. Amendments made in section 5 of this act would extend the maximum term on VA guaranteed mobile home loans to 12 and 20 years, depending on the size and site factors. A similar extension was contained in the "Housing and Community Development Act of 1974", where the maximum term for the FHA insured home improvement loan was extended to 12 years and the maximum term on FHA mobile home loans to 15 years. Currently, under section 107 of the Federal Credit Union Act (12 U.S.C. 1757), the maximum maturity for loans made by a Federal credit union is limited to 10 years.

An amendment made by the reported bill would extend federal credit union maturities for VA guaranteed mobile home loans and for FHA insured home improvement and mobile home loans to the terms permitted by laws dealing with such loans. Federal credit unions are participants in the FHA improvement and mobile home loan market and in the VA guaranteed mobile home loan market. In order to insure that money will be available for those loans by Federal credit unions, this amendment is necessary. The amendment in the reported bill was developed in close consultation with the committee of jurisdiction, the Committee on Banking, Housing and Urban Affairs, as reflected in the following letter:

U.S. SENATE, COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS,
Washington, D.C., December 9, 1974.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that the Veterans Affairs Committee is presently considering S. 3883, "The Veterans Housing Act of 1974." Included in that measure are provisions to make permanent the VA mobile home guarantee program, presently scheduled to expire on July 1, 1975. It is also my understanding that provisions of 3883 would extend the maximum term of VA guaranteed mobile home loans to 12 years for single wide and to 15 years for double wide mobile homes. A similar extension was contained in the Housing and Community Development Act of 1974, extending the maximum terms for FHA insured home improvement loans to 12 years, and for FHA insured mobile home loans to 15 years.

As you know, Federal Credit Unions are participating in the VA guaranteed home loan market as well as in FHA home improvement and mobile home loan markets. As you also know, jurisdiction over Federal Credit Unions has and continues to reside in the Committee on Banking, Housing and Urban Affairs. Currently, under section 107 of the Federal Credit Union Act (12 U.S.C. section 1757), Federal Credit Unions are limited in their authority to make secured loans with maturities not to exceed 10 years.

In view of the recent amendments contained in the Housing and Community Development Act of 1974 as well as pending amendments to S. 3883, it would thus be desirable to extend the authority of the Federal Credit Unions to participate in both of these programs to the maximum extent of the maturities specified therein.

Accordingly, given the few weeks remaining in the second session of this Congress, and the imminent consideration of S. 3883, I would not object to and would also recommend favorable action on the following amendment to the "Veterans Housing Act of 1974":

"Paragraph (5) section 107 of the Federal Credit Union Act (12 U.S.C. 1757) is amended by inserting after the words 'ten years,' the words 'except that loans made in accordance with section 2(b) of the National Housing Act and section 1819 of title 38, U.S.C., may be for the maturities specified therein.'"

With best wishes and kindest personal regards, I am

Sincerely,

JOHN SPARKMAN.

INCREASED GRANT FOR SPECIALLY ADAPTED HOUSING FOR DISABLED VETERANS

Section 9 of the reported bill would increase the maximum amount of the grant payable by the Administrator of the Veterans' Administration to provide specially adapted housing for certain totally disabled service-connected veterans. Under present law, these disabled veterans are entitled to a grant not to exceed 50 percent of the cost of the home and the necessary land up to a maximum of $17,500. This bill would amend section 802 of title 38, United States Code, by increasing the maximum grant authority to $20,000.

Veterans eligible for housing assistance grants are principally service-connected quadraplegics, paraplegics, amputees, and others who require the use of a wheelchair. Their disabling condition requires ramps, special bathroom equipment, extra-large rooms and hallways, exercising facilities, and other devices which are essential for many of them to live comfortably outside a hospital.

Public Law 80-702, enacted in 1948, initially provided for grants of up to $10,000 for "wheelchair homes". At that time the average cost of construction for a new single-family residence was $7,800. Housing construction costs have risen steadily since then though the maximum amount of the grant has been increased just twice, first to $12,500, in Public Law 91-22, and then to $17,500, in Public Law 92-341. The Veterans' Administration reported that in fiscal year 1972 the average total cost to a veteran for a new specially adapted house was $38,744. This cost has increased to $45,155 for fiscal year 1973 and to $48,510 for fiscal year 1974. As of July, 1974, the last month for which this data is available, this average cost was $53,500. The Committee thus believes that the need for additional grant authority is readily apparent. The Veterans' Administration has reported that they "believe the proposed increases are warranted."

During the 26 years of the program's existence, 13,599 veterans have been aided at an expense of $148.3 million. In fiscal year 1974, 672 grants were made. In the current fiscal year, a total of 205 grants have been made as of October 31, 1974, with an additional 445 grants anticipated for the remainder of the fiscal year. Approximately 650 grants are projected for fiscal year 1976. The VA estimates that the 1st-year additional cost occasioned by this amendment would be approximately $4,875,000.

REPEAL OF OBSOLETE PROVISIONS

The reported bill would also make a number of technical amendments to chapter 37, as well as repeal a number of obsolete statutory provisions in the Veterans' Administration housing assistance program. Among them, the moribund farm and business loan programs are repealed. Neither the farm loan program (section 1812) nor the business loan program (section 1813) today affords a viable benefit to veterans. Due to the relatively restrictive terms of the VA guaranteed farm or business loans, and the availability of more attractive programs administered by the Small Business Administration of the Farmers Home Administration, lenders have not been making such loans. For example, in 1951, the VA guaranteed 42,000 business loans. Since that time the volume has dwindled to negligible proportions and in fiscal year 1974 only two business loans were guaranteed. The peak year for guaranteed farm loans was 1947 when 20,000 were guaranteed. In the interval, there has been a sharp decline year after year. In the past fiscal year, there were only 8 farm loans guaranteed.

In deleting these provisions, the Committee wishes to emphasize its continuing concern that veterans who apply for farm or business loans under other Federal programs be accorded the emphasis that our Nation expects to be given to those who have honorably served their country.

EFFECTIVE DATES OF THE ACT

Most provisions of the Veterans Housing Act of 1974 become effective upon enactment. A 90-day delay is granted, however, with respect to: first, the extension of automatic loan provisions to nonsupervised lenders; second, the expansion of authority to approve condominium loans; and third, expansion of authority with respect to restoration of entitlement in certain cases. In view of the Committee's deep concern that there be adequate and effective regulations, plans, and procedures that protect the interest of both the Veterans' Administration and the veteran, the Committee, upon recommendation of the VA, has agreed to a 90-day deferred effective date of these provisions.

COST ESTIMATES

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91–510, 91st Congress), the Committee, based on information supplied by the Veterans' Administration, estimates that the only significant cost attributable to this bill is occasioned by section 9 increasing the maximum housing grant for certain severely disabled veterans, which will result in a 1st-year cost of approximately $4.9 million.

In arriving at cost estimates, the Veterans' Administration projects both increases as well as offsetting decreases in administrative costs of the program, funded through the "General Operating Expenses" appropriation account. The extension of the mobile home loan program to a permanent program together with expanded authority to approve condominiums under the VA program will result in additional administrative expenses of approximately $654,000. This will be offset by approximately the same amount in savings, occasioned through increased automatic processing and the removal of the necessity to process and determine "compelling reason" petitions.

The liberalization and expansion of the program will mean greater loan volume, which will naturally result in a numerically greater number of "losses" under this program. The Committee assumes that the loss rate itself, however, will not increase. The VA estimates that additional losses occasioned by the increased volume will amount to only about $750,000 the 1st year.

The VA estimates that the 1st full-year cost of the entire bill will be $5,811,000, increasing gradually to $8,663,000 at the end of 5 years. Costs and savings by section, including net costs, are all reflected in the following table:

TABLE 7.—ESTIMATED COSTS OF S. 3883 FOR FISCAL YEARS 1975 THROUGH 1979

	General operating expense	Expenses and losses	Total
A. Restoration of entitlement:			
1975	−$280, 000	$47, 000	−$233, 000
1976	−301, 000	1 79, 000	−122, 000
1977	−308, 000	348, 000	+40, 000
1978	−315, 000	515, 000	+200, 000
1979	−322, 000	702, 000	+380, 000
Total	−1, 526, 000	1, 791, 000	+265, 000
B. Automatic processing:			
1975	−$305, 400	$270, 000	−$35, 400
1976	−326, 700	270, 000	−56, 700
1977	−332, 800	270, 000	−62, 800
1978	−339, 800	270, 000	−69, 800
1979	−345, 700	270, 000	−75, 700
Total	−1, 650, 400	1, 350, 000	−300, 400
C. $17,500 guaranty:			
1975	0		0
1976	0	$10, 000	$10, 000
1977	0	50, 000	50, 000
1978	0	125, 000	125, 000
1979	0	180, 000	180, 000
Total	0	365, 000	365, 000
D. Condominiums:			
1975	$544, 200	0	544, 200
1976	549, 600	0	549, 600
1977	555, 100	0	555, 100
1978	560, 700	0	560, 700
1979	566, 300	0	566, 300
Total	2, 775, 900	0	2, 775, 900
E. Mobile home loans (increase in loan amounts and elimination of 1975 termination date):			
1975	100, 000	560, 000	660, 000
1976	535, 000	642, 000	1, 177, 000
1977	581, 000	934, 000	1, 515, 000
1978	$642, 000	$1, 841, 000	$2, 483, 000
1979	698, 000	2, 600, 000	3, 298, 000
Total	2, 556, 000	6, 577, 000	9, 133, 000
F. Increase SAH grants to $25,000:			
1975	0	4, 875, 000	4, 875, 000
1976	0	4, 875, 000	4, 875, 000
1977	0	4, 689, 000	4, 689, 000
1978	0	4, 590, 000	4, 590, 000
1979	0	4, 314, 000	4, 314, 000
Total	0	23, 343, 000	23, 343, 000
Total estimated cost:			
1st year			5, 810, 800
2d year			6, 432, 900
3d year			6, 786, 300
4th year			7, 888, 900
5th year			8, 662, 600
5-year total			35, 581, 500

TABULATION OF VOTES CAST IN COMMITTEE

Pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, the following is a tabulation of votes cast in person or by proxy of the members of the Committee on Veterans' Affairs on a motion to report S. 3883, with amendments, favorably to the Senate:

Yeas—9

Vance Hartke
Herman E. Talmadge
Jennings Randolph
Harold E. Hughes
Alan Cranston
Clifford P. Hansen
Strom Thurmond
Robert T. Stafford
James A. McClure

Nays—0

SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF S. 3883, AS REPORTED

Section 1

This section provides that the proposed Act may be cited as the "Veterans Housing Act of 1974".

Section 2

Subsection (*a*) of section 2 amends section 1802(b), chapter 37, title 38, U.S.C., to provide for restoration of loan entitlement. Under this section, which both codifies and expands existing practices, the Administrator could restore a veteran's loan guarantee entitlement if the following conditions are met. First, the property was secured by a prior VA assistance loan and must either have been disposed of by the veteran or destroyed by fire or by some other natural hazard. And second, the prior loan must have been paid off in full or the Administrator must have been released from liability under guarantee; or, if the prior loan was foreclosed and the VA paid the claim, the veteran must repay in full any loss suffered by the VA on such loan (the Administrator still continues to have the authority to waive either or both of these conditions in appropriate cases). Finally, a veteran may have his entitlement restored if an eligible veteran-transferee has agreed to assume the outstanding balance of the loan and has consented to the use of his entitlement. The removal of "compelling reasons devoid of a fault" will eliminate a statutory requirement that is susceptible to varying interpretations and thus uneven application throughout the system of VA field stations. It will also result in substantial administrative cost savings to the VA in the expenditure of resources and staff in determining the validity of reasons for disposal of property by veterans.

The provisions would also allow a qualified veteran to assume the outstanding balance of a VA loan on the property of another veteran, while at the same time, the veteran who is transferring such property will have his original entitlement for a VA loan restored to him and he shall be free of any obligations on the transferred property. This provision is especially important to all military servicemen. Throughout a normal military career averaging 21 to 24 years, a service member may expect seven to eight permanent changes of station. During this time, he would normally be eligible for one VA loan and perhaps one or two FHA In-Service Loans. Then it becomes time for retirement. Once a permanent homesite has been selected, he is faced with the fact that he has no immediate eligibility under the present Veterans Housing Act and no entitlement to an In-Service Loan. The Committee considers the present law to be penalizing the service member. This provision would make it easier for servicemen to purchase homes if required by the contingencies of the service and help alleviate the present housing problem for many servicemen who are faced throughout their career with changing locations. In Washington, D.C., alone there are less than 4,500 Government housing units with over 45,000 enlisted military personnel. The Non-Commissioned Officers Association of the U.S.A. and the Marine Corps League both strongly endorse this amendment. The Veterans' Administration has testified that enactment of these provisions will not substantially increase the Government's exposure to loss.

Subsection (*b*) amends section 1802(d) of chapter 37, by deleting the present clause 3 and substituting language permitting any non-supervised lender approved by the Administrator to process home or mobile home loans on the "automatic" basis, pursuant to standards established by the Administrator. Currently, only supervised lenders (e.g., banks, savings and loan associations, and insurance companies) are authorized under law, pursuant to standards established by the Administrator, to process GI loans for conventionally-built and mobile home loans on an automatically-guaranteed basis. Technically, under existing law, nonsupervised lenders who have been named certified agents by the Secretary of the Department of Housing and Urban Development, can be permitted to process automatically-guaranteed loans. However, this HUD certified agent problem is no longer operable.

Consumer credit and finance companies which are nonsupervised lenders have not been participating to any large extent in VA mobile home loan programs. These lenders are often reluctant to process loans on a prior approval basis because the process entails considerable additional time to obtain commitments from the Veterans' Administration than the time required for completing other loans on a conventional basis.

The extension of the "automatic guarantee" privileges, as outlined by this section, should significantly reduce the time in loan processing for veterans, hopefully stimulating greater participation by these institutions in the mobile home program.

Mortgage companies now originate approximately two-thirds of the loans for conventionally-built homes guaranteed by the VA. Many of these companies have consistently demonstrated the capability and expertise necessary for originating loans of satisfactory quality. Thus, the Committee believes that there is every reason to expect that companies which can demonstrate this capability and expertise and who otherwise meet the regulation standards promulgated by the Administrator should be granted automatic processing privileges. At the same time, the Committee is aware there are several types of nonsupervised lenders, notably mortgage companies, finance companies and mobile home loan servicing companies. They range from companies with hundreds of branches operating in practically all 50 States to small companies with only one office. Further, their modes of operation vary substantially. Moreover, mortgage companies, not subject to Federal or State supervision, are generally not highly capitalized and make loans for sale and not for retention. Thus it is important that the Veterans' Administration develop sufficient standards. The Committee is aware that some preliminary work has been done by the Veterans' Administration already, as to developing these appropriate standards. The exact criteria for such standards involve a complex and important undertaking since the Veterans' Administration's assurance that loans are being made in full compliance with the law and regulations will in large part be limited to post-audit of closed loans. The Committee expects that great care will be taken by the Veterans' Administration in the establishment of standards and procedures and other guidelines, together with the amendments to the present reporting of statistical procedures. The Committee also expects that in implementing this section the program be monitored very closely to insure proper operation and to prevent excessive defaults. The Committee further expects to be apprised on a regular basis by the Veterans' Administration on the implementation and operation of this program.

Subsection (*c*) amends section 1803(c) by adding a new paragraph 3, which recodifies and extends existing law to permit veterans in certain limited circumstances to pay discounts for "points" when they obtain loans. Generally, veterans are not permitted to pay discounts under VA housing assistance programs since if they were permitted to do so, they might pay an interest rate in excess of the permitted maximum. An existing law, contained in section 1810(a)(5) of title 38, permits the payment of discounts in refinancing loans made pursuant to that section. That section is recodified in new paragraph 3 of section 1803(c) and existing provisions in 1810(a)(5) deleted. In order to insure that a veteran does not pay in excess of the maximum interest rate authorized by law, and also that funds would be available, the seller or builder is generally the only party available to pay discounts.

An amendment made by this section would recognize several basic situations in which there is either no builder or seller involved or where the seller is legally barred from paying a discount. In those cases, amendments made by this subsection would, in order to enable a veteran to obtain the loan he seeks, permit him to pay a reasonable discount. Thus, a veteran would be permitted to pay a discount to repair, alter, or improve a farm, residence, or other dwelling obtained with a GI loan, pursuant to section 1810(a)(4). It would also include the case where a veteran desires to build his own home or farm residence on land he already owns or intends to acquire, except if the land has been directly or indirectly acquired from the building contractor himself. Since no builder or seller is involved, the veteran ordinarily is unable to obtain the loan since he is not permitted to pay a discount.

A final exception is provided in the situation where the seller is acting in a legal or fiduciary capacity (such as a referee in bankruptcy or an executor of a decedent's estate) and is legally incapable of paying a discount. In these cases, the Administrator must determine that such class of sellers are legally precluded and that it is in the best interest of the veteran to permit him to pay the discount. The VA estimates that there are only a limited number of cases in any of these exceptions.

Subsection (*d*) amends section 1804(c) to provide that where "automatically guaranteed" loans are made, the certification by the veteran that he intends to occupy the property as his home, need only be obtained once, at the time the loan is closed. Current law requires veterans to certify their intent twice to occupy the property secured as their own homes: First, at the time of the application, and second, at the closing of the loan. Often loan companies, through error, have failed to secure the initial certification and the mistake is brought to the attention of the VA only when the final papers are submitted. Thus, failure to obtain the initial certification at the time of the application has often resulted in severe administrative problems and cost to the VA. The double certification contributes little additional protection to the program. Accordingly, the VA favors this amendment requiring a single certification at the time the loan is processed for automatic guarantee.

Subsection (*e*) amends sections 1804 (b) and (d) of title 38 to remove the requirement that when the Veterans' Administration suspends a builder, lender, or broker for disciplinary action taken by the Secretary of Housing and Urban Development, the HUD sanction must have been taken under section 512 of the National Housing Act. Under that same section of the National Housing Act, HUD can suspend the builder or lender when the VA has suspended a party under section 1804 (b) or (d). By deleting this reference to section 512 of the National Housing Act in both of the sections, the amendment has the effect of permitting the VA to refuse to do business with any parties suspended by HUD, regardless of whether HUD's debarment is based on section 512 of the National Housing Act or some other authority. As a practical matter, the Secretary of Housing and Urban Development makes no suspensions under section 512. This amendment then will prevent a situation in which the VA might be forced to do business with a firm which has been debarred by HUD for serious misconduct but for a violation other than under section 512. In such cases, the VA often does not have sufficient evidence of its own, concerning GI loans to prove several similar misconducts in VA cases. The Committee would expect that the VA would act accordingly where the Secretary of Housing and Urban Development has taken disciplinary action and be apprised of such actions.

Section 3

This section makes three amendments of section 1810 of chapter 37, of title 38, U.S.C.

Clause 1 makes a technical amendment by deleting from section 1810(a)(5) the provision authorizing payment of discounts on refinancing loans since section 2 of this bill makes this provision part of new paragraph 3 of section 1803(c).

Clause 2 amends section 1810(a) by adding a new paragraph 6 authorizing the Veterans' Administration to guarantee loans for veterans purchasing a one-family residential unit in a new condominium housing development project (or in a structure built and sold as a condominium) if the development, project or structure has been approved by the Administrator under such criteria as he shall prescribe. This expanded authority replaces present subsection (d) which currently limits VA financing to those projects in which the Secretary of Housing and Urban Development has issued at least one loan under section 234 of the National Housing Act. Subsection (d) is accordingly deleted by the reported bill. Because of various problems experienced in certain segments of the condominium industry, the Committee expects that great care be taken by the Veterans Administration in issuing its regulations and guidelines to insure that it approves only condominium projects which meet acceptable high standards of quality. In the processing of horizonal condominiums the "Minimum Property Standards" (MPS) for 1 to 4-family units used by the VA for its regular GI loan program can be adopted. Construction should be required to comply with the MPS, and the Committee expects that VA compliance inspections will be required.

In the case of high rise condominium construction, the Committee would expect that at a minimum, the construction meet requirements set by local authorities for high rise construction such as the uniform building code, the southern building code, or other comparable building codes. The Veterans' Administration should ascertain that these codes are being fully complied with. If FHA standards for condominiums are significantly more stringent than such building codes, the Committee believes that the VA should give very close consideration to requiring more exacting standards than the local building code. The Committee is particularly concerned with Veterans' Administration approval of those units which may have been constructed as condominiums prior to the effective date of this act. It would expect for previously constructed condominiums, just as for newly constructed condominiums, that the entire project be approved rather than just the individual unit. In addition to appraising for value, the VA should assure itself that plumbing, electrical and other basic systems meet appropriate standards.

The Committee is also most concerned that adequate protection be provided the veteran borrower. The Committee would expect that the following items either be unacceptable or subject to the most stringent standards of review: (1) Leasing of common areas to condominium owners; (2) lease backs to builders with right to charge user fees; (3) franchises or licenses for central TV antennas or the like; (4) provisions for future annexation without a general plan and the VA's right to approve (to insure against dilution of interest and possible downgrading of area); (5) absolute right of the developer to change plans when sales have started; (6) retention of developer's rights to enter into management contracts after owners should have control; and (7) lack of presale requirement.

The Committee also expects the Veterans' Administration to take appropriate steps to increase veterans' awareness of automatic membership in community associations and the new home ownerships systems in townhouse projects and condominiums and planned unit development. Veterans should be fully apprised of their rights and duties in such associations. The Committee is aware of a contract recently entered into by the Veterans' Administration with the Community Associations Institute, a non-profit association to develop guide booklets containing such basic introductory information as a veteran needs in order to understand community associations. The Committee commends this and any other activities aimed at insuring that veterans fully understand their rights and obligations.

Clause 3 amends section 1910(c) to increase the maximum home loan guarantee entitlement from $12,500 to $17,500. The average GI loan approved in fiscal year 1974 was $25,655; the maximum $12,500 provided an average of only a 49.8 percent coverage. An increase to $17,500 would enable more lenders to maintain a 60 percent ratio of guaranteed loan amount, thus increasing the number of loans and decreasing the amount of downpayment by veterans.

Clause 4 deletes section 1810(d) entirely, which authorizes VA guarantee of loans for purchasing condominium units, since this provision is now superseded by new section 1810(a)(6) added by clause 3 of this section of the reported bill.

Section 4

This section is a conforming amendment to the direct loan program which increase the guaranteed entitlement to a VA loan from $12,500 to $17,500, consistent with amendments made in section 3 of this reported bill.

Section 5

This section makes a number of amendments to section 1819 of subchapter II of chapter 37, title 38, United States Code, relating to the expansion of loans for mobile homes and mobile home lots and making the program permanent.

Clauses 1, 2 and 3 make amendments to subsections (a), (b), and (c) to provide the VA with authority for the first time to guarantee a loan for the purpose of separately acquiring a mobile home lot and making the necessary site preparation, whether or not the mobile home itself was purchased with a loan guaranteed, insured, or made by another Federal agency.

Clause 4 further amends subsection (c) to liberalize the conditions under which the VA may guarantee a loan for the purchase of a used mobile home. Under current law, the VA is authorized to guarantee a used mobile home only as security for prior loans guaranteed or made under this section or for a loan guaranteed, insured or made by another Federal agency. In providing this expanded authority, the Committee intends the Administrator to provide adequate safeguards and criteria to value the quality and general condition of the used mobile home on which mobile home applications are made.

The Committee expects the VA to establish the value of used mobile homes proposed as security for a VA guaranteed loan through a process utilizing qualified fee personnel experienced and knowledgeable in appraising mobile home units coupled with staff review of the fee appraisers' finding for final evaluation as to value and acceptability of the particular mobile home unit. In addition, the VA should require a report from a qualified third party covering the operating condition of mechanical equipment, electrical and gas systems, water and plumbing systems, etc. With respect to used mobile home units being sold by a mobile home dealer, VA should require a warranty agreement from such dealer to the veteran purchaser.

The acceptability of any used mobile home unit should meet appropriate safety requirements now required for new units such as:

(1) each room designed for sleeping purposes, unless it has an exit door, must have at least one outside window of such size and area to permit exit in an emergency;

(2) a minimum of two exterior doors remotely located from each other and so arranged as to provide unobstructed exit to the outside of the mobile home; and

(3) must have an acceptable automatic smoke detector installed outside each sleeping area to warn occupants of the presence of any fire condition.

The Committee expects the Veterans' Administration to establish a maximum term for used mobile home loans based on the appraisal of the physical life expectancy of the particular mobile home unit not to exceed the maximum established for new mobile homes. Thus, the maturity of loans on used mobile homes would generally be for terms below this maximum.

Clauses 5, 7, 8, 9, and 10 are technical amendments to subsections (d), (e), (f), (i), and (n) conforming these subsections to the amendments made by this section of the reported bill providing authority for the first time to the VA to guarantee a loan for just a mobile home lot. These clauses provide for the establishment by the VA of a separate maximum loan amount, first lien security, interest rate, prior VA approval on standards for planning, construction, and general acceptability for a mobile home lot, also providing that the provisions of section 1804 (d) and section 1821 of this chapter be fully applicable to lenders making guaranteed mobile home lot loans.

Clause 6 amends paragraph 2 of subsection (d) to increase the maximum amount of loans and maturities for mobile homes. Under these amendments, the maximum permissible loan amount for a single-wide mobile home is increased from $10,000 to $12,500. The maximum amount for a double-wide mobile home is increased from $15,000 to $20,000 and the maximum maturity extended from 15 years to 20 years. For a single-wide mobile home and an undeveloped lot, the maximum loan is established at $20,000 with a maturity of 15 years. The maximum loan amount for a double-wide mobile home and an undeveloped lot is placed at $27,500. Also, a loan for a single-wide mobile home and a developed lot is maximized at $20,000 for 15 years; for a double-wide mobile home and a developed lot the maximum is $27,500 for 20 years; and the maturity maximum for only an undeveloped or developed lot is $7,500 for 12 years.

Clause 11 deletes subsection (o) entirely, which provides that the VA mobile home loan program terminates on July 1, 1975. The program now becomes permanent.

Section 6

This section amends 107 of the Federal Credit Union Act (12 U.S.C. 1757) to extend the maximum maturity for VA guaranteed mobile home loans and for FHA insured home improvement and mobile home loans made by Federal credit unions to the terms either permitted by section 2(b) of the National Housing Act or section 1819 of title 38, United States Code. Section 5 of the reported bill would amend section 1819 to extend the maximum term on VA guaranteed mobile home loans to 12 or 20 years depending on size and site factors. A similar extension was contained in amendments to the National Housing Act contained in the Housing and Community Development Act of 1974, which extended the maximum term for FHA insured home improvement loans to 12 years and for FHA mobile home loans to 15 years. This would allow continued participation in both FHA and VA mobile home loan programs by Federal Credit Unions.

Section 7

Subsection (*a*) amends chapter 37 of title 38, U.S.C., by deleting the following obsolete sections: 1812 (Purchase of farms and farm equipment); 1813 (Purchase of business property); 1814 (Loans to refinance delinquent indebtedness); and 1822 (Recovery of damages).

Neither the farm loan program (section 1812) or the business loan program (section 1813) currently affords a viable benefit to veterans. The volume of VA guaranteed farm and business loans has sharply dwindled to negligible proportions in the past quarter century mainly because of the relatively restrictive terms of these loans and the availability of more attractive loans from other Federal agencies, such as the Small Business Administration and the Farmers Home Administration. For example, in fiscal year 1974, only two business loans and only eight farm loans were guaranteed under those sections.

The refinancing authority currently contained in section 1810(a)(5) of title 38 obviates the need for the provisions in section 1814 and the section is accordingly deleted by the reported bill. The deletion of sections 1812 and 1813 renders section 1822 concerning recovery of damages meaningless and thus should also be deleted.

Subsection (*b*) amends the table of sections at the beginning of chapter 37 to reflect the deletions made by subsection (a).

Subsection (*c*) amends the title of chapter 37 to reflect the deletion of the sections dealing with farm and business loans and the inclusion of condominiums and mobile homes.

Subsection (*d*) amends the table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part III of title 38 to also reflect the deletion of the sections dealing with farm and business loans and the inclusion of condominiums and mobile homes.

Section 8

Clauses 1, 2, 4, 5, 6, and 7 make a number of technical amendments to sections 1813(a) (1), 1803(d), 1815(b), 1818(a), and 1818(c) required by the deletions of sections 1812, 1813, 1814, and 1822. The deletion of references to section 1815 in sections 1818(a) and 1818(c) will permit post-Korean veterans to obtain "insured" home loans (in addition to "guaranteed" loans) which are presently available only to World War II and Korean conflict veterans. Although very few lenders have their loans insured rather than guaranteed, there is no justified reason to maintain this unwarranted distinction and the Committee thus eliminates it.

Clause 3 amends section 1803(d)(1) to add 32 days to the present 30 years for the maturity of VA home loans. When a loan is closed in the middle of a month, it is customary for the first payment to become due on the 1st day of the 2nd month following the month in which the loan is closed. Thus, if a loan were closed October 23, 1974, the first payment would be due December 1, 1974. In this case, the final payment would be due November 1, 2004, or 9 days beyond the statutory maximum. Current law thus often precludes lenders from writing loans for an even 360 payments.

The proposed amendments would eliminate this irritant to both lenders and investors. It is consistent with existing law in section 1819, which permits terms for either 12 years and 32 days or 15 years and 32 days for mobile home loans. Section 1819 was originally written in this manner to eliminate problems similar to those faced under section 1803.

Section 9

This section amends section 802 of chapter 21 of title 38, United States Code, to increase from $17,500 to $25,000 the maximum grant for specially adaptive housing for disabled veterans. This special grant is limited to 50 percent of the total cost of the "Wheelchair home". Public Law 80–702 set the grant in 1948 at $10,000. This was raised to $12,500 in 1969 and again increased to $17,500 in 1972 by Public Law 92–341. The costs for a specially adapted house are consistently and rapidly increasing. In fiscal year 1971, the average total cost to a veteran was $35,990; in fiscal year 1972 it rose to $38,774, and again to $45,155 in fiscal year 1973. As of July 1974, the average total cost was $53,000. The Committee considers this provision to be necessary in light of the current market situation.

Section 10

This section provides that the provisions of the Act shall generally become effective on the day of enactment except that the provisions section 2(a)(3), restoring the entitlement to a veteran who transfers his guaranteed property to another veteran, section 2(b), relating to automatic guarantee loans, and sections 3(2) and 3(4), relating to condominium loans, shall become effective 90 days after the day of enactment. These two exceptions are made because of the necessity for the preparation of detailed plans, agreements, and procedures to implement these sections and to insure that they adequately protect the interest of both the veteran and the Veterans' Administration.

Mr. HARTKE. Mr. President, the major veterans' organizations strongly endorse the provisions of this act, both in their testimonies in the hearing on this bill, as well as in correspondence received by the committee. In this regard, I respectfully request unanimous consent that a letter from the American Legion to the committee be included in the RECORD at this time.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
Washington, D.C., December 13, 1974.
Hon. VANCE HARTKE,
Chairman, Senate Committee on Veterans Affairs, Washington, D.C.

DEAR CHAIRMAN HARTKE: Thank you and the members of the Senate Committee on Veterans Affairs for favorably reporting S. 3883, a bill to improve the veterans home loan program.

S. 3883 is strongly supported by The American Legion. If enacted, it will fully satisfy five of our current resolutions pertaining to veterans housing.

The provision to restore entitlement to successive guaranteed, insured or direct loans to otherwise eligible veterans under certain conditions is an important and much needed extension of the program.

The provision to increase the maximum home loan guarantee from $12,500 to $17,500 will encourage lenders to become more involved in the program. Because of inflation, the existing guarantee of 60% of the loan, not to exceed $12,500, is no longer sufficiently attractive to potential lenders.

S. 3883 also provides the means for veterans to purchase condominiums. Existing law permits such purchases under VA entitlement only if the Federal Housing Authority has approved at least one loan within the project. The problem is compounded by FHA regulations which require that 80% of a project must be sold under contract before a loan is approved. S. 3883 would repeal this restriction for VA purposes. Provisions contained in the bill to improve the VA mobile home loan program also have the full support of The American Legion.

The amendment to chapter 21, Title 38, United States Code, to increase from $17,500 to $25,000 the VA grant for service disabled veterans, primarily paraplegics and bilateral lower extremity amputees, in acquiring specially adapted housing is most timely. The median price of a new single family dwelling has risen to more than $35,000, excluding interest. The American Legion believes that the VA grant should meet at least 50% of the cost of such dwelling as intended in the original act. Under the circumstances, the proposed increase to $25,000 as contemplated in the measure, while not overly generous, should nonetheless enable these veterans to acquire the special type housing needed.

The opportunity for The American Legion to again express its strong support of this legislation is appreciated.

Sincerely yours,
HERALD E. STRINGER,
Director,
National Legislative Commission.

Mr. HARTKE. Mr. President, I would like at this time to express my deep appreciation and gratitude to my colleagues on the Committee on Veterans' Affairs for their unqualified cooperation and invaluable assistance in the passage of the Veterans Housing Act of 1974. I am especially grateful to the ranking minority member of the committee, the distinguished Senator from Wyoming (Mr. HANSEN), and the distinguished Senator from South Carolina (Mr. THURMOND), who originally cosponsored my housing bill, S. 3883. I must commend the chairman of the Subcommittee on Housing and Insurance (Mr. HUGHES), the ranking minority member of that subcommittee (Mr. MCCLURE), and to the other members of the committee, Senators TALMADGE, RANDOLPH, CRANSTON, and STAFFORD, for their tremendous contributions. I must also thank the staff of the committee for their diligent and hard-working efforts in producing this legislation.

Mr. President, I therefore urge the Senate to approve the Veterans Housing Act of 1974 as now reported.

THE VETERAN'S HOUSING ACT OF 1974

Mr. THURMOND. Mr. President, I rise in strong support of H.R. 15912, as amended, the Veterans' Housing Act of 1974.

The recent tight housing market has caused many young families to forego homeownership unless they can avail themselves of a VA home loan guarantee. This benefit traditionally has been one of the most useful programs for our veterans, and one of the most productive programs for the Government.

In view of the complex housing problems which we have experienced recently, I was particularly pleased to join in sponsoring S. 3883, now H.R. 15912, as amended, August 6, 1974. It cleared the committee on December 10 by unanimous vote.

Mr. President, there are three basic provisions which I believe are most important.

First, the maximum home loan guarantee has been increased from $12,500 to $17,500.

Second, the maximum grant payable for specially adapted housing for seriously disabled service-connected veterans has been increased from $17,500 to $25,000.

Third, a veteran's entitlement to a guaranteed, insured, or direct loan may be restored to the veteran when the original loan is paid off and the home disposed of.

Mr. President, I urge my colleagues to support this important bill.

Mr. HANSEN. Mr. President, I rise in support of H.R. 15912, the Veterans Housing Act of 1974.

One of the most important readjustment benefits for young veterans is the VA home loan guarantee program. Increased pressures on our economy have severely hampered the housing market in recent months. More than ever before, homeownership has become a luxury rather than the necessity which we have considered it for many years.

I am hopeful the provisions in this bill will make homeownership more of a possibility for young veterans than has been the case in recent years.

Specifically, the increase in the maximum amount of the Government guarantee from $12,500 to $17,500, as contained in the Senate bill, will go a long way toward assuring today's veterans a decent home like their fathers purchased under the GI bill after World War II.

Furthermore, the guarantee for mobile homes will be increased from $10,000 to $12,500 for single-wide and $15,000 to $20,000 for double-wide, and the loan maturity will be extended to 20 years for double-wide homes. These provisions are particularly appropriate since many younger veterans have been buying mobile homes instead of single family dwellings.

Mr. President, several other major provisions are included in the bill, but I will only mention one other. H.R. 15912 will permit the restoration of a veteran's entitlement to a guaranteed, insured, or direct loan provided any prior loan has been paid in full and the property has been disposed of by the veteran.

The administration supports this legislation and I believe this bill will help in insuring a better housing situation for our younger veterans. I urge my colleagues to support it.

Mr. DOLE. Mr. President, I am pleased to speak in support of the Veterans Housing Act of 1974. The VA housing loan program has been a particular problem for Kansas veterans for some time, and this measure includes several provisions which should be of benefit to veterans in Kansas and other States.

Earlier this year, in April, I met with a number of spokesmen for Kansas Vietnam veterans in Kansas City. Among the issues we discussed high in priority was their request for an improvement in the VA housing program. It is my feeling that some areas needing improvement will not be resolved by this legislation. At the same time, the bill is greatly needed and provides a meaningful starting point to work on further improvements in the program.

LOANS CONDITIONS IMPROVED

The provisions of the bill permitting the restoration of a veteran's entitlement to a guaranteed, insured or direct loan under the conditions of having paid off his previous GI loan and of having disposed of the previously purchased house should be of particular benefit to Vietnam veterans. As I understand, this change in the program will permit veterans to use the VA housing loan program more than once and possibly several times. I have been advised that many younger veterans have been reluctant to use their VA loan benefits because of their concern about keeping the privilege for use in purchasing a home later in life. The new provision will permit young veterans to purchase a home now with the opportunity to come back in future years for the purchase of another home. Hopefully, this change will also stimulate the housing industry which has suffered especially from stagnation in recent months.

The increase in the loan guarantee authorization from $12,500 to $17,500 is greatly needed. We all know the impact of inflation on the purchase of housing and real property. The increased maximum loan guarantee will enable a veteran to more adequately cover the down payment he would have to normally make as a home buyer. While $17,500 will hardly cover the initial cost of purchasing a house, the VA guarantee of what is normally required for a down payment will hopefully reduce the difficulties of a veteran in purchasing a new home.

REDTAPE IS PROBLEM

A number of veterans have expressed to me the difficulty they have had in getting through the redtape of a VA home loan guarantee. This legislation will not resolve that problem, of course. The bureaucratic obstacles and required procedures are established and controlled by the Veterans' Administration. The Congress has mandated that veterans should receive the assistance under *the* VA housing loan program.

It is my hope that the VA will give increased attention to this program and work toward streamlining the procedures and reducing the obstacles for veterans to receive that which Congress has approved for them. There will undoubtedly be oversight hearings in the coming session on the VA housing loan program. Hopefully, the review by Congress will lead to improvements in the housing loan program then.

There are a number of additional provisions in this legislation which should benefit Kansas veterans. I am pleased to express my support for this legislation and hope we can pass this measure so that it can be enacted into law and implemented to the benefit of veterans.

Mr. McCLURE. Mr. President, I urge passage of H.R. 15912, the "Veterans' Housing Act of 1974." This measure is especially important in light of today's inflated housing costs and the depressed state of the U.S. housing market. Housing starts are so low that many of the smaller family timber businesses in my State of Idaho have been forced to shut down their machinery. Our affirmative action today, plus earlier action to pump more funds into the mortgage money arena should help strengthen our slumping housing industry.

H.R. 15912 will increase the basic housing loan guarantee available for veterans from $12,500 to $17,500.

For mobile homes, the loan limits will be raised to $12,500 for a single-wide home and $20,000 for a double-wide home. Double-wide mobile home loan maturities will be extended from 15 to 20 years.

The grant available to severely disabled veterans for necessary specially adapted housing has been increased to $25,000.

Restrictions on condominium purchasing have been eased, thus opening wider this housing option to veterans. Restrictions as to which institutions may make "automatic" loans—loans made without having to submit applications to the Veterans' Administration for prior approval—will be lessened under forthcoming standards to be set by the VA Administrator.

This measure will also allow restoration of a veteran's entitlement to a guaranteed, insured or direct loan, provided his prior veteran's housing loan has been paid in full, the VA's liability has been released, or an immediate veteran-transferee has assumed the outstanding loan balance. To regain one's loan entitlement, the property must also be disposed of or destroyed by a natural hazard.

The chairman and other members of the committee are to be commended for the atmosphere of cooperation and bipartisan attention to veterans' needs which have prevailed this last year. Also, I extend my appreciation for the hard work of the staff during a busy year which included legislation to strengthen veterans' benefits for education, disability compensation, insurance, automobile adaptive equipment and housing.

I urge you to vote affirmatively for H.R. 15912, so adequate housing can be brought within the reach of all veterans.

The **PRESIDING OFFICER.** The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The **PRESIDING OFFICER.** The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. ROBERT C. BYRD. Mr. President, there is a companion House bill (H.R. 15912). I ask unanimous consent that the Committee on Veterans' Affairs be discharged from further consideration of the companion House bill; that the Senate proceed immediately to the consideration of the companion House bill; that all after the enacting clause be stricken; that the text of the Senate bill, as amended, be substituted therefor; and that the House bill, as amended, then be advanced to third reading.

The **PRESIDING OFFICER.** The House bill will be stated by title.

The legislative clerk read as follows:

> A bill (H.R. 15912) to amend Chapter 37 of Title 38, United States Code, to improve the basic provisions of the veterans home loan programs and to eliminate those provisions pertaining to the dormant farm and business loans and for other purposes.

The **PRESIDING OFFICER.** Without objection, the Senate will proceed to the consideration of the bill; and, without objection, the unanimous-consent request of the Senator from West Virginia is agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the House bill, as amended, be voted on tomorrow, immediately back-to-back following the vote on the nomination of Mr. Conant.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. So, Mr. President, we now have at least four back-to-back votes tomorrow.

I thank the Chair.

I yield the floor back to the Senator from Wisconsin.

AMENDMENT OF THE EXPORT-IMPORT BANK ACT—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes.

Mr. PROXMIRE. Mr. President, I say to the Senator from West Virginia that I apologize for adding to his woes, which are very difficult at the end of a session, with all the other matters he has.

Having talked with my colleagues, I am determined to talk at some length on this matter. I think it is unlikely there would be a vote—so far as I am concerned, unless we go very, very late, that there would be a vote now; and even then, I would doubt that we would have it. I just cannot go beyond that. I wish I could, but under the circumstances, in view of how strongly I feel about it, I will just have to carry on.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator. Certainly he is within his rights under the rule, and I appreciate his stating his intentions.

Mr. PROXMIRE. Mr. President, I should like to invite the attention of the Senate to a very interesting analysis of this situation by Neil Ulman of the Wall Street Journal, who points out that the Export-Import Bank is part of a counterproductive effort on the part of many countries to promote exports to alleviate their slumps in their deficits. Everybody is hurt by it; nobody is helped by it. It is a situation, with flexible exchange rates, which makes less and less sense, and at the very least should be subject to closer scrutiny and discipline on the part of the governments involved.

This is a very interesting demonstration of how this works, and I call it to the attention of the Senate by reading from it:

> Anthony Caldman keeps having this nightmare.
>
> He sees 55 football fields stacked "house high" with unsold British bricks, and space for more bricks is running out.

Alas for Mr. Cadman, the problem is all too real. Mr. Cadman, a white-thatched former Madison Avenue adman, is director general of the Brick Development Association here, and bricks haven't been selling too well lately.

Britain's slumping economy has caused 30 brick factories to close and 3,500 workers to be laid off this year. More than 830 million unsold bricks have piled up, triple the normal inventory.

So Mr. Cadman is dreaming up ways to end his nightmare. His quest is taking him to the Middle East in search of a new market for British bricks. This represents the industry's first export drive ever.

By looking to exports to take up the slack in the home market. Mr. Cadman is adopting an economic strategy gaining increasing favor in many industrial nations, not only at the company and industry level but at the governmental level as well. If Mr. Cadman succeeds in peddling a lot of bricks, Britain's balance of payments would benefit along with the brick industry.

EVERYBODY ACTING AT ONCE

But economists and trade officials are being nagged by a vision related to Mr. Cadman's nightmare: If, as seems to be happening, everyone mounts an export drive at once, demand for the products on world markets isn't likely to be sufficient, and the net result is apt to be frustration and further slump, officials fear.

After all, most industrial nations these days have trade deficits swollen by rising prices for imported oil and gas. Among the only exceptions are West Germany and the Netherlands (gas exports of the Netherlands partially offset the costs of oil imports).

The deficit nations would dearly love to hypo their exports to narrow their trade gaps. But unfortunately for them, the Mideast oil-exporting nations are about the only ones with the resources to boost their imports significantly. While the Mideast nations certainly want to industrialize against the day when the oil runs out or isn't as fervently sought as today, they aren't able to accomplish this overnight.

"The oil producers' capacity to import manufactured goods is limited, and the industrial economies of the world are slack. So it's unlikely the industrialized nations can boost exports much except at one another's expense," says John Atkin, the London-based economist of First National City Bank who keeps an eye on international development.

SHADES OF HAWLEY-SMOOT?

Individual nations' attempts to grab markets, of course, can become a vicious circle. As economies worsened after 1929, the U.S. and European nations all tried to boost their exports and lower their imports. This led to the U.S. enactment of the Hawley-Smoot Tariff Law sharply boosting many tariffs, and the retaliation by most of its trading partners.

Today's problem for the industrial nations, of course, is the high price they're paying for oil, mostly from the Mideast. This oil bill will cause the 24 members of the Paris-based Organization for Economic Cooperation and Development to show a huge composite balance-of-payments deficit this year—$540 billion by one estimate. Previously, the OECD nations normally had a current-account surplus of about $10 billion.

This outlook makes it sorely tempting for individual nations to seek to alleviate their deficits—through exports to anywhere.

"In theory, OECD countries should realize that this kind of effort just can't work. But in practice, it's becoming an increasingly important part of their strategy," an OECD trade official says. Members nations so far are generally sticking to their pledge of last May not to use "artificial" means to stimulate exports or depress imports, even involving nonmembers of the OECD.

Mr. President, the impact of high oil prices is disastrous on many of these countries. It is relatively modest in its effect on the United States. The United States imports about 15 percent of its petroleum from the Middle East and another 25 percent from other countries. We are very close, in spite of that, in spite of the enormous price we have to pay for oil, to a trade balance. That may surprise a lot of people, but we are not in the position that other countries are of having to fight and struggle to stay alive and having to fight to subsidize our export industries in order to have the wherewithal to buy the imports we need to live.

As I say, we are surprisingly close to a balance. Part of that is because, of course, the price of food has gone up and we are selling far more food than we have in the past.

The point I wish to make is that, while the lobbying and pressures are very strong in this country for support of the Export-Import Bank, and that is why we are on the floor tonight, it is as nothing compared to the pressure on other countries to increase their exports, because they have to fight for their very economic existence to export more.

The story of the 830 million bricks is the story that, of course, dramatizes that. England just has to have more exports, and Italy has to have more, Japan has to have more. They suffer an enormous adverse balance of payments. That is why, when we do as we are doing tonight—permit the Export-Import Bank to subsidize our exports and do so on the basis that we have to compete with these other countries—we can imagine how counterproductive and wasteful and useless this kind of economic activity is for us and for the rest of the world community. That is why floating exchange rates have changed the ball game entirely, and why it is very sad that this vital economic event simply has not been grasped, has not been appreciated more, or at least translated into effective action by people in this country.

I suppose it is because we have a situation now where the Export-Import Bank represents a very powerful economic interest in the country. It is very, very difficult for, say, the Chairman of the Council of Economic Advisers, or the Secretary of the Treasury to counteract a man as persuasive and attractive as Bill Casey, who runs the Export-Import Bank, or the administration to give, in effect, the back of their hand to these very powerful exporting industries.

Actually, the exporting industries would not be, as I say, put in an adverse position. They would just be put in a position of parroting if they were, as we argue they should be, put in the budget.

Let me continue with this article—

But as export enthusiasm mounts, he says, "you do get into gray areas." In France, for example, where output is slowing and unemployment recently topped a half million for the first time in 30 years, salvation by exports is firm government policy. Norbert Segard, appointed this year as France's first cabinet-level minister for foreign trade, has set a goal of balancing the nation's trade by the end of 1975.

Most economists say the goal may prove elusive, but Mr. Segard insists it can be attained through the government's policy of retaining domestic demand to curb inflation and hold down imports, and then using the resulting excess industrial capacity to supply foreign markets.

To this end, Mr. Segard and the French National Management Council are trying to stir export consciousness among smaller firms. One method has been to set aside the equivalent of $850 million to be lent, free of domestic credit controls, to companies that can show they are turning over a larger share of their output to exports.

This may be within the letter of the OECD pledge. But it's deep enough into the "gray area" to have drawn protests from some OECD members, including the U.S. according to Helga Steeg, director of the foreign trade section at the German economics ministry.

Also raising eyebrows among France's trade partners are provisions of France's proposed "inflation tax," currently being debated by parliament. The basic idea behind the complex legislation is to tax the portion of value added by manufacturers that is attributable to inflationary price increases or wage settlements.

Exported production would be excluded from the tax because it theoretically wouldn't contribute to domestic inflation. Thus, a French manufacturer could avoid some tax by turning more output to exports.

That theory, of course, does not stand up because the exported product would be more inflationary than that which is consumed at home, obviously through exports which one produces. To reduce one's supply, in the process, one aggravates inflation.

Besides these tactics, France's new foreign trade ministry is clearing away the red tape that used to hamper French exports, French exporters say.

"If you're negotiating a large export contract, it's important to know in advance if the government will back the deal with export credit," an official at Renault, France's biggest auto maker, says. "It used to take months to get those decisions; now we get them in a couple of weeks or maybe in just a telephone call," according to the official, Pierre Eelsen, in charge of Renault's government liaison.

Andre Le Thomas, an adviser to trade minister Segard, concedes that the red tape was bad. "There used to be 117 different government forms to fill out for some export transactions," he says. "The small firms we want to encourage to export just couldn't be bothered with that. It's changing now."

The point of all this, Mr. President, and the reason I am taking the time of the Senate to read this article, is that I think it is vital for us to see that this export subsidy policy in this country—other countries may have very understandable economic reasons, far more compelling than any we have—but in all cases the policies are illogical. When you have a situation where, if you fail to achieve a balance of payments, if you fail to export as much as you import, you then have the value of your currency falling, it is self-correcting. You do not need to go to the difficulty, the problem of subsidizing your exports as we do with the Export-Import Bank, in order to prevent that. And in the process, of course, you are draining the resources you need in your domestic economy and aggravating your inflation. That is why this is of such vital economic importance today, when inflation is such a very serious problem, not only in this country but throughout the world, and why our policies contribute to the inflation.

To what avail is another question, however. After showing a 40% increase for the first seven months of the year, French exports peaked in July and have been sliding ever since. Last month, at $3.8 billion, they were 17% below July's peak. Renault's hopes of doubling its penetration of the U.S. market to 20,000 cars this year, for example, have run up against the slumping American auto market.

France's experience was fairly typical. A recent trade report by the General Agreement for Tariffs and Trade, based in Geneva, suggests that "energy shock" prodded industrial nations in the first half of 1974 into "exceptional" export performance. But lagging economies have since caused the export tide to ebb, the report indicates.

Mr. President, I think this is particularly pertinent because these are extraordinary steps being taken by France, as I indicated in describing what they are doing, and steps that will be taken by other countries, compared to the relatively limited action that we take with our Export-Import Bank.

What this tells us is that even with the extraordinary steps being taken, it is self-defeating. Their exports are not increasing, they are dropping and, of course, everyone is aggravating everyone else. But the only net effect is that the inflation becomes worse.

"European countries are all seeing the same problems at the same time," Mr. Le Thomas says, conceding that the concurrent export drives may prove disappointing.

ANYBODY NEED STEEL?

British officials voice similar disenchantment. The number of British businessmen like Mr. Cadman touting their wares in the Middle East is up 60% this year from last year, the Department of Trade says. But a senior civil servant laments, "The Middle East absorptive capacity is just a drop in the bucket for the near term. We're still got to earn the big money in the major markets like the U.S. and Europe. Now that we see tightening of the belts in other countries it's unrealistic to expect a dramatic export improvement."

The experience of British Steel Corp., the state-owned company that produces over 90% of the nation's steel, is a case in point. Just over a month ago, British Steel surveyed the drop in domestic and Common Market demand for autos, appliances and other consumer durables and decided to export more, especially to the U.S. But now the U.S. market doesn't look very promising either. "Exports don't appear to offer the same hope to the company they did earlier," a spokesman says.

Japan, too, mounted a strong export effort at the beginning of the year, counting heavily on Pacific and Southeast Asia markets to take up the slack at home and in the European and U.S. economies. This has met with some success, as exports climbed 50% in the first 10 months of 1974 and October exports reached a record $5.5 billion. Nevertheless, with energy costs sharply higher, Japan's trade for 1974 is expected to be $2.3 billion in deficit, compared with a surplus of $3.7 billion in 1973.

GERMAN AUTO OUTLOOK

In West Germany, where bulging trade and payments surpluses make the drive for exports less urgent, the experience is nevertheless much the same. "Anti-inflationary policies in customer markets are starting to slacken demand for German exports," says the economics ministry's Mrs. Steeg.

This is why the distinguished visitor from Germany, I think it was the German Foreign Minister who was recently in this country, called on President Ford to act and act promptly to stimulate our economy. I think a lot of people wondered why Germany was so interested in our domestic economy. The answer is right here. The answer, of course, is that the German economy, as with so many European economies and other economies, depends very heavily upon demand increasing in this country. The Germans are very much concerned about our recession. There used to be a lot of talk about the possibility of exporting inflation. We do not hear that now. What they are concerned with, really, is that our recession will be exported as, indeed, is indicated here, to European countries as they try desperately for the biggest market in the world, which is the American market.

The German auto industry, for example, is forecasting a 30 percent drop in exports for the final 4 months of the year and either stagnation or further decline in 1975. The high exchange rate for the German mark gets part of the blame, along with the oil crisis.

The high exchange rate of the German mark is the kind of crisis I am talking about. This is what floating exchange rates mean. The German economy cannot maintain its surplus. For that reason, the value of its currency has increased. Therefore, when it sells abroad, the price it sells at is up, and when it buys, it buys more cheaply. So we have a self-adjusting mechanism that makes the reliance on subsidizing exports obsolete, and I think it will be necessary to talk a long time in the Senate in the coming days, weeks, and months, before this idea gets across. But it is the case.

With its trade surplus, West Germany "wouldn't be worried" if overall exports "slowed their rate of increase or even declined for a while, Mrs. Steeg says. But the auto industry isn't so sanguine.

Because of weak domestic and export markets, the industry has laid off 25,000 workers and given reduced working hours to many more.

Mr. President, incidentally, Germany has had unemployment below 1 percent—just think of that—for 10 years. They have not had unemployment exceeding 1 percent. I think this year it may be 1.1 or something like that, but their unemployment is one-sixth of what it is in this country.

Nevertheless, the auto industry in Germany, as elsewhere, is scrambling to boost exports. There is no doubt that this is creating more competition in export markets.

Manfred Hennies, the economist for the German auto industry, says it is alarming, but it is a fact of industrial life.

Another way the industrial nations could deal with their ballooning trade deficits, of course, would be to cut back on imports. France took one step in this direction when it placed a ceiling equivalent to $10 billion on its 1975 oil imports. At current prices, this would cut oil imports by volume to 90 percent of the 1973 imports.

We have had a lot of debate and a lot of discussion in Congress and out, and in the press, about our cutting imports, doing it by a very, very big gasoline tax or doing it by rationing or doing it by simply limiting our exports.

The United States has been studying a plan similar to France's. Italy has also taken some import-limiting steps. But, in accord with the OECD pledge, most countries are not taking any direct action against imports. Instead they are trying to hold down domestic demand for imported products. If the economies continue to weaken this should not be too difficult a task.

Now, like everyone else in the industrialized world, the United States would like to see a spurt in exports to ease its trade deficit. That deficit reached $2.32 billion for the first 10 months of the year, and Treasury Secretary William Simon has said that trade for the year could be $5 billion in the red.

Now, at $5 billion, that is a relatively modest percentage of our trade; it is a far better performance than most of the European countries except for Germany have and, as I say, because we are exporting a great deal of food at relatively high prices compared to what we had recently. At any rate, there is not any big export push underway, aside from any continuing Commerce Department programs.

One new wrinkle is a computerized program of funneling specific leads for trade deals to businessmen. U.S. embassies collect information on import needs in their locales and feed it into a computer that sends out advisories to some 8,500 U.S. company subsidiaries at 50 cents a lead.

More important stimuli to exports, in the view of many economists, have been the two dollar devaluations of recent years, making exports more competitive abroad.

But the floating, to which I have been referring, of many currencies has made competitive devaluation less feasible today because of the other currencies presumably would be floated to a level offsetting the devaluation. That is what nobody seems to have grasped or to have appreciated or to have understood or to have cranked in.

Actually, in view of the floating exchange rates, I think you could make a strong case for simply forgetting the Export-Import Bank. I do not think it would have much effect. That is what I am trying to do, what I propose or what is before us.

I think the Export-Import Bank is useful, and I think it should be continued, but it should be continued on the basis of every other subsidized operation of the Federal Government. It is a part of the budget. It should not be given a super, hyper, special position outside of the budget, so it has a top priority above housing or above anything else.

At any rate, because of the floating exchange rates that does not mean countries are not trying to guess whether other central banks are supporting currencies to gain trade advantages. Recent calls for international monitoring for control of such moves have not succeeded so far.

Mr. President, I have a letter here from a constituent of mine who lives in Menomonee Falls, Wis., Mr. Jeffrey C. Martin. He has written me a very thoughtful letter, and a letter that I think concerns a lot of Americans. He writes, in part, as follows:

> I am glad to see that President Ford has turned down a request from Pan American World Airways for an emergency $10 million a month Federal subsidy. I certainly would hate to see an American business as large as this one go under, but I do believe the President made the right move.
>
> But what really gets me is in both Milwaukee papers they report that the U.S. Export-Import Bank is giving $66 million to Pan American's foreign competition in Japan and Korea.

Now, this is something that is outrageous and, as Mr. Martin writes:

> This is U.S. taxpayers' money.
>
> Why should the Federal Government lend money to foreigners at 7 percent when American companies competing for the same materials and equipment must pay 12 percent or more for financing.
>
> Please answer this question for me.

Mr. Martin goes on to ask:

> Just how many more U.S. companies have to ask for subsidies before this Export-Import Bank will be abolished.

I would not go quite as far as Mr. Martin suggests, that we abolish it, but I would certainly say that it ought to be put into a position where we can oversee it and see that this kind of unfair subsidy, which is so ruinous to Pan Amercan and so burdensome on the taxpayers, and so inexcusable, continues under the aegis of the Export-Import Bank, and where we cannot even get a mild and moderate Senate bill considered in a balanced way in conference.

I should point out that there has been a substantial amount of press criticism of the Export-Import Bank in recent months, coupled with calls for a thorough reexamination of the rationale for maintaining the Bank in its present form.

For example, the Wall Street Journal, in an editorial dated June 28, went so far as to suggest that Congress simply let the Bank's authority lapse for a couple of years to see if we really need it or not.

Now, the Wall Street Journal is not exactly a radical publication. It certainly is not a publication which is given to impulsive suggestions in their lead editorials, and it is not a publication unsympathetic with business, and it is not a publication unsympathetic to big business or to exporters. They have been very sympathetic indeed. Here is what they say:

> The authority of the Export-Import Bank expires today, which simply means that until Congress renews its authority the bank cannot make new loan commitments.

That was written some time ago.

> How nice it would be if Congress took its time, say a year or two, before acting one way or the other.

That is what we might very well do with respect to this bill. I am not proposing that. But, if that is done, as the Wall Street Journal says, it might not be so bad.

It points out that:

> It might even find that U.S. economic interests would be saved by liquidation of the bank, which by our reckoning, stays in business by sleight-of-hand and covert use of the taxpayers' money.

Now, as I say, this is not just the word of a Senator who is critical of the Bank; this is the Wall Street Journal.

The Wall Street Journal says:

> After all, the only thing the Bank really does is to subsidize exports. No matter how you slice it, it is a subsidy to provide 7 percent money to finance sale of a widget or an airplane to Ruritania or a computer to the Soviet Union, when an American businessman cannot finance the purchase of either for less than 11¾ percent. The Bank gets privileged rates in the private capital market because the United States puts its full faith and credit behind the loans. Why the United States Government should give the Ruritanian businessman a sweetheart deal that it won't give an American, save those at Lockheed, is beyond us.

I really like the fellow who wrote this editorial:

> The alleged economic justification for the Bank's operation, which Eximbank chairman William J. Casey pushes with great fervor, is that it improves the U.S. balance of trade. Granted an export is an export. But Mr. Casey would have us look at only one side of the transaction. There is no way he could persuade us that wresting capital away from Americans, then forcing it abroad through the subsidy mechanism, does anything but distort relative prices, misallocate resources, and diminish revenues with zero effect at best on the trade balance.
>
> Sen. Lloyd Bentsen of Texas sees part of the economics when both sides of the transaction are analyzed. He has an amendment that "would prevent Ex-Im financing of those exports involving the financing of foreign industrial capacity whenever the production resulting from that capacity would significantly displace like or directly competitive production by U.S. manufacturers." He has in mind Ex-Ims subsidizing of a foreign textile or steel plant that competes with its U.S. counterpart, to the detriment of our balance of trade.
>
> Senator Bentsen thinks it's okay to subsidize finished products, like airplanes, which the Ex-Im Bank does plenty of. But Charles Tillinghast Jr., chairman of TWA, doesn't like the idea. He says TWA is losing piles of money flying the North Atlantic against foreign competitors who bought Boeing 747s and such with subsidized Ex-Im's loans. If TWA got the same deal, it would save $11 million a year in finance charges. Mr. Tillinghast is currently pleading for a government subsidy so he can continue flying the North Atlantic and providing revenues in support of, ahem, our balance of trade.

Let me read that sentence again because it reads better if read properly:

> Mr. Tillinghast is currently pleading for a government subsidy so he can continue flying the North Atlantic and providing revenues in support of, ahem, our balance of trade.
>
> Even if Ex-Im Bank subsidized only exports of goods and services which could not conceivably come back to haunt us directly, we seek adverse economic effects. Subsidizing the export of yo-yos to the Ruritarians gives them a balance of trade problem that they correct by subsidizing the export of pogo sticks to us. Taxpayers both here and in Ruritania are thereby conned by this hocus pocus into supporting lower prices for yo-yos and pogo sticks than the market will support. In fact, all our trading partners have their own Ex-Im Bank to achieve exactly this end.
>
> Two and three decades ago, when the Ex-Im Bank was a modest affair, its impact was relatively trivial. Now, it has $20 billion of lending authority and is asking Congress to bump this to $30 billion. By 1971, its impact on federal budget deficits had grown so large that Congress passed a special act taking the bank's net transactions out of the federal budget, so the deficit would *look* smaller. But the transactions have the same fiscal effect as a deficit, and the same drain on the private capital market.

Amen, it certainly does.

> In the fiscal year just ending, the bank took $1.1 billion out of the capital market. In the next fiscal year, it expects to take $1,250,000,000 out of it.
>
> There being no economic justification for the bank, Congress should feel no qualms about letting its authority lapse for a few years to watch what happens. The Russians, eager to continue getting something for nothing through the Ex-Im Bank, would be mildly unhappy.

Is that not too bad?

> But they'd adjust by getting into the private capital markets with the underprivileged. We'd be surprised, too, if our trading partners didn't follow suit by scrapping these nonsensical subsidies. And if they don't, why should we complain about their taxpayers sending us subsidized pogo sticks?

Mr. President, I think that that editorial ought to be broadcast throughout the country and it ought to be read, if it could be read, by every Member of the Senate before we vote on this bill.

It makes a whale of a lot of sense. There is nothing in the editorial that has been rebutted, not a line of it.

The conclusion that the Eximbank at the present time does not really serve a useful purpose and does have a mischievous effect on our economy, it seems to me is irrefutable.

The conclusion it drives up interest rates is obvious.

If we have another $1.2 or $1.3 billion taken out of the capital market, that much more demand, of course, results in high interest rates.

It is that much less capital available for housing and small business.

The conclusion is that there is no sense at all in subsidizing yo-yos and pogo sticks, or airplanes for that matter, that we send overseas.

The conclusion that it is grossly unfair to Pan Am and TWA, grossly unfair to them to provide planes at $15 or $20 million less to their direct competitor, and as a matter of fact in a single year the Wall Street Journal points out that TWA has to compete with planes provided for their competitors, $11 million a year less, and, of course, over the years there would be a whale of a lot more, because those interest payments take many years to pay off.

The Journal recently resumed its attack with a scathing analysis of Bank President Casey's recent proposal to give Exim a role in recycling Arab petrodollars. This editorial is labeled "Mr. Casey's Generous Offer":

> Like so many others, President William J. Casey of the Export-Import Bank feels sorry for the sheiks of Saudi Arabia and Kuwait. They are accumulating piles of petrodollars, but lack the expertise to make wise investments and so are obliged to put much of their cash into short-term bank deposits and Treasury notes. In his current visit to these two countries, Mr. Casey has charitably offered to have the Ex-Im Bank help them spend their cash.
>
> Mr. Casey's general idea is that a lot of developing countries have worthwhile projects on their planning boards and would love to finance them with petrodollars. And if the Arabs were only shrewd enough to know which of these projects are worthwhile and which are boondoggles, they'd have some basis for making long-term investments. It just so happens that the Ex-Im Bank has a shrewd staff of experts who know just where the good invsetments are, says Mr. Casey. Why not join forces? The Arabs put up the cash and Mr. Casey supplies good old American know-how.
>
> If this were the sum and substance of the Casey offer, and he simply charged a fee for Ex-Im's expert advice, we'd see nothing wrong with such a deal. But of course the Arabs wouldn't bite. They'd much rather trust Chase Manhattan's judgment, or their own, than the bureaucrats at the Ex-Im. What sweetens the deal for the sheiks is that Ex-Im would guarantee the loans, which means that the U.S. taxpayer ultimately stands behind them. The Arabs can get a warm feeling that their money is helping build the Botswana Iron and Steel Works, but if Botswana I&SW goes belly up, the Arabs still get paid off out of Ex-Im's capital.

I do not know why I broke up over Botswana, because Botswana is a real company with a real operation.

> Mr. Casey's selling point to gullible Congressmen will be twofold.

That includes 100 members of the Senate who will be persuaded to vote on this Eximbank, but who are not all listening, the only person listening intently at the present time is the distinguished Senator from Oregon who I have a creeping feeling is not going to vote with me on this matter.

Nevertheless, Mr. Casey's selling point to gullible Congressmen will be twofold.

> First, that if the U.S. Ex-Im Bank serves as a conduit for those petrodollars, as opposed to its counterpart in the European Common Market, U.S. exports will benefit. That is, to build their iron and and steel works, Botswanians will have to buy their capital goods from the United States. Secondly, because Ex-Im now has the increased lending authority to make these deals anyway, even without Arab petrodollars, Ex-Im would be relieving pressure on the U.S. capital markets by getting the cash from the sheiks.
>
> It's true that Ex-Im's new lending authority puts a drain on the U.S. capital markets, channeling capital into inefficient uses. But, whatever cash the Arabs place with Ex-Im is cash not going into the private capital market, where it would be channeled into more efficient uses. It makes no difference to our economy whose capital it is Mr. Casey is misusing.

Which is a good description of what Mr. Casey is doing.

> As for the Botswanian capital purchases, we repeat that there is absolutely no way that subsidizing exports can benefit the U.S. economy as a whole. There is no way we can gain by giving away resources, or by what amounts to the same thing, channeling them into inefficient uses such as subsidizing the interest costs of foreign airlines buying U.S. jets. To the degree Mr. Casey is competing with his European counterparts for those petrodollars, the U.S. is competing with Europe to see who can subsidize the most. In effect, he's inviting the sheiks to help us give away resources faster than they are in Europe.

Mr. President, the Washington Post also published an editorial on the Eximbank last July 2, concentrating its criticism on the Bank's interest subsidies. Here is what the Washington Post had to say:

> The Export-Import Bank and its troubles demonstrate the rising force of foreign trade as a political issue in this country. The bank is, for the moment, out of business because its authorizing legislation expired last Sunday.

This was written a few months ago.

> Normally a 30-day extension might have been expected to slide through Congress by unanimous consent but, it turned out, consent in the House was far from unanimous. The administration had to take the extension to a floor vote which was embarrassingly close for a temporary reprive of this nature. Meanwhile, in the Senate, a broad coalition led by Sen. Adlai Stevenson III (D-Ill.) has written a series of sharp new restrictions into the bill that will presumably put the bank back into operation, later this summer, for another four years.

Those restrictions unfortunately were mostly dropped in conference. That is why we are up debating this measure right now.

> One reason for this unusual challenge to the bank is its widening role as the vehicle for financing very large projects in the Soviet Union. Another reason is the suddenly massive scale of the subsidies that the bank offers through its low-interest loans to foreign companies, some of which are in direct competition with American industry.
>
> To begin with a relatively small example, consider the Eximbank's loan last March of $22 million to a refinery in the Bahamas for oil desulfurization equipment. The loan was granted at the bank's 6 per cent interest rate. Since the commercial bank's prime rate then was about 9 per cent, the Eximbank's loan represents a clear subsidy of at least 3 per cent or $670,000 a year, to the Bahamian operation. This subsidy was granted at a time when the Nixon administration is trying to launch its Operation Independence to develop this country's domestic energy resources. The American companies that own the Bahamian refinery could not have obtained that $670,000 subsidy to build the same desulfurization plant in the United States. The desulfurization equipment will add to the volume of American exports as it goes out. But since it will produce oil for the American market, adding to our imports as it comes in, it is hard to believe that this subsidy is going to bring any very lasting benefit to the American balance of trade.
>
> There are far more important examples of this mindlessly lavish pattern of export subsidies. The most spectacular was the bank's decision in late May to extend $180 million in loans to the Soviet Union for a vast complex to produce natural gas and fertilizer. The prime commercial rate was hovering just under 12 percent at the time, while Eximbank's rate was still 6 percent. Even assuming that the project could have obtained financing at the prime rate, the Eximbank loan represents a subsidy of 6 percent, of $10.8 million a year. Why is the United States providing multi-million-dollar support to industrial development in the Soviet Union? The Eximbank's standard answer is that we are only providing an inducement to them to buy American equipment which, in turn, means jobs for the Americans who produce it. But, to go a step further, some of the fertilizer will eventually come back to American markets. Perhaps by this point the reader will see why the administration is finding it an uphill job to get the Eximbank bill through Congress.
>
> Some Congressmen oppose any trade benefits to the Soviet Union as long as they impede the emigration of Jews. Others oppose any benefits to Soviet trade at all. Still others, and these are standing on the firmest ground of all, oppose export subsidies in general.

That is certainly my position.

> The Eximbank's only real defense of the practice is to observe, with a shrug, that after all most of the other industrial countries also subsidize their exports and, if we stop doing it, our exporters will be at a competitive disadvantage. While superficially attractive, that argument does not apply to many of the goods that the bank is most prominently subsidizing.

As I pointed out, overall it does not apply at all, because in floating exchange rates, you have a gradual, automatic adjustment which puts us in an entirely different ball game than we were in a few months ago, and which has changed completely the attitude of Congressman Reuss, who is the leading expert in this area in the House of Representatives.

> The chief categories of exports supported by Eximbank loans have generally been jet airliners, nuclear generators and fuel, oil and gas production gear, and agricultural commodities. In the field of the big jet airliners, all of the manufacturers are American and the question of international competition does not arise.

So the justification there is absent.

> Nuclear reactors are built under elaborate international agreements in which price is only one factor. For many types of oil and gas equipment, American companies are again the sole sources. As for agricultural commodities, foreign demand has been so strong in the last two years that it has been pushing up American prices.

There certainly is not any reason on Earth why we should subsidize the export of food when we have a food inflation in this country. It is one thing to sell it abroad. Perhaps you can make a very strong humanitarian argument we should make it available to countries where starvation is serious. But for us to subsidize the export through the Export-Import Bank is obviously insupportable.

> For most of its long life, the Eximbank has served a modest but useful purpose to which it now needs to be returned. During the Depression and in the years after World War II, it helped American companies sell abroad to buyers whose credit was at best shaky. It offered guarantees and insurance on the loans that made export sales possible. For most of the bank's life, the spread between its interest rates and the normal commercial rates was minor. It is only with the recent drastic rise in interest costs that the difference between normal commercial credit and Eximbank loans has turned into a tremendous subsidy. As one might expect, the industries with the least claim to this kind of aid—the aircraft and oil industries—have been the quickest to exploit it.
>
> Congress can quickly resolve the most vexing of the issues in the Eximbank bill by a

> simple surgical operation to remove the interest subsidy.

Unfortunately, we did not come close to that even in the Senate bill that originally passed and went to the House. But we did sharply modify the subsidies. All of that modification, in effect, was knocked out in conference. That is why I think the agreement was an outrage and why I think it is essential that we give this lengthy consideration.

> Congress can merely require its loans to be offered at prevailing commercial rates. The bank's other role, of guaranteeing and insuring loans, is valuable and needs to be preserved.

Of course, that is not a point at issue.

> Selling abroad, even for the small and inexperienced manufacturer ought to be no more risky than selling at home. That is what Congress had in mind when it originally set up the Eximbank. It did not have in mind an open-ended system of subsidized loans to multinational corporations. The Eximbank bill gives Congress the opportunity to return to the rule that export subsidies are wrong in principle.

Mr. President, Members of Congress should beware that the AFL–CIO is adamantly opposed to extending the Export-Import Bank without putting restrictions on its authority, restrictions contained in the Senate-passed bill.

I read from a letter that was sent to me. This letter is signed by the director of the Department of Legislation of the AFL–CIO. Mr. Biemiller writes:

> Shortly after the Senate returns from its recess, the Export-Import Bank Act will be before you for action. I am enclosing a statement issued by the Executive Council of the AFL–CIO on November 7, 1974, urging the Senate to stand firm for your version of the Export-Import Bank bill. We believe our reasons for this position are cogently set forth, and urge that you support a move to recommit the bill with instructions to the Senate to stand firm on the Senate version.

Of course, we did recommit the bill, but they did not stand firm, by any stretch of the imagination, with the Senate version. As we pointed out, Wright Patman, who has served 45 years in the House of Representatives, said that in all his career he had never seen such a complete, overwhelming victory for the House in conference with the Senate as on this bill.

I read from the AFL–CIO statement:

> The Export-Import Bank plays a key role in U.S. economic and foreign policy. Throughout its existence, it has operated with virtual autonomy in the granting of loans and guarantees in behalf of economic ventures throughout the world. The Bank was created for the betterment of the United States and for improvement of U.S. economic relations with other nations in the world.
>
> The AFL–CIO has long felt that the Eximbank was not fulfilling this role and has repeatedly urged that the Congress take a hard look at its activities.
>
> Currently before Congress is a House-Senate Conference bill which will extend the life of the Bank for two more years and increase its lending and guarantee authority from $20 billion to $25 billion. During Senate consideration of this legislation, restrictions were put on the Bank, Congressional oversight was increased and the Bank's activities brought closer in line with the economic needs of the United States.
>
> Much of the Eximbank's activities recently has been to provide long-term, low-interest loans to the Soviet Union and other Communist countries. For example, take the Bank's loan to the Kama River Truck complex. In that venture, Eximbank loaned $86,420,000, amounting to 45% of the total project cost at an interest rate of 6%. The Chase Manhattan Bank extended loans for another 45% of the project at a higher interest rate—a rate that it will not divulge. However, Chase Manhattan Bank gets its money back first.

It gets its money back, but the U.S. taxpayer is putting up the 6 percent money for Russia.

I continue reading:

> Its repayment begins in 1977 and continues to 1983. Only in 1983 will Eximbank begin to get back the money put forth by U.S. taxpayers. Other similar loans to the Soviet Union have been made under equally advantageous circumstances for that country without concern for their economic, military and political impact.
>
> The lending rate to the Soviet Union has been averaging 6–7%, a rate far below that which individual Americans must pay.
>
> Further, the AFL–CIO has been deeply concerned by the fact that many of the Bank's other loans have resulted in the export of American jobs and American technology. Indeed, the principle exports are not products, but rather the entire production process—jobs, technology and capital.
>
> While these exports may be a one-shot gain for the balance of trade, the long term result is that this equipment and technology is used abroad to manufacture products which then flow back into the U.S. market as imports.
>
> At no time has Eximbank made specific reports on the employment impact of individual loans. The Bank claims that its export sales translate into full-time American jobs but ignores the essential fact that there are fewer jobs in many manufacturing industries today, particularly in auto parts and aerospace where Eximbank is granting loans for the export of this equipment and technology.
>
> The bill now awaits action on the floor of the Senate where there are mounting concerns over the action by the House-Senate conferees in stripping from the bill essential protections and oversight guarantees. Among these are:
>
> A provision in the Senate bill would have prohibited Eximbank's support for Soviet fossil fuel projects without prior Congressional approval. That provision was stricken in conference.
>
> The Senate bill provided that Eximbank outlays would be in the Federal budget so its inflationary impact on the deficit would be disclosed. That provision was deleted in the conference.
>
> The Senate bill required prenotification to the Congress of any Eximbank credit extension to the Soviet Union over $50,000,000. The bill which is now before the Senate excluded Eximbank loan guarantees from this provision, thus effectively nullifying it.
>
> The Senate measure placed on overall ceiling of $300,000,000 on Eximbank Soviet Union loans. This provision was virtually eliminated by providing that the President could bypass the ceiling when he felt it was in the national interest to do so.
>
> A Senate provision requiring that at least one member of the Board of the Eximbank be a representative of organized labor was also stricken in the conference.
>
> As a result of these major changes in the bill in conference, a broad-based group of Senators will seek to recommit the bill so that these very important provisions can be restored and insisted upon by the Senate.
>
> The AFL–CIO believes it would be in the best interest of the United States and its economic and foreign policy that the Eximbank legislation be strengthened along the lines of the Senate-passed measure. The Eximbank needs the firm guidance and oversight of Congress so as to insure that its proper function as an instrument of the Government is carried forth and that it not be viewed as a bank of "first resort" by the multinational firms and the large U.S. banks. The emphasis by the Bank on long-term loans and guarantees to the Soviet Union and to other Communist countries, raises serious questions as to the primary function of the Bank and its prime beneficiaries. In reconsidering the Eximbank legislation, we urge that Congress examine the relationship between Eximbank and multinational corporations and banks.
>
> The AFL–CIO also urges that the Congress give strong consideration to the question whether the Eximbank is ultimately financing more imports than exports and whether it is effectively providing subsidies or grants to huge corporations and governments which do not need them.
>
> At this critical moment the U.S. economy cannot afford an unrestrained international financing operation that has a negative effect on the U.S. economy. If the Bank is to continue, Congress must have a strong oversight role. If the Eximbank is actually harming the U.S. balance of trade and the U.S. balance of payments, Congress should give strong consideration to terminate the bank.

This letter was written by the AFL–CIO on November 12, just a month ago, and that issue is still a fundamental issue before us. It is one of the main issues—the Church amendment. As the letter points out, the Senate bill would have prohibited Eximbank support for the Soviet fossil fuel projects without prior congressional approval. That provision was stricken in conference. It is still stricken in conference. If we pass this bill in its present form, it will mean that there will be no opportunity for the Senate to act to stop Eximbank loans for the purpose of building Soviet fossil fuel projects.

I cannot imagine why the Export-Import Bank makes such a struggle on this issue if they do not intend to make these loans. They are telling us that they expect to build with the taxpayers' money, at subsidized rates, fossil fuel plants, petroleum plants, in Russia. That is what they are telling us. Otherwise, they would have permitted the Senate language to go in. That must be their intention. That is inevitable.

So by passing this bill, we are saying that we are going to use subsidized funds to build oil refineries, to build pipelines, and to permit exploration and production equipment to be used in the Soviet Union.

It is one thing if this is done at current market rates, but that is not the case. It is being done at subsidized rates, and anybody who calls this Project Independence should forget it. We are providing Russia with what is perhaps the most important military and economic resource today—oil. There is no question that an army, a navy, an air force operates on the fuel that is available.

By acting on this measure tonight or tomorrow, or whenever we do act on it, if we act favorably on it, we are enabling Russia to build, at subsidized interest rates, fossil fuel plants so that they can have the oil they need to operate their military force against this country. I am sure that if this were put to a vote by the American people, we would find at least 99 percent voting against it.

Mr. SCHWEIKER. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. PROXMIRE. Mr. President, I ask *unanimous* consent that I may do that, briefly, yield to the Senator from Pennsylvania.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHWEIKER. Mr. President, I could not agree more with the distinguished Senator in citing the Russian-Siberian energy deal as one of the real bones in our throat in connection with this bill.

I have consistently pointed out how this provides a framework for a projected energy deal with the Soviet Union. I think the newest twist, the one that nobody showed the hole card on until just about 2 weeks ago, was that Japan is in on it, too. This is rather ironic, because not only would we provide the primary source of capital at 7-percent money and be the guarantor and supply the market at some kind of fixed price, but also, we would give Japan the option of using the energy.

I think it is very ironic that we would not only finance it and take the underwriting cost, but also, in essence, we would take money we could use for energy exploration and development here. There is plenty of oil shale and coal and natural gas here that could yield a far lower cost to consumers than the high price of natural gas that would come from Siberia. Not only are we thinking of doing that, but also, we are saying that after we make the investment, Japan will get the gas and burn it.

I cannot comprehend how we cannot be willing to stand firm on this point, after we all got burned on the Arab oil boycott, and now we are getting ready to set ourselves up so that any time the leaders in the Kremlin decide they want to reverse policy from détente, any time they want to nationalize the institution of the development of gas, any time they want to put the squeeze on the Americans, they have that opportunity.

I wish also to make clear to my colleagues a point I had been interrupted on in the matter of the conference on the differences between the House and the Senate bill. First of all, I mentioned the one item in disagreement from the Senate, in which the House had, once again, asserted its position and the Senate receded to the House. I mentioned a little while earlier in the debate this evening that the Export-Import Bank would not even agree to providing rates and terms that are competitive with those of other government-supported banks; for example, Japan and Germany.

The second point in disagreement that has not been favorably resolved to the Senate's case which I mentioned an hour or two ago, also, was that the House threw out a Senate provision that when sufficient private financing is available, we would not make bank money or taxpayers' money available if there is sufficient private capital available. That was thrown out in conference. We do not have that point.

I think this is very interesting, too. The third point in disagreement, which is really the sellout, in the list of 13 points which I compiled from the Senate's report, basically said this: The Senate amendment contained a provision specifying that the board of directors of the Bank should not authorize loans, guarantees, or insurance which may have serious adverse effects on the competitive position of the United States' industries, the availability of materials which are in short supply in the United States or employment in the United States. The House bill contained no comparable provision. The conferees accepted an amendment which specified that the board of directors, in authorizing loans and guarantees, shall take into account any serious adverse effects on the competitive position of the United States' industry.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. SCHWEIKER. Yes, I yield.

CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER (Mr. PACKWOOD). The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the adoption of the conference report on H.R. 15977, the Export-Import Bank Act Amendment.

Bob Packwood, Adlai E. Stevenson III, Robert C. Byrd, Alan Cranston, John V. Tunney, John Tower, Warren G. Magnuson, Robert P. Griffin, Paul J. Fannin, Clifford P. Case, Hiram L. Fong, Hugh Scott, Jacob K. Javits, Lee Metcalf, Dick Clark, and Claiborne Pell.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator for yielding.

Mr. PROXMIRE. Mr. President, will the Senator yield so that we may clarify the situation? I hesitate to interrupt the Senator, because he is making a very important and very useful contribution.

Mr. SCHWEIKER. Yes, I yield.

Mr. PROXMIRE. Will the distinguished acting majority leader yield for a question?

Mr. ROBERT C. BYRD. Yes.

Mr. PROXMIRE. As I understand it, the Senator from West Virginia has filed a cloture motion on the pending measure.

Mr. ROBERT C. BYRD. Yes, much to my regret, may I say. I intend to vote against this conference report, but I have a responsibility as acting leader which goes beyond my responsibility as a Senator. For that reason, I did file the cloture motion.

Mr. PROXMIRE. I think the distinguished acting leader has taken a very understandable action, and I sympathize with his position. The reason I raise this point is because it is 8:15 p.m. I think it is obvious that we could continue to talk. There are a number of us who would be willing to continue with this debate. We are very deeply committed to it and interested in it. Under the circumstances, I do not see that it would serve much purpose. We could go on until whatever hour the Senator would prefer, or we can have a quorum and act in that way. But in view of the fact that he has filed a cloture petition and we are going to have a vote on cloture on—would it be Saturday?

Mr. ROBERT C. BYRD. Yes, it would be on Saturday.

Mr. PROXMIRE. It does not serve any real purpose for us to continue talking. I wish to accommodate the distinguished acting leader and do whatever he thinks would be most accommodating as far as he is concerned.

Mr. ROBERT C. BYRD. Mr. President, my friend is always most accommodating. It is perfectly all right with me if the Senator or any of his colleagues would like to continue to talk a while longer. I am against this conference report, so I am on the Senator's side.

Mr. PROXMIRE. I understand that. My question to the Senator, however, is this: We might wish to carry this on. There obviously are not many Members on the floor who are not committed one way or another on this matter. Would it embarrass the Senator, or would it be possible simply for the Senate to adjourn at the present time?

Mr. ROBERT C. BYRD. Oh, yes, but I hope the Senator will not cease talking on my account, because I am on his side. I intend to vote against this conference report, but I do have a responsibility to try to keep the legislative process moving. I shall be perfectly content to sit here as long as the Senator would like to talk, and the Senator from Pennsylvania, also.

Mr. PROXMIRE. I love to talk, but I am also hungry.

Mr. ROBERT C. BYRD. I wish the Senator to know that I have just eaten a sandwich, and the Senator from Pennsylvania may talk while the Senator from Wisconsin goes to replenish his strength.

I am sorry if the Senator is under any impression that I want to go home.

Mr. PROXMIRE. No. A little earlier, the distinguished Senator from Rhode Island pointed out that we all have families and we like to give them as much attention as it is possible to do.

Mr. ROBERT C. BYRD. Let me say something about my family. Lady Byrd is accustomed to my giving a great deal of attention to my work and arriving home at a late hour. Our two daughters are married, and our six grandchildren are in bed at this time, so I should be perfectly happy to stay here.

Once, several years ago, I presided 22 hours in the Chair. I sat there all night long. I enjoyed that. That was during an oldtime filibuster.

Mr. PROXMIRE. I remember that, and at one time I recall holding the floor for 26 hours. I spoke for 19 of those hours, and I am willing to do it again.

Mr. ROBERT C. BYRD. I know that the Senator is perfectly willing.

Mr. PROXMIRE. But I am not anxious to do it. I do not know if it would accomplish anything.

Mr. ROBERT C. BYRD. It might.

Mr. PROXMIRE. I do not think so, and, under the circumstances, I think we could accomplish our purposes if we simply adjourn now. Does the Senator have any objection to that? If we do not adjourn, we are going to talk all evening.

Mr. ROBERT C. BYRD. I have no objection. I have no wishes one way or the other. We can adjourn or continue to be edified by the speeches that are being made; whatever the Senators wish. I am the servant of 99 other Senators.

Mr. PROXMIRE. My suggestion is— whatever action the distinguished acting leader would like to take, I suggest we adjourn.

Mr. ROBERT C. BYRD. The Senator from Pennsylvania may not wish to at this time.

Mr. PROXMIRE. Fine. If we do not adjourn, then we shall talk.

Mr. SCHWEIKER. Let me say to the distinguished Senator, if it is the consensus to adjourn, I shall not stand in the way of adjournment.

Mr. PACKWOOD. Mr. President, a point of order.

If we do not adjourn, if we go on talking until 2 or 3 o'clock in the morning, or until we all get tired of talking, and if I were to ask at that stage for a rollcall on the vote and the rollcall started, what would be the procedure at that stage?

The PRESIDING OFFICER (Mr. Griffin). The clerk would be instructed to call the roll.

Mr. PACKWOOD. I am assuming that at 2 or 3 o'clock in the morning, we would not get a quorum. Would we then adjourn until tomorrow morning?

The PRESIDING OFFICER. If we are unable to get a quorum, the Senate will adjourn until 9 o'clock tomorrow morning, in accordance with the previous order.

Mr. ROBERT C. BYRD. That would depend upon the wishes of a majority of those who are here. A majority of those who are here might not want to adjourn.

Mr. PACKWOOD. I understand that.

Mr. ROBERT C. BYRD. We could have a rollcall vote on the motion to adjourn. If the majority then voted to adjourn, we would adjourn.

Mr. PACKWOOD. If we are in the midst of a rollcall when we adjourn, would it then become the pending business in the morning?

Mr. ROBERT C. BYRD. If we adjourn for lack of a quorum, the first thing we would have to do tomorrow would be to establish a quorum. After we established the quorum in the morning, we would then proceed with the rollcall which failed for lack of a quorum.

Mr. PROXMIRE. If the Senator will yield, I think the situation is pretty obvious here. We are opposed to this, and we now have gotten into the cloture petition, which the distinguished senior Senator from West Virginia has filed. He is opposed to the bill, but he is acting in his capacity as a leader. We are going to vote on cloture on Saturday. Under the circumstances, it is pretty plain and clear that this Senator, and perhaps other Senators, intends, if necessary, to talk. We do not want a vote up or down. I do not want to vote up or down this conference report, until we have an opportunity to discuss it much further.

We will have an opportunity, in any event, to vote on the cloture motion on Saturday. If the Senator wants us to continue talking, we will accommodate him.

Mr. PACKWOOD. I understand that. I have no idea what the outcome of the cloture vote will be, and we are reaching the end of the session. The Senator from Wisconsin is fully capable of talking for an extended length of time, and we may reach the end of the session. If I had some assurance that after 8 or 10 or 12 hours of debate that we could have a vote, that would be fine; but I sense no assurance that we will get to a vote on this matter.

Mr. PROXMIRE. I think the Senator in correct. It is desirable under the present circumstances that we have a vote on the cloture motion.

Mr. PACKWOOD. We will have a vote on that.

Mr. PROXMIRE. That is right, and there will not be a vote before then.

Mr. PACKWOOD. No? There will not be a vote before then?

Mr. PROXMIRE. There will not be a vote before then. I would assume that if we talk all night, on the basis of the schedule announced by the Senator from West Virginia, tomorrow we would go on other business. Maybe not. Maybe we would stay on this. But I would assume that is what would happen. That is what the distinguished assistant majority leader announced he would do. We might resume this discussion Friday night, and then go on other business. We could talk tonight and all Friday night, but I think we all realize that would be futile.

Mr. PACKWOOD. Do I understand from the distinguished assistant majority leader that if we would get to 3 o'clock, and I would ask for a rollcall, he would ask for adjournment prior to the call of the roll?

Mr. ROBERT C. BYRD. If the Senator were to ask for a rollcall, a Senator who had not spoken twice already on this matter today might wish to take the floor again. He might wish to talk until daylight, before permitting the roll call to begin.

Mr. PROXMIRE. Or he might put in a quorum call, which might take several hours.

Mr. PACKWOOD. That is why I am asking. I wonder what happens in the morning, if we start the quorum call.

Mr. ROBERT C. BYRD. If the quorum call comes the last thing and becomes a live quorum, and is not completed, the first thing tomorrow would be the requirement that a quorum be established.

Mr. PACKWOOD. Then I would be out of business, unless we started the rollcall first?

Mr. ROBERT C. BYRD. We would just have a live quorum first thing tomorrow, if the vote had not started——

Mr. PACKWOOD. That is the question; what if a vote starts?

Mr. ROBERT C. BYRD. If a vote had begun, and a quorum were not present, the first thing tomorrow would be the establishment of a live quorum. We would immediately, then, go to a vote on the conference report.

Mr. PACKWOOD. And any Senator who has spoken once today cannot speak again without unanimous consent?

Mr. ROBERT C. BYRD. Oh, yes, he can speak twice today, and twice again tomorrow.

Mr. PROXMIRE. Then he can make a motion and speak twice on it, and when that is exhausted, he can make another motion and speak twice on it, and there are a number of motions to be made on a conference report: To be returned to conference with certain instructions, or the instructions can be changed, which is a separate motion— I can think of at least 100 opportunities to talk under those circumstances.

Mr. PACKWOOD. I have an intuitive feeling that we will not get to a rollcall tonight or tomorrow, so I think adjournment would be in order.

Mr. ROBERT C. BYRD. I will be glad to move to adjourn, but I want to be sure there is no misunderstanding as to my desire to adjourn.

Mr. PACKWOOD. I agree with the Senator. It is 8:30; my children have gone to bed; I have nothing better to do than stay here. But I do not sense that if we stay another 5 or 6 hours tonight, it will shorten tomorrow or the next day any.

Mr. ROBERT C. BYRD. All right. Is the Senator ready to yield the floor?

Mr. PROXMIRE. Yes.

Mr. ROBERT C. BYRD. Mr. President, I want to express appreciation to both Senators for their cooperation and understanding. I would say this also: they feel strongly about this conference report, and they have exercised their rights under the rules, and that is their privilege. I hope I have their understanding. They have mine.

ORDER DESIGNATING PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the Senator from Texas (Mr. Tower) has been recognized tomorrow, there be a period for the transaction of routine morning business not to extend beyond the hour of 9:30 a.m., with statements therein limited to 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, the Senator from Texas (Mr. Tower) will be recognized for not to exceed 15 minutes.

At the hour of 9:30 a.m., the Senate will go into executive session to consider the nomination of Melvin A. Conant as Assistant FEA Administrator. That nomination will be debated until 10:30 a.m.

At 10:30 a.m., the 1 hour of debate under rule XXII will begin running, the debate being on the motion to invoke cloture on the trade bill.

At 11:30, the clerk will call the roll to establish a quorum. Upon the establishment of a quorum, or at about 11:45 a.m., the automatic rollcall vote on the motion to invoke cloture on the trade bill will occur.

Immediately thereafter, a rollcall vote on passage of the economic opportunity bill, H.R. 14449, will occur.

May I ask the Chair if the yeas and nays have been ordered on that vote?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. ROBERT C. BYRD. I thank the Senator.

Immediately thereafter, a rollcall vote on the Conant nomination will occur. It is my understanding that the yeas and nays have not yet been ordered on that nomination, but they will be asked for.

Upon the disposition of the Conant nomination, the Senate will resume legislative session, and a vote, which will be a rollcall vote—although the yeas and nays have not yet been ordered—will occur on the companion House bill to S. 3883, a bill to improve the basic provisions of the veterans home loan program.

ORDER FOR 10-MINUTE ROLLCALL VOTES TOMORROW

I ask unanimous consent that all back-to-back votes after the initial vote tomorrow be 10-minute rollcalls, with the warning bell to be sounded after 2½ minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. So, Mr. President, there will be at least four rollcall votes back to back.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. I noticed in the schedule it is provided that if cloture is not invoked on the trade bill, then there will be some back-to-back votes on other measures, and at the conclusion of those back-to-back votes, the Senate will establish a quorum on the cloture motion on the supplemental appropriation bill, and the Senator makes no provision for an hour of debate there.

I wonder if the Senator did that purposely, or whether he would be willing to allow the customary 1 hour of debate before the cloture vote, and, for that matter, before the establishment of a quorum.

Mr. ROBERT C. BYRD. Actually there is no provision under rule XXII for an hour's debate.

Mr. ALLEN. I recognize that, but that has been the custom since I have been here.

Mr. ROBERT C. BYRD. That has been the custom.

Under the rule, immediately following the four back-to-back votes tomorrow in the event cloture is not invoked on the trade bill, and upon the establishment of a quorum, a rollcall vote will occur on the motion to invoke cloture on amendment by Mr. Hugh Scott.

Mr. ALLEN. There would be no opportunity to debate the question?

Mr. ROBERT C. BYRD. There would be no opportunity except by unanimous consent.

Mr. ALLEN. I wonder if we could not get unanimous consent at this time for, say, 30 minutes equally divided then. I feel like the Senate needs to be brought up to date on just what is involved.

Mr. ROBERT C. BYRD. Well, the Senator certainly is always most cooperative with the leadership, and I would not want to deny him that request.

UNANIMOUS-CONSENT AGREEMENT—TRADE REFORM ACT OF 1974

Mr. President, I ask unanimous consent, in the event cloture is not invoked on the trade bill tomorrow, that immediately following the four back-to-back votes, and upon the establishment of a quorum, that being a requirement under rule XXII, there be 30 minutes for debate to be equally divided between Mr. Allen and Mr. Hugh Scott; and that at the conclusion of the 30 minutes the vote then occur on the motion to invoke cloture on the Scott amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, will the Senator further yield?

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. That would come though after the back-to-back vote on the bills?

Mr. ROBERT C. BYRD. No. The way I stated my request, the debate would come after the establishment of a quorum, following the back-to-back votes.

Mr. ALLEN. Yes, that would cancel out what has already been agreed to, that following the vote on cloture on the trade bill we would have these back-to-back votes on the bill.

Mr. ROBERT C. BYRD. No, it would not cancel those out.

Mr. ALLEN. Well, would the Senator not have votes on bills between——

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Chamber.

Mr. ALLEN. Would the Senator have these votes, back-to-back votes, between the two cloture votes as provided here?

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. Yes, that is what I wanted to nail down.

Mr. ROBERT C. BYRD. But whereas ordinarily I think the Senator would expect the 30 minutes for debate to precede the establishment of a quorum prior to the vote on the motion to vote cloture, the way I have worded the request the quorum would be established first, prior to the 30 minutes of debate.

Mr. ALLEN. I have no objection to that, but I did want it to follow the back-to-back votes on the bills as already agreed to.

Mr. ROBERT C. BYRD. It would.

Mr. President, I want to change the request, as follows:

I ask consent that, immediately following the vote on the veterans bill, which is the last of the four back-to-back votes—in the event cloture is not invoked on the trade bill—there be 30 minutes for debate to be divided equally between Mr. Allen and Mr. Hugh Scott, after which the establishment of a quorum, as required by rule XXII, ensue; following which the vote occur on the motion to invoke cloture on the Scott amendment.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. I am simply putting the debate ahead of the quorum call rather than the reverse as would have been the case.

Mr. ALLEN. That is as provided by rule XXII already.

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. I thank the distinguished assistant leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Following the four back-to-back votes, if cloture has been invoked on the trade bill, that business will be before the Senate to the exclusion of all other business until the trade bill is disposed of.

However, if cloture is not invoked on the trade bill then, following the four back-to-back votes, there will be one-half hour of debate—by virtue of the request entered and consented to—on the motion to invoke cloture on the amendment by Mr. Hugh Scott.

Following that 30 minutes of debate, there will be the establishment of a quorum, after which a vote would occur on the motion to invoke cloture on the amendment by Mr. Hugh Scott. If that motion were to carry, then the amendment by Mr. Hugh Scott to the amendment No. 17 in disagreement, in the supplemental appropriations bill conference report, would be the business before the Senate until disposed of.

So I would say, Mr. President, that there will be, at the very least, five rollcall votes tomorrow.

LEGISLATIVE PROGRAM FOR SATURDAY, DECEMBER 14, 1974

Now, on Saturday, in order that the Senators may be fully informed, there will be at least one rollcall vote on a motion to invoke cloture on the Eximbank amendment conference report. There may be other rollcall votes on motions to invoke cloture, depending on the outcome of those votes to invoke cloture on tomorrow.

ORDER FOR AMENDMENTS TO TRADE REFORM ACT OF 1974 TO BE CONSIDERED AS HAVING MET REQUIREMENTS OF RULE XXII

Mr. President, I ask unanimous consent that all amendments to the trade bill now at the desk be considered as having met the reading requirement under rule XXII.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my request earlier today dealing with amendments to the trade bill, with respect to reading requirements, be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. ALLEN. Will the Senator make a similar request as to the cloture vote on the Hugh Scott amendment?

ORDER FOR AMENDMENTS TO SUPPLEMENTAL APPROPRIATIONS 1975 CONFERENCE REPORT TO BE CONSIDERED AS HAVING MET REQUIREMENTS OF RULE XXII

Mr. ROBERT C. BYRD. I make a similar request, Mr. President, that any amendments to the Scott amendment at the desk at this time be considered as having met the reading requirements under the rule.

Mr. ALLEN. What about subsequent amendments up to the time of voting?

Mr. ROBERT C. BYRD. I have reference to the motion to invoke cloture on the amendment by Mr. HUGH SCOTT.

Mr. ALLEN. What about amendments filed between now and the cloture vote?

Mr. ROBERT C. BYRD. I think perhaps we had better wait to tomorrow to deal with those amendments. I was instructed to this end by the Senator from Louisiana (Mr. LONG).

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. GRIFFIN. I wish to inquire of the Chair, if I am correct, that except for the requests of Senator JACKSON having to do with the matter of immigration, that amendment to the trade bill, that no other unanimous-consent requests have been granted to make nongermane amendments in order to the trade bill?

The PRESIDING OFFICER. The Senator is correct.

Mr. GRIFFIN. I thank the Chair.

ADJOURNMENT TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 9 o'clock tomorrow morning.

The motion was agreed to; and at 8:39 p.m., the Senate adjourned until tomorrow, Friday, December 13, 1974, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate December 12, 1974:

DEPARTMENT OF STATE

Monroe Leigh, of Maryland, to be Legal Adviser of the Department of State.

NUCLEAR REGULATORY COMMISSION

The following-named persons to be members of the Nuclear Regulatory Commission for the terms indicated. (New positions)

Marcus A. Rowden, of Maryland, for a term of 2 years.

Edward A. Mason, of Massachusetts, for a term of 3 years.

Victor Gilinsky, of California, for a term of 4 years.

Richard T. Kennedy, of the District of Columbia, for a term of 5 years.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 12, 1974:

NATIONAL CREDIT UNION BOARD

Kathryne Ford Vachon, of Florida, to be a member of the National Credit Union Board for the remainder of the term expiring December 31, 1978.

NUCLEAR REGULATORY COMMISSION

William A. Anders, of Virginia, to be a member of the Nuclear Regulatory Commission for a term of 1 year.

ENERGY RESEARCH AND DEVELOPMENT

Robert C. Seamans, Jr., of Massachusetts, to be Administrator of Energy Research and Development.

OFFICE OF ECONOMIC OPPORTUNITY

Bert A. Gallegos, of Colorado, to be Director of the Office of Economic Opportunity.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE PUBLIC HEALTH SERVICE

Public Health Service nominations beginning Donald E. Bedingfeld, to be Medical Director, and ending John L. Young, Jr., to be a health services officer, which nominations were received by the Senate and appeared in the Congressional Record on July 29, 1974.

EXTENSIONS OF REMARKS

PRESIDENT FORD'S FIRST 100 DAYS IN BETTER PERSPECTIVE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. KEMP. Mr. Speaker, James Reston has done an outstanding commentary for yesterday's New York Times, entitled "In Defense of Mr. Ford." I bring it to the attention of my colleagues for a more clear perspective upon President Ford's first 100 days in office.

We all have ideas on how the President should be dealing with our economic problems—and a myriad of other important problems he inherited in August. There's no doubt that there can be reasonable disagreement with certain of the President's policies. Yet there can be no disagreement over the extent to which the President has restored the high integrity of that office.

President Ford has been available to Democrats and Republicans alike, to leaders at home and abroad. He has been candid and honest—and day by day has managed to assure everyone he has come into contact with that they are getting a fair shake. Given the steady erosion of public confidence in the Presidency over the past decade and a half, this is no small accomplishment in the space of 3 short months.

The debate over Mr. Ford's policies will continue. But, as Mr. Reston points out, his conduct in office has restored integrity to that debate—a powerful credit to himself and his presidency. He deserves our support in his fight to help restore credibility to government and in his fight to whip inflation.

At this point, Mr. Speaker, I insert Mr. Reston's article:

IN DEFENSE OF MR. FORD

(By James Reston)

WASHINGTON, Dec. 10.—President Ford is being criticized severely and sometimes even savagely these days. Even his supporters are giving him what Damon Runyon used to call a "medium hello." But in fairness, there is another side to the Ford story, which has to be balanced alongside the charges against him.

The charges are serious. They are that, with the highest unemployment rate in America in thirteen years, and the biggest drop in the stock market in twelve years, he can't make up his mind whether inflation or economic recession is the major problem, and also that he is making too many concessions to the Russians, paying too much attention to foreign affairs, at the expense of home affairs, and stringing along with the old Nixon gang in the Cabinet and the White House.

It would be a brave man who would say that these are not fair criticisms. There is plenty of room for honest conflict about how to struggle between inflation and recession, what to do about the battle between the Greeks and the Turks over Cyprus, how to deal with the Russians over the trade bill, arms control, the emigration of Jews from the Soviet Union to Israel, the relations of the United States to Europe and Japan, and many other things.

But in all the arguments about these domestic and foreign problems, one thing about President Ford has stood out: He has restored some kind of integrity to the debate. Whether he is talking to the Democratic leaders of Capitol Hill—Mike Mansfield in the Senate, Speaker Albert or Tip O'Neill in the House, or the leaders of foreign governments—somehow he manages to convey the feeling that he is giving them an honest pitch.

Maybe this is not good enough, and the guess here is that it isn't, but whether he is right or wrong in what he does, he is at least begining to restore belief. He is available to his critics in the Congress and the press. He talks and even listens endlessly to Prime Minister Trudeau of Canada, Chancellor Schmidt of West Germany, Foreign Minister Allon of Israel, all in the space of a single week, but when they go away home, despite their differences, they all say roughly the same thing: We didn't really settle anything, but somehow we feel better, for we felt we were dealing with an honest man.

This is a dicey imponderable, but it is a big change in Washington after the last few years. Presidents Johnson and Nixon may have been more knowledgeable, clever and cunning than Mr. Ford, but nobody ever quite knew where they were. Mr. Ford is different. He has been on Capitol Hill as a partisan leader for 25 years, which is no exercise in objectivity, but more than most, he knows the difference between right and wrong, "yes" and "no," and despite all his troubles this comes through in his negotiations.

All the evidence here is that this human quality was very effective in his latest trip to Japan. It was primarily a symbolic visit by the first American President to that country, but the Japanese live by symbols, and after their suspicions of Mr. Nixon's devaluation of the dollar and trip to China, President Ford's natural candor and promises of "no more surprises" were a relief.

He managed to restore some sense of trust with Prime Minister Trudeau of Canada, which is odd, because they are so different personally; and what is critically important, he apparently won the confidence of Chancellor Schmidt of West Germany, not only in the informal discussions but in a long private talk that went on after the official meetings until 2 o'clock in the morning.

President Ford's talks with Foreign Minister Allon of Israel were more difficult, but again here, trust was more important than anything else, and if our information is correct, Mr. Allon, who came here deeply anxious about the situation in the Middle East, went away, not with the promises he sought but at least with confidence in the frank and even blunt conversations he had with the President.

The experts on policy, the people who know precisely what should be done about inflation, unemployment and foreign affairs, of course doubt that Mr. Ford has the answers to all their anxieties, and they are probably right.

But they might be wrong, and it is probably too early to count him out. He is a slow take and has been in the White House for only a little more than 100 days. He has not defined policies equal to his problems, or stated clearly where he is going or who is going with him, but he has restored at least some respect for the integrity of the Presidency, and whether he is right or wrong on his policies, this is a big advance over the last few years.

REGIONAL MEDICAL PROGRAMS

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. HUDNUT. Mr. Speaker, the House is considering health planning legislation, H.R. 16204. One of the pivotal points in the lengthy hearings on this legislation was the quality of work done by regional medical programs.

In my State RMP work has been very good. I have checked with enough other States to satisfy myself that H.R. 16204 should be amended to provide for the continuation of the professional approaches pursued in recent years by RMP so successfully in innovating emergency health systems, in putting to work cardiac intensive care units which have saved thousands of lives, and in many other projects including highly successful ones in cancer detection and referral.

The only specific charge made by HEW in all of the testimony regarding RMP was that its overhead costs were too high.

Even this charge was directly refuted and correctted by an HEW spokesman on March 8, 1973, at a hearing before the Subcommittee on Public Health and Environment, of which I am a member.

We now have specific facts on HEW's own overhead costs where it has applied RMP money to its own projects. According to the information I have received, the HEW overhead costs are not only high, but it would appear to be truly phenomenal overhead costs.

I include the communication I received from Mr. Nathaniel Polster, Friends of the Regional Medical Programs, as part of my remarks:

DECEMBER 9, 1974.

DEAR MR. HUDNUT: As all Members know, the administration without any reasonable explanation suddenly decided that Regional Medical Programs were ineffective. It could not have been because of a poor evaluation of the Program. As recently as December 4, 1974, the chief over the Regional Medical Program in HEW's Parklawn Building declared RMPs had never been evaluated to his knowledge.

With these statements, and without any factual backup, the administration impounded some 120 million dollars of appropriated RMP funds and ordered RMPs to phase out. One of the major arguments put forth by the administration was that a large portion, 40% of the total funds allocated to RMPs, were for indirect and/or "overhead" costs and that too few dollars actually benefited "people."

The 40% was untrue. In hearing testimony on March 8, 1973, Representative William Roy of Kansas elicited from HEW's Dr. John Zapp that the RMP administrative costs were 10%, not 40%.

The Regional Coordinators with money from their own pockets, hired a lawyer, sued HEW and won their case. Judge Thomas A. Flannery of the U.S. District Court for the District of Columbia ruled that the impoundment of RMP funds was an unlawful act.

As soon as the court order was issued to release the funds the Secretary of HEW made an attempt to direct 30 million dollars of these funds toward "areas of greater need." This diversion of funds was resisted by the RMPs and a compromise was reached which permitted 5 million of these funds to be obligated under Section 910 of the Public Health Service Act (42 USC S 299j), for specific items outlined in a court order.

The court order directed that the documents showing the specified purposes for which the 5 million was obligated be made available to the defendants. These documents have now been furnished.

Keeping in mind the statement I made above regarding "overhead" costs let me now call your attention to these facts:

A contract was awarded to the Health Policy Program University of California School of Medicine San Francisco in the sum of $496,000.

The purpose of this contract is:

1. Develop program and policy recommendations to ensure that the objectives of Professional Standards Review Organizations (PSRO's) and Comprehensive Health Planning Agencies are consistent and complementary.

2. Conduct research to:

(a) Improve comprehensive health planning agency staff understanding of competitive delivery system facility and equipment needs.

(b) Develop the expertise on the part of health planners for identifying economic factors which can achieve the objectives of comprehensive health planning.

(c) Develop the expertise on the part of health planners to identify and test approaches to restructure health delivery systems which permit greater reliance on consumer choice.

3. Investigate the circumstances affecting the success and/or failure of selected health planning agencies in the performance of one or more aspects of their operations for the purpose of preparing short, factual reports and recommendations concerning these successes and failures for use by Comprehensive Health Planning program officials and agency personnel.

This was a non-competitive award. Lewis H. Butler, who I believe is a former Assistant Secretary of H.E.W. is the Project Director. The "overhead" rate on this contract is 34.2%.

Let us not forget as we proceed that a decision was made by someone in H.E.W. to award 1/10 of the $5,000,000 to the University of California to a project to be directed by a man with the same name as a former assistant Secretary of H.E.W.

Let me give you a few more examples:

1. Another contract for $363,300 is with a private corporation to "ascertain and evaluate planning approaches" and to "develop suggested criteria and standards for specialized Health Services." To illustrate the "better utilization" of RMP funds, H.E.W., on this contract, will pay an overhead rate of 70% applied to total direct salaries and wages including fringe benefits and allow the contractor another 15% General Administrative overhead applied to both direct cost and the 70% overhead.

2. There is also a contract for $254,153 with a well-known consultant firm which allows a 90% direct labor overhead rate, plus 20% for General and Administrative, plus 5% for sub-contracts.

3. Still another contract for $247,930 allows an overhead rate not to exceed 115%.

4. And finally here is real utilization of the taxpayers money. A contract for $639,314 and the unfortunate contractor is limited to an overhead rate for direct salaries and wages of 112% and only 14% for General and Administrative expenses. I am not an accountant but it appears that there will be a product for about $275,000 and the $354,000 for overhead. There are some smaller contracts with even higher overhead rates but I think the few items that I have listed illustrate the point regarding the more efficient utilization of funds when the contracts are made by H.E.W. personnel.

The astute management of contracts by H.E.W., I am sure makes all of us in this chamber as well as the 200 million taxpayers feel much better knowing that RMPs are not wasting this 5 million dollars.

In summary, H.E.W. is diverting money to pay for another barrage of fancy documents and reports on how to plan. That money could have served the health needs of a large number of people. Let me say that RMPs long ago identified health problems and initiated activities to help alleviate these problems.

When Congress wanted to apply lessons in emergency health treatment learned in the Viet Nam War to use in civilian trauma care—automobile accidents, etc.—Congress turned to RMP and appropriated $8 million. The program was an immense success. Congress then passed permanent Emergency Health legislation and appropriated several times that dollar amount. RMP is an excellent innovative apparatus.

For those who wish to check for themselves there is attached a summary of the 27 contracts awarded by H.E.W. to spend the $5,000,000 of RMP funds.

Sincerely yours,

NATHANIEL POLSTER,

Friends of the Regional Medical Programs.

FUNDS EXPENDED UNDER SEC. 910, FISCAL YEAR 1975

Contract and title	Contractor	Amount	Date of contract (1974)	Project officer
230-75-59: Study To Further the Art of Health Planning Through the Identification of the Primary Care Needs of Alaska.	Office of CHP, State of Alaska	$29,598	Oct. 18	Gillespie.
230-75-60: Planning Approaches, Criteria and Standards for Specialized Services	Orkand	363,300	Oct. 18	Bolay.
230-75-61: Development of a Data Analysis Handbook for Health Planning	Department of Sociology, Purdue University.	188,000	Oct. 17	Boissy.
230-75-62: Development of Methodologies for the Health Planner To Evaluate Services Shared by Health Care Organizations.	Hospital Research and Education Trust.	116,138	Oct. 17	Dodds.
230-75-63: Relation of Technological Advance to Health Planning	Arthur D. Little	254,153	Oct. 18	Sturm.
230-75-64: Health Resources Planning Educational System	Educational Testing Services, Inc	415,800	Oct. 18	Rolfe.
230-75-65: Development of Health Planning Area Methodology	Don Davis Associates	49,307	Oct. 17	Billingslea.
230-75-67: Critical Review of Methodological Approaches To Determine Health Manpower Supply and Requirements.	Robert Nathan	39,576	Oct. 18	McGuire.
230-75-68: Development of Guidelines for Definition of Rational Health Service Areas	Minnesota Systems Research, Inc	103,500	Oct. 18	Gilmer.
230-75-69: Models To Project the Need for and Accessibility to Health Services and Facilities	Bay Area Comprehensive Health Planning Council.	255,000	Oct. 18	Crane.
230-75-70: Impact of Health Care System Component Interaction	Arthur Young/TARP	247,930	Oct. 18	Bolay.
230-75-71: Issues Affecting Health Planning	Health Policy Program, University of California.	496,000	Oct. 18	Dodds.
230-75-72: Requirements for Program Development in Health Resources Planning	Cambridge Research Institute	225,000	Oct. 18	Rubel.
230-75-73: Design, Development, and Implementation of the Center for Health Resources Planning Information.	Aspen Systems	639,314	Oct. 18	Meadows.
106-74-26 (Modified): Provision of Technical Assistance to Health Planning Organizations in Regions VIII, IX, and X.	Arthur Young	68,000	Oct. 18	Crane.
106-74-27 (Modified): Provision of Technical Assistance to Health Planning Organizations in Regions I, II, and IV.	Arthur Young	62,262	Oct. 18	Crane.
106-74-28 (Modified): Provision of Training to Health Planning Participants	Boston University	52,557	Oct. 16	Tirengel.
106-74-29 (Modified): Provision of Training to Health Planning Participants	University of Texas	44,555	Oct. 16	Tirengel.
106-74-30 (Modified): Provision of Training to Health Planning Participants	University of Michigan	58,450	Oct. 16	Tirengel.
106-74-31 (Modified): Provision of Training to Health Planning Participants	American Public Health Assiciation	44,325	Oct. 17	Tirengel.
110-73-515 (Modified): On-Site Technical Assistance to and Evaluation of Comprehensive Health Planning Agencies	Linton, Mields, and Coston	16,138	Sept. 23	Crane.
Interagency agreement: Support for the Center for Health Resources Planning Information	National Technical Information Service	886,208	Oct. 4	Meadows.
Interagency agreement: Data Handbook for Health Planners	Bureau of the Census	70,000	July 19	Boissy.
Interagency agreement: Instruction Manual on Population Projection for Local Areas	Bureau of the Census	50,000	Oct. 10	Barnes.
Interagency agreement: Social/Health Indicators Project	Bureau of the Census	116,889	Oct. 11	Crane.
110-72-126 (Modified): Epidemiological Study of Kidney Disease in Yugoslavia	Cleveland Metropolitan General Hospital	8,000	Aug. 12	Robins.
110-73-311 (Modified): Connecticut Ambulatory Care Study	Connecticut State Hospital Association	100,000	July 25	Robins.
Total		5,000,000		

MISSION OF MERCY FORGOTTEN

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. DERWINSKI. Mr. Speaker, the perspective section of the Chicago Tribune on Monday, December 9, carried an article entitled, "Mission of Mercy Forgotten," by Henry C. Wolfe, who served on the American Relief Administration mission to the Soviet Union in 1921.

I believe this article to be totally accurate, objective and a historic summary which is extremely pertinent in light of today's international situation.

I do not believe that we can actually think that détente with the Soviet Union has come about as a result of a sudden change of foreign policy goals. We face a great danger by being lulled into a false feeling of security to the propaganda use of the so-called period of détente.

Anyone who takes a good look at the situations in Cambodia, South Vietnam, South Korea, and the Middle East would have to wonder if Secretary Kissinger is inhabiting another glow as he flits about repeating the clichés of détente.

The article follows:

NONHAPPENING IN RUSSIA: MISSION OF MERCY FORGOTTEN

(By Henry C. Wolfe)

Alexander Solzhenitsyn is a towering world figure, both as a writer and as a man. His courage and honesty are widely recognized.

In "The Gulag Archipelago" he describes the catastrophic famine of 1921-22 as "such a famine as even Russia had never known before . . ." when "parents ate their own children. . . ." He says nothing, however, about the American Relief Administration (ARA) that stopped the famine and ended the concomitant epidemics.

Why did so honest and well-informed a man fail to mention the ARA? The probable answer is that he knows nothing about the ARA and its work.

The Kremlin, he points out, gives the famine "only two lines in the official histories." Moreover, he was an infant when the ARA finished its mercy mission in Russia.

Today, in all likelihood, only a few of the older Russians would remember the work of the ARA. It is probable that even fewer Americans do.

Yet Sir Philip Gibbs, an on-the-spot observer, wrote of the ARA's work: "History will record it as the greatest campaign of relief and international charity ever attempted or achieved." This is the story.

In 1921 the ARA was headed by Herbert Hoover, then secretary of Commerce. Since World War I, the organization, supported by large numbers of individual contributions, had been feeding millions of children in Europe. Its sole objective was to save lives and relieve suffering. Hoover's proffers of aid to Russian children had been rebuffed.

On July 23, 1921, a dramatic call for help appeared in the world press. Maxim Gorky, speaking for the Soviet government, revealed the starvation that was rampant among the Russians. "I ask all honest European and American people for prompt aid to the Russian people. Send bread and medicine."

That day Hoover cabled an offer of help, and quickly sent representatives to meet with a Soviet delegation in Riga. An agreement was reached. A few days later an ARA advance party arrived in Moscow.

As the Americans spread out over the famine area, they found the dying and dead everywhere. Famished dogs fought over half-eaten corpses. There was cannibalism. Hordes of panic-stricken peasants fled their doomed villages to die in the hungry cities. With them traveled typhoid, cholera, smallpox, and typhus.

In reaching the famine victims the ARA encountered immense problems. The dreaded Russian winter was approaching; the transportation system was near collapse. Long distances separated the ports from the great black-earth Volga region where the famine was most devastating.

At peak the ARA distributed daily food rations to 4,173,339 children and 6,317,958 adults. Additionally, the Russians received 1,300 complete surgical operating sets, 377 kinds of medicines, enormous quantities of soap, blankets, clothes, disinfectants, and cod-liver oil.

Speaking at the Kremlin's farewell banquet given in July, 1923, for the ARA staff, Lev Kamenev paid tribute to the "utterly unselfish efforts of the ARA." He declared that the ARA had saved millions of lives, "entire districts and even cities."

The Russian people, he pledged, "will never forget the help given them by the American people."

Stalin and his successors have made sure that the Russian people have never heard of that help. This experience may have a bearing on how much faith we can put in détente.

IN OPPOSITION TO S. 1868, TO AMEND THE UNITED NATIONS PARTICIPATION ACT TO HALT THE IMPORTATION OF RHODESIAN CHROME

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. HUDNUT. Mr. Speaker, the bill, S. 1868, which would once again stop the importation of Rhodesian chrome into the United States, is on the House calendar and may be considered this week. I am strongly opposed to this legislation and hope it will be defeated.

In these inflationary times there is no satisfactory reason for arbitrarily reducing the supply available to the U.S. consumer of an important industrial raw material—particularly since the main beneficiary of this act would be the Soviet Union. During the sanctions against Rhodesia the Soviet Union was our principal source of high quality chromite. It took advantage of our dependence upon it in two respects: First, the quality of the ore exported to the United States steadily deteriorated; and second, Russian prices drastically increased. From $35.75 per short ton in 1965 the price steadily increased to $68.45 in 1972 and then fell back to $51.73 per ton in 1973 when sanctions were lifted.

American consumers have a greater interest than ever in the continued availability of chrome. For instance, in order to meet air quality standards, new automobiles use catalytic converters made of stainless steel of which chrome is a basic ingredient. Rhodesia is a country which poses no threat—real or potential—to our security. On the other hand, the Soviet Union is a potential adversary. At the beginning of the Korean war, the Soviets cut off shipments of chrome to us. Obviously it is unwise to rely upon sources in the Soviet Union in any period of crisis.

Therefore, from both an economic and security standpoint, the passage of S. 1868 would be very unwise.

THE FOREIGN INFLUENCE AND OUR BOOKS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. GAYDOS. Mr. Speaker, the marked influence which the book publisher has on the public mind stems, as all those acquainted with the business agree, from two sources. First, he selects the books to be published, and second, he promotes their sale.

It may be in the interest of the Nation to keep these matters in mind as we assess the latest major development in the book trade. It is the agreement by American Financial Corp. of Cincinnati to sell Bantam Books, Inc. to a Luxembourg holding company associated with the mighty Fiat interests in Western Europe. The deal is to be completed on December 20.

Bantam happens to be one of the biggest paperback publishers in our country, the source of millions of volumes which find their way onto newsstands, into homes and libraries, and into school classrooms where they have a tremendous impact on popular thought.

This agreed upon sale, therefore, means that these millions of books, no matter what changes or lack of changes may be made in Bantam's editorial staff, will be selected and pushed in accordance with the instincts and, indeed, desires of the controlling foreign interests.

I, as a Congressman, cannot let this happen without bringing to attention these facts, and, also, the danger to us as a nation which could me involved in them. The Bantam sale will turnover to the Western European owners an instrument of great force in the producing of the ongoing American public opinion.

Can Bantam, therefore, be relied upon, under alien ownership, to pick and push books written exclusively in the U.S. interest? Will it lend its immense power to pro-American causes inimical to what may be the advantage held by its new overseas proprietors? What effect on once independent American thought may the Fiat people and the publishing decisions they dictate come to have in the years ahead? I consider these questions warranting our consideration.

I am aware of the internationalism which has prevailed for some time in the publishing business—how American-published books have wide distribution in Europe and, in fact, all over the world and how foreign books are sold in translation in large numbers here. But this certainly is a matter far different from that created by the Bantam sale, which has a foreign ownership moving directly into the American publishing industry, taking over a major source of information to the reading public.

PROPOSES EXPANSION FOR MAILING PRIVILEGES

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. FORD. Mr. Speaker, I am introducing legislation today to extend preferred second-class postal rates to conservation magazines published by State agencies. This legislation would merely extend the same mailing privileges to State conservation agencies which are presently available to other State agencies.

Since postal legislation in this area was last considered by Congress, there has occured a dramatic surge of popular concern for and interest in the quality of the environment, conservation of fish and wildlife, and appreciation of our natural resources. These popular attitudes have been reflected also in the significant increase of interest in outdoor recreation including hunting, fishing, backpacking, and nature study.

Forty-three State conservation agencies now publish magazines which reflect and nurture this interest. These publications play a key role in educating citizens to the conservation ethic.

Mr. Speaker, under existing law, State conservation magazines are mailed at the same rate utilized by commercial magazines. Unlike their commercial counterparts, however, these magazines are, almost without exception, published without the benefit of advertising revenue, and the burden of postage constitutes a drain on the fish and game fund which represents revenues available from hunter's and angler's license sales.

In 1951 Congress extended preferred rates for certain second-class and third-class mail when mailed by qualified nonprofit organizations including "religious, educational, scientific, philanthropic, agricultural, labor, veterans or fraternal organizations not organized for profit." From the outset the Post Office Department interpreted this provision as not extending the special rates to second-class mail when mailed by governmental bodies.

In 1962 Congress amended the definition of "qualified nonprofit organizations" eligible for preferred second class rates to include "one publication published by the official highway agency of a State."

Again, in 1967 Congress amended the definition of "qualified nonprofit organization" to include a "development agency of a State."

All my legislation proposes to do is to amend the definition of "qualified nonprofit organization" to include "one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State."

Mr. Speaker, the increased national interest in fish and wildlife conservation is extremely gratifying. At the same time, however, it has generated demands on State agencies to mount new programs aimed at restoring threatened and endangered species as well as developing conservation programs for nongame fish and wildlife. If the same preferred postal rates which are already available to certain nonprofit organizations were available to State conservation agency magazines, as the bill I introduce today proposes, savings to the fish and game fund could be channeled into fish and wildlife restoration programs.

Mr. Speaker, I would hope that all of my colleagues from both sides of the aisle who share my concern for fish and wildlife restoration programs will join me in supporting this bill.

A WARNING TO AMERICANS

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. STEIGER of Arizona. Mr. Speaker, I would like to call to my colleagues' attention a letter which is being distributed nationwide by the Saguaro Chapter, Sons of the American Revolution in Sun City, Ariz. The letter was passed on to me by Mr. Grant Conner, Saguaro chapter chairman.

It provides a warning that all of us should heed; otherwise, as the letter concludes:

> Will our country be destroyed—from within—while we sleep?

The text of the letter follows:

A REPUBLIC—IF YOU CAN KEEP IT

(By Benjamin Franklin)

Every member of the SAR should read Dr. Anthony C. Sutton's revealing and shocking book, "National Suicide—Military Aid To The Soviet Union." Copyrighted in 1973, the book is already in its third printing. It gives documentary substance to the fears held by an increasing number of thoughtful Americans. One comes to several conclusions in reading it. First, the United States of America is in deadly danger; Second, that danger is from within our own Government and our own borders; Third, those responsible should be identified and exposed before the American people.

It is well known that American technology and strategic goods are increasingly exported to the Soviet Union, our avowed enemy. It is less well known that these exports are financed by large international banks and the Export-Import Bank, the latter liberally supported by U.S. funds. These loans are guaranteed against loss by default, by the U.S. Government—the American taxpayer.

Who is responsible? To name a few we have (1) The Council On Foreign Relations; (2) The Congress For Peace Through Law; (3) the Members of the Congress of the United States; (4) the Federal Bureaucracy; (5) an Uninformed and Apathetic Citizenry; (6) the Mass News Media among the more prominent.

Let us examine briefly the most important of these forces, the Council on Foreign Relations. The long-term objective of the CFR is the same as the long-term objective of international communism, the creation of a One-World Socialistic System of which the United States would be a part. We would cease to exist as a free and independent Nation. We would be ruled by a World Court.

Amply financed by the Rockefeller, the Carnegie and the Ford tax-exempt Foundations and the tax-exempt contributions of major banks, industries and businesses, the CFR has infiltrated many Federal Government Departments. Its members are in high, policy-making positions in the Agriculture, the Commerce, the Treasury, the Defense and the State Departments. The CFR is extremely influential in formulating and controlling the Nation's trade and foreign policies. The record shows clearly that CFR members in Government service have advocated, implemented and continued export, trade and defense policies favorable to the Soviet Union and detrimental to the long-term security and best interests of the United States.

Do you remember the parable of the man who sowed his field with good seed? Among the fruits of the field there were tares. When his servants told him what they found he said, "An enemy hath done this while we slept."

Will our Country be destroyed—from within—while we sleep?

FIRST WORLD MANAGEMENT CONFERENCE TO BE HELD IN OCTOBER 1975

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. WHALEN. Mr. Speaker, worldwide inflation and energy shortages have been dramatic reminders of the interdependence of the nations of the world. The major problems confronting the United States and other countries today are global in origin. Pleas for international cooperation have become clichés—but they are more valid today than ever before.

The National Management Association, headquartered in Dayton, Ohio, has taken the initiative to make international cooperation more than a cliché. The NMA has scheduled the first World Management Conference for October 5–8, 1975, in Washington, D.C. Participants from all nations are invited to exchange ideas and information on basic management skills, and it is estimated that about 1,400 business executives and their spouses will attend.

Management decisions affecting six areas will be discussed at the conference: Inflation, productivity, energy, scientific management, labor, and the environment.

Speakers on the preliminary agenda include the President of the United States, the Shah of Iran, the Secretary General of the United Nations, and the U.S. Secretary of State.

The NMA did not seek any government subsidy for the conference, and all net proceeds will be contributed to the world food program of the United Nations.

The conference sessions at the Sheraton-Park Hotel will be conducted with multilingual translation equipment, and amateur radio operators known as Project Oscar will transmit news of the conference throughout the world.

The NMA plans to continue its efforts to promote international prosperity and understanding after the conference is over. Exchange visits by foreign and American management professionals will be sponsored. During Bicentennial celebrations in 1976, regional tours and meetings will be hosted by NMA chapters in cooperation with the Sister Cities International Organization.

The National Management Association, and Mr. Edgar M. Skinner III, its chief executive officer, merit commendation for the foresight exhibited in scheduling this historic conference. The NMA will be celebrating its 50th anniversary when the First World Management Conference convenes. The NMA was founded in 1925 by a foreman's group to foster professionalism in management. Today, it is the largest society of professional managers in the world.

PENTAGON SEEKS JEWISH AID

HON. H. R. GROSS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. GROSS. Mr. Speaker, passage this week in the House and Senate of so-called foreign aid bills, authorizing spending in this fiscal year of up to $2.7 billion and heavily loaded with money for Israel, recalls manipulations that took place earlier this year as reported by the Philadelphia Inquirer.

The Inquirer article of April 17, 1974, written by Mr. Saul Friedman of the Inquirer's Washington staff, is revealing in that it exposes the maneuverings and manipulations on the basis of which high Government officials and organized lobbies meet behind-the-scenes to formulate plans for writing the laws of the land and spending the public's money.

The article follows:

PENTAGON SEEKS JEWISH SUPPORT

(By Saul Friedman)

WASHINGTON.—Secretary of State Henry Kissinger and Adm. Elmo R. Zumwalt Jr., outgoing chief of naval operations, have been quietly lobbying among American Jewish leaders to win their support for a bigger Pentagon budget.

The Jewish community is generally liberal, and some of its leaders, in alliance with liberal groups, traditionally have opposed repeated increases in military spending.

But administration lobbying efforts among Jews, especially after the October Middle East war, have been producing some changes in attitude.

Earlier this year, Kissinger met with a group of Jewish intellectuals to reassure them that American support for Israel is not wavering. Some details of that meeting have leaked out.

Soon after that, Kissinger also met with a group of prominent Jewish organizational and community leaders. He gave them the same message he had given the writers and scholars.

In addition, according to persons who were present, Kissinger noted the military aid the United States had given to Israel and reminded his guests that Israel's security rested on maintaining "an adequate American defense posture."

ASKS FOR HELP

Later, in early March, Zumwalt asked several Jewish businessmen with close connections in the administration for some help in contacting Jewish leaders. The result was a dinner at Zumwalt's home for about a dozen heads of Jewish civic and religious groups.

He argued on behalf of the administration's request for $85.6 billion in defense spending, especially the Navy's part.

One of those who attended said he was "impressed with Zumwalt's tact and discretion."

Zumwalt, in discussing hypothetical situations in which American help might be needed, asked what would happen if Saudi Arabia were attacked by an Arab neighbor.

Zumwalt's guests understood he was really talking about Israel. And he did talk about Israel's dependence on U.S. arms when the Jewish leaders pressed him.

Partly as a result of the meeting, David M. Blumberg of Knoxville, Tenn., president of B'nai B'rith, sent a letter to the Pentagon expressing his concern that the American stockpile of conventional arms and ammunition was sorely diminished by U.S. aid to Israel.

Like other Jewish leaders, Blumberg is afraid that Israel could suffer unless American arms supplies are sharply increased.

Jewish leaders have been getting the same message from Pentagon representatives of other armed services, and even from defense contractors.

Ira Silverman, director of the Institute for Jewish Policy Planning and Research, an arm of the Synagogue Council of America, calls the Pentagon effort, "lobbying of the Jewish lobby."

The message of the Pentagon lobby is on two levels, Silverman said.

"One level is rather unsubtle," he said. "They are saying, 'We helped you, now you help us.'

"At the practical level, the case is made in more objective terms of self-interest, that just as C-5 transport planes and aircraft carriers, items previously opposed by the would-be military budget slashers, were invaluable in support of Israel during the war, *so will* American military capacity in the future determine Israel's security."

One Jewish leader, Hyman Bookbinder, Washington representative for the American Jewish Committee, is among those who are rethinking their traditional views against defense spending.

On his own initiative, Bookbinder called together colleagues in other Jewish groups "to take another look at the military budget."

Bookbinder said the Yom Kippur War "made us realize that nuclear confrontation is not the only way the powers compete. And unless the U.S. has adequate conventional arms, it could be drawn into a nuclear confrontation."

Bookbinder also repeated the concern heard among other Jewish leaders that "the Soviets had far more to give their Arab allies than we had to give Israel. They had more advanced conventional arms, and more quantity. More than a third of our total inventory was chewed up in just a few weeks."

Thus, said Silverman, many leaders and members of the socially-conscious Jewish community have been caught in the middle between their traditional advocacy for a "reordering of priorities," and helping the Pentagon obtain arms necessary for Israeli defense.

The Jewish community was in a similar fix, when the Johnson and Nixon Administrations put pressure on Jewish leaders to moderate their opposition to the Vietnam War in exchange for the support of Israel. Such pressures were only partly successful.

The effort to obtain Jewish help on behalf of the Pentagon may fare better.

At Israel's Lod Airport last October, a prominent Jewish leader watched as the huge American C-5A transports shuttled in with tons of supplies, and he recalled how liberals in Congress battled that plane.

"I'm very glad we lost," he said.

STUMBLING OVER DOLLARS TO PICK UP PENNIES

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. SYMMS. Mr. Speaker, we have all heard the expression "stumbling over dollars to pick up pennies" used at one time or another with reference to the Government. Innumerable stories have been told which exemplify this expression. For your reading enjoyment, I am happy to present still another such story which concerns my constituent, Robert Hooker, who resides in my hometown of Caldwell, Idaho.

The story begins on April 4, 1972, when Mr. Hooker along with millions of other Americans was hurrying to prepare his tax returns for a timely filing. After a careful tallying of his tax liabilities and his deductible expenses, Mr. Hooker filed for a $26 refund from the State tax authorities. His claim was later denied and Mr. Hooker, the timely filer, was scheduled for a not so timely hearing date of December 13, 1972 before the State Tax Commission.

At the hearing, counsel for the Tax Commission insisted upon presenting his argument first. According to Mr. Hooker, this was because the learned counsel "wanted to firm up what we were arguing about." Yes, indeed, Mr. Hooker's opposing counsel was aware of the maxim, "let me state the issue and I'll win the argument!" For 2 hours and 45 minutes, there was a scholarly delineation of the issues and evidence was summoned to show that Mr. Hooker was not on the winning side of those issues. Then, Mr. Hooker was afforded the chance to present testimony—all 15 minutes of it—and he produced an affidavit signed by both his attorney and physician showing that cigars were of beneficial use to him in weight control and therefore a deductible medical expense. However, while the Commission agreed that this deduction was allowable, they ruled against him on grounds other than the cigar deduction.

Verily, verily, few cases are halted after only one hearing, as many an appellate court judge is aware. Mr. Hooker, zealot for justice that he was, decided to take his case to the State Board of Tax Appeals. At a hearing on May 2, 1973, Mr. Hooker made one further inroad in the case against him by proving that the State's valuation of his car had been incorrect. The 18 month old vehicle was not worth only $150, as the tax officials had asserted. After all, the depreciable wonders of ADR do have their limits. And $150 in this day and age would not have covered the cost of the tires. While the Board agreed with Mr. Hooker on this further point, they ruled against him on grounds other than the car's worth—his home office expenses proved to be the Waterloo in this proceeding.

On September 13, 1974, still another confrontation was had by Mr. Hooker and the tax authorities in the Third District Court. At this stage, it was bothersome to still be tangling with Mr. Hooker's intricate problems and learned legal counsel was about ready to follow still another known to the law profession—"sometimes it is best to cop a plea and flee." Negotiations were on.

The State's attorney offered a $15 refund to Mr. Hooker. Mr. Hooker, firm in his conviction that his cause was right, refused to accept. Slowly, the ante was upped. Quickly was each new offer refused by Mr. Hooker. Finally, with the offer of $20, a stalemate occurred. At this point, the judge sitting in the case decided it was time for a savvy intervention. "Men, men," he boomed, "We aren't going to the State Supreme Court with this man seeking $6 from the State of Idaho. It's not the publicity the State needs." Thereupon, a settlement was made which was fully agreeable to Mr. Hooker. At what cost to the Idaho taxpayer was a principle fought for and lost.

All stories have a denouement—Mr. Hooker's story had its denouement on November 2, 1974 when a check from the State in the amount of $26 arrived at his home. However, a new story may begin to unfold soon. Mr. Hooker, in a recent chat, told me that he is taking the U.S. Tax Court to task in January on another matter.

A HEALTHY LOOK AT VITAMINS

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. PICKLE. Mr. Speaker, I read with great interest the remarks of my esteemed colleague, Congressman Paul Rogers, entitled "True Facts About Vitamin-Mineral Legislation," that appeared in the Congressional Record on December 10, 1974, on page 38786. My interest turned quickly to disappointment. In my opinion, the "true facts" that Mr. Rogers reports do not jibe with what my research has produced.

Mr. Rogers, as the chairman of the Subcommittee on Health and Environment of the Commerce Committee is understandably in favor of the bill that his subcommittee reported out, H.R. 16317. However, I think it is unfair for him to label his bill the "consumer" bill, and to label H.R. 10093 the Proxmire-Hosmer bill, that passed the Senate 81 to 7 and has more than 200 cosponsors in the House, as the "industry" bill.

The main point that Congressman Rogers makes against the Proxmire-Hosmer bill—that it would take away present consumer protection provisions respecting additives and special dietary products—results from a misunderstanding of the bill.

The whole argument here is quite simple. We who support the Proxmire-Hosmer type of legislation want to establish one thing—vitamins and food supplements are not drugs and are not food additives. Food is food—natural and without doctoring.

In proposing this concept, I think we all have created a misconception. Some have thought we were trying to hamstring FDA's control over food additives—additives are chemical, the unnatural things added to modern-day foods for various reasons. This simply is not the case.

In order to clear up the misunderstanding, I ask the distinguished chairman of the Subcommittee on Health if he would accept this language to a Proxmire-Hosmer-type bill.

> Nothing in this section shall be construed to limit the Secretary's authority to declare any food additive to be unsafe pursuant to Sec. 409(a) of the Act, or to prescribe the steps to be taken to establish its safety, pursuant to Sec. 409(b), including compliance with the anti-carcinogens provisions of said section.

This language would make it clear that vitamins and food supplements are to remain classified as such under the law, while the FDA can continue to monitor additions to food that are harmful.

This simple amendment to the Proxmire-Hosmer bill should lay to rest all the straw men conjured up by the letter inserted in the Congressional Record along with Mr. Rogers' remarks from Mr. Peter Barton Hutt, assistant General Counsel of the Food and Drug Division of HEW. Incidentally, it was not surprising to me that the FDA defended so vigorously the Kyros-Rogers bill, since it is obviously to their advantage. It was of our present laws and their attempt to classify vitamins as drugs that got us into this controversy in the first place. Now through their interpretation of the language in the Kyros-Rogers bill they seem to be looking toward even broader rulemaking power.

Hopefully with the amendment I just proposed, we can move beyond the apparent misunderstanding between Mr. Rogers and the Proxmire-Hosmer supporters to a deeper discussion of the two bills, for I think that there are many issues which need to be aired.

For many months, I have been discussing this issue with my distinguished colleague, Mr. Rogers, and I appreciate the time and thought that he has devoted to the problem of trying to seek a balance, so that the FDA can protect us from unsafe and unpure foods and vitamins, while at the same time letting the American consumer decide for himself what extra vitamins he needs.

The bill Congressman Rogers is recommending is an extremely complicated bill. I have had several people on my bill, and compare it to the other bills that were introduced. These other bills include one by Representative Craig Hosmer, a similar bill that I introduced, a similar bill introduced by the Hon. David Satterfield, and S. 3585, the so-called Proxmire amendment to the health manpower bill that has passed the Senate.

We found that the subcommittee bill would open up the doors, through complex exceptions, for the FDA to do just what I feel the majority of the Congress does not want.

One unknown aspect of the subcommittee bill is that it allows the FDA to classify vitamins and minerals as food additives. Food additives are chemicals, preservatives—not vitamins. This Congress should encourage the FDA to monitor the foreign chemicals being added to food, but not vitamins.

Besides, section 402 of the FDA legislation already allows FDA to protect the public against toxic food.

Also, why does the subcommittee bill allow the FDA to classify vitamins and minerals sold in the form of flakes, granules, or powder as drugs?

The notion that vitamins and minerals are bad for pregnant women and children is another one of those mysteries in this bill. Not only is it inexplicable, in my mind, but an administrative nightmare. Are we to have one shelf for pregnant women and another shelf for children's vitamins?

The subcommittee gives the Department of HEW power to declare vitamins and minerals are prescription drugs under section 503(b) of the FDA Act. Again, Mr. Speaker, this is not necessary. Section 402 controls the toxicity of foods, and vitamins and minerals should not be drugs under section 503(b). The subcommittee bill nearly brings us back to right where we were under the much opposed FDA regulations.

Finally, Mr. Speaker, the subcommittee bill changes the definition of "food for special use" from the one the FDA has used for nearly 20 years. This is an example of the subcommittee's leaving the basic goal that vitamins were not to be classified as drugs. A Proxmire-Pickle type bill keeps this goal in mind.

I would like very much to be able to agree with my distinguished colleague, to suggest a few amendments to his bill so that we could agree. I think we both have exactly the same aims. I think we both want to protect the public while not unfairly limiting their right to purchase non-harmful products.

The original Hosmer bill—as well as the Proxmire amendment that has passed the Senate—simply mandates that vitamins and minerals be left in the food regulations category. This was necessary because the FDA decided to classify vitamins and mineral supplements as drugs for regulatory purposes, effective January 1, 1974. If those regulations—which are presently under a stay order issued by the United States Court of Appeals for the Second Circuit—go into effect, the FDA would be allowed to limit the size and potency of vitamins to 150 percent of recommended daily dosage. Anyone who desired or needed to take more, must either take a number of pills or have a doctor's prescription—in either case having to spend more money.

If the FDA were on firm ground, if vitamins were in fact "drugs," I would be happy to go along with the FDA recommendations. However, even the doctors and scientists cannot agree on what a particular individual's requirements are for vitamins.

A distinguished scientist in my own State is Dr. Roger Williams of the University of Texas. His research in the Clayton Foundation Biochemical Institute, where more vitamins and their variants have been discovered than at any other laboratory in the world, has greatly advanced our knowledge of nutritional needs. He has authored numerous books on the subject. Dr. Williams found that different people need different amounts of vitamins. He has also conclusively proved that modern man, by eating more overrefined food—white bread, for example—has deprived himself of needed vitamins that are found in whole grain. Many people, particularly elderly people are suffering from vitamin deficiencies. Should we make it more difficult for them to buy vitamins?

In addition, H.R. 16317 would give the FDA, for the first time in history, control over advertising of food supplements while continuing Federal Trade Commission powers over the same subject matter. The bill could bring about absolute criminal liability as to advertising without intent as a factor.

The FDA already has authority to prosecute for mislabeling or misadvertising. Under the existing laws the FDA can regulate vitamins if they are toxic, if they are misbranded, or if they are made in unclean surroundings. I think that any truthful statement concerning the composition, source, or quality of any food for special dietary use or any of its ingredients, whether or not a need for the food or any of its ingredients in human nutrition has been established, can properly be included. The bill reported by the subcommittee on August 7, 1974, but never brought before the full Commerce Committee, seems to me to have such a barrage of definitions of vitamins, minerals, or other ingredients of food, as to make it an administrative nightmare.

The subcommittee bill is or could be an administrative nightmare, it is full of exceptions that would allow the FDA to strangle the public's access to vitamins and health food supplements, and it could place an unnecessary criminal liability on the producers of vitamins.

I would hope that those espousing various views on this issue can still get together on a reasonable, common approach. I think only then can we help further misunderstandings from clouding the issues. I think only then can we hope to settle this problem once and for all.

MISSISSIPPI: CATTLEMEN FACING A GLOOMY FORECAST

HON. DAVID R. BOWEN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. BOWEN. Mr. Speaker, many of us in Congress from cattle-producing States have been aware for some time of the growing plight of the livestock industry. Since Mississippi is the largest beef cattle-producing State east of the Mississippi River, the gravity of the situation is of extreme concern to me as a Congressman and as a member of the House Committee on Agriculture.

This article by Mr. Philip D. Hearn of the UPI bureau in Jackson, Miss., ran in several newspapers in my congressional district, including the December 8 edition of the Greenville Delta Democrat-Times. I would like to respectfully suggest that our colleagues from the urban States who represent large consumer-oriented constituencies with little or no agricultural interests or family farming operations, such as the typical Mississippi cattle farm, read this article and perhaps comprehend more fully the severe economic crisis facing our livestock industry.

The article reads as follows:

MISSISSIPPI: CATTLEMEN FACING A GLOOMY FORECAST

(By Philip D. Hearn)

Jackson.—Mississippi cattlemen are fighting for economic survival as a result of sharply rising feed costs which have curtailed feedlot markets during the past year.

And agriculture specialists say they face a gloomy forecast of no immediate relief.

Dr. James C. Collins, head of the State Cooperative Extension Service's Animal Science Department at Mississippi State University, called the economic situation a "complete disaster" for Mississippi beef producers.

L. L. Monroe of Jackson, extension marketing specialist, said that "Mississippi cattlemen are just trying to hold on. They're trying to minimize their losses instead of maximizing profits."

The two beef marketing experts, in an interview with United Press International, said the direct source of the dilemma faced by Mississippi cattle producers was the doubling of feed grain prices during the past year up to about 60 cents per pound—brought on by massive grain exports in 1973 and a low crop in 1974 caused by drought.

Collins said the state's 65,000 cattlemen reaped a gross income in excess of $300,000 during 1973. He said more than 20 per cent of the gross annual income of Mississippi—which ranks ninth nationally as a beef producing state—normally was derived from cattle sales.

But he predicted that the state's gross income from beef sales this year will be less than half of the $300,000 in 1973 and added, "there will be no net income from cattle in the state this year; there's been a loss."

Collins explained that under Mississippi traditional "cow-calf" type of operation, producers wean and feed their calves up to a eight of from 300–500 pounds and then sell them to the feedlots of Texas and the Midwest. The calves are then grain-fed up to a commercial slaughter weight of about 1,000 pounds by the feeders.

"The problem now is that due to the high cost of feed grains, it is no longer profitable for the feedlots to buy Mississippi calves at these light weights," said Collins. "Therefore we have lost a large majority of our market."

Monroe said Mississippi cattlemen shipped out nearly 1,000,000 head of cattle to the feedlots in 1972 and about 650,000 head in 1973. He speculated "not more than a half-million head" would be sold this year.

"The feedlot operator simply is not buying," Collins said. "He can't do anything about the high cost of feed but he can do something about the (volume of) cattle going into his feedlot. The price has got to be cheap enough where he can make a profit, so the sales prices of feeder-stocker calves have taken a tremendous drop."

Mississippi Cattle Association officials said that the average national price of a stocker calf paid to cattle producers by the feedlots in November of 1973 was $59.63 per 100 pounds, compared to only $29.10 in November this year.

They said the average prices paid to Mississippi cattlemen ranged about $5.50 less than the national averages—meaning that a 400-pound stocker calf which was sold for $216.52 in the state last year would bring only about $94.40 this year.

Collins said the solution to the current problem was less utilization of the expensive feed grains. He said this could be accomplished by Mississippi cattlemen keeping their calves in the pasture an additional six to 10 months, getting them up to a weight of from 500–700 pounds before selling them to the feedlots.

"This will reduce the use of feed grains, which are in short supply, and will reduce the cost of trains in the feed lot," he said. "And it should result in a quality product for the American consumer."

He said the immediate drawback would be the "lag time of getting into this type of program" which would mean additional "immediate economic hardships" for Mississippi cattlemen during the first year of the changeover.

"But we are optimistic that in the long run, it can be beneficial due to the fact that the product we produce in this state is grass-fed," Collins said. "It can give us greater utilization of our forages and pasture land."

Collins and Monroe said that most experts agreed that it will be from 3–5 years before Mississippi cattlemen "recover" from the current economic hardships.

"Our experts don't feel there will be a profit next year," Monroe said. "It looks like a long hard road."

But other officials acknowledged that the demand for beef remains high and said the quality of American beef remains good.

"The retail price of beef has not fluctuated greatly and we don't expect it to, really," Collins stated.

IN HISTORIC MEMORIAM TO MISS MYRA REGINA "MINNIE" DOLAN OF NEW JERSEY, OUTSTANDING CITIZEN, ADVISER, AND GREAT AMERICAN

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. ROE. Mr. Speaker, early Sunday morning, December 1, 1974, a great lady of my hometown of Wayne went to her eternal rest. Members of our community, the Eighth Congressional District and State of New Jersey deeply mourn the passing of Miss Myra Regina Dolan, an outstanding citizen, esteemed neighbor, and great American, and I know you and our colleagues here in the Congress will want to join with me in extending our most sincere condolences to her family; her niece, Mrs. Dorothy W. Patterson; two great-nieces, Mrs. Robert W. "Pat" Paulson of Wayne and Mrs. Edward L. "Mary Ellen" Hardy of New Brunswick; a great-nephew, Edgar H. Patterson of North Haledon—all of New Jersey—and nine great-great nieces and nephews.

Miss Dolan, born in Paterson, N.J., 90 years ago, was the daughter of the late John and Margaret Robinson Dolan. She resided in the Totowa section of Paterson, N.J., and for the past 9 years in Wayne, N.J. Her lifetime of interest and compassion for her fellow human beings has embraced three generations with a strong quiet strength of richness in her wisdom and sincerity of purpose that has endeared Miss Dolan to all who had the good fortune to know her. With the deepest respect she has been known affectionately by many of us throughout the years as "Aunt Minnie."

During her lifetime Aunt Minnie has been a devout and active participant in the church as well as government, civic, and political activities throughout our area. She was a communicant of Immaculate Heart of Mary Roman Catholic Church and a highly esteemed member of St. Mary's Church, Paterson, and its Rosary Society, the Third Order of St. Francis.

Miss Dolan is fondly remembered by many of the most esteemed politicians of our country for the quality of her leadership in the Democratic Party. She was a county committeewoman of the County of Passaic as well as an officer in the Second Ward Democratic Organization of the city of Paterson. Her distinguished contribution to the political and governmental affairs of our community and State spanned more than a half-century for which we are all deeply indebted and most appreciative.

Mr. Speaker, I am privileged and honored to have this opportunity to commend our beloved lady Aunt Minnie Dolan to you and seek this congressional recognition of her standards of excellence and all of her good works. May I respectfully request that we extend a moment of silent prayer in tribute to an outstanding citizen and great American, Miss Myra Regina Dolan. May she rest in peace!

HOUSE TO CONSIDER MINING ACT

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. SYMMS. Mr. Speaker, this week the House of Representatives will be considering S. 425, the Surface Mining Control and Reclamation Act. This measure has received a great deal of publicity lately, much of which would lead one to believe that unless passed, the wholesale destruction of our environment will take place before our very eyes at the hands of the mining industry. It is time to put the real issues of this legislation in proper perspective, to separate myth from reality and to recognize what is really at stake here.

Proponents of this measure suggest that unless passed, the Western United States will one day become another Appalachia. This contention is simply not borne out by the facts. Comparing the West with Appalachia is like comparing apples with oranges. The problems which the Appalachian region presently faces are largely due to a much higher annual rainfall—and consequently much stronger erosionary forces—than exists in the West. Furthermore, a number of Western States, including Wyoming and Montana, have demonstrated the ability to effectively deal with the strip mining question on the State level, without the need for this kind of drastic Federal intervention. There is no reason to believe that other States cannot do the same.

No reasonable person is against the establishment of safeguards to insure that surface mining companies conduct their operations with the fewest avoidable ill effects on the environment. Everyone agrees that strip mined lands should be reclaimed to the maximum degree realistically attainable. S. 425, however, has left the realm of the reasonable and entered the area of the near impossible. If passed and strictly enforced, this measure will have the ultimate effect of seriously restricting coal production in America at a time when national energy independence has become not only a desirability but also a necessity.

Mr. Speaker, any reasonable bill would recognize that due to the diversity in climate, terrain, and other physical conditions in different mining localities, it is unrealistic and unfeasible to enforce uniform surface mining standards throughout the Nation. Any reasonable bill would reflect the reality that it is oftentimes impossible to preserve the exact same hydrological conditions in an area after mining as existed before. Any reasonable bill would note the near impossibility of backfilling mined-over areas to the original contour, especially when there is a shallow overburden and a thick coal seam to be removed. Any reasonable bill would recognize that in many areas it is impossible to guarantee absolutely no downslope spoil. Yes, any reasonable bill would—but not S. 425.

What this all boils down to is that this measure, as it now stands, quite simply will prohibit surface mining companies from extracting coal in many areas of the country where coal is most abundant. When one considers that by present projections America will need to produce an estimated three times the amount of coal by 1985 as it is producing today, it is easy to see how readily an energy crisis can be created by legislative fiat. What also becomes very apparent are the ways in which excessive Government intervention can destroy natural competition within an industry. Consider, for instance, the unbelievable amount of data which companies would be required to provide before receiving their mining permits, including geologic and hydrologic information, core drillings, maps, laboratory analysis and much more. So burdensome and expensive would these requirements be, that the small operator would likely be driven out of business with only the large monopolies remaining. Moreover, while S. 425 may seem to pertain to only coal mining now, it is a foot in the door for regulation of other mining as well. If we continue to regiment our society by setting up more and more bureaucracies, the flow of capital needed to maintain our standard of living will be drastically cut. Already our GNP has been slowed by lagging productivity, and this bill will only worsen the situation and make the energy crisis more difficult. It is just not fair to punish the productive capacity of this Nation for the purpose of social goals which are vague, ill-defined and take no cognizance of our energy needs.

Mr. Speaker, passage of the Surface Mining Control and Reclamation Act by this body would be a tragic mistake for two reasons. First, this legislation would be destined to severely hamper the extraction of the coal reserves necessary to meet the increasing energy needs of our Nation. But moreover, such passage would stem from a very legitimate yet misguided concern over a genuine environmental problem. If that concern had only been tempered by more sober and balanced reasoning, we could have ended up with a constructive and altogether acceptable bill both from the economic and environmental standpoints.

Almost no one is against the establishment of guidelines which will guarantee the least damage to the environment by surface mining operations. No reasonable person would suggest that strip mined lands should not be reclaimed to the fullest degree possible. Of course they should. It can be argued that the individual States should more properly assume the responsibility of setting these kinds of regulations than the Federal Government, and I would agree. Yet under the circumstances, it was no longer a question of whether or not Congress will act, it was simply a matter of how it will act. Coal mining companies are in fact anxious for Congress to expedite the matter so that they can once again move ahead without the haunting specter of unknown but inevitable Government regulations hanging over their heads. They are in other words, unwilling to enter into a game in which the rules are about to be changed, until they know what the changes will be.

Mr. Speaker, the problem with S. 425 is that it is not so much regulatory as it is prohibitory in both spirit and purpose. Most experts plainly admit that, if plainly enforced, this legislation will construct a Federal well around our Nation's coal resources so thick with prohibitions that many areas rich in coal deposits will be marked "off limits" to mining altogether. When one considers our ever-expanding energy needs, it is not difficult to envision the disastrous potential of this bill.

This exceedingly strict measure is a classic example of congressional overreaction to a legitimate but two-sided question, whereby proponents perceived one side of the issue while largely ignoring the other. Soon the bill's advocates in the news media were falsely labeling all opposition to the bill as a "sellout" to the big mining interests: In reality, it is S. 425 which deserves the criticism, for it will sell out the interests of every energy consumer in this Nation to a handful of irresponsible environmentalists zealots and ultimately will only aggravate and perpetuate our energy ills.

Our Nation's ability to meet its upcoming energy needs rests heavily upon the accessibility of American coal reserves. S. 435 is so strict that it flies right in the face of this reality. It would sacrifice the future well-being of our citizens upon the altar of uncompromising environmentalist extremism. Depending on how this body acts on this measure, Americans will know once and for all whether we are really concerned about the energy problems our country faces.

HON. H. R. GROSS

HON. OMAR BURLESON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. BURLESON of Texas. Mr. Speaker, as one who has served here in the House of Representatives with H. R. Gross during his 26 years of service, I join with his many friends and colleagues who extend to him and his good wife, Hazel, the best of all good things in their retirement.

H. R. and I have had neighboring offices for a good many years and in this capacity, as well as in the House itself, we have come to have a warm personal regard and high esteem for him. If we needed to borrow a cup of sugar, even at today's prices, we know we could ask H. R. Gross and his staff and they would provide.

I think it is evident to all that H. R. Gross has made a tremendous contribution to the political process. He is a man of such great courage that he is an inspiration to all. His many colleagues have a deep appreciation of the fact he does have this sort of courage and leadership which they, themselves, would like to have. He has served the Nation well and there is no one who more deserves a full and rewarding retirement. Our warm good wishes go with him and Hazel.

GOOD SAMARITAN AWARD

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. EDWARDS of California. Mr. Speaker, on October 20, 1974, I had the pleasure of being present at the St. Rose Hospital's Fifth Annual Good Samaritan Award presentation. The Good Samaritan Award is given to an individual who has given of himself to his fellow man.

This year's winner was Mrs. Viola Blythe, a resident of Newark, who has for years given dedicated service to less fortunate members of her community. She has given food and clothing, as well as counseling and assistance in obtaining jobs and securing housing for those who lack what so many of us take for granted. All these things she has given in a spirit of friendship and love to everyone whom she has found in need.

Mrs. Blythe's actions have been noted not only by the presentation of the Good Samaritan Award but by many letters of nomination from other volunteers and leaders in the city of Newark. Her example of selfless dedication to helping others is one that we would all do well to attempt to follow. Mrs. Amparo Galindo, the winner of the 1973 award, made the presentation to Mrs. Blythe.

This year's Good Samaritan was chosen from eight nominees, all of whom have shown they, too have the qualities of compassion and personal concern for others. Peter Barthelme of Hayward was nominated for his volunteer work with youth in trouble and for his many hours of work with Project Eden in its drug treatment center.

Mrs. Mae E. Santos, a native of Union City, has provided the basics of human existence in clothing and household needs to families in her community. She has also helped Indian missions in Arizona.

Mr. and Mrs. Jim Hefferman of Hayward, together work in the big wheels program which is devoted to transporting the sick, the elderly, and the disabled. By their actions, they have consistently shown their personal concern, encouragement, and humanity to people in all walks of life.

Mrs. Catherine Vieira of Castro Valley, chairs the telecare program at Memorial Hospital in San Leandro. Her program keeps in daily touch with the elderly who are homebound and lonely.

Mrs. Louise J. Royden of Hayward, nominated posthumously, devoted her life to youth and their education. Humanity is privileged to have her life as an example of a Good Samaritan.

Mrs. Maria Butts, of Livermore, has spent countless hours of work for the Society of American Indians in an effort to help our native Americans.

A group of young teenagers from Freemont and Newark were nominated for their garden project. Mimi Alvarado, Ray Giacopazzi, Terry Giacopazzi, Debbie Rosa, Richard Suk, and Tom Suk planted, tended, and harvested a vegetable garden during their summer vacation. The vegetables from this garden were distributed to those in need. These youngsters have also begun their winter garden in order to continue their project. They certainly deserve high praise for their dedication and continued service to others.

I would like to take this opportunity to again extend my congratulations to Mrs. Blythe and the other nominees. I believe St. Rose's Hospital deserves special commendation for its recognition of individuals involved in humanitarian efforts and I thank the hospital for its fine award program.

DATA TO BE CONSIDERED REGARDING NURSE TRAINING AND HEALTH MANPOWER ACTS

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. SYMINGTON. Mr. Speaker, as the Congress considers the Nurse Training Act and the Health Manpower Act, I ask that my colleagues take note of the following data which, at the request of the American Academy of Pediatrics, I now insert in the RECORD:

The Nurse Training Act, H.R. 17085 contains language affecting nurse practitioner programs; it requires "minimum class size of not less than 25 students." Only 2 of the 62 existing programs now train 25 or more students. The average class size for pediatric nurse practitioners is 8.9 students per class. Sixty-one per cent of all classes have been less than 10 students, 86% of all classes have less than 15 students. Classes are kept small so that students might receive individualized training under close supervision while gaining their clinical experience with patients, thereby assuring high quality training programs. It would be difficult for most current programs to meet new requirements, simply because clinical facilities for larger classes are not available. The new definition requires a minimum course of study of one academic year for nurse practitioners. Of the existing programs providing continuing education for nurses to qualify them as pediatric nurse practitioners, 86% require less than one year of training. The American Academy of Pediatrics recommends "that a minimum of four months of educational experience is needed to attain the desired objectives."

Nurse practitioner programs are relatively new, most pediatric nurse practitioner programs have been established since 1970. The programs are conducted under a variety of settings: nursing schools, medical schools, jointly by nursing and medical, as well as in health departments, teaching hospitals, and schools of public health. These programs are still experimental.

I am told that a number of institutions now administer programs of training for pediatric nurse practitioners. The Academy provided the following breakdown of the types of institutions which run such needed programs:

Programs administered by Schools of Medicine	10
Programs administered by Schools of Nursing	25
Programs administered collaboratively by Schools of Nursing and Medicine	11
Programs administered by either health departments, medical groups, or military	14
Miscellaneous—School of Health Science	1
Miscellaneous—School of Public Health	1

Under the new law, I certainly believe administrative changes should be made in existing nurse practitioner programs so those training efforts of exceptional value can receive Federal help.

EMERGENCY JOBS ACT IS INADEQUATE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. CONYERS. Mr. Speaker, although I shall vote in favor of H.R. 16596, the Emergency Jobs Act of 1974, I shall do so with reluctance, because this bill does not even begin to meet the need to which it is addressed. Creating new jobs and expanding unemployment assistance are obviously necessary. But it is equally obvious that the impact of this bill will be negligible in comparison to the escalating problem of unemployment and the deprivation it causes.

This emergency jobs bill authorizes $2 billion to create 300,000 public service jobs nationwide between now and the end of June 1975. To illustrate the magnitude of the unemployment problem and the inadequacy of this legislation, there are now over 150,000 jobless workers in the Detroit area alone, and nearly 280,000 in the State of Michigan. Providing jobs for all the people in Detroit would take fully one-half of the jobs created by this bill. Even with its targetting provisions, it is obvious that few will benefit from this legislation.

During the first 11 months of 1974, 542,000 people in Michigan filed new applications for unemployment insurance. During the same period, the Michigan Employment Security Commission was able to list only 141,000 new job openings, of which roughly 60 percent are for professional, clerical, or other white collar positions. During November and December alone, Chrysler has laid off 5,700 workers in Detroit indefinitely and another 11,600 temporarily, with the other automobile manufacturers not far behind. If this bill is indicative of what the President and the Congress intend to do about the recession during the coming months, the total number of jobs we are creating today will be inadequate to meet Detroit's needs by the time this legislation expires.

More than 25 years ago, this Congress committed the Federal Government to a policy of full employment, a goal which we have never made any real effort to achieve. Instead of trying to fulfill the promises of our rhetoric, we are subjected to endless quibbles about what constitutes an "acceptable" rate of unemployment. My answer to this question is simple: In a nation with our resources and wealth, no person seeking work should be unable to find it.

The Members of this House must not allow themselves to be lulled into a false sense of accomplishment by passing this bill today. The actual total number of Americans who cannot find steady work already exceeds 20 million, and unemployment will inevitably continue to grow unless the Congress imposes on the administration an antirecessionary policy with real teeth to it. The answer will never be emergency bills to create a few temporary jobs. One answer lies in legislation which establishes the Government as the employer of last resort. There is certainly work that needs doing and there are people anxious to do it, if only we meet our moral obligation to make it possible. A second, and equally important consideration lies in a critical assessment, already long overdue, of the systemic failures of the American economy which are at the core of the problem we are addressing today. Until this takes place, we can be sure that the combination of inflation, recession, and unemployment we are now enduring will be a worsening nightmare for the American people.

SALUTE TO CONGRESSMAN HAROLD COLLIER

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. McCLORY. Mr. Speaker, it is with a feeling of nostalgia and some personal emotion that I rise to pay this tribute to our colleague, Congressman HAROLD R. COLLIER of the Sixth District of Illinois, who has elected voluntarily to retire from the U.S. House of Representatives following 18 years of valued service as a Member of this body.

Mr. Speaker, Congressman COLLIER, who resides in the town of my birthplace, Riverside, Ill., has brought a great wealth of experience and energy to his legislative tasks. As a member of the powerful House Ways and Means Committee, Congressman COLLIER has contributed his balanced judgment, his innate faith in our system, and his vast knowledge of the operations of local and State government, as well as the private economy.

Mr. Speaker, in addition to the wise and considered judgment which he exercised, Congressman COLLIER has been singularly courageous in the stands which he has taken on highly controversial legislative issues, both in the committees upon which he served and in the formal debates on the floor of this House.

Mr. Speaker, I am privileged to express this tribute of respect and affection to HAROLD COLLIER, and to extend to HAROLD and his wife, Carol, the good wishes of my wife, Doris, and myself for many years of happiness and good health.

DÉTENTE AND VLADIVOSTOK SUMMIT: AN EVALUATION

HON. BEN B. BLACKBURN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. BLACKBURN. Mr. Speaker, for over 4 years, the so-called détente was pursued so singlemindedly and to the exclusion of so many other interests that it became a go-for-broke operation. We have witnessed a surrender of our strategic advantages via SALT I agreement. We have also witnessed a huge overflow of the most advanced American technology and sophisticated capital equipment to the Soviet Union, most of it financed with long-term credits at interest rates subsidized by the American public. Furthermore, our Government has made a number of other concessions to the Soviet Union involving such vital areas as a 35-nation European Security Conference.

Within Dr. Kissinger's "scenario of détente," the Soviet Union was able to take numerous advantages of the created conditions and inflict serious blows to the U.S. economy, security, and position in the world. For example, the disastrous Soviet grain deal of 2 years ago saddled us with inflationary problems we still do not know how to resolve. The Arab oil embargo was another child born out of Dr. Kissinger-Soviet wedlock; it was another example of a Soviet détente practice.

Recently, we have been rewarned about the Soviet interpretation of détente; namely, the Soviets tried, though unsuccessfully, to saddle us with another 6 million-ton wheat deal. This took place in spite of the admonishing advice to the Soviet government by our own Government and in spite of the blitz diplomacy by our Secretary of State.

I wish to stress that essentially nothing has changed in the Communist quest for domination of the world. The Soviet Union, at this time, is the primary exponent of the Marxist-Leninist strategy calling for enslavement of the world by the so-called dictatorship of proletariat.

In Vladivostok 2 weeks ago, President Ford's egregious Press Secretary, Ron Nessen, excitedly announced a new dawn of hope for this weary world. Investigation rather plainly reveals, however, that the glory shining over Vladivostok was largely a false dawn.

Here, to be sure, one must be careful to make the needed distinctions. It did not serve American interests to put a numerical limit on the quantities of each side's delivery vehicles for nuclear weapons, as was agreed at Vladivostok.

Most of the Soviet long-range missiles are vastly more powerful than ours. Their force has far more "throwweight" than ours. There are competent men, like the veteran policymaker, Paul H. Nitze, who think throwweight is an equally crucial factor as mere numbers of missile launchers. Thus, as the Soviets match our MIRV technology, they will be able to lift many more warheads. Thus, sometime in the 1980's, they could assume a huge lead in warhead numbers and every other measure of strategic balance.

An equally important distinction to make, however, is between the real and false tests of what is called détente. Claimed progress with strategic arms limitation is really a deceptive test considering the advantages for the Soviets resulting from the agreement. If détente means anything at all—which many regard as doubtful—the test of détente is general progress toward a more peaceful world situation.

No such progress was made at Vladivostok. This can be said, alas, because the Middle East is the unique storm center where one must now look for signs of any real dawn of hope for peace. Yet, Dr. Kissinger has now passed the word to our allies that nothing substantive was done about the Middle East in Vladivostok.

Two years after the Paris Peace Agreement, we have a continuation of bloody Communist aggression in Southeast Asia costing literally thousands of lives every week; we have experienced constant violations of the status of Berlin and we can observe Soviet continued effort to promote unrest and subversion around the world. The flagrant examples of the latter are Cyprus, Portugal, Ethiopia, and Chile.

The most lucid analysis of the Vladivostok fiasco came from the leading strategist in this country, Dr. James Burnham, in the National Review issue of December 20, 1974.

This analysis points out that a Kissinger (Ford)-Brezhnev agreement gives the Soviets all the strategic advantages that they could desire.

I recommend this analysis for the consideration of my colleagues:

From the National Review, December 20, 1974, "Some Missiles Are More Equal.":

SOME MISSILES ARE MORE EQUAL—THE PROTRACTED CONFLICT

(By James Burnham)

Henry Kissinger's opening remarks on the Vladivostok nuclear agreement should be taken, I would guess, as more a PR plug for a new client than a serious estimate. Presidents these days fancy a global image, and Gerald Ford has got a lot of transoceanic mileage to make up, and many a photographed toast to drink with the rulers of the earthly kingdoms, before he will be able to internationalize that Grand Rapids grin.

If, between try-ons of those endangered wolf skins, there was indeed a "breakthrough," it is not clear who broke through into what. Both the official communique handed down from the Summit and the words of official spokesmen were blanketed in diplomatic fog. The nearest Secretary Kissinger came to specificity was in his statement that, for the next ten years, the agreement sets a "cap" on the number of strategic nuclear weapons that each side may possess: "fewer than 2,500" (it turns out to be 2,400), of which "about 1,200" (read "1,320") may be MIRVed (that is, equipped with multiple, independently targeted warheads). Why this initial coyness over the *exact* numbers? If there had been agreement about the exact numbers, why should it have been shrouded in "fewer thans" and "abouts"? And if there had not been, why shouldn't we have been told so? More generally: why should there have been, or be—for the President's gloss was not a model for Fordian candor—any secret about any of the terms of the Vladivostok agreement?

THE HOW AND WHY OF DEALS

Accepting, however, the figures we now have, let us consider some of the implications. The methodological principle assumed is "equality": 50–50. If a deal is in truth desirable, this seems to be not only the fair but the only possible basis on which a deal could be arrived at in practice. We all know this from our own experience in making deals. Moscow and Washington could argue until doomsday about how this and that geopolitical difference requires my side to have X more strategic weapons than your side. But if they are really going to make a deal, both will finally say: the hell with it; it's got to be even-steven.

In the strategic arms business, there is a still prior assumption. If you are stronger by a quantum gap than the other chap, and if you intend to stay that way, there is no point in your even trying to make a deal. You don't need a deal; you are, simply, the stronger, and that is that. He is either going to accept that relationship, in which case a deal is useless, or try to change it, in which case the deal would be fraudulent.

If you have in the past been the stronger party, therefore, your readiness to make a deal presupposes that you either have already lost your superiority, or are unable or unwilling to maintain it.

If you have been and still are the weaker party, the implications are not so clearcut. Your readiness for a deal *might* mean, as for the stronger, that you are willing to accept equality. However, it also might mean that you figure a temporary (ten years, say) 50–50 deal will give you an ideal chance to draw even while the stronger side slackens, after which you will be in position to forge ahead at your own pace. And it might also mean that you intend to cheat.

Then there is the question of what "equal number" means as applied to strategic nuclear weapons. Vladivostok defines "one" such weapon to mean either a land-based ICBM or a submarine-carried long range nuclear missile or a long range aircraft capable of carrying a nuclear warhead. The limiting ("cap") number is thus the sum of the numbers of the units in these three (and only these three) categories.

But of course these three categories are not identical—we are adding X oranges, Y apples, and Z pears—nor are the weapons within each category. Moreover, strategic missiles of all categories differ in both the power and the number of the warheads they can launch. The latter difference was taken partly into account at Vladivostok by the cap placed on the number of missiles that may be MIRVed. The power factor (throw weight) was not put into the equation.

There is more to that asymmetry than at first mets the eye. Soviet ICBMs have an average much greater throw weight than ours. Nevertheless, the agreement counts each of them as one—even those like the SS-9 or the new SS-17/18/19 series, which have from three to ten times the throw weight (i.e., destructive payload) of our Minuteman. Thus the agreement recognizes and in effect freezes Soviet superiority in nuclear firepower.

At present the Soviets do not have any MIRVed warheads, but they are about ready for the changeover. Far from freezing our current MIRV superiority (we are said to have about 700 or 800 missiles already armed with MIRVed warheads), the agreement permits both sides to MIRV up to 1.320 missiles. Because of its greater throw weight potential, a big Soviet missile can handle several times as many of the MIRVed warheads as our missiles can. The agreement leaves it open for the Soviets to add MIRV superiority to their existing throw weight superiority.

A PIG IN A POKE?

There is, finally, the matter of verification. Even if they are called treaties, deals that do not include adequate means of verifying performance of their terms are scraps of paper. Although through satellites and other sophisticated surveillance techniques we know a lot about Soviet strategic weapons, we do not and will not know as much as our security requires without on-site inspection. It would seem elementary that an arms accord that cannot be adequately monitored is worthless.

In summary, then, there are three critical questions to which I hope I may assume Congress will seek satisfactory answers before committing us to the Spirit of Siberia: 1) Are we as a nation indeed ready to renounce the goal of strategic superiority? 2) Granted strategic equality, is that in truth what the terms of this agreement would assure us? 3) Granted that they would, how will we know whether they are being complied with?

BILL OF RIGHTS DAY

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. BOB WILSON. Mr. Speaker, December 15 is the 183d anniversary of one of the most significant days in American history: the ratification of the Bill of Rights.

Currently there is much concern over the scope and activities of the Federal Government, but a fear of "big government" is not unique to the 20th century. The Founding Fathers recognized that the Constitution was an incomplete document without specific guarantees of the civil rights and liberties of the people.

During the past year, we as a nation have washed our dirty laundry before the world. While it has been a distressing experience, I think it is important to realize that only a free people such as ours can openly criticize and correct what is wrong in their government. Freedom of speech and freedom of the press are not idle relics of a past era: they are as real and important today as at any time in our history.

Democrat or Republican, liberal or conservative, the Bill of Rights is the cornerstone of our way of life. I am today introducing a resolution to designate December 15 as "Bill of Rights Day."

I urge my fellow citizens to take a few moments this Sunday to reflect on the meaning of this document and to rededicate themselves to preserving these freedoms for the generations of tomorrow.

THANK GOD FOR AMERICAN AGRICULTURE

HON. WM. J. RANDALL

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. RANDALL. Mr. Speaker, although it is nearly 2 weeks past the last Thursday of November, which in our country is designated as Thanksgiving Day, it has always been my view we should give thanks for our blessings throughout the year, even before and after the day set aside as Thanksgiving Day.

Sometime back in November our office received a letter from John Whitsitt, national president of Delta Tau Alpha, which is a national agricultural honor society. John is a student in the department of agriculture at Central Missouri State University in Warrensburg, Mo., which I am proud to say is within our congressional district. Because of the customary slowness of the mails, this correspondence did not reach us in time to be published in the CONGRESSIONAL RECORD until after the last Thursday in November.

In the letter to our office from Mr. Whitsitt was an enclosure of a letter written to many of the editors of Missouri's daily and weekly papers, that was accompanied by an article entitled "Thanksgiving—A Time for Gratitude."

He points out in his letter that while our forefathers established the idea of living off of one's land, today agriculture has changed from each farm providing for itself to one farmer producing for 55 people. In his letter he asks that any appropriate use be made of the article as we may see fit. After reading his article I have concluded its contents are important enough to be made a part of the CONGRESSIONAL RECORD. I am advised the facts and figures contained in the article may be easily substantiated by statistics from the Department of Labor, the Department of Agriculture, and the Department of Health, Education, and Welfare.

Although we are now almost 2 weeks beyond the day set aside for Thanksgiving, it seems to me that this article is just as timely now as then. The theme of the article is that we should be thankful for our American farmers and their efficient production as agriculturists every single day of the year.

Mr. Speaker, I read into the RECORD at this time an article by John Whitsitt, national president of Delta Tau Alpha, national agricultural honor society, who is at Central Missouri State University at Warrensburg, Mo., as follows:

THANKSGIVING—A TIME FOR GRATITUDE

Thanksgiving is defined by Webster as a festival—a time of expressing gratitude, yet how often do we, as Americans, show our appreciation to the people who are most responsible for the existence of mankind? Agriculturalists across the Nation are working constantly so that we might live. Today one farm worker provides food for over 55 people yet how often do we take him for granted. One-half of today's population is malnourished and by 1985 there will be a food deficit of 88 million tons in the continents of South America, Asia, and Africa alone. Even though this is everyone's problem, it's agriculture's challenge and agriculturalists across the Nation are working to meet this challenge head on. Again, how often have we thanked them for their efforts?

It seems as though the farmer receives his thanks in the form of boycotts and continued low prices and still the consumer claims his food costs are too high. The American consumer sets the price on the food stand. The farmer cannot strike or hold his products to raise his income. The majority of his perishable products must be sold either because of its maturity or to pay for his business investment of $116,500 per farm. The farmer must battle with disease, weather and rising farm expenses. The farmer's production expenditure has doubled the price he has received over the past twenty years and still the public complains of high food prices.

Food prices have increased greatly—almost 64% over the last twenty years, but what about wages? Average American wages have increased 142% from twenty years ago. The average mine worker receives $5.24 per hour. Contract construction workers make an outstanding $6.77 per hour. Manufacturing workers average $4.40 per hour, transportation employees earn $5.35 per hour. Auto workers make a suitable sum of $5.45 per hour. Over all the average wage earner makes $3.89 per hour. All of these can be compared to the average farm worker who earns a mere $2.12 per hour for an average of 38 hours per week compared to 37 hours per week for the non-farmer.

That's a reduction of $1.77 per hour for someone who is working so 55 people will live.

The food bill, which took 22 percent of the average after-tax income in 1953, took 15.7 percent of the after-tax income in 1973. The price of food eaten at home has increased 64%. The price of all the food we eat at home and away has increased 70% since 1973. That's only one-half the rate of increase in wages.

Because the portion of our total income spent for food today is smaller than it was twenty years ago and as a result of higher incomes today, we had an extra $2,300 per person to spend last year on so-called *needed* things such as color televisions, new autos, and all the other goods and services we wanted.

The dreaded, ferocious middleman cannot be blamed for increasing prices either. He is only a part of 10 millon others between the farmer and the consumer. He has to make a profit too. It's time we stopped extending our hands for more money and started thanking those responsible for our existence.

Thank God for American agriculture.

HON. H. R. GROSS

HON. LOUIS FREY, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 9, 1974

Mr. FREY. Mr. Speaker, I would like to join with my colleagues in the Congress in paying respects to the gentleman from Iowa, H. R. GROSS. He has served this Nation well for 26 years, and I do not think there has ever been a man who has worked harder, studied all the bills before the House more carefully, and fought more vigorously to keep our Nation from overspending.

One of the real delights of being in the Congress was to watch the gentleman from Iowa in action. He always was well prepared and would press a point until he got the answer he wanted. There really is no person to replace the gentleman from Iowa. We will miss him, but we know even more the people of Iowa and the people of this Nation will miss him. It has been a personal pleasure to serve over the last 6 years with H. R. We wish him all the best and thank him for all he has done for all of us.

HAROLD BELL

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. STOKES. Mr. Speaker, I recently had the privilege of meeting a man whom I consider one of the most interesting personalities in the Washington area. Harold Bell is exceptional among the youth of his own generation in his dedication and commitment to the youth of the present generation. Unlike many whose talents provided a way out of the ghetto, Harold Bell would not leave his younger brothers and sisters behind in pursuit of his own financial gain. Harold Bell continues to live and work among the poor and disadvantaged. He strives to develop the potential of inner city youngsters and to show them the road that leads from poverty to success. I was deeply impressed with the character of this man. To acquaint my colleagues with his unique story I submit this article from the December 1, 1974, edition of the Washington Star-News which appeared on the same day I had the pleasure of meeting this dedicated young man:

[From the Washington Star-News, Dec. 1, 1974]

HAROLD BELL

(By J. D. Bethea)

Harold Bell may be the only black guy living who ever grew up in a ghetto, in real poverty, but still never learned to "play the game," that great American pastime.

Everybody plays the Game to some degree. That's what success is all about. Playing the Game. Being alternately malleable and assertive with the right people at the right time.

Bell never learned. If he had, given his drive and single-mindedness of purpose, Bell would probably be dangerous.

At 35, Bell hasn't changed much from the days he starred in football, basketball and baseball while playing musical chairs in the Washington high school system, attending Spingarn, Eastern and, finally graduating from Fairmont Heights.

For several years Bell also starred as a wide receiver for the Virginia Sailors, a semipro football team that was considered the Redskins' farm team. Through it all he maintained one consistent trait—an ability to drive coaches up the wall.

This was in the pre-Lombardi days. Defensive backs who couldn't guard Bell one-on-one in a telephone booth got sent up to the Redskins' camp for tryouts. Receivers who only looked at passes that Bell could have caught easily, also got tryouts.

Bell soon realized he was not about to become a pro football star.

Somewhere along the line he decided his mission in life was to help inner city kids get some of the breaks he couldn't get, or didn't even know about. In this venture Bell has been an unqualified success.

But he has continued to drive his superiors up the wall. That is the primary reason he is now out of a job, although he can still be found in the streets of the inner city, talking to youngsters, finding money when they need it, dispensing advice and helping them get into college.

"Athletics is a way of life for me," Bell said. "It took me off the streets. In a way I was lucky. There were people like Coach Dave Brown (then at Spingarn, now at Anacostia) and others who took an interest in me. They helped guys like Dave Bing, Elgin Baylor, Willie Wood and Austin Carr, too. And those are just the big names. I'm only trying to do the same thing."

Today, Bell picks up a telephone and calls Earl Monroe of the New York Knicks, or Roy Jefferson, Ted Vactor, Harold McLinton of the Redskins. Bing, Baylor and any number of other athletes. All they want to know is where he'd like them to be, when, and for how long. They're there to help the kids when he needs them.

Perhaps Bell's devotion to youngsters now is his way of trying to repay some of the people who helped him when he most needed it. And there was a time that he needed help desperately.

"When I was playing at Spingarn we had a great football team. Don (Dick) Wills, Maury Wills' brother, was the quarterback. I was the bigtime wide receiver. I really thought they couldn't get along without me. I said some things and I was pulled out of the game and locked on the team bus until I apologized.

"I said forget it. But I finally realized that I was on my last legs in school. I apologized. My head was so screwed up at that time that I almost got expelled."

It still didn't take. Bell had a habit of saying what he thought and looking at the world from his own restricted field of vision. There was no room in his life for playing the Game. Next move: Eastern. Same thing. Then, Fairmont Heights.

Bell's mother, who was on welfare, had a nervous breakdown. His older brother went to stay with their grandmother. Another brother, Earl, who is now a policeman, went to a receiving home and the youngest brother was taken in by a neighbor.

"But nobody would take me," Hal said. "I guess, at that time, I was just too much trouble. Anyway, I had a lot of pride. I said I could make it. I used to sleep in my aunt's basement. She didn't know it. I used to sleep in cars and things, too.

"If it hadn't been for sports I would undoubtedly have been on drugs, or been a holdup man or something. But guys like Dave Brown stuck with me. Hell, he locked Baylor up, too, sometimes, just to keep him in school."

Bell did get an athletic scholarship to Winston-Salem College because of his own ability and the people in Washington who wanted to help him. That's where he met Monroe.

After a while in Washington things improved for Bell after he struck up an acquaintance with then Vice President Richard Nixon. Bell was his caddy at Burning Tree Country Club.

The former President liked Bell and took an interest in his problems. At that point, Bell's only interest was helping kids so he received an appointment to the Roving Leader Program in the District.

With Bell's contacts at the White House and his friendships with athletes the programs he administered worked beautifully. Unfortunately, Bell's attitude, that "let's cut out all this bureaucratic nonsense and do it my way" syndrome did not endear him to many people.

After achieving considerable success at Bolling Air Force Base. Bell ran afoul of the base commander and his job was abolished.

"It was weird," Bell recalled. "After I lost the job at Bolling only one guy called me to offer a job. Roland Williams of Project Build called."

His next stop was Hillcrest Children's Center. Bell was terminated there this summer. Hillcrest Director Dr. Charles Ullman said it was "a long and complicated story, generally speaking, but the president of the board, Willie McGhee, will have to be the spokesman.

McGhee was equally wary of discussing the reasons for Bell's termination. He, too, said it was a complicated subject. He did say, however, that at some point, when the director and board members were available he would be willing to discuss it with the media.

WMAL television anchorman Fred Thomas attended a negotiating session last summer at Hillcrest. He told Bell, whom he likes personally, that "you're just going to have to bite your tongue a little bit."

Thomas said, "Hal doesn't necessarily fit into the mold of an administrator but he works well with the kids. So let him do that. It's obvious that Hal Bell is too effective to be walking around without a job working with kids in the community. I told (Rep.) Walter Fauntroy that it's a shame before God that Bell is not working, for money, at this time when everybody is talking about doing things for these kids and he's doing it. Hell, he's going into his own pockets."

Roy Jefferson, who is always available to Bell, said much the same thing. Jefferson, who also has never been accused of mincing words, compares Bell to himself. "You have to stand up for what you believe. I've seen what Bell does with kids who don't have anybody else to turn to. I'd do the same thing."

As Bell walks around town now, putting together his annual Christmas program for inner city kids, he still refuses to play the Game that could ease the path for him.

Last year his party was given at the Twin Bridges Marriott. Harold McLinton played Santa Claus. This year Bell, although he doesn't seem sure himself where the money is coming from, says his party will be held at Faces, a restaurant on Georgia Avenue.

"I feel I should be working in the District with kids. But the leaders here like weak people around them. They want 'yes men.' They're insecure with strong-willed people around them. I've called some of the politicians from time to time and said, 'Hey, I can get you Jefferson, and Larry Brown, McLinton, Ted Vactor and a bunch of athletes. These guys will work in homes, schools, streets, anything."

"It was made obvious that I didn't want anything . . . just do something for the kids. Everybody said fine. But nobody called me back. So what happened? All those guys went to work for Metro in the community. They wanted to work."

To Bell, the professional athlete is still the most influential man in the black community. It's either them or the pimp and hustler which kids have to emulate.

"Athletics is still the main avenue out of the ghetto," Bell said.

"My objective is to let kids use athletics but not to let athletics use them. There's education, travel and all the experiences that broaden a youngster . . . things that go beyond even athletics.

"Let's face it, in athletics you're here today and gone tomorrow. I could have done a lot more with my life, I suppose, if I had been looking out for me. But that's not the way I am. I'm also at peace with myself. Success to me is not measured by finances."

A TRIBUTE TO MILTON E. AKERS

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. BRADEMAS. Mr. Speaker, on November 27, one of the great champions of the rights of young children passed away.

I refer to Dr. Milton E. Akers, who for 6 years served as executive director of the National Association for the Education of Young Children, and, at the onset of his final illness, was assisting the Governor of Florida, the Honorable Reuben Askew, to establish an office of early childhood development.

Mr. Speaker, a tribute to Milton Akers by the National Association for the Education of Young Children correctly notes that among his outstanding characteristics were "enthusiasm for ideas, vitality for work, creativeness in tackling challenges" and an "endless search for truth." Surely those of us who believe in expanding the opportunities for the healthy development of youngsters will miss his important contributions.

Mr. Speaker, I include the tribute of the National Association for the Education of Young Children, as well as an obituary from the Washington Post at this point in the RECORD:

A TRIBUTE TO MILTON E. AKERS

Milt's death on November 27, 1974 brings a great feeling of loss and void to his family and large numbers of friends and colleagues. Yet, Milt would want us to overcome those feelings by turning our thoughts to the satisfactions experienced as we worked with him attempting to provide children and families with improved opportunities for optimum development. Each of us will easily recall Milt's accomplishments which we experienced with him. If all of these accomplishments could be known to any one of us, the magnitude of their total impact would increase the respect we already feel.

Milt's personal characteristics influenced, and continue to influence, our lives and those of many others. His enthusiasm for ideas, vitality for work, creativeness in tackling challenges, and his endless search for truth, will be vividly remembered. However, most of all, each of us will continue to feel his deep caring for humanness and individuality of people which was interwoven through all of his qualities.

In keeping with Milt's philosophy, family and friends will gather for a memorial in Coffeyville, Kansas on December 6, 1974. On December 13, 1974 friends and colleagues are invited to meet with members of Milt's family to share our feelings and memories. The gathering will occur in Washington, D.C. at 7:00 p.m. in the Sheraton Park Hotel, Suite D-500.

People who want to communicate with Milt's family can reach them through his brother, Mr. Dwight Akers, 911 West 6th Street, Coffeyville, Kansas 67337. The family has requested that expressions of remembrance be in the form of contributions to the American Cancer Society or The National Association for the Education of Young Children.

This message is NAEYC's attempt to communicate to Milt's numerous friend and colleagues throughout the country. Because the difficulty of locating addresses for all who would want to know, we ask you to share this message with others.

DR. MILTON E. AKERS, EDUCATOR, DIES AT 54

Dr. Milton E. Akers, an early-childhood education specialist and former executive director of the National Association for the Education of Young Children, died Wednesday in George Washington University Hospital of cancer.

Dr. Akers, who was 54, had been living in Florida, where he moved into 1972, to assist Florida Gov. Reubin Askew in the development of an office of early childhood development. He remained as director of the office until June, when he resigned because of illness and returned to his home at 1280 21st St. NW.

Dr. Akers served with the National Association for the Education of Young Children for six years, ending in 1972. During his directorship, the membership of the association more than doubled, climbing to over 20,000 members.

Dr. Akers called his years with the association without question the most challenging, stimulating, valuable for both professional and personal growth, and easily the busiest of my entire career."

Immediately before becoming director of the association, he served for one year as executive director of the Newark, N.J., Pre-School Council, which initiated a year-round program in Newark. The program grew from no children in September, 1966, to over 2,400 children the following June.

From 1956, to 1965, Dr. Akers had worked as director of the Walden School in New York City, which served children from age three to senior high school in one building.

His earlier experience included elementary school teaching and serving for several years as an elementary school principal.

Dr. Akers was a member of the President's Task Force on Urban Education, a member of the Governing Board of the American Parents Committee and a member of the Early Childhood Task Force of the Education Commission of the States.

Dr. Akers was born and grew up in Coffeyville, Kans. He received his bachelor of arts degree from the University of Kansas and a master's degree and Ph.D in education from Teachers College, Columbia University.

He is survived by a brother, R. Dwight Akers of Coffeyville.

The family requests that expressions of sympathy be in the form of contributions to the American Cancer Society or the National Association for the Education of Young Children.

BATTLE FOR THE MINDS OF OUR CHILDREN

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. RARICK. Mr. Speaker, the controversy over textbooks in public schools has replaced busing as a focal point of action by parents concerned about the quality of education received by their children.

While the national news media have directed public attention to the heated situation in Kanawha County, W. Va., the problem is much more widespread than it would appear. Two suburban counties near Washington, Montgomery and Prince Georges of Maryland, have had similar, less publicized experiences.

Basically, concerned parents are demanding the removal of "offensive" texts, or at least the right to have some say in text selection. Dignified, unrestrained violence contained in the books have drawn continual fire. Civil libertarians claim that the parents' demands constitute "censorship" and restrict "a scholar's claim to academic freedom."

Earlier this month, five members of the Prince Georges County school board proposed an interesting remedy to the disruptive situation. It was called the "basic alternative school," a kind of school system within the existing system.

As a basic alternative, parents would be offered the choice of sending their children to a no-nonsense, traditional school, which would stress the development of educational skills. The three R's, plus an additional R—Respect for American values—would be taught to the children.

Some of the guidelines laid down for the schools may sound too good to be true to concerned parents harried over the past destructiveness of "permissive education":

Strict discipline and order necessary to maintain an atmosphere for learning would be maintained; respect for high moral standards, courtesy and patriotism would be emphasized; dress and grooming standards for both students and faculty would be adhered to.

Pupils who disobey the rules will be transferred back to the regular schools.

Another interesting aspect of the proposal is that it calls for the elimination of all Federal and State assistance programs "dealing with educational and/or social experimental activities." Those parents who want their children to become social guinea pigs for the experimenters of HEW still have the freedom of choice to send their children to existing schools.

A similar program has been tried in the Pasadena, Calif., school system since last year. Scores on the standardized achievement tests, the same ones that are used to measure educational development of students all over the country, indicate that the students who had attended the "basic alternative schools" showed a significant increase.

The county board of education is expected to take action on the proposal later this month. Parents across the country will find this innovative program a fresh alternative to the "modern education" their children may have been subjected to.

Parents have a legitimate concern about the social experimentation taking place in schools nationwide. They have a right to question the textbooks and teaching methods their children are exposed to. Parents should also expect the schools they support with their taxes to respect the moral and ethical values they have tried to teach their children.

While not ignoring the worst in our modern society, our schools should always strive to perpetuate the best that society has to offer the young. The "godless, obscene, excessively violent view of the world" that some of the HEW-supported textbooks provide is certainly not the best that America has to offer its young, nor can those views lead the way to improve our country.